



Nigeria Edo State Fiscal Improvement and Service Delivery Operation (P151480)

AFRICA | Nigeria | Macro Economics & Fiscal Management Global Practice |
IBRD/IDA | Development Policy Lending | FY 2015 | Seq No: 2 | ARCHIVED on 29-Jun-2016 | ISR24508 |

Implementing Agencies: Edo state Ministry of Finance

Key Dates

Key Project Dates

Bank Approval Date: 29-Apr-2015

Effectiveness Date: 07-Mar-2016

Planned Mid Term Review Date: --

Actual Mid-Term Review Date: --

Original Closing Date: 30-Apr-2016

Revised Closing Date: 31-Dec-2016

Program Development Objectives

Program Development Objective (from Program Document)

To support Edo state in the implementation of critical policy and institutional reforms to improve the management of its public resources; increase private sector access to land for investment and improve the quality of education.

Overall Ratings

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

Implementation Status and Key Decisions

The Operation became effective only on March 7, 2016, due the delayed parliamentary approval of the country's 2015 External Borrowing Plan and the change of Government at the federal level in May 2015. Prior to its effectiveness however, the team monitored Edo's state's progress in advancing the reforms supported by the operation; and following effectiveness, the team has undertaken an implementation support mission to Edo state in June 2016.

Our overall assessment is that the Edo State Government has largely maintained its strong reform momentum and made good progress in building on a number of the reforms supported by the DPF program. Some important areas include:

1. Expansion of the state's tax base: While the economic down-turn in Nigeria has put downward pressure on tax collection from many handles e.g. Capital Gains Tax, Stamp Duties, and Development Levy, the state's efforts to expand the base for tax collection have been successful in keeping the average monthly tax collections so far in 2016 at about 20% above the average in 2015. The state has embarked on massive taxpayer registration and has strengthened its administration of its new taxes like the Consumption Tax and the Land Use Charge.
2. The state concluded a full audit and revalidation of its entire payroll in December 2015 and has instituted quarterly payroll verification audits from 2016.



3. The state is committed to institutionalizing a budgeting process that is couched within a medium term framework, through the instrumentality of Medium Term Sector Strategies (MTSS) and the Medium Term Expenditure Framework (MTEF). This process was piloted for the preparation of the state's 2016 budget and is being strengthened for the 2017 budgeting round.
4. More progressive roll-out of the electronic budget and treasury system (State Integrated Financial Management Information System (SIFMIS)).
5. Approval by the state executive council of the recommendations from the assessment of the land transaction charge regime in the state – this has resulted in a nine (9) percentage point reduction in land transfer charges and about 45 percent reduction (on average) in the cost of obtaining Certificates of Occupancy (C-of-O) for the different categories of land (residential, commercial/industrial, agricultural).
6. Agreements-in-Principle reached for technical partnerships between four private sector companies and Technical/Vocational Education (TVE) institutions in Edo state to enable stronger links between TVE curriculum and industry requirements.

There however remain a few challenges with the roll-out of the SIFMIS but the state is working assiduously to overcome these challenges. It is our assessment that the DPO instrument continues to be an effective tool in Edo State for creating incentives for the state to commit to the improvement of its policies and institutions.

Risks

Systematic Operations Risk-rating Tool

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

Results

Results Indicators



► Number of taxpayers captured in Edo state's electronic taxpayer (U-TIN) database (Number (Thousand), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	38.00	--	169.20	120.00
Date	31-Dec-2014	--	22-Jun-2016	31-Dec-2016

► Audited civil service payroll with accurate staff numbers (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	--	Y	Y
Date	31-Dec-2014	--	22-Jun-2016	31-Dec-2016

► Percentage of procurement staff in Edo state public service certified (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	30.00
Date	31-Dec-2014	--	22-Jun-2016	31-Dec-2016

Comments

Following the establishment of the Procurement Cadre for the state's public service, vacancies were declared and shortlisted applicants went through a conversion test. Successful candidates have been selected and have started undergoing training. However, the Implementation Support Mission of June 2016 advised that the training process be strengthened e.g. through the use of the Federal Government training program for Procurement Officers which leads to Certification.

► Operational integrated electronic platform for budget preparation, execution and reporting (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	--	N	Y
Date	31-Dec-2014	--	22-Jun-2016	31-Dec-2016

Comments

Huge progress has been made on the path to achieving full integration of the budget preparation, execution and reporting processes through the instrumentality of the Oracle SIFMIS architecture. The state has deployed and is using many of the SIFMIS modules. However, it is until the full functionalities of this system are being deployed concurrently on a real-time basis that this indicator can be termed to be



fully achieved.

► Expenditure arrears in relation to total expenditure (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	25.60	--	5.64	10.00
Date	31-Dec-2014	--	31-May-2016	31-Dec-2016

► Number of MDAs for which Medium Term Sector Strategies (MTSSs) are prepared and reflected in the annual budget in consistency with fiscal stability goals (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	10.00	6.00
Date	31-Dec-2014	--	31-Dec-2015	31-Dec-2016

► Number of months between end of fiscal year and the publication of the state's audited financial statements (Months, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	9.00	5.00	5.00	7.00
Date	31-Dec-2014	30-Nov-2015	30-Nov-2015	31-Dec-2016



► Land transfer fees as a percentage of land value in Edo state (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	26.40	--	17.40	20.40
Date	31-Dec-2014	--	22-Jun-2016	31-Dec-2016

► Number of partnership agreements executed between TVET colleges and private sector actors (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	3.00
Date	31-Dec-2014	--	22-Jun-2016	31-Dec-2016

Comments

Agreement-in-principle reached with four (4) private sector companies but framework for implementation of partnership arrangements are still being worked out. The four companies are:

1. Azura Power Plant, Benin-City
2. Presco Oil Company, Benin-City
3. Okomu Oil Company, Benin-City
4. Dangote Conglomerate.

► Percentage of eligible female students in TVET colleges benefitting from TVET-Private sector partnership arrangements (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	50.00
Date	31-Dec-2014	--	22-Jun-2016	31-Dec-2016

Comments

This target will only be achieved after the partnership arrangements are in force.



- Percentage of SBMCs monitoring and reporting on teacher and pupil attendance (disaggregated by gender) at basic education level (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	50.00	60.00
Date	31-Dec-2014	--	22-Jun-2016	31-Dec-2016

Overall Comments

Data on Financial Performance

Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P151480	IDA-56260	Effective	XDR	53.30	53.30	0.00	53.30	0.00	100%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P151480	IDA-56260	Effective	29-Apr-2015	23-Dec-2015	07-Mar-2016	30-Apr-2016	31-Dec-2016

Tranches

Restructuring History

There has been no restructuring to date.

Related Operations

P157619-SECOND EDO STATE FISCAL IMPROVEMENT AND SERVICE DELIVERY OPERATION