

Document of
The World Bank
FOR OFFICIAL USE ONLY

Report No: PP5026

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT *AND/OR*
INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED GRANT

IN THE AMOUNT OF

US\$ 3.5 MILLION

TO THE

BORNO STATE GOVERNMENT

FOR A

MODERNIZING FINANCIAL AND DATA MANAGEMENT SYSTEMS IN BORNO STATE
{DATE}

{Governance Global Practice}

{Africa West Region}

Note to Task Teams:

1. Please modify amounts above and provide equivalent in US\$ if applicable.
2. Enter the date the Project Paper is sent for final approval.

CURRENCY EQUIVALENTS

(Exchange Rate Effective {Apr 04, 2022})

Currency Unit = United States Dollar (US\$)
= US\$1

FISCAL YEAR

January 1 - December 31

Regional Vice President: Ousmane Diagana
Country Director: Shubham Chaudhuri
Global Director: Edward Olowo-Okere
Practice Manager: Tracey M. Lane
Task Team Leader(s): Ikechukwu John Azubike Nweje

ABBREVIATIONS AND ACRONYMS

AG	Accountant General
BAY	Borno, Adamawa and Yobe States,
BH	Boko Haram
BOACSDHR	Borno State Agency for the Coordination of Sustainable Development and Humanitarian Service
COFOG	Classification of Functions of Government
CT	Complementarity Tracker
DB	Data Base
CPF	Country Partnership Framework
EDENN	Enhancing Development Effectiveness in Northern Nigeria
ESMF	Environmental and Social Management Framework
EU	European Union
FCDO	Foreign and Commonwealth Development Office
FCV	Fragility, Conflict and Violence
FCCE	Fragility, Capacity Constraints, Conflict and Emergency
(FM)	Financial Management
GA	Grant Agreement
GDP	Gross Domestic Product
GFS	Government Financial Statistics
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
HDI	Human Development Index
HDP	
IDA	International Development Association
IFR	Interim Financial Report
MCRP	Multi-Sector Crisis Recovery Project
MDA	Ministries, Department and Agencies
MFDMP	Modernizing Financial and Data Management Project
M&E	Monitoring and Evaluation
NEDC	North East Development Commission
PASA	Programmatic Advisory Service
PCU	Project Coordination Unit
PDO	Project Development Objective
PFM	Public Financial Management
PforR	Programme for Result
PRAMS	Procurement Risk Assessment and Management System
RETF	Recipient Executed Trust Fund
RF	Results Framework
SEP	Stakeholder Engagement Plan
SSC	State Steering Committee
SFMIS	State Financial Management Information System
SFTAS	Fiscal Transparency Accountability and Sustainability
SDC	State Data Center
TORs	Terms of References

TF	Trust Fund
----	------------



Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

BASIC INFORMATION

Is this a regionally tagged project? No		Country (ies)
Financing Instrument Investment Project Financing		Classification Small Grants
Approval Date 11-Jul-2022	Closing Date 31-Jan-2023	Environmental and Social Risk Classification Moderate
Approval Authority CDA	Bank/IFC Collaboration No	

Please Explain

Proposed Development Objective(s)

The proposed development objectives are to: (i) improve public financial management in Borno State through the implementation of a State Financial Management Information System (SFMIS), and (ii) improve data management in th State through the operationalization of a State Data Dash Board.

Components

Component Name	Cost (USD Million)
----------------	--------------------

Organizations

Borrower : Borno State Government

Implementing Agency : Borno State Ministry of Finance

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY



Practice Area (Lead)

Governance

Contributing Practice Areas

Urban, Resilience and Land

OVERALL RISK RATING

Risk Category

Rating

Overall

● High

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No



Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Not Currently Relevant
Community Health and Safety	Not Currently Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

Legal Covenants

Conditions

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Ikechukwu John Azubike Nweje	Team Leader(ADM Responsible)		EAWG2
Sunday Esene Osoba	Procurement Specialist(ADM Responsible)		EAWRU
Eucharía Nonye Osakwe	Financial Management Specialist(ADM Responsible)		EAWG2



Asha Narayan	Financial Management Specialist		EAWG2
Nyaneba E. Nkrumah	Environmental Specialist(ADM Responsible)		SAWE4
Zara Binta Goni	Social Specialist(ADM Responsible)		SAWS1
Chinwe Agatha Ukpong-Bassey	Team Member		AWCW2
Deborah Hannah Isser	Team Member		EAWG2
Elijah Abiodun Siakpere	Social Specialist		SAWS1
Haris Khan	Team Member		SAEU3
Harriet Chinemerem Igwe	Team Member		SAWE1
Helen Ogochukwu Okeke	Team Member		EAWG2
Nkem Joseph Palmer	Team Member		EAWG2
Olukayode O. Taiwo	Social Specialist		SAWS1
Serena Cavicchi	Team Member		SAWS1
Extended Team			
Name	Title	Organization	Location

Note to Task Teams: End of system generated content, document is editable from here.



NIGERIA
MODERNIZING FINANCIAL AND DATA MANAGEMENT SYSTEMS IN BORNO STATE

TABLE OF CONTENTS

I. STRATEGIC CONTEXT	7
A. Country Context	7
B. Sectoral and Institutional Context	8
C. Higher Level Objectives to which the Project Contributes	9
II. PROJECT DEVELOPMENT OBJECTIVES.....	10
A. PDO.....	10
B. Project Beneficiaries.....	10
C. PDO-Level Results Indicators.....	10
III. PROJECT DESCRIPTION.....	11
A. Project Components.....	11
B. Project Cost and Financing.....	13
IV. IMPLEMENTATION.....	14
A. Institutional and Implementation Arrangements.....	14
B. Results Monitoring and Evaluation	15
C. Sustainability	15
V. KEY RISKS	15
A. Overall Risk Rating and Explanation of Key Risks.....	15
VI. APPRAISAL SUMMARY	16
A. Legal Operational Policies	16
B. Environmental and Social.....	16
C. Financial Management.....	16
D. Procurement	17
VII. WORLD BANK GRIEVANCE REDRESS.....	18
VII. RESULTS FRAMEWORK AND MONITORING	20
ANNEX 1	21



I. STRATEGIC CONTEXT

Note to Task Teams: Formatting instructions for this document.

A. Header

1. *[All sub-sections must have a continuous paragraph numbering for the entire main text or for each annex per institutional standard.]*

(a) This is the sub-para numbering for this level. This is the sub-para numbering for this level. This is the sub-para numbering for this level.

(i) This is the sub-para numbering for this level. This is the sub-para numbering for this level.

(ii) This is the sub-para numbering for this level. This is the sub-para numbering for this level.

(iii) This is the sub-para numbering for this level. This is the sub-para numbering for this level.

A. Country Context

1. **Nigeria is a multi-ethnic and diverse federation, made up of 36 autonomous States, a federal capital territory and 774 local governments.** It is Africa's largest country by population and size of economy, with over 200 million people and a nominal gross domestic product (GDP) of around US\$490 billion (2020). Though Nigeria has the potential to be a giant on the global stage, it has continued to perform very poorly on several critical indicators. With over 40 percent of Nigeria's population living in poverty, the country has a poor Human Development Index (HDI), ranking 161st out of 189 countries in 2020. Fragility, conflict, and insecurity afflict many parts of the country, including insurgency in the North, while social exclusion, corruption and weak capacity in the public sector erode the trust that is the basis of the social contract between citizens and the State.
2. **COVID-19 pandemic, which broke out in early 2020, severely impacted the Nigerian economy further worsening poverty levels.** Lower growth, combined with the rise in inflation (from 11.4 percent in 2019 to 13.2 percent in 2020) is estimated to have pushed the poverty rate (measured at the international poverty line of 1.9 USD - 2011 Purchasing Power Parity) from 39.3 percent in 2019 to 41.1 percent in 2020. This increase translated to 5.8 million additional individuals becoming poor. The World Bank provided mitigation support to Nigeria on several fronts, including policy advice and financing needed for the COVID-19 response and other initiatives in critical sectors including energy, infrastructure, agriculture, education, and health¹. Amongst others, the World Bank supported the State governments' efforts through the States Fiscal

¹ Some of these include – (1) Power Sector Recovery Performance Based Operation (P164001), (2) Multi-Sectoral Crisis Recovery Project for Northern Eastern Nigeria – Additional Financing (P173104), (3) Nigeria COVID-19 Preparedness and Response Project (P173980) and Better Education Service Delivery for All (P160430)



Transparency Accountability and Sustainability PforR (SFTAS) to help improve the fiscal stability in the States. In 2021, Nigeria's GDP grew by 3.6 percent driven by a pick-up in services, trade, agriculture, and construction.

3. While these, among other government programs are geared towards engendering stability across the country, the North East geo-political zone remains volatile since the onset of the Boko Haram (BH) insurgency in 2009. Borno State which is part of the North-East region has been the epicenter of the Boko Haram insurgency. The state has suffered extensive infrastructural destruction, loss of life and population displacement. The state government's weak capacity has been diminished by the insurgency and continuing insecurity has resulted in a governance vacuum. A large percentage of the territory under the State is currently conflict-ridden, with Maiduguri, the state capital, providing a relative safe haven. This instability spills into Yobe and Adamawa states which neighbor Borno.
4. In support of the Nigeria government's initiatives for restoring peace and supporting livelihood in the region, the World Bank has developed a Multi-Sector Crisis Recovery Project (MCRP), covering Borno, Adamawa and Yobe (BAY) States, in addition to scaling up six already existing programs/projects² in these States. MCRP initially focused on strengthening peacebuilding initiatives, rebuilding social cohesion, rehabilitating infrastructure and restoring service delivery. However, the project was scaled up in 2021 to further focus on transitional stabilization needs of territories in continued or escalated crisis, as well as sustained recovery of territories that have come out of crisis. MCRP's project activities in Borno, as well as the activities of other partners in the region also gave rise to the need for an enhanced system for coordination of the various interventions by the State government.

B. Sectoral and Institutional Context

5. **For Borno State, the process of recovery will require very strong institutional arrangements**, particularly in the areas of public financial management (PFM) and planning. Institutions for public financial management, economic planning and coordination of reconstruction and recovery initiatives have been severely weakened and the State needs support for their restoration. Though, Borno State participated in SFTAS, the majority of government processes anchoring public financial management have remained manual, inefficient and difficult to ensure accountability. This includes core processes related to budgeting (preparation, execution and monitoring), funds disbursement, processing of salaries and pensions, cash planning, final accounts and statutory financial reporting. Consequently, automation of these processes and the strengthening of the PFM legal framework to institutionalize and bring them up to speed with national and international benchmarks is essential. A newly established agency - Borno State Agency for the Coordination of Sustainable Development and Humanitarian Service, responsible for coordination of all development Partnerships also requires technical assistance.

² These operations are: Nigeria States Health Investment Project (NSHIP, P120798), the State Education Program Investment Project (SEPIP, P122124), the Community and Social Development Project (CSDP, P157898), FADAMA (P131075) and the Youth Employment and Social Support Operation (YESSO, P157899).



6. This project - Modernizing Financial and Data Management Project (MFDMP), which will be recipient executed, provides additional support and complements other World Bank initiatives to support Borno State. While all interventions envisaged under this project will be implemented with the Maiduguri metropolis, they will complement the broader interventions that are currently ongoing under a sister World Bank Executed Trust Fund – Improving Governance Sub-Task under the Enhancing Development Effectiveness in Northern Nigeria (EDENN) PASA (P178600). Under this Governance Sub-Task of the EDENN PASA, Borno State is receiving support across various aspects of PFM, M&E and Development Coordination. However, several initiatives undertaken require modern information communication technology (ICT) assets and platforms for their effective operationalization. MFDMP will fill this gap and focus mostly on supporting the acquisition of these critical assets and platforms, with associated capacity building.

C. Higher Level Objectives to which the Project Contributes

7. **The higher-level objective of this project is** to contribute towards efficient use of public resources for public service delivery in Borno State. The project will aim to strengthened the capacity of the government to manage public financial resources and will contribute towards this goal by deploying a State Financial Management Information System (SFMIS) for efficient monitoring, accounting and reporting of budget execution in the State.
8. **The project is fully aligned to the Country Partnership Framework (CPF)** of 2021-2025. The Project Development Objectives (PDO) falls squarely within the first, third and fourth pillars of the CPF. The first pillar emphasizes the strengthening of the foundation of the public sector. This will be addressed through (i) increasing domestic revenue mobilization, (ii) improving the quality of public expenditure and (iii) enhancing the effectiveness, transparency and accountability of public institutions. The third pillar focuses on developing digital infrastructure, platforms and skills, while the fourth pillar focuses on reducing fragility in the Northeast and other areas affected by conflict. The various activities that will be financed by this Grant will contribute to the achievement of the objectives foreseen by these three afore-mentioned pillars of the CPF.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

Note to Task Teams: The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

9. The Project Development Objectives are to: (i) improve public financial management in Borno State through the implementation of a State Financial Management Information System (SFMIS), and (ii) improve data management in th State through the operationalization of a web enabled State Data Dash Board.



B. Project Beneficiaries

10. **The main beneficiary of the project is the Borno State government and its selected ministries, departments and agencies, and communities.** The project provides assistance to Ministries, Departments and Agencies (MDAs) that deal with State public finance and coordination of development initiatives. These will include offices and staff of Ministries of Budget and/or Economic Planning, Finance, Due Process/Public Procurement, Board of Internal Revenue, and Borno State Agency for the Coordination of Sustainable Development and Humanitarian Service.

C. PDO-Level Results Indicators

11. Progress towards achieving the project objective and results will be measured through the following key performance indicators:
- a. Borno State implements the General Ledger, which is the core module of SFMIS.
 - b. The Accountant General prepares Third Quarter Calendar Year 2022 Interim Financial Statement within 45 days of the end of the calendar semester.
 - c. Borno State Data Center is equipped and becomes operational.
 - d. Borno State development data is available to the public through the digital platform.

III. PROJECT DESCRIPTION

A. Project Components

Component 1: SFMIS Implementation (\$2.5million)

12. **Over the past few years, Borno State has made efforts to improve on its PFM practices,** such as adopting the Government Financial Statistics/Classification of Functions of Government (GFS/COFOG) compliant National Chart of Accounts, transitioning to the use of the International Public Sector Accounting Standard (IPSAS) and adopting a Treasury Single Account (TSA) method. However, the optimal implementation of these reforms has been constrained by the non-availability of an appropriate and enabling ICT platform. This component will support the procurement, installation and implementation of the technology (hardware and software) for budget execution, accounting and financial reporting in the State. The support shall cover inter alia: (i) support for the preparation of terms of reference, concept, technical design and bidding documents; (ii) the acquisition of software and any associated hardware for the SFMIS; (iii) the provision of technical assistance for the implementation of the selected software application; (iii) the provision of training to civil servants on the selected software application; and (iv) the documentation of the technical information for the implementation process of the selected software application.
13. **This component will aim to implement a small to medium range system, using technology that is simple,**



user friendly and with appropriate configuration. The project will encourage the State to adopt a phased approach, with priority being given to the critical core modules like general ledger, accounts receivable, accounts payables and reporting tools. Experience gained in the roll-out of the SFMIS under previous projects in Nigeria³ had brought to light the need to prioritize and appropriately sequence the implementation of the key modules. Considering the limited time available for the implementation of the project, the priority implementation of the ‘financials’ module will allow for a seamless linkage of budget execution, expenditure management and financial reporting. Placing priority on these core modules, it is expected that the State will in the shortest possible time have in place a system that would assure better management, reporting and monitoring of public finances in the States.

14. **As part of efforts to modernize public financial management practices,** Borno State Government is committed to automating some of the processes and key departments responsible for PFM. The component will also cover the acquisition of ICT equipment for all the stakeholder MDAs, following an assessment of their needs. Presently, most government processes anchoring public finance management such as budgeting (execution, and monitoring), funds disbursement, processing of salaries and pensions, cash planning, final accounts and statutory financial reporting to mention just a few; have remained manual and inefficient. With the successful implementation and rollout of the SFMIS at the office of the State Accountant General (AG), it will become expedient to also automate the basic business processes in some key MDAs that play complementary roles to the central treasury. These include the Ministries responsible for Finance and Budget, Board of Internal Revenue, the Office of the State Auditor General and the Bureau of Public Procurement. It is expected that improving the capacity of these MDAs, including the provision of the required equipment and training on their utilization, will enhance service delivery, strengthening transparency and accountability, and eliminate discretionary tendencies in expenditure control analogous with manual accounting environment. Change management will also be addressed during implementation as the appropriate human attitude towards new practices will be a catalyst for successful implementation of the changes. An indicative implementation schedule is shown at Annex 1a.

Component 2: Operationalization of the State Data Center (\$0.65million).

15. Following the BH crisis, numerous recovery initiatives from government and development agencies have supported rehabilitation and reconstruction of critical infrastructure and restoration of livelihoods. Coordination and management of these interventions have remained challenging, creating gaps in planning and poor accountability to the citizens and donors.
16. Building on past engagements, this component seeks to assist the Borno State Government, particularly the Borno State Agency for the Coordination of Sustainable Development and Humanitarian Service (BOACSDHR), in establishing a State Data Center (SDC). This will be done through technical assistance in the collection and analysis of longitudinal data on development initiatives, including government capital investments; (b) Procurement of software and any associated hardware to support the creation of a database to process, store and disseminate development data from various sources across Borno State. Though a physical DC currently exists, its operations are substantially manual and lacks the necessary modern tools for data management. With respect to the latter, this component aims to support the creation of a Data Base (DB) and a Complementarity Tracker (CT). The DB will provide a data warehouse while the CT will extract, compile,

³ PSGRDP (P097026) - 7 States; SLOGOR (P133045) - 5 States; SEEFOR (P121455) – 4 States



transform and link data providing useful analysis for decision-making. The DB will acquire, process, store, and disseminate data from various sources across the State, including the SFMIS, geo-spatial distribution satellite mapping, statistical surveys, Monitoring and Evaluation (M&E), and the data generated or required by the ongoing Recovery and Reconstruction initiatives.

17. The CT will provide a collaborative and dynamic approach to decision making within the FCV context through an intelligent system that looks across projects (by government, World Bank, and other partners in the HDP nexus) and interrelates them for improved effectiveness and efficiency of project selection, prioritization of thematic approaches, and complementarity of initiatives. Information from this system or tool will serve as decision support for humanitarian and developmental activities and will work collaboratively with other available tools (like the NEDC Security predictive tool) to provide incremental value for all stakeholders. The CT will be connected to an interface with different level of access to information. With the DB and the CT, the SDC aims at supporting and tracking the implementation of the State's development plan. Furthermore, The SDC will provide data to- and collect information from the Borno State Government Delivery Support Unit, supported by the UK's Foreign and Commonwealth Development Office (FCDO). Some of the activities envisaged under this component include the establishment of a modern and appropriately equipped digital, state-of-the-art, high-availability, and cloud-capable data processing and data warehousing facility.
18. It is expected that the analysis provided by the SDC will contribute to improved planning of interventions and evidence-based decision making, not only of the Government of Borno, but also of development partners and other actors engaged in supporting the State at this critical time. The CT will take advantage of systems-based approaches and tools to assist implementers and donors design programs that integrate a long-term vision for change into short-term support activities that build resilience across social, economic, and environmental systems. Fundamentally, systemic change will require a significant shift of mindset from phased thinking and "relief to development continuums" to ways of working that recognize the complexity and interconnected nature of risks and adapt quickly to the changes in the context. An indicative implementation schedule is shown at Annex 1b.

Component 3: Project Implementation Support (\$0.35million)

19. This component will provide coordination support to oversee and administer the implementation of the project. To this end, the project will finance operating costs, goods, consulting and non-consulting services to support the coordination of the administrative, M&E, financial management and procurement aspects of the Project. This component will also, with the approval of the World Bank, finance trainings and capacity building activities enabling and supporting the capacity of demand-side interventions, such as capacity of Civil Society Organizations (CSOs) to analyze and report on the financial and non-financial data that will be produced by the State as a result of the project, as well as capacity of project staff for critical project activities like environmental and social safeguards, project management, M&E, financial management and procurement.

B. Project Cost and Financing



Project Components	Project cost	Trust Funds	Counterpart Funding
Total Costs			
Component 1: SFMIS Implementation	2,500,000.00	2,500,000.00	Nil
Component 2: Operationalization of Data Center	650,000.00	650,000.00	Nil
Component 3: Project Implementation Support	350,000.00	350,000.00	Nil
Total Project Costs	3,500,000.00	3,500,000.00	
Total Financing Required	3,500,000.00		

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

20. Responsibility for the implementation of the project in Borno State will be as follows:

- a. **State Steering Committee (SSC):** The State will establish a SSC as the highest decision making body for the project in the State, chaired by the Governor or his/her representative. The SSC will comprise of the Commissioners or heads of key implementing Ministries, Departments, and Agencies (MDAs), including the Ministry of Finance, Office of the Special Adviser to the Governor, Sustainable Development, Partnerships and Humanitarian Support, the Bureau of Public Procurement, Office of the Accountant - General of the State, Office of the State Auditor-General and representatives of Civil Society. The State Governor will designate the representatives of the civil society. The SSC will convene every quarter or when necessary to: (a) review the implementation of the project, (b) approve work programs and budgets for the project, (c) ensure that agreed performance targets and timelines of the project are met, (d) address critical issues hindering the implementation of the project. The SSC will not be involved in the day-to-day management of the project but will provide a more strategic and policy guidance to the State project team.
- b. **Project Management:** The Project will be managed out of the Project Coordination Unit (PCU) for the MCRP. Project implementation will be managed, on a day-to-day basis by a full-time focal officer, who will report to the Project Coordinator (PC) for the MCRP, who will have overall responsibility for the implementation of the project. The focal officer will regularly liaise with the Accountant General of the State on matters relating to the SFMIS and the Special Adviser or other officer responsible for the BOACSDHR on matters relating to the DC, during the implementation of this Project. The focal officer, who will be knowledgeable in the subject



matter of the reforms covered by this project, will be selected through a procedure acceptable to the World Bank and consistent with the guidelines for employment of government officials and civil servants. The focal officer will also be supported by consultants, where civil servants experienced in (i) procurement and (ii) M&E, are not available.

- c. The main functions of the PCU shall include but not limited to: (a) providing support services on activities such as procurement, contract management, communication, M&E and safeguards, in line with the rules and procedures agreed with the Bank, (b) report to and act as the secretariat for the SSC, (c) prepare annual work plans, budgets, procurement plans, etc. and present these to the SSC for review and approval, (d) keep and manage project records and documents necessary for sound project management, transparency and accountability and (e) monitor implementation of the project and prepare periodic progress reports. The PC will be responsible for ensuring that the above functions and responsibilities are carried out and will be accountable for the overall performance of the project.

B. Results Monitoring and Evaluation

21. Project activities will be monitored on an ongoing basis to support the PDO achievement. The key PDO indicators and intermediate indicators detailed in Section VII will be collected and reported in regular bi-monthly monitoring and progress report and final assessment on completion of the project.

C. Sustainability

22. It is expected that the initiatives supported by the project will have a lasting impact on public finance management in Borno State and will showcase the benefit of increased accountability and transparency. The project design provides reasonable assurances regarding the sustainability of the activities supported in two key ways: (i) The new public financial management system and policies supported by the project are relevant to the needs of the States in the medium to long term as they face increasing development challenges and a more vocal citizenry that expects results and improved quality in public service delivery, (ii) the emphasis on the direct involvement and participation of civil servants, on-the-job and hands-on staff training and internalization of new processes and systems in each component of the project will build ownership of the reforms by the State officials and (iii) the adoption of small to medium range ICT system/platforms, using technology that is simple, user friendly and affordable will help keep the maintenance cost, post project, manageable by the Government.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

23. The assessment of the overall risk is rated High. Borno State remains a very fragile State, being the epicenter of the BH insurgency. Thus, the project will be implemented in an unstable security environment, given that the BH still maintains the ability to launch periodic attacks in some parts of the State including the capital. This



can expose the relevant officials, project implementation and the assets created under the project to medium to high risk. In addition, coherent policy response to peace building and stabilization remains a challenge which could impact commitment to government interventions.

24. This is an RETF and government of Borno State will be responsible for project implementation. The project will also be implemented through existing government structures. The hitherto, weak institutions and human capacity existing across the State public service has been further weakened by the insurgency, thus increasing implementation capacity and fiduciary risks of the project.

25. To mitigate these risks, the reforms supported by this project will contribute to institutional strengthening and reduced governance risks. The project will also collaborate with and leverage other ongoing World Bank assisted project, particularly the MCRP, which already have trained staff and operational structures necessary to ensure effective implementation. The project will coordinate with relevant non-state actors, including, civil society and other development partners active within Borno State to ensure optimal deployment of resources.

VI. APPRAISAL SUMMARY

Note to Task Teams: Please provide a summary description of the main economic benefits and costs of the project, and a summary of the key FM, procurement and safeguard issues.

A. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

B. Environmental and Social

Note to Task Teams: This summary section is downloaded from the PAD data sheet and is editable. It should match the text provided by E&S specialist. If it is revised after the initial download the task team must manually update the summary in this section. **Please delete this note when finalizing the document.**

26. The rating for environmental and social risks has been reviewed to moderate in view of the scope of the project. Although the project activities will not involve any civil works but will focus on procurement of equipment such as computers, which will be installed in office settings, there is the potential risk of threat of attack, vandalization or theft, marginalization of women, work disruptions and decreased productivity due to the nature of terrain and the conflict given the security situation in the state. There is no indication at this stage that the project will be replacing pre-existing computers and therefore an e-waste management plan is not needed. The ESCP will highlight the need to develop a simple screening tool to assess the computer installation process. For example, should there be any red flags, such as the need to dispose of any pre-existing computers, this will trigger the preparation of an e-waste management plan. In addition, the project will prepare an occupational and safety plan to address Covid-19 related



risks during equipment installations.

27. In consultation with the Bank the client will prepare and implement an inclusive Stakeholder Engagement Plan (SEP) proportional to the nature and scale of the project and associated risks and impacts. A draft of the SEP will be prepared and disclosed as early as possible and prior to Appraisal. A project specific Grievance Redress mechanism (GRM) will also be prepared.

C. Financial Management

28. A Financial Management (FM) assessment was conducted in line with the guidelines stated in the Financial Management Practices Manual issued by the Financial Management Sector Board on March 1, 2010. The FM arrangements designed under the MCRP will be deployed for the grant, and the responsibility will rest with the MCRP Borno PCU. While the institutional capacity in the state system PFM is weak, the initial FM risk is Substantial. However, considering that the grant will piggy-back on the FM arrangements for MCRP which is currently adequate, the overall project FM risk (residual) is Moderate. The key risks contributing to this rating and the mitigation measures are as follows:

- a. **Planning and budgeting:** Budget preparation will follow the State government's procedures as appropriate. On an annual basis, the Project Accountants at MCRP Borno PCU, in consultation with the Grant Focal Person and other key stakeholders will prepare the budget for the fiscal year based on the approved work program. The budget will be submitted to the task team leader (TTL) at least two months before the beginning of the project fiscal year.
- b. **Accounting:** The MCRP accounting software will be used for the grant. Accounting and control procedures for the Grant will be the same as for MCRP.
- c. **Financial reporting.** Interim Financial Reports (IFRs) will be prepared by the project on a semesterly (bi-annual) basis and submitted to the International Development Association (IDA) with 45 days after the end of each calendar semester. The annual project financial statements will be prepared and submitted to IDA within 6 months of the end of the government fiscal year by MCRP.
- d. **Internal control:** The control systems in the core government are weak due to devastation caused by the BH insurgency. Again, most of the government processes anchoring public finance management are manual and inefficient. This could result in failure to periodically track, reconcile and document advances. The project is expected to leverage from MCRP and PFMU arrangements in Borno State. Periodic internal audit under the Grant will be carried out by the MCRP Project Internal Auditor of Borno PCU. The internal audit reports will be shared with the Bank during implementation support missions. An Assistant Project Accountant will be nominated by PFMU to work with and support the Project Accountant to manage the Grant FM responsibilities. Adequacy of staffing will also be reviewed during supervision, and any additional staff will be deployed as needed during Grant implementation.
- e. **Auditing:** Annual audit of the grant will be conducted by MCRP Independent Auditor and submitted to the Bank within 6 months after the end of the fiscal year.

D. Procurement

29. Procurement under the project will be carried out in accordance with The World Bank Regulations for IPF Borrowers



- Procurement in Investment Project Financing for Goods, Works, Non-Consulting and Consulting Services, dated November 2020 and the provisions stipulated in the Grant Agreement (GA). Borno State MCRP PCU will manage the procurement implementation under the project.

30. **Procurement Risk Assessment.** The Procurement Risk Assessment and Management System (PRAMS) has been carried out at the MCRP PCU.
31. **PPSD.** A Project Procurement Strategy for Development is being prepared by the government and will be finalized before the signing of the project agreement.
32. **Procurement plan.** The list of contracts to be financed under the project, procurement category, selection methods, estimates, review types and procurement timeframes will be agreed with the Bank and cleared in STEP. The PCU is preparing procurement plan for the remaining life of the project and will be finalized before the signing of the Grant Agreement. The procurement plan will be updated at least annually or as required to reflect the actual project needs during implementation.
33. **Procurement performance and staffing:** The PCU has been implementing MCRP procurement activities since 2017 and has gained appreciable experience in implementing World Bank-funded projects. The PCU is very familiar in applying procurement flexibilities in fragility, capacity constraints, conflict and emergency (FCCE) situations. The SPCU has successfully implemented high-value procurements using the Request for Quotation (RFQ) selection method for goods, works and non-consulting services while Consultant' Qualification Selection (CQS) and Individual Consultant Selection (INDV) methods were used for consulting services. The project procurement performance risk is rated **Moderately Satisfactory**.
34. Procurement risk is rated **Moderate**, principally because the PCU has demonstrated the capacity and capability to implement procurement activities in an efficient and effective manner in security-affected environment and goods and services to be procured under the project are low value non-complex procurement packages. A number of procurement and stakeholder risks were identified, and mitigation measures are included in the PPSD.
35. **Disclosure of procurement information.** Disclosure of the procurement plan and all procurements shall be made in accordance with the provision of the above World Bank Procurement Regulations.
36. **Complaint handling mechanism:** Complaints arising from procurement processes under the project shall be managed in accordance with the provisions of the World Bank Procurement Regulations.
37. **Prior review by the World Bank.** All contracts under the project will mostly fall within Post Review thresholds and will be subject to Bank's post review during implementation.

VII. World Bank Grievance Redress

Note to Task Teams: Inclusion of the following text is mandatory. No additional text should be added in this section.

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns.



Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



VII. RESULTS FRAMEWORK AND MONITORING

Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

Results Framework

COUNTRY : Nigeria

Modernizing Financial and Data Management Systems in Borno State

Project Development Objectives

The proposed development objectives are to: (i) improve public financial management in Borno State through the implementation of a State Financial Management Information System (SFMIS), and (ii) improve data management in th State through the operationalization of a State Data Dash Board.

Project Development Objective Indicators

Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Name: Borno State has implemented the General Ledger, which is the core module of SFMIS.		Yes/No	N	Y			
Description:							
Name: c. Modern ICT equipment supplied and operational at the		Yes/No	N	Y			



Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Borno State Data Center							
Description:							
Name: d. Borno State development data is available to the public on State owned wed portal.		Yes/No	N	Y			
Description:							

Intermediate Results Indicators

Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Name: Adoption of a State Cash Management Plan		Yes/No	N	Y			
Description:							
Name: Adoption of a State Treasury Operations Manual		Yes/No	N	Y			
Description:							



Target Values

Project Development Objective Indicators

Indicator Name	Baseline	End Target
Borno State has implemented the General Ledger, which is the core module of SFMIS.	N	Yes
c. Modern ICT equipment supplied and operational at the Borno State Data Center	N	Yes
d. Borno State development data is available to the public on State owned web portal.	N	Yes

Intermediate Results Indicators

Indicator Name	Baseline	End Target
Adoption of a State Cash Management Plan	N	Yes
Adoption of a State Treasury Operations Manual	N	Yes

Note to Task Teams: End of system generated content, document is editable from here.



Annex 1: Implementation Plan

Annex 1A: FMIS Implementation Plan

1.	Activities	Months								
		Jun. 2022	Jul. 2022	Aug. 2022	Sept. 2022	Oct. 2022	Nov. 2022	Dec. 2022	Jan. 2023	
1.1	Proposed FMIS solution demo, scripts validation of system functionalities, solution technical evaluation, and recommendation for direct contracting of proposed solution.									
1.2	Contract signed and commencements of implementation services- System Requirements Study (SRS).									
1.3	FMIS installation and configurations.									
1.4	FMIS training delivery.									
1.5	User Acceptance Tests (UATs) and Quality Assurance Services.									
1.6	System commissioned for production use/ go-live.									
1.7	Operational Acceptance Tests (OAT) of the various functionalities.									
1.8	Implementation closure and commencement of post implementation support.									

Annex 1B: State Data Center Implementation Plan

2.	Activities	Jun. 2022	Jul. 2022	Aug. 2022	Sept. 2022	Oct. 2022	Nov. 2022	Dec. 2022	Jan. 2023
2.1	Define Technical Specifications of required hardware/ infrastructure equipment.								
2.2	Undertake Procurement Shopping method for the acquisition of the equipment.								
2.3	Evaluate proposals and select for contract award.								
2.4	Equipment delivery at client site.								
2.5	Installation and pre-commissioning of hardware/ infrastructure equipment, including training.								



2.6	Equipment commissioned for production use/ go-live.								
2.7	Operational Acceptance of the deployed equipment.								
2.8	Implementation closure and commencement of post implementation support.								