The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results

2019 Annual Performance Assessment (APA) Report

NIGER STATE

By:

The Office of the Auditor General for the Federation as the SFTAS Independent Verification Agent with support from JK Consulting Co. Ltd

November 2020

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1   Executive Summary

This Report details the outcome of the Annual Performance Assessment (APA) conducted on Niger State for the 2019 year of the four-year SFTAS Program. In conducting the APA, the verification team assessed how the State performed against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines and verification protocol.

Table 1 (below) reflects the outcome of the 2019 APA for Niger State and shows areas where the State was able to achieve results. In total, Niger State achieved **9 (nine)** DLRs out of 15 DLRs applicable to 2019, while one (1) DLR was achieved in 2018. One of the achieved DLRs was due for assessment during the 2020 APA but has been assessed early as requested by the Programme.

We further identified several areas where the State can improve its performance for the next APA, and these are set out in detail within Section 3 of this report. In summary, the State should ensure the following:

1. <u>DLR 1.1:</u> Budget implementation reports should include, at a minimum, the approved budget appropriation for the year for each organizational unit (MDAs), and for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and Other expenditures). It should also state balances against each of the revenue and expenditure appropriations. The balances should also be provided on a consolidated basis across the four (4) expenditure classifications.

2. <u>DLR 1.2:</u> Expenditure outturn deviation is reduced to a level within the annual requirements for this result.

3. <u>DLR 3.0</u>: Link the Consolidated IGR Account with the TSA (Statutory Account) through a suitable funds sweeping strategy. Amend the Cash Planning and Management Strategy to include the fund sweeping strategy and ensure full implementation of cash flow forecasting strategy in order to be able to forecast cash commitments and requirements and provide reliable information on the availability of funds.

4. <u>DLR 4.1</u>: Review for amendments, the Revenue Law (alongside with the revenue code). The revenue law should clearly state the sources of the revenues, (including the Local Governments sources). The amended revenue law and code should be published online.

5. <u>DLR 8</u>: An internal domestic arrears database with relevant balances placed online through a publicly accessible portal. Domestic arrears are cleared year on year to achieve total reductions in arrears in line with the targets set for this DLR.

Furthermore, we noted significant issues affecting the credibility of the Financial Statements for 2019. Primarily, there is a difference of ₦4,814,938,577.26 between the Total Debt Stock/Liabilities of ₦ 82,576,520,561.96 reported by the State in its Audited Financial Statements for 2019 and the Total Debt Stock of ₦87,391,459,139.22 reported in the records of the Federal Debt Management Office, the CBN and the FMoF.

Table 1: Assessment Results

Key:	Achieved		Not Achieved		Previously Achieved	

Disbursement Linked Indicators	**Disbursement Linked Results**	**Results**	**Remarks**
DLI 1: Improved financial reporting and budget reliability	DLR 1.1: FY19 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management		The State published the reports an average of 30.68 weeks after the quarter end.

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	DLR 1.2: FY19 deviation for total budget expenditure is < 25%		Budget deviation was 42.998%.
DLI 2: Increased openness and citizens' engagement in the budget process	DLR 2.1: Citizens' inputs from formal public consultations are published online, along with the proposed FY2020 budget.		Citizens inputs/minutes of the Consultation was published on 10th Dec 2019
	DLR 2.2: Citizens' budget based on approved FY19 State budget published online by end April 2019.		Citizen's budget was published online by 29th April 2019.
DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA	DLR 3: TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 60 percent of state government finances implementation of State TSA		The TSA covers only 9% of the State Government's finances.
DLI 4: Strengthened Internally Generated Revenue (IGR) collection	DLR 4.1: State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published		The State law should include all IGR sources and the SIRS should be sole agency responsible for state revenue collection and accounting.
	DLR 4.2: 2019-2018 annual nominal IGR growth rate meets target: -Basic target: 20%-39%, Stretch target: 40% or more	**Basic Target Met**	The annual nominal growth was 24.69%
DLI 5: Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud	DLR 5.1: Biometric capture of at least 75 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll		97% of the civil servants and pensioners are captured on the biometrics.
	DLR 5.2: Link BVN data to at least 75 percent of current civil servants and pensioners on the payroll and payroll fraud addressed		100% of the civil servants and pensioners are linked to BVN.
DLI 6: Improved procurement practices for increased transparency and value for money	DLR 6.1: Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) E-Procurement; 2) Establishment of an independent procurement regulatory agency; and 3) Cover all MDAs receiving funds from the state budget.		Previously Achieved in 2018 APA
	DLR 6.2: Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on the state website		Data was published in line with the Open Contracting Data Standards (OCDS)
DLI 7: Strengthened public debt management and fiscal responsibility framework	DLR 7.1: State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.		This is a 2020 APA result assessed early. All requirements were met.
	DLR 7.2: Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2019		The SDDRs were submitted within an average of 5.29 weeks
DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears	DLR 8: Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established **and** Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target		The State has not established Internal Domestic Arrears Database

Disbursement Linked Indicators	Disbursement Linked Results	Results	Remarks
	and is consistent with the state's arrears clearance framework.		
DLI 9: Improved debt sustainability	Total debt stock at end of December 2019 as a share of total revenue for FY2019 meets target: Basic target: < 140%, Stretch target: < 115%. **and** Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2019.	**Stretch target achieved**	Debt service deduction was 11.77% and debt stock/revenue was 103.52%

The Office of the Auditor-General for the Federation as Independent Verification Agent and JK Consulting Co. Ltd agree on all the results shown in this report.

2. Introduction

2.1 Overview

The Federal Government of Nigeria is implementing a four-year program to support Nigerian States to strengthen fiscal performance and sustainability: The State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results ("The Program"). In each of the four years, the Program will finance activities under two components: (i) a Program for Results (PforR) component in the amount of US$700 million and (ii) a Technical Assistance (TA) component in the amount of US$50 million. All States are able to participate in the Program in each of the four years and benefit from the PforR funds by meeting set Eligibility Criteria and any or all the indicators of fiscal transparency, accountability and sustainability.

The Auditor-General for the Federation was appointed as the Independent Verification Agent (IVA) for the SFTAS Programme and JK Consulting Co. Ltd was subsequently engaged to support the IVA. Both parties have worked together to assess the performance of the State against the Disbursement Linked Results (DLRs) for 2019. To ensure a high-quality assessment, the IVA engaged the services of experts in Taxation, Procurement and Debt Management laws to review the legislation in place at each State.

2.2 Scope

This Annual Performance Assessment (APA) Report covers the State's performance in 2019 against the Disbursement Linked Results (DLRs) listed within the SFTAS DLI Matrix, guidelines and verification protocol. Each State was earlier assessed against the Eligibility Criteria set in the protocol, to determine the state's eligibility for grants under the 2019 APA. The results of the eligibility assessment were reported previously to each state, and are included in Appendix A.

The verification protocol was set early in the preparation for the Program and all States, implementing agencies and other key stakeholders have been continuously sensitised on the requirements of the program and on the protocol for 2019. The assessment results are binary (Pass or Fail), as that is how the Program for Results was designed.

In advance of the performance assessments, all States were provided with the detailed information requirements for the assessments, a proposed itinerary for the assessment visit and a template with which to report the results achieved. The assessments were conducted between 07/09/2020 and 11/09/2020 with a team of four persons, starting with an opening meeting where all the information requested was to be handed over. The visits were concluded with an exit meeting where initial findings were discussed, and each state was given a further opportunity to provide clarifications and/additional information.

The draft conclusions from the work done were reported to the State and this final report takes account of the State's comments on the draft results, as shown in Section 4.

The Office of the Auditor-General for the Federation and JK Consulting Co. Ltd are grateful to the States for the cooperation enjoyed during the assessment and hope the recommendations within this Report are found valuable towards achieving the DLRs in the remaining years of the Program.

3. Assessment Results

3.1 Findings

Table 2: Findings

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLI 1: Improved Financial Reporting and Budgeting Reliability				
DLR 1.1	**Financial Year [2019] quarterly budget implementation reports published on average within [6 weeks] of each quarter-end to enable timely budget management**		**Not Achieved**	
1	Has the State published its quarterly budget implementation report to the State official website on average within six weeks of the end of each quarter?	The quarterly budget implementation reports were posted online on https://nogp.nigerstate.gov.ng/storage/sites/6/2020/03/NIGER-STATE-2019-Budget-Performance-Reports-Quarter-1-to-4.pdf as follows: • Q1 – (17-03-2020)- 50.29 weeks (352 days) • Q2 – (17-03-2020) – 37.29 weeks (261 days) • Q3 – (17-03-2020) – 24.14 weeks (169 days) • Q4 – (17-03-2020) - 11 weeks (77 Days) Average weeks for the online publication are computed as below: $$\frac{50.29+37.29+24.14+11.00}{4}$$ Average = <u>30.68 Weeks (214.75 days)</u> The team downloaded the quarterly budget Implementation Reports for all four quarters of the year 2019 and obtained evidence of a time stamp of the publications.	Unsatisfactory	The State should ensure all quarterly implementation reports are published within six weeks of the end of each quarter.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2	Do the reports each include, at a minimum, the approved original AND revised (if applicable) budget appropriation for the year against each organizational units (MDAs) for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others), the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for year to date, and balances against each of the revenue and expenditure appropriations.	From the review of the Quarterly Budget Implementation reports downloaded from the State's website (see weblinks above), the team observed following: • The Budget Implementation Reports (Q1, Q2, Q3) include the approved budget appropriation for the year against each organizational unit (MDAs) for each of the core economic classification of expenditures, however the 4th quarter report (Q4) did not include appropriation for each MDA. • The Budget Implementation Reports include the actual expenditures for the quarter attributed to each as well as the cumulative expenditures for the year 2019. • The Budget Implementation Reports include the balances against each of the revenue and expenditure appropriations. • The State has an amended/revised budget. • The Budget Implementation Reports show only the approved original budget. It does not include the revised budget figures The reports include the approved budget appropriation for the year for each of the core economic classification of expenditures (Personnel, Overheads, Capital, and others); the actual expenditures for the quarter and the balances against each of the revenue and expenditure appropriations. However, it is worthy of note that the 4th quarter reports did not include appropriations.	Unsatisfactory	The State should ensure the reports include approved budget appropriation (original and revised) as applicable to the state for each organizational unit (MDAs).
3	Does the report State the actual expenditures for the quarter attributed to each MDA and each expenditure classification as well as the cumulative expenditures for year to date?	Upon review of the State's Budget Performance reports, the 4th quarter report did not state the actual expenditures for the quarter attributed to each MDA.	Unsatisfactory	The State should ensure the reports state the actual expenditures to each MDA and each expenditure classification as well as cumulative

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
				expenditures for the year to date.
4	Does the report State balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications?	Upon further review of the State's Budget Performance reports, it states the balances against each of the revenue and expenditure appropriations with balances provided on a consolidated basis across the four (4) expenditure classifications and 'Other Expenditures' which include consolidated charges.	Satisfactory	
DLR 1.2	**FY [2019] deviation from total budget expenditure is less than 25%**		**Not Achieved**	
1	Has the State computed the difference between the original approved total budgeted expenditure for the fiscal/calendar year and the actual total budgeted expenditure in the fiscal/calendar year, divided by the original approved total budgeted expenditure, and expressed in positive percentage terms?	The State did not compute the budget deviation. The IVA computed the budget deviation for this APA year. See the computation below: **Cash Basis** |	Original Budget	Actual Outturn
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Capital (pg. 2) (pg. 14)	99,037,467,662.00	32,373,438,584.87
Rec. Exp (pg. 2) (pg. 13)	65,413,401,072.63	61,366,448,386.44
Other Rec Exp (pg. 13)		
Total	164,450,868,735.00	93,739,886,971.31		Unsatisfactory	The State should prepare accurate budgets and reduce the budget deviation to a level below the limits set for this result.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	Is the expenditure outturn deviation computed less than 25%	$$\frac{₦164,450,868,735.00 - ₦93,739,886,971.31}{₦164,450,868,735.00} \times 100$$ $$= \mathbf{42.998\%}$$ The budget performance deviation is 42.998% Note that 'Other Recurrent Expenditure' in the table above refers to loan repayments, which had allocation of N10,500,000,000 in the original budget (per the AFS), and N7,125,645,353.50 as the loan repayment actual outturn. The inclusion of these two balances in the above calculation still gives a higher deviation. **Source**: 2019 Audited Financial Statement Page 13 and 14 and Approved Budget Page 2 (prepared using cash basis).		
DLI 2: Increased Openness and Citizens' Engagement in the Budget Process				
DLR 2.1	**Citizens' inputs from formal public consultations are published online, along with the proposed FY [2020] budget**		**Achieved**	
1	Did the State conduct at least one "town-hall" consultation before the proposed budget is drafted with participation of local government authorities and State-based CSOs?	a) IVA confirmed that the State conducted three "town hall" consultation and the names of some of the LGAs in attendance include Borgu , Mariga , Magama , Kontagora and Tafa . b) IVA confirmed that the names of some of the CSOs representatives in attendance include Christian Association of Nigeria (CAN), BODO Youths, Bida Forum, National Union of Teachers (NUT), Destiny Youths. c) The IVA obtained evidence that the consultation was held. Evidence such as communique, minutes, attendance list and pictures were obtained and documented in the file. d) The Zone A meeting was held on 13th July 2019 at the Auditorium of Academic Staff Union, Federal Polytechnic (ASUP), Bida.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		The Zone 'B' meeting held at Suleja Palace Suites on 6th July 2019. The meeting of Zone 'C' was held on 29th June 2019 at Multi-purpose hall of Federal College of Education, Kontagora. e) A sample of 10 attendees were independently contacted through phone calls to confirm their attendance. f) The budget was drafted and finalized on 29th November 2019. g) The dates of the consultation and the date of the draft budget were compared. The dates of consultation came first.		
2	Were the minutes of the public consultations jointly prepared with CSO representatives (shown by their signature to the minutes) and posted on the official State website, alongside the proposed annual budget on or before 31 January 2020 to enable citizens to find the inputs easily?	a) The Co-Chair of Non-State Actors co-signed the Minutes. The title and date of the Minutes is "Report of Zonal Stakeholders' Consultative Meeting on the Preparation For 2020 Budget Held at Kontagora, Suleja and Bida on 29th June, 6th July and 13th July 2019". b) The signatories present are signed as Non-State Actors c) The weblink to the publication is on https://nogp.ng/wp-content/uploads/2019/12/NIGER-STATE-REPORT-OF-ZONAL-STAKEHOLDERS-CONSULTATIVE-MEETING-ON-PREPARATION-FOR-2020-BUDGET.pdf d) The date of online publication of the minutes of public consultations is 20th December 2019 while that of the proposed budget is 10th January 2020. They were both published online before the 31st January 2020. e) See Appendix A for weblinks to the proposed/final budget	Satisfactory	
DLR 2.2 New	**Citizens' budget based on approved FY19 State budget published online by end April 2019.**			
1 New	Has the State published online, on the State website(s) a *Citizens Budget based on the approved FY19 state budget* not later than 30 April 2019?	The Citizens budget based on approved FY19 state budget was published on the 29th April 2019 before the due date on the updated weblink as follows: https://nogp.ng/wp-content/uploads/2019/04/Niger-State-Citizen-Budget.pdf The IVA accessed the link on 08/09/2020. An alternative link is also available at: https://financeministryng.org/wp-content/uploads/2019/04/Niger-State-Citizen-Budget.pdf	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
2 New	Is the Citizens Budget a comprehensible (to citizens) summary of the approved FY19 state budget?	The team confirmed that the Citizens budget summarizes in a comprehensible manner to citizens the approved FY19 state budget and was prepared in the format prescribed to the States. It accurately includes the key budget information from the original budget, including the following. i. A simple explanation of the annual budget/citizen's budget, pg. 3. ii. Breakdown of revenues and expenditures, pg. 4-7. iii. Disclosure of Budget deficit and how it will be financed, pg. 12-15. iv. Sectoral Allocation (MDAs by MDAs), pg. 21. v. Top 5 Projects to be financed, pg. 22.	Satisfactory	
DLI 3: Improved Cash Management and reduced Revenue Leakages through Implementation of State TSA				
DLR 3.0	**Improved cash management and reduced revenue leakages through implementation of State TSA**		**Not Achieved**	

1	Has the State established a functional State-level TSA?	a. The State operates multiple accounts:
		    • IGR Main Account – First Banks 2026999065 where all IGR are swept into from all revenue receiving banks
		    • Statutory Account – Zenith 1011272451
			Unsatisfactory	The State should link statutory allocation account with the TSA (IGR main account).

2	Is there a formally approved cash management strategy in place? The Strategy should cover the processes through which the State Ministry of Finance or Budgets/Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds.	The State provided cash management strategy. a) The document title is Cash Planning & Management Strategy b) The Document was produced in December 2019 and Signed by the State Accountant General. c) Paragraph 1.4 on page 7 provided for the preparation on cash flow forecasting on quarterly basis to be able to forecast cash commitments and requirements and provide reliable information on the availability of funds. d) The document does not provide for fund sweeping strategy.	Unsatisfactory	• The cash management strategy should be amended to include provisions for fund sweeping.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		e) The State provided evidence of implementation of processes described in the cash management strategy to forecast cash commitments and requirements and provide reliable information on the availability of funds. However, the cash flow forecast provided by the State was done half-yearly as against quarterly forecast provided for in the cash management strategy.		• The State should implement cash flow forecasting strategy quarterly.
3	Does the TSA have a system of cash management that allows for a central view of cash balances in bank accounts on a single electronic dashboard (based on the approved cash management strategy)?	The State has a computer application where the State can view the cash balances in the bank accounts. a) The dashboard application is provided by Remita platform used by the State to manage funds in the various banks. b) The Application was approved by the cash management strategy. c) The Application was deployed in 2019.	Satisfactory	
4	Does the TSA have one consolidated revenue treasury account for State revenues? Revenues collected by MDAs such as service fees no longer sit in individual MDA accounts at different commercial banks but are brought into the consolidated revenue account as part of the TSA.	a) The State has an IGR consolidated account with First Bank 2026999065 into which all IGR flows b) All IGR flow into the IGR consolidated account c) All government monies do not sit in the other revenue collecting banks. d) The TSA bank Statement was obtained.	Satisfactory	
5	Does the TSA cover a minimum of 60% of the State Government's finances?	The IVA computed the total cash inflow and outflow from the TSA account against the total government finances inflows and outflows as contained in the Cashflow Statement for the year ended 2019. See the computation below: |	Total Inflows	Total Outflows
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TSA Bank Statement	8,223,221,217.13	8,240,209,363.77		Unsatisfactory	The State's TSA should cover the minimum percentage of Government Finances as stated in the verification protocol.

Disbursement Linked Indicators (DLIs) and Tests		Findings					Conclusion	Recommendations
			Government Finances*	87,515,176,157.00	100,877,214,336.91			
			Percentage	9.40	8.17			
		The average is percentage computation is: $$\frac{9.40\% + 8.17\%}{2}$$ **= 9%** The TSA covered 9 % of the State's finances. **Sources:** 2019 Audited Financial Statement (Cashflow Statement) Pg. 17-18 and the TSA Statement from First Bank for 1st January – 31st December 2019.						
DLI 4: Strengthened Internally Generated Revenue (IGR) Collection								
DLR 4.1	**State implementing a consolidated state revenue code covering all state IGR sources and stipulating that the state bureau of internal revenue is the sole agency responsible for state revenue collection and accounting. Code must be approved by the state legislature and published**						**Not Achieved**	
1	Does the State have up-to-date consolidated revenue code which includes all the State's IGR sources and all the local governments (falling under that State) IGR sources?	a) A law, "State and Local Government Councils Harmonization of Taxes, Levies and Rates for Collection Law 2019" was provided and reviewed by the team on 9th September 2020. b) The Schedules do not provide details of not just the sources of revenue but also the rates applicable. The schedules do not have presumptive tax rates and some of the sources, such as environmental levies, do not appear to be fully domesticated. There are also some entries on the					Unsatisfactory	The code should cover all IGR sources and chargeable rates.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		second schedule that refer to other revenue laws which are not attached. c) The consolidated revenue code does not include the complete rate chargeable for each IGR source.		
2	Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) or the State Internal Revenue Service (SIRS) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State?	Section 11(g) of the Gazette No.2 Minna dated 19th May 2017 Vol 22, Gazette (A Law to harmonize the rates and levies for collection by Local Governments in Niger State) specifies that the Board is responsible for 'ensuring the effective and optimum collection of all revenue including levies and penalties due to the Government under relevant Federal and State laws. Also, sections 3 and 5 of the new law "State and Local Government Councils Harmonization of Taxes, Levies and Rates for Collection Law, 2019" also contain provisions equivalent to sole authority of SBIR. However, there is no categorical provision making the IRS the sole authority for revenue collection and accounting. Specifically, the extant Tax legislation (Section 26 of the Niger State Collection and Administration Law, 2011) did not make it explicit that the SBIR/SIRS is the sole collector for all State government revenues and ensure it covers all the IGR sources and rates.	Unsatisfactory	The State should amend its Tax legislation to make it explicit in the law that the SBIR/SIRS is the **sole collector** for all State government revenues and ensure it covers all the IGR sources and rates.
3	Is the collection of revenues is made into accounts(s) nominated by the SBIR OR SBIR has full oversight of the accounts and is responsible for reporting and accounting for the revenues	a) The team obtained SBIR TSA Bank Statement for the year 2019 which is domiciled with First Bank Plc with Account number 2026999065 and showed revenue reports which included revenue from all MDAs. The team also obtained direct information from selected revenue generating Agencies (Education, Health and Works) which showed revenues are centrally paid to accounts nominated by the SBIR through the central billing system. b) The SBIR/SIRS has full oversight of accounts and is responsible for reporting and accounting for the revenues	Satisfactory	
4	Is the code approved by the State legislature to have a legal	a) The code was approved by the legislature on 22nd September 2020 and assented to by the Governor on the same date 22nd September 2020.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	basis, either as a law or a resolution? It cannot be an executive order with no legal basis. The approval shall occur by the 31 December of the year under assessment to count for that year, up to 31 December 2020.		
5	Is the Publication published online, so it is automatically available to the public/all taxpayers?	a) The team accessed the revenue law on 23rd September 2020 from the website. b) The web link to the publication is https://drive.google.com/file/d/1_9lvZP9UOiqhvRVF2LGeCVvUFITgfozR/view?usp=drive_web	Satisfactory	
DLR 4.2	**Annual nominal IGR growth rate meets target**		**Achieved** *Basic target met*	
1	Has the 2019-2018 annual nominal IGR growth rate met the basic or stretch targets? Basic Target: 20%-39% Stretch Target: 40% or more	a. Cash basis of accounting was used for revenue reporting in 2018 and 2019 from the Audited Financial Statements and State Auditor-General's Report. b. The IVA computed the annual nominal IGR growth rate for this year APA. See the computation below:	Satisfactory	

Item	NGN 2018	NGN 2019	% GROWTH
1. Reported IGR in AFS (Before Adjustments)	16,913,330,605.17	13,877,264,000.09	-18%
3. INVALID items to be deducted IF reported as part of IGR	5,995,552,819.40	264,044,204.14	
Paris club refund	4,882,949,283.78		
Sale of govt property,	625,128,236.68		

Disbursement Linked Indicators (DLIs) and Tests	Findings				Conclusion	Recommendations
	privatization proceeds					
	Investment Income (e.g. dividends)	400,000,000.00				
	Interest Earned	87,475,298.94				
	Miscellaneous		264,044,204.14			
	3. "Adjusted IGR" for DLI 4.2 Calculation (A OR B)					
	Take reported total IGR and deduct any INVALID items i.e. (1) minus (2)	10,917,777,786	13,613,219,795.95	24.69%		

$$\frac{₦13,613,219,795.95 - ₦10,917,777,785.77}{₦10,917,777,785.77} \times 100$$

$$= 24.69\%$$

The annual nominal growth was 24.69%

Source: 2019 Audited Financial Statement Pg. 15.

DLI 5: Biometric Registration and Bank Verification Number (BVN) Used to reduce Payroll Fraud						
DLR 5.1	**Biometric capture of at least [75] percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll**				**Achieved**	
1	Has the State used Biometrics to reduce payroll fraud through a completed biometric exercise for 75% of the current civil servants	The State commenced in 2010 and completed the Biometric data capture of the civil servant and pensioners in 2018. a) The name of the consultant that commenced the exercise was Mavira Solution but presently handled by the staff of Office of Head of Service.			Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	and pensioners on the State payroll?	b) The total no of civil servants is 26,109. c) The total no of pensioners is 8,916. d) The total no of staff on the State Nominal roll was 26,109 and Payroll is 26,006. e) The number of biometrics data that have been captured is 26,006. f) The nominal and payroll data were obtained as well as the report of progress on Biometrics/BVN data capturing. The 26,006 which is almost 100% of civil servants and 7,849 which is 88% of pensioners have been captured on the biometrics data base. This was obtained from pages 1 and 2 of Progress Report on Biometric and BVN submitted by the State. $$\frac{26,006 + 7,849}{26,109 + 8,916} \times 100$$ $$= 97\%$$		
2	Has the State linked the biometrics data to the State payroll to identify ghost workers?	a) The State commenced in 2010 and the linkage of the biometric data to the payroll is still ongoing. b) The biometric of 26,006 which is almost 100% of civil servants and 7,849 which is 88% of pensioners have been linked to the payroll. c) The State report showed there was no ghost civil servants and pensioners since the biometrics and BVN capturing have been going on. d) The in-year changes to the civil servant and pensioner payrolls (because of starters, leavers, deaths, etc.) are captured by the biometric exercise. e) There was verification exercise in place for ensuring timely (within 3 months of the event) updates to the payroll to reflect leavers, retirees, and deaths. The State carries out regular forensic audit of payroll for necessary updates. Report of Auditor-General report does not indicate any record of ghost civil servants or pensioners.	Satisfactory	
3	Has the State removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed?	a) The State report showed there was no ghost civil servants and pensioners since the biometrics and BVN capturing have been on. The team verified the deleted list and confirmed they have been removed from the payroll.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
5.2	**Link BVN data to at least [75] percent of current civil servants and pensioners on the payroll and payroll fraud addressed**		**Achieved**	
1	Has the State linked the Bank Verification Number data to 75% of its current Civil Servants and pensioners on the State payroll?	The State commenced in 2010 and completed the linkage of BVN data of the civil servants and pensioners in 2018. The capturing is continuous. a) The name of the consultant that commenced the exercise was Mavira Solution but presently handled by the staff of Office of Head of Service. b) The total no of civil servants was 26,109 c) The total no of pensioners was 8,916 d) The total no of staff on the State Nominal roll was 26,109 and Payroll was 26,006 e) The BVN data of the entire 26,109 civil servants and 8,916 pensioners already linked to the payroll. f) The nominal and payroll data and the report of progress on Biometrics/BVN data capturing were obtained by IVA to support conclusions. The BVN data of entire 26,109 civil servants which is 100% of civil servants have been captured and linked to payroll. Also, the BVN of entire 8,916 pensioners which is 100% of pensioners have been captured and linked to payroll. This was obtained from pages 1 and 2 of Progress Report on Biometric and BVN submitted by the State. $$\frac{26{,}109 + 8{,}916}{26{,}109 + 8{,}916} \times 100$$ $$= 100\%$$	Satisfactory	
2	Has the State taken steps to identify payroll fraud?	a) The entire 26,109 civil servants and 8,916 pensioners have their BVN data linked to payroll. b) The State report showed there is no ghost civil servants and pensioners since the biometrics and BVN capturing have been on.	Satisfactory	
DLI 6: Improved Procurement Practices for Increased Transparency and Value for Money				

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 6.1	**Existence of a public procurement legal framework and a procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) e-Procurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the State budget**		**Previously achieved in the 2018 APA**	
1	Does the State have a public procurement legal framework which must be approved by the State legislature to have a legal basis, either as a law or a resolution?		Previously achieved in 2018 APA	
2	Does the law conform with the UNCITRAL Model Law which should provide for? 1) e-Procurement; 2) establishment of an independent procurement regulatory agency; and 3) cover all MDAs receiving funds from the State budget.		Previously achieved in 2018 APA	
3	Has the State instituted an independent procurement regulatory function, which may be performed through one or a combination of the following: bureau, commission, council,		Previously achieved in 2018 APA	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	agency or any other type of entity set up for the statutory purpose?			
DLR 6.2	**Publish contract award information above a threshold set out in the Operations Manual for 2019 on a monthly basis in OCDS format on [the State website/on the online portal]**		**Achieved**	
1	Has the State achieved open contracting component of the DLI by publishing online, contract award information for all contracts awarded during the fiscal year(2019) that are above the threshold (as defined in the State procurement law or in the State procurement regulation(s), in line with the Open Contracting Data Standards (OCDS).	a) IVA obtained a schedule of all contracts awarded during the year under assessment above the threshold (as defined in the state procurement Circular) b) The first and second data published are not completely in line with the Open Contracting Data Standards (OCDS) as IVA observed below. The schedule of contracts awarded during the year 2019 assessment above the threshold as defined in the State procurement circular was first published as newspaper publication without the contract year to identify the actual year of award. The contract award information includes the following: i. Name of Awarded Bidder ii. Address of Awarded Bidder iii. Final Bid price iv. Contract description v. Award criteria vi. Contract period/duration Secondly, the online publication of the schedule of contracts award information above the threshold set out in the State Procurement Circular were in OCDS format but not presented on a monthly basis and had year 2018 to 2020 awarded contracts. The contract award information includes: i. Name of the contractor ii. Award date	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	iii. Description of award iv. Award amount v. Award status However, an APA issue was raised for the State to explain the gap in the information published. The State responded that "*Contracts awarded during the year 2019 which were above the threshold were published in line with OCDS format on monthly basis. Find attached the screenshot of the backend SQL of 2019 Published Contract as imported from existing excel data*". The IVA confirmed that the attached screenshot of the backend SQL of 2019 Published Contract as imported from existing excel data was published on the 17th December 2019 and was in line with the OCDS format on monthly basis. The uploaded contracts award information was project title, contract sum, project status, contractor, contractor address, phone number, completion periods, award date, commencement, and source of funding. c) The date of first publication was 24th March 2020 and 27th January 2020, the second publication was 2nd September 2020 and State's uploaded publication date was 17th December 2019. An APA issue report as raised to obtain clarity on the dates. The State further clarified that the first and second publications were published on the State's website, nogp.ng. The State's response to the APA Issue raised was supported with screenshot of the backend SQL of 2019 Published Contract as imported from existing excel data. A zoom meeting was also held with the State's IT personnel, where they explained that the 2019 published contracts were imported from existing excel data published on the 17th December 2019. d) The sources of the publications are nogp.ng and http://niger.stateopencontracting.com. e) IVA downloaded, retained a copy of the online publication and a screen shot of the webpage from which the publication was downloaded.		
DLI 7: Strengthened Public Debt Management and			

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
Fiscal Responsibility Framework				
DLR 7.1	**State implementing state-level debt legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits.**		**Achieved**	
1	Is there an Approved state-level public debt legislation through the passage of a State Fiscal Responsibility Law, OR the passage of the State Public Debt Management Law, OR the inclusion of the provisions of the Fiscal Responsibility Act (FRA) in the organic PFM Law?	a) The IVA obtained the Niger State Fiscal Responsibility Law, and the Niger State Debt Management Bureau (Establishment) Law 2020 **b) Date(s) of approval/assent** i. The Niger State Fiscal Responsibility Law, was assented by the Executive Governor on 23/09/2010. ii. The Niger State Debt Management Bureau (Establishment) Law 2020 – was assented by the Executive Governor on 22/09/2020 by 11.45am	Satisfactory	
2	Does the legislation include provisions which establish the following? 1) Responsibilities for contracting state debt; 2) Responsibilities for recording/reporting state debt; and 3) Fiscal and debt rules/limits for the state.	The legislations (The Niger State Fiscal Responsibility Law 2010 and Niger Debt Management Law 2020) include all the required provisions as follows: The laws were passed by the State House of Assembly and assented to by the Executive Governor. **Requirement (i) establishing responsibilities for contracting state debt** Part 6, section (a), page 5 (Power of the Bureau) in Niger Debt Management Law 2020 mandate the Bureau to borrow on behalf of Niger State as follows: (a) Issue and manage State and Local Government loans in accordance with the provisions of this Law and guidelines issued pursuant to it.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	(b) Subject to the approval of the Committee, periodically issue guidelines for borrowing, management of any debt, bond, or securities issuance programme of the State Government. (c) Subject to the approval of the Committee, obtain on-lending financial facilities and approvals from the Minister for Finance on behalf of the State and Local Governments. (d) Issue consent to borrow to the State's public bodies, or Local Government Councils desirous of borrowing in compliance with relevant laws, guidelines. Furthermore, Part 20 section (1) also state that the Bureau shall annually advice the State Government on the financing gap for the succeeding financial year and recommend amounts (either in Naira or whichever currencies that may be financially prudent) that will be necessary for the Government to borrow either internally or externally in order to bridge such financing gap. **Requirement for (ii) establishing responsibilities for recording and reporting state debt** Part 5, section (a), page 3-5 (function of office) of Niger Debt Management Law 2020 mandate the debt management office to maintain a reliable database of all loans taken or guaranteed by the State, its agencies, Local Government Councils and their agencies: It stated that the Bureau shall: (a)maintain a reliable database of all instruments issued, loans taken or guarantees issued by the State Government, any public body, enterprise, or any Local Government.		

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	(b) verify, reconcile, and report on external debts taken, serviced, guaranteed, or directly taken by the State or Local Governments with the Debt Management Office. (c) verify, reconcile, and service domestic debt, guaranteed or directly taken by the State or Local Government with the Accountant—General of the State. (d) disseminate information, collect, and collate data and forecasts on debt stock and management for the State and its Local governments. (e) monitor all projects funded by loans and other debt instruments and submit periodic performance reports on the projects and loans management to the State Executive Council. In addition, Part 24 Section (d) provided that the Bureau shall maintain a record of all guarantees by the State Government of any authorized loans taken by any Local Government or other public bodies of the Government or enterprises. **Requirement for (iii) establishing fiscal and debt rules or /limits** Part 22 of the Law states that "The total debt stock of the State and Local Governments shall not exceed a level periodically determined by the Committee so far it is sustainable, subject to approvals by the House of Assembly or Legislative Councils of the Local Governments and are included in their annual or supplementary budgets" Part 24 subsection (e) also provided for debt limit as follows: e) review and advise on the maintenance of statutory limits for all categories of loans or debt instruments at levels compatible with economic activities		

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		required for sustainable growth and development in collaboration with the Debt Management Office and the Accountant-General for the State.		
4	Has the State Debt Management Department (or Unit, Committee, Agency, Board, Bureau, Commission, Council) has been operational during the APA year and performing the core function of recording and reporting state debt.	a. IVA visited the Niger State Debt Management Office and observed that there is an operational State Debt Management Department. The Office is located on Broadcasting Road, Opposite Radio Niger, Minna, Niger State. b. IVA observed that the State Debt Management Department is performing its core function of recording and reporting state debt including the quarterly domestic debt reporting to the DMO, by the 31 December 2019/ c. The IVA reviewed the 2019 Niger State Domestic Debt Report submitted to the Federal Debt Management Office as well as other files being used by the Department. The IVA also reviewed the request for outstanding Gratuities, arrears of pensions and payment figures for Quarter 1 & 2, 2019 from the Niger State Debt Management Department, dated July 23, 2019 and the response from the Niger State Pension Board providing the details. Also, letters and responses from the Niger State Accountant-General for outstanding contractor's arrears were obtained. d. The IVA interview with the Chief Executive (Director General) of the Niger State Debt Management Department, and one Management staff and they noted the activeness and effectiveness of the Department in the assessment year. e. The IVA conducted a physical inspection of the State Debt Management Department was conducted. The Office is located at Broadcasting Road, Opposite Radio Niger, Minna, Niger State. The Department is operational with staff. f. Pictures of the official premises of the Niger State Debt Management Department has been obtained. g. The IVA conducted interview with two random operational staff, subordinate Back Office and the Chief Accountant, and they stated their responsibilities in the Department and confirmed the department was active in the year of assessment.	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
DLR 7.2	**Quarterly State debt reports accepted by the DMO on average two months or less after the end of the quarters in 2019**		**Achieved**	
1	Has the State produced quarterly State Domestic Debt Reports (SDDR), which are approved by the DMO on average of two months after the end of the quarter in 2019?	a) The state produced quarterly domestic debt reports approved by the DMO on average of 1 month, 1 week and 3 days after the end of the quarter. The average submission of quarterly SDDR is 4.78 weeks. Hence, the State submitted the SDDR withing two months after the end of each quarter. The IVA team obtained evidence that the State produced quarterly SDDRs, which were submitted and received by the DMO as follows: • Q1 submitted on (30.04.2019) – 4.29weeks - (30 days) • Q2 submitted on (30.07.2019) – 4.29weeks - (30 days) • Q3 submitted on (12.11.2019) – 6.14weeks - (43 days) • Q4 submitted on (14.02.2020) – 6.43weeks - (45 days) $$\frac{4.29+4.29+6.14+6.42}{4}$$ = 5.29 weeks The SDDRs were submitted within an average of 5.29 weeks – (36.99 days)	Satisfactory	
2	**Note: Have you reviewed for accuracy and completeness from the DMO:** The State Domestic and External Debt Report (SDEDR) along with all underlying data and supporting documents including the DMO templates and guidelines and standard internal protocols and data from CBN,	IVA reviewed the DMO's Report on State Domestic and External Debt Report (SDEDR) with the Niger State Debt Domestic Report and showed a difference of ₦4,814,938,577.26. The report was supported with the DMO's templates and guidelines. We confirmed the accuracy and completeness of the State Domestic Debt Report (SDDR). A wider review was undertaken of the information and supporting schedules submitted by the DMO, and several clarifications and adjustments were	N/A	

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	DMO and FMOF Home Finance used by the DMO to cross-check the state's domestic debt figures.	made to correct errors and omissions in the state's submission to the DMO. Conclusions reached in this report are based on the amended DMO data.		
DLI 8: Improved Clearance/Reduction of Stock of Domestic Expenditure Arrears				
DLR 8.0	**Domestic arrears as of end 2019 reported in an online publicly accessible database, with a verification process in place and an arrears clearance framework established.** **AND** **Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework.** -**Basic target:** At least a 5% decline or maintain stock below N5 billion -**Stretch target:** More than 20% decline	The state did not submit to the IVA, the annual state arrears recording, verification, and clearance report (SARVCR).	**Not Achieved**	
1	Has the State established an Arrears Clearance Framework (ACF)?	a) The State has established an Arrears Clearance Framework (ACF). b) IVA has obtained a copy of the ACF from the State. c) The establishment of the ACF did not occur by the 31 December 2019.	Unsatisfactory	
2	Does the ACF contain: 1) the planned actions to settle arrears; and 2) an explicit prioritization of expenditure arrears to be settled.	a) The ACF contains the planned actions to settle arrears, however, the State needs to properly document in the ACF its prioritization of expenditure arrears to be settled which requires further work by the State - such as providing clarity on how the arrears settlement will be prioritized.	Unsatisfactory	The ACF should contain: 1) An explicit prioritization of expenditure

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
		b) In Paragraph 2.0 of the ACF, the State specified their planned actions for settlement of arrears (Pg. 9). In Paragraph 3.0 of the ACF, the State specified the prioritization criteria for arrears clearance. The criteria were not clear and specific on how the State intends to prioritize the arrears clearance. For Instance, under prioritization within types of arrears (Par. 3.2), the State, under Contractors indicated - Ongoing works first, Largest Value First, smallest value first, oldest value first, subject to penalties first, without clearly stating the approach they will follow. Also, there was no prioritization scale provided. c) The State only presented the ACF and the IVA worked with the Q4 SDDR presented. The internal domestic arrears database and the SARVCR were not presented.		arrears to be settled.
3	Has the ACF been published on a State official website?	a) The IVA confirmed that the ACF has been published on a State official website. b) IVA downloaded a copy for validation. c) The weblink of publication is on https://nogp.nigerstate.gov.ng/niger-state-arrears-clearance-framework/	Satisfactory	
4.	Is the clearance of domestic expenditure arrears consistent with the ACF, once the ACF has been established?	a) The State did not clear its arrears, instead, it increased it based on the 2019 Q4 domestic arrears obtained from the SDDR.	Unsatisfactory	The State should ensure that the clearance of domestic expenditure arrears is consistent with the ACF
5.	Has the State established an Internal Domestic Arrears Database?	a) The State has not established an Internal Domestic Arrears Database.	Unsatisfactory	a) The state should ensure they establish an internal domestic arrears database.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
				b) The Internal Domestic Arrears Database should include aggregate and individual amounts of contractors' arrears; aggregate amount of pension and gratuity arrears; aggregate amount of salary arrears and other staff claims.
6	Has the State published online elements of the internal domestic arrears database for the FY **2018** and FY **2019** reported on a State official website, which constitutes the online publicly accessible arrears database?	a) The State has not published online the required elements of Internal Domestic Arrears Database as at end of 2018 and 2019. b) The State has not established an online publicly accessible arrears database with information in the internal domestic arrears database c) The State has not established an arrears portal/online webpage. Also, the State have not published its internal domestic arrears database	Unsatisfactory	The State should ensure they publish online, elements of the Internal domestic arrears database.
7. New	Does the online publication include?	The State has not published online the required elements of Internal Domestic Arrears Database as at end of 2019. However, the State published the list of contractors claims above N20m without the aggregate amount.	Unsatisfactory	a) The state should ensure contractors are able to

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	1) the aggregate amount of contractors' arrears. 2) the aggregate amount of pension and gratuity arrears. 3) the aggregate amount of salary arrears and other staff claims. 4) other types of domestic arrears and 5) a list of names of contractors with recognized arrears exceeding N20million and information for contractors to be able to verify that their claims are being accurately reported in the database.	This was published on the state website as follows: https://nogp.nigerstate.gov.ng/storage/sites/6/2020/08/NIGER-STATE-LIST-OF-CONTRACTORS-WITH-OUTSTANDING-CLAIMS-ABOVE-N20M-AS-AT-31ST-DECEMBER-2019.pdf		verify that their claims are accurately reported.
New	Has the State met the following? (ii) Percentage decline in the verified stock of domestic arrears at end 2019 compared to end 2018 meets target and is consistent with the state's arrears clearance framework. -**Basic target:** At least a 5% year-on-year decline or maintain stock or arrears below N5billion. -**Stretch target:** More than 20% year-on-year decline. *The clearance/reduction of domestic expenditure arrears (contractors, pension and*	<table><tr><td>**Aggregate Amount of:**</td><td>**2019**</td><td>**2018**</td></tr><tr><td>Contractors Arrears</td><td>9,124,668,223.23</td><td>0.00</td></tr><tr><td>Pension and Gratuity arrears</td><td>12,764,346,307.87</td><td>793,565,886.57</td></tr><tr><td>Salary arrears and Staff claims</td><td>0.00</td><td>0.00</td></tr><tr><td>Other types of domestic expenditure arrears</td><td>0.00</td><td>0.00</td></tr><tr><td>**Total Domestic Arrears**</td><td>21,889,014,531.10</td><td>793,565,886.57</td></tr></table> a. We obtained the Domestic arrears figure from the 2019 Q4 State Domestic Debt Report (SDDR). $$\frac{₦793,565,886.57 - ₦21,889,014,531.10}{₦793,565,886.57} \times 100$$ $$= 2658.31\%$$ The percentage increase is 2658.31%	Unsatisfactory	The State should ensure they meet a Basic Target of reduction by at least 5% to meet the Basic Target or maintain a domestic debt stock below N5billion.

Disbursement Linked Indicators (DLIs) and Tests		Findings	Conclusion	Recommendations
	gratuity arrears, salary arrears and other staff claims) is defined as the decline in the nominal stock of total domestic expenditure arrears at the end of year, compared to the previous year, expressed in percentage terms.	**Source**: 2019 Q4 State Domestic Debt Report The IVA team also sought explanation for the major increase in arrears, in particular, the cause of the jump in Pensions and Gratuity arrears from less than 1bn to over 12bn within one year. The Head of Niger State Debt Management Department noted that the Niger State Pension Commission carried out an audit of the Pension Liability of the State in 2019. This was sequel to the implementation of an amended pension law in 2017 that came into effect in 2019 which led the state to move from the Contributory pension scheme to Defined benefit scheme. The implementation in 2019 led to this increase. An APA Issue has been raised and forwarded to the State to provide further explanation and justification.		
DLI 9: Improved Debt Sustainability				
DLR 9.0	**Average monthly debt service deduction is < 40% of gross FAAC allocation for FY [2019] AND** **Total debt stock at end Dec [2019] as a share of total revenue for FY [2019] meets target:** **-Basic target: < [140%]** **-Stretch target: < [115%]**		**Achieved** Stretch target met	
	Has the State met: (i) the ratio of total monthly debt service (principal and interest) deductions from FAAC allocation during the calendar year of the year of assessment (1st January to 31st December 2019) to the gross	The IVA computed the percentage of total monthly service deductions/Gross FAAC Allocation for this year APA. Total Service Deduction ₦7,581,563,352 x100 Gross FAAC ₦64,387,597,832 =11.8% **Source:** FMoF (FAAC)	Satisfactory	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
FAAC allocation for the same calendar year? **Less than :< [40%]**			
Has the State met: (ii) the ratio of total debt stock at end-of-year (31st December 2019) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December 2019)? -**Basic target:**< [140%] -**Stretch target:** < [115%]	The following tables show the calculations and adjustments made to arrive at the appropriate figures for this comparison. **Total Public Debt** |	Financial Statements	DMO figures (Adj)
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Total Domestic Debts	62,602,066,525.93	65,973,899,596
Total External Debts	19,974,454,036.03	21,417,559,542.90
Total Public Debts	82,576,520,561.96	87,391,459,139 | **Total annual revenue** a. The State's | 2019 Adjusted IGR (see DLI 4.2)	13,613,219,796
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Gross FAAC Allocation	64,387,597,832
Grants	6,277,052,839
Other Revenues	143,866,785
Total Revenue**	84,421,737,252 | domestic debt stock figure in the Federal DMO State Domestic and External Debt Report for 2019 is as at the end of Q4 2019. The IVA team have computed the total debts stock / Revenue percentage for the 2019 year, as follows: $$\frac{₦87,391,459,139}{₦84,421,737,252.15} \times 100 = 103.52\%$$	Satisfactory stretch target met	

Disbursement Linked Indicators (DLIs) and Tests	Findings	Conclusion	Recommendations
	Sources: For Total Revenue 2019 Audited Financial Statement, Pgs. 13, 15-16. For Total Public Debt from DMO* as at December 31,2019 *Table 3 below holds a breakdown of the Total Debt. **Table 3(ii) holds the breakdown of Revenue b. The debt stock stated in the Federal DMO State Domestic and External Debt Report is not the same with the debt stock stated in the audited financial statement. c. The IVA observed differences between the SDEDR and the Financial Statement. d. The difference has been communicated to the State for explanation through APA Issue 3 and the State responded that the Debt figures in the financial statement is the appropriate and updated figure for the Domestic Debts. On the External Debts, the State noted they did not get feedback from the Federal DMO on time, hence the reason for the difference. However, the State noted they will reconcile the debt figures with the Federal DMO, e. The difference has been calculated in value (₦4,814,938,577.26) and in percentage terms as 5.83%, and f. The SDEDR was amended and resubmitted to the IVA by the World Bank Team along with explanations for the changes.		

TABLE 3: DLI 9 31 DECEMBER 2019 STATE DEBT STOCK TABLE FOR NIGER STATE

NIGER STATE	2019 - AMOUNT (₦)
BUDGET SUPPORT LOAN (SOURCE FMOF)	21,081,217,713
BAIL OUT (SALARIES) (SOURCE CBN)	6,279,431,155
RESTRUCTURED COMMERCIAL BANK LOANS (FGN BOND)	-
EXCESS CRUDE ACCOUNT BACKED LOAN (SOURCE CBN)	9,202,108,705
STATE BONDS	4,083,690,681.11
COMMERCIAL BANK LOANS	1,438,436,811.38
CBN COMMERCIAL AGRIC LOAN (SOURCE CBN)	-
INFRASTRUCTURE LOANS (CBN FACILITIES)	-
MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF) SOURCE CBN)	2,000,000,000
JUDGEMENT DEBTS	-
GOVT - GOVT DEBTS	-
CONTRACTORS' ARREARS	9,124,668,223.23
PENSION AND GRATUITY ARREARS	12,764,346,307.87
SALARY ARREARS AND OTHER CLAIMS	-
OTHER DEBTS	-
TOTAL DOMESTIC DEBT (TDD)	**65,973,899,597**
TOTAL EXTERNAL DEBT (TED)	21,417,559,543
TOTAL PUBLIC DEBT (TED+TDD)	**87,391,459,140**

TABLE 3(ii): DLI 9 31 DECEMBER 2019 - ADJUSTED REVENUE TABLE FOR NIGER STATE

	NGN
Item	**2019**
1. Total Gross FAAC allocation: Statutory Transfers and VAT (1.1 + 1.2)	**64,387,597,832**
1.1 Statutory transfers (1.1.1 + 1.1.2 + 1.1.3)	**51,187,676,501**
1.1.1 Gross statutory allocation	49,030,394,502
1.1.2 Derivation	-
1.1.3 Other FAAC transfers (also known as Distribution) such excess PPT savings account, Forex equalization, excess bank charges, exchange rate gain, augmentation, others	2,157,281,999
1.2 VAT	**13,199,921,331**
2. Internally Generated Revenues (IGR) - Adjusted	**13,613,219,796**
3. Grants (internal and external)	**6,277,052,839**
4A. Other revenues (4.1 + 4.2 + 4.3)	**143,866,785**
4.1 Investment Income (e.g. dividends)	
4.2 Interest Earned	143,866,785
4.3 Miscellaneous	
Total Revenues and Grants Calculations	
A) Total Revenues and Grants is (1+2+3+4A)	**84,421,737,252**

4. Response from the State

The State should please use the table below for their response.

S/N	State Response to the draft report	IVA Follow-up, response, treatment
1	**DLR 4.1.1.** Does the State have up-to-date consolidated revenue code which includes all the State's IGR sources and all the local governments (falling under that State) IGR sources? The Law "The State and Local Government Councils Harmonization of Taxes, Levies and Rates for Collection Law 2019" referred to as the basis for the assessment is not effective in the State. For purposes of clarity, the State as at date has two revenue laws namely: a. The Niger State Revenue, Collection and Administration Law, 2011, which came into force on 8th day of January, 2013; and b. The State and Local Government Councils Harmonization of Taxes, Levies and Rates for Collection Law 2020, which came into force on the 15th day of September, 2020 and accented to by Executive Governor on 22nd September, 2020. Under the Schedule to the Revenue Law of 2020 is an up-to-date consolidated revenue code of the state which clearly lists all the State's IGR sources and all the local governments IGR sources. The First Schedule to the 2020 Law lists all the IGR sources from the State's ministries, departments and agencies (MDAs) stipulating their revenue control, administrative and economic line item codes. These are IGRs exclusive to the State Government. The Second Schedule to the 2020 Law lists all other IGR sources of the State Government and all the local governments in the State with indicative rates/levies to be paid or generated. However, the indicative rates/levies stated herein are subject to periodic reviews every two years as provided under S.18 of Law. **For ease of reference and access to the revenue laws, they have been uploaded and can be accessed at www.nigerstate.gov.ng**	The IVA carried out a further review of the Niger state Revenue Law based on the response of the State to the initial assessment. We found that Section 3 refers to the Niger State Revenue Collection and Administration Law 2011 in respect of the powers and functions of the Board. (This Law was later provided and reviewed) The Legislation provided for review still did not meet the requirements of the Verification Protocol for the APA 2019 for the following reasons: A. The new law provided is exactly the same as the one originally reviewed (signed 22 Sept 2020) and the Schedules have not changed to address the issues originally identified, as follows: 1. The Schedules provide details of just the sources of revenue but NOT the rates applicable. The schedules do not have presumptive tax rates and some of the

sources, such as environmental levies, do not appear to be fully domesticated. There are also some entries on the second schedule that refer to other revenue laws that are not attached.

2. The law does not put it beyond doubt that the SIRS is the sole agency for the collection and accounting of all state revenues (Tax and **non-tax**)

3. The law does not provide the SIRS with oversight of the bank accounts used to enable it to perform its full accounting function. Usually provided by ensuring that the SIRS designates the bank accounts. This could be made clearer.

Recommendations

1.   Amend the Schedules to be clear about both sources and applicable rates. See Adamawa, Ebonyi, Jigawa or Kaduna States for examples.

2.   Insert wording (see also the aforementioned laws for examples of wording) to make it clear the SIRS is the SOLE collector and is accountable for all

		state revenues (Tax and non-tax) and that the SIRS designates the banks to be used.
2	**DLR 4.1.2.** Does the consolidated revenue code stipulate that the State Bureau of Internal Revenues (SBIR) or the State Internal Revenue Service (SIRS) as the sole agency responsible for State revenue (tax and non-tax) collection and accounting in the State? As stated earlier, the Laws of 2017 and 2019 referred to are not effective in Niger State. Under **S.26(b)** of the State's 2011 Revenue Law, the State's Internal Revenue Service (IRS) collects, recovers and pays to the designated account any tax, levy due to the State Government under the Law or any other enactment. This power is restated under S. 3 of the Revenue Law of 2020. Further, **S. 4(3)** of the 2020 Revenue Law provides that all policies, resolutions, guidelines and directives of the State, Local Government Joint Revenue Committee shall be administered by the IRS which is also its secretariat. Under **S. 6** of the 2020 Revenue Law, there is a provision for the IRS to issue demand notices for revenues collectible under the First and Second Schedules to the Law. Under **S.19** of the 2020 Law, all IGR sources in the form of taxes, levies or charges under the First Schedule shall be collected by the IRS; while **S.20** provides for the establishment of a Harmonized Revenue Account where all collections under the Second Schedule is to be paid, which account shall be administered by the IRS Under **S.23** of the 2020 Revenue Law, all taxes, levies and revenues are recoverable through the Legal Department of the IRS in collaboration with other relevant authorities.	The law presented during the second review is the 2016/17 amendment to the 2011 Law and not the 2011 Law. Furthermore, section 28 of the 2020 law (see a copy of relevant sections below) repealed the law sent. In light of the above, the additional submission does not change the outcome.

	Finally, under the **First Schedule** to the 2020 Law, it is clearly stated that all taxes, revenues and charges shall be collected by the IRS; a similar provision is made under the **Second Schedule** albeit on behalf of the State, Local Government Joint Revenue Committee A combined reading of the above provisions clearly and explicitly show that the State's IRS is the sole agency responsible for the State's revenue (tax and non-tax) collection and accounting in the State. The 2020 Law has been duly gazetted and uploaded on the **State's Website. It is accessible to the public and has been published.** **In view of the above responses, it is our view that the State has achieved DLI 4.1.**	
3	RESPONSE TO ISSUES RAISED ON THE REVENUE LAW 1. The New Law is exactly the same as the one originally reviewed a. We wish to restate that the 2019 Law originally reviewed is not effective in the State. The two revenue laws effective in the state are the 2011 and 2020 laws. b. The provisions of the originally reviewed 2019 and the 2020 laws though similar are not exactly the same. Few instances suffice: • S. 4(3) of the 2020 Law provides that all policies, resolutions, guidelines and directives of the State, Local Government Joint Revenue Committee shall be administered by the IRS which is also its secretariat. This provision is not contained in the 2019 Law; • S.6 of the 2020 Law provides for the IRS to issue demand notices for revenues collectible under the First and Second Schedules. In the 2019 version, it provides for the State, Local	All noted, thanks.

Government Joint Revenue Committee to issue and serve the notices, without stating the medium through which it will be done but the 2020 was explicit that it is only through the State's IRS; and

• The headings of the First and Second Schedules of the 2020 Law explicitly stipulates that the IRS shall be the sole revenue collecting body for the State Government and the State, Local Government Joint Revenue Committee unlike the 2019 version which does not explicitly make such provisions.

• The above are some of the substantial variations between the two laws which do not make them exactly the same.

2. The Law does not put it beyond doubt that the IRS is the sole Agency for the collection and accounting of all state revenues

a. The powers of the IRS regarding revenue collection under the 2011 Law are restated under S.3 of the 2020 Law.

b. These powers include to:

• assess all persons chargeable with tax in the State. Note: No exception;

• collect, recover and pay to the designated account any tax, levy; and

• enforce payment of due taxes amongst others.

c. Similarly, the functions of the State Joint Revenue Committee under the 2011 Law are restated under S.4 of the 2020 Law, which powers include:

• harmonized tax administration in the State; and

• deal with revenue matters of common concern to the State and local government authorities. d. S.31 of the 2011 Law provides that the IRS shall have power to administer any enactment or law on taxation in respect of which the State House of Assembly or National Assembly may confer power on it. This is applicable in respect of the 2011 and 2020 Laws. e. Under S.38 of the 2011 Law, the IRS is the sole authority to issue Tax Clearance Certificate in the State. f. A combined reading of all the provisions referred to above indicate that the IRS is the sole agency for revenue collection in the State. There is no other authority or body known to law in Niger State or by practice that collects revenue other than the Niger State Internal Revenue Service. 3. Accounting Practices of the IRS a. Ss. 19 – 21 of the 2020 Law provides for the accounting procedures of the collected taxes, revenues and charges by the IRS. • Under S.19, all revenues collected under the First Schedule by IRS which constitutionally are exclusive to the State Government are paid into the State's Consolidated Revenue Account; • Under S.20, all revenues collected under the Second Schedule by IRS on behalf of the State, Local Government Joint Revenue Committee shall be paid into a Harmonized Revenue Account which shall be administered by the State IRS.	

b.   Under S.19 of the 2011 Law, the Board shall establish and maintain a fund for the running of its operations. It list the sources of the credit to be paid into the fund.

c.   S. 19(2) of the 2011 also provides that the IRS shall retain 10% from its total monthly internally generated revenue as incentive to meet its requirement base on their performance.

d.   S.20 of the 20ll Law further provides that all expenditures of IRS shall be defrayed from the fund established under S.19.

e.   In addition to the fund and credit sources above listed, S. 21 of the 2020 Law provides that 10% of tenement rates collected shall be deducted by the Service.

f.   S.22 of the 2020 Law provides that not less than 3% and more than 5% of all revenue generated the previous year shall be given as incentive to the Committee and its staff. It should be noted that the Committee's staff referred to in the Law are staff of the State's IRS, which is its secretariat.

g.   A combined reading of the above provisions shows that the IRS is in control, accountable and oversights all funds which supports its effective operations.

4.   The Niger State Revenue, Collection and Administration Law 2011 which came into force on the 8th day of January, 2013 is still in force in Niger State. Attached is the link to access it: www.nigerstate.gov.ng. Kindly assess and consider the provisions of the Law.

5.   We have noted the gaps identified in the Schedules, especially the First Schedule where there are no rates but just sources of revenues, unlike the Second Schedule which has both the sources and rates. We also noted the omission of presumptive taxes, relevant templates for tax forms and assessments amongst others.

6. Subsequently, we have commenced the revision and harmonization of our two revenue laws (2011 & 2020) with a view to produce the Niger State Revenue (Harmonization & Consolidation Bill). The Bill shall be expeditiously attended to by the State towards ensuring that it is enacted before the end of the year, 2020. 7. The proposed bill shall attend to the identified gaps, especially the schedules.	

Appendix A

REPORT ON THE ACHIEVEMENT OF THE ELIGIBILITY CRITERIA FOR THE 2019 PERFORMANCE YEAR

YOUR STATE HAS BEEN ASSESSED AS HAVING MET THE ELIGIBILITY CRITERIA FOR THE 2019 PERFORMANCE YEAR.

This report sets out the assessed performance of the State against the set eligibility criteria for the States' Fiscal Transparency, Accountability and Sustainability Programme (SFTAS). It contains feedback and clarifications to enable the State prepare better for the next assessment. Note that the eligibility assessment will be conducted afresh on an annual basis and being deemed eligible in one year does not guarantee eligibility in subsequent years. Please visit the SFTAS guidelines for more detail on eligibility.

Any enquiries on the contents of this report should be routed through the State Focal persons to the following email address – sftas@oaugf.ng

Eligibility Criteria 2019 Part I - The online publication of Approved Budgets for 2020 by 31st January 2020

Information Source(s)	Initial checks	Initial Comments / Observations	Follow up	Final Assessment
https://nigerstate.gov.ng/category/downloads/	A search was done on the Niger State website	The 2020 Budget was published on the State Official website, a copy was downloaded.	A request was made on 09/01/2020 to the focal persons to provide evidence of the Governor's assent	**EC met** A weblink was received from the focal person on 30/01/2020 which provided evidence of Governors assent

Tests/checks performed	Results	Areas for improvement
Is the approved budget for 2020 available on any of the State Government Websites?	Yes	None
Was the approved budget published online before 31 January 2020?	Yes	None
Is the published budget clear and legible?	Yes	None
Can the budget be downloaded?	Yes	None
Do we have evidence of assent by the Governor?	Yes	None

Eligibility Criteria 2019 Part 2 - The online publication of Audited Financial Statements for FY2018 by 30th September 2019

Source(s)	Initial Work Done	Initial Comments / Observation	Follow up	Final Assessment
https://financeministryng. org/sdm_downloads/niger- state-published-2018- audited-account-audit- certificate-and- responsibility-of-financial- statements/	A search was done on the Niger State Ministry of Finance website and their Audited Financial Statements were downloaded.	The Audited Financial Statements were easily accessed and downloaded[1].	N/A	EC met

Tests/checks performed	Results	Areas for improvement
Were the Financial Statements (FS) for 2018 available on any of the State Government Websites? (and were the FS straightforward or difficult to find?)	Yes	None
Were the Financial Statement for 2018 available published online before 30th September 2019?	Yes	None
Are the published financial statements clear and legible?	No	The financial statements are not adequately clear and legible.
Can the Financial Statements be downloaded?	Yes	None
Do we have evidence of audit by the State Auditor-General?	Yes	None
Are the financial statements complete, including primary statements and disclosure notes?	No[2]	The full financial statements should be published inline, including Disclosure Notes
Are there any indications that balances within the financial statements are not credible	n/a	Please see the 2018 APA Report

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[1] The Financial Statements were not adequately clear and legible.
[2] Clippings of the hard copy publication in newspapers were published online.