

### Evaluation Report Title: Formative Evaluation of NIAF II

#### Response to Evaluation Report (overarching narrative)

Overall DFID believes the evaluation is thorough and provides an accurate and balanced picture of the NIAF 2 programme, its achievements and challenges. The conclusions of the review are largely positive, though important areas of potential improvement are also identified.

##### **Programme rationale**

We are encouraged to note that the evaluation concluded that NIAF 2 is well aligned to both Government of Nigeria and DFID priorities, saying that “that the design of NIAF II is highly relevant to both developmental obstacles and policy priorities. NIAF is well aligned with the FGN’s NV20:2020 and sectoral policy documents for power, infrastructure development and management, transportation and environmental management. It responds well to DFID priorities for good governance, growth and addressing the inequalities which are the root causes of fragility and conflict in the North.”

The evaluation also concludes that NIAF 2 is based on a clear and well-articulated theory of change, which is “largely supported by our own literature review”.

##### **Programme performance**

While the evaluation concludes that it is too early to reach definitive conclusions about the impact of NIAF the comments made are encouraging in relation to the impact likely to be delivered.

The evaluation says that “It is too early to assess the full impact that NIAF II is likely to have on the additional expenditure being brought into the infrastructure sector. However, even if only a small portion of the additional financing indicated above is attributable to NIAF II, it would appear that NIAF II has been effective in: (i) increasing the likelihood of more efficient Government spending on infrastructure; (ii) increasing, or accelerating, bi-lateral and multi-lateral agency support to infrastructure development; and most significantly (ii) attracting significant additional private sector capital into infrastructure development and management.”

##### **Value for money**

Considerable effort has been made to ensure that NIAF 2 delivers value for money which the evaluation recognises, saying that “NIAF documentation demonstrates that VFM considerations have been prominent in the development, monitoring and review of the programme.” The evaluation findings are generally positive in this area.

On efficiency the evaluation concludes that “This evaluation agrees with the Annual Review team that this structure now provides an efficient framework for cost-effective delivery of programme inputs and outputs. This conclusion is based upon the data and evidence which the evaluation team has been able to obtain from the NIAF II project management database, documentary review and interviews with clients, stakeholders and beneficiaries.” The evaluation also concludes, following some detailed and analysis of figures that “Over the entire programme, the proportion of total spend attributable to Project Management Unit (PMU) costs is 11.5 per cent including Results Based Fee Scheme (RBFS) payments and 9.9 per cent without. This appears to represent a reasonable management cost for the Facility.”

In terms of effectiveness, the evaluation findings are also generally positive, concluding that “In general terms, feedback from clients through both: (i) team interviews of NIAF clients, beneficiaries and stakeholders carried out during the formative evaluation field visit; and (ii) the wider client consultation of 27 NIAF clients, was positive in terms of the quality and timeliness of inputs and outputs. The vast majority of those interviewed indicated that NIAF

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had been efficient and effective in delivering good quality advice in a timely manner, and that activities and outputs met or exceeded expectations.” It does say that the impact of NIAF has varied across activities, and the model has work best where the theory of change is followed and support is provided in areas where the government’s commitment is clear.

The programme highlights two innovative elements in the NIAF 2 governance structure, the Technical Review Panel (TRP) and the Results-Based Funding Structure (RBFS), and comments on these are generally positive. In relation to the TRP, the evaluation comments that “The evaluation team agrees that having the same sector experts review progress every six months has been of considerable value in identifying: (i) challenges to workstream progress which could compromise achievement of objectives; and (ii) suggesting corrective actions” and on RBFS it says that “The RBFS ensures a discipline based on the log-frame and the achievement of targets “. In relation for each there are specific recommendations to DFID, however, which are responded to below.

Overall, therefore, the evaluation concludes that NIAF 2 represents a programme that is well aligned with need, is delivering value for money and is likely to deliver strong development results.

There are, however, several areas identified by the review where performance by NIAF could be improved (recommendations to DFID are responded to individually below). Key recommendations to NIAF, and responses agreed with NIAF, include:

- 1) The NIAF PMU should a) regularly review its theory of change to ensure that assumptions concerning poverty reduction are being acted upon, and b) with the evidence provided by the literature review, ensure that all workstreams are sufficiently proactive to ensure that technical approaches are adequately poverty-targeted (geographic and social targeting) and gender sensitive for direct positive impact wherever possible.

Programme response agreed with DFID: NIAF’s gender and social inclusion expert is now included in the design of sector strategies by all work streams. NIAF’s strategy documentation now requires considerations of gender, social inclusion and effects on poverty.

The project recognises that it is crucial to build strong skills into the PMU, and has recruited Nick Leffler as a manager to lead on these issues. Nick brings significant experience of both designing and delivering poverty sensitive programming and is setting up approaches to ensure this thinking is mainstreamed across all NIAF work.

- 2) The NIAF PMU should design and establish a systematic learning system so that the lessons of the NIAF experience are more fully captured and documented.

Programme response agreed with DFID: NIAF has established an on-line ‘knowledge warehouse’ of all previous NIAF assignments and related documentation. This knowledge asset is indexed against key themes and challenges of each assignment and facilitates best practice and data retrieval by managers and technical specialists. This has helped to make more systematic the incorporation of learning from previous assignments to improve the quality of assignment specification and QA activities.

- 3) Explicit exit strategies should be incorporated into each project and/or indicator strategy in order to improve sustainability.

Programme response agreed with DFID: Additional emphasis has been placed on securing implementation of revised policies and capacity development to underpin implementation and the ‘institutionalisation’ of new policies. This will continue to receive strong emphasis.

There are a number of other recommendations to NIAF, both in terms of processes and approach and in relation to specific infrastructure sectors. There are no recommendations to NIAF that DFID or NIAF rejects and all will be taken into account as the programme moves forward.

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<b>Recommendations</b>	<b>Accepted or Rejected</b>	<b>If “Accepted”, Action plan for Implementation or if “Rejected”, Reason for Rejection</b>
DFID should closely monitor the RBFS over the next year to ensure that: (i) it is not unduly weighted to the benefit of the supplier, and (ii) it does not deflect activities towards quick output wins, while avoiding more difficult work strands which are more critical to achieving outcomes.	Accepted	The evaluation recognises that the early signs have been that the RBFS is delivering the intended incentives – saying that “The system appears to be working well, providing a strong incentive to focus on the most important programme outputs”. It is, however, an innovative payment model which had been in operation for less than a year at the time of the evaluation. In line with the original MOU, a review of RBFS operations was held following 12 months of operation, and this has resulted in recommendations relevant both to the NIAF 2 RBFS and other programmes using such systems. Some changes have been made to the RBFS methodology as a result, and its operation over a longer period will be assessed as part of the summative evaluation being undertaken in 2016.
Dissemination of formative evaluation report – whilst this is entirely a decision for DFID, this formative evaluation must be shared with NIAF, and ideally published for a wider readership. The intended audience would be development professionals with an interest in the role of advisory facilities. This formative report and the data on which it is based will also form the basis of the summative evaluation.	Accepted	The evaluation has already been shared with NIAF and published. Links to the published version will be circulated to all members of the infrastructure and evaluation cadres, and to key government and counterpart contacts in Nigeria. We will assess whether there are other good opportunities to disseminate more widely.
DFID should enhance the effectiveness of the TRP visits and Annual Reviews by a) including visits outside Abuja and b) obtain a formal response to their reports from the NIAF PMU.	Accepted	Efforts had already been made to do arrange TRP meetings outside Abuja, but visits had to be cancelled because the relevant TRP member had to pull out for personal reasons.  More recently, security considerations in the run up to elections (and because much

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		<p>NIAF 2 state level work is in areas where Foreign Office advice is against all, or all but essential, travel) resulted in a DFID decision to limit meeting to Abuja. The next TRP meeting will focus on reviewing the NIAF 2 response to the emerging priorities the new government, but non-Abuja meeting will be included in the March 2016 schedule provided that security considerations permit.</p>
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<p>1. DFID should closely monitor the RBFS over the next year to ensure that: (i) it is not unduly weighted to the benefit of the supplier, and (ii) it does not deflect activities towards quick output wins, while avoiding more difficult work strands which are more critical to achieving outcomes.</p> <p>2. Dissemination of formative evaluation report – whilst this is entirely a decision for DFID, this formative evaluation must be shared with NIAF, and ideally published for a wider readership. The intended audience would be development professionals with an interest in the role of advisory facilities. This formative report and the data on which it is based will also form the basis of the summative evaluation. Medium-term</p> <p>3. DFID should enhance the effectiveness of the TRP visits and Annual Reviews by a) including visits outside Abuja and b) obtain a formal response to their reports from the NIAF</p>		

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PMU.		