

BOARD APPROVAL
Lapse-of-time Procedure
3 December 2018

FOR CONSIDERATION

MEMORANDUM

TO : THE BOARDS OF DIRECTORS

FROM : Vincent O. NMEHIELLE
Secretary General

SUBJECT : **NIGERIA: INSTITUTIONAL SUPPORT FOR ECONOMIC
MANAGEMENT AND DELIVERY PROJECT***

ADF LOAN OF UA 10 MILLION

Please find attached the above-mentioned **Loan Proposal** and the **Draft Resolution** which are submitted for your consideration, **on a Lapse-of-time basis**.

If no objection is received **by 5.00 pm on 3 December 2018**, the proposal will be considered **approved** and the **Resolution adopted**.

Attch.

Cc: The President

* Questions on this document should be referred to:

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AFRICAN DEVELOPMENT FUND



PROJECT: INSTITUTIONAL SUPPORT FOR ECONOMIC MANAGEMENT AND DELIVERY PROJECT

COUNTRY: NIGERIA

PROJECT APPRAISAL REPORT

November 2018

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AFRICAN DEVELOPMENT FUND



NIGERIA

INSTITUTIONAL SUPPORT FOR ECONOMIC MANAGEMENT AND DELIVERY PROJECT

APPRAISAL REPORT

RDNG/ECGF DEPARTMENTS

November 2018

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Acronyms and Abbreviations	AfDB	African Development Bank
ADF		African Development Fund
BPM		Borrower Procurement Policy and Management
BPP		Bureau of Public Procurement
BPS		Borrower Procurement System
CAF		Country Assistance Framework
CBN		Central Bank of Nigeria
CPPR		Country Portfolio Performance Review
CSI		Core Sector Indicators
CSP		Country Strategy Paper
DFID		Department for International Development, UK
DPG		Development Partners Group
ERGP		Economic Recovery and Growth Plan
EU		European Union
FGN		Federal Government of Nigeria
FM		Financial Management
FMF		Federal Ministry of Finance
FRA		Fiscal Responsibility Act
GDP		Gross Domestic Product
GIS		Geographic Information System
GOEs/SOEs		Government Owned Enterprises/State Owned Enterprises
IERD		International Economic Relations Department
IFMIS		Integrated Financial Management Information Systems
IMF		International Monetary Fund
IQFPR		Interim Quarterly Financial Progress Report
ISEMD		Institutional Support for Economic Management and Delivery
ISP		Institutional Support Project
MBNP		Ministry of Budget and National Planning
KPI		Key Performance Indicators
MDAs		Ministries, Departments and Agencies
MDGs		Millennium Development Goals
M&E		Monitoring and Evaluation
MIC		Middle Income Countries
MIS		Management Information System
NGN		Naira
OAuGF		Office of the Auditor-General for the Federation
OAGF		Office of the Accountant General of the Federation
OGP		Open Government Partnership
PAR		Project Appraisal Report
PCN		Project Concept Note
PCR		Project Completion Report
PIT		Project Implementation Team
PMU		Project Management Unit
PMPs		Procurement Methods and Procedures
PPA		Public Procurement Act
PPRCs		Public Procurement Research Centers
PSC		Project Steering Committee
RDNG		Nigeria Regional Office
RGA		Revenue Generating Agencies
SA		Special Account
SME		Small and Micro Enterprises
SUFEGOR		Support to Federal Governance Reform Program
TA		Technical Assistance
UA		Unit of Account
UNICEF		United Nations Children Fund
USAID		United States Agency for International Development
WB		World Bank

CURRENCY EQUIVALENTS

(As of October 2018)

1 UA	=	USD 1.4456
1 UA	=	Naira 429.73
1 USD	=	Naira 305.00

FISCAL YEAR

January 1 – December 31

WEIGHTS AND MEASURES

1 metric tonne	=	2204 pounds (lbs)
1 kilogramme (kg)	=	2.200 lbs
1 metre (m)	=	3.28 feet (ft)
1 millimetre (mm)	=	0.03937 inch (“)
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

Loan Information

Client's information

BORROWER: The Federal Republic of Nigeria

EXECUTING AGENCY: Ministry of Budget and National Planning

Financing plan

Source	Amount (UA)	Instrument
ADF Loan	10.00 Million	Loan
FGN Contribution	1.166 Million	
TOTAL COST	11.166 Million	

ADF's key financing information

	ADF Loan: UA 10 million
Currency	Units of Account (UA)
Commitment fee	0.5%
Service charge	0.75%
Interest rate	1%
Tenor	30 years including 5 year grace period

Timeframe - Main Milestones (expected)

Concept Note approval	September 2018
Appraisal	October 2018
Project approval	November 2018
Effectiveness	March 2019
Mid-term Review	December 2020
Completion	December 2021

Project Summary

Paragraph	Topics covered
Project Overview	<p><u>Project name:</u> Institutional Support for Economic Management and Delivery (ISEMD)</p> <p><u>Geographic scope:</u> Federal Government</p> <p><u>Implementation timeframe:</u> 2019-2021</p> <p><u>Total Project cost:</u> UA 10 million</p> <p><u>Expected Outcomes and Outputs:</u> The expected outcomes are: (i) improved revenue collection from independent revenue agencies or Government Owned Enterprises; (ii) enhanced capacity and effectiveness in public procurement; and (ii) improved timeliness of ERGP implementation progress and performance reporting with gender disaggregated data. These will be achieved through the following output level results: (a) putting in place an upgraded/improved macroeconomic analysis and forecasting model; (b) improved framework for national and sectoral planning; (c) putting in place a performance management and delivery dashboard; (d) institutionalizing monitoring and evaluation systems by adopting M&E bill, guidelines and toolkits, evaluation knowledge management hub, training curriculum development and staff training; (e) developing revenue performance management framework, and reviewing legal framework to improve revenue collection and remittance; (f) adopting public procurement reform implementation roadmap; and (g) procurement professional development.</p> <p><u>Project direct beneficiaries:</u> The main beneficiaries are senior management and technical staff of key central government institutions responsible for policy making, development planning, budgeting, procurement, performance management and reporting, monitoring and evaluation. The direct project beneficiaries include the Ministry of Budget and National Planning, Federal Ministry of Finance, and Bureau of Public Procurement. Overall, the private sector and the Nigerian population will benefit from the improved capacity for implementation and delivery of the ERGP whose main objective is to address institutional bottlenecks for private sector investment, create jobs, and reduce poverty and inequality.</p>
Needs Assessment	<p>Nigeria's economic exposure to external shocks in the wake of low oil prices, underlines the need for structural reforms to foster private sector development and promote economic diversification. To this end, the Government should continue strengthening the quality of human and physical capital, build skills and create a conducive business environment for catalyzing private sector investment. Capacity remains weak including in the Delivery Unit for the ERGP as well as monitoring performance of the Revenue Generating Agencies and compliance with the Fiscal Responsibility Act in the collection and remittance of revenues. Further, a number of diagnostic reports such as open contracting scoping study, ongoing procurement audit reports, and the Bank financed review of the national monitoring and evaluation systems identified weaknesses and skills gaps which require urgent attention. The Project will help address identified binding constraints through a combination of targeted technical assistance, required capacity development and the financing of critical undertakings with a view to support attainment of the ERGP targets and objectives.</p>
Bank's Added Value	<p>The proposed operation will complement and enhance the effectiveness of the Bank's ongoing projects by focusing on the effective delivery of the strategic objectives of the ERGP of unlocking private sector capital. The Bank's ongoing projects are focused on financial sector, infrastructure (power/energy and water), industrial, agriculture and social sectors. For example, the ERGP Focus Labs are designed as a problem-solving platform that focuses on tackling complex challenges and leverage private sector financing with initial focus in three priority sectors – Agriculture and Transportation; Manufacturing and Processing; and Power and Gas. There are also synergies with the ongoing donor funded programs, in particular the Fiscal Governance and Institutions Project financed by the World Bank, and the EU funded Support to Federal Governance Reform Program. Furthermore, the Bank has a considerable experience and expertise in macroeconomic analysis and forecasting, statistical capacity building and performance management and delivery, gained from designing and implementing similar initiatives in member countries. The Bank is also strategically positioned to enhance capacity in public sector given its long history of involvement in Nigeria and as a premier financial development institution in the continent.</p>
Knowledge Management	<p>The Project will contribute to knowledge management and building critical skills in macroeconomic analysis and forecasting, development planning, management of domestic revenues, project and portfolio management, procurement, performance management and delivery, and monitoring and evaluation. It will also support the study on the informal economy and growth as well as establishment of the evaluation knowledge hub to promote evidence based policy making. The Bank's knowledge and expertise in macroeconomic forecasting and analysis, and project management will complement local expertise and help to enhance institutional capacity in economic management and performance delivery. The Bank will capture and disseminate knowledge and experience through sharing the findings of supervision missions, progress reports, and the Project Completion Report. Lessons learned and experience gained will be available to inform future policy operations.</p>

I) Results Based Logical Framework

Country and Project Name: Nigeria: Institutional Support for Economic Management and Delivery (ISEMD) Project								
Purpose of the project: The project’s broad development objective is to strengthen economic and financial governance for achieving a stable macroeconomic environment and inclusive growth								
RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES		
		Indicator (including CSI)	Baseline	Target				
IMPACT	Impact: Improved macroeconomic and public financial management	Average CPIA rating for eco. Management, structural policy and governance	3.77 (2017)	4.0 (2022)	PEFA, CPIA, and M&E Reports Budget reports	Macroeconomic Risk - Nigeria’s vulnerability to exogenous shocks, such as volatility in oil prices, and disruptions to oil production terminals. Mitigation: Support to revenue forecasting and mobilization from SOEs, enhanced macroeconomic modelling and forecasting, and improved procurement practice and monitoring and tracking Political/Governance risk: forthcoming national elections in February 2019 entails political uncertainty that could impact implementation of the project. Mitigation: Nigeria relatively stable since 1999. No major policy changes envisioned that would impact on the project. The Bank will remain engaged with and sensitize the authorities about the objective of the project to ensure the project remains relevant and alignment with the national priorities. .		
		Mo Ibrahim index (public management score/100)	47.4 (2016)	51 (2022)				
OUTCOME	Outcome: Improved transparency, economic management and result reporting capability	Transparency, competition & complaints mechanism in procurement (PEFA-19)	D+ (2012 PEFA Plus)	C (2021)				
		Timely implementation and reporting of medium term plans with accurate and gender disaggregated data	ERGP reports submitted ≥6 months upon end of fiscal yr (2017)	Annual performance reports with disaggregated gender data submitted ≤6 months upon end of preceding fiscal yr (2021)				
		% increase remittance from Independent Revenues as proportion of annual revenue	50 (2017)	≥70% (2021)				
OUTPUTS	Component 1: Enhancing economic management						Published quarterly economic forecasts; M&E Reports	
	Output 1.1: Macroeconomic Analysis, Planning, and Policy Development strengthened	Macroeconomic analysis & forecasting model	No comprehensive up to date Model in place (2018)	Macroeconomic analysis & forecasting model in place and functioning (2020)				
		Establishment of a modelling lab with computer H/W & S/W	No modelling lab (2018)	Lab in place, equipped & operational (2020)				
		Economic informality/informal economy and growth study including impact on gender	Comprehensive informal economy study	Informal economy and growth study report published (2020)				
		New Medium Term Plan (MTP)	ERGP (2017-20)	MTP developed (2020)				
	Component 2: Enhancing performance management and delivery						M&E Reports Survey Reports	
	Output 2.1: Capacity for performance management and delivery enhanced	Performance management and delivery dashboard	No dashboard (2018)	ERGP monitoring dashboard in place (2019)				
		ERGP institutional set-up review	ERGP Unit in place (2017)	Institutional Review Report (2019)				
		# of staff trained in project management, monitoring and evaluation	0 (2018)	25 with at least 30% being women (2020)				
	Output 2.2: Effective monitoring, evaluation and reporting systems institutionalized	M&E manuals and guidelines update	M&E Manual (2013)	Updated M&E toolkits & guide with provision for gender disaggregated (2019)	M&E Reports Survey Reports	Capacity implementation Risk. Mitigation: Bank will provide project implementation support to help expedite procurement process. PMSS will be set up and hire additional staff to manage procurement, financial and project implementation matters. Targeted technical assistance are included in the project so as not to delay the achievement of results. Fiduciary risk. Mitigation: Financial management risk mitigation measures will be agreed to ensure FM arrangements meets the minimum fiduciary requirements in accordance with Bank’s		
		M&E Bill	No M&E Act	M&E Bill (2020)				
		Gender policy	Gender policy 2006	Revised Gender Policy developed (2019)				
		M&E curriculum	No M&E curriculum in place (2018)	M&E Curriculum developed with emphasis on priority sectors (2020)				

KEY ACTIVITIES		# of staff trained in M&E	0 (2018)	100 staff trained with 30% being women (2021)		policy. On-site review will be carried out at least twice a year and this will cover the overall fiduciary control environment including internal control systems, tracing of transactions from the bidding process to disbursements, internal audit reports, and audited financial statements. Staff training including fiduciary clinics to help mitigate risks. Project effectiveness and start-up delay due to protracted internal process. Mitigation: To Provide proactive support with preparation of bidding documents and work with Ministers to address bottlenecks in loan effectiveness.
		Knowledge Management Hub	0 (2018)	Knowledge hub established (2020)		
	Output 2.3: Portfolio management and oversight capacity enhanced	Project monitoring dashboard	0 (2018)	Monitoring dashboard developed (2020)	M&E Reports	
		# of staff trained in project and portfolio management	0 (2018)	10, at least 30% being women (2020)		
	Component 3: strengthening domestic revenue mobilization and effectiveness in public procurement					
	Output 3.1: Strengthened revenue mobilization from Government Owned Enterprises (GOEs)	Performance management framework for GOEs/SOEs	0 (2018)	Performance management framework developed (2020)	M&E Reports Survey Reports	
		Revenue forecasting & remittance database and templates	0 (2018)	Revenue performance reconciliation & monitoring report (2021)		
		Independent revenue generating agency enabling framework	FRA 2007	Updated enabling Act developed (2020)		
	Output 3.2: Strengthened effectiveness in Public Procurement	Scheme of Service and competency framework for procurement cadre	0 (2018)	Reviewed Scheme of Service and competency framework in place (2021)	M&E Reports Survey Reports	
		Gender sensitive training curriculum review and development	Curriculum developed	New training curriculum developed and operational (2020)		
Establishment of Centre of Excellence for Procurement (CEP) and PPRCs organisational capacity development		3 PPRCs (2018)	Detailed plan for CEP Adopted (2021); and PPRCs received IT equipment			
Procurement reform implementation roadmap		0 (2018)	Reform implementation roadmap developed (2021)			
Component 4: Project Management Support					M&E Reports	
Output 4.1 : Project management support	Review and development of Gender policy	Gender policy 2006	A new Gender Policy prepared (2020)			
	Monitoring and audit reports	0 (2018)	12 reports (2021)			
ACTIVITIES					INPUTS	
<ul style="list-style-type: none">• Component 1: Develop a macroeconomic forecasting and analysis model; Establish a modelling lab; develop medium term plan and sector strategic plan; study on economic informality economy and growth;• Component 2: Performance management and delivery dashboard, update M&E toolkits, and templates; developing M&E legal framework; developing M&E training curriculum and training of staff; Knowledge Management Hub; Gender policy developed; staff training in project management; and design project monitoring dashboard.• Component 3.: Revenue performance management framework, revenue generating enabling legal framework, review and assess the performance of the GOEs; develop revenue forecasting tools and remittance framework; development of procurement reform implementation roadmap; Review training curriculum; capacity building of the procurement training centers, establishment of Procurement Center of Excellence; and professional development in procurement; Train staff on gender mainstreaming in procurement• Component 4: M&E, Project Audits, procurement, and financial management, gender mainstreaming consultancy and training					<p>Financial resources:</p> <ul style="list-style-type: none">• ADF: UA 10.0 million<ul style="list-style-type: none">Component 1: UA 1.48mComponent 2: UA 4.09m• Component 3: UA 3.38m• Component 4: UA 1.04 m• FGN: UA 1.166 million• Total: UA 11.166 million	

Table 1: Project Time Frame/Implementation Schedule
Nigeria Institutional Support for Economic Management and Delivery Project

Activities/Years	2018	2019				2020				2021				Action by
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Project Processing and Management														
Loan approval														AfDB
Signing of Loan Agreement														AfDB & FGn
Project Effectiveness and Launching														AfDB & FGn
Supervision and Monitoring														AfDB
Mid-term Review														AfDB
Project Implementation and Delivery														
A. Procurement														FGN
B. Training														FGN
C. Technical Assistance														FGN
D. Project Completion Report														FGN & AfDB
Project Management Unit														FGN

REPORT AND RECOMMENDATION OF THE MANAGEMENT OF THE ADF TO THE BOARD OF DIRECTORS ON A PROPOSED ADF LOAN TO NIGERIA FOR THE INSTITUTIONAL SUPPORT FOR ECONOMIC MANAGEMENT AND DELIVERY PROJECT

Management submits the following Report and Recommendation on a proposed ADF Loan of UA 10.0 million to the Federal Republic of Nigeria (FRN) to finance the Institutional Support for Economic Management and Delivery (ISEMD) Project.

I. STRATEGIC THRUST AND RATIONALE

1.1 Project Linkages with Country Strategy and Objectives

1.1.1 The proposed operation is aligned with the overall thrust of Nigeria's development strategy - the Economic Recovery and Growth Plan (ERGP) for 2017-2020. The ERGP calls

for macroeconomic and structural reforms, infrastructure investments and social sector programs to diversify the economy and set it on a path of high and sustained inclusive growth. The three broad strategic objectives are restoring growth, investing in people, and building a competitive economy. The priority areas of the ERGP are presented in Box 1. Governance is among the main pillars of the Plan, which specifically commits Government to undertake measures for promoting transparency and accountability including enhancing efficiency and effectiveness in public service delivery, ensuring value for money in the procurement process, and improving intergovernmental coordination and delivery. However, the success of this Plan depends largely on its effective implementation, including coordination

Box 1: EGRP Top Executive Priorities

- Stabilizing the macroeconomic environment with low inflation, stable exchange rates and sustainable fiscal and external balances.
- Using agriculture to achieve food security, create jobs and save foreign exchange for food imports.
- Ensuring energy sufficiency (power and petroleum products) by delivering at least 10 GW of operational capacity by 2020 and to improve the energy mix through greater use of renewable energy.
- Improving Nigeria's inadequate transportation infrastructure to support the economy and reduce the major cost and constraint for businesses.
- Driving industrialization and focusing on Small and Medium-Scale Enterprises (SMEs). One major strategy is to accelerate implementation of the National Industrial Revolution Plan (NIRP) through Special Economic Zones (SEZs), focusing on priority sectors to generate jobs, promote exports, boost growth and upgrade skills to create 1.5 million jobs by 2020.

Source: FGN (2017), **ERGP** 2017 - 2020

amongst all stakeholders at national and subnational levels. The coordination of plan-implementation is the responsibility of the Ministry of Budget and National Planning but the Ministry is facing serious human and organisational capacity constraints to implement the plan. In this regard, the proposed operation will provide technical assistance and capacity-building support to accelerate delivery of the ERGP, track progress against set targets, identify and tackle challenges as they emerge through a credible Monitoring and Evaluation Framework.

1.1.2 The Project fits firmly with the objectives of the Nigeria Country Strategy Paper (CSP, 2013-2017) extended to 2019, and the Bank's strategic and operational priorities.

The CSP is aligned with the Government's development agenda and focuses on two pillars: (i) development of sound policy environment and promoting social inclusion, and (ii) investing in critical infrastructure. According to the CSP, the Bank's advisory role, and targeted technical assistance remain crucial in improving policy formulation and management as well as strengthening institutional capacity. This includes support to macroeconomic analysis and policymaking, improving macroeconomic surveillance, strengthening monitoring and evaluation, domestic resource mobilization, and procurement reform. The Project is designed

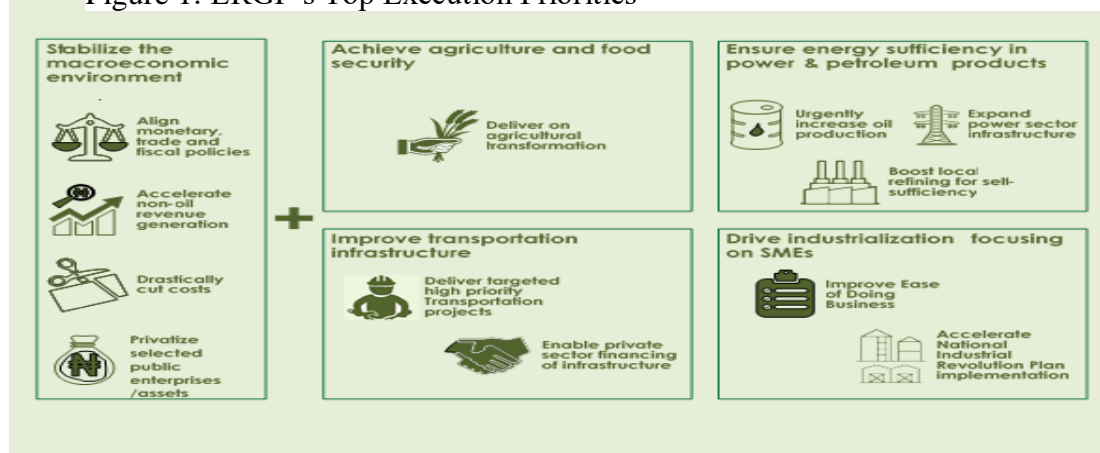
to address the capacity building needs identified in the pillar I of the CSP. The operation is also aligned to the Bank Group's Ten Year Strategy (2013-2022), and the High Five Priority Areas in particular Improving the Quality of Life for African People through building critical skills required to deliver the National Development Plan, and strategies such as the Governance Strategic Action Plan (2014-2018), and Human Capital Strategy by supporting and developing critical skills in the public sector. The Project provides needed support to institutions responsible for economic management and delivery of the national development plans.

1.1.3 Complementary and synergy with the ongoing operations in Nigeria: The Project will complement and enhance the effectiveness of the Bank's ongoing projects by focusing on the effective delivery of the strategic objectives of the ERGP of unlocking private sector capital. The ongoing projects are focused on financial sector, infrastructure (power/energy and water), industrial, agriculture and social sector all of which are part of the Bank's ongoing portfolio of operations. For example, the ERGP Focus Labs are designed as a problem-solving platform aimed at tackling complex challenges and leveraging private sector financing with initial focus on three priority sectors – Agriculture and Transportation; Manufacturing and Processing; and Power and Gas. The study on the informal economy and growth will further inform the design of relevant policies and programs to promote industrialization with emphasis on SMEs and creating jobs for the country, and bringing the sector into the formal economy, thereby creating opportunities for enhanced domestic resource mobilization. There are also synergies with other ongoing donor funded programs, in particular the Fiscal Governance and Institutions Project financed by the World Bank, and the EU funded Support to Federal Governance Reform Program (SUFEGOR).

1.2 Rationale for Bank's Involvement

1.2.1 Nigeria's economy is highly dependent on the oil and gas sector. Although the sector accounts for just 10% of GDP, it represented 94% of export earnings and 62% of Government revenues (Federal and State) from 2011-2017. However, after more than a decade of economic growth, the sharp decline in crude oil prices between mid-2014 and 2016, along with disruptions to oil production terminals and delays to diversify the source of revenue and foreign exchange in the economy, led to a recession in the second quarter of 2016. The challenges in the oil sector negatively impacted Government revenue and export earnings, as well as the fiscal capacity to prevent the economy from contracting. It is in this context that the Government has made several efforts aimed at tackling these challenges. In March 2017, the Federal Government of Nigeria launched the ERGP for 2017-2020 to restore macroeconomic stability. The priority areas of action under the ERGP are presented under Figure 1:

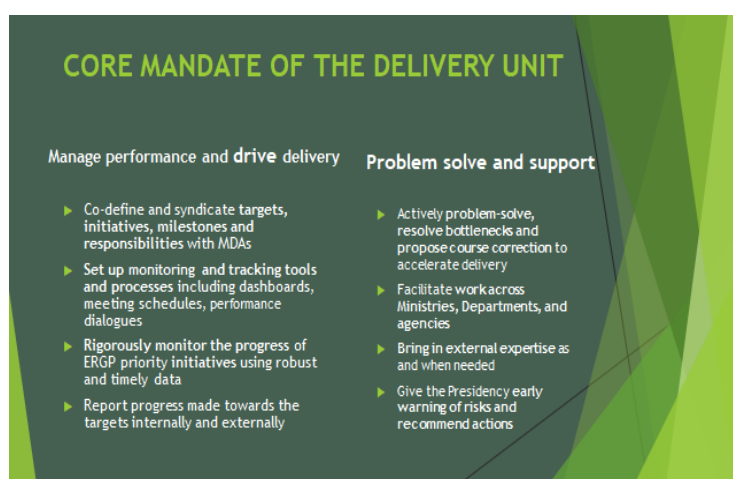
Figure 1: ERGP's Top Execution Priorities



1.2.2 Governance is among the main pillars of the ERGP, which specifically commits Government to undertake measures for promoting transparency and accountability, including enhancing efficiency and effectiveness in public service delivery, increasing transparency of the Nigerian National Petroleum Corporation (NNPC), ensuring value for money in the procurement process, and improving intergovernmental coordination and delivery. However, the success of this Plan depends largely on its effective implementation, including coordination amongst all stakeholders at national and subnational levels. The coordination of plan implementation is the responsibility of the Ministry of Budget and National Planning, which provides regular updates on the Plan. In this regard, the FGN requested the Bank to consider capacity-building program (organizational, human and systems) to accelerate delivery of the ERGP, track progress against set targets, identify and tackle challenges as they emerge through a credible Monitoring and Evaluation Framework.

1.2.3 The Project will thus support the implementation of the ERGP by strengthening human, institutional and technical capacity. *First*, the ERGP has faced challenges, mainly from lack of implementation capacity. The launch of the Focus labs is a step towards resolving this but accelerating

implementation will require further strengthening of institutional and human capacity of the Delivery Unit. *Second*, the CSP also identifies the needs to strengthen implementation capacity at the Federal level by institutionalizing project management and delivery units in order to garner critical mass of technical experts to support project implementation teams. In addition, the capacity to monitor and supervise



implementation of external financed projects needs to be strengthened to improve portfolio effectiveness and enhance development impact. *Third*, the Bank's global knowledge and expertise in macroeconomic forecasting and analysis, and performance management and delivery will complement local expertise and help to enhance institutional capacity in economic management and performance delivery. *Fourth*, Nigeria's non-oil revenues are pitifully low, and the inability of Government-Owned Enterprises (GOEs) to either operate profitably or remit to Treasury profit earnings further compounds the fiscal burden on the budget, especially in periods of low oil prices. Enhancing the capacity to forecast revenues from GOEs, and strengthen performance monitoring and legal frameworks would be a starting point to strengthening domestic resource mobilization in Nigeria. By focusing on revenue enhancement measure, the Project will build on the fiscal consolidation measures supported under the previous program based operation.

1.2.4 The Project will contribute towards consolidating reform efforts by strengthening domestic revenue mobilization and capacity in Public Procurement. The FGN established agencies, covering a wide spectrum of activities who receive and expend trillions of Naira annually. However, the performance of the revenue generating agencies has been below expectation, and only few of the agencies are recording profits/surpluses and remitting a share of these to the Federal Government. There are serious challenges in collection efficiency and accountability of the highest revenue-collecting agencies. For example, only 155.14 billion Naira was remitted by September 2017 against the projected pro-rated sum of 605.87 billion

Naira from Independent Revenues. Since the enactment of the Public Procurement Act (PPA) in 2007, Government has shown commitment to adopting the open contracting principles as part of its anti-corruption and Open Government Partnership (OGP). The Bureau of Public Procurement (BPP) has developed a prototype National Open Procurement Portal and is planning to deploy an e-Government Procurement system. There is a need to develop a procurement reform roadmap to guide and coordinate reform implementation. To improve capacity and competency of the procurement officers across MDAs, three Public Procurement Research Centers (PPRCs) were established. However, much remains to be done to strengthen the institutional capacity of the Centers to enable them to become credible and accredited training providers in procurement and supply chain management. A number of diagnostic reports such as open contracting scoping study, ongoing prior and post procurement reviews and recently concluded procurement audit reports identified systems weaknesses and human resource capacity and skills gaps, which requires urgent attention. The project aims to address the institutional capacity challenges in revenue collection and procurement.

1.3 Donor Coordination

1.3.1 In preparing the operation, the Bank has coordinated closely with key development partners including the World Bank, EU, USAID and DfID. Nigeria is transitioning into a middle-income country (MIC) and aid accounts for less than 3 % of the national budget. Nonetheless, the FGN and other stakeholders duly recognize donor presence and interventions. The Country Assistance Framework (CAF) is the common strategic approach of Nigeria's development partners in support of the Government's development priorities. There is also commitment by development partners to coordinate their support to economic governance and institutional support for effective policymaking, implementation, monitoring and evaluation. The main development partners supporting economic governance agenda include: the World Bank, the International Monetary Fund (IMF), the European Union, the United Kingdom Department for International Development (DfID), and the United States Agency for International Development (USAID). The primary focus of donor support has been improving public financial management information system, fiscal transparency and accountability, revenue management, procurement and statistics capacity building with the aim of strengthening economic governance and accountability. The Bank plays an active role in the Development Partners Group (DPG) and will continue to participate and collaborate with the some of the thematic working groups such as the Governance and Tax Working Groups. To enhance coordination and collaboration among development partners, avoid overlaps and ensure complementarities, the Bank will continue working with partners already active in the sector (Technical Annex A2).

II. Project Description

2.1 Project Objectives and Components

2.1.1 The Project's goal is *to strengthen economic and financial governance for achieving a stable macroeconomic environment, inclusive and sustained growth, and effective implementation and delivery of the national development plan.* The specific objective of the project is *to develop institutional capacity in macroeconomic management, revenue mobilisation, procurement, monitoring and evaluation, and performance and portfolio management and delivery.*

2.1.2 The Project consists of four key components: (a) enhancing economic management, (b) enhancing performance management and delivery, (c) strengthening domestic revenue mobilisation and effectiveness in public procurement, and (d) project management support. Reflecting the lessons of past operations, more emphasis will be given to strengthening national

capacity and ensuring ownership of the Project. Another lesson was that future technical assistance should ensure that adequate skills transfer systems are imbedded in the Project design supported by effective implementation mechanisms. Finally, to ensure adequate implementation, coordination and monitoring, the Bank will support and strengthen project management arrangement under the fourth component to ensure that the Project Management Unit (PMU) is adequately resourced and properly structured to avoid coordination failures with existing agencies and delivery units.

2.1.3 Further, the Government agreed to carefully consider the following three criteria: results, value for money and sustainability. This means, *first*, the Project will select specific areas of interventions with greater impact on ERGP implementation. In this regard, the Project will provide technical assistance and capacity building support that meets the needs of Government. *Second*, more emphasis will be given to planning, organization and coordinating training program that are critical across a number of beneficiary departments and the development of an integrated skills transfer system. All training will be conducted in the country in order to achieve value for money with the exception of few courses which cannot be undertaken locally. *Third*, the Project will focus on building institutions in the country through which capacity building programs could be offered on a regular and long-term basis. Further, the Bank will ensure that adequate resources are given to ensuring sustainability of actions and systems, through innovative approaches to capacity building including working with local institutions and service providers, training-of-trainers, mentoring, twinning, and creating a knowledge hub. For example, trainings offered by international service providers will focus on training a smaller group of professionals, who would then be equipped to train others in the country. The major activities are summarized in Table 2 below, and detailed Project description is presented in Technical Annex B.2

Table 2: Project Description	
Component 1: Enhancing economic management (UA 1.48 million)	<p>Sub-component 1.1: Strengthening Macroeconomic Planning, Policy Analysis and Management. The Project will provide technical assistance for:</p> <ul style="list-style-type: none"> • developing a macroeconomic forecasting and analysis model including updating Nigeria's Social Accounting Matrix (SAM); • establishing a modeling lab with computer hardware and software; • economic surveillance and preparation of annual economic performance report; • undertaking a study on economic informality/informal economy and growth; and • development of a national medium term development plan, as well as sectoral and states strategic plans aligned to the national plan, SDGs, and Agenda 2063.
Component 2: Enhancing performance management and delivery (UA 4.09 million)	<p>Sub-component 2.1: Enhancing Performance Management and Delivery (UA 1.73m). The Project will provide technical assistance for:</p> <ul style="list-style-type: none"> • technical assistance (long-term and short-term experts) to facilitate KPIs target-setting for the national priorities to cascade down from Ministers and MDAs staff; and • establishing a delivery dashboard for KPI tracking <p>Sub-component 2.2: Institutionalizing effective monitoring, evaluation and reporting systems (UA 1.68m). The Project will provide technical assistance and capacity building to institutionalize M&E system and functions in the ERGP priorities sectors through:</p> <ul style="list-style-type: none"> • reviewing and developing M&E operational manual, toolkits and templates; • developing monitoring and evaluation training curriculum; • review the existing gender policy of 2006 and develop a new gender policy; • creating a Knowledge Management Hub (Evaluation Resource Center). <p>Sub-component 2.3: Enhancing Portfolio Management and Oversight (UA 0.81m). The Project will provide technical assistance for:</p> <ul style="list-style-type: none"> • establishing automated portfolio performance dashboard for effective portfolio management of international financial institutions focusing on timely delivery, disbursement and results; • training in project cycle management, monitoring and evaluation, project implementation performance tracking, and portfolio management.

Component 3: Strengthening domestic revenue mobilization and effectiveness in public procurement (UA 3.38 million)	<p>Sub-component 3.1: Strengthening revenue mobilization from Government Owned Enterprises (UA 1.38m). The Project will provide technical assistance Budget Office of the Federation to:</p> <ul style="list-style-type: none"> • develop revenue performance management framework (revenue performance dashboard) to assist with tracking, reconciliation and monitoring of revenues and/or remittances from Government Owned Enterprises; • develop revenue forecasting tools and templates; • development of revenue performance reconciliation, monitoring and reporting systems; • review and updating the enabling act, policy and legal frameworks for independent revenue generating agencies to improve revenue collection efficiency, increase remittance to treasury and improve accountability <p>Sub-component 3.2: Strengthening effectiveness in Public Procurement (UA 1.66m). The Project will provide technical assistance in the following three areas:</p> <ul style="list-style-type: none"> • review the Scheme of Service and competency framework for procurement cadre, including the Federal Government Circular on procurement cadre; • review the existing training curriculum and service providers (including the PPRC), and develop training curriculum in accordance with the competency requirement for procurement professionals at different levels of grade; • development of public procurement reform strategy and implementation roadmap; • establishment of a National Procurement Academy or Center of Excellence and institutional strengthening for PPRCs
Component 4: Project Management Support (UA 1.03 million)	<ul style="list-style-type: none"> • Project Management; Monitoring and Evaluation; Procurement management; Financial management; Audit

2.2 Technical Solution Retained and Other Alternatives Explored

2.2.1 During Project identification, preparation and appraisal, a number of options were explored regarding areas of intervention, the scope of activities, and implementation arrangements. As regards the implementation modalities, it was the consensus view that setting up a Project Management Unit (PMU) will enhance coordination, efficiency and avoid the risk of start-up delays. Based on experience and lessons learned from on-going projects and previous Bank interventions, the Project design has been guided by: (a) selectivity and complementarity – focus on support to ERGP implementation to consolidate and complement the on-going activities; (b) supporting the capacity building effort of public institutions for policy implementation, procurement, portfolio management and delivery; (c) supporting the institutionalization of monitoring and evaluation systems and tools across the ERGP priority sectors; and (d) enhancing partnership with public and private training institutions to sustain capacity building interventions. A summary of the technical consideration and design options is presented in Table 3 below.

Table 3: Project Alternatives Considered and Reasons for Rejection

Alternative	Brief Description	Reason for Rejection
Establishing three separate Project Implementation Units (PIUs) to manage the components in FMF, MBNP, and BPP	Instead of setting up three parallel PIUs, the Project proposes one PMU responsible for project management, coordination, monitoring and performance reporting. The proposed arrangement will increase synergy, and efficiency by reducing transaction costs. Furthermore, Project coordination will be less complicated and yield a cost saving in project implementation.	Establishing three PIUs would be costly considering the size of the project, and may pose challenge in coordination and reporting as one.
Supporting sectors where other	The on-going WB Fiscal Governance and Institutions Project focusses on improving the revenue analysis and	To avoid duplication and ensure focused intervention to optimize impact.

development partners have on-going interventions	forecasting, strengthening commitment control and cash management, e-procurement and open contracting. The proposed Project will focus on ERGP delivery, M&E functions, and macroeconomic analysis and forecasting, domestic resource mobilization (GOE performance monitoring).	
ISP that include support to several institutions	Capacity building interventions is a priority in several ministries and agencies at federal and subnational governments' levels. Proposals for procurement of computers, vehicles, operational expenses and individual training needs were submitted. However, the operation has selected critical interventions that would support the ERGP implementation directly and ensure sustainability through engaging the training institutions.	The 2013 IDEV evaluation on institutional support projects in Governance recommends the need to avoid the risk of spreading projects too thinly across many beneficiary institutions, particularly where the overall funding envelope is limited. The proposed operation is focused and provide capacity building support to selected departments, key to attainment of ERGP targets.

2.3 Project type

2.3.1 The Project is an institutional support operation designed to complement and build on the previous and ongoing operations (e.g. Debt Management Capacity Building Project; and Economic Governance, Diversification and Competitiveness Support Program), and other partners' interventions. The Project also supplements the FGN's interventions - the effort to accelerate ERGP implementation through the provision of technical assistance and developing critical skills in Government. The Project will thus play a role in building institutional capability critical for Nigeria's macroeconomic stability, and economic recovery.

2.4 Project Cost and Financing Arrangements

2.4.1 The estimated total cost of the project is UA 11.17 million (including 10% FGN's contribution). A price contingency of 4%, and a physical contingency of 3%, have been factored in the Project cost. Tables (4a) and (4b) present the estimated Project cost by component and sources of finance, whereas Tables (4c) and (4d) present the estimated Project costs by Category of Expenditure. Details of the Project cost by component and expenditure category are also presented in Technical Annex B2. The Bank will provide UA 10 million in loan, while the FGN will contribute UA 1.17 million in kind (e.g. office, transport, staff etc.).

Table 4(a): Project cost estimates by component

	(NGN Million) inc. Contingency			(UAC Million) inc. Contingency				
	Local	Foreign	Total	Local	Foreign	Total	% Foreign	% of Total
Component 1: Enhancing economic management								
1.1: Strengthening Macroeconomic Planning, Policy Analysis and Management	239.732	403.348	643.080	0.558	0.939	1.496	63%	13%
Component 1 Total	239.732	403.348	643.080	0.558	0.939	1.496	63%	13%
Component 2: Enhancing performance management and delivery								
2.1 Enhancing Performance Management and Delivery	58.551	588.758	647.309	0.136	1.370	1.506	91%	13%
2.2: Institutionalizing effective monitoring, evaluation and reporting systems	352.930	432.623	785.553	0.821	1.007	1.828	55%	16%
2.3: Enhancing Portfolio Management and Oversight	155.484	169.146	324.630	0.362	0.394	0.755	52%	7%
Component 2 Total	566.964	1,190.527	1,757.492	1.319	2.770	4.090	68%	37%
Component 3: Strengthening domestic revenue mobilisation and effectiveness in public procurement								
3.1: Strengthening revenue mobilisation from Government Owned Enterprises	133.365	459.947	593.312	0.310	1.070	1.381	78%	12%
3.2: Strengthening effectiveness in Public Procurement	320.820	536.698	857.518	0.747	1.249	1.995	63%	18%
Component 3 Total	454.185	996.645	1,450.830	1.057	2.319	3.376	69%	30%
Component 4: Project Management Support								
4.1: Project Management Support	410.504	35.423	445.927	0.955	0.082	1.038	8%	9%
4.2: Federal Government of Nigeria management support contribution	500.932	0.000	500.932	1.166	0.000	1.166	0%	10%
Component 4 Total	911.437	35.423	946.860	2.121	0.082	2.203	4%	20%
Grand Total	2,172.318	2,625.943	4,798.261	5.055	6.111	11.166	55%	100%

Table 4(b): Sources of financing

Source of Finance	(NGN Million) inc. Contingency				(UAC Million) inc. Contingency			
	Local	Foreign	Total	Percent	Local	Foreign	Total	% of Total
ADF Loan	1,975.848	2,800.944	4,776.793	0.905	3.482	6.518	10.000	90%
FGN Contribution	500.932	-	500.932	0.095	1.166	-	1.166	10%
Total	2,476.781	2,800.944	5,277.725	1.000	4.648	6.518	11.166	100%

Table 4(c): Project cost by category of expenditure

Category of Expenditure	(FGN Million)			(UAC Million)				
	Local	Foreign	Total	Local	Foreign	Total	% Foreign	% of Total
A. Goods	116.467	579.718	696.185	0.271	1.349	1.620	83%	15%
B. Services	1,329.018	1,862.409	3,191.427	3.093	4.334	7.427	58%	67%
D. Operating Cost	108.904	-	108.904	0.253	-	0.253	0%	2%
Baseline Cost	1,554.389	2,442.127	3,996.516	3.617	5.683	9.300	61%	83%
FGN Contribution	465.867	-	465.867	1.084	-	1.084	0%	10%
Physical & Price Contingencies (7%)	152.062	183.816	335.878	0.354	0.428	0.782	55%	7%
Grand Total	2,172.318	2,625.943	4,798.261	5.055	6.111	11.166	55%	100%

Table 4(d): Project Expenditure Schedule (in Naira and UA)

	FGN Million incl. contingency				UAC Million incl. contingency			
	2019	2020	2021	Total	2019	2020	2021	Total
Component 1: Enhancing economic management								
1.1: Strengthening Macroeconomic Planning, Policy Analysis and Management	96.462	289.386	257.232	643.080	0.224	0.673	0.599	1.496
Component 1 Total	96.462	289.386	257.232	643.080	0.224	0.673	0.599	1.496
Component 2: Enhancing performance management and delivery								
2.1 Enhancing Performance Management and Delivery	97.096	291.289	258.923	647.309	0.226	0.678	0.603	1.506
2.2: Institutionalizing effective monitoring, evaluation and reporting systems	117.833	353.499	314.221	785.553	0.274	0.823	0.731	1.828
2.3: Enhancing Portfolio Management and Oversight	48.695	146.084	129.852	324.630	0.113	0.340	0.302	0.755
Component 2 Total	263.624	790.871	702.997	1,757.492	0.613	1.840	1.636	4.090
Component 3: Strengthening domestic revenue mobilisation and effectiveness in public procurement								
3.1: Strengthening revenue mobilisation from Government Owned Enterprises	88.997	266.990	237.325	593.312	0.207	0.621	0.552	1.381
3.2: Strengthening effectiveness in Public Procurement	128.628	385.883	343.007	857.518	0.299	0.898	0.798	1.995
Component 3 Total	217.624	652.873	580.332	1,450.830	0.506	1.519	1.350	3.376
Component 4: Project Management Support								
4.1: Project Management Support	66.889	200.667	178.371	445.927	0.156	0.467	0.415	1.038
4.2: Federal Government of Nigeria management support contribution	75.140	225.420	200.373	500.932	0.175	0.525	0.466	1.166
Component 4 Total	142.029	426.087	378.744	946.860	0.331	0.992	0.881	2.203
Grand Total	719.739	2,159.217	1,919.304	4,798.261	1.675	5.025	4.466	11.166

2.5 Project's Target Area and Population

2.5.1 The direct Project beneficiaries are officials and technical staff of the FMF, MBNP, and BPP as well as planning, and monitoring and evaluation officers in the selected sector ministries responsible for the ERGP implementation. The benefits accrue to them through improved working systems and tools, skills training, and better access to information management systems. Private sector, training institutions and the population will benefit from the planned capacity building support for effective implementation of the national development plan (e.g. ERGP Focal Lab will unblock the private sector investment and participation).

2.6 Participatory Process for Project Identification, Design and Implementation

2.6.1 The Project preparation process has benefited from a multi-stakeholder consultations with government departments, and development partners in Nigeria. The ERGP was developed through an extensive consultative process and a participatory approach involving several stakeholders, including the National Assembly, State Governments, Federal Ministries, Departments, and Agencies, the private sector, academia, civil society organizations, and international development partners. During the Project preparation mission, consultations were held with various stakeholders in Government including the FMF, MBNP, BPP, Budget Office of the Federation, Office of the Accountant-General of the Federation (OAGF), and Office of the Auditor-General for the Federation (OAuGF) as well as the Development Partners' representatives including the EU Delegation, DFID, USAID, World Bank, as well as representatives from the civil society and selected training institutions. Issues raised that informed the design of the Project include the need for: selectivity and targeted assistance to ERGP implementation; coordinating training program in country to achieve value for money; and focusing on building institutions in the country through which capacity building programs could be offered on a regular and long-term sustainable basis; and ensuring skills and know-how transfer of technical assistance and sustainability of support. The consultations with the

stakeholders will continue during Project implementation through the Project Steering Committee and supervision missions.

2.7 Bank Group Experience and Lessons Reflected in Project Design

2.7.1 As at October 2018, the Bank's portfolio in Nigeria is comprising of 52 operations and is valued at UA 3 billion. This includes 7 regional operations with a total commitment of UA 482.2 million (including 4 non sovereign multinational operations). Private sector operations accounts for 58% of the total operations with 32 projects and is largely dominated by the financial sector (65%) supported through equity investments (e.g. in the Development Bank of Nigeria), Lines of Credit (LOCs), and trade finance packages. Other significant sectors include the Industry (11 %), Water Supply and Sanitation (10%), Transport (8%), Agriculture (10%), Social Sector (8%), and Power and Energy (4 %). Details of the ongoing Bank portfolio projects are provided in Annex III. Performance of the Bank's portfolio in Nigeria has markedly improved over the past year. The portfolio was assessed as satisfactory with a score of 3 (on a scale of 1-4). The average age of public sector operations is 4 years with the cumulative disbursement ratio of 39 %. The public sector portfolio still includes four projects (19 %) that are considered ageing and will close in 2018-2019. There is no Project at Risk (PAR) in the portfolio.

2.7.2 The Update to the Country Strategy Paper, and Country Portfolio Performance Review of July 2018 highlighted issues that continue to pose challenges and require attention. These include effectiveness delay due to protracted internal processes, adherence to the procurement plans, delays in submission of audit reports, irregular justifications of advances to Special Accounts, and delay in the release of counterpart financing contribution. The main lessons learnt from the Bank's past interventions will be incorporated in the final design of this project through the following measures: (i) review of country systems of procurement, financial management and monitoring for results to avoid implementation delays; (ii) providing capacity building/ technical assistance to PMU and the main players involved in project implementation; (iii) providing proactive support with the preparation of bidding documents with the assistance of the procurement experts located in the Bank's field office in Abuja; (iv) ensuring that both the Bank and executing agency have adequate resources for supervision commensurate with the significance of the project; and ensuring that Government contribution goes towards Project management support to avoid delays associated with counterpart contributions .

2.7.3 The design of the Project is guided by findings from various analytical and diagnostic reports, as well as consultations during the preparation and appraisal missions (Appendix V). The Project also draws on lessons from the ongoing projects including those funded by the EU and World Bank, CPPR as well as the underpinning analytical works such as the Bank's Review of the National Monitoring and Evaluation System of Nigeria (2016). The main lessons are: (a) the importance of selectivity and value for money in providing institutional capacity building support; (b) agreeing with FMF and MBNP measures to address potential risks of start-up delays resulting from delays loan effectiveness (signature of the loan agreement), placement of staff to work in the PMU, and opening of the Project special account; (c) addressing implementation capacity constraints; (d) alignment with the national priorities and reinforcing ownership; (e) avoid spreading too thinly across sectors; and (f) implementation support and regular supervision and monitoring.

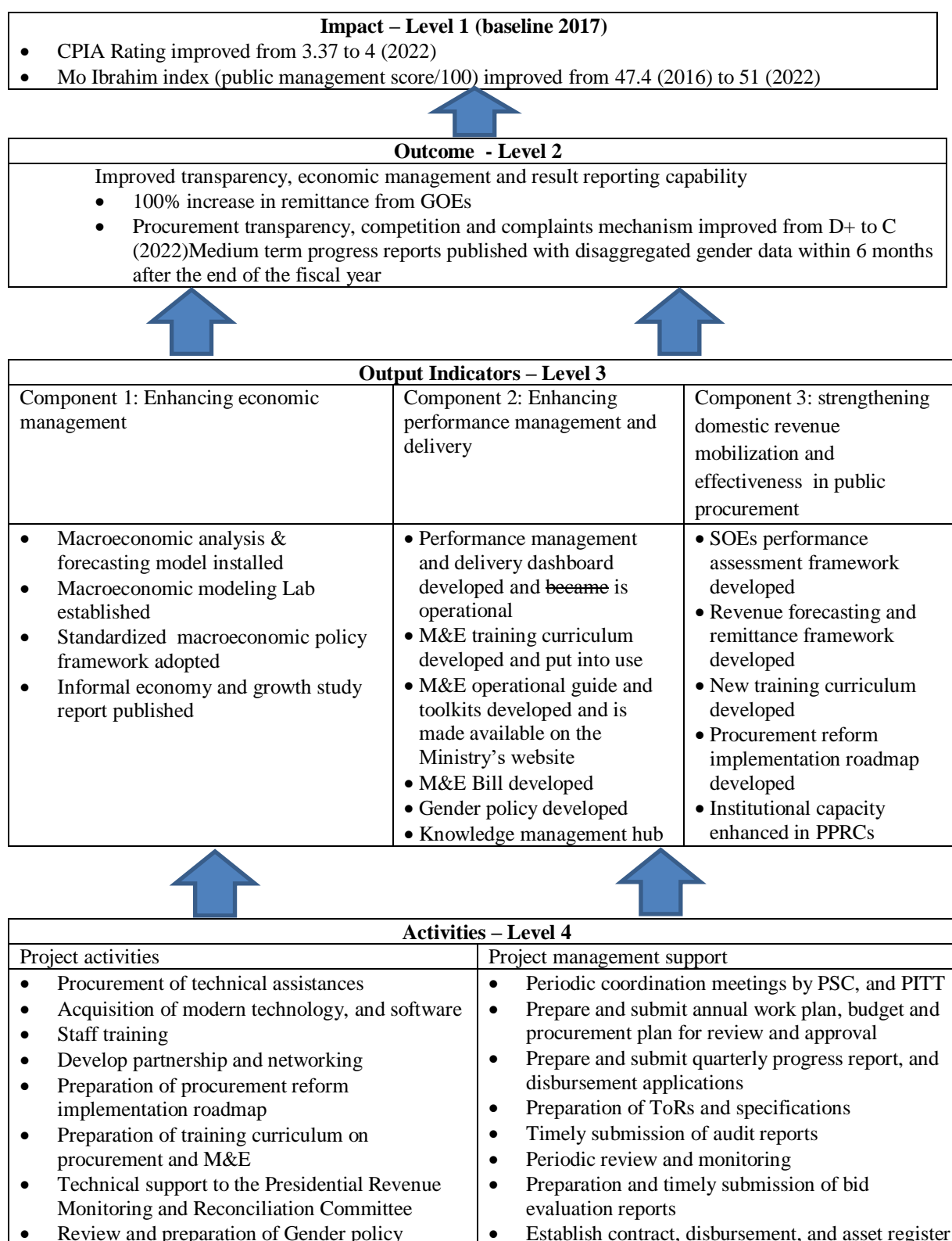
Table 5: Lessons learned from the previous and ongoing Bank interventions

Key Lessons Learned	Actions Taken to integrate lessons learnt
(a) Avoidance of start-up delays by simplifying the conditions precedent to first disbursement, and developing ToRs to fast track implementation.	Disbursement conditions are simplified. The PMU will hire experienced and competent staff in a transparent and competitive basis. Draft ToRs and detailed procurement plan has been prepared as part of the appraisal report.
(b) Need to address implementation capacity constraints by reinforcing the financial management and procurement team of the PMU	The financial and procurement management capacity was assessed during appraisal and appropriate recommendations has been taken on board in the project design.
(c) Strengthen country ownership and leadership by ensuring alignment with the strategic plan and capacity building requirements	The Project is fully aligned with country development objectives. See paragraph 1.1.2.
(d) Avoid spreading of activities too thinly across a many provinces and a large number of institutions by ensuring the intervention targets a few institutions	The Project has three key components and supports activities under two Ministries and coordination takes place under clearly identified departments in the respective ministries.
e) Enhanced dialogue and regular follow up by RDNG to address portfolio issues timely with a view to achieving the desired results.	As part of project monitoring arrangement, RDNG will continue to play an active role in the capacity development, portfolio management, country dialogue and project monitoring and evaluation.
f) Weak high-level commitment and ownership of key stakeholders in reform and project implementation	The project has been demand driven and led by senior officials at Federal Government and political levels. This will help in implementation on agreed activities including those in public procurement which tend to be politically sensitive.

2.8 Project's Performance Indicators

The key performance indicators identified, and the expected outcomes at Project Completion, are set out in the Result-based Logical Framework (Section VII). A summary of the expected results or outputs is summarized below:

Key Performance Indicators (KPIs)



Source: ISEMD Project Result Measurement Framework.

3. PROJECT FEASIBILITY

3.1 Economic and Financial Performance

3.1.1 While it is difficult to carry out credible and rigorous cost-benefit and financial analyses for an institutional support project, the economic and financial benefits, and ramifications, accruing from the Project will be much higher than the UA 10 million. Whereas the costs are quantifiable (section 2.4), the benefits are both direct and indirect, ultimately delivered from improved capacity in policy making and implementation, portfolio management and delivery, monitoring and evaluation, and improved performance reporting. The economic justification of the Project is its contribution to accelerated implementation and delivery of ERGP through better policy implementation and monitoring capacity of the relevant public offices and the upgrading of human and organizational competencies. Overall, the benefits of the Project will be derived from (a) enhanced capacity and effectiveness public bodies in policy implementation and monitoring; (b) better skilled senior management and technical staff of the key ministries and agencies; and (c) enhanced partnership and participation of the training institutions in the capacity building of public officials.

3.2 Environmental and Social Impacts

3.2.1 Environment and Climate Change: The Project is environmentally classified as Category 3 by SNOQ. The Project will not have a negative impact on the environment as its activities are limited to training, technical assistance, and studies. The activities envisaged under the Project, focusing on human and institutional capacity building, will not have negative impact on the climate.

3.2.2 Social: The Project will contribute towards meeting the objectives of the ERGP, which focuses on achieving sustained and inclusive growth towards increasing employment and reducing poverty. A key social impact of the operation is its contribution to ERGP implementation and revenue collection from GOEs, with the attendant impact of increasing available resources to finance various social programs that target poverty reduction. In addition, by supporting ERGP implementation, the Project will accelerate delivery of the strategic interventions which seek to reduce unemployment especially among the youth and reduce gender inequality as well reduce the economy's vulnerability to exogenous shocks and different forms of fragility. The ERGP accordingly prioritizes job creation through the adoption of a jobs and skills program for Nigeria including efforts to encourage the youth to venture into labor intensive sectors such as agriculture and construction. Further, the ERGP will improve the accessibility, affordability and quality of healthcare and expand coverage of the National Health Insurance Scheme. It will also guarantee access to basic education for all, improve the quality of secondary and tertiary education, and encourage students to enroll in science, technology and mathematics courses. The implementation of the Plan is projected to reduce unemployment from 13.9% in 2016 to 11.23% by 2020.

3.2.3 Impact on Gender: Nigeria with a population of over 170 million has an almost equal proportion of males and females - 51% and 49% respectively but there is significant level of gender inequality in the country. The current gender policy enacted in 2006 is more or less outdated being not sufficiently relevant in addressing the emerging gender issues in the country. However, efforts are on to revise and produce a new and more encompassing policy that will capture the current gender dynamics. The critical areas of gender gap in the country are; (a) Economic Participation/Employment; (b) Political Participation/Decision-making; (c) Health and Well-being; and (d) Educational Attainment. Nigeria's human and gender development indices are poor when compared with sub-Saharan Africa average as depicted in the UNDP 2018 report in the table below. Under this project, the Federal Ministries of Finance,

Budget & National Planning would be supported in gender-based budgeting while the Bureau of Public Procurement would be supported in developing/implementing policies that could encourage or enhance opportunities for women in procurement processes participation. The Federal Ministry of Women Affairs and Social Development would be assisted in ensuring gender mainstreaming in activities of other Ministries/Departments and Agencies (MDAs). All this will imply capacity development activities for relevant staff in these ministries.

Gender Dev Index (GDI)¹:

	Life expectancy at birth		Expected years of schooling		Mean years of schooling		GNI per capita		HDI values		F-M ratio
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	GDI Value
Nigeria	54.7	53.1	9.2	10.8	5.0	7.3	4,433	6,008	0.494	0.569	0.868
Sub-Saharan Africa	62.4	59.0	9.5	10.6	4.7	6.5	2,763	4,034	0.506	0.567	0.893

NOTE: GDI measures gender inequalities in achievement in three basic dimensions of human development: health (measured by female and male life expectancy at birth), education (measured by female and male expected years of schooling for children and mean years for adults aged 25 years and older); and command over economic resources (measured by female and male estimated GNI per capita)

3.2.4 The Bank's assessment on gender shows that the Project will contribute to gender equality (Technical Annex B.6). The Project will have a positive contribution on gender equality, which remains a major concern in Nigeria. Nigeria's future must necessarily entail consideration of girls and women, the role they play and the barriers they face in making the future. In this regard, the focus on empowering women and youth is part of the ERGP priority, and the proposed operation will support government plan and efforts to improve the position of women in society and empower them economically through effective implementation of the strategic interventions. Through technical assistance and capacity building program, the Project will support Federal Government's effort and plans to enhance gender mainstreaming into the medium term and sectoral plans. All training and capacity building support will endeavor to have gender balance. In addition, the Project will also respond to the national strategy by strengthening its response to promote gender mainstreaming in project activities. All project support will endeavor to mainstream gender balance to ensure that men and women benefit from the project support. In addition, the Project will provide a short-term technical assistance to the Ministry of Women Affairs to review and develop a National Gender Policy. It has also set apart resources for engaging a Gender Expert to work with the M&E Department in mainstreaming gender, by among other things, strengthening the operational framework for gender mainstreaming and measures for collecting gender disaggregated data.

3.2.5 Involuntary Resettlement: The Project will not result in any population displacement.

4. IMPLEMENTATION

4.1 Implementation Arrangements.

4.1.1 The Project will be implemented over a period of three years from January 2019 to December 2021. The FMBNP is the lead executing agency. The Project components are

¹ UNDP Human Development Indices and Indicators: 2018 Statistical Update: Briefing note for countries on the 2018 Statistical Update for Nigeria

expected to be implemented by three Federal implementing agencies that include the MBNP², the International Economic Relations Department (IERD) under the Federal Ministry of Finance (FMF), and the Bureau of Public Procurement (BPP), each being responsible for their respective components under the project in line with their statutory mandates. For effective management of this Project, a Project Steering Committee (PSC), Project Implementation Teams (PITs), and Project Management Unit (PMU) will be set up. The Project Steering Committee will be responsible for strategic oversight and policy guidance, and monitoring portfolio performance. The PSC to be co-chaired by Permanent Secretaries for FMF and MBNP will consist of Permanent Secretaries of the FMF, MBNP, Director-General of the BPP, Director-General of the Budget Office of the Federation, and Directors responsible for the project implementation i.e. Directors of the IERD, Macroeconomic Department, Monitoring and Evaluation Department, BPP, the Revenue and Fiscal Policy Department of the Budget Office of the Federation, and the ERGP Implementation Unit Coordinator. The committee shall meet every quarter to review implementation progress of the project and help to resolve technical and implementation problems affecting project progress. PIT comprising technical specialists, accounting and procurement staff, will also be appointed for each project component and/or subcomponents to spearhead the day-to-day implementation of their respective Project activities in collaboration with the PMU, and under the leadership of respective Directors.

4.1.2 The PMU will be responsible for project implementation support, including annual planning, procurement, financial management, gender mainstreaming and monitoring and results reporting. The PMU will comprise a Head, an Accountant, a Procurement Specialist, a Monitoring and Evaluation Specialist, a Gender Expert, and an Administrator.

4.2 Financial Management and Disbursement Arrangements.

4.2.1 The financial assessment (that includes budgeting, accounting, internal controls, treasury management, financial reporting and external audit) of both Ministries (FMF and MBNP) concluded that the ministries have the capacity and satisfies the Bank's minimum requirements, as laid out in the Bank's FM guidelines, to handle the Financial Management (FM) aspects of the project. Further, the implementation of agreed FM actions would further strengthen the existing system. The FM for the Project will be undertaken by the PMU under the overall responsibility of the Accountant who shall be assigned from the Federal Project Financial Management Department (FPFMD) in the Office of the Accountant-General of the Federation (OAGF) which will be part of the undertakings by the Borrower. The PMU will consolidate the financial information from the other implementing agencies/departments/Units and produce interim unaudited quarterly financial reports to be submitted to the Bank not later than forty-five (45) days after the end of each calendar quarter. The report shall show, for the quarter, the receipts and expenditure for the quarter and provide a comparison of the quarter's actual expenditures with budget expectations.

4.2.2 The PMU shall also produce at the end of each year, a set of financial statements which shall be audited by the Office of the Auditor-General for the Federation (OAuGF) or a firm of Auditors approved by the OAuGF and acceptable to the Bank. The audit shall be conducted in accordance with a Bank approved audit Terms of Reference (ToR). The audited Project Financial Statements (PFS), the auditor's opinion on the PFS and the Management Letter on the audit shall be submitted to the Bank no later than six (6) months after the end of the project's

² The four main beneficiary agencies/departments within the Ministry includes the Budget Office of the Federation, Macroeconomic Department, M&E Department, and ERGP Implementation Unit under Macroeconomic Department.

fiscal year. The overall FM risk for the project is assessed as Substantial primarily due to the nature of the project with the various implementing agencies hence the need for proper coordination and the inherent weaknesses in internal controls based on experience in the ongoing projects. Training in Bank requirements regarding FM will also be given as part of project launching and during its implementation as a capacity building initiative taking into account lessons learnt from previous and ongoing projects. Technical Annex B4 provides details of the financial management, disbursement and auditing arrangements for the project.

4.2.3 Disbursement: The Project shall have available to it all methods of disbursement approved by the Bank as may be required to ensure that funds are made available for project execution. These disbursement methods are: (i) Direct Payment method of disbursement; (ii) Special Account/Revolving Fund method; and (iii) reimbursement method. The rules and procedures for applying these methods are documented in the Bank's Disbursement Handbook. It will be provided to the PMU, which will manage the project funds. The Project will establish a dollar denominated, project dedicated account (Project Special Account) with the Central Bank of Nigeria into which the Bank will disburse the proceeds of the Loan for the project under the Special Account method. The Project Special Account shall be used to meet local obligations on the project while major contracts shall be financed out of Loan proceeds, using the Direct Payment method of disbursement. The other methods of disbursement may be employed as and when required or appropriate for the conduct of project transactions. The Bank will issue a Disbursement Letter of which the content will be discussed and agreed with the Borrower during negotiations.

4.3 Procurement Arrangements

4.3.1 Procurement of goods (including non-consultancy services), works and the acquisition of consulting services, financed by the Bank for the project, will be carried out in accordance with the "*Procurement Policy and Methodology for Bank Group Funded Operations*" (BPM), dated October 2015 and following the provisions stated in the Financing Agreement. Under the Bank policy, Procurement is carried out using one or a combination of the following based on the context of the project:

- Borrower Procurement System (BPS): Specific Procurement Methods and Procedures (PMPs) under BPS comprising its Laws and Regulations. In the case of Nigeria the Public Procurement Act 2007, and the Procurement Procedure Manual 2011, using the national Standard Solicitation Documents or other Solicitation Documents agreed during project negotiations" for various group of transactions to be entailed under the program.
- Bank Procurement Policy and Methodology (BPM): Bank standard PMPs, using the relevant Bank Standard Solicitation Documents, for contracts that are either: (i) above the thresholds indicated in Annex B5, or (ii) in case BPS is not relied upon for a specific transaction or group of transactions; and (iii) in case BPM have been found to be the best fit for purpose for a specific transaction or group of transactions.
- Third Party Procurement Methods and Procedures (PMPs): Third Party PMPs, using the relevant Third Party Standard or Model Solicitation Documents."

4.3.2 Procurement Risks and Capacity Assessment: the assessment of procurement risks at the Country, and Project levels and of procurement capacity at the implementing agencies, were undertaken for the project and the findings have informed the decisions on the procurement regimes being used for specific transactions or groups of similar transactions under the project. Technical Annex B5 provides details on procurement arrangements and the appropriate risks mitigation measures

4.3.3 Specifically for this project, procurement will be done as follows:

- Borrower Procurement System (BPS): This method shall be limited to activities funded by Government in contribution to achieving Project Development Objective. In such a situation, the Bank will rely on Annual Audit reports of those activities commissioned by Government
- Bank Procurement Policy and Methodology (BMP) for all procurement activities financed by the fund
- Operating costs, that are non-procurement, will be done using established FGN procedures for similar activities and relevant documents retained for External Audit

4.3.4 Monitoring and Evaluation: Responsibility for results monitoring and evaluation will be vested with the PMU. The M&E Specialist will collect and analyze data on implementation progress for all project components, subcomponents, and activities. The monitoring and evaluation function will be exercised on a continuous basis, and the component leaders in each implementing entity will be the primary source of data and information. Monitoring and evaluation reports will follow the standard progress reporting template and Project results framework. The PMU will regularly undertake reviews of implementation progress, and analyze and address bottlenecks that may arise and impede achievement of planned outputs and outcome indicators. The Bank will carry out a rigorous monitoring and supervision Mission twice a year to track progress and address implementation challenges. A mid-term review would be carried out within approximately 24 months from effectiveness of the loan. The Project will also be subjected to completion report to evaluate progress against outcomes and draw lessons for follow up operation. Table 6 presents the Project implementation and monitoring schedule.

Table 6: Project Implementation Schedule

Task / Milestone	Responsible Party	Time Frame
Project Approval	AfDB	November 30, 2018
Grant Effectiveness	AfDB/FGN	January 2019
Project Launching	AfDB/FGN	March 2019
Procurement of goods and services	FGN	April 2019 to December 2021
Annual Audit Report	FGN	June 2020, 2021, and 2022
Supervision Mission	AfDB/ FGN	June/December 2019, 2020& 2021
Mid-term Review	AfDB/ FGN	June 2020
Project Completion Report	AfDB/ FGN	December 2021

4.5 Governance: Strengthening the capacity of key Government institutions in policy designs, implementation and monitoring and evaluation, and performance management and delivery are the core objectives of this project. The five priorities of the ERGP are underpinned by a focus on governance and delivery, which have been identified as crucial to the successful implementation of the Plan. Transparent, effective and fair governance is being deepened through the continued fight against corruption, strengthening the public service reform, and reinforcing subnational coordination. This Project will contribute towards improving governance and accountability through support towards macroeconomic analysis and policy coordination, monitoring and evaluation functions of the MBNP as well as strengthening capacity in domestic resource mobilisation, public procurement and performance delivery. Through improved implementation of the ERGP and technical assistance to accelerate delivery, the Project will foster private sector development and competitiveness in Nigeria. The private sector through ERGP Focus Labs will also be engaged in trying to accelerate investment in identified projects, which is critical to implementation and delivery of the strategic objectives

of the ERGP of unlocking private sector capital in key areas of the economy. The capacity and modes operandi of the PMU has been reviewed in terms of the units it has for financial management, procurement, audits and monitoring and evaluation. An independent audit of project financial reports and procurement reviews will be undertaken every year.

4.6 Sustainability: The Project responds to demand-led interventions in the areas of ERGP implementation, performance management, monitoring and evaluation, domestic resource mobilization and procurement capacity building. It is informed by various development plans and strategies of the FGN as well as outcomes of consultations with policy makers and senior officials in the public sector that identified key challenges and constraints in Nigeria's economy in relation to national development plan and the effort to diversify the country's economy and minimize dependence on oil, create jobs for the youth and reduce inequality. Significant attention has been given to sustainability in the Project design, through optimizing complementarities both with FGN and development partners' interventions. The various technical assistance activities are aimed at improving implementation and monitoring capacity at the targeted institutions. The project will also enhance partnership with local training institutions and other service providers to ensure sustainability.

4.7 Risk Management

Table 7: Risks and Mitigation Measures

Risk	Probability/ Impact	Mitigation
Political and governance risks – the forthcoming national elections in February 2019 entail political uncertainty to policy continuation and/or could affect the pace of project implementation or change priorities contained in the ERGP.	High/Medium	Nigeria remained politically stable since its return to civilian rule in 1999. No major policy changes envisioned that would impact on the project. There is strong government and private sector commitment to develop and implement medium term plan in line with the ERGP priorities. Further, the Project Support to Delivery Unit and Monitoring Evaluation Department will be expected to not only monitor and evaluate progress against set targets and milestones, but also to provide early warning signals of potential risks and articulate actionable measures to be taken against any identified constraints. The Bank will remain engaged with and sensitize the authorities about the objective of the project to ensure the project remains relevant and alignment with the national priorities.
Macroeconomic risks – in the event that macroeconomic performance deteriorates, the achievements of the ERGP results may be adversely affected.	Medium/ Medium	Support to revenue forecasting and mobilization from GOEs, enhanced macroeconomic forecasting to improve surveillance and provide early warning signals to impending risks and shocks; improved procurement practice and monitoring and tracking will also help FGN mitigate the risks
Weak Capacity for implementation and sustainability could cause delay in project start-up and procurement.	Medium/High	Bank will provide project implementation support to help expedite procurement process. The Ministry will set up a PMU and hire additional staff in the PMU to manage procurement, financial and project implementation matters. Targeted technical assistance are included in the project so as not to delay the achievement of results.
Fiduciary and corruption risk	Medium/High	Financial management risk mitigation measures will be agreed to ensure FM arrangements meets the minimum fiduciary requirements in

		accordance with Bank's policy. On-site review will be carried out at least twice a year and this will cover the overall fiduciary control environment including internal control systems, tracing of transactions from the bidding process to disbursements, internal audit reports, and audited financial statements. Staff training including fiduciary clinics to help mitigate risks.
Project effectiveness and start-up delay due to protracted internal process	High/Medium	Provide proactive support with preparation of bidding documents and work with Ministers to address bottlenecks in loan effectiveness.

4.8 Knowledge Building

4.8.1 The Proposed project will build knowledge and develop skills in specific areas related to policy implementation, monitoring and reviews to enhance the whole policy cycle. Through the institutionalized process of monitoring and evaluation functions, and performance management delivery units, it enables knowledge and experience sharing to enhance continuous improvement in the quality and responsiveness of policies and strategies. The monitoring and evaluation capacity of key public institutions the Project seeks to strengthen will add empirical knowledge thus taking the potential for growth on a continuous improvement path. The implementation of the Project will focus on alleviating binding constraints for ERGP through the Focus Labs. The ERGP Focus Labs are designed as a problem-solving platform that focus on tackling complex challenges and leverage private sector financing with initial focus in three priority sectors – Agriculture and Transportation; Manufacturing and Processing; and Power and Gas. The Project will contribute to knowledge management through building critical skills in macroeconomic management, domestic resource mobilization, procurement, monitoring and evaluation performance and portfolio management as well as delivery. Equally, the study on the informal economy and growth as well as establishment of the macroeconomic and forecasting model will underscore the Bank's capacity to intervene in critical areas of economic policy through rigorous analytical and technical studies. The Bank will capture and disseminate knowledge through sharing the findings of supervision missions, progress reports, and the Project Completion Report. Lessons learned and experience gained will be available to inform future policy operations.

V – LEGAL INSTRUMENTS AND AUTHORITY

5.1 Legal Instrument

The project will be financed with an ADF loan. An ADF Loan Agreement shall be signed between the Federal Republic of Nigeria (the "Borrower") and the African Development Fund (the "Fund").

5.2 Conditions Associated with the Fund's Intervention

5.2.1 Conditions Precedent to Entry into Force of the Loan Agreement:

The Loan agreement shall enter into force subject to the fulfilment by the Borrower of the provisions of Section 12.01 of the General Conditions Applicable to the African Development Fund Loan Agreements and Guarantee Agreements (Sovereign Entities).

5.2.2 Conditions Precedent to First Disbursement of the Loan:

The obligation for the Fund to make the first disbursement of the loan shall be subject to the entry into force of the Loan Agreement, in accordance with the provisions of paragraph 5.2.1 above, and evidence that the Borrower has fulfilled the following conditions:

(i) Evidence of the designation/secondment of an Accountant to the Project from the Office of the Accountant General of the Federation with terms of reference and qualifications acceptable to the Fund. A Performance contract shall be signed between the Executing Agency and the Accountant to be designated.

5.3 Undertakings

- i) No later than six months after loan approval, evidence of the establishment of a Project Steering Committee comprising of the Permanent Secretaries of the FMF and MBNP (as co-chairs); Director-General of the BPP; Director-General of the Budget Office of the Federation; the Directors of the Macroeconomic Department, the Monitoring and Evaluation Department, the IERD, the BPP, the Revenue and Fiscal Policy Department of the Budget Office of the Federation, and the Coordinator of the ERGP Implementation Unit.
- ii) No later than six months after loan approval, evidence of the appointment of Project Implementation Teams for each component and/or sub components for the day to day implementation of the respective project activities, and
- iii) No later than six months after loan approval, evidence of the establishment of a Project Management Unit comprising a Head, a Procurement Specialist, a Monitoring and Evaluation Specialist, a Gender Expert, and an Administrator with terms of reference and qualifications acceptable to the Fund.

5.4 Compliance with Bank Policies

The Project complies with all applicable Bank policies, including the 2008 Policy on Expenditures Eligible for Bank Group Financing.

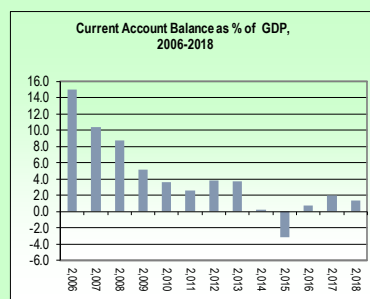
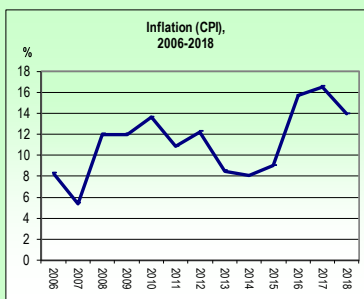
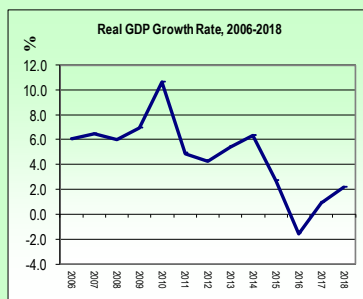
VI. RECOMMENDATION

Management recommends that the Board of Directors approve the proposed ADF loan of UA 10 million to the Federal Republic of Nigeria for the purposes, and subject to the conditions, stipulated in this report.

ANNEX I: Selected Macroeconomic Indicators

Nigeria Selected Macroeconomic Indicators

Indicators	Unit	2000	2013	2014	2015	2016	2017 (e)	2018 (p)
National Accounts								
GNI at Current Prices	Million US \$	33,177	466,605	528,878	519,276	458,120	...	...
GNI per Capita	US\$	270	2,700	2,980	2,850	2,450	...	...
GDP at Current Prices	Million US \$	46,386	513,262	554,873	494,584	404,653	395,777	449,547
GDP at 2000 Constant prices	Million US \$	46,386	128,864	136,995	140,629	138,403	139,669	142,666
Real GDP Growth Rate	%	5.3	5.4	6.3	2.7	-1.6	0.9	2.1
Real per Capita GDP Growth Rate	%	2.7	2.6	3.5	0.0	-4.1	-1.6	-0.4
Gross Domestic Investment	% GDP	20.4	15.0	16.2	15.5	15.3	15.7	15.1
Public Investment	% GDP	9.5	5.3	5.6	5.4	5.4	5.6	5.4
Private Investment	% GDP	10.9	9.6	10.6	10.1	10.0	10.2	9.8
Gross National Savings	% GDP	22.1	18.6	16.0	12.3	13.2	15.3	13.8
Prices and Money								
Inflation (CPI)	%	6.9	8.5	8.1	9.0	15.7	16.5	13.9
Exchange Rate (Annual Average)	local currency/US\$	101.7	157.3	158.6	192.4	253.5	305.3	305.5
Monetary Growth (M2)	%	104.8	7.4	19.4	2.5	13.1	12.0	...
Money and Quasi Money as % of GDP	%	30.4	31.3	34.2	32.5	34.1	32.4	...
Government Finance								
Total Revenue and Grants	% GDP	42.1	12.1	11.4	7.6	5.6	5.7	6.2
Total Expenditure and Net Lending	% GDP	36.2	15.3	13.0	11.1	9.5	10.8	10.6
Overall Deficit (-) / Surplus (+)	% GDP	5.9	-3.2	-1.5	-3.5	-3.9	-5.1	-4.4
External Sector								
Exports Volume Growth (Goods)	%	-4.3	2.7	-8.6	4.3	-10.3	5.5	6.8
Imports Volume Growth (Goods)	%	-29.0	-0.9	17.2	16.9	-25.2	-11.3	22.6
Terms of Trade Growth	%	27.6	1.0	-2.8	-26.7	-6.3	9.5	7.8
Current Account Balance	Million US \$	5,786	19,049	899	-15,763	2,700	7,765	6,072
Current Account Balance	% GDP	12.5	3.7	0.2	-3.2	0.7	2.0	1.4
External Reserves	months of imports	9.9	6.7	4.8	4.7	6.9	7.3	5.5
Debt and Financial Flows								
Debt Service	% exports	8.2	12.4	15.4	34.1	45.8	32.8	27.4
External Debt	% GDP	44.6	7.3	8.3	9.6	11.4	14.7	15.5
Net Total Financial Flows	Million US \$	-1,994	4,714	6,762	22,425	-9,455	...	...
Net Official Development Assistance	Million US \$	174	2,516	2,479	2,432	2,501	...	...
Net Foreign Direct Investment	Million US \$	1,310	5,608	4,694	3,064	4,449	...	...



Source : AfDB Statistics Department; IMF: World Economic Outlook, April 2018 and International Financial Statistics, April 2018;
AfDB Statistics Department: Development Data Portal Database, April 2018. United Nations: OECD, Reporting System Division.

Notes: ... Data Not Available (e) Estimations (p) Projections

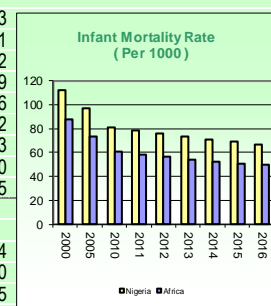
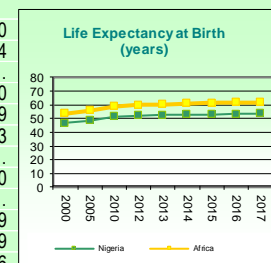
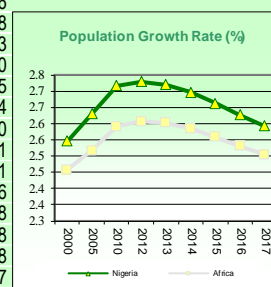
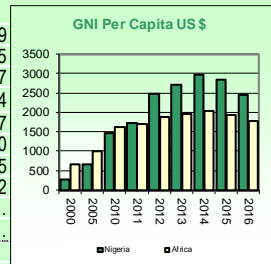
Last Update: May 2018

Annex II: Comparative Socio-economic Indicators

Nigeria

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Nigeria	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)	2017	924	30,067	80,386	53,939
Total Population (millions)	2017	191.8	1,184.5	5,945.0	1,401.5
Urban Population (% of Total)	2017	49.9	39.7	47.0	80.7
Population Density (per Km ²)	2017	210.6	40.3	78.5	25.4
GNI per Capita (US \$)	2016	2 450	2 045	4 226	38 317
Labor Force Participation *- Total (%)	2017	56.6	66.3	67.7	72.0
Labor Force Participation ** - Female (%)	2017	48.5	56.5	53.0	64.5
Sex Ratio (per 100 female)	2017	103.9	0.801	0.506	0.792
Human Develop. Index (Rank among 187 countries)	2015	152	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2009	53.5	39.6	17.0	...
Demographic Indicators					
Population Growth Rate - Total (%)	2017	2.6	2.6	1.3	0.6
Population Growth Rate - Urban (%)	2017	4.5	3.6	2.6	0.8
Population < 15 years (%)	2017	43.8	41.0	28.3	17.3
Population 15-24 years (%)	2017	19.1	3.5	6.2	16.0
Population >= 65 years (%)	2017	2.7	80.1	54.6	50.5
Dependency Ratio (%)	2017	87.2	100.1	102.8	97.4
Female Population 15-49 years (% of total population)	2017	22.8	24.0	25.8	23.0
Life Expectancy at Birth - Total (years)	2017	53.6	61.2	68.9	79.1
Life Expectancy at Birth - Female (years)	2017	54.0	62.6	70.8	82.1
Crude Birth Rate (per 1,000)	2017	38.1	34.8	21.0	11.6
Crude Death Rate (per 1,000)	2017	12.3	9.3	7.7	8.8
Infant Mortality Rate (per 1,000)	2016	66.9	52.2	35.2	5.8
Child Mortality Rate (per 1,000)	2016	104.3	75.5	47.3	6.8
Total Fertility Rate (per woman)	2017	5.5	4.6	2.6	1.7
Maternal Mortality Rate (per 100,000)	2015	814.0	411.3	230.0	22.0
Women Using Contraception (%)	2017	20.5	35.3	62.1	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2009	37.6	46.9	118.1	308.0
Nurses and midwives (per 100,000 people)	2008	148.9	133.4	202.9	857.4
Births attended by Trained Health Personnel (%)	2013	35.2	50.6	67.7	...
Access to Safe Water (% of Population)	2015	68.5	71.6	89.1	99.0
Access to Sanitation (% of Population)	2015	29.0	51.3	57	69
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2016	2.9	39.4	60.8	96.3
Incidence of Tuberculosis (per 100,000)	2016	219.0	3.8	1.2	...
Child Immunization Against Tuberculosis (%)	2016	64.0	245.9	149.0	22.0
Child Immunization Against Measles (%)	2016	51.0	84.1	90.0	...
Underweight Children (% of children under 5 years)	2014	19.8	76.0	82.7	93.9
Prevalence of stunting	2014	32.9	20.8	17.0	0.9
Prevalence of undernourishment (% of pop.)	2015	7.9	2 621	2 335	3 416
Public Expenditure on Health (as % of GDP)	2014	0.9	2.7	3.1	7.3
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2013	94.1	106.4	109.4	101.3
Primary School - Female	2013	92.8	102.6	107.6	101.1
Secondary School - Total	2013	56.2	54.6	69.0	100.2
Secondary School - Female	2013	53.5	51.4	67.7	99.9
Primary School Female Teaching Staff (% of Total)	2010	48.2	45.1	58.1	81.6
Adult literacy Rate - Total (%)	2008	51.1	61.8	80.4	99.2
Adult literacy Rate - Male (%)	2008	61.3	70.7	85.9	99.3
Adult literacy Rate - Female (%)	2008	41.4	53.4	75.2	99.0
Percentage of GDP Spent on Education	2010		5.3	4.3	5.5
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2015	37.3	8.6	11.9	9.4
Agricultural Land (as % of land area)	2015	77.7	43.2	43.4	30.0
Forest (As % of Land Area)	2015	7.7	23.3	28.0	34.5
Per Capita CO2 Emissions (metric tons)	2014	0.5	1.1	3.0	11.6



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

May 2018

UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

Annex III : Selected Governance Indicators

Table 1

Ibrahim Index of African Governance Scored 0-100 where 100=best					
Nigeria	2015	2016	Status	2015	2016
	Rank / 53		Improvement (▼)	Score / 100	
Overall	36	35	▼	47.2	48.1
Safety And Rule Of Law	44	37	▼	42.6	46.4
Personal Safety	47	43	▼	30.8	38.3
Rule Of Law	20	14	▼	56.5	63.1
Accountability	31	31	►	31.7	32.7
National Security	47	47	►	51.4	51.5
Participation And Human Rights	25	25	►	52.4	52.5
Participation	18	17	▼	63.4	62.7
Rights	31	32	▲	44.2	41.4
Gender	37	31	▼	49.5	53.4
Sustainable Economic Opportunity	33	34	▲	42.0	42.3
Public Management	26	27	▲	46.3	47.4
Infrastructure	42	41	▼	31.6	33.2
Environment	33	34	▲	39.9	39.6
The Rural Sector	31	31	►	50.3	49.2
Human Development	36	37	▲	51.6	51.1
Health	43	45	▲	63.1	60.7
Education	34	32	▼	43.1	43.7
Welfare	27	28	▲	48.7	48.9

The Ibrahim Index:

- Measures the delivery of public goods and services to citizens by government and non-state actors;
- Uses indicators across four main categories: *Safety and Rule of Law*; *Participation and Human Rights*; *Sustainable Economic Opportunity*; and *Human Development* as proxies for the quality of the processes and outcomes of governance
- Is the most comprehensive collection of qualitative and quantitative data that assess governance in Africa;
- Is funded and led by an African institution;
- Is a progressive and consultative assessment of governance.

Table 2: Governance Indicators - Score -3.0 (Worst) to 2.5 (Best)

Indicators	2015	2016
Government Effectiveness	-0.95	...
Voice and Accountability	-0.37	-0.30
Corruption Perception	-1.10	...
Rule of Law	-0.96	-1.05

Source: AfDB Statistics Department using data from the WEF, 2017

Table 3: Doing Business in 2016 and 2017 (Rank)

Item	2016 Rank	2017 Rank	Status - Improvement (▼)
Ease of Doing Business	169	145	▼
Starting a business	138	130	▼
Dealing with licenses	174	147	▼
Registering property	182	179	▼
Getting credit	44	6	▼
Protecting investors	32	33	▲
Paying taxes	182	171	▼
Trading across borders	181	183	▲
Enforcing contracts	139	96	▼
Closing a business	140	...	▲

Source: AfDB Statistics Department using data from Doing Business, WB

Table 4: CPIA Ratings 2013-2015 (0-5)

Year	A. Economic Management			B. Structural Policies			C. Policies for Social Inclusion / Equity				
	1	2	3	4	5	6	7	8	9	10	11
	Monetary Policy	Fiscal Policy	Debt Policy	Trade Policy	Financial Sector	Business Regulatory Environ	Gender Equality	Equity of Public Resource Use	Building Human Resources	Social Protection and Labor	Environmental Policy & Regulations
2015	5.0	3.5	5.0	3.5	4.0	3.5	3.5	3.8	3.5	3.6	4.0
2014	5.5	3.5	5.5	3.7	4.3	3.5	3.5	4.0	3.5	3.6	4.0
2013	4.0	5.5	5.0	4.3	3.7	3.5	3.5	4.0	3.5	3.3	4.0

Year	D. Public Sector Management and Institutions					Overall Rating
	12	13	14	15	16	
	Property Rights & Rule Based Governance	Quality of Budgetary & Financial Managmt.	Efficiency of Revenue Mobilization	Quality of Public Administration	Transparency, Accountability & Corruption in Pub. Sector	
2015	3.3	3.9	4.3	3.1	3.3	3.81
2014	3.3	3.8	4.3	3.1	3.2	3.91
2013	3.3	4.0	3.1	3.6	3.3	3.83

Source: AfDB.

Annex IV: List of Active Bank Group Portfolio in Nigeria

Project Description	Loan Number	Age	Approval Date	Closing Date	Apvd amount (UAm)	% Disbursed	Type	Financial Source	Instrument	Sector
<i>Sovereign Operations (National)</i>										
Plateau State Potato Value Chain Support Project (PS-PVCP)	2100150037297	1.7	30-Mar-17	31-Dec-20	8.00	4.44%	Inv	ADF	Loan	Agric.
MIC-Grant Support to Bank of Agriculture (BoA) Limited	5500155010351	2.5	5-May-16	30-Dec-19	0.70	11.90%	TA	MIC	Grant	Agric.
MIC Grant Strengthening of Federal Ministry of Agriculture	5500155010501	2.5	18-May-16	30-Dec-18	0.50	69.00%	TA	MIC	Grant	Agric.
Agricultural Transformation Agenda Support Program - Phase I	2100150029994	5	30-Oct-13	31-Mar-19	98.80	16.70%	Inv	ADF	Loan	Agric.
Agricultural Transformation Agenda Support Program - Phase I	2100155025974	5	30-Oct-13	31-Mar-19	0.30	41.00%	Inv	ADF	Grant	Agric.
Abuja Bus Rapid Transit (BRT) Project Study	5560155000601	5.8	5-Feb-13	31-Dec-18	0.70	19.90%	TA	CTF	Grant	Transp.
Rural Water Supply and Sanitation Sub-Programmes for Yobe and Osun	2100150015645	11	10-Oct-07	31-Dec-19	51.00	67.70%	Inv	ADF	Loan	Water
Urban Water & Sanitation Improvement Project in Oyo and Taraba	2100150025696	9.1	2-Sep-09	30-Apr-18	50.00	76.60%	Inv	ADF	Loan	Water
Zaria Water and Sanitation Expansion Project	2100150026597	6.8	8-Feb-12	31-Dec-19	63.90	75.80%	Inv	ADF	Loan	Water
Urban Water Reform & Port Harcourt WSSP	2000130011585	4.7	26-Mar-14	30-Apr-21	142.20	1.60%	Inv	ADB	Loan	Water
Urban Water Reform & Port Harcourt WSSP	2100150031043	4.7	26-Mar-14	30-Apr-21	3.30	0.00%	Inv	ADF	Loan	Water
Preparation of Komadugu-Yobe Basin Strategic Development Plan	5600155004101	4.2	8-Aug-14	30-Jun-18	1.60	46.80%	TA	AWTF	Grant	Water
Partial Risk Guarantee Program in Support of the Power Sector	2100150031093	4.1	18-Dec-13	1-Sep-17	2.00	0.00%	Guar	ADF	Loan	Energy
Partial Risk Guarantee Program in Support of the Power Sector	2100140000051	4.1	18-Dec-13	Not Yet	120.00	0.00%	Inv	ADF	PRG	Energy
Support for Nigerian Extractive Industries Transparency Initiative	5500155009501	3.4	10-Jun-15	30-Jun-19	0.10	70.10%	TA	MIC	Grant	Fin.
Development Bank of Nigeria (DBN)	2000130013130	3.1	15-Dec-14	30-Nov-18	284.50	66.70%	Inv	ADB	Loan	Fin.
Development Bank of Nigeria (DBN)	2100150032693	3.1	15-Dec-14	30-Dec-18	32.60	66.70%	Inv	ADF	Loan	Fin.
Inclusive Basic Service Delivery and Livelihood Empowerment	2000200000701	1.1	14-Dec-16	31-Dec-21	106.70	0.02%	Inv	ADB	Loan	Social
Inclusive Basic Service Delivery and Livelihood Empowerment	2100150036593	1.1	14-Dec-16	31-Dec-21	71.80	0.00%	Inv	ADF	Loan	Social
Inclusive Basic Service Delivery and Livelihood Empowerment	5800155001751	1.1	14-Dec-16	31-Dec-21	4.10	3.00%	Inv	RWSSI	Grant	Social

MIC-TAF: Rehabilitation of Industrial Clusters as a Driver O	5500155011151	1.11	8-Nov-16	31-Dec-18	0.40	54.80%	TA	MIC	Grant	Multi
Sub-National Debt Management Capacity Building Project	5500155011551	1.9	24-Jan-17	30-Jun-18	0.80	0.00%	TA	MIC	Grant	Multi
Jigawa Solar Independent Power Procurement Programme - Phase I	Not yet	0.6	30-Apr-18	Not Yet	1.00	0.00%	TA	SEFA	Grant	Energy
<i>Sovereign Operations (Multinational)</i>										
Nigeria-Cameroon Highway-Transport Facilitation Program on the Bamenda-Mamfe-Ekok-Abakaliki-Enugu Corridor	2100150019643	9.11	25-Nov-08	31-Dec-19	188.60	68.30%	Inv	ADF	Loan	Transp.
Nigeria-Cameroon Highway-Transport Facilitation Program on the Bamenda-Mamfe-Ekok-Abakaliki-Enugu Corridor	2100155015166	9.11	25-Nov-08	31-Dec-19	16.20	29.10%	Inv	ADF	Grant	Transp.
Abidjan-Lagos Corridor Highway Development Project Study-Nigeria	2100150036600	2.1	21-Sep-16	Not Yet	1.00	0.00%	Inv	ADF	Loan	Transp.
ECOWAS - Nelson Mandela Institute - African Institutions Of Science and Tec.	2100155032824	2.3	15-Jul-16	30-Jun-22	6.70	25.30%	Inv	ADF	Grant	Social
<i>Non-Sovereign Operations (National)</i>										
Fund for Agricultural Finance in Nigeria (FAFIN)	N/A	118.9			13.10	100.00%	Equ.	ADB	Equi.	Agric.
Sterling Bank Plc - Improving the Quality of Life of the People	2000130019680	0.1	25-Sep-18	31-Dec-22	35.96	0.00%	Inv	ADB	Loan	Fin.
Nigeria Infrastructure Debt Fund (NIDF)	Not yet	0	17-Oct-18	Not Yet	7.05	0.00%	Equ.	ADB	Equi.	Fin.
Flour Mills of Nigeria Plc	Not yet	0.1	19-Sep-18	31-Dec-27	51.80	0.00%	Inv	ADB	Loan	Agric.
Institutional Support Afe Babalola University MIC-TAF	5500155013001	1.5	30-May-17	31-Dec-22	0.74	0.00%	Inv	ADB	Grant	Social
Lekki Toll Road Project	2000120001769	10.4	18-Jun-08	18-Sep-10	35.20	100.00%	Inv	ADB	Loan	Transp.
Indorama Fertilizer	2000120003769	5.9	30-Jan-13	15-Aug-16	71.10	100.00%	Inv	ADB	Loan	Ind.
Dangote Industries Limited	2000130015232	4.4	13-Jun-14	22-Dec-19	213.30	100.00%	Inv	ADB	Loan	Ind.
Fidelity Bank Plc	2000130010730	5.3	17-Jul-13	24-Mar-16	53.30	100.00%	Inv	ADB	LOC	Fin.
Line of Credit - United Bank for Africa Plc	2000130015931	2.4	8-Jun-16	30-Nov-17	106.70	100.00%	Inv	ADB	LOC	Fin.
Domestic-Oriented SME Financing Program	2000130009884	7.5	26-May-11	31-Dec-17	71.10	100.00%	Inv	ADB	LOC	Fin.
Export-Oriented SME Financing Program	2000130009885	7.5	26-May-11	29-Jan-15	35.60	100.00%	Inv	ADB	LOC	Fin.
Zenith Bank LOC II	2000120001070	11.1	13-Dec-06	1-Aug-13	71.10	100.00%	Inv	ADB	LOC	Fin.
Line of Credit II to Guaranty Trust Bank	2000130007031	8.4	23-Jun-10	6-Apr-12	64.00	100.00%	Inv	ADB	LOC	Fin.
Zenith Emergency Liquidity Facility	2000120002469	9.3	22-Jul-09	15-Mar-11	35.60	100.00%	Inv	ADB	Loan	Fin.
Stanbic IBTC Bank Plc	2000130011531	4.7	26-Mar-14	9-Jun-17	0.90	100.00%	Inv	ADB	LOC	Fin.
Stanbic IBTC Bank Plc	5560130000501	4.5	27-May-14	9-Jun-17	0.90	100.00%	Inv	CTF	LOC	Fin.

Zenith Bank Plc - LOC III	2000130011530	4.7	26-Mar-14	26-Jun-15	88.90	100.00%	Inv	ADB	LOC	Fin.
Access Bank Nigeria LOC II	2000130012130	4.5	15-May-14	1-Aug-16	71.10	100.00%	Inv	ADB	LOC	Fin.
Access Bank Nigeria LOC II	5060140000255	1	11-Oct-17	1-Aug-24	16.00	0.00%	Inv	PSF	Guar.	Fin.
Naira Line of Credit to FRB Subsidiary, Rand Merchant Bank N	2000130011783	5.1	12-Dec-12	11-Jul-17	29.30	100.00%	Inv	ADB	LOC	Fin.
Wema Bank Line of Credit 2015	2000130017380	2.7	9-Mar-16	Not Yet	10.70	0.00%	Inv	ADB	LOC	Fin.
USD 300 Million Trade Finance Package First Bank of Nigeria	2000130015733	2.4	27-Jun-16	7-Jun-18	213.30	66.70%	Inv	ADB	LOC	Fin.
FSDH Merchant Bank Trade Finance Line of Credit	2000130015734	2.4	27-Jun-16	2-Dec-17	35.60	100.00%	Inv	ADB	LOC	Fin.
FSDH Merchant Bank Trade Finance Line of Credit	5060140000254	1	11-Oct-17	2-Jun-20	17.80	0.00%	Inv	PSF	Guar.	Fin.
Lapo Microfinance Limited	2000130014181	4	1-Oct-14	30-Jun-17	5.30	100.00%	Inv	ADB	LOC	Fin.
Africa SME Program - Fortis Microfinance Bank Plc	2000130013631	3.4	15-Jun-15	20-Sep-17	2.30	100.00%	Inv	ADB	LOC	Fin.
Africa SME Program Loc - Ab Microfinance Bank Nigeria Limited	2000130016380	4.1	18-Sep-14	Not Yet	2.30	0.00%	Inv	ADB	LOC	Fin.
Afe Babalola University Nigeria	2000130017037	2	19-Oct-16	15-Dec-25	14.30	0.00%	Inv	ADB	Loan	Social
Afe Babalola University Nigeria	2000130016430	2	19-Oct-16	15-Dec-25	14.20	100.00%	Inv	ADB	Loan	Social
Santa Clara Medical Limited (SCML)	2000130018930	0.6	3-Apr-18	Not Yet	13.80	0.00%	Inv	ADB	Loan	Social
Indorama Fertilizer II	2000120005019	0.5	2-May-18	19-Dec-27	55.60	0.00%	Inv	ADB	Loan	Ind.
Non-Sovereign Operations (Multinational)										
Olam Africa Investment Program	2000130015880	5.4	26-Jun-13	15-Dec-18	34.10	100.00%	Inv	ADB	Loan	Agric.
VEROD Capital Growth Fund	Not yet	0.1	5-Sep-18	Not Yet	10.34	0.00%	Equ	ADB	Equ	Fin.
Olam Africa Investment Program	5060140000052	2.1	28-Sep-16	1-Aug-23	8.00	0.00%	Inv	PSF	Guar.	Agric.
Olam Africa Investment Program II	2000120004569	1.9	11-Jan-17	Not Yet	75.10	0.00%	Inv	ADB	Loan	Agric.
Africa Finance Corporation	2000130008630	6.8	15-Feb-12	18-Apr-15	142.20	100.00%	Inv	ADB	Loan	Fin.

Annex V: Analytical Work and Underpinnings

Component	Analytical Work	Institution
Strategic Framework	Economic Recovery and Growth Plan (ERGP, 2017-2020)	FGN
	Nigeria Vision 20:20	FGN
	Country Strategy Paper for Nigeria, 2013-2017, extended to 2019	AfDB
Sector Analytical Reports	Open Contracting Scoping Study, March 2017	Open Contracting Partnership
	Review of the National Monitoring and Evaluation Systems, July 2016	AfDB
Others	Article IV report, February 2018	IMF
	2018 Budget Speech	FGN

Annex VI: Map of the Federal Republic of Nigeria



AFRICAN DEVELOPMENT FUND

BOARD OF DIRECTORS

Resolution N° F/[●]/2018/[●]

Adopted by the Board of Directors on a lapse-of-time basis, on [●] 2018

Loan to the Federal Republic of Nigeria to finance part of the costs of the Institutional Support for Economic Management and Delivery Project

THE BOARD OF DIRECTORS,

HAVING REGARD to: (i) Articles 1, 2, 11, 12, 14, 15, 16, 26 and 30 of the Agreement Establishing the African Development Fund (the “Fund”); or “ADF”); (ii) the Report on the Fourteenth General Replenishment of the Resources of the Fund (“ADF-14”); (iii) the applicable ADF-14 Country Resource Allocation; and (iv) the appraisal report contained in document ADF/BD/WP/2018/181/Approval (the “Appraisal Report”);

NOTING the availability of sufficient resources to enable the Fund to commit the amount of the Loan;

DECIDES as follows:

1. To award to the Federal Republic of Nigeria (the “Borrower”), from the resources of the Fund, a loan of an amount not exceeding the equivalent of Ten Million Units of Account (UA 10,000,000) (the “Loan”) to finance part of the costs of the Institutional Support for Economic Management and Delivery Project;
2. To authorize the President to conclude a loan agreement between the Fund and the Borrower (the “Loan Agreement”), on the terms and conditions specified in the General Conditions Applicable to the African Development Fund Loan Agreements and Guarantee Agreements (Sovereign Entities), the Appraisal Report and in particular, the terms and conditions specified herein below:
 - (i) The duration of the Loan shall be thirty (30) years including a grace period of five (5) years (the “Grace Period”) commencing on the date of signature of the Loan Agreement. During the Grace Period, interest, service charge and commitment charge shall be payable;
 - (ii) The Loan shall be amortized over a period of twenty-five (25) years after the expiration of the Grace Period, at the rate of four percent (4%) per annum, in equal and consecutive semi-annual instalments payable on 15 April and 15 October of each year (each a “Payment Date”), and the first of such instalments shall be payable on the Payment Date immediately following the expiration of the Grace Period;
 - (iii) Interest at the rate of one per cent (1%) per annum on the disbursed and outstanding balance of the Loan shall be payable semi-annually on a Payment Date;
 - (iv) A service charge at the rate of zero point seventy-five percent (0.75%) per annum on the disbursed and outstanding balance of the Loan shall be paid semi-annually on a Payment Date; and

- (v) A commitment charge at the rate of zero point five percent (0.5%) per annum on the undisbursed portion of the Loan shall begin to accrue one hundred and twenty (120) days after the date of signature of the Loan Agreement and shall be payable on a Payment Date;
- 3. The President may cancel the Loan if the Loan Agreement is not signed within ninety (90) days from the date of approval of the Loan by this Board; and

This Resolution shall become effective on the date above-mentioned