
Background

- States Fiscal Transparency Accountability and Sustainability (SFTAS) Program for Results was developed to encourage fiscal transparency, accountability, and sustainability in the Sub-national level.
- It is a four-year (2018 – 2022) Programme for Results (PforR) facility worth a total of USD\$1.5 billion (an initial USD\$700 million in annual performance grants + USD \$ 50 million in technical assistance support was augmented with an additional financing of USD750 million PforR funds in December 2020 to assist States to cope with the fiscal constraints to adequately contain the COVID-19 Pandemic).
- The Federal Ministry of Finance, Budget and National Planning (FMFBNP) decided to ‘on grant’ the PforR financing to States. This significantly increased the incentives that the program provides to the States (noting that the financial assistance packages from FGN prior to this were loans to the States).
- SFTAS combines selected actions from the Fiscal Sustainability Plan (FSP) and the Open Government Partnership (OGP) agenda to form its disbursement linked results which States must meet to access funds
- States are assessed on the level of their achievement of the Eligibility Criteria and set of Disbursement Linked Results (DLRs) by the Independent Verification Agent (IVA) - the Office of the Auditor General of the Federation (OAuGF) - for each of the four years

Background

- The amount accessible by States each year under the PforR is dependent on the States' ability to meet the Annual Eligibility Criteria and 13 Disbursement Linked Indicators (DLIs) across four Key Result Areas (KRA) namely:
 - Increase fiscal transparency and accountability;
 - Strengthen domestic revenue mobilization;
 - Increase efficiency in public expenditure; and
 - Strengthen debt management.
- The Technical Assistance (TA) Component for SFTAS (also referred to as the “TA component”) uses the Investment Project Financing (IPF) instrument and is managed in accordance with the Bank’s policy and directive for Investment Project Financing (IPF).
- The TA component is delivered by implementing agencies – Public Service Institute of Nigeria (PSIN), Debt Management Office (DMO), Open Government Partnership (OGP) and an Implementing Partner which is the Nigeria Governors’ Forum.

- Eligibility Criteria (EC)

- Publish Annual Budget and Audited Financial Statements Online.

- Original SFTAS Programme Disbursement Linked Indicators (DLIs)




- DLI 1 – Improved budget and financial reporting transparency.
- DLI 2: Increased openness and citizens' engagement in the budget process
- DLI 3 – Improved cash management and reduced revenue leakages through implementation of a functional Treasury Single Account (TSA) at State level.
- DLI 4 – Strengthened Internally Generated Revenue (IGR) collection.
- DLI 5 – Personnel spending: Use of biometric and Bank Verification Number (BVN) to reduce payroll fraud.
- DLI 6 – Improved public procurement systems and practices.
- DLI 7: Strengthened public debt management and fiscal responsibility framework
- DLI 8 – Improved clearance/reduction of stock of domestic expenditure arrears
- DLI 9 - Improved debt sustainability

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- SFTAS Additional Financing Disbursement Linked Results (DLRs)

- 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 10.2: Strengthened transparency and accountability by publishing COVID-19 response and recovery expenditures and audit reports
- DLR 10.3: Enactment and implementation of State Audit Law
- 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 11.3: Strengthened the foundation for state property taxation by updating property records in urban areas
- 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 13.1: Published an approved Amended 2020 COVID-19 responsive budget
- DLRs 13.2 and 13.3 High budget execution of COVID-19 response expenditures

Fiscal Reforms Status

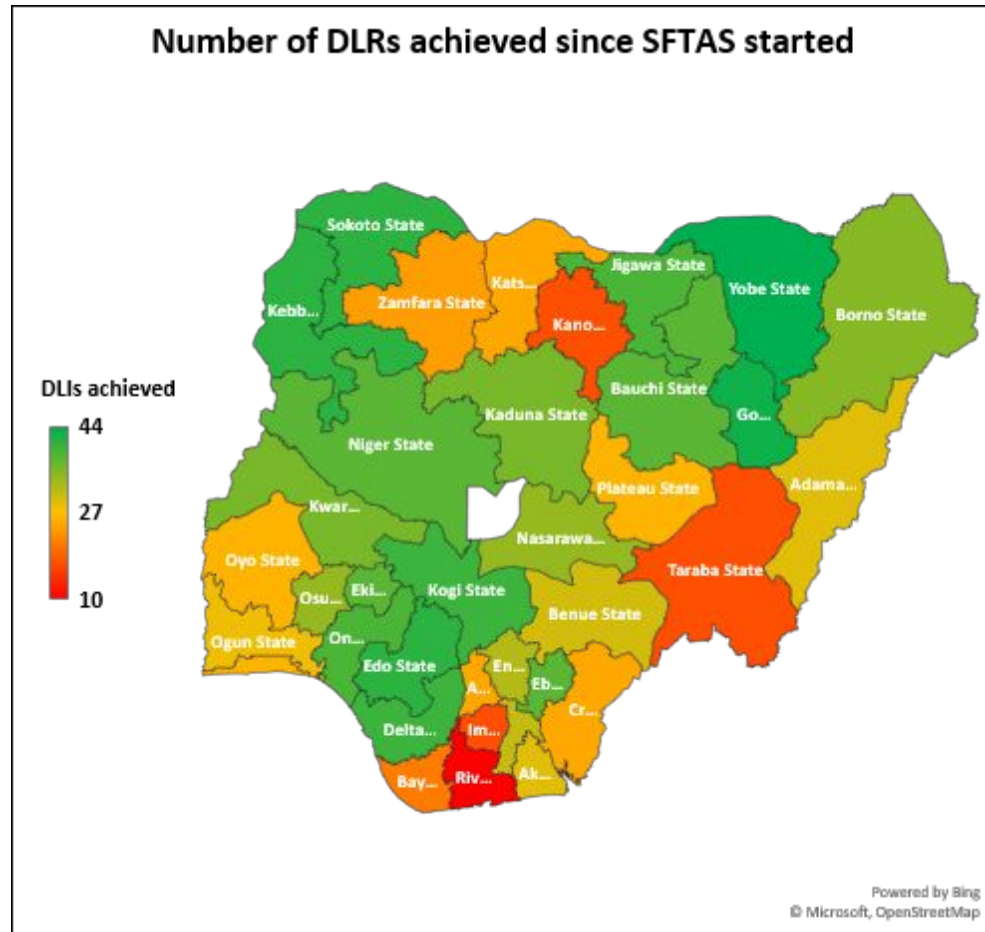
Pillar	Key actions	Baseline Result (mid-2018)	2020 APA results	2021 APA results (preliminary)
 Increased Fiscal Transparency and Accountability	<ul style="list-style-type: none"> States that prepared and published an annual state budget using the national Chart of Accounts (GFS compliant) 	13	36	36
	<ul style="list-style-type: none"> States preparing annual audited financial statements in accordance with IPSAS (cash or accrual) and publishing online by July of the following FY 	9	36	36
 Improved budget credibility	<ul style="list-style-type: none"> States that prepare quarterly budget implementation reports in a timely manner 	5	28	36
	<ul style="list-style-type: none"> States that prepare and publish citizens' budget 	0	34	34
 Strengthened Domestic Revenue Mobilization	<ul style="list-style-type: none"> States with functional Treasury Single Account (TSA) system based on a formally approved cash management strategy, and covering a minimum of 70 percent of state government finances 	7	13	18
	<ul style="list-style-type: none"> States that have strengthened the foundation for state property taxation by updating property records of at least 20% of all properties in urban areas 	2	2	14
 Improved debt management	<ul style="list-style-type: none"> States that have adopted a sound public debt management and fiscal responsibility framework 	15	25	35
	<ul style="list-style-type: none"> States that prepare and publish an annual State Debt Sustainability Analysis and Debt Management Strategy (S-DSA-DMS) 	0	15	33
 Strengthened Efficiency in Public Expenditure	<ul style="list-style-type: none"> States that have completed biometrics or a Bank Verification Number (BVN) data to capture at least 90 percent of current civil servants and pensioners and used the biometrics or BVN 	0	30	35
	<ul style="list-style-type: none"> States with approved and adequate Public Procurement Law and established regulatory agency 	0	29	33

To date, SFTAS has disbursed US\$1.21 billion to States

Expected additional disbursement of approx. US\$264 million by end October 2022

Average # of DLRs achieved per state since 2018

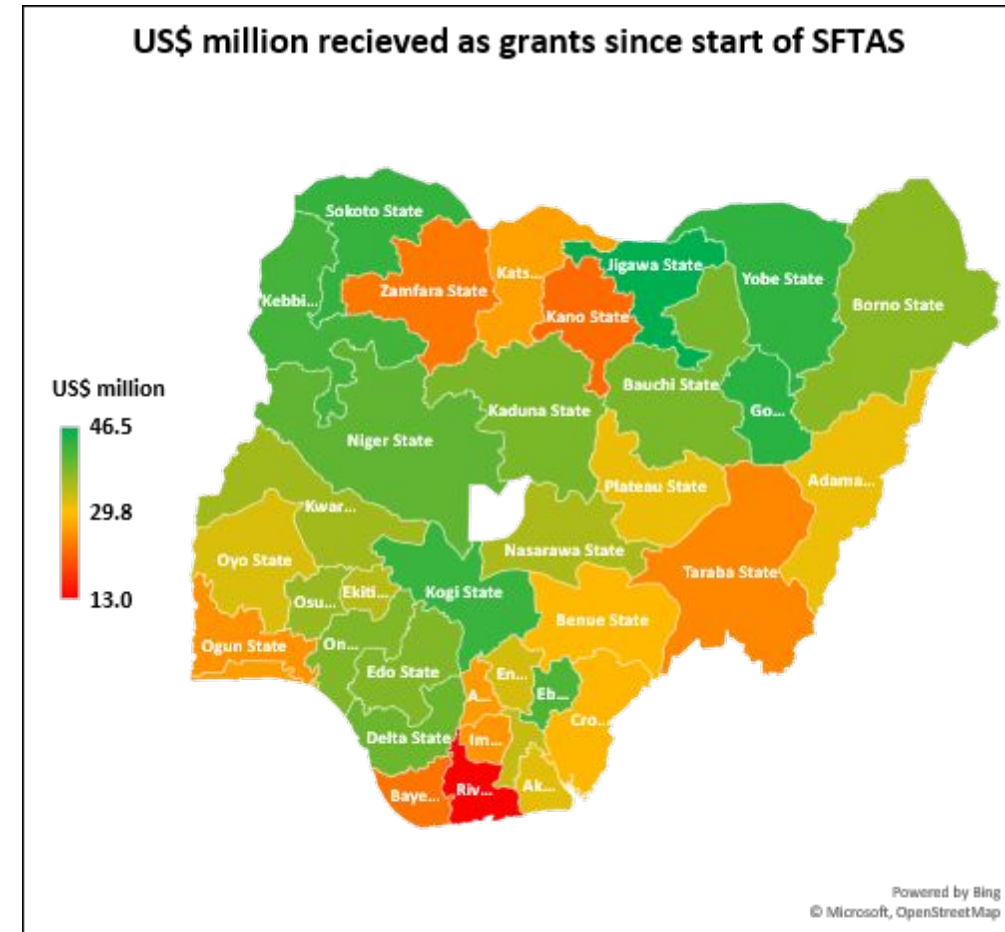
31 DLRs*



* Expected to rise to 39 DLIs by the end of the Program

Average amount received per state since 2018

US\$33.5 million*



* Expected to rise to US\$39 million by the end of the Program

Key Reforms for Sustainability

	What?	Why?
1	Continued timely publication and improved quality of – at a minimum – (1) Budgets , (2) Audited Financial Statements , (3) Debt Sustainability Reports	This is the foundation of accountable fiscal management
2	Governors' Charter committing to adherence to principles and actions under the 4 SFTAS results areas	Governors' commitment to principles is the main driver of results
3	Annual Scorecard on State Fiscal Transparency, Accountability and Sustainability	Continued measurement of results to recognize performing states
4	Institutionalized capacity building through e-learning platform and staff certification	Incentivize learning through recognized certification
5	Institutionalize DMO exercise of reconciling debt and providing TA to states	A clear picture of state debt is crucial for fiscal sustainability
6	Increased State membership in Open Government Partnership and peer learning	OGP as a multi-stakeholder forum can deepen transparency and citizen engagement
7	Enhanced CSO and media engagement on fiscal data	The pathway from transparency to accountability involves active feedback loops
8	Sustainable solutions for e-procurement	E-procurement has the potential to greatly enhance transparency and efficiency of public procurement
9	Enhanced implementation of State Audit Law and audit function	Timely quality audits complete the cycle of fiscal accountability
10	Enhanced internal revenue generation	Fiscal constraints at the Federal level require states to become more fiscally independent