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Report No: PAD5114

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROGRAM APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 566.7 MILLION
(US$750.0 MILLION EQUIVALENT)

TO THE

FEDERAL REPUBLIC OF NIGERIA

FOR A

STATE ACTION ON BUSINESS ENABLING REFORMS (SABER) PROGRAM

September 8, 2022

Finance, Competitiveness and Innovation Global Practice
Western and Central Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective July 31, 2022)

Currency Unit =	Nigerian Naira
US$1 =	NGN 415.37
US$1 =	SDR 0.75551526

FISCAL YEAR
January 1 - December 31

Regional Vice President:	Ousmane Diagana
Regional Director:	Abebe Adugna Dadi
Country Director:	Shubham Chaudhuri
Practice Manager:	Mehnaz S. Safavian
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ABBREVIATIONS AND ACRONYMS

ADR	Alternative Dispute Resolution
AfCFTA	African Continental Free Trade Area
AM	Accountability Mechanism
APA	Annual Performance Assessment
CAGR	Compound Annual Growth Rate
CARES	COVID-19 Action Recovery and Economic Stimulus
CCB	Climate Co-Benefits
CBN	Central Bank of Nigeria
CBO	Community-Based Organization
CEM	Country Economic Memorandum
CIFOR	Center for International Forestry Research
COF	Commissioner of Finance
CofO	Certificate of Occupancy
CPSD	Country Private Sector Diagnostic
CPF	Country Partnership Framework
CTRA	Commercial Transport Regulatory Agency
DHS	Demographic and Health Surveys
DLI	Disbursement-Linked Indicator
DLR	Disbursement-Linked Result
DFP	Development Finance Project
E&S	Environmental and Social
EBES	Enabling Business Environment Secretariat
EODB	Ease of Doing Business
EIA	Environmental Impact Assessment
EODB	Ease of Doing Business
ERGP	Economic Recovery and Growth Plan
E&S	Environmental and Social
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESMP	Environmental Social Management Plan
ESMS	Environmental and Social Management Systems
ESRM	Environment and Social Risk Management
ESRS	Environmental and Social Review Summary
ESSA	Environmental and Social Systems Assessment
FAAC	Federation Account Allocation Committee
FCCL	Fiscal Commitment and Contingency Liability
FCT	Federal Capital Territory
FDI	Foreign Direct Investment
FGN	Federal Government of Nigeria
FM	Financial Management
FMEnv	Federal Ministry of Environment
FMFBNP	Federal Ministry of Finance, Budget, and National Planning
FRILIA	Framework for Responsible and Inclusive Land-Intensive Agriculture

GBV	Gender-Based Violence
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GIS	Geographic Information System
GPON	Gigabit Passive Optical Network
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
HEIS	Hands-on Enhanced Implementation Support
HFD	Home Finance Department
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion and Results
ICRC	Infrastructure Concession Regulatory Commission
IDA	International Development Association
IFC	International Finance Corporation
IFSA	Integrated Fiduciary Systems Assessment
IPA	Investment Promotion Agency
IPF	Investment Project Financing
ISO	International Organization for Standardization
ISR	Implementation Status and Results
IVA	Independent Verification Agent
KPI	Key Performance Indicator
kWh	Kilowatt Hour
KDSET	Kaduna State Economic Transformation
LAKAJI	Lagos-Kano-Jibiya
LARF	Land Acquisition and Resettlement Framework
LCCI	Lagos Chambers of Commerce and Industry
LPI	Logistics Performance Index
LMIC	Lower Middle-Income Countries
MAN	Manufacturers Association of Nigeria
MDAs	Ministries, Departments and Agencies
MFD	Maximizing Finance for Development
MSMEs	Micro, Small and Medium-sized Enterprises
MSE	Micro and Small Enterprise
MPA	Multiphase Programmatic Approach
MTR	Mid Term Review
MW	Megawatt
N/A	Not applicable
NBP	National Broadband Plan
NBS	National Bureau of Statistics
NCC	Nigerian Communications Commission
NCDC	Nigeria Centre for Disease Control
NCOA	National Chart of Accounts
NDEPS	National Digital Economy Policy and Strategy
NDP	National Development Plan
NDU	Nigeria Development Update

NEC	National Economic Council
NEPC	Nigerian Export Promotion Council
NERC	Nigerian Electricity Regulatory Commission
NESG	Nigerian Economic Summit Group
NGF	Nigeria Governors' Forum
NGN	Nigerian Naira
NIPC	Nigerian Investment Promotion Commission
NOA	National Orientation Agency
NSC	National Steering Committee
OAGF	Office of the Accountant General of the Federation
OAuGF	Office of Auditor General of the Federation
OECD	Organisation for Economic Co-operation and Development
OGS	Open Government System
OHS	Occupational Health and Safety
OSIC	One-Stop Investment Center
PAD	Program Appraisal Document
PAP	Program Action Plan
PASA	Programmatic Advisory Services and Analytics
PFM	Public Financial Management
PCU	Program Coordinating Unit
PDO	Program Development Objective
PEBEC	Presidential Enabling Business Environment Council
PforR	Program-for-Results
PMF	Program Management Firm
PMS	Premium Motor Spirit
PPP	Public-Private Partnership
PPSD	Project Procurement Strategy for Development
PSI	Pioneer Status Incentive
ROW	Rights of Way
SABER	State Action on Business Enabling Reforms
SBIRS	State Board of Internal Revenue Service
SCEP	State Committee for Export Promotion
SEA	Sexual Exploitation and Abuse
SERVICOM	Service Compact with All Nigerians
SEP	Stakeholder Engagement Plan
SERVICOM	Service Compact with All Nigerians
SFTAS	State Fiscal Transparency, Accountability and Sustainability
STEP	Systematic Tracking of Exchanges in Procurement
SH	Sexual Harassment
SIRS	State Internal Revenue Services
SME	Small and Medium-Sized Enterprise
SMEDAN	Small and Medium Enterprises Development Agency of Nigeria
SMP	Security Management Plan
SOE	Statement of Expenditure
SORT	Systematic Operations Risk-rating Tool

SSA	Sub-Saharan Africa
STEP	Systematic Tracking of Exchanges in Procurement
TA	Technical Assistance
TWG	Technical Working Group
TFP	Total Factor Productivity
US$	United States Dollar
VP	Vice President
WBG	World Bank Group
WEF	World Economic Forum
WTO	World Trade Organization

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name		
Nigeria	Nigeria: State Action on Business Enabling Reforms (SABER) Program		
Project ID	Financing Instrument	Does this operation have an IPF component?	Environmental and Social Risk Classification (IPF Component)
P177442	Program-for-Results Financing	Yes	Low

Financing & Implementation Modalities

[ ] Multiphase Programmatic Approach (MPA)	[✓] Fragile State(s)
[ ] Contingent Emergency Response Component (CERC)	[ ] Fragile within a non-fragile Country
[ ] Small State(s)	[ ] Conflict
[ ] Alternate Procurement Arrangements (APA)	[ ] Responding to Natural or Man-made Disaster
[ ] Hands-on Enhanced Implementation Support (HEIS)	

Expected Project Approval Date	Expected Closing Date
29-Sep-2022	31-May-2026

Bank/IFC Collaboration
No

Proposed Program Development Objective(s)

The Program Development Objective (PDO) is to improve (1) the efficiency of land administration, (2) the regulatory framework for private investment in fiber optic infrastructure, (3) services provided by investment promotion agencies and public-private partnership units, and (4) the efficiency and transparency of government-to-business services in participating states.

Organizations

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

Contact:	Mr. Stephen Okon
Title:	Director Home Finance Department
Telephone No:	2348065643949
Email:	Stephenokon117@yahoo.com
Implementing Agency :	Presidential Enabling Business Environment Council (PEBEC)
Contact:	Jumoke Oduwole
Title:	Secretary
Telephone No:	2348166058642
Email:	Jumoke.oduwole@ebes.gov.ng

COST & FINANCING

SUMMARY

Government program Cost	2,047.97
Total Operation Cost	750.00
Total Program Cost	730.00
IPF Component	20.00
Total Financing	750.00
Financing Gap	0.00

Financing (USD Millions)

International Development Association (IDA)	**750.00**
IDA Credit	750.00

IDA Resources (in US$, Millions)

	Credit Amount	Grant Amount	Total Amount
Nigeria	750.00	0.00	750.00
National PBA	750.00	0.00	750.00
Total	**750.00**	**0.00**	**750.00**

Expected Disbursements (USD Millions)

Fiscal Year	2023	2024	2025	2026
Absolute	47.00	156.00	279.00	268.00
Cumulative	47.00	203.00	482.00	750.00

INSTITUTIONAL DATA

Practice Area (Lead)

Finance, Competitiveness and Innovation

Contributing Practice Areas

Digital Development, Governance, Macroeconomics, Trade and Investment, Urban, Resilience and Land

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	Substantial
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Substantial
4. Technical Design of Project or Program	Substantial
5. Institutional Capacity for Implementation and Sustainability	High
6. Fiduciary	Substantial
7. Environment and Social	Moderate
8. Stakeholders	Moderate
9. Other	
10. Overall	Substantial

COMPLIANCE

Policy

Does the program depart from the CPF in content or in other significant respects?

[ ] Yes [✓] No

Does the program require any waivers of Bank policies?

[ ] Yes [✓] No

Legal Operational Policies

	Triggered
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank's due diligence assessment of the Project's potential environmental and social risks and impacts, please refer to the Project's Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description
Schedule 2, Section I.A.1., 1.1(a) The Recipient shall, no later than three (3) months after the Effective Date, establish and thereafter maintain throughout the implementation of the Operation, a National Steering Committee ("NSC") with functions, composition and resources satisfactory to the Association as detailed in the Operations Manual.

Sections and Description
Schedule 2, Section I.A.1, 1.2(a) The Recipient shall establish and thereafter maintain throughout the implementation of the Operation a Program Coordination Unit at the federal level ("PCU") within the FMFBNP, with functions, composition, staffing, and resources satisfactory to the Association.

Sections and Description
Schedule 2, Section I.D.2(a)(i) The Recipient shall engage an independent verification agency or independent verification agencies, as the case may be, under terms of reference(s) satisfactory to the Association ("Independent Verification Agent(s)" or "IVA(s)"), to be responsible for preparing and providing verifications reports in accordance with the Verification Protocol, certifying the achievement of those DLI/DLRs, other than the Prior Results, indicated to be verified by such independent verification agency or agencies in the Verification Protocol.

Sections and Description
Schedule 2, Section I.D.3(a) The Recipient shall ensure that each Participating State shall not be eligible for receiving financing under the Program in a given Fiscal Year unless and until the Recipient has furnished evidence satisfactory to the Association that the Participating State has complied with the annual Eligibility Criteria for that Fiscal Year as set out in the table in the Annex to Schedule 2 of the Financing Agreement.

Sections and Description
Schedule 2, Section V.1. No later than ninety (90) days after the Effective Date, the Recipient shall engage an environmental and social (E&S) specialist to provide technical support to the PCU for ensuring implementation of the Program Action Plan under the Program and compliance with the ESCP and ESS under the Project, on terms and conditions, and with terms of reference, satisfactory to the Association.

Sections and Description
Schedule 2, Section IA 2 2.1: (a) The Recipient shall cause each Participating State to establish and thereafter

maintain throughout the implementation of the Operation a State Steering Council (each, a “SSC”) with functions, composition and resources satisfactory to the Association.

Conditions

Type	Financing source	Description
Effectiveness	IBRD/IDA	i. The Recipient has established the PCU and appointed or hired the PCU staff, other than the environmental and social specialist, in accordance with the provisions of Section I.A.1, paragraph 1.2 of Schedule 2 to the Financing Agreement. ii. The Recipient has adopted the Operations Manual in accordance with the provisions of Section I.B of Schedule 2 to the Financing Agreement. iii. The Recipient through FMFBNP has either engaged an IVA firm or appointed responsible PCU personnel for purposes of verifying the Prior Results.

Type	Financing source	Description
Disbursement	IBRD/IDA	i. Schedule 2, Section IV.B.1(b) Notwithstanding the provisions of Schedule 2, Section IV.A of the Financing Agreement, no withdrawal shall be made for any DLR, until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved. ii. Schedule 2, Section IV.B.1(c) Notwithstanding the provisions of Schedule 2, Section IV.A of the Financing Agreement, no withdrawal shall be made for any payment to any Participating State, until and unless such Participating State has: (i) in respect of DLRs achieved during any Fiscal Year, the Recipient, acting through the PCU, has provided evidence satisfactory to the Association that such Participating State has met the Eligibility Criteria for such Fiscal Year in accordance with Annex 2 to Schedule 2 to of the Financing Agreement; and (ii) entered into a Subsidiary Agreement with the Recipient, in accordance with Section I.C of Schedule 2 to the Financing Agreement.

I. STRATEGIC CONTEXT

A. Country Context

1. **Nigeria is the most populous country and the largest economy of Sub-Saharan Africa (SSA)**. With over 200 million people and an estimated Gross Domestic Product (GDP) of US$421 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 WBG's mission of eliminating poverty globally.

2. **Nigeria's development progress has stagnated since 2015.** Between 2001 and 2014 Nigeria was a rising growth star in West Africa, with an average growth rate of 7 percent per year, and among the top 15 fastest growing economies in the world. The rising tide stopped since 2015 due to: (1) a decline in oil prices; (2) increased insecurity; (3) a reversal of macroeconomic reforms and heightened unpredictability of economic policies; and (4) more recently, the adverse effects of the COVID-19 pandemic. As a result, growth reduced to a 1.1 percent average between 2015 and 2021. The subdued economic growth, coupled with a rapid increase in population at 2.6 percent per year, one of the highest in the region, widened the gap in real GDP per capita between Nigeria and its peers.[1]

3. **In 2021-2022, the economy recovered from the recession induced by the COVID-19 pandemic and lower oil prices and real GDP growth exceeded population growth for the first time since 2015, but welfare has continued to deteriorate.** Following the contraction of 1.8 percent in 2020, the Nigerian economy grew by 3.6 percent in 2021 and it is projected to grow by 3.2 percent in 2022. However, the recovery seen in 2021 is not enough to cover the per capita income losses of the last 6 years. By the end of 2022, a Nigerian is projected to have the same level of income per capita as in 2011 and it will take about a decade to return to the same level of GDP per capita seen in 2014. Moreover, high inflation since 2020 has pushed an estimate of 12 million Nigerians into poverty.[2]

4. **For the first time in Nigeria's history, rising oil prices are worsening Nigeria's net fiscal position.** Nigeria's fiscal position has typically improved during episodes of high oil prices thanks to higher oil revenues transferred to the Federation. However, since 2021, the increase in oil revenues has been outweighed by the increase in Nigeria's petrol (Premium Motor Spirit, PMS) subsidy. The cost of the petrol subsidy is enormous and volatile. Moreover, crude oil output declined by 8.3 percent in 2021 and reached a three-decade low because of enduring technical and security challenges as well as ageing infrastructure.

5. **The outlook for Nigeria's growth is uncertain and dependent on external factors and the government's 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. The projected recovery is threatened by: (1) the impact of the 2022 Russian invasion of Ukraine on the global economy through lower capital flows, heightened uncertainty, higher prices of imported food and inputs for fertilizers, lower global growth, and volatile oil prices; (2) lower-than-expected oil production due to technical inefficiencies; (3) increased insecurity; (4) higher uncertainty on policy direction arising from the upcoming February 2023 general elections; and (5) worsening fiscal risks related to the PMS subsidy deductions. Even in the most

[1] World Bank. 2022. Nigeria Country Economic Memorandum (CEM).
[2] World Bank. 2022. The Continuing Urgency of Business Unusual. Nigeria Development Update (NDU).

favorable global context, the policy response of Nigeria's authorities will be crucial for a robust recovery. The authorities can boost growth by: (1) adopting a more flexible and transparent foreign exchange management regime; (2) accelerating revenue-based fiscal consolidation; (3) strengthening expenditure and debt management; and (4) improving the business enabling environment.

6. **Nigeria's vulnerability to climate shocks has increased due to a combination of political, geographic, and social factors and, specifically, the recent spike in insecurity in the country**.[3] These shocks, manifesting in the form of natural hazards, floods, storms, and ocean surges impact the economy and by extension, peoples' livelihoods. The country's exposure to climate risks varies by regions and states. States in the Niger Delta Region and those along the coastal areas face considerable risks from storm surges along the entire coast, inland flooding, and wildfires. In the northern part of Nigeria, where aridity and a changing climate are causing significant disruption, extreme land degradation generates desertification and severe cases of drought. Climate change trends in Nigeria are expected to increase the risk and intensity of flooding through increased frequency and intensity of rain while states in the central and eastern part are expected to experience increased aridity and drought. These climate-related risks can have severe implications on livelihoods and result in increased food insecurity, famine, population displacement, conflicts, and biodiversity loss. Climate inaction could cost Nigeria between 6-30 percent of GDP by 2050, equivalent to a loss of US$100-460 billion.[4]

B. Sectoral and Institutional Context

7. **Catalyzing private investment is needed to boost growth and create jobs; however, Nigeria's ability to attract domestic and foreign investment is low compared to its peers**. 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. FDI to Nigeria was 0.6 percent of GDP on average between 2016 and 2019, compared to 1.8 percent for SSA and 3.3 percent for lower-middle-income countries.[5]

8. **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.** Low productivity is pervasive across several sectors in the Nigerian economy.[6] 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, 71,000 small, and 1,800 medium-sized enterprises. Out of these micro firms, only 2.1 percent are formally registered.[7] 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

[3] Insecurity is also an important aspect affecting Nigeria's business-enabling environment; it falls outside the scope of the areas being supported by the SABER Program.
[4] World Bank. 2021. Climate Risk Profile: Nigeria. The World Bank Group; World Bank Group. 2020. Country Partnership Framework (CPF) for the Federal Republic of Nigeria for the Period FY21-FY25. World Bank, Washington, D.C.
[5] World Development Indicators 2020. Washington, D.C.: The World Bank, based on UNCTAD and IMF data.
[6] IFC. 2020. Country Private Sector Diagnostic (CPSD): Creating Markets in Nigeria: Crowding in the Private Sector. Washington, D.C.: World Bank Group; World Bank. 2022. Nigeria CEM.
[7] Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and National Bureau of Statistics (NBS) 2017.

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.[8]

9. **Private sector investment's contribution to growth has declined due to macroeconomic and financial policies, largely in the purview of the Federal Government, that constrain exports and investment.** Nigeria's exchange rate management policies continue to discourage investment. Limited interventions in the Importers' and Exporters' Foreign Exchange window and restrictions on access to foreign exchange for 45 items adversely affect investor confidence. Foreign exchange restrictions, import bans, and closed land borders reduce export competitiveness and hinder competition.[9] Commercial banks are reluctant to lend to micro, small and medium-sized enterprises (MSMEs) at affordable rates as a result of, amongst others, the market distortions resulting from the Central Bank of Nigeria (CBN)'s subsidized development finance initiatives.[10] These macroeconomic and financial sector policies are within the purview of the Federal Government of Nigeria (FGN) and the CBN.

10. **Lack of reliable power supply is another deterrent to private sector development in Nigeria, with annual economic losses due to unreliable power amounting to an estimated US$30 billion.** In the absence of reliable power, 30 percent of SMEs and 26 percent of households are estimated to self-generate power with expensive gasoline generators, which combined have a net capacity eight times more than the national grid.[11]

11. **Nigeria's 36 states and the Federal Capital Territory (FCT) do have the ability to do their part to catalyze private investment but have varied significantly in their efforts and ability to do so.** Total factor productivity (TFP) in the northern states (except Kano and Kaduna) is about one-third of TFP in the southern states.[12] A few states, such as Lagos, Kaduna, Kano, and Ogun, have made significant efforts to improve their business-enabling environment over the last 5 years, as reported by the Presidential Enabling Business Environment Council (PEBEC)'s ease of doing business and cost of compliance reports. These states rank as the top ten destinations of capital investment inflows, according to the National Bureau of Statistics (NBS). Between 2017 and 2021 (Q2), Lagos State alone received 82.1 percent of the foreign capital inflows to Nigeria. By contrast, in 2020, about 26 states failed to attract foreign capital altogether.

12. **Several critical business-enabling policy actions lie within the domain of the states.** While ongoing security concerns and unfinished reforms of FGN and CBN policies will discourage some types of investment (such as efficiency-seeking FDI), other types of investment (such as domestic investment, and some market-seeking FDI) are expected to be positively affected if several aspects of the business-enabling environment for firm operations are made more attractive by the states. States have a lot of room to improve, as most have not caught up with the business-enabling reform momentum witnessed in the reforming states. Beyond the security, macro-financial, and power constraints, several other constraints to a conducive business-enabling environment fall at least partly within the purview of the states and are related to: (1) ambiguous and inconsistent land administration affecting land-based investments; (2) fiber optic infrastructure deficiencies; (3) weak public-private partnership (PPP) and investment policy frameworks; and (4) complex and uncertain business regulations related to firm operations, interstate and external trade, paying taxes, and contractual

[8] World Bank. 2022. Nigeria CEM.
[9] World Bank. 2021. Resilience through Reforms. NDU. Washington, D.C.: World Bank Group.
[10] IFC. CPSD. 2020.
[11] World Bank. 2022. Nigeria CEM.
[12] IFC. 2020. CPSD.

enforcement. These four constraints are discussed one by one below, with a focus on the areas that are in the purview of the states.

Land Administration and Land-Based Investment Process

13. **Across Nigeria, the private sector faces significant hurdles in identifying land for investment, with uncertainty around ownership, and conflicts ensuing even before investments begin.** Registered lands comprise an estimated 3 percent of Nigeria's landmass and are located primarily in urban areas. Data on land use, coverage and ownership is limited, and where it does exist, it is largely paper-based and inaccessible. A complex registration process contributes to most transactions taking place in the informal market. Except for in the South East, it takes on average between one and three months to obtain a Certificate of Occupancy (CofO) in Nigeria. An estimated 70 percent of transactions take place in the informal market. Lack of data affects states' ability to implement basic social and economic planning, discourages investment and limits the collection of property tax. Without land information systems and the data contained therein, investors and the state are also unable to determine the best-suited locations for investment.[13]

14. **Ambiguous and inconsistent land administration impacts sustainable land-based investments.** The existing laws and regulations, including the 1978 Land Use Act, have several shortcomings.[14] Regulations to guide states and ensure consistency in implementation have not been enacted. Customary practices coexist with statutory land laws, which results in conflicting land administration frameworks. As a result, there are several challenges and risks in the operationalization of current laws and processes, which can impact land-based private investment. These include: (1) documentation and spatial information concerning existing rights are weak, especially in rural areas; (2) land allocation decisions based on the principle that the government owns all land sometimes fails to take into account the legal and constitutional recognition of customary uses of rural communities; (3) the legal status of common areas is uncertain, despite the fact that such areas are critical for livelihoods of rural communities; (4) compulsory acquisition processes and compensation standards are at times not consistent with best practice; (5) excessive reliance on compulsory acquisition to assemble land for private investment may limit the potential involvement of local communities as genuine partners in an investment; (6) benefit arrangements may be vaguely defined and constrained by weak community capacity to negotiate; (7) weak capacity in the state government to conduct land acquisition and reallocation efficiently and fairly; and (8) government identification of land for large-scale investment is not always based on robust environmental and social impact assessment.[15]

15. **Some states have piloted innovative approaches that conform with international standards and good practices for responsible and inclusive land-based investments.** Jigawa State adopted the Land Acquisition and Resettlement Framework (LARF) in April 2018. LARF was a substantial step towards ensuring responsible investments by emphasizing the state acquisition of land with full compensation and resettlement requirements. It, however, left room for improvement, particularly related to the absence of inclusive investment provisions. Subsequently, Kaduna State, with World Bank support, adopted the Framework for

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[13] IFC. 2020. CPSD; World Bank. 2013. Nigeria Land Governance Assessment Framework; World Bank. 2019. Review of Land Acquisition Policies and Practice in Selected States; PEBEC. 2021. Ease of Doing Business Subnational Baseline Survey; Butler, S. 2012. Nigerian Land Markets and the Land Use Law of 1978; GEMS3 Land Strategy (October 2015–June 2017).

[14] World Bank. 2013. Nigeria Land Governance Assessment Framework.

[15] World Bank. 2017. Nigeria: Kaduna State Economic Transformation (KDSET) Program-for-Results. Washington, D.C.: World Bank Group; World Bank. 2017. Framework for Responsible and Inclusive Land Intensive Agricultural Investments in Kaduna State.

Responsible and Inclusive Land-Intensive Agriculture (FRILIA) with the objective to attract investments in agriculture that are inclusive and that ensure shared benefits among investors and the communities living in and around the site of an investment. Such innovative approaches can be replicated in other states.[16]

16. **Customary norms, lack of available information, and costly property registration frameworks have resulted in a large gender gap in statutory rights of occupancy, with only 10.7 percent of women having rights to a dwelling either alone or jointly in 2018, four times less than men**.[17] In agriculture, women without land have limited control over farming practices and input supply systems, which affects their productivity and income generating capacities. In such customary systems, access to land is determined by male relatives and customary laws, disadvantaging women. In cases of involuntary resettlements, women are more susceptible to disproportionate displacement impacts because compensation is often paid to the head of the household, which culturally are often men, even if the impacted assets are actively used by women.

17. **Increase in private investment can have implications on climate vulnerability, particularly for land-based investments, depending on the accompanying land-use activities.** If private investment results in burning, decomposition of waste forest matter, soil degradation in cleared land, rice fields, and use of fertilizers and chemicals in agricultural land, these activities can generate externalities thereby counteracting the full realization of the expected development impacts of increased investment in a state. [18] These risks will be minimized if states attract foreign and domestic firms with stronger environmental management standards and performance. Increased energy demand resulting from increased investment can also have implication on the country's climate vulnerability status. While clean energy sources can potentially reduce the country's vulnerability, burning fossil fuels to produce electricity can compound the situation.[19]

Business-Enabling Infrastructure

18. **Inadequate business-enabling infrastructure is a major bane on the private sector, and on overall economic development in Nigeria.** Nigeria's infrastructure deficit affects all sectors (e.g., power, transport, water and sanitation, ICT infrastructure) and would require US$3 trillion investment over the next 30 years, according to the National Integrated Infrastructure Master Plan. While this creates opportunities for productive partnerships with the private sector, the capabilities of federal and state governments to harness private sector resources to respond to these challenges are weak.

19. **Fast, reliable, and accessible broadband is critical for the growth of Nigeria's digital economy, but Nigeria's broadband infrastructure is underdeveloped.** Broadband access enables traditional firms to use digital technologies to improve their productivity, expand service delivery, and drive inclusion. It also enables new ventures that have digital technologies at the core of their business model. Only about 23 percent of Nigerians use broadband services, and companies commonly cite lack of reliable broadband access as a key constraint to growth and innovation. Indeed, a 10 percent increase in mobile broadband penetration is

[16] IFC. 2020. CPSD; World Bank. 2017. Nigeria: KDSET Program-for-Results.
[17] Demographic and Health Surveys, World Bank Gender Data Portal. https://genderdata.worldbank.org/countries/nigeria/
[18] Casson, A., Muliastra Y., Obidzinski, K. 2015. Land-based Investment and Green Development in Indonesia: Lessons from Berau District, East Kalimantan. Center for International Forestry Research (CIFOR).
[19] Elum, Z.A. and Momodu, A.S. 2017. Climate Change Mitigation and Renewable Energy for Sustainable Development in Nigeria: A Discourse Approach. Renewable and Sustainable Energy Reviews, Volume 76.

associated with up to 2.5 percent of additional GDP growth in Africa.[20] Recognizing the importance of broadband access, Nigeria published the National Digital Economy Policy and Strategy (NDEPS) 2020-2030 and the National Broadband Plan (NBP) 2020-2025. Nigeria currently needs roughly between 120,000 to 167,000 km of fiber infrastructure in addition to its current 55,000 km to reach the NBP targets by 2025. Despite recent growth in fiber installations, national fixed-line infrastructure remains underdeveloped. Nigeria has large amounts of bandwidth being delivered to landing stations; however, only a small fraction of international bandwidth arriving at the Lagos landing port is currently being distributed within the country. Where broadband service is available, it is often costly: The average cost of fixed broadband is US$80 per month, making internet access unaffordable to most households. As a result, at the end of 2018, Nigeria's household penetration rate for fixed broadband was 0.04 percent, which is below the African regional average of 0.6 percent and the world average of 13.6 percent.[21]

20. **Excessive rights of way (ROW) fees and opaque processes for obtaining ROW at the state level hamper investments in the sector.** Only 10 states reported applying aggregate fees of at most NGN145 per meter for ROW and related fees such as reinstatement.[22] Relatedly, it has been reported by private operators that some states have restructured the reduced ROW fees into new administrative or reinstatement fees. In terms of transparency of processes for obtaining ROW, only Lagos has a website outlining fees, processes, and contact information of the state ministries, departments, and agencies (MDAs) for obtaining approval to lay fiber. Reducing aggregate fees charged for fiber deployment would significantly lower unit deployment costs and therefore increase deployment: If aggregate per-meter fees charged by all states and FCT were to be reduced to the targeted level, the cost of dark fiber deployment to reach NBP targets would decline from US$3.4 billion to US$1 billion as the ROW portion of the cost would drop from US$2.5 billion to US$150 million. In addition, processes, and fees to obtain ROW are often not standardized and opaque, resulting in uncertainty for operators seeking to deploy fiber.

Public-Private Partnership (PPP) Framework and Investment Policy

21. **The scope for PPPs to address the infrastructure investment gap is significant; however, Nigeria has an inadequate PPP framework and does not use PPPs as extensively as some of its SSA peers.[23]** Nigeria's National Development Plan (NDP) 2021-2025 requires an estimated investment commitment of about NGN348.1 trillion, of which 85.7 percent is expected to come from the private sector. The government has identified PPPs as a key financing option to be deployed more systematically for financing its NDP. PPPs involve complex processes on several fronts and require a well-designed PPP framework. The federal PPP program

[20] World Bank Group. 2019. Nigeria Digital Economy Diagnostic Report. Washington, D.C.: World Bank; World Bank Group. 2021. Digital Entrepreneurship in Nigeria. Washington, DC: World Bank; Edquist, H., P. Goodridge, J. Haskel, X. Li, and E. Lindquist. 2018. 'How important are mobile broadband networks for the global economic development?' Information Economics and Policy 45, pp. 16-29; ITU. 2020. How broadband, digitization and ICT Regulation impact the global economy. Global Econometric Modelling. Expert Report.

[21] GSM Association. 2021. Connected Society: The State of Mobile Internet Connectivity 2021. London, UK: GSMA Intelligence. https://www.gsma.com/r/wp-content/uploads/2021/09/The-State-of-Mobile-Internet-Connectivity-Report-2021.pdf.

[22] Anambra, Bayelsa, Delta, Ebonyi, Edo, Ekiti, Enugu, Gombe, Imo, and Kebbi. 23 states including the FCT responded to this data request during July-August 2022 as part of Program preparation.

[23] Nigeria had US$108 million in private participation in infrastructure (PPI) in 2021. Other countries in SSA with PPI transactions in 2021 included Angola (US$190 million), Burkina Faso (US$112 million), Chad (US$71 million), Côte d'Ivoire (US$701 million), Gabon (US$209 million), Ghana, Kenya (US$98 million), Madagascar, Malawi, Mali (US$56 million), Uganda (US$230 million), South Africa (US$826 million) and Zambia (US$336 million). World Bank. 2021. PPI. 2021 Annual Report. Washington, D.C.: World Bank.

lacks some of the key features of successful PPP programs elsewhere, including a robust legal and institutional framework that regulates the development and management of PPPs from upstream to downstream, anchors PPP processes in the overall public investment management framework, and provides for clear institutional roles and responsibilities, and strong risk management throughout the project life cycle.

22. **Many Nigerian states including FCT have recognized PPPs as a financing option for their infrastructure stock demonstrated by the passage of PPP laws across 20 states including the FCT**. However, several of the legal frameworks require strengthening and institutionalization. Moreover, PPPs require the institutional capacity and the quality of regulations and governance, as well as the adoption of a holistic approach to infrastructure development.[24] Across most states, this approach is lacking. PPPs have been developed on an ad-hoc basis based on the state's political commitment to a specific PPP project. Currently, only a few states have put in place a robust legal and institutional framework and well-defined roles and mandates that allow PPPs to be developed and ensure a clear process for PPPs.

23. **Investment promotion agencies (IPAs) can help Nigeria achieve its FDI growth target and increase large-scale domestic investments.** The NDP 2021-2025 sets a target of increasing FDI by over 230 percent to US$5 billion in the next 3 years. To be able to attract, retain and expand FDI, countries need to make targeted and proactive efforts to improve their policy, regulatory and institutional frameworks. IPAs can play a pivotal role in helping countries attract and realize the development benefits of FDI. Well-performing IPAs have, amongst others, a strong mandate, clear governance structure, and adequate funding, institutional partnerships, internal systems, monitoring and evaluation metrics and human resources.[25] The Nigerian Investment Promotion Commission (NIPC) plays a central role in investment promotion at the federal level, although there remain areas that can be further improved (e.g., mandate and scope of activities, subnational coordination, investor targeting, investor information and assistance services).

24. **With investors increasingly evaluating locations at the subnational level (city, province, state), having adequate investment promotion frameworks in Nigeria's states has become critical**. Subnational IPAs can help generate FDI inflows and large-scale domestic investments at the local level. This impact is more pronounced in less-developed jurisdictions, likely pointing to the role of subnational IPAs in helping investors address information gaps, inadequate transparency, and weaker institutional conditions. Compared to national IPAs, subnational IPAs require deeper knowledge of the local business environment and its value proposition to investors, and stronger ties to local agencies involved in the day-to-day operational needs and issues facing investors.

25. **Although about 14 states now have an IPA responsible for designing and implementing strategies to attract, retain and service investors in the state, only a few of these are adequately resourced and have demonstrated the capacity to be able to attract investment**. Other states either lack an IPA or have an IPA with insufficient mandate. About nine state IPAs have functional websites providing information relevant for investors. The performance of existing state IPAs is impeded by lack of a corporate plan or strategy, dedicated

[24] Moszoro, Marian & Ruiz Nunez, Fernanda & Schwartz, Jordan & Araya, Gonzalo. 2017. Institutional and political determinants of private participation in infrastructure; Hammami, Mona; Ruhashyankiko, Jean-Francois, & Etienne B. Yehoue. 2006. Determinants of Public-Private Partnerships in Infrastructure. IMF Working Paper, WP/06/99; Moszoro, M. 2014. Efficient Public-Private Capital Structures. Annals of Public and Cooperative Economics, 85: 103-126.

[25] Charlton, A., and N. Davis. 2007. Does Investment Promotion Work? BE Journal of Economic Analysis & Policy 7 (1); Harding, T., and B. S. Javorcik. 2011. Roll Out the Red Carpet and They Will Come: Investment Promotion and FDI Inflows. Economic Journal 121 (557): 1445–76.

staff and financial resources, internal organizational tools (such as investment tracking and information systems) and clearly articulated performance indicators.[18] In addition, poor service delivery to investors by the state IPAs has translated into sub-optimal investment attraction and, in some cases, even an increasing risk of loss of existing investment. According to PEBEC's subnational ease of doing business survey, about 72 percent of businesses do not know about the existence of any IPA within their states. Close to 60 percent of firms do not know of any state website that publishes information on doing business in their respective state. Across states, there is substantial variation in the way IPAs are organized, perceived by investors, and achieving investments.

26. **There is limited transparency on, and access to, updated information on investment incentives available to investors in each state.** Although the use of investment incentives is widespread across countries, they play a limited role in investor-decision making. They are known to be effective under specific conditions, specifically, when the overall policy environment and investment climate is conducive.[26] Where countries grant investment incentives, it is important to ensure cost-effectiveness of the incentives granted, and transparency on their availability and administration. In Nigeria, incentives are offered at the federal and state levels. The NIPC, in collaboration with the Federal Inland Revenue Service, published the Compendium on Investment Incentives in 2017. While dated, this compendium provides an overview of some of the main incentives available to investors, mainly at the federal level. States do not publish similar standardized, updated information either on the available incentives, nor the number of recipients of incentives. States are also not mandated to regularly publish such information on investment incentives. Ensuring easier access to this information is key for investors to benefit from the business environment, and for state governments to reduce inefficiencies.

Business-Enabling Regulatory Environment

27. **The regulatory environment to conduct business operations in, and across, most states remains costly, complex, and opaque.** Aspects of the business regulatory environment affecting firm operations such as tax administration, fees and levies for inter-state trade, exporter certification, and courts and the resolution of commercial disputes, impose significant compliance costs on businesses. The lack of transparency and unpredictability in many of these services also deter private sector trust in the government. Where regulations are restrictive and procedural requirements too time-consuming or costly, entrepreneurs are less likely to formally start and operate businesses and abide by legal requirements, and small businesses are disproportionately affected.

28. **The lack of transparency and unpredictability in government-to-business services impacts private sector trust in the government, which in turn can deter investment.**[27] Access to information to state and local government official fees, requirements and timelines needed for obtaining a service from government, as well as information on upcoming changes would enhance the ability of businesses to plan for the impact of policy changes. In June 2022, 31 states, including FCT, had official state websites, but most lack relevant information on operating a business in their state. Half of the existing 31 state websites do not have contact details (e.g., emails or telephone numbers) that a potential or existing investor could use to gather more information,

[26] James, S. 2009. Tax and Non-Tax Incentives and Investments: Evidence and Policy Implications. World Bank, Washington, DC.
[27] Malesky, E.; McCulloch, N.; Nhat, N.D. 2015. The impact of governance and transparency on firm investment in Vietnam. The economics of transition, 2015-10, Vol.23 (4), p.677-715.

report issues, or provide feedback.[28] According to the PEBEC ease of doing business survey 2021**,** almost three in five businesses are not aware of the existence of any state website that collates relevant information on operating a business in their state. Businesses in the survey wanted to see more transparency in application processes. In most states, there is also inadequate implementation of a grievance redress mechanism (GRM) for complaints. As a result, investors can be misled on the appropriate requirements, fees, or procedures without access to recourse and, as a result, without consequence.

29. **The movement of goods between states is hampered by high inter-state transportation costs and multiple checkpoints, underpinned by non-transparent fees and levies, and aggravated by insecurity.** According to the PEBEC ease of doing business survey 2021, on average, businesses spend about 9 percent of their revenues on transportation costs and these costs can be as high as 40-70 percent in Lagos, FCT, Bauchi, Abia and Cross River. In Nigeria, interstate haulage fees vary from state to state and can be high, thereby reducing the incentive to move goods across states and abroad. In the absence of a uniform and transparent schedule of levies and fees, such measures make state borders increasingly thick.

30. **The benefits of the African Continental Free Trade Area (AfCFTA) are limited by three trade barriers that affect export competitiveness in Nigeria.** First, the applied tariff rate is twice that of its continental peers. The effective tax burden is higher on intermediate goods than on consumer goods, thereby increasing the likelihood of an anti-export bias. A Nigerian firm pays on average 13.7 percent more for the commodities it uses in its production than it would pay in the absence of import tariffs. Second, Nigeria ranks low among key trade facilitation indicators measured by the OECD.[29] Further, Nigeria's rank in the Logistics Performance Index (LPI) has significantly deteriorated from 92nd in 2016 to 147th (out of 160) in 2018, lagging behind most of its peers, except for Angola (160th). Third, the current import restrictions (import bans, foreign exchange restrictions, and border closures) result in high production costs, loss of revenue from smuggling and illegal exports, and higher prices for consumers. In addition, replacing long-standing import bans with tariffs (equal to the tariffs applied to similar products) could lift an estimated 3.3 million Nigerians out of poverty.[30]

31. **While these trade barriers require federal policy reforms, states and FCT can support exporters by having functioning state export promotion agencies that connect firms with international markets**. There is evidence that export promotion agencies contribute positively to increasing exports, through the intensive or extensive trade margin. That is, increasing export volume and value, and diversification in terms of destinations and markets.[31] In the case of Nigeria, export promotion activities at the state level can help firms overcome some of the trade barriers they face in foreign markets and remove information asymmetries. This is particularly important for SMEs and new firms entering exports.[32]

[28] Lagos state was the only state that had website links to all their state MDAs on the official government website. PEBEC. 2021. Ease of Doing Business Subnational Baseline Survey.

[29] Nigeria ranks lowest in external and internal border agency cooperation at 0.455 on a scale of zero (worst) to 2 (best), followed by advance rulings (0.571), automation (0.615), documents (0.625), and governance and impartiality (0.667).

[30] World Bank. 2022. Nigeria CEM.

[31] Cruz, M., Lederman, D. and Zoratto, L., 2018. The anatomy and the impact of export promotion agencies. In *Research Handbook on Economic Diplomacy*. Edward Elgar Publishing.

[32] Marcio Cruz. Do export promotion agencies promote new exporters? World Bank Policy Research Working Paper, n. 7004, 2014. Volpe Martincus, Christian & Carballo, Jerónimo, 2008. "Is export promotion effective in developing countries? Firm-level evidence on the intensive and the extensive margins of exports", Journal of International Economics, 76(1): 89-106.

32. **The regimes of presumptive taxation for micro and small businesses in several states are complex and difficult to comply with, multiple layers of taxation cause additional challenges to firms, and most payment systems do not use modern technological solutions and are inefficient.** In several states[33] the presumptive tax regimes are very complex with a large number of business categories, and different rates for micro, small, and medium-sized firms within each category. For example, in Kaduna there are 40 businesses specified along with fixed rates for each, resulting in 120 different rates. There are several policy and implementation issues that arise, such as: unclear basis of definition of micro, small, or medium-sized firms; unclear basis of determination of fixed or lumpsum rates; businesses pay the same fixed fee, even in bad years; the fixed rates are regressive; and several business categories overlap leading to discretion that could encourage rent-seeking behavior. For state revenue, these rates are fixed and not indexed to inflation, which means in real terms the tax value is declining over time as in Nigeria inflation is high, averaging between 16-18 percent.

33. **In addition, in some instances, there is no clear delineation of taxes between agencies, especially at the state and local level, and the rationale for the taxation fee or levy is not always clear.** Businesses are often in a position of having paid one state agency and essentially the same taxes being followed up by another collecting agency. The State Revenue Laws developed to meet the disbursement linked indicator (DLI 4.1) of the State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program-for-Results (P162009) provided that all state revenue sources along with their rates be approved by the State House of Assembly along with the sources and rates applicable for the local authorities of the state. In many, but not all cases, states put in provisions for the state authorities to collect on behalf of the local authorities some of their revenues such as tenement rates and some larger market rates.[34]

34. **In terms of compliance, taxpayers face continued difficulties**. In several states, even after payments are made to government, receipts are often required to be resubmitted to the agencies before further action is taken. By rationalizing and streamlining the tax compliance process, payments could be made easier and clearer for businesses avoiding repeated interaction with the collection bodies. This would increase compliance and reduce time spent on paying taxes.

35. **The contractual environment and enforcement through courts is weak, dampening business and investor confidence.** According to the 2021 PEBEC ease of doing business Subnational Survey, only 8 percent of surveyed SMEs had utilized the judicial system to enforce a breach of law, and when they do, businesses spent an average of 6.3 percent of their revenue on court costs. The low utilization of courts may be attributed to the relative high costs and complexity of the judicial process, and the overall difficulty in gaining access to justice. In addition, the time taken to receive justice for commercial disputes negatively affects businesses and potential litigants across Nigeria. According to the subnational doing business survey 2018, resolving a commercial dispute across Nigerian states takes 475 days and costs 37 percent of the claim value, on average.[35]

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[33] For example, Kaduna, Gombe, and Borno.
[34] SABER will build on the laws already passed and is a natural steppingstone to ultimate rationalization of the various revenues charged by the Laws.
[35] In Mexico it takes 341 days and costs 33 percent, in Rwanda 230 days and costs 65 percent, in Guinea 333 days and costs 45 percent, New Zealand 216 days and 27 percent, according to Doing Business 2020.

Government's response

36. **Nigeria's recently launched NDP 2021-2025 sets an ambitious plan to pursue sustained private sector-led economic growth that delivers prosperity.** The NDP, approved in November 2021 to cover a five-year period, is aimed at generating 21 million full-time jobs and lifting 35 million people out of poverty by 2025. Establishing a strong foundation for a diversified economy, robust MSME growth, and a more resilient business environment are its key objectives. Its targets include improving Nigeria's global competitiveness ranking from 116th to 100th and increasing FDI by 233 percent to US$5 billion. Underscoring the critical role to be played by the private sector, the NDP expects about NGN298.3 trillion (85.7 percent) of total investment to come from the private sector to complement the Federal and Sub-national Governments' expected contribution of NGN29.6 trillion (8.5 percent) and NGN20.1 trillion (5.8 percent) respectively.

37. **Since July 2016, the Presidential Enabling Business Environment Council (PEBEC) has driven reforms to eliminate constraints in the business environment.** In July 2017, the National Economic Council (NEC) unanimously approved the replication of PEBEC's intervention structure at the subnational level—implemented through the PEBEC-NEC Technical Working Group. This mandate was later articulated in the Economic Recovery and Growth Plan (ERGP) 2017-2020 and subsequently retained in the NDP 2021-2025. Since 2016, facilitated by PEBEC-EBES initiatives, Nigeria has implemented over 160 reforms. Moreover, the Business Facilitation (Miscellaneous Provision) Bill 2022 is on schedule for passage by the National Assembly in the last quarter of 2022. State ease of doing business councils, created as part of the PEBEC-NEC subnational efforts, provided structures that are spearheading the reform efforts in the states and serving as a platform to learn and uptake new reform ideas. Private sector engagement is another key aspect of the PEBEC-EBES model. Private sector engagement fora, called 'LITuation Events,' have been held in Lagos, Imo (South East), Kwara (North Central), Ekiti (South West), Akwa-Ibom (South South), FCT, and Jigawa (North West).

38. **Given the urgency of state-level reforms, the government developed 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.** The government's SABER program builds on the successes of PEBEC and was endorsed by the NEC on August 18, 2022. It aims to strengthen the existing PEBEC-NEC 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.

39. **A few other government initiatives at the federal and state level have been put in place to address other key areas affecting the overall business enabling environment.** In 2020, the Nigerian authorities began to implement several reforms to strengthen macro-financial resilience, which are also beneficial to the business-enabling environment. They began to harmonize exchange rates; began to eliminate gasoline subsidies; started adjusting electricity tariffs to more cost-reflective levels; cut nonessential spending and redirected resources to COVID-19 responses at both the federal and the state level; and enhanced debt management and increased public-sector transparency, especially for oil and gas revenue flows. However, as of 2022 several critical reforms remain unfinished.[36] Regarding access to finance, the government, through the Development

[36] The World Bank has engaged actively on the macro-financial reform agenda through programmatic analytical and advisory work. The Macro-Financial Stability and Inclusive Growth programmatic advisory services and analytics (PASA) combines 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

Bank of Nigeria (supported by the Development Finance Project) and the COVID-19 Action Recovery and Economic Stimulus (CARES) Program (P174114),[37] respectively, increased the availability and access to finance for MSMEs, and relieved pressures from the COVID-19 crisis on firms, by providing well-targeted grants to co-finance loans that eligible MSEs received during the COVID-19 crisis, and grants to MSEs to cover operational costs and IT enhancements. The Federal Government is also implementing several programs aimed at introducing power sector reforms and improving the sector's performance. For example, the Power Sector Recovery Program or the Distribution Sector Recovery Program (both backed by World Bank financing) include several regulatory measures to improve the quality of service that distribution companies provide to customers, including firms.

C. Relationship to the CPS/CPF and Rationale for Use of Instrument

40. **The proposed Program is aligned with the WBG's Country Partnership Framework (CPF) for the Federal Republic of Nigeria for the period FY21-25 (Report No. 153873-NG)**. 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.[38]

41. **PforR financing is considered by the Borrower, States, and the World Bank as the optimal financing instrument for the proposed SABER Program.** The Federal Ministry of Finance, Budget, and National Planning (FMFBNP) has confirmed its plans to on-lend the proceeds of the financing to the participating states on the same terms as received from IDA. The proposed Program is expected to be a subset of the government's program to improve the business enabling environment at the state level. The use of the PforR instrument helps the World Bank to support the government in strengthening its own program by incentivizing institutional performance at the state level through results-based financing, thereby creating a strong mutual accountability framework between the federal government and the states. The states prefer the PforR instrument, as it provides a transparent framework for achieving results and financing, and a framework for fair and healthy competition between the states. Investment Project Financing (IPF) would not be suitable for this operation, as the proposed Program focuses on critical results (institutional strengthening, outputs, and outcomes), rather than specific investments. Development Policy Financing would not permit measures to strengthen systems and institutional capacity for implementation and ensure results-based financing arrangements for Program funding, nor does it lend itself to the kind of multi-state platform approach, with the peer learning and virtuous competition that enables, that has proved so successful in Nigeria. Finally, by

medium-term technical assistance on macroeconomic modeling, banking supervision, and data systems and processes to support more evidence-based policymaking.

[37] The development objective of the US$500 million Development Finance Project (DFP) for Nigeria is to increase the availability and access to finance for MSMEs through eligible financial intermediaries with the support of a new wholesale development finance institution. To help households, farmers, and firms in coping with the COVID-19 crisis, the US$750 million CARES Program aims to expand access to livelihood support and food security services, and grants for poor and vulnerable households and firms. Its third results area on Facilitating Recovery and Enhancing Capabilities of Micro and Small Enterprises (MSEs) provides States with results-based financing to provide well-targeted grants to co-finance loans that eligible MSEs received during the COVID-19 crisis; grants to MSEs to cover operational costs; and firms access to IT enhancement grants.

[38] World Bank; IFC; MIGA. 2020. CPF for the Federal Republic of Nigeria for the Period FY21-FY25. World Bank, Washington, DC.

utilizing the existing fiduciary and safeguards systems (with support as necessary to strengthen institutional capacity), the PforR instrument will not introduce additional burdens on government systems.

42. **The World Bank is uniquely placed to support Nigeria's efforts to enhance states' ability to improve their business enabling environment.** The World Bank brings in global experience, including in large federal countries (India, Brazil, Mexico, and South Africa), on issues relating to the subnational business enabling environment. In Nigeria, the World Bank has been supporting several multi-state programs, using Program-for-Results (PforR) financing instrument. The PforR instrument is already being deployed successfully in Nigeria at the state-level to support critical Government programs, with the two most directly relevant for the proposed SABER PforR being:

(a) **The US$1.5 billion SFTAS Program is supporting all 36 states and FCT to implement the Government's 22-point Fiscal Sustainability Plan and the National Action Plan under the Open Government Partnership.** SFTAS is anchored in the FMFBNP and enjoys the high-level support of State Executive Governors through the Nigeria Governors' Forum (NGF). In response to COVID-19, the FMFBNP used SFTAS to support states based on achieving COVID-19 responsive fiscal results, rather than provide an unconditional bailout. Some of the notable achievements of SFTAS include: 36 states published National Chart of Accounts (NCOA) compliant FY21 Budgets and International Public Sector Accounting Standards (IPSAS) compliant FY19 audited financial statements (AFS); 29 states adopted a consolidated state revenue code; 31 states captured biometrics of at least 90 percent of civil servants and pensioners and linked to the payroll, reducing ghost workers; 32 states linked bank verification number (BVN) data to payroll for at least 90 percent of civil servants and pensioners to reduce fraud; and 15 States submitted quarterly debt reports and published annual debt sustainability analysis.

(b) **The US$350 million KDSET Program (closed December 31, 2021) supported Kaduna State at improving its business enabling environment and strengthening its fiscal management and accountability.** The PforR was designed to support Kaduna State's efforts at improving its economic performance and social outcomes, as outlined in the 2016-2020 State Development Plan. At program close, all 10 Disbursement Linked Indicators (DLIs) across the business enabling environment and fiscal management and accountability pillars were achieved, and the full US$350 million was disbursed. These efforts contributed to tangible results as the State was able to attract over US$2.6 billion in direct investments from 2016 to 2021.[39] Building on this single-state program, [40] the proposed SABER Program enables the World Bank to introduce a 'wholesale' approach to business enabling reforms within the federal system.

43. **This Operation will build on the lessons learned from SFTAS by having a complementary IPF component for technical assistance (TA).** The IPF component will allow carrying out targeted procurements critical to addressing states' capacity needs through TA to the key MDAs and ensuring government capacity is in place to ensuring that inputs are well-designed, and that sufficient quality assurance is provided, including on the verification of the results.

[39] As presented by Kaduna State at Kaduna Economic and Investment Summit (KADINVEST) 6.0; more details in Implementation Completion and Results Report (ICR) of Kaduna State Economic Transformation Program-for-Results (P161998).
[40] A number of SABER DLIs were inspired by the KDSET operation: DLI 1 (Land), DLI 3 (PPP) and DLI 4 (IPA).

II. PROGRAM DESCRIPTION

A. Government Program

44. **The government program, supported by the SABER PforR, focuses on improving the subnational business enabling environment.** Leveraging the SFTAS Program, which has created a mutual accountability platform between the federal government and the states, the SABER program will further consolidate and deepen gains from reforms implemented across the country. Through the proposed SABER program, the PEBEC-NEC intervention will deepen subnational business enabling reforms, through incentives, namely results-based financing to the states thereby improving their enabling business environment. The government program was endorsed by PEBEC on August 16, 2022, and by NEC on August 18, 2022.

45. **The government program will cover the gamut of instruments that impact states' land administration, business enabling infrastructure, PPP and investment promotion frameworks, and business enabling regulatory environment**. The proposed program will focus on the following result areas:

(a) Improved Land Administration and Land-Based Investment Process;
(b) Improved Business Enabling Infrastructure, including state-level reforms related to telecommunications and digital, logistics, transportation, and electricity;
(c) Increased Sustainable Large-scale Investments; and
(d) Enabled Firm Operations, including registering a business, paying taxes, enforcing contracts, and obtaining and renewing licenses, permits and certificates.

It will consist of the full range of PEBEC-NEC interventions at the subnational level. In addition to the results supported by the PforR, the government program also includes further reform actions based on the findings of the regular subnational ease of doing business (EODB) reports, and as included in the State Business-Enabling Reforms Action Plans. In addition, the government program includes stakeholder regional engagements co-organized with state governments to intimate the private sector and the business community on business enabling reforms implemented and to receive feedback on areas for improvement.

46. **The government program will cover all 36 states and FCT.** The total government program financing of SABER is estimated at around US$2.0 billion. This covers recurrent expenditures of selected state MDAs responsible for the results areas from September 2022 through end-2025, including state ministries of finance/budget/planning (10 percent of recurrent expenditures); governor's offices (10 percent of recurrent expenditures); IPAs; state judiciary; state ministries of trade/investment/commerce/industry; and state ministries of land and urban planning.

B. Theory of Change

47. **The Nigerian business environment is marred with constraints to the private sector.** Compared to its aspirational peers, Nigeria underperforms in almost every aspect needed to develop its private sector and improve its investment attractiveness. To achieve the PDO, the Program is expected to significantly improve outcomes in the participating states, under each of the four Result Areas. The Program supports a series of interventions (input and outputs) which contribute to intermediate outcomes, which in turn contribute to outcomes. The Program's DLIs directly incentivize the achievement of the intermediate outcomes under the four Results Areas. Table 1 presents a schematic description of the Theory of Change for this operation.

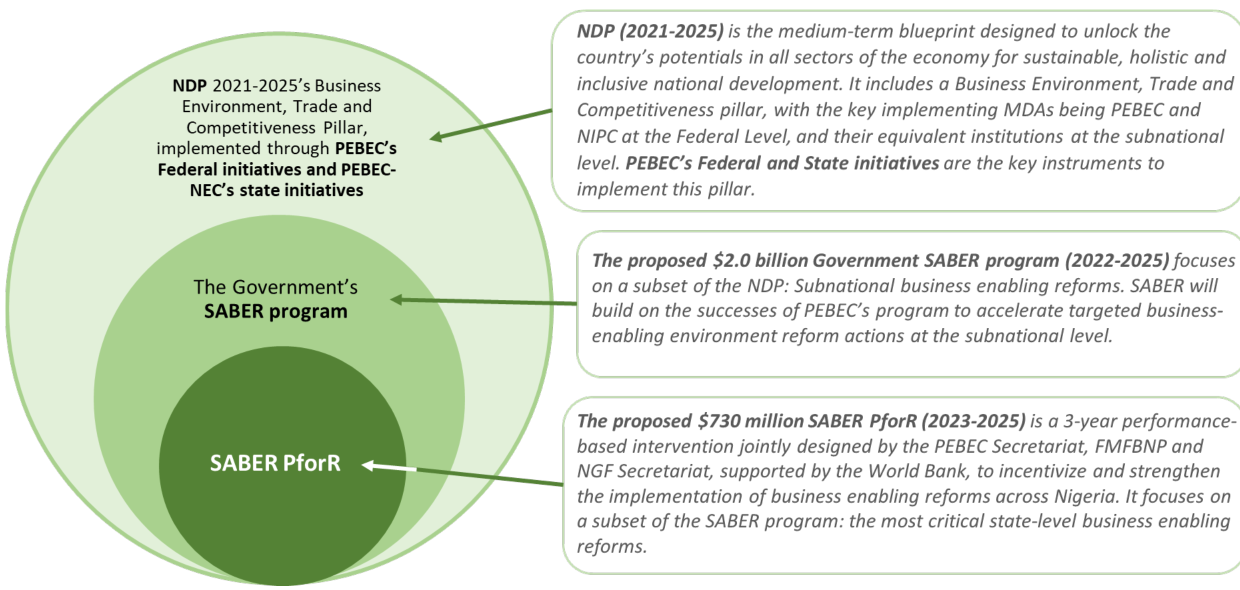
Table 1: The Program Theory of Change

Result Areas	**Baseline** | State Business Enabling Environment challenges	**Interventions** | Inputs and Outputs	**Intermediate Outcomes**	**Outcomes**	**SABER PDO**
Improved land administration and land-based investment process	• Ambiguous, non-transparent, and costly land administration at the State level • Uncertainty around ownership and lack of land-based investment processes based on sound economic and social principles increase the risk of conflict and deter investment	• States publish key information on land-related procedures, fees, and service standards **(DLI 1.1.1)** • Land records digitized and indexed following international good standards **(DLI 1.1.2, 1.1.3 and 1.1.4)** • FRILIA framework adopted **(DLI 1.2.1)**	• More transparency in land administration • Better quality and more transparent data on land ownership	• More States with at least one pilot investment materialized under FRILIA (**DLI1.2.2**), resulting in private investment that better meets economic and social objectives, with reduced risk of conflict • More States digitize and index new CofOs in accordance with international good standards **(DLI 1.1.4)**	Improved: (1) efficiency of land administration,
Improved regulatory framework for private investment in fiber optic infrastructure	• Excessive ROW fees and opaque processes for obtaining ROW for broadband deployment hinder fiber deployment	• States implement new ROW fees for fiber deployment via standardized and transparent processes **(DLI 2.1)** • States publish approved ROW-related requests by operators (**DLI 2.2**)	• Lower costs for fiber deployment • Lower uncertainty for operators seeking to deploy fiber • Increased transparency of approved ROW-related requests by operators (**DLI 2.2**)	• Fiber optic cable for broadband deployed on new routes **(DLI 2.3)**	(2) regulatory framework for private investment in fiber optic infrastructure,
Improved services provided by investment promotion agencies (IPAs) and public-private partnership (PPP) units	• Unclear PPP institutional arrangements • Lack of government support to bring projects to market • State investment incentives unclear and opaque • States lack effective investment promotion agencies (IPAs)	• States establish PPP coordination unit/agency and pipeline of projects **(DLI 3.1)** • States establish a PPP regulatory and institutional framework **(DLI 3.2)** • State Project Facilitation Fund established and funded **(DLI 3.3)** • State Investment Promotion Agencies (IPA) established and/or strengthened **(DLI 4.2)** • Incentives (state and federal) and eligibility criteria detailed and disclosed **(DLI 4.1)** • Number of entities receiving state investment incentives published **(DLI 4.2)**	• States' PPP candidate projects better identified, and prepared n a transparent and sustainable manner • States' PPP risk-management (fiscal commitments + contingent liabilities) strengthened **(DLI 3.2)** • Potential and existing investors receive better support from IPAs • More transparency on investment incentives **(DLI 4.4)**	• More states that establish a PPP coordinating unit mandated to facilitate PPPs, that has publicly disclosed its PPP pipeline projects on a portal **(DLI 3.1)** • More states that establish/strengthen an IPA that performs the key functions of Marketing, Information, Assistance and Advocacy **(DLI 4.3)** • State IPAs attract and facilitate greater (announced) investments **(DLI 4.1)**	(3) services provided by investment promotion agencies and public-private partnership units, and
Improved efficiency and transparency of government-to-business services	• States MDAs do not deliver public services to businesses in an efficient and transparent way • Traders crossing states are confronted with multiple checkpoints and non-transparent trade-related fees and levies, driving up the costs of transportation and delaying goods to the market • Absence of system for traders to complain and receive redress from the state • Most State Committees on Export Promotion (SCEP) are not operational • A complex and inefficient tax compliance process imposes high costs of compliance on MSMEs • Commercial dispute resolution for small claims remains costly, lengthy, and unpredictable	• Fees, procedures, and service-delivery timelines of business-enabling MDAs accessible to the public and GRM operational **(DLI 5.3)** • States establish GRM for traders **(DLI 6.1.2)** • States reactivate and strengthen Committee on Export Promotion **(DLI 6.2.1)** • States adopt presumptive turnover tax for MSMEs and consolidates state and LG tax/levies/fees collection via e-platform **(DLI 7.1)** • States establish special court for small claims **(DLI 8.1)** • States install and publish practice directions that facilitate access to justice and strengthen efficient court practices for small claims, and encourage alternative-dispute resolution (ADR) **(DLI 8.1)**	• Businesses have access to more transparent and predictable public services from the State • Elimination of haulage fees/levies **(DLI 6.1.4)** • Eligible MSMEs can pay transparent presumptive turnover tax and can file and pay all business-related State and LG taxes and contributions online **(DLI 7)**	• Lower compliance costs, more transparency and better regulatory quality for businesses • More predictable and cheaper inter-state trade **(DLI 6.1.4)** • Increased number of trader complaint/grievance resolved **(DLI 6.1.4)** • Increased number of firms that obtain exporter certification **(DLI 6.2.3)** • Increased number of firms pay their state and local taxes, fees and levies online **(DLI 7.2)** • Commercial cases for small claims are resolved quicker **(DLI 8.3)**	(4) efficiency and transparency of government-to-business services in participating states

C. PforR Program Scope

48. **The PforR supports the most critical state-level business enabling reforms of the government's SABER program, which in turn is anchored in the NDP 2021-2025's Business Environment, Trade and Competitiveness Pillar, which is implemented through PEBEC's federal and PEBEC-NEC's state initiatives**. PEBEC's mandate was articulated in the ERGP 2017-2020 and subsequently retained in the NDP 2021-2025. The proposed US$730 million SABER PforR (2023-2025) focuses on a subset of the SABER program: the most critical State-level business enabling reforms (Figure 1, Table 2).

Figure 1: Program boundary: link with NDP 2021-2025 and PEBEC's initiatives



49. **The PforR will cover the gamut of instruments that impact states' land administration, regulatory framework for private investment in fiber optic infrastructure, PPP and investment promotion frameworks and services, and business enabling regulatory environment.** The duration of the PforR is proposed to be 3 years, from 2023 to 2025, in line with the boundaries of the government program. Largely in line with the Government's SABER program, but with a somewhat narrower scope, the proposed PforR Program will focus on the following result areas:

(a) **Result Area 1: Improved land administration and land-based investment process.** Under this Result Area, the PforR will support states to: (i) promote more transparency in land administration; (ii) produce better quality and more transparent data on land ownership; and (iii) strengthen sustainability and transparency in the land-based investment procedures for large-scale agribusiness investments. This will lead to higher-level impacts (beyond the Program's scope), such as improving access to land-based investments and securing private investment that better meets economic and social objectives, reduces the risk of conflict, and is more sustainable and inclusive for all.

(b) **Results Area 2: Improved regulatory framework for private investment in fiber optic infrastructure**. Under this Result Area, the PforR will support states to: (i) adopt right of way (ROW) fees of maximally NGN145 per meter for broadband without reformulating them as new or increased charges, and (ii) promote transparency on ROW fees, processes, and approvals. This will lead to states having new routes with fiber optic cable for broadband deployed.

(c) **Results Area 3: Improved services provided by IPAs and PPP units**. Under this Results Area, the PforR will support states to: (i) set up a PPP coordination unit to better identify, vet and implement PPP projects; (ii) better manage PPP risks, especially fiscal commitments and contingent liabilities; (iii) establish a PPP Project Facilitation Fund; (iv) promote transparency of state incentive frameworks; and (v) strengthen states' investment promotion and investor aftercare capabilities. This will lead to states having a more effective and sustainable attraction and delivery capacity for PPP transactions, with stronger risk-management, and better provision of investor services by state investment promotion entities, and investors having greater access to information on available incentives.

(d) **Results Area 4: Improved efficiency and transparency of government-to-business services**: Under this Results Area, the PforR will support states to: (i) provide greater access and transparency on requirements and public services to businesses; (ii) promote transparency of fees and levies for inter-state trade and increased exporter certification; (iii) adopt a presumptive turnover tax for small businesses and consolidate payment of key business-related state and local-government taxes and other fees and levies through an e-platform which includes automated e-receipt generation; and (iv) establish special courts for small claims and put in place practice directions to strengthen small claim court practices and encourage alternative dispute resolution (ADR).

50. **The Program's Results Areas have a cross-cutting theme of improving the overall transparency and accountability of government-to-business regulatory entities through the digitizing or publishing online of key regulatory information and MDA service-level indicators for businesses**. For example, the Program will support states at digitizing and making available online key information on CofOs for property registration, publishing online the process for obtaining ROW including all relevant MDAs, timeframes, and costs, publishing online key information on the number of entities receiving state-level investment incentives, information on MDA service-level agreements to users, digital systems for firms to be able to pay all state and local taxes, fees and levies, and making accessible to the public on a website monthly statistics on small claims court performance.

Table 2: Program Boundary

	Government program	PforR Program	Reasons for non-alignment
Objective	To improve the business enabling environment in Nigeria's states.	To improve (1) the efficiency of land administration, (2) the regulatory framework for private investment in fiber optic infrastructure, (3) services provided by investment promotion agencies and public-private partnership units, and (4) the efficiency and transparency of government-to-business services in participating states.	States must achieve the annual eligibility criteria as a prerequisite for being part of the Program's results-based financing.
Duration	2022-2025	2023-2025	The Government program was adopted in August 2022;

			the PforR is expected to be effective in November 2022.
Geographic coverage	Entire country	Entire country	N/A
Results areas	*RA1*: Improved Land Administration and Land-Based Investment Process *RA2*: Improved Business Enabling Infrastructure *RA3*: Increased Sustainable Large-scale Investments *RA4*: Enabled Firm Operations	*RA1*: Improved land administration and land-based investment process *RA2*: Improved regulatory framework for private investment in fiber optic infrastructure *RA3*: Improved services provided by investment promotion agencies (IPAs) and public-private partnership (PPP) units *RA4*: Improved efficiency and transparency of government-to-business services	Minor differences in RA descriptions reflect differences in results focus.
Results focus	State-level business enabling reforms	Select State-level business enabling reforms	The PforR supports the most critical State-level business enabling reforms out of the government's program.[41]
Overall Financing	US$2.0B	US$730M	The PforR finances about 36 percent of the government's SABER program.

51. **Program expenditure framework:** The estimated expenditure framework of the government program supported by the SABER Operation for the period September 2022 through end-2025 is US$2.0 billion. The PforR financing envelope of US$730 million represents 36 percent of the government program financing (Table 3). The PforR is fully financed by IDA (Table 4). However, crowding in complementary support from other development partners for the implementation of the proposed operation is foreseen Some development partners that are supporting the business enabling environment in Nigeria expressed interest in aligning their technical assistance with the SABER Program.

Table 3: Government program financing by source of financing

Source	Amount (US$ Million)	% of Total
Government	1,317	**64**
IDA	730	**36**
Other Development Partners	0	**0**
Total Government Program Financing	2,047	**100**

[41] E.g., the PforR supports an improved regulatory framework for private investment in fiber optic infrastructure, while the government program aims to tackle a wider set of business enabling reforms related to business enabling infrastructure, also including state-level reforms related to telecommunications, logistics, transportation, and electricity.

Table 4: PforR financing by source of financing

Source	Amount (US$ Million)	% of Total
IDA	730	**100**
Other Development Partners	0	**0**
Total PforR Program Financing	730	**100**

52. **Gender.** The Program will address several of the underlying factors driving the gender gap in statutory rights of occupancy between men and women, to the disadvantage of women, specifically the lack of information and awareness among women and men of the benefits of statutory rights of occupancy (for women and of co-ownership of certificate of occupancies) and lack of transparency regarding the property registration process. It will build on the experience in Kaduna State which successfully piloted an approach in the years 2016 to 2022 in which it provided a mix of financial incentives and targeted promotion of statutory rights of occupancy for women.[42] Gender-disaggregated baseline data is available in Lagos, Edo, and Kano States. According to information provided by the states, in 2021, the share of female owned or jointly owned CofO registrations out of all CofO registrations that year was 7 percent (Lagos), 26 percent (Edo), and 5 percent (Kano). For other states, the Program will incentivize the collection of gender-disaggregated data as a Prior Result and by supporting—through the Disbursement-linked Results (DLRs)—the establishment of a digital CofO database with data that is gender-disaggregated. The Program will aim to reduce the gender gap between men and women, to the disadvantage of women, in at least Lagos, Edo and Kano States by: (1) making CofO procedures public; (2) collecting gender-disaggregated CofO data; (3) implementing a financial incentive for registration of female owned or jointly-owned CofOs, making it cheaper for women to register their statutory rights of occupancy; and (4) putting in place a communications campaign aimed at promoting woman and/or joint registration of statutory rights of occupancy by dissolving cultural and social norms affecting women's understanding and perception of their rights to own or co-own statutory rights of occupancy and occupy land. To ensure that women are reached through the communication campaign, it will be conducted through several channels such as the Open Government System (OGS), social media, the National Orientation Agency (NOA), as well as women-focused NGOs and community-based organizations (CBOs). The percentage of total CofOs registered by women will be tracked, with a target increase of 15 percent against the baseline (Table 5).

Table 5: Closing the gender gap regarding statutory rights of occupancy

Analysis	Actions	Indicators
• Women have less tenure security and less land rights registered in their names. • Women lack information and awareness of the benefits of official land ownership and the process of obtaining a certificate of occupancy. • States lack gender-disaggregated data on official land ownership.	• Publication of information on how to obtain a CofO. • Collecting gender-disaggregated data on CofOs. • Implement a financial incentive for CofO registration for women. • Conduct a communication campaign to encourage CofO registration by women.	• Share of CofOs registered by women out of total CofOs (baseline:7% (Lagos), 26% (Edo), and 5% (Kano)); Target: increase by 15% the percentage of female owned or jointly owned CofOs out of

[42] According to the State's statistics, the share of female owned or jointly owned CofOs out of all CofOs issued that year increased from 8 percent to 12 percent from 2019 to 2021.

• Obtaining a CofO is costly.	• Assess effectiveness of measures through tracking of gender-disaggregated data at land registry.	total CofOs registered in year 2025.

53. **Citizen Engagement.** Several DLIs are designed to strengthen citizen engagement and accountability by State MDAs towards the private sector and the public at large, including:

(a) **DLI1 ensures citizen engagement through a FRILIA implementation.** This will include a strong consultative component to ensure the process is subject to public scrutiny, utilizing (i) a stakeholder engagement strategy to outline the consultation process; (ii) a social audit to ensure the satisfaction of all stakeholders; and (iii) community grievance redressal and conflict resolution mechanisms.[43] The FRILIA implementation consultation process would be undertaken by the relevant states, with capacity support from the World Bank, to help the implementation agencies understand the core components of a FRILIA. After the adoption of a FRILIA the states would embark on an agency-wide consultation and stakeholders buy-in process, and then set up steering committees. The FRILIA principles would be customized to the institutional arrangements in each of the states. This process, called 'unbundling the FRILIA framework' is usually led by independent consultants, wherein the consultants engage thoroughly with all stakeholders (MDAs, non-state actors, community stakeholders[44]) with a core interest in FRILIA. At the completion of the unbundling process, there is a sign-off of FRILIA by the stakeholders. Social audits would confirm the satisfactory implementation of FRILIA, which would ensure successful citizen engagement in the process.

(b) **DLI5 on increased transparency of official fees and procedures will allow for citizen engagement through GRMs focused on the business regulatory environment.** GRMs would be housed under key state-level business-enabling environment MDAs, and the DLR-linked disbursement will require that these GRMs are operational and address a minimum of 50 percent of grievances within the specified service level agreements. This DLI will also require advance communication to the public on upcoming state-level changes to legislation, regulations, and fees.

54. **Climate Mitigation and Adaptation measures.** The Program is expected to contribute to climate mitigation and adaption measures. In recognition that Nigeria is vulnerable to climate factors and constrained in its capacity to respond to natural hazards, efforts to strengthen resilience to climate change effects are crucial for the development and sustainable growth of the country. Climate mitigation and adaptation considerations are built into some of the DLIs and the proposed activities required to achieve the DLRs. The Program will contribute to climate mitigation and adaptation through the development and implementation of FRILIA, which will ensure that all large land acquisition and investments that materialized following the adoption of such a framework at the state level are carried out in a safe, equitable, inclusive, and environmentally responsible manner. Second, the Program will support States at ensuring that PPP pipeline projects will be screened for climate adaptation and mitigation. Thirdly, the Program will contribute to reduction in GHG emissions through support towards increased transparency of official fees, procedures using states official websites and establishment of e-platforms for paying taxes, levies, and fees (Annex 9).

[43] At each investment project level, there is a stakeholder engagement plan which would have a GRM framework. In addition, under FRILIA, there is a GRM specifically for all FRILIA related issues. It is designed to manage all land related grievances throughout the design and implementation of FRILIA Technical Working Groups in each of the states.

[44] Community stakeholders may include farmers group within the implementing state, herder and pastoralists, other community-based land-users including raw farm produce commodity traders that depend on the land.

55. **Maximizing Finance for Development (MFD).** While the Program does not have private financing as part of its program costs, the Operation does aim to address binding constraints to enable sustainable private sector solutions, as identified in the CPF and the CPSD, and includes ongoing private sector engagement, and thus can be considered MFD-enabling. The NDP includes significant private sector mobilization as its goal. All results areas aim to create a business-enabling environment more conducive to private financing. In particular Results Area 2 and 3, with their focus on fiber optic infrastructure, IPAs and PPPs, are likely to address binding constraints to enable private sector solutions within three years of the Operation's closing date.[45]

D. Program Development Objective(s) (PDO) and PDO Level Results Indicators

56. **The PDO is to improve (1) the efficiency of land administration, (2) the regulatory framework for private investment in fiber optic infrastructure, (3) services provided by investment promotion agencies and public-private partnership units, and (4) the efficiency and transparency of government-to-business services in participating states.**[46]

57. **The following outcome indicators covering the states participating in the PforR will be used to measure the achievement of the PDO:**

(a) PDO Indicator 1: Improved efficiency of land administration
  - 1.1 States (number) with at least 50 percent of CofOs issued and duly registered since 01 January 2012 digitized and indexed in accordance with international good standards.

(b) PDO Indicator 2: Improved regulatory framework for private investment in fiber optic infrastructure:
  - 2.1 States (number) adopting aggregate fees for broadband deployment on a per linear basis at a maximum of NGN145 per meter

(c) PDO Indicator 3: Improved services provided by IPAs and PPP units:
  - 3.1: States (number) that establish an IPA performing the key functions of Marketing, Information, Assistance and Advocacy.
  - 3.2: States (number) that establish a PPP coordinating unit mandated to facilitate PPPs, that has publicly disclosed its PPP pipeline projects on a portal.

(d) PDO Indicator 4: Improved efficiency and transparency of government-to-business services:
  - 4.1: States (number) in which all state-level and local government taxes, levies, and fees from businesses can be paid electronically

    4.2: States (number) in which fees, procedures, and service delivery timelines of five key business-enabling environment State-level MDAs are published on a website.

[45] The increased broadband deployment by private sector operators expected as an outcome of the improved regulatory framework for private investment in fiber optic infrastructure is estimated to amount to US$75 million (low case) to 273 million (high case) in private investments.

[46] 'Participating State' means a State which, having met the Eligibility Criteria for any given Fiscal Year, as agreed by the Recipient and the Bank, is participating in the Program during such Fiscal Year. 'State' means each of the 36 states and FCT.

E. Disbursement Linked Indicators and Verification Protocols

58. **Eligibility Criteria and SFTAS Sustainability.** The SABER PforR builds on SFTAS, adopting a similar design and implementation structure. The SFTAS PforR incentivized states to improve in four result areas: (1) increased fiscal transparency and accountability; (2) strengthened domestic revenue mobilization; (3) increased efficiency in public expenditure; and (4) strengthened debt transparency and sustainability. Results were measured across four annual performance assessments during 2018-2021 in which state performance increased year on year, exceeding expectations and disbursing US$1.5 billion. As SFTAS winds down, the focus is on sustainability of the results achieved in the absence of the PforR incentive. SABER is a natural component of the sustainability strategy as it will:

(a) Continue to use the two SFTAS eligibility criteria for access to the funds, providing a continued incentive for the timely publication of NCOA compliant budgets and IPSAS compliant audited financial statements. These are foundational to sound fiscal management and can foster increased budget responsiveness and accountability.
(b) Elevate the SFTAS result on debt sustainability to the eligibility criteria.
(c) Sustain the highly constructive platform of mutual accountability between the states and the federal government, and of peer learning across states.

59. **Disbursement Linked Indicators (DLIs).** Ex-ante, the Program is open to all states given the nature of the reforms, but states must indicate ex-ante, each year for the purpose of organizing TA, which (sub)DLIs they wish to achieve[47] and, each year, each state must satisfy the annual Eligibility Criteria as a prerequisite to being part of the Program's results-based financing. The Program has a common set of DLIs that are expected to be relevant to the business-enabling environment challenges in all states. The DLIs include a mix of inputs and outputs, and intermediate outcomes and outcomes to create the right balance between realism and ambition (Table 6, Annex 2). Under each DLI, a set of DLRs are specified with target dates for completion and specific disbursement amounts associated with each DLR. The DLRs are designed to account for the heterogeneity among participating states, while incentivizing strengthened performance from both lagging and advanced states: (1) some DLRs are formulated relative to the state's baseline (i.e., a percentage increase from the baseline); (2) states can choose the DLIs they want to target for reforms based on priorities in the state; and (3) DLRs may have basic and stretch targets to enable 'lagging' states to participate, while incentivizing states that begin at a more advanced position to still do more. Because a few states have already made progress on some of the DLRs in the past and since disbursements under SABER cannot be made against past performance, in a few instances stretch DLRs (amounting to US$8 million) have been specified to enable these states to earn the maximum possible disbursement should they achieve the stretch DLRs. The Program will support results over three years, giving adequate time for implementing more complex reforms, and incentivizing sustained improvements across years. The size of each state's loan will depend on the number of DLIs achieved each year. The Program will promote healthy competition among states, within certain boundaries. The Program is expected to have the same fixed value for the same DLR for all states. Should a state choose to participate and achieve all DLRs it would potentially receive a total disbursement of US$52.5 million between 2022 and 2025. Depending on actual state performance, some DLIs will be over- and underachieved, requiring Program restructuring during implementation. The Program will include Prior Results (DLIs that are met between the date of the Program Concept Review, May 29, 2022, and the date of the financing agreement) (Annex 2).

[47] States will still be able to obtain the financing for DLIs they did not select in advance but have achieved.

Table 6: Summary Description and Rationale for Program DLIs

Results Area 1: ***Improved land administration and land-based investment process***
DLI 1: Improved efficiency in property registration and sustainability of the land-based investment process ***Rationale***: Ambiguous and inconsistent land administration impacts sustainable land-based investments. An estimated 3 percent of land is registered, and an estimated 70 percent of transactions take place in the informal sector. Persistent informality of land markets hinders states' collection of revenue, precludes development of a modern cadaster and registration system, hinders land use planning efforts, limits access to finance, undermines security of tenure, and contributes to GHG emission. Furthermore, customary practices coexist with statutory land laws, which results in conflicting land administration frameworks. In this environment, the private sector faces significant hurdles in identifying land for investment, with uncertainty around ownership, and the risk of conflicts to ensue before investments begin. ***Description***: This DLI supports Participating States to (i) promote more transparency in land administration, (ii) produce better quality and more transparent data on land ownership, and (iii) strengthen sustainability and transparency in the land-based investment procedures for large-scale agribusiness investments.
Results Area 2: ***Improved regulatory framework for private investment in fiber optic infrastructure***
DLI 2: Improved regulatory framework for private investment in fiber optic infrastructure ***Rationale:*** Fast, reliable, and accessible broadband is a key foundation for the growth of Nigeria's digital economy, but Nigeria's broadband infrastructure is underdeveloped. Only about 23 percent of Nigerians use broadband services, and companies commonly cite lack of reliable broadband access as a key constraint. Given broadband's potential to improve productivity and enable new ventures, studies find that a 10 percent increase in mobile broadband penetration is associated with up to 2.5 percent of additional GDP growth per annum in Africa. To achieve Nigeria's NBP 2020-2025 targets, Nigeria needs between 120,000 to 167,000 km of fiber infrastructure in addition to its current 55,000 km. At the state level, fiber deployment has been held back by excessive, untransparent, and inconsistent ROW fees, amongst other state levies. ***Description:*** This DLI seeks to support states in (i) adopting right of way (ROW) fees of maximally NGN145 per meter for broadband without reformulating these as additional fees or levies to customers (i.e., aggregate per-linear meter fees capped at NGN145), and (i) promoting transparency on ROW fees, processes, and approvals.
Results Area 3: ***Improved services provided by IPAs and PPP units***
DLI 3: Development of an effective PPP framework ***Rationale:*** Increasing states' infrastructure stock and other key services requires mobilizing private investment at scale. Many states have recognized PPPs as a financing option for their infrastructure stock. However, today, unclear institutional arrangements on how a PPP transaction is developed, vetted, and implemented, and conflicting agendas across government agencies stall investments from developing in a timely, efficient, and consistent fashion. States lack adequate risk-management throughout the PPP lifecycle, particularly with regards to fiscal commitments and contingent liabilities. ***Description:*** This DLI seeks to support states to establish a formal legal, regulatory and institutional PPP framework by (i) establishing State-level PPP coordinating units/agencies; (ii) adopting a PPP pipeline; (iii) adopting and publishing a PPP disclosure framework; (iv) adopting and disclosing a PPP Fiscal Commitment and Contingency Liability (FCCL) Management framework; (v) adopting and disclosing a PPP legal and institutional framework; and (vi) establishing a State Project Facilitation Fund.
DLI 4: Improved Investment Promotion Environment ***Rationale:*** The NDP 2021-2025 sets a target of increasing FDI to Nigeria by over 230 percent to US$5 billion

in the next 3 years. Well-organized IPAs and targeted investment promotion efforts are critical for governments to attract and retain FDI. Nigeria's states lack IPAs with clear, legal mandates, appropriate internal organization, strategy, and capacity to deliver services to attract, support the establishment of and retain investors. There is currently also limited transparency on and access to updated information on the investment incentives available in states. Ensuring easier access to such information is key for investors to benefit from the business environment, and for state governments to reduce inefficiencies. Having a published and up to date inventory of investment (including green investment) incentives is also the first step to rationalize the use of incentives by comparing the costs and benefits and determining if such incentives are appropriate, effective, and sufficiently targeted to meet a state's development objectives. ***Description:*** This DLI seeks to support states to improve their legal and policy environment, and institutional framework on investment by (i) producing, disclosing and mandating the regular publication and updating of an inventory of investment incentives available in states; (ii) publishing the number of entities receiving State incentives; (iii) legally mandating state-level IPAs to promote investment into the state; (iv) ensuring the IPAs have online presence, corporate plans, established key performance indicators; (v) enabling the IPAs to provide core services to investors; (vi) supporting the development of investor outreach and aftercare strategies; and (vii) increasing the number of investment announcements supported by the IPAs.[48]
Results Area 4: *Improved efficiency and transparency of government-to-business services*
DLI 5: Increased transparency of official fees and procedures ***Rationale:*** Access to information to state fees, requirements and timelines needed for obtaining a service from government bodies, as well as changes in regulations and fees is impeded by lack of timely easily accessible information. In addition, changes to official fees, procedures and requirements are done on an ad hoc basis making it difficult to know the most up to date information. Service delivery timelines are difficult to obtain and adherence to timelines are not measured or published to hold government bodies accountable. In most states, there is inadequate implementation of GRMs for complaints. Easier access to regulatory information such as fee schedules would allow for greater regulatory efficiency, lower compliance costs and better regulatory quality for businesses in the state. ***Description:*** This DLI seeks to improve transparency and access to regulatory information by ensuring (i) the online publication of fees, procedures, service delivery timelines and mandatory advance communication of upcoming changes to fees and regulations of five key business-enabling environment MDAs on state website(s); (ii) functional GRM at two key State-level business-enabling environment MDAs with grievances receiving a response within the specified service level agreement; and (iii) monitoring and public statistics of compliance to timelines for service delivery by the MDAs.
DLI 6: Increased transparency of fees and levies for inter-state trade and increased exporter certification ***Rationale:*** On average businesses spend about 9 percent of their revenues on transportation costs and these costs can be as high as 40-70 percent in Lagos, FCT, Bauchi, Abia and Cross River. In Nigeria, interstate haulage fees vary from state to state and can be high, thereby reducing the incentive to move goods across states and abroad. In the absence of a uniform and transparent schedule of levies and fees, such measures make state borders increasingly thick. While most of the trade barriers that Nigerian firms face require federal policy reform, states can support exporters by having functioning state export promotion agencies that connect firms with international markets. There is evidence that export promotion agencies contribute positively to increasing exports. ***Description:*** This DLI supports increased transparency of fees and levies for inter-state trade and increased

[48] The DLI focuses on states that need to set up and strengthen their IPAs for better service delivery to investors. Establishing an IPA may not be feasible in the case of FCT given the need to obtain approval from the national assembly. It may also not be necessary since NIPC supports investors based in Abuja.

exporter certification by (i) establishing a new or strengthening existing grievance and redress mechanism for traders covering unauthorized payments, harassment, and in kind requests; (ii) clarifying the schedule of trade-related fees and levies and removing haulage fees; and (iii) strengthening the capacity of State Committees for Export Promotion (SCEP), which are funded by the state government to establish an export strategy and guidelines, and to increase the number of exporter certifications within the state.
DLI 7: Simplified state and local business tax regimes ***Rationale:*** In several states, the presumptive tax regimes are very complex with a large number of business categories, and different rates for micro, small, and medium-sized firms within each category. There are several policy and implementation issues that arise, such as unclear basis of definition of micro, small, or medium-sized firms; unclear basis of determination of fixed or lumpsum rates; businesses pay the same fixed fee, even in bad years; the fixed rates are regressive; and several business categories overlap leading to discretion that could encourage rent-seeking behavior. For the states' revenue, these rates are fixed and not indexed to inflation, which means in real terms the tax value is declining over time. There are multiple layers of taxation in Nigeria. State and Local taxes, fees and levies are opaque and difficult to understand. Businesses are often in a position of having paid one agency of state government and essentially the same taxes being followed up by another collecting agency. In many states once payments are made to government, receipts are often required to be resubmitted to the agencies before further action is taken. Rationalizing and streamlining/harmonizing the business tax codes, and electronically tracking and receipting the consolidated business payments, would make it easier and clearer for businesses, avoiding repeated interaction with the collection bodies. This would increase compliance and reduce time spent on paying taxes. ***Description:*** This DLI supports the simplification of state and local business tax regimes increased transparency and harmonization of state taxes through (i) states amending existing legislation or passing new legislation to adopt presumptive turnover tax regime for small businesses; (ii) states subsuming business-related local government charges/fees/taxes into a consolidated demand notice; and (iii) the establishment of an electronic platform for the collection of taxes, levies and fees from businesses that provide an automated e-receipt generation.
DLI 8: Quick determination of commercial disputes ***Rationale:*** The contractual environment and enforcement through courts is weak across most states, dampening business and investor confidence. Only 8 percent of SMEs, surveyed in 2021, had utilized the judicial system to enforce a breach of law, and when they do, businesses spent an average of 6.3 percent of their revenue on court costs. The low utilization of courts may be attributed to the relative high costs and complexity of the judicial process, and the overall difficulty in gaining access to justice. In addition, the time taken to receive justice for commercial disputes negatively affects businesses and potential litigants across Nigeria. According to the subnational doing business survey 2018, resolving a commercial dispute across Nigerian states takes 475 days and costs 37 percent of the claim value, on average. Simplified procedures or specialized courts for the resolution of small claims can enable policy makers to achieve two often competing goals at the same time: improving access to justice and increasing judicial efficiency. ***Description:*** This DLI will support states at facilitating access to justice, in particular for smaller claims, through (i) the establishment of small claims courts for commercial disputes of MSMEs; (ii) instilling practice directions that facilitate access to justice and strengthen efficient court practices and encourage ADR; and (iii) the collection and publication of key performance reports for small claims courts.

F. IPF Component

60. **The US$20 million IPF Component for technical assistance 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 DLRs). 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 (Annex 8).

III. PROGRAM IMPLEMENTATION

A. Institutional and Implementation Arrangements

61. **SABER's institutional and implementing arrangements will build on the SFTAS implementing arrangements (and related lessons learned), as well as the PEBEC-EBES structures put in place for the PEBEC-NEC subnational initiatives.** Several institutional and implementation arrangements from SFTAS can be continued for SABER, such as the PCU (with some amendments to adjust to SABER priorities and address performance weaknesses) and the Project Management Firm (with some adjustments to reflect SABER priorities). The arrangements will also benefit from the PEBEC-EBES structure, and the state level structures that were established in the context of the PEBEC-NEC subnational initiatives, including the state ease of doing business (EODB) councils and the state reform champions. The detailed institutional and implementation arrangements will be guided by the Program's operations manual.

62. **States will be responsible for achieving the program results and thus will be leading the implementation of the PforR Program.** To support the implementation of the Program in each state, a state steering council will be established in each of the participating states. The membership of the council will include representation from the key state MDAs responsible for achieving the DLIs: governor's offices, state ministries of finance, budget and planning, state ministries of trade, investment, commerce and industry, state ministries of land and urban planning, state IPAs, and state judiciaries. In view of the link between the achievement of the Eligibility Criteria and the DLRs and state finances, and as the State Commissioner of Finance (COF) signs the Subsidiary Loan Agreement, the COF shall be represented on the council. As of August 2022, 32 states had appointed an EODB Reform Champion, and 17 states had established a State Steering Council, generally called EODB Council. Most state EODB Councils are chaired by governors or deputy governors, but other arrangements exist too. The suggested operating model is for the councils to be supported by coordinating offices, led by the reform champions.[49] The coordinating offices focus on implementation and monitoring, and provide monthly reporting to the EODB Council, which meets monthly. In this suggested[50] operating model, the EODB Council reports to the state executive council on a quarterly basis. Irrespective of the operating model chosen by the state, key responsibilities of each of the state councils are to approve the annual state business-enabling reforms action plan for achieving the Eligibility Criteria and the DLRs, which should include the annual capacity building activities for the state, to monitor progress of the annual state business-enabling

[49] The reform champion shall be able to report directly at any time to the governor and deputy governor as well as to the council.
[50] The experience of PEBEC and SFTAS suggests avoiding being prescriptive on how the states organize themselves to achieve results, and instead focus on peer learning to share good practices.

reforms action plan, to review the state's result in the annual performance assessment (APA) by the Independent Verification Agent (IVA), and to take remedial action if the state is unable to achieve the Eligibility Criteria and the DLRs.

63. **The proposed National Steering Committee (NSC) brings together the PEBEC and the NGF SABER Ad-Hoc Committee, chaired by the Vice President.** The proposed NSC was endorsed by NGF, PEBEC and NEC in July-August 2022. It was discussed and agreed that a NSC responsible for providing overall strategic guidance to the Operation will be established. The membership of the NSC was not finalized and will be discussed and agreed, with the details specified in the Operations Manual.

(a) **PEBEC**: The PEBEC is chaired by the Vice President and comprises 10 ministers (including the Minister of Finance, Budget, and National Planning), the Head of Civil Service of the Federation, Governor of the Central Bank of Nigeria, representatives of Lagos and Kano State governments, the National Assembly, and the private sector.

(b) **NGF SABER Ad-Hoc Committee**: The NGF has set up an Ad-hoc Committee for SABER similar to the NGF SFTAS Committee, chaired by the Governor of Gombe State, with the Governors of Anambra, Edo and Kwara, Oyo and Zamfara States as members.

(c) **SABER Technical Working Group (TWG):** Learning from PEBEC's subnational interventions, a TWG can be a useful forum to have more in-depth technical discussions on program design and implementation challenges and solutions. In July 2017, a year after the establishment of PEBEC, the PEBEC model was brought to the state level to support states in their reform initiatives. A Subnational TWG was established, chaired by the PEBEC Secretary, and including state representatives from the 6 geo-political zones, organized private sector and private sector representatives, and public sector representatives. For SABER, a TWG has been established, drawing on both the EODB reform implementation as well as SFTAS experience. The SABER TWG is chaired by the PEBEC Secretary and consists of state representatives from the six geo-political zones and two legacy state representatives, representatives from Home Finance Department (HFD)/PCU, technical representatives from EBES, the World Bank, NGF Secretariat, and the organized private sector (Nigerian Economic Summit Group, NESG).[51]

(d) **EBES:** PEBEC is supported by EBES, which is administratively housed in the Vice President's office and headed by Secretary to PEBEC. EBES is the operational arm of PEBEC, assisting MDAs to implement the reform agenda of PEBEC. Regarding SABER, EBES will: (1) act as the secretariat to the SABER TWG; (2) lead the TA support to the states on the preparation of the State Business Enabling Reforms Action Plans (Eligibility Criteria), including related monitoring & evaluation (M&E) and EODB surveys; (3) lead the TA support to the states on DLI 5 and DLI 8; (4) lead the private sector engagement; and (5) lead Program communications and outreach, in close partnership with the PCU and the PMF (Table 7).

64. **The FMFBNP's HFD, being the program manager on behalf of the Ministry, will house the PCU,** with the Director of HFD, or equivalent, as the National Program Coordinator. For fiduciary responsibilities, the PCU reports to the Permanent Secretary Finance.

(a) **HFD:** The HFD is the department within the FMFBNP mandated to support financing to the states. It manages the Federation Account Allocation Committee (FAAC) allocation process.

(b) **PCU:** The PCU's key functions are: (1) ensuring the engagement of the IVA firm and ensuring verification of the achievement of the Eligibility Criteria and the DLRs; (2) disbursing the proceeds of the Credit to the Participating States on the basis of Eligibility Criteria and DLR achievement; (3)

[51] Currently the TWG does not include the IVA, but could be added as verification is a major source of performance information.

coordinating capacity building activities for the States, including engaging consultants and firms to ensure timely and effective capacity building for support on DLIs where EBES and PMF do not have capacity or expertise; (4) conducting communications and outreach activities; (5) conducting monitoring and evaluation activities, and ensuring timely accounting and reporting for the Operation in line with the Results Framework; and (6) ensuring compliance with the Program Action Plan, the Operations Manual, the Environmental and Social Commitment Plan (ESCP), and all applicable World Bank policies, all as may be further specified in the Operations Manual. With some amendments to reflect SABER priorities and improve performance, the SFTAS PCU could support the accelerated preparation and implementation of SABER, and includes specialists working alongside Ministry staff, for program management, financial management, procurement, and communications (Figure 2). The PCU will hire a **Program Management Firm (PMF)** to: (1) help organize TA support to states and lead the TA support to the states on DLI 1, 3 and 7; (2) lead the TA support to the states on the continuation of SFTAS-related Eligibility Criteria; and (3) support the PCU in overall program management, and in particular verification, and support EBES in private sector engagement and communications (Table 7).

Table 7: Roles and responsibilities between EBES, PCU, and the PMF (hired through the PCU)

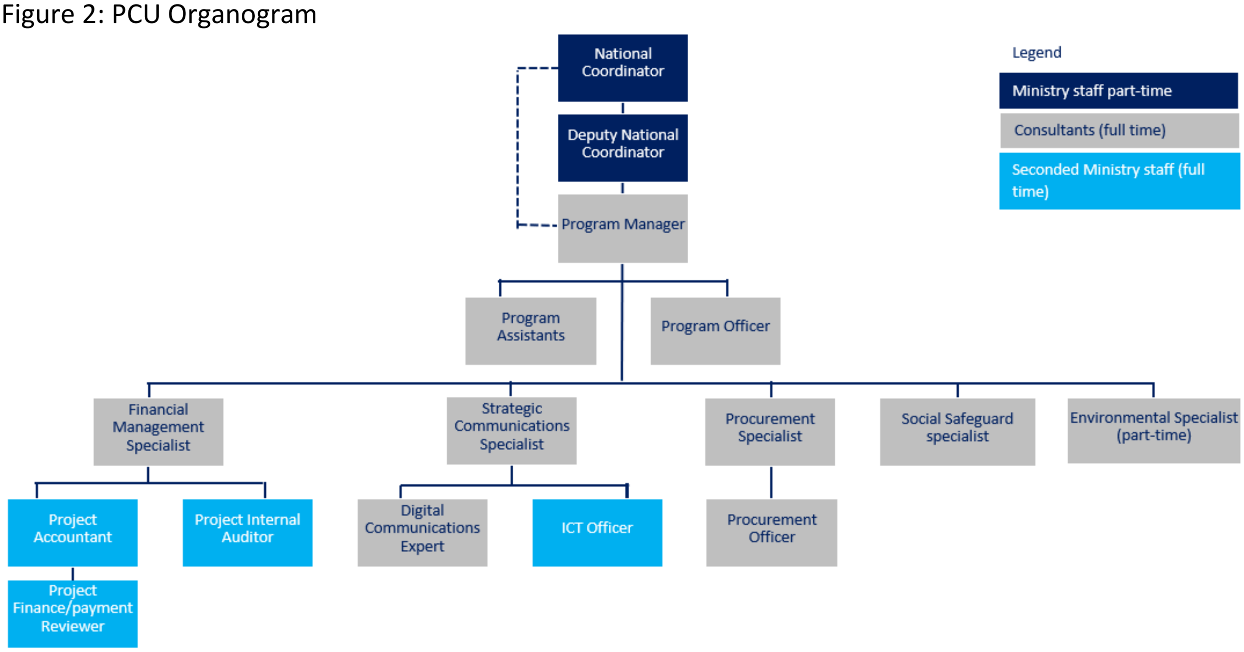
Responsibilities	**EBES**	**PCU**	**PMF (via PCU)**
Fiduciary aspects PforR & IPF component		√	
E&S aspects PforR & IPF component		√	
TA support to states	√	√	√
- EC (Action Plan), DLI 5 (transparency), DLI 8 (courts)	√		
- EC (SFTAS), DLI 1 (land), DLI 3 (PPP), DLI 7 (tax)			√
- DLI 2 (broadband), DLI 4 (IPA), DLI 6 (trade)		√	
Verification		√	(√)
Private sector engagement	√		(√)
Communications and outreach	√	(√)	(√)
M&E – Program/Project, as per Results Framework		√	
M&E – State Business-Enabling Reforms Action Plan, EODB survey	√		
Compliance with applicable Bank policies, reporting to the Bank		√	

65. **Considering SABER's objectives, private sector consultation meetings were held as part of SABER's preparation process, with PEBEC-EBES, PCU and NGF expected to continue the engagement process throughout the life of the Program.** Organized private sector, if engaged meaningfully and constructively, can be a sounding board for reform identification as well as a 'watchdog' of the Program's progress towards its objectives. Organized private sector, represented by the Nigerian Economic Summit Group (NESG), has membership in the proposed NSC and the TWG. With SABER expected to operate in many states and covering reform action for firms of all sizes, the private sector would ideally be organized in a similar way. Micro and small firms are less organized; however, EBES shall undertake efforts to get inputs from all sizes of firms, building on consultation meetings already held as part of the Program's preparation process and on PEBEC's experience since 2016 in engaging the private sector. Firms operating in the different sectors covered by the DLIs – agriculture, manufacturing, telecoms, etc., as well as organized private sector, such as the NESG, Manufacturers Association of Nigeria (MAN), Lagos Chambers of Commerce and Industry (LCCI), were engaged as part of the preparation process. In addition, through the DLIs/DLRs, opportunities for the private sector to get hands-on support (through IPAs), report concerns through grievance redress mechanisms, and hold state MDAs accountable for government-to-business services being offered will be provided. The annual

business-enabling reforms action planning process at the state level will also require the involvement of the private sector and other relevant stakeholders. Finally, PEBEC-EBES also systematically engages the private sector through a survey for its subnational Ease of Doing Business (EODB) report. The survey can serve as an effective private sector feedback.

66. **The IPF component will be delivered by the PCU, the PEBEC's EBES, and the Program Management Firm.** All procurement for the IPF component will be conducted by the PCU. The PCU will engage the Program Management Firm, the IVA firm, and the select consultants to strengthen the PCU and, as needed, EBES. In addition, for specific technical aspects of the TA to help states achieve specific DLRs, the PCU may engage consultants or firms. The proposed extension of SFTAS (till June 2023) will be used to support early implementation of SABER, especially the preparation, communication, and TA support to achieve the Prior Results and their verification, and initial support towards the first year's DLRs. This will be done through contract amendments of the third party external audit firm to include verification of the Prior Results or appointment of responsible PCU personnel for purposes of verifying the Prior Results, contract amendment of the Program Management Firm to include support to SABER preparation, communications, and verification and hands-on TA to the states towards achieving the SFTAS-related Eligibility Criteria and Prior Results and the first year DLRs, the extension of select PCU consultants (program management, financial management, communications, budget), and the hiring of select new PCU members (social, environmental and procurement specialists).[52] To ensure Program readiness, advance procurement of the IVA (for the DLIs, after the Prior Results), the continued engagement of the PMF under SABER (the SFTAS PMF will become the SABER PMF), and select PCU consultants, also needs to start ahead of Program effectiveness.

Figure 2: PCU Organogram



[52] Although the PCU in FMFBNP 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. The PCU will assign a focal person prior to effectiveness for ensuring environment and social compliance. An Environmental and a Social (E&S) consultant/specialist will be hired by the PCU within three months of the project effectiveness to provide technical support to the PCU for ensuring E&S compliance of the TA component.

B. Results Monitoring and Evaluation

67. **The PCU in the HFD will be responsible for monitoring the implementation progress and results, defined in the Results Framework** (Annex 1). The PCU will prepare progress reports and send them to the World Bank before implementation support missions to guide discussions on key issues affecting Program implementation. The progress reports will also be forwarded to the technical and steering committees.

68. **The PCU will hire an Independent Verification Agent (IVA), on terms of reference acceptable to the World Bank, to verify the achievement of DLI results**. The IVA will be tasked to verify the achievement of the DLI targets based on data reported by the implementing agencies and other information sources identified in the verification protocol. The IVA will be hired and funded from the TA component of the operation following advanced procurement with the aim of having it in place three months prior the first APA. The scope and details of the IVA reports will need to be satisfactory to the World Bank. The verification protocol will be updated regularly throughout the Program duration to be responsive to changes identified during implementation. The IVA terms of reference, procurement process, and contract management will build on lessons learned on IVAs in Nigeria (Annex 8).

69. **The World Bank team will also report on the progress of implementation internally**. This will be done through bi-annual Implementation Status and Results (ISRs) reports. In addition, a midterm review (MTR) of the Program will be conducted in the second year of implementation. At the completion of the Program, an Implementation Completion and Results (ICR) report will be prepared by the World Bank with input from the government.

C. Disbursement Arrangements

70. **The IDA credit proceeds of the US$730 million PforR Program will be disbursed to the Federal Government's Special Fund Account, which serves as a sub-account of the TSA held with the CBN.** This will be managed by the PCU. Upon receiving the decision to disburse from the World Bank, a withdrawal application will be submitted to the World Bank by the PCU, using the World Bank's standard disbursement forms through the e-disbursement functionality in the World Bank's Client Connection system. Disbursements under PforR will be triggered by the Bank's decision to disburse after receiving and reviewing evidence of the achievement of the Program DLRs through the APA process. The PCU will make disbursements to individual participating states from the Special Fund Account to the respective Consolidated Revenue Fund accounts of the state governments based on the World Bank's Confirmation of Results notice which will indicate the individual state's APA results that have been confirmed by the Bank as achieved. No advances under the PforR component are envisaged. To mitigate the risk of delay in the transfer of funds from the FMFBNP to the states, service standards will be established in the Operations Manual to ensure that states' share of funds received in the treasury single account (TSA) at the federal level (by virtue of achievement of the DLIs) are transferred to the states' accounts within 14 days from the time of receipt of funds in the Special Fund Account.

D. Capacity Building

71. **Capacity building and institutional strengthening are critical elements of the SABER Program and will be delivered through the IPF TA component** (see Annex 8 for a detailed description). Capacity-building of participating states will support them to achieve the DLIs and receive the performance-based financing. The

capacity building component will be available to all states with demonstrated need. Upfront preparations are being done to ensure that the TA activities can start as early as possible once the Program is effective, and careful attention will be paid on the sequencing of the TA activities, accelerating those activities which are most critical to helping states achieve the DLIs in the first and second years of the program.

72. **The PCU at HFD has built up its capacity for SFTAS but will be reinforced in some key areas**. 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. The PCU will assign a focal person prior to effectiveness for ensuring environment and social compliance. An Environmental and a Social (E&S) consultant/specialist will be hired by the PCU within three months of the project effectiveness to provide technical support to the PCU for ensuring E&S compliance of the TA component.

IV. ASSESSMENT SUMMARY

A. Technical (including program economic evaluation)

73. **Strategic relevance and technical soundness of the operation.** The proposed Program is aligned with the WBG's Nigeria CPF for FY21-25 (Report No. 153873-NG). 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.

74. **The Program's PDO is to improve (1) the efficiency of land administration, (2) the regulatory framework for private investment in fiber optic infrastructure, (3) services provided by investment promotion agencies and public-private partnership units, and (4) the efficiency and transparency of government-to-business services in participating states.** The eight DLIs which are subdivided into four result areas are meant to narrow the focus and boost a subsection of the government program by providing a sense of urgency through timed disbursements upon achievement of results coupled with continuous and parallel technical support.

75. **The Program supports Nigeria's recently launched NDP 2021-2025.** The NDP sets an ambitious plan to pursue sustained private sector-led economic growth that delivers prosperity. The NDP, approved in November 2021 to cover a five-year period – till 2025, is aimed at generating 21 million full-time jobs and lifting 35 million people out of poverty by 2025. It identifies establishing a strong foundation for a diversified economy, robust MSME growth, and a more resilient business environment as its key objectives.

76. **Program Expenditure Framework.** As detailed in Annex 3, the total SABER Government program expenditure framework is estimated at US$2.0 billion. It amounts to the total recurrent operating expenses of the agencies responsible for the achievement of the PforR objectives, following the same principles of the SFTAS program expenditure framework. The expenditure framework is based on the recurring expenditures budget of all 36 states. The approved budgets for 2021 were used to estimate the 2021 expenditures, using the average budget execution rates for 2018 and 2019. The expenditures for 2022 are estimated using the estimated revenue growth for 2022. Personnel expenditures are not changed, while overheads expenditure is adjusted downwards. For 2023 onwards, the Compound Annual Growth Rate (CAGR) from 2017-2020 is

used to estimate outer year expenditures. The IDA contribution through the PforR of US$730 million amounts to approximately 36 percent of the program.

77. **The expenditure framework includes the operating expenses of MDAs actively involved in the implementation of the PforR**. Since the focus of the PforR is on improving the business-enabling environment across states, the expenditure framework does not include infrastructure investments, but only those recurring expenditures (personnel and overhead) which are responsible for achieving the PDO. The expenditure framework includes MDAs with a key role in implementing the business-enabling reforms that are part of the PforR. Due to the cross-cutting nature of business-enabling reforms, these include a wide range of MDAs including the ministries that have a more cross-cutting role across the PforR: the ministries of finance/budget/planning and the governor's offices. Given that these cross-cutting ministries have more of a horizontal role, their operating expenses are limited to 10 percent of the estimated recurring expenditures. The other MDAs that have a specific mandate supporting the PforR objectives are IPAs, the judiciary, the ministries of trade/investment/commerce/industry, and the ministries of land and urban planning.

78. **M&E capacity and arrangements**. The PCU at HFD will be responsible for monitoring the M&E framework of the Program. The PCU has significant experience with the PforR instrument as they also coordinated the SFTAS PforR, which is currently close to completion, and any lessons learnt will be applied to the SABER Program. The PCU will also be tasked to hire an Independent Verification Agency to verify the achievement of DLRs. The M&E framework is mostly composed of the DLRs themselves. Detailed implementation arrangements including data collection for M&E and DLI verification protocols, financial management, disbursement, and procurement rules will be documented in the Operations Manual to be developed by the Government with the help of the World Bank well before effectiveness.

79. **Program's economic rationale.** As detailed in Annex 3, the net present value of the Program is positive and significant. The reforms supported by the Program would be targeted at improving the regulatory and legal environment for firms to enter and operate, improve transparency of and access to information for firms regarding procedures and payments of taxes, fees and levies to government, and provision of better regulatory frameworks to support private investment in, fiber optic infrastructure for broadband. The impact of these reforms is expected to fully materialize over the medium-term, but the economic assessment quantifies some of these gains over the period of the program (2023-25). The estimation of economic gains from this project are through the impact on states' GDP. Using the most conservative estimates, the net present value of the project calculated at a discount rate of 13 percent over the three-year period is estimated at US$542 billion.

B. Fiduciary

80. **The Integrated Fiduciary Systems Assessment (IFSA) was conducted through review of the systems and practices of federal PCU and all states (and FCT), relying on six representative states combined with information/ systems reviewed as part of the country wide SFTAS and CARES programs' fiduciary assessments.** Review of fiduciary systems of key implementing agencies in the six representative states (Abia, Edo, Enugu, Gombe, Kaduna and Nasarawa), and the federal PCU was also carried out. Ongoing SFTAS results were reviewed, and SFTAS Charter implementation will continue to be reviewed for public financial management (PFM) indicators. The World Bank has been supporting and continues to support state governments in strengthening their service delivery and institutional and FM systems and processes through

several operations. Subnational IFSAs will not be required for state participation, rather participation will be dependent on meeting the eligibility criteria.

81. **Reasonable Assurance.** The fiduciary systems, institutions, and practices of the representative states combined with the results of the fiduciary assessments carried out under SFTAS and CARES provide reasonable assurance that Program resources will be used for the intended purposes and will support the achievement of Program objectives in an effective, efficient, and transparent manner, subject to full implementation of the Program Action Plan (PAP).

82. **Fiduciary Risk Assessment and Mitigation Measures.** The overall Program integrated *residual* fiduciary risk (FM, procurement, and governance) is rated **Substantial.** The IFSA of the Program shows that the PCU and states have the capabilities to provide reasonable assurance that the financing proceeds will be used for intended purposes with the objective of supporting the achievement of the Program objectives. However, the assessment found that there are some weaknesses and risks in the overall fiduciary systems of the Program, necessitating action plans to mitigate them. The key fiduciary risks are the following: (a) risk of delay in transfer of Program funds to the participating states; (b) weak internal controls over public expenditures in general, also leading to risk of inflated payroll and ghost workers in less than 25 percent of states that have committed to (through the SFTAS Charter, signed August 17, 2022), but have not yet strengthened payroll management and management of ghost workers; and (c) weaknesses in compliance with the established legal and institutional framework for combating fraud and corruption at the Program level, which could undermine the ability of the authorities to detect and address the occurrence of fraud and corruption risk in a timely and effective manner. These risks will be mitigated progressively through the implementation of the PAP.

83. **Fraud and corruption risks.** The World Bank Anti-Corruption Guidelines will apply to the Program and GRMs will be implemented across the states and the implementing agencies. The Program governance and anti-corruption arrangements will rely largely on the country's national-level governance and anti-corruption arrangements. The Economic and Financial Crimes Commission (EFCC), Independent Corrupt Practices Commission (ICPC), and Nigeria Police handle investigations of fraud and corruption. Under the Program, the World Bank will be apprised at the earliest opportunity of all allegations and complaints of fraud and corruption related to the Program activities. A signed submission from the PCU shall be made every six months as part of the semi-annual progress reports using a template agreed with the World Bank. This submission shall provide details of any allegations or complaints on fraud and corruption regarding any part of the Program implementation, including status of actions taken. Even where there are no allegations or complaints during a reporting period, positive assurance should be provided to the World Bank of this status.

84. **Additional provisions are required to mitigate the risk of fraud and corruption under the Program.** Based on this assessment: (a) GRMs will be implemented across key state implementing agencies involved in Program implementation as part of DLIs 1, 5 and 6 and at the federal level as part of Project/Program-level GRM; (b) the World Bank Anti-Corruption Guidelines will apply to the PforR; and (c) a protocol for reporting, recording, and investigating allegations and complaints pertaining to fraud and corruption will be agreed among the key implementing agencies. The protocol shall establish a framework of responsibilities for this purpose with clear identification of those charged with ensuring regular oversight and compliance.

85. **Procurement exclusions.** Contracts for the procurement of works, goods, and services under the Program with high environmental and social risks are excluded from the Program.

86. **Disbursements.** The IDA credit proceeds of the US$730 million PforR Program will be disbursed to the Federal Government's Special Fund Account, which serves as a sub-account of the TSA held with the CBN. This will be managed by the PCU. Upon receiving the decision to disburse from the World Bank, a Withdrawal Application will be submitted to the World Bank by the PCU, using the World Bank's standard disbursement forms through the e-disbursement functionality in the World Bank's Client Connection system. Disbursements under PforR will be triggered by the World Bank's decision to disburse after receiving and reviewing evidence of the achievement of the Program DLRs through the APA process. The PCU will make disbursements to individual participating states from the Special Fund Account to the respective Consolidated Revenue Fund accounts of the state governments based on the World Bank's Confirmation of Results notice which will indicate the individual states' APA results submitted by the IVA that have been confirmed by the World Bank as achieved. No advances under the PforR component are envisaged. To mitigate the risk of delay in the transfer of funds from the FMFBNP to the states towards achievement of DLIs, service standards will be established in the Operations Manual to ensure that states' share of funds received in the TSA at the federal level (by virtue of achievement of the DLIs) are transferred to the states' accounts within 14 days from the time of receipt of funds in the Special Fund Account.

87. **Audit.** The annual audited financial statements of the SABER participating states, will constitute the basis for the fiduciary assurance required by the World Bank under the PforR. Annually, the PCU will submit to the World Bank, the audited financial statements of the participating states with state auditor's expression of audit opinion on the financial statements identifying program expenditures of the key MDAs. In addition, the PCU will compile data annually on recurrent expenditures for the relevant MDAs for the participating states from the audited financial statements. This will be certified by the Office of Auditor General of the Federation (OAuGF) and an opinion expressed. The annual states' audited financial statements shall be submitted to PCU for further submission to the World Bank within nine months of the end of fiscal year.

88. **Implementation of the IPF TA component (the 'Project') will be managed by the PCU housed in the FMFBNP HFD. The PCU will engage the NGF as a Project Management Firm to support the implementation and management of the TA activities.** The Federal Project Financial Management Department (FPFMD), established in the Office of the Accountant General of the Federation (OAGF), will be responsible for managing the financial affairs of the Project along with the PCU. A Project Accountant and a Project Internal Auditor will be assigned to the PCU by the FPFMD, and they will be subject to clearance by the World Bank. Given the PCU's role with regards to financial management on the PforR component, an FM consultant may be hired, if needed. This consultant will be funded from the TA and will be hired under Terms of Reference (TOR) acceptable to the World Bank.

89. **A Project Designated Account and a Naira draw down account will be opened and managed by the PCU along with FPFMD.** Quarterly interim financial reports (IFRs) will be prepared for the Project by the Project Accountant to be submitted to the World Bank within 45 days from the end of the calendar quarter. Annual project financial statements will be prepared, and the annual audits will be conducted by the Office of the Auditor General of the Federation. The PCU shall submit the audited financial statements to the World Bank within six (6) months from the end of the fiscal year

C. Environmental and Social

90. **In line with the six core principles outlined in the World Bank's policy and guidance note for the PforR instrument, the relevant risks directly associated with the SABER Program activities and indirectly given the achievement of the program activities under the DLIs and within the proposed Result Areas (RAs) under the PforR covers environmental and social issues** and include:

(a) Potential generation of e-waste given the digital data-centric and indexed database for CofOs.
(b) In case of poor implementation of FRILIA, induced increase pollution due to environmentally unsustainable agriculture practices.
(c) Indirectly, temporary displacement of people, primarily low-income people selling their wares or residing along the right-of-way for the deployment of fiber optic network.
(d) Indirectly, the expansion and deployment of fiber optic networks given standardized ROW fees will lead to the generation of dust resulting in air pollution.
(e) Indirectly, there could be increase in carbon emissions due to use of off-grid diesel generators at cellular sites linked to fiber deployment.
(f) Indirectly, there may be gender-based violence (GBV) and sexual harassment (SH) due to the influx of workers deploying fiber optic networks.
(g) Indirectly, expected environmental and social risks, such as risks due to construction and rehabilitation and involuntary resettlement associated with PPP projects (that may materialize after Program completion), given weak E&S systems in most states.

91. **The overall environmental and social risks have been assessed and deemed to be Moderate.** Although the Program will not support construction work, the achievement of new ROW fees at maximally NGN145 per meter may indirectly lead to the expansion of fiber optic networks by the private sector (not financed by the Program), which will involve some minor construction which will not lead to displacement considering this will be limited to existing ROW. Also, the establishment of a robust PPP framework may indirectly lead to PPP projects involving construction and rehabilitation (after the Program period). Actual Program activities are thus not likely to require significant changes to the Borrower's overall environmental and social systems. The Program was generally assessed as moderate because some improvements in environmental and social management approaches are expected through the Program despite the envisaged environmental and social risks outlined in the ESSA. Overall, the Program risks and impacts are likely not significant, not complex, low in magnitude, predictable and expected to be temporary and/or reversible; and there is low probability of serious adverse effects to human health and/or the environment and mitigation measures are readily available, including use of exclusion list.

92. **The ESSA recommendations are as follows**:

(a) There is a need to include E&S considerations in the PPP framework adopted by participating states (DLI3). State governments and private companies that will approve and deploy fiber optic networks should ensure that adequate legally binding controls and staffing are included in the procurement and supervision phases of civil works.
(b) State governments should institute a scheduled program to build and strengthen the capacity of technical staff of the States Ministry of Environment and the PCU to be able to manage and monitor environmental assessments processes, environmental monitoring to ensure pollution control, hazards, and other environmental issues in the state. Participating states' MDAs responsible for

broadband deployment need to formulate/develop guidelines and manuals for mainstreaming stakeholder engagement processes, environmental, and OHS issues, into the implementation of DLI2.

(c) There is a need to develop a standard procedure for consultation with all program-affected persons along the ROW (for DLI2).

(d) There is need to develop an effective Program-wide GRM system that aligns with state ADR system so complainants and businesses (especially small-scale businesses and those that do not have the capacity to use the courts) can leverage on for resolution of their concerns.

(e) There is a need to increase the capacity and effective framework to handle GBV, SH and SEA.

93. **Following the recommendations, the breakdown of actions to be included in the PAP** are: (1) Hire qualified Environmental and Social Officers at the PCU and provide capacity building/system strengthening program to strengthen their skills; (2) Inclusion of E&S considerations in PPP framework for participating states in DLI3; (3) Include in the Operational Manual, environmental and social guidelines for participating states' MDAs responsible for broadband deployment to explore core social inclusion activities such as gender, SEP, SEA/SH, and protection of the vulnerable groups including, OHS, GRM and stakeholder consultation procedure for PAPs, etc.; and (4) develop e-waste management strategy for managing e-waste result from the program.

94. **The environmental and social risk of the IPF component is rated 'Low' as the TA 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 IVA.** The environmental risk is rated Low. TA activities will not support or design any kind of physical intervention or civil work. The TA may require some office/IT equipment. 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. 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, borrower's 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 a program management firm and an 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 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 labor management procedures, including grievance mechanism for workers, and sexual exploitation and abuse/sexual harassment (SEA/SH) prevention and response measures relevant to the project.

95. **Consultation and Disclosure Information:** The ESSA findings and proposed PAP, Environmental and Social Commitment Plan (ESCP), and Stakeholder Engagement Plan (SEP) were shared and consulted with the government and relevant stakeholders on July 19, July 20, and August 17, 2022, in multiple consultation workshops. The draft ESSA, ESCP and SEP were disclosed on the Federal Ministry of Environment website on August 15, 2022,[53] and on the World Bank website on August 18, 2022.

96. **The SEA/SH Risk Rating for the Project was assessed using the World Bank's draft Human Development SEA/SH Risk Rating tool.** This categorized the Project as Low risk for SEA/SH.

97. ***Grievance Redress.*** Communities and individuals who believe that they are adversely affected as a result of a World Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance mechanism or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted at any time after concerns have been brought directly to the Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), please visit *http://www.worldbank.org/GRS*. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit *https://accountability.worldbank.org*.

V. RISK

98. **The overall residual risk of the Program is rated as Substantial.** This is due to substantial risks in the categories of political and governance, sector strategies and policies, technical design, and fiduciary, and a high risk in institutional capacity for implementation.

99. **Political and Governance risk is rated as Substantial**. General elections and several state governor elections are planned in 2023, and 2022 is already witnessing an uptick in political activities, with several key stakeholders positioning themselves. Political elections will likely slow down the pace of implementation of government programs, due to overall distractions. A significant change in the administration in one or more of the states following the elections may also lead to a period of reduced political commitments, or policy stance changes. While the impact of the general elections is difficult to fully mitigate, it will be lowered through continuous engagement with the key stakeholders such as PEBEC or the NGF (both effective platforms for policy dialogue with states) before and after election and building the capacity and strengthening

[53] Available at: https://ead.gov.ng/public-disclosure-for-saber-essa-escp-sep-documents-by-fmfbnp/

institutions at business-enabling MDAs to minimize post-election disruptions and promote sustainability. The business-enabling environment, and private sector development more broadly, is likely to remain high on the priority list of any incoming administration and elected officials, given the dire fiscal situation across states and the urgency to attract and retain private investments.

100. **Sector Strategies and Policies risk is rated as Substantial**. While the SABER Program will build on successes of previous business-enabling reform programs at both the Federal and State level, the ambitious reforms included in the Program remain challenging and will require political capital and ownership. Without a strong champion backing the reform program, experience in Nigeria and globally has shown that reform implementation remains limited. This will be mitigated through healthy 'competition' driven by the Program, incentivizing states to achieve results, and the strong commitment from the government and its adoption of the SABER program at the highest levels. Further, stagnation or inaction by the government on key business-enabling reforms not covered by the Program also risk reducing the overall impact on the business environment. In 2020, the Nigerian authorities adjusted electricity tariffs to more cost-reflective levels; cut nonessential spending and redirected resources to COVID-19 responses at both the federal and the state levels; and enhanced debt management and increased public-sector transparency, especially for oil and gas revenue flows. However, as of 2022, policy has returned to a business-as-usual stance and several critical reforms remain unfinished, in particular the elimination of the PMS subsidy, and the likelihood of key reforms not being finalized has increased with the upcoming elections. While these key unfinished reforms are not within the scope of the Program, they can be mitigated through other programs currently supporting them. Key analytical work by the World Bank is combining regular assessments of macro-micro dynamics (e.g., Nigeria Development Update (NDU), Public Finance Review, Country Economic Memorandum, modular poverty assessment briefs), with in-depth analytics on trade, oil sector governance, financial sector stability, and distributional impacts of policy. The World Bank is also providing medium-term technical assistance on macroeconomic modeling, banking supervision, and data systems and processes to support more evidence-based policymaking. Lastly, as a mitigating factor, the platform supported by SABER to coordinate and implement business-enabling reforms at the state level has the potential to also become an advocating platform for key federal-level reforms.

101. **Technical Design of the Program risk is rated as Substantial**. The government program supported by the SABER Program is strategically relevant and technically sound. Where there are shortcomings in the government program, the Program's technical design and implementation arrangements will aim to address them. The Program technical design and implementation arrangements have been informed by previous PforRs with similar design (SFTAS), similar technical content (KDSET), analytical work by the Bank, the expertise of PEBEC-EBES, the FMFBNP's HFD and NGF, and inputs from consultations with states (state commissioners of finance, budget and planning, and state MDAs) who will be directly involved in implementing the Program. However, there is inherent complexity and uncertainty from the Program working across multiple (potentially all 36 states and FCT) and a diverse set of states in terms of starting point and capabilities. This will be mitigated through: (1) consultative process through the preparation process; (2) the design of the Program (a common DLI matrix designed to account for the heterogeneity across states); (3) the TA support under the IPF component help to mitigate the risks of working across multiple states; and (4) recognizing that amendments of the verification protocol and Program restructuring are an inherent part of Program implementation.

102. **Institutional Capacity for Implementation and Sustainability risk is rated as High.** As a form of continuation to the SFTAS Program, the SABER Program will benefit from having HFD as the anchor PCU coordinating the Program. HFD has developed solid competencies in World Bank policies and processes, the PforR instrument, and staff with the organizational knowledge to coordinate a multi-state PforR. As such, at the federal level the institutional risk is considered substantial. However, at the state level, the implementation of the Program can be affected by the weak capacity of implementing MDAs, the high number of key MDAs associated with the Program, six in each state (compared to SFTAS, which involved fewer MDAs in each state), the multi-sectoral nature of business-enabling reforms (requiring these six MDAs to coordinate with dozens of other MDAs and with the private sector), and the lack of previous experience these state MDAs have with a performance-based disbursement environment. To mitigate this risk, the IPF component of SABER will provide key technical assistance and capacity building to business-enabling MDAs to support implementation, and peer-learning activities will be supported to enhance knowledge transfer between states that are more advanced on their business enabling reforms, and lower capacity states. Another mitigating measure is the establishment of State Steering Councils (often called EODB Councils) at the state level, which are already in place in 17 states. Thus, while the level of implementation risk at the federal level is substantial, the implementation risk at the state level is high and this justifies an aggregate implementation risk rating of high.

103. **The overall Program integrated *residual* fiduciary risk (FM, procurement, and governance) is rated Substantial.** The IFSA shows that the PCU and states have the capabilities to provide reasonable assurance that the financing proceeds will be used for intended purposes with the objective of supporting the achievement of the Program objectives. However, the assessment found that there are some weaknesses and risks in the overall fiduciary systems of the Program, necessitating action plans to mitigate them. The key fiduciary risks are the following: (1) risk of delay in transfer of Program funds to the participating states; (2) weak internal controls over public expenditures in general, also leading to risk of inflated payroll and ghost workers in less than 25 percent of states that have committed to (through the SFTAS Charter, signed August 17, 2022), but have not yet strengthened payroll management and management of ghost workers; and (3) weaknesses in compliance with the established legal and institutional framework for combating fraud and corruption at the Program level, which could undermine the ability of the authorities to detect and address the occurrence of fraud and corruption risk in a timely and effective manner. These risks will be mitigated progressively through the implementation of the PAP.

ANNEX 1. RESULTS FRAMEWORK MATRIX

Results Framework
COUNTRY: Nigeria
Nigeria: State Action on Business Enabling Reforms (SABER) Program

Program Development Objective(s)

The Program Development Objective (PDO) is to improve (1) the efficiency of land administration, (2) the regulatory framework for private investment in fiber optic infrastructure, (3) services provided by investment promotion agencies and public-private partnership units, and (4) the efficiency and transparency of government-to-business services in participating states.

Program Development Objective Indicators by Objectives/Outcomes

Indicator Name	DLI	Baseline	Intermediate Targets		End Target
			1	2	
Improved land administration and land-based investment process					
States with at least 50% of Certificates of Occupancy (CofOs) issued and duly registered since 01 January 2012 digitized and indexed in accordance with international good standards. (Number)	DLI 1	0.00	0.00	10.00	10.00
Improved regulatory framework for private investment in fiber optic infrastructure					
States adopting aggregate fees for broadband deployment on a per linear basis at a maximum of NGN 145 per meter (Number)	DLI 2	0.00	20.00	20.00	20.00

Indicator Name	DLI	Baseline	Intermediate Targets		End Target
			1	2	
Improved services provided by investment promotion agencies and public-private partnership units					
States that establish an IPA performing the key functions of Marketing, Information, Assistance and Advocacy. (Number)	DLI 4	0.00	0.00	15.00	15.00
States that establish a PPP coordinating unit mandated to facilitate PPPs and that has publicly disclosed their PPP pipeline projects on a portal. (Number)	DLI 3	0.00	12.00	12.00	12.00
Improved efficiency and transparency of government-to-business services					
States in which all state-level and local government taxes, levies, and fees from businesses can be paid electronically (Number)	DLI 7	0.00	0.00	20.00	20.00
States in which fees, procedures, and service delivery timelines of five key business-enabling environment State-level MDAs are published on a website. (Number)	DLI 5	0.00	10.00	10.00	10.00

Intermediate Results Indicator by Results Areas

Indicator Name	DLI	Baseline	Intermediate Targets		End Target
			1	2	
Improved land administration and land-based investment process					
States with at least 90% of new CofOs registered during 2025, digitized and indexed, with 15% increase in share of female-owned or co-owned (Number)		0.00	0.00	0.00	10.00
States adopting a Framework for Responsible Investment in Land-Intensive Agriculture (FRILIA), or equivalent, through a State Executive Order. (Number)		0.00	0.00		7.00
Improved regulatory framework for private investment in fiber optic infrastructure					
States with approved Right of Way (ROW)-related requests published on state official website. (Number)		0.00	0.00		20.00
Improved services provided by investment promotion agencies and public-private partnership units					
States that adopted (a) a PPP legal and institutional framework and (b) a PPP Fiscal Commitment and Contingent Liability (FCCL) framework. (Number)		0.00	0.00		12.00
Improved efficiency and transparency of government-to-business services					
States that publish schedule of trade related fees and levies on inter-state movement of goods on a state website (Number)		0.00			17.00
States in which inventory of all		0.00			15.00

Indicator Name	DLI	Baseline	Intermediate Targets		End Target
			1	2	
investment incentives (Federal and State) available in the State are published on a state website (Number)					
States with at least a 10% increase in the number of firms in the state that obtained export certificates from NEPC (Number)	DLI 6	0.00	0.00		12.00
States that adopted presumptive turnover tax regime for small businesses, and subsumed business-related local government charges into a consolidated demand notice. (Number)		0.00	2.00	12.00	16.00
States that established at least two small claims courts having tried at least one case each. (Number)	DLI 8	0.00	10.00		20.00

Monitoring & Evaluation Plan: PDO Indicators					
Indicator Name	**Definition/Description**	**Frequency**	**Datasource**	**Methodology for Data Collection**	**Responsibility for Data Collection**
States with at least 50% of Certificates of Occupancy (CofOs) issued and duly registered since 01 January 2012 digitized and indexed in accordance with international good standards.	States (number) with at least 50% of existing Certificates of Occupancy (CofOs) digitized and indexed in accordance with international good standards (as defined by the DLI Verification Protocol). Only states having achieved this target during the Program duration will be counted. This will be captured by the number of States achieving the DLI.	Annually	State Ministry of Urban Planning, /Land registry/ Land Bureau, Ministry of Lands, Survey and Urban Planning Lands Records Bureau, State Ministry of Land, Housing and Urban Development, State Surveyor General, agencies responsible for land such as EDOGIS (EDO) or KADGIS (in Kaduna), Ministries of Agriculture, Commerce	DLI Verification Protocol	Independent Verification Agent (IVA)

			and Industry, Rural and Community Development, Women Affairs and Social Development, and Environment, Investment Promotion Agencies, State websites.		
States adopting aggregate fees for broadband deployment on a per linear basis at a maximum of NGN 145 per meter	States adopting aggregate fees for broadband deployment on a per linear basis at a maximum of NGN 145 per meter. Only states having achieved this target during the Program duration will be counted. This will be captured by the number of States achieving the DLI.	Annually	Nigerian Communications Commission (NCC) [fiber maps], States' websites, State gazettes and regulations	DLI Verification Protocol	Independent Verification Agent (IVA)
States that establish an IPA performing the key functions of Marketing, Information, Assistance and Advocacy.	States (number) that establish an IPA performing the key functions of Marketing, Information, Assistance and Advocacy. Only states having	Annually	State Investment Promotion Agency/Ministry of Commerce,	DLI Verification Protocol	Independent Verification Agent (IVA)

	achieved this target during the Program duration will be counted. This will be captured by the number of States achieving the DLI.		Trade and Investment		
States that establish a PPP coordinating unit mandated to facilitate PPPs and that has publicly disclosed their PPP pipeline projects on a portal.	States (number) that establish a PPP coordinating unit mandated to facilitate PPPs, that has publicy disclosed its PPP pipeline projects on a portal. Only states having achieved this target during the Program duration will be counted. This will be captured by the number of States achieving the DLI.	Annually	State PPP agency website [information on state legal instruments and websites]	DLI Verification Protocol	Independent Verification Agent (IVA)
States in which all state-level and local government taxes, levies, and fees from businesses can be paid electronically	States (number) in which all State-level and local government taxes, levies, and fees from businesses can be paid electronically. Only states having achieved this target during the Program duration will be counted. This will be captured by the number of States achieving the DLI.	Annually	Ministry of Finance, Accountant General of the State, Ministry of Local Government (or its equivalent), Relevant Business regulating MDAs and SBIRS	DLI Verification Protocol	Independent Verification Agent (IVA)

States in which fees, procedures, and service delivery timelines of five key business-enabling environment State-level MDAs are published on a website.	States (number) in which fees, procedures, and service delivery timelines of five key business-enabling environment State-level MDAs are published on a website. Only states having achieved this target during the Program duration will be counted. This will be captured by the number of States achieving the DLI.	Annually	State official website(s): the website of the State Government, the website(s) of relevant Ministries such as Planning Permit Authority, Signage and Advertisement Agency, Business Premises Authority, Water Board, Vehicle Inspection Office, Surveyor General and High Courts, Ministry of Health, Ministry of Environment.	DLI Verification Protocol	Independent Verification Agent (IVA)

Monitoring & Evaluation Plan: Intermediate Results Indicators					
Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
States with at least 90% of new CofOs registered during 2025, digitized and indexed, with 15% increase in share of female-owned or co-owned	States (number) in with at least 90% of new CofOs registered issued during 2025 (1 January 2025 to 31 December 2025) digitized and indexed on an ongoing basis and a 15% increase from 2021 to 2025 in the share of total CofOs registered per year issued between 2021 and 2025 that are female owned or joint/co-owned. Only states having achieved this target during the Program duration will be counted. This will be captured by the number of States achieving the DLI.	Annually	State Ministry of Urban Planning, /Land registry/ Land Bureau, Ministry of Lands, Survey and Urban Planning Lands Records Bureau, State Ministry of Land, Housing and Urban Development, State Surveyor General, agencies responsible for land such as EDOGIS (EDO) or KADGIS (in Kaduna), Ministries of Agriculture, Commerce	DLI Verification Protocol	Independent Verification Agent (IVA)

			and Industry, Rural and Community Development, Women Affairs and Social Development, and Environment, Investment Promotion Agencies, State websites.		
States adopting a Framework for Responsible Investment in Land-Intensive Agriculture (FRILIA), or equivalent, through a State Executive Order.	States (number) adopting a Framework for Responsible Investment in Land-Intensive Agriculture (FRILIA), or equivalent through a State Executive Order. Only states having achieved this target during the Program duration will be counted. This will be captured by the number of States achieving the DLI.	Annually	State Ministry of Urban Planning, /Land registry/ Land Bureau, Ministry of Lands, Survey and Urban Planning Lands Records Bureau, State Ministry of Land, Housing and Urban Development, State Surveyor	DLI Verification Protocol	Independent Verification Agent (IVA)

			General, agencies responsible for land such as EDOGIS (EDO) or KADGIS (in Kaduna), Ministries of Agriculture, Commerce and Industry, Rural and Community Development, Women Affairs and Social Development, and Environment, Investment Promotion Agencies, State websites.		
States with approved Right of Way (ROW)-related requests published on state official website.	States (number) with approved Right of Way (ROW)-related requests published on state official website. Only states having achieved this target during	Annually	States' websites	DLI Verification Protocol	Independent Verification Agent (IVA)

	the Program duration will be counted. This will be captured by the number of States achieving the DLI.				
States that adopted (a) a PPP legal and institutional framework and (b) a PPP Fiscal Commitment and Contingent Liability (FCCL) framework.	Number of new State-level technical PPP coordination unit/agency mandated as the lead organization tasked with facilitation of PPPs. Only states having achieved this target during the Program duration will be counted. This will be captured by the number of States achieving the DLI.	Annually	State PPP agency website [information on state legal instruments and websites]	DLI Verification Protocol	Independent Verification Agent (IVA)
States that publish schedule of trade related fees and levies on inter-state movement of goods on a state website	Number of states reporting at least a 10% increase in the number of firms in the state that obtained export certificates from NEPC from the baseline year (2021). Only states having achieved this target during the Program duration will be counted. This will be captured by the number of States achieving the DLI.	Annually	Official Websites: State Ministry of Trade/Commerce, Industry and Investment, State Committee on Export Promotion (SCEP), State Internal Revenue Agency/Board, State	DLI Verification Protocol	Independent Verification Agent (IVA)

			Ministry of Justice, Nigeria Export Promotion Council (NEPC)		
States in which inventory of all investment incentives (Federal and State) available in the State are published on a state website	States (number) in which inventory of all investment incentives (Federal and State) available in the State are published on a state website. Only states having achieved this target during the Program duration will be counted. This will be captured by the number of States achieving the DLI.	Annually	State Investment Promotion Agency/Ministry of Commerce, Trade and Investment	DLI Verification Protocol	Independent Verification Agent (IVA)
States with at least a 10% increase in the number of firms in the state that obtained export certificates from NEPC	States (number) with at least a 10% increase in the number of firms in the state that obtained export certificates from NEPC from the baseline year (2021). Only states having achieved this target during the Program duration will be counted. This will be captured by the number of States achieving the DLI.	Annually	Nigeria Export Promotion Council (NEPC)	DLI Verification Protocol	Independent Verification Agent (IVA)
States that adopted presumptive turnover tax regime for small businesses, and subsumed business-related local	States (number) that amended existing legislation or passed new	Annually	Ministry of Finance, Accountant	DLI Verification Protocol	Independent Verification Agent (IVA)

government charges into a consolidated demand notice.	legislation to adopt presumptive turnover tax regime for small businesses, and that subsumed business-related local government charges/fees/taxes into a consolidated demand notice. Only states having achieved this target during the Program duration will be counted. This will be captured by the number of States achieving the DLI.		General of the State, Ministry of Local Government (or its equivalent), Relevant Business regulating MDAs and SBIRS		
States that established at least two small claims courts having tried at least one case each.	States (number) that established at least two small claims courts having tried at least one case each. Only states having achieved this target during the Program duration will be counted. This will be captured by the number of States achieving the DLI.	Annually	Judiciary and Judiciary's Website	DLI Verification Protocol	Independent Verification Agent (IVA)

ANNEX 2. DISBURSEMENT LINKED INDICATORS, DISBURSEMENT ARRANGEMENTS AND VERIFICATION PROTOCOLS

Disbursement Linked Indicators Matrix

DLI 1	Improved efficiency in property registration and sustainability of the land-based investment process			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Outcome	No	Text	104.00	14.00
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	1.1. As of July 2022, 4 States + FCT reported having published on their state official website information on: the process for obtaining certificates of occupancy (CofOs); and 2 states reported having published the process for obtaining construction permits. None provide the complete information required.			
Prior Results	1.1.1 Published on state official website: (i) the process for obtaining CofOs including all relevant MDAs, time frames and costs; and (ii) the process for obtaining Construction Permits including all relevant MDAs, time frames and costs; and (iii) number of CofOs registered (1 January 2012 - 31 December 2021); and number CofOs digitized and indexed in a digital archive registered (1 January 2012 - 31 December 2021); and number of female owned or joint/co-owned CofOs registered (1 January 2021 - 31 December 2021).		15.00	1.1.1 Basic: 15 states x $1m

January 1, 2023 - December 31, 2023	1.1.2 Published on state official website: (i) the process for obtaining CofO including all relevant MDAs, time frames and costs; and (ii) the process for obtaining Construction Permits including all relevant MDAs, time frames and costs; AND 1.1.2 Terms of References (TOR) for the creation of a data centric digital archive of CofOs with a searchable index in accordance with international good standards completed. 1.2.1 State executive order issued on FRILIA, or equivalent, commitment and process as per verification protocols, AND, FRILIA, or equivalent, adopted through State executive order as per verification protocols (one-time payment for year in which DLR is first achieved, up to Year 2).	9.00	1.1.2 Basic: 10 states x $0.5m and DLI 1.2.1: 2 states x $2m
January 1, 2024 - December 31, 2024	1.1.3 Published on state official website: (i) the process for obtaining CofO including all relevant MDAs, time frames and costs; (ii) the process for obtaining Construction Permits including all relevant MDAs, time frames and costs; AND 1.1.3 Existing CofOs (registered from 1 January 2012 to December 31, 2024) digitized and indexed in a digital archive in accordance with international good standards established in the TOR meets target: Basic target: 50%-70% of CofOs registered Stretch target: 71%-100% of CofOs registered 1.2.1 State executive order issued on FRILIA, or equivalent, commitment and process as per verification protocols, AND, FRILIA, or equivalent, adopted through State executive order as per verification protocols (one-time payment for year	50.00	1.1.3 Basic: 10 states x $2m and D1.1.3 Stretch: 5 states x $4m and 1.2.1: 5 states x $2m

	in which DLR is first achieved, up to Year 2)		
January 1, 2025 - December 31, 2025	1.1.4 Published on state official website: (i) the process for obtaining CofO including all relevant MDAs, time frames and costs; (ii) the process for obtaining Construction Permits including all relevant MDAs, time frames and costs; AND 1.1.4 New CofOs registered during 2025 (1 January 2025 to 31 December 2025) digitized and indexed on an ongoing basis in accordance with international good standards as established in the TOR meets target: Target: At least 90% of new CofOs registered; AND 15% increase from 2021 to 2025 in the share of CofOs registered per year that are female owned or joint/co-owned. 1.2.2 FRILIA, or equivalent, under satisfactory implementation with at least 1 pilot investment materialized under FRILIA and as confirmed by a social audit.	30.00	1.1.4 Basic: 10 states x $2m and 1.2.2: 4 states x $2.5m

DLI 2	Improved regulatory framework for private investment in fiber optic infrastructure			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Intermediate Outcome	No	Text	108.00	15.00
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	As of July 2022, States reported that 10 States are applying aggregate per-meter fees of at most 145NGN/meter for ROW and related fees. Only 1 State publishes online its ROW processes and fees, and no states publish approved ROW			

	applications.		
Prior Results	N/A	0.00	N/A
January 1, 2023 - December 31, 2023	2.1 State amended existing legislation/regulation or passed new legislation/regulation to adopt aggregate fees charged for broadband deployment on a per linear meter basis at a maximum of NGN145 per meter; AND Published on state official website: the process for obtaining ROW including all relevant MDAs, timeframes, and costs.	40.00	20 states x $2m
January 1, 2024 - December 31, 2024	2.2 State maintained aggregate per linear meter fees for broadband deployment and online publication of ROW processes and fees; AND Published on state official website: Approved ROW-related requests by operators.	20.00	20 states x $1m
January 1, 2025 - December 31, 2025	2.3 State maintained aggregate per linear meter fees for broadband deployment, online publication of ROW processes and fees, and online publication of approved ROW-related requests; AND Increase in total deployed non-Gigabit Passive Optical Network (GPON) fiber optic cable kilometers against 2022 baseline meets target: Basic target: 20-99% Stretch target: >100%	48.00	2.3 Basic: 12 states x $2m and 2.3 Stretch: 6 states x $4m

DLI 3	Development of an effective PPP framework			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Outcome	No	Text	62.00	8.00
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	20 states including the FCT have a PPP law in place. 11 states including the FCT have a PPP FCCL framework, and other key PPP frameworks documents. While 21 states including the FCT have established PPP offices, only 11 states including the FCT have a PPP pipeline of project and have published a PPP pipeline of projects in the public domain. 8 states (noting that the FCT is excluded) have developed an independent project development fund or project facilitation fund.			
Prior Results	N/A		0.00	N/A
January 1, 2023 - December 31, 2023	3.1 State-level technical PPP coordination unit/agency mandated as the lead organization tasked with facilitation of PPPs; AND PPP pipeline adopted and disclosed by State-level PPP coordination unit/agency, of which at least 50 percent is screened for climate adaptation and mitigation evidenced by disclosure of the assessment.		12.00	12 states x $1m
January 1, 2024 - December 31, 2024	3.2 State-level technical PPP coordination unit/agency maintained; AND Published on		30.00	12 states x $2.5m

	state's official website: (i) the PPP Fiscal Commitment and Contingent Liability (FCCL) Management Framework; and (ii) the PPP legal and institutional framework, including guidelines and manual; and (iii) the PPP disclosure framework; AND Web-based disclosure portal/ website publishes pipeline PPP projects.		
January 1, 2025 - December 31, 2025	3.3 State-level technical PPP coordination unit/agency maintained; AND State Project Facilitation Fund is established with a minimum funding of 3% of the total pipeline estimated capital investment.	20.00	8 states x $2.5m

DLI 4	Improved Investment Promotion Environment			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Outcome	No	Text	105.00	14.00

Period	**Value**	**Allocated Amount (USD)**	**Formula**
Baseline	14 states have an IPA with a verified legal mandate, out of which 11 have a functional website. Of these 11 IPAs, 5 have information available on their websites about investment incentives; 3 have information available on access to credit; none have information on the number of recipients of investment incentives; 6 have a corporate plan (of which 3 with clear KPIs); 6 have an investor tracking system; 8 have an aftercare or retention program (of which 2 with clear KPIs); 10 indicate that they provide		

	investor services.		
Prior Results	4.1 Published on state official website: Inventory of all investment incentives (Federal and State) available in the State, including information on (i) legal reference instrument, (ii) sectors, (iii) eligibility criteria, (iv) description of benefits, (v) duration, (vi) awarding and implementing agency, and (vii) year when the incentive was introduced.	5.00	5 states x $1m
January 1, 2023 - December 31, 2023	4.2 Published on state official website: Inventory of all investment incentives (Federal and State) available in the State and the number of entities receiving State investment incentives; AND The Investment promotion agency (IPA) mandated as the lead organization promoting investment into the State; AND The IPA has updated its website with information as per the verification protocols, including on access to credit.	30.00	15 states x $2m
January 1, 2024 - December 31, 2024	4.3 Published on state official website: Inventory of all investment incentives (Federal and State) available in the State and the number of entities receiving State investment incentives; AND The IPA is performing key functions as per the verification protocols; AND The IPA organized at least 2 information sessions for investors on access to credit and provided assistance to investors to link them to credit institutions, in the period 1 January 2024 till 31 December 2024.	30.00	15 states x $2m

January 1, 2025 - December 31, 2025	4.4 Published on state official website: Inventory of all investment incentives (Federal and State) available in the State and the number of entities receiving State investment incentives; AND An aftercare and retention program is adopted as per the verification protocols; AND The number of announced investments proactively supported by IPA meets target: Basic target: 1 to 4 Stretch target: At least 5	40.00	Basic 4.4: 10 states x $2m and 4.4 Stretch: 5 states x $4m

DLI 5	Increased transparency of official fees and procedures			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Outcome	No	Text	60.00	8.00

Period	**Value**	**Allocated Amount (USD)**	**Formula**
Baseline	31 states + FCT have websites but do not have fees, procedures and service level agreements (SLAs) for their business-enabling environment (BEE) MDAs stated. No advanced notification is provided of changes to fees and procedures. Adherence to SLAs is not monitored or reported to the public. Only one state and FCT have timelines associated to the resolution of grievances.		
Prior Results	5.1 Published on state official website(s): fees, procedures, and service delivery timelines of five key BEE State MDAs as per the verification protocols.	10.00	10 states x $1m

January 1, 2023 - December 31, 2023	5.2 Published on state official website(s): fees, procedures, and service delivery timelines of five key BEE State MDAs; AND State Executive Order issued to direct five State BEE MDAs to publish on state official website(s) their fees, procedures, SLAs, GRM, and mandatory advance communication rules of upcoming changes, as per the verification protocols.	10.00	10 states x $1m
January 1, 2024 - December 31, 2024	5.3 Published on state official website(s): fees, procedures, and service delivery timelines of five key BEE State MDAs; AND GRMs at two key BEE State MDAs are operational and a minimum of 50% of grievances received are addressed within the specified SLAs.	20.00	10 states x $2m
January 1, 2025 - December 31, 2025	5.4 Published on state official website(s): fees, procedures, and service delivery timelines of five key BEE State MDAs. AND GRMs at two key BEE State MDAs are operational and a minimum of 75% of grievances received are addressed within the specified SLAs. AND Publish at least on a monthly basis on state official website(s): compliance with SLAs of five key BEE State MDAs.	20.00	10 states x $2m

DLI 6	**Increased transparency of fees and levies for inter-state trade and increased exporter certification**			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Intermediate Outcome	No	Text	89.00	12.00
Period	**Value**		**Allocated Amount (USD)**	**Formula**

Baseline	6.1 15 states have haulage fees. 17 states lack a published schedule of trade-related fees and levies. 20 states have a GRM systems, out of which 17 also cover traders, while 4 states do not have a GRM system for traders. 6.2 20 states have an active State Committee on Export Promotion (SCEP) and 3 states have an inactive one. 13 of the SCEPs do not have an operational budget other than the NEPC contributions, hence they do not carry out activities and meetings.		
Prior Results	6.1.1 Published on state official website: schedule of trade related fees and levies on inter-state movement of goods.	17.00	17 states x $1m
January 1, 2023 - December 31, 2023	6.1.2 Published on state official website: schedule of trade related fees and levies on inter-state movement of goods; AND GRM for traders established including SMS/hotline for reporting and redress. 6.2.1 State allocated an operational budget to the SCEP in the 2024 budget. AND Published on state official website: a state export strategy and guidelines.	21.00	6.1.2: 9 states x $1m and 6.2.1: 12 states x $1m
January 1, 2024 - December 31, 2024	6.1.3 Published on state official website: schedule of trade related fees and levies on inter-state movement of goods; AND report on complaints from traders and redress actions; AND A minimum of 50 percent of grievances received in the GRM are addressed within the specified service level agreements. 6.2.2 At least 10% increase in the number of firms in the state	21.00	6.1.3: 9 states x $1m and 6.2.2: 12 states x $1m

	that obtained export certificates from NEPC from the baseline year (2021).		
January 1, 2025 - December 31, 2025	6.1.4 Published on state official website: schedule of trade related fees and levies on inter-state movement of goods; AND report on complaints from traders and redress actions; AND A minimum of 75 percent of grievances received in the GRM are addressed within the specified service level agreements; AND Eliminated haulage fees and charges. 6.2.3 At least 20% increase in firms in the state that obtained export certificates from NEPC from the baseline year (2021).	30.00	6.1.4: 9 states x $2m and 6.2.3: 12 states x $1m

DLI 7	Simplified state and local business tax regimes			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Outcome	No	Text	122.00	17.00

Period	**Value**	**Allocated Amount (USD)**	**Formula**
Baseline	No states have a presumptive turnover tax regime for small businesses; no states have a consolidated demand notice that business-related local government charges/fees/taxes; no states have an electronic platform established for the collection of taxes, levies, and fees from businesses and automated e-receipt generation (QR code or unique payment ID) for all business-enabling environment related MDAs		

Prior Results	N/A	0.00	N/A
January 1, 2023 - December 31, 2023	7.1 State amended existing legislation or passed new legislation to adopt presumptive turnover tax regime for small businesses; AND, (b) State subsumed business-related local government charges/fees/taxes into a consolidated demand notice (one-time payment for year in which DLR is first achieved, up to Year 3)	32.00	7.1: 16 states x $2m
January 1, 2024 - December 31, 2024	7.1 State amended existing legislation or passed new legislation to adopt presumptive turnover tax regime for small businesses; AND, (b) State subsumed business-related local government charges/fees/taxes into a consolidated demand notice (one-time payment for year in which DLR is first achieved, up to Year 3) 7.2.1 Electronic platform established for the collection of taxes, levies, and fees from businesses and automated e-receipt generation (QR code or unique payment ID) for all business-enabling environment related MDAs.	50.00	7.2.1: 20 states x $2.5m
January 1, 2025 - December 31, 2025	7.1 State amended existing legislation or passed new legislation to adopt presumptive turnover tax regime for small businesses; AND, (b) State subsumed business-related local government charges/fees/taxes into a consolidated demand notice (one-time payment for year in which DLR is first achieved, up to Year 3) 7.2.2 All State-level and local government taxes, levies, and fees from businesses can be paid electronically; and there is	40.00	7.2.2 Basic: 10 states x $2m and 7.2.2 Stretch: 5 states x $4m

	an adoption rate of: Basic target: At least 33% of State collection of taxes, levies, and fees from businesses Stretch target: At least 66% of State collection of taxes, levies, and fees from businesses.		

DLI 8	Quick determination of commercial disputes			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Intermediate Outcome	No	Text	80.00	11.00

Period	**Value**	**Allocated Amount (USD)**	**Formula**
Baseline	Seven states and the FCT have operational small claims courts. These are: Lagos, Jigawa, Edo, Ogun, Kano, Ekiti, Nasarawa and FCT.		
Prior Results	N/A	0.00	N/A
January 1, 2023 - December 31, 2023	8.1 Judicial Committee established by the Chief Judge of the state judiciary; AND Published on State judiciary website: Practice Directions of the small claims courts; AND State established and operated at least two small claims courts having tried at least one case each.	20.00	20 states x $1m
January 1, 2024 - December 31, 2024	8.2 Monthly performance reports for small claims courts for 2023 (from inception of the courts to December 2023) to be made available to the public on state Judiciary's website by 31 March 2024; AND 50% of cases disposed within 60 days, as recorded by the time to disposition report; AND 50% of judgments executed within 30 days,	40.00	20 states x $2m

	as recorded by the execution reports.		
January 1, 2025 - December 31, 2025	8.3 Monthly performance reports for small claims court for 2024 (Jan to Dec 2024) to be made available to the public on state Judiciary's website by 31 March 2025; AND 75% of cases disposed within 60 days as recorded by the time to disposition report; AND 75% of judgments executed within 30 days as recorded by the execution reports.	20.00	20 states x $1m

Eligibility Criteria and DLI Matrix

Notes:

(1) DLIs that contain 2 DLRs which are separately valued, the States can receive the financing only achieving one of the DLRs. Are indicated by the sub-numbering, i.e., 1.1 and 1.2; 6.1 and 6.2 and 7.1 and 7.2.
(2) DLRs have distinct but related components that must be all achieved in order to receive financing are indicated by the use of 'AND'
(3) DLRs have a basic target with a lower value and a stretch target with a higher value. States need to at least achieve the basic target.
(4) For DLRs for which no time period is described, the period during which the DLR is to be obtained is Jan 1-Dec 31 2023 for Result 1, Jan 1-Dec 31 2024 for Result 2, and Jan 1-Dec 31 2025 for Result 3.
(5) If DLRs have been financed by other sources of financing (including through Bank-financed programs or projects), the States are not eligible for receiving financing under the SABER Program.

DLIs	Total Financing allocated (US$m)	As % of total financing (US$730m)	Baseline	Prior Result *(Achievable b/w Concept Note Review on May 31, 2022, and Financing Agreement signing, estimated by November 14, 2022)*	Disbursement Linked Results (DLR)	Disbursement Linked Results (DLR)	Disbursement Linked Results (DLR)
					Result 1 (Jan-1 - Dec-31 2023)	**Result 2 (Jan-1 - Dec-31 2024)**	**Result 3 (Jan-1 - Dec-31 2025)**
<u>Eligibility Criteria</u>: Improved planning and accountability of business enabling reforms AND Continued transparency of annual State Budget and Audited Financial Statements AND Strengthened and transparent debt management			Currently States and FCT do not prepare Annual State Business-Enabling Reforms Action Plans. All 36 States published FY2022 national Chart of Accounts compliant State budgets by end January 2022. All 36 States published FY2020 audited financial statements, prepared in accordance with International Public Sector Accounting Standards (IPSAS) by end July 2021. 33 States published annual state debt sustainability analysis and Medium-term debt management strategy by end December 2021.	Annual FY21 audited financial statement, prepared in accordance with IPSAS, submitted to the State Assembly and published by 31 October 2022.	Annual State Business-Enabling Reforms Action Plan for 2023 approved by the State Executive Council and published online by 31 January 2023; AND Annual State Business-Enabling Reforms Action Plan for 2024, prepared with, and including records of, private sector participation, approved by the State Executive Council and published online by 31 December 2023; AND Annual FY23 state budget, prepared under national Chart of Accounts, approved by the State Assembly and published online by 31 January 2023; AND Annual FY22 audited financial statement, prepared in accordance with IPSAS, submitted to the State Assembly and published by 31 July 2023; AND Annual State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) published online by 31 December 2022.	Annual State Business-Enabling Reforms Action Plan for 2025, prepared with, and including records of, private sector participation, approved by the State Executive Council and published online by 31 December 2024; AND Previous year's (2023) progress report submitted to the State Executive Council and published online by 31 July 2024; AND Annual FY24 state budget, prepared under national Chart of Accounts, approved by the State Assembly and published online by 31 January 2024; AND Annual FY23 audited financial statement, prepared in accordance with IPSAS, submitted to the State Assembly and published online by 31 July 2024; AND Annual SDSA-DMSR published online by 31 December 2023.	Annual State Business-Enabling Reforms Action Plan, prepared for 2026 with, and including records of, private sector participation, approved by State Executive Council and published online by 31 December 2025; AND Previous year's (2024) progress report submitted to the State Executive Council and published online by 31 July 2025; AND Annual FY25 state budget, prepared under national Chart of Accounts, approved by the State Assembly and published online by 31 January 2025; AND Annual FY24 audited financial statement, prepared in accordance with IPSAS, submitted to the State Assembly and published online by 31 July 2025; AND Annual SDSA-DMSR published online by 31 December 2024.

DLIs	Total Financing allocated (US$m)	As % of total financing (US$730m)	Baseline	Prior Result *(Achievable b/w Concept Note Review on May 31, 2022, and Financing Agreement signing, estimated by November 14, 2022)*	Disbursement Linked Results (DLR)	Disbursement Linked Results (DLR)	Disbursement Linked Results (DLR)
					Result 1 (Jan-1 - Dec-31 2023)	**Result 2 (Jan-1 - Dec-31 2024)**	**Result 3 (Jan-1 - Dec-31 2025)**
DLI1: Improved efficiency in property registration and sustainability of the land-based investment process			**1.1** As of July 2022, 4 States + FCT reported having published on their state official website information on: the process for obtaining certificates of occupancy (CofOs); and 2 states reported having published the process for obtaining construction permits. None provide the complete information required.	**1.1.1** Published on state official website: (i) the process for obtaining CofOs including all relevant MDAs, time frames and costs; and (ii) the process for obtaining Construction Permits including all relevant MDAs, time frames and costs; and (iii) number of CofOs registered (1 January 2012 – 31 December 2021); and number CofOs digitized and indexed in a digital archive registered (1 January 2012 - 31 December 2021); and number of female owned or joint/co-owned CofOs registered (1 January 2021 - 31 December 2021)	**1.1.2** Published on state official website: (i) the process for obtaining CofO including all relevant MDAs, time frames and costs; and (ii) the process for obtaining Construction Permits including all relevant MDAs, time frames and costs; AND **1.1.2** Terms of References (TOR) for the creation of a data centric digital archive of CofOs with a searchable index in accordance with international good standards completed.[54]	**1.1.3** Published on state official website: (i) the process for obtaining CofO including all relevant MDAs, time frames and costs; (ii) the process for obtaining Construction Permits including all relevant MDAs, time frames and costs; AND **1.1.3** Existing CofOs (registered from 1 January 2012 to December 31, 2024) digitized and indexed in a digital archive in accordance with international good standards established in the TOR meets target: **Basic target**: 50%-70% of CofOs registered **Stretch target**: 71%-100% of CofOs registered	**1.1.4** Published on state official website: (i) the process for obtaining CofO including all relevant MDAs, time frames and costs; (ii) the process for obtaining Construction Permits including all relevant MDAs, time frames and costs; AND **1.1.4** New CofOs registered during 2025 (1 January 2025 to 31 December 2025) digitized and indexed on an ongoing basis in accordance with international good standards as established in the TOR meets target: Target: At least 90% of new CofOs registered; AND 15% increase from 2021 to 2025 in the share of CofOs registered per year that are female owned or joint/co-owned.
			1.2 One State adopted the Framework for Responsible Investment in Land-Intensive Agriculture (FRILIA).		**1.2.1** State executive order issued on FRILIA, or equivalent, commitment and process as per verification protocols, AND, FRILIA, or equivalent, adopted through State executive order as per verification protocols *(one-time payment for year in which DLR is first achieved, up to Year 2)*		**1.2.2** FRILIA, or equivalent, under satisfactory implementation with at least 1 pilot investment materialized under FRILIA and as confirmed by a social audit.
DLI 1	**104**	**14%**		**15**	**9**	**50**	**30**
DLI 1.1 Basic	60	8%		15 (15 states x $1m)	**5** (10 states x $0.5m)	20 (10 states x $2m)	20 (10 states x $2m)
DLI 1.1 Stretch	20	3%				20 (5 states x $4m)	
DLI 1.2	24	3%			14 (7 states x $2m)		10 (4 states x $2.5m)
DLI2: Improved regulatory framework for private investment in fiber optic			As of July 2022, States reported that 10 States are applying aggregate per-meter fees of at most NGN145/meter for ROW and related fees.	N/A	**2.1** State amended existing legislation/regulation or passed new legislation/regulation to adopt aggregate fees charged	**2.2** State maintained aggregate per linear meter fees for broadband deployment and online publication of ROW processes and fees;	**2.3** State maintained aggregate per linear meter fees for broadband deployment, online publication of ROW processes and fees, and online

[54] The digital archive, with a view to facilitate the development of a more sophisticated GIS, should be in line with standards such as outlined in the Land Administration Domain Model. The LADM has an ISO certification. https://www.iso.org/standard/51206.html . The digital archive should also include and allow for a systematic monitoring of key land-related indicators, including gender disaggregated data.

DLIs	Total Financing allocated (US$m)	As % of total financing (US$730m)	Baseline	Prior Result *(Achievable b/w Concept Note Review on May 31, 2022, and Financing Agreement signing, estimated by November 14, 2022)*	Disbursement Linked Results (DLR) Result 1 (Jan-1 - Dec-31 2023)	Disbursement Linked Results (DLR) Result 2 (Jan-1 - Dec-31 2024)	Disbursement Linked Results (DLR) Result 3 (Jan-1 - Dec-31 2025)
infrastructure			Only 1 State publishes online its ROW processes and fees, and no states publish approved ROW applications.		for broadband deployment on a per linear meter basis[55] at a maximum of NGN145 per meter; AND Published on state official website: the process for obtaining ROW including all relevant MDAs, timeframes, and costs.	AND Published on state official website: Approved ROW-related requests by operators. .	publication of approved ROW-related requests; AND Increase in total deployed non-Gigabit Passive Optical Network (GPON) fiber optic cable kilometers against 2022 baseline meets target: **Basic target**: 20-99% **Stretch target**: >100%[56]
DLI 2	**108**	**15%**			**40**	**20**	**48**
DLI 2 Basic	84	12%			40 (20 states x $2m)	20 (20 states x $1m)	24 (12 states x $2m)
DLI 2 Stretch	24	3%					24 (6 states x $4m)
DLI3: Development of an effective PPP framework			20 states including the FCT have a PPP law in place. 11 states including the FCT have a PPP FCCL framework, and other key PPP frameworks documents. While 21 states including the FCT have established PPP offices, only 11 states including the FCT have a PPP pipeline of project and have published a PPP pipeline of projects in the public domain. 8 states (noting that the FCT is excluded) have developed an independent project development fund or project facilitation fund.	N/A	**3.1** State-level technical PPP coordination unit/agency mandated as the lead organization tasked with facilitation of PPPs; AND PPP pipeline adopted and disclosed by State-level PPP coordination unit/agency, of which at least 50 percent is screened for climate adaptation and mitigation evidenced by disclosure of the assessment.	**3.2** State-level technical PPP coordination unit/agency maintained; AND Published on state's official website: (i) the PPP Fiscal Commitment and Contingent Liability (FCCL) Management Framework; and (ii) the PPP legal and institutional framework, including guidelines and manual; and (iii) the PPP disclosure framework; AND Web-based disclosure portal/ website publishes pipeline PPP projects.	**3.3** State-level technical PPP coordination unit/agency maintained; AND State Project Facilitation Fund is established with a minimum funding of 3% of the total pipeline estimated capital investment.
DLI 3	**62**	**8%**			12 (12 states x $1m)	30 (12 states x $2.5m)	20 (8 states x $2.5m)
DLI4: Improved Investment Promotion Environment			14 states have an IPA with a verified legal mandate, out of which 11 have a functional website. Of these 11 IPAs, 5 have information available on	**4.1** Published on state official website: Inventory of all investment incentives (Federal and State) available in the State, including information on	**4.2** Published on state official website: Inventory of all investment incentives (Federal and State) available in the State and the number	**4.3** Published on state official website: Inventory of all investment incentives (Federal and State) available in the State and the number of	**4.4** Published on state official website: Inventory of all investment incentives (Federal and State) available in the State and the number of

[55] These should include all fees that are charged on a per linear basis for operators deploying broadband infrastructure, including but not necessarily limited to ROW fees, annual per-meter fees, and reinstatement fees.
[56] 100% derived from 300% growth needed to achieve NBP targets, which is in turn scaled down by two thirds given need for complementary federal-level reforms to unlock full potential and limited progress towards NBP targets to date.

DLIs	Total Financing allocated (US$m)	As % of total financing (US$730m)	Baseline	Prior Result *(Achievable b/w Concept Note Review on May 31, 2022, and Financing Agreement signing, estimated by November 14, 2022)*	Disbursement Linked Results (DLR)	Disbursement Linked Results (DLR)	Disbursement Linked Results (DLR)
					Result 1 (Jan-1 - Dec-31 2023)	**Result 2 (Jan-1 - Dec-31 2024)**	**Result 3 (Jan-1 - Dec-31 2025)**
			their websites about investment incentives; 3 have information available on access to credit; none have information on the number of recipients of investment incentives; 6 have a corporate plan (of which 3 with clear KPIs); 6 have an investor tracking system; 8 have an aftercare or retention program (of which 2 with clear KPIs); 10 indicate that they provide investor services.	(i) legal reference instrument, (ii) sectors, (iii) eligibility criteria, (iv) description of benefits, (v) duration, (vi) awarding and implementing agency, and (vii) year when the incentive was introduced.	of entities receiving State investment incentives; AND The Investment promotion agency (IPA) mandated as the lead organization promoting investment into the State; AND The IPA has updated its website with information as per the verification protocols, including on access to credit.	entities receiving State investment incentives; AND The IPA is performing key functions as per the verification protocols; AND The IPA organized at least 2 information sessions for investors on access to credit and provided assistance to investors to link them to credit institutions, in the period 1 January 2024 till 31 December 2024.	entities receiving State investment incentives; AND An aftercare and retention program is adopted as per the verification protocols; AND The number of announced investments proactively supported by IPA meets target: **Basic target:** 1 to 4 **Stretch target**: At least 5
DLI 4	**105**	**14%**		**5**	**30**	**30**	**40**
DLI 4 Basic	85	12%		5 (5 states x $1m)	30 (15 states x $2m)	30 (15 states x $2m)	20 (10 states x $2m)
DLI 4 Stretch	20	3%					20 (5 states x $4m)
DLI5: Increased Transparency of official fees and procedures			31 states + FCT have websites but do not have fees, procedures and service level agreements (SLAs) for their business-enabling environment (BEE) MDAs stated. No advanced notification is provided of changes to fees and procedures. Adherence to SLAs is not monitored or reported to the public. Only one state and FCT have timelines associated to the resolution of grievances.	**5.1** Published on state official website(s): fees, procedures, and service delivery timelines of five key BEE State MDAs as per the verification protocols.	**5**.2 Published on state official website(s): fees, procedures, and service delivery timelines of five key BEE State MDAs; AND State Executive Order issued to direct five State BEE MDAs to publish on state official website(s) their fees, procedures, SLAs, GRM, and mandatory advance communication rules of upcoming changes, as per the verification protocols.	**5.3** Published on state official website(s): fees, procedures, and service delivery timelines of five key BEE State MDAs; AND GRMs at two key BEE State MDAs are operational and a minimum of 50% of grievances received are addressed within the specified SLAs.	**5.4** Published on state official website(s): fees, procedures, and service delivery timelines of five key BEE State MDAs. AND GRMs at two key BEE State MDAs are operational and a minimum of 75% of grievances received are addressed within the specified SLAs.[57] AND Publish at least on a monthly basis on state official website(s): compliance with SLAs of five key BEE State MDAs.
DLI 5	**60**	**8%**		10 (10 states x $1m)	10 (10 states x $1m)	20 (10 states x $2m)	20 (10 states x $2m)
DLI6: Increased transparency of fees and levies for inter-state trade			**6.1** 15 states have haulage fees. 17 states lack a published schedule of trade-related fees and levies. 20 states have a	**6.1.1** Published on state official website: schedule of trade related fees and levies on inter-state movement of goods.	**6.1.2** Published on state official website: schedule of trade related fees and levies on inter-state movement of	**6.1.3** Published on state official website: schedule of trade related fees and levies on inter-state movement of goods;	**6.1.4** Published on state official website: schedule of trade related fees and levies on inter-state movement of goods;

[57] Multiple channels for grievance uptake/publicly available procedure/service standards for resolution/clearly defined appeal process. This could include Establishing a state dashboard that shows real time statistics on key metrics such as time taken to resolve complaints, updates on key infrastructure projects as compared to service level agreements each MDA has.

DLIs	Total Financing allocated (US$m)	As % of total financing (US$730m)	Baseline	Prior Result (*Achievable b/w Concept Note Review on May 31, 2022, and Financing Agreement signing, estimated by November 14, 2022)*	Disbursement Linked Results (DLR)	Disbursement Linked Results (DLR)	Disbursement Linked Results (DLR)
					Result 1 (Jan-1 - Dec-31 2023)	**Result 2 (Jan-1 - Dec-31 2024)**	**Result 3 (Jan-1 - Dec-31 2025)**
and increased exporter certification			GRM systems, out of which 17 also cover traders, while 4 states do not have a GRM system for traders. **6.2** 20 states have an active State Committee on Export Promotion (SCEP) and 3 states have an inactive one. 13 of the SCEPs do not have an operational budget other than the NEPC contributions, hence they do not carry out activities and meetings.		goods; AND GRM for traders established including SMS/hotline for reporting and redress. **6.2.1** State allocated an operational budget to the SCEP in the 2024 budget. AND Published on state official website: a state export strategy and guidelines.	AND report on complaints from traders and redress actions; AND A minimum of 50 percent of grievances received in the GRM are addressed within the specified SLAs. **6.2.2** At least 10% increase in the number of firms in the state that obtained export certificates from NEPC from the baseline year (2021).	AND report on complaints from traders and redress actions; AND A minimum of 75 percent of grievances received in the GRM are addressed within the specified service level agreements; AND Eliminated haulage fees and charges. **6.2.3** At least 20% increase in firms in the state that obtained export certificates from NEPC from the baseline year (2021).
DLI 6	**89**	**12%**		**17**	**21**	**21**	**30**
DLI 6	53	7%		17 (17 states x $1m)	9 (9 states x $1m)	9 (9 states x $1m)	18 (9 states x $2m)
DLI 6	36	5%			12 (12 states x $1m)	12 (12 states x $1m)	12 (12 states x $1m)
DLI7: Simplified state and local business tax regimes			No states have a presumptive turnover tax regime for small businesses; no states have a consolidated demand notice that business-related local government charges/fees/taxes; no states have an electronic platform established for the collection of taxes, levies, and fees from businesses and automated e-receipt generation (QR code or unique payment ID) for all business-enabling environment related MDAs	N/A	**7.1** State amended existing legislation or passed new legislation to adopt presumptive turnover tax regime for small businesses; AND, (b) State subsumed business-related local government charges/fees/taxes into a consolidated demand notice *(one-time payment for year in which DLR is first achieved, up to Year 3)*		
						7.2.1 Electronic platform established for the collection of taxes, levies, and fees from businesses and automated e-receipt generation (QR code or unique payment ID) for all business-enabling environment related MDAs.	**7.2.2** All State-level and local government taxes, levies, and fees from businesses can be paid electronically; and there is an adoption rate of: **Basic target:** At least 33% of State collection of taxes, levies, and fees from businesses **Stretch target**: At least 66% of State collection of taxes, levies, and fees from businesses.
DLI7	**122**	**17%**			**32**	**50**	**40**
DLI 7.1	32	4%			32 (16 states x $2m)		
DLI 7.2 Basic	70	10%				50 (20 states x $2.5m)	20 (10 states x $2m)
DLI 7.2 Stretch	20	3%					20 (5 states x $4m)
DLI8: Quick determination of			Seven states and the FCT have operational small claims courts. These are: Lagos,	N/A	**8.1** Judicial Committee established by the Chief Judge of the state judiciary;	**8.2** Monthly performance reports for small claims courts for 2023 (from inception of the	**8.3** Monthly performance reports for small claims court for 2024 (Jan to Dec 2024) to

DLIs	Total Financing allocated (US$m)	As % of total financing (US$730m)	Baseline	Prior Result *(Achievable b/w Concept Note Review on May 31, 2022, and Financing Agreement signing, estimated by November 14, 2022)*	Disbursement Linked Results (DLR)	Disbursement Linked Results (DLR)	Disbursement Linked Results (DLR)
					Result 1 (Jan-1 - Dec-31 2023)	**Result 2 (Jan-1 - Dec-31 2024)**	**Result 3 (Jan-1 - Dec-31 2025)**
commercial disputes			Jigawa, Edo, Ogun, Kano, Ekiti, Nasarawa and FCT.		AND Published on State judiciary website: Practice Directions of the small claims courts; AND State established and operated at least two small claims courts having tried at least one case each.	courts to December 2023) to be made available to the public on state Judiciary's website by 31 March 2024; AND 50% of cases disposed within 60 days, as recorded by the time to disposition report; AND 50% of judgments executed within 30 days, as recorded by the execution reports.	be made available to the public on state Judiciary's website by 31 March 2025; AND 75% of cases disposed within 60 days as recorded by the time to disposition report; AND 75% of judgments executed within 30 days as recorded by the execution reports.
DLI 8	**80**	**11%**			20 (20 states x $1m)	40 (20 states x $2m)	20 (20 states x $1m)

Verification Protocol Table: Disbursement Linked Indicators	
DLI 1	Improved efficiency in property registration and sustainability of the land-based investment process
Description	The process for obtaining a Certificate of Occupancy (CofO) refers to a step-by-step illustration of the process for the applicant to obtain a CofO from the application for the Right of Occupancy (RofO) to obtaining the final CofO signed by the Governor and duly registered as a legal document by the registrar. Each interaction with a government office should be listed as a separate procedure in sequential order with each procedure listing the relevant MDA(s) to interact with, the documentation required, the official costs and time frame, and reference to the relevant legal basis and/ or service level agreement. Official costs should include all official fees and payment related to the procedure, and modes and location of payment. The process for obtaining a construction permit refers to a step-by-step illustration of the process for the applicant to obtain a construction permit from the permit application to obtaining the permit approving the construction. Each interaction with a government office should be listed as a separate procedure in sequential order with each procedure listing the relevant MDAs to interact with, the documentation required, the official costs and time frame, and reference to the legal basis and/or service level agreement. Official costs should include all official fees and payment related to the procedure, and modes and location of payment. CofOs digitized and indexed refers to CofOs entered into a digital archive designed in accordance with international good standards such as outlined in the Land Administration Domain Model , with at the minimum the following features: • The archive has to be indexed and searchable through key alpha-numeric data. Minimum searchable field requirements are the name and gender of the certificate holder, certificate ID, and the property attached to the certificate. • The indexed information for each CofO has to be linked to a scan of the respective paper documents (I.e. CofO certificate, maps, plans and other certificates associated with the property) and has to have a traceable reference to the physical records. • Digitizing is defined as the process of converting any hard- copy, or non-digital record into digital format. This includes digitizing photographs and maps. To achieve the results under DLI 1.2., a Framework for Responsible and Inclusive Land Intensive Investment in Agriculture (FRILIA) has to be developed and adopted by executive order, or its equivalent, which builds on a core set of internationally agreed upon principles and guidelines. • The framework has to include the 4 key principles as per Figure 1. • The framework has to be developed and adopted under a governance structure and procedures defined by executive order or equivalent which specifies at the minimum: • Establishment, powers and functions of a steering committee. Membership should include key government agencies that have direct reference to land use and investments in the State; at the minimum the Governor or Deputy Governor, the Commissioners or Heads of Agencies responsible for land matters, urban planning and development, investment promotion, planning and budget, environment, agriculture and local government. • Establishment and functions of the

	technical committee. Membership should include at the minimum the Commissioner responsible for Planning and Budget, two representatives (one not below the rank of a Director, and one principal officer) of the agencies responsible for land matters, investment promotion, finance, environment, agriculture, justice, local government, urban planning and development. • Rules, procedures, and principles applicable to the investment process incorporating the framework principles (overarching investment principles, principles on recognizing and protecting land rights, principles on state land acquisition and resettlement, principles related to environmental and social responsibility.) • Establishment of a grievance and redress mechanism. • The principles have to be mainstreamed into the land- based investment process, that is in the procedures processes and organizational arrangements that govern large-scale agribusiness investments through the development and application of 8 toolkits: (i) a Stakeholder Engagement toolkit on approaches and methodologies to identify and proactively enable the participation of all stakeholders towards empowering them to make an informed decision throughout a FRILIA implementation; (ii) an Environmental and Social Risk Management toolkit that provides the state environmental protection authority and other relevant agencies with a framework to guide the investor on implementing the safeguards for environmental and social sustainability, including the health and safety of its stakeholders; (iii) a Land Access, Easement and Involuntary Resettlement Management toolkit that supports the consultative process of physically and/or economically displaced Project Affected Entities (PAEs) and Project Affected Communities (PACs) to help ensure improved livelihoods post displacement; (iv) a Valuation and Compensation toolkit that includes the processes to objectively identify, enumerate and assess replacement values, assign eligibility and undertake gender-sensitive valuations of immovable assets, loss of access to natural resources and any other forms of valuable unexhausted improvements within and around a defined project area; (v) a Global Memorandum of Understanding toolkit that provides a range of culturally appropriate and user-friendly agreements that are inclusive and explanatory for all the parties involved in a range of agreements: between the state and investor, the investor and its out-grower organizations, between the State and PAEs and PACs on compensation and other development partner agreements; (vi) a Grievance Redress Mechanism toolkit that provides an avenue for stakeholders to understand the concept of grievances, capturing grievances, responding to grievances, monitoring, aggregation of grievances including the grievance escalation procedure and exploration of alternative dispute resolution or the court systems; (vii) a Community Needs Assessment and Development toolkit that guides the systematic and strategic planning, development and implementation of community development projects; and (viii) an Out-growers and Food Security toolkit that presents a series of process models that would support the expanded growth of investors and economically empower local communities to participate in large scale agribusiness development. Additionally, it includes a food security framework for participating communities. The social audit will assess compliance of the pilot investment with the processes established under a FRILIA. It has to be conducted by an independent agency and in

	accordance with clear terms of references based on international good standards.
Data source/ Agency	State Ministry of Urban Planning, /Land registry/ Land Bureau, Ministry of Lands, Survey and Urban Planning Lands Records Bureau, State Ministry of Land, Housing and Urban Development, State Surveyor General, agencies responsible for land such as EDOGIS (EDO) or KADGIS (in Kaduna), Ministries of Agriculture, Commerce and Industry, Rural and Community Development, Women Affairs and Social Development, and Environment, Investment Promotion Agencies, State websites.
Verification Entity	For the Prior Results, the Verification Entity is the IVA firm or appointed responsible PCU personnel for purposes of verifying the Prior Results. For the DLRs, it is the IVA firm.
Procedure	Procedures: The IVA will check the state official website(s) before and up to the deadline date for the online publication of the information for each criterion and carry out the following: For Prior Results • Verify that the state official website publishes information on the number of CofOs issued and duly registered over the last 10 years (between 1 January 2012 and 31 December 2021); and the CofOs issued digitized and indexed in a digital archive over the last 10 years (between 1 January 2012 and 31 December 2021); and the number of female owned or joint/co-owned CofOs issued (paper-based and/or digitized) over the last year (from 1 January 2021 to 31 December 2021). • Verify that data is published disaggregated by year for years 2019, 2020, and 2021. • Obtain from state explanation and evidence for how data was collected and its veracity (such as image of system query, extract from database, image of physical record storage and its organization) For Prior Results and all three periods (2023, 2024, 2025) DLI1.1: • Verify the publication on a state official website of a step-by-step illustration of the process for the applicant to obtain CofOs from the time of Right of Occupancy (RofO) application to obtaining the final CofO document as per definition; and that for each procedure, the relevant MDA(s) to interact with, the documentation required, the official costs and time frame, and reference to the relevant legal basis and/ or service level agreement are indicated. • Verify the publication on a state official website of a step-by-step description of the process for the applicant to obtain a construction permit from the time of application to obtaining the final document authorizing the construction as per definition; and that for each procedure, the relevant MDA(s) to interact with, the documentation required, the official costs and time frame, and reference to the relevant legal basis and/ or service level agreement are indicated. • Obtain the legal references from the state and confirm that they refer to the respective procedure.

	• Verify that contact information (at the minimum phone and/or email) for all relevant MDAs is published on a state official website. • Verify the contact information by calling or emailing at least 2 MDAs relevant for obtaining CofOs and/ construction permit, asking about the physical location of the MDA, and receiving a response by phone or in writing during working hours. For January 1, 2023- December 31, 2023 • Confirm completion of Terms of Reference for the creation of a digital archive of CofOs with a searchable index in accordance with international good standards such as outlined in the Land Administration Domain Model. • Obtain a copy of the Terms of Reference from the state. • Verify that the Terms of Reference includes the minimum requirements for the digital archive as per definition. For January 1, 2024 – December 31, 2024 • Collect and verify information on the number of Certificates of Occupancy (CofOs) issued digitized and indexed in a digital archive by conducting a search online or visiting the MDA that houses the digital archive, and conduct the relevant searches or observe how the relevant searches are conducted to confirm the statistics. • Calculate the share of CofOs issued and digitized as a percentage of CofOs issued between 1 January 2012 and December 31, 2024. • Visit the MDA that houses the digital archive and conduct a search for at least two CofOs by property; look up digitized files related to the CofO, and physical records related to CofO. Confirm that the records match. From January 1, 2023-December 31, 2024 DLI 1.2: • Verify that the Governor has issued an executive order or equivalent, on the following: (i) commitment to adopting a Framework for Responsible Investment in Land-Intensive Agriculture (FRILIA) and reason for adoption; (ii) principles to be adopted; (iii) creation of multi-stakeholder steering committee ; (iv) creation of technical committee (workgroup) to support FRILIA development and implementation; (v) stakeholder engagement framework to identify the necessary state actors to be engaged towards activation of a FRILIA. • Obtain a copy of the executive order or its equivalent and verify that it specifies the commitment, governance structure and processes as per definition above, including: • Establishment, powers and functions of a steering committee. • Establishment and functions of the technical committee. • Rules, procedures, and principles applicable to the investment process incorporating the framework principles

	• Establishment of a grievance and redress mechanism. • Verify that a Framework for Responsible Investment in Land Intensive Agriculture has been adopted through State executive order or equivalent. • Verify that the following toolkits have been developed and published that guide investors throughout the development of land-intensive agricultural projects under the process established by the framework executive order or its equivalent as per definition above on • (i) Stakeholder Engagement • (ii) Environmental and Social Risk Management • (iii) Land Access, Easement and Involuntary Resettlement Management • (iv) Valuation and Compensation • (v) Global Memorandum of Understanding • (vi) Grievance Redress Mechanism • (vii) Community Needs Assessment and Development • (viii) Out-growers and Food Security. • Obtain toolkits from official state website (e.g. investment promotion agency) or by directly contacting the relevant MDA. January 1, 2025 – December 31, 2025 • Verify that a system is in place for continuous digitizing and indexing of CofOs. • Visit the MDA that houses the digital archive and verify (i) existence of permanent digitizing equipment (e.g. scanner); obtain purchase receipt for the scanner; identify relevant budget line for equipment maintenance (and, if applicable software licensing fees) in agency or state budget; (ii) interview and observe the work process of at least one staff trained. • Collect and verify the following information by conducting a search online or visiting the MDA that houses the digital archive, and conduct the relevant searches: • number of CofOs digitized and indexed in a digital archive between January 1, 2025-December 31, 2025. • number of CofOs issued between 2021 and 2025 that are female owned or joint/co-owned, disaggregated by year. • Calculate the share of CofOs issued and digitized as a percentage of as a percentage of CofOs issued January 1, 2012 – December 31, 2025. • Calculate the percentage increase of CofOs issued between 2021 and 2025 that are female owned or joint/co-

	owned. • Verify that a FRILIA is under satisfactory implementation with at least 1 pilot investment materialized under a FRILIA as confirmed by a social audit by an independent agency.
DLI 2	Improved regulatory framework for private investment in fiber optic infrastructure
Description	For January 1, 2023 – December 31, 2023 State amended existing legislation/regulation or passed new legislation/regulation to adopt aggregate fees charged for broadband deployment on a per linear meter basis at a maximum of NGN145 per meter; AND Published on state official website: the process for obtaining ROW including all relevant MDAs, timeframes, and costs. Legislation/regulation is interpreted as published binding rules that per-linear meter fees charged by any and all state-level agencies for fiber optic cable deployment are not to exceed NGN145 per meter. To fulfil the DLI requirement, laws must be gazetted, and/or regulations need to issued through the MDA that has the power by law to issue them. Publication of ROW processes on state official website entails a single page specifying all state-level MDAs (including contact information), procedures, timeframes, and costs (including detailed breakdown of fee structure) for obtaining authorization to dig and deploy fiber optic cable in the state. January 1, 2024 - December 31, 2024 State maintained aggregate per linear meter fees for broadband deployment and online publication of ROW processes and fees; AND Published on state official website: Approved ROW-related requests by operators. Requirements for aggregate per linear meter fees and the online publication of ROW processes and fees are the same as for the January 1, 2023 – December 31, 2023 period, with the added requirements of validating that the relevant fee-related laws and regulations have not been superceded by subsequent laws and regulations that allow for fees above NGN145 per linear meter and that the online publication of ROW processes/fees remains up to date with the latest laws and regulations. Requirement for state official website publication of approved ROW-related requests entails an online website that lists the location, aggregate feed paid, and requesting operator for all approved ROW-related requests. All approved requests after December 31, 2024 (at the latest) must be included in the website. January 1, 2025 - December 31, 2025 State maintained aggregate per linear meter fees for broadband deployment, online publication of standardized ROW processes and fees, and online publication of approved ROW-related requests; AND Increase in total deployed non-Gigabit Passive Optical Network (GPON) fiber optic cable kilometers against 2022 baseline meets target: Basic target: 20-99%; Stretch target: >100% Requirements for aggregate per linear meter fees and the online publication of ROW processes and fees are the same as for the January 1, 2023 – December 31, 2023 period, with the added requirements of validating that the relevant fee-related laws and regulations have not been superceded by subsequent laws and regulations that allow for fees above NGN145 per linear meter and that the online publication of ROW processes/fees remains up to date with the latest laws and regulations.

	Requirements for state official website publication of approved ROW-related requests are the same as for the January 1, 2024 - December 31, 2024, with the added requirement that the database remains up to date (i.e., covers all approved requests after December 31, 2024 at the latest). Gigabit Passive Optical Network (GPON) fiber refers to the ITU's standard G.984 for passive optical networks, generally used to denote the last mile of fiber-to-the-premise (FTTP) services. By excluding GPON, the DLI focuses on percentage growth in backbone and middle mile fiber optic deployment.
Data source/ Agency	Nigerian Communications Commission (NCC) [fibre maps], States' websites
Verification Entity	IVA firm
Procedure	The IVA will carry out the following: Fiber deployment baseline • [Collect from NCC] Partner with the Nigerian Communications Commission (NCC) to have NCC issue a mandatory request to all operators deploying fiber in Nigeria to provide GIS maps of their deployed non-GPON fiber as of December 31, 2022 in line with WBG/ITU-developed Open Standard for terrestrial optical fiber cable data. Obtain resulting operator-level maps from NCC (in raw data form as provided by operators to NCC) and calculate 2022 fiber baseline by state via overlaying fiber maps against state boundaries, using GIS software. For January 1, 2023 – December 31, 2023 • Obtain information from each State on latest laws and regulations that govern who is authorized to deploy fiber optic cable in the State and who is authorized to impose fees on operators for such deployments, including gazetted laws and regulations issued by relevant MDAs. The law(s) and/or regulation(s) must be binding and explicitly cap aggregate per-linear-meter fees for fiber deployment (across all State-level MDAs) at a maximum of NGN145 per meter. Laws must be gazetted and/or regulations must be issued by the 31st of December of the year under assessment to count for that year. • Obtain information from each State on a state official website wherein all relevant MDAs, MDAs' contact information, procedures, fees, and timelines for obtaining authorization to deploy fiber optic cable along specific right(s) of way are listed. The information on the website must be up to date with the latest laws and regulations (i.e., same laws and regulations analyzed to validate fulfilment of the NGN145 per meter cap). Confirmation will be through a timestamp showing the date of publication (or through evidence obtained from the State IT Service provider). The content must be posted by the 31st of December of the year under assessment to count for that

	year. For January 1, 2024 – December 31, 2024 • Obtain information from each State on latest laws and regulations that govern who is authorized to deploy fiber optic cable in the State and who is authorized to impose fees on operators for such deployments, including gazetted laws and regulations issued by relevant MDAs. The law(s) and/or regulation(s) must be binding and explicitly cap aggregate per-linear-meter fees for fiber deployment (across all State-level MDAs) at a maximum of NGN145 per meter. Laws must be gazetted and/or regulations must be issued by the 31st of December of the year under assessment to count for that year. • Obtain information from each State on a state official website page wherein all relevant State-level MDAs, MDAs' contact information, procedures, fees, and timelines for obtaining authorization to deploy fiber optic cable along specific right(s) of way are listed. The information on the website must be up to date with the latest laws and regulations (i.e., same laws and regulations analyzed to validate fulfilment of the NGN145 per meter cap). Confirmation will be through a timestamp showing the date of publication (or through evidence obtained from the State IT Service provider). The content must be posted by the 31st of December of the year under assessment to count for that year. • Obtain information from each State on a state official website page wherein all approved ROW-related requests are posted and validate that the website fulfills the requirements listed in the description above. For January 1, 2025 – December 31, 2025 • Obtain information from each State on latest laws and regulations that govern who is authorized to deploy fiber optic cable in the State and who is authorized to impose fees on operators for such deployments, including gazetted laws and regulations issued by relevant MDAs. The law(s) and/or regulation(s) must be binding and explicitly cap aggregate per-linear-meter fees for fiber deployment (across all State-level MDAs) at a maximum of NGN145 per meter. Laws must be gazetted and/or regulations must be issued by the 31st of December of the year under assessment to count for that year. • Obtain information from each State on a state official website page wherein all relevant MDAs, MDAs' contact information, procedures, fees, and timelines for obtaining authorization to deploy fiber optic cable along specific right(s) of way are listed. The information on the website must be up to date with the latest laws and regulations (i.e., same laws and regulations analyzed to validate fulfilment of the NGN145 per meter cap). Confirmation will be

	through a timestamp showing the date of publication (or through evidence obtained from the State IT Service provider). The content must be posted by the 31st of December of the year under assessment to count for that year. • Obtain information from each State on a state official website page wherein all approved ROW-related requests are posted and validate that the website fulfills the requirements listed in the description above. • Collect data on and calculate fiber deployment • [Collect from NCC] Partner with NCC to have NCC issue a mandatory request to all operators deploying fiber in Nigeria to provide GIS maps of their deployed non-GPON fiber as of December 31, 2025 in line with WBG/ITU-developed Open Standard for terrestrial optical fiber cable data. Obtain resulting operator-level maps from NCC (in raw data form as provided by operators to NCC) and calculate 2025 fiber deployment by state via overlaying fiber maps against state boundaries, using GIS software. • Obtain from each State operator-level maps of fiber deployment (if collected by the State). If State-level data conflicts with national data as obtained via NCC process AND is collected at the operator level in line with WBG/ITU-developed Open Standard, replace fiber deployment datapoint for the state with the state-provided data. Calculate percentage increase in fiber deployment by state as of December 31, 2025 (based off combined NCC-State database) vis-à-vis 2022 fiber deployment baseline.
DLI 3	Development of an effective PPP framework
Description	For January 1, 2023 – December 31, 2023 Public-Private Partnerships (PPPs) is interpreted to include all types of long-term arrangements between the public entities and private institutions, for providing a public asset or services including but not limited to; Concessions, BOT (Build-Operate-and transfer), or (DBFOM) Design, Build, Finance, Operate and Maintain and the derived forms. PPP pipeline is interpreted as the list of projects the state government has screened as suitable for PPPs and considered for implementation for a specific time frame (minimally 5 years period). The Project Facilitation Fund minimum funding of 3% of the total pipeline refers to the total pipeline only for the target year (2025 or 2026) of the DLI. Specifically, the Fund would show intention of providing funds covering 3% of capital investments (at the time of approval of a project for entry into the pipeline) for the target year of the DLI (2025), or its subsequent year (2026) as identified by the PPP coordinating unit. Only funding for projects that are slated to be developed in the target year should be counted, and not the entire multi-year pipeline. Estimated capital investment refers to the sum of the estimated costs assigned to each project at the time of approval of project for entry into the pipeline. Climate screening is interpreted as an assessment of the PPP pipeline on adaptation and mitigation measures. For January 1, 2024 – December 31, 2024 The “PPP legal and

	regulatory framework" includes but is not limited to those laws, regulations, policies, etc. dealing with PPPs. E&S means environmental and social, including climate change and related sustainability and resilience. The Fiscal Commitment and Contingent Liability Framework refers to a framework for the public financial management of PPPs and relates to how fiscal commitments arising out of PPPs are measured, valued, controlled, reported, budgeted for, and disclosed. The PPP Guidelines and Manuals are interpreted as documents that set out in detail the steps for the preparation, procurement, and implementation of a PPP project; and address the responsibilities and tasks of all key institutions that are involved in the realization of a PPP project. It should also provide the contracting authorities and PPP coordinating unit/agency with a comprehensive set of assessment tools enabling sound preparation and implementation process. The PPP disclosure framework refers to detailed guidance on what, when, and how to disclose PPP information throughout the project lifecycle. This includes disclosure of information in pre, and post-procurement phases, and includes timelines for disclosure, responsibilities for disclosure, and guidance on handling confidential information. January 1, 2025 – December 31, 2025 A Project Facilitation Fund (PFF) or Project Development Fund (PDF) is interpreted as initiatives that the state governments or international donors employ to help fund infrastructure projects through the more difficult early stages, and until the private party can ensure continuity towards reaching financial close. The structure of the Fund may differ from state to state but what they should have in common is the purpose to bring projects to market. Total pipeline estimated capital investment is interpreted as the total estimated investment value of the PPP pipeline
Data source/ Agency	State PPP agency website [information on state legal instruments and websites]
Verification Entity	IVA firm
Procedure	The IVA firm will carry out the following: For Year 1 – January 1, 2023 - December 31, 2023 • Obtain information from each state, on the legal instrument and/ or administrative instrument establishing and/or mandating the state level PPP coordination unit/agency as the lead organization for facilitating PPPs. • Confirm that the instrument confers responsibilities on the state-level PPP coordination unit or agency to provide technical support on PPPs]; • Obtain disclosed PPP pipeline from the State's official website(s) and confirm it includes the climate screening assessment of 50% of the pipeline • Download and review the Climate screening assessment of the pipeline report to confirm whether the climate screening includes adaptation and mitigation screening using the following parameters: 1. What is the primary purpose of the project

	2. Is climate mitigation the principal objective of the project 3. Is climate adaptation the principal objective of the project 4. Does the project invest in the country's resilient development pathway? 5. Assess baseline GHG emissions of the projected activities 6. Pre-assess potential climate risks 7. Assess the effectiveness of climate mitigation measures (e.g. NBS, green power) It is noted that the proposed questionnaire-based screening may be further enhanced by the state government to employ more detailed research. For Year 2 – January 1, 2024 – December 31, 2024 • Verify that the State-level technical PPP coordination unit/agency is maintained by obtaining on the State-level technical PPP coordination unit/agency website the following PPP framework documents such as the PPP legal and regulatory framework, FCCL framework, and the disclosure framework. *PPP Legal and regulatory framework* • Gather information on PPP-relevant legal instruments and related URLs of legislations and regulations and approved guidelines and manuals for each state and all other guiding materials issued pursuant to existing general laws and statutory powers. • Download and review the legislative and non-statute-based PPP frameworks such as the official PPP-specific government guidelines, and manuals, on state websites to verify: ○ that the legal and regulatory framework deals with PPPs and defines the types of PPPs that can be undertaken (such as management type, leases, build-operate-transfer, design-build-finance-operate-maintain, availability-based, concessions, asset sales, and other) ○ that there are processes in place to guide the preparation, procurement, and implementation of PPPs ○ that the legal framework defines how the full lifecycle (project identification, preparation, procurement, and implementation) of PPP projects will be governed ○ that the legal and regulatory framework confers authority on entities involved including the authority to set technically informed rules for how PPPs must be carried out, power to monitor compliance and enforce those requirements via approvals and monitoring processes, and provision for supporting contracting authorities and power to evaluate past and ongoing PPP projects on set parameters including E&S, technical, legal and financial. ○ Verify that there are processes in place that govern the preparation, procurement, and implementation of PPPs in

	the legal framework
	○ Verify that there are processes for approval of projects at the decision points throughout the full lifecycle (project identification, preparation, procurement, and implementation) of PPP projects.
	○ Verify that there is the specific detail on public authorities that can sign the PPP agreement
	○ Verify that the institutional structures that initiate, implement, and manage the PPP process are stated with clarity on roles and responsibility
	
	Verify that , in principle, the contracting authority is required to select Private Parties through a competitive tender process, and where a direct negotiation is an available procurement option, verify that the legal and regulatory framework restricts this procedure to certain exceptional conditions and circumstances
	• Verify that the legal framework provides for management of unsolicited proposals
	FCCLS:
	• Verify the existence of a PPP Fiscal Commitment and Contingent Liability (FCCL) Framework:
	    ○ Verify that the FCCL framework requires the approval of the Ministry of Finance or central budgetary authority before launching the procurement process for the PPP
	    ○ Verify that the FCCL framework provides guidance on quantifying and managing fiscal commitments and contingent liabilities arising from PPP projects; details the governance framework to support the management of PPP liabilities and details how to disclose, report, and account for government liabilities.
	PPP Disclosure Framework:
	• Verify the existence of a PPP disclosure framework that provides detailed guidance on elements of the PPP projects to be disclosed including the E&S Impact assessments and climate aspects, throughout the project lifecycle (disclosure during project development, disclosure during procurement, disclosure following commercial close, and operations); Timelines for the disclosure; and Confidentiality information on areas or elements that will be considered confidential.
	• Verify the existence of a web-based disclosure portal/website which publishes pipeline projects and the state's pre-procurement PPP information and procurement information, and/or post procurement PPP information, and other PPP project documents.
	For Year 3 – January 1, 2025 - December 31, 2025
	○ Verify that the State-level technical PPP coordination unit/agency is maintained by obtaining from the State-level technical PPP coordination unit/agency all relevant Project Facilitation Fund Business Plan, Rules, Governance, and

	Operational Manual ○ Verify the establishment of the Project Facilitation Fund or Infrastructure Fund, Project Development Fund, or other types of Funds with a window for infrastructure development through legal or administrative instruments establishing such Fund • In case the state established a new Project Facilitation Fund: ○ Verify the Project Facilitation Fund Business Plan, Rules, Governance, and Operational Manual has been prepared and approved through the State's administrative approval tradition ○ Verify that the Business Plan includes in the financial plan, an indication that the state has the intent to commit financial injections of 3% of the targeted year's (2025 or 2026) pipeline estimated capital investment for development. • In case the state has an existing Infrastructure Fund, a Project Development Fund or other types of Funds with a window for Infrastructure development: ○ Verify the Fund Rules, Operational Guidelines and Governance frameworks to ensure it supports PPPs, including support for the project preparation, appraisal, and tendering of PPP projects. Support may include support on viability gap finance to PPP projects and liquidity to meet contingent liabilities arising from a PPP project. ○ Verify that the Fund provides proof of intent to support projects with at least 3% of total capital investments of projects identified in the pipeline for development in the target year of the DLI (2025), or its subsequent year (2026) as identified by the PPP coordinating unit.
DLI 4	Improved Investment Promotion Environment
Description	For Prior Results and all three periods (2023, 2024, 2025) Published on state official website: Inventory of all investment incentives (Federal and State) available in the State, including information on (i) legal reference instrument, (ii) sectors, (iii) eligibility criteria, (iv) description of benefits, (v) duration, (vi) awarding and implementing agency, and (vii) year when the incentive was introduced. The incentives inventory refers to a publicly available database compiling information on incentives offered to investors at the federal and state level in different sectors by different government agencies. Incentive types could include taxation benefits, holidays or reductions; customs duties; and financial incentives (feed-in-tariffs, grants, subsidies), etc. that are provided. The core elements that must be included in the inventory are the following: (i) legal reference instrument, (ii) sector(s), (iii) eligibility criteria, (iv) description of benefits, (v) duration, (vi) awarding and implementing agency, and (vii) year when the incentive was introduced. • The legal reference instrument refers to the legal

	basis for the incentive within primary or secondary legislation (e.g., a law, an order from relevant ministry, a governmental grant scheme). • The applicable sector(s) refers to the specific sectors that benefit or whether the incentive applies to all sectors. • Eligibility criteria refers to which investment types (e.g., exporting firms, firms within specific zones, manufacturing activities, etc.) or investment sizes are eligible for the incentive. • The description of benefits should detail what the incentive offers to the investor. • The duration of the incentive refers to the number of months or years that the investor would benefit from the incentive. • The awarding and implementing agency refers to the agency that provides the incentive or oversees approvals of applications and disbursement (e.g., Ministry of Finance, regional development agency, etc.). • Incentives recipient refers to the firm(s) that have benefited from one or more of the state level administered incentives detailed within the incentives inventory. The number of recipients refers to firms that have received each available incentive in the calendar year preceding publication (January 1 – December 31 of the year evaluated). The inventory can be detailed in excel, Word, PDF or viewable online (html). For all three periods (2023, 2024, 2025) Published on state official website: The number of entities receiving State investment incentives. Incentives recipients refers to the firms or entities that have received one or more of the incentives detailed within the incentives inventory. Information on incentives recipients should include the number of entities receiving each incentive scheme availed in the calendar year preceding publication (January 1 – December 31 of the relevant year). For Year 1 – January 1, 2023 - December 31, 2023 The Investment promotion agency (IPA) mandated as the lead organization promoting investment into the State. The legal mandate demonstrating that the IPA is tasked with promoting investment would be established under a law/legal instrument. The IPA has updated its website with information as per the verification protocols, including on access to credit. The Investment Promotion Agency website should provide key information for investors, including at the minimum (i) contact information for the agency; (ii) information on at least 3 priority sectors; (iii) information on the state that will be useful for investors which includes at the minimum (a) macroeconomic data, (b) labor market data, (c) information about relevant available infrastructure, and (d) information about key sectors of the State's economy; (iv) a link to the national investment promotion agency's website; and (v) a guide on access to credit. The guide on access to credit refers to a guide that provides key information to firms on accessing finance. The guide should include information on – (i) the regulatory process; and (ii) a list of finance institutions, their contact points and requirements. For Year 2 – January 1, 2024 - December 31, 2024 The IPA is performing key functions as per the verification protocols The key functions of an investment promotion agency include the (i) development and maintenance of an IPA corporate plan as described below; and (ii) active and up to date investor tracking system providing detailed data on the tracking of interactions with investors as described below; and (iii) the provision of relevant services to investors as described below under the comprehensive investor services framework. The IPA's Corporate Plan or strategic plan provides explicit and quantifiable impact objectives that relate

	directly to public development goals. Such plans set out the strategic pillars and activities through which those objectives are to be met and relate them through a logical framework including inputs, outputs, outcomes, and impacts. A corporate plan must include (i) measurable key performance indicators and (ii) targets on (a) number of FDI projects (or FDI flows), (b) and number of jobs created. The investor tracking system is a tool for an investment promotion agency to keep track of relevant information on investors and build institutional memory. Such a system can be formalized through a specific customer relationship management (CRM) software or maintained in an excel database. The investor tracking system must contain the following information: (i) the name of the investing company; (ii) a description the investment project(s); (iii) sector of the project, (iv) country of investing company, (v) estimated value of project according to the investor, (vi) location information on the project, (vii) estimated jobs to be created by the project; (viii) contact information for the investment project, including: (a) name of contact point, (b) phone number, (c) email address; (ix) information on the status of the investment project across the investment lifecycle (e.g., initial interest, lead, commitment, existing investor, expansion, exit); and (x) a description of the support provided by the IPA (e.g., information provided on sector x, marketing brochure sent via email; aftercare meeting conducted with x issue identified, information on credit institutions provided, accompanied investor on site selection visit). The comprehensive investor services framework defines four categories of investment promotion agency services (marketing, information, assistance, and advocacy) across the investment life cycle. To successfully undertake the key function of providing investor services, the IPA must be able to provide evidence of services within each of the following four service areas: • Marketing Services include any of the following underlying services, and the IPA must have evidence of providing at least 3 of these underlying services: conducting media campaigns to build/reinforce location image and investment advantages; advertising priority sectors via different international media outlets; participating in business events/conferences promoting priority sectors; proactively promote priority sectors through network of intermediaries; reach out to targeted investors/suppliers in priority sectors abroad or within the location within a priority sector, seeking face-to-face meetings to persuade, setting forth the location's benefits; reach out to the main office of established investors within a priority sector; seek face-to-face meetings to persuade to invest, stating the location’s value proposition for reinvestment (expansion or diversification). • Information Services include any of the following underlying services, and the IPA must have evidence of providing at least 3 of these underlying services: a published investment guide for the location - printed, PDF, or downloadable from the website; circulated active information updates concerning priority sectors/activities; published sector-specific brochure(s) with top reasons to invest in the location; published detailed profile(s) of priority sectors; a published guide to regulatory procedures/roadmap; published detailed project opportunity profiles with specific information on concrete projects of interest to relevant investors; or the provision of tailored responses to specific questions asked by specific investors. • Assistance Services include any of the

	following underlying services, and the IPA must have evidence of providing at least 3 of these underlying services: supporting the first-time site visit with itinerary/agenda suggestions, planning and meeting confirmation; delivering a comprehensive briefing on the location and accompanying investors' representatives during first-time site visits; supporting with follow-up site visit itinerary/agenda suggestions, planning and meeting confirmation; introducing investors to other foreign companies, domestic companies, potential suppliers, and institutions (public, private, educational, government authorities); following up proactively with investors after site visits and offer additional services to address post-visit investor needs; guiding investors on government structure, regulatory and non-regulatory aspects for business start-up, including entry and establishment procedures, through advice and introductions; Providing comprehensive support through intervention on project management for business start-up including A-to-Z follow-up, tactical problem-solving for individual investors, compliance with licensing, permitting and regulatory procedures, and support linking with service providers; proactively meeting/visiting investors to monitor the status of investment projects and explore new investment opportunities; inviting investors to relevant activities and/or events to promote linkages/matchmaking opportunities between them and suppliers; organizing events between market players (buyers and suppliers) to create networking opportunities and linkages between investors and suppliers. • Advocacy include any of the following underlying services, and the IPA must have evidence of providing at least 4 of these underlying services: coordinating and interacting with investors and private sector representatives; identifying issues and challenges limiting FDI and defining strategies and action plans to address challenges/bottlenecks; analyzing and reporting on the investment climate/ecosystem; formulating and submitting investment climate/policy and/or ecosystem improvement proposals based on feedback received from investors; advocating and following up on government actions to improve the investment climate/policy/ecosystem. The IPA organized at least 2 information sessions for investors on access to credit and provided assistance to investors to link them to credit institutions, in the period 1 January 2024 till 31 December 2024. Information sessions on access to credit refer to informative events organized in advance and publicized to existing or potential firms in the state to provide information on access to credit as per the definition provided on the investor guides on access to credit. For Year 3 – January 1, 2025-December 31, 2025 An aftercare and retention program is adopted as per the verification protocols. The investor aftercare and retention program is evidenced by an IPA adopted strategy document that includes (i) criterion for prioritizing investors to receive aftercare and retention services; (ii) the main types of services to be provided to investors; and (iii) key performance indicators on aftercare and retention (minimally including: (a) number of investors supported with aftercare and retention services; (b) number of investor issues registered; and (c) number of investor issues resolved). The number of announced investments proactively supported by IPA meets target. An investment project announcement is an investment project that has been officially announced in the media or in a publicly available format (e.g., online media, IPA

	webpage, IPA annual report, governmental press release or publicly viewable record, the FDI Markets database).
Data source/ Agency	State Investment Promotion Agency/Ministry of Commerce, Trade and Investment.
Verification Entity	For the Prior Results, the Verification Entity is the IVA firm or appointed responsible PCU personnel for purposes of verifying the Prior Results. For the DLRs, it is the IVA firm.

Procedure	For Prior Results and all three periods (2023, 2024, 2025)
	The IVA will carry out the following:
	• Obtain information from each State or a state official website[1] page and verify (i) that the inventory of incentives is published on the website and (ii) includes all required core elements as per the above description for the relevant reporting year (2022, 2023, 2024 or 2025).
	For Year 1 – January 1, 2023 - December 31, 2023
	The IVA will carry out the following:
	○ Verify that the number of incentive recipients is published as part of the incentives inventory and includes information on the number of entities receiving each incentive scheme availed in the calendar year preceding publication (January 1 – December 31, 2023).
	○ Obtain from each State the relevant legal instrument with the IPA's legal mandate.
	○ Verify that the state IPA is established under a law/legal instrument with a clear mandate to perform investment promotion activities.
	○ Obtain information from the State on the IPA website and verify that it publishes the following:
	    ○ relevant information per the description above.
	    ○ a guide on access to credit per the description above.
	For Year 2 – January 1, 2024 - December 31, 2024
	The IVA will carry out the following:
	• Verify that the number of incentive recipients is published as part of the incentives inventory and includes information on the number of entities receiving each incentive scheme availed in the calendar year preceding publication (January 1 – December 31, 2024).
	• Obtain from each IPA their relevant Corporate Plan and confirm that it includes the key criteria as defined per the description above.
	• Obtain from the IPA their investor tracking system and confirm that it includes information as defined per the description above.

	• Verify that the IPA is providing services to investors in at least three of the four service categories defined per the description above: Marketing, Information, Assistance, and Advocacy through a review of the investor tracking system and information available on IPA's website or provided by the IPA (e.g., brochures, email exchanges with investors, minutes of IPAs Board/other internal records, annual report, and evidence as per the services descriptions above) to confirm the services provided by IPAs. • Obtain evidence from the IPA that at least 2 information sessions were conducted for investors on access to credit per the above description. Such evidence includes materials prepared by the IPA and a record of the sessions conducted (e.g., dissemination brochures/email invites/communication materials, attendee sign-in sheets, etc.). • Verify that the IPA has provided assistance to investors to link them to credit institutions by identifying such assistance in the investor tracking system or through email evidence provided by the IPA. For Year 3 – January 1, 2025 - December 31, 2025 The IVA will carry out the following: • Verify that the number of incentive recipients is published as part of the incentives inventory and includes information on the number of entities receiving each incentive scheme availed in the calendar year preceding publication (January 1 – December 31, 2025). • Obtain the IPA's aftercare and retention program strategy document and verify that it includes all required information as defined in the description above. • Obtain from the IPA their investor tracking system and confirm that it includes information as defined per the description above. • Verify that investor issues are recorded and resolved (using email communication evidence supplied by IPA or information from the investor tracking system). • Obtain from the state a list of investment announcements supported by the IPA. • Conduct supplementary research on investment project announcements such as media announcements, public announcements, official records, or external sources like FDI Markets. Record the number of investment projects that were announced due to support from the IPA in the reporting period (January – December 2025) and compare against the targets (Basic target: 1-4; Stretch target: at least 5). The IPA's internal tracking system should provide evidence of the IPA's support. [1] If the state has an operational Investment Promotion Agency this can be the IPA's website.

DLI 5	Increased transparency of official fees and procedures
Description	The Grievance Redress Mechanism (GRM) refers to a local and/or formal way set up to receive, assess, address and give feedback to complaints /concerns submitted by stakeholders. For this DLI, an acknowledgement of receipt of the complaint with clearly defined response procedure, timeframe as established in their respective service level agreement, and government contact details are required. A ticket tracking system with IDs, documented case tracking, and weekly/monthly reporting is recommended but not compulsory. It is required for the MDA(s) to have a system in place to capture the pertinent details of the grievances including the name and contact information of complainant, date received, issue and date of response. The information on procedures, costs and timelines to be published includes at the minimum the following: Each interaction with a government office should be listed as a separate procedure in sequential order with each procedure listing the relevant MDA(s) to interact with, the documentation required, the official costs and time frame, and reference to the relevant legal basis and/ or service level agreement. Official costs should include all official fees and payment related to the procedure, and modes and location of payment. The Service Level Agreements (SLA) is the An agreement between the government entity and the end user that defines the level of service expected from the service provider. The SLA should include: · A description of the principal services provided and for whom · Service/quality standards with turnaround times for delivery · Documentation and payment requirements for customer to submit · Legal or other regulations that govern provision of service · Information on how service performance will be measured, monitored and evaluated– quantitatively and qualitatively · Information how the government agency will communicate/report on performance, including key performance indicators/outcomes or impacts · Information on how complaints or conflicts issues will be dealt with · Information on how the agreement will be reviewed and updated
Data source/ Agency	State official website(s): the website of the State Government, the website(s) of relevant Ministries such as Planning Permit Authority, Signage and Advertisement Agency, Business Premises Authority, Water Board, Vehicle Inspection Office, Surveyor General and High Courts, Ministry of Environment, Ministry of Health
Verification Entity	For the Prior Results, the Verification Entity is the IVA firm or appointed responsible PCU personnel for purposes of verifying the Prior Results. For the DLRs, it is the IVA firm.
Procedure	The IVA will carry out the following: For Prior Results and all three periods (2023, 2024, 2025) • Obtain information from the state government on the state website(s) and verify that information on fees, procedures and timelines related to all government to business services provided by the relevant MDA is published

	on the either the state's official website or the individual MDA(s) website for any 5 of the following key State-level business enabling MDAs: Planning Permit Authority, Signage and Advertisement Agency, Business Premises Authority, Water Board, Vehicle Inspection Office, Surveyor General and High Courts, Ministry of Health, Ministry of Environment. • Verify that the contact information (telephone or email) listed for the MDAs above is functional during working hours by receiving a response. IVA to call or email seeking to obtain information on the address of the MDA and clarity on the MDA hours of operation. If calling IVA to allow up to three tries to illicit a response. If via email IVA should give up to 72 hours to receive a response. The IVA will follow a simple script for the call that asks the respondent for clarification of the MDAs opening times and where the MDA is located. For January 1, 2023 – December 31, 2023 • Verify that the Governor has issued an executive order which includes the following: • The 5 key State-level business-enabling MDAs (as identified) are mandated to publish on state official website(s) their fees, procedures and commitment to service level agreements related to all government to business service provided by the respective MDA; • At least 2 of the 5 key State-level MDAs are mandated to establish grievance redress mechanism(s) as defined above. • The 5 key State-level MDAs (as identified earlier) are mandated to provide advance communication of upcoming changes to fees, procedures and service level agreements for government to business services provided by the respective MDA at least 2 weeks prior to the effectiveness of the change. • Obtain a copy of the executive order or equivalent from the State. • Verify that the executive order was cascaded to MDAs through a circular. • Verify that the service level agreement was signed off by the relevant MDA head and is operational For January 1, 2024 – December 31, 2024 • Obtain information from the state government on the state website(s) where the service level agreements of the 5 key MDA(s) are published; verify that the service level agreements are published. • Verify that a grievance redress mechanism in line with the definition provided above in 2 of the 5 key MDAs as mandated by the executive order has been established and operational. Request the relevant 2 MDAs to provide further evidence to demonstrate how the state has received and addressed grievances received. • Verify that a minimum of 50 percent of grievances received by each of the 2 key MDAs were addressed within the

	timeline as specified in the service level agreement(s) of the MDA(s). For January 1, 2024 – December 31, 2025 • Verify that a grievance redress mechanism in line with the definition provided above in 2 of the 5 key MDAs as mandated by the executive order is operational. Request the relevant 2 MDAs to provide further evidence to demonstrate how the state has received and addressed grievances received. • Verify that a minimum of 75 percent of grievances received by each of the 2 key MDAs were addressed within the timeline as specified in the service level agreement(s) of the MDA(s). • Verify that the following compliance statistics of 2 key MDAs is published monthly on the state official website(s): • Timelines for all government to business services provided by the MDA as established in the service level agreement(s) • Individual case statistics on actual time to complete the government to business procedure (from time of application submission until the issuance of the final document or approval) Share of cases as percentage of total cases completed in compliance with timelines established in the service level agreement(s).
DLI 6	Increased transparency of fees and levies for inter-state trade and increased exporter certification
Description	Grievance Redress Mechanism (GRM) is a local and/or formal way set up to receive, assess, address and give feedback to complaints /concerns submitted by stakeholders. For this DLI, the GRM addresses complaints by truckers/transporters and traders for inter-state and intra-state movement of goods and is required to include (i) a functional telephone line for communication by voice call or SMS; (ii) clearly defined procedure and template for recording complaints and redress process including, action taken and timeframe for response/redress; (iii) a system in place for tracking details of grievances including date received, issues reported and date of response. The state agency responsible for managing the GRM should report regularly, and at a minimum annually. Schedule of fees is a list of fees that must be paid for performance of certain functions or use of certain goods or services. For this DLI, a clearly defined schedule of fees contained in the consolidated revenue code or revenue laws of the states is expected to enhance transparency and reduce informal payments by reducing information asymmetries and ensuring efficient payment and collection of inter- and intra-state trade-related fees and levies. The fees are collected by the state government and in cases where local governments collect trade-related levies and fees, it should be clearly defined in the revenue laws or consolidated revenue codes. State Committee on Export Promotion (SCEP) is a committee that was established through “Act 64” (1992) and which is domiciled in each State Ministry of Commerce and Industry. The functions of the SCEP are to: (i) Constitute a forum for the promotion of exportation of the

	principal exportable products of the State; (ii) Advise the Nigeria Export Promotion Council (NEPC) on the best means of achieving the mandate of the NEPC in the State; and (iii) Carry out such other functions as the Council may from time to time direct. The SCEP to develop an export strategy and guideline document that seeks to empower States and their communities towards achieving sustained economic growth by leveraging on their comparative advantage, develop product value chain to enhance competitiveness, reduce poverty and achieve socioeconomic inclusion. The document should be developed in consultation with the private sector and should at a minimum include sectoral analysis, export support strategies (related to products and market expansion), institutional mechanism, and activities. The developed document would identify appropriate interventions such as capacity building and sensitization that would contribute to increasing the export capacity of firms in the state.
Data source/ Agency	State Ministry of Trade/Commerce, Industry and Investment, State Committee on Export Promotion (SCEP), State Internal Revenue Agency/Board, State Ministry of Justice, Nigeria Export Promotion Council (NEPC)
Verification Entity	For the Prior Results, the Verification Entity is the IVA firm or appointed responsible PCU personnel for purposes of verifying the Prior Results. For the DLRs, it is the IVA firm.
Procedure	Prior results • The IVA will review the information published online by the State and confirm that all inter- and intra-state trade-related fees[1] have been published on the state's official website, with links to the tax or revenue laws and/or revenue codes listing those fees. If the amount of fees has not been clearly defined in the tax or revenue law, or the law mentions fees without specifying the amount or basis for calculation, verify that the state website provides detailed information on how those fees are estimated. If there are no transportation (haulage) or other inter and intra-state trade-related fees, this should be reflected on the website of the relevant authority for collection of those fees Year 1 – January 1, 2023 - December 31, 2023 • Verify that the GRM hotline/SMS reporting systems are operational by obtaining a copy of the executive order or law or procedure upgrading an existing or establishing a new GRM and verify that GRM follows global best practice based on template provided and covers specifically harassment, unauthorized payments, and other in-kind requests. • Confirm whether information on GRM system is available publicly, including contact information, procedure, and a functional hotline number. • Verify that the GRM has a data recording system that includes the following information: Complainant name and contact, date, type of complaint, description of the complaint, amount lost, action or solvency mechanism used,

	name of responsible party, date of response to complainant. • Confirm that an operational budget is allocated to the SCEP in the annual budget of the state ministry of trade/commerce. • Obtain a copy of the state export strategy and guidelines and verify that it is published on a state official website. Confirm that the export promotion strategy has been developed after consultations with the private sector and includes responsibilities, expenditures, objectives, and strategies (related to products and market expansion), and activities. Year 2 – January 1, 2024 – December 31, 2024 • Obtain and confirm that a report on complaints from traders and redress actions is published on the state official website. Confirm that the report provides an overview of the number of complaints (total, resolved, unresolved, unknown), the nature of the complaints, and the corrective actions taken. The report should at minimum include information on the body or committee responsible for the GRM mechanism, its structure, objectives, strategies, and expenditures. • Obtain evidence that 50% of complaints are resolved within an agreed time frame through complaints register, incidence investigation report, actions taken (penalties), online satisfaction surveys. • Confirm that there is at least a 10% increase in the number of firms in the state that obtain export certification from the NEPC (compare with the baseline year, 2021) Year 3 – January 1, 2025 - December 31, 2025 • Obtain a report on complaints from traders and redress actions published on the state's official website. The report should build on the previous year report and include current and previous year comparison. • Obtain evidence that 75% of complaints are resolved within an agreed time frame through complaints register, incidence investigation report, actions taken (penalties), online satisfaction surveys. • Check if haulage fees and levies have been removed either through an amendment of the existing consolidated revenue code/revenue law (passed by the state house of assembly and assented by the governor) or executive order by the state governor Confirm that there is at least a 20% increase in number of firms in the state that obtain export certification from the NEPC (compare with the baseline year, 2021) [1] Indicative list of fees captured in the consolidated revenue code/revenue laws of the states include: haulage fees, hackney permits, and loading/off-loading fees. Beyond these, there are other fees that may be informal or formal and are imposed on truckers/transporters conveying goods including environmental levy, produce inspection fees, association of

	agriculture dealers clearance, youth development and social service contribution levy, daily operation toll, National freight haulers of Nigeria levy, Nigeria agriculture quarantine service levy, CTRA haulage vehicles, CTRA daily operational levy, Ministry of Commerce and Industry economic development levy, offloading boys association, local government area sanitation fees, internal revenue service entry gate pass haulage, internal revenue service tourism development levy, ministry of agriculture milling charges of agriculture produce, department of public transportation haulage receipts.
DLI 7	Simplified state and local business tax regimes
Description	See DLI
Data source/ Agency	Ministry of Finance, Accountant General of the State, Ministry of Local Government (or its equivalent), Relevant Business regulating MDAs and SBIRS
Verification Entity	IVA firm
Procedure	For DLR 9.1: Verify (a) that the State has passed, through the State House of Assembly and signed into law, amended legislation or has passed new legislation to adopt a presumptive turnover tax regime for small businesses (under N25m Turnover) with the following features: • presence of a turnover-based presumptive tax for non-limited liability companies. • specified tax liability of each small business based on the model law provided by the Program Coordination Unit AND, (b) State subsumes business-related local government charges/fees/taxes into a consolidated demand notice. • review a range of consolidated demand notices covering all small businesses operating in the state whether companies or firms/sole proprietors. • review the demand notices provided against the State and Local Government Revenue Laws to confirm that the consolidated Demand Notice includes all the Business-related taxes, rates, charges and levies. Such Consolidated Demand Notices will also apply to companies in respect of state and LGA level charges permitted by the Taxes and Levies Act 2004 (as amended) For DLR 9.2: Verify that the State has established an electronic platform for the collection of taxes, levies, and fees from businesses and automated e-receipt generation (QR code or unique payment ID) for all business enabling environment-related MDAs. • Review the electronic platform to ensure that it is configured to accept payments of the consolidated demand notice.

	• Check that upon payment on the e-platform an e-receipt is generated, • Confirm that the e-receipt is the final receipt and the payer does not have any further manual steps to take, • Confirm that the SBIRS has in an internal process that ensures enforcement is not undertaken in respect of the payments of the consolidated demand. • Confirm this has been put in place by December 31, 2024 9.2 All State-level and local government taxes, levies, and fees from businesses can be paid electronically; and there is an adoption rate of: • Basic target: 33% of State collection of taxes, levies and fees from businesses • Stretch target: 66% of State collection of taxes, levies and fees from businesses • Confirm the above by receiving details of payments received by the state from businesses and work out the percentage that was collected electronically. • Confirm this has been put in place by December 31, 2025
DLI 8	Quick determination of commercial disputes
Description	For this DLI, a small claims court is a court with limited jurisdiction to hear commercial cases with a maximum claim value that is relatively small. These courts usually have relaxed rules of civil procedure, relaxed rules of evidence and are characterized by the use of plain language. Practice directions are the rules that guide the small claims court and at a minimum should have the following features: o Allows for pretrial conference that addresses the following: (i) scheduling; (ii) case complexity and projected length of trial; (iii) possibility of settlement; (iv) exchange of witness lists; (v) evidence; (vi) jurisdiction and other procedural issues; and (vii) narrowing down of contentious issues o Stipulates timelines for key court events listed below; -Time taken from filing to judgement should be 60 days total -Service of the summons timeline: 7 days from filing -Filing of the statement of defense: within 7 days of the service of the summons -Delivery of final judgement: with 14 days of the completion of the hearing. -Timeline for appeal: within 14 days of delivery of judgement o Promotes, encourages and facilitates alternative dispute resolution (ADR) mechanisms for small claims as an alternative to trial Small Claims Court Performance Reports: Performance reports are expected to be submitted by magistrates on a monthly basis. A central system/record/document should be created to track submission of the reports by the magistrates on a monthly basis through the judicial committee. An annual report for the single case and execution report may subsequently be prepared by the courts from a collation of these monthly reports, for the year. Single Case Performance Report (SCPR): this report is a coherent summary of the life cycle of each claim at the Small Claims Court (that is, from filling till judgment). The report is expected to contain information on magistrate's name, magistrate court, suit number and parties' names, the date

	of filing, date of service, date of assignment, date of commencement of hearing, number of adjournments, date of judgment, stage of pending claims (where judgment has not been delivered), duration from filing to judgment, number of pending cases for the month, number of disposed cases for the month. It is to be signed, dated and approved by the small claims court magistrate in order to authenticate the document. Time To Disposition Report (TDR): this report specifically tracks the duration within which a claim was disposed of. The report is expected to contain information on magistrate's name, magistrate court, suit number and parties' names, the date of filing, date of judgment, stage of pending claims (where judgment has not been delivered), duration from filing to judgment, number of pending cases for the month, number of disposed cases for the month. It is to be signed, dated and approved by the small claims court magistrate in order to authenticate the document. Clearance Rate Report (CRR): this report specifically contains an assessment of the number of disposed matters against the number of incoming cases for each court. The report is expected to contain information on magistrate's name, magistrate court, suit number and parties' names, the date of filing, date of judgment, stage of pending claims (where judgment has not been delivered), duration from filing to judgment, number of pending cases for the month, number of disposed cases for the month. It is to be signed, dated and approved by the small claims court magistrate in order to authenticate the document. Execution Report (ER): The report is expected to contain information on name of sheriff, suit number and parties' names, date of judgment, date of execution, stage of pending claims (where judgment has not been delivered), duration from judgment to execution. It is to be signed, dated and approved by the Deputy Sheriff of the State Judiciary or such other official in charge of the execution of small claims, in order to authenticate the document.
Data source/ Agency	Judiciary and Judiciary's Website
Verification Entity	IVA firm
Procedure	Year 1 – January 1, 2023 - December 31, 2023 • Verify that the Judicial committee comprised of a minimum of 3 members is established through a memorandum by the chief judge of the state with the mandate to set up a minimum of two small claims courts in the State, including the practice direction; • Verify that the practice direction is published on the state Judiciary website. • Obtain the single case performance report from the state Judiciary and verify that a minimum of 2 small claims courts have disposed of at least one case each since establishment Year 2– January 1, 2024 – December 31, 2024 • Visit the state Judiciary website and verify that the monthly publication of performance reports for 2023 (i.e. from

	inception of the courts to December 2023) is published by 31 July 2024; • Obtain a copy of the Annual performance report. • Obtain the following reports - single case reports - time to disposition reports - execution reports - clearance rate reports • Verify that at least 50% of cases listed on the time to disposition report were disposed within 60 days from filing date to judgement • Verify that at least 50% of cases listed on the execution report were disposed within 30 days counting from 14 days after judgment is granted and after the issuance of the execution warrant[1] by the small claims courts. Year 3– January 1, 2025 – December 31, 2025 • Verify that monthly publication of performance reports for 2024 (i.e. from January 2024 to December 2024) are available on the judiciary's website • Obtain a copy of the Annual performance report. • Obtain the following reports - single case reports - time to disposition reports - execution reports - clearance rate reports • Verify that at least 75% of cases listed on the time to disposition report were disposed within 60 days from filing date to judgement Verify that at least 75% of cases listed on the execution report were disposed within 30 days counting from 14 days after judgment is granted and after the issuance of the execution warrant[1] by the small claims courts. [1]The execution warrant is subject to the application via letter by the judgment creditor to the court to attach the movable assets or immovable assets (upon unavailability or exhaustion of movable assets) of the judgment debtor in payment of the judgment debt (as provided by the Sheriffs and Civil Processes Act).

ANNEX 3. FULL TECHNICAL ASSESSMENT

Strategic relevance and Technical Soundness of the operation.

1. **Nigeria must catalyze private investment to achieve a robust recovery; this will continue to be a priority in the medium term as fiscal conditions at the state level will remain challenging.** 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. Attracting and retaining private investment could drive increased job creation, revenue diversification, and sustainable growth, making it a key priority for Nigeria. The current fiscal pressures faced by the country have further underlined how crowding in private investment at scale is imperative to achieve Nigeria's development priorities.

2. **Given the urgency of these reforms, 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**. The government's SABER program will build on the successes of PEBEC. It will prioritize 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.

3. **The PforR will select a subset of the most impactful business-enabling actions to include in the Program**—those that are most critical in achieving the objectives of improving the business-enabling environment at the Subnational level. The success of the Program will not be affected by the implementation of the areas of the government SABER program not included in the Program.

4. **The proposed Program 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 would also contribute to the related core objectives of increased access to reliable and sustainable power for households and firms and the development of digital infrastructure, platforms, and skills.[58]

5. **The Program's PDO is to improve (1) the efficiency of land administration, (2) the regulatory framework for private investment in fiber optic infrastructure, (3) services provided by investment promotion agencies and public-private partnership units, and (4) the efficiency and transparency of government-to-business services in participating states.** The eight DLIs are subdivided into four result areas. Narrowing the Program's focus will help boost a subsection of the government program by providing a sense of urgency through timed disbursements upon achievement of results, coupled with continuous and parallel technical support.

6. **The proposed Program is expected to contribute to four results areas to achieve the PDO**:
   (a) Results Area 1: Improved Land Administration and Land-Based Investment Process.

[58] World Bank; IFC; MIGA. 2020. Country Partnership Framework for the Federal Republic of Nigeria for the Period FY21-FY25. World Bank, Washington, DC. https://openknowledge.worldbank.org/handle/10986/35098

(b) Results Area 2: Improved regulatory framework for private investment in fiber optic infrastructure.
(c) Results Area 3: Improved services provided by investment promotion agencies (IPAs) and public-private partnership (PPP) units.
(d) Results Area 4: Improved efficiency and transparency of government-to-business services.

7. **The Program's Results Areas have a cross-cutting theme of improving the overall transparency and accountability of government-to-business regulatory entities through the digitizing or publishing online of key regulatory information and MDA service-level indicators for businesses**. For example, the Program will support states at digitizing and making available online key information on Certificates of Occupancy (CofOs) for property registration, publishing online the process for obtaining ROW including all relevant MDAs, timeframes, and costs, publishing online key information on the number of entities receiving state-level investment incentives, information on MDA service-level agreements to users, digital systems for firms to be able to pay all state and local taxes, fees and levies, and making accessible to the public on a website monthly statistics on small claims court performance.

8. **The design of the PforR will further reinforce the government program by**:
(a) Putting in place a specific and clear matrix of DLIs and DLRs, DLI verification protocols, and a results framework to eliminate ambiguity on what needs to be done by states to achieve results;
(b) Designing DLIs and DLRs to account for the heterogeneity of states by offering incentives for stronger states to improve their performance, while rewarding lagging states for strong commitment and effort through basic and stretch targets; and,
(c) Measuring results across four fiscal years, giving time for states to implement complex reforms, and promoting sustained performance.

9. **In addition, the Program seeks to strengthen the capacity of states to implement business-enabling reforms and create stronger incentives for sustained implementation of the DLIs through the following measures**:
(a) Disbursements for the performance-based financing component will only be made on achievement of clearly defined DLRs against detailed verification protocols, verified by an IVA. Any changes to the DLRs will undergo a formal process of review and approval and will be applied across the board for all States. This will strengthen the incentives for states, knowing that the PforR disbursements are strictly conditional on achieving results.
(b) Capacity building support will be made available to states through the TA component to support them in achieving the DLIs.
(c) The Program will proactively create an environment for healthy peer competition and peer learning among States by sharing individual states' performance against the DLI matrix for each result year. This will incentivize lagging states to improve and allow them to learn from the experience of states that have achieved more.

Results Area 1: Improved Land Administration and Land-based Investment Process

DLI 1: Improved efficiency in property registration and sustainability of the land-based investment process

10. **Across Nigeria, the private sector faces significant hurdles in identifying land for investment, with uncertainty around ownership and conflicts ensuing even before investments begin**. The benefits of

strengthening land tenure security are well-established.[59] However, registered lands comprise an estimated 3 percent of Nigeria's landmass and are located primarily in urban areas. Data on land use, coverage, and statutory rights of occupancy is limited, it is largely paper-based and inaccessible even where it does exist. A complex registration process contributes to most transactions taking place in the informal market. Except for in the South East, it takes on average between 1 and 3 months to obtain a CofO in Nigeria. As a result, an estimated 70 percent of transactions take place in the informal market. The lack of data affects states' ability to implement basic social and economic planning, discouraging investment and limiting the collection of property tax. Without land information systems and the data contained therein, investors and states are also unable to determine the best-suited locations for investment.[60]

11. **Ambiguous and inconsistent land administration hinders sustainable land-based investments.** The existing laws and regulations, including the 1978 Land Use Act, have several shortcomings.[61] Regulations to guide states and ensure consistency in implementation have not been enacted. Customary practices coexist with statutory land laws, resulting in conflicting land administration frameworks. As a result, there are several challenges and risks in the operationalization of current laws and processes, which can impact land-based private investment. These include how: (a) documentation and spatial information concerning existing rights are weak, especially in rural areas; (b) land allocation decisions based on the principle that the Government owns all land sometimes fails to take into account the legal and constitutional recognition of customary uses of rural communities; (c) the legal status of common areas is uncertain, despite the fact that such areas are critical for livelihoods of rural communities; (d) compulsory acquisition processes and compensation standards are at times not consistent with international best practice; (e) excessive reliance on compulsory acquisition to assemble land for private investment may limit the potential involvement of local communities as genuine partners in an investment; (f) benefit arrangements may be vaguely defined and constrained by weak community capacity to negotiate; (g) there is weak capacity in the state government to conduct land acquisition and reallocation efficiently and fairly; and (h) government identification of land for large-scale investment is not always based on robust environmental and social impact assessments.[62]

12. **Customary norms, lack of available information, and costly property registration frameworks have resulted in a large gender gap in statutory rights of occupancy, with only 10.7 percent of women having rights to a dwelling either alone or jointly in 2018, four times less than men**.[63] In agriculture, women without land have limited control over farming practices and input supply systems, which affects their productivity and income generating capacities. In such customary systems, access to land is determined by male relatives and customary laws, disadvantaging women. In cases of involuntary resettlements, women are more

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[59] Land Policies and Land Reform, Klaus Deininger, 2004.

[60] IFC. 2020. CPSD; World Bank. 2013. Nigeria Land Governance Assessment Framework; World Bank. 2019. Review of Land Acquisition Policies and Practice in Selected States; PEBEC. 2021. Ease of Doing Business Subnational Baseline Survey; Butler, S. 2012. Nigerian Land Markets and the Land Use Law of 1978; and GEMS3 Land Strategy (Oct. 2015 – June 2017). Under the 1978 Land Use Act, there is no private ownership of land in Nigeria. The maximum interest a person may hold in land is the right of use and occupancy. The statutory right of occupancy of urban land is given to any person by the Governor's consent and a written CofO. Local Governments may grant customary rights of occupancy for non-urban land.

[61] Nigeria Land Governance Assessment Framework, World Bank, 2013.

[62] World Bank. 2017. Nigeria: Kaduna State Economic Transformation Program-for-Results. Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/551311498183420726/Nigeria-Kaduna-State-Economic-Transformation-Program-for-Results-Project; and World Bank. 2017. Framework for Responsible and Inclusive Land Intensive Agricultural Investments in Kaduna State.

[63] Demographic and Health Surveys (DHS), World Bank Group Gender Data Portal. https://genderdata.worldbank.org/countries/nigeria/

susceptible to disproportionate displacement impacts because compensation is often paid to the head of the household, which culturally are often men (husbands), even if the impacted assets are actively used by women.

13. **Recognizing the importance of sound land administration and management, several states have initiated and implemented initiatives to computerize and digitize records and create geographic information systems.** These include the Federal Capital Territory and the States of Lagos and Kaduna. Such reforms have been contributing to an increasing number of properties being brought into the formal system at lower cost.[64] At the same time, 23 states score 0 on the reliability of infrastructure index and seven receive a score of 1, indicating that the majority of states are lagging behind in terms of having sound land administration infrastructure.[65] The Program will build on the good practices in the selected states as well as global international standards such as the Land Administration Domain Model (ISO 19152:2012).

14. **Even in the absence of legal reform, some states have piloted innovative approaches that conform with international standards and good practices for responsible and inclusive land-based investments**. Jigawa adopted the Land Acquisition and Resettlement Framework (LARF) in April 2018. LARF was a substantial step towards ensuring responsible investments by emphasizing the state acquisition of land with full compensation and resettlement requirements. However, it left room for improvement, particularly related to the absence of inclusive investment provisions.[66] Following Jigawa's experience, Kaduna, with World Bank support, adopted the Framework for Responsible and Inclusive Land-Intensive Agriculture (FRILIA)[67] with the objective of attracting investments in agriculture that are inclusive and ensure shared benefits among investors and the communities living in and around the sites of investments. FRILIA consists of multiple principles related to land acquisition, resettlement, and environmental and social sustainability. The principles are derived from two internationally negotiated agreements on responsible land-based investments: (1) the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests in the Context of National Food Security; and (2) the United Nations Committee on World Food Security's Principles for Responsible Investment in Agriculture and Food Systems.

15. **The Program activities will support other states to replicate and build on such innovative approaches**. To mitigate the potential risk that such frameworks are adopted but not fully implemented, the Program incentivizes and monitors the number of states with at least one pilot investment materialized under FRILIA as confirmed by a social audit.

16. **The Program will address several of the underlying factors driving the gender gap in statutory rights of occupancy, specifically the lack of information and awareness among women and men of the benefits of official land ownerships and lack of transparency regarding the property registration process**. It will build on the experience in Kaduna State which successfully piloted an approach in the years 2016 to 2022 in which it provided a mix of financial incentives and targeted promotion of ownership of land towards women. According to the state's statistics, a total of 26,467 women have registered a CofO either as an individual or jointly since the start of the program, representing 38 percent of all CofOs registered. Relatedly, from a data perspective, gender-disaggregated baseline data is available in Lagos, Edo, and Kano States. According to

[64] Nigeria Developing Housing Finance, World Bank, 2016.
[65] Nigeria Subnational Doing Business Report, World Bank, 2018
[66] Nigeria Country Private Sector Diagnostic, Creating Markets in Nigeria, IFC, 2020
[67] NG Kaduna Economic Transformation PforR, World Bank, 2017

information provided by the states, in 2021, the share of female owned or jointly owned CofO registrations out of all CofO registrations that year was 7 percent (Lagos), 26 percent (Edo), and 5 percent (Kano). For other states, the Program will incentivize the collection of gender-disaggregated data as a Prior Result and by supporting—through a DLR—the establishment of a digital CofO database with data that is gender-disaggregated. The Program will support the reduction of the gender gap in at least Lagos, Edo and Kano States by: (i) making CofO procedures public; (ii) collecting gender-disaggregated CofO data; (iii) implementing a financial incentive for CofO registration, making it cheaper for women to register or co-register their statutory rights of occupancy; and (iv) putting in place a communications campaign aimed at promoting woman and/or joint registration of certificates of occupancy. The percentage of total CofOs registered in a year that are owned or jointly owned by women will be tracked, with a target increase of 15 percent against the baseline.

17. **There are several risks related to the shortcomings in the legal framework for land in Nigeria.** As mentioned above, ambiguity and inconsistency concerning legal and customary land rights, land acquisition and resettlement can lead to environmental and social risks. However, the adoption and implementation of FRILIA over the course of the Program will play an important role in mitigating such risks. By its very nature, FRILIA incorporates and ensures the application of sound principles related to land acquisition and resettlement as well as environmental and social sustainability. In addition, there are potential operational risks related to procurement of resources for the automation of CofO databases, sustainability of the created systems over time, and lack of adoption of the new systems by public officials and users. Such risks will be mitigated through training, continuous communication with relevant stakeholders, and communication campaigns around the changes once implemented.

Results Area 2: Improved regulatory framework for private investment in fiber optic infrastructure

DLI 2: Improved regulatory framework for private investment in fiber optic infrastructure

18. **Fast, reliable, and accessible broadband is a key foundation for the growth of Nigeria's digital economy, but Nigeria's broadband infrastructure is underdeveloped**. Given broadband's potential to improve productivity and enable new ventures, studies find that a 10 percent increase in mobile broadband penetration is associated with up to 2.5 percent of additional GDP growth per annum in Africa. Recognizing broadband's importance, Nigeria's National Broadband Plan (NBP) 2020-2025 targets a 70 percent broadband penetration rate for the population over 15 years old, 90 percent 4G/5G population coverage, and 60 percent digital literacy by 2025. The challenge of meeting these objectives is substantial: Only about 23 percent of Nigerians use broadband services, and companies commonly cite lack of reliable broadband access as a key constraint. Relatedly, Nigeria currently needs between 120,000 to 167,000 km of fiber infrastructure in addition to its current 55,000 km to reach NBP targets. At the state level, fiber deployment has been held back by excessive, untransparent, and inconsistent ROW fees, amongst other state levies.

19. **By targeting state-level legal reforms to standardize and lower ROW and other per-meter fees (to a maximum of NGN145 per meter) and streamline related processes, the PforR is expected to lead to significant increased fiber deployment**. According to the latest data gathered from States, only 10 of Nigeria's States are applying aggregate per-meter fees of at most 145NGN/meter for ROW and related fees such as reinstatement (Anambra, Bayelsa, Delta, Ebonyi, Edo, Ekiti, Enugu, Gombe, Imo, and Kebbi). Relatedly, it has been reported by private operators that some of States have restructured the reduced ROW fees into new administrative or reinstatement fees, thereby lessening the positive impact of the fee reductions. Amongst

the states, only Lagos—which charges above 145NGN/meter—has a website clearly outlining fees, processes, MDAs, and MDAs' contact information for obtaining approval to lay fiber, and no states have a portal showing all approved ROW applications (i.e., list of applicants, locations, and fees paid). Thus, the fee reduction reforms targeted by the Program have the potential to significantly lower unit deployment costs and therefore increase deployment: If aggregate per-meter fees charged by all states were to be reduced to the targeted level, the cost of dark fiber deployment to reach NBP targets would decline from US$3.4 billion to US$1 billion as the ROW portion of the cost would drop from US$2.5 billion to US$150 million. Relatedly, the PforR stipulates that states should standardize and publish processes (including specifying all relevant MDAs, procedures, and timelines) for applying for and obtaining ROW and publish approved ROW going forward in order to reduce administrative discretion and uncertainty and increase transparency.

20. **States face policy risks related to achieving fiber deployment targets as set forth in the PforR.** At the state level, there is a risk of states lowering ROW fees but offsetting these decreases with new levies elsewhere. To mitigate this risk, the PforR stipulates that states should adopt legal instruments that cap aggregate per-linear-meter fees rather than just specifying a decrease in ROW fees per se. At the national level, risks related to ineffective wholesale regulatory frameworks by Nigerian Communications Commission (NCC), continued failure to impose obligations on dominant operators to provide reference access offers for wholesale infrastructure access, and inadequate demand in poorer, less dense areas may also hold back deployment. To mitigate this risk, the WBG is working in parallel with the NCC and other Nigerian government stakeholders to streamline the wholesale licensing framework and support the finalization of a cost model for determining wholesale reference access offers. Finally, ROW and other levies at the state level—and information on who charges the fees—are often opaque, hindering measurement for PforR purposes and creating uncertainty amongst operators. To manage this risk, the DLI aims to increase transparency on relevant fees and levies from states.

Results Area 3: Improved services provided by investment promotion agencies (IPAs) and public-private partnership (PPP) units

DLI 3: Development of an effective PPP framework

21. **PPPs are critical to the government's strategic priorities for national development and inclusive growth**. Nigeria's National Development Plan (NDP) (2021-2025) estimates that the attainment of the NDP will require an investment commitment of about N348.1 trillion. The capital expenditure to be funded by the government during the period is to be NGN49.7 trillion (14.3 percent) while the balance of NGN298.3 trillion (85.7 percent) is expected from the private sector. Of the 14.3 percent government contribution, FGN's capital expenditure will be NGN29.6 trillion (8.5 percent), while the Sub-National Governments' capital expenditure is estimated to be about NGN20.1 trillion (5.8 percent). The successful implementation of this Plan heavily depends on a solid partnership between the private and public sector. The government has identified PPPs as a key financing option to be deployed more systematically for financing its ambitious plan. While the target is aggressive, it highlights the importance of PPPs for the government and for each state. Many states have also recognized PPPs as a financing option for their infrastructure stock, as demonstrated by the passage of PPP laws across 20 states including the FCT. However, several of these laws require strengthening and institutionalization. The proposed activities of the PforR will support the development of PPP frameworks to align them with prevailing best practice frameworks that ensure that specific PPP roadblocks are addressed.

22. **PPPs require large upfront capital investments and government fiscal commitments.** In addition, they need to be well prepared with appropriate risk allocation to be attractive to private investors and generate sufficient competition for price discovery. Projects need to be analyzed from different perspectives, namely, technical, economic, financial, fiscal, legal, environmental (including climate impacts) and social. The skills required for these extensive analyses are not available within governments and the support of external advisors and specialists working in cohesive and collaborative teams is essential. Consequently, project development costs are substantial,[68] and the duration from project identification and feasibility assessment to financial close can be long with some variation based on context. Constant follow-up and engagement on the part of government is essential throughout the process of preparation and financial close, with the need for dedicated and specialist government personnel. Project preparation is, therefore, a complex skill driven activity which involves substantial resources, and extensive assessments and documentation to ensure that the project is viable and bankable, i.e., generates the interest of both lenders and equity providers.

23. **In Nigeria, contracting authorities within states have a limited skillset and face budgetary constraints.** In addition, project preparation goes beyond a single year, so amounts for the continuing work on the same projects frequently need to be budgeted annually year on year leading to high levels of budgetary uncertainty due to competing fiscal needs and fiscal constraints, and consequent time lags in the process of project preparation. Globally, to circumvent these constraints and to provide a sustainable source of funding for project preparation, countries have created project preparation facilities, for example, Indonesia, Philippines, Brazil, Mexico, India, South Africa, Kenya etc. highlighting the case for dedicated project development funds to support countries to source specialist skills on an ongoing basis for generating a stable pipeline of well-prepared projects. Apart from performing the function of funding project preparation and transaction advisory support, project development funds can finance upstream studies and assessments as well as downstream activities to facilitate financial closure of projects through providing additional instruments and mechanisms such as viability gap financing and liquidity reserves. Project development funds indicate government commitment to its PPP program and help in adopting good practices in PPP preparation and roll out. Project development funds can also be structured to leverage climate financing through adopting climate mitigation and resilience standards and disclosure standards (based on international standards such as those recommended by the Task Force on Climate-Related Financial Disclosures) as part of their governance and operations frameworks.

24. **Experience related to supporting PPP enabling frameworks shows that spikes in PPP activity frequently occur following the passage of basic enabling legislation**, including sector-specific legislation which enables a specific project or batch or projects to be implemented in a single sector. For example, South Korea registered PPP investment growth of KRW98 trillion (approximately US$83 billion) over the 2005-2019 period following the establishment of a PPP legal framework. While Nigeria implemented a large ports concessions program via a sectoral law in 2006 which unlocked the concession of 25 terminals and several greenfield PPP projects across the country. The port concessions crowded-in significant investments estimated at NGN200 billion within a period of 10 years and generated government revenue of about US$6.54 billion.[69] In addition, the implementation of the PPP framework in a few states including Lagos, and Kaduna, state has yielded positive returns including crowding in private capital for infrastructure development. In addition, the pipeline

[68] "Leading Practices in Governmental Processes Facilitating Infrastructure Project Preparation", Global Infrastructure Hub, 2019, https://cdn.gihub.org/umbraco/media/2344/gih_project-preparation_full-document_final_art_web.pdf
[69] Akintola Williams Deloitte: 'Public Private Partnership (PPP) as an Anchor for Diversifying the Nigeria Economy: Lagos Container Terminals Concession as a Case Study, pg. 10-16.

development component of the PforR will help to give an understanding of the size of a country's PPP program potential. For example, in Indonesia, Senegal, and Sri Lanka, pipeline reviews supported the development of an understanding of the potential size of the country's PPP program, which informed other considerations related to financing issues. In Indonesia, pipeline reviews informed resource requirements for a guarantee fund. In Senegal and Sri Lanka, they helped stakeholders to understand PPP program financing needs and the ability of local financing to support them.

25. **There are a number of risks that may affect the achievement of these outcomes including the likelihood of proposed pipeline exercises not achieving transaction-related objectives**. However, a range of objectives beyond the identification of projects to implement in the near term may still merit conducting such exercises. Although a primary objective will always be the identification of PPP projects to be implemented in the near term, other highly relevant objectives for building PPP institutions include developing the practical capacity to identify suitable PPP projects; building institutional relationships across government; developing processes and procedures for project identification and screening; assessing PPP program potential, including identifying high priority sectors and likely funding and financing requirements; and removing projects which are unlikely to be successful in order avoid wasting scarce project preparation resources. In addition, to mitigate the risk of projects not being implemented, the PforR plans for technical assistance to PPP units and other government agencies to ready them for sound implementation of the pipeline and to ensure robust pipeline analysis.

DLI 4: Improved Investment Promotion Environment

26. **Improving investment promotion at the state level is critical to achieving the National Development Plan (NDP)'s target of improving Nigeria's global competitiveness ranking and increasing FDI by over 230 percent to US$5 billion in the next 3 years**. In spite of NDP goals, recent data from the National Investment Promotion Commission (NIPC) shows a decline of over 65 percent in investment announcements in Q1 of 2022 compared to the previous year. To attract, retain, and expand FDI, countries need to make targeted and proactive efforts to improve their policy, regulatory, and institutional frameworks. Investment Promotion Agencies (IPAs) can play a pivotal role in helping states and countries attract and realize the development benefits of FDI.[70] The Nigerian Investment Promotion Commission (NIPC) plays a central role in investment promotion at the federal level, but there remain areas that can be further improved (e.g., focused mandate and scope of activities, subnational coordination, investor targeting, investor information and assistance services).

27. **With investors increasingly evaluating locations at the subnational level (city, province, state), having adequate investment promotion frameworks in Nigeria's states has become critical.** Subnational IPAs can help generate FDI inflows and large-scale domestic investments at the local level, in terms of both the

[70] Charlton, A., and N. Davis. 2007. "Does Investment Promotion Work?" BE Journal of Economic Analysis & Policy 7 (1). Cho, J. W. 2003. "Foreign Direct Investment: Determinants, Trends in Flows and Promotion Policies." Investment Promotion and Enterprise Development Bulletin for Asia and the Pacific 1: 99–112. Crescenzi, R., M. Di Cataldo, and M. Giua. 2019. "FDI Inflows in Europe: Does Investment Promotion Work?" London School of Economics and Political Science, Institute of Global Affairs, Institute of Global Affairs Working Paper 10/2019; Harding, T., and B. S. Javorcik. 2011. "Roll Out the Red Carpet and They Will Come: Investment Promotion and FDI Inflows." Economic Journal 121 (557): 1445–76. Harding, T., and B. S. Javorcik. 2013. "Investment Promotion and FDI Inflows: Quality Matters." CESifo Economic Studies 59 (2): 337–59; Morisset, J., and K. Andrews-Johnson. 2004. "The Effectiveness of Promotion Agencies at Attracting Foreign Direct Investment." FIAS Occasional Paper, No. 16, World Bank, Washington, DC. Miškinis, Algirdas, and Mariya Byrka. 2014. "The Role of Investment Promotion Agencies in Attracting Foreign Direct Investment." Ekonomika 93 (4): 41–57.

probability of receiving FDI and the total amount of FDI received. In fact, research shows that this impact is more pronounced in less-developed jurisdictions, likely pointing to the role of subnational IPAs in helping investors address information gaps, inadequate transparency, and weaker institutional conditions.[71] Compared to national IPAs, subnational IPAs require deeper knowledge of the local business environment and its value proposition to investors and stronger ties to local agencies involved in the day-to-day operational issues facing investors. Approximately 12 Nigerian states now have an IPA responsible for designing and implementing strategies to attract, retain and service investors in the state, but only a few of these are adequately resourced and have demonstrated the capacity to attract large-scale investments and FDI into their states. Other states either lack IPAs or IPAs with insufficient mandate. The performance of existing State IPAs is impeded by lack of a corporate plan or strategy, dedicated staff and financial resources, internal organizational tools (such as investment tracking and information systems), clearly articulated performance indicators, and poor service delivery.[18]

28. **There is limited transparency on and access to updated information on the investment incentives available to investors in each state**. Although the use of investment incentives is widespread across countries, they generally play a limited role in investor-decision making. However, they can be effective under specific conditions when the overall policy environment and investment climate is conducive.[72] Thus, where countries grant investment incentives, it is important to ensure the cost-effectiveness of the incentives granted and transparency on their availability and administration. In Nigeria, incentives are offered at the federal and state levels. The Nigerian Investment Promotion Commission, in collaboration with the Federal Inland Revenue Service, published the Compendium on Investment Incentives in 2017, primarily covering incentives at the federal level. While dated, this compendium provides an overview of some of the main incentives available to investors. Currently, no states publish similar standardized, updated information on the available federal and state incentives or number of recipients of incentives. Relatedly, the structures for collecting and coordinating investment information and ensuring its effective dissemination to potential and active investors are weak. Ensuring easier access to such information is key for investors to benefit from the business environment, and for state governments to prevent corruption, political quid-pro-quo, and inefficiency. By incentivizing states to publish inventories on investment incentives (Federal and State) available to investors as well as on the number of recipients of those incentives, this DLI aims to bring about greater transparency in the business environment.

29. **Political instability, absence of support from the highest level of government, insufficient allocation of financial resources, staff turnover, crowding in of functions, and political-economy challenges are some key risks that could impede states in achieving their desired outcomes under this DLI**. In fact, these are also issues that NIPC has faced at a federal level. NIPC continues to have a crowded mandate, covering receiving business delegations, administration of the pioneer status incentive (PSI) regime, operating a "one-stop investment center" (OSIC), media/public outreach, project identification for investment, review of investment laws and bilateral treaties, outreach to potential domestic investors, and certification of subnational IPAs.

[71] Crescenzi, R., M. Di Cataldo, and M. Giua. 2019a. "FDI Inflows in Europe: Does Investment Promotion Work?" London School of Economics and Political Science, Institute of Global Affairs, Institute of Global Affairs Working Paper 10/2019.

[72] James, S. 2009. Tax and Non-Tax Incentives and Investments: Evidence and Policy Implications. World Bank, Washington, DC; Bellak, C., M. Leibrecht, and J. P. Damijan. 2009. "Infrastructure Endowment and Corporate Income Taxes as Determinants of Foreign Direct Investment in Central and Eastern European Countries." The World Economy 32 (2): 267–90; James, S., and S. Van Parys. 2010. "The Effectiveness of Tax Incentives in Attracting Investment: Panel Data Evidence from the CFA Franc Zone." International Tax and Public Finance 17 (4): 400–29; Andersen, M., Kett, B, and E., Uexkull. 2017. "Corporate Tax Incentives and FDI in Developing Countries, Global Investment Competitiveness Report 2017/18, World Bank Group.

NIPC has a sizeable budget in comparison to IPAs globally, yet the leadership perceives limited funding. In terms of service delivery, only some marketing and information services are provided, mostly on a reactive basis. Assistance and advocacy services (e.g., through the aftercare program) need to be better targeted and strengthened. In terms of internal systems- while a lot of critical investor data is collected through various initiatives (OSIC, Top 100 program, Strategic Communications team) – it is not systemically recorded in an internal tracking system. Such a tracking system would allow NIPC to analyze the anticipated value of potential investments, announced investments, and established investments and proactively engage with highest priority cases (for lead conversion, retention and expansion, spillover development).

Results Area 4: Improved efficiency and transparency of government-to-business services

DLI 5: Increased transparency of official fees and procedures

30. **Transparency and easier access to information on government processes for licenses and permits contributes to the reduction of information asymmetries which can mitigate corruption and rent seeking**. One of the key reasons for official state website is to aid the access to high-quality, relevant, and accurate information that shapes business planning. Many researchers have found positive relationships between the use of e-government and improved transparency, accountability, and political trust.[73] Studies have found evidence that citizen satisfaction with transparency and accountability in government websites increases confidence in government policies and actions.[74] Transparency is also strongly associated with higher investment:[75] By reducing the need for personal connections to local elites and having clear rules and processes, it encourages more widespread investment, especially by those that lack those personal connections. As countries increase the degree of transparency in their economy, their attractiveness to foreign investment increases: A one-point increase in their transparency ranking increases FDI flows by 40 percent.[76] At the Federal level, Executive Order 001 issued by the president in 2017 instructed every MDA of the FGN to publish a complete list of all requirements or conditions for obtaining products and services within the MDA's scope of responsibility.[77]

31. **While 32 states, including the FCT, have official state websites, data from PEBEC's ease of doing business subnational baseline survey shows that almost three in five businesses are not aware of the existence of any state website that collates relevant information on operating a business.** Surveyed businesses seek more transparency in application processes for licenses and permits and expanded efforts by government agencies to increase awareness of regulatory processes and their requirements. Indeed, the information provided on the vast majority of the websites does not reflect relevant and timely information on government

[73] Kim, S., & Lee, J. (2012). E-participation, transparency, and trust in local government. Public Administration Review, 72(6), 819–828.

[74] Eric W. Welch, Charles C. Hinnant, M. Jae Moon, Linking Citizen Satisfaction with E-Government and Trust in Government, Journal of Public Administration Research and Theory, Volume 15, Issue 3, July 2005, Pages 371–391.

[75] The impact of governance and transparency on firm investment in Vietnam Malesky, Edmund ; McCulloch, Neil ; Nhat, Nguyen Duc The economics of transition, 2015-10, Vol.23 (4), p.677-715.

[76] Drabek, Z., and W. Payne. 2001. "The Impact of Transparency on Foreign Direct Investment." WTO Staff Working Paper ERAD-99–02.

[77] Covered areas include permits, licenses, waivers, tax-related processes, filings, and approvals. This included all fees and timelines required for the processing of applications for the products and services, with the head of the relevant MDA responsible for ensuring that the list is always verified and kept up to date. It also states that if there is any conflict between a published and an unpublished list of requirements, the published list would prevail.

fees and processes. Half of the existing state websites do not have emails or contact telephone numbers that a potential or existing investor could utilize to gather more information, report issues, or provide feedback on state processes. Only Lagos State has website links to all their ministries, agencies and parastatals on the official government website.

32. **Improving service delivery at state government level by having a repository of information that is legitimate, accurate, up to date and that makes public announcements of upcoming changes to fees and processes would improve predictability of changes at the government level and enable better business planning.** No state currently announces upcoming changes to their fee structures or procedures to the public prior to implementation to receive feedback. In addition, service level agreements that outline timelines for responses to queries and complaints and grievance redress mechanisms are also not published on state websites. Transparency in application processes and fees would provide clarity to businesses, while a grievance redress mechanism would act as a monitoring and evaluation tool to keep government agencies accountable to their service timelines and build trust in government. The business environment MDAs would be selected based on the touch points with potential and existing businesses in the state. MDAs which have the potential to interact with a business or investor would be part of the list of business enabling environment MDAs. The program will build on transparency initiatives at the federal level to improve the transparency of licenses and fees and to provide predictability of processes through mandatory announcements of upcoming changes. It also aims to further strengthen service delivery by ensuring grievance redress mechanisms are established and operational.

DLI 6: Increased transparency of fees and levies for inter-state trade and increased exporter certification

33. **Strengthening domestic and external trade competitiveness—especially at the state level—will be crucial for Nigeria to maximize the gains from the AfCFTA**. The AfCFTA agreement will create the largest free trade area in the world measured by the number of countries participating. The pact connects 1.3 billion people across 55 countries with a combined GDP valued at US$3.4 trillion. It has the potential to lift 30 million people out of extreme poverty, but achieving its full potential will depend on putting in place significant policy reforms and trade facilitation measures. Nigeria operates a federal system with a constitution that clearly defines the role of the federal, state, and local governments. Although trade-related reforms are within the ambit of the federal government, the states have a critical role to play if the gains from the AfCFTA are to be maximized. Most export-oriented firms are located in the states, so boosting subnational domestic and external trade competitiveness is imperative. Ample evidence suggests that greater AfCFTA gains would come from lowering trade barriers by reducing non-tariff barriers and supporting export promotion activities[78]. In a 2013 study on the Lagos-Kano-Jibiya (LAKAJI) corridor, it was reported that approximately 40 percent of the cost to export could be linked to inefficiencies and informal payments across this road corridor. Furthermore, informal cost represented about 3 percent of the total cost to import or US$162 per 20-foot container with the majority incurred during border clearance and transport from Lagos warehouses to Kano. The informal cost from Kano to Jibiya was lower in absolute terms (US$32) but is higher in relative terms and is reported to be positively correlated with the number of checkpoints on this stretch of the corridor.[79] State level actions

[78] Echandi, Roberto; Maliszewska, Maryla; Steenbergen, Victor. 2022. Making the Most of the African Continental Free Trade Area: Leveraging Trade and Foreign Direct Investment to Boost Growth and Reduce Poverty. Washington, DC: World Bank. https://openknowledge.worldbank.org/handle/10986/37623 License: CC BY 3.0 IGO.

[79] USAID. 2013. Lagos-Kano-Jibiya (Lakaji) Corridor Performance: Baseline Assessment Report on The Time and Cost to Transport Goods Nigeria Expanded Trade and Transport Project. https://pdf.usaid.gov/pdf_docs/PA00KDHR.pdf

to reduce or eliminate fees and streamline checkpoints would reduce red tape, lower compliance cost for traders, and ultimately make it easier for firms to integrate into global supply chains. Competitive business environments boost productivity and investment[80], so transparency around trade fees and actions that support export promotion could help maximize the gains from the AfCFTA. The DLI supports these objectives at the sub-national level though States (i) publishing fees on an official state website; (ii) establishing/strengthening GRMs to record and resolve incidents of unofficial fees and checkpoints, and other practices that impede interstate trade flows; and (iii) building capacity for export promotion.

34. **Several risks may prevent states from achieving the full intended impact of the GRM system to combat illegal fees and security checkpoints, as well as to conduct proper state-level export promotion activities.** First, trade policy formulation remains at the federal level and requires a high level of political support to ensure implementation of the AfCFTA and regional integration; trade restrictions imposed at the federal level remain a major challenge to achieving this DLI. The restrictive trade policy environment makes it difficult for domestic companies to access high-quality inputs from abroad and the technologies they need to improve their productivity and competitiveness and take advantage of international markets. Such trade restrictions can thus pose a challenge to achieving the PforR's development objectives even if state export promotion activities are put into place as they hamper exporters' competitiveness. Second, when states will push for the elimination of haulage fees, it could hurt some interests and generate opposition. States will need to consult with stakeholders to limit the risk of vested interests delaying reforms. Finally, the inadequate allocation of funding, weak mandates, and limited capacity of the SCEPs pose a major challenge to export promotion at the state level. Relatedly, NEPC has desk officers at the state level and is currently the only SCEP member that contributes financially. The lack of trained personnel is also a challenge at the state level, as export promotion requires a specific set of skills and knowledge that remains scarce or requires training.

DLI 7: Simplified state and local business tax regimes

35. **The regimes of presumptive taxation for micro and small businesses in several states are complex and difficult to comply with, multiple layers of taxation cause challenges for firms, and most payment systems do not use modern technological solutions and are inefficient**. In several states, the presumptive tax regimes are very complex, with a large number of business categories and different rates for micro, small, medium firms within each category. For example, in Kaduna there are 40 business categories specified along with fixed rates for each, resulting in 120 different rates. Several policy and implementation issues arise from this situation, including unclear definitions of micro, small, medium firms; unclear basis of determination of fixed and lump-sum rates; businesses paying the same fixed fee, even in bad years of operation; regressive fixed rates; overlapping business categories leading to discretion by tax officials that could encourage rent-seeking behavior; and fixed rates that are not indexed to inflation, meaning declining tax revenues in real terms given high inflation in Nigeria of between 16-18 percent on average.

36. **Taxpayers also face difficulties in terms of compliance**. In several states, even after payments are made to government, taxpayers are often required to resubmit receipts to the agencies before further action is taken. Rationalizing and streamlining the tax compliance process would make payments would easier and help businesses avoid repeated interaction with the collection bodies. This would increase compliance and reduce time spent on paying taxes.

[80] World Bank. 2020. World Development Report 2020: Trading for Development in the Age of Global Value Chains. Washington, DC: World Bank. https://openknowledge.worldbank.org/handle/10986/32437 License: CC BY 3.0 IGO.

37. **Various papers and studies have shown that high levels of tax complexity, weak or ineffective tax enforcement, and lack of incentives to carry out business transactions and make payments through formal banking channels are among the factors affecting the level of informality**[81] . Tax regime complexity and its correlation with shadow economies has been examined. The empirical findings shows that greater tax complexity and heavier compliance burdens disincentivize tax compliance, encouraging taxpayers to slip into the shadows. This DLI supports the simplification of state and local business tax regimes increased transparency and harmonization of state taxes through (i) states amending existing legislation or passing new legislation to adopt presumptive turnover tax regime for small businesses; (ii) states subsuming business-related local government charges/fees/taxes into a consolidated demand notice; and (iii) the establishment of an electronic platform for the collection of taxes, levies and fees from businesses that provide an automated e-receipt generation.

38. **Some state and market actors may pose a challenge to the implementation of a turnover based rate**. States often use current fixed rates because of difficulties in finding out firms' turnover. While mandating a consolidated demand notice is possible at the State level (many states already issue a consolidated demand notice), it may be far more difficult to convince Local Governments to buy into a consolidated demand notice. However, most Local Governments have agreed to a consolidated demand notice for land charges such that state property taxes and ground rents are consolidated with tenement rates into a Land Use Charge with a sharing formula for sharing collections.

39. **This DLI will build on the laws already passed (under DLI 4.1 of SFTAS) and is a natural steppingstone to ultimate rationalization of the various revenues charged by the Laws.** The State Revenue Laws developed to meet SFTAS DLI 4.1 provided that all state revenue sources along with their rates be approved by the State House of Assembly along with the sources and rates applicable for the local authorities of the state. In many, but not all cases, States put in provisions for the state authorities to collect on behalf of the local authorities some of their revenues such as tenement rates and some larger market rates. On the other hand, some recent Court cases have ruled that charges by local authorities (even if present in the state legislation) cannot be collected by the State.

DLI 8: Quick determination of commercial disputes

40. **The contractual environment and enforcement through courts is weak across most states, dampening business and investor confidence**. According to the January 2021 PEBEC Ease of Doing Business Subnational Survey, only 8 percent of surveyed SMEs had utilized the judicial system to enforce a breach of law, and when they do, businesses spent an average of 6.3 percent of their revenue on court costs. The low utilization of courts may be attributed to the relatively high costs and complexity of the judicial process and the overall difficulty in gaining access to justice. According to the Subnational Doing Business Survey 2018, resolving a commercial dispute across Nigerian states takes 475 days and costs 37 percent of the claim value, on average. In addition, the time taken to receive justice for commercial disputes negatively affects businesses and potential litigants across Nigeria, resulting in reduced investments. Small claims constitute the bulk of the court caseload in many countries. They absorb a significant and at times disproportionate share of valuable system resources. Effective small claims procedures can free up such resources to be redirected to the effective resolution of more challenging case-types. The PforR will support states at implementing small claims courts and will build on lessons learned worldwide on aspects that support success.

[81] Awasthi, Engelschalk, 2018

41. **Implementing a new way of working in courts may prove to be challenging in some states, as shown by lessons from global implementation experience.** Courts and court systems are production organizations. They are organized to process cases, not to manage large-scale changes or innovate. The most common problems in implementation are the need for training and lack of readiness in the organization. Staff need to be freed up for training when they are about to start using the new system, requiring resource planning. Additionally, readiness involves organized maintenance, adaptation, and user support of the system.

Program Expenditure Framework

42. **The IDA contribution to the PforR amounts to US$730 million, for an expenditure framework estimated at US$2.0 billion for the SABER Government program.** It amounts to the total recurrent operating expenses of the agencies responsible for the achievement of the PforR objectives (Table 8).

43. **The PforR expenditure framework is based on the recurring expenditures budget of all 36 states.** The approved budgets for 2021 were used to estimate the 2021 expenditures, using the average budget execution rates for 2018 and 2019. The expenditures for 2022 are estimated using the estimated revenue growth for 2022. Personnel expenditures are not changed, while overheads expenditure is adjusted downwards. For 2023 onwards, the Compound Annual Growth Rate (CAGR) from 2017-2020 is used to estimate outer year expenditures.

44. **The expenditure framework includes the operating expenses of MDAs actively involved in the implementation of the PforR.** Since the focus of the PforR is on improving the business enabling environment across states, the expenditure framework does not include infrastructure investments, but only those recurring expenditures (personnel and overhead) which are responsible for achieving the PDO. The expenditure framework includes MDAs with a key role in implementing the business-enabling reforms that are part of the PforR. Due to the cross-cutting nature of business-enabling reforms, these include a wide range of MDAs including the Ministries that have a more cross-cutting role across the PforR: the Ministries of Finance/Budget/Planning and the Governor’s offices. Given that these cross-cutting ministries have more of a horizontal role, their operating expenses are limited to 10 percent of the estimated recurring expenditures. The other MDAs that have a specific mandate supporting the PforR objectives are: Investment Promotion Agencies (IPAs), the Judiciary, the Ministries of Trade/Investment/Commerce/Industry, and the Ministries of Land and Urban Planning (Table 9).

Table 8: PforR Expenditure framework (estimated expenditures in US$ million) Sept 2022 – Dec 2025

	2022 Estimated (Sep-Dec)		**2023 Estimated**			**2024 Estimated**			**2025 Estimated**				
	Personnel	Overhead	Total	Personnel	Overhead	Total	Personnel	Overhead	Total	Personnel	Overhead	Total	**TOTAL (US$ million)**
Governor's office (10%)	8.4	17.1	**25.6**	27.8	53.5	**81.3**	30.3	55.1	**85.4**	33.0	56.8	**89.8**	
Ministries of Finance, Budget, Econ Planning (10%)	17.3	53.4	**70.7**	57.1	166.6	**223.7**	62.2	171.6	**233.9**	67.8	176.8	**244.6**	
Investment Promotion Office	0.8	3.3	**4.2**	2.7	10.4	**13.1**	3.0	10.7	**13.7**	3.2	11.0	**14.3**	
Judiciary	37.0	14.2	**51.2**	122.3	44.3	**166.5**	133.3	45.6	**178.9**	145.3	47.0	**192.2**	
Ministries of Land and Urban Planning	10.4	5.1	**15.5**	34.5	15.8	**50.3**	37.6	16.3	**53.9**	41.0	16.8	**57.8**	
Ministries of Trade, Investment, Commerce, Industry	8.1	8.1	**16.1**	26.7	25.1	**51.8**	29.1	25.9	**55.0**	31.7	26.7	**58.4**	
TOTAL (US$ mil)	82.1	101.2	**183.2**	271.1	315.8	**586.9**	295.5	325.3	**620.7**	322.1	335.0	**657.1**	**2,047.2**

Table 9: PforR Expenditure Framework MDAs

Horizontal MDA contributions limited to 10% of recurring expenditures
Ministry of Finance/Budget/Planning
Governor's Office
Other key MDAs (full recurring expenditure)
IPA
Judiciary
Ministry of Trade/Investment/Commerce/Industry
Ministry of Land and Urban Planning

Program governance structure and institutional arrangements

45. **SABER's institutional and implementing arrangements will build on the SFTAS implementing arrangements (and related lessons learned), as well as the PEBEC-EBES structures put in place for the PEBEC-NEC subnational initiatives.** Several institutional and implementation arrangements from SFTAS can be continued for SABER, such as the PCU (with some amendments to adjust to SABER priorities and address

performance weaknesses) and the Project Management Firm (with some adjustments to reflect SABER priorities). The arrangements will also benefit from the PEBEC-EBES structure, and the state level structures that were established in the context of the PEBEC-NEC subnational initiatives, including the state ease of doing business (EODB) councils and the state reform champions. The detailed institutional and implementation arrangements will be guided by the Program's operations manual.

46. **States will be responsible for achieving the program results and thus will be leading the implementation of the PforR Program.** To support the implementation of the Program in each state, a state steering council will be established in each of the participating states. The membership of the council will include representation from the key state MDAs responsible for achieving the DLIs: governor's offices, state ministries of finance, budget and planning, state ministries of trade, investment, commerce and industry, state ministries of land and urban planning, state IPAs, and state judiciaries. In view of the link between the achievement of the Eligibility Criteria and the DLRs and state finances, and as the State Commissioner of Finance (COF) signs the Subsidiary Loan Agreement, the COF shall be represented on the council. As of August 2022, 32 states had appointed an EODB Reform Champion, and 17 states had established an EODB Council. Most state EODB Councils are chaired by governors or deputy governors, but other arrangements exist too. The suggested operating model is for the councils to be supported by coordinating offices, led by the reform champions.[82] The coordinating offices focus on implementation and monitoring, and provide monthly reporting to the EODB Council, which meets monthly. In this suggested[83] operating model, the EODB Council reports to the state executive council on a quarterly basis. Irrespective of the operating model chosen by the state, key responsibilities of each of the state councils are to approve the annual state business-enabling reforms action plan for achieving the Eligibility Criteria and the DLRs, which should include the annual capacity building activities for the state, to monitor progress of the annual state business-enabling reforms action plan, to review the state's result in the annual performance assessment (APA) by the Independent Verification Agent (IVA), and to take remedial action if the state is unable to achieve the Eligibility Criteria and the DLRs.

47. **The proposed National Steering Committee (NSC) brings together the PEBEC and the NGF SABER Ad-Hoc Committee, chaired by the Vice President.** The proposed NSC was endorsed by NGF, PEBEC and NEC in July-August 2022. It was discussed and agreed that a NSC responsible for providing overall strategic guidance to the Operation will be established. The membership of the NSC was not finalized and will be discussed and agreed, with the details specified in the Operations Manual.

(a) **PEBEC**: The PEBEC is chaired by the Vice President and comprises 10 ministers (including the Minister of Finance, Budget, and National Planning), the Head of Civil Service of the Federation, Governor of the Central Bank of Nigeria, representatives of Lagos and Kano State governments, the National Assembly and the private sector.

(b) **NGF SABER Ad-Hoc Committee**: The NGF has set up an Ad-hoc Committee for SABER similar to the NGF SFTAS Committee, chaired by the Governor of Gombe State, with the Governors of Anambra, Edo and Kwara, Oyo and Zamfara States as members.

(c) **SABER Technical Working Group (TWG):** Learning from PEBEC's subnational interventions, a TWG can be a useful forum to have more in-depth technical discussions on program design and implementation challenges and solutions. In July 2017, a year after the establishment of PEBEC, the PEBEC model was brought to the state level to support states in their reform initiatives. A Subnational TWG was

[82] The reform champion shall be able to report directly at any time to the governor and deputy governor as well as to the council.
[83] The experience of PEBEC and SFTAS suggests avoiding being prescriptive on how the states organize themselves to achieve results, and instead focus on peer learning to share good practices.

established, chaired by the PEBEC Secretary, and including state representatives from the 6 geo-political zones, organized private sector and private sector representatives, and public sector representatives. For SABER, a TWG has been established, drawing on both the EODB reform implementation as well as SFTAS experience. The SABER TWG is chaired by the PEBEC Secretary and consists of state representatives from the six geo-political zones and two legacy state representatives, representatives from HFD/PCU, technical representatives from EBES, the World Bank, NGF Secretariat, and the organized private sector (Nigerian Economic Summit Group, NESG).[84]

(d) **EBES:** PEBEC is supported by EBES, which is administratively housed in the Vice President's office and headed by Secretary to PEBEC. EBES is the operational arm of PEBEC, assisting MDAs to implement the reform agenda of PEBEC. Regarding SABER, EBES will: (1) act as the secretariat to the SABER TWG; (2) lead the TA support to the states on the preparation of the State Business Enabling Reforms Action Plans (Eligibility Criteria), including related M&E and EODB surveys; (3) lead the TA support to the states on DLI 5 and DLI 8; (4) lead the private sector engagement; and (5) lead Program communications and outreach, in close partnership with the PCU and the PMF (Table 7).

48. **The FMFBNP's HFD, being the program manager on behalf of the Ministry, will house the PCU,** with the Director of HFD, or equivalent, as the National Program Coordinator. For fiduciary responsibilities, the PCU reports to the Permanent Secretary Finance.

(a) **HFD:** The HFD is the department within the FMFBNP mandated to support financing to the states. It manages the Federation Account Allocation Committee (FAAC) allocation process.

(b) **PCU:** The PCU's key functions are to: (i) ensuring the engagement of the IVA firm and ensuring verification of the achievement of the Eligibility Criteria and the DLRs; (ii) disbursing the proceeds of the Credit to the Participating States on the basis of Eligibility Criteria and DLR achievement; (iii) coordinating capacity building activities for the States, including engaging consultants and firms to ensure timely and effective capacity building for support on DLIs where EBES and PMF do not have capacity or expertise; (iv) conducting communications and outreach activities; (v) conducting monitoring and evaluation activities, and ensuring timely accounting and reporting for the Operation in line with the Results Framework; and (vi) ensuring compliance with the Program Action Plan, the Operations Manual, the Environmental and Social Commitment Plan (ESCP), and all applicable Bank policies, all as may be further specified in the Operations Manual. With some amendments to reflect SABER priorities and improve performance, the SFTAS PCU could support the accelerated preparation and implementation of SABER, and includes specialists working alongside Ministry staff, for program management, financial management, procurement, and communications. The PCU will hire the **Program Management Firm (PMF)** to: (1) help organize TA support to states and lead the TA support to the states on DLI 1, 3 and 7; (2) lead the TA support to the states on the continuation of SFTAS-related Eligibility Criteria; and (3) support the PCU in overall program management, and in particular verification, and support EBES in private sector engagement and communications (Table 7).

49. **Considering SABER's objectives, private sector consultation meetings were held as part of SABER's preparation process,** with PEBEC, PCU and NGF expected to continue the engagement process throughout the life of the Program. Organized private sector, if engaged meaningfully and constructively, can be a sounding board for reform identification as well as a 'watchdog' of the Program's progress towards its objectives. Organized private sector, represented by the Nigerian Economic Summit Group (NESG), has membership in the proposed NSC and the TWG. With SABER expected to operate in many states and covering

[84] Currently the TWG does not include the IVA, but could be added as verification is a major source of performance information.

reform action for firms of all sizes, the private sector would ideally be organized in a similar way. Micro and small firms are less organized; however, EBES shall undertake efforts to get inputs from all sizes of firms, building on consultation meetings already held as part of the Program's preparation process. Firms operating in the different sectors covered by the DLIs – agriculture, manufacturing, telecoms, etc., as well as organized private sector, such as the NESG, Manufacturers Association of Nigeria (MAN), Lagos Chambers of Commerce and Industry (LCCI), were engaged as part of the preparation process. In addition, through the DLIs/DLRs, opportunities for the private sector to get hands-on support (through Investment Promotion Agencies (IPAs), report concerns through grievance redress mechanisms, and hold state MDAs accountable for government-to-business services being offered will be improved. The annual business-enabling reforms action planning process at the state level will also require the involvement of the private sector and other relevant stakeholders. Finally, PEBEC-EBES also systematically engages the private sector through a survey for its subnational Ease of Doing Business (EODB) report.[85] The survey can serve as an effective private sector feedback.

Program Economic Evaluation

50. **Rationale for public provision and financing**. The proposed Program is designed to support reforms that are within government control and public services that will not otherwise be provided by the private sector. The benefits are for all of the private sector. For instance, business-enabling regulatory reforms are greatly within the purview of state authorities. In addition, the public nature of improving the institutional frameworks for tax administration, land registration and acquisition, and resettlement justify public intervention. The application of international best practices in implementing government reforms promotes efficiency and growth.

51. **The proposed Program addresses coordination and information asymmetry market failures that constraint private sector growth**. Public support to strengthen investment promotion/retention and the development of PPP legal frameworks are justified as they address coordination failures by leveraging the capacity of the government to coordinate economic agents' interactions and investments in targeted sectors through regulation and promotion activities.

52. **The support to improve transparency across state-level MDAs involved in providing services to, or regulating, the private sector is justified due to existing information asymmetries that disproportionately hurt smaller firms and other vulnerable groups such as women**. Investing in platforms and mechanisms to make service- and regulation-related information publicly available will increase the transparency and credibility of state-level MDA services. Addressing the information gaps will enhance the efficiency and benefit both the public and private sectors.

53. **Program's economic impact**. The net present value of project is positive and significant. The aim of the project is to improve the business enabling environments by having several states opt in to undertake a series of reforms. These reforms would be targeted at improving the regulatory and legal environment for firms to enter and operate, improve transparency of and access to information for firms regarding procedures, streamline taxes, and providing a better regulatory framework for private investment in fiber optic infrastructure. The impact of these reforms is expected to fully materialize over the medium term, but this

[85] The second Subnational EODB report is expected to be released in October 2022.

economic assessment quantifies some of these gains over the period of the program (2023-25). The estimation of economic gains from this project are through the impact on states' GDP. To be on the conservative side for the estimate, the assessment assumes that a maximum of half of the states will undertake these reforms, and those too with the lowest estimated GDPs. Again, to be conservative, we also do not expect benefits to materialize in the first two years but only from the third year onwards of the program, with an additional 0.8 percent of GDP.

54. **The assessment uses existing research to draw comparable estimates on the impact on state GDP from certain reforms,** especially for reforms on improving business regulatory environments. This research is complemented by Nigerian macroeconomic data to calculate the estimated benefits. Costs of the project are taken from the World Bank's program costs and the program expenditure framework. Using the most conservative estimates (specified above), the net present value of the project calculated at a discount rate of 13 percent over the three-year period is estimated at US$542 billion (Table 10).

Table 10: Program Expected Benefits (US$ million)

		2023	2024	2025	Total
Result Area 1	Cost	40	41	42	**124**
	Benefit	0	0	0	**0**
Result Area 2	Cost	134	132	136	**332**
	Benefit	0	0	524,359	**282,878**
Result Area 3 and 4	Cost	2,741	2,856	2,980	**8,576**
	Benefit	0	0	419,487	**419,487**
Other costs	TA costs	7	7	7	**20**
Total costs		2,921	3,036	3,165	**9,052**
Total benefits		0	0	943,846	**702,365**
Net benefits		**-2,921**	**-3,036**	**940,682**	**693,313**
Net Present Value at 13% discount rate					**542,031**

55. **For Result Area 1, no benefits are expected to materialize in the first three years of the Program**. Using research for Thailand, we assume that improvement in land administration will have effects that are positive and significant only over the longer term (year 8 onwards).[86] As such, to be conservative, no benefits from this reform are considered of the duration of the program.

56. **For Result Area 2, DLI 2, research from International Telecommunications Union (ITU) for Africa indicates that an improvement of 10 percent in broadband connectivity can lead to an increase of 2.46 percent of GDP per capita**.[87] Using this, the team estimates that a 1 percent increase in broadband connectivity over the three years, will lead to a 0.25 percent increase in the GDPs of the states that opt into this reform.

[86] World Bank. 1999.

[87] Edquist, Harald, Peter Goodridge, Jonathan Haskel, Xuan Li, and Edward Lindquist. 2018. "How important are mobile broadband networks for the global economic development?" Information Economics and Policy 45, pp. 16-29; ITU. 2020. "How broadband, digitization and ICT Regulation impact the global economy. Global Econometric Modelling – Expert Report." GSR-20 Discussion Paper.https://www.itu.int/en/ITU-D/Conferences/GSR/2020/Documents/ITU_Global_Econometric_Modeling_GSR-DiscussionPaper.pdf.

57. **For Result Areas 3 and 4, specifically DLIs 4-8, the team used research that estimates that reducing administrative burdens on firms by 25 percent over a 10-year period, will have a 1.62 percent positive impact on growth**.[88] We assume on a conservative basis that that DLIs 4-8 will reduce administrative costs through improved business regulatory environment by 1 percent over three years, increasing growth by 0.065 percent over the three-year period. For the DLI on courts we use World Bank research that reducing the 'distance to frontier' by 1 percent on legal institutions has a 0.09 percent increase in annual growth.[89]

[88] Poel, et al. 2014.
[89] World Bank. 2015.

ANNEX 4. FULL FIDUCIARY SYSTEMS ASSESSMENT

Section 1: Conclusions

1. **The Integrated Fiduciary Systems Assessment (IFSA) assessed the fiduciary systems of all key implementing agencies in the states (and FCT) and their recurrent expenditures that are part of the Program Expenditure Framework (PEF) that the SABER PforR Program will support**. It was carried out relying on a sample of six representative states, consistent with World Bank Policy PforR Financing (November 2017), World Bank Directive on PforR Financing (July 2019) and in line with relevant guidelines.[90]

2. **The objective of the assessment was to examine whether Program systems provide reasonable assurance that the financing proceeds will be used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability**. The financial management (FM) systems were assessed to gauge the extent to which the planning, budgeting, accounting, controls, funds flow, financial reporting, and auditing systems and practices can provide a reasonable assurance on the appropriate use of Program funds and safeguarding of its assets. The Program procurement systems have also been assessed to establish the extent to which the planning, bidding, evaluation, contract award, and contract administration arrangements and practices provide a reasonable assurance in support of achievement of the Program results. In addition, the assessment considered how Program governance systems manage the risks of fraud and corruption and how such risks will be mitigated. The IFSA is focused on the Program-for-Results component, while Annex 8 defines the FM, disbursement, and procurement arrangements for the IPF component for TA of the SABER Operation.

3. **Conclusion and Fiduciary Risk Rating**. The conclusion of the assessment is that the fiduciary systems, capacity and performance of the PCU and the key implementing agencies in the states (and FCT), relying on a representative sample of states (Abia, Edo, Enugu, Gombe, Kaduna and Nasarawa), combined with the results of the fiduciary assessments carried out under SFTAS and CARES, are adequate to provide reasonable assurance that the Program funds will be used for the intended purposes in an effective, efficient and transparent manner subject to the implementation of a set of risk mitigation measures. The overall Program integrated fiduciary risk (FM, procurement, and governance) is rated **High**, and the *residual* fiduciary risk is rated ***Substantial***. The IFSA has identified risks for which mitigation measures are proposed; these will be managed through implementation of the PAP.

4. **Reasonable assurance.** The fiduciary systems, institutions, and practices of the representative states combined with the results of the fiduciary assessments carried out under SFTAS and CARES provide reasonable assurance that Program resources will be used for the intended purposes and will support the achievement of Program objectives in an effective, efficient, and transparent manner – subject to full implementation of the PAP.

5. **Risk assessment.** The key fiduciary risks are the following: (i) risk of delay in transfer of Program funds to the participating states; (ii) weak internal controls over public expenditures in general, and specifically leading to risk of inflated payroll and ghost workers in less than 25 percent of states that have committed to (through

[90] Guidance Notes provided by Operations Policy and Country Services for PforR Financing, and Guidelines on Preventing and Combating Fraud and Corruption in PforR Financing.

the SFTAS Charter, signed August 17, 2022), but have not yet strengthened payroll management and management of ghost workers; and (iii) weaknesses in compliance with the established legal and institutional framework for combating fraud and corruption at the Program level, which could undermine the ability of the authorities to detect and address the occurrence of fraud and corruption risk in a timely and effective manner.

6. **Mitigation measures.** The mitigation measures for the above stated risks will be:

(a) To ensure timely transfer of Program funds to the states against achieved DLIs, service standards will be established and documented in the Operations Manual, for funds to be transferred within 14 days of receipt of Program funds into the Special Fund Account held with the CBN at the federal level. This will be monitored during Program supervision.

(b) The risk of inflated payroll and ghost workers has largely been addressed through SFTAS' DLI 5 for strengthened payroll management and management of ghost workers. This DLI was one of the highest achieving with more than 75 percent of the states achieving it. In addition, all States committed on August 17, 2022, through the SFTAS Charter, to sustain the SFTAS reforms achieved in the states, and to participate in annual SFTAS assessments and scorecards. Hence, results from SFTAS will continue to be monitored, and are relevant for SABER. Regarding weaknesses in internal control over public expenditures in general, annual audits will also be conducted in the 36 states of the state accounts. For the participating states, audited financial statements (AFS), prepared in accordance with IPSAS, are part of the Eligibility Criteria of the Program. The AFS will be used to extract expenditures relating to the overall Program in line with the PEF for the participating states. This information will be collated and consolidated by the PCU on an annual basis.

(c) To mitigate the risk of fraud and corruption, a signed submission from the PCU/ HFD shall be made every six months as part of the semi-annual progress reports using a template agreed with the World Bank. The states will submit information to the PCU, thereafter the PCU will consolidate for submission to the Bank. This submission shall provide details of any allegations or complaints on fraud and corruption regarding any part of the Program implementation, including status of actions taken. Even where there are no allegations or complaints during a reporting period, positive assurance should be provided to the World Bank of this status.

7. **Procurement exclusions.** Contracts for the procurement of works, goods, and services under the Program with high environmental and social risks are excluded from the Program.

Section 2: Scope

8. **Scope.** The IFSA covered the federal PCU and all states (and FCT), relying on six representative states (Abia, Edo, Enugu, Gombe, Kaduna and Nasarawa). The IFSA was conducted through review of the systems and practices of six representative states, combined with information/ systems reviewed as part of the country-wide SFTAS and CARES programs' fiduciary assessments. Review of fiduciary systems of the key implementing agencies in the six representative states was also carried out. Ongoing SFTAS results were reviewed, and SFTAS Charter implementation will continue to be reviewed for PFM indicators. The World Bank has been supporting and continues to support state governments in strengthening their service delivery and institutional and FM systems and processes through several operations. Subnational IFSAs will not be required for state participation, rather participation of states will be dependent on meeting the eligibility criteria.

9. **Program Expenditure Framework (PEF)**. The PEF is based on the recurring expenditures of key implementing agencies in all 36 states for the years 2022 to 2025, estimated at US$2.0 billion. It amounts to the total recurrent operating expenses (personnel and overhead) of the agencies responsible for the achievement of the PforR objectives (Table 8). The IDA contribution to PEF amounts to US$730 million (36 percent of overall program expenditures).

10. **The recurrent expenditures (personnel and overhead) will be the basis of analysis for ensuring that the overall program expenditures (actual) at program closure are more than or equal to the Program withdrawals from IDA**. During the program implementation, states will submit their annual audited financial statements, which will contain details of the recurrent spending of the states, broken down by individual ministries, departments, and agencies (MDAs), allowing for identification of the recurrent spending by the relevant MDAs and the computation of overall program expenditures. This information will be collated and consolidated by the PCU on an annual basis, as well as at the end of the Program.

Section 3: Review of PFM cycle

11. **The FM arrangements under the Program will be carried out using the State governments' systems which are generally functioning well.** The existing systems of budgetary planning & preparation, budget execution, accounting, internal controls, funds flow, financial reporting, external audit, and legislative oversight will continue to be adopted for Program implementation. State Auditors-General are in place in all sub-national governments and are performing regular external audit. On the Program Procurement Systems, the Program expenditures are essentially recurrent in nature and will not include large value and high-risk procurement items. It may however include procurement items like office and computer consumables, minor office maintenance, vehicle maintenance and repairs, security services, and cleaning services.

a) Institutional and Legal Framework

12. **The key institution for PFM in the states is the State Ministries of Finance and its respective agencies.** Other players include the State Ministry of Budget and Planning, the State National Assembly and the Office of the Auditor General. In general, the States' Accountant-Generals as well as the budget directorates play a significant part in the overall management and control of public finances – releasing the budget and accounting for and reporting on the use of budgetary resources. In Nigeria, broadly, the enabling institutional and legal framework for FM is contained in (a) the Constitution (Sections 80-89) – accounts, audit, and investigations; (b) the Finance (Control & Management) Act 1958 – the organic public finance management law; (c) the Fiscal Responsibility Act 2007, aiming to instil discipline into fiscal planning and management; (d) the federal Public Procurement Act 2007, and Public Procurement Acts at the state-level that mirror the federal Public Procurement Act - regulating public procurement for Federal and States' governments; (e) Audit Act 1957; and (f) Freedom of Information Act 2011 - aiming to improve transparency and public accountability by providing for public access to 100 non-sensitive official data. Along with the subsidiary legislations, regulations, and operational and financial directives which dictate the day-to-day basis for the management and oversight of public finances (notwithstanding the long overdue organic public finance legislation and the audit law), it is concluded that the legal framework is in place and acceptable to the World Bank.

13. **The Federal Government of Nigeria has a legal framework for public procurement based on the Public Procurement Law, June 2007.** Following the enactment of the procurement act, a regulatory agency - the

Bureau of Public Procurement (BPP) - was established. The government has also prepared relevant implementation tools, including Regulations, Standard Bidding Documents (SBD) and Manuals. In addition, a procurement professional cadre has been created at the federal level and in some states. A complaints and appeals mechanism has been established in accordance with the provisions of the Act to enhance transparency and accountability. The gains of the procurement reform at the federal level have extended to the 36 States of the Federation of Nigeria.

14. **At the state-level, procurement laws have been enacted in 24 states while the remaining states have draft bills at various stages of consideration; procurement regulatory agencies have been established.** Many states have deployed e-Procurement systems in a minimum of four high spending MDAs include works, education, and health, while Kaduna State has deployed the e-Procurement systems in twenty MDAs. This was achieved under the SFTAS PforR Program.

15. **Notwithstanding the above successes, there are still inherent weaknesses in the public procurement in the states.** (i) The e-Procurement systems should be expanded to include all agencies being funded from the state budgets to increase the adoption of the e-Procurement system; (ii) it will be necessary to use the system for all procurable items including the small value, low-cost procurable items. This will promote transparency and efficiency of the procurement systems of the states; and (iii) not all the states have deployed the e-Procurement system.

b) Planning and Budgeting

16. **Adequacy of budgets.** The budget estimates of the PforR Program will be included in the state government budgets. The responsibility for preparing the annual budgets lies with the State Ministries of Planning and the budgets are prepared based on the Medium-term Expenditure Framework (MTEF) documents and on fiscal policy guidelines issued by the State Ministry of Finance. In recent years, the states' annual budgets are passed by the State Houses of Assembly before the commencement of the fiscal year and Governor's assent is secured soon after.

17. **The Program Budget**. The Program budget comprises recurrent expenditures of selected MDAs in the 36 states. The process of planning and budgeting does not pose a significant risk to the Program. In compliance with the directive of FAAC to harmonize classification methodologies across the federation, most states have fully transitioned to a new budget and account classification 101 system that is Government Finance Statistics 2001 compliant. Improvements in the linkage of budgets to sector strategies are being recorded across a few states. Considering challenges in realistic costing of the strategies that feed into the budget, these linkages are not highly reliable.

18. **International best practice encourages openness and transparency in budget processes.** All states are now expected to publish their budgets and budget implementation outturns on accessible platforms such as their websites to facilitate public access. Currently, all states publish their annual budgets and budget implementation performance reports online through their State official websites.

19. **Procurement Arrangements and Planning.** For most states, the procurable items under the overhead cost are not included in the procurement plans. In addition, the procurement method used for such items is difficult to ascertain. Items should be pulled together and procure using a Framework Agreement and call-off

contracts. This will avoid a situation where these items are procured at different cost across the government agencies.

c) Budget execution

20. **Budget execution.** The federal government transacts its budgetary spending through a system of a Treasury Single Account (TSA) held with the CBN. At present, all budgetary resources are processed through the government integrated financial management information system (IFMIS). Payments are made from MDAs' sub-accounts under TSA with the CBN through a uniform electronic payment platform (REMITA) to finance budgetary expenditures.

21. **At the State level, the control in funds flow is exercised through the State Ministry of Finance and, by extension, the offices of the States' Accountants Generals, after the budget release to MDAs is made through the budget office.** Though a few states follow the TSA model by using a particular commercial bank for collection of all government funds, most states do not use this. However, they do maintain a cash management system based on a strictly cash budgeting arrangement. Their Consolidated Revenue Funds (CRFs) are held across several selected commercial banks within their respective state and the daily status of cash balances in individual accounts is monitored. Expenditures undergo a process of validation at the MDA level as well as at the accountant-generals' offices, and pre-payment audits are undertaken on every expenditure transaction before payment is authorized. Many states now operate a mixture of electronic cash transfers and check system (under a cashless economy policy). Most states execute their payments by check or bank transfer. All the 36 state governments have subscribed to the 22 Point Fiscal Sustainability Strategy and Plan that seeks to support states in reversing their current fiscal management weaknesses, including transitioning to TSA arrangements.

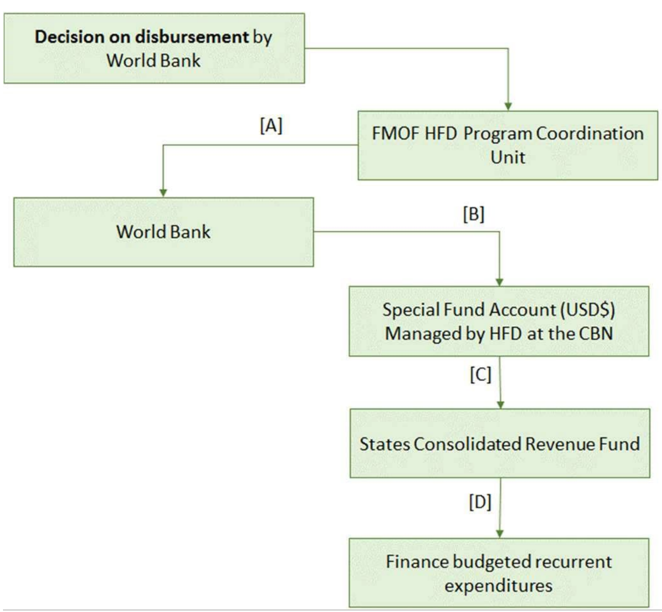
22. **To mitigate the risk of delay in the transfer of Program funds from IDA to the states, it is envisioned that service standards will be established (to be included in the Operations Manual).** These aim to ensure, among other things, that funds are transferred to the eligible states' accounts within 14 days of receipt of withdrawn Program funds into the Special Fund Account held with the CBN at the federal level.

23. **Accounting.** The Federation has adopted the International Public-Sector Accounting Standards (IPSAS) accounting fully in January 2016. All states too have adopted the IPSAS accounting. In addition, the federal government and states have all adopted the new chart of accounts and budget classification system, that is Government Financial Statistics (GFS) 2001. Nigeria is moving progressively towards complying with international standards on accounting and financial reporting as well as on use of a classification methodology (for budgeting, budget execution, accounting, and reporting) that conforms to international best practice. In the majority of states, accounting for and reporting on financial transactions is done using ICT based systems. The system of accounting and financial reporting is generally performed at acceptable levels. The states' treasury offices are endowed with adequately qualified and experienced staff in FM. The Program expenditures are material in the context of the overall expenditures of the states. The annual State AFS shall include a disclosure note listing out expenditures for the year and the prior year for all the constituent elements of the PEF for the state. The PCU shall compile the total Program expenditures for each year and consequently for the life of the Program from the AFS of each participating state utilizing the information from the PEF disclosure note.

24. **Financial Reporting.** The states audited financial statements shall constitute the Program financial statements. The availability of states' audited financial statements is enhanced, as states' audited financial statements are part of the eligibility criteria for SABER and SFTAS and this is required for submission under the CARES Program as well. The financial statements prepared by the State Accountant Generals will include reporting on the recurrent expenditure budget lines in the Program Expenditure Framework (personnel and overhead cost) for the relevant MDAs. The state audited financial statements will be submitted by the states to the PCU once available. From the audited financial statements submitted by the states, the PCU will undertake a compilation of the data on recurrent expenditures in line with the Program Expenditure Framework for all the key implementing MDAs. This compiled report will be shared by the PCU with the World Bank within 9 months after the end of the fiscal year.

25. **Treasury Management and Funds Flow.** The IDA credit proceeds of the US$730 million PforR Program will be disbursed to the Federal Government's Special Fund Account, which serves as a sub-account of the TSA held with the CBN. This will be managed by the PCU. Upon receiving the decision to disburse from the World Bank, a withdrawal application will be submitted to the World Bank by the PCU, using the World Bank's standard disbursement forms through the e-disbursement functionality in the World Bank's Client Connection system. Disbursements under PforR will be triggered by the Bank's decision to disburse after receiving and reviewing evidence of the achievement of the Program DLRs through the APA process. The PCU will make disbursements to individual participating states from the Special Fund Account to the respective Consolidated Revenue Fund accounts of the state governments based on the individual state's APA results. No advances under the PforR component are envisaged. To mitigate the risk of delay in the transfer of funds from the FMFBNP to the states, service standards will be established in the Operations Manual to ensure that states' share of funds received in the TSA at the federal level (by virtue of achievement of the DLIs) are transferred to the states' accounts within 14 days from the time of receipt of funds in the Special Fund Account. The funds flow for the PforR Program is provided in schematic form in Figure 3.

Figure 3: PforR Disbursements/Funds Flow Arrangements



[A] Submits Withdrawal Application (WA) to the World Bank

[B] World Bank disburses to FMoF Special Fund Account held with the CBN for subsequent payment to beneficiary States

[C] From the Special Fund Account, FMoF transfers to qualifying States. Transfers to States will be accomplished within 14 days of receipt of disbursements from the World Bank

[D] From the Consolidated Revenue Fund Account, States disburse to finance recurrent expenditures which form part of the MTEF

26. **The PCU will hire an Independent Verification Agent (IVA), on terms of reference acceptable to the World Bank, to verify the achievement of disbursement-linked results (DLRs).** The IVA will be tasked to verify the achievement of the DLI/DLRs based on information sources identified in the verification protocol. The IVA will be hired and funded from the TA IPF component of the Operation with the scope of review acceptable to the World Bank.

d) Internal Controls

27. **Internal controls and Internal Audit.** The internal controls over public expenditures is a key area of risk. The internal audit process in at the federal and state government level is largely focused on pre-payment audits. The process lacks in oversight as a support function to internal management. Leakages remain in the expenditure management system due to absence of risk-based internal audit and control processes, and lack of focus on systemic issues. A key challenge will be how to make the internal audit function independent of the expenditure processing cycle and how to give the internal audit function the visibility it deserves. There have been and there are Bank-financed programs towards modernization of the internal audit function, including the Nigeria Public Sector Governance Reform and Development Project (P097026 - closed 2017), State and Local Governance Reform Project (P133045 – closed March 2021) and through country-wide PforRs in the health and education sectors. Support is also provided under the TA component of SFTAS to build capacity in risk-based internal audit functions in a few selected MDAs working with the Institute of Internal Audit, Nigeria.

e) Oversight – Program Audit

28. **The Office of the Auditor General of the Federation as well as the States' Auditor Generals conduct the independent audits of public finances at the federal and the state level, respectively.** The submission of the audit report (as well as the financial statements upon receipt of the draft accounts from the Accountant General of the Federation) to the legislature has generally been achieved within four months of the end of the fiscal year. The quality of audits is seeing improvement especially with the implementation of key reforms supported under the World Bank-financed interventions. There is a progressive transition to International Standards of Supreme Audit Institutions. Notwithstanding, audit follow up at the level of the legislature has continued to remain weak.

29. **The States Auditor-Generals will conduct the audits of the General-Purpose Financial Statements of their respective states and render them to the states' assemblies.** Currently, all the 36 states are now publishing their audited financial statements on their websites within six months after the end of fiscal year which is part of the Eligibility Criteria for SFTAS and SABER (Annex 2, Eligibility Criteria and DLI Matrix).

30. **Noting the Program boundary, the annual audited financial statements of the SABER participating states, will constitute the basis for the fiduciary assurance required by the World Bank under the PforR.** The annual state financial statements shall include a disclosure note listing out expenditures for the year and the comparative prior year for all constituent elements of the PEF for that participating state. Annually, (i) PCU will submit to the Bank, the audited financial statements of the participating states with state auditor's expression of audit opinion on the financial statements identifying program expenditures of the key MDAs. The State Auditors-General shall also provide a special audit opinion on the Program specific disclosure in the AFS as part of their overall audit certificate for the state AFS. The associated management letter will refer to

the Program if observations are raised that are relevant to the PEF; and (ii) compiled data on recurrent expenditures of the MDAs for the participating states extracted from the audited financial statements. This will be certified by the OAuGF and an opinion expressed. The annual States audited financial statements as well as the certified compiled data shall be submitted by PCU to the World Bank within nine (9) months of the end of fiscal year.

f) Fiduciary Capacity

31. **Financial Management.** The States' Treasury Offices are endowed with adequately qualified and experienced staff in FM. The PCU has experience of working on SFTAS. A Project Accountant and a Project Internal Auditor will be assigned to the PCU by the OAGF/ FPFMD. Given the critical role of the PCU with respect to PforR FM requirements, a FM Specialist may be hired subject to need, to be part of the PCU and to be funded from the IPF component. The FM Specialist will be hired based on terms of reference approved by the Bank and will be supported by the designated Project Accountant. The Project Accountant will coordinate with the respective Head of the Project Financial Management Unit (PFMU) as necessary for the PforR FM requirements. World Bank will provide periodic training as required on general PforR and SABER FM requirements.

g) Program governance and anticorruption arrangements

32. **Consistent with OP/BP 9.0**, and as part of the IFSA, an assessment was conducted on the existing institutional and oversight systems and practices in Nigeria pertaining to 'Governance and Anticorruption' (GAC) and their applicability to the Program. The assessment examined the proposed design and implementation of the Program using the Governance framework principles of transparency, accountability, and participation and whether the existing institutions and processes were able to meet requirements of the Guidelines on Preventing and Combating fraud and Corruption in Program-for-Results Financing (February 1, 2012). The assessment examined the extent to which fraud and corruption can surface during implementation and how these can be mitigated under viable action plans and other mitigating factors.

33. **Under the Program, a protocol will be adopted** and implemented for reporting, management and investigation of fraud and corruption allegations operationalized in the MDAs implementing the SABER Program. This protocol will be adopted, and the requirement will be included in the Operations Manual. The report on fraud and corruption allegations will be submitted bi-annually as part of implementation progress report. Even if there are no allegations, the PCU will be required to monitor receipt of a positive assertion from all states every six months, that will be compiled and submitted to the World Bank.

34. **The national anticorruption framework and agenda applies to all MDAs in Nigeria – all MDAs are therefore expected to adopt MDA specific frameworks.** The anti-corruption legal framework in Nigeria rest largely on the criminal justice system, more specifically the Corrupt Practices and other related offenses Act, 2000; the Economic and Financial Crimes Commission (Establishment) Act, 2004, as well as on the United Nations Convention Against Corruption (UNCAC), ratified in 2004. Additional pieces of legislation address conflict of interest, promote transparency (asset disclosure and freedom of information), and strengthen the governance of extractive industries (Nigeria Extractive Industries Transparency Initiative Act). To institutionalize the fight against corruption in the country, the Government adopted a National Anti-Corruption Strategy (NACS) for the next five years in July 2017. The NACS focuses on prevention of corruption,

public engagement, campaign for ethical reorientation, enforcement and sanctions, and recovery of proceeds of corruption.

35. **Asset disclosure requirements apply to all public officers, including at State and local government area (LGA) levels**. All public officers are constitutionally mandated to declare to the Code of Conduct Bureau their assets and liabilities on assumption and term of office, and every four years for permanent employment. Failure of declaration of assets may entail removal from office, disqualification from holding any public office, and forfeiture to the State of any property acquired through abuse of office or dishonestly. State officials are being prosecuted for false declaration of assets.

36. **The Anti-Corruption Institutional Framework**. Additional reforms introduced included the prosecution of financial crimes, the management of recovered stolen assets and government overall transparency (under the Open Government Initiative). The Open Government Partnership National Action Plan (OGP NAP) prioritizes fiscal transparency; anti-corruption; access to information and citizen engagement among others. The Nigerian anticorruption institutional framework comprises multiple agencies at the Federal level, loosely coordinated by the President's Office (within the inter-agency task team on anticorruption). The jurisdiction of these various anti-corruption agencies extends to the state level. The weakest level in the anti-corruption architecture is at the departmental level, with the line ministries' Anti-corruption and Transparency Units (ACTUs). The anti-corruption nodal agency in Nigeria is the Independent Corrupt Practices & Other Related Offences Commission (ICPC) but in practice its jurisdiction overlaps with that of the Economic and Financial Crimes Commission (EFCC). The Technical Unit on Governance and Anticorruption Reforms (TUGAR), established in 2008 to monitor and evaluate anti-corruption and governance initiatives across all sectors in the country is an important addition for corruption and governance risk assessment: it recently assessed the fiduciary performance of PFM systems in the Nigerian states. Although, the existing legal and institutional frameworks are robust enough to build on, to effectively mitigate against fraud and corruption, there is little evidence that investigations into fraud and corruption are systematically carried out by the law enforcement agencies.

37. **Additional measures to further mitigate the risk of fraud and corruption under the Program will include**: (a) Grievance redress mechanisms (GRM) will be implemented across key state implementing agencies involved in the Program as part of DLIs 1, 5 and 6 and at the federal level as part of Project/Program-level GRM. Formal policy and procedural guidance note will be prepared and approved on Fraud and Corruption/complaints redress mechanism under the Program; (b) To raise public awareness about existing mechanisms to handle allegations of fraud and corruption, the state governments will agree with the ICPC on adequate measures to be introduced by the States government, including the insertion of a link to ICPC portal on the state governments' websites; (c) The World Bank Anti-Corruption Guidelines will apply to the PforR; and (d) Mechanisms for citizens' engagement will be established and maintained under DLI 1 and 5.

38. **A protocol for recording, reporting, and investigating allegations and complaints pertaining to fraud and corruption will be established and confirmed, and included in the Operations Manual.** The protocol shall establish a framework of responsibilities for this purpose with clear identification of those charged with ensuring regular oversight and adherence. PCU's reports on GRM will be sent to the World Bank. The reporting format will include the following: (a) location and date of the complaint; (b) allegation's description; (c) description of progress in investigation, if any; and (d) investigation outcome. Even when there are no

allegations, such positive assurance should be provided by the PCU. This report will be submitted by the PCU to the World Bank on a bi-annual basis, within 45 days from the end of the semester.

Section 4: Program Systems and Capacity Improvements

39. **PAP.** A PAP has been developed whose implementation will support the mitigation of the identified risks during the life of the Program. Monitoring the implementation of the PAP and proactively refining the operational modalities will be critical to managing the risks during program life.

Table 11. PAP Fiduciary Action Plan

Action Description	Due Date	Responsible Party	Completion Measurement
Protocol adopted and implemented for reporting, management and investigation of fraud and corruption allegations operationalized in MDAs implementing SABER Program.	Upon adoption of Operations Manual; Semi-annual.	PCU	Protocol adopted by PCU and included in Operations Manual. Report on fraud and corruption allegations submitted bi-annually as part of Program implementation progress report.
Participating States through the PCU submit audited financial statements with the necessary information required for the SABER Program. In addition, PCU/HFD to annually compile data on recurrent expenditures of the relevant MDAs for the participating states, certified by the OAuGF and an opinion provided.	Within 9 months of the end of fiscal year.	PCU and the participating states.	All participating states submit the audited financial statements to the PCU, PCU to submit the audited financial statements to the Bank for SABER participating states. PCU submits compiled data on recurrent expenditures certified by OAuGF with an opinion expressed.
Timely transfer of Program funds from the FMFBNP to the participating states towards achievement of DLIs	Within 14 days from the time of receipt of funds in the Special Fund Account.	PCU / OAGF	Service standard of 14 days to be established in the Operations Manual; States' share of funds received in the Special Fund Account (part of TSA) at the federal level are transferred to the States' accounts within 14 days.
Assignment of Project Accountants and internal auditor to PCU.	Within three months of effectiveness.	OAGF/ FPFMD	Accountants and Internal Auditor assigned.

Section 5: Implementation Support

40. **Support will include the following:**
   (a) Monitoring of implementation progress towards achievement of Program results.
   (b) Support to the Borrower to resolve fiduciary implementation challenges.
   (c) Monitoring of the performance of the fiduciary systems and the implementation of fiduciary actions in the PAP.
   (d) Monitoring changes in fiduciary risks to the Program and, as relevant, compliance with the fiduciary provisions in the legal covenants.
   (e) Fiduciary supervision will be consistent with a risk-based approach and will be carried out at least twice a year based on the fiduciary risk rating. In addition, periodic implementation support and capacity building/ training will be provided as needed to the states and the PCU.

ANNEX 5. SUMMARY ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT

1. **The Environmental and Social Systems Assessment (ESSA) examines the extent to which the Federal and State Government's existing environmental and social management systems**: operates within, an adequate legal and regulatory framework to guide environmental and social impact assessments, mitigation, management and monitoring at the PforR Program level; and incorporate recognized elements of good practice in environmental and social assessment and management. The ESSA thereafter defines measures to strengthen the system and recommends measures that will be integrated into the overall Program. The ESSA is undertaken to ensure consistency with six core principles and key planning elements of PforR ESSA.

2. **The ESSA was prepared by the World Bank team through a combination of detailed reviews of existing Program materials and available technical literature, including policies, regulations, guidelines and examples of due diligence and design documents, interviews and extensive consultations with government staff** (Federal, and State levels). An environmental and social risk screening was undertaken at the concept stage. The ESSA process was informed by the World Bank Guidance on PforR Environmental and Social System Assessment (September 2020).

3. **Consultations were carried out prior to the development of the ESSA. Initial consultations held with government officials and some stakeholders over a period led to the formulation of the SABER Program**. The outcomes of those consultations are embedded in this Program and influenced its design. World Bank specialists consulted with different stakeholders, especially federal and state government agencies. The consultations were virtual via Microsoft teams meeting. Consultations were held for a sample of Program States, namely Edo, Ekiti and Nasarawa for day one and Enugu, Gombe and Kaduna for day two. Although all states that meet the eligibility criteria can participate in the program, the six states were initially sampled for assessment because of the following reasons: (i) they represent the six political zones; (ii) they are members of the TWG for the SABER program; and (iii) they are likely participating states in the Program. The State teams involved in the consultation comprised of top government officials responsible for the environmental and social management, focal point for SABER in each state, etc. The team held additional consultation where the findings of the assessment was presented to the stakeholders from all states and FCT on August 17, 2022. The ESSA was disclosed prior to this consultation and will be disclosed again after its finalization.

4. **In line with the six core principles outlined in the World Bank's policy and guidance note for the PforR instrument, the relevant risks directly associated with the SABER Program activities and indirectly given the achievement of the program activities under the DLIs and within the proposed Result Areas (RAs) under the PforR covers environmental and social issues** and include:
   (a) Potential generation of e-waste given the digital data-centric and indexed database for Certificates of Occupancy (CofOs).
   (b) In case of poor implementation of FRILIA, induced increase pollution due to environmentally unsustainable agriculture practices.
   (c) Indirectly, temporary displacement of people, primarily low-income people selling their wares or residing along the right-of-way for the deployment of fiber optic network.
   (d) Indirectly, the expansion and deployment of fiber optic networks given standardized ROW fees will lead to the generation of dust resulting in air pollution.
   (e) Indirectly, there could be increase in carbon emissions due to use of off-grid diesel generators at cellular sites linked to fiber deployment.

(f) Indirectly, there may be GBV and SH due to the influx of workers deploying fiber optic networks.
(g) Indirectly, expected environmental and social risks, such as risks due to construction and rehabilitation and involuntary resettlement associated with PPP projects (that may materialize after Program completion), given weak E&S systems in most states.

5. **The overall environmental and social risks have been assessed and deemed to be Moderate.** Although the Program will not support construction work, the achievement of new ROW fees at maximally NGN145 per meter may indirectly lead to the expansion of fiber optic networks by the private sector (not financed by the Program), which will involve some minor construction which will not lead to displacement considering this will be limited to existing ROW. Also, the establishment of a robust PPP framework may indirectly lead to PPP projects involving construction and rehabilitation (after the Program period). Actual Program activities are thus not likely to require significant changes to the Borrower's overall environmental and social systems. The program was generally assessed as moderate because some improvements in environmental and social management approaches are expected through the Program despite the envisaged environmental and social risks outlined in section III. Overall, the Program risks and impacts are not likely to be significant, not complex, low in magnitude, predictable and expected to be temporary and/or reversible; and low probability of serious adverse effects to human health and/or the environment and mitigation measures are readily available, including use of exclusion list.

6. **Some analyses were carried out to determine the range of environmental and social risks and benefits associated with the PforR Program based on each of the DLIs**. The PforR Program will deliver some direct and indirect environmental and social benefits. For example, some direct and indirect environmental risks associated with DLI1 include the generation of e-waste given the increased use of ICT in land administration, such as the digital data-centric for land documentation and indexed database for Certificates of Occupancy (CofOs). Also, pilot implementation of the Framework for Responsible and Inclusive Land Intensive Agricultural Investments (FRILIA) may be associated with some environmental risks due to slippage from sustainable agricultural practices (i.e., poor implementation of FRILIA), possibly resulting in uncontrolled pesticide and fertilizer application; habitat alteration; and carbon emissions. However, the Program does not finance poor implementation of FRILIA, and instead only disburses against the successful pilot implementation of FRILIA, as confirmed by a social audit. Furthermore, the Program aims to encourage the private sector to invest in deployment of the broadband network through achieving new ROW fees at NGN145 per meter in DLI2. Indirectly, this private sector deployment would involve clearing and the excavation of soils to lay optic fiber cables. These activities, in turn, will result in environmental consequences, for example, the generation of waste and dust resulting in air pollution and risks of obstructing drainage networks and water pollution. Indirectly, e-waste will also be generated from the deployment of the broadband network and indirectly be generated from ICT applications associated with it, for example, data centers, and e-administration platforms. E-waste causes air, water and land pollution and poses human health risks.

7. **In addition, some environmental benefits are associated with the Program**. Achieving DLI1 is expected to limit land grabbing for investments and its ecological consequences, especially uncontrolled land use change which could result in increased carbon emissions, erosion and land degradation. Also, there is the possibility of reduced carbon emissions from improved land management for agriculture. Improved transparency and sustainability in property registration will also reduce uncontrolled land use change and its consequences. In addition, strengthening the social and environmental framework of land allocation through the adoption and implementation of FRILIA can help forestall biodiversity loss and serve as an enabling

environment for the achievement of land degradation neutrality (LDN) in the states. Also, increased deployment, access, and use of the broadband network given new ROW fees of NGN145/meter, as covered in DLI2, could help reduce greenhouse gas emissions. This is because the use of broadband internet could facilitate reduced movement of people to offices as they work from home, thus reducing the amount of fossil fuel burnt and the associated reduction in emissions. Thus, companies can reduce both their energy use for keeping people in offices and the associated emissions. Person hour lost in traffic which can be used for production will also be reduced.

8. **The SABER Program is also associated with some social risks.** For example, social risks as a result of DLI 1 could indirectly result from ineffective GRM in land acquisition, thus impacting livelihoods and living standards, especially of the vulnerable groups, negatively. Indirectly, there could be elite capture, the challenge regarding title owner determination, gender-based violence (GBV) and sexual harassment (SH) due to poor land acquisition and resettlement procedures. The achievement of FRILIA would help to mitigate some of these risks. Furthermore, the achievement of DLI 2 may, indirectly, due to reduced ROW fees, lead to the temporary displacement of people, primarily low-income people selling their wares or residing along the right-of-way. In addition, in case of the lack of an effective GRM, the system may not appropriately redress the grievance of those impacted due to the deployment of fiber optic networks. It thus may negatively impact the livelihoods of poor and vulnerable people. Also, deploying fiber optic networks may harm workers and public safety. There could also be GBV and SH due to the influx of workers deploying fiber optic networks.

9. **The achievement of DLI3 could indirectly lead to land acquisition and resettlement issues due to a PPP project that may be implemented after Program closure.** For example, this DLI could indirectly result in voluntary or involuntary land acquisition and grievances among people who may be displaced from lands for PPP projects that may be implemented after the Program has been completed, due to the establishment of a robust PPP framework in the participating states, especially where the land acquisition process for PPP is not well spelt out. It could enhance underlying tensions between landowners and pose a security risk, especially where property rights are not well defined. The achievement of FRILIA (under the Program) would help to mitigate some of these risks that may occur (outside the scope of the Program).

10. **In addition, a lot of social benefits are associated with the Program.** For example, some direct social benefits from DLI1 include secure property rights, effective monitoring of land use, increased inflow of investments, and increased access to finance for investment purposes. Also, there is a possibility of increased government revenue from property tax, land rent and fees, and increased investment in development projects due to increased government revenue, and hence reduced poverty and enhanced livelihoods. Some benefits for firms include reduced operational costs, and increased production, output and revenue. Enhanced performance and increased revenue from firms also translate to increased revenue for the government from sales and income taxes. Also, achieving this DLI will equally lead to increased employment opportunities, increased employee income/productivity and reduced poverty.

11. **Following the identification of environmental and social risks, the E&S management systems in place to manage the identified risks were assessed.** The assessment was done using the following criteria: strengths of the system, or where it functions effectively and efficiently and is consistent with World Bank Policy and Directive for Program-for-Results Financing; inconsistencies and gaps between the principles espoused in Bank Policy and Directive for Program-for-Results Financing and capacity constraints; actions to strengthen

the existing system. Information from this analysis, identification of gaps and opportunities/actions, were used to inform the recommendations and PAP.

12. **The recommendations are as follows:**
   (a) There is a need to include E&S considerations in the PPP framework adopted by participating states (DLI3). State governments and private companies that will approve and deploy fiber optic networks should ensure that adequate legally binding controls and staffing are included in the procurement and supervision phases of civil works.
   (b) State governments should institute a scheduled program to build and strengthen the capacity of technical staff of the States Ministry of Environment and the PCU to be able to manage and monitor environmental assessments processes, environmental monitoring to ensure pollution control, hazards and other environmental issues in the state. In the long run, there is a need to equip the State Ministries of Environment with necessary facilities and equipment (including laboratories and monitoring devices for monitoring environmental parameters). Participating states' MDAs responsible for broadband deployment need to formulate/develop guidelines and manuals for mainstreaming stakeholder engagement processes, environmental, and OHS issues, into the implementation of DLI2.
   (c) There is a need to develop a standard procedure for consultation with all Program-affected persons along the ROW (for DLI2).
   (d) There is need to develop an effective Program-wide GRM system that aligns with state ADR system so complainants and businesses (especially small-scale businesses and those that do not have the capacity to use the courts) can leverage on for resolution of their concerns.
   (e) There is a need to increase the capacity and effective framework to handle GBV, SH and SEA.

13. **Following the recommendations, the breakdown of actions to be included in the PAP with indicative timeline**, responsibility for implementation and indicators for measuring the completion of such actions are detailed in the Table 12.

Table 12: Inputs into Program Action Plan (PAP)

s/n	Action Description	Due Date	Responsible Party	Completion Measurement
1	Hire qualified Environmental and Social Officers at the PCU and provide capacity building/system strengthening program to strengthen their skills	Within three months of Effectiveness	Federal PCU as part of the IPF TA work plan	Inclusion of the listed specialist in the team and maintained throughout the Program implementation; and Training Module and Implementation Support Supervision Report of World Bank Task team
2	Inclusion of E&S considerations in PPP framework for participating states in DLI3	December 31, 2024	Participating States in DLI3	Published on state's official website: the PPP legal and institutional framework, including E&S considerations
3	Include in the Operational	Six months	Federal PCU	Completed guidelines

s/n	Action Description	Due Date	Responsible Party	Completion Measurement
	Manual, environmental and social guidelines for participating states' MDAs responsible for broadband deployment to explore core social inclusion activities such as gender, SEP, SEA/SH, and protection of the vulnerable groups including, OHS, GRM and stakeholder consultation procedure for PAPs, etc.	after effectiveness		disseminated to stakeholders, training provided, and the guidelines operationalized
4	Develop e-waste management strategy for managing e-waste result from the program	Within one year of effectiveness	Federal PCU	E-waste management strategy document.

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ANNEX 6. PROGRAM ACTION PLAN

Action Description	Source	DLI#	Responsibility	Timing		Completion Measurement
Hire qualified Environmental and Social Officers at the PCU and provide capacity building/system strengthening program to strengthen their skills.	Environmental and Social Systems		PCU	Due Date	15-Feb-2023	Inclusion of the listed specialist in the team and maintained throughout the Program implementation; and Training Module and Implementation Support Supervision Report of World Bank Task team.
Inclusion of E&S considerations in PPP framework for participating states in DLI3.	Environmental and Social Systems	DLI 4	PCU	Due Date	31-Dec-2024	Published on state's official website: the PPP legal and institutional framework, including E&S considerations.
Include in the Program Operational Manual, E&S guidelines for participating states to explore core social inclusion activities such as gender, SEP, SEA/H, and protection of the vulnerable groups including OHS, etc.	Environmental and Social Systems	DLI 3	PCU	Due Date	15-May-2023	Completed guidelines disseminated to stakeholders, training provided, and the guidelines operationalized
Develop e-waste management strategy for managing e-waste result from the program.	Environmental and Social Systems		PCU	Due Date	14-Nov-2023	E-waste management strategy document.
Protocol adopted and implemented for reporting, management and investigation of fraud and corruption allegations operationalized in	Fiduciary Systems		PCU	Due Date	15-Dec-2022	Protocol adopted by PCU one month after effectiveness

MDAs implementing SABER Program.						
Reporting, management and investigation of fraud and corruption allegations operationalized in MDAs implementing SABER Program.	Fiduciary Systems		PCU	Recurrent	Semi-Annually	Report on fraud and corruption allegations submitted twice a year as part of Program implementation progress report.
Assignment of Project Accountants and internal auditor to PCU	Fiduciary Systems		OAGF/ FPFMD	Due Date	15-Feb-2023	Accountants and Internal Auditor assigned
Compile data on recurrent expenditures of the relevant MDAs for the participating states, certified by the OAuGF and an opinion provided.	Fiduciary Systems		PCU	Recurrent	Yearly	PCU submitted compiled data on recurrent expenditures certified by OAuGF with an opinion expressed, within 9 months of the end of fiscal year.
Timely transfer of Program funds from the federal to the participating states towards achievement of DLIs	Fiduciary Systems		PCU	Recurrent	Continuous	Service standard of 14 days to be established in the PIM; States' share of funds received in the Special Fund Account (part of TSA) at the federal level are transferred to the States' accounts within 14 days.

ANNEX 7. IMPLEMENTATION SUPPORT PLAN

1. **The Implementation Support Plan (ISP) is designed based on the residual risks identified in the SORT assessment in addition to other technical, fiduciary, environmental, and social gaps noted by the World Bank team.** These findings in addition to lessons learned from implementation of SFTAS, and other past and ongoing operations will inform the frequency of implementation support. However, flexibility is built into the ISP to address unexpected implementation challenges as they arise and to allow for quick adjustments throughout the life of the Program. Both physical and virtual implementation support missions will be carried out regularly with Program review conducted twice a year. On-demand support and implementation guidance will be provided throughout the life of the Program by technical experts from the World Bank and appropriate external consultants.

2. **Implementation Support will cover multiple facets of the Program, given its complexity and scope.** It will include (i) reviews of implementation progress and achievement of Program results and DLIs; (ii) monitoring of the adequacy of systems deployed and their compliance with legal agreements; and (iii) support to the PCU in monitoring changes in risks to the Program. Moreover, there will be advisory and technical assistance activities, critical for the achievement of DLIs, as identified in the PAP (Annex 6).

3. **The World Bank team supporting this Program will be comprised of technical experts, mainly from the Finance, Competitiveness, and Innovation (FCI) Global Practice (GP) regional and global teams, with support from experts in other technical areas**. Contributing GPs include Digital Development, Governance, Macroeconomics, Trade and Investment, Urban, Resilience and Land and Infrastructure Finance, PPPs & Guarantees. The core team will include business regulatory environment specialists, tax administration specialists, trade specialists, digital development specialists, investment policy and promotion specialists, public-private partnership specialists, land administration specialists, judicial reform specialists, and financial management, procurement, environmental and social specialists, many of whom are based in Abuja. The team will review the implementation progress towards the achievement of the PDO, provide technical support to implementing agencies, assist in enhancing local capacity, and monitor residual project risk and continued compliance with the legal agreement.

4. **Implementation support and field visits will be carried out as required, and will focus on:**
   (a) **Technical inputs**. The World Bank will make available relevant specialists/consultants for all formal implementation support missions, as well as on-demand technical requests throughout the life of the Program. The support in the first year or two will be intensive to rollout the program. In addition, the World Bank will sponsor periodic video conference technical reviews to address implementation issues related to the four results areas.
   (b) **Fiduciary requirements and inputs**. The assessments conducted have highlighted the need for capacity building for the implementing agencies. Supervision of financial management and procurement arrangements will be carried out as required as part of the Program supervision plan and support will be provided on a timely basis to respond to program needs.
   (c) **Safeguards**. The World Bank will monitor compliance with the ESSA during implementation support missions, and technical guidance will be provided accordingly, including training on environmental and social topics to reinforce the capacity at the Program Coordination level.

Main focus of Implementation Support

Time	Focus	Skills Needed	Resources Estimate
First six months	Support to the PCU to finalize Program plans and begin implementation, including ensuring adequate resource, procurement, FM, M&E, and environmental and social capacity, and Program communication to key stakeholders	• Fiscal policy • Tax administration • M&E • FM • Procurement • HR management • Environmental and social safeguards • Communications	• Quarterly implementation support mission • Technical expert support/visits on demand basis • Monthly monitoring • of disbursements • Quarterly monitoring of key operational and financial data
6-18 months	Quarterly discussions and semi-annual missions to review implementation progress.	• Land administration • Trade • Legal/regulation • PPP frameworks • Investment Policy/Promotion • ICT • Judicial reform • M&E • FM • Procurement • HR management • Environmental and social safeguards • Communications	• Technical expert support/visits on demand basis • Quarterly monitoring of reform efforts and key operational and financial data
18 months	Mid-term review of Program implementation to evaluate Program progress and identify necessary adjustments.	• Land administration • Trade • Legal/regulation • PPP frameworks • Investment Policy/Promotion • ICT • Judicial reform • M&E • FM • Procurement • HR management • Environmental and social safeguards • Communications	• One implementation support visit, including technical, fiduciary, social, environment, M&E, and operational specialists
18 months – completion	Quarterly discussions and semi-annual missions to review implementation progress.	• Land administration • Trade • Legal/regulation • PPP frameworks • Investment Policy/Promotion • ICT • Judicial reform • M&E • FM • Procurement • HR management • Environmental and social safeguards • Communications	• Technical expert support/visits on demand basis • Quarterly monitoring of reform efforts and key operational and financial data

Task Team Skills Mix Requirements for Implementation Support

Skills Needed	Number of Staff Weeks (per year)	Number of Trips (per year)	Comments
Task Team Leader	20	-	Country based
Co-Task Teak Leader	20	6	HQ based
Private Sector Specialist	20	-	Country based
Global lead on Business Regulation	10	3	HQ based
Land administration specialist	10	2	International
Senior Tax specialist	6	-	Country based
Trade specialist	6	-	Country based
PPP specialist	6	2	HQ based
Investment Policy/Promotion Specialist	6	2	International
Business environment consultant	10	-	Country based
M&E specialist	4	-	Country based
Senior Environmental specialist	4	-	Country based
Senior Social Development specialist	4	-	Country based
Senior Procurement specialist	4	-	Country based
Financial Management specialist	4	-	Country based

ANNEX 8. INVESTMENT PROJECT FINANCING COMPONENT

1. **The US$20 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 DLRs). 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.

2. **National-level institutions will act as the implementing agencies for the Project:** the PCU housed in the FMFBNP HFD will hire an external firm as IVA. The PCU will engage the NGF as a project management firm to support the PCU to implement specific capacity building and learning activities, including technical workshops on the RAs and DLIs, customized just-in-time hands on support at the individual state level through mobile teams and the NGF's helpdesks, and peer learning forums to facilitate learning across states on the RAs and DLIs of the Program. EBES is expected to play a critical role through its subnational interventions, including a strong performance tracking element, and its leadership role through the TWG. In addition, on DLI5 (increased transparency of official fees and procedures) and DLI8 (quick determination of commercial disputes), EBES will provide intense technical support to the participating states and EBES will also take the lead on private sector engagement. All procurement under the IPF component will be conducted by the PCU.

3. **The proposed extension of SFTAS (till June 2023) will be used to support early implementation of SABER, especially the preparation, communication, and TA support to achieve the Prior Results and their verification, and initial support towards the first year's DLRs**. This will be done through contract amendments of the third party external audit firm to include verification of the Prior Results, contract amendment of the Program Management Firm to include support to SABER preparation, communications, hands-on TA and verification, to the states towards achieving the Prior Results and the first year DLRs, the extension of select PCU consultants (program management, financial management, communications, budget), and the hiring of select new PCU members (social, environmental and procurement specialists).

Sub-Component 1: Strengthening State Government Systems and Capacities

4. **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 DLIs (Table 13).

5. **The IPF component will provide direct support to participating state governments to enable them to achieve the DLIs**. Support will be provided to all States and FCT on result areas and DLIs that are not currently supported by existing programs (e.g., Ogun State Economic Transformation Project).

6. **The focus of the support will be training and learning facilitation on areas directly linked to the achievement of the DLIs of the Program.** The capacity building support to States is not envisaged to include provision of IT equipment and software to states, because not all states need additional IT investments to achieve the results. 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.

Table 13: Technical Assistance by DLI

SABER Program DLIs	Areas of Strengthening State Government Systems and Capacities
Eligibility Criteria	• Preparation of State-Business Enabling Reform Action Plans • Preparation of Annual State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR)
DLI1: Improved efficiency in property registration and sustainability of the land-based investment process	• Technical and legal assessments to support design / or upgrading of land administration system, specifically database and processing of 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.) • Training material/workshops on the principles of and development of a framework for responsible and inclusive land intensive agricultural investments
DLI2: Improved regulatory framework for private investment in fiber optic infrastructure	• Support to states to liaise with operators and track fiber 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)
DLI3: Development of an effective PPP framework	• 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)
DLI4: Improved Investment Promotion Environment	• Workshops/training programs across States (physical and virtual) on institutional set up of IPAs, including organizational structure, governance, corporate strategy and KPIs • Support towards development of State IPA Websites • 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 towards development of Investor tracking system • Training on incentives inventory development and data collection • Training on relevant services and guidance regarding access to credit for firms
DLI5: Increased transparency of official fees and procedures	• Assessment of the baseline information on existing state websites (e.g., check on whether contact info, laws, etc. are available) • Peer learning among states from the states with well-functioning websites • Training on regulatory predictability and transparency • Support capacity building of entities such as SERVICOM and the Public Complaints Commission for effective GRM implementation at state level • Provide templates for service level agreements as well as GRM templates • Training on process mapping
DLI6: Increased transparency of fees and	• Peer-to-peer learning from best practice jurisdictions & TA on elimination of fees and process simplification for exporting goods

SABER Program DLIs	Areas of Strengthening State Government Systems and Capacities
levies for inter-state trade and increased exporter certification	• TA for design, deployment, and upkeep of complaints mechanism on interstate trade • Workshop on market access and export procedure/documentation (train the trainer model)
DLI7: Simplified state and local business tax regimes	• Capacity building of the state internal revenue services (SIRSs) in the areas of: (a) assessment, (b) Service Level Agreements, (c) Complaints Processes, and (d) improving tax administration with the customer (Taxpayer) at the center and (e) audit modalities of the turnover tax through NGF IGR HELPDESK
DLI8: Quick determination of commercial disputes	• Framework documents and guides for the practice directions • Knowledge sharing by states already having implemented small claims courts • Templates for court reporting (productivity/clearance rates, etc.)

7. **PEBEC-EBES is expected to continue to play its critical role through its subnational interventions, including a strong performance tracking element, and its leadership role through the TWG**. In the results areas where PEBEC-EBES has built up expertise, PEBEC-EBES will design and provide resource persons for technical workshops, clinics and train the trainers. PEBEC-EBES is also expected to organize the private sector engagement: Organized private sector, if engaged meaningfully and constructively, can be a sounding board for reform identification as well as a 'watchdog' of the Program's progress towards its objectives. Organized private sector is a member in PEBEC and the TWG. With SABER expected to operate in most, if not all, states and covering reform action for firms of all sizes, the private sector would ideally be organized in a similar way. Micro and small firms are less organized; however, it was agreed that efforts should be made to get inputs from all sizes of firms. In addition, through the DLIs/DLRs, opportunities for the private sector to get hands-on support (through IPAs), report concerns, and hold State MDAs accountable for government-to-business services will be improved. Finally, PEBEC-EBES also systematically engages the private sector through a survey for its subnational EODB report.

8. **The PCU will engage the NGF as a project management firm to support the PCU to implement specific capacity building and learning activities.** The project management firm will support the PCU to implement specific capacity building and learning activities, including organizing technical workshops and clinics on the DLIs, customized just-in-time hands on support at the individual state level through mobile teams and the NGF's helpdesks, and peer learning forums to facilitate learning across States on the DLIs of the Program. For SFTAS, NGF played this role, and was critical to the success of SFTAS, due to: (i) its ability to leverage high-level engagement platforms, such as the NGF Monthly Meetings to engage with State Governors on a regular basis; (ii) the establishment of high-level program monitoring and engagement mechanisms, such as the NGF SFTAS Committee chaired by Edo State Governor; and (iii) its HelpDesk Progamme, which has institutionalized tools and methods for effectively developing and disseminating toolkits, providing just-in-time customized technical support, and peer learning events for all states.

Sub-Component 2: Strengthening Program Coordination and Verification of Results.

9. **The technical assistance activities will support Program management and independent verification 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.

10. **Independent Verification of Program Results.** Through the PCU, an external firm will be hired to carry out the role of the IVA for the Program. The IPF Component will support coordinating efforts of MDAs to collect baseline and end-of-program data for the intermediate results that will be inputs into the verification process. Lessons learned from IVAs in Nigeria, which will be applied to the IVA for SABER, include the following: (1) start procurement of IVA well ahead of Program effectiveness; (2) irrespective of contract size, consider IVA contracts as 'prior review' contracts, to ensure close implementation support; (3) explore direct verification; (4) IVA terms of references (TORs) can build on TORs used for previous PforRs; (5) make the PCU responsible for contracting the IVA, as the PCU has an interest in starting the Program on time; (6) prepare the verification protocol prior to Board approval; (7) consider pilot testing the verification to identify weaknesses and inconsistencies in the verification protocol as well as make states aware of what is expected of them; and (8) regular updating of the verification protocol is necessary.

11. **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 PCU will largely be a continuation of the SFTAS PCU, with limited adjustments to reflect the differences between SFTAS and SABER and to address gaps and performance weaknesses (procurement) currently in the SFTAS PCU. This will facilitate the accelerated effectiveness of the Operation and early disbursements under the Program.

12. **Communications and outreach**. The PCU will carry out a regular extensive program of communication and outreach activities with State Governments on the Program. The World Bank will work alongside the PEBEC-EBES and PCU to design and organize activities with all Program stakeholders to enable regular dialogue and information sharing - starting before Program effectiveness and throughout the duration of the Program. It is envisaged that at least twice a year, there will be a peer forum convening key stakeholders across States to collectively review progress (based on the results of the APA), showcase and learn from success, identify implementation challenges, and problem-solve, and plan for the next year of the Program. The forums will leverage existing communities of practice for state commissioners of finance, budget, and planning. The Communications Specialist will assist the Program Manager to implement and coordinate these activities, possibly supported by a digital communications specialist.

Procurement arrangements

13. **Procurement under the proposed project will be carried out in accordance with the World Bank procedures, as follows:** procurement for goods, non-consulting and consulting services for the project will be carried out in accordance with the procedures specified in the 'World Bank Procurement Regulations for IPF Borrowers, 4th Edition dated November 2020 and the World Bank's 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by International Bank for Reconstruction and Development (IBRD) Loans and IDA Credits and Grants' (revised as of July 1, 2016), as well as the provisions stipulated in the Financing Agreement.

14. **Procurement shall be carried out by the PCU at the Federal Ministry of Finance, Home Finance Department**: The categories of procurement consist mainly of procurement of goods, non-consulting services and consulting services. Procurement of works is not envisaged under the TA component. The consulting services will include the engagement of project management firm to support the PCU to implement specific

capacity building and learning activities and selection of external IVA firm for the Program. Select consultants will be hired to strengthen the PCU and, as needed, EBES. In addition, for specific technical aspects of the TA to help states achieve specific DLRs, the PCU may engage consultants or firms.

15. **A Project Procurement Strategy for Development (PPSD) will be prepared with the World Bank support**. The PPSD will ensure that procurement activities are packaged and prepared in such a way that they expedite implementation, taking into account (i) the market analysis and the related procurement trends and (ii) the procurement risk analysis. The PPSD including the recommended procurement approaches for the project will be reflected in the Procurement Plan, covering the first 18 months of the project implementation.

16. **A procurement plan for the first 18 months of the TA component will be developed and agreed with the implementing agencies**. The Procurement Plan will be updated, as necessary and in agreement with the Bank, annually to reflect the Project's actual implementation needs and improvements in institutional capacity. Advance procurement of key TA activities will be critical.

17. **The World Bank has assessed the above arrangements.** The main procurement risks identified, and mitigation measures agreed are as follows: Federal Ministry of Finance, Home Finance Department (HFD): The requirement to implement all procurement activities include procurement post review activities in real time is not adhered to by HFD PCU. SFTAS faced a weak procurement function for the IPF component, with key large procurements under the Project delayed and having impacted Program implementation. A new procurement specialist will be hired and a refresher training on STEP will be organized for the PCU before the commencement of procurement implementation.

Operating Costs

18. **Operating costs for the PCU, and the implementing agencies for the capacity building** will include the following: staff's travel expenditures and other travel-related allowances with prior clearance from IDA; equipment rental and maintenance; vehicle operation, maintenance, and repair; office rental and maintenance; supply of office consumables; utilities and communication expenses; and bank charges. The operating costs financed by the project will be procured using the government administrative procedures that are acceptable to the World Bank. The operating expenses will be subject to statement of expenditure (SOE) review by the World Bank.

Training, Capacity Building, and Workshops

19. **HFD PCU and other implementing agencies will submit their annual training plans, including capacity building activities to the states and training for their own staff, to IDA for clearance**. The plans will include, but not limited to, the names of the officers to be trained, the training institutions and/or facilitators, the cost contents, the justification for the training, and the estimated cost of the training.

20. **The IPF component will include training targeted at improving the capacity of the PCU on the Environmental and Social compliance requirement**, which the hired Environmental and Social (E&S) Officers/consultants will deliver.

Financial Management

21. **Implementation of the IPF component will be managed by the PCU that has been set up under SFTAS and is housed in the FMFBNP HFD.** The PCU will engage the NGF as a Project Management Firm to support the implementation and management of the TA activities. The PCU will also engage the IVA and select firms and consultants in case dedicated specialized TA support for some DLRs is needed, where PEBEC and NGF do not have the expertise and/or capacity to deliver this. The FPFMD (Federal Project Financial Management Department), established in the Office of the Accountant General of the Federation (OAGF), will be responsible for managing the financial affairs of the Project along with the PCU. The FPFMD has been assessed and found to be acceptable for the implementation of World Bank-assisted projects. A Project Accountant and a Project Internal Auditor will be assigned to the PCU by the FPFMD, and they will be subject to clearance by the Bank. Given the PCU's larger role with regards to financial management on the PforR component, an FM consultant may be hired, if needed. The consultant will be funded from the TA and will be hired under TOR acceptable to the Bank.

22. **Budgeting.** Budget preparation will follow the federal government's procedures as appropriate. PCU will prepare the annual project budget based on the TA work plan. The annual work plan and budget will be submitted by the PCU to the Bank for approval at least two months prior to the start of the fiscal year. There are adequate procedures in place for planning and budgeting.

23. **Accounting and Financial Reporting.** The TA funds will be accounted for by HFD using its computerized accounting system. The annual financial statements for the IPF component will be prepared in accordance with the relevant IPSAS. The bi-annual IFRs and the annual project financial statements will be generated from the accounting system. Quarterly interim financial reports (IFRs) will be prepared and submitted to the Bank by the PCU within 45 days from the end of each calendar quarter. The PCU is familiar with the format for financial reporting under the SFTAS IPF component, and the same format will be followed for SABER.

24. **Internal Controls including Internal Audit.** The internal control mechanism is considered adequate and acceptable for the purpose of this project. Staffing is adequate and there is proper segregation of functions. Project Internal Auditor will be assigned to the PCU by FPFMD. The internal auditor will carry out project internal audit on a quarterly basis and prepare corresponding reports. The project internal audit should also focus specifically on the controls over soft expenditures under the TA (travel, workshops, study tours, etc.). The quarterly internal audit reports will be shared with the Bank within 45 days from the end of the quarter.

25. **Funds Flow and Disbursements.** The World Bank will disburse advances into an US$ Designated Account to be opened at the CBN and managed by the PCU/ FPFMD. A Naira draw-down account will also be set up into which transfers can be made from the US$ DA based on need and from which payments will be made for eligible expenditures. A flexible advance ceiling will be applicable for the DA and will be determined based on six-month forecast of expenditures. The quarterly IFR, apart from reporting expenditures of the relevant quarter, will also provide forecast for the subsequent six months.

26. **External Audit.** PCU/HFD will prepare annual project financial statements and will be responsible for having them audited by the Office of the Auditor General of the Federation. The audit reports will be due within 6 months from the end of the fiscal year. The cost of such audits will be funded under the project.

27. **FM Supervision.** FM supervision and implementation support will follow a risk-based approach. Supervision will be carried out at least twice a year, and onsite review will be carried out at least once a year covering all aspects including transaction review of TA expenditures. The review will include staffing, Interim Financial Reports, annual audit reports along with management letters, internal audit reports, internal controls, and follow up on any previously identified issues. Training and capacity building will be provided by the Bank on a periodic basis as needed.

Environment and Social

28. **The PCU will assign a focal person prior to the effectiveness for ensuring environment and social compliance.** A fulltime environmental consultant and a social consultant will be hired by the PCU within three months of effectiveness to provide technical support to the PCU for ensuring E&S compliance of the TA component. An Environmental and Social Management Plan will be prepared by the PCU by three months of the project effectiveness. The consultants/officers will help the PCU to prepare a half yearly monitoring report. Both the environmental and the social officer/consultant will be maintained throughout the Operation's implementation period. Both consultants will provide regular training to the PCU staff, project/program related state level staff and participating private sectors players on the requirements of the proposed ESSA for the PforR and ESF for the IPF to effectively manage environmental and social risks. The requirement of the TA component has been clarified in the Environmental and Social Commitment Plan (ESCP).

ANNEX 9. CLIMATE ADAPTATION AND MITIGATION

1. **Climate vulnerability context**. In Nigeria, climate change impacts are expected to have significant impacts on livelihoods and the broader economy[91]. Changes in precipitation and temperature, increase in risks of droughts and floods affect the country's agriculture, water, energy and infrastructure. Nigeria's mean annual temperature ranges between 17°C to 37°C in the south to 12°C to 45°C in the north. For the country, temperature increases of 0.03°C per decade were observed between 1901–2016, with stronger increases occurring over the last 30 years of 0.19°C per decade. According to analysis from the German Climate Service Center (GERICS) of 32 Global Climate Models (GCMs), temperatures across Nigeria are expected to increase by 2.9°C to as much as 5.7°C by end of the century.[92] The annual variation of rainfall, particularly in the northern parts, is large. This has resulted in climatic hazards, especially floods and droughts. Observed rainfall patterns indicate that rainfall for the country over the past century declined by approximately 80 centimeters (cm).[93]

2. **Nigeria is classified as one of the ten most vulnerable countries to the impacts of climate change and natural hazards**.[94] Nigeria is regularly affected by multiple hazards such as floods and droughts. Furthermore, low-income households are the most vulnerable to weather-related natural disasters.[95] Agriculture, which is heavily impacted by flooding and drought, serves as the main source of income for 80 percent of the rural poor. An estimated 24 percent of Nigeria's population (approximately 41 million people) are living in high climate exposure areas. Increased food insecurity is also of specific concern following disasters which result in land and infrastructure degradation due to erosion, direct crop failure due to floods and heavy rains, and possible nutrient leaching, and fungal growth due to increased humidity. Water availability will be affected by possible periods of drought.[96] Given the dependency of Nigeria's economy on climate-sensitive industries (agriculture, forestry, oil, and gas extraction), climate change inaction could cost Nigeria between 6–30 percent by 2050, equivalent to a loss of US$100–460 billion.[97]

3. **The role of tenure security and responsible land-based investment in agriculture in climate change is multifaceted.** Limited tenure security disincentivizes long-term investments by farmers in climate-smart agriculture as well as reforestation. The lack of up-to-date land records hinders efficient interventions to mitigate and adapt to climate change. Agriculture is a highly climate sensitive industry. This heightens the need for sustainable private investment in agriculture that ensures tenure security, mitigates environmental degradation and ensures food security.

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[91] Nigeria (2020). Nigeria's Third National Communication under the UNFCCC. URL: https://unfccc.int/documents/226453

[92] WBG Climate Change Knowledge Portal (CCKP, 2021). Nigeria Projected Future Climate. URL: https://climateknowledgeportal.worldbank.org/country/nigeria/climate-data-projections

[93] Nigeria (2020). Nigeria's Third National Communication under the UNFCCC. URL: https://unfccc.int/documents/226453

[94] Climate Scorecard (2019). Nigeria Listed as One of the 10 Most Climate Vulnerable Countries. URL: https://www.climatescorecard.org/ 2018/11/nigeria-listed-as-one-of-the-10-most-climate-vulnerable-countries/

[95] Echendu, A (2020). The impact of flooding in Nigeria's sustainable development goals. J. or Ecosystem Health and Sustainability. 6(1). DOI: https://doi.org/10.1080/20964129.2020.1791735

[96] Ayanlade A, Radeny M, Morton JF, Muchaba T. (2018). Rainfall variability and drought characteristics in two agro-climatic zones: An assessment of climate change challenges in Africa. Science of The Total Environment 630:728–737. URL: https://ccafs.cgiar.org/ news/understanding-rainfall-variability-drought-and-farmers%E2%80%99-coping-strategies-nigeria#.XYEZBZNKhR4

[97] World Bank; IFC; MIGA. 2020. CPF for the Federal Republic of Nigeria for the Period FY21-FY25. World Bank, Washington, DC.

4. **Climate considerations for the DLI - improved transparency and sustainability in the property registration and land-based investment process.** The component will support the development through an inclusive process and adoption of a Framework for Responsible Investment in Land-Intensive Agriculture (FRILIA) or its equivalent across states in Nigeria. The core principles to be included in the framework are broader than the standard E&S policy. The Framework includes principles such as that the investment should be consistent with and contribute to the state's overarching policy objective, which include the realization of a climate-resilient economy, food security, improved land use, among others.

5. **Once adopted, the framework applies to all_large-scale land-intensive private investment projects in agriculture materialized through the framework in a given state going forward, beyond the scope of the WBG operation**. Its adoption mainstreams climate change adaptation and mitigation measures into such investments in a sustainable way.

(a) First, it foresees for all such private investments to have adequate safeguards against environmental damage unless adequately mitigated. This is to ensure that appropriate actions are taken to avoid greenhouse gas (GHG) emissions throughout the investment project lifespan, or, if unavoidable, to design appropriate actions to proactively mitigate the potential impacts.

(b) Second, investments have to be preceded by independent assessments of potential positive and negative impacts on tenure rights, food security, livelihoods, and the environment. This policy is to safeguard against the destruction of biodiversity that could lead to significant GHG emission, protect the ecosystem from climate exacerbations such as flooding, provide alternatives to deforestation, and promote processes such as climate friendly crop variety selection, agroecology, among others.

(c) Third, it requires a resettlement policy framework to provide guidance on how anticipated risks and impacts on land acquisition procedures would be managed, including protection against climate risks such as greenhouse gas emission and destruction of biodiversity buffers such as wetlands and green canopy areas.

(d) Fourth, it ensures that such investment is materialized in a way that respects land tenure security and promotes out-grower participation. Evidence shows that when land tenure is secure that landowners are incentivized to make long-term investments, which would not occur in a low tenure security context. The literature confirms that secure tenure provides incentives for long-term investments in climate-smart agriculture and collateral for financing these investments.[98] Hence, the project activities would provide incentives to farmers for increasing climate-smart agriculture. The same is true for reforestation: Lack or insecure land tenure rights prevents smallholders to engage with tree planting and agroforestry as these require stable long-term commitment.[99]

(e) Lastly, the framework supports climate change adaptation measures related food security risks. Food insecurity substantively increased in Nigeria due to climate change. The framework recommends the development of a food security plan to ensure that commercial scale production of agro-allied products does not limit access of the community members to food for survival. The food security plan will take into account climate risks and address climate vulnerability of crops, including sustainable plans for ecologically friendly staples and climate-resilient crops (depending on the cultural preferences), market gardens and kitchen gardens. It serves to protect the biodiversity, the nutrition

[98] UNFAO (2014). Climate-smart agriculture & resource tenure in Sub-Saharan Africa: A Conceptual Framework. 26 p. UNFAO, Rome; Pattanayak, S.K., Mercer, E., Sills, E., & Yang, J-C. (2003). Taking stock of agroforestry adoption studies. Agroforestry Systems, 57, 173–186; USAID (2015). Land Tenure & Climate-Smart Agriculture. 16 p. USAID.

[99] Rahman, S., Sunderland, T., Roshetko, J. & Healey, J. (2017). Facilitating smallholder tree farming in fragmented tropical. Journal of Environmental Management, 198, 110–121.

table of the communities, markets access and ultimately helps protect incessant destruction of the forest which could happen due to lack to food.

6. **The principles underlying the framework are based on the FAO Voluntary Guidelines for the Responsible Tenure of Land, Fisheries and Forests in the context of National Food Security, as well as the FAO Principles for Responsible Investment in Agriculture and Food Systems**. It also draws on international good practice for environmental management, land acquisition and resettlement. The experience of Kaduna provides a case example. FRILIA takes approximately 50 percent of the total allocation to DLI 1 out of which 75 percent (at least, 3 out of the 4 principles) activities will contribute directly to climate change adaptation measures. For example, the principle on state land acquisition and resettlement involves the identification of climate-change impact (as part of the economic and social impact) resulting from land acquisition and use pattern. Also, FRILIA's overarching investment principles will support states to develop land-based investment policies that considers climate-change and disaster risks such as flooding, disaster etc.

7. **The DLI on the development of an effective PPP framework for states ensures that established institutional and legal framework incorporates a climate-change and disaster risk disclosure requirement.** Additionally, PPP pipeline prepared and adopted by State-level PPP coordination unit/agency will be screened for climate adaptation and mitigation. This will support state governments to ascertain whether the pipeline project aligns with its adaptation and mitigation objectives. The DLI has seven DLRs out of which three are climate-change adaptation measures – PPP pipeline adoption and climate screening, development and publication of PPP legal and institutional framework that mandates the disclosure of PPP projects including climate mitigation and adaptation aspects, and the publication of the PPP information on a web-based disclosure portal. The portal will disclose climate change related information including the identified risks throughout PPP lifecycle. The climate screening and disclosure mandate, which is carried out together with other PPP screening parameters, is intended to promote climate integrative thinking in the overall PPP framework and facilitate adoption of climate adaptation and mitigation measures in the PPP process such as integrating risk, potential resilience options, and co-benefits into the business case, integrating climate requirements in the procurement process including the technical specification and output indicators, and articulating clear climate smart considerations in the PPP agreement that the private partner must meet etc.

8. **DLIs on improved transparency of official fees, procedures and service delivery timelines, and the establishment of e-payment platforms for taxes, levies and fees will directly contribute to climate-change mitigation through CO2 emissions reduction.** Increased use of electronic platforms for the collection of taxes, levies, and fees from businesses and automated e-receipt generation for at least five key business enabling MDAs[100] is likely to substantially reduce the greenhouse gas emissions that emanate from the process of physical payments, where businesses have to visit the relevant state revenue collection agencies. Increased transparency through publication of official fees, service delivery timelines and procedures for obtaining documents such as Certificates of Occupancy (CofOs), construction permits, trade-related schedule of fees, inventory of incentives on a state's official website is also likely to have a similar effect. The use of an electronic payment and automated e-receipt generation platform and remote access to states and local government official fees and procedures for benefiting from government's services will save businesses physical trips.

[100] Enabling business MDAs include agencies in charge of urban and regional planning, ministry of commerce and industries, boards of internal revenue service, ministries or agencies in charge of lands, housing and survey, ministries of environment and water resources, agencies in charge of vehicle registration and states signage and advertising agencies.

9. **There are over 41 million MSMEs in Nigeria as of 2017 according to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and these businesses are expected to pay some form of taxes, levies and fees to state governments**. According to EBES' subnational baseline report, businesses in Nigeria pay on average five different taxes every year. Likewise, for the SABER Program, it is expected that states would need to publish no fewer than seven business enabling information – procedures, fees, service delivery timelines for. Without electronic payment platforms and functional state websites where these business-enabling information are published, the counterfactual is that businesses would have to take a lot of physical trips to the relevant offices, which can have implications on CO2 emission. It can be assumed that at least 15 States (out of the 36 states and FCT) would sign up for any of these climate risk mitigating DLIs – DLI1, 5, 6, 7, and 8.

10. **It is assumed that businesses in the participating states make at least five trips per annum[101] to the relevant office or agency where they need to collect receipt, make enquiries on fees, procedures, service delivery timelines, and sometimes, carry out reconciliations**. Given the complexity and opacity of the Nigerian tax and service delivery systems at the subnational level, we anticipate that small and micro businesses without dedicated tax/legal departments are likely to make more visits. Examples of these payments include business premises permit registration and renewal, signage and advertisement fees, land use charge, vehicle license renewals, waste disposal fees, etc. Additionally, we consider the multiple means of transportation[102] at the disposal of the business and use the data[103] provided by the International Energy Agency on GHG intensity by passenger transport modes to estimate emissions by transportation mode. We estimate that at least 84 million trips are taken annually across Nigeria's 15 participating States in the most conservative case resulting in close to 300,000 tons of carbon dioxide released into the atmosphere annually.

11. **The electronic platforms (both for payment and to access business enabling information) are expected to last at least 10 years[104] before a replacement is necessary and has the potential to directly lead to lower emissions by up to 3.4 million kg of GHG in the conservative case over the lifetime of the platform**. Taking into account a rebound effect of 20 percent[105] as increased efficiency may result in more demand for the e-payment services and subsequently more energy consumption which ultimately can lead to more GHG emissions. In addition, the likely increase in emissions associated with an uptick in the use of computers[106] when performing transactions need to be considered. Having considered the potential increase in GHG emissions associated with the program, there would still be about 260,000 tons of GHG savings annually directly associated with the use of the e-platform and publication of business-enabling information on state official websites.

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[101] The number of trips may be reduced by offices or agencies that offer satisfactory levels of support via phone calls or other customer support services

[102] Ukpata, Joseph & Etika, Anderson. 2012. Traffic Congestion in Major Cities of Nigeria. International Journal of Engineering and Technology. Vol 2. Issue 8.

[103] International Energy Agency. 2019. GHG Intensity of Passenger Transport Modes. IEA, Paris https://www.iea.org/data-and-statistics/charts/ghg-intensity-of-passenger-transport-modes-2019

[104] Pimenta, Carlos and Seco Antonio. 2019. Technological Opportunities and Recommendations for Modernizing Integrated Financial Management Information Systems in Latin America and the Caribbean. Inter-American Development Bank. Discussion Paper No. IDB-DP-651. Washington D.C USA.

[105] Don Grant, Andrew K. Jorgenson and Wesley Longhofer. 2016. How organizational and global factors condition the effects of energy efficiency on CO2 emission rebounds among the world's power plants. Energy Policy, Volume 94.

[106] Wells, A. (2006). The Boston Indicators Project: The role of indicators in supporting environmental efforts in the Boston metropolitan region. https://sustainability.tufts.edu/wp-content/uploads/Computer_calculations.pdf

12. **Further the cost of GHG emissions is computed using the shadow price of carbon (SPC) methodology[107] applied by the High-Level Commission on Carbon Prices where a cost of US$40-US$80 is associated with each ton of GHG gas emission.** This does not consider related social costs of pollution which are harder to compute. In the most conservative case, the value of the mitigation as a direct consequence of the electronic platforms is about US$95-US$105 million and this value can grow significantly larger when more complexity is added into the model.

Table 14: Climate-related activities incorporated in the DLI Design

Disbursement-linked Indicators (DLIs)	**Total DLI Allocation (US$ million)**	**Climate-related activities**
DLI1: Improved efficiency in property registration and sustainability of the land-based investment process	104	**Mitigation:** - Publication of the process for obtaining CofO and construction permits resulting in CO_2 savings through reduction in trips to government facilities. **Adaptation:** - Development of land-based investment policies that are consistent with and contribute to the state's overarching policy objective, which include the realization of a resilient economy, food security, improved land use, among others. - Mainstreaming of climate adaptation and mitigation measures across large-scale land-intensive private investment projects in agriculture through the development and adoption of a Framework for Responsible Investment in Land-Intensive Agriculture (FRILIA). - For all private investments materialized under a FRILIA this includes environmental and social safeguards, and assessments, which address climate change and disaster risks related to land-based investment, acquisition and use; promotion of land tenure security and out-grower participation; the development of a food security plan.
DLI3: Development of an effective PPP framework	63	**Adaptation:** - development and publication of PPP legal and institutional framework that mandates the disclosure of PPP projects including climate mitigation and adaptation aspects - PPP pipeline adoption and climate screening - publication of PPP information on a web-based disclosure portal capturing climate change related information including the identified risks throughout PPP lifecycle

[107] Carbon Pricing Leadership Coalition. 2019. Report of the High-Level Commission on Carbon Pricing and Competitiveness.

Disbursement-linked Indicators (DLIs)	Total DLI Allocation (US$ million)	Climate-related activities
DLI5: Increased transparency of official fees and Procedures	60	**Mitigation:** - Publication of official fees, procedures, and service delivery timelines on state official websites that would lead to reduction in GHG emissions from trips to state agencies
DLI7: Simplified state and local business tax regimes	122	**Mitigation:** - Establishment of e-platform for payment of tax, levies, and fees resulting in reduction in GHG emissions from trips taken to state relevant revenue collection agencies

ANNEX 10. TEAM LIST

Name	Role	Specialization	Unit
Bertine Kamphuis	Team Leader (ADM Responsible)	Task Team Leader	EAWDR
Karim Ouled Belayachi	Co-Team Leader	Senior Private Sector Specialist	EAWF2
Adebayo Adeniyi	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	EAWRU
Arigu Yusufu Kudu	Financial Management Specialist (ADM Responsible)	Financial Management Specialist	EAWG2
Nadia Sharmin	Environmental Specialist (ADM Responsible)	Senior Environmental Specialist	OPSIS
Olukayode O. Taiwo	Social Specialist (ADM Responsible)	Senior Social Development Specialist	SAWS1
Adedotun Victor Seyingbo	Team Member	Private Sector Specialist/Economist	EAWF2
Adetoun Latifat Adetona	Team Member	PPP Specialist	IPGPP
Aleksandar Stojanov	Team Member	Trade Specialist	ETIRI
Alicia Maude Stephens	Team Member	Operations Officer	CAFA2
Asha Narayan	Financial Management Specialist	Senior Financial Management Specialist	EAWG2
Bankole Sulihaj Allibay	Team Member	Land Specialist/Consultant	SAWS1
Cindy Ikeaka	Social Specialist	Social Development Specialist	SAWS1
Elijah Siakpere	Social Specialist	Senior Social Development Specialist	SAWS1
Frank Anthony Fariello	Lead Counsel	Lead Counsel	LEGAM
George Ferreira Da Silva	Finance Officer	Finance Officer	WFACS
Grace Ogor	Team Member	Team Assistant	AWCW2
Ida S Mboob	Team Member	Senior Digital Development Specialist	IDD02
Jay Pascual	Senior Counsel	Senior Counsel	LEGDF
Linus Benedikt Pott	Team Member	Land Administration Specialist	SAWU1
Lucky Erhaze	Environmental Specialist	Environmental Specialist	SAWE4
Mark Stephen Chukwuemeka Abani	Team Member	Senior Tax Specialist/Consultant	EAWG2
Mohammed Isa Shuaibu	Team Member	Economist/Consultant	EAWM2
Nnaemeka Chukwuone	Social Specialist	Senior Social Development Specialist/consultant	SAWS1
Nneka Ekwuozor	Team Member	Private Sector Specialist/Consultant	EAWF2

Ntayi Anfani Bandawa	Legal Counsel	Legal Counsel/ET Consultant	LEGAM
Priyanka Kher	Team Member	Private Sector Specialist	ETIIC
Rajul Awasthi	Team Member	Senior Public Sector Specialist	EAWG2
Ryan Chia Kuo	Team Member	Economist	ETIMT
Shyamala Shukla	Team Member	Senior PPP Specialist	IPGPP
Sylvia Solf	Team Member	Senior Private Sector Specialist	ETIIC
Uchechi Oloba	Financial Management Specialist	Financial Management Specialist	EAWG2
Victoria Stanley	Team Member	Senior Land Administration Specialist	SURGP
Zenia Ann Rogatschnig	Team Member	Investment Policy and Promotion Specialist	ETIIC