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Abbreviations and Acronyms

ARC	Accountable, Responsive and Capable government
BPS	Budget Policy Statement
COFOG	Classification of Functions of Government (United Nations)
CRF	Consolidated Revenue Fund
DMD	Debt Management Department
EFU	Economic and Fiscal Update
ExCo	Executive Council
FGD	Focal Group Discussion
FRL	Fiscal Responsibility Law
FSP	Fiscal Strategy Paper
GFS	Government Financial Statistics (International Monetary Fund GFS Manual)
IFMIS	Integrated Financial Management Information System
IGR	Internally Generated Revenue
IPSAS	International Public Sector Accounting Standards
MDA	Ministry, Department, Agencies
MOF	Ministry of Finance
MOJ	Ministry of Justice
PEFA	Public Expenditure and Financial Accountability
PERL	Partnership to Engage, Reform and Learn
PFM	Public Financial Management
PPL	Public Procurement Law
RAA	Rapid Annual Assessment
SHOA	State House of Assembly
TIN	Tax Identification Number
TSA	Treasury Single Account
WHT	Withholding Tax

Executive Summary

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Figure 1 PFM Status Y-1 and Y

INSERT Y-1 SPEEDO

INSERT Y SPEEDO

INSERT DYNAMICS

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Figure 2 Improvement Targets for Y+1

INSERT DYNAMICS

Action Plan to achieve improvement targets –there is now a need to develop a detailed PFM Reform Action Plan based on the above targets (see Table 2 on page [10914](#)).

Section One: Introduction

The aim of the Public Financial Management (PFM) Rapid Annual Assessment (RAA) Framework is for states to be able to self-assess their Public Financial Management (PFM) systems, processes and performance on an annual basis. The aim is to track progress and provide targets for subsequent years for areas of improvement. The titling of the assessment framework as "Rapid" is based on the following:

- Less reliant on evidence than other assessments (e.g. PEFA);
- Time horizon is one year only;
- Overall less indicators than other PFM assessments (e.g. PEFA).

The PFM-RAAF has a total of ~~68-72~~ indicators which are grouped into nine clusters:

- Fiscal Performance (~~2016~~ indicators: A to ~~IP~~)
- Budget Preparation (10 indicators: A to J)
- Budget Execution (8 indicators: A to H)
- Internal Revenue (4 indicators: A to D)
- Accounting and Reporting (8 indicators: A to H)
- Audit (3 indicators: A to C)
- Debt Position (6 indicators: A to F)
- Institutional and Legal Framework (6 indicators: A to F)
- Openness and Transparency (7 indicators: A to G)

The indicators were developed with several key fiscal initiatives in mind: the Fiscal Sustainability Plan (FSP) which has been put to states as part of the Federal Budget Support Facility; the National Economic Council (NEC) 71 resolutions (those relating to PFM) which are aimed at returning the Nigerian economy to growth; and the Open Budget Index (OBI) which are relevant to the National Action Plan for the Open Government Partnership (targets set for cluster 9 Openness and Transparency indicators should at least reflect the Action Plan targets/timetable).

More information on the assessment process can be found in the PFM-RAA Manual and Assessment Framework.¹

The PFM-RAA Framework is one of two assessment tools that have been developed under the Partnership to Engage, Reform and Learn (PERL) programme – the other being the Governance Index (GI). The two assessments have been designed in such a way that the scores of seven indicators under the Fiscal Performance cluster in the PFM-RAA will feed four indicators in the GI.

This report includes a brief summary of the scores (section two) as well as the detailed scoring for each indicator (section three). Finally, a list of FGD participants is presented in section four.

¹ Still being finalised

Approach

This xxx iteration of the PFM-RAA in XX State looked at xxx time periods:

- 20xx assessment (which looks largely at the 20xx Budget Preparation process and 20xx-1 budget implementation, plus an as-is assessment of other areas);
- 20xx-1 assessment (as above but one year earlier) – this was to provide a baseline and to assess progress over the last year.

Targets were also provided for the next assessment which would be in xx+1.

The assessment was undertaken in an out-of-state Focal Group Discussion (FGD) environment with xx officials from xxx State Government (see list of participants in section 4) over a x-day time period, in location, in MMM-YYYY. The FGD was facilitated by xxx.

A government lead was nominated for each of the nine clusters of indicators with the responsibility of having final say on the scoring, and for “owning” the targets for Y+1 and coordinating the reforms to improve scores within the clusters. These are shown in Table 1 below.

Table 1 Cluster Owners

Cluster	Owner
1. Fiscal Performance	
2. Budget Preparation	
3. Budget Execution	
4. Internal Revenue	
5. Accounting and Reporting	
6. Audit	
7. Debt Position	
8. Institutional and Legal Framework	
9. Openness and Transparency	

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After the initial FGD session, a subsequent x-day validation session was held in xx on DD-MMM-YYYY.

Section Two: Scores

Summary of Aggregate Scores

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A summary of the aggregate scores is provided in Figure 3 below.

Figure 3 Summary of Aggregate Scores

INSERT GRAPH FROM SUMMARY OF SCORES

WRITE-UP

In total, the following dynamics were observed between Y-1 and Y:

Figure 4 Score Dynamics between Y-1 and Y

INSERT GRAPH FROM SCORE DYNAMICS

WRITE-UP

Summary of Scores and Targets

A summary of the scores (mean) by cluster for Y-1 and Y are presented in the table below.

Figure 5 Mean Score by Cluster – Y-1 and Y

INSERT GRAPH FROM CLUSTER SCORES

Individual summaries for each cluster are provided below.

INSERT CLUSTER 1 GRAPH FROM CLUSTER SCORES

1. Fiscal Performance – WRITE-UP

INSERT CLUSTER 2 GRAPH FROM CLUSTER SCORES

2. Budget Preparation – WRITE-UP

INSERT CLUSTER 3 GRAPH FROM CLUSTER SCORES

3. Budget Execution – WRITE-UP

INSERT CLUSTER 4 GRAPH FROM CLUSTER SCORES

4. Internal Revenue – WRITE-UP

INSERT CLUSTER 5 GRAPH FROM CLUSTER SCORES

5. Accounting and Reporting – WRITE-UP

INSERT CLUSTER 6 GRAPH FROM CLUSTER SCORES

6. Audit – WRITE-UP

INSERT CLUSTER 7 GRAPH FROM CLUSTER SCORES

7. Debt Position – WRITE-UP

INSERT CLUSTER 8 GRAPH FROM CLUSTER SCORES

8. Institutional and Legal Framework – WRITE-UP

INSERT CLUSTER 9 GRAPH FROM CLUSTER SCORES

9. Openness and Transparency – WRITE-UP

A summary of scores for Y-1 and Y and a target for Y+1 are presented in Table 2 below.

Performance against Targets

Figure 6 Performance of Y Scores relative to targets

INSERT GRAPH FROM SCORE DYNAMICS

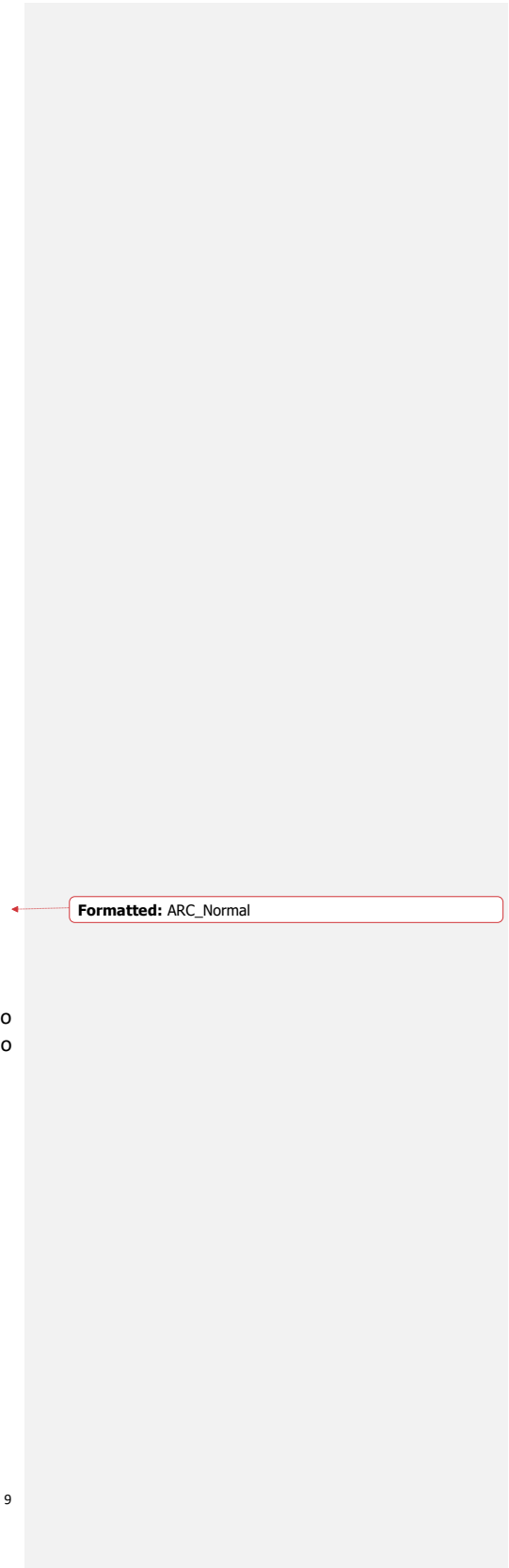
PFM Reform Actions

The purpose of the PFM-RAA is not only to assess current and historical performance, it also provides a platform and concrete indicators as the basis for setting targets for improvements to the PFM systems, processes and performance that would be assessed again in a year's time.

Figure 7 Targeted Score Dynamic between Y and Y+1

INSERT GRAPH FROM SCORE DYNAMICS

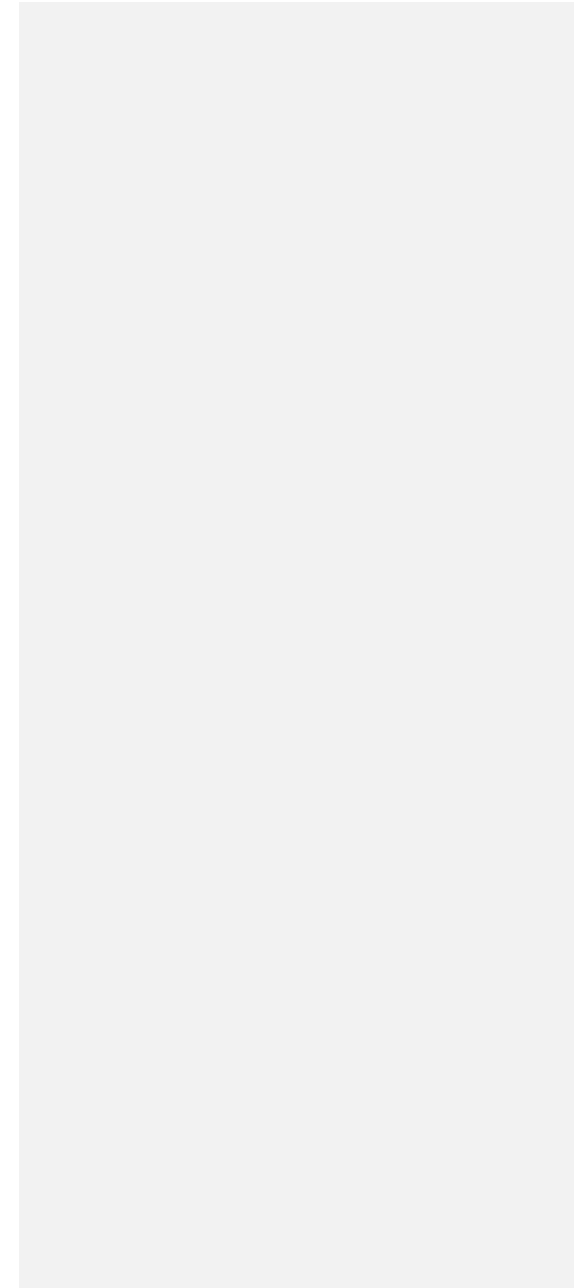
Full scores, justification and targets for Y+1 are provided in the Section 3.



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Table 2 Summary of Scores and Targets

INSERT TABLES FROM SUMMARY OF SCORES



Section Three: Detailed Assessment (Y-1 and Y) and Targets (Y+1)

The assessment was conducted for two years – Y-1 and Y (covering Y-2 and Y-1 performance respectively). A target was also recorded for Y+1 (which would assess performance in Y).

3.1. Fiscal Performance

The fiscal performance indicators assess some of the “symptoms” of the PFM system as a whole from a financial perspective (not necessarily from a Value for Money perspective) – most notably the ability of the State to budget accurately, to make positive steps in increasing revenue generation, and in the composition of expenditure both from an economic and a sectoral perspective.

In order to assess the scores for the two years under review, fiscal performance data was compiled for the period Y-3 to Y-1. The data for the two scoring periods is presented in Table 3 and Table 4 below.

Table 3 Fiscal Performance Data (for Y-1 Assessment)

INSERT TABLE FROM 1. FP PREVIOUS YEAR

Table 4 Fiscal Performance Data (for Y Assessment)

INSERT TABLE FROM 1. FP CURRENT YEAR

Summaries of the scoring for the two periods under review are provided in Table 5 and [INSERT TABLE FROM 1. FP PREVIOUS YEAR](#)

[Table 6](#) [INSERT TABLE FROM 1. FP PREVIOUS YEAR](#)

[Table 6](#) [Table 6](#) below.

Table 5 Fiscal Performance Percentages and Scores (Y-1 Assessment)

INSERT TABLE FROM 1. FP PREVIOUS YEAR

Table 6 Fiscal Performance Percentages and Scores (Y Assessment)

INSERT TABLE FROM 1. FP CURRENT YEAR

The Government nominated, both for the purposes of scoring and the owner of the reform targets, xxx.

The scoring for the 16 indicators (A-P) for Y-1 and Y as well as the target for Y+1 for this cluster are provided in Table 7 below.

Table 7 Scoring and Targets for Fiscal Performance indicators

3.2. Budget Preparation

The indicators under Budget Preparation assess the entire cycle from the calendar, through the MTEF process (both top down and bottom up) into the annual budget preparation, review and approval (passing into Law). Generally, the indicators look at the last preparation cycle – so the score in 2017 refer to the preparation of the 2017 budget (in 2016) and so on.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, xxx.

The scoring for the eight indicators (A-I) for Y-1 and Y as well as the target for Y+1 for this cluster are presented in Table 8 below.

Table 8 Scoring and Targets for Budget Preparation indicators

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3.3. Budget Execution

The Budget Execution indicators focus on management of cash, financial management (budget, commitment) controls and the transparency of fiscal relations between the state and local governments. It also looks at the use of IFMIS in the execution of the budget.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, xxx.

The scoring for the eight indicators (A-H) for Y-1 and Y as well as the target for Y+1 for this cluster are provided in Table 9 below.

Table 9 Scoring and Targets for Budget Execution indicators

INSERT TABLE FROM REPORT DETAIL

4.4. Internal Revenue

Tax Policy and Administration in the State is key to realizing revenue in line with the level of macroeconomic activity in the State. This cluster looks at key indicators of good tax policy and administration.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, xxx.

The scoring for the four indicators (A-D) for Y-1 and Y as well as the target for Y+1 for this cluster are provided in Table 10 below.

Table 10 Scoring and Targets for Internal Revenue indicators

INSERT TABLE FROM REPORT DETAIL

3.5. Accounting and Reporting

Accounting and Reporting are critical for both internal management of the State’s resources but also allow for external scrutiny from a number of key stakeholders (civil society, private sector, lenders and development partners). The indicators under this cluster look at the key aspects of sound account and reporting.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, xxx.

The scoring for the eight indicators (A-H) for Y-1 and Y as well as the target for Y+1 for this cluster are provided in Table 11 below.

Table 11 Scoring and Targets for the Accounting and Reporting indicators

INSERT TABLE FROM REPORT DETAIL

3.6. Audit

Internal and External audit are significant components of the PFM system in any country or State. This cluster concentrates on three key areas for state governments in Nigeria – biometric assessment (with the view of eliminating ghost workers in order to rationalise the public payroll), continuous audit and timely submission of the audited accounts to the legislature.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, xxx.

The scoring for the three indicators (A-C) for Y-1 and Y as well as the target for Y+1 for this cluster are provided in Table 12 below.

Table 12 Scoring and Targets for Audit indicators

INSERT TABLE FROM REPORT DETAIL

3.7. Debt Management

Debt management, in terms of contracting, servicing and repayment, is often a major element of overall fiscal management. Poor management of debt and guarantees can create unnecessarily high debt service costs and can create significant fiscal risks. The maintenance of a debt data system and regular reporting on main features of the debt portfolio and its development are critical for ensuring data integrity and related benefits such as accurate debt service budgeting, timely service payments, and well-planned debt roll-over. Poor debt management procedures can lead to increased borrowing costs, poor decision making and possible default on debt, with associated consequences.

The data for assessing indicators 7.C-7.E are presented in Table 13 and [INSERT TABLE FROM 1. FP PREVIOUS YEAR](#)

[Table 14](#) [INSERT TABLE FROM 1. FP PREVIOUS YEAR](#)

[Table 14](#) below.

Table 13 Debt Data for Scoring Y-1

INSERT TABLE FROM 1. FP PREVIOUS YEAR

Table 14 Debt Data for Scoring Y

INSERT TABLE FROM 1. FP CURRENT YEAR

The scoring of indicators 7.C-7.E are presented in Table 15 and [INSERT TABLE FROM 1. FP PREVIOUS YEAR](#)

[Table 16](#) [INSERT TABLE FROM 1. FP PREVIOUS YEAR](#)

[Table 16](#) below.

Table 15 Scoring of Indicators 7.C-7.E for Y-1

INSERT TABLE FROM 1. FP PREVIOUS YEAR

Table 16 Scoring of Indicators 7.C-7.E for Y

INSERT TABLE FROM 1. FP CURRENT YEAR

The indicators in this cluster assess processes as well as some key indicators on debt position.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, xxx.

The scoring for the five indicators (A-E) for Y-1 and Y as well as the target for Y+1 for this cluster are provided in Table 17 below.

Table 17 Scoring and Targets for Debt Management indicators

INSERT TABLE FROM REPORT DETAIL

3.8. Legislative and Institutional Framework

The institutional and legal framework for Public Financial Management are keen foundations for a strong PFM system. Legislation flows into regulations and manuals that are core to the day-to-day operation of government whilst institutions, and relationships between institutions, are also key to sound PFM practices. Best practice in PFM in Nigeria has evolved in recent years with the introduction of fiscal responsibility legislation and commissions, whilst the recent squeeze on resources has highlighted the need for efficiency in expenditure.

The indicators in this cluster look at the core legislation underpinning PFM and the new above-mentioned institutional requirements.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, xxx.

The scoring for the six indicators (A-F) for Y-1 and Y as well as the target for Y+1 for this cluster are provided in Table 18 below.

Table 18 Scoring and Targets for the Legislative and Institutional Framework indicators

INSERT TABLE FROM REPORT DETAIL

3.9. Openness and Transparency

The budget is a government's ex-ante plan for how it is going to use the public's resources to meet the public's needs, and is based on the policy priorities of the incumbent administration. At the same time, accounts provide confirmation of what resources were mobilized and where they were spent – both in-year and ex-poste. Transparency means people can access information on how much is allocated to different types of spending, what revenues are collected, and how international donor assistance and other public resources are used.

While providing the public with comprehensive and timely information on the government's budget and financial activities can strengthen oversight and improve policy choices, keeping the process closed can have the opposite effect. Restricting access to information creates opportunities for governments to hide unpopular, wasteful, and corrupt spending, ultimately reducing the resources available to fight poverty.

The indicators in this cluster look at the availability of the key documents in the budget preparation, execution and accounting / audit process.

The Government nominated, both for the purposes of scoring and the owner of the reform targets, xxx.

The scoring for the seven indicators (A-G) for Y-1 and Y as well as the target for Y+1 for this cluster are provided in Table 19 below.

Table 19 Scoring and Targets for Openness and Transparency indicators

INSERT TABLE FROM REPORT DETAIL

Section Four: Workshops Participants

Table 20 List of Participants at Focus Group Discussion

INSERT TABLE

Table 21 List of Participants at Focus Group Validation Meeting

INSERT TABLE