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Operations Policy & Country Services

E-Procurement Deployment at the State Level in Nigeria – World Bank SFTAS Support

E-GP Conference 2020

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Information about Nigeria

- West Africa country
- Population about 200 million
- Political structure – Federal system
- 36 states with fiscal autonomy
- Most states have Public Procurement
- Most states have Public Procurement Agencies
- Electronic Government Procurement not existence.



The Federal Government has agreed with the World Bank on the State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results

- The **SFTAS Program Development Objective (PDO)** is to **strengthen the fiscal transparency, accountability and sustainability in Nigeria States**
- The SFTAS Program provides **performance-based grants and technical assistance to States to implement the 22-point Fiscal Sustainability Plan (FSP) and the Open Government Partnership (OGP) commitments over 4 years (2018-2021)**
- The SFTAS Program aims to significantly improve outcomes of participating states in **4 key result areas (KRA's)**:
 - **Increase Fiscal Transparency and Accountability**
 - **Strengthen Domestic Revenue Mobilization**
 - **Increase Efficiency in Public Expenditure**
 - **Strengthen Debt Sustainability**

Elements of Program for Results Financing Instrument

Essential Elements

- Disbursement Linked Indicators
 - Agreed results to be achieved for disbursement
 - Verification Protocols
- Program Expenditure Framework
 - Identified expenditures linked to the achievement of results
 - Program Audit
- Program Action Plan – derived from the following assessments:
 - Technical Assessment
 - Integrated Fiduciary Systems Assessment
 - Environmental and Social Systems Assessment
 - Integrated Risk Assessment

Optional

- Technical Assistance as an Investment Project Financing
- Donor Co-financing
- Advance financing

To access the annual performance-based grants, States have to do the following: 1) Achieve the Eligibility Criteria (EC) each year, and

- **Strong consensus across states that these are the two priority FSP actions**, requiring mostly behavioral change and achievable by all states committed to the reforms, to serve as the EC
- **In years 3 and 4, states are required to align with international best practices (NCOA and IPSAS)**
- **Different entry points to accommodate different starting points:** states not achieving the EC in Year 1 won't access Year 1 performance-based grants BUT they can aim to join the Program in Year 2 or 3

Eligibility Criteria	Year 1 - 2018	Year 2 - 2019	Year 3 - 2020	Year 4 - 2021
Publish annual state budgets	FY19 state budget approved by the Assembly and published online by end Feb 2019	FY20 state budget approved by the Assembly and published online by end Jan 2020	FY21 state budget, prepared under national Chart of Accounts, approved by the Assembly and published online by end Jan 2021	FY22 state budget, prepared under national Chart of Accounts, approved by the Assembly and published online by end Jan 2022
AND				
Publish audited financial statements	AND FY17 audited financial statement submitted to the Assembly and published by Dec 2018	AND FY18 audited financial statement submitted to the Assembly and published by Sept 2019	AND FY19 audited financial statement, prepared in accordance with IPSAS, submitted to the Assembly and published by Aug 2020	AND FY20 audited financial statement, prepared in accordance with IPSAS, submitted to the Assembly and published by Jul 2021

2) Achieve Disbursement-Linked Indicators/Results (the performance-based grant is in proportion to the number of DLIs achieved), and

Common performance/results framework of 9 Disbursement-linked indicators (DLIs) – a subset of the FSP and OGP reforms

Achievement of each DLI is valued between \$0.3 to \$2 million per State, per year

Total annual disbursement to each State is in proportion to how many DLIs the State achieved that year...

... as verified independently by the Auditor-General for the Federation and an external audit firm

Annual performance results will be published to promote transparency and peer learning

Result Area 1: Increase Fiscal Transparency and Accountability

DLI 1: Improved financial reporting and budget reliability

DLI 2: Increased openness and citizens' engagement in the budget process

Result Area 2: Strengthen Domestic Revenue Mobilization

DLI 3: Improved cash management and reduced revenue leakages through implementation of State TSA

DLI 4: Strengthened Internally Generated Revenue (IGR) collection

Result Area 3: Increase Efficiency in Public Expenditure

DLI 5: Biometric registration and bank verification number (BVN) used to reduce payroll fraud

DLI 6: Improved procurement practices for increased transparency and value for money

Result Area 4: Strengthen Debt Sustainability

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

DLI 6 – Improved Procurement Practices

	Disbursement Linked Results			
	2018	2019	2020	2021
DLI 6: Improved procurement practices for increased transparency and value for money	6.1 Existence of public procurement legal framework and procurement regulatory agency. Said legal framework should conform with the UNCITRAL Model Law and provide for: 1) 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 2020/Year 3)			
	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 state website or online portal if available	<p><i>Basic Target</i></p> <p>Signed the framework contract by 31 December 2020</p> <p>AND</p> <p>Publish contract award information above a threshold set out in the Operations Manual for 2020 on a monthly basis in OCDS format on the online portal</p> <p><i>Stretched Target</i></p> <p>6.2 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</p> <p>AND</p> <p><i>For those MDAs without e-procurement:</i></p> <p>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.</p>	<p>6.2 Implement e-procurement in at least 4 MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the 4 MDAs</p> <p>AND</p> <p><i>For those MDAs without e-procurement:</i></p> <p>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</p>

DLI 6 Values

	Disbursement Linked Results Values			
	2018	2019	2020	2021
<i>DLR 6.1 value</i>	<i>\$2m per state (one-time payment)</i>	<i>\$2m per state (one-time payment)</i>	<i>\$2m per state (one-time payment)</i>	<i>\$2m per state (one-time payment)</i>
<i>DLR 6.2 value</i>	<i>\$0.5m per state</i>	<i>\$0.5m per state</i>	<i>\$1.0m per state (Basic Target)</i> <i>\$1.5m per state (Stretched Target)</i>	<i>\$2.0m per state</i>

DLR 6.2 (Contract Award Disclosure) VERIFICATION PROTOCOL

DLR description as per DLI Matrix	Definition/Description of DLR achievement
Disclosure of Contract Award Information Publish contract award information above a threshold set out in the Operations Manual on a monthly basis in OCDS format on [the state website/ on the online portal	<u>For MDAs without e-Procurement:</u> publish contract award information for 2018, 2019, 2020 and 2021 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 <u>For 2020 onwards for MDAs with e-procurement:</u> 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 during the fiscal year that are in line with the Open Contracting Data Standards (OCDS).

DLR 6.2 (e-GP) VERIFICATION PROTOCOL

DLR description as per DLI Matrix	Definition/Description of DLR achievement
Implementation of e-Procurement Implement e-procurement in at least [3/4] MDAs (incl. Education, Health and Public Works) and publish all contract award information in OCDS format on the online portal for the [3/4] MDAs	<p>Yr. 2020, states will have;</p> <p>Basic Target</p> <p>Sign the SaaS e-Procurement Framework Contract</p> <p>Stretched Target</p> <p>implement e-procurement in at least 3 MDAs (including Education, Health and Public Works) . E-Procurement for the 2020 results DLI is implementation of e-Publishing/Notification module for contract notice and contract award –</p> <p>Yr. 2021, states will have;</p> <p>Implement e-procurement in at least 4 MDAs (including Education, Health and Public Works) . E-Procurement for 2021 results DLI is implementation of the five modules: e-Registration, e-Publishing/Notification, e-Procurement Plan, e-Tendering and e-Evaluation/e-Awarding.</p>

DATA SOURCES

- State Bureau for Public Procurement, Public Procurement Agency or equivalent
- States official websites, which can be websites of
 - Office of the Auditor-General for States
 - State Government
 - Other relevant Ministries such as Finance, Budget and Economic Planning,
 - State House of Assembly
- Open contracting online portal
- Office of the State Accountant General
- Ministries of Health, Education, Works etc

VERIFICATION PROCEDURES – CONTRACT AWARD DISCLOSURE

The IVA will carry out the following;

- Obtain a schedule of all contracts awarded during the year under assessment above the threshold
- For the 2018, 2019, 2020 and 2021 (for MDAs without e-procurement) Annual Performance Assessment (APA),
 - confirm whether the disclosures on publish data on all the various processes in the procurement cycle,
 - for all contracts awarded during the fiscal year that are above the threshold on the state official website are compliant with/in line with the Open Contracting Data Standards (OCDS).
- For the 2020 APA and 2021 APA for MDAs with e-procurement,
 - confirm that the States have an online portal established to record and publish data on all the various processes in the procurement cycle,
 - for all contracts awarded during the fiscal year and confirm whether the data published is in line with the Open Contracting Data Standards (OCDS).

VERIFICATION PROCEDURES – 2020 APA (E-GP)

- For the 2020 APA (2020 year under assessment) – **Basic Target**;
 - Confirm whether the State has signed the SaaS e-Procurement Framework Contract
- For the 2020 APA (2020 year under assessment) – **Stretched Target**;
 - Confirm whether the State has implemented e-procurement in at least three (3) MDAs (including Education, Health and Public Works).
 - Obtain a report on all transactions for the three MDAs for the year directly from the e-procurement systems.
 - Obtain a separate report of procurements for all three MDAs for the year from the Accountant General.
 - Compare with the system generated report and confirm all transactions stated on the Accountant General's report that all were conducted through the e-procurement system.
 - 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).
 - Document any instances where parts of the transaction were conducted outside of the e-procurement system.
 - Confirm whether the e-Publishing/Notification module for contract notice and contract award has been implemented and was effective during the year. Obtain evidence of these for the selected sample transactions.



VERIFICATION PROCEDURES – 2021 APA (EGP)

- For the 2021 APA (2021 year under assessment);
 - Confirm whether the State has implemented e-procurement in at least four (4) MDAs (including Education, Health and Public Works).
 - Obtain a report on all transactions for the four MDAs for the year directly from the e-procurement systems.
 - Obtain a separate report of procurement for all four MDAs for the year from the Accountant General
 - Compare with the system generated report and confirm all transactions stated on the Accountant General's report were conducted through the e-procurement system.
 - Select a sample of five (5) transactions at random for each MDA and conduct a walkthrough test of the procurement lifecycle.
 - Document any instances where parts of the transaction were conducted outside of the e-procurement system.
- Confirm whether the e-Registration, e-Publishing/Notification, e-Procurement Plan, e-Tendering and e-Evaluation/e-Awarding modules have been implemented and were effective during the year. Obtain evidence of these