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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP FRAMEWORK FOR THE FEDERAL REPUBLIC OF NIGERIA FOR THE PERIOD FY21-FY25

November 16, 2020

Nigeria Country Management Unit
Western and Central Africa Region

The International Finance Corporation
Middle East and Africa Region

The Multilateral Investment Guarantee Agency

The date of the last Performance and Learning Review was May 31, 2018

CURRENCY EQUIVALENTS
Exchange rate effective as of October 31, 2020
Currency unit = Nigerian Naira (NGN)
US$ 1 = NGN 386

GOVERNMENT FISCAL YEAR
January 1 to December 31

ABBREVIATIONS AND ACRONYMS

ACE	Africa Centers of Excellence
AGILE	Adolescent Girls Initiative for Learning and Empowerment
ANRIN	Accelerating Nutrition Results in Nigeria
ASA	Advisory Services and Analytics
BESDA	Better Education Service Delivery for All
BESST	Basic Education Sector and Skills Transformation Program
CAS	Country Assistance Strategy
CBN	Central Bank of Nigeria
CLR	Completion and Learning Review
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
CPSD	Country Private Sector Diagnostic
CY	Calendar Year
DeMPA	Debt Management Performance Assessment
DFS	Digital Financial Services
DHS	Demographic and Health Survey
DISCO	Distribution Companies
DMO	Debt Management Office
DSA	Debt Sustainability Analysis
ERGP	Economic Recovery and Growth Plan
EITI	Extractive Industries Transparency Initiative
FCDO	Foreign, Commonwealth and Development Office
FCV	Fragility, Conflict, And Violence
FEC	Federal Executive Council
FGN	Federal Government of Nigeria
FY	Fiscal Year
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GIL	Gender Innovation Lab
GPs	Global Practices
HCI	Human Capital Index
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communication Technologies
ID4D	Digital Identification for Development
IDA	International Development Association
IERD	International Economic Relation Department
IFC	International Finance Corporation
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
LMICs	Lower- and Middle-Income Countries
M&E	Monitoring and Evaluation
MCRP	Multi-Sectoral Crisis Recovery Project

MDAs	Ministries, Departments and Agencies
MDF	Multi-Donor Facility
MDTF	Multi-Donor Trust Fund
MFD	Maximizing Finance for Development
MIGA	Multilateral Investment Guarantee Agency
MPA	Multiphase Programmatic Approach
MTDS	Medium-Term Debt Strategy
NBS	Nigerian National Bureau Of Statistics
NDC	Nationally Determined Contribution
NEDS	Nigeria Education Data Survey
NGF	Nigeria Governors' Forum
NGN	Nigerian Naira
NLSS	National Living Survey
NSS	National Statistical System
PASA	Programmatic ASA
PEBEC	Presidential Enabling Business Enabling Council
PES	Procurement, Environmental and Social Standards
PFM	Public Finance Management
PforR	Program for Results
PROLAC	Lake Chad Region Recovery and Development Project
PRSP	Power Sector Recovery Program
PSW	Private Sector Window
RMNCH	Reproductive, Maternal, Nutrition and Child Health
RPBA	Recovery and Peacebuilding Assessment
RRA	Risk and Resilience Assessment
SSA	Sub-Saharan Africa
SEC	Securities and Exchange Commission
SCD	Systematic Country Diagnostic
SDFP	Sustainable Development Finance Program
SDG	Sustainable Development Goals
SEEFOR	State Employment and Expenditure For Results
SFTAS	States Fiscal Transparency, Accountability and Sustainability
SME	Small and Medium Enterprises
SPESSE	Sustainable Procurement, Environmental and Social Standards
TVET	Technical and Vocational Education And Training
VAT	Value Added Tax
WASH	Water Supply, Sanitation, And Hygiene
WB	World Bank
WBG	World Bank Group
WDI	World Development Indicators

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TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

LIST OF BOXES

I. Introduction

Nigeria is central to the World Bank Group's global mission

1. **Nigeria, Africa's giant, is critical to the World Bank Group's (WBG) twin goals of eradicating global extreme poverty and promoting shared prosperity**. A multi-ethnic and diverse federation of 36 autonomous states, Nigeria is already Africa's largest country, with over 200 million people, and Africa's largest economy, with a nominal gross domestic product (GDP) of around US$450 billion (2019). With its abundance of resources, a young and entrepreneurial population, and a dynamic private sector, Nigeria has the potential to be a giant on the global stage. At the same time, with over 40 percent of its population living in poverty, Nigeria has the second largest population of poor in the world.

2. **Economic growth, at 2.2 percent in 2019, has been below the rate of population growth for the last five years**. The economy and public finances continue to be highly vulnerable to oil shocks, and not enough jobs are being created for the 3.5 million young Nigerians coming of working age every year, adding to the pool of un- and under-employed. Fragility, conflict, and insecurity afflict many parts of the country, including insurgency in the north; while social exclusion, corruption and weak capacity in the public sector erode the social contract between citizens and the state. There are pronounced spatial disparities in levels of human development, with stark differences between the north and the south, and between urban growth centers and isolated rural areas. On many human development indicators, Nigeria ranks amongst the lowest in the world (6^{th} lowest in terms of the Human Capital Index).

3. **To provide economic opportunities for its growing population, Nigeria needs to unlock private investment and job creation, and further the structural transformation and diversification of its economy.** Nigeria's structural transformation is yet to happen and economic diversification away from dependence on oil remains a core challenge. Over 80 percent of the labor force still derive their livelihoods from the informal economy--agriculture or the lower end of the service sector--where value-added per worker is low.

4. **The low levels of human capital and the slow progress on diversification reflect and also contribute to the low levels and quality of public expenditures.** The levels of public spending are in turn constrained by one of the lowest ratios of government revenues to GDP in the world. And the quality of public spending is hampered by a complicated and sometimes unclear division of roles and responsibilities between the federal and sub-national levels, by insufficient transparency and accountability about the performance of government agencies, and by political hurdles to redirecting public expenditures away from regressive and inefficient uses.

5. **To realize its considerable potential, and to fulfill the Government's ambition of lifting 100 million Nigerians out of poverty by 2030[1] as stated by President Buhari, Nigeria must make significant and measurable progress these critical development challenges.** That will take concerted effort, political will, and robust implementation of prioritized policy and institutional reforms and public investment programs. With around 90 percent of GDP delivered by the private sector, Nigeria's development agenda must be private-sector-led.

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[1] The objective to lift 100 million Nigerians out of poverty is the Government's rallying call to action on poverty reduction. Our calculations suggest that there are currently around 80 million Nigerians below the national poverty line, but that figure is expected to grow by 15-20 million by 2022 in the absence of robust measures to promote economic growth and address poverty.

6. **The strategic objective of this Country Partnership Framework (CPF) is to support Nigeria to achieve progress on poverty reduction by promoting faster, more inclusive, and sustainable growth**. The CPF aims to support the Government's program and medium-term strategy, which presents a vision of accelerated economic growth with better employment opportunities facilitated by a more conducive business-enabling environment, greater social cohesion and inclusion, and a plan to tackle the most persistent development challenges. The CPF is informed by the Systematic Country Diagnostic (SCD),[2] the Country Private Sector Diagnostic (CPSD), and International Finance Corporation's (IFC) strategy for supporting private sector development, representing a fully integrated complement of WBG resources.

Nigeria has been hit hard by the COVID-19 crisis…

7. **Nigeria's economy has been severely affected by the global economic disruption caused by COVID-19, particularly the pronounced decline in oil prices, a fall in remittances, and enhanced risk aversion in global capital markets**. As elaborated below, Nigeria's economy is now projected to contract by over 4 percent in 2020. In addition, consolidated government revenues are projected to fall by 2 percent of GDP (nearly US$10 billion) or more, at a time when fiscal resources are urgently needed to contain the outbreak and initiate counter-cyclical and pro-poor fiscal measures to protect the lives and livelihoods of the over 80 million Nigerians in extreme poverty and millions of urban dwellers who depend on the informal economy.

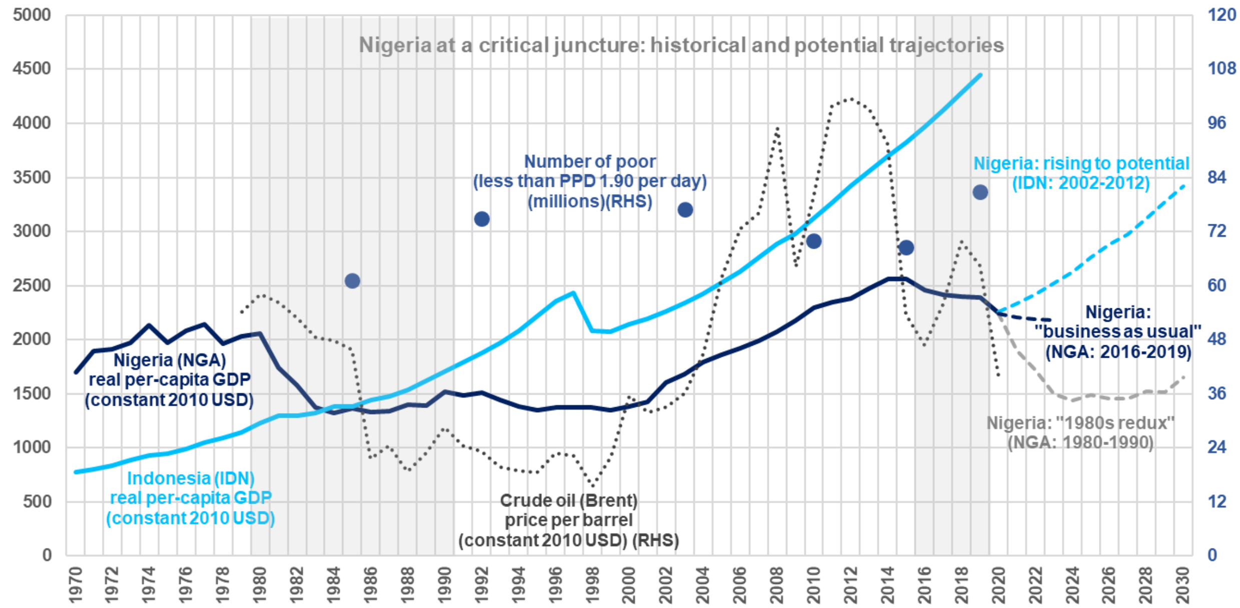
8. **The extreme poverty rate is expected to rise, with the number of poor likely to increase by 15 to 20 million by 2022.** The human and economic costs would be amplified if the global economic recovery is less robust or takes longer than hoped and if Nigeria fails to take the needed policy and fiscal measures to free up the space for a private sector-led recovery. With a population growth rate estimated at 2.6 percent per year, even modest growth implies continuing declines in per-capita incomes for a few years. If the downturn is deeper, and in the absence of reforms, the fall in per-capita incomes would be much sharper, and better full-time jobs would be that much harder to find. Between 2015 and 2019, 19 million young Nigerians entered the labor force and only 4 million were able to secure full-time employment.

…and is at a critical historical juncture, with a choice to make

9. **Realizing the Government's ambition of lifting 100 million Nigerians out of poverty by 2030 would be challenging under normal circumstances**. COVID-19 has made the task that much more urgent because of the severity of the economic downturn and the decline in fiscal resources. In fact, with the anticipated contraction in 2020, Nigeria's per-capita income (in inflation-adjusted terms) is projected to be roughly what it was in 1980. Without decisive action to marshal the fiscal resources and tackle long-awaited structural reforms—especially if the global recovery takes longer or is less robust—Nigeria risks repeating the experience of the 1980s shocks, which set back its development progress by decades (FIGURE 1).

[2] World Bank (2020), Nigeria on the Move: A Journey to Inclusive Growth. Systematic Country Diagnostic. Washington, D.C.: The World Bank Group. https://openknowledge.worldbank.org/handle/10986/33347

FIGURE 1: Nigeria is at a critical juncture, and has a choice to make



SOURCES and NOTES: World Development Indicators (WDI) for GDP and oil prices. World Bank staff estimates from PovcalNet, 2018-2019 NLSS, and WDI for number of poor.

10. **The pandemic has provided a political opening to implement long-awaited reforms.** The imperative to respond to the current crisis adds to the urgency of what needs to be done to realize Nigeria's long-term development potential. Since the onset of COVID-19, Nigeria has undertaken bold reforms (see ANNEX 2: SUMMARY OF NIGERIA'S KEY RECENT REFORMS), often in the face of vocal opposition, to:

- largely unify its multiple exchange rates,
- introduce a market-based pricing mechanism for gasoline and eliminate subsidies,
- adjust electricity tariffs towards more cost-reflective levels,
- cut back on non-essential expenditures and direct resources towards the COVID-19 response (at both federal and state levels), and
- increase the transparency of its debt and its oil and gas sector.

11. **Much more remains to be done, and so Nigeria has a choice to make**. Even if oil prices recover, a return to business-as-usual will mean that economic growth will continue to lag population growth, per-capita gross domestic product (GDP) will continue to fall, the number of poor will continue to rise, and Nigeria's aspirations will fail to be realized. Alternatively, if Nigeria can sustain the momentum of these reforms, the next few years could see the country rise to its potential and make progress towards lifting 100 million Nigerians out of poverty.

A phased and adaptive approach to supporting Nigeria at this critical juncture and at a time of uncertainty

12. **The last Country Partnership Strategy (CPS) for Nigeria was endorsed by the Board of Executive Directors in March 2014**. Initially intended to cover FY14 through FY17, it was extended at the time of the second Performance and Learning Review (PLR) by two years through FY19. Preparation of a new CPF was delayed to bring it into alignment with the political cycle, and then delayed again due to the COVID-19 crisis. This CPF covers the five years from FY21 through FY25.

13. **The CPF comes at a time of considerable uncertainty**. With COVID-19 continuing unabated, the global economic outlook is highly uncertain, along with prospects for Nigeria's economy. There is an immediate opportunity to implement policy and institutional reforms to marshal the needed fiscal resources, improve the quality of public spending, and catalyze the private investment and job creation needed for Nigeria's economic diversification and for inclusive growth. But to do so will require determination and political will. Without these reforms, the prospects for achieving the Government's bold vision will be limited. Given this fluid context, the CPF proposes a *phased and adaptive approach* to supporting Nigeria at this critical juncture.

14. **Nigeria's development agenda and development financing needs are vast, creating considerable excess demand for our support**. The focus in the first phase of the CPF—the next twenty-four months–will be on supporting Nigeria's COVID-19 response, consistent with the World Bank Group (WBG) COVID-19 Approach Paper, continuing to support ongoing core national programs and, to the extent possible, moving forward with new support for priority national programs (see BOX 1). To clarify the form and composition of our support in the second phase of the CPF period, we propose to prepare a PLR in mid-FY23. Throughout the CPF period we will use advisory services and analytics (ASA) to engage intensively on the upstream policy and institutional reforms, focusing on areas where commitment to reform is already established or where we aim to ascertain if commitment is sufficient to support large-scale financing. Which national programs and priorities we choose to support through large-scale financing in the second phase will largely be determined by the strength of government ownership and evidence of reform traction through these upstream engagements.

BOX 1: The first phase (24 months) of the CPF

SUPPORTING NIGERIA'S COVID-19 RESPONSE WHILE CONTINUING ESSENTIAL PROGRAMS FOR A RESILIENT RECOVERY

The support to Nigeria's COVID-19 response will focus on:

- Helping the Government contain the COVID outbreak, promote macroeconomic stability to build investor confidence, marshal the needed fiscal resources and reprioritize and direct public spending at both the federal and state levels to protect lives and livelihoods, improve food security, and protect small business.

In addition, to prevent, as much as possible, a reversal of the progress that has been made, the program will continue support to *address long-standing development challenges that are also very germane to building back better in the context of recovery from the COVID crisis*, including:

- Crucial reforms to improve the supply of reliable on-grid and off-grid power
- Primary health care with emphasis on maternal and child health
- Basic education, with emphasis on reducing out-of-school children
- Empowerment of adolescent girls
- Restoration of basic services affected by the insurgent violence in the North East
- Addressing regulatory bottlenecks for private sector investment

Two new national-scale programs to address other core development challenges will be added:

- Improving sustainable urban and rural water supply and sanitation
- Building agro-climatic resilience in arid lands to improve food security and address a driver of fragility

We will also ramp up our *upstream engagement on critical institutional and policy reforms* through a suite of high-impact programmatic ASA.

15. **Given Nigeria's potential but also the critical challenges that it needs to address to realize that potential, the CPF proposes an ambitious engagement while recognizing the associated risks.** The challenges facing Nigeria are squarely at the core of the WBG's global mission. We believe the opportunity offered by the current moment of crisis, the urgency of action

at this critical juncture in Nigeria's history, and the level of demonstrated commitment on the part of key leadership in Nigeria's Government warrant the calculated risks involved in a bold approach to the short and medium term. However, we also recognize that reform champions face stiff headwinds, and that previous WBG investments in Nigeria have not always achieved the hoped-for impact. Robust mitigation of these risks through intensive dialogue, smart design of interventions, and close supervision of implementation will be key to managing the program to maximize the opportunities for success.

II. A challenging country context

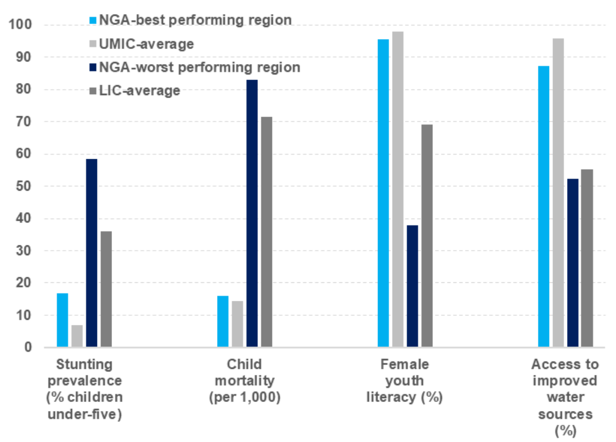
A complex socio-political landscape

16. **Nigeria is a relatively young federal democracy, just two decades removed from an extended period of military rule**. Electoral politics, while robust at some level, are still noisy, often chaotic, and characterized by regional rivalries. The strong autonomy of its 36 states, and the sharing of oil revenues among the states, has helped forge and uphold national unity. Nonetheless, multiple interests—ex-military, regional and ethnically defined groupings, labor unions, influential business groups—exert significant influence (often behind the scenes) in politics and policymaking at both federal and state levels. Civil society and the media, though vibrant by the standards of many countries, are not immune to pressures from these legacy interests. Still, since the restoration of democratic rule in 1999, Nigeria's democracy has stood firm and persevered. There have been periods of rapid economic growth as well as recessions, generally peaceful elections, and political transitions. There has also been increasing fragility including civil unrest and conflict and violence over the last decade, including but not limited to the Boko Haram insurgency in the North East.

17. **Nigeria is an ethnically and socio-culturally diverse country**. There are more than 400 ethno-linguistic groups that embrace a variety of social norms and customs, including regarding the role of women, across the different regions. Traditional leaders and societal governance systems rooted in the histories of each area co-exist along with formal modern government systems and are a source of considerable resilience.

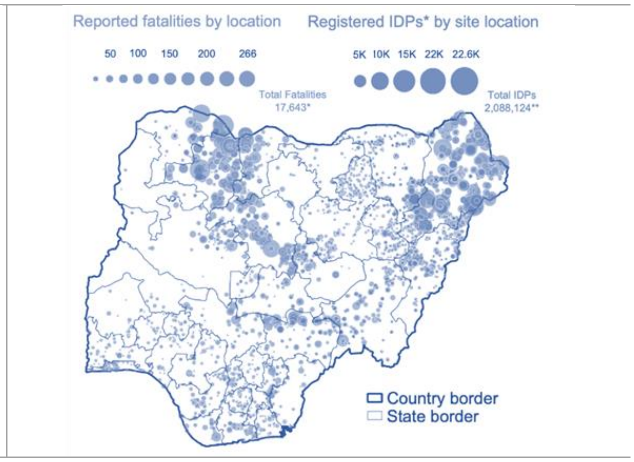
18. **The country is also characterized by pronounced spatial disparities**. There are stark differences between the north and the south, and between urban growth centers and isolated rural areas, in terms of access to basic services, economic opportunity, income levels and rates of poverty, to name a few (see FIGURE 2). In human development indicators, for instance, the best-performing regions of Nigeria compare favorably with upper middle-income countries, while the worst-performing states are below the average for low-income countries.

FIGURE 2: Pronounced spatial disparities in human development



SOURCE: World Development Indicators and Nigeria DHS.

FIGURE 3: A varied geography of conflict and violence



SOURCE: ACLED (Jan-2018 to Sep-2020) and DTM-IOM (Sep-2020). Visual by J. Luengo-Cabrera.

19. **Ethnic diversity and spatial disparities are among the factors that contribute to Nigeria's growing vulnerability to conflict and violence**. In 2020, Nigeria was included on the List of Fragile and Conflict-affected Situations[3], categorized as a situation of medium-intensity violence. The 2020 Risk and Resilience Assessment (RRA), prepared by the World Bank's Fragility, Conflict and Violence (FCV) Group, identifies that violence in Nigeria takes various geospatially distinct forms (see ANNEX 8: SUMMARY OF RISK AND RESILIENCE ASSESSMENT FOR NIGERIA for a more detailed overview of the RRA). The Boko Haram conflict in the North East has destroyed public goods, destabilized local communities, increased food insecurity and drawn national and international security forces into an already-lagging region of the country. Farmer-herder clashes have been increasing in recent years and disrupting agriculture in the fertile Middle Belt, mutating into banditry and kidnapping. Militancy in the Niger Delta is rooted in anti-oil movements and directed at installations of international oil companies; and criminal violence in many parts of the country continues, as lack of jobs has driven many to criminal activity as a source of income. In the South East, long-standing separatist frustrations spill over into violence which destabilizes the region. The North West, Nigeria's poorest region (home to 35 million poor, the largest concentration in the country[4]), is an area of emerging fragility in which dynamics of farmer-herder conflict are complicated by competition over artisanal mining rights.

20. **Several key fragility concerns may be amplified by COVID-19**. These include an increasing number of citizens with uncertain incomes, further deterioration of an already weakened social contract, for example, through lockdowns or misuse of aid; greater inter-communal and interpersonal violence; and increasing use of government force, all of which can cause a backlash in the form of civil unrest.

21. **Nigeria's vibrant private sector faces several constraints that limit its potential to accelerate job creation.** While the private sector has several large firms in all sectors, Nigeria has the highest rate of informality in Africa.[5] High compliance costs and regulatory and

[3] http://pubdocs.worldbank.org/en/888211594267968803/FCSList-FY21.pdf

[4] Systematic Country Diagnostic, Table 1.7. The North West region has the highest rate of stunting, the highest fertility rate, lowest rate of English literacy and poverty is rising.

[5] There is significant heterogeneity in the size of informality in Sub-Saharan Africa (SSA), ranging from a low of 20 to 25 percent in Mauritius, South Africa and Namibia to a high of 50 to 65 percent in Benin, Tanzania and Nigeria. The

governance-related hurdles in the business climate have been a major disincentive to formalization. And policy uncertainty and inadequacies, particularly in the realm of exchange rate, trade policy and management and competition policy have impeded the growth of medium and large businesses and competitive clusters that otherwise have considerable potential to further the transformation and diversification of Nigeria's economic base. High collateral requirements and interest rates mean that few firms can access financing. Domestic credit to Nigeria's private sector—10.2 percent of GDP in 2018—is well below the averages for Sub-Saharan Africa (SSA) and lower middle-income countries (LMICs). Furthermore, high operating costs significantly decrease Nigeria's competitiveness against peers. Almost 50 percent of firms identified electricity access as a major constraint, spending upwards of 50 percent of operating expenditure on self-generation.[6] In addition to the cost of self-generation, businesses often have to install and maintain other basic services such as water and sanitation as well as absorb the cost of poor road networks and customs delays which far exceed peers. This peculiar 'self-reliance' factor makes Nigerian businesses amongst the most resilient, but also contributes to the low level of total factor productivity particularly outside of Lagos.

22. **These factors all contribute to uneven and slow progress in development and reforms**. The complex political economy context makes aligning the interests of different stakeholders difficult, impedes a cohesive drive toward reform, and ultimately creates a preference for preserving the status quo and resisting any change that might upset a delicate power balance. Other factors inhibiting progress include: mundane but surprisingly hard-to-overcome bureaucratic inertia and dysfunction; misperceptions of the costs of existing policies and potential benefits of reform, driven in part by a distrust of market forces; status quo bias rooted in political risk aversion; and rent-seeking by vested interests. At the same time, there are pockets of world-class capacity and dedicated reform-minded individuals and leaders at the highest levels of the Federal Government and legislature, in many states, and in civil society, academia, the media and business communities, and amongst traditional religious leaders.

23. **The lack of tangible progress on the development front over several decades has eroded trust in the social contract between citizens and the state**. One manifestation of this is the extremely low level of taxes collected by governments at all levels of the federation, which translates into low access to, and poor quality of basic services and public investment. That, in turn, has limited economic opportunities and increased fragility.

An uneven macro-fiscal and growth record

24. **Nigeria's economy grew rapidly between 2000 and 2014, at an average of 7 percent per year, well above the estimated annual population growth rate of 2.6 percent**. While per-capita incomes grew steadily, poverty reduction was not as robust as economic growth during this period. Poverty is estimated to have been falling but at a slow rate. The low "quality" of growth relates to its drivers; the accumulation of physical capital, mainly in the oil sector, while human capital and productivity contributed little (sometimes negatively) to growth. Low access to and high cost of finance, lack of reliable power supply, and broader infrastructure gaps, compounded by regulatory hindrances, obstructed investment in light industry and formal services. Some of the growth was concentrated in sectors with relatively limited job-creation (e.g., telecommunications). A recent diagnostic on productivity in Nigeria[7] shows that during 2000-2014,

informal economy in SSA averages 40 percent in the region's low-income countries and 35 percent for its middle-income countries. Source: IMF Working Paper 2017: The Informal Economy in Sub-Saharan Africa: Size and Determinants.

[6] World Bank Enterprise Survey 2014–2015. https://datacatalog.worldbank.org/dataset/nigeria-enterprise-survey-2014

[7] See: World Bank (2019), Nigeria Development Update Jumpstarting Inclusive Growth: Unlocking the Productive Potential of Nigeria's People and Resource Endowments.

the output of the average Nigerian worker fell from 26 percent of the average US worker in the 1970s to just 15 percent. This represents one of the worst declines in the Africa region, where labor productivity was improving in relative terms, underscoring Nigeria's competitiveness challenges. Nigeria's vulnerability to volatile oil prices also inhibited sustained productivity gains. Labor repeatedly shifted from agriculture to services when oil prices were high, then shifted back when oil prices were low, thereby limiting the economic transformation needed to produce more and better-paid jobs.

25. **The 2015-2016 collapse in global oil prices, combined with a decline in domestic oil production, led to a sudden slowdown in economic activity given the oil-dependency of Nigeria's economy.** Real GDP growth fell to 2.7 percent in 2015 and -1.6 percent in 2016, Nigeria's first recession in over two decades. Growth remained subdued during 2017-2019, below the rate of growth of peer economies and the rate of population growth, resulting in a steady decline in per-capita incomes and a rise in unemployment. In 2019, before the onset of the pandemic, the economy grew by 2.2 percent and was projected to grow by 2.5 percent in 2020.

26. **Poor growth performance during 2015-2019 is attributable to various factors.** Multiple foreign exchange rates, trade restrictions, regulatory bottlenecks, and repeated recourse to central bank financing, combined with long-standing development challenges to mobilize domestic revenues, reduce gaps in human and physical capital, and strengthen governance.

27. **Nigeria's fiscal sustainability is hampered by low levels of revenues, inefficiencies in public spending, and weaknesses in fiscal rules and institutions**:

- On the revenue front, pre-COVID-19, public revenues were very low (8 percent of GDP in 2019). Volatile oil revenues were affected by opaque administration; while non-oil revenues remained stagnant at 4 percent of GDP, due to a sub-optimal value-added tax (VAT) system, extensive use of tax incentives, weak tax administration, and a high cost of compliance (see FIGURE 4).
- On the public spending front, Nigeria's spending levels (12 percent of GDP in 2019) were half those of peer economies. Low spending in education, health, and infrastructure was hampered by onerous electricity and gasoline subsidies and weak public financial and investment management (see FIGURE 5).
- On fiscal rules and institutions, fiscal buffers (excess crude savings) were depleted during the 2015-2016 shock and have not been rebuilt, rendering Nigeria vulnerable to shocks.

FIGURE 4: Very low revenues translate into…

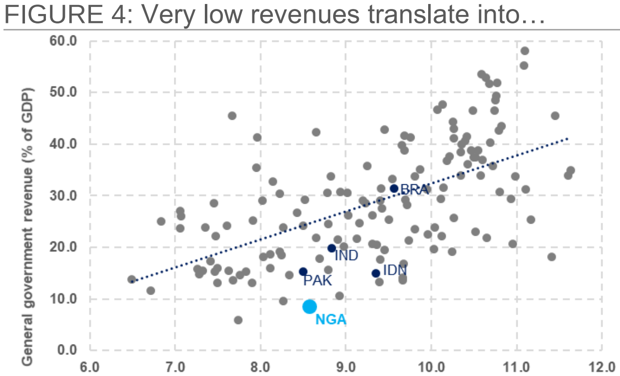
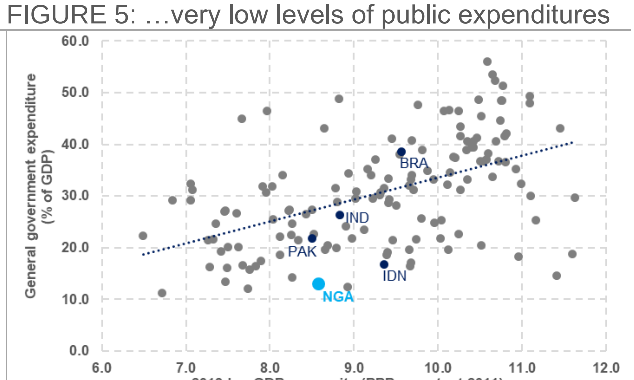


FIGURE 5: …very low levels of public expenditures



SOURCE: WDI and IMF Government Finance Statistics (GFS).

28. **Public debt, though low by international standards (around 30 percent of GDP), is growing rapidly**. According to the most recent International Monetary Fund (IMF) assessment

(April 2020), Nigeria's public debt is projected to remain sustainable under a variety of shocks. However, the country's extraordinarily low levels of revenue affect liquidity indicators. In 2019 the Federal Government spent more than 60 percent of its revenues to service its public debt. The fiscal deficit has tended to be systematically underestimated and monetized ex-post, in the absence of reforms to underpin budget-revenue projections.

29. **Monetary and exchange-rate policies have been unorthodox, increasing Nigeria's vulnerability to spikes in global risk aversion and crowding out financing for the domestic private sector.** Partly due to weak fiscal management, during 2015-2019 the Central Bank of Nigeria (CBN) has increasingly sought to promote growth and industrial development, at times conflicting with monetary priorities (price stability) and trade integration. With stable nominal exchange-rate policy high among its priorities, since 2015 the CBN has taken measures to attract short-term foreign portfolio investments at a high cost while maintaining multiple exchange rates for foreign currency transactions. In the drive to create jobs and foster economic diversification through import substitution, the CBN imposed restrictions on uses of foreign currency and aimed to increase and direct private credit to priority sectors; as well as supporting industrial (and agricultural) development more directly through subsidized financing schemes. These unorthodox policies have hurt investor confidence, with FDI flows declining significantly. The impact on private sector credit growth, however, was limited, as CBN also conducted quasi-fiscal interventions to finance budget deficits and energy subsidies.

High levels of poverty and pronounced spatial disparities

30. **Before COVID-19, four in every ten Nigerians were living in poverty and millions more were vulnerable to falling below the poverty line**. The 2018-19 Nigerian Living Standards Survey (NLSS), published by the Nigerian National Bureau of Statistics (NBS) in May 2020, provided the first official statistics on poverty and inequality in Nigeria in almost a decade. According to these new data, 40.1 percent of Nigerians (82.9 million people) were living below the national poverty line in 2018-19.[8] An additional 25.4 percent of Nigerians (52.6 million people) had consumption levels between the poverty line and just 1.5 times the poverty line, making them susceptible to falling into poverty when faced with shocks to their income. Overall inequality in Nigeria is moderate, with a Gini coefficient of 35.1 in 2018-19, but as discussed below, the country is characterized by strong spatial inequalities and a large north-south divide.

31. **Poverty in Nigeria is concentrated among rural dwellers in the north**. Those living in households with more dependents, less access to infrastructure, and less-educated heads are also more likely to be poor. Of those Nigerians living below the national poverty line in 2018-19, 84.1 percent lived in rural areas; while 76.1 percent lived in the North Central, North East, or North West regions. State-level poverty rates are generally higher among northern states than southern states (FIGURE 6). Furthermore, the 2018/19 NLSS suggests that households containing more dependents (those aged less than 15 or more than 64), without access to improved sanitation or drinking water, and whose heads had less than primary education and worked in agriculture, were significantly more likely to be poor.

[8] Excluding Borno State, from which data could not be collected due to insecurity.

FIGURE 6: High rates of poverty, especially in rural areas of the north

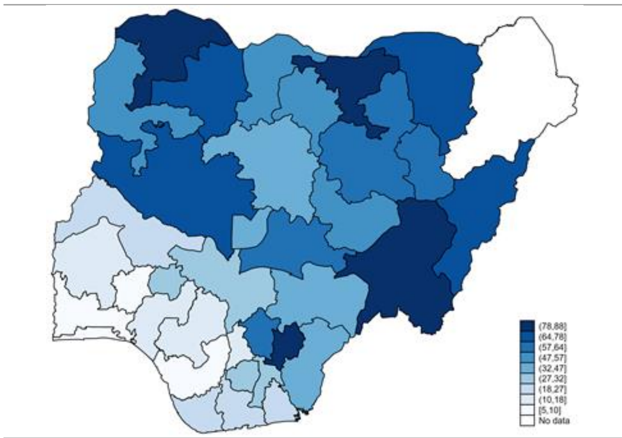
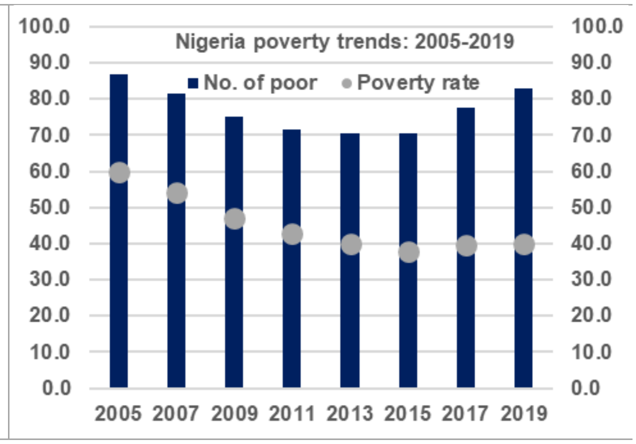


FIGURE 7: Rising number of poor since the 2015-2016 recession



SOURCES and NOTES: World Bank staff estimates from 2018-2019 NLSS. Estimates exclude Borno. Poverty rates based on the national poverty line, with real consumption deflated temporally and spatially.

32. **It is not possible to directly measure how poverty rates have evolved in Nigeria over the last two decades because of the lack of comparability across surveys,[9] but "backcasting" methods suggest that the 2015-2016 recession was a turning point.** Prior to that, during a period of rapid economic growth, poverty rates appear to have been declining, albeit at a relatively slow pace. The 2015 recession reversed this trend, and with the economy recovering only slowly since then, population growth has outpaced economic growth, poverty levels have increased marginally and the number of poor has grown more rapidly (FIGURE 7).

The COVID-19 crisis has served as a wake-up call

33. **Nigerian public health authorities moved proactively to contain COVID-19, and nation-wide lockdown measures were announced in late March 2020**. Given the severe impact on the livelihoods of the tens of millions who rely on informal economic activities for daily sustenance, the lockdown was partially eased in mid-May, and restrictions on interstate travel were lifted in July. By late 2020, the spread of COVID-19 appears to be lessening, with the test positivity rate falling from a high of around 20 percent in mid-June to 4 percent by the end of October. However, the risk of a resurgence as experienced in other countries remains significant. More coordinated action among agencies and between the federal and state authorities will be critical to sustain the decline in the daily tally of new cases from the peak of almost 800 recorded on July 1, 2020 to below 200 since late August, especially given the limited physical and institutional capacity in the health sector. Since the first COVID-19 case was identified in late-February 2020, by mid-November 2020 Nigeria had officially recorded over 65,000 cases and 1,163 deaths. However, testing rates remain low with a total of about 660,000 tested as of end-October, less than 0.4 percent of the total population.

34. **Beyond the health implications of COVID-19, the pandemic is severely impacting Nigeria's economy through four main channels: the oil sector, remittances, capital flows, and mobility restrictions**. First, Nigeria's economy and government finances are highly dependent on the oil sector, which represents 90 percent of exports, 30 percent of banking sector credit, and 50 percent of consolidated government revenues. The non-oil industry and services sector also depend on the proceeds from the oil industry. Second, remittances—which contributed

[9] The poverty estimates emanating from the 2018/19 NLSS cannot be directly compared with those from the previous official household survey in Nigeria–the 2009/10 Harmonized Nigerian Living Standards Survey (NLSS)–given significant improvements to the questionnaire, sampling, and data collection process.

about 5 percent of GDP in 2019, with half of Nigerians living in a household that receives remittances—are expected to decline significantly because Nigeria's diaspora is concentrated in North America and Europe, where incomes are falling and unemployment has increased. Third, foreign portfolio investments, which have recently been the main source of financing of Nigeria's balance of payments, declined significantly as investors left the country in search of safer investment options, putting pressure on Nigeria's external reserves. Finally, mobility restrictions put in place to stop the spread of COVID-19 are affecting both formal and informal services, disrupting agriculture supply chains with potential impacts on food security, and inducing behavioral changes that depress consumer demand.

35. **The economic and social impact of the COVID-19 pandemic on Nigeria is likely to be severe, even if Nigeria manages to contain the outbreak locally**. The economy is projected to contract by about 4 percent in 2020, its deepest recession since the 1980s, with severe challenges to regaining growth momentum in 2021-2022 amidst global uncertainty. Even with moderating oil prices, in 2020 consolidated government revenues are projected to fall by over 2 percent of GDP (over US$10 billion) or more, at a time when fiscal resources are urgently needed to contain the outbreak and initiate counter-cyclical and pro-poor fiscal measures to protect lives and livelihoods, and support economic recovery. The human and economic costs would be amplified with recurrent outbreaks in the advanced economies, or a severe outbreak in Nigeria, leading to a deeper recession and greater health-related costs.

36. **Simulations suggest that more than 10 million Nigerians may fall into poverty as a result of the pandemic, absent any countervailing measures.** COVID-19 threatens households' welfare through both direct health channels if people contract the virus, as well as economic channels as labor and non-labor incomes fall, access to key services and markets is constrained, and out-of-pocket health expenses rise. Prior to COVID-19, the poverty headcount rate was forecast to remain virtually unchanged, with the number of poor people set to rise to 95-100 million by 2022 due to population growth. The poverty headcount rate is now forecast to rise to 45.2 percent by 2022.

37. **Urban poverty, in particular, is set to rise.** While poverty has traditionally been concentrated among rural households dependent on agriculture, simulations suggest that more than one-third of those projected to fall into poverty due to COVID-19 are urban dwellers. Around one-third are projected to live in households whose heads work in services, and almost a half are projected to live in households whose heads work in non-farm enterprises. Moreover, these additional poor are far more likely to come from households with access to mobile phones, electricity, and improved water and sanitation.

38. **Nigerian households are suffering; their incomes have fallen, and they are adopting negative coping strategies.** Between mid-March and May 2020, the share of respondents who were working almost halved as Nigeria implemented strict lockdown measures, with service-sector workers being hit the hardest (in line with the poverty projections). Most Nigerians have subsequently returned to work, but their incomes remain precarious, and many households cannot meet their basic needs. In August 2020, almost 70 percent of households reported decreased income.[10] Households are coping in ways that may undermine human capital development: of those households that experienced a shock between May 2020 and July 2020, 69.4 percent reported reducing their food consumption, while 29.0 percent relied on savings,

[10] Initial results from a monthly COVID-19 National Longitudinal Phone Survey (NLPS): 67.3 percent of households reported that their total income had decreased compared with August 2019, with income from farming and non-farm business being particularly affected. Around 57.6 percent of farming households reported that their farm income had declined while 64.6 percent of households with non-farm businesses reported that their non-farm business income had declined.

placing them on weaker financial footing going forward. School closures and displaced health services may have knock-on effects on long-term human capital development, which already starts from a low base in Nigeria. In July 2020, one in five households with children 0-5 years old who needed or were due for immunizations were not able to get their children vaccinated.

39. **Sustaining reform momentum will be critical to spur foreign and domestic private investment to support the economic recovery, create jobs, stabilize increasing poverty, and ultimately lay foundations for a resilient recovery.** Revenue-based fiscal consolidation reforms, coupled with more flexible and transparent foreign exchange and broader monetary policy management, would position the Government to manage shock-induced fiscal and external financing needs, attract much-needed external public and private flows, and boost Nigeria's economic recovery prospects. Without boldly continuing its long-delayed reform agenda, Nigeria would face the prospect of living up to its default reputation of not delivering on its stated commitments, leaving skeptical investors waiting on the Government, delaying job creation, and risking a reversion to the living standards and economic prospects of the 1980s. In the absence of these reforms, Nigeria is unlikely to attract the private investment needed to reverse the decline in per-capita incomes, increase domestic value-added, and create better jobs, thus hindering the Government's ability to deliver on its aspiration to lift 100 million people out of poverty in the next decade.

40. **TABLE 1 displays selected economic indicators for Nigeria, both historical and projected over the CPF period.** ANNEX 3: NIGERIA'S MACROECONOMIC FRAMEWORK AND OUTLOOK provides further details about the macro-fiscal outlook for Nigeria. Three scenarios are presented. With continued reforms and modest recovery in oil prices or at least not a further decline, there is a clear way forward for Nigeria to manage macro sustainability risks. This is the CPF baseline. Two other scenarios are also presented. Nigeria is unusual in that because of its limited external debt service obligations and the base level of foreign currency inflows from sales of crude oil, the risk of a traditional full-blown balance of payments (BOP) crisis is low. The risk rather is that in the absence of reforms, with limited access to foreign currency inflows and financing apart from crude oil sales, Nigeria either continues to muddle through if oil prices recover (the second scenario), or Nigeria repeats the slow deterioration of the 1980s—a prolonged contraction in imports and public expenditures, lackluster or even negative growth because private investment fails to take off, and declining investments in human capital—if they do not (the third scenario).

TABLE 1: Selected economic indicators—historical and projected over the CPF period

INDICATOR	UNIT	HISTORICAL 2016	2017	2018	2019	CPF BASELINE 2020	2021	2022	2023	PRE-COVID BASELINE 2020	2021	CHANGE IN FORECAST 2020	2021
Oil price (Bonny Light)	**US$/bbl**	**45**	**55**	**72**	**65**	42	44	50	53	63	64	-21	-20
Oil production	mbpd	1.8	1.9	1.9	2.0	1.8	1.8	1.8	1.9	2.1	2.1	-0.3	-0.4
Growth													
GDP	**%, yoy**	**-1.6**	**0.8**	**1.9**	**2.2**	**-4.1**	**1.2**	**1.8**	**2.6**	**2.1**	**2.1**	**-6.2**	**-0.9**
Fiscal accounts (general government)													
Fiscal balance	**% GDP**	**-3.8**	**-3.9**	**-4.2**	**-4.6**	**-5.8**	**-4.6**	**-4.4**	**-3.8**	**-4.1**	**-4.0**	**-1.7**	**-0.6**
Revenues	% GDP	5.9	6.7	8.1	8.2	6.4	7.1	7.6	8.2	8.5	8.6	-2.1	-1.5
Expenditures	% GDP	9.7	10.6	12.3	12.7	12.2	11.7	12.0	12.0	12.7	12.7	-0.5	-1.0
Public debt (net)	% GDP	17.3	18.9	19.3	21.7	27.1	29.3	31.0	31.7	25.8	27.4	1.3	1.9
Balance of Payments													
Current account balance	**US$ bn**	**2.7**	**10.4**	**3.9**	**-17.0**	**-7.0**	**-12.8**	**-12.2**	**-12.1**	**0.5**	**1.4**	**-7.5**	**-14.2**
Exports of G&S	US$ bn	38.4	50.8	66.0	69.9	42.3	48.6	54.8	62.0	67.3	68.5	-25.0	-19.9
…of which oil	US$ bn	32.0	42.3	56.6	54.5	32.2	32.2	37.6	41.8	56.1	57.0	-23.9	-24.8
Imports of G&S	US$ bn	47.0	50.9	71.6	100.8	64.1	77.6	86.6	97.7	77.5	77.7	-13.4	-0.1
Net income	US$ bn	-8.6	-11.5	-14.7	-12.5	-5.4	-5.2	-5.0	-4.6	-15.7	-15.7	10.3	10.5
Net transfers	US$ bn	19.9	22.0	24.1	26.4	20.2	21.5	24.6	28.2	26.3	26.3	-6.1	-4.8
Financial account balance	**US$ bn**	**0.7**	**8.2**	**-9.8**	**13.6**	**-4.8**	**13.6**	**17.2**	**17.9**	**5.1**	**6.9**	**-9.9**	**4.8**
Errors and omissions	US$ bn	-4.4	-5.7	10.3	-1.1	0.0	0.0	0.0	0.0	…	…	…	…
Change in reserves (+ Decrease)	US$ bn	1.0	-12.9	-4.4	4.5	11.8	-0.8	-5.0	-5.8				
Gross external reserves (end period)	**US$ bn**	**25.8**	**38.8**	**43.1**	**38.6**	**26.8**	**27.6**	**32.6**	**38.5**	**…**	**…**	**…**	**…**
Equivalent months of Imports		6.6	9.1	7.2	4.6	5.0	4.3	4.5	4.7	…	…	…	…
Inflation													
Consumer Price Index (CPI)	% yoy	15.6	16.5	12.1	11.4	12.9	11.7	11.0	10.4	12.2	11.4	0.7	0.3

III. A vast development agenda

Lifting 100 million Nigerians out of poverty by 2030: what will it take

41. **Nigeria has substantial reserves of human and natural resources, a large domestic market, entrepreneurs who are driving growth through digital technologies, and state governors with a high degree of autonomy, offering opportunities for dynamic and progressive leaders to move ahead on their own**. Nonetheless, the country's development challenges are formidable and have persisted for decades. Indeed, lifting 100 million people out of poverty would require swift and decisive action to address insecurity and conflicts, high poverty, growth-depleting rates of population growth, youth unemployment, macroeconomic and fiscal challenges, long-standing governance issues, power and water supply sectors in crisis, bottlenecks to private investment and competitiveness, and low human development outcomes.

42. **In this context, Nigeria must create opportunities for gainful employment by creating an enabling environment where private firms can become more productive, by investing in human capital, and by enhancing resilience so that gains can be preserved**. More than 3.5 million Nigerians are expected to enter the labor market every year. Creating this many jobs cannot be achieved by expanding publicly subsidized employment. The private sector needs to drive the creation of well-paying jobs. Yet Nigeria currently has the 6th lowest Human Capital Index in the world, which severely hinders the ability of Nigerians to secure the types of jobs that will enable them to escape poverty. Improving human capital is key to retaining private investment and to enhancing resilience. This will help to reduce Nigeria's multi-dimensional fragility and high levels of conflict and violence, and address inequality of opportunity, social exclusion, and climate change. Nigeria's vast development agenda calls for:

- A boost in productivity by catalyzing private investment, job creation, economic transformation, and diversification away from oil. The CPSD identifies policy actions and interventions in key sectors of the economy where short-to-medium-term reforms could unlock investment and jobs. The priority is to create an enabling environment where existing firms can grow, become more productive, or exit the market; and for new firms to emerge and succeed, or fail fast and cheap. This requires sustained implementation of an ambitious agenda to: (i) facilitate trade and maximize existing transport and digital infrastructure to enhance access to markets; (ii) improve power supply; (iii) attract more efficiency-seeking foreign direct investment (FDI) rather than short-term portfolio investment and increase links between FDI and domestic firms; (iv) remove restrictions that prevent firms from competing and accessing finance; (v) make business regulations more effective and predictable; and (vi) foster agricultural modernization and increase the competitiveness of agriculture value chains with a more conducive enabling environment and provision of quality public goods. The vision is a better-connected, vibrant domestic economy engaged in the global economy as it secures a footing in areas of comparative advantage.

- Investment in human capital and harnessing Nigeria's demographic dividend. This is critical to tapping into the country's abundant human resources, by refurbishing the education system to improve people's skills and enhancing access to basic services to ensure a healthy labor force. Maximizing the potential contribution of women is especially important, with a particular focus on the health, education, and life chances of adolescent girls and women in the north, where more restrictive social norms, issues around fragility, conflict, and violence, and weaker overall economic development have produced even wider gender gaps than elsewhere in the country.

- Addressing fragility and enhancing resilience. The increasing prevalence of violence and conflict impacts Nigeria's citizens and economy. It also contributes to the erosion of trust in government. Increased exposure to climate-change risks not only threatens food security, livelihoods and productivity but exacerbates fragility and increases the risk of violence. Resilience implies rebuilding trust through more effective, transparent, and accountable service delivery, while protecting the economy against a range of shocks.[11] Enhancing resilience also requires efforts to be responsive to the needs of both business and citizens, ensure the rule of law and the rights of citizens are respected, strengthen social cohesion and inclusion so all citizens and communities can access services and opportunities and participate in political and decision-making processes. Governments need to provide avenues for voice and agency of citizens, with greater attention to the needs of excluded and vulnerable groups, including women, youth and the disabled. Notably, better environmental and water resources management and resilience against disaster and climate risks (largely water-related) would help sustain economic growth and protect the most vulnerable.

- Providing macroeconomic sustainability; marshaling fiscal resources; and building transparency, accountability, and effectiveness of public institutions. These are pre-requisites to promote inclusive development and build trust across society. A good example is the impact that higher domestic (especially non-oil) revenues could have on increasing public investment, cutting government borrowing and, indirectly, improving access to credit for the private sector.

Catalyzing private investment for jobs and economic transformation and diversification away from oil dependency

43. **Economic growth has not translated into productive and decent employment for Nigerians**. As economic conditions worsened after 2015-16, this trend has become more acute, especially for young people and women. Official youth unemployment stood at 29.6 percent in 2018[12] and is likely to have worsened since. Between 2014 and 2019, 19 million Nigerians entered the labor force, but only 4 million found a job while 15 million ended up unemployed or underemployed.

44. **The private sector's role in driving growth and job creation in Nigeria is hampered by widespread informality and low levels of firm productivity, stemming in many instances, from inadequate macro policies**. As highlighted in the CPSD, more than 40 million micro, small, and medium enterprises (MSME) dominate Nigeria's enterprise landscape and employ over 80 percent of total workers. Only 58 percent of firms are formal, below the average of 84 percent observed in the rest of SSA. Furthermore, there are large intra-regional differences in firm productivity, with firm productivity in northern states barely one-third that of firms in southern states. Despite several multibillion dollar domestic and international players accessing regional markets as dominant players, there is significant scope to improve competitiveness. Nigeria's dependency on oil constrains private investment in other sectors and thereby limits productivity growth.

[11] For example, including climate events, violent conflict, pandemics, changes in global markets and political instability.
[12] National Bureau of Statistics, 2018.Labor Force Statistics - Volume I: Unemployment and Underemployment Report, Page 30. Available at https://nigerianstat.gov.ng/download/856. Accessed October 28, 2020

45. **The CPSD argues that Nigeria must focus on a wider private sector-led growth strategy based on its considerable factor endowment and market opportunities**. Addressing the deficiencies in Nigeria's policy framework and its infrastructure sector that are stifling growth would enable the Nigerian private sector to create millions of quality jobs for its rising population, mitigate Nigeria's economic vulnerability by diversifying exports, and reduce inequality and instability by driving economic activity in underdeveloped regions.

46. **The public sector needs to shift from being a primary source of formal wage employment to an enabler of private-sector investment and formal job creation**. Inconsistency in policy areas such as fiscal and exchange rate management, price-setting and resource allocation have eroded trust and heightened uncertainty for foreign and domestic investment. Future strategies for developing competitive industries and diversifying the economy in a market-based manner need to be clearly articulated and realistic. Previous Government strategies to stimulate private-sector development have been unevenly or incompletely implemented, hobbling goals such as economic diversification, job creation, and higher export earnings.

47. **Infrastructure gaps, estimated to cost up to 4 percent of GDP growth annually, reduce profitability and discourage private investment**. Fixing the infrastructure gap, which is estimated to reach US$3 trillion over the next 30 years, requires annual investments of US$100 billion.[13] Lack of reliable power supply is arguably the biggest deterrent to private sector development in Nigeria: most households and businesses receive less than five hours of power per day, and only 60 percent of Nigerians have access to electricity, well below the average of 86 percent in LMIC. Average annual Nigerian electricity consumption per capita (147 kWh) is around one-fifth of the average for LMIC.[14] There are also major gaps in transportation, irrigation, and water and sanitation. Only 30 percent of roads are paved (compared with 50 percent in LMIC) and only 1 percent of croplands are irrigated. Strikingly, 30 percent of Nigeria's population lacks access to basic drinking water supply and 56 percent lack access to basic sanitation service.[15] These shortcomings are starkly evident in the agricultural sector, where annual post-harvest losses are estimated at around 10 percent of value of domestic production due to the lack of adequate power supply, storage, transportation and irrigation infrastructure.[16] A combination of private- and public-sector investment is required to close these infrastructure gaps, and a more consistent policy framework will be required to tap this potential.

48. **Trade protectionism measures—import bans, border closures, and foreign exchange restrictions—have limited business opportunities and raised costs while holding back trade**. Nigeria's system of tariff and non-tariff barriers disadvantages exporters and service providers, preventing Nigeria from leveraging the full benefits of integration into international markets. Moreover, by losing access to foreign markets and catering mainly to the domestic market, firms become less competitive, and productive factors are diverted from their most efficient use. Investor confidence and investment would increase with improvements to trade facilitation that promoted greater market competition.

[13] National Integrated Infrastructure Master Plan (prepared by the National Planning Commission) https://nesgroup.org/storage/app/public/policies/National-Intergrated-Infractructure-Master-Plan-2015-2043_compressed_1562697068.pdf

[14] SE4ALL Global Tracking Framework, https://www.worldbank.org/en/topic/energy/publication/Global-Tracking-Framework-Report

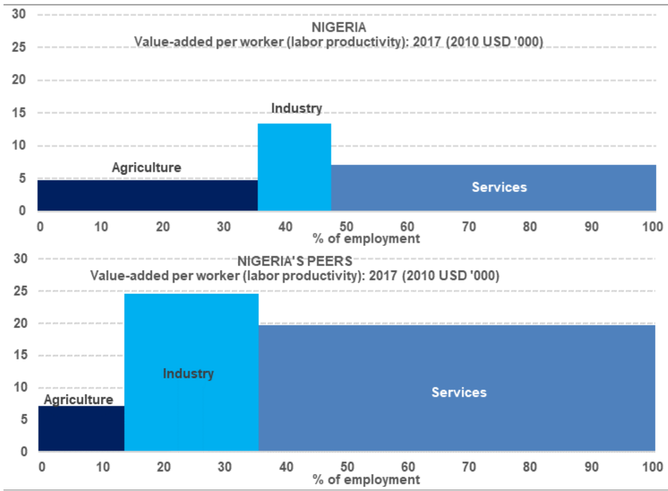
[15] 2019 Federal Ministry of Water Resources Water, Sanitation, Hygiene National Outcome Routine Mapping (WASHNORM 2019)

[16] http://www.fao.org/platform-food-loss-waste/flw-data/en/

49. **Removing regulatory obstacles and expanding access to finance will enable more firms to enter the market, compete, and grow, with positive effects on economic efficiency, innovation, and formalization**. One area for notable improvement is access to domestic credit for Nigeria's private sector, which is substantially below average due to the low availability of funds and high interest rates. Other obstacles include inconsistent land administration, security challenges, and poor human capital, among others.

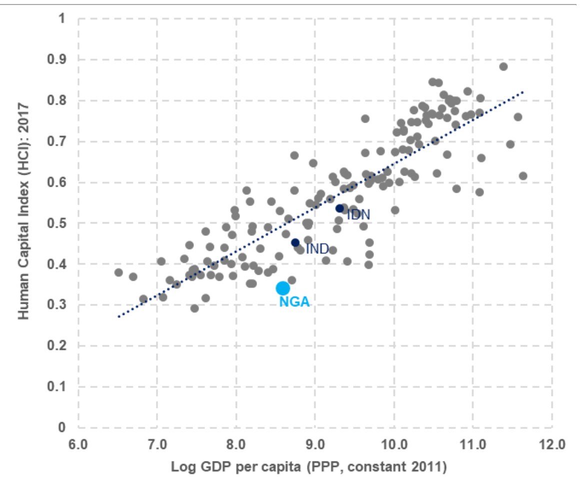
50. **Private investment in key sectors could significantly improve the quality of growth and boost economic transformation with job creation.** Raising productivity remains difficult because labor shifts to manufacturing and services have mainly taken place in the low-wage informal sector. Nigeria's rich agricultural and mineral resource base provides a unique opportunity to expand manufacturing and accelerate regional convergence, while a large and fast-growing urban population provides a unique market base. By investing in non-oil sectors (non-oil manufacturing represents only 9 percent of GDP), the private sector can help create a model of growth that is not dominated by oil. Agriculture will remain a large employer even after the economy's structural transformation, through measures such as support for community block farming and investment in critical infrastructure.

FIGURE 8: Nigeria's economy is yet to undergo a fundamental structural transformation



SOURCE: WDI.

FIGURE 9: Amongst the lowest on the HCI



SOURCE: World Bank HCI.

Investing in human capital and harnessing Nigeria's demographic dividend

51. **Human capital investments would need to be scaled up now to address the rapid and urgent changes in Nigeria's demography, fragility, and technology**. A concerted effort to invest substantially in health, nutrition, and welfare of poor mothers and children; increasing access to quality education for all, especially girls, and clean water and sanitation services; and empowering women, especially adolescent girls, would significantly strengthen the country's human capital base and allow for its faster progress. Stronger complementarity between health and education services and social protection will enhance the impact of interventions. The failure to act now could result in setbacks in growth, equality, resilience, and stability.

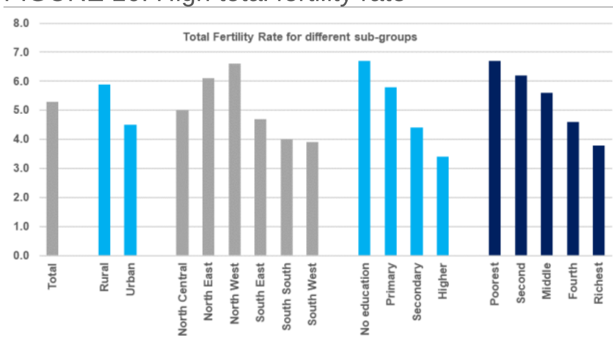
52. **Nigeria suffers from slow rates of human capital formation, deriving from chronic underinvestment**. Despite gains in education and health indicators, much of the country's labor force remains poorly educated and ill-equipped to meet the demands of a dynamic modern economy. On the HCI, which measures how much human capital a child born in a country would enter the labor force with when he or she comes of working age, Nigeria ranks amongst the lowest

in the world (FIGURE 9). One in every five of the world's out-of-school children is in Nigeria, 56 percent of all Nigerians lack access to basic sanitation services, and almost a quarter of Nigerians practice open defecation;[17] Nigeria is about to overtake India in having the largest population of open defecators in the world.[18]. Nigeria has recently overtaken India as the country with the most under-five deaths in the world annually, over 850,000 a year in 2019. Thirty-seven percent of Nigerian children under five suffer from chronic malnutrition.[19]

53. **Human capital outcomes partly reflect Nigeria's lack of public spending which, at 12 percent of GDP, is half the level expected for its level of development.** The latest comparable estimates put public expenditures on education and health at 1.7 percent of GDP (compared to an average of 4.7 percent in SSA) and 0.5 percent of GDP (compared to 2.4 percent in SSA), respectively. Reversing both these trends would be pro-poor, high impact, and cost-effective.

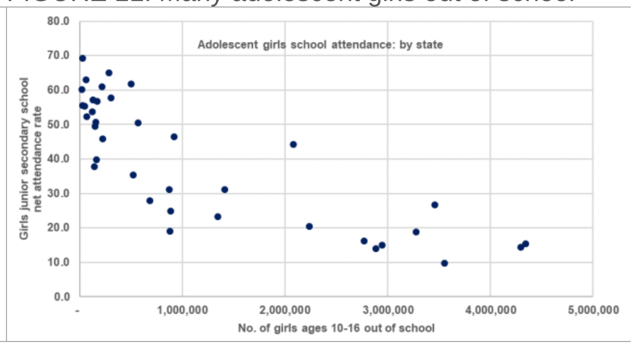
54. **Millions of Nigerian women are unable to choose the number, timing and spacing of their children**. At the current annual population growth rate of 2.6 per cent (and a stubbornly high total fertility rate (TFR) of 5.3), Nigeria's population is expected to double by the year 2030. A large proportion of women of childbearing age (15 to 49 years) have a low contraceptive prevalence rate (15 percent for all methods, 10 percent for modern methods, and a 20 percent rate of unmet need for family planning services).

FIGURE 10: High total fertility rate



SOURCE: Nigeria DHS.

FIGURE 11: Many adolescent girls out of school



SOURCE: Nigeria Education Data Survey (NEDS).

55. **Nigeria will soon have one of the youngest and largest working-age populations in the world.** Adolescents currently number 41 million (23 percent of Nigeria's population), a figure that is set to rise to 84 million by 2050. Due to weak human capital investments, many youth leave school without the required academic, cognitive, or behavioral skills needed to modernize the Nigerian economy. This is particularly true at the secondary school level. The empowerment of girls and women, starting with the opportunity to complete their education, will play a critical role in harnessing the demographic dividend. Approximately 23.4 percent of girls between the ages of 15-19 are already married, and 19 percent in that age group are already mothers or pregnant with their first child. The incidence of early marriage and childbearing is even higher in the northern regions. Early childbearing is strongly correlated with maternal and child mortality. Millions of adolescent girls are currently out of school; they have never enrolled in school or dropped out early before transitioning to secondary level. According to the NLSS 2019/2019, approximately

[17] 2019 Federal Ministry of Water Resources Water, Sanitation, Hygiene National Outcome Routine Mapping (WASHNORM 2019)

[18] Although India still had a greater number of open defecators per JMP's latest 2017 data, it has since continued to make significant progress on improving access to improved sanitation and changing behaviors.

[19] https://data.worldbank.org/indicator/SH.DTH.MORT?locations=NG-IN&most_recent_value_desc=true

57 percent of girls ages 15-19 are out-of-school in Northern (North East + North West + Niger state) states.

56. **Building human capital is essential to boosting labor productivity**. The Human Capital Index[20] for Nigeria (2020) is 0.36 – this means that a child born in Nigeria today will be 36 percent as productive in adulthood as she could be if she enjoyed complete education and full health in her early years. Low educational attainment prevents workers—especially women—from moving into more productive sectors that require sophisticated skills. Slow transitions from school to work and low rates of intergenerational mobility across sectors compound these challenges. Correcting these problems will require, among other steps, increased investment in youth education and vocational training, with a particular focus on empowering girls and women.

57. GENDER. **Gender is a key cross-cutting issue in Nigeria**. Concerted action on gender gaps is needed to close the north-south divide in human capital outcomes; reduce fragility, conflict and violence; accelerate per-capita income growth; and improve Nigeria's overall development trajectory. Unlocking the potential of Nigeria's workforce will require the removal of barriers that discourage women from participating in the labor force or impede their productivity when they do participate. As articulated in the SCD, these include: high fertility and maternal mortality rates; pronounced gender gaps in basic and secondary education; lower productivity, profitability, and earnings in agriculture, self-employment, and wage employment; and high incidence and acceptance of gender-based violence (GBV).

58. **Women and girls represent half of Nigeria's population and hence half of its economic potential**. Each additional year of schooling that Nigerian girls attain increases their income by about 10 percent—income they will invest in their children, families, and communities. Reducing the incidence of child marriage can prevent adolescent childbearing and, when combined with education and other basic services, can accelerate the demographic transition. The fewer the dependents per worker, the greater the investment in human capital. Beyond addressing gaps in human capital, recent evidence also highlights the importance of closing gender gaps in earnings in agriculture, self-employment, and wage employment. These gaps are underpinned by a range of underlying constraints (all influenced to some extent by social norms), including those related to crop choice, access to farm labor and other productive inputs, access to finance, and sex segregation with women operating in lower-paying sectors and segments of the value chain[21].

Addressing fragility and enhancing resilience

59. FRAGILITY. **Most regions of Nigeria are now affected by conflict and violence, the impacts of which are felt throughout the country**. Nigeria ranks in the bottom 10 percent of all countries in political stability and the absence of violence and terrorism, according to the Worldwide Governance Indicators[22] and the Global Peace Index.[23] The conflict in the North East has affected nearly 15 million people. Across the six states of the North East, infrastructure damage has been quantified at US$9.2 billion, and the accumulated output losses have been put at US$8.3 billion.[24] Ninety-five percent of maritime kidnappings in the first half of 2020 occurred the Gulf of Guinea, many of them in Nigerian waters[25] and Nigeria is among the top five countries

[20] "World Bank. 2020. The Human Capital Index 2020 Update: Human Capital in the Time of COVID-19. World Bank, Washington, DC.
[21] World Bank (forthcoming). Nigeria Gender Diagnostic.
[22] https://info.worldbank.org/governance/wgi/
[23] Nigeria ranks 147 out of 163 countries https://www.visionofhumanity.org/maps/#/
[24] Federal Government of Nigeria, (2016) Recovery and Peace-Building Assessment, (prepared with support from WBG, EU and UN) http://documents.worldbank.org/curated/en/542971497576633512/Synthesis-report.
[25] https://iccwbo.org/media-wall/news-speeches/imb-piracy-report-2020/

globally for kidnapping of foreign nationals.[26] A much greater unknown number of Nigerians suffer a similar fate. Conflict inflicts significant long-term damage on human capital as children and youth lose access to education and skills training, and health services are interrupted. Restoring economic and social resilience is critical not only for Nigeria but for West Africa as a whole, given the strong links between Nigeria and its neighboring countries in trade and capital flows. Likewise, improving security in conflict-affected regions such as the Lake Chad Basin would enhance stability and boost economic activity in neighboring countries.

60. **Nigeria's fragility can be seen across broader dimensions**, notably poor social and economic outcomes, low levels of human security, inequality of opportunity, social exclusion, vulnerability to climate change, and low levels of trust in public institutions, as manifested most recently in the nationwide protests against police violence. The COVID-19 crisis presents an opportunity for Nigeria to renew its social contract by strengthening government legitimacy and building trust among citizens. The Government performed well in the wake of the Ebola crisis and could demonstrate that same capacity in responding to COVID-19, by laying the foundation to build back better. Ultimately, reducing fragility and conflict requires, in addition to effective security efforts, serious efforts to build peace and strengthen social cohesion and inclusion. Such efforts must be underpinned by steadfast implementation of a medium- and long-term agenda that promotes job creation and builds an economy led by a vibrant private sector, provides physical and economic infrastructure, enacts social policies that increase opportunities for the poor and vulnerable, and builds resilience to climate change and other natural hazards.

61. IMPACTS OF CLIMATE CHANGE. **Nigeria is classified as one of the ten most vulnerable countries to the impacts of climate change and natural hazards**.[27] The increased frequency and severity of climate-related shocks, disasters and temperature and precipitation trends have contributed to worsening food insecurity. The degree of vulnerability to climate change is neither uniform across the country nor across economic sectors.

62. **Environmental degradation arising from growing pressure on, and competition for, natural resources is one of the underlying drivers of fragility in Nigeria, especially in the Middle Belt and across the north of the country**. Nigeria is already experiencing climate variability in the form of droughts, floods, heatwaves, shifts in the timing of the rainy season, and increasing rainfall intensity. Climate change is especially damaging in the more arid northern savanna ecosystems as mean temperatures continue to rise, accompanied by more variable weather patterns. This is especially troubling given the dependency of Nigeria's economy on climate-sensitive industries (agriculture, forestry, oil, and gas extraction). Climate change inaction ('business-as-usual' - BAU) could cost Nigeria between 2-11 percent of GDP by 2020 and 6-30 percent by 2050, equivalent to a loss of US$100-460 billion. Regarding possible asset losses, however, Nigeria has comparatively few systems to protect against the effects of natural hazards, in particular floods. Irrigation, essential for overcoming scarce and uneven rainfall, is also largely undeveloped.

63. **Food insecurity, an important dimension of fragility in Nigeria, has worsened rapidly**. Over the last fifteen years, the prevalence of undernutrition in the population increased from 7.4

[26] In the two months of August and September 2020 18 foreign nationals were reported kidnapped in Nigeria. Only two other countries accounted for a greater number of global kidnappings. https://constellis-production-tmp.s3.amazonaws.com/uploads/document/file/142/CONSTELLIS_-_Global_Kidnap_for_Ransom_Insight_Report_-_SEPT_2020.pdf

[27] Department for International Development (DFID). 2009. *Impact of climate change in Nigeria's economy. Final Report*. London: DFID.

percent in 2004-2006 to 12.6 percent in 2017-2019.[28] Food insecurity is worst in the north of the country, which is most affected by fragility and violence. A significant part of the North East has been classified as IPC phase 3 (Crisis) and IPC phase 4 (Emergency)[29] for the last few years, according to the Famine Early Warning System Network (FEWS NET)[30]. The drivers of food insecurity lie in a complex of factors: increasingly severe climate shocks, persistent fragility and insecurity, lack of access to land and the limited ability of government authorities to build resilient food systems and institutions to support them.

64. **Climate change amplifies fragility, conflict, and violence while introducing new risks which may further increase the vulnerability of resource-based livelihoods**. For example, seasonal flooding impacts many communities in Nigeria, because of the growing population, poor control of new construction, and inadequate drainage infrastructure. It is expected that climate change will reduce productivity, increase crop failures, increase food prices, and lead to reduced food security, all of which could result in increased conflict. Similarly, conflict between pastoralists and sedentary farmers is increasing as climate change intensifies the search for scarce water and grazing land. There is an urgent need to encourage and support communities to develop greater resilience both to the impacts of climate change, as well as conflicts between different land and water users which these climate factors exacerbate. Improved land, natural ecosystem and water resources management will be critical to building climate resilience.

65. SOURCES OF RESILIENCE. **Nigeria has significant factors of resilience on which strategies to prevent and address fragility can be built**. Points of capacity and commitment to reform can be found among government institutions, particularly several reform-minded state governors. In many parts of the country, robust networks of informal institutions fill some of the gaps in state service provision and provide peace-building, and an entrepreneurial private sector is filling other gaps—as in the case of the private sector coalition against COVID, CACOVID, which mobilized rapidly to provide food relief and set up isolation centers. Private-sector dynamism is complemented by a diaspora of 1.2 million people providing money, markets and skills back to Nigeria; and a vibrant civil society which can help to buttress confidence in government if harnessed to support increased transparency and accountability (see ANNEX 8: SUMMARY OF RISK AND RESILIENCE ASSESSMENT FOR NIGERIA).

Ensuring macroeconomic sustainability, marshaling fiscal resources, and enhancing the transparency, accountability, and effectiveness of public institutions to deliver on the vast agenda above

66. **Sound macroeconomic management is a prerequisite to deliver on the development agenda.** Nigeria has many anomalies, however, such as multiple exchange rates, foreign exchange restrictions, and procyclical fiscal policies. These are partially explained by the dominance of the oil sector, which creates a system that favors consumption and imports. Trade protectionism is also widespread, leading to sub-optimal allocation of resources within productive sectors. As a result, many investors have concluded that the country's macroeconomic management is weak and have therefore declined to invest more fully in the country's economic transformation. Inhibiting this transformation further is the yo-yo effect of workers shifting back and forth from agriculture to services in response to changes in the oil price. More immediately,

[28] The State of Food Security and Nutrition in the World 2020. Transforming food systems for affordable healthy diets. Rome, FAO." http://www.fao.org/documents/card/en/c/ca9692en

[29] The Integrated Food Security Phase Classification (IPC), also known as IPC scale, is a tool that integrates food security, nutrition and livelihood information for improving food security analysis and decision-making.

[30] https://fews.net/west-africa/nigeria.

Nigeria's weak fiscal and macroeconomic capacity has made it harder to respond to COVID-19-induced shocks, which hit the country just as it was recovering from the 2016 recession.

67. **Marshaling fiscal resources is a second prerequisite**. Nigeria collects less domestic revenue than almost any country in the world. Tax administration is narrowly focused on the oil sector and a small group of large taxpayers, while non-oil tax revenues are about 4 percent of GDP. Nigeria's restricted tax base (due to a suboptimal VAT system), extensive use of corporate tax incentives, one of the lowest excise duty rates in the region, poor revenue generation at the subnational level, weak tax administration, and a high cost of compliance severely limit its fiscal space and thus its ability to invest in the above-mentioned policy priorities. Oil revenues are challenged by an opaque administration. Broadening the tax base would help reinforce macro-fiscal resilience and create much-needed fiscal space while mobilizing revenues during the COVID-19 crisis, which has caused oil prices to crash. The political consensus fostered by the pandemic presents an opportunity for Nigeria to diversify revenue sources away from oil, which is a long-standing policy goal.

68. **Nigeria's ability to deliver on its vast development agenda hinges on using its limited fiscal resources as productively as possible**. Low revenues result in low levels of public spending, which at 12 percent of GDP, are half that of countries with similar income levels. Public spending is not only low but also of low quality, due to challenges in expenditure and debt management, as well as costly subsidy policies. In 2015, for example, Nigeria's public investment efficiency gap was estimated at 77 percent, far above the global average of 27 percent. Tying fiscal revenue to the oil sector, which is inherently volatile, has also resulted in unpredictable year-on-year fluctuations in the capital budget. Improvements to public financial and investment management are possible, as evidenced by recent reforms to subsidies for gasoline and electricity tariffs which benefited the rich, damaged the environment, and diverted billions of dollars every year from critically needed development expenditures. Ensuring efficiency in public spending is particularly challenging because, despite efforts to exert control through electronic payments and biometric verification, data on the scope and scale of the public sector is lacking. Institutional rules governing civil service employment across different types of public entities are not uniform, creating inequitable career tracks and remuneration. This creates an added source of tension and a barrier to improved efficiency in managing the civil service wage bill, which represents more than 50 percent of the budget.

69. **Delivering on these priorities rests on strengthening governance**. Nigeria's longest period of sustained productivity growth followed the country's return to democratic rule in 1999. During this period, the Government implemented far-reaching reforms designed to pare back the public sector's involvement in the economy, encourage foreign investment, and enable private sector-led growth. However, successive administrations have struggled to sustain reform momentum and resist the corrosive influence of the oil sector on public institutions. During 2013-2019, Nigeria's Country Policy and Institutional Assessment (CPIA) score steadily declined (from 3.6 in 2013 to 3.1 in 2019), driven by deterioration of the "economic management" indicator. In addition to continued efforts to combat corruption and reduce official discretion, expanding the tax base would encourage the public to hold government institutions accountable for the quality of public services.

70. **Nigeria has historically not fared well in most international benchmarking across a wide range of governance indicators, but there have been recent improvements at the sub-national and national levels**. In the Open Budget Index (OBI) for 2019, Nigeria remains in the bottom quartile on fiscal transparency. However, *at the State level*, steady improvement in the timeliness, quality and volume of information on government finances in the public domain can also be traced to the results being supported under various projects and incentivized through the

States Fiscal Transparency, Accountability and Sustainability (SFTAS) PforR (P162009). A 2019 report by BudgIT, a Civil Society Organization (CSO) that advocates for transparency and citizen participation, showed an upward trend in the level of fiscal transparency by the states. A budget transparency survey conducted in 2018 for Nigerian states showed a wide variation among the 36 states in public availability of key budget documents and public participation in the budget process, but an encouraging upward trend compared with a similar survey conducted in 2015. Similarly, commendable progress has been reported in the transparency of Nigeria's oil and gas sector. In June 2020, NNPC (Nigeria National Petroleum Corporation), Nigeria's state-owned oil company, boosted its transparency by publishing independently audited financial accounts for 20 of its subsidiaries and business units for 2018, followed by publication of its audited financial statements for 22 subsidiaries and business units as well as the consolidated audited statement for 2019 in October 2020. In August 2020, NNPC also became a supporting company for the Extractive Industries Transparency Initiative (EITI), which the country first joined in 2007. These measures will enhance overall transparency and disclosure timeliness of oil industry production, revenues and other sector data.

71. **Despite concerted anticorruption efforts, corruption is still perceived to be prevalent and remains a major impediment to economic growth.** Public institutions are considered incapable of tackling corruption or preventing mismanagement and theft of public funds although controlling corruption is a major Government objective. Nigeria has consistently ranked in the bottom 30 percent of countries on Transparency International's Corruption Perceptions Index and remains in the bottom quintile of countries in the control of corruption indicator in the World Bank's Governance Indicators. Convoluted legislation, multiple anti-corruption agencies, and poor enforcement heighten the challenge of controlling corruption. Three Senate Committees oversee enforcement of the 25 laws that deal with anti-corruption issues.

IV. The proposed WBG Country Partnership Framework

IV.A. The starting point

The Government's near- and longer-term priorities and what stakeholders say

72. **The Economic Recovery and Growth Plan (ERGP) for 2017-2020 aimed at restoring economic growth while leveraging the ingenuity and resilience of the Nigerian people**. The priorities of the wide-ranging ERGP include: macroeconomic stability; agriculture for jobs, import reduction, and food security; energy; transport infrastructure with a focus on mobilization of private financing; and industrialization with a focus on small and medium-sized enterprises (SMEs). The Government is currently updating the ERGP for the second term of the Buhari Presidency; it is expected that the current economic policies will be largely maintained, perhaps with a stronger focus on poverty reduction. At the beginning of President Buhari's second term, the Federal Executive Council (FEC) articulated three tenets on which the administration campaigned: accelerating economic growth, fighting corruption, and improving security, with the ultimate objective of lifting 100 million Nigerians out of poverty in the next ten years.

73. **To mitigate the adverse impacts of COVID-19 and lay the ground for a robust and resilient recovery, the Government has formulated an ambitious Economic Sustainability Plan (ESP).** The ERGP was formulated in the aftermath of the 2016-2017 recession. While the successor multi-year plan for 2021-2025 is being developed, and in the context of COVID-19, the ESP serves as a bridge. The ESP was launched in July 2020 and lays out policies and programs for the next eighteen months. This includes fiscal and monetary measures to mobilize revenues and maintain macro-financial stability; scaling up social assistance and subsidized credit

programs to support households and micro and small enterprises; and large-scale initiatives to stimulate activity and create jobs through investments in agriculture, roads, renewables, and housing. Together, these two plans serve as the framework for this CPF.

74. **Extensive consultations across a wide range of stakeholders informed the CPF.** The team held consultations, between November 2019 and July 2020, with representatives of federal and state governments, private sector, CSOs, academia, and development partners. These discussions took place in Abuja and Lagos, before the onset of COVID-19 precluded travel to the Northern states. Participants offered their views on strategic priorities for WBG engagement during the CPF period. (See ANNEX 9: SUMMARY OF CPF CONSULTATIONS for additional details on the scope and content of the consultations process.)

Lessons from the FY14-FY19 CPS

75. **The WBG country program between July 2013 and June 2019 was guided by the FY14-FY19 CPS, which was endorsed by the Board of Executive Directors in March 2014**. The CPS was initially meant to cover FY14-FY17 (from July 2013 to June 2017) but was extended at the time of the 2017 PLR by an additional two years to June 2019. The CPS period spanned three IDA cycles: IDA16 (July 2011 to June 2014), IDA17 (July 2014 to June 2017), and IDA18 (July 2017 to June 2020). The Completion and Learning Review (CLR) (Annex 10) indicates targeted objectives were mostly achieved but also provides many lessons which inform this CPF.

76. Lesson 1: **Program elements need to be integrated across sectors and practices for greater impact.** Siloed approaches along sectoral or geographic lines led to a high degree of fragmentation across the portfolio, and more than half the project implementation units (PIUs) in the two Africa regions are located in Nigeria (totaling more than 170). This weakened the potential synergies across sectors and generated a much heavier burden for supervision. The program should maximize opportunities to consolidate by aligning with national platforms, realizing the synergies across sectors, and streamlining at state level, using the approach adopted in the Multi-Sectoral Crisis Response Project. In the same way, policy and investment interventions for water supply and sanitation are integrated in the Human Capital pillar to ensure convergence with public health, nutrition and social protection actions.

77. Lesson 2: **The program should rigorously evaluate the context- (and sector-) specific factors that drive successful results-based approaches.** It can be difficult to accurately gauge the success or failure of results-based operations since they do not respond to traditional Bank benchmarks such as routine information systems and disbursement rates. The program should build on lessons from successful results-based approaches like the SFTAS PforR, including the importance of aligning incentives with actors who will deliver results, clarifying performance expectations, and ensuring timely and credible measurement of results.

78. Lesson 3: **Piecemeal approaches in selected states should evolve into broader platforms that Government can use at scale, with adoption of transparent criteria for state selection**. While striking examples of improvement abound across some single-state operations, these achievements are limited in scale. Scope for scaling up such projects was not always apparent from the original design. Under this CPF, the WBG should establish broader platforms consisting of federal-level regulatory reforms, policy coordination mechanisms, monitoring systems, and data-sharing coupled with state-level program implementation and reporting. The World Bank can help seed the creation of such platforms by supporting national-level regulatory, policy, coordination and data mechanisms, and piloting program financing in selected states. *State selection needs to strike a difficult balance between the political demands for apparent*

horizontal equity across states, and the fact that in specific areas some states will have a much greater need than others.

79. Lesson 4: **Achieving significant impact will require a commitment beyond the horizon of a CPF**. The power sector and support for the conflict-prone North East are two areas where little is likely to be achieved within the lifespan of a single CPF. Support for the power sector was a core engagement area under the two previous CPSs, and most likely before that as well. The WBG should be prepared to stay the course and maintain a focused engagement with that of the Government, well beyond the five-year CPF period. Following a period of engagement in the North East that has been focused on responding to conflict and increased fragility, attention under this CPF can turn to recovery and restoration, bearing in mind these are long-term processes.

80. Lesson 5: **Greater care is needed in the selection of CPF objectives and results.** Evaluation of several CPS outcomes proved challenging because: (i) there were too many indicators, generating a large burden for evaluation and reporting (for example, it would not have been possible to make a meaningful evaluation of the 42 indicators in the results framework); (ii) indicators lacked clarity, and in some cases, no baseline had been provided; and (iii) indicators did not correspond closely to project results frameworks, resulting in no information with which to capture them when the time came to evaluate CPS achievements. Despite two PLRs, these issues remained when the CLR was prepared. More flexible Country Portfolio Performance Reviews (CPPRs) to monitor results achievement (and systematically tackle other project issues) could help ensure that necessary adjustments are made to the results framework at the time of the PLR.

IV.B. Principles and selectivity criteria to determine on what and how the WBG will engage in Nigeria

A strong development rationale is not enough—we should also consider the likelihood and feasibility of achieving impact at scale

81. **Given Nigeria's size, its vast development agenda, and resource limitations, selectivity in this CPF requires hard choices.** Both the broad pillars of the CPF and the Government's development priorities have remained largely unchanged since the last CPS. Although Nigeria has made some progress on the core challenges it must overcome if it is to realize its ambition of eliminating poverty, and the WBG's support has contributed to that effort, progress has not been nearly enough. COVID-19 has highlighted the urgency of making much more rapid progress. If the WBG is to ratchet up its support for this effort, building on the pillars of the COVID-19 Approach Paper, the 2020 FCV Strategy,[31] and other priorities, we need to go beyond the typical CPF filters. We need to determine *what* we need to do differently in selecting among the existing priorities, and *how* we approach implementation of our program.

82. **A sound rationale and ex-ante design for a development intervention is *on its own* not sufficient to justify the investment; we must also have a feasible and implementable path to achieving impact at scale.** We propose three selectivity criteria to ensure that the CPF can achieve impact at scale: (i) we should aim to influence a development priority which is of national significance; (ii) there needs to be a reasonable prospect that where we support a new social program or area of reform, the expected improvements will last beyond the lifetime of our

[31] World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025 (English). Washington, DC : World Bank Group. http://documents.worldbank.org/curated/en/844591582815510521/World-Bank-Group-Strategy-for-Fragility-Conflict-and-Violence-2020-2025

program[32]; and (iii) we need to have confidence that the policy engagements, relationships, and solutions we are offering are not only robust, but there are also government partners who are committed to working with us on fully implementing them. In other words, achieving impact at scale will depend on the degree of government ownership; and the commitment, integrity, and capability of the government partners with whom we would be working. In applying the three selectivity criteria above, we will also consider the principles underpinning the Maximizing Finance for Development (MFD) objective through the "cascade approach," which acknowledges the need for upstream regulatory and policy reform to open up the space for private sector financing in an environment of limited fiscal resources. An MFD lens would prioritize private-sector solutions when possible, helping government to target scarce public financing to sectors where private-sector solutions are less feasible. The World Bank, IFC, and MIGA will work as "One WBG" to identify MFD opportunities, as described further below.

Aiming to help Nigeria make tangible progress on a national scale

83. **The CPF will aim to help Nigeria make tangible progress at the national level on a selected number of critical development challenges.** WBG financing constitutes a significant portion of Nigeria's development budget (nearly one-third in 2019). Rather than fragment our support across multiple smaller projects, we will aim for impact at scale, with programs and engagements that are national in scope. That will mean both larger volumes for our financing operations (projects of at least US$500 million) and a shift towards more upstream engagements that offer greater potential to be leveraged and magnified. This higher level of ambition is also reflected in the CPF results indicators that are national in scope (ANNEX 1).

Focusing on the fiscal and institutional sustainability of the programs we support

84. **We will aim to ensure the fiscal and institutional sustainability of CPF engagements by anchoring them in national programs.** Those financed by development partners often end up as ring-fenced initiatives that cannot be sustained once external financing and support end. To mitigate this risk, we will aim to anchor WBG programs in government-owned national programs. Several WBG programs already do so; we will apply this principle to all programs going forward.

Emphasizing the policy and institutional prerequisites for investment financing

85. **Recognizing that our financing envelope is quite constrained relative to Nigeria's needs, and that financing is not our only value-added, we will aim to scale-up support beyond (or in lieu of) financing through policy dialogue, advisory and TA activities.** Support to such reforms can be as impactful (sometimes even more so) as lending. For development impact of large-scale financing to be fully realized, the policy, regulatory, and institutional prerequisites must be in place. We will aim to engage upstream, informed by analytical work, to ensure that these prerequisites are met before large-scale financing is contemplated (BOX 2).

[32] For example, this means not just financing investments unless these are seed-funding a sustainable government program that will continue to finance similar investments once the Bank financing ends.

BOX 2: Engaging upstream on the policy and institutional agenda

STRENGTHENING IMPACT THROUGH UPSTREAM POLICY ENGAGEMENT
Achieving the aims of this CPF depends on the capacity of Nigeria's Federal and state governments to efficiently deliver impact at scale through the programs we support. The basic premise of an engagement approach is that we should first engage *upstream*, to ensure the right regulatory and institutional reforms are in place, before coming in *downstream* with large-scale financing. Our engagements will be anchored in policy dialogue and programmatic ASA to assemble collaborative teams across the WBG, build and sustain relationships of trust with counterparts, and use our convening power to promote coordination and cooperation among key stakeholders at the Federal and state levels. Ongoing policy dialogue will serve as a basis for assessing whether the conditions are right, according to our selectivity filter, to apply large-scale financing, while seeking to crowd-in private financing wherever possible.

IV.C. An overview of the proposed CPF

A phased and adaptive approach

86. **The CPF program has been determined using the principles outlined above**. The target by the end of the CPF period is a country program structured around a set of core engagements, each of which aims to help Nigeria make tangible progress on a critical development challenge. This will be anchored in fewer, larger, and better-integrated financing operations complemented by cross-cutting programmatic ASA engagements on upstream policy and institutional reforms. Reflecting the uncertainty resulting from COVID-19, and the nature of the Government's response, the CPF proposes a *phased and adaptive approach* (see BOX 3).

87. FIRST PHASE**. In the first phase, during the next two years, we propose to:**

- Support *Nigeria's COVID-19 response*—through both adjustments to existing operations and preparation of new programs—in a manner consistent with the framework outlined in the WBG COVID-19 Approach Paper and detailed further below and in ANNEX 1.

- Continue our support and direct our financing to *selected core national programs and initiatives* that already meet the principles and selectivity criteria outlined above. The development objectives associated with these efforts are presented as core CPF objectives in the Results Framework.

- Ramp up our engagement on the *upstream policy and institutional reform agenda*, including in areas where we have existing smaller-scale investment programs. The aim is to advance complementary priorities where support beyond financing can be impactful and lay the ground for potential large-scale financing in the future.

88. SECOND PHASE**. To inform the direction and scope of the CPF program in the second phase, from mid-FY23 through FY25, we propose to prepare a PLR early in FY23**. The PLR will specify:

- The *scope of support that is needed and feasible in the outer years*, based on the reform progress in the intervening years, the country context at the time of the PLR, as well as IDA-IBRD resource availability for Nigeria, around which there is some uncertainty.

- *Which national programs and priorities we will choose to support* (through large-scale financing) in the second phase, based largely on the strength of our upstream engagement, government ownership, and reform traction evident in the first phase.

- For those core programs already identified for large-scale financing during the first phase, the PLR will *assess whether to continue or scale back*.

- For those areas where the first phase of the CPF will be devoted to laying the policy and institutional foundation for potential large-scale financing, the decision will be on *whether to initiate such financing or to continue with the upstream engagements*. IFC, in its country strategy, proposes a similar adaptive approach, with the size and scope of its program tailored to the progress and depth and breadth of reforms. (The "cascade approach", whereby the necessary reforms, and opportunities for IFC to crowd in private investments, are depicted in ANNEX 6).

BOX 3: A performance-oriented and adaptive approach given the risks

A PERFORMANCE-ORIENTED AND ADAPTIVE APPROACH TO MITIGATING RISKS
Risks for Nigeria to achieve progress in its development agenda are substantial, and they motivate a performance-oriented and adaptive WBG engagement.
• First and foremost, macroeconomic risks are high, primarily arising from long-standing structural issues exacerbated by COVID-19. Further oil shocks would cut the government financing envelope, increase external financing needs, challenge financial sector stability, and ultimately deepen the recession. There are pathways to manage these shocks in a sustainable way (see Annex 3) but these pathways will require broad political consensus and sustained implementation by subsequent administrations, including measures to improve domestic revenues, exchange rate management, and financial stability and inclusion.
• Second, considering that Nigeria's record on implementation of structural reforms has been uneven, there is a risk that reform momentum slows. As highlighted during the 2015-2016 crisis, shocks present opportunities to advance reforms, but on some reforms it is difficult to make progress in the middle of a recession (e.g., raising non-oil taxes). In areas where it is more difficult to make progress during the crisis, the WBG aims to support the government in both the design and sequencing of reforms to lay the necessary foundations for sustained action.
• The need to mitigate implementation risks motivates the approach proposed in this CPF. The emphasis is on performance-based operational engagement, complemented by upstream support for policy and institutional actions. Both operational and analytical instruments contain elements aiming to help mitigate the implementation risks arising from capacity constraints, by building in significant direct technical assistance to the implementing agencies and more broadly supporting capacity improvements.
• Persistent fragility also poses risks. A significant increase in insurgent violence would undermine implementation in crisis-prone regions, and an outbreak of unrest could divert government's attention away from structural reforms. Continuing to emphasize operational flexibility, citizen-centric approaches, and accountability through transparency, will mitigate these risks to the extent that this is within the Bank's control.

A program structured around four pillars and core engagements

89. **We propose to structure the CPF around four pillars and a series of core engagements defined by a set of core objectives or complementary priorities or both**. The *pillars* broadly reflect the high-level pathways and areas of focus suggested by the SCD, while the *engagements* broadly map to the constraints identified by the SCD and our aim to help Nigeria alleviate that constraint. Why we chose to structure the program around engagements is further elaborated in the section on the HOWS of implementing the CPF. Here we explain the distinction between core objectives and complementary priorities, per the phased and adaptive approach we propose:

- CORE CPF OBJECTIVES. We define core objectives as those areas of engagement where *large-scale financing* will be directed in the first phase of the CPF because all or most of the principles and selectivity criteria are met. This is where: (i) government ownership and commitment is strong at the highest levels; (ii) we have robust upstream engagements on the policy and institutional agenda; (iii) national programs (federal and multi-state) exist or are envisioned to make tangible progress at the national level and (iv) these programs require and can absorb large-scale financing, and with potentially large magnifier and spillover effects in terms of development impact. These *core objectives* are highlighted in the CPF Results Framework.

- COMPLEMENTARY PRIORITIES. In addition to engagement areas which align to core objectives, we envisage there will be areas of engagement where the selectivity criteria and principles are not fully met, but where we see value in engaging. These will be areas where: (i) the development challenge is sufficiently important and relevant, and (ii) there is potential for large-scale financing in the second phase of the CPF, should the selectivity criteria be met throughout the first phase of the CPF. We define complementary priorities as those which we aim to advance through *upstream engagement on the policy and institutional agenda*, supplemented in some instances through legacy smaller-scale financing operations carried over from the previous CPS.

90. **TABLE 2 presents the structure of the proposed WBG Nigeria program in terms of the pillars, engagements, core objectives, and complementary priorities.** TABLE 3 lays out the indicative program for the first phase of the CPF period.

TABLE 2: Proposed pillars, engagements, core objectives, and complementary priorities

PILLAR	CORE OBJECTIVE Where we hope to help Nigeria make tangible progress at the national level based on our large-scale financing that is already in place or planned and robust policy and institutional engagements	COMPLEMENTARY PRIORITY Where we aim to lay the foundations for potential future large-scale financing by consolidating existing programs and ramping up our upstream engagement on the policy reform and institutional strengthening agenda
STRENGTHENING THE FOUNDATIONS OF THE PUBLIC SECTOR	1 Increase domestic revenue mobilization, improve the quality of public expenditures and strengthen debt management	
		1 Promote use of more reliable and timely data and more evidence-based policies to enhance macro-financial stability and accelerate inclusive growth
		2 Enhance the effectiveness, transparency and accountability of public institutions and systems for service delivery
INVESTING IN HUMAN CAPITAL	2 Increase access to and quality of basic education	
	3 Improve primary healthcare	
	4 Increase access to basic water and sanitation services	
	5 Increase the coverage and effectiveness of social assistance programs	
	6 Empower women and girls by increasing their human capital and economic opportunities	3 Promote youth employment and skills
PROMOTING JOBS AND ECONOMIC TRANSFORMATION AND DIVERSIFICATION	7 Promote financial deepening and inclusion	4 Further business enabling reforms and promote competitive clusters
	8 Increase access to reliable and sustainable power for households and firms	5 Enhance connectivity and support development of economic corridors and cities as livable growth poles
	9 Develop digital infrastructure, platforms and skills	
ENHANCING RESILIENCE	10 Enhance climatic resilience	6 Modernize agriculture
	11 Reduce fragility in the Northeast and other areas affected by conflict	

TABLE 3: The indicative program for the first phase of the CPF

	CORE OBJECTIVE (CO) OR COMPLEMENTARY PRIORITY (CP)	CORE LARGE SCALE FINANCING AND SUPPORT FOR COVID-19 RESPONSE (IDA unless specified)	COMPLEMENTARY UPSTREAM ENGAGEMENT AND OTHER FINANCING (IDA unless specified)	IFC
CO	Increase domestic revenue mobilization, improve the quality of public expenditures and strengthen debt management	• State fiscal management (USD 750 million) • Federal fiscal governance (USD 125 million) • COVID: state fiscal PforR (AF) (USD 750 million) • COVID: federal fiscal DPO (TBD, IDA-IBRD)	• Programmatic ASA	
CP	Promote use of more reliable and timely data and more evidence-based policies to enhance macro-financial stability and accelerate inclusive growth		• Programmatic ASA	
CP	Enhance the effectiveness, transparency and accountability of public institutions and systems for service delivery		• Programmatic ASA • Local government (USD 80 million) • Procurement & safeguards (USD 80 million)	
CO	Increase access to and quality of basic education	• Out-of-school children PforR (USD 611 million) • Learning PforR (USD 75 million)	• Programmatic ASA	
CO	Improve primary healthcare	• Child health (USD 650 million) • Nutrition (USD 225 million) • COVID: public health (USD 200 million)	• Programmatic ASA	OO
CO	Increase access to quality water and sanitation services	• Water and sanitation PforR (USD 700 million)	• Programmatic ASA	
CO	Increase the coverage and effectiveness of social assistance programs	• Safety net (USD 500 million) • COVID: livelihoods (USD 750 million) • COVID: safety nets (potential AF)	• Programmatic ASA	
CO	Empower women and girls by increasing their human capital and economic opportunities	• Women empowerment (USD 100 million) • Adolescent girls (USD 500 million)	• Programmatic ASA	O
CP	Promote youth employment and skills		• Programmatic ASA • Youth skills (USD 200 million)	
CO	Promote financial deepening and inclusion	• Micro-finance (USD 500 million, IBRD)	• Programmatic ASA	OOO
CP	Further business enabling reforms and promote competitive clusters		• Programmatic ASA • Kaduna (USD 350 million) • Ogun (USD 250 million)	OO
CO	Increase access to reliable and sustainable power for households and firms	• Transmission (USD 486 million) • Renewable energy access (USD 350 million) • Power sector reform PforR (USD 750 million) • Distribution PforR (USD 500 million, IBRD)	• Programmatic ASA	OOO
CP	Enhance connectivity and support development of economic corridors and cities as livable growth poles		• Rural connectivity (USD 280 million)	OO
CO	Develop digital infrastructure, platforms and skills	• Digital ID (USD 430 million)	• Programmatic ASA	OOO
CO	Enhance climatic resilience	• Irrigation & water resources (USD 495 million) • Urban flood management (USD 200 million) • Agro-climatic resilience (USD 700 million)	• Programmatic ASA	O
CP	Modernize agriculture		• Programmatic ASA • Agricultural livelihoods (USD 200 million)	OO
CO	Reduce fragility in the Northeast and other areas affected by conflict	• NE Nigeria and Lake Chad recovery (USD 376 million)		O

Our support for Nigeria's COVID-19 response

91. **Support for Nigeria's COVID-19 response will be a major element of the first phase of the CPF**. As outlined above, the first phase will focus on: (i) supporting the COVID-19 response; (ii) continuing financing of selected core national programs and initiatives, and (ii) ramping up the upstream policy and institutional engagement in other areas to lay the ground for large-scale financing in the second phase. A comprehensive suite of responses to COVID-19 has been planned, and many of the reforms overlap with long-standing development challenges which were part of the country program prior to COVID and which are likely to continue into the second phase.

92. **The WBG's support for Nigeria's COVID-19 crisis response spans all pillars of the framework outlined in the WBG COVID-19 Approach Paper and covers both adjustments to existing operations and preparation of new operations.** Based on the Government's request, a large multi-pronged package of support is under preparation. The package includes: (i) support for public health efforts of over US$250 million from existing operations and a new program that directly supports states to contain the outbreak; (ii) support for the Federal Government focused on policy measures to maintain macro-financial stability and marshal the fiscal resources needed for the COVID-19 response; (iii) support for results-based, proactive, crisis-responsive fiscal measures by the states; and (iv) support for states' efforts to protect livelihoods, food security and local MSME activity.

93. **The urgency of securing the needed fiscal resources for the COVID response has also focused attention on realizing the greatest possible value-for money from the existing portfolio**. Delays in projects being declared effective and in implementation post-effectiveness have contributed to a build-up of undisbursed balances in the Nigeria portfolio. Effectiveness delays are due to the internal government process involved in securing legislative approval of externally financed programs. Post-effectiveness delays often reflect inadequate attention to follow through or procedural hurdles. Efforts had been underway to address both sets of issues and raise disbursements. The COVID crisis has lent additional urgency and impetus to these efforts. At the request of the Federal Ministry of Finance, each project is being subjected to thorough reviews to identify bottlenecks that have held up disbursements and make the needed adjustments. This has included partial cancellation of three projects, with four other operations under review for full or partial cancellation to improve value for money in existing operations and increase fiscal space for new operations that can more effectively help the Government respond to the crisis.

94. **Support to health for saving lives is focused on immediate containment of COVID-19 and preparing for a more severe outbreak.** At the outset of COVID-19, the undisbursed balance of US$82.43 million in the existing Second Regional Disease Surveillance Systems Enhancement Project (REDISSE II) (P159040) was redirected to support the public health response to COVID-19 by federal and state agencies. The planned closure of the Nigeria States Health Improvement Project (NSHIP) (P120798) was postponed for three months to allow continued support for expanded capacity in frontline health facilities, particularly in Nigeria's vulnerable North East. The US$114.3-million COVID-19 Preparedness and Response Project, financed from the IDA Fast Track Facility and the Pandemic Emergency Facility, approved in August 2020, is supporting prioritized interventions over the next 24 months with a focus on the operational costs of state-level responses including containment, infection prevention, and community mobilization. A range of United Nations (UN) and bilateral partners have been mobilized to collaborate with the project's implementation across 36 states. To support strengthened health system capacity, the Nigeria Electrification Project (NEP) (P161885) is redirecting US$70 million to support solar electrification in up to 500 health facilities across the country.

95. **Support for the social and economic response is focused in the short term on protecting the poor and vulnerable, and in the medium term on limiting the cost to human capital and protecting livelihoods**. The US$820-million National Social Safety Nets Project (P151488) is supporting expanded registration to reach 20 million beneficiaries and subject to availability, additional financing planned for FY22 could be advanced to FY21. Nigeria COVID-19 Action Response and Economic Stimulus (CARES) PforR (P174114) will be the flagship vehicle to support states to protect the poor and vulnerable (see BOX 4). To bridge the gap until the operation becomes effective, two existing projects supporting youth employment and community-based social protection schemes were extended beyond the planned closing date of June 30, 2020. Other active operations were reprogrammed to expand opportunities for community employment, such as under the Rural Access and Agricultural Marketing Project (P163353). Projects in the education sector including the Adolescent Girls Initiative for Learning and Empowerment (AGILE) (P170664), approved by the Board on July 28, 2020, have been adapted to support distance learning and mitigate the risk of children, particularly girls, not returning to school. The Better Education Service Delivery for All (BESDA) Project (P160430) is being restructured to support schools to gear up for reopening.

BOX 4: Nigeria CARES—a core part of our support for Nigeria's COVID response

NIGERIA CARES: AN INNOVATIVE APPROACH TO COVID-RESPONSIVE ECONOMIC STIMULUS, LIVELIHOOD SUPPORT, FOOD SECURITY AND PROTECTION FOR MSMEs

The Nigeria COVID-19 Action Response and Economic Stimulus (CARES) PforR is a planned results-based operation which will support Nigeria's 36 state governments and the Federal Capital Territory to implement a program of fiscal stimulus and livelihood support to mitigate the negative economic impact of the COVID-19 crisis. The operation will be presented to the Board as a package with the CPF.

The operation will reward states for the verified delivery of social programs across three results areas: (i) social assistance and labor-intensive public works, (ii) support for farmers, and (iii) grants to qualifying micro and small businesses to help them withstand the economic shock of COVID-19. Protecting livelihoods of farmers and small business also has spillover benefits in terms of food security and protection of critical supply chains.

Two of the three results areas build on and scale up past WBG investments. Social assistance programs will utilize the social assistance registry developed under NASSP; and the social assistance and farmer support platforms were developed under the long-running Community and Social Development Project (CSDP) and Third National Fadama Project. CARES will support mainstreaming of these platforms at the state level in a technically robust way, thus ensuring future sustainability of these investments.

CARES will utilize an innovative and flexible approach which allows States to choose the results areas which are best suited to their needs. The platforms adapted from CSDP and Fadama use a community-driven development (CDD) approach oriented around community and farmer groups, making them particularly well-suited for Nigeria's FCV contexts. Nigeria's vibrant constituency of CSOs is being harnessed to obtain feedback from beneficiaries which will provide real-time inputs to program management, and credible assurance that the funds for the COVID-19 response are being properly used.

96. **Support to policies and institutions is focused on providing immediate fiscal relief and laying the ground for resilient recovery**. The planned Nigeria COVID-19 Federal Fiscal and Economic Response (CoFFER) DPO (P173993) will help maintain macro-financial stability and create the fiscal space for a pro-poor stimulus package to support the Government's overall COVID response. To strengthen macro-economic resilience for recovery the program supports bold reforms in three critical areas: (i) safeguarding revenues and financing flows; (ii) reprioritizing spending and strengthening expenditure and debt management and (iii) enhancing macroeconomic and financial sector stability. Sustainable Development Financing Policy (SDFP) The prior actions of the planned DPO serve an anchors for Nigeria's proposed FY21 Policy and

Performance Actions under IDA's Sustainable Development Finance Policy (SDFP).[33] In parallel with fiscal measures being introduced at the federal level, the SFTAS PforR is being restructured and scaled up to support states to introduce measures to mitigate fiscal shocks while protecting social expenditure, through additional disbursement-linked indicators at the state level. Nigeria's crisis-ridden power sector presents a twin barrier to resilient recovery: chronic power shortages stifle economic activity and job creation, and tariff subsidies impose a fiscally unsustainable burden on the federal budget. Both are being addressed through the Power Sector Recovery PforR (P164001), approved by the Board on June 23, 2020, which will be followed by a planned Distribution Sector Recovery PforR later in FY21.

97. **Nigeria was the first country in Africa to be approved for support under the IFC COVID-19 Response Facility**. Under Phase 1 of the Facility, IFC has committed funding to several banks for a total of US$230 million. These facilities will be used to support working capital and trade-related short-term financing to various enterprises, including SMEs. IFC has also identified opportunities to work with other financial institutions to support their COVID-19 response activities with working capital solutions and risk-sharing facilities. Given the importance of sustaining trade activity, through the Global Trade Finance Program, IFC increased its upper exposure to US$759 million—an increase of US$120 million from the start of the COVID-19 crisis. IFC's COVID-19 support is not limited to the financial sector; companies in sectors including light manufacturing, agro-processing, logistics, and others are expected to benefit.

More than just IDA19 special themes: CPF engagement in fragility, climate change, inclusion, gender, governance, jobs and economic transformation:

98. **The IDA19 special themes of jobs and economic transformation, gender, climate change, governance, and FCV are particularly salient for Nigeria**. Not only are these special themes reflected as priorities throughout the country program, we also propose to embrace them as core objectives or complementary priorities through stand-alone focused engagements. A summary of what is planned is provided below; further detail are presented in the next section.

99. FRAGILITY. **As noted previously, the CPF was informed by an RRA, which highlights the geospatially distinct patterns of conflict, violence and fragility across Nigeria.** The first phase of the CPF includes activities which are aligned with the *prevention* and *engagement* pillars of the WBG FCV Strategy. The WBG ramped up its engagement in the conflict erupting in northeastern Nigeria in 2016 through a raft of additional financing for operations in health, education and social protection. The Multi-Sectoral Crisis Response Project for North East Nigeria (MCRP) (P157891) established a platform which will consolidate this support using additional financing approved by the Board in May 2020. Several engagements across the portfolio will support prevention by addressing some of the drivers of fragility. At the broadest level, these include support for macro-economic stability, improved governance, and stronger citizen engagement across a wide range of projects. An operation currently under preparation will address land degradation exacerbated by climate change, which is a major source of fragility. The Nigeria country program has long employed participatory approaches in many of its projects, which helps to promote inclusion and give citizens voice. Although the causes are likely to be complex, recent unrest in Nigeria highlights the lack of public trust in government, which is likely

[33] Under the SDFP, Nigeria will need to agree on annual PPAs, and as a country with market access, there will be a set-aside of 10 percent of the country's annual allocation. Nigeria will have access to 100 percent of its annual Country Allocation subject to meeting the agreed PPAs to be implemented on a yearly basis under the SDFP. If Nigeria does not satisfactorily implement the PPAs in the first year of an IDA replenishment period, it can recover the set-aside if it satisfactorily implements the agreed PPAs the following year. If Nigeria does not satisfactorily implement the PPAs in the second year of an IDA replenishment period, it cannot recover the set-aside because all IDA resources need to be allocated within the IDA replenishment period. In such case, the set-aside amount becomes an immediate discount.

to have been exacerbated by the social impacts of the COVID-19 crisis. To help restore trust in government, operations being prepared under this CPF will emphasize partnering with CSOs to ensure a high degree of credible accountability for the way funds are used by governments in the implementation of the projects. Fragility is also an important consideration in *HOW* we will work.

100. CLIMATE CHANGE. **The CPF will seek to support critical adaptation efforts as well as selected mitigation measures given the significance of oil and gas in Nigeria's economy and the reliance on fossil fuels.** The proposed interventions are aligned with and informed by Nigeria's Nationally Determined Contribution (NDC), which features a target of reducing emissions by 20 percent below the BAU scenario by 2030, and its associated action plan.[34]

101. **Our efforts will be anchored in enhancing climate resilience, which is also a core CPF objective**. We will direct large-scale financing for a national (multi-state) program to address desertification, land degradation, and water scarcity in the states of northern Nigeria, which the NDC recognizes as one of the critical adaptation priorities, through a focus on irrigation, adaptive farming practices and improved water resources management. We will also increase our upstream engagement on the policy and institutional strengthening agenda on coastal erosion (as part of a broader Western Africa regional effort) and urban resilience. In terms of mitigation, we are supporting the Government's efforts to redirect expenditures away from fossil-fuel subsidies (through our engagement on strengthening fiscal management); expand the use of renewable energy (under the energy engagement); reduce gas flaring; and develop a strategy to reduce emissions from deforestation.

102. **These initiatives will contribute to multiple the pillars of the Next Generation Africa Climate Business Plan.** We will seek to build a resilient rural economy, ecosystem stability and water security, low-carbon and resilient energy and climate-relevant macro-fiscal policies. We anticipate that the planned pipeline in the first phase of the CPF will meet and potentially exceed WBG and regional targets for climate co-benefits.

103. INCLUSION AND CITIZEN ENGAGEMENT. **Different groups among the poor experience poverty differently and not all are susceptible to the same pathways out of poverty and toward empowerment.** A programmatic ASA on Citizen Engagement and Social Inclusion is building the analytical foundations to inform more effective and more nuanced approaches to inclusion that can be adopted across the portfolio. This work will also identify, pilot and evaluate the use of citizen engagement as a means of enhancing the effectiveness of service delivery by government, and strengthening the accountability of WBG-supported operations.

104. **The IDA19 cross-cutting priority of disability is addressed in the CPF as well.** The recently approved AGILE project includes a component to create "safe and accessible learning spaces," ensuring that construction under the project will be accessible for children and youth with disabilities. Similarly, the Nigeria Social Inclusion and Citizen Engagement Programmatic ASA (P175445) is expected to cover disability inclusion as well as strengthening disability support under the National Social Safety Nets Program (NASSP). Across all pillars of the CPF, attention will be paid to ensure that job creation and social service provision are disability inclusive.

105. GENDER. **The CPF aims to help Nigeria address the pronounced gender inequalities in human development outcomes and economic opportunities that are central to reducing**

[34] https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Nigeria%20First/Approved%20Nigeria's%20INDC_271115.pdf

poverty.[35] Notably, the empowerment of Nigeria's women and girls will be a core CPF objective. Governments at both the Federal level (through both the Minister of Finance and the Minister of Women's' Affairs) and state level (particularly the State Government of Borno) have actively pursued gender priorities, including requesting World Bank support for two gender operations; Nigeria for Women (P161364) and AGILE. Across all the CPF pillars, the program will focus on gender and the many ways in which women and girls are disadvantaged, in areas such as access to finance, agriculture, and digital services. Human capital development and economic empowerment of adolescent girls are central to Nigeria harnessing its demographic dividend; as such it will be the focus of our large-scale financing efforts under this engagement. Interventions are planned under several other core engagements to promote gender equality by alleviating constraints faced by women and girls. The primary health care engagement will emphasize improvement of maternal health. A Women Entrepreneurs Finance Initiative (WEFi)-financed program under the financial deepening and inclusion engagement will pilot innovative modalities for channeling credit to female entrepreneurs who may lack sufficient collateral. The focus on Nigeria's digital transformation aims to relax constraints that many women face to participation in the formal labor force. Finally, the APPEALS project (P168049) focuses on the types of training, business planning, financial support, and mentorship that can best help women and youth.

106. **The CPF features strategies to reduce gender gaps, and use gender-disaggregated indicators wherever feasible, particularly for core CPF objectives**. We will ensure that the programs we finance are, wherever appropriate, gender-responsive, and tagged as such; and address GBV risks systematically across the portfolio, drawing on the 2019 Nigeria Portfolio Gender Review. Existing work to mainstream strategies to tackle GBV systematically across 26 states, through the Nigeria Erosion and Watershed Management Project (P124905), offers lessons that can be replicated across the portfolio.

107. **The Nigeria Gender Innovation Lab will coordinate a range of analytical and policy dialogue work.** The Support for Women and Adolescent Girls (SWAG) Programmatic ASA (P174038) is a multi-GP platform that is being used to coordinate the World Bank's financing and analytical work on gender in Nigeria. This work includes a diagnostic identifying underlying gender gaps across agriculture, self-employment, and wage employment; impact evaluations to test the effectiveness of different approaches to closing those gaps; and policy dialogue work to ensure this new evidence base reaches key policymakers. This approach will help the World Bank to take a more strategic approach to gender, allowing support to be scaled-up where there is greater potential for impact and building government capacity and ownership.

108. GOVERNANCE AND INSTITUTIONS. **Strengthening governance and institutions—the foundations of the public sector—is one of the pillars of the CPF.** The SCD highlighted the lack of good governance as a key constraint to achieving poverty reduction and shared prosperity in Nigeria. Weak federal-state coordination, and inadequate transparency and accountability, undermine the successful delivery of public services. Such lack of transparency provides ample space for corruption. Weaknesses in the social contract between the government and the people create low citizen expectations, which in turn dampen incentives for domestic revenue mobilization. The resulting shortfall in revenues hobbles human capital investments and constrains the development of a healthy, productive workforce. The CPF will support strengthened governance across all pillars in a range of ways: (i) through large-scale financing at both federal and state levels; (ii) through policy dialogue supported by ASA; and (iii) through

[35] The approach to gender under the CPF is informed by a range of gender assessments that collectively fulfil the requirements of OP/BP 4.20. These include the Nigeria Gender Diagnostic (April 2020), Nigeria Social Inclusion Diagnostic (May 2020), and the gender analysis presented in the SCD (January 2020), which synthesized the findings of many earlier reports.

fiduciary staff provide intensive support for procurement and financial management (FM) of World Bank operations across the portfolio, as described in more detail in Section IV below.

109. JOBS AND ECONOMIC TRANSFORMATION (JET). **The CPF approach to the JET agenda focuses on unlocking private sector potential for more and better jobs.** The premise is that better jobs and economic opportunities will only come from unlocking the latent potential of Nigeria's private enterprises, small and large, enabling them to invest, grow and create jobs.

110. **Access to reliable energy, and affordable finance, is critical at all levels and scale of enterprises.** These two constraints to the growth and job-creation potential of private enterprises (including household enterprises) affect productive economic activity at all levels—whether it is the viability of small-scale agribusinesses in more remote parts of the country that could help Nigeria's agricultural households connect to markets and raise the returns to their labor, or the competitiveness of large-scale manufacturing or service enterprises that can absorb Nigeria's growing workforce.

111. **Large-scale financing from both IDA-IBRD and IFC will be directed to alleviating these constraints, while MIGA guarantees will aim to support de-risking of cross-border private investment**. This financing will be contingent on adequate progress on needed reforms. To the extent possible, we intend to work together as One WBG to complement each institution's efforts. Given the small amount of WBG financing available relative to Nigeria's vast needs, using WBG financing as a catalyst will also be critical. The program already includes several mechanisms that are crowding in private financing. These include the provision of performance grants to quality-assured solar companies to construct solar mini-grids in unserved locations, using public service facilities as hubs (Nigeria Electrification Project - P161885). Building on World Bank efforts to improve the efficiency of electricity distribution companies, IFC will explore opportunities for commercial investment in expanded electricity infrastructure, paving the way for private investors to follow.

112. **There are multiple other constraints to private investment and job creation in Nigeria.** These include poor transport connectivity, congestion and bottlenecks to developing Nigeria's cities as livable growth poles; a plethora of regulatory and other constraints; and as the CPSD emphasizes, a need to target integrated approaches to alleviating the sector-specific constraints that have inhibited the development of clusters where Nigeria potentially has a competitive advantage. Efforts in these areas will focus on the upstream engagement, such as a joint World Bank-IFC programmatic ASA on Competitive Clusters for Growth. We will begin with Chemicals4Growth, an IFC initiative to support the development of petrochemical clusters that rely on shared infrastructure.

113. **We will also address the jobs agenda from the supply side, recognizing that the ability to influence the number of people in jobs is limited**. This includes investments under the education pillar as well as others across the portfolio. Many projects are investing in skilling workers or supporting individuals to explore opportunities for self-employment, and we will continue to ensure that all proposed operations consider this aspect of their potential impact.

Working as "One WBG" to crowd in private finance

114. **Nigeria's need for development finance, particularly to address critical infrastructure deficits, far exceeds its fiscal resources**. As a result, crowding in private finance—maximizing private capital for development—is imperative.

115. **We will work as One WBG to support the Government in this effort in three ways.** First, we will engage upstream through World Bank ASA and IFC advisory to help the Government put in place the appropriate sectoral policy and regulatory frameworks in critical sectors such as transport, agriculture, and energy. Second, we will seek to help Nigeria make progress on cross-cutting issues such as the broader business-enabling environment, PPP regulations, and deepening the markets for long-term local currency finance. Third, depending on the pace and progress of reforms under these upstream engagements, we will seek to deploy MIGA's political risk insurance to support cross-border private investment in critical sectors of the Nigerian economy.

116. **We will work to directly crowd in private finance wherever possible**. Areas with the greatest potential for One WBG collaboration, where we have already begun working jointly on upstream and possible downstream investments, as well as through de-risking products, include:

- Access to finance and financial inclusion;
- Digital economy;
- Power (including renewables); and
- Public-private partnerships.

BOX 5: Crowding in the private sector—the CPSD and IDA Private Sector Window (PSW)

DEPLOYING IDA INSTRUMENTS TO CROWD IN THE PRIVATE SECTOR

The CPSD for Nigeria was jointly prepared by a WBG team and highlighted opportunities for private sector-led growth. Nigeria's rich agricultural and mineral resource base provides offers potential to significantly expand food manufacturing and resource-based manufacturing, especially in the lagging North. Likewise, its large, fast-growing, and urban population, and regional integration with the Economic Community of West African States (ECOWAS), provide a ready market base for Nigerian food products, consumer goods, building materials, and services. This, combined with a large, young entrepreneurial cadre, positions Nigeria to increase productivity and innovation through digital entrepreneurship. The range of reforms, to be supported by World Bank policy dialogue and ASA, will create a more conducive business climate for IFC and MIGA to crowd in private investment. For IFC, these are depicted in the "If/Then" Matrix in ANNEX 6.

Given Nigeria's designation as a Fragile and Conflict Affected State in early-2020, the country is now fully eligible to access the IDA-IFC-MIGA Private Sector Window (PSW). This IDA19 instrument is a tool to deploy blended concessional finance to support high-impact projects in IDA-eligible conflict-affected states unable to attract financing on strictly commercial terms. It addresses the need to mitigate risks to private sector investment in order to expand its scale. PSW is deployed through several facilities of IFC and MIGA and is supported by IFC's Creating Markets Advisory Window which will fund activities that help open and develop sectors as well as support companies to improve their operations and meet the rigorous standards of IFC. With the support of the IDA PSW, MIGA will aim to deploy its political risk guarantees to de-risk cross-border investment.

Nigeria's first IDA-PSW-approved project was a risk-sharing facility of up to US$25 million equivalent in local currency to Union Bank of Nigeria. The facility supports Union Bank's expansion of its business to SMEs in the Northern part of Nigeria and in the Niger Delta, regions which are significantly underserved by commercial banks compared to the Southern regions. Efforts are under way to identify further opportunities for potential use of the IDA PSW in the poorer and more fragile northern states. The IDA-PSW was also deployed to support the IFC Fast-Track COVID response facility. Several Nigerian banks qualified using the funds to buttress their trade and working-capital requirements for SME clients severely impacted by the crisis. During the CPF period, IFC and MIGA will aim to deploy the IDA-PSW across several sectors including power, manufacturing, logistics, agribusiness and microfinance.

Regional integration

117. **As the largest economy in SSA, Nigeria can play a leading role in promoting economic integration on the continent.** The WBG will support sustained dialogue among policy influencers and the private sector in Nigeria to sharpen awareness and strengthen coalitions for action on common development challenges within and across countries. Nigeria's signing of the Africa Continental Free Trade Agreement (AfCFTA) in July 2019 signals that the country can take a more active role to drive greater trade, financial, digital, and energy integration, and the development of regional value chains, all of which would support the post-COVID recovery. During the CPF period, the WBG will exploit windows of opportunity through regional activities as well as Nigeria-specific programmatic ASA in areas that benefit regional cooperation. Particular areas of focus include: (i) support for implementation of the AfCFTA; (ii) developing connectivity infrastructure and strengthening policy and institutional (trade facilitation) arrangements to enhance trade and investment; and (iii) improving management of shared natural resources through collaborative cross-border institutional arrangements. This latter effort will focus on addressing the drivers of conflict in the Lake Chad region and approaching recovery in a way which recognizes that coordinated action is more likely to bring about sustainable results. WBG operations supporting power and connectivity will have indirect benefits that support regional cooperation.

IV.D. The WHATS of the proposed CPF

Strengthening the foundations of the public sector

ENGAGEMENT	CORE OBJECTIVE	COMPLEMENTARY PRIORITY
Promoting evidence-based policies for macro-financial stability and inclusive growth		Promote use of more reliable and timely data and more evidence-based policies to enhance macro-financial stability and accelerate inclusive growth
Strengthening fiscal management	Increase domestic revenues, improve quality of public expenditures and enhance debt management	
Improving public institutions, systems and governance		Enhance the effectiveness, transparency and accountability of public institutions and systems for service delivery

118. **Strengthening the foundations of Nigeria's public sector is a prerequisite for inclusive growth and poverty reduction**. This involves enhancing macro-financial resilience, strengthening fiscal management, and effective public sector governance to uphold the rule of law and deliver quality public services. Macro-financial stability, and the ability to access foreign exchange for profit repatriation, is essential to attract and retain private investment and FDI. Fiscal sustainability is critical to the Government's ability to fund its policies and programs to promote inclusive growth. Meanwhile, greater public sector transparency and accountability would build trust among citizens, investors, creditors, and within the tiers of government. Quality data support improved transparency and accountability as well as informed policymaking, leading to more effective use of public funds. The first pillar of the CPF focuses on the three engagements highlighted in the table above. Across these engagements, there is one core CPF objective (increase domestic revenues, improve quality of public expenditures, and enhance debt management) and two complementary priorities, as described below.

CORE OBJECTIVE 1:	Strengthen fiscal management—increase domestic revenues, improve quality of public expenditures and enhance debt management.

119. **Higher oil and non-oil revenues, better-quality spending (including the reduction of costly subsidies), and improved debt management will allow the Government to invest in its people and deliver better development outcomes.** In 2019, the Government raised only 4 percent of GDP in non-oil revenues, and total government revenues, including oil revenues, were only about 8 percent of GDP. With COVID-19, revenues are expected to fall by 2 percent of GDP in 2020. To fill the financial gap, public debt is growing and although its stock remains at a modest level by international comparison, in 2019 about 60 percent of Federal Government revenues were used for interest payments on outstanding debts. Implementation of tax policy reforms to facilitate effective, yet equitable, taxation is a key priority. Similarly, improved administrative capacities (including in the oil sector), and stronger analytical capacities at relevant MDAs, would help increase revenues.

120. **During the CPF period, the WBG will scale-up its support to the Government in the revenue, expenditure, and debt areas, at federal and state levels, through a combination of operations and ASAs.** Policy-based budget support under consideration aims to support the Federal Government's response to COVID-19, the resulting economic disruptions, and the financing imbalances arising from a sudden increase in expenditure needs coupled with a steep decline in fiscal revenues. The policy dialogue focuses on three critical areas: (i) safeguarding revenues and financing flows, including exchange-rate harmonization; (ii) reprioritizing spending and strengthening expenditure and debt management; and (iii) enhancing macroeconomic and financial sector stability. The WBG lending program also includes the SFTAS PforR which will help address poor accountability in Nigeria's fiscal federalism framework, enhance the quality and sustainability of public expenditures, and support the 36 States of Nigeria to protect key state government functions and sustain a strong pro-poor fiscal response to mitigate the impact of COVID-19 and the associated fiscal crisis; and strengthen fiscal transparency, accountability, and sustainability in the participating states. Moreover, the Fiscal Governance and Institutions Project (FGIP, P163540) will continue to help improve the credibility of public finance and national statistics, while strengthening domestic resource mobilization through work on tax policy, preparation and evaluation of tax expenditures, reform of tax administration and VAT compliance enhancement. Support for improved revenue mobilization through FGIP will be complemented by advisory support and analytics under the ASA sub-task on Domestic Revenue Mobilization Reform (P173409).

121. **The operational dialogue is being complemented with ASA**. On the revenue side, the Fiscal and Debt PASA is helping to design and implement tax reforms, strengthen tax administration at both federal and state levels, and improve revenue forecasting. Through a Public Expenditure Review, the WBG will support the Government to assess the effectiveness and efficiency of public expenditures, with deep dives in areas related to human capital development, to help the Government to make informed budget-allocation decisions. On the debt side, the WBG is intensifying support to the Debt Management Office (DMO) to strengthen its institutional capacities to effectively help implement the SDFP and improve the management of fiscal risks. WBG engagement on this objective will build on its strong collaboration with government institutions to support the design of new policies and programs. The WBG will also intensify its outreach efforts to bring available evidence more proactively to key stakeholders in Nigeria.

COMPLEMENTARY PRIORITY 1:	Promote use of more reliable and timely data and more evidence-based policies to enhance macro-financial stability and accelerate inclusive growth

122. **Government priorities to strengthen macro-financial resilience and accelerate inclusive growth include**: (i) more transparent exchange-rate management that reflects market fundamentals; (ii) an enhanced banking resolution framework and improved development finance interventions by the CBN; (iii) an enhanced fiscal responsibility framework; and (iv) enhanced data availability, reliability, and analysis to better inform policies for inclusive growth.

123. **On all these issues, the WBG will engage actively through operations and programmatic ASAs**. On the operational side, DPO-supported reforms will boost investor confidence, laying the foundation for more inclusive growth. Meanwhile, the Macro-Financial Stability and Inclusive Growth PASA will combine regular assessments of macro-micro dynamics (e.g., Nigeria Development Update, modular poverty assessment briefs), with in-depth analytics on trade, oil sector governance, financial sector stability, and distributional impacts of policy. This PASA will also provide medium-term technical assistance on macroeconomic modeling, banking supervision, and data systems and processes to support more evidence-based policymaking. Given that data availability and reliability is a major constraint in Nigeria, the WBG will scale-up its support to the National Bureau of Statistics and the Federal Ministry of Finance, Budget to improve the design, collection, and analysis of core national surveys. To maximize their impact, programmatic ASAs will be designed so that they can be adapted and respond to government demand.

COMPLEMENTARY PRIORITY 2:	Enhance the effectiveness, transparency and accountability of public institutions and systems for service delivery

124. **Lack of good governance, including federal-state and state-local government coordination, transparency, and accountability, undermines the successful delivery of public services.** Improving the effectiveness of the public sector to deliver broad-based public goods and services is a foundational element to achieve other objectives. This complementary priority aims to strengthen the social contract between the government and people through better delivery of public services. Scale is of the essence given the vast needs of the population, and necessitates stronger coordination and collaboration among the three tiers of government. Equally important is clarity of expenditure responsibilities among the Federal, state, and local governments to avoid duplication and ensure strategic alignment with national goals and aspirations. COVID-19 has tested Nigeria's systems of public administration in unprecedented ways, but also offers potential to fast-track adoption of reforms including digital technologies and more virtual ways of working.

125. **During the CPF period, the WBG will engage with all tiers of government through a program of ASA to modernize and strengthen public sector governance, institutions and systems to deliver public services effectively and to restart, recover and build resilience.** This complementary priority builds upon existing avenues for citizen engagement through participatory planning and consultative budget formulation to provide the public with the means to understand how government is delivering plans in the national interest. The Sustainable Procurement, Environmental and Social Standards Enhancement Project (SPESSE, P169405) will enhance the use of digital technologies for government procurement systems. The Public Institutions, Systems and Governance to Support Transparent, Responsive, Accountable Government Institutions for Service Delivery PASA (P175200) will focus on helping the government deliver quality services through effective, transparent, and accountable implementation of government policies and programs, working collaboratively with other stakeholders, and leveraging GovTech best practices. The Open Government Partnership (OGP) program will support federal and state governments to adopt multi-stakeholder platforms as a means to be more transparent, accountable, and responsive in their delivery of public services. The Nigeria Social Inclusion and Citizen Engagement PASA (P175445) will foster more strategic,

effective, and coherent approaches to social inclusion, citizen engagement and social accountability across the World Bank's Nigeria portfolio as well as externally.

Investing in human capital

ENGAGEMENT	CORE OBJECTIVE	COMPLEMENTARY PRIORITY
Improving delivery of basic services for human capital development	Increase access to and quality of basic education	
	Improve primary healthcare	
	Increase access to quality water and sanitation services	
	Increase the coverage and effectiveness of social assistance programs	
Harnessing Nigeria's demographic dividend	Economically empower Nigeria's women and girls	Promote youth employment and skills

CORE OBJECTIVE 2:	Increase the access to and quality of basic education

126. **Education is a fundamental building block of human capital.** Our engagement in the provision of basic education will help the Government to meet its ambitious target to reduce the number of out-of-school children (OOS) by half (or by more than 5 million), and for 90 percent of school-age children to be in school by 2024. Considering population growth, to achieve this target the school system will need to add 12 million more places; which requires a 30-percent expansion of existing capacity, more than double the rate at which places in school have expanded since 2015. The main project for delivering on this vision is the BESDA PforR, which is being implemented in 17 states. BESDA builds on lessons learned from previous projects, using innovative approaches including the incorporation of Islamic schools into the school system, and more recent support to reopen schools that closed due to COVID-19. In addition to BESDA, the AGILE Project will amplify the focus on adolescent girls' education, from the perspective of our parallel engagement to harness Nigeria's demographic dividend.

127. **WBG support will also focus on improving educational quality by addressing shortcomings in the overall learning environment**. Deficits include under-resourced classrooms and a lack of teachers with basic necessary knowledge and pedagogical competence. These challenges will be addressed through support to make teachers more effective, implement early-grade reading to improve literacy, enhance the transparency and efficiency of government resource utilization in basic education, and empower administrators to manage the education system for results by making school-system data (enrollment, school conditions, and learning) available. The Edo Basic Education Sector and Skills Transformation Operation (Edo BESST, P169921) will build on IFC investments in a private education provider under the last CPS, expanding the model to a state school system. The medium-to-long-term impacts of COVID-19 school closures on learning outcomes are yet to be fully assessed. Edo BESST is also trialing innovative approaches to keep children in school through remote learning approaches to address the constraints of school closures. A programmatic ASA to support ongoing policy dialogue in this sector will help the Government to better understand the drivers of low enrollment and poor educational quality, as well as to understand the funds flow and accountability arrangements across Federal and state levels of government. This will help the Federal Government better structure incentives for improved financing, support, and supervision of state government-run public schools.

CORE OBJECTIVE 3:	Improve primary healthcare

128. **Primary health care and nutrition is an equally important building block of human capital.** Nigeria's under-five mortality rate is 132 deaths per 1,000 live births, one of the highest in the world. Stunting, which is also widespread, reduces the likelihood of children going on to realize their full employment potential. Inadequate attention to improving service delivery at the primary care level has led to minimal progress in increasing the coverage, utilization, and quality of care of most critical reproductive, maternal, nutrition, and child health (RMNCH) services. The exceptions are in malaria prevention, immunization coverage, antenatal care, and polio eradication in the country, where some recent improvements have occurred.

129. **At the close of the last CPS, investments in primary health care represented a significant percentage of WBG investments in Nigeria.** However, they were fragmented across multiple projects, focused on different aspects of primary health care delivery or focused on vertical programs. Under the CPF, WBG engagement will be increasingly consolidated - the main financing vehicle will be the Improved Child Survival Program for Human Capital MPA (IMPACT, P167156), a ten-year programmatic investment focused on reducing under-five mortality. IMPACT will support our engagement in improving the quality and coverage of public health services, and sustainable financing for a package of basic health services through the basic health care provision fund. The Accelerating Nutrition Results in Nigeria Project (ANRiN, P162069) supports implementation of a package of nutrition services in selected states, the first time these services have been offered in Nigeria. Along with lending, the WBG will continue supporting the Federal and state governments with a complementary focus on nutrition through a multi-sectoral program of services.

130. **Complementary analytical and policy dialogue will focus on improving health financing, nutrition, and accelerating the demographic dividend under the Programmatic ASA on Basic Service Provision and Safety Nets.** The WBG will continue to support Nigeria's COVID response and surveillance efforts through the Regional REDISSE II, and Nigeria COVID-19 Preparedness and Response Project (COPREP, P173980) to ensure that the gains in human capital are not reversed.

131. **The combined efforts of IFC and World Bank during the CPS period made a significant contribution to the adoption of policies supporting universal basic health care coverage, alleviating the heavy reliance on out-of-pocket spending**. IFC will build on its support under the Health in Africa program with advisory and investment activities in both greenfield and brownfield primary healthcare facilities to foster best practices in health care and life sciences, promote the deployment of innovative technologies, and advance quality care. IFC's Healthcare Quality Assessment Tool helps clients improve patient safety and align with current best practices, and will continue to be shared with both private and public healthcare providers.

CORE OBJECTIVE 4: Increase access to basic water and sanitation services

132. **A more water-secure Nigeria will drive economic growth, support human capital, and build resilience, while supporting improved health and nutrition outcomes through better sanitation**. Nigeria's water supply, sanitation, and hygiene (WASH) sector is in critical condition, inhibiting both economic and human capital development, especially for the poor. Low investment levels, weak regulation, and poor coordination of Federal- and state-financed investments degrade efficiency in public expenditure. To address these challenges, the President of Nigeria declared a State of Emergency in 2018 and launched the National Action Plan for the Revitalization of Nigeria's Water, Sanitation, and Hygiene Sector aimed at ensuring universal access to sustainable and safely managed WASH services by 2030, commensurate with the Sustainable Development Goals (SDGs). The World Bank played a central role in developing the

National Action Plan and will build on this policy engagement during the CPF period through a first phase of investment lending.

133. **World Bank engagement will focus on both institutional reforms and investments.** In specific states the focus will be on supporting institutional reforms and infrastructure investments to improve WASH outcomes on the ground, while at the Federal level we aim to support federal policies, capacities, and programs to guide, incentivize and oversee WASH sector reform and development by all States. This engagement will be operationalized through: (i) expanded and elevated policy dialogue; (ii) a programmatic series of ASAs to better understand the constraints to service access and sustainability, and (iii) a proposed Sustainable Urban and Rural Water Supply, Sanitation and Hygiene Sector PforR, (SURWASH, P170734) which builds on this analytical work as well as prior operations and is complementary to the Bank's engagements in the Health and Education sectors. This PforR program will facilitate a cultural shift towards results orientation that incentivizes service delivery to citizens and fosters greater accountability between policy makers, service providers, and citizens, resulting in strengthened policies and institutional capacity. Alongside investment in necessary infrastructure to improve systems functionality, these changes will increase access to water, sanitation, and hygiene services in select urban and rural communities and small towns and promote sector sustainability.

CORE OBJECTIVE 5: Increase the coverage and effectiveness of social assistance programs

134. **Social assistance programs are essential for addressing poverty, vulnerability, inequality, human capital deficiencies, and the effects of adverse shocks**. Their value has been greatly amplified by the COVID-19 crisis. However, Nigeria spends little on social assistance programs, and its programs cover small fractions of their target populations.[36]

135. **Key priorities for social safety nets include establishing a well-financed and fiscally sustainable social protection system**. This will be achieved through better channeling of oil and non-oil revenues; strengthening coordination and alignment across the federal, state, and local levels; building state-level capacity for program delivery at scale; and developing a common delivery platform for programs implemented by different ministries and agencies and at different levels of government.

136. **Improving the performance of social assistance programs requires specific design and implementation efforts**. The system should be shock-resilient and -responsive and it should also gather and use credible, up-to-date, and relevant information for program design, implementation, and reform. Effort is also needed to develop and implement a coherent mix of social assistance programs which offer adequate, regular, and well-targeted benefits, as well as create well-defined links between social assistance programs and social insurance programs, labor market programs, and nutrition, education, and health services.

137. **Two operations in the program will support the Government's vision for scaling up social safety nets.** World Bank scale-up of the National Social Safety Net Project (P151488) and CARES aims to respond to COVID-19 in the first phase of the CPF period. Consistent with Government's vision, World Bank operational programming in the second phase of the CPF period will seek to promote the priorities for longer-term policy and institutional reforms and program effectiveness, led by complementary policy engagement, technical assistance, and ASA.

[36] In the recent years, annual government outlay on social assistance programs is estimated at 0.3 percent of national income. In 2018/19, 1.6 percent of Nigerians lived in a household covered by the National Social Safety Net Project, and the share of individuals living in households receiving benefits (in cash or in kind) from most other programs was even lower.

CORE OBJECTIVE 6:	Empower women and girls by increasing their human capital and economic opportunities

138. **Whereas child survival has improved in Nigeria, declines in fertility have been slow**. In many parts of the country fertility has not declined at all. Within this context, a high *adolescent fertility rate* has serious implications for economic growth. Approximately 23.4 percent of girls between the ages of 15–19 are already married, and 19 percent are already mothers or pregnant with their first child. We will support a policy agenda that prioritizes a well-financed, multisectoral policy and service delivery response that cuts across multiple key line ministries and has high-level commitment and leadership. Priority will be given to strengthening education systems, especially for girls and expansion of service delivery to provide women and couples with access to and information about contraceptive methods.

139. **Empowering women and girls makes good economic sense**. When women become more productive, this boosts the economy's productivity, households' incomes, and individuals' well-being. Recent analyses estimate that total foregone earnings stemming from gender gaps in agricultural productivity, firm profits, and wage earnings amount to at least US$9.3 billion, or 2.3 percent of GDP, and could be as high as 5.8 percent of GDP or US$22.9 billion.[37] Nigerian women and girls continue to be significantly disadvantaged, particularly in northern regions, where only 30 percent of girls attend secondary school and around 60 percent of girls get married before age 19. This objective aims to support the Government to deploy programs and implement reforms that economically empower women and girls, with a special focus on the northern regions.

140. **Our engagement will be framed around the 4Es (Empower, Enhance, Employ, Educate) of the Africa Human Capital Plan.**[38] This will be implemented by deepening on-going and planned analytical and policy engagements, including through an umbrella programmatic ASA, and a large-scale financing investment. The AGILE Project seeks to improve adolescent girls' access to secondary education and empowerment, by supporting government to use education to unlock binding demand- and supply-side constraints to girls' empowerment, particularly in northern Nigeria. Through the SWAG Programmatic ASA supported by a Multi-Donor Trust Fund (MDTF), we will finance a range of upstream analytics and pilot programs aimed at identifying how the Government can advance this important policy objective. Activities financed under the programmatic ASA include building on impact evaluations under the Nigeria Gender Innovation Lab; piloting innovative instruments to unlock commercial financing for women entrepreneurs under the WeFi Initiative; providing capacity development and technical support, and advocacy support for the policy agenda by establishing a network of parliamentarians, religious and traditional leaders, and civil society organizations under the Demographic Dividend ASA, a sub-task under the SWAG PASA. The MDTF and PASA provide a platform for coordinated financing and analytic work to improve human capital development and socio-economic status of women and girls, and the wellbeing and life trajectory of adolescent girls in northern Nigeria.

141. **IFC will direct a suite of cross-cutting sectoral programs to enhance the role of women in the workplace**. Supported by IFC's Gender and Economic Inclusion efforts, an initiative targeting women in supply chains of fast-moving consumer goods (FMCG) companies, the Women's Insurance Program, the Nigeria2Equal and the Women in Banking Program will be replicated and scaled up during the CPF period.

COMPLEMENTARY PRIORITY 3:	Promote youth employment and skills

[37] World Bank (forthcoming). Nigeria Gender Diagnostic
[38] http://pubdocs.worldbank.org/en/562231555089594602/HCP-Africa-Plan.pdf

142. **With the number of adolescents set to grow from 41 million today to 84 million by 2050, Nigeria could capitalize on its large youthful population to accelerate growth**. The objective is to promote youth employment and skills to help Nigeria realize this potential demographic dividend.

143. **Throughout the CPF period, the World Bank will continue supporting the Government's efforts to equip youth with market-relevant skills at all levels and to create pathways to employment by leveraging the digital economy**. At the operational level, this will involve capitalizing on the existing engagement in the higher education sector and include new engagements in the vocational education and digital skills space. Building on the regional higher education platforms, Nigeria's participation in the regional Africa Centers of Excellence (ACE) Project (P169064) and the IMPACT Project allows Nigeria to build a critical mass for leading-edge research and training of high-level academics and researchers to find solutions for urgent national and global challenges such as COVID-19. In the TVET space, the Innovation Development and Effectiveness in the Acquisition of Skills Project (IDEAS, P166239) will support critical interventions to transform the skills development system by engaging employers in design and delivery of programs and to equip youth with relevant skills for the entire Nigerian labor market spanning the informal sector to dynamic industrial production. The World Bank will also support Federal and state initiatives in digital skills development and entrepreneurship. The Edo Basic Education Sector and Skills Transformation Operation (BESST, P169921) will strengthen and expand the state's digital skills and entrepreneurship (Edo Innovates) initiatives. At the policy level, the World Bank will help the Government to develop a certification framework and policies to systemically align digital skills development in Nigeria with the needs of a dynamic global digital economy (Digital Skills PASA), and support the Government to better understand and benefit from the potential of labor migration and skills partnerships to provide more and better jobs for Nigerian youth in the overseas labor market (Employment, Skills Partnerships, and Labor Migration in Nigeria ASA), including opportunities for managed international labor migration.

Promoting jobs and economic transformation and diversification

ENGAGEMENT	CORE OBJECTIVE	COMPLEMENTARY PRIORITY
Catalyzing private investment and economic diversification	Promote financial deepening and inclusion	Further business enabling reforms and support development of competitive clusters
Addressing critical infrastructure deficits	Increase access to reliable and sustainable power for households and firms	Enhance connectivity and support development of economic corridors and cities as livable growth poles
Laying the foundations for a digital economy	Develop digital infrastructure, platforms and skills	

144. **Nigeria needs to grow much faster to create jobs and economic opportunities to absorb the youth bulge and avoid the risk of social instability**. Responsible for an estimated 90 percent of GDP and 94 percent of jobs in Nigeria, the private sector is the only option for creating job-enhancing growth. To make that possible, the Government has a critical role in creating a regulatory and institutional environment that promotes economic transformation so that resources are allocated to the most productive uses. Beyond macro-financial stability, this will require improvements in three key areas. First is promoting financial deepening, innovation and inclusivity, especially increasing access to sustainable, long-term finance for MSMEs. Second is addressing critical infrastructure needs, most crucially access to reliable and sustainable power. The third is developing digital infrastructure, platforms, financial products and skills. In addition to these three core objectives, two complementary priorities would support economic transformation and diversification: business-enabling reforms and support for the development of competitive

clusters, and enhanced connectivity and support for the development of economic corridors and cities as livable growth poles.

CORE OBJECTIVE 7: Promote financial deepening and inclusion

145. **Numerous surveys indicate limited access to finance is a key constraint for investment and accelerating private-sector-led growth, especially for MSMEs**. Over 50 percent of firms in Nigeria rely on internal financing for investments. One important dimension of lack of access to finance is the limited availability of long-term local currency financing, which severely constrains capital and infrastructure investments. Another is the need for an improved framework for the resolution of bad debt. The objective also addresses the use of mobile technologies to expand access to financial services, including to those without bank accounts in poorer and remote areas. Access to capital has been identified as a critical driver of the gender gap in firm performance[39]. For both MSMEs and individuals, specific constraints to women's access to finance will be carefully considered in program design.

146. **The WBG program will integrate previous project-level interventions more closely with a broader, and more upstream, policy dialogue on macro-financial policy**. A key constraint is the current monetary and foreign exchange management policies in Nigeria, which focus narrowly on maintaining the nominal exchange rate to US dollars. This severely limits the market's ability to facilitate long-term debt financing to the private sector, as market participants (borrowers and investors) cannot ascertain appropriate local currency interest rates that reflect inflation and currency depreciation risks over the long-term. Such uncertainty also limits Nigeria's attractiveness to foreign investors. During the CPF period, the WBG will intensify policy dialogue with the CBN, the Securities and Exchange Commission (SEC), and other relevant authorities to help them implement more conducive policies for financing deepening and inclusion. This dialogue is being supported by the proposed DPO (P173993) and will be complemented by a Programmatic ASA on Financial Sector Development (P175200). IFC will implement a capital markets development project to promote opportunities to raise local currency and provide advisory support and extension of credit to financial institutions to target more lending to MSMEs, women, and underserved areas of the country. In addition, IFC will provide advisory support to enhance the insolvency resolution framework, digital financial infrastructure, fintech, and credit infrastructure (movable collateral registry and credit scoring). In many cases, these will be designed as separate investment and advisory engagements with individual firms; others will be market-led interventions. Finally, IFC will also provide advisory support for non-banking financial activities such as leasing and insurance sectors targeting smallholder farmers and other underserved economic groups (including index weather insurance under the SSA Index Insurance Project). MIGA's guarantee in the financial sector will support opportunities for increased lending to the private sector.

CORE OBJECTIVE 8: Increase access to reliable and sustainable power for households and firms

147. **Nigeria's power sector is in crisis; annual economic losses due to unreliable power supply are estimated at US$28 billion with an implicit fiscal burden to the Government reaching US$1.5 billion annually.** In studies carried out by the WBG as well as in consultations conducted for this CPF, lack of reliable power supply consistently tops the list of constraints to fostering vibrant private-sector businesses. The aim of this objective is twofold: to restore fiscal sustainability of the power sector, and to improve availability and access to power. The Government's Power Sector Reform Program (PRSP) aims at restoring the financial viability of

[39] World Bank (forthcoming), Nigeria Gender Diagnostic

the sector and improving power supply. The WBG has been engaged with Government to support the PRSP for several years and has provided significant investment financing for transmission and energy access. But progress on fundamental sectoral reforms has been slow, stalling at key junctures as disagreements among Nigerian stakeholders surfaced. The main lesson from the past engagement is the need for a more in-depth upstream engagement with a broader range of stakeholders so as to build consensus around the policy directions and pre-requisites for a sustainable turnaround of the power sector. That consensus had been taking shape slowly. The COVID crisis and the associated fiscal pressures added a sense of urgency that helped to consolidate the consensus among the very top circles of Government on the needed reforms, resulting in important steps[40] including raising electricity tariffs in September 2020 to cover 80 percent of costs as a first step to help restore financial sustainability of the sector. These and other actions represent real implementation progress and meaningful momentum for sector reform during the CPF period.

148. **The WBG will support the objective of increased access to reliable power with ongoing and new operations, as well as ASAs**. Sector issues will be addressed through planned programmatic financing involving a series of operations under two streams. The first focuses on strengthening *policy, regulatory, contractual, and financing conditions* for power sector companies to improve performance through the Power Sector Recovery PforR (P164001). The PSR PforR will ensure adequate financing of the approved tariff shortfalls for the distribution segment of the power sector's value chain, as this segment represents the largest constraint to service delivery. The second stream builds on MFD principles and envisages lending to distribution companies by providing seed financing for improved operation and performance through the proposed Nigeria Distribution Sector Recovery PforR (DISREP, P172891), but linked to timely implementation of PSRP PforR. As part of this second stream, subject to stronger prospects for a turn-around of the distribution companies, IFC will explore scope for investing in them. IFC will also provide advisory support under an umbrella advisory project involving the PPP, Corporate Governance and Infrastructure Departments (and potentially investments) to power distribution companies, as well as investments in off-grid solar power and other renewable power generation options. MIGA is already providing guarantees for investments in power generation. With the implementation of the PSRP, IFC can significantly scale up its support for the sector with a substantial investment program in the coming years. Working closely with IFC, MIGA will explore opportunities to further scale up its support in the power sector.

149. **Improved performance of the distribution sector during the CPF period will accelerate closing the electricity access gap, which currently stands at 40 percent of the Nigerian population**. Power sector engagement will address an increase in grid and off-grid connections for urban, peri-urban, and rural populations, industrial and commercial consumers and public institutions. A programmatic ASA on power will provide targeted, just-in-time analytics and technical assistance in support of this objective.

CORE OBJECTIVE 9: Develop digital infrastructure, platforms and skills

150. **Laying the foundations for a digital economy and leveraging digital solutions across all sectors could increase economic growth and diversification, boost competitiveness, open markets for SMEs, overcome barriers of distance, and increase access and reduce costs of service delivery.** This objective has multiple aims: increased use of digital platforms for government services to improve transparency and efficiency, increased use of mobile platforms

[40] Other important steps toward reform include: acknowledgement by the FGN of its responsibility for tariff shortfall liabilities, starting an assessment of options of removing these from the books of the distribution companies; and selecting a standby management team to step in and takeover DISCO management in the event of license revocation resulting from PSRP-related infractions.

to broaden access to finance, and more people with the necessary skills to take advantage of new digital technologies. The ultimate objective is that the Nigerian people are able to use digital technologies across a range of sectors to accelerate the country's development. The WBG carried out a Nigeria Digital Economy Diagnostic in 2019[41] and identified four key areas in which the digital economy can play an increasingly important role in addressing Nigeria's development challenges: digital infrastructure, e-government, digital finance, and digital skills. Based in large part on the findings of the Digital Economy Diagnostic, in late 2019, Government unveiled its Digital Economy Policy and Strategy indicating its commitment to regulatory reforms to , including introducing digital ID (with support from a WBG operation), introduction of digital services and e-procurement reforms (which are a DLI under SFTAS), and adoption of a data privacy law. Boosting broadband penetration is a critical prerequisite for progress on other pillars. Deficiencies in the national fiber optic backbone and access infrastructure inhibit the provision of high-quality digital public services and require a combination of sustained reforms and significant investment. Lessons from past engagements demonstrate the importance of a multi-disciplinary approach to supporting the Government to lay the foundations for the digital economy and leverage digital solutions across government, hence the critical role played by our upstream policy engagement through a programmatic ASA.

151. **During the CPF period, the WBG will systematically seek out opportunities across the program to leverage the digital economy**. The most notable WBG investment under this objective to date is the Nigeria Digital Identification for Development Project (ID4D, P167183); which supports the Government to use digital technologies to establish a national ID system that is more cost-efficient to operate and broadens reach. IFC will engage with tech-enabled companies across the country to support the digital entrepreneurship ecosystem. Knowledge acquired through these interactions will inform the development of engagements during the CPF period. The Nigeria Digital Transformation Programmatic ASA (P171790) is a multi-GP engagement covering all WBG digital economy pillars (infrastructure, public platforms, financial services, entrepreneurship, and skills) that will serve as a platform for policy dialogue on demand-side and supply-side factors. On the demand side, future WBG lending could aim at increasing digital inclusion and strengthen the enabling environment for digital technology adoption and capabilities. IFC will also consider investments in the supply side of broadband infrastructure. MIGA will explore support for cross-border investments in digital infrastructure and other areas connected to the digital economy.

COMPLEMENTARY PRIORITY 4:	Further business enabling reforms and support development of competitive clusters

152. **Nigeria has gradually but steadily implemented a series of regulatory reforms which have led to progress in its investment climate, but there is room for improvement**. This complementary priority aims to support Nigeria to provide a conducive environment for businesses to flourish, offer gainful employment, and become more competitive at the national, regional, and global levels. Beyond business regulations, policymakers are increasingly asking if Nigeria needs to make focused interventions to develop select industrial sectors/clusters in an accelerated manner. As noted in the CPSD, these clusters would not only focus on export industries but also explore opportunities to supply Nigeria's large domestic market, competing with imports. Competition and trade policies will be an integral part of such policies and programs, and the WBG can play a unique role in ensuring cluster development efforts are well anchored in sound broader development policies to have the desired impact on inclusive growth and poverty reduction. In developing strategies for competitive clusters, the WBG will build on the CPSD to

[41] https://openknowledge.worldbank.org/handle/10986/32743

carry out deep dives in the areas in which Nigeria has or may develop a competitive edge, such as mining, agribusiness, resource-based manufacturing (e.g., petrochemicals, leather, construction materials), the digital economy and housing construction.

153. **In supporting further business environment reforms, the WBG will deploy a combination of strategic partnerships, ASA and results-based lending.** Building on a well-developed partnership with the Presidential Enabling Business Environment Council (PEBEC) at the Federal level and with select reform-minded states, such as Kaduna State; the WBG has been working through ASA and lending (Kaduna State Economic Transformation PforR - P161998), as well as an IFC advisory engagement, Nigeria Improving Business Environment for Prosperity (NIBEP), to deepen the impact of our work on business-enabling reforms. An increasing number of states are learning from these experiences and a healthy competition is developing among them to foster a better business-enabling environment at the state level. Under the CPF, the WBG envisages scaling impact through more integrated engagements, by shifting from state-by-state engagements to multi-state engagements which stimulate constructive competition among states, collaboration between Federal and state agencies, and peer-to-peer learning among states. This could lead to a new nationwide business-enabling reforms lending program.

154. **Contributions of the entire WBG can be harnessed to support this complementary priority.** IFC will provide advisory support on the legal framework for special economic zones (SEZ) under the Upstream SEZ Project in West Africa (UPSEZWA) and sectoral investments with a high impact on economic transformation (including support for Chemicals4Growth initiative). MIGA provided coverage to CNG (Nigeria) Investment Ltd and China Development Bank to invest in the China Glass project; a glass manufacturing plant in Ogun Free Zone. In addition to enhancing local employment throughout the glass value chain, the project enterprise is expected to diversify the country's growth in the non-oil sector, create import-substitution opportunities through the domestic production of currently imported float glass, and increase the country's potential foreign currency earnings through exports to neighboring countries. On-going and planned ASAs and lending projects in agribusiness, mining, and petroleum sector governance will provide sectoral insights to develop competitive clusters with prospects for becoming engines for Nigeria's future economic growth. MIGA will be open to supporting cross-border investment and lending in digital infrastructure and other areas connected to the digital economy.

COMPLEMENTARY PRIORITY 5:	Enhance connectivity and support development of economic corridors and cities as livable growth poles

155. **Urban centers, which have been the locomotive of economic growth, suffer from deteriorating living conditions as urban infrastructure cannot keep pace with population growth**. Given the vast investment need, it is critical for Nigeria to set priorities, get the most out of the public infrastructure investment and maintenance budget, and mobilize private-sector funds where possible. This complementary priority aims to support integrated infrastructure development plans that facilitate active economic corridors and sound urban development. Poor connectivity, both across borders and within the country, severely limits Nigerian firms' ability to grow. This is especially the case for businesses in remote rural areas, which are disadvantaged by spatial remoteness, poor transport conditions, and low access to the power grid and telecommunications. The country is yet to develop cross-state border transport and freight corridors. Resolving Nigeria's connectivity and corridor issues will require a multi-pronged approach, involving developing a strategy for providing connectivity infrastructure, using an optimum multi-modal combination, and managing existing assets. Urban development plans need to be integrated when developing strategies for addressing connectivity and corridor issues, as improved connectivity may result in large waves of urban migration, in search of economic opportunities. Urban centers such as the Lagos metropolitan area, which has been leading

Nigeria's economic growth, increasingly face challenges in providing adequate public infrastructures and services to their growing populations.

156. **Under the CPF, the WBG will focus on supporting the Government to develop a strategy to enhance mobility for people, goods, and services, integrating economic corridors and urban development plans**. Given the vast financing needs to meet this complementary priority, the WBG's role needs to be more of an advisor than that of a financier; perhaps playing a catalytic role in mobilizing private-sector investments. IFC will also work with the Government to explore opportunities where private sector solutions can be utilized for the provision of necessary connectivity infrastructure. MIGA will work together with the World Bank and IFC to support and de-risk private sector solutions in this area. These engagements will be closely coordinated with those on the development of competitive clusters and digital infrastructure.

Enhancing resilience

ENGAGEMENT	CORE OBJECTIVE	COMPLEMENTARY PRIORITY
Transforming agriculture and enhancing climate resilience	Enhance climatic resilience	Modernize agriculture
Reducing fragility in conflict hot spots	Reduce fragility in the Northeast and other areas affected by conflict	

157. The fourth pillar of the CPF addresses the challenge of reducing fragility and enhancing resilience.

COMPLEMENTARY PRIORITY 6:	Modernize agriculture.

158. **Transforming the agriculture sector will help drive inclusive growth and generate more and better jobs to reduce poverty.** This complementary priority objective is to help Nigeria modernize agriculture and increase value-added per agricultural worker. Nigeria is still at early stages of agricultural transformation. Progress has been slow due to several factors, including fragmentation of agricultural value chains where farmers produce without a full understanding of the needs of industrial and consumer markets. Persistently low productivity in primary agriculture has made domestic value chains less competitive, resulting in a large volume of food imports. In addition, the enabling environment for agriculture and agribusinesses remains weak and continues to limit private investments in agricultural value chains, leading to the use of public expenditures to finance private agricultural assets. There are also significant gender gaps, with women facing numerous constraints that disproportionately impede their productivity as farmers and restrict their ability to engage in agribusiness. Among farmers, these constraints include gender gaps in crop choice, access to productive farm labor, and access to productive non-labor inputs such as fertilizer. In self-employment, where support could help women increase their incomes from agribusiness activities, key gender constraints include women's lower access to capital/finance, skills, and sex segregation with women operating in lower-paying sectors and segments of the value chain.[42]

159. **The WBG will seek to support Nigeria's efforts to transform the agriculture sector**. We aim to: (i) catalyze the development of agricultural value chains, with a specific focus on constraints facing women; and (ii) support policy reforms to improve the agribusiness enabling environment. The WBG will contribute to enhancing resilience in agricultural food systems and

[42] World Bank (forthcoming). Nigeria Gender Diagnostic. Washington DC: The World Bank.

livelihoods through supporting the adaptation of food systems to increase food security, reduce the vulnerability of agricultural livelihoods, and improve the management of land, soil, water, and biodiversity. The CPF will support a strategic shift towards programs that: (i) embrace science to develop varieties and breeds that are resilient to climatic shocks; (ii) catalyze supply chains to package and disseminate solutions to farmers at scale; and (iii) facilitate co-generation of knowledge between researchers and farmers so that local agro-climatic resilience challenges can be addressed in a demand-driven and knowledge-intensive manner. The WBG will also seek to catalyze growth-oriented enterprises along agricultural value chains. In primary agriculture, the MFD approach will support innovative models of organizing farmers to increase the adoption of modern technologies that enable them to produce the quality and volumes required by buyers. Lack of reliable energy and rural roads are major challenges in upstream primary production and downstream value addition and marketing. The ongoing ASA on Sources of Growth in Agribusiness Small and Medium-Sized Enterprises in Nigeria (P170620) will aim to identify specific value chains with the greatest potential to create jobs and growth, and models of agribusiness development that are likely to succeed in the Nigerian context. IFC will build on this ASA to identify investment and advisory support for agri-commodities value-addition initiatives to develop domestic demand and increase export revenues.

CORE OBJECTIVE 10: Enhance climate resilience

160. **Extreme weather effects such as floods and heat stress have become more severe and frequent, especially in the northern parts of the country**. These climatic risks have already contributed to declining per-capita food production such that the proportion of the population facing undernutrition increased from 6.5 percent in 2004 to 13.4 percent in 2018. The objective is to support Nigeria to enhance its climate resilience. Natural-resource degradation, erosion, flooding, and pollution have their roots in extreme weather and can amplify poverty and conflict. The costs of environmental degradation on businesses in Nigeria are high with profound impacts on small and medium-sized businesses.

161. **Nigeria has expressed interest in the WBG's global expertise to address the issue of natural resource degradation in fragile areas.** Building on the support provided under the last CPS for urban flood management and erosion and watershed management in the southern delta states, this CPF will focus on increasing the adoption of climate-resilient landscape management practices and enhance livelihoods in targeted arid/semi-arid watersheds in Northern Nigeria through a major new project, Agro-Climatic Resilience in Semi-Arid Landscapes (ACReSAL, P175237). There will be special focus on natural resource-related conflict in catchment areas. The WBG will help support the affected states to address soil erosion, watershed management, and flood management. The aim will be to improve the quality and value generated by the natural resource base, strengthen climate resiliency, and broaden livelihoods in dry, semi-arid regions in selected northern states. The WBG will intensify its support to the Government to implement policy reforms and strengthen agro-climatic resilience and protect natural resources and affected communities.

162. **IFC is investing directly in climate-smart sectors, developing new de-risking and aggregation mechanisms to mainstream climate business in high-growth sectors opening new markets in Nigeria**. These initiatives include investment in clean energy with off-grid solar projects, advisory support for energy efficiency across various sectors, adoption of best practice in green buildings under the EDGE program, and advisory and investment support for commercial banks to deploy bespoke strategies to build climate-smart lending portfolios.

CORE OBJECTIVE 11: Reduce fragility in the North East and other regions affected by conflict

163. **Ongoing fragility, conflict, and insecurity severely affect peoples' access to basic services and constrains human capital development, especially in the North East.** The objective is to enhance service delivery and livelihood opportunities in the North East and other regions characterized by fragility and insecurity. Conflicts between sedentary farmers and pastoralists have also spread and intensified over the past decade due to underlying socio-cultural issues and increased competition over natural resources such as land and water. Today, most of the country is affected by these conflicts and the direct impacts include loss of lives and livelihoods. They also affect the overall economy of Nigeria by disrupting movements of goods and people, as well as negatively affecting Nigeria's attractiveness as a destination of foreign direct investments. Addressing security issues is also a Government priority.

164. **The CPF will focus on the North East and the farmer-herder conflicts**. The North East states of Nigeria are at the epicenter of the Boko Haram and Islamic State in West Africa Province (ISWAP) jihadist insurgencies that have plagued the Lake Chad region. Restoring basic services and rebuilding economic opportunities are critical. There is a specific focus on women, who have been disproportionately affected by forced displacement. In this context, the WBG is currently implementing six separate programs totaling over US$600 million. In line with the WBG's FCV Strategy, the long-term focus is on increasing the capacity and integrity of core institutions to address fragility, conflict and violence. The ability of state governments to restore critical public services is central to restoring the legitimacy of the state and strengthening the social contract between government and citizens. During the 2019 WB-IMF Annual Meetings, the Government of Nigeria expressed its desire to join the Lake Chad Region Recovery and Development Project (PROLAC) and that will help more coordinated and effective interventions. In this context, the WBG will seek closer alignments between PROLAC and the MCRP, and eventually consider integrating them during the CPF period. The MCRP is focused on supporting the Government of Nigeria to rehabilitate and improve critical service delivery infrastructure, improving the livelihood opportunities of conflict and displacement-affected communities, and strengthening social cohesion in the North East participating states of Borno, Yobe and Adamawa. The World Bank will also consider supporting a renewed approach to address the causes and consequences of farmer-herder conflicts. It will prioritize mitigating risks that drive conflict such as climate shocks, economic and social exclusion, and perceptions of grievances and injustice. It will strengthen the sources of resilience and local structures for peace building. Programs will be tailored to minimize competition over natural resources, increase the capacity of local institutions to mitigate conflicts and facilitate recovery, and catalyze economic development through private sector development.

IV.E. The HOWS of implementing the proposed CPF

Approaching our work in terms of engagements

165. **The CPF proposes a more structured programmatic approach to the Nigeria country program by organizing individual tasks around the engagements listed in TABLE 2.** These are framed around the seventeen highest-priority development challenges facing Nigeria. The CPF aims to focus attention where we can make significant progress, at scale, to improve development outcomes at the national level on key indicators, over the next five years. The choice of development challenges to tackle under each engagement area depends on having country counterparts with the appropriate commitment, integrity, and capacity, and the WBG's ability to provide impactful support. Each of the engagements will be defined by a core set of results indicators and a set of tasks, typically involving multiple practices and deploying a strategic mix of instruments (analytics, financing, advisory services). In this way, the CPF envisages to break silos and allow the team and their country counterparts to explore and achieve more impactful cross-cutting development solutions. This approach will sharpen the focus and maximize the

synergies from involving multiple practices and complementary instruments; and deliver fewer, larger, and more impactful programs.

166. **At the core of this engagement approach is a focus on supporting government partners to tackle development challenges, rather than just implementing projects**. The focus on supporting government design and implementation of reforms to foster an enabling environment for private sector-led growth, job creation, and inclusive growth means that impactful ASAs are a key and integral component of this CPF, perhaps even more significant than financing projects. ASAs will be concentrated on a smaller number of key development challenges and support fewer and more impactful engagements. Cross-cutting programmatic ASA provides the vehicle for deliberative periodic review of progress in supporting the Government's efforts and help to better realize potential synergies and thereby maximize impact. Where appropriate, engagements will also be supported by lending. During the CPF period, lending would comprise 4-5 projects each year, with most projects at least US$500 million each, deploying IDA resources. IBRD resources may be used where the Government plans to on-lend to private sector parties in financially viable investment projects. Leveraging other sources of finance, including other donor and private sector resources, to support the delivery of the programs in the engagement areas will also be an important aspect.

Paying particular attention to fiscal and institutional sustainability

167. **Ultimately, the real impact of the CPF depends on whether the reforms introduced with WBG support endure beyond the end of lending operations and ASA/advisory.** In selecting and designing each engagement, we will look carefully at the prospects for both fiscal and institutional sustainability. To ensure *fiscal sustainability* we will look at (i) whether there is high-level political commitment to a reform which is likely to sustain beyond the life of the intervention, (ii) how it is proposed to secure funding for the intervention when WBG financing ends, and (iii) the robustness of Federal-state policy engagements which will be needed to sustain the reform trajectory. To ensure *institutional sustainability*, we will seek to ensure that institutional arrangements to support the intervention are properly embedded in government structures. Examples of operations that meet these objectives are the Power Sector Recovery Program for Results (P164001) and the National Social Safety Nets Project (P151488). Commitment to fiscal and institutional sustainability will be monitored on an ongoing basis. Toward the end of the CPF period, the end of the current Presidential term and the election of state governors may result in changes to governments' budget priorities. The WBG will intensify policy dialogue where reforms may be at risk. Programmatic ASAs will play a key role in facilitating this dialogue.

Relying more on results-based mechanisms

168. **Results-based mechanisms will be critical for increasing the likelihood of impact in the highly decentralized operating context of the Nigeria country program.** These mechanisms are important at the state level because Nigeria's state governments are subject to very little control from the Federal level; and at the Federal level because the complex political and institutional environment creates a relatively weak center of government. In this context, results-based approaches that clarify upfront the incentives and accountability for those entities ultimately responsible for delivery, and disburse ex post only against verified results, provide a measure of risk mitigation. Results-based approaches include, but go well beyond, the use of the PforR instrument; for example using performance-based conditions in investment project financing (IPFs) and requirements for demonstrated commitment by including eligibility criteria or strategically-designed disbursement conditions.

169. **Lessons from the previous CPS suggest close attention to five design characteristics which support results-based approaches to work effectively in Nigeria**. These design elements include: (i) alignment of incentives with those entities and individuals whose actions will determine results; (ii) socialization of performance expectations across political and technical levels; (iii) realism of expected cycles of action, assessment and reward, bearing in mind that results-based mechanisms are a 'repeat game'; (iv) assessment of capacity gaps and provision of appropriate technical assistance to support achievement; (v) use of robust mechanisms for measuring results in a timely way; and (vi) using positive competition to incentivize further achievement. These elements will be incorporated into future operations.

Taking a more structured approach to our engagement with Nigeria's states

170. **Nigerian states play a key role in addressing the country's development priorities**. They are responsible for delivery of basic services including health, education, and water supply and sanitation, as well as providing land access for infrastructure development. Around 70 percent of IDA financing in Nigeria is implemented at the level of Nigeria's 37 state governments with funds either on-lent, or in some cases on-granted, to state governments. Executive Governors in Nigeria possess strong political autonomy and power and can act decisively on or influence development policies in their state. The WBG will focus on a limited set of national development policy objectives that use national platforms implemented across multiple states, with resources allocated in a more structured and transparent way, based on need and demonstrated commitment. Examples of national platforms already in place and being supported through World Bank financing include the SFTAS program, focused on improving states' fiscal management; the AGILE initiative, focused on reducing high rates of adolescent girls not in school; and IMPACT, focused on core public health service delivery. Three planned operations currently under preparation will operate in a similar way: CARES, SURWASH, and ACreSAL.

171. **Operating through national platforms implemented in multiple states does not mean that all states will participate in every program the World Bank finances**. While some development objectives (such as improved fiscal management or providing an economic stimulus for recovery from COVID) apply to all states, other development challenges pertain to a subset of states. In the past, states have sometimes been selected to participate in projects for political reasons but thereafter showed little interest in implementing the project, resulting in funds lying idle. Ensuring maximum development impact from multiple-state platforms will depend on two mechanisms operating effectively. First, there should be a common agreement between the Ministry of Finance and the Executive Governors on a set of transparent *eligibility criteria* to determine which states are technically eligible to participate based on their development need. States should be included in a project only if the state's participation would contribute to a meaningful improvement of that development indicator at the national level. Second, even if a state has a clear need, there should be *selection criteria* that signal demonstrated commitment to reform by that state (and demonstration of ongoing commitment throughout the life of a project). Examples of demonstrated commitment include: meeting minimum performance criteria (as in the case of SFTAS PforR), adopting state legislation needed to establish an enabling environment for reform, or establishing the appropriate institutional framework to implement a reform program.

172. **Institutional arrangements are particularly important in the decentralized context of multi-state projects**. The effectiveness of Federal-state policy coordination varies across sectors and strengthening this coordination will be a critical component of any multi-state project. The design of multi-state operations should pay close attention to ensuring conditions for mutual accountability of Federal and state governments—Federal government for providing the enabling environment and a more level playing field for states, and states for delivering on the results to which they have committed through their participation in the project. The Nigerian Governors

Forum (NGF) will be a critical avenue for engaging Executive Governors in dialogue to clarify selection criteria, socialize performance expectations, publicize comparative performance to encourage healthy competition, and provide an arena for peer-to-peer learning and provision of technical assistance. Careful attention is needed to design results-based mechanisms that maximize the benefits of competition but do not disincentivize those states which start from a lower base and have weaker capacity.

Coordinating more closely with Nigeria's other international development partners and with civil society

173. **Partnerships are a key element of the WBG engagement in Nigeria and are a vital complement to our lending and knowledge work**. We work closely with a wide array of partners including the UN system, bilateral development partners, and the NGO community. Of note is our partnership with the UN system in the North East, our engagement with the Bill and Melinda Gates Foundation and UNICEF in the health sector, and our partnership with the United Kingdom's Foreign Commonwealth and Development Office (FCDO) on governance, particularly in the North East. FCDO and the World Bank have had a strong and productive relationship, with complementary visions for promoting development in Nigeria. This has been pursued through a variety of funding relationships and policy engagements. The World Bank-FCDO Nigeria Program Board has been constituted to provide high-level leadership, direction, and oversight of this wide-ranging partnership, drawing together the setting of a shared strategic direction, and steering programmatic instruments designed to deliver on shared development objectives. The World Bank also supports a vibrant engagement by government with the Open Government Partnership which operates through a multi-stakeholder platform of government and local civil society with participation in multiple states and across several sectors.

174. **The WBG works with partners to leverage lending using grant finance from bilateral donors and private endowments to help scale impacts and share technical expertise.** Since the COVID-19 outbreak, we have been actively engaged with multiple development partners including the UN, US Government, and the Africa Center for Disease Control to coordinate support for the outbreak response, and help ensure WBG lending is leveraging alignment of state responses with Federal Government plans. In the context of fragility and conflict in the North East, the World Bank leverages information exchange with UN agencies to improve our understanding of the dynamic operational situation on the ground (including ensuring states address security risks during implementation), adapt implementation to changing local needs, and align to the humanitarian-development context.

175. **Several of the programmatic ASA which facilitate policy dialogue in each engagement area will be supported by multi-donor trust funds**. An example is the SWAG PASA, which supports activities by Education, Health, Finance and Competitiveness, Gender, Social Development, and Social Protection teams to improve development outcomes for Nigeria's women and girls. Under the World Bank's new framework for trust fund reform,[43] it is proposed that a country-level umbrella trust fund will be established for Nigeria, under which bilateral donors can make country-specific investments to support the engagements covered by the CPF. We are also engaged with NGOs, including in third-party monitoring roles, and aim to expand these partnerships to strengthen accountability under the CPF. An example is the civil society monitoring mechanism for the National Social Safety Nets Project (NASSP). Accountability is particularly important for this project which is partly financed by funds recovered from the

[43] http://pubdocs.worldbank.org/en/399341602612413467/Development-Partner-Guide-2020.pdf

overseas assets of a former President. Demand for accountability for the use of borrowed funds is growing and will be increasingly important across the entire portfolio.

Managing the clear excess demand for WBG financing

176. **Under IDA19--the period from FY21-FY23--Nigeria's Performance-Based Allocation (PBA) is approximately US$5.5-US$5.6 billion, with an FY21 envelope of US$2.3-US$2.5 billion.**[44] Resources available from the IDA-20 cycle will only become clear during the latter part of the CPF period. Nigeria's performance against the PPAs will have implications for IDA allocations, under the SDFP, which was introduced under IDA19. Moreover, Nigeria is now eligible for the IDA window for Host Communities and Refugees (WHR). Following its classification in 2020 as a Fragile and Conflict-Affected Situation, Nigeria will now also be eligible for the IDA-Private Sector Window (PSW). This will enable IFC and MIGA to invest in high-risk-high-reward projects which would have otherwise been precluded by risk considerations. Nigeria already benefits from the IDA Regional Window (RW) in supporting regional higher education networks, power system interconnectivity, cooperation in disease surveillance and in the recovery of the Lake Chad basin. With Nigeria's participation in the AfCFTA on track to become effective from 2021 onwards, the IDA-RW will also offer opportunities for further promotion regional cooperation and integration.

177. **Nigeria is also eligible for IBRD financing.** IBRD resources will be selectively applied, to support quick-disbursing emergency operations that respond to the fiscal and COVID-19 crises, private-sector engagements in public sector projects, or investment projects with strong revenue flows. It is envisaged that IBRD resources will be applied in the power sector projects, where the Government will on-lend the loan proceeds to the power distribution companies to enable them to invest in the infrastructures to improve their operational efficiency.

178. **Although small relative to Nigeria's GDP, IDA resources represent a significant part of Nigeria's available financing for development and it will be important for the Government to prioritize their use carefully**. Nigeria's low revenue to GDP ratio and high spending on interest payments (around 60 percent) limit the amount of domestic resources available for development. As a result, annual disbursements of World Bank lending are equivalent to about one-fifth of Federal Government capital expenditures. Total requests so far stand at around US$11 billion not including requests to provide additional financing to existing projects which are operating successfully, but only half of these requests can likely be met. Dialogue with Government to choose among these identified priorities has started as part of the CPF preparation process and will need to continue throughout the CPF period. Innovative and collaborative use of portfolio reviews will be needed to help the Government to make these difficult decisions based on robust evidence.

179. **IFC's planned investment activity in Nigeria over its strategy period FY20-FY23 is in the ranges of US$815 million to US$4.2 billion, with the volume dependent on the pace of the needed reforms**. Success in attaining the maximum projection is contingent on significant policy reforms from the Government which would attract private sector participation in the growth of the economy as described in ANNEX 6: IFC PORTFOLIO AND STRATEGY. The financial sector, which has historically been a strong performer, is demonstrating a greater appetite for innovative products that support its market activity. Additionally, IFC continues to collaborate with the World Bank on key initiatives that are geared towards diversifying the revenue base of the

[44] IDA allocations are indicative only and based on current IDA19 levels. Actual IDA allocations will be determined annually, and depend on: (i) IDA's overall commitment authority (total IDA resources available); (ii) changes in the variables affecting Nigeria's PBA relative to other countries, such as country performance ratings, per capita GNI and population; and (iii) portfolio performance and progress in implementation of PPAs under IDA's SDFP.

economy and creating opportunities for crowding in private capital. Upstream opportunities will continue to provide a steady flow of investment-ready projects for execution. Along with MFD, IFC's "upstream approach" is a key component of the IFC corporate strategy (IFC 3.0) which focuses the institution on creating markets and mobilizing private capital. The approach features increased support to countries such as Nigeria where private capital flows are inadequate to address major development gaps. To attract capital, IFC will work to remove barriers to investment and enhance the operating environment for private business. "Upstream" activities occur before the traditional investment cycle and are necessary precursors to an investment. The work will entail both identifying public-sector reforms that will unlock more private investment as well as creating projects that IFC will offer to potential investors. For Nigeria, IFC will build a pipeline of "upstream" opportunities in financial markets, manufacturing, services including healthcare as well as infrastructure.

180. **MIGA is working to expand its support for cross-border investment into Nigeria in close coordination with the World Bank and IFC**. MIGA is exploring opportunities to support real sector and financial sector projects using its political risk insurance instrument. Additionally, as the Power Sector Recovery Plan develops, MIGA will actively seek out opportunities to support the energy sector in the following ways: (i) support to mini-grid and off-grid operators (including grid-collected solar PV), working in collaboration with the World Bank and IFC; (ii) private sector pre-paid metering initiatives to assist distribution companies with collection; and (iii) foreign investment into distribution companies as part of the distribution companies (DisCo) Turnaround plan. In the wider real sector, MIGA would pursue opportunities in agribusiness, infrastructure, and manufacturing (for example, cement, fertilizer and beverages), building on its existing experience in support of glass manufacturing. MIGA's existing portfolio supports projects in the manufacturing, power, and financial sectors.

IV.F. Managing risks

Rating the risks to implementation of the CPF

181. **The overall risk to the CPF Program is high**. The most significant risks, both inherent and residual, are political and governance factors reflecting the complex political economy context and security risks, macroeconomic, and the institutional capacity for implementation and sustainability. Sector policy, and fiduciary risks are also substantial. TABLE 4 summarizes the ratings. The rationale for each risk rating and the planned risk-mitigation measures are described below.

TABLE 4: Systematic Operations Risk-Rating Tool (SORT)

RISK	RATING (H, S, M, L)
1. Political and Governance	High
2. Macroeconomic	High
3. Sector strategies and policies	Substantial
4. Technical design	Moderate
5. Institutional capacity for implementation and sustainability	High
6. Fiduciary	Substantial
7. Environmental and Social	Moderate
8. Stakeholders	Low
OVERALL	HIGH

182. POLITICAL AND GOVERNANCE. **Overall risk is rated *High***. We see five key dimensions of risk arising from the complex governance arrangements and complicated political economy of

Nigeria: reform stagnation, federal-state coordination, executive-legislature relations, the Federal election in 2023, fragility and security risks.

- **Nigeria will not be able to address the most significant adverse effects of the current crisis without bold action to implement challenging reforms.** While there is high-level political commitment, these reforms are also difficult and may face resistance from the public. If reforms stall, the broader development goals of the country and the implementation of the CPF would be significantly impacted. We aim to mitigate this risk through the engagement approach described above; by providing close, hands-on policy support to overcome coordination challenges where appropriate, but there is a limit to the World Bank's ability to influence outcomes. We expect this risk to grow more pronounced later in the electoral cycle and will reassess its implications at the time of the PLR.
- **Nigeria's federal structure limits the ability of the Federal Government to influence the performance of state governments.** Almost 70 percent of IDA-financed operations are at the sub-national level, and these programs tend to be multi-state and on a national scale, with decentralized implementation all over the country. In the past, allocations to specific states were prone to stall, with impact on the achievement of the PDO and affecting disbursements. We will mitigate this risk with a more transparent and competitive approach to state selection, which ensures that if specific states are not implementing projects satisfactorily, their allocation can be reprogrammed to better-performing states. Use of results-based operations will ensure that disbursements only happen after results have been achieved and verified.
- **Government processes for securing legislative approval for external financing contribute to effectiveness delays and can slow disbursement.** These processes and the time it takes to complete them are a major factor behind the buildup of undisbursed balances in the Nigeria portfolio. We are mitigating this risk in two ways: through continuous and active dialogue with Ministry of Finance and by a more proactive communications strategy to promote the results achieved through the program, to mitigate suspicion that World Bank lending may be diverted or wasted.
- **The 2023 federal election will occur toward the end of the CPF period.** Nigeria's political cycle typically destabilizes effective implementation. We will continue to monitor this risk and assess its likely implications—and decide on more specific portfolio management strategies to mitigate it—at the time of the PLR.
- **Security risks have been increasing in recent years** and are a major reason why Nigeria was added to the List of Fragile and Conflict-affected Situations in 2020. In 2019, staff and consultants undertook about 100 trips per month within Nigeria, in what has become an increasingly difficult operating context from a security perspective. In November 2019, a member of the team was kidnapped and held for three weeks before being released. To address these risks, we will take an integrated approach to risk management at the program level, while working to strengthen underlying government systems. Information sourced from UN and bilateral donors on the ground in fragile regions is an important element of agile and responsive supervision.
- **Security risks are a major constraint to supervision.** As noted below (see paragraph 198) as range of innovations are being adopted to ensure adequate supervision in the absence of field visits. These include the use of ICT tools, but also partnering with civil society organizations to undertake beneficiary monitoring, as has been built into two of the emergency operations prepared in the last nine months.
- **Nigeria's increasing fragility carries broader risks for the implementation of the program.** Should there be a significant increase in insurgent violence, or a rise in

widespread civil unrest, this will likely slow or stall the implementation of the program. During a recent wave of civil unrest and resulting action by police, some state governments chose to impose 24-hour curfews and several projects have reported damage to project property which will affect their ability to implement the program until it is replaced.

- **A further outbreak of COVID-19 within Nigeria could lead to lockdowns on movement and economic activity, and outbreaks globally could affect supply chains.** Many projects reported slowing of implementation during the last lockdown imposed in April and May 2020, and some projects are still experiencing delays in receiving inputs or mobilizing foreign contractors.

183. MACROECONOMIC. **Overall risk is rated *High*.** The macroeconomic risks to the CPF program stem largely from the vulnerability of Nigeria to oil price shocks and spikes in global risk aversion, the extraordinarily low level of revenues and fiscal buffers to withstand shocks, and the political hurdles mentioned above to undertaking the needed structural reforms to manage these risks. These macroeconomic risks most directly affect the CPF objectives under the CPF pillars on strengthening the foundations of the public sector and promoting jobs and economic transformation.

184. **A slower-than-projected recovery in global oil prices and continued heightened risk aversion in global capital markets constitute the main macroeconomic risks to the CPF objectives being realized.** With Nigeria already experiencing a crisis that is likely to be more severe than any since the 1980s, continued low oil prices—with the associated adverse impacts on economic activity, fiscal revenues, export earnings, and financing inflows—would make the task of strengthening fiscal management, in particular mobilizing revenues and managing debt sustainability risks, a core objective under the CPF program, that much more challenging.

185. **Mitigating the risk of continued low oil prices is the commitment of the Government to marshaling the needed fiscal resources.** The Government has already undertaken bold measures to mobilize oil and non-oil revenues, reduce spending on fuel and electricity subsidies, improve expenditure and debt management, and enhance financial sector monitoring, and is committed to doing more. The Government plans to accelerate a revenue-based fiscal consolidation through further value-added tax (VAT) reforms, a rise in excises, and the removal of tax exemptions, and move to full-cost-reflective electricity tariffs by 2021. All these efforts will be supported under the CPF.

186. **There remains a risk that the momentum on macroeconomic reforms will stall, due partly to concerns about popular opposition and potential social unrest.** In particular, there is a risk that the needed steps to enhance the transparency and flexibility of the exchange rate are not taken. That would undermine investor confidence and constrain access to foreign capital, directly affecting the CPF objectives of financial deepening and crowding in private finance to support, amongst other things, power sector recovery. Should this risk materialize, it would be difficult to assess Nigeria's macro framework to be adequate, which may preclude the possibility of proceeding with policy-based budget support.

187. **The main channel for mitigating the risk of a slowdown in reforms is continued deep policy engagement.** Through ongoing policy dialogue and programmatic ASA, we have been sharing and will continue to share the lessons from global experience on the merits of certain macro-fiscal reforms for accelerating inclusive growth, and the potential for targeted social programs to offset possible adverse short-term social impacts. From a programming perspective, should we not be able to proceed with a DPO, financing would be redirected towards supporting additional core long-term development programs through IPFs and PforRs.

188. SECTOR STRATEGIES AND POLICIES. **Overall risk is rated *Substantial***. Nigeria has well-developed sector strategies and policies underpinning most of the projects and programs to be supported under the CPF. However effective sector strategies are undermined by weak capacity to design them, and the challenges of implementing national policy in a federal setting. These risks will be mitigated in two ways: (i) better alignment of upstream ASAs to ensure sector strategies are well developed before financing is committed to their implementation, and (ii) results-based mechanisms for engaging with states only if they demonstrate a commitment to align with national policy objectives. Technical risks to achieving CPF objectives will be mitigated by: (i) use of larger national-scale projects developed on a modular approach, and (ii) robust scrutiny of performance measurement and verification mechanisms to ensure the risk of rewarding non-existent results is minimized. Residual risks related to technical design are moderate.

189. INSTITUTIONAL CAPACITY FOR IMPLEMENTATION AND SUSTAINABILITY. **Overall risk is rated *High*.** Key risks to achieving CPF objectives due to low implementation capacity result from: (i) fragmentation of implementation across a large number of separate PIUs (most of which are at the state level), (ii) protracted start-up delays due to effectiveness lags, and (iii) weak capacity of key agency and PIU staff. Key risks to sustainability result from excessive 'projectization' which divorces project implementation from the implementation of mainstream government programs. These risks will be addressed at the portfolio level using larger projects and at the project level by continuing to emphasize selection and training of PIU staff. During the CPF period, cross-sectoral teams that are organized by engagement areas will engage in continuous capacity strengthening through project level training workshops, annual clinics, specialized training prior to the start of implementation.

190. FIDUCIARY. **Overall risk is rated as *Substantial***. The risk rating is driven by the large number of designated accounts and implementation units, low capacity especially in adhering to World Bank procurement guidelines and continued poor documentation practices. While considerable effort is being made to strengthen country public financial management systems, the institutionalization across the federal and state levels will take time. The continued use of centralized project financial management units (PFMUs) at the state level provides the opportunity to build a pool of capacity for financial management but procurement is still within dedicated PIUs. Hands-on Expanded Implementation Support (HEIS) in procurement will be used based on assessed project fiduciary risk especially for implementation in states or sectors where capacity has historically been weak. Introduction of e-procurement at the Federal level and at in least ten States during the CPF period will help reduce the risk associated with lack of transparency and accountability and promote better value for money in public expenditure. Project and portfolio-level fiduciary training workshops, procurement clinics and the use of audit firms that have gone through a quality review and found to be satisfactory are some of the additional measures being taken. Lastly, the systematic use of electronic document management systems in all projects will be introduced to enable digitization of records for improved record-keeping and enhancing the ability to conduct remote risk-based supervision effectively.

Continuing to strengthen fiduciary and safeguards systems

191. **Government management of fiduciary and safeguard risks is undermined by a range of factors.** These include technical capacity; ineffective internal control frameworks; limited transparency; weak audit; and political factors (pervasive patronage, political interference in project management, inadequate sanctions); which are exacerbated by the decentralized

implementation of many WBG projects. Political involvement in procurement processes creates opportunities for rent-seeking, multiple layers of approval and leads to delays.

192. **Fiduciary arrangements at the project level are handled by dedicated PIUs**. Risks across the active portfolio are evenly divided between Substantial and Moderate with only three percent as High. With close supervision, the FM performance[45] of seventy-seven percent of the portfolio is assessed as Moderately Satisfactory with only three percent Moderately Unsatisfactory. The in-year financial reporting across more than 250 designated accounts has often required intensive follow-up for timely and acceptable submission. Year-end financial reporting is generally good with nearly all audit reports (over 65) being submitted on time.[46] Training and guidance of PIU staff and regular review of records by the Bank team will continue. Delayed effectiveness and lack of counterpart funds has historically led to the slow start of project activities.

193. **The PFMU structure was set up in 2003 at the state level to provide centralized FM services to all projects under implementation in a State.** During the CPF period, a formal review of the effectiveness of the PFMUs will be undertaken to revisit the current arrangements and undertake any adjustments to improve performance or as necessitated by changes in context. Under the COVID-19 preventive movement restrictions, the importance of digital tools to ensure business continuity has been brought under the spotlight. An important implication for fiduciary management of projects is digitizing and filing records. Several states have invested in Financial Management Information Systems (FMIS) and a computerized accounting system is put in place for nearly all Bank-assisted projects. During the CPF period, the inclusion of Electronic Document Management Systems will be evaluated and piloted to address the long-standing, common concern on incomplete documentation and allow virtual sharing of documentation. This would strengthen the World Bank's ability to provide more efficient implementation support across the highly decentralized and fragmented implementation structures. Enhanced fiduciary reviews will be conducted in projects where indications of fraudulent and corrupt practices are identified.

194. **Procurement capacity nationally is sub-optimal**. The Sustainable Procurement Environmental and Social Standards Enhancement Project, SPESSE (P169405) will provide support to Procurement, Environmental and Social Standards to address the issue of capacity through the delivery of short courses, advanced certificates, post-graduate diplomas, bachelor's degrees, and master's degrees and professional certifications through six federal universities during the CPF period. Procurement implementation is hampered by political interference, malfeasance, and corruption. The Government has made significant advances in improving public financial management systems. These have included the adoption of procurement laws at the federal level and in 28 states, the establishment of procurement regulatory agencies in 27 states. There have been noticeable improvements in the number of bids competing for public procurement opportunities, indicating stronger private sector confidence in public procurement systems. During the CPF, FGIP (P163540) and SFTAS PforR (P162009) will be supporting the deployment of electronic Government Procurement systems (eGP) and the use of Open Contracting Data Standards data format at the federal and state levels, respectively, which will improve governance and transparency in budget execution. The use of eGP will lead to improved adherence to procedures and processes and enhanced internal controls in the use of public resources. At the federal level, FGIP will support implementation of Beneficial Ownership Disclosure which will contribute towards increased transparency, strengthened social accountability, and reduced corruption.

[45] As of October 20, 2020
[46] Historically and for FY2019.

195. **With the increased use of results-based lending in the portfolio, strengthening of country systems is critical**. Through the FGIP and programmatic ASA at federal level (PER and Governance & Institutions, P175200) the Bank is engaging with the key federal institutions to strengthen the performance of PFM systems, processes and institutions. Similarly, SFTAS PforR has incentivized improved performance at the state-level with measurable results in timeliness and quality of financial reporting, revenue mobilization and expenditure efficiency. Supporting a suite of PFM legislation covering fiscal responsibility, revenue, procurement and audit, is providing the framework for improved results across the country. The PforR operations in the portfolio are already relying largely on the country systems for budget, accounting, internal controls, financial reporting, audit and procurement. This is expected to improve as implementation of these operations and ASA progresses and the actions to institutionalize strong PFM performance are embedded in forthcoming operations as well.

196. **Country financial management systems are used for all project financial management, and country procurement systems are used for all contracts that fall within national competitive bidding thresholds under World Bank-financed operations**. World Bank standard bidding documents are used for contracts that fall within international bidding thresholds. External audit of these operations is conducted mainly by private external audit firms and in some cases by the supreme audit institution (SAI) at the national level only. Project-specific arrangements include separate project bank accounts, strengthening staffing, and internal audit.

Adapting to an increasingly challenging operating environment

197. **This CPF faces an increasingly challenging operating environment from security concerns and prolonged uncertainty over our operating stance since COVID-19.** The security environment is deteriorating, especially but not only in the North East where poverty is high and development challenges are greatest. In other parts of the country staff and project personnel are exposed to risks of kidnapping and banditry. A balance will need to be struck between staff safety and the need for supervision to ensure impactful implementation. Additional security measures have been introduced including restrictions on travel or requirements for police escort which make project implementation and supervision missions more costly. No mission travel has been possible for the last eight months due to COVID-19. This situation is likely to persist for some months to come, possibly longer.

198. **Both security risks and COVID-19 restrictions offer the possibility for 'leapfrogging' to innovations that will improve the quality of supervision and support in the long term**. PIUs and state government counterparts have adapted surprisingly quickly to the requirements of virtual meetings which have generated efficiencies in communication compared with the traditional ways of working. Some projects are experimenting with innovative third-party and remote monitoring. These include the MCRP and the Nigeria Erosion and Watershed Management Project, which is deploying remote 360-degree cameras with support from the Geo-Enabling for Monitoring and Remote Supervision (GEMS) team to provide oversight of more than 100 construction sites in 26 states; an approach which could be deepened across the portfolio. The States Employment and Expenditure for Results Project (SEEFOR, now closed) pioneered the use of the KoBo Toolbox app[47] to build an online database of GIS-tagged information on more than 4,000 sub-project sites.

[47] The KoBo Toolbox platform is a suite of tools for field-data collection based out of the Harvard Humanitarian Initiative. In an FCV context such as Nigeria, it provides a valuable option for remote supervision, real-time risk and safeguards monitoring, and portfolio mapping across projects and across partners.

199. **Nigeria has a rich and capable network of CSOs with the potential to contribute to improving accountability across the portfolio, as well as addressing public concerns about what is being achieved with money that Nigeria is borrowing**. The twin constraints of deteriorating security environment and COVID-19 make engaging with civil society organizations even more urgent. A cross-cutting programmatic ASA on citizen engagement will support initiatives to strengthen both demand-side and supply-side citizen engagement and to engage with civil society in a more structured way to buttress accountability of WBG-financed operations. As part of the CARES PforR, currently under preparation, CSOs will be engaged in the verification of state-level results.

Innovating in terms of monitoring and evaluation

200. **Beyond survey data, the Federal and state governments collect only limited administrative data and have weak monitoring and evaluation systems, which makes it difficult for governments to assess the effectiveness of their projects.** Poor information on progress and outcomes achieved in turn undermines effective implementation and adjustment of targets. The national statistical system (NSS) plays a critical role in government effectiveness, transparency, and accountability. However, despite its importance and significant progress made in recent years, it remains under-developed, under-funded, and under-performs its potential, resulting in insufficient evidence to guide Federal and state governments' resource allocation and policies. Survey data provides an uneven basis for measuring state-level progress over time, given challenges of data collection and the lack of accurate population information. Against this backdrop, CPF objectives and their indicators have been chosen to strike a balance between ambition and measurable specificity, despite data limitations.

201. **Results monitoring will be critical for CPF implementation.** To ensure that the focus on results is retained throughout the CPF period, we will work with the poverty and other data-intensive teams to embed active learning and monitoring into the program. We have constituted a team that will be responsible for maintaining a country dashboard that will track progress on the core CPF objective indicators and supplementary milestones on a regular basis. Project-level results frameworks will be systematically examined to ensure they are aligned with the CPF, appropriately disaggregated by state and by gender, capture robust performance information to assess both implementation progress and outcomes. Consistent with principles of transparency and accountability in public finances, key program and performance data will be made public. The WBG took the first steps in this regard in the previous CPS period. For example, state-level SFTAS results on DLI achievement for each state will be published on the SFTAS website. Under this CPF we aim to be more proactive in sharing information on results through Country Team meetings, Country Portfolio Performance Reviews, and through our online presence to share the knowledge, experience, and learning collected by project teams and country partners during implementation.

202. **A communications strategy will be mainstreamed in all WBG engagements from conception to completion to enhance project performance and achieving development objectives**. The communications strategy will aim to raise awareness of relevant audiences and be targeted to different stakeholders, and the general public on WBG engagements, CPF implementation, and outcomes. The CPF will emphasize regular and consistent briefing of policymakers and key government officials, both at the Federal and state levels, on project processes and results. The WBG communications teams will partner with PIUs to facilitate broader community and CSO engagement.

ANNEX 1: NIGERIA CPF (FY21-FY25) RESULTS FRAMEWORK

STRENGTHENING THE FOUNDATIONS OF THE PUBLIC SECTOR

CPF OBJECTIVE 1 Increase domestic revenue mobilization, improve the quality of public expenditures and strengthen debt management		COMPLEMENTARY PRIORITY 1 Promote use of more reliable and timely data and more evidence-based policies to enhance macro-financial stability and accelerate inclusive growth		COMPLEMENTARY PRIORITY 2 Enhance the efficacy, transparency and accountability of public institutions and systems for service delivery	
INTERVENTION LOGIC					
Strengthening Nigeria's fiscal management is central to making progress on the rest of the development agenda. We will contribute to this effort by continuing our deep, "in-the-kitchen" engagements with Nigeria's core fiscal entities at both the federal and sub-national levels, combining ASA-based ongoing dialogue, TA, and just-in-time assistance, with all three types of financing instruments, in all three areas (revenue, expenditure, and debt). Under this engagement, we have been closely supporting recent reform efforts to harmonize exchange rates, reduce gasoline and electricity subsidies, maintain tax effort, improve budget reliability, and enhance the transparency of public debt and of the oil and gas sector, all of which directly support the proposed results indicators and milestones.		Macro-financial stability is a pre-requisite for inclusive growth. We will support this priority through DPOs, ASA-based dialogue, TA, and IFC advisory work with a focus on promoting: (i) a more transparent exchange rate management that reflects market fundamentals; (ii) an enhanced banking resolution framework; (iii) improved modeling of the economic and social impacts of public policies; and (iv) enhanced data availability, reliability, and analysis to better inform policies for inclusive growth. Outreach efforts will be scaled-up to promote evidence-based policy dialogue on how to accelerate inclusive growth. Under this engagement we are supporting core data needs (e.g., household surveys) and institutional capacity building on macro modeling, financial sector monitoring, and trade facilitation.		Strengthening governance is also a pre-condition for delivering Nigeria's development agenda. We will provide financing through PforRs and investment lending operations, at the federal and state levels, to strengthen the delivery of public services by enhancing transparency and accountability systems and processes in public institutions. Under this engagement we have been closely supporting transparency and accountability reforms (budget, procurement, audit functions), in particular regarding Nigeria's COVID-response. Programmatic ASAs will help engage with all tiers of government to enhance open-government and citizen-engagement platforms. Advisory work will also be provided on approaches to improve social accountability across the WBG Nigeria portfolio as well as externally.	
OBJECTIVE INDICATOR		SUPPLEMENTARY MILESTONE		SUPPLEMENTARY MILESTONE	
COI 1.1.	Ratio of non-oil revenues to GDP (3-year moving average)	CPM 1.1	Greater frequency and reliability of household survey (NLSS) data production and dissemination	CPM 2.1	Progress in transparency of public finances as measured through timely publication of key financial reports by Federal and state governments
Base:	3.9% (2018-2020)	Base:	Every 7 to 10 years	Base:	N.A.
Target:	5.1% (2022-2024)	Target:	Every 4 to 5 years	Target:	At least 24 additional states
OBJECTIVE INDICATOR		SUPPLEMENTARY MILESTONE		SUPPLEMENTARY MILESTONE	
COI 1.2.	Share of the total federal government fiscal deficit financed by instruments legislated in the final budget	CPM 1.2	Number of additional national and state policies supporting women and girl's empowerment influenced by evidence and policy dialogue	CPM 2.2	Compliance with improved procurement standards (e-procurement, open contracting standards, beneficial ownership disclosure) in Federal Government and selected states
Base:	22% (2019)	Base:	N.A.	Base:	Nil

STRENGTHENING THE FOUNDATIONS OF THE PUBLIC SECTOR

CPF OBJECTIVE 1 Increase domestic revenue mobilization, improve the quality of public expenditures and strengthen debt management	COMPLEMENTARY PRIORITY 1 Promote use of more reliable and timely data and more evidence-based policies to enhance macro-financial stability and accelerate inclusive growth	COMPLEMENTARY PRIORITY 2 Enhance the efficacy, transparency and accountability of public institutions and systems for service delivery
Target: 70% (2024)	Target: 4 (2024)	Target: Six federal ministries and agencies and 6 states
SUPPLEMENTARY MILESTONE		
COM 1.1. Preparation and publication and submission of annual tax-expenditure statements (TES) with the Federal Government budget Base: No TES prepared (2020) Target: TES submitted each year 2021-2023		
WBG PROGRAM		
Nigeria Fiscal, Debt, and DRM Analytics and Advisory	Nigeria Inclusive and Sustainable Economic Growth Knowledge Platform	PASA to Support Transparent, Responsive, Accountable Government Institutions for Service Delivery
Nigeria DRM Reform TA Sub-Task	Nigeria Poverty and Equity Program	Nigeria: Social Inclusion and Citizen Engagement Platform
Nigeria Federal Public Expenditure Review	Nigeria Development Update FY21	NEITI Reporting Compliance
Nigeria oil and gas revenues and expenditures	Nigeria Macro-Financial Stability and Inclusive Growth Programmatic ASA	State and Local Governance Reform Project
	Nigeria Financial Stability TA	State Employment and Expenditure for Results Project
		Sustainable Procurement, Environmental and Social Standards Enhancement Project (SPESSE)
Fiscal Governance and Institutions Project		
States Fiscal Transparency, Accountability and Sustainability PforR		
Nigeria SFTAS Additional Financing for Covid-19 Response PforR		
Nigeria COVID-19 Federal Fiscal and Economic Response DPF		

INVESTING IN HUMAN CAPITAL AND HARNESSING NIGERIA'S DEMOGRAPHIC DIVIDEND

CPF OBJECTIVE 2 Increase access to and quality of basic education	CPF OBJECTIVE 3 Improve primary healthcare	CPF OBJECTIVE 4 Increase access to basic water and sanitation services	CPF OBJECTIVE 5 Increase the coverage and effectiveness of social assistance programs
INTERVENTION LOGIC			
Education is a fundamental building block for human capital, both for girls and boys to realize their potential opportunities, and for Nigeria as a nation to realize its economic potential. Our support will build on a strong collaboration with core education institutions at both the federal and state levels to focus on the provision of basic education to help meet ambitious government targets to reduce the number of out-of-school children and improve the quality of education, in a context of rapid population growth and the COVID-19 pandemic that is changing the way education services are delivered. Large-scale financing comprising PforRs and investment lending will be complemented with a comprehensive ASA program focused on institutional capacity building, policy dialogue, and targeted analytics.	Primary health care and nutrition are equally important building blocks of human capital, especially given Nigeria's high rates of under-five mortality and stunting, coupled with inadequate primary healthcare. With a large portfolio in this area, our support will focus on consolidating the main financing platforms to provide programmatic support to help reduce under-five mortality, improve the quality and coverage of public health services, and promote sustainable financing for basic health services. Complementary ASA-based dialogue will focus on accelerating the demographic dividend. We will also support the Federal Government's COVID-19 disease surveillance and preparedness to ensure that the gains in human capital are not reversed. IFC investment, advisory and Upstream support for primary health facilities will complement this approach.	A water-secure Nigeria will drive economic growth, support human capital, and build resilience, as well as supporting improved health and nutrition outcomes through better sanitation. The WBG played a central role in the development of a National Action Plan for Water Supply and Sanitation (WASH). We will build on this engagement through a first phase of investment lending to support: (i) institutional reforms; (ii) federal policies and programs to guide, incentivize and oversee WASH sector reform by all States; and (iii) infrastructure investments in specific states. ASAs will complement the policy dialogue.	Social assistance programs are vital to addressing the need of Nigerians living in poverty, particularly given the COVID-19 crisis. As the fiscal capacity to support broad social safety nets is expanded, we will support the vision of consolidating existing interventions into a common platform to deliver social protection services at all three tiers of government. Our support will combine existing investment lending operations on social protection and digital identification with a COVID-19-responsive PforR providing relief across the 36 states, building on successful platforms already developed. ASAs and policy dialogue will complement these efforts.
OBJECTIVE INDICATOR	OBJECTIVE INDICATOR	OBJECTIVE INDICATOR	OBJECTIVE INDICATOR
COI 2.1 Percentage of children (ages 6-15) out of school (regionally and gender-disaggregated)	COI 3.1 Percentage of children 12–23 months old vaccinated with third dose of Pentavalent vaccine (disaggregated spatially)	COI 4.1 Percentage of the population using basic water supply services	COI 5.1 Percentage of the poor registered in the National Social Registry
Base: 21.6% (national), 21.8% (girls), 37.8% (NE), 40.5% (NW) (2019)	Base: 57.2% (national) and 39.5% (in the 19 states with the lowest coverage) (2018)	Base: 70.0% (2019)	Base: 24.4% (2020)

INVESTING IN HUMAN CAPITAL AND HARNESSING NIGERIA'S DEMOGRAPHIC DIVIDEND

CPF OBJECTIVE 2 Increase access to and quality of basic education	CPF OBJECTIVE 3 Improve primary healthcare	CPF OBJECTIVE 4 Increase access to basic water and sanitation services	CPF OBJECTIVE 5 Increase the coverage and effectiveness of social assistance programs
Target: 15.0% (national), 15% (girls), 25% (NW), 25% (NE) (2024)	Target: 62.7% (national) and 46.8% (in the 19 states with the lowest coverage) (2024)	Target: 79.6% (2025)	Target: 42.7% (2024)
OBJECTIVE INDICATOR	OBJECTIVE INDICATOR	OBJECTIVE INDICATOR	OBJECTIVE INDICATOR
COI 2.2 Number of children (ages 6-15) out of school (regionally and gender-disaggregated)	COI 3.2 Percentage of children 6-59 months old who receive Zn and ORS as treatment for diarrhea in selected states (disaggregated spatially)	COI 4.2 Percentage of the population using basic sanitation services	COI 5.2 Number of poor registered in the National Social Registry
Base: 11,071,344 (national), 5,567,461 (girls), 5,805,603 (NW), 3,190,722 (NE) (2019)	Base: 24.1% (national) and 7.3% (median of the 10 states with the lowest coverage) (2018)	Base: 43.8% (2019)	Base: 20 million (2020)
Target: 8,700,000 (national), 4,300,00 (girls), 4,400,000 (NW), 2,200,00 (NE) (2024)	Target: 40% (national) and 21.0% (median of the 10 states with the lowest coverage) (2024)	Target: 48% (2025)	Target: 35 million (2024)
SUPPLEMENTARY MILESTONE	SUPPLEMENTARY MILESTONE	SUPPLEMENTARY MILESTONE	OBJECTIVE INDICATOR
COM 2.1 No. of states implementing: COVID-19 responsive education program	COM 3.1 Continued annual release of BHCPF from the consolidated revenue fund of the Federal Government	COM 4.1 National WASH fund to support preparation and implementation of state-level WASH service delivery plans and technical and financial audits	COI 5.3 Percentage of the poor receiving cash based social assistance
Base: 0 (2020)	Base: Released in 2020	Base: No (2020)	Base: 6.1% (2020)
Target: 20 (2022)	Target: Annual release till 2024	Target: Yes (2023)	Target: 27.7% (2024)
SUPPLEMENTARY MILESTONE	SUPPLEMENTARY MILESTONE	SUPPLEMENTARY MILESTONE	SUPPLEMENTARY MILESTONE
COM 2.2 No. of states implementing learning assessments to measure foundational literacy at age 10	COM 3.2 No. of wards with at least one PHC receiving funds through the NPHCDA gateway	COM 4.2 Sector-wide MIS system consolidated and used for decision-making and coordination	COM 5.1 A digital cash based social assistance system is developed and implemented
Base: 0 (2020)	Base: 0 (2019)	Base: No	Base: No (2020)
Target: 4 (2024)	Target: 7,000 (2024)	Target: Yes (2023)	Target: Yes (2022)
	SUPPLEMENTARY MILESTONE	SUPPLEMENTARY MILESTONE	SUPPLEMENTARY MILESTONE
	COM 3.3 No. of private and public health facilities receiving funds through the NHIS gateway	COM 4.3 Number of WSS federal, state and local MDAs and coordination platforms supported and strengthened	COM 5.2 A common delivery platform for social assistance programs implemented by different ministries and

CPF OBJECTIVE 2 Increase access to and quality of basic education	CPF OBJECTIVE 3 Improve primary healthcare	CPF OBJECTIVE 4 Increase access to basic water and sanitation services	CPF OBJECTIVE 5 Increase the coverage and effectiveness of social assistance programs
		with the required capacity and accountability systems	agencies and at different levels of government
	Base: 0 (2019)	Base: 0 (2020)	Base: No (2020)
	Target: 5,000 (2024)	Target: 116 (2024)	Target: Yes (2024)
WORLD BANK PROGRAM			
Basic Service Delivery programmatic ASA			
Nigeria Basic Education ASA	Nigeria Health Financing Program	Using ICT-based Integrated Water Management Systems in the Rural Water Sector	Nigeria Strengthening Social Protection ASA
Better Education Service Delivery for All	Nigeria primary health care ASA	Third National Urban Water Sector Reform Project	Nigeria Enhancing G2P Payment Systems for Social Safety Net Programs ASA
Edo Basic Education Sector and Skills Transformation Operation	Nigeria States Health Investment Project	NG Sustainable Rural Water Supply and Sanitation Sector Project	Community and Social Development Project
	Polio Eradication Support Project		National Social Safety Nets Project
	Nigeria- Accelerating Nutrition Results		NIGERIA: COVID-19 Action Recovery and Economic Stimulus
	Basic Healthcare Provision Fund Project		
	Regional Disease Surveillance System Strengthening--Nigeria		
	Nigeria Improved Child Survival Program for Human Capital MPA		
	Nigeria COVID-19 Preparedness and Response Project		
IFC PROGRAM			
	Investment in primary healthcare facilities (expansion of existing operations, greenfield)		
	Upstream support for primary healthcare facilities to prepare them for investment		

INVESTING IN HUMAN CAPITAL AND HARNESSING NIGERIA'S DEMOGRAPHIC DIVIDEND

CPF OBJECTIVE 6 Empower women and girls by increasing their human capital and economic opportunities		COMPLEMENTARY PRIORITY 3 Promote youth employment and skills	
INTERVENTION LOGIC			
Empowering women and girls is an end in itself and also makes good economic sense. We will support the Government to deploy programs and implement reforms that economically empower women and girls, with a particular focus on the north. Our support will be framed around the 4Es (Empower, Enhance, Employ, Educate) framework of the Africa Human Capital Project, implemented by deepening on-going and planned analytical and policy engagements, including through an umbrella programmatic ASA. This will support a policy agenda to create a favorable population growth trajectory necessary to harness the demographic dividend. We will present carefully policy recommendations across different sectors that can improve the prospect for Nigeria to capture the dividend and escape a demographic disaster. Large-scale financing will also be provided, including a new results-based operation supporting an adolescent girls' initiative for learning and empowerment. Along with IFC, we will also pilot innovative instruments to unlock commercial financing for women entrepreneurs.		Nigeria needs to capitalize on its large youthful population. We will contribute to this effort by continuing our deep engagement with federal and state institutions to help equip the youth with market-relevant skills at all levels and to create pathways to employment by leveraging the digital economy. At the operational level, this will involve capitalizing on existing programs in the higher education sector and include new engagements in the vocational education and digital skills space. At the policy level, we will focus on developing a certification framework and policies to systemically align digital skills development in Nigeria and outside with the needs of a dynamic global digital economy. We will also support the Government to assess labor migration and skills partnerships to provide jobs for Nigeria's youth overseas.	
OBJECTIVE INDICATOR		SUPPLEMENTARY MILESTONE	
COI 6.1	Percentage of adolescent girls (ages 12-19) in school (regionally disaggregated)	CPM 3.1	Percentage of youth in selected states completing formal and informal vocational and apprenticeship-based skills development programs
Base:	67% (national), 49% (in 14 lowest states) (2019)	Base:	0% (2020)
Target:	71% (national), 54% (in 14 lowest states) (2024)	Target:	60% (2024)
OBJECTIVE INDICATOR		SUPPLEMENTARY MILESTONE	
COI 6.2	Adolescent fertility rate: number of pregnancies per 1,000 girls aged 15 to 19 years (regionally disaggregated)	CPM 3.2	Qualifications under National Skills Qualification Framework (NSQF) aligned with the National Occupational Standards
Base:	106 (national), 186 (in 13 highest states) (2018)	Base:	0 (2020)
Target:	100 (national), 150 (in 13 highest states) (2023)	Target:	5 (2024)
SUPPLEMENTARY MILESTONE		SUPPLEMENTARY MILESTONE	
COM 6.1	Number of additional classrooms built for girls	CPM 3.3	Partnerships between technical colleges and industry strengthened to enhance labor market orientation
Base:	N.A.	Base:	N.A.
Target:	8,880 (2024)	Target:	10 additional technical college-industry partnerships (2024)
SUPPLEMENTARY MILESTONE		SUPPLEMENTARY MILESTONE	
COM 6.2	Number of additional schools running safe space and life skills training	CPM 3.4	Number of labor migration partnerships between Nigeria and destination countries to gainfully employ Nigerian youth in overseas markets
Base:	N.A.	Base:	2 (2020)

CPF OBJECTIVE 6 Empower women and girls by increasing their human capital and economic opportunities	COMPLEMENTARY PRIORITY 3 Promote youth employment and skills
Target: 2,400 (2024)	Target: 5 (2024)
SUPPLEMENTARY MILESTONE	SUPPLEMENTARY MILESTONE
COM 6.3 Number of additional girls benefiting from digital skills training in school	
Base: N.A.	Base:
Target: 300,000 (2024)	Target:
WORLD BANK PROGRAM	
Developing Innovative Solutions to Improve Access to Finance for Women Entrepreneurs in Nigeria	Employment, Skills Partnerships, and Labor Migration in Nigeria
Using Social Norm Screenings to Increase Girls Primary Enrollment	Mafita Skills Programme: a Randomized Control Trial of Apprenticeship Schemes and Community Skills Development Centres in Northern Nigeria
Improving access to health care of pregnant women and mothers with children in forced displacement situations	Innovation Development and Effectiveness in the Acquisition of Skills (IDEAS) Project
Support for Women and Adolescent Girls Programmatic ASA	
Nigeria Demographic Dividend ASA	
Nigeria For Women Project	
Adolescent Girls Initiative for Learning and Empowerment	
IFC PROGRAM	
Partnerships with manufacturing companies to support / enhance / increased number of women suppliers, distributors	
Partnership with industry associations to reduce gender gaps in entrepreneurship (e.g. Nigeria2Equal)	
Partnership with ride-hailing companies to increase number of women drivers	
Advisory support and extension of credit to financial institutions for women SME lending programs	

PROMOTING JOBS AND ECONOMIC TRANSFORMATION AND DIVERSIFICATION

CPF OBJECTIVE 7 Promote financial deepening and inclusion	COMPLEMENTARY PRIORITY 4 Further business enabling reforms and support development of competitive clusters
INTERVENTION LOGIC	
Limited access to finance is a key constraint to private sector-led growth and a barrier to economic empowerment, particularly for women. We will combine existing financing through the Development Bank of Nigeria Project with new financing under the state-level Nigeria CARES PforR to support viable MSMEs through the COVID-19 crisis and upstream policy dialogue for more conducive macroeconomic policies for financing deepening and inclusion through a programmatic ASA program on financial sector development. IFC will provide advisory support and credit to financial institutions to target MSMEs, women, underserved areas of the country and advisory services for key enabling services (digital financial infrastructure, fintech, moveable collateral registry and credit scoring), together with advisory support for non-banking financial activities targeting small-holder farmers and underserved economic groups.	Regulatory reforms have led to improvements in business enabling environment, but there is ample room for improvement. Our support will focus on interventions in selected industrial clusters in both export and domestic market sectors, including ASA-based upstream dialogue on reforms in competition and trade policies. Our engagement will build on a strong relationships with reform-minded and influential partners at federal level and in selected states, including Kaduna, initially using ASA and with the ultimate aim of shifting from single-state engagements to a multi-state engagement platform that leverages healthy competition, collaboration, and peer learning across states. This could lead to a nationwide business-enabling reforms lending program. To support development of competitive clusters, ASA and lending in agribusiness, mining, and petroleum sector governance will inform deep dives, building on the CPSD, into sectors where Nigeria is likely to have a competitive edge. IFC investment, advisory and Upstream support will complement this approach.
OBJECTIVE INDICATOR	SUPPLEMENTARY MILESTONE
COI 7.1 Cumulative growth in credit extended to small and medium enterprises by formal financial institutions	CPM 4.1 Development of enabling business environment reform action plans in at least 3 reform areas
Base: N.A.	Base: N.A.
Target: Small enterprises: 20% (2020-2024) Medium enterprises: 30% (2020-2024)	Target: By 2022
OBJECTIVE INDICATOR	SUPPLEMENTARY MILESTONE
COI 7.2 Number of micro and small enterprises transacting through digital channels (gender-disaggregated)	CPM 4.2 Organization of at least 4 peer learning events on reform action plans involving the Federal Government and at least 20 states and adoption of reform action plans by at least 3 states
Base: 310,177 of which 51% women-owned (2019)	Base: N.A.
Target: 500,000 of which 60% women-owned (2024)	Target: By 2023
SUPPLEMENTARY MILESTONE	SUPPLEMENTARY MILESTONE
COM 7.1 Adoption of international good practices for innovative SME lending and introduction of at least 2 digitally centric SME lending products	CPM 4.3 Identification of reforms to improve competitiveness in 5 target sectors where Nigeria has a potential competitive advantage
Base: N.A.	Base: N.A.
Target: By 2023	Target: By 2022
SUPPLEMENTARY MILESTONE	SUPPLEMENTARY MILESTONE

CPF OBJECTIVE 7 Promote financial deepening and inclusion		COMPLEMENTARY PRIORITY 4 Further business enabling reforms and support development of competitive clusters	
COM 7.2	Digital Financial Services (DFS) assessment report to inform policy and regulatory reforms to promote competitive market structure and efficiency pricing of DFS	CPM 4.4	Adoption of reform agenda for enhancing competitiveness in target sectors and inclusion in strategy by relevant government agencies including Federal Ministry of Industry, Trade and Investment
Base:	To be done (2020)	Base:	N.A.
Target:	Done (2022)	Target:	By 2023
WORLD BANK PROGRAM			
Strengthening Financial Infrastructure in Nigeria		Nigeria Competitiveness & Sources of Growth PASA	
Nigeria: Financial Sector Deepening Programmatic ASA		Nigeria Competition Policy Review	
Nigeria Maximizing Finance for Development Program			
Development Finance Project		Nigeria: Mineral Sector Support for Economic Diversification Project (MinDiver)	
NIGERIA: COVID-19 Action Recovery and Economic Stimulus		Nigeria - Kaduna State Economic Transformation Program-for-Results	
		Ogun State Economic Transformation Project	
IFC PROGRAM			
Advisory support and extension of credit to financial institutions (banks and MFIs) to target more lending to MSMEs, women and underserved areas of the country		Upstream support for Chemicals4Growth initiative	
Advisory support to financial institutions on digital financial infrastructure		Advisory / Upstream support (legal framework) for and investment in special economic zones	
Investment in innovative fintech solutions		Investment in manufacturing sub-sectors with high impact on economic transformation (such as chemicals, leather, automotive parts, construction materials)	
Advisory support for scaling up credit infrastructure (movable collateral registry and credit scoring)		Advisory support for business enabling reforms at the federal and state levels, investment facilitation and retention, and quality infrastructure	
Advisory support for non-banking financial activities such as leasing and insurance sector targeting small holder farmers and other underserved economic groups (includes index weather insurance)			
Advisory support for strengthening debt capital markets to provide local currency financing for infrastructure			

PROMOTING JOBS AND ECONOMIC TRANSFORMATION AND DIVERSIFICATION

CPF OBJECTIVE 8 Increase access to reliable and sustainable power for households and firms	COMPLEMENTARY PRIORITY 5 Enhance connectivity and support development of economic corridors and cities as livable growth poles	CPF OBJECTIVE 9 Develop digital infrastructure, platforms and skills
INTERVENTION LOGIC		
Nigeria's crisis-ridden power sector is a fundamental binding constraint to unlocking the country's economic growth potential. We will engage to restore fiscal sustainability in the power sector and improve the availability and access to power. Ongoing WB operations in transmission and rural electrification will be complemented with two new PforRs; one focused on the implementation of a fiscally sustainable financing plan for the sector and the other aimed at improving the technical performance of the distribution companies. IFC will provide advisory services to distribution companies (and potentially investments if performance improves sufficiently) as well as investments in off-grid solar and other renewable options. Programmatic ASA will provide just-in-time analytics and TA to sustain a high-level policy dialogue to underpin this engagement. MFD principles prioritizing private sector financing are key for this sector.	Nigeria's urban centers are engines of economic growth but suffer deteriorating living conditions which undermine their productivity. We will support more integrated infrastructure development plans which facilitate urban-rural connectivity and address the expanding needs of urban populations. Given the vast financing needs to meet this priority, the WB's role needs to be more of an adviser than a financier, and potentially acting to catalyze private investment. IFC will also work with Government to explore private-sector solutions to provision of connectivity infrastructure, in close coordination with the engagements on competitive clusters and digital infrastructure.	This new engagement area aims to support increased use of digital platforms for government services to improve transparency and efficiency, increased digital skills, and increased use of mobile platforms for access to finance, with the ultimate objective of using digital technologies to accelerate development. Large-scale WB investment lending will support a cost-effective digital identification system, while IFC will consider investments in broadband infrastructure. In parallel, a multi-GP programmatic ASA will provide a platform for holistic digital economy dialogue (infrastructure, platforms, financial services, entrepreneurship, and skills) to help the Government identify and sequence enabling reforms and align WBG activities in this and related areas.
OBJECTIVE INDICATOR	SUPPLEMENTARY MILESTONE	OBJECTIVE INDICATOR
COI 8.1 Number of grid and off-grid connections (disaggregated by grid-off-grid)	CPM 5.1 Identification of high priority interventions to increase safety, affordability, accessibility and sustainability of the urban transport system in Lagos	COI 9.1 Percentage of population with a unique national digital ID (gender-disaggregated)
Base: 12 million connections of which 35,000 off-grid (primarily rural) (2020)	Base: To be done (2020)	Base: 19% (2020)
Target: 15 million connections of which 380,000 off-grid (primarily rural) (2024)	Target: At least 3 (2023)	Target: 74% (2024)
OBJECTIVE INDICATOR	SUPPLEMENTARY MILESTONE	SUPPLEMENTARY MILESTONE
COI 8.2 Volume of electricity distributed to households, firms and public institutions, both grid and off-grid (disaggregated by customer type and source)	CPM 5.2 Identification and implementation of reforms to promote sustainable financing and management of rural access infrastructure at the state level	COM 9.1 Enactment of the data protection legal and regulatory framework to safeguard personal privacy and security
Base: 23,722 GWH of which 17,006 GWh to residential customers and 7,188 GWh from renewable sources (2020)	Base: To be done (2020)	Base: To be done (2020)

CPF OBJECTIVE 8 Increase access to reliable and sustainable power for households and firms		COMPLEMENTARY PRIORITY 5 Enhance connectivity and support development of economic corridors and cities as livable growth poles		CPF OBJECTIVE 9 Develop digital infrastructure, platforms and skills	
Target:	39,000 GWH of which 28,000 GWh to residential customers and 10,000 GWh from renewable sources (2024)	Target:	13 states (2023)	Target:	Done (2022)
OBJECTIVE INDICATOR		SUPPLEMENTARY MILESTONE		SUPPLEMENTARY MILESTONE	
COI 8.3	Government financing of tariff shortfalls	CPM 5.3	Adoption of National Clean Energy e-Mobility Strategy and Regulatory Framework by the Federal Government	COM 9.2	Implementation and enforcement of the “Open Access Model” and wholesale price regulation and accounting separation
Base:	524 billion NGN (2020)	Base:	No strategy (2020)	Base:	To be done (2020)
Target:	Nil (2024)	Target:	Strategy and framework adopted (2022)	Target:	Done (2022)
OBJECTIVE INDICATOR				SUPPLEMENTARY MILESTONE	
COI 8.4	COVID-19 health facilities equipped with solar-hybrid systems			COM 9.3	Designation of all federal MDAs Rights of Way as federal Assets & Infrastructure and consolidated into a single public data base with harmonized cost per meter
Base:	None (2020)			Base:	To be done (2020)
Target:	500 (2024)			Target:	Done (2022)
WORLD BANK PROGRAM					
Programmatic ASA for Nigeria Energy Sector		Nigeria: Impact Evaluation - Rural Access and Mobility		Nigeria Digital Transformation Programmatic ASA	
NG-Electricity Transmission Project		Lagos Platform for Development		Nigeria Digital Skills	
Nigeria Electrification Project		Nigeria Sustainable Green e-Mobility Solutions		Digital Foundations: Infrastructure and platforms	
Power Sector Recovery Performance Based Operation		Efficiency of Informal Transit Networks: Evidence from Lagos IE			
Nigeria Distribution Sector Recovery Program		NG-RURAL ACCESS & MOBILITY PROJECT-Phase 2		Digital Finance and Entrepreneurship	
		Nigeria Rural Access and Agricultural Marketing Project		Nigeria Digital Identification for Development Project	
IFC PROGRAM					
Advisory support for DISCO modernization program		Advisory support and investment targeting sub-national infrastructure		Investment tech start-ups focusing on digital skills	
Investment in DISCOs		Investment support for urban transport projects		Investment in broadband infrastructure	
Investment in off-grid solar and other generation					

ENHANCING RESILIENCE

CPF OBJECTIVE 10 Enhance climatic resilience	COMPLEMENTARY PRIORITY 6 Modernize agriculture	CPF OBJECTIVE 11 Reducing fragility in the Northeast and other areas affected by conflict
INTERVENTION LOGIC		
Extreme weather events have become more severe and frequent, especially in the north. Coupled with rising population, these are contributing to declining per-capita food production. Environmental degradation costs are high with profound impacts on small- and medium-sized businesses. Building on successful operations in erosion and watershed management we will invest in a major new project to support agro-climatic resilience in semi-arid lands, focused on increasing the adoption of climate resilient landscape management practices (national and communal) and enhancement of livelihoods in targeted arid and semi-arid watersheds in Northern Nigeria. IFC will support banks and companies to develop climate-smart solutions.	Transforming the agriculture sector will help drive inclusive growth and generate more and better jobs. We will contribute to this effort by working with core Nigerian institutions to help increase the productivity of the agriculture sector. We will support government efforts to (i) catalyze the development of agricultural value chains (through an existing lending operation), and (ii) policy reforms to improve the agribusiness enabling environment, supported by the ongoing ASA on Sources of Growth in Agribusiness SMEs in Nigeria. This will lay the foundation for IFC investment, advisory and Upstream support.	Ongoing fragility, conflict, and insecurity severely affect the peoples' access to basic services and consequently constrains human capital development, particularly in the north. Today, much of Nigeria is affected by conflicts between sedentary farmers and pastoralists with direct impacts on lives and livelihoods. Our support will focus on helping the Government enhance service delivery and livelihood opportunities in the North East and other regions affected by farmer-herder conflicts. Our support comprises investment lending for critical service infrastructure and livelihood opportunities in the Lake Chat Region through the Multi-sectoral Crisis Response Project, and we will consider supporting a renewed approach to the causes and consequences of farmer-herder conflict.
OBJECTIVE INDICATOR	SUPPLEMENTARY MILESTONE	OBJECTIVE INDICATOR
COI 10.1 Number of hectares of degraded and desert land restored and under sustainable landscapes management practices	CPM 6.1 Number of farmers accessing improved technologies and services	COI 11.1 No. and percentage of wards in North East states of Borno, Adamawa, and Yobe (BAY) with at least one primary healthcare center with the requisite infrastructure
Base: 10,000 hectares (2019)	Base: 440,375 (2020)	Base: 535 (75%)
Target: 300,000 hectares (2024)	Target: 806,415 (2024)	Target: 571 (80%)
OBJECTIVE INDICATOR	SUPPLEMENTARY MILESTONE	OBJECTIVE INDICATOR
COI 10.2 Area with access to climate-smart technologies including irrigation	CPM 6.2 Percentage increase in processed output in priority value chains in selected states	COI 11.2 Percentage of NE BAY state population using basic water supply
Base: 300,000 hectares (2019)	Base: N.A.	Base: 66.7% (2019)
Target: 330,000 hectares (2024)	Target: 25%	Target: 74.9% (2025)
OBJECTIVE INDICATOR		OBJECTIVE INDICATOR
COI 10.3 Increase in population with access to improved knowledge on climate-smart techniques and benefiting from climate resilient livelihood interventions		COI 11.3 Kilometers of roads rehabilitated in the NE BAY states
Base: N.A.		Base: N.A.
Target: 1,000,000 (2025)		Target: 250 kilometers

ENHANCING RESILIENCE

CPF OBJECTIVE 10 Enhance climatic resilience	COMPLEMENTARY PRIORITY 6 Modernize agriculture	CPF OBJECTIVE 11 Reducing fragility in the Northeast and other areas affected by conflict
WORLD BANK PROGRAM		
Agro-climatic resilience programmatic ASA (PASA)	Nigeria APPEALS Women & Youth Employment Impact Evaluation (IE)	NG - Benchmarking State Performance (ASA)
Nigeria Erosion and Watershed Management Project	Sources of Growth in Agribusiness Small and Medium-Sized Enterprises in Nigeria	Enhanced Development Effectiveness, Strengthened Development in Northern Nigeria (PASA)
Ibadan Urban Flood Management Project	Agro-Processing, Productivity Enhancement and Livelihood Improvement Support Project	Supporting Governance Reforms in Borno State (ASA)
Transforming Irrigation Management in Nigeria		Enabling Sustained Recovery in the North East Nigeria
Agro-Climatic Resilience in Semi-Arid Landscapes (ACReSAL)		Nigeria Risk and Resilience Assessment
	Livestock Productivity and Resilience Support Project	
		Multi-Sectoral Crisis Recovery Project for North Eastern Nigeria
IFC PROGRAM		
Advisory support (to build capacity) and investment in financial institutions for climate lending	Upstream and Advisory support to enhance key value chains (such as livestock, dairy, etc)	Advisory support and credit lines to financial institutions targeting fragile areas
Advisory and Investment in projects to reduce gas flaring and adopt clean technologies	Advisory support and investment in innovative models to increase value add of agricultural/farming activities	Advisory support for SME skills building
	Upstream and Advisory support for innovative financing models for agriculture such as warehouse receipts	

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While there is still much that remains to be done to build on these reforms, progress in the last few months has been notable. There is certainly a risk that the momentum will not be sustained and that further steps to deepen the reforms in these critical areas and to expand into other areas will not be forthcoming. But the fact that these actions have been taken publicly and that government leaders at the highest level, including President Buhari and Vice President Osinbajo, have publicly explained the criticality and urgency of these reforms even as certain segments of the media and civil society and opposition groups have protested, suggests a measure of commitment to staying the course, and even, to proceeding further.

POWER SECTOR REFORM.

- On September 1, electricity tariffs were increased (by about 50 percent) towards more cost-reflective levels (from 56 percent to over 80 percent), while moving to a regime of service-based tariffs and ensuring that the increases in average tariffs do not adversely impact those poor and low-income households who do have access to grid electricity.
- To complement the tariff reforms, the Government is implementing regulations to stop arbitrary estimated billing, accelerate mass metering and enforce payment discipline of the distribution companies, all aimed at improving the financial sustainability of the sector.

GASOLINE SUBSIDIES

- In July 2020, the Government published regulations establishing a market-based mechanism for gasoline prices.
- With the recent oil price increases, to maintain parity with the market cost of importing gasoline, the Government increased domestic gasoline prices from 123 to 143 NGN per liter in July 2020 (32 to 38 US cents), and in early-September 2020 increased prices again to 151 naira per liter (40 US cents)—the highest nominal price for gasoline in Nigeria's history.
- PENDING. To ensure the credibility and sustainability of the reform, the Petroleum Pricing Regulatory Agency needs to publish detailed guidelines for the market-based gasoline price adjustment mechanism, so market operators have the requisite clarity and certainty.
- In October 2020, in his budget speech to the National Assembly, H.E. President Buhari's confirmed the Government's commitment to the gasoline subsidy reform.

EXCHANGE RATE UNIFICATION

- In August 2020, the Central Bank of Nigeria (CBN) took a major step towards exchange-rate unification by aligning the Official Exchange Rate within 2 percent of the market-reflective Investors and Exporters Exchange Rate (NAFEX) and committing to the Government to maintain the Official Exchange Rate within a 2-percent band of NAFEX going forward.

EXCHANGE RATE MANAGEMENT

- On September 4, 2020, in a letter to the Minister of Finance, the CBN committed to not imposing new or intensifying existing foreign exchange restrictions on the making of FX payments and transfers, trade restrictions, or multiple currency practices.
- PENDING. The CBN needs to communicate a clear and transparent plan to address the FX backlog that has built up in the market (contributing to a parallel-market premium) and

provide liquidity to the Investors and Exporters Exchange Rate Window to ensure that domestic exporters have access to FX.

- During September and October 2020, the CBN has been increasing the supply of FX in the Investors and Exporters Exchange Rate window to start addressing the FX backlog.

TRANSPARENCY OF OIL REVENUES

- In June 2020, for the first time in its history, the state oil company, NNPC, completed and published independently audited financial statements of twenty (20) of its subsidiaries and corporate units for FY2018. NNPC also published detailed monthly reports (January-June 2020) containing the volumes and values of the oil delivered and a detailed breakdown of deductions by NNPC.
- In September 2020, NNPC joined the Extractive Industries Transparency Initiative (EITI).
- In October 2020, NNPC published its 2019 audited financial statements.

DEBT TRANSPARENCY AND SUSTAINABILITY

- In June 2020, the Ministry of Finance mandated the compilation of a comprehensive catalog of contingent liabilities, including from ministries, public agencies, and parastatals. This information on contingent liabilities will be published as part of the annual budget, and the DMO will use it to draw up a contingent-liability management strategy, supported by technical assistance from the World Bank and the IMF.
- Also, in June 2020, the DMO published, for the first time, information on Federal Government loans that have been contracted but not yet disbursed.
- In July 2020, the Government enacted an Amended Budget for 2020 which introduced realistic domestic and external borrowing limits—this means that Nigeria will be able to borrow from marketable debt instruments ex-ante and at a lower cost than relying on high-cost overdrafts from the Central Bank ex-post.
- In October 2020, the Government submitted the Budget Proposal for 2021 to the National Assembly. The 2021 budget follows the same COVID-response principles as the 2020 Amended Budget.

ANNEX 3: NIGERIA'S MACROECONOMIC FRAMEWORK AND OUTLOOK

Background and Recent Developments

1. **The economic and human impact of the COVID-19 pandemic on Nigeria is expected to be severe, even if Nigeria manages to contain the outbreak locally**. At the onset of COVID-19, the Nigerian economy was still recovering from the 2015-2016 oil price shock, which swung Nigeria into its first recession in 25 years. The 2020 contraction would follow four years of low growth and rising unemployment, due to various factors, including multiple foreign exchange rates, trade restrictions, and deficit monetization; combined with long-standing development challenges to mobilize domestic revenues, reduce infrastructure gaps, and strengthen governance.

2. **Nigeria's economic growth outlook has deteriorated considerably in the context of COVID-19.** Beyond the loss of life, the Nigerian economy is projected to contract by about 4 percent in 2020 - its worst economic recession in four decades. This is more than 6 percentage points below the pre-COVID growth outlook. The recession is expected to be more than twice as deep as in 2015-2016. As per capita incomes fall, the pandemic is projected to leave 11 million more Nigerians living in poverty by 2022 relative to the pre-COVID-19 forecast.

3. **Nigeria's economy has been severely affected by the global economic disruption caused by COVID-19**, particularly from the pronounced decline in oil prices, a fall in remittances, and spikes in risk aversion in global capital markets. The economy and the government's finances are highly dependent on sales of crude oil. Oil accounts for 90 percent of exports, 30 percent of banking sector credit, and 50 percent of (consolidated) government revenues. Non-oil industry and services' growth is also highly elastic to oil prices, with additional pressures arising from foreign portfolio investors' reassessment of risks and domestic liquidity management.

4. **The crisis has affected all sectors of the economy.** The oil sector was hit by tumbling prices and OPEC quotas. Measures to contain the COVID-19 outbreak had an immediate impact on economic activity across non-oil industry and services sectors. Agriculture growth slowed amidst difficulties in moving inputs and outputs. In services, only telecoms (on the back of higher data demand) and financial services (benefitting from pre-crisis credit growth and shielded by forbearance and stimulus measures from the Central Bank) registered growth.

5. **The fiscal impact of the crisis is severe.** In 2020, assuming oil prices average US$42 per barrel, consolidated government revenues are projected to fall by 2 percentage points of GDP (over US$10 billion), to only about 6 percent of GDP. The revenue shock comes at a time when fiscal resources are urgently needed to contain the outbreak and implement counter-cyclical and pro-poor fiscal measures to protect lives and livelihoods, and support the economic recovery. A relatively low public debt-to-GDP ratio (about 30 percent of GDP)[48] gives Nigeria borrowing space to partially shield poor households from the effects of COVID-19.

6. **Debt remains sustainable, with Nigeria's fiscal and debt sustainability risks arising primarily from low revenues.** Before COVID-19, Nigeria had one of the lowest revenue-to-GDP ratios in the world (8 percent, half of it from oil). A debt sustainability analysis conducted in April 2020[49] (summarized in FIGURE 12) showcases Nigeria's overall debt resilience to simulated

[48] Nigeria benefitted from Heavily Indebted Poor Countries (HIPC) Initiative in 2006.
[49] Nigeria is a Market-Access Country for the purposes of Debt Sustainability Analysis (MAC-DSA). The latest DSA accompanying the IMF Rapid Financing Instrument (US$3.4 billion, 100 percent of the quota) was published in April

shocks relative to the real GDP growth rate, primary balance, real interest, and exchange rate. However, while the solvency and liquidity metrics are resilient to most macroeconomic shocks, falling government revenues threaten liquidity indicators in the short term: an interest-rate shock could push the ratio of interest payments to Federal Government revenue above 100 percent by 2023—although general government interest payments would not exceed 45 percent of general government revenue—reinforcing the urgency of revenue-enhancing reforms. In a crisis context, revenue-mobilization priorities include improving the management of the oil sector and non-oil tax administration reforms that lay the foundation for non-oil tax policy reforms once the crisis passes. Service-delivery improvements, including public financial and investment management reforms, remain paramount as well.

7. **The external current account has been hit by falling oil export proceeds and shrinking remittances.** Over the past 15 years, Nigeria's external current account recorded a surplus in all but two years. Current account deficits were recorded in 2015, following the oil shock, and in 2019, as imports boomed with rising domestic demand. The financial account balance has been more volatile, however, driven by changes in investor sentiment. Attracting and retaining short- and long-term investment flows remains a priority to support Nigeria's balance of payments (BOP). In the past, when investment flows fell significantly, Nigeria experienced a contraction in imports, to limit the declines in the external reserves. At the onset of COVID-19, external reserves stood at US$39 billion (equivalent of about 5 months of imports).

8. **Supported by relatively tight monetary policies, annual inflation dropped from a high of 16.5 percent in 2017 to 11.4 percent in 2019.** Since the COVID-19 shock, inflation has accelerated to about 13 percent, as a limited supply of the foreign exchange added to the other trade restrictions contributing to a rise in food prices. Inflation is expected to remain elevated, with the additional impact of electricity-subsidy reforms.

9. **Although the banking system remains sound, some early warning signs highlight the importance of developing crisis management and resolution frameworks for the banking sector.[50]** In 2019, the banking system performed well on a range of indicators for financial soundness. Following COVID-19 and the associated shocks, while the overall rise in the non-performing loans (NPLs) remains limited with the regulatory forbearance extended by the Central Bank, the oil and gas sector recorded a 22-percent increase in NPLs as of June 2020. Further deterioration in the soundness of the banking system, including compression in net interest margins—the bulk of the system profit sources—could compromise Nigeria's banking sector's ability to attract capital.

2020. Note that IMF and World Bank reporting of Nigeria's public debt figures differ slightly. IMF measures gross public sector debt, which includes gross overdrafts and holdings of Asset Management Corporation of Nigeria (AMCON) bonds. The World Bank tracks and reports net government debt (including net Central Bank overdraft, excluding AMCON bonds).

[50] The legal underpinnings of the frameworks requires further development to comply with good international practices (outlined by Financial Stability Board's Key Attributes standards), for example with regard to the supervisory powers to dilute shareholder equity in a failing institution, a relative limited set of resolution tools, among other shortcomings. The limited capacity of the statutory resolution authority (the Nigeria Deposit Insurance Corporation) to effectively assess and execute resolution plans for Domestically-Systemically Important Banks is a critically important gap that needs to be addressed. These inefficiencies render these frameworks a risk of inability to effectively deal with bank failures. In the past, there was overreliance on regulatory forbearance as medium size banks were allowed to continue to operate with capital adequacy ratios below prudential standards without clear time bound recovery plans. Moreover, there were significant capital injections into weak banks subscribed by the state-owned Asset Management Company of Nigeria (AMCON). This have tended to mask the full strength of deterioration in the stability of the sector.

10. **The crisis has served as a wake-up call. Since April 2020, Nigeria has undertaken bold reforms:** the Government largely unified exchange rates, raised electricity tariffs, established a market-based mechanism for gasoline prices, increased debt and oil sector transparency, and adopted crisis-responsive amended budgets (Federal Government and all 36 states). These measures significantly strengthened Nigeria's macroeconomic framework. Beyond the reforms already taken, the most immediate policy priority to ensure macroeconomic sustainability is for the Central Bank of Nigeria (CBN) to allow the exchange rate to respond to market signals.[51] The CBN has artificially maintained a stable exchange rate by imposing de-facto restrictions on foreign exchange (FX) sales and depressed the banking sector's liquidity[52], while under-supplying FX to the market to preserve its FX reserves.

11. **Sustaining and building on the reform momentum is critical to "building back better".** In particular, revenue-based fiscal-consolidation reforms, coupled with more flexible and transparent foreign exchange and broader monetary policy management, are critical to attracting external official and private flows to support the recovery, and help make future growth more inclusive. Without reforms, Nigeria is unlikely to attract the private investment needed to reverse the decline in per-capita incomes, increase domestic value-added, and create better jobs, and thereby hinder the Government's ability to deliver on its aspiration to lift 100 million people out of poverty in the next decade. Given the unprecedented COVID-19 crisis, without reforms, living standards in Nigeria could deteriorate to the levels seen in the 1980s.

12. **Macroeconomic risks remain high and the economic outlook is highly uncertain.** Nigeria's growth outlook depends on the trajectory of the COVID-19 pandemic, how the world economy and oil prices recover, and what reform agenda the Government of Nigeria will adopt. A more severe domestic outbreak and/or a more protracted decline in oil prices relative to the baseline scenario (US$42-US$50 per barrel) would further deepen Nigeria's recession. In a high-risk scenario—one that assumes a severe outbreak of COVID-19, a slower recovery in oil prices, and stalling reforms—Nigeria would experience negative growth both in 2020 and 2021. On the upside, Nigeria's sustained commitment to adopt and implement structural reforms could put it on a stronger recovery and more inclusive growth path and address the shock-induced fiscal and external financing gaps sustainably (see TABLE 5).

Continued reforms are key to ensuring a sustainable macroeconomic framework: three scenarios illustrating Nigeria's fiscal and external financing needs

13. THE BOTTOM LINE. **With continued reforms** and the strong signal that the planned Nigeria COVID-19 Federal Fiscal and Economic Response (CoFFER) DPO would send, **there is a clear way forward for Nigeria to attract back FX flows and manage macro sustainability risks.** Importantly, although external risks remain high, the risk of a traditional BOP crisis is low because of Nigeria's limited external debt service obligations and the base level of FX inflows from sales of crude oil. This is in contrast to other countries where, without large-scale BOP

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[51] Note that with the collapse in oil prices in 2015, CBN responded to pressures in the Foreign Exchange (FX) market through imposing restrictions on commercial banks' FX trading, closed the official FX auction window, and channeled those transactions to the interbank market, effectively devaluing the official rate to the interbank rate by about 18 percent in February 2015. CBN has then tightly managed the exchange rate and introduced restrictions on access to FX, which has resulted in a widespread between the rates on the interbank and other (including Bureau de Change (BDC)) markets.

52 CBN also influences domestic liquidity of the banking sector through imposing out-of-cycle Cash Reserve Requirement Ratio (CRR) on banks that don't comply with a minimum loan to deposit ratio of 65 percent. The market often witnesses some delays in releasing liquidity to banks upon complying with this requirement.

support from IFIs, a BOP crisis would be inevitable. In Nigeria, the risk is that in the absence of reforms, Nigeria repeats the slow bleed of the 1980s, with severe long-term consequences.

14. **An important component of the policy mix that would help address the financing gap in 2020-2023 is to allow the exchange rate to reflect market fundamentals** (i.e., a further depreciation), which will increase the naira value of external financing and oil proceeds and preserve reserves. The Central Bank of Nigeria (CBN) already achieved a big step with the de-facto unification of the multiple exchange rates, which has a significant fiscal impact through the conversion of government FX flows at the same rate as private investors and exporters. Allowing the exchange rate to respond to market signals and easing restrictions on access to FX could contribute to short-term inflationary pressures—though the exchange rate pass-through to inflation is estimated to be low—coming on top of the removal of gasoline subsidies and the adjustment in electricity tariffs towards cost-reflective levels. Poor and low-income households can be protected from the adverse effects of rising inflation through a scale-up of targeted cash transfers. Also, a DPO would help cover external financing needs, at a much cheaper cost than issuing domestic debt or Eurobonds, or borrowing from the Central Bank.

SCENARIO 1: Sustained reform momentum (CPF baseline)

15. This scenario assumes a continuation of the reform momentum, supported by a robust policy engagement and possible policy-based budget support that in itself would send a strong signal. Our policy engagement has supported the Government's COVID-19 response with a focus on (i) safeguarding revenues and financing flows, (ii) reprioritizing spending and strengthening expenditure and debt management, and (iii) enhancing macroeconomic and financial sector stability.

16. This scenario also assumes that the Government would increase flexibility and transparency of exchange rate management, which is deemed as critical to ensuring an adequate macroeconomic framework.

17. Beyond ensuring macro adequacy, this scenario would boost investor confidence and help attract back FX inflows, supporting the economic recovery (see TABLE 5):

- On the external side, in this scenario, Nigeria would avoid an import contraction (especially capital imports) with its corresponding effect on economic growth. While increasing imports would add to the financing needs through higher current account deficits, the financial account balance (and reserves) would strengthen due to higher investment and government external financing flows. A drawdown of reserves (assumed around US$12 billion in 2020) would help finance BOP needs (see TABLE 6).

- On the fiscal side, the Government would manage the shock-induced needs through (i) a fiscal boost from FX rate adjustment; (ii) savings from gasoline subsidies; (iii) savings from electricity subsidies; (iv) oil sector transparency reducing fiscal leakages; (v) non-oil revenue reforms; (vi) transparent and lower borrowing costs—borrowing externally from IFIs and Eurobonds and domestically through bond markets, as planned. (see TABLE 7).

- Medium-term policy priorities that would further strengthen the macroeconomic framework include: (i) trade facilitation reforms, including land-border opening, and rationalization of non-tariff barriers; (ii) enhanced financial sector stability management; and (iii) continued oil and non-oil revenue mobilization reforms.

- In this scenario, the economic recovery would still be initially slow, but with GDP growth gradually catching up with population growth and stabilizing the poverty rate. With complementary policies and programs to strengthen social protection, food security, and MSME survival and growth (supported by the CARES PforR and other operations by the WBG and partners), Nigeria's economic recovery is expected to benefit the poor and vulnerable.

SCENARIO 2: Business as usual

18. This scenario assumes that Nigeria maintains reforms already taken but decides not to further strengthen the flexibility and transparency of FX management, and as a result, the macroeconomic framework would not be deemed adequate for development policy lending.

19. In this scenario, Nigeria would be able to meet its medium-term external and fiscal financing needs, and public debt would be deemed sustainable. With lower investment flows, however, recovery would be much slower, at about half the pace of the baseline, with the economic growth remaining below population growth. With consideration for external reserves, imports (including those needed to support capital investments) would recover at a slower pace. Fiscal financing needs would rely more on domestic financing, with potentially higher debt-servicing costs.

20. During 2015-2019, Nigeria showcased this scenario and was able to muddle through multiple shocks with pro-cyclical fiscal policy (buffered by lowered capital expenditures) and/or short-sighted monetary policy solutions (e.g., protecting external reserves by attracting costly foreign portfolio investment to maintain the stability of the nominal exchange rate). Nigeria could continue on this path. However, growth will be of lower quality, with higher inflation, little job creation, and rising poverty and inequality.

SCENARIO 3: 1980s redux—a slow bleed

21. This scenario assumes a more severe pandemic that prolongs the global crisis, with significantly lower oil prices (e.g., US$27 per barrel in 2021, versus US$44 per barrel in Scenario 1). Furthermore, in this scenario, Nigeria is assumed to stall reforms, and even potentially reverse measures already taken (such as the electricity and gasoline subsidy reforms). While a further deterioration of the global outlook is not a pre-condition for stalling reform momentum, it may reduce the Government's ability to continue implementing reforms (e.g., power tariff increases) amidst faster-shrinking incomes and serves as an illustration of external and domestic risks materializing.

22. In this scenario, foreign and domestic investment would decline significantly, hampering economic and social development, and possibly even reverting to the standards of living Nigerians had in the 1980s.

23. In this scenario Nigeria could still avoid a BOP crisis, managing its external financing needs without external debt restructuring. It's not desirable, but Nigeria could oppose trade facilitation reforms (e.g., delay the opening of its land borders); and respond to structural FX rate misalignment with additional FX restrictions that would eventually lead to an import contraction:

- On the external side, this scenario would result in Nigeria's recession deepening and extending into 2021. Instead of complementing the Government's agriculture and industrial development strategies, the policies assumed in this scenario would reduce domestic private credit growth and reduce external capital inflows. Nevertheless, while financing needs would be larger, we assess that Nigeria could still withstand such a scenario without the need for external debt restructuring. This is mainly because even with low oil prices, oil proceeds would significantly exceed the external debt service obligations in the medium term (about US$2 billion annually) (see TABLE 8).

- On the fiscal side, in this scenario, the Government could still meet its larger fiscal needs without borrowing from IFIs, and with weaker prospects to access Eurobonds by: (i) relying on domestic debt options (including Central Bank financing), likely crowding out private sector credit and exacerbating inflationary pressures; and (ii) further contracting primary expenditures. While Nigeria will be able to close its fiscal gap during the forecast period, this scenario shows that lower public expenditure would hinder the recovery, deepen already substantial gaps in human and physical capital, and worsen public service delivery; all of which would affect long-term development, and possibly even result in increased public unrest and violence.

- On the financial stability side, in this scenario, a deeper recession would impact an already-stressed financial sector. The banking system would experience a rapid rise in NPLs. Profitability would shrink with a compression in net interest margins (the bulk of profit sources) and the banking system's ability to attract capital would be drastically diminished. With a potential risk of materializing contingent liabilities from the baking sector (around 4 percent of the GDP in 2019), this will exacerbate the underlying financial stability as well as fiscal risks.

TABLE 5: Nigeria's macroeconomic framework under three scenarios

		Hist.				CPF baseline				Muddle through				Slow bleed				Pre-COVID		Difference	
Description	Unit	2016	2017	2018	2019	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2020	2021
Oil price (Bonny Light)	**US$/bbl**	**45**	**55**	**72**	**65**	42	44	50	53	42	44	50	53	40	27	30	31	63	64	-21	-20
Oil production	mbpd	1.8	1.9	1.9	2.0	1.8	1.8	1.8	1.9	1.8	1.8	1.8	1.9	1.8	1.7	1.7	1.7	2.1	2.1	-0.3	-0.4
Growth																					
GDP	**%, yoy**	**-1.6**	**0.8**	**1.9**	**2.2**	**-4.1**	**1.2**	**1.8**	**2.6**	**-4.1**	**0.3**	**1.1**	**1.6**	**-5.1**	**-7.4**	**0.4**	**1.1**	**2.1**	**2.1**	**-6.2**	**-0.9**
Fiscal Accounts - general government																					
Fiscal balance	**% GDP**	**-3.8**	**-3.9**	**-4.2**	**-4.6**	**-5.8**	**-4.6**	**-4.4**	**-3.8**	**-5.8**	**-4.7**	**-4.6**	**-3.9**	**-5.8**	**-5.8**	**-4.7**	**-4.6**	**-4.1**	**-4.0**	**-1.7**	**-0.6**
Revenues	% GDP	5.9	6.7	8.1	8.2	6.4	7.1	7.6	8.2	6.4	6.7	6.8	7.7	6.2	5.8	6.1	6.5	8.5	8.6	-2.1	-1.5
Expenditures	% GDP	9.7	10.6	12.3	12.7	12.2	11.7	12.0	12.0	12.2	11.4	11.4	11.6	12.0	11.6	10.8	11.1	12.7	12.7	-0.5	-1.0
Public Debt (net)	% GDP	17.3	18.9	19.3	21.7	27.1	29.3	31.0	31.7	27.1	29.4	31.1	31.9	27.1	30.5	32.5	34.0	25.8	27.4	1.3	1.9
Balance of Payments																					
Current account balance	**US$ bn**	**2.7**	**10.4**	**3.9**	**-17.0**	**-7.0**	**-12.8**	**-12.2**	**-12.1**	**-4.7**	**-2.5**	**-2.7**	**-2.5**	**-6.3**	**1.0**	**2.2**	**1.1**	**0.5**	**1.4**	**-7.5**	**-14.2**
G&S Exports	US$ bn	38.4	50.8	66.0	69.9	42.3	48.6	54.8	62.0	42.3	46.3	52.2	58.0	40.2	33.3	35.9	38.2	67.3	68.5	-25.0	-19.9
o/w oil	US$ bn	32.0	42.3	56.6	54.5	32.2	32.2	37.6	41.8	32.2	32.2	37.6	41.8	30.1	19.2	21.3	22.0	56.1	57.0	-23.9	-24.8
G&S Imports	US$ bn	47.0	50.9	71.6	100.8	64.1	77.6	86.6	97.7	61.8	64.7	73.4	82.8	60.3	47.1	51.1	58.1	77.5	77.7	-13.4	-0.1
Net Income	US$ bn	-8.6	-11.5	-14.7	-12.5	-5.4	-5.2	-5.0	-4.6	-5.4	-5.1	-4.9	-4.5	-5.4	-5.1	-4.9	-4.5	-15.7	-15.7	10.3	10.5
Net transfers	US$ bn	19.9	22.0	24.1	26.4	20.2	21.5	24.6	28.2	20.2	21.1	23.5	26.9	19.2	20.0	22.3	25.5	26.3	26.3	-6.1	-4.8
Financial account balance	**US$ bn**	**0.7**	**8.2**	**-9.8**	**13.6**	**-4.8**	**13.6**	**17.2**	**17.9**	**-9.3**	**5.7**	**6.7**	**6.9**	**-11.0**	**-2.7**	**-0.9**	**-0.8**	**5.1**	**6.9**	**-9.9**	**4.8**
Foreign Direct Investment	US$ bn	3.1	2.2	0.6	1.8	1.2	2.4	3.2	4.1	1.1	0.9	1.2	1.2	1.0	0.2	0.3	0.4	…	…	…	…
Foreign Portfolio Investment (excl. Eurobonds)	US$ bn	1.7	3.7	-7.2	9.0	-8.1	4.1	6.3	5.1	-9.5	2.4	2.9	2.9	-10.4	-1.1	0.1	0.2				
Other Investment	US$ bn	-4.9	-5.2	-9.7	0.3	-6.3	-0.9	0.1	0.3	-6.3	-2.9	-1.9	-1.7	-6.8	-4.2	-3.1	-3.4	…	…	…	…
Government Borrowing (net)		0.7	7.5	6.4	2.5	8.3	8.0	7.6	8.4	5.3	5.2	4.6	4.5	5.2	2.4	1.8	2.0	…	…	…	…
Errors and Omissions	US$ bn	-4.4	-5.7	10.3	-1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	…	…	…	…
Change in Reserves (+ Decrease)	US$ bn	1.0	-12.9	-4.4	4.5	11.8	-0.8	-5.0	-5.8	14.0	-3.2	-4.0	-4.4	17.3	1.6	-1.3	-0.3				
Gross External Reserves (end period)	**US$ bn**	**25.8**	**38.8**	**43.1**	**38.6**	**26.8**	**27.6**	**32.6**	**38.5**	**24.6**	**27.8**	**31.8**	**36.2**	**21.3**	**19.7**	**20.9**	**21.2**	**…**	**…**	**…**	**…**
Equivalent months of Imports		6.6	9.1	7.2	4.6	5.0	4.3	4.5	4.7	4.8	5.2	5.2	5.2	4.2	5.0	4.9	4.4	…	…	…	…
Inflation																					
Consumer Price Index (CPI)	% yoy	15.6	16.5	12.1	11.4	12.9	11.7	11.0	10.4	12.9	12.8	12.1	11.7	13.2	25.1	24.6	18.3	12.2	11.4	0.7	0.3

TABLE 6: Nigeria's external financing needs under three scenarios

		CPF baseline				Muddle through				Slow bleed			
In US$ bn	2019	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Total financing needs	**17.3**	**7.4**	**13.8**	**12.7**	**12.6**	**5.2**	**3.5**	**3.2**	**3.0**	**6.8**	**0.0**	**-1.7**	**-0.6**
Current account deficit	17.0	7.0	12.8	12.2	12.1	4.7	2.5	2.7	2.5	6.3	-1.0	-2.2	-1.1
Scheduled government external debt amortization	0.3	0.5	1.0	0.5	0.5	0.5	1.0	0.5	0.5	0.5	1.0	0.5	0.5
Total financing sources	**17.3**	**7.4**	**13.8**	**12.7**	**12.6**	**5.2**	**3.5**	**3.2**	**3.0**	**6.8**	**0.0**	**-1.7**	**-0.6**
FDI inflows (net)	1.8	1.2	2.4	3.2	4.1	1.1	0.9	1.2	1.2	1.0	0.2	0.3	0.4
Portfolio inflows (net)	9.0	-8.1	4.1	6.3	5.1	-9.5	2.4	2.9	2.9	-10.4	-1.1	0.1	0.2
Other investment (net) excl government	2.8	-6.3	-0.9	0.1	0.3	-6.3	-2.9	-1.9	-1.7	-6.8	-4.2	-3.1	-3.4
Errors and omissions	-3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Government borrowing (gross)	2.8	8.8	9.0	8.1	8.9	5.8	6.2	5.1	5.0	5.7	3.4	2.3	2.5
Loans	2.8	8.8	9.0	8.1	8.9	5.8	6.2	5.1	5.0	5.7	3.4	2.3	2.5
IMF	0.0	3.4	0.0	0.0	0.0	3.4	0.0	0.0	0.0	3.4	0.0	0.0	0.0
World Bank	1.6	3.1	2.5	2.6	2.7	1.6	2.0	2.1	1.8	1.4	1.7	1.8	1.8
o/w the proposed DPF		1.5				0.0				0.0			
Other creditors	1.2	0.8	2.1	0.5	0.7	0.8	1.7	0.5	0.7	0.8	1.7	0.5	0.7
FX bonds	0.0	0.0	4.4	5.0	5.5	0.0	2.5	2.5	2.5	0.0	0.0	0.0	0.0
Other items (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Use of reserves	4.5	11.8	-0.8	-5.0	-5.8	14.0	-3.2	-4.0	-4.4	17.3	1.6	-1.3	-0.3

NOTES: Nigerian authorities and World Bank estimates

TABLE 7: Nigeria's fiscal financing needs under three scenarios

		CPF baseline		Muddle through		Slow bleed	
In US$ billion	2019	2020	2021	2020	2021	2020	2021
General Government Financing needs	**23.1**	**25.6**	**23.3**	**25.6**	**23.5**	**25.6**	**26.7**
Federal Government Deficit	16.2	**17.7**	**16.5**	**17.7**	**16.7**	**17.7**	**19.9**
State Governments' Deficit	4.2	**5.5**	**4.3**	**5.5**	**4.3**	**5.5**	**4.3**
Amortization	2.6	**2.3**	**2.6**	**2.3**	**2.6**	**2.3**	**2.6**
Federal Government							
Total revenue and grants	14.4	9.8	11.7	9.8	10.7	9.8	8.0
Total expenditure	30.6	27.6	28.2	27.6	27.3	27.6	27.9
Overall balance	-16.2	-17.7	-16.5	-17.7	-16.7	-17.7	-19.9
Deficit Financing	**16.2**	**17.7**	**16.5**	**17.7**	**16.7**	**17.7**	**19.9**
External – Regular	**0.0**	**0.1**	**5.8**	**0.4**	**5.8**	**0.3**	**0.0**
Borrowing (commercial)	0.0	0.0	4.4	0.0	5.3	0.0	0.0
Multilateral	0.0	0.1	1.4	0.4	0.4	0.3	0.0
External - COVID-19 emergency loans	**0.0**	**5.4**	**0.8**	**3.8**	**0.5**	**3.8**	**0.0**
IMF RFI	0.0	3.4	0.0	3.4	0.0	3.4	0.0
World Bank	0.0	1.5	0.0	0.0	0.0	0.0	0.0
Other Multilaterals	0.0	0.4	0.7	0.4	0.5	0.4	0.0
Domestic	**16.2**	**12.2**	**9.9**	**13.6**	**10.4**	**13.6**	**19.9**
Borrowing (excluding overdraft)	2.3	6.4	9.9	6.6	5.6	6.4	11.4
Other domestic sources (incl. PAF and other CBN and overdraft)	13.9	5.8	0.0	7.0	4.8	7.2	8.5
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0

TABLE 8: Nigeria's external debt service

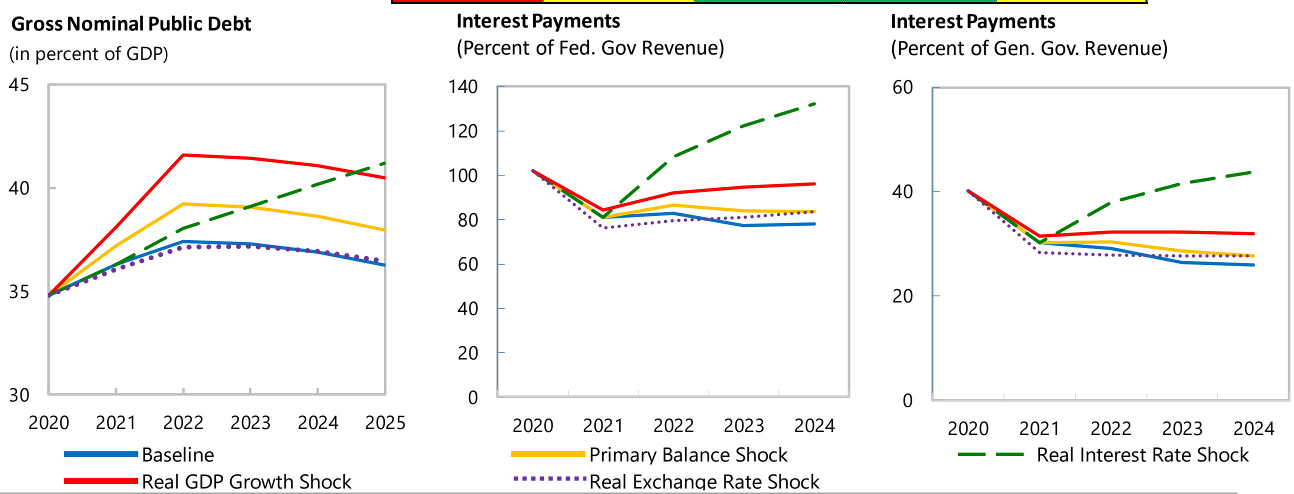
In US$ million

Interest	2018	2019	2020	2020 Jul-Dec	2021	2021 Jan-Jun	2022	2023	2021-2023
Multilateral	**122**	**130**	**126**		**122**		**118**	**112**	**352**
Bilateral	**73**	**79**	**76**		**72**		**67**	**62**	**202**
Commercial (Eurobond)	**503**	**841**	**841**		**824**		**799**	**774**	**2,398**
Total interest	**698**	**1,050**	**1,044**		**1,018**		**985**	**949**	**2,952**
Principal	2018	2019	2020		2021		2022	2023	2021-2023
Multilateral	**153**	**261**	**351**		**406**		**502**	**508**	**1,416**
Bilateral	**83**	**79**	**133**		**192**		**193**	**194**	**580**
Commercial (Eurobond)	**500**	**-**	**-**		**500**		**300**	**500**	**1,300**
Total principal	**736**	**339**	**485**		**1,098**		**995**	**1,202**	**3,296**
Total external debt service (Interest + Principal)	2018	2019	2020	2020 Jul-Dec	2021	2021 Jan-Jun	2022	2023	2021-2023
Multilateral	**275**	**391**	**477**	**238**	**527**	**238**	**620**	**621**	**1,768**
Bilateral	**156**	**158**	**210**	**105**	**265**	**105**	**261**	**256**	**781**
China (Exim)	134	133	174	87	225	87	221	217	662
France	11	20	32	16	35	16	36	35	106
Japan	-	0	0	0	0	0	0	0	0
Germany	11	2	2	1	2	1	2	2	5
India	1	3	3	1	2	1	2	2	7
Commercial (Eurobond)	**1,003**	**841**	**841**	**421**	**1,324**	**921**	**1,099**	**1,274**	**3,698**
Grand Total (Interest and principal)	**1,434**	**1,389**	**1,528**	**764**	**2,116**	**1,264**	**1,980**	**2,151**	**6,247**

NOTES: Nigerian authorities and World Bank estimates

FIGURE 12: Nigeria Debt Sustainability Analysis—Heat Map of Risks and Stress Tests

Debt level	Real GDP Growth Shock	Primary Balance Shock	Real Interest Rate Shock	Exchange Rate Shock	Contingent Liability shock
Gross financing needs	Real GDP Growth Shock	Primary Balance Shock	Real Interest Rate Shock	Exchange Rate Shock	Contingent Liability Shock
Debt profile	Market Perception	External Financing Requirements	Change in the Share of Short-Term Debt	Public Debt Held by Non-Residents	Foreign Currency Debt



NOTES: Nigerian authorities and IMF estimates.

ANNEX 4: SELECTED INDICATORS OF IDA-IBRD PORTFOLIO PERFORMANCE

		COMMITMENTS	DISBURSEMENTS
IDA15	FY09	1,760	
	FY10	890	
	FY11	580	
IDA16	FY12	1,345	
	FY13	1,015	
	FY14	1,698	947
IDA17	FY15	975	930
	FY16	1,075	832
	FY17	1,601	807
IDA18	FY18	2,586	779
	FY19	27	1,202
	FY20	2,576	999
IDA19	**FY21**	**(Q1) 700**	**(Q1) 89**
	FY22		
	FY23		

KEY PORTFOLIO INDICATORS (as of September 18, 2020)

Indicator	Total	National (IDA-IBRD)			National (RETF)	Regional
		All	Effective	Pending[1]		
Net commitment (USD million)	12,586	12,234	9,109	3,125	90	262
No. of projects	40	34	24	10	2	4
Average size (USD million)	315	360	380	313	45	66
Undisbursed balance: (USD million)	7,570	7,378	4,253	3,125	4	188

FY20 beginning undisbursed balance (USD millon)	**5,251**
FY20 disbursement (USD million): up to 30-Jun (Actual)	**999**
FY20 disbursement ratio (%): up to 30-Jun (Actual - IPF only)	**21.50%**

Notes:

[1] Eleven operations approved by the Board since February 18, 2020 are pending effectiveness, including one regional project.

ANNEX 5: IDA-IBRD FINANCING PORTFOLIO

PILLAR	PROJECT ID	PROJECT NAME	APPROVAL FY	PRODUCT LINE	PRODUCT TYPE	DATES		COMMITMENT (USD MILLION)				UNDISBURSED BALANCE	COFINANCING (USD MILLION)	AGE (MONTHS)	NO. OF AF	DO	IP	RISK	AT RISK?	PROBLEM PROJECT
						APPROVAL	CLOSING	TOTAL	IBRD	IDA	OTHER									
Public sector	P121455	State Employment and Expenditure for Results Project	2012	PE	IPF	06-Mar-12	30-Sep-20	200.00	0.00	200.00	0.00	0.56	0.00	102.5	1	S	MS	S		
Public sector	P133045	State and Local Governance Reform Project	2015	RE	IPF	17-Oct-14	30-Sep-20	70.46	0.00	0.00	70.46	12.94		71.1	0	S	S	M		
Public sector	P162009	States Fiscal Transparency, Accountability and Sustainability	2018	PE	PforR	27-Jun-18	30-Dec-22	750.00	0.00	750.00	0.00	603.40	0.00	26.8	0	S	MS	S		
Public sector	P163540	Fiscal Governance and Institutions Project	2018	PE	IPF	27-Jun-18	31-Dec-22	125.00	0.00	125.00	0.00	114.52	0.00	26.8	0	MS	MS	S	Y	
Public sector	P169405	Sustainable Procurement, Environmental and Social Standards	2020	PE	IPF	18-Feb-20	31-Oct-24	80.00	0.00	80.00	0.00	79.29	0.00	7.1	0			S		
Human capital	P090644	Community and Social Development Project	2009	PE	IPF	01-Jul-08	30-Sep-20	414.95	0.00	414.95	0.00	30.19	0.00	146.7	2	S	S	S		
Human capital	P120798	Nigeria States Health Investment Project	2012	PE	IPF	12-Apr-12	31-Oct-20	250.00	0.00	250.00	0.00	16.84	41.70	101.3	1	S	MS	S		
Human capital	P130865	Polio Eradication Support Project	2013	PE	IPF	12-Jul-12	31-Dec-20	569.94	0.00	569.94	0.00	14.18	0.00	98.3	3	S	S	H		
Human capital	P126964	Nigeria Youth Employment & Social Support Operation	2013	PE	IPF	26-Mar-13	30-Sep-20	199.98	0.00	199.98	0.00	0.00	0.00	89.9	1	S	S	S		
Human capital	P123513	Third National Urban Water Sector Reform Project	2014	PE	IPF	18-Apr-14	30-Dec-20	205.83	0.00	205.83	0.00	43.24	0.00	77.1	0	MS	MS	M		
Human capital	P146583	Nigeria - Program to Support Saving One Million Lives	2015	PE	PforR	23-Apr-15	30-Sep-20	500.00	0.00	500.00	0.00	231.92	0.00	65.0	0	MS	MS	S		
Human capital	P151488	National Social Safety Nets Project	2016	PE	IPF	07-Jun-16	30-Jun-22	500.00	0.00	500.00	0.00	307.93	0.00	51.5	0	S	S	M		
Human capital	P160430	Better Education Service Delivery for All	2017	PE	PforR	20-Jun-17	31-Oct-22	611.00	0.00	611.00	0.00	509.77	0.00	39.0	0	MS	MS	S		
Human capital	P161364	Nigeria For Women Project	2018	PE	IPF	27-Jun-18	31-May-23	100.00	0.00	100.00	0.00	79.16	0.00	26.8	0	MS	MS	S		
Human capital	P162069	Nigeria- Accelerating Nutrition Results	2018	PE	IPF	27-Jun-18	31-Dec-23	225.00	0.00	225.00	0.00	208.59	7.00	26.8	0	MS	MS	S	Y	
Human capital	P163969	BASIC HEALTHCARE PROVISION FUND PROJECT (HUWE PROJECT)	2019	RE	IPF	13-Aug-18	30-Jun-21	20.00	0.00	0.00	20.00	8.50		25.3	0	S	MS	H		
Human capital	P166239	Innovation Development and Effectiveness in the Acquisition of	2020	PE	IPF	18-Feb-20	30-Jun-25	200.00	0.00	200.00	0.00	200.69	0.00	7.1	0	S	S	S		
Human capital	P167156	Nigeria Improved Child Survival Program for Human Capital MPA	2020	PE	IPF	18-Feb-20	31-Dec-25	650.00	0.00	650.00	0.00	640.10	0.00	7.1	0	S	S	S		

PILLAR	PROJECT ID	PROJECT NAME	APPROVAL FY	PRODUCT LINE	PRODUCT TYPE	DATES		COMMITMENT (USD MILLION)				UNDISBURSED BALANCE	COFINANCING (USD MILLION)	AGE (MONTHS)	NO. OF AF	DO	IP	RISK	AT RISK?	PROBLEM PROJECT
						APPROVAL	CLOSING	TOTAL	IBRD	IDA	OTHER									
Human capital	P170664	Adolescent Girls Initiative for Learning and Empowerment	2021	PE	IPF	28-Jul-20	31-Jul-25	500.00	0.00	500.00	0.00	515.06	0.00	1.8	0			S		
Human capital	P173980	Nigeria COVID-19 Preparedness and Response Project	2021	PE	IPF	06-Aug-20	31-Aug-22	100.00	0.00	100.00	0.00	102.59	0.00	1.5	0			S		
Human capital	P169921	Edo Basic Education Sector and Skills Transformation Operation	2021	PE	PforR	25-Aug-20	31-Dec-24	75.00	0.00	75.00	0.00	77.10	0.00	0.9	0			S		
JET	P095003	NG-RURAL ACCESS & MOBILITY PROJECT-Phase 2	2013	PE	IPF	25-Sep-12	30-Oct-20	170.00	0.00	170.00	0.00	5.09	0.00	95.8	0	MS	MS	H		
JET	P146319	Development Finance Project	2015	PE	IPF	25-Sep-14	31-Dec-21	500.00	500.00	0.00	0.00	90.35	0.00	71.9	0	MS	MS	H	Y	
JET	P159761	Nigeria: Mineral Sector Support for Economic Diversification Project	2017	PE	IPF	14-Apr-17	30-Jun-22	150.00	0.00	150.00	0.00	111.52	0.00	41.2	0	MS	MS	S		
JET	P161998	Nigeria - Kaduna State Economic Transformation Program-for-Results	2017	PE	PforR	20-Jun-17	31-Mar-21	350.00	0.00	350.00	0.00	89.77	0.00	39.0	0	S	S	S		
JET	P146330	NG-Electricity Transmission Project	2018	PE	IPF	15-Feb-18	31-Dec-23	486.00	0.00	486.00	0.00	472.52	0.00	31.1	0	MS	MU	S	Y	Y
JET	P161885	Nigeria Electrification Project	2018	PE	IPF	27-Jun-18	31-Oct-23	350.00	0.00	350.00	0.00	315.37	0.00	26.8	0	S	S	S		
JET	P163353	Nigeria Rural Access and Agricultural Marketing Project	2020	PE	IPF	18-Feb-20	30-Jun-26	280.00	0.00	280.00	0.00	277.53	230.00	7.1	0	S	S	M		
JET	P164031	Ogun State Economic Transformation Project	2020	PE	IPF	18-Feb-20	30-Jun-25	250.00	0.00	250.00	0.00	247.40	0.00	7.1	0	S	S	S		
JET	P167183	Nigeria Digital Identification for Development Project	2020	PE	IPF	18-Feb-20	30-Jun-24	115.00	0.00	115.00	0.00	114.92	315.00	7.1	0	S	MS	M		
JET	P164001	Power Sector Recovery Performance Based Operation	2020	PE	PforR	23-Jun-20	30-Jun-23	750.00	0.00	750.00	0.00	759.27	0.00	2.9	0			H		
Resilience	P124905	Nigeria Erosion and Watershed Management Project	2012	PE	IPF	08-May-12	30-Jun-21	900.00	0.00	900.00	0.00	44.31	0.00	100.4	1	S	S	S		
Resilience	P130840	Ibadan Urban Flood Management Project	2014	PE	IPF	17-Jun-14	30-Jun-22	200.00	0.00	200.00	0.00	96.97	0.00	75.1	0	MS	MS	S		
Resilience	P123112	Transforming Irrigation Management in Nigeria	2014	PE	IPF	19-Jun-14	30-Apr-22	495.30	0.00	495.30	0.00	223.18	0.00	75.1	0	MS	MS	M	Y	
Resilience	P157891	Multi-Sectoral Crisis Recovery Project for North Eastern Nigeria	2017	PE	IPF	20-Mar-17	31-May-24	376.00	0.00	376.00	0.00	271.21	0.00	42.1	1	S	S	M		
Resilience	P148616	Agro-Processing, Productivity Enhancement and Livelihood	2017	PE	IPF	23-Mar-17	30-Sep-23	200.00	0.00	200.00	0.00	146.11	0.00	42.0	0	S	MS	M		
							TOTALS:	**11919.5**	**500.0**	**11329.0**	**90.5**	**7062.1**	**593.7**							

ANNEX 6: IFC PORTFOLIO AND STRATEGY

Three Priority Sectors for IFC (investment and/or advisory including joint work with World Bank):

- **Energy**
- **Agriculture,**
- **Finance & Insurance**

PROGRAM (USD million as of August 31, 2020)						
	FY16	**FY17**	**FY18**	**FY19**	**FY20**	**FY21 YTD**
Total LTF Commitments	**70.1**	**253.2**	**1,012.1**	**94.3**	**494.6**	**24.0**
Vol: Own Account LTF	33.2	232.2	112.1	94.3	379.6	24.0
Vol: Mobilization	37.0	21.0	900.0	0	115.0	0.0
Total Short-Term Finance	**870.4**	**470.0**	**383.4**	**67.9**	**1,068.7**	**383.9**

Total IFC Own Account LTF Commitments since [2005]: USD 3,108.4 million

OUTSTANDING PORTFOLIO (USD millions as of August 31, 2020)				
	MAS	**INR**	**FIG**	**CDF**
Debt, equity and quasi-equity	376.7	90.6	436.5	37.3
STF	0.0	0.0	560.9	0.0
Total	**376.7**	**90.6**	**997.0**	**37.3**
Top 3 exposures	• **Access Bank PLC** (Trade Finance): USD 305.5 million • **Indorama – Eleme Petrochemicals** (MAS): USD 275.0 million • **Zenith Nigeria** (FM): USD 141.7 million			

IFC's "If/Then Matrix" for Nigeria: Support highlights and impact on investment targets

	IFC 3.0: Creating Markets, Creating Opportunities		IFC 1.0 / 2.0: Attract foreign investment, invest in local companies			FY 20-23
	Energy	Digital Economy	Financial Services	Agribusiness	Light Manufacturing	
No / Low reform IFC 1.0 and 2.0	• Current regulatory environment allows for off-grid solar opportunities	• Recent reforms for mobile money allowing participation of telcos • Digital ID program		• Land reform at the sub-national level	• Facilitate effective investment promotion campaigns for industrial clusters	**up to $815m** IFC 1.0 / 2.0
	$140m (IS), **$1m** (AS)	**$35m** (IS), **$--** (AS)	**$400m** (IS), **$12m** (AS)	**$120m** (IS), **$4m** (AS)	**$120m** (IS), **$--** (AS)	
Medium / High reform IFC 3.0 Upside Case	• Implementation of the Power Sector Recovery Program ("PSRP), in particular, tariff setting framework	• Support creation of a wholesale open access wireless broadband network. • Simplification of Rights of Way • Digitalization of government payments • Emphasize formalized teacher training in the use of technology	• Strengthened capital buffers, time-bound recapitalization plans for weak banks, phasing out regulatory forbearance, enforcement of strict regulatory reporting • Improved legal and judicial framework for bad debt resolution and foreclosure	• Support improved rural and sector infrastructure – roads, warehouses • Improvement in land administration – registration and titling; and to strengthen enforceability laws	• Construct a national policy framework to provide guidance on location, specialization and positioning of industrial clusters; streamline the incentive framework at the federal level	**Aggregate volume up to $2.4bn - $4.2bn** IFC 3.0
	Cross cutting reforms: Limit CBN intervention outside of monetary policy / adoption of a unified market-determined exchange rate; improved and more efficient land registrations, titling and administration, land ownership and transfer, contract enforcement, digital infrastructure / connectivity					
	Medium Probability	**Medium Probability**	**Low to Medium Probability**	**Low to Medium Probability**	**High Probability**	
	$400m-$800m (IS), **$4m** (AS)	**$400m-$600m** (IS), **$--** (AS)	**$1.2bn-$2bn** (IS), **$20m** (AS)	**$200m-$400m** (IS), **$12m** (AS)	**$240m-$400m** (IS), **$4m** (AS)	
	Large mobilization potential	**Large mobilization potential**	**Large mobilization potential**			

ANNEX 7: MIGA PORTFOLIO

OUTSTANDING PORTFOLIO (USD millions as of September 30, 2020)				
GUARANTEE HOLDER	PROJECT	BUSINESS SECTOR	INVESTOR COUNTRY	GROSS EXPOSURE
Azura-Edo Limited	Azura Power West Africa Ltd.	Infrastructure	Mauritius	263.6
Standard Chartered Bank Plc	Azura Power West Africa Ltd.	Infrastructure	United Kingdom	146.4
FirstRand Bank Limited	Azura Power West Africa Ltd.	Infrastructure	South Africa	16.0
CNG (Nigeria) Investment Limited	Float Glass	Manufacturing	United States	41.2
China Development Bank	Float Glass	Manufacturing	China	21.4
FirstRand EMA Holdings (Pty) Limited	FirstRand Bank Nigeria	Financial	South Africa	25.6
Total				514.2

ANNEX 8: SUMMARY OF RISK AND RESILIENCE ASSESSMENT FOR NIGERIA

In March 2020, a team from the World Bank Fragility, Conflict and Violence (FCV) Group completed a Risk and Resilience Assessment (RRA) for Nigeria. This RRA forms a key analytical input to the CPF.

As of the 2020 World Bank "List of Fragile and Conflict-affected Situations", Nigeria is classified as experiencing "medium intensity conflict". Conflict in Nigeria takes on spatially distinct forms underpinned by specific economic, social and historical forces:

- **The North East and broader Lake Chad region**, spanning the neighboring countries of Niger, Chad and Cameroon, is characterized by the Boko Haram insurgency which destabilizes local communities, draws a heavy security and humanitarian presence into the area, and exacerbates food insecurity. Nigeria's north is characterized by much higher levels of poverty and rising inequality which have been exacerbated by the conflict, eroding trust and social cohesion. Since 2016 Islamic State West Africa Province (ISWAP) has deployed more sophisticated military tactics, resulting in larger number of internally displaced and significant damage to private property and public facilities, and a heavy military response from the Multinational Joint Task Force. Sources of resilience include reform-minded and fearless state leaders, the role of information leaders in peacemaking, and pockets of progress such as the reforms to the health system in Jigawa.

- **The Middle Belt**, which straddles the North West and North Central regions, is characterized by intercommunal conflicts between nomadic pastoralists and farmers, which are mutating into kidnapping and banditry, causing casualties and displacement. Increasing desertification coupled with population growth is increasing conflict over land and water, leading to displacements with 200,000 people newly displaced in 2018. The Kaduna-Abuja road is now considered the most dangerous in Nigeria due to banditry which evolved from the ethno-religious conflicts that predominate in this region. Use of traditional leaders in conflict resolution, and increased dialogue by government are sources of resilience that provide entry points to address this conflict.

- **The oil-rich and flood-prone Niger Delta region of the South West** is characterized by conflicts around equitable distribution of oil wealth, environmental damage and sabotage, and social justice complaints. Large oil revenues flowing into the state governments give rise to rent seeking. The recent fall in oil prices means Delta states will suffer up to a 30-percent reduction in revenues, with consequences for public service delivery. Oil spills have affected local fish stocks which are the primary source of livelihood of the local population.

- **In the South East**, longstanding separatism is fueled by frustration at the lack of federalism as agreed in the Constitution, and the limited voice of Igbo in national structures. Cross-border conflict also increasingly affects Nigerians, including clashes between Boko Haram and Cameroonian forces in the North East, piracy in the Gulf of Guinea, incursions by armed groups from the Central African Republic, and an influx of Cameroonian refugees fleeing the crackdown on Anglophone separatists, along with smuggling of drugs, arms and people across Nigeria's porous borders. However, the relatively high levels of human capital, vibrant commercial center and robust informal community organizations including age grade organizations and role of obis in settling conflicts are an ongoing source of resilience in the south of the country.

Inequality, exclusion and a sense of injustice play out in specific ways in Nigeria:

- **Unequal access to power, resources and political participation.** The unequal division of oil revenues and widespread corruption in the allocation of public resources exacerbates exclusion, particularly for women, grievances, thus enhancing risks of violent tensions

- **Rapid population growth and urbanization in the context of climate change increases pressures on natural resources**, especially land. Conflicts over resources (e.g., farmer/pastoralist) spark internal displacement, rural-urban migration, and the establishment of informal settlements puts pressure on services.

  Lack of accountability of elected officials and unequal distribution of oil rents, which are the main source of revenue for both federal and state governments, mean that service delivery is poor and uneven, further undermining trust in government. Corruption among law enforcement agencies undermines the role of the state in protecting its citizens, and breeds distrust in government.
- **Insecurity caused by insurgent groups, interpersonal violence and criminal gangs** gives rise to resentment and suspicion in local communities and gender-based violence.

Notwithstanding these challenges, Nigeria has significant factors of resilience on which strategies to prevent and address fragility and conflict can be built. These include:

- **Points of integrity and capacity among Nigerian Government institutions**. At the federal level these include the Economic and Financial Crimes Commission, the Federal Inland Revenue Service, and Auditor-General. The high degree of state autonomy gives substantial scope for reformist Governors. Lagos State Government set international benchmarks for increasing domestic revenue raising and strengthening the state-citizen contract. Kaduna has forged a bold path toward business enabling reforms, while Edo is implementing and sustaining major improvements in Education. In some cases, Federal and state governments have worked very effectively together; for example, Nigeria has been highly successful in tackling both Ebola and Polio.

- **A robust network of informal institutions fills some of the gaps in state service provision**. Village and age-grade associations serve as platforms for self-help initiatives (predominantly in the South) and faith-based organizations across the spectrum of religions serve as anchors of hope. Traditional rulers serve as peacemakers and maintain order: Emirs in the North, Obas in the South-West and Obis in the South East.

- **A youthful population and nascent social protection programs support future possibilities**. Tapping the demographic dividend could power Nigeria's economic acceleration. Well-designed targeted safety net programs could address the specific vulnerabilities of excluded groups such as adolescent girls out of school, and newly poor urban residents affected by the recent economic and COVID fiscal crisis.

- **A diaspora of 1.2 million people provides money, markets and skills for Nigerian firms**, with remittances in 2017 exceeding half the value of total government spending. Although these are likely to decline as a result of the global COVID crisis, remittances remain fiscally significant, and members of the diaspora contribute highly qualified skills to the public and private sectors.

- **Nigeria has a vibrant and entrepreneurial private sector.** Thirty-five percent of all working age Nigerians are entrepreneurs. In response to COVID-19, a private sector Coalition, CACOVID, rapidly mobilized resources and logistic skills to provide food relief, construct and equip isolation centers and raise awareness of public health issues.

- **Better management of natural resources** could support increased access to energy, food, and livelihoods. Nigeria's coastline of more than 800 km hosts an abundance of natural resources on land and at sea.

The WBG FCV Strategy calls for country-level responses to work in three specific ways to maximize the WBG's comparative advantage in fragile situations: (i) engaging throughout the lifecycle of violence, (ii) emphasizing inclusion to strengthen individuals' and groups' access to power, opportunity and security, and (iii) target drivers of fragility, conflict and strengthen resiliency factors.

In Nigeria, the RRA recommends applying these principles in the following ways to implement an FCV-sensitive approach:

- **Build on existing knowledge to design more effective Interventions**. Interventions should target the interplay of fragility factors including youth employment, gender, governance, climate change, agriculture and justice reform. These should link to government efforts to address drivers of fragility including responses to the impact of the fiscal crisis, economic diversification, governance reforms, and institutional responses such as the new Ministry of Humanitarian Affairs. Interventions should build on points of resilience such as the federal system, dynamic diaspora and social safety net programs, and be sensitive to the political context of geographic criteria for project targeting. Where possible, programs should use results-based mechanisms to deemphasize focus on inputs and process.

- **Deploy innovations developed in other FCV settings** including the Afghanistan Engagement leaders program supporting adaptive and continuous interactions with the client and development partners, use of project-level mapping of vulnerable communities as used in the Burundi PRODEMA project, and the use of results-oriented country portfolio performance reviews (CPPRs) as used in Chad, Mali and Niger.

- **Specific and focused additional knowledge building activities** could contribute to more effective interventions, including: (i) project-specific diagnostics to identify and address conflict risks and design mitigation measures, (ii) a more detailed mapping of violence and conflict to identify strategies for specific sub-regions, (iii) funding more data collection—for example through household surveys, which allow programming and planning to be informed by more accurate information.

- **Make more use of flexibility in ESF, financial management and innovation in monitoring and evaluation**. Use of technology (for example Geo-Enabling Method for Monitoring and Supervision), third party monitoring, social accountability mechanisms and special procurement measures (such as HEIS).

ANNEX 9: SUMMARY OF CPF CONSULTATIONS

Overview of consultations process:

An extensive consultations process was launched in November 2019 to seek broad input on CPF priorities and areas of engagement. Between November 2019 and July 2020, the team met with representatives of Federal and state governments, private sector, CSOs, academia, and development partners, and civil society. These discussions took place in Abuja and Lagos, before the onset of COVID-19 precluded travel to the Northern states. The CPF team convened specific sessions led by the Federal Ministry of Finance, Budget and National Planning, with the Chief Executives, Permanent Secretaries and Honorable Ministers of federal ministries and agencies and met separately with the Executive Governors of Nigeria's states under the auspices of the Nigeria Governors' Forum.

Highlights of priority areas of engagement and key concerns:

Commissioners of Finance and other stakeholders were asked to present their strategic priorities for the country and for WBG engagement. These inputs provided valuable insights on national and state-level concerns and helped to build local engagement in the CPF process.

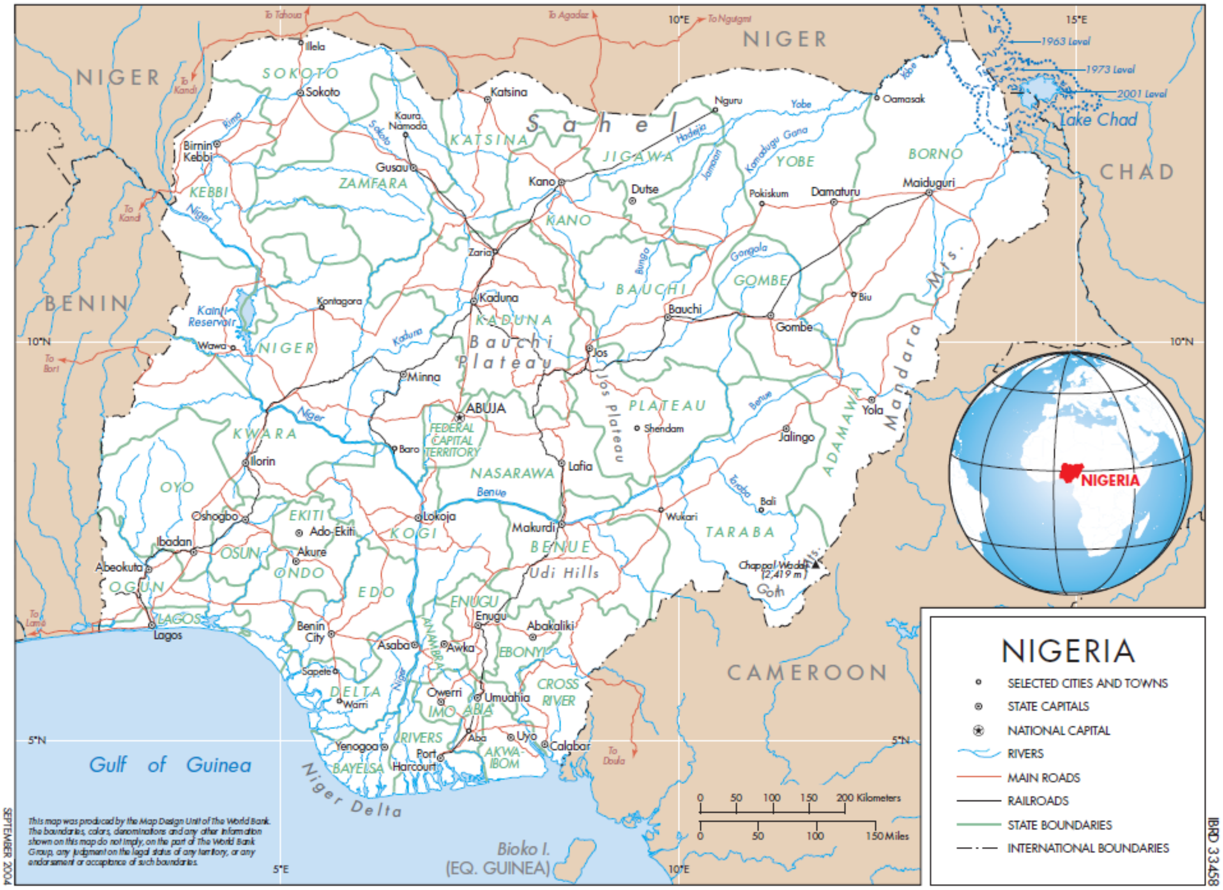
A number of stakeholders stressed the need for the CPF to reflect a vision for States and Nigeria as a whole, including the importance of alignment with individual state governments' agendas in both lending and advisory areas. Others called for shifting from aid to investment, with requests for increased advisory support.

The State Governors noted that World Bank support to states had been very important, and that it was well-aligned with their own commitments to strengthen PFM, improve primary healthcare systems and basic education, build strong safety nets and improve the business environment at the subnational level to attract private investments. Areas highlighted by the Governors Forum were aligned with the priorities of several states and spanned the following sectors - Agriculture, Power, Private Sector Development, and Digital Economy. Areas of highest priority for participants included Power, Governance, Security, and Youth.

Representatives of NGOs called for the World bank to monitor project implementation through CSO's, and support strengthening government policy reforms to reduce corruption and ensure accountability. The World Bank's publication of program/performance data and state peer learning mechanisms were also welcome.

Private sector representatives emphasized the value of WBG **policy work over financing, adding that** addressing education and skill gaps remain a critical challenge for World Bank engagement, with a focus on girls/women. The WBG was encouraged to take more risks and invest in developing sectoral value chains and clusters.

ANNEX 10: MAP OF NIGERIA



ANNEX 11: NIGERIA CPS COMPLETION AND LEARNING REVIEW (CLR)

NIGERIA FY14 -FY19 COMPLETION AND LEARNING REVIEW

A. INTRODUCTION

1. **This Completion and Learning Review (CLR) presents the extent to which the *Nigeria FY14-19 Country Partnership Strategy (CPS) - Report No. 82501-NG* - achieved its expected outcomes.** This review is based on the updated results matrix in the *Second Nigeria CPS Performance and Learning Review (PLR) - Report No. 126702-NG, May 2018*, which extended the CPS timeline to FY2019. This was to allow for adequate time for the completion of the Systematic Country Diagnostic, ensured the CPS's alignment with the political cycle, as requested by the Government, and realigned the goals of the CPS with changed reality on the ground, including unanticipated effects of the 2016 recession on the feasibility of some targets. The CLR also assesses the quality of the program designed and implemented by the World Bank Group (WBG) and presents lessons learned during the CPS period that will be important for the next phase of country engagement. Implementation of the country program did not stop when the CPS ended. New projects initiated toward the end of the CPS period and in the period between July 2019 and October 2020 represent a bridge between the CPS and the new CPF, in many cases building and expanding what had been achieved under the CPS. These are summarized under relevant discussion of outcomes or engagements.

2. **Progress toward achieving CPS objectives is rated *satisfactory***. At the outset of the CPS supported the Government of Nigeria (GoN) development agenda expressed in its long term plan, Vision 20:2020,[1] and its medium-term strategy for realizing that vision, the Transformation Agenda 2011-2015. In 2017 the Government adopted a new strategy, the Economic Recovery and Growth Plan (ERGP) 2017-2020, which addressed the economic shock Nigeria experienced in 2016, and documents the strategy for economic recovery in the short term and the structural reforms to diversify the economy and engender sustained inclusive growth over the medium to long term. Out of 19 objectives, 13 were achieved and 5 were mostly achieved. Of the 4 Strategic Clusters of: (i) Growth and job creation through federally-led structural reform agendas in the power, agriculture, and finance sectors; (ii) Improving the quality, effectiveness and efficiency of social service delivery at state level for greater social inclusion; (iii) Strengthening governance and public sector management with gender equity and conflict sensitivity as essential governance elements; and (iv) Restoring macroeconomic resilience, two were assessed as **satisfactory** and two as **moderately satisfactory**.

3. **WBG performance in designing the CPS is rated *good*.** The CPS was based on a solid country diagnosis, strong demand by federal and state authorities, and WBG comparative advantage. The program aimed to be more selective, recognize risks candidly, better identify reform potential, and use performance-based approaches and incentives to foster systemic changes rather than funding inputs. Adjustments were made in response to changing circumstances. Macro-economic resilience had not been a specific focus of the original CPs design, but following the 2016 recession the first PLR introduced an additional strategic cluster and adjusted a number of targets to reflect the downturn in the economy. Following the escalation of conflict in Nigeria's fragile north-east, the program was realigned to focus more attention on recovery and restoration of basic service and lay the foundations for restoring livelihoods to be a

greater focus in the next CPF. For the next CPF, particular attention should be paid to ensure that results are measurable and that targets are achievable. Lack of clarity in some indicators posed challenges in assessing three outcomes for the last CPS.

4. **WBG performance in implementing the program was *good*.** The program combined a lending program mostly of multi-sector operations with analytic work across various sectors and themes that was increasingly focused at the sub-national level. Efforts were made to mitigate the impact on implementation of Nigeria's significant governance challenges, through a governance filter and structured support to operational teams in designing projects. Increased use was made of performance-based approaches in an effort to overcome the excessive focus on inputs with little regard to their impact. Responding to heightened concerns in other countries in the region, a mechanism was developed to operationalize better management of gender-based violence risks in large projects. Over the life of the CPS mechanisms were developed to bring greater coordination at the level of individual states, which are responsible for implementing a large proportion of Bank financed activities, and to make use of innovative and cost-effective third-party and remote monitoring approaches in insecure parts of the country. One critical factor that impacted on the CPS implementation was the persistent lag in project effectiveness because of delayed approval of the Borrowing Plan by the National Assembly, negatively impacting the country's capacity to absorb allocated IDA resources on time and realize lending targets. This needs to be considered as a major risk factor in the implementation of the new CPF.

B. PROGRESS TOWARDS CPF DEVELOPMENT OUTCOMES

5. **Nigeria confronted a series of crises during the period of the CPS which affected the implementation of the planned CPS program and necessitated adjustment of policy priorities.** In 2014 the Boko Haram insurgency in Nigeria's North Eastern Region accelerated, spilling over into neighboring countries, drawing the Nigerian military into a significant conflict[2] and generating a humanitarian crisis in Nigeria's north-western states. Around the same time, the declining oil price weakened Nigeria's external and fiscal positions. Growth halved in 2015 when oil prices fell to USD 54, and in 2016 the economy entered its first recession in 25 years when prices dropped below USD 45 per barrel. Some of the decisions taken in response to the economic crisis exacerbated the negative impact on investor confidence[3] and undermined government's fiscal capacity to address the effects of the economic downturn. The human cost of the recession was high, with the number of poor rising by almost 14 million and the number of unemployed and under-employed rising by almost 13 million between 2015-2018. At the time of writing, two further shocks began to manifest as the result of a further significant fall in the price of oil, and the suppression of economic activity in response to the global COVID-19 pandemic.[4] While these are not related to performance under the previous CPS, they will have a profound impact on the next CPF. Nigeria's federal arrangements make addressing these economic and human capital challenges complicated. The federal government has limited scope to use fiscal levers to steer toward common policy goals, yet many of the instruments of inclusive growth rest with the 36 state and 774 local governments. During this CPS period the WBG employed performance-based instruments focused both on sectors and states' fiscal management to increase the federal government's ability to incentivize subnational governments to improve their performance

6. **Overall, the CLR rates progress towards achieving the CPS development outcomes as Satisfactory.[5]** The WBG delivered financial support, knowledge products, advisory services and analytics to enable the GoN to implement activities that contributed to the CPS outcomes. Annex 1 provides details of the rating for each indicator and outcome and Annex 2 outlines details of the baseline, targets and activities.

Table 1: Summary of CPS Strategic Cluster, Objective and Indicator Ratings

Assessment of outcomes	Strategic Cluster 1	Strategic Cluster 2	Foundational/ Cross Cutting Cluster 3	Strategic Cluster 4	Total
Achieved	**7**	**5**	**-**	**1**	**13**
Mostly achieved	**2**	**1**	**1**	**1**	**5**
Partially achieved	**-**	**-**	**-**	**-**	**-**
Not achieved/ not verified	**1**	**-**	**-**	**-**	**1**
Strategic cluster rating	**Satisfactory**	**Satisfactory**	**Moderately satisfactory**	**Moderately satisfactory**	**19**
Overall Development Outcome Rating	**Satisfactory**				

1. Strategic Cluster 1: Federally-led Structural Reform Agendas for Growth and Jobs [Satisfactory]

7. **Progress under the Strategic Cluster on Federally-led Structural Reform Agendas for Growth and Jobs was satisfactory.** The WBG engaged in three main areas: (i) Power Sector reform; (ii) Agriculture Productivity and Climate Change (Resilience), and; (iii) Financing for Development to which ten of the 19 outcome areas in the CPS were aligned. Seven of the ten outcomes were fully achieved, two were mostly achieved and one is not verified. In the power sector, the Bank helped crowd in private sector financing to substantially increase generation capacity, a basic building block for improved access to power, and laid a solid foundation of policy engagement to tackle deeper problems of policy, financing and regulation that are hoped will lead to greater sustainability and distribution performance under the next CPF.[6] Interventions in agriculture made solid progress in selected locations in improving the productivity of farmers, expanding road access, and increasing climate resilience. The challenge for the next CPF period will be to increase the geographical scope and scale of program impact. Although progress was limited in mobilizing finance for development during the first half of the CPS period owing to the impact of the recession, significant progress was made from 2017 onwards, particularly in increasing access to credit for smaller businesses. This strategic cluster is rated **Satisfactory**.

8. **Beyond the engagement areas captured in the results framework, WBG supported the Government of Nigeria to mobilize gas resources for industry expansion.** Nigeria's continued reliance on crude oil export poses a significant risk to the economy. Nigeria has extensive potential as a gas producer[7] and is the 9th most endowed gas country globally. Despite such significant reserves, Nigeria still has some of the lowest levels of domestic gas utilization compared to its peers, with insufficient offtake of gas into the domestic energy, industrial, or consumer sectors.[8] As part of its support for the country's foreign exchange diversification and industrialization program, IFC has supported two investments during the CPS period in the utilization of gas[9] to increase Nigeria's petrochemicals output. These plants have the potential to turn Nigeria into a net exporter of fertilizer and provide inputs to other manufacturing businesses which previously had to source foreign exchange to import their materials. Investments were complemented with advisory support by the World Bank's Energy and Extractives team through the ASA on Unlocking Nigeria's Gas Potential[10] which provided a learning foundation for support to improving sustainability of gas supply. The recommendations of this advisory support were adopted into government policy, as reflected in the GoN Gas Policy adopted in 2017.[11] Beyond the CPS period, a fourth engagement area focused on laying foundations for a digital economy

was initiated through a comprehensive program of advisory services and analytics, and the approval of the Digital Identification for Development (ID4D) project (P167183) in February 2020. ID4D will establish the framework of a modern comprehensive digital identification system that will ensure more accessible and inclusive delivery of services to all citizens.

Engagement Area: Power Sector Reform

9. **WBG played a central role in supporting Government to continue its ambitious reform of the power sector.** Privatization of the sector was initiated in 2005 and a complex unbundling of the sector followed.[12] Reforms continued during this CPS period initially under the Government's Power Sector Reform Roadmap and from March 2017 under the Power Sector Recovery program (PRSP). Joint WB, IFC and MIGA support was aligned with government's objectives under a Joint Energy business plan which was the first of its kind for WB, IFC and MIGA in the Africa region. Through a mix of private sector financing, guarantees, transaction advisory and policy support, WBG investments were expected to deliver three major outcomes: (a) increasing installed power generation and transmission capacity; (b) improving the efficiency and governance of electricity delivery and; (c) access modern lighting for the base-of-the-pyramid consumers.

10. **The deep challenges confronting the power sector became increasingly apparent during CPS implementation**. A combination of factors undermine incentives for the investment needed to increase access and reliability and have contributed to an increasingly large fiscal burden on Government to finance tariff shortfalls.[13] Challenges include: (i) lack of government commitment to sustain the privatization efforts, (ii) lack of technical capacity and opportunistic behavior of private investors, especially within the distribution sector, (iii) regulatory failures including but not limited to inconsistent implementation of tariff adjustments and (iv) lack of contractual enforcement. The distribution sector is particularly operationally inefficient with distribution companies (DISCOs) reporting on average 41 percent aggregate technical, commercial and collection (ATC&C) losses in 2019. Losses are compounded by weak payment discipline and weak enforcement of payment discipline by the regulator. The extent of these challenges was underestimated at the outset of the CPS period with the result that while generation and transmission targets were achieved, targets for improving distribution efficiency were significantly downwardly revised at the second PLR to reflect a more realistic assessment of DISCO losses and the limited scope for reducing them without more fundamental reform of the sector.[14]

11. **Policy engagement and technical assistance by the World Bank contributed to the formulation of a more fiscally sustainable approach to power sector reform which will take several years to implement.** With technical assistance from the WB, GoN prepared a comprehensive Power Sector Recovery Program (PSRP) outlining a set of policy and operational measures aimed at restoring the sector's financial and technical viability over a five-year period. In early 2018 the Bank, at the request of the government, prepared a results-based operation that supported the government's reform agenda. Reflecting the macro-fiscal dimensions of the reform agenda, an additional indicator was added to the CPS at the second PLR on designing a credible and fiscally sustainable plan to finance power sector recovery.[15] The planned Bank operation did not proceed during the life of the CPS owing to inability of Government of the time to muster the political leadership to implement difficult reforms required. The original PSRP financing plan was not implemented, with the result that annual tariff shortfalls (subsidies) continued to rise in 2018 and 2019. Commitment for the reform has been renewed following recent elections. With intensive technical assistance from the World Bank, the Government has committed to reducing the total subsidy to the sector from 2020 and implementing critical PSRP policy and regulatory actions,

and a revised and updated operation was delivered in June 2020 (Power Sector Reform Program for Results, P164001). Persistent engagement on this important policy reform bore fruit after the end of the CPS period; the first critical policy action required under the program, to increase tariffs and reduce the level of tariff subsidies was implemented in September 2020. PRSP will be complemented by a program for results to incentivize improved management of distribution companies, under a program for results (PforR) that will be delivered early in the life of the new CPS (Distribution Sector Reform PforR, P172891)

Outcome 1: Increased power generation and transmission capacity [*Achieved*]

12. Both installed power generation and transmission capacity were significantly increased during the CPS period. Private sector finance was mobilized to support increased generation and transmission capacity through (i) a mix of IDA financing, IBRD payment[16] and loan guarantees, IFC transaction advisory and MIGA political risk guarantees to support transmission network expansion, (ii) IFC financing to the Azura Edo Independent Power Producer,[17] and (iii) IDA payment risk guarantees[18] to Accugas Company (a gas producer and supplier) to enter into a long-term supply agreement with the Calabar Power plant. Guarantees resulted in improved credit worthiness of the transaction, providing the comfort needed for gas infrastructure investment.[19] By the end of the CPS period, the target for increasing generation capacity (Indicator 1.1) was met, and the target for increasing transmission capacity (Indicator 1.2) was exceeded.[20] However, distribution companies were unable to absorb more than 4000 MW, on average. This has prevented generation companies from increasing and maintaining unused capacity. Challenges in the distribution sub-sector remain among the most significant obstacles to sustainably increasing access to power.

Outcome 2: Improved efficiency of electricity delivery [Achieved].

13. Revised targets for improving distribution efficiency were achieved, but political support for much deeper reforms to address structural obstacles to improving distribution capacity had not materialized by the end of the CPS period. Subject to caveats on the quality of data, the Nigeria Electricity and Gas Improvement Project (NEGIP) contributed to a reduction in distribution companies' losses by 13 percentage points[21] (either at or above the target depending on interpretation of the adjusted results framework).[22] This helped to increase the energy delivered to DISCOs thereby improving Transmission Company of Nigeria (TCN)'s revenue profile. NEGIP also conducted a pilot activity of installing prepaid meters in two DISCO business units, improving revenue collection by the relevant business units and provided a successful model to be adopted across the remaining DISCOs under a results-based operation, planned for the next CPF period.

Outcome 3: Improved access to lighting for base-of-the pyramid through supporting the value chain of procuring and distributing solar products such as lanterns and cook stoves [*Achieved*].

14. Investments in the value chain of procuring and distributing solar products through micro-financing and consumer education helped to improve access to modern lighting for base-of-the-pyramid consumers. Off-grid sources of electricity remain an important avenue for increasing the access of the poor to energy. During the CPS period, with support from IFC's Lighting Nigeria (LN) advisory services project, the government distributed or sold 914,067 units of lanterns (Indicator 3.1), with an estimated GHG emissions of 91,406 tons of CO2 avoided (Indicator 3.3). IFC also provided advisory services through its Lighting Africa project to improve off-grid energy services for over 4.5 million people, exceeding the 4 million CPS target (Indicator

3.2). Other key achievements include (i) facilitating the disbursement of over 35,000 solar loans worth $1.2 million by microfinance institutions (MFIs) with over 83 percent of the loans given to women; (ii) additional recruitment of 1,700 retailers; and (iv) execution of consumer education campaigns that reached over 9 million consumers. To date, about 70 million people have been exposed to the program's consumer education campaigns. The program has continued to increase its impact beyond the end of the CPS period.[23] Implementation of the Nigeria Electrification Project (P161885), which became effective in June 2019, has further expanded support for off-grid electricity supply by crowding in private sector financing to mini-grid systems that will serve an estimated 2.5 million individuals and 70,000 micro, small and medium-sized enterprises (MSMEs).

Engagement Area: Agriculture Productivity and Climate Change Resilience

15. **The program achieved moderate success on the engagement area on agricultural productivity and climate change resilience.** The CPS was designed to help the country boost agricultural productivity, improve farmers' linkages with agro-processors, and support scale-up of resilience to current and future climate variability. Two outcomes related to improving horizontal coordination of farmers and improved transport connectivity of rural markets were fully achieved. Two further outcomes related to improved access of small farmers to inputs and technology and improving average income, and enhancing preparedness to respond to natural hazards, climate risks and natural disasters were mostly achieved. Activities under this cluster were vulnerable to interruption as the result of security issues. Lessons can be learned under the next CPF on how to address security issues more systematically and encourage learning across projects. The Transforming Irrigation Management in Nigeria Project[24] operates in the crime-prone rural areas of Nigeria's north-west. It had to rapidly increase planning for security on contractor sites, following the kidnapping of a site worker. This good example offers lessons for other projects to emulate during design, rather than waiting to respond to an event.

Outcome 4: Improved access of small farmers to inputs and technology, and increase in their average income [*Mostly achieved*]

16. **The WBG made progress in supporting the GoN to improve access of small farmers to inputs and technology and increase their average income.** More than seven million farmers received improved agricultural technology through Fadama 3, Commercial Agriculture Development Project, and West Africa Agriculture Productivity Project (WAAPP) in the five focus areas[25] against a CPS target of 5.5 million. (Indicator 4.1) Through Fadama 3, the share of farmers reporting a 40 percent increase in their average household income increased by 92 percent, representing nearly four times the targeted number of rural households in areas supported by the project. (Indicator 4.3). Challenges remain in providing improved irrigation services because of security issues in the North and North-West areas of Nigeria affected by Boko Haram. Only 3,102 hectares received improved irrigation services compared with the 8,000 additional hectares planned through the Transforming Irrigation and Water Resources Management Project (Indicator 4.2). The institutional platform for farmer support established by Fadama has sustained beyond the project close, and is being used as one vehicle for a country-wide program of economic stimulus and livelihood support, Nigeria COVID-19 Action Response and Economic Stimulus (CARES) (PP174114) which is currently under preparation and will go to the Board in December 2020.

Outcome 5: Improved horizontal coordination of small farmers [*Achieved*]

17. **The WBG also contributed to improving horizontal coordination of small farmers during the CPS period.** Over 105,500 farmer associations, user groups, and marketing cooperatives were established in the areas reached (Indicator 5.1). against a target of 6,500. Engaging at community level using a CDD approach through the Fadama User Groups further led to farmers being able to successfully set up the FADAMA farmers' Micro Finance Bank, which commenced operations in December 2016; the first of its kind in Africa. Through these efforts, transparency and accountability systems have been strengthened at the community level. The ASA on Inclusive Markets[26] helped further knowledge about the dynamics of domestic markets, including the functioning and integration of markets in Nigeria. Through the TA on the Trade Facilitation in Nigerian Agricultural Markets[27], the WBG supported the GoN to establish the underpinning conditions to establish systems for facilitating commodity trade, broadening access to markets and finance, and improving efficiency in agricultural trade for all participants.

Outcome 6: Improved road transportation and connectivity of rural markets [*Achieved*]

18. **During the CPS period, the WBG financed investments in road transportation to connect rural markets***.* Deteriorated infrastructure in Nigeria has led to increased transport costs for farmers and agro-businesses, with negative impacts on productivity. Projects supported by the WBG enhanced road transport connectivity of rural markets and enabled access to an all-season road for additional people in areas covered by projects. States rehabilitated and maintained an additional 2,009 km of rural roads against 2000km which was targeted (Indicator 6.1). Through the Rural Access and Mobility Projects, 5.6 million more people in rural areas gained access to an all-season road in supported states, more than double the target of 2 million (Indicator 6.2). The Rural Access and Agricultural Marketing Project (RAAMP) (P163353, approved by the Board in February 2020, will support further improvements to farmers' access to markets and agro-logistics interventions to reduce post-harvest losses. The Ogun State Economic Transformation (STEP) Project (P164031) also approved in February 2020 supports a pilot approach to improving the business enabling environment for agri-food value chain enterprises in Ogun State.

19. **Projects helped to promote social and economic inclusion, especially for women and youth**. RAMP 2 promoted social accountability by linking road funding to the performance of state and local governments and introducing community-based and performance-based approaches to rural transport infrastructure management and maintenance. FADAMA 3 project incorporated inclusive and equitable participation, addressing the issues of gender and governance. An evaluation of the project indicated that compared to female non-beneficiaries, the value of female beneficiaries' group productive assets increased by 331 percent. The socially inclusive nature of the project provided an avenue for women to integrate in community associations as equal partners with men and to share in the decision-making process. The project also implemented an initiative focusing on youth and women agri-prenuers to enhance participation and their effectiveness in agricultural enterprises of their choice. The International Food Policy Research Institute's impact evaluation (IE) of the project concluded that focused efforts to close gender gaps has the potential to lead to greater results on the ground.

Outcome 7: Enhanced country's preparedness to respond to natural hazards, climate risks and natural disasters (resilience) [*Mostly achieved*]

20. **The WBG supported Nigeria to establish a foundation to better respond to natural hazards, climate risks and natural disasters**. Recognizing that agricultural productivity is sensitive to climate and land degradation, the CPS supported investments to improve disaster

risk management and climate resilience in Nigeria. Hydrological and meteorological (hydromet) hazards are responsible for 90 percent of total disaster losses worldwide. With population growth, rapid urbanization and climate change, this could become more severe. Hydromet services provide real-time weather, water, early warning, and climate information products to end users, based on weather, water and climate data. Significant investments in equipment and information services under the Nigeria Erosion and Watershed Management Project (NEWMAP) enabled 100 percent of upgraded or new hydromet stations to publish and upload data on the web annually.[28] By the end of the CPS period, 85 percent of upgraded or new stations were providing data published annually and uploaded to the web, against a CPS target of 80 percent (Indicator 7.2). Due to delayed effectiveness of over 15 months and an arguably over-ambitious original target, just over 55 percent of the original target of 2,800 hectares of degraded land were treated for erosion and reclaimed by June 2019 (Indicator 7.1).

Engagement Area: Financing for Development

21. **Little progress had been achieved on the Financing for Development engagement area at the first PLR in August 2016.** At the start of the CPS, lending by financial institutions in Nigeria was heavily concentrated on larger corporations and their supplier value-chains,[29] limiting the growth ofMSMEs. The financing gap for MSMEs was estimated in 2017 at USD 158 million.[30] Among Brazil, Russia, Indian and China (BRIC) and Mexico, Indonesia, Nigeria and Turkey (MINT) countries, Nigeria stands out with the widest gap between the percentage of large firms and the highest percentage of small and medium firms to identify access to finance as a major constraint.[31] Nigeria's first recession in 25 years,[32] persistent double-digit inflation and policy decisions which undermined investor confidence,[33] impacted the supply of available capital through 2016. Nevertheless, WBG was able to support the building blocks for MSMEs to increase their access to finance as the economy began to recover. Building blocks included supporting: (i) successful establishment of two wholesale financial institutions and (ii) vastly expanding coverage of credit reporting and collateral registry.

Outcome 8: Expanded financing opportunities for SMEs [*Not verified*]

22. **The CPS sought to measure increased access to finance by micro, small and medium enterprises through IFC supported activities.** Two indicators targeted 60,000 loans to SMEs (revised down from 100,00) (Indicator 8.1) and 2 million micro-entrepreneurs provided with financial services (Indicator 8.2). IFC supported five banks[34] to provide increased lending to SMEs, and five micro-finance organizations[35] to provide financial services to micro-finance enterprises[36] and worked to build the banks' capacity to innovate, manage risk, and efficiently monitor SME lending. Scope for increased lending to SMEs by IFC-supported banks was significantly affected by impact of the 2016 recession, but even taking into consideration this unexpected event, the volume of lending to SMEs captured in IFC's reporting systems (less than 5 percent of the targeted level) suggests the indicator was not well-aligned with what planned activities could realistically achieve. Our assessment is that the targets for the two indicators under this Outcome were unrealistic, given that the total number of SMEs in Nigeria was calculated at around 72,000 in 2017, and IFC data collection from Bank's defines loans to SMEs as those over USD10,000.[37] Accordingly, this Outcome is assessed as **Not verified**.[38]

Outcome 9: Improved longer-term supply of financing [*Achieved*]

23. **The WBG enabled Nigeria to strengthen the base for supply of longer-term financing to help boost productive employment.** Outcome 9 measures the establishment and operationalization of two new wholesale financial institutions, DBN, established with support from

the Development Finance Project (DFP),[39] and Nigeria Mortgage Refinance Company (NMRC), established with support from the Housing Finance Development Project.[40] Design options for DBN were explored with analytical work and advisory support from the WB[41] and a mid-term review of DBN concluded the organization was functioning strongly, performing to high professional standards, and had made a significant initial impact on MSME financing in Nigeria.[42] (See Box 1 below) The project was able to crowd in additional financing of USD 800 million.[43] In addition to supporting DBN's establishment, DFP helped reform the country's development finance framework, building a leveraging framework to securely channel long term savings from pension and other funds into long-term lending for SMEs, agriculture and infrastructure. Under the Housing project, NMRC issued bonds worth NGN 19 billion, refinancing an equal number of mortgages. NMRC also increased the efficiency of its operations and delivered a greater volume of lending than had been targeted.[44] The WBG effort in the housing sector was complemented by DFID and Gesellschaft fuer Internationale Zusammenarbeit (GIZ) interventions to improve land and legal systems, and the quality of housing construction.

BOX 1: Development Bank of Nigeria

DBN was established in late 2017 and has had a strong early start, despite challenging prevailing macro-economic conditions. DBN's entry into the market at this time was particularly important, given that retail banks were reducing their exposure to the riskier SME sector. Private sector credit had dropped from 14.5% of GDP in 2016 to 10.7% in 2018.

The project's mid-term review in June 2019 concluded that DBN is 'fully compliant with prevailing regulations, with strong functioning corporate governance framework, highly qualified and committed directors, and a competitively selected executive management which is performing to high professional standards.' An independent report by PriceWaterhouseCoopers confirmed an exceptional quality of corporate governance, while the Central Bank of Nigeria's maiden supervision mission providing the highest possible rating of 'low risk'.

By the end of June 2019, the DBN credit line to participating financial institutions had disbursed N74.7 billion (US$ 243.7 million) for on-lending to micro, small and medium enterprises (MSMEs), ultimately reaching nearly 50,000 end-borrowers, 70 percent of whom were women, through 7 commercial banks and 10 microfinance banks. Furthermore, DBN's portfolio was of a high quality, with capital adequacy ratio of 244% and liquidity ratio of 149% (well above the statutory requirement of 10%) and no non-performing loans. The high level of capitalization and liquidity has been designed to support DBN to issue bonds that will expand its capacity to offer MSME loans at scale. (Source: DFP Mid-term Review June 2019)

24. **The WBG mobilized complementary support across WB, IFC and MIGA and used a combination of lending, guarantees, analytical and advisory work to support achievement under this Outcome.** MIGA's support for improved supply of longer-term financing focused on strengthening the ability to mobilize private finance for key sectors of the economy and to provide local employment opportunities. As part of this effort, MIGA provided coverage in December 2017 to CNG (Nigeria) Investment Ltd and China Development Bank to invest in China Glass project; a glass manufacturing plant in Ogun Free Zone. In addition to enhancing local employment throughout the glass value chain, the project enterprise is expected to diversify the country's growth in the non-oil sector, create import substitution opportunities through the domestic production of currently imported float glass, and increase the country's potential foreign currently earnings through exports to neighboring countries. To support its robust policy dialogue in this important engagement area, the WBG delivered ASAs on Boosting Financial Inclusion in Nigeria, Inclusive Market and Investment Climate Assessment. Ongoing analytical work on Programmatic Approach to Financial Sector Development is providing further knowledge and analytics; and the ASA on Banking Sector Supervision is particularly critical in the context of Nigeria's weak macro-financial framework. Advisory work has included providing technical assistance through the

FIRST-funded Technical Assistance grant to the Central Bank of Nigeria for Strengthening Financial Consumer Protection and Regulation of Microfinance Banks, amongst several others.

Outcome 10: Improved financial infrastructure [*Achieved*]

25. **The third outcome under the Financing for Development engagement area sought to capture WBG support for financial infrastructure to deepen lending to MSMEs.** The significant achievements under this outcome during the CPS period are reflected in Nigeria's increased ranking on the Doing Business indicator for credit reporting from 4/8 to 8/8, a perfect score. This self-evaluation concludes that errors and unrealistic targets make it difficult to do a meaningful assessment of this outcome based on the targets expressed in the revised results framework of the Second PLR.[45] Accordingly, this evaluation is based on broader information and does not rely on Indicators 10.2 and 10.3 for the assessment. IFC's Nigeria Credit Reporting Project[46] and IFC's Secured Transactions and Collateral Registry Project,[47] helped Nigeria's Central Bank to greatly expand scope for MSME lending through development of robust credit reporting and collateral registry systems. The period from 2016 to 2018 saw an exponential expansion in the use of the credit reporting and collateral registry systems, with a 10-fold increase in the number of micro-finance banks sharing credit information with credit bureaus and coverage of the largest credit bureau expanding coverage from 4 percent to 14 percent of the population. By December 2018, 80 financial institutions were actively using the collateral registry system. Complementarity between IFC and WB programs is demonstrated by DBN extending over N15bn in financing secured by movable assets registered at the Collateral Registry to participating financial institutions for on-lending to MSMEs. A 2019 DFID evaluation report on the umbrella Global SME Finance Initiative rated the program A+ with special mention of the contributions of the Nigeria CRP and Collateral Registry projects to the attainment of the program's development objectives two years ahead of time.[48] More details of the WBGs support for credit reforms and collateral registry is at **Annex 3**.

2. Strategic Cluster 2: Quality, Effectiveness and Efficiency of Social Service Delivery at State Level for Greater Social Inclusion [Satisfactory]

26. **Strategic cluster 2 was positioned around four engagement areas related to state-level social service delivery**: (i) Strengthening community-driven mechanisms for social inclusion, and effectiveness of social protection programs; (ii) Coverage and quality of health services, (iii) Efficiency, equitable access and quality of education services; and (iv) Coverage and efficiency of water supply services. Programs under this cluster are likely to be of even greater importance during the forthcoming CPF as Nigeria responds to and recovers from the twin shocks recently experienced as a result of falling oil prices and the COVID-19 pandemic crisis. Of the six outcomes in this strategic cluster, five were fully achieved and one was mostly achieved. The WBG strengthened platforms for delivery of social safety nets, including community-level responses to the conflict in the country's vulnerable North-East, supported significant improvements in primary health service delivery in selected locations and tested results-based approaches to scaling up, supported expanded reach and improved quality of both public and private education and laid good foundations for improving urban and rural water supply. Overall, this strategic cluster is rated **Satisfactory**.

Engagement Area: Strengthening Community Driven Mechanisms for Social Inclusion, and Effectiveness of Social Protection Programs

Outcome 11: Improved targeting of social protection programs and increased readiness of youth in supported states [*Achieved*]

27. **WBG provided critical support to the Federal Government to establish social safety net platforms in Nigeria, broadening coverage and improving targeting.** Nearly 90 million Nigerians are in extreme poverty and millions of others in urban areas are dependent on the informal economy. While urban and peri-urban areas are likely to experience the largest increases in newly poor and vulnerable as a result of the current oil and COVID-19 related crises, adverse impacts are likely to be felt throughout the country through spillover effects such as the projected decline in remittances, particularly from domestic migrants (nearly half of the population is in households that receive remittances). The extreme poverty rate is likely to go up by a couple of percentage points and current estimates are that the number of poor is likely to increase by between 10 to 15 million by 2022. Social protection programs will be of paramount importance in addressing the impacts of these adverse economic conditions.

28. **The National Social Safety Nets Program is the GoN's flagship program for delivery of cash transfers**. With support from the National Social Safety Nets Project (NASSP), by the end of the CPS period a total of 27 states plus the Federal Capital Territory (FCT) had established Social registers against a CPS target of 20 states[49] (Indicator 11.1). Social registers also increased the accuracy of poverty targeting for the program.[50] All states, including all 6 states in the conflict-ridden North-Eastern region of Nigeria had also established systems for registration of IDPs and other vulnerable persons. By April 2019, 2,051,653 beneficiaries had received cash transfers, exceeding the CPS target of 1.5 million (Indicator 11.3).[51] Ninety-two percent of those receiving transfers on behalf of the household were female, exceeding the project target of 85 percent. NASSP also strengthened the broader accountability environment in Nigeria, providing a vehicle for transparent management of Abacha funds, an amount of around USD 320 million which a Swiss court ordered be repatriated to Nigeria from the assets of a former President[52] and making use of citizen engagement to support delivery. The Bank's engagement on social safety nets made good complementary use of ASAs including Sharing Prosperity in Nigeria: An Analytical Work Program on Jobs and Social Protection, Improving Governance in Social Sectors, and Poverty Work Program. Current advisory services and analytics that also contributed are Programmatic Poverty Work, and Urban Social Safety Net in Nigeria – Exploratory Framework Development. Further information and analysis of the WBG support for social safety nets is provided in **Annex 4**.

29. **Support for cash transfers was complemented by support for youth employment provided through two other Bank projects.** Two projects, the Youth Employment and Social Support Project (YESSO) and the State Employment and Expenditure Project (SEEFOR) helped achieve the CPS target of 100,000 youth with orientation and life skills programs (Indicator 11.2). YESSO laid the foundations for scaling up cash transfers through NASSP but the labor-intensive public works components of the project proved difficult to implement owing to low financial contribution by state governments. Revision during restructuring led to improvement in implementation. As labor-intensive public works are likely to be a feature of GoN's fiscal stimulus response to the current economic and COVID shocks, it will be important to learn lessons on design and implementation of this type of intervention from YESSO's experience.

Outcome 12: Increased access of poor and vulnerable to social and economic services [*Achieved*]

30. **The WBG helped GoN to increase access of poor and vulnerable beneficiaries to community level social and economic services.** At least three million households in 30 States

and the FCT are benefiting from the Community and Social Development Project (CSDP) which facilitated increased access to social, natural and livelihood support services, well beyond the targeted 50 percent increase. The institutional mechanisms established under CSDP have proved durable and have supported additional interventions beyond the scope of the project, delivered by state governments and other donors, including in the fragile North-East of the country. The prospect of sustainability beyond the life of the project is strong. Under the next CPF, the aim is to further streamline and simplify delivery mechanisms particularly in the North-East, and lessons from the delivery of CSDP were incorporated into the additional financing for the Multi-Sector Crisis Response Project (MCRP) (P173104) that was approved by the Board in May 2020. Further information on CSDP is set out at **Annex 4**. The platform established under CSDP will form one of the main vehicles for the delivery of an emergency response project implemented in all 36 states to address the impact of COVID and the accompanying macro-fiscal crisis, Nigeria CARES (P174114), which will be presented to the Board in December 2020.

Engagement Area: Coverage and Quality of Health Services

Outcome 13: Improved coverage and quality of health service delivery [*Achieved*]

31. **WBG supported expanded access and quality of health care through interventions focused on sector-level policy, primary health care delivery and increasing the capacity of private hospitals**. Although not covered in the CPS results framework, support for policy reforms introducing universal health insurance laid the foundation to expand both private and public access. Several World Bank lending projects, initially focused on selected states, and subsequently scaled up, generated significant improvements in primary health care services and tested the impact of results-based financing. This evaluation argues that the outcome should be considered fully achieved, although one of the six indicators was not fully achieved. The shortfall in the numbers of private patients served against Indicator 13.6 is outweighed by the fact that targets for the other 5 indicators were in four cases exceeded, and they relate to much larger numbers of individuals and to critical primary health care services which have a significant impact on future life expectancy and contribute to the realization of children's full education and economic potential.

32. **The combined efforts of IFC and World Bank made a significant contribution to adoption of universal basic health care coverage**, alleviating the heavy reliance on out-of-pocket spending. Government adoption of recommendations from a 2014 IFC analysis[53] led to (i) decentralization of health insurance to states, with 28 states having now established state-level social health insurance agencies leveraging an additional NGN 55 billion (USD 155 million) from the GoN budget in 2018 toward the Basic Health Care Provision Fund (BHCPF), and (ii) introduction of mandatory health insurance, allowing the empanelment of private providers and scale, and expansion of access to private health care. The effective roll-out of BHCPF is being supported through the World Bank BHCPF Project[54] financed by the Global Financing Facility Trust Fund and informed by analytical work under the Nigeria Health Financing Programmatic ASA[55] focused on strengthening health financing policies and practices to accelerate progress toward universal health coverage.[56] In February 2020 the Board approved a new multi-phase approach project, Nigeria Improved Child Survival Program for Human Capital (IMPACT) (P167156) which consolidates WBG support for provision of basic primary health services into a single operation. As other project supporting basic primary health care close, ongoing engagements will be sustained through IMPACT. To support the Government of Nigeria to implement the response to COVID-19, a COVID-19 Preparation and Response Project (P173980) was approved in August 2020. It is implemented by the Nigeria Center for Disease Control, and

leverages an existing regional operation, Regional Disease Surveillance Systems Enhancement (REDISSE) II (P159040).

33. **A combination of lending, analytical and advisory work helped to improve coverage and quality of health service delivery, in most cases exceeding CPS targets.** Under the Nigeria State Health Investment Project (NSHIP), three states increased the share of child deliveries assisted by trained health personnel substantially above the expected target of 43 percent (Indicator 13.1).[57] NSHIP, the Saving One Million Lives Program for Results (SOML) and the Polio Eradication Support Program contributed to increasing the share of children 12-23 months old fully immunized significantly over the targeted increase (Indicator 13.2).[58] NSHIP additional financing allowed expansion to the poorest North-East states of Gombe, Yobe, Taraba, Bauchi and Borno[59] with strong early results.[60] In 2016, the Bank approved additional financing of USD150 million under the Polio Eradication Support Project[61] to ensure a timely response to the outbreak in the crisis-ridden North East. With support from the Project every Nigerian state was able to maintain 99 percent coverage of oral polio vaccine, above the 80 percent envisaged under the CPS (Indicator 13.4). The success of this intervention led to a two-year break in the wild polio virus. If this success is sustained, Nigeria will be declared polio-free by mid-2020. The Malaria Booster Project contributed to reducing the prevalence of malaria in Nigeria by boosting availability of bed nets to vulnerable groups. Over the CPS period, the percentage of under-5 children sleeping under an insecticide-treated net the night preceding the survey increased to 74.4 percent from a baseline of about 44 percent in 2010, surpassing the 60 percent target (Indicator 13.3). Advice and technical assistance from the ASA on Malaria Control Program complemented project activities in malaria prevention. Through the HIV/AIDS Program Development Project II, over 53,000 pregnant women living with HIV received a complete course of antiretroviral prophylaxis by the last year of the project, 13,000 more than the CPS target (Indicator 13.5).[62]

34. **NSHIP tested alternative results-based and direct facility financing models which were evaluated using a randomized controlled trial methodology.** Project activities were complemented by technical assistance, knowledge work, advice, and analytics from the Nigeria Service Delivery Indicators, SURE-P, MCH IE, Health Sector IE Work, and Scaling Up Support for the Demographic Dividend in Africa. Results-based financing interventions were scaled up to all states through SOML, which covers all Nigerian states, contributed to improved outcomes in many states, but particularly in 15.[63] The percentage of supervised deliveries increased by 22 percent in SOML supported states between December 2015 and December 2018, and 33 of 36 states had established performance management systems (over a baseline of 10).[64] Lessons learned from NSHIP and SOML have been incorporated into the Improved Child Survival (IMPACT) malaria prevention and immunization plus program approved by the Board in 2020.[65]

35. **The CPS planned to support activities in private hospitals to complement public healthcare delivery.** Achievement of the target was affected by the 2016 recession, which led to planned investments being delayed. Through Health in Africa,[66] IFC support focused on improving coverage of private health care in Nigeria's largest state, where an estimated ten percent of the country's population reside. IFC supported Hygeia (Lagoon Hospitals) and planned to also support EagleEye Echo Scan, however the inception of the project was delayed for three years because funding gaps.[67] An additional indicator reflecting this engagement was added at the first Performance and Learning Review in 2016, targeting 1.68 million patients[68] to use private facilities over the life of the CPS, against a baseline of 148,268 in 2013 (Indicator 13.6). By the end of 2018, a total of 1,033,350 patients had been served by both institutions.[69] This was 61 percent of the planned achievement meaning that this indicator is mostly achieved.

Engagement Area: Efficiency, Equitable Access and Quality of Education Services

Outcome 14: Improved learning environment and management [*Achieved*]

36. **WBG support contributed to an improved learning environment in public schools and strengthening of private education delivery in Nigeria.** Results measurement in the CPS was focused on mobilization of additional teachers and improvement of learning outcomes at the school level. The WBG supported government in selected states to place teachers in areas of greatest need and improve learning conditions through provision of school grants managed by the school-based management committees. Through the State Education Program Investment Project (SEPIP), the WBG helped the GoN deploy 33,800, additional teachers to rural areas, exceeding the targeted 10,000 additional teachers across three states of Anambra, Bauchi and Ekiti. In the North East states, more than 63,000 teachers were deployed to areas experiencing insurgency against a target of 46,790 (Indicator 14.1). In 8 SEPIP states, 10,523 schools successfully implemented school improvement grants to improve learning conditions.[70] Improved learning outcomes exceeded expectations through the Lagos Eko Secondary Education Project (Indicator 14.2), where 84-98 percent of supported schools improved learning outcomes, as compared with a target of 40 percent.[71] The SEPIP results framework did not incorporate measurement of school-level improvements in learning outcomes, but the three supported states have built the capacity to conduct diagnostic assessments of student achievement for P5 (in Bauchi) and SSS2 (in Anambra and Ekiti) to inform improvement in teaching processes. An ASA on Governance and Financing of Basic Education was used to inform the policy dialogue and design of the education engagement. The Better Education Service Delivery for All Program for Results was approved in 2017 to support the country's efforts to reduce the stubbornly high number of out of school children, improve literacy rates and enhance accountability for results. Further, to create knowledge platforms on education and skills development, the WBG supported studies such as Nigeria Skills and Competitiveness[72] and Programmatic Analytical and Advisory Activity on Education[73]. Early Learning Program (ELP) trust fund supported a study on early childhood education provision in Kano State. Building on the lessons from SEPIP, in August 2020 the Board approved the Adolescent Girls Initiative for Learning and Empowerment (AGILE) Project (P170664) which will establish a national platform to improve the educational outcomes of adolescent girls, beginning with seven states in Nigeria's north. This is also the first operation to use a more transparent and robust approach to state-selection, to ensure that country-wide projects focus on those states with the greatest development need, but also ensure that the State demonstrates sufficient commitment to ensure successful implementation.

37. **IFC supported student learning through the Bridge Academy, a social enterprise educational institution, with US$ 13.5m equity through the regional education project.** IFC's original strategy was to fund middle income private primary / secondary schools based in large urban centers such as Lagos. However with the 2016 recession interest in hard currency financing was severely curtailed, and investment in Bridge Academies – a low income, technology driven primary school model – presented an alternative. This is an equity (not debt) investment that has enabled IFC to support Bridge's expansion into several countries, with high quality results.[74] The first Performance and Learning Review introduced a new indicator to capture IFC's investment, measuring the number of students at IFC supported institutions, with a target of 5,000 (later revised to 125,000) students against a baseline of 3,850 in 2013. As of June 2019, Bridge had 253,600 students in 909 schools in Nigeria, an estimated 223,000 of whom are attributable to IFC's PPP support for Bridge.[75] In Nigeria, Bridge has successfully launched the private school model as well as a PPP model with Edo State and most recently Lagos State for which Bridge acts as a service provider but using a similar pedagogical approach as the private schools.[76] Robustly evaluated results from EDO and Lagos show strong results in improved

learning outcomes compared with other schools.[77] Bridge has received requests from other states in Nigeria for a PPP arrangement to manage their school system however Bridge has limited capacity to meet this demand. The EDO Basic Education and Skills Transformation (BEST) Project (P169921) approved by the Board in August 2020 will scale up the Bridge model to all 4,266 schools in Edo State, potentially leading the way for other Nigerian states to follow.[78]

Outcome 15: Strengthened responsiveness of public and private training institutions to skills demand [*Achieved*]

38. **The CPS helped to set the stage for engendering responsiveness by public and private training institutions to the demand of Nigerians for technical and vocational skills.** The training system in Nigeria suffered from low responsiveness to firm-level demand for technical skills, constraining opportunities for growth and competitiveness in the private sector. SEPIP employed a results-based approach to help participating state governments partner with the private sector to improve the relevance of technical and vocational schools, with emphasis on skills for employment. SEPIP interventions advanced partnerships between technical and vocational colleges and the private sector. Forty such partnerships[79] contributed to achieving this outcome. Likewise, courses accredited in project technical and vocational schools totaled 26 against the target of 11 set by the project. In addition, SEPIP helped to increase the number of states with an approved Strategic Plan for improving quality and relevance of technical and vocational education to 10 in 2019 from a baseline of 4 in 2013 (Indicator 15.1). Building on the wide range of interventions across more than ten projects to support skills improvement, in February 2020 the Board approved the Innovation, Development and Effectiveness in the Acquisition of Skills (IDEAS) Project, which seeks to strengthen the labor-market fit of skills development by leveraging industry involvement and crowding in private resources.

Engagement Area: Coverage and Efficiency of Water Supply Services

Outcome 16: Improved coverage and efficiency of water supply services in selected states [*Mostly achieved*]

39. **The WBG invested in expanding coverage and efficiency of water supply service in five selected states.**[80] At the start of the CPS period, overall access to safe drinking water had increased by 13 percent over the previous two decades.[81] However, access to piped water, once the dominant form of provision in Nigeria's urban areas, had dropped from over 63 percent in1990 to barely 25 percent in 2005 as Nigeria's urban population grew by over 25 million.[82] These challenges were recognized by the CPS to stem from structural problems including the lack of financial autonomy and poor management of state-owned water utilities. Support for increased water supply during the CPS period was through two operations, the National Urban Water Sector Reform Project (NUWSRP 2) focused on Lagos and Cross River states, and Third National Urban Water Sector Reform Project (NUWSRP 3) focused on the Bauchi, Ekiti, and Rivers States. The CPS sought to measure two indicators reflecting the overall increase in access to water (Indicator 16.1 – number of people with access to improved water supply, original target 4 million and revised target 1.54 million) and improvements in utility operation (Indicator 16.2 – improved cost recovery for operations and maintenance, target average of 25 percent in supported states). On the first indicator, the two operations achieved 92 percent of the revised target of delivering additional access to water to an additional 1.54 million people.

40. **While the objective of financial sustainability in the delivery of piped water (Indicator 16.2) was a laudable one, there were challenges with measurement.** NUWSRP 2 included an indicator measuring the ratio of revenue to cost of operations and maintenance for the two biggest

utilities, Lagos and Calabar. Twenty-five percent was a reasonable target for this definition of sustainability and was achieved in the case of Lagos and Calabar. For NUWSRP 3 it was decided not to measure cost recovery using a ratio of costs to total revenues, both because the measure is volatile and vulnerable to external forces beyond the project,[83] and because the current structure of water utilities' revenues creates a perverse disincentive to expand coverage.[84] In addition, the smaller utilities supported under NUWSRP3 have a much higher level of government subsidization which means that target to improve cost recovery by 25 percent is not a useful measure of increased fiscal sustainability.[85] It has not been possible to make a meaningful assessment of the revenue to cost recovery ratio for the three states covered by NUWSRP3 and the target is therefore assessed as mostly achieved, on the basis of assessing the results from NUWSP2 only. A key lesson for future design of water interventions is that measuring cost recovery from revenue is not a meaningful measure of fiscal sustainability of water utilities, and that future operational support for states should be conditional on state governments agreeing to increase water tariffs to a sustainable level, to provide the right incentives for investment in increased coverage and adequate financing of maintenance and operations. Results in NUWSRP2 was also affected the 2016 recession and the 2018 election, both of which undermined commitment of states to enforce collection of bills by utilities, and to raise tariffs. The project was also affected by lack of commitment by one key state, Rivers, where project implementation had not yet commenced six months prior to project closure in June 2020. A further lesson is the need to ensure that where states are not adequately implementing a project, a mechanism is needed to rapidly free up resources and apply them to alternative states which do show commitment. In September 2020 the concept was approved for the Nigeria Sustainable Urban and Rural Water Supply, Sanitation and Hygiene Project (SURWASH) (P170734) to support the establishment of a national platform to ensure a sound regulatory environment for sector sustainability and finance selected investments in sustainable urban and rural water supply and sanitation.

41. **The WBG contributed significant TA, analytics and advice to support the government's response in the water sector.** Through the Economic Aspects of the Urban Water Sector[86] study, the WBG fostered a better understanding of the status of the sector and impactful strategies. The Nigeria Water Supply, Sanitation and Hygiene (WASH) Poverty Diagnostics[87] provided solid evidence on the state of WASH services to the bottom 40 percent and informed the WBG and the Nigerian government on policy, strategy, and practice to improve access and quality of WASH services among the poorest subpopulations. This diagnostic had a powerful effect, causing the President of Nigeria to declare a state of emergency and request WBG support in the water sector. Other ASAs, including the Review of Rural Water Supply and Sanitation Sector[88] and Fostering Sustainable Water Supply and Sanitation Services,[89] provided comprehensive assessments of the sustainability of various modalities for WASH service provision in rural Nigeria.

3. Foundational/Cross Cutting Cluster 3: Governance and Public Sector Management [Moderately Satisfactory]

42. **The major outcome on enhancing transparency on budget execution in targeted states and at the Federal level fully achieved its expectations** to enhance transparency on budget execution in targeted states and at Federal level. The CPS had determined to maintain a focus on public financial management as a foundational component of better governance and in light of the World Bank's comparative advantage in this area. By the end of the CPS period there had been a significant increase in the number of states governments including the federal government, having a functional and effective integrated financial management information system (IFMIS) as well as states that had adopted procurement laws and demonstrated

compliance in the percentage of public procurement contracts above threshold being awarded through open competition. A new results-based operation approved in FY18[90] is scaling up lessons from past projects and policy engagements to incentivize states to adopt fiscal management reforms and promoting collective policy dialogue with state Governors, who have a large measure of control over Nigeria's overall economic and social wellbeing. Tangible results from this operation were not realized until after the end of the CPS period but do build on achievements of operations and technical assistance delivered under the CPS. This Strategic Cluster is assessed as ***moderately satisfactory***.

43. **Beyond what is captured in the CPS results framework, bilateral donor support enabled the program to integrate governance considerations across the whole portfolio.** With support from the DFID-financed Governance Partnership Facility Trust Fund,[91] a range of analytical and advisory work undertaken focused on governance issues and the challenges of addressing the conflict in Nigeria's north-east. A core component of this program is the Governance Filter through which support has been provided on a multi sectoral basis at the project design phase for basic services, infrastructure and fiscal operations. This has improved the development effectiveness of operations through capacity building, political economy analysis and implementation pilots. More information on the mainstreaming of governance and political economy issues across the portfolio is provided under **Annex 5**. On the basis that more than half the indicators for this cluster were fully achieved this cluster is rated ***Moderately satisfactory***.

Outcome 17: Enhanced transparency of budget execution in targeted states and at federal level [*Mostly achieved*]

44. **The WBG played a crucial role in enabling transparency in budget execution in targeted states and at Federal level.** The CPS results framework sought to measure the number of states with a fully functioning FMIS producing <u>and</u> publishing consolidated quarterly statements (Indicator 17.1), but our assessment is that this indicator was poorly designed. A total of 12 states were supported by the State and Local Governance Reform Project (SLOGOR),[92] and Public Sector Governance Reform and Development Project (PSGRDP).[93] Two of these states (Jigawa and Yobe) are known to produce and publish consolidated quarterly financial statements but not within 14 days.[94] It has not been possible to verify whether <u>quarterly</u> financial statements are being produced by each of the states, since both these projects were designed to address the more basic issue of states producing <u>annual</u> financial statements (AFS). [95] Some states had a backlog of AFS of up to 12 years. Moreover, from the perspective of a 'basics first' approach to PFM, focus should be on publication of annual financial reports (which support accountability to parliament and citizens) before publication of in-year budget execution reports. Accordingly, the second dimension of this indicator (publication of quarterly budget reports) has not been assessed.

45. **As part of improving governance and public sector management, the CPS focused on strengthening procurement capacity and policies.** Sound public procurement practices are a key economic policy tool to support poverty reduction. Inefficient public procurement can be extremely costly, compromising market access and competition, and raising the price paid by public entities for goods and services, directly impacting public expenditures and, therefore taxpayers' resources. During the FY14-19 CPS, Nigeria made progress in reforming its public procurement systems.[96] By 2019, 30 states supported by PSGRDP[97] the State Employment and Expenditure Project (SEEFOR),[98] SLOGOR and other interventions have enacted their procurement laws, from a starting point of 24 in 2013, fully meeting the CPS target (Indicator 17.2). The use of open competition for public procurements increased. Public procurement contracts above threshold awarded through open competition increased from 30 percent in 2013

to over 80 percent in 2019 (Indicator 17.3). At the first PLR, this indicator (then pegged at 75 percent) had been fully achieved, but the final target of 90 percent was not fully met. The decision to increase the percentage at the second PLR does not appear to have been grounded in the targets of supporting projects' results frameworks.[99] Nevertheless, significant progress was made improving public procurement. In Borno State, which is the epicenter of insurgency in Nigeria, the Promote Governance Reforms in Borno State Program is helping to reform the public procurement system, including facilitating the establishment of legal and regulatory frameworks and establishment of procurement professional cadre. The project is also supporting the faculty of Ramat Polytechnic, Maiduguri, to build the capacity required to deliver procurement training in the state. In addition, e-Procurement systems are being developed at the federal and state levels, which will enhance efficiency and effectiveness, increase competition, reduce corruption, improve transparency and reduce human interference and discretionary decisions in procurement processes. Finally, a new lending operation to be delivered under the next CPF will support academic tracks in selected federal universities to deliver short courses, executive courses, postgraduate diploma, bachelor's degree and master's degree in procurement and to institute a certification program in procurement. Professionalization of the public procurement function and the use of e-Procurement will enhance efficiency of public expenditure, improve private sector confidence and reduce cost.

46. **Lessons from earlier state-level support for PFM are being scaled up through two new operations to be implemented under the next CPF period.** The States Fiscal Transparency Accountability and Sustainability PforR (SFTAS)[100] was approved in 2018 and became effective just before the end of the CPS period. The disbursement-linked results incentivize states to improve budget credibility and transparency to citizens, cash management, procurement, payroll management, internal revenue generation and debt management[101] and is showing very promising results in promoting healthy competition between states to achieve results, providing a platform to engage with state governors collectively on policy reform dialogue, and focusing Governors' attention on key actions they need to take in order to improve the quality of fiscal management. This operation has supported a very robust fiscal response by States to the twin shocks caused by COVID-19 and the drop in the oil price. Additional financing is currently being initiated to help states to address the severe fiscal shock they will experience as a result of the recent drop in oil prices, including by adopting realistic revised budgets which focus adequate attention on financing the COVID response. SFTAS also serves as a model for broader WBG engagement with states on a collective basis in other sectors, mobilizing an existing high-level government mechanism (the National Governors' Forum) to elevate and coordinate policy dialogue with subnational governments. In February 2020 the Board approved the Sustainable Procurement, Environmental and Social Standards Enhancement (SPESSE) Project (P169405) which seeks to enhance capacity to manage procurement and maintain environment and social standards. SPESSE leverages a regional project (Second Africa Higher Education Centers of Excellence Development Project – P169064) to establish tailored training courses in selected higher education institutions.

4. Strategic Cluster 4: Restoring Macroeconomic Resilience [Moderately satisfactory]

47. **In response to the 2016 economic crisis, the CPS was adjusted to include a new Strategic Cluster addressing the restoration of macro-economic resilience.** Two outcomes included under this cluster related to (i) enhanced capacity of states for management of fiscal risks management and improving internally generated revenue, and (ii) enhanced fiscal transparency of the Power Sector Recovery Plan. The restructuring of PSGRDP in 2016 helped address state-level fiscal challenges due to the macroeconomic crisis and aligned it with the 22-

point fiscal sustainability plan between the federal government and all states of the federation. Although the proposed operation to implement the Power Sector Recovery Plan did not progress as anticipated, the Outcome indicator focuses on design of the plan, which was foundational for an improved approach to the sector that is being taken forward under the new CPF. On the basis that one of the two outcome areas was achieved, and the other mostly achieved, this cluster is assessed as ***Moderately satisfactory***. Beyond the end of the CPS period and in response to the twin fiscal shocks of COVID-19 and the collapse of the oil price in March 2020, the World Bank initiated preparation of a development policy operation, the COVID-19 Federal Fiscal Economic Response DPO (P173993) which includes a range of important policy actions aimed at conserving fiscal resources and remaining attractive to foreign investment through: (i) a market-reflective foreign exchange management regime, (ii) reprioritizing spending, (iii) realizing savings from removing gasoline and electricity subsidies, (iv) increasing transparency of the oil sector to reduce leakages, (v) reform of non-oil revenues, (vi) more transparent and lower-cost borrowing. At the time of writing it was anticipated that the DPO would be presented to the Board by late in quarter 2 or early in quarter 3 of FY21.

Outcome 18: Enhanced capacity of states for management of fiscal risks (new indicator introduced in PLR2) [*Mostly achieved*]

48. **Several interventions helped enhance states' capacity to manage fiscal risks.** As in many federations, state-level debt poses a risk to national fiscal and macro-economic stability. States have increasingly used debt financing for public development projects. At the same time, the lack of sound debt management institutions at the subnational level has become a serious constraint.[102] Eight state level debt management assessments provided the evidence base for understanding the constraints to better state debt management, and supported several interventions to facilitate improved debt management at the state level, with 19 states submitting timely debt reports by quarters 3 and 4 in 2018 (Indicator 18.1). The SFTAS PforR includes results areas which will further strengthen state-level debt management and which have demonstrated increasingly strong results through two rounds of performance assessment since the end of the CPS period.[103]

49. **Low internally generated revenues at state level contribute to the high level of fiscal dependence by states on transfers from oil revenues and the federal government**. This dependence in turn makes states equally vulnerable to external shocks, as is being experienced now with the recent fall in the oil price. States participating in active Bank projects made mixed progress and challenges remain.[104] Ongoing analytical and advisory activities that reinforced project activities are: Subnational Fiscal Management Support, Nigeria Bi-Annual Economic Update, and Federal Government Fiscal Review. The final result on Indicator 18.2 has been assessed on the basis of an adjusted target for 2018 revenue based on state audit reports which became available early in 2020. Total IGR for 2018 was 1.128 billion naira, against a modified target of 1.194 billion naira, or 94 percent of the CPS target.[105] Under the next CPF, continued reinforcement of incentives for increased state-level internal revenue generation is offered through SFTAS disbursement-linked indicators that reward states for meeting either a basic target for revenue growth (20-39 percent annual growth) or a stretch target (40 percent of more).

Outcome 19: Enhanced fiscal transparency of the Power Sector Recovery Plan (new indicator introduced in PLR2) [*Achieved*]

50. **The second PLR introduced a new indicator reflecting the importance of a credible financing plan for the Power Sector Recovery Program.** As noted above under the discussion of the Power Sector engagement area, the growing fiscal burden of power sector became clear

to GoN during the implementation of the CPS, leading to request for financing to support implementation of a five year reform program set out in the Power Sector Recovery Plan (PSRP). Through the policy dialogue during preparation of the proposed performance-based operation the World Bank worked with key stakeholders to develop a credible financing plan. The FSP/MTEF includes all uses of funds, financing sources, and fiscal costs of the Financing Plan.[106] This was achieved by including the funding of power sector tariff shortfall (as projected in the PSRP Financing Plan) in the Fiscal Strategy Paper (FSP)/Medium Term Expenditure Framework (MTEF) for 2017-2019 and 2018-2020. Preparation of the performance-based operation stopped in April 2018 when the government postponed project negotiations after failing to muster the needed political support. Discussions restarted late in 2019, and project preparation has recommenced after a change in Minister of Finance. Board presentation and approval of this operation is expected in FY20.[107] We interpret this indicator as modestly seeking the design of a credible financing plan, not its implementation, and on this basis the indicator is assessed as having been achieved. However, as noted earlier, a credible financing plan has been adopted as part of the Power Sector Recovery Performance-based Loan PforR which was approved in June 2020, although this occurred beyond the end of the CPS period.

C. WORLD BANK GROUP PERFORMANCE

51. **Overall, WBG performance for the CPS is rated *good***. At the level of strategic clusters the CPS was well aligned with the country's development goals, and was flexibly adapted to changing circumstances including the economic crisis which began in 2015 and the escalating fragility in the North-East region. It was more challenging to adapt the program at the level of outcomes and indicators. Results-based approaches were fully embraced and experience under this CPS offers lessons at the level of design, implementation and sector context to be incorporated into the next CPF program. There was good complementarity between WB, IFC and MIGA, particularly in the power sector. Donor resources were leveraged in significant volume, and there is scope to better align them to broader engagement areas focused on key development challenges rather than the more granular level of projects. The WB tackled the risks posed by Nigeria's Governance challenges head on and used innovative approaches to integrate gender into the portfolio. Portfolio and risk management are areas where solid progress was made over the life of the CPS, although there is room for improvement under the next CPS. Heeding the previous CPS lesson on limiting operational complexity and defragmenting portfolio management at the state level should be areas of continued focus. Corruption risks were apparent but were managed. An increasing number of INT complaints is likely evidence that systems for detecting these risks are improving, not necessarily that corruption is increasing. Delays in project effectiveness caused by uncertainty in the Government's borrowing approval process remain a major risk to achievement of planned objectives both by the Bank and the Government.

1. CPS relevance and design

52. **Initial strategic clusters in the CPS were focused on critical development challenges identified in the country's development plans.** The clusters corresponded to the new economic agenda introduced by the new Economic Governance and Reform Program, although a new cluster was added to reflect increased focus on macro-economic issues. At the level of outcomes, the strategy was closely tied to the projects which had been programmed, presenting limitations. Some important contributions were not adequately captured by the results framework. This included the reorientation of the program to focus more intensively on the fragile north-east of the country. Several indicators lacked adequate clarity for measurement, and in a number of

cases did not correspond to the results frameworks of the projects that were intended to implement the outcomes, presenting challenges for evaluation.

53. **The program made good use of complementary instruments** including IFC interventions, MIGA guarantees, World Bank lending instruments, advisory and analytical work. The power sector is one example, where a combination of instruments leveraged private financing to improve generation and transmission capacity, while lending and advisory work helped the government to address more fundamental challenges of the regulatory, policy and financing framework. Complementarity was also evident in the contributions of World Bank and IFC to supporting expanded opportunity for financing of small and medium enterprises.

54. **The CPS identified risks associated with economic vulnerability, security, and capacity gaps at the subnational level, along with the risk of delays in project effectiveness**. To address economic vulnerability, the CPS proposed to ensure that the WBG program remained flexible to shift emphasis to budget support if required. Security risks were planned to be mitigated by 1) restructuring projects and reallocating funds to other states, 2) using third party monitoring in locations where Bank staff are unable to travel, and 3) ensuring up to date information on security risks. The approach of shifting resources away from insecure locations presented some challenges for implementation, as it became apparent that addressing conflict in the north-east required more rather than less investment in those locations. A greater focus on capacity issues helped improve the impact of projects at the state level, although considerable challenges in complexity of implementation (for example, Nigeria has half the total number of Project Implementation Units [PIUs] in Sub-Saharan Africa) remain to be addressed under the next CPF. Although long delays in project effectiveness were eventually solved, the same challenges associated with approval of the Government's borrowing plan remain.

55. **Recognizing the complexity of governance challenges and political economy considerations in Nigeria, the CPS included a mainstreamed governance approach**[108] **and an emphasis on result and learning.** The Governance approach incorporated developing a better understanding of country-wide political economy and reform drivers, as well as support for task teams developing operations through the use of a governance, gender and conflict filter. The focus of the filter was on understanding formal and informal institutional arrangements and funding flows to increase the capacity of operations to achieve results. The Governance Filter, financed by a DFID country level trust fund, enabled advice to be offered to teams both during design and implementation. An example of innovative governance-focused support to sector operations was the use of a problem-driven adaptive learning approach to support capacity building of state governments implementing the SOML PforR which rewarded states for improvements in health outcomes. An adaptive learning technical assistance component was deployed through a contracted firm to help eight pilot states to devise their own context-specific solutions to the challenge of increasing the responsiveness of health facilities to the incentives offered under the program. Although laudable in ambition, a retrospective study found that operational requirements inhibited state teams from taking the time that was needed for them to trial and iterate the solutions they had developed.[109] The governance filtering mechanism applied to the ISR and ICR of projects[110] that closed within the CPS period demonstrated the need for deeper research and management of political economy issues during the project lifecycle. The Governance Filter is discussed in more detail in **Annex 5**.

56. **The focus on governance challenges in the 2014-2019 CPS reflected lessons from the 2010-2013 CPS**. Lessons included: the need for intense policy dialogue, technical assistance and multi-stakeholder involvement in order to make progress, the importance of focusing on public financial management challenges (while leaving broader issues of judicial and legislative

institutions to other donors) and the need for much greater simplicity and modest ambition in project design. While most of these concerns were taken on board in the design of the CPS, many lessons belong more to the realm of implementation, where they become easily lost in the day-to-day management of project preparation and implementation. This is particularly true of the need to avoid operational complexity. This lesson remains a challenge for the next CPF to continue addressing.

2. CPS Implementation

57. **During implementation there was a strong focus on the use of results-based approaches**. Successful experience with the use of DLIs in health and education IPFs (NSHIP and SEPIP) led to more ambitious Program for Results designs such as the Saving One Million Lives (SOML) PforR. In December 2019 when SOML was due to close, it still had half the USD500 commitment undisbursed, and some significant concerns had emerged concerning program fiduciary management. That some results-based approaches have proved very successful while others have struggled with implementation suggests that under the new CPF, the more granular lessons remain to be learned about the design and supervision factors that contribute to successful implementation of results-based operations.

58. **The program was able to adapt flexibly to the need to respond to the deteriorating conflict situation in the North-Eastern region of the country**. Recent Demographic and Health Survey (DHS) data suggest that two-thirds of poor Nigerians reside in the three northern regions of the country. They also suggest that the North-East and North-West regions have not experienced declines in poverty rates since 2010.[111] Following escalation of the Boko Haram insurgency and a strong military response, the GoN requested the Bank to provide more focused support. The WBG further responded to the intensifying fragility crisis by deploying resources of about US$ 650M[112] through six projects for emergency interventions. The WBG also facilitated a stronger evidence base for advising the government by financing investment[113] to support the National Bureau of Statistics (NBS) to collect data in conflict-affected areas using mobile phones. Through this effort, granular data will be available to establish a baseline for monitoring progress, monitor socio-economic conditions, and understand how conflict affects the poor. Factors that helped solid delivery in the North East included (i) strong political ownership, including active leadership of the Governors in undertaking strategic dialogue with Bank management for strengthening and deepening crisis recovery and stabilization efforts in the North East (ii) effective use of existing project delivery platforms in each of the states given that almost all the projects had previously covered the NE states (iii) fast tracked delivery of hand-holding support for procurement, Financial Management, Safeguards support. Finally, innovative approaches were used to provide effective monitoring of projects in insecure areas (see **Annex 6**).

59. **Bilateral development partners contributed to the Bank's scaled up effort in the North-East**. A large country-level DFID trust funds supports both the Governance Filter activities as well as a range of implementation support, analytical and advisory work to complement lending operations in the North East. Global trust funds support work on the development of Nigeria's nascent gas industry, the delivery of nutrition programs, as well as supporting analytical work that underpins the health and education programs more broadly. Under the new CPF, the challenge will be to better integrate donor resources into cohesive engagement areas which maximize the complementarity of lending and donor-financed advisory and analytic work, and focus resources better around a limited set of higher-level objectives.[114]

60. **Gender was integrated well into the portfolio**. Building on recommendations from the Gender in Fadama Research Project (2012) and the Nigeria Gender Portfolio Review (2012), a

Governance, Conflict and Gender filter was rolled out to help task teams in better identifying problems and assumptions in approaches, understanding local contexts, learning lessons from the past, and measuring reform potential. In addition, the filter supported analysis and consultation on gender-related issues during project preparation and implementation. This helped target specific actions in projects, where appropriate, to reduce potential differentiated impact of interventions, address the needs of women and girls, or men and boys, or narrow the gender gaps. Between FY14 and FY17, 75 percent of operations approved for Nigeria were fully gender-informed or gender-tagged, comparing well to the corporate target of 55 percent and average performance across all countries in the region (about 50 percent in most FYs). WBG projects in Nigeria increasingly targeted women as beneficiaries, in addition to tracking the share of women in the total direct beneficiaries. Preliminary results[115] from a review by the Africa Gender Innovation Lab (AFRGIL) of operations implemented during the FY14-19 CPS period revealed that the portfolio had succeeded in addressed some gender constraints.[116] Following recommendations from the Global GBV Task Force Report, the Nigeria portfolio conducted a GBV Risk Assessment.[117] The review identified ten projects with high GBV risks, and the WBG provided contingency funds for teams to develop and implement GBV risk mitigation measures. (See also **Annex 7**).

61. Nigeria's portfolio is highly fragmented, posing greater challenges for supervision and risk management than most countries. During the CPS period, the Bank expanded and streamlined its engagement at the state level increasing IDA commitments at state level from US$ 2.94 billion in FY15 to US$ 6.63 billion in FY19.[118] While this focused more resources at the level of implementation, it also increased fragmentation and corresponding risks. The state coordination mechanism (SCM) developed by the Bank enabled more consistent and effective dialogue with state governors. Annual Country Portfolio Performance Reviews (CPPR) facilitated outreach and supported further engagement at the state level. Projects based in states also received support from the Integrity Vice Presidency (INT) preventive unit to review the program and provide proactive guidance on preventing and managing fraud and corruption risk.

62. **Quantitative measurements provide some insight into the quality of portfolio management**. IEG reviewed and rated 10 of the 12 projects that exited the portfolio during the CPS period[119], with 69.2 percent rated as moderately satisfactory or above in achieving the expected outcomes. Proactivity ratio (measured in percentage) fluctuated during the period but reached 100 percent in FY18 and FY19, underscoring the need for task teams to monitor closely and adjust project interventions and resolve bottlenecks impeding the achievement of development outcomes. The disbursement ratio throughout the CPS period averaged about 19 percent, slightly below the Bank's target of 20 percent for investment lending (IPFs).[120] Despite the moderate disbursement performance, implementation progress remained slow over the CPS cycle until FY18/19 when significant improvement was recorded following adjustments in the approach for delivery of the annual CPPR and, the establishment of the state coordination mechanism at the state level, for increased efficiency in addressing implementation bottle necks, enhanced information flow to key stakeholders on project progress and for overall improvement in each state's portfolio performance. Proactivity ratings increased from 71.4 percent in FY14 to 100 percent in FY19. The portfolio maintained a 78 percent average in proactivity during the period, remaining above the Africa Region's average.

63. **During the implementation of the CPS, the financial management (FM) performance ranged from satisfactory to moderately unsatisfactory**. Compliance with financial reporting during the period was good. Audit reports were submitted on time with 100 percent compliance; auditors' opinions were unqualified. Following from FM reviews, weaknesses were observed. There include (i) unretired advances, (ii) inadequate documentation for incurred expenditures

and (iii) instances of ineligible expenditures were flagged. Travel, training and the payment of salary performance bonuses are particularly vulnerable to ineligible spending. Several projects experienced slow disbursement of counterpart funds, leading to stalled project implementation and in some cases restructuring of the affected projects to remove the counterpart funding requirement. To support better fiduciary management, Bank staff delivered tailored financial management capacity-building and hand-holding support, monitored the qualifications of external audit firms, and worked closely with the supreme audit body. Fraud and corruption complaints were raised in relation to some projects. These were reported to INT and where appropriate, findings were referred back to Government for action.

64. **Project effectiveness remains a major cause of delayed implementation**. The Government of Nigeria's process for approving development partner lending operations is complex and requires parliamentary approval. Of the 32 operations in the current portfolio, 10 of them experienced delays of 12 months or more—in two cases more than two years—between board approval and effectiveness. Such delays contribute to a large volume of concessional resources being locked up and unavailable to contribute to the country's development. This was noted as an issue at the outset of the CPS and remains an issue to be dealt with under the next CPF.

65. **The IFC and MIGA played a critical role in leveraging private investment in the energy sector and in advancing the investment climate.** The WBG Joint Energy Business Plan played an important role in leveraging private investment in the energy sector. The Azura Edo Independent Power Producer project supported by IFC provided loans of US$ 80 million and mobilized US$ 213 million of third-party direct foreign investment loans. IBRD provided up to US$ 245 million in guarantees (debt and liquidity), while the Multilateral Investment Guarantee Agency (MIGA) provided US$ 492 million in guarantees to cover commercial bank debts, equity, and interest rate hedging. IFC also invested in domestic gas producer Seven Energy (equity of US$ 75 million and anchor investor in a US$ 500-million bond). To further the investment climate, IFC and WB[121] have been implementing a Doing Business action plan involving a coherent set of incremental reforms, starting with quick wins with strong demonstration effect. This has resulted in states such as Kaduna de-risking the operating environment for private sector development.

D. ALIGNMENT WITH CORPORATE GOALS

66. **Each of the four clusters in the CPS responded to the twin goals of reducing poverty and promoting shared prosperity in a sustainable manner**. The CPS spanned two government medium-term plans; the Transformation Agenda (2011–2015) as well as the Economic Recovery and Growth Plan, both of which sought to operationalize the long term development plan, Vision 2020. With the re-election of President Buhari in May 2019, the GoN's development agenda is now framed by a simply expressed but ambitious goal to *lift 100 million Nigerians out of poverty by 2030*.

67. **Interventions in Cluster 1 and Cluster 2 sought to stimulate inclusive economic growth and expand and improve basic social services.** Under cluster 1 this was to be achieved by improving the supply of power as a foundational building block for economic growth and jobs, support improved livelihoods for workers in the agriculture sector, and increase access to finance for smaller business. While much remains to be done in the power sector generation capacity was improved, expanded coverage of off-grid solar solutions was promoted, and a foundation was laid for more fundamental reforms in the next CPF period. The enabling environment for access to finance by micro, small and medium enterprises was substantially

improved, and agricultural workers were supported in selected locations to increase their income through targeted support and better access to markets. In addition, two foundational clusters addressed the need to stabilize the economy and improve the quality of management of public resources. While support for states was selective, a significant number made improvements in public procurement, budget transparency and improved revenue generation.

68. **Under cluster 2 the aim was to improve health, education, water supply and social safety net programs.** The national safety net program was expanded and its targeting was improved, providing a platform for the government to protect the poor who will be most adversely affected by the emerging new crises of 2020. During the CPS period the program was significantly reoriented toward the fragile and poor areas in the north and north-east. Initially this was done by expanding several existing projects to focus on the north-eastern states, and subsequently by adding a project, the Multi-Sectoral Crisis Response Project, which directly addressed peace building, rebuilding basic rural infrastructure and restoring livelihoods.

E. LESSONS LEARNED

69. **Lesson 1: Program elements need to better-integrated across sectors and practices for greater impact.** Siloed approaches along both sector and geographic lines led to a high degree of fragmentation across the portfolio. This weakened the potential synergies across sectors and generated a much heavier burden for supervision, given the sheer number of project implementation units in the portfolio (over 170, more than half the PIUs in the region). The introduction of state coordination units to act as a focal point for Bank liaison with state governors offers a potential to build on. Focal points have provided a mechanism to break logjams and increase the focus of senior state leadership when needed, but there are also examples of more streamlined state-level management that could be emulated. Under the new CPF, additional financing for the Multi-Sectoral Crisis Response Project (MCRP) will entail absorbing and streamlining both sectoral program delivery but also institutional structures from around four existing sector projects. This model should be closely supported and monitored for lessons that can be applied across the portfolio.

70. **Lesson 2: The program should rigorously evaluate the context- (and sector-) specific factors that drive results-based approaches to be successful.** It can be difficult to accurately gauge the success or failure of results-based operations since they do not respond to traditional Bank tools for measuring success such as routine information systems and disbursement rates. Nevertheless, it appears that while some results-based approaches have been very successful, others have not. A deeper dive into the factors that affect success (and how to measure success) across different contexts and sectors should be undertaken early in the life of the new CPS, to incorporate those lessons into future project design.

71. **Lesson 3: Piecemeal approaches in selected states should evolve into broader platforms which government can use at scale, and transparent criteria should be adopted for state selection.** While striking examples of improvement abound across some of the lending operations, particularly for basic service delivery such as health and education, these achievements are limited in scale because they operate only in selected states. The avenue for scaling up such projects was not always apparent from the original design. Under the next CPF, the WB should look to establish broader platforms consisting of federal-level regulatory reforms, policy coordination mechanisms, monitoring systems and data sharing coupled with state-level program implementation and reporting. The World Bank can help seed the establishment of such platforms by supporting the national-level regulatory, policy, coordination and data mechanisms,

and piloting program financing in selected states. State selection needs to strike a difficult balance between the political demands for apparent horizontal equity across states, and the fact that in specific areas some states will have much greater need than others.

72. **Lesson 4: Given the Nigerian context, achieving significant impact will require commitment beyond the horizon of a CPF.** Power sector and conflict mitigation are two areas where little is likely to be achieved within the lifespan of a single CPF. Support for the Power sector was a core engagement area under the 2010-2013 CPS, and most likely before that also. Where development challenges are of such a vital nature, the WBG should be prepared to stay the course and maintain a perspective on its own progress and that of the government, well beyond the 4-5 year life of the CPF. Following a period of engagement in the North-Eastern region that has been focused on responding to conflict and increased fragility, attention under the next CPF can turn to recovery and restoration, bearing in mind these are also long-term processes.

73. **Lesson 5: More care is needed in the selection of CPF objectives and results.** The evaluation of a number of outcomes in the CPS proved challenging because (a) there were too many indicators, generating a large burden for evaluation and reporting (for example, it would not have been possible to make a meaningful evaluation of the 42 indicators in the results framework within the 10 pages suggested for Completion and Learning Reviews, (b) indicators lacked clarity, and in a number of cases no baseline had been provided, and (c) indicators did not correspond closely to project results frameworks with the result that information to capture them was not available when time came to evaluate the CPS achievements. Despite two Progress and Learning Reviews, these issues remained when the CLR came to be evaluated. More use of expanded and flexible CPPRs to monitor results achievement (as well as systematically tackle other project issues) could help to ensure that attention is paid to adjusting the results framework appropriately at the CPF mid-point.

CLR ANNEXES

Annex 1: Status of Nigeria FY14 – FY19 CPS Results Matrix (Summary table)

Description	Overall rating
Strategic Cluster 1: Federally led Structural Reform Agendas for Growth and Jobs - Mostly achieved (Satisfactory)	
Engagement Area: Power Sector Reform	
Outcome 1: Increased power generation and transmission capacity	Achieved
Indicator 1.1: 16 percent increase in generation capacity supported by the WBG interventions by 2019	Achieved
Indicator 1.2: 8 percent increase in transmission capacity	Achieved
Outcome 2: Improved the efficiency of electricity delivery	Achieved
Indicator 2.1: AT and C losses of privatized DISCOs supported by the WBG. EBP reduced by 8 percentage points from 45 percent in 2013 to 32 percent in 2019	Achieved
Outcome 3: Improved access to modern lighting for the base-of-the –pyramid	Achieved
Indicator 3.1: Solar lanterns distributed/sold	Achieved
Indicator 3.2: People with improved energy services	Achieved
Indicator 3.3: tCO2 being GHG avoided	Achieved
Engagement Area: Agriculture Productivity and Climate Change Resilience	
Outcome 4: Improved access of small farmers to inputs and technology, and increase in their average income	Mostly achieved
Indicator 4.1: Increased number of farmers benefiting from publicly supported seed and fertilizer distribution systems	Achieved
Indicator 4.2: Additional 8,000 hectares of improved irrigation in North and North-West areas	Partly Achieved
Indicator 4.3: Rural households in supported Fadama areas reporting 40 percent increase in average household income	Achieved
Outcome 5: Improved horizontal coordination of small farmers	Achieved
Indicator 5.1: Number of farmer associations and or marketing cooperatives established in supported areas	Achieved/Exceeded
Outcome 6: Improved road transportation connectivity of rural markets	Achieved
Indicator 6.1: Additional 2,000 km or rural roads rehabilitated and maintained in supported states	Achieved
Indicator 6.2: Additional 2 million people in rural areas gained access to an all-season road in supported states	Achieved/Exceeded
Outcome 7: Enhanced country's preparedness to respond to natural hazards, climate risks and natural disasters (resilience)	Mostly Achieved
Indicator 7.1: # ha of land treated for erosion	Mostly Achieved
Indicator 7.2: percent of upgraded or new Hydro Met stations providing data that are published annually and uploaded to the web	Achieved
Engagement Area: Financing for Development	
Outcome 8: Expanded financing opportunities for SMEs	**Not verified**
Indicator 8.1: Loans Outstanding to SMEs	Not verified
Indicator 8.2: Access to Loans for micros (Additional 2 million micro entrepreneurs provided with financial services by IFC)	Not verified

Description	Overall rating
Outcome 9: Improved supply of longer-term financing	Achieved
Indicator 9.1: New wholesale financial institutions are established and operational. The institutions are the Development Bank of Nigeria (DBN) and Nigeria Mortgage Refinance Company (NMRC)	Achieved
Outcome 10: Improved financial infrastructure	Achieved
Indicator 10.1: Value of financing facilitated through WBG-supported financial infrastructure	Achieved
Indicator 10.2: Number of SMEs covered in credit bureaus	Not rated on the basis that target is not a meaningful basis for assessment
Indicator 10.3: Number of SMEs that have received loans secured with movable property	Not rated on the basis that target is not a meaningful basis for assessment
Strategic Cluster 2: Quality, Effectiveness and Efficiency of Social Service Delivery at State Level for Greater Social Inclusion (Satisfactory)	
Engagement Area: Strengthening Community Driven Mechanisms for Social Inclusion, and Effectiveness of Social Protection Programs	
Outcome 11: Improved targeting of social protection and increased employment readiness of youth in supported states	Achieved
Indicator 11.1: Improved targeting of social protection programs in states as measured by the # of states using the unified registry of beneficiaries and common targeting mechanism	Achieved/Exceeded
Indicator 11.2: Enhanced resilience of the youth participating in workfare programs in supported states as measured by the number of youths who received orientation and life skills training	Achieved
Indicator 11.3: Increased access of poor and vulnerable households to targeted cash transfers	Achieved
Outcome 12: Increased Access of Poor and Vulnerable to Social and Economic Services	Achieved
Indicator 12.1: 50 percent increase in the # of poor households with access to social and livelihood support services through community development plans in supported areas	Achieved/Exceeded
Engagement Area: Coverage and Quality of Health Services	
Outcome 13: Improved coverage and quality of health service delivery	Achieved
Indicator 13.1: The share of child deliveries that are assisted by trained health personnel in 3 states increases to 43 percent by 2019	Achieved/Exceeded
Indicator 13.2: The share of children 12-23 months old who are fully immunized in 3 states increases to 45.4 percent by 2019	Achieved/Exceeded
Indicator 13.3: percent of under-5 children sleeping under insecticide treated net the night preceding the survey increased from 44.6 percent in 2010 to 60 percent	Achieved/Exceeded
Indicator 13.4: At least 80 percent coverage with oral polio vaccine sustained in every state	Achieved/Exceeded
Indicator 13.5: 40,000 pregnant women living with HIV who receive annually a complete course of antiretroviral prophylaxis to reduce the risk of mother to child transmission	Achieved based on annual number in 2017
Indicator 13.6: Additional in - and out patients in private hospital facilities to complement public healthcare delivery	Mostly Achieved
Engagement Area: Efficiency, Equitable Access and Quality of Education Services	
Outcome 14: Improved learning environment and management	Achieved/Exceeded
Indicator 14.1: 10,000 additional teachers in rural areas	Achieved/Exceeded

Description	Overall rating
Indicator 14.2: 50 percent of supported schools demonstrate improvements in learning outcomes	Achieved/Exceeded
Indicator 14.3: Number of students at IFC-supported education institutions	Achieved/Exceeded
Outcome 15: Strengthened responsiveness of public and private training institutions to skills demand	Achieved
Indicator 15.1: Increased # of states with approved Strategic Plan for improving quality and relevance of TVE	Achieved
Engagement Area: Coverage and Efficiency of Water Supply Services	
Outcome 16: Improved coverage and efficiency of water supply service in selected states	Mostly achieved
Indicator 16.1: # of people with access to improved water supply increased by 4 million	Mostly achieved
Indicator 16.2: Cost recovery for operation and maintenance increased in average by 25 percent in supported states by 2017.	Target not verified
Foundational/Cross Cutting Cluster 3: Governance and Public Sector Management (Moderately satisfactory)	
Outcome 17: Enhanced transparency on budget execution in targeted states and at Federal level	Mostly achieved
Indicator 17.1: # states and the Federal GoN with an integrated fully functioning financial information system producing and publishing consolidated quarterly financial statements within 14 days of end of each fiscal quarter	Mostly achieved
Indicator 17.2: # of states that have adopted procurement law increased from 24 in 2013 to 30 in 2017	Achieved
Indicator 17.3: percent of public procurement contracts above threshold awarded through open competition in 12 states increased from 30 percent in 2013 to 75 percent in 2017	Mostly achieved
Strategic Cluster 4: Restoring Macroeconomic Resilience (Moderately satisfactory)	
Outcome 18: Enhanced capacity of states for fiscal risks management	Mostly achieved
Indicator 18.1 Improved debt management at state level	Achieved
Indicator 18.2 Increase in total annual internally generated revenue (IGR) collection at state level	Mostly achieved
Outcome 19: Enhanced fiscal transparency of the Power Sector Recovery Plan	Achieved
Indicator 19.1. The public Power Sector Recovery Program and the FSP/MTEF 2018-2020 include all uses of funds and financing sources of the Financing Plan; the public Power Sector Recovery Program in addition includes the fiscal costs of the Financing Plan	Achieved

Annex 2: Nigeria FY14 – FY19 CPS Results Matrix Details, Lessons and Instruments

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
Strategic Cluster 1: Federally-led Structural Reform Agendas for Growth and Jobs (Satisfactory)			
Engagement Area: Power Sector Reform			
Outcome 1: Increased power generation and transmission capacity (Achieved)			
1.1: 16 percent increase in generation capacity supported by the WBG interventions by 2019. (Baseline: 6,000 MW in 2012 Revised End Target: 7,100 MW in 2019)	7208 Megawatt (**Target Achieved)**	Reforms in this sector a difficult and complex. WBG needs to accept that the time will not always be ripe for reform and be prepared to stay the course, remain engaged, from time to time accept second or even third-best reforms, and be positioned as a trusted partner when the opportunity for really significant reform presents itself.	**PROJECTS:** **Ongoing** Nigeria Power Sector Guarantee Project (P120207, FY13) IFC Azura Edo IPP (32859, FY15) MIGA Azura Edo IPP (FY15) IFC Seven Energy Project (FY15) **ASA:** **Delivered** Unlocking Nigeria's Gas Potential (P151162, FY15)
1.2: 8 percent increase in transmission capacity. Baseline: 8,588 on 330 kV level in 2013 Revised End Target: 12,000 on 330KV in 2019)	13,286 MVA on 330kV (**Target Achieved)**		**PROJECTS:** **Ongoing** Nigeria Electricity and Gas Improvement Project (P106172, FY09) Closed December 2018 **Pipeline** Nigeria Transmission Project (P146330)
Outcome 2: Improved the efficiency of electricity delivery (Achieved)			
2.1: AT and C losses of privatized DISCOs supported by the WBG. EBP reduced by 8	32 percent (**Target Achieved)**		**PROJECTS:** **Ongoing**

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
percentage points from 45 percent in 2013 to 32 percent in 2019.			Nigeria Electricity and Gas Improvement Project (P106172, FY09) **Pipeline** Nigeria Transmission Project (P146330)
Outcome 3: Improved access to modern lighting for the base-of-the –pyramid through supporting the value chain of procuring and distributing solar products such as lanterns and cook-stoves (Achieved)			
3.1: Solar lanterns distributed/sold. (Baseline: 0 in 2013 Revised End Target: 0.8M in 2019)	914,067 units of lanterns distributed/sold (**Target achieved)**		**PROJECTS:** **Ongoing** IFC-AS – Lighting Nigeria
3.2: People with improved energy services (assumes industry estimate of 5 people per household). (Baseline: 0 in 2013 Revised End Target: 4.0M in 2019)	4,565,295 people with improved energy services (**Target achieved)**		**ASA:** **Ongoing** IFC Advisory Services - Lighting Africa Project
3.3: tCO_2 being GHG avoided (Key assumptions: (i) kerosene lamp emission factor (t/Coe/ltr) =0.0026 (ii) kerosene consumption per year for a lantern = 55 ltrs (iii) solar lantern to kerosene lamp displacement factor = 70 percent). (Baseline: 0 in 2013 Revised End Target: 74,000 Metric tons CO_2/Year)	91,406 mt tons of CO_2 (**Target achieved)**		**ASA:** **Ongoing** IFC Advisory Services - Lighting Africa Project

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
Engagement Area: Agriculture Productivity and Climate Change (Resilience)			
Outcome 4: Improved access of small farmers to inputs and technology, and increase in their average income (Mostly achieved)			
4.1: Increased effectiveness of publicly supported seed and fertilizer distribution systems as measured by the increased number of farmers benefiting from those programs. (Baseline: 1.2M in 2012 Revised End Target: 6.8M in 2019)	Over 7M beneficiaries (**Target achieved)** Agric DPO: 6,800,000 FADAMA 3: 209,472 CADP: 45,062 WAAPP: 2,296,413 beneficiaries (areas of focus - Aquaculture, Rice, Maize, Cassava and Yam)	Project implementation has been significantly impacted on by security challenges in the North. Operations in future need to make much more explicit provision for how to address security challenges, including how to adequately monitor in environments where field missions are not possible.	**PROJECTS:** **Ongoing** Fadama 3 (P096572, FY09) **Closed during the CPS period** Agriculture DPO I (P130012, FY14) Commercial Agriculture Development Project (P096648, FY09) West Africa Agriculture Productivity Project (P117148, FY11)
4.2: Additional 8,000 hectares of improved irrigation in North and North-West areas. (Baseline: 26,000 in 2014 Revised End Target: 34,000 in 2019)	Additional 3,102 hectares (total of 29,102 hectares) **(Target partly achieved)**		**PROJECTS:** **Ongoing** Transforming Irrigation and Water Resources Management in Nigeria Project (P123112, FY14)
Outcome 5: Improved horizontal coordination of small farmers (Achieved)			
5.1: Number of farmer associations and or marketing cooperatives established in supported areas. (Baseline: 0 in 2013 Revised End Target: 6500 in 2019)	105,530 FUGs, FCAs and CIGs registered (**Target achieved/exceeded)** CADP: 3,453 (CIGs) FADAMA3: 101,485 (FUGs/FCAs)		**PROJECTS:** **Ongoing** Fadama 3 (P096572, FY09) Agro processing, Productivity and Livelihood Support Project (P148616) **Closed** Commercial Agriculture

CPS Outcome and Indicators **(at second PLR)**	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
			Development Project (P096648, FY09) **<u>ASA:</u>** **Delivered** Inclusive Markets (P147941, FY15) Trade in Agricultural Markets (P132218, FY15)
Outcome 6: Improved road transportation connectivity of rural markets (Achieved)			
6.1: Additional 2,000 km or rural roads rehabilitated and maintained in supported states. Baseline: 0 in 2013 Revised End Target: 2,000 Km)	2009 Km **(Target achieved)** RAMP1 – 475 RAMP2 – 502 CADP - 320 FADAMA3 - 712		**<u>PROJECTS:</u>** **Ongoing** Rural Access and Mobility Project 2 (P095003, FY13) **Closed during the CPS period** Rural Access and Mobility Project 1 (P072644, FY08) Commercial Agriculture Development Project (P096648, FY09) **<u>ASA:</u>** **Delivered** Nigeria Urbanization Review (P143476, FY15)
6.2: Additional 2 million people in rural areas gained access to an all-season road in supported states. (Baseline: 0 in 2013 Revised End Target: 2.3 in 2019)	Additional 5.6 M people in rural areas gained access to an all season road in supported states (**Target achieved/ exceeded**)		**<u>PROJECTS:</u>** **Closed during the CPS period** Rural Access and Mobility Project 1 (P072644, FY08) **Ongoing** Rural Access and Mobility Project 2 (P095003, FY13)

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
Outcome 7: Enhanced country's preparedness to respond to natural hazards, climate risks and natural disasters (resilience) (Mostly Achieved)			
7.1: # ha of land treated for erosion. (Baseline: 0 in 2013 Revised End Target: 2,800 Hectares)	1,558 hectares of degraded land reclaimed (June 2019) increasing to 1,722.41ha by Nov. 2019. Project on course to exceed 2,800ha by closing date in 2021. **(Mostly achieved)**	Delayed effectiveness is a major obstacle to implementation of a number of projects, including this one. NEWMAP also experienced INT issues, which further delayed implementation.	**PROJECTS:** **Ongoing** Nigeria Erosion and Watershed Management Project (P124905, FY12)
7.2: percent of upgraded or new Hydro Met stations providing data that are published annually and uploaded to the web. (Baseline: 0 in 2013 Revised End Target: 80 percent in 2019)	85 percent of upgraded or new Hydro-met stations are providing data that are published annually and uploaded on the web. In addition, 61 hydro-met and meteorological stations installed, and 10 Automated Early Flood Warning systems also installed. (**Target achieved**)		
Engagement Area: Financing for Development			
Outcome 8: Expanded financing opportunities for SMEs (Mostly Achieved)			
8.1: Loans Outstanding[53] to SMEs (Baseline: 0 in 2013	**(Not verified)** Data collected under the 2017 MSME Finance Gap Report, Nigeria only has 72,838 SMEs.	As noted under other indicators measuring results achieved by IFC, it is particularly important to ensure there is clarity on the definition of indicators and	**PROJECTS:** **Ongoing:** IFC – GTB IFC – Diamond Bank

[53] The CPS expressed this indicator as "loans provided to SMEs" whereas in the first PLR the indicator was revised to reach "outstanding to SMEs". This assumed to mean outstanding to financial service providers, which raises a measurement issue as to whether loans which had been repaid by the end of the CPS period count toward achievement of the indicator.

CPS Outcome and Indicators **(at second PLR)**	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
Revised End Target: 60,000)	The 60,000 target was likely based on definition of SMEs that differs from the standard, and for which data is not available. The indicator refers to loans to **SMEs** supported by **IFC**, but WB activities also contributed to improve the supply of credit to **MSMEs**. Under the Development Finance Project, the credit line to participating financial institutions (PFIs) reached 47,578 end-borrowers by June 2019.	source of data. For the forthcoming CPF, a baseline should be obtained for all indicators, but particularly for those related to IFC activities, to ensure that targets are realistic and data is available to measure indicators as they have been defined.	IFC – Access Bank IFC – Ecobank IFC – FCMB WB - Development Finance Project
8.2: Access to Loans for micros (Additional 2 million micro entrepreneurs provided with financial services by IFC) (Baseline: 0 in 2013 Revised End Target: 2 million in 2019)			**PROJECTS:** **Ongoing** WB: Growth and Employment (GEM) Project IFC – MicroCred MFB Nigeria IFC – Advans Nigeria IFC – ABMFB IFC – LAPO IFC - Grooming
Outcome 9: Improved supply of longer-term financing (Achieved)			
9.1: New wholesale financial institutions are established and operational. The institutions are the Development Bank of Nigeria (DBN) and Nigeria Mortgage Refinance Company (NMRC) (Baseline: No in 2014 Revised End Target: Yes)	Yes – Both institutions are fully operational. **(Target achieved)**	Activities which focus on private sector development face strong challenges during times of economic downturn, as during the 2016 recession and its aftermath. Programs need to be positioned to focus on building strong systems when prevailing conditions men that credit is constrained, and be ready to gear up rapidly when economic conditions improve.	**PROJECTS:** **Ongoing** Development Finance Project (P146319) Housing Finance Development Project (P131973) MIGA – China Glass (FY18) **ASA:** **Delivered** Boosting Financial Inclusion in Nigeria (P147939) Inclusive Markets (P147941)

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
			Investment Climate Assessment (P147940) **Ongoing** Programmatic Approach to Financial Sector Development (FY16-FY18) Banking Sector Supervision (FY20)
Outcome 10: Improved financial infrastructure (Achieved)			
10.1: Value of financing facilitated through WBG-supported financial infrastructure.[54] (Baseline: 0 in 2013 Revised End Target: Credit Reporting: 2,851M in 2019; Collateral Registry: 8,000M in 2019)[55] (Note: Previous # 10.2 dropped)	Credit Reporting: USD 9,726 million (value of financing) Collateral Registry: USD 3,499 million (value of financing) (**Target achieved).** IFC's Nigeria Credit Reporting Project reported USD 9,726,680,260 (volume in terms of value of financing) More than USD3,449,557,061 was reported by Nigeria Secured Transactions and Collateral Registry Project (IFC)	IFC's intervention to support the development of a credit reporting market has laid the foundations for substantial deepening of access to finance by MSMEs, previously a substantial barrier to growth within this sector. Key lessons from this engagement include: (1) Adopting a broad theory of change which was grounded in promoting trust in the credit reporting system rather than just installing the technocratic elements led to more durable results. (2) Being a trusted partner of the key stakeholder, CBN, allowed the team "into the kitchen" to work on elements of system strengthening including standard ways of collecting information and the use of innovative supervision tools. (3) Focusing on demand side stimulus including socializing with financial	**PROJECTS**: **Ongoing (IFC)** Credit Reporting Project and Nigeria Secured Transactions & Collateral Registry Project
10.2: Number of SMEs covered in credit bureaus (0 in 2013 Baseline:	**(Not rated on the basis that target is not a meaningful basis for assessment)**		Nigeria Credit Reporting Project (IFC)

[54] Note that in the second PLR, Indicators 10.2 and 10.3 only appear in Annex 2 (Matrix of changes to the CPS results matrix) and not in Annex 1 (Updated CPS Results Matrix—basis for Completion and Learning Review self-evaluation). This is assumed to be an error and both indicators have been assessed for the purpose of the CLR.

[55] It appears that the targets for these two components of the indicator may have been accidentally reversed. The volume of financing on the collateral registry is expected to be significantly larger than that for credit reporting. Accordingly, the indicator is measured on this basis.

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
Revised End Target: 2.5M)[56]	See Annex 3 for more information on alternative basis for assessment.	institutions to encourage them to use the system.	
10.3: Number of SMEs that have received loans secured with movable property. (Baseline: 0 in 2013 Revised End Target: 22,000)[57]	(**Not rated on the basis that target is not a meaningful basis for assessment)** See Annex 3 for more information on alternative basis for assessment.		(Nigeria Secured Transactions & Collateral Registry Project (IFC)
Strategic Cluster 2: Quality, Effectiveness and Efficiency of Social Service Delivery at State Level for Greater Social Inclusion (Satisfactory)			
Engagement Area: Strengthening Community Driven Mechanisms for Social Inclusion, and Effectiveness of Social Protection Programs			
Outcome 11: Improved targeting of social protection and increased employment readiness of youth in supported states. (Achieved)			
11.1: Improved targeting of social protection programs in states as measured by the # of	27 + FCT States have now setup Social Registers with NASSP also supporting	(1) Developing the building blocks for robust social safety net programs takes time. Highly diffused delivery systems such as social safety nets are vulnerable	**PROJECTS:** **Ongoing**

[56] Annex 2 of the second PLR in early 2018 notes that the original target of 1 million was increased by 250% to 2.5 million while the original targets for credit reporting and collateral registry were only increased by around 75% (from 1.6 billion to 2.8 billion and from 4.5 billion to 8 billion), suggesting a mismatch between the revised targets for these two indicators. Furthermore, the activity which supported these results, the IFC's Nigeria Credit Reporting Advisory was due to close in June 2018 and results available for December 2017 stood at 1.25 million. It seems unrealistic to have selected a target of more than double that to have been achieved by the end of the CPS in June 2019. The mention of revision to increase these targets is more confusing since neither of these indicators had appeared in the first PLR revised results framework. Note also that this indicator does NOT appear in Annex 1 of the second PLR which sets out the Updated CPS results matrix as the basis for the self-evaluation in the CLR.

[57] Annex 2 of the second PLR suggests the target for this indicator had been increased from the first PLR from a baseline of 900,000 in 2012, to a FY17 target of 11,000 to a FY19 target of 20,000 but neither indicator appeared in the updated results matrix in Annex 1 of the PLR (see page 35). Note that this indicator does NOT appear in Annex 1 of the second PLR which sets out the Updated CPS results matrix as the basis for the self-evaluation in the CLR.

CPS Outcome and Indicators **(at second PLR)**	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
states using the unified registry of beneficiaries and common targeting mechanism. (Baseline: 0 in 2013 Revised End Target: 20 in 2019)	(**Target achieved/ exceeded)**	to fiduciary risks, and care needs to be taken to ensure the foundations are sufficiently strong before scaling up. The WBG needs to be prepared to stay the course and continue to press the importance of sound systems. (2) Implementation of NASSP was delayed for more than a year by the inability of the GoN to secure parliamentary approval of the project in the borrowing plan. A more politically-sensitive strategy is needed to ensure parliamentary support for the Government's donor-financed projects.	Youth Employment and Social Protection Project (P126964, FY13) Community and Social Development (P090644, FY09) National Social Safety Nets Project (P151488, FY16)) **ASA:** **Delivered** Sharing Prosperity in Nigeria: An Analytical Work Program on Jobs and Social Protection (P146872, FY15) Improving Governance in Social Sectors (P132571, FY14) Poverty Work Program (P157742, FY15) **ASA ongoing:** Programmatic Poverty Work (P160999, FY19) Urban Social Safety Net in Nigeria – Exploratory Framework Development (P165426, FY19)
11.2: Enhanced resilience of the youth participating in workfare programs in supported states as measured by the number of youths who received orientation and life skills training. (Baseline: 0 in 2013 Revised End Target: 100,000 beneficiaries)	105, 621 youths (**Target achieved)** YESSO: 60,082 youths received orientation and life skills training as at April 2019. SEEFOR: 45,539 youths were recorded to have received life planning and entrepreneurship skills	While YESSO provided a foundation for developing many of the building blocks for the social safety net system, the components on labor-intensive public works failed to achieve traction with states. Given that these approaches are highly likely to form a part of the Government's fiscal stimulus to address the twin shocks of falling commodity prices and suppression associated with the COVID-19 crisis, it will be important to learn lessons from YESSO as quickly as possible.	**PROJECTS:** Youth Employment and Social Protection Project (P126964, FY13) Community and Social Development (P090644, FY09) State Expenditure Effectiveness for Results (P121455)

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
11.3: Increased access of poor and vulnerable households[58] to targeted cash transfers (Baseline: 0 in 2013 Revised End Target: 1,500,000)	2,051,653 beneficiaries (**Target achieved)** NSSNP: 1,934,653 (April 2019) YESSO: 117,000 (April 2019) (including 34,000 in the North East)	Owing to the effectiveness delay, the main project (NSSNP) had only completed 2 rounds of payments by the end of the CPS life in June 2019, yielding a total of 1.9 million beneficiaries. However, since then expansion has been strong, with 2,171,978 beneficiaries (about 434,395 HH) benefiting in August 2019, and more than double that number, 4,685,230 (937,046 HH) in April 2020. Without the delayed effectiveness, these results might have been achieved well within the CPS period.	**PROJECTS:** **Ongoing** Youth Employment and Social Protection Project (P126964, FY13) National Social Safety Nets Project (P151488)
Outcome 12: Increased Access of Poor and Vulnerable to Social and Economic Services (Achieved)			
12.1 50 percent increase in the # of poor households with access to social and livelihood support services through community development plans in supported areas. (Baseline: 900,000 in 2012 Revised End Target: 2,000,000 in 2019)	3,000,000 HH (**Target achieved/ exceeded)**	Lessons from CSDP are being incorporated into the new multi-sector platform for delivery of basic services which is being scaled up as a response to the crisis in the Lake Chad region.	**PROJECTS:** **Ongoing** Community and Social Development (P090644)

[58] The target of reaching 1.5 million households (as compared to beneficiaries) was not realistic. Results frameworks for both NASSP and YESSO measure beneficiaries, not households. NASSP aimed to achieve 5 million beneficiaries by December 2021, YESSO 255,000 by June 2020. Assuming 5 beneficiaries per household, this would have yielded a target of 1,050,000 households by December 2021 (well after the end of the CPS period). On this basis we assume the target for the CPS should have referred to beneficiaries, not households.

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
Engagement Area: Coverage and Quality of Health Services			
Outcome 13: Improved coverage and quality of health service delivery (Achieved)[59]			
13.1: The share of child deliveries that are assisted by trained health personnel in 3 states increases to 43 percent by 2019. (Baseline: 33 percent in 2013 Revised End Target: 7 percent** in 2019) ***Note the revised target of 7 percent specified in PLR2 is an error. The revised target should have been 43 percent*	Adamawa: 45.5 percent Nasarawa: 48.1 percent Ondo: 70.3 percent **(Target achieved/ exceeded)** *Source (2018 SMART Survey)*	WBG-financed health interventions achieved effective impact but in selected locations, however increasing overall development impact depended on scope for scaling up. Impact evaluation as part of NSHIP validated the use of results-based approaches, but may not have shed sufficient light on the factors which contributed to successful outcomes, which was critical information for design of scaled up follow on operations. The SOML Program for Results sought to scale up a results-based approach to supporting primary health care across all states. Whereas NSHIP was an IPF with DLIs, SOML was a full PforR. As the program was implemented concerns emerged about fiduciary management and it took longer than expected to implement a full round of results measurement and distribution of rewards. Whereas NSHIP had focused payments at the facility level, incentives under SOML were focused at the state level,	**PROJECTS:** **Ongoing** States Health Program Investment Project (P120798, FY12) Nigeria Program to Support One Million Lives (P146583, FY15) **ASA:** **Delivered** Nigeria Service Delivery Indicators (P145455, FY15) SURE-P MCH Impact Evaluations (P144096, FY15) **Ongoing** Health Sector Impact Evaluation Work (P131471, P128175, FY19) Scaling Up Support for the Demographic Dividend in Africa (P162269, FY19)
13.2: The share of children 12-23 months old who are fully immunized in 3 states increases to 45.4 percent by 2019. (Baseline: 25.4 percent in 2013 Revised End Target: 50 percent in 2019)	Adamawa: 51.9 percent Nasarawa: 58.8 percent Ondo: 72.2 percent *Source (2018 SMART Survey)* **(Target achieved/ exceeded)**		**PROJECTS:** **Ongoing** States Health Program Investment Project (P120798, FY12) Nigeria Program to Save One Million Lives (P146583, FY15) **ASA:** **Ongoing** NG-Quality Assessment/Resource Tracking (P132947)

[59] In our view the shortfall in the numbers of private patients served against Indicator 13.6 is outweighed by the fact that targets were achieved in all other 5 indicators and exceeded in the case of Indicators 13.1, 13.2, 13.3 and 13.4 which relate to much larger numbers of individuals and to critical primary health care services which have a large impact on future life expectancy and contribute to the realization of children's full education and economic potential.

CPS Outcome and Indicators **(at second PLR)**	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
	Immunization numbers: NSHIP: 1,989,336	and insufficient attention was paid to the translation of these incentives into adequate funding and performance management from state to facility level.	Resource Tracking in Health in Nigeria (P152141)
13.3: percent of under-5 children sleeping under insecticide treated net the night preceding the survey increased from 44.6 percent in 2010 to 60 percent. (Baseline: 44.6 percent in 2010 Revised End Target: 65 percent in 2019)	74.4 percent[60] **(Target achieved/ exceeded)**		**PROJECTS:** **Closed during the CPS period** Malaria Booster Project (P097921, FY07) **ASA:** **Delivered** NG-Malaria Control Program (P105846, FY16)
13.4: At least 80 percent coverage with oral polio vaccine sustained in every state. (Baseline: 90 percent coverage (8 endemic states average) December 2012 Revised End Target: 98 percent in 2019)	99 percent as of December 2018 **(Target achieved/ exceeded)**	The project successfully supported Nigeria to manage an outbreak of wild polio and to continue to maintain immunization coverage. Important lessons were learned about managing community perceptions of vaccination, particularly in the North Eastern states. Nigeria is likely to be declared Polio free by WHO in mid-2020.	**PROJECTS:** **Ongoing** Polio Eradication Support (P130865, FY13) **Pipeline**: Polio AF
13.5: 40,000 pregnant women living with HIV who receive annually a complete course of antiretroviral prophylaxis to reduce the risk of	53,677 pregnant women living with HIV received annually a complete course of antiretroviral prophylaxis		**PROJECTS:** **Closed** HIV/AIDS Program Development Project II (P102119, FY09)

[60] Data recorded at end of project life.

CPS Outcome and Indicators **(at second PLR)**	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
mother to child transmission (Baseline: 26,133 in 2010 Revised End Target: 160,000 cumulative end target for FY14 – FY17 period)[61]	(**Target achieved based on annual number in 2017**) *Source: HIV Project ICR page 13*		
13.6: Additional in - and out patients in private hospital facilities to complement public healthcare delivery (Revised Baseline: 393,268 patients in 2013 Revised End Target: 1,685,000 in 2019)	IFC supported two private hospital investments, Hygeia and Echo Scan. Hygeia served 932,079 patients from mid-2013 to the end of 2018. Echo Scan served 101,271 patients in 2018. Data is not yet available for 2019. **Total 1,033,350 patients.** **(Target mostly achieved)** Hygeia data from IFC DOTs system: 2013 74,134* 2014 127,019 2015 164,254 2016 176,954 2017 177,286 2018 212,432 2019 n/a TOTAL 932,079	Since IFC planned investments are susceptible to change based on investment decisions of private sector actors, and influenced by prevailing economic conditions, IFC results should be the subject of additional scrutiny during performance and learning reviews. It is particularly important to ensure that data is available to measure results and that targets are realistic and aligned with available data.	**<u>PROJECTS:</u>** **Ongoing (IFC)** Hygeia (Lagoon Hospitals) EagleEye Echo Scan

[61] Measurement of this indicator ended in FY17. The original CPS expressed the indicator as an increase in % of pregnant women receiving from 18% to 40%. The indicator expressed this target as being 40,000 women. In PL1 the target was revised to a cumulative number (160,000 over four years). However the project results framework captured only the end line annual achievement of 53,677 in 2017.

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
	*Figure for 2013 pro-rated for 6 months		
Engagement Area: Efficiency, Equitable Access and Quality of Education Services			
Outcome 14: Improved learning environment and management (Achieved/Exceeded)			
14.1: 10,000 additional teachers in rural areas. (Baseline: 31,243 teachers in 2013, delivered by the results-based financing of education services in 3 states Revised End Target: 44,937 in 2019)	Overall 97,701 teachers have been deployed to rural areas under original + AF **(Target achieved/ exceeded)** SEPIP AF: 63,899 teachers deployed to rural areas of insurgency affected regions SEPIP Original: 33,808 (Anambra - 17,927; Bauchi - 9,480; Ekiti – 6401)	The design of the results framework for the Education Outcome fails to adequately capture the impact of the World Bank Group program. Furthermore, an opportunity was missed to revised, reframe and expand the results framework at the PLR, with the result that the final results do not provide a useful basis to reflect on what was achieved. 1) The target for Indicator 14.1 was easily achieved and exceeded more than five times over following the expansion of SEPIP to additional states, and potentially should have been revised at the PLR to reflect greater ambition. 2) The target for Indicator 14.2 could not be measured for the largest intervention supporting achievement of the indicator, because the results framework for the project did not collect information required. 3) The indicator for IFC intervention in supporting private education was inexplicably increased by 25x in the	**PROJECTS:** **Ongoing** State Education Program Investment Project (P122124, FY13) **ASA:** **Delivered** Governance and Financing of Basic Education in Nigeria Skills for Competitiveness and Employability (P148688, FY14) **Ongoing** Programmatic Education Work (FY19)
14.2: 50 percent of supported schools demonstrate improvements in learning outcomes. (Baseline: 4,000 supported schools in 2013, delivered by the results-based financing of education services in 3 states	**Target achieved/ exceeded** on the basis of 1 project for which data is available. This result was supported by two projects: (1) Lagos Eko Secondary Education project: at closure 84 percent - 98 percent targeted schools demonstrated improvement in learning outcomes		**PROJECTS:** **Project closed during the CPS period.** Lagos Eko Secondary Education Project (P106280, FY09) **Ongoing**: BESDA State Education Program Investment Project (P122124, FY13)

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
Revised End Target: 2,501 in 2019)	(2) SEPIP (**6269** schools supported (ie Secondary – 1340 and Primary - 4929) however no measurement of demonstrated improvement in learning outcomes as this was not included in the project results framework.	second PLR which does not seem realistic or achievable. Accordingly it is not a meaningful measure of what was actually achieved – which well exceeds the target set in the first PLR.	
14.3: Number of students at IFC-supported education institutions. (Baseline: 3,850 in 2013 Revised End Target in 2016: 5,000 by 2017 Revised End Target 2018: 125,000 by 2019)	223,000 students were educated at 909 Bridge schools in Nigeria. Support for EdoBest initiative has benefited an additional 300,000 children. (**Target achieved/exceeded**)		**PROJECTS:** **Ongoing** **Bridge Academy (regional project)**
Outcome 15: Strengthened responsiveness of public and private training institutions to skills demand (Achieved)			
15.1: Increased # of states with approved Strategic Plan for improving quality and relevance of TVE (Baseline 4 in 2013; Target 15 by 2017). (Baseline: 4 states in 2013 Revised End Target:10)[62]	10 states **(Achieved)**		**PROJECTS:** **Ongoing** State Education Program Investment Project (P122124, FY13)

[62] Target was revised downwards to better reflect the number of states where the Bank is directly involved in the TVET sector.

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
Engagement Area: Coverage and Efficiency of Water Supply Services			
Outcome 16: Improved coverage and efficiency of water supply service in selected states (Mostly achieved)			
16.1: # of people with access to improved water supply increased by 4 million (Old baseline: 6.2 million in 2013, target: 13.2 million in 2017). (Baseline: 6.2M in 2013 Revised End Target: 7.74M in 2019 –expected to increase by 1.54M)	1,431,348 beneficiaries (92 percentof the target of 1.54m persons) (**Target mostly achieved**) **NUWSRP2: 1,109,000** Cross River: 418,794[63] Lagos: 690,298[64]	Although the CPS targets were correctly focused improving fiscal sustainability of water utilities, there was insufficient attention paid to the enabling conditions for fiscal sustainability. Cost recovery from revenue, the PDO indicator measured in NUWSRP2, does not sufficiently measure the fiscal sustainability based on revenue from customers. Where utility revenue is highly dependent on state government subsidies from state governments there is a disincentive to expand coverage, since this increases the state government's liability to pay subsidies. For this reason, the results framework for NUWSRP3 focused on billing collection rather than cost recovery as a key measure of progress financial sustainability.	**PROJECTS:** **Closed during the CPS period***:* National Urban Water Sector Reform Project II (P071391) **Ongoing** National Urban Water Sector Reform Project III (P123513, FY14) **ASA:** **Delivered** State Water Agencies in Nigeria: A Performance Assessment - Economic Aspects of the Urban Water Sect (P150244, FY15) Nigeria WASH Poverty Diagnostics (P158634) **Ongoing** Review of Rural Water Supply and Sanitation Sector in Nigeria (P165662, FY19) Fostering Sustainable Water Supply and Sanitation Services in Nigeria (P158458, FY18)

[63] Cross-River, active individual connections were 75,271, in addition the project also constructed 414 public water kiosks. With an average urban household size of 4.2 (DHS 2013), and each kiosk serving 300 persons on average, this yields 418,794 beneficiaries.

[64] Lagos, the total number of active individual accounts is reported to be 35,821 and the utility also reported at least 866 water vendors, 9,227 commercial/industrial and 1,975 government/academic/hospital accounts (not constructed by project; reported in database extract 2016). Assuming 4.2 beneficiaries per household, 300 per water vendor, and 20 per commercial or government account, we obtain a total of 690,298 beneficiaries in Lagos

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
16.2: Cost recovery for operation and maintenance increased in average by 25 percent in supported states by 2017. (Baseline in 2012) Lagos 25 percent; Cross River 50 percent Revised End Target: 25 percent increase on the average 2019. Note: Calculations were related to the number of customers served per state (IB-net, 2018): Lagos - 6,609,831 Calabar- 1,027,559	**NUWSRP2** Lagos: Increase in cost recovery at project close (including government subsidies) [65] 74.3 percent against a baseline of 25 percent = **net increase of 49.3 percent** Calabar:[66] Increase in cost recovery at project close for (including government subsidies) [67] 73.8 percent against a baseline of 55 percent = **net increase of 23.8 percent** **NUWSRP 3[68]** NUWSRP3 did not measure cost recovery in the same	A key lesson from both projects is that it is critical for states to adopt a fiscally realistic tariff policy in order for utilities to become fiscally sustainable and to provide appropriate incentives to expand coverage. In future operations, agreement to increase tariffs should be a pre-condition for a state receiving support from an operation. Actual implementation of NUWSRP3 was problematic in Rivers State, where 6 months from project closure implementation has not begun. Future operations need a mechanism to ensure states demonstrate commitment to implementation and to shift project resources to another state if they do not.	**PROJECTS:** **Closed during the CPS period** National Urban Water Sector Reform Project II (P071391) **Ongoing** National Urban Water Sector Reform Project III (P123513, FY14) **ASA:** **Delivered** State Water Agencies in Nigeria: A Performance Assessment - Economic Aspects of the Urban Water Sect (P150244, FY15) Nigeria WASH Poverty Diagnostics (P158634)

[65] Water utilities received regular salary subsidies from the state along with benefiting from federal government subsidies for chemical and power. If these subsidies are understood as fixed, regular income that counts towards cost-recovery, it would raise cost recovery to 73.8% and 78.5% respectively. In the NUWSRP2 project results data, final cost recovery (CR) figures were calculated net of subsidies, as these figures provided a more accurate measurement of the financial sustainability of the utilities, which was the ultimate goal of the reform. However, since the project was seeking to measure achievement of a final CR target, not an increase, it did not indicate the baseline CR figure as net of subsidies. For the purpose of calculating the

[66] The NUWSRP 2 project results framework did not measure the CR for all towns in Cross River, only for the largest, Calabar.

[67] Water utilities received regular salary subsidies from the state along with benefiting from federal government subsidies for chemical and power. If these subsidies are understood as fixed, regular income that counts towards cost-recovery, it would raise cost recovery to 73.8% and 78.5% respectively. In the NUWSRP2 project results data, final cost recovery (CR) figures were calculated net of subsidies, as these figures provided a more accurate measurement of the financial sustainability of the utilities, which was the ultimate goal of the reform. However, since the project was seeking to measure achievement of a final CR target, not an increase, it did not indicate the baseline CR figure as net of subsidies.

[68] Results from NUWSRP3 only measured the ratio of costs to tariffs recovered (collected, not billed). For Bauchi, the baseline was 7% at the start of the project and 3% at May 2018, meaning that collection of tariffs fell relative to costs. For Ekiti the baseline of tariff recovery to costs was 2.7% at project start and increased to 4.03% by May 2018. These results were recorded in the project Aide Memoire of May 2018. Against such a baseline, an increase of 25% does not make much sense, either as a target for absolute increase, or as a target for relative increase (as a percentage of the starting baseline). Billing collection efficiency was subsequently included in the results framework and indicates improvements: For Bauchi 20.56% in June 2019 against a baseline of 13% and for Ekiti 67.5% in June 2019 against a baseline of 15%.

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
Bauchi - 406,726 Ekiti - 57,000 Rivers - 0	way as NUWSRP2, with the result that this indicator could not be verified. (**Target mostly achieved** on the basis of results under NUWSRP2)	74.	
Foundational/Cross Cutting Cluster 3: Governance and Public Sector Management (Moderately Satisfactory)			
Outcome 17: Enhanced transparency on budget execution in targeted states and at Federal level (Mostly achieved)			
17.1: # states and the Federal GoN with (a) an integrated fully functioning financial information system producing and (b) publishing consolidated quarterly financial statements within 14 days of end of each fiscal quarter.[69] (Baseline: 0 in 2012 Revised End Target: Federal GoN and 8 supported states in 2019 fully functioning with deliverables achieved)	(a) Federal Government and 12 states have presently functioning integrated effective financial information systems. <u>SLOGOR</u>: Cross River, Jigawa, Kano and Yobe <u>PSGRDP</u>: Kaduna, Bauchi, Kogi, Ondo, Plateau, Niger, Ekiti and Kebbi (b) Data collected for SFTAS eligibility criteria indicates 9 states presented audited Annual Financial Reports to state Parliaments in 2016-17,	(1) CPF results should be carefully aligned with project results frameworks, to ensure that data to measure CPF results is available at the end of the period. (2) Despite focused support for states under SEEFOR, two of the six states supported by the project did not quality as eligible for the new SFTAS operation which required basic compliance with budget publication and financial reporting, suggesting that supply side technical assistance is not sufficient to overcome lack of commitment on the part of states.	**Ongoing** Public Sector Governance Reform and Development Project (P097026, FY10) State Employment and Expenditure Project (P121455, FY12) SLOGOR SFTAS **Closed**: Edo State Fiscal Improvement and Service Delivery Operation (P151480, FY15) Lagos State DPO 3 (P151947, FY15) and State and Local Governance Reform Project

[69] None of the projects that have supported the achievement of this results were monitoring the production of <u>quarterly</u> financial statements. Rather, given the number of states which had outstanding arrears of annual financial statements, the focus was on getting states to produce these and submit them to state parliaments. Our assessment is that given the state of financial transparency at the outset of the CPS, the focus should have been on producing <u>annual</u> financial reports. Accordingly, the indicator is assessed on this basis.

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
	while 28 did so in 2018. By September 2019 33 states had presented audited 2017 AFRs by December 2018. (**Target mostly achieved**).		
17.2: # of states that have adopted procurement law increased from 24 in 2013 to 30 in 2017. (Baseline: 24 states in 2013 Revised End Target: 28 in 2019)	28 states (**Target Achieved**) All states under PSGRDP, SEEFOR, SLOGOR and other programs have enacted their procurement laws.		**Ongoing** Public Sector Governance Reform and Development Project (P097026, FY10) State Employment and Expenditure Project (P121455, FY12)
17.3: percent of public procurement contracts above threshold awarded through open competition in 12 states increased from 30 percent in 2013 to 75 percent in 2017. (Baseline: 30 percent in 2013 Revised End Target: 90 percent in 2019)[70]	80.6 percent (**Target mostly achieved**)		

[70] Our assessment is that the target of 90% was not realistic, nor well aligned with project results frameworks. Three projects included this indicator in their results frameworks. PSGRDP (11 states, closed October 2017) targeted 12 states to achieve 70% of contracts awarded through open competition; SLOGOR, (4 states, due to close in October 2020) targeted 80% of contracts to be awarded through open competition; and SEEFOR, (4 states, also due to close in September 2020), targeted 66% (an average of 72%). It is not clear what information underpinned the decision to increase the target to 90% by 2019.

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
Strategic Cluster 4: Restoring Macroeconomic Resilience (Moderately satisfactory)			
Outcome 18: Enhanced capacity of states for fiscal risks management (Mostly achieved)			
18.1 Improved debt management at state level (Baseline: 2016-2017: <5 Revised End Target: 15 in 2019)	19 states submitted debt reports on time for Q3 and Q4 2018 (**Target achieved and sustained**) *Source: SFTAS Annual Performance Assessment for 2019*	Significant positive impact of simplified and well-defined DLIs with strong state government ownership, received by states as grants, though a credit to the federal government.	**Lending Pipeline:** State Fiscal Transparency and Accountability (P162009) **ASA** **Ongoing** Subnational Fiscal Management Support (P167051, FY20) Nigeria Bi-Annual Economic Update (P164391, FY18) Federal Government Expenditure Review (P161752, FY19)
18.2 Increase in total annual internally generated revenue (IGR) collection at state level (Baseline: 829 in 2016 Revised End Target: 1,433 in 2019 (average 20 percent annual growth)[71] Projections by year to meet target assuming 20 percent annual growth: 2016 829 2017 995 **2018 1194**	Results from state audit reports indicate state IGR was **1,128 billion naira for 2018**. No data is available yet for 2019. It would never have been possible to measure 2019 IGR within a reasonable period after the end of the CPS given the lag in reporting. Accordingly, the assessment is based on a modified target for 2018 collection. On that basis, 94 percent of the target is achieved. (**Mostly achieved**)	Internally generated revenue is highly susceptible to a lessening of effort during periods of economic downturn or when elections are upcoming. Both design of interventions and	**ASA** **Ongoing** Subnational Fiscal Management Support (P167051, FY20) Nigeria Bi-Annual Economic Update (P164391, FY18) Federal Government Expenditure Review (P161752, FY19)

[71] Setting a target for collection in 2019 (Nigeria has the same fiscal and calendar year) would have been unrealistic for a CPS which ended in mid-2019.

CPS Outcome and Indicators (at second PLR)	Status at CLR	Lessons and suggestions for the new CPF	WBG Program Instruments
2019 1433			
Outcome 19: Enhanced fiscal transparency of the Power Sector Recovery Plan (Achieved)			
Outcome 19.1. The public Power Sector Recovery Program and the FSP/MTEF 2018-2020 include all uses of funds and financing sources of the Financing Plan; the public Power Sector Recovery Program in addition includes the fiscal costs of the Financing Plan (Baseline: No Revised End Target: Yes)	YES (Target Achieved) The PSRP & FSP/MTEF 2018 – 2020 includes all uses of funds, financing sources, the public Power Sector Recovery Program and fiscal costs of the financial plan.	The CPS focus was on design ie the early stage, at that point not on implementation because the latter, is a long term. PSRP was well designed but not implemented. It is expected that with the renewed commitment in the reform, this aspect will be addressed in the new CPF.	**Lending Pipeline:** Power Sector Recovery Performance Based Operation (P164001)

Annex 3: Strengthening credit reporting—laying the foundations for deepening MSME access to finance

Lack of a robust credit information sharing mechanism and associated risk management tools for MSME and consumer lending limits access to finance by MSMEs. Diagnostics conducted between 2008 - 2009 established that only 5 percent of SMEs have access to a loan, despite the fact that 80 percent of SMEs seek financing. To address the problem of information asymmetry in the financial system, the Central Bank of Nigeria in 2009 licensed three private credit bureaus under legislative mandates provided in that regard in the Central Bank Act of 2007. The emerging credit reporting system was characterized by slow adoption, limited participation and usage of credit bureau services by lenders, poor data quality, limited coverage as well as low level of awareness. Supervisory oversight was also weak. In 2010 the largest credit bureau, CRC Credit Bureau Limited, covered just 4.1 percent of the adult population. As at May 2013, only 100 financial institutions were subscribed to the credit bureaus with less than 70 submitting data that were mostly incomplete and not frequently updated. Credit Information index of the Getting Credit Indicator of the Ease of Doing Business was 4 out of 8.

IFC's Nigeria Credit Reporting project supported the Central Bank of Nigeria (CBN) and key stakeholders to strengthen the legal and institutional frameworks for credit reporting in Nigeria. Activities focused on (i) coordinating amongst key stakeholders to address the key regulatory and institutional constraints that inhibited effectiveness of the credit reporting system, (ii) strengthening the legal framework and broadening the scope to non-traditional lenders[72] (iii) enhancement of supervisory capacity, (iv) financial literacy and awareness activities including media outreach and roadshow, (v) supporting CBN to develop and implement a strategy for accelerating the integration of other financial institutions in the credit reporting system.

By supporting regulatory, operational and communication elements of the reforms, IFC helped to transform the whole CR ecosystem. Key elements of the strengthening credit reporting system included (i) adoption of a common template and validation rules for collection and submission of data to the three credit bureaus by banks and other financial institutions, thus improving the quality of credit bureau data, (ii) enhancement of CBN supervisory capacity with over 200 supervisors trained in workshops on regulation and supervision of credit bureaus; (iii) more effective compliance monitoring and supervision of banks and FIs, (iv) development of a credit bureau supervision manual that has been integrated into the CBN's overall Risk Based Supervision Framework for banks and FIs, (iv) increased awareness of the operation and benefits of the credit reporting system resulting.

Reforms supported by IFC led to Nigeria achieving a perfect 8/8 score on the 2020 Doing Business Indicator[73] on credit information index, contributing to the country's achievement as a record reformer in the last DB report. On this indicator Nigeria ranked 15th among its peers. Beyond the improvement of the regulatory approach, there is strong evidence of system use growing. At December 2018 over 1,000 institutions including all commercial banks, most microfinance and specialized FIs and retailers in the credit reporting system. Between 2016-2018 the number of micro-finance banks sharing credit information with credit bureaus increased from 60 to 734. Usage of credit bureaus for credit risk management increased from 150 to 604 institutions. Over 50,000 transactions secured with moveable assets valued at over N1.5 trillion

[72] For example, through National Credit Reporting Act, 2017; Revised Guidelines for licensing and supervision of credit bureaus and credit bureau related activities, 2014

[73] Doing Business 2020, page 48.

were registered in the National Collateral Registry against 154,827 borrowers. By 2018 CRC, the largest credit bureau in Nigeria, had increased its coverage to 14 percent of the adult population despite the high annual population growth rate, with credit bureaus projects expanding from a baseline of 2 million to approximately 15 million uniquely identified borrowers, including over 1.5m firms. Enquiry levels at the credit bureaus have greatly increased as lenders have come to accept credit bureaus as providing invaluable tools for risk management and performance improvement. Each of the credit bureaus averaged over a million enquiries in 2018 and have attained profitability. Both borrowers' behavior and lending practices are changing as the use of credit bureau products becomes common.

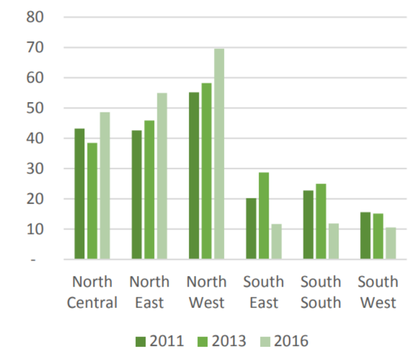
The impact of these reforms has been to reduce credit risk for the micro-finance sector and increase financial sector stability. Anecdotal report from the banks and microfinance institutions indicate a reduction in incidence of non-performing loans by institutions that wholly adopt and integrate credit bureau usage into their credit process. The number of microfinance banks with high credit risk declined by 20 percent between 2016 and 2018, and portfolio at risk for microfinance banks also declined by 10.25 percent between the same period, with further significant declines in 2019. Trust in the credit reporting system is promoted through a strong regulatory framework and supervision by the CBN, which uses an innovative Credit Portfolio Transparency Index to measure the data quality of credit portfolios and ranks them according to the level of transparency. Reduced credit risk has also contributed to financial system stability, as the Central Bank indicate a progressive reduction in loan default rates as the usage of the credit reporting became ubiquitous.

(Sources: Project reports, Doing Business Report 2020, DFID 2019 review of the Global SME program and presentation by Central Bank of Nigeria)

Annex 4: WBG support for Social Safety Nets

In 2018, Nigeria overtook India as the country with the largest number of absolute poor in the world. In 2016 there were 99 million poor in Nigeria—17 million more than there had been in 2011. Economic growth has benefited those in urban areas, and those in the south of the country. Growth in consumption between 2011 and 2016 of the bottom 40 percent was negative, while the top 60 saw moderate growth in their mean consumption. Poverty is most concentrated in rural areas, where more than 90 percent of the population in 2016 were poor, or vulnerable to falling into poverty. In the northern zones of the country, poverty rates have historically been high and increasing; whereas in the southern zones, despite the recession, poverty fell significantly. The divergence in the welfare levels, trends and living conditions between the two regions could undermine social cohesion.[74]

Figure 3: Poverty Rate by Zones
in percent of population in zone



Source: World Bank staff estimates based on GHS.

About half of households fell into poverty over the period 2011-2016, reflecting a high degree of vulnerability to economic shocks. In recent weeks Nigeria has experienced the twin shocks of an economic crisis triggered by a sharp fall in commodity prices coupled with the suppression of economic activity in response to the COVID-19 pandemic. Social safety nets will be a crucial instrument for GoN to manage the impact these twin crises.

World Bank support for social safety net programs over the period of the CPS has been critical to expanding their coverage and strengthening their effectiveness. Prior to 2016, Nigeria's social safety net programs had suffered from unreliable release of funding, poor targeting, confused eligibility criteria and weak monitoring and evaluation.[75] In 2016 a new National Social Protection Policy was announced including financing for six new priority government programs, including CCTs, youth employment, school feeding, microcredit, and education vouchers. About NGN 70 billion (US$345 million) was allocated to targeted cash transfers (TCTs) per year. Although its effectiveness was delayed by over a year[76], the NASSP project has been instrumental in supporting the government to establish delivery systems, including effective targeting mechanisms, payments systems, and promoting social protection policy dialogue and institutionalization, to implement the new Policy. Achievements include: (i) growing the Social Registry to over 2.6 million households across 453 LGAS in 35 states as of March 2020, (ii) implementing a payment system that supports quick and accountable disbursements of cash assistance through an end-to-end electronic payment process that allows for an improved/real time audit trail, (iii) provision of complementary livelihood enhancement services to beneficiaries.

Currently close to 1 million households (over 4 million beneficiaries) are now receiving regular and predictable cash transfer support delivered through the program ensuring improved food consumption and contributing to human capital development and livelihood enhancement for beneficiary households. The NASSP task team is already working on the development on interventions that can be scaled up through NASSP platform to respond to recent

[74] Nigeria Poverty Note.
[75] NASSP PAD.
[76] Effectiveness was delayed by the inability of GoN to secure parliamentary approval of the borrowing plan The project was approved in June 2016, the financing agreement was signed in January 2017, and the project became effective in October 2017.

shocks. The Government of Nigeria (GoN) has already included the NASSP project team within the COVID-19 response task force through the Federal Ministry of Humanitarian, Disaster Management and Social Development which oversees the operations of NASSP.

NASSP has also contributed to strengthening the broader accountability environment in Nigeria, in two ways. First, the National Safety Nets Program is a vehicle for transparent allocation and management of Abacha funds, an amount of around USD 320 million which a Swiss court ordered be repatriated to Nigeria from the assets of a former Nigerian President.[77] This will enable a coordinated approach by both parties to achieve the unified goal of ensuring that the Abacha restituted funds are disbursed according to established World Bank guidelines for IDA funds. Early findings in May 2019 from Independent CSOs involved in monitoring the use of the returned US$ 322.5 million Abacha Loot on Conditional Cash Transfer to Poorest of Poor Nigerians show that the money is largely going to poor Nigerians. Second, NSSNP features strong citizen engagement mechanisms. Third-party monitors are engaged at the national (federal level) and state levels, not only to ensure adequate Citizen Engagement (CE) and Social Accountability (SA) but also to reach the intended beneficiaries of the cash transfer component.

The National Social Safety Nets Program was complemented by the Youth Employment and Social Protection (YESSO) and Community and Social Development (CSDP) projects. YESSO aimed to increase youth access to employment through public works programs. YESSO successfully laid the foundations for scaling up cash transfers through NASSP but the labor-intensive public works components of the project proved difficult to implement owing to low financial commitment by state governments. Despite additional funding being allocated to the program following the 2016 PLR, it proved challenging to expand the program and the additional financing was later cancelled. As labor-intensive public works are likely to be a feature of GoN's fiscal stimulus response to the current economic and COVID shocks, it will be important to learn lessons on design and implementation from YESSO.

A third plank of the WBG support for social safety nets has been the focus on community level social and natural infrastructure services, particularly focused on the poorest North-Eastern states. The Community and Social Development Project (CSDP) supported (i) the empowerment of communities to develop, implement, and monitor micro social infrastructure projects (public and common pool goods) including natural resource management interventions; and (ii) strengthening the skills and capacity of Local Government Authorities (LGAs) and sectoral public agencies to support communities and build partnerships between them. The establishment of community and social development agencies at state level, in addition to providing the platform for the specific project activities, has provided a sustainable platform for further interventions by state governments and other donor partners, foreshadowing strong institutional sustainability beyond project closure.

CSDP is arguably one of the best performing projects in the Nigeria portfolio. Implementation progress and progress toward achievement of the development objective has been consistently rated Satisfactory and met and surpassed the original targets of the PDO. At the end of the original project,[78]

- More than 3,500 new communities were covered by the completed micro-projects, compared to a target of 3,000

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[77] https://www.worldbank.org/en/news/press-release/2017/12/04/nigeria-world-bank-to-help-monitor-repatriated-abacha-funds. The Nigerian restitution agreement emerged amid 2016 changes to Swiss laws and practices surrounding the restitution of illicitly obtained assets.

[78] November 2014

- A total of over 6,000 micro-projects across the participating 26 States and the federal capital territory were completed.
- Micro-projects were distributed across eight major sectors: education, environment, health, rural electrification, rural markets infrastructures, skill acquisition centers and equipment, transport, and water infrastructure. Water supply infrastructure was the highest on the list of the micro-projects with a total of over 1,800 water-related microprojects completed.
- The number of direct project beneficiaries was over 2 million, higher than the target of 1.5 million.
- The national impact assessment (conducted by independent firms across all participating States and summarized by a national consultant) showed that CSDP has benefitted about 3 million people directly and indirectly across all the 26 participating States. The summarized report shows that the project has contributed to significant outcomes in all the sectors of interventions.

In 2016 CSDP was extended and expanded as a vehicle for the GoN's social response to the effects of the Boko Haram crisis. As at end of June, 2019, the project recorded over 3,000,000 direct project beneficiaries including Internally displaced persons in the North East of Nigeria. Results included 4,662 new communities and over 1.8m households now have access to social services (of which IDPs constitute more than 10 percent of residents) as against 1,000 communities and 500,000 households baseline values respectively. Other achievements include;

- 800 new poor communities with access to natural resource management services (of which IDP's constitute more than 10 percent of residents).
- Over 1510 rehabilitated and 256 newly built health centers;
- Over 2362 rehabilitated and 300 newly built classrooms;
- Increased school enrollment with records of over 18,000 Boys and 14,000 Girls (students) enrolled in primary education schools supported by project;
- Overall, an estimated 36m people in 13,299 cluster of communities have benefitted directly and indirectly from the original and Additional Financing resources.

Annex 5: Nigeria's Governance Filter and governance support for operations

Nigeria's Governance Filter was an innovative approach to integrating governance and political economy considerations into operations, through two primary channels:

(1) **<u>During design</u>**

In addition to commenting on most lending packages, the Filter provided:

- an institutional assessment of the new national social protection program and thus heavily influenced the design of that project,
- a social assessment of electricity tariff reforms in support to power sector and budget support operations,
- a political economy study of the staple crops processing zone was finalized and circulated ahead of the Operations Committee to inform senior management of risks and mitigation measure;

(2) **<u>During project implementation</u>**

A number of Doing Development Differently (DDD) pilots were developed.

- In support of Saving One Million Lives, employing rapid results at the Federal level and iterative, adaptive learning techniques at the state level.
- Social Protection and Special Crop Processing Zone (SCPZ) projects.
- Support to the WB education portfolio is provided through technical assistance on the effectiveness of fiscal transfers and intergovernmental coordination for basic education.
- Under the Program for Adaptive Learning, case studies distilling delivery lessons on the Ebola response, the urban water portfolio, the Lagos secondary education project and the CDD agriculture project (FADAMA) have all been finalized.

(Support for Nigeria's Governance Filter work was provided by the DFID-Financed Governance Partnership Facility Trust Fund)

Annex 6. Use of third party monitoring in insecure areas

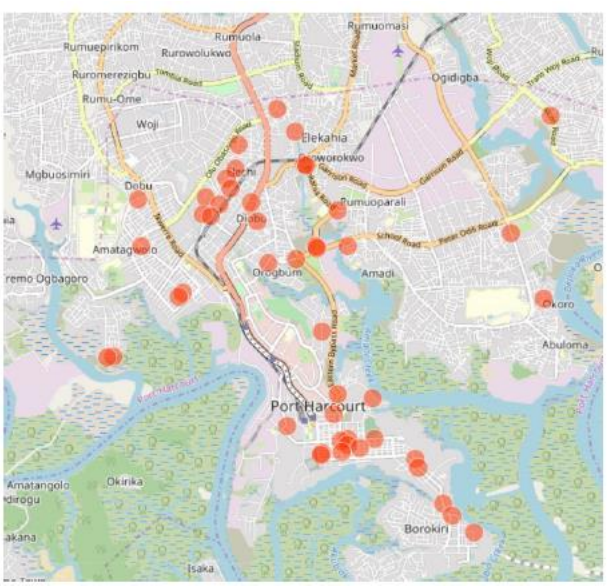
The increased program focus on addressing conflict and fragility in Nigeria's northern states throws up major challenges for project supervision and monitoring. With increasing levels of insecurity across other states, this is a growing challenge for the portfolio.

Several projects have used some form of third-party monitoring (TPM) or remote monitoring to address the security and access challenges in the North-East (Borno and Yobe states, in particular) as well as in the North-West. This has included the use of consultant firms (e.g. under SEPIP) as well as universities and local NGOs (FADAMA III). All North-East projects have been capacitated in 'geo-enabling', allowing for structured digital data collection that informs the project's M&E system, although to date there is no single system to consolidate this information and the full potential for active remote monitoring (beyond simple mapping) is not being exploited. The Poverty team has piloted a system of iterative beneficiary monitoring (IBM), a small-scale high-frequency data collection mechanism that collects data by phone from project beneficiaries, including on the NSHIP project. IBM creates a feedback loop regarding service provision and can serve as an alert system. MCRP does not have a TPM system in place but relies instead on a robust project M&E system, informed by multiple community-level enumerators and administered at the federal level, which provides a decree of objectivity as implementation is the responsibility of the three BAY state PCUs. Alternatives are being explored for establishing a TPM system in the future, potentially shared with other organizations or using structures from other WB projects.

Notably, the TPM activities under most of these projects have been financed from within normal project supervision budgets. Piloting has been facilitated through the DFID-financed trust fund. Within the scope of a project budgets, TPM approaches need to be low-tech and innovative. National context and constraints on direct supervision are important.

Case Study: SEEFOR monitoring of micro-projects

SEEFOR (State Employment and Expenditure for Results) is a youth employment project operating in four states of the Niger Delta (Edo, Delta, Bayelsa and Rivers). It has so far built 1000 rural roads and around 3,000 community projects. At any point of time there are hundreds of micro projects under implementation. It has been extremely difficult to keep track of progress using paper based systems. Standard paper based tools were used till now and GRM complaints were very limited with most of the complaints being recorded related to salary payments for the youth employed and very few community related concerns. There was also limited avenue for citizen's feedback and what the progress and impact has been of these interventions across the region. The revamping of the present system has progressed in two phases.

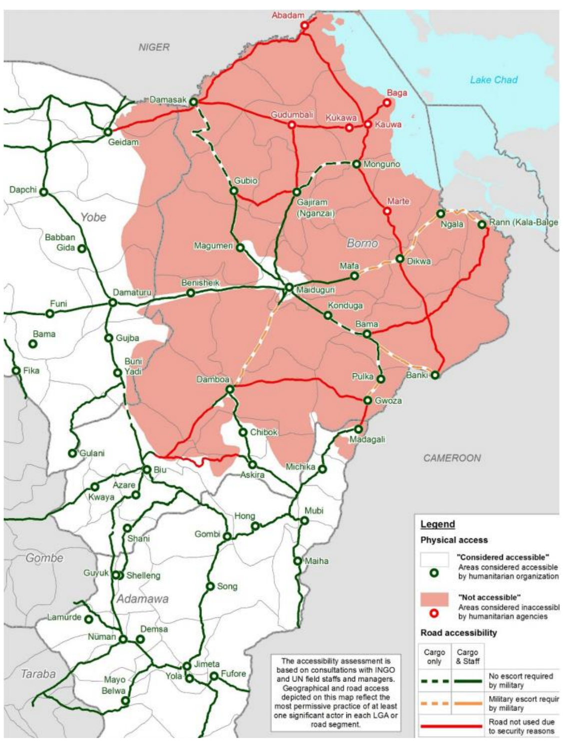


Phase 1 ran from July to December 2019. In this phase: (i) All 4,073 project locations were digitized between August and October 2019 using Kobotoolbox – the standard app used by the Bank globally that was developed by Harvard University. Each State formed its own team, received training and travelled to various project locations. They have created an online GIS database with photographs, basic project data and GPS coordinates. Quality control was strictly monitored during the process and teams had to return to project locations if the data quality was not of the required standard. Project locations show up on the GIS map and citizens can provide feedback through Kobo on what the status is regarding that projects. (ii) A call center in Abuja has been operational since October to receive calls on the performance of these projects and (iii) A major communications campaign in each state using social media, local radio stations and short videos is underway to inform citizens and to solicit feedback on the performance of these projects. The call center will provide the feedback loop to the citizens on the response to the issues raised by them after feedback from the project co-ordinators in the various states.

Phase II of the project is from January to September 2020. In this phase (i) Ideas were solicited for the best digital solution for citizens engagement. This was through a Hackathon organized by CcHUb in Lagos between February 17-28, 2020. 79 teams applied for the Hack, 24 teams were shortlisted and competition was fierce with the top three receiving prizes of $10,000, $6,000 and $4,000. The most appropriate solution that is being developed further is a collaboration with Data Science Nigeria (DSN) that has a DataCrowd App that uses AI. The app can geo fence project locations, can assess whether quality data is being submitted by the feedback provider and can provide immediate monetary and non-monetary reward. It can sort and send tabulated feedback to the different project authorities and after getting feedback provide a response to the citizen. By the end of this phase there will be improved efficiency and reduced cost – through eliminating the need for the call center.

Case study: Borno Governance Project

Now in its tenth year, the Boko Haram insurgency shows little signs of abating it's impact on the lives of Nigerians in the country's North-East. There are currently around 7.1 million persons in need. Almost all UN agencies are present in Borno along with multiple bilateral donors include USAID, EU, DFID and international NGO's. In an environment like this it is important to ensure that there is no duplication of effort and that the resources available are put to the best use.



To address information asymmetries, the World Bank brought together UN Agencies and NGO's to work together to create a GIS platform that would provide information on project interventions underway. A training course in October 2019 had 100 participants from 40 agencies and a refresher course in December 2019 had 35 -participants from 16 agencies. A common database is under preparation for the use of the Government of Borno that will track all donor funded and government funded interventions to ensure maximum impact.

Annex 7. Gender Interventions in Nigeria 2014-2019

The ratings data for Nigeria indicate that under the Nigeria Country Partnership Strategy (CPS) for FY14-FY17, 75 percent of operations approved were fully gender informed or gender tagged.[79] This compares well to the corporate target of 55 percent, as well as to the average performance across all countries in the region (around 50 percent in most fiscal years). The CPS integrated gender, equity and conflict sensitivity as essential elements of governance, a cluster which was a foundational element of the strategy.

At the CPS out-set, Nigeria had large gender gaps across the domains of human capital, economic empowerment, and voice and agency. These issues were typically more pronounced in the northern regions because of social norms, and fragility, conflict, and violence. Building on recommendations from the Gender in Fadama Research Project (2012) and the Nigeria Gender Portfolio Review (2012), a Governance, Conflict and Gender filter was rolled out to help task teams in better identifying problems and assumptions in approaches, understanding local contexts, learning lessons from the past, and measuring reform potential. In addition, the filter supported analysis and consultation on gender-related issues during project preparation and implementation. This helped target specific actions in projects, where appropriate, to reduce potential differentiated impact of interventions, address the needs of women and girls, or men and boys, or narrow the gender gaps.

Preliminary results[80] from a review by the Africa Gender Innovation Lab (AFRGIL) of operations implemented during the FY14-19 CPS period revealed that the portfolio had addressed some gender constraints. For example, women entrepreneurs' access to finance improved through the Development Finance Project (P146319), which has provided loans to nearly 35,000 borrowers, 78 percent of whom were women, and; (ii) social-norms constraints to women's participation in project activities were addressed through the Community and Social Development Project (CSDP) (P090644), which has had positive impacts on women's access to health services, increasing the uptake of immunizations for children and mothers. The first PLR noted that the *Gender Dimension in Agriculture Policy Brief* identified obstacles that women face in agriculture and helped inform the design of Fadama 3 Additional Financing (which specifies female farmers as targeted beneficiaries). The Rural Access Mobility Project 2 provided women in project areas with employment opportunities through minor road works. In collaboration with partners such as UN Women and DFID, the Bank also provided support to mobilize the Gender Equality Community of Practice for Finance Ministers in Africa.

Following recommendations from the Global Gender-Based (GBV) Violence Task Force Report, the Nigeria portfolio also conducted a Gender-Based Violence Risk Assessment to: i) Assess key contextual and World Bank-supported project-related risks that may contribute or give rise to sexual exploitation, harassment and abuse and other forms of GBV such as intimate partner violence and transactional sex; ii) Identify key development actors and the interventions they are carrying out in the field of prevention and response services for survivors of GBV; identify gaps in information and services, and; iii) Recommend key interventions and risk management measures or provisions to be integrated in pipeline or active projects to address key risks with the potential to contribute towards SEA/GBV. Fewer than one in 10 women (7 percent) aged 15 to 49 report having experienced sexual violence by an intimate partner or a non-partner in her lifetime. The national-level prevalence rate is below the regional average of 14 percent for Sub-

[79] Under the old rating methodology this means that a project was rated as gender-informed for each of analysis, proposed actions, and M&E; under the new rating system, this means a project was given the gender tag, signifying that gender was integrated into analysis, proposed actions, and M&E in a way that is consistent across these three dimensions.

[80] From Gender Innovation Lab review, February 2019.

Saharan Africa, however, in several areas in the country, women report that they have experienced significantly higher levels of sexual violence. Among the most affected are those living in the North East geopolitical zone (16 percent), particularly Adamawa (38 percent), Benue (20 percent), and Cross River (20 percent). The review identified ten projects with high GBV risks, and the WBG provided contingency funds for teams to develop and implement GBV risk mitigation measures.

Lessons and good practice from projects implemented under the CPS (FY14-FY17) may also be relevant to several pipeline projects related to human development in the CPF FY20-FY25. For example, the Community and Social Development Project (CSDP) (P090644) from the CPS (FY14-FY17) offers insights into developing deeper understanding of and being responsive to women's needs, which may be relevant to the pipeline Nigeria Improved Child Survival Program for Human Capital MPA Project (P167156), Nigeria Digital Identification for Development Project (P167183), NG Sustainable Rural Water Supply and Sanitation Sector Project (P170734), and Power Sector Recovery Performance Based Operation (P164001)**,** which aim to encourage participatory community-based discussions with women. To encourage women's participation and openness during the needs analysis within the community, the task team ensured there were separate Focus Group Discussions (FGDs) for women and youth. They also held the FGDs during times when women were more likely to participate, avoiding market days and church/mosque days. This participatory tool was particularly impactful for the Beli Chiutu community, Adamawa State, where women requested a maternity clinic, with qualified birth attendants to supervise deliveries, during the disaggregated Focus Group Discussions (FGD) to prioritize the community needs. The Beli Chiuti Community Maternity Clinic safely delivers about 70 births per month, up from 5 births at the health post that existed prior to the maternity clinic.

Progress in addressing gender gaps still remains limited at the country level, and continued efforts will be critical to build and sustain gains. The Gender Development Index (GDI) ranking for Nigeria in 2018 is 157th out of 189 countries compared to 123rd out of 140 countries in 2014. Participation of women in the legislature has not increased since 2010.[81] At the same time, pronounced gender disparities between regions remains a major challenge. Further, the 2019 Nigeria Strategic Country Diagnostic (SCD) identified gender equality as a key component of bridging the North-South divide and transitioning to a middle-class society. WBG projects in Nigeria will need to continue to target women as beneficiaries, in addition to tracking the share of women in the total direct beneficiaries. GBV risks are also increasing in the time of COVID19 and projects will need to ensure adequate GBV risk mitigation measures drawing on the comprehensive Gender-Based Violence Risk Assessment guidance.

[81] The proportion of women in parliament decreased from 7 percent in 2010 to 6 percent in 2018.

Annex 8: IBRD & IDA Lending Program Delivered from FY14 to mid-FY19

Project ID	Status	Board Date	IBRD/IDA Commit Amt ($m)
Community and Social Development AF	Delivered	03/26/2014	140.0
Lagos Eko Secondary Education Project-AF	Delivered	03/06/2014	42.3
NG-Housing Finance Development (FY14)	Delivered	09/26/2013	300.0
NG-Ibadan Urban Flood Management Project	Delivered	06/17/2014	200.0
NG-III Nat'l Urban Water Sector Reform	Delivered	04/18/2014	250.0
NG-Lagos State DPO II	Delivered	03/27/2014	200.0
Transforming Irrigation Management in NG	Delivered	06/19/2014	495.3
Public Sector Governance Reform and Deve. AF	Dropped	04/08/2014	8.2
NG-Staple Crop Processing Zones	Dropped	09/25/2014	100.0
FY14 Total			**1,735.8**
Development Finance Project	Delivered	09/25/2014	500.0
Lagos State DPO 3	Delivered	06/26/2015	200.0
NG Edo State FISDO	Delivered	04/29/2015	75.0
NG-Saving One Million Lives	Delivered	04/23/2015	500.0
Polio Eradication Support - AF (FY15)	Delivered	04/10/2015	200.0
State and Local Governance Reform Project	Delivered	10/17/2014	73.0
State Employment and Expenditure for Results Project	Delivered	07/31/2014	100.0
Nigeria Partnership for Education Project	Delivered	05/8/2015	100.0
AF - Power Sector Guarantees Project	Dropped	03/31/2016	300.0
Enhancing Resilience to Disasters & CC	Dropped		400.0
FY15 Total			**2,448.0**
AF Nigeria State Health Investment Project	Delivered	06/07/2016	125.0
Community and Social Development AF-2	Delivered	06/07/2016	75.0
Fadama III AF-II for the North East	Delivered	06/07/2016	50.0
National Social Safety Nets Project	Delivered	06/07/2016	500.0
NIG - AF State Educ. Prog. Invest. Project	Delivered	06/07/2016	100.0
Nigeria Polio Eradication Support	Delivered	06/07/2016	125.0
Nigeria YESSO - AF	Delivered	06/07/2016	100.0
NG-Rural Access & Mobility Project AF	Rescheduled to FY16		40.0
Nigeria PFM Reform & Performance Project	Dropped		150.0
FY16 Total			**1,265.0**
Better Education Service Delivery for Al	Delivered	06/20/2017	611.0
Mineral Sector Support	Delivered	04/14/2017	150.0
NG Kaduna Economic Transformation PforR	Delivered	06/20/2017	350.0
NG-Multi-Sectoral Crisis Recovery Project	Delivered	03/20/2017	200.0
Nigeria Agro-Processing Support Project	Delivered	03/23/2017	200.0

Project ID	Status	Board Date	IBRD/IDA Commit Amt ($m)
NG-Rural Access & Mobility Project AF	Dropped	05/26/2016	40.0
Power Sector Guarantees Project II	Dropped		305.0
dropped Second Agric DPO	Dropped		100.0
Electricity Sector Credit Facility	Dropped		500.0
NG-Federal Development Policy Financing	Dropped		900.0
Post-Basic Educ. and Skills Dev. Project	Rescheduled to FY20		0.0
FY17 Total			**4,443.9**
Fiscal Governance and Institutions	Delivered	06/27/2018	125.0
For Women	Delivered	06/27/2018	100.0
NEWMAP ADDITIONAL FINANCING	Delivered	06/27/2018	400.0
NG-Elec. Transmission Project - SUF	Delivered	02/15/2018	486.0
NG: States Fiscal TAS PforR	Delivered	06/27/2018	750.0
Nigeria Electrification Project	Delivered	06/27/2018	350.0
Nigeria Nutrition Improvement Project	Delivered	06/27/2018	225.0
Nigeria Polio Eradication Support Project	Delivered	06/27/2018	150.0
FY18 Total			**2,586.0**
Basic Healthcare Provision Fund Project (HUWE)	Delivered	**08/13/2018**	**20.0**
FY19 Total			**20.0**

Annex 9: Recipient-Executed Trust Fund Portfolio, FY14 to mid-FY19

Program Source	Fund Name	Grant Amount ($m)	Approval FY	Closing FY
GEFIA	Nigeria Erosion and Watershed Management Project	3,960.00	2013	2020
SCCFIA	Nigeria Erosion and Watershed Management Project	4,630.00	2013	2020
EFASE	Nigeria Partnership for Education Project	100,000.00	2015	2019
FS-DEC	Nigeria - Living Standards Measurement Study (LSMS) - Integrated Surveys on Agriculture (ISA)	2,600.00	2016	2020
AFRPRE	State and Local Governance Reform Project	61,528.31	2015	2020
	Additional Financing for SEEFOR - Recipient Executed	82,798.60	2017	2020
GFF	Second Additional Financing for Nigeria State Health Investment Project	20,000.00	2017	2020
	Accelerating Nutrition Results in Nigeria	7,000.00	2018	2024
	Nigeria Basic Healthcare Provision Fund	20,000.00	2019	2021
FCPFR	Republic of Nigeria's Readiness Preparation Proposal - Readiness Fund of the FCPF	3,800.00	2015	2019
	Republic of Nigeria's Additional Finance for REDD+ Readiness Preparation	4,940.00	2019	2020
EGPS	NEITI Reporting Compliance	590.00	2017	2020
	NEITI support phase 3	285.00	2018	2020
TFSCB	Conflict Monitoring System in Nigeria	400.00	2018	2019

Annex 10: IBRD Advisory Services and Analytics Delivered from FY14 to mid-FY19

Task Name	Federally-led Structural Reform Agendas for Growth and Jobs	Quality, Effectiveness and Efficiency of Social Service Delivery at State Level for Greater Social Inclusion	Governance and Public Sector Management	Restoring Macroeconomic Resilience	Lead Global Practice	Report Available to Public
FY15						
EW						
Nigeria - Programmatic Poverty Work				√	Poverty and Equity	
State Governance Benchmarking			√		Governance	
Doing Business in Nigeria				√	Other	
DEMPA - Nigeria, Cross River State				√	Macroeconomics, Trade and Investment	
Nigeria: Programmatic Poverty Work				√	Poverty and Equity	
Nigeria Urbanization Review		√			Social, Urban, Rural and Resilience Global Practice	
Nigeria Skills and Competitiveness				√	Education	
TA						
Nigeria: ICT for Social Accountability		√			Social, Urban, Rural and Resilience Global Practice	
Nigerian Parliamentary Capacity Support Project (NASSCSP)			√		Governance	
Nigeria Housing Finance NLTA				√	Finance, Competitiveness and Innovation	

Task Name	Federally-led Structural Reform Agendas for Growth and Jobs	Quality, Effectiveness and Efficiency of Social Service Delivery at State Level for Greater Social Inclusion	Governance and Public Sector Management	Restoring Macroeconomic Resilience	Lead Global Practice	Report Available to Public
Nigeria Trade Facilitation Project				√	Macroeconomics, Trade and Investment	
Trade Facilitation in Nigerian Agricultural Markets				√	Macroeconomics, Trade and Investment	
Economic Aspects of the Urban Water Sect			√		Water	
Improved Transparency in the Financial, Oil and Gas Sectors in Nigeria			√		Governance	
Increased Engagement of Citizens in the Development Process in the Core Niger Delta States			√		Governance	
Increased Citizen Voice and Inclusion		√			Social, Urban, Rural and Resilience Global Practice	
Nigeria - Digital Identification for Growth and Development		√			Transport	
FY16						
EW						
Jobs Assessment and Strategy Development	√				Social Protection & Jobs	
Review of ICT and Jobs	√				Social Protection & Jobs	

Task Name	Federally-led Structural Reform Agendas for Growth and Jobs	Quality, Effectiveness and Efficiency of Social Service Delivery at State Level for Greater Social Inclusion	Governance and Public Sector Management	Restoring Macroeconomic Resilience	Lead Global Practice	Report Available to Public
Inclusive Markets				√	Macroeconomics, Trade and Investment	
Boosting Financial Inclusion in Nigeria				√	Finance, Competitiveness and Innovation	
Governance, Accountability and Finance Analysis in Education Sector in Nigeria		√			Education	
Drivers of Jobs & Growth Investment Climate Assessment				√	Macroeconomics, Trade and Investment	
Nigeria Economic Report				√	Macroeconomics, Trade and Investment	√
Poverty Work Program					Poverty and Equity	
IE						
Impact evaluations of Nigeria's Subsidy Reinvestment and Empowerment Programme (SURE-P) Maternal and Child Health Initiative		√			Other	
IE of the use of Community Volunteers and Patent Medicine Vendors for Malaria Control in Anambra State and Gombe State, Nigeria		√			Other	

Task Name	Federally-led Structural Reform Agendas for Growth and Jobs	Quality, Effectiveness and Efficiency of Social Service Delivery at State Level for Greater Social Inclusion	Governance and Public Sector Management	Restoring Macroeconomic Resilience	Lead Global Practice	Report Available to Public
DIME NG Health Quality Enhancement		√			Other	
PA						
Sharing Prosperity in Nigeria: An Analytical Work Program on Jobs and Social Protection	√				Social Protection & Jobs	
TA						
Improved Public Financial Management Transparency, Accountability, Effectiveness and Sustainability			√		Governance	
Improving governance of service delivery in key social sectors in Nigeria			√		Governance	
Nigeria: Governance, Knowledge, Dissemination, Mainstreaming and Program Management			√		Governance	
NG- Spatial Analysis (FY13)		√			Social, Urban, Rural and Resilience Global Practice	
Nigeria NRA				√	Finance, Competitiveness and Innovation	
Nigeria #A045 Strengthening Deposit Insurance Reserve Targeting				√	Finance, Competitiveness and Innovation	

Task Name	Federally-led Structural Reform Agendas for Growth and Jobs	Quality, Effectiveness and Efficiency of Social Service Delivery at State Level for Greater Social Inclusion	Governance and Public Sector Management	Restoring Macroeconomic Resilience	Lead Global Practice	Report Available to Public
CMC: Nigeria MTDS 2016				√	Macroeconomics, Trade and Investment	
FY17						
AA						
Bi-Annual Nigeria Economic Update FY17				√	Macroeconomics, Trade and Investment	√
Nigeria Spatial Development Advisory Services and Analytics		√			Social, Urban, Rural and Resilience Global Practice	
EW						
Niger State, Nigeria: Sub-National Debt Management Performance Assessment				√	Macroeconomics, Trade and Investment	
NG-Growth and Trade Study				√	Macroeconomics, Trade and Investment	
From Regional Divergence to National Convergence: Addressing the Humanitarian and Developmental Impact of the Conflict in the NE		√			Social, Urban, Rural and Resilience Global Practice	
NG WASH Poverty Diagnostics		√			Water	√
PA						

Task Name	Federally-led Structural Reform Agendas for Growth and Jobs	Quality, Effectiveness and Efficiency of Social Service Delivery at State Level for Greater Social Inclusion	Governance and Public Sector Management	Restoring Macroeconomic Resilience	Lead Global Practice	Report Available to Public
Programmatic AAA - Nigeria Education		√			Education	
TA						
Nigeria Gas Competence Seminar	√				Energy & Extractives	
NG Electrification Access Program Development	√				Energy & Extractives	
NIGERIA: Developing a National Social Protection Platform		√			Social Protection & Jobs	
Preparation of a Strategic Roadmap for Mining Sector Development in Nigeria	√				Energy & Extractives	
FY18						
AA						
Fostering Sustainable Water Supply and Sanitation (WSS) Services in Nigeria		√			Water	
Impact Assessment of Financial Literacy			√		Other	
Resource Tracking in Health in Nigeria		√			Health, Nutrition & Population	
Nigeria Health Financing System Assessment		√			Health, Nutrition & Population	
Nigeria Bi-Annual Economic Update FY18				√	Macroeconomics, Trade and Investment	√

Task Name	Federally-led Structural Reform Agendas for Growth and Jobs	Quality, Effectiveness and Efficiency of Social Service Delivery at State Level for Greater Social Inclusion	Governance and Public Sector Management	Restoring Macroeconomic Resilience	Lead Global Practice	Report Available to Public
Healthy Mothers and Babies: Testing Innovative Solutions for Maternal and Child Health Programs in Nigeria		√			Other	
Nigeria Health Service Delivery Indicators		√			Other	
Provision of Support to the Govt. of Nigeria for the Operationalization of the Nigeria Recovery and Peace Building Assessment (RPBA)		√			Social, Urban, Rural and Resilience Global Practice	
Collaborative Leadership for Development – Nigeria			√		Governance	
TA						
Knowledge Sharing capacity development support to Ministry of Agriculture and Rural Development (FMARD) Nigeria		√			Social, Urban, Rural and Resilience Global Practice	
FY19						
AA						
Nigeria – Piloting of Banking Sector Surveillance			√		Finance, Competitiveness and Innovation	
Nigeria Work program: Poverty analysis and Poverty monitoring				√	Poverty and Equity	

Task Name	Federally-led Structural Reform Agendas for Growth and Jobs	Quality, Effectiveness and Efficiency of Social Service Delivery at State Level for Greater Social Inclusion	Governance and Public Sector Management	Restoring Macroeconomic Resilience	Lead Global Practice	Report Available to Public
CMC: Subnational DeMPA, Kano State, Nigeria				√	Macroeconomics, Trade and Investment	
CMC: Subnational DeMPA Abuja FCT				√	Macroeconomics, Trade and Investment	
Financial inclusion			√		Finance, Competitiveness and Innovation	
Impact Evaluation of the Nigeria Result-Based Financing Project		√			Health, Nutrition & Population	
Nigeria Bi-Annual Economic Update FY19				√	Macroeconomics, Trade and Investment	

Annex 11: IFC Commitment and Outstanding Portfolio

Nigeria Commitments - Detailed Breakdown per FY (USD millions)

Financial Year	Industry Group	Project Name	Own Account	Core Mobilization	Total
FY13	**FM**	ABN MF RI II	0.6		0.6
		Access AMSME_OLD	50.0		50.0
		Access RSF	11.2		11.2
		DARP - Kaizen	20.3		20.3
		Diamond Bank JV	23.6	22.8	46.4
		GTFP Access BanK			0.0
		GTFP Diamond Bnk			0.0
		GTFP Ecobk Ngeri			0.0
		GTFP FCMB Ngeria			0.0
		GTFP FIDELITY NI			0.0
		GTFP GTB Nigeria			0.0
		GTFP Zenith Nig			0.0
		LAPO MFB Loan	5.1		5.1
	Infra	IHS B loan incr	0.0	255.0	255.0
		IHS Nigeria	25.0		25.0
	Mas	Diamond Bank JV	23.6		23.6
		Eleme Fertilizer	150.0	225.0	375.0
		Wings SouthSouth	19.8		19.8
FY13 Sub Total			**329.1**	**502.8**	**831.9**
FY14	**FM**	ABN MF Bank Loan	4.9		4.9
		Diamond Equity	0.0		0.0
		FCMB III	50.0	37.5	87.5
		Grooming MF Loan	4.1		4.1
		GTFP Access BanK			0.0
		GTFP Diamond Bnk			0.0
		GTFP Ecobk Ngeri			0.0

		GTFP FCMB Ngeria			0.0
		GTFP FIDELITY NI			0.0
		GTFP Zenith Nig			0.0
	Infra	7 Energy	75.0	174.0	249.0
	MAS	Jabi Lake Mall	9.5		9.5
		Olam Nig Cashew	23.3		23.3
		Olam Nig Sesame	23.3		23.3
		Olam Nigeria CFM	23.3		23.3
		Saro Agroscience	6.0		6.0
		WingsNigNoodle	10.6		10.6
FY14 Sub Total			**230.2**	**211.5**	**441.7**
FY15	**CDF**	CAPE IV	40.0		40.0
	FM	Accion Ng Loan	2.0		2.0
		Advans Nigeria	2.4		2.4
		AIICO	20.0		20.0
		Diamond Agri JV	70.0		70.0
		FCMB III	0.0	31.5	31.5
		GTB Facility	100.0	75.0	175.0
		GTFP Access BanK			0.0
		GTFP Diamond Bnk			0.0
		GTFP Ecobk Ngeri			0.0
		GTFP FCMB Ngeria			0.0
		GTFP FIDELITY NI			0.0
		GTFP GTB Nigeria			0.0
		GTFP Zenith Nig			0.0
		MC Nigeria	1.7		1.7
		MCN RI 2014	1.3		1.3
		Zenith Bank SSL	100.0		100.0
	Infra	7 Energy Bond	50.0	250.0	300.0
		Azura Edo IPP	80.0	177.5	257.5
		IHS Nigeria 2	25.0	90.0	115.0

		InfraV-Wapsila	2.5		2.5
	MAS	Boulos F&B	3.5		3.5
		Corona Schools	2.0		2.0
		EagleEye EchoSca	11.6		11.6
		HealthPlus	5.0		5.0
FY15 Sub Total			**517.0**	**624.0**	**1141.0**
FY16	**FM**	GTB Facility	0.0		0.0
		GTFP Access BanK			0.0
		GTFP Diamond Bnk			0.0
		GTFP Ecobk Ngeri			0.0
		GTFP FCMB Ngeria			0.0
		GTFP GTB Nigeria			0.0
		GTFP Zenith Nig			0.0
		LAPO MFB II	10.0		10.0
	Infra	7 Energy	0.0	2.0	2.0
		Azura Edo IPP	0.0	35.0	35.0
		Azura Hedge	10.0		10.0
		InfraV-MBSO	1.5		1.5
	MAS	Hygeia 2014	11.7		11.7
FY16 Sub Total			**33.2**	**37.0**	**70.1**
FY17	**FM**	Grooming II	4.7		4.7
		GTFP Access BanK			0.0
		GTFP FCMB Ngeria			0.0
		GTFP Zenith Nig			0.0
	Infra	Indorama Port	13.1		13.1
	MAS	Dangote Ind.	150.0		150.0
		Indorama Port	39.4	21.0	60.4
		Promasidor NGR	25.0		25.0
FY17 Sub Total			**232.2**	**21.0**	**253.2**
FY18	**CDF**	Andela RISeriesC	0.4		0.4
	FM	Accion Ng Loan 2	3.3		3.3

		GTFP Access BanK			0.0
		GTFP Diamond Bnk			0.0
		GTFP GTB Nigeria			0.0
		GTFP Zenith Nig			0.0
	MAS	AXA Hospital	8.5		8.5
		Eleme Fert. II	100.0	900.0	1000.0
FY18 Sub Total			**112.1**	**900.0**	**1012.1**
FY19	**CDF**	Andela RISeriesD	2.0		2.0
		Kobo360	3.0		3.0
	FM	Access Tier II	87.5		87.5
		BBG LCY MCF BBNG	1.8		1.8
		GTFP Access BanK			0.0
		GTFP Zenith Nig			0.0
FY19 Sub Total			**94.3**	**0.0**	**94.3**
Grand Total			**1548.1**	**2296.2**	**3844.3**

Annex 12: MIGA's Guarantee Portfolio (Contracts issued FY14-FY19)

Contract	Project ID	Effective Date	Expiry Date	Contract Enterpr	Host Country	Investor Name	Investor Co	Business Sector	Gross Exposure
13060-02	11920	09/30/2015	09/29/2029	Accugas Ltd	Nigeria	Seven Energy International Limited	UK	Oil and Gas	200,000,000
10208-01	9198	12/21/2015	11/29/2030	Azura Power West Africa Ltd.	Nigeria	Azura-Edo Limited	Mauritius	Infrastructure	263,645,883
12255-01	9198	12/21/2015	11/15/2027	Azura Power West Africa Ltd.	Nigeria	Standard Chartered Bank Plc	UK	Infrastructure	188,190,766
14133-01	9198	12/22/2015	11/15/2025	Azura Power West Africa Ltd.	Nigeria	FirstRand Bank Limited	South Africa	Infrastructure	16,000,000
14144-01	9198	12/21/2015	11/15/2025	Azura Power West Africa Ltd.	Nigeria	Standard Chartered Bank Plc	UK	Infrastructure	24,000,000
14910-01	13373	12/29/2017	01/30/2023	Float Glass	Nigeria	China Development Bank	China	Manufacturing	30,452,058
14563-01	13373	05/15/2018	05/14/2028	Float Glass	Nigeria	CNG (Nigeria) Investment Limited	USA	Manufacturing	38,700,000
14563-02	13373	05/15/2018	05/14/2023	Float Glass	Nigeria	CNG (Nigeria) Investment Limited	USA	Manufacturing	2,660,000
Total									763,648,707

Note: The Accugas contract was subsequently cancelled in FY16

[1] Nigeria Vision 20:2020, December 2010 https://www.nigerianstat.gov.ng/pdfuploads/Abridged_Version_of_Nigeria%20Vision%202020.pdf

[2] This included the kidnapping of 214 schoolgirls from Chibok in Borno State in April 2014 and two bombings in Abuja in April and May 2014 killed almost 100 people. In March 2015 Boko Haram declared its affiliation with the Islamic State organization, raising increased concerns about security in the Lake Chad region.

[3] These included instituting capital controls, foreign exchange restrictions and border closures.

[4] Nigeria's economy and the government's finances are highly dependent on sales of crude oil—90% of exports, 30% of banking sector credit, and 50% of (consolidated) government revenues. Non-oil industry and services depend on the oil industry. With the sharp fall in oil prices, the economy is projected (as of now) to contract by 3% in 2020, and consolidated government revenues to fall by USD 10 billion or more, at a time when fiscal resources are urgently needed to contain the outbreak and initiate counter-cyclical and pro-poor fiscal measures to protect the lives and livelihoods of the nearly 90 million Nigerians in extreme poverty and millions of others in urban areas who are dependent on the informal economy. Livelihoods and local economic activity are likely to be impacted through multiple channels with the impact being most adverse for those in the informal economy: loss of labor incomes and daily livelihoods in the context of the anticipated economic downturn (exacerbated by lockdowns if they continue and are enforced more vigorously), and for agricultural households and M&SMEs, a breakdown in markets and supply channels and a pronounced decline in demand. While urban and peri-urban areas are likely to experience the largest increases in newly poor and vulnerable, adverse impacts are likely to be felt throughout the country through spillover effects such as the projected decline in remittances, particularly from domestic migrants (nearly half of the population is in households that receive remittances). The extreme poverty rate is likely to go up by a couple of percentage points and it is estimated that the number of poor is likely to increase by between 10 to 15 million by 2022.

[5] The CLR ratings are based on the rating methodology set out in the September 2019 Country Engagement Guidance note (Section 6.4.2) and the IEG and WBG on shared approach to assessment of CPS.

[6] Power Sector Program for Results (P164001) and Distribution Sector Recovery PforR (P172891)

[7] According to the Nigerian National Petroleum Corporation (NNPC), Nigeria has an estimated 202 trillion cubic feet (TCF) of proven gas reserves and approximately 600 TCF unproven gas reserves.

[8] At today's production (and utilization) levels, Nigeria has enough gas to support over 100 years of supply.

[9] (i) Indorama Fertilizer where the IFC committed a $100m A loan, $50m MCPP and mobilized $400m B loans from international commercial banks and $450m from DFIs; and in Dangote Fertilizer Plant in the sum of $150m which has been committed and disbursed.

[10] P151162

[11] Policy recommendations were set out in the 2015 Nigeria Economic Update special feature on Gas Policy. The new gas policy commits the government to market-based wholesale gas pricing after a transition period and a move toward wholesale market competition (away from price controls), clarification of gas terms in production sharing contracts to ensure producers will be allowed to sell gas, and liberalization of access to gas pipelines and processing plants. These regulatory reforms will support development of a gas-based industry.

[12] The sector was unbundled into six generation companies (GENCOs), eleven distribution companies (DISCOs) and the Transmission Company of Nigeria (TCN). The privatization of the DISCOs and GENCOs was completed in 2013. Three of the five thermal GENCOs (that use natural gas as fuel) were sold in their entirety to new owners, while three hydropower plants were concessioned to private operators. TCN has remained a fully Government-owned monopoly. In the current stage of market development, known as the Transitional Market, the Government-owned Nigerian Bulk Electricity Trading Company (NBET) fulfills the role of bulk trader. NBET buys electricity from GENCOs, including Independent Power Producers, under Power Purchase Agreements (PPAs) and resells it to DISCOs under Vesting Contracts.

[13] Tariff shortfalls are the gap between cost reflective tariffs and tariffs which the Nigeria Electricity Regulatory Commission (NERC) determines for distribution utilities to charge their customers.

[14] Source: draft Program Appraisal document, Power Sector Reform Recovery Plan

[15] See Indicator 19.1: The public Power Sector Recovery Program and the FSP/MTEF 2018-2020 include all uses of funds and financing sources of the Financing Plan; the public Power Sector Recovery Program in addition includes the fiscal costs of the Financing Plan.
[16] Nigeria Power Sector Guarantee Project – P120207
[17] IPP – 32859. Azura is functioning successfully. The available capacity remains high, averaging 99 percent for 2019. Due to transmission constraints, dispatch generation averaged 72 percent for 2019. Azura's peak generation is equivalent to 8.5 percent of the national grid.
[18] Nigeria Electricity and Gas Improvement Project – P106172
[19] Although it should also be noted that gas supply has not been consistent – see final ISR for NEGIP.
[20] Generation capacity: 7208 MW of generation capacity was achieved by the end of the CPS period against a baseline of 6,000 MW and a target of 7,100 MW. The original target for increased transmission capacity of 9,242 MVA by 2017 in the CPS was increased to 12,000 MVA in the PLR (early 2018). By the end of the CPS period in June 2019 total transmission capacity was 13,286 MVA on 330kV against a baseline of 8,558 on 330 KV.
[21] NEGIP ISR December 2018, although the ISR noted that there is no creditable data to assess and verify the losses as more than 50% of the customers are not metered.
[22] The CPS targeted a reduction in AT&C losses by 8%, from 25% in 2013 to 17% in 2017, noting that the baseline would be subject to verification after privatization had been completed in 2014). The first PLR adjusted both the baseline (to 45%) and the target (to 37%) in 2017 while maintain the overall target of 8% reduction—see page 26. The results framework for the second PLR restated the indicator as "EBP reduced by 8 percentage points from 45% to 37% in 2019" but a figure of 32% appears in the column 'Revised End Target Value' would represent a 13% reduction in AT&C losses.
[23] LN has made significant further progress since June 2019. As of December 2019, about 1,143,330 Solar lanterns had been sold or distributed; 5,711,610 people provided with improved energy access and 114,332tons of GHG was avoided.
[24] P123112
[25]
[26] P147941 – Inclusive Markets
[27] P132218 – Trade Facilitation in Nigerian Agricultural Markets
[28] NEWMAP also helped state governments to install 61 hydro-met and meteorological stations, installed and/or rehabilitated seven Automatic Weather Observation Systems (AWOS), 12 Agromet systems, and 39 manual and automatic hydrological stations for surface-water monitoring in the Anambra-Imo River Basin Development Authority (AIRBDA) and Cross-River Basin Development Authority (CRBDA) and installed three Telemetry systems (Data Collection Platforms) for flood monitoring and flood forecasting.
[29] WB Nigeria Development Finance Study, 2016
[30] See IFC MSME Financing Gap Report, 2017. Detailed country level data spreadsheet.
[31] WB Nigeria Development Finance Study, 2016
[32] GDP growth was negative through 2016 and the first half of 2017
[33] Including dual exchange rates and capital controls.
[34] GTB, Diamond Bank, Access Bank, Ecobank and FCMB
[35] MicroCred MFB Nigeria, Advans Nigeria, ABMFB
[36] The original CPS anticipated the Business Edge and SME Toolkit programs would be a further source of support advisory services to micro businesses.
[37] See IFC, 2017 MSME Financing Gap Report, updated excel spreadsheet with country level data. Only legally constituted entities are considered SMEs and 80-90% of small business are not legally incorporated.
[38] However, if a broader definition of loans to MSMEs supported by both IFC and WB is considered, significantly more progress could be reported. By June 2019, the Development Bank of Nigeria (DBN, supported under the World Bank Development Finance Project) had provided financing ultimately reaching nearly 50,000 end-borrowers, 70 percent of whom were women, through 7 commercial banks and 10 microfinance banks.[38] However it is to be noted that the DFP results framework is measuring the volume of loans to MSME rather than the number, as required by this indicator.
[39] P146319
[40] P131973
[41] WB Nigeria Development Finance Study, 2016

[42] A June 2019 Mid-term Review of the DFP found that by the end of June 2019, the DBN credit line to PFIs had disbursed N74.7 billion (equivalent to around US$ 243.7 million) for on-lending to micro, small and medium enterprises (MSMEs), ultimately reaching nearly 50,000 end-borrowers, 70 percent of whom were women, through 7 commercial banks and 10 microfinance banks. DBN Empowered over 95,000 MSMEs in its first three years of operations.

[43] African Development Bank, French Development Agency and German Development Bank. See Mid-term Review.

[44] NMRC achieving a Cost to Income Ratio of 55 percent, 13 percent over the target of 42 percent while delivering 10,348 new mortgages below NGN 5 million against 7,500 which had been targeted. These were achieved through seven Microfinance Banks which were developed, accessed project credit line, and established first cycle of micro financing lending programs as against five MFBs targeted. As seen in Colombia and India, unlocking the residential housing market by developing the housing finance market opens multiple income channels through the construction sector and related industries.

[45] The indicators for Outcome 10 were changed at the first PLR to capture the value of financing to WBG-supported financial infrastructure, targeting 1.634 billion (currency not expressed) and the value of securities transactions, targeting 332 million (currency not expressed). In the second PLR Indicator 10.1 was revised to target 2.851 billion for credit reporting and 8 billion for collateral registry). The second indicator from the first PLR was dropped and substituted by two new ones: the number of SMEs covered in credit bureaus (Indicator 10.2—target 2.5 million) and the number of SMEs that have received loans secured with moveable property (Indicator 10.3—target 20,000). Note that in the second PLR, Indicators 10.2 and 10.3 only appear in Annex 2 (Matrix of changes to the CPS results matrix) and not in Annex 1 (Updated CPS Results Matrix—basis for Completion and Learning Review self-evaluation). This is assumed to be an error and both 10.2 and 10.3 are assumed to be part of the basis for self-evaluation in the CLR. However, some major issues remain with the way these indicators are expressed and the targets which have been fixed. Indicator 10.1: Annex 1 of PLR2 specifies 2.851 billion for credit reporting and 8 billion for collateral registry—but the assessment is conducted on the basis that these should have been reversed. Indicator 10.2: As provided in Annex 2 of PLR2 in early 2018 the original target of 1 million for Indicator 10.2 was increased by 250% to 2.5 million while the original targets in Indicator 10.1 for credit reporting and collateral registry were only increased by around 75% (from 1.6 billion to 2.8 billion and from 4.5 billion to 8 billion), suggesting a misalignment between the revised targets for these two indicators. Furthermore, the activity which supported these results, the IFC's Nigeria Credit Reporting Advisory was due to close in June 2018 and results available for December 2017 stood at 1.25 million SMEs covered by credit reporting. It seems unrealistic to have selected a target of double that to have been achieved with less than 6 months of activity implementation remaining. Indicator 10.3: Annex 2 of PLR2 suggests upward revision of this indicator from 11,000 in 2017 to 20,000 in 2019, but it seems likely that framing of the indicator was based on mistaken assumptions about the definition of SMEs and was highly unrealistic, relative to the achievement at the time of writing which was well below 11,000. The mention of revision to increase all Outcome 10 targets is all the more confusing since none of these indicators had appeared in the first PLR revised results framework. Note also that Indicators 10.2 and 10.3 do NOT appear in Annex 1 of the second PLR which sets out the Updated CPS results matrix as the basis for the self-evaluation in the CLR.

[46] ID: 600100

[47] ID: 600186

[48] A 2017 DFID Value-for-Money and performance report of the global program found that: "Almost 70% the SME loans made were in FCAS markets, which is significantly greater than the targeted 25%. The result of one credit bureau project in Nigeria contributed 17% of this overall result. This project is working with 20 PFIs and reported approximately 24,000 loans. The Initiative has reached 11,779 women owned SMEs vs the revised target of 12,000, i.e. 98% of the target."

[49] Increased from 10 states in the first PLR.

[50] At April 2019, 814,376 households (or over 3.2 million individuals) from 28 states have been captured in the National Social Registry (NSR) with 80 percent of the households falling in the first six poverty deciles, compared to 61 percent in 2018.

[51] As noted in Annex 2, the CPS indicator specified a target of reaching 1.5 million households (as compared to beneficiaries) but it is apparent that this target was not realistic. Results frameworks for both NASSP and YESSO measure beneficiaries, not households. NASSP aimed to achieve 5 million beneficiaries by

project close in December 2021, YESSO 255,000 by June 2020. Assuming 5 beneficiaries per household, this would have yielded a target of 1,050,000 households by December 2021 (well after the end of the CPS period). On this basis we assume the target for the CPS should have referred to beneficiaries, not households.

[52] https://www.worldbank.org/en/news/press-release/2017/12/04/nigeria-world-bank-to-help-monitor-repatriated-abacha-funds. The Nigerian restitution agreement emerged amid 2016 changes to Swiss laws and practices surrounding the restitution of illicitly obtained assets.

[53] Strategic Review of NHIS, March 2014 produced under the IFC's NHIS advisory program (NHIS 575247)

[54] P163969, approved August 2018

[55] PL162108

[56] Including: (i) BHCPF planning and monitoring, (ii) strategy and policy development, (iii) planning and budgeting, and (iv) system performance monitoring and evaluation.

[57] 70.3 percent, 45.5 percent and 48 percent respectively in the three states of Ondo, Adamawa and Nasarawa with a combined population of 12.9 million people, from a baseline of 33 percent (over 4.1 million deliveries overall)

[58] In Adamawa, Nasarawa, and Ondo States from a baseline of 25.4 percent to 51.9 percent, 58.8 percent and 72.2 percent respectively against a target of 50 percent

[59] Covering a further estimated 25 million in population

[60] NSHIP ISR, June 2019

[61] P130865

[62] Note that the results framework for PLR2 appeared to envisage reporting a cumulative annual total for four years (target expressed as 160,000). However, since the project results framework captured only the latest results achieved in the ICR it has not been possible to confirm the cumulative annual results).

[63] Borno, Kano, Yobe, Gombe, Taraba and Adamawa (in NE), FCT -Abuja, Nasarawa, Niger (in North-Central), , Ondo, and Oyo (SW), Rivers (South) Jigawa and Zamfara (NW) states.

[64] SOML ISR (P146583) December 2018.

[65] Nigeria Improved Child Survival Program MPA (P167156)

[66] The Health in Africa Initiative links governments with the private sector in order to improve the quality of healthcare.

[67] The main co-investor, Abraaj, decided not to invest at a late hour on the grounds that it had not been able to close its Global Health Fund at the time, through which it had intended to make the investment. The project then stalled until 2016 when another major investor was found and an agreement was signed in 2017. Disbursement commenced in 2018. This delayed the originally anticipated timelines by 4-5 years. The results framework should have been adjusted at the second PLR in 2018 to accommodate this development, but it seems that did not happen.

[68] This was revised at the second PLR from 2 million in the first PLR.

[69] Data for Hygeia is for half of 2013 and 2014-2018 and for Echo Scan only for 2018. No data for 2019 is available.

[70] Including rehabilitation of classrooms and WASH facilities, provision of furniture and teaching and learning materials

[71] Lagos Secondary Education Project, ICCR

[72] P148688: Nigeria Skills and Competitiveness (2015)

[73] P148686: Programmatic AAA – Nigeria Education (2016)

[74] For example, a DFID review of Bridge Academies found that 80% of students in Bridge schools perform above the sample average, compared to 62% of students in private schools and 18% in public schools

[75] Student numbers do not distinguish between PPP vs parent paid, but revenue is and could be a close proxy. 87% of the revenue as of June 2019 came from the PPP model. This would yield a result of 222,981 students supported by IFC investments.

[76] https://www.bridgeinternationalacademies.com/impact/impact-in-nigeria/

[77] https://www.bridgeinternationalacademies.com/wp-content/uploads/2019/03/EdoBEST_Report_DigitalViewOnly-6.pdf, https://www.bridgeinternationalacademies.com/impact/impact-in-nigeria/learning-in-lagos/

[78] Edo Basic Education Sector and Skills Transformation Program for Results (P16921)

[79] 18 targeted by the project

[80] Lagos, Cross Rivers, Bauchi, Ekiti, and Rivers

[81] From 48 percent in 1990 to 61 percent in 2010. See UN MDG Database 2013, cited in CPS page 36
[82] ICR for Second National Urban Water Supply Project (P071391).
[83] In the case of both NUWSRP2 this included the economic downturn in 2016, which made water utilities reluctant to enforce collection of customer bills and reduced the amount of state government subsidies, and the 2018 election which made Governors reluctant to increase tariffs.
[84] The greater the proportion of operating costs that are covered by state government subsidies, the higher is the bill to the state government as coverage is expanded. This provides a disincentive to expand systems beyond existing connections.
[85] Results from NUWSRP3 only measured the ratio of costs to tariffs recovered (collected, not billed). For Bauchi, the baseline was 7% at the start of the project and 3% at May 2018, meaning that collection of tariffs fell relative to costs. For Ekiti the baseline of tariff recovery to costs was 2.7% at project start and increased to 4.03% by May 2018. These results were recorded in the project Aide Memoire of May 2018. Against such a baseline, an increase of 25% does not make much sense, either as a target for absolute increase, or as a target for relative increase (as a percentage of the starting baseline). Billing collection efficiency was subsequently included in the results framework and indicates improvements: For Bauchi 20.56% in June 2019 against a baseline of 13% and for Ekiti 67.5% in June 2019 against a baseline of 15%.
[86] P150244 - Economic Aspects of the Urban Water Sector (2015)
[87] P158648 – NG WASH Poverty Diagnostics (2017)
[88] P165662 - Review of Rural Water Supply and Sanitation Sector (2019)
[89] P158458 - Fostering Sustainable Water Supply and Sanitation Services (2018)
[90] States Fiscal Transparency Accountability and Sustainability Program for Results (SFTAS) (P162009) approved June 2018, effective 7 May 2019.
[91] Total financing GBP 19 million.
[92] P133045 financed by a European Union grant
[93] P097026
[94] (1) Jigawa State: http://www.jigawastate.gov.ng/budget.php and (2) Yobe State: https://www.pfm.yb.gov.ng/
[95] PSGRDP PDO indicator: State Government entities representing at least 75 percent of the total expenditure are audited annually in any state and submitted to the legislature within 6 months from end of financial year
[96] Nigeria signed to the Open Government Partnership, leading to the adoption of policies on the use of beneficial ownership disclosure and open contracting standard data (OCDS) and establishment of an OCDS portal, NOCOPO. A national procurement forum has been established which provides a platform for the federal and state regulatory agencies and key stakeholders to discuss market asymmetry and how procurement laws and regulations can be applied uniformly in the country since all the states operates under the same market environment. A procurement community of practice has also been created to foster peer learning and share best practices.
[97] P097026
[98] P121455
[99] Three projects included this indicator in their results frameworks. PSGRDP (11 states, closed October 2017) targeted 12 states to achieve 70% of contracts awarded through open competition; SLOGOR, (4 states, due to close in October 2020) targeted 80% of contracts to be awarded through open competition; and SEEFOR, (4 states, also due to close in September 2020), targeted 66% (an average of 72%). It is not clear what information underpinned the decision to increase the target to 90% by 2019.
[100] P162009
[101] See Table of SFTAS DLIs
[102] Paper on State-level DeMPAs WB 2019
[103] DLI 7.1 rewards approval of state-level legislation, which stipulates: 1) responsibilities for contracting state debt; 2) responsibilities for recording/reporting state debt; and 3) fiscal and debt rules/limits. DLI 7.2 rewards quarterly state debt reports accepted by the DMO on average two months or less after the end of the quarter in 2020 AND annual state debt sustainability analysis published by end of December 2020.
[104] States supported by PSGRDP reported an average nominal IGR growth of about 23 percent between 2016 and 2018. The six states supported by the SLOGOR Project reported average increases ranging

between 46-362 percent, generating an average year-on-year growth rate of about 54 percent, while the four States supported by SEEFOR increased their average IGR by about 32.75 percent.

[105] No internally generated revenue data is available yet for 2019. It would never have been possible to measure 2019 IGR within a reasonable period after the end of the CPS given the lag in reporting. Accordingly, the assessment is based on a modified target for 2018 collection, set out in Annex 2 against Indicator 18.2.

[106] The assessment of the design of the Financing Plan is based on the team preparing the PRSP PforR. At the time of writing the Program Appraisal Document had been submitted to a pre-OC meeting with the RVP and the assessment is based on this document.

[107] P164001 Power Sector Recovery Performance Based PforR

[108] See Annex 5, 2014-207 CPS.

[109] Kate Bridges and Michael Woolcock. Implementing Adaptive Approaches in Real World Scenarios A Nigeria Case Study, with Lessons for Theory and Practice. World Bank Policy Research Working Paper 8904, June 2019

[110] GEM; Housing Finance Development Project, Public Private Partnership Project and even the stalled Power Sector PforR

[111] By 2013, poverty was estimated at over 50 percent in North East compared with 16 percent in the Southwest. Using a broader Multi-dimensional Poverty Index (MPI) from the 2013 demographic survey shows a similar picture excluding five states. Ebonyi, Enugu and Cross Rivers where MPI gives considerably lower ranking and Sokoto and Gombe where MPI gives considerably higher ranking. Source: Developing an Updated Poverty Map for Nigeria, World Bank, 2015.

[112]CSDP AF $75M; SEPIP AF $100M; FADAMA3 AF $50M; NSHIP AF $125M; YESSO AF $100M and MCRP $200M.

[113] P160114: Conflict Monitoring in Nigeria

[114] Engagement with the UK DFID provided important support for the Recovery and Peace Building Assessment (RPBA), institutional self-assessment tool for federal agencies, collaboration with the Presidency Delivery Unit, technical assistance on state-level Public Finance Management (PFM), Doing Development Differently agenda, and poverty analysis, including a database on conflict and poverty. The Bank further strengthened collaboration with donors such as the French Development Agency (AFD), European Union (EU), and Africa Development Bank (AfDB). The institutions leveraged each other's strengths, particularly in mobilizing funds and supervising development projects in different sectors such as water and transport. The Development Finance Institution project mobilized more than US$1.3 billion of approved debt and equity commitments to support lending to MSMEs. The two IDA-supported Public Finance Management (PFM) operations leveraged over US$ 150 million from the EU. In addition, the water and transport sectors, through NUWSRP II, NUWSRP III, and RAMP 2, IDA leveraged US$ 138 million from AFD and US$ 200 million from AfDB.

[115] From Gender Innovation Lab review, February 2019.

[116] For example, women entrepreneurs' access to finance improved through the Development Finance Project (P146319), which has provided loans to nearly 35,000 borrowers, 78 percent of whom were women, and; (ii) social-norms constraints to women's participation in project activities were addressed through the CSDP, which has had positive impacts on women's access to health services, increasing the uptake of immunizations for children and mothers.

[117] The aims of the Review were: to: i) assess key contextual and World Bank-supported project-related risks that may contribute or give rise to sexual exploitation, harassment and abuse and other forms of GBV such as intimate partner violence and transactional sex; ii) identify key development actors and the interventions they are carrying out in the field of prevention and response services for survivors of GBV; identify gaps in information and services, and; iii) recommend key interventions and risk management measures or provisions to be integrated in pipeline or active projects to address key risks with the potential to contribute towards SEA/GBV.

[118] Includes federal level PforR implemented in the states.

[119] Relates to three-year rolling average, by commitment, for projects that closed during FY16 – 18. If viewed by project count, IEG rating is 63.3 percent for FY16 – 18.

[120] FY14: 20.3%; FY15: 18.9%; FY16: 13%; FY17: 21%; FY18: 18%; FY19: 23%

[121] Through the realigned Global Practice – Trade and Competitiveness now under Finance, Competitiveness and Innovation.