**State Transparency, Accountability and Sustainability (SFTAS)**

**Program for Results (PforR)**

**The Eligibility Criteria, Disbursement-Linked Indicators and Results, IVA Procedures Verification Protocol**

Version 9.0 | June 2022

**Notes on Version 9.0**

This version applies for the assessment for the Program DLRs for 2021 until further notice.

The key changes in Version 9.0 and highlighted in yellow in the document compared to Version 8.0 (October 2021) are:

1. Original DLIs\*\*:
* DLR 6.2: Clarified the date of implementation of the DLR.
* DLR 7.2: The DLR definition – the requirement to report the debt to GDP ratio was removed because most states do not have actual GDP data and rather used estimates.
1. New DLIs\*\*\*:
* DLR 11.3: The DLR was made scalable and definition and/or IVA procedures have been amended with minor edits for clarifications

\*Original DLIs refer to the 9 disbursement-linked indicators drawn from the 22-point Fiscal Sustainability Plan and Open Government Partnership National Action Plan which were included in the SFTAS Program at Board Approval in June 2018.

\*\*New DLIs refer to the 4 disbursement-linked indicators added to the SFTAS Program through Program Restructuring for which amendment to the Financing Agreement was signed on October 13, 2020. These DLIs support States to implement state-level fiscal measures in the National Economic Council (NEC) COVID-19 Plan[[1]](#footnote-2) which support States to respond to the COVID-19 pandemic in a fiscally transparent, accountable and sustainable manner.

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* **ORIGINAL DISBURSEMENT-LINKED INDICATORS (DLIs) AND ELIGIBLITY CRITERIA (EC)**
1. **Eligibility Criteria (EC) for ORIGINAL Disbursement-Linked Indicators (DLI)**

For each year of the Program, in order to be eligible to receive funds for achievement of the disbursement-linked results for that year, states need to achieve the annual Eligibility Criteria. The annual Eligibility Criteria comprise of two parts as shown in the table below: (1) Publication online on a timely basis the annual approved state budget; and (2) Publication online of the annual audited financial statements. In years 3 and 4 of the Program, states are further required to align with international best practices through: (1) the use of the national chart of accounts, to prepare the states’ annual budgets and thus foster comparability of budget classifications across the federation; and (2) states’ audited financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS).

**Annual Eligibility Criteria (2018-2021) Table**

| **Year 1 – 2018** | **Year 2 - 2019** | **Year 3 - 2020** | **Year 4 - 2021** |
| --- | --- | --- | --- |
| FY19 state budget approved by the State Assembly and published online by end Feb 2019 AND FY17 audited financial statement submitted to the State Assembly and published by Dec 2018 | FY20 state budget approved by the State Assembly and published online by end Jan 2020ANDFY18 audited financial statement submitted to the State Assembly and published by Sept 2019 | FY21 state budget, prepared under national Chart of Accounts, approved by the State Assembly and published online by end Jan 2021 ANDFY19 audited financial statement, prepared in accordance with IPSAS, submitted to the State Assembly and published by Aug 2020 | FY22 state budget, prepared under national Chart of Accounts, approved by the State Assembly and published online by end Jan 2022 ANDFY20 audited financial statement, prepared in accordance with IPSAS, submitted to the State Assembly and published by Jul 2021 |

1. **ORIGINAL Disbursement-Linked Indicators (DLI)** **Matrix**

Table Notes:

1. Disbursement-linked results (DLRs) are the specific results to be achieved in each Program under a DLI. States’ performance will be assessed during the annual performance assessments against the DLRs.
2. The DLR value shown in the DLI Matrix Table is per year per state. This value is the amount of performance-based financing to be received by a state if a state is assessed as having achieved the DLR.
3. DLIs 1, 2, 4, 5, 6 and 7 each contain 2 DLRs that are separately assessed and valued. These are indicated by the sub-numbering, e.g., 1.1 and 1.2; 2.1 and 2.2 etc. Separately valued means that states can receive the performance-based financing even if they only achieve one of the two DLRs under the DLI.
4. DLRs which have distinct but related components that must be all achieved in order to receive financing are indicated by the use of ‘AND’ in the description
5. Some DLRs have a basic target with a lower financing value and a stretch target with a higher financing value attached to it. States need to at least achieve the basic target to receive performance-based financing. States achieving the stretch target will receive the value of the stretch target only (not basic plus stretch).

**Original Disbursement-Linked Indicator (DLI) Matrix**

| **Disbursement-Linked Indicator**  | **Disbursement-Linked Results** |
| --- | --- |
| **Year 1 - 2018** | ***Year 2 – 2019*** | ***Year 3 – 2020*** | ***Year 4 – 2021*** |
| **DLI 1: Improved financial reporting and budget reliability** | 1.1 FY18 quarterly budget implementation reports published on average within 6 weeks of quarter-end to enable timely budget management 1.2 FY18 deviation for total budget expenditure is < 30% | 1.1 FY19 quarterly budget implementation reports published on average within 6 weeks of quarter end to enable timely budget management1.2 FY19 deviation for total budget expenditure is < 25% | 1.1 FY20 quarterly budget implementation reports published with Q2, Q3 and Q4 reports published on average within 4 weeks of quarter end to enable timely budget management1.2 FY20 deviation for total Amended budget expenditure is < 15% | 1.1 FY21 quarterly budget implementation reports published on average within 4 weeks of quarter end to enable timely budget management1.2 FY21 deviation for total budget expenditure is < 15% |
| *DLR 1.1 value* | *$0.3m per state* | *$0.3m per state* | *$0.3m per state* | *$0.3m per state* |
| *DLR 1.2 value* | *$1m per state* | *$1m per state* | *$1m per state* | *$1m per state* |
| **DLI 2 Increased openness and citizens’ engagement in the budget process** | 2.1 Citizens’ inputs from formal public consultations are published online, along with the proposed FY19 budget | 2.1 Citizens’ inputs from formal public consultations are published online, along with the proposed FY20 budget2.2 Citizens’ budget based on approved FY19 state budget published online by end April 2019 | 2.1 Citizens’ inputs from formal public consultations are published online, along with the proposed FY21 budget 2.2 Evidence of dissemination event to explain amendments to FY2020 State budget published online along with the Citizens’ budget based on Amended FY2020 State budget by end September 2020 with functional online feedback mechanisms | 2.1 Citizens’ inputs from formal public consultations are published online, along with the proposed FY22 budget AND Citizens’ budget based on approved FY21 state budget published online by end April 2021 with functional online feedback mechanisms 2.2 Citizens accountability report based on audited financial statements/reports published online for FY20 no later than end Sept 2021 |
| *DLR 2.1 value* | *$0.3m per state* |  *$0.3m per state* | *$0.3m per state* | *$0.5m per state* |
| *DLR 2.2 value* | *N/A* | *$0.3m per state* | *$0.5m per state* | *$0.3m per state* |
| **DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA** | TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 50 percent of state government finances | TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 60 percent of state government finances. | TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 70 percent of state government finances. | TSA, based on a formally approved cash management strategy, established and functional, and covering a minimum of 80 percent of state government finances. |
| *DLR 3 value* | *$1.5m per state* | *$1.5m per state* | *$1.5m per state* | *$1.5m per state* |
| **DLI 4: Strengthened Internally Generated Revenue (IGR) collection** | 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. *(one-time payment for year in which DLR is first achieved, up to end of 2021)* |
| 4.2 2018-2017 annual nominal IGR growth rate meets target:**Basic target**: 20%-39%**Stretch target:** 40% or more | 4.2 2019-2018 annual nominal IGR growth rate meets target:-**Basic target**: 20%-39%-**Stretch target:** 40% or more | 4.2 2020 nominal IGR collection is equal to or higher than the 2019 nominal IGR collection | 4.2 2021-2020 annual nominal IGR growth rate meets target:-**Basic target**: 20%-39%-**Stretch target:** 40% or more |
| *DLR 4.1 value* | *$2m per state* | *$2m per state* | *$2m per state* | *$2m per state* |
| *DLR 4.2 Basic value* | *$1m per state* | *$1m per state* | *N/A* | *$1m per state* |
| *DLR 4.2 Stretch value* | *$2m per state* | *$2m per state* | *$2m per state* | *$2m per state* |
| **DLI 5: Biometric registration and bank verification number (BVN) used to reduce payroll fraud** | 5.1 Biometric capture of at least 60 percent of current civil servants completed and linked to payroll, and identified ghost workers taken off the payroll 5.2 Link BVN data to at least 60 percent of current civil servants on the payroll and payroll fraud addressed | 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 5.2 Link BVN data to at least 75 percent of current civil servants and pensioners on the payroll and payroll fraud addressed | 5.1 Biometric capture of at least 90 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll 5.2 Link BVN data to at least 90 percent of current civil servants and pensioners on the payroll and payroll fraud addressed  | 5.1 Biometric capture of at least 95 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll 5.2 Link BVN data to at least 95 percent of current civil servants and pensioners on the payroll and payroll fraud addressed |
| *DLR 5.1 value* | *Per State $0.5m* | *Per State $0.5m* | *Per State $0.75m* | *Per State $0.75m* |
| *DLR 5.2 value* | *Per State $0.5m* | *Per State $0.5m* | *Per State $0.75m* | *Per State $0.75m* |
| **DLI 6: Improved procurement practices for increased transparency and value for money**  | 6.1 Existence of a public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) eProcurement; 2) establishment of an independent procurement regulatory agency and 3) cover all MDAs receiving funds from the state budget. *(one-time payment for year in which DLR is first achieved, up to end of 2021)*  |
| 6.2 Publish contract award information above a threshold set out in the Operations Manual for 2018 on a monthly basis in OCDS format on the state website | 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 online portal  | 6.2 Basic Target: Framework contract for e-Procurement signed by 31 December 2020 AND Publish contract award information above a threshold set out in the State’s procurement law/regulation on a monthly basis in OCDS format on the state website or online portal if available. 6.2 Stretch Target: Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs AND *For those MDAs without e-procurement:* Publish contract award information above a threshold set out in the State’s procurement law/regulation on a monthly basis in OCDS format on the state website or online portal if available | 6.2 No later than June 30, 2022, implement e-procurement in at least 4 MDAs (incl. Education, Health and Public Works) publish all contract award information in OCDS format on the online portal for the 4 MDAs AND*For those MDAs without e-procurement:*Publish contract award information above a threshold set out in the State’s procurement law/regulation on a monthly basis in OCDS format on the state website or online portal if available |
| *DLR 6.1 value* | *$2m per state* | *$2m per state* | *$2m per state* | *$2m per state* |
| *DLR 6.2 value* | *$0.5m per state* | *$0.5m per state* | *Basic Target: $1m per state* |  *$2m per state* |
|  |  |  | *Stretch Target: $1.5m per state* |  |
| **DLI 7: Strengthened public debt management and fiscal responsibility framework** | 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. *(one-time payment for year in which DLR is first achieved, up to end of 2021)* |
| 7.2 Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2018 | 7.2 Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2019 | 7.2 Quarterly state debt reports for Q2, Q3 and Q4 2020 accepted by the DMO on average two months or less after the end of the quarter in 2020AND Annual state debt sustainability analysis published by end of December 2020 | 7.2 Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2021ANDAnnual state debt sustainability analysis and Medium-term debt management strategy published by end of December 2021 |
| *DLR 7.1 value* | *$2m per state* | *$2m per state* | *$2m per state* | *$2m per state* |
| *DLR 7.2 value* |  *$0.5m per state* | *$0.5m per state* | *$0.5m per state* | *$0.5m per state* |
| **DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears**  | Domestic arrears as of end 2018 reported in an online publicly-accessible database, with a verification process in place and an arrears clearance framework established.  | Domestic arrears as of end 2018 and end 2019 reported in an online publicly - accessible database, with verification process in place.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 percent decline or maintain stock below 5 billion naira-**Stretch target:** More than 20 percent decline | Basic Target: Domestic arrears as of end 2019 and end 2020 reported in an online publicly-accessible database, with verification process in place. Stretch Target: Domestic arrears as of end 2019 and end 2020 reported in an online publicly-accessible database, with verification process in place AND at least a 5 percent decline in the verified stock of domestic arrears at end 2020 compared to end 2019 consistent with the state’s arrears clearance framework or maintain stock below 5 billion. | Domestic arrears as of end 2020 and end 2021 reported in an online publicly-accessible database, with verification process in place.ANDPercentage decline in the verified stock of domestic arrears at end 2021 compared to end 2020 meets target and is consistent with the state’s arrears clearance framework. -**Basic target:** At least a 5 percent decline or maintain stock below 5 billion naira-**Stretch target:** More than 20 percent decline |
| *DLR 8 Basic value* |  *$1m per state* | *$1m per state* |  *$1m per state* |  *$1m per state* |
| *DLR 8 Stretch value* |  *$2m per state* | *$2m per state* | *$2m per state* |
| **DLI 9: Improved debt sustainability** | Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2018ANDTotal debt stock at end of December 2018 as a share of total revenue for FY2018 meets target: **-Basic target:** < 150%**-Stretch target:** < 125%  | Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2019AND Total debt stock at end of December 2019 as a share of total revenue for FY2019 meets target: **-Basic target:** < 140%**-Stretch target:** < 115% | Total debt stock at end of December 2020 as a share of total revenue for FY2020 meets target: **-Basic target:** < 150%**-Stretch target:** < 125% | Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021ANDTotal debt stock at end of December 2021 as a share of total revenue for FY 2021 meets target: **-Basic target:** < 120%**-Stretch target:** < 95% |
| *DLR 9 Basic value* |  *$1m per state* |  *$1m per state* |  *$1m per state* |  *$1m per state* |
| *DLR 9 Stretch value* | *$1.5m per state* | *$1.5m per state* | *$1.5m per state* | *$1.5m per state* |

* **NEW DISBURSEMENT-LINKED INDICATORS (DLIs) AND ELIGIBLITY CRITERIA (EC)**
1. **Numbering of New Disbursement-Linked Indicators (DLI)**

During the consultations to design the new COVID-19 responsive DLIs, the new DLIs were numbered as New DLI 1-8. For the Program Restructuring, the 8 NEW DLIs were grouped into 4 NEW DLIs and numbered DLIs 10-13 (as they are being added to the Program’s the original 9 DLIs) in the amendment to the Program Financing Agreement (FA). The substance of the results States need to achieve is the same and the value of each result per State is also the same. Below is a mapping for reference. Further adjustments DLIs made later for the Additional Financing are highlighted in yellow below in the DLI Matrix.

|  |  |
| --- | --- |
| **Numbering during the Consultative Phase** | **Program Restructuring and Additional Financing - Current DLI Numbering** |
| DLI number | Value per state US$ million | DLI number | Value per state US$ million |
| New DLI 1 | 5.0 | DLI 13.1 | 5.0 |
| n/a | n/a | DLI 13.2 | 1.0 |
| n/a | n/a | DLI 13.3 | 1.0 |
| New DLI 2 | 2.5 | DLI 11.1 | 2.5 |
| New DLI 3 Part 1New DLI 3 Part 2 | 2.51.5 | DLI 12.1DLI 12.2 | 2.51.5 |
| New DLI 4 | 1.5 | DLI 11.2 | 1.0 |
| New DLI 5 | 2.0 | DLI 11.3 | 2.5 |
| New DLI 6 | 2.0 | DLI 10.1 | 1.0 (2020)1.0 (2021) |
| New DLI 7 | 2.0 | DLI 10.3 | 2.0 |
| New DLI 8 | 2.0 | DLI 10.2 | 2.0 |

1. **Eligibility Criteria (EC) for the NEW Disbursement-Linked Indicators (DLI)**

In order to be eligible to receive funds for achievement of the NEW disbursement-linked indicators/results, states need to achieve the Eligibility Criteria as shown in the table below. The Eligibility Criteria for the NEW DLIs corresponds to the Original Program Year 3-2020 Eligibility Criteria (Section A I).

**Eligibility Criteria for the NEW 2020 and 2021 DLIs Table**

| ***NEW DLIs*** | ***Eligibility Criteria*** |
| --- | --- |
| DLIs to be achieved in calendar year 2020:DLIs #10.1(2020), #11.1, #12.1, #13.1 and#13.2. | FY19 audited financial statement, prepared in accordance with IPSAS, submitted to the State Assembly and published by end of August 2020*Note – this is same as Part 2 of the Original DLI Year 3-2020 Eligibility Criteria* |
| DLIs to be achieved in calendar year 2021:DLIs #10.1 (2021), #10.2, #10.3, #11.2, #11.3, #12.2, and #13.3 | FY21 State budget, prepared under the National Chart of Accounts, approved by the State Assembly and published online by end of January 2021*Note – this is same as Part 1 of the Original DLI Year 3-2020 Eligibility Criteria*  |
|  |  |

1. **NEW Disbursement-Linked Indicators (DLI) Matrix**

Table Notes:

1. Each of the NEW DLIs comprise of 2-3 disbursement-linked results (DLRs).
2. The DLR value shown is per state. This value is the amount of performance-based financing to be received by a state if a state is assessed as having achieved the DLR.
3. DLRs which have distinct but related components that must be all achieved in order to receive financing are indicated by the use of ‘AND’ in the description

**NEW Disbursement-Linked Indicator (DLI) Matrix**

| **Disbursement-Linked Indicator** | **Disbursement-Linked Results** |
| --- | --- |
| **Year 3 – 2020** | **Year 4 – 2021** *(for DLI 11.3 till June 2022)* |
| **DLI 10. Enhanced transparency and accountability of funds in the COVID-19 response and resilient recovery phases** | 10.1 No later than December 31, 2020, the audited financial statements of all local governments (LGs) in the Participating State for FY 2018 and the audited financial statements of all LGs in the Participating State for FY 2019, including all allocations and actual receipts of state-local government joint account allocation committee (SLJAAC) transfers for each LG in the Participating State, have been published on a State official website. | 10.1 No later than September 30, 2021, the audited financial statements of all local governments (LGs) in the Participating State for FY 2020, including all allocations and actual receipts of state-local government joint account allocation committee (SLJAAC) transfers for each LG in the Participating State, have been published on a State official website.10.2 The Participating State has published: (a) on a monthly basis within one month after the end of each month, for five consecutive months starting August 2020, budget execution reports on budget allocations and actual expenditures incurred for COVID-19 response and recovery programs using the National Chart of Accounts (NCOA) on the Open Treasury Portal; and(b) on a quarterly basis within two months of the end of each quarter, for three consecutive quarters starting with the third quarter of FY 2020, dedicated financial and compliance audit reports covering their COVID-19 response and recovery program expenditures.10.3 No later than December 31, 2021, the implementation of operational and financial autonomy (per criteria set out in the Verification Protocol) for the Offices of State and Local Governments Auditors-General in the Participating State, through strengthened legal framework (the “State Audit Law”); and Provision of resources for implementation of financial autonomy by inclusion of provisions in the FY 2021 budget for funding of the Offices of State and Local Governments Auditors-General; andInstructions for implementing the operational autonomy provisions of the new or existing Audit Law have been issued by the Head of Service or the Secretary to State Government of the Participating State.  |
| *DLR 10.1 value* | *$1.0 million per state* | *$1.0 million per state* |
| *DLR 10.2 value* |  | *$2.0 million per state* *Scalable at US$ 205,000 for every monthly publication under (a) and US$ 325,000 for every quarterly publication under (b)* |
| *DLR 10.3 value* |  | *$2.0 million per state* |
| **DLI 11: Provided structured tax relief in response to COVID-19 and strengthened tax administration (personal income tax and property taxation) to enhance non-oil tax collection in the resilient recovery phase** | 11.1 No later than July 31, 2020, a timebound tax compliance relief program for individual taxpayers and businesses, which meets the criteria set out in the Verification Protocol, been approved by the Chair of the State Board of Internal Revenue or the State Commissioner of Finance of the Participating State, and published on a State official website and through a press release; andNo later than September 30, 2020, government guidelines for the implementation of the announced tax compliance relief program has been issued by the Board of Internal Revenue or the Ministry of Finance of the Participating State to tax administration officials and agents. | 11.2 No later than June 30, 2021, the Participating State has issued a regulation prohibiting, on a prospective basis, the contracting of private consultants for the assessment and collection of personal income tax, which is the sole responsibility of the state revenue agency; and no such contracts have been entered into or renewed during the period starting on September 1, 2020 through the date of issuance of such regulation11.3 No later than June 30, 2022, the property records for at least 20% (basic) or 50% (stretch) of properties that have electricity connections in Urban Areas in the Participating State have been completed or updated per criteria set out in the Verification Protocol, stored in an electronic database, with said records to be valid as on September 1, 2020 or later; and the Participating State has established institutional arrangements per criteria set out in the Verification Protocol to use the property records to improve or start the collection of property tax.**-Basic target:** >= 20%**-Stretch target:** >= 50% |
| *DLR 11.1 value* | *$2.5 million per state* |  |
| *DLR 11.2 value* |  | *$1.0 million per state* |
| *DLR 11.3 Basic value* |  | *$1.5 million per state* |
| *DLR 11.3 Stretch value* |  | *$2.5 million per state* |
| **DLI 12: Strengthened procurement function for COVID-19 or emergency situation and facilitated participation of SMEs in public procurement in the resilient recovery phase** | 12.1. No later than September 30, 2020, the Public Procurement Authority (PPA) of the Participating State has issued guidelines, which meets the criteria set out in the Verification Protocol, for (i) the procurement of goods and services for COVID-19 and other emergency situations; and (ii) the adaptation of existing public procurement procedures to support the increase in participation of SMEs (the “SME Guidelines”); and At least two training sessions for SMEs on the SME Guidelines have been held. | 12.2. No later than June 30, 2021, the PPA has published on its official website, a list of all contracts executed to support the Participating State’s COVID-19 response in the fourth quarter of FY 2020 and the first quarter of FY 2021; andNo later than September 30, 2021, the Participating State has awarded at least 20 more contracts to SMEs in the period after September 30, 2020, as compared to the period January 1, 2020 to 30 September, 2020 |
| *DLR 12 value* | *$2.5 million per state* | *$1.5 million per state* |
| **DLI 13: Established a fiscally sustainable response to COVID-19 through COVID-19 responsive budgets** | 13.1 No later than July 31, 2020, an Amended 2020 State budget, which meets the criteria set out in the Verification Protocol, has been approved by the House of Assembly of the Participating State, assented to by the Governor, and published on a State official website.13.2 The Participating State has executed at least 90 percent of the tagged COVID-19 response expenditures in their Amended 2020 State Budget, per criteria set out in the Verification Protocol. | 13.3 The Participating State has executed at least 90 percent of the tagged COVID-19 response expenditures in their 2021 State Budget, per criteria set out in the Verification Protocol. |
| *DLR 13.1 value* | *$5.0 million per state* |  |
| *DLR 13.2 value* | *$1.0 million per state* |  |
| *DLR 13.3 value* |  | *$1.0 million per state* |

* **IVA Performance Assessment Guidelines for the Original and New DLIs and EC**

**Timing and Definitions**

1. “Year” refers to the fiscal year (unless stated otherwise), which is the same as the calendar year running from 1st January to 31st December. “Year-end” refers to 31st December.
2. The IVA’s performance assessments of the Eligibility Criteria and DLRs will be conducted annually:
	1. The 2018 Annual Performance Assessment (APA) refers to the assessment of the states’ performance against the Original DLRs and EC for Year 1-2018. Due to delays in Program effectiveness, this started in Dec 2019 and finished in March 2020.
	2. The 2019 APA refers to the assessment of the states’ performance against the Original DLRs and EC for Year 2-2019 and was completed by November 2020. *The NEW 2020 DLIs were assessed between August 2020 and February 2021.*
	3. The 2020 APA refers to the assessment of the states’ performance against the Original DLRs and EC for Year 3-2020. The proposed timing of the APA is February to May 2022.
	4. The 2021 APA refers to the assessment of the states’ performance against the Original DLRs and EC for Year 4-2021. The proposed timing of the APA is July to October 2022.
	5. The NEW DLIs are planned to be assessed between July 2020 and September 2022.

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| **Performance Assessment** **Estimated Timing** | **ORIGINAL DLIs and EC** | **NEW DLIs**  |
| **Performance Year** | **Year 1/2018** | **Year 2/2019** | **Year 3/2020** | **Year 4/2021** | **2020** | **2021** |
| States’ performance period being assessed | Jan-Dec 18 | Jan-Dec 19 | Jan-Dec 20 | Jan-Dec 21 | Jun-Dec 20 | Jan-Dec 21 |
| Performance assessment by the IVA and external audit firm | Dec 19-Mar 20 | May-Nov 20 | Feb -May 22 | Jul-Oct 22 | Aug-Dec 20 | Jul 21-Sep 22 |
| WB decision to disburse and PCU disbursement of performance-based financing to states | Apr-20 | Dec 20 | Jun 22 | Oct 22 | Feb 22-Jan 21 | Dec 21-Oct 22 |

**General Principles used by the IVA**

1. **The states’ performance against the EC and each DLR will be assessed strictly on an Achieved or Not Achieved basis by the IVA using the verification protocol** described in sections D and E.
	1. The verification protocol for the EC and each DLR comprise of: 1) the definition and description of DLR achievement, including definition of key terms; 2) the state data source to be used by the IVA for the assessment of the DLR achievement; 3) the procedure the IVA will use to assess whether the state has achieved or not achieved the EC or DLR.
	2. **The definition and description of DLR achievement** in the verification protocol is not meant to be comprehensive on what a law contains or how a system should function. Rather, it describes the basis of the DLR assessment by the IVA.
	3. **The data source and data requirements of the IVA** are not recorded exhaustively within this protocol. The IVA reserves the right to request for any additional information or data from states that may be required to form an opinion.
	4. **The procedures IVA will use to assess states’ achievement of the DLR**s are not recorded exhaustively within this protocol. The IVA reserves the right to undertake additional procedures or amend the procedures in order to form an opinion.
2. **The performance assessments are conducted independently of each other** i.e. the assessment of states’ performance against the DLRs is not linked to or influenced by the performance under the previous DLRs but will be assessed anew. For example, the original DLIs which have four DLRs, it is possible for a state to not achieve in year 1, achieve in year 2 and 3, and not achieve in year 4 on the same DLI.
3. **Templates:** The Federal Ministry of Finance (Home Finance Department), Open Government Partnership (OGP) and Federal Debt Management Office intend to disseminate standard templates for states to use for several of the DLRs, including the following: (a) The Citizens’ budget; (b) Citizen’s Accountability reports; (c) Quarterly State Domestic Debt Reports; (d) Annual Debt Sustainability Analysis; and (e) Medium-term Debt Management Strategy

The States are encouraged to adopt and apply these templates as they will enable a clearer assessment of the level of achievement of each DLR. Where no template is provided, states should be guided by the definition/description of the DLR in the protocol.

1. **Online Publication on State official website(s):**
	1. DLRs which require information to be “published” means that at a minimum, they are published online on an official state website or state web portal.
	2. **State official website(s)** include the website of the State Government, the website of the Office of the Auditor-General for States, the website of relevant State Ministries such as Finance, Budgets and Economic Planning, or the website of the State House of Assembly.
	3. All information required to be published on the states’ website(s) by certain dates are to remain on the website indefinitely. This will be checked periodically (at least quarterly) by the IVA. All information placed on websites by states must be timestamped to show the date and time of publication. Where a required publication is not timestamped and the IVA is subsequently unable to verify the date of publication, the requirement will be assessed as not met.
	4. All information required to be published on the states’ website(s) must be well sign-posted and easy for visitors to the websites to find. In particular, links to these online publications and databases must be clearly identifiable on the home pages of each website. This is particularly important for DLI #2 strengthening citizens engagement in the budget process.
	5. For all evidence to be downloaded from the state official website(s), the states are to inform IVA of the link and the specific webpages. Please note also that all evidence must therefore be downloadable and in PDF formats.
2. **Use of Audited Annual Financial Statements:** Where financial statements are the basis to assess DLRs, the Audited Annual Financial Statements for the State or the Local Government will be used.
3. **Treatment of cash and accrual accounting:**
	1. States using cash accounting will be expected to produce annual and year-end figures on a cash basis. States that have moved to accrual accounting will be expected to produce annual and year-end figures on an accrual basis.
	2. Where a State provides audited financial statements and reports that are prepared on an accrual basis, the IVA will conduct its calculations and analysis on the basis of the accrued balances and not on the basis of cash flows. All accrued balances included within the year-end figures submitted to the IVA will be validated separately by the IVA after the year end to confirm they were appropriate. Where a state moves from cash to accrual accounting during the program, the IVA’s comparative analysis will apply the cash position for the first year of accrual accounting, and then apply the accrual position in the subsequent years.
4. The IVA will report on any indications of systemic attempts at fraudulent reporting of data related to DLR achievement by participating states for consideration by the World Bank and FMoF Home Finance Department.
5. The IVA will retain documentary evidence to confirm all the checks in the verification protocol have been carried out (the evidence can be in electronic or hard copy).
6. For each round of performance assessments, the IVA will prepare a draft report on key findings, conclusions and recommendations and send to each individual state as well as to the FMoF Home Finance Department and the World Bank, providing 10 calendar days for responses. The IVA will then prepare a final report on key findings, conclusions and recommendations with annex on the response from states on the draft reports and the IVA’s response and send to each individual state as well as to the FMoF Home Finance Department and the World Bank.

**ORIGINAL DLIs: Eligibility Criteria (EC) and Disbursement-linked Result (DLR) Verification Protocol**

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| Eligibility Criteria for Original DLIs |
| ***Description in EC Table*** | ***Definition/Description of EC achievement*** |
| **Annual State budget [prepared under the National Chart of Accounts] approved by the State Assembly and published online *[by specified date]*****AND** **Annual audited financial statement [prepared in accordance with IPSAS] submitted to the State Assembly and published online *[by specified date]*** | The following disclosures will be made on the official website of the State that can be accessed by specific timelines defined for each of the Program years in the Eligibility Criteria Table:**Annual state budget approved by the State Assembly:** This means that the annual state budget has been passed by the State Assembly and has obtained the Governor’s assent by the specified date in the Eligibility Criteria Table. The approved budget shall include appropriations according to the functional/organizational and detailed economic classifications of expenditures.**Annual state budget prepared under national Chart of Accounts (GFS compliant):** The national Chart of Accounts (CoA) is the approved FAAC CoA/budget classification system, domesticated to the State requirement in terms of elements without varying the structure and segments. **Audited financial statements:** The annual audited financial statements should contain a complete set of financial statements including, **at a minimum**: the sources and uses of funds statements (or receipts and payments of funds statement); the appropriation for the year in review as well as the actual spending and balances against the appropriation; comparative actual expenditures of the preceding year; a summary statement of the state’s debt stock and debt servicing; accounting policies applied; and all disclosure notes to the accounts required under the selected financial reporting framework. **International Public Sector Accounting Standards (IPSAS). IPSAS-compliant annual audited financial statements:** At the minimum, Part 1 of the IPSAS Cash Basis of reporting should be applied by each state. |
| ***Data Source and Procedures to assess achievement (2019 APA onwards)*** |
| ***State data sources*****State official website(s)**: the website of the Office of the Auditor-General for States, the website of the State Government, the website of relevant Ministries such as Finance, Budget and Economic Planning, the website of the State House of Assembly**Federal Ministry of Finance:** National Chart of Accounts  |
| ***Procedure to be used by the IVA***The IVA will review information published online by the State before and up to the deadline date for the online publication of the documents specified for each criterion, and carry out the following:Eligibility Criteria Part 1 on annual state budget:Download the Annual State Budget from the State official websiteConfirm that the budget includes appropriations according to the functional/organizational and detailed economic classifications of expenditures.Confirm the budget has been finalized and passed into law *(i.e. obtain evidence of assent by the Governor)*For the 2019 APA, confirm that the 2020 approved annual budget is published online by 31 January 2020 on the State official website.For 2020 and 2021 APA:Obtain a copy of the National Chart of Accounts from the Federal Ministry of FinanceCompare the budget to the NCOA and record any significant differences in structure, coding and segmentation. The National Chart of Accounts (NCoA) to be used for comparison is the approved FAAC CoA/budget classification system. It is expected to be domesticated to the State’s requirements in terms of elements without varying the structure and segments. Confirm whether this has been done.Conclude on whether the State Budget is prepared under the NCoA, or whether there are any significant differences. In particular, confirm that the State Budget includes appropriations according to the functional/organizational and detailed economic classifications of expenditures set out in the NCoA.For the 2020 APA, confirm that the 2021 approved annual budget has been prepared under the NCOA and is published online by 31 January 2021 on the State official website.For the 2021 APA, confirm that the 2022 approved annual budget has been prepared under the NCOA and is published online by 31 January 2022 on the State official website.Eligibility Criteria Part 2 on audited financial statement:1. Download the audited Financial Statements for the year under assessment from the State official website

Confirm whether the Statement of Responsibilities, the Accounting Policies Note and the Audit Certificate all specify the financial reporting framework under which the Financial Statements were prepared.Where the reporting framework is stated consistently across all three documents, confirm whether the State has applied International Public Sector Accounting Standards - (Cash or Accrual). For the 2019 APA, confirm that the 2018 audited Financial Statements are published by 30 September 2019 on the State official website.For the 2020 APA, confirm that the 2019 audited Financial Statements are prepared in accordance with IPSAS and are published by 31 August 2020 on the State official website.For the 2021 APA, confirm that the 2020 audited Financial Statements are prepared in accordance with IPSAS and are published by 31 July 2021 on the State official website.If IPSAS has been implemented, confirm whether the primary statements and supporting notes are as expected. Conduct checks of the consistency and reasonableness of the key balances within the Financial Statements that are relevant to SFTAS DLRs. Compare the state’s debt stock at the end of the year in the Financial Statements with those reported to the DMO and captured in the SDEDR submitted by the DMO for DLI 7.2 and 9 and highlight any material differencesConfirm that the Financial Statements contain the following disclosures: the sources and uses of funds statements (or receipts and payments of funds statement); the appropriation for the year in review as well as the actual spending and balances against the appropriation; comparative actual expenditures of the preceding year; a summary statement of the state’s debt stock and debt servicing; accounting policies applied; and notes to the accounts. |
| ORIGINAL DLI 1: Improved financial reporting and budget reliability |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **1.1 In-year quarterly budget implementation reports published on average within *[x weeks]* of each quarter-end to enable timely budget management** | Quarterly budget implementation reports are the same as quarterly budget execution reports. The reports are to be posted to the state official website on average within the specific timelines defined for each of the Program years in the DLI Matrix. For 2019, the average timeline is 6 weeks after the end of the quarter while this changes to 4 weeks for 2020 and 2021.Each of the quarterly budget implementation reports are required to include the following information, at a minimum:1. The approved budget appropriation for the year for each organizational units (MDAs), and for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and Other expenditures).
2. Where states have amended/revised or passed supplementary budgets, States should show both the approved original budget AND the approved amended/revised/supplementary budgets in the reports.
3. The actual expenditures for the quarter attributed to each MDA and each expenditure classification and also the actual cumulative expenditures for the year to date.
4. The 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.

Note that ‘Other Expenditures’ will include debt servicing and transfers, or other expenditures not attributable to any of the other three (3) expenditure classifications.  |
| ***Data Source and Procedures to assess achievement (2019 APA onwards)*** |
| ***State data sources*****State official website(s)**: the website of the Office of the Auditor-General for States, the website of the State Government, the website of relevant Ministries such as Finance, Budget and Economic Planning, the website of the State House of Assembly |
| ***Procedure to be used by the IVA***The IVA will review information published online by the State before and up to the deadline date for the online publication of the documents specified, and carry out the following:Download the Quarterly Budget implementation Reports for all four quarters of the year under assessment.For each quarterly report, confirm the dates of posting to the State official website and evidence of posting on the stated dates. Confirmation will be through a timestamp showing the date of publication (or through evidence obtained from the State IT Service provider). Calculate the average time taken to publish the quarterly reports for the year. For the 2019 APA, the average time taken should be six weeks or less after the end of the quarterFor the 2020 APA, the average time taken should be four weeks or less after the end of the quarter for Q2, Q3 and Q4 reportsFor the 2021 APA, the average time taken should be four weeks or less after the end of the quarterConfirm that 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.Confirm that the information above is also provided on a consolidated basis across the four (4) economic classifications for the entire state. Note that ‘Other Expenditures’ will include debt servicing, and transfers, or other expenditures not attributable to any of the other three (3) economic classifications.  |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **1.2. FY[x] deviation from total budget expenditure is less than [x]%** | For 2019 and 2021, the expenditure outturn deviation is computed as the difference between the original approved total budgeted expenditure for the fiscal year and the actual total expenditure in the fiscal year, divided by the original approved total budgeted expenditure, and expressed in positive percentage terms. The deviation should be less than the percentage defined for each year of the Program in the DLI Matrix (25% in 2019 and 15% in 2021). For 2020, the expenditure outturn deviation is computed as the difference between the approved total amended budgeted expenditure for the fiscal year and the actual total expenditure in the fiscal year, divided by the approved total amended budgeted expenditure, and expressed in positive percentage terms. The deviation should be less than 15%.Total expenditure includes total recurrent expenditure and total capital expenditure. Total recurrent expenditure includes debt servicing (also called financial charges/debt repayments), which typically include both interest and principal repayments. From a fiscal perspective, interest payments are above the line/ budget expenditures, while principal repayments are considered below the line financing items. However, typically debt servicing is not disaggregated so for the purpose of this DLI, total debt servicing including interest and principal repayments is to be included in recurrent expenditure in both the budget and actual components of the calculation for a like to like comparison.  |
| ***Data Source and Procedures to assess achievement (2019 APA onwards)*** |
| ***State data sources**** **Annual Report by the Auditor-General for the State** and the audited financial statements for the year.
 |
| ***Procedures***The IVA will carry out the following:1. Obtain the approved annual budget and the audited financial statements from the Auditor-General for the State for each the fiscal year.
2. Calculate the expenditure outturn deviation for each year as per the definition of DLR achievement, including ensuring that the debt servicing component is included in the same way in both the budget and actual components of the calculation for a like to like comparison.
3. For 2020 APA, obtain the approved total amended budget and use for calculation.
4. Confirm whether the expenditure outturn deviation is not higher than the maximum percentage defined for each year of the Program in the DLI Matrix (2019 – 25%, 2020 – 15%, 2021 – 15%).

The IVA should note in reports the following:1. When the original budgeted figures differ between the approved Annual Budgets and AFS.
2. When the source of the values used in the calculations are from the hard copies of the AFS which are not available in the online AFS i.e. States have not upload the full AFS online.
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| ORIGINAL DLI 2: Increased openness and citizens’ engagement in the budget process |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **For 2020**2.1 Citizens’ inputs from formal public consultations are published online, along with the proposed FY2021 budget**For 2021**2.1 Citizens’ inputs from formal public consultations are published online, along with the proposed FY22 budget AND Citizens’ budget based on approved FY21 state budget published online by end April 2021 with functional online feedback mechanisms | For 2020*Citizens’ inputs from formal public consultations*Formal public consultations on the budget preparation is interpreted as the executive holding at least one ‘town-hall’ consultation before the proposed budget is drafted. Consultations should include the participation of local government authorities and state-based CSOs. In-person and virtual consultations may be utilized interchangeably. For both in-person or virtual consultations, citizen’s inputs are represented by the minutes of the public consultations, and these should be posted on the official state website, alongside the proposed annual budget on or before the deadline for the publication of the approved annual budget for the Eligibility Criteria (*31 January of the fiscal year (2020, 2021 and 2022) for each Annual Budget).* The minutes of the public consultations should be jointly prepared with CSO representative(s) (shown by their signature to the minutes) and signposted on the home page of the website to enable citizens to find the inputs easily.For 2021*Citizens’ inputs from formal public consultations*Formal public consultations on the budget preparation is interpreted as the executive holding at least one ‘town-hall’ consultation before the proposed budget is drafted. Consultations should include the participation of citizens, citizens groups, state-based CBOs and state-based CSOs. In-person and virtual consultations may be utilized interchangeably. For both in-person or virtual consultations, citizen’s inputs are represented by the minutes of the public consultations, and these should be posted on the official state website, alongside the proposed annual budget (the guideline is one week after the presentation of proposed FY 2022 budget to the State House of Assembly, and for the verification protocol, no later than the deadline for the publication of the approved annual budget i.e. 31 January 2022). The minutes of the public consultations should be jointly prepared with CSO representative(s) (shown by their signature to the minutes) and signposted on the home page of the website to enable citizens to find the inputs easily.*Citizens’ Budget*Citizens’ budget based on the State’s FY19 or FY21 budget published online means that the State government shall present the FY19 or FY21 budget in a summarized but comprehensible manner for citizens and posted on the State website(s) no later than April 30, 2019 / 2021 respectively. The form and general content of the citizens’ budget shall be provided to each State for ease of reference.: the Citizen Budget User Manual and Excel Template. The minimum required budget information to be contained in the Citizens Budget are: 1) the sources of revenues; 2) domestic and foreign grants, domestic and foreign loans, and other financing sources; 3) total expenditure by economic classifications; 4) the budget framework including total revenue and grants, total expenditures, budget deficit, budget financing and financing gap; 4) breakdown of expenditures by sectors/ministry; and 5) list of large capital projects.Functional feedback and response mechanisms online are interpreted as a space in the State website for verified users (email and social media accounts) to post comments on the citizens’ budget for government response. |
| **For 2020**2.2 Evidence of dissemination event to explain amendments to FY20 State budget published online along with the Citizens’ budget based on amended FY20 state budget by end September 2020 with functional online feedback mechanisms | *Dissemination for FY20 Amended Budget*Dissemination event means that State officials hold a physical or virtual town hall style public presentation for citizens and stakeholders to explain the amendments made to the FY20 State budget. Publish the evidence of the dissemination event on a state website, such as an online video record with list of attendees (with names, organizations, email addresses) by September 30, 2020 in the same location where the Amended FY20 budget has been published.*Citizens’ Budget*Citizens’ budget based on the State’s Amended FY20 budget published online means that the budget of the State government shall present the Amended FY20 budget in a summarized but comprehensible manner for citizens and posted on the State website(s) no later than September 30, 2020. The form and general content of the amended citizens’ budget shall clearly explain the key changes between the original FY20 budget and the amended budget, including data on reallocations and adjusted spending priorities. The state website must have a functional online feedback mechanism.  |
| ***Data Source and Procedures to assess achievement*** |
| ***State data sources*****State official website(s)**: the website of the Office of the Auditor-General for States, the website of the State Government, the website of relevant Ministries such as Finance, Budget and Economic Planning, the website of the State House of Assembly* **State ministry of finance or budget and planning –** to provide evidence of consultations
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| ***Procedures***The IVA will check the state official website(s) before and up to the deadline date for the online publication of the documents specified for each criterion and carry out the following:1. Review the publications on the State official website(s) on the Annual Budget.
2. Download and review all documents reflecting the minutes of public consultations into the annual budget and confirm whether:
	1. the minutes of the public consultations on the budget are signed by CSO representatives and are included and signposted on the home page of the website; and
	2. the minutes of the public consultation and the proposed budget were all published online through the State’s official websites. The guideline is one week after the presentation of the proposed FY 22 Budget to the State House of Assembly. For verification purpose it needs to be published on or before the deadline for the publication of the approved annual budget (the annual appropriation, as assented to by the Governor). *The deadlines are 31 January 2021 for the FY21 annual budget and 31 January 2022 for the FY22 annual budget*.
3. For those states with minutes of public consultations, request the state ministry of finance or state ministry of budget and planning to provide further evidence that:
	1. at least one ‘town-hall’ consultation was held before the budget was drafted; and
	2. For 2020: the consultations included the participation of state-based CSOs. The evidence may include photographs with timestamps, and attendance lists with contact information for attendees. The IVA may contact a sample of attendees to verify the information provided.
	3. For 2021: the consultations included citizens, citizens groups, state-based CBOs and state-based CSOs. The evidence may include photographs with timestamps, and attendance lists with contact information for attendees. The IVA may contact a sample of attendees to verify the information provided.

*Citizens’ Budget*1. Confirm that the PCU (Home Finance Department) has provided the States with the form and general content of a citizens’ budget for ease of reference (done in March 2019 with refresher in January 2020).
2. Obtain a copy of the Citizens’ Budget directly from the State’s official website(s) and confirm the information included agrees with the full Annual Budget / Amended Budget (2020). Identify and report on any significant discrepancies with the standard template provided.
3. Obtain evidence to confirm the date of publication online and conclude on whether the Citizens’ budget was published on or before the deadline of the relevant fiscal year.
4. Confirm whether the Citizen’s budget is prepared in the format suggested to the States in the Citizen Budget User Manual and Excel Template. Each state was provided training on both of these tools. Where a different format is used, compare with the suggested format, and identify any significant differences. Confirm whether the minimum required budget information outlined above (extracted from the Citizen Budget User Manual and Template) has been included.

*For 2020 DLR 2.2*1. *Confirm whether the States held physical or virtual town hall meeting to explain amendments made to FY20 state budget.*
2. *Download from the State’s websites, evidence of the meeting and confirm it is on same location as the Amended FY20 budget. The evidence may include online video record/physical video record photographs with timestamps, and attendance lists with contact information for attendees.*
3. *Confirm from the States’ websites the publication of citizens’ budget is posted no later than September 30,2020.*
4. *Confirm that the amended Citizen’s budget clearly explains the key changes made between the original FY20 budget and the amended budget, including data on reallocations and adjusted spending priorities.*

*Functional Feedback Mechanisms*1. Confirm whether the States’ website has functional feedback and response online mechanisms.
2. Feedback mechanisms are interpreted as, but not limited to, an online feedback submission form, free download site, live chat bot, social media dialogue, or voice-over-IP (VOIP) call in. An acknowledgement of receipt with clearly defined response procedure, timeframe, and government contact details is required. A ticket tracking system with IDs, documented case tracking, and weekly/monthly reporting is recommended but not compulsory.
3. Request the state ministry of finance or state ministry of budget and planning to provide further evidence to demonstrate how the state has responded to feedback submitted online. Response to every comment is not essential. Individual responses may be provided, a response on similar issues may be given or periodically responses posted by topic or other classification. The IVA must form a view on whether the feedback mechanism is working.
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| ***Data Source and Procedures***  |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **For 2021**2.2 Citizens accountability report based on audited financial statements/reports published online for FY2020, no later than September 2021 | Citizen’s accountability reports are summarized and comprehensible versions of the audited financial statements and details of State government public consultations with citizens presenting the annual financial statements that are made available on the state official website(s) by September of each subsequent financial year. A template with the form and general content of the accountability report to citizens, including the minimum acceptable content, shall be provided to each state for ease of reference. |
| ***Data Source and Procedures***  |
| ***State data sources*****State official website(s)**: the website of the Office of the Auditor-General for States, the website of the State Government, the website of relevant Ministries such as Finance, Budget and Economic Planning, the website of the State House of Assembly |
| ***Procedures***The IVA will carry out the following:1. Confirm that the PCU (Home Finance Department) or OGP Secretariat has provided the States with a template of a citizens’ accountability report for ease of reference, and when this was done.
2. Obtain a copy of the Citizen’s Accountability Report from the State’s official website(s) on or before 30 Sept 2021 and confirm it agrees with the full Annual Audit Report published by the Auditor-General for the State.
3. Confirm whether the Citizen’s Accountability report was prepared according to the template suggested to the States. Where a different format is used, compare with the template, and identify any significant differences. Conclude on whether the adopted format is acceptable.
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| ORIGINAL DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA** | An established and functional state-level TSA requires all the following criteria to be met by the 31st December of the year under assessment to count for that year: (i) There is a formally approved cash management strategy in place and in implementation. The strategy should cover the processes through which the State Ministry of Finance or Budgets and Economic Planning is able to forecast cash commitments and requirements and provide reliable information on the availability of funds. (ii) The TSA has 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 minimum percentage of state government finances that is managed by the state ministry of finance or the state accountant general’s office on the single electronic dashboard is defined for each of the Program years in the DLI Matrix. “State government finances” is defined as including all budgetary and non-budgetary funds managed by the state Government but excluding local governments and parastatals.(iii) The TSA has 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.  |
| ***Data Source and Procedures to assess achievement (2019 APA onwards)*** |
| ***State data sources**** **Office of the State Accountant General will produce:**
	+ **A state cash survey report** based on an inventory of state’s cash balances in all bank accounts at year-end to confirm the gross state government finances and how much of it is part of the TSA.
	+ **Year-end cash flow statement (audited financial statements for the year)**

The Accountant-General will also provide additional information on request, to demonstrate the functionality and current operation of the TSA.* **Ministry of Finance (or Budgets and Economic Planning) –** to provide a copy of the approved cash management strategy for the State**.**
* **Office of the State Auditor-General –** to submit the Annual audit report and audited financial statements for each year under assessment
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| ***Procedures***The IVA will carry out the following:1. Obtain information from each State, on their implementation and usage of a Treasury Single Account (TSA). Evidence should be obtained to verify that the TSA is established and functional at each year end. The evidence review includes the following:
	1. Obtain and review a copy of the State’s formally approved cash management strategy (and obtain evidence of approval).
	2. Obtain 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 by checking the existence of cash commitments and requirements forecasts at the intervals stated in the cash management strategy (monthly, quarterly etc.).
	3. Confirm that the TSA includes a central view of cash balances in bank accounts on a single electronic dashboard. Physically observe and verify the view of cash balances during the field visit to the State and retain screenshots as evidence.
	4. Obtain and review the State’s cash survey reports for the year-end covered by the APA.
	5. For all the APAs: Obtain the audited financial statements from the Auditor-General for the State for each year.
	6. Confirm whether by each year end, the TSA meets the minimum percentage of state government finances to be managed by the state ministry of finance or the state accountant general’s office on the single electronic dashboard for each of the Program years as follows (2019 – 60%, 2020 – 70%, 2021 – 80%). The applicable percentage should be calculated based on the total cash inflows and cash outflows recorded at the year-end (31 December) on the TSA system compared with the total cash inflows and outflows for the year (stated within the audited financial statements for the APAs).
2. Obtain evidence from the State to confirm that the State TSA has one consolidated revenue treasury account or account group for state revenues. Also confirm that revenues collected by MDAs such as service fees are brought into the consolidated revenue account as part of the TSA. This will require interviews and evidence gathering with selected MDAs, the TSA operator/bank and selected fee payers in each State.
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| ORIGINAL DLI 4: Strengthened Internally Generated Revenue (IGR) collection  |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **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. *(one-time payment for year in which DLR is first achieved, up to the end of 2021)*** | The consolidated state revenue code may contain more than one law or resolution provided that they are cross-referenced and linked.**Content:** (i)The up-to-date consolidated revenue code includes all the state’s IGR sources and all the local governments (falling under that state) IGR sources. IGR sources include presumptive tax, indirect taxes and levies (roads, hotels), fines, fees and charges. Personal income tax, including PAYE, which is collected by the State will be covered by the federal tax code. (ii) The consolidated revenue code must include the rates for each of the IGR sources(iii)The consolidated revenue code must also stipulate that the state bureau of internal revenues (SBIR) is the sole agency responsible for state revenue (tax and non-tax) collection and accounting in the state. Collection of revenues must be into accounts nominated by the SBIR for the SBIR to be deemed responsible for collection.**Approvals:** The code or the law(s) and resolution(s) comprising the code must be approved by the state legislature to have a legal basis, either as a law or a resolution. They 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. **Publication:** The code or the law(s) and resolution(s) comprising the code must all be published by the 31 December of the year under assessment to count for that year. Publication must include being published online, so it is automatically available to the public/all taxpayers.**State implementation** of the revenue code means revenues are made into accounts either nominated by the SBIR OR SBIR has full oversight of the accounts and is responsible for reporting and accounting for the revenues |
| ***Data Source and Procedures to assess achievement (2019 APA onwards)*** |
| ***Data Sources**** **State official website(s)**: the website of the Office of the Auditor-General for States, the website of the State Government, the website of relevant Ministries such as Finance, Budget and Economic Planning, the website of the State House of Assembly
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| ***Procedures***The IVA will carry out the following:1. Obtain a copy of the published consolidated revenue code from the State official website(s) to confirm that the revenue code is published online and available to the public/all taxpayers.
2. Confirm the dates of posting to the website(s) and evidence of posting on the stated dates. Confirmation will be through a timestamp showing the date of publication (or through evidence obtained from the State IT Service provider). The code must be posted by the 31st of December of the year under assessment to count for that year.
3. Confirm whether the consolidated revenue code covers all the state’s and local governments (falling under that state) IGR sources. IGR sources include presumptive taxes, indirect taxes and levies, fines, fees and charges. *Note that Personal income tax, including PAYE, which is collected by the State will be covered by the federal tax code so will be excluded from the state code.*
4. Confirm that the information published with the consolidated revenue code includes the rate chargeable for each IGR source.
5. Confirm whether the consolidated revenue code stipulates that the state bureau of internal revenues (SBIR) is the sole agency responsible for state revenue (tax and non-tax) collection and accounting in the state. Document the relevant specific sections and text of the code.
6. Confirm whether the code was approved by the State House of Assembly, possibly through a resolution or as part of a law such as the Act on Fiscal Responsibility/Sustainability or the enabling Act for the State Board of Internal Revenue.
7. Confirm that 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.
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| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **4.2 Annual nominal IGR growth rate meets target** | Annual nominal growth rate of total state IGR is computed as the difference between the total IGR collected 1st January to 31st December in the year of assessment and the total IGR collected 1st January to 31st December in the previous year (previous to the year of assessment), divided by the total IGR collected in Jan-Dec in the previous year, and expressed as a percentage, which could be negative (if IGR has declined) or positive (if IGR has increased). The ratio must meet the basic or stretch targets.The IGR receipts included must come from regular IGR sources and not from financing or savings items. Specifically, IGR is defined as all sources of State revenue from taxes, levies, fines, fees, and charges provided that these are as defined in any or all of the following codes passed by the relevant legislative bodies, as required:* Taxes, levies, fees and fines for States and Local Governments as listed in Part 2 and 3 of the Taxes and Levies (Approved list for collection) Act 2004 as amended in 2015.
* Taxes, levies, fees and fines for States and Local Governments as codified and listed in the consolidated state revenue code (if it exists) Charges by States MDAs as codified and listed in the consolidated state revenue code (if it exists), or in various state legislation.

IGR receipts include the following Direct tax, personal income tax (PAYE), licenses, levies, feed, fines, charges, sales of goods and services, earnings (excluding interest or investment income), rental income of governmental property/building, and other items listed in the consolidated state revenue code. IGR includes all valid revenues earned through Ministries, Departments and Agencies, including any amounts retained by these MDAs toward their running costs (Retention). Items which do not constitute IGR (this list may not exhaustive): Paris Club Refund, Reimbursements from Federal Government related to expenditures (e.g., for federal roads), sales of government property and privatization proceeds, savings, investment income (dividends), interest earned. |
| ***Data Source and Procedures to assess achievement (2019 APA onwards)*** |
| ***Data Sources**** **The State Accountant General –** Audited Annual Financial Statements for the year under assessment. This should include a detailed report on IGR collection for the full (1st January to 31st December) year under assessment (An IGR Outturn Report)
* **State Board of Internal Revenue (or equivalent) -** IGR Outturn Reports for the full (1st January to 31st December) year under assessment, and various Bank Account Reconciliations showing the total IGR amounts remitted into the TSA for each year under assessment
* **Office of the State Auditor-General** - Published audited financial statement and annual audit report for 2017 and onwards (also to be obtained from the State official website(s)). The annual report includes an audited IGR Outturn report.
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| ***Procedures***The IVA will carry out the following:1. Obtain the following from each State:
	1. The Annual Report of the State Auditor-General and the Audited Annual Financial Statements for the State for the year under assessment. This should include an IGR Outturn Report for the year under assessment. The Report should show gross year-end balances for all IGR sources (before deductions for the cost collection and/or commissions payable), and detailed information on the types of IGR collected by each MDA in line with the revenue code.
	2. The Annual Report of the State Auditor-General and the Audited Annual Financial Statements for the State for the previous year (previous to the year under assessment). The audited IGR Outturn reports included within the Annual Report of the State Auditor-General is expected to contain the same level of detail as the IGR Outturn reports for the year under assessment to be submitted by the Accountant General.
2. Review the information within the above and aggregate all IGR balances from taxes, levies, fines, fees, and charges as defined in any or all of the codes passed by the relevant legislative bodies. Exclude all irregular IGR sources and any inflows from financing or savings items. Conduct the IGR growth calculation and present in the following table:
3. Conduct further tests to validate the IGR outturn figures for the year under assessment provided by the State. This will include field visits to conduct reviews of the following information
	1. From the State Board of Internal Revenue - IGR Outturn Report for the year under assessment. The Report should show year-end balances for all IGR sources.
	2. Bank Account Reconciliations of the State Board of Internal Revenue (or equivalent) showing the total IGR amounts remitted into the TSA for the year under assessment.
4. Compare the balances for the year under assessment obtained from the information sources above and confirm whether any differences are significant or material. For balances with a wide differential the IVA will conduct further enquiries to ascertain the more accurate balances upon which the APA should be based.
5. Calculate the annual nominal growth rate of the State IGR and express as a percentage.

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| ORIGINAL DLI 5: Biometric registration and bank verification number (BVN) used to reduce payroll fraud |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **5.1 Biometric capture of at least [x] percent of current civil servants [and pensioners] completed and linked to payroll, and identified ghost workers taken off the payroll** **5.2 Link BVN data to at least [x] percent of current civil servants [and pensioners] on the payroll and payroll fraud addressed** | To achieve the DLR, the following criteria has to be met by the 31st December of the year under assessment to count for that year: 5.1 Use of biometric to reduce payroll fraud is defined as a state having: i) completed a biometric exercise for a percentage (as defined for each of the Program years in the DLI Matrix) of the current (defined as in the same calendar year) civil servants and pensioners on the state payroll; ii) linked the biometrics data to the state payroll to identify ghost workers; iii) removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed. 5.2 is defined as a state having: i) linked bank verification number data to a percentage (as defined for each of the Program years in the DLI Matrix) of its current (defined as in the same calendar year) civil servants and pensioners on the state payroll; ii) taken steps to identify payroll fraud; iii) removed confirmed ghost workers and ghost pensioners within three (3) months of each case being confirmed. State payroll is defined as the payroll run by the State Accountant General in that State. *Note that LGAs are now receiving their funds in a separate account and would likely be running their payroll separately. Same for parastatals that run their own payroll.* |
| ***Data Source and Procedures to assess achievement (2019 APA onwards)*** |
| ***Data Sources**** **State Payroll service provider or relevant MDA -** for payroll scripts and biometric database
* **State Biometric database manager** - for the biometric database and register
* **Office of the State Accountant General –** for annual or periodic reports of ghost workers and payroll fraud identified and the financial savings achieved
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| ***Procedures***The IVA will carry out the following:1. Obtain the following from each State:
	1. A copy of the nominal roll for all state civil servants (sighted but not retained for security reasons)
	2. A copy of the nominal roll for all state pensioners (sighted but not retained for security reasons)
	3. A report from the State Biometric database on the number of persons registered
	4. A report from the State Payroll on the number of civil servants and pensioners for which biometric data or BVN numbers are linked to payroll
2. Discuss with the State progress made with the implementation of a biometric register for civil servants and pensioners. Determine whether the State has a separate biometric register or relies on BVNs.
3. Obtain and review copies of documentation and reports on progress made with the implementation of biometric validation.
4. Summarize the progress presented by the State and record the position presented by the State for the following:
	1. The percentage of the target population covered by biometric registration,
	2. The number and percentage of staff and pensioners for which biometric data or BVN has been linked to payroll,
	3. Whether in-year changes to the civil servant and pensioner payrolls (as a result of starters, leavers, deaths etc.) are captured by the biometric exercise.
	4. Procedures in place for ensuring timely (within 3 months of the event) updates to the payroll to reflect leavers, retirees and deaths.
	5. actions taken to remove ghost workers, including the numbers of workers removed and the timeliness of the removals.
5. Obtain the following corroborative evidence and compare with the position presented by the State:
	1. Copies of payroll reports/scripts obtained directly from the systems administrator or database manager, showing the total population on the payroll and the total payroll population with biometric/BVN data.
	2. Copies of relevant biometric data base reports/scripts obtained directly from the systems administrator showing the total number of civil servants and pensioners on the register.
	3. A record of all ghost workers identified during the year under assessment, including the dates they were identified and the date they were removed from the payroll.
6. Conduct the following tests:
	1. Select a sample of 20 staff and 20 pensioners at random from the total population on the payroll and also from the total payroll population with biometric / BVN data. Examine the records held for all sampled items and confirm they are as expected.
	2. Select a sample of 20 staff and 20 pensioners at random from the State biometric database. Examine that biometric data and other records are held for all sampled items as expected.
	3. Select a sample of 40 ghost workers and ghost pensioners from the reports provided and confirm whether their payments were stopped within three (3) months of being confirmed as ghosts.
7. Calculate the percentage of civil servants and pensioners for which Biometric / BVN data has been linked to payroll. The relevant annual targets are as follows (2019: 75% (current civil servants and pensioners), 2020: 90% (current civil servants and pensioners), 2021: 95% (current civil servants and pensioners)).
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| ORIGINAL DLI 6: Improved procurement practices for increased transparency and value for money |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **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) eProcurement; 2) establishment of an independent procurement agency and 3) cover all MDAs receiving funds from the state budget. *(one-time payment for year in which DLR is first achieved, up to end of 2021)*** | The public procurement legal framework must be approved by the state legislature to have a legal basis, either as a law or a resolution. It cannot be an executive order with no legal basis. The approval of the public procurement legal framework shall occur by the 31 December of the year under assessment to count for that year.The law should conform with the UNCITRAL Model Law. It should provide for: 1) eProcurement; 2) establishment of an independent procurement agency; and 3) cover all MDAs receiving funds from the state budget. The independent procurement regulatory function may be performed through one or a combination of the following: bureau, commission, council, agency, or any other type of entity set up for the statutory purpose. The regulatory agency is the agency responsible for prescribing regulations and procedures for public procurements in accordance with the legal framework, with a view to improving governance, management, transparency, accountability and quality of public procurement of goods, works and services.The regulatory agency is required to be established and functioning by the 31 December of the year under assessment to count for that year. |
| ***Data Source and Procedures to assess achievement (2019 APA onwards)*** |
| ***Data Sources**** **State Bureau for Public Procurement, Public Procurement Agency** or equivalent
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| ***Procedures***The IVA will carry out the following:1. Obtain the following from each State Public Procurement Regulatory Agency (or Bureau or Commission):
	1. A copy of the State Procurement Law as passed by the Assembly and assented to by the Governor. (Confirm the dates of passage and assent)
	2. Where a Procurement Law has not been passed, obtain a copy of the relevant resolution of the State House of Assembly guiding Procurement
	3. The Law or relevant resolution has to be passed by the 31 December of that year to count for that year.
2. Confirm whether the State Law or resolution provides for the following:
	1. eProcurement (if e-procurement is not specifically mentioned, confirm the law covers the use of information communications technology in procurement);
	2. establishment of an independent Regulatory Agency (note 1), and;
	3. coverage of all MDAs receiving funds from the state budget.
3. Confirm that the State has a Procurement regulatory agency responsible for prescribing regulations and procedures for public procurements in accordance with legal framework.
4. Obtain evidence to demonstrate the regulatory agency is active and effective. This will include an interview with the Chief Executive and management, a physical inspection of the agency, interviews with operational staff selected at random, and a review of records that demonstrate the agency has been active.
5. Specifically call for a record of all procurements/cases/transactions handled by the Agency in the year under assessment, select a sample of 5 cases at random, and conduct walkthroughs and file reviews to confirm the effective handling of the selected cases.

Note 1: A procurement regulatory agency will be adjudged to be independent if the following provisions are included in the procurement law:* The composition of the Board
* Functions and powers of the agency
* Membership of board/Council includes representatives from professional bodies/Associations
* The grounds for the removal of the Chief Executive of the agency
* Regarding the decisions of the Agency: Any other review after the Board’s decision should be by judicial review
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| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **Year 2020** 6.2 Basic Target: Framework contract for e-Procurement signed by 31 December 2020 AND Publish contract award information above a threshold set out in the State’s procurement law/regulation on a monthly basis in OCDS format on the state website or online portal if available. 6.2 Stretch Target: Implement e-Procurement in at least 3 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 3 MDAs AND *For those MDAs without e-procurement:* Publish contract award information above a threshold set out in the State’s procurement law/regulation on a monthly basis in OCDS format on the state website or online portal if available**Year 2021**6.2 No later than June 30, 2022, implement e-procurement in at least 4 MDAs (incl. Education, Health and Public Works) publish all contract award information in OCDS format on the online portal for the 4 MDAs AND*For those MDAs without e-procurement:*Publish contract award information above a threshold set out in the State’s procurement law/regulation on a monthly basis in OCDS format on the state website or online portal if available | **Year 2020** * **To achieve the e-procurement component of the DLI for 2020 *Basic Target***, States will have to sign up to the SaaS e-Procurement Framework Contract.
* **To achieve the e-procurement component of the DLI for 2020 *Stretch target*,** States will have to implement e-procurement in at least 3 MDAs (including Education, Health and Public Works). E-Procurement for the 2020 DLR/result is implementation of the e-Publishing/Notification module for contract notice and contract award. E-Procurement implementation for the 2020 Stretch target means having “gone live” with the Publishing/Notification module meaning it was functional and ready to process transactions by 31 December 2020 in at least 3 MDAs (including Education, Health and Public Works).
* **For MDAs with e-Procurement**: States will have to have an online portal established to record and publish data on all the various processes in the procurement cycle, for all contracts awarded through e-Procurement after the go-liveduring the fiscal year that are in line with the Open Contracting Data Standards (OCDS). *For those contracts awarded before the go-live during the fiscal year, States will have to publish all contracts awarded during the fiscal year 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) on the state official website or online portal if already established.*
* **For MDAs without e-Procurement:** States will have published contract award information\* for all contracts awarded during the fiscal year 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) on the state official website\*\* or online portal if already established.

*\*The minimum contract award information to be published (i) Project name, (ii) awarding institution, (iii) award date, (iv) name of contractor, and (v) contract amount. \*\*If the contract award information is published on the state official website, the information must be accessible to the public.* **Year 2021*** **To achieve the e-procurement component of the DLI for 2021**, States will have to implement e-Procurement in at least 4 MDAs (including Education, Health and Public Works). E-Procurement for the 2021 DLR/result requires implementation of (at least) five modules: e-Registration, e-Publishing/Notification, e-Procurement Plan, e-Tendering and e-Evaluation/e-Awarding. States will need to have had at least 6 months of transactions (for the period 1 January 2022 to 30 June 2022) in at least 4 MDAs (including Education, Health and Public Works) going through the e-procurement system by June 30, 2022. Therefore, only States which have “gone live” meaning having the five modules functional and ready to process transactions by 31 December 2021 will be able to do so.
* **For MDAs with e-Procurement**: States will have to have an online portal established to record and publish data on all the various processes in the procurement cycle, for all contracts awarded through e-Procurement after the go-live during the fiscal year that are in line with the Open Contracting Data Standards (OCDS). *For those contracts awarded before the go-live during the fiscal year, States will have to publish all contracts awarded during the fiscal year 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) on the state official website or online portal if already established.*
* **For MDAs without e-Procurement:** States will have published contract award information\* for all contracts awarded during the fiscal year 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) on the state official website\*\* or online portal if already established.

*\*The minimum contract award information to be published (i) Project name, (ii) awarding institution, (iii) award date, (iv) name of contractor, and (v) contract amount. \*\*If the contract award information is published on the state official website, the information must be accessible to the public.*  |
| ***Data Source and Procedures to assess achievement (2019 APA onwards)*** |
| ***Data Sources**** **State Bureau for Public Procurement, Public Procurement Agency** or equivalent
* **State official website(s)**: the website of the Office of the Auditor-General for States, the website of the State Government, the website of relevant Ministries such as Finance, Budget and Economic Planning, the website of the State House of Assembly
* **Open contracting online portal**
* **Office of the State Accountant General**
* **Ministries of Health, Education, Works** etc.
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| ***Procedures (for the 2020 and 2021 DLR/result)***The IVA will carry out the following:1. For MDAs without e-procurement, obtain a schedule of all contracts awarded during the year under assessment above the threshold (as defined in the state procurement law or in the state procurement regulation(s)).
2. For MDAs without e-procurement, confirm whether the disclosures on the state official website are compliant with/in line with the Open Contracting Data Standards (OCDS).
3. For MDAs with e-Procurement, obtain a schedule of all contracts awarded during the year before and after go-live.
4. For MDAs with e-procurement, confirm that the States has an online portal established to record and publish data on all the various processes in the procurement cycle, for all transactions initiated after the go-live resulting in a contract award during the fiscal year and confirm whether the data published is in line with the Open Contracting Data Standards (OCDS).
5. For the 2020 DLR (Basic Target): Confirm whether the State has signed the SaaS e-Procurement Framework Contract
6. For the 2020 DLR (Stretch Target):
	1. Confirm whether the State has implemented e-procurement in at least three (3) MDAs (including Education, Health and Public Works) i.e. go-live by 31 December 2020.
	2. Obtain a report on all transactions for the three MDAs after go-live, for the year directly from the e-procurement systems.
	3. Obtain a separate report of procurements for all three MDAs for the year from the Accountant General.
	4. Compare with the system generated report and confirm all transactions stated on the Accountant General’s report for all three MDAs after go-live that are above the threshold were conducted through the e-procurement system (e-Publishing/Notification module).
	5. Select a sample of five (5) transactions at random for each MDA and conduct a walkthrough test of the procurement lifecycle. Ensure the sample includes at least two of the following categories of expenditure (goods, works or services).
	6. Document any instances where parts of the transaction were conducted outside of the e-procurement system.
	7. Confirm whether the e-Publishing/Notification module for contract notice and contract award has been implemented and was effective during the year. Effective means that contract notice and contract award information is processed through the e-Publishing/Notification module of the e-Procurement system. Obtain evidence of these for the selected sample transactions.
7. For the 2021 DLR:
8. Confirm whether the State has implemented e-procurement in at least four (4) MDAs (including Education, Health and Public Works) i.e., go-live by 31 December 2021.
9. Obtain a report on all transactions for the four MDAs after go-live, during the period 1 January 2022 to 30 June 2022 directly from the e-procurement systems.
10. Obtain a separate report of procurements for all four MDAs for the period 1 January 2022 to 30 June 2022 from the Accountant General
11. For all four MDAs after go-live, compare with the system generated report and confirm that all transactions after go-live stated in the Accountant General’s report for the period 1 January 2022 to 30 June 2022 were conducted through the e-procurement system.
12. Select a sample of five (5) transactions at random for each MDA and conduct a walkthrough test of the procurement lifecycle. Ensure the sample includes at least two of the following categories of expenditure (goods, works or services).
13. Document any instances where parts of the transaction were conducted outside of the e-procurement system.
14. Confirm whether the e-Registration, e-Publishing/Notification, e-Tendering and e-Evaluation/e-Awarding modules have been implemented and had transactions processed through them after go-live for the period 1 January 2022 to 30 June 2022. Obtain evidence of these for the selected sample transactions.
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| ORIGINAL DLI 7: Strengthened public debt management and fiscal responsibility framework |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **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. *(one-time payment for year in which DLR is first achieved, up to end of 2021)*** | State-level debt legislation includes a state’s fiscal responsibility law, a state’s public debt management law, and public debt-related and/or fiscal responsibility provisions included in other state laws (for example provisions of the Fiscal Responsibility Act (FRA) in the organic PFM Law).**Content:** The state-level debt legislation – through one or a combination of laws - must include provisions which establish the following required elements (all three elements must be achieved for the DLI to be achieved): 1) Responsibilities for contracting state debt; 2) Responsibilities for recording and reporting state debt; and 3) Fiscal and debt rules and/or limits for the state. Fiscal rules and limits refer to rules and limits on the fiscal or budget deficits. Debt rules and limits refer to rules and limits related to new incremental debt/borrowing or the total stock of debt held by a state. Fiscal and debt rules and limits are interrelated so this element can be achieved by establishing rules and limits for fiscal OR debt only. For example, a rule that limits annual fiscal deficit to 3 percent of revenue is effectively setting a limit on new annual net borrowing/new net debt accumulation to 3 percent of revenue as states borrow primarily to fund fiscal deficits. Rules and limits can be expressed in the laws through setting quantitative limits in the law or by stipulating the processes and responsibilities for establishing the limits on an ongoing basis. The latter is acceptable because the factors that shape and inform the fiscal and debt limits are dynamic and it may not be desirable to set fixed quantitative limits in the law. Fiscal and debt rules and limits can refer to one fiscal year of a state’s annual budget or cover multiple years of a state’s medium-term expenditure framework (MTEF). For example, a law that requires having a state to have a MTEF containing quantitative fiscal and debt parameters for the medium-term, including the size of annual fiscal deficits and new borrowing/new debt.**Approvals:** The state-level law(s) must be approved by the state legislature by the 31 December of the year under assessment to count for that year.**State implementation of the state-debt legislation** means for this DLI an operational State Debt Management structure by whatever name called (*Department*, *Unit, Committee, Agency, Board, Bureau, Commission, Council*) which is performing its core function of recording and reporting state debt by the 31 December of the year under assessment to count for that year. |
| ***Data Source and Procedures to assess achievement (2019 APA onwards)*** |
| ***Data Sources**** **State Ministry of Finance** for the state-level public debt legislation.
 |
| ***Procedures***The State Ministry of Finance submits the relevant laws (if enacted) to the IVA for assessment: The State PFM Law, the State Fiscal Responsibility Law, and the State Public Debt Management Law. DMO informs the IVA at the beginning of the APA if they have conducted any technical assessments of state debt legislation relevant as inputs into the APA and provides the IVA a copy of that assessment.The IVA will carry out the following:1. Obtain from each State copies of their State PFM Law, State Fiscal Responsibility Law, and State Public Debt Management Law (if enacted).
2. Review any technical assessments DMO has provided to the IVA on state debt legislation .
3. Review the laws of each State to verify the inclusion of provisions establishing responsibilities for contracting state debt, responsibilities for recording and reporting state debt, and establishing fiscal and debt rules or limits, according to the DLI definition.
4. Confirm that the state debt legislation provides for the creation of a State Debt Management Department *(can also be called Unit, Committee, Agency, Board, Bureau, Commission, Council)*
5. Confirm thatthere is an operational State Debt Management Department, which is performing its core function of recording and reporting state debt including the quarterly domestic debt reporting to the DMO, by the 31 December of the year under assessment to count for that year.
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| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **Year 3/2020 DLR:**7.2 Quarterly state debt reports for Q2, Q3 and Q4 2020 accepted by the DMO on average two months or less after the end of the quarter in 2020 AND Annual state debt sustainability analysis published by end of December 2020**Year 4/2021 DLR:**7.2 Quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2021 AND Annual state debt sustainability analysis and Medium-term debt management strategy published by end of December 2021 | **Years 1 to 4:** (i) States produce quarterly state domestic debt reports (SDDR), which are approved by the DMO on average two months after the end of the quarter. For 2018, only Q4 2018 is assessed as the new quarterly report template was rolled out only in Q4 2018. For 2019, 2020 and 2021, all four quarters are assessed but for purpose of computing timeliness, only Q2, Q3 and Q4 2020 are considered for FY2020.Year 3: (ii) States publish an annual State Debt Sustainability Analysis (DSA) Report (SDSAR) by December 31, 2021. The SDSAR must include the following: (1) medium-term budget forecasts; (2) detailed description of the debt portfolio and borrowing options; and (3) analysis of the debt and fiscal figures in the preceding calendar year. The SDSAR must be published on a state official website. See below for the detailed definition of the minimum requirements of the SDSAR for Year 3(2020).Year 4: (iii) States publish an annual State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) by December 31, 2021. The SDSA-DMSR must include the following: (1) medium-term budget forecasts; (2) detailed description of the debt portfolio and borrowing options; including a summary analysis of the projections of performance indicators used to assess Debt Management Strategy, and their implications for cost-risk profile of State debt portfolio in 2025; and (3) analysis of the debt and fiscal figures in the preceding calendar year. The SDSA-DMSR must be published on a state official website. See below for the detailed definition of the minimum requirements of the SDSA-DMSR for Year 4 (2021).  |
| **For Year 3, the SDSAR 2020 must include:**  | **For Year 4, the SDSA-DMSR 2021 must include:**  |
| For **(*1)******medium-term budget (MTB) forecasts,* the SDSAR 2020 must contain:** * 1. **Presentation of MTB forecasts in either a table OR chart(s) (OR both table and chart(s)) with projected annual figures from 2020 to 2023 for all of the following variables:**
* Revenues: Total Revenues, FAAC, Derivation (if applicable), IGR, Capital Receipts, and Grants.
* Expenditures: Total Expenditures, Personnel Costs, Overhead Costs, Interest Payments, Capital Expenditures, and Amortization Payments.
* Budget Balance.

**AND*** 1. **Description of assumptions underpinning the MTB forecasts from 2020 to 2023: either a table with assumptions OR corresponding explanations in writing (OR both)** **for all of the following variables:**
* Revenues: Total Revenues, FAAC, Derivation (if applicable), IGR, Capital Receipts, and Grants.
* Expenditures: Total Expenditures, Personnel Costs, Overhead Costs, Interest Payments, Capital Expenditures, and Amortization Payments.
* Budget Balance.

**AND*** 1. **The presentation and analysis in the entire forecast period need to be of adequate quality, and do not contain:**
1. negative figures for revenue, expenditure or debt variables (budget balance can be negative);
2. contradictory or illogical statements or arguments (for example, the written text contains wrong assertions such as ‘sustainability is strengthened when the fiscal indicators deteriorate’);
3. inconsistencies between the written assessment and the data, assumptions and projections presented in the document (for example, the written text refers to figures and projections significantly different from those reported in the tables and charts)*.*

*For 2020 SDSAR, only the baseline scenario projections’ quality will be assessed and form part of the minimum requirements for achieving the DLI; the risk and shock scenario’s quality will be assessed BUT not form part of the minimum requirements for achieving the DLI.*For **(*2) detailed description of the debt portfolio and borrowing options*, the SDSAR 2020 must contain:*** 1. **Presentation of debt and borrowing projections *in the baseline scenario*: either a table OR charts (OR both) with projected figures from 2020 to 2029 for all of the following variables:**
* Debt Stock.
* Debt as % of Revenues.
* Debt Services as % of Revenues.
* Borrowings (requirements and/or sources).

**AND*** 1. **Description of assumptions underpinning the borrowing options presented: either a table with assumptions OR corresponding explanations in writing (OR both) for all of the following variables:**
* Borrowing Sources (for example, external and domestic borrowings).
* Financing Terms (for example, maturity, interest rates, currency).

**AND*** 1. **The presentation and analysis in the entire forecast period need to be of adequate quality, and do not contain**:
1. negative figures for debt and borrowing projections;
2. contradictory or illogical statements or arguments (for example, the written text contains wrong assertions such as ‘sustainability is strengthened when the debt indicators deteriorate’);
3. inconsistencies between the written assessment and the data, assumptions and projections presented in the document (for example, the written text refers to figures and projections significantly different from those reported in the tables and charts)*. For 2020 SDSAR, only the baseline scenario projections quality will be assessed and form part of the minimum requirements for achieving the DLI; the risk and shock scenario’s quality will be assessed BUT not form part of the minimum requirements for achieving the DLI.*

**For (*3) analysis of the debt and fiscal annual figures in the preceding calendar year*, the SDSAR 2020 must contain:*** 1. **Presentation of revenue, expenditure, budget balance, and debt information, at least for 2019: either a table OR charts (OR both table and chart(s)) with historical figures for at least 2019 (but can extend to years preceding 2019) all of for the following variables:**
* Revenues: Total Revenues, FAAC, Derivation (if applicable), IGR, Capital Receipts, and Grants.
* Expenditures: Total Expenditures, Personnel Costs, Overhead Costs, Interest Payments, Capital Expenditures, and Amortization Payments.
* Budget Balance.
* Debt Stock.
* Debt as % of Revenues.

**AND*** 1. **A summary analysis of the information presented on revenue, expenditure, budget balance, and debt in 2019: analysis (in writing) of fiscal and debt situation in 2019** (for example, a commentary on budget and debt outcomes and economic trends, what may have affected them).

 **AND*** 1. **The presentation and analysis in the entire historical period need to be of adequate quality**, **and do not contain:**
1. negative values for revenue, expenditure, debt service or debt stock figures;
2. contradictory or illogical statements or arguments (for example, the written text contains wrong assertions such as ‘sustainability is strengthened when the debt indicators deteriorate’);
3. inconsistencies between the written assessment and the data, assumptions and projections presented in the document (for example, the written text refers to figures significantly different from those reported in the tables and charts)*.*
 | For **(*1) medium-term budget (MTB) forecasts,* the SDSAR 2021 must contain:** * 1. **Presentation of MTB forecasts in either a table OR chart(s) (OR both table and chart(s)) with projected annual figures from 2021 to 2024 for all of the following variables:**
* Revenues: Total Revenues, FAAC, Derivation (if applicable), IGR, Capital Receipts, and Grants.
* Expenditures: Total Expenditures, Personnel Costs, Overhead Costs, Interest Payments, Capital Expenditures, and Amortization Payments.
* Budget Balance.

**AND*** 1. **Description of assumptions underpinning the MTB forecasts from 2021 to 2024: either a table with assumptions OR corresponding explanations in writing (OR both)** **for all of the following variables:**
* Revenues: Total Revenues, FAAC, Derivation (if applicable), IGR, Capital Receipts, and Grants.
* Expenditures: Total Expenditures, Personnel Costs, Overhead Costs, Interest Payments, Capital Expenditures, and Amortization Payments.
* Budget Balance.

**AND*** 1. **A summary analysis of MTB forecasts and their implications for fiscal and debt policies throughout the period 2021-2024: analysis (in writing) of whether and how the MTB forecasts inform the prospective fiscal and debt policies to be adopted at least in 2021** (for example, a commentary on whether fiscal adjustments should be adopted to preserve debt sustainability, or whether there is sufficient fiscal space to adopt expansionary policies or support public investment).

**AND*** 1. **The presentation and analysis in the entire forecast period need to be of adequate quality, and do not contain**:
1. negative figures for revenue, expenditure or debt variables (budget balance can be negative);
2. contradictory or illogical statements or arguments (for example, the written text contains wrong assertions such as ‘sustainability is strengthened when the fiscal indicators deteriorate’);
3. inconsistencies between the written assessment and the data, assumptions and projections presented in the document (for example, the written text refers to figures and projections significantly different from those reported in the tables and charts)*.*

For **(*2) detailed description of the debt portfolio and borrowing options,* the SDSA-DMSR 2021 must contain:*** 1. **Presentation of debt and borrowing projections in the baseline scenario: either a table OR charts (OR both) with projected figures from 2021 to 2030 for all of the following variables:**
* Debt Stock.
* Debt as % of Revenues.
* Debt Services as % of Revenues.
* Borrowings (requirements and/or sources).

**AND*** 1. **Description of assumptions underpinning the borrowing options presented: either a table with assumptions OR corresponding explanations in writing (OR both) for all of the following variables:**
* Borrowing Sources (for example, external and domestic borrowings).
* Financing Terms (for example, maturity, interest rates, currency).

**AND*** 1. **A summary analysis of the debt projections and their implications for debt sustainability and fiscal policies throughout the period 2021-2030: analysis (in writing) of:**
1. whether debt projections and thresholds suggest the State debt is sustainable (or not) over the medium- to long-term; AND
2. what fiscal policies can help preserve (or restore) debt sustainability (for example, a commentary—based on comparisons between debt projections and thresholds in the baseline scenario and shock scenarios—on (i) whether the State debt is sustainable (or not), and (ii) what fiscal and debt policies should be adopted to preserve (or restore) debt sustainability).

**AND*** 1. **A summary analysis of the projections of performance indicators used to assess DMS throughout the period 2021-2025, and their implications for cost-risk profile of State debt portfolio in 2025.** The analysis (in writing) should describe:

 (i) whether DMS-related performance indicators suggest the State debt is affordable and resilient to shocks (or not) over the medium-term, and (ii) what debt-management policies can help preserve (or restore) an adequate balance between cost of carrying debt and the exposure to risks. For example, a commentary—based on comparisons between projections of DMS-related performance indicators in the baseline scenario and most-adverse shock scenarios—on (i) whether the cost-risk profile of the State debt under the reference strategy is acceptable (or not), and (ii) what debt-management policies should be adopted to mitigate the cost and risk of the State debt portfolio.**AND*** 1. **The presentation and analysis in the entire forecast period need to be of adequate quality, and do not contain**:
1. negative figures for debt and borrowing projections;
2. contradictory or illogical statements or arguments (for example, the written text contains wrong assertions such as ‘sustainability is strengthened when the debt indicators deteriorate’);
3. inconsistencies between the written assessment and the data, assumptions and projections presented in the document (for example, the written text refers to figures and projections significantly different from those reported in the tables and charts).

**For (*3) analysis of the debt and fiscal annual figures in the preceding calendar year,* the SDSA-DMSR 2021 must contain:*** 1. **Presentation of revenue, expenditure, budget balance, and debt information, at least for 2020: either a table OR charts (OR both table and chart(s)) with historical figures for at least 2020 (but can extend to years preceding 2020) all of for the following variables:**
* Revenues: Total Revenues, FAAC, Derivation (if applicable), IGR, Capital Receipts, and Grants.
* Expenditures: Total Expenditures, Personnel Costs, Overhead Costs, Interest Payments, Capital Expenditures, and Amortization Payments.
* Budget Balance.
* Debt Stock.
* Debt as % of Revenues.

**AND*** 1. **A summary analysis of the information presented on revenue, expenditure, budget balance, and debt in 2020: analysis** **(in writing) of fiscal and debt situation in 2020** (for example, a commentary on budget and debt outcomes and economic trends, what may have affected them).

**AND*** 1. **A summary analysis (in writing) of the consistency between:**

(i) the fiscal and debt information for 2020 presented in the SDSAR 2021 and (ii) the fiscal and debt information presented in the 2020 Financial Statement and the 2020 Q4 State Debt Report.**AND*** 1. **The presentation and analysis in the entire historical period need to be of adequate** quality, and do not contain:
1. negative values for revenue, expenditure, debt service or debt stock figures;
2. contradictory or illogical statements or arguments (for example, the written text contains wrong assertions such as ‘sustainability is strengthened when the debt indicators deteriorate’);
3. inconsistencies between the written assessment and the data, assumptions and projections presented in the document (for example, the written text refers to figures significantly different from those reported in the tables and charts)*.*
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| ***Data Source and Procedures to assess achievement (2019 APA onwards)*** |
| ***Data Sources**** **State Ministry of Finance** for: (1) the quarterly SDDR (submitted to the DMO and acknowledgements); (2) the 2020 SDSAR; and (3) the 2021 SDSA-DMSR.
* **State official website(s)** for the published 2020 SDSAR and 2021 SDSA-DMSR.
* **State Debt Management Departments (DMDs**) for additional information (if requested by the IVA).
* **(Federal) Debt Management Office (DMO)** for: (1) the guidelines and templates provided by DMO for the SDDR, the SDSAR, and the SDSA-DMSR; (2) the standard internal protocols used by DMO for reviewing and approving SDDR, assessing the SDSAR and assessing the SDSA-DMSR; (3) the State Domestic and External Debt Report (SDEDR) and supporting documentation (format and content detailed in DLI 9) for each state; (4) the DMO’s assessment of the SDSAR; and (5) the DMO’s assessment of the SDSA-DMSR.
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| ***Procedures*****For the quarterly State Domestic Debt Reports (SDDR)**The State Ministry of Finance submits the quarterly SDDR (draft and final versions) to the DMO. States shall submit the quarterly SDDR for review and approval by the DMO within two months after the end of the quarter. The (Federal) Debt Management Office will carry out the following:* Provide a template for quarterly SDDR to each state prior to the end of the quarter being reported.
* Submit copies of the guidelines and templates provided by DMO for the SDDR and the standard internal protocols used by DMO for reviewing and approving SDDR to the IVA.
* For each quarter:
	1. Obtain the draft quarterly SDDR from each State.
	2. Review the quarterly SDDR for accuracy and completeness and approve (if applicable). The DMO will follow a standard internal protocol to review the SDDR for accuracy and completeness, including cross-checking the state’s reported domestic debt figures with CBN, DMO and FMOF Home Finance’s records, and to determine when the SDDR are considered approved.
	3. Provide feedback on any issues identified on the draft to states so that states have an opportunity to rectify the issues before submitting the final quarterly SDDR to DMO.
	4. Determines if the final quarterly SDDR is considered approved.
* Establish the external debt stock at the end of the calendar year from DMO’s records and share this with states to provide an opportunity for states to query the figures.
* Prepare the annual State Domestic and External Debt Report (SDEDR) for each state. The SDEDR will include information on the schedule of the quarterly SDDRs submitted by the state in each year, the average time between the end-of-quarter and the date of DMO’s approval, and explanatory notes on the reasons why quarterly SDDRs were approved or not approved. The SDEDR will include the state’s domestic debt, external debt and total (domestic plus external debt) debt stock at the end of the calendar year for each state and indicate whether the domestic debt component is based on Q4 SDDR approved by the DMO and is considered by the DMO as complete or not.
* Submit the SDEDR to the states and to the IVA with supporting documentation within three months after the end of the year.

The IVA will carry out the following:1. Obtain the State Domestic and External Debt Report (SDEDR) from the DMO, along with all underlying data and supporting documents including the DMO templates and guidelines and standard internal protocols and data from CBN, DMO and FMOF Home Finance used by the DMO to cross-check the state’s domestic debt figures.
2. Review the State Domestic and External Debt Report (SDEDR) and underlying data and supporting documents, to verify the schedule of SDDR submissions by each State and their approval (or lack thereof) by the DMO and the average time for approval by the DMO. This may include performing tests to validate debt stock figures reported in the SDEDR.
3. Cross-check the SDEDR with the State’s submission on its SDDRs and form a conclusion
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| **For the 2020 annual SDSAR (year 3)** | **For the 2021 annual SDSA-DMSR (year 4)** |
| The State Ministry of Finance submits the annual SDSAR to the IVA and DMO, including the link to the state official website where it is published, and timestamp showing when it was published.The (Federal) Debt Management Office will carry out the following:1. Provide the guidelines and template for state S-DSA to each state to specify adequate standards for the SDSAR.
2. Submit copies of the guidelines and templates provided by DMO for the SDSAR and the standard internal protocols used by DMO for assessing the SDSAR for adequacy to the IVA.
3. Obtain the annual SDSAR from each State / download from the state official website.
4. Assess the SDSAR to verify the (i) inclusion of medium-term budget forecasts, (ii) detailed description of the debt portfolio and borrowing options, and (iii) analysis of the debt and fiscal annual figures in the preceding calendar year; as per the requirements in the DLI definition.
5. Prepare an assessment report of the SDSAR for each state to document their assessment of the SDSAR’s adequacy vis-à-vis detailed definition in the verification protocols and the schedule of its online publication.
6. The assessment should include feedback for each state to identify the gaps of the SDSAR vis-à-vis the detailed definitions.
7. Submit the assessment report of the SDSAR to the IVA by 31 March 2021.

The IVA will carry out the following:1. Confirm the existence of the SDSAR on the state official website, confirm the SDSAR was published by 31 December 2020, and download a copy for validation.
2. Obtain the assessment report of the SDSAR from the DMO, along with all underlying data and supporting documents.
3. Review the assessment report of the SDSAR from the DMO, re-perform checks as necessary, perform additional checks wherever the assessment report from the DMO is unavailable, and conclude on each annual SDSAR.
 | The State Ministry of Finance submits the annual SDSA-DMSR to the IVA and DMO, including the link to the state official website where it is published, and timestamp showing when it was published.The (Federal) Debt Management Office will carry out the following:1. Provide the guidelines and template for S-DSA-DMS to each state to specify adequate standards for the SDSA-DMSR.
2. Submit copies of the guidelines and templates provided by DMO for the SDSA-DMSR and the standard internal protocols used by DMO for assessing the SDSA-DMSR for adequacy to the IVA.
3. Obtain the annual SDSA-DMSR from each State / download from the state official website.
4. Assess the SDSA-DMSR to verify the (i) inclusion of medium-term budget forecasts, (ii) detailed description of the debt portfolio and borrowing options, and (iii) analysis of the debt and fiscal annual figures in the preceding calendar year; as per the requirements in the DLI definition.
5. Prepare an assessment report of the SDSA-DMSR for each state to document their assessment of the SDSA-DMSR’s adequacy vis-à-vis detailed definition in the verification protocols and the schedule of its online publication.
6. The assessment should include feedback for each state to identify the gaps of the SDSAR vis-à-vis the detailed definitions.
7. Submit the assessment report of the SDSA-DMSR to the IVA by 31 March 2022.

The IVA will carry out the following:1. Confirm the existence of the SDSA-DMSR on the state official website, confirm the SDSA-DMSR was published by 31 December 2021, and download a copy for validation.
2. Obtain the assessment report of the SDSA-DMSR from the DMO, along with all underlying data and supporting documents.
3. Review the assessment report of the SDSA-DMSR from the DMO, re-perform checks as necessary, perform additional checks wherever the assessment report from the DMO is unavailable, and conclude on each annual SDSA-DMSR.
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| ORIGINAL DLI 8: Improved clearance/reduction of stock of domestic expenditure arrears |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **Year 2020 DLR****Basic Target:** Domestic arrears as of end 2019 and end 2020 reported in an online publicly-accessible database, with verification process in place. **Stretch Target:** Domestic arrears as of end 2019 and end 2020 reported in an online publicly-accessible database, with verification process in place AND at least a 5 percent decline in the verified stock of domestic arrears at end 2020 compared to end 2019 consistent with the state’s arrears clearance framework or maintain stock below 5 billion. **Year 2021 DLR**Domestic arrears as of end 2020 and end 2021 reported in an online publicly-accessible database, with verification process in place.ANDPercentage decline in the verified stock of domestic arrears at end 2021 compared to end 2020 meets target and is consistent with the state’s arrears clearance framework. **Basic target:** At least a 5 percent decline or maintain stock below 5 billion naira**Stretch target:** More than 20 percent decline | Definition of domestic expenditure arrears: *Domestic expenditure arrears are financial obligations that have been incurred for which payments have not been made by the due date. The main categories of expenditure arrears are as follows: contractors´ arrears; pension and gratuity arrears; and salary arrears. There are other types of domestic arrears which are possibly of lesser magnitude depending on each state. States are encouraged to be exhaustive in their identification, recording and management of all the types of domestic arrears.*To achieve the DLR, the following requirements have to be met:*For all results (basic and stretch targets) in 2020 and 2021*(i) States have established (meaning approved by the appropriate authority) and published online a domestic expenditure arrears clearance framework (ACF) by the 31st December 2020 for the 2020 result and 31st March 2021 for the 2021 result: * The ACF must contain: 1) the planned actions to settle domestic expenditure arrears; and 2) an explicit prioritization of domestic expenditure arrears to be settled.
* The ACF must be published on a state official website.
* For the 2020 result: The ACF to be established and published by **31 Dec 2020**. Arrears clearance in CY2020 would be expected to be consistent with the ACF after it is established e.g., if the ACF is only established at end of Dec 2020, its implementation would be expected to start Jan 2021 and whether arrears were settled in accordance with the ACF will be assessed as part of the 2021 DLR.
* For the 2021 result: The ACF to be established and published **by 30 June 2021**. Arrears clearance in CY2021 would be expected to be consistent with the ACF after it is established.
* Note: The ACF is not required to be updated each year once it is established unless the framework is subject to material changes. If the ACF is not updated and the clearance of arrears varies significantly with the ACF, this will be an issue for meeting requirement (iv).

*For all results (basic and stretch targets) in 2020 and 2021:*(ii) States have established an internal domestic expenditure arrears database by the 31st December of the year under assessment. * The internal domestic expenditure arrears database must include the following information:
* The aggregate and individual amounts of contractors' arrears. For contractors' arrears, at a minimum, the internal domestic expenditure arrears database must include the name of the contractor, the amount due at end-of-year, the nature of the goods and services procured that generated the claim, the due date, and billing data (as applicable). The database shall show the total contractor arrears stock at the end of each year.
* The aggregate amount of pension and gratuity arrears, including the stock at the end of each year.
* The aggregate amount of salary arrears and other staff claims, including the stock at the end of each year. The balances in the database have been verified to ensure accuracy.

*For all results (basic and stretch targets) in 2020 and 2021:*(iii) States have published online elements of the internal domestic expenditure arrears database on a state official website, which constitutes the online publicly-accessible domestic expenditure arrears database, by the 31st December of the year under assessment. * The online publicly-accessible domestic expenditure arrears database must include the following information: (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; and (4) a list of names of contractors with recognized arrears exceeding 20 million naira and information for contractors to be able to verify that their claims are being accurately reported in the database.
* Information referred to in point (4) must include the name of the contractor, the nature of the goods and services procured, and the billing date. It does not have to include the amount of the contractor's claim and other billing data.
* The website supporting the online publicly-accessible domestic expenditure arrears database shall contain an electronic link or other means of communication that permits any contractor creditor whose individual claim is listed in the database to request a restricted disclosure of the information *not* reported on the online database (namely, the amount of the contractor's claim and other billing data), by filling a confidential form online and attaching supportive evidence of her claim. If the State Ministry of Finance confirms the validity of this claim, the restricted disclosure will be provided to the creditor.
* The website supporting the online publicly-accessible domestic expenditure arrears database shall contain an electronic link or other means of communication that permits any potential contractor creditor whose individual claim is not listed in the database to communicate this exclusion to the State Ministry of Finance, by filling a confidential form online and attaching supportive evidence of her claim. If the State Ministry of Finance confirms the validity of this claim, it shall be added to the internal domestic expenditure arrears database and included as relevant in the online publicly-accessible domestic expenditure arrears database.

*For the stretch target of the 2020 result and basic and stretch targets of the 2021 result:*(iv) The clearance/reduction of domestic expenditure arrears 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. * The stock of total domestic expenditure arrears means the sum of the stocks of the different categories of domestic expenditure arrears in the state, including but not limited to contractor arrears, pension and gratuity arrears, salary arrears and other staff claims, which have been verified and categorized as valid.
* The data used to calculate the annual percentage decline must be obtained from the state internal domestic expenditure arrears database that shows which arrears have been verified and categorized as valid across all categories.
* The clearance of domestic expenditure arrears should be consistent with the domestic expenditure arrears clearance framework (ACF) of the state, once (i.e. after) the ACF has been established.
* The percentage decline must meet the basic or stretch targets.
	+ For the 2020 stretch target and 2021 basic target: states either have to show at least a 5 percent year-on-year decline or maintain the stock of arrears below 5 billion naira. (*The 5 billion naira represents a small amount of technical arrears (non-repayment because of delay in payment advice, contested claims, delays in payment by treasury lead to short-term timing mismatches).*
	+ For the 2021 stretch target, states have to show a year-on-year decline of at least 20 percent.

*Note: States and the IVA will do the following to calculate the percentage reduction in cases where States find invalid arrear or additional valid arrears during the verification process in-year:** If States find invalid arrears, these arrears should be removed from the start of year and end of year balances for the purpose of calculating the percentage reduction in the DLI
* If States find additional valid arrears, these arrears should be included in the start of year and end of year balances for the purpose of calculating the percentage reduction in the DLI
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| ***Data Source and Procedures to assess achievement (2019 APA onwards)*** |
| ***Data Sources**** **State Ministry of Finance** for: 1) the state domestic expenditure arrears clearance framework (ACF); and 2) the annual state arrears recording, verification, and clearance report (SARVCR).
* **State official website(s)** for the published ACF and the online publicly-accessible arrears database.
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| ***Procedures*****For the SARVCR, the domestic expenditure** **arrears databases, and the clearance/reduction of domestic expenditure arrears** The State Ministry of Finance submits to the IVA the annual SARVCR and supporting documents and data, which must include the following: 1. the total stock of domestic expenditure arrears at the end of each year as recorded in their internal domestic expenditure arrears database and note any restatements of end of year balances from the verification process;
2. the change in the stock of arrears at the end of the year compared to the start of the year, disaggregating the change in the stock of arrears as a result of: 1) adjustment for identifying invalid or additional valid arrears; 2) accumulation of new arrears; and 3) settlement of existing arrears.
3. the policies and actions taken to determine and verify arrears, including the verification process triggered by individual contractors who submitted online queries to communicate the non-reporting of their claims to the State Ministry of Finance;
4. the policies and actions taken to settle arrears in the past year, including explanations on their consistency with the state's arrears clearance framework;
5. the policies and actions taken to prevent the occurrence of new arrears in the past year (if applicable);
6. attach electronic files showing evidence of the internal domestic expenditure arrears database;
7. the electronic link to the online publicly-accessible domestic expenditure arrears database.

The IVA will carry out the following:1. Obtain the annual SARVCR from each state and supporting documents and data (as described above).
2. Confirm the existence of the online publicly-accessible domestic expenditure arrears database on the state official website and download a copy for validation.
3. Review the SARVCR from each state and supporting documents and data and assess the following:
	1. Whether the structure and content of the internal domestic expenditure arrears database contains all the information required by the DLR.
	2. Compare the domestic expenditure arrears at the end of each year recorded in the internal domestic expenditure arrears database with the domestic expenditure arrears reported in the state’s domestic debt reports for Q4 and highlight any material difference.
	3. Whether the structure and content of the online publicly-accessible domestic expenditure arrears database contains all the information and functionality required by the DLR.
	4. Assess the SARVCR to verify the completeness of information required (as listed above).
4. Perform additional checks if necessary during visits to the each of the states. On-site checks may include:
	1. Confirm through physical verification that the internal domestic expenditure arrears database is established, and it contains all the information required by the DLR.
	2. Conduct tests to ascertain the accuracy of the figure in the internal domestic expenditure arrears database, including cross-checking with state account balances, payroll records, underlying contract data etc.
	3. Compare the aggregate and individual information available on the online publicly-accessible domestic expenditure arrears database with the information in the internal domestic expenditure arrears database and verify the consistency and accuracy of the information on the online publicly-accessible domestic expenditure arrears database on a sample basis.
	4. Confirm that the online webpages include a facility for creditors to report any omissions to the State. Test the facility and record the results of the test.
	5. Obtain records from the state on the omissions reported by contractors in each year and how they were treated. Confirm that any omissions that were found to be valid were subsequently included in the internal domestic expenditure arrears database.
5. For those states which the IVA verifies as having a credible domestic expenditure arrears database and have cleared arrears consistent with the arrears clearance framework of the State, conduct calculations to assess whether they have met either the basic or stretch targets.

**For the State Arrears Clearance Framework**The State Ministry of Finance submits the state domestic expenditure arrears clearance framework (ACF) to the IVA, including the link to the state official website where it is published. States shall submit the ACF for assessment to the IVA within one month after its establishment.The IVA will carry out the following:1. Obtain the state domestic expenditure arrears clearance framework (ACF) from each state.
2. Confirm the existence of the ACF on the state official website and download a copy for validation.
3. Assess the State ACF for adequacy and to verify the inclusion of provisions establishing the planned actions to settle arrears and an explicit methodology for prioritization of expenditure arrears to be settled.
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| ORIGINAL DLI 9: Improved debt sustainability  |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **Year 3/2020 DLR**Total debt stock at end of December 2020 as a share of total revenue for FY2020 meets target: **-Basic target:** < 150%**-Stretch target:** < 125%**Year 4/2021 DLR**Average monthly debt service deduction is < 40% of gross FAAC allocation for FY2021ANDTotal debt stock at end of December 2021 as a share of total revenue for FY 2021 meets target: **-Basic target:** < 120%**-Stretch target:** < 95% | Strengthened debt sustainability results from achieving levels of debt indicators that are below the debt thresholds established in DLI 9. Two debt indicators are to be observed: (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) to the total monthly gross FAAC allocation for the same calendar year; and (ii) the ratio of total debt stock at the end-of-year (31st December) of the year of assessment to the total revenue collected during the calendar year of the year of assessment (1st January to 31st December). For 2019 and 2021 DLI 9 is achieved when the first indicator is below 40 percent AND the second indicator is below the basic or stretch targets for the performance year in assessment. For 2020 DLI 9 is achieved when the second indicator is below the single target for 2020.**Total debt stock at end December as a share of total revenue**Total state debt stock is the sum of the domestic debt stock (which includes commercial bank borrowing, domestic bonds, debt associated with the two financial assistance packages from CBN and FGN, domestic arrears) and the external debt (including bilateral and multilateral loans) stock. State debt stock data used to calculate the debt-to-revenue indicator will be primarily obtained from the annual State Domestic and External Debt Report (SDEDR) for each state issued by the DMO for the year under assessment. (i)The domestic debt stock figure will be based on domestic debt stock figures reported by a state in their final Q4 domestic debt report to the DMO. The DMO will indicate if the domestic debt stock figure is based on Q4 reports approved/accepted by the DMO (even if outside the timeframe set in DLI 7.2) and indicate if they consider it as incomplete or unavailable (in case a state does not submit Q4 reports). For these states, the debt-to-revenue indicator will be deemed as not achieved for the year under assessment. If there are remaining discrepancies between the figures reported by the state for CBN and FGN borrowing and what CBN and FGN reported to the DMO on what the state owes them, the domestic debt stock figure in the SDEDR will be adjusted to reflect what CBN and FGN reported to the DMO. (ii)The external debt stock figure is based on the DMO’s records for the state as all external borrowing goes through the FGN. Total state revenue includes Statutory Transfers (gross statutory allocation, derivation and other FAAC transfers), VAT, IGR (calculated IGR figure used for DLI 4.2), grants, and other revenues (investment income (e.g., dividends), interest earned) reported in a state’s audited financial statements with appropriate adjustments to exclude inflows from financing (sales of government property, privatization proceeds), savings items and refunds related to expenditures/reimbursables – see Table below.**Total monthly debt service deductions from FAAC allocation as a share of total monthly gross FAAC allocation**The total gross FAAC allocation to a state is the sum of the following components: (i) Gross Statutory Allocation; (ii) Derivation; (iii) Distribution (sub-components vary, determined by FAAC, includes distribution of Excess PPT Savings Account, FOREX Equalisation, Excess Bank Charges); and (iv) Gross VAT, which is normally Net VAT shareable as deductions are not normally made from VAT.Deductions for debt service refer to the monthly deductions from the FAAC allocation (typically from Gross Statutory Allocation component but also other components) made to cover debt service obligations on the state’s external borrowing and domestic borrowing that is serviced through irrevocable standing payment orders (ISPOs).The monthly figures to be used to calculate totals for the calendar years refer to the months in which the revenues accrue to the federation account not the months when FAAC meets to determine distribution and when revenues are distributed, which is normally done with a one month lag i.e. The FAAC allocation for December 2018 is discussed at the January 2019 FAAC meeting and distributed to states in January 2019.The figures for gross FAAC allocation and deductions will be primarily obtained from the monthly OAGF FAAC data published by National Bureau of Statistics online with appropriate adjustments for the timing. |
| ***Data Source and Procedures to assess achievement (2019 APA onwards)*** |
| ***Data Sources**** **DMO** will provide the IVA with the following: (i) The annual State Domestic and External Debt Report (SDEDR) for each state. The SDEDR will include the state’s domestic debt, external debt and total (domestic plus external debt) data at year-end and indicate whether the domestic debt stock figure is based on Q4 reports approved by the DMO (even if outside the timeframe set in DLI 7.2) and indicate if DMO considers it as incomplete or unavailable (in case a state does not submit Q4 reports); (ii) Supporting documentation including a) the breakdown of the states’ domestic debt stock figures at year-end by debt categories as per the quarterly domestic debt stock reporting template in an xls file; and b) the CBN and FGN figures of the year-end debt balances for each state for each loan from the CBN and FGN reported to the DMO (requested by the DMO as part of DMO’s process for cross-checking states’ quarterly domestic debt reports) in an xls file.
* **FMOF Home Finance** will provide the IVA a report of the total monthly gross FAAC allocation and monthly deductions for debt service payments from FAAC allocation, broken down by components (Statutory Allocation, Derivation, Distribution, Gross VAT) for each state for the full (12 months from January to December) calendar year in an xls file.
* **OAGF data reported by NBS available online on FAAC allocation and deductions**
* **State:** Published audited financial statement and annual audit report for 2018 and onwards (also to be obtained from the State official website(s)). Audit report and audited financial statements showing the full year total state revenue and year-end total debt stock.
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| ***Procedures***For each APA, the IVA will write to DMO and FMOF Home Finance requesting the relevant data for the upcoming APA. DMO and FMOF to transmit their reports to the IVA within 7 days of the request. The IVA will carry out the following for each State:1. Check that the year-end debt stock in the DMO SDEDR is not materially different from the year-end debt stock reported in the State’s audited financial statements. If different, notify the State Accountant General and DMO for them to reconcile the differences. Differentiate between what States originally report to the DMO on their domestic debt and the DMO’s SDEDR figures which incorporates adjustments made from validating the States’ reported figures with CBN and FMOF. For some States, what they report in their AFS and to DMO was the same, the difference was due to the adjustments made from validating the States’ reported figures with CBN and FMOF. For some States, what they report in their AFS and to DMO was not the same, and the issue is with the internal consistency of the States debt data. If the SDEDR is amended as a result, the DMO will resubmit the SDEDR to the IVA along with explanations for any changes.
2. For states with SDEDR with the domestic debt stock figures at year-end assessed by the DMO as complete/available, check that the states’ domestic debt stock figures at year-end for debt categories that are loans from the CBN and FGN are consistent with the figures of the year-end state debt balances reported by CBN and FGN to the DMO. If there are remaining discrepancies between the figures reported by the state for CBN and FGN borrowing and what CBN and FGN reported to the DMO on what the state owes them, the domestic debt stock figure in the SDEDR will be adjusted replacing the figures with the relevant figures CBN and FGN reported to the DMO. The adjustments will be shown in the APA reports to provide states an opportunity to query the CBN and FGN figures with supporting evidence.
3. Calculate the total state revenue collected during the year as reported in the audited financial statement with appropriate adjustments to exclude inflows from financing and savings items and reimbursables and produce the table below. The IVA to indicate where it has used the OAGF/NBS FAAC data for the Statutory Transfers (gross statutory allocation, derivation and other FAAC transfers) and VAT components of total State revenue rather than the States’ AFS and reason for doing this. Note that using OAGF/NBS FAAC database figures is okay if the AFS FAAC component of state revenue figures are in doubt as these are official figures on the FAAC transfers to States.
4. The total debt stock at year-end in the SDEDR with necessary adjustments from 1) and 2) will be used to calculate the ratio of total debt stock at end-of-year to the total state revenue (calculated) and confirm if it meets the basic or stretch result for the year of assessment.
5. Cross-check the FMOF Home Finance report on FAAC allocation and deductions with OAGF FAAC data (reported by NBS online). If there are differences, discuss with FMOF Home Finance to resolve the differences.
6. Calculate the ratio of the total monthly debt service deductions from FAAC allocation during the calendar year to the gross FAAC allocation for the same year and confirm whether it is less than 40%.

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**NEW DLIs: Eligibility Criteria (EC) and Disbursement-linked Result (DLR) Verification Protocol**

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| Eligibility Criteria for NEW 2020 and 2021 DLIs |
| ***Description in EC Table*** | ***Definition/Description of EC achievement*** |
| For the NEW 2020 DLIs: FY19 audited financial statement, prepared in accordance with IPSAS, submitted to the State Assembly and published by end of August 2020 | *This is the same as Part 2 of the Original Program Year 3-2020 Eligibility Criteria - See Section D* |
| For the NEW 2021 DLIs: FY21 State budget, prepared under the National Chart of Accounts, approved by the State Assembly and published online by end of January 2021 | *This is the same as Part 1 of the Original Program Year 3-2020 Eligibility Criteria -* *See Section D* |
| ***Data Source and Procedures to assess achievement - See Section D*** |

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| **DLI 10. Enhanced transparency and accountability of funds in the COVID-19 response and resilient recovery phases***DLR 10.1: Strengthened transparency of local government funds by publishing audited financial statements of all local governments within the state for FY18, FY19 and FY20, including SLJAAC transfers* |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **10.1 (2020)** No later than December 31, 2020, the audited financial statements of all local governments (LGs) in the Participating State for FY 2018 AND the audited financial statements of all LGs in the Participating State for FY 2019, including all allocations and actual receipts of state-local government joint account allocation committee (SLJAAC) transfers for each LG in the Participating State, have been published on a State official website.  | To achieve this DLR, ALL the following need to be achieved:Published online on an official State website by December 31, 2020:1. The Audited Financial Statements\* of all local government authorities\*\* within the State for fiscal year 2018 AND2. The Audited Financial Statements\* of all local government authorities\*\* within the State for fiscal year 2019\*\*\*, which includes showing all allocations and actual receipts of state-local government joint account allocation committee (SLJAAC) transfers for each local government authority in the State.\*The State Auditor-General for Local Government to conduct financial and compliance audit and issue a report to the Governor & State House of Assembly. For the publication of the LGA AFS, these should be accompanied by an audit opinion and a management letter. Where no management letter is issued, this should be noted by the IVA.\*\*To show distinctly and separately, the financial position of every individual LGA in the State\*\*\*The 2019 Audit Report should explicitly comment on the completeness of the LGA finances included in the financial statements with regard to SLJAAC allocations received. *Note that if the IVA is able to conclude that the SLJAAC allocations and actual receipt information in the financial statements are complete, the lack of an explicit comment in the report will not by itself lead to the State not achieving the DLR.* |
| ***Data Source and Procedures to assess achievement***  |
| ***State data sources*****State Ministry of Finance, Budget and Planning** **State official website(s)** include the website of the State Government, Ministries such as Finance, Budget and Economic Planning, Agencies such as SBIR, the PPA, the State House of Assembly, the Office of the Auditor-General for States. |
| ***Procedure to be used by the IVA***1. Download the Audited Financial Statement (AFS) from the State government’s website.
2. Confirm the dates of posting to the website and evidence of posting on the stated dates. Confirmation will be through a timestamp showing the date of publication (or through evidence obtained from the State IT Service provider).
3. Confirm that the AFS cover financial and compliance audit.
4. Confirm submission of the AFS to the Governor & State House of Assembly.
5. IVA to Conduct tests for each of the required elements of the DLI
6. Obtain from the PCU/FMOF Home Finance - Details of all FAAC Allocations / Statutory Transfers to the SLJAAC for 2018 and 2019.
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| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **10.1 (2021)** No later than September 30, 2021, the audited financial statements of all local governments (LGs) in the Participating State for FY 2020, including all allocations and actual receipts of state-local government joint account allocation committee (SLJAAC) transfers for each LG in the Participating State, have been published on a State official website. | To achieve this DLR, ALL the following need to be achieved:Published online on an official State website by September 30, 2021:The Audited Financial Statements\* of all local government authorities\*\* within the State for fiscal year 2020\*\*\*, which includes showing all allocations and actual receipts of state-local government joint account allocation committee (SLJAAC) transfers for each local government authority in the State.\*The State Auditor-General for Local Government to conduct financial and compliance audit and issue a report to the Governor & State House of Assembly. For the publication of the LGA AFS, these should be accompanied by an audit opinion and a management letter. Where no management letter is issued, this should be noted by the IVA.\*\*To show distinctly and separately, the financial position of every individual LGA in the State\*\*\*The 2020 Audit Report should explicitly comment on the completeness of the LGA finances included in the financial statements with regard to SLJAAC allocations received *Note that if the IVA is able to conclude that the SLJAAC allocations and actual receipt information in the financial statements are complete, the lack of an explicit comment in the report will not by itself lead to the State not achieving the DLR.* |
| ***Data Source and Procedures to assess achievement***  |
| ***State data sources*****State Ministry of Finance, Budget and Planning** **State official website(s)** include the website of the State Government, Ministries such as Finance, Budget and Economic Planning, Agencies such as SBIR, the PPA, the State House of Assembly, the Office of the Auditor-General for States. |
| ***Procedure to be used by the IVA***1. Download the Audited Financial Statement (AFS) from the State government’s website.
2. Confirm the dates of posting to the website and evidence of posting on the stated dates. Confirmation will be through a timestamp showing the date of publication (or through evidence obtained from the State IT Service provider).
3. Confirm that the AFS cover financial and compliance audit.
4. Confirm submission of the AFS to the Governor & State House of Assembly.
5. IVA to Conduct tests for each of the required elements of the DLI
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| **DLI 10. Enhanced transparency and accountability of funds in the COVID-19 response and resilient recovery phases***DLR 10.2: Strengthened transparency and accountability by publishing COVID-19 response and recovery expenditures and audit reports* |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **10.2 The Participating State has published:** (a) on a monthly basis within one month after the end of each month for five consecutive months starting August 2020 *[i.e. August to December 2020]*, budget execution reports on budget allocations and actual expenditures incurred for COVID-19 response and recovery programs using National Chart of Accounts (NCOA) on the Open Treasury Portal;AND (b) on a quarterly basis within two months of the end of each quarter for three consecutive quarters, starting from the third quarter of FY 2020 *[i.e. Q3 2020, Q4 2020 and Q1 2021]*, dedicated financial and compliance audit reports covering their COVID-19 response and recovery program expenditures.  | To achieve this DLR, ALL the following need to be achieved:1. Monthly budget execution reports\* on budget allocation and actual expenditures incurred for COVID-19 response and recovery published on the national government’s open treasury portal\*\* using National Chart of Accounts (NCOA) within one month after the end of each month for August to December 2020 (five (5) reports).\* Requirements of the monthly budget execution report specific for COVID-19 response and recoveryi) Should include all items tagged as COVID-19 responsive based on the state’s amended 2020 budget under New DLI 1ii) If not already captured in the budget, the COVID-19 budget execution report should include the following for the crisis response as extra-budgetary items:1. Transfers made from the Federal Government
2. Support from Development Partners
3. Borrowed funds
4. Donations

iii) The COVID-19 budget execution report uses the NCOA meaning that the reports include, at a minimum, the original and amended approved budget appropriation, actual expenditures incurred in the month and cumulative during the year. And the reports should be provided under functional, administrative and economic classifications including information for each organizational unit (MDAs), and for each of the core economic classifications of expenditure (Personnel, Overheads, Capital, and Other expenditures).​​​​​​​\*\* States do not upload directly to the open treasury portal. States are to send their BERs by email to state.opentreasury@gifmis.gov.ngthe GIFMIS team at OAGF to upload on time i.e. within one month after the end of each month. *Therefore, the IVA will need to verify whether States submitted on time to the GIFMIS team the required reports for uploading to the open treasury portal. If the reports are not accessible on the open treasury portal, the IVA will ascertain whether this was due to the State not submitting the reports to GIFMIS team or an issue at the OAGF end.* States may also achieve the Open Treasury Portal publication element by publishing online on a State official website their BERs within the timeframe.AND2. Financial and compliance audit reports covering the COVID-19 response funds as captured in the budget execution reports described above to be published online within two months of the end of each quarter for three quarters: Q3 2020, Q4 2020 and Q1 2021.Based on the monthly budget execution reports specific for COVID-19 response and recovery, the State Auditor-General to conduct financial and compliance audit and issue a quarterly report. Completeness of the information should specifically be mentioned in the report, especially consideration of policies and procedures adopted by the State Accountant General to capture and report extra-budgetary support. For Q1 2021, the audit to cover funds allocated in FY2021 budget for COVID-19 response and recovery. |
| ***Data Source and Procedures to assess achievement***  |
| ***State data sources*****State Accountant General, State Auditor General, State Ministry of Finance, Budget and Planning and State website****State official website(s)** include the website of the State Government, Ministries such as Finance, Budget and Economic Planning, the State House of Assembly, the Office of the Auditor-General for States. |
| ***Procedure to be used by the IVA****As this is a scalable DLR with each report having a value attached to it so each of the 5 BERs and 3 audit reports will be assessed separately* 1. Download the Monthly COVID-19 Budget execution reports from the open treasury portal.
2. Confirm the dates of submission to GIFMIS team at OAGF, the dates of publication online on State website (if applicable), the dates of posting to the open treasury portal and evidence of posting on the stated dates. Confirmation will be through a timestamp showing the date of publication (or through evidence obtained from the GIFMIS team in Office of Accountant General of the Federation). The reports must be posted within four weeks of the end of each month.
3. Confirm that the reports use NCOA and each include, at a minimum, all required information.
4. Download the quarterly audit report on the State government’s COVID-19 Budget execution reports from State official website or open treasury portal.
5. Confirm the dates of posting to the website and evidence of posting on the stated dates. Confirmation will be through a timestamp showing the date of publication (or through evidence obtained from the State IT Service provider). The reports must be posted within two months of the end of each quarter.
6. Confirm that the reports cover financial and compliance audit and comment on the completeness of the information in COVID-19 budget execution reports.
7. Confirm submission of the audit reports to the State House of Assembly.
8. Submissions (by email) from the State to GIFMIS at OAGF of the BERs for uploading to Open Treasury Portal.
9. Report from GIFMIS team at OAGF of States’ submission of BERs (date, completeness).
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| **DLI 10. Enhanced transparency and accountability of funds in the COVID-19 response and resilient recovery phases***DLR 10.3: Enactment and implementation of State Audit Law* |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **10.3 No later than December 31, 2021**, the implementation of operational and financial autonomy (per criteria set out in the Verification Protocol) for the Offices of State and Local Governments Auditors-General in the Participating State, through a strengthened legal framework (the “State Audit Law”); ANDProvision of resources for implementation of financial autonomy by inclusion of provisions in the FY 2021 budget for funding of the Offices of State and Local Governments Auditors-General;ANDInstructions for implementing the operational autonomy provisions of the new or existing State Audit Law have been issued by the Head of Service or the Secretary to State Government of the Participating State.  | To achieve this DLR, ALL the following need to be achieved by December 31, 2021:1. Enactment or amendment of the State Audit Law granting operational and financial autonomy\* to the Offices of Auditors-General at the State and Local Government Levels, or existing legislation fully meeting requirement.
2. Resources provided for implementation of financial autonomy by (i) having provisions in the FY2021 budget (the original approved FY21 budget or through subsequent budget reallocation/revised budget/supplementary budget passed by July 31, 2021) for funding of the Offices of States and Local Governments Auditors and having released cash against these provisions in FY 2021; and (ii) the State Audit Law provides for financial autonomy and security of financial resources for State and Local Government Audit Offices (to be effective FY 2022 budget year at the latest).
3. Actions taken for implementation of operational autonomy provisions of the State Audit Law by issuance of instructions by the State Head of Service or the Secretary to the State Government. The instructions should inform stakeholders of the operational autonomy provisions of the State Audit Law and should be consistent with those provisions.

\*The new, existing or amended State Audit Law must provide for independence of the Offices of the State and Local Government Auditors-General building on the provision of Sections 125 – 127 of the 1999 Constitution of the Federal Republic of Nigeria. in line with ISSAI - The 10 Mexico Declaration on the Independence of Supreme Audit Institutions covering the following:1. The Auditor General should be empowered to audit the:1. use of public monies, resources, or assets, by a recipient or beneficiary regardless of its legal nature;
2. collection of revenues owed to the government or public entities;
3. quality of financial management and reporting; and
4. economy, efficiency, and effectiveness of government operations

2. The Auditor General should be free from direction or interference from the Legislature or the Executive in the1. selection of audit issues;
2. planning, programming, conduct, reporting, and follow-up of audits; and
3. organization and management of the Office of the Auditor General.

3. The Audit Law should provide for financial and operational autonomy and the availability of appropriate human, material, and monetary resources to enable the performance of statutory responsibilities by the Auditor General. Processes for budget allocation and utilization should include safeguards such that the Executive should not control or limit the access to these resources. The Audit law should also be compliant with the requirement of ISSAI 10 for Auditors-General to be ‘*given appointments with sufficiently long and fixed terms, to allow them carry out their mandates without fear of retaliation’* (Principle 2).A checklist has been provided to States by NGF on the required content to be in line with the principles of the Mexico declaration/ISSAI 10 on the independence of SAIs, taking into account the context of Nigerian States.A sample instructions has been provided to State by NGF for implementing the operational autonomy provisions of the new or existing State Audit Law |
| ***Data Source and Procedures to assess achievement***  |
| ***State data sources*****State Auditor General, State Ministry of Finance, Budget and Planning** **State official website(s)** include the website of the State Government, Ministries such as Finance, Budget and Economic Planning, Agencies such as SBIR, the PPA, the State House of Assembly, the Office of the Auditor-General for States. |
| ***Procedure to be used by the IVA***1. State to provide a copy of the enacted Audit Law
2. IVA to get a copy of the checklist given to States by NGF on the Audit Law for reviewing adequacy of content in the State Audit Law
3. IVA to get a copy of the sample instructions given to States by NGF for implementing the operational autonomy provisions of the new or existing State Audit Law
4. State Auditor General to provide information on budget request for FY2021 and subsequent budget reallocation/revised budget/supplementary budget passed by July 31, 2021, highlighting the budget provisions for the Offices of States and Local Governments Auditors-General, including that which enable the implementation of financial autonomy in line with the new, existing or amended State Audit Law. Examples of budget provisions that enable implementation of financial autonomy is provision of take-off funding for the implementation of the Audit laws (where new or amended laws are to be passed) and the funding for the the Offices of States and Local Governments Auditors-General being a first line charge or equivalent.
5. IVA to download the 2021 annual budget from the State government’s website and get copies of any subsequent budget reallocation/revised budget/supplementary budget passed by July 31, 2021 and evidence of releases
6. State to provide a copy of the instructions by the State Head of Service or Secretary to the State Government
7. IVA to conduct tests for each of the required elements of the DLI:
	1. the principles of ISSAI 10 as included within the checklist noted above are adequately covered in the State Audit Law,
	2. the instructions issued by the State are adequately in line with the example instructions provided to the State, and
	3. cash releases have been made against budget provisions in FY 2021. The IVA will also check whether resources have been made available for the implementation of the audit law, where the Audit law is found to be adequate.
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| **DLI 11:** **Provided structured tax relief in response to COVID-19 and strengthened tax administration (personal income tax and property taxation) to enhance non-oil tax collection in the resilient recovery phase***DLR 11.1: Announced and started implementation of a tax compliance relief program for individual taxpayers and businesses* |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **11.1 No later than July 31, 2020,** a tax compliance relief program for individual taxpayers and businesses, which meets the criteria set out in the Verification Protocol, been approved by the Chair of the State Board of Internal Revenue or the State Commissioner of Finance of the Participating State, and published on a State official website and through a press release; AND No later than September 30, 2020, government guidelines for the implementation of the announced tax compliance relief program has been issued by the Board of Internal Revenue or Ministry of Finance of the Participating State to tax administration officials and agents. | To achieve this DLR, ALL the following need to be achieved:1. At the minimum, the Tax Compliance Relief Program has to contain all the following three elements with details as determined by the State:1. The sectors or segments covered by the program;
2. The extension period for the tax filing and payment dates; and
3. The reductions or waivers of penalties and interest over the defined extension period

2. Announcement procedures completed by 31 July 2020:1. Tax compliance relief program approved by the Executive Chairman of the SIRS/SBIR OR by the State Commissioner of Finance;
2. Tax compliance relief program published online on a state government website; and
3. A press release is issued on the tax compliance relief program

3. Implementation measure completed by 30 September 2020: Government guidelines for the implementation of the announced tax compliance relief program has been issued by the Board of Internal Revenue or Ministry of Finance of the Participating State to tax administration officials and agents. |
| ***Data Source and Procedures to assess achievement*** |
| ***State data sources*****State Ministry of Finance, Budget and Planning and State IRS / BIR****State official website(s)** include the website of the State Government, Ministries such as Finance, Budget and Economic Planning, Agencies such as SBIR, the PPA, the State House of Assembly, the Office of the Auditor-General for States. |
| ***Procedure to be used by the IVA***1. State provides the link to the announced program published online and press release
2. State produces a report on implementation status of the announced program with supporting evidence including guidelines issued to tax administration officials and agents on the implementation of the tax compliance relief program
3. IVA to conduct tests for each of the required elements of the DLI
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| **DLI 11:** **Provided structured tax relief in response to COVID-19 and strengthened tax administration (personal income tax and property taxation) to enhance non-oil tax collection in the resilient recovery phase***DLR 11.2: Increased efficiency in personal income tax collection by ending the practice of contracting out assessment and collection of PIT to private consultants* |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **11.2 No later than June 30, 2021**, the Participating State has issued a regulation prohibiting, on a prospective basis, the contracting of private consultants for the assessment and collection of personal income tax; ANDNo such contracts have been entered into or renewed during the period starting on September 1, 2020 through the date of issuance of such regulation. | To achieve this DLR, ALL the following need to be achieved:1. Issued a State Regulation that prohibits new contracting of private consultants\* for the assessment and collection of Personal Income Tax\*\* by June 30, 2021\*\*\* The State Regulation is issued by the relevant MDA of the State Government, authorized by the State Revenue or connected laws.A model regulation has been provided to States by NGF.2. State has NOT issued new contracts or renewed contracts\*\*\*\* of any private consultants for the assessment and collection of Personal Income Tax after September 1, 2020 up to the date when the Regulation is issued.​​​​​​​*Definitions**\*Term includes agents, consultants**\*\*This EXCLUDES ancillary services such as IT which can be provided by private agents/consultants and EXCLUDES audit consultants used to establish back duty taxable sums**\*\*\*If the Regulation is achieved by March 31, 2021, the DLI can be verified and disbursed earlier**\*\*\*\*This is NOT termination of or breach of existing contracts* |
| ***Data Source and Procedures to assess achievement*** |
| ***State data sources*****State Ministry of Finance, Budget and Planning, State BIR / IRS** |
| ***Procedure to be used by the IVA***1. State provides a copy of the State Regulation
2. IVA to get a copy of the model regulation given to States by NGF
3. State produces a report with supporting evidence that they have not issued new contracts or renewed contracts of any private consultants for the assessment and collection of PIT
4. IVA to conduct tests for each of the required elements of the DLI
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| **DLI 11:** **Provided structured tax relief in response to COVID-19 and strengthened tax administration (personal income tax and property taxation) to enhance non-oil tax collection in the resilient recovery phase***DLR 11.3: Strengthened the foundation for state property taxation by updating property records in urban areas* |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **11.3 No later than June 30, 2022,** the property records for at least 20% (basic) or 50% (stretch) of properties that have electricity connections in Urban Areas in the Participating State have been completed or updated per criteria set out in the Verification Protocol; stored in an electronic database; with said records to be valid as on September 1, 2020 or later; and the Participating State has established institutional arrangements per criteria set out in the Verification Protocol to use the property records to improve or start the collection of property tax. | To achieve this DLR, ALL the following need to be achieved by June 30, 2022:1. Completed or updated property records of at least 20% (basic) or 50% (stretch) of all properties that have electricity connections in urban areas\*.(i) To fulfil the criterion “Complete or update property records” the following *minimum* information is needed for each property: 1. The size of the land parcel as documented by a polygon on a map
2. The number of structures and number of occupancy units within the property
3. The size of each structure and occupancy unit on the property
4. The use of each structure and occupancy unit on the property and details needed to compute property tax liability as per applicable state legislation.[[2]](#footnote-3)
5. The name, ID (individual or firm tax ID) and contact details for the owner of the parcel and the owner or occupier of each structure or, in case of multi-occupancy units, each unit.

(ii) The property information is to be valid as of September 1, 2020 or after i.e. the information is no older than August 31, 2020.(iii) The property records to be stored in an electronic database:1. The database is accessible to other MDAs (must include the SIRS/SBIR) in electronic form, and
2. The database has started being used for property tax calculation and collection.

2. Established institutional arrangements to use the data to improve the collection of property tax. The arrangements are to include at a minimum that:1. State has passed regulation(s) mandating that property data collected through the project is shared with other MDAs (must include the state revenue agency (SIRS/SBIR)) in electronic form, and can be used for generation of demand notices.
2. The tax demand notice/or tax bill for property related charges/taxes has been amended to include geotag of property (with a minimum including the Property ID Reference).

*Definitions: \*Urban area as defined under the Land Use Act, 1978. Note that, based on identification of urban wards by GRID3, the target # of properties has been derived and communicated to states based on building footprints derived from satellite imagery and estimates of the share of urban population with electricity connection from national surveys* |
| ***Data Source and Procedures to assess achievement*** |
| ***State data sources*****State Ministry of Finance, Budget and Planning, State GIS agency (if it exists) and State website** |
| ***Procedure to be used by the IVA***1. State produces a report with supporting evidence that they have completed, or updated property records, and provides access to the IVA to the database to review it and copy of the regulation(s) for data sharing and interoperability.
2. IVA gets data on the target number properties that have electricity connections in urban areas that were provided to each state from the World Bank
3. IVA gets copies of draft model regulations shared with the States from NGF and PCU
4. IVA to conduct tests for each of the required elements of the DLI.
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| DLI 12: Strengthened procurement function for COVID-19 or emergency situation and facilitated participation of SMEs in public procurement in the resilient recovery phase |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **12.1 No later than September 30, 2020**, the Public Procurement Authority (PPA) of the Participating State has issued emergency guidelines for (i) the procurement of goods and services for COVID-19 and other emergency situations; AND (ii) the adaptation of existing public procurement procedures to support the increase in participation of SMEs (the “SME Guidelines”); AND At least two training sessions for SMEs on the SME Guidelines have been held. | To achieve this DLR, ALL the following need to be achieved by September 30, 2020:1. State public procurement agency issued and published on the PPA or state official website with free access emergency procurement guidelines\* for timely and efficient procurement of urgently needed goods and services for COVID-19 and other emergency situations.2. State public procurement agency issued guidelines\*\* that adapts the existing procurement procedures to support and encourage participation of small and medium enterprises (SMEs).3. State public procurement agency conducted at least two (2) set of trainings with SMEs on the adapted procedures.\*Emergency procurement guidelines is issued that allows for 1. Bidding documents/Request for Quotation to be downloaded from PPA/State websites
2. Submission of bids/proposals/quotations through electronic means
3. Virtual evaluation of bids/proposals/quotations
4. Electronic signing of contract agreements
5. The use of Bid Securing Declaration instead of Bid Security
6. Acceptance of scanned copies of financial security
7. Extension of bid submission deadline on-going Bidding
8. Easy application of force majeure

​​​​​​​\*\*Guidelines issued to support and encourage participation of SMEs contain the following provisions: 1. Allows the use of Alternatives to the requirement for submission of Bid Security, for example Bid Securing Declaration
2. Relaxes the qualification criteria; examples, average annual turnover, cash flow and number of specific contract experience
3. Removes the requirement of performance security
4. Increases advance payment up to about 40% of contract price

Definitions: SME is defined according to the definition in the Small and Medium Enterprises Development Agency National Policy of SMEs page 12, available on SMEDAN website: [*https://smedan.gov.ng/images/PDF/MSME-National-Policy.pdf*​​​​​​\](https://smedan.gov.ng/images/PDF/MSME-National-Policy.pdf%E2%80%8B%E2%80%8B%E2%80%8B%E2%80%8B%E2%80%8B%E2%80%8B%5C) |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **12.2.** No later than June 30, 2021, the PPA has published on its official website a list of all contracts executed to support the Participating State’s COVID-19 response in the fourth quarter of FY 2020 and the first quarter of FY 2021; ANDNo later than September 30, 2021, the Participating State has awarded at least 20 more contracts to SMEs in the period after September 30, 2020, as compared to the period January 1, 2020 to September 30, 2020. | To achieve this DLR, ALL the following need to be achieved:1. Published on a quarterly basis on the State’s website information on contracts signed and completed\* to support the state’s COVID-19 response for Q4 2020 and Q1 2021 by June 30, 2021
2. Increased SME participation in the marketplace by having awarded at least 20 more contracts to SMEs in the period after the issuance of the guidelines (defined as after October 1, 2020 and up to September 30, 2021), compared to the period prior to the issuance of the guidelines (defined as January 1 to September 30, 2020). Participating SMEs in each state can be from any state in the country. Information on the contract award is to be published on the PPA or state official website or the eProcurement system of the state (if it exists). For each contract award publication, the minimum information on the contractor/supplier/service provider include the full name, the number of employees and the total assets in Naira

\*Information on contracts signed and completed to be published:1. Name and address of the MDA undertaking the procurement, and if different, the Borrower’s contracting agency;
2. Name and reference number of the contract being awarded, and the selection method used;
3. Names of all Bidders/Proposers/Consultants that submitted Bids/Proposals, and their Bid/Proposal prices as read out at Bid/Proposal opening, and as evaluated;
4. The name of the successful Bidder/Proposer/Consultant, the final total contract price, the contract duration and a summary of its scope.
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| ***Data Source and Procedures to assess achievement*** |
| ***State data sources***State Ministry of Finance, Budget and Planning, State Procurement Agency **State official website(s)** include the website of the State Government, Ministries such as Finance, Budget and Economic Planning, Agencies such as SBIR, the PPA, the State House of Assembly, the Office of the Auditor-General for States. |
| ***Procedure to be used by the IVA***1. States to provide links to the published guidelines on the PPA or state website
2. States to provide reports of training sessions conducted for SMEs on the guidelines
3. IVA to conduct tests for each of the required elements of the DLI
4. Verification will be carried out by IVA from contract award publication on the PPA or the official website or eProcurement system of the state
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| **DLI 13: Established a fiscally sustainable response to COVID-19 through COVID-19 responsive budgets***DLR 13.1: Published an approved Amended 2020 COVID-19 responsive budget* |
| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **13.1 No later than July 31, 2020, an Amended 2020 State budget, which meets the criteria set out in the Verification Protocol, has been approved by the House of Assembly of the Participating State, assented to by the Governor, and published on a State official website.** | To achieve this DLI, ALL the following need to be achieved:1. The Amended budget has been approved by the State House of Assembly, obtained the Governor’s assent and published online on a State official website by July 31, 2020.
2. The Amended budget contains all four required elements:
3. Revision of the gross statutory (federation account) allocation projections, compared to the original budget, with the state’s gross statutory allocation projections in the amended 2020 budget not exceeding the NGF projections using the parameters of the FG Addendum to the Medium-Term Expenditure Framework (MTEF) 2020-2022 submitted to the National Assembly in May 2020, disseminated to states in June 2020.
4. Reduction in non-essential\* overheads and capital expenditures, compared to the original budget; the reduction in non-essential spending should be proportional to the amount of the revenue reduction plus the additional COVID-19 responsive expenditures, unless additional financing can be identified.
5. Allocation of expenditures to COVID-19 response programs for relief, restructuring and recovery. Total COVID-19 response expenditures should represent at least 10 percent of the total amended budget expenditures.
6. Identification of the financing sources to fully finance the budget deficit without accumulation of new domestic expenditure arrears. The financing gap should be zero.\*\*
7. The four required elements are to be demonstrated through the required inclusion of the following in the Amended budget document:
8. The detailed budget expenditure allocation table should tag in a separate column, each budget line item as either COVID-responsive or not.
9. A Summary Table showing in separate columns: original budget projection/allocation, amended budget projection/allocation. The two sets of numbers will be reported for all items (revenue, expenditures, and financing). An additional third column would report, for each summary heading of expenditures, the amount of that expenditure that is COVID-19 responsive, which should be a summary of the expenditure identified in the detailed budget expenditure allocation table.
10. Explanatory note (1) for revisions of revenue projections for each key revenue item, including the underlying assumptions behind the revisions and how they differ from the assumptions in the original budget. Assumptions include oil price, production, exchange rate, GDP growth, inflation, and other relevant parameters.
11. Explanatory note (2) for key expenditure allocations, providing the rationale for which non-critical, non-COVID responsive programs/projects were subject to reduction, which were maintained as critical expenditures (non COVID-19 response), and which have increased and/or were newly introduced as part of the state’s COVID-19 response.
12. Explanatory note (3)  for any adjustments to financing items, sources, and/or amounts.

Where clarification is needed, the verification can use the full budget documentation.*Definitions**\*’Non-essential spending’ refers to non-priority spending at the discretion of the state that can be reduced or re-scheduled without negatively impacting state’s ability to respond to COVID-19 pandemic, impeding core government functions, or limiting provision of essential public services.**\*\* In rare cases, financing gap may be negative (when more financing is identified for the budget than the deficit). This will not be penalized, as the key objective is for the financing gap to not exceed zero.**Other definitions for the four required elements are provided in the detailed set of guidelines disseminated to States in June 2020.* |
| ***Data Source and Procedures to assess achievement*** |
| ***State data sources*****State Ministry of Finance, Budget and Planning** **State official website(s)** include the website of the State Government, Ministries such as Finance, Budget and Economic Planning, Agencies, the State House of Assembly, the Office of the Auditor-General for States. |
| ***Procedure to be used by the IVA***The IVA will carry out the following for each State:1. Download the Amended FY2020 State Budget from the State official website
2. Confirm the budget has been passed into law (approved by State House of Assembly and assented by the Governor); confirm this was achieved on or before July 31, 2020.
3. Confirm that the budget includes appropriations according to the functional/organizational and detailed economic classifications of expenditures, and revenue sources.
4. Confirm the budget contains the detailed budget expenditure allocation table with line items tagged (in a separate column) as either COVID-responsive, or not, the summary table and three (3) sets of explanatory notes as required by the verification protocols.
5. Conduct tests for each of the (four) required elements of the amended budget in the DLI definition, checking against the DLI guidelines as required.
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| **DLI 13: Established a fiscally sustainable response to COVID-19 through COVID-19 responsive budgets***DLRs 13.2 and 13.3 High budget execution of COVID-19 response expenditures* |

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| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **13.2: The participating state has executed at least 90 percent of its COVID-19 response expenditures tagged in the Amended 2020 State Budget, per criteria set out in the Verification Protocol.**   | **To achieve DLR 13.2, the state needs to have executed at least 90 percent of its total COVID-19 response expenditures budgeted in their Amended 2020 Budget, net of exclusions, within the financial year 2020.** 1. Definition of **budgeted** **COVID-19 response expenditures:**
2. Budgeted COVID-19 response expenditures refer to the expenditures which have been tagged as COVID-19 response in the detailed Amended 2020 Budget expenditure allocation table with the total of these expenditures shown in the Amended 2020 Budget summary expenditure table.
3. The Amended 2020 Budget refers to the Amended 2020 Budget, evaluated under DLR 13.1.
4. In calculating the percentage of budgeted COVID-19 response expenditures executed, the following **exclusions** shall be applied:
5. Exclude expenditures that were to be financed from earmarked Federal Government COVID-19 response funds that did not materialize in CY2020 because of factors beyond the State Government’s control, rather than the State Government’s failure to access the funds available.
6. Exclude expenditures that were to be financed from CARES PforR disbursements in CY2020.
7. These expenditures will be excluded from the denominator (the State’s total budgeted COVID-19 response expenditures in the Amended 2020 Budget) – but not the numerator in case States were able to finance those expenditures from other sources.

 1. The following shall **not be excluded** (from the numerator or denominator):
2. Expenditures that were to be financed from funds that were available but the State failed to comply with the requirements to access them in CY2020 (e.g. UBEC, where States access the funds conditional on them mobilizing matching grants; or SFTAS, where State needs to achieve results for the disbursements to be effected).
3. Gross Statutory Allocation or other share of FAAC transfers, as these are not earmarked.
4. Other revenue or financing items that are not earmarked for specific COVID-19 response spending.
5. Only the COVID-19 expenditures executed in the financial year 2020 (January 1 – December 31, 2020) will be considered for the purpose of the calculation.
6. Once exclusions are applied, the **calculation** of the percentage of COVID-19 response will utilize the following formula:

Percentage of COVID-19 response expenditures executed = 100 x (total COVID-19 response expenditures executed in 2020 i.e. actual) / (total budgeted COVID-19 response expenditures in the Amended 2020 Budget *net of exclusions*)1. States that did not achieve DLR 13.1 but have been assessed by the IVA to have complied with the COVID-responsive budget tagging procedures, AND has complied with the requirement for total COVID-19 response expenditures to represent at least 10 percent of the total amended budget expenditures, can achieve the DLR 13.2, provided it meets the DLR 13.2 requirements established in this verification protocol.
2. States are required to provide adequate source data/documentation for measuring budget execution:
3. Approved State Amended 2020 Budget including the detailed expenditure allocation table.
4. Audited COVID-19 response expenditure figures including specific disclosure of COVID-19 response expenditures in the 2020 AFS
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| ***Data Source and Procedures to assess achievement*** |
| ***State data sources*****State Ministry of Finance, Budget and Planning****State official website(s)** include the website of the State Government, Ministries such as Finance, Budget and Economic Planning, Agencies, the State House of Assembly, the Office of the Auditor-General for States. |
| ***Procedure to be used by the IVA***The IVA will carry out the following for each State:1. Download the Amended FY2020 State Budget from the State official website.
2. Confirm the budget has been passed into law (approved by State House of Assembly and assented by the Governor).
3. Confirm the detailed budget expenditure allocation table tags (in a separate column) each budget line item as either COVID-responsive, or not.
4. Confirm that the total COVID-19 response expenditures represent at least 10 percentof the total Amended FY2020 budget expenditures.
5. Download the FY2020 state AFS.
6. Confirm the FY2020 state AFS contains a specific disclosure note for COVID-19 response spending.
7. Request the State to provide a list of exclusions with explanations. Assess whether the exclusions are valid and consistent with the protocol and applied consistently across all States.
8. Apply the valid exclusions to budgeted COVID-19 response expenditures.
9. Conduct the calculations and evaluate the State’s results against the threshold of 90 percent.
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| ***DLR description as per DLI Matrix*** | ***Definition/Description of DLR achievement*** |
| **13.3: The Participating State has executed at least 90 percent of the tagged COVID-19 response expenditures in their 2021 State Budget, per criteria set out in the Verification Protocol.**  | **To achieve DLR 13.3, the state needs to have executed at least 90 percent of its total COVID-19 response expenditures budgeted in their approved original 2021 Budget, net of exclusions, within the financial year 2021.**1. Definition of **budgeted** **COVID-19 response expenditures and requirement as a share of total budget:**
2. Budgeted COVID-19 response expenditures refer to the expenditures which have been tagged as COVID-19 response in the detailed approved original 2021 Budget expenditure allocation table.
3. The total COVID-19 response expenditures need to be at least 5% of the total approved original 2021 Budget expenditures.
4. For the purposes of this DLR, the approved original 2021 budgets will evaluated. Supplementary budgets passed during 2021 to add, delete or amend the allocations to these budget lines will not be considered for the denominator.
5. In calculating the percentage of budgeted COVID-19 response expenditures executed, the following **exclusions** shall be applied:
6. Exclude expenditures that were to be financed from earmarked Federal Government COVID-19 response funds that did not materialize in CY2021 because of factors beyond the State Government’s control, rather than the State Government’s failure to access the funds available. These expenditures will be excluded from the denominator (the State’s total budgeted COVID-19 response expenditures in the original 2021 Budget) – but not the numerator in case States were able to finance those expenditures from other sources.
7. The following shall **not be excluded** (from the numerator or denominator):
8. Expenditures that were to be financed from funds that were available but the State failed to comply with the requirements to access them in CY2021 (e.g. UBEC, where States access the funds conditional they can mobilize matching grants; or SFTAS, where State needs to achieve results for the disbursements to be effected).
9. Gross Statutory Allocation or other share of FAAC transfers, as these are not earmarked.
10. Other revenue or financing items that are not earmarked for specific COVID-19 response spending.
11. Only the COVID-19 expenditures executed in the financial year 2021 (January 1 – December 31, 2021) will be considered for the purpose of the calculation.
12. Once exclusions are applied, the **calculation** of the percentage of COVID-19 response will utilize the following formula:

Percentage of COVID-19 response expenditures executed = 100 x (total COVID-19 response expenditures executed in 2021 i.e. actual) / (total budgeted COVID-19 response expenditures in the approved original 2021 Budget *net of exclusions*)1. States that did not achieve DLR 13.1 or 13.2 can achieve the DLR 13.3, provided it meets the DLR 13.3 requirements established in this verification protocol.
2. States are required to provide adequate source data/documentation for measuring budget execution:
3. Approved original State 2021 Budget including the detailed expenditure allocation table.
4. Audited COVID-19 response expenditure figures including specific disclosure of COVID-19 response expenditures in the 2021 AFS.
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| ***Data Source and Procedures to assess achievement*** |
| ***State data sources*****State Ministry of Finance, Budget and Planning** **State official website(s)** include the website of the State Government, Ministries such as Finance, Budget and Economic Planning, Agencies, the State House of Assembly, the Office of the Auditor-General for States. |
| ***Procedure to be used by the IVA***The IVA will carry out the following for each State:1. Download the approved original FY2021 State Budget from the State official website.
2. Confirm the budget has been passed into law (approved by State House of Assembly and assented by the Governor).
3. Confirm the detailed budget expenditure allocation table tags (in a separate column) each budget line item as either COVID-responsive, or not.
4. Confirm that the total COVID-19 response expenditures represent at least 5 percentof the total FY2021 budget expenditures.
5. Download the FY2021 State AFS.
6. Confirm the FY2021 State AFS contains a specific disclosure note for COVID-19 response spending.
7. Request the State to provide a list of exclusions with explanations. Assess whether the exclusions are valid and consistent with the protocol and applied consistently across all States.
8. Apply the valid exclusions to budgeted COVID-19 response expenditures.
9. Conduct the calculations and evaluate the State’s results against the threshold of 90 percent.
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1. “*Final Report of the National Economic Council Ad-Hoc Committee on COVID-19 “Containing the Outbreak and Responding to the Adverse Economic Effects”,* April 2020 [↑](#footnote-ref-2)
2. This will require at the minimum information on parcels, structures/buildings, and building units (e.g. condominiums) if applicable. For PARCELS, the information includes a unique parcel ID; parcel boundaries on a map to determine size; whether STRUCTURES are present and if yes, an ID and reference to footprint for each (see STRUCTURE below); the main use; availability of formal or informal documents; access to water, sewerage, electricity, waste disposal, and occupancy type. Owner information would include name, type, telephone and address and the same information would be provided for occupants different from the owner. For STRUCTURES, a unique ID would be linked to the structure footprint and information would include the main use; wall and roof material; no. of floors; occupancy type; and no. of property units (and if greater than 1, a unique ID as well as owner and occupier details for each of them. [↑](#footnote-ref-3)