

**JOINT ANNUAL REVIEW**  
**OF THE DEVELOPMENT COOPERATION**  
**BETWEEN**  
**NIGERIA AND THE EUROPEAN UNION**  
**FOR 2008**  
**(JAR 2008)**

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## Abbreviations

AAP	Annual Action Plan
ACP	Africa, the Caribbean and the Pacific
ADR	Alternative Dispute Resolution
AEC	African Economic Community
AFD	Agence Française de Développement
AfDB	African Development Bank
AIDCO	Department of Aid and Cooperation (EC)
AIDS	Acquired Immunity Deficiency Syndrome
ANPP	All Nigeria Peoples Party
AOR	Annual Operational Review
ATPs	Attending Tribunal Persons
AU	African Union
AUC	African Union Community
CBN	Central Bank of Nigeria
CCB	Code of Conduct Bureau
CCM	Country Coordination Mechanism
CD	Compact Disk
CDF	Community Development Foundation
CEEDS	Community Economic Empowerment and Development Strategy
CET	Common External Tariff
CIDA	Canadian International Development Agency
CO2	Carbon dioxide
CPI	Corruption Perception Index
CPI	Consumer Price Index
CRS	Cross River State
CSOs	Civil Society Organisations
CSP	Country Strategy Paper
CSP-NIP	Country Strategy Paper- National Indicative Programme
CWIQ	Core Welfare Indicators Questionnaire (2006)
DfID	Department for International Development (UK)
DMO	Debt Management Office
DPT	A mixture of three vaccines, to immunize against Diphtheria, Pertussis (whooping cough) and Tetanus
EAMR	External Assistance Management Report
EC	European Commission
ECD	European Commission Delegation
ECOSAP	ECOWAS Small Arms Control Programme
ECOWAS	Economic Community of Western African States
EDF	European Development Fund
EFCC	Economic and Financial Crimes Commission
EIA	Environmental Impact Analysis
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
EPA	European Partnership Agreement
ERC	Election Reform Committee
ETR	End of Term Review
EU	European Union
EU MS	EU Member States
FA	Financial Agreement
FAO	Food and Agriculture Organisation
FCT	Federal Capital Territory – Abuja
FDI	Foreign Direct Investment

FEP	Farmers Empowerment Programme
FG	Federal Government
FGN	Federal Government of Nigeria
FMAWR	Federal Ministry of Agriculture and Water Resources
FMoH	Federal Ministry of Health
FRL	Fiscal Responsibility Law
FWACC	Federation of West African Chambers of Commerce
GBS	Global Budget Support
GDP	Gross Domestic Product
GON	Government of Nigeria
GSP	Generalised System of Preferences
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
HQ	Head Quarters
ICPC	Independent Corrupt Practises and Related Offences Commission
ICT	Information and Communications Technology
IDPs	Internally Displaced Persons
ILO	International Labour Organisation
IMF	International Monetary Fund
INEC	Independent National Electoral Commission
INSIDE	Increasing Non-State actor's Implementation and Development Expertise
IT	Information Technology
IT	Italy
JAR	Joint Annual Review
JC	Joint Communiqué of the Nigeria-EU Ministerial Troika Meeting, Ljubljana, May 2008
JDBF	Joint Donor Basket Fund
LEEDS	Local Economic Empowerment and Development Strategy
LGAs	Local Government Areas
LGs	Local Governments
m	Million
M&E	Monitoring and Evaluation
MD	Managing Director
MDGs	Millennium Development Goals
MPP	Micro Project Programme
MTEF	Medium Term Expenditure Framework
MTR	Mid-Term Review
NAFDAC	National Agency for Food and Drug Administration and Control
NAO	National Authorising Officer
NAPEP	National Poverty Eradication Programme
NAPTIP	National Agency for the Prohibition of Trafficking in Persons and Other Related Matters
NBS	National Bureau of Statistics
NDPF	National Development Partnership Framework
NEEDS	National Economic Empowerment and Development Strategy
NEITI	Nigerian Extractive Industry Transparency Initiative
NFIU	Nigerian Financial Intelligence Unit
NGOs	Non Governmental Organisations
NIP	National Indicative Programme
NIS	Nigeria Immigration Service
NPC	National Planning Commission
NPC/IC	National Planning Commission/ International Cooperation
NPC/SAO	National Planning Commission/ State Authorising Officer
NSAs	Non-State Actors
NSHDP	National Strategic Health Development framework and Plan
OAU	Organisation of African Unity
ODA	Official Development Assistance
OPE	Operational Programme Estimate
OPEN	Oversight of Public Expenditure in NEEDS
OPS	Organized Private Sector
PDP	Peoples Democratic Party
PE	Programme Estimate

PFM	Public Finance Management
PIU	Project Implementation Unit
PMU	Programme Management Unit
PPP	Public Private Partnership
PPP	Purchasing Power Parity
PRIME	Partnership to Reinforce Immunisation Efficiency
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Programme
RIP	Regional Indicative Programme
ROM	Result-Oriented Monitoring
RUWASSA	Rural Water Supply and Sanitation Agency
SALW	Small Arms and Light Weapons
SAOs	State Authorising Officers
SBS	Sectoral Budget Support
SEEDS	State Economic Empowerment and Development Strategy
SIEC	State Independent Electoral Commission
SME	Small and Medium-Scale Enterprise
SPS	Sanitary and Phyto-Sanitary (Measures)
SRIP	Support to Reforming Institutions Programme
SSR	Security Sector Reform
STWSSP	Small Towns Water Supply & Sanitation Programme
SWAP	Sector-Wide Approach to Planning
TA	Technical Assistance
TBT	Technical Barriers to Trade
TCF	Technical Cooperation Facility
TI	Transparency International
UEMOA	Customs and Monetary Union of West African States
UN	United Nations
UNCTAD	United Nations Commission on Trade and Development
UNDP	United Nations Development Programme
UNODC	United Nations Office on Drugs and Crime
UPE	Universal Primary Education
USAID	United States Agency for International Development
WB	World Bank
WHO	World Health Organisation
WPV	Wild Polio Virus
WSSSRP	Water Supply and Sanitation Sector Reform Programme
WTO	World Trade Organisation

## **Executive Summary with main Conclusions and Recommendations**

The purpose of this Joint Annual Review (JAR) of the Development Cooperation between Nigeria and the EU is to carry out an assessment of the cooperation in the year 2008 and identify ways of improving future cooperation. The review process comprised the participation of the EC Delegation to Nigeria, the NPC, CSOs, PMUs, Cross River State (CRS) authorities, NSAs based in CRS and Abuja, one LGA and one community in Cross River State. The exercise benefited from expertise provided by the NAO Support Programme. JAR 2008 briefly reviews developments in Nigeria in 2008 and proceeds to analyse the various features of the cooperation process, draws lessons from experience gained in 2008 and suggests ways to improve the cooperation in future.

### **Country Evolution in 2008**

**Politics:** Following the transition from one civilian government to another which took place in Nigeria successfully in 2007, the judiciary was able to continue in 2008 to resolve the electoral disputes and paving the way to the deepening of democracy in the country. The President adopted an inclusive governance strategy by inviting the major opposition party, the ANPP, into his cabinet to achieve stability of the polity. Nigeria continued to play a dominant role in African affairs by contributing to the resolution of conflicts in Africa, especially in ECOWAS where President Yar'Adua became the president in December 2008. However consolidation of democracy remains fragile.

**Governance, Institutional Reforms:** In 2008 efforts were made to replicate at the state level the Procurement Law and the Fiscal Responsibility Law enacted by the federal government in 2007. In 2008 Nigeria has been moving towards having a better regulatory environment – although progress was sometimes slow. Of note are the recent changes in the way the government seeks to exploit mineral resources other than oil, namely by attracting foreign investment and by helping the many informal, small operators move into the formal sector. However, given the dominance of the petroleum sector in the Nigerian economy, increasing oil bunkering activities in the Niger Delta continue to cut back oil production and combined with the downward trend in the price of Nigeria's reference crude in recent months, if not checked, may continue to reduce the contribution of oil to Nigeria's GDP and affect funding of national budgets which ultimately reduce the resources available to government for infrastructural development and the provision of social services. Based on the 7-Point Agenda which is aimed at fighting poverty, making the economy to be more competitive, improving agriculture and resolving the Niger Delta crisis, a process for developing a long term plan has started with the launch of the Vision 2020 which has the objective of transforming Nigeria to be among the 20 most industrialized countries in the year 2020. Based on past successes achieved in fighting corruption through various agencies the TI perception of corruption index improved in 2008. On 11<sup>th</sup> December, 2008 the President received the report of the Election Reform Committee (ERC) to review the country's electoral process and come up with recommendations to eliminate election rigging and other malpractices.

**Security Situation:** There is hope for general improvement in the security situation in the country, especially in the Niger Delta region due to the set up of a technical committee comprising representatives from the area and the creation of the Ministry of Niger Delta Affairs in December 2008, as well as changes in the top hierarchy of the police and the armed forces. In view of these efforts, the level of criminality was reduced in 2008 except for politically motivated kidnappings and destruction of oil installations in the Port Harcourt area.

**Economy:** Nigeria's oil and gas resources, large population of about 150 million people, as well as its vast land and solid minerals, have made the international community to show interest in partnering with the country in its economic, political and social programmes. The global economic recession led to decreased demand for oil and drastic reduction in oil earnings for Nigeria at the end of 2008. As a result, there was pressure on the country's reserves leading to the devaluation of the Naira and increase in the inflation rate from single to double digit. The money and capital markets faced serious liquidity problems triggered off by the massive capital flight during the first quarter of 2008. The widening gap between development plans and available funds, as well as the lack of adequate capacity for implementing policies and programmes, call for external financing and technical support respectively.

**Trade and EPA:** In 2008 there was 27% increase in Nigeria-EU trade balance. The position of Nigeria on EPA has become clearer and more proactive by virtue of the increased involvement of the country in ECOWAS affairs.

**Poverty Situation:** The incidence of poverty in the country was aggravated during the year by increases in energy costs, transportation and food prices prompting government to introduce wide-ranging measures to improve food storage and production as well as reducing the price of fuel.

**Social Situation:** Notwithstanding the efforts made by the office of MDG in the Presidency and intervention by donors including the EU in the health, sanitation and water delivery projects, there was no appreciable improvement in the relative MDGs indicators going by available statistics.

**Environment:** There was no improvement in the level of environmental degradation as the deadline of 31<sup>st</sup> December 2008 for ending gas flaring in the country could not be complied with.

## **Nigeria – EU Cooperation in 2008**

**Achievements:** The Nigeria-EU Ministerial Troika Meeting held in May 2008 in Ljubljana, Slovenia led to the identification of fields of mutual interest including the following priority areas: peace and security including the Niger Delta crisis; democracy, good governance and human rights; trade and regional integration; development issues including environment and climate change. In addition to the above, an agreement was reached between EU and Nigeria to collaborate in the field of migration.

The EC programmes in the Water & Sanitation sector have contributed to some of the targets (drafting of state water policies, achievement of a water scheme for 70 000 inhabitants in Anambra State and drilling of 300 boreholes).

In the sector of Institutional and Economic Reform, all programmes registered progress. After initial delays, the *Support to Reforming Institution Programme* (SRIP) contributed to fiscal reforms and public finance management, improvement in budget drafting and monitoring, as well as oversight by CSOs regarding the budget process. *EU Support to law enforcement against economic and financial crimes* contributed to EFCC capacity building and to improvement in the public perception of the judiciary. The final census report was approved by the Council of States in November 2008. A support was given to the electoral reform committee through the election joint donor basket fund.

A total of 320 additional micro-projects across various sectors were achieved before closure of the Micro-Project Programme in the Niger Delta (MPP6). Progress was made on routine immunisation (mostly PRIME) leading in reducing infant mortality and improving maternal health in the concerned States.

**Challenges:** Some key challenges in Nigeria-EC cooperation in 2008 were identified as the following:

- The negative image of the country outside leading to difficulties in attracting high level technical assistance and expertise to Nigeria.
- The encouraging but still too slow pace of implementation (60 million euro disbursed when we should reach 100 million euro to be able to implement the coming 10<sup>th</sup> EDF).
- Bottlenecks existing in the cooperation should be identified and sorted out (decision making, knowledge of EDF procedures,).
- The difficulty to implement the cost sharing formula agreed within the project due to a general mistrust between federal and state levels and sometimes to a lack of interest of both levels in ongoing projects
- The difficulty to implement the exit strategies to ensure the sustainability of the projects like for the achieving PRIME project.

**Aid Effectiveness:** The major donors operating in Nigeria comprise the World Bank, DFID, UNDP, USAID, AfDB, Japan and the EC with WB and UNDP being active in most of the 36 Nigerian states including Abuja. Donor coordination still lacks a formal framework but is making progress and has started with the establishment of a draft National Development Partnership Framework (NDPF) between the coalition of donors and the Nigerian government with the Ministry of Finance and National Planning Commission supporting the process.

**Main Conclusions:** In 2008, the Nigeria-EU cooperation produced significant results and commitments and payments were close to targets. But even if financial figures were above targets the pace of implementation is not enough to ensure the timely implementation of the coming 10<sup>th</sup> EDF.

The EU Nigeria political dialogue has elevated the status of EU-Nigeria cooperation from traditional development concerns to new areas. This has profound implications on the manner of transition from the 9<sup>th</sup> EDF which was designed against the background of authoritarian government and re-introduction of democracy in Nigeria, to the 10<sup>th</sup> EDF to be implemented in a different global context. The 10<sup>th</sup> EDF will have to be structured to ensure smooth transfer from the 9<sup>th</sup> EDF, the sustainability of completed and on-going programmes and flexibility to effectively execute the new projects based on lessons learnt.



# **MAIN REPORT**

## **Introduction**

The Joint Annual Review (JAR) of the Development Cooperation between Nigeria and the EU is a document which evaluates the cooperation in the year 2008 in order to ascertain problems and proffer solutions for improvement to the cooperation process during the Annual Operational Review (AOR).

The document is divided in two parts. Part 1 is a review of the country performance over the year 2008, with updates on the political situation and political governance, the economic situation and economic governance, the poverty and social situation as well as the environmental situation. Part 2 provides an assessment of past and current cooperation. It successively reports on the financial performance of European Development Fund (EDF) resources, general and sector budget support, projects and programmes in focal and non-focal areas, other forms of cooperation, policy coherence for development, dialogue in the country with the national parliaments, local authorities and non-state actors (NSAs), and aid effectiveness. A number of annexes provide details which support the main text.

Regarding the Nigeria-EU cooperation, 2008 was a first year of transition from the 9<sup>th</sup> EDF Country Strategy Paper- National Indicative Programme (CSP-NIP) 2002-2007 to the future 10<sup>th</sup> EDF CSP-NIP 2008-2012. The preparation of the 10<sup>th</sup> EDF CSP-NIP was voluntarily delayed in order to take into consideration the new orientations induced by the political changes in 2007 and by the resumption of the political dialogue between EU and Nigeria in 2008.

The political changes also had an influence on Nigeria's strategic planning process. The National Economic Empowerment and Development Strategy (NEEDS) and its sub-national level counterparts the State Economic Empowerment and Development Strategies (SEEDS) and Local Economic Empowerment and Development Strategies (LEEDS) had been guiding Nigeria's planning process under President Obasanjo.

The new President launched his own programme, the 7-Point Agenda. The Priority Policies, hinged on reforms, derived from the 7-Point Agenda, address:

- Sustainable growth in the real sector of the economy
- Physical Infrastructure: Power, Energy & Transportation
- Agriculture
- Human Capital Development: Education & Health
- Security, Law and Order
- Combating Corruption, and
- Niger Delta Development

The NEEDS 2 mid-term and Vision 2020 long-term planning documents are currently being revised and harmonised with 7-Point Agenda, in order to produce the next official country planning document to be ready by the end of September 2009.

# **1 The Country Performance**

## **1.1 Update on the Political Situation and Political Governance**

### **1.1.1 Domestic politics**

#### ***National Elections***

The most recent general elections (legislative, presidential and state governors) took place in April 2007; Alhaji Umaru Musa Yar'Adua was elected to the presidency, and his party, the People's Democratic Party (PDP), won a majority of seats in both houses of the National Assembly as well amongst State governors; many elections were contested in court and at the end of 2008 many cases are still pending while four governors have been dismissed by the Supreme Court (three replaced and one fresh election ordered, leading to two new states managed by governors from the opposition).

The Supreme Court ruled on the election petition regarding the presidential election in November 2008 and just ahead of the ruling, President Yar'Adua received the final report of the Election Reform Committee (ERC) which he had inaugurated in August 2007 to review Nigeria's electoral process and eliminate malpractices that have historically made elections in the country to be highly controversial events. Among the recommendations of the Committee is the reinforcement of the independence of the national electoral body and the introduction of a proportional representation system in elections to the legislature and local councils. The Committee also suggested the creation of three new bodies: an Electoral Offences Commission; a Constituency Delimitation Commission; and the Political Party Registration and Regulatory Commission. How the President will choose to respond to the report is unclear but, given the wide-ranging recommendations, progress is likely to be slow.

The administration created the framework for national consensus by inviting the major opposition party, the All Nigeria Peoples Party (ANPP), to join his cabinet.

President Yar'Adua's administration is insisting on strict adherence to due process<sup>1</sup> and rule of law in order to lay a solid foundation for national advancement.

#### ***National Government***

##### **Reshuffles**

Twenty new ministers were appointed to the cabinet in December 2008 in the framework of an important reshuffle started in September. Most notably, Mansur Muhtar replaced Shamsuddeen Usman as Finance Minister and Shamsuddeen Usman was appointed Minister/Deputy Chairman of the National Planning Commission, in which capacity he is the National Authorizing Officer (NAO), responsible for implementing the Nigeria-EU cooperation.

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<sup>1</sup> Due process (more fully due process of law) is the principle that the government must respect all existing laws of the land in taking decisions or in implementing policies and programmes.

### **1.1.2 International Relations, Nigeria Foreign Policy**

It is a principal objective of Nigeria to get a seat at the UN reformed Security Council and to be fully accepted in the league of the great nations of the world. It is in this perspective and in view of the leading role which Nigeria plays in Africa as well as the existing and future commercial relations (oil and gas) and the leverage which these commodities confer, that the visits of President Yar'Adua to USA (December 2007) and China (end-February 2008) should be seen. The same applies to the visits to South Africa (June 2008), France (June 2008), the United Kingdom (July 2008).

The international community seeks to build relations with Nigeria and encourage it to push ahead with economic reform, as well as the reform of the Independent National Electoral Commission (INEC). Given Nigeria's importance as a global oil producer, greater international focus is brought to bear on the problems in the Delta region. The government is keen to ensure that Nigeria continues to be viewed as a leading power in the continent and that the country's troops remain at the forefront of regional peacekeeping missions. The peaceful handover of the Bakassi peninsula in September 2008 also shows to the international community the will of the country to respect the international rule of law.

The administration is making serious efforts to change the image of the country to one that is investors-friendly, pushing ahead with economic reforms and is willing to play important roles on the world stage.

### **1.1.3 Security-Related Developments**

#### ***On a National Level***

The government intensified the fight against crime and improved the peace and security situation in the country by carrying out sweeping changes in the top hierarchy of the armed forces and police, in addition to the provision of more funding for operational and logistic equipment.

#### **Niger Delta**

The situation in the Niger Delta also improved due to the all stakeholders' conference which took place during the year. This led to the dialogue between the major actors in the conflict and government. Consequently, the spate of abduction of foreigners, especially oil company workers, as hostages abated. The creation of the Ministry of Niger Delta Affairs in December, 2008 has enlarged the scope of federal government developmental initiatives and presented fresh opportunity for international support in the region. In 2008 key initiatives were taken by the federal government like the set up of a Technical Committee on the Niger Delta in September 2008 in charge of making proposals by the end of the year in view of achieving sustainable development, peace, human and environmental security in the Niger Delta. Recommendations have been delivered to the President in December. Significantly a Ministry of state for Niger Delta is in charge of question related to the youth and unemployment in the region.

#### **Situation in Plateau State**

The European Commission expressed its grave concern over the violence which broke out on Friday 28<sup>th</sup> and Saturday 29<sup>th</sup> November, 2008 following local elections in Jos, Plateau State,

Nigeria. Commissioner Michel deplored any form of violence and expressed satisfaction that the situation has been brought under control by the Federal and State authorities. He also hoped that suitable measures would be taken to prevent a possible spread of violence elsewhere in the country. Both federal and state governments subsequently set up panels of enquiry to investigate the crisis and provide solutions to prevent possible re-occurrence in future. On the request of the federal Government an ECHO mission was carried out early December to evaluate potential needs for victims and displaced persons. Conclusion was that the situation was properly managed by the national body, NEMA.

### ***On a Regional Level***

#### **Conflict resolution under ECOWAS umbrella**

Nigeria is the predominant power in West Africa and was instrumental in the creation of the Economic Community of West African States (ECOWAS). In furtherance of its sub-regional role of conflict resolution and peace-keeping, Nigeria continued to contribute troops to the troubled spots in Africa as well as sending emissaries to Darfur in Sudan, Congo and Guinea in 2008. Six battalions were engaged in peace keeping operations at the end of the year.

#### ***ECOWAS Convention on Small Arms & Light Weapons***

Nigeria has ratified in October 2008 the 2006 ECOWAS Convention on Small Arms & Light Weapons.

#### ***ECOWAS Small Arms Control Programme (ECOSAP)***

Nigeria has been collaborating with the 5-Year Priority Action Programme, ECOSAP, which was due for renewal at end-2008.

#### ***Drug Trafficking, Organised Crime and Drug Abuse***

Nigeria is actively participating in the ECOWAS Action Plan (2008-11) on Drug Trafficking, Organised Crime and Drug Abuse and it signed the Political Declaration relating to this at the December 2008 Head of State meeting in Abuja.

#### **Bakassi Peninsula Territorial dispute**

The territorial dispute between Nigeria and Cameroon on the Bakassi Peninsula, for which the International Court of Justice in 2002 ruled in favour of Cameroon, has fully and finally been settled in September 2008, with the formal handover of the peninsula to Cameroon, attracting messages of appreciation from the US and the EU to Nigeria. Border demarcation activities continue between the two countries with the support of the EU and UNOWA.

### **1.2 Update on the Economic Situation and Economic Governance**

The economy of Nigeria is heavily dependent on oil and gas which account for over a third of the gross domestic product (GDP). Nigeria's GDP exhibited a rapid growth rate over the period of 2003-2007 averaging 22.6% in nominal terms and 7% in real terms. However, much of the growth came from the non-oil sector as the oil output declined throughout the period because of the Niger Delta crisis. On the other hand, non-oil GDP grew at the rate of 8.1% during the same period, while oil GDP grew at the reduced rate of 3.5%. Oil GDP actually recorded a negative growth rate during 2006-2007 in spite of the favourable oil price.

In view of the growth of the non-oil output and the increase in the price of oil, gross revenue of the Federal Government grew by an average rate of 33.5% per annum during the five years up to 2007, even though oil production and non-oil export earnings grew at the rate of 2.7% and 4.1% respectively during the same period. The boom in oil prices was over as the oil price which rose up to US\$147 per barrel in July, 2008 crashed to below US\$50 by December, 2008.

The trend in revenue generation by the Federal Government followed that of the GDP growth. As a result, during 2003-2007, non oil revenue grew at the average annual rate of 28.3% as against oil revenue of 24.8%. The favourable revenue profile enabled the Federal Government capital expenditure to grow at the rate of 37%, while recurrent expenditure was 12.85% thereby enabling greater development of the country during the period and facilitating the repayment of external debts. The subsequent decline in oil revenue will inevitably reduce the size of federal and state budgets and limit their capability to execute more developmental projects in 2009 and possibly beyond until world oil price improves. The IMF disclosed that sub-national level of government would be affected with about a 30% drop in expected revenues for funding budgets. This would affect infrastructural, social and health spending. This will lead to increased reliance on external sources of funds.

The trend in domestic inflation rate was generally downward during the 6-year period to 2008 with the urban inflation rate being higher than the rural rate. However, in 2008, inflation rates in Nigeria were reversed upwards with the rural inflation rate being 15.2% and urban rate of 13.8% for the first time in six years. The upward movement in the price level since the beginning of 2008 was due to the global increase in food prices and higher transportation and energy costs. According to President Yar'Adua on page 2 of his 2009 budget speech, the year-on-year headline inflation had increased from single digit to 14.7% in October 2008.

The Naira appreciated in value at the rate of 4% during 2006-2008. However, the decline in the demand for oil led to the reduction in the price of oil, which in turn decreased Dollar earnings and put pressure in the country's external reserves. Consequently, the Naira exchange rate to the Dollar which was N117.82 on December 2<sup>nd</sup>, 2008 depreciated to N130.75 by 16 December, 2008 representing a depreciation of 9.9 % within just two weeks. As at January 30<sup>th</sup>, 2009 the value of the Naira had gone further down to N144.01.

## **1.2.1 Macroeconomic Stability**

### ***External Debt and Foreign Reserves***

Nigeria has never been aid-dependent as other countries but had in the past accumulated significant external debt which was settled in 2006 when the members of the Paris Club granted an 18 billion US\$ debt cancellation against the payment of 12 billion US\$. Nigeria is now debt free. The accumulation of foreign reserves using the oil windfall gains which accrued in 2004 and 2005 allowed Nigeria to settle most of its external debt with the Paris and the London Clubs. The current foreign debt was estimated by the CBN at only €2.9 billion in June 2008<sup>2</sup>, that is around 7% of accumulated foreign reserves at that date and less than 2% of GDP (as compared with some 60% of GDP during the 1960's). Nigeria's foreign reserves closed in 2008 at \$57.2 billion<sup>3</sup>.

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<sup>2</sup> See other data on estimation of foreign debt in annexed table.

<sup>3</sup> This figure has further dropped within the first month in 2009 closing at \$50.9 billion (€40 billion) as at January 22, 2009

## ***Macroeconomic Policies and Economic Reforms***

Macroeconomic policies have in recent years aimed to achieve greater stability and reduce the economy's vulnerability to oil price fluctuation. Economic reforms first initiated under the previous government have focused on deregulation, transparency, accountability and privatisation.

## ***Economic Growth and Income Distribution***

In 2008, Nigeria's GDP grew by 6.8%; non-oil sector grew by 9.5%; oil sector declined by 4.5%; inflation rose to double digit closing at 15.1% compared to 6.6% for the corresponding period in 2007; the Central Bank devalued the Naira by 20%.

## ***Impact of Financial Crisis***

The world economic crisis which was triggered of by toxic bank assets in the USA in 2007 spread quickly to the developed world including the EU. Owing to the huge foreign reserves of the country and its robust banking system, it was believed that the Nigerian economy was insulated from the crisis. However, two defining events, namely: the flight of hedge funds in the first quarter of 2008 from the Nigerian money and capital markets and the drastic fall in the price of oil in the third quarter, announced the arrival of the crisis on the shores of Nigeria. While the EU will have to contend with various economic stimulus packages in its domain, it also needs to plan for future expansion of its production capacities and foreign outlets for its goods and services. On the Nigerian side, the widening gap between development plans and available funds as well as the lack of adequate capacity for implementing policies and programmes call for external financing and technical support respectively. Notwithstanding the world economic crisis, therefore, the Nigeria-EU cooperation is even more relevant and necessary now than ever before.

Nigeria's vision is to leverage on large and sustained oil revenue to be among the 20 leading industrialized countries in the world by the year 2020. However, the crisis affecting global financial markets during 2008 could have a significant impact on Nigeria's economy. In a departure from the stance that Nigeria was immune from the global economic crisis, the government has retraced its steps and a Presidential Committee was set up by President Yar'Adua to tackle its impact on the country.

The immediate effects of the global economic crisis on the Nigerian economy have become evident. The capital flight witnessed in 2008 from the stock market was the first indicator. Nigerian stock market lost 62% value between February 2008 and January 29, 2009. This was followed by the drop in demand for crude oil and falling oil prices, dwindling revenue for Government from oil and led to the shifting of focus to non-oil sources. The falling oil prices have also put pressure on the 2009 budget which is based on \$45 per barrel and reduced availability of foreign exchange to fund external payments and meet domestic demand.

Though the policies introduced by the CBN are showing early signs of effectiveness, more medium to long term problems still lie ahead. These include reduced inflow of foreign investment and remittances from the Diaspora. The reduction in foreign investment could be harmful to the Public Private Partnership (PPP) model contemplated by the government for infrastructural development in the country. The IMF stated that the country was well positioned to absorb the shocks of the crisis due to its large reserves.

The financial crisis will worsen the employment situation due to the closure of several industries, like textile and tyre, as well as the general decline in economic activities in the country.

### **1.2.2 Private Sector Development**

Private sector activity is still expensive and involves many unnecessary procedures. Poor infrastructure and attendant high costs of production make investing in Nigeria an unattractive prospect, despite the potential. The lack of facilities and the weakness of the legal framework are still hampering the expected increase in foreign investments.

In 2008 the number of days to start a business in Nigeria declined from 43 (in 2007) to 34. The cost remains high and has even increased since 2006 (56.6% of income per capita, against 54.4 in 2007).<sup>4</sup>

At the state and local level, businesses are faced with multiple taxes and levies. Emphasis seems to be on generating local revenue, rather than stimulating employment, investment and economic growth. All levels of Government claim to want to attract more private investment, but are largely unwilling or lack the capacity to take the necessary steps to make it happen. That said, in spite of the problems, some progress has taken place. The establishment by the Federal Government of a 'one-stop shop' at the Nigerian Investment Promotion Council for foreign investors is likely to reduce some of the problems. The Nigerian business climate has improved. The processes of obtaining licences and permits are more transparent.

### **1.2.3 Employment**

NEEDS-2 and the 7-Point Agenda recognise that there could be growth with little or no employment, especially where growth is driven by highly capital-intensive activities such as oil and gas, large scale manufacturing and reliance on heavy equipment and imported goods by the construction industry. The economy has recently exhibited such phenomenon of growth without commensurate increase in job opportunities. The goal of employment generation requires the adoption of appropriate technologies in production, giving preferential treatment to labour intensive technologies and methods of production in appropriate circumstances such as public works, agriculture and SMEs. This approach will support faster and more diversified pro-employment growth.<sup>5</sup>

### **1.2.4 Constraints and Potential for Growth**

Nigeria displays the characteristics of a dual economy: an enclave oil sector with few links to the rest of the economy, except via government revenue, exists alongside a more typical developing African economy, heavily dependent on traditional agricultural, trade and some limited manufacturing.

Despite some marked improvements in the federal government's fiscal management, with greater efforts to curb waste and corruption, recent Nigerian governments have remained inclined towards expansionary policies.

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<sup>4</sup> Source: [www.doingbusiness.org](http://www.doingbusiness.org)

<sup>5</sup> Source: Vision 2020 Draft May 2008

Growth in recent years has not been driven by the oil sector, with oil production growth actually negative, owing to disruption in the Niger Delta region. Instead, it has been the strong performance of the non-oil sector that has driven growth, especially agriculture and services.

As well as in the agricultural sector, growth has also been strong in the transport and communications sectors, driven by growth in the aviation industry and mobile phones. The banking sector has also experienced rapid growth since a consolidation exercise carried out by the central bank in 2005. The growth drivers are Agriculture, Manufacturing, Small and Medium Enterprise, Solid Minerals as well as Oil and Gas. The performance of these sectors is critically dependent on good governance and efficient macroeconomic management, the existence of peace and security as well as Science and Technology and ICT.

With the oil sector operating below potential, owing to militant action and OPEC quota cuts, and the non-oil sector suffering from the global financial crisis, real GDP growth is expected to fall to 3.5% in 2009 and 4.8% in 2010. (EIU Feb. 2009)

### **1.2.5 Food Crisis**

Nigeria was not left out of the global food crisis as evident in the increase in the level of inflation based on the high food component in the CPI. The country currently has about 79 million hectares of fertile land out of which only about 32 million (46%) is being cultivated. The country spends an estimated US\$3 billion (€2 billion) on imported products for consumption. The price of rice, the staple food in the country, has doubled between December 2007 and April 2008. However, certain alternatives like yams and cassava which are also staple foods have remained relatively stable during the period.

The food crisis has been attributed to several factors including early end of rains and consequent poor harvest in 2007, large scale hoarding by beverage and brewery companies, high oil price and its consequent increase in cost of transportation.

The Nigerian Government took several steps mainly in the short to medium term to address the situation through: release of grains from the strategic reserve; importation of rice from US, India and Thailand; removal of import tariff on rice importation for six months; dedication of funds from the Development of Natural Resources Account; increase in capacity for strategic food storage; increase in fertilizer allocation; earmarking N10 billion (€57m) from the rice levy account for local rice processing through micro credit schemes; FG concluding plans to float a N200 billion bond on the Nigerian capital market for on-lending to farmers.

Year-on-year headline inflation rose to 14.7% in October, compared with 13% in September and only 4.1% in September 2007, largely driven by increasing food prices.

Food and fuel prices are expected to ease in 2009-10, but a weaker currency and looser monetary policy from the Central Bank of Nigeria will mean that inflation falls only slowly, to 10.9% in 2009 and 8.5% in 2010.

### **1.2.6 Public Finance Management (PFM)**

A Medium Term Expenditure Framework, MTEF, has been introduced and a (pilot) budget monitoring system set up in order to create an integrated financial management system, IFEMIS, within all federal ministries and agencies.



So far donor coordination started in the area of public financial management (WB, DFID, USAID, UNDP and EC). A joint letter was issued by donor partners in October and directed to both the Minister of Finance and the chairman of the governors' forum.

The reform measures undertaken by the Federal Government have enhanced the transparency of public expenditure at least at federal level. The Federal Government has adopted enabling legislation: Fiscal Responsibility Bill<sup>6</sup>, Public Procurement Bill, Tax Reform Bill, and Nigeria Extractive Industries Transparency Initiative Bill. Many of the completed and on-going reforms by the Federal Government have begun to influence public finance management at federal level as well as in some of the 36 states which have implemented these reforms. However, in the states, the level of enactment and the commitment to reform are by no means uniform and some states have distanced themselves from the 2006 State Economic Empowerment Development Strategy (SEEDS) benchmarking, a competitive assessment of how state administrations utilise public funds and maintain commitments to service delivery.

### 1.2.7 Energy

**Extractive Industry Transparency Initiative (EITI):** As most of government revenue is obtained from oil and gas, Nigeria has adopted the Extractive Industries and Transparency Initiative and is now considered a global leader in its implementation. Since February 2004, the government launched a communication strategy aimed at engaging civil servants and private sector's stakeholders on the importance of this initiative, which calls for independent audits of the oil and gas sector towards contributing to a culture of transparency and accountability in that sector. Under EITI, technical work done by the staff of Oil & Gas accounting unit have led to the recovery of monies due to the government by oil companies estimated at about US\$ 1 billion.

The emphasis in the energy sector is on diversification of energy sources to achieve optimal mix of energy types – hydro, thermal, solar, wind, nuclear, etc. Energy is an important factor in the Nigeria-EU relationship as the EU is a major consumer of Nigerian oil and gas exports (around 20 % of the crude oil and 80% of the gas) and a major current and potential investor in the energy sector in the industry.

**Transparency in Energy Sector:** The EC has a policy for encouraging transparency in the energy industry through support to the EITI. European Commissioner Andris Piebalgs attended an international conference on EITI in Abuja in September 2008.

### 1.2.8 Fight against Corruption

To complement fiscal reforms, governance reforms which are anchored on the tenets of transparency, accountability and anti-corruption were introduced. These include: the due process mechanism<sup>7</sup>; the Nigeria Extractive Industry Transparency Initiative (NEITI); Oversight of Public Expenditure in NEEDS (OPEN); public sector restructuring; as well as anticorruption agencies namely: the Economic and Financial Crimes Commission (EFCC), Code of Conduct Bureau (CCB) and the Independent Corrupt Practices and Related Offences Commission (ICPC).

The fight against corruption in Nigeria can be classified under two main headings:

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<sup>6</sup> The Fiscal Responsibility Bill seeks to harmonise Public Financial Management across the three tiers of government.

<sup>7</sup> The Budget Monitoring Price Intelligence Unit (BMPIU) within the Presidency is also called the Due Process Unit.

- **Enforcement:** This refers to the activities of the CCB, the EFCC and the ICPC in investigating and prosecuting offenders.
- **Preventative Measures:** This refers to the laws and policies put in place such as the publication of federal budgets, public procurement reforms, due process, Fiscal Responsibility Law (FRL), EITI and the elimination of payroll fraud. These measures have contributed immensely in preventing corruption through improvements in accountability and transparency.

President Yar'Adua has called on the National Assembly to remove from the Constitution the immunity clause that shields the president, the vice-president, state governors and their deputies from prosecution while in office.

According to the latest Transparency International (TI) Global Corrupt Report 2008 Nigeria's CPI rank moved upward from 147 in 2007 to 121 in 2008 (out of 180 countries) as Nigeria's CPI score improved from 2.2 to 2.7.<sup>8</sup>

The chairman of EFCC has been replaced early 2008. While the perception of corruption is improving in the international index of transparency international, the perception of the situation is mixed within the country were less significant cases of corruption were tackled by the justice in 2008.

### **1.2.9 Trade and Economic Partnership Agreement (EPA) Related Issues and Economic Integration**

In 2008, negotiations on EPA issues have been progressing constructively within the ECOWAS region and this involved the different integration chapters of the Agreement (Barriers to Trade, Trade in goods, Biodiversity, SPS, and TBT). Member states have, as discussed with the EC, put the EPA time table programme on the table of negotiations. .

ECOWAS Summit decided in December to conclude the EPA by June 2009 (under Nigerian Presidency – President Yar'Adua participated himself in making this decision). As President of ECOWAS, Nigeria is expected to play a proactive role in ECOWAS decision making process.

Nigeria has decided, in anticipation of ECOWAS Ministerial decision, to adopt a tariff book based on ECOWAS CET 5 categories, including a 5<sup>th</sup> tariff band of 35% (against 50% traditionally defended by Nigeria!)

From the African Union Commission (AUC) perspective, one of the yardsticks with which to judge the successful completion of EPAs will be the coherence of the negotiation outcomes with the African agenda for unity and solidarity, the promotion of regional integration and the establishment of the African common market. This requires that full and comprehensive EPAs are not concluded by African countries individually, as was the case with the interim EPAs, but on a regional basis that will strengthen Africa's regional integration initiatives.

The AUC is not a direct party in the current EPA negotiations although, in the long run, the ideal framework for the development of trade and economic cooperation between Africa and

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<sup>8</sup> CPI score' relates to perceptions of the degree of corruption as seen by business people and country analysts, and ranges between 10 (highly clean) and 0 (highly corrupt).

Europe should be an AU-EU EPA, in which the AUC would play a role similar to that of the European Commission.

### **1.2.10 Latest Arrangements with the IMF**

According to the latest Article IV discussions held in February 2008, Nigeria's economic performance has been strong since the 2005 Article IV discussions and the immediate outlook is favourable. The success of past fiscal policy, which resulted in mounting oil savings, and continued high oil prices have resulted in pressures by state governments to spend more. Agreement on the use of oil revenues by all tiers of government must be reached to avoid spending that goes beyond what the economy can absorb and to preserve macroeconomic stability. Nigeria is integrating rapidly into global financial markets and could see a tremendous growth dividend. At the same time, the challenge of managing monetary policy and preserving financial stability will intensify as capital flows increase, new financial instruments are introduced, and commercial bank trading capacity expands. The Central Bank faces policy challenges increasingly like those faced by emerging markets. The private sector is benefiting from reform but much more needs to be done. Measures such as liberalizing the communications sector and privatization have paid off. Yet, these gains have underscored the need to address other bottlenecks in the business environment, particularly infrastructure. In this context, the MTEF provides an adequate spending envelope to make meaningful progress in addressing the infrastructure gap. Identifying the role of the private sector, prioritizing outlays, and strengthening public financial management are priorities.

Nigeria is at a low risk of debt distress. In the baseline scenario, and in the case of the standardized stress tests, Nigeria's debt outlook remains relatively robust throughout the projection period (2008-2012). However, either a prolonged oil price shock or a prolonged loosening of the non-oil primary deficit (without compensating policy measures) would undermine the recent progress made in achieving macroeconomic and debt sustainability. But given Nigeria's strong financial starting position, timely policy action should be able to avert future sustainability problems.

## **1.3 Update on the Poverty and Social Situation**

In spite of its oil wealth Nigeria is the country, after India and China, with the highest number of poor people. It ranks 158/177 in the 2007-2008<sup>9</sup> UN Human Development Report.

Its large population, inadequate energy and infrastructure, failure to diversify the economic base of the country away from over-reliance on the petroleum sector and especially, the inability to increase the production capacities in the real sector in the past, have led to widespread poverty and low socio-economic indicators.

### **1.3.1 Progress Made by the Country towards Reaching the MDGs**

See annex for figures.

In Nigeria, an Office of the Senior Special Assistant to the President on Millennium Development Goals has been set up to deal with the management of the part of the service debt relief directly used to support MDGs (average of US\$800 million per year). However, it

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<sup>9</sup> Based on data from 2005

is difficult to describe the progress the country has made in 2008 towards reaching its targets for 2015 because of the lack of current data. The latest data published by this Office refer to the year 2007 and a good number of them are estimates from previous years, often 2003 or 2004 (see annex 1). According to the MDG Office, the global trend is good in education, improving in health and fight against diseases, worsening in maternal mortality ratio, number of children orphaned by HIV-AIDS, number of people with access to safe drinking water, impossible to measure in poverty reduction, mitigated on environment issues (see more precise data in Annex 1). More up to date information would help having a clearer picture and taking appropriate measures to achieve the set goals.

### **1.3.2 Obstacles towards Reaching the MDGs**

In some areas of governance which are critical for the attainment of the MDG's, the situation is still unclear. For example, in sectors related to EC cooperation activities, the water bill and the health bill were still pending at end-2008.

The latest data date from 2004-2005. The statistical base remains unreliable despite some recent improvements. Official figures now place 54.4% of the population or 75 million people below the relative poverty line.<sup>10</sup> Some 22% live below the extreme relative poverty line.<sup>11</sup> The 54% is a significant increase from the 1980 and 1992 surveys that recorded 28% and 43% of the population respectively living below the relative poverty line. Thus, after China and India, Nigeria is the country with the highest number of officially poor people in the world. The living standard survey also revealed a marked income inequality (Gini coefficient of 0.48). The likelihood of being poor is higher in rural (64%) than in urban areas (41%) and this is corroborated by the incidence of higher rural inflation recorded in 2008.

The average life expectancy is 54 years while infant mortality and maternal mortality are among the highest in the world. Only 64% of school age boys and 58% of school age girls attend primary school.

Nigeria has made some progress in addressing poverty but may find it difficult to meet the Millennium Development Goals unless current efforts are radically scaled up.

The National Bureau of Statistics, the National Population Commission and the Millennium Development Goals' offices are working to improve data availability but there remains a high degree of uncertainty affecting virtually all data. Given that a national strategy for the development of statistics is a key part of supporting the availability of timely, pertinent, accurate statistics, which are essential for decision making and public information, in 2004 Nigeria adopted a Statistical Master-Plan for National Statistical System. According to the Nigeria's NBS and the UN-Economic Commission for Africa this plan is currently being implemented (2005-2009), but no further information was actually made available.

In certain sectors, incomplete data may still be leading to the underestimation of problems. In the water sector, the use of figures on installed capacity, rather than survey data on functioning capacity, leads to an excessively optimistic view of Nigeria's progress to achieve the water/sanitation millennium development goals.

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<sup>10</sup> Defined as expenditures of less than two-thirds of the average per capita household expenditure i.e. less than US\$ 175

<sup>11</sup> One third of average per capita household expenditures

Poverty reduction is ranked as the first of the four goals of the proposed National Economic Empowerment & Development Strategy, NEEDS-2, whose target is to reduce poverty, according to the conventional measure, by 30% by 2011 in order to attain the MDG's by 2015. An important challenge for the government will be to substantially increase Nigeria's electricity generating capacity over the next two decades and improve the national distribution. This programme, together with President's Seven Point Agenda, is to ensure that the revenues accruing from the vast investments in the oil sector and in other parts of the economy are channelled more effectively towards improving the standard of living of the bulk of the population.

## **1.4 Update on the Environmental Situation**

Population growth, poverty and poor governance have created significant pressures on natural resources that explain the poor environmental indicators in Nigeria. Until recently, the oil industry was allowed to grow in the ecologically fragile Niger Delta region without proper environmental controls. The environmental challenges the country is currently facing are substantial and range from desertification and deforestation in the Sahel zone of the north to major oil spills and gas flaring in the south-east and severe air pollution and poor waste disposal in all of the large urban centres.

Moreover, the massive amount of gas flaring alone contributes some 16.5 billion tons a year of CO<sub>2</sub> equivalent to global warming, through releasing greenhouse gases which directly contribute to climate change.

Environmental degradation and poverty in Nigeria are inextricably linked. Around 75% of the rural population depend 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 scarcity, water pollution, biodiversity loss, and the impacts of oil and gas development, are primary areas of concern.

### **1.4.1 Environment Funding**

Considering the relatively high level of environmental degradation in Nigeria, funding for the environment and natural resource management remains low (only 0.3% of the federal budget in 2006). Historically, spending on environmental activities has always been low and there is currently no indication that the level of spending will increase, although some additional funds have been allocated for environment from debt relief gains (1.5 billion Naira or about €10 million for 2006). There is urgent need for development partners like the EU (through the 10<sup>th</sup> EDF) to provide assistance through additional funding and capacity building of federal and state government environmental agencies in order to effectively check the menace of environmental degradation in the country.

## **2 Overview of Past and Ongoing Co-Operation**

### **2.1 Introduction: the Key Events of Year 2008**

Two key events have played a most important role in Nigeria-EC co-operation during the year 2008: the Ministerial Troika Meeting, and the dialogue on migration, both initiated by the EC Delegation to Nigeria.

#### **2.1.1 Nigeria-EU Ministerial Troika Meeting**

Resumption of the political dialogue between Nigeria and the EU was initiated in February 2008 through a joint mission DG/DEV<sup>12</sup> and Slovenian Presidency during which a key milestone was achieved on 20<sup>th</sup> May, 2008 with the Nigeria-EU Ministerial Troika Meeting held in Ljubljana. The joint communiqué gives a clear view about areas of common interest and suggests developing Nigeria-EU cooperation in the following priority areas: (i) peace and security (including the question of the Niger Delta); (ii) democracy, good governance and human rights; (iii) trade and regional integration; (iv) various areas like environment and climate change.

The Nigeria-EU Ministerial Troika Meeting has shifted the status of Nigeria-EU cooperation from national development concerns to contemporary world issues. This has profound implications on the manner of transition from 9<sup>th</sup> EDF which was designed against the background of authoritarian government and re-introduction of democracy in Nigeria, to the 10<sup>th</sup> EDF to be implemented in a different global context characterised by growth and developmental considerations, transparency and good governance as well as trade and environmental issues. The 10<sup>th</sup> EDF will have to be structured to ensure smooth transfer from 9<sup>th</sup> EDF, the sustainability of completed and on-going programmes and flexibility to effectively execute the new projects based on lessons learnt from implementing the 9<sup>th</sup> EDF.

#### **2.1.2 Dialogue on Migration**

A review of the migration profile for Nigeria and pre-feasibility study, in view of launching Nigeria-EU cooperation on migration issues, as part of the CSP 10<sup>th</sup> EDF, was finalised in March 2008. A Joint Meeting was held between the EU mission and the Nigerian Government on 28-30 April 2008. The Joint Meeting allowed strengthening the dialogue on migration issues between the Nigerian Government and the EU. Both sides restated their commitments to strengthen cooperation in the areas of preventing and combating illegal migration, identification, readmission and return of illegal migrants on the basis of current best practices. They also stressed the need for specific measures to support the reintegration of returned migrants.

### **2.2 Reporting on the Financial Performance of EDF Resources**

Both parties share a common concern to enhance the efficiency of cooperation. At the end of 2008, about 45% of the 9<sup>th</sup> EDF still remained to be disbursed. The disbursement of

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<sup>12</sup> Acronym for “Direction Générale Développement », one of the EC Directions

€59.3 million in 2008 was insufficient. The target is €100 million per year to be able to complete the 9<sup>th</sup> EDF and implement the 10<sup>th</sup> EDF within a reasonable time frame. Difficulties arise from the absence of a budget support mechanism, the need to work with autonomous states, cumbersome EDF procedures and from the sheer size of the country. More specific attention should be paid to supporting capacity building within to the National Planning Commission, not only for the better implementation of the EDF but also to achieve enhanced management for all external aid in accordance with the Paris Declaration on aid effectiveness. Another modality for improving efficiency in respect of EDF disbursements will be to encourage greater division of labour with other development partners.

### **2.3 Reporting on General and Sector Budget Support**

The Nigerian Federal Government does not benefit from budget support. The macro-economic fundamentals and the much improved external debt situation do not make macro-economic budget support an option and international Government to Government aid efforts, even combined, amount to less than 3% of federal revenues. The situation is different, however, in the less cash-rich states (that have annual budgets around €200-300 million). Interest in sector support does exist in such states; however, pre-conditions in the form of public finance management and the robustness of the budget process at state level would have to be looked into in more detail. It has to be pointed out that several states appear aware of this and are making efforts to enhance the robustness of their financial structures.

A SWAP approach is nevertheless under consideration for the health sector at federal level. The Federal Ministry of Health (FMoH), in collaboration with a number of development partners, has prepared a road-map agenda that would lead to the preparation and adoption of a National Strategic Health Development framework and Plan (NSHDP) - the ONE HEALTH PLAN - which amongst other things will serve as the basis for orienting and implementing the Paris Declaration on Aid Effectiveness and engaging partners on the country compact process. The inauguration of the Technical Working Group (Health Sector Development Team) took place 24<sup>th</sup> February 2009 at the Sheraton Hotel and Towers, Abuja.

The environment is improving with the passing of the Fiscal Responsibility Bill, Public Procurement Bill and the implementation of macroeconomic reforms at the federal level leading to positive assessment of the country by the IMF in February 2008. The use of local procurement procedures was advocated at state level within the water and sanitation project, like what took place in the UNICEF managed rural development component of WSSSRP in 2008.

Significant improvement is still needed at state level. The Support to Reforming Institution Programme (SRIP) and new Governance initiatives under the 10<sup>th</sup> EDF NIP should become instrumental in improving this situation, at least in the focal states, and sector support at state level could be considered as part of progress achieved.

### **2.4 Projects and Programmes in the Focal and Non Focal Areas**

In the absence of an overall management tool to assess projects/programmes achievements in 2008 against identified targets, the review is based on cross-checked multiple information sources.<sup>13</sup>

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<sup>13</sup> Sources: EAMR, 9<sup>th</sup> EDF CSP, 10<sup>th</sup> EDF draft CSP, appraisal by ECD and NPC desk officers and other key staff, programme/project documents and M&E reports, interviews with stakeholders, site visits.

### **2.4.1 Overall Features and Evolution**

The first monitoring exercise on on-going cooperation with the EU and the implementation of current EDF-funded projects and programmes was undertaken by NPC/IC in mid-2008.<sup>14</sup> The team assessed five core projects<sup>15</sup>, as well as SAOs' activities. Altogether visits were made to 13 states.

This exercise concluded that EU Projects and Programmes are relevant and have contributed to rural and community development objectives of the Country, as well as levels of service provision in project areas. However, there were also critical findings contained in the monitoring reports, relating to specific states and within specific projects. Generally, funding instability, shortage of qualified staff and lack of experience in EDF procedures and rules were mentioned in most locations that were visited. It was concluded that an appropriate strategy from the sides of Contracting Authority and European Union needs to be developed to minimize the negative impacts of the constraints in achieving the aims of the co-operation.

The report also indicated that EU financed projects and Programmes have obtained a good name in the Country. Many of those State Governments and beneficiaries outside current project sites are more than willing to participate in EU Programmes. This creates a high demand for these initiatives, and pressure on the NPC to expand the geographical scope of the co-operation.

As EU Projects are among various Community Driven Development Projects with focus on community ownership, the need for government at all tiers to replicate the projects to non-beneficiaries within and outside the current project locations is imperative. Capacity building achieved in the projects should be transformed and utilized for domestic-stimulated projects.

The M&E exercise has provided useful information on projects' relevance, efficiency, effectiveness and impacts on beneficiaries. Routine and periodic monitoring of these projects in future will be useful in tracking project implementation in relation to stated objectives. Project performance varied across the states.

### **2.4.2 Focal sector 1: Water and Sanitation**

#### ***Water Supply and Sanitation Sector Reform Programme WSSSRP (€87 million)***

Implemented in six focal states (Anambra, Cross River, Jigawa, Kano, Osun, Yobe), in close cooperation with SRIP (see below), WSSSRP is a necessary and appreciated sector reform programme to support Nigeria in the implementation of wide ranging reforms of the water and sanitation sector, ultimately affecting the welfare and prosperity of the whole nation.

In 2008, the programme supported workshops to revise the Draft National Water Resources Bill; reviewed the status of institutional reforms at federal level; carried out corporate planning training for federal and states executives; strengthened the capacity of rural Water Supply and Sanitation institutions at state (RWASA) and LGA (WSS depts.) levels; promoted state-wide strategies for community mobilization and hygiene promotion; established community models to be used in rural communities; formulated and tested sanitation

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<sup>14</sup> Report of monitoring and evaluation of EU projects in Nigeria, May 25-June 4, 2008 prepared by European Union Unit, Multilateral Aid Division, International Cooperation Department, NPC, Abuja

<sup>15</sup> WSSSRP, STWSSP, SRIP, PRIME, SRIK



strategies on access to sustainable basic sanitation facilities; trained WSS actors at federal level and in focal states on Management for Sustainability; supported the National Bureau of Statistics (NBS) to harmonize and pre-test impact assessment survey tools; completed the construction of 300 boreholes initiative in the six states.

In rural areas (UNICEF component), progress has been slower than expected in part due to difficulties encountered in the implementation of the cost sharing formula that has now been agreed and implemented as transfers of federal and state counterpart contributions are being made.

### ***Small Towns Water Supply and Sanitation Programme (€15 million)***

The aim of this programme is to improve health and quality of life in the small towns of Adamawa, Delta and Ekiti State. The objectives are:

1. To develop the most efficient mechanism for delivery of sustainable schemes to be replicated later on throughout Nigeria.
2. To facilitate access to safe water and adequate sanitation by some 500,000 residents of 24 small towns in the three participating states through the design and implementation of water supply and sanitation facilities.

The programme focuses on community ownership and management of water supply and sanitation facilities with the community making informed decision on the type of technology and level of service for its water supply based on its willingness and ability to contribute a minimum of 5% of the capital as well as meeting the operation and maintenance cost.

This project's activities ended in December 2008. The project completed the preparatory work and 15 works contracts were awarded in the two states of Adamawa (10) and Ekiti (5) under direct decentralised operations managed by the Federal Ministry of Agriculture and Water Resources (FMAWR). None of them was finalised before the end of the project. The states will finalise the works with their own resources.

The contracts for the remainder of 12 water schemes, launched under specific commitment, were signed in the third quarter of 2008. When the FA expired in December none of these 12 works contracts were finalized and the awarded construction companies have repeatedly shown their concern.

Another challenge is to ensure the provision of support to the communities and states to consolidate the organisational set-up of the Water Consumer Associations, and the sustainability of the water schemes. The EC Delegation is still trying to raise this issue with the FMAWR.

### **2.4.3 Focal Sector 2: Institutional and Economic Reform**

#### ***Support to Reforming Institutions Programme SRIP I and II (€53.5 million)***

SRIP was designed to assist reform-oriented states and local governments to enhance government transparency and accountability, ensuring that pro-poor policies are successfully implemented. SRIP operates in six states (Anambra, Cross River, Jigawa, Kano, Osun, Yobe) selected through a benchmark exercise based on SEEDS, in close cooperation with WSSRP implemented in the same six states. The focus of EC support is on public finance

management, including support for efforts of civil society to ensure proper use of public funds.

The preparation and approval of the OPEs took many months. “SRIP in its life of 38 months (to the end of 2008) will have been fully operational for approximately one year and have absorbed approximately 14 out of the 27.6 million of the original financing agreement.

During that one year of full activity, it succeeded in setting up CSO consultative structures in most of the states and in organizing studies of PFM issues, training workshops, and study tours for officials and for CSOs. Thanks to SRIP most states developed their first coalitions of CSOs concerned with budget issues; many officials acquired some basic notions about modern budgeting; some processes have been set in motion towards the reform of aspects of PFM; some state governments invited a set of CSOs to discuss budget plans with government officials.”<sup>16</sup>

The final evaluation of SRIP I recommended a decentralisation of financial responsibility for the management of the programme from a service contractor to the state governments who will be assisted by a Programme Support Unit (PSU).

Phase II of the programme is planned to start in January 2009.

### ***EU Support to Law Enforcement against Economic and Financial Crimes (€24.7 million)***

The purpose of the project is to better equip EFCC staff with improved skills, knowledge and attitudes and with the requisite equipment and technical support; and to strengthen the capacity of the judicial system to prosecute and try economic and financial crimes. The project is implemented through a contribution agreement between the EC and the United Nations Office on Drugs and Crime (UNODC). The project has four components: Enhance the operational and institutional capacity of EFCC and the Nigerian Financial Intelligence Unit (NFIU); Develop sustainable ICT capability for EFCC and NFIU; Support advocacy and increase awareness about EFCC and NFIU; Develop comprehensive framework to support the judiciary at the federal level and at selected 10 states under pilot schemes.

Major developments and achievements at the end of 2008:

1. From about 125 staff in 2006, EFCC had the total staff strength of about 1,500 in 2008.
2. Among the national agencies fighting corruption and graft EFCC has achieved more arrests, prosecution and convictions including high profile cases involving top politicians and a former Inspector General of Police as well as a former governor (2005, 2006). This led to the improvement of Nigeria in the TI CPI.
3. The change in the leadership of EFCC during the year brought about some strategic innovation in the area of fighting and prevention of fraud, money laundering and other financial crimes. The result has begun to show with more arrests and prosecution involving many offenders not necessarily restricted to top politicians alone. But final results remain uncertain due to the fact that very few prosecutions lead to convictions.
4. The Abuja data centre was commissioned in August 2008. Numerous technical, hardware and software solutions were provided such as the installation of fibre link to enable the 25 banks in the country to send their data electronically to the NFIU.

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<sup>16</sup> Source: Final Evaluation of SRIP I

5. There was noticeable improvement in the rating and perception of the judiciary during the year as respondents to surveys confirmed that the level of corruption had dropped. So far about 250 judicial officers and the National Judicial Institute staff were trained in Alternative Dispute Resolution (ADR), while 400 judicial officers were trained in Judicial Ethics.

#### ***Census Support Initiative (€116.5 million)***

The gender-disaggregated results for federal, state and local government level were approved by the National Population Commission and presented to President Obasanjo in April 2007 and these results were published in May 2007 in the official gazette. The final Census report was officially approved by the Council of States in November 2008. An external monitoring mission took place in November/December 2008 and the report pointed to a number of activities that need to be completed urgently before the end of the implementation period in December 2009.

Meanwhile the focus is on data analysis and dissemination, and ensuring high-quality implementation of the census database. The contract for the Census Data-base and Geo-Portal was signed in December 2007, but delivery of the equipment has not yet started as the National Population Commission has been unable to provide accommodation which conforms to the requirements of the equipment available.

#### ***Support to Nigerian Electoral Cycle (€40 million)***

INEC and its chairman are still in place and the court cases on the 2007 general elections are on-going with the presidential election petition case at the Supreme Court being ruled in favour of President Yar'Adua in November 2008. The Electoral Reform Committee set up by the President presented its report in December with important recommendations concerning INEC in order to ensure its independence and render it more credible in the conduct of future elections in Nigeria.

Phase 1 contribution agreement with UNDP ended in December 2008. It had been intended to allow JDBF to support the Electoral reform Committee (ERC). Phase II (support to the 2007-2011 electoral cycle) is planned to begin in first semester of 2009 with the component "support to civil society organisations". The component "support to the electoral administration" will be implemented through a joint donor basket fund depending on the ongoing electoral reform.

#### **2.4.4 Non-focal Sectors**

In 2008, activities in the non focal sectors were mainly in the areas of micro-projects, health, support to Non-Governmental Organisations (NGOs), support to the NAO and various TA under the Technical Cooperation Facility, as described below.

#### ***Micro Project Programme 6 (€42 million)***

The year 2008 witnessed the successful conclusion of the MPP in six states of the Niger Delta. A total of 320 additional micro-projects across various sectors were achieved before the closure of the programme. Altogether under this programme, 1,921 micro projects were implemented as against 1650 projected by the Mid-Term Review (MTR) held in 2005. The projects benefited over five million people. They were implemented across sectors

comprising: water supply and sanitation, health, education, income generation, small scale irrigation, and transport infrastructure.

#### ***Micro Project Programme 9 (€45.5 million)***

The media event for the signing of the FA took place during the visit of Commissioner Michel in September 2008. The tender for the recruitment of the technical assistance for MPP9 is almost achieved. Unfortunately it has not been possible to avoid a gap between the two programmes.

#### ***Partnership to Reinforce Immunisation Efficiency PRIME (€97.4 million)***

The overall objective of PRIME is to reduce the burden of vaccine preventable diseases (VPD) including polio in Nigeria. The Project was extended to 30 June 2009, scaling up to 23 states with the addition of 17 new ones and a Contribution agreement of €20 million was signed with World Health Organisation (WHO) for specific Polio Eradication Actions. The new states have commenced activities which are largely Training of Health Workers in the various states on Routine Immunisation (RI).

PRIME main achievements in 2008 have been the following:

- Resource Centres constructed in the School of Health Technology in the six focal states of Abia, Cross River, Osun, Plateau, Gombe and Kebbi (ongoing). They will be equipped with computers, library sections and cyber cafes for the students.
- Renovation of Primary Health Centres in the 23 PRIME states.
- Recruited & trained LGA-based RI trainers.
- Procurement of training materials (BGSP, Flip Charts stand, RI pictorial flip chart)
- Active involvement in monitoring and reporting of RI activities.

At the state and local government levels, cold chain equipment amounting to €4.36 million was delivered and commissioned. Ownership of the programme with state and local governments is gradually being established. With the passage of the National Health Bill it is hoped that there will be a clearer delineation of the roles and responsibilities between the various tiers of Government as well as better ownership of Primary Health Care by the local governments in particular.

#### ***Support to Routine Immunization in Kano SRIK (€15.5 million)***

The project was designed to reduce mortality for children less than 5 years of age, associated with vaccine preventable diseases.

Details on project achievements are provided in Annex 7. It is too early to assess project results and impact. The main challenges are the absence of a PMU in Abuja to liaise with ECD and NPC in respect of programme implementation and the need to coordinate activities with similar other programmes.

#### ***Technical Cooperation Facility (TCF) II (€4 million)***

The TCF has been utilised to support the identification of projects for the 10<sup>th</sup> EDF. To date four studies have been undertaken (police, prison, migration, and environment). At least four other studies are planned for 2009 (support to trade and regional integration, support to the

justice sector environment, health.). The TCF has also been useful in monitoring/evaluation of existing projects.

### ***NAO Support I and II (€10.5 million)***

The Programme Management Unit and the company in charge of certification of expenditures delivered results: the knowledge of EDF procedures and the management of EC projects improved (for example: management of Programme Estimates) and some progress was made on a new financial system.

The TOR of the NAO Support PMU should be implemented fully as this will go a long way to improve the understanding of EDF procedures, improve capacity building of staff in other PMUs, NAO/SAO Support Service Centre, TAs, CSOs and other stakeholders and accordingly contribute to solve the problem of delays associated with implementing EDF programmes in the country.

### ***Cameroon Nigeria Border Demarcation (€4 million)***

Throughout 2008, work continued on delineating the border between Nigeria and Cameroon; As of May 2008, just over 1,000 km of boundary has been assessed and scientifically agreed by the tripartite surveyors' teams of the UN, Nigeria and Cameroon - the remaining 950 km is planned to be covered by end-2009. An important point was reached when Nigeria and Cameroon agreed to the entire maritime boundary in April 2008, paving the way for the final hand over of the peninsula in September 2008.

### ***Support to NGO's INSIDE (€20 million)***

The objective of the Increasing Non-State actor's Implementation and Development Expertise (INSIDE) programme is to help build structures that can tackle poverty effectively, assisting Nigerians to attain the Millennium Development Goals (MDGs), and to strengthen democratisation. INSIDE activities started off only in September 2008. One major challenge is the time constraint on programme implementation.

## **2.4.5 The Development Results Achieved by Support to Non-State Actors**

Most projects have NSAs components: INSIDE, SRIP, water, elections. The INSIDE programme has a national scope and other projects such as SRIP and WSSSRP have a focal scope.

SRIP allowed creating NSA networks in six states that have been very active during the electoral process. In three states these networks actively participated in the preparation of the 2008 and 2009 budgets.

There has been an acceleration of the procedure on programme estimate through certification of expenses.

## **2.5 Other Cooperation**

Erasmus Mundus is an EU-financed worldwide cooperation and mobility programme aiming to enhance quality in higher education and promote intercultural understanding. In the last years, Nigeria showed an increasing interest towards this program. Thus, in 2006/2007, 17 university students and 1 scholar were selected for mobility to the EU; in 2007/2008, 18

students were selected and a further 15 students participated under the ACP Window of Action 2 for mobility to the EU; for 2008/2009, 31 students have been selected for mobility to the EU.

### **2.5.1 EDF Regional/Intra-ACP Programmes and Development Cooperation Instrument**

#### ***Energy Facility***

In September 2008, the European Commissioners responsible for Development, Humanitarian affairs and Energy visited Nigeria with the aim of establishing dialogue on the energy sector and promoting the new EU-Africa Energy Partnership in Nigeria.

#### ***Water Facility***<sup>17</sup>

Since the launch of the ACP-EU Water Facility in 2004, the EC has provided support to two NGOs in Nigeria – Concern Universal and Water Aid, Nigeria for the provision of water supply and sanitation to the inhabitants of the rural and small towns.

#### ***Global fund for Aids, Tuberculosis and Malaria***

The Country Coordination Mechanism (CCM) was instrumental in bringing together multilateral and bilateral development partners, the local community and in particular the communities living with or affected by the diseases. Together they set priorities, plan and make decisions on the funding and implementation of programs, and the development partners collaborate over joint reviews and M&E.<sup>18</sup>

#### ***TradeCom Facility***<sup>19</sup>

The Federation of West African Chambers of Commerce (FWACC) in cooperation with the ECOWAS Commission has requested assistance from TradeCom to provide support for the development of trade policy capacities of Regional Chambers of Commerce and sector specific organizations to enhance their ability to dialogue effectively with Governments in the region. This request also aims to complement the ECOWAS Commission's efforts to involve further the private sector in trade policy making.<sup>20</sup>

### **2.5.2 EIB Interventions (Specifying Possible Payment Arrears)**<sup>21</sup>

After a gap of eight years, the European Investment Bank (EIB) restarted its operations in Nigeria in 2001, providing long-term loans and equity to fund small and medium term investments in industry, agro industry, mining, tourism and related services. The EIB did not have any activities in Nigeria in 2008. All ongoing projects have been captured in the annex. EIB tax exemption problem that occurred in 2008 has been settled.

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<sup>17</sup> Source: ECD Brochure

<sup>18</sup> Source: Lessons Learned in the Field of Health Financing and Governance The Global Fund to fight AIDS, Tuberculosis and Malaria, Country Coordination Mechanism (CCM) global report 2008-10

<sup>19</sup> [www.tradecom-acpeu.org](http://www.tradecom-acpeu.org)

<sup>20</sup> Source: TradeCom Facility Newsletter, December 2008.

<sup>21</sup> See details in Annex 5. D

### 2.5.3 Other Community Interventions

Using the European Instrument for Democracy and Human Rights EIDHR, around mid-2008, the EC Delegation to Nigeria launched a call titled **EIDHR - Country-Based Support Scheme - Nigeria** aiming at the promotion of human rights in Nigeria.

The Instrument for Stability has been used to finance one project on drugs "Fight against organised crime on the cocaine route in West Africa" programme.

There is no fishery agreement between Nigeria and the EU.

## 2.6 Policy Coherence for Development (PCD)

Following the political dialogue, five of the twelve EC policies set out in the Policy Coherence for Development strategy have been identified as having a particular relevance for Nigeria. These are the policies on **trade, environment, climate change, migration and energy**. All of these are included in the eight areas of the AU-EU Lisbon agenda, and none of them were addressed under the 9<sup>th</sup> EDF programming. They will be taken into consideration in future programming.

### 2.6.1 Trade

In 2007, Nigeria's trade was mainly with the USA and the EU. The EU27 provided some 34% of Nigeria's imports (with China at 11%, followed by the USA providing 8%) and takes some 20% of its exports (following the USA with 51%).

In 2008 exports from Nigeria to the EU increased by 50.6% (from €8.5bn to €15.4bn) and imports of Nigeria from the EU increased by 32% (from €10.2bn to €11.2bn).

Some 95% of all the primary products which the EU imported from Nigeria in 2007 consisted of oil and gas, but this amounted to only 2.8% of the EU27 imports of primary energy materials. Although the EU exports more to Nigeria than to any other ACP state, the volume of trade remains very low. Non oil (and gas) exports presently contribute only 2.1% to total export earnings (2007), with some 79% of this consisting of unprocessed agricultural produce (cocoa beans, rubber, fish & shrimp and cotton) and semi manufactures (processed skins, cocoa products, textile yarns and wood products). As the regional negotiations did not conclude by the end of the WTO waiver to the Cotonou agreement trade regime, Nigeria-EU trade relations are covered by the Generalised System of Preferences (GSP). However, Nigeria and the EU remain committed to the negotiation and conclusion of an ECOWAS-EU Economic Partnership Agreement with the EU, by mid 2009.

Nigeria has towards the end on 2008 made an application to benefit from the GSP+ regime as an interim measure until the EPAs are concluded.

### 2.6.2 Environment

The prefeasibility study was conducted in 2008 by the EC to update the environmental profile (see extract in Annex 6)

**Climate change:** The EC plays a leading role in the international efforts to contain climate change resulting from global warming and proposes to establish a Global Climate Change

Alliance. Nigeria is concerned both as a victim (desertification) of and a contributor (gas flaring) to global warming.

### **2.6.3 Migration Profile**

A review of the migration profile for Nigeria for the CSP and pre feasibility study was finalised in March 2008.

### **2.6.4 Energy**

Key partners (the US & EU Member States) collaborate with Nigeria to safeguard access to energy resources and there are talks to extend cooperation to address the root causes of the Niger Delta conflict.

Nigeria is an important supplier of oil and gas to the EU market exporting more than 20% of its crude oil production and 80% of its liquefied natural gas production to Europe. EU oil companies have made significant investments in Nigeria in the past and are likely to invest more in large energy infrastructures which include gas liquefying plants and gas pipelines. New projects – such as the Trans-Saharan Gas Pipeline project – included in the NEPAD i-STAP could become key strategic infrastructures in the future.

Nigeria flares the world's largest volume of gas! Its new policies encouraging gas producers to allocate an amount of gas from their reserves and production to the domestic market is important but Nigeria also needs to be more active, both through regulatory actions and investments, to reduce gas flaring.

Nigeria also faces enormous challenges concerning its electricity generation capacity which will have to be increased thirty fold within the next 20 years for the country to be able to achieve the MDGs and sustain its industrial development. This obviously opens up a potentially large market for companies producing gas turbines and more in gas powered generation plants.

Finally the arrival into the energy market of new players (China, India, Russia, etc.) adds concerns both from the competition side and for the consequences on the already problematic situation in the Niger Delta. Despite the misgivings over past and current operation of EU and USA oil companies, it is unlikely that oil companies from other countries will be able or willing to do better in the Niger Delta.

In view of the above the EC is considering financing from the 9<sup>th</sup> EDF a small study to get an updated overview of the energy situation, challenges and needs both from the Nigeria's and the EU side.



## **2.7 Dialogue in Country with the National Parliaments, Local Authorities and NSAs**

### **2.7.1 National Parliaments<sup>22</sup>**

Both federal and state parliaments play a key role in the consolidation of the young Nigerian democracy. While financial resources and equipment are largely provided already, the turnover of parliamentarians remains high and a large number of them could benefit from training, exchanges and twinning activities as well as from an improved functioning of the parliaments themselves. Almost all parliamentarians need to have an increased awareness about the Nigerian development challenges and the MDG imperatives.

Additional areas for parliamentary training may include constituency representation services and interactions with the judiciary, media and civil society pressure groups. The 10<sup>th</sup> EDF could include exchanges with the European Parliament and with national and regional parliaments in Europe and elsewhere.

At issue here is the capacity of state legislators to draft laws and regulations and their enforcement provisions in ways which limit the scope for abuses, whether they are designing their own state laws or adapting federal laws for more effective implementation within their states. They should also be encouraged to exert their parliamentary oversight and control functions over the state executive branches. In addition, in the interest of democracy, the state parliaments should be encouraged to develop their own information services, especially in relation to budgeting and the content of existing and impending legislation.

### **2.7.2 Local Authorities**

#### *National Authorities*

The Minister of National Planning is the National Authorising Officer as well as the Deputy Chairman of the National Planning Commission. The Vice President of Nigeria is the Chairman of the Commission with membership comprising all the state governors and other top government officials. As the foremost Federal Government organization responsible for formulating economic and social policies in Nigeria, NPC is well positioned to engage the EU in purposeful cooperation to advance the mutual interest of both the EU and Nigeria. In addition, by virtue of the membership of the NPC, it can interface effectively in EU-FGN-State initiatives and provide the platform for proffering solutions to cooperation challenges. Consequently, the NAO has a key role to play in formulating, nurturing and implementing Nigeria-EU projects and programmes. There is need for the Delegation and NAO to assess their joint needs regarding the scope of capacity required to successfully implement present and future programmes and projects.

The reshuffle of the Federal Government in September 2008 and the following interim period of 4 months hampered the efficiency of the NAO office.

#### *State Authorities*

Relations with state authorities are also important, as states benefit from full autonomy in the economy and areas related to MDGs. Political dialogue should be domesticated at state level

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<sup>22</sup> Source: draft 10<sup>th</sup> EDF CSP

with Governors. Relations with states authorities are closer and better in states with relatively limited financial resources.

The lack of project management capacity at State level is progressively addressed through ad hoc trainings with the support of the projects technical units.

### **2.7.3 Non-State Actors**

Relations with NSAs are good and EC is regularly invited to fora on governance initiated by NSAs. Although INSIDE is the first intervention designed to strengthen the capacity of NSA by EC in Nigeria, the Delegation has long-standing experience in working with NSAs as implementing partners and grant beneficiaries. Several EC on-going programmes are also working with NSAs. The Support to Reforming Institutions Programme (SRIP) complements capacity building measures for state-institutions involved in the management of public finances with budget and service delivery monitoring activities by CSOs. The strengthening of political accountability follows a similar approach in the on-going support to the Nigerian electoral cycle 2006-2011, where during the pre-election phase, the electoral authorities received technical support while NSAs were funded to prepare for and monitor the electoral process. The successive Micro-project programmes in the Niger Delta Region, MPP3, MPP6 and forthcoming MPP9 constitute the longest experience of EC collaboration with CSOs and NGOs in Nigeria.

The set up of an EU road map for non state actors has been postponed until 2009 to give the possibility to the recently settled INSIDE project to provide its input.

## **2.8 Aid Effectiveness**

The current financial crisis should not divert leaders from their development commitments, both in terms of financing and improving the way aid is delivered and managed. The better development assistance is designed and implemented, the better DP are able to help partner countries build their governance, growth and capacity, among other critical steps toward meeting their development goals.

Key steps taken in 2008 are presented below.

### ***Alignment***

For aid to be effective, it must be aligned with national development strategies, institutions and procedures. In the case of Nigeria, it seems reasonably clear that further work will be needed, particularly with regards to strengthening the country systems (PFM, Procurement), if progress is to be made on alignment. Nigeria is not yet ready to accept any institutional assessment of its budget, financial reporting, auditing and procurement procedure systems, which makes it difficult for donors to use such systems. Meanwhile the National Planning Commission is more and more committed to aid effectiveness and certainly willing to encourage the use of country systems. The total amount of ODA disbursed in 2007 according to available figures is about 3% of the financial resources of the federal budget or about 1% of the GDP.

To make aid more effective, the Paris Declaration encourages donors to “avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes.” The 2010 target is to reduce by

two-thirds the stock of parallel PIUs in each partner country. The number of parallel PIUs in Nigeria stands at 1 for EC cooperation in 2008, based on the new definition criteria. The OECD 2008 country report on aid effectiveness notes that donors – having doubts about government capacity to implement projects effectively – establish parallel PIUs to improve the speed of delivery of projects and to enable them to use their own procurement systems. Limited initiatives are ongoing, e.g. the EU water project foresees work at state level, with state procedures, for an amount of about €10 million in 2 years.

EC programmes in Nigeria are aligned with the country strategy. The lack of a real National Development Plan is an obstacle for the improvement of aid effectiveness, to support alignment and complementarity of donors' activities. The only existing comprehensive strategy is NEEDS 2<sup>23</sup> (2008-2010), which was prepared by the former administration and non formally approved; The Federal Government intends to address that issue by establishing a development strategy in line with the 7 Point Agenda of the President.

### ***Coordination – Complementarity- harmonisation***

Main donors share the same assessment of the situation that Nigeria has enough money and what is needed is to help the country to better use its own resources. The situation can evolve with the impact of the world financial crisis.

WB, DFID, USAID and AfDB plan to have a common Country Partnership Strategy for 2010-2013. The three main pillars are improving governance, sustaining non oil growth, and improving human development. Analysis and response strategy are close to those from EC cooperation. EC was not able to be part of it due to its own constraints: the link made with the political dialogue and the specific format to respect for the CSP. The idea is to develop an overarching document with the government which could be used as reference document by all donors (National Development Partnership Framework, NDPF). National Planning Commission and Ministry of Finance are supporting that process. The last reshuffle has delayed the discussion about the final document.

NDPF should allow improving sectoral coordination. So far such coordination started in the area of public financial management (WB, DFID, USAID, UNDP, and EC). Such coordination is still missing in the Water sector. The Donor coordination group has also adopted a common position regarding the Niger Delta.

Member States implementation of the EU code of conduct is ongoing with the finalization of a mapping out of EU cooperation and some perspective to coordinate activities in the justice sector (DFID). The recent opening of the Agence Française de Développement (AFD) in Abuja might bring new opportunities.

### ***Ownership***

The World Bank rates the operational value of a country's development strategy against a five-point scale running from A (highest score) to E (lowest score). The Paris Declaration 2010 target is to raise, to at least 75%, the proportion of partner countries having operational development strategies – i.e. meriting a rating of A or B. In 2007, the World Bank gave Nigeria a rating of C, in common with 64% of assessed participants in the 2006 Baseline

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<sup>23</sup> National Economic Empowerment Strategy

Survey. Such a rating indicates that some progress was being made but that more was required.

In terms of co-ordinating aid, the government takes the lead at both federal and state levels. At the federal level the NPC co-ordinates grants, with the Ministry of Finance co-ordinating credit. The World Bank notes that while there is no effective overall mechanism to co-ordinate external partners, a number of sectoral working groups have been established.

Meeting the 2010 target of a B rating for its development strategy will require continued progress for Nigeria. In particular, it will require that the MTEF is fully implemented and that reforms at the federal level are extended to the sub-national level.

## ANNEXES

## Annex 1: Country at a Glance

### 1. A Table of Macro-Economic Indicators

		2004	2005	2006	2007	2008	2009	2010	Data Sources
	<b>Basic data</b>								
1	Population (million)	129.9	133.5						CBN ann. Rep. 2006
				140.0					NPC
					144.5	149.1	153.9	158.8	Proj. NPC 3.2% rate
	- annual change in %		2.8	4.9	3.2	3.2	3.2	3.2	Based on above data
2a	GDP (US\$ bn)	87.4	112.7	142.6	181.6				CBN
						180.3	126.0	148.8	EIU 2008
	- annual change in %	11.5	28.9	26.5	27.3	-0.72	-30.1	18.1	Based on above data
2b	GDP per capita (US\$)	672.8	844.2	1018.6	1256.7	1 209.3	818.7	937.0	Based on above data
2c	- annual change in %	8.4	25.5%	20.7%	23.4%	-3.8%	-32.3%	14.5%	Based on above data
3	Real GDP Growth (%)	6.6	6.5	6.0	6.2	6.8			CBN
							3.5	4.8	EIU Feb. 2009
4	Gross fixed capital formation (in % of GDP)	11.9	12.0	12.5	14.0				NPC
						12.0	2.5	6.0	EIU 2008
	<b>International transactions</b>								
5	Exports of goods and services (in % of GDP)	30.2	31.3	33.9	36.9				CBN 2007
	Exports of goods and services (in % of GDP)					36.6	36.8	37.4	Based on CBN 2007 & EIU Feb. 2009
	- Of which oil/GDP (in %)	29.7	34.6	34.6	31.9				CBN
6	Trade balance (in % of GDP)	26	27.3	18.9	16.2				CBN
						17.7	-4.2	3.3	EIU 2008
7	Current account balance (in % of GDP)	12.0	15.6	13.5	5.2				CBN
						3.0	-13.2	-7.0	EIU 2008
8	Net inflows of foreign direct investment (in % of GDP)	2.4	4.4	9.8	6.9				Computed, based on UNCTAD

		2004	2005	2006	2007	2008	2009	2010	Data Sources
9	External debt (US\$ bn)	35.9	20.5	3.5	3.3	3.4	4.2	5.2	IMF art 4, Feb. 2008
	(in % of GDP)	50.2	20.8	1.94	1.59				CBN
						4.5	6.1	5.9	EIU 2008
10	Service of external debt (in % of exports of goods and services)	12.7	21.7	15.3					CBN 2007
11	Foreign exchange reserves (in months of imports of goods and non-factor services)	13	2	17	17				Calculations based on CBN 2007
	<b>Government</b>								
12	Federal revenues (in % of GDP)	34.7	38.4	32.5	24.8				CBN
	- of which: oil (in % of GDP)	29.4	32.7	28.5	19.5				CBN
13	<b>Federal expenditures</b> (in % of GDP)	12.8	12.7	10.5	10.3				CBN
	- of which: capital expenditure and net lending (in % of GDP)	3.1	3.6	3.0	3.3				CBN 2007
14a	<b>Deficit</b> (in % of GDP) including grants	-1.5	-1.1	-0.5	-0.5				CBN 2007
14b	<b>Deficit</b> (in % of GDP) excluding grants	-1.1	-0.6	0	-0.1				CBN 2007
15	Debt (in % of GDP)	59.4	30.6	13.8	14.5	14.7	23.9	23.6	CBN 2007 +IMF fin. statistics
	- of which: external (in % of total public debt)	69.2	59.4	17.8	12.5	12.8	13.9	14.8	CBN 2007 +IMF fin. statistics
	<b>Other</b>								
16	Consumer price inflation (annual average change in %)	15.0	17.9	8.5	6.6	15.1			CBN
							10.9	8.5	EIU 2008
17	Lending interest rate (average; %)	19.2	17.9	16.9	16.9 <sup>a</sup>	16.0	15.8	15.0	EIU 2008, IMF Internat. Financial Statistics
18	Exchange rate (average bureau de change N/1\$)	140.8	142.6	137.1	127.40				CBN 2007
	Exchange rate N:US\$ (average)					119	138	142	EIU 2008
19	<b>Unemployment</b> (in % of labour force, ILO definition)	2.8	3.3	3.5	3.5	3.5 <sup>2007</sup>			NBS
20	<b>Employment in agriculture</b> (in % of total employment)	59.26	58.64	58.64	58.64	58.64 <sup>2007</sup>			NBS

Data sources: CBN, IMF, International Financial Statistics.

EIU sources: <sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit estimates. <sup>c</sup> Economist Intelligence Unit forecasts. <sup>d</sup> Provisional estimate from Central Bank of Nigeria.

## 2. B Monitoring Country Performance

Key indicators	1990	1996	2003 <sup>24</sup>	2004	2005	2006	2007	2008	Interim Targets	Target 2015	Progress
<b>Goal 1. Eradicate Extreme Poverty and Hunger</b>											
1. Proportion of population below 1 US\$/day in PPP			70%	51.55	51.55 <sup>2004</sup>	51.55 <sup>2004</sup>	51.55 <sup>2004</sup>	N.A.		50% 1990 value	Insufficient data
<b>1.a Proportion of population living in extreme poverty (consuming 2900 calories or lower daily)</b>				<b>35</b>	<b>35</b> <sup>2004</sup>	<b>35</b> <sup>2004</sup>	<b>35</b> <sup>2004</sup>	N.A.	-	<b>14.5</b>	<b>Insufficient data</b>
1.b Proportion of population living in relative poverty	43 <sup>1992</sup>	66	54.4 <sup>2004</sup>	54.4 <sup>25</sup>	54.4 <sup>2004</sup>	54.4 <sup>2004</sup>	54.4 <sup>2004</sup>	N.A.		21	slow
2. Prevalence of underweight children (under five)	36	31	29%	30	30 <sup>2004</sup>		25	N.A.		18	Improving
<b>Goal 4. Reduce child mortality</b>											
Infant mortality rate (per 1000 live births)	91		100	100 <sup>2003</sup>	110		86	N.A.		30.3	Slow
3. Under 5 child mortality rate (per '000 live births)	191		201	197			138	N.A.		63.7	Slow
<b>Goal 6. Combat HIV/AIDS, malaria and other diseases</b>											
4. HIV prevalence rate of women aged 15-24 (%)		5.7 <sup>1999</sup>	5.2 5% of Nigerians are infected with HIV – over 10% in some states.	5.2 <sup>2003</sup>	4.3	4.3 <sup>2005</sup>	4.3 <sup>2005</sup>	N.A.		Halt	Improving but slowly
Number of children orphaned by AIDS			Over one million children have already been orphaned by AIDS	1.8 m	<b>1.97 m</b>			N.A.			Insufficient data
Death rate associated with tuberculosis			1.57 <sup>2000</sup>				1.5	N.A.			Slow
Prevalence of HIV among TB patients (%)								N.A.			
TB detection rate (%)								N.A.			
TB treatment success rate (%)								N.A.			
<b>Goal 5. Improve maternal health</b>											
5. Proportion of births attended by skilled health personnel							<b>43.5</b>	N.A.		100%	Improving slowly
5a. Reduce deaths of mothers due to child bearing by three quarters between 1990 and 2015			One birth in a hundred results in the death of the mother. Women in northern Nigeria have a one in fifteen chance of dying through a pregnancy related cause.					N.A.			Insufficient data
6. Proportion of 1 year old children immunised against measles			32.8 <sup>2000</sup>	31			<b>60.0</b>	N.A.		100%	Slow
<b>Goal 2. Achieve universal education</b>											
7. Net enrolment ratio in primary education (%)	68	81.1	Less than 60% of primary aged children attend school. Seven million primary aged children are not in school.	83	84.26		<b>89.6 (MDG office) or 62.4 (CWIQ)?</b>	N.A.		100	Good
Proportion of pupils starting grade one who reach grade five	67	71		74	74 <sup>2004</sup>	74 <sup>2004</sup>	<b>74</b> <sup>2004</sup>	N.A.		100	Good
9. Primary school (grade six) completion rate	58	64		69.2	67.5	67.5 <sup>2005</sup>	<b>67.5</b> <sup>2005</sup>	N.A.		100	Fair

<sup>24</sup> Source: Most data from Demographic and Health Survey, 2003

<sup>25</sup> Source: Poverty Profile in Nigeria, NBS 2005. Relative Poverty Measure The national incidence of relative poverty increased sharply both between 1980- 1985 and between 1992 and 1996. The national incidence of relative poverty dropped from 65.6 per cent in 1966 to **54.4** per cent in 2004 representing 11.2 per cent decline over the period. The disaggregation by sector showed a sharper decline in the urban areas between 1996 and 2004. In the urban areas it declined from 58.2 per cent in 1996 to 43.2 per cent in 2004, which represented a decline of 15.0 per cent. In the rural areas, it declined from 69.8 per cent in 1996 to **63.3** per cent, representing 6.5 per cent decline.



Key indicators	1990	1996	2003 <sup>24</sup>	2004	2005	2006	2007	2008	Interim Targets	Target 2015	Progress
Literacy rate of 15-24 years old	70.7 <sup>1991</sup>			76.2	80.2		81.4	N.A.		100	Good
<b>Goal 3. Promote gender equality and empower women</b>											
8a. Ratio of girls to boys in primary education			The number of girls enrolled in primary education is 92% of the number of boys. In some states it is less than 40%.	83			93.6	N.A.		100	Good
8b. Ratio of girls to boys in secondary education							97.6	N.A.		100	Good
<b>Goal 7. Ensure environment sustainability</b>											
10. Proportion of population with sustainable access to an improved water source (%)	54.0		Less than 50% of the rural population has access to a safe water source.	57	60	68	49.1	N.A.		80	Worsening
<b>Goal 8. Develop a global partnership for development</b>											
Per capita official development assistance to Nigeria (in US\$)	3.0	2.0		2.3	4.0		81.67 <sup>2006</sup>	N.A.			Good
Debt service as a percentage of exports of goods and services	22.3	8.9		7.4	3.4			N.A.			
Private sector investment (US\$ million)		50 <sup>1999</sup>			6080			N.A.			
Tele density (per 1000 people) Source: Nigerian Communication Commission	0.45		3.4	8.5	16.3	24.2	41.2 (provisional)	N.A.			Good
Personal computer (per 1000 people)	7			30	30 <sup>2004</sup>		6.74 <sup>2004</sup>				Slow
Internet access (%)			0.1	0.1 <sup>2003</sup>	1.9		1.9	Subscription required			Slow
Total telephone subscribers per 1000 inhabitants Source: ITU <a href="http://www.itu.int">http://www.itu.int</a>							283.4	Subscription required			
Fixed lines per 1000 inhabitants <a href="http://www.itu.int">http://www.itu.int</a>			57 <sup>2002</sup>				107	Subscription required			
Mobile lines per 1000 inhabitants <a href="http://www.itu.int">http://www.itu.int</a>							273	Subscription required			
11. Fixed lines and mobile telephone per 1000 inhabitants <sup>26</sup>							380	Subscription required			
12. Formal cost <sup>27</sup> required for business start up <sup>28</sup> (% of income per capita)				89.6	95.6	73.8	54.4	56.6			
13. Time required for business start up (days) <sup>29</sup>				44	44	43	43	34 (22 in Abuja)			

<sup>26</sup> Source: data on telephone lines and cellular subscribers are collected by the International Telecommunication Union (ITU). Data for telephone lines come from administrative records compiled by national regulatory authorities or telecommunication operators and tend to be timely and complete. A source of information for DEL could be Gov (national agencies annual report) or ITU consolidated report (the most recent for 2006).

<sup>27</sup> Cost is recorded as a percentage of the country's income per capita. It includes all official fees and fees for legal or professional services if such services are required by law. Fees for purchasing and legalizing company books are included if these transactions are required by law. The company law, the commercial code and specific regulations and fee schedules are used as sources for calculating costs. In the absence of fee schedules, a government officer's estimate is taken as an official source. In the absence of a government officer's estimate, estimates of incorporation lawyers are used. If several incorporation lawyers provide different estimates, the median reported value is applied. In all cases the cost excludes bribes.

<sup>28</sup> Source: [www.doingbusiness.org](http://www.doingbusiness.org)

<sup>29</sup> Time is recorded in calendar days. The measure captures the median duration that incorporation lawyers indicate is necessary to complete a procedure with minimum follow-up with government agencies and no extra payments. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous

Key indicators	1990	1996	2003 <sup>24</sup>	2004	2005	2006	2007	2008	Interim Targets	Target 2015	Progress
14. Real GDP per capita (US\$)				1,454 <sup>b</sup>	1,566 <sup>b</sup>	1,678 <sup>b</sup>	1,793	1,937			
And annual change (%)				7.7	7.2	6.9	8.0				Insufficient data
15. Access of rural population to an all season road <sup>30</sup>											Insufficient data
16. Household electrification rate <sup>31</sup>						54.1					

procedures start on consecutive days). A procedure is considered completed once the company has received the final document, such as the company registration certificate or tax number. If a procedure can be accelerated for an additional cost, the fastest procedure is chosen. It is assumed that the entrepreneur does not waste time and commits to completing each remaining procedure without delay. The time that the entrepreneur spends on gathering information is ignored. It is assumed that the entrepreneur is aware of all entry regulations and their sequence from the beginning but has had no prior contact with any of the officials.

<sup>30</sup> There are two main approaches to measuring this indicator: (a) household surveys that include information about access to transport, and (b) mapping data to determine how many people live within the specified catchments of the road network. A possible source of information for DEL, alternative to Gov, would be the WB (limited to 31 IDA countries).

<sup>31</sup> Source: Core Welfare Indicators Questionnaire (CWIQ) 2006 survey. For DEL the source would be the WB's Economic Research Group report, available for 50-55 countries.

## 1. C Most Recent Data Related to MDGs

Source: Office of the Senior Special Assistant to the President on Millennium Development Goals

Global MDG	Indicators	Baseline 2000	Latest Status 2007	Target in 2015	Attainment or not by 2015
<b>Goal 1: Eradicate Extreme Poverty and Hunger</b>					
	Percentage of people living in relative poverty	66 <sup>1996</sup>	54.4 <sup>2004</sup>	21	Slow
Indicator 5	Percentage of people living in extreme poverty (consuming 2,900 calories or lower daily)	29	35 <sup>2004</sup>	14.5	Insufficient data
Indicator 1	<b>Percentage of population living below US\$1/day (PPP)</b>		51.55 <sup>2004</sup>		Insufficient data
	Inequality level (Gini Coefficient)		0.49 <sup>2004</sup>		Insufficient data
Indicator 4	<b>Percentage of underweight children</b>	31 <sup>1996</sup>	25	18	Improving
<b>Goal 2: Achieve universal education</b>					
Indicator 6	<b>Net enrolment rate in primary education</b>	95	89.6	100	Good
Indicator 7	Pupils starting grade 1 who reach grade 5	97	74	100	Good
	Primary 6 completion rate	76.7	67.5	100	Fair
Indicator 8	Literacy rate of 15-24 year-olds	64.1	81.4	100	Good
<b>Goal 3: Promote gender equality and empower women</b>					
Indicator 9	<b>Ratio of girls to boys in primary education (girls per 100 boys)</b>	78	93.6	100	Good
Indicator 9	<b>Ratio of girls to boys in secondary education (girls per 100 boys)</b>	81	97.6	100	Good
Indicator 9	Ratio of girls to boys in tertiary education (girls per 100 boys)	66		100	Good
Indicator 11	Share of women in wage employment in non-agric sector (%)				Insufficient Data
Indicator 12	Proportion of seats held by women in National Assembly (%)	3.1	7.7	30	Slow
<b>Goal 4: Reduce child mortality</b>					
Indicator 14	Infant mortality rate (per 1,000 live births)	81.38	86	30.3	Slow
Indicator 13	<b>Under-5 mortality rate (per 1,000 live births)</b>	183.75	138	63.7	Slow
Indicator 15	<b>Percentage of one-year-old children fully immunized against measles</b>	32.8	60.0	100	Slow

Global MDG	Indicators	Baseline 2000	Latest Status 2007	Target in 2015	Attainment or not by 2015
<b>Goal 5: Improve maternal health</b>					
Indicator 16	Maternal mortality ratio (per 100,000)	704	800	176	Worsening
Indicator 17	Proportion of births attended by skilled health personnel (%)	42	43.5		Improving slowly
	Contraceptive prevalence rate	8.2 <sup>2003</sup>	12		Improving slowly
	Antenatal care coverage At least 1 visit	61 <sup>2003</sup>	59		Worsening
	Adolescent birth rate	25 <sup>2003</sup>			Insufficient data
	Unmet need for family planning	17 <sup>2003</sup>			Insufficient data
<b>Goal 6: Combat HIV/AIDS, malaria and other diseases</b>					
Indicator 18	HIV prevalence among 15 to 24-year-old pregnant women (%)	5.4 <sup>1999</sup>	4.3 <sup>2005</sup>	Halted	Improving but slowly
Indicator 19b	Percentage of young people aged 15-24 who both correctly identify ways of preventing the sexual transmission of HIV and who reject major misconceptions about HIV transmission	18.3 <sup>2003</sup>	25.9 <sup>2005</sup>	100	Improving but slowly
Indicator 19a	Percentage of young people aged 15-24 reporting the use of a condom during sexual intercourse with a non-regular sexual partner	43.9 <sup>2003</sup>	63.8 <sup>2005</sup>	100	Improving
	Number of children orphaned by HIV & AIDS (millions)	1.8 <sup>2003</sup>		1.97 <sup>2005</sup>	Worsening
Indicator 21	Malaria prevalence rate (per 100,000)	2,024	1,157		Slow
Indicator 21	Death rates associated with malaria	0.23	0.16		Slow
Indicator 22	Population in malaria risk areas using effective malaria prevention and treatment measures %	15.74	7.07		Slow
Indicator 23	Death rate associated with tuberculosis	1.57	1.50		Slow
<b>Goal 7: Ensure environment sustainability</b>					
Indicator 25	Proportion of land area covered by forests (%)	14.6	12.6	20	Slow
Indicator 26	Forest reserve (%)	10.0	10.0	15	Slow
	Outside forest reserve (%)	4.6	2.6	5.0	Slow
	Proportion of gas flared (%)	53.0	34.0	0	Improving
Indicator 30	Proportion of total population with access to safe drinking water (%)	54.0	49.1	80	Worsening

Global MDG	Indicators	Baseline 2000	Latest Status 2007	Target in 2015	Attainment or not by 2015
Indicator 31	Proportion of people with access to basic sanitation (%)	42.9	42.9	100	Static
Indicator 32	Proportion of people with access to secure tenure (%)	31.0 <sup>2004</sup>	43.6 <sup>2006</sup>	100	Improving
	Carbon dioxide emissions per capita (tons)	4799.9	2500.4		Improving
	Residential housing construction index (HCI)	53.0	50.4 <sup>2003</sup>		Worsening
<b>Goal 8: Develop a global partnership for development</b>					
Indicator 44	External debt service as % of exports of goods and services	9.0	1.20		Good
	Private sector investment (US\$ million)	75.70	11,5		Good
Indicator 47	Tele-density (per 100 people)	0.73 <sup>2001</sup>	27.41		Good
Indicator 48	Personal computers (per 1,000 people)	6.38	6.74 <sup>2004</sup>		Slow
Indicator 48	Internet access (%)	0.10	1.90		Slow
	Per capita Official Development Assistance to Nigeria (US\$)	1.47	81.67 <sup>2006</sup>		Good

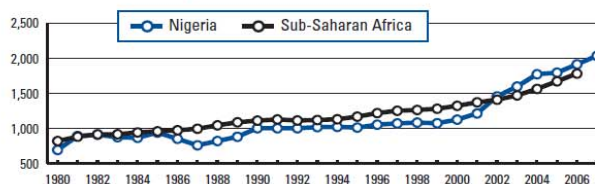
## **1. D Nigeria's Competitiveness**

# Nigeria

## Key indicators

Total population (millions), 2007 .....	137.2
GDP (US\$ billions), 2007 .....	166.8
GDP per capita (US\$), 2007 .....	1,159.4
GDP (PPP) as share (%) of world total, 2007 .....	0.39

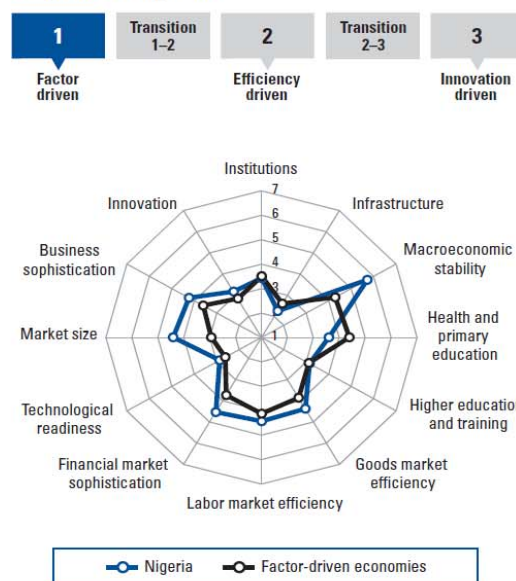
GDP (PPP US\$) per capita, 1980–2007



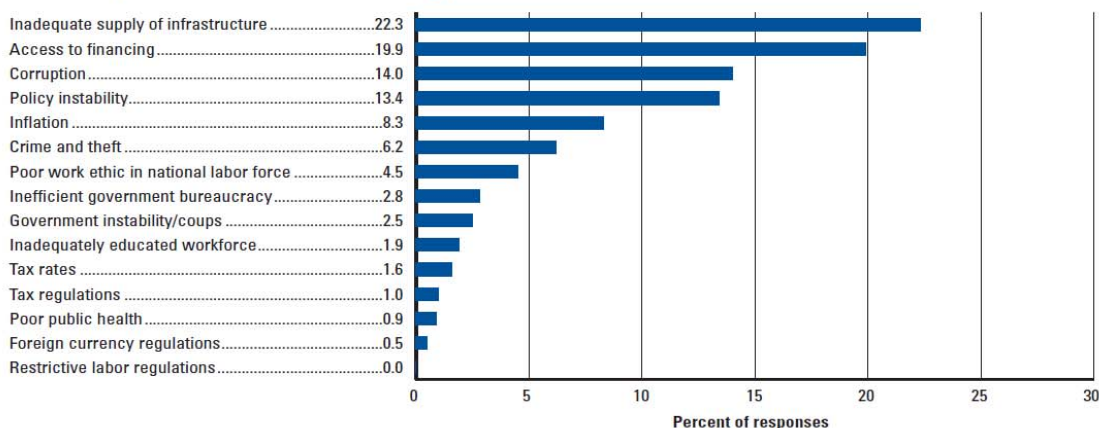
## Global Competitiveness Index

	Rank (out of 134)	Score (1–7)
<b>GCI 2008–2009</b> .....	<b>94</b>	<b>3.8</b>
GCI 2007–2008 (out of 131) .....	95	3.7
GCI 2006–2007 (out of 122) .....	95	3.6
<b>Basic requirements</b> .....	<b>105</b>	<b>3.7</b>
1st pillar: Institutions .....	106	3.4
2nd pillar: Infrastructure .....	120	2.2
3rd pillar: Macroeconomic stability .....	26	5.7
4th pillar: Health and primary education .....	126	3.6
<b>Efficiency enhancers</b> .....	<b>71</b>	<b>4.0</b>
5th pillar: Higher education and training .....	108	3.1
6th pillar: Goods market efficiency .....	56	4.4
7th pillar: Labor market efficiency .....	59	4.4
8th pillar: Financial market sophistication .....	54	4.5
9th pillar: Technological readiness .....	94	2.9
10th pillar: Market size .....	39	4.4
<b>Innovation and sophistication factors</b> .....	<b>64</b>	<b>3.7</b>
11th pillar: Business sophistication .....	61	4.2
12th pillar: Innovation .....	65	3.2

## Stage of development



## The most problematic factors for doing business



Note: From a list of 15 factors, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

## The Global Competitiveness Index in detail

■ Competitive Advantage ■ Competitive Disadvantage

INDICATOR	RANK/134
<b>1st pillar: Institutions</b>	
1.01 Property rights .....	86
1.02 Intellectual property protection.....	96
1.03 Diversion of public funds .....	119
1.04 Public trust of politicians.....	127
1.05 Judicial independence .....	57
1.06 Favoritism in decisions of government officials .....	125
1.07 Wastefulness of government spending.....	118
1.08 Burden of government regulation.....	57
1.09 Efficiency of legal framework.....	72
1.10 Transparency of government policymaking .....	54
1.11 Business costs of terrorism.....	118
1.12 Business costs of crime and violence.....	124
1.13 Organized crime.....	123
1.14 Reliability of police services.....	120
1.15 Ethical behavior of firms .....	95
1.16 Strength of auditing and reporting standards .....	82
1.17 Efficacy of corporate boards.....	61
1.18 Protection of minority shareholders' interests .....	56
<b>2nd pillar: Infrastructure</b>	
2.01 Quality of overall infrastructure.....	114
2.02 Quality of roads.....	116
2.03 Quality of railroad infrastructure .....	108
2.04 Quality of port infrastructure .....	120
2.05 Quality of air transport infrastructure.....	84
2.06 Available seat kilometers* .....	55
2.07 Quality of electricity supply .....	132
2.08 Telephone lines* .....	116
<b>3rd pillar: Macroeconomic stability</b>	
3.01 Government surplus/deficit* .....	15
3.02 National savings rate* .....	9
3.03 Inflation* .....	68
3.04 Interest rate spread* .....	85
3.05 Government debt* .....	n/a
<b>4th pillar: Health and primary education</b>	
4.01 Business impact of malaria.....	113
4.02 Malaria incidence* .....	112
4.03 Business impact of tuberculosis.....	91
4.04 Tuberculosis incidence* .....	117
4.05 Business impact of HIV/AIDS .....	79
4.06 HIV prevalence* .....	120
4.07 Infant mortality* .....	127
4.08 Life expectancy* .....	128
4.09 Quality of primary education.....	88
4.10 Primary enrollment* .....	125
4.11 Education expenditure* .....	127
<b>5th pillar: Higher education and training</b>	
5.01 Secondary enrollment* .....	118
5.02 Tertiary enrollment* .....	104
5.03 Quality of the educational system .....	60
5.04 Quality of math and science education .....	77
5.05 Quality of management schools.....	59
5.06 Internet access in schools .....	104
5.07 Local availability of research and training services .....	52
5.08 Extent of staff training .....	88

\* Hard data

Note: For further details and explanation, please refer to the section "How to Read the Country/Economy Profiles" at the beginning of this chapter.

INDICATOR	RANK/134
<b>6th pillar: Goods market efficiency</b>	
6.01 Intensity of local competition .....	36
6.02 Extent of market dominance .....	62
6.03 Effectiveness of anti-monopoly policy.....	65
6.04 Extent and effect of taxation .....	39
6.05 Total tax rate* .....	19
6.06 No. of procedures required to start a business* .....	58
6.07 Time required to start a business* .....	80
6.08 Agricultural policy costs .....	56
6.09 Prevalence of trade barriers.....	83
6.10 Trade-weighted tariff rate*.....	118
6.11 Prevalence of foreign ownership.....	40
6.12 Business impact of rules on FDI .....	57
6.13 Burden of customs procedures .....	123
6.14 Degree of customer orientation .....	63
6.15 Buyer sophistication .....	61
<b>7th pillar: Labor market efficiency</b>	
7.01 Cooperation in labor-employer relations .....	67
7.02 Flexibility of wage determination .....	37
7.03 Non-wage labor costs* .....	28
7.04 Rigidity of employment* .....	8
7.05 Hiring and firing practices .....	10
7.06 Firing costs* .....	80
7.07 Pay and productivity.....	86
7.08 Reliance on professional management .....	50
7.09 Brain drain.....	112
7.10 Female participation in labor force* .....	112
<b>8th pillar: Financial market sophistication</b>	
8.01 Financial market sophistication.....	75
8.02 Financing through local equity market.....	3
8.03 Ease of access to loans .....	118
8.04 Venture capital availability .....	84
8.05 Restriction on capital flows .....	93
8.06 Strength of investor protection* .....	39
8.07 Soundness of banks .....	87
8.08 Regulation of securities exchanges.....	53
8.09 Legal rights index* .....	16
<b>9th pillar: Technological readiness</b>	
9.01 Availability of latest technologies.....	81
9.02 Firm-level technology absorption.....	75
9.03 Laws relating to ICT.....	65
9.04 FDI and technology transfer .....	69
9.05 Mobile telephone subscribers* .....	104
9.06 Internet users* .....	100
9.07 Personal computers* .....	117
9.08 Broadband Internet subscribers* .....	124
<b>10th pillar: Market size</b>	
10.01 Domestic market size* .....	41
10.02 Foreign market size* .....	31
<b>11th pillar: Business sophistication</b>	
11.01 Local supplier quantity .....	65
11.02 Local supplier quality .....	60
11.03 State of cluster development .....	39
11.04 Nature of competitive advantage .....	47
11.05 Value chain breadth.....	98
11.06 Control of international distribution .....	39
11.07 Production process sophistication.....	80
11.08 Extent of marketing .....	64
11.09 Willingness to delegate authority .....	60
<b>12th pillar: Innovation</b>	
12.01 Capacity for innovation .....	47
12.02 Quality of scientific research institutions.....	83
12.03 Company spending on R&D .....	33
12.04 University-industry research collaboration .....	80
12.05 Gov't procurement of advanced tech products .....	125
12.06 Availability of scientists and engineers .....	36
12.07 Utility patents* .....	88

26:



**Annex 2: 10<sup>th</sup> EDF Governance Action Plan**

Not relevant. 10<sup>th</sup> EDF CSP currently under process of approval

**Annex 3: Annual Report on Budget Support**

Not relevant. Nigeria does not benefit from EC Budget Support

**Annex 4: Aid Effectiveness**

**4. A Donor Development Partners**

**NIGERIA'S DEVELOPMENT PARTNERS**

**ANNUAL DISBURSEMENTS (USD million)**

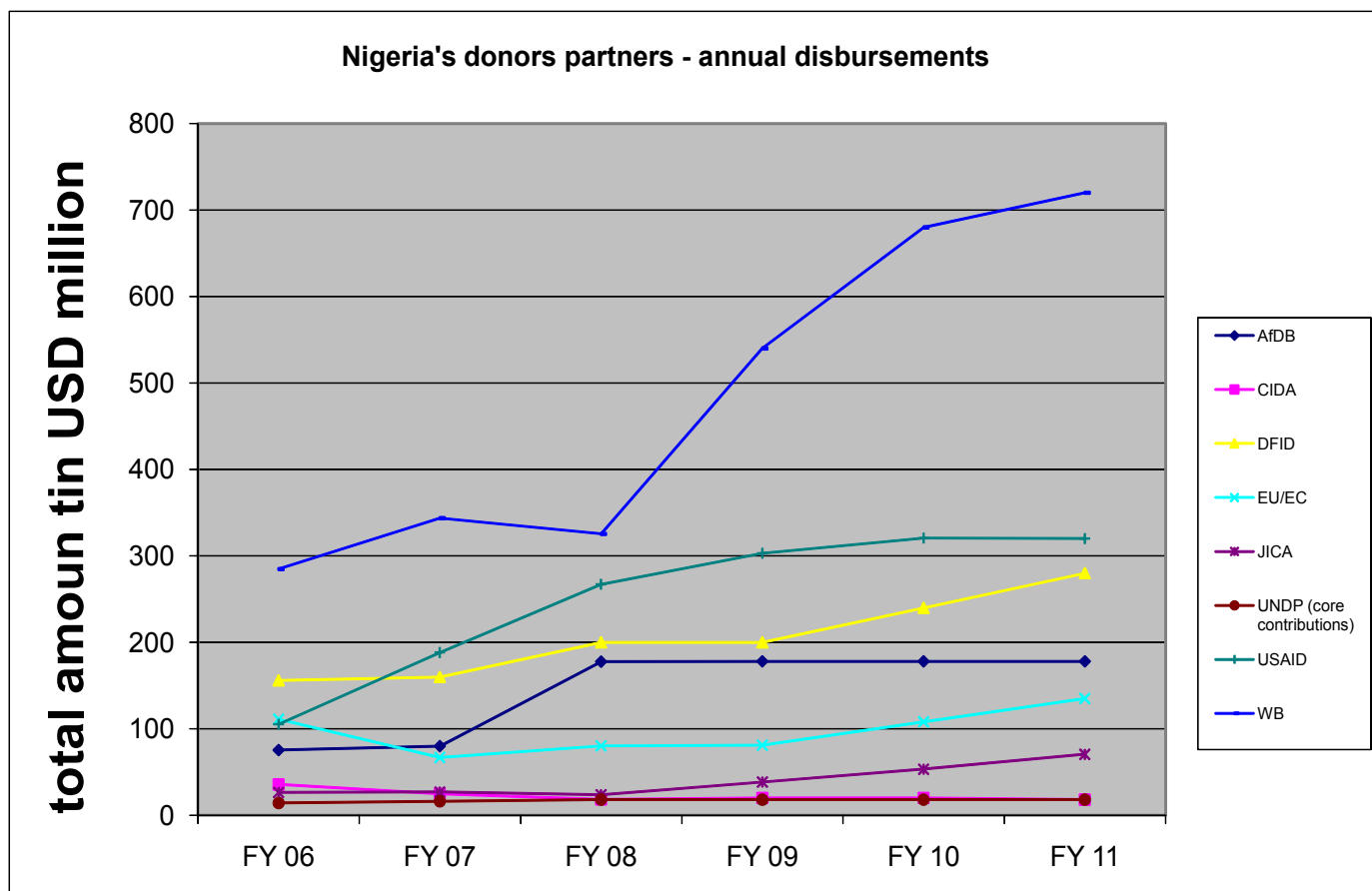
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AGENCY	Financial Year	average rate	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
<b>DISBURSEMENTS</b>								
AfDB	1 Jan - 31 Dec		75	80	178	178	178	178
CIDA	1 April - 31 March	1 CAD = 0.8961 USD	36	25	18	20	20	18
DFID	1 April - 31 March		156	160	200	200	240	280
EU/EC	1 Jan - 31 Dec	1 € = 1.35 USD	111	67	80	81	108	135
JICA	1 Jan - 31 Dec		27	27	24	38	53	71
UNDP (core contributions)	1 Jan - 31 Dec		14	16	18	18	18	18
USAID	1 Jan - 31 Dec		105	188	267	303	321	320
WB	1 Jul - 30 June		285	344	325	540	680	720
<b>TOTAL</b>			<b>809</b>	<b>906</b>	<b>1110</b>	<b>1378</b>	<b>1618</b>	<b>1740</b>

**OTHERS**

AfDB commitments	1 Jan - 31 Dec		175	180	140	324	308	280
WB commitments	1 Jul - 30 June		422	750	451	1070	1000	1000
UNDP total	1 Jan - 31 Dec		150	47	37			

Percentages of disbursements:								
AfDB	1 Jan - 31 Dec		9,3%	8,8%	16,0%	12,9%	11,0%	10,2%
CIDA	1 April - 31 March		4,4%	2,7%	1,7%	1,5%	1,2%	1,0%
DFID	1 April - 31 March		19,3%	17,7%	18,0%	14,5%	14,8%	16,1%
EU/EC	1 Jan - 31 Dec	1 € = 1.35 USD	13,7%	7,4%	7,2%	5,9%	6,7%	7,8%
JICA	1 Jan - 31 Dec		3,3%	3,0%	2,1%	2,8%	3,3%	4,1%
UNDP (core contributions)	1 Jan - 31 Dec		1,7%	1,8%	1,6%	1,3%	1,1%	1,0%
USAID	1 Jan - 31 Dec		13,0%	20,8%	24,0%	22,0%	19,8%	18,4%
WB	1 Jul - 30 June		35,2%	37,9%	29,3%	39,2%	42,0%	41,4%
			100,0%	100,0%	100,0%	100,0%	100,0%	100,0%



#### 4. B Donor Matrices (Financial Support + Donor Roles)

##### SUMMARY OF CURRENT WORLD BANK AND DFID ACTIVITY IN STATES

Partner	Federal/National	Abia	Adamawa	Akwa-Ibom	Anambra	Bauchi	Bayelsa	Benue	Borno	Cross River	Delta	Ebonyi	Edo	Ekiti	Enugu	FCT	Gombe	Imo	Jigawa	Kaduna	Kano	Katsina	Kebbi	Kogi	Kwara	Lagos	Nasarawa	Niger	Ogun	Ondo	Osun	Oyo	Plateau	Rivers	Sokoto	Taraba	Yobe	Zamfara	
World Bank	18	5	5	5	3	8	4	4	4	7	3	6	4	4	5	4	5	5	4	7	3	3	6	4	5	7	4	4	6	4	3	5	2	4	3	4	5	3	
DFID	21	1	1	1	2	3	2	5	2	3	2	3	1	2	8	6	1	1	8	8	9	3	1	1	3	5	4	3	2	1	1	2	1	3	2	1	3	3	
USAID	10	2	0	0	1	6	1	3	0	3	1	1	3	0	0	9	0	0	2	7	11	3	1	1	1	6	8	2	0	0	0	1	3	1	5	2	1	5	
EC/UE	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UNDP	20	5	3	6		7	2	7		4	2				4	1	4	4		4				4	5	2		4	8			2	6	4				3	
CIDA	9					6			1	7							1			2			1	1		2									1				
AfDB	5	2	1	2		1		1	2	2			1	2	1		2	1	1	3		2			1	3	1	2	1	2	2	1	1			1	2	1	
JAPAN	6			1		1		1	1	2		1			1		1	1	1	3	3					1	1	2		1	1	1	2				2		
<b>Total</b>	<b>90</b>	<b>15</b>	<b>10</b>	<b>15</b>	<b>6</b>	<b>32</b>	<b>9</b>	<b>21</b>	<b>10</b>	<b>28</b>	<b>8</b>	<b>11</b>	<b>9</b>	<b>8</b>	<b>19</b>	<b>20</b>	<b>14</b>	<b>12</b>	<b>16</b>	<b>30</b>	<b>30</b>	<b>11</b>	<b>9</b>	<b>7</b>	<b>14</b>	<b>29</b>	<b>20</b>	<b>13</b>	<b>13</b>	<b>16</b>	<b>7</b>	<b>10</b>	<b>11</b>	<b>14</b>	<b>15</b>	<b>8</b>	<b>13</b>	<b>15</b>	

**The World Bank** currently operates in all of Nigeria's 36 states and this pattern of activity is likely to remain the same.

The average number of projects in non-lead states is 1.2. The average number of projects in lead states is 3, rising to 5 next year. The six states with the most activity are Bauchi, Cross River, Imo, Kaduna, Lagos and Ogun (all with 3 or more projects each) though by June 2008, Enugu and Kano will be added to that list. The bulk of money spent at the state level is spent in the lead states.

**DFID** operates in all of the 36 states in Nigeria and in the FCT.

The average number of programmes in a non-Lead state is 2, while in Lead states it is more than 5, rising to 6 next year. River is with 4. Lagos is one of 9 states with 3 programmes each. By next year, Enugu, the FCT, Jigawa, Kaduna, Kano and Lagos will be the only states with 4 or more projects operating in each, and Cross River will be one of the 9 states with 3 projects. The bulk of the resources are shared between the Lead states, and states with very poor human development indicators, and the concentration of resources in the Lead states will increase by next year.

#### **4. C Projects managed by the EC**



**Annex 5: Financial Annexes**

**5. A 9<sup>th</sup> EDF and Previous EDFs National Programmes**

As per closure of the financial year 2008

**NIGERIA - OVERVIEW** updated on 7 January 2009

Number	Name	amount in M€	D+3 date end of contracting	end of implementati on	mana- ged by	committed	contracts	paid	comments / objectives	ext FA Rider done	comments / activities
<b>accounted for under the 7th EDF</b>											
7ACPUNI26/ 9ACPUNI21	rural electrification					337 864	272 501	23 944	achieved		issue of recovery of advance payments
7ACPUNI51/ 9ACPUNI22	Microprojects programme in the Niger Delta MMP3	21,0	NA		MA	17 500 000	17 374 403	17 322 681	achieved		
7ACPUNI52/ 9ACPUNI23	Economic Management Capacity Project EMCAP	10,2	NA			8 900 000	8 885 469	8 647 705	achieved		
7ACPUNI56/ 9ACPUNI24	Small Towns Water Supply and Sanitation Programme (STWSSP)	15,0	NA	31-Dec-08	MM	15 000 000	14 427 346	6 462 620	achieved	yes	3 States: Ekiti, Delta, Adamawa
7ACPUNI58/ 9ACPUNI25	Democracy Programme supporting Nigerian Parliament	3,7	NA		PA	1 203 000	1 203 000	1 085 799	achieved		
7ACPUNI59/ 9ACPUNI26	Microprojects programme in the Niger Delta MMP6	42,0	NA	1-May-08	MA	42 000 000	41 651 348	39 586 086	achieved	yes	6 States in the Niger delta: Ondo, Edo, Imo, Akwa Ibom, Abia, Cross River
7ACPUNI62/ 9ACPUNI27	<b>PRIME Partnership to Reinforce Immunisation Efficiency</b>	<b>77,4</b>	<b>NA</b>	<b>30-Jun-09</b>	<b>AA</b>	<b>77 400 000</b>	<b>73 717 401</b>	<b>60 268 075</b>	<b>ongoing</b>	<b>yes</b>	Routine immunisation in 6 States (Osun, Cross River, Kebbi, Plateau, Gombe, Abia)+ Polio eradication component
	sub total	<b>169,3</b>				<b>167 410 653</b>	<b>145 358 696</b>	<b>116 103 761</b>			
<b>accounted for under the 9th EDF</b>											
9ACPUNI01	Technical Cooperation Facility	10,7	5-May-07	31-Dec-07	DP2	5 360 000	5 239 308	5 141 386	achieved		
9ACPUNI02	Study potential contribution to Census	0,1				72 037	72 037	72 037	achieved		
9ACPUNI03	Polio eradication	25,4	22-Sep-07		AA	25 380 000	25 380 000	25 350 092	achieved		
9ACPUNI04	<b>Support to the office of the NAO</b>	<b>7,7</b>	<b>25-Oct-07</b>	<b>30-Jun-10</b>	<b>IG</b>	<b>6 500 440</b>	<b>6 210 230</b>	<b>3 482 706</b>	<b>on going</b>		
9ACPUNI05	<b>Census support initiative</b>	<b>116,5</b>	<b>15-Dec-07</b>	<b>31-Dec-09</b>	<b>MS</b>	<b>116 500 000</b>	<b>116 228 555</b>	<b>113 294 917</b>	<b>ongoing</b>	<b>yes</b>	data base still to be implemented
9ACPUNI06	<b>Water Supply and Sanitation Sector reform Programme (WSSSRP)</b>	<b>87,0</b>	<b>19-Dec-08</b>	<b>31-Jul-11</b>	<b>JP</b>	<b>87 000 000</b>	<b>80 283 619</b>	<b>35 781 193</b>	<b>ongoing</b>		intervention in 6 focal States (Kano, Jigawa, Yobe, Osun, Anambra, Cross River) + contribution agreement with UNICEF
9ACPUNI07	<b>Support to Reforming Institution Programme (SRIP)</b>	<b>27,6</b>	<b>20-Dec-07</b>	<b>31-Dec-08</b>	<b>OO</b>	<b>24 100 000</b>	<b>18 207 313</b>	<b>11 759 604</b>	<b>achieved</b>		intervention in 6 focal States (Kano, Jigawa, Yobe, Osun, Anambra, Cross River)
9ACPUNI08	<b>Support to law enforcement against economic and Financial crime EFCC</b>	<b>24,7</b>	<b>31-Aug-08</b>	<b>31-Dec-10</b>	<b>MS</b>	<b>24 700 000</b>	<b>24 699 652</b>	<b>23 858 971</b>	<b>ongoing</b>		contribution agreement with UNODC
9ACPUNI09	<b>Support to Cameroon Nigeria Demarcation project</b>	<b>2,0</b>	<b>21-Oct-08</b>	<b>31-Oct-10</b>	<b>TB</b>	<b>2 000 000</b>	<b>1 975 000</b>	<b>977 211</b>	<b>ongoing</b>		contribution agreement with UNOWA; additional contribution from NIP Cameroon of €2m
9ACPUNI10	<b>Support to Routine Immunisation in Kano State</b>	<b>15,5</b>	<b>18-Dec-08</b>	<b>31-Jul-10</b>	<b>AA</b>	<b>15 460 000</b>	<b>14 811 511</b>	<b>2 639 587</b>	<b>ongoing</b>		
9ACPUNI11	<b>Support to Nigerian Electoral Cycle</b>	<b>40,0</b>	<b>29-Jul-09</b>	<b>31-Dec-10</b>	<b>PA</b>	<b>40 000 000</b>	<b>20 000 000</b>	<b>19 000 000</b>	<b>ongoing</b>		phase 1 : 2007 elections; phase 2, electoral cycle 2007-2011, still to be decided
9ACPUNI13	<b>Support to NGOs INSIDE</b>	<b>20,0</b>	<b>11-Jun-10</b>	<b>30-Jun-11</b>	<b>PA</b>	<b>20 000 000</b>	<b>6 752 800</b>	<b>0</b>	<b>ongoing</b>		technical assistance, capacity building and call for proposals
9ACPUNI14	<b>RIDER 3 sur 7ACPUNI62/ PRIME project / polio eradication</b>	<b>20,0</b>		<b>30-Jun-09</b>	<b>AA</b>	<b>20 000 000</b>	<b>20 000 000</b>	<b>19 777 108</b>	<b>ongoing</b>		Contribution agreement with WHO for polio eradication (campaigns from March 2006 to 2008)
9ACPUNI15	Technical Cooperation Facility TCF II	4,0	30-Apr-10	30-Apr-10	DP2	4 000 000	589 945	529 046	ongoing		Expertises, Studies, seminars, training, audits, evaluations
9ACPUNI16/17	Microprojects programme in the Niger Delta MMP9	45,5	2-Aug-11	31-Dec-12	MA	45 500 000	10 269 000	0	ongoing		Financial decision taken but financing agreement still to be signed
9ACPUNI19/20	<b>Support to Reforming Institution Programme phase 2 (SRIP II)</b>	<b>29,4</b>	<b>17-Oct-10</b>	<b>31-Dec-11</b>	<b>OO</b>	<b>29 400 000</b>	<b>10 211 968</b>		<b>ongoing</b>		
9ACPUNI18	<b>New technical assistance to the NAO</b>	<b>4,0</b>	<b>19-Sep-10</b>	<b>31-Dec-11</b>	<b>IG</b>	<b>4 000 000</b>	<b>1 023 000</b>	<b>389 733</b>	<b>ongoing</b>		
	<b>SUB TOTAL</b>					<b>632 313 341</b>	<b>519 485 405</b>	<b>395 450 501</b>			
							82,2%	62,5%			
	<b>9th EDF ou assimile</b>	<b>480,0</b>				<b>469 972 477</b>	<b>361 953 938</b>	<b>262 053 591</b>			
							77,0%	55,8%			

## 5. B Regional and Intra-ACP Projects

Synthetic list of still ongoing regional and intra-ACP projects with an impact on the country as per closure of the financial year 2008

### JAR 2008 - All ACP programmes - projects financed in Nigeria

					FINANCIAL SITUATION END 2008		
YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0		END date of implementation°			
		N° INDIV COMMIT.	TITLE INDIVIDUAL COMMITMENT		AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	STILL TO BE PAID
2005	9ACP RPR39	10	UNI - CONCERN UNIVERSAL - INTEGRATED RURAL WATER SUPPLY AND	03/07/2009	491 583	301 181	190 402
2006	9ACP RPR50	23	UNI: CLOSING THE GAP : IMPROVING WATER SUPPLY AND SANITATION	01/10/2011	2 925 063	355 971	2 569 092
2007	9ACP RPR139	18	NG: SOLAR ENERGY SOLUTIONS FOR MOTIVE POWER NEEDS IN ENERGY-	14/02/2009	237 562	190 050	47 512



## 5. C Ongoing Budget Lines Projects

Synthetic list of still ongoing budget lines projects implemented in the country as per closure of the financial year 2008

### List of On-going Budget Line Projects

S/No.	Contractor	Title	Start Date	FDI	Budget Line	Project cost	EU contribution	Sector	Implementation States
1	ActionAid Nigeria	Increasing Citizen Participation in governance through Public Finance Analysis		Nov. 1, 2009	EIDHR Macro-project	1 866 208	1 492 966	Budget Monitoring/ Public Finance	Kebbi, Gombe, Plateau, Osun, Abia, Cross River
13	BBC World Service Trust	Budget Monitoring through the Nigeria Media		July 1, 2009	EIDHR Macro-project	1 554 683	1 243 746	Budget Monitoring/ Public Finance/Media	Anambra, Cross river, Jigawa, Kano, Osun, Yobe, Lagos, FCT
14	Centre for Democracy and Development (CDD)	Strengthening Budget transparency through public participation: monitoring NEEDS and SEEDS in Nigeria		July 1, 2010	EIDHR Macro-project	1 496 502	1 200 000	Budget Monitoring/ Public Finance	National level engagement with equivalent monitoring of revenue and expenditures in the six zones in Nigeria
16	The Law Society of England and Wales	The Nigerian Law Project Phase 2		July 1, 2010	EIDHR Macro-project	1 251 820	1 001 456	Good Governance/ Human Rights	Abia, Gombe, Bornu, Cross River, Delta, Imo, Kaduna, Kano, Kebbi, Lagos, Osun, Plateau, Rivers, Yobe, Zamfara
33	Transition Monitoring Group (TMG)	Making the Votes Count: Promoting Citizens' Participation and Protection of their Mandate during the 2007 Local Government Elections in Nigeria		Sept. 24, 2009	EIDHR Macro-project	736 350	589 080	Elections	6 geo-political zones
36	Centre for Population And Environmental Development (CPED)	Enhancing the Capacity of Local Civil Society Groups to Claim Civil and Political Rights in Nigeria's Niger Delta Region	Dec. 24, 2008	Jul. 31, 2011	EIDHR Macro-project	690 456	552 365	Human Rights Education and Advocacy	Bayelsa, Rivers and Delta States
15	Development Initiatives Network (DIN)	Project on Gender Budget Transparency and Accountability		July 1, 2009	EIDHR Macro-project	200 000	150 000	Gender-Based Budget Monitoring	Lagos

S/No.	Contractor	Title	Start Date	FDI	Budget Line	Project cost	EU contribution	Sector	Implementation States
20	Human Rights Monitor	Safeguarding And Defending Democratic Choice and Mandate Of The People Of The North West Zone Of Nigeria Through Innovative Non-Violent Resistance Strategies		Dec. 31, 2008	EIDHR Micro-project	71514	67 939	Elections	Kaduna, Kano, Katsina, Zamfara, Sokoto, Kebbi, Jigawa
22	Transition Monitoring Group (TMG) II	Making The Votes Count: Promoting Citizens' Participation And Protection Of Their Mandate During The 2007 Elections.		April 13, 2009	EIDHR Micro-project	97 207	92 346	Elections	6 geo-political zones
21	Justice, Development and Peace Centre (JDPC), Ibadan	Enhancing Effective Popular Participation in Local Government Democratic Elections		Dec. 21, 2008	EIDHR Micro-project	91 079	86 525	Elections	Oyo and Osun
5	Civil Liberties Organistaion (CLO)	Promoting Human Rights in Nigeria: A Project to Foster Human Rights Informatics through Capacity Building		Aug. 31, 2008	EIDHR Micro-project	114 621	96 281	Human Rights Education	36 states and FCT
10	Kudirat Initiative for Democracy (KIND)	Kudra, KIND's Young Women's Leadership Programme		May 1, 2010	EIDHR Micro-project	108 798	99 006	Youth Development	Lagos, Cross River, Bornu
6	Centre for Constitutionalism and Demilitarisation (CENCOD)	Human Rights Monitoring and Investigation Project (HURMIP)		May 1, 2009	EIDHR Micro-project	100 000	95 000	Human Rights Education/Monitoring	Lagos
8	Gender and Development Action (GADA)	Supporting Women's Entry into Politics and Gender Equitable Governance in the South Western States of Nigeria Towards the 2007 Elections		May 1, 2009	EIDHR Micro-project	99 762	93 276	Women's Political Empowerment	Lagos, Ogun, Osun, Oyo, Ondo, Ekiti
9	The Human Rights Law Service (HURILAWS)	Campaign Against Holding Charge		Nov. 1, 2008	EIDHR Micro-project	99 696	92 717	Prisoners' Rights	Enugu
2	Legal Defence and Assistance Project (LEDAP)	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.		August 11, 2008	EIDHR Micro-project	99 105	89 195	Sharia/Human Rights	Bauchi, Borno, Kebbi, Kaduna, Kano, Katsina, Jigawa, Yobe, Sokoto, Niger, Zamfara, Gombe
32	HURILAWS	Advocacy for the Reform of Election Petition Rules in Nigeria		Aug. 14, 2010	EIDHR Micro-project	98 783	91 869	Electoral reform	Plateau, Lagos, Kaduna, Enugu, Rivers, Kwara, Edo, Oyo and Cross River States and FCT

S/No.	Contractor	Title	Start Date	FDI	Budget Line	Project cost	EU contribution	Sector	Implementation States
23	Womens' Aid Collective	Enhancing Women Participation In Democratic Governance in Nigeria		March 28, 2008	EIDHR Micro-project	98 627	98 628	Elections	Enugu, Anambra, Ebonyi
19	Female Leadership Forum (FLF)	Voters Mobilization and Electoral Mandate Protection Advocacy Project for Students in Tertiary Institutions in Nigeria		Oct. 31, 2009	EIDHR Micro-project	98 001	91 876	Elections/Youth	Kwara, Plateau, FCT, Gombe, Bauchi, Adamawa, Zamfara, Kaduna, Kano, Anambra, Enugu, Abia, Edo, Rivers, Cross River, Lagos, Ogun, Oyo
11	Transition Monitoring Group (TMG)	Building civil society capacity for effective project management, gender mainstreaming and electoral reforms through advocacy and lobbying government		Jul 11, 2007	EIDHR Micro-project	96 325	91 508	Civil Society and Elections	Borno, Yobe, Adamawa, Bauchi, Taraba, Gombe, Zamfara, Katsina, Jigawa, Kebbi, Sokoto, Katsina, Kano, Rivers, Edo, Anambra, Ebonyi, Lagos, Oyo, Plateau, FCT
12	Widows Development Organisation (WiDO)	Support for Widows who are Victims of Abuse in Enugu State		May 1, 2009	EIDHR Micro-project	95 000	71 250	Widowhood Rights	Enugu
3	International Press Centre (IPC)	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.		January 2, 2009	EIDHR Micro-project	94 023	88 382	Anti-Corruption/Media	Lagos, FCT
26	The Human Rights Law Service (HURILAWS)	Advocating for Enforcing Inheritance Rights in South East Nigeria		April 15, 2009	EIDHR Micro-project	88 991	82 762	Widowhood Rights	Imo
31	League for Human Rights	Building the Capacity of Women and Minority Communities in Three States of Northern Nigeria to Address Systematic Human Rights Violations		June 14, 2012	EIDHR Micro-project	87 993	78 217	Non-discrimination/Conflict Prevention	Bauchi, Katsina and Yobe States

S/No.	Contractor	Title	Start Date	FDI	Budget Line	Project cost	EU contribution	Sector	Implementation States
30	Women Environmental Programme (WEP)	Promoting Gender Mainstreaming in Governance through Civic Education and Electoral Process in the Build up to 2011 Elections		Aug. 14, 2010	EIDHR Micro-project	87 651	70 122	Women's Political Empowerment	Taraba and Yobe States
7	Women Information Network (WINET)	Media Advocacy on Women's Reproductive Rights in Enugu State		Feb. 12, 2010	EIDHR Micro-project	82 453	78 331	Women's Reproductive Rights	Enugu
24	Community Action For Popular Participation (CAPP)	Promoting the Integrity of the Electoral Process through Increased Capacity Building for Local organizations		Dec. 31, 2008	EIDHR Micro-project	81 359	77 292	Elections	Niger
25	AIDS Alliance in Nigeria	Mobilizing PLWHA Groups for Improving Access to HIV/AIDS Related Treatment in 5 States across Nigeria and the Federal Capital Territory		Nov. 25, 2010	EIDHR Micro-project	79 203	72 867	Rights of PLWHA	Kaduna, Oyo, Gombe, Kogi, Akwa-Ibom, FCT
4	Media Rights Agenda (MRA)	Advocacy on the Freedom of Information Bill		Jan. 3, 2008	EIDHR Micro-project	74 044	70 000	Good Governance/Freedom of Information	Lagos/Abuja
40	International Institute for Energy and Development	Sustainable Utilisation of Nigeria's Gas and Renewable Energy Resources	April 1, 2009	April 1, 2012	Environment	2 872 190	2 297 752	Participatory Governance/Energy	Rivers and Bayelsa
35	ActionAid Nigeria	Enhancing Essential Sexual Reproductive Health and HIV/AIDS Care in Post Conflict and Internally Displaced Persons Communities in Nigeria		Aug. 15, 2013	Health	2 224 710	2 002 239	IDPs/Health	Plateau, Nassarawa, Cross River, Delta and Bayelsa States
18	NOVIB/Oxfam	Integrated Sexual & Reproductive Health & Service Delivery in Northern Nigeria		July 30, 2010	Health	2 064 865	1 800 000	Reproductive Health	Kano, Bauchi, Jigawa, Katsina, Kaduna, Kebbi, Gombe, Sokoto, Benue, Zamfara
17	Concern Universal	Cross River State Rural Water Supply and Sanitation Project - NIG		July 16, 2012	NGO Cofin	949 702	712 276	Water and Sanitation	Cross River
28	Catholic Fund for Overseas Development (CAFOD)	Improving Primary Health Care for Rural Poor Communities in Northern Nigeria		Oct. 16, 2011	NGO Co-financing	1 705 943	733 556	Pro-Poor/Health	Adamawa, Bauchi, Benue, Borno, Gombe, Jigawa, Kaduna, Kano, Katsina, Kebbi, Kogi, Kwara,

S/No.	Contractor	Title	Start Date	FDI	Budget Line	Project cost	EU contribution	Sector	Implementation States
									Nassarawa, Niger, Plateau, Sokoto, Taraba, Yobe, Zamfara States and the Federal Capital Territory
34	OXFAM GB	Strengthening the Livelihoods of Small Scale Farmers in Nigeria		Aug. 14, 2012	NGO Co-financing	1 009 591	713 460	Pro-Poor/Economic Empowerment	Plateau, Nassarawa, Benue and Kano States
29	Institut Européen de Coopération et de Développement (IECD)	Empowering Less-Privileged South-Eastern Nigerian Women through Human Promotion and Professional Skill Acquisition		Oct. 16, 2013	NGO Co-financing	985 909	693 587	Pro-Poor/Economic Empowerment	Enugu
27	Concern Universal	Livelihood Enhancement Alternatives Project (LEAP)		Aug. 15, 2011	NGO Co-financing	681 611	511 209	Pro-Poor/Economic Empowerment	Cross River
39	Water Aid	Empowering Civil Society and Local Authorities for Pro-poor and Inclusive Water and Sanitation Governance in Plateau and Bauchi States in Nigeria	April 1, 2009	April 1, 2012	NSA/LA	1 199 284	899 463	Participatory Governance/Water and Sanitation	Plateau and Bauchi
37	Concern Universal	Local Governance: Participation, Collaboration & Transparency (LG PACT)	Dec. 30, 2009	Aug. 31, 2011	NSA/LA	1 195 735	896 801	Participatory Governance/Budget Monitoring	Cross River
38	Concern Universal	Sustainable Water, Sanitation & Hygiene (WASH) Project	May 1, 2009	May 1, 2012	NSA/LA	1 150 835	863 126	Participatory Governance/Water and Sanitation	Cross River and Ebonyi
	<b>Total</b>					<b>25 809 115</b>	<b>20 228 471</b>		

#### 5.D EIB Projects as per Closure of the Financial Year 2008

Contract nr.	Operation	Funding	Signature date	Sector	Signed in EUR
23153	DANGOTE CEMENT - A	EIB own resources	12/08/2005	Industry	57 851 239,67
23154	DANGOTE CEMENT - B	EIB own resources	12/08/2005	Industry	33 057 851,24
24315	INTERCONTINENTAL BANK	EIB own resources	28/12/2007	Services	50 000 000,00
22824	NIGERIA GLOBAL LOAN	Investment facility	06/12/2004	Global loans; grouped loans	50 000 000,00
23155	DANGOTE CEMENT - C	Investment facility	12/08/2005	Industry	33 057 851,24
23741	FIRST BANK OF NIGERIA	Investment facility	06/12/2006	Services	35 000 000,00
23742	FIRST BANK OF NIGERIA B	Investment facility	06/12/2006	Services	15 000 000,00
<b>Total</b>					273 966 942,15

Source: EIB

## 5. E Updated CSP Chronogram

**Country: NIGERIA** (AAP 2010 as CSP still to be approved)

	2009												2010		Amount of proposal in million €	Budget line		
	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	1st semester	2nd semester				
<b>Justice sector support</b>					formulation		PIF			AF+TAP						45	EDF	
a) forecast (January)																		
<b>Anti-corruption programme</b>		draft report					PIF			AF+TAP						25	EDF	
a) forecast (January)																		
<b>Technical cooperation facility</b>							PIF			AF+TAP						6	EDF	
a) forecast (January)																		
<b>support to the NAO</b>							PIF			AF+TAP						6	EDF	
a) forecast (January)																		
<b>Support Nigerian cultural diversity and heritage and cultural interactions between EU and Nigeria</b>						Identification +feasibility				PIF				AF+TAP			5	EDF
a) forecast (January)																		

PIF = Submission of Project Identification Fiche (where applicable)  
 AF = submission of the action fiche  
 TAP = Submission of Draft Technical Administrative Provisions

## **Annex 6: Summary of the Country Environmental Profile**

### *Review of the environmental profile of Nigeria and state of the environment*

**Physical resources:** Nigeria lies on the southeast corner of the West Coast of Africa. The relief is characterized by low-lying coastal areas to the Jos plateau in the central northern part, and the mountains range along the eastern boarder of the country. The coastline consists of the barrier bar lagoon complex around Lagos, mud beaches eastwards that grades into the Niger delta (made of sandy beach ridge barrier islands, backed by mangrove/freshwater swamps/forests), with narrow continental shelf (<75km). The ecological zones, contiguous from North to South, include savannas, lowland rain forest, freshwater swamp and mangrove swamp forest and coastal barrier islands. A mountain forest zone is along the south-eastern border.

There are eight main river basins, with Rivers Niger and Benue system draining most (80%) of the country into the Atlantic Ocean. The Komadougou-Yobe river system flows into an inland drainage Lake Chad, and together with Hadejia-Nguru wetlands system drains most of the areas not drained by the Niger/Benue system. In general, the surface and groundwater resources are adequate to meet current demands for potable water, but marred by unfavourable temporal and spatial distribution, and poor harvesting, leading to serious scarcities in some north areas and consumption from polluted streams and stagnant water bodies.

Household energy is dominated by firewood and charcoal, while hydrocarbons (oil, and gas) and hydroelectricity supply the bulk of industrial energy demand. Nigeria had 36.2 billion barrels of proven oil reserves, and about 182 trillion cubic feet of proven natural gas reserves, concentrated in the Niger delta and offshore. The approximately 5,900 megawatts of installed electricity-generating capacity are primarily generated by 3 hydro and 5 thermal power stations. Being in the tropics, Nigeria is blessed with abundant solar energy resources (3.5-7.0 kWh/m<sup>2</sup>/day).

**Biological resources:** Fish provides 40% of the total animal protein in the diet of the average Nigerian. Fishery potential totals 150,000 tons including both marine and freshwater fisheries and fishing is done by both artisanal and industrial fleets.

Much of the savannah that used to cover about 4/5 of Nigeria is now agriculture or grazing lands. The savannah is found in the northern and central parts of Nigeria, while the south is usually dominated by forestland comprised of savannah woodlands, lowland rainforest, mountain forests, riparian forests, freshwater swamp forest, and mangrove forests.

The country's closed natural forest diminished from around 10 million hectares in 1960 to 4.5 million hectares in 2001, at a rate of 2.6% per year. The estimated planted forest area is 375,000 hectares, with rubber plantations cover of 318,000 hectares. In 2005, 1,160 Forestry management units were defined, of which 154 produce timber. In 2003, estimated total round wood production was m<sup>3</sup> 69.9 million, of which m<sup>3</sup> 60.4 million (86%) is fuel wood.

Approximately half of the cultivable land is effectively under permanent and arable crops (30 million hectares), while the rest is covered by forest wood land, permanent pasture and built up areas. The cattle are essentially raised in the Sudan savannah (90% of the cattle population), where the limiting factor is the amount of water supply available. During the dry season, they move southward as far as the deciduous forest and during the rainy season northwards into the Sahel, as far as the rains will allow for fresh grass and water.

The Niger Delta is an internationally important sensitive ecosystem and host to the oil and gas drilling activities. The Niger Delta is made of the barrier islands, which rim the shore gradates into the mangrove forest, which disperse into the seasonal and permanent freshwater swamps forests.



**Socio-economy:** Nigeria's is a mixture of more than 250 ethnic groups. The economy is dominated by crude oil and gas, which accounts for over 95% of national export earnings. However, the majority of the population derives sustenance from agricultural production. About 64% of people in rural areas 35% in urban areas live below the poverty line. Traditions, customs, and cultural prejudices contribute to women's lack of equal rights with males.

Acute respiratory illness linked to household smoke accounts for the death of nearly 50,000 children below the age of 5 years, and diarrhea for lack of water and sanitation and poor hygiene for another 30,000. Malaria, outbreaks of cholera, cerebrospinal meningitis, measles, and yellow fever are widespread. The national prevalence rate of HIV/AIDS is 5.8%. A gap exists in health care services access between rural and urban areas and lower rates of access prevail in the North.

**Environmental and socio-economic impact of current economic trends:** The natural environment degradation is summed in the loss of forest and mangroves areas, and desertification, as well as in industrial and residential pollution. The human environment degradation is visible in the (1) low access to health services, education and drinking water supply (2) high poverty rate (3) gender inequality, and (4) low energy supply and efficiency.

The World Bank's *Rapid country environmental assessment* (2006) estimates the costs of environmental degradation between 8-10% of the Gross domestic product, likely to increase over time, in absence of changes.

The Niger Delta is subject to environmentally polluting discharges of liquid, solid and gaseous wastes, linked to oil production. Atmospheric pollution caused by oil and gas development includes gaseous products of hydrocarbon evaporation and burning as well as aerosol particles of unburned fuel. About 2.5 billion cubic feet of natural gas is flared per day (over 45 million tons of CO<sub>2</sub> equivalent), releasing green house gases that contribute to climate change. The gas flared in Nigeria constitutes 40% of the total daily gas consumption in Africa. Several deadlines have been set for flare-out, since the 1980. Oil companies forecast to solve this problem by 2011.

Increasing vehicle ownership, urbanization and poor air norms enforcement has meant increasing pollution levels over the last few years. The industrial sector, especially coal-fired power plants, constitutes a major source of air pollution. Gas flaring from oil drilling in the Niger delta contributed 24% to CO<sub>2</sub> emissions in 2000. During the 1990s, neighbours learned to sabotage oil installations, to collect oil-spill compensation from oil companies, thus turning over more oil revenue to locals and clean up oil pollution than by subsistence farming. Attacks on oil facilities and pipelines became relentless. People protest that the activities undertaken by foreign oil firms have contributed to the degradation of the environment.

The eight northernmost states have experienced desertification, exacerbated by the rapidly growing population. The southward advance of the desert is as high as 0.6 km per year. Causes of desertification include poor physical condition of soils, covering vegetation loss, topography as well as the inherent extreme climatic variability. The worst erosion problems are caused by water, and the worst gullies can be found in the south-eastern states. Coastal erosion is pronounced in Rivers, Bayelsa, Delta, Ondo and Lagos States.

The major forest degradation factor is conversion of natural habitats to agricultural uses. Mangroves near the towns are used for fuel wood production. Conflicts over water resources have arisen between users asserting rights under customary law, particularly between traditional pastoralists and agriculturists. Much of the Western end of the coastline has been degraded due to anthropogenic factors. In some rivers, where industrial wastes are discharged, there are high levels of heavy metals; levels of siltation are high in areas with extensive logging and farming. In Niger Delta drilling sites, groundwater is contaminated by spilled crude oil. Garbage dump sites are often located by road side. The solid waste is unsorted and there is no control on hazardous materials such as medical waste. The environmental contamination stemming from urban and industrial centres is recorded in terms of air

and marine pollution. The direct threats to biodiversity and ecosystems can be grouped into unsustainable use of natural resources and habitat degradation.

### ***Environmental Policy, Legislative, Institutional Framework***

The protection and improvement of the environment are entrusted to separate institutions, and exercised at the national, state and local level. In 1999 the *Federal environmental protection agency* revised the *National Policy on environment*, whose holistic approach to managing environmental issues includes prior Environmental Impact Analysis (EIA) of proposed activities, entrusting management and service supply tasks into national bodies and committing to conservation and sustainable development. The elaborate legislation dealing with environmental issues is reflected in the plethora of agencies in charge of sectoral implementation. The revision of legal acts is a permanent process, sometimes taking decades, recording the uncertainty and lack of public support to environmental issues.

Forest tariffs are very low and not revised frequently. Industry inefficiency is compounded by the ban on round-log exports. Domestic sawmills are protected from competition and pay low prices, also 40% lower than the international ones, thus increasing inefficiency. The Draft Forestry Act (2003), when enacted, should harmonize / streamline the different state forest laws / ordinances. It focuses on both forest management and community involvement in reforming the forestry sector, by involving states, private sector, NGOs.

The *National water resources policy* moves away from the compartmentalized view of water resources management to emphasise a basin approach, coordination between basins, and watershed management.

Nigeria signed the key multilateral environmental agreements, including the Convention of biodiversity and the Kyoto protocol on climate change. The pivotal institutions in charge of environment are:

- The National Council of Environment provides policy guidance for environmental management in the country and advice to the Presidency on environmental issues.
- The Federal Ministry of Environment, housing and urban development mandate is to provide policy guidance for environmental management; it incorporates the Federal department of forestry.

Other key national institutions dealing with the environment are:

- Nigerian Environmental Standards Regulations and Enforcement Agency (NESREA) monitors and enforces environmental standards in all sectors for all development projects.
- National Parks Commission,
- Ministry of Agriculture (land use, agriculture and livestock) and Water Resources,
- Ministry of Energy (oil, gas and power), including the Department of Petroleum Resources.

Three EIA processes are operational in the country. This situation creates confusion and uncertainty in implementation of the EIA. Gaps in the EIA legislations include the easy exemption of politically priority projects.

At the state level, environmental monitoring and enforcement responsibility of state agencies covers waste management/disposal, sanitation. The Niger Delta Development Commission has the mandate to promote the sustainable development of the region, by coordinating development projects.

The National Forestry Development Council formulates national forest policy and technical guidelines on forest management. The Federal Department of Forestry coordinates forestry activities. It proposes policies, oversees forestry administration nationwide, and coordinates forestry development; it is not

an executing agency, which is the task of the states. The State Forest Departments manage the forest resources at the state level and supervise revenue collection from the forestry sector in the various states. The Cross River State Forestry Commission autonomously manages its programs, including those with the communities.

*Protected areas* management ranges from the federal to local level. The *National parks service* is in charge of the eight *national parks*, while *Forests reserves* are loosely cared of by states. *Game reserves* are often even less protected. Within many protected areas there are *Limited access strict nature reserves*, that may receive more conservation care by the residents, that the larger areas. Legally, the state owns all land. In practice, effective land tenure systems vary from tribe, community and state.

The National Council on Water Resources represents stakeholders from the federal and state level water agencies. The Federal Ministry of Water Resources, now incorporated into the Ministry of Agriculture, has the mandate for policy formulation, water supply to urban and rural areas and is in charge for development, conservation and management of water as a national resource. The 12 River Basin Development Authorities have the task to collect hydrological and related data, to plan and develop water resources, and to provide large scale irrigation infrastructure in their catchments area. The new National Water Resource Bill has been elaborated in order to coordinate Ministries and agencies mandates for water resource development and/or management. This bill will separate the Ministry's policy role from managerial and implementing tasks played by the Basin bodies. The Federal Ministry of Energy through the Power holding company of Nigeria is empowered to abstract water along rivers and lakes for the generation of power. State Governments provide potable water for households, industries, and irrigation.

The Federal Ministry of Energy's main operative arm, the Department of Petroleum Resources, regulates the operation of the oil industry. The Nigeria National Petroleum Corporation oversees the regulation of the oil industry, with secondary responsibilities for upstream and downstream developments. The National Oil Spill Detection and Response Agency has been established, under the supervision of the Ministry of Environment, in order to perform technical supervision service. The fast growing energy sector, generating economic resources and changing the weights inside the social compact, creates the premises for a stronger political conflict between the people competing for streamlining such resources down to the final recipients. The Nigeria Millennium Development Goals 2005 report concludes that there is high potential to achieve universal primary education, ensure environmental stability and develop a global partnership for development. In reality, a major fault of this kind of assessment is the lack of reliable statistics.

### ***EC and Other Donors' Co-Operation with the Country from an Environmental Perspective***

Past EC cooperation with Nigeria has focused on the water and sanitation and micro-projects sectors. Environmental issues have been considered during project appraisal and implementation. The low managerial skills of stakeholders and lack of reliable environmental information hamper the projects implementation. The *Nigeria Country strategy paper 2008-2013* (10<sup>th</sup> EDF) concentrates on local government reform. Environmental considerations are introduced, in order to achieve MDGs.

In 2003, Nigeria official development assistance totalled 0.5% of the GDP. Most donor commitments are directly related to supporting the Nigerian policies. DFID has catalysed the establishment of the Cross river Forestry commissioner, as well as funded Community forestry development projects. USAID commitment has environment as a cross cutting issue, to be streamlined by building on NGOs capacity to dialogue with government; by promoting sustainable agriculture and use of energy-conserving technologies, by generating economic opportunities near natural reserves; by developing primary school curriculum on environmental issues; and by promoting rational water and sanitation.

World Bank's key programs aim at strengthening the policy, regulatory and institutional framework for environmental management and to frame sectoral development according to environmental

sustainability. Several donors are strongly committed to water and sanitation and sustainable use of natural resources. UNDP participates in the governance strengthening, as well as pilot projects in the environmental sector. Its Niger Delta Local Development Programme uses decentralisation and local governance approach as the entry point for poverty reduction and sustainable development. UNDP is planning a major climate change initiative, to be agreed with national authorities and other donors. CIDA actions support Nigeria's response to Climate Change and Africa Stockpiles programme.

## ANNEX 7: EC Projects and Programmes

### 7. A Details on Programmes and Projects

#### *Focal Sectors*

#### **Focal sector 1: Water and Sanitation**

##### *Water Supply and Sanitation Sector Reform Programme WSSSRP*

**(Total cost: €119.63 million. EC contribution: €87 million Beneficiary contribution: €31.43 million): Period of execution: up to 31 July 2012.**

Due to the specificity of this programme (self selection process, pilot activities, demand driven) the N+3 rule<sup>32</sup> is not applicable to this programme.

The programme implementation framework consists of 3 different lots of service contracts implemented by 3 different consortia. Lot -1 is managing the Programme Management Unit (PMU) and is responsible to the Federal component; Lot -2 operates the State Technical Units (STUs) in the 3 southern States and Lot-3 in the 3 northern states. UNICEF implements the rural WSS component through a contribution agreement with the EC.

A Mid Term Evaluation in March 2007, recommended a rider to the Financing Agreement which was approved in December 2008 making it possible to change the implementation procedure for works. Now it is through Direct Decentralised Operations, whereby the NAO will entrust the management and implementation of these activities to the Ministry responsible for water in each state, with FMAWR supervision. The rider also extended the implementation period from July 2010 till July 2011 and reduced the UNICEF funds.

In 2008 the programme:

- Supported 6 zone workshops to revise the Draft National Water Resources Bill, now adopted by the National Water Resources Council.
- Reviewed the status of institutional reforms at federal level.
- Carried out Corporate planning training for federal and states executives.
- Strengthened the capacity of rural Water Supply and Sanitation institutions at state (RWASA) and LGA (WSS depts.) levels.
- Promoted state-wide strategies for community mobilization and hygiene promotion.
- Established community models to be used in up to 1400 rural communities and ultimately lead to increased access to safe water for 2.1 million Nigerians.
- Formulated and tested sanitation strategies on access to sustainable basic sanitation facilities for 210,000 Nigerians.
- Trained 30 WSS actors at federal level and in 6 focal states on Management for Sustainability.
- The National Bureau of Statistics (NBS) was supported to harmonize and pre-test impact assessment survey tools.
- Completed the construction of 300 boreholes initiative in the 6 states

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<sup>32</sup> In most EC contracts the deadline for the signature of contracts and programme estimates for the implementation of the financial agreement is 3 years after the entry in force of the financial agreement.

The focal states are working on the development of state water policies and institutional restructuring plans following the recommendations of the institutional studies carried out in 2007. Baseline studies and the assessment of Water Supply and Sanitation facilities were completed in prioritised urban areas and selected small towns. The technical studies and engineering designs for water schemes in preparation for works in all six states were completed. In Jigawa State, works for the construction of latrines in eight small towns have commenced and in Anambra State the rehabilitation of an urban water supply scheme providing water for 70,000 people was commissioned in July 2008.

In rural areas (UNICEF component) progress has been slower than expected in part due to difficulties encountered in the implementation of the cost sharing formula that has now been agreed and implemented as transfers of federal and state counterpart contributions are being made.

WSSSRP is a necessary and appreciated EU-financed sector reform programme to support Nigeria in the implementation of wide ranging reforms of the water and sanitation sector, ultimately affecting the welfare and prosperity of the whole nation.

*Small Towns Water Supply and Sanitation Programme*  
**(€15 million): end of implementation 31<sup>st</sup> December 2008**

The aim of this programme is to improve health and quality of life in the small towns of Adamawa, Delta and Ekiti State. The objectives are:

- To develop the most efficient mechanism for delivery of sustainable schemes to be replicated later on throughout Nigeria.
- To facilitate access to safe water and adequate sanitation by some 500,000 residents of 24 small towns in the three participating states through the design and implementation of water supply and sanitation facilities.
- It focuses on community ownership and management of water supply and sanitation facilities with the community making informed decision on the type of technology and level of service for its water supply based on its willingness and ability to contribute a minimum of 5% of the capital as well as meeting the operation and maintenance cost.

This project's activities ended in December 2008. The project completed the preparatory work, such as selection of small towns, social mobilisation and organisation of the Water Consumer Associations, opening of Bank account, mobilising resources from the Federal Government, the states and communities, undertaking of emergency repairs of existing water schemes in the communities, training of stakeholders, and award of works contracts for the construction of water supply schemes.

Fifteen (15) works contracts were awarded in the two states of Adamawa (10) and Ekiti (5) under the direct decentralised operations managed by the FMAWR. None of them was finalised before the end of the project. After a meeting with the representatives of Adamawa State we were informed that the State was preparing a specific budget allocation to be able to finalise the works with their own resources.

The contracts for the remainder of 12 water schemes, launched under specific commitment, were signed in the third quarter of 2008. When the FA expired in December none of these 12 works contracts were finalized and the awarded construction companies have repeatedly shown their concern.

Another challenge is to ensure the provision of support to the communities and states to consolidate the organisational set-up of the Water Consumer Associations, to ensure the sustainability of the water schemes. The EC Delegation is still trying to raise this issue with the Federal Ministry for Agriculture and water resource

The service provider GTZ has been demobilized and all the equipment and vehicles transferred to the FMWR. The final report is still to be received.

The final evaluation of the project was received by the end of December but due to its poor quality was sent back to the Consulting Company for redrafting. A total of €14.9 million has been committed, but the final payment figure will be lower due to the impossibility to finance most of the works contracts.

## **Focal sector 2: Institutional and Economic Reform Governance**

### *Support to Reforming Institutions Programme SRIP*

**SRIP I: €24.1 million; end of implementation: 31/12/2008**

**SRIP II: €29.4 million; D+3: 17/12/2010**

The most important contribution donors can make to poverty reduction in Nigeria is to support Nigeria's own efforts to reform the use of public funds. In this spirit, SRIP was designed to assist reform-oriented states and local governments within the Federation to enhance government transparency and accountability, ensuring that pro-poor policies are successfully implemented. SRIP operates in six states selected through a benchmark exercise based on SEEDS. The focus of EC support is on public finance management in the broad sense, including support for efforts of civil society to ensure proper use of public funds.<sup>33</sup>

The amount in the original Financing Agreement of SRIP 1 was reduced from €27.6 million to €24.1 million in late 2007. Also the decision to fund SRIP phase 2 was taken in December 2007, a year after the initial plan.

The preparation and then approval of the OPEs took many months. When they were finally approved, in early 2007, the programme was 15 months old. Disbursement was low and slow which eventually led to the de-commitment of substantial funds and the cancellation of many activities.

“SRIP in its life of 38 months (to the end of 2008) will have been fully operational for approximately one year and have absorbed approximately 14 out of the 27.6 million of the original financing agreement.

During that one year of full activity it succeeded in setting up CSO consultative structures in most of the states and in organizing studies of PFM issues, training workshops, and study tours for officials and for CSOs. Thanks to SRIP most states developed their first coalitions of CSOs concerned with budget issues; many officials acquired some basic notions about modern budgeting; some processes have been set in motion towards the reform of aspects of PFM; some state governments invited a set of CSOs to discuss budget plans with government officials. It is indeed amazing how much SRIP achieved with so little money in so little time (€2 million out of 14, in one out of 3 years!).”<sup>34</sup>

The TA service contract was extended for 5 months beyond July 2008 to allow the contractors to close phase 1 of the programme. Following the outcome of a mission to the focal states by the Delegation in February 2008 and in agreement with the NAO, a decision was taken in May 2008 to negotiate with the TA to provide additional services for SRIP phase II. The negotiation was held and the TA service contract for Phase II was signed in December 2008.

With the conclusion of activities under phase 1 in June 2008, a final evaluation of SRIP I was concluded in November 2008. The evaluation report recommended a decentralisation of financial responsibility for the management of the programme from a service contractor to the state governments who will be assisted by a Programme Support Unit (PSU) based in Abuja. The report

<sup>33</sup> SRIP is based on the implicit assumption that if corruption cases did not take place, the amounts of public funds available at state and local levels for the public sector to participate in the fight against poverty and development/ or wealth creation would be sufficient or at least higher than they currently are. And therefore civil society would just have to ensure their proper use. SRIP does not attempt to encourage for efforts of civil society to encourage or ensure maximisation/or optimisation of public resources (the revenue side of state and local budgets).

<sup>34</sup> Source: Final Evaluation of SRIP I

also recommended the use of investment funds available under SRIP 2 to support training centres and provide equipment to community centres, CBOs and trade unions at LGA levels. Given the low capacity of state governments to undertake public finance management reforms (which is the main focus of SRIP), as well as their poor records in transparency and accountability, it will be difficult to implement SRIP through the state governments. Also, it is already foreseen in the FA of phase 2 to use investment funds as incentives to reforming states – to support specific policies which could directly deliver services to the people.

## **EU Support to Law Enforcement against Economic and Financial Crimes**

**(€24.7 million): End of Implementation 31/12/2010; end of contribution agreement/activities: 31/12/2009**

The overall objective of this project is to enhance good governance and financial accountability and to frustrate incidences of fraud, waste and corruption, through support to EFCC and to other institutions relevant to its effectiveness. The purpose of the project is to better equip EFCC staff with improved skills, knowledge and attitudes and with the requisite equipment and technical support; to strengthen the capacity of the judicial system to prosecute and try economic and financial crimes. The project is implemented through a contribution agreement between the EC and the United Nations Office on Drugs and Crime (UNODC). The project is in its last year of implementation and has the following 4 components:

1. Enhance the operational and institutional capacity of EFCC including EFCC Training and Research Institute (TRI), and the Nigerian Financial Intelligence Unit (NFIU) through the provision of equipment and training.
2. Develop sustainable ICT capability for EFCC, TRI, NFIU including IT training to enhance national, regional and international cooperation
3. Support advocacy and increase awareness about EFCC, NFIU and their efforts to reduce financial crimes and corruption.
4. Develop comprehensive framework to support the judiciary at the federal level and at selected 10 states under pilot schemes.

### **MAJOR DEVELOPMENTS AND ACHIEVEMENTS IN 2008**

1. From the small size of about 125 staff in 2006, EFCC had the total staff strength of about 1,500 in 2008.
2. Among the national agencies fighting corruption and graft such as ICPC and Code of Conduct Bureau, EFCC has achieved more arrests, prosecution and convictions including high profile cases involving top politicians and a former Inspector General of Police as well as a former governor. This achievement by EFCC led to the improvement of Nigeria in the TI CPI.
3. The change in the leadership of EFCC during the year inevitably brought about some strategic innovation in the area of fighting and prevention of fraud, money laundering and other financial crimes. The result of the change in strategy has begun to show with more arrests and prosecution involving many offenders not necessarily restricted to top politicians alone.
4. As at end-2008, about \$23.5m was spent on the various programmes.



5. Consequently, the Abuja data centre was commissioned on August 12<sup>th</sup>, 2008. In addition, numerous technical, hardware and software solutions have been provided such as the installation of fibre link to enable the 25 banks in the country to send their data electronically to the NFIU.
6. Many staff members of the EFCC performing various functions such as IT and forensic duties have undergone specialist training courses. In addition, those in operational areas were trained in various course modules to improve their competences.
7. There was noticeable improvement in the rating and perception of the judiciary during the year as respondents to surveys confirmed that the level of corruption had dropped. So far about 250 judicial officers and the National Judicial Institute staff were trained in Alternative Dispute Resolution (ADR), while 400 judicial officers were trained in Judicial Ethics.

The project is on course to achieving its various outputs. A Mid-Term Evaluation was carried out in September 2008 and the recommendations have been taken into account in revising the Work Plan to ensure that the project's intended results are achieved.

### *Census Support Initiative*

**(€116.5 million):** End of implementation: 31/12/2009

The gender-disaggregated results for federal, state and local government level were approved by the National Population Commission and presented to President Obasanjo in April 2007 and these results were published in May 2007 in the official gazette. The final Census report was officially approved by the Council of States in November 2008. An external monitoring mission took place in November/December 2008 and the report pointed to a number of activities that need to be completed urgently before the end of the implementation period in December 2009.

Meanwhile the focus is on data analysis and dissemination, and ensuring high-quality implementation of the census database. The contract for the Census Data-base and Geo-Portal was signed in December 2007, but delivery of the equipment has not yet started as the National Population Commission has not yet been able to make a space available that conforms to the requirements for the equipment.

Implementation will run up to end-2009 in line with the extended Operational Implementation Phase.

### *Support to Nigerian Electoral Cycle*

**€40 million:** D+3: 29/07/2009 - end of implementation: 31/03/2011

INEC and its chairman are still in place. Court cases are still ongoing and President Yar'Adua case at the Supreme Court was ruled in his favour in November 2008. The Electoral Reform Committee set up by the President presented its report in December with important recommendations with respect of INEC to ensure its independence and render it more credible in the conduct of elections in Nigeria.

Phase 1: contribution agreement with UNDP ended in December 2008. It had been intended to allow JDBF support to the Electoral reform Committee (ERC). The remaining funds under Phase I should be transferred to phase II which begins in first quarter of 2009.

### *Non-focal Sectors*

In 2008 activities in the non focal sectors were mainly in the areas of micro-projects, health, support to Non-Governmental Organisations (NGOs), support to the NAO and various TA under the Technical Cooperation Facility, as described below.

## **Micro-projects**

### *Micro Project Programme*

#### **Micro Project Programme 6 (MPP6) (€42 million): end of implementation 1st May 2008**

Altogether under this programme 1,921 micro projects were implemented as against 1650 projected by the Mid-Term Review (MTR) team report 2005. The projects implemented benefited over 5 million people. Projects have been implemented across sectors: water supply and sanitation, health, education, income generation, small scale irrigation, transport infrastructure. A documentary video was produced showing the activities and impact of the Micro Project Programme (MPP6) in the Niger Delta and it is to be aired on Local Television station and an EU channel. There was as well local and international distribution of the physical Compact Disks (CDs) in 2008. Irrespective of the delays encountered in the closure of PE 1 & 2, the programme committed over 99% of the total programme budget and spent over 96% of same.

As part of programme exit strategy, 60 high performing NGOs out of 108 NGOs were supported with more technical capacity and organisational development skills. Organisational support took the form of equipment supply and organisational development training.

Final evaluation was held in March 2008. The report was favourable with minor lessons to be incorporated into MPP9 programme.

#### **Micro Project Programme 9 (MPP9) (€45.5 million): D+4: 02/08/2011**

The media event for the signing of the FA took place during the visit of Commissioner Michel in September 2008.

The tender process for a technical assistance to implement the programme was concluded and the contract awarded. Activities are due to start in February 2009. The Delegation and the NPC have agreed to contract Community Development Foundation (CDF), an NGO in Lagos, to be responsible for the management of the grants component of the programme in accordance to article 3.3.2.1 negotiated procedure of the Contractual Procedures of the Commission. Currently a Systems Audit and a Training Needs report are being conducted to support CDF in the implementation process.

## **Health**

### *Partnership to Reinforce Immunisation Efficiency PRIME*

#### **(7th EDF, €77.4 million, + 9<sup>th</sup> EDF €20 million): end of implementation on 30/06/2009**

The overall objective of PRIME is to reduce the burden of vaccine preventable diseases (VPD) including polio in Nigeria. The Signing of the 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 signing of €20 million Contribution agreement with World Health Organisation (WHO) for specific Polio Eradication Actions from March 2006 to December 2008. The new states have since commenced activities which are largely Training of Health Workers in the various states on Routine Immunisation.

PRIME main achievements in 2008 have been the following:

- Resource Centres constructed in the School of Health Technology in the six focal states of Abia, Cross River, Osun, Plateau, Gombe and Kebbi (ongoing). They will be equipped with computers, library sections and cyber cafes for the students.
- Renovation of Primary Health Centres in the 23 PRIME states.
- Recruited & trained LGA-based Routine Immunisation (RI) trainers.
- Procurement of training materials (BGSP, Flip Charts stand, RI pictorial flip chart)
- Active involvement in monitoring and reporting of RI activities.

PRIME is also at the stage of awarding contracts for supply of 17 vehicles to the 17 states of PRIME and also supply of Cold Chain equipments. The pace of project implementation is still high though end date of 30 June 2009 is in view. Having assured a core of trained health staff in immunization in the six focal states, the project focussed on providing the physical infrastructure for immunization activities. Contracts have been awarded for vehicles, motorcycles, cold chain equipment, while tenders have been launched for the construction and repair of cold stores. More importantly, as part of its exit strategy, there is continuing engagement with state authorities to ensure their continued financial support to routine immunization after the end of the PRIME project.

At the state and local government levels Cold chain equipment amounting to €4.36 million was delivered and commissioned. Ownership of the programme with state and local governments is gradually being established but still leaves much to be desired. With the passage of the National Health Bill it is hoped that there will be a clearer delineation of the roles and responsibilities of the various tiers of Government as well as better ownership of Primary Health Care by the local governments in particular.

The number of Polio cases rose steadily for the most part of 2008 until September 2008 when a marginal decline was noted. The Government has continued its Polio Eradication actions through the Immunization plus Days, using additional antigens (different vaccines other than just the Polio vaccine) like measles and DPT<sup>35</sup> to increase community uptake. The Federal Government set up a joint Task Force on Immunisation to address the issue, particularly missed children in states with international borders. This has led to a staggering of the immunisation campaigns. Additionally, a new Chief Executive was appointed for the National Primary Health Care Development Agency, late 2008 and it is hoped that this will facilitate the much needed revitalisation of the Agency which is responsible for immunisation activities in Nigeria and remains a major stakeholder of the PRIME project. As at 13 December 2008, there were 789 cases of confirmed WPV in 26 states (compared with 277 in 23 states for the same period in 2007).

*Support to Routine Immunization in Kano SRIK*

**(€15.5 million): D+3 date in December 2008**

The project was designed to reduce mortality for children less than 5 years of age, associated with vaccine preventable diseases.

The Technical Assistance Contract started in September 2007. Major activities were expected to commence in January 2008 when OLAS reopened which would allow for the signing of the start up programme estimate. However the Project faced many challenges including the provision of suitable Office Accommodation by the Kano State Ministry of Health for the TA team in line with the terms of the Contract. This issue was addressed by the NPC and Delegation. The Kano State Ministry of Health responded by ensuring the office accommodation is more suitable for work. Another challenge was the sudden resignation of the Team Leader in March 2008. A new Team Leader was appointed in July 2008. Three international supply tenders were launched late 2008 but only that for the Supply of the Cold Chain Equipment could be encoded before the D+3 date of 18 December 2008 and is now being processed through the EC-NAO circuit .

The table below sums up the achievements of the programme by December 2008:

<b>Completed</b>	<b>On-going</b>	<b>Pending</b>
<ul style="list-style-type: none"> <li>• SRIK project officially launched</li> <li>• Project Steering Committee inaugurated</li> <li>• SRIK Project introduced to 44 LGAs</li> <li>• Project Logical framework</li> </ul>	<ul style="list-style-type: none"> <li>• STE Cold Chain &amp; Core Trainer working</li> <li>• Planning Training of Trainers on RI Modules</li> <li>• Planning implementation of Immunization Recurrent Budget</li> </ul>	<ul style="list-style-type: none"> <li>• Setting up Project Website</li> <li>• Local procurement of spare parts for cold chain equipment</li> <li>• Setting up project</li> </ul>

<sup>35</sup> A mixture of three vaccines, to immunize against Diphtheria, Pertussis (whooping cough) and Tetanus

<p>reviewed.</p> <ul style="list-style-type: none"> <li>• Operational Programme Estimate (1 &amp; 2) developed.</li> <li>• OPE1 &amp; 2 Implementation Timetable developed</li> <li>• Detailed budget and financial plan completed.</li> <li>• MOU btw NAO and Kano State Signed</li> <li>• Office operational guideline developed.</li> <li>• First batch baseline survey designed, implemented and disseminated.</li> <li>• Institutional assessment of SHT &amp; HECTIC conducted</li> <li>• Project accounting system developed</li> <li>• Coordination mechanism with SMOH established</li> <li>• Drawings &amp; specifications for procurement and constructions of State and LGA Cold stores reviewed</li> <li>• Strategic Planning Meeting on RI training</li> <li>• Workshop for the Development of State RI Communication Strategy</li> <li>• Tender Dossiers for supplies developed and submitted</li> </ul>	<p>Support</p> <ul style="list-style-type: none"> <li>• Hiring Of State Cold Chain Preventive Maintenance Officer</li> <li>• Hiring of Field Account Officers</li> <li>• Integrated supervision of field activities by State Team</li> <li>• Quarterly work plan</li> <li>• GIS software procurement</li> <li>• Strategic institutionalized meetings with partners</li> <li>• Tender dossiers and supporting documents for works (State, LGAs, SHT and HECTIC) developed and submitted</li> <li>• STE Mobilization in process</li> </ul>	<p>monitoring system</p> <ul style="list-style-type: none"> <li>• Developing and signing MOU between Kano State/SRIK and 44 LGAs</li> <li>• Newsletter on RI</li> <li>• Printing of RI data tools</li> <li>• Curriculum review workshop</li> </ul>
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The major constraints are:

- Delay in implementation of SUPE Period
- Competing national, state and partner activities (IPDs, IMC, Nat. Malaria Control etc)
- Delay in response of requests from NPC, EU

Considering that some 10 new commitments had to be concluded to enable the project to commit the bulk of its funds before the D+3 date in December 2008, the alternative to switch all remaining activities at the end of the year from individual commitments to a programme estimate was chosen. Consequently, an addendum to the current OPE 1 was approved/endorsed in December 2008 which effectively allows for more works contracts to be carried out under the Imprest component while respecting the thresholds for procurement. Additionally, the OPE 2 was signed before the D+3 date of 18 December 2008 and is expected to commence by June 2009. An Annual Review was initially planned for late 2008 but could not be launched due to technical problems with CRIS. It is planned that the Review will be launched in April 2009.

## Others

### *Technical Cooperation Facility (TCF) II: (€4m): D + 3 29/5/2010*

The TCF has been utilised to support the identification of projects for the 10<sup>th</sup> EDF. To date four studies have been undertaken (police, prison, migration, and environment). At least 4 other studies are planned for 2009 (support to trade and regional integration, support to the justice sector environment, health.). The TCF has also been useful in monitoring/evaluation of existing projects. A re allocation of funds among budget lines is envisaged in view of the pressure on the budget line for technical assistance in the TCF. Implementation of contracts is being coordinated with the National Planning Commission.

### *Police*

A Needs Assessment of Investigation and Forensic Capability of the Nigeria Police had been conducted in 2007. It will serve as a support document for the forthcoming Formulation of a justice sector support programme for Nigeria for the 10<sup>th</sup> EDF.

### *Prison*

A pre-feasibility and study on potential support for prison reforms in Nigeria was conducted in 2008. The study proposed an €10.5 million “EU Prison Reform Programme in Nigeria”. The purpose of the proposed programme is: i) to strengthen existing coordination mechanisms with a view to reduce the number of attending tribunal persons (ATPs) and the duration of the pre-trial detention and to make criminal cases move more expeditiously between the different justice institutions involved at state level; ii) to strengthen mechanisms and support activities aimed at improving conditions of detention and the respect of prisoners’ human rights. Related to this is support for activities to abolish the death penalty in Nigeria.

### *Migration*

A review of the migration profile for Nigeria and pre-feasibility study, in view of launching Nigeria-EU cooperation on migration issues, as part of the CSP 10<sup>th</sup> EDF, was finalised in March 2008.

### *Environment*

A pre-feasibility study to review the Country Environmental Profile of Nigeria was conducted in 2008. See in Annex 6 an extract from this study. This study points out to the natural environment degradation summed in the loss of forest and mangroves areas, desertification, as well as in industrial and residential pollution. The human environment degradation is visible in the (1) low access to health services, education and drinking water supply (2) high poverty rate (3) gender inequality, and (4) low energy supply and efficiency. It also reminds of the cost of such degradation and calls for urgent well-concerted counter-measures (as many donors are involved in this field).

### *NAO support programme*

**NAO support I of €6.5 million: end of implementation: 30/06/2010**

**NAO support II of €4 million: D+3: 19/09/2010**

The NAO Support programme is managed by the NPC and largely provides material and financial support to its personnel and operational base. In addition, efforts have begun to be made to strengthen its institutional capacity. Existing Payment circuits have been rationalised, where possible and an external audit firm charged with certification of financial statements from the projects. All payment orders (except from where the commission acts on behalf of Nigeria) that relate to EDF financed projects are now raised by the Service Centre of the NPC. A system is being put in place to end the dependency of the Service Centre on financial data from the Delegation, and restore its IT capabilities in such a manner that Payment orders are raised electronically and NPC management has online live data of commitments and disbursements in the entire NIP. Further efforts are underway to strengthen capacity in the sphere of project monitoring and formulation and the management of the procurement process.

The TORs of the NAO Support PMU should be implemented fully as this will go a long way to improve the understanding of EDF procedures, improve capacity building of staff in other PMUs, NAO/SAO Support Service Centres, TAs, CSOs and other stakeholders and accordingly contribute to solve the problem of delays associated with implementing EDF programmes in the country.

### *Cameroon Nigeria border demarcation*

**(UNI 009, €2 million from NIP Nigeria + CM 007, €2 million from NIP Cameroon)**

**End of implementation: 31/10/2010**

A rider to extend the operational implementation period of the Financing Agreement to 31/10/2010 was approved following the request by the Cameroon and Nigeria NAOs. This request was made as the project was behind schedule due to a slower pace of demarcation activities, political sensitivities and difficult terrain in which the cartographers etc. had to work. Upon the approval of the rider, the Contribution Agreement with the United Nations was amended to reflect the extension of the implementation period.

Throughout 2008 work continued on delineating the border between Nigeria and Cameroon; As of May 2008, just over 1,000km of boundary has been assessed and scientifically agreed by the tripartite surveyors' teams of the UN, Nigeria and Cameroon - the remaining 950 km is planned to be covered by end-2009. An important point was reached when Nigeria and Cameroon agreed the entire maritime boundary in April 2008. 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, however, work has commenced on this and it is planned that the first physical boundary emplacements will start being put in place in the 2nd quarter of 2009. The payment of the 2nd tranche took place in December 2008 with the result that 50.52% of the commitment has so-far been disbursed.

### *Support to NGO's INSIDE*

#### **(€20 million) End of implementation: June 2013**

Increasing Non-State actor's Implementation and Development Expertise (INSIDE) is intended to strengthen the capacity of NSAs to contribute and shape processes of democratization and development in Nigeria. The programme commenced in September 2008, with the implementation of the PMU, a press covered signing ceremony and a kick off meeting. One major challenge is the time constraint on programme implementation. The programme commenced three months after the indicated time in the FA. Another challenge is the lack of indicative criteria to identify NSAs' size.

Till date, the INSIDE programme has been able to conduct its PSC meeting where resolutions on focal states and sectors to implement support has been decided upon. Most EU funded programmes have support to a non-state actors component but one major component of the INSIDE programme that the other programmes do not have is the Mentoring Component. INSIDE will be done through the assignment of nine mentors based in the six geo-political zones within Nigeria. They will be involved in activities such as the establishment of Needs Assessments in the sectors and states of intervention, realization and follow up of a strategic capacity building plan, mentoring of non-state actors participating in the call for proposal that will be launched later in the programme and mentoring of non-state actors when they implement micro-projects.

## 7. B Achievements against Targets

Programme/project	Targets	OVI	Achievements in 2008 against targets	OVI	Conclusion																					
<b>FOCAL SECTOR 1: WATER AND SANITATION</b>	<p>Federal level</p> <ul style="list-style-type: none"> <li>Adoption of legal framework for water sector</li> </ul> <p>State and local level</p> <ul style="list-style-type: none"> <li>Increased availability of potable water in six focal states</li> <li>Improved sanitation facilities across six focal states</li> <li>More effective hygiene education in six focal states</li> <li>Dissemination of lessons learnt to non-focal states and contribution to national water policy (CSP 9<sup>th</sup> EDF 2001-2007)</li> </ul>	<ul style="list-style-type: none"> <li>Increased % of population with access to potable water (rural/urban), over time</li> <li>Increased % of population with access to proper sanitation facilities, over time</li> <li>Decreased prevalence of water-borne diseases, over time (CSP 9<sup>th</sup> EDF 2001-2007)</li> </ul>	<p>Federal level</p> <ul style="list-style-type: none"> <li>Conclusion of the legislative process for the National Water Resources Bill leading to the passage of the law by the President</li> <li>Assessment of the states works contract procedures and agreement on the implementation of the cost sharing formula for water supply and sanitation works.</li> <li>Partial contribution to state and local level targets (ongoing)</li> </ul>	N.A.	<p>In 2008 the EC programmes in the W&amp;S sector have contributed to some of the targets (adoption of legal framework in the sector, sensitisation and education). However, SRIK has not yielded significant results so far mainly due to delays, and WSSSR is progressing slowly. Acceleration is needed in implementation if the programmes expect to provide significant results and have a national impact.</p>																					
Water Supply and Sanitation Sector Reform Programme (WSSSRP)	<ul style="list-style-type: none"> <li>To increase the executive capacities of the National Water Resources Institute, the state and local governments</li> <li>Community mobilization and promotion of sanitation habits in the six focal states.</li> <li>To develop efficient mechanism for delivery of sustainable schemes to be replicated later on throughout Nigeria.</li> </ul>	<ul style="list-style-type: none"> <li>target percentage of population with access to a level of improved water and sanitation facilities complying with national standards and having improved hygiene practices as a result of the programme (based on 2009 population projections)</li> </ul> <table border="1"> <thead> <tr> <th></th> <th>Water supply</th> <th>Sanitation</th> </tr> </thead> <tbody> <tr> <td>Plateau</td> <td>15%</td> <td>9%</td> </tr> <tr> <td>Gombe</td> <td>18%</td> <td>4%</td> </tr> <tr> <td>Kebbi</td> <td>18%</td> <td>6%</td> </tr> <tr> <td>Osun</td> <td>12%</td> <td>6%</td> </tr> <tr> <td>Abia</td> <td>16%</td> <td>7%</td> </tr> <tr> <td>Cross River</td> <td>18%</td> <td>7%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>% of reduction in the distance to the improved water source</li> <li>Average time saving (hours/week) for fetching water</li> </ul> <p>For more detailed OVIs, see FA, logical framework</p>		Water supply	Sanitation	Plateau	15%	9%	Gombe	18%	4%	Kebbi	18%	6%	Osun	12%	6%	Abia	16%	7%	Cross River	18%	7%	<ul style="list-style-type: none"> <li>Supported 6 zone workshops to revise the Draft National Water Resources Bill, now adopted by the National Water Resources Council.</li> <li>Reviewed the status of institutional reforms at federal level.</li> <li>Carried out Corporate planning training for federal and states executives.</li> <li>Strengthened the capacity of rural Water Supply and Sanitation institutions at state (RWASA) and LGA (WSS depts.) levels.</li> </ul>	N.A.	<p>The Water Supply and Sanitation Sector Reform Programme (WSSSRP) is still ongoing up to 31 July 2012 and it is too early to assess results. WSSSRP is slow in implementation, due to its demand driven approach, needed for sustainability.</p>
	Water supply	Sanitation																								
Plateau	15%	9%																								
Gombe	18%	4%																								
Kebbi	18%	6%																								
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Cross River	18%	7%																								

Programme/project	Targets	OVI	Achievements in 2008 against targets	OVI	Conclusion
			<ul style="list-style-type: none"> <li>• Promoted state-wide strategies for community mobilization and hygiene promotion.</li> <li>• Established community models to be used in up to 1400 rural communities and ultimately lead to increased access to safe water for 2.1 million Nigerians.</li> <li>• Formulated and tested sanitation strategies on access to sustainable basic sanitation facilities for 210,000 Nigerians.</li> <li>• Trained 30 WSS actors at federal level and in 6 focal states on Management for Sustainability.</li> <li>• The National Bureau of Statistics (NBS) was supported to harmonize and pre-test impact assessment survey tools.</li> <li>• Completed the construction of 300 boreholes initiative in the 6 states</li> </ul>		
Small Towns Water Supply and Sanitation Programme (STWSSP)	<ul style="list-style-type: none"> <li>• To develop the most efficient mechanism for delivery of sustainable schemes to be replicated later on throughout Nigeria.</li> <li>• To facilitate access to safe water and adequate sanitation by some 500,000 residents of 24 small towns</li> </ul>	500,000 people. 24 small towns	<ul style="list-style-type: none"> <li>• Completed the preparatory work and 15 works contracts were awarded in the two states of Adamawa (10) and Ekiti (5) under direct decentralised operations managed by the Federal Ministry of Agriculture and Water Resources (FMAWR).</li> </ul>	N.A.	The Small Towns Water Supply and Sanitation Programme (STWSSP) developed water schemes but, due to its delayed take-off, could not achieve its target regarding access to safe water and sanitation. Another challenge is the sustainability of the water



Programme/project	Targets	OVI	Achievements in 2008 against targets	OVI	Conclusion
	in the three participating states through the design and implementation of water supply and sanitation facilities.				schemes, depending on the consolidation of the water consumers associations (pending issue). The project ended in December 31, 2008.
<b>FOCAL SECTOR 2: INSTITUTIONAL AND ECONOMIC REFORM</b>	Support to improvement of service delivery through reforms of governance and of public finance management in six focal states <ul style="list-style-type: none"> <li>• Transparent state and local governance in six focal states</li> <li>• Administrations reorganised to improve service delivery</li> <li>• Dissemination of lessons learnt to non-focal states and contribution to national water policy (CSP 9<sup>th</sup> EDF 2001-2007)</li> </ul>	In each focal state: <ul style="list-style-type: none"> <li>• % of population in poverty</li> <li>• Level of literacy by age-group, life expectancy, infant mortality, prevalence of water-borne diseases</li> <li>• Statistics (school attendance, visits to clinics, availability of medicines, schoolbooks ...)</li> <li>• Survey measures of effectiveness of state and local spending (value of services delivered as % of expenditure) (CSP 9<sup>th</sup> EDF 2001-2007)</li> </ul>	N.A.	N.A.	
Support to Reforming Institutions Programme (SRIP)	<ul style="list-style-type: none"> <li>• SRIP was designed to assist reform-oriented states and local governments to enhance government transparency and accountability, ensuring that pro-poor policies are successfully implemented.</li> </ul>	See FA	<ul style="list-style-type: none"> <li>• It succeeded in setting up CSO consultative structures in most of the states and in organizing studies of PFM issues, training workshops, and study tours for officials and for CSOs. Most states developed their first coalitions of CSOs concerned</li> </ul>		After considerable initial delays, the project in 2008 finally contributed to improvement in transparency and public finance management in the country, mostly from the involvement of the CSOs.

Programme/project	Targets	OVI	Achievements in 2008 against targets	OVI	Conclusion
			with budget issues; many officials acquired some basic notions about modern budgeting; some processes have been set in motion towards the reform of aspects of PFM; some state governments invited a set of CSOs to discuss budget plans with government officials. It is indeed amazing how much SRIP achieved with so little money in so little time (€2 million out of 14, in one out of three years!). <sup>36</sup>		
EU Support to law enforcement against economic and financial crimes	<ul style="list-style-type: none"> <li>The purpose of the project is to better equip EFCC staff with improved skills, knowledge and attitudes and with the requisite equipment and technical support; to strengthen the capacity of the judicial system to prosecute and try economic and financial crimes. (main text)</li> </ul>	See FA	<ul style="list-style-type: none"> <li>Cases were brought against top politicians and a former Inspector General of Police as well as several former governors. This led to several convictions.</li> <li>From about 125 staff in 2006, EFCC had the total staff strength of about 1,500 in 2008.</li> <li>Among the national agencies fighting corruption and graft EFCC has achieved more arrests, prosecution and convictions including high profile cases leading to the improvement of Nigeria in the Transparency</li> </ul>		There was remarkable improvement in the fight against corruption and financial crimes which led to improvement in the rating of the country Transparency International.

<sup>36</sup> Source: Final Evaluation of SRIP I

Programme/project	Targets	OVI	Achievements in 2008 against targets	OVI	Conclusion
			<p>International Corruption Perception Index (TI-CPI).</p> <ul style="list-style-type: none"> <li>• The change in the leadership of EFCC during the year brought about some strategic innovation in the area of fighting and prevention of fraud, money laundering and other financial crimes. The result has begun to show with more arrests and prosecution involving many offenders not necessarily restricted to top politicians.</li> <li>• The Abuja data centre was commissioned in August 2008. Numerous technical, hardware and software solutions were provided such as the installation of fibre link to enable the 25 banks in the country to send their data electronically to the NFIU.</li> <li>• Many EFCC staff members have undergone specialist training courses.</li> <li>• There was noticeable improvement in the rating and perception of the judiciary during the year as respondents to surveys confirmed that the level of corruption had dropped. So far about 250 judicial officers and the National Judicial Institute staff were trained in Alternative Dispute</li> </ul>		

Programme/project	Targets	OVI	Achievements in 2008 against targets	OVI	Conclusion
			Resolution (ADR), while 400 judicial officers were trained in Judicial Ethics. (main text)		
Census	<ul style="list-style-type: none"> <li>Data analysis and dissemination, and ensuring high-quality implementation of the census database. (main text)</li> </ul>	See FA	<ul style="list-style-type: none"> <li>The contract for the Census Data-base and Geo-Portal was signed in December 2007, but delivery of the equipment has not started as the National Population Commission has not yet been able to make a space available that conforms to the requirements for the equipment. (main text)</li> </ul>		Census data base management equipment could not be delivered due to absence of suitable accommodation.
Elections	<ul style="list-style-type: none"> <li>Support to the Electoral reform Committee (ERC). (main text)</li> </ul>	See FA	<ul style="list-style-type: none"> <li>The Election reform committee submitted its report in November 2008 and decision on its implementation has not yet been taken by the Federal Government to enable EU to render support. (main text)</li> </ul>		Support to the electoral cycle still awaiting government decision on recommendations of the ERC.
<b>NON FOCAL SECTORS</b>					
MPP6	<ul style="list-style-type: none"> <li>To improve the living standards of the participating communities on a sustainable basis in the 6 states through the</li> </ul>		<ul style="list-style-type: none"> <li>Under this programme 1,921 micro projects were implemented as against 1650 projected by the Mid-Term Review (MTR) team report</li> </ul>	N.A.	The programme attained its objectives.

Programme/project	Targets	OVI	Achievements in 2008 against targets	OVI	Conclusion
	provision of access to basic infrastructure such as water supply and sanitation, rural transportation, health facilities, education income generation and civic centres.		<p>2005.</p> <ul style="list-style-type: none"> <li>The projects implemented benefited over 5 million people.</li> <li>Projects have been implemented across sectors; water supply and sanitation, health, education, income generation, small scale irrigation, transport infrastructure.</li> </ul>		
MPP9	<ul style="list-style-type: none"> <li>To reduce poverty in rural and semi urban communities in Niger Delta states through the promotion of participatory and gender equitable local development governance in order to contribute to the attainment of the MDGs .</li> <li>Institutionalising reforms resulting in local and state governments to provide infrastructural facilities, income generation activities as well as promoting transparency.</li> </ul>		<ul style="list-style-type: none"> <li>The media event for the signing of the FA took place during the visit of Commissioner Michel in September 2008. Activities are due to start in February 2009.</li> </ul>		The programme is at the inception stage.
HEALTH SECTOR			<ul style="list-style-type: none"> <li>The Partnership to Reinforce Immunization Efficiency (PRIME) successfully carried out its main objectives of providing vaccines, materials, equipment and logistic support, in addition to capacity building for staff and the health institutions at the</li> </ul>		

Programme/project	Targets	OVI	Achievements in 2008 against targets	OVI	Conclusion
			<p>federal, state and local government levels in spite of delay in commencement. Owing to the success it achieved within the relatively short period of its operation, the programme was extended to June 30<sup>th</sup>, 2009 and expanded to cover 17 additional states.</p> <ul style="list-style-type: none"> <li>In order to reduce under-5 years mortality rate and eradicate polio in Kano through improved immunization services and upgrade in health institutions in the state, the Support to Routine immunization in Kano (SRIK) was started in May, 2008. The necessary preparatory works have begun in order to kick- off the project in 2009.</li> </ul>		
PRIME	<p>The overall objective of PRIME is to reduce the burden of vaccine preventable diseases (VPD) including polio in Nigeria. (main text)</p> <p>Specific objectives</p> <ul style="list-style-type: none"> <li>providing vaccines, materials, equipment and logistic support,</li> <li>capacity building for staff and the health institutions at the federal, state and local government levels</li> </ul>	See FA	<p>PRIME main achievements in 2008 have been the following:</p> <ul style="list-style-type: none"> <li>Resource Centres constructed in the School of Health Technology in the six focal states of Abia, Cross River, Osun, Plateau, Gombe and Kebbi (ongoing). They will be equipped with computers, library sections and cyber cafes for the students.</li> <li>Renovation of Primary Health Centres in the 23 PRIME states.</li> </ul>		<p>Achieved targets within the relatively short time of its operation leading to the extension of the programme to June 30<sup>th</sup>, 2009 with provision to cover 17 additional states.</p> <p>Good knowledge of EDF procedures and operating environment contributed to the success recorded</p>

Programme/project	Targets	OVI	Achievements in 2008 against targets	OVI	Conclusion
			<ul style="list-style-type: none"> <li>Recruited &amp; trained LGA-based RI trainers.</li> <li>Procurement of training materials (BGSP, Flip Charts stand, RI pictorial flip chart)</li> <li>Active involvement in monitoring and reporting of RI activities. (main text)</li> </ul>		
SRIK	<ul style="list-style-type: none"> <li>The project was designed to reduce mortality for children less than 5 years of age, associated with vaccine preventable diseases.</li> </ul>	See FA	<ul style="list-style-type: none"> <li>SRIK project officially launched</li> <li>Project Steering Committee inaugurated</li> <li>SRIK Project introduced to 44 LGAs</li> <li>Project Logical framework reviewed.</li> <li>Operational Programme Estimate (1 &amp; 2) developed.</li> <li>OPE1 &amp; 2 Implementation Timetable developed</li> <li>Detailed budget and financial plan completed.</li> <li>MOU btw NAO and Kano State Signed</li> <li>Office operational guideline developed.</li> <li>First batch baseline survey designed, implemented and disseminated.</li> <li>Institutional assessment of SHT &amp; HECTIC conducted</li> <li>Project accounting system developed</li> <li>Coordination mechanism with SMoH established</li> </ul>		The Support to Routine immunization in Kano started in May, 2008 and has embarked on necessary preparatory works, the process of acquiring operational capacity, sensitization and mobilization of stakeholders in order to take off in 2009.

Programme/project	Targets	OVI	Achievements in 2008 against targets	OVI	Conclusion
			<ul style="list-style-type: none"> <li>• Drawings &amp; specifications for procurement and constructions of State and LGA Cold stores reviewed</li> <li>• Strategic Planning Meeting on RI training</li> <li>• Workshop for the Development of State RI Communication Strategy</li> <li>• Tender Dossiers for supplies</li> </ul>		
<p>Technical Assistance to the Office of the NAO for the Management of EDF Programmes (TA-NAO)</p>	<ul style="list-style-type: none"> <li>• The NAO Support programme provides material and financial support to EU-NPC cooperation through the Programme Management Unit (PMU)</li> <li>• The TOR of the PMU comprises- Financial Management, Training and Capacity Building, Procurement, Monitoring and Evaluation.</li> <li>• The PMU is in charge of certification of expenditure.</li> </ul>	<p>See FA</p>	<ul style="list-style-type: none"> <li>• Existing Payment circuits have been rationalised, where possible and an external audit firm charged with certification of financial statements from the projects.</li> <li>• All payment orders (except from where the commission acts on behalf of Nigeria) that relate to EDF financed projects are now raised by the Service Centre of the NPC.</li> <li>• A system is being put in place to end the dependency of the Service Centre on financial data from the Delegation, and restore its IT capabilities in such a manner that Payment orders are raised electronically and NPC management has online live data of commitments and disbursements in the entire NIP. Further efforts are underway to strengthen capacity in the sphere of</li> </ul>		<p>NAO should continue to be strengthened in view of its significance in promoting the success of Nigeria-EU cooperation.</p> <p>The TOR of the NAO Support PMU should be implemented fully as this will go a long way to improve the understanding of EDF procedures, improve capacity building of staff in other PMUs, NAO/SAO Support Service Centre, TAs, CSOs and other stakeholders and accordingly contribute to solve the problem of delays associated with implementing EDF programmes in the country.</p>



Programme/project	Targets	OVI	Achievements in 2008 against targets	OVI	Conclusion
			project monitoring and formulation and the management of the procurement process. (annex)		
INSIDE	<ul style="list-style-type: none"> <li>The objective of the INSIDE programme is to help build structures that can tackle poverty effectively, assisting Nigerians to attain the Millennium Development Goals (MDGs), and to strengthen democratisation. (main text)</li> </ul>	See FA	<ul style="list-style-type: none"> <li>INSIDE activities started off in September 2008 only.</li> <li>The PMU office has been set up and the EU staff has commenced work, pending the recruitment of the Nigerian mentors and other staff (main text)</li> </ul>		The programme is still at take off stage because of delays.



## ANNEX 9: THE STATES OF THE FEDERAL REPUBLIC OF NIGERIA

(36 states plus the Federal Capital Territory)<sup>37</sup>



### The states are:

Abia, Adamawa, Akwa Ibom, Anambra, Bauchi, Bayelsa, Benue, Borno, Cross River, Delta, Ebonyi, Edo, Ekiti, Enugu, Gombe, Imo, Jigawa, Kaduna, Kano, Katsina, Kebbi, Kogi, Kwara, Lagos, Nassarawa, Niger, Ogun, Ondo, Osun, Oyo, Plateau, Rivers, Sokoto, Taraba, Yobe, and Zamfara.

<sup>37</sup> According to this map, the Komadugu Yobe river does not flow