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NIGERIA – EUROPEAN COMMUNITY (EC) **COOPERATION**

FINAL 2006 JOINT ANNUAL REPORT

1. Executive Summary – global figures

At the end of 2006, overall, the political situation in the country remains stable. The independence of the legislative was confirmed after the “third term” affair. The human rights situation is improving and a legal framework is progressively being implemented despite some concerns. Economic reforms have been pursued and the financial and economic situation of the country follows a significant positive trend; however, social indicators are moving slowly, causing some concern about the ability of the country to achieve the Millennium Development Goals in 2015. The fact that the 2007 elections have been strongly criticized by most of the elections observation missions harms considerably the encouraging results Nigeria had achieved over the last year.

For the European Development Fund (EDF), 2006 has been the second year of cruising speed implementation for Nigeria. Several key projects under the 9th EDF have been launched or have moved to full implementation, including the Census project, the anti-corruption project with the Economic & Financial Crime Commission, the Support to Reforming Institutions Programme and the Water and Sanitation Programme. Global commitments reached €43 million while commitments and disbursements respectively amounted €82.1 and €82.2 million. On that basis the country is on track to achieve the implementation of the 9th EDF by 2010. The main results so far are the 2006 census, the successful implementation of the Micro-Projects Programme in the Niger Delta area, the launching of the anti-corruption project and the new start of the immunization project. Prognostics for 2007 are good, the design of all new projects has been completed and the objective of 100% of global commitments by the end of 2007 is likely to be reached.

Outside the EDF, the number of projects implemented in Nigeria through civil society organisations, financed under budget lines and contracted directly with NGOs, has significantly increased , reaching 31 with a total amount of €10 million. The role of civil society organisations is also increasing with our EDF cooperation, particularly when projects are working directly with communities or on good governance issues, and a specific programme has been designed to strengthen their capacity, which remains limited. At the end of the 9th EDF, more than €35 million will have been spent directly benefiting civil society organisations.

2. UPDATE ON THE POLITICAL, ECONOMIC SOCIAL AND ENVIRONMENTAL SITUATION

2.1 Update of the political situation

Overall update

The political situation in country was tense during 2006, with controversial constitutional amendments on the front burner. Increase in revenue for the oil producing states, independent candidacy, and tenure elongation for the President and Governors were some of the proposed amendments. However, of all these proposals, the tenure elongation or “third term” for the President and Governors remained the most controversial issue. On May 16, 2006, the Senate unanimously rejected the Constitutional Amendment Bill. This forestalled any chance of correcting some flaws in the 1999 Constitution during the Obasanjo administration.

2006 was marked by preparations for the 2007 general elections. The Independent National Electoral Commission experienced serious difficulties regarding voters' registration, due to the unavailability of the data capture machines. In December, the main political parties held their primaries for the various elective offices. Three main presidential candidates emerged: Katsina State Governor, Umaru Musa Yar'Adua, backed by President Obasanjo, was chosen for the ruling party, the Peoples Democratic Party (PDP); Vice-President Atiku Abubakar, who had resigned as member of the PDP, subsequently emerged as the presidential candidate for the Action Congress; finally, former Military Head of State, Muhammadu Buhari, won the ticket for the All Nigeria Peoples Party. PDP candidate Umaru Musa Yar Adua picked the Governor of Bayelsa State, Goodluck Jonathan as his running mate. This was in line with the ‘zoning formula’ of the party: the candidate for the Presidency would be from the North; the candidate for Vice President would be from the South-South zone.

The human rights record continues to be noticeably better than during periods of military rule. However, a series of issues remain:

- Denunciation of corrupt practises in the police force and incidents of gross human rights violations, ranging from extra-judicial killings to torture and illegal detentions continue;
- Criticism about same-sex relationships legislation (it continues to be punishable with a death or prison sentence);
- Sharia law penalties as applied in some northern states are not in line with international human rights conventions; the death penalty is also permitted by the Nigerian constitution
- The denial of women's and girls' rights, often in the context of traditional practices and laws: notably inheritance rights and widowhood practices in the east, female genital mutilation across the country, and Sharia law about crimes in the north. The Ministry of Women's Affairs and some NGOs initiated a process to incorporate CEDAW¹ as part of national law to eliminate discrimination against women but suffered delay at the National Assembly.
- Although the number of prisoners is relatively small compared with the size of the country, prison conditions remain unacceptable despite efforts by the Government and donors, notably DFID, as well as the EC LSEW/LEDAP². Over half of prisoners are held on remand.

¹ CEDAW - Convention on the Elimination of all forms of Discrimination Against Women

² LSEW/LEDAP - Law Society of England and Wales/Legal Defence and Assistance Project

- Concern over media freedom (especially raid of media houses by security agencies)
- Violent conflicts especially in the Niger Delta

The government's economic reform programme is driven by the Government's National Economic Empowerment and Development Strategy (NEEDS), based on three pillars: empowering people and improving social service delivery; improving the private sector, focusing on non-oil growth; and changing the way the government works and improving governance. NEEDS have been approved in 2004 and an update is expected in 2007.

The government has also promoted the extension of reform to lower tiers of government, through the development of State Economic Empowerment and Development Strategy (SEEDS). In particular, the government organised a second ground-breaking SEEDS benchmarking exercise in December 2006, to assess the situation in all States in four critical areas of public administration.

The Government continued to implement measures to enhance good governance, accountability, and transparency. The anti-corruption institutions, in particular the Economic and Financial Crimes Commission (EFCC), have demonstrated a rigorous approach to their mandates, with a significant number of cases under prosecution or in court, including high profile cases of ex-public officials, ministers and top civil servants. The former Ministers of Education and Housing, the former Senate President and the former Inspector General of the Police have all faced charges of corruption and /or fraud. Most notoriously, Chief Alamieyeseigha, who was standing trial in London for alleged money laundering and reportedly jumped bail, was removed from office as the Governor of the oil-rich Bayelsa state, and arrested by the Federal Government authorities. As consequence of EFCC investigations, in 2006 other Governors were removed from office by their State Houses of Assembly for corrupt practices. They include the Plateau State Governor; Chief Joshua Dariye, and Ekiti State Governor; Ayo Fayose.

The anti-corruption drive has been broadly welcomed but is not without its critics, who accuse the administration of political discrimination in its selection of targets. Others have highlighted the disregard with which the administration and its security apparatus seem to hold judicial procedure and constitutional law in the prosecution of their cases, and the effect of the immunity clauses in the constitution, which protect Governors from prosecution.

The National Population Census was conducted in March 2006 after the postponement from November 2005. The Census results released in December 2006, put Nigeria's population at 140,003,542 with an annual growth rate of 3.2%. A further breakdown showed that the male and female was 71,709,859 and 68,293,683 respectively, which translated to a ratio of 105:100 respectively. As with other previous censuses, the results have drawn some criticisms from certain quarters, especially the southern states on the outcome of the results. Notable among these states is Lagos State which is the commercial capital of Nigeria. The population of Nigeria affects the revenue allocation formula and the delineation of federal constituencies.

Conflict

Violence in the Niger Delta region escalated in 2006. The spate of kidnappings, attack of oil installations and killing of Nigerian troops increased within the year. More than 60 oil workers were kidnapped in 2006 but later released ; meanwhile, at least 37 Nigerian soldiers were killed. The oil sector experienced disruptions in its activities. The daily crude oil production has falling from 25% due to the security issues. The Minister of Finance, Mrs. Nenadi Usman told a news conference that country lost about N570 billion (€3.5bn) in revenue due to falling oil production. These losses consisted of a 3.2% fall in projected revenue and fall in Petroleum Profit Tax by 10.9%.

It is unlikely that the unrest will subside soon due to huge sums of money being paid as ransom. There has been an emergence of other militant groups apart from the Movement for the Emancipation of the Niger Delta, in recent months it has become evident while the frequency of attacks by these groups has increased.

Nigeria in the regional context

Nigeria has been particularly influential in advancing the New Partnership for Africa's Development, and has strongly promoted the African Peer Review Mechanism, and the early development of the African Union (AU).

Nigeria is a key member of the Economic Community of West African States - ECOWAS (CEDEAO) and actively participates in regional security, conflict prevention, mediation. Noteworthy is ECOWAS' shuttle-diplomacy regarding crises in Côte d'Ivoire, Guinea-Bissau and Guinea (in which the former military ruler of Nigeria General Babangida played a prominent role). Additionally, Nigeria plays a leading role in the provision of military units for participation in UN and AU Peacekeeping Missions in Liberia and Sierra Leone (ECOMOG), and more recently Sudan and Somalia. Nigerian soldiers protected the Special Court of Sierra Leone throughout 2005, and have performed well in their peace-keeping mission in Darfur and Somalia.

A delicate matter in the international scene was the request for extradition of the former President of Liberia, Charles Taylor, by the international community especially the US. Nigeria had reaffirmed its position that the incoming Government of Liberia should request for Taylor's extradition in line with the agreement entered at the time for peace to return to the country. Liberia in turn refused for Taylor to be returned to Liberia. While this was ongoing, the former Liberian President escaped from his Calabar residence but was recaptured and extradited to Liberia where a UN team was waiting to take him into custody.

Following the International Court of Justice decision of 10 October 2002, the land and maritime boundary separating Nigeria and Cameroon was defined. Both Nigeria and Cameroon agreed to abide by the Court's ruling and, in order to facilitate the implementation of the ruling, decided to set-up the Mixed Commission. To-date, the Mixed Commission has met on 18 occasions and has overseen the putting in place of around 300km of border posts (it is hoped that by the end of 2007 a total of 1000 km will have been demarcated). The final withdrawal of Nigerian forces from the Bakassi Peninsula took place in mid-August 2006. The UN reported the humanitarian situation to be satisfactory following their mission to the Bakassi Peninsula on 12-13 February 2007. Nigeria announced in February that its National Emergency Management Agency would set-up an office close to Bakassi in order to provide essential food and material support when needed.

Nigeria's involvement in the ongoing Economic Partnership Agreement (EPA) negotiations continued to be sporadic and non-committal. A visit from Deputy Director General Karl Falkenberg was well received, but did not result in any lasting improvement. However, outgoing President Obasanjo has recently stated that ECOWAS could have done more to advance economic integration and enhance trade within the region and that Nigeria stood ready to support ECOWAS in this endeavour, i.e. by fully complying with existing conventions and protocols. Obasanjo emphasised that so far only Nigeria and the Gambia have met the convergence criteria stipulated for the introduction of a second monetary zone, covering the non-UEMOA countries.

2.2 Update of the economic situation

2.2.1 Macro-economic changes and structural reforms:

Macroeconomic performance: The Nigerian economy experienced sustained economy growth in 2006. The Federal Government's prudent fiscal management and sound macroeconomic policies played a major role in sustaining the gains recorded in 2005. Macroeconomic policies in 2006 were broadly consistent with the objectives of achieving macroeconomic stability and reducing the economy's vulnerability to oil shocks. Significant macroeconomic performance was evident despite the drop in the growth of real GDP of 5.6% compared to 6.1% recorded in 2005. GDP stood at \$118 billion for the period.

Though the economy of Nigeria continues to depend heavily on the oil sector, it has increased its drive towards growing the non-oil sector. The oil sector accounts for 95% of foreign exchange earnings while providing about 77% of revenues in the 2006 budget. About 74% of Government revenue in the 2007 budget is also expected from the oil sector. GDP per capita exceeded the \$1,000 mark in 2006 while GDP growth was predominantly led by the Non-oil sector which exceeded 8% growth rate while oil GDP was -4.7% as at year end. Agriculture and Telecommunication were the main drivers of this growth. Non-oil exports also grew by 24% during the period, with China³ and India⁴ becoming preferred partners. Diligent implementation of an oil price-based fiscal rule meant public expenditure was not heavily dependent on oil revenue receipts. This led to the growth of the country's foreign reserves to an all time high of 43.5 billion as at December 2006 in spite of the significant amount paid to the Paris and London clubs..

Nigeria's inflation rate dropped at the end of the year. The 12-month moving average inflation rate (the measure preferred by the central bank) fell from 17.9% in December 2005 to 8.2% for the corresponding period in 2006. On a year-on-year basis, there was also a decrease from 11.6% in 2005 to 8.5% in 2006. The consumer price index grew from 145.1 in December 2005 to 157.6 in December 2006.

Following the successful banking sector recapitalization, The Banker Magazine, an arm of the Financial Times of London ranked 9 Nigerian Banks in its Top 1,000 banks in the world. The CBN Governor further said that 20 out of 25 Nigerian banks are in the top 100 banks in Africa, 17 out of top 40 and 4 in top 10.

The CBN gave the conditions for management of its foreign reserves during the period. Under this arrangement, foreign banks/ financial institutions must partner with local banks to be able to manage part of the foreign reserves. This has led to several partnerships between foreign banks/ financial institutions and Nigerian banks.

The Central Bank of Nigeria introduced the Wholesale Dutch Auction System to enhance the efficiency of the FOREX market. This has proved an effective monetary policy tool. The CBN also liberalized the forex market during the year towards reducing the divergence

³ According to CBN, China moved from 8th position in 2005 to 5th in 2006 in volume of non oil export to top 11 destinations.

⁴ According to CBN, India moved from 5th position in 2005 to 4th in 2006 in volume of non oil export to top 11 destinations

between the interbank/ official rate and the bureau de change/ parallel market. This has successfully led to the convergence of both rates after 20 years.

The Financial Action Task Force has removed Nigeria from the list of Non-cooperative Countries and Territories in the fight against money laundering. This was attributed to the fact that Nigeria has enacted significant reforms to its counter-money laundering system. This included the establishment of a Financial Intelligence Unit. With this Nigeria's financial system has received a boost. Already this has started attracting foreign investments like the US Export-Import Bank's \$300 million credit to 14 Nigerian banks.

In Nigeria's first international credit rating, two international credit rating agencies Fitch, and Standard & Poors (S&P), gave Nigeria a "BB-" sovereign credit rating. The local currency, Naira also received and a "BB" long term rating to the Naira with a stable outlook. This rating put Nigeria in league with Brazil, Turkey, Indonesia, Philippines, Ukraine and Venezuela. The rating agencies based their appraisals on the ongoing reforms and the Paris Club debt relief.

Several Government companies were privatized in 2006. Among these companies were the Nigerian Telecommunications Plc and its subsidiary, Mobile Telecommunications. Both companies were sold to Transnational Corporation of Nigeria (Transcorp) at \$750 million for a 75% stake in the companies after an unsuccessful bid by Orascom Telecomms. The Eleme Petrochemical Company was also privatised during the same period. Indorama Group also acquired a 75% stake in the company at \$225 million. . Unfortunately, the privatisation of the Power Holding Company of Nigeria (PHCN) was not executed despite the unbundling of this company into 18 different companies in 2005.

Dependence on external public and private transfers:

Nigeria has subsequently settled and exited the Paris Club. Following this success recorded in the Paris Club debt settlement, the Federal Government moved towards the repayment of the \$2.2 billion owed the London Club of Creditors. Out of this, \$1.4 billion (€1 bn) was settled towards the end of the year. The outstanding amount being owed the London Club as at end of 2006 stood at \$900 million (€720m). However, according to the central bank Governor, total external debt as at year end 2006 stood at \$3.54 billion which represents a debt to GDP ratio of 2.5%. However, with the decrease in external debt, there was an increase in domestic debt during the year.

The domestic debt as at end 2006 grew to N1.8 trillion (\$11bn) from N1.5 trillion recorded as at end 2005. This was attributed to the settlement of N150 billion and N75 billion being owed contractors and pensioners respectively through Government bonds. Government projects that this will increase to N2 trillion as at end of 2007 as it plans to borrow N200 billion through domestic borrowing. This was aimed at financing the 2007 budget deficit. The rationale for domestic borrowing against drawing from the Excess Crude Account was hinged on liquidity management. The authorities do not intend to borrow on non-concessional terms in the period ahead, and the programme therefore includes a zero limit on new non-concessional borrowing.

External debt has therefore been reduced to very manageable proportions, while Nigeria does not depend on private transfers either for the purpose of broad macro-economic balance. Remittances, however, are very important in the economic life of some areas of the country. According to the central bank Governor, remittances have peaked at about \$4 billion per annum while FDI and portfolio investments stood at about \$7 billion for 2006.

IMF Appraisal: The Second Review under the Policy Support Instrument released by the IMF on December 20, 2006 revealed that Nigeria's performance has been satisfactory over the period covered. The Government was commended in its growth in GDP, per capita income, improved macro indicators, and strong external position. All assessment criteria through end-September 2006 were met except for a structural assessment criterion on civil service reform. This was owing to system procurement delays. Four other structural benchmarks, including two on privatization were delayed. Concerns were raised on the macroeconomic impact of additional spending on infrastructure, conflict in the Niger Delta and upcoming elections while warning against non-concessional borrowing. The IMF team also challenged the central bank to rise up to the challenge of maintaining macro stability. Performance under the Policy Support Instrument was regarded as positive.

2.2.2 integration into the world economy – positions with regard to the EPA:

Integration in world economy: Nigeria's trade is heavily dependent on the export of primary products. They accounted for 98.3% of all EU imports from Nigeria in 2006, of which 94.2% was energy, mainly oil and gas. Among the manufactured products, transportation equipment which accounted for the largest share with 1.5% of total exports in 2004, dropped to less than 1%. The trade pattern was more or less the same over the period 2000-2006. The geographical dependence is also significant. The two major destinations for Nigerian exports, the US and the EU, absorbed more than 70 percent of the total in 2005, and the top five destinations accounted for approximately 85 percent. Exports to partners in West Africa accounted for only approximately 5 percent of total exports. After the transition to democratic rule in 1999, EU exports to Nigeria grew significantly until 2002. In October 2005, Nigeria adopted the ECOWAS Common External Tariff. Under this tariff regime, Nigeria's import tariff band is being streamlined from 20 to 5. According to the Common External Tariff, Raw materials and other capital goods will attract 5%, Intermediate goods; 10%, Finished goods; 20%, while finished goods in industries that government wants to protect attract 50%. This is from the 2.5% to 110% previously used. However, trade restrictions and bans introduced by Nigeria on a range of products since April 2002 have negatively affected the volume of EU exports. The measures are not only affecting EU-Nigeria trade but also impede regional trade and economic integration. The restrictions have been the subject of intensive discussion between the EU and Nigerian authorities from 2005.

Nigeria's foreign exchange revenues from oil sales have more than doubled from an annual average of about US\$36 billion estimated for 2005 to about \$45 billion (IMF est. 2006). According to the central bank, GDP per capita increased from \$673 in 2004 to \$847 in 2005, and an estimated \$1,011 in 2006. Nigeria also receives only US\$5.4 per capita in ODA compared to the African average of US\$30.2 per capita.⁵ It has to be noted that the ratio for Nigeria is exceptionally of US\$48 10 2005 taking into consideration the debt cancellation. With offshore oil production increasing, the need to renegotiate the country's OPEC quota has also become a policy priority. Nigeria is also a beneficiary country under the US African Growth and Opportunity Act (AGOA) and is a strategic exporter of crude oil to the US. President Obasanjo continues a broad international economic policy agenda, seeking to maintain good relations with the Western powers while promoting Nigeria as a leading international and regional power.

⁵ [ODA Statistics 2005, debt cancellation excluded -]

Relations between Nigeria and China increased in 2006 particularly in the oil sector. Nigeria agreed to sell China 50,000 barrels of oil per day while an oil exploration contract was signed. A Chinese firm, CNOOC, also acquired a 45% stake in a Nigerian oil company for \$2.3 billion. Nigerian imports from China have also increased over the years from 3.4% in 1996 to 9.3% in 2004. On the other hand, Nigeria's exports to China have also increased from 0.07% to 1.3% for the same period. For the period 1996 to 2006 Nigeria's exports to China have averaged 1% while Chinese exports to Nigeria are at 10.32%.

Progress in the negotiation of the Economic Partnership Agreement:

Negotiations on the EPA had progressed slowly in 2006, with a breakthrough coming in the Ministerial meeting of October 2006. The decision was taken to reinvigorate the EPA negotiations, and progress quickly followed on the remaining reports and the draft text. An ECOWAS ministerial meeting in December proposed requesting a postponement of the negotiation deadline by 3 years, but no formal request was forthcoming. In early 2007, ECOWAS heads of state confirmed their commitment in principle to the original deadline. Main outstanding issues include market access arrangements and the extent and methodology of EU financial support. Nigeria continues to raise concerns on the impact of EPA on the economy of the sub-region and about the negotiation process followed. However recent pronouncements from Nigerian Government officials, including the outgoing Minister of Commerce, have generally been more circumspect. The administration is anxious to avoid committing itself to an agreement before being able to fully weigh up the pros and cons.

2.2.3 management in public finances and budgetary expenses:

Public Finance Management : The reform measures undertaken by the Government in 2005 have improved the process of budget formulation and enhanced the transparency of public expenditure at Federal level. In a break from the past, Federal budget allocations and reports are now routinely made public. In 2006, the Medium Term Expenditure Framework (MTEF) concept introduced in 2005 was effectively implemented. A pilot computerized budget monitoring system has been installed in the Accountant General's Office (within the framework of the planned installation of an Integrated Financial Management System within all ministries and agencies).

Budget 2007: The medium-term fiscal programme is based on a reduction of the consolidated non-oil primary balance from 41% of non-oil GDP in 2005 to 35% in 2008. The Medium Term Sector Strategy formed the basis of the 2007 budget requests of 18 major Federal Government agencies responsible for three-quarters of all outlays. This is an increase of 11 agencies covered in the 2006 budget. The Medium Term Sector Strategy integrates the NEEDS goals and the MDG into the budget.

The 2007 Federal budget, prepared in the context of a Medium Term Expenditure Framework, was recently passed by the National Assembly. ₦ 2.3trillion (13.8 billion €) was budgeted for total spending; this represented a 21% increase over that of 2006. Budget deficit for the period stands at N579 billion (3.3% of GDP) with 10% targeted GDP growth rate. Inflation target was also set at 9%. The prudent assumptions regarding projected revenue (mainly from the oil sector, where a low benchmark price of \$40 p.b. is used) are likely to generate robust foreign reserves in 2007, on the assumption that oil production is not disrupted.

A conservative oil-price-based rule will continue to anchor fiscal policy for all Government tiers. Like in 2006, the 2007 Federal Budget does not envisage the use of any of the oil revenue windfall from the Excess Crude Account to finance additional expenditure in 2007. Rather, the Government has decided to finance this deficit through domestic borrowing.

While transparency has improved at federal level, the 36 States are not as open. States are still reluctant to adapt the Fiscal Responsibility Bill which would have set the guidelines for fiscal management among the three tiers of Government. The need for more transparency in state level spending cannot be overemphasised considering the fact that the 36 states control about 50% of Nigeria's overall budget.

Public expenditure legislation reform: Nigeria is composed of 36 states and the Federal Capital Territory. States are divided into a total of 774 local government areas. According to the Constitution, all government levels are completely autonomous. Thus public expenditure legislation, tax systems and budgeting processes vary from state to state, with no systematic flow of information between the Federal, State and Local level. This lack of transparency is exacerbated by the lack of reliability in the data that are available. In order to improve this situation a reform process has started. The Senate held a public hearing for comments on the Fiscal Responsibility Bill during the year. The 36 States indicated that due to separation of powers contained in the 1999 constitution, the National Assembly cannot force them to adopt the bill if passed. According to the constitution, the National Assembly is empowered to allocate funds between the three tiers of Government but cannot compel them to report how the funds are utilised. This foreclosed the possibility of passing a law that would be binding on all tiers of Government without a constitutional amendment. As it stands, if the bill would be passed it would only cover the Federal Government but would be binding on the States on foreign borrowing. The National Assembly is empowered by the constitution to monitor external borrowing of funds by all tiers of Government. Other bills outstanding include the Public Procurement Bill and Nigerian Extractive Industries Transparency Initiative Bill.

2.3. Update of the social situation

Millennium Development Goals: Nigeria must overcome an enormous challenge in order to achieve the internationally agreed Millennium Development Goals. With Nigerian accounting for approximately 20% of Africa's population, Africa will not achieve the MDGs without Nigeria.

In order to meet the MDG target of halving the proportion of the population living in extreme poverty and hunger by the year 2015, a number of conditions need to be met. These include: growth of the Nigerian economy by at least 7% p.a. for a sustained period; increased investment in human capital (health and sanitation); increased income and employment opportunities; provision of basic infrastructure to enhance the access and productivity of the poor; nutrition and family planning programmes and population control; and promotion of good governance, transparency and accountability

Poverty: Nigeria has the third highest number of poor people in the world after China and India, and accounts for 6% (80 million) of all poor people in the world. Nigeria ranks 159 of 177 countries in the 2006 Human Development Report, with a Human Development Index of 0.448 slightly decreasing. Income disparity levels are also high – the GINI coefficient for Nigeria was 0.53 in 2004.

According to the MDG office, poverty is on a decline. The proportion of people living in relative poverty reduced to 54% (2005) while the proportion of population living in extreme poverty was 35%. The percentage of underweight children was also put at 30% (2004).

Poverty in Nigeria is linked to social, economic, political, and environmental factors. The poor in Nigeria are predominantly rural, depend on renewable natural resources for their livelihoods, more likely to be female, very young or elderly, and are generally voiceless. Progress on poverty reduction has been slow and is advancing unevenly between States.

Poverty statistics are not available for all States but efforts are now underway to gather state-level statistical data through the Core Welfare Indicator Questionnaires.

Education: Only about 84% of primary aged children attend school increasing the adult literacy rate to 65% by 2007 is another target of the NEEDS. Literacy rate of 15-24 years old stands at 80.2% (2005)

Health: The situation in the field of health is similar: Nigeria has had one of the lowest percentages of budget allocations for health in the world, reaching 6.7% in 2004. Within the framework of the NEEDS, it should increase to 10% by 2007. The country's health system ranks 187th out of the 191 Member States of the World Health Organisation. The maternal mortality rate is 800 per every 100,000 live births while routine immunisation has dropped from over 89% the early 1990s to below 40% in 2003 with a recent positive trend. The under-five mortality rate remains one of the highest in the world, as more than one in five children die before their fifth birthday. Life expectancy at birth is around 43.3 years. The levels of immunisation are among the lowest in Africa, despite a per capita expenditure of more than 3 times the sub-Saharan average.

HIV prevalence is high with an estimated 3.5 million people (10% of the world's total) HIV positive. Young and poor people are more vulnerable and without an appropriate response strategy, HIV risks undermining the efforts made to increase life expectancies and to reduce mortality rates of children. On the positive side HIV prevalence in a all picture in Nigeria is dropping from 5.8% to 4.2%.

Migration: migration in Nigeria is characterized by internal migration towards the urban centres and by emigration. Remittances from the Nigerian Diaspora are – outside the oil sector - one of the largest sources of foreign revenue with an estimated amount of US\$ 7 billion in 2006. Illegal immigration to the EU, as well as human trafficking, continues to be a serious problem. In particular, there continues to be large-scale trafficking of girls and young women as sex workers to several European countries (especially Italy).

Over the past year, the Nigerian authorities have made significant progress in demonstrating their commitment to addressing migration, in response to a recognized need for greater coordination on migration policy within Nigeria. In 2006 a draft of the policy on migration has been drafted, under the leadership of the Special Assistant (SA) to the President on Migration and Humanitarian Affairs, who has also chaired the Inter-Ministerial Committee on Migration in Nigeria.

The Nigerian Government has stated its commitment to enforce laws against human trafficking. With regards to the ECOWAS Convention on Free Movement of Persons, Nigeria has made good progress: visa and permit entry requirements have been abolished in Nigeria for ECOWAS national. Nigeria has introduced the ECOWAS travel certificate, established a national committee to monitor programmes of free movement of persons and vehicles and introduced the ECOWAS Brown Card motor vehicle insurance. However, Nigeria is yet to introduce the harmonised immigration and emigration forms.

2.4. Update of the environmental situation

Actual environmental situation: The environmental challenges facing Nigeria are substantial and range from desertification and deforestation in the Sahelian North to major oil spills in the South. The effects of poor water management and improper waste management are exacerbated by population explosion and sprawling urban areas.

Environmental degradation and poverty in Nigeria are inextricably linked. Around 75% of the rural population depends on natural resources for their livelihood. They are vulnerable to environmental disasters and the coping mechanisms in place are inadequate. Soil erosion and infertility, deforestation, water pollution, biodiversity loss and the impacts of oil and gas development are primary areas of concern.

Environment policy: The Government approved a new environmental bill in 2006. The primary objectives of the bill are to take a full inventory of Nigeria’s natural resources, assess the level of environmental damage as well as design and implement restoration and rejuvenation measures aimed at halting further degradation of the environment.

3. OVERVIEW OF PAST AND ONGOING COOPERATION

Revision of 2002-2007 CSP on the basis of the End-of-term Review

The Nigeria Country Support Strategy for the period 2002-2007 was signed in 2002 and focuses on 2 sectors: (1) Water and Sanitation, and (2) State and local institutional and economic reforms, while Micro-projects and “Governance” make up the thematic orientation in the non-focal sectors. Cooperation between Nigeria and the European Union was suspended in November 1995 after the execution of Ogoni leaders by the Abacha regime. Relations were only resumed after the 1999 elections which returned a democratically elected government and the EC notified an 8th EDF allocation of €100 million as a “quick start package (QSP)”. Several of the interventions in the non-focal sectors have been approved during 1999 and 2000 within this framework (micro-projects MPP3 and MPP6 in the Niger Delta, Small Town Water supply project).

The mid term review hold in 2004-2005 led mainly to maintain the A envelope, to reduce the B envelope of 32.7 M€ and to reduce the part of the water and sanitation focal sector. The End-of-term review of the Country Strategy Paper (CSP) and National Indicative Programme (NIP) for Nigeria was carried out in 2006 and led to the revision of the resource allocation for Nigeria as follows:

	Initial 9 th EDF allocation	Initial 9 th EDF allocation + old EDF transfers (end 2003)	New allocation after MTR + old EDFs transfers	New allocation after ETR (excluding 7th EDF projects)
A envelope	€222 million	€552 million	€ 552 million	€ 461.7 million
B envelope	€40.0 million	€ 44.0 million	€ 7.3 million	€ 4 million

The reduced amount of the A envelope after ETR takes into account the fact that finally 7th EDF resources have been considered separately (PRIME project, €77.4 million). The final figures, including transfers from previous EDF, show a decrease of €11.5 million of the A envelope and a decrease of €3.3 million of the B envelope.

The new breakdown of the indicative allocation intended to cover long-term development activities (envelope A) is shown in the table below:

	Initial indicative allocation		Indicative allocation after the MTR		Indicative allocation after the ETR	
<i>Focal Sector 1 - Water and sanitation (modified to include project support)</i>	€230.0m	42 %	€150m	27 %	€87m	18%
<i>Focal Sector 2 - State and local institutional and economic reforms (broadened to include support to federal level reforms*)</i>	€220m	40 %	€215m	39 %	€238.5m	50 %
<i>Non-focal sector -</i>						
<i>Immunisation</i>	€64.5m	12 %	€110m	20 %	€60.9m	13 %
<i>Human rights, capacity building, etc. (modified to include new initiatives**)</i>	€37.5m	6%	€77m	14 %	€90.8m	19 %
Total	€ 552m	100 %	€ 552m	100 %	€ 477.2m	100 %

No major changes have been made in the strategy. The amount for focal sector 1 has been reduced due to the poor performance of the sector but such intervention is still relevant. In focal sector 2 the election project has been enlarged and more focused on good governance and institutional reforms. Performances in that sector are encouraging and objectives are fully in line with the government strategy in enhancing state and local institutional and economic reform (census delivery, fight against corruption). Outside the focal sectors it has been decided to finance a new micro-project programme in the Niger Delta due to the positive assessment of the previous one.

3.1. Focal sectors (and macroeconomic support)

For both focal sectors, it is important to consider both the progress in the projects (limited as they have started late) and in the sector as a whole (very different between the two sectors).

3.1.1. Focal sector 1 Water and Sanitation

Results:

EU projects have just achieved the inception phase in 2006 and there are not yet tangible results.

The water and sanitation sector as a whole is still facing serious challenges. On Nigerian government figures, Nigeria is on target to achieving its 75% MDG target for access to improved sources of drinking water, since this has risen from 65% in 2004 to 68% in 2005. However, the international community believes that these figures are based on installed capacity, ignoring the high level of non-functioning installed capacity. UNICEF-Joint Monitoring Programme figures of 2004 estimate total improved water coverage to 48%; with urban water coverage being 67% and rural water 31%. Of greater concern is the 44% of total improved sanitation coverage, which has substantial health repercussions, in particular in dense urban areas.

Clear progress has been achieved in terms of policy formulation. At the end of 2006, the Federal Ministry of Water Resources, with support from WSSSRP, has drafted a Water Resources Management and Policy, and an implementation strategy for the 2004 Water Policy. Planned activities for 2007 in this area include the drafting of a national water resources bill and the related regulations.

Progress in Activities

1) Water Supply and Sanitation Sector Reform Programme WSSSRP (9 ACP UNI 006)

The WSSSRP, which is being implemented at federal, state and local levels, was signed in December 2004 and fully operational as of January 2006.

The Programme has now an EDF allocation of €87,000,000 and a total budget of €119.630.000, with the difference being funded by the three tiers of Government – federal; state and LGA. The main component of the 6-year programme supports the Federal Government and six States (Anambra, Cross-River, Jigawa, Kano, Osun and Yobe) to develop and implement a water and sanitation sector reform, taking into consideration critical legal, policy and institutional issues. UNICEF is the implementing partner for the rural components in the 6 States and gives additional support to Gombe and Kebbi States for Guinea Worm eradication under the programme.

It also provides funds for constructing water and sanitation facilities in urban, small towns and rural areas. The WSSSRP will cover about 50% of the cost with the Government (Federal, State, Local) and communities providing the other 50%, as per the 2000 National Water Supply and Sanitation Policy. There is no pre-allocation of funds between the six states; funds will be directed to those that demonstrate commitment to improve governance, willingness to reform, and ability to implement project activities.

The programme aims to ensure a balance between Water Supply, Hygiene Promotion and Sanitation. Particular emphasis is given to mainstreaming gender into all areas of water supply and sanitation and capacity building of water institutions at the three tiers of Government. The EC-funded SRIP (Support to reforming Institutions Programme), which is implemented in the same six states, supports the emergence of a well-managed and transparent state administration. This enables the WSSSRP to apply improved public expenditure instruments, while increasing transparency and reducing the risk of misuse of public funds within the State Water Institutions.

The programme has depended on the outcome of the 2005 SEEDS benchmarking exercise, as a result of which four of the six focal states were changed. It has really started in April 2006 and 2006 was the year for completing the inception phase in the six focal states (settlement of the technical assistance, starting work with the state administrations, capacity building and choice of the State Authorising Officers which received delegated power from the NAO). Moreover jointly with the SRIP, 39 LGAs have been selected in 2006 to work with in the framework of the programme. The selection of communities and small towns is ongoing.

Another difficulty is the implementation of the cost sharing mechanism as innovative strategy, which obliges to deal with the lack of confidence between the three tiers of government.

A high turnover in the technical assistance, linked to the difficulty of attracting people to work in Nigeria, is also hampering the programme. And finally 9th EDF procedures with more restricting rules regarding the management of the programme estimates contribute also to the general delay (obligation to provide bank guarantees to cover the financial advances).

All memorandum of understanding have been signed with the governors. The project management unit and all 6 state technical units are operational, and two of them have their programme estimates signed.

In rural areas, the programme focuses on hygiene promotion and education, and participatory planning for informed choice by the communities for water and sanitation facilities. WSSSRP carries out baseline surveys, Safe Excreta Disposal surveys and willingness to pay studies in

rural areas in the six focal States and supports the development and promotion of water and sanitation appropriate technologies including preparation and diffusion of guidelines.

In all six States and in guinea worm endemic areas in Gombe and Kebbi States, WSSSRP carries out studies and co-finances the construction of water facilities in rural communities, including the design, tendering and supervision for water supply facilities.

A mid term evaluation is planned in May 2007.

2) Small Towns Water Supply and Sanitation Project (STWSSP) 7 ACP UNI 056 - €15m

The project expects to achieve Millennium Development Goal N° 7 to halve the proportion of urban dwellers living without safe drinking water and adequate sanitation by 2015 in three States (Adamawa, Delta and Ekiti States). The Project purpose is to develop the best mechanism for delivery of water supply and sanitation services in small towns, to be replicated later across Nigeria.

The Programme emphasizes community decision-making and ownership. The beneficiary communities are expected to take informed decisions on the choice of type and level of service they want based on their willingness and ability to pay. The communities must pay at least 5% of the construction cost as a sign of their commitment.

The Technical Assistance started to work in Nigeria in February 2004, providing assistance to the Federal Ministry of Water Resources in implementing the programme. Community awareness and mobilization campaigns, training of key stakeholders at the State level and socio-economic and water supply and sanitation access surveys in the 48 candidate small towns have been completed. The results of the surveys were used to rank the small towns in order of their suitability and willingness to participate in the demand-driven STWSS programme. Existing but non-functioning water supply schemes in 40 small towns were rehabilitated in the last quarter of 2006. 28 demonstration sanitation facilities were constructed in 28 small towns in Adamawa and Delta States. By the end of 2006, the participating 42 small towns in the 3 States have deposited some N120 million (€720 000) in their Bank accounts towards their 5% share of the capital cost of the water supply facilities. It is most probable that only 28 of these small towns will be able to meet up with the 5% of their chosen water supply schemes by the time the tenders for the works contracts is launched early in 2007. The State Governments have also concluded arrangement to have their share of the capital cost ready for the construction works. By the end of 2006, Ekiti State has deposited about N90 million (€540 000) in its project account.

Technical assistance remains an issue with the resignation in 2006 of 2 of the 3 key international experts.

Integration of cross cutting issues (gender issues, environmental issues and institutional development and capacity building).

Both water and sanitation projects put gender, institutional development and capacity building at the centre of their implementation. The main beneficiaries of the water supply and sanitation interventions are women, as they are largely responsible for the provision of water for the household, and carry most of the burden of caring for the family members that suffer from water borne diseases. Gender issues are included as the decision making on the choice and management of water systems is mandated to be participatory, including women. Planned WSSSRP activities for 2007 include the development of a gender mainstreaming strategy based on the 2006 National Gender Policy. Both programmes support the integrated management of water resources at all levels. Hygiene promotion and sanitation interventions will also improve the living environment of the communities.

Institutional development and capacity building are at the very core of both water and sanitation programmes. About a quarter of the WSSSRP budget is allocated to capacity building of water institutions at the three tiers of Government, of communities and users.

3.1.2. Focal sector 2 –Institutional and Economic Reform / Good governance

Results

The main results of the EC intervention on the governance sector during 2006 were: the Census Support project which provided provisional figures at the end of 2006; the first results of the anti-corruption project and the set up of the Support to Reforming Institutions Programme in six states.

In general terms, Nigeria is making progress in the area of ‘good governance’ which is not amenable to strict indicator-based evaluation, as there are no indicators equivalent to e.g. infant mortality for health, or literacy for education. The outputs are more complex, and it is therefore necessary to rely more on analysis and process indicators. In 2006 the Federal Government continued with a set of reforms under the NEEDS framework and started preparing the agenda for NEEDS -2. Nigeria was de-listed from the OECD FATF list of non-cooperative countries, (leaving only Myanmar) (2006). The Economic and Financial Crimes Commission (EFCC) has further extended its anti-corruption work beyond its initial targets, such as the customs and port authorities, into the political sphere. While the conviction of the Inspector-General of Police Tafa Balogun in late 2005 for graft was the first conviction of a senior official, a number of State Governors were investigated and some charged for money-laundering in 2006. Five Governors were impeached by the respective State parliaments, with their cases pending in courts.

At State and local level the achievements on the ground have generally been less impressive and have started later. However, most States have established ‘SEEDS’ strategies including three-year investment plans, and many have established ‘due process’ offices on the Federal model. The 2006 ‘SEEDS benchmarking’ exercise, led by Federal government with donor support and State involvement, was finalized in December 2006 and it has shown globally a real progress and State interest compared with the 2005 SEEDS benchmarking exercise, even if progress are tenuous. Nothing is so far perceptible in the 6 focal states due to the fact that EU project are only starting their activities.

Progress in Activities

1) Programme : ‘Support to Reforming Institutions Programme’ (SRIP, 9 ACP UNI 007, €53.5 Million),

The Financing Agreement for the ‘Support to Reforming Institutions Programme’ (SRIP, 9 ACP UNI 007, €53.5 Million) - the key project to implement activities in this focal sector - was signed in December 2004. The SRIP was designed to support an improvement in the delivery of services through governance and public finance management reforms in 6 Nigerian states. Following the availability of official results of the 2005 SEEDS Benchmarking exercise in April 2006, the activities in the new four focal states (Kano, Jigawa, Anambra and Yobe) formally started. A new project Director was appointed and all staff was recruited and deployed at State level. All annual programme estimates were signed between the end of 2006 and the beginning of 2007 and the level of implementation of the project improved. Capacity building to local civil society organisations started. However, due to the initial delays it was agreed that the decision to fund phase II would be taken by the end of 2007 (instead of 2006) and €3.5 Million were decommitted from the original Financing Agreement.

2) Support to Nigerian electoral cycle 2006-2011

The Financing Agreement to support the Nigerian electoral cycle 2006-2011 was signed in July 2006 (9 ACP UNI 11). The programme is designed to support the electoral cycle with a contribution of €40M implemented in two phases. For the first phase of the programme (2006-2007), the EC, working together with other donors (UNDP, DFID and CIDA) established a basket fund as a channel for funding and providing technical assistance to Nigeria. Under the framework of the basket fund, the project developed a two pronged strategy; to help strengthen the Independent National Electoral Commission's (INEC) technical and operational capacity to conduct the elections and to enhance civil society's contribution to the electoral process to maximise public confidence in the outcome. The EC contribution to the first phase of the programme is €20 million while the total value of the basket fund contribution to the first phase of the programme is €25,5 million

A UNDP project management unit (PMU) was set up in August 2006 to administer the basket funds. Specific activities carried out under the basket fund include support to INEC National and regional Stakeholder for a- a confidence building mechanism during which INEC was able to brief members of the public on its level of preparedness towards the elections. This event also provided high visibility for the EC as a stakeholder in building Nigeria's young democracy. Other activities include reinforcing INEC's technical capacity through provision of IT support and support for voter information and education. Grants were giving to 26 civil society organisations projects for support in the areas of voters' education and mandate protection, gender monitoring and mainstreaming, domestic observation and media monitoring. 75% of the EU resources support elections and INEC activities while 25% support directly civil society organisations.

At the end of 2006 the joint donor basket fund faced some difficulties to convince INEC to go further in term of technical assistance, as INEC benefited also from its own budget of around €300 million for 2006-2007.

3) Census 2006 Support Programme (9 ACP UNI 5, budget: €116,500,000)

The Financing Agreement for the Census 2006 Support Programme was signed on 16 December 2004 (9 ACP UNI 5, budget: €113,500,000) and increased by € 3,000,000 in early 2006 to fund a necessary raise in the fees for census field staff and accommodate a sizeable international monitoring team. Up to 31/12/2006, 95% was disbursed. The objective of this programme is to strengthen evidence-based policy making, people-oriented service delivery and a culture of transparency and accountability. The programme is implemented through a Contribution Agreement signed with UNDP in December 2004 and individual commitments. The largest component is financing the payment of more than 800,000 census staff. After initial delays the census took place in March 2006, followed by a Post-Enumeration Survey in June 2006. The preliminary results were released in December 2006. The last activity to be implemented is the set up of a database to allow the use of the results by all categories of users.

Through the size of its support, good cooperation with the Population Commission and effective donor coordination, the EC has been able to leverage significant positive impact on the census preparations and conduct. The adequacy of the census was confirmed by an EC-funded 95-member monitoring mission of international experts, fielded by UNDP. This external monitoring mission replaced the initially foreseen national monitoring through NGOs that had to be cancelled due to delays in the evaluation. EC visibility has been very high, thanks to repeated recognition of the EC contribution by President Obasanjo and visibility measures such as the EU logo on all of the more than 800,000 payment slips.

4) EU Support Project to law enforcement against economic and financial crimes (EFCC 9ACPUBI08)

The EU Support Project to law enforcement against economic and financial crimes (Euro 24,700,000) Financing Agreement was signed in October 2005. The overall objective of this project is to enhance good governance and financial accountability, and to frustrate the incidence of fraud, waste and corruption, through support to the Economic Finance Crime Commission (EFCC) and the Judiciary. The main component of the project is technical assistance and the development of an IT component. In 2006 the project wasn't able to catch up on the 5 months-delayed start-up primarily due to personnel issues between the UNODC PMU and its counterpart unit in the EFCC. These issues were resolved towards the end of 2006 and an acceleration of activities under the project is expected.

EFCC, which was only created in 2002, plays so far an important role in the fight against corruption in Nigeria and has significant results: in four years 4100 cases have been put under investigation, 200 people have been convicted and US\$ 5 billion have been recovered. Even if they are few criticism that the organisation is acting sometimes selectively and without following in details the rule of law, EFCC has changed the perception of the corruption by all stakeholders; the organisation is now feared and his chairman has got certain popularity in the middle and poor classes of the population.

Integration of cross cutting issues (gender issues, environmental issues and institutional development and capacity building).

Both gender and environmental issues are routinely considered in all new Financing Proposals. At present, the environmental issues are not central to any of the projects in this focal sector. By contrast, several on-going and new projects address gender inequalities. For example, the EDF support to National and State Assemblies which closed in December 2005 provided assistance to female legislators to assert themselves in a still male-dominant environment, and a specific component of support to elections 2007 is foreseen for promotion of women's representation. The support to the Census 2006, besides producing gender-aggregated data, will also see an equal number of women and men being recruited as surveyors. The protection of women's rights is also a growing focal area for support provided under the European Initiative for Democracy and Human Rights. Institutional Development and Capacity Building are the central objectives of several projects within this focal sector (SRIP, National Assemblies, EFCC).

3.1.3. Macroeconomic support - not used

3.2. Projects and Programmes outside the Focal Sectors

a) Programme of Support to the Office of the National Authorising Officer (NAO) - €7.7m

Due to capacity constraints in the National Planning Commission, agency in charge of the implementation of the programme, the implementation of the support programme proceeds slower than expected, with a knock-on effect on the implementation of all other projects. Consequently, a partial decommitment is foreseen, of €1.2m. The two main activities to be committed before October 2007 are the 2 service contracts for a technical assistance and the certification of records of expenditure; it will allow to improve EU projects management efficiency and to reduce significantly delays of payment which hamper various other programmes.

b) Micro-projects in the Niger Delta:

MPP3 -Rivers, Bayelsa and Delta States (MPP3) - €21m : The project has achieved considerable success. During 2006 the project completed a total of 857 infrastructures,

benefiting over 800 communities and some 2,500,000 people in areas such as water supply, primary schools and health care centres. These micro-projects are implemented in partnership with some 88 partner organizations (NGOs) which also received training in conflict impact assessment, financial management, micro-project implementation procedures, and project management cycles. Transparency and accountability has been achieved by including full details of the project, including EDF and community contributions, and the details of the contractor, on the signposts that are erected at each micro-project site.

The last six months of the programme was dedicated to exit strategy activities aimed at preparing the CSOs and communities for the closure of the programme. During this process, a Participatory Organisational Self Assessment and Development exercise was carried out for 30 high performing civil society organisations, out of which, 29 were supported with office and field activity equipment.

The final evaluation of the programme was conducted in October 2006 after the closure of the programme in September 2006. The programme was rated high in achieving results and ensuring sustainability.

MPP6 - Micro-projects programme in six states of the Niger Delta: Abia, Akwa Ibom, Cross River, Edo, Imo and Ondo (MPP6) 7 ACP/UNI 059 - €42m. This project is a “sister project” to the afore-mentioned MPP3 project, with the difference that it is working in 6 States. Till date the programme has funded some 1167 micro-projects, over half in water supply and has supported 108 CSO partners in the implementation of the projects at the community.

For both micro-project programmes, the impact has been not only the direct benefit to the communities, but also showing that funds can be managed transparently and with community participation in the Niger Delta, whose population is often described as having a ‘compensation mentality’. In fact, however, communities have willingly provided their 25% contributions. A mid term review was conducted in 2005 with a positive assessment.

MPP9: Micro Project Programme in the Nine Niger Delta States Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers. 9 ACP UNI 16 & 9 AP UNI 17- 45.5 M€. MPP9 is a follow up to the MPP6 & MPP3 programme; a formulation study has been conducted from October 2006 to early 2007 for the MPP9 programme. The new programme benefiting from lessons learnt from the MPP3 & MPP6 programmes is aimed at instituting reforms through effective partnership resulting in LGA & state increasingly providing infrastructural services, income generating options, sustainable livelihoods development, gender equity and community empowerment through offering models of transparency and participation. The approval is expected by the end of 2007. The programme is scheduled to start early 2008.

c) *PRIME (Partnership to Reinforce Immunisation Efficiency) – (Total €77.4 million) 7ACP UNI 62*

The “Partnership to Reinforce Immunisation Efficiency” (PRIME) had initially a commitment of €64.5 million, with one-third to support the eradication of Polio and two-thirds for strengthening of routine immunization in the six previous focal States (Abia, Cross River, Osun, Gombe, Kebbi, Plateau). In March 2003, an additional € 12.9 million was earmarked for 2004 Polio National Immunization Days (NIDs). A new rider of €20 million is foreseen in 2007 to support polio eradication.

Regarding the **polio eradication** component see below (project 9 ACP UNI 3).

Regarding the **routine immunization** component, Nigeria has one of the lowest levels of Routine Immunisation coverage in the world. Consequently, Vaccine Preventable Diseases (VPDs) contribute significantly to the death of children especially those under five. The 2003

National Demographic Health Survey (DHS) showed that only 14.3% of children under 12 months are fully immunised and that VPDs account for about 20% of deaths of children under five. In addition, Nigeria has remained one of the few polio endemic countries in the world.

The programme faced serious issues at the beginning linked amongst others to the inefficiency of the administrative structure in charge of its management.

This dismal situation informed a Presidential Directive in December 2005 and the appointment of a new Interim Coordinator/Chief Executive of the National Programme on Immunisation. Within a period of 12 months, levels rose rapidly from 38% to an unprecedented high over the previous decade of 72% as reported by the National Programme on Immunization. However it should be noted that data from the IPDs Campaigns may also have contributed to this very high figure

This period coincided with the change in the Team Leader of the PRIME project. Working in close partnership with PRIME, other partners and service delivery units at State and local levels, the NPI has increased by 40% the number of fixed sites and by 300% number of out reach sites for immunization in one year, greatly expanding the access of communities and household to much needed immunization services.

Similar progress has been made in efforts to control the spread of measles. Supplemental Immunization Activities in 2006 targeted immunization with measles vaccine in the southern part of Nigeria (North was done in Dec 2005). It is estimated that 90,000 cases of measles and close to 3,600 measles related childhood deaths were prevented.

Estimation of the overall impact of PRIME on the levels of immunisation is not yet possible because the most recent comprehensive data on immunisation date back to 2003, before the PRIME had any impact. A Nationwide immunisation coverage survey was carried out in 2006 and the results are yet to be officially released.

A periodic evaluation will be carried out in 2007.

d) Polio Eradication in 14 ACP Countries: 9 ACP UNI 3 - €25.38m –

As part of a Regional Project for Polio Eradication in 14 ACP Countries, the European Commission concluded a Financing Agreement with 14 ACP countries. With the further agreement of the NAO, the European Commission concluded a contribution agreement for € 25,380,000 with the WHO to implement the polio eradication activities in Nigeria. The project is for 2005 and 2006, but most of the funding was used in 2005.

Only four countries (Afghanistan, India, Nigeria, and Pakistan) have never experienced interruption of poliovirus transmission. Nigeria had the largest number of cases in 2006, accounting for 1,129 (56%) of the 2,002 cases reported globally. However, major innovations to the national polio-eradication program in Nigeria were initiated in 2006. These innovations, if sustained, should advance the Global Polio Eradication Initiative. Nigeria (2006 population: 140 million) experienced a resurgence in wild poliovirus (WPV) transmission during 2003-2004 after a loss of public confidence* in oral polio vaccine (OPV) and suspension of supplementary immunization activities (SIAs)[†] in certain northern states. Subsequently, WPV spread within Nigeria and into 19 polio-free countries.

To increase the effectiveness of polio-eradication measures and community acceptance of vaccination, in 2006, health authorities in Nigeria introduced monovalent type 1 OPV (mOPV1) vaccine[§] and changed the way SIAs were implemented. Immunization Activities

Four national and two subnational SIA campaigns with trivalent OPV (tOPV) were conducted in 2005; one national campaign was conducted in February 2006. Despite these campaigns, the number of confirmed polio cases in the second half of 2005 and early 2006 indicated that a substantial proportion of children had not been immunized and remained susceptible to poliovirus infection, especially polio infection attributed to WPV1. The National Programme on Immunization began using mOPV1, which is more effective than tOPV against WPV1, during the March 2006 SIAs in 32 of the 37 states (including all northern states). In May 2006, the National Programme on Immunization introduced a modified strategy of SIA implementation, called immunization plus days (IPDs), during which OPV and other interventions were delivered using a combination of house-to-house vaccine delivery and fixed-post vaccination. Four IPD rounds were conducted during May-November 2006 in polio-affected northern states. The May, June, and September IPDs used mOPV1, whereas tOPV was used in the November round to provide protection against WPV3.

EC-FAO project on Active Avian Influenza Surveillance Study in Nigeria 9 ACP UNI 1 TCF commitment 41 (€762,619)

A contributory agreement was signed between EC and FAO for an active avian influenza (AI) disease surveillance to complement the passive surveillance of PACE programme. The specific objective of the project is to obtain reliable data on the status of AI disease and infection in Nigeria, including some aspects of the disease epidemiology and enable the Nigerian authorities and the international community to plan more effective response to the AI outbreaks in Nigeria.

This project is being undertaken with the active participation of the Federal Ministry of Agriculture and Water Resources. The first results of the study will be available as from the second quarter of 2007.

e) Technical Cooperation Facility (TCF): 9 ACP UNI 1 - €7.9m (previously €10.7m)

The aim of this project is to fund studies and conferences to support the Nigerian Country Strategy. This facility is currently being used to provide technical assistance for studies, audits and evaluations. The TCF has been useful in the development and preparation of Financing Proposals for most of the projects mentioned above and in the planning process for the 10th EDF. From 2004 until May 2007 46 contracts are expected to be committed. A partial decommitment of €2.8 million has been done in 2006 as all funds can not be committed on time.

3.3. Utilisation of EDF resources for Non-State actors (NSA)

The NIP foresees €20 million for a Support to Non State Actors project. The Financing Agreement for the Project (Increasing Non State Actors Implementation and Developmental Expertise –INSIDE) is about to be signed and will be implemented from 2008. The project preparation had progressed slowly until 2005 when staffing arrived in the Delegation to work on this area. Consultations were held with a cross section of Nigerian civil society organisations (Abuja, Port Harcourt, Lagos and Kano) in 2005 and 2006.

Already now, several projects work with EDF funds under certain components with NSA (MPP3, MPP6, Census, SRIP, WSSRP, elections), with a global amount more than €15 million.

3.4. Utilisation of “B” envelope

The “B” Envelope was not used in 2006. The 4 million provided after the End of Term review to finance an action related to the avian flu issues is likely to be lost as the Government seems

to benefit from enough financial resources from other donors (loan of US\$ 40 million from the World Bank)

3.5. Other instruments

3.5.1. Stabex – not used

3.5.2. SYSMIN – not used

3.5.3. Regional cooperation

a) *Nigeria component of Pan African Regional EDF programme: PACE - Pan African Programme for the Control of Epizootic Diseases: 7 ACP RPR 744/745 - 8 ACP TPS 032/033 - 8 ACP ROC 009*

The Pan African Programme for the Control of Epizootics (PACE) was designed to build on the gains of the predecessor programme-the Pan African Rinderpest Campaign (PARC) in the sub-Saharan Africa. PACE was to see to the total eradication of Rinderpest in the participating countries as well as to assess the Epidemiological status of other important Transboundary Animal Diseases (TADs). Under the programme, capacities of public and private veterinarians and other para-veterinary professionals and livestock farmers are to be enhanced. The implementation period is for 5 years and Nigeria is to benefit to the tune of €2,658,000. The implementation period ended 31 October 2006.

With the first reported case of HPAI outbreak in Nigeria in February 2006, the PACE project assumed an important role in the Nigerian fight against the disease. The surveillance network established under PACE project became the only network of disease search and control. PACE also provided resources for AI control through the supply of laboratory equipment and reagents to the National Veterinary Institute at Vom, Jos. Personal Protection Equipment (PPEs), refrigerators, freezers and cooling gels and boxes as well generators and motorcycles were supplied to enhance AI and other animal diseases search and control. The National Animal Disease Information and Surveillance (NADIS) system of PACE programme was active in disseminating information of AI disease and sensitising farmers.

d) New projects

Within the Regional West Africa Programme (235m €), implemented through ECOWAS and UEMOA, Nigeria also benefits from support in the following areas.

First support for the Facilitation of Transport in West Africa, (€63.8 Million); this includes infrastructural works to accelerate border crossings, i.e. joint border posts; the Nigeria-Benin (Seme-Krake) border crossing is one of the pre-selected locations eligible for support; this will be accompanied by the funding of observatories to eliminate illegal road blocks as well as a HIV sensitisation campaign along the main transport corridors.

Then support for Regional Integration in West Africa (€105 million); this provides assistance in the achievement of a Common External Tariff, macroeconomic convergence across West Africa, harmonisation of statistical systems, enhancing competitiveness of the productive sectors, i.e. through support in meeting sanitary and phytosanitary standards, the latter being of great relevance to Nigerian producers;

Other programmes which could benefit to Nigeria are: Conflict Prevention & Peace Building (€5,5 million), and Support for the conclusion of an Economic Partnership Agreement between the EC and West Africa (€ 7 million),

3.5.5. Projects financed under Community budget lines

Further to the projects financed under the EDF, the EU supports institutional and economic reforms through activities designed to strengthen civil society by building awareness and increasing capacities (EIDHR programme), activities underpinning a commitment to combating poverty and promoting the rule of law and adherence to fundamental freedoms (NGO Co-financing programme), as well as other initiatives in the areas of gender, health, environment and forests and migration.

In 2006, grants totalling € 827, 650 were awarded to 10 local NGOs under the 2005 EIDHR micro-projects call for proposals. Project focus areas range from women and young people's participation in politics and democratisation, to advocacy on the rights of persons living with HIV/AIDS and widowhood rights. Under the 2006 EIDHR micro-projects call for proposals, 8 NGOs have been provisionally awarded grants. An average of €800,000 is spent annually on grants under the micro-projects. Under the 2006 EIDHR macro-call for proposals, 1 local NGO working in the area of elections has been provisionally awarded a grant for € 615,000, though it is foreseen that the final contract amount will decrease.

In 2006 a further 3 contracts were signed under the NGO Co-financing programme, for a total of € 1.93m. Finally, an award has provisionally been made under the 2005 Environment and Tropical Forests programme for the sum of € 1.11m. Results of call for proposal on energy facility and migration (AENEAS) are still expected.

The list of the ongoing contracts is in annex.

3.5.6 ECHO –no activities have been financed

3.5.7 European Investment bank

In 2004 EIB provided a 50 million Euros SME Facility. The loan is to provide support to the Nigerian Private sector under the Global Loan available through the Cotonou Agreement. Six Nigerian banks are currently benefiting from this loan. They are; United Bank for Africa (UBA) Plc, Access Bank Plc, Diamond Bank Plc, Guaranty Trust Bank Plc, IBTC-Chartered Bank Plc, and Zenith Bank Plc. Disbursement have improved in 2006 (€38 million).

In 2005 the EIB signed major loan facilities for \$150m (€123m) with Obajana Cement PLC, a subsidiary of Dangote Industries Ltd of Nigeria. In 2006 the project is largely disbursed (€108 million).

In 2006, the EIB signed a EUR 50 m loan facility with First Bank of Nigeria (FBN), a leading local bank. The project aims at supporting the development of FBN in particular with regard to (i) the reinforcement of its position in the corporate banking market and (ii) the implementation of its retail strategy.

Furthermore the EIB is also active in Nigeria through two venture capital funds: (i) since 2003, a USD 10m (€ 7m) stake on Aureos West Africa, a regional fund head-quartered in Lagos and (ii) since 2005, a USD 15m (€ 11m) participation in CAPE II, a mid-cap fund sponsor by African Capital Alliance, a leading indigenous venture capitalist.

4. ASSESSMENT OF PERFORMANCE INDICATORS

Indicators have to cover the two focal sectors and the main activity funded under non focal sector which is immunization.

Regarding **water and sanitation**, previous indicators selected by the NIP and the end of term review are still relevant. They measure access to drinking water, access to sanitation facilities. They have to be assessed not only at federal level but also at focal states level. As support to

establish a policy is part of the expected result of the project an indicator linked to the federal and focal states policy in that sector should be added. Moreover an indicator on the eradication of guinea worm, in the concerned States with an overall assessment at federal level, should be added as it is a significant component of the current programme.

Some divergence could exist between government and donors figures. For that reason both have to be followed. Government indicators give a picture about existing equipments while UN indicators try to give a more realistic picture taking into account the non-functioning installed capacity.

Regarding **institutional and economic reform**, mainly **good governance**, indicators focus so far on MDGs indicators. It should be only long term indicators of impact, as good governance is supposed to lead to an improvement in term of poverty, education, health etc... It should be also focused on indicators linked directly to good governance, Assessments of such indicators have to be done as much as possible at federal and at focal States level. Indicators could be:

- The results of the SEEDS benchmarking exercise (federal and States level)
- The trend given by les good governance indicators of the World Bank (KKZ indicators⁶, federal level)
- The trend given by the perception of corruption index from Transparency International (federal level)
- About elections the assessment given by the National body in charge of elections and the main observation missions (federal and States levels)
- About the economic the assessment given by IMF
- About corruption the assessments made by the international experts in the framework of the international groups like the Egmont group.

Regarding immunization the indicator could be the improvement of the coverage rate in the focal states and at federal level.

And finally indicators used to follow the end of implementation of the 9th EDF have to be consistent with the 10th EDF indicators when the focal sectors are the same.

5. DONOR COORDINATION

Coordination with Member States is still very close. Regular quarterly meetings have been held with the Member States that are represented in Nigeria, as well as ad-hoc meetings to consider financing proposals before submission to Brussels. This organisation proves a very effective mechanism, both for collecting inputs from the Member States for improvement of quality of proposals, and to provide the Member States the opportunity of early knowledge of projects thus providing opportune briefing to their capitals. As the interest of EU Embassies is increasing for cooperation matters the periodicity of development cooperation meetings will increase in 2007.

During the EU Ambassadors field trip in Cross River the micro project MMP6 has been presented and some realizations visited; visibility of such action has been much appreciated.

⁶ <http://info.worldbank.org/governance/kkz2005/tables.asp> - giving an assessment following six main criterias: Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption

Coordination and complementarity are not really at stake in Nigeria as only one Member State has a cooperation programme sizeable to EC (UK). Noteworthy UK has a joint strategy for 2007-2010 with World Bank and US cooperation. Regarding the 10th EDF a joint programming is envisaged with UK on the justice sector (focal sector 2) for which DFID could be the implementing partner.

With the wider donor community, coordination is good with the main donors as World Bank, USAID, IMF and UNDP. Nevertheless no road map has been established so far. The National Planning Commission is also making efforts to ensure donors coordination and a donors code of conduct has been approved in 2006 (obligation to work in the framework of the national policy documents, willingness to conduct a donors benchmarking exercise with the purpose to learn more about best practices).

Good coordination/cooperation with donors has resulted in numerous collaborative projects: Census (DFID, UNDP), Water projects (UNICEF), Immunisation (WHO), EFCC (UNODC), Elections (DFID, UNDP, CIDA). Currently a donor coordination meeting is regularly held for the justice sector (USAID, EC, DFID, World Bank, UNODC).

6. IN-COUNTRY DIALOGUE WITH THE NATIONAL AUTHORISING OFFICER (NAO) AND NON-STATE ACTORS (NSAs)

The dialogue between the Head of Delegation, the Head of Operations and the National Authorising Officer continues to be cordial and open, both through formal meetings dedicated to EC-Nigeria cooperation and on frequent occasions in the margins of other events. So far much of the political dialogue led by the Delegation has been carried out bilaterally with the NAO.

Similarly, the Operations section and the NAO's staff in the National Planning Commission have frequent meetings, including monthly technical meetings to address outstanding issues. For each project a 'task team' to accelerate and follow up implementation is composed at minimum of the Government and EC project officers, plus ad-hoc additions of their superiors and of relevant consultants. Constraint and efficiency issues are regularly addressed and have conducted recently to redesign the support to the NAO by providing a technical assistance and by recruiting a consultant in charge of the certification of expenditures.

The National Authorising Officer changed twice in 2006 and that turnover hampered the dialogue with the EC.

Dialogue with the non-State actors (NSAs) was still strengthened in 2006 through the holding of workshops, and through ad-hoc consultation, like the presentation and discussion about the draft of country strategy paper or during the visit of the President of the EP Parliament.

Civil society organisations and NGOs are targeted as NSA in Nigeria by EC programmes. Civil society organisations are part of our main programmes as stakeholders and implementing partners (water and sanitation, support to reforming institutions, elections, micro-projects), showing the crucial role of CSOs in Nigeria. More than €15 million are given to CSOs through the existing programmes. Moreover a specific programme targeting CSOs capacity building has been design and will be approved in 2007 (Increasing Non State Actors Implementation and Developmental Expertise –INSIDE - €20 million). It has to be noted that

even if there are doing a very good job the absorption capacity of CSOs remains limited in the country and it is for the time being difficult to imagine to channel more AID through CSOs.

In general terms, the feed back of the civil society regarding the EC cooperation and development in Nigeria is positive and it endorses the main activities and programmes implemented at national and state level. Some organizations have pointed out that the Federal and State levels should put more effort implementing the legal framework that protects children and the states and local governments are clearly identified as key stakeholders on service delivery in order to achieve the MDGs.

7. CONCLUSIONS

At the end of 2006 the political situation remains stable and marked by the affirmation of the relative independence of the legislative power after the “third term” affair. Certain improvement in the politic life was perceptible before the 2007 elections at the occasion of the primaries hold at the end of the year. The preparation of the elections raises some concerns at the same period with the failure of the data capture machines system for the establishment of voter registers and the postponement of the registration deadline. Human rights situation is slightly improving with a legal framework progressively put in place even if many concerns remain. The Economic reforms have been pursued and the financial and economic situation of the country follows a significant positive trend while social indicators are moving slowly, bringing some concern about the ability of the country to reach the Millenium Development Goals in 2015. Environment is becoming a national priority but in spite of that the situation is still deteriorating both in term of protection of the biodiversity and damage caused in the oil producing area, except notable efforts made in the reduction in gas flaring, which is scheduled to be phased out by 2008.

The inadequacy of data and the different evaluation of poverty by Nigeria and the international organisation makes difficult a prognostic on the trend of poverty reduction. The economic growth seems to have a limited impact on the poor. The difficulty to get reliable statistics hampers the measure of sector performance, even if donors’ studies and the recent SEEDS benchmarking exercise bring a partial answer to that issue.

But first of all the fact that the 2007 elections have been strongly criticized by most of the elections observation missions harms considerably the encouraging results Nigeria had achieved over the last year.

Regarding focal sectors, water and sanitation is still facing some lack of efficiency while good governance at State and Local Government levels shows a slight improvement particularly with the continuation and the ownership of the SEEDS benchmarking exercise. Outside the focal sector immunization is showing a real improvement after the recovery of the national body NPI (National Programme of Immunization).

Coordination with the 19 Members States present in Abuja and other donors is still good even if there is no short term perspective for a common development strategy. Harmonization has significantly improved with a common approach on SEEDS benchmarking exercise. Role of Non State Actors, mainly civil society organisations, is increasing steadily in the implementation of the EU cooperation, both through contracts directly awarded to NGOs (Human rights) and through EDF programmes managed by the National Planning Commission (good governance). Federal and states Parliaments should be more involved in

cooperation matters while local authorities are more and more committed through the different programmes (water and sanitation, support to reforming institution and micro projects); their political awareness and willingness is increasing in our focal States but the weakness of the local administration remain a crucial issue partially addressed by capacity building activities.

ANNEXES

1 – Country at a glance (key macroeconomic and MDGs indicators)

2 – Financial situation for:

2-a) 9th EDF (grants) and previous EDF

2-b) regional projects (non applicable for Nigeria)

2-c) EIB projects

2-d) Budget lines

3 – Indicative timetable for commitments and disbursements

Annex 1 - Country at Glance- Key Macroeconomic Indicators

	2001	2002	2003	2004	2005	2006
1. Population (est)	118.8	122.4	126.2	129.9	133.7	140
2. Population growth (in %, est)	2,4%	2,4%	2,4%	2,4%	2,4%	3.2
3. GDP per capita (US\$)		341	415	500	658 (est)	1,012
4. GDP growth/capita (in %)		-1.3	7.9	3.3	1.4 (est)	
5. Gross capital formation as % of GDP		26.1	22.8	22.7	23.5 (est)	
6. External debt as % of GDP	59.1	66.6	56.6	50.1	25.8	2.5
7. External debt service as % of GDP						
8. Arrears on domestic debt						
8. Exports as share of GDP of which			49.7	54.6		
9. Trade balance as % of GDP						
10. Government Income as % of GDP of which...		36.4	37.1	43.1	43.5 (est)	
Of which oil and gas		26.2	28.0	35.0	36.7 (est)	
11. Government expenditures as % GDP of which...		40.7	38.4	35.4	33.6 (est)	
12. Budget deficit: overall balance, commitment basis		-4.2	-1.3	7.7	9.9 (est)	
13. Inflation (%)	18.9	12.9	14.0	15.0	11.6	8.5
14. Exchange rate (Naira / Euro)	112.9	122.2	143.5	165.5	165.3	
15. External Reserves (\$ billion)				17.0	28.3	43

Source: IMF, CBN (2006)

MDG Indicators

Type	Indicator	2000	2001	2002	2003	2004	2005	2015	Progress Report	
Impact	1. Proportion of population below \$1 per day				51.5 %		51,3	7.0		
	2. Prevalence of underweight children (under-five years of age)				28.7 %	30.7		17.9	Slow	
	3. Under-five mortality rate per one thousand				201*	197		63,7*	Marginal Improvement	
Outcome	4. Net enrolment ratio in primary education					81.1	84.26	100%	Good	
	5. Primary Completion Rate (Grade six)					69.2	67.5	100%	Worsened in 2005	
	6. Ratio of girls to boys in: - primary education - secondary education - tertiary education				72	79 79	81 81	100% 100% 100%	Good Good Good	
	7. Proportion of births attended by skilled health personnel				35%	36.3				
	8. Proportion of 1 year old children immunised against measles			35%	35% 31.4	31.4 50 (Male; 48.38%, Female; 51%)			100%	Good
	9. HIV prevalence among 15-24 year old pregnant women				5.2		4.4			Good
	10. Proportion of population with sustainable access to an improved water source			60%		57%	60	80%		Slow/ Weak database

Source(s): World Development Indicators Database, FOS -

Nigeria MDGs Report 2007

Annex 2a: retrospective financial situation for 6th – 9th EDFs - NIGERIA

GLOBAL COMMITMENTS Chronological evolution by EDF

EDF	Amount PIN	<= 1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
5	50,469,552	49,126,417													
6	217,992,976	242,387,571	-904,577	-6,478,203	-3,937,492	-2,520,635	-28,249,447	-1,644,145	-1,746,030	-237,879	-233,735			-1,064,588	
7	338,636,394	164,574,379	29,366,125	-9,999,031	-19,220,523	-25,667,539	-28,546,718	15,265,380	69,334,712	64,833,400	8,882,880	7,150,000	-3,508,794	-4,489,604	-6,736,673
8									5,000,000						
9												79,548	271,880,440	45,160,000	43,000,440
TOTAL	607,098,922	456,088,367	28,461,548	16,477,234	-23,158,015	-28,188,174	-56,796,165	13,621,235	72,588,682	64,595,521	8,649,145	7,229,548	268,371,646	39,605,808	36,263,767

INDIVIDUAL COMMITMENTS Chronological evolution by EDF

EDF	Amount PIN	<= 1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
5	50,469,552	49,126,403													
6	217,992,976	192,523,867	24,752,018	-4,340,208	-9,290,108	-4,997,459	-2,458,108	-326,162	-123,624	-125,664			-140,121	-319,998	
7	338,636,394	92,396,785	20,818,289	-4,342,778	-21,081,566	-4,288,183	-96,855	2,544,346	1,559,342	23,903,681	11,748,136	45,747,340	23,272,794	16,663,810	20,264,437
8										5,000,000					
9													114,820,608	89,318,813	51,346,841
TOTAL	607,098,922	334,047,055	45,570,307	-8,682,986	-30,371,674	-9,285,642	-2,554,963	2,218,184	1,435,718	28,778,017	11,748,136	45,747,340	137,953,281	105,662,625	71,611,278

PAYMENTS Chronological evolution by EDF

EDF	Amount PIN	<= 1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
5	50,469,552	49,126,259													
6	217,992,976	135,814,346	33,801,631	17,394,829	6,493,729	1,146,667	185,085	30,239		2,807				-7,451	
7	338,636,394	29,773,994	20,916,452	10,793,593	7,163,013	2,921,912	1,340,717	4,460,612	1,410,309	22,793,239	8,459,239	12,952,874	20,651,594	23,098,787	27,930,383
8										1,000,000	1,380,000	1,390,000	773,789	456,211	
9													38,501,497	94,437,051	51,385,332
TOTAL	607,098,922	214,714,599	54,718,083	28,188,422	13,656,742	4,068,579	1,525,802	4,490,851	1,410,309	23,796,046	9,839,239	14,342,874	59,926,880	117,984,598	79,315,715

Summary of EC Cooperation with Nigeria

Project/Program Title	Primary Commitment	Individual Commitment	Payments per 31.12.2006	Expiry Date
7th FED				
7ACP UNI 62 PRIME	77,400,000	63,561,684	48,090,535	30.9.2007
7ACP UNI59 MPP6	42,000,000	31,525,455	23,460,153	30.5.2008
7ACP UNI 58 Democracy Support	3,703,000	3,703,000	1,041,652	31.12.2006
7 ACP UNI 56 STWSSP	15,000,000	7,326,782	2,938,072	31.12.2008
7 ACP UNI 51 MPP3	21,000,000	18,011,139	17,557,189	21.9.2006
9th FED				
Focal Sector 1 :Water and Sanitation				
9 ACP UNI 6 WSSSRP	87,000,000	42,870,330	8,521,353	31.7.2010
Focal Sector 2:State and Local Institutional and Economic Reform				
9 ACP UNI 5 Census Support	116,500,000	112,914,171	110,440,550	31.12.2007
9 ACP UNI 7 SRIP	27,600,000	17,978,809	2,807,145	31.12.2010
9 ACP UNI 8 Economic &Financial Crimes	24,700,000	24,700,000	17,602,000	25.10.2008
9 ACP UNI 11 Support to Nigerian Electoral Cycle	40,000,000	20,000,000	19,000,000	31.12.2010
Programmes outside Focal Sectors				
9 ACP 1 TCT Technical Cooperation Facility	10,700,000	5,263,651	3,764,341	31.12.2007
9 ACP UNI 3 Polio 14 countries	25,380,000	25,380,000	25,288,279	25.4.2007
9 ACP UNI 4 Support to NAO	7,700,440	3,697,600	1,508,843	30.6.2010
9 ACP UNI 9 Cameroon/Nigeria Demarcation	2,000,000	1,945,000	298,289	30.10.2010
9 ACP UNI 10 Support to routine immunisation in Kano State	15,500,000	199,800	199,158	31.7.2010

Annex 2-c

EIB Projects in Nigeria at the end of 2006

year	Name	Sector	Amount (€ m)	Disbursed 31/12/2006 € m	Mode of financing
2001	Venture&Trust	Financial sector	5	achieved	Global loan; the company provide long term loans in Industry, mining, tourism, & related services
2003	Aureos West Africa	Financial sector	7		Venture capital funds
2004	Nigeria Global Loan (6 Nigerian Banks)	Financial Sector	50	38	Financing facility
2005	African Capital Alliance	Financial sectore	11		Participation in CAPE II, mid-cap fund
2005	Dangote Cement	Industry and Mining	123	108	Financing facility (€33m) and investment facility (€90m)
2006	First Bank of Nigeria Plc	Financial Sector	50		Loan facility
Total			246		

After an eight year interruption, the EIB restarted its operations in Nigeria in 2001, with a € 5m global loan to Ventures&Trust, a venture capital company providing long-term loans and equity to fund small and medium term investments in industry, agro industry, mining, tourism and related services. In 2004, the EIB has signed with six local banks a € 50m financing facility for Nigerian small & medium sized enterprises. In 2005, a financing facility, comprising a loan of USD 40m (€ 33 m) under the Investment Facility and a USD 110 m (€ 90m) loan under EIB's own resources, was granted for the construction and operation of a cement factory in central Nigeria (Obajana Cement Factory). In 2006, the EIB signed a € 50 m loan facility (€ 15 m of which qualifying as tier II capital) to support the development of First Bank of Nigeria, a leading local bank. All the loans have been largely disbursed so far, with the undisbursed portions being fully utilised by end 2007.

Furthermore the EIB is also active in Nigeria through two venture capital funds: (i) since 2003, a USD 10m (€ 7m) stake on Aureos West Africa, a regional fund head-quartered in Lagos and (ii) since 2005, a USD 15m (€ 11m) participation in CAPE II, a mid-cap fund sponsor by African Capital Alliance, a leading indigenous venture capitalist.

In 2006, the EIB signed a EUR 50 m loan facility with First Bank of Nigeria (FBN), a leading local bank. The project aims at supporting the development of FBN in particular with regard to (i) the reinforcement of its position in the corporate banking market and (ii) the implementation of its retail strategy.

EIB also continued with the implementation of the projects previously signed. The Obajana Cement Project (sponsored by Dangote Group) is by now largely disbursed (EUR 108m) and disbursements under the SME facility have improved (EUR 38m).

Annex 2 d: EU cooperation with Non-State Actors					
		Implementation	Budget		EU
Projects	Decision Date	End Date	Line	Contractor	Contribution
Monitoring and Documenting Shari'a Cases and associated Human Rights Abuses under the Shari'a in Nigeria, and Building Capacity of Local Civil Society to Respond to Needs of Victims and to Demand for Best Practices in the Administration of Shari'a.	08/01/2005	08/01/2007	EIDHR Micro project	LEGAL DEFENCE AND ASSISTANCE PROJECT LEDAP	89,194.92
Monitoring and Consolidating Democracy in Nigeria through enhancing Civil Society's role in Public Budgets, and Influencing the Allocation and Management of Public Expenditure	01/09/2004	09/01/2006	EIDHR Macro project	Justice Development and Peace Commission JDPC	970,268.00
Budget Monitoring through the Nigeria Media	01/01/2006	01/01/2008	EIDHR Macro project	BBC World Service Trust	1,243,746.00
Integrated Sexual & Reproductive Health & Service Delivery in Northern Nigeria	01/01/2006	01/03/2009	Health	NOVIB/Oxfam	1,800,000.00
Supporting Women's Entry into Politics and Gender Equitable Governance in the South Western States of Nigeria Towards the 2007 Elections	01/01/2006	01/01/2008	EIDHR Micro project	Gender and Development Action (GADA)	93,276.00
Reproductive Health Care Improvement at Community Level	06/01/2002	10/01/2004	NGO - Cofin	ROTARY DEUTSCHLAND GEMEINDIENST E.V.	142,600.00
Grassroots Self-Reliant Micro-Finance System Promotion in Nigeria	27/12/2001	07/01/2005	NGO - Cofin	EVANGELISCHE ZENTRALSTELLE FUER ENTWICKLUNGSHILFE E.V.	872,229.00
Extension and Equipment of a Technical Centre in Enugu (NIGERIA) to Provide Vocational Training for Young Poor Men, Construction of a Boarding House in order to admit Apprentices from Distant Rural Communities	31/12/2002	05/01/2005	NGO - Cofin	Rhein Donau Stiftung	190,387.00
Promoting Human Rights in Nigeria: A Project to Foster Human Rights Informatics through Capacity Building	07/07/2005	02/01/2007	EIDHR Micro project	Civil Liberties Organistaion CLO	96,281.00
Campaign Against Holding Charge	01/01/2006	07/01/2007	EIDHR Micro project	The Human Rights Law Service (HURILAWS)	92,717.00
Building civil society capacity for effective project management, gender mainstreaming and electoral reforms through advocacy and lobbying government	29/12/2005	29/12/2006	EIDHR Micro project	Transition Monitoring Group (TMG)	91,508.00

		Implementation	Budget		EU
Projects	Decision Date	End Date	Line	Contractor	Contribution
Nigeria's Civil Society & Human Rights Information Network	09/01/2001	10/01/2004	EIDHR Macro project	The British Council	791,080.00
Anti-Corruption Advocacy and Enhanced Media Perception and Coverage of Corruption using Training, Exposure, Monitoring, Follow-up, Documentation and Publication of at Least Five Corruption Cases with particular reference to the EFCC.	07/07/2005	08/01/2007	EIDHR Micro project	International Press Centre IPC	88,382.00
Advocacy on the Freedom of Information Bill	07/07/2005	08/01/2006	EIDHR Micro project	Media Rights Agenda MRA	70,000.00
Paralegal training/Human rights Education Workshop for Nigerian Women and Men at the grassroots	01/01/2006	01/01/2008	EIDHR Micro project	Centre for Women Studies and Intervention (CWSI)	40,322.00
Strengthening Budget transparency through public participation: monitoring NEEDS and SEEDS in Nigeria	01/01/2006	01/01/2009	EIDHR Macro project	Centre for Democracy and Development (CDD)	1,200,000.00
Media Advocacy on Women's Reproductive Rights in Enugu State	08/01/2005	08/01/2008	EIDHR Micro Project	Women Information Network (WINET)	78,330.81
SUPPORT FOR WIDOWS WHO ARE VICTIMS OF ABUSE IN ENUGU STATE	01/01/2006	01/01/2008		Widows Development Organisation (WIDO)	71,250.00
Electoral Malpractices Counterpoise Project	28/04/05	16/09/07	EIDHR Micro-project	Civil Society (Coalition) for Poverty Eradication (CISCOPE)	89,217.19
Voters Mobilization and Electoral Mandate Protection Advocacy Project for Students in Tertiary Institutions in Nigeria	28/04/05	29/02/08	EIDHR Micro-project	Female Leadership Forum (FLF)	91,876.22
Safeguarding And Defending Democratic Choice and Mandate Of The People Of The North West Zone Of Nigeria Through Innovative Non-Violent Resistance Strategies	28/04/05	14/11/07	EIDHR Micro-project	Human Rights Monitor	67,938.76
Enhancing Effective Popular Participation in Local Government Democratic Elections	28/04/05	20/09/08	EIDHR Micro-project	Justice, Development and Peace Centre (JDPC), Ibadan	86,525.36
Making The Votes Count: Promoting Citizens' Participation And Protection Of Their Mandate During The 2007 Elections.	28/04/05	15/09/07	EIDHR Micro-project	Transition Monitoring Group (TMG) II	92,346.24
Enhancing Women Participation In Democratic Governance in Nigeria	28/04/05	28/12/07	EIDHR Micro-project	Womens' Aid Collective	98,627.79
Youth for the Sustenance of Democracy Project	28/04/05	10/05/2007	EIDHR Micro-project	Linking the Youth of Nigeria through Exchange, Nigeria (LYNX NIGERIA)	68,197.78

		Implementation	Budget		EU
Projects	Decision Date	End Date	Line	Contractor	Contribution
Promoting the Integrity of the Electoral Process through Increased Capacity Building for Local organizations	28/04/05	14/09/07	EIDHR Micro-project	Community Action For Popular Participation (CAPP)	77,291.80
Mobilizing PLWHA Groups for Improving Access to HIV/AIDS Related Treatment in 5 States across Nigeria and the Federal Capital Territory	28/04/05	05/05/2008	EIDHR Micro-project	AIDS Alliance in Nigeria	72,866.76
Advocating for Enforcing Inheritance Rights in South East Nigeria	28/04/05	11/01/2007	EIDHR Micro-project	The Human Rights Law Service (HURILAWS)	82,761.63
Livelihood Enhancement Alternatives Project (LEAP)	25/02/05	01/01/2010	NGO Co-financing	Concern Universal	511,208.69
Improving Primary Health Care for Rural Poor Communities in Northern Nigeria	25/02/05	23/12/09	NGO Co-financing	Catholic Fund for Overseas Development (CAFOD)	733,555.54
Empowering Less-Privileged South-Eastern Nigerian Women through Human Promotion and Professional Skill Acquisition	25/02/05	29/12/2011	NGO Co-financing	Institut Européen de Coopération et de Développement (IECD)	693,587.19
Initiative to promote a coordinated, sustainable and cost-effective approach leading to universal access to water and sanitation services in Nigeria (2005-2008)	25/06/03	10/01/2009	EIDHR Micro-project	WaterAid LBG	557,609.35
GRADO: Cross-River State Rural Water Supply & Sanitation Project (2006-2010)	21/04/04	16/07/2012	EIDHR Micro-project	Universal Concern	712,276.00
Educational Centre in the Suburban Area of Lagos Metropolis	13/04/01	28/02/2008	NGO Co-financing	Associazione Volontari Per Il Servizio Internazionale	894,782.00
Promoting Human Rights in Nigeria: A Project to Foster Human Rights Informatics through Capacity Building	14/05/04	31/08/2008	EIDHR Micro-project	Civil Liberties Organistaion (CLO)	96,281.00
Human Rights Monitoring and Investigation Project (HURMIP)	14/05/04	29/12/2008	EIDHR Micro-project	Centre for Constitutionalism and Demilitarisation (CENCOD)	95,000.00
Media Advocacy on Women's Reproductive Rights in Enugu State	14/05/04	02/12/2010	EIDHR Micro-project	Women Information Network (WINET)	78,330.81
Creating awareness and providing support for victims of gender-based violence	28/07/05	05/01/2008	EIDHR Micro-project	CLEEN Foundation and Project Alert on Violence Against Women	75,152.00
Campaign Against Holding Charge	28/07/05	11/01/2008	EIDHR Micro-project	The Human Rights Law Service (HURILAWS)	92,717.00

		Implementation	Budget		EU
Projects	Decision Date	End Date	Line	Contractor	Contribution
Kudra, KIND's Young Women's Leadership Programme	28/07/05	05/01/2010	EIDHR Micro-project	Kudirat Initiative for Democracy (KIND)	99,006.00
Building civil society capacity for effective project management, gender mainstreaming and electoral reforms through advocacy and lobbying government	28/07/05	08/11/2007	EIDHR Micro-project	Transition Monitoring Group (TMG)	91,508.00
Making The Votes Count: Promoting Citizens' Participation And Protection Of Their Mandate During The 2007 Elections.	28/04/05	13/04/2009	EIDHR Micro-project	Transition Monitoring Group (TMG) II	92,346.24
Project on Gender Budget Transparency and Accountability	28/07/05	07/01/2009	NGO Co-financing	Development Initiatives Network (DIN)	150,000.00
The Nigerian Law Project Phase 2	03/01/2004	07/01/2010	EIDHR Micro-project	The Law Society of England and Wales	1,001,456.00
Cross River State Rural Water Supply and Sanitation Project - NIG	21/04/04	16/07/2012	EIDHR Micro-project	Concern Universal	712,273.00
Integrated Sexual & Reproductive Health & Service Delivery in Northern Nigeria	03/08/2004	07/03/2010	EIDHR Micro-project	NOVIB/Oxfam	1,800,000.00

Total

€15,751,805

JAR 2006 – annex 3 Indicative timetable for commitments and disbursements

FIGURES 9th EDF + 7th EDF with target AIDCO for 2007-2008	31/12/2002	31/12/2003	31/12/2004	31/12/2005	31/12/2006	31/12/2007	31/12/2008	31/12/2009	31/12/2010	31/12/2011
Amount	655	655	655	655	637	650	650	650	650	650
Global commitments	168	169	454	496	532	650	650	650	650	650
Individual commitments	36	60	221	323	395	475	523	586	649	650
Payments	27	41	98	217	297	363	422	535	648	650

