

JOINT ANNUAL REVIEW
OF THE DEVELOPMENT COOPERATION
BETWEEN
NIGERIA AND THE EUROPEAN UNION
FOR 2009
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¹ See CSP 10th EDF signed in November 2009

² Not relevant – Nigeria does not benefit from EDF Budget Support

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

Country evolution in 2009

Overall political situation

In 2009, the overall performance of the country was mixed in many respects. No significant progress was made in the important policy areas such as electoral reform, constitutional amendments, sectarian tensions, electricity/power generation crisis. The "Seven Point Agenda" adopted by the President at the beginning of his mandate remained largely stalled in 2009.

The biggest government achievement in 2009 was the amnesty offered by President Yar' Adua to militants in the Niger Delta. A large number of militant leaders and their followers surrendered the arms and subscribed to the amnesty process. The amnesty remained fragile due to the power vacuum at the end of 2009 and the slow progress of the implementation of the rehabilitation and reintegration process.

Some progress was noted in the fight against corruption, human rights and migration and human trafficking issues. Nigeria obtained a non-permanent seat in the UN Security Council for 2010-2011 and assumed ECOWAS Presidency.

Governance, Institutional reforms

Electoral reform: President Yar Adua forwarded seven electoral reform bills to the National Assembly, based partially on the recommendations of the Electoral Reform Committee. These bills require a constitutional review. Both electoral reform and the review of the constitution have remained stalled at the National Assembly throughout 2009, despite the number of hearings and retreats.

Fight against corruption: The Economic and Financial Crimes Commission (EFCC) have registered a number of successes and several leading Nigerians, including former bank managers, have been brought to justice. However, the most relevant cases have not been brought forward and the management of the current chair has been contested. According to the latest Transparency International (TI) Global Corruption Report 2009, Nigeria slipped on this year's corruption perception index from 121st (recorded in 2008) to 130th position out of 180 countries surveyed, awarding it 2.5 out of a possible 10 points, a decrease from 2.7 points awarded in 2008.

Security situation: *Sectarian tensions and violence* continued in 2009. They caused the death of at least 1,000 people dying and tens of thousands IDPs were reported. Almost a year after the deadly sectarian clashes in the central Nigerian city of Jos, capital of Plateau State, killing up to 800 people, new clashes erupted in January 2010. The investigative panel set up by the Federal Government over the bloody unrest of 2008 was, one year after the incident, yet to begin its work. Two big clashes between the Nigerian army and Islamic sects occurred; one in July (Boko Haram) and another one in December 2009. Violence is fuelled by religion, but has also deep root causes in economic and social factors particularly "indigenous" rights over land.

The biggest item of progress of the Nigerian Government in 2009 was *the Niger Delta Amnesty* announced by President Yar'Adua. This ran from 6 August until 4 October 2009. In addition a truce that was announced by MEND on 15 July 2009. The end of years of violent conflict in August 2009 was seen as a very positive sign of success. More than 15.000 militants had taken up the amnesty, well beyond the 8.000 figure that was announced at the end of the amnesty. However, in the absence of the President and with the slow progress of the implementation of the rehabilitation and reintegration process, the amnesty remains fragile. The EU Delegation is co-author of a joint working paper for stabilisation, recovery and development in the Niger Delta. This document was formally handed over to the Government in December. A follow-up process has been formally engaged in February 2010 between the GoN and a group of key development partners. The results of this formal dialogue will have to be taken into account for future EU cooperation activities in the Niger Delta (Instrument for Stability and 10th EDF).

Human Rights: The Nigerian Government has taken some steps forward in human right issues, such as submitting its report on human rights to the African Commission on Human and Peoples' Rights, or the Universal Periodic Review mechanism of the United Nations. While there have been some improvements in the human rights record, gross violations are still reported, notably extrajudicial killings.

Populations: The Nigerian Government has taken steps in putting the issue of migration on the political agenda. Although the Draft National Migration Policy of 2007 is yet to be adopted, the National Commission for Refugees, IDPs and Migration (NCfR) has been mandated as the focal agency. The Government has also created a migration unit within the Ministry of Foreign Affairs and showed important interest in structuring and enhancing the EU-Nigeria Political Dialogue on Migration and Development (meetings in June and December 2009). The problem of trafficking is taken seriously — Nigeria is the only country in the region with a central agency responsible for trafficking (NAPTIP).

Economic Bills: The National Assembly failed to pass key economic bills such as the Land Reform Bill and the Petroleum Industry Bill. The Government intended to deregulate the downstream oil sector, and eliminate subsidies to fuel. Deregulation has been highly contested by citizens who see the subsidies as the only benefit they receive from the oil revenues of the state.

The challenge of finding a solution to the chronic power generation shortages in the country remains a real one. Nigeria grapples with woeful power shortages due to dilapidated equipment and corruption. It needs a minimum of 20,000 megawatts but currently generates some 3,000 megawatts, according to National Electricity Regulatory Commission. Fuel shortage created large and lengthy queues at petrol stations in April and now since the end of October 2009.

The Government approved in 2009 the Vision 20:2020, as a long term development strategy. However, this “vision” still needs to be developed into a concrete action plan.

International agenda

Nigeria is a privileged partner and interlocutor of all G8 countries and China, as well as a leading member of many international organisations, including OPEC and the Commonwealth. Nigeria has also been identified as a potential permanent member of the UN Security Council under current proposals for the Council's reform. In the meantime, Nigeria was in 2009 elected as a non-permanent member of the UN Security Council for the period

2010-2011. Nigeria also assumed ECOWAS Presidency in 2009, showing leadership notably on Peace and Security issues.

Economic situation

The effects of the global financial crisis were still evident in Nigeria in 2009. The inevitable fall in oil prices put pressure on the budget and reduced the availability of foreign exchange to fund external payments and meet domestic demand. This led to a devaluation of the currency by the CBN. The appointment of Lamido Sanusi as CBN Governor ushered in a new round of reforms.

The crash of the stock market and falling oil prices also affected the banks. Mr. Lamido Sanusi started the reform of the banking sector with audits on the 24 Nigerian banks. The CBN took over the management of 10 banks as a result of the audit.

The implementation of the 2009 budget as at the half year was about 40%. Figures for the whole year are still unknown. Due to the low level of implementation and the late passage of the budget, implementation has been extended till March 2010.

The Nigerian capital market also continued to record depressing figures in 2009. Standard and Poor's rating agency downgraded Nigeria's outlook from "Stable" to "Negative" in 2009. This downgrade was result of the global economic downturn and the sharp decline in oil prices.

The Nigerian economy stabilised with oil prices picking up, closing the year at about \$70 per barrel. Notwithstanding the global economic crisis, the Nigerian macroeconomic environment has improved with macroeconomic stability maintained in 2009. Growth was largely driven by the non-oil sector and the agriculture sector in particular. The oil and gas sector also contributed to the growth due to marginal increase in production recorded. The foreign reserves also remained at approximately \$42.5 billion as at year's end.

Trade and EPA: The latest push to conclude goods only WAEPA by October 2009 was not successful. Negotiations are moving ahead, though no new deadline has been fixed. Introduction of new special levies and new products subject to import ban indicate a trend towards increased protectionism.

Poverty situation: Key political, social and economic challenges are still to be addressed to allow the country attain its well recognised growth potential and thereby reduce the present high level of poverty. Most MDGs targets will not be met by 2015.

Environment: The deadline to stop gas flaring was again pushed back; this time to end of 2011. Nigeria is yet to adopt a National Adaptation Programme of Action to respond to climate change challenges.

EU – Nigeria

Political dialogue

Nigeria and the EU brought their relations to a new level, by approving the Nigeria EU Joint Way Forward in the Ministerial political dialogue in Prague in June 2009. On this occasion, Nigeria and the EU agreed on guidelines, modalities and key areas for political dialogue and cooperation, notably peace and security, good governance and human rights, trade and regional integration, energy and climate change/environment.

The Nigeria EU Joint Way Forward was the basis for further and deepened dialogue at the local level with the Nigerian authorities in 2009, notably on the Niger Delta, peace and security issues, migration, human rights and climate change.

Cooperation

Achievements

The signature of the 10th EDF Country Strategy Paper/ National Indicative Programme 2008-2013 was the most positive development during the period under review. The signing ceremony in Brussels in November 2009 received significant international and national press coverage.

The preparation of projects for the AAP 2010 is progressing well: 4 PIFs have been sent for submission to QSG I before end December and were already given the green light for formulation. The current status of preparation should allow new decisions for an amount of +/- € 104 M, which is above the indicative timetable of the CSP for 2010 (€ 67 M).

New commitments and payments on ongoing decisions have been overall in line with forecasts. However payments still remain well below the €100 M annual average target required to implement the 9th EDF in due time.

In the context of the EU Nigeria Joint Way Forward, successful local political dialogues in the area of Human Right and Migration and Development took place in 2009.

Challenges

The implementation of ongoing projects under the 9th EDF continued to encounter similar difficulties to previous years, limiting their impact. Lessons will have to be learned for the design of future projects in the context of the 10th EDF.

Aid effectiveness

Slow progress has been made on this front due to absence of government led donor coordination and lack of structured and organised sector policy dialogues in the 9th EDF focal sectors.

Heads of main donor agencies continued to meet amongst themselves on a regular basis (EU Delegation does participate, represented by the HoO). This group has finalised recently 2 documents that set out new frameworks for improved donor coordination with the involvement of the government.

Conclusions

The new CSP having just been signed in November 2009, it is obviously premature to review at this stage the relevance of the response strategy. Nigeria's recent evolution tends to indicate that the focal sectors identified in the new CSP are very much in line with the government priorities and the key challenges to be addressed.

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 2009 in order to ascertain problems and offer 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 2009, 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, projects and programmes in focal and non-focal areas, other forms of cooperation, policy coherence for development, and dialogue in the country and aid effectiveness. A number of annexes provide details which support the main text.

Regarding the Nigeria-EU cooperation, 2009 was a second year of transition from the 9th EDF Country Strategy Paper- National Indicative Programme (CSP-NIP) 2002-2007 to the future 10th EDF CSP-NIP 2008-2013. The preparation of the 10th 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 10th EDF CSP-NIP for the period 2008-2013 was approved by the EDF Committee on 30 September, 2009 and signed on 19 November, 2009 in Brussels. The CSP/NIP differs significantly from earlier 10th EDF CSPs launched with other ACP countries. For the first time it ties political dialogue at the highest levels with cooperation policy and addresses key strategic focal areas for cooperation including peace and security; good governance and human rights; trade, regional integration, energy and non-focal areas of climate change, health and cultural, scientific and technical cooperation.

These areas reflect, to a large extent, the 'quick wins' short-term priorities set by the new President, Umaru Yar'Adua outlined in his 7-point Agenda.³ The Agenda builds on the reforms of the previous government as articulated in the National Economic Empowerment and Development Strategy (NEEDS) and implemented alongside the NEEDS equivalent strategies set up at State and Local levels, i.e. the State Economic Empowerment and Development (SEEDS) and the Local Economic Empowerment and Development (LEEDS). The Agenda focuses, among other things, in particular on energy supply, the peaceful settlement of the unrest in the Niger Delta and the enthronement of the rule of law.

The medium-term goals are reflected in the national development plan 2009-2011 which is being finalised.

The longer term objective of the government is embodied in the Vision 20, 2020 which aims at making Nigeria "one of the 20 largest economies in the world able to consolidate leadership role in Africa and establish itself as a significant player in the global economic and political arena." by 2020.

³ These are critical infrastructure development; food security; human capital (health, education and social protection); national security (rule of law, curbing crime and corruption); land tenure changes and home ownership and the Niger Delta.

1. COUNTRY PERFORMANCE ANALYSIS

1.1 Update on the Political Situation and Political Governance

Nigeria continues to consolidate its democracy after decades of military rule, although progress is uneven. The **2007 Presidential, legislative and gubernatorial elections** marked for the first time in Nigeria's history the handover of power from one elected civilian government to another. 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. The elections were, however, widely regarded as falling short of international standards for democratic elections.

The electoral process reform and the 2011 Elections: Legal challenges to the federal and state elections were still ongoing at the end of 2008. This uncertainty over the legitimacy of the executive, exacerbated by a long cabinet reshuffle during the last quarter of 2008 and initial internal organisational problems within the legislature, hampered the first year and a half of the new administration and severely limited progress in key areas.

The report by the Electoral Reform Committee installed by President Yar'Adua, were unanimously perceived as of good quality. 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. The Government translated part of these recommendations into seven bills to reform the electoral system that were submitted to the National Assembly. However, doubts exist over the possibility to adopt a new law before the 2011 elections, particularly considering that the reforms need a constitutional review. The electoral reform and the constitutional review remain stalled at the National Assembly, despite a number of public hearings and a Senate retreat.

Energy: A major challenge is still to find a solution to the **chronic shortages** for both electricity and refined products. Nigeria grapples with woeful power shortages due to dilapidated equipment and corruption. It needs a minimum of 20,000 megawatts but currently generates some 3,000 megawatts, according to National Electricity Regulatory Commission. The country still needs to regain control of the oil-production substantially reduced as a result of militants' actions. Attacks on the oil industry have prevented Nigeria from pumping much above two thirds of its capacity. Central Bank Governor Sanusi has said that the crisis has been costing Nigeria \$1 billion a month in lost revenues.

Security and Conflicts: Nigeria has historically been plagued by **sectarian tensions and violence**. In the last ten years, violent conflicts have caused the death of over 14,000 people and left over three million internally displaced people. In July 2009, close to 800 people are reported to die in five North Eastern Nigerian states as a result of a violent uprising by the Islamist sect 'Boko Haram', and its violent suppression by the army. Similarly, there is still no resolution to deadly sectarian clashes in the central Nigerian city of Jos," capital of Plateau State. The investigative panel set up by the Federal Government over the bloody unrest was one year after the incident yet to begin its work.

The Niger Delta: The situation in the **Niger Delta** is the most serious threat to the stability of the country and the region. As a result, the resolution of the Niger Delta problems has been identified as a priority target under the President's Seven Point Agenda and the current

administration has committed itself to the full implementation of the Niger Delta Regional Development Master Plan. In May 2009, the Niger Delta militant group MEND still rejected the government offer of amnesty and declared offensive against Nigerian military. Years of violent **conflict in the Niger Delta region halted in August 2009** with the launch of an amnesty for militants on the part of the federal government and the launch of a truce by the militants. The Niger Delta amnesty announced by the government was running from 6 August until 4 October 2009, and a 60-day truce was announced by militants on 15 July 2009. The militants extended the truce until mid-October at the same time that they set up a team of mediators including a former military chief and a Nobel laureate, to negotiate with the government on their behalf. Following the President's first-ever meeting with MEND leader Henry Okah on 19 October and the promise of 10 per cent equity state of Nigeria's part of Petrol Joint Ventures for Niger Delta Communities, the MEND declared indeterminate cease fire on October 25, 2009. Based on recent news reports, more than 15.000 militants had taken up the amnesty, well beyond the 8.000 figure that was announced at the end of the amnesty.

This peace process is the most important initiative taken so far by a Nigerian Government and it is followed closely by the UN and all international partners of Nigeria who are offering cooperation to address the root causes of the conflict. The Nigeria Government for the first time accepted to discuss at the Prague Ministerial Troika Meeting in June 2009 a possible EU support to a peace process in the Niger Delta. The EU together with other donors and UNDP drafted and presented a common Working Paper on Niger Delta to the Nigerian Government at end of December 2009. A follow-up process has been formally engaged in February 2010 between the Nigeria Government and a group of key development partners.

It is yet to be seen what may emerge from the Niger Delta region amnesty, nevertheless developments over the summer in the Niger Delta have been encouraging, albeit weakened by a fragmented approach and lack of transparency in the DDR process. The amnesty is threatened by the absence of the President and MEND called off the ceasefire end of January 2010.

The fight against corruption: Similar uncertainty reigns over the prospects for the ongoing anti-corruption campaign, which could have a huge impact on elements of the ruling elite, and lasting implications for the country's democratic system. Widespread corruption is one of the main challenges the country is facing. The problem is endemic and requires considerable government commitments in terms of legislation and resources. The Federal Government is, however, making efforts to curb corruption. The procurement reform and budget transparency at the highest level of government is seen as an important positive outcome, but offers no guarantee of lasting improvement. Parliament and also the Economic and Financial Crimes Commission (EFCC) have registered a number of successes in improving anti-corruption and oversight functions. The challenge now is no longer to prove that change is possible but to institutionalise reform to the point where citizens experience more tangible benefits from the actions of the authorities. Apart from continuing the effort at federal level, reforms will need to be strengthened at state and especially local government level, where the responsibility for delivery of basic services is concentrated but largely unmet. According to the latest Transparency International (TI) Global Corruption Report 2009, Nigeria slipped on this year's corruption perception index from 121st (recorded in 2008) to 130th position out of 180 countries surveyed, awarding it 2.5 out of a possible 10 points, a decrease from 2.7 points awarded in 2008.

Human Rights: Nigeria has taken important steps forward, such as submitting its report on human rights to the African Commission on Human and Peoples' Rights, or the Universal Periodic Review mechanism of the United Nations. While there have been some

improvements in the human rights record, gross violations are still reported. For example, within the police force illegal detentions, extra-judicial killings, and torture are commonly alleged. General prison conditions remain unacceptable as the slow judicial system swells the prison population, with over half of all prisoners still held on remand, often for many years. Human trafficking continues to be a serious problem with Nigeria a major source of illegal immigration to Europe. Same-sex relationships are punishable with a prison sentence in some States, while criminal (hudud) Sharia law penalties are applied in 12 States in the north.

Nigeria's role at regional and continental level: Nigeria is by far the largest economy in the West Africa region, accounting for around 60% of the entire ECOWAS economy and population, and it exercises a comparable political influence. On the continent, Nigeria is vital to the advancement of the New Partnership for African Development (NEPAD), the African Union (AU) and the African Peer Review Mechanism (APRM). The government is keen to ensure that Nigeria continues to be viewed as a leading power on the continent and that the country remains involved at the forefront of regional and continental peacekeeping missions and mediation activity -most recent interventions are 2009 involvement in Guinea and Niger crises and continued role in (Sudan and possibly Somalia).

Outside Africa, Nigeria seeks to play a leading role in the international agenda. Nigeria is a privileged partner and interlocutor of all G8 countries and China. Nigeria is a leading member of many international organisations, including OPEC and the Commonwealth. Nigeria has been identified as a potential permanent member of the UN Security Council under current proposals for the Council's reform. In the meantime, Nigeria was in 2009 elected as a non-permanent member of the UN Security Council for the period 2010-2011.

Despite its size and political and economic importance, Nigeria will have to overcome significant obstacles to realise its full potential as the engine of regional integration and a major player on the international scene. Its dependence on oil has encouraged inward-looking, protectionist tendencies in the non-oil sector. Efforts to encourage greater competitiveness within the country should therefore have a substantial accelerator effect on the regional economy and go some way towards improving the political momentum behind the integration process. At present, the ECOWAS customs union and common market is not yet fully implemented and progress towards the proposed second monetary zone, let alone the eventual ECOWAS-wide monetary zone, remains limited.

With some of the longest borders in Africa, Nigeria is particularly vulnerable to cross-border organised crime. Increasing activities in gun running, narcotics smuggling and human trafficking (particularly women for prostitution in Europe and elsewhere) are all causes for concern, not only for the Nigerian authorities but also for the EU and the world. Nigeria has signed the 2006 *ECOWAS Convention on Small Arms and Light Weapons* and has been collaborating with the *Five-Year Priority Action Programme (ECOSAP)*. It is also actively participating in the *ECOWAS Action Plan (2008-2011) on Drug Trafficking, Organised Crime and Drug Abuse* and signed the associated Political Declaration at the December 2008 Heads of State meeting in Abuja. Nigeria has established channels of cooperation with the relevant law enforcement agencies operating in the EU and these links should be maintained and strengthened.

Nigeria serves as a country of origin, transit and destination for trafficked persons, especially from West African countries to other locations in Africa and Europe. However, the problem of trafficking is taken seriously — Nigeria is the only country in the region with a central agency responsible for trafficking *National Agency for the Prohibition of Trafficking in*

Persons and Other Related Matters (NAPTIP). In July 2009, Nigeria was awarded Tier 1 status by the US government, i.e. "countries whose governments fully comply with the Trafficking Victims Protection Act's (TVPA) minimum standards".

As the most populous country in Africa, with an economy that does not provide adequate employment, Nigeria has the largest number of migrants on the continent. Nigeria also experiences considerable intra-regional mobility, principally to and from ECOWAS and other African countries. There is evidence of an increase in migrants' remittances in recent years, which is an indication of intensifying migration. Remittances from Nigerians living abroad now constitute the second most important source of foreign earnings after oil and have increased steadily from \$1.2 billion (€796m) in 2002 to \$9.98 billion (€6.6bn) in 2008 in spite of the global financial crisis. The World Bank attributes this improvement to the diversified nature of remittances to Nigeria in terms of destinations. Based on recent news reports the World Bank expects the remittances in 2009 to fall slightly from the \$9.98 billion (€6.6bn) recorded in 2008 to \$9.58 billion (€6.4bn). While the Nigerian Diaspora remits significant foreign exchange, it is recognised that the 'brain drain' effect of legal emigration can have serious consequences in the medium term for the development of the professional class in Nigeria. On the other hand, Nigeria has encouraged the immigration of skilled labour from neighbouring countries to meet its skills shortfall at that level, especially in the construction industry and in the maintenance of energy installations.

Migration has been a component of the political dialogue with the EU within the framework of Article 13 of the Cotonou Agreement which included migration on the agenda, particularly in Ljubljana in May 2008 and in Prague in June 2009. Three dedicated political dialogues on Migration and Development (article 13 of Cotonou) have been held between the EU and Nigeria: April 2008, June 2009 and December 2009 in Abuja. The EU and Nigeria agreed to hold regular and structured dialogue on migration and development and have jointly agreed Terms of Reference in December 2009. These political dialogues have fed into the EU-Nigeria Joint Way Forward as well as inspired the formulation of 10th EDF support on migration.

1.2 Update on the Economic Situation and Economic Governance

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.

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.

The main 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.

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. In 2008 the real GDP growth recorded was 5, 8 %. 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 peaked at US\$147 per barrel in July, 2008 crashed to below US\$50 by December, 2008. According to the Energy Information Administration, in 2009 global oil prices averaged \$67 per barrel ending the year at about \$75 per barrel.

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 inevitably reduced the size of federal and state budgets and limited 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. For the year 2009, headline inflation has fallen from 15.1% in December 2008 to 10.4% in September.

The Naira appreciated in value 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 on the country's external reserves. Consequently, the Naira exchange rate to the Dollar which was N117.82 on December 2, 2008 depreciated to N130.75 by 16 December, 2008 representing a depreciation of 9.9 % within just two weeks. As at January 30, 2009, the value of the Naira had gone further down to N144.01. During 2009, the official rate stood at N148.2/US\$1 while the parallel rate stood at N166.14/US\$1 as at the end of second quarter. The CBN Governor Sanusi Lamido disclosed that previously, the country was losing \$2 billion (€1.4bn) per month defending the Naira but this has been reversed in fall 2009. According to the Governor, the CBN could now effectively defend an exchange rate of N150/\$1 within a +/- 3% band as stability has returned to the system. A predictable exchange rate is seen as necessary to reassure foreign investors.

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.

Macroeconomic performance has markedly improved in recent years. Notwithstanding the global economic crisis, the Nigerian macroeconomic environment has improved with macroeconomic stability maintained in 2009 due to Government's proactive response to the crisis. As a result, economic growth has remained resilient, with real GDP growth for 2009 estimated to be about 5.86%. Provisional data released from the National Bureau of Statistics (NBS) reveal that GDP grew by 6.73% in Q2 2009 against 4.85% recorded in Q1 2009 and 5.65% recorded in Q2, 2008. This growth was driven by the non-oil sector largely, and agriculture sector in particular. The oil and gas sector also contributed to the growth due to marginal increase in production recorded. According to NBS data, the Nigerian economy has been able to weather the storm of the economic crisis. This has informed the decision of the Economist Intelligence Unit (EIU) to review its forecast for real GDP growth from 3% to 4.1% for 2009.

The government's debt position remains sustainable, with an external debt stock of US \$3.86 billion as at the end of October 2009. Indeed, total public debt is estimated to be less than 10% of GDP, showing that it is still within acceptable and cautious limits compared to peer group countries. Nigeria still holds considerable external reserves, with reserves increasing from US\$43.19 billion in early July to US\$44.095 billion in the middle of October 2009.⁴ For a comparison, Nigeria's foreign reserves closed in 2008 at \$57.2 billion⁵.

In the peace and security agenda, Government has made significant progress in addressing the challenges in the Niger Delta with the amnesty program, and the ongoing reintegration and rehabilitation of former militants. As part of the post-amnesty package, the Federal Government has also proposed that oil producing communities be given a 10% stake in the Nigerian share of oil and gas Joint Ventures (JV). According to the Special Adviser to the President on Petroleum Matters, Dr. Emmanuel Egbogah: "*The government is the one that is bringing down its own portion of Joint Ventures from 60 percent and we will assign the 10 percent directly to the host communities, not the state government, not to the local government, but directly to the people*".⁶ Though the *modus operandi* of the 10% stake has not been articulated, The Financial Times (FT) reports that it would be delivered in form of a Trust Fund which could be used individually or pooled for social projects. FT also reports that the communities could benefit as much as N50 billion in the first year of operation of this Trust Fund.⁷

It has been indicated by the Nigerian Government that after cabinet approval, the legislation will be sent to the country's National Assembly for ratification and incorporation into the proposed reformist petroleum law. Moreover, the administration is accelerating investments in the Niger Delta region, with a special intervention fund of N114 billion being provided under the 2009 Supplementary Appropriation while the Niger Delta Ministry, the NDDC and

⁴ Statement by the Federal Government on the 2010 National Budget- A Fiscal Stimulus Budget. Nov 25, 2009. nigeriafirst.org

⁵ This figure has further dropped within the first month in 2009 closing at \$50.9 billion (€40 billion) as at January 22, 2009

⁶ Nigeria Economic Report, EU Delegation Q3 July-September 2009, p.9.

other government intervention agencies are continuing their work to fast-track development of the region and consolidate the nascent peace.

Review of the implementation of the 2009 budget: The implementation of the 2009 Budget has been challenging with revenue from both oil and non-oil sources falling well below projections. On a positive note, oil prices recovered during the course of the year from a low of US \$37/barrel recorded in December 2008 to the present level of about US \$79/barrel. However, oil production in the country suffered numerous disruptions during the first half of 2009. Non-oil revenue receipts were affected by the global economic downturn which impacted on the domestic business environment. Consequently, both oil and non-oil revenues were about 17% and 21%, respectively, below budgeted levels as at the end of the third quarter. On the expenditure side, budget implementation had increased from about 20% in Q1 to about 50% as at end of October 2009; still actual budget utilization has been below expectations.

The 2010 budget is predicated on the following assumptions reflecting the outlook for the fiscal year. These include: Oil production of 2.088mb/d; Benchmark oil price of US \$57/barrel; Joint Venture cash calls of US \$5 billion; average exchange rate of N150 to the US dollar; Target GDP growth rate of 6.1%; and Target inflation rate of 11.2%.

In compliance with the Fiscal Responsibility Act of 2007, the estimates of revenue and expenditure expressed in the 2010 Budget have been based on the 2010-2012 MTEF, which sets out the Federal Government's fiscal policies over the medium-term and connects policies to the priorities under the Seven-Point Agenda and the Vision 20:2020 with some adjustments to reflect current realities and policy considerations.

The 2010 budget is seen as more realistic than the 2009 budget. It is targeted towards addressing the effects of the global crisis and the infrastructure gap through increased spending (€18 billion as compared to €14.5bn approved for 2009). This is a welcome development following the liquidity squeeze experienced during the year after the reforms in the banking industry. However, the government would need to increase the capacity of the MDAs to effectively utilize funds appropriated. The passage of the Bill for the establishment of an Asset Management Company (AMC) in the National Assembly, aimed at buying off non-performing loans, would also ensure sufficient flow of credit into the economy. This expected increase in spending could be the reason behind the decision by the Government to abandon its target of single digit inflation rate for 11.2% in 2010.

Electricity will continue to be a major focus for Government spending in 2010. The target of 6,000 mw of electricity by 2009 set by Government seems unlikely to be met. According to the President, generating capacity is currently about 5,000 but Business day newspaper that has been monitoring the situation on a daily basis puts actual generation at 3,023mw. Recent signals from the Minister of Power have called for de-emphasis on the 6,000mw target by 2009 but instead assuring of better power supply in 2010.

Impact of Global Economic Crisis: The global economic crisis had affected Nigeria through exit of foreign investors from the stock market, fall in oil price now stabilised, depreciation of the currency and fall in external reserves.

The immediate effect and the first indicator of the global economic crisis on the Nigerian economy was the capital flight witnessed in 2008 from the stock market. 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 which led to the shifting of focus to non-oil sources. The falling oil prices also put pressure on the 2009 budget which was based on \$45 per barrel and reduced availability of foreign exchange to fund external payments and meet domestic demand. The financial crisis might have worsened 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.

The Government reacted by releasing \$2 billion (€1.4bn) stimulus into the economy. The stimulus was approved by the Federation Account Allocation Committee (FAAC) to be disbursed to the three tiers of Government and came from the excess crude account. According to the statement of the government, it is meant to mitigate the inadvertent liquidity and credit crunch challenges being faced by the various tiers of Government due to the recent banking reforms in the economy. Out of the \$2 billion, the Federal, 36 States and 774 Local Governments received \$841.91 million (€569m), \$799.65 (€540m) and \$358.4 million (€242m) respectively. These funds were released along with monthly allocations totalling N350.7 billion (€1.6bn).⁷

In August, the CBN Governor Mr. Lamido Sanusi started implementation of far reaching reforms in the Nigerian banking sector. As a result of the two phase audit of 24 national banks, 10 out of them were found wanting. The CBN further made a provision of N200 billion (€897m) as liquidity support and long term loans to 4 of the banks to enable them continue normal business while pursuing recapitalization options. The CBN also published a list of delinquent debtors which then assisted the EFCC in the debt recovery drive. The EFCC had so far recovered about N70 billion (€310m) out of total Non-Performing Loans (NPL) of N774 billion (€3.4bn). The prosecution of the failed bank chiefs shows there will be increased focus on corporate governance. The measures being introduced by the CBN also point in the direction of increased risk management in the industry. This is positive news for the Nigerian banking sector.

Though the policies introduced by the CBN are showing early signs of effectiveness, more medium to long term problems still lie ahead. 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. However, overall the IMF was right in its assessment that the country was well positioned to absorb the shocks of the crisis due to its large reserves.

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 and even further to 31 in 2009. The cost remains high and has even increased since 2006 from 56.6% of income per capita to 90.1% in 2009.

⁷ Economic Report Q3 2009, ECD Nigeria July-September 2009

The Central Bank of Nigeria audit in the third quarter of 2009 resulted in tightened liquidity in the system with focus of most banks on debt recovery rather than lending. As a result commercial lending to customers depending on the bank and the level of risk exposure hovers between 22-24%.

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.

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.

Trade and Economic Partnership Agreement (EPA) Related Issues and Economic Integration

Nigeria's trade policy is at a crossroad. Historically, the country has had a very restrictive import regime. Yet, in the NEEDS-2 document, Nigeria identified deeper trade integration as a means to foster economic growth and alleviate poverty. Moreover, Nigeria has reduced tariffs in the context of the ECOWAS common external tariff, within ECOWAS, trade regulations are under review and modernisation programmes for Customs services have been launched. Nigeria is committed to the ECOWAS integration process, and more particularly to ECOWAS reforms leading to the creation of a West Africa common market. Nigeria is also negotiating an Economic Partnership Agreement with the EU, within the ECOWAS grouping. Finally, Nigeria is committed to the negotiation of the Doha Round at the WTO, and is in this respect a member of the G-20 and G-99.

In the framework of regional economic integration under the ECOWAS programme, the Federal Government remains officially committed to the establishment of a regional customs union. It has recently published the 2008-2012 Customs & Excise Tariff Book, which contains five tariff levels (0, 5%, 10%, 20% and 35%) at the HS 10 digit level, and extra supplementary levies.

In 2008 and 2009 EPA negotiations progressed 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). The latest push to conclude the EPA by October 2009 was, however, not reached. Negotiations are moving ahead but no new deadline has been fixed. There is a wider perception of the move to protectionism, protecting national industries through introduction of special levies and the President's recent campaign for 'made in Nigeria' products toward the end of 2009 (it should also be noted that a list of some 26 listed products still remain subject to a total import prohibition). This line was further reinforced in the Presidential statement introducing the 2010 Budget Proposal: "*Our external trade policy will ensure that we balance our commitments under the ECOWAS Common External Tariff (CET) with the need to support the real sector*"⁸. As a result, the President has set up a Presidential Task Force on Tariffs and Fiscal Incentives "*to develop a framework to implement a new tariff and incentive regime that will be supportive of the productive sector*"⁹.

1.3 Update on the Poverty and Social Situation

The Human Development Report of 2009 ranks Nigeria 158th out of 182 countries, with a Human Development Index (HDI) of 0.511 which places Nigeria last in the medium human development category. Nigeria must overcome enormous challenges in service delivery in order to achieve the MDGs. According to the 2008 MDG Midpoint assessment, just over 54% of the population live on less than US \$1.25 per day. The percentage of poor people has therefore increased by over 10% between 1993 and 2004, so that the goal of reducing the number of poor people to 25% of the population by 2015 is further off than ever. Although these figures do not capture the impact of recent economic growth in the non-oil sector, it is believed that Nigeria will have to record an impressive economic growth of between 12-13% per annum if it is to achieve the goal of reducing by half the number of people living in absolute poverty by 2015. There is marked income inequality between rural and urban dwellers, on the one hand and between the Northern and Southern states on the other and the level of poverty varies throughout the country depending on the level of education or whether one is a man or a woman. Women and children are most affected, although female-headed households are, on average, less affected. Many of them are widows whose households are smaller than average and have higher educational attainments; both factors associated with higher expenditure levels. Net enrolment in primary education is estimated to have risen from 68 % in 1990 to 87.9% in 2006 while secondary enrolment has risen to 52.5%. The under-five mortality rate remains one of the highest in the world at around 157 per 1 000. Around 30% of children below the age of 5 are thought to be malnourished, with percentages reaching critical levels in several states. Levels of immunisation are among the lowest in Africa. The global picture for MDGs is pessimistic and the country is currently off track in meeting on the vast majority of the goals. This has become so serious that President Yar' Adua commissioned the Presidential Committee on the MDGs to report on the strategy and prioritisation of the MDGs with a view to applying "the full resources" that the government can mobilise towards the goals and making the necessary adjustments in national budgets beginning with the 2010 budget. The Committee completed its work in September 2009 and the national budget

⁸ Statement by the Federal Government on the 2010 National Budget- A Fiscal Stimulus Budget. Nov 25, 2009. nigeriafirst.org

⁹ *ibid*

currently at the National Assembly is believed to have reflected the recommendations. The funding gap over the next 10 years is put at around \$ US 4 billion.

Education and health: Nigeria is making efforts to meet the target for primary school enrolment and elimination of gender disparity at all levels of education. Commitments have also been made to continue increasing the adult literacy rate (in 2006: 71%, in comparison with 48.7% in 1990). After many years of neglect, the Federal Government has in recent years substantially increased its spending on health and education and this trend continues in the 2008, 2009 and 2010 Budgets, although significant amounts are left unspent at the end of each financial year. Since it remains unclear how much and how effectively the main providers of basic services, namely States and Local Governments, are spending their funds, it is not possible to determine with certainty how much progress Nigeria is actually making in these sectors. This was why the President Committee on the MDGs has recommended that the National Bureau of Statistics should receive and collate all data on spending from ministries, departments and agencies both at federal and state levels. Statistics and evidence gathered from service users meanwhile point to insufficiency of services on offer, in particular to the poor.

Nigerian high schools and universities are plagued by strikes, and standards are not very high. The syllabi tend to concentrate on general subjects rather than being oriented towards the delivery of professional and technical skills. Chief executives in the private sector frequently complain about the difficulty they face in locally recruiting middle and junior managers, supervisory staff and skilled workmen, forcing many to recruit from abroad.

The problem is particularly acute at the technical/skilled labour level, especially in the construction industry and in engineering maintenance, including the power sector. Most of the public technical vocational schools are operated at state level but the training system suffers from a chronic lack of funding and weak management, despite the establishment of the Industrial Training Fund.

The country's **health system** ranks 187th out of the 191 Member States of the World Health Organisation (WHO)¹⁰. It is estimated that the medical resources available cover only about 20% of the needs. Both the level and the quality of access vary substantially, with many areas in northern Nigeria facing particularly poor options. Regardless of financial status, high cost is considered the greatest barrier to access by users. Another reason may be that the expansion of local government areas (288 newly created since 1989) has not allowed this relatively young system (standardised only in 1976) to fulfil its vital functions, and there is a lack of clarity over the roles and functions of different tiers of government. HIV prevalence in Nigeria is relatively high, with an estimated 3.5 million people (10% of the world's total) being HIV positive. According to health surveys the HIV/AIDS prevalence rate among 15 to 24 years old is dropping, falling from 5.4% in 1999 to 4.2% in 2008.

Polio: Nigeria is one of four countries (the others are Afghanistan, Pakistan and India) where polio remains endemic and is a threat to the global eradication initiative. During 2009 a reduction of the number of the reported WPV from last year figures has been reported, from 805 to 388 according to the WHO weekly reports. The Chief Executive of the NPHCDA (National Primary Health Care Development Agency), Dr. Mohammed Pate, stated in a recent

¹⁰ WHO 2000 Report: ranking of the world's health systems (2000 is the last year for which a ranking table was produced).

interview that "Ninety five percent of the world's progress in polio fight between 2008/2009 is attributable to Nigeria's success".

Employment: Over half of all Nigerians are employed in some form of agriculture, mostly in low-income, subsistence-level activities, and this sector accounts for some 70% of the official workforce. Employment in urban areas is focused in the large informal sector. There are no reliable figures on unemployment but it is estimated that approximately 80% of the productive population are self-employed and many of these could more properly be described as the disguised unemployed. Official figures for unemployment have ranged between 5.3% and 12% in recent years. Employment in the formal sector has declined due to Nigeria's civil service reforms and retrenchment of government personnel. 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, although it has not been possible so far to determine its impact on job creation.

Poverty Reduction Analysis: Poverty reduction is one of the objectives outlined in the draft 5th National Development Plan currently being finalised. It is based on the assumption that in order to attain the MDG 1 by 2015, Nigeria will have to attain an economic growth of not less than 13% per annum (in contrast to the current 5-8% growth) 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 will give a major boost to small and medium size enterprises, increase job opportunities and contribute to the reduction of the level of poverty. The challenge of the government 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.

A good start is the prioritisation exercise of the MDGs, the 7-point Agenda's focus on energy supply and other infrastructural development (upgrading railway networks and dredging marine waterways – notably the dredging of the Lower River Niger etc.), the peaceful settlement of the Niger Delta conflict, the deepening of respect for the rule of law.

The Vision 20/2020 targets a GDP of \$900 billion (€608bn) and a per capita income of over \$4,000 (€2,703). The economy would need to grow at 13% annually from 2010-2020 and would require a real investment growth rate of over 38% per annum. The Minister of National Planning, Dr. Shamsudeen Usman, OFR, stated that the blueprint clearly lays out the path for the rapid, robust and sustainable growth of the country's economy and that it was anchored on 3 pillars: 1. guaranteeing the well-being and productivity of the people; 2. optimizing the key sources of economic growth; and 3. fostering sustainable social and economic development

Progress on the Millennium Development Goals: Following the debt relief granted to Nigeria by its creditors, which generates, on average, US \$ 800 million per annum, an Office on the MDGs was created under the Presidency to channel these resources towards the achievement of the MDG goals. Although projects on service delivery have been and are being implemented all over the country and the MDG Office claims to have utilised 68% of Debt Relief funds from 2006-2008, it is not possible to determine the real impact of these expenditure due to lack of reliable data. The Office, which is run by a Senior Adviser to the President, publishes regularly statistics, most of which are reflected in the table below and which provide some indications as to progress being made. It is also worth noting that under

Nigeria's constitution, States and Local Governments are responsible for delivering the services relevant to MDGs.

The 2008 Nigeria Demographic and Health Survey shows that 23% of children 12-23 months are fully immunised and a total of 41% of children <5 years are stunted (moderate or severe). Under-five mortality is 157 per 1,000 births while infant mortality is 75 per 1,000 births. Based on these figures, Nigeria remains, as mentioned above, off track to achieving the goals; indeed it is likely to achieve only two, Goals 2 and 3 on universal primary education and on gender equity and women empowerment (see page 44 for more detail).

Malnutrition among children under five has slightly increased, with levels of malnutrition in the north of the country comparable to neighbouring Niger. This is of concern since Nigeria does not benefit from appropriate measures to prevent and treat malnutrition. Immunisation levels against measles have been increasing slowly (from 54% in 1990 to 62% in 2006 — still some way from the 100% target by 2015), and Nigeria remains one of only a few countries in the world where polio has not yet been eradicated. The proportion of births attended by skilled health personnel is increasing steadily: it has gone up from 30.8% in 1990 to 58% in 2008. 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 the data presented here. 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.

Table 2.1: Millennium Development Goals: Nigeria

Indicator	1993	2003	2004	2005	2008*	2015 target
1. Proportion of population below \$1 per day (%)	49.2		54.4			25
2. Prevalence of underweight children (under five years of age) (%)		28.7			29	17.9
3. Under-five mortality rate per one thousand				194	75	76.6
4. Net enrolment ratio in primary education (%)		63.9	63	68	87.9	100
5. Primary Completion Rate (%)		72.4	73	75.6	70	100
6. Ratio (%) of girls to boys in:						
- primary education		0.82	0.83	0.83	0.81	100
- secondary education			0.79	0.82	0.90	100
- tertiary education		0.53	0.53	0.69		
7. Proportion of births attended by skilled health personnel (%)		35.2		35	43.5	100
8. Proportion of 1 year old children immunised against measles (%)	40	45	53	62	62	100
9. HIV prevalence (% aged 15-24)				3.9	4.2	
10. Proportion of population without sustainable access to an improved water source (%)					60	25

Sources: UN Statistics Division, MDG Indicators for Nigeria, UN 2008 MDG Monitor, UNDP Human Development Indices 2007/2008*and from figures presented by the MDGs office to the Presidential Committee on MDGs in September 2009.

Food crisis: Nigeria was not left out of the global food crisis as was evident in the increase in the level of inflation based on the high food component in the CPI. Also a recent ECHO mission to Nigeria shows the country as having a serious state of hunger compared to sub-Saharan Africa with more than 8 million people undernourished in 2008¹¹. 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 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, to encourage commercial farming with strategic linkages to small holders farmers.

Malnutrition is an area of concern, since the figures presented by the Directorate for Humanitarian Aid to the Humanitarian Aid Committee in December 2009 show that in northern Nigeria there is a worrying state of malnutrition with more than 10% of the population suffering Severe Acute Malnutrition, affecting an estimated 883.653¹² children.

1.4 Update on the Environmental Situation and climate change

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. The attention devoted in Nigeria to the development of renewable energy resources has been minimal up to the present, although a large hydroelectric power project has been contracted to Chinese contractors to build the 2600 Megawatt station on the Mambilla Plateau in the north-east of the country.

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.

¹¹ Source: DHS 2008

¹² According DHS 2008

Considering the relatively high level of environmental degradation in Nigeria, funding for the environment and natural resource management remains low. 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 the environment from debt relief gains.

Nevertheless, the Government has been implementing a more proactive environment policy since 1999, the primary objectives of which are (i) to make a full inventory of Nigeria's natural resources; (ii) to assess the level of environmental damage; and (iii) to design and implement restoration and rejuvenation measures aimed at halting further degradation of the environment. The policy currently focuses on five main areas of action: (i) controlling environmental and waste pollution in the cities and urban centres; (ii) fostering private sector participation in environmental protection; (iii) achieving international environmental control and monitoring standards; (iv) promoting the local manufacture of equipment and raw materials for environmental protection and conservation; and (v) complying with the international safety, health and environmental standards relating to specific industries and sectors of the economy. The practical results have been disappointing, however, as it has proved difficult to achieve political commitment while the weak managerial skills among both federal and state agencies have exacerbated the implementation problems.

Nigeria is the world's 37th largest emitter contributing to less than 1% of global greenhouse gas emissions. The two most important Nigerian sources of emissions are gas flaring in the Niger Delta and deforestation. Greenhouse gas emissions in Nigeria, a developing country and OPEC member are the second largest in Africa in absolute terms (after South Africa) and it is estimated that 60% of the total emissions emanate from the energy sector. Emissions are expected to continue growing, mainly due to gas flaring and a large population in a further developing economy.

Moreover, the massive amount of gas flaring (16% of world total) alone contributes some 16.5 billion tons a year of CO₂ equivalent to global warming, through releasing greenhouse gases which directly contribute to climate change. Nigeria flares more gas than any other country. Rough estimates are that 2.5 bcf is flared every day. The wastage factor is also of major economic significance — it has been estimated that Nigerian gas flaring is equivalent to some 40% of gas consumption on the entire African continent in one year.

The Nigerian Government had set a target date of 1st January 2009 to stop gas flaring with the introduction of penalties for those that continue to flare. Several deadlines (i.e. 2004, 2007, and 2008) have already expired without being met. Currently, only 22 fields, out of a total of 139, are expected to meet the deadline. The deadline has recently been pushed forward to the end of 2011 but oil companies indicate that 2013 would be more realistic.

Nigeria has lost over 90% of its original forest cover, with the rate of deforestation being as high as 11% a year between 2000 and 2005 (though estimates vary). There are several barriers to sustainable forest management and reducing emissions from deforestation and degradation (REDD) in Nigeria like for example inadequate knowledge of the resource base, weak forest governance, etc. Nigeria has to date been absent from REDD initiatives by the WB, UN and others, although as recently as October 2009, the World Bank's Forest Carbon Partnership Facility and the UN-REDD Programme have invited Nigeria to formally submit application for membership. Nigeria also does not take part in the EU Forestry Law Enforcement, Governance and Trade Initiative (FLEGT).

Nigeria is strongly predisposed to suffer adverse effects of climate change, arising from its fragile economy, natural geography, weak resilience and low adaptive capacity. The economy is dependent on climate sensitive resources: agriculture, forestry and fishing sectors employ up to 70% of the workforce. Climate change induced sea level rise will affect the industry and the habitats of an estimated 30 million people, located along the coast. Desertification in the north may cause internal migration and can contribute to rising communal tensions, notably in the Middle Belt.

In preparation for *COP15 at Copenhagen* climate conference in December 2009, Nigeria positioned itself mainly as one of the leaders within Africa (it was one of the countries charged with forging a position), the G77 and OPEC which stressed the importance of common but differentiated responsibilities. Although the Conference was deemed a failure, Nigeria played a creditable role, voicing the concerns of the developing countries. Nigeria understands that it needs to diversify its economy through alternative energy and that it has to strive to meet internal environmental standards. Its position overall is one of a balancing act between the positions of OPEC and Africa group.

The national response is so far inadequate for the task at hand. Nigeria is yet to adopt a National Adaptation Programme of Action (NAPA), deemed necessary to attract and channel the large funds needed to cover the costs for adaptation. Similarly, Nigeria will need to conduct a technology needs assessment (TNA). Nonetheless, it is undisputed that Nigeria's needs and opportunities are enormous. It could reverse its current spate of de-industrialization with access to appropriate, clean and adequate technologies, especially in the area of energy efficiency and renewable energy. Given its vulnerability, Nigeria has a tremendous stake in adaptation to climate change.

1.5 Update on other cross-cutting issues

Gender equality Effective promotion of gender equality¹³ is hampered by both the inadequate enabling legislation and poor implementation of provisions. The Minister of Women's Affairs and some non-governmental organisations (NGOs) have recently initiated a process to codify the customary and religious laws that discriminate against women, in order to provide a framework for the removal of those provisions that are inconsistent with the non-discriminatory spirit of the constitution and with international conventions. If enacted these and other measures may face slow implementation, not only because the legislation process at federal level has to be followed by a comparable process in each of the 36 States but also because the judiciary lacks the means to ensure effective implementation of the law. At present, the opportunities to compensate for these shortfalls, for example, through affirmative action in the political sphere, are not yet fully exploited. Thus, in early 2007, Nigeria's national chambers recorded the lowest percentage of female representation on the African continent. The situation has not improved significantly under the current administration. However a National Gender Policy was launched in 2009 with wide consultations with International Development partner and all major stakeholders.

¹³ Gender inequality has an adverse impact on Nigeria's development. Nigeria has one of the lowest female school enrolment rates in the world and low access to healthcare, leading to one of the highest maternal mortality rates in the world.

HIV/AIDS The Federal Government has now issued a medium-term HIV/AIDS control action plan that seeks both to provide free voluntary counselling and testing services, and to expand subsidised treatment facilities. Public knowledge about the disease is still very low and the stigmatisation of high-risk groups (sex workers, men who have sex with men) is a barrier to effective prevention and treatment¹⁴. The 2008 Demographic and Health Survey observe that "Almost 90% of Nigerian women and 94% of men have heard of HIV or AIDS. However, less than (48%) of women 15-49 and about two-thirds of men 15-49 (69%) know that HIV can be prevented by using condoms and by limiting sex to one faithful partner.

Many Nigerians still have misconceptions about HIV and AIDS. Only two-thirds of women and three-quarters of men know that a healthy-looking person can have HIV. Less than 60% of women know that HIV cannot be transmitted by mosquito bites or by supernatural means."

1.6 *Joint Africa-EU Strategy*

On the continent, Nigeria is vital to the advancement of the New Partnership for African Development (NEPAD), the African Union (AU) and the African Peer Review Mechanism (APRM). As regards the African Union, Nigeria is equally committed to peacekeeping initiatives elsewhere in the continent as it is in West Africa. Nigeria is the largest troop contributor in the framework of UN and AU led peacekeeping operations on African soil.

Nigeria is committed to an intensified dialogue and enhanced cooperation with the European Union as well as to the AU-EU Partnership and the implementation of the initiatives envisaged therein. In the EU-Nigeria Ministerial Troika Meeting in May 2008 in Ljubljana, Nigeria and the EU affirmed their desire to deepen their cooperation in the context of the Africa-EU Strategic Partnership and are accordingly committed to continuous and constructive dialogue in all eight partnership areas¹⁵. The Prague EU-Nigeria Ministerial Troika Meeting in June 2009 led to the adoption of political framework of action the *Nigeria-EU Joint Way Forward* and the priority fields for dialogue and cooperation therein fit perfectly into the spirit and are consistent with the Africa-EU Joint Strategy, which could translate into intensification of dialogue and further progress on the First Action plan of the JAES (2008-2010).

Nigeria has made efforts in the implementation of the First Action, in particular as "Vice Chair" in the partnership on Democratic Governance and Human Rights. In the Trade and Regional partnership, Nigeria seems to have chosen to adopt a low profile position so far. There is no doubt, however, that Nigeria given its economic and political weight in the region, could substantially benefit from stronger engagement, ownership and implementation of additional partnerships in particular Peace and Security; Climate change and Migration, mobility and employment. Surprisingly, Nigeria has not yet expressed interest in participating in the implementation of the Africa –EU partnership for energy, in which it could play a key role.

¹⁴ The creation of the National AIDS Control Agency (NACA) and State AIDS Control Agencies (SACAs) are steps in the right direction, but the challenge now is for Federal and State Governments to fund adequately these institutions and their work.

¹⁵ These are: (1) peace and security, (2) democratic governance and human rights, (3) trade, regional integration and infrastructure, (4) the Millennium Development Goals, (5) energy, (6) climate change, (7) migration, mobility and employment, and (8) science, information society and space.

2 OVERVIEW OF PAST AND ONGOING CO-OPERATION

2.1 Introduction: the Key Events of Year 2009

Two key events have played a most important role in Nigeria-EU co-operation during the year 2009: the Prague Ministerial Troika Meeting, and the drafting and the signature of the 10th EDF CSP/NIP.

Nigeria-EU. Political Dialogue

The foundations established in Ljubljana in May 2008¹⁶ have been strengthened by the outcomes of the EU-Nigeria Ministerial Troika in Prague (Czech Republic, 9 June 2009)¹⁷. The Prague meeting adopted a political framework, the '*Nigeria-EU Joint Way Forward*', setting out the terms and priorities for intensifying political dialogue and cooperation.

In Prague, the parties recognised the importance of ongoing electoral reform in Nigeria to ensure that the 2011 general elections would be free and fair. They agreed to collaborate on the promotion of human rights and on implementation of the conclusions of the UN Universal Periodic Review of Human Rights in Nigeria. The importance of a systematic dialogue on migration and development was also stressed. Special attention was also given to the need to enhance peace and security within Nigeria and in the West Africa region, to coordinate actions to better combat and prevent organised crime, the smuggling of narcotics and small arms, and human trafficking. The parties recognised that a holistic approach was required to improve the joint management of migratory flows. The EU and Nigeria reaffirmed their support for the ECOWAS agenda for greater economic integration and noted the urgent need to reach conclusions on the Economic Partnership Agreement (EPA).

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 9th EDF which was designed against the background of authoritarian government and re-introduction of democracy in Nigeria, to the 10th 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.

Regarding the Nigeria-EU cooperation, 2009 also marked a second year of transition from the 9th EDF Country Strategy Paper- National Indicative Programme (CSP-NIP) 2002-2007 to the future 10th EDF CSP-NIP 2008-2013. The preparation of the 10th 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 10th EDF CSP-NIP for the period 2008-2013 was discussed and approved by the EDF Committee of the 30th September 2009 and signed on 19 November 2009 in Brussels. The indicative financial allocation for Nigeria amounts to €677 million in programmable funds. The CSP/NIP differs significantly from earlier 10th EDF CSPs launched with other ACP countries. For the first time it ties political dialogue at the highest levels with

¹⁶ Concerning cooperation under the 10th EDF, the conclusion of the Ljubljana meeting Joint Communiqué was to focus on three priority areas as focal areas, namely (i) peace and security; (ii) governance and human rights, (iii) trade and regional integration and key development issues (climate change, energy security, culture, health) as non focal areas.

¹⁷ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/108396.pdf.

cooperation policy and addresses key strategic focal areas for cooperation including peace and security; good governance and human rights; trade, regional integration, energy and non-focal areas of climate change, health and cultural, scientific and technical cooperation.

2.2 *Reporting on Financial performance of EDF resources*

Both parties share a common concern to enhance the efficiency of cooperation. At the end of 2009, about 30% of the initial allocation of the 7th and 9th EDF remained to be disbursed. The disbursement of €54.2 million in 2009 was insufficient to reach the target of €100 million per year which would be required to implement the 10th EDF within 6 years. Difficulties arise from the absence of a budget support mechanism, the need to work with autonomous states, not properly equipped TA with poor knowledge of procurement, contractual and payment procedures (even beyond the EDF ones), and from the sheer size of the country. Further attention has been paid to support 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*

Budget support approach from the Federal Government is changing and a request has been sent to the World Bank and a form of budget support with Nigeria has been negotiated in July 2009 (500 million USD for 2009). Two reasons may be the lack of cash from FGN side (oil prices combined with an important decrease in oil production linked to the situation in the Niger delta) and the willingness for WB to address the lack of absorption capacity of the administration in implementing cooperation programmes.

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. The option of State budget support, for reform minded states will be further explored as one of possible solution to the current cooperation implementation constraints.

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

Focal sector 1: Water and Sanitation

Water Supply and Sanitation Sector Reform Programme WSSSRP (€87 million.) The major output at federal level has been the finalization of the Fourth draft of the National Water Bill in May 2009. This draft Bill has been submitted to the FMAWR for harmonization with three other "Agencies" Bills in the Ministry before presentation to the National Assembly for enactment into law.

The focal States are working on the development of State water policies and restructuring plans following the recommendations of the institutional studies carried out in 2007. The assessment of Water Supply and Sanitation facilities was completed in prioritised urban areas and selected small towns. Programme Estimates for water and sanitation works were approved for the six focal States and the evaluation of tenders for the award of water and sanitation works contracts during first quarter of 2010 is ongoing. Previous problems with Yobe state government regarding the financial allocations are overcome. There is however the danger that most of the works contracts will not be concluded within the life span of the Works Operational Programme Estimates. The EU is in the process of extending these OPEs following request from the NAO.

In rural areas (UNICEF component) progress has improved since early in 2009 with the release of the federal share of the works contracts by the FMAWR. There are still delays on the part of the FMAWR to give the "no objection" for subsequent award of the water and sanitation contracts especially in Cross River State. Though the State Government has gone ahead to award the contract. Consultation is going on between the FMAWR and the State to resolve the issue. (In line with the implementation guidelines, the FMAWR is required to approve proposals by States for the award of contracts). Recent changes at the Directorate levels in the FMAWR have indicated some improved interest and relationship on the ministry's side with the WSSSRP. This will affect positively with the implementation of the programme. By December 2009, about 500,000 people have access to improved source of drinking water while 180,000 have access to safe means human wastes disposal. 68,000 school children in 120 schools in the 6 focal states have access to improved source of drinking water, basic sanitation facilities and practice proper hygiene behaviour. By the end of 2009, 900 new safe drinking water sources have been constructed in 39 participating self-selected Local Government Areas.

In November 2009, the PMU ended its assignment at the federal level and an STU Coordination Unit has taken over the programme coordination with the 6 focal States.

Focal Sector 2: Institutional and Economic Reform

Support to Reforming Institutions Programme SRIP II (€29.4 million) The main activity being implemented under the project's TA service contract is the provision of short term expertise on PFM in the 6 focal states. Due to delay in implementation of programme activities, an extension by 6 months of the performance period of the TA service contract is foreseen before October 2010.

On the basis of the outcome of a stakeholders' workshop held in October 2008, the Programme Management Unit (PMU) and State Technical Units (STUs) in the 6 states prepared the first set of programme estimates for SRIP phase II. These programme estimates were signed in June 2009 for an operational period of 18 months. Due to none provision of bank guarantees by the contractor to pre-finance programme activities, these programme estimates have not yet become operational.

However, two main activities under the programme are being implemented as planned. IT equipment valued €3.8 million were delivered in the 6 states in December 2009 (managed through specific commitment). Training of users of the equipment should be completed by the end of January 2010. Also, Call for Proposals for the award of small grants under each of the 6 states' OPEs, was launched in September 2009; and administrative checks on applications

received in respect of the Call were concluded in December 2009. Evaluation of the applications and subsequent award of grants should be completed in the first quarter of 2010.

As a result of 10 months delay by the contractor in the implementation of the programme (caused by the contractor's inability to provide financial guarantees for pre-financing programme activities), the programme has produced little outputs. However, the attitude of state and local authorities towards the budgeting process has started to change positively; just as CSOs are bracing up to engage government constructively in the implementation of 2009 budget. For instance, 3 out of the 6 states produced their medium strategic plans with assistance from SRIP; while there were reports of involvement of civil societies in the preparation/monitoring of these plans as well as the states' budgets for 2009.

As at 31st December 2009, a total of €17.331 million had been committed leaving a balance of €12.069 million yet to be committed out of a global commitment of €29.4 million. So far, a total amount of €5.924 million has been paid on the project including €3.572 million paid for the TA service contract

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

The EFCC plays an important role in addressing corruption in Nigeria. 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: 1. Enhance the operational and institutional capacity of EFCC and the Nigerian Financial Intelligence Unit (NFIU); 2. Develop sustainable ICT capability for EFCC and NFIU; 3. Support advocacy and increase awareness about EFCC and NFIU; and 4. Develop comprehensive framework to support the judiciary at the federal level and at selected 10 states under pilot schemes.

Since the removal of Nuhu Ribadu as Chairman of the EFCC, the effectiveness of the EFCC is being called into question and the government's determination to fighting corruption suspect despite public pronouncements of commitment. Although the prosecution of low-level officials for corruption has continued, EFCC is suspected, as was the case under the previous regime, of being used as a political tool. The involvement of the Attorney General and the Inspector General of the Police in the affairs of the EFCC, contrary to legal provisions, clearly suggest political interference, and the persecution of Nuhu Ribadu by the police authorities ostensibly for indiscipline represents an indirect message of intimidation to the Commission.

The budget of the EFCC has been increased over the last two years to fight against-corruption and it is actively involved in the preparation of the National Anti-corruption strategy (September 2009) in the framework of the Inter-Agency Task Team (IATT) coordinated by the Technical Unit of Governance and Anti-Corruption reform (TUGAR). This is a step forward in improving the fight against corruption but not enough to show Government's political will.

Despite these developments the EDF support to the EFCC is on course to achieving its various outputs. The implementation period of the project has been extended until November 2010 in order to complete the planned activities, using the contingency funds and interest accrued, and to ensure a proper handing over of the project.

According to a recent survey, the Judiciary component of the project is successfully tackling corruption and mismanagement in the ten target states. As regards the IT component, most of the equipment has been procured, delivered and installed. The remaining activities will focus

on training of EFCC staff to ensure proper operation of this sensitive equipment. A Mid Term Evaluation was carried out in September 2008 and the recommendations have been taken into account. The Work Plan for 2010 has been recently approved to ensure that the project's intended results are achieved. As regards project management, part of the UNODC's financial contribution to the project has not been received yet. However, the organisation managed to increase their contribution in-kind and mobilised also government funds for the implementation of the IT component, specifically for the Judicial Research Centres (JRCs).

Census Support Initiative (€116.5 million): The final Census report was officially approved by the Council of States in November 2008 and the analytical tables for states and local governments were presented to President Yar'Adua in May 2009. An external monitoring mission took place in November/December 2008 and the report pointed to a number of activities that needed to be completed urgently before the end of the implementation period in December 2009. Some of the recommendations have been taken into consideration but according to the final draft report from the monitoring mission, there are still several activities not implemented. The final report is expected in Q1 2010.

During Q3 and Q4 2009 the focus has been 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. The Geo-Portal was delivered to National Population Commission in March 2009. But continuing gap in communications resulting in delays as well as the findings of the external monitoring mission raised concerns regarding the implementation of the outstanding activities. According to the final report (December 2009), the Geo-Portal is not functioning¹⁸ and has not met the quality expectations from a contractual point of view. However, there has been an agreement by all stakeholders (Contractor, NPopC and NPC) in March 2010 to work together towards the implementation of the outstanding activities during the warranty period (until April 2011). This will enable the GeoPortal to function as expected.

The EU DEL agreed to finance the Inverter provided that the procurement was done according the EU rules and regulations and the deadline of 31 December 2009 (end of implementation) has been met. UNDP did not manage to do so and therefore the unspent resources under the Contribution Agreement have been lost.

Support to Nigerian Electoral Cycle (€40 million): The reform of the INEC is yet to be undertaken¹⁹. The Electoral Reform Committee set up by the President presented its report in December 2008 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 September 2008. However, the project was extended to December 2008 to allow JDBF to support the Electoral reform Committee (ERC). A second Contribution Agreement was signed with UNDP in July 2009 for Phase II (support to the 2007-2011 electoral cycle €20 million). Under Phase II, implementation of activities begins with the component "support to civil society organisations. The component "support to the electoral administration" is planned to begin in 2010 depending on the

¹⁸ According to the assessment test carried out in December 2009 only 36% of the system is functioning correctly.

¹⁹ Although its controversial Chairman has been removed (April 2010)

ongoing electoral reform. Following concerns expressed by EU member states regarding assistance to electoral management bodies that have not yet been reformed, the electoral cycle project under phase 2 will focus on support to 'agents of change', CSOs, the media and women. Support to electoral management bodies, such as INEC, will depend on a positive assessment of the reform process to be carried by July 2010.

Support under Phase II, is provided in the context of a broader Democratic Governance Initiative support to Nigeria by UNDP working together with DFID. In this context, the period July 2009- March 2010 covers the Inception Phase (IP) of the project. The IP focuses on relevant and catalytic activities undertaken by stakeholders including CSO, National Assembly and Political Parties to ensure that electoral as well as constitutional reform takes place ahead of the 2011 elections. Funds have also been disbursed to CSOs to observe the elections in Anambra on 6th February 2010. The Anambra elections being largely viewed by many as a 'test case' elections ahead of 2011.

Non-focal Sectors

Micro Project Programme 9 (€45.5 million)

The technical assistance for the implementation of this project mobilized in April 2009. The head office of the programme is in Calabar Cross River state. The choice of Cross River state is motivated by the relative safety in the state. The Delegation and the NPC have signed a delegation agreement in June 2009 with Community Development Foundation (CDF), an NGO, in Lagos to be responsible for management of the grants component of the programme. A Systems Audit and a Training Needs assessment were conducted to support CDF in the implementation of the MPP9's community mobilisation component. Training on EDF procedures took place in August 2009 to support the CDF in management of the grants and EDF procedure. The call for proposals to select CSOs to do the community mobilisation programme commenced in September 2009.

The NPC and the EC have embarked on advocacy visits to the states in the Niger Delta. The purpose of the visit is to introduce the programme as well as sign an MOU with the state government which states the modus operandi for the programme in the region.

The initial activities to introduce the MPP9 programme to the state Government and the people of the Niger Delta started in July and since then 7 out of the 9 states have signed the MOUs. The TA has also carried out initial assessment of LGA capacity in terms of ability to respond to the demands of the community. The IMPACT forms from the MPP9 PMU were launched in September as well in the print and electronic media. Over 3500 filled forms have been returned to the state offices of the programme.

The pilot programme in Etung has made relevant moves in the area of soliciting commitment of the LGA political and executive commitment as well community participation in the process. The TA, EU and NPC have been involved in several activities geared at increasing commitment of the LGA to commit funds to the pilot programme. Two critical assessments were carried out in Etung within this period. Firstly, Participatory needs assessment to understand the situation of the LGA authority as well develop necessary plans to ensure that capacity gaps identified in the systems, services, staffing, structures and shared learning are tackled during the process of the programme implementation. Secondly; a baseline study was commissioned to determine the level at which Etung as a community has reached in terms of

the MDGs with the aim of understanding what necessary actions are needed to achieve the target of 2015 and if not suggest new targets sensitive to the aspirations of the people.

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. This project ended in June 2009 having implemented actions in 23 states.

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. An Independent Review of PRIME was carried out in January/February 2009 and final report accepted by the Delegation in June 2009. A major recommendation was to ensure adequate and timely 'bridging of the gap' between the end of the Project and the start of new actions under the 10th EDF. Plans are already underway for the use of the TCF to achieve this. It has been generally agreed that the EU support for immunisation had a well-evidenced and direct pro-poor impact, notwithstanding a scope for improvement in terms of economic management and financing. A number of outstanding contracts are yet to have provisional acceptance certificate issued by the NAO as at the end date of the PRIME financing agreement of 30 June 2009. Even more critical is the fact that in at least two of such contracts, the Special conditions provide that EU financing will cease by the 30th September 2009. The implication is that further financial responsibility for such outstanding contracts will be borne by the NAO. This underscores the need to avoid any further delay in obtaining substitute supervisors for these contracts – whether works or supplies. It may be necessary for a high level NPC-EU dialogue on the way forward for such contracts whose eligibility for further EU financing has lapsed.

Support to Routine Immunisation in Kano (SRIK) (€15.04 million)

The overall objective of SRIK is to reduce the burden of vaccine preventable diseases (VPD) in Kano state. Final date for commitment of this project was 18 December 2008 and the implementing period will end in July 2010.

The extremely low performance of the PE 1 led to modifications and changes in the implementation of the second PE. To implement these changes and speed up the implementation various meetings took place at the level of the NPC Minister and Commissioner for Health in Kano. Various significant changes in the project management have been implemented following the mid-term evaluation (a new deputy team leader, re-focus of activities, strengthening procurement capacities).

An independent evaluation of the project recommends that there is a need to extend the project implementation phase to achieve the objectives of the project. Consequently a request from the NAO for the extension of the implementation phase of the FA which otherwise ends 31 July 2010 has been sent to HQ. The PE2 will be extended from 14 to 18 months. The main outputs of the project for the last year was adoption of a 3 year Routine Immunization strategy by the state Ministry of Health of Kano; the delivery of routine immunization equipment and the construction of infrastructure are underway.

Technical Cooperation Facility (TCF) II (€4 million) The TCF has been utilised to support the identification of projects for the 10th EDF. To date six project identification studies have been undertaken (police, prison, migration, energy, trade and regional integration and environment). A forecast of €1,520,000 has been made for the first quarter of 2010 to support four formulation studies for 10th EDF projects (on the justice sector, migration, NAO and health)

The TCF has also been useful in monitoring/evaluation of existing projects and other sectoral studies.

To enable the planned activities to be completed, a draft rider has been forwarded to Brussels for approval to extend the operational implementation period by one year from April 30, 2010 to April 30, 2011.

NAO Support I and II (€10.5 million) The support to the office of the NAO programme is the specific mechanism to address the weaknesses in institutional and management capacity of the National Planning Commission (NPC) to manage EDF funds. In 2009 efforts continued in order to increase ownership of the programme and the management of EDF funds by the Government of Nigeria and more specifically by the NPC.

The Programme Management Unit and the company in charge of certification of expenditures continued carrying out activities and delivered results: improved management of Programme Estimates, training on procurement, development of a new Financial Management Information System and support on the preparation of the 2008 JAR are some of the activities that took place in 2009.

In addition, operational specific support to the staff of NPC was provided under programme estimates.

In 2009 approximately 2.1 Million Euro were contracted and 2.2 Million were paid.

Cameroon Nigeria Border Demarcation (€4 million) 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 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.

Notwithstanding this delay, by June 2009 a total of 1,192 km of the land boundary had been verified by the team of surveyors (out of a total of 1,950 km). Furthermore, as of December 2009 the UN has indentified the placement for 53 pillars over a distance of 230 km. A mission should return in March 2010 during the dry season. An official ceremony marking the start of the placement of border demarcation posts took place on the 14 December 2009.

In areas other than demarcation, the transfer of the Bakassi peninsula took place in August 2008; an agreement on the marine boundary took place in May 2007. The next stage is to ascertain how joint-cooperation can take place regarding the natural resources (oil & gas) and this has started by an exchange of information on oil wells during the first semester of 2009.

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. The implementation of this programme began in January with the programme management unit fully functional. Nine mentors and field assistants were also recruited to support in the delivery of the programme's objectives. The mentors are responsible for the methodological implementation of the Programme at field level and are located in base states across the six geopolitical zones of Nigeria. A nationwide sensitization on the INSIDE programme and the implementation of a comprehensive needs assessment of 1297 NSA's operating in 6 Geo Political Zones has been conducted. A mapping exercise and a Road Map for NSA engagement in the implementation of the 10th EDF were also developed.

2.5 Other actions

Using the European Instrument for Democracy and Human Rights EIDHR, around mid-2008, the EU Delegation to Nigeria launched a call titled **EIDHR - Country-Based Support Scheme - Nigeria** aiming at the promotion of human rights in Nigeria. Contracting of 7 successful applications was undertaken in December 2009 for a total EU contribution of EUR 608,761.99. In addition, 2 contracts were signed under the Investing in People: Youth & Children and Investing in People: Good Health for All global calls with an EU contribution total of EUR 1,467,483.47.

By the end of December 2009, 43 projects were being implemented by non-state actors with funds from various budget lines. Most of these projects promote respect for human rights, for example by providing advocacy training to various groups lobbying for human rights protection, raising awareness of widows' rights through the media and direct action, and supporting the provision of legal aid to those otherwise unable to afford it. Several projects also supplement the work on public finance management carried out under focal sector 2, through the development of systems for local communities to monitor budget implementation, for the mainstreaming of gender development in the budget process and for training of journalists to sharpen their reporting on the (mis)use of public funds. A smaller number of projects aim to improve water governance and public health.

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.

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.

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, but in 2009 officials of the Bank visited the country to

explore lending possibilities, particularly in the energy sector. All ongoing projects have been captured in the annex 5D.

Intra-ACP Programmes and Development Cooperation Instrument

The Intra ACP Migration Facility (July 2009-June 2013 - €25million); Nigeria is one of the pilot countries from western Africa region (no project under implementation at this stage).

Energy Facility

The Solar Energy Solutions for Motive Power Needs in Energy-Poor Niger Delta Communities, Bayelsa State, Nigeria, a project under the Energy Facility was concluded in 2009 June. The final report was submitted to the Delegation and a final payment has been made to the NGO Rural Communities Development Outreach.

Water Facility²⁰

Nigeria benefits from two Water Facility projects. A €491.6 million Water and Sanitation project in 4 LGAs of Cross River and Ebonyi States. The project ended in October 2009 with 85 rural communities benefitting. Another €2.925 million water and sanitation project was signed in 2007 to benefit 6 LGAs in Enugu and Jigawa States. This project will end in September 2011.

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.²¹

There has been multi-donor/stakeholder participation in the development of the draft National HIV/AIDS Strategic Plan 2010-15. It is expected that a Partnership Framework document will be completed and consensus meeting held ahead of the presentation of the Strategic Plan. The MDG Office, National Planning Commission and Budget Office of the Federal Ministry of Finance are expected to participate in the meeting.

2.6 Policy Coherence for Development (PCD)

Following the political dialogue, five of the twelve EC policies²² set out in the Policy Coherence for Development strategy have been identified as having particular relevance for Nigeria. These are the policies on **trade**, the **environment**, **climate change**, **migration**, and **energy**. All of these are included in the eight areas of the AU-EU JAES, and while none of them were addressed under the 9th EDF programming, they are all included under the 10th EDF CSP/NIP.

²⁰ Source: ECD Brochure

²¹ 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

²² The twelve EC policies that are part of Policy Coherence for Development are: trade, the environment, climate change, security, agriculture, fisheries, the social dimension of globalisation, including employment and decent work, migration, research, the information society, transport and energy.

Trade: One of the main objectives of EU development policy is to facilitate the smooth integration of developing countries into the world economy. The EU trade policy is a powerful tool in this respect. The EU believes that trade is a powerful engine for economic growth. While trade alone cannot solve development problems, openness to trade and support for supply capacity are important elements in a coherent development strategy. 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).

The Economic Partnership Agreements are conceived as long-term partnerships based on a comprehensive approach to development. In this context the EU intends to maximise the trade and investment opportunities for development. Moreover, the EU is developing an aid for trade agenda financed by the EDF and additional resources from EU Member States.

Environment: EU policy targets environmental degradation and encourages developing countries to adopt standards which are close to EU standards. Few donors have been active so far in the environment area but the need for support is great, particularly in the Niger Delta. An environment policy support programme for Nigeria would be highly relevant and should include components on capacity building, the clarification of the regulatory framework and field activities. The prefeasibility study was conducted in 2008 to update the environmental profile (see extract in Annex 6).

Climate change: The EU plays a leading role in the international efforts to contain climate change resulting from global warming and proposes establishing a Global Climate Change Alliance. Nigeria is concerned both as a victim of and as a contributor to global warming. As a victim, Nigeria is suffering desertification and is potentially exposed to rising seawater levels in the coastal regions. On the other hand, Nigeria is one of the major producers of greenhouse gases in Africa with its gas flaring practices. Nigeria flares as much as 75% of the gas it produces and this represents a pollution equivalent to 45 million tones of CO₂ per day. In this connection, the EU appreciates the commitment of the Nigerian authorities to put an end to gas flaring.

Migration: The EU is promoting migration for development. The Federal Government has participated in recent EU initiatives on migration, such as the Euro-Africa Conference in Rabat in 2006 and in the follow-up meeting in Madrid in 2007. There has also been a political dialogue with the EU within the framework of Article 13 of the Cotonou Agreement which included migration on the agenda, particularly in Ljubljana in May 2008 and in Prague in June 2009. A dedicated dialogue on migration and development took place in Abuja in June 2009 and another one in December 2009. While the Nigerian Diaspora remits significant foreign exchange, it is recognised that the 'brain drain' effect of legal emigration can have serious consequences in the medium term for the development of the professional class in Nigeria. On the other hand, Nigeria has encouraged the immigration of skilled labour from neighbouring countries to meet its skills shortfall at that level, especially in the construction industry and in the maintenance of energy installations. A review of the migration profile for Nigeria for the CSP and pre feasibility study was finalised in March 2008. On the basis of this a PIF on Migration for the 10th EDF has been prepared and the formulation of the project will be carried out during Q1 2010.

Energy: The EU has a policy based on securing supplies, reducing production costs, increasing the use of renewable energies (Agenda 2020 targets 20% of all Nigerian energy consumption to come from renewable sources by 2020) and encouraging transparency in the

energy industry (through support for the Extractive Industries Transparency Initiative — EITI). Energy is an important factor in the EU-Nigeria 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 industry. Nigeria has a key role to play in the finalisation and implementation of the Trans-Sahara Gas Pipeline, which should offer an alternative supply route to the EU. Nigeria's major expectations from the dialogue relate to its need (i) to increase electric power generation and distribution, (ii) to fully implement the Nigeria Gas Master Plan, with its focus on domestic gas distribution, (iii) to facilitate the transfer of technology and (iv) to achieve the peaceful settlement of the conflict in the Niger Delta, which currently undermines stability in the region and reduces Nigeria's production capacity.

Energy is now a part of 10th EDF as a follow up on the political dialogue in 2008. The EU commissioned a consultancy to carry out energy profile of Nigeria and to recommend possible areas of intervention by the Development Corporation department of the EU Delegation in Nigeria. The report of this consultancy is still pending. This report would form the basis for a development of a project to support the Energy sector in Nigeria. The European Investment Bank is also prepared to support energy projects in the area of power supply. The energy sector and the Niger Delta should become the focus for increased attention over the coming years. Areas of cooperation could cover technical level support, the environmental dimension, with a view to repairing and avoiding some of the damage caused by inadequate controls on oil extraction in the Niger Delta, and the development of renewable energy.

On the last point, the attention devoted in Nigeria to the development of renewable energy resources has been minimal up to the present, although a hydroelectric power project has been contracted to build a 2600 Megawatt station on the Mambilla Plateau in the north-east of the country. The development of non-hydrocarbon energy supplies may now be given greater prominence as part of the general policy of economic diversification to reduce oil dependency and it could be a solution to the problem of transmitting power to isolated areas.

At the EU level, some Member States are developing their own bilateral partnership on energy with Nigeria (cf. the agreement signed on 12 June 2008 with France, the agreement signed on 19 August with Germany, and ongoing discussions with the United Kingdom). Consistency and complementarities should be ensured through an EU-Nigeria dialogue on energy and specific EDF cooperation activities together with the involvement of the European Investment Bank.

2.7 *The In-Country Dialogue*

The state of the partnership has to be viewed in terms of the relations with the National Authorising Officer, the State Authorising Officers, non-state actors and other donors.

The dialogue between the EC Delegation and the offices of the National Authorising Officer (NAO), who is the Minister of Planning, and the Deputy Chairman of the National Planning Commission (NPC), is constructive, cordial and frank. The NPC commends EU-Nigeria cooperation and the Cotonou Agreement as a model for donor cooperation as it provides certainty and a real element of Nigerian ownership with the inclusion of the co-decision mechanism. Regular technical meetings take place to solve project planning and implementation issues. However, within the positive picture there is room for improvement in

some aspects of aid management, such as timely reporting and the preparation of the joint annual operational review.

Relationships with State Authorising Officers are generally good, although it has taken considerable time to establish mutual confidence and understanding. Owing to the high degree of autonomy enjoyed by the States and the need to work at state level to support the attainment of the MDGs, there is clearly a need to have a timely and effective dialogue with the state authorities. Based on a sub-delegation given by the NAO there is a need to develop state ownership and to enhance capacity building with the state administrations and especially within the offices of the State Authorising Officers. These concerns will be taken into account in projects design. To ensure a reasonable impact and to respect project management capacity constraints, EDF activities need to be concentrated in a limited number of States. The current number of 6 focal States seems a maximum until such time as those States have demonstrated significant and sustainable progress in terms of their own project management capacity.

Partnership with non-state actors — mainly civil society organisations, local authorities and communities — is very good. Significant results have been achieved through the setting-up of umbrella organisations at state level and through the involvement of NSAs in the programming exercise and the annual reviews. A project to support the activities of non-state actors, with a budget of €20 million, is being implemented and should help to reinforce that partnership. A national workshop with Non State Actors was organized in May 2009 to share and discuss the new draft of the CSP/NIP; participation was important and NSAs continue to be very motivated to discuss on EU cooperation.

2.8 Aid effectiveness and Joint programming

Under the 9th EDF, considerable progress was made in coordinating and harmonising the use of EC funds with those of other donors. Activities such as the population census, immunisation, the rural component of the water project, the anti-corruption project and support for the election process have been carried out through joint mechanisms with UN agencies. Contribution agreements with UN agencies accounts for about half of the 9th EDF resources. Although the picture is generally positive, issues which remain to be addressed include lack of visibility and lack of counterpart funding in driving such projects.

Donors have been consulted repeatedly by the EU during the programming exercise of the 10th EDF on achieving consistency and complementarity with their activities. Since the Federal Government has asked donors to concentrate resources in those States where they can be used most effectively to alleviate poverty, there are now some States where several donors have active projects. Coordination at this level requires knowledge of the specific circumstances of that State (many as large as an average African country) and continuous dialogue with the authorities in the state capital. Neither the donor community nor the NAO and State Governments have yet evolved a workable system to ensure that such coordination can be carried out with the limited human resources available.

Informal donor coordination was reasonably good already, but the increase in donor activities and the raising of government expectations pushed donors towards more formal coordination in 2008. A Nigeria Development Partners Framework shared by donors and the Government is still under preparation. It should provide guidance for donor activities in line with the objectives of the Paris Declaration on Aid Effectiveness and Accra Agenda for Action. It should also help the Government to drive the coordination process more effectively, if only by minimising the confusion created by the fact that two agencies coordinate the donor

community, that is the Ministry of Finance for loan-making bodies and the National Planning Commission for grant-making bodies.

Progress toward harmonisation is real but limited and benefits from the impetus created by the accession of Nigeria to the Paris Declaration. Nigeria was also an active participant at the Accra high-level meeting in September 2008.

Ownership is still hampered by the absence of a clear and comprehensive national development strategy, although the draft National Development Plan 2008-2011 provides some guidance. 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 Survey. Such a rating indicates that some progress was being made but that more was required.

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 (like donors' group on energy).

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.

Alignment of programmes and projects is still limited because of the lack of a reliable nationwide system, but strong improvement is expected with the implementation of the public finance management system.

New implementation modalities (contribution, delegation agreements as well as state budget support) and new solutions will be sought in order to successfully implement the 10th EDF CSP/NIP. For the reform minded states, the option of State Budget Support will be explored. In terms of harmonisation, EDF support is provided through a programme-based approach and joint field missions have not been an issue so far, because of the small number of projects and donors. An increase in donor activities at federal and state level will increase the need for more coordination missions in the coming years.

ANNEXES
(See list in table of contents)

ANNEX 1: COUNTRY AT A GLANCE
1. A TABLE OF MACRO-ECONOMIC INDICATORS

		2004	2005	2006	2007	2008	2009	2010	Data Sources
	Basic data								
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
	International transactions								
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
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

		2004	2005	2006	2007	2008	2009	2010	Data Sources
						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
	Government								
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	Federal expenditures (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	Deficit (in % of GDP) including grants	-1.5	-1.1	-0.5	-0.5				CBN 2007
14b	Deficit (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
	Other								
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 ^a	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	Unemployment (in % of labour force, ILO definition)	2.8	3.3	3.5	3.5	3.5 ²⁰⁰⁷			NBS
20	Employment in agriculture (in % of total employment)	59.26	58.64	58.64	58.64	58.64 ²⁰⁰⁷			NBS

Data sources: CBN, IMF, International Financial Statistics.

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

1. B MONITORING COUNTRY PERFORMANCE

Key indicators	1990	1996	2003 ²³	2004	2005	2006	2007	2008	Interim Targets	Target 2015	Progress
Goal 1. Eradicate Extreme Poverty and Hunger											
1. Proportion of population below 1 US\$/day in PPP			70%	51.55	51.55 ²⁰⁰⁴	51.55 ²⁰⁰⁴	51.55 ²⁰⁰⁴	N.A.		50% 1990 value	Insufficient data
1.a Proportion of population living in extreme poverty (consuming 2900 calories or lower daily)				35	35 ²⁰⁰⁴	35 ²⁰⁰⁴	35 ²⁰⁰⁴	N.A.	-	14.5	Insufficient data
1.b Proportion of population living in relative poverty	43 ¹⁹⁹²	66	54.4 ²⁰⁰⁴	54.4 ²⁴	54.4 ²⁰⁰⁴	54.4 ²⁰⁰⁴	54.4 ²⁰⁰⁴	N.A.		21	slow
2. Prevalence of underweight children (under five)	36	31	29%	30	30 ²⁰⁰⁴		25	N.A.		18	Improving
Goal 4. Reduce child mortality											
Infant mortality rate (per 1000 live births)	91		100	100 ²⁰⁰³	110		86	75		30.3	Slow
3. Under 5 child mortality rate (per 1000 live births)	191		201	197			138	157		63.7	Slow
Goal 6. Combat HIV/AIDS, malaria and other diseases											
4. HIV prevalence rate of women aged 15-24 (%)		5.7 ¹⁹⁹⁹	5.2 5% of Nigerians are infected with HIV – over 10% in some states.	5.2 ²⁰⁰³	4.3	4.3 ²⁰⁰⁵	4.3 ²⁰⁰⁵	19.4		Halt	Improving but slowly
Number of children orphaned by AIDS			Over one million children have already been orphaned by AIDS	1.8 m	1.97 m			N.A.			Insufficient data
Death rate associated with tuberculosis			1.57 ²⁰⁰⁰				1.5	N.A.			Slow
Prevalence of HIV among TB patients (%)								N.A.			
TB detection rate (%)								N.A.			
TB treatment success rate (%)								N.A.			
Goal 5. Improve maternal health											
5. Proportion of births attended by skilled health personnel							43.5	58		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.					800			Insufficient data
6. Proportion of 1 year old children immunised against measles			32.8 ²⁰⁰⁰	31			60.0	41.4		100%	Slow
Goal 2. Achieve universal education											
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		89.6 (MDG office) or 62.4 (CWIQ)?	N.A.		100	Good
Proportion of pupils starting grade one who reach grade five	67	71		74	74 ²⁰⁰⁴	74 ²⁰⁰⁴	74 ²⁰⁰⁴	N.A.		100	Good
9. Primary school (grade six) completion rate	58	64		69.2	67.5	67.5 ²⁰⁰⁵	67.5 ²⁰⁰⁵	N.A.		100	Fair
Literacy rate of 15-24 years old	70.7 ¹⁹⁹¹			76.2	80.2		81.4	N.A.		100	Good
Goal 3. Promote gender equality and											

²³ Source: Most data from Demographic and Health Survey, 2003 and 2008

²⁴ 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 ²³	2004	2005	2006	2007	2008	Interim Targets	Target 2015	Progress
empower women											
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
Goal 7. Ensure environment sustainability											
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
Goal 8. Develop a global partnership for development											
Per capita official development assistance to Nigeria (in US\$)	3.0	2.0		2.3	4.0		81.67 ²⁰⁰⁶	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 ¹⁹⁹⁹			6080			N.A.			
Tele density (per 1000 people)	0.45		3.4	8.5	16.3	24.2	41.2 (provisional)	N.A.			Good
Source: Nigerian Communication Commission											
Personal computer (per 1000 people)	7			30	30 ²⁰⁰⁴		6.74 ²⁰⁰⁴				Slow
Internet access (%)			0.1	0.1 ²⁰⁰³	1.9		1.9	Subscription required			Slow
Total telephone subscribers per 1000 inhabitants							283.4	Subscription required			
Source: ITU http://www.itu.int											
Fixed lines per 1000 inhabitants			57 ²⁰⁰²				107	Subscription required			
http://www.itu.int											
Mobile lines per 1000 inhabitants							273	Subscription required			
http://www.itu.int											
11. Fixed lines and mobile telephone per 1000 inhabitants ²⁵							380	Subscription required			
12. Formal cost ²⁶ required for business start up ²⁷ (% of income per capita)				89.6	95.6	73.8	54.4	56.6			
13. Time required for business start up (days) ²⁸				44	44	43	43	34 (22 in Abuja)			

²⁵ 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).

²⁶ 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.

²⁷ Source: www.doingbusiness.org

²⁸ 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 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

Key indicators	1990	1996	2003 ²³	2004	2005	2006	2007	2008	Interim Targets	Target 2015	Progress
14. Real GDP per capita (US\$)				1,454 ^b	1,566 ^b	1,678 ^b	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 ²⁹											Insufficient data
16. Household electrification rate ³⁰						54.1					

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.

²⁹ 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).

³⁰ 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 (2008 figures are based on status of indicators provided by the Office to the Presidential Committee on MDGs in September 2009) Health figures based on the 2008 DHS

Global MDG	Indicators	Baseline 2000	Latest Status 2007	Target in 2015	Attainment or not by 2015
Goal 1: Eradicate Extreme Poverty and Hunger					
	Percentage of people living in relative poverty	66 ¹⁹⁹⁶	54.4 ²⁰⁰⁴	21	Slow
Indicator 5	Percentage of people living in extreme poverty (consuming 2,900 calories or lower daily)	29	35 ⁽²⁰⁰⁴⁾	14.5	Insufficient data
Indicator 1	Percentage of population living below US\$1/day (PPP)		51.55⁽²⁰⁰⁴⁾		Insufficient data
	Inequality level (Gini Coefficient)		0.49 ⁽²⁰⁰⁴⁾		Insufficient data
Indicator 4	Percentage of underweight children	31¹⁹⁹⁶	25	18	Improving
Goal 2: Achieve universal education					
Indicator 6	Net enrolment rate in primary education	95	87.9⁽²⁰⁰⁶⁾	100	Good/Likely
Indicator 7	Pupils starting grade 1 who reach grade 5	97	74	100	Good/Likely
	Primary 6 completion rate	76.7	67.5	100	Fair/Attainable
Indicator 8	Literacy rate of 15-24 year-olds	64.1	81.4	100	Good/Likely
Goal 3: Promote gender equality and empower women					
Indicator 9	Ratio of girls to boys in primary education (girls per 100 boys)	78	93.6	100	Good/Likely
Indicator 9	Ratio of girls to boys in secondary education (girls per 100 boys)	81	97.6	100	Good/likely
Indicator 9	Ratio of girls to boys in tertiary education (girls per 100 boys)	66		100	Good/Likely
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/Unattainable
Goal 4: Reduce child mortality					
Indicator 14	Infant mortality rate (per 1,000 live births)	81.38	75	30.3	Slow/unattainable
Indicator 13	Under-5 mortality rate (per 1,000 live births)	183.75	157	63.7	Worsening
Indicator 15	Percentage of one-year-old children fully immunized against measles	32.8	41.4	100	Worsening
Goal 5: Improve maternal health					

Global MDG	Indicators	Baseline 2000	Latest Status 2007	Target in 2015	Attainment or not by 2015
Indicator 16	Maternal mortality ratio (per 100,000)	704	800	176	Worsening
Indicator 17	Proportion of births attended by skilled health personnel (%)	42	38.9		Worsening
	Contraceptive prevalence rate	8.2 ²⁰⁰³	9.7		Improving slowly
	Antenatal care coverage At least 1 visit	61 ²⁰⁰³	59		Worsening
	Adolescent birth rate	25 ²⁰⁰³	126		Insufficient data
	Unmet need for family planning	17 ²⁰⁰³	19.7		Insufficient data
Goal 6: Combat HIV/AIDS, malaria and other diseases					
Indicator 18	HIV prevalence among 15 to 24-year-old pregnant women (%)	5.4 ¹⁹⁹⁹	4.3 ²⁰⁰⁵	1.0	Improving slowly/Unattainable
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 ²⁰⁰³	25.9 ²⁰⁰⁵	100	Improving slowly/unattainable
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 ²⁰⁰³	63.8 ²⁰⁰⁵	100	Improving/unattainable
	Number of children orphaned by HIV & AIDS (millions)	1.8 ²⁰⁰³		1.97 ²⁰⁰⁵	Worsening/unattainable
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
Goal 7: Ensure environment sustainability					
Indicator 25	Proportion of land area covered by forests (%)	14.6	12.6	20	Slow/unattainable
Indicator 26	Forest reserve (%)	10.0	10.0	15	Slow/unattainable
	Outside forest reserve (%)	4.6	2.6	5.0	Slow/unattainable
	Proportion of gas flared (%)	53.0	34.0	0	Improving/unattainable
Indicator 30	Proportion of total population with access to safe drinking water (%)	54.0	49.1	80	Worsening/unattainable
Indicator 31	Proportion of people with access to basic sanitation (%)	42.9	42.9	100	Static/unattainable
Indicator 32	Proportion of people with access to secure tenure (%)	31.0 ²⁰⁰⁴	43.6 ²⁰⁰⁶	100	Improving/unattainable

Global MDG	Indicators	Baseline 2000	Latest Status 2007	Target in 2015	Attainment or not by 2015
	Carbon dioxide emissions per capita (tons)	4799.9	2500.4		Improving/unattainable
	Residential housing construction index (HCI)	53.0	50.4 ²⁰⁰³		Worsening
Goal 8: Develop a global partnership for development					
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 ²⁰⁰¹	27.41		Good
Indicator 48	Personal computers (per 1,000 people)	6.38	6.74 ²⁰⁰⁴		Slow
Indicator 48	Internet access (%)	0.10	1.90		Slow
	Per capita Official Development Assistance to Nigeria (US\$)	1.47	81.67 ²⁰⁰⁶		Good

1. D NIGERIA'S COMPETITIVENESS

Highlight from World Economic Forum report 2009

Nigeria was ranked 99th out of 134 countries in the 2009 World Economic Forum report on competitiveness, a drop of five positions from the previous year's ranking. The country's greatest area of strength remains its macroeconomic environment (ranked 20th), with the government running budget surpluses, a high national savings rate, and low national debt. Nigeria also benefits from a relatively large market (42nd), providing its companies with opportunities for economies of scale. Factor markets also function relatively well by regional standards, with goods, labour, and financial markets ranked 62nd, 61st, and 57th, respectively. On the other hand, Nigeria's economy is characterized by weak institutions (ranked 102nd), including a serious security problem (117th), high levels of corruption (122nd), and government spending that is perceived as wasteful (120th). It also receives poor assessments for its infrastructure (127th) as well as health and primary education (132nd). In addition, the country is not harnessing the latest technologies for productivity enhancements, as demonstrated by its low rates of ICT penetration.

Africa Competitiveness Report Top Ten

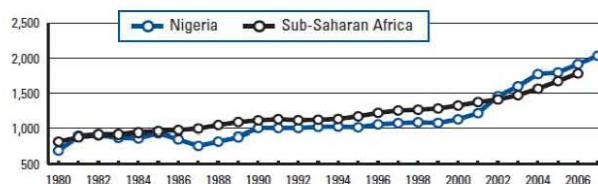
Rank	Country	Score
1	Tunisia	4.6
2	South Africa	4.4
3	Botswana	4.2
4	Mauritius	4.2
5	Morocco	4.1
6	Namibia	4.0
7	Egypt	4.0
8	The Gambia,	3.9
9	Kenya	3.8
10	Nigeria	3.8

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

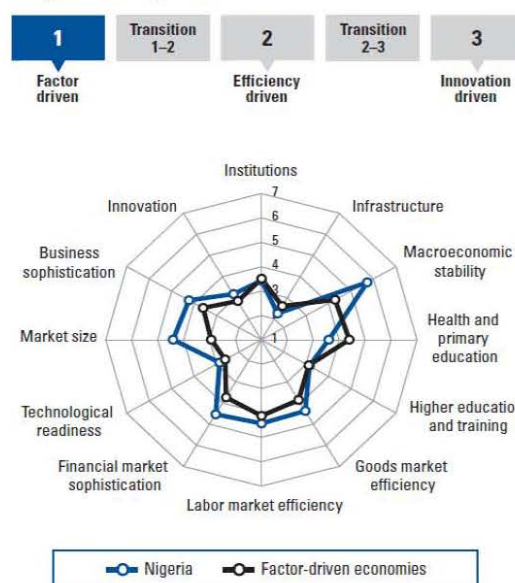
GDP (PPP US\$) per capita, 1980–2007



Global Competitiveness Index

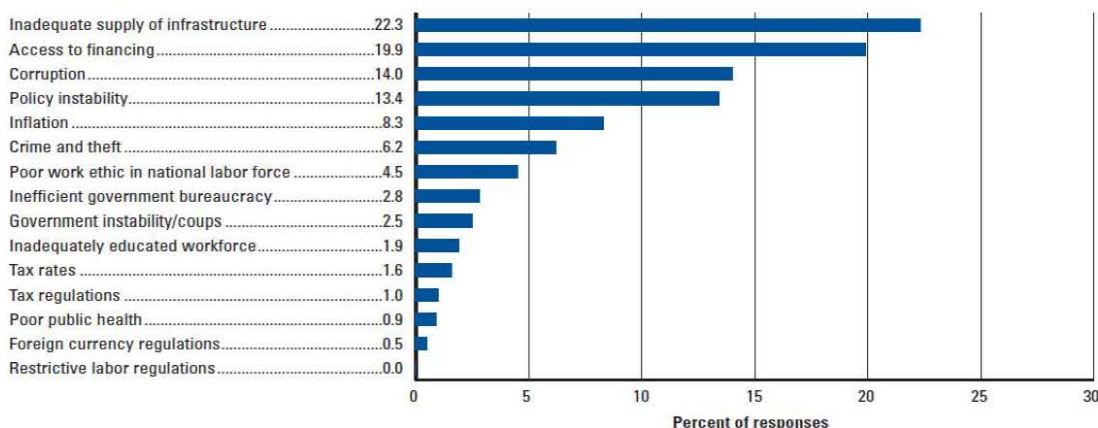
	Rank (out of 134)	Score (1–7)
GCI 2008–2009	94	3.8
GCI 2007–2008 (out of 131)	95	3.7
GCI 2006–2007 (out of 122)	95	3.6
Basic requirements	105	3.7
1st pillar: Institutions	106	3.4
2nd pillar: Infrastructure	120	2.2
3rd pillar: Macroeconomic stability	26	5.7
4th pillar: Health and primary education	126	3.6
Efficiency enhancers	71	4.0
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
Innovation and sophistication factors	64	3.7
11th pillar: Business sophistication	61	4.2
12th pillar: Innovation	65	3.2

Stage of development



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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

INDICATOR	RANK/134
1st pillar: Institutions	
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
2nd pillar: Infrastructure	
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
3rd pillar: Macroeconomic stability	
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
4th pillar: Health and primary education	
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
5th pillar: Higher education and training	
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
6th pillar: Goods market efficiency	
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
7th pillar: Labor market efficiency	
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
8th pillar: Financial market sophistication	
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
9th pillar: Technological readiness	
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
10th pillar: Market size	
10.01 Domestic market size*	41
10.02 Foreign market size*	31
11th pillar: Business sophistication	
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
12th pillar: Innovation	
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

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NIGERIA'S DEVELOPMENT PARTNERS

ANNEX 4A

ANNUAL DISBURSEMENTS (USD million)

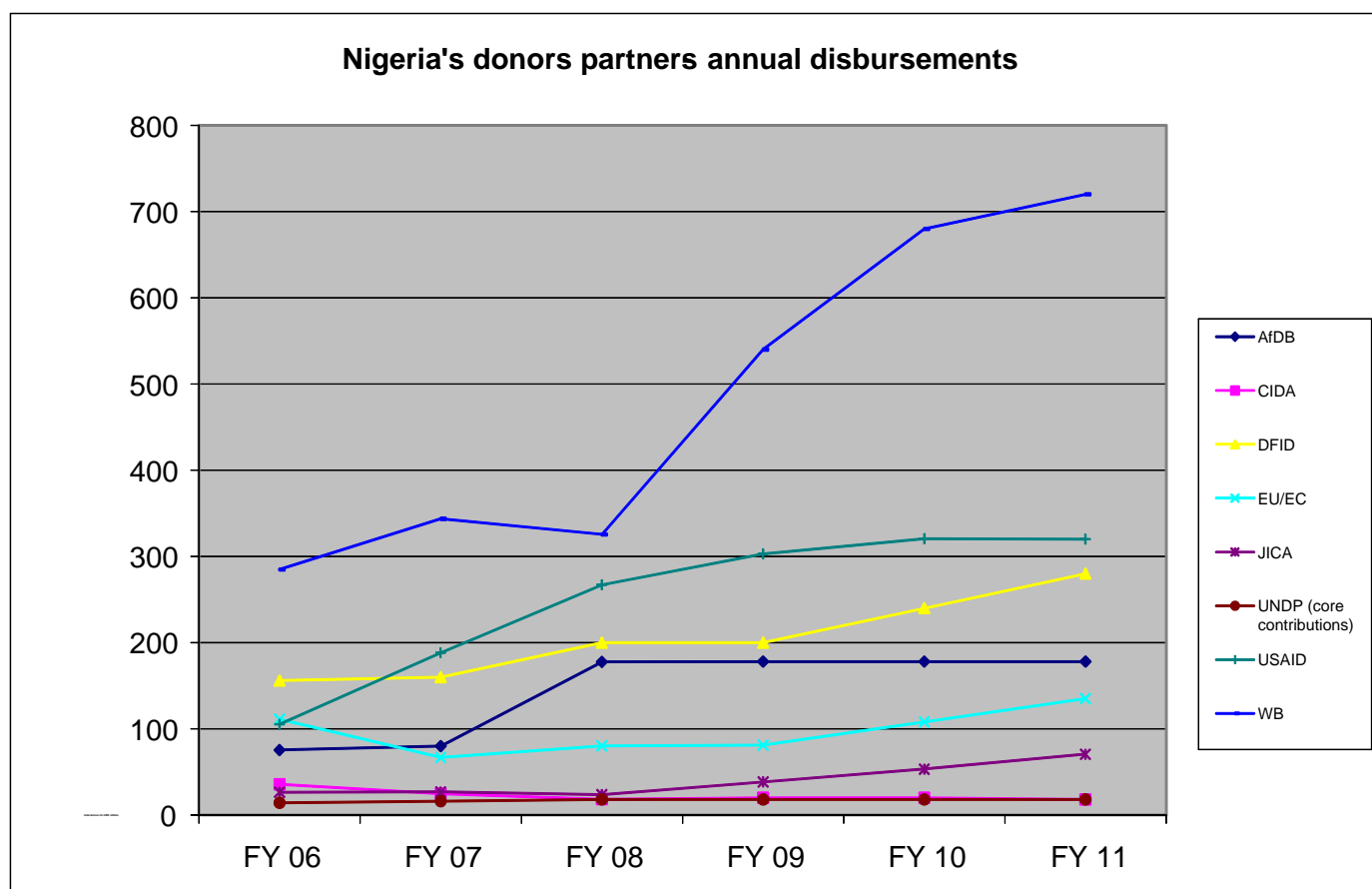
update: 10 January 2009

AGENCY	Financial Year	average rate	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
DISBURSEMENTS								
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
TOTAL			809	906	1110	1378	1618	1740

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
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	
Total	90	15	10	15	6	32	9	21	10	28	8	11	9	8	19	20	14	12	16	30	30	11	9	7	14	29	20	13	13	16	7	10	11	14	15	8	13	15

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. Rivers 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.

Nigeria

YEAR Decision	CRIS nbr Decision	TITLE of Project	Accounting nbr OLAS	ALLOCATED DECISION	Situation 01/01/2010			
					Contracted	Paid	RAC	RAP
				619,899,852	541,574,435	435,202,851	78,325,416	106,371,585
1989	7737	RURAL ELECTRIFICATION	09-ACP UNI-021	11,376,412	11,311,049	11,062,492	65,363	248,557
1999	14656	MICRO-PROJECTS IN THE NIGER DELTA - MPP3	09-ACP UNI-022	17,500,000	17,353,831	17,318,060	146,169	35,771
1999	14662	ECONOMIC MANAGEMENT CAPACITY PROJECT (EMCAP)	09-ACP UNI-023	8,900,000	8,859,969	8,725,706	40,031	134,262
2000	15195	SMALL TOWNS WATER SUPPLY & SANITATION PROGRAMME (STWSSP)	09-ACP UNI-024	15,000,000	14,129,816	7,274,154	870,184	6,855,662
2000	15240	DEMOCRACY PROGRAMME SUPPORTING NIGERIAN PARLIAMENT	09-ACP UNI-025	1,203,000	1,203,000	1,085,799	0	117,201
2000	15287	MICRO PROJECTS PROGRAMME IN NIGER DELTA - MPP6	09-ACP UNI-026	42,000,000	41,638,893	40,647,184	361,107	991,709
2001	15568	PRIME-PARTNERSHIP TO REINFORCE IMMUNISATION EFFICIENCY	09-ACP UNI-014;09-ACP UNI-027	97,400,000	95,676,698	86,679,043	1,723,302	8,997,654
2003	16453	TCF - TECHNICAL COOPERATION FACILITY	09-ACP UNI-001	5,360,000	5,165,360	5,165,360	194,640	0
2004	16911	2005 census support initiative	09-ACP UNI-005	116,500,000	116,228,555	115,456,474	271,445	772,081
2004	16958	Support to reforming Institutions Programme (SRIP)	09-ACP UNI-007	24,100,000	18,197,121	13,639,545	5,902,879	4,557,576
2004	17403	SUPPORT TO THE OFFICE OF THE NAO	09-ACP UNI-004	6,500,440	5,718,114	4,349,701	782,326	1,368,413
2004	17424	WATER SUPPLY AND SANITATION SECTOR REFORM PROGRAMME (WSSSRP)	09-ACP UNI-006	87,000,000	84,071,980	49,178,711	2,928,020	34,893,269
2005	17773	SUPPORT TO LAW ENFORCEMENT AGAINST ECONOMIC&FINANCIAL CRIME	09-ACP UNI-008	24,700,000	24,699,652	23,858,971	348	840,681
2005	17786	SUPPORT TO THE CAMEROON/NIGERIA DEMARCATION PROJECT	09-ACP CM-007;09-ACP UNI-009	4,000,000	3,950,000	1,275,501	50,000	2,674,499
2005	17788	Infectious disease control	09-ACP UNI-010	15,460,000	14,724,081	5,304,421	735,919	9,419,659
2006	18714	Technical Cooperation Facility (TCF) II	09-ACP UNI-015	4,000,000	1,177,120	832,522	2,822,880	344,598
2006	20738	INCREASING NON STATE ACTORS' IMPLEMENTATION AND DEVELOPMENTAL EXPERTISE - INSIDE	09-ACP UNI-013	20,000,000	6,752,800	1,828,910	13,247,200	4,923,890
2007	19317	Support to the Office of the NAO II	09-ACP UNI-018	4,000,000	2,680,148	965,508	1,319,852	1,714,640
2007	19339	Support to Nigeria Electoral Cycle 2006-2011	09-ACP UNI-011	40,000,000	40,000,000	31,280,203	0	8,719,797
2007	20794	MPP9-MICROPROJECT PROGRAMME IN THE 9 NIGER DELTA STATES OF NIGERIA AND INTEGRATED COMMUNITY DEVELOPMENT INITIATIVE PILOT	09-ACP UNI-016;09-ACP UNI-017	45,500,000	10,704,447	3,350,246	34,795,553	7,354,201
2007	20813	SUPPORT TO REFORMING INSTITUTIONS PROGRAMME (SRIP) PHASE II	09-ACP UNI-019;09-ACP UNI-020	29,400,000	17,331,804	5,924,338	12,068,196	11,407,466

5. B REGIONAL AND INTRA-ACP PROJECTS

JAR 2009 - All ACP programmes - projects financed in Nigeria

					FINANCIAL SITUATION END 2008		
YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0	TITLE INDIVIDUAL COMMITMENT	END date of implementation°	AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	STILL TO BE PAID
		N° INDIV COMMIT.					
2005	9ACP RPR39	10	UNI - CONCERN UNIVERSAL - INTEGRATED RURAL WATER SUPPLY AND	03/07/2009	491 583	442,424.70	49,158.30
2006	9ACP RPR50	23	UNI: CLOSING THE GAP : IMPROVING WATER SUPPLY AND SANITATION	01/10/2011	2 925 063	1,156,939.54	1,768,123.41

5. C ONGOING BUDGET LINES PROJECTS

Reference	Title	DAC Sector	Budget line	Total Cost (EUR)	EU contribution (EUR)	Paid (EUR)
ONG-PVD/2003/020-744	REPRODUCTIVE HEALTH CARE IMPROVEMENT AT COMMUNITY LEVEL ROTARY DEUTSCHLAND GEMEINDIENST EV (Germany)	Reproductive health care	21.030100	190,000.00	142,500.00	142,500.00
DDH/2003/060-026	Monitoring and Consolidating Democracy in Nigeria through enhancing Civil Society's role in Public Budgets, and Influencing the Allocation and Management of Public Expenditure JUSTICE, DEVELOPMENT AND PEACE COMMISSION CATHOLIC DIOCESE OF IJEBU-ODE (Nigeria)	Human rights	19.040300	1,059,275.00	976,048.00	976,048.00
DDH/2003/062-521	MANAGEMENT AND RESOLUTION OF SHARIA INFLUENCED CONFLICTS IN COMMUNITIES IN NORTHERN NIGERIA INTERNATIONAL CENTRE FOR GENDER AND SOCIAL RESEARCH INCORPORATED TRUSTEES (Nigeria)	Human rights	19.040500	833,036.00	749,732.00	749,732.00
DDH/2004/063-893	Increasing Citizen Participation in governance through Public Finance Analysis ACTIONAID CO LTD (United Kingdom)	Human rights	19.040500	1,866,208.00	1,492,966.00	1,433,473.32

Reference	Title	DAC Sector	Budget line	Total Cost (EUR)	EU contribution (EUR)	Paid (EUR)
ONG-PVD/2004/064-321	INITIATIVE TO PROMOTE A CO-ORDINATED, SUSTAINABLE AND COST-EFFECTIVE APPROACH LEADING TO UNIVERSAL ACCESS TO WATER AND SANITATION SERVICES IN NIGERIA WATERAID LBG (United Kingdom)	Basic drinking water supply and basic sanitation	21.030100	2,346,840.70	557,609.35	557,609.35
DDH/2005/088-403	Budget monitoring through the Nigerian media THE BBC WORLD SERVICE TRUST (United Kingdom)	Human rights	19.040500	1,554,683.00	1,243,746.00	1,119,371.40
DDH/2005/088-828	The Nigeria Law Project Phase 2 THE LAW SOCIETY (United Kingdom)	Human rights	19.040500	1,251,820.00	1,001,456.00	901,310.40
DDH/2005/089-443	Strengthening Budget Transparency through Public Participation: Monitoring NEEDS and SEEDS in Nigeria: CENTRE FOR DEMOCRACY AND DEVELOPMENT CDD INCORPORATED TRUSTEE (Nigeria)	Human rights	19.040500	1,496,502.00	1,200,000.00	1,095,903.00
DDH/2005/089-955	PROJECT ON GENDER BUDGET TRANSPARENCY AND ACCOUNTABILITY DEVELOPMENT INITIATIVES NETWORK LBG (Nigeria)	Human rights	19.040500	200,000.00	150,000.00	135,000.00
ONG-PVD/2005/094-798	CROSS RIVER STATE RURAL WATER SUPPLY AND SANITATION PROJECT - NIGERIA CONCERN UNIVERSAL (United Kingdom)	Water supply and sanitation - large systems	21.030100	949,702.00	712,276.00	515,705.00

Reference	Title	DAC Sector	Budget line	Total Cost (EUR)	EU contribution (EUR)	Paid (EUR)
	Kingdom)					
DDH/2005/097-705	Kudra, KIND's Young Women's Leadership Programme KUDIRAT INITIATIVE FOR DEMOCRACY LBG (Nigeria)	Human rights	19.040500	108,798.00	99,006.00	60,637.00
DDH/2005/097-737	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. LEGAL DEFENCE AND ASSISTANCE PROJECT LTD GTE (Nigeria)	Human rights	19.040500	96,951.00	89,194.92	80,275.43
DDH/2005/097-741	Supporting Women's Entry into Politics Towards the 2007 Elections and Promoting Gender Equitable Governance in the South- Western States of Nigeria. GENDER AND DEVELOPMENT ACTION LIMITED BY GUARANTEE (Nigeria)	Human rights	19.040500	99,762.00	93,276.00	93,276.00
DDH/2005/097-751	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. INTERNATIONAL PRESS	Human rights	19.040500	94,023.00	88,382.00	38,806.00

Reference	Title	DAC Sector	Budget line	Total Cost (EUR)	EU contribution (EUR)	Paid (EUR)
	CENTRE (Nigeria)					
DDH/2005/097-771	Building Civil Society Capacity for Effective Project Management, Gender Mainstreaming and Electoral Reforms through Advocacy and Lobbying of Government. TRANSITION MONITORING GROUP INCORPORATED TRUSTEE (Nigeria)	Human rights	19.040500	96,325.00	91,508.00	73,206.00
DDH/2005/097-777	Advocacy on the Freedom of Information Bill MEDIA RIGHTS AGENDA (Nigeria)	Human rights	19.040500	74,044.00	70,000.00	56,000.00
DDH/2005/098-212	Promoting Human Rights in Nigeria: A Project to Foster Human Rights Informatics through Capacity Building CIVIL LIBERTIES ORGANISATION (Nigeria)	Human rights	19.040500	114,621.00	96,281.00	60,042.00
DDH/2005/098-217	Human Rights Monitoring and Investigation Project (HURMIP) CENTRE FOR CONSTITUTIONALISM AND DEMILITARISATION (Nigeria)	Human rights	19.040500	100,000.00	95,000.00	85,500.00
DDH/2005/098-274	Paralegal Training/Human Rights Education Workshop for Nigerian Women and Men at the Grassroots CENTRE FOR WOMEN STUDIES AND INTERVENTION (Nigeria)	Human rights	19.040500	42,896.00	40,322.00	40,322.00
SANTE/2005/100-664	Integrated Sexual and reproductive Health and Service Delivery in Northern Nigeria STICHTING OXFAM NOVIB	Reproductive health care	21.050300	2,064,865.00	1,800,000.00	1,620,000.00

Reference	Title	DAC Sector	Budget line	Total Cost (EUR)	EU contribution (EUR)	Paid (EUR)
	(Netherlands (The))					
DDH/2005/104-145	Media Advocacy on Women's Reproductive Rights in Enugu State WOMEN INFORMATION NETWORK (Nigeria)	Human rights	19.040500	82,453.48	78,330.81	70,497.00
DDH/2005/109-973	Creating Awareness and Providing Support for Victims of Gender-Based Violence CLEEN FOUNDATION (Nigeria)	Human rights	19.040500	79,107.00	75,152.00	72,801.00
DDH/2005/110-221	Campaign Against Holding Charge THE HUMAN RIGHTS LAW SERVICE INCORPORATED TRUSTEES (Nigeria)	Human rights	19.040500	99,696.00	92,717.00	74,221.42
DDH/2005/110-234	SUPPORT FOR WIDOWS WHO ARE VICTIMS OF ABUSE IN ENUGU STATE WIDOWS DEVELOPMENT ORGANISATION INCORPORATED TRUSTEES (Nigeria)	Human rights	19.040500	95,000.00	71,250.00	71,250.00
DDH/2006/111-712	Technical Evaluation of 2003/2004 EIDHR Micrpo projects in Nigeria: Use of BA Credit- Diana Gimba GIMBA (Nigeria)	Human rights	19.040300	550.00	550.00	550.00
DDH/2007/117-706	MAKING THE VOTES COUNT: PROMOTING CITIZENS PARTICIPATION AND PROTECTION OF THEIR MANDATE DURING THE 2007 LOCAL GOVERNMENT ELECTIONS IN NIGERIA TRANSITION MONITORING GROUP INCORPORATED TRUSTEE (Nigeria)	Elections	19.040500	736,350.46	589,080.36	451,672.35

Reference	Title	DAC Sector	Budget line	Total Cost (EUR)	EU contribution (EUR)	Paid (EUR)
ONG-PVD/2006/118-727	Livelihood Enhancement Alternatives Project (LEAP) - NIGERIA CONCERN UNIVERSAL (United Kingdom)	Human rights	21.030100	681,611.59	511,208.69	464,774.52
ONG-PVD/2006/119-055	Empowering Less-Privileged South-Eastern Nigerian Women through Human Promotion and Professional Skill Acquisition INSTITUT EUROPEEN COOPERATION DEVELOPPEMENT (France)	Basic health care	21.030100	985,909.31	693,587.19	284,231.79
ONG-PVD/2006/119-131	Improving Primary Health Care for Rural Poor Communities in Northern Nigeria CATHOLIC AGENCY FOR OVERSEAS DEVELOPMENT TRUST (United Kingdom)	Basic health care	21.030100	1,705,943.11	733,555.54	470,379.00
DDH/2006/125-636	Electoral Malpractices Counterpoise Project CIVIL SOCIETY FOR POVERTY ERADICATION INCORPORATED TRUSTEES (Nigeria)	Human rights	19.040500	93,912.83	89,217.19	89,217.19
DDH/2006/125-651	Advocating for Enforcing Inheritance Rights in South East Nigeria THE HUMAN RIGHTS LAW SERVICE INCORPORATED TRUSTEES (Nigeria)	Human rights	19.040500	88,991.00	82,761.63	71,192.80
DDH/2006/125-656	Making the Votes Count: Promoting Citizens' Participation and Protection of their Mandate During the 2007 Elections TRANSITION MONITORING GROUP INCORPORATED TRUSTEE (Nigeria)	Human rights	19.040500	97,206.56	92,346.24	77,765.25

Reference	Title	DAC Sector	Budget line	Total Cost (EUR)	EU contribution (EUR)	Paid (EUR)
DDH/2006/126-143	Voters Mobilization and Electoral Mandate Protection Advocacy Project for Students in Tertiary Institutions in Nigeria FEMALE LEADERSHIP FORUM INCORPORATED TRUSTEES (Nigeria)	Human rights	19.040500	98,001.30	91,876.22	82,688.59
DDH/2006/126-196	Enhancing Effective Popular Participation in Local Government Democratic Elections JUSTICE, DEVELOPMENT AND PEACE CENTRE CATHOLIC ARCHDIOCESE OF IBADAN INCORPORATED TRUSTEES (Nigeria)	Human rights	19.040500	91,079.33	86,525.36	58,732.83
DDH/2006/126-197	Promoting the Integrity of the Electoral Process through Increased Capacity Building for Local Organizations COMMUNITY ACTION FOR POPULAR PARTICIPATION INCORPORATED TRUSTEES (Nigeria)	Human rights	19.040500	81,359.79	77,291.80	77,291.80
DDH/2006/126-198	Youth for the Sustenance of Democracy Project LINKING THE YOUTH OF NIGERIA THROUGH EXCHANGE INCORPORATED TRUSTEES (Nigeria)	Human rights	19.040500	71,787.13	68,197.78	67,661.85
DDH/2006/126-199	Safeguarding and Defending Democratic Choice and Mandate of the People of the North West Zone of Nigeria through Innovative Non-Violent Resistance Strategies HUMAN RIGHTS MONITOR INCORPORATED TRUSTEES	Human rights	19.040500	71,514.48	67,938.76	67,938.76

Reference	Title	DAC Sector	Budget line	Total Cost (EUR)	EU contribution (EUR)	Paid (EUR)
	(Nigeria)					
DDH/2006/126-200	Mobilizing PLWHA Groups for Improving Access to HIV/AIDS Related Treatment in six States across Nigeria and the Federal Capital Territory AIDS ALLIANCE IN NIGERIA INCORPORATED TRUSTEES (Nigeria)	Human rights	19.040500	79,203.83	72,866.76	53,236.32
DDH/2006/126-201	Enhancing Women Participation in Democratic Governance in Nigeria WOMEN'S AID COLLECTIVE LBG (Nigeria)	Human rights	19.040500	98,627.79	98,627.79	76,788.98
SANTE/2007/127-608	Enhancing Essential Sexual Reproductive Health and HIV/AIDS Care in Post Conflict and Internally Displaced Persons communities in Nigeria ACTIONAID CO LTD (United Kingdom)	Reproductive health care	21.050300	2,224,710.08	2,002,239.08	379,781.10
ONG-PVD/2007/135-213	STRENGTHENING THE LIVELIHOODS OF SMALL SCALE FARMERS IN NIGERIA OXFAM GB LBG (United Kingdom)	Agricultural development	21.030100	1,009,591.60	713,460.00	444,631.89
DDH/2007/137-593	Promoting Gender Mainstreaming in Governance through Civic Education and Electoral Process in the Build up to 2011 Elections WOMEN ENVIRONMENTAL	Human rights	19.040500	87,651.90	70,121.52	70,038.60

Reference	Title	DAC Sector	Budget line	Total Cost (EUR)	EU contribution (EUR)	Paid (EUR)
	PROGRAMME LBG (Nigeria)					
DDH/2007/137-742	Advocacy for the Reform of Election Petition Rules in Nigeria THE HUMAN RIGHTS LAW SERVICE INCORPORATED TRUSTEES (Nigeria)	Elections	19.040500	98,783.90	91,869.03	88,452.82
DDH/2007/137-876	Building the Capacity of Women & Minority Communities in 3 States of Northern Nigeria LEAGUE FOR HUMAN RIGHTS LIMITED BY GUARANTEE (Nigeria)	Human rights	19.040500	87,993.54	78,217.45	49,805.13
DCI-NSAPVD/2008/149-029	Building Civil Society Organisations and Local government capacity to contribute to the achievements of the Water and Sanitation MDGs in Nigeria (States of Plateau and Bauchi) WATERAID LBG (United Kingdom)	Water supply and sanitation - large systems	21.030200	1,199,284.35	899,463.26	242,452.35
DCI-NSAPVD/2008/149-145	Sustainable Water, Sanitation & Hygiene (WASH) Project CONCERN UNIVERSAL (United Kingdom)	Water supply and sanitation - large systems	21.030100	1,150,834.74	863,126.05	265,974.52
DCI-NSAPVD/2008/149-518	Local Governance: Participation, Collaboration & Transparency (LG PACT) CONCERN UNIVERSAL (United Kingdom)	Democratic participation and civil society	21.030100	1,195,735.06	896,801.30	343,024.78

Reference	Title	DAC Sector	Budget line	Total Cost (EUR)	EU contribution (EUR)	Paid (EUR)
DCI-ENV/2008/152-374	Sustainable Utilisation of Nigeria's Gas and Renewable Energy Resources INTERNATIONAL INSTITUTE FOR ENVIRONMENT AND DEVELOPMENT LBG (United Kingdom)	Energy policy and administrative management	21.040100	2,872,190.00	2,297,752.00	374,085.76
DCI-HUM/2009/155-053	Community Partnerships Against Child Trafficking (Community PACT) CONCERN UNIVERSAL (United Kingdom)	Human rights	21.050103	399,875.18	359,887.67	0.00
DCI-ENV/2008/156-181	Integrated Mangrove Forest Management Initiative CONCERN UNIVERSAL (United Kingdom)	Forestry policy and administrative management	21.040100	1,399,222.00	1,119,377.00	261,875.20
EIDHR/2008/159-279	Enhancing the Capacity of Local Civil Society Groups to Claim Civil and Political Rights in Nigeria's Niger Delta Region CPED CENTRE FOR POPULATION AND DEVELOPMENT (Nigeria)	Democratic participation and civil society	19.040100	690,456.00	552,364.80	308,305.92
EIDHR/2008/159-698	Placement of Notice in 3 National Newspapers for 2007 European Instrument for Democracy & Human Rights Country-Based Support Scheme Call for Proposals IHEANACHO (Nigeria)	Human rights	19.040100	3,814.00	3,814.00	3,814.00
EIDHR/2008/161-612	Hiring of Hotel Halls for 2007 European Instrument for Democracy & Human Rights Country-Based Support Scheme Call for Proposals Information Seminars SNOWBALL TRAVELS AND TOURS LIMITED (Nigeria)	Human rights	19.040100	10,000.00	10,000.00	10,000.00

Reference	Title	DAC Sector	Budget line	Total Cost (EUR)	EU contribution (EUR)	Paid (EUR)
EIDHR/2009/168-404	PROMOTING THE POLITICAL PARTICIPATION OF WOMEN AND THE MARGINALIZED GROUPS IN THE POLITICAL PROCESS IN 3 STATES OF NORHT-EASTERN NIGERIA INTERNATIONAL CENTRE FOR GENDER AND SOCIAL RESEARCH INCORPORATED TRUSTEES (Nigeria)	Human rights	19.040100	119,223.01	95,378.41	0.00
EIDHR/2009/168-715	Basic Human Rights Training for People Living With HIV/AIDS (PLWHA) and Health care Personnel involved in their Support, Treatment and Care SOCIO ECONOMIC RIGHTS INITIATIVE (LIMITED BY GUARANTEE) (Nigeria)	Human rights	19.040100	114,512.74	91,610.19	0.00
EIDHR/2009/168-768	Increasing Women`s Participation in Governance of Political Parties in Nigeria LEGAL DEFENCE AND ASSISTANCE PROJECT LTD GTE (Nigeria)	Human rights	19.040100	119,079.81	95,263.85	0.00
EIDHR/2009/168-770	Project to Strengthen Legal Protection against Torture in Nigeria (Project -SLEPTORN) ACCESS TO JUSTICE (AJ) INCORPORATEDTRUSTEES (Nigeria)	Human rights	19.040100	152,564.10	92,697.95	0.00
EIDHR/2009/169-013	Promoting Women`s Participation in Politics and Access to Political Leadership in Plateau State COMMUNITY BASED DEVELOPMENT FORUM INC TRUSTEES (Nigeria)	Human rights	19.040100	95,907.67	76,726.14	0.00

Reference	Title	DAC Sector	Budget line	Total Cost (EUR)	EU contribution (EUR)	Paid (EUR)
EIDHR/2009/169-269	Guaranteeing the Due Process Rights of Accused Persons and Degrading the Prevalence of and Use of Torture by Security Agencies and Vigilante Groups in the North West Zone of Nigeria HUMAN RIGHTS MONITOR INCORPORATED TRUSTEES (Nigeria)	Human rights	19.040100	100,278.56	80,222.85	0.00
EIDHR/2009/169-373	ADVOCACY FOR DEATH PENALTY MORATORIUM AND ABOLITION IN NIGERIA THE HUMAN RIGHTS LAW SERVICE INCORPORATED TRUSTEES (Nigeria)	Human rights	19.040100	96,078.25	76,862.60	0.00
DCI-SANTE/2009/170-148	Building civil society capacity for advocacy on sexual and Reproductive Health and Rights in Nigeria CPED CENTRE FOR POPULATION AND DEVELOPMENT (Nigeria)	Reproductive health care	21.050101	1,230,662.00	1,107,595.80	0.00

5. D EIB PROJECTS AS PER CLOSURE OF THE FINANCIAL YEAR 2009

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
Total					273 966 942,15

*Source: EIB

*No new projects in 2009

* No new projects in 2009

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/m²/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 m³ 69.9 million, of which m³ 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 diarrhoea 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 CO₂ 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 CO₂ 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* (10th 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/ACHIEVEMENTS AGAINST TARGETS

Programme/project	Targets	OVI	Achievements in 2009 against targets	OVI	Conclusion																					
FOCAL SECTOR 1: WATER AND SANITATION	<ul style="list-style-type: none"> Federal level Adoption of legal framework for water sector State and local level Increased availability of potable water in six focal states Improved sanitation facilities across six focal states More effective hygiene education in six focal states Dissemination of lessons learnt to non-focal states and contribution to national water policy (CSP 9th EDF 2001-2007) 	<ul style="list-style-type: none"> Increased % of population with access to potable water (rural/urban), over time Increased % of population with access to proper sanitation facilities, over time Decreased prevalence of water-borne diseases, over time (CSP 9th EDF 2001-2007) 	<p>Federal level</p> <ul style="list-style-type: none"> Production of final draft of the National Water Resources Bill for subsequent transmission to the National Assembly for passage into Water Law Assessment of the states works contract procedures and agreement on the implementation of the cost sharing formula for water supply and sanitation works. Adoption of Community-Led Total sanitation approach in the rural areas as an effective means for access to improved sanitation.. Partial contribution to state and local level targets (ongoing) 	N.A.	<p>In 2009 the EC programmes in the W&S sector have contributed to some of the targets (adoption of legal framework in the sector, sensitisation and education). However, SRIP 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"> To strengthen/build institutional capacities of the National Water Resources Institute, the state and local governments water agencies Community ownership and management of water supply and sanitation in small towns To develop people oriented 	<ul style="list-style-type: none"> 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) <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"> % of reduction in the distance to the improved water source Average time saving (hours/week) for fetching water <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"> Supported a sensitization meeting with National Assembly's House Committee on Water Resources on the Draft National Resources Water Bill. The meeting quickened the Ministry's harmonization of the Draft Water Bill with the "Four Agency Bills" and brought the House members to the knowledge of the existence of the 	N.A.	<p>The Water Supply and Sanitation Sector Reform Programme (WSSSRP) is still ongoing up to 31 July 2011. An interim review mission is on January/February 2010 to define areas where the programme can make impact within the period remaining under the programme. WSSSRP is a relevant programme for the necessary reforms in the Nigerian water and sanitation sector. Strong support of the governments at federal and state levels is required for the</p>
	Water supply	Sanitation																								
Plateau	15%	9%																								
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Programme/project	Targets	OVI	Achievements in 2009 against targets	OVI	Conclusion
	and accountable water supply and sanitation sector in Nigeria.		<p>draft Bill. .</p> <ul style="list-style-type: none"> ● Undertook a review of progress by the focal to prepare the water policies in the States. Two of the States (Kano and Osun) have approved water policies, which are being codified into law for enactment; three States (Anambra, Jigawa and Yobe) have prepared policies but yet to get State Governments' approval. Cross River is yet to finalised draft policy. ● Carried out a comprehensive review of the status of the WSSSRP in the 6 States. Areas covered include progress in legal, regulatory, institutional and commercial framework; Institutional reform including private sector participation; Community water management, Monitoring and Evaluation. Results of the review were used to direct activities of the STU's for maximum impact and sustainability. ● Capacity building on IWRM through the implementation of pilot integrated river basin activities in 		success and sustainability of the programme.

Programme/project	Targets	OVI	Achievements in 2009 against targets	OVI	Conclusion
			<p>two river basins (Cross River and Hadejia Jama'are). Hydrological and groundwater monitoring equipment were procured for the two IWRM institutions in the basins. On-the-job training have been provided in the two basins for water resources data collection. Data collection is ongoing in the basins.</p> <ul style="list-style-type: none"> ● Promoted and strengthened Community-Led Total Sanitation approach which has produced tremendous impact in access to safe sanitation in the communities. 8,500 new latrines have been constructed under the CLTS (Community-led total Sanitation approach) by the communities without any subsidies by the Programme ● Successfully launched 65 water and sanitation works tenders through Local open tender procedure whose contracts are to be awarded early in 2010. ● Completion of 500 boreholes, serving an estimated 206,500 people. Construction work is ongoing on 		

Programme/project	Targets	OVI	Achievements in 2009 against targets	OVI	Conclusion
			1,210 new boreholes •		
FOCAL SECTOR 2: INSTITUTIONAL AND ECONOMIC REFORM	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"> • Transparent state and local governance in six focal states • Administrations reorganised to improve service delivery • Dissemination of lessons learnt to non-focal states and contribution to national water policy (CSP 9th EDF 2001-2007) 	In each focal state: <ul style="list-style-type: none"> • % of population in poverty • Level of literacy by age-group, life expectancy, infant mortality, prevalence of water-borne diseases • Statistics (school attendance, visits to clinics, availability of medicines, schoolbooks ...) • Survey measures of effectiveness of state and local spending (value of services delivered as % of expenditure) (CSP 9th EDF 2001-2007) 	N.A.	N.A.	
Support to Reforming Institutions Programme (SRIP)	<ul style="list-style-type: none"> • 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. 	See FA	<ul style="list-style-type: none"> • IT equipment valued €3.8 million were delivered in the 6 states in December 2009. Training of users of the equipment will be completed by the end of January 2010. • Call for Proposals for the award of small grants under each of the 6 states' OPEs, was launched in September 2009; and administrative checks on 		The attitude of state and local authorities officials towards the budgeting process started to change positively; just as CSOs braced up to engage government constructively in the implementation of 2009 budget. For instance, 3 out of the 6 states produced their medium strategic plans with assistance from SRIP; while there were reports of involvement of civil societies in the preparation/monitoring of these

Programme/project	Targets	OVI	Achievements in 2009 against targets	OVI	Conclusion
			<p>applications received in respect of the Call were concluded in December 2009.</p> <ul style="list-style-type: none"> • Short term expertise was provided, through the TA contract, to assist governments in the 6 states in planning and producing the 2009 state budgets – including drafting of their medium term strategic plans 		plans as well as the states' budgets for 2009
EU Support to law enforcement against economic and financial crimes	<ul style="list-style-type: none"> • 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) 	See FA	<ul style="list-style-type: none"> • Media and Publicity Unit has been equipped. Print shop pending installation. • Legal and Prosecution Unit has been equipped including on-line research facilities • Forensic and Science Laboratory (FSL) installed. Including on-line training for FSL staff. • Network Communications among 8 EFCC locations in Nigeria (servers, VSAT, fibre-optic links) • EFCC Capacity Building through training in the TRI • goAML software extended and functioning to track money laundering transactions • IT infrastructure: multiples office buildings (hardware, workstations). • Commissioning of 3 Judicial Research Centres (Kaduna, Katsina and Benue) 		There was remarkable improvement in the fight against corruption and financial crimes which led to improvement in the rating of the country Transparency International.

Programme/project	Targets	OVI	Achievements in 2009 against targets	OVI	Conclusion
			<ul style="list-style-type: none"> • Survey of business attitudes to corruption and economic crimes • Implementation and expansion of the Anti-Corruption revolution (ANCOR) Several Anti-corruption day events 2009 • Assessment of judicial capacity in the context of the National Strategic Judicial reform • Support to preparation of State Action Plans: 8/10 finalised, published and disseminated • State judicial representatives trained and 6 court users guides produced • Electronic court recording equipment procured for each of the 10 pilot states • 80 judicial and NJI officials have been trained in ADR and 120 magistrates in judicial ethics • Among the national agencies fighting corruption and graft EFCC has achieved more arrests, prosecution and convictions of offenders not necessarily restricted to top profile cases. 		
Census	<ul style="list-style-type: none"> • Data analysis and dissemination, and ensuring high-quality implementation of the census database. (main text) 	See FA	<ul style="list-style-type: none"> • The Contract of the Census Data Base and Geoportal was signed in December 2007. The equipment has been installed in April 2009 and training to NPoPC staff has been carried out 		. The hardware and software is in place is in place, the DevInfo as been installed but according to the Test Assessment carried out by the external supervision team in December 2009, the Geo-Portal is not fully operational.

Programme/project	Targets	OVI	Achievements in 2009 against targets	OVI	Conclusion
Elections	<ul style="list-style-type: none"> Support to the Electoral reform Committee (ERC). (main text) 	See FA	<ul style="list-style-type: none"> 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) 		Support to the electoral cycle still awaiting government decision on recommendations of the ERC.
NON FOCAL SECTORS					
MPP9	<ul style="list-style-type: none"> 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 . Institutionalising reforms resulting in local and state governments to provide infrastructural facilities, income generation activities as well as promoting transparency. 		<ul style="list-style-type: none"> Activities started in April 2009. IMPACT forms and Call For proposals launched in accordance to the Loge frame IMPACT forms received and have been evaluated 7 out of the 9 MOUs signed with the state governments in the Niger Delta States 		The programme is in the first stages.
HEALTH SECTOR			<ul style="list-style-type: none"> 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 federal, state and local government levels 		

Programme/project	Targets	OVI	Achievements in 2009 against targets	OVI	Conclusion
			<p>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 30th, 2009 and expanded to cover 17 additional states.</p> <ul style="list-style-type: none"> 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 TA was mobilised in September 2007. The Project had some initial challenges and is now in its final OPE 2. 		
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"> providing vaccines, materials, equipment and logistic support, capacity building for staff and the health institutions at the federal, state and local government levels 	See FA	<p>PRIME main achievements in 2009 have been the following:</p> <ul style="list-style-type: none"> 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. 		<p>Achieved targets within the relatively short time of its operation leading to the extension of the programme to June 30th, 2009 with provision to cover 17 additional states.</p> <p>Good knowledge of EDF procedures and operating environment contributed to the success recorded</p>
SRIK	<ul style="list-style-type: none"> The project was designed to reduce mortality for children less than 5 years of 	See FA	<ul style="list-style-type: none"> Tender Dossiers for supplies and works under the OPE 2 being concluded. 		<p>The Support to Routine immunization in Kano started in May, 2008 and has embarked on necessary preparatory</p>

Programme/project	Targets	OVI	Achievements in 2009 against targets	OVI	Conclusion
	age, associated with vaccine preventable diseases.		<ul style="list-style-type: none"> Rider to extend FA implementation phase underway 		works, the process of acquiring operational capacity, sensitization and mobilization of stakeholders in order to take off in 2009.
Technical Assistance to the Office of the NAO for the Management of EDF Programmes (TA-NAO)	<ul style="list-style-type: none"> The NAO Support programme provides material and financial support to EU-NPC cooperation through the Programme Management Unit (PMU) The TOR of the PMU comprises- Financial Management, Training and Capacity Building, Procurement, Monitoring and Evaluation. The PMU is in charge of certification of expenditure. 	See FA	<ul style="list-style-type: none"> 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. (annex) 		NAO should continue to be strengthened in view of its significance in promoting the success of Nigeria-EU cooperation. The TOR of the NAO Support PMU should be implemented fully as this will go 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.
INSIDE	<ul style="list-style-type: none"> The objective of the INSIDE programme is to help build structures that 	See FA	<ul style="list-style-type: none"> INSIDE activities started off in September 2008 only. 		The programme is still at take off stage because of delays.

Programme/project	Targets	OVI	Achievements in 2009 against targets	OVI	Conclusion
	can tackle poverty effectively, assisting Nigerians to attain the Millennium Development Goals (MDGs), and to strengthen democratisation. (main text)		<ul style="list-style-type: none"> 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) 		

ANNEX 8: THE STATES OF THE FEDERAL REPUBLIC OF NIGERIA
(36 states plus the Federal Capital Territory)³¹



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.

³¹ According to this map, the Komadugu Yobe river does not flow