Report Number : ICRR0023179

1. Project Data

Project ID P161998	**Program Name** NG Kaduna Economic TransformationPforR	
Country Nigeria	**Practice Area(Lead)** Finance, Competitiveness and Innovation	
L/C/TF Number(s) IDA-60980,IDA-60990	**Closing Date (Original)** 31-Mar-2021	**Total Program Cost (USD)** 354,889,223.81
Bank Approval Date 20-Jun-2017	**Closing Date (Actual)** 31-Dec-2021	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	350,000,000.00	0.00
Revised Commitment	350,000,000.00	0.00
Actual	354,889,223.81	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Program Context and Development Objectives

a. Objectives

The Development Objective (PDO) of this Program-For-Results (PforR) program, as stated in the Loan Agreement (Schedule 1, page 5) and the Project Appraisal Document (PAD, page 11), is:

" To improve the business-enabling environment and strengthen fiscal management and accountability in Kaduna State. "

For this Implementation Completion Report Review (ICRR), the objectives of this program are taken to be:

PDO 1. To improve the business-enabling environment in Kaduna State.

PDO 2. To strengthen fiscal management in Kaduna State.

PDO 3. To strengthen fiscal accountability in Kaduna State.

b. Were the program objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

This PforR supported Kaduna State's Development Plan's (KSDP) economic development and governance pillars. The program consisted of the following activities (Loan Agreement, page 5).

1. Promoting private investment through reforms aimed to provide an enabling environment for private sector development through: (a) improving regulations affecting the entry and operations of small and medium enterprises (SMEs); (b) improving investment policy and promoting Public-Private-Partnerships (PPP); (c) simplifying property registration; and (d) implementing a framework for inclusive land-intensive agricultural investments.

2. Strengthening fiscal management and accountability through reforms aimed at: (a) improving revenue generation; (b) strengthening management of public investment; and (c) fostering fiscal accountability.

e. Comments on Program Cost, Financing, Borrower Contribution, and Dates

Program cost. The estimated cost at appraisal was US$490.00 million. The actual cost was US$354.88 million. According to the team, the Program for Results (PforR) operation supported a subset of a broader government program. The PforR envelope was US$350.00 million. As the focus of the PforR was on strengthening the Kaduna State systems, the expenditure framework included only the capital expenditure necessary for the functioning of the state-level entities responsible for achieving PDO indicators and did not include infrastructure investments. While the PforR supported US$350.00 million, the remaining expenditures were financed through the state government budget.

Program financing. The program was financed by an IDA credit of US$350.00 million. US$354.88 million was disbursed. The difference between the credit and disbursement was mainly due to exchange rate changes during implementation.

Recipient contribution. The recipient contribution of US$140.00 million was planned at appraisal. The state government contribution was as planned.

Dates. The program was approved on June 20, 2017, became effective on April 26, 2019, and was scheduled to close on March 31, 2021. The program closed nine months behind schedule on December 31, 2021. The effectiveness date - the first subnational loan approved by the government - was delayed as the program needed to be included in the national borrowing plan. The ICR notes that there was a 22 months gap between approval and effectiveness due to political reasons.

Other changes. The following changes were made through the level 2 restructuring on March 23, 2021.

- The delay between approval and effectiveness and the COVID-19 pandemic and the resultant lockdown in the final years slowed the pace of reforms in two of the ten disbursement-linked indicators (DLIs) designed for a five-year implementation period. Therefore, the closing date was extended by nine months to complete the activities.
- Two DLIs were unlikely to be completed within the project timeframe. Hence, their scope was reduced, and the funds for these DLIs were reallocated to other DLIs where the state was overachieving (discussed in section 3b).
- Some DLIs were clarified to reflect better progress, and the scope of one DLI (# 10) was expanded.

3. Relevance

a. Relevance of Objectives

Rationale

Country context. Although Nigeria's growth (on average 7%) driven by the oil price boom was stable before the appraisal, poverty reduction was not commensurate with growth. Moreover, the oil sector's contribution to fiscal revenue declined (from 86% in 2011 to 67% in 2014). Government revenue depended on the oil sector, with limited contributions from on-oil sectors due to: (i) the higher degree of the informality of the non-oil sector; and (ii) a weak system for tax assessment and collection. Hence, providing an enabling environment for private sector development in the non-oil sector and increasing revenues from these sectors to compensate for the declining oil revenues was important for the Government strategy.

State context. Centrally located in Northern Nigeria, Kaduna state - the fourth largest economy in Nigeria, is the gateway to the 19 northern states. Despite a long history of conflicts, Kaduna was one of the most advanced in the development path in terms of human capital and service delivery.

Government strategy. Of the three objectives specified in the Government's Economic Recovery and Growth Plan (ERGP) for 2017-2020, this operation was well-aligned with two objectives: (i) restoring growth; and (ii) building a globally competitive economy through industrialization. Recognizing that sub-national entities had a critical role in the national strategy, the ERGP encouraged them to develop their economic plans per the policy objectives laid out in ERGP.

Kaduna state plan. The Kaduna State adopted the Kaduna State Development Plan (KSDP) for 2016 - 2020, consistent with the ERGP. This operation directly supported two of the four plan areas: (i) private sector-led growth; and (ii) strengthening fiscal sustainability.

Bank Strategy. The PDO was well-aligned with the Bank strategy for Nigeria. At appraisal, the operation was directly aligned with two goals of the Country Partnership Strategy (CPS) for 2014 - 2017: (i) promoting diversified growth and (ii) strengthening governance and public sector management. The PDO was directly related to two pillars of the Bank's current Country Partnership Framework (CPF) for 2021-2025. Pillar One of the CPF highlighted the need for increasing domestic resource mobilization and improving the quality of public expenditure; Pillar Three underscored the need for diversification of the economy and private sector development.

Bank experience. The Bank has a long history of financing projects in Nigeria. This PforR operation in Kaduna state was the first subnational loan approved by the government. The Bank considered this instrument appropriate for four reasons: (1) The state had a comprehensive and compelling development plan for 2016 - 2020 (KSDP) and a detailed results framework and medium-term and institutional frameworks to support the plan's implementation. (2) By aligning with the KSDP's outputs and outcomes, the Program left room for adjustments along the results chain that will allow the state to take necessary measures to address unforeseen challenges; (3) Before approval, the state had made some progress in strengthening its institutions and systems. The PforR further supported the state's institutional capacity building; (4) The focus on results aligned with the state government leadership's commitment to visible results and impacts. While this operation did not directly provide technical assistance (TA), there was TA from external donors (especially through the United Kingdom's Department for International Development), through their ongoing and envisioned activities (discussed in section 9).

The three results areas of this operation were: (1) improving the business-enabling environment; (2) strengthening fiscal management; and (3) strengthening fiscal accountability. There were ten disbursement-linked indicators (DLIs), including five for results area one, three for results area two and two for results area three (discussed below).

Rating

High

b. Relevance of DLIs

DLI 1

DLI

Reforms in this area aimed to simplify the business process. DLI # 1 measured the aggregate reduction in time for starting a business, dealing with construction permits and registering property.

Rationale

The Bank conducted a Subnational ease of doing business, " Doing Business in Nigeria," in 2014, covering the 36 states and the Federal Territory of Abuja. The exercise measured progress in these regulatory areas:

starting a business, dealing with construction permits, and registering property. The DLI # 1 measured user feedback on time taken to carry out these processes when the operation closed compared to the baseline. This indicator could be verified and directly measured progress toward simplifying the business process for the entry of new investors in the state. The relevance of this DLI is rated as Substantial.

Rating
Substantial

DLI 2

DLI
DLI # 2. measured the new Certificate of Occupancies (CofO) issued during the program's execution period.

Rationale
The Government enacted legislation approving Kaduna Geographical Information Services (KADGIS) Systematic Property Registration Program. This program aimed to strengthen citizen property rights by issuing new CofO. The DLI was linked to the number of new CofOs issued by KADGIS when the program closed. This indicator was quantifiable and could be verified and directly related to the PDO of improving the business-enabling environment. Therefore, this indicator is rated substantial.

Rating
Substantial

DLI 3

DLI
DLI # 3 measured the number of Memorandums of Understanding (MoUs) signed between investors and the Kaduna Investment Promotion Agency (KADIPA) during the program's execution period.

Rationale
The Government enacted legislation for setting the Kaduna Investment Promotion Agency (KADIPA) as a one-stop investment center for prospective investors. KADIP'A mandate was to coordinate investments of the Ministries, Departments and Agencies (MDAs). The DLI was linked to the number of MOUs signed by prospective investors and KADIPA. This DLI could likely help the prospective investors - both domestic and foreign. The indicator could be verified. Therefore, this DLI is rated as substantial.

Rating
Substantial

DLI 4

DLI

Reforms in this area aimed to state's capacity to undertake Public-Private-Partnership (PPP) arrangements. This indicator used for monitoring was that at least one PPP project was in the pipeline when the operation closed.

Rationale

When this operation was designed, the legal and institutional frameworks for PPPs in the Kaduna state were incomplete. The DLI was linked to the completion of one PPP when the operation closed. This indicator could be verified and was appropriate for the PDO of improving the business-enabling environment in the state. Therefore, this DLI is rated as substantial. However, the delay between approval and effectiveness affected the implementation of this activity, which required more time. As a result. the final step of achieving commercial closure of the PPP was dropped and the scope of this activity was reduced.

Rating

Substantial

DLI 5

DLI

Reforms in this area aimed to develop and implement a legal framework for Responsible and Inclusive Land intensive agricultural investments (FRILIA). DLI # 5 was linked to the adoption of the FRILIA to ensure that land acquisition and resettlement for large-scale agribusiness investments were in line with established good international practices.

Rationale

As with the previous DLI. the time lag between project approval and effectiveness affected the implementation of reforms in this area, which required more time. Further. TA for the reforms were to come from an envisioned DFID operation which did not materialize. Although the DLI was verifiable and appropriate for the PDO, the social audit to verify the implementation of FRILIA was dropped with the project restructuring.

Rating

Substantial

DLI 6

DLI

Reforms in this area aimed to measure the budget realism of the Kaduna State Government in mobilizing revenue. DLI # 6 were linked to the increase in internally generated revenue outturn (IGR) (measured by the ratio of IGR actual/budgeted).

Rationale

The Kaduna state implemented the Tax Codification and Consolidation Law that consolidated all taxes payable in the state into one law. The state also introduced a presumptive tax regime for bringing in revenue from the previously untapped informal sector. According to the clarifications provided by the team, a presumptive tax regime refers to a simplified tax system designed for SMEs or individuals whose income or financial transactions might be difficult to assess or document accurately. Under this regime, the tax authorities make presumptions about the income or profits of such entities based on certain factors like their turnover, industry standards, or other indicators. This law also eliminated cash payments at all government agencies. The DLI was linked to the increase in IGR outturn. This indicator could be verified and was likely to help improve revenue generation through better tracking. Therefore, this indicator is rated as substantial.

Rating
Substantial

DLI 7

DLI
Reforms in this area aimed to strengthen fiscal management through improving tax collection. This DLI # 7 measured the increase in the number of registered taxpayers that used the Tax identification Number (TIN) (a proxy for improving tax compliance and broadening the tax base).

Rationale
The Kaduna state had an outreach program that sensitized citizens on the reforms completed and was also used as a vehicle for the tax registration drive. This DLI could be verified and would help in improving tax collection. Therefore, this DLI is rated as substantial.

Rating
Substantial

DLI 8

DLI
DLI # 8. Reforms in this area aimed to improve management of public investment. The DLI measured the increase in the capital expenditure execution rate.

Rationale
This indicator could be verified and was directly related to the PDO of strengthening fiscal management in the state. Therefore, the relevance of this indicator is rated as substantial.

Rating
Substantial

DLI 9

DLI
Reforms in this area aimed to strengthen fiscal accountability in Kaduna state. Specifically. this indicator was linked to the implementation of e-procurement, public-disclosure of contract awards and procurement audits in 15 main procuring ministries, departments and agencies.

Rationale
Given that E - procurement is a recognized tool that would help in mitigating fraud and promoting transparency in procurement, this DLI was appropriate for strengthening fiscal accountability. The indicator could be verified. Therefore, this DLI is rated as substantial.

Rating
Substantial

DLI 10

DLI
Reforms in this area aimed to strengthen fiscal accountability and government responsiveness to citizens' feedback on fiscal performance. The DLI measured the percentage of capital projects that were executed in response to citizens' feedback captured by the monitoring and evaluation (M&E) system.

Rationale
This DLI was appropriate for strengthening fiscal accountability. The indicator could be verified. Therefore, this indicator is rated as substantial.

Rating
Substantial

OVERALL RELEVANCE RATING

Rationale
The PDO was well-aligned with the Federal Government's public administration reform priorities and complimented the state government's Plan outlined in the Kaduna State Development Plan (2016 - 2020). The PDO was aligned with the Bank strategy for Nigeria. The DLIs were directly related to the intended outcomes and could be verified. The PforR instrument was appropriate to incentivize the policy reforms.

The results areas complemented one another. Improving the business environment would help increase private sector activities and generate internally generated revenue for economic development. Improving fiscal management and accountability would likely help ensure that the State's limited financial resources were utilized to finance investments in human and physical assets, which would further catalyze private investments. The theory of change showing the causal links between the results areas, the DLIs, and the intended outcomes was logical (discussed below). Therefore, overall relevance is rated as substantial.

Rating
Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

PDO 1. To improve the business environment in Kaduna State.

Rationale

Theory of Change. The theory of change underlying the PDO was that reforms aimed at simplifying the business processes, establishing the Kaduna investment promotion agency (KADIPA) and the Kaduna Geographic Information Services (KADGIS) for implementing the Systematic Property Registration System, would improve the business environment in Kaduna State. These reforms were likely to help in reducing the transactions and compliance costs that affected the entry and operations of prospective and existing investors. The causal links between the results area, the DLIs, and the intended outcomes were logical, and the outcomes were monitorable.

Outcomes.

Kaduna State automated the registration process to reduce the time taken to start a business. There was a significant reduction in processing times for key business services (such as getting business premises certificates, taxpayer identification numbers, development permits, certificates of occupancy, and contract vetting). The aggregate time for starting a business in the state they have declined from 248 days at the baseline (December 31, 2014) to 72 days by the end of December 2021, exceeding the target of 123 days. (The time taken for starting a business declined from 31 days to 10, the time taken for registering a property declined from 112 days to 30, and the time taken for dealing with construction permits declined from 105 days to 32).

Under the Systematic Property Registration Program (KADGIS), 69,064 households obtained a new Certificate of Occupancy (CofO) in December 2021 from a zero baseline in 2016, exceeding the target of 40,000. This was made possible due to several factors: (1) The stamp duty was reduced from 3% to 1.5%, and the registration fee (hitherto fixed at 3% of the property value) was replaced by a flat fee of Nigerian Naira (NGN) 80,000 (about US$363); (ii) elimination of four procedures that were previously conducted for assessing property value; (iii) introducing the option of paying the registration fees using a credit card. Further, several application forms, fees, and guidelines that had to be obtained in person could be downloaded from the KADGIS website. Under KADGIS, the cost of getting a CofO was set at Nigerian Naira (NGN) 5,000 for men, 2,500 NGN for women, and NGN 8,000 for multiple owners. According to the data provided by the Independent Verification Agent (IVA), it took less than 20 days to get the Governor's consent by the end of the Program - less than half the time it took in 2014.

According to the Kaduna Investment Promotion Agency's (KADIPA) Management Information System (MIS), 33 new MOUs were signed between the state and investors. KADIPA identified six levels of prospective investors: (i) those with initial inquiries; (ii) those with detailed inquiries; (iii) those that had signed the MOU; (iv) those whose due diligence had been completed; (v) those who had initiated their operations; and (vi) aftercare. When the operation closed, 23 of the 33 prospective investors had reached the level of operations initiated or aftercare levels, exceeding the target of 20.

Detailed feasibility studies for one PPP arrangement were established. The ICR noted that the ICR had not been able to verify the implementation of the PPP on the ground as the work was still ongoing when the operation closed. According to the team, some progress has occurred on the PPP since the operation closed. On May 10th, 2023, the state adopted the law enacting PPP. This law took all the PPP frameworks adopted under the PforR to strengthen PPP in the state further. The team also clarified that since the PPP frameworks were developed, three PPPs had been completed by reaching their implementation stage, and an additional four were in the development stage.

The framework for Responsible and Inclusive Land Intensive Agricultural Investments (FRILIA) was developed in line with approved principles and through a consultative process. Kaduna State approved the FRILIA law on September 30, 2021. The ICR notes that this reform was of interest to many other states, with Ogun state and others looking to Kaduna state for lessons and peer learning.

This review concludes that Kaduna State significantly improved the business environment. Therefore, the efficacy of this PDO is rated as substantial.

Rating
Substantial

OBJECTIVE 2

Objective
PDO 2. To strengthen fiscal management in Kaduna State.

Rationale
Theory of change. The theory of change underlying this PDO was built on the logic that: (i) strengthening the state's fiscal management would likely help ensure that increasing fiscal revenues are utilized to invest in human and physical assets and catalyze private investments. The causal links between the results area, the DLIs, and the intended outcomes were logical. The intended outcomes were monitorable. and (ii) strengthening the fiscal accountability of the state would likely aid in ensuring that increasing fiscal revenues are utilized for financing investments in human and physical assets. The causal links between the results area, the DLIs, and the intended outcomes were logical. The intended outcomes were monitorable.

Outcomes.

The internally generated revenue (IGR) outturn (the ratio of actual to budgeted revenue) increased from 42% at the baseline to 154%, far exceeding the specified target of 66%.

The number of registered taxpayers with a tax identification number filing tax returns increased from 6,000 at the baseline to 495,381, far exceeding the specified target of 200,000.

The capital expenditure execution rate increased from 50% at the baseline to 87% when the operation closed, exceeding the target of 70%.

The percentage of MDAs whose budgeted capital expenditure is aligned with Sector Implementation Plans was 84% slightly below the target of 100%.

This review concludes that Kaduna State made significant progress in strengthening fiscal management. Therefore, the efficacy of this PDO is rated as substantial.

Rating
Substantial

OBJECTIVE 3

Objective
To strengthen fiscal accountability in Kaduna State.

Rationale
Theory of change. The theory of change underlying this PDO was built on the logic that strengthening the fiscal accountability of the state would likely aid in ensuring that increasing fiscal revenues are utilized for financing investments in human and physical assets. The causal links between the results area, the DLIs and the intended outcomes were logical. The intended outcomes were monitorable.

Outcomes.

16 ministries, departments and agencies were registered on the e-procurement portals with information on all procurements, exceeding the target of 15.22. Competitive process was instituted for all the procurements and they were publicly-disclosed.

22% of public capital infrastructure projects were improved in response to citizens' feedback, exceeding the target of 20%.

No data was reported on the improved performance information on service delivery since the sector scans had not been done to evaluate this indicator.

This review concludes that Kaduna State made significant progress in strengthening fiscal accountability in the state. Therefore, efficacy of this PDO is rated as substantial.

Rating
Substantial

OVERALL EFFICACY

Rationale

The Program substantially achieved all the three objectives. The PDO outcome indicators were met or exceeded. All ten DLIs achieved their target with eight DLIs exceeding the target. There were minor shortcomings in achievement of few intermediate results. Therefore, overall efficacy is rated as substantial.

Rating
Substantial

5. Outcome

The relevance of the PDO to the Government strategy and the Bank strategy for Nigeria is rated High. The DLIs were, for the most part, appropriate for realizing the outcomes. Most of the program's DLIs were linked to institutional strengthening and systems aimed to improve the business-enabling environment, fiscal sustainability, transparency, and accountability. The targets for key outcome indicators were met or exceeded. Therefore, this review rates the overall outcome as Satisfactory.

Outcome Rating
Satisfactory

6. Risk to Development Outcome

The ICR (para 104) notes that **several program achievements are likely to be sustained** given that the Kaduna government ensured that changes were institutionalized through legislation (such as setting the Kaduna Geographic Information Services (KADGIS) and the Kaduna State Internal Revenue Services (KADIRS). Further, achievements on DLIs such as the number of registered taxpayers and Certificate of Occupancy Registration under this operation could not be undone. Another critical mitigation strategy to support sustainability was the PforR focus on accountability and citizens' engagement which would generate social demand and pressure on state authorities and prevent reform reversal.

The ICR, however, also notes that there is **substantial risk due to the increasing conflict and violence** which could undermine the progress made to the business environment and the state's ability to attract investors - domestic and foreign. The increase in highway and railway attacks severely affects the flow of people and goods between the state and the rest of Nigeria.

7. Assessment of Bank Performance

a. Quality-at-Entry

This operation in Kaduna - the first sub-national lending operation - was based on sound analytical underpinnings such as (i) World Bank (2016) " *Poverty Reduction in Nigeria in the Last Decade."* This work highlighted the need for increasing the number of jobs in the modern private sector (as opposed to informal sector jobs); and (ii) World Bank (2016) " *Economic Growth in Nigeria: Past Determinants and Future Prospects."* This work highlighted the need for addressing issues relating to discrepancies between budgeted and actual capital spending due to weak cash management practices.

The implementation arrangements at appraisal were appropriate. The Kaduna State Executive Council - the highest administrative decision-making body in the state - was responsible for overall coordination. The Kaduna State Ministry of Budget and Planning was responsible for implementing the PforR operation in coordination with the Kaduna State Ministry of Finance. The implementation of this operation was supported by development partners, especially the United Kingdom Department for International Development (DFID) through the secondment of a DFID staff to the World Bank Abuja office.

Although this operation did not provide Technical Assistance (TA) directly, there was significant external technical assistance through (i) Support for investment climate reforms (land and tax administration and investment promotion) under the Growth and Employment in States (GEMS3), a joint DFID - World Bank program; (ii) Support for improving policy and regulatory environment for business through PPP dialogue under the Enhancing Nigerian Advocacy for a Better Business Environment (ENABLE) operation; (iii) TA for implementing PforR under the DFID's Partnership for Accountability, Responsiveness, and Capability (PERL); and (iv) TA for supporting competitiveness in Northern Nigeria under the Bank's Competitive Industries and Innovation Program (CIIP).

The preparation team identified several risks at appraisal, including high risks associated with governance, macroeconomic, weak institutional capacity, and conflict. Several mitigation measures were incorporated. The measures proved to be adequate. The arrangements made at appraisal for monitoring and evaluation and fiduciary compliance were appropriate (discussed in sections 9 and 10).

There was one minor shortcoming. Some of the disbursement-linked indicators at design needed more specificity. These were, however, rectified with the project restructuring.

Quality-at-Entry Rating
Satisfactory

b. Quality of supervision
The supervision team conducted four supervision missions, that is, on average two missions per year. During the restrictions in the wake of the COVID-19 pandemic, the team was able to adjust with virtual missions. The implementation was aided by the physical presence of the World Bank's Country Director in Nigeria. This enabled continuous interactions with the Kaduna State government counterparts. The supervision team was proactive in addressing the challenges. For instance, the Bank team identified that some of the disbursement-linked indicators were not likely to be achieved due to the time constraints attributed to the 22 months effectiveness delay. The Bank team proposed the restructuring of such DLIs and increase the targets for the overachieving ones. This was flagged in advance and the project restructuring allowed the program to continue. There were four different task team leaders during the implementation period. The ICR notes that changes in TTL did not disrupt the World Bank team’s ability to provide timely implementation support.

Overall Bank performance is rated as Satisfactory.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Satisfactory

8. M&E Design, Implementation, & Utilization

a. M&E Design
The PDO was realistic and aligned well with the specific areas of the KSDP. The results framework was clear, and the disbursement-linked indicators were appropriate for monitoring the operation's performance. The indicators had baseline figures and specified targets and were realistic given the capacity of the implementing agencies. Although some targets had to be revised due to the Federal-level delays affecting effectiveness, the Program featured well-designed intermediate indicators and DLIs. The PforR Program Manager, under the Ministry of Budget and Planning, was responsible for the M&E of the PforR. The arrangements were made at appraisal for verification of achievement of DLIs (including the verification protocol). The Project Implementation Unit (PIU) had an M&E officer who had experience with M&E from a previous Bank-financed project.

b. M&E Implementation
The DLIs and the Results Framework indicators were regularly measured and reported in Implementation Status and Results Reports (ISRs). The ICR (para 88) notes that the data was collected and analyzed systematically, albeit in some cases with delays by the PIU which was subsequently rectified. All data were generated by the Kaduna state government apart from DLI 1 where data were verified using methodology by the subnational Doing Business team (SNDB). The ICR notes that the World Bank discontinued publishing the Doing Business Report in the last year of implementation. Hence, additional training was provided to the Bureau of Statistics on the methodology of the Doing Business indicators.

c. M&E Utilization
The ICR (para 90) noted that all PDO level indicators were consistently and regularly tracked based on good quality data. The data provided by the implementation agencies were verified by the Independent Verification Agent. Data on the performance of the program and results were utilized for authorising the World Bank's disbursement and informing program management and decision-making.

In sum, overall M&E quality is rated as substantial.

M&E Quality Rating
Substantial

9. Other Issues

a. Safeguards
The Program focused on strengthening Kaduna State systems. As such, it supported soft rather than hard investments (that is, infrastructure). The project excluded any activities likely to have significant adverse environmental impacts or affected people, as defined in the World Bank policy on PforR financing (PAD, para 18). Most of the program's DLIs of this operation were linked to government systems aimed to improve the business-enabling environment, fiscal sustainability, transparency, and accountability, The Environmental and Social Systems Assessment (ESSA) concluded that these systems will not have adverse environmental or social effects. The ICR does not report any adverse environmental or social effects during implementation.

b. Fiduciary Compliance
Fiduciary Systems Assessment (FSA). The Bank conducted a FSA at appraisal, to examine whether the program systems provided reasonable assurance that the financing proceeds will be used for their intended purposes (PAD, page 103). The assessment concluded that the systems met the requirements of the PfR policy and were adequate for achieving the Program objectives. The FSA however identified certain risk and measures were designed to mitigate such risks. Fiduciary performance was reported as satisfactory when the operation closed (ICR, para 95).

c. Unintended impacts (Positive or Negative)
There were no unintended impacts.

d. Other
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10. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	

Quality of M&E	High	Substantial	There is a discrepancy in the rating for M&E in the data sheet and in page 91.
Quality of ICR	---	Substantial	

11. Lessons

The ICR draws the following main lessons from the experience of implementing this Program for Results (PforR) operation, with some language adaptation.

1. Factoring in a period for learning and adaptation may raise the potential for success in PforR operations. This PforR operation was the largest operation Kaduna had embarked upon, and the team tasked with implementing the program lacked implementation experience of projects of such magnitude. The Project Implementation unit (PIU) and the lead agencies had to adapt and learn on the job. The lesson learned is that for PforR instruments in the future, the World Bank, in collaboration with other partners, could employ a rigorous technical session on project implementation to build the capacity of the PIU and other stakeholders on program deliverables and strategy for implementation.

2. DLI targets should reflect activities within the borrower’s influence and control. To increase the number of taxpayers in Kaduna, the Joint Tax Board (JTB) involvement was necessary to provide a JTB Taxpayer Identification Number (TIN). However, even though the state of Kaduna had no influence over the decision-making of the Joint Tax Board, the assessment of the DLI continued. To address this concern, the DLI was restructured only to include activities within Kaduna's control and authority. To avoid such disruptions in the future, it is important to structure DLIs to focus on the borrower's internal processes and avoid dependence on external factors. This ensures that the achievement of DLIs is within the borrower's influence and control.

3. Stakeholder consultation is critical for policy reforms: The satisfactory results of the Program were attributed to continuous stakeholder engagement. Internally, the implementation process involved bottom-up consultation, which made the implementers in various Ministries, Departments, and Agencies (MDAs) feel valued and heard. To promote transparency, responsibilities typically assigned to higher-ranking officials were delegated to directors and other officers within the MDAs, minimizing the need for excessive travel. Process flow diagrams were shared within the MDAs, allowing each department to visualize how their work contributed to the broader state agenda. Furthermore, extensive public hearings were conducted at the State House of Assembly to discuss the merits and benefits of the Tax Codification and Consolidation Law to sensitize various local government actors in decision-making. Thus, the Program highlights the significance of inclusive and participatory approaches in achieving positive outcomes.

12. Assessment Recommended?

No

13. Comments on Quality of ICR

The ICR is clear and well-written. The results chain articulated in the text lets the reader see the clear, logical links between the results areas, the disbursement-linked indicators, and the intended outcomes. The evidence and analysis provided in the text are adequate for assessing the operation's performance. The ICR draws suitable lessons from the experience of implementing this operation.

There were minor shortcomings. There is a discrepancy in the rating for M&E between the main text and the datasheet. The main body of the text at 40 pages is more than twice the recommended length of 15 pages.

a. Quality of ICR Rating
Substantial