



Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 08/18/2022 | Report No: ESRSA02293



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Nigeria	WESTERN AND CENTRAL AFRICA	P177442	
Project Name	Nigeria: State Action on Business Enabling Reforms (SABER)		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Finance, Competitiveness and Innovation	Program-for-Results Financing	9/29/2022	12/6/2022
Borrower(s)	Implementing Agency(ies)		
Federal Ministry of Finance, Budget and National Planning	Federal Ministry of Finance, Budget and National Planning, Presidential Enabling Business Environment Council (PEBEC)		

Proposed Development Objective

The Program Development Objective (PDO) is to improve the business enabling environment in the participating states.

Financing (in USD Million)	Amount
IPF Component	20.00
Total Project Cost	750.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

Public Disclosure



1. Nigeria is the most populous country and the largest economy of Sub-Saharan Africa and is central to the World Bank goals in the region. With over 200 million people and an estimated GDP of USD421 billion in 2021, Nigeria is by far the most populous country and largest economy in the region. With an estimated 80 million people living in poverty, Nigeria is central to the World Bank Group (WBG)'s mission of eliminating poverty globally.
2. The outlook for Nigeria's growth is uncertain and highly dependent on external factors and the government's overall policy response to longstanding issues. Nigeria's growth is expected to remain above population growth in 2022-2023, averaging 3.2 percent. The country's economic outlook remains uncertain. Even in the most favorable global context, the policy response of Nigeria's authorities will be crucial to lay the foundation for a robust recovery. The authorities can boost growth by strengthening macroeconomic reform efforts, including measures aimed at: (a) adopting a more flexible and transparent foreign exchange management regime; (b) accelerating revenue-based fiscal consolidation; (c) strengthening expenditure and debt management; and (d) improving the business enabling environment.
3. Catalyzing private investment is needed to achieve a robust recovery; however, Nigeria's ability to attract investment is low compared to its peers and declining. The contribution of investment (domestic and foreign) to GDP growth has been small, due to limited fiscal space and a weak business environment: between 2015 and 2021, investment contributed 0.1 percentage points to the average GDP growth rate of 1.1 percent. At 0.2 percent of GDP by end-2021, Nigeria has one of the lowest foreign direct investment (FDI) inflows among emerging economies. Between 2016 and 2019, while Africa's share of global FDI inflows grew from 2.2 percent to 3.2 percent, Nigeria's share of FDI inflows to Africa declined from 7.5 percent to 4.9 percent.
4. Low investment in a context of low competitiveness has resulted in a decline of medium-sized and productive firms, critical for economic growth and good jobs. According to the 2019 Global Competitiveness Report, of the 141 countries assessed, Nigeria is ranked 116th, trailing behind South Africa (60th), Rwanda (100th) and Ghana (111th). Low productivity is pervasive across several sectors in the Nigerian economy. Nigeria's manufacturing sector has a lower total factor productivity (TFP) relative to comparator countries: TFP is between two and three times higher in Côte d'Ivoire, Ethiopia, and Ghana, and almost five times higher in Kenya than in Nigeria. Large firms in Nigeria are concentrated in telecommunications, oil production, and the financial sector, and are the most productive, but have not been able to generate productivity spillovers. Nigeria has approximately 41.5 million micro, 71 thousand small and about 1800 medium-sized enterprises. Out of these micro firms, only 2.1 percent are formally registered. Informal firms are only a third as productive as formal firms, yet employ over three times more workers in total, pointing to informality as a potential source of labor misallocation. Between 2013 and 2017, the number of medium-sized firms declined by about 65 percent. Medium-sized firms are essential for diversification: they have the right size to export, start new production lines, and integrate into supply chains of larger firms
5. Given the urgency of reforms to improve the business enabling environment, the government is developing a new program—State Action on Business Enabling Reforms (SABER)— to accelerate the implementation of critical actions that improve the business enabling environment in Nigeria's states and the Federal Capital Territory (FCT). The Government's SABER program will build on the successes of the Presidential Enabling Business Environment Council (PEBEC). It will prioritize critical measures and interventions, with a focus on accelerating targeted business-enabling environment reform actions at the state level. It aims to strengthen the existing PEBEC subnational interventions by adding incentives, namely results-based financing to the states, and the delivery of wholesale technical assistance—available to all states—to support gaps in reform implementation.



6. The proposed SABER Operation will support the most critical state-level business enabling reforms of the Government's SABER program, which in turn is anchored in the National Development Plan (NDP) 2021-2025's Business Environment, Trade and Competitiveness Pillar, which is implemented through PEDEC's federal and PEDEC-National Economic Council (NEC)'s state initiatives. PEDEC's mandate was articulated in the Economic Recovery and Growth Plan (ERGP) 2017-2020 and subsequently retained in the NDP 2021-2025. The proposed USD750 million lending operation (2023-2025) focuses on a subset of the SABER program: the most critical State-level business enabling reforms. It is expected to contribute to four result areas to achieve its objective: (1) Results Area 1: Improved Land Administration and Land Investment Process; (2) Results Area 2: Improved Business-Enabling Infrastructure; (3) Results Area 3: Increased Sustainable Large-Scale Investments; and (4) Results Area 4: Enabling Firm Operations / Regulatory Reforms.. The proposed operation consists of a USD730 million Program-for-Results (the Program) and a USD20 million Investment Project Financing (IPF) component (the Project).

7. The proposed Operation is aligned with the WBG's Nigeria Country Partnership Framework (CPF) for FY21-25. The CPF reflects Nigeria's aspiration for faster, more inclusive, and sustained economic growth in the next decade to help the government in its aspiration to lift 100 million people out of poverty. This Program directly supports the CPF's pillar of "promoting jobs and economic transformation and diversification" and the related complementary priority of furthering business enabling reforms and promoting competitive clusters. It also aims to contribute to the related core objective of the development of digital infrastructure, platforms and skills.

8. The proposed USD20 million IPF Component for technical assistance (the 'Project') has two sub-components: (1) Strengthening State Government Systems and Capacities; and (2) Strengthening Program Coordination and Verification of Results. The first component will be the largest, focusing on providing capacity support to all participating state governments to strengthen their systems and capacities to enable them to achieve the Program results. The IPF Component will be delivered by selected national-level institutions who are critical for supporting state governments to achieve Program results as well as to strengthen state government capacities in a sustainable manner.

a) Technical assistance is expected to be available for all States to strengthen the capabilities of the States in achieving the Program's Disbursement Linked Results through training and learning support. Areas of support have been identified for all disbursement linked indicators (DLIs) of the Program. The focus of the support will be training and learning facilitation on areas directly linked to the achievement of the DLIs of the Program. While the areas of capacity building will be guided by the DLIs, broader business-enabling environment issues can be covered if appropriate. The capacity building activities will be sequenced and those supporting results to be achieved in the first and second year of the program will be delivered first. In the results areas where PEDEC's Enabling Business Environment Secretariat (EBES) has built up expertise, PEDEC-EBES will design and provide resource persons for technical workshops, clinics and train the trainers. The Program Coordination Unit (PCU) will engage a project management firm to support the PCU to implement specific capacity building and learning activities.

b) The technical assistance activities will support Program management and independent verification through the financing of a functioning PCU to be housed in the Home Finance Department (HFD) of the Federal Ministry of Finance, Budget and National Planning (FMFBNP). The PCU will ensure that inputs are well-designed, and that sufficient quality assurance is provided, including on the verification of the results Through the PCU, an external firm will be hired to carry out the role of the independent verification agent (IVA) for the Program. Support will be provided for the HFD as the PCU. This will be achieved through consultants, who will work as specialists within the



PCU, alongside seconded staff from the FMFBNP, on specific areas of Program management: Program supervision, Communications and Outreach, Procurement, Financial Management, and Environmental & Social Risk Management. The abovementioned project management firm will also support PCU functions regarding Program coordination, outreach and communication.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The Nigeria: State Action on Business Enabling Reforms (SABER) Operation will be a three-year Program-for-Results (PforR) Program) with an Investment Project Financing (IPF) component (Project). The PforR is designed to support improving the business enabling environment in participating states. The proposed US\$750 IDA million PforR lending operation is expected to contribute to four result areas to achieve the PDO: (1) Results Area 1: Improved Land Administration and Land Investment Process; (2) Results Area 2: Improved Business-Enabling Infrastructure; (3) Results Area 3: Increased Sustainable Large-Scale Investments; and (4) Results Area 4: Enabling Firm Operations / Regulatory Reforms.

This Environmental and Social Review Summary (ESRS) assesses the risks associated with the IPF component of the operation for the USD20 million IDA Technical Assistance (TA) component.

The proposed TA, designed as an IPF, will provide implementation support and capacity building. The TA activities will support Program management through the financing of a functioning Program Coordination Unit (PCU) to be housed in the Home Finance Department (HFD) of the Federal Ministry of Finance, Budget and National Planning (FMFBNP). The PCU will ensure that inputs are well-designed, and that sufficient quality assurance is provided, including on the verification of the results. TA is expected to be available for all States to strengthen the capabilities of the States in achieving the Program’s Disbursement Linked Results (DLRs) through training and learning support. The key TA activities with environmental and social implication are as follows:

- Technical and legal assessments to support design / or upgrading of land administration system, specifically database and processing of Certificate of Occupancy (CofOs)
- Consultancy for communication and outreach strategy to support uptake of CofO registrations by women and other vulnerable groups
- Peer-learning events across states (virtually, through physical events, etc.)
- Support to states to liaise with operators and track fibre deployment at state level (e.g., request templates, capacity-building for data-gathering offices and teams)
- Template/model regulation /circular with instructions and guidance, and communications (re ROW fee)
- Good practice experiences (including possible templates/model framework documents from ICRC); example documents for PPP legal, regulatory, an including the laying down detailed institutional processes and criteria for identification, screening, preparation, procurement, and contract management processes, functional roles and responsibilities, and templates, toolkits, and standards forms for use at every stage, and templates.
- Workshops/ knowledge sharing programs (e.g. bringing states that have successfully completed one or more PPP elements to share their experience in a specific area)
- Workshops/training programs across States (physical and virtual) on institutional set up of IPAs, including organizational structure, governance, corporate strategy and KPIs



- Workshops/training programs on investor services across States (physical and virtual) – marketing, information, assistance, and advocacy
- Training on designing and implementing aftercare and retention program
- Training on designing and implementing targeted outreach campaigns in priority sectors
- Support capacity building of entities such as SERVICOM and the Public Complaints Commission for effective GRM implementation at state level
- TA for design, deployment, and upkeep of complaints mechanism on interstate trade
- Workshop on market access and export procedure/documentation (train the trainer model)
- Capacity building of the state internal revenue services (SIRSs) in the areas of: (a) assessment, (b) Service Level Agreements, (c) Complaints Processes (add clients for DLI8) and (d) improving tax administration with the customer (Taxpayer) at the center and (e) audit modalities of the turnover tax through NGF IGR HELPDESK
- Framework documents and guides for the practice directions
- Knowledge sharing by states already having implemented special courts
- Templates for court reporting (productivity/clearance rates, etc.)

D. 2. Borrower’s Institutional Capacity

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The PCU, housed at the Home Finance Department (HFD), will be responsible for implementing the IPF component. The PCU is well positioned for this role as it has built its capacity with the State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program, but will still be reinforced. Although it has experience in working with the World Bank in multiple PforRs and safeguard policies, the PCU has limited exposure to Environmental and Social Framework (ESF) implementation.

Overall, the Federal Ministry of Environment (FMEnv) is responsible for setting policy guidelines on environmental issues and ensuring compliance with national environmental standards, while state-level agencies undertake similar responsibilities at the state level. The FMEnv has an Environmental Assessment (EA) department responsible for implementing Nigeria’s Environmental Impact Assessment (EIA) Act No. 86 of 1992. The EA department, in conjunction with State Ministries of Environment, ensures adequate monitoring of environmental performance during project implementation consistent with the national and state requirements, WBG Environmental and Social Framework (ESF), and Good International Industry Practices (GIIP). The PCU will require training to fully comply with the ESF requirement.

Nigeria has experience with PforRs with ESSAs and implementation and preparation of TA (IPF) components through the Power Sector Recovery Operation (PSRO), SFTAS, COVID-19 Action Recovery and Economic Stimulus (CARES), as well as the preparation of the Accelerating Resource Mobilization Reforms (ARMOR). This PforR and TA (IPF) will be built on that experience of safeguards compliance. Although the PCU in FMFBNP has experience in working with the World Bank in multiple PforR and safeguard policies, but the ESSA identified monitoring gaps of environmental sustainability with private sector at the state level. From the stakeholder consultation, it was understood that Federal Government is leading to ensure environmental and social safeguard compliance at the private sector. . The PCU will be strengthened by an environmental and social consultant responsible for social and environmental aspects of the PforR Program and the IPF Component.



The PCU will assign a focal person prior to effectiveness for ensuring environment and social compliance and to meet the capacity gap. An environmental consultant and a social consultant will be hired by the PCU to provide technical support to the PCU for ensuring E&S compliance of the TA component. Both the environmental specialist and the social focal persons and consultants will be maintained throughout the Operation’s implementation period. Both environmental and social consultants will provide regular training to the PCU staff, program/project related state level staff and private sectors stakeholders on the requirements of the proposed ESSA for the PforR and ESF for the IPF to effectively manage environmental and social risks.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Low

Environmental Risk Rating

Low

The environmental risk is rated Low. Technical Assistance (TA) activities will not support or design any kind of physical intervention or civil work. The TA may require some office/IT equipment and vehicles. The decision of goods procurement including limited office equipment, or IT is yet to be confirmed and will require prior World Bank clearance. The TA is expected to be available for all states to strengthen the capabilities of the states in achieving the Program’s DLIs/DLRs through training, template development, and learning support. The TA is expected to bring long term positive environmental impact through the achievement of sustainable DLIs. Any kind of activities triggering negative environmental and social risk/impact will not be supported by this TA. The TA will ensure the template developed for the DLIs include environmentally sustainable criteria, where applicable. The potential risks from the TA are expected to be minimal. The potential risks are: (i) Waste generation from the offices of the implementing agencies, rental of resource inefficient equipment of the IPF component; (ii) Poor working conditions in offices, occupational health and safety (OHS) and travel-related risks; (iii) Health issues due to the lack of COVID-19 Protocols during trainings supported by the project; and (iv) lack of fire safety provision in the building. The Client will prepare an Environmental Social Management Plan (ESMP) that details how the waste including e-wastes and OHS and fire safety related issues will be appropriately managed and guidelines on conducting meetings under COVID-19 constraints.

Social Risk Rating

Low

The proposed social risk is rated as Low given that the anticipated risks and impacts of the IPF activities are minimal and localized due to the types of activities, nature, sensitivity, scale, borrowers capacity and scope of the project. The IPF component will only finance capacity building support to states to strengthen their system and capacity to enable them to deliver the DLIs, strengthen program coordination and engagement of an program management firm and an Independent Verification Agency (IVA). No infrastructural activities will be financed under the IPF components. However, there could be potential risk of unfavorable working conditions; lack of adherence to national labor laws; and exclusion as a result of gender in terms of engagement and employment under the IVA. On the IVA engagement, appropriate E&S performance will be included as part of the activities to be monitored including the IVA code of conduct for its workers. Furthermore, the project will incorporate a system / mechanism to ensure citizens’ involvement / engagement and active involvement of identified stakeholders in the project. This will be jointly

Public Disclosure



organized for the project and Program. To further promote understanding of social accountability and build trust in government systems, the Project will also ensure of a grievance redress mechanism is in place which is incorporated into the Stakeholder Engagement Plan (SEP). Also an ESMP will be developed to include a brief on labour management procedures, including grievance mechanism for workers, and sexual exploitation and abuse/sexual harassment (SEA/SH) prevention and response measures relevant to the project.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The TA component will provide direct support to participating state governments to enable them to achieve the DLIs, provide support through the PCU to strengthen program coordination, engagement of Independent Verification Agency (IVA) to verify program results and address government capacity needs through the engagement of consultants and the program management firm. The activities will not have any physical footprint of civil works. The TA may require provision of some office and IT equipment. The activities under the TA are expected to provide required support for the environmentally sustainable design on the DLIs requirement of each state. It will not generate any adverse direct or indirect environmental risks and impacts. The IPF component will support consultancy and operational support and may procure some IT equipment. However, some of the direct environmental risks include waste generation from the offices and capacity building activities, poor working conditions in offices, OHS and travel-related risks and health issues due to not following COVID-19 protocols during meetings and trainings.

The social risk associated with these activities is low, however, there exist risks related to labor and working conditions, such as unfavorable working conditions; lack of adherence to national labor laws; exclusion as a result of gender in terms of engagement and employment under the IVA and potential lack of inclusion of Environmental and Social consideration in the training programs.

Under the IPF (TA) component, in line with the World Bank’s Environmental and Social Framework (ESF), an Environmental and Social Commitment Plan (ESCP), has been prepared and disclosed prior to appraisal. A draft Stakeholder Engagement Plan (SEP) has been developed and will be finalized, disclosed and adopted prior to appraisal. An Environmental and Social Management Plan (ESMP), which will detail the waste management plan, include labour management procedure, SEA/SH and COVID-19 protocol/guidelines, will be prepared by the Government and will be publicly disclosed by three months of project effectiveness.

ESS10 Stakeholder Engagement and Information Disclosure

Stakeholder engagement is a critical tool for social and environmental risk management and project sustainability. The currently identified stakeholders include PEBEC, Home Finance Department of FMFBNP, Nigeria Governors Forum, State Ministries of Finance/Budget/Planning, Investment Promotion Agencies, State Judiciary, State Ministries of Trade/investment/Commerce/Industry, State Ministries of Land and Urban Planning and State Ministries of



Power/Energy. In consultation with the Bank, the client will prepare and implement an inclusive Stakeholder Engagement Plan (SEP) proportional to the nature and scale of the project and associated risks and impacts. A draft SEP is prepared and will be updated and disclosed by completion of Project appraisal. The client will seek stakeholder feedback and opportunities for proposed future engagement, ensuring that all consultations are inclusive and accessible (both in format and location) and through channels that are suitable in the local context. If major changes are made to the SEP, a revised SEP will be publicly disclosed as soon as possible. The objective is to establish a systematic approach for stakeholder engagement, maintain a constructive relationship with stakeholders, considering stakeholders' views, promote and provide means for effective and inclusive engagement with interested parties throughout the project life cycle, and ensure that appropriate project information is disclosed to stakeholders in a timely, understandable, accessible and appropriate manner. The project will ensure a Grievance Redress Mechanism (GRM) is in place for people to report concerns or complaints, if they feel unfairly treated or are affected by any of the Project's activities.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

The TA activities will support Program management through financing a functioning PCU and capacity building. The TA will include mostly direct (government workers) and contracted (engagement of IVA as a private firm) workers. The number of these workers is expected to be few and the potential labor risks are also likely to be limited. To address labour risk, a simplified labor management procedures relevant to the project, including grievance mechanism for workers will be developed. The Labor Management Plan (LMP) will be a part of the ESMP. A simple OHS plan will be prepared to address potential OHS risks associated with the installation of ICT equipment and their routine operation, if applicable

ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 will be relevant as the TA may require procurement of some office/IT equipment. The decision of goods procurement is still under consideration. If any IT equipment or other goods are procured or rented, the implementing agency will ensure e-waste is managed properly and resource-efficient goods are procured/rented. The guidelines of waste management plan including office wastes, e-wastes, wastes from vehicle maintenance and sustainable procurement will be included in the ESMP. If any TA support is needed for assisting the DLIs, the TA will ensure resource efficiency has been followed as per ESS3 requirements

ESS4 Community Health and Safety

ESS4 will be relevant due to the increased incidents of kidnapping in Nigeria. Security risks will be identified for the IVA staff, project consultants and adequate trainings will be held. A Security Management Protocol (SMP) will be developed, if need be. The life and safety risks of the buildings with public access will be assessed and a Fire Safety Plan will be prepared as a part of the ESMP.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement



The standard is not relevant. Land acquisition, restrictions on land use and involuntary resettlement are not expected because of project activities.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Not relevant.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

This standard is not relevant. There are no Indigenous Peoples/Sub-Saharan African Historically Underserved. Traditional Local Communities in the project area.

ESS8 Cultural Heritage

Not relevant.

ESS9 Financial Intermediaries

Not relevant.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework? No

Areas where “Use of Borrower Framework” is being considered:

N/A

IV. CONTACT POINTS

World Bank

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Public Disclosure



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Borrower/Client/Recipient

Borrower: Federal Ministry of Finance, Budget and National Planning

Implementing Agency(ies)

Implementing Agency: Federal Ministry of Finance, Budget and National Planning

Implementing Agency: Presidential Enabling Business Environment Council (PEBEC)

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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