



Bauchi State Ministry of Budget and Planning: Bauchi South Senatorial District Annual Town Hall Budget Meeting, October 4, 2020 (Photo: S2S Staff)

STATE ACCOUNTABILITY, TRANSPARENCY, AND EFFECTIVENESS (STATE2STATE) ACTIVITY POLITICAL ECONOMY ANALYSIS OF BAUCHI STATE

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December 5, 2020

Submission Date: February 4, 2021
(Version II)

Contract Number: 72062020C00002
Activity Start & End Date: August 7, 2020, to August 6, 2025
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This document was produced for review by the United States Agency for International Development Nigeria (USAID/Nigeria)

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ACRONYMS

APC	All Progressives Congress
BACATMA	Bauchi State Agency for the Control of AIDS, TB and Malaria
BASNEC	Bauchi State Network of Civil Society organizations
BASEPA	Bauchi State Environmental Protection Agency
BMO	business member organization
COVID-19	Coronavirus Disease 2019
CSO	civil society organization
DFID	Department for International Development, UK
DRM	domestic resource mobilization
EU	European Union
EU-PRIME	European Union Partnership to Reinforce Immunization Efficiency
FAAC	Federation Allocation Accounts Committee
FRL	Fiscal Responsibility Law
FGD	focus group discussion
FSP	Fiscal Strategy Paper
IGR	internally generated revenue
KII	key informant interviews
LEA	Local Education Authority
LGA	local government
MBEP	Ministry of Budget and Economic Planning
MDA	ministry, department, and agency
MOF	State Ministry of Finance
MTSS	Medium Term Sector Strategy
MTEF	Medium Term Expenditure Framework
NGF	Nigerian Governor's Forum
NSHIP	Nigeria State Health Investment Project
NULGE	National Union of Local Government Employees
NUT	Nigeria Union of Teachers
OAGS	Office of the Accountant General of the State
OGP	Open Government Partnership
PDP	People's Democratic Party
PEA	political economy analysis

PEM	Public Expenditure Management
PFM	public financial management
PPL	Public Procurement Law
RUWASSA	Rural Water, Sewage and Sanitation Authority
SBMC	School Based Management Committees
SFTAS	States Fiscal Transparency, Accountability, and Sustainability
SHoA	State House of Assembly
SPC	State Planning Commission
State2State	State Accountability, Transparency, and Effectiveness Activity
S2S	State2State
STTA	Short Term Technical Assistance
SUBEB	State Universal Basic Education Board
TSHIP	Targeted States High Impact Project
UBEC	Universal Basic Education Commission
USAID	U.S. Agency for International Development
WASH	water, sanitation, and hygiene
WHO	World Health Organization

I. INTRODUCTION AND OVERVIEW

In Nigeria, critical services, including education, health care, and WASH, are the state and local governments' responsibility. A host of challenges confronts these subnational units in carrying out their mandate, which can be categorized into three fundamental types: governance capacity constraints, financial resource constraints, and sectoral technical capacity constraints. The **USAID State Accountability, Transparency, and Effectiveness (State2State or S2S) Activity** was designed to confront these challenges and support underlying public financial management systems that will lead to enhanced service delivery and related development outcomes, focusing on five states of Adamawa, Bauchi, Ebonyi, Gombe, Sokoto, and a sixth state yet to be determined. (See textbox at right for project sub-purposes; Annex I includes the full Results Framework.)

The primary goal of this political economy assessment (PEA) is to inform the work of the State2State activities in **Bauchi** State, as part of parallel and convergent PEA processes conducted in all states.

Underlying or accompanying the capacity and resource constraints are varying degrees of political will within and across the target states to initiate and sustain policy of structural transformation that would significantly enhance service delivery. The PEA seeks to: better understand the interests aligned for and against each related area of proposed or needed reform, identify areas where the project can support local reformers or drivers of change in mutual goals, and highlight clear and practical entry points where the project can get leverage and achieve the greatest impact in the local context. The PEAs are complemented by recently completed state-level conflict analysis.

The following study was conducted through a problem-based framework, with document and literature review and key informant interviews and focus groups with relevant government and civil society stakeholders at state and sample local levels in Bauchi. This report is also the product of validation meetings with key stakeholders following KIIs and initial analysis.

Following a summary and a brief description of the methodology below, the document highlights national-level governance arrangements impacting the state level, reviews key subnational institutional set-ups, identifies core challenges and the corresponding relevant Bauchi drivers of change. It concludes with more detailed entry-points linked to practical recommendations for project intervention at the state or local level.

- Sub Purpose 1: Increased Efficiency of Sub National Government Operations: strengthening governance systems (with a focus on public financial management [PFM] and procurement, as well as monitoring and evaluation related to the delivery of services in the key sectors of basic education, primary health care, and water, sanitation and hygiene [WASH]);
- Sub Purpose 2: Improved Sub National Government Responsiveness to Citizen / CSO Engagement: increasing government ability to respond to citizen needs and priorities; and
- Sub Purpose 3: Improved Sub National Capacity to Manage Conflict: improving government and civil society capacity to manage conflict through prevention, mitigation, and reconciliation with sectoral partners.

II. SUMMARY OF KEY FINDINGS AND RECOMMENDATIONS

Stakeholders are optimistic about reform prospects in Bauchi following the 2019 elections. The Governor has, since assumption of office, shown some commitment to economic reforms that seek to stimulate the economy and extract more out of scarce resources.

Bauchi State also has shown some improvement in its budget process, particularly in the areas of budget realism and public access to information. The general public now has access to hard copies and online copies of the budget, while the state has met a requirement in 2019 and 2020 to access the World Bank States Fiscal Transparency, Accountability and Sustainability (SFTAS) grant.

There are also steady improvements in predictability of resource flow. The Office of the Accountant General of the state does cash flow planning and monitoring on a monthly basis – after the Federation Allocation Accounts Committee’s (FAAC) meeting. The state has signed into law the Bauchi State Revenue Harmonization Law 2020, which grants operational autonomy to the Bureau of Internal Revenue (BIR), with an enhanced administrative and enforcement structure. Finally, efforts are being made to streamline and modernize the workflow processes in the BIR with a view to engendering efficiency and effectiveness in service delivery. The BIR reforms are expected to eliminate over-laps and duplications of functions and reduce major corruption risks. What remains is for the state to ensure the institutionalization of its reform initiatives through effective monitoring and strengthening implementation of legislation where applicable, in order to minimize reform roll back and ensure sustainability.

Threats to reform efforts could come from a variety of sources. First, political opposition in the state remains very strong. For example, the 9th Assembly is dominated by members of the APC party- with 22 of the 31 members. The APC will either demand accountability and act as a source of pressure for improved performance or become a distraction. Second, there is a large cohort of Bauchi State citizens who served in the higher echelons of the Federal Civil Service (or are still serving) and prominent Abuja-based politicians, including National Assembly Members, who could behave differently towards the Bauchi State Governor, especially if they chose to align with the Federal Government. Third, the greatest threat is the persistent fiscal crunch/economic crises facing the country, and by extension, Bauchi State. The potential for the fiscal crunch to distract the Governor’s attention from tackling reforms will certainly constraint his room to maneuver. Fourth, the dependence on the FAAC is symptomatic of wide-spread rent-seeking, but also of lack of capability and capacity of the bureaucracy to properly oversee the revenue collection process. It is apparent from our interactions with the MDAs that they are institutionally weak with limited capacity to implement interventions.

The impending global and domestic recession will undoubtedly exacerbate the current challenges of Nigeria, and by extension Bauchi State, which include the fragile economy, undermining the government’s economic and social agenda and disrupting their spending plans. Thus the 2021 budget implementation could be challenging due to unanticipated developments in global economic conditions, including the fall in oil prices—all of which point to a more challenging budget year, necessitating bold policy moves.

Among the key figures in the administration who would support the Governor in pushing for reforms are the Secretary to the State Government, and the Commissioners for Education and Budget and Economic Planning. The trio are very much respected by the governor and described as people “who change things.” Others are Senior Advisors to the Governor on Development Work and Chief of Staff to the Governor. There is also a retinue of close advisors of the Governor including his elder brother, considered to be a formidable member of a “kitchen cabinet” dictating the pace and who gets what in the regime. There also is a category of reform influencers consisting of CSOs, traditional institutions and religious-based organizations. Two specific influential groups include the CSO Executive Directors’ Forum and BASNEC. The traditional authority of the Emirs is keen on seeing revitalization of the

education sector especially at the local government level. They have strong views on the strengthening of local governance and support Executive Order 10 which grants the LGAs local autonomy on resource use.

The key conclusion to our PEA analysis is that although Bauchi State has made attempts in the past to reform its PFM system with significant results, there is a need to do much more to deepen and sustain these reforms. Moreover, the time to act is now given the rising expectations of the citizens for more democracy dividends.

In view of these, stakeholders recommend that in Bauchi, S2S must focus attention on broad areas including improving liquidity; improving capacities in planning, budget processes and procurement practices, particularly through the Ministry of Budget and Economic Planning; supporting local government councils including for domestic resource mobilization; and supporting policy advocacy.

Key recommendations include:

- **Support further review and implementation of the State Development Plan:** The government is currently working on the review of the State Development Plan that will sketch out the road map for development in Bauchi and requires further technical input. A solid roadmap could reinforce other S2S interventions by providing clear linkage points.
- **Help develop the state-level Statistical Bureau to start reporting key indicators of the economy at the state-level:** While the Ministry of Budget and Planning has put forward the idea to establish a state-level statistical bureau, preliminary groundwork must include strengthening existing systems of data collection, documentation and dissemination mechanism in a more meaningful and effective manner.
- **Strengthen state-level policy, planning and budgeting processes for enhanced service delivery:** Building on the legal framework for Public Financial Management in place -- including laws on budget monitoring, price intelligence and public procurement, due process, debt management and fiscal responsibility, and provision of International Public Sector Accounting Standards [IPSAS]. S2S should conduct further capacity analysis of specific MDAs, followed by the development and execution of institutional/human resource capacity strengthening.
- **Build capacity in domestic revenue mobilization:** Support innovative ways of revenue collection and management with enhanced efficiency and effectiveness, such as tax-for-service interventions. This could include technical assistance, mentoring and direct training to eliminate nuisance taxes while identifying new sources of revenue; work with actors such as the Board of Revenue to automate business systems/processes; advising on grant arrangements to reward good practice revenue collection at the local level.
- **Support State House of Assembly and Local Government Legislative Councils.** For example, support Public Accounts Committees to improve their performance in legislative oversight to ensure probity and accountability in the financial management system.

Possible interventions including short and long-term recommendations are more detailed in Section VIII of this report.

III. PEA PURPOSE AND METHODOLOGY

The Bauchi State PEA was designed to collect practical and up to date qualitative data across the Public Finance Management (PFM) framework outcomes and to also identify the key actors across the civil society spectrum who can be engaged in the PFM. The main goal is to develop strategies for implementation by S2S to support good PFM as it relates to enhanced service delivery particularly in health, education and water, sanitation and hygiene (WASH) in Bauchi State.

The PEA was conducted in parallel with four other state-level PEAs (Adamawa, Ebonyi, Gombe, Sokoto). The research teams for each state included three to four members inclusive of State2State staff and consultants with collective experience in PFM, sector service delivery, contextual analysis and project support. The teams were oriented in a group setting (remotely) and directed toward some common research materials. However, each team separately conducted the bulk of the research. For Bauchi, the research team included the State2State Team Lead, PEA consultant and logistical support consultant. The methodology utilized includes literature review, such as analysis of legal and policy instruments; and key informant interviews and focus groups with state-level government officials, relevant projects/donors and CSOs working in the governance and/or health, education and WASH sectors.

Development of problem-based PEA frameworks: The teams were instructed in the development of problem-level frameworks with problem statements and key questions around the State2State target reform areas, which were validated with State2State leadership. This included exercises to identify the problem, issue or vulnerability to be addressed; map out the institutional and governance weaknesses, which underpin the problem; and drill down to the political economy drivers which constrain or support progressive change. See Table I below for a description of the problem statements and key questions developed for Bauchi State.

Literature/Desk Review: Beginning in early November 2020, the team undertook desk analysis of project documents and USAID Applied PEA guidance documents. In the field, the team(s) reviewed laws and policies specific to PFM and sector governance, including policy documents from MDAs, online resources, factsheets and statistical information. A full list of documents reviewed is included in Annex II.

Key informant interviews: The Bauchi team conducted key informant interviews (KIIs) and focus group discussions (FDGs) in the state from November 16 to November 30, with a total of sixty officials participating. Select interviews were pre-arranged while others were arranged on an ongoing basis, or referrals from meeting to meeting. Government interviews were conducted in the capital city with stakeholders including at the Ministry of Local Government and Rural Development, sector Ministries of Health, Education and Agriculture, Parliamentary Oversight Committees and political party leaders, Ministry of Finance and other entities involved in local government financing and human resource management, and advocacy NGOs. The team met with District Commissioners; district staff and deconcentrated sector staff heads for health, education and agriculture; elected Councilors including the chairs of service committees; Chiefs and other traditional leaders, and local CSOs. A full list of local meetings is included in Annex III. The Bauchi team also conducted six focus groups with CSOs, LGAs and farmers' associations. The interviews were conducted using a semi structured interview guide developed by the Team. A full list of stakeholders is included in Annex III.

Validation: The PEA validation exercise was conducted on December 16, 2020 and was attended by critical stakeholders in the state. Participants cut across traditional institutions, academia, coalition of civil society organizations (BASNEC), representative of ministries and parastatals in the state, notable among them was the Hon. Commissioner Ministry of Budget and Economic Planning; District Head of Bauchi; Director Planning Research and Statistics Ministry of Education; Director Planning Research and Statistics Ministry of Water Resources; and other functional and service departments. The participants were divided into four breakout groups namely: governance, health, education and WASH. The S2S research team led facilitated discussions to fact check the findings, teased out additional nuances, and identified needs that were overlooked. This report incorporates stakeholder input and suggestions for intervention, where they overlap with the goals, objectives, resources, timeframe and comparative priorities of the research.

Table I. Bauchi State Problem Statement and Research Questions

Despite an array of reform measures introduced over the years, Bauchi State continues to face long-standing development challenges including failures in public finance management and local governance, as manifested in failure to attain the 3 key budgetary goals: (a) aggregate fiscal discipline, (b) strategic allocation of resource and (c) effective service delivery in key sectors of education, healthcare and WASH.

State Public sector reform measures towards fiscal discipline and accountability

- *What is the current status of PFM Reforms in Bauchi State?*
- *What are the reform priorities of the state?*
- *What aspects of the reforms have been working so far and what challenges need to be addressed?*
- *Capacity of the institution to implement reforms introduced overtime (capacity gaps?)*
- *Which actors are pushing for reforms and who are resisting?*

Politics of resource allocation

- *What are the possible political pressures on key offices for resource allocation in the state?*
- *Which service sectors are the main beneficiaries of resource allocation and why?*

State budget cash flows to MDAs

- *Assessment of MDAs predictability of the resource flows?*
- *View on Sustainability of reforms in the state?*
- *The extent of CSOs and other stakeholders' participation in the annual budget process*
- *Stakeholder assessment of the credibility of the budget process?*
- *Assessment of the effectiveness of measures for tax payment and administration?*
- *What are the political considerations that makes it difficult to raise IGR; what political pressures are faced in allocating resources?*
- *What key challenges are faced in the delivery of your mandate to the state (for heads of key PFM or sector institutions)?*

IV. NATIONAL CONTEXT FOR THE FOCAL STATES' PEAS

Given the structure of Nigeria's federal system, states are intrinsically tied to the federal government. Except for very few, the states' economies depend on the federal budget and monthly sharing of funds from the consolidated revenue fund. The funding of the consolidated revenue fund is more than 90% from crude oil sales. With oil price volatility and other factors like the slowdown in global consumption and economic activities, states face significant difficulties. The Government of Nigeria's 2020 budget was based on \$57 per barrel of oil and a 2.1 million per day production output. Owing to the COVID-19 pandemic's impact on the global economy, this was revised down to \$30 per barrel and production of 1.7 million per day. The situation was further compounded for most states with the national currency's devaluation, the Naira, against the US Dollar. This predicament has made it exceedingly difficult for both the federal and state governments to deliver on their 2020 Appropriation Act and Laws and led to between 24% to 30% downward revisions of budgets across the board. The grim economic realities

were aptly captured by the National Bureau of Statistics in the Nigeria Gross Domestic Product Report (Q3 2020) when it stated that:

Nigeria's gross domestic product (GDP) recorded a growth rate of -3.62% (year-on-year) in real terms in the third quarter of 2020. Cumulatively, the economy has contracted by 2.48%. While this represents an improvement of 2.48% points over the - 6.10% growth rate recorded in the preceding quarter (Q2 2020), it also indicates that two consecutive quarters of negative growth have been recorded in 2020. Furthermore, growth in Q3 2020 was slower by 6.90% points when compared to the third quarter of 2019 which recorded a real growth rate of 2.28% year on year (National Bureau of Statistics (2020) *Nigerian Gross Domestic Product Report (Q3 2020)*, Abuja)

Amid the global pandemic and with the dwindling oil price, Nigeria officially went into recession in October 2020, making it the second recession in five years.

As with the economy, so it is with security where the federal government controls the security architecture, which is disadvantageous to the states. All the focal states, without exception, like most other states in Nigeria, are presently grappling with cases of conflicts between herders/farmers, kidnapping, and similar issues and seem helpless in managing the situation both owing to the control of the national security architecture and limited resources at their disposal.

The President of Nigeria recently announced Agenda 2050, a national agenda that would take over from Vision 20:20, and the Economic Recovery and Growth Plan. Agenda 2050 is expected to ensure continuity and efficiency in development planning for the country. Agenda 2050 is also expected to integrate into regional and global strategic interests such as the African Union Agenda 2063, the Economic Community of West African States Integration Agenda 2050, and the Sustainable Development Goals 2030. Two Medium-Term National Development Plans (2021-2025 and 2026-2030) will be developed alongside the Agenda 2050, focusing on three thematic areas: Human Capital and Natural Resources; Infrastructure and Business Environment, Trade and Technology; and Agriculture and Water Resources and Cross-Cutting Issues. These thematic areas present important convergences with State2State sectors and core services.

The Nigerian Governors' Forum (NGF) had facilitated decisions leading to either new reforms or increasing momentum for existing governance reforms. For example, the World Bank States Fiscal Transparency, Accountability, and Sustainability (SFTAS) Project is "strengthening fiscal transparency, accountability, and sustainability in the 36 Nigerian states. At NGF, all state governors have agreed to take additional measures to improve their public financial management systems, including revision of 2020 budgets and amendment of states' procurement guidelines to support e-procurement. The political will and capacity to implement these commitments, however, are mixed across states. There are also the decisions on guidelines and implementation of the Basic Health Care Provision Fund and the Universal Basic Education Fund. Many states have been unable to access the funds in these critical sectors due to their inability to meet the eligibility criteria. It was decided to have discussions with relevant committees on reviewing guidelines and eligibility criteria to make it easier for states to access these funds. These initiatives align with State2State priorities and offer significant incentives for state reforms.

Nigeria signed up for the membership of the Open Government Partnership (OGP) initiative in 2016. Since then, the country has implemented an initial Action Plan focusing on fiscal transparency, anti-corruption, access to information, and citizen engagement. The second National Plan was published in January 2020, focusing on commitments related to fiscal transparency, anti-corruption, extractive transparency, inclusiveness, and public service delivery. Twenty-one states have expressed a commitment to join, including S2S partner states Bauchi and Ebonyi. Still, only Kaduna state has formally

submitted a letter of ascension to the Global OGP Secretariat and joined as a subnational government. S2S will support states that have the willingness to join OGP.

On September 5, 2020, the Presidential Task Force on COVID-19 issued implementation guidelines on the third phase of relaxing the restrictions in place to mitigate COVID-19 transmission, including Federal and state government offices operating normal working hours with only essential staff resuming work; and limiting government meetings to virtual as much as possible. The data from Johns Hopkins and the University of Oxford in November 2020 showed a general decline in the number of confirmed COVID-19 cases in Nigeria in November 2020, however, since then numbers have increased significantly as in other parts of the world. COVID-19 testing in Nigeria had a slow and somewhat erratic start but testing has improved especially in major centers. The total number of confirmed cases was 58,848 on September 30, 2020, total deaths were 1,112. Data as of February 2, 2021 puts total cases at 126,160 and total deaths at 1,543.

V. BAUCHI STATE INSTITUTIONAL ARRANGEMENTS

OVERVIEW

Bauchi State is the most populous of the five northeastern states (2nd largest in northern Nigeria and 7th largest in Nigeria). Population rate of growth is estimated at 3.6% per annum with a higher than national average fertility rate of 6.8%. Projections are that, at this rate, the population of Bauchi will double in about 19 years and by 2050, it will grow almost 4 times to over 26 million. The state population is almost equally divided between males (48.4%) and females (51.6%) and is predominantly composed of youth: 51.4% are below the age of 15 years, only 3.5% are above the retirement age of 64 years.

Bauchi state is the 3rd largest economy in the northeast of Nigeria with a GDP of US\$4.51 billion and 25th largest in Nigeria. The economy is driven largely by subsistence agriculture, with an estimated 80% of the population engaged directly or indirectly in the production of food and cash crops. Informal sector is strong and diverse, with numerous micro and subsistence enterprises. A shortage of jobs is a serious challenge: nearly 55% of Bauchi state's labor force is either unemployed or under-employed. The poverty profile of the state has barely improved over the years: the latest poverty report places Bauchi amongst the top 10 poorest states with a poverty headcount rate of 61.5%. In all these, Bauchi women are disproportionately affected, especially with regards to access to education, income and productive assets. For example, only 9.5% of women aged 25 years and above have at least a secondary education (compared to 22.6% of men).

Bauchi State's population structure and growth have grave implications for security and local governance, especially in relation to service delivery. In particular, an emerging 'youth bulge' is a matter of concern when viewed from the perspective of the region's history of violence and conflict. It also has obvious implications for state resources and future growth. Bauchi State needs to devote a disproportionate share of its resources to achieve the SDGs and to create jobs and ensure youth are kept off the streets. Yet, Bauchi currently lacks the economic and fiscal capacity to address these needs.

A good number of Bauchi State citizens suffer from a low quality of life. According to the UNDP Development Report, the state has an HDI value of 0.3238 (2016) compared with a national average of 0.513 and a lower than national average life expectancy at birth of 45 years (44 for males and 48 years for females). Access to public services - water supply, education and health - is constrained. Education standards are low: less than 20% of children have basic literacy skills. Health indicators are equally worrying with less than 45% of the population having access to modern health care services.

Over the years, successive Bauchi State Governments have made investment in the promotion of peace. Whilst the Boko Haram insurgency has resulted in a significant disruption of the economy and society of neighboring Borno, Yobe and to some degree, Adamawa States, Bauchi has remained largely untouched and relatively peaceful despite its proximity to extremely active cells of Boko Haram. However, Bauchi State has had a fair share of localized ethnic-cum-religious conflicts especially in Bauchi metropolis (1984) and Tafawa Balewa (1991, 1995, 2001, 2011) local government. Frequent clashes in Tafawa Balewa between ethnic Christian minorities and the dominant Hausa/Muslim communities had resulted in the loss of hundreds of lives and the destruction of places of worship and private property.

Currently, economically the state has a very precarious fiscal position. It is not able to tap its internal revenue potentials and remains dependent on the statutory allocations from the Federation Allocation Accounts Committee. In 2018 for example, IGR constituted less than 8% of its total revenues while net statutory transfers were 92.14%.

When it comes to politics, historically Bauchi State has voted conservatively and is largely aligned with the central government. The 2019 elections proved to be the exception. With the election of the PDP, Bauchi is now governed in opposition to the party in power at the federal level. Four powerful political power blocks are said to exist in Bauchi each with a burning desire to influence the allocation of resources and distribution of political patronage. While three of the power blocks (Bauchi, Katagum and Ningi) respectively share common religious and ethnic affinity, the fourth (Dass/Bagoro/Tafawa Balewa) block is largely an ethnic and Christian minority.

BAUCHI STATE STRUCTURE – FISCAL FRAMEWORK AND PFM

It is the responsibility of the executive arm of government to propose and implement the budget through its ministries, departments and agencies after legislative approval. MDAs assist the executive arm to perform these functions. They receive authorization of the Governor to commence project execution, notwithstanding legislative approval. The Governor's express authorization is necessary for MDAs to award contracts (notwithstanding that it is the approved budget) and for the treasury to honor due process certificates.

The Ministry of Budget and Economic Planning (MBEP), and Budget Process: MBEP is the apex in planning and budget processes in the state. The commission reviews the budgets of all sectors in the state in line with the state government's policies and priorities and collates monthly expenditure and revenue performance from MDAs. In essence, the Planning Commission is at the fulcrum of all development work in the state and it is extremely important that S2S develops a strong relationship with this ministry to achieve impact at state level and to bring about the policy and regulatory changes required in Bauchi.

More generally, Bauchi State has shown willingness to improve its budget process, particularly in the areas of budget realism and transparency/public access to information. The state residents now have access to hard copies and online copies of the budget, while the state met requirements in 2019 and 2020 to access the World Bank SFTAS grant funding. The Ministry of Finance manages the finances of the state and has responsibility for revenue and expenditure, treasury and accounting functions. Three notable public financial reforms in the last 12 months are:

Three notable public financial reforms in the last 12 months are:

- The preparation of the Multi-Year Budget Framework document with emphasis on the need “to control and enforce compliance with established spending limits to achieve sound budgeting system – including budget discipline, efficiency, effective spending...which also aims at robust fiscal response to COVID 19 Pandemic”.
- Creating more space for stakeholders to make inputs into the annual budget. This is intended to improve the community's sense of ownership of projects included in the budgets for implementation.
- The establishment of the Directorate of Technical Cooperation and Donor Coordination for the management and coordination of development assistance.

However, there are major challenges including: late submission of sector projections by MDAs, low capacity to prepare the budget along the structural formations of the chart of accounts and budget classifications and linking same to the internal plans of MDAs, delayed fund releases and inadequate records on returns of subventions to the MDAs, inadequate specialized manpower in budget units of LGAs etc. Aside from the Medium-Term Expenditure Framework 2020-2023, the development plan which should guide further development and reforms programs in the state is yet to be reviewed. It is

expected equally that the state development plan would be backed up by the MTEF. During the course of the interviews the SPC disclosed plans for development of a new State Development Plan dependent on availability of resources (technical and material).

The Office of the Accountant General of the State (OAGS), domiciled in the Ministry of Finance, performs actual treasury functions of government including accounting and internal audits. The office prepares consolidated monthly internal audit reports with copies to the relevant accounting officers, commissioner of finance and the auditor general of the state. Accountants at the MDAs and sub-treasury are required to render monthly, quarterly, half-yearly and annual returns to the Office of the Accountant General. The Accountant General in return prepares annual reports and submits to the Auditor General which reports to the State House of Assembly (SHoA). A new Accountant General was appointed towards the end of 2018. Since his appointment, he has proven himself to be a team player and a reform-minded technocrat. He has introduced several PFM reforms which focus on ensuring efficiency in service delivery as well as transparency and accountability.

There has been steady progress in the following areas:

- **Some improvements in predictability of resource flow:** The Office of the AGS does monthly cash flow planning and monitoring on a monthly basis – after the FAAC. Once approved by the governor, the Office of the AGS gives info to the MDAs on actual availability of resources.
- **Significant improvements in the release of funds to finance the budget.**
- **Establishment of the cash management committee** (Chaired by the AGS) and Domestic Arears Management Committee for the verification, settlement, update of Arears (Contracts, Gratuities, etc. The Committee keeps and updates contract records which are posted on its website thus improving information flow on state finances.
- **Improved public access to key fiscal information:** The Office of AGS created a portal which lists monthly, quarterly reports, revenue earned, contractors paid, budgets etc.
- **The establishment of revenue payment and collection platforms to engender efficiency and block leakages.** The platforms serve all MDAs and the local government revenue departments.
- **The TSA Operations Manual has been produced.**
- **The signing into law of the Bauchi State Revenue Harmonization Law 2019:** Grants operational autonomy to the Bureau of Internal Revenue (BIR), with an enhanced administrative and enforcement structure.
- **Noticeable efforts in streamlining and modernization of workflow processes in the BIR** with a view to engendering efficiency and effectiveness in service delivery. Its BIR reforms are expected to eliminate overlaps and duplications of functions and reduce major corruption risks.
- **An immediate concern for the state to ensure the institutionalization of reform initiatives through legislation** in order to minimize reform roll back, while carrying forward implementation.

The Auditor General of the state plays key roles in the state's PFM process auditing all government offices and reporting to the legislature. The Office of the Auditor General for LGA is also a distinct state government institution that audits the accounts of LGAs.

The Bauchi State House of Assembly exercises approval and oversight functions over the budget process. It has constitutional oversight responsibilities over budget implementation, accounting and audit process.

RELEVANT LEGAL FRAMEWORK

The legal instruments and enactments governing PFM include the 1999 Constitution of the Federal Republic of Nigeria as amended, the financial regulations, as revised and approved in 2009, the personal income tax act-PITA 2011 as amended, the Bauchi State Tax (Harmonization and Consolidation Law 2020) Bauchi State Fiscal Responsibility Amendment Law 2009, the Bauchi State Planning Commission Law 2012 and the occasional service circulars. The 1999 Constitution is the overriding law governing PFM in Bauchi State. Its provisions supersede and overrides the content of any other law(s) or provision in the state to the extent that other laws are inconsistent with the Constitution. The other PFM related laws and provisions elaborate and expand on the provision of the Constitution.

BUDGET PROCESS

The state budget calendar is hinged on the Fiscal Responsibility Law of Nigeria (2007) which stipulations and defines the budget cycle for adherence by all states. The Planning Commission issues the fiscal strategy paper (FSP) and fiscal strategy framework (FSF) in June every year after conducting the macroeconomic analysis to determine variables for projection, state fiscal capacity and formation of hypothesis which enables the budget development team establish sector envelopes. The fiscal strategy framework provides a guide for the fiscal horizon and leads to the MTEF for revenue and expenditure projections, strategies on how to fill gaps, such as loans (foreign/domestic). This is followed by the issuance of budget call circular, translating the content of the FSP and government's focus for the fiscal year to MDAs. Bilateral discussions with sector MDAs start in August-October, and the draft budget is realized and submitted to the State Executive Council in the second week of November. The receives the draft in the last week of November, opening up a new phase of budget defense for sector MDAs which runs through December before budget finalization and approval and assent by the Governor.

PROCUREMENT SYSTEM

Public Procurement Law (PPL): To further entrench governance reforms on transparency and accountability, value for money and fiscal discipline in public procurement, the federal government of Nigeria introduced the Public Procurement Law (PPL), which was passed in 2007. The law regulates and controls public sector purchase of goods and services and other public works. The public procurement law is designed to make public procurement more competitive, promote transparency and cost accuracy, and entrench application of due diligence procedures in the award of public contracts at all levels of governance. Bauchi State has domesticated the PPL.

Bauchi State Budget Monitoring, Price Intelligence, Public Procurement Agency Law of 2017: The agency was established by the state government to strengthen and regulate public procurement processes in Bauchi State. The agency is located in the Governor's Office and is headed by a chairman.

Public Procurement Act 2020: In August 2020, Bauchi State government introduced e-procurement with the inclusion of Small and Medium Enterprises (SMEs) in its Public Procurement Act 2020.

Bauchi State has adopted and domesticated this legislation as most states of the federation. However, the enforcement of these laws and related public financial management regulations remains weak.

BAUCHI STATE STRUCTURE – SECTORS

HEALTH SECTOR

The Ministry of Health is one of the 21 ministries under the control of the executive arm of government and charged with the responsibility of policy design, standardization and implementation of programs and projects in the health sector. The ministry oversees the management of four health sector agencies in the state, namely: the State Primary Health Care Development Agency, Hospitals Management Board-HMB, State Agency for control of AIDS, TB and Malaria (BACATMA), the College of Health Technology Ningi, Drug Management and Medical Consumable Agency (DMMA), and the Aliko Dangote College of Nursing and Midwifery Bauchi. The Bauchi State Health Contributory Management Agency and the Health Trust Fund came into being as legal entities in 2014 but were only operationalized by the current administration. The Bauchi State health system is designed, substantially, in line with the National Health Policy developed by the Federal Ministry of Health. The Strategic Health Development Plan 2010-2015 outlines the steps which need to be taken to reform and strengthen the health system and, more specifically, to improve healthcare delivery and restore citizens' confidence.

Strategic partnerships between the state and development partners have led to improvements in healthcare delivery. In particular, support has been provided in areas such as maternal and child health (MCH), immunization, malaria, TB, HIV/AIDS, and systems strengthening. There are noticeable improvements in governance, infrastructure, access, affordability and availability of healthcare services. Support has come from USAID funded programs such as USAID Targeted States High Impact Project (TSHIP), as well as the Nigeria State Health Investment Project (NSHIP), European Union Partnership to Reinforce Immunization Efficiency (EU-PRIME), the World Bank, and the World Health Organization (WHO).

However, in spite of the strides made by the state in improving healthcare delivery, health indicators are worrying. For example, less than 25% of the population has access to modern health care services with urban centers faring better than the rural areas. Bauchi and Katagum metropolis appear to have more healthcare facilities than any other location in the state. There are 61 infant deaths per 1,000 live births: 147 under five deaths per 1,000 birth and 69 infant mortality rates per 1,000 live births. There are less than ten doctors to a population of 100,000.

Health sector budgets have fluctuated over time: increasing from 8% in 2014 to 9% in 2015 and by over 100% to 13.5% in 2016 and 17.1% in 2017. However, actual expenditure trends are not so impressive, declining from 78% in 2015, to 39% in 2016 and 34% in 2017. They grew slightly in 2018 and slowed down in 2019. The 2020 health budget constituted about 16.1% of the total State budget and 3.15 of this was released in first quarter 2020 (January-March).

Stakeholders urge the government to address health sector issues, including poor infrastructure, documentation and data gathering, monitoring and evaluation of health indicators for the state, inaccessibility of health infrastructure by People Living With Disabilities (PLWAs), non-availability of blood banks, overall gap in health systems governance and a weak referral system. They see solutions through a combination of financial allocations, institutional strengthening, and policy measures.

Financial allocations will have to be substantially increased. As the figures indicate above, the government has already increased the allocation for health in the 2020 budget but will have to sustain appropriate increases in the coming years. These will cover upgrading of facilities as well as building new ones. Focus of the expenditures should address the regional disparity of health provision.

A greater number of primary health care staff will have to be trained and their capacity enhanced.

Private healthcare facilities will have to be brought under clearly defined standards. The private sector can provide preventive health services in rural areas where public services are inadequate under appropriate incentives provided by the government.

EDUCATION SECTOR

The Ministry of Education is the focal institution responsible for the design and implementation of educational policies and programs in the state. The ministry is headed by a Commissioner who supervises the operations of a number of parastatals under the ministry including the state's Universal Basic Education Board (SUBEB), Bauchi State Agency For Mass Literacy and Informal Education, The Special Education Board, The College of Education Azare, Tatari Polytechnic, Bauchi State University, State Library Board, Teachers Service Commission and Agency for Nomadic Education.

At the LGA Level, the Local Education Authority (LEA) oversees delivery of primary education services. The LEAs are headed by Education Secretaries appointed by SUBEB.

The Ministry of Education has been part of several reform efforts in the state such as the design and implementation of the universal basic education program which looks to enhance access, quality, equity and community participation in school management. Like the Ministry of Health, Bauchi State Ministry of Education and its agencies have benefitted immensely from donor funded education interventions. These interventions have led to increased enrollment, retention and graduation, improved awareness about girl child education, adult and informal education, and community participation in education planning, development and management through the School Based Management Committees (SBMC). The United States Agency for International Aid (USAID), UK Department for International Development (DFID), European Union (EU), and the World Bank are some agencies that have supported the state education sector.

An assessment of the education system reveals a deficient system caused by underfunding, decayed infrastructure, inferior quality of students and non-qualified teaching staff. Public schools lack basic infrastructure such as adequate classrooms, furniture or sanitation facilities. Although Bauchi has made some progress in terms of access to education and increased enrollment in schools, as alluded to above, education standards remain low and performance across the state remains marked by deep disparities based on gender and geography. In particular, disparities in access and gender continue to be significant across the LGAs and across income and the urban/rural divide. The education sector suffers paucity of data for planning and development. Stakeholders identified gaps in integration of data from various sources and levels including non-formal Learning Centers and Integrated Quranic Schools in the Annual School Census as a major challenge in the sector.

Existing data reveals that less than 20% of children have basic literacy skills. Approximately 50% of children of primary school age attend primary schools and fewer than 4 in 10 children complete basic education. Unacceptably high levels of illiteracy (defined as inability to read and write in at least one language) exists among the populace. Literacy rate is higher among the male population than among the female. The gross enrollment rates are 79.3% (primary), 42.7% (JSS) and 32.9% (SSS) and an average of 61.9% for all (primary, JSS and SSS). The rates are lower for girls.

These indicators are illustrated in Tables 2-4 below: from the data office of the Bauchi State Ministry of Education:

TABLE 2: SHARE OF POPULATION WHO NEVER ATTENDED SCHOOL, BY AGE GROUP AND SEX (IN % OF POPULATION ABOVE 6 YEARS)

AGE GROUP/ GENDER	15-24	25-34	35-44	45-54	55-64	65+	15-24
M	11	10.3	8.5	20.6	22.5	33.2	M
F	20	29.3	28.1	36	49.2	50.1	F

TABLE 3: GROSS ENROLLMENT RATES BY SCHOOL LEVEL AND SEX (IN % OF POPULATION OF SCHOOL AGE)

SCHOOL LEVEL/ GENDER	PRIMARY	JSS	SSS	ALL
M	79.1	46.9	35.7	63.7
F	79.5	38.9	30.5	60.2
All	79.3	42.7	32.9	61.9

TABLE 4: NET ATTENDANCE BY SCHOOL LEVEL AND SEX (IN % OF POPULATION OF SCHOOL AGE)

SCHOOL LEVEL/ GENDER	PRIMARY	JSS	SSS	ALL
M	56.3	18.6	11.7	52.5
F	51	16.5	17.1	51.1
All	53.6	17.5	14.7	

Source: Bauchi state Ministry of Education, Department of Planning, Research and Statistics

The new administration has pledged to invest in new structures, institutions and initiatives in fulfilment of the Governor’s pledge to reform and strengthen the formal education sector. Bauchi State government is investing in technology to strengthen the formal education sector. To improve access, the Governor has pledged to make education free and compulsory from primary up to tertiary level.

Stakeholders are of the view that to genuinely support the sector, the government must do the following:

- **Drastically increase budget allocations for education:** The government has already made a strong start by increasing the budget from less than 10% to 25% and education has earned a status of ‘most favored’ sector from 2020. However, more needs to be done in years to come. Among other things government must improve budgetary releases as only that can help in providing essential facilities such as infrastructure, sanitation and water; and improve the accessibility of schools.
- **Review and update State Education Strategic Plan** to be consistent with prevailing needs and priorities of the sector. This can be integrated in the State Development Framework with

input from stakeholders for continuity by successive governments. The plan should also provide for State Education Annual Review meetings to track performance and education financing.

- **Institutional accountability training** to enhance understanding of the indicators of education for proper monitoring and evaluation of education outcomes in the state. A human resource development plan in education which include human capital succession plan and human capital development for the staff of the sector becomes rather expedient.
- **Inclusion of representatives of Tertiary Institution in SUBEB** for effective coordination and planning to improve cooperation and develop private partnerships to harness proper and relevant support from multi-national companies and private sector businesses.
- **Improve the salary and conditions of service of teachers:** Under present circumstances, teaching is often the last choice of profession, especially for males.
- **Increase accountability of teacher performance.**
- **Create a conducive environment for the private sector to grow in the education sector.**

WATER SANITATION AND HYGIENE (WASH) SECTOR

The WASH sector is made up of three key MDAs, namely, the Ministry of Water Resources and its parastatals including the State Urban Water and Sewage Agency, the Rural Water and Sewage Agency (RUWASA), which operates mainly in the rural areas, and the Bauchi State Environmental Protection Agency-BASEPA. This structure emerged as a result of a sector reform process embarked upon by the state in 2007. The emergence of the new institutions from the Ministry of Water Resources resulted in legislation establishing agencies with specific mandates. This is seen as a major political will for improved services delivery, effectiveness and sustainability. The state WASH policy which came into effect in 2009 established the WASH departments and WASHCOMs at the LGA and community levels. WASH interventions in Bauchi State are mostly driven by donor programs though the state does make budgetary provisions for the sector.

Though there have been huge investments in the sector over time, the state needs to prioritize funding for WASH interventions to support more positive achievements. The absence of WASH policy is a critical challenge to the sector.

The state has demonstrated political will through the following measures: signing of the vote for WASH pledge card provision services prior to the 2019 general election (evidenced in increased budget allocation); launch of the clean family campaign, a hygiene behavioral change strategy that fits into the “Clean Nigeria” campaign; and the transformation of WASH units into the departments across the 20 LGAs in the state. However much more is to be done to implement effective WASH service delivery.

Stakeholders identified challenges, such as: the untimely release of counterpart funding by the state government, weak ownership, and gaps in sustainability planning of WASH surveillance/projects at LGAs/communities, and inadequate human resources and low staff capacity to effectively manage the WASH sector programs, as critical challenges in the sector.

To mitigate these challenges, stakeholders tasked the government to focus on the following critical areas:

- Review, finalization and strengthening of the state WASH policy, implementation guidelines and the water law.
- Finalize the transformation of WASH units into departments across all the 20 LGAs.
- Extension of clean family campaign to all 20 LGAs in the state.
- Establishment of WASH sector database to facilitate easy reference for decision making.

- Upgrade of the water regulatory unit of the MOWR to become an agency or commission and ensure its effective, efficient function.
- Provide staff capacity development.

V. OVERARCHING CHALLENGES TO ACHIEVING S2S GOALS IN BAUCHI

Undoubtedly, the new administration has profound economic and social development ideas. In general, however, the capacity of the state's administrative structures to implement its programs and projects in the budget/development plan is of considerable concern to the stakeholders, including senior government officials. There are very few civil servants that are of the needed professional caliber and capable of policy implementation. The government itself recognizes that its reforms may not be properly implemented on-the-ground because of bureaucratic shortcomings. Many stakeholders hold the view that dysfunctional governance persists and the government fails to achieve its objectives. Most of the MDAs have articulated that most of their officers although competent in their fields, lack experience, exposure and proper training on policy matters. We were informed that several senior officers have retired over the years and many more will do so over the next 5-10 years. However, the state government lacks a human resource succession plan and since 2014 has placed an embargo on employment of new staff.

Some of the further causes, or related symptoms, include:

Political opposition in the state: For example, the 9th Assembly is dominated by members of the party with 22 of the 31 members. Therefore, the APC will either demand accountability and act as a source of pressure for improved performance or become a distraction. The Governor may not have a smooth ride with his bills.

Fiscal challenges: The greatest threat is the persistent fiscal crunch/economic crises facing the country, and by extension, Bauchi State. Bauchi, like other sub-national governments has a very precarious fiscal position. It currently lacks the capital and investment to implement the Governor's lofty policy ideas. The state is not able to tap its internal revenue potentials and remains dependent on the statutory allocations from the Federation Allocation Account Committee, which could be uncertain and unstable. The potential for the fiscal crunch to distract the Governor from tackling reforms will certainly slow down growth across sectors.

The recent domestic recession will undoubtedly exacerbate the current challenges of Nigeria and by extension, Bauchi State's fragile economy, undermining the government's economic and social agenda and disrupting their spending plans as they witness unprecedented drop in revenues. Thus the 2021 budget implementation could be challenging due to unanticipated developments in global economic conditions, including a fall in oil prices, necessitating bold policy moves.

Weak bureaucratic capacity, particularly in revenue generation: The excessive dependence of the state on the FAAC is symptomatic of wide-spread rent-seeking, but also of lack of capability and capacity of the bureaucracy to properly oversee the revenue collection process. Stakeholders from several sectors pointed to inconsistencies in policy frameworks as a significant capacity problem. It is apparent from our interactions with the MDAs that they are institutionally weak with limited capacity to implement key interventions.

In order to overcome the capacity challenges in revenue collection, the state government has appointed consultants to collect revenues on its behalf and on behalf of LGAs. However, stakeholders point to the huge risks associated with the government resort to the use of consultants. In particular, the operations of revenue task forces and consultancies are known to dilute accountability and create huge exposure to financial irregularities and fraud.

Poor state/LGAs fiscal relations: The state-LGA fiscal relationship is very poor and is capable of truncating reforms. The LGAs complained about the state governor’s excessive influence on the management and utilization of funds meant for the local governments in their domain. Indeed, according to LGA officials, the state government assumes sole ownership and control of what is meant to be a state-local government ‘joint account.’ There are several ways in which the state exercises control over the resources of the LGAs:

- The LGs’ share of federation revenues from FAAC is channeled through the state-LGA joint accounts. However, the state government seldom passes on the revenues to the LGAs as sent. The LGAs are denied 10% of state government’s internally generated revenues as stipulated in the constitution. The state collects and appropriates even the local revenues due to the LGAs. The state government has appointed external consultants (DREAM LAB) to collect taxes, levies and fees on behalf of the local governments. The consultants are paid 20% of all amounts collected. LGAs expect to be paid the balance of 80% every three months, however, this has not happened yet. It is important to note that the consultants make use of the staff of the local councils in the collection of revenues.
- All revenues collected by the consultants are placed in a Consolidated Revenue Account controlled by the state. The funds are available for use by all local governments irrespective of their contribution. This means that fund is used to subsidize local councils that are weak by the stronger local councils.
- We are informed that during the Ahmed Muazu administration (1999-2007) the state government passed on the funds to the LGAs after certain first line deductions, including local government staff salaries, primary education, staff pensions, staff training, etc. were made. The state made several additional deductions for joint projects, bank charges and other operational expenditures, including contracts after which they received no meaningful resources for capital projects.

Real or perceived “excessive” state control of LGAs: Local Councils complain about other areas of state government’s excessive control over their affairs: staffing especially – including recruitment, promotion and discipline of staff, through state-appointed institutions such as the Ministries of Local Governments and the Local Government Service Commissions. It is through these institutions that the state government appoints all senior administrative and technical staff of local governments, including treasurers that keep the books and prepare the financial statements and accounts.

Ethnic-political patronage: The political landscape (e.g., the emirate system) of the state encourages intense power play and could potentially pose a serious challenge to PFM and LGA reforms. The power blocks, controlled by the local elites attempt to influence resource allocation, the setting of priorities by the executive arm of government and by extension the distribution of patronage. To these groups of people, the introduction of certain reform measures may hurt their interests. This is an underlying factor for social discontent and instability. The Conflict Assessment study recently conducted by S2S alludes to the existence of intense power play in the state which could derail government from its reform efforts.

VI. POLITICAL ECONOMY DRIVERS FOR REFORM

Most of the stakeholders we have spoken to are optimistic about reform prospects following the 2019 elections. There appear to be some positive openings for change in several areas with particularly promising conditions. Such changes may not, however, fundamentally alter the political economy of the state overnight.

We have identified three broad categories of persons, groups, institutions or organizations that are, or will be, in one way or another interested, involved in, affected or influenced by the implementation of S2S in Bauchi State.

State political leadership, both in the executive and legislative branches of government who are the decision-makers of policy, legislation and resource allocation. In this category we have identified two key institutions, namely the State Planning Commission (SPC) and the Office of the Accountant General of the State. Not only are these at the fulcrum of PFM reforms in the state, but are indeed, being driven by reform-minded individuals. The Governor plays a predominant role in the economy and society. Political power in the state revolves round him. He is a significant dispenser of resources, through which he influences resource allocation and determines the performance of institutions.

Therefore, key to the success of S2S will be the ability to get the sustained interest of the Governor and his key officials. Government officials must be sufficiently mobilized and motivated to support changes in policy and legislation.

The Governor. Bauchi State has apparently enlightened political leadership with drive for change. The Governor has, since assumption of office, shown some high-level commitment to economic reform. He appears to have a good grasp of the benefits of reform and the potential risks of inaction. He speaks of policy that is aimed at achieving realistic budget and that will guarantee ‘transparency and accountability.’ The MBEP reports that the state’s 2021 budget implementation strategy at the Governor’s directive efficiently allocates resources across all sectors focusing on sustainable development and good governance.

He campaigned on the basis of a manifesto to implement a robust reform agenda and elevate the status of Bauchi to loftier heights even in the face of impending recession and precarious fiscal position. In the early months of his new administration, the Governor has been engaged in a number of notable activities, apparently concerned to ensure that his early days are seen to be characterised by action. For example:

- He increased the education sector’s budget allocation from 10% to 25% which is intended to send clear signal to the public that education is now a “most favored” sector.
- The budget allocation to WASH sector was similarly enhanced to 9% of total budget in 2020 from 2.7% in 2018 and 7% in 2019. This too, was in fulfilment of a campaign pledge.
- He held local government elections in fulfilment of a campaign pledge; the Local Governments had been without elected officials for more than 12 years.
- He supported the operationalization of the Bauchi State Health Contributory Management Agency and the Health Trust Fund, both of which were established by law back in 2014, but could not take-off because of certain financial and human resource issues that needed to be resolved
- To demonstrate his prioritization of healthcare, he joined the CSOs in the first ever town hall meeting/health summit and made public his commitment to the efficient and effective delivery of a robust healthcare care system.

The Governor’s team and other influencers. The Governor has constituted a 20-member cabinet. There is a general consensus amongst key stakeholders that merit was not the major criterion for the appointment into the cabinet. The main considerations were loyalty to the Governor and other, unspecified, political considerations. However, unlike in many other states, nepotism and closeness to the first family was not perceived to have played a strong role.

Among the key figures in the Cabinet are the **Commissioners for Education, Budget and Planning, the Secretary to Government and the Commissioner for Health.** These are perceived as the technocrats who have meritoriously earned their appointments. All four are very much

respected by the Governor and are described by him as people “*who change things.*”, the Commissioner of Education is described as someone “*who runs ahead of time.*”. The Commissioner of Education introduced the now much talked-about fingerprint devices that will help in checking truancy and absenteeism among teachers in primary and secondary schools and eliminate ghost workers in the state.¹ The Commissioner of Budget and Planning is said to be responsible for the many policy changes being implemented by the Planning Commission.

There is similarly a retinue of close advisors of the Governor led by his brother, who is considered to be a formidable member of a kitchen cabinet dictating the pace and who gets what in the regime. Other notable advisers include Adamu Muazu, former Governor of the State (1999-2007); the governor’s Director-General for his election campaign; the Chief of Staff; former Federal Permanent Secretary and Head of the Federal Civil Service and the Governor’s Special Adviser on Development Work.

The governor was said to have financed his election himself and does not therefore owe any political debts. As a consequence, he is likely to face limited influence of political sponsors in the state. Admittedly, however, governor was supported and assisted by a strong coalition of Bauchi elders and elites – led by Bello Kirfi, Wazirin Bauchi. This could potentially put pressures on the governor to distribute patronage.

The main opposition party APC remains strong, with a majority in the State Assembly, and could be a serious source of counter-veiling power. Also, the 2019 election has resulted in changes in the position of Bauchi State in relation to the Federal Government. Until 2023, Bauchi will be governed in opposition to the party in power at the Federal Level as opposed to the previous regime that was aligned with the centre.

The State House of Assembly: The Speaker of SHoA, was controversially elected by only 11 of the 31 members of the Assembly. Eight of those who elected him were members of the PDP, while the other three were described as renegade members of the APC because they defied the directives of their party. A group of 18 APC members conducted its own election but despite their numerical strength could not get their candidate sworn in as Speaker of the 9th Assembly. This early party schism should worry the Governor, although all seems peaceful at the moment. Many stakeholders interpret this as the peace of the graveyard. The Speaker is said to be humble, easy-going and a grassroots politician. The controversy surrounding his election will linger and without the support of more members, the Governor will not have his bills passed easily.

Leadership of the State Planning Commission: A true champion for PFM System reform is the Permanent Secretary of the SPC. He understands the budget process and has the passion to work this path. He is able to navigate the difficult political-cum-technical terrain without offending the opponents of reform.

Select Sector and Good Governance Civil Society Organizations (CSOs): Bauchi hosts a wide range of civil society groups across all sectors, but notably health, education, environment, human rights, women’s empowerment, gender and social inclusion and water and sanitation. There is positive action in the fields of maternal and child health. Civil society groups have also conducted activities on the budget process in the state – i.e., collecting citizens’ inputs for the state budget and tracking implementation in

¹ t.guardian.ng 9/01/2020 Why we introduced clocking system in Bauchi Schools’

terms of releases of funds and at service delivery points. BASNEC, a coalition of CSOs, has also been engaging the SHoA for public hearings on state budget. The CSOs are also subtly piling the pressures on the government to preserve transparency, openness and integrity and the re-enforcement of anti-corruption safeguards in government contracting.

The Bauchi State Network of Civil Society organizations (BASNEC) questions the willingness of some MDAs to work together in partnership with the CSOs in reform design and implementation. However, improvement in the MDAs-Civil Society Organizations relationship is gradually visible, with MDAs trusting the CSOs with information on financial releases and projects documents.

Broader Civil Society groups such as Council of Ulama'a, Nigeria Union of Teachers (NUT), Nigeria Union of Local Government Employees (NULGE), Nigeria Labour Congress and similar bodies exert a lot influence at various levels.

The CSOs will remain critical in sensitizing the general public to the benefits of reforms and costs of inaction. Selected CSOs could be mobilized by the program along with various other organisations, such as universities, research institutions and think tanks, business member organizations (BMOs), as well as community-based organisations, to promote dialogue, coordination and effective dissemination of the ideals of any intervention.

Traditional Leadership/Emirs: The traditional leadership in Bauchi remains influential and respected; their views on local governance, social affairs and economic development are much sought after. They often play the role of mediators in civil cases, while also providing wise counsel to those with political authority. The Governor, (being a traditional title holder) and the Emir of Bauchi are said connect and agree on a range of political and social issues. The Emir of Bauchi will therefore be a formidable lobbying force and, along with his Emir colleagues, a formidable pressure group on the political leadership. Thus, their support for S2S interventions must be cultivated.

The traditional authority of the Emirs is keen on seeing revitalization of the education sector especially at the local government level. The local governments have worked closely with village heads on budget, project monitoring, health and education. Such engagements have added credibility and legitimacy to work done by development partners. The current relationship should be deepened by S2S through strengthening their capacity to engage in other areas such as domestic revenue mobilization.

The traditional authorities have strong views on state-local government relations. They express the view that in order to encourage development, the government will have to focus special attention on three areas. Firstly, to devolve responsibilities – and with that, the requisite resources to the LGAs. Secondly, to restructure the LGA administrations to make them more accountable. This will involve strengthening their capacity for financial management, audits, and transparent disclosure. It will require measures (including incentives) to strengthen the LGAs' ability to raise revenues. Finally, government will have to invest more in infrastructure in the LGAs especially roads that will support the development of transport services and linkages between these LGAs and rural areas.

Religious authorities/Ulama'a: Bauchi is the home base of Sheikh Dahiru Bauchi, the national leaders of the Tijjaniya Movement. However, Islamic scholars across the other major groups, including the Izala are close to the Governor and derive benefits in terms of appointments in religiously-affiliated agencies such as Sharia Commission and the Muslim Pilgrims Welfare Board.

The more conservative Tijjaniyya and Quadiriyya sects are more pro-establishment and particularly attractive to the elderly and the business class. Although the Izala groups have an anti-tradition, anti-west posture they are known to maintain a cooperative rather than conflictual relation with the state. Indeed, they encourage their members to participate in active partisan politics and governance at all levels.

Although the different sects have a record of bitter rivalry and disagreement over theological dogmas, with assistance they could coalesce around a range of crucial social issues such as security, state of infrastructure, and health, with the potential to act as a formidable point of pressure on the political leadership.

They could be influential in the mobilization of the wider community and in moulding public opinion on both religious and non-religious issues. Indeed, the Ulama'a have willingly lent their support to reforms in the health, education and WASH sectors. For example, they were active in town hall meetings where the state annual budget budgets are discussed.

VII. ENTRY POINTS AND RECOMMENDATIONS FOR ACTION

The following is a summary of key entry points and needs. The section is followed by recommendations for specific S2S short-term interventions (launched in years 1-2), followed by medium-term interventions (launched years 2-4).

Bauchi State has shown some improvement in its participatory budget process, driven by the incentives of SFTAS. It has shown steady improvements in resource flow. The new Bauchi State Revenue Harmonization Law 2020 grants operational autonomy to the Bureau of Internal Revenue (BIR), with an enhanced administrative and enforcement structure. Efforts are being made to streamline and modernize the workflow processes in the BIR with a view to engendering efficiency and effectiveness in service delivery. The BIR reforms offer an entry point for S2S to help eliminate overlap and duplication of functions and reduce major corruption risks.

Need to support key reforms, such as role of BIR through formal legislation, and incorporate into a broader policy plan: This will help minimize possible reform rollback, while the project also focuses on implementation.

Need to support the state to navigate the persistent fiscal crunch/economic crises beginning with the 2021 Budget and associated agenda: The potential for the national and state-level fiscal crunch to distract the Governor's attention from tackling reforms will certainly constrain his ability to maneuver.

Need to build the capacity of key MDAs: For example, the dependence on the Federation Allocation Accounts Committee represents a lack of capability and capacity of the bureaucracy to properly oversee the revenue collection process, as well as allows for leakage and rent-seeking. It is apparent from our interactions with the MDAs overall that they are institutionally weak with limited capacity to implement interventions.

The SHoA should be brought on as a partner in reform, where possible, in coordination with the administration and/or by playing an appropriate oversight role: The 9th Assembly is dominated by members of the APC (22 of the 31 members). The APC will either demand accountability and act as a source of pressure for improved performance or become a distraction. Secondly, there is a large cohort of Bauchi State citizens who served in the higher echelons of the Federal Civil Service (or are still serving) as prominent Abuja-based politicians, who in alignment with the federal government could play an informal opposition role.

In view of these challenges and entry points, stakeholders recommend that in Bauchi SS2S must focus attention on broad areas including improving liquidity; improve capacities in planning, budget processes and procurement practices, particularly through the Planning Commission; support to local government councils including for continued domestic resource mobilization; and support for policy advocacy.

POTENTIAL SHORT-TERM S2S INTERVENTIONS

- **Work with the Governor's office to establish a high-level reform steering committee:** Establish a platform in the form of a steering committee for senior level officials of government and technocrats from the S2S partner MDAs to provide oversight for all interventions being implemented in the state. The steering committee should follow up on reforms implementation and receive updates.
- **Support more centralized donor coordination through the MBEP:** The MBEP is mandated to coordinate all donor related activities in the state, however, due to inadequate capacity and understanding at the operational level the Ministry often finds itself ignorant of donor interventions. This results in duplication of efforts and wasteful expenditures on overlapping initiatives. Hence, it is recommended that the project support the Ministry in a detailed mapping and stocktaking exercise of donor activities and provide training, technical assistance and/or data management systems to continue to track and coordinate donor efforts. S2S should build on the gains of the USAID's Leadership, Empowerment, Advocacy and Development (LEAD) project, which coordinated the emergence of a robust donor platform for the state. This can be achieved through technical assistance to the Department of Donor Coordination to further strengthen the platform.
- **Support further review and implementation of the State Development Plan:** The government is currently working on the review of the State Development Plan that will sketch out the road map for development in Bauchi. The Ministry has had some support from development partners to develop the initial plan such as the LEAD project to but the review process has slowed and progress made so far is behind schedule. The Ministry indicates it requires more technical support to fleshing out the road map, which would reinforce other S2S interventions by providing clear linkage points.
- **Improve LGA/State fiscal coordination through consultations, dialogue, and advocacy:** S2S should consider focusing on strengthening of existing dialogue platforms in the state such as the Bauchi Development Forum and similar forums across the three senatorial districts of the state. The program should work closely with the key influencers to design technical dialogue models or approaches to strengthen state-LGA relations for improved local governance in the state.

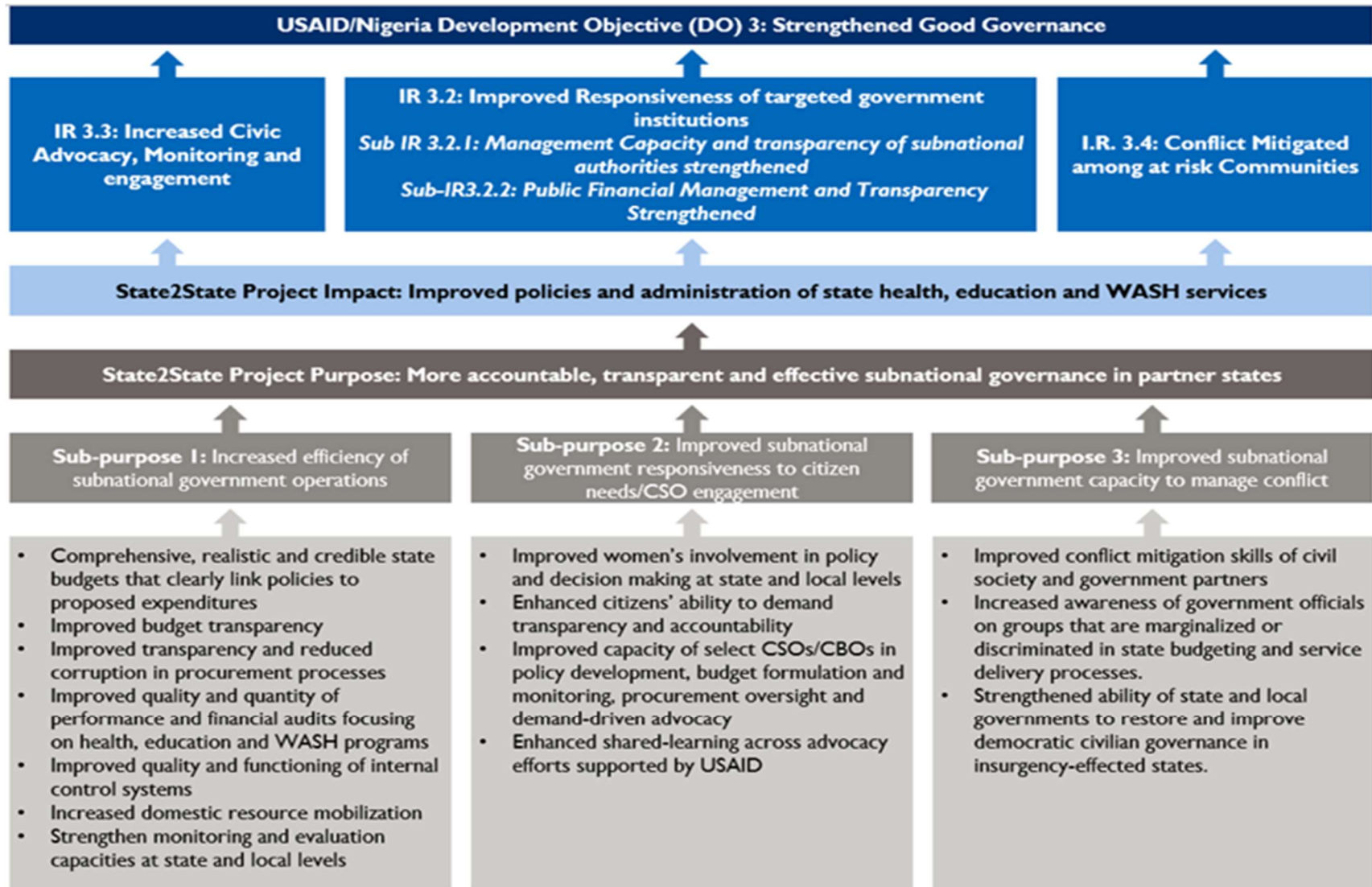
POTENTIAL MEDIUM-TERM S2S INTERVENTIONS

- **Help develop the state-level Statistical Bureau to start reporting key indicators of the economy at the state level:** The current quality and reliability of state-level data in Bauchi is extremely poor and this filters down into inadequately researched policy formulation. While the MBEP has put forward the idea to establish a state-level statistical bureau, it currently has inadequate technical know-how to establish the design of statistical data that will have to be collected at the state-level and will be crucial for policy formulation. It is therefore recommended that S2S support the Ministry in strengthening its data collection, documentation and dissemination mechanism in a more meaningful and effective manner.
- **Strengthen state-level policy, planning and budgeting processes for enhanced service delivery:** Building on the legal framework for PFM in place -- including laws on budget monitoring, price intelligence and public procurement, due process, debt management and fiscal responsibility, and provision of International Public Sector Accounting Standards [IPSAS] -- the project could conduct further capacity analysis of specific MDAs, followed by the development and execution of institutional/human resource capacity strengthening.
- **Provide technical support to the MBEP to improve efficiency in service delivery:** The MBEP is inarguably the busiest Ministry within the state's administrative setup, with staff unable to

focus on strategic thinking and policy formulation. It has also been reported that key staff have inadequate exposure and training to more complex policy and analysis in development issues. These knowledge gaps need to be identified and bridged to promote evidence-based policy research and analysis which the MBEP currently lacks.

- **Build capacity in domestic revenue mobilization:** Explore ways of revenue collection and management with enhanced efficiency and effectiveness, such as tax-for-service interventions. This could include:
 - Provision of technical assistance through mentoring to enable the revenue authorities to identify new sources of revenue and the elimination of illegal or ‘nuisance’ taxes, fees and fines.
 - Support the BIRS in the design and implementation of an effective tax administration system at the state and local government levels including the automation of business systems/processes.
 - Introduce built-in incentives for rewarding internal revenue collection efforts at the local government level through a matching grant arrangement between the state and local governments. In other words, the state government should reward the tax efforts of the local governments.
- **Support State House of Assembly and Local Government Legislative Councils Public Accounts Committees** to improve their performance in legislative oversight to ensure probity and accountability in the financial management system.

ANNEX I: RESULTS FRAMEWORK



ANNEX II: LIST OF DOCUMENTS REVIEWED

1. Fiscal powers of local governments and intergovernmental fiscal relations are discussed below
2. NBS- Nigeria Living Standards Survey 2018-2019
3. USAID and HP+ Nigeria Population and Development. Fact Sheet September 2017.
4. NBS- Human Capital Development Indices 2019
5. NBS – National Health Policy 1988.
6. BACATMA Annual Report 2009
7. Bauchi State Strategic Health Development Plan (BASSHDP) 2010 – 2015
8. BASSHDP (2010 -2015) Nigeria Living Standard Survey 2018-2019
9. Bauchi Assembly Crises: Factional Speaker, 16 Others make U-Turn, insist on fresh proclamation'
10. Premium Times, August 8, 2019.
11. www.who.int/bulletin/contributors/...https://laws.lawnigeria.com/2018/03/01/bauchi-state/
12. https://books.google.com.ng/books/about/Bauchi_State_Budget_Monitoring_Price_Int.html?id=xRQ-swEACAAJ&redir_esc=y

ANNEX III: LIST OF PEOPLE INTERVIEWED/LOCAL MEETINGS

Bauchi State List of Institutions/Officials Interviewed		
Institution	Respondents/Interviewees	Methodology
Bauchi State House of Assembly	1. Chairman, Committee on budgets and appropriation.	KII
	2. Chairman committee on education	KII
	3. Chairman Committee on Health	KII
Ministry of finance	1. Hon. Commissioner	KII
	2. Permanent secretary	KII
	3. Director Administration & finance	KII
	4. Director Planning, Research & Statistic-DPRS	KII
Accountant General's Office	1. Accountant General	KII
	2. Director Inspection	KII
	3. Director operations	KII
	4. Director of Treasury	KII
Board of Internal Revenue	1. Chairman	KII
	2. Director of Assessments	KII
	3. Director of collections	KII
	4. Director other Revenues	KII
State Auditor General's office	1. Auditor General	KII
	2. Director State Audits	KII
Auditor General for LGAs	1. Auditor General LGAs	KII
	2. Director LGA Audits	KII
Office of Procurement	1. Chairman	KII
	2. Director	KII
Ministry of Local Government	1. Hon. Commissioner	KII
	2. Permanent secretary	KII
	3. Director Planning Research & Statistics	KII
	4. Director Administration & Finance	KII
State Planning Commission	1. Hon. Commissioner	KII

	2. Director Budgets	KII
	3. Director M/E	KII
Other MDAS	1. Min. of Education-DPRS	KII
	2. Min. of Health-DPRS	KII
	4. Min of Water Resources	KII
	5. SUBEB Chairman	KII
Development Partners/CSOs	1. CSO-BASNEC (State Network)	FGD
	USAID supported Projects	KII
	Non USAID supported projects	KII
Traditional leaders	Chiroman Bauchi	KII
Religious Leaders	Chief Imam	KII
Bauchi/Misau/Katagum LGAs	LGA Senior Officials	FGD
Women Leaders	Women Led Organizations	FGD
Association of PLWD	State coordinator	KII
Private Sector operatives	Bauchi state Chamber of Commerce and Industry	KII
Bauchi Farmers Association	Executive Members	FGD
NURTW-Transport Sector	State Leader	KII