

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

## **2004 JOINT ANNUAL REPORT**

### **1. EXECUTIVE SUMMARY**

Cooperation between Nigeria and the EC has been more successful in 2004 than in any recent year. This is reflected in the figures for commitments (€287m compared to less than €12m in 2003) and payments (€58m compared to €13m in 2003). Payments are set to rise further in 2005.

The agreement to commit €13.5m to the population census represents the renewed confidence between Nigeria and the EC. It was approved rapidly, to meet an urgent need, and is a major commitment, showing the EC's willingness to take risks in Nigeria on the understanding that the possible development returns are today very high.

The main elements of the cooperation strategy are now also underway: two major programmes to support reform in six states, in good governance (€57m) and water/sanitation (87m).

The challenge will be to sustain and reinforce this momentum. In particular, the National Planning Commission through its restructuring, and the Delegation after devolution, will need to achieve a major acceleration in the processing of 'routine' projects, and in particular programme estimates, tenders and payment orders. Almost all of the acceleration in spending has been achieved through projects based on 'contribution agreements' with UN agencies.

If this can be achieved, the conditions are in place to sustain the EC's support for Nigeria's reforms and efforts to achieve the Millennium Development Goals. If it is achieved, it will also fairly rapidly mean that Nigeria starts to run out of funds. The Nigerian authorities and Delegation are therefore already cooperating to explore all possible sources of EC funding for Nigeria – by publicising budget lines and the Water Facility, which has resulted in a very large number of Nigerian applications. Study preparations are also underway for the next CSP – studies which could be used earlier than that if funding should become available, for example through the End-of-term Review in 2006. Funding set aside for undefined projects to be committed in 2006/7, will also be used earlier to meet well-defined needs where these are ready for funding and in line with the NIP's key objectives.

May 2004 saw the launch of the National Economic Empowerment and Development Strategy (NEEDS) – Nigeria's home-grown poverty reduction strategy. Produced on the basis of consultation, this has been widely accepted by stakeholders at the three tiers of government, civil society, as well as the Bretton Woods Institutions. The overall goals of the Programme are poverty reduction, employment generation, wealth creation and value re-orientation. These are to be achieved through four strategies: reforming government and institutions; growing the private sector; implementing a social charter; and value re-orientation.

The new reforming approach continued to be reflected in government actions, notably a renewed willingness to address corruption, including at high levels, and

increased transparency, such as the start of regular publication by the federal government of the precise monthly funding allocations to each State and Local Government.

These policy factors together contributed to a climate in which the discussion of debt relief for Nigeria came increasingly to be seen as possible and desirable.

The economy again grew well in 2004 at 6.1%. This time around, the growth was well distributed among the sectors, with agriculture contributing 7% and manufacturing contributing 10%. Fiscal management continued to be prudent, resulting in an accumulation of reserves to around \$17b by December 2004.

Inherited debt, however, still claims a large chunk of government spending, thus reducing the government's ability to expand expenditure on social and economic infrastructure. The Nigerian government stepped up its campaign for debt relief in 2004.

Poverty remains a major challenge of development in Nigeria. Though 2004 figures show some decline in poverty to a level of 54.1%, this is still an extremely high level. However, the chances are high that Nigeria could achieve some of the Millennium Development Goals (food security, gender, basic education) ahead of 2015.

Reform deepened in 2004, as the more reforming economic team established in mid-2003 started to show their seriousness of purpose. However, reforms by their nature take time to yield visible positive results for the population, while at the same time past failures of governance continue to give rise to dissatisfaction and instability, as shown in the fuel strikes and various upsurges of violence in 2004: the Rivers militias, the Plateau and Anambra crises and religious fundamentalist activities in the north. This underlines the urgency of carrying reform through and delivering results on a scale that can absorb the unemployment of disaffected youth and give increasing hope to a nation eager for hope.

## **2. UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION**

### **2.1. Update of the political situation**

President Obasanjo was sworn in for a second term on 29<sup>th</sup> May, 2003 in a successful civilian-to-civilian transition. Since then there has been a new vigour in the pursuit of reform in all aspects of governance and the economy. The relationship between Executive and Legislature has improved, partly because the ruling Peoples' Democratic Party (PDP) is more dominant as it controls the Federal and 28 out of the 36 State Assemblies of the Federation. However, some political crises erupted in 2004 in two states of the Federation, namely Plateau and Anambra. While the crisis in Plateau state led to a proclamation of an emergency rule for a period of six months, the ruling party was able to manage that of Anambra by suspending the *dramatis personae* of the crisis from the party.

Women's representation in governance has improved considerably with more women in elective as well as executive positions. There are three female senators out of 109 and 23 female members of the 360-strong House of Representatives. There were however, six women in the cabinet with two holding the strategic positions of Minister of Finance and Minister of State for Finance.

Inter-ethnic conflicts in Plateau state continued into 2004 with massacres committed by both Muslims and Christians, fighting over control of land and local councils. There have also been smallscale attacks by Islamist ‘fundamentalist’ groups in northeastern Nigeria, mainly against government / military targets.

Conditions in prisons remain unacceptable, despite efforts by government and donors, notably DfID, as well as the EC programme funding PRI/PRAWA. The slow judicial system swells the prison population, over half of whom are on remand.

In September 2004, suspected security agents raided a Lagos news magazine critical of the FG and arrested three of its staff, seizing entire print runs and computer files – thus forcing the magazine off the streets for weeks. The Nigerian Union of Journalists has in January 2005 sued the police force for the alleged beating of some journalists by police officials during a 2004 meeting of the ruling PDP in Abuja; the police have publicly apologised for the incident.

Widespread sabotage of oil installations and the siphoning and illicit sale of oil (known as bunkering, and estimated at up to 200,000 bpd (barrels per day), valued at € – 6 million per day) is a source of massive funds and the opportunity for the purchase of modern weapons. Relations between the government, oil companies and rebel groups in the delta region have been particularly fraught in recent months. The government has negotiated a truce with some of the principal rebel groups, including an arms amnesty, but hostage taking and illegal occupations of oil installations are yet to be eliminated.

The attempts at fuel price liberalisation have brought the government into repeated conflict with the Nigeria Labour Congress (NLC), which has had some success in mobilising popular protest at government policy. A string of ‘warning’ strikes, and a threatened ‘total’ strike including the oil sector, have forced a partial repeal of fuel price rises, but tensions continue. Additional tensions have surfaced at the end of the year following the government’s proposals to lay off over four thousand workers, in an effort to streamline the grossly inefficient public sector.

By virtue of its size and economic influence, Nigeria plays a key role in regional and continental issues. Nigeria is particularly influential in advancing the New Partnership for Africa’s Development (NEPAD) and has strongly promoted the peer review mechanism, and the transformation of the OAU to the African Union (AU). The Nigerian President is the current Chairman of the NEPAD Heads of State and Government Implementing Committee and Chairman of the African Union.

Nigeria is a key member of ECOWAS (CEDEAO) and actively participates in regional security, conflict prevention, mediation (Zimbabwe, Guinea Bissau, Sao Tome and Principe) and peace-keeping missions by sending peace keeping troops to Liberia, Sierra Leone and lately to Sudan (Darfur) as well.

The September 2004 deadline for the handing over of the Bakassi Peninsula under the International Court of Justice’s 2002 ruling was missed. However, President Obasanjo has pledged to implement the ruling, and decisions concerning the border near Lake Chad (including over twenty-one villages) have been largely implemented. Border demarcation continues and is scheduled to be concluded by the end of 2006. The European Commission is supporting Nigeria – Cameroon Border demarcation under the regional programmes.

Former Liberian President, Charles Taylor, remains in Nigeria. The Nigerian Authorities recognise that there can be no immunity for the former President, but have stated that they can only end his current status at the request of a democratically elected government of Liberia.

Migration issues continue to be high on the agenda. Nigerian authorities assert that it has become increasingly difficult for Nigerians to enter Europe, and once there, they are often treated worse than other nationalities. Related issues such as human trafficking and smuggling are also routinely raised during EU-Nigerian bilateral discussions. The Nigerian authorities regard the negotiation of broad immigration agreements, covering such issues, as the most appropriate way forward.

After cooperation was suspended in 1995, political relations with the EU were structured within a common position adopted by the Council. In 2003 this was transformed into a set of Council Conclusions<sup>1</sup>, which promoted political dialogue with the new government. A ministerial troika was held in Abuja on 18<sup>th</sup> May 2004<sup>2</sup> as a first step in this process, which the EU hopes to extend to States. A Senior EU Troika - Nigeria Officials Meeting was held in The Hague on 8<sup>th</sup> December 2004.

Political Dialogue at Head of Missions level has been intensive (Minister of Finance, Minister of Foreign Affairs, National Assembly, Civil Society). Also at State level, a fact-finding EU mission visited the Niger Delta in October 2004 and made a number of recommendations. Another mission visited Sokoto in November 2004.

## **2.2. Update of the economic situation**

The implementation of NEEDS commenced with the 2004 budget. The macroeconomic conditions improved considerably in 2004, due largely to fiscal prudence. The fiscal restraint that began in 2003 continued in the year under review. The restraint has allowed the net repayment by the government to the banking system. Also the CBN daily open market operations introduced in November 2003 resulted in lower excess liquidity in the banking system. Consequently, growth in broad money reduced considerably, pressure on foreign exchange eased and, helped by high oil prices, external reserves increased to \$17.05 billion at the end of 2004.

The IMF published two staff reports under intensified surveillance during the course of the year, following missions in February and September, and continued article IV consultation discussions in a mission in March 2005. The concluding statement of the March 2005 mission reinforced earlier missions in reporting overall macroeconomic policy implementation to be 'commendable' during 2004. It also reported, based on new estimates from the Federal Office of Statistics, GDP growth of 6.1%, on the back of growth in the non-oil economy (7.4 percent). The IMF also applauds the tight fiscal stance, in particular that all three tiers of government adhered to the oil price based fiscal rule, saving an estimated €4.6 billion in excess oil revenue as at the end of 2004.

Although the IMF applauds progress made in public finances, a number of key economic bills have yet to be passed, including the Fiscal Responsibility Bill and the Public Procurement Bill. The Fiscal Responsibility Bill aims to enhance fiscal transparency and accountability at all levels of government, and would introduce formal fiscal rules to budget policy. The IMF describes the bill as of 'critical importance' to fiscal sustainability. The Public Procurement Bill had also not been passed at the end of 2004. It provides the legal underpinning to the 'Due Process' which was introduced at end-2003 in all line ministries, requiring capital projects to be consistent with the national development priorities and the application of standard procurement procedures, including competitive bidding.

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Council Conclusions on EU relations with Nigeria (CFSP 1036/03), replacing Common Position (2002/401/CFSP)

<sup>2</sup> Ministerial Troika meeting EU-Nigeria, Abuja, 18 May 2004

In February 2004, Nigeria was among the first to join the Extractive Industries Transparency Initiative (EITI). This global multi-stakeholder initiative (civil society, media, government and private sector) has started to conduct a financial audit of all payments made to the Federal Government of Nigeria, and all revenues earned, from the oil and gas sector during the last five years. The results should be published in 2005. The Federal Government further demonstrated its commitment to the struggle against corruption by joining the G8 Anti-corruption initiative, compiling its existing work in this domain in a ‘compact’ that was discussed at the Sea Island Summit.

Nigeria’s domestic and external debt remain a limiting factor to growth and development. The outstanding stock of external debt rose to about \$35b at the end of 2004; of this, 82% is owed to the Paris Club creditors. The Nigerian government stepped up its campaign for debt relief in 2004.

	1999	2002	2003	2004
GNI per capita	\$260	\$300	\$350	\$555
Share of exports in GNP	36.9%	40.8%	50.0%	62.1%
Trade balance as a share of GNP	-4.2%	-0.2%	9.1%	-
Export concentration	-	-	-	-
foreign debt as a share of GNP,	-	67.5%	58.0%	57.8%
General government consumption as a % of GDP	-	24.7%	23.3%	
Current budget balance as a share of GDP	-	2.1%	4.3%	16.1%
Share of Government spending on health and education versus military expenses	-	-	-	-
Fixed lines and mobile telephones (per 1,000 people)	4.4	19.2	32.5	-
Internet users	50,000	420,000	750,000	-
Aid per capita	\$1.2	\$2.4	\$2.3	-

After the transition to democratic rule in 1999, EU exports to Nigeria grew significantly until 2002. However trade restrictions, bans and high tariffs imposed by Nigeria on a range of products since April 2002 and intended to protect local industries from cheap Asian imports, have affected negatively the volume of EU exports. These restrictions have been the subject of intensive discussion between the EU and Nigerian authorities, and are considered by the EU to contravene Nigeria’s WTO obligations, as well as impeding regional trade and economic integration. The EU has recently raised the issue of trade restrictive measures applied by Nigeria at the WTO Market Access Committee.

Nigerian trade is heavily dependent on the export of primary products. They accounted for 94.6 percent of all EU25 imports in 2004 of which 86.6 percent is energy, mainly oil and gas. Among manufactured products transport equipment accounted for the largest share, 1.5 percent of total exports to EU25. The trade pattern has been more or less the same over the period 2000-2004.

The geographical dependence is also significant. The two major destinations for Nigerian exports, the US and the EU, absorbed more than 60 percent of their total exports in 2004 and top five destinations accounted for approximately 82 percent. Exports to partners in West Africa only account for approximately 5 percent of total exports

EPA negotiations with ECOWAS have continued throughout 2004, following the adoption on the road map in August. Nigeria is actively involved in the EPA negotiation process and has significantly contributed to the adoption of the road Map which addresses some of the key concerns relating to deepening of the integration process in

West Africa, improving competitiveness capacity building and upgrading as well as the overall preparation and conduct of the negotiations. Since the main objectives of the EPA negotiations are based on priorities determined by the region, Nigeria expects that the EPA would be complementary and mutually supportive of its development strategies. In that regard, a number of impact assessment studies are being carried out in collaboration with donors to ensure that both the national and regional positions reflect the interests of all stakeholders.

Nigeria has committed itself to harmonising its tariff structure with ECOWAS, scheduled to enter into force from 1<sup>st</sup> July 2005. This new tariff regime will not cover all products at its inception, and explicitly allows a transition period for banned products until January 2007. Nigeria is a beneficiary country under the US African Growth and Opportunity Act (AGOA) and is a strategic exporter of crude oil to the US.

The banking sector is going through a period of rapid consolidation, in the wake of wide ranging reforms implemented by the Governor of the Central Bank, Charles Soludo. The principal factor prompting this slew of bank mergers is a new requirement raising the minimum capital base from N2bn (€1.2mn) to N25bn (€140mn) by December 2005. Related reforms all aim to create an efficient, transparent and trustworthy banking sector, able to finance capital-intensive projects as well as meet the needs of small depositors.

### 2.3. Update of the social situation

Type	Indicator	2000	2001	2002	2003	2004	2015
Impact	1. Proportion of population below \$1 per day				51.5%		7.0
	2. Prevalence of underweight children (under-five years of age)				28.7%	30.7	17.9
	3. Under-five mortality rate per thousand				198		30.0
Outcome	4. Gross enrolment ratio in primary education					93.0%	100%
	5. Primary Completion Rate			82%		93.0%	
	6. Ratio of girls to boys in: - primary education - secondary education - tertiary education					83.0% 84.0% -	100% 100%
	7. Proportion of births attended by skilled health personnel				35%	36.3	
	8. Proportion of 1 year old children immunised against measles			35%	35%	31.4	
	9. HIV prevalence among 15-24 year old pregnant women					5.2	
	10. Proportion of population with sustainable access to an improved water source			60%		65.0%	100%

Source(s): World Development Indicators Database, FOS

Poverty remains a major challenge of development in Nigeria. The 1996 National Household Standard of Living Survey conducted by the Federal Office of Statistics put the incidence of poverty at 65.6% in 1996 from 28.1% in 1980. However, the recent Nigerian Standard of Living Survey shows that relative poverty has declined nationally to 54.1% in 2004, with a bigger decline in the urban areas from 58.2% to 35.4%. Rural poverty on the other hand has declined from 70% in 1996 to 64.1% in 2004. The Survey also shows that Nigeria has fared much better in food poverty with a range between 23.66% to 41.85% in rural areas based on 2,100 to 2,900 calories and a range of 6.10% to 15.42% in the urban areas depending on the FAO or WHO figures used. The national figure is in the range of 19.8% to 36.04% which is an indication that Nigeria will overcome food poverty even well within the MDG period.

Poverty in Nigeria is linked to social, economic, political, cultural and environmental factors. These factors have manifested in the following:

- (i) poor access to employment opportunities;
- (ii) inadequate physical assets, such as land and capital, and minimal access to credit, especially by women;'
- (iii) destruction of natural resources leading to environmental degradation and reduced productivity; and
- (iv) low human capital development.

In order to meet the MDG target of halving the proportion of the population living in extreme poverty and hunger by the year 2015, a number of targets need to be met. These include the following:

- (i) growing the Nigerian economy by at least 7% p.a. for a sustained period;
- (ii) increased investment in human capital;
- (iii) increased income and employment generating opportunities;
- (iv) provision of basic infrastructure to enhance the access and productivity of the poor;
- (v) nutrition and family planning programmes and population control; and
- (vi) promotion of good governance, transparency and accountability.

Migration and people trafficking are important in the Nigerian context, given the size of the population and its diaspora. In particular, there is large-scale (over 100,000 cases) trafficking of girls and young women for prostitution to several European countries. Although limited information exists, a profile highlights migration composition and key migration routes and destinations. The Nigerian Government has stated its commitment to abolish human trafficking. Remittances from the Nigerian diaspora are one of the largest sources of foreign revenue.

Nigeria is one of the poorest countries in the world (151/177 on the human development index, HDI) and accounts for 6% (80 million) of all poor people in the world. The 1990s saw a rapid increase in poverty, now being slowly reversed. In 2000, about 70% of the population lived below the poverty line of \$1 per day.

Progress on poverty reduction has been slow and is advancing unevenly between states. Poverty statistics are not available from all states but efforts are now underway to gather state statistical data through the core welfare indicator questionnaires (CWIQ's). Over the last 6 years, the HDI has been roughly stable at 0.45 out of 1, indicative of a low human development country (HDI < 0.5).

Nigeria is on track to meet the target for primary school enrolment and elimination of gender disparity in all levels of education. However public education expenditure remains very low (0.7% of total GDP for 1995-97), reaching 10.5% of total government expenditure in 2004 but still far from the fast track initiative (FTI) benchmark of 20%. Statistics on government expenditures need to be improved so that reliable data are available from all three tiers of government. A 2003 survey indicates that over 15 million children of school age are engaged in child labour in Nigeria with about 6 million of them not attending school.

Nigeria has had one of the lowest percentage budget allocations to health in the world, reaching 6.7% in 2004 and under NEEDS must increase to 10% by 2007. The country's health system ranks 187<sup>th</sup> out of the 191 member states of the World Health Organisation (WHO). The maternal mortality rate is one mother's death for every 70 deliveries, while routine immunisation has dropped from over 89% in the early 1990s to below 40% in 2003. The under-five mortality rate remains one of the highest in the world, though the statistics indicate a slight fall since 1960 (207 in 1960 and 183 in 2002). Life expectancy is around 53 years. Reducing AIDS (HIV prevalence is now at 5.0% in 2004) is another target of NEEDS.

### 3. DEVELOPMENT AGENDA OF THE PARTNER COUNTRY

On May 29, 2004, the Federal Government of Nigeria launched a new development agenda, entitled the National Economic Empowerment and Development Strategy (NEEDS). The Programme, which was prepared with the involvement of State Governments, civil society and international development agencies, represents Nigeria's response to her development challenges. It is a medium-term development strategy covering 2004-2007. Prior to the launching of the Programme, a six-week nationwide consultation of all stakeholders across the six geo-political zones of the country was undertaken in a series of workshops flagged off on 15<sup>th</sup> March 2004. The programme was presented by the Economic Team led by the Minister of Finance, to a donor's meeting in Brussels organised by the EC and the World Bank in April 2004.

The overall goals of the Programme are poverty reduction, employment generation, wealth creation and value re-orientation. These objectives are to be achieved through the following four main strategies:

- **Reforming government and institutions:** The policy thrust of the reform of government and its institutions is on right-sizing, professionalisation of the public service, rationalisation, restructuring and institutional strengthening; privatisation and liberalisation, tackling corruption and improving transparency in government accounts; and reduction of waste and improvement in the efficiency of government expenditure.
- **Growing the private sector:** NEEDS sees the private sector as the engine of growth, for wealth creation, employment generation and poverty reduction. Government's role is as enabler, facilitator and regulator. In this regard, the government will provide the enabling environment for the private sector to thrive through provision of necessary infrastructure such as electricity, water and roads as well as regulatory framework.
- **Implementing a social charter:** covering education, HIV/AIDS, youth employment, pension schemes, empowerment of women, children, the handicapped and the elderly;
- **Value re-orientation:** to ensure that hard work is rewarded and corruption and rent-seeking are punished.

The distinguishing characteristics of the medium-term economic programme include the following:



- It was prepared through a participatory process. The drafting committee included not just government, but also the private sector, trade unions and civil society. The six-week nationwide consultation allowed for further input from all stakeholders;
- It is not limited to the half of public expenditure decided at federal level but also incorporates the state and local levels which account for the other half, through the concurrent development of state-level economic empowerment and development strategies (SEEDS), and through the development of sector-wide approaches involving all tiers of government for key sectors including water/sanitation, education, health and infrastructure.
- Elements of the reforms are already being carried out. A fiscal bill to prescribe and regulate a macroeconomic framework for all tiers of government has been submitted to the National Assembly; subsidies have been fully eliminated in the downstream oil sector; benefits-in-kind are being monetised for civil servants, while public service reforms are being piloted in four institutions/ministries.

Under NEEDS, GDP growth is targeted to rise from 5% in 2004 to 7% in 2005. Given population growth of 2.8%, this will allow a start in reducing poverty. An emphasis on growth in employment-intensive sectors, notably agriculture, manufacturing and services, will allow the creation of two million new jobs per year from 2005 onwards. The fiscal deficit is to be capped at 3%, and recurrent expenditure (federal level) to be cut from 70% of the total in 2003 to 60% by 2005.

#### **4. OVERVIEW OF PAST AND ON GOING CO-OPERATION**

2004 saw the launch of major activities on both focal sectors: good governance and water/sanitation. It also saw the Mid-term review (MTR). The improvement in performance, and in evident commitment of the government to reform, led the EC to decide that Nigeria should retain all its 'A'-envelope allocation of €552m, since there are grounds for confidence that it is being and will be used in an effective and timely way.

The main conclusions of the MTR were:

- No change in the 'A'-envelope allocation;
- As with most countries, a reduction in the 'B'-envelope allocation;
- Agreement that the focal sector on 'Economic and Institutional Reform' should no longer be restricted to State level, but should also cover Federal level, in the light of the increased impetus for reform at Federal level. This permits the large project to support the population census, and a project to support the Economic and Financial Crimes Commission;
- Agreement that there should be flexibility on the choice of focal states to take account of commitment to reforms, transparency and accountability as they will be revealed by the SEEDS benchmarking exercise which the Nigerian authorities are organising with donor support.

## 4.1. Focal sectors

### 4.1.1. Focal sector – Support for Institutional and Economic Reform

#### a) Results

Since the first project was only adopted in November/December 2004, it is not meaningful yet to analyse the results of the programme.

#### b) Activities

The EDF Committee was consulted on the Financing Proposal for the ‘Support to Reforming Institutions Programme’ (SRIP, 9 ACP UNI 007, €57 Million), the key project to implement activities in this focal sector in November 2004, and the Commissioner signed the Financing Agreement in December 2004. SRIP was designed to support an improvement in service delivery through reforms of governance and of public finance management in 6 Nigerian states. The programme is seizing the SEEDS mechanism to assist governments of the 6 states in designing and implementing their reform programmes; strengthen key public finance institutions to ensure prudent and transparent fiscal management; strengthen the capacity of civil society in the states to participate more effectively in the budget process and render government accountable for its actions. On achieving progress in the above areas, the programme will also assist the states in undertaking social investments to improve service delivery.

The delay in arriving at the Financing Decision was due to inadequacy in the first draft of the Financing Proposal. The structure of the programme has now been altered to provide a stronger focus on public finance management. At the time of writing, the contract documents for the service contract for the service provider who will work have been signed with the six focal states and it is expected that the programme will start to operate in the states from October 2005. Tenders for the provision of vehicles and office equipment are being launched separately to ensure that the service providers will be in position to start operating effectively shortly after their arrival.

At the same time, SRIP has been realigned with the State Economic Empowerment and Development Strategy of the Federal Government. In the first instance, this has involved preparing an assessment of public finance management, service delivery and policy development in all those states that volunteer to be assessed. Pending the successful outcomes of the benchmarking exercise, scheduled to take place in the second quarter of 2005, the Federal Government and those donors currently taking part (UNDP, DFID, WB and EC) are committed to allocate a substantial part of their available resources to high-performing states while reducing, perhaps even halting their funding to state administrations that are seen to perform poorly against the benchmarks set. It is therefore expected that, in the course of 2005, the choice of focal states will have to be adjusted.

During 2004, a project to support the State and National Assemblies (7 ACP UNI 58 - €6.6 Million) started with a long delay due to the failure of several tender processes. The project will strengthen the capacities of the National Assembly and of the State Assemblies of the six current focal states and strengthen communication channels between the legislatures and the electorate, thus helping legislators to make informed decisions on public needs. The implementing partner identified through a direct agreement is the Inter Parliamentary Union (IPU) Geneva.

IPU started work in August 2004 and has since completed a number of activities aimed at building capacities in the focal State and National Assemblies. The Nigerian government contribution of €2m has been received by the National Assembly and a Planning and Management Committee with membership of representatives of National Assembly, National Planning Commission and IPU was established to supervise its disbursement. The committee is headed by the Deputy Senate President. Unfortunately, the programme's effective implementation time will have to be counted in months rather than years since the long delays in the start-up mean that the programme will have to end by December 2005 (one extension of the FA has been granted already).

As a result of the Mid-Term Review in 2004, the Focal sector has been broadened to include initiatives also at the Federal level so as to account for the potential for reform that has emerged at that level. Preparations for the first such initiative started in late 2003 and the Financing Agreement for the 2005 Census Support Programme was signed on 16 December 2004 (9 ACP UNI 5, budget: €13,500,000, disbursed: €38,406,324). The objective of this programme is to strengthen evidence-based policy making, people-oriented service delivery and a culture of transparency and accountability .A Contribution Agreement was signed with UNDP on 17 December for the implementation of the following components: a) payment of ca. 800.000 census staff, b) capacity-building of National Population Commission census staff, c) public perception study to inform d) transparency & accountability measures. The remaining components: a) provision of technology for data processing, b) national monitoring projects, c) external monitoring will be implemented via direct commitments.

Preparations for an eventual support to the activities of the Economic and Financial Crimes Commission were also started in 2004 and, culminating in the approval of the Financing Agreement as at the timing of writing this report. Further initiatives to support the implementation of NEEDS will be prepared in the course of 2005.

c) Degree of integration of cross cutting themes (gender issues, environmental issues and institutional development and capacity building).

Both gender and environmental issues are routinely considered in all new Financing Proposals. At present, environmental issues are not central to any of the projects in this focal sector. This will only change if and where the work of WSSSRP (under the second focal sector) succeeds in making sanitation and/or other environmental concerns central to one or several states' policy agenda. By contrast, several on-going and new projects address gender inequalities. For example, the EDF support to National and State Assemblies assists women legislators to assert themselves in a still male-dominated environment while the support to the Census 2005, apart from producing gender-aggregated data, will also see an equal number of women and men being recruited as enumerators. The protection of women's rights is also a growing focal area for support rendered under the European Initiative for Democracy and Human Rights. Institutional Development and Capacity Building are the central objectives of several projects within this focal sector (SRIP, National Assemblies, EFCC).

#### 4.1.2. Focal sector – Water and Sanitation

To increase the impact of the interventions, the Country Support Strategy foresees support to six focal states, namely Abia, Cross River, Gombe, Kebbi, Osun and Plateau States. In line with the strategy stated under point 4.1.1: Support for Institutional and Economic Reform, the choice of focal states may be adjusted in the course of 2005.

#### a) Results

The 2003 Annual Country Review has confirmed that the states have not reformed their public finance management in a way that would allow budget support in the immediate future. As a result, switching from budget support to project support has been finalized in the 2004 Mid-Term Review.

The Mid Term Review further reduced the allocation to the Water and Sanitation Sector from an indicative amount of €230 million to €150 million.

The design of the Water Supply and Sanitation Sector Reform Programme (9 ACP UNI 006) was completed in 2004 and the Financing Agreement was signed on 23rd of December 2004. The Programme has an allocation from the European Development Fund of €7,000,000 and a total budget of €19.630.000, with the difference being funded by the Nigerian Government and by UNICEF.

The WSSSRP will support the federal government for developing and implementing a comprehensive water and sanitation sector reform and will provide resources to the 6 focal states for implementing these reforms. In support of the implementation of reforms in the water sector and to support the good governance focal sector, the Programme has no pre-allocation of funds to the states. Resources will be directed to states, which demonstrate commitment to improve overall governance and willingness to reform in the water sector.

#### b) Activities

Discussion took place with the 6 focal states for the preparation of Memoranda of Understanding, which outlined the implementation modalities and commitments by the States and the National Planning Commission. The Memorandum of Understanding had been signed between States and the National Authorising Officer as at the time of finalising this report.

Discussion and negotiations were initiated with UNICEF to prepare a contribution agreement for the Rural water supply and sanitation component, that is foreseen to be implemented by UNICEF.

The Programme will be implemented through “Externalised direct labour operation” by the staff of a Service Provider. The Procurement Notices for recruiting the service providers were launched in December 2004.

#### c) Degree of integration of cross cutting themes (gender issues, environmental issues and institutional development and capacity building)

The main beneficiaries of water supply and sanitation interventions are women, as they are largely responsible for the provision of water for the household, and carry most of the burden of caring for family members that suffer from water borne diseases. Gender issues are included as the decision making on the choice and management of water system is mandated to be participatory, including women. In addition

Environmental impacts of individual water systems will be assessed prior to their implementation. Also, the programme will support the integrated management of water resources. Hygiene promotion and Sanitation interventions will improve the living environment of the communities.

About a quarter of the budget is allocated to capacity building of water institutions at the three tiers of Government and of communities and users. Two of the four results defined for the Programme focus of the improved governance of water institutions.

#### **4.2. Projects and Programmes outside Focal Sectors**

a) *Micro-projects in the Niger Delta: Rivers, Bayelsa and Delta States (MPP3) 7 ACP/UNI 051*

During 2004, the project implemented projects funded from both Workplan 1 and Workplan 2. During 2004 the Project completed 300 Micro Projects benefiting some 750,000 people for a value of some 4.6 million Euro. These projects were implemented in partnership with some 70 NGOs which also received training in conflict impact assessment, financial management, micro-projects implementation procedures, and project management cycle.

Micro credit schemes were implemented until late 2003, but were discontinued in 2004 due to a low success rate. In 2004, the project improved its website ([www.mpp3.org](http://www.mpp3.org)), which now includes details of all micro-projects implemented. Transparency and accountability was improved in 2004, by adding the contribution from EDF and the communities for micro-projects on the signposts that are erected at each micro-project site.

The Mid term Review was completed in January 2004. It concluded that progress was generally satisfactory, that the Service contract be extended to the end of the Financing Agreement, and that water and sanitation should be more integrated into other types of Micro-Projects such as schools and health centres.

As Workplan 1 had not yet been closed, it was possible to approve Workplan 3 before the end of December. To ensure continuation of activities, Workplan 2 was extended from December 2004 to March 2005.

b) *Micro-projects programme in six states of the Niger Delta: Abia, Akwa Ibom, Cross River, Edo, Imo and Ondo (MPP6) 7 ACP/UNI 059*

During 2004, the project had implemented 85 micro-projects with an average cost of N 2.7 million, at a total cost of over N 230 million excluding 25% community contribution. These projects have assisted over 128 communities and have benefited an estimated 500,000 people. Over 50% of these projects are water supply projects with the remainder for schools, health centres, transportation and markets.

Following the change of the Team Leader in the middle of the year, MPP6 harmonised its approaches with that of MPP3 and was able to accelerate its rate of implementation.

Programme Estimate 2, which was approved at the end of 2004, will be implemented from January 2005 to December 2005 and fund some 568 micro-projects.

c) *Small Towns Water Supply and Sanitation Project (STWSSP) 7 ACP UNI 056*

Most of 2004 was taken up in completing the Inception report by the consultants, to find replacement for positions for the experts and to prepare the Start-up Programme Estimate.

The Start-Up Programme Estimate for €341,000 was approved by the NAO in December 2004 and is expected to be committed by February 2005. The Start-Up Programme Estimate has an implementation period of January to April 2005 and will undertake a

survey that will be used to select the participating small towns and serve as the baseline information on the participating Small Towns.

d) *Economic Management Capacity Building Programme, EMCAP: 7 ACP UNI 052*

A task force was set up in July 2004 to oversee the implementation of the remaining project activities, which are more than 60% of the entire project components. This task force, with active involvement of a new Technical Advisor has re-invigorated the project.

In 2004, the federal government purchased a new building for the FOS in Abuja and preparation for EC-funded movement of FOS personnel and equipment from Lagos to Abuja started in earnest. In the last quarter, a Project Implementation Unit was set up; forecast notice for supply of computers, furniture and cars to the new FOS building were published and tender dossiers for these and other local supplies to facilitate the move were prepared.

Apart from the FOS move, EC support to social sector statistics progressed in 2004. Reports of Core Welfare Indicator Questionnaire (CWIQ) carried out in the 6 focal states in 2003 and 2004 were reviewed and disseminated to stakeholders in December 2004. Similarly, draft report of Nigerian Living Standards Survey (NLSS) was submitted, reviewed and disseminated to stakeholders in December 2004.

The Nigerian Institute of Social and Economic Research (NISER) submitted a draft report on the effectiveness of public expenditure in 36 states; this was presented and discussed during a workshop in December 2004.

The programme to create an Integrated Financial and Economic Management Information System (IFEMIS), covering key federal institutions began with the preparation of timelines and tenders for the establishment of a data centre at the federal ministry of finance and the development of a stakeholder communications strategy.

e) *Programme of Support to the Office of the NAO*

The Interim support programme (7 ACP UNI 066 for €400,000), which started in May 2003, was concluded on 31 October 2004.

A Financing Agreement (€7,700,440) for the programme of Support to the Office of the NAO was signed in November 2004. Preparation of the first year programme estimate reached an advanced stage.

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

#### Polio Eradication Component

During 2004, an audit was conducted of the initial allocation of €20,44m for Polio that was expended by the National Programme on Immunization in 2001 and 2002. The results, which suggest that substantial sums have been expended without the provision of justifying documents, are under discussion between the Government and the European Commission to see if such justifying documents can be located, and if not, to organise recovery of these funds from the Nigerian authorities.

With the agreement of the NAO, the European Commission concluded an agreement with the WHO for the expenditure of €12.9m for the National Immunization days in February and March 2004 and for Polio surveillance.

Routine immunisation:

The Interim Work plan for €5,061,605 was approved in December 2003 to be implemented from December 2003 to May 2004. Due to the slow implementation of activities, the Interim Workplan was extended until November 2004.

In 2004, the project established offices in the six participating states and has undertaken training programmes for health personnel involved in immunization. The project also completed assessments of the cold chain storage facilities, which will be used to the procurement of additional equipment. The Programme also has produced Information, Education and Communication materials for use in the States.

Estimation of the overall impact of PRIME on levels of immunisation is not yet possible because the most recent comprehensive data on immunisation are from 2003, before any impact of PRIME.

The Programme Estimate 1 was approved in November 2004, which will be implemented from December 2004 to November 2005.

g) *Nigeria Election 2003 Support Project: 7ACP UNI 064*

Activities had ended in 2003. UNDP submitted the Audit report late in 2004, showing that there is a balance of USD 893,652 unspent and to be refunded.

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

In 2004, the project implemented activities relating to the establishment of a national surveillance network; training programme on disease surveillance; laboratory reagent kits and equipment were procured for the regional laboratories and were to be distributed during 2004. Forty (40) motorbikes and eight four-wheel drive vehicles were supplied to the programme during 2004.

Following the appointment of a new National Coordinator in late 2003, implementation improved during 2004. However a lack of counterpart funds from the Ministry of Agriculture continued to threaten the sustainability of the programme after the end of the PACE funding.

The Programme has been extended from its initial end date of October 2004 to February 2007. Work Plan 3 ended on 31 October 2004 and Programme Estimate 4 could not yet be approved, as Work Plan 2 was not yet closed.

i) *Technical Cooperation Facility (TCF): 9 ACP UNI 1*

This facility is currently being used to provide technical assistance for studies, audits and evaluations. Adequate implementation modalities for its use for workshop and conference support can only be evolved when both the NPC and the Delegation are adequately equipped to manage these facilities.

j) *Polio Eradication in 14 ACP Countries: 9 ACP UNI 3*

As part of a Regional Project for Polio Eradication in 14 ACP Countries, the European Commission with the agreement of the NAO concluded a Financing Agreement with 14 ACP countries. With the further agreement by the NAO, the European Commission

concluded a contribution agreement for €25,380,000 with the WHO to implement the polio eradication activities in Nigeria. The action will be implemented in 2005 and 2006.

k) *Support to the Economic and Financial Crimes Commission (to be approved)*

The Financing Proposal for this project was prepared during 2004 and was submitted to the NAO for approval in late 2004. The project intends to support EFCC and other institutions relevant to its effectiveness, in order to enhance good governance and financial accountability, and to frustrate incidences of fraud, waste and corruption.

**4.3. Utilisation of EDF resources for non-State actors (NSA)**

€10 million is foreseen in the NIP for a Support to Non State Actors project. It has progressed slowly, as staffing in the Delegation to work on this area only arrived in 2005. However, a joint taskforce of the Delegation and the NPC was established in 2004 to start work on it. A mapping exercise of the sector was started, to help determine how the NIP resources for non-State actors can be used to enhance their contribution to development efforts.

The proposal to establish a Human Rights Foundation (€1 Million) was not submitted in 2004 because it is now planned to support the National Human Rights Commission instead, a proposal that will be submitted in early 2006.

**4.4. Utilisation of “B” envelope**

The “B” Envelope was not used in 2004. In June 2004, the NAO sent a proposal for utilisation of the “B” Envelope, principally for post-conflict rehabilitation around Plateau State following the confrontations there. On 20 October 2004, the EC replied that the proposal was not eligible, since the “B” envelope is to support emergency assistance, while the emergency phase in Plateau state had already passed.

**4.5. Other instruments**

Nine Budget-line projects were deconcentrated and 13 local NGOs were selected for EIDHR Micro project grants under the joint 2003/2004 Call for Proposals.

**5. PROGRAMMING PERSPECTIVE FOR THE FOLLOWING YEARS**

Annex 3a) indicates programming perspectives for coming years, on the basis of the changes agreed during the 2004 Mid-term Review.

The Delegation and the Nigerian authorities are completing the process of gearing up to sustained spending on the current level of around €100m per year. However, the great success over the past two years in accelerating commitments and payments still leaves per capita spending levels very low for a country with Nigeria’s population and level of poverty. The Delegation and the Nigerian authorities are therefore fully exploring all avenues for funding. For example, a major effort was made to publicise the Water Facility, resulting in a high number of submissions from Nigeria. For the same reason the Delegation assiduously distributes information on budget lines, and their calls for proposals.

A position is being reached, however, where both sides are becoming reluctant to encourage discussion of further projects, even if they may be very important to the achievement of the Millennium Development Goals, for fear of raising unrealistic



expectations: it is clear that on current trends, Nigeria will start to run out of funding soon. The pragmatic reaction is an agreement to carry out studies during 2005 to prepare projects, nominally for post-9<sup>th</sup> EDF funding (i.e., from 2008 onwards). However, if it should happen in the course of the End-of-term review that more funding became available, these studies could be used earlier than 2008.

In addition, the Delegation and the NAO agree to the maximum early use of funds intended for commitment in 2006, where valid projects compatible with the existing strategy and approach emerge earlier. One such area being considered is that of further micro-projects, to build on the success of the existing programme; another is further MDG-oriented support (together with other donors) to immunisation, within a possible programme targeted to achievement of the MDGs in this area. A support for the six National Blood Transfusion Centres is being proposed to assist the Government in achieving reduction in HIV/AIDS prevalence.

## **6. DIALOGUE IN COUNTRY WITH THE NATIONAL AUTHORISING OFFICER (NAO) AND NON-STATE ACTORS (NSAs), AND DONOR COORDINATION**

### **6.1. Dialogue in country with the National Authorising Officer (NAO) and non-State actors (NSAs)**

Dialogue between the Head of Delegation, the Head of Operations and the National Authorising Officer has continued to be close and open, both through formal dedicated meetings on EC-Nigeria cooperation, and on frequent occasions in the margins of other events. Similarly, the Operations section and the NAO's staff in the National Planning Commission have frequent meetings, including monthly technical meetings to address outstanding issues. In 2004 both sides introduced 'task teams' for each project, composed of at a minimum the project officers on the government and EC sides, plus ad-hoc additions of their superiors and of relevant consultants, to accelerate and follow up implementation.

The weak point of dialogue so far has been that with non-State actors (NSAs), because of (a) NPC lack of capacity – now starting to be remedied by the 'Support to the NAO' programme and (b) Delegation lack of capacity – now remedied by arrival of DNE full-time on non-state actors. It has therefore not proven possible to involve NSAs in the drafting of JAR 2004. However, it will now be possible to ensure initial involvement for them in the 2005 in-country review meeting. Their involvement will become more comprehensive through the planned consultation with NSAs on the programme of support to NSAs, which can also be used to for a first comprehensive consultation of NSAs on the strategy later in 2005, and pave the way for their full involvement in the End-of-term Review in 2006.

### **6.2. Donor coordination**

Coordination with Member States has continued to be very close. Regular quarterly meetings have been held with the Member States represented in Nigeria (17 after the May 2004 accessions), as well as ad-hoc meetings to consider each financing proposal before it is submitted to Brussels. This has proved a very effective mechanism, both for collecting inputs from Member States to improve the quality of proposals, and to afford Member States the opportunity of early knowledge of projects to brief their capitals.

With the wider donor community, efforts have continued to ensure coordination as organised by the UNDP with government involvement, but these meetings have tended to be irregular, while several of the sub-committees have not been meeting. The Economic Advisor (who is NAO) has organised a series of effective meetings on NEEDS and SEEDS, while the World Bank has also organised ad-hoc donor meetings on NEEDS/SEEDS.

Excellent coordination/cooperation with donors has resulted in numerous collaborative projects: Census (DfID, UNDP), Water projects (Unicef), Immunisation (WHO), EFCC (UNODC), SEEDS benchmarking exercise (DfID, UNDP, World Bank).

## 7. CONCLUSIONS

2004 saw a dramatic improvement in the nature of Nigeria-EC cooperation. This is most visible in figures: commitments rose to €287m from less than €12m in 2003, while payments rose to €58m compared to €13m in 2003, and are set to rise to levels never achieved before, above €100m, in 2005.

While this is a success story, and makes the EC's programme with Nigeria one of its largest, it is important to remember that Nigeria is also a very large country. Even at these increased levels, per capita aid to Nigeria remains extremely low (\$2.3 per capita in 2003) compared to other sub-Saharan African countries (\$34.3), or other low income developing countries in general (\$13.9; source: World Bank). This was justified in the 1980s and 1990s by military misrule and the consequent impossibility of supporting Nigeria effectively; but donors are increasingly deciding that matters have changed, and that decisions must reflect this. As an illustration, two of the other three major donors to Nigeria (DfID and World Bank) have respectively decided or planned to triple their disbursements in Nigeria. The fact that Nigeria is now a country with a more reforming government than most, is bringing into focus other facts – that Nigeria is one-fifth of Africa's population, contains more than one fifth of the poverty of Africa, and is the key to achievement of the MDGs in Africa as a whole.

The issue is, however, not simply one of resource transfer. For the foreseeable future, the funds available from Nigeria's energy reserves will continue to dwarf aid flows, however much these rise. It follows from this that donors, including the EC, can make their best contribution if they support Nigeria's ability to use its own funds better. It does not make sense for donors to focus on isolated stand-alone projects implemented through structures parallel to and independent of those of government, except where these are learning projects for approaches that can later be adopted by Nigeria's own structures.

This consideration confirms the relevance of the EC's strategy, of focussing on good governance, and on the implementation of good governance in water/sanitation, in a number of Nigerian States. It also confirms the relevance of focussing to a great extent on the State and Local level, since these are the levels of government responsible for delivering the basic services critical to achievement of the MDGs.

Now that reform is much more serious at Federal level, it also confirms the correctness of supporting the struggle against corruption, notably through support to the Economic and Financial Crimes Commission.

The Microprojects Programmes (MPP) in the oil-producing Niger Delta are proving to be a remarkable example of a learning project. Because they are managed in a transparent and sustainable way, they offer an incomparable level of value for money – a fact that is not lost on the beneficiaries, who frequently make comparisons between the reasonable costs of MPP projects and the less reasonable costs of comparable projects funded from other sources; and to move on to demand better and more transparent governance and value for money from other sources of funding. The EDF programme should promote these success stories: not only to wave the flag of successful Nigeria-EU cooperation, but even more in the cause of supporting the demand for better governance.

The striking progress of cooperation with Nigeria imposes two tasks on both partners:

1. To do everything necessary to consolidate this success. As mentioned above, this will involve primarily extending the successes that have been achieved in all areas at the level of commitments, but only through contribution agreements with UN bodies at the level of payments, to more effective implementation of projects other than those with UN bodies. This will be measured by faster tendering, faster approval of programme estimates and faster payments, on both sides.

2. If (1) can be achieved, to make the case for a further extension, expansion and deepening of EC-Nigeria development cooperation. This is not simply a matter of more money (though more money is likely to be involved); it also involves deepening each side's understanding of the other, and cooperation with the other. The task is worth the effort, for both sides. For Nigeria, because reform needs all the support it can muster, and one vital way that reform can be stronger is by drawing on international experience and best practice. This can be accessed, among other ways, through cooperation with the EC. For the EC, because of the seriousness of the EC's commitment to the millennium goals, and because of the opportunities which cooperation with Nigeria offers to support the achievement of these goals.

## Annex 1. Intervention Framework

Sector: State and Local Institutional Reform	Performance Indicators	Status 2003 (and previous years if available)	Target 2005	Target 2006	Target 2007	Sources of information	Assumptions
National Sector Target - Alleviation of poverty	- Adult literacy rate	64.1%				NEEDS	
	- life expectancy	47				World Bank	
	- prevalence of water-borne diseases						
	- frequency of clinic visits						
	- availability of medicines						
	- availability of learning materials						
	Proportion of population below \$1 per day	70.2% - 1995				World Bank	
	Prevalence of underweight children (under-five years of age)	27% - 1995-2000				<a href="http://hdr.undp.org/reports/global/2002/en/indicator/indicator.cfm?File=cty_f_NGA.html">http://hdr.undp.org/reports/global/2002/en/indicator/indicator.cfm?File=cty_f_NGA.html</a>	
	Under-five mortality rate	201 per 1000 live births (1970) – 183 per 1000 live births (2001)				<a href="http://hdr.undp.org/reports/global/2002/en/indicator/indicator.cfm?File=cty_f_NGA.html">http://hdr.undp.org/reports/global/2002/en/indicator/indicator.cfm?File=cty_f_NGA.html</a>	
	Net enrolment in primary education	56.8% (1999)				MICS 1999 – FOS/UNICEF	
	Primary Completion rate (reaching grade 5)	95% (1999)				MICS 1999 – FOS/UNICEF	
	Ratio of girls to boys in primary, secondary and tertiary education	45 % (1999, 2000/01)				<a href="http://hdr.undp.org/reports/global/2002/en/indicator/indicator.cfm?File=cty_f_NGA.html">http://hdr.undp.org/reports/global/2002/en/indicator/indicator.cfm?File=cty_f_NGA.html</a>	
	Proportion of births attended by skilled health personnel.	42% (1995-2000)				<a href="http://hdr.undp.org/reports/global/2002/en/indicator/indicator.cfm?File=cty_f_NGA.html">http://hdr.undp.org/reports/global/2002/en/indicator/indicator.cfm?File=cty_f_NGA.html</a>	
	Proportion of 1 year old children immunised against measles	39%			60%	NEEDS	
HIV prevalence among 15-24 year old pregnant women.	Not Available; overall rate 6.1%			5%	NEEDS		
Proportion of population with sustainable access to an improved water source	64.1%			70%	NEEDS		
Intervention Objective: - Improved delivery of poverty-oriented services in six focal states	In each focal state: <b>Input and process indicators:</b>						
	- Level of funding disbursed from the EC to the focal states						
	- Timeliness of EC disbursements						
	- Timely preparation and adoption of the state budget						
	- Level of budget allocations for social expenditure (health, education, WS & S, and rural development)						
	- Actual social expenditure should not be less than x percent of the total budget.						
	- Budget related documents are published and disseminated widely and on time.						
	- Budget figures are gender-disaggregated wherever possible.						
- Civil society effectively monitors the budgeting process and budget implementation alongside the state assembly							

Sector: State and Local Institutional Reform	Performance Indicators	Status 2003 (and previous years if available)	Target 2005	Target 2006	Target 2007	Sources of information	Assumptions
	- Value for money assessment of public investment is carried out annually.						
	- Value for money indicator improves by x percent						
	- The ratio of procurement to market prices comes down by x percent						
	- Measures to fight corruption are strengthened						
	- Measures to fight corruption are operational, i.e. the number of prosecutions and convictions increases (targets in real figures not percentages?).						
	- Reduction in the average length of time it takes for a case to proceed from first registration to the start of trial and to reach a verdict.						
	- Data collection, processing and dissemination is improved.						
	- CWIQ surveys are established.	Yes - 2003				FOS	
	- Civil service reform plans are formulated.						
	- Civil service reform plans are implemented.						
	- Government policies become more gender sensitive.						
	- Government policies become more environmentally sound.						
	- State and Local governments cooperate in defining and respecting each other's mutual responsibilities.						
	-						
	-						
	<b>Output indicators:</b>						
	- Level of computerisation						
	- Number of civil servants trained						
	- Availability of medicines						
	- Availability of learning materials						
	<b>Outcome indicators:</b>						
	- Elections take place in a free and fair environment						
	- Reduction in percentage of people unable to satisfy food needs sometime during the year	AB: 64% CR: 68% GM: 48% KB: 27% OS: 41% PL: 45%				CWIQ – FOS 2003	
	- Reduction in percentage of people unable to satisfy food needs often or always	AB: 11% CR: 11% GM: 6% KB: 5% OS: 12% PL: 10%				CWIQ – FOS 2003	
	- x more people have access to safe water	AB: 59% CR: 23% GM: 9% KB: 52% OS: 69% PL: 33%				CWIQ – FOS 2003	
	- x more people have access to good means of sanitary disposal	AB: 72% CR: 40% GM: 35% KB: 41% OS: 48% PL: 34%				CWIQ – FOS 2003	
	- Health service user dissatisfaction reduced by x percent	AB: 36% CR: 33% GM: 61% KB: 45% OS: 28% PL: 33%				CWIQ – FOS 2003	
	- Dissatisfaction with schooling decreased by x percent	AB: 22% CR: 42% GM: 63% KB: 36% OS: 27% PL: 61%				CWIQ – FOS 2003	
Results: - 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							

Sector: State and Local Institutional Reform	Performance Indicators	Status 2003 (and previous years if available)	Target 2005	Target 2006	Target 2007	Sources of information	Assumptions
	- Percentage of births attended by trained staff increased by x percent	AB: 95% CR: 51% GM: 22% KB: 9% OS: 85.8% PL: 33%				CWIQ – FOS 2003	
	- Percentage of children underweight reduced by x percent	AB: 16% CR: 27% GM: 48% KB: 38% OS: 18% PL: 32%				CWIQ – FOS 2003	
	- Percentage of households having access to drinking water supply in less than 30 minutes increased by x percent	AB: 75% CR: 75% GM: 83% KB: 91% OS: 93% PL: 84%				CWIQ – FOS 2003	
	- Net Enrolment Rate increased by x percent	AB: 86% CR: 84% GM: 42% KB: 31% OS: 82% PL: 61%				CWIQ – FOS 2003	
	- Frequency of clinic visits in the four weeks preceding interview up by x percent	AB: 22% CR: 14% GM: 10% KB: 8% OS: 6% PL: 10%				CWIQ – FOS 2003	
	<b>Impact indicators:</b> - % of population considering themselves poor*	AB: 84% CR: 76% GM: 74% KB: 53% OS: 41% PL: 68%				CWIQ – FOS 2003	
	- Adult literacy rate	AB: 80% CR: 74% GM: 52% KB: 41% OS: 72% PL: 56%				CWIQ – FOS 2003	
	- life expectancy increased						
	- infant mortality reduced						
	-						

**Note: Some of the indicators suggested here are taken from the CSP while most were added in 2003 and 2004 to reflect the availability of data, particularly from the six focal states. Not all data shown should be monitored, a selection should be made. Blanks do not necessarily indicate an absence of data, but since there is no significant EC presence in the states yet, it was not possible to assess the criteria given on good governance and institutional reform. Much of the data taken from the CWIQs can be disaggregated further to reflect age, gender, urban/rural differences.**

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\* this indicator is based on poverty perception, comparison across states is problematic.

8. SECTOR  8.1.1. WATER AND SANITATION	Status 2002 (estimate)	Target 2003	Target 2004	Target 2005	Target 2006	Target 2007 (Presidential Water Initiative)	Sources of information	Assumptions
<p>Long Term National Objectives – National Targets</p> <p><b>Provision of sufficient potable water and adequate sanitation to all Nigerians in an affordable and sustainable way.</b></p>	<p>State capitals: 42%</p> <p>Other urban: 42%</p> <p>Rural: 29%</p>					<p>100%</p> <p>75%</p> <p>64%</p>	<p>Independent national statistical studies</p> <p>Federal Office for Statistics (FOS)</p> <p>M&amp;E reports</p> <p>Surveys</p>	
<p>Objective of the intervention</p> <p><u>State and local levels:</u></p> <p>Provision of sufficient potable water and adequate sanitation to the poor of the six focal states in an affordable and sustainable way and increase hygiene practices by the three tiers of governments and through private sector involvement when advisable.</p> <p><u>Federal level</u></p> <p>Contribution to progress in other states through generalisation of lessons learnt</p>							<p>State Water Boards reports</p> <p>Reports of users' associations (watchdog)</p> <p>Programme reports</p> <p>M&amp;E reports</p> <p>Health statistics</p> <p>Surveys</p>	<p>Political and institutional will for reform and service delivery improvement</p> <p>Development of WSS policy</p> <p>Commitment to the cost-sharing formula by the three tiers of government</p> <p>Commitment in thirty other states to achieving</p>

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								national water goals
<u>Results of the intervention</u>  <b>8.2. State and local level</b>  - Reforms of the finance management achieved  - State and local government have the capacity to efficiently deliver WSS services  - Greater awareness and management of environmental health risks and more effective hygiene education and good hygiene practices  <u>Federal level</u>  - Dissemination of lessons learnt to non-focal states and contribution to the national water policy							Public expenditure tracking survey  State Water Boards reports  National Water Resources Institute (NWRI) annual reports  CWIQ surveys  Health reports  M&E reports	State budget properly implemented and followed  Allocation of adequate funding for the sector  Commitment from all stakeholders to sustainability and to fund maintenance  Will at federal level and other states to absorb lessons learnt in focal states



Annex 2. Chronogram of activities

Title of Project	Month	Amount (Global Commitment)
2004	(achieved)	
Technical Cooperation Facility (TCF)	January	10,700,000
Support to the NAO	July	7,700,440
Water supply and sanitation sector reform	November	87,000,000
Support to Reforming Institutions Programme (SRIP) Phase A	November	27,600,000
3 <sup>rd</sup> Polio Eradication support	December	25,380,000
2005 Census Support	November	113,500,000
Economic and Financial Crimes Commission	November	20,000,000
2005	(planned)	
Extension of Routine Immunisation to Kano State	September	14,000,000
Economic and Financial Crimes Commission	June	24,700,000
Cameroon Border Demarcation	June	2,000,000
20% increase to Microprojects Programme in three states (MPP3)	September	4,200,000
2007 Election Support	October	6,000,000
2006	(planned)	
Support to Civil Society	1 <sup>st</sup> semester	10,000,000
Support to NEEDS including EPA negotiations	1 <sup>st</sup> semester	22,000,000
Human Rights support	1 <sup>st</sup> semester	3,000,000
Water Supply and Sanitation Reform Programme - investment phase	2 <sup>nd</sup> semester	50,400,000
Support to reforming institutions (SRIP) - investment phase	2 <sup>nd</sup> semester	30,000,000
Support to reforming institutions (SRIP) phase B	2 <sup>nd</sup> semester	29,400,000

Annex 3. Indicative timetable for commitments and disbursements (updated February 2005 in light of Mid-Term Review)

3a.) Commitments

Commitments (million euros)	2001	2002	2003	2004	2005	2006	2007	Total
<b>Focal sector 1: Water and sanitation</b>								
Project 1: Reform of water/sanitation at state level				87.0				87.0
Project 2: Water investments in six states						50.4		50.4
<b>Focal sector 2: Institutional and economic reform</b>								
Project 1: Institutional support in six states				27.6		29.4		57.0
Project 2: Support to National Population Census				113.5				113.5
Project 3: Support to Economic and Financial Crimes Commission					24.7			24.7
Project 4: Good governance investment in six states (e.g. civil service reform)						30.0		30.0
<b>Non-focal sectors:</b>								
<b>Sector a: Health</b>								
Project 1: Polio and routine immunisation (PRIME) + 20% increase for polio	64.5			12.9				77.4
Project 2: 3rd Polio support				25.38				25.38
Project 3: Addition of Kano for routine immunisation					14.0			14.0
<b>Sector b: Human rights, capacity building, etc.</b>								
Project 1: Election support 2003		6.5						6.5
Project 2: Election support 2007					6.0			6.0
Project 3: Support for Human Rights						3.0		3.0
Project 4: Support for Non-State Actors						10.0		10.0
Project 5: Support for NAO's office				7.7				7.7
Project 6: Support to National Economic Empowerment and Development Strategy (NEEDS) including support to private sector and EPA						22.0		22.0
Project 7: Cameroon/Nigeria border demarcation					2.0			2.0
Project 8: 20% extension of MPP3					4.2			4.2
Project 9: Technical Cooperation Facility (TCF)				10.7				10.7
<b>Total</b>	64.5	6.5	0	284.78	50.9	144.8	0	38.948

**Note: the forecasts do not include expected global decommitments; as they become available, they will be added to forecast projects or other actions in line with the strategy.**

### 3b) Disbursements

<b>Disbursements (million euros)</b>	2001	2002	2003	2004	2005	2006	2007	Total
<b>Focal sector 1: Water and sanitation</b>								
Project 1: Reform of water/sanitation at state level					32.5	20.3	21.0	73.8
Project 2: Water investments in six states							5.0	5.0
<b>Focal sector 2: Institutional and economic reform</b>								
Project 1: Institutional support in six states					2.5	11.0	12.4	25.9
Project 2: Support to National Population Census				38.4	62.5	7.1	2.7	110.7
Project 3: Support to Economic and Financial Crimes Commission					9.0	9.0		18.0
Project 4: Good governance investment in six states (e.g. civil service reform)							6.0	6.0
<b>Non-focal sectors:</b>								
<b>Sector a: Health</b>								
Project 1: Polio and routine immunisation (PRIME) + 20% increase for polio		20.44	2.6	15.1	3.6	14.0	12.2	68.0
Project 2: 3rd Polio support					25.38			25.38
Project 3: Addition of Kano for routine immunisation					1.1	2.6	1.1	4.8
<b>Sector b: Human rights, capacity building, etc.</b>								
Project 1: Election support 2003		5.2	0.3		-1.0			4.5
Project 2: Election support 2007						1.9	3.5	5.4
Project 3: Support for Human Rights						1.4	1.6	1.0
Project 4: Support for Non-State Actors						3.8	3.8	7.6
Project 5: Support for NAO's office					1.9	2.4	1.2	5.5
Project 6: Support to National Economic Empowerment and Development Strategy (NEEDS) including support to private sector and EPA						3.0	6.0	9.0
Project 7: Cameroon/Nigeria border demarcation					1.6	0.4		2.0
Project 8: 20% extension of MPP3						2.0	2.0	4.0
Project 9: Technical Cooperation Facility (TCF)					0.9	2.0	1.5	4.4
<b>Total</b>	0	25.64	2.9	53.5	139.98	80.9	80.0	382.92

Annex 4. Donor matrix

DONOR	ECONOMIC GOVERNANCE	PRIVATE SECTOR	CDD/SOCIAL SERVICES
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8.3. AF DB	<ul style="list-style-type: none"> <li>• Institutional Support/ PRSP Process Project (grant for ABER/National Assembly/PRSP process to end in December, 2004).</li> </ul>	<ul style="list-style-type: none"> <li>• COTECNA Project: support for improved custom inspection. To be appraised in 2004.</li> <li>• Lines of Credit to some selected commercial banks (UBA and FSB) on going; one other to be appraised in 2004.</li> <li>• Support to the NLNG Project ( on- going).</li> </ul>	<ul style="list-style-type: none"> <li>• Health Systems Development Project (on-going in 12 states of the federation).</li> <li>• Community Based Poverty Reduction Project (on-going in four states of the federation).*</li> <li>• Community-based Agriculture and Rural Development Project (signed in December, 2003, implementation begins 2004 in five states).</li> <li>• Fadama Development Project (signed in December, 2003 implementation begins 2004 in six states).</li> <li>• NERICA Rice Dissemination Project (signed in December, 2003 implementation begins 2004 in six states).</li> <li>• Niger Delta Environmental Study (the TOR to be prepared 2004. Study slated for 2005).</li> <li>• Multi-state Water Supply Project (on-going).</li> <li>• Rural Roads Project (preparation programmed for 2004).</li> <li>• NEPA-CEB Interconnectivity project (on-going).</li> <li>• Ogun State Farm Settlement/forest rehabilitation Project (Identification/Preparation scheduled for 2004).</li> <li>• Basic Education Project (preparation for 2004).</li> <li>• Rural Water Supply and Sanitation Initiative (scheduled for appraisal in 2004).</li> </ul>
CIDA	<ul style="list-style-type: none"> <li>• State-level Procurement support to NEEDS team</li> <li>• Support to selected states for SEEDS</li> <li>• Enhancing policy analysis in the agriculture sector</li> <li>• Management of natural resource-based</li> </ul>	<ul style="list-style-type: none"> <li>• NEPA revenue stream management</li> <li>• Agriculture State-level land and water management</li> </ul>	<ul style="list-style-type: none"> <li>• Primary health care</li> <li>• Roll Back Malaria</li> <li>• HIV/AIDS*</li> <li>• Investigative journalism</li> <li>• Health Systems Reform</li> <li>• Gender Mainstreaming</li> </ul>

	internally generated revenue (IGR) in selected states		<ul style="list-style-type: none"> <li>• Human Rights and Democratic Reform</li> <li>• Polio Eradication</li> </ul>
DFID	<ul style="list-style-type: none"> <li>• State-level reform</li> <li>• Statistics</li> <li>• Democracy support</li> <li>• Human Rights</li> <li>• Access to Justice</li> <li>• Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Water/sanitation</li> <li>• Solid waste</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
8.4. EC	<ul style="list-style-type: none"> <li>• Economic Governance</li> <li>• Democracy support</li> <li>• Human Rights</li> <li>• (possible) Population Census</li> <li>• Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Infrastructure, especially water (public and/or private sector)</li> </ul>	<ul style="list-style-type: none"> <li>• Micro projects</li> <li>• Immunization (routine and polio)</li> <li>• Capacity building for civil society organizations</li> </ul>
FAO		<ul style="list-style-type: none"> <li>• National Special Program for Food Security</li> <li>• Review of the Public Irrigation Sub-sector</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening of the National Plant Quarantine Services</li> <li>• Strengthening the Horticultural Tree and Cash Crops Sector Higher Income Generation</li> <li>• Sustainable Legumes and Cereals Production through Integrated Production and Pest Management</li> <li>• Better Management of Post Harvest Technologies for Commercialization and Household Food Security in the framework of the SPFS</li> <li>• SPFS: Support to the Formulation of the Extended Phase</li> <li>• Assistance in the Preparation of a Medium Term Investment Program and Formulation of the Bankable Projects in Support to CAADP Implementation</li> <li>• Advisory Support to the NEPAD Secretariat</li> <li>• Establishment of a Mechanism for Tripartite Consultation in the Management of the Iullemeden Aquifer System</li> <li>• Strengthening and Coordination of Information System on Food Insecurity.</li> </ul>

			<p>Vulnerability and Food Trade in the ECOWAS Countries</p> <ul style="list-style-type: none"> <li>• Support to ECOWAS for Implementation of the RPFs at Sub-regional and National Levels</li> <li>• Strengthening the Production and Quality Control of Gum and Resins in Africa</li> <li>• Assistance for the Formulation of a Common Agricultural Policy for ECOWAS Member States</li> </ul>
8.5. FR EN CH	<ul style="list-style-type: none"> <li>• Police Training</li> </ul>	<ul style="list-style-type: none"> <li>• Community Based Rural Development</li> </ul>	<ul style="list-style-type: none"> <li>• Secondary and tertiary education</li> <li>• Epizootic disease prevention</li> <li>• Microprojects</li> <li>• Support to art and audiovisual creation</li> </ul>
IFAD		<ul style="list-style-type: none"> <li>• Root and tuber expansion program</li> </ul>	<ul style="list-style-type: none"> <li>• Community Based Agriculture and Rural Development Program (Northern Regions)</li> <li>• Community Based Natural Resource Management Program (Niger Delta)</li> </ul>
THE GOVERN- MENT OF JAPAN/ JICA		<ul style="list-style-type: none"> <li>• Rural electrification</li> <li>• State Level Water Supply Studies and Sanitation Projects</li> </ul>	<ul style="list-style-type: none"> <li>• Roll Back Malaria</li> <li>• Polio Immunization</li> <li>• HIV/AIDS</li> <li>• Education Sector Analysis (UNESCO Trust Fund)</li> <li>• Universal Basic Education Support</li> <li>• Gender (UNIFEM Trust Fund)</li> <li>• Environment (UNDP Trust Fund)</li> </ul>
UNDP	<ul style="list-style-type: none"> <li>• Transparency, accountability and anti-corruption</li> <li>• Gender empowerment</li> <li>• Decentralization and local governance</li> <li>• Aid coordination, policy dialogue and economic management</li> </ul>	<ul style="list-style-type: none"> <li>• Public-private partnership for development</li> <li>• SME development</li> <li>• Rural financial services</li> </ul>	<ul style="list-style-type: none"> <li>• Water/urban governance with emphasis on municipal waste management</li> <li>• Sustainable energy services</li> <li>• Restoration of environmental resources</li> <li>• Sustainable development in Niger Delta</li> <li>• HIV/AIDS</li> </ul>
UNICEF	<ul style="list-style-type: none"> <li>• National, state and community capacity building</li> <li>• Development of National and State Programs of Action</li> <li>• Development of NEEDS/SEEDS</li> </ul>	<ul style="list-style-type: none"> <li>• Water and sanitation policies</li> <li>• Food fortification with Vit A</li> <li>• Production of impregnated bednets</li> </ul>	<ul style="list-style-type: none"> <li>• Primary/Girls' education</li> <li>• Non-formal education</li> <li>• Early child care &amp; nutrition</li> <li>• Community-based development</li> </ul>

			<ul style="list-style-type: none"> <li>• Child immunization</li> <li>• HIV/AIDS prevention</li> <li>• Malaria control</li> <li>• Child protection</li> <li>• Safe water and environmental sanitation</li> <li>• Guinea worm and river blindness eradication</li> </ul>
USAID	<ul style="list-style-type: none"> <li>• Advocacy for Economic Reform</li> <li>• Domestic Debt Management</li> <li>• Budget Support Process</li> <li>• Anti-Corruption</li> <li>• Judicial Assistance</li> </ul>	<ul style="list-style-type: none"> <li>• Microfinance</li> <li>• Agro. Input Marketing</li> <li>• Commodity Enterprise Development</li> </ul>	<ul style="list-style-type: none"> <li>• HIV/AIDS*</li> <li>• Family Planning</li> <li>• Child Survival</li> <li>• Primary Education</li> <li>• Roll Back Malaria</li> <li>• Health Sector</li> </ul>
WHO			<ul style="list-style-type: none"> <li>• Health Sector Reform</li> <li>• Health Systems Strengthening</li> <li>• HIV/AIDS</li> <li>• Roll Back malaria</li> <li>• Making Pregnancy Safer</li> <li>• Integrated Management of Childhood Illnesses</li> <li>• Stop TB (DOTS expansion)</li> <li>• Essential Drug Programme</li> <li>• Polio Eradication Initiative</li> <li>• School and Adolescent Health</li> <li>• Surveillance, Prevention and Management of Non Communicable diseases</li> <li>• Communicable disease Prevention, Eradication and Control</li> <li>• Emergency Preparedness and Response to Epidemics.</li> </ul>
WORLD BANK GROUP	<ul style="list-style-type: none"> <li>• EMCAP</li> <li>• EMCAP II</li> <li>• Support for PRSP</li> <li>• Local Government Finances Study</li> <li>• Lagos SFAA</li> <li>• Lagos SPAR</li> <li>• WBI Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Privatization Support</li> <li>• Electric Transmission</li> <li>• Micro Small Medium Enterprise Project</li> <li>• Fadama II</li> </ul>	<ul style="list-style-type: none"> <li>• Community Based Urban Development</li> <li>• Community Based Poverty Reduction</li> <li>• Health Systems Support</li> <li>• HIV/AIDS Project</li> <li>• Polio Project</li> <li>• Local Empowerment Project</li> <li>• Universal Basic Education</li> </ul>

\* Coordinated with WB activities



## **Annex 5. Country environmental profile**

### **1. Introduction.**

Nigeria has a surface area of about 930 million square kilometers, and extends from the humid zone of the Atlantic coast in the south, to the arid zone of the fringes of the Sahara desert in the north. This results in a great variation of climates, with over 3500mm of rainfall in the southeast to less than 450mm in the northeast. In consequence, a variety of ecosystems are present in Nigeria from the moist tropical forest in the South, through the savanna belt in the middle, to the Sahel in the North.

Environmental challenges facing Nigeria are results of natural and man-made threats, social-cultural problems as well as direct and indirect consequences of economic development. Major challenges include among others: loss of biodiversity, air and water pollution, pollution attendant to oil and gas exploitation, drought and deforestation. Flooding, coastal and gully erosion, land degradation, urban decay, industrial and domestic wastes in many urban centers are other environmental problems in Nigeria.

### **2. State of Environment in Nigeria.**

The National Economic Empowerment and Development Strategy (NEEDS) presents the critical issues in the environmental sector as follows:

- Geometric production of waste by the populace especially in the cities;
- Lack of proper management of wastes including industrial waste;
- Uncontrolled development without regard for waste management and pollution control;
- Absence of significant private sector involvement in the sector;
- Desertification, erosion, and deforestation;
- Impact of oil and gas development on the environment and unsustainable use of land;
- Poor enforcement of environmental laws;
- Urban decay, pollution and biodiversity loss.

The policy thrust of NEEDS on the environment is to ensure a safe and healthy environment that secures the economic and social well being of Nigerians on a sustainable basis.

Targets are:

- Bring environmental and waste pollution in the cities and urban centers under control;
- Foster private sector participation in environmental protection;

- Achieve international standards in the process of control and monitoring of environment;
- Promote local manufacture of equipment and raw materials for environmental protection and conservation;
- Comply with international safety and health and environmental standards as they relate to specific industries and sectors of the economy.

### 3. Institutional Arrangement.

The Federal Environmental Protection Agency (FEPA) was established in 1988 (with the modifications of the enabling law in 1992 and later in 1999). The Agency was charged with the responsibility of overseeing sustainable development through environmental protection and conservation of the natural resources.

The Ministry of Environment was created in 1999 by the President Olusegun Obasanjo's administration to demonstrate his administration's commitment to issues of environment and sustainable development. The Ministry brought under one roof all the federal government's agencies and Departments whose activities related to environment (with FEPA as the nucleus of the new Ministry). The primary mandate of the Environment Ministry is to achieve environmental objectives as enunciated in Section 20 of the Constitution of the Federal Republic of Nigeria, whose basic premise is "to protect and improve water, air, land, forest, and wildlife of Nigeria".

Priority environmental programme areas of the Ministry are:

- Solid waste management with community pilot projects in waste minimization through source reduction, reuse and recycling and the use of biodegradable packaging materials;
- Industrial pollution;
- Niger Delta Environmental Programme;
- Forest Resources Conservation;
- Biodiversity Conservation;
- Flood and Erosion, including Coastal Erosion;
- Desertification;
- Environmental Education and Public Awareness.

Many State governments have also established Ministry of Environment, in some states, as a separate Ministry, and in others as a part the Ministry of Water Resources or Agriculture. Almost all the 36 States (and the Federal Capital Territory, Abuja) have in addition created a State Environmental Protection Agency whose duty is mainly to cart away solid wastes in the major towns of the State.

Few NGO's are involved in the environment sector. They are mostly involved in tropical forest protection and wildlife management, improvement of surrounding communities' livelihood and wetlands conservation.

#### 4. Environmental Policy.

In 1989, the Federal Government of Nigeria formulated a National Policy on Environment with an overall goal of achieving sustainable development. The policy was revised in 1992. An Environmental Impact Assessment law (Decree 86) was promulgated in 1992. The Decree stipulates that all development projects shall be subjected to Environmental Impact Assessment before the commencement of the project. The National Policy on Environment was revised and updated in 1999 to address environmental concerns related to activities of some sectors of the economy not adequately covered in the 1992 edition.

Since 1999, with the establishment of the Ministry of Environment and FEPA forming the core of the Ministry, the policy thrust of the Ministry has centered on the so-called Environmental Renewal and Development Initiative (ERDI). The primary objectives of the ERDI are *“to take full inventory of our natural resources, assess the level of environmental damage and design and implement restoration and rejuvenation measures; and to evolve and implement additional measures to halt further degradation of our environment”*.

#### 5. International Activities.

Nigeria is a signatory to many Environmental Conventions and Treaties. Nigeria has since 1963, ratified some two dozens of international agreements related to the Environment. Prominent amongst them are: the Ramsar Convention on Wetlands; Convention on Biological Diversity; on Desertification, Montreal Protocol on Substance that Deplete the Ozone Layer; the UN Framework Convention on Climate Change and the Kyoto Protocol. Nigeria participated in the UN Conference on Environment and Development (UNCED) in 1992, following which she launched a National Agenda 21 in 1999 focusing on the principles of sustainable development contained in the Global Environmental Action Plan.

#### 6. Support by donors and international development assistance.

The World Bank is funding projects (\$70m IDA Credit) on Micro-Watershed and Environmental Management in six critically degraded watersheds in Nigeria. UNDP is also involved in the Country Framework under the component of the Sustainable Agriculture, Environment and Rural Development. According to Ministry of Environment's report, Nigeria has secured funds for a project on Integrated Management of Land and Water in Shared Catchments in the Transboundary Area of Niger and Nigeria. The Canadian International Development Agency, CIDA is funding projects on tropical forest protection in Cross River State.

#### 7. EC Projects in the Environment Sector.

Project No	Project Name	Objective	Budget (Euro)	Timeframe
7 ACP UNI 012	Oban Hills Programme	Protection of tropical forest and improve livelihood of communities in the surrounding.	16.5m of EDF and ?11m of KfW. Only 3.3m was disbursed before	Suspended in 1995

			suspension in 1995.	
7 ACP UNI 015	Katsina Arid Zone Programme	Land conservation, afforestation, livestock, rural infrastructure	25m. About a quarter was disbursed by 1995.	Closed
7 ACP UNI 024	Kaduna Arid Zone Afforestation Progr.	Capacity building, technical assistance and scholarship.		Dormant since suspension in 1995
6 ACP UNI 011 & 012	North East Arid Zone Dev. Progr.	Integrated rural dev. programme and management of natural resources to fight desertification.	EDF grant of 6m and a loan of 29m.	Dormant since suspension in 1995
6 ACP UNI 026	Coastal Management Research Programme	Developing capacity of staff and students in 4 Universities on understanding environmental problems.	2m committed, about 10% disbursed and the rest de-committed.	Dormant since suspension in 1995
FT/1997/13	Community Based Sustainable Mgt of Tropical Forests in Cross River State, Nigeria	Tropical forest protection and community livelihood programme.	695,000	Closed
PVD/1998/157	Hadejia-Nguru Wetlands Conservation Project	Wetlands conservation and biodiversity protection	425,682.00	Closed
B7-6201/92/20	Okwangwo Programme.	Protection of tropical forest within Nigeria and improving living conditions of rural communities.	1,141,757.75	Closed

**Annex 6. Financial situation for 6<sup>th</sup> – 9<sup>th</sup> EDF (grants)**

	Global commitments end-2003	Global commitments end-2004	Individual commitments end-2003	Individual commitments end-2004	Payments end-2003	Payments end-2004
6 <sup>th</sup> EDF	178,774,915	178,774,915	177,986,112	177,986,112	177,243,633	177,243,633
7 <sup>th</sup> EDF	261,231,494	257,722,700	154,188,261	177,499,246	108,558,470	129,210,072
8 <sup>th</sup> EDF	0	0	0	0	0	0
9 <sup>th</sup> EDF	79,548	271,959,988	0	114,820,608	0	38,501,498
Total						
Major projects						
7.51 MPP3	21,000,000	21,000,000	13,264,800	14,245,930	6,378,348	7,373,548
7.52 EMCAP	12,000,000	12,000,000	5,542,000	9,610,741	1,674,857	2,988,806
7.56 STWSSP	15,000,000	15,000,000	4,945,000	4,945,000	0	861,327
7.58 Democracy programme	6,600,000	6,600,000	0	1,200,000	0	0
7.59 MPP6	42,000,000	42,000,000	10,133,095	21,610,095	2,841,753	3,744,870
7.62 PRIME	64,500,000	77,400,000	41,457,700	47,064,164	22,959,932	38,125,798
7.64 Election 2003	6,500,000	6,500,000	6,456,000	6,456,000	5,446,000	5,446,000
9.01 TCF	0	10,700,000	0	274,821	0	50,234
9.03 Polio in 14 countries	0	25,380,000	0	25,380,000	0	0
9.04 Support to NAO's Office	0	7,700,440	0	0	0	0
9.05 Census	0	113,500,000	89,090,886	38,406,324	0	
9.06 Water Supply and Sanitation Sector Reform Programme	0	87,000,000	0	0	0	0
9.07 Support to Reforming Institutions Programme	0	27,600,000	0	0	0	0

**WATER SUPPLY AND SANITATION SECTOR REFORM PROGRAMME (WSSSRP)**

<b>Project number</b>	<b>9 ACP UNI 006</b>
<b>Project amount/EU contribution</b>	<b>119,630,000 EUR / 87,000,000 EUR</b>
<b>Project duration</b>	<b>48 months</b>
<b>Decision number</b>	<b>UNI/002/04</b>
<b>End date of implementation</b>	<b>31/07/2010</b>
<b>Implementing agency</b>	<b>TECHNICAL ASSISTANCE / UNICEF</b>

**1. Description**

The purpose of the Water Supply and Sanitation Sector Reform Programme is to increase access to safe, adequate, and sustainable water and sanitation services in the six EC focal states of Nigeria namely Abia, Cross River, Gombe, Kebbi, Osun and Plateau.

The Programme plans to achieve four results: (i) improved water governance at the Federal level; (ii) improved water governance at the State and Local Government levels in the six States; (iii) improved water service delivery to urban areas in the six States; (iv) improved water supply, sanitation and hygiene promotion delivery in a sustainable manner in up to 1,400 rural communities and 60 small towns in the six States.

At federal level, the WSSSRP will support the harmonisation of existing policies and those under preparation into a sector policy document including the establishment of a medium-term expenditure framework for providing guidance for a sector wide approach for a national WSS programme planning and implementation.

In the six states, the WSSSRP will also support improved water governance supporting in particular the review of the state legislation for the preparation of State policy within the framework of the National policy, the assessment of roles and mandates of water institutions, the development of guidelines for strategic planning and budgeting for preparation of annual WSS investment plans and the preparation of a medium-term expenditure framework as a primary decision-making tool for linking state/LGAs policy objective with budget allocation.

The intervention in the rural areas, is planned to be executed as part of a multi-donors intervention to UNICEF through a contribution agreement. The small town, urban and institutional strengthening at State Level and the Federal component will be implemented through “Externalised direct labour operation”. A Programme Management Unit will be established at federal level and State Technical Units in each of the six States.

**2. Original Context and Key assessment areas**

Existing statistics on water supply and sanitation coverage in Nigeria are unreliable. It is generally believed that services reach about half of the population for potable water and about a third for sanitation. Water related diseases are widespread due to unhygienic practices, unsafe excreta disposal, and use of contaminated water sources. One of the consequences is guinea worm infestation in 16 states, including Cross River, Gombe, and Kebbi.

Investment to expand services in the water and sanitation sector is low. Funds provided under the federal and state budgets are not used effectively, because of corruption and mismanagement. Other problems of the overall water supply and sanitation sector in Nigeria include weakness of existing institutional arrangements, absence of a regulatory framework, inconsistency in the implementation of existing policies, weak management capacity, poor technical skills in many institutions, irregular power supply, high level of unaccounted for water and inadequate databases.

The Federal Ministry of Water Resources (FMWR) is responsible for policy formulation, coordination, and planning and participates in capital investment. The National Water Resources Institute (NWRI) is responsible for training and research and the current twelve River Basin Development Authorities (RBDAs) are responsible for integrated water resources management. While the State and Local Governments are responsible for the implementation of water and sanitation services, Co-ordination, planning, monitoring, and evaluation of WSS activities are poor, in part because of overlapping mandates at federal and state level.

Other problems are the absence of a clear regulatory framework, political interference, weak management capacity, poor technical skills in many institutions, irregular power supply and high level of unaccounted for water. The supply-driven approach has created a “wall” between water supply, sanitation, and hygiene issues. Implementing a demand-driven approach remains a challenge.

The private sector is generally involved as informal small-scale services providers in urban areas and small towns.

Indicators, for the overall objective include (i) reduction of water related diseases and (ii) increased proportion of poor households with access to water and sanitation services. Indicators related to the programme purpose include (i) increased proportion of the population in the six focal states with access to improved water and sanitation services and having improved hygiene practices (ii) reduction in the distance to improved water source, and (iii) time saving for fetching water.

### **3. Summary of Project implementation**

The tender procedure is on going for the selection of the Programme Management Unit at federal level and the State Technical Units. The contribution agreement should be signed shortly with UNICEF. The Programme is expected to commence in September 2005. A draft Memorandum of Agreement between the National Planning Commission and the States governing the implementation arrangements with the States and setting out the commitments and responsibilities of the States and the Federal Government has been sent to the States for their comments.

### **4. Changes in the context and in Key Assessment Areas**

The National Council on Water resources has decided to (i) starting implementation of the Rural Water Supply and Sanitation Strategic Framework (ii) completing the assessment of water institutions in all states and the setting up of a State Ministries of Water Resources and Local Government Water Resources Departments by December 2005 (iii) undertake a comprehensive water supply and sanitation plans to be developed by all states by December 2005, (iv) immediately implement the cost sharing formula for investment between the Federal, State and Local Government and (v) establish a mechanism for insuring consideration of water and sanitation issues in the process of developing NEEDS/SEEDS/LEEDS (Nigerian equivalent of PRSP) programmes.

### **5. Progress in Achieving Objectives**

N/A

### **6. Financial Execution**

N/A

### **7. Issues Arising and Action Required**

N/A

### **8. Cross Cutting and other issues**

**Support to reform-minded States** by supporting Government's NEEDS, SEEDS and LEEDS strategy (Nigerian equivalent of PRSP at National/State and Local Government levels respectively): if the focal states fail to adopt SEEDS and do not meet minimum conditions, the NAO and the Commission may foresee the possibility of switching support from the existing focal states to non-focal states scoring well on the SEEDS benchmarking exercise, during which States will be assessed on indicators relevant to good governance and in particular to public finance management.



## **SUPPORT TO REFORMING INSTITUTIONS PROGRAMME (SRIP)**

<b>Project number</b>	<b>9 ACP UNI 007</b>
<b>Project amount/EU contribution</b>	<b>57 000 000 Euro /EU contribution is 57. 000 000 Euro</b>
<b>Project duration</b>	<b>23 December 2004 – 31 December 2010</b>
<b>Decision number</b>	<b>9280 / UNI</b>
<b>End date of implementation</b>	<b>31 December 2008</b>
<b>Implementing agency</b>	<b>National and States' Planning Commissions</b>

### **1. Description**

This programme will be implemented in two phases of 42 and 36 months duration respectively. The programme will assist governments of the 6 focal states in designing and implementing their reform programmes; strengthen key public finance institutions in these states to ensure prudent and transparent fiscal management; strengthen the capacity of civil society in the states to participate more effectively in the budget process and render government accountable for its actions; assist the states in undertaking social investments to improve service delivery.

### **2. Original Context and Key assessment areas**

The project corresponds to the priorities established in the Country Support Strategy (CSS) 2002-2007 for Nigeria. In particular, the project approach corresponds to the principle stressed in the CSS that the EC will support and encourage Nigeria's own development processes by directly helping Nigerian authorities improve their own service delivery mechanisms, through support to good governance, institutional strengthening, and the reform of public finance management in six focal states. State and local governments in Nigeria spend approximately half of all government funds and their responsibilities are heavily biased towards basic services. In practice, many states do not fulfil their responsibilities in this area adequately and this informs the approach.

### **3. Summary of Project implementation**

The Programme Management Unit (PMU) and six State Technical Units (STUs) will implement the programme on the basis of programme estimates signed by the National Authorising Officer (NAO) and endorsed by the European Commission. These programme estimates will be executed through an imprest account or through specific commitments. In both cases, the execution will be carried out through supply and service contracts, grant and/or contribution agreements or direct implementation, in compliance with 9<sup>th</sup> EDF financial regulations.

The PMU, based in Abuja and attached to the NAO, will function as an externalised direct labour operation, coordinating programme inputs in the six states and at national level. The STUs will be satellites in the states of the federal level PMU.

### **4. Changes in the context and in Key Assessment Areas**

The Support to Reforming Institutions Programme prepares its start-up in six states identified in the CSS: Abia, Cross River, Gombe, Kebbi, Osun and Plateau. However, the Federal government in collaboration with the donor community has developed a set of benchmarks as a tool to assess and compare the performance of the Nigerian states in key areas such as public finance management, communication and transparency. If these

benchmarks are not met by the six focal states, the activities of this programme will be switched to different states.

## **5. Progress in Achieving Objectives**

The Financing Agreement was signed between the European Commission and the Federal Republic of Nigeria on December 2004; tenders were launched for the establishment of Programme Implementation Unit at both the Federal and State level on January 2005; the short list of 7 companies invited to the restricted international tender was published on April 2005. The 7 companies' tenders will be submitted by June 2005.

## **6. Issues Arising and Action Required**

The European Commission will need to take action if focal states don't meet the benchmarks after the assessment exercise.

## **7. Cross Cutting and other issues**

<b>Crosscutting objective</b>	<b>Directly targeted objectives</b>	<b>Significant indirect impact</b>
Poverty reduction	X	
Good Governance	X	
Fight against corruption		X
Democracy, Human rights		X
Integration in World economy		X

## **MICRO PROJECTS PROGRAMME IN THREE STATES IN THE NIGER DELTA**

<b>Project number</b>	<b>7ACP UNI 51</b>
<b>Project amount/EU contribution</b>	<b>€1,000,000</b>
<b>Project duration</b>	<b>5 years</b>
<b>Decision number</b>	<b>5854/UNI</b>
<b>End date of implementation</b>	<b>22 April 2006</b>
<b>Implementing agency</b>	<b>Louis Berger</b>

### **1. Description**

The Programme is implemented in the Delta, Bayelsa, and Rivers states and aims to increase access to basic amenities like water and sanitation, health, schools, rural transport as well as improve income generation options to the poor in the Niger Delta. The Programme uses participatory methods in identifying and executing projects and by implementing projects in a cost-effective and transparent manner.

The Programme funds village-based micro-projects, such as water supply and sanitation, village transport, health centres, schools and income-generation. Communities participate actively in every phase of their Micro-projects: from the identification and design to implementation, monitoring and closure and including its maintenance. The community forms a Project Implementation Committee that is responsible for the construction work. The communities are supported in the implementation of their Micro Projects by Non-Governmental Organizations. As many NGOs have little experience with micro-project implementation, the Programme also provides training for the NGOs. It also provides the NGO with funds to pay for the cost of supporting the community in implementation and for monitoring.

To ensure that the micro-project satisfies a real need of the community and that the Community will sustain the results of the micro-project after its completion, communities are required to pay at least 25 percent of the cost of the micro-project in cash or in kind.

Transparency and accountability are important to allow communities to make sure the funding is used as intended, with value-for-money. Cost, names of contact persons and contractors are on signposts located near each Micro-Project. Detailed information on each Micro-Project and on the Programme as a whole is available on the Programme's website: [www.mpp3.org](http://www.mpp3.org). The project also uses traditional media and networks to disseminate information.

The MPP3 Programme is executed by the National Planning Commission, while the implementation is managed by through a service contract Louis Berger. The Programme has its headquarters in Port Harcourt and State offices in the three states.

### **2. Original Context and Key assessments**

The Niger Delta is the main oil-producing area of Nigeria, and provides most of the 95% of Nigerian government revenue, which derives from crude oil production. Many communities of the area, however, are among the least developed in the country. Support from Government for social and economic infrastructure has been largely absent in many communities in part because of mismanagement and corruption.

The Niger Delta is characterized by difficult ecological conditions and a complex socio-economic situation. Social tensions and widening gaps between rich and poor (also caused by oil industry expansion) are among the development problems facing the Niger Delta communities.

Following the resumption of EC-Nigeria Development Cooperation in 1999 a quick start package was developed to assist the Government on poverty alleviation activities. The MPP3 project is one of the projects of the quick start package.

Key assessment areas are the number of micro-projects the project can implement, the sustainability of these micro-projects and the number of people that are benefiting from the interventions. Other assessment areas include the strengthening of the institutional capacity of the communities and the NGOs. While the programme aims to reduce conflict, no indicators have been developed to measure this.

### **3. Summary of Project implementation**

The MPP3 programme has had a difficult start, which has negatively influenced the implementation efficiency of the programme. These reasons are (i) long delays before the technical assistance team had reached the strength as foreseen in the FA; (ii) the recruitment of the local staff took a considerable time; (iii) MMU office and Regional offices only became sufficiently equipped in June 2002; (iv) contrary to the assumptions in the appraisal study there were only few capable local NGOs and CBOs in the project area to identify and execute the micro projects.

As a consequence, instead of an estimated disbursement over the first two years of €7.6 million over the first two years, only around €3.4 million has been spent in the first two years, implying a very low disbursement rate of the EDF funds.

With a change in the management in 2003, project implementation improved and the Mid Term Review that took place in early 2004 expects that the will reach its objectives.

The Mid term Review was completed in January 2004. It concluded that progress was generally satisfactory, that the Service contract be extended to the end of the Financing Agreement, and that water and sanitation should be more integrated into other types of Micro-Projects such as schools and health centres.

Workplan 1 ended in November 2003. The implementation period of Workplan 2 was originally from December 2003 to November 2004, but was extended until March 2005.

At the end of 2004, a total of 396 micro-projects had been completed. Exchange visits were organized for 90 farmers in Bayelsa and Delta to visit projects within their vicinity. Community level awareness activities were undertaken as well as increased visibility through the production of jingles in local languages for radios.

Trainings were organized on bookkeeping, financial management and project management for 90 members of community committees responsible for project implementation.

Workshops were organized for 45 Partner organizations Workshop on participatory approaches.

- Participatory Approaches for 78 participants from partner organization
- Project Management for 148 participants from partner organizations
- Project Management II Workshop for 83 participants from 73-partner organization
- Financial Management Workshop for 87 participants from 67 partner organisations and MPP3 staff

As part of transparency, the project maintains a website in which details of the Micro-Projects are given [www.mpp3.org](http://www.mpp3.org)

#### 4. Changes in the context and in Key Assessment Areas

The **NEEDS** (Nigeria Economic Empowerment Development Strategies) was launched in 2004, but no substantial changes have yet taken place to impact on the rural communities in the Niger Delta.

In 2000, the Government has established the Niger Delta Development Commission (NDDC), which is tasked to assist in uplifting the plight of the people of the Niger Delta. The NDDC is funded from oil income from the delta states. The NDDC has implemented a number of projects, but only a limited number have reached the rural communities. A Master Plan for the Niger Delta that has recently been completed calls for participatory and community led projects.

The average costs of the Micro-Projects foreseen in the Financing Agreement was some Euro 3,000 allowing the project to implement some 5,000 Micro-Projects. However such small micro-project turned out to be inefficient and the average price increased to some Euro 15,000, which will allow the project to implement about 1,000 Micro-Projects.

The Micro-Finance Micro-projects implemented under Workplan 1 were not successful and the Programme had decided to end Micro-Finance Micro-Projects. This was supported by the Mid Term Review. In addition, the new policy of AIDCO does not allow for the use of EDF resources for the funding of the capital for onlending.

#### 5. Progress in Achieving Objectives

- 70 partner organizations have been trained in various aspects of Micro-Project implementation.
- 396 projects with an average cost of ₦ 2.5 million, have been completed or are being implemented.
- Over 50% of these projects are water projects with the remaining for schools, community town halls health centres, and transport.
- Some communities in Delta State are beginning to demand that the Government meet their obligations of providing amenities to them from the experience with micro projects. Cases of an increase in Government responsiveness to the needs of the poor where the LGA stocked the health centres with drugs immediately after the MPP3 supported Micro-project was completed.
- Over 1,318,000 people from about 500 communities have benefited from the Micro Projects
- About 10% of Health centres visited have recorded decreased maternal/child mortality and increased patronage of pregnant women in the last years of the programme.

#### 6. Financial Execution

Below is the table showing the financial execution of the programme over the last three years

Budget lines under MMU responsibility	EDF Grant in Euros	Expenditure In Naira (Up to Dec04)	Estimated Expenditure In Euros*	Estimated Balance in Euros*
Construction works	15,500,000	714,435,555	4,465,222	11,034,778
Technology Adoption	500,000	26,228,619	163,929	336,071

Training & Capacity Building	500,000	39,882,630	249,266	250,734
Technical Assistance	2,500,000	168,246,970	1,603,635	1,686,555
Contingencies	2,000,000	131,230,040	820,190	1,179,810
Total	21,000,000	10,800,238,814	7,302,242	14,487,948

Over 14 Million Euros have been committed in the last 3 years and over 7.0 Million Euros have been paid as at December 2004. There are still about 7 Million Euros to be committed and a total of 13.5 Million available in the programme.

## **7. Issues Arising and Action Required**

### **Issue 1:**

Insufficient internal control of the Micro-projects

Action:

Improving monitoring of quality and standards of micro projects at the community by MPP3 and the Delegation.

Build capacity of community members to cross check purchase by the partner organization. Keep records of partner and community contribution.

### **Issue 2:**

Delays in the payment of PE 3 advance as result of the lack of closure of WP1 due to poor audit processes of the programme.

Action:

Ensure subsequent WP/PE are audited and closed within 6 months after the WP is ended

Ensure that audits are done to meet the standard of the EC as well as ensuring on the spot assessments of the projects and programme are done at frequent intervals

### **Issue 3:**

Ensuring that contribution of community members meet the requirement of the FA in a sincere and transparent manner

Action:

Setting standard cost of materials to be researched and used for the calculation of community contribution.

Ensuring proper auditing of programme at both community, programmatic and partner level

Establish clear guidelines for the project proposal writing stage allowing an accurate calculation of the financial contribution of the NGOs and communities.

## **8. Cross Cutting and other issues**

- Gender issues are important aspects in project implementation and sustainability as most of the beneficiaries of the projects such as for water supply and sanitation, schools and health centres are women. Their involvement in the project cycle management is imperative.
- Continuous conflict in some parts of the Niger Delta due to Youth restiveness has affected project implementation and thus the need for a conflict sensitive approach.
- Interrelationship of HIV/AIDS and project sustainability and community involvement: - A major portion of the 5.8% infected people of HIV/AIDS in Nigeria are from the Niger Delta. This makes it an important issue to consider during the Micro-Project Preparation
- Capacity building of local community members as motivational factor for commitment and sustainability.
- Use integrated approach to projects implementation i.e. incorporating water and sanitation into other projects for example education projects must always include water and sanitary facilities

## **MICRO PROJECT PROGRAMME IN SIX NIGER DELTA STATES**

<b>Project number</b>	<b>7ACP UNI 059</b>
<b>Project amount/EU</b>	<b>€42,000,000</b>
<b>Project duration</b>	<b>5 Years</b>
<b>Decision number</b>	<b>5874/UNI</b>
<b>End date of implementation</b>	<b>May 2008</b>
<b>Implementing agency</b>	<b>Agriconsulting SpA</b>

### **1. Description**

The Programme is implemented in the Abia, Akwa-Ibon, Cross River, Edo, Imo, and Ondo, states and aims to increase access to basic amenities like water and sanitation, health, schools, rural transport as well as improve income generation options to the poor in the Niger Delta. The Programme uses participatory methods in identifying and executing projects and by implementing projects in a cost-effective and transparent manner.

The Programme funds village-based micro-projects, such as water supply and sanitation, village transport, health centres, schools and income-generation. Communities participate actively in every phase of their Micro-projects: from the identification and design to implementation, monitoring and closure and including its maintenance. The community forms a Project Implementation Committee that is responsible for the construction work. The communities are supported in the implementation of their Micro Projects by Non-Governmental Organizations. As many NGOs have little experience with micro-project implementation, the Programme also provides training for the NGOs. It also provides the NGO with funds to pay for the cost of supporting the community in implementation and for monitoring.

To ensure that the micro-project satisfies a real need of the community and that the Community will sustain the results of the micro-project after its completion, communities are required to pay at least 25 percent of the cost of the micro-project in cash or in kind.

Transparency and accountability are important to allow communities to make sure the funding is used as intended, with value-for-money. Cost, names of contact persons and contractors are on signposts located near each Micro-Project. Detailed information on each Micro-Project and on the Programme as a whole is available on the Programme's website: [www.mpp6.org](http://www.mpp6.org). The project also uses traditional media and networks to disseminate information.

The MPP6 Programme is executed by the National Planning Commission, while the implementation is managed by through a service contract Agric-consulting SPA. The Programme has its headquarters in Imo State and State offices in the three states.

### **2. Original Context and Key assessments**

The Niger Delta is the main oil-producing area of Nigeria, and provides most of the 95% of Nigerian government revenue, which derives from crude oil production. Many communities of the area, however, are among the least developed in the country. Support from Government for social and economic infrastructure has been largely absent in many communities in part because of mismanagement and corruption.

The Niger Delta is characterized by difficult ecological conditions and a complex socio-economic situation. Social tensions and widening gaps between rich and poor (also caused by oil industry expansion) are among the development problems facing the Niger Delta communities.



Following the resumption of EC-Nigeria Development Cooperation in 1999 a quick start package was developed to assist the Government on poverty alleviation activities. The MPP6 project is one of the projects of the quick start package.

Key assessment areas are the number of micro-projects the project can implement, the sustainability of these micro-projects and the number of people that are benefiting from the interventions. Other assessment areas include the strengthening of the institutional capacity of the communities and the NGOs. While the programme aims to reduce conflict, no indicators have been developed to measure this.

### **3. Summary of Project implementation**

Till date about 85 were executed as against the 400 Micro projects planed for the inception and Annual work plan 1 period. This short fall was due to the delay in the replenishment of the programme owing to the shift in the procedure from the 7<sup>th</sup> to the 8<sup>th</sup> EDF procedures as well inadequacy or delays in the release of project vehicles.

- Very few exchange visits were organized due to the reasons mentioned above; internal trainings for staffs and 108-partner organization were organized on micro project implementation strategies and Project Management Cycle
- State awareness creation were organized and carried out in all the six states of the programme.
- As part of transparency, the project maintains a website in which details of the Micro-Projects are given [www.mpp6.org](http://www.mpp6.org)

### **4. Changes in the context and in Key Assessment Areas**

The **NEEDS** (Nigeria Economic Empowerment Development Strategies) was launched in 2004, but no substantial changes have yet taken place to impact on the rural communities in the Niger Delta.

In 2000, the Government has established the Niger Delta Development Commission (NDDC), which is tasked to assist in uplifting the plight of the people of the Niger Delta. The NDDC is funded from oil income from the delta states. The NDDC has implemented a number of projects, but only a limited number have reached the rural communities. A Master Plan for the Niger Delta that has recently been completed calls for participatory and community led projects.

Increasing intra and inter-boundary disputes, which have also caused much loss of life especially in the Abia and Cross-river axis.

The new policy of AIDCO does not allow for the use of EDF resources for the funding of the capital for onlending. This will necessitate a changed strategy to the one foreseen in the Financing Agreement. A short term consultancy to develop a Micro-Finance strategy that could concentrate on capacity building is foreseen may take place in 2005

### **5. Progress in Achieving Objectives**

- 108 partner organizations selected with capacity built in the areas of micro project implementation.
- As of December 2004, 85 projects with an average cost of ₦ 2.7 million, have been completed or are being implemented, at a total cost of over ₦220 million under WP1

- Majority of the projects are in water and sanitation as boreholes mainly implemented through the state agencies for water and sanitation
- Over 300,000 people from about 100 communities have benefited from the Micro Projects

## 6. Financial Execution

Below is the table showing the financial execution of the programme till date December 2004

Budget lines under MMU responsibility	EDF Grant in Euros	Expenditure In Naira (Up to Dec04)	Estimated Expenditure In Euros*	Estimated Balance in Euros*
Construction works	31,500,000	242,065,114	1,512,907	29,987,093
Technology Adoption	500,000	37,794,989	236,219	263,781
Training & Capacity Building	3,000,000	4,414,683	27,598	2,972,408
Technical Assistance	5,000,000		1,939,228.84	
Evaluation and Audits	400,000	0	0	400,000
Contingencies	1,600,000	0		1,600,000
Total	42,000,000	284,274,786	3,715,953	38,284,047

Over 21.5 Million Euros have been committed from inception and only about 4.0 Million Euros have been paid as at December 2004. Start-up of programme was rather slow due to insufficient management understanding of micro project principles.

## 7. Issues Arising and Action Required

### Issue 1

Poor quality of projects implemented especially in health, water and education

Actions:

- Improve monitoring of quality and standards of micro projects at the community by MPP6
- Develop systems of checking to ensure that supplies are made to specification.
- Build capacity of community members to cross check purchase by the partner organization. Keep records of partner and community contribution.
- Ensure that Project officer gives certificate of water fitness to the community from the agency
- Ensure that all projects are implemented through the supervision of NGO/CBOs at the community to ensure full participation of all stakeholders in the community

### Issue 2

Ensuring that contribution of community members meet the requirement of the FA in a sincere and transparent manner

Actions:

- Setting standard cost of materials to be used for the calculation of community contribution.
- Ensuring proper auditing of programme at both community, programmatic and partner level
- Establish clear guidelines for the project proposal writing stage allowing for an accurate calculation of the financial contribution of the NGOs and communities.
- New approach and procedures to be designed involving all stakeholders in order to develop clear policies and a procedural manual;

## **8. Cross Cutting and other issues**

1. Gender issues are important for programme implementation under the context of harmful traditional and cultural practices that gender are insensitive. Programme would need to ensure that women participation is ensured at all levels of the project Management Cycle.
2. Increasing cross, inter and intra- boundary conflict in the regions of the MPP6 reducing the overall spread and impact of the project.
  - Interrelationship of HIV/AIDS and project sustainability and community involvement: Cross River of the MPP6 states has the highest prevalence rate of HIV/AIDS in Nigeria. This makes it an important issue to consider during the Micro-Project Preparation
3. Use integrated approach to projects implementation i.e. incorporating water and sanitation into other projects for example education projects must always include water and sanitary facilities

## **SMALL TOWN WATER AND SANITATION PROGRAMME**

<b>Project number</b>	<b>7 ACP UNI 056</b>
<b>Project amount/EU contribution</b>	<b>Eur 15.0 million</b>
<b>Project duration</b>	<b>60 months</b>
<b>End date of implementation</b>	<b>31 December 2008</b>
<b>Implementing agency</b>	<b>Federal Ministry of Water Resources (FMWR), Nigeria</b>

### **1. Description**

The Project purpose is to develop the best delivery mechanism for water supply and sanitation services in small towns, to be replicated later across Nigeria.

The project will provide water and sanitation to about 500,000 residents of 24 small towns in the three States of Adamawa, Delta and Ekiti.

The Programme's strategy emphasizes community decision-making and responds to specific demands from the communities. The benefiting communities are expected to make informed decisions on the choice of type and level of service they want, based on their willingness and ability to pay.

The costs of the investment will be shared between the EDF funds, the Federal Ministry the State Government and to signify their commitment to the water supply system, the communities have to pay in cash, 5% of the investment costs. Subsequently, the communities must commit themselves to pay for all of the operations and maintenance costs of the water supply systems.

The initial action is the select the 24 small towns in the three states, following a nomination by the State of 48 candidate towns. Concurrently, the project will establish a baseline of socio economic data and on the existing water supply and sanitation facilities.

Once the towns have been selected, the project will undertake: (1) awareness activities on water supply and sanitation options, (2) support to the community to establish and strengthen the Water Consumer Associations, and (3) determine with the community the most appropriate water supply system for each of the participating towns. Following these actions the project will together with all stakeholders construct the water supply systems, while providing continuous support to the communities in the management of the systems.

Sanitation, hygiene and health education are also essential components of the project amongst other through the strengthening of Women Advisory Committees.

The project is implemented as a Direct Labor Operation with the Federal Ministry of Water implementing the project through Programme Estimates. The Federal Ministry is supported by a team of experts through a service contract with GTZ. In each of the three states, State Management Teams are established with staff of the Service Provider and of the State Ministry of Water Supply to implement the activities at State level.

### **2. Original Context and Key assessment areas**

The 2000 National Water Supply and Sanitation Policy categorises water and sanitation services delivery into three socio-economic profiles of the population: rural; semi-urban or small towns; and urban. The policy defines cost-sharing arrangement for capital investment for the various levels of government and the benefiting communities. For the small towns, the three levels of government (federal, state and local) will share capital investment cost in the ratio of 50:30:15 whereas the community will pay 5% of capital cost and 100% of operations and maintenance costs.

Until recently, water supply and sanitation development by Nigerian government has been concentrated in the easily distinguishable urban (population more than 20,000) and rural populations (population less than 5,000). The small towns with a population between 5,000 and 20,000 have suffered much neglect. According to a 1997 survey, less than 30% of the small towns dwellers have access to safe water supply and adequate sanitation. The Government of Nigeria has examined the status of water and sanitation in small towns and with the assistance of the EU and WB, is developing a strategy for water and sanitation services delivery in these towns. The basis of the strategy is demand responsiveness, community ownership and participation in investment cost and full responsibility for operation and maintenance.

The FMWR, with WB IDA Credit of US \$ 5 million, completed WSS programme in 16 small towns in 3 States between 2000 and 2004, while the EU-STWSSP is being implemented in three other states. As a complement to the WB-assisted programme, the EU STWSSP will build upon the experiences of the WB project and will further contribute to the development of the best delivery mechanism for water and sanitation in small towns, to be replicated later across Nigeria.

Key assessment areas include the number of people having access to water and sanitation services, the reduction of water borne diseases in the target communities and the usability of the models developed for small town water supply strategies of the Government.

### **3. Summary of Project implementation**

The service contract between the NAO and a consortium led by GTZ of Germany was signed in November 2003. The team leader for the consultants arrived in February 2004 other key experts were mobilised only in July/August 2004. An inception report was submitted in March 2004. The consultants' state offices, the programme coordination units at the federal and the 3 state levels, for programme implementation, were established during 2004.

- The TA has fully installed at the federal and state levels.
- The federal and state coordination units all established at the federal and state levels
- Sensitisation visit to the Governors of the participating state was undertaken during 2004.
- Sensitisation visit to at least 50% of the candidate small towns was undertaken in all the three states.

The Start-up programme estimate (for 4 months) was prepared and ready for approval in early 2005.

The draft Start-Up Workplan was prepared by December 2004 for implementation in the first half of 2005.

### **4. Changes in the context and in Key Assessment Areas**

No major changes in the context or Key assessment areas have taken place.

### **5. Progress in Achieving Objectives**

As implementation is still in the early phases, no progress towards achieving the objectives has taken place.

### **6. Financial Execution**

An advance of Eur 861,327.28 (20% of contract amount) was paid to GTZ and co on 21 June 2004.

## **7. Issues Arising and Action Required**

An analysis of the TOR/Scope of work vis-à-vis the service contract of GTZ and Co, revealed that some of the programme activities requested in the TOR had not been provided for in the service contract (TA) budget. Since the programme is implemented through direct labour, it was resolved that such activities are to be funded through programme estimates.

Programme implementation till date has been slow due to slow mobilisation of experts from GTZ and lack of familiarity with EDF regulations and formats by the Federal Ministry of Water and the consultants.

## **8. Cross Cutting and other issues**

There is need to avail the programme implementers (TA, seconded staff from federal and state levels) with training on EDF procedures. This is being arranged under the programme of support to the NAO's office.

## **ECONOMIC MANAGEMENT CAPACITY BUILDING PROJECT (EMCAP)**

Project number	7 ACP UNI 052
Project amount/EU contribution	€12m
Project duration	3 years
Decision number	5855/UNI
End date of implementation	31 December 2005
Implementing agency	Federal Ministry of Finance

### **1. DESCRIPTION**

EMCAP has two large components, one, the move of the Federal Office of Statistics (staff and equipment) to a new building acquired by the federal government in Abuja, two, IFEMIS, an ambitious project to link key institutions working on Public Finance through an integrated management system for which initial studies have been carried out. Other components of EMCAP include:

- EC Support for Social Sector Statistics including studies on poverty statistics, National Consumer Survey and Core Welfare Indicators Questionnaire (CWIQ) carried out in 6 focal states in 2003 & 2004.
- Policy studies on: effectiveness of public expenditure in Nigeria's 36 states review, fiscal federalism, legal environment and judicial system
- Support to federal and state judicial institutions to improve their capacity to detect, investigate, prosecute and secure judgements on crime and corruption related cases.

### **2. ORIGINAL CONTEXT AND KEY ASSESSMENT AREAS**

Following a period of sixteen years of military rule, the current civilian administration inherited not only an economic crisis in 1999, but also an extremely weakened institutional capacity for economic and financial management. Government had to address the problems of public corruption, paucity of financial, social and economic data, lack of transparency and accountability in governance. In support of government's declared objective of reinstating transparency, accountability and probity in its economic and financial governance, the World Bank, DFID and EC jointly designed and finance the Economic Management Capacity Building Project (EMCAP). The main focus of the EMCAP's components proposed for EDF financing is the improvement of the quality and timely availability of social, economic and financial data, and to strengthen the Federal Government of Nigeria's capacity to prepare, undertake and monitor development policies.

In particular, it is expected that the implementation of the two major components of EMCAP financed with EDF funds (FOS move to Abuja & IFEMIS) will significantly improve the quality of economic and financial data produced and disseminated in the country. These components as well as others under EU-EMCAP mirror the principle in the Country Support Strategy that EC will assist Nigerian authorities to improve service delivery through support to good governance, institutional strengthening and reform of public finance institutions. Similarly, these activities reflect EC cooperation objectives as defined in Article 177 of the Treaty establishing the EC and Article 9 of the Cotonou Agreement, which reiterates that good governance underpins the ACP-EU partnership.

### **3. SUMMARY OF PROJECT IMPLEMENTATION**

- Studies carried out on relocation of Federal Office of Statistics to Abuja, management steering committee for the relocation established and tenders being prepared for procurement of equipment, furniture and vehicles required in the new building in Abuja. Human development capital consultant recruited to carry out needs assessment and aptitude test for FOS staff that will move to Abuja.
- Reports of surveys on social and poverty indicators (National Consumer Survey, Public Expenditure Review & CWIQ) disseminated to stakeholders in December 2004. Consultant to critique the CWIQ reports recruited.
- Studies carried out on hardware and software requirements for establishing an integrated financial management information system (IFEMIS) among key federal public finance institutions to produce share and disseminate economic and financial data. The space for the data acquired at the federal ministry of finance and a consultant recruited to manage the implementation of the project. Tenders being prepared for procurement of hardware and software needed for the data centre.
- Study carried out to determine EC support to improve the capacity of federal high courts hearing cases involving the Economic and Financial Crimes Commission (EFCC) as well as to improve the capacity of ministry of justice and auditor general's office in three states to detect, investigate, prosecute and secure judgements on crime and corruption related cases. Consultant recruited to manage the implementation of EC support in these institutions.

### **4. CHANGES IN THE CONTEXT AND IN KEY ASSESSMENT AREAS**

The environment for implementation has become much more favourable since the current administration began to implement its NEEDS strategy since several components of EMCAP complement the approach adopted by the Federal Government. However, the delays incurred prior to 2003 mean that the time for implementation is now extremely limited.

### **5. PROGRESS IN ACHIEVING OBJECTIVES**

Studies carried out, consultants recruited to manage EC support, implementation units set up and procurement process started on various EMCAP components geared towards achieving the objectives of EMCAP - improving the quality and timely availability of social, economic and financial data, and to strengthen the federal government of Nigeria's capacity to prepare, undertake and monitor development policies.

### **6. ISSUES ARISING AND ACTION REQUIRED**

The success of EMCAP now depends largely on the successful implementation of the two major components prior to the end of the Financing Agreement. The following actions are required:



- The newly established technical committee could turn around EMCAP with cooperation among the institutions (EC, NPC & PU).
- Emphasis should be placed on monitoring of projects under programme estimate 3. Reports of independent monitors will guide the Delegation & NPC to ensure implementation is on track.
- Going by the current determination of the EMCAP Advisor to succeed, it is expected that more coordination among implementing agencies will be achieved as well as improved implementation of the project.

## **7. CROSS CUTTING AND OTHER ISSUES**

The outputs and related activities of EMCAP will facilitate the implementation of the federal government's economic reform programme NEEDS. In particular, IFEMIS will provide the technical arm to government's plan to render public finance management and the budgeting process more transparent and accountable. Similarly, an enabled FOS will generate, store and distribute reliable financial, economic and social data that could inform government to undertake developmental policies.

## **SUPPORT TO THE OFFICE OF THE NAO**

Project number	9 ACP UNI 004
Project amount/EU contribution	Eur 7.7 million
Project duration	60 months
Decision number	
End date of op. implementation	30 June 2010
Implementing agency	National Planning Commission (NPC), Nigeria

### **1. DESCRIPTION**

The National Authorising Officer (NAO) represents Nigeria in and coordinates all operations financed from the resources of the European Development Fund. The suspension of cooperation with Nigeria, between 1995 and 1999, resulted in the diminution of capacity in the NAO's office to manage EU-FGN cooperation. With the resumption of cooperation in 1999, it was apparent that NAO's capacity needed to be strengthened.

This support programme will provide the NAO's Office, in view of the implementation of the National Indicative Programme (NIP) in the six focal States, with resources for an effective sub-delegation of some of the functions of the NAO to his deputies at the Federal and in the focal states' levels. It will also strengthen the capacity of the NAO's Office, the offices of his deputies in the focal States and the line Ministries to effectively programme, manage, coordinate, monitor and utilize the external aid resources provided by the EU and other donors.

The National Planning Commission is implementing the programme through "direct labour operations". The programme will provide and/or facilitate training and studies in areas which will cover EDF procedures and financial regulations, Economic Partnership Agreement processes, computer and project cycle management, etc.

### **2. ORIGINAL CONTEXT AND KEY ASSESSMENT AREAS**

The programme will contribute to improving NAO's capacity to effectively manage EC cooperation in Nigeria. The establishment of a long-term support to the office of the NAO was one of the conclusions of the 2003 Country Annual Review as a way forward to an effective implementation of the CSS/NIP. As earlier stated, the programme is to strengthen capacity in the NAO's office and support the sub-delegation of some of the functions of the NAO to the focal States. Other areas in which the success of the programme will be assessed are in the capacity of the NAO's office and the line ministries to employ the project cycle management as a tool for programme management, knowledge and application of EDF procedures, monitoring and evaluation and facilitation of effective negotiation and full ownership of the EPA agreement by stakeholders. Above all, increase in the commitments and payment volume of European Development Funds (EDF) in Nigeria remains an important assessment criterion of the programme.

### **3. SUMMARY OF PROJECT IMPLEMENTATION**

The Financing Agreement was signed between the European Commission and the Nigerian Government in November 2004. The process of recruiting two individual experts to assist the NAO implement the programme was launched in December 2004 while the first year programme estimate, under preparation, will be committed in the first Quarter of 2005.

### **4. CHANGES IN THE CONTEXT AND IN KEY ASSESSMENT AREAS**

### **5. PROGRESS IN ACHIEVING OBJECTIVES**

The FA was signed by the NAO on 19 November 2004. The process of recruiting two individual experts started in December 2004.

### **6. FINANCIAL EXECUTION**

By 31 December 2004, no specific individual commitment was made.

### **7. ISSUES ARISING AND ACTION REQUIRED**

### **8. CROSS CUTTING AND OTHER ISSUES**

The strengthening of the capacities of the NAO's offices is particularly pertinent in the setting of Nigeria, where many EDF projects, particularly those coming on stream under the 9th EDF, are being implemented in collaboration with State Planning Commissions in various parts of the country.

## **PARTNERSHIP TO REINFORCE IMMUNISATION EFFICEINCY (PRIME)**

<b>Project number</b>	<b>7 ACP UNI 62</b>
<b>Project amount/EU contribution</b>	<b>€7 400,000</b>
<b>Project duration</b>	<b>5 YEARS</b>
<b>Decision number</b>	<b>5878/UNI</b>
<b>End date of implementation</b>	<b>SEPTEMBER 2007</b>
<b>Implementing agency</b>	<b>EPOS/OPTIONS</b>

### **1. Description**

The PRIME project has two components. The first component worth about 1/3, is to support the Polio Eradication Initiative (PEI) by supporting supplies and implementation of National Immunisation Days (NIDs). The second component worth about 2/3 will contribute to revitalising the system of sustainable delivery of Routine Immunisation in the six focal states of Abia, Cross River, Gombe, Kebbi, Osun and Plateau.

The component of the Polio Eradication Initiative is largely used to support the funding of a number of National Immunization Days in 2001, 2002 and 2004.

EU-PRIME supports the six states in 1) training, 2) renovation of health centres and cold stores, 3) provision of cold chain equipment needed to refrigerate vaccines, 4) support for transport of vaccines and 5) creating awareness among the people of the benefits of immunization.

EU-PRIME supports the National Programme on Immunization in 1) capacity building, such as monitoring and demographic as well as health survey, 2) development of training programmes, and 3) renovation of zonal cold stores.

EU-PRIME supports the Change Agent Programme, which exposes Nigerians active in NGOs, academe, government and private sectors, to best practices in other countries, so that they can apply these to Nigeria.

The PRIME project is a partnership between the Federal Government of Nigeria represented by the National Planning Commission, Federal Ministry of Health and the National Programme of Immunization (NPI) as well as the focal states and the local governments and the European Commission. A Project Management Unit (PMU) through a technical assistance contract with EPOS/OPTIONS manages PRIME. The Project Management Unit is located within the National Programme on Immunisation (NPI) headquarters. The Programme Estimates are managed by a Programme Administrator from the EPOS team and a Programme Accounting Officer from the National Programme for Immunization.

States offices manage the activities in the states, under the joint responsibility of the Project staff and the State Ministry of Health.

### **2 Original context and Key assessment**

Nigeria has one of the lowest levels of Routine Immunisation coverage in the world. Consequently, Vaccine Preventable Diseases (VPDs) contribute significantly to the death of children especially those under five. The 1999 National Demographic Health Survey (DHS) showed that only 14.3% of children under 12 months are fully immunised and that VPDs account for about 20% of deaths of children under five. In addition, Nigeria has remained one of the few polio endemic countries in the world.

With the reinstatement of democracy in Nigeria and the return of cooperation between Nigeria and the EC after the 1995 suspension, the European Commission (EC) began to look into health among its areas of co-operation. Immunisation was chosen as a non-focal sector in the Country Support Strategy (CSS) as it deserves support, in line with the Government commitment to invest in Primary Health Care (PHC), as a contribution to poverty alleviation. The “Partnership to Reinforce Immunisation Efficiency” (PRIME) mobilised €64.5 million over a period of 5 years (September 2002-September 2007), both to support Polio eradication and Routine Immunization in the six focal States..

In March 2003, an additional €12.9 million was earmarked for 2004 Polio NIDs which was utilized through the World Health Organisation (WHO) in February and March 2004 NIDs

The Key assessment area for the Polio Eradication Initiative is reaching the goal of the eradication of Polio in Nigeria, which had been set for 2005.

Key assessment areas include for the six focal states: (i) the reduction in the number of Vaccine Preventable Diseases (ii) an increase in the trend of the percentage of children fully immunized (DPT3). And (iii) an increase in the expenditure by the three tiers of Government on Routine Immunization.

## **2. Summary of Project Implementation**

A service contract No. 051/03 was signed on 13 February 2003 between the NAO and EPOS/OPTIONS. The PRIME team started to work on 14 May 2003. The Inception report was presented in November 2003 together with an Interim Workplan.

The Interim Workplan was to cover the period from December 2003 to May 2004 but had to be extended twice until the end of November 2004. PRIME States offices started to function in June 2004. Presently the project is working under Programme Estimate No. 1, which was presented in November 2004 and received the final signature from the Head of the Delegation on 1 December 2005.

Implementation to date has been slow. The reasons for the slow implementation were (i) an overly optimistic plan of activities in the Interim Workplan, the late mobilisation of the State Teams, disagreements between the PRIME EPOS Team and the NPI on certain activities and expenditures, management deficiencies within the PRIME EPOS Team, and delays in replenishment of funds.

The external monitoring undertaken by the Commission monitored the project twice in October 2002 and March 2004. An External Independent Review as foreseen in the Financing Agreement was initiated in December 2004 through a framework contract. This was not concluded in 2004.

Programme Estimate 1 for the period 1 December 2004 to 20 November 2005 was approved by all parties on 1 December 2004.

## **3. Changes in the context and key assessment areas**

In addition to the resources provided for Polio Eradication Initiative through PRIME, the Government of Nigeria and the European Commission agreed to make Euro 25,3 from the EDF resources available for the Nigerian component of the Support to 14 ACP Countries for Polio Eradication, which is implemented by the WHO. This project supports the funding of National Immunization Days in 2004, 2005 and 2006.

Despite the continuing National Immunization days for Polio, it seems now unlikely that Polio can be eradicated in 2005.

#### 4. Progress in achieving objectives

The major achievement of the project so far is the training on immunisation service delivery of health care staff across the six focal states.

A study tour under the Change Agent Programme was conducted to Tanzania to expose partners to immunisation best practices as a learning avenue as well as means of sustaining the project after the EC has stopped its funding.

Offices were established in the six focal states and staff recruited in June 2004

#### 5. Financial Execution

Actual expenditure as compared with planned expenditure for the Interim Workplan was only 36% as given in the table below.

<b>Budget and expenditure of the PRIME Interim Workplan</b>			
	<b>Planned</b>	<b>Done</b>	<b>%</b>
<b>EQUIPMENT FOR IMMUNISATION</b> (Cold chain equipment repaired, vehicles bought and also repaired)	N382, 092,914.83	N103, 905,412.36	27%
<b>SUPPORT TO IMMUNISATION RECURRENT BUDGET</b> (Include payment for vaccine distribution, fuelling of generating sets in the cold stores as well as fuelling of motorcycles and vehicles for Immunisation Outreaches)	N139, 510,063.65	N54, 656,864.96	39%
<b>TECHNICAL ASSISTANCE</b> (States offices were established and staff recruited to man these offices)	N55, 287,368.50	N24, 360,656.14	44%
<b>TRAINING AND WORKSHOP</b> (3,247 health care staff trained across the six states)	N134, 523,232.76	N45, 584,576.00	34%
<b>VISIBILITY AND COMMUNICATION</b> (including posters, radio jingles, T-shirts, TV programmes)	N45, 727,289.05	N40, 895,815.00	89%
<b>CHANGE AGENT PROGRAMME</b> (10 people sponsored to Tanzania on study tour on Immunisation)	N16, 469,777.80	N6673117.40	41%
<b>TOTAL</b>	<b>773,610,646.60</b>	<b>N276, 076,441.86</b>	<b>36%</b>

#### 6. Issues arising and actions required

The major issues that came up are mainly the poor implementation of the project as evidenced by the poor fund absorption and activities carried out by the project in 2004. External Independent

Review planned for early 2005 is tasked to bring out the issues and recommend remedial actions to be taken.

## **7. Crosscutting and other issues**

Implementation of the Polio Immunization days impact on the ability of the health workers to implement Routine Immunization activities. As the Polio Eradication remains an high priority objective, better coordination should be sought with the WHO and the other partners implementing the Polio Eradication Initiative to increase the Complementarity between Polio Eradication and Routine Immunization.

## Nigeria Election 2003 Support Project

Project number	7 ACP UNI 064
Project amount/EU contribution	€6.5 Million
Project duration	30 <sup>th</sup> November 2003
Decision number	12226/1 (1) PFI
End date of implementation	30 <sup>th</sup> November 2003
Implementing agency	UNDP/UNEAD

### 1. Description

The principal aim of the project was to increase awareness and involvement of the electorate in elections and a reduction in election related violence. The project was implemented through UNDP/UNEAD and has three components:

1. National Programme on Civic Education
2. National Observation of Elections
3. Technical Assistance to the Independent National Electoral Commission

Components 1 + 2 were implemented in partnership with the national umbrella body of civil society organisations, the Transition Monitoring Group (TMG).

### 2. Original Context and Key assessment areas

The 2003 elections were still characterised by the immediate aftermath of the military regime and thus the institutions necessary to successful elections were not deeply embedded yet, both on the government side and also with regard to civil society organisations.

### 3. Summary of Project implementation

Due to the late announcement of the elections several of the activities, in particular those related to civic education could not be completed fully. Nevertheless, the national observers did contribute meaningfully to the monitoring of the exercise and INEC improved its performance in the release of election results.

### 4. Changes in the context and in Key Assessment Areas

See 3

### 5. Progress in Achieving Objectives

Due to the short duration of the project not all objectives were achieved.

### 6. Financial Execution

Ca €1 Million will be recovered from UNDP before closure of the project

### 7. Issues Arising and Action Required



The project has now finished, an audit report from UNDP is available and closure is foreseen for 2005. At the same time, many of the lessons learned during this project will be of use in the preparation of the elections project 2007.

#### **8. Cross Cutting and other issues**

One important short-coming of the elections in 2003 was lack of clearly defined enumeration areas. This has been a grave concern to the EOM observers and the Census support initiative is designed to address this issue.

## PAN AFRICAN PROGRAMME FOR THE CONTROL OF EPIZOOTICS (PACE)

<b>Project number</b>	<b>7 ACP RPR 744</b>
<b>Project amount/EU contribution</b>	<b>€2,600,000.00</b>
<b>Project duration</b>	<b>6.5 years</b>
<b>Decision number</b>	<b>6125/REG</b>
<b>End date of implementation</b>	<b>February 2007</b>
<b>Implementing agency</b>	<b>Federal Ministry of Agriculture, Nigeria</b>

### 1. Description

The total cost of the programme is €72 million, some 74% for the national components and 26% for services common to the various countries. PACE-Nigeria has been granted with a fund of €2,6 million

The main components of the national programme are: enhancing national capacity for analysis and action in the fields of epidemiology, socio-economics of animal health, communications and project management; improving accessibility to veterinary services and drugs; eradication of Rinderpest in Nigeria to fulfill the OIE (Office of International Epizootics) procedure for declaring Nigeria free from the disease. It also aims to improving the control of other epizootics diseases, like Contagious Bovine Pleuro Pneumonia, Peste des Petits Ruminants, Foot and Mouth Disease , Newcastle Disease, African Swine Fever.

PACE is a Regional Project with the Regional coordination office in Kenya, which is implemented through Workplans and Programme Estimates at the National Level. In Nigeria the project is implemented by the Federal Ministry of Agriculture. A national Expert from France is seconded to the project to provide technical assistance.

### 2. Original Context and Key assessment

The programme is an extension of several EC-funded programmes, PARC (Pan African Rinderpest Campaign), wildlife veterinary project and PANVAC (Pan African Vaccine Centre)

PACE is a five-years programme (extended for another one and half years) that covers 32 sub-Saharan African countries. It includes national operations planned and implemented in each country and also sub-regional support and co-ordination components.

Key assessment area is the declaration of Nigeria as a Rinder pest Free Country and to establish a sustainable surveillance system for Rinder Pest and other epizoic diseases.

### 3. Summary of Project Implementation

- Training workshops conducted on epidemiosurveillance
- The Communication Unit produces on regular basis a Nigerian Animal Disease information (NADIS-info) newsletter. Posters, handbills and guides have been prepared for the different components of the programme. Utilization of other media, television and radio are being currently explored
- Veterinary practice Act developed and animal diseases control Act reviewed and submitted to Federal Government

- Working with Nigerian Agricultural Co-operatives and rural development bank to provide credit facilities to private veterinarians
- Epidemiosurveillance network has been established to determine the status of important trans boundary animal diseases in the country
- Regular publication of a newsletter

#### **4. Changes in the context and key assessment areas**

The PACE project was initially designed to end by 31<sup>st</sup> October 2004, however the financing agreement was extended for another 1.5 years to end of February 2007.

Work plan 3, which covers a period till October 31<sup>st</sup> 2004, had not been fully implemented according to plan. Some of the activities had to be shifted to WP4.

WP4 is supposed to start 1<sup>st</sup> November 2004, however till end of December 2004, WP4 has not been opened because WP1 and 2 have not yet been audited and closed.

#### **5. Progress in achieving objectives**

Despite difficulties, the project has made significant impact and as at December 2004, there is a strong indication that by the coming year Nigeria will be declared Rinderpest free by the OIE, the international organisation responsible for such declaration.

Private Veterinary practitioners were empowered through loans; vehicles and motorcycles were purchased for surveillance and distributed to the Zonal offices

#### **6. Financial Execution**

Counterpart funding has not been received from government, which prevented the implementation of some of the activities of the project during the year 2004

#### **7. Issues arising and actions required**

The main issue is the virtual absence of counterpart contribution by the Federal Government of Nigeria. This is leading to disruptions in implementation when EDF funds are not available and give serious doubts to the sustainability once the EDF funding has finished.

Some delays were encountered with counterparts especially on tenders which resulted in inability of the project to carry out certain activities such as procurement of laboratory vans as well as audit and closure of the previous workplans. This has led to delay in signing Programme estimate 4 and thus causing a delay in project implementation

#### **8. Crosscutting and other issues**

Project progress has been stalled by stakeholder's delay in processing project documents. The National Planning Commission, the EC Delegation and Federal Ministry of Agriculture would have to look at the issue critically to smoothen implementation.

## **TECHNICAL COOPERATION FACILITY**

<b>Project number</b>	<b>9 ACP UNI 001</b>
<b>Project amount/EU contribution</b>	<b>10.700.000</b>
<b>Project duration</b>	<b>31<sup>st</sup> December 2009</b>
<b>Decision number</b>	<b>UNI/001/03</b>
<b>End date of implementation</b>	<b>31<sup>st</sup> December 2007</b>
<b>Implementing agency</b>	<b>NAO</b>

### **1. Description**

The programme aims at facilitating and supporting the implementation of the CSP in Nigeria. It has three components:

1. Technical Assistance Facility: a facility for the engagement of short- to medium-term consultants to assist in the main stages of the project cycle (€4.8 Million).
2. Training Support for Projects and Programmes: to finance seminars or consciousness-raising activities prior to or during the formulation of a project (€1.9 Million).
3. Conferences and Seminars: these include short-term training activities for ACP officials and/or non-state actors on topics related either to the priorities of the ACP-EU Partnership Agreement or to EDF or other EU administrative and financial procedures and for the participation of ACP officials and/or non state actors in international meetings (€2.8 Million).

### **2. Original Context and Key assessment areas**

The facility is designed to ensure that preparatory activities that, by definition, do not fall under an existing programme can be covered so as to ensure that sufficient resources are dedicated to sound preparation of programmes under the NIP

### **3. Summary of Project implementation**

The implementation of component 1 is progressing as scheduled, mainly through the use of framework contracts. Activities under 2 and 3 are few, mostly because neither the National Planning Commission nor the EC Delegation are currently in position to set up and manage the implementation framework required

### **4. Changes in the context and in Key Assessment Areas**

none

### **5. Progress in Achieving Objectives**

Several studies in preparation of new and in support of existing projects have been carried out and are contributing to an improvement in the implementation of the NIP.

### **6. Financial Execution**

By end 2004, €275.000 were contracted and €125.000 paid.

### **7. Issues Arising and Action Required**

As soon as the NPC and the EC capacities have improved, an adequate implementation framework for components 2 and 3 will be put in place.

#### **8. Cross Cutting and other issues**

N/A