CONFIDENTIAL: DRAFT REPORT

IMPACT ASSESSMENT OF GOVERNMENT REFORMS ACROSS MDA'S

AUTHOR:
Beresh Consulting Nigeria Limited

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In economic terms, the costs exceed the benefits. Solely on this criterion, the project should not proceed.	Costs equal the benefits, which indicates that the project should be allowed to proceed, but with little	The benefits exceed the costs, and the project should be allowed to proceed.

ACRONYMS

EXECUTIVE SUMMARY

The Bureau of Public Service Reforms (BPSR) being the public service agency with responsibility of ensuring effective and efficient implementation of the public service reforms of the Federal Government of Nigeria has been concerned with problems of weak corporate governance practices in Nigeria. As part of its deliberate strategy to strengthen the governance systems and performance in government parastatals and agencies, the Bureau established, and has continued, the Induction Programme ("the Programme") for Chief Executive Officers and Board Members of government agencies.

Following the conduct of the *2021 Induction for CEOs and Board Members of Federal Parastatals and Agencies*, the BPSR intends to conduct an impact assessment of the Programme to facilitate judgement on value derived from monies and resources expended by BPSR and other stakeholders on the Programme; justification of request for additional funds; and calls to institutionalize the Programme, amongst others.

The general goal of this Draft Report is to capture and analyse responses from various programme participants' interviews. These responses were obtained, several months after the Programme, with the use of structured questionnaires distributed to key participants of the Induction Programme, and a Cost Benefit Analysis (CBA) was done in order to determine the return on investment and the element of value for money. The CBA examines the relative cost and benefits of the Programme for Chief Executive Officers (CEOs) and Board Members of Federal Parastatals.

To achieve this goal, the objectives of the study were to:

 Facilitate judgement on value derived from monies and resources expended by BPSR on the Induction Programme and justification of request for additional funds.

 Enable stakeholders (participants and organisers) gain knowledge about whether the Induction Programme conducted has achieved or failed its objectives.

 Obtain feedback for Government on developments relating to the Induction Programme and what needs to be done especially for MDAs that may have experienced challenges or issues of special attention.

 Determine the continuous relevance of the training content and whether the Programme should be institutionalized.

 Provide assessment of the structure and model of the Programme and required interventions. This should include possible policy and structural responses as they pertain to, if and how, to continue with the programme.

Summary of results

The analyses were done under the hypothesis that continuation and further enhancement of the programme will greatly improve relationships between CEOs and Board Executives, which invariably should help initiate service delivery changes in their respective MDAs. Other assumptions include that the benefit, in monetary terms weighted against the Mean Post-Induction assessment, can be equated to the per diem/honorarium due to participants for attending the programme.

Based on our review and analysis, our CBA model returned an absolute value of 2.47 which, being greater than 1.,00, indicates that the Programme creates significant impact on the participants, and through them, the institutions they interface with. As such, we are of the opinion that the Programme represents value for money, and its institutionalisation is therefore our prime recommendation.

Further recommendations include:

(a) Conducting the Programme biannually to enable reinforcement of bylaws setting up functions of Boards and CEOs.

(b) Board members should be allowed to discharge their duties to the extent of supervision of all activities. Board functions should not be subject to discretion but according to the Act/Bylaws which establish that Board.

(c) The Induction Programme content should include, and lay emphasis on compliance with extant laws. Clear channels of redress to higher authorities should also be outlined for processing cases of dissatisfaction or other grievances.

(d) the Induction Programme should be compelling for both Board and Chief Executives; in addition, the frequency of Board meetings should be a performance metric.

1.0 Introduction

The Board and Chief Executive Officers of Federal Parastatals and Agencies are responsible for directing the businesses of their institutions in a responsible and transparent manner. They are expected to competently deploy the resources of government in their care to achieve the service delivery and developmental mandates of their respective institutions. The ineffective performance of their governance responsibilities tends to create inefficiencies, low productivity, corruption, and overall retrogression of economic growth, and impedes government strategic objectives. Adequate individual governance capacity and harmonious relationships among board members are critical to achieving the organizational mandate as well as its strategic objectives.

The Bureau of Public Service Reforms (BPSR) being the public service agency with the responsibility of ensuring effective and efficient implementation of the public service reforms of the Federal Government of Nigeria has been concerned with the problems of weak institutional governance practices in Nigeria. As part of its deliberate strategy to strengthen the governance systems and performance in government parastatals, the Bureau established, and has continued, an induction programme for Chief Executive Officers and Board Members of government agencies. The objectives of the Programme include the following:

i. Provide Governing Boards and their CEOs with requisite knowledge of the operations of the Federal Public Service, in terms of procedures, policies, protocols and shared organizational values.

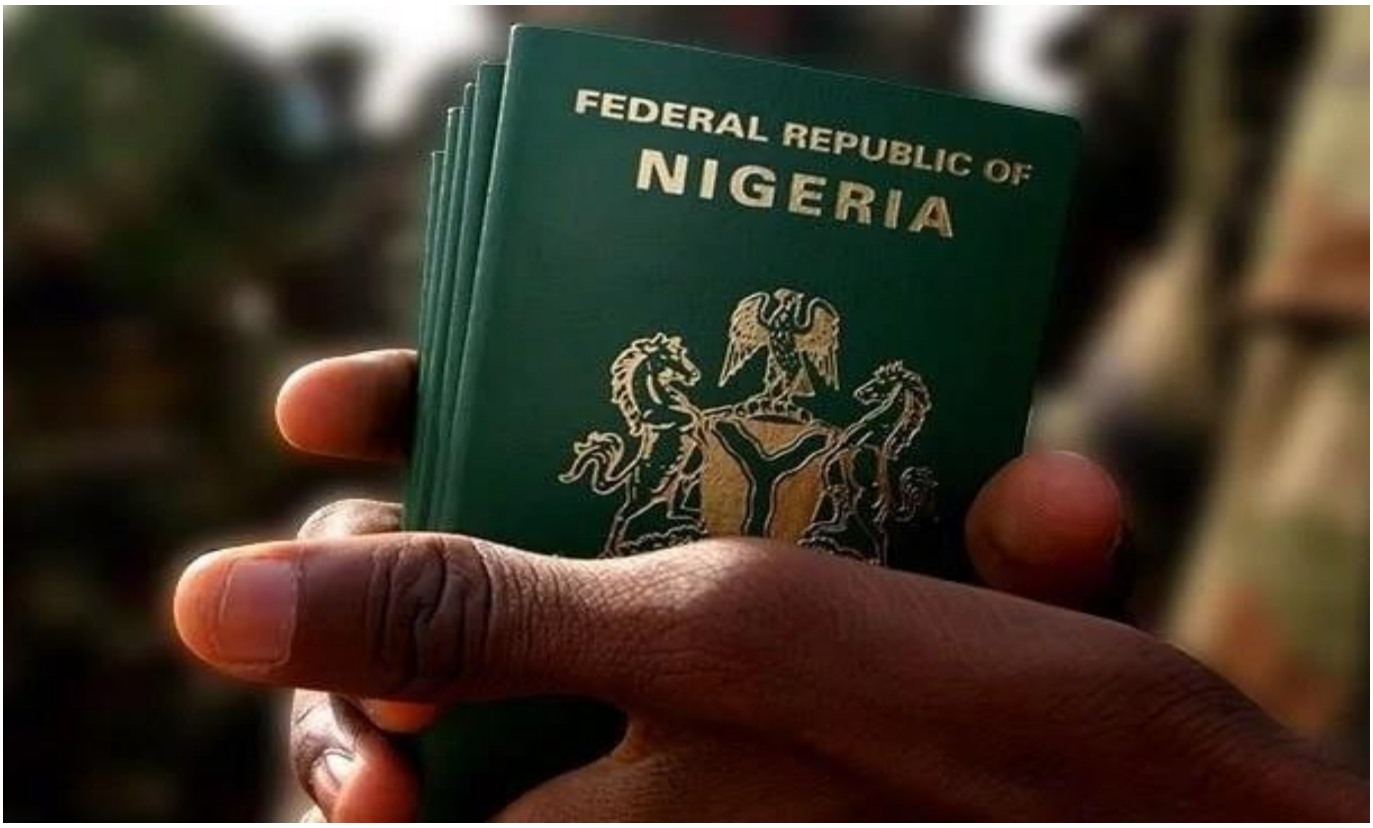
ii. Deepen the understanding of the roles and responsibilities of the Governing Boards of Federal parastatals, and the contributions they are expected to make in the corporate governance of their organizations.

iii. Provide a platform to share experiences, and

iv. Ensure that Governing Boards and CEOs of Federal Parastatals, Agencies and Commissions promote effective good corporate governance while conducting government business in their organizations.

Further to holding the *2021 Induction for CEOs and Board Members of Federal Parastatals*, the BPSR intends to conduct an Impact Assessment of the programme.

2.0 Programme Context



The Induction Programme for CEOs and board members of parastatals was designed to support the Federal Governments' broad strategy of improving service delivery to the public through effective utilization of public resources. The Programme is a structured way of providing CEOs and newly appointed board members with all the information and support they need to be confident and productive in their role. The Programme is designed to help newly appointed board members to quickly understand the Public Service environment in which they would operate, and their role in contributing to the success of their organization, in a manner that is consistent with the Federal Government's agenda. Since the Induction involves the use of budgeted resources and it is only appropriate that BPSR establishes an accountability framework and provides an assessment of the effective use of the resources expended on the Programme.

In the wake of the several requests from Agencies for continuity of the Induction Programme, it is imperative to determine the value for money and impact of the programme in relation to its objectives. This study will provide assessment details and recommendations that will promote learning, feedback and knowledge sharing on results. It will further serve as a basis for systematic review of BPSRs' own programme performance and help to redefine governments' decision-making on the Induction Programme.

2.1 Objectives of the Impact Assessment

BUREAU OF PUBLIC SERVICE REFOMS

BPSR

The main objectives of the impact assessment are to:

i. Facilitate judgement on value derived from monies and resources expended by BPSR on the induction programme and justification of request for additional funds;

ii. Enable stakeholders gain knowledge about whether the Induction Programme conducted has achieved or failed in its objectives.

iii. Obtain feedback for Government on developments relating to the Induction Programme and what needs to be done especially for Agencies that may have experienced challenges or issues of special attention.

iv. Determine the continuous relevance of the Programme and whether it should be institutionalized.

v. Provide an assessment of the structure and model of the Programme as well as required interventions. This should include possible policy and structural responses as they pertain to, if and how, to continue with the Programme.

3.0 Scope of Work The Impact Assessment of the BPSR *2021 Induction Programme for CEOs and Board Members of Federal Parastatals* will cover the public institutions that participated in the Induction Programme (see list of public institutions in Appendix A). The activities to be carried out include:

i. Conducting initial briefings with BPSR on the scope of the assignment and expected results.

ii. Engaging the CEOs and Board members on their experiences and perspective of the programme and their assessment of the scope, structure, and benefits of the programme.

iii. Obtaining the perspectives and experiences of available resource persons (facilitators & trainer) that delivered sessions during the Induction Programme together with the views of KAS (Konrad Adenauer Stiftung) the Programme Partners.

iv. Conduct analyses of the data collected from all stakeholders and determine the following:
a. The extent to which the Induction Programme achieved its defined objectives.
b. The effects and contributions of the Programme to service delivery changes in the agencies.
c. The dimensions of the value derived from monies and resources expended by BPSR on the programme and justification for further investments on the programme.
d. Success stories, unique impact, challenges, and developments emanating from the conduct of the Induction Programme in the benefiting agencies.
e. Required interventions for participating public institutions that may have experienced issues of special attention.
f. Determine the continuous relevance of the training and whether it should be institutionalized.

v. Make recommendations for improvement in the overall implementation structure and model including possible policy review.

3.1 Methodology

The approach and methodology used include the following:

i. Coordinating with BPSR and other key stakeholders to review reports of the 2021 Induction Programme and its consistency with the Scope of Work and Programme Objectives. The BPSR archived reports show that the Programme was conducted in four (4) batches of fifty (50) participants each.

ii. Design and develop information and data gathering instruments that include the following:
a. Cost-Benefit Analysis (CBA) questionnaires for field survey; and
b. Interview guidelines for semi-structured interviews as may be expedient.

iii. Conduct field surveys and key informant interviews as necessary on a select number of CEOs and Board members of the parastatals that participated in the Programme.

iv. Conduct an Impact Analysis/CBA of the data collected from all stakeholders and articulate the results in reports.

3.1.1 Cost-Benefit Analysis

The Cost-Benefit Analysis (CBA) is a process used primarily to determine if the cost of a project outweighs the benefit, and is a great decision-making tool, especially seeing that the government, through the BPSR, wishes to determine the continuous relevance of the programme.

Conducting a well-executed CBA requires following a sequence of identifying costs; direct and indirect, and benefits; direct and indirect. Certain assumptions however need to be made for the input data; it is also important to ensure that they are consistent for the subject of analysis. Some of which include:
1. What baseline will the benefits of the project be estimated?
2. What is the chronological and spatial extent of project impact?
3. Which aspects of the project are the most important to the CBA?
4. What discount rate is appropriate to ensure that project returns are not being over – or under – estimated?

$CBA_1 = [\sum B1+d][\sum C/(1+d)]$

1 CBA methodology by SAFE GREEN: *https://www.paho.org/disasters/dmdocuments/SHT_CostBenefitAnalysis.pdf*

Where:
B = the project benefits; direct and indirect
C = the project costs; direct and indirect
d = the discount rate (otherwise known as the risk-free market interest rate)

This CBA method measures the total discounted benefits for a project over its entire duration/life span and dividing it over the total discounted costs of the project[2]. The result is then evaluated against the table below.

[2] CBA methodology by SAFE GREEN; *https://www.paho.org/disasters/dmdocuments/SHT_CostBenefitAnalysis.pdf*

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Table 2: understanding the CBA result

In performing a CBA, it is also of great importance to identify the Opportunity Cost of the project and consider alternative projects. That way, the benefits/impact of the project is greatly appreciated.

4.0 Findings

The table below highlights the findings from:

a. The CBA analysis; and
b. The semi-structured questionnaire/interview to participants of the programme.

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Table 3: CBA Template

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the two-day programme.

Table 4: Summary of responses for structured questionnaire

[3] Costs have been estimated as KAS, the organizing stakeholder of the programme, were unable to provide the actual estimates for each item.
[4] National Salaries, Incomes & Wages Commission (NSIWC) 2022 circular on Duty Tour Allowance in the Federal Public Service.
[5] National Salaries, Incomes & Wages Commission (NSIWC) 2022 circular on Duty Tour Allowance in the Federal Public Service

The per-diem/honorarium due to Civil Servants on Grade Level (GL) 16-17 and its equivalent was used to estimate the Total Benefit[4]. This figure is estimated as NGN 37,500[5] per-diem for

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In economic terms, the costs exceed the benefits. Solely on this criterion, the project should not proceed.	Costs equal the benefits, which indicates that the project should be allowed to proceed, but with little viability.	The benefits exceed the costs, and the project should be allowed to proceed.

COST$_3$	DIRECT	Allowances for resource persons	4,000,000.00
		Equipment rental costs	500,000.00
		Cost of printing	400,000.00
		Feeding	4,000,000.00
	INDIRECT	General Administration	150,000.00
		Hall rental	16,000,000.00
BENEFIT	DIRECT	Improved Communication	**60,000,000.00**
			Improved Board efficiency
			Improved Board experience

Average Mean = 3.2269[6]

[6] See appendix 1

5.0 Interpretation of findings

5.1 Definition of terms

Direct Cost – Can be directly traced and attributed to the projects & programmes. These costs are included in the project's budget and charged directly to the project budget, examples include equipment rental costs and allowances to resource persons.

Indirect Cost – Cannot be directly attributed to the specific project, examples include general administration, rental, and utility costs.

Direct Benefit - Are derived directly from the project and meet interests of concerned people.

Indirect Benefit - Benefit that cannot be directly observed but is nonetheless realized.

Discount Rate – Risk free market interest rate, 11.5%[7].

7 Central Bank Rate is 11.50% (last modification in September 2020)

8 See appendix 1 for calculation of Average Mean of responses from the questionnaire

Weighted Benefit – This is the sum of the Average Mean of responses[8] multiplied by honorarium/per diem that the attendees were entitled to. This is assumed to be the total benefit, in monetary terms, for the attendees of the induction programme. In this case, the Average Mean of the responses from the participants is 3.2269.

Recall that:

CBA = $[\sum B1+d][\sum C/(1+d)]$

Where:

B = the project benefits; direct and indirect (weighted against the Average Mean)

C = the project costs; direct and indirect

d = the discount rate (otherwise known as the risk-free market interest rate)

Applying the above equation to table 3 above;

CBA = [60,000,000/ (1+0.115)]/ [25,050,000/ (1+0.115)

= 53811659.19 / 21782608.70

= 2.47

Since CBA is 2.47, which indicates that the economic benefit (and therefore perceived value) exceeds the cost, the project can be said to be beneficial and should be allowed to continue. It is important to draw attention once again to the fact that we have made assumptions, which we feel are reasonable and reflect the most prudent means of estimating the costs, and therefore, the benefits of the project.

5.2 Summary of findings

We find that a CBA greater than 1, corroborates the responses of participants derived from the semi-structured questionnaires. The Mean is positive, and above 3 using the Likert scale, which indicates that that the programme met its desired objectives.

Responses from our survey indicate that there are clear distinctions on who is responsible for the day-to-day running of parastatals and agencies (57.8%); although a good number still believe there is still disregard for extant regulations guiding/restricting the conduct of Board meetings (70%), and this falls contrary to the bylaws under which Boards of Directors are expected to operate.

Responses also indicate that Board members are aware of their functions and do not issue directives to staff without regard to the CEO (70%). The CEOs play principal roles in the running of the parastatals and agencies, and to foster synergy that leads to improved communication, it is important that there are clear distinctions between functions/roles of CEOs and their Board members.

Understandably, most reform efforts are based on the premise of a healthy balance between CEO and Board functions for effective performance. In that regard, respondents indicated that Boards and CEOs seek clarification or interpretation from the OSGF in instances of ambiguity or misunderstanding of roles (55%). Even though this may not have translated to a more harmonious relationship between labour unions (25%), survey responses indicate that the Programme improved relationships between the Board and management, such that staff now work in a more harmonious environment (50%).

Finally, the Respondents indicated that the Programme has brought about a positive impact to the parastatals and agencies (60%) and has been cost effective compared to other alternatives (80%).

Based on the findings above, we are of the general opinion that a majority of participants positively attest to the usefulness and beneficial impact of the Induction Programme.

6.0 Conclusion and Recommendations

Exercise of powers can always take place through formal authority or informal influence. In the case of Boards, corporate bylaws give directors the authority to withhold approval of managerial recommendations or actions. However, this should be done in such a way that promotes unity and strengthens corporate governance. The existence of a harmonious relationship among directors and between the Board and their CEOs are critical to the achievement of improved efficiencies, productivity, and good quality service delivery in a responsible and transparent manner.
With a CBA of 2.47 showing that the programme is economically beneficial, additional bases for the continuous relevance of the training and institutionalization of the programme are as follows:
a. It represents value for money especially when the opportunity cost of not taking the Programme is considered.

b. It has contributed to significant changes to parastatals and agencies by improving the working relationship among Board members and between the Board and their CEOs.

c. Due to detailed presentations on issues of procedure as regards procurement matters, conscious efforts have been made to ensure compliance.

d. The Programme has enabled Board members understand clearly delineate their roles, from that of management.

e. It has been an avenue to reinforce complete adherence to relevant rules and regulations setting up governing bodies.

Even though the Mean of the responses (3.2269) indicate that participants were generally satisfied with the Programme, of particular interest was also the fact that some of the participants believe there is a general lack of application of some of the knowledge gained, which implies that whatever positive change has occurred, could have been much more profound and impactful. In that regard, and based on some of the responses of the participants, we make the following recommendations:
a. The Induction Programme should take place immediately after the swearing-in/inauguration of appointees, i.e., before any work is undertaken.

b. The Programme should be scheduled to hold biannually but may be brought forward or pushed back to accommodate new appointees. This should help reinforce the need to adhere to bylaws setting up Boards and CEOs.

c. Board members should be allowed to discharge their duties to the extent of supervision of all activities. Board functions should not be at the discretion of anybody but according to the ACT/bylaws setting them up;

d. The Induction Programme should lay emphasis on compliance with extant laws. Clear channels of redress to higher authorities should also be outlined for aggrieved members to ventilate their dissatisfaction; and

e. The Induction Programme should be compelling for both the Board and the Chief Executives.

7.0 Appendix 1

7.1

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Questionnaire sample

7.1 Calculation of Mean responses