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The World Bank

Report No: ICR2902

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IDA-40110)

ON A

CREDIT IN THE AMOUNT OF

SDR 93.4 MILLION
(US\$140 MILLION EQUIVALENT)

TO THE
FEDERAL REPUBLIC OF NIGERIA

FOR AN

ECONOMIC REFORM AND GOVERNANCE PROJECT

March 14, 2014

Poverty Reduction and Economic Management (AFTP3)
Nigeria Country Unit,
Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective Nov 20, 2013)

Currency Unit = Naira (N)

Naira1 = USD 0.0061

USD 1 = Naira 165

SDR 1 = USD 1.52

FISCAL YEAR

January 1 - December 31

ABBREVIATIONS AND ACRONYMS

AFTDE	Development Effectiveness Unit
BES	Budget Execution System
BPP	Bureau of Public Procurement
BPS	Budget Preparation System
BPSR	Bureau of Public Service Reform
bn	Billion
CPS	Country Partnership Strategy
DfID	Department for International Development
EFCC	Economic and Financial Crimes Commission
ERGP	Economic Reforms and Governance Project
FAAN	Federal Aviation Authority
FATF	Financial Action Task Force
FCTA	Federal Capital Territory
FGN	Federal Government of Nigeria
FIRS	Federal Inland Revenue Service
FM	Financial Management
FMF	Federal Ministry of Finance
FMI	Federal Ministry of Information
FMR	Financial Monitoring Report
FOS	Federal Office of Statistics
FRCN	Financial Reporting Council of Nigeria
FTA	Federal Training Academy
FY	Financial Year
GDDS	General Data Dissemination System
GIFMIS	Government Integrated Financial Management Information System
HR	Human Resource
ICB	International Competitive Bidding
IDA	International Development Association
INTOSAI	International Organization of Supreme Audit Institutions
IPPIS	Integrated Personnel and Payroll System
IPSAS	International Public Sector Accounting Standards
IRFS	International Financial Reporting Standards
IRI	Intermediate Results Indicator
ISR	Implementation Status and Results
IST	Investment and Securities Tribunal
JISU	Joint Bank Group Interim Strategy Update
JTB	Joint Tax Board
km	Kilometer
MDA	Ministries, Departments and Agencies
M & E	Monitoring and Evaluation

MS	Moderately Satisfactory
MTR	Mid Term Review
Mn	Million
NAMA	Nigerian Airspace Management Authority
NASB	Nigerian Accounting Standards Board
NBS	National Bureau of Statistics
NCAA	Nigerian Civil Aviation Authority
NCC	National Copyright Commission
NCPP	National Council on Public Procurement
NEEDS	National Economic Empowerment and Development Strategy
NPC	National Planning Commission
NSBD	National Standard Bidding Documents
OAGF	Office of the Accountant General of the Federation
OAGF	Office of the Auditor General for the Federation
OHCSF	Office of the Head of Civil Service of the Federation
OI	Outcome Indicator
PAC	Public Accounts Committee
PAD	Project Appraisal Document
PCU	Project Coordinating Unit
PDO	Project Development Objective
PENCOM	National Pensions Commission
PET	Project Executing Team
PFM	Public Financial Management
PIF	Performance Improvement Facility
PITT	Project Implementation Task Team
PSGRDP	Public Sector Governance Reform and Development Project
PSRP	Public Sector Reform Program
S	Satisfactory
TSA	Treasury Single Account
USD	United States Dollar
SDR	Special Drawing Rights

NIGERIA
ECONOMIC REFORM AND GOVERNANCE PROJECT

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Data Sheet

A. Basic Information			
Country:	Nigeria	Project Name:	Federal Government Economic Reform and Governance Project
Project ID:	P088150	L/C/TF Number(s):	IDA 40110
ICR Date:		ICR Type:	Core ICR
Lending Instrument:	Investment (Technical Assistance) Loan	Borrower:	Federal Republic of Nigeria
Original Total Commitment:	SDR 93.4mn	Disbursed Amount:	SDR 87.64mn
Revised Amount:	SDR 87.88 mn	Cancelled Amount	SDR 5.52mn
Environmental Category: C			
Implementing Agencies:			
<ol style="list-style-type: none"> 1. Office of the Accountant General of the Federation - OAGF 2. Office of the Auditor General for the Federation - OAuGF 3. Nigerian Accounting Standards Board - NASB (now the Financial Reporting Council – FRC) 4. Federal Inland Revenue Service – FIRS 5. Bureau of Public Procurement - BPP 6. Economic and Financial Crimes Commission - EFCC 7. Bureau of Public Service Reform -BPSR 8. Federal Office of Statistics – FOS now the National Bureau of Statistics - NBS 9. Federal Ministry of Finance (an Implementing Agency and a Project Coordinating Unit (PCU) which coordinated implementation within a set of other agencies referred to as Project Execution Teams, of which are: Federal Ministry of Information and Communications, Federal Capital Territory Authority (FCTA), National Planning Commission (NPC), Federal Ministry of Aviation**, Investments & Securities Tribunal (IST)**, Office of the Special Assistant to the President on Civil Society Relations**, National Assembly**, Office of the Head of the Civil Service of the Federation (OHCSF)**, National Insurance Commission (NAICOM)**, and Nigeria Copyright Commission (NCC)**). <p>** Agencies included during restructuring National Pensions Commission – PENCOM was an implementing agency at inception but <i>the component was subsequently dropped.</i></p>			
Co-financiers and Other External Partners:			
Department for International Development UK - DfID			

B. Key Dates				
Process	Date	Process	Original Date	Revised/Actual Date/s
Concept Review:	Jul 13, 2004	Effectiveness:	April 24, 2005	Apr 25, 2005
Appraisal:	Oct 18, 2004	Restructuring:	NA	Mar 30, 2006 Apr 1, 2009

				Feb 8, 2011 Aug 15, 2012 Jan11, 2013
Approval:	Dec 14, 2004	Mid-Term Review:	Feb 28, 2008	Jul 17, 2008
Signing:	Jan 24, 2005	Closing:	February 28, 2011	Jun 30, 2013

C. Ratings Summary

C.1 Performance Rating by ICR

Outcomes:	Moderately Satisfactory
Risk to Development Outcome:	Substantial
Bank Performance:	Moderately Satisfactory
Borrower Performance:	Moderately Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)

Bank	Rating	Borrower	Rating
Quality at Entry:	Moderately Satisfactory	Government:	Moderately Satisfactory
Quality at Supervision:	Moderately Satisfactory	Implementing Agency:	Moderately Satisfactory
Overall Bank Performance	Moderately Satisfactory	Overall Borrower Performance	Moderately Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators

Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project at any time (Yes/No):	Yes	Quality at Entry (QEA):	None
Problem Project at any time(Yes/No):	No	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:	Moderately Satisfactory ¹		

Since the PDO was formally revised with approval of the original approving authority, the following are the separate and weighted ratings based on the original PDOs.

	Outcome Ratings
Against original PDO	Moderately Unsatisfactory
Against formally revised PDOs	Moderately Satisfactory
Overall (weighted)rating	Moderately Satisfactory

¹Implementation Status and Results Seq No. 15 Archive Date 18-May-2013

- **Computation of weighted PDO Rating**

Parameter		Against original DPO	Against Revised DPO	Overall (weighted av)
	Weight (%disbursed before/after DPO change)	39%	61%	100%
Relevance	Rating	Substantial	Substantial	Substantial
	Rating Value	4.5	4.5	4.5
Efficacy	Rating	Moderately Unsatisfactory	Moderately Satisfactory	Moderately Satisfactory
	Rating Value	3.0	4.0	3.6
Efficiency	Rating	Modest	Substantial	Substantial
	Rating Value	3.0	4.5	3.9
Overall	Final rating (rounded)			Moderately Satisfactory
	Weighted value			4.0

Note: The four point scale for Relevance and Efficiency has been converted to the six point scale of achievement and overall rating

D. Sector and Theme Codes		
	Original	Actual
Sector Code (as % of total Bank financing)		
Law and Justice and Public Administration		
Central Government Administration	95%	100%
Compulsory Pension and Unemployment Insurance	5%	--
Theme Code (as % of total Bank financing)		
Public expenditure, financial management and procurement	25%	25%
Administrative and civil service reform	25%	25%
Other public sector governance	24%	24%
Tax policy and administration	13%	13%
Economic statistics, modeling and forecasting	13%	13%
E. Bank Staff		
Positions	At ICR	At Approval
Vice President:	Makhtar Diop	Gobind Nankani
Country Director:	Marie Francoise Marie-Nelly	Hafiz M. H. Ghanem
Sector Manager:	Mark Roland Thomas	Cadman Atta Mills
Project Team Leader:	Gloria Aitalohi Joseph-Raji	Victoria Kwakwa
ICR Team Leader:	Atul Deshpande	
ICR Primary Author:	Atul Deshpande	

F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document)

In line with the federal government's goal to significantly strengthen governance and accountability, reduce corruption and deliver services more effectively, the objectives of the project were two-fold:

- (i) *to improve the federal government's economic and financial management systems and processes; and*
- (ii) *to firmly establish a reform process of the federal civil service to improve professionalism and the government's ability to deliver services*².

These were expected to build a broad framework for good governance and fight against corruption; significant reduction in corruption over time through system-wide structural changes; and help put the Federal Government of Nigeria's (FGN) finances on a path of fiscal sustainability and enhance efficiency in use of government resources.

Revised Project Development Objectives (as approved by original approving authority)

During the restructuring of April 2009, the original PDO was replaced by a revised PDO as follows:

*"Improvement of the federal government's administrative, financial, human resource and statistical systems"*³.

a. PDO Indicators

Originally, the PAD had two Outcome Indicators (OI). During restructuring in April 2009, the PDO was revised and the two OIs were replaced by five "measurable Key Performance Indicators (KPI)" to reflect the improvement in the administrative, financial, human resource and statistical systems⁴. The assessment below is based on the revised set of KPIs⁵.

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
KPI 1: Number of agencies with budget and financial reports prepared from GIFMIS within seven days of each month's end.				
Value quantitative or Qualitative)	0	120	--	209 ⁶
Date achieved	April 25, 2005	Jun 30, 2013		Apr 30, 2013

² Project Appraisal Document Page 4

³ World Bank Amendment Letter to the Development Credit Agreement dated April 15, 2009

⁴ These indicators were included in the Credit Agreement in April 2009 and subsequently revised in February 2011 and August 2012. The modifications in the indicators over the project life are detailed in Annex 1

⁵ The actual value achieved at project completion has been sourced from *Annex: Arrangements for Monitoring Results, Aide Memoir Implementation Support Mission Jun 10-27, 2013*. Wherever another source was available, the latter has been used and cited in footnote

⁶ OAGF, Implementation Status Report, October 31, 2013

Comments (incl. % achievement)	Target exceeded The Budget Execution System of GIFMIS went live in April 2012 with 93 Ministries, Departments and Agencies (MDA) covering 48% of the federal finances. At project closure, 209 MDAs had interfaced with the Central Bank of Nigeria for budget execution and cash management (Treasury Single Account - TSA). As of 31 Oct 2013, 225 MDAs were on the system and 78% of the federal finances were covered. The implementation of the Budget Preparation System (BPS) has since been completed and it has been used to prepare the 2014 budget ⁷ .			
KPI 2: Number of economic & financial crime prosecutions by EFCC				
Value quantitative or Qualitative)	263 nos.	--	--	502 (in the year 2012) ⁸
Date achieved	Dec 31, 2005	--	--	Dec 31, 2012
Comments (incl. % achievement)	No target was set for this indicator but there was a significant increase from baseline. The EFCC had indicated that due to the nature of judicial processes surrounding prosecutions, convictions and asset recoveries it was difficult to quantify a target with any measure of certainty. Against a baseline figure of 263 prosecutions during 2005, the cumulative total of prosecutions initiated during the 7 year period 2006-12 was 2018 and the number of convictions was 573, about 28%. Prosecutions were much more than the baseline in 2011 and 2012. ⁹			
KPI 3: Discrepancy between the personnel roll and the payroll in IPPIS pilot MDAs				
Value quantitative or Qualitative)	20%	Less than 5%	--	Average discrepancy in pilot MDAs-increased ¹⁰
Date achieved	Mar 1, 2007	Jun 30, 2013		Jun 30, 2013
Comments (incl. % achievement)	Target not achieved. Prior to the launch of the IPPIS in 2007, the discrepancy between the personnel and pay rolls in the 7 pilot MDAs was estimated at about 20%. This was taken as the baseline and the target to be achieved was set at "less than 5% discrepancy. The deployment of IPPIS, using biometric data to reconstruct the personnel and pay roll records resulted in the elimination of ghost workers and consequent savings. However, the personnel roll module of IPPIS was not actively utilized later and the data was not fully entered in the module with the MDAs maintaining the personnel records manually. This led to a higher difference at the time of closure as there was no			

⁷ *ibid*

⁸ EFCC, Updated M&E for 2012, November 20, 2013

⁹ See also section 2.4 for discussion on the indicator

¹⁰ Quick Project Limited, Monitoring and Evaluation Report on IPPIS.

	integration of pay roll and personnel records when there were staff movements across MDAs, leading to an average discrepancy of about 29% between these two records in the pilot MDAs by 2013.			
KPI 4: Percentage of NBS statistical outputs released within the GDDS time and frequency limits				
Value quantitative or Qualitative)	10%	50%	80%	83%
Date achieved	April 25, 2005	End of project	Jun 30, 2013	Jun 30, 2013?
Comments (incl. % achievement)	Target Exceeded. The end-project target of 50% had been achieved by 2009 and the target was raised to 80% which has also been achieved. NBS now produces more timely statistics (monthly, quarterly and annual) that are published on its website.			
KPI 5: Percentage of staff and ministry service users who cite improvements in the quality of services of restructured ministries (as measured by user and staff surveys)				
Value quantitative or Qualitative)	---	50%	--	80% ¹¹
Date achieved	--	Jun 30, 2013	--	June 30, 2013
Comments (incl. % achievement)	Target exceeded. The government commissioned impact assessment report said that the “ <i>findings are based on the administration of questionnaires to target officials in the pilot agencies.</i> ”			

b. Intermediate Outcome Indicators

The Intermediate Outcome (or Results) Indicators (IRI) were amended during restructurings in Apr 2009, Feb 2011 and Aug 2012 (the modifications in the indicators over the project life are detailed in Annex 1). The final revised set of IRIs comprised of 17 indicators – 7, 5, 3 and 2 respectively for components 1, 2, 3 and 4. The analysis below is based on the revised set of IRIs included in the Credit Agreement in August 2012¹².

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years

¹¹Final Impact Limited Consultants, Indicators of the Civil Service Reform Component in the Pilot Agencies, (June 2013)

¹² The actual value achieved at project completion has been sourced from *Annex: Arrangements for Monitoring Results, Aide Memoir Implementation Support Mission Jun 10-27, 2013*. Wherever another source was available, the latter has been used and cited in footnote.

Indicator 1: Backlog of Audited Financial Statements of the Federal Government (restructuring)				
Value (quantitative or qualitative)	4 years	No backlog		No backlog
Date achieved	Apr 25, 2005	Jun 30, 2013		Apr 15, 2013
Comments (incl. % achievement)	Target achieved. There was no backlog at project closure and audited accounts up to 2011 had been placed before the legislature.			
Indicator 2: Effective procurement regulatory body established - defined as effectively enforcing the procurement bill and implementing regulations and providing guidance for procurement capacity in the MDAs (original credit, revised)				
Value (quantitative or qualitative)	No procurement regulatory body	Procurement regulatory body to be established	--	Procurement regulatory body established ¹³
Date achieved	Apr 25, 2005	Jun 30, 2013		Mar 31, 2013
Comments (incl. % achievement)	Target achieved. The Federal Public Procurement Law was enacted in 2007 and the Bureau of Public Procurement (BPP) was established as Nigeria's procurement regulatory body having the power to enforce procurement law, implement regulations and provide guidance.			
Indicator 3: Percentage of government ministries using National Standard Bidding Documents (original credit, revised)				
Value (quantitative or qualitative)	0.0%	100.0%	--	100% of procuring entities using Standard Bidding Documents ¹⁴
Date achieved		Jun 30, 2013		Mar 31, 2013
Comments (incl. % achievement)	Target achieved. National Standard Bidding Documents (NSBD) have been developed and formally deployed and in use by all Ministries since 2012. However, a Procurement Audit and Project Monitoring and Evaluation carried out in selected MDAs found that though the Standard Bidding Documents were used there were attempts by MDAs to modify the Contract Agreement Templates in some of the contracts reviewed. A circular mandating the use of the NSBD has been issued. The Bank has adopted their use for procurements by National Competitive Bidding in all Bank financed projects. MDAs implementing Bank funded projects therefore use the NSBD ¹⁵ .			

¹³ BPP, Implementation Completion Report, June 2013

¹⁴ Letter no BPP/ DG/ 2014/281 dt 26 Feb 2014 from DG, BPP to CD, World Bank

¹⁵ See section 2.4 for discussion on the indicator¹⁶ FIRS, Implementation Completion Report, June 2013

Indicator 4: Percentage of large government contract awards published (original credit, revised)				
Value (quantitative or qualitative)	0.0%	100.0%	--	100.0%
Date achieved	Apr 25, 2005	Jun 30, 2013		Mar 31, 2013
Comments (incl. % achievement)	Target achieved. All large government contracts are now published on the website of the Bureau of Public Procurement and published in the media twice a year.			
Indicator 5: Number of registered taxpayers corporate and SMEs/individuals (restructuring)				
Value (quantitative or qualitative)	475,725 nos.	1,161,438 nos.	--	1,063,000nos. ¹⁶
Date achieved	Dec 31, 2009	Dec 31, 2012		Dec 31, 2012
Comments (incl. % achievement)	Target substantially achieved. Out of 1,063,000 registered tax payers, 540,000 are corporate and the others are enterprises including individuals.			
Indicator 6: Real growth in non-oil tax revenue¹⁷ (restructuring)				
Value (quantitative or qualitative)	10.7%	-3.6% (equivalent to 11% nominal growth)		2.9% (equivalent to 15.1% nominal growth rate)
Date achieved				
Comments (incl. % achievement)	Target achieved. Baseline was real growth rate (10.7%), target was indicated in nominal growth rate terms (11%) which in real terms translated to <i>negative</i> 3.6%, and achievement was 2.9% real (15.1% nominal) . There was a growth in non-oil tax revenue collections by the FIRS between 2010 and 2012. In real terms, the growth averaged about 4.2% from 2010 to 2012.			
Indicator 7: Amount of economic and financial crime assets recovered by EFCC (restructuring, carved out from KPI)				
Value (quantitative or qualitative)	USD 447 m	No target was set	--	USD 261 m in 2012
Date achieved	Dec 31, 2004	--	--	Dec 31, 2012

¹⁶ FIRS, Implementation Completion Report, June 2013

¹⁷ Real Non-Oil Tax Revenue for the various periods was calculated by deflating the nominal values by CPI deflators computed from a base period of November 2009 (November 2009=100). Growth in the real values was then computed.

Comments (incl. % achievement)	No target was set for this indicator (for reasons advanced above). Actual recoveries exceeded baseline in 6 of the 8 years but was lower during the last two years 2011 and 2012. 2011 was also the year with the lowest recoveries (about 5% of recoveries of 2010) but there was an improvement in 2012.			
Indicator 8: Number of pilot restructuring plans fully implemented (restructuring)				
Value (quantitative or qualitative)	0 nos.	4 nos.	--	4 nos. ¹⁸
Date achieved	Apr 25, 2005	Jun 30, 2013		Jun 30, 2013
Comments (incl. % achievement)	Target achieved. Four pilot civil service agencies designed restructuring plans at the start of the project and began restructuring their operations.			
Indicator 9: Percentage of professional staff in pilot ministries (original credit, revised)				
Value (quantitative or qualitative)	30.0%	80.0%	--	85% ¹⁹
Date achieved	Apr 25, 2005	Jun 30, 2013		June 30, 2013
Comments (incl. % achievement)	Target exceeded			
Indicator 10: Percentage of professional staff who have received training in their respective areas (original credit, revised)				
Value (quantitative or qualitative)	10.0%	90%	--	85% ²⁰
Date achieved	Apr 25, 2005	Jun 30, 2013		June 30, 2013
Comments (incl. % achievement)	Target substantially achieved			
Indicator 11: Percentage of data sources, processing methods and statistical products that are validated (original credit, revised)				
Value (quantitative or qualitative)	40.0%	90.0%	--	92% ²¹
Date achieved	Apr 25, 2005	Jun 30, 2013		June 30, 2013

¹⁸Final Impact Limited Consultants, Indicators of the Civil Service Reform Component in the Pilot Agencies, (June 2013)

¹⁹*ibid*

²⁰*ibid*

²¹NBS, Implementation Completion Report, June 12, 2013

Comments (incl. % achievement)	Target exceeded. The percentage of data sources validated significantly improved from 40% in 2005 to 92% in 2013.			
Indicator 12: Percentage of NBS staff with requisite professional background and skills (original credit, revised)				
Value (quantitative or qualitative)	25.0%	80.0%	--	75.0% ²²
Date achieved	Apr 25, 2005	Jun 30, 2013		Dec 31, 2011
Comments (incl. % achievement)	Target substantially achieved. The ratio of professional staff to non-professional significantly improved from 43:57 to 75:25 in 2005 (professional staff were estimated at only 25% during project preparation).			
Indicator 13: Ratio of intellectual property rights enforcements to total reported cases (restructuring)				
Value (quantitative or qualitative)	1:2(50%)	1:1(100%)	--	55 cases enforced of 62 reported in 2012 (88%)
Date achieved	Dec 31, 2007	Jun 30, 2013		June 30, 2013
Comments (incl. % achievement)	Target substantially achieved. The percentage of enforcements has progressively increased from the baseline 50% in 2007 to 53% in 2009 to 88% in 2012.			
Indicator 14: Capital market disputes case disposal rate (restructuring)				
Value (quantitative or qualitative)	50.0%	65.0%	--	74% ²³
Date achieved	Dec 31, 2005	Feb 28, 2013		Dec 31, 2012
Comments (incl. % achievement)	Target achieved. The case disposal rate at the close of the project in Dec 2012 was about 74% while the overall average over the period 2006 - 2012 was 54%.			
Indicator 15: Length of perimeter roads constructed in Abuja and Port Harcourt Airports (restructuring)				
Value (quantitative or qualitative)	0 km	13.1 km	--	9.9 km ²⁴
Date achieved	Dec 31, 2006	Jun 30, 2013		Jun 30, 2013

²² *ibid*

²³ IST, Jun 17, 2013

²⁴ Project Execution Team, Report on Implementation Completion for Aviation Component, June 2013

Comments (incl. % achievement)	Target partially achieved. Roads are still to be completed at Port Harcourt Airport.			
Indicator 16: Length of perimeter fences constructed in Abuja and Port Harcourt airports (restructuring)				
Value (quantitative or qualitative)	0 km	25.0 km	--	25.0 km ²⁵
Date achieved	Dec 31, 2006		Jun 30, 2013	Jan 31, 2013
Comments (incl. % achievement)	Target achieved. Fencing is completed in both the airports.			
Indicator 17: Completion of study on aviation agencies (restructuring)				
Value (quantitative or qualitative)	Study not commenced	Study completed	--	Completed ²⁶
Date achieved	Dec 31, 2005	Jun 30, 2013		Mar 31, 2013
Comments (incl. % achievement)	Target achieved. Study completed and stakeholder workshop has been held, report validated and final report submitted.			

G. Ratings of Project Performance in ISRs				
No.	Date ISR Archived	DO	IP	Actual Disbursements (USD mn)
1	Jun 29, 2005	Satisfactory (S)	S	0.15
2	Dec 12, 2005	Moderately Satisfactory (MS)	MS	6.04
3	Jun 29, 2006	MS	MS	14.60
4	Jan 31, 2007	MS	MS	21.65
5	Jun 26, 2007	MS	MS	29.74
6	Dec 27, 2007	MS	MS	38.04
7	May 28, 2008	MS	MS	41.04
8	Dec 23, 2008	MS	MS	48.66
9	Jun 25, 2009	MS	MS	53.72
10	Jan 6, 2010	MS	MS	60.03
11	Oct 25, 2010	MS	MS	73.31
12	Jul 11, 2011	MS	MS	88.08
13	Mar 13, 2012	MS	MS	102.25
14	Oct 13, 2012	S	MS	112.74
15	May 18, 2013	MS	S	127.41

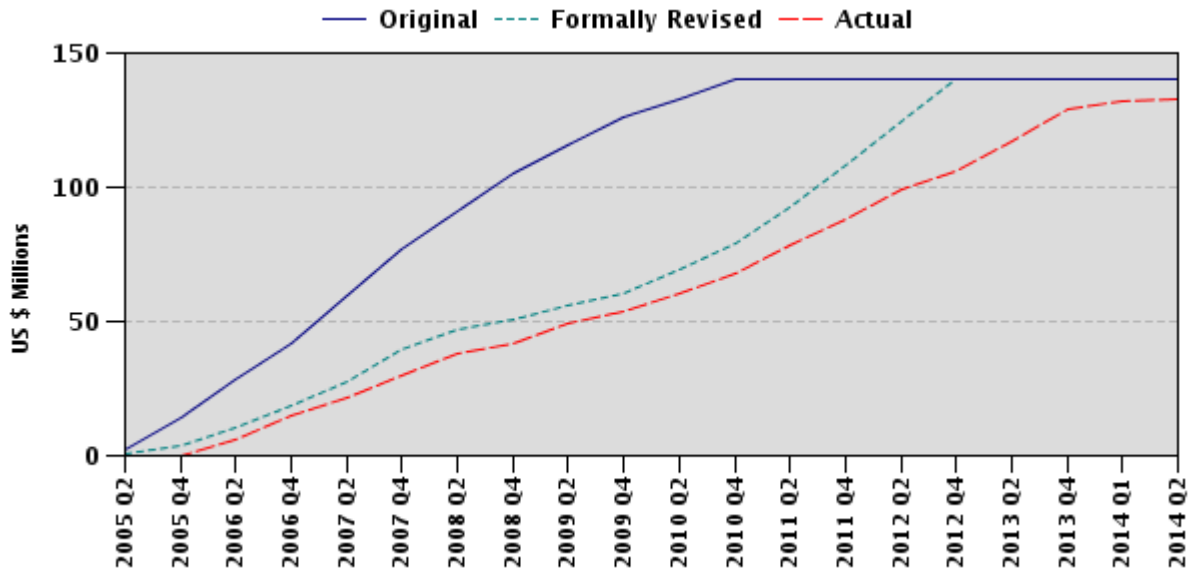
²⁵*Ibid*

²⁶*ibid*

H. Restructuring					
Restructuring Date	Board Approval PDO Change	ISR Rating at Restructuring		Amount Disbursed At Restructuring in USD millions	Reason for Restructuring & Key Changes Made
		DO	IP		
March 30, 2006	N/A	MS	MS	6.04	<ul style="list-style-type: none"> ▪ Dropping of component C relating to Pension reforms as FGN decided to fund it itself ▪ Addition of a new sub-component – Airport Safety Reforms and Investment – to component B: Civil Service Reform
April 4, 2009	Yes Level 1	MS	MS	51.60	<ul style="list-style-type: none"> ▪ Modification of the PDO ▪ Reallocation of proceeds inter agencies and within the agencies ▪ Dropping of some activities ▪ Extension of closing date by 24 months ▪ Revision to the M & E Framework ▪ Admission to two new agencies for piloting²⁷
February 8, 2011	N/A Level 2	MS	MS	79.99	<ul style="list-style-type: none"> ▪ Revision of the project results framework ▪ Reallocation of credit proceeds ▪ The movement of one activity to a new Project Execution Team (PET)
August 15, 2012	N/A Level 2	MS	MS	108.00	<ul style="list-style-type: none"> ▪ Reallocation of credit proceeds across disbursement categories in 5 implementing agencies; and ▪ Revision of project results framework.
January 11, 2013	N/A Level 2	S	MS	118.00	<ul style="list-style-type: none"> ▪ Extension of closing date

²⁷The National Insurance Commission and Personnel Audit and Monitoring Department

I. Disbursement Profile



1. Project Context, Development Objectives and Design

1.1 Context at Appraisal

1. Since the appointment of a strongly reform minded economic team in July 2003, the Federal Government of Nigeria (FGN) had taken bold steps to begin to tackle the deep-seated risks to macroeconomic and fiscal stability and to address key sources of economic inefficiency. It implemented policies to strengthen economic management and to deal with weak governance and corruption. Some of these were: reversing the strongly pro-cyclical nature of fiscal policy, consolidating the budget function in a strengthened budget office, agreeing clear output targets with key spending agencies to be delivered against their budget allocations, introducing greater transparency in public expenditure management, eliminating subsidies benefiting better-off population, putting in place better financial controls to achieve budget credibility and limit accumulation of new expenditure arrears and stricter enforcement of “due process” in the award of government contracts.

2. These steps were critical for Nigeria’s macroeconomic stability and fiscal sustainability, and for the government’s ability to deliver key services to Nigerians. The FGN recognized that additional challenges remained and public expenditure management needed to be further strengthened to - (i) build an integrated budget based on programs clearly linked to key development objectives; (ii) ensure greater accountability from budget holders; (iii) allow greater emphasis on budget outcomes and impact; and (iv) identify and address remaining sources of leakage in budget execution in order to strengthen efficiency of public expenditures. This required additional changes in policies and regulations, considerable modernization and automation of current budget, financial management and procurement practices. The public service needs to be completely overhauled to focus and streamline the mandate of government, to re- professionalize staff, introduce accountability and incentives for good performance; and enhance its capacity to deliver services.

3. The key sources of weaknesses in the economic management and public sector governance were identified to be: (a) complex political economy including challenges of being an oil rich economy and concentration of decision making power; (b) government spread was too thin characterized by considerable overlap of functions and concurrent responsibilities over different government entities making it hard for the Federal Government to deliver desired results and thus there was a need for greater coordination of roles and activities; (c) insufficient accountability in government reflected in weak accountability from budget holders for the stewardship of the funds allocated to them; and (d) de-skilled public services lacking professionalism as the government had not invested in building and upgrading skills of its staff, training institutes had run down and curriculum was less relevant and the current staffing structure of the federal civil service was an inverted pyramid with large numbers of non-professional staff at the lower grades and thin staffing at higher professional levels.

4. FGN recognized the need for fundamental changes in the way government managed the economy and this was reflected in the medium term reform and development agenda – the National Economic Empowerment and Development Strategy (NEEDS). FGN recognized that the areas of reform proposed in NEEDS were major and complex, extremely contentious and

implementation was likely to be expensive. Hence, **it decided to pursue a reform approach that was selective, strategic and incremental and it wanted to put the most basic reforms first and tackling “first things first”**. For instance –

- Establish an IT based financial management system to eventually move towards a Medium term Expenditure Framework
- Test reform approaches in four pilots and then mainstream to the entire civil service based on the results

5. *Rationale for Bank Involvement:* The PAD cited four key reasons for justifying Bank’s involvement in Nigeria’s reform process:

- (i) the FGN had clearly and convincingly demonstrated its deep commitment to fundamental reform by putting together a reform program and initiated implementing bold reforms;
- (ii) involvement of the Bank was expected to signal the support of the international community for reform providing reformers the confidence and backing needed to continue and sustain the difficult reforms to fight corruption, change the way that government worked and make a break with Nigeria’s difficult past;
- (iii) the need for Bank’s experience and technical assistance to complement FGN’s effort to implement the first phase of reforms and to define future phases; and
- (iv) Providing much needed financial assistance to help fund the costs of reform complementing FGNs own effort in putting considerable resources into funding these reforms.

ERGP was a major component of the Bank’s continuing dialogue and support to FGN for PFM/ Governance reforms at the Federal level, and contributed to the government moving forward with its agenda.

6. *Project’s Contribution to higher level objectives:* A full Country Partnership Strategy (CPS) was being prepared for delivery in FY 2005 based on NEEDS. Till the full CAS was discussed and endorsed by the Bank Board, the guiding strategic document was a Joint Bank Group Interim Strategy Update (JISU) and the assistance program for Nigeria for 2005-06 focused on three main pillars of JISU –

- (i) improving governance;
- (ii) promoting private sector led growth; and
- (iii) expanding access to basic services through community driven activities to empower Nigerians to be part of their development.

The ERGP was to contribute primarily and most directly to the governance pillar to help strengthen accountability, transparency and efficiency in key economic management processes for budget, financial management and procurement including modernizing institutions, laying the ground for deeper reforms and rolling out administrative reforms. The ERGP was also to contribute to private sector led growth pillar by promoting sound, predictable and consistent fiscal policy and financial management, and by creating a platform for a systematic attack on corruption. A more efficient and focused public sector was expected to create opportunities for growth of the private sector

1.2 Original Project Development Objectives and Key Indicators

7. With the overall goal of FGN to significantly strengthen governance and accountability, reduce corruption and deliver services more efficiently, the original Project Development Objectives (PDO) of ERGP, according to the PAD (page 4), was to *(i) improve the Federal Government's economic and financial management systems and processes; and (ii) to firmly establish a reform process of the federal civil service to improve professionalism and the government's ability to deliver services.*

8. In the Development Credit Agreement, the PDO was slightly differently worded as “*The objectives of the Project are to: (i) improve the federal government's economic and financial management system; and (ii) launch the process of building an efficient and effective federal civil service*”. **The ICR is based on the PDO definition in the Credit Agreement.**

9. The original key indicators to monitor the progress of achievement of these objectives given in Annex 3 of the PAD (page 22) were:

- (a) Basic financial, procurement and human resource system of governance are modernized; and
- (b) Pilot MDA re-structuring plans have been implemented, other MDAs have joined reform process, and a strategy for reform of central management agencies and for mainstreaming reforms to the rest of the service has been approved by government.

1.3 Revised PDO (as approved by original approving authority) and Key Indicators, and Reasons/Justifications

10. The mid-term review of 2008 concluded that the original PDO was defined too broadly. The Development Effectiveness Unit (AFTDE) also suggested changes to the indicator framework. The Restructuring Paper in April 2009 reasoned that all activities under the project could not be grouped under the term “*economic and financial management systems*” included in the first part of the original PDO and that the objective of the second part was already covered under the former. Therefore, during restructuring of April 2009, the original PDO was replaced as follows: “*Improvement of the federal government's administrative, financial, human resource and statistical systems*”.

11. The Monitoring and Evaluation Framework of the Project was expanded and modified to account for new agencies and activities through restructurings in April 2009, February 2011 and August 2012 – indicators were added, dropped, amended and re-worded. The Restructuring Papers provide the reasons/ justifications for the significant changes, for example i) making the indicators clearer, more effective and attuned to the project's interventions; ii) request by implementing agencies to change the indicators being either beyond their control or not measureable; iii) to introduce additional or more ambitious targets where the previous targets had been achieved (assuming original closing date of Feb 2011); iv) designing indicators for implementing agencies which had none.

12. The PDO indicators and results indicators as finally revised and adopted are listed in section H of the Data Sheet and Annex 1 summarizes the changes made to the indicators over the project period and the reasons.

1.4 Main Beneficiaries

13. The project's **primary target beneficiaries** were:

- The MDAs directly benefiting under the project as implementing agencies are listed in the Data Sheet with one MDA introduced during restructuring
- The MDAs benefiting from the project by way of pilots under Civil Service Reform component were: Federal Ministry of Finance (FMF), Federal Ministry of Information and Communications, Federal Capital Territory Administration (FCTA) and National Planning Commission (NPC) and the following were introduced during restructuring: Nigerian Copyright Commission (NCC), Investment and Securities Tribunal, Office of the Head of Service of the Federation, National Assembly, and the National Insurance Commission.
- MDAs benefiting by way of piloting of IPPIS were: Education, Information, Works, Finance and Budget Office, Foreign Affairs, and National Planning Commission
- MDAs benefiting by way of functional and process restructuring were under the Airport Reforms component that was included during restructuring: Nigeria Civil Aviation Authority, (NCAA), the Nigeria Airspace Management Authority (NAMA), and the Federal Aviation Authority (FAAN).
- Capacity augmentation of government staff was one of the major benefits that accrued under the project including the staff of the EFCC and NBS.

14. **Users of public services and the private sector were other institutions that were expected to benefit from the project as secondary beneficiaries.** The project benefited the MDAs of FGN in terms of improved processes and capacity in the areas of administrative, financial, human resource and statistical systems and modernizing the government institutions through reforms in several areas laying the ground for deeper reforms. The objective was improved accountability and transparency and capacity to deliver better services. Promoting private sector led growth was also a benefit envisaged in terms of promoting sound, predictable and consistent fiscal policy and financial management and creating a platform for systematic attack on corruption.

1.5 Original Components

15. ERGP was planned to provide support across five components. Components 1 and 4 aimed at achieving the first part of the original PDO (improve economic and financial management systems and processes) and Components 2 and 3 served to accomplish the second part of the original PDO (civil service reforms and better delivery of services). Component 5 provided for project execution and Monitoring and Evaluation (M &E).

16. Component 1 - Public Resource Management and Targeted Anti-Corruption Initiatives: to support reforms of financial management and procurement policies and processes in parallel with institutional strengthening of the key public sector management and procurement agencies, and tax administration reforms. The key activities under this component were:

- modernize financial management and accountability arrangements
- streamline and modernize public sector procurement procedures
- modernize tax administration²⁸.
- support to targeted anti-corruption efforts

17. Component 2 – Civil Services Administrative Reforms: to support progressive transformation of the federal civil service through a combination of initial systemic reforms and the restructuring, including downsizing of key agencies as pilots for a later broadening of reforms. Key activities under this component are –

- Strengthening the newly established Bureau of Public Service Reforms
- Designing and implementing an integrated personnel and payroll system
- Reforming pilot MDAs through restructuring, enhancing work processes, and capacity building
- Carrying out diagnostic studies and dialogue on key service wide reforms
- Designing and implementing a Performance Improvement Facility

18. Component 3 - Strengthening Pension Management and Accountability²⁹:to support measures to improve the management and accountability of the pension system including the following activities:

- Establishment a regulatory and supervisory framework for the pension system;
- Capacity building for the recently established National Pensions Commission;
- Development of an IT strategy and procurement of software applications and hardware;
- Conducting a full scale audit, reconciliation and actuarial valuation of pension entitlements for Federal Government employees and retirees, and development of a benefit arrears reduction strategy; and
- Public education on pension reform measures to improve management and accountability.

19. Component 4 – Strengthening of Statistical and Statistical Capacity: to support the following elements of the Master Plan for the National Statistical System which had the key objective of strengthening the capacity of the national statistical system to generate reliable, timely and relevant statistical data to support policy making and monitoring achievement of Nigeria’s development objectives.

- Organizational and institutional development of the National Statistical System Training and re-professionalization of staff;
- Data Development

²⁹This component was dropped in 2006 and a new sub-component “Airport Safety Reforms and Investments” was added to Component 2 – Civil Service Reforms. For details, see section 1.6

²⁹This component was dropped in 2006 and a new sub-component “Airport Safety Reforms and Investments” was added to Component 2 – Civil Service Reforms. For details, see section 1.6

- Provision of necessary infrastructure

20. *Component 5 – Project Management:* To support the incremental operating costs of a Project Coordination Unit (PCU) in the Federal Ministry of Finance (FMF) for overall coordination of the project and of the Project Implementation Task Teams (PITT), and M&E of project activities.

1.6 Revised Components

21. After effectiveness of the project, FGN decided in April 2006 to fully fund the component on Strengthening Pension Management and Accountability and based on the request of FGN this component was dropped. To address the domestic air crashes in 2005 and early 2006, FGN requested the Bank to provide urgent support in the area of aviation safety. The Bank fielded two air safety missions in Jan-Feb 2006 and accepted the request for funding by FGN. A component - Airport Safety Reforms and Investments – was introduced as a component in place of Pension reforms with the Federal Ministry of Aviation designated as the Implementing Agency. The projects costs were re-allocated without any change in total cost and the Credit Agreement was amended (March 30, 2006) to reflect these changes. Post-amendment the project had the following components.

- 1 - Public Resource Management and Targeted Anti-Corruption Initiatives
- 2 – Civil Services Administrative Reforms
- 3 - Strengthening of Statistical and Statistical Capacity
- 4 – Airport Safety Reforms and Investments (described below)
- 5 – Project Management

22. Brief description of the new component, as further amended on July 19, 2007, follows.

Component 4 – Airport Reforms and Investments: Support to airports safety reforms and investments through provision of technical advisory services, carrying out works, acquisition of goods and equipment, and facilitation of workshops and training. This included:

- Institutional assessment and audit of the aviation sector
- Functional and process reviews of the key agencies in aviation sector
- Development of restructuring plans
- Capacity building for Nigerian Civil Aviation Authority
- Construction of perimeter fences and roads around Port Harcourt International and Abuja International Airport
- acquisition and installation of a virtual radar system to enhance total radar coverage of the Nigerian airspace³⁰
- acquisition and installation of four low level wind shear systems for the airports in Lagos, Port Harcourt and Kano³¹

³⁰ This activity was introduced in March 2006 but subsequently dropped in July 2007 to be substituted by low level wind shear systems

³¹ This activity was introduced in July 2007 and according to the implementing agency was subsequently moved to the Regional Aviation Project due to the cost of perimeter fencing being higher than estimated

- Development of a safety management system for the Federal Aviation Authority³²

1.7 Other Significant Changes

23. The key changes, other than detailed in earlier sections, were as follows:

- An amendment in Credit Agreement in March 2006 introduced limited International Bidding as a method of procurement and provided for procurement of works; and another amendment in July 2006 reviewed the Bank’s prior review arrangements.
- Counterpart funding was eliminated and disbursement percentage changed to 100% retroactively and addition of a new category Works (through amendment of Credit Agreement in July 2007) –*to eliminate the bottleneck of slow/delayed availability of counterpart funds due to the “bureaucratic procedures” of the budget office for processing, approving and releasing counterpart funds.* This change was in line with changes to other projects in the Nigeria Portfolio at the time and was not particular to the ERGP.
- Reallocation of credit proceeds (January 2009, February 2011, August 2012) took place *to provide more funds to good performing agencies from slow/non- disbursing agencies and to areas under the current priorities of FGN.*
- Extension of Closing Date initially for 24 months in April 2009 (from February 28, 2011 to February 28, 2013) and then for 4 months to June 30, 2013 in January 2013 – *to compensate for the initial delay in GIFMIS implementation and provide more time for completion of the activities.*
- Introduction of new MDAs for piloting - the Nigerian Copyrights Commission and the National Assembly (February 2008) and the National Insurance Commission and Personnel Audit and Monitoring Department (January 2009) -*to increase the coverage of reforms in more MDAs.*
- Cancellation of credit of \$ 8.2m or SDR 5.5 m. Follow- on operation being discussed with the federal government.

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

- *Background Analysis*

24. The ERGP was a consolidation of the Nigeria Civil Service Renewal Project and the Nigeria Statistical Capacity Development Project. It was also follow-on of the Economic Management and Capacity Building Project as being “complementary and mutually reinforcing”. At an early stage, the project was named “Civil Service Renewal Project” for an IDA financing

³² According to the IA’s implementation completion report (June 2013), this activity was dropped as it was internally funded by FAAN

of \$45 m, co-financing of \$25 m and counterpart funding of \$5 m. The objective of the civil service reform was to build a better performing federal public service which is affordable, properly resourced, well-structured and appropriately sized. It was proposed that the project had three components – service wide systems reform; reforms in pilot ministries and agencies; and support to EFCC. The project was subsequently scaled up by appraisal and the contours of the final project were established.

25. At the time of project design and preparation, FGN had taken steps to tackle the deep-seated risks to macro-economic and fiscal stability, address key sources of economic inefficiencies and deal with weak governance and also corruption. The country was on an ambitious path of reforms aimed at strengthening macro management and improving PFM at the federal level. This period also witnessed the debt write off and the introduction of the ECA. It was therefore decided to follow a sequenced approach and take on the important activities first. The Government requested a TA credit to support these reforms and in this context the ERGP was an instrument for continuing the Bank’s support to the government on the PFM and Governance agenda at the federal level. It was decided to adopt a decentralized rather than a top down approach so as to empower the various implementing agencies to adopt reform measures and approaches best suited to the ground to seek ownership, recognizing the difficult nature of the reforms and mitigate likely resistance to reform measures.

- ***Assessment of Project Design***

26. The PAD provides three reasons for selecting the project design for ERGP: one, consistency with the Federal Government’s reform strategy and approach; two, providing financing for critical upfront costs of reforms to ensure implementation; and three, following a decentralized model for implementation by individual implementing agencies so that execution of activities is not slowed down.

27. **On Institutional arrangements, the project avoided the “traditional approach of creating isolated project implementation units”** and instead aimed at integrating the project into the regular operations of the respective agencies under the overall oversight of the Steering Committee on Reforms. This resulted in engaging with a large number of implementing agencies. A decentralized implementation structure was also chosen to reduce bureaucratic delays.

28. **The project focused on “doing first things first and getting the very basics right”**. So for instance, GIFMIS implementation was scheduled to be taken up in the third year of the project after considerable relevant capacity was built up. In the civil service reform component there were pilots on organizational restructuring as also the implementation of the Integrated Personnel and Payroll System (IPPIS) with a view to *“help test some reform approaches and provide lessons for mainstreaming to the entire civil service”* and *“later broadening of reforms”*. This approach proved successful as during implementation the number of pilot MDAs for restructuring was increased from the original four to eleven.

29. **The project design put the responsibility of procurement on the respective Project Implementation Task Teams (PITT)** in line with the Project Implementation Manual and Bank

guidelines. The procurement capacity assessment conducted as part of project preparation identified lack of adequate experience in procurement in Bank financed projects. Measures to mitigate this included engaging an experienced Procurement Consultant in PITTs that did not have a Procurement Officer for a period of 1-2 years who was to build the capacity of the staff including transfer of knowledge. The PCU was to have two Procurement Officers. Other mitigating measures included adoption of the generic procurement manual of the Bank, training in procurement and capacity building, and adoption of Bank's bidding documents. The overall project risk for procurement was assessed as High.

30. The project also addressed the potential social impacts of the severance payments in project design by providing funding for the separation costs and including activities to help separated staff acquire basic skills to help them join the private sector. This included provide training to separated staff for setting up micro enterprises in a few key areas.

31. **The Bank collaborated with the donor community** and the project was co-financed by DfID (about 13% of original project cost). DfID co-financing covered support to budget reform, tax administration, civil service reforms, supporting reform of the statistical system, developing Medium-Term Sector Strategies and facilitating severance. At project design itself, it was agreed that DfID would assume supervision responsibilities with the Bank and this was documented in the PAD.

- *Adequacy of Government's Commitment*

32. The most crucial element in a public sector reform program is strong ownership. One expression of such ownership can be development of reform strategy by government itself (with donors providing expertise in setting priorities) so that the country understands the reforms in its own context resulting in higher commitment to self – defined priorities. The crucial aspect of government ownership was addressed while developing the project design. All the project components were drafted by the government agencies themselves in close collaboration with the Bank team. Dialogue was established with “core agencies” playing a critical role in personnel management. An integrated reform approach was followed by instituting reforms in civil service parallel to other government institutional changes and establishing “the connection between civil service management and the framework of controls and incentives embodied in the government's budget and financial management systems.”

- *Assessment of risks*

33. The ERGP was assessed as a high-risk project at the concept stage based on the assessment that maintaining the status quo was beneficial to some stakeholders within and external to civil service. This was mitigated by placing responsibility on the pilot ministries themselves to lead reform instead of concentrating this in a lead agency. Another risk identified was labor unrest expected from “rightsizing” the government. Mitigation measures were built in project design through equitable and lawful separation programs and provision of severance benefits into the project cost.

34. A sustainability aspect that was expressed in the PAD was that “*the reform stance of government that comes into office after elections in 2007 will determine whether these initial reforms will be sustained and deepened*”. The new government that came in power following the elections in 2007 reiterated its commitment to reforms and embarked on an extensive process for the development of reform strategies and sector action plans (*Restructuring Paper 2009*).

35. Substantial risks in project implementation were identified in the PAD. These included delays due to insufficient knowledge of Bank’s procurement procedures and the government’s and PCU’s capacity to coordinate the “multi-faceted reform agenda” in view of the large number of agencies and activities implemented at the same time. This was sought to be mitigated through close monitoring by a Steering Committee on Reforms and a strong PCU, though during implementation these bodies were not very effective.

2.2 Implementation

36. The project had a slow start on account of some initial problems and by mid-term review had disbursed only 31%. Given the deliberate choice to foster ownership of the reform agenda, *there* were a large number of implementing agencies with varying capacities. This contributed to a slow start delaying overall implementation and making project coordination more challenging. Agencies such as NBS and EFCC showed considerable progress and fully exhausted their allocations, thereby requiring additional funding, while others like the OAGF, the Budget Office of the Federation and the FIRS got off to a late start. Engagement of procurement officers in the agencies was a legal covenant prior to disbursement and this was useful to address the issues faced during implementation.

37. Project coordination was a challenge due to the large number of implementing agencies while institutional mechanisms were absent or were weak at the beginning of the project. Political oversight of project implementation was to be carried out by the technical arm of the federal government’s Steering Committee on Reforms. However, this Committee was not functional, and oversight of Project implementation was carried out only by the FMF through the Project Coordinating Unit (PCU). Frequent changes of the Project Manager of the PCU affected oversight and weakened communications between PCU and the PETs and PITTs.

38. Several corrective and adaptive restructurings were undertaken to act on the changing circumstances during project implementation. Specifically, the Project was restructured to align its contours with these changing circumstances and to provide more flexibility in its implementation. The original Pension reforms component was replaced with a new Aviation reforms Component, activities were dropped as the FGN intended to fund these from own resources, procurement norms were eased, credit proceeds were re-allocated from slow-disbursing agencies to agencies that required additional funding and additional MDAs were added in the pilots. These efforts were made to respond to the demands of FGN and the implementing agencies and to speed up the pace of project implementation.

39. Disbursement was slow in the early stages but picked up later during project implementation helped by re-allocation of funds and extension of project closing date by two years. By the end of the grace period, the project had disbursed over 94% of the original credit amount. The project had envisaged that the FGN will contribute \$ 16.69 m of the total project

cost of \$ 179.23 m. However, till mid-2007, delayed availability of counterpart funds remained a major constraint to project implementation. In 2007, the government requested for elimination of the requirement of counterpart funding due to difficulties in providing funds and in line with the then country financing parameters; this was accepted by the Bank. . The project cost was also reduced mainly under the Severance Pay category³³ and the disbursement percentage was increased to 100% across all categories.

40. The mid-term review identified issues in implementation and recommended adjustments to the project. These primarily related to revision to the M & E framework, reallocation of funds from slow-disbursing agencies to those that made good progress, engaging M & E specialist for adequate monitoring of progress and procurement advisors to help in the area of project management and procurement.

41. **The project benefited from a strong co-financing partner**, Department for International Development (DfID), UK, provided a co-financing grant of GBP 14.3 mn in 2006 covering support to budget reform, tax administration, civil service reforms and strengthening of statistics. It therefore co-supported, along with the IDA, activities in the NBS, the Budget Office of the Federation, and BPSR, and was instrumental in supporting reform of the statistical system, developing Medium-Term Sector Strategies and facilitating severance. The DfID co-financing grant closed in August 2010 with a disbursement ratio of about 90 %.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization *Overall Rating: Modest*

▪ *M & E Design*

Pre – PDO restructuring

42. The Results Framework in the PAD (Annex 3) comprised of two PDO (or Outcome) Indicators and 19 IRIs. By the mid-term review in July 2008 it was clear that the results framework needed changes in design to more adequately track performance and expand it to agencies not covered by the original framework. Hence, the indicators were modified for OAuGF and OAGF and new indicators introduced for FIRS, Aviation, IST, NCC and BPP.

Post - PDO restructuring

43. The PDO was revised during restructuring of April 2009. The Restructuring Paper reasoned that all activities under the project could not be grouped under the term “*economic and financial management systems*” included in the first part of the original PDO and that the objective of the second part of the PDO was already covered under the first part. This also required changes in the results framework. Five measurable outcome indicators (key performance indicators, KPIs) and 23 Intermediate Results Indicators (IRIs) were introduced. The results framework was again amended in February 2011 and August 2012.

³³ Due to reduced requirement, and also the government decided to fund the Severance Pay from own budget for the remaining useful life of the project (Restructuring Paper January 2009)

44. The scope of the project expanded over time and newer agencies were added. This made it imperative to construct a stable Results Framework and this was indicative of the response of the Bank to changing needs. However, key M&E design issues were noticed while going through the wording of various indicators, and in some cases baseline data and targets were not available. The evolution of the design of the indicators weaknesses is summarized in Annex 1.

- ***Implementation***

45. Monitoring of results was a challenge in part due to non-availability of data and in part due to the baseline being unclear. The PCU in the Multilateral Institutions Department³⁴ of FMF was responsible for monitoring and evaluation on an ongoing basis in accordance with the agreed indicators, relying on implementation reports and staff audits and surveys for reporting the data. At mid-term review however, the Bank recommended engaging an M&E Specialist to coordinate efforts of agencies to monitor progress and to provide the baseline to measure the indicators. A few such studies were available at the close of the project. Supervision missions also focused on defining or redefining the results framework and/or the modalities of collecting the data and expressed concern over the availability and quality of data.

- ***Utilization or Use of Data***

46. The changes to the results framework and data issues limited the use of M&E data for implementation and supervision. The Aide Memoire of the Supervision Mission, June, 2012 mentioned that the progress towards achievement of the PDO was difficult to rate appropriately at that time because the project was still missing data for two critical project OIs and three IRIs and consultancies to measure these indicators were yet to deliver the reports. Data on some indicators was not available till almost a year before project closure (details in Annex 1).

47. In summary, there were changes in the M & E design in addition to those done to adjust the changes in the project contours. Some changes were introduced at the instance of the implementing entities who thought some indicators were not appropriate, others were introduced when previous indicators had achieved their targets and the project teams wanted to challenge themselves to higher goals; while other changes were made on advice by the Bank's M&E specialist. **The overall M & E quality is therefore rated as Modest.**

2.4 Safeguard and Fiduciary Compliance

- ***Environment***

48. The PAD noted that ERGP did not envisage funding any activity that could cause an adverse effect on the environment as none of the project activities involved construction that may have had an environmental impact. Hence, the project was classified as Category C. In 2006 the project was restructured and a component on Aviation was included. This component had some public works activities like perimeter fences and security patrol roads around the operational areas of two airports, Port Harcourt and Abuja, to increase safety at airport infrastructure. These activities were undertaken in an enclosed security zone that had neither human settlements nor

³⁴ Now the International Economic Relations Department.

economic activities. Consequent to this restructuring, the environment category continued to be retained at C and was not changed. This was discussed with the then Task Team Leader of the project who confirmed that although an environmental assessment was not carried out during the 2006 project restructuring, the environmental safeguards and resettlement issues were discussed within the task team and the implications of the public works activities under the Aviation component were examined from a safeguards angle; consequent to this, it was decided to maintain the safeguards category at C.

- ***Social***

49. One of the actions under ERGP was severance of staff and it was noted that “the surest way to stem social impacts including social unrest from staff separation” was to ensure full payment of staff entitlements and on time. This was mitigated through availability of funding under the project, upgrading of staff basic skills to join the private sector or set up micro-enterprises, developing a communication system and monitoring the social impacts through tracer studies.

50. The project resources were utilized for payment of benefits in the severance program implemented in the Ministry of Finance. A similar program applied in the NBS earlier had to reinstate many of the severed staff pursuant to appeals. However, in this severance program, a study commissioned by the Ministry reported that about 64% of the severed staff started their own business.³⁵

- ***Procurement***

51. Lack of familiarity with Bank procurement guidelines led to considerable difficulties in project implementation in some agencies, especially FIRS and Federal Ministry of Aviation, and the Federal Ministry of Information and Communication, who were not ready to apply the Bank procurement rules to their activities. In some cases, procurement processes needed to re-start from the beginning leading to substantial delays in project implementation. Procurement prior-review rules were not clearly understood and even contracts for post-review were sent to the Bank for its no objection.

52. Nigeria country office procurement specialists provided close hands-on advice to project staff to address the difficulties. Procurement norms were changed during the currency of the project through amendments to the credit agreement and support of consultants was sought. A significant outcome of the project was that the Bank adopted the use of the government NSBDs finalized under ERGP for procurement in Bank financed projects under National Competitive Bidding.

- ***Financial Management***

53. Overall, during implementation, the key FM issue was the inadequacy of submission of Financial Management Reports (FMR) characterized by delays in submission incomplete

³⁵ Quick Projects Limited, Tracer Study on the Federal Civil Service Staff Severance and Social Assistance Program (September 2012)

information, earlier comments not adequately incorporated and quality of the reports were poor resulting in several revisions before being acceptable. The FM team also undertook FM thematic missions in early 2008 and April/May 2009 that identified issues such as ineligible expenditure, unretired advances and lack of supporting documents. Consequently, the FM rating was downgraded to Moderately Unsatisfactory in April 2008 and then upgraded to Moderately Satisfactory in April 2009 except BPSR that was rated Moderately Unsatisfactory. An in-depth review of the OAuGF was done. The review recommended that “with immediate effect the Bank suspends further disbursements and other project activities until a more representative and effective PITT is in place”. Action was taken immediately with the reassignment of a former Project Officer under a new project team. The response to settlement of the findings from FM review was mixed with the resolution date often extended. At the time of the final implementation support mission in June 2013, significant number of issues of unretired advances and ineligible expenditure had been resolved while some are still awaiting resolution.

2.5 Post Completion Operation/Next Phase

54. FGN is committed to continue the reforms under ERGP in the coming years. The design of PFM reforms in Nigeria must seek to identify what, amongst the multiplicity of reform fronts, the authorities consider as most critical to support the consolidation of reforms already achieved, and against a phased timeframe. A dialogue is ongoing on the remaining PFM agenda and a new operation is being discussed with the Federal Government to consolidate the activities carried out under the ERGP, especially those related to GIFMIS, IPPIS and the statistical system.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

The overall relevance of the project is rated **Substantial** in view of the “High” relevance of objectives but “Modest” relevance for project design and implementation.

- **Relevance of Objectives**
Overall Rating – High

55. The priority of the Nigerian government in strengthening governance continues to be relevant. The objectives of the ERGP remain relevant as it supported the key pillar of the Nigerian government’s strategy of strengthening governance to help strengthen accountability, transparency and efficiency in key economic management process for budget, financial management and procurement including modernizing institutions, laying the ground for deeper reforms and rolling out administrative reforms. The project also supported the government’s efforts to strengthen the institutional and governance structures and to build up the capacity of its staff besides bringing in much needed legislation and regulations in many areas. The project was also consistent with the Bank country and sectoral assistance strategies and corporate goals as of that time. The draft CPS for Nigeria FY 14-17 deepens the Banks previous support to strengthening institutions and the broader governance environment in Nigeria. Governance remains a cross cutting pillar of the CPS providing support i) to mainstreaming political economy considerations and governance throughout the Banks portfolio and engagement and ii) support to strengthening institutions, including in particular public financial management at

Federal and State levels. The ERGP – and the expected follow-on project, the ERGP II – thus continues to be relevant to the Bank CPS.

56. ERGP objectives were also in line with the reform agenda of FGN contained in the document “National Strategy for Public Sector Reform – Towards a World Class Public Service”. This strategy sets out 4 main reform pillars for 2009-2020: Pillar 1 seeks an enabling institutional and governance environment; Pillar 2 strives towards an enabling socio-economic environment; Pillar 3 focuses on public financial management reform; and Pillar 4 is about civil service administration reform. Pillars 1, 3 and 4 were directly relevant to the objectives of ERGP.

57. The Bank’s Country Partnership Strategy (2010-13) focuses on improving Governance as one of the themes to transform and diversify Nigeria’s economy. The emphasis was to support FGN to strengthen its own systems over the long term. Governance, therefore, will be a core and cross-cutting theme and virtually an integral part in every Bank supported operation in Nigeria. Governance support was addressed in five areas: (i) transparency and accountability; (ii) participation; (iii) sector governance; (iv) capacity development; and (v) judicial reform and democratic governance. Similarly, Governance, including PFM reforms, is at the core of the CPS for 2014-17. The PDO of ERGP, thus, continues to be relevant and consistent with the Bank’s current CPS.

- **Relevance of Design and Implementation**

Overall Rating: Modest

58. The design of the project was relevant to the country circumstances and the nature and scope of the project. FGN recognized that the areas of reform proposed in NEEDS were major and complex, extremely contentious and implementation was likely to be expensive. Hence, it decided to pursue a reform approach that was selective, strategic and incremental and it wanted to put the most basic reforms first and tackling “first things first”. Scheduling of important activities such as GIFMIS implementation was also done and collaboration with donor community (DfID) and including intensive training and capacity building in all the components proved fruitful. The project sought integration with the regular operations of implementing agencies and hence went for a decentralized project management structure with responsibilities to the implementing agencies., Although in the final count the agencies and activities were large in number and content, yet this approach was essential to involve these agencies in direct implementation of the project and in turn have ownership over the reforms, rather than concentrating responsibility under a central body.

59. Responsive restructurings during project implementation reflected the changing circumstances and needs of the government and included (a) introduction of new component/activities and dropping those not relevant or proposed to be funded from other projects or through government’s own resources; (b) re-allocation of funds between and within components; and (c) easing procuring norms in view of the capacity constraints in implementing agencies. The Bank was responsive to the changing needs and even after these changes, the operation remained important to achieve the global development objective.

60. However, the design of the Results Indicator Framework changed, including those indicators that were not on account of changes in project contours. This affected the empirical measurement of the project progress and achievement of results. Given the experience of some indicators, it would have helped to have clearer linkages between the baselines, targets and results.

3.2 Achievement of Project Development Objectives

Overall Rating: Moderately Satisfactory

61. As discussed in the Data Sheet section, the project underwent a restructuring in 2009 during which the PDO was modified. The achievement of the PDOs, therefore, has been assessed for both these phases – pre-restructuring and post-restructuring.

▪ Methodology followed in assessment of PDO and outcomes:

Pre Restructuring

62. The original PDO was (i) to improve the federal government's economic and financial management system; and (ii) to launch the process of building an efficient and effective federal civil service. This PDO applied to the period from April 24, 2005 (effectiveness) till April 15, 2009 (effective date of the restructuring). The aggregate disbursement up to this date was 39% of the total credit. It was difficult to assess the achievement of the original (pre- restructuring) PDOs based on the results indicator framework due to lack of data, as also the fact that the AM of the March 2009 mission did not present the Results Indicator Table. Hence, the assessment for the pre- restructuring phase has been done based on the overall achievements and disbursements made up to April 15, 2009.

63. The only outcome indicator that could be reviewed till the restructuring period was implementation of IPPIS; this resulted in elimination of ghost workers and substantial savings to the government. Other activities that were completed/underway were i) strengthening of enforcement capacity of EFCC resulting in enhanced recovery of monetary assets, ii) adoption and dissemination of nine additional accounting standards, iii) capacity building of NBS improving quality and timeliness of statistical products resulting in up, iv) adoption of electronic system for transaction recording as a precursor to GIFMIS, iv) setting up of the BPP and enactment of public procurement law. The achievement of the PDO and the implementation progress were rated Moderately Satisfactory by the task team. **The overall efficacy of the project prior to restructuring is therefore rated as Modest.**

Post Restructuring

64. In the April 2009 restructuring, the PDO was revised to *Improvement of the federal government's administrative, financial, human resource and statistical systems*. This was a very broadly defined PDO which encompassed four distinct systems of the federal government. The restructuring documentation did not provide any further break-up of the PDO into sub-components or sub- PDOs or provide a mapping of the KPIs or IRIs to the PDOs/ sub- PDOs. Therefore, in order to provide a more structured assessment of results, based on the recommendations of the ICR review meeting of December 2013, the PDO has been broken down

into 4 sub- PDOs (the administrative, financial, human resource and statistical systems of the federal government) and the achievement of the outcomes with reference to each of the sub PDOs separately assessed. The ICR team sought assistance of the task team and sector colleagues present at the review meeting on how best to define each of these four systems with reference to their key elements, and how the project components and sub- components could be mapped to the agreed project outcome indicators.

65. The task team confirmed that the project did not aim to tackle every area of the four systems, but sought to make a contribution to improving these systems through specific areas of intervention, and the related performance monitoring indicators were selected to monitor the impact of the project's interventions. The assessment of outcomes has therefore been done with reference to the specific areas that the project intervened, and taking into consideration the linkage to the indicators provided by the task team as in Table 1 below.

66. On the basis of Table 1, each of the four themes was assessed individually by linking them to the project components/sub-components and mapping these to the KPIs and IRIs. The four sub- PDOs taken are – Improvement in the federal government's (a) Administrative systems; (b) Financial systems; (c) Human Resource systems; and (d) Statistical systems. The ICR attempted to assess whether, as a result of project interventions, there was an overall improvement in the administrative, financial, human resource and statistical systems, and which of these improvements could be attributed to the project interventions.

Table 1: Linking Sub-PDOs to the Results Framework

	System / Area	Areas of Project Intervention	Outcomes/Results Expected	Monitoring Indicators
1	Administrative	(i) Mandate and Organizational Reforms in four pilot MDAs; (ii) Staffing Reforms in the 4 pilots; (iii) Improvement in work processes including through basic IT systems and infrastructure; (iv) Capacity Building & Training	Restructuring Process piloted in four MDAs has been implemented resulting in greater efficiency in delivering public policy and services	(i) %age of staff and ministry service users that cite improvements in the quality of services of restructured ministries (as measured by user and staff surveys); (ii) %age of professional staff in pilot ministries; (iii) %age of professional staff who have received training in their areas of responsibility; (iv) number of restructuring plans fully implemented
2	Financial	(i) Improving Financial Management and Information Systems (Progressive introduction of a GIFMIS; Improved Cash Management; Improved Financial Reporting through IPSAA; Modernization of Internal Audit arrangements; Capacity Building in FM for relevant staff, including through support for the Federal Treasury Academy); (ii) Strengthening External Audit; (iii) Improving Financial Reporting Practices	A public financial management system has been implemented to facilitate budget preparation and execution and will provide timely and accurate information for parliament and citizens to hold government accountable	(i) Number of agencies with budget and financial reports prepared from GIFMIS within 7 days of each month's end; (ii) Backlog of audited financial statements of the federal government
3	Human Resource	(i) Strengthening BPSR's capacity to coordinate the civil service reforms; (ii) Strengthening the personnel and payroll system (implementation of an IPPIS); (iii) service-wide diagnostic studies and dialogue	Basic Human Resources Management System of the government is modernized (An integrated personnel and payroll system has been piloted and rolled out)	Discrepancy between the nominal roll and the pay roll in IPPIS pilot MDAs
4	Statistical	(i) Organizational and Institutional Development; (ii) Human Resource Development; (iii) Data Development	Improvement in the availability, quality and timeliness of economic and social data	(i) %age of NBS statistical outputs released within the GDDS time and frequency limits; (ii) %age of NBS staff with requisite professional background and skills; (iii) %age of data sources, processing methods and statistical products that are validated

67. **The conclusion of the ICR is that the Project Development Objectives were substantially achieved, as discussed below** (refer also Annex 3 for a detailed discussion on the achievements and incomplete activities).

- **Achievement towards improvement of Administrative systems is assessed as Substantial** due to successful restructuring of pilot MDAs, staff downsizing (, re-professionalization through fresh recruitment of professional staff especially in NBS and capacity building of staff across all components of the project that has resulted in a better trained workforce, thereby enhancing the administrative capability of the pilot MDAs, the aviation agencies and the other MDAs in service delivery. This is all against a background of a weak professional public service at project inception due to inadequate investment in professional training and capacity building. Enhanced technical capacity

also led to an improvement in intellectual property rights enforcements to total reported cases by the NCC and in speedier disposal of capital market dispute cases by the IST. Aviation safety and security reforms contributed to the Nigerian Aviation industry attaining American FAA Category 1 status in 2010.

- **Achievement towards improvement of Financial systems is assessed as Substantial** contributed by implementation of GIFMIS, interface with the central bank, migration to treasury single account (all resulting in improvement in budget execution including cash management), strengthening procurement systems (resulting from the development and enactment of a modern procurement law, establishment of a procurement regulatory agency which regulates public procurement, design and use of NSBDs and publishing of contract information), strengthening the anti-corruption agency EFCC (which is now internationally recognized and certified and its strengthening has resulted in recovery of significant assets) and interventions in external audit (including elimination of a backlog in finalizing audits and submission of audited financial statements to the government) and financial reporting (adoption of international accounting standards and setting up a regulatory body). However, legal reforms such as enactment of the audit bill and the revision of the finance control and management Act and some other activities (see Annex 3) could not be achieved during the project period.
- **Achievement towards improvement of Human Resource systems is assessed as Modest-** The integrated IT enabled HR and payroll system was implemented and gains achieved through identification and elimination of ghost workers resulted in significant monetary savings to the government, through identification and elimination of 46000 ghost workers, thereby saving Naira 119 bn. However, by the end of the project the average discrepancy between these two modules increased to 29% as the personnel module could not be integrated with the payroll one
- **Achievement towards improvement of the Statistical System is assessed as Substantial** contributed by enactment of a new Statistics Law, downsizing of non-professional staff accompanied by recruitment of more professionals as well as the implementation of an appropriate Scheme of Service for NBS staff as stipulated in the Statistics Act 2007 , setting up of data centers and modernizing survey instruments. Statistical system strengthening led to an improved rating of Nigeria's central statistical agency (NBS) by 20 points between 2006 and 2007³⁶, and built its capacity in producing more regular and validated data.

68. Overall, the achievements after restructuring are significant. The project helped the country make significant strides in a number of key areas of public financial management, procurement, civil service reform and statistical strengthening. Based on the results of the project as detailed in the Data Sheet, the assessment of the outcomes and achievements in terms of outputs detailed in Annex 3 and the analysis in this section, **the overall efficacy of the project is rated as Substantial (Modest for the period prior to restructuring and Substantial for the post re-structuring period).**

³⁶ Rating by World Bank-supported STATNET, ACBF and published in the African Statistical Newsletter, vol. 2 issue 1 of March 2008 (NBS rating moved up from 36th in Africa in 2006 to 19th position in 2007).

69. For the purpose of an assessment of the efficacy of project achievements, KPIs and IRIs have been mapped to the project components and sub- components to the best extent possible, under each of the 4 sub- PDOs, and the ratings arrived at (see Table 2).

Table 2: Summary Assessment of Efficacy of the Project Achievements:

Sub- PDO/ Project Component/Sub Component	Achievement of KPI at project close	Achievement of IRIs at project close	Rating Prior to Restructuring	Rating Post Restructuring	Overall Rating
Sub PDO -Improvement in Federal Government's Administrative Systems			Modest	Substantial	Substantial
Component 2- Civil Services Administrative Reforms	• KPI5: exceeded	• IRI8: achieved • IRI 9: exceeded • IRI 10 substantially achieved • IRI 13: substantially achieved • IRI14 achieved	Modest	Substantial	Substantial
Component 4- Airport Safety Reforms	--	• IRI 15: partially achieved • IRI 16 & 17: achieved	Modest	Substantial	Substantial
Sub- PDO-Improvement in Federal Government's Financial Systems			<u>Modest</u>	<u>Substantial</u>	<u>Substantial</u>
Component 1 – Public Resource Management and targeted Anti- Corruption initiatives					
FM Reform – GIFMIS	• KPI 1: Exceeded	--	Modest	Substantial	Substantial
FM Reform – External Audit	--	• IRI 1: achieved	Modest	Modest	Modest
FM Reform – Financial Reporting	--	--	Substantial	Substantial	Substantial
Procurement Reform	--	• IRI 2, 3 and 4: achieved	Modest	Substantial	Substantial
Tax Administration Reform	--	• IRI 5: substantially	Negligible	Modest	Modest

Sub- PDO/ Project Component/Sub Component	Achievement of KPI at project close	Achievement of IRIs at project close	Rating Prior to Restructuring	Rating Post Restructuring	Overall Rating
		achieved • IRI 6: achieved			
Support to Anti-Corruption Agency	• KPI 2: Substantial progress achieved	• IRI 7 partially achieved	Substantial	Substantial	Substantial
Sub- PDO - Improvement in Federal Government's Human Resource Systems Component 2 - Civil Services Administrative Reforms			Substantial	Modest	Modest
Implementation of a payroll and personnel control system, IPPIS	• KPI 3: not achieved	--	Substantial	Modest	Modest
Sub- PDO - Improvement in Federal Government's Statistical Systems Component 3 - Statistical strengthening			Substantial	Substantial	Substantial
Strengthening of Statistical Capacity	• KPI 4: exceeded	• IRI 11: Exceeded • IRI 12: substantially achieved	Substantial	Substantial	Substantial

70. **Overall achievement:** The Bank ICR guidelines require separate outcome ratings weighted in proportion to the actual credit disbursements made in the periods before and after formal restructurings. Table 2 assesses the project's overall weighted efficacy as **Substantial**.

Table 3: Combined Efficacy Rating

	Against original PDO	Against revised PDO
1. Rating	Modest	Substantial
2. Rating Value	3	4.5
3. Weight (% disbursed before/ after PDO change)	39%	61%
4. Weighted Value (2*3)	1.17	2.745
5. Final Rating	3.86 rounds up to 4.00 - Moderately Satisfactory	

3.3 Efficiency: Overall Rating - Substantial

71. There has been a significant improvement in the benefits and efficiencies in a number of areas through the ERGP. Many key activities under this project were completed toward the end of project implementation and hence the benefits would accrue in the subsequent years. The expected benefits from an institution and capacity building project like this in terms of efficiency or fiscal savings can be gauged when the benefits materialize in the medium term, and can be attributed to a combination of reforms. The benefits under the ERGP can broadly be classified into the qualitative benefits and the financial benefits.

72. **Qualitative benefits of ERGP:** The restructuring program of the civil service through carefully articulated intervention projects kick started the revival and repositioning of the civil service. The deployment of the IPPIS in the civil service have enhanced operational processes and helped improve performance and quality of service delivery. The key qualitative benefits of the ERGP include the effective use of the payroll module and payroll processing time, improved personnel cost budgeting, automated third party transfers, reduction/ elimination of ghost workers (IPPIS), effectiveness of control features, benefits in the areas of increased prosecutions in economic and financial crime (EFCC), better cash management leading to financial savings (GIFMIS), savings on account of procurement reforms (specifically, procurement regulation by the BPP) and availability of better trained and more professional staff in federal MDAs.

73. **Financial benefits of the ERGP:**

- EFCC recovered assets of over \$ 9 bn between 2004 and 2012.
- Implementation of IPPIS in the pilot MDAs has resulted in identification of about 25000 ghost workers. IPPIS also helped make net average monthly savings of Naira 116 m for the 7 pilot MDAs after implementation.
- As a result of implementation of GIFMIS, the monthly average cash balances of the federal government reduced from N 106 b in April 2012 to N 19 b in June 2013. The balance in the Consolidated Revenue Fund of the FGN improved from a deficit of about Naira 100 billion in 2011 to a surplus of Naira 4.16 billion in 2012. Benefits, notionally computed at about the equivalent of \$97 million, have been realized through savings in interest payments on the overdrafts provided by the central bank to finance the budget.
- The ways and means financing costs over the same period reduced from N 12.8 b to Nil while the cash backing time also reduced from 28 days to nil over the same period.
- The Bureau of Public Procurement reported in June 2013 that there had been a cumulative value improvement savings of over NGN 420 bn from the year 2007 till date through the Bureau's prior review interventions.

74. There were delays in project implementation resulting in extensions of the project and delays in procurement that contributed to reduced efficiency.

75. A quantitative assessment of the projects NPV or ERR was not carried out since such an assessment was not conducted at the appraisal stage and, as an institution-building project it is

difficult to determine the rates of return. Given the progress made towards achievement of the objectives, the overall Efficiency of the project can be considered Substantial in terms of qualitative and financial gains made. A further detailed assessment of the efficiency of the project is reflected at Annex 4.

3.4 Justification of Overall Outcome Rating

Overall Rating: Moderately Satisfactory

76. **The project made significant achievements in implementing several activities.** Major achievements include implementation of the budget execution system of GIFMIS and linking with the central bank and TSA; implementation of IPPIS; strengthening the statistical capacity of the country; alignment of accounting standards with international standards; strengthening of the aviation sector to bring it to global standards; enactment of procurement law and setting up central agency for procurement and downsizing of government through severance scheme. These achievements resulted in more professional and trained staff, strengthened anti-corruption efforts, transparent procurement, elimination of ghost workers, and better cash management practices.

77. Some activities that could not be completed within project period included enactment of the audit law, inauguration of the procurement regulatory body NCPP, implementation of the Budget Preparation Module of GIFMIS (finally implemented post project closure) and the non-integration of nominal roll and payroll in IPPIS and the increasing discrepancy between these.

78. **Overall, the project is rated Substantial on the parameters of Relevance of objectives and design, Efficacy of each objective, and Efficiency. Also, as the achievement of the PDO, when assessed with reference to the 4 sub- PDOs and the outcome indicators was significant, the overall outcome rating has been assessed as Moderately Satisfactory.**

3.5 Overarching Themes, Other Outcomes and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

79. The project was concerned with institutional building and improving economic governance which improves the capacity to address issues of poverty, gender and social development. The reforms in Nigeria are leading to a growing middle class demanding better governance from the government. This could lead to higher growth, less reliance on oil revenue and a higher proportion of tax - paying public that will help in reducing poverty.

(b) Institutional Change/Strengthening

80. The development impact of ERGP in this area was significant as it was funded through a technical assistance product. The project contributed significantly in enhancing the capacity of staff in all the implementing agencies and pilot agencies. Institutional strengthening was a part in each of the component/sub component and this is expected to have a positive impact on the longer-term development of the country's capacity and institutions in areas encompassing budget execution, auditing under INTOSAI standards, tax administration, procurement, financial and statistical reporting and enforcement amongst others.

(c) Other Unintended Outcomes and Impacts (positive or negative)

81. Some of the initiatives under ERGP are being extended to the states. These include public procurement reforms involving open competition in public contracts, automation of HR management systems, reducing discrepancy between payroll and nominal roll and automation of the budget and treasury functions through state level IFMIS systems including producing financial statements through these systems.³⁷

3.6 Summary of Findings of the Beneficiary Survey and/or Stakeholder Workshops Not Applicable

4. Assessment of Risk to Development Outcome

Overall Rating – Substantial

82. The reform agenda included in the project was built on consensus of and commitment by the government and the proposed implementing agencies and this factor is likely to enhance the sustainability of the reforms undertaken. Some of the actions taken under the project are likely to sustain the momentum of reforms. These include successful implementation of the budget module of the GIFMIS to cover 78% of the budget and its linkage with the central bank, enactment of the Financial Reporting Council Act which has strengthened the FRC in its functions of regulation, compliance and enforcement of financial reporting standards, and the enactment of a modern procurement law and the statistics law. . These actions have resulted in far reaching changes to governance and PFM that are embedded in the government operations and are unlikely to be reversed. It is important to note that the FGN has proposed a sum of N1 billion in its 2014 budget for GIFMIS implementation for the current financial year. This reform agenda could be further strengthened and reinforced once the enabling audit act and the finance control and management act are passed by the government, activities that were not done within the project life.

Key areas that could pose risks to maintaining achievement of development outcomes are:

83. **Non- completion of all the GIFMIS modules:** As mentioned earlier, the implementation of the budget execution module of the GIFMIS was a key success of this project. However, other modules are yet to be rolled out (Revenue collection, procurement and commitments module, assets management, HR management). It is important for the FGN to ensure completion of the complete GIFMIS module so as to derive the benefits of its full implementation. OAGF has also assessed that other activities such as training and change management may suffer due to inadequate funding and this needs to be addressed.³⁸

84. **IPPIS not fully effective:** The continued divergence between the Personnel (nominal roll) and the payroll module in the IPPIS may affect the overall objective of this component, i. e.

³⁷Some states are supported in this regard by the Bank under the State Employment and Effectiveness for Results (SEEFOR) project and the Nigeria Public Sector Governance Reform and Development Project (P097026)

³⁸ OAGF, Implementation Status Report, October 31, 2013

to integrate the HR and payroll modules. While the average divergence between the HR and payroll modules in the pilot MDAs was 29%, it was as high as 75% and 70% in key ministries like the FMF and the Ministry of Education respectively, as the two modules could not be integrated. It is important that this discrepancy be addressed so that the IPPIS application can be used simultaneously for both functions.

85. **Enactment of the proposed audit bill and revision to the finance control and management act pending:** The audit bill is essential to ensure the independence and authority of the Auditor General and have the Office perform its role as an independent oversight authority over public finances. The revision to the finance control and management act is needed so that the extant law matches with the changes and improvements made in the PFM practices.

86. **Continuity of trained staff:** In certain areas such as internal audit some of the trained staff had either moved on to other functions or had retired, which partly diluted the objective of the training and the long term sustainability. Better HR planning is therefore required so that an active linkage can be achieved between training plans and HR plans.

87. **Continued Government commitment:** Continuation of government commitment in terms of enacting policies and making adequate budgetary provisions is essential for sustainability of other key activities that were initiated under the ERGP. The continued allocation of funds in the 2014 Federal Budget for continued implementation of GFMIS is reassuring. It is hoped that the economic team of the current government remains committed to continued consolidation of Governance reforms as is evidenced in the Mid-Term evaluation of the implementation of the Governments policy agenda (the Transformation agenda).

88. In view of the above, the **overall Risk to Development Outcome has been assessed as Substantial.**

5 Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in ensuring Quality at Entry

Rating: Moderately Satisfactory

89. The approach of the Bank team was to ensure project ownership of the government and MDAs through alignment with the government's own strategy and involvement of MDAs in developing the reform agenda, and also integration of project activities in the regular operations by decentralization of day to day management thereby ensuring support from the operating units. This also made the project objectives strategically relevant in terms of its scope and the reforms it strived to achieve. Another aspect was focusing on doable things first and therefore for instance GIFMIS implementation was scheduled for the third year. It was a variable environment for the Bank team making changes as more learning was available.

90. A Quality Enhancement Review at preparation was not conducted. The quality at entry could have been better considering the constraints faced during project implementation like a weak PCU and a large number of implementing agencies. Also, on- going adjustments were

required during project implementation like the changing of PDO, changing of procurement methods and thresholds and a changing results framework.

(b) Quality of Supervision

Rating: Moderately Satisfactory

91. The Bank team undertook regular missions during implementation jointly with DfID, the co-financier. Thematic fiduciary missions were also undertaken and these pointed to some fiduciary issues. Significant efforts were made by the team to provide implementation support and identify, discuss and resolve issues to smoothen out bottlenecks in project implementation. The Bank team engaged with the implementing agencies early on during project implementation to review the results framework and confirm that the indicators were right with correct baseline data and achievable targets. The Bank was also responsive to the requests of the FGN and implementing agencies for reallocation of funds, realignment of activities and refinement of performance indicators, and easing procurement procedures and norms, as this operation was a major instrument of dialogue with the Federal Government and these requests from the FGN needed to be attended to in order to maintain the momentum of the dialogue.

92. Some of the implementing agencies, in the project completion reports, point to delay or non-clearance on part of the Bank to provide the necessary clearances/approvals. However, discussions with the task team indicate that there was considerable delay on the part of the agencies to provide adequate documentation to support the Bank's reviews hence clearances sometimes got delayed.

93. In 2006 the Aviation component was included in the restructured project and this component had public works activities (perimeter fencing and boundary roads for 2 airports). Consequent to this restructuring, the environment category was maintained at C. The then Task Team Leader of the project confirmed that although an environmental assessment was not carried out during the 2006 project restructuring, the environmental safeguards and resettlement issues were discussed within the task team and the implications of the public works activities under the Aviation component were examined from a safeguards angle; consequent to this, it was decided to maintain the safeguards category at C.

(c) Justification of Rating for Overall Bank Performance

Overall Rating: Moderately Satisfactory

94. Based on the above rating of Moderately Satisfactory both for quality at entry and also for quality of supervision, overall Bank performance is rated as Moderately Satisfactory. The Bank team can be credited with intensive supervision and proactive involvement in the later stages of project implementation that facilitated completion of many activities.

5.2 Borrower Performance

(a) Government Performance

Rating: Moderately Satisfactory

95. The Federal government of Nigeria showed continued commitment to the project's development objective over the project's lifespan and maintained dialogue with the Bank and also the co-financier, DFID in terms of restructuring of project activities and reallocation of the credit based on priorities and actual performance. The Government's commitment and ownership to reforms was embedded in embracing key changes and implementing key activities and reforms that have been discussed in the earlier sections. The government continued to support crucial reforms such as GIFMIS and IPPIS and these were expanded across more MDAs even after project closure.

96. The effectiveness and efficiency of the project's achievements can be enhanced if certain on-going and incomplete activities are completed at the earliest. These include enactment of the proposed Audit Bill, amendment to the Finance (Control and Management) Act and inauguration of the National Council of Public Procurement and these legal and institutional structures were intended to play a crucial role in entrenching the reforms.

97. Delayed release of counterpart funds by the Budget office during the early phases of the project was considered as a bottleneck that hampered implementation, and the project had to be restructured to eliminate counterpart contribution due to difficulties and delays in the release of funds from the government side. The strengthening of the National Statistical System and of the NBS was largely achieved through donor support and it was felt that the government substituted this for its own funding.

(b) Implementing Agency or Agencies Performance

Rating: Moderately Satisfactory

98. The performance of agencies directly entrusted with project implementation was variable and uneven. While agencies such as NBS, EFCC and NASB (later FRC) showed satisfactory implementation progress in terms of commencement and completion of activities and utilization of credit funds, others experienced initial delays and capacity constraints including administrative and procurement. As a result, the project had to be restructured repeatedly with changes in activities and re-allocation of funds from slow-disbursing agencies, and cancellation of credit and extension of project life by 28 months. There were certain concerns on fiduciary aspects and some issues arose during thematic missions by the Bank's FM team.

86 The level of spending amongst the implementing agencies was also mixed. Agencies such as EFCC, NBS and NASB had exhausted their allocations but spending in FIRS, BPP and BPSR was slow and got delayed. About 25% of the IDA credit was allocated to OAGF for development of GIFMIS and implementation of other activities and delay in implementation of this sub-component (only 5% disbursed by MTR) adversely affected the implementation progress. Procurement problems were faced in some agencies, and this was partially remedied through the appointment of a procurement consultant. There were instances of fiduciary issues that could only be resolved partially by end of project/grace period. Moreover, some agencies could not provide the M & E data timely and this limited its use.

99. **Overall Rating: Moderately Satisfactory:** The overall borrower performance is rated Moderately Satisfactory as both Government and Implementing Agencies performances have been rated Moderately Satisfactory.

6 Lessons Learned

100. Like many other Bank projects, this project too provided lessons on general learning like the importance of government commitment, support of a key coordinating ministry (like the Federal Ministry of Finance in this case) and a well-staffed Project Coordinating Unit (PCU), the need to adapt to a changing environment and address client demand, collaboration with other development partners and aligning the operation with the project development objectives and the Bank's Country Partnership Strategy (CPS). In addition, this project provided certain lessons that were specific to the Nigerian country context and environment:

101. **Better sequencing of activities and coordinating multiple Implementing Agencies:** The ERGP involved a large number of activities involving multiple implementing agencies, which resulted in spreading of efforts too thin and coordination and monitoring was a challenge. The problems in some of the implementing agencies in the program were not just capacity issues, but incentive and political problems. There was also the problem of the division of agencies into PITTs and PETs. It was very difficult to monitor the PETs and often adequate information from the FMF was not forthcoming. It would have been good to focus on crucial reform priorities in the initial years and consolidate the achievements, and sequence out the complex reforms thereafter.

102. **Robust M&E framework required:** The results monitoring framework in the ERGP changed several times throughout project implementation and there also appeared to be a lack of communication with the implementing agencies that sometimes used indicators that were already dropped. Linkages between the outcome indicators and the PDO was not clear and the extent of achievement the PDO could be assessed only after it was broken down into sub- PDOs and the indicators mapped to these. It is therefore important that a strong and robust monitoring and evaluation system and results indicator framework is put in place for any such capacity building project.

103. **Variable/ learning environment:** The project design must be flexible enough to adapt to changing requirements over implementation and this was partly demonstrated in ERGP where both FGN and the Bank continuously reviewed the relevance and need of the activities planned and made changes accordingly. Certain activities overlapping with other projects were dropped and new activities included for agencies that demonstrated good implementation progress and credit proceeds were re-allocated from slow disbursing implementing agencies to higher spending ones.

104. **Client demand needs to balance with Bank's overall country strategy and the project's development objectives:** The Aviation component was added in 2006 in response to client demand but it was not in line with the CPS pillar of governance and the original project development objectives of improving the federal government's economic and financial management systems and processes and establish a reform process of the federal civil service.

The component was to focus on the objective of air safety and the working of key agencies in the aviation sector. However, the success indicator being measured in terms of the length of perimeter fencing and roads was somewhat inconsistent with the focus of the component and seemed to dilute the relevance of the wider aim of the component.

105. **Role of PCU:** Discussion with the PCU in the FMF indicated that for future projects, additional clarity is required on the exact role of the PCU vis-à-vis the implementing agencies at the federal or state level. They felt that if the PCU is not apprised of important issues on a regular basis, its ability to provide guidance and support, especially to the agencies with weak capacity, could be limited. Staffing issues were also required to be addressed.

7 **Comments on Issues Raised by Borrower/Implementing Agencies/Partners**

Annexes

Annex 1: Summary of Changes in Results Framework PDO Outcome Indicators

The evolution of the design of the indicators is summarized as follows:

PDO Indicators

- The PAD provided two PDO indicators
- At the time of restructuring in 2009, a set of 5 new key performance indicators was introduced
- These were re-worded at the time of the restructuring in August 2012

Intermediate Results Indicators

- The PAD proposed 19 indicators (including for Pension component) out of which 15 were included in the original Credit Agreement with many of them re-worded and 4 were excluded (reasons for this are not recorded)
- Out of the 16 indicators included in the Credit Agreement, 1 was not included in the PAD; subsequently 7 were revised and 9 were dropped
- 11 new indicators were added during restructurings, 6 were revised and 4 were dropped
- At the project end, there were 17 indicators - 7, 5, 3 and 2 each for components 1,2,3 and 4 respectively

These emanated from the changing project contours (e. g. deletion of Pension Reforms component and including an Aviation Reforms component) and change in PDO, providing clarity to the indicators, request from the government and implementing agencies for modifications, bringing agencies under the framework not covered earlier, and recommendations made by the AFTDE. In case of FIRS, since the targets for the original indicators had already been achieved, new indicators were agreed. Though the Bank team proactively reviewed the appropriateness and relevance of the indicators along with the implementing agencies, in retrospect, and in view of the many changes in the indicators, it may have helped to do a more thorough analysis at the design stage. The project M&E was the overall responsibility of the PCU and data on the indicators collected from individual implementing agencies. However, since there were weaknesses in the working of this system, in the later period of project implementation, external agencies were proposed to be engaged for measuring the results indicators.

Till July 2012 (a year before project closure), data on the following indicators were not available.

- a) Discrepancy between the nominal roll and the pay roll in IPPIS pilot MDAs; the indicator was introduced in April 2009 but baseline was not available at that time and up to September 2012 – the first time the baseline was used was in the ISR of October 2012.
- b) Percentage of staff and ministry service users that cite improvements in the quality of services of restructured ministries

- c) Percentage of audit queries answered (there was a request from OAuGF to drop this indicator)
- d) Percentage of professional staff in pilot ministries
- e) Percentage of professional staff who have received training in their areas of responsibility
- f) Number of pilot restructuring plans fully implemented; and the number of new MDAs which have produced and are implementing restructuring plans

The following table summarizes the changes made over the project period -

PAD (Nov 2004)	Restructuring (Apr 2009)	Revised Credit Agreement (August 2012)
1. Basic financial, procurement and human resources management systems of government are modernized	1. Budget and financial indicators prepared from GIFMIS within seven days of month's end.	Number of agencies with budget and financial reports prepared from GIFMIS within seven days of each month's end
2. Pilot MDA restructuring plans have been implemented, other MDAs have joined reform process, and a strategy for reform of central management agencies and for mainstreaming reforms the rest of the service has been approved by government.	1. Adoption of IPPIS in pilot ministries leads to reduction in the discrepancy between the nominal roll and the payroll in pilot MDAs to less than 5%.	Percentage discrepancy between the nominal roll and the payroll in IPPIS pilot MDAs.
	3. Percentage of statistical outputs released within the time limits and frequency of GDDS requirements increases substantially from 10% as of 2005 to 50% by the end of the project. Target achieved and revised to 80%.	Percentage of NBS statistical outputs released within the GDDS time and frequency limits.
	4. Increased number of economic & financial crime prosecutions / convictions and asset recovery from less than 20 and less than US\$ 1 billion, respectively at the inception of the project in 2005 ³⁹	Number of economic & financial crime prosecutions by EFCC
	5. 50% of staff and ministry service users satisfied with services of restructured ministries (as measured by user an (staff surveys)	Percentage of staff and ministry service users that cite improvements in the quality of services of restructured ministries (as measured by user and staff surveys)

. Intermediate Outcome Indicators

Part A: Original Indicators Revised

Original Indicator (PAD Annex 3)	Change/s	Revised Indicator
Component 1: Public Resource Management Reform and Anti-Corruption		
Consolidated annual audited accounts and financial statements produced within the statutory period as provided in the Constitution	Introduced in Aug 2012 for separating indicators of OAGF and OAuGF	Backlog of audited annual financial statements of the federal government
Procurement data bank established and public information on process of award of large government contracts increased	Revised in Feb 2011	Percentage of large government contracts awards published

³⁹The original indicator designed was *The number of convictions and recovery of stolen assets* which was modified being impossible to quantify the objectives with certainty (mid-term review)

Original Indicator (PAD Annex 3)	Change/s	Revised Indicator
National Standard Bidding Document prepared and in use by all ministries and agencies	Revised in Feb 2011	Percentage of government ministries using National Standard Bidding Documents
Effective procurement regulatory body established	Not included in schedule 5 of the original Credit Agreement; included with revision subsequently in Apr 2009	
Component 2: Civil Service Reform		
Staffing levels and skills have been adjusted in accordance with restructuring plans in pilots	Re-worded in Apr 2009 to “ <i>Staffing levels have been adjusted in a way that increases the share of professional staff</i> ” and further revised in Feb 2011	Percentage of professional staff in pilot ministries
Staff in pilot ministries have requisite professional background and have received training in their areas of responsibility	Revised in Feb 2011	Percentage of professional staff who have received training in their areas of responsibility
Component 4: Strengthening of Statistics and Statistical Capacity		
Percentage of staff in statistical agency with requisite professional background doubles by the end of the project	Revised in Apr 2009 to include target – “ <i>from 25% in 2005 to 80% by end of project</i> ” and further revised in Feb 2011	Percentage of NBS staff with requisite professional background and skills
Percentage of data sources and statistical products validated increases	Revised in Apr 2009 to include target of “ <i>from 40% in 2005 to 90% by end of project</i> ” and adding “ <i>processing methods</i> ” and further revised in Feb 2011	Percentage of data sources and statistical products validated
Percentage of statistical outputs released within the time limits and with frequency meeting GDDS requirement increases	Not included in Schedule 5 of original Credit Agreement	

Part B: Original Indicators Dropped

Original Indicator (PAD Annex 3)	Reasons for Dropping
Component 1: Public Resource Management Reform and Anti-Corruption	
Budget and financial reports prepared from GIFMIS within 7 days of month’s end	Taken as PDO Outcome Indicator
Reduction in the number of unanswered audit queries	Revised to “ <i>50% of audit queries responded to</i> ” in Apr 2009 and further revised to “ <i>Percentage of audit queries answered</i> ” in Feb 2011 but dropped in Aug 2012 as it was not within the purview of OAuGF, but was monitored by the PAC
Component 2: Civil Service Reform	
An integrated personnel and payroll system has been piloted and rolled out	
Business processes have been streamlined in Pilot MDAs using the PIF and enhanced IT	Re-worded in Apr 2009 as “ <i>Business processes have been streamlined in Pilot MDAs using enhanced IT and HR performance management has been strengthened through PIF</i> ” ; dropped as it was found to be unwieldy with two indicators in one
Separated staff in pilot ministries have been provided adequate counseling, training to enable them transition to other activities.	Not included in Schedule 5 of the original Credit Agreement; included subsequently in Apr 2009 and later dropped
Component 3: Pension Management and Accountability Reform	

Establishment of initial structure, rules and regulations for the pension system by 2 nd year of the project	Dropped as the component was discontinued on request of the Government to be funded from own resources
Audit and reconciliation results in the provision of benefits to those genuinely entitled according to soundly reconstructed employment records	As above
A reliable and efficiently functioning institutional structure for holding and investment of pension assets as well as sufficient oversight is created	As above
Supervisory skills of the staff of the Commission enhanced through adequate training	As above Not included in Schedule 5 of the original Credit Agreement;
Component 4: Strengthening of Statistics and Statistical Capacity	
Institutional and regulatory framework in place to support development of a modern statistical system	Dropped in Feb 2011 due to its highly ambiguous nature

Part C: New Indicators (including revision)

New Indicators	Reasons for inclusion/revision	New Indicator revised
Component 1: Public Resource Management Reform and Anti-Corruption		
Effective procurement regulatory body established (defined as effectively enforcing the procurement bill and implementing regulations and providing guidance for procurement capacity in the MDAs)	Not included in the original Credit Agreement; included with revision subsequently in Apr 2009	
Monetary amount of economic and financial crime recoveries from prosecuted cases	Outcome Indicator (item 4 above) introduced in Apr 2009; bifurcated in two in Feb 2011 (also recommended by AFTDE) with the indicator "Number of economic and financial crime prosecutions by EFCC" retained as Outcome Indicator; the IRI was " <i>Amount of economic and financial crime assets recovered in mn US\$</i> "); and further amended in Aug 2012	
Number of registered tax payers (corporate and SMEs/individuals)	Included in Feb 2011 as FRIS has already achieved the previous indicators	
Ratio of non-oil tax revenue to non-oil GDP	As FRIS has already achieved the previous indicators new indicator introduced in Feb 2011, but revised in Aug 2012 as the project had no influence on non-oil GDP	Real growth in oil non-tax revenue
Component 2: Civil Service Reform		
Ratio of intellectual property rights enforcements to total reported cases	Introduced in Feb 2011	
Ratio of Capital markets dispute cases reported to cases adjudicated as a result of IST public enlightenment	Introduced in Feb 2011 and subsequently revised	Capital markets dispute cases disposal rate
Number of pilot restructuring plans fully implemented and the number of new MDAs which have produced and are implementing restructuring plans	Introduced in Feb 2011 and revised in Aug 2012	Number of pilot restructuring plans fully implemented
Component 4: Airport Safety Reforms and Investments		
Regulatory and oversight capacity of the NCAA enhanced, measured in terms of its	Introduced in Apr 2009 after including the Aviation component	Completion of study on aviation agencies

New Indicators	Reasons for inclusion/revision	New Indicator revised
ability to implement aviation industry re-certification	and revised in Feb 2011	
Perimeter fences and roads constructed in Abuja and Port Harcourt international airports		
Improved safety and security record in the sector measured in terms of compliance with ICAO safety and security standards		
Percentage of perimeter fences and roads constructed in Abuja and Port Harcourt International airports	Introduced in Feb 2011 but bifurcated into two indicators in Aug 2012	Length of perimeter roads constructed in Abuja and Port Harcourt Airports
		Length of perimeter fences constructed in Abuja and Port Harcourt airports

Part D: New Indicators dropped

New Indicators	Remarks/Reasons for dropping
Component 1: Public Resource Management Reform and Anti-Corruption	
90% of FIRS staff have the skills to use ICT tools in the execution of core technical and support functions across the service	Introduced in Apr 2009
Standard manuals for tax assessment and tax audit for each category of tax prepared and in use	Introduced in Apr 2009; reported as having achieved the target
Standard templates for tax collection and reporting for each category of tax prepared and in use	Introduced in Apr 2009; reported as having achieved the target
Component 4: Airport Safety Reforms and Investments	
Regulatory and oversight capacity of the NCAA enhanced, measured in terms of its ability to implement aviation industry re-certification	Introduced in Apr 2009 pursuant to introduction of Aviation component; revised in Feb 2011 to “ <i>Percentage of recertified operators in the Nigerian aviation industry</i> ”; subsequently dropped as this indicator was not found to be a reflection of the performance of the Federal Ministry of Aviation who requested for dropping this indicator

Annex 2. Project Costs and Financing

(a) Project Cost by Component (in USD Million equivalent) - IDA

Components	Appraisal Estimates (USD mn)	Estimate at Restructuring (USD mn)	Revised (USD m)	Actual/ (USD mn)	Actual as % of Appraisal
1. Public Resource Management Reforms and Targeted Anti-Corruption Efforts	73.30	64.95			
2. Civil Service Administrative Reforms	66.86	59.27			
3. Strengthening Statistics and Statistical Capacity	20.00	10.37			
4. Strengthening pension management and accountability	6.69	-			
5. Project Execution	3.31	5.02			
6. Contingency/ Unallocated	8.56	0.39			
7. Repay PPF	0.50	0.00			
8. Total	179.22	140.00	131.75	133.9	74.7

(b) Financing (in USD Million equivalent)

Source of Funds	Type of Co-financing	Appraisal Estimates (USD mn)	Original (USD mn)	Revised	Actual/ (USD mn)	Actual as % of Original
International Development Association	Credit	179.22	140.00	131.75	133.9	95.6
DFID, UK	Co-Financing		22.84	18.79	20.46	89.6
Federal Republic of Nigeria	Counterpart	16.69			0	0
Total		195.91	162.84	150.54	154.36	94.7

Annex 3 – Project Outputs and Discussion on Achievement of the PDOs

Sub- PDO (a): Improvement in the Federal Government’s Administrative Systems

Overall Achievement: Substantial (Modest pre-structuring and Substantial post re-structuring)

- **Reform in Pilot Ministries and Agencies and Strengthening capacity of BPSR to lead Federal Civil Service Reform**

Achievement: Substantial (Modest pre-structuring and Substantial post re-structuring)

Reforms in four pilot MDAs (FMF, NPC, FCTA and Federal Ministry of Information) were planned at start of the project and later on extended to additional five MDAs (National Copyright Commission, Investment and Securities Tribunal, Office of the Head of Service of the Federation, National Assembly and National Insurance Commission). The outcomes were measured by:

KPI 3: *Percentage of staff and ministry service users that cite improvements in the quality of services of restructured ministries (as measured by user and staff surveys).* There was no identified baseline value for this KPI. The results of achievement of 80% are based on a consultant report (covering the initial four MDAs)⁴⁰ says that the “*findings are based on the administration of questionnaires to **target officials** in the pilot agencies*”, it does not make any mention of ministry service users, whether internal or external. It was critical to get the view from the actual users of the ministry/ public, as it would be expected that the officials of these ministries would naturally attest to the success of the indicator. Further discussions revealed that while external service users of the ministries were not interviewed, the consultants met with the “SERVICOM ” desks of the MDAs (Service Compact desks in federal MDAs, which receive the complaints of poor services from MDA service users and are responsible for ensuring the quality of services provided) and concluded an achievement of 80% as against a target of 50%.

The progress was measured through five IRIs.

- **Indicator 8 - Number of Pilot restructuring plans fully implemented:** the target has reasonably been achieved in the initial four pilot MDAs selected for undertaking organizational and staffing reforms and use of ICT for improving work processes. The restructuring evolved on an on-going basis and changing priorities in government. Restructuring included severance of staff. Tracer Study (September 2012) on the effectiveness of the severance and social assistance program in 2006 and 2007 was undertaken.
- **Indicator 9 -Percentage of professional Staff in pilot ministries** and **Indicator 10 - Percentage of professional staff who have received training in their respective areas** have been substantially achieved as reflected in an independent consultant assessment report.⁴¹ On an average, 85% staff in the four MDAs is professional and has received training in

⁴⁰ Final Impact Limited Consultants, Assessment Update of the Performance of the M&E Indicators of the Civil Service Reform Component in the Pilot Agencies, June 2013

⁴¹ *ibid*

their areas of responsibility. The report concluded that the *intervention through the resources provided under ERGP was efficient and effective in transforming the agencies to deliver services according to their mandates, enabling restructuring of the MDAs and strengthening professionalism through capacity building and training programs*. The study cautioned that *the success of the reform in these pilot agencies is dependent on how sustainable they will be in a couple of years and that resources will have to be provided through the Budget for sustained capacity building and training and will depend on the political will not to revert*.

- **Indicator 13** - *Ratio of intellectual property rights enforcements to total reported cases* (pilot agency Nigerian Copyright Commission): 55 cases enforced of 62 reported in 2012 (88%). The percentage of enforcements has progressively increased from 53% in 2009 to 88% in 2012.
- **Indicator 14**: *Capital Market Disputes case disposal rate* (pilot agency Investment and Securities Tribunal): The case disposal rate at the close of the project was about 74% while the overall average was 54% over the period 2006 - 2012.

Table 1: Year-wise Capital Market Cases Reported and Disposed

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
No. of Cases Reported	8	18	45	63	62	29	68	24	23	340
No. of Cases Disposed	5	9	23	29	33	19	33	17	17	185
Case Turnover	63%	50%	51%	46%	53%	66%	49%	71%	74%	54%

Source: IST, June 17, 2013

▪ **Airport Safety Reforms and Investments**⁴²

Achievement: Substantial (Modest pre-structuring and Substantial post re-structuring)

There are three IRIs of which two have been achieved and one partially achieved. Indicator 15 - *Length of perimeter roads constructed* has been achieved in Abuja airport but the road remained to be completed in Port Harcourt airport till project close. *Indicator 16 - Length of perimeter fences constructed* has been completed at both the airports, though with some delay. Indicator 17 - *Completion of study on aviation agencies* has also been achieved, stakeholder workshop held, report has been validated and final report submitted to the Federal Ministry of Aviation.

Technical consultancies to support capacity enhancement training, security systems development and development of safety management systems for the NCAA contributed to an overall improvement in the safety and security of operational activities and the Nigerian Aviation industry attained American FAA Category 1 status in 2010⁴³. The NCAA attained an enhanced

⁴² The Aviation reform component aimed to “streamline and strengthen institutions and work processes in the sector” enabling strengthening the administrative capacity of the aviation sector agencies; hence, taken under the PDO sub-objective improvement in the federal government’s administrative systems

⁴³ This was attained from the U.S. Government under the Federal Aviation Administration's (FAA) International Aviation Safety Assessment program. This means that Nigeria complies with the international air safety standards set by the International Civil Aviation Organization, the United Nations' technical agency for aviation that establishes international standards and recommended practices for aircraft operations and maintenance.

level of air safety oversight capacity as civil aviation regulator and physical investments in perimeter roads and fencing increased safety standards meeting the ICAO's requirement for re-certification of the airports.

Overall, the pilot reforms have gone well with increased number of professional and trained staff and the aviation reform activities substantially completed. Conclusion in respect of achievement of two pilot activities (IRI 13 and 14) could not be firmed up as the measurement in the indicators was not unambiguous – though there was progress. Aviation reforms were introduced after project effectiveness and substantially achieved its objectives.

Sub-PDO (b): Improvement in the Federal Government's Financial Systems

Overall Achievement: Substantial (*Modest pre-structuring and Substantial post re-structuring*)

The two KPIs linked to this sub-objective have been achieved.

- **KPI 1** - *Number of agencies with budget and financial reports prepared from GIFMIS within seven days from month end* has been achieved. GIFMIS went live in April 2012 and by project close covered 209 MDAs against the target of 120. Budgetary releases to these MDAs are done from the Central Bank through the GIFMIS and for these, budget performance reports and monthly financial statements are available on a real-time basis.
- **KPI 2** - *Number of economic and financial crime prosecutions by EFCC*. No target was set for this indicator. Against a baseline of 263 prosecutions in 2005, EFCC launched 502 prosecutions in 2012 and 2,018 cumulatively during the period 2005-12 (see Table 3).

▪ Government Financial Management and Information System Reform Sub Component

Achievement: Substantial (*Modest pre-restructuring and Substantial post restructuring*)

The two major achievements of this sub-component are the successful interface of the GIFMIS's Budget Execution System (BES) with the Central Bank of Nigeria and the transition to TSA. As of the date of project closure, BES was operational across 209 MDAs (against a target of 120) and for these MDAs, the budget performance reports and financial statements was available in real time. As on October 31, 2013, 225 MDAs are on the system with coverage of 78% of federal finances. By June 2013, GIFMIS had generated 4.7 m pay orders with a value of Naira 4 trillion; monthly average cash balances reduced from Naira 106 b in April 2012 to Naira 19 b by project closure in June 2013, with the result that the Ways and Means financing costs and Cash Backing Time have been eliminated⁴⁴. The Budget Preparation System (BPS) that could not be implemented within the project period was used for the 2014 Budget in November 2013 (post-project closure). Despite the fact that GIFMIS implementation was delayed – GIFMIS Steering Committee was formed in 2007 and procurement process for GIFMIS vendor completed in 2011 (leading to project closing date being extended) – the gains achieved so far have been enormous, as evidenced by the fact that the federal government is keen to achieve full roll-out across all MDAs in a short time. Much work on related activities is still to be completed

⁴⁴*ibid*

including implementing phase 2 of BES, closing all bank accounts outside TSA, training in the systems and establishing business continuity and disaster recovery plans.

In the area of financial reporting, adoption of International Public Sector Accounting Standards (IPSAS) Cash standards has been approved. This is expected to be implemented for government FY 2014 financial statements with a transition plan for adoption and implementation of IPSAS Accrual Basis by 2016. Furthermore, the adoption of International Financial Reporting Standards (IFRS) by the private sector beginning in 2012 was a major milestone. There are some issues relating to chart of accounts essential to effectively implement GIFMIS and the transition path to full implementation to IPSAS, and these need resolution.

Training to the core group of internal auditors on the modernization plan had been done (although many have either been deployed outside internal audit function or retired) and other training on GIFMIS, computer aided audit techniques etc. have also been conducted but sensitization of high level officers on risk based audit approach in MDAs is pending. Auditors who have completed their training have been assigned audit privileges on GIFMIS to conduct audit on the system.

ERGP support to capacity building in Public Financial Management through the revamping of the Federal Treasury Academy (FTA) resulted in the development of a vision document for the FTA, a PFM Qualifications Framework for the Award of a Professional Qualifications in Public Financial Management; development of a strategy for the implementation of the Framework and design of a Quality Assurance Blueprint for the Academy's Examinations. This support was achieved through a twinning arrangement between the FTA, Chartered Institute of Public Financial Accountants (CIPFA) UK and the Institute of Chartered Accountants of Nigeria (ICAN) for PFM tutelage through the production of courseware for students and tutors as well as an internationally recognized certificate award⁴⁵.

- **External Audit Reform Sub Component**

Achievement: Modest in both the phases

Indicator 1 – *Backlog of audited financial statements of the Federal Government* has been achieved. By 2012, the OAuGF had cleared the backlog (against 4 years backlog at commencement of the project), although the 2011 audited accounts were placed before the National Assembly in 2013 with some delay.

There has been less than satisfactory achievement in completing other activities particularly passing the Audit Bill by the Assembly⁴⁶, a crucial step to provide independence to the office of the OAuGF and paving the way for reinforcing accountability and oversight at the Federal level – the OAuGF continues to function under an Ordinance of 1956.

⁴⁵ Following successful pilots of the Certificate and Diploma programs under ERGP support, the FTA plans to roll out an Advanced Diploma program in February 2014 and commence the Professional program in August 2014

⁴⁶ The Audit Bill was indeed tabled before the National Assembly for the first time in 2001 (and re-submitted in subsequent sessions of the National Assembly) but has not been passed yet.

▪ **Financial Reporting Reform Sub Component**

Achievement: Substantial in both the phases

There is no OI or IRI linked to this sub-component. At project commencement, only 21 accounting standards had been issued by the then NASB, as against 41 issued by the International Accounting Standards Board (IASB). However, by project closure, Nigeria had almost achieved full convergence with the IASB; the highest point being the issuance of the IFRS for the private sector and IPSAS for the public sector. Adoption of International Financial Reporting Standards (IFRS) is progressive being adopted by significant private entities started in 2012, Other public interest entities in 2013 and SMEs would be by 2014. The Financial Reporting Council Act was promulgated in 2011 and the NASB has been replaced with a statutory body, the FRCN. Its institutional structure is being aligned with that provided in the underlying legislation including operations being computerized through ERP. Staff of FRC and SEC has been imparted local and foreign training. Furthermore, Nigerian universities are being supported by the FRC to impart courses in business ethics and values as well as in International Financial Reporting Standards.

▪ **Procurement Reforms**

Achievement: Substantial (Modest pre-restructuring, Substantial post-restructuring)

The progress of this project intervention was sought to be measured through three IRIs

- Indicator 2 - *Effective procurement regulatory body has been established:* The Bureau of Public Procurement was formed in 2008 under a new Public Procurement law of 2007. The BPP has the power to enforce the procurement law, implementing regulations and providing guidance for procurement capacity in the MDAs.
- Indicator 3 - *Percentage of government ministries using National Standard Bidding Documents.* National Standard Bidding Documents (NSBD) have been developed and formally deployed and in use by all Ministries since 2012. However, a Procurement Audit and Project Monitoring and Evaluation carried out in selected MDAs found that though the Standard Bidding Documents were used there were attempts by MDAs to modify the Contract Agreement Templates in some of the contracts reviewed. A circular mandating the use of the NSBD has been issued. The Bank has adopted their use for procurements by National Competitive Bidding in all Bank financed projects. MDAs implementing Bank funded projects therefore use the NSBD⁴⁷.
- Indicator 4 - *Percentage of large government contracts awards published:* this IRI has been achieved as 100% of the large contracts available on the website of BPP and published in the media quarterly/ bi-annually.

As a result of the new procurement regulatory framework, public procurement policies and practices at the federal level have improved, and become more transparent and there is increased demand for accountability. This has created a demonstration effect for states – leading to at least

⁴⁷See section 2.4 for discussion on the indicator

14 states subsequently enacting their own modern public procurement laws⁴⁸. In 2011, the Bank, in recognition of the high standards of the government NSBDs, adopted the use of the government NSBDs for National Competitive Bidding in Bank financed projects. With the creation of a Professional Procurement Cadre, public service capacity to effectively and efficiently manage public expenditure is expected to be significantly strengthened.

▪ **Tax Administration Reform**

Achievement: Modest (Negligible pre-restructuring and Modest post-restructuring)

There is no OI linked to this sub-component. There are two IRIs for this sub- component whose status is as follows:

- Indicator 5: *Number of registered taxpayers - corporate and SMEs/individuals*: the number of taxpayers uniquely identified in the tax database recoded 1.06 m by Dec 2012 (up from 0.48mn in 2005), an achievement of 90% of the target, out of which 540000 are corporate taxpayers.

Indicator 6: *Real growth in non-oil tax revenue*: The target was indicated in nominal terms (11%) which in real terms translated to *negative* 3.6%. There was a growth in non-oil tax revenue collections by the FIRS between 2010 and 2012. In real terms, the growth averaged about 4.2% from 2010 to 2012.

This component (also co- financed by DFID) supported the successful establishment of a modernization Department and Change Management Unit in the Federal Tax Office (FIRS), which implemented a change management corporate plan for the agency. Various advisory services were supported under the project for the development of new tax administration procedures to improve transparency and effectiveness and most of these new procedures are in use by the FIRS.

▪ **Support to Anti-Corruption Agency**

Achievement: Substantial in both the phases

The KPI linked to this sub-component is *Number of economic and financial crime prosecutions by EFCC*. Indicator 7 - *Amount of economic and financial crime assets recovered by EFCC* cumulatively was USD 9368mn for the period 2004-12 and USD 261 m for 2012 as compared to USD 447 m in December 2004. No target was set for this IRI for the reasons adduced earlier in this Report. The cumulative amount of assets recovered has significantly increased. There was impressive monetary recovery between 2006 and 2009 but there has been a reducing annual trend between 2010 and 2011 and slight improvement in 2012. 2011 was also the year with the lowest recoveries (about 5% of the recoveries made in 2010, which is inexplicable). Year-wise details are given in Table 2.

Table 2: Year-wise Economic and Financial Crime Prosecutions Convictions and Monetary Recoveries

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
------	------	------	------	------	------	------	------	------	------	-------

⁴⁸ The federal Act is only applicable at state level if a state project receives funding from the Federation up to 35%

No. of Prosecutions	263	196	183	30	221	206	417	502	2,018	
No. of Convictions	88	91	70	52	50	68	67	87	573	
Monetary Recoveries (US\$ mn)	447	950	1620	1850	1070	1661	1440	69	261	9368

Source: EFCC, November 30, 2013

Project interventions contributed to enhancing the investigative skills of the financial intelligence operatives of EFCC contributing to higher numbers of prosecutions, convictions and recovered assets from economic and financial crimes, and reduction in time cycles in complex case investigation. EFCC in their own report have estimated that funds recovered from five troubled banks was about Naira 171 bn and substantial value of assets were recovered from government

officials, businessmen and captains of industry and fraudsters returning assets to fraud victims all over the world.⁴⁹ In addition, the time needed to resolve cases had improved. A stronger EFCC had helped Nigeria to be delisted from the FATF-NCCT list in 2007, as well as gain admission to the EGDMONT Group of Financial Intelligence Units. The EFCC attributes its success to a significant extent to support of the ERGP, in particular the building of human and physical capacity.

Sub- PDO (c): Improvement in the Federal Government’s Human Resource Systems

Overall Achievement: Modest (Substantial prior to re-structuring and Modest post re-structuring)

The implementation of an IT based *Integrated Personnel and Payroll Information System (IPPIS)* in the pilot MDAs has been a significant factor in achievement of the Human Resource sub-objective of the PDO. ERGP supported piloting IPPIS in six MDAs (Education, Information, Works, FMF, Foreign Office and NPC) and phase 1 was completed by mid-term of the project in 2008. IPPIS has now been mandated to be rolled out in all the MDAs with a target of full implementation by December 2013 entirely with government funding. This partial implementation eliminated about 25000 ghost workers and led to monthly savings of Naira 116 m for the 7 pilot MDAs. ⁵⁰

The KPI under this sub-objective, however, has not been achieved. KPI 4 - *Discrepancy between the nominal roll and the payroll in IPPIS pilot MDAs* had a target of 5% at project close. It was reported that this had been achieved at the time of the pilot. However, the discrepancy between nominal roll and the payroll at the end of the project re-surfaced and was assessed at an average of 29% by Ms. Quick Projects Ltd engaged by BPSR to assess and ascertain the extent to which the introduction of the IPPIS has helped reduce the bottlenecks related to payroll and personnel records management in the civil service. The average discrepancies in the FMF and Budget Office and the Federal Ministry of Education were assessed at 75% and 70% respectively.

The study reported significant improvement in the payroll processes within the pilot MDAs, but also stated that the improvement in the personnel processes did not sufficiently meet up with the objectives of the IPPIS project. The Study has reservations on the effectiveness on the use of

⁴⁹ EFCC, Implementation Completion Report (undated)

⁵⁰ FMF, Ministry of Finance Implementation Committee on GIFMIS/IPPIS

IPPIS application, and the communication among the IPPIS role players. Inability of FGN to fully deploy the HR component of the IPPIS application has limited the manpower planning objective of the government in deploying the IPPIS project and the study recommended that the HR module of the IPPIS application should be put to full utilization, with the information on both payroll and nominal roll fully integrated.

Overall, the achievement of PDO sub-objective of improving the human resource systems was **Modest (Substantial** prior to restructuring and **Modest** post restructuring) as the project partly achieved the objective in this area. IPPIS was implemented in the pilot MDAs prior to restructuring, but HR module was not deployed and the average discrepancy re-surfaced and was more than the end target by project close.

Sub-PDO (d): Improvement in the Federal Government's Statistical Systems

Overall Achievement: Substantial in both the phases

KPI 5 - *Percentage of NBS statistical outputs released within the GDDS time and frequency limits* linked to this activity has been achieved. 83% of the periodic releases of data by NBS are now in line with the GDDS (General Data Dissemination System) timelines and this is significant improvement over the 10% baseline in 2005.

The two IRIs 11 and 12 in the Data Sheet linked to this objective have also been achieved. Indicator 11 - *Validation of data sources, processing methods and statistical products* has reached 90% as compared to 40% at start of the project. Due to severance scheme and recruitment of professional staff, the Indicator 12 - *percentage of staff with requisite professional background and skills* has increased to 75% as compared to 25% in 2005. Over 1700 non-professional staff was disengaged under a severance program and professional staff recruited and trained.

A new legislation now provides a framework for the compilation of statistics (enacted in 2007), indicators to monitor the federal statistical systems and a mechanism to report the results to the legislature. Institutional and capacity building for the NBS has improved quality and timeliness of statistical products and reducing the backlog of regular statistical products, allowing Nigeria to improve from the 39th to 19th rank in sub-Saharan Africa in the area of statistics⁵¹. Statistical data is disseminated through the NBS portal and is linked to other Nigerian agencies and also to agencies outside Nigeria. These activities were co-financed by DfID and the success can be attributed jointly to the Bank and DfID.

Overall, the achievement of PDO sub-objective of improving the statistical systems was **Substantial**, having achieved its objectives, for both prior to and post restructuring phases.

⁵¹Rating by STATNET, the ACBF Technical Advisory Panel and Network on National Statistics and Statistical System on statistical practice, data collection, and indicator availability - rating is done on behalf of the World Bank (Source: Aide Memoir July 2008)

Annex 4. Economic and Financial Analysis

Economic analysis of ERGP:

- **IPPIS:** The deployment of the IPPIS in the civil service have enhanced operational processes and helped improve performance and quality of service delivery. The payroll module has been put to effective use a payroll processes have been streamlined making payroll information on the civil service readily available. The use of biometrics data capture has further boosted the integrity of the personnel records of the federal civil service and has led to the elimination of ghost workers. However, the comprehensiveness and reliability of the nominal roll in the MDAs remain a challenge as the personnel module of the IPPIS is not being used optimally.
- **Budgeting:** Budget discipline has improved as budgets are made on actual parameters rather than estimates as was the case earlier. Staff cost computations, deductions and remittances to third party institutions have been automated.
- Other key qualitative benefits of the ERGP include the effectiveness of control features, benefits in the areas of increased prosecutions in economic and financial crime (EFCC), better cash management leading to financial savings (GIFMIS), savings on account of procurement reforms (specifically, procurement regulation by the BPP) and availability of better trained and more professional staff in federal MDAs.

Financial analysis of the ERGP:

- **EFCC:** The number of economic and financial crime prosecutions increased over the project period and the amount of economic and financial crimes assets recovered by EFCC was over \$ 9 bn between 2004 and 2012. Anti-corruption efforts were also boosted through strengthening of procurement governance institutions and systems and implementation of the IPPIS.
- **IPPIS:** Implementation of IPPIS in the pilot MDAs has resulted in identification of about 25000 ghost workers. IPPIS also helped make net average monthly savings of Naira 116 m for the 7 pilot MDAs after implementation.
- **GIFMIS:** As a result of GIFMIS implementation and with the e-payment system in place under the TSA arrangement and considering the fiscal management tools employed by FGN during the project period, the average monthly balance in Consolidated Revenue Fund of FGN improved from a deficit of about 100 billion Naira in 2011 to a surplus of Naira 4.16 billion in 2012. Substantial benefits, notionally computed at about the equivalent of \$97 million, have been realized through savings in interest payments on the overdrafts provided by the central bank to finance the budget.
- **Cash Management:** Strengthening the cash management system through implementation of GIFMIS contributed to efficiency in government resources– monthly average cash balances have reduced from Naira 106 bn in April 2012 to Naira 19 bn by project closure in June

2013. The ways and means financing costs over the same period reduced from N 12.8 b to Nil while the cash backing time also reduced from 28 days to nil over the same period.

- NBS made severance payments to retrench 1794 staff at a cost of \$ 5.17 mn. The balance amount of \$ 2.45 mn was utilized for Severance Payments primarily in the FMF. This allowed for recruitment of professional staff.
- **Training activities:** The capacity building activities in each component resulted in training of a large number of government staff, though exact numbers are not fully available. The number of trained and professional staff in pilot ministries under component 2 increased to 85-90% from the earlier 15-20% and similarly the ratio of professional staff in NBS is now 75% as compared to 25% at the start of the project.
- **BPP:** The Bureau of Public Procurement have reported in June 2013 that there have been a cumulative value improvement savings of over NGN 420 b from the year 2007 till date through the Bureau's prior review interventions.

A quantitative assessment of the projects NPV or ERR is not possible due to the fact that such an assessment was not conducted at the appraisal stage. Moreover, as an institution-building project, it is difficult to determine the rates of return. Given the progress made towards achievement of the objectives, the overall Efficiency of the project can be considered Substantial in terms of qualitative gains made.

Annex 5. Bank Lending and Implementation Support/Supervision Processes

Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No of Staff Weeks	USD Thousands (including travel and consultant costs)
Lending		
FY04	18	267.4
FY05	93	428.0
Total	111	695.4
Supervision		
FY05	1	45.0
FY06	82	315.5
FY07	66	242.5
FY08	84	270.0
FY09	115	361.2
FY10	53	186.4
FY11	67	300.0
FY12	58	201.0
FY13	32	135.2
FY14	16	78.1
Total	574	2,135

(a) Task Team members

LENDING

Adamolekun, Oladipupo O	Retired (now consultant)	
Akpan, Luke Udobit	Driver	AFCW2
Asanato-Adiwu, Mary	Procurement Specialist	AFCW2
Awosemusi, Bayo (88676)	Lead Procurement Specialist	AFTPW
Bada, Elias Tiamiyu Akanmu	Driver	AFCW2
Bakare, Jubrila	Driver	AFCW2
Cho, Junghun	Sr. Operations Officer	CN1S4
Dorfman, Mark Charles	Sr. Economist	HDNSP
Gebreyesus, Tesfaalem	Lead Specialist	OPSOR
Kuoh-Moukouri, Manga	Retired	
Kwakwa, Victoria	Country Director	EACVF
Mba-Kalu, Roseleen Kechi	Retired	
Musa, Nasiru	Driver	AFCW2
Nwaoha, Simon		
Nwoko, Chinedum	Consultant	AFTP3
Nzekwu, Gregory Taiwo	Consultant (was Sr. Economist)	
Okafor, Chukwudi H.	Sr. Social Development Specialist	AFTCS
Okhaifoh, Sylvester Ehimen		
Olowo-Okere, Edward	Director	AFTOS
Omorodion, David		
Oyeyiola, Adenike Sherifat	Sr. Financial Management Specialist	AFTME
Sivapathasundram, Ramesh	Lead Information Officer	TWICT
Valentini, Giorgio	Representative	ITSTR

SUPERVISION

Acheneje, Sunday Achile		
Adekoya, Adewunmi Cosmas Ameer	Sr. Financial Management Specialist	AFTMW
Akinsola, Olukemi Roseline	Team Assistant	AFCW2
Akinyele, Akinrinmola Oyenuga	Sr. Financial Management Specialist	AFTMW
Akpan, Luke Udobit	Driver	AFCW2
Aliyu, Mohammed	ET Consultant	AFTTR
Anang, Thomas Kwasi Siaw	Procurement Specialist	SARPS
Asanato-Adiwu, Mary	Sr. Procurement Specialist	AFTPW
Awe, Taye	Driver	AFCW2
Awosemusi, Bayo	Lead Procurement Specialist	AFTPW
Bada, Elias Tiamiyu Akanmu	Driver	AFCW2
Bakare, Jubrila	Driver	AFCW2
Ceesay, Ismaila B.	Lead Financial Management Specialist	AFTM3
Cole, Winston Percy Onipede	Sr Financial Management Specialist	AFTME
DeGraft-Hanson, Robert Wallace	Sr Financial Management Specialist	AFTMW

Deshpande, Atul Bhalchandra	Sr Public Sector Specialist	AFTP3
Ejembi, Philip	Driver	AFCW2
Freinkman, Lev	Consultant (was Sr. Economist ?)	IEGCC
Gebreyesus, Tesfaalem	Lead Specialist	OPSOR
Haider, Syed Waqar	Sector Leader	AFTSN
Heitner, Marc L.	Sector Leader	AFTSN
Issahaku, Abdul-Nashiru		
Ito-ro-Godfrey, Rita Obioma	Program Assistant	AFTP1
Jagha, Ogo-Oluwa Oluwatoyin	Sr Monitoring and Evaluation Specialist	AFTDE
Jessen, Lars	Lead Financial Officer/Sovereign Debt	FABDM
Joseph-Raji, Gloria Aitalohi	Economist	AFTP3
Kabuya, Patrick	Sr Financial Management Specialist	AFTME
Kwakwa, Victoria	Country Director	EACVF
	Lead Public Sector Management	
Larbi, George Addo	Specialist	AFTP2
Litwack, John	Lead Economist	AFTP3
Muhula, Raymond	Public Sector Specialist	AFTP3
Musa, Nasiru	Driver	AFCW2
Nesiama, Regina Oritshetemeyin	Sr Program Assistant	ECSSD
Nthara, Khwima Lawrence	Sr Economist	EASPT
Nwaoha, Simon (105275)		
Nwoko, Chinedum	Consultant	AFTP3
Nzekwu, Gregory Taiwo	Consultant	AFTP3
Ogunseitan, Abimbola	Consultant	AFTP3
Ojoko, Benson Chukwuweike		
Okafor, Chukwudi H.	Sr Social Development Specialist	AFTCS
Okhaifoh, Sylvester Ehimen		
Olowo-Okere, Edward	Director	AFTOS
Omanukwue, Phebian Nwakaego		
Omorodion, David		
Onyenuma, Eunan Ugonna	Finance Analyst	CTRLN
Oyeyiola, Adenike Sherifat	Sr Financial Management Specialist	AFTME
Peters, Joseph O.		
Pozzo di Borgo, Pierre A.	Principal Investment Officer	CN2SI
Runji, Justin	Sr Transport Specialist	AFTTR
Van Der Linde, Gert Johannes Alwyn	Lead Financial Management Specialist	AFTME
Zackius-Shittu, Mary Oluseyi	Human Resource Associate	HRDPE

Annex 6. Summary of Borrower's ICR and/or Comments on Draft ICR

Summary of observations from the borrower's completion report:

ACHIEVEMENTS

a) Adoption of more transparent and modern economic and financial management systems and processes less prone to corruption:

- i GIFMIS modules such as Budget Execution System (BES) and Treasury single Account (TSA) were successful. At project closure, 209 GIFMIS-based BES and TSA were implemented in 209 MDAs, exceeding the 120 MDAs target.
- ii. Thee-payment system of the TSA and a number of fiscal management tools employed by the federal government has yielded an improvement in the average monthly balance in the Consolidated Revenue Fund of the federal government from a deficit of about N100 billion in 2011 to a surplus of N4.16billion in 2012.
- iii. EFCC increased convictions and reduced the time cycles used in investigation of complex cases. The Commission recorded several convictions ranging from advance fee fraud, money laundering, corruption, bank fraud, capital market fraud, pipeline vandalism, etc and made substantial recoveries.
- iv. FIRS was able to create a modern and efficient Tax Revenue Administration that will enable the government to diversify and increase its revenue sources.
- v The IPPIS helped tremendously to restructure the nominal roll, thereby addressing the issue of 'ghost workers' in the Federal Civil Service and saving billions of naira for the Federal Government. Many States are already putting in place measures to replicate this best practice.
- vi Civil Society Organizations were empowered to monitor and raise independent reports on procurement activities of Federal and State Governments
- vii The Federal Executive Council (FEC) adopted the IPSAS Cash Basis Standard for application in three tiers of the federation.
- viii. The International Financial Reporting Standards (IFRS) for the private sector has also been adopted for the federation.
- x. Adoption of cash model of provides for implementation of IPSAS cash basis for the accounts of the federation by 2014, with a transition plan for adoption and implementation of IPSAS Accrual Basis by 2016.

- x. The adoption of a competitive bidding process that ensures an even and transparent playing field for all parties has led to the saving of billions of naira to the Federal Government as well as improved the quality of procured goods and services.
 - xi. Federal Government has institutionalized the preparation of Training Needs Analysis (TNA) to ensure that staff are constantly trained in line with their responsibilities.
 - xii. The project pioneered the preparation of the Medium Term Sector Strategy through a stakeholder's participation of both Government and Private sectors from which our annual budgets are derived, thereby reflecting a wide range of views/priorities.
- b. Implementation of restructuring plans in pilot MDAs and initiation of reforms in other MDAs:**
- i. The operations of the agencies have been greatly enhanced through computerization, acquisition and deployment of Enterprise Resource software.
 - ii. Project Accountants, Auditors, Procurement Officers and Planning, M & E Officers as well as those with responsibility to make inputs into the quarterly Financial Monitoring Reports (FMRs) were continuously trained on better understanding of the software. This assisted in improving the quality and format of financial management and other related reports.

CHALLENGES

- i. The World Bank was dealing directly with some agencies without consulting with the PC; this led to issues that the agencies could not manage and resulted in further implementation delay and inactivity.
- ii. The HR module of the IPPIS was incomplete. The personnel and payroll systems could not be which according to an evaluation, has given rise to the re-emergence of discrepancies between the payroll and personnel roll in the six IPPIS pilot MDAs. However, the FGN is in the process of professionalizing the Human Resource cadre which will guarantee their autonomy and in turn enable the fast tracking of the HR module of IPPIS.
- iii. Lack of initial/onset training of project implementing teams in understanding of the method of operation of the World Bank resulted in initial slow implementation.
- iii. Project Staff turnover - project teams were reconstituted several times during the project lifetime due to internal movement and reshuffling.

- v. The pool system which entails movement of staff around the government agencies made it difficult to evaluate the impact of the training program in all the agencies. Trained staff were posted too soon before they could before apply the knowledge.

STRATEGY FOR SUSTAINING INITIATIVES AND REFORMS ACHIEVED UNDER THE PROJECT

- i. "Statistical Trust Fund (STF)", which will serve as a common basket for funding statistical operations in Nigeria has been established and is set to sustain the initiatives towards the development of statistics.
- ii. There is an on-going Training needs collation from the various MDA's based on career path/grades, developed into annual training plan, properly budgeted for and implemented.
- iii. Taxpayers are now being issued Taxpayer Identification Numbers (TINs) by way of registering them into the tax net. TIN has now been made a prerequisite for doing business in the country therefore sustaining the tax administration reforms
- iv. FIRS is at the point of deploying an Integrated Tax Administration Systems Solution (ITAS) with a view to fully automating the tax administration.
- v. Program Management offices (PMOs) have been created to manage all reform initiatives, while Change Mgt. functions have also been articulated and are being manned
- vi. Yearly budget to recognize and give priority to ongoing and long term projects.
- vii. Executive and NASS to provide sufficient Budget and Funding to continue supporting the reform after the Bank ceases to fund the ERGP project.
- viii. Ongoing development of a Tool to Monitor Prices of Tendered items and Develop a Catalogue for Standard Prices of items.
- ix. On-going implementation of a Databank Management System (e-procurement) for the country.

CONCLUSIONS AND RECOMMENDATIONS

All teams pursued a coherent and well-articulated strategy that is tied to the Project Appraisal Document for the ERGP since the beginning of the project. As at the stage of project closure, the following conclusions are pertinent:

- i. Although the implementation of the Budget Preparation System (BPS) did not start during the life of the ERGP, it is being planned for use during the

preparation of the budget for 2014.

- ii. Project implementation involved close collaboration with staff of the various MDAs to ensure ownership and continuity.
- iii. In future, consultants should use the services of the employees of mainstream units and train them to take over responsibility to ensure continuity and sustainability (ownership).
- iv. Sensitization and participation of staff on benefit of reforms is very important for their buy in.
- v. Capacity Building is required for improvement in organizational performance. Therefore, there is need for continuous training of staff in required and identified fields.
- vi. Professionalism is paramount in an organization for better service delivery. vii. Institutional reform is important as it makes an organization more strategic in the discharge of its mandate.

Annex 7. List of Supporting Documents

List of documents / reports referred to in the ICR:

- World Bank, Project Appraisal Document on a proposed credit of SDR 93.4 mn to the Federal Republic of Nigeria for an Economic Reform and Governance Project, November 15, 2004
- Development Credit Agreement (Economic Reform and Governance Project) between Federal Republic of Nigeria and International Development Association, January 24, 2005 and Amendment Letters to the Credit Agreement dated March 30, 2006, July 3, 2006, July 19, 2007, February 4, 2008, August 16, 2012
- Restructuring of the Nigeria Economic Reform and Governance Project, Restructuring/ Project Papers dated April 2009, February 8, 2011, August 15, 2012, January 11, 2013
- Aide Memoires of the Supervision Mission/Implementation Support Missions – Sept 26-Oct 13, 2006; Nov 28-Dec 19, 2007; Jun25-Jul17, 2008 (midterm review); Mar 23-28, 2009; Oct 26-Nov 6, 2009; May 2010, Nov 29-Dec 10, 2010; May 10-24, 2010; De 1-13, 2011; Jul 9-26, 2012;Jan 28-Feb14, 2013 and Jun 10-27, 2013 (final mission)
- Financial Management Supervision Mission Report, April/May 2009
- Implementation and Results - Jul 11, 2011; Feb 10, 2012; Oct 13, 2012; May 18, 2013
- Implementation Completion Reports from Implementing/Pilot Agencies–EFCC(undated); OAGF Oct 31, 2013; NBS Jun 12, 2013; BPPJune 2013; FIRSJune 2013; Project Execution Team Aviation ComponentJune 2013; FCTA (undated); NCP (undated); BPP Jun 17, 2013; BPSR Jun 2013; FRC (undated); NCC (undated)
- Practical Sampling International JWT, Perception Survey Report Wave 3, January 2013
- Quick Project Limited, Monitoring and Evaluation Report on IPPIS
- Final Impact Limited Consultants, Indicators of the Civil Service Reform Component in the Pilot Agencies, June 2013
- Quick Projects Limited, Tracer Study on the Federal Civil Service Staff Severance and Social Assistance Program, September 2012