Medium Term Sector Strategy (MTSS) Development

Sector Planning Teams Training Session

Abuja, April 2020

Session 1

Opening ceremony

Opening prayer

By a Volunteer

Know ourselves

- We need to know ourselves very well for productive interactions.
- Accordingly, each person will introduce herself or himself as follows:
  - Name
  - Designation
  - Organisation

Opening remarks and declaring the session open

Hon Commissioner, MEPB or applicable agency

Goodwill messages

Development Partners and Any Other Relevant Groups

Session 2

Introduction, session objectives, approach to the session, ground rules & programme of activities

Introduction

- Sector Planning Teams (SPTs) are the authors of the Medium Term Sector Strategies (MTSSs) of their respective sectors.

- It is a highly demanding job; requiring optimum competence and dedication.

- The SPTs therefore need to be trained to enable them do their job to the required standard.

Objectives of the session – why are we here?

Understand what MTSS is and its importance in strengthening budget preparation process.

Understand the policy frameworks that underpin MTSS.

Have a feel of the key activities involved in the development of MTSS.

Know the use of work tools for developing the MTSS.

Get prepared for MTSS roll out in the State.

Approach to the session

The session approach comprises:

- Training on specific issues (Presentations).
- Practical work in syndicate groups (as much as possible).
- Presentation of outputs of syndicate sessions (Sample presentations due to time constraint!).
- Comments, questions and suggestions on the presentations.

Ground rules

- In order to maximize the available time, participants will need to adhere to some ground rules.
- The specific rules will be agreed by the team; but may include the following:
  - Active participation in discussions;
  - Respecting the rights of others;
  - Keeping phones on silence;
  - Etc.
- It may be agreed that violation of any of the rules will attracts a fine.

Programme of activities

- Distribute the Programme of Activities to Participants.

- The programme indicates time, activity and each session's lead.

- The allocated time should be kept to as much as possible.

- Where a practical task cannot be completed within the allotted time, the task will be completed as homework.

- The Programme is as indicated on the next 2 slides.

Programme of activities: Day 1

Time	Activity	Lead
09:00 am – 9:05 am	Opening Prayer	
09:06 am – 9:30 am	Know ourselves	All
09:31 am – 9:45 am	Opening remarks & declaring the session open	Hon Commissioner, MEPB
9:46 am – 10:15 am	Introduction, session objectives, approach to the session, ground rules & programme of activities	Consultant or Lead Facilitator
10:16 am – 11:15 am	Gender and Social Inclusion (GESI) in MTSS development	GESI Specialist
11:16 am – 11:30 am	Tea/Coffee Break	All
11:31 am – 12:30 pm	Understanding conflict sensitivity and its importance in MTSS development	Conflict Sensitivity Specialist
12:31 pm – 1:00 pm	Conceptual framework of MTSS	Consultant or Lead Facilitator
1:01 pm – 1:30 pm	Overview of the MTSS process	Consultant or Lead Facilitator
1:31 pm – 2:00 pm	Review of high-level policy documents	Consultant or Lead Facilitator
2:00 pm – 3:00 pm	Lunch Break	All
3:01 pm – 3:30 pm	Sector situation analysis	Consultant or Lead Facilitator
3:31 pm – 5:00 pm	Introduction to strategy session: developing sector's mission, vision, core values, objectives, programmes & outcomes	Consultant or Lead Facilitator
5:01 pm – 5:15 pm	End of Day 1 and closing remarks	Permanent Secretary State MEPB

Programme of activities: Day 2

Time	Activity	Lead
9:00 am – 9:05 am	Opening Prayer	
9:06 am – 10:30 am	Syndicate session 1: developing sector's mission, vision, core values, objectives, programmes & outcomes	Sectors Syndicate Groups
10:31 am – 11:300 pm	Presentation of the output of syndicate session 1	Syndicates' Spokespersons
11:31 am – 11:45 am	Tea/Coffee Break	All
11:46 am – 12:45 pm	Review of ongoing & existing budget commitments and projects prioritisation (i.e. scoring ongoing, existing and new projects)	Consultant or Lead Facilitator
12:46 pm – 1:45 pm	Introduction to projects costing and reconciliation with budget ceiling	Consultant or Lead Facilitator
1:46 pm – 2:45 pm	Lunch Break	All
2:46 pm – 3:45 pm	Introduction to completing the logframe (ongoing, existing & new projects)	Consultant or Lead Facilitator
3:46 pm – 4:15 pm	Roles of the SPT in the MTSS process	Consultant or Lead Facilitator
4:16 pm – 4:45 pm	MTSS documentation	Consultant or Lead Facilitator
4:46 pm – 5:00 pm	Wrap up, next steps and closing remarks	Permanent Secretary MEPB

Session 3

Gender and Social Inclusion (GESI) in MTSS development

Clarification of concepts:
1. Difference between Gender and Sex

Sex is ....

Biological difference between men and women

The same every where in the world

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Girls grow up to be women and boys grow up to become men

MTSS Sector Planning Teams Training Session: April 2020

Biological roles and functions are determined by sex

They are different between men and women

Men and women are assigned different roles by biology.

GENDER is about... ...

- .... Attributes, roles and activities associated with being a man or a woman

- ... How men and women are perceived

- ... How they are expected to behave

- ... Gender is different in time, place and culture

- ... It is determined by the society

- ... We learn gender roles; this implies that they can change

Gender is a social construct

- ... It is the society that determines what is acceptable and what is not acceptable.

- .... The society also sets sanctions / punishments for unacceptable behaviour.

- ... Another example of a social construct is marriage

Cultural variations

- Culture is a strong factor in determining gender roles.

- What is acceptable for men and women in one place is unthinkable in another place!

Rules and boundaries for behaviour are set by the society and not determined by biology

Summary

- "Gender" is not another word for women.
- Gender issues are not women issues only. In some cases it may be men's issues! eg boy child education problem in Eastern Nigeria; boy / men image and motivation issues of the Caribbean nations
- Rules and boundaries for behaviour are set by the society and not determined by biology

Clarification of concepts:
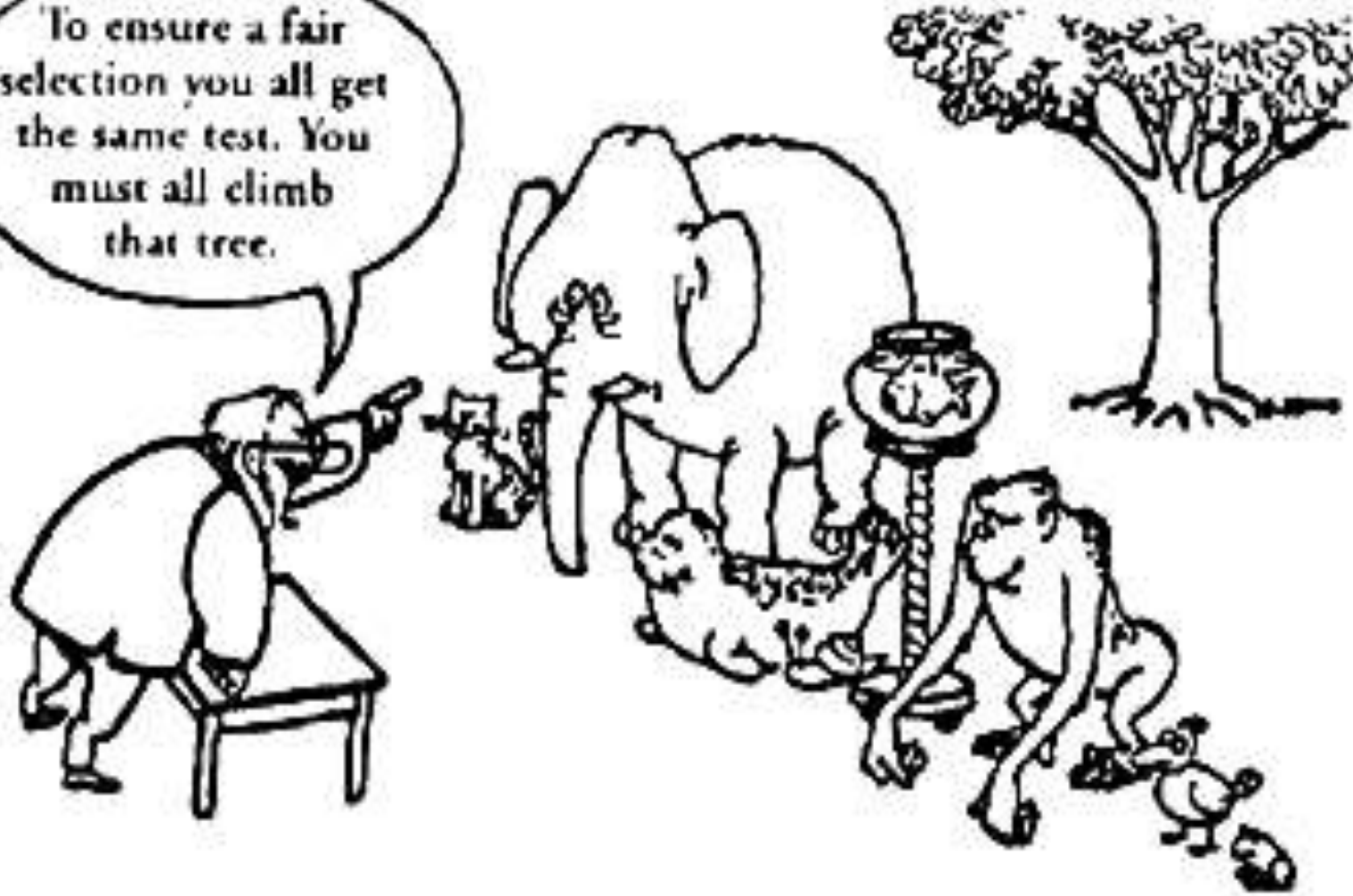# 2. Equality and The Same
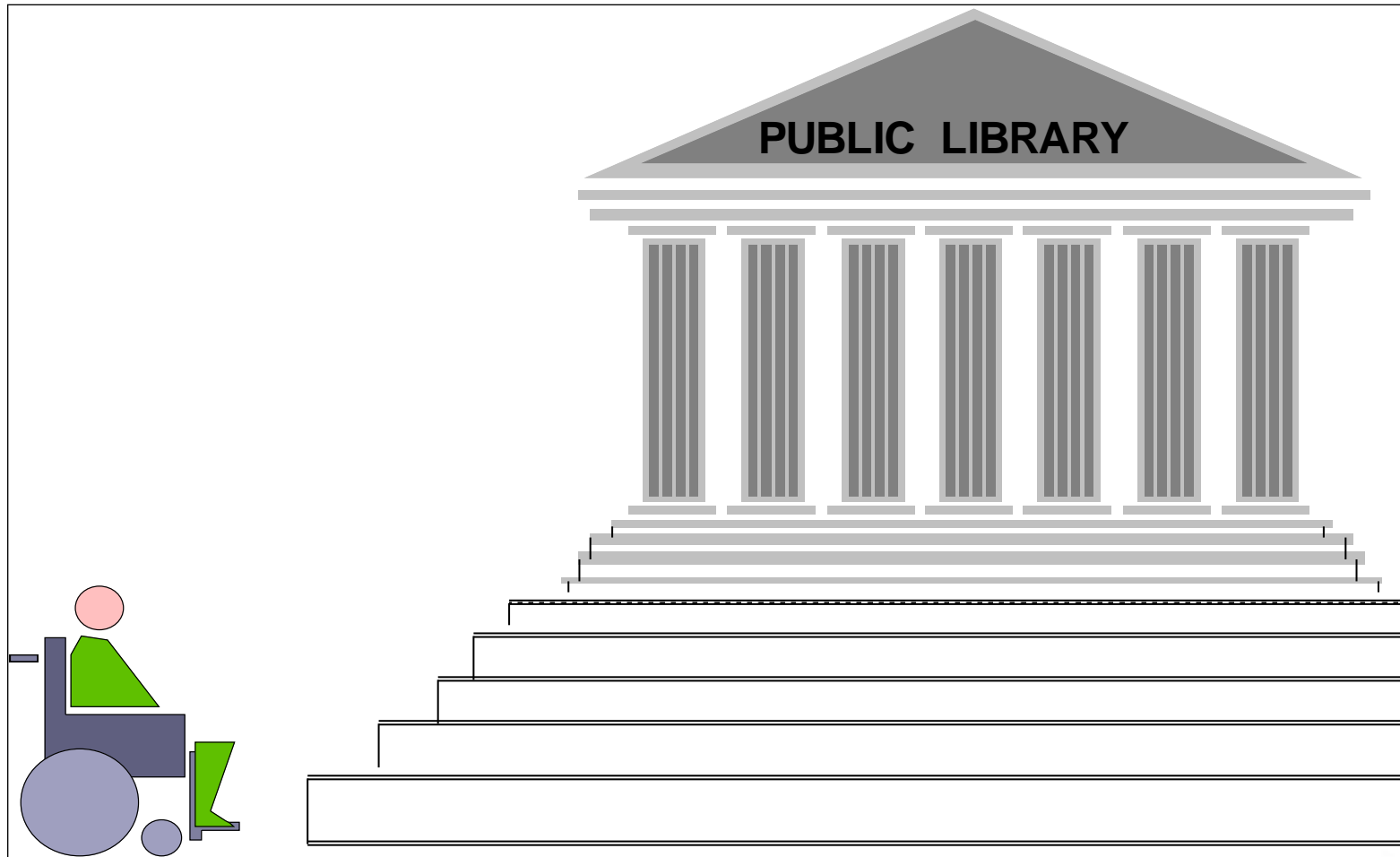
'Equality' is not always 'the same'

- This is 'the same'

  - This is 'Equality'
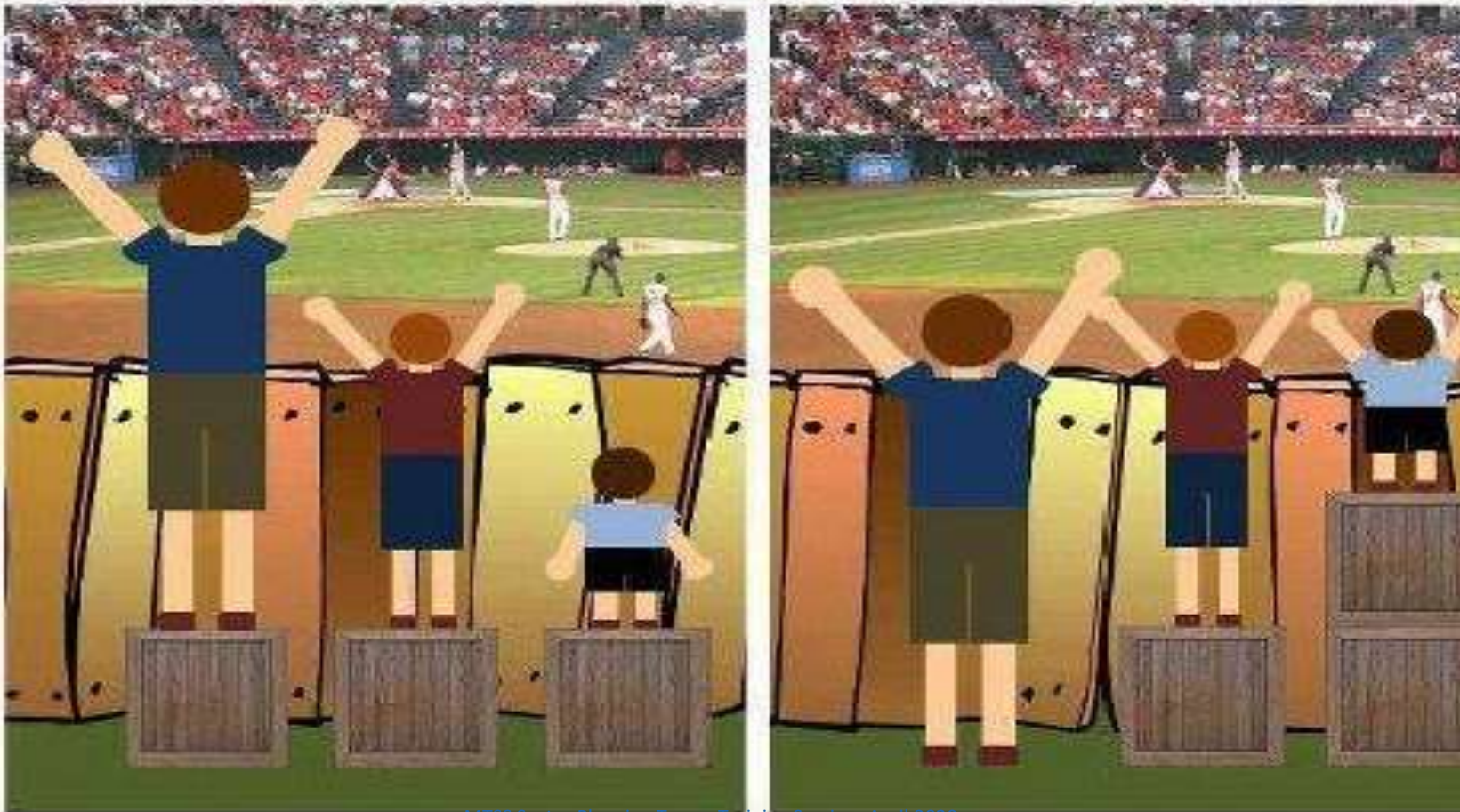
MTSS Sector Planning Teams Training Session: April 2020

Excluded by Disability

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Aspects of Identity

- Used to discriminate against groups on the basis of their:
  - Race
  - Sex
  - Ethnicity
  - Religion
  - Disability
  - Migrant status
  - Human Immunodeficiency Virus (HIV) status
  - Geographical location
  - Indigene/ settler dichotomy
  - Class

- Depends on time, place and context
- Can change e.g. colonialism, government policy

What is Social Inclusion?

- The problem: '**Social exclusion**' is a process by which certain groups are systematically excluded from social, political and economic activities and institutions so that they are unable to access resources and opportunities, participate in society, or assert their rights

- **'Social inclusion'** seeks to reverse exclusion – a society where all people feel valued, their differences respected and their basic needs met so they can live in dignity.

Clarification of concepts:
3. Gender Mainstreaming and Gender Analysis

What is gender mainstreaming? (UN Economic and Social Council)

Process

of assessing implications for women & men of any planned action, eg legislation, policies, programmes, in all areas at all levels.

Strategy

for making all women's as well as men's concerns & experiences an integral aspect of design, implementation, monitoring & evaluation of policies/programmes in all political, economic & societal spheres, so women & men benefit equally, & inequality is not perpetuated.

Ultimate goal = to achieve gender equality.

Gender Analysis

Sex disaggregated data and information
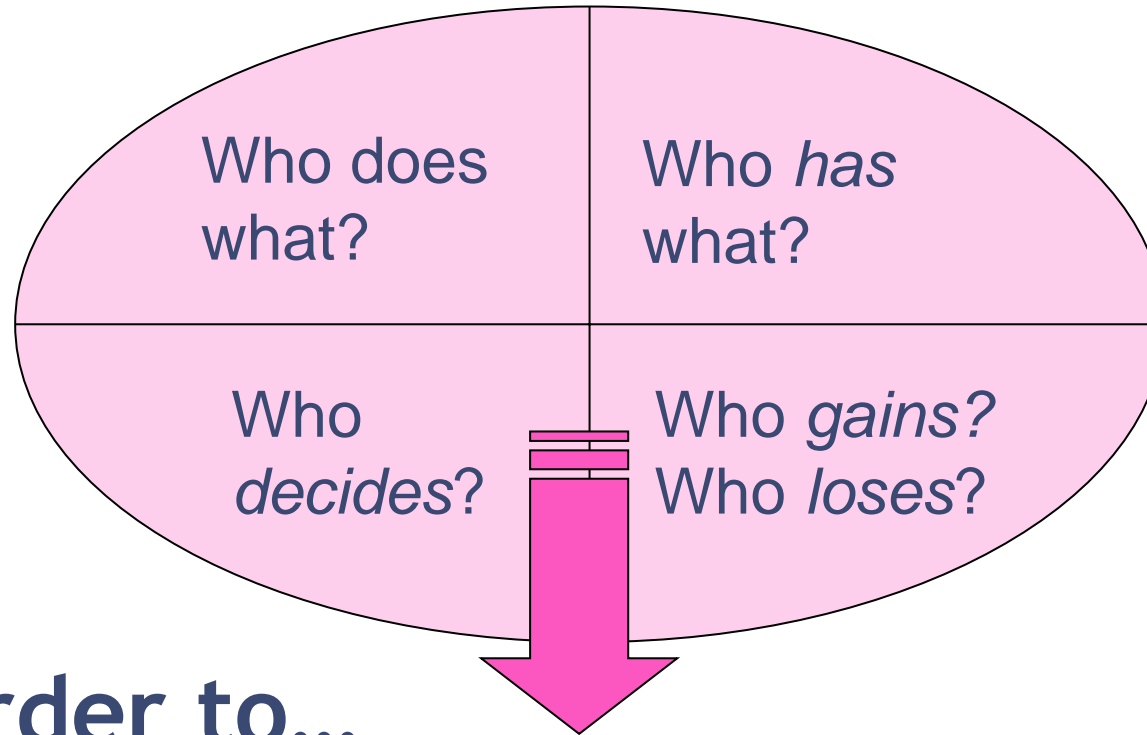
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Gender sensitive analysis

Gender analysis asks

Who does what?

Who *has* what?

Who *decides*?

Who *gains?* Who *loses*?

In order to…

Provide quantitative and qualitative data to inform interventions to benefit both women and men.

Gender and MTSS: issues to focus

- Background and justification
- Target beneficiaries
- Objectives
- Activities
- Indicators
- Implementation
- Monitoring and evaluation
- Risks
- Budget
- Annexes
- Communication strategy
- See Annex 1 to SPT Training titled: *Checklist for Gender Mainstreaming in MTSS development*

Finally

- Gender analysis is required at all stages of the MTSS process to provide the sustainable benefits that we want for ourselves and for our children.

Tea/Coffee Break

Session 4

Understanding conflict sensitivity and its importance in MTSS development

What is conflict?

1. Why do we have conflict? i.e. what are the causes of conflict?

2. Is conflict good or bad?.

3.Can conflict have positive outcomes?

Conflict

Any situation in which two or more parties perceive that they possess mutually incompatible goals.

Conflict Outcomes

WIN-WIN

Positive nonzero-sum outcome: both parties gain

LOSE-LOSE
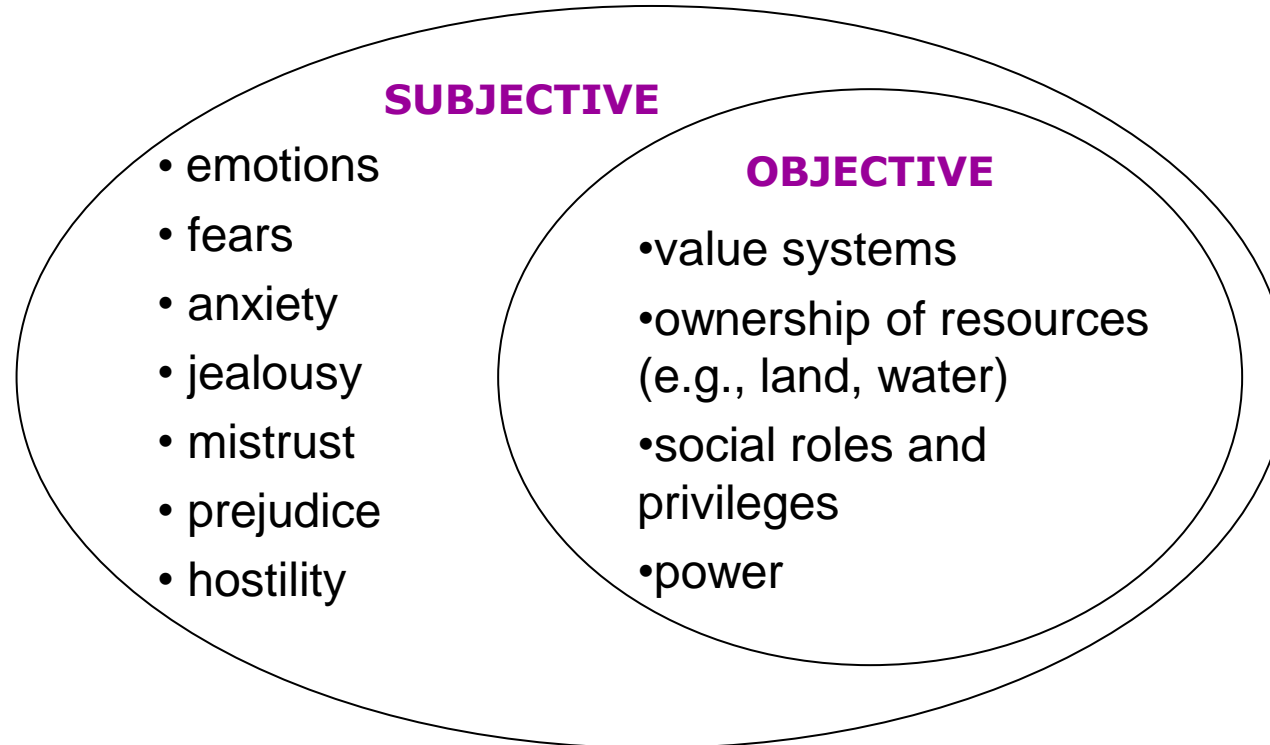
Negative nonzero-sum outcome: both parties lose

WIN-LOSE

Zero-sum outcome: one's gain is the other's loss

Dimensions of Conflict

SUBJECTIVE

- emotions
- fears
- anxiety
- jealousy
- mistrust
- prejudice
- hostility

OBJECTIVE

- value systems
- ownership of resources (e.g., land, water)
- social roles and privileges
- power

CONFLICT ENERGY

Negative

Positive

Expressed Destructively

Expressed Constructively

violence
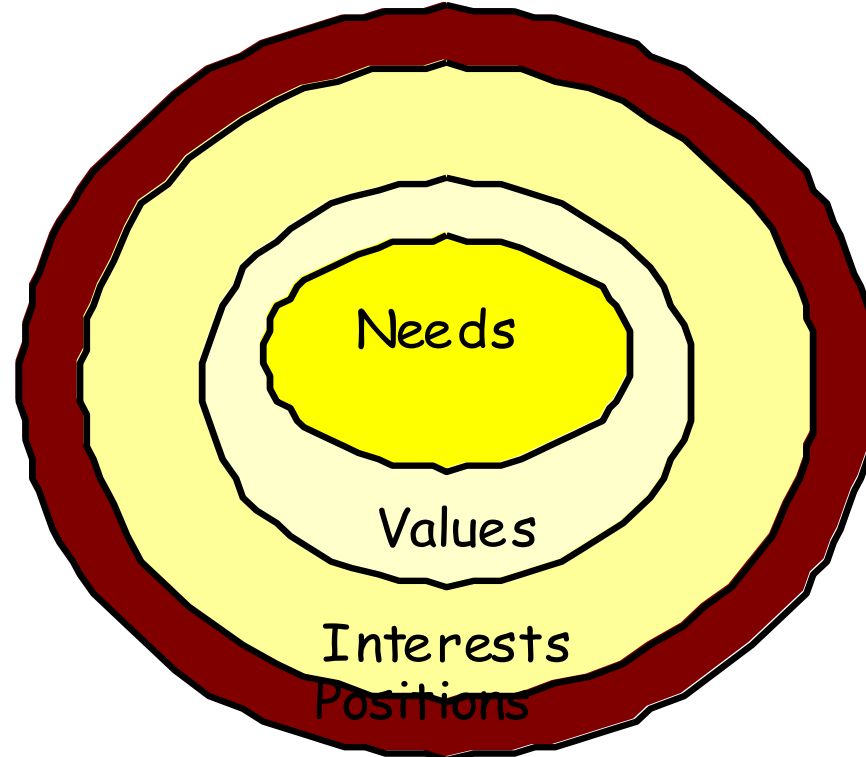
deaths
woundings
homes destroyed
environmental
damage

personal/social/political change

better lives
better personal and
social relationships
better government
better social
organization

- **Conflicts are about….**
- **Positions:** demands

- **Interests:** concerns

- **Values:** ideological beliefs shared by a group

- **Needs:** basic human needs

Focus on Positions= Impasse
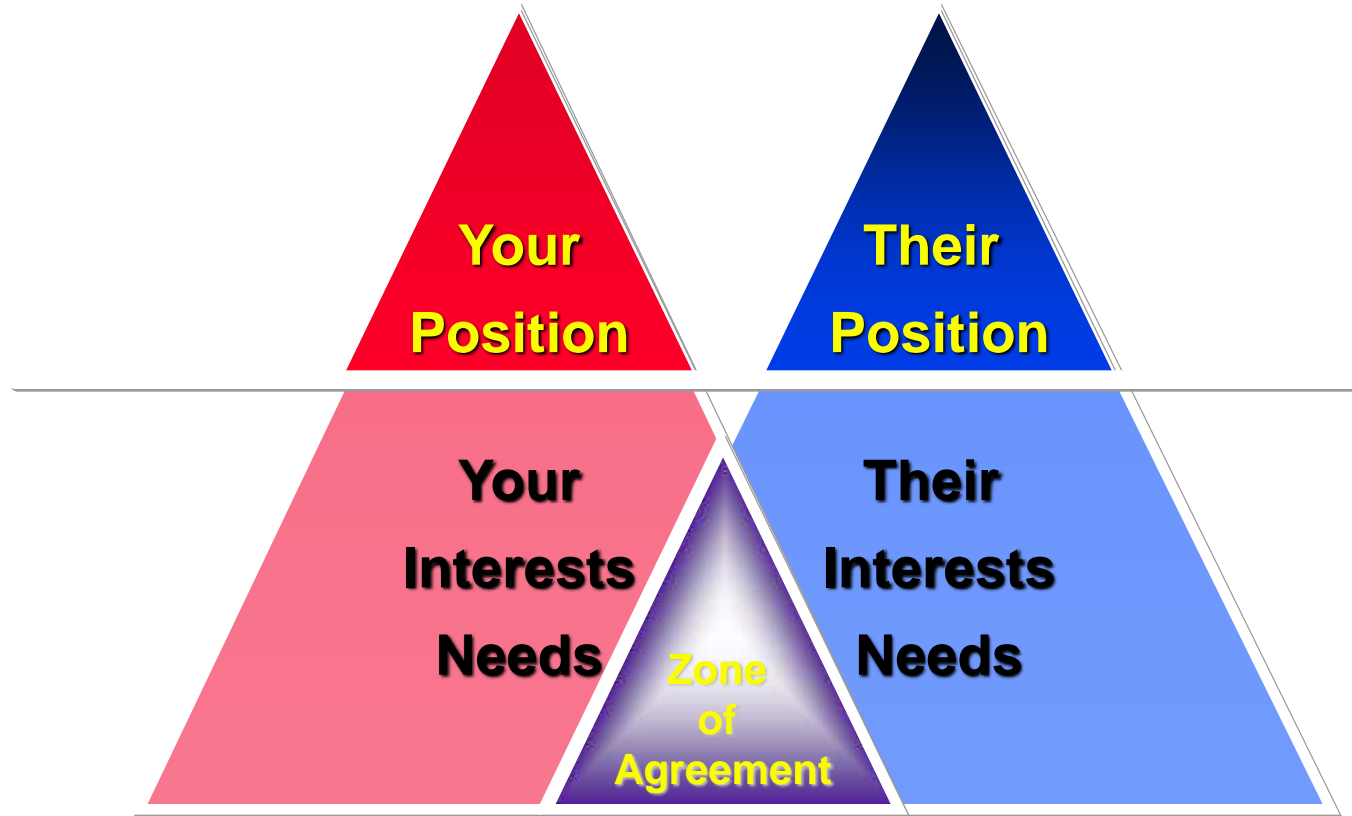
What is Violence?

- 1. Why do we have violence? i.e. what are the causes of violence?

- 2. Is violence always bad?

- 3. Can violence have positive outcomes?

VIOLENCE

Occurs when an individual or a group is avoidably prevented from reaching their full potential.

Structural, Cultural and Physical Violence

Physical Violence

Structural Violence   Cultural Violence

Understanding Peace
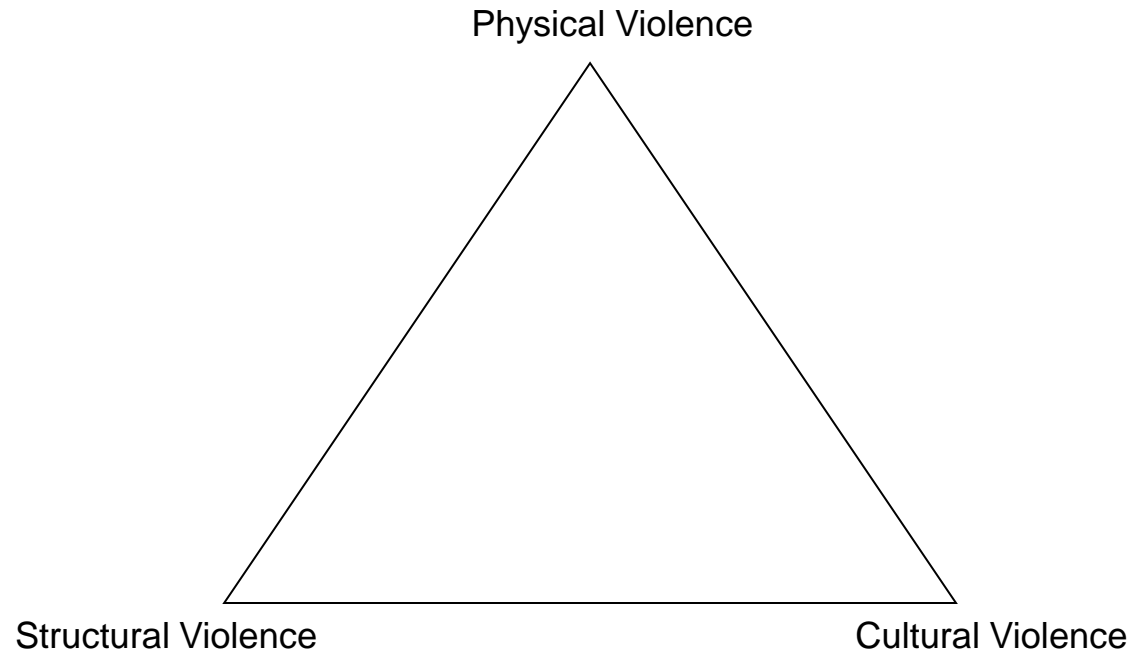
Negative Peace ←————————————————————————→ Positive Peace

Conflict Sensitivity

Defining Conflict Sensitivity

- Conflict sensitivity is based on the assumptions that any initiative conducted in a conflict-affected area will interact with that conflict and that such interaction will have consequences that may have positive or negative effects on that conflict.

- Conflict Sensitivity means the ability of you are able/your organization to:

  - Understand the context in which you operate;
  - Understand the interaction between your intervention and the context; and
  - Act upon the understanding of this interaction, in order to avoid negative impacts and maximize positive impacts

Rationale for "Being Conflict Sensitivity"

- Conflict sensitivity is an approach to your work and presence.

- Conflict sensitivity is not a specific tool or checklist.

- Conflict sensitivity is about being aware of conflict dynamics in the context in which you work and making a commitment to thinking through how to structure and manage your work and adapt your presence in order to:
  - on the one hand, avoid as far as possible feeding into conflict dynamics in a negative way and,
  - on the other, to maximize the potential of your work or presence to help shift or alter conflict dynamics in a positive way.

Clarifying Conflict Sensitivity

- Being conflict sensitive does not mean avoiding all kinds of conflict at all costs.

- If you are engaged in recovery/development work, for example, you have to accept that your work will inherently create some kinds of conflict as existing power relationships are modified.

- To be «Conflict Sensitive», you must fully understand the conflict dynamics within the context that you are working in so that you can think through clearly how your particular development project will interact with these dynamics and making sure that your work does not inadvertently end up doing more harm than good.

The What and How of Conflict Sensitivity

What to do	How to do it
Understand the context in which you operate	Carry out a conflict analysis, and update it regularly
Understand the interaction between your intervention and the context	Link the conflict analysis with the programming cycle of your intervention
Use this understanding to avoid negative impacts and maximize positive impacts	**Plan, implement, monitor and evaluate your intervention in a conflict-sensitive way (including redesign when necessary)**

Conflict Analysis

Why Analyse Conflict?

- To understand the background and history of the situation as well as current events;

- To identify all the relevant groups involved;

- To understand the perspectives of all the groups and know more about how they relate to one another;

- To identify factors and trends that underpin conflicts;

- To build a common understanding and reduce misconceptions between opposing groups in a conflict situation

Understanding the Context through Conflict Analysis

- **Profile**
  What is the political, economic, and socio-cultural context?
  What are emergent political, economic and social issues?
  What conflict prone/affected areas can be situated within the context?
  Is there a history of conflict?
- **Causes**
  What are the structural causes of conflict?
  What issues can be considered as proximate causes of conflict?
  What triggers could contribute to the outbreak/ further escalation of conflict?
  What new factors contribute to prolonging conflict dynamics?
  What factors can contribute to peace?
- **Actors**
  Who are the main actors?
  What are their interests, goals, positions, capacities and relationships?
  What capacities for peace can be identified?
  What actors can be identified as spoilers? Why? Are they inadvertent or intentional spoilers?
- **Dynamics**
  What are current conflict trends?
  What are windows of opportunity?

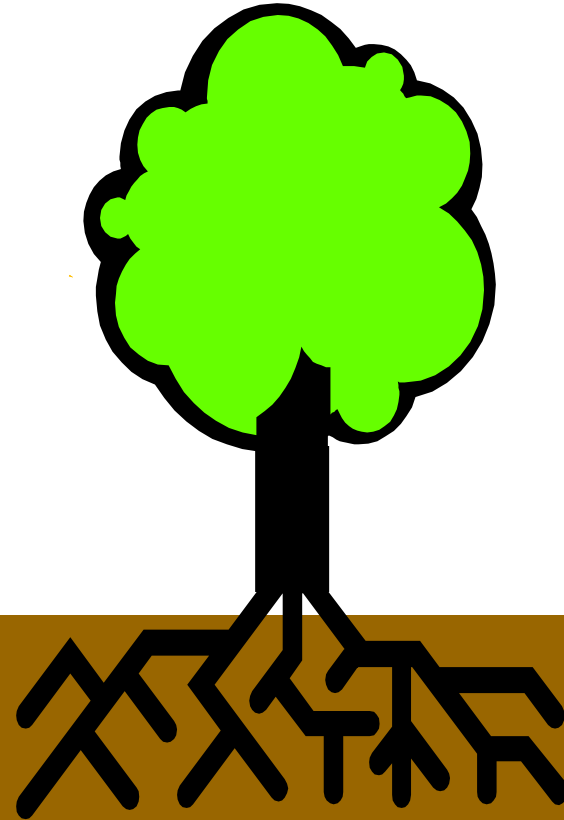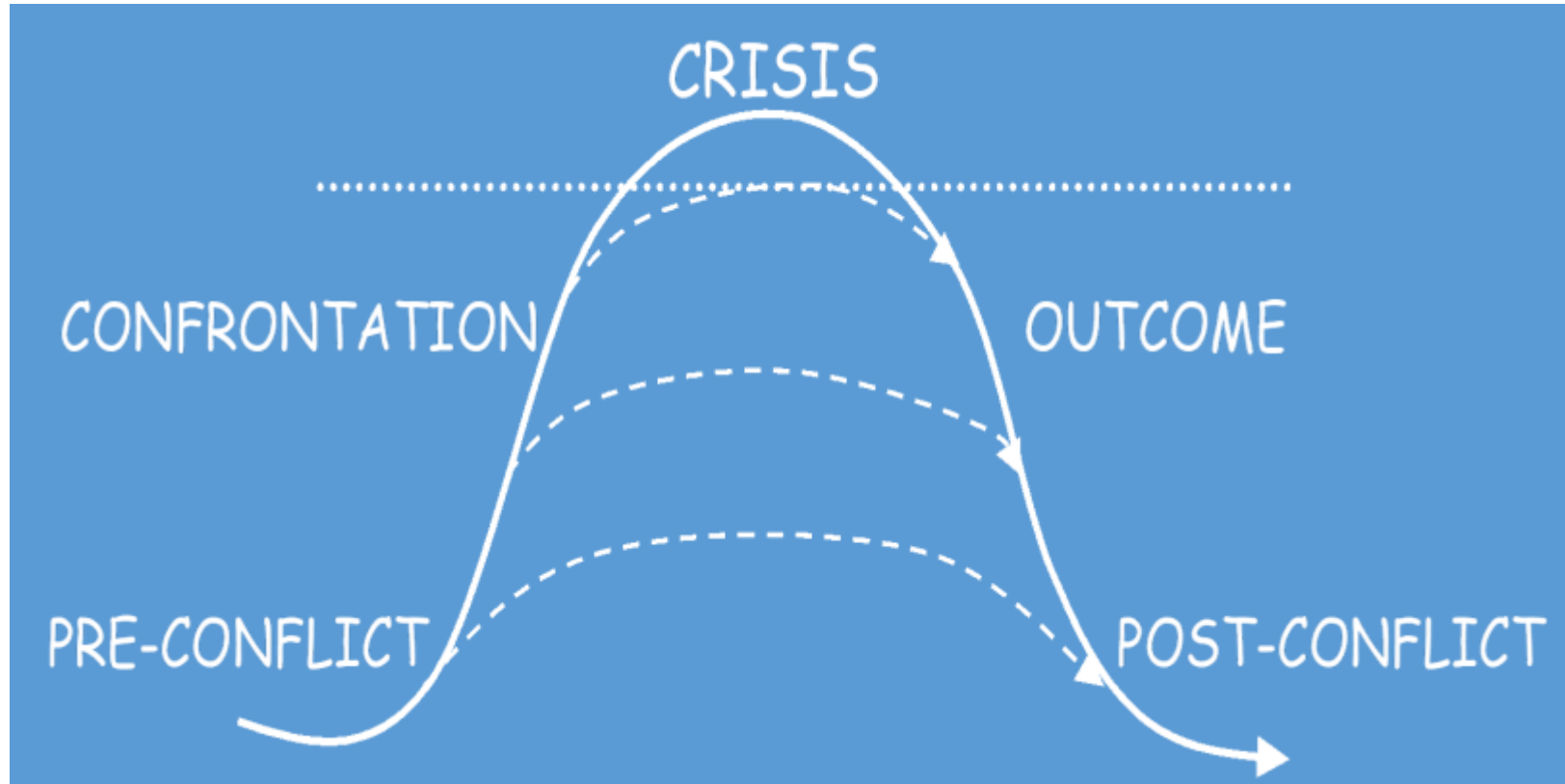# What Causes Conflict?

Conflict Tree

Consequences

Key Problem

Roots/Causes

When does conflict occur?
&
When does conflict escalate towards violence and de-escalate towards peace?
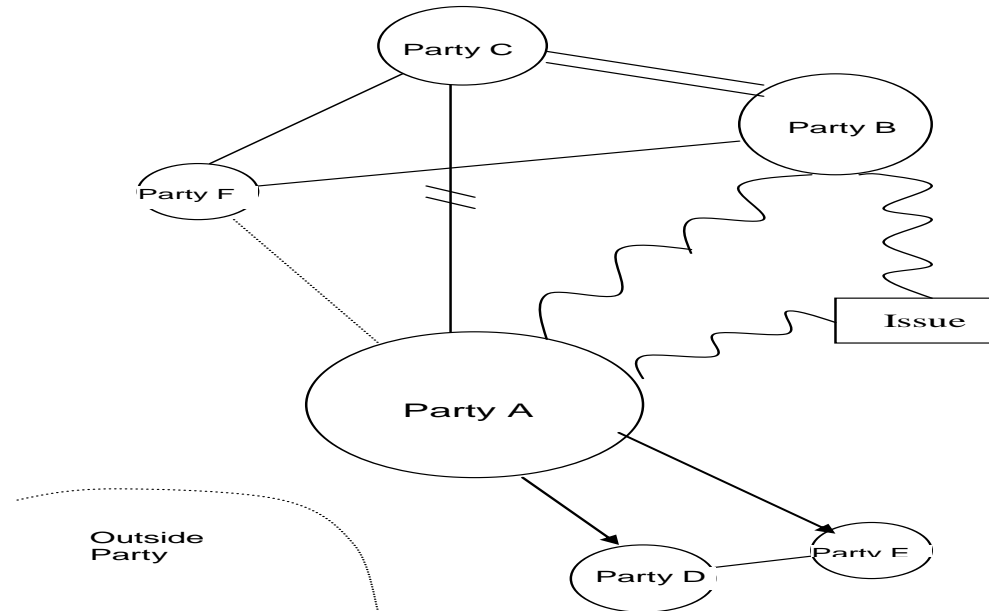
Stages of Conflict

Who is involved in conflict?

Stakeholder Mapping

MAPPING: EXAMPLE

Below is an example of what a conflict map might look like:

Try making a map of a situation that you are currently working on. Some questions you might ask are:

- Who are the main parties in this conflict?
- What other parties are involved or connected in some way, including marginalised groups and external parties?
- What are the relationships between all these parties and how can these be represented on the map? Alliances? Close contacts? Broken relationships? Confrontation?
- Are there any key issues between the parties that should be mentioned on the map?
- Where are you and your organisation in relation to these parties? Do you have any special relationships that might offer openings for working on this conflict situation?

KEY: In mapping, we use particular conventions. You may want to invent your own.

- circles indicate parties to the situation;
relative size = power with regard to the issue
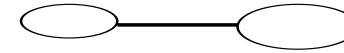
- straight lines indicate links, that is, fairly close relationships;
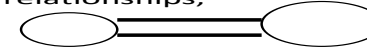
- a double connecting line indicates an alliance
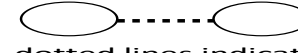
- dotted lines indicate informal or intermittent links
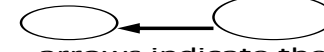
- arrows indicate the predominant direction of influence or activity

- lines like lightning indicate discord, conflict
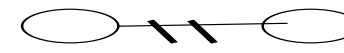
- a double line like a wall across lines indicates a broken connection

- a square or rectangle indicates an issue, topic, or something other than people

- a shadow shows external parties which have influence but are not directly involved

A Conflict Sensitive Programme Cycle

Programme Design

Interaction Indicators guide
Decisions to adjust programme
Design and implementation

context

context

Think/Link

Analysis/Assessm

Programme
Implementation

context

Context

Programme M&E
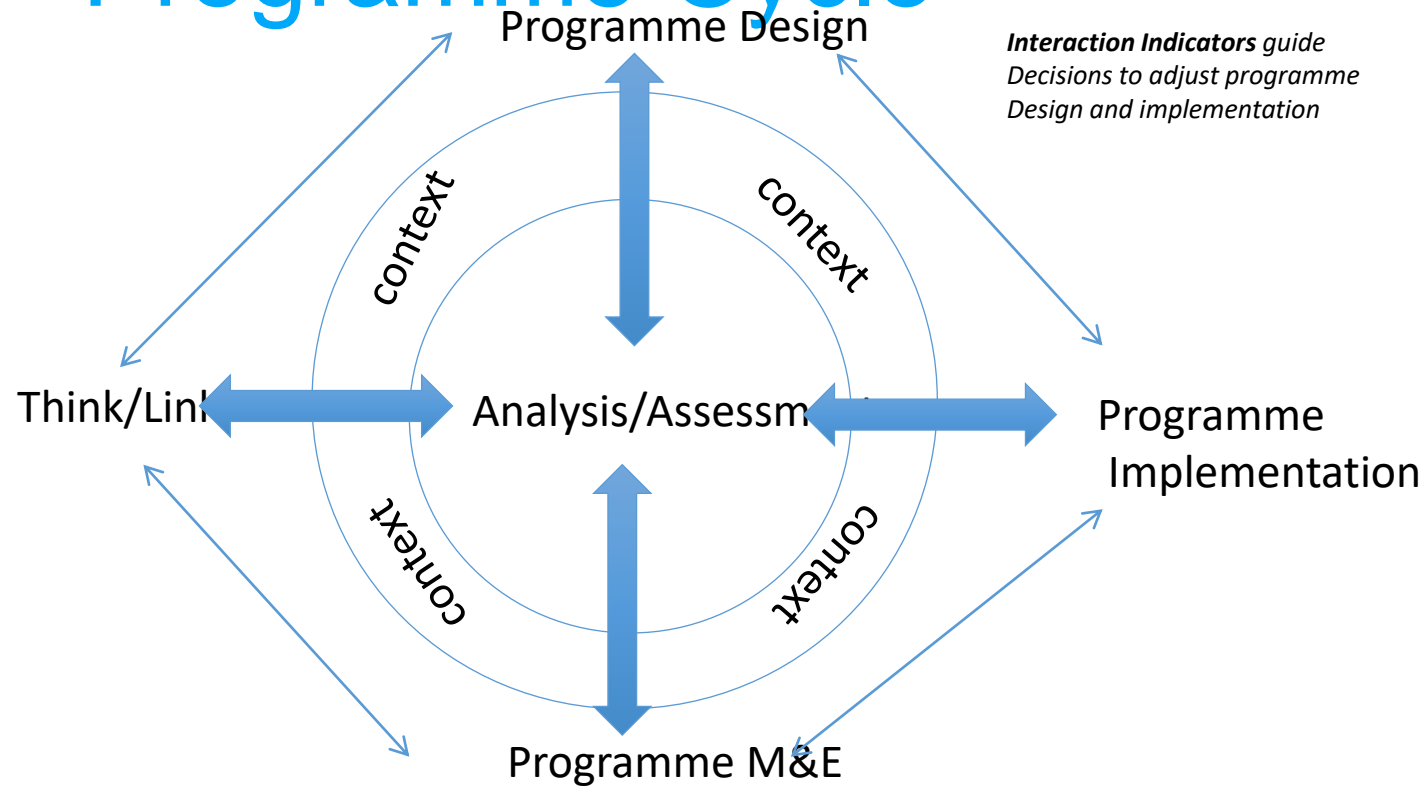
Best Practices of Conflict Sensitive Post-Conflict Policies

How Policies can Mitigate conflict and Facilitate positive development

- A conflict sensitive is an approach to the way that your MTSS is developed and the impact of the MTSS components.

Conflict sensitivity in MTSS development/1

- A conflict sensitive approach is important in Borno State because it is based on the assumption that any initiative or intervention conducted in a conflict-affected area will interact with that conflict and that such interactions will have consequences that may have positive or negative effects on that conflict.

Guiding principles of a Conflict Sensitive Approach to MTSS development:

- Participatory process
- Inclusive of different groups of actors, issues and perceptions
- Impartial in relation to actors and issues and perceptions
- Transparent
- Respectful of people's ownership of conflict dynamics in the context
- Accountable for all actions of all actors

- A conflict sensitive approach to MTSS development and implementation in Borno State should have three steps as shown below:

Conflict sensitivity in MTSS development/2

Steps of Conflict Sensitivity	How A Programme can be Conflict Sensitive
1. Understand the conflict context in which you are operating	Conduct Regular and up-to-date Conflict Analysis
2. Understand the mutual interaction between one's own interventions and the context	Conduct Impact Assessments (Intended and Unintended)
3. Act in a way to avoid negative impacts and maximize positive ones	Design Programme Adjustment strategies (with interaction indicators)

Conflict Analysis	
Profile	• What is the political, economic and socio-cultural context in Borno State? • What are the emerging political, economic and social issues in Borno State?
Causes	• What are the structural causes of conflict around the water sector? • What new factors contribute to prolonging conflict dynamics around the water sector?
Actors	• Who are the main actors related to the water sector? • What are their interests, goals, positions, capacities and relationships related to the water sector?

Two Way Interaction between Conflict Analysis

Indicator	Purpose of Indicator
Project or Programme Indicator ****from Sector Analysis**	Monitor the efficiency, effectiveness, impact and sustainability of the project
Conflict Indicator ****taken from Conflict Analysis**	Monitor the conflict factors against the baseline and indicate when dynamics are changing
Interaction Indicator ****the relationship between Sector and Conflict Analyses**	Monitor and evaluate the interaction between the project and conflict factors

Issue	Core Governance Area	Gender Sensitivity, Social Inclusion and Conflict Sensitivity Risk Assessment: (i.e. Risk of creating gender inequalities or social exclusion or risk of exacerbating gender inequalities or social inequalities)	Risk Mitigation Strategy
Lack of adequate water supply in urban and rural areas	Enforcement of existing regulations/legislation	Some individuals have access and some are excluded based on their gender or social group such as men, women, different tribal or ethnic groups Different groups use water differently, so if one group controls, there could be implications for different sectors	Assure that in the design and implementation stage; Ministry of Water identifies those who have access to water and who are excluded (men, women, different tribal or ethnic groups) and draft a plan for assuring that those who are typically marginalized have their voices represented in the MTSS project or programme.

Session 5

Conceptual framework of MTSS

Definition of concepts/1

- MTSS process entails several concepts, with varying interpretations by different practitioners.

- We need to have a clear and common understanding of the concepts that we will frequently come across in the course of developing MTSS in the State.

Definition of concepts/2

Concept	Definition
MDA/Sector/Ministry	Throughout this training session, these terms are used interchangeably. All refer to a division of the state economy as represented by a Ministry, Department or Agency responsible for drafting the MTSS.
Medium Term	Refers to 3 to 5 years; for example, a MTSS period may be 2019 – 2021 (a 3 year period).
Medium Term Sector Strategy (MTSS)	MTSS represents a process through which strategic sector priorities are determined and aligned with resource allocation, within the context of forecast information on the State's macroeconomic and financial outlook.

Definition of concepts/3

Concept	Definition
Strategy	A concept borrowed from the military and adapted for business use; strategy is concerned with how you will achieve your objectives; whatever you do to achieve your objectives or goal is a strategy. "Strategy is determining where you are now, where you want to go, and then how to get there. It is the art of developing and implementing specific actions and decisions that will enable the business to achieve goals and objectives as set out by its owners/ shareholders" – Alastair Hyde
Objective	An objective is a strategic and broadly defined end which a sector (or an MDA) is trying to achieve; all of the sector's strategies will be directed at achieving such an objective.

Definition of concepts/4

Concept	Definition
Programme	A broad aggregate of all expenditures and activities that have a common purpose. Each objective is broken down into programmes.
Project or Initiative	A group of expenditures, which need to be undertaken together, to achieve a specific output; otherwise called projects, activities, strategies or any actions to be taken in order to implement a programme or achieve a sector objective.
Outcome Deliverable	A statistical or numerical measure of the benefit of a Government policy to the citizens of the State or communities. An outcome is a kind of deliverable.

Definition of concepts/5

Concept	Definition
Outcome Target	A specific numerical value of an outcome or an outcome level to be achieved by a certain date.
Output Deliverable	A statistical or numerical measure of something produced by a project. The MDA should be able to directly control outputs. An output is a kind of deliverable directly arising from the expenditure on a project.
Output Target	A specific numerical value of an output or an output level to be achieved by a certain date.

Definition of concepts/6

Concept	Definition
Key Performance Indicators (KPI)	A statistical or numerical measure of success; i.e. what we will see to know whether or not the output target or outcome target has been delivered. Performance indicators refer to both outputs and outcomes.
Baseline (Starting situation)	The value of the output or outcome by a reference date; i.e. the starting value from which targets will be set for furfure dates.

Definition of concepts/7

Diagrammatic illustrations
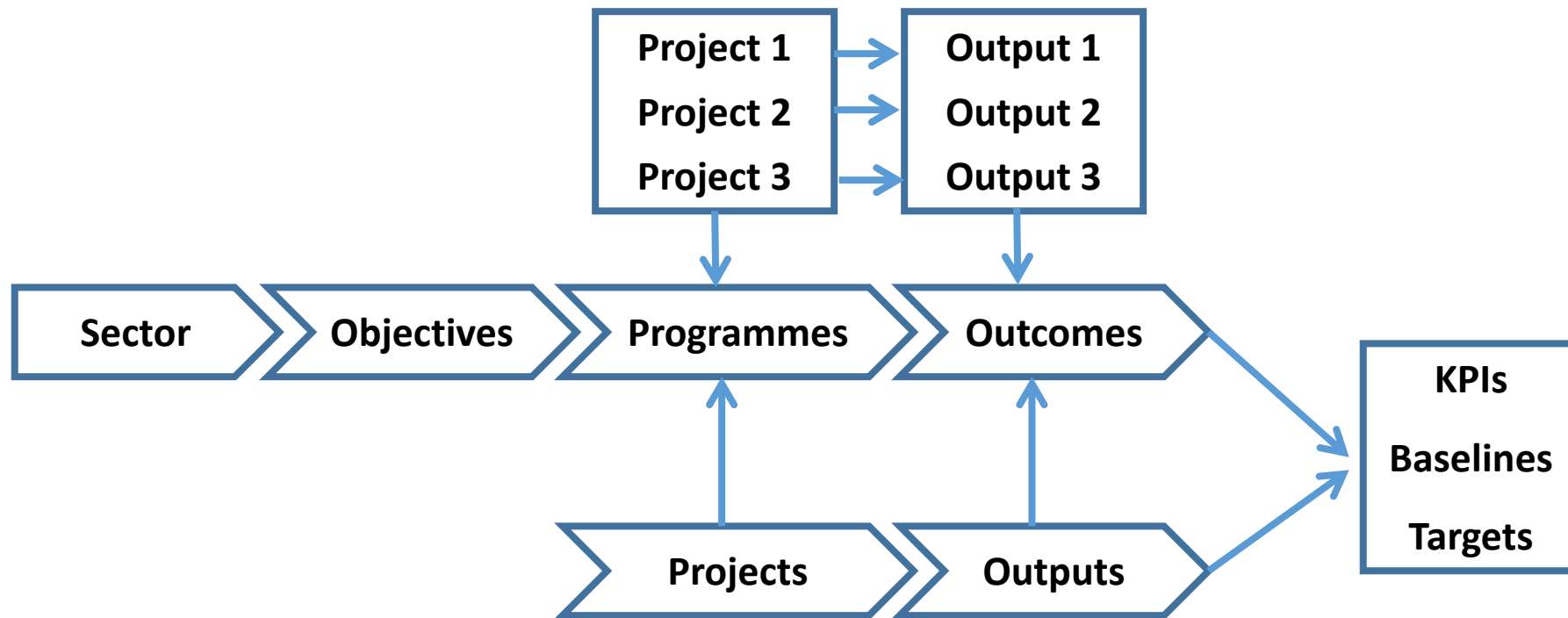
Definition of concepts/8

Logframe of Programmes and Outcomes

Programme	Outcome	Outcome Baseline (Starting situation)	Outcome Target		
			20xx (Year 1)	20xx (Year 2)	20xx (Year 3)

Logframe of Project and Outputs

Project	Output	Output Baseline (Starting situation)	Output Target		
			20xx (Year 1)	20xx (Year 2)	20xx (Year 3)

Definition of concepts/9

Concept	Definition
Ongoing Projects	Projects contained or funded in the 2018 budget. • They may terminate in the current year and therefore will not be applicable to the MTSS period. • They may terminate in a specific year within the MTSS Planning Period or beyond and will therefore be applicable to the MTSS period. • The project may be repeated in perpetuity and will therefore be applicable to the MTSS period.
Existing Projects	Projects that are not funded in the current year's budget but were funded within the last 5 years and therefore exist or not yet completed.

Definition of concepts/10

Concept	Definition
New Projects	Projects that do not fall into any of the above categories and will be proposed during the MTSS preparation process; such projects have never been funded before; never appeared in any budget before.
Cancelled/Shut down projects	Projects that are funded in in the current year's budget (and possibly funded in previous budgets) but will be shut down and not receive funding in future years. If a project is shut down in in the current year, it is thus not applicable to the MTSS being developed.
Abandoned Projects	Projects not funded in the current year's budget and several years before the current year (i.e. >5 years) but exist/are not yet completed.

Definition of concepts/11

Concept	Definition
Completed Projects	Projects that will be completed in the current year and will therefore not require capital expenditure during the MTSS period; but such projects will require recurrent costs per annum; and may also require replacement cost every 4 – 5 years depending on the nature of the capital project
Indicative expenditure ceiling	The maximum spend or allocation for each sector which will be provided by MEPB later in the MTSS preparation process.
Administrative Capital	Capital expenditures on administrative capital items such as: office buildings, vehicles and computers; such items cannot be directly linked to the achievement of the objectives of the MTSS, or MDGs implementation.

Definition of concepts/12

Concept	Definition
Development Capital	Capital projects that directly target the objectives of the MTSS, or the SDGs or any other high level policy goals; development capital projects create assets for the State.
Recurrent Expenditure	Ongoing expenditures in MDAs such as salaries and overheads.

Session 6

Overview of the MTSS process

What is Medium Term Sector Strategy (MTSS)?/1

- MTSS represents a process through which strategic policy priorities are determined and aligned with resource allocation, within the context of forecast information on the State's macroeconomic and financial outlook.

- It represents medium-term expenditure estimates that are linked to clearly defined sector objectives that are derived from overall state goal.

What is Medium Term Sector Strategy (MTSS)?/2

- MTSS aims at allocating resources towards strategic State goals and programmes within the constraints implied by the overall fiscal targets over a three year period.

- MTSS concept involves an application of activity budgeting with a view to improving strategic prioritisation and the efficiency of public expenditures.

- MTSS ensures a link between government expenditures and State goals and programmes articulated in the State Development Plan (SDP).

Why is MTSS so important?

MTSS is of critical importance because it:

- Enables effective implementation of the SDP.

- Ensures that government expenditures reflect government priorities as articulated in the SDP (makes budgeting meaningful!).

- Promotes transparency and accountability in government expenditure.

- Facilitates monitoring and evaluation and performance assessment of government expenditures.

Ideally, any projects not in the MTSS should not be admitted into the State's Budget!

Summary of MTSS development process/1

Key activities in MTSS development process are:

- Gain clear understanding of government's policies, priorities and goals as contained in the SDP.

- Set medium-term sector objectives, broken down into programmes; link them to the SDP.

- Identify key projects that need to be executed to achieve the sector objectives.

Summary of MTSS development process/2

Key activities in MTSS development process are:

- Cost each project and phase them over the medium-term period bearing in mind the indicative ceiling of the Sector.

- Define outputs and outcomes to be delivered to stakeholders in clear measurable terms.

- Agree how performance will be monitored and reported to stakeholders.

Overview of the MTSS development process

Constitute the SPTs (from Constituent MDAs)

Review High-Level Policy Documents of all MDAs

Review Ongoing & Existing Budget Commitments of MDAs

Carry Out Sectors' Situation Analyses

Hold Sector Strategy Session

Link Ongoing & Existing Projects to Programmes

Cost Ongoing & Existing Budget Commitments

Fit Projects into MDAs' Budget Ceilings

Document MTSS

Hold MTSS Validation Session

Revise and Finalise MTSS

Obtain the Sector CEO's Sign-Off

Determine sector Mission, Vision & Core Values

Determine sector objectives & programmes

Develop programmes' outcomes, KPIs & targets

Assign objectives & programmes to MDAs

Determine MDAs' resource allocations

List out budget commitments

Indicate 2018 budget allocation to projects

Formulate outputs, KPIs & Targets

Score & prioritise projects

Propose budgets for ongoing projects

Determine AFEEPs

Propose budgets for existing projects

Determine AFENPs

Develop new projects

Link new projects to programmes

Score & prioritise new projects

Cost new projects

Propose budgets for new projects

Note:
AFEEPs = Available Fund for Expenditure on Existing Projects
AFENPs = Available Fund for Expenditure on New Projects

Key
Sector Level Activities
MDAs Level Activities

State Development Plan – MTSS linkage

- State development Plans (SDPs) usually contain broad goals, outcomes and targets.
- It will be almost impossible to implement any SDP without Medium Term Sectors' Strategies (MTSSs).
- It will be tantamount to having a car without fuel.
- Hence the need to embark on MTSSs development.

MTSS in the context of other plans

Long and Medium Term Policy Document (namely, SDG, NEPAD, ERGP, SDP, etc.)	Outlines overall Government Policy Priorities and Outcomes; loosely costed if possible to <u>demonstrate general realism</u>
Sector Development Plan – 5 to 10 years	Links overall govt. policy to sector high-level strategy, generally costed but may include funding gaps
MTSS – 3 years – No funding gaps	Consistent with Sector Plan, links overall govt. policy to detailed sector strategy; all activities costed within projected ceilings; no funding gap
Annual Budget	Based on the first year of the most recent rolling MTSS
Annual Operational & Departmental Work Plans	Defines responsibilities for implementation of the MTSS in relation to the budget
Departmental Cash Flow Projections	Quarterly projections of cash requirements against all planned activities

Different plans should talk to each other!

SDP – MTEF – MTSS – Budget Linkage
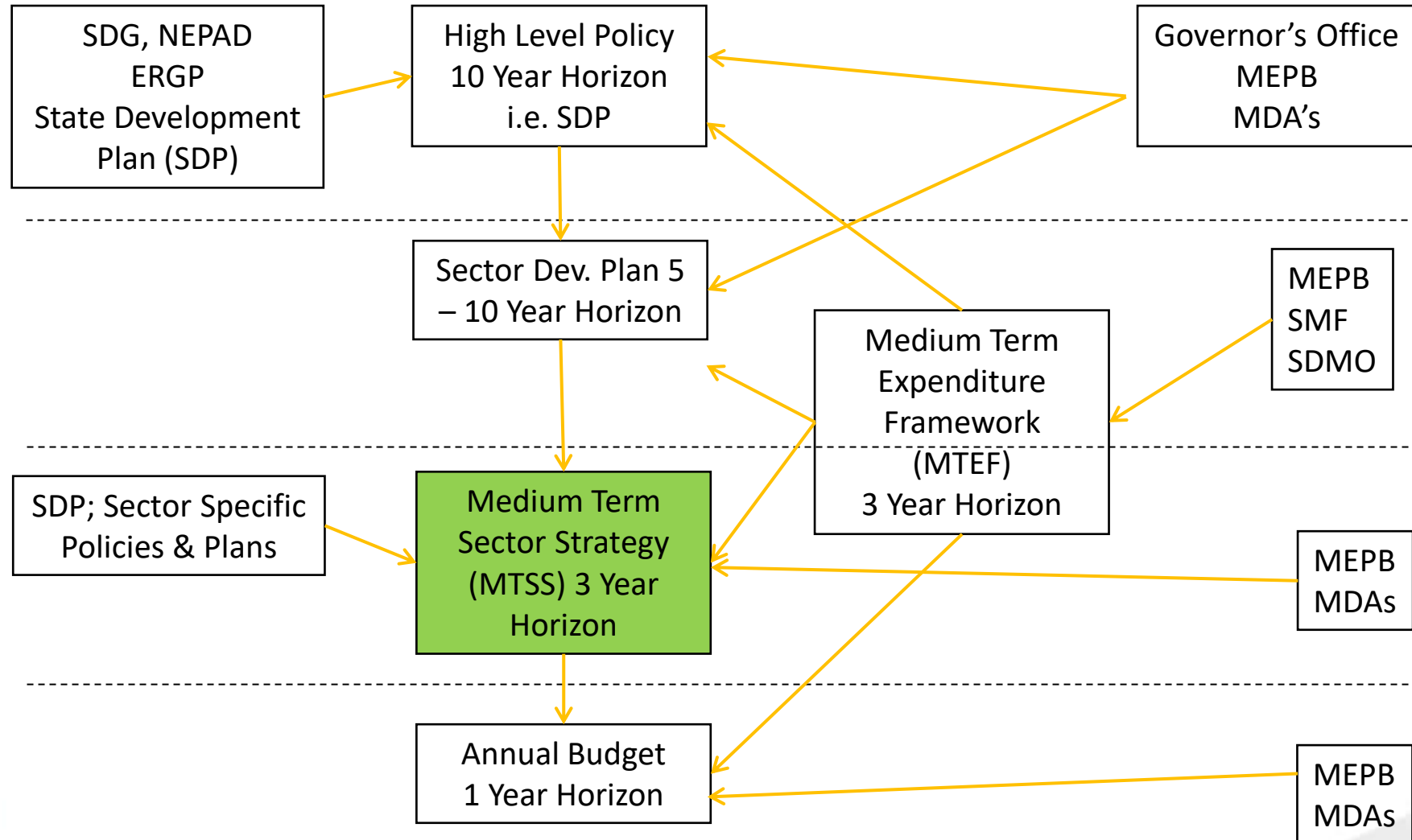
MTSS in the context of the Budget Process

STAGE 1
MEDIUM TERM REVENUE FRAMEWORK
•Federal Allocations
•IGR
•OTHER SOURCES

STAGE 2
MEDIUM TERM EXPENDITURE FRAMEWORK
•AGGREGATE SPENDING
•SPENDING BY MAJOR EXPENDITURE HEADS (MDA, DEBT,DEFICIT)

STAGE 3
STAKEHOLDER CONSULTATION
•OPS
•CSO
•PUBLIC SECTOR
•Etc.

STAGE 4
SET PROSPECTIVE MDA CEILINGS

STAGE 9
SUBMISSIONS BY MDA's BUDGET PROPOSALS

STAGE 8
STATE MINISTRY OF BUDGET (SMB) ISSUES BUDGET CALL CIRCULAR
•INSTRUCTIONS
•MDA CEILINGS

STAGE 7
FISCAL STRATEGY PAPER
•REVENUE FRAMEWORK
•EXPENDITURE FRAMEWORK
•PRIORITY FOCUS
•MDA CEILINGS

STAGE 6
MEDIUM TERM SECTOR STRATEGY (MTSS)

STAGE 5
MDA's CEILINGS AGREED

STAGE 10
EVALUATION AND CONSOLIDATION OF SUBMISSIONS BY BUDGET OFFICE & DEFENCE BY MDAs

STAGE 11
PRESENTATION OF DRAFT BUDGET TO EXCO/GOVERNOR

STAGE 12
TRANSMISSION OF BUDGET BY GOVERNOR TO STATE HOUSE OF ASSEMBLY (SHoA)

STAGE 13
SHoA APPROVES & PASSES APPROPRIATION BILL

STAGE 14
GOVERNOR ASSENTS

Policy – MTSS – Budget linkage

Session 7

Review of high-level policy documents
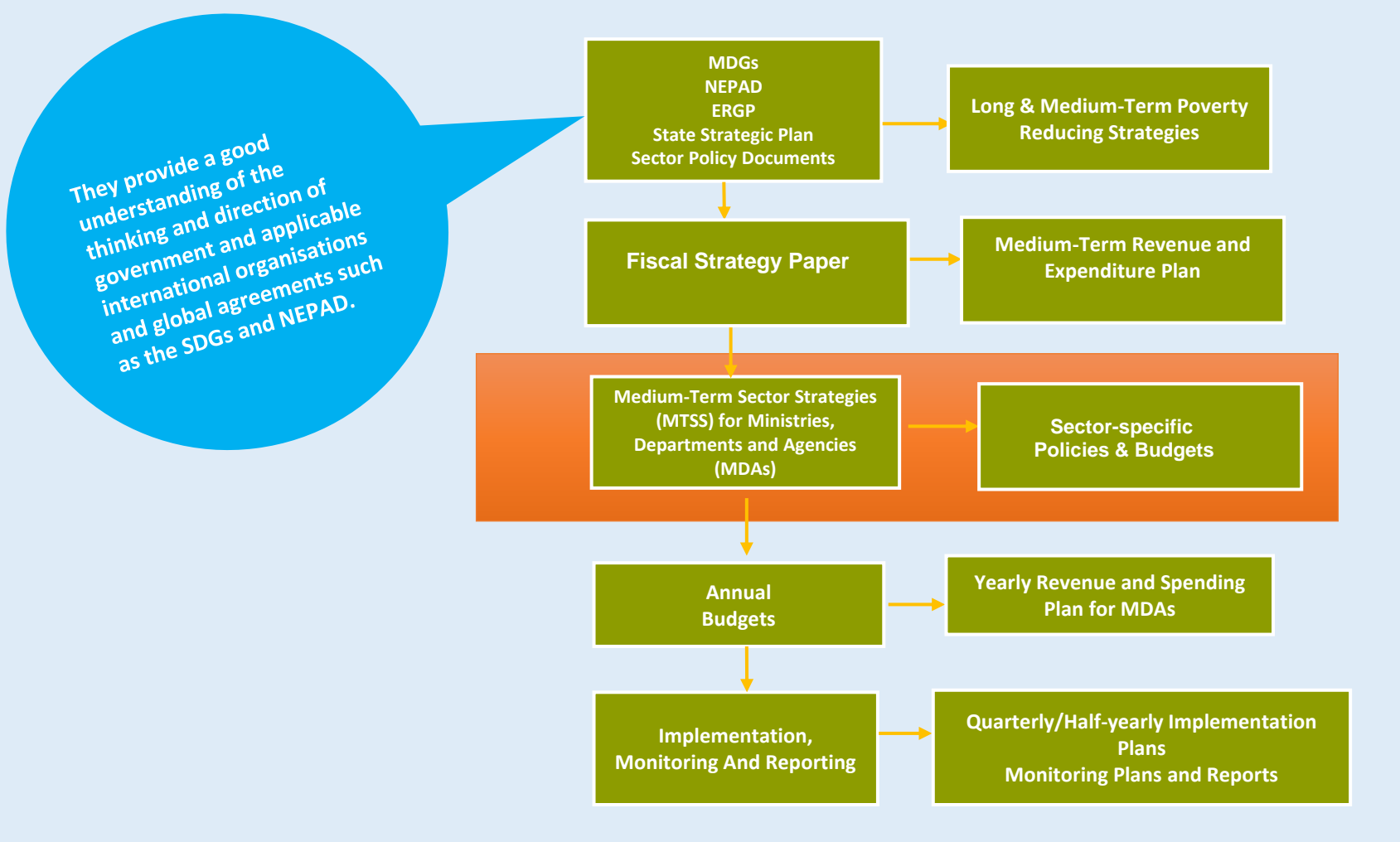
Several policy documents underpins the MTSS process

They provide a good understanding of the thinking and direction of government and applicable international organisations and global agreements such as the SDGs and NEPAD.

MDGs
NEPAD
ERGP
State Strategic Plan
Sector Policy Documents

Long & Medium-Term Poverty Reducing Strategies

Fiscal Strategy Paper

Medium-Term Revenue and Expenditure Plan

Medium-Term Sector Strategies (MTSS) for Ministries, Departments and Agencies (MDAs)

Sector-specific Policies & Budgets

Annual Budgets

Yearly Revenue and Spending Plan for MDAs

Implementation, Monitoring And Reporting

Quarterly/Half-yearly Implementation Plans
Monitoring Plans and Reports

MTSS Sector Planning Teams Training Session: April 2020

Why review high level policy documents?

- To identify the strategic thinking of government.
- MTSS is the actualization of the agreed high level policies of government as encapsulated by various policy documents such as SDGs, NEPARD, ERGP, SDP, and relevant sector documents.
- MDA's MTSS must also be aligned with any other policy-work that the sector has engaged in previously; in other words, the MTSS process must increase rather than reduce focus in Government planning.

What will be reviewed?/1

The high level policy documents to be reviewed will include the following:

- Relevant elements of the SDGs (i.e. goals and targets that concern your Sector).
- Relevant sections of NEPAD (i.e. sections that concern your Sector).
- ERGP (i.e. sections that concern your MDA).
- SDP (i.e. sections that concern your MDA).
- Sector's situation analysis.

What will be reviewed?/2

- Policy documents that are specific to your sector; e.g. gazette specifying the mandates, strategy document, documented functions, etc.

- Other long-term strategies developed with partners agencies (if any).

- Functional and Staffing Reviews, providing insight into:
  - Staffing requirements of your Sector.
  - Functions that may no longer be required.
  - New functions to be created.
  - Mergers of existing functions.

What to focus in the course of the documents review/1

- Sector overview, including the challenges and constraints to the sector and specifically, to your Sector (sector statistics will be valuable).

- Mandates, mission, vision and core values of your Sector.

- Policy thrusts (set goals, objectives, programmes, outcomes, and targets to be achieved).

- Projects to be executed for achieving the objectives, programmes, outcomes and targets.

What to focus in the course of the documents review/2

- High level functions of the Sector (any duplications, any one to outsource, any one to drop, any new functions to introduce and why?).

- Organisation structure of the Sector (is it appropriate for delivering the mission and vision, mandates, goals, programmes, outcomes and statutory functions of your Sector?)

- Manning levels of the Sector (is it adequate in terms of number, quality, age composition and gender composition?)

What your MDA must document/1

- Key sector features (composition, trend, performance, challenges, etc.).
- Mandates of your Sector.
- Mission, vision and core values of your Sector (if any).
- Policy thrusts, goals, programmes, expected outcomes of your sector.
- Projects being executed.
- High level functions of your MDA and comments on duplications, outsourcing potential, redundant functions and new functions.

What your MDA must document/2

- Organisation structure of your MDA and comments on its appropriateness relative to mandates, mission and vision, strategic objectives & functions.

- Manning levels:
  - By department and/or type of services provided;
  - Number of Personnel;
  - Comments on adequacy in terms of quality, number, gender mix, etc.

Critical questions to ask after the documentation include/1

- How do we tackle the challenges in our sector?
- How do we deliver the mandates of our Sector optimally?
- How do we deliver the mission and vision of our Sector?
- Is there any overlap of functions in our Sector?
- Do we have the structure required to enable us achieve the policy thrusts, objectives, programmes and outcomes highlighted in the policy documents?

Critical questions to ask after the documentation include/2

- Do we have the right staffing, in terms of skills, competencies, numbers and mix?
- Do we have the capacity required to achieve our objectives and to deliver the outcomes expected of us?

Next steps

- Prepare a short report, drawing together and summarising all high level policy materials as explained.

- Present your report/findings to the plenary session at the strategy session for comments and suggestions.

- Make use of the report during your Sector's strategy sessions (for the development of mission, vision, core values, objectives, programmes, outcomes, projects, etc.)

Lunch Break

Session 8

Sector situation analysis

Why sector situation analysis?

Sector situation analysis is carried out to:

- Provide context or basis for the strategies to be developed in the sector's MTSS.

- Ensure that all the constituent MDAs of the sector are covered in the MTSS.

- Enable readers of the MTSS understand the reasons for specific strategies.

What to analyse?/1

Analysis of the Current Situation in the Sector involves:

- Listing the basic components of your sector, including briefs on what they do (i.e. summary of their mandates);

- Describing the level and quality of the services provided by your sector and its component MDAs;

- Outlining key success stories in your sector;

What to analyse?/2

Analysis of the Current Situation in the Sector involves:

- Discussing the importance of your sector to the economy of the State (e.g. in terms of revenue, employment, visibility, etc.);

- Outlining the key challenges faced by your sector; and

- Discussing your sector's prospects and future potentials.

How to use the sector analysis

- The results of the analysis go into a section of the MTSS document.
- You base you sector strategy on the results of the sector analysis; i.e.:
  - What objectives to set;
  - What programmes to implement;
  - What outcomes should the sector expect to deliver; and
  - What projects should be implemented.

Session 9

Introduction to strategy session: developing sector's mission, vision, core values, objectives, programmes & outcomes

Importance of the strategy session & expected attendees/1

- Strategy session is a critical element of the MTSS development process since far reaching decisions are taken during the sessions.
- Accordingly, top level decision makers of the sectors must attend the session.
- Ideally, attendees should include:
  - The Honourable Commissioner (will lead the discussions)
  - The Permanent Secretary.

Importance of the strategy session & expected attendees/2

- Other members of the SPT.
- Representatives of the MEPB (members of the core team).
- Representatives of relevant stakeholders (NGOs, CSOs, etc.).
- Members of the pertinent committees of the State House of Assembly.
- Consultants and sector experts (will facilitate the session).

Importance of the strategy session & expected attendees/3

- Commissioners are particularly encouraged to be part of the strategy session not just because of its importance in the planning process, but also because pertinent decisions will be taken at the session which will determine the success or failure of the Sectors in achieving their mandates.
- The Commissioner is expected to lead the discussions, and in his absence the Permanent Secretary must lead.
- Consultants and the sector experts will moderate the session and provide clarification and guidance on the MTSS process.

Sequence of events at the strategy session/1

- Refresh your mind on:
  o The results of the review of high level policy documents;
  o The results of the sector situation analysis; and
  o The results of the review of existing budget commitments and budget implementation.
- Establish or refine the Sector's mission, vision and core values.
- Establish objectives and programmes that your sector will pursue in the medium term against the background of existing high level policy documents.

Sequence of events at the strategy session/2

- Link existing and ongoing projects or budget commitments to programmes.
- Establish new projects or proposed new budget items and link them to programmes.
- Establish outputs and outcomes performance measures for the projects and programmes respectively.
- Score and prioritise new projects and proposed new budget items.

Develop or refine the mission, vision and core values

- The first task in the sequence of events is to establish the mission, vision and core values of your Sector.

- If your Sector already has a mission, a vision and core values, you will only need to review and validate them in the light of current realities.

- In developing or refining the mission, vision and core values, you need to bear the explanations in the next few slides in mind.

Mission statement

- An organisation's mission statement is a concise description of the purpose for which the organisation exists or the reason for being in the society or in the market – i.e. "Telling the world what business we are in".

- Developing an apt mission statement requires answering the question: "Why does our organisation exist?" For example, why does the Ministry of Education exist?

- Carol Lewis illustrated the importance of a Mission Statement when he said that: "If you don't know where you're going, it doesn't matter which way you go".

Premises that shape a mission statement

- A good mission statement consists of 3 sub-statements; namely:
  - Purpose statement;
  - Business statement; and
  - Value statement.
- These will be illustrated using the Mission Statement of a consulting firm called PricewaterhouseCoopers; the Mission Statement says:

"To contribute to the enhancement of our clients' competitive position. We achieve this by satisfying jointly with our clients' their business information and problem solving needs. Accordingly, we provide our clients with superior, personalised, cost beneficial and effective support services".

Purpose statement

Part 1 – The Purpose Statement

Clearly states what the organisation seeks to accomplish: why does the organisation exist? What is the ultimate result of its work?

Example: PricewaterhouseCoopers

To contribute to the enhancement of our clients' competitive position…

Business Statement

Part 2 – The Business Statement

This outlines the "business(es)" i.e. activities or programmes the organisation chooses in order to pursue its purpose. The answer must be provided for the question – what main activity are we going to undertake in order to accomplish our purpose?

Example: PricewaterhouseCoopers

….We achieve this by satisfying jointly with our clients' their business information and problem solving needs.

Business statements often link a purpose statement with the words "by" or "through"

Value statement

Part 3 - Values

These are beliefs which the organisation's members hold in common and endeavour to put into practice. The values guide the organisation's members in performing their work. The question to ask is "what are the basic beliefs that we share as an organisation?

Examples of values include:
- A commitment to excellent service

- Innovation

- Diversity

- Creativity, honesty, integrity, and so on

- **Example: PricewaterhouseCoopers:**

Accordingly, we provide our clients' with superior, personalised, cost beneficial and effective support services

Examples of a mission statement/1

- **Jigawa State:** To promote a sustainable and socio-economically developed state through exemplary and transparent leadership, provision of social service through strong and functional institutions and the development of physical infrastructure based on broad participation by the people (Good or Bad Mission Statement?)

- **Lagos State:** To promote Poverty Eradication and Sustainable Economic Growth through Infrastructural Renewal and Development (Good or Bad Mission Statement?)

Examples of a mission statement/2

- **ECOWAS:** To coordinate all activities leading to the promotion of cooperation and integration among member states in order to raise the living standards of its people by enhancing their capacity to access and harness resources, maintain political and economic stability, through the pursuance of sound economic management and good governance, and adopting dialogue as a means of fostering relations among member states (Good or Bad Mission Statement?).

- **Jigawa State Water Sector:** To provide safe water to the esteemed customers through trained and motivated staff, while committed to reducing water related diseases and poverty (Good or Bad Mission Statement?).

What is a Vision Statement

- An organisation's vision statement describes where the organisation wishes to be in future.

- It shows where the organisation is going or wishes to go in future.

- A Vision provides a picture of a future state; an ideal state that is appealing to the hearts and minds of the operators of that organisation.

- In deciding where we are going, we need to ask ourselves: **"what is our preferred future?"**

Considerations for answering the critical question

In answering the question, **"what is our preferred future?",** you should:

- Draw on the beliefs, mission, and the environment of the State developing the SDP.

- Describe what you wish to see in future

- Be specific about what you wish to see.

- Be positive and inspiring (the vision statement must be stretching!).

- Not assume that the State will have the same framework as it does today

- Be open to dramatic modifications to the current ways of doing things in the State

Examples of a vision statement/1

- **Kaduna State:** Make Kaduna Great Again (Good or Bad Vision Statement?).

- **Lagos State:** To be Africa's Model Megacity and Global, Economic and Financial Hub that is Safe, Secure, Functional and Productive (Good or Bad Vision Statement?).

- **Federal Government (ERGP):** Promote national prosperity and an efficient, dynamic and self-reliant economy to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity (Good or Bad Vision Statement?).

Examples of a vision statement/2

- **ECOWAS:** To be the pace-setter in regional integration management (Good or Bad Vision Statement?).
- **Jigawa State:** To be a secure and just society, full of opportunities, where the people are sufficiently empowered to participate in decisions and processes that affect their lives with an enabling environment for sustainable growth and development (Good or Bad Vision Statement?).
- **BDO:** To be world class provider of assurance services, taxation, consultancy services, corporate secretarial services and management consultancy services of choice in Nigeria (Good or Bad Vision Statement?)

What is a core values statement?

- An organisation's values statement comprises a set of important core behavioural traits or attributes by which the managers of that organisation want their organisation to operate (Same with a State)

- The core values depict the priorities in how an organisation (or a state) carries out activities with its stakeholders.

- Core values are beliefs which an organisation's members hold in common and endeavour to put into practice. The values guide the organisation's members in performing their work.

Operational definition of core values

- An organisation's (or state's) core values must be operationally well defined in order to be able to monitor compliance with them.

- The operational definition will be carried out as in the table on the next slide, specifying:

  - o Core value;

  - o What the core values means;

  - o Examples of the behavioural traits pertinent to the core value; and

  - o The strategy implications of each of the core values.

Operational definition of core values (an Example)

Value	Definition	Examples of Behaviour	Strategy Implications
Integrity (As a state that is entrusted with people's resources, integrity is essential in managing the resources entrusted to us.)	All actions are consistent with ethical principles such as sincerity, honesty, impartiality, all of which are internalized by all personnel.	• Frankness in a constructive manner in dealing with others • Honesty in all dealings with everyone • Do what you say and say what you mean and feel • Transparency and openness	• Best Management practices (financial, HR, facilities) will need to be instituted to demonstrate integrity.
Teamwork (Teamwork promotes synergy which is essential for higher productivity)	Collaboration, fostering the sharing of best practices, participation of each and every member of the team and productive interaction.	• Cooperation • Spontaneous sharing • Interconnectedness • Interdependences	• Teamwork should be promoted through appropriate reward and sanction system

Establishment of sector objectives/1

- Develop Objectives for your Sector in relation to:
  - Relevant goals in the SDP;
  - Findings on the review of high level policy documents; and
  - Results of the sector situation analysis.
- The number of objectives should not be excessive (6 is usually the maximum).
- The objectives should give a clear and concise picture of what will drive your Sector's activities over the MTSS period 20xx – 20xx (Years 1 – 3 of the MTSS).

Establishment of sector objectives/2

- Objectives must be properly aligned with the Sector's mission, vision, strategic issues and stakeholders expectations.

- Objectives should be clearly defined – this may involve setting broad quantitative targets as in the SDGs, or qualitative statements of policy intension for the Sector. They should however remain broad

- Government policies are normally constant in the short term. So the the objectives over the MTSS period should contain as many of the same objectives currently in place in your sector as possible.

Examples of objectives for a transport sector

- Promote the development of effective and affordable inter-modal transport system to aid economic growth in the State & Nigeria.

- Improve and sustain the capacity, safety, security and reliability of movement of people and goods within the State and Nigeria.

- Professionalise the operations of the transport sector of the State.

Establishment of programmes/1

- Programmes represent the next stage in the planning process – breaking down broad objectives into more detailed components.

- Programmes should be directly linked to your sector's objectives.

- A programme should not contribute to more than one objective; but more than one programme can contribute to a single objective.

- There should be between 2 and 4 programmes per objective (the usual maximum is 4!).

Establishment of programmes/2

- It must be possible to allocate every activity (things your Sector does) and all expenditures of your Sector to one of the programmes.

- Programmes often represent a category of service outputs to the community; the deliverable from implementing a programme is an 'outcome' (Remember our conceptual definitions!).

Examples of programmes/1

Objective	S/N	Programme
Promote the development of effective and affordable inter-modal transport system to aid economic growth in the State & Nigeria.	1.	Road transport
	2.	Rail transport
	3.	Water transport
	4.	Air transport

Examples of programmes/2

Objective	S/N	Programme
Improve and sustain the capacity, safety, security and reliability of movement of people and goods within the State and Nigeria.	1.	Transport rehabilitation and modernization
	2.	Transport safety, security and the environment
	3.	Integrated research-based transportation

Examples of programmes/3

Objective	S/N	Programme
Professionalise the operations of the transport sector of the State.	1.	Transport capacity building
	2.	Institutionalization of ICT and modern management
	3.	Transport regulation compliance

Establishing outcomes and outcome targets for the programmes/1

- Recall the definitions of:
  - Outcome deliverable – A statistical or numerical measure of the benefit of a Government policy or programme to the citizens of the State or communities. An outcome is a kind of deliverable.
  - Outcome target – A specific numerical value of an outcome or an outcome level to be achieved by a certain date.
- Remember that outcomes are linked to programmes while outputs are linked to projects.

Establishing outcomes and outcome targets for the programmes/2

- For each of the programmes you have developed for your Sector, you will:
  - Develop an outcome deliverable; i.e. the benefit to be derived by the citizens as a result of implementing the programme; and
  - Develop outcome targets; i.e. the level of the outcome to be delivered during each years of the MTSS, 20xx (Year 1), 20xx (Year 2) and 20xx (Year 3).

Examples of programmes & outcomes/1

Objective	S/N	Programme	Outcome
Promote the development of effective and affordable inter-modal transport system to aid economic growth in the State & Nigeria.	1.	Road transport	Cheaper road transportation in the State and Nigeria
	2.	Rail transport	Faster transportation of goods
	3.	Water transport	Improved navigation in Nigeria's inland water ways
	4.	Air transport	Improved international connections

Examples of programmes & outcomes/2

Objective	S/N	Programme	Outcome
Improve and sustain the capacity, safety, security and reliability of movement of people and goods within the State and Nigeria.	1.	Transport rehabilitation and modernization	Improved reliability of transport system
	2.	Transport safety, security and the environment	Reduced transportation accidents
	3.	Integrated research-based transportation	Increased innovation in transport system.

Examples of programmes & outcomes/2

Objective	S/N	Programme	Outcome
Professionalise the operations of the transport sector of the State.	1.	Transport capacity building	Higher productivity of transport workers
	2.	Institutionalization of ICT and modern management	Improved accuracy of management records
	3.	Transport regulation compliance	Improved transport regulation compliance

Presentation format of a Results Framework – objectives, programmes, outcomes, KPIs, Baseline (Starting situation) & targets – an example

S/N	Objective	Programme	Outcome	Key Performance Indicators (KPI)	Outcome Baseline (Starting situation)	Outcome Target Values		
						20xx (Year 1 of MTSS)	20xx (Year 2 of MTSS))	20xx (Year 3 of MTSS))
1	Promote the development of effective and affordable inter-modal transport system to aid economic growth in the State and Nigeria	Road transport	Cheaper road transport system in the State and Nigeria	Transportation cost per km	N20 per Km in 20xx (a year before MTSS)	N15 per km	N12 per Km	N10 per km
		Rail transport						
		Water transport						
		Air transport						

Projects and outputs

- We have defined a project previous as: "A group of expenditures, which need to be undertaken together, to achieve a specific output".

- We learnt previously that a project produces an output.

- We will now look at examples of projects and output.

Examples of projects and outputs

Programme: Water transport	Outcome: Improved navigation in Nigeria's inland water ways
Project	**Output**
Construction of Lokoja River Ports	Lokoja River Port constructed
Perimeter Fencing of Apapa Port	Apapa Port perimeter fenced

Cross cutting projects/1

- These are projects that go beyond one Sector; examples include:
  - Rural roads: Works, Transport, Agriculture
  - Construction of Housing Units: Physical Planning and Housing
  - HIV/AIDS: Health, Education
- Such projects have to be identified, tagged and discussed with MEPB for coordination on how they are to be treated and presented in the MTSS reports.

Cross cutting projects/2

- Meetings will need to be arranged between the relevant sectors to discuss and agree the Sector that is best suited to handling the respective projects.

- Budgeting between the relevant sectors must also be coordinated to ensure that the cross cutting issues are taken into account and not duplicated across Sectors.

End of Day 1 and closing remarks

Day 1 closing remarks

Permanent Secretary, MEPB

Day 2 and Opening Prayer

Opening prayer

By a Volunteer

Session 10

Syndicate session 1: developing sector's mission, vision, core values, objectives, programmes, outcomes and outcome targets

Developing your Sector's mission, vision, core values, objectives, programmes & outcomes

- Break into your sector syndicate groups.
- Develop your Sector's mission, vision, core values, objectives, programmes, outcomes and outcomes taregts as explained in the preceding session.
- You only need to update what your sector already has to reflect current realities.
- Appoint a spokesperson to present the output of your syndicate group.

Session 11

Presentation of the output of syndicate session 1

Presentation of the output of the strategy session

- Sector's spokesperson to present a summary of the output of their deliberations.
- The presentation should comprise:
  - o Mission of your Sector.
  - o Vision of your Sector.
  - o Core values of your Sector.
  - o Objectives to be pursued during the MTSS period.
  - o Programmes to be implemented.
  - o Programmes' outcomes, base values of the outcomes, KPIs, and targets for the MTSS period.

Presentation of the output of the strategy session

- Participants will provide comments and suggestions.

- The Sectors will take note and review their reports based on the comments and suggestions from participants.

Session 12

Review of ongoing & existing budget commitments and projects prioritisation (i.e. scoring ongoing, existing and new projects)

Projects and projects types

- We have defined a project previous as: "A group of expenditures, which need to be undertaken together, to achieve a specific output".

- We learnt previously that a project produces an output and we have given examples.

- We leant that projects types include: i) Ongoing; ii) Existing; iii) New; iv) Administrative; and v) Development.

- Ongoing and existing projects are called existing budget commitments; they are to be reviewed (Why?).

Why review ongoing and existing budget commitments?

- Review give SPT better knowledge of the sector in terms of the thinking of government and global expectations (i.e. what the government thinks is important for the sector, what it has been spending money one, etc).

- Understand and distinguish between ongoing and existing budget commitments (more on this later).

- To determine projects/ budget commitments that should be continued and the ones to be discontinued.

- Projects/ budget commitments to be continued must be those that will help to achieve the objectives and programmes of the sector and deliver the expected outcomes; otherwise, continuing with them will be a misplacement of funds

Composition of ongoing and existing budget commitments/1

- Budget commitments include recurrent (personnel & overheads) and capital (projects) expenditure items.

- Capital expenditures are to be classified into administrative and development items:

  o Administrative capital items relate to the creation of permanent assets that contribute to the administrative functions of the Sector. Examples include the construction of office buildings, procurement of vehicles and computers.

Composition of ongoing and existing budget commitments/2

- o Development capital items create assets that directly provide benefits for the people of the State over time. Examples include roads, hospitals, dams etc.

- Budget commitments can further be classified into Ongoing, Existing, Abandoned, Cancelled/Shutdown, or Completed projects.

- We have defined these previously under conceptual definitions; we will now quickly go over them.

Understanding capital project types/1

Capital Projects Type	Definition
Ongoing Projects	• Projects contained or funded in the current year's budget. • May terminate in the current year and therefore will not be applicable to the MTSS period. • May terminate in a specific year within the MTSS Planning Period, or even beyond, and will therefore be applicable to the MTSS period • May be rolled over year-on-year beyond (repeated in perpetuity) and therefore will also be applicable to the MTSS period.

Understanding capital project types/2

Capital Projects Type	Definition
Existing Projects	Projects that are not funded in the current year's budget but were funded within the last 5 years; and therefore exist/not yet completed.

Understanding capital project types/3

Capital Projects Type	Definition
Cancelled/ Shut down projects	Projects that are funded in the current year's budget (and possibly funded in previous budgets) but will be shut down in the current year and will therefore not receive funding in future years. If a project is shut down in the current year, it is thus not applicable to the MTSS period.
Abandoned Projects	Projects not funded in the current year's budget and in several previous years' budgets (i.e. not funded in the last 5 years) but exist/are not yet completed.
Completed Projects	Projects that will be completed in the current budget year. Only recurrent costs of such projects may be required per annum; replacement cost may also be required every 4 – 5 years depending on the nature of the capital project.

Understanding capital project types/4

Capital Projects Type	Definition
New Projects	Projects that do not fall into any of the above categories and will be proposed during the current MTSS preparation process; such projects have never been funded before, they have never appeared in any previous years' budgets; but may now be considered critical for the Sector to achieve its objective and deliver its expected outcomes.

Steps in reviewing ongoing and existing budget commitments/1

Step	Activity/Purpose	Required Input
Step 1 Carry out an overview of the preceding year's budget implementation	• Understand what went well & what did not; major challenges and lessons learned in the course of implementing the budget. • This will help to avoid similar pitfalls in the implementation of the new or following year's budget. • Progress made in achieving sector's goals should also be reviewed and documented.	• Preceding year's budget • Preceding year's budget performance report • Current year's budget • Current year's budget implementation so far

Steps in reviewing ongoing and existing budget commitments/2

Step	Activity/Purpose	Required Input
Step 2 Identify ongoing and existing budget commitments	• Personnel costs • Overhead costs • Administrative capital • Developmental capital	• Nominal roll • Personnel costs • Overhead details • Capital projects

Steps in reviewing ongoing and existing budget commitments/3

Step	Activity/Purpose	Required Input
Step 3 Capture key budget data	**Historical Data** • Budget allocations to the Sector in the past 5 years; broken down into personnel, overhead, and capital. • Budget releases to the Sector in the past 5 years, and for Quarter 1 of the current year). • Carry out ratio analyses of allocations and releases to ascertain what is feasible for the future.	• Preceding 5 years' budgets • Releases for the Preceding 5 years' budgets • Templates for capturing budget data

Steps in reviewing ongoing and existing budget commitments/4

Step	Activity/Purpose	Required Input
Step 4 Score capital projects	• Collate all the ongoing and existing capital projects or capital commitments. • Score each project using the scoring framework. • When scoring a particular budget commitment, arguments supporting the score awarded should be documented in full.	• Projects Scoring Template (Excel based)

Steps in reviewing ongoing and existing budget commitments/5

Step	Activity/Purpose	Required Input
Step 4 Contd. Score capital projects	• Once the SPT has completed the projects scoring, it may decide that some ongoing projects have performed so poorly that they should be shut down. • The MTSS should clearly list any ongoing projects that have been shut down and justify why this is the case.	• Projects Scoring Template (Excel based)

Establish projects to implement the programmes and achieve the objectives/1

- Projects are activities that allow a Sector to implement its programmes; i.e. what must be done to implement the programmes, achieve the set objectives and deliver the expected outcomes.

- Recall that a project is a group of expenditures which need to be undertaken together to achieve a specific output.

- Each project must be sufficiently distinct as a piece of spending such that it can be costed.

Establish projects to implement the programmes and achieve the objectives/2

- Both ongoing projects that are helping to deliver the sector programmes and any new projects that the SPT feels will also help to deliver the programmes must be captured.

- Sources for the identification of projects include:
  - The current year's budget of the sector (projects that will not be completed);
  - Previous years budgets (uncompleted projects);
  - Core or pressing issues in the sector (new projects).

- A major aspect of the MTSS development process is projects development or selection and prioritisation.

Project prioritisation

- A key feature of medium term budgeting is the reconciliation of the demands and desires of Sectors with the realities of limited resources. A task in this reconciliation is project prioritisation.

- The agreed or selected projects will be prioritised based on a scoring framework (Using an Excel Template).

- Ongoing, existing and new projects will be scored; the scoring template conducts automatic prioritisation of the projects.

- The prioritisation will provide the justification for delaying some projects until the 2nd and 3rd years of the sector's MTSS; and for not undertaking others at all.

Scoring Template for ongoing and existing budget commitments/1

A scoring template will be provided that looks like the table below.

S/N	Project Code	Project Name	Project's Contribution to State Development Plan Goals							Project Status (Ongoing or New)	Likelihood of completion not later than 20xx (Year 3 of MTSS)	Nature of Project Admin or Develop	Total Score	Project Ranking	Physical Location: Local Government/ Statewide	Project Status (Ongoing/ New) – Auto Fill	Timelines	
			Goal 1	Goal 2	Goal 3	Goal 4	Goal 5	Goal 6	Goal 7								Project Commencement Year	Expected Year of Completion
1																		
2																		
3																		
4																		
5																		
6																		
7																		
8																		
9																		
10																		

Scoring Template for ongoing and existing budget commitments/2

- Arguments supporting each score awarded should be provided and documented in full.

- After scoring, the SPT may decide that some ongoing projects have performed so poorly that they should be discontinued.

- The SPT should clearly list any ongoing project to be discontinued and justify why this is the case.

Practical example of projects scoring

- The Team should now do a practical work on projects scoring.

- Only a few projects should be scored as an illustration by the Facilitator in view of time constraint.

- Participants are advised to further practise the scoring process at their own time.

Session 13

Introduction to projects costing and reconciliation with budget ceiling

Macroeconomic assumptions

- Prior to the start of the costing exercise, a set of assumptions will be provided by MEPB or the Agency leading the MTSS development to all SPTs that must be used in the costing process.

- The assumptions will relate to:

  - Price inflation rate to use;

  - Wage inflation rate to use;

  - Exchange rates to use;

  - Interest rate to use; and

  - etc.

Costing of Projects – basis of costing

- Without rigorous costing of all projects within each Sector, it is not possible to effectively reconcile policy with resource availability.

- Costing should be based on credible information; e.g.:

  o Past experience of expenditure;

  o Recent estimates/quotes;

  o Survey based research; and

  o Shadow Prices/Quasi Markets.

- Relevant agencies within MEPB and/or within Government may provide support in pricing certain items.

Costing of Projects – two rules

Two rules:

- 'Reasonable Minimum':
  - Minimum reasonable estimate of unit costs; and
  - Minimum reasonable estimate of number of units required – in particular in relation to staffing levels and overheads.

- Costing should always be over 3-year time frame

Costing of Projects – standard approach/1

- Use standard approach employed in business/economics, comprising:
  - **Fixed Costs** – one-off capital costs that are fixed for a given project:
    - Administrative capital (creates permanent administrative assets e.g. HQ building)
    - Development capital (capital projects that creates assets that directly benefit the state e.g. hospitals, roads, dams)

Costing of Projects – standard approach/2

- o **Quasi-variable costs** – costs that scale up only when projects pass a certain threshold e.g. for every additional 100 police officers a new police station will be required

- o **Variable Costs** – increase continuously as the scale of the project grows e.g. for every additional child vaccinated, three vials of different vaccine may be required.

Costing of Projects – other things to know/1

- Drivers of scale – what defines a 'scale' in a particular project?
  - o For school enrolment it will be the number of students.
  - o For police coverage it will be the number of policemen.
  - o All costs can be related to one key driver or the other.
- Relevant questions to ask include:
  - o How many extra students can be enrolled before a new classroom is required?
  - o How many police officers should be in a Station before a new Police Station is required?
  - o Etc.

Costing of Projects – other things to know/2

- Costing should be over a three year horizon, covering:

  o Recurrent: completed project having recurrent costs in outer years;

  o Inflation: estimates in outer years (e.g. 10% for wage/products);

  o Maintenance/Depreciation: in outer years.

- Sequencing and timing of expenditure should be taken into account, including preparatory work e.g. before building a road; seasonality of agriculture activities; etc.

- Costing of reforms should be taken into account: e.g. review of staffing levels should be captured separately with MEPB.

Costing of Projects – some examples/1

Some examples to illustrate the project costing process:

- Future associated costs of current spending, relevant question are:
  - o If a capital project is started today, how much will it cost to finish it?
  - o If a project is finished in this year (e.g. hospital) how much will it cost to run in over the next 3 years?
  - o If a programme is initiated in this year, how much will be required to maintain/expand it in the next 2 years?

Costing of Projects – some examples/2

Cost Type	Cost Item	Scale	Year1 Cost	Year2 Cost	Year3 Cost
Variable	Vials of Vaccine	1 per child @ N100	A*100	(A+B)*100	(A+B+c)*110
Quasi Variable	Health Worker	1 per 1000 @ N500,000	1*500,000	1*550,000	2*550,00
Fixed	Headquarters		X - Completion	Y - Maintenance	Y - Maintenance

Costing of Projects – some examples/3

- The following features of the costing process are captured in the example on the preceding slide:

  o As the number of children vaccinated increases from A to (A+B) to (A+B+C), then the variable cost increases proportionately.

  o Inflation is taken into account – the cost per vial of vaccine is 110 in Year 3.

  o The number of Health Workers increases from 1 to 2 in year 3 – moving from (A+B) children to (A+B+C) crosses the threshold for an extra worker.

Costing of Projects – some examples/4

The following features of the costing process are captured in the example on the preceding slide:

- o Wage increase is taken into account for the health worker in Year 2.

- o For the fixed cost of an HQ, the recurrent (maintenance) costs are captured in Years 2 and 3.

Reconciling ceilings and costed projects/1

- This is a crucial stage of the MTSS process.

- It may require a second 'Mini' strategy session.

- The following simple example (below) may suggest that the process is simply mechanistic.

- In reality, the process requires a lot of trading off between competing projects.

Reconciling ceilings and costed projects/2

- For each project, the options available include the following:
  - o Accept the project into the ceiling as costed;
  - o Revise the project to change the associated costs, e.g. scaling down the project;
  - o Postponing the project to one of the outer years of the MTSS; or
  - o Deciding not to include the project at all.

Reconciling ceilings and costed projects/3

- Several iterations will be required to produce a final 3-year Budget Plan looking at:
  - o Different combinations of projects;
  - o Different scales of project costs e.g. staffing levels; and
  - o Different timelines for projects.

Reconciling ceilings and costed projects/4

Step 1 – The Sector captures its Payroll and Overhead costs, projected over the three years period of the MTSS. Project 1 is the initiative that has been given the highest priority by the Sector Team. This is captured first – both the capital cost of completion in year 1 and the associated recurrent running costs in Years 2 to 3 are captured. Money still remains in the ceiling for each of the three years.

	20xx (Year 1)	20xx (Year 2)	20xx (Year 3)
Sector Payroll	X1	X2	X3
Sector Overheads	Y1	Y2	Y3
Ceiling	A	B	C
Ceiling Remaining	A-X1-Y1-C1	B-X2-Y2-R1	C-X3-Y3-R1
Project 1 (Ongoing)	Capital Completion Cost of Project 1: C1	Recurrent Running Cost of Project 1: R1	Recurrent Running Cost of Project 1: R1

Reconciling ceilings and costed projects/5

Step 2 –The MDA now captures the project with the next highest level of priority – Project 2. Again the costs are captured across all three years. The ceiling for Year 1 has now been completely allocated, but money remains in the ceilings for Year 2 and Year 3.

	20xx (Year 1)	20xx (Year 2)	20xx (Year 3)
Sector Payroll	X1	X2	X3
Sector Overheads	Y1	Y2	Y3
Ceiling	A	B	C
Ceiling Remaining	A-X1-Y1-C1-C2=0	B-X2-Y2-R1-R2-C3	C-X3-Y3-R1-R2-R3-C4
Project 1 (Ongoing)	Capital Completion Cost of Project 1: C1	Recurrent Running Cost of Project 1: R1	Recurrent Running Cost of Project 1: R1
Project 2 (Ongoing)	Capital completion cost of Project 2: C2	Recurrent Running Costs of Projects 1 and 2; capital completion cost of Project 3 (New): C3 (if money remains)	Recurrent Running Costs of Projects 1, 2 & 3; and Start up Capital Cost of Project 4 (New): C4 (if money remains)

Reconciling ceilings and costed projects/6

Step 3 – The project with the next highest level of priority is Programme 3. However, the ceiling for Year 1 has been fully allocated. Money remains in the ceiling for Year 2 and Year 3; so the project can be allocated money from these ceilings. If money remains in these years after adding Project 3, further expenditure can be planned for other prioritized projects.

	20xx (Year 1)	20xx (Year 2)	20xx (Year 3)
Sector Payroll	X1	X2	X3
Sector Overheads	Y1	Y2	Y3
Ceiling	A	B	C
Ceiling Remaining	A-X1-Y1-C1-C2=0	B-X2-Y2-R1-R2-C3-C4 = 0	C-X3-Y3-R1-R2-R3-C4
Project 1 (Ongoing)	Capital Completion Cost of Project 1: C1	Recurrent Running Cost of Project 1: R1	Recurrent Running Cost of Project 1: R1
Project 2 (Ongoing)	Capital completion cost of Project 2: C2	Recurrent Running Costs of Projects 1 and 2; capital completion cost of Project 3 (New): C3 (if money remains)	Recurrent Running Costs of Projects 1, 2 & 3; and Start up Capital Cost of Project 4 (New): C4 (if money remains)
Project 3 (New)	0	Start up Capital Cost of Project 4: C4	Completion Capital Cost of Programme 4: C4

Reconciling ceilings and costed projects/7

Two features to be noted in this approach when allocating funds:

- Money has been made available to fully complete Project 1 and to support Project 2 before money is allocated to Project 3 (on the projects priority list).

- Wherever possible, unless new projects are of critical importance, funds should be allocated to ongoing priority projects before funds are allocated to new projects (You know why?).

Reconciling ceilings and costed projects/8

- Many capital projects have recurrent running costs associated with them that continue after capital expenditure has finished; e.g.:

  o For a road, this may simply be the maintenance cost; and

  o For a hospital, this will include all of the running costs from personnel to overheads, to consumables.

- These recurrent expenditures of capital projects should be estimated in the outer years of the expenditure plan; in our own case, estimates should be made for year 2 and Year 3.

Introduction to completing the logframe (ongoing, existing & new projects)

Completing the Logframe/1

- The logframe is regarded as the core of the sector strategy.

- This is because it summarises all the projects that will be implemented to achieve the sector's objectives, implement its programmes, and deliver its expected outcomes.

- Information for completing the Logframe would have become available from previous work.

- A typical Logframe Table is shown on the next slide.

Logframe Table

Outcome	Project Title	Proposed Expenditure (N'000)			Output	Output KPI	Base Line (e.g. Output Value in 2017)	Output Target			MDA Responsible
		20xx (Year 1)	20xx (Year 2)	20xx (Year 3)				20xx (Year 1)	20xx (Year 2)	20xx (Year 3)	
	Total Cost										

Completing the Logframe/2

The Logframe should be completed as follows:

- Column 1: Add the outcomes developed for each programme.

- Column 2: Add all projects that will be implemented in relation to the respective programmes; i.e. projects that will be implemented in order to deliver the expected outcomes.

- If the number of projects or activities is more than the number of rows provided in the Logframe Table, add more rows.

Completing the Logframe/3

The Logframe should be completed as follows:

- Columns 3 – 5: Record the proposed expenditure for each project. The proposed expenditure will be derived through costing of the projects.

- Column 6: Indicate the output expected from each project. An output is what you expect to get from spending money on a particular project. For example, if the project is "Construct a block of six classrooms at Ikeja School"; then the output to be expected after the project has been executed is "A block of six classrooms constructed at Ikeja School".

Completing the Logframe/4

The Logframe should be completed as follows:

- Column 7: Output KPI is how do we know whether or not the specified output is delivered.

- Column 8: The value of the output during the base year; e.g. 2017 (the baseline value).

- Columns 9 – 11: The quantities of the output that will be delivered in each of the MTSS year (Year 1 to Year 3).

- Column 12: Specify the MDA in your sector that is responsible for implementing the project and delivering the associated output.

Completing the Logframe – important note!

- The standard sequence of capital projects selection in MTSS process is as follows:
    - Ongoing projects selected first;
    - Existing projects selected next; and
    - New projects selected last (if at all).
- Strictly follow this sequence in selecting the projects to be included in the Logframe of your sector's MTSS.
- The various projects were defined previously.

Roles of the Sector Planning Team (SPT) in the MTSS process

Critical role of the Sector Planning Team

- Quality of Medium Term Sector Strategy (MTSS) depends on the quality of the SPT.

- Select knowledgeable and committed SPT members.

- Give SPT orientation training.

- Provide strong supports to the SPT throughout – sector leadership to review SPT's output thoroughly!

- Constitution, composition & role of SPT now follow.

Constitute the Sector Planning Team

- SPT is the Author of MTSS = SPT is responsible for preparing a Sector's MTSS.
- The MTSS preparation process begins with the:
  - **Constitution of the SPT; and**
  - **Agreeing the Terms of Reference for the SPT (responsibilities and expected deliverables); and**
- Training the SPT on the MTSS process.

Composition of the Sector Planning Team/1

- Hon Commissioner = Chairman of the SPT

- Permanent Secretary = Deputy Chairman of the SPT

- Most senior planning officer in the sector.

- Most senior budgeting officer in the sector.

- Heads of major departments in the main Ministry.

Composition of the Sector Planning Team/2

- Heads of the core Parastatals and Agencies.

- 1 member of the State House of Assembly (SHoA) Committee with oversight function on the sector.

- At least 1 member of a reputable Civil Society Organisations working on the sector.

- At least 1 member of a relevant Organised Private Sector organisation relevant to the sector.

- Representatives of other organisations considered appropriate for inclusion by the Sector.
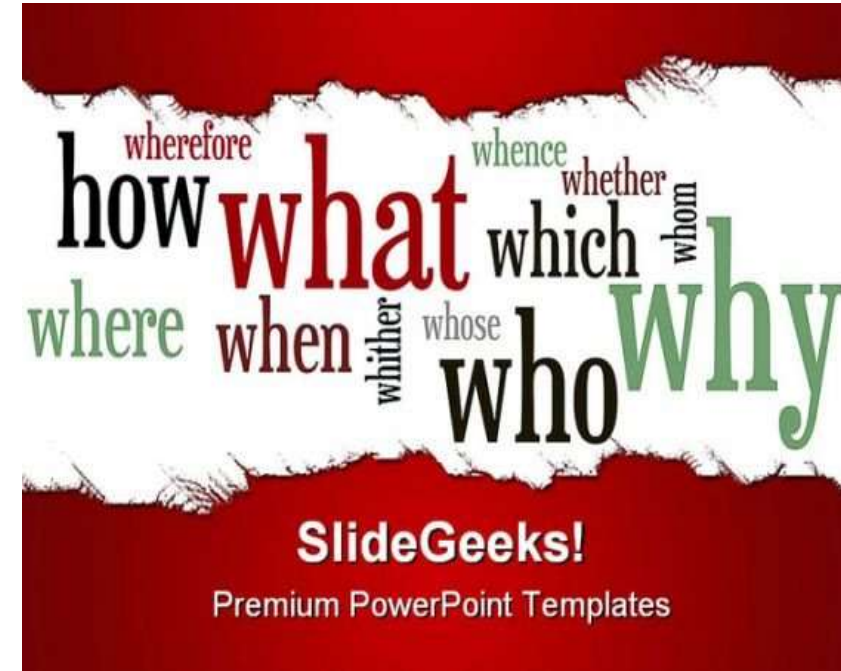
Role of the Sector Planning Team/1

- Author of the MTSS.
- Attends SPT Training.
- Reviews high-level policy documents.
- Conducts sector situation analysis
- Attends a 5-day strategy session.
- Undertakes projects prioritisation – ensures fit with the State's Government priorities

Role of the Sector Planning Team/2

- Costs the projects.
- Phases projects implementation over 3 years (2019 – 2021)
- Develops the results framework (i.e. outputs, outcomes, key performance indicators (KPIs), baseline and targets)

Role of the Sector Planning Team (SPT)/3

- Documents the sector plan (MTSS) using standard. documentation format.

- Holds a validation session on the draft MTSS (with internal & external stakeholders).

- Finalises the Sector Plan / MTSS after the validation session.

- Obtains the sign-off of the Hon Commissioner and the Permanent Secretary (Submit MTSS to MEPB).

MTSS documentation

What do we document?

- What to document will include:
    - Medium-term sector objectives and programmes.

    - Outputs and expected outcomes.

    - List and prioritize projects.

    - Macroeconomic data and assumptions underlying costing.

    - Comprehensive costing and phasing of projects.

    - Indicative ceilings.

    - Completed Logframe.
- The SPTs will be provided with a reporting format with which to document their MTSSs.
- The Facilitator should go through the reporting template with Participants.

Session 17

Wrap up, next steps and closing remarks

Wrap up, next steps and closing remarks

Permanent Secretary, MEPB or the Agency leading the MTSS development