SAVI Approach Paper

SAVI
collective responsibility
collective accountability

Managing Programme Finances to Support Adaptive, Locally-led Processes of Citizen Engagement in Governance

In brief

SAVI, a DFID funded programme implemented by Palladium, is seeking to support processes of citizen engagement in governance in ways that are effective in influencing reform, and that are able to take on a life of their own without continuing donor support. SAVI is also an adaptive programme, putting learning and adaptation at the centre of all decision-making. Money is used and managed to facilitate both of these objectives:

– *Support to partners:* SAVI aims to use its funding to support, rather than to drive and incentivise, citizen engagement in governance. To this end, we invest in in-house state teams who play a behind-the-scenes facilitation role. State teams support local partners – citizens, groups representing citizens, media personnel and organisations and State House of Assembly politicians – to shape change in their state. SAVI support is provided not through grants, but through hands-on mentoring, capacity building, relationship brokering and financial contributions to partners' activities on a diminishing basis.

– *Financial management systems:* allow space for staff and partners to respond to opportunity and momentum and learn by doing, whilst at the same time ensuring accountability, value for money and effective management of risk for DFID.

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Donor support to citizen engagement in governance

Since around 2000, donor-funded programmes have been trying to influence Nigerian federal, state and local governments to be more responsive and accountable to their own citizens. Long-term observers agree that this donor support – typically provided through grant funds to civil society organisations (CSOs) – has had little impact on government accountability and responsiveness, or on the use of public resources[1]. It has also had some worrying negative side effects relating to the concept and practice of citizen engagement in governance.

Programmes supporting citizen engagement in governance are dominated by donor-created and donor-dependent advocacy CSOs. The problem is not with CSOs being contracted to provide a service – such as gathering evidence on citizens' concerns, or conducting training – where they can be held to account by their funder for delivering according to their Terms of Reference. The difficulty relates to donors funding CSOs to advocate to and challenge their own government on behalf of citizens. In this context, donor funding can potentially entail a conflict of interest. Advocacy CSOs shape their activities according to donor priorities, and may have weak links and limited accountability to the citizens whose interests they represent. When funding reaches organisations that genuinely represent citizens' interests, it can easily start to de-stabilise them by changing and distorting incentives for participation. Grant funds can sometimes encourage competition between CSOs, which could undermine the kind of collaboration and coordination needed for effective influencing. A potential consequence of this in the Nigerian context is that advocacy CSOs can sometimes have limited credibility in the eyes of the government and of the public, compromising the effectiveness of their advocacy.

The SAVI team believes in the power of citizen engagement in governance, but recognises the deep-seated challenges involved in using donor money to support and nurture, rather than define, drive and ultimately undermine, these processes.

Financial management and planning processes

Donors understandably require predictable financial flows and value for money. In conventional programmes, budgets are planned and agreed up front with the donor, and the programme management team ensures delivery in accordance with this. In programmes which support citizen engagement through the provision of grants, donor requirements for delivery against pre-set targets compound the challenges noted above by curtailing grantees' room to be politically smart and adaptive to their changing context. If financial management systems are too rigid, they drive rather than facilitate decisions on activities, and take away the space for adaptive planning.

Learning through experience, over time SAVI has put in place financial forecasting and management processes that facilitate adaptive planning – allowing financial resources to be moved around and used in a flexible way – whilst still meeting donor requirements for predictable financial flows and value for money.

[1] Booth and Chambers (2014) p.16

Approach to supporting citizen engagement in governance

A 'Facilitated Partnership Approach'

In-house state teams are the delivery arm of SAVI. In some ways, they are the equivalent of 'grantees' in a conventional programme of support to citizen engagement in governance in that they are fully funded by and accountable to SAVI as a programme.

However, in contrast to grantees, SAVI state teams do not directly engage in advocacy and influencing activities themselves. SAVI *partners* – citizens, groups representing citizens, media staff and organisations, SHoA politicians and multi stakeholder partnerships – are the ones directly engaged in influencing change in their state. It is partners' activities that lead to results.

SAVI state teams play a behind-the-scenes facilitation role – brokering working relationships, and building partners' capacity to think and work politically and adaptively, taking advantage of shifting opportunity and momentum in their context. SAVI's aim is to promote relationships and strategies of engagement that build on existing momentum for reform in the state, and can take on a life of their own after the programme comes to an end.

For further information on this 'Facilitated Partnership Approach' see:

- SAVI Approach Paper 2: Programme Design
- SAVI Approach Paper 3: Theory of Change
- SAVI Approach Paper 4: Thinking and Working Politically
- SAVI Approach Papers 6-10 on Engaging with Different Categories of Local Partner
- SAVI Approach Paper 11: Management and Staffing

Overall budget breakdown

SAVI's overall budget (£34 million over the eight years of the programme) is distributed as follows:

- 49 per cent technical support to partners
- 24 per cent financial contributions to partners' activities
- 22 per cent operating costs: travel; daily living costs; local procurement and office running costs
- 5 per cent management costs

Investing in staff

SAVI has a total of 100 locally appointed staff. They work in ten state teams and in a central Abuja-based team responsible for managing the programme and providing technical support to state teams. The number and nature of full-time posts, fee rates and CVs are agreed and approved with DFID and periodically revised through contract amendments.

Financial support to local partners

In addition to state teams' direct engagement with partners and hands on technical support, a further 24 per cent of the overall SAVI budget is spent by state teams on buying in technical support for partners they cannot provide themselves, and making financial contributions to partners' activities.

Capacity building support

As far as possible, SAVI state teams provide hands-on mentoring to partners themselves, and they also encourage partners' processes of self-discovery and learning by doing. Where necessary, state teams buy in technical expertise that they cannot provide themselves. SAVI tries to keep this cost to a minimum. Preference is always given to contracting local, regional and national Nigerian consultants. This is partly for reasons of cost and value for money, but using local consultants also creates the potential for longer-term working relationships. Partners can go back to the same local consultants for further guidance and support without mediation by the programme.

Financial contributions to partners' activities

SAVI's approach to providing financial support to partners is designed to help them to build their experience, confidence and credibility – but without creating dependency, or incentivising their activities. It is, in effect, a form of seed funding. We are aiming to nurture the seeds of partner activity to become strong by growing their own roots in their own soil, rather than by continuing to water them from above.

The effectiveness of this approach depends not only on how we manage financial contributions to partners – but also, critically, on working with the right staff and the right partners, managing expectations from the outset, and nurturing partners' resourcefulness – as set out in Box 1.

Box 1: Creating an enabling environment for diminishing dependency

Working with the right staff and partners

There is a mantra on the SAVI office wall: "There are two types of development professional: those who profit from creating opportunities for themselves; and those who profit from creating opportunities for everyone … which one are you?" Through long experience, SAVI has come to understand that some staff, consultants and partners are suited to SAVI's way of working but many are not. The critical distinction is how they position themselves in relation to donor money. We look for those who view donor money primarily as a means to empower others – and who have the willingness and ability, with support, to make politically smart decisions and use their time and resources wisely to promote locally-led and self-sustaining reform.

SAVI state team *staff* are locally recruited from the state where they will be working, giving them a direct personal stake in reform processes. Staff come from diverse backgrounds, reflecting the different stakeholder groups SAVI is seeking to bring together, including the state government. Staff are selected on the basis of their attitudes and behaviour. These reflect their commitment to local reform, and their willingness and ability to play a behind-the-scenes facilitation role rather than lead campaigning activities from the front.

State teams take time to identify potential *partners* who have demonstrable passion, credibility in the eyes of the public, and a track record of action in relation to the issue in question. Our partners are, generally speaking, not advocacy CSOs who depend on donors and grants for their salary. Many are individuals not groups. They come from community-based organisations, media organisations, the State House of Assembly, and government ministries. They are academics, retired civil servants; they run their own businesses. Many are 'concerned citizens' with day jobs. Individual participation in SAVI partnership activities is, by and large, either part of participants' jobs and recognised as such by their parent organisation – or, for many, a *pro-bono* or semi-voluntary contribution to change in their state.

Managing expectations

SAVI state teams manage partners' expectations from the outset. It is made clear that grants will not be part of the process. The initial engagement process, when done well, has the effect of weeding out those individuals who are simply seeking to make a living out of SAVI funds.

Nurturing partners' resourcefulness

Nurturing partners' mind-set to be resourceful rather than dependent is given paramount importance. This is framed according to '3Rs': helping partners to recognise and value the *resource* in themselves; helping them to be *resourceful* by making the most of what they have; and, by performing their function effectively, becoming a valued *resource* in which others are prepared to invest. Partners are helped to see that in championing change in their state, they are their own primary resource. The strength of their partnership derives from the varied and complementary knowledge, skills, resources and networks members bring to the table, and which they can pool in pursuit of common objectives. Drawing on these, they are in a position to collectively make progress which they cannot make alone. Once they have collectively and successfully demonstrated their worth to others, partners start to attract further support, including funding – but on their own terms and in support of their own agenda. They offer something of value in which others are prepared to invest. This support might come from within their own parent organisation, from other local stakeholders including the media and state government, or from other development programmes.

SAVI partners' activities typically take the form of:

- Meetings for planning, reflection, brokering relationships and exchange of learning.
- Meetings with state government stakeholders they are seeking to influence.
- Evidence gathering exercises, including community and constituency outreach.
- Advocacy events in public spaces including public meetings, TV and radio broadcasts and phone ins.
- Stepping-down training to other organisations to improve their advocacy, monitoring or communications skills.
- Policy influencing, budget analysis, monitoring and advocacy.

As much as possible, SAVI state teams encourage partners to take responsibility for covering the cost of these activities themselves. This includes encouraging partners' resourcefulness – seeking out cost reductions, *pro bono* and in-kind contributions, making their own financial contributions, and partnering with others who can provide the resources they need. With some partners, state teams are able to negotiate joint funding and partner contributions from the outset – making the transition to full independence easier when the time comes. Where this is not feasible, or where some encouragement is required, SAVI state teams cover some activity costs through financial and/or in-kind contributions, on the understanding that this is a form of seed funding to get the process started.

Managing funding to partners

SAVI State Finance Officers or State Programme Assistants manage payments to partners. This money is for specified activities agreed with partners (such as accommodation and transport costs for a workshop, costs for a pilot radio phone-in programme, hiring a consultant to conduct a particular piece of research). SAVI does not pay salaries to partners, or incentivise their contribution of time and expertise. Payments for agreed goods and services are made directly by the SAVI state team – the money is not passed through partners. The only exception is money given to individual members of the partnership for transport and subsistence to participate in particular events. As far as possible all payments are made by cheque or by bank transfer – and the use of cash is minimised.

Case study 1: Citizen engagement in state budget processes, Yobe State

Yobe is one of three states in North Eastern Nigeria placed under a State of Emergency by the President in 2013 as a result of the Boko Haram insurgency. When the SAVI programme started in Yobe State in late 2011, there were limited structured processes for citizens to raise their concerns to the State Government. The Yobe State House of Assembly (SHoA) was a weak institution and there was little relationship between SHoA politicians and civil society (CS) groups in the State – most of which were formed by concerned citizens drawing on their own resources. A key entry point for SAVI and for SAVI's sister programme SPARC (working on governance reform with the state government) was that the state government executive was reform-minded. Improved financial management and budget control were stipulated as the priority of the Yobe State Socio-Economic Reform Agenda.

From the outset, the SAVI Yobe team engaged directly with SHoA politicians and civil servants, and with media partners and CS groups committed to reform in their State – and brokered relationships between them. SAVI invested in building their capacity in various ways including effective representation of citizens' views, constructive engagement with the State Government, and state budget processes. Early in this process, the SHoA set up and funded a civil society liaison desk to facilitate the access of citizens, civil society groups and the media to the House.

In 2012, SAVI paid the transport costs for civil society and media partners to collaborate with SHoA politicians to hold eight constituency engagement platforms around the State – generating issues from citizens for inclusion in the State Government budget. The 2013 state budget included five citizen projects generated in this way, and a repeat of the same processes the following year resulted in the inclusion of 35 citizen projects. Inspired by the success of this process, the Ministry of Budget and Planning established its own civil society liaison desk, and stipulated that the annual budgets for all ministries must include citizens' views.

This process has now become institutionalised – with current engagement processes focused on the 2017 budget. CS groups, media organisations, SHoA politicians and State Government staff are managing this process themselves without financial support from SAVI or from any other donor.

Case study 2: Taxation partnership, Anambra State

When SAVI started in Anambra State in 2013, the State team identified through its political economy studies and associated radio phone-in programmes, the issue of multiple taxation as one that galvanised commitment to reform amongst citizens and in the state government. The government complained of tax avoidance and evasion – but people in the State complained of being over-taxed. Harassment and intimidation by private tax collectors, whose legitimacy was often hard to verify, was a key part of the problem as was diversion of taxes into private pockets. Government and taxpayers both appeared to be on the losing side.

In December 2014, SAVI facilitated inaugural roundtable meetings to explore the issue further. These involved a wide range of private sector stakeholders including transporters, artisans, representatives from the chamber of commerce, hoteliers and trade unions as well as CSOs and Faith Based Organisations (FBOs). Inspired by success stories – such as instances of artisans' associations successfully clubbing together to resist illegal tax agents – multiple stakeholders decided to work together under one umbrella – the Njiko Anambra Tax payers Association (NATPA).

SAVI supported attendance at early meetings with transport costs and subsistence payments, helped the group formulate a long-term vision of the change they would like to see as well as a short-term action plan, and supported their initial evidence gathering. From the outset, SAVI encouraged the new group to be resourceful, making it clear that "there will be one day when you do not see us again." Members were encouraged to recognise and pool what they could each contribute: business people and traders threw some money into the partnership and contributed their first-hand experience of being on the receiving end of corrupt tax practices; civil society representatives wrote letters and contributed their skills in advocacy. A member who had retired from the government revenue service helped the group with his knowledge of tax policy and practice and played a behind-the-scenes role ensuring letters reached the right people and brokering meetings with the State Government. Participants from the media contributed free airtime while others provided premises for meetings and snacks.

In 2015, influenced by the actions of this group and the media outcry they orchestrated, the Anambra State Government disbanded all tax consultants and set up a task team to arrest and prosecute illegal tax agents, while the government was reorganising the tax system in the State.

Now, in late 2016, two years on from its formation, the group is continuing to meet. They now constitute the best resource on the problems of multiple taxation in the state, and are directly engaging with the State Government and with other stakeholders to address this issue. SAVI has no direct involvement since early 2016.

Financial planning and management for adaptive programming

As noted above, three-quarters of SAVI's budget is spent on largely predictable items such as technical advice and operating costs. However, the 24 per cent of the budget spent on support to partners' activities is subject to considerable variance. Staff and partners' planned activities are postponed and cancelled all the time, and unplanned activities crop up[2]. This reflects the inherent challenges of working through very fluid and diverse partnerships, the importance of taking advantage of new opportunities and shifting momentum, as well as changes in target government officials' schedules and plans.

Over the course of time, SAVI has put in place financial management systems which accommodate this kind of adaptive planning at state level, whilst at the same time meeting DFID's requirement for less than 2 per cent variance in annual spend. This has meant finding smart ways to manage funding at the national level that allow for flexibility at the state level, ensuring that Palladium and DFID financial management requirements do not drive or constrain the space for adaptive planning.

Financial management system

State teams are responsible for developing work plans and budgets for SAVI support to partners' activities. These, as described above, respond to partners' own work plans and needs, and take account of state government budget and political cycles.

On an annual basis, the SAVI national administrative management team aggregate state plans and budgets

[2] See Derbyshire, H., Fraser, S. and Mwamba, W. (2014) Rising to the Challenge: Supporting 'problem driven iterative adaption' and 'politically smart, locally led' approaches through a donor funded programme. The experience of SAVI Nigeria, Abuja: DFID Nigeria and Derbyshire, H. and Donovan E. (2016) Adaptive programming in practice: shared lessons from the DFID-funded LASER and SAVI programmes, London: The Law and Development Partnership

to produce an overall annual workplan and budget. In accordance with DFID's quarterly budgeting system, the first quarter is well-defined and subsequent quarters more indicative.

On a monthly basis, state teams make budgets and forecasts which are quality checked by the national SAVI technical team. The national administrative management team provides funds to state teams in monthly instalments, based on forecasts of programme activities and office running costs.

State Finance Officers or State Programme Assistants manage payments to partners. Clear guidelines on every step of the process are spelt out in the SAVI operations manual. Receipts for every expenditure are retired back to the SAVI national finance team, through cashbooks and scanned copies of signed receipts, and from the SAVI national finance team to Palladium. Based on agreed payment schedules, Palladium invoices DFID for all expenses. This is closely monitored at every stage of the reporting process by SAVI finance staff and annual auditors.

Accommodating flexibility and variance

State teams support a wide range of partner activities, big and small, every month, under different Outputs. Predicting likelihood of disbursement and tracking variance on every activity in every state is not possible. Smart timing of forecasts helps. State teams provide their monthly forecast to the SAVI national team at the start of each month, and then a supplementary forecast halfway through. DFID is sent the monthly forecast halfway through each month, once expenditure is underway. SAVI's national finance team keep a watch on activities forecast to manage the risk of substantial variance.

Financial reporting to DFID is also at a high level – forecasts and financial reporting to DFID are not state or Output specific. This approach whilst rigorous enables SAVI to accommodate variance from detailed state and Output level forecasts. Under spending on work with partners under one output, or in one state, can be balanced out by over-expenditure on work with partners under another output, or in another state. The national finance team can also offset monthly under/over-spend on programme activities with flexible spending on operational costs: e.g. holding off or bringing forward large routine payments to local suppliers, hotels, rental payments or staff allowances.

This kind of variance within each budget head and on specific budget lines is fully transparent. The SAVI national finance team undertakes 'spot checks' on expenditure and due process in selected states, and takes remedial steps if required. Each month, DFID reviews selected expenses and reported variance through a system of 'check and challenge'. The key to building in this kind of flexibility is good and timely communications – within state teams, between state teams and the SAVI national finance team, and between the SAVI finance team and DFID Nigeria – giving advance warning of potential over or under-spend.

Internal accountability

SAVI state teams have considerable room for manoeuvre to exercise judgement over their support to partners, to respond to opportunities and to changes in partners' plans. To ensure that state teams use this freedom wisely, over time we have developed closely linked financial and technical monitoring and reporting systems which are helping both to build state team capacity and reinforce good practice.

The national technical staff routinely view data on expenditure and variance in order to improve technical oversight and assistance to individual state teams. In this way, contradictions between the rhetoric and reality of 'diminishing dependency' and efficient and effective use of SAVI's own resources are picked up. Comparisons of financial and technical quarterly progress reports and monitoring and evaluation data highlight issues that require attention and remedial action by state teams or by senior management. Improved systems for measuring and analysing value for money at all levels is greatly assisting this kind of internal accountability (see SAVI Approach Paper 14: Value for Money).

Practical tips and conclusions

SAVI's experience of using donor money to support locally-led, politically smart, adaptive planning suggests the following:

- Recognise and manage the potentially negative side effects of donor funding to advocacy activities. Find ways to use donor funding to nurture and support citizen engagement in governance, not to incentivise and drive it.

- Spend time finding the right staff and partners – oriented to using donor money to empower others and champion reform, rather than to empower themselves.

- Manage expectations, de-emphasise financial support, focus on the technical and brokering support, and encourage partners' resourcefulness.

- Buffer front line staff and partners from financial pressures coming from donors, to protect the space for locally-led, adaptive planning.

- Find ways of balancing the need to give front line staff the freedom and trust to respond to their continually changing situation and corresponding financial and technical accountability. This requires closely linked financial and technical monitoring and reporting systems.

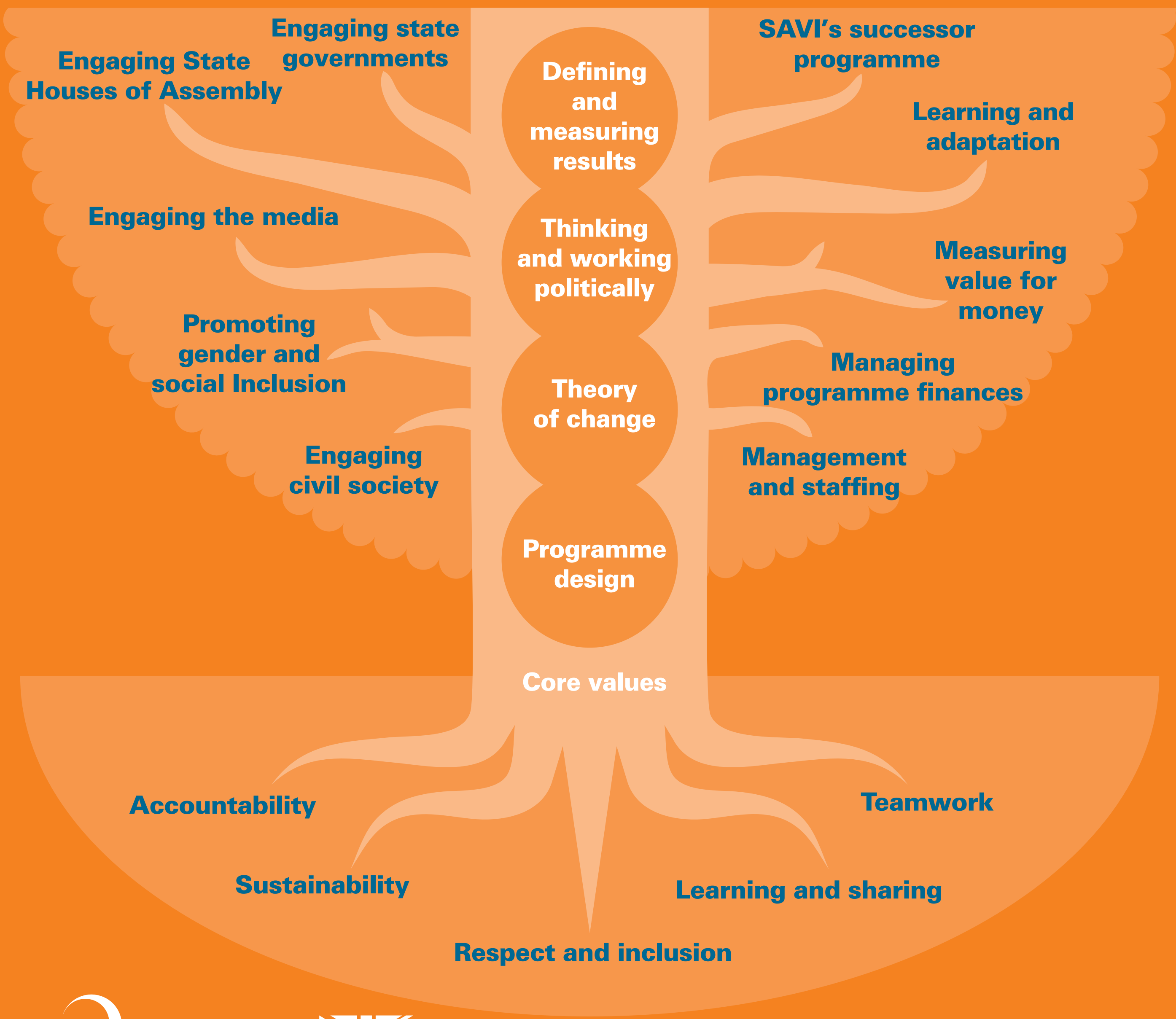
SAVI's 'knowledge tree'

The State Accountability and Voice Initiative (SAVI) is a DFID-funded programme working in ten Nigerian states promoting a culture of constructive citizen engagement in responsive state level governance. Decision-making in SAVI is largely decentralised to state level, and state staff are supported and trained to be facilitators and mentors of locally driven change. Through providing behind the scenes support, SAVI is equipping groups of citizens, the media and state legislatures with the confidence and credibility to play their part in governance in politically smart and effective ways.

SAVI's Knowledge Tree depicts how the programme works. The roots are the core values that inform everything that SAVI does. The trunk is made up of four inter-related processes that give structure to all aspects of the programme. Left hand branches describe SAVI's working relationships with partners. Right hand branches concern internal functioning and relations with DFID.

This paper is one of a series explaining these different processes and relationships.

For more information, visit our website: www.savi-nigeria.org/approach



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SAVI supports groups of citizens, their elected state-level representatives and the media to be informed, credible and effective agents of citizen voice and accountability, able to play their part in promoting responsive, accountable and inclusive governance.

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