



## State and Local Governance Reform Project (P133045)

AFRICA | Nigeria | Governance Global Practice |  
Recipient Executed Activities | Technical Assistance Loan | FY 2015 | Seq No: 4 | ARCHIVED on 07-Nov-2016 | ISR25415 |

Implementing Agencies: International Donor Support, Ministry of Finance & Economic Planning, Ministry of Finance, Ministry of Budget & Economic Planning, Ministry of Budget & Planning, Ministry of Budget & Planning

### Key Dates

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Bank Approval Date:17-Oct-2014

Effectiveness Date:21-Jan-2015

Planned Mid Term Review Date:14-Apr-2017

Actual Mid-Term Review Date:--

Original Closing Date:31-Mar-2017

Revised Closing Date:31-Mar-2017

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective (PDO) is to improve transparency, accountability and quality in public financial management in the participating states.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

### Components

Name

Component A: Public Financial Management Reforms.:(Cost \$43.00 M)

Component B: Support to Local Governance.:(Cost \$5.50 M)

Component C: Project Coordination.:(Cost \$14.50 M)

Performance Challenge Fund and Contingency:(Cost \$10.50 M)

### Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Satisfactory	● Satisfactory
Overall Risk Rating	● Substantial	● Substantial



## Implementation Status and Key Decisions

1. The project was approved in October 2014 and became effective on January 21, 2015. Following effectiveness, project implementation initially started on a slow note, but has been picking up ever since. Since the last ISR, some modest achievements have been accomplished and the details are documented in this ISR. To date, the project has disbursed a total of Euro 9.9 million, being about 16 percent of the total Grant amount.
2. Consultancies in different areas of public financial management (PFM) reforms are currently ongoing in the States, with special attention being on efforts to enhance internally generated revenue (IGR) and budget execution reforms in light of the fiscal constraints confronting the different state governments across the country.
3. Some of the early results achieved in the participating states include:
  - (a) Taxpayer surveys to increase taxpayer bases and development of modern electronic taxpayer database management systems have been completed in Cross River and Kano States. The task team is stepping-up support to these States to ensure that the additional taxpayer-base positively impacts on the States' IGRs.
  - (b) Anambra, Cross River, Jigawa, Kano and Yobe States have developed and adopted medium term sector strategies (MTSS) in key sectors (including education, health and water sectors) to ensure more strategic budgeting. It is hoped that paying critical attention to these sectors in the budgets of these States will help address Nigeria's particularly poor human development indicators.
  - (c) Anambra, Cross River and Yobe States have fully adopted the Government Financial Statistics/Classifications of Functions of Government (GFS/COFOG) compliant budget classification and National Chart of Accounts and used same for the preparation of their 2016 annual budgets. Jigawa State has completed arrangements and will use the National Chart of Accounts for the preparation of its 2017 budget.
  - (d) Improvement in the timeliness of publication and coverage of Audit Reports in Yobe and Osun State. The two States successfully finalized and published their Audit Reports for 2015 within six months of the end of the 2015 fiscal year. Other States are also working assiduously to complete theirs before the end of November 2016.
  - (e) All the participating States, except Kano State, have now adopted modern public procurement systems. In Anambra, Cross River, Jigawa, Osun and Yobe States, Procurement Laws, Regulations and other procurement tools have been developed. Focus is now on institutionalizing their use in the day-to-day procurement activities in the States.
  - (f) On the support to Local Governance component, an agreement was reached with all States during the last implementation support mission that the first stage, i.e. adopting roadmaps for devolution of powers to local governments, should be completed by all States before the end of December 2016. The achievement of this milestone will form part of the criteria for distributing the performance challenge fund during MTR.

## Risks

### Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● Substantial	● Substantial
Macroeconomic	--	● Substantial	● Substantial
Sector Strategies and Policies	--	● Moderate	● Moderate
Technical Design of Project or Program	--	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	--	● Substantial	● Substantial
Fiduciary	--	● High	● High
Environment and Social	--	● Low	● Low
Stakeholders	--	● Moderate	● Moderate
Other	--	--	--
Overall	--	● Substantial	● Substantial

## Results



### Project Development Objective Indicators

- State Government audited accounts are submitted to the legislature within 6 months from end of financial year in any state. (Months, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	12.00	10.00	9.00	6.00
Date	27-Nov-2013	29-Feb-2016	06-Oct-2016	31-Mar-2017

#### Comments

Yobe and Osun States completed this process in five and six months respectively, while the four remaining states are still outstanding as at the time of the mission. However, there are strong indications that the exercise will be completed before the end of November 2016. Actual current result reported is based on the average of 5 and 7 months for Yobe and Osun States respectively and 11 months for the other four States.

- Participating States producing annual financial statements using new SIFMIS (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.00	1.00	0.00	4.00
Date	27-Nov-2013	29-Feb-2016	06-Oct-2016	31-Mar-2017

#### Comments

Cross River State had a system up to August 2015 but experienced a system collapse. The task team is supporting the State to get the system back up and running.

- Actual collection of internally generated revenue in participating states (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.00	5.00	10.00	40.00
Date	27-Nov-2013	29-Feb-2016	06-Oct-2016	31-Mar-2017

#### Comments

At this stage of implementation, at least three States ought to have grown their IGR by 30 percent. Actual current result reported is based on the average for the six States based on 2015 IGR performance.

States	%
Anambra	45%
Cross River	8.4%
Jigawa	0%



Kano	-37%
Osun	17.8%
Yobe	28%

► Public contracts above threshold awarded through open competition (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	20.00	30.00	70.00	80.00
Date	27-Nov-2013	29-Feb-2016	06-Oct-2016	31-Mar-2017

Comments

Whilst four States are expected at this point to be awarding at least 30% of contracts above threshold competitively, the best four states are Cross River, currently at 100%, Jigawa at 100%, Yobe at 70% and Osun at 10%. The current actual result reported is based on the average for the four States.

Overall Comments

**Intermediate Results Indicators**

► Participating States with modern\* Finance Legislation (\* Legislation not more than 5 years old. Most states currently rely on Federal Finance Control and Management Act of 1958) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1.00	2.00	4.00
Date	27-Nov-2013	29-Feb-2016	06-Oct-2016	31-Mar-2017

Comments

Modern organic PFM Laws are in place in Anambra and Cross River States.



► Participating States publishing Auditor General's Report (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	2.00	4.00	4.00
Date	27-Nov-2013	29-Feb-2016	06-Oct-2016	31-Mar-2017

Comments

Four States (Anambra, Cross River, Osun and Yobe) publish their Audited General's Reports.

► Participating States' revenues and expenditure covered in Auditor General's annual report (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	75.00	86.67	91.25	90.00
Date	27-Nov-2013	29-Feb-2016	06-Oct-2016	31-Mar-2017

Comments

At this stage of implementation, three States ought to be covering 85 percent of States' revenues and expenditure in Auditor Generals' Report. The five best performing States on this indicator to date are Cross River and Osun (100 percent), Anambra (85 percent) and Yobe and Jigawa (80 percent). Actual current result reported is based on the average for the top five States.

► Participating States convening Annual Audit Forums (with CSO participation) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	4.00	4.00
Date	27-Nov-2013	29-Feb-2016	06-Oct-2016	31-Mar-2017

Comments

Four States (Anambar, Cross River, Osun and Yobe) have convened Audit Forums in 2016.



► States that have implemented 3 key modules of SIFMIS (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.00	1.00	1.00	4.00
Date	27-Nov-2013	29-Feb-2016	06-Oct-2016	31-Mar-2017

Comments

Cross River has already implemented three key modules of SIFMIS. Though the system is currently down, the task team is working with the State to resolve the problems.

► Participating States that have used the National Chart of Accounts for the production of Budgets (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	3.00	4.00	5.00
Date	27-Nov-2013	29-Feb-2016	06-Oct-2016	31-Mar-2017

Comments

Anambra, Cross River, Jigawa and Yobe currently use the National Chart of Accounts to prepare their budgets.

► Participating States that have developed medium- term (3 year rolling) sector strategies in at least 10 pilot MDAs (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	2.00	2.00	5.00	5.00
Date	27-Nov-2013	29-Feb-2016	06-Oct-2016	31-Mar-2017

Comments

The Project and SPARC (DFID - funded project) supported five states to prepare and implement MTEF/MTSS. SPARC has closed and SLOGOR is now supporting expansion to more sectors and building for better implementation.



► Taxpayer database established in participating states (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1.00	2.00	4.00
Date	27-Nov-2013	29-Feb-2016	06-Oct-2016	31-Mar-2017

Comments

Cross River and Kano States have completed taxpayer identification exercise and established modern electronic taxpayer databases.

► States with Procurement Regulatory Framework (Legislation, Regulation and Standard Bidding Documents) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	2.00	3.00	5.00	5.00
Date	27-Nov-2013	29-Feb-2016	06-Oct-2016	31-Mar-2017

► Direct project beneficiaries, percentage of which are female (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	10.00	10.00	30.00	35.00
Date	27-Nov-2013	28-Sep-2015	06-Oct-2016	31-Mar-2017

Comments

Anambra has 55 percent, Cross River 40 percent, Jigawa 10 percent, Osun 25 percent, while Kano and Yobe - nil. Current actual reported is based on the average for the six States.

► Road map for devolution of authority and function to LGs by States' Governments (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1.00	1.00	3.00
Date	27-Nov-2013	28-Sep-2015	06-Oct-2015	31-Mar-2017



Overall Comments

**Data on Financial Performance**

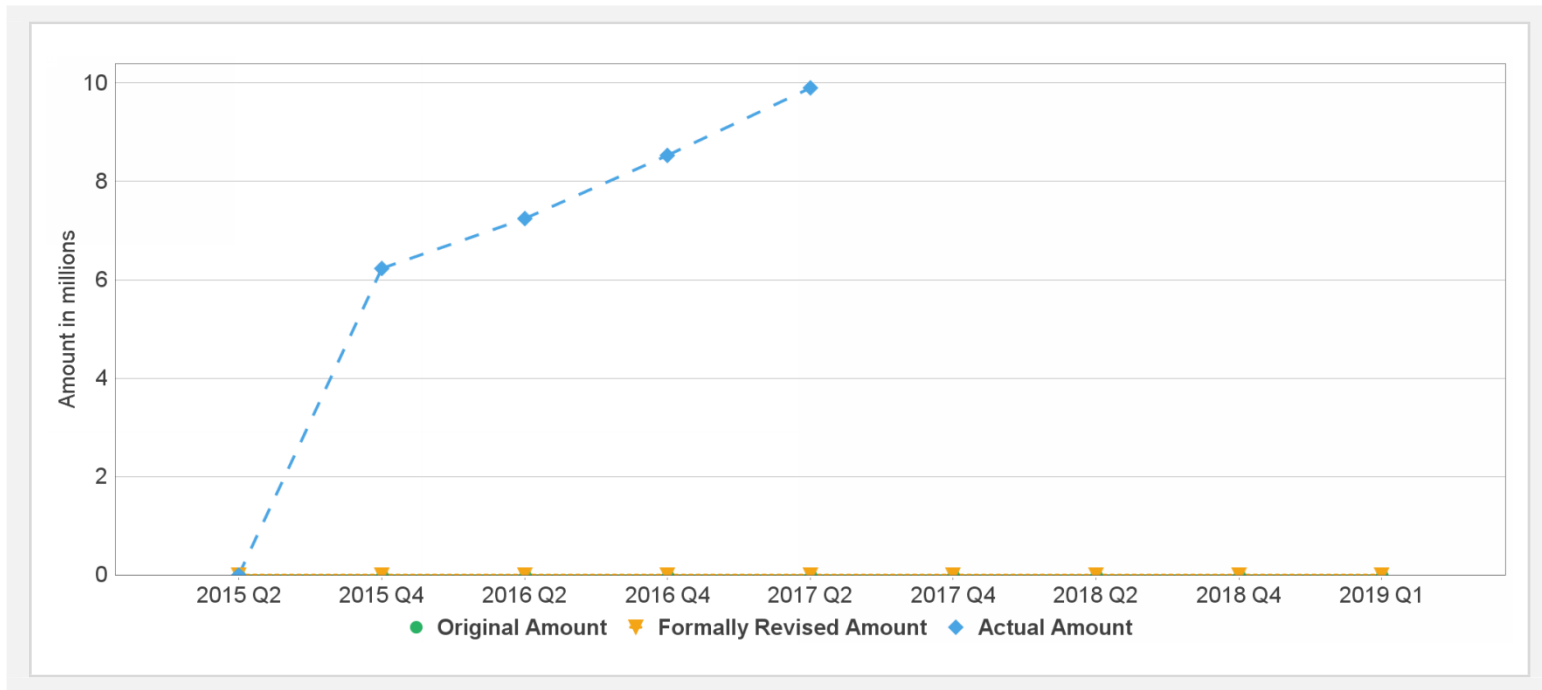
**Disbursements (by loan)**

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P133045	TF-18335	Effective	USD	60.54	60.54	0.00	9.91	50.78	16%

**Key Dates (by loan)**

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P133045	TF-18335	Effective	01-Dec-2014	01-Dec-2014	21-Jan-2015	31-Mar-2017	31-Mar-2017

**Cumulative Disbursements**



**Restructuring History**

There has been no restructuring to date.





### Related Project(s)

There are no related projects.

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