



**JOINT ANNUAL REVIEW
OF THE DEVELOPMENT COOPERATION
BETWEEN
NIGERIA AND THE EUROPEAN UNION
FOR 2007
(JAR 2007)**

July 2009

TABLE OF CONTENTS

1.	Update of the political, economic and social situation	3
1.1.	Update on the political situation	3
1.1.1	Institutional Developments	3
1.1.2	Peace / Security	4
1.1.3	Regional Context	5
1.2.	Update on the economic situation	6
1.2.1	Macro-economic changes and structural reforms	6
1.2.2	Integration into the world economy – positions with regard to the EPA.....	7
1.2.3	Management in public finances and budgetary expenses:	8
1.3.	Update on poverty and social situation	9
2.	Overview of past and ongoing co-operation	10
2.1.	Focal sector 1, water and sanitation:	11
2.2.	Focal sector 2, good governance:	12
2.3.	Projects outside the focal sectors	14
3.	Policy Coherence for Development (PCD).....	15
4	Joint EU-Africa Strategy.....	16
5	Donor coordination and harmonisation.....	16
5.1.	Progress during 2007	16
5.2.	Perspectives for 2008	17
6	Dialogue in country with the NSAs, local authorities and the national Parliaments	17
7	Conclusions.....	18
7.1.	Update on political, economic and social situation.....	18
7.2.	Cooperation.....	19
ANNEXES	21
A.	Key macro-economic performance indicators	21
B.	Key MDG indicators (see attached model)	22
C.	Annexes with a retrospective character - financial situation for EIB projects.....	23

1. UPDATE OF THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

1.1. Update on the political situation

1.1.1 Institutional Developments

The early part of 2007 was dominated by preparations for the April elections. Post election, the new government took office in August and is still working to establish itself, and continues to call for patience as its programme is being developed. In the meantime the 7- point agenda, which was the political programme of the elected president, was detailed and a 20/20 vision developed, consistently with the NEEDS 2 document finalized just before elections.

Nigeria passed the 2007 elections without major struggle and the first handover between two civilian powers went without the violence we could fear. Nevertheless the 2007 elections themselves were widely regarded as falling short of international standards, and at the time of writing there are legal challenges to both the state and presidential elections. In February six gubernatorial elections were overturned, with many more still pending. Election tribunals engendered and still engender months of legal wrangling. A government appointed Electoral Reform Committee (ERC), set up in August 2007 bringing together a panel of important personalities and civil society organisations and led by a former Chief of Justice of the Federation, will be proposing improvements to the electoral system by the end of the year. After a settlement time in 2007 the ERC is expected to accelerate its work in 2008 through public hearings. This uncertainty over the executive, exacerbated by internal problems within the legislature, may have contributed to hamper the first few months of the new administration and stymied progress in key areas.

The general perception is that an uncertainty reigns over the prospects for the ongoing anti-corruption campaign. The Economic and Financial Crimes Commission has in the past demonstrated a rigorous approach to its mandate, with a significant number of cases under prosecution or in court, including high profile cases of ex-governors and top civil servants. The impact of this anti-corruption effort has been remarkable, but also controversial with many Nigerians sceptical about the body's political objectivity, when a list of 137 presumed corrupt candidates was published before the validation of the list of candidates. The 'reassignment' early 2008 of the EFCC's dynamic and much lauded Chairman, Nuhu Ribadu, has also been a cause for concern. The prosecution of senior figures continues, but the anti-corruption campaign is being carefully monitored for any signs of political interference.

New President Umaru Yar'adua has called outgoing president his 'leader', and like his predecessor, faces the challenge of institutionalising reform to the point where citizens experience the tangible benefits of governments' work. Apart from continuing the effort at federal level, reforms will need to be strengthened at state and especially local government level, where the responsibility for delivery of basic services is concentrated but largely unmet.

The human rights record has improved on the years of military rule. Where gross violations are reported these are often linked to government's lack of capacity or negligence - for example, in the police force, where illegal detentions, extra-judicial killings, and torture are regularly reported.

Nevertheless, groups such as Human Rights Watch continue to be scathing in their criticism of the graft and violence allegedly at the heart of Nigeria's democracy. Elections at all levels (presidential, gubernatorial, and local) have witnessed violence and intimidation, often resulting

in loss of life, and rarely leading to convictions of the perpetrators. But it has to be noted that the police role during elections has been perceived more positively than during the former one.

Amnesty International has also recently reported the "secret executions" of prisoners, and accused Nigeria of having misled the world, following previous pronouncements.

Issues remain in a number of areas, including:

- Security forces allegedly acting with impunity, perpetrating extra-judicial killings and torture. Shooting to kill is often seen as a legitimate response to violent crimes and has been publicly expressed by the Inspector General of Police.
- Legislation against homosexuals and same sex relationships contravening international human rights conventions. Homosexuals are also often the victims of harassment and violence, with no possibility of redress.
- Continuation of death penalty
- Sharia law penalties are perceived as discriminatory due to the severe punishments foreseen in comparison with what is applicable under common law and are not in line with international human rights conventions.
- Unacceptable conditions and overcrowding in prisons. Many of these prisoners have been on remand for long periods.
- Infringement of the rights of women and girls, often in the context of traditional practices and laws (e.g. inheritance rights, female genital mutilation, aspects of Sharia law)
- Harassment and raids on media companies.

1.1.2 Peace / Security

The security situation and conflict in the Niger Delta remains one of Nigeria's gravest concerns, potentially threatening both political and economic stability. Due to the key role of Nigeria in the sub-region and in Africa, Niger Delta is also becoming an international concern.

Low level conflict continues between militia groups and the security forces, with dozens killed in 2007. Hundreds of individuals, particularly foreign oil workers, have been kidnapped since 2004, including women and children, with a worrying increase from the end of 2006. A kind of moratorium was observed by the main militant organisations at the end of 2007.

Armed gangs have proliferated, lured by the prospect of easy gains and bunkering. Local administrations are thought to be corrupt and inefficient¹, and few have faith in government's ability, federal or otherwise, to remedy the situation. A desperate and disenfranchised community could easily become a major challenge to national security if conditions do not improve. During the 2007 Christmas period the situation deteriorated so sharply in Port Harcourt, that curfew was declared and interventions by armed forces increased to restore the legal order.

The unrest also has profound economic implications. Oil production has dropped by up to 25% in 2007 due to oil bunkering, sabotage and other disruptions to the industry, reducing much needed government revenue. On a wider scale, the insecurity and conflict situation dominate international coverage of the country, undermining investor confidence and economic growth.

The new government has put the Niger Delta at the top of its agenda and is preparing new initiatives. A task force has been set up at the vice president level. A Niger Delta master plan

¹ For example Human Rights Watch Report 'Chop Fine' – Jan 2007

was released in 2007, although considered not comprehensive enough. A Niger Delta summit is under preparation and is expected in 2008.

Inter-ethnic and religious tensions persist locally, with occasional incidents of violence across the country. The election period also witnessed widespread political violence causing hundreds of deaths and many more injured².

Poor economic conditions and insecurity have provoked increased migration, and the Nigerian government which, in the past, adopted a non-intervention approach in this area, is now taking it seriously. It is currently developing a National Migration Policy, and has plans to establish a new agency to coordinate and implement the policy once it is agreed.

1.1.3 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 itself is finally undergoing review under the APRM over 2007-2008.

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 has played 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 have performed well in their peace-keeping mission in Darfur and Somalia.

Following the International Court of Justice decision of 10 October 2002, and the final withdrawal of Nigerian forces from the Bakassi Peninsula which took place in mid-August 2006, Nigeria pursued in 2007 the disengagement agenda. The UN reported the humanitarian situation to be satisfactory following their mission to the Bakassi Peninsula on 12-13 February 2007. An agreement has been reached in November 2007 regarding the most controversial aspect of the maritime border. Concern was raised when the Nigerian Senate claimed that the former President had not followed the correct procedure when concluding the 'Green Tea' agreement with Cameroon, and that the handover was thus null and void until the agreement had been ratified. However, there are more recent indications that this is a procedural issue rather than a political one, and thus will not jeopardise the agreement.

Regional integration continues, although not at the pace originally envisaged. The region's common external tariff is still far from complete, and following Nigeria's refusal, discussions continue concerning tariff bands and exemptions.

² See EU EOM reports for further details

1.2. Update on the economic situation

1.2.1 Macro-economic changes and structural reforms

Macroeconomic performance

The Nigerian economy experienced sustained economic growth in 2007. The continuation of the policy of the previous administration in prudent fiscal management and sound macroeconomic policies played a major role in sustaining the gains recorded in 2006. Macroeconomic policies in 2007 were broadly consistent with the objectives of achieving macroeconomic stability and reducing the economy's vulnerability to oil shocks. However the earnings from the oil sector increased greatly due to record high oil prices.

The oil sector still accounts for 95% of foreign exchange earnings and is to provide about 82% of revenues in the 2008 budget. According to IMF figures, non oil GDP grew at 8% during the year. Agriculture and Telecommunication were the main drivers of this growth. The shortfalls in production due to the Niger Delta crisis, led to a funding gap for the Federal and State budgets. This funding gap was bridged from the excess crude account. Despite this, the country's foreign reserves stood at an all time high of \$50 billion as at end of 2007.

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 8.2% in December 2006 to 5.4% for the corresponding period in 2007. On a year-on-year basis, there was also a decrease from 8.5% in 2006 to 6.6% in 2007. The consumer price index grew from 157.1 in December 2006 167.4 in December 2007.

The Nigerian Banking sector has been deemed the fastest growing in Africa and the second fastest in the world. According to the Banker Magazine, a subsidiary of the Financial Times of London, out of 18 African banks in the Top 1,000 banks in the World, 11 were Nigerian Banks. Intercontinental Bank Plc emerged the Number one bank in Nigeria and 5th in Africa. Its global ranking improved from 877th position in 2006 to 355th in 2007. According to the Banker Magazine, Intercontinental Bank is the second fastest growing bank in the world and the first Nigerian Bank to be rated among the Top 500 Banks in the World. Another Nigerian Bank, GT Bank made history as the first Nigerian bank to be listed on the London Stock Exchange (LSE). The \$750 million Global Depository Receipts (GDR) was oversubscribed by 15%. This is coming after the bank's successful Eurobond issue of \$350 million without guarantee from the Federal Government or any International Financial Institution. Another Nigerian bank Diamond bank Plc was also listed on the floor of the London Stock Exchange during the year.

The Federal Government during the year discontinued the plan by the Central Bank of Nigeria to re-denominate the Naira. This policy reversal was hinged on the non-conformity to the rule of law which is a focal issue of the new administration.

Dependence on external public and private transfers

Following the successful exit of the Paris & London Club, Nigeria has maintained a low external debt. The country's external debt stock stood at approximately \$3.4 billion as at September 2007. However, domestic debt grew from N1.8 trillion as at end 2006 to N2.1 trillion as at September 2007.

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 report of the fourth and final Review under the Policy Support Instrument was released by the IMF in October 2007. Nigeria's performance was broadly satisfactory in this final review of PSI. The team said "macroeconomic performance was pivotal in driving favourable economic outcomes during the 2005-07 PSI that concludes this review". Policy implementation strengthened since the third review and program performance was satisfactory" Waivers were proposed for the missed assessment criterion on reserve money and for two delayed structural assessment criteria. The IMF team also highlighted that the Nigerian authorities expressed interest in some form of continuous relationship with the Fund to accelerate the successes of the reforms

1.2.2 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. Nigeria has not yet adopted the ECOWAS Common External Tariff and is negotiating with ECOWAS about a 5th band in which higher tariffs should be applied to protect some products - 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 \$874 in 2005 to \$1,036 in 2006. Nigeria also receives only US\$5.4 per capita in ODA compared to the African average of US\$30.2 per capita.³ 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 Yar'Adua has continued 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 ripe for foreign investment.

³ [ODA Statistics 2005, debt cancellation excluded]

Relations between Nigeria and China increased in 2006 particularly in the oil sector. Nigeria agreed to sell 50,000 barrels of oil per day to China 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

ECOWAS and the EU failed to conclude a full EPA agreement before the WTO deadline of 31 December 2007. The EC proposed a stepping stone agreement for ACP countries after realising the constraints in negotiating a full EPA. This stepping stone agreement was designed to cover market access for goods thereby complying with the WTO rules and preventing a loss of market share for the non LDC ACP countries.

Nigeria declined to sign an interim agreement but still remains committed towards a full EPA. Nigeria asked in November to benefit from a GSP+ system, which was declined by EC as none technically feasible. Nigeria has set-up a 10-man committee to advise the Federal Government on the benefits or otherwise of signing the EPA. Following the expiration of the WTO deadline of 31st December 2007, Nigeria's exports to the EU from January 1, 2008, have become subject to the Generalised System of Preferences (GSP) in line with WTO rules. Unfortunately, this means higher tariffs for Nigerian exporters.

1.2.3 Management in public finances and budgetary expenses:

Public Finance Management

The reform measures have remained consistent despite the change in administration. The 2008 budget was prepared in line with the Medium Term Expenditure Framework (MTEF) concept introduced in 2005.

Budget 2008

The 2008 Federal budget, prepared in the context of a Medium Term Expenditure Framework, was submitted by President Umaru Yar'Adua to the National Assembly on November 8 2007. N 2.5trillion (was budgeted for total spending; using an oil price benchmark of \$53.8 per barrel and an exchange rate of N117 to \$1. Total deficit stood at N560 billion (2.5% of GDP). GDP growth rate is targeted at 11% while inflation is put at 8.5%.

A conservative oil-price-based rule will continue to anchor fiscal policy for all Government tiers. The 2007 Federal Budget did not envisage the use of any of the oil revenue windfall from the Excess Crude Account to finance additional expenditure in 2007. However, this was not the case as the funding gaps in the 2007 budget were funded from the excess crude account. The 2008 budget proposal took this into account and the oil price benchmark was increased to \$53.8 per barrel.

While transparency has improved at federal level, the 36 States are still not as open. However, the agreement reached by the Federal and State governments on the sharing of the excess crude account has as a condition the signing into law of the Fiscal Responsibility Bill and the Public Procurement Bill at state level. Some of the states are showing significant commitment to improving public finance management and progress is visible for instance in the 6 focal states for EU cooperation where public expenditure review was carried out and where the budgeting

process now involves a participatory approach with the involvement of civil society organisations, local governments and communities.

1.3. Update on poverty and social situation

Millennium Development Goals

Nigeria faces enormous challenges in achieving the internationally agreed Millennium Development Goals. Indeed it was generally agreed until recently that the country would not achieve any by 2015. But according to its 2006 MDG's report card, Nigeria has the potential to achieve some of the goals, especially in universal primary education and prevalence of HIV/AIDS.

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

Successive government's mismanagement of public revenue, particularly from oil, corruption and decline in productivity in agriculture and manufacturing has given rise to widespread unemployment and 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. It ranks 159 of 177 countries in the 2006 Human Development Report, with a Human Development Index of 0.448 slightly decreasing.

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). Nigeria has a specific definition of poverty, adapted to the country, which make more complex comparison with other developing countries.

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 largely 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

About 84% of primary aged children attend school and retention rate is high through to Grade 5. Net enrolment ratio was 84.26% in 2005 as against 81.1% in 2004. Literacy rate of 15-24 years old also improved from 76.2% in 2004 to 80.2% in 2005. The ratio of girls to boys has improved slightly from 79% in 2004 to 80% in 2005.

Health

Nigeria has one of the lowest budget allocations to health in the world, only 6.7% in 2004, and not surprisingly its health system ranks 187th out of the 191 Member States of the World Health Organisation. This situation is compounded by the misuse of allocations, often through corruption. The National Parliament, however, has begun to exercise greater oversight in this area. Within the framework of the NEEDS, budget allocation to the health sector should increase to 10% by 2007. This has not been the case, although there has been a marginal increase to around 8%. The maternal mortality rate is 800 per every 100,000 live births and infant mortality is around 110 per 1000. The levels of immunisation are among the lowest in Africa, despite a per capita expenditure of more than 3 times the sub-Saharan average. Routine immunisation against measles, however, which dropped from over 89% in the early 1990s to below 40% in 2003, has risen to 50% in 2005, and the trend is upwards.

HIV prevalence is believed to be high with 3.5 million people estimated to be HIV positive (about 10% of the world's total). However the 2006 MDG card shows prevalence to have fallen from 5.8% in 2001 to 4.4% in 2005. Nevertheless AID orphans are on the increase. Malaria and TB are still a major health problem.

2. OVERVIEW OF PAST AND ONGOING CO-OPERATION

In terms of approval of new projects, 2007 was successful with a total amount of €122,900,000, covering the following 6 projects: the support to non state actors (€20m), a new micro-project programme in the Niger Delta (€45.5 m), the phase II of the support to reforming institution programme (€29.4m), the rider to the PRIME project to support polio eradication (€20m), the phase II of the support to the National Authorising Officer (€4m) and the second technical cooperation facility (€4m). It allowed committing 99% of the envelope decided after the end of term review in 2005 by the 9th EDF sunset clause of 31st December 2007. The difference is due to decommitments from existing projects.

It has to be noted that this performance might be hampered by the expected difficulty to meet the end of implementation or the D+3 rule for many projects in the near future (€8m from phase I of the support to reforming institution programme, €10m at risk with the Small Town Water and Sanitation Programme and €8m at risk with the Water Supply and Sanitation sector support program). With the loss of those funds the 9th EDF envelope for Nigeria will be automatically reduced by 5.5% (€26m, it means N4,7bn).

Apart from approval of new financing, financial results in terms of contracting and disbursement are far from satisfactory with respectively €60.7m and €49.5m (N10.9bn and N8.9bn), for instance a rate of 70% compared to forecasts. Forecasts were too optimistic compared to constraints which were the election period and the change of administration, the staff shortage at both the Delegation and the National Planning Commission, and the difficulty to work with sound but complex financial procedures in 6 States spread within the country.

Four projects have reached the deadline for contracting (D+3 date) in 2007, successfully for NAO support I and Census, and far from expectations for TCF I and Support to Reforming Institution Programme phase 1. It has to be noted that for the two projects NAO support I and Census, the last commitments have been approved the last day, which shows the difficulties encountered in the day to day management of the cooperation.

2.1. Focal sector 1, water and sanitation:

Despite some progress in terms of defining a national strategy and policy on water, which is not yet passed at the House, the sector performed poorly in 2007.

Two projects are concerned that were financed respectively under the 7th and the 9th EDF.

Small Towns Water Supply and Sanitation Programme (€15m): end of implementation December 2008. The project has been able to complete most preparatory work in the three targeted States, Ekiti, Adamawa and Delta, such as selection of small towns, social mobilisation of organisation of the Water Consumer Associations, opening of Bank account, mobilising resources from the States, undertaking emergency repairs, training of stakeholders, preparation of technical specifications for the water schemes. Ekiti State has been the most performing and is likely to benefit from the major part of the financial resources. The tender process for 15 water schemes has been completed and the contracts will be signed in January 2008. The tenders for the remainder of 12 water schemes were launched under specific commitment in December 2007. The subsequent contracts will be signed by the second quarter of 2008. The main challenge is now to successfully undertake the construction works before the end of 2008 and the handing over of the water supply systems to a sufficiently capable local organisation in the small towns. The service provider GTZ consultant is still low performing and the third team leader has resigned at a crucial stage.

Water Supply and Sanitation Sector Reform Programme (WSSSRP, €87 million): deadline for contracting 19 December 2008. The major outputs at the federal level were the production of the Second Draft of the National Water Resources Bill, expected to be presented to the National Assembly for enactment in 2008, the assessment of the State Works Contract Procedures and agreement on the implementation of the cost sharing formula for rural Water Supply and Sanitation works. At State level, institutional studies were undertaken in view to develop State water policies and laws based on the National Water Law. The assessment of Water Supply and Sanitation facilities were completed in prioritised urban areas and selected small towns. A number of technical studies have started in preparation for works. In Anambra State, a tender for rehabilitation of an urban area water supply system was launched. These works are expected to commence in March and finish by October 2008. In rural areas (UNICEF component), 529 communities were selected out of 1,400 and the first 300 boreholes have been built in the 6 States. The guinea worm eradication activities carried out by UNICEF in Kebbi and Gombe States have proved successful with 96,000 people receiving access to improved drinking water. Outputs at State level also included the approval from States for direct deductions to finance works under the WSSSRP and the opening of State bank accounts. Given the difficulties experienced with 9th DEF rules for the management of direct labour operation implementation modalities will be modified and more management responsibilities will be given to the States. Project management was seriously hampered from November by the sudden resignation of one of the two service providers. It is foreseen to recruit a new service provider to manage the programme for all the 6 States from October 2008. Regarding the deadline for contracting in December 2008, to enable the project to commit the bulk of its funds before, some 20 new contracts must be concluded. Considering the limited capacities of the NAO office and the turn over expected at technical assistance level, there is a real danger that not all contracts can be approved in time.

2.2. Focal sector 2, good governance:

This sector covers activities on public finance management, anti-corruption, census, elections and, through budget lines, human rights. If we look at the overall picture in the country public finance management showed some improvement at federal level but not really at state level, anti-corruption went globally well with the indictment of high level corrupt people like some former governors at the end of the year, and census had its results published. Elections were controversial and human rights still below expectations.

Programme : ‘Support to Reforming Institutions Programme’(two phases, €53.5m),

The programme works exclusively at state level in the six focal states (Anambra, Osun, Cross River, Kano, Yobe, Jigawa). End of 2007 the disbursement rate was still low but interestingly achievement are significant: In 2007, the main following results were achieved:

- The project strengthened the role of civil society in good governance in the 6 states by mapping and identification of Civil Society Organizations (CSOs), by conducting fora and workshops on Budget Transparency and Accountability and by providing CSOs with training in the procedures for the Call for Proposals to facilitate the conclusion of grant agreements with CSOs.
- The project analysed the State budgets and supports the States in the preparation of state Strategic Plans. Also, the assessment of Integrated Financial and Economic Management Information System (IFEMIS) at state level is on-going, which will provide information regarding the supply of equipment and training of State Agencies.

The phase 2 has been approved, which will allow extending activities until mid 2011. The purpose is to avoid as far as possible a gap at state level between the two phases.

However €3.5m were decommitted from phase 1 due to the slow implementation of the programme at the beginning.

EU Support Project to law enforcement against economic and financial crimes (EFCC, €27m). The 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. Throughout 2007 the project had been catching up on the delays encountered during the start up in 2006. The personnel issues that marred implementation were overcome in 2007. The impact of the EC support is now more visible on the ground at the EFCC, in particular with regards to the IT support. The EFCC benefits from a tailor-made IT application goAML, developed by UNODC that allows it to track financial transactions. Following initial reluctance, Nigerian banks are now providing a regular data feed. The Judiciary component of this project, while small in financial terms, is having significant impact in the 10 focal states. According to a detailed field study, the incidence of corruption in the Judiciary has been reduced considerably. The EFCC under Chairman Ribadu's leadership took an active role in the run-up to the elections, which was criticised by the political opposition, the international community and media. At the very end of 2007 Ribadu was removed by President Yar'Adua from his post to go on 'study-leave'. Concerns were high in the media and amongst the international community, that this might signify a slack in the struggle against corruption. A close follow up of EFCC activities in 2008 will allow clarifying the situation.

Census 2006 Support Programme (€116.5m)

The Financing Agreement was signed in December 2004. Up to 31/12/2007 more than 95% 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 mainly through a Contribution Agreement signed with UNDP. The largest component is financing the payment of more than 800,000 census staff. The preliminary national, state, and local-level results were released in May 2007. Complications in the procurement of a Census database dominated the EC's attention on the Census Project in 2007. The impasse was finally overcome with the signing of the contract in December 2007. The database is intended to allow the use of the results by all categories of users. Its potential for development activities is significant, if adequately promoted and used. The use of international standard applications such as the UN's DevInfo and the involvement of UNFPA in the implementation will hopefully help in this regard. Through the size of its support, good cooperation with the Population Commission and effective donor coordination, the EC project has been able to leverage significant positive impact on the census preparations and conduct. The 2007 ROM confirmed the relevance of the Census Support project and the need to implement the database. EC visibility has been very high.

Support to Nigerian electoral cycle 2006-2011 (two phases, €40m)

The State and national elections were conducted in April 2007. The project had supported the elections: by paying for ad-hoc supervisors and collation officers, by providing technical advisory services, including for IT, the preparation and printing of manuals and posters, by organising various fora and conferences, human rights training for police officers, funding of 15 CSO for 24 projects on voters education, and publicity for voter's registration. Support to INEC and support to CSOs represent respectively 2/3 and 1/3 of the money spent (around €13m). Many International observers, including the European Parliament concluded that the elections were conducted very badly and that the outcome has no legitimacy. Even the newly elected president acknowledged the need for electoral reforms in his inaugural speech. In August 2007, the president set up a 22 member Electoral Reform Committee (ERC) with a one year mandate to address issues of electoral reform in Nigeria. The EC approved the extension of phase 1 of the project to support the 2007 elections from August 2007 to December 2008 to allow for meaningful engagement and support to the government's own effort towards reform of the Electoral process. A mid-term evaluation of the phase 1 of the project was conducted as planned between August and September 2007 (see Chapter 4). It will allow designing phase 2 which will focus on support to CSOs for activities like civic education. Expected decommitments from phase 1 (around €5,000,000) will be recommitted for phase 2.

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 2007, grants totalling €3.474 million were signed under the health, NGO Co-financing and EIDHR (micro) budget lines' calls for proposal. This amount included the Health, NGO Co-financing and EIDHR macro calls. Of the €3.474 mentioned, 3 micro projects were funded, totalling €170.000. This relatively low number of micro-projects contracts was due to the very poor quality of proposals received under the call. This is likely to improve the 2008 CBSS (EIDHR) micro-call: a budget is available for holding various information

seminars while the call is open. It is hoped that such a forum would help applicants gain a better understanding of how to write more qualitative proposals that would meet funding guidelines.

2.3. Projects outside the focal sectors

Health is a kind of third focal sector with three projects totalising €138.2m, including the 7th EDF funded PRIME project. Two projects are still ongoing:

PRIME, Partnership to Reinforce Immunisation Efficiency (7th EDF, €77.4m, + 9th EDF €20m): end of implementation on 30/06/2009. The pace of project implementation is still high. Having assured a core of trained health staff in immunization in the six focal states, the project is now focussing on providing the physical infrastructure for immunization activities (cold store, cold chain equipment, vehicles, and motorcycles). It is further preparing to work with State authorities to ensure their continued financial support to the immunization after the end of the PRIME project. At the end of the first semester the National Programme on Immunisation has been merged into the National Primary Health Care Development Agency, and the Programme has adjusted accordingly.

The Signing of Rider no. 3 to the Financing Agreement allowed for the extension of the Project to 30 June 2009, scaling up to 23 states with the addition of 17 new ones and the signing of 20 million Euro Contribution agreement with WHO for specific Polio Eradication Actions from March 2006 to December 2008. At the State and Local Government levels Cold chain equipment were delivered and commissioned and ownership of the programme with state and local governments is slowly being established but still leaves much to be desired. It is expected that the passage of the National Health Bill will assist in delineating the roles and responsibilities of the various tiers of Government and foster ownership of Primary Health Care by the Local Governments in particular.

The Government has continued its Polio Eradication actions through the Immunization Plus Days, using different vaccines than before, which have reduced the number of polio cases identified during the first five months of the year has decreased from 626 in 2006 to 122 in 2007. As at 28 November 2007, Nigeria has 263 cases of wild poliovirus in 23 states in 2007, compared to 1096 for the same period in 2006 in 18 states. Major challenges include procedural delays in procurement. A major problem was that some 148 vehicles bought for the use of Local Governments for immunization activities have been stuck for one year at the harbour in Lagos, because of delays in obtaining the required permits from the Government.

Support to Routine Immunization in Kano, SRIK (€15.5m): contracting deadline in December 2008. The Technical Assistance Contract started in September 2007. To enable the project to commit the bulk of its funds before the contracting deadline date in December 2008, some 10 new contracts must be concluded. Considering the time needed to for procedures and limited capacities of the NAO office there is a danger that not all contracts can be signed in time.

Cameroon Nigeria border demarcation €2 m (+ €2 m from EU Cameroon cooperation). During 2007 work continued on delineating the contested border between Nigeria and Cameroon. As at the end of November 2007 the entire land and maritime boundary had been agreed by both sides. At the end of 2007, a total of 696 km of land boundary had been assessed and scientifically agreed by the tripartite surveyor teams of the UN, Nigeria and Cameroon. A

remaining 30-40 km has been assessed but formal agreement is still needed. Whilst the surveyor teams continue carrying-out their assignment, a separate geodetic contract was put in place and is being carried-out. The aim of this contract is to provide a geodetic network to control the accurate positioning of the boundary pillars. Operations have been delayed because of the rainy season and the difficulty in accessing the terrain. The end of implementation is end of October 2008 and an extension of 24 to 36 months of the financing agreement will be needed to achieve the programme.

The NAO support programme I and II (respectively €6.5m and €4m). The programme continues to perform insufficiently. This is due to weak capacity of NAO services to perform routine responsibilities associated with the implementation of project activities. Two tendering procedures were concluded and two new service contracts were signed at the end of 2007: (1) with a technical assistance in charge of implementation of both the current and planned NAO Support Programme; and (2) with an audit company in charge of certification of expenditures for the programme estimates. The latter is already delivering results in the processing of payments. The technical assistance will mobilize progressively. The NAO support phase 2 (€4m) has been approved; it will allow to finance operating costs, local short term expertise and to extend the two existing technical assistance contracts until 2010.

Support to non state actors, INSIDE (€20m). The financing agreement for INSIDE was signed in September 2007. The tender process for a technical assistance to implement INSIDE was launched in December 2007 and it is expected that the technical assistance will be mobilised in September 2008.

Technical cooperation facilities I and II (respectively €5.4m and €4m). The first technical cooperation facility ended in December 2007 while the second one came in to force in 2007. Contracting fell far below expectation largely because studies for the 10th EDF could not take place as planned. The planned Contribution Agreement with WHO for €0.5 million was cancelled at the last minute because of the inability of the WHO to use the resources.

3. POLICY COHERENCE FOR DEVELOPMENT (PCD)

Policy Coherence for Development aims to show consistency between EU general policies and development cooperation strategy in the country. If we consider the 9th EDF, which is still under implementation in Nigeria, there is no direct relation between the cooperation strategy and the twelve EU policy areas⁴. Even if we can consider that contributing to development and to reach MDGs is addressing some aspects of the migration policy, by creating the condition for people to stay in their country.

What is at stake now is the finalization of the 10th EDF strategy. The approach will radically change from traditional development cooperation to an approach linked to a political dialogue based on the identification of areas of mutual interest. The political dialogue oriented approach will bring a clear link with EU general policies and the following areas will be explored:

⁴ The 12 policy areas are: trade, environment, climate change, security, agriculture, fisheries, the social dimension of globalisation, employment and decent work, migration, research, information society, transport and energy. For further background please refer to Council Conclusions of 15.12.2007 based on the communication COM (2007)545 of 20.09.2007, and to : http://ec.europa.eu/development:ICenter/Publications/descript/pub12_en.cfm

- Environment and climate change with the introduction of an environmental programme; a feasibility study will be carried out during the first semester of 2008
- Migration with the introduction of a migration programme; a feasibility study will be carried out during the first semester of 2008
- Trade in relation with the EPA negotiation, with the introduction of a trade related assistance programme which will contain EPA accompanying measures complementary to the activities foreseen under the regional programming; trade will likely become a third focal sector;
- Energy, for which a feasibility study is foreseen during the second semester of 2008 to explore what kind of support that could be brought to enhance an EU-Nigeria dialogue on energy.

4. JOINT EU-AFRICA STRATEGY

Nigeria is still implementing the 9th EDF, which strategy was adopted in 2002, and current cooperation activities are consistent with the EU strategies for Africa adopted in 2005. Consistency is showed particularly through the focus on service delivery issues (micro project, water and sanitation, which support the thematic area of “investing in people”), and through the focus on good governance. The successive micro-project programmes in the Niger delta aim also to contribute to the stability of that area and to contribute consequently to preserve peace and security in the region.

As the 10th EDF country strategy paper is still under discussion it will give the opportunity to show the link with the recently adopted AU-EU strategy. If we look at the areas which could be covered by the country strategy paper, they reflect AU-EU priorities:

- Focal sector on good governance at federal level reflects the second action plan on “democratic governance and human rights”
- Focal sector on good governance at State and LGA level is in the same vein
- Possible third focal sector on trade and regional integration reflects the third action plan of the AU-EU strategy,
- In non focal areas the main activities are on environment/climate change (6th action plan of the AU-EU strategy), on migration (7th action plan) and possibly on energy (5th action plan).

5. DONOR COORDINATION AND HARMONISATION

5.1. Progress during 2007

The Nigerian partner showed a clear willingness to pay attention to external aid and to improve donors' coordination and aid effectiveness in 2007. That new attitude contrasts with the previous era marked by the belief that Nigeria can develop by itself without external support. That belief was largely encouraged by the volume of Nigerian own financial resources compared to what donors are bringing. External aid represents less than 1% of national resources.

Newly elected President Yar Adua expressed also the need of an external support to boost the development of the country, both in terms of traditional aid and capacity building and foreign investment. Nigeria became part of the Paris Declaration and the administration (National Planning Commission) made various attempts to elaborate a mapping our of donors activities in

the country. The job faced some issues with the lack of responsiveness from some donors and the difficulties to aggregate un-harmonized data. UNDP was asked to provide expertise to draft a framework for aid monitoring. A report had been provided at the end of 2007 but conclusions might not be operational enough and the data management system envisaged doesn't seem to present guarantees for efficiency and sustainability (regular updating).

From the EC side an offer for assistance has been made. EC and DFID agreed that a coordination donor mechanism should not create a bureaucracy and should be based on a clear development strategy from the Nigerian side. Particularly a clear list of priorities, based on the 7 point agenda, should constitute the basis to define sectors in which enhanced coordination could be organized (ie lead, active, silent donors, etc...). The fact that there are few main donors (WB, DFID, EC, USAID plus AfDB and UNDP) should help to quickly set up a donors' coordination mechanism.

Following the adoption of the EU code of conduct, a mapping out of the EU aid has been done, which could be used as a basis for further reflection on aid effectiveness. Expected outcome from the survey made in the context of EU code of conduct is a better coordination at State level (joint reviews, avoid duplication of technical assistance).

Regarding the EDF it is note worthy to see that eight partnerships are ongoing with UN agencies at the end of 2007 through contribution agreements. Those partnerships are globally satisfactory but issue of visibility is still remaining. Regarding the joint donor basket fund set up in 2006 to manage the 2007 elections project that formula was not satisfactory and hampered EC visibility, strategy and responsiveness. Lessons learnt will be taken into account for the second phase.

On trade an ad hoc donors group has been settled to follow EPA aspects. IMF is also associated.

5.2. Perspectives for 2008

Administration will be supported to drive aid effectiveness and main donors should push to formalize (and not to bureaucratize) donors coordination. There is a window of opportunity with both the increased interest from Nigerian decision makers and the current trend from donors to increase aid (WB or DFID which increased its aid of 40% during the last two years). From donors' side the main idea is to share a common strategy/approach by the end of the year, between DFID, WB, USAID, EC and AfDB. From EU side discussions are still ongoing between EC and DFID on the justice sector for the Nigerian 10th EDF with the idea to pave the way for possible delegated agreement. Discussions have been engaged between EC and World Bank and African Development Bank and will continue in 2008. One idea is to see to what extent common programme could be drafted in the area of economic reforms (accompanying measures for EPA, upgrading of industry, private sector).

6. DIALOGUE IN COUNTRY WITH THE NSAs, LOCAL AUTHORITIES AND THE NATIONAL PARLIAMENTS

Dialogue with Non-State Actors (NSAs) continued in 2007 through participation in meetings organised by Civil Society, whether specialised or umbrella organisations, and in implementation of our main development programmes where they, as stakeholders, are implementing partners, particularly water and sanitation, support to reforming institutions, support to the electoral process and micro-projects.

In February March during the 2007 elections preparation period the EU-Nigeria cooperation funded through the joint donor basket funds many activities targeting CSOs, including capacity building for monitoring and domestic observation. In August the Delegation was part of a high level workshop organized by an EC funded NGO (Center for Democracy and Development) focusing on MDGs and public finance management and putting together CSOs and key members of the Federal Parliament (House and Senate committees on MDGs).

A more specific programme targeting CSOs capacity building worth € 20 million, Increasing Non State Actors Implementation and Developmental Expertise (INSIDE) was approved in 2007 and is expected to start in September 2008.

The Support to Reforming Institution Programme (SRIP) provided opportunities not only for dialogue with Non State Actors but also with a number of local government authorities and State houses in our six focal states. Training has been provided for over 1000 members of CSO and several local government officials and members of state houses in budget planning, implementation and monitoring.

Unfortunately the negative perception of the 2007 elections didn't allow for developing a partnership between the Nigerian Federal Parliament and the European Parliament as it was expected after the official visit of Mr Borell in November 2006.

There is no direct dialogue between the EC delegation and the Federal Parliament and reporting on our cooperation is made by the National Planning Commission, in the framework of a global reporting on external aid.

7. CONCLUSIONS

7.1. Update on political, economic and social situation

2007 year was marked by general elections and the first handover from one civilian power to another in Nigeria. Handover went relatively well, without an overflow of violence and the new administration, which started in August 2007, is perceived positively at the beginning. Organization of the new cabinet shows a willingness to give back the executive power to the Ministers. Elections were widely regarded as falling short of international standards and the President, after taking note of that situation during his inaugural speech, took a political initiative by setting up an electoral reform committee in charge to propose a new political system which should allow Nigeria to reach international standards. The new administration is developing a long term strategy (vision 2020), based on the existing NEEDS2 and the 7 point agenda of the new President.

Situation of human rights is still reported with many issues even if the 7 point agenda of the new President focuses on the rule of law. On the positive side the role of the Judiciary was widely commended during elections trials as many flawed elections have been cancelled.

Macro-economic situation is still encouraging, supported by the high level of oil revenues, by continuity in macro-economic reforms and by the good health of the banking system. GDP grew at 8% in 2007, foreign reserves reached USD50bn and inflation rate is of 5.4%. IMF commended the situation during the review under the policy support instrument. One of the main challenges

is to bring reforms at State level, as States benefit from a real independence in budget managing. An incentive is given with the undertaking to distribute the excess crude account to States showing their commitment to reform, by domesticating the fiscal responsibility bill and the public procurement bill.

Nigeria is not depending on aid and ODA represents less than 0.5% of the GDP in 2007. Regarding trade Nigeria remains a worldwide partner but trade restrictions and bans still affect West Africa and EU exports. Nigeria diversifies its partner and is currently developing trade relations with China and India. Nigeria, which represents two third of the GDP of West Africa, is key in the current negotiation process on EPA. Nigeria is the only country amongst non LDC countries in West Africa which didn't sign a stepping stone agreement as Côte d'Ivoire and Ghana. Nigeria has now submitted to the GSP system and there is a risk in hampering exports to the EU by reducing their competitiveness. Nigeria is still supporting the demarche to sign a regional EPA but tries to analyse its own situation and to develop its own strategy to influence the ongoing negotiations.

Social situation is still a concern and MDGs remain a huge challenge in Nigeria in the absence of significant improvement during the last years. The health sector is particularly an issue and some health indicators are actually worsening (maternal and child mortality). The only significant improvement is coming from the immunisation rate, which is partially due to EU supported programmes. The country ranks 159/177 in the last human right index and count the third highest number of poor people after China and India (80 million).

The country is affected by the food crisis with a sharp increase in food prices and it could constitute a threat for neighbouring countries like Niger due to speculation behaviour and highest prices which attract available foods on the regional market. Nigerian people are not demonstrating for that but just adapting by selecting substitutes to expensive foods.

7.2. Cooperation

Despite impressive figures (€60m for contracting and €50m for disbursement) 2007 is far below expectations and shows a slowing down compared to the two previous years. To achieve the existing 9th EDF will take 5.5 years with the current pace of implementation. Lessons should be learnt from the current situation to improve the efficiency of the projects and of the partners, including NAO office.

The Support to Reforming Institution Programme phase 1, Small Town Water and Sanitation, and Water Supply and Sanitation Sector Reform Programme (WSSSRP) projects which have reached their cruise speed at the end of the year, started having an impact on the states in which they work, though the difficulty in obtaining advance guarantees for the service provider remains a problem. The Support to Routine Immunisation project in Kano has finally started with the arrival of the technical assistance. The Partnership to Reinforce Immunisation Efficiency (PRIME) project has confirmed the quality of the management team and contributed to improve significantly the immunisation rate amongst the population.

In the same vein the micro project programme in 6 States of the Niger Delta has performed well, reaching the objective 1,600 micro projects achieved at the end of the programme. Similarly the support to law enforcement against economic and financial crime (EFCC) project has developed well, contributing to the internationally recognized success of this organisation in the fight against corruption. The election project implemented through a Joint Donors Basket Fund has

not been able to influence elections organizations positively, even if the civil society component was successful.

In terms of project implementation 2008 will face serious challenges with two projects coming their end of implementation and four projects having their deadline for contracting. It is unlikely that all funds will be committed or disbursed on time.

Policy coherence for development is not a reality for the 9th EDF but will become one with the 10th EDF still under discussion, with a new focus expected on environment, migration, trade and possibly energy. Existing 9th EDF and the envisaged 10th EDF are also fully consistent with the AU-EU strategy and action plans.

Donors' coordination is still burgeoning in Nigeria and has still to be reinforced. Meanwhile Nigeria's adherence to the Paris declaration and interest of the new administration for aid are encouraging and should lead to a better aid effectiveness locally.

Nigeria is pursuing to give a broader role to CSOs and the executive power is respecting the legislative more and more. In our six focal states non state actors are from now part of the budget drafting process which is a considerable progress, despite the fact that a lot has still to be done. The EC is focusing on non state actors in many of its programmes and plans to start to implement a specific support to civil society organisations in 2008.

Finally the 10th EDF country strategy paper for Nigeria has been delayed to allow the discussion of the objectives with the new Government in a context of a political dialogue which plans to resume during the first semester of 2008. This dialogue has to take into account the issue of the last elections and test the willingness of the new administration to reform the electoral process. Defining areas of mutual interest will confirm and/or give new orientations to 10th EDF programming.

ANNEXES

a) General Annexes:

COUNTRY AT A GLANCE

A. Key macro-economic performance indicators

Basic information

Land area	Population	Population density	Population of the main town
sq km 923,768	140,000,000 (est.)	140 persons/km ²	5.7 million/Lagos
population growth (annual %)			
Year 1999: 3.0	Year 2002: 2.8	Year 2005: 2.8	Year 2006: 3.2
Labour force (annual growth): 2.6			
Life expectancy at birth: 54 years			
HDI: value and ranking: 0.453/158			

Indicator	2002	2003	2004	2005	2006
BASIC DATA					
1. GDP (US \$)	66.0	78.4	87.4	112.1	142.2
2. GDP per capita (US \$)					
- annual change	839.1	620.9	673.2	847.4	1,036.2
3. Real GDP growth (annual %)	4.6	9.6	6.6	6.5	5.6
4. Gross fixed capital formation (% of GDP)	6.3	8.6	11.9	12.0	12.5
5. Foreign direct investment	-	-	-		
6. External debt (% of GDP)*	72.0	61.1	50.2	20.8	3.0
7. Total debt service (% of GDP)	17.4	15.1	12.7		
8. Inflation rate (CPI)	12.9	14.0	15.0	17.9	8.2
9. Real effective exchange rate/1 Euro	122.2	143.5	165.5	165.3	171
STRUCTURE OF THE ECONOMY					
10. Agriculture (% of GDP)	42.14	26.4	16.6	43.87	47.02
11. Industry (% of GDP)	27.43	49.4	56.9	30.17	29.38
12. Services (% of GDP)	16.04	24.2	26.5	16.20	17.63
PUBLIC FINANCE					
13. Revenues (% of GDP)	21.7	25.4	33.6	37.2	45.9
- major sources of revenues					
14. Expenditures (% of GDP)	12.8	12.1	12.2	12.2	12.7
- major sectors of expenditures					
15. Current budget balance (% of GDP)					
TRADE					
16. Exports of goods and services (% of GDP) *			54.4	55.9	56.6
- major exports (oil)					
17. Imports of goods and services (% of GDP) *			37.7	34.6	34.6
- major imports					
18. Current account balance/GDP*			5.3	9.3	12.2

Source: CBN

B. Key MDG indicators (see attached model)

Selected Social Indicators related to the MDGs : Source: Federal Government: MDG information kit 2007

Indicator	1996	2004	2005	2006	2007	2008	2009	2015	Progress
1. Proportion of population living on USD 1 per day	66	54	54 ⁶					21	Slow
-Percentage living in extreme poverty	NA	35	35 ⁷					NA	Insufficient data
2. Percentage of underweight children (under five years of age)	31	30	30 ⁸					18	Slow
3. Under five mortality rate	NA	100 ⁵	110 ⁹					30.3	Worsening
4. Net enrolment ratio in primary education	81.1	8.1.1	84.26					100	Good
-Retention rate to Grade 5	71	74	74					100	Good
5. Primary completion rate	64	69.2	67.5					100	Good
-Literacy rate of 15-24 yrs	NA	76.2	80.2					100	Good
6. Ratio of girls to boys in: primary education	NA	79	81					100	Good
-secondary education	NA	79	81					100	Good
-tertiary education	NA	NA	NA					NA	
7. Proportion of births attended by skilled medical personnel	NA	36.3 ¹¹	44					≥60	Worsening
8. Proportion of one year old children immunised against measles	NA	31.4 ¹²	50 ¹⁴					100	Slow
9. HIV prevalence among 15-24 year old pregnant women	5.7 ¹⁰	5.2 ¹³	4.4 ¹⁵					NA	Good
10. Proportion of population with sustainable access to improved water source	NA	57	60					80	Slow/weak database

⁵ Per 1000 (2003)

⁶ 2004

⁷ 2004

⁸ 2004

⁹ Per 1000 (2004)

¹⁰ 1999

¹¹ 2003

¹² 2003

¹³ 2003

¹⁴ 2004

¹⁵ 2005

C. Annexes with a retrospective character - financial situation for EIB projects

The EIB manages the Investment Fund (IF) which was established under the Cotonou Agreement, which governs relationship between the European Union (EU) and African, Caribbean, and Pacific (ACP) countries. The aim of the Fund is to promote development of the private sector in ACP countries. Apart from the IF, the EIB also lends to viable projects from its (EIB) own resources. The EIB portfolio in Nigeria is listed below;

- In 2001, 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 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. 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. All the loans have been largely disbursed so far, with the undisbursed portions being fully utilised by end 2007.
- 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.
 - 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). EIB has signed a mandate with Geometric Power Project in Aba, Abia State for the financing of the Independent Power Project (IPP). Due diligence is on-going.