European Community - Federal Republic of Nigeria

Country Strategy Paper
and
National Indicative Programme

for the period 2008-2013
The European Commission and the Government of the Federal Republic of Nigeria hereby agree as follows:

(1) The European Commission, represented by Mr. Denis Thieulin, Acting Head of Delegation, Delegation of the European Commission to the Federal Republic of Nigeria and the Government of the Federal Republic of Nigeria, represented by Dr. Shamsuindeen Usman, OFR, Honourable Minister / Deputy Chairman of the National Planning Commission, hereinafter referred to as the Parties, held discussions in Abuja from September 2008 to September 2009 with a view to determining the general guidelines for cooperation for the period 2008-2013.

During these discussions, the Country Strategy Paper and an Indicative Programme of Community Aid in favour of the Federal Republic of Nigeria were drawn up in accordance with the provisions of Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000 as revised in Luxembourg on 25 June 2005. These discussions complete the programming process in Nigeria.

The Country Strategy Paper and the Indicative Programme are annexed to the present document.

(2) As regards the indicative programmable financial resources which the Community envisages to make available to Nigeria for the period 2009-2013, an amount of €677 million is planned for the allocation referred to in Article 3(2)(a) of Annex IV to the ACP-EC Partnership Agreement (‘A’ allocation) and €12 million for the allocation referred to in Article 3(2)(b) (‘B’ allocation). These allocations are not entitlements and may be revised by the Community, following the completion of mid-term and end-of-term reviews, in accordance with Article 5(7) of Annex IV to the ACP-EC Partnership Agreement.

(3) The ‘A’ allocation is designed to cover macroeconomic support, sectoral policies, programmes and projects in support of the focal or non-focal areas of Community assistance. The Indicative Programme under Part Two concerns the resources of the ‘A’ allocation. It also takes into consideration financing from which Nigeria benefits or could benefit under other Community resources. It does not pre-empt financing decisions by the Commission.

(4) The ‘B’ allocation is designed to cover unforeseen needs such as emergency assistance, where such support cannot be financed from the EU budget; contributions to internationally agreed debt relief initiatives and support to mitigate adverse effects of instability in export earnings. The ‘B’ allocation shall be triggered according to specific mechanisms and procedures and therefore does not yet form part of the Indicative Programme.

(5) Resources can be committed within the framework of the present Country Strategy Paper and Indicative Programme upon the entry into force of the 10th EDF multiannual financial framework for the period 2008-2013 of the revised ACP-EC Partnership but not before 1 January 2008. Financing decisions for projects and programmes can be taken by the European Commission at the request of the Government of the Federal Republic of Nigeria within the limits of the ‘A’ and ‘B’ allocations referred to in this document. Financing decisions may also be taken on the basis of Article 15(4) in conjunction with Article 4(1)(d) of Annex IV to the ACP-EC Partnership Agreement for support to non-State actors or on the basis of Article 72(6) to the ACP-EC Partnership Agreement for humanitarian and emergency assistance funded from the B allocations. Financing decisions shall be taken and implemented according to the rules and procedures laid
down in the EC Council regulations on the implementation of the 10th EDF and on the financial regulation applicable to the 10th EDF and in Annex IV to the ACP-EC Partnership Agreement.

(6) The European Investment Bank may contribute to the implementation of the present Country Strategy Paper by operations financed from the Investment Facility and/or from its own resources, in accordance with Paragraphs 2c) and 3 of Annex Ib to the ACP Partnership Agreement regarding the 10th EDF multiannual financial framework for the period 2008-2013.

(7) In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Authorising Officer and the Head of Delegation shall annually undertake an operational review of the Indicative Programme and undertake a mid-term review and an end-of-term review of the Country Strategy Paper and the Indicative Programme in the light of current needs and performance.

The mid-term review shall be undertaken in 2011 and the end-of-term review in 2012. Following the completion of the mid- and end-of-term reviews, the Community may revise the resource allocation in light of current needs and performance.

Without prejudice to Article 5(7) of Annex IV concerning reviews, the allocations may be increased according to Article 3(5) of Annex IV in order to take account of special needs or exceptional performance.

(8) The agreement of the two parties on this Country Strategy Paper and the National Indicative Programme, subject to the ratification and entry into force of the revised ACP-EC Partnership Agreement and the 10th EDF multiannual financial framework for the period 2008-2013, will be regarded as definitive within eight weeks of the date of signature, unless either party communicates the contrary before the end of this period.

Done at Brussels on 19th November 2009.

For the European Commission

[Signature]
Karel DE GUCHT
Member of the Commission in charge of Development and Humanitarian Aid

For the Government of the Federal Republic of Nigeria

[Signature]
Dr. Shamsuddeen USMAN, OFR
Honourable Minister / Deputy Chairman of the National Planning Commission
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SUMMARY

Since the ending of military rule with the democratic elections in 1999, Nigeria has made some progress in adapting its governing mechanisms from a command to a consensual basis. Democratic and economic reforms, particularly at federal level, have helped to improve the country’s investment climate and economic prospects through realistic efforts to consolidate the banking sector, control public expenditure and reduce public debt, whilst continued efforts will be needed to curb corruption.

Broadening the scope of the Nigeria-EU dialogue

Nigeria subscribes firmly to the goals of the Africa-EU strategic partnership launched in Lisbon in December 2007. This commitment was emphasised at the Nigeria-EU Ministerial Troika Meetings in Ljubljana in May 2008 and in Prague in June 2009. The parties agreed in Ljubljana and Prague to intensify their political dialogue and cooperation, and in Prague they adopted a strategy to enhance their relations (‘The Nigeria-EU Joint Way Forward’). In addition to agreeing to coordinate their respective approaches to global and regional issues, the parties reaffirmed the importance of achieving the Millennium Development Goals (MDGs) in Nigeria, the most populous country in Africa, where over 64% of the population lives in extreme poverty\(^1\) (90 million people, representing about 11% of the population of sub-Saharan Africa).

Goals of the reform process

There is currently no comprehensive development plan giving a clear overview of the national reform process. Fragmented existing plans are framed in terms of economic growth but the overriding goal is poverty reduction, through both the encouragement of a viable and competitive non-oil sector and the more effective utilisation of oil revenues. This can be achieved only within a context of reasonable internal security and a sustained commitment on the part of the authorities to the enforcement of the rule of law. To reinforce the process of reform towards a market economy and trade liberalisation, together with the contingent strengthening of the protection of human rights and the fight against corruption, it will be necessary to further enhance the capacity for more accountable governance at all tiers of government (federal, state and local), while at the same time enabling the justice and security apparatus to perform a more supportive role.

Poverty reduction strategy

Poverty reduction is ranked as the first of the four goals of the National Economic Empowerment and Development Strategy (NEEDS-2)\(^2\), whose target is to reduce poverty according to the conventional measure by 30% by 2011 in order to attain the MDGs by 2015. An important challenge for the Government will be to substantially increase Nigeria’s electricity generating capacity over the next two decades and improve the national distribution. This programme, together with the President’s Seven Point Agenda, is concerned to ensure that the revenues accruing from the vast investments in the oil sector and in other

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1. UNDP 2008 Human Development Index: 64.4% of Nigerians have an income of less than $1.25 per day (World Bank threshold measure for extreme poverty).
2. Although not formally adopted, its provisions together with the Seven Point Agenda are being developed into a National Development Plan, 2009-2011.
parts of the economy are channelled more effectively towards improving the standard of living of the majority of the population.

**Action on the Niger Delta**

Associated with these efforts to promote good governance is the determined effort by the Nigerian authorities to reduce violence and tension within the Niger Delta region and to alleviate the distressed human condition there, together with mitigation of the environmental degradation in these States resulting from years of comparative neglect. The EU and Nigeria have agreed to strengthen their dialogue and to focus their cooperation on peace and security. The EC already has in place a series of actions to improve the standard of living of the people of the Niger Delta and will continue and expand this provision in order to reinforce peaceful cooperation between communities and thus support the Nigerian authorities in their peacekeeping activities. In June 2009 President Yar ‘Adua offered an amnesty programme for militants in the Niger Delta which could be a first step in the process of seeking solutions for the region. The programme seeks to disarm, educate and rehabilitate and reintegrate militants.

**Concentration and harmonisation of EDF funding**

As all the development assistance funding available is very modest in comparison with the federal budget (less than 1%), cooperation can best be achieved by concentrating support on enabling the authorities to make better use of their own resources, both by encouraging efficient public finance management and through enhancement of the national policy dialogue.

The first element will assist the authorities to reduce corruption and to enhance the development impact of their expenditures. The second element will contribute to the protection of human rights through the encouragement of a continuous and constructive policy debate between the authorities and the non-state actors (NSAs), based on a shared understanding of their goals and constraints.

For maximum effectiveness, EC assistance will be concentrated not only in terms of domains of action but also in terms of location. Accordingly, the EC will continue working with a limited number of focal States and Local Governments chosen for their proven commitment to reform, performance in public finance management and record of service delivery.

The EC will enter into implementing arrangements with other donors and with the NSAs in order both to maximise the effectiveness of its own expenditures and to foster greater harmonisation of approaches to development cooperation, particularly with Member States.

Finally, the initiatives to be financed under the 10th EDF in Nigeria will be publicised to civil society and the general public. An innovative strategy, based on a combination of support for local mass media and for cultural initiatives, will be developed to disseminate in Nigeria the messages and the values promoted by EU-Nigeria cooperation, such as respect for human rights and basic freedoms, the values of democracy, good governance, and care for the environment.

**Priority cooperation areas for the 10th EDF**

The Ljubljana and Prague meetings set out the principles of cooperation between Nigeria and the EU in close harmony with the strategic approach adopted by the Lisbon Action Plan. Four main avenues for development partnership are to be supported under the 10th EDF, namely
(a) **peace & security**; (b) **governance & human rights**; (c) **trade and regional integration** and (d) **selected key development issues** as non-focal areas.

Whilst the maintenance of **peace and security** in the country is essential to even the most modest development initiatives, and thus will receive support, the greater part of the funding resources will be devoted to the improvement of **governance and the protection of human rights**.

The importance of **trade and regional integration** to foster growth and to develop the competitiveness of the non-oil sector is recognised as a third focal area. Nigeria is the predominant economy in the West Africa region and can play a key role in the ECOWAS regional integration process. The EC will therefore support Nigeria in its role in ECOWAS, as well as supporting the development and implementation of its policies concerning: trade, ECOWAS trade integration, the EPA and the need for diversification of Nigeria’s economy as highlighted by the first effects of the financial and economic crisis started in 2008. As ECOWAS will benefit from matching support under the 10th EDF Regional Indicative Programme, the NIP Nigeria and the RIP for West Africa will be fully aligned.

Among the **non-focal areas**, in addition to continuing and extending the 9th EDF immunisation and micro-project programmes and supporting the NAO Office, new collaborative approaches will be adopted towards environmental protection, climate change and related energy security issues together with scientific and technical cooperation and cultural cooperation. Enhanced cooperation is also envisaged across a range of media to encourage the dissemination of educational messages on development themes. This will contribute significantly to raising awareness amongst the general public of the progress being made on the development agenda. It may also contribute to embedding the values central to EU-Nigeria relations with the broader population.
PART ONE: STRATEGY

CHAPTER I: THE FRAMEWORK OF RELATIONS AND OBJECTIVES OF EU/EC COOPERATION WITH NIGERIA

I.1. Framework and general objectives of EU/EC external policy

I.1.1. Overall external policy goals of the EU

The European Union has developed a broad spectrum of external relations tools in the shape of the common trade policy, cooperation under bilateral and multilateral agreements, development cooperation, humanitarian aid and financial assistance as well as the external aspects of internal policies (energy, environment, transport, justice and home affairs, etc.).

The EU’s external action including the Common Foreign and Security Policy (CFSP), common trade policy and cooperation with non-member countries provides a framework both for integrating all EU instruments and for developing gradually a set of joint actions based on common positions in the broader sphere of political relations.

The enlargement process has entrusted the EU with even greater responsibilities, both as regional leader and as global partner. To reinforce its capabilities in the fight against poverty, the Union now has strengthened capacity to promote human rights, democracy and the rule of law, both in its own neighbourhood and through its multilateral and bilateral policies, which are mainly aimed at sustainable development and political stability. Thus, the EU will achieve genuine coherence between its domestic and its external agendas, contributing thereby to global security and prosperity. Europe should project a coherent role as a global partner, inspired by its core values in assuming regional responsibilities, promoting sustainable development, and contributing to civilian and strategic security.

The EU’s development policy, as expressed in the European Consensus on Development, is driven by the primary objective of poverty reduction, with the complementary aims of promoting good governance and greater respect for human rights in a bid to ensure the stability and security of the countries in the regional context. At the same time, it emphasises the need for a differentiated approach depending on the context and the particular needs of individual States.

Within this overall development policy, the EU has a specific focus on Africa as set out in the 2005 EU Council Strategy for Africa and the more recent AU-EU Strategic Partnership and annexed Action Plans. The new focus stresses the importance of democracy as the

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foundation for development policies and the need to accelerate the process of regional integration within a framework of advancing good governance and respect for human rights.

The EU is also determined to take a lead role in implementing the Paris Declaration on Aid Effectiveness\(^6\) and Accra Agenda for Action commitments on improving aid delivery and it will capitalise on the new Member States’ experience to strengthen their role as donors. In particular, to maximise the effectiveness of its assistance programmes, the EU will promote close donor coordination and division of labour in accordance with the guidelines set out in the EU Code of Conduct\(^7\).

I.1.2. General objectives of EC development cooperation

In accordance with Article 177 of the Treaty establishing the European Community, Community policy in the sphere of development cooperation shall foster:

A. the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;

B. the smooth and gradual integration of the developing countries into the world economy;

C. the campaign against poverty in the developing countries.

The Treaty objectives are confirmed in Article 1 of the ACP-EU Partnership Agreement, signed in Cotonou on 23 June 2000 and revised in Luxembourg on 25 June 2005\(^8\). The overarching objective of the Cotonou Agreement is to promote the development of a common strategic approach to poverty reduction, consistent with the objectives of sustainable development and the gradual integration of ACP countries into the world economy.

Cooperation between the EC and Nigeria will pursue these objectives, taking into account the fundamental principles set out in Article 2, in particular the encouragement of ‘ownership’ of the strategy by the country and populations concerned, and the essential elements and fundamental element referred to in Articles 9 and 11 of the Agreement.

While the Treaty and the Cotonou Agreement provide the legal basis for EC cooperation with Nigeria, the European Consensus on Development, the EU Code of Conduct, the EU Council Strategy for Africa and the Africa-EU Strategic Partnership and Action Plan set out the general policy framework for EC development cooperation.

The primary objective of EC development policy is the eradication of poverty in the context of sustainable development, in line with the international agenda, while paying particular attention to the MDGs. Human rights and good governance are also recognised as critically important objectives in this context.

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\(^6\) [http://www.oecd.org/document/18/0,2340,en_2649_3236398_35401554_1_1_1_1,00.html](http://www.oecd.org/document/18/0,2340,en_2649_3236398_35401554_1_1_1_1,00.html).


\(^8\) Nigeria ratified the Agreement in November 2008.
Better aid effectiveness is essential to achieving poverty eradication. Therefore the EC will promote closer coordination, harmonisation and alignment of its assistance programmes with the work plans both of the Nigerian authorities and of other donors. Improved donor complementarity will be achieved through more intensive coordination of multiannual programming based on Nigerian strategies and processes, through the adoption of common implementation mechanisms, through participation in multi-donor missions, and through the use of co-financing arrangements where this is both practicable and efficient.

Moreover, the EC is willing to apply to Nigeria the principles set out in the EC Communication on EU support to developing countries coping with the international financial and economic crisis.

I.2. Strategic objectives of EU/EC cooperation with Nigeria

I.2.1. Description of the EU political dialogue with Nigeria

Nigeria is an important partner for the EU for several reasons, including:

- its economic and social strength;
- its young, and not yet fully embedded, democratic institutions;
- its political influence on the continent and elsewhere;
- its role in Africa in general and particularly in the process of regional integration in West Africa;
- its weight in the fight against poverty (1 in 7 poor people in Africa is a Nigerian);
- its role as key energy supplier for the EU’s energy security;
- its central position in the management of inward and outward migration flows, both to support the development agenda and to control human trafficking.

On the other hand, the EU is the largest economy in the world, the principal contributor to external development aid and a world leader in technological innovation. In such a capacity, the EU can offer great potential as a main partner for trade, investment and other forms of commercial linkages.

Besides economic interests, Nigeria and Europe are bound together by history, culture, geographic proximity, as well as by a community of values to be protected and enhanced, including respect for human rights, freedom, equality, solidarity, justice, the rule of law and democracy.

The existence of significant mutual interests and shared values has been acknowledged by both parties. Following a number of initiatives that have been progressively expanding the list of issues of mutual interest and/or concern over the last decade, the EU and Nigeria are now

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10 Nigeria is the second largest economy and the country with the largest population in Africa.
11 World Bank 2007 — Understanding Poverty. The unit of measurement for median poverty in developing countries is an income of less than $2 per day.
12 UNDP 2008 Human Development Index: 64.4% of Nigerians have an income of less than $1.25 per day, and 83.9% of Nigerians — approximately 117 million people — have an income of less than $2 per day.
engaged in an effort to take their relations to a new level through intensified political dialogue and enhanced cooperation within the context of Article 8 of the Cotonou Agreement. In addition to the dialogue with the federal institutions, consultations with civil society organisations will continue to raise awareness and address development and human rights concerns. However, a significant obstacle to regular dialogue with NSAs and with the other two tiers of government is the large number of institutions involved and the sheer diversity of the political actors.

I.2.2. Potential avenues for enhanced political, economic and development cooperation

The strategy that Nigeria and the EU are putting forward concerning their relations and cooperation is based on the acknowledgement that foreign aid to Nigeria is small in comparison to Nigeria’s own resources. Hence, while EU aid may contribute only to a limited extent to directly reducing poverty in Nigeria, it could play an important qualitative role in supporting the country’s efforts to use more effectively its own human and financial resources. Key elements of the strategy being pursued include:

- Building up a wide consensus over the strategy in Europe and in Nigeria;
- Establishing a regular political dialogue at local and higher level;
- Tightly aligning political dialogue and cooperation initiatives.

The EU-Nigeria Ministerial Troika meeting in Ljubljana (Slovenia, 20 May 2008) marked a significant milestone in joint relations and established areas of common interest as well as potential issues for political dialogue and collaboration. The meeting established the main lines of a way forward to intensify Nigeria-EU political dialogue and cooperation.

The operational conclusions of the Joint Communiqué issued at Ljubljana were as follows:

a) An indicative list of topics for political dialogue was established.
b) Political dialogue meetings will be held regularly at local level and the parties will also meet once a year in troika format at ministerial level.
c) EU aid could play an important role by: (i) supporting key government initiatives to improve governance; (ii) enhancing the EU-Nigeria political dialogue; and (iii) promoting mutual understanding and long-term cooperation.
d) Financial resources for development cooperation allocated to Nigeria under the 10th EDF and bilateral aid by EU Member States should be concentrated to address priorities in four broad priority areas.
e) The parties will review the scope and results of their dialogue every year and will explore further opportunities to deepen and broaden their relationship.

Nigeria and the EU also affirmed their desire to deepen their cooperation in the context of the Africa-EU Strategic Partnership and are accordingly committed to continuous and constructive dialogue in all eight partnership areas.

The foundations established in Ljubljana have been strengthened by the outcomes of the EU-Nigeria Ministerial Troika in Prague (Czech Republic, 9 June 2009)\textsuperscript{15}. The Prague meeting adopted a political framework, the ‘Nigeria-EU Joint Way Forward’, setting out the terms and priorities for intensifying political dialogue and cooperation.

In Prague, the parties recognised the importance of ongoing electoral reform in Nigeria to ensure that the 2011 general elections would be free and fair. They agreed to collaborate on the promotion of human rights and on implementation of the conclusions of the UN Universal Periodic Review of Human Rights in Nigeria. The importance of a systematic dialogue on migration and development was also stressed. Special attention was also given to the need to enhance peace and security within Nigeria and in the West Africa region, to coordinate actions to better combat and prevent organised crime, the smuggling of narcotics and small arms, and human trafficking. The parties recognised that a holistic approach was required to improve the joint management of migratory flows. The EU and Nigeria reaffirmed their support for the ECOWAS agenda for greater economic integration and noted the urgent need to reach conclusions on the Economic Partnership Agreement (EPA).

Concerning cooperation under the 10th EDF, the conclusion of the Ljubljana meeting was to agree that the EU and Nigeria should focus on three priority areas, namely (i) peace and security, (ii) governance and human rights, (iii) trade and regional integration, and that key development issues (including environmental sustainability and climate change, energy security and culture) should also feature high on the cooperation agenda.

**CHAPTER II: COUNTRY DIAGNOSIS: SITUATION AND POLICY AGENDA OF NIGERIA**

### II.1. The external situation

Every sixth African is a Nigerian, as is every second West African.

On the continent, Nigeria is vital to the advancement of the New Partnership for African Development (NEPAD), the African Union (AU) and the African Peer Review Mechanism (APRM).

Nigeria is by far the largest economy in the West Africa region, accounting for around 60\% of the entire ECOWAS economy and population, and it exercises a comparable political influence. Over recent years Nigeria has been very prominent in peacekeeping and mediation activity, particularly in the West Africa region (Liberia, Sierra Leone, Togo) and in other parts of the continent (Sudan).

\textsuperscript{14} These are: (1) peace and security, (2) democratic governance and human rights, (3) trade, regional integration and infrastructure, (4) the Millennium Development Goals, (5) energy, (6) climate change, (7) migration, mobility and employment, and (8) science, information society and space.

Outside Africa, Nigeria seeks to play a leading role in the international agenda. Nigeria is a privileged partner and interlocutor of all G8 countries and China. Nigeria is a leading member of many international organisations, including OPEC and the Commonwealth. Nigeria has been identified as a potential permanent member of the UN Security Council under current proposals for the Council’s reform.

Despite its size and political and economic importance, Nigeria will have to overcome significant obstacles to realise its full potential as the engine of regional integration and a major player on the international scene. Its dependence on oil has encouraged inward-looking, protectionist tendencies in the non-oil sector. Efforts to encourage greater competitiveness within the country should therefore have a substantial accelerator effect on the regional economy and go some way towards improving the political momentum behind the integration process. At present, the ECOWAS customs union and common market is not yet fully implemented while progress towards the proposed second monetary zone, let alone the eventual ECOWAS-wide monetary zone, remains limited.

With some of the longest borders in Africa, Nigeria is particularly vulnerable to cross-border organised crime. Increasing activities in gun running, narcotics smuggling and human trafficking (particularly women for prostitution in Europe and elsewhere) are all causes for concern, not only for the Nigerian authorities but also for the EU and the world. Nigeria has signed the 2006 ECOWAS Convention on Small Arms and Light Weapons and has been collaborating with the Five-Year Priority Action Programme (ECOSAP), which was due for renewal at the end of 2008. It is also actively participating in the ECOWAS Action Plan (2008-11) on Drug Trafficking, Organised Crime and Drug Abuse and signed the associated Political Declaration at the December 2008 Heads of State meeting in Abuja. Nigeria has established channels of cooperation with the relevant law enforcement agencies operating in the EU and these links should be maintained and strengthened.

Nigeria serves as a country of origin, transit and destination for trafficked persons, especially from West African countries to other locations in Africa and Europe. However, the problem of trafficking is taken seriously — Nigeria is the only country in the region with a central agency responsible for trafficking (NAPTIP).

As the most populous country in Africa with an economy that does not provide adequate employment, Nigeria has the largest number of migrants on the continent. No precise figures are available on how many Nigerians now live abroad, but they are believed to amount to several million, amongst whom a large number of highly qualified professionals, trained at a high cost. Nigeria also experiences considerable intra-regional mobility, principally to ECOWAS and other African countries. There is evidence of an increase in migrants’ remittances in recent years, which is an indication of intensifying migration. Remittances from Nigerians living abroad now constitute the second most important source of foreign earnings after oil. Between 2005 and 2007, inward worker remittances rose from US$6.46 billion to US$17.92 billion or the equivalent of 11.7% and 27.5% respectively of total export earnings in those years.

There is also inward migration to Nigeria, mostly by citizens of other ECOWAS countries. The official number of immigrants is estimated to be 639,000. This does not include the

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16 These figures do not take into account informal channel remittances, estimated to be up to 85% of export earnings. Only 15% of remitters use formal channels (source: CBN).
17 Source: ECOWAS 2006 Social and Economic Indicators.
estimated several thousand foreigners from neighbouring countries who enter Nigeria clandestinely through bush paths along the lengthy porous borders.

II.2 The internal situation

II.2.1 Political and institutional situation

- **Nigeria** is located in West Africa in the Gulf of Guinea; its surface area is approximately equivalent to that of France, Germany and Belgium. With 140 million inhabitants (2006 census) it is the world’s 9th most populous nation.

- There are three main ethno-linguistic groups (Hausa/Fulani, Yoruba, Igbo) and some 250 smaller ones. The official language is English. The most widely practised religions are Islam, Christianity and Animism.

- The current Head of State is President **H.E. Umaru Yar’Adua**, inaugurated on 29 May 2007. The Vice President is **Jonathan Goodluck**.

- Nigeria is a federation of 36 States plus the federal capital territory. The third tier of government comprises 774 Local Government Areas.

- Nigeria operates an American-style model of government. The federal bi-cameral legislature comprises a Senate with 109 elected members and a 360-member House of Representatives. Each of the 36 States has an elected Governor and an elected State Assembly. All elected offices have four-year tenure.

Nigeria continues to consolidate its democracy after decades of military rule, although progress is uneven. The **2007 Presidential, legislative and gubernatorial elections** marked for the first time in Nigeria’s history the handover of power from one elected civilian government to another. They were, however, widely regarded as falling short of international standards for democratic elections.

Legal challenges to the federal and state elections were still ongoing at the end of 2008. The Electoral Reform Committee\(^{18}\) was set up by the President in October 2007 to consider the whole electoral process and to propose improvements but it reported only in December 2008. This uncertainty over the legitimacy of the executive, exacerbated by a long cabinet reshuffle during the last quarter of 2008 and initial internal organisational problems within the legislature, hampered the first year and a half of the new administration and severely limited progress in key areas.

The report by the Electoral Reform Committee has been unanimously perceived as of good quality and its recommendations are under discussion for an early start of implementation by the next general elections in 2011. A constitutional review has been engaged with the aim of taking into consideration, among other things, electoral reform.

Similar uncertainty reigns over the prospects for the ongoing anti-corruption campaign, which could have a huge impact on elements of the ruling elite, and lasting implications for the country’s democratic system. In summary, a fully functional multi-party democracy is not yet a reality, despite strong progress in some fields.

\(^{18}\) Supported by the EC and to a lesser extent by other donors.
Nevertheless, the overall political situation in recent years has been stable but largely stagnant, despite a great number of challenges. Principal among the challenges are the unrest in the Niger Delta region, the violent clashes in some areas of the country, corruption and the heated debate over the sharing-out of the proceeds from oil and gas extraction. The north of the country is faced with local tensions over resources, high levels of unemployment, poverty and malnutrition.

Since the return to democracy in 1999, Nigeria has experienced ethno-religious and communal violence which has caused the deaths of over 14,000 people and left three million internally displaced. Violence is triggered by a multitude of factors, including diverse and sometimes competing ethno-linguistic groups and competition for access to resources (land, water, etc.). Religious differences have often fuelled and amplified existing differences and competitions leading to larger clashes.

The volatility of the Niger Delta region remains one of Nigeria’s gravest security concerns, potentially threatening both political and economic stability throughout the country and the region. The causes of the conflict can be traced to the misuse of funds allocated to the State Governments in the region and widespread corruption, over-centralisation of control of power and revenue, environmental degradation resulting from uncontrolled oil and gas extraction, and high levels of local unemployment.

The situation in this area has been steadily deteriorating over the past four years, making a solution even more difficult. In addition to the damage from the long-standing conflict between militia groups and the security forces, there has been an upsurge in violence inflicted by armed criminal gangs, which have been proliferating with the prospect of easy gains from robbery and kidnapping. The unrest has been fuelled by the ready availability of small arms, as efforts to control arms smuggling have had only limited success. Local administrations are thought to be corrupt and inefficient, and have been accused of protecting some of the criminal gangs for their own ends. A poor, desperate, disenfranchised community could become a major challenge to national security if conditions do not improve.

The unrest also has profound economic implications. Official oil production has dropped by around a quarter from rated capacity in the past year due to bunkering (oil diversion), sabotage and other disruptions to the industry, reducing much-needed government revenue. On a wider scale, the conflict dominates international coverage of the country, undermining investor confidence and economic growth.

The Federal Government has given priority to the peaceful settlement of the situation in the region and has assigned a leading role to the Vice President. Technical committees have been formed and during 2008 a new Ministry for the Niger Delta was established. However, there is little confidence among the local population in the ability of the authorities to improve service delivery.

Corruption. Widespread corruption is one of the main challenges the country is facing. The problem is endemic and requires considerable government commitments in terms of legislation and resources. The Federal Government is, however, making efforts to curb corruption. The procurement reform and budget transparency at the highest level of government is seen as an important positive outcome, but offers no guarantee of lasting improvement. Parliament and also the Economic and Financial Crimes Commission (EFCC) have registered a number of successes in improving anti-corruption and oversight functions. The challenge now is no longer to prove that change is possible but to institutionalise reform.
to the point where citizens experience more tangible benefits from the actions of the authorities. Apart from continuing the effort at federal level, reforms will need to be strengthened at state and especially local government level, where the responsibility for delivery of basic services is concentrated but largely unmet.

**Human rights.** Nigeria has taken important steps forward, such as submitting its report on human rights to the African Commission on Human and Peoples’ Rights, or the Universal Periodic Review mechanism of the United Nations. While there have been some improvements in the human rights record, gross violations are still reported and these are often linked to official incompetence or negligence. For example, within the police force illegal detentions, extra-judicial killings, and torture are commonly alleged. General prison conditions remain unacceptable as the slow judicial system swells the prison population, with over half of all prisoners still held on remand, often for many years. Human trafficking continues to be a serious problem with Nigeria a major source of illegal immigration to Europe. Same-sex relationships are punishable with a prison sentence in some States, while criminal (hudud) Sharia law penalties are applied in 11 States in the north.

### II.2.2 Economic and commercial situation

**Table II.1: An economic overview** (source CBN — more information in Annex 1)

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP growth (%)</td>
<td>9.6</td>
<td>6.5</td>
<td>6.2</td>
</tr>
<tr>
<td>GDP per head (US$)</td>
<td>620.9</td>
<td>847.4</td>
<td>1256.6</td>
</tr>
<tr>
<td>Consumer price inflation (%)</td>
<td>14.0</td>
<td>17.9</td>
<td>6.6</td>
</tr>
<tr>
<td>Current account balance (% GDP)</td>
<td>+26.3</td>
<td>+27.3</td>
<td>+16.3</td>
</tr>
<tr>
<td>Real effective exchange rate per US$1</td>
<td>132.9</td>
<td>143.7</td>
<td>155.2</td>
</tr>
<tr>
<td>External debt (% GDP)</td>
<td>61.1</td>
<td>20.8</td>
<td>1.6</td>
</tr>
</tbody>
</table>

**The energy sector.** The economy of Nigeria is heavily dependent on oil and gas, which accounts for over a third of gross domestic product (GDP), 84% of Federal Government revenues, and 98% of exports. The oil sector is dominated by six major international oil companies operating under joint venture arrangements with the Federal Government. At full capacity, Nigeria can produce some 2.5 million barrels per day but recent tension in the oil-producing regions of the Niger Delta has reduced actual output by around one quarter. Although dominant in revenue terms, the oil sector employs only 0.15% of Nigeria’s labour force, while for example the agricultural sector accounts for some 70%. The development of forward linkages from oil extraction remains limited. Nigeria imports about 90% of its domestically consumed petroleum products as its four refineries are frequently inoperative because of poor maintenance and even sabotage.

The severe lack of electricity generating capacity also constitutes a major obstacle to industrial development. The persistence of the shortages can be attributed to poor management, lack of investment planning and chronically inadequate maintenance not only in generation but also in transmission and distribution.

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19 According to World Bank sources GDP per capita in 2007 is about US$930 or US$1 770 in purchasing power parity.
Three EU Member States: the UK, Germany and France, signed bilateral energy partnerships with the Nigerian government in 2008.

Nigeria flares the world’s largest volume of gas associated with oil wells. Its new policies encouraging gas producers to allocate an amount of gas from their reserves and production to the domestic market is important but Nigeria also needs to be more active, through both regulatory actions and investments, to reduce gas flaring, a practice which has severe harmful impact, locally and globally, both in environmental and in economic terms.

Economic sectors. Macroeconomic policies have in recent years aimed to achieve greater stability and reduce the economy’s vulnerability to oil price fluctuation. Economic reforms first initiated under the previous government have focused on deregulation, transparency, accountability and privatisation.

Macroeconomic performance has markedly improved in recent years. According to data released by the Central Bank of Nigeria (CBN), in 2007 real GDP grew by some 6.2% to reach some US$181.6 billion and it was particularly encouraging to note the faster growth in the non-oil sector, at some 9.6%. The latter growth rate was largely attributable to the sharp increase (7.4%) in agricultural output due largely to increased land cultivation. This did not necessarily translate into increased employment, however. The faster growth in the non-oil sector was a continuation of the trend of recent years. Over the period 2003-2007 real average annual GDP growth is estimated at 7.0% while the non-oil sector grew by an average of 8.1%. Despite this growth, the non-oil sector still faces constraints such as poor infrastructure, lack of access to finance and an inadequate legal and regulatory environment. Over the period 2003-2007, gross fixed capital formation grew steadily as a percentage of GDP, reaching 14% in 2007.

The recent IMF Monitoring Mission indicated that overall GDP was expected to grow by 7.2% in 2008, with the non-oil sector growing by 8.2%, while the projections for 2009 are 5.7% and 6.8% respectively. On the other hand, the 2009 Appropriations Bill (December 2008) is based on the assumption that GDP will grow at 8.9% in 2009, with oil production rising to some 2.3 mbpd. Nevertheless, the budget deficit is projected to rise to nearly 4% of GDP because of a major programme of infrastructural investment.

Nigeria’s vision is to profit from large and sustained oil revenue to be among the 20 leading world’s economies by 2020. However, the crisis affecting global financial markets during 2008 could have a significant impact on Nigeria’s economy. Foreign direct investment remains strong (reaching €6.6 billion by the end of August 2008 as compared with €4.5 billion for the corresponding period in 2007) and, according to the Central Bank (CBN), Nigeria has limited exposure to ‘toxic assets’ while the legal limitation (less than 10%) on foreign holdings of Nigerian bank stocks has also dampened the effects of the global crisis in the country. However, should the global financial crisis persist through 2009 then Nigeria could be adversely affected by low oil prices, declining export revenues and remittances and restricted access to international credit.

Nigeria has never been aid-dependent but had in the past accumulated a significant external debt which was settled in 2006 using the oil windfall gains accrued in 2004 and 2005. The accumulation of foreign reserves, which is partly due to the adoption of the oil-price based...
fiscal rule, has allowed Nigeria to settle most of its external debt with the Paris and the London Club. Current foreign debt was estimated by the CBN at only €2.9 billion in June 2008, that is around 7% of accumulated foreign reserves at that date and less than 2% of GDP (as compared with some 60% of GDP during the 1990s).

Nigeria’s foreign reserves as of the end of January 2009 stood at nearly **US$50.9 billion**\(^\text{22}\).

**Public finance reform.** The reform measures undertaken by the Federal Government have enhanced the transparency of public expenditure at least at federal level, even if transparency at state and local authority level still leaves much to be desired. The Federal Government has adopted enabling legislation: Fiscal Responsibility Bill, Public Procurement Bill, Tax Reform Bill, and Nigeria Extractive Industries Transparency Initiative Bill. Many of the completed and ongoing reforms by the Federal Government have begun to influence public finance management also in some of the 36 States. However, the level of enactment at state level of similar legislations and the commitment to reform is by no means uniform. Some States have even distanced themselves from the 2006 State Economic Empowerment Development Strategy (SEEDS) benchmarking, a competitive assessment of how state administrations utilise public funds and maintain commitments to service delivery, and are making no visible efforts to live up to the standards.

A fiscal strategy paper indicating priorities and indicative capital budget ceilings by sector has now been prepared for implementation at state and local authority as well as federal government levels, both to better target financial provisions and to promote greater efficiency and effectiveness. In a break with the past, at federal level at least, budget allocations and reports are now routinely made public. Furthermore, a Medium-Term Expenditure Framework (MTEF) has been introduced and a (pilot) budget monitoring system has been set up in order to create an integrated financial management system within all federal ministries and agencies.

**2009 budget.** The 2009 federal budget is the fifth that has been prepared within the context of the MTEF. While the 2007 budget put the emphasis on infrastructure development, including power generation and the expansion of the railway network, the 2008 budget envisaged a reduction in capital projects as a result of the low level of implementation of previous capital budgets. The 2009 budget has again put the emphasis on finishing ongoing projects with immediate economic benefits, particularly in the energy sector, which have had poor completion rates. This situation reinforces the perception that governance reform remains a critical precondition for development.

The implementation of a benchmark oil price for budget calculations means that public expenditure has become less dependent on price fluctuations in the oil market. Moreover, the Nigerian authorities have adopted a cautious approach towards the determination of the oil benchmark price. The oil benchmark price for fiscal 2008 at US$59 was nearly 6% lower than previously estimated, while the benchmark price for fiscal 2009 has been reduced further to **US$45.00**.

Furthermore, the State Governments have reached agreement with the Federal Government on saving N1 trillion of the excess crude proceeds in a special Fund and sharing the balance. In the coming years, 20% of the excess crude earnings will be earmarked for addition to the Fund, with the balance being distributed among the 3 tiers of government according to an

agreed formula. For their part, the States have undertaken to pass a fiscal responsibility law in their own parliaments to ensure efficient and responsible use of the funds.

There are signs that the relative stability is beginning to bear fruit, with investment flows rising and a larger number of Nigerians having access to consumer goods. Although the reforms of the last few years have been encouraging, the necessary conditions for private sector-led development are not met (infrastructure, business and regulatory environment). While Nigeria has substantial resources available for this, it remains to be seen whether the reforms undertaken so far have sufficiently strengthened the economic system to promote long-term private investment and to diversify it away from oil and gas extraction. The Federal Government has taken some steps to address this situation, for example by introducing one-stop shops for investors to reduce the time to open a business, although some other investment conditions are still bureaucratically cumbersome. Over the next few years a fine balancing act will be required to accelerate private investment in human and physical capacity while simultaneously improving public investment, especially in infrastructure. The latter consideration will be particularly important at the state and local government levels, where past investments have often failed to deliver sufficiently tangible results.

### Trade and regional integration

**Table II.2. EU-Nigeria visible trade (€ million)**

<table>
<thead>
<tr>
<th></th>
<th>Imports</th>
<th>Exports</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural products</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-agricultural raw materials</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power/electrical machinery</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemicals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Textiles and clothing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iron and steel</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Eurostat

At present (2007), Nigeria’s trade is mainly with the US and the EU. The EU-27 provides some 33% of Nigeria’s imports (with the US providing 8%, following China at 11%), and takes some 20% of its exports (following the US with 51%).

Some 95% of all the primary products which the EU imported from Nigeria in 2007 consisted of oil and gas, but this amounted to only 2.8% of EU-27 imports of primary energy materials. Although the EU exports more to Nigeria than to any other ACP State, the volume of trade remains very low. In 2007, exports to Nigeria accounted for 0.7% of all EU exports, while imports from Nigeria amounted to 0.7% of the EU total. Moreover, although Nigeria is the

23 Source: Eurostat (Comext, Statistical regime 4), TRAD. EU-27 imports from Nigeria in 2007 consisted of the following: Agricultural products: food & live animals incl. fish, beverages & tobacco, hides, raw skins & furskins, oil seeds & oleaginous fruits, natural rubber, cork & wood, silk, cotton, jute
largest economy in West Africa, officially recorded intra-regional trade also remains small, although there is anecdotal evidence of large-scale cross-border smuggling.

Non-oil (and gas) exports currently contribute only 2.1% to total export earnings (2007), with some 79% of this consisting of unprocessed agricultural produce (cocoa beans, rubber, fish & shrimps and cotton) and semi-manufactures (processed skins, cocoa products, textile yarns and wood products).

The slow development of officially recorded non-oil trade is partly due to high levels of effective protection on certain products, including a number of import bans and ad hoc non-tariff barriers. These restrictions have been the subject of intensive discussions between the EU and Nigeria as the EU considers that they contravene Nigeria’s obligations under the World Trade Organisation (WTO): the EU presented a formal complaint to the Council for Trade in Goods on 15 July 2005. Obstacles to the development of a viable and diversified export industry include a poorly maintained infrastructure and erratic energy supplies, which increase production costs beyond competitive levels, while the trade regime itself is subject to numerous bureaucratic bottlenecks that inhibit the movement of goods.

While Nigeria’s exports of services are still very small in relation to its oil exports, their growth in dollar terms has been impressive in recent years. They rose to US$6.26 billion in 2007 as compared with US$3.24 billion in 2005. Expressed as a proportion of visible exports, their share rose from 6% to 9% in this period. However, the 93% increase in services exports was swamped by the 122% increase in services imports over the same period, from US$6.44 billion to US$14.3 billion\textsuperscript{24}. The huge level of inward remittances from the Nigerian diaspora (US$17.9 billion in 2007) more than compensated for this.

Nigeria’s trade policy is at a crossroads. Historically, the country has had a very restrictive import regime. Yet, in the NEEDS-2 document, Nigeria identified deeper trade integration as a means to foster economic growth and alleviate poverty. Moreover, Nigeria has reduced tariffs in the context of the ECOWAS common external tariff, within ECOWAS, trade regulations are under review and modernisation programmes for Customs services have been launched. Nigeria is committed to the ECOWAS integration process, and more particularly to ECOWAS reforms leading to the creation of a West Africa common market. Nigeria is also negotiating an Economic Partnership Agreement with the EU, within the ECOWAS grouping. Finally, Nigeria is committed to the negotiation of the Doha Round at the WTO, and is in this respect a member of the G-20 and G-99.

In the framework of \textbf{regional economic integration under the ECOWAS} programme, the Federal Government remains officially committed to the establishment of a regional customs union. It has recently published the 2008-2012 Customs & Excise Tariff Book, which contains five tariff levels (0, 5%, 10%, 20% and 35%) at the HS 10 digit level. With the more flexible position now being demonstrated by Nigeria, the prospects for the adoption of an amended CET by all the ECOWAS members remain positive. In addition, Nigeria has reportedly reduced the number of its import and export prohibitions. Nigeria is likewise impelled by the ECOWAS reforms towards the creation of a common market, through the

\textsuperscript{24} Balance of payments compilation from 2007 CBN Annual Report. The major export/import services are listed as: transport (incl. freight, passenger, other), travel (business and personal), other business services, miscellaneous business, professional and technical services.
free movement of goods, services, persons and capital. These reforms represent both opportunities for the competitiveness of non-oil sectors and challenges in terms of implementation. More particularly, ECOWAS reforms concern: trade facilitation, sanitary and phytosanitary measures, competition policy, fiscal policies. Nigeria is also committed to the creation of the second monetary zone within ECOWAS.

As the regional negotiations did not conclude by the end of the WTO waiver to the Cotonou agreement trade regime, Nigeria-EU trade relations are covered by the Generalised System of Preferences (GSP). However, Nigeria and the EU remain committed to the negotiation and conclusion of an ECOWAS-EU Economic Partnership Agreement, by mid-2009. The EPA represents opportunities for economic growth, economic governance, investment and competitiveness for non-oil productive sectors. It also entails challenges in terms of implementation of the different policies to be covered (trade facilitation, sanitary and phytosanitary measures, intellectual property rights and, eventually, services, investment, competition policy).

Towards the end of 2008 Nigeria made an application to benefit from the GSP+ regime as an interim measure until the EPA is concluded. The GSP+ regime is a governance instrument that rewards the ratification and implementation of 27 international conventions.

II.2.3 Social situation

The 2008 Human Development Report ranks Nigeria 154th out of 179 countries, with a Human Development Index (HDI) of 0.499, which places Nigeria in the low human development category. Nigeria must overcome an enormous challenge in order to achieve the MDGs. According to estimates for 2008, just over 64% of the population live on less than US$1.25 per day. Around 30% of children below the age of 5 are thought to be malnourished, with percentages reaching critical levels in several states. Net enrolment in primary education is estimated at about 68% and secondary enrolment is also low at about 27%. The under-five mortality rate remains one of the highest in the world at around 194 per 1000. Levels of immunisation are among the lowest in Africa. The global picture for MDGs is pessimistic and the country is currently off track in meeting its commitments.

Education and health. Nigeria is making efforts to meet the target for primary school enrolment and elimination of gender disparity at all levels of education. Commitments have also been made to continue increasing the adult literacy rate (in 2006: 71%, in comparison with 48.7% in 1990). After many years of neglect, the Federal Government has in recent years substantially increased its spending on health and education and this trend continues in the 2008 and 2009 Budgets, although significant amounts are left unspent at the end of each financial year. Since it remains unclear how much and how effectively the main providers of basic services, namely States and Local Governments, are spending their funds, it is not possible to determine with certainty how much progress Nigeria is actually making in these sectors. Statistics and evidence gathered from service users nevertheless point to the insufficiency of services on offer, in particular to the poor.

Nigerian high schools and universities are plagued by strikes, and standards are not very high. The syllabi tend to concentrate on general subjects rather than being oriented towards

the delivery of professional and technical skills. Chief executives in the private sector frequently complain about the difficulty they face in locally recruiting middle and junior managers, supervisory staff and skilled workmen, forcing many to recruit from abroad.

The problem is particularly acute at the technical/skilled labour level, especially in the construction industry and in engineering maintenance, including the power sector. Most of the public technical vocational schools are operated at state level but the training system suffers from a chronic lack of funding and weak management, despite the establishment of the Industrial Training Fund.

The country’s health system ranks 187th out of the 191 Member States of the World Health Organisation (WHO).26 It is estimated that the medical resources available cover only about 20% of the needs. Both the level and the quality of access vary substantially, with many areas in northern Nigeria facing particularly poor options. Regardless of financial status, high cost is considered the greatest barrier to access by users. Another reason may be that the expansion of local government areas (288 newly created since 1989) has not allowed this relatively young system (standardised only in 1976) to fulfil its vital functions, and there is a lack of clarity over the roles and functions of different tiers of government.

HIV prevalence in Nigeria is relatively high, with an estimated 3.5 million people (10% of the world’s total) being HIV positive. According to health surveys the HIV/AIDS prevalence rate is dropping, falling from 5.4% in 1999 to 4.4% in 2005. The Federal Government has now issued a medium-term HIV/AIDS control action plan that seeks both to provide free voluntary counselling and testing services, and to expand subsidised treatment facilities. Public knowledge about the disease is still very low and the stigmatisation of high-risk groups (sex workers, men who have sex with men) is a barrier to effective prevention and treatment27.

Polio. Nigeria is one of four countries (the others are Afghanistan, Pakistan and India) where polio remains endemic and is a threat to the global eradication initiative. In spite of increased efforts a major outbreak of 805 cases was reported in 2008, and a wild polio virus that was traceable back to Nigeria spilled over to affect thirteen other African countries.

Employment and gender equality. Over half of all Nigerians are employed in some form of agriculture, mostly in low-income, subsistence-level activities, and this sector accounts for some 70% of the official workforce. Employment in urban areas is focused in the large informal sector. There are no reliable figures on unemployment but it is estimated that approximately 80% of the productive population are self-employed and many of these could more properly be described as the disguised unemployed. Official figures for unemployment have ranged between 5.3% and 12% in recent years. Employment in the formal sector has declined due to Nigeria’s civil service reforms and retrenchment of government personnel.

Some studies suggest that the participation of women in the Nigerian labour market has increased markedly since the 1970s, for some age groups by more than 20%. Women with secondary education stand a better chance of employment in the civil service than in the

26 WHO 2000 Report: ranking of the world’s health systems (2000 is the last year for which a ranking table was produced).
27 The creation of the National AIDS Control Agency (NACA) and State AIDS Control Agencies (SACAs) are steps in the right direction, but the challenge now is for Federal and State Governments to fund adequately these institutions and their work.
private sector, while those who complete primary school focus on self-employed trading professions. Slightly less than half of all women are estimated to engage in economic activities, while three quarters of all men do.

Effective promotion of gender equality\textsuperscript{28} is hampered by both the inadequate enabling legislation and poor implementation of provisions. The Minister of Women’s Affairs and some non-governmental organisations (NGOs) have recently initiated a process to codify the customary and religious laws that discriminate against women, in order to provide a framework for the removal of those provisions that are inconsistent with the non-discriminatory spirit of the constitution and with international conventions. If enacted these and other measures may face slow implementation, not only because the legislation process at federal level has to be followed by a comparable process in each of the 36 States but also because the judiciary lacks the means to ensure effective implementation of the law. At present, the opportunities to compensate for these shortfalls, for example, through affirmative action in the political sphere, are not yet fully exploited. Thus, in early 2007, Nigeria’s national chambers recorded the lowest percentage of female representation on the African continent. The situation has not improved significantly under the current administration.

Migration. Nigeria is a major source of both legal and illegal migration to Europe and elsewhere. An indication of the importance of Nigerian emigration to Europe alone are the 186,000 visas issued in 2007, mostly by the United Kingdom. When account is taken of the significant numbers leaving the country illegally each year by diverse routes and means, the magnitude of the problem becomes apparent. The causes of emigration from Nigeria are varied if obvious, and include insufficient employment opportunities to absorb the rapidly growing labour force; markedly uneven income disparities; inadequate educational facilities; and general disillusionment with the socio-political environment. The lure of a much better life in Europe and America, as portrayed on television and in films, is also a powerful factor.

The Federal Government initiated a more comprehensive approach to migration in 2007 when an Inter-ministerial Committee drafted a National Policy on Migration. This covered a wide range of issues including relations with the diaspora; the processing of remittances; discouragement of the brain drain; restrictions on irregular movements and their national security implications; the control of migrant smuggling and human trafficking; and the revision of procedures for facilitating the return, readmission and reintegration of emigrants. However, the draft is yet to be formally endorsed by the Federal Executive Council and Parliament.

Nigeria is aware of the great development potential of the Nigerian diaspora, not only in terms of remittances\textsuperscript{29}, but also in respect of lobbying activity abroad and the possible repatriation of technical expertise. Diaspora associations are supported and encouraged to take part in the debate about Nigeria’s own development strategy.

\subsection*{II.2.4 Environmental situation}

\textsuperscript{28} Gender inequality has an adverse impact on Nigeria’s development. Nigeria has one of the lowest female school enrolment rates in the world and low access to healthcare, leading to one of the highest maternal mortality rates in the world.

\textsuperscript{29} Aid disbursements by the major donors, including the EC, amounted to some US$881 million in 2007, that is equivalent to under 5\% of the remittances from the Nigerian diaspora (Annex 2).
Population growth, poverty and poor governance have created significant pressures on natural resources that explain the poor environmental indicators in Nigeria. Until recently, the oil industry was allowed to grow in the ecologically fragile Niger Delta region without proper environmental controls. The environmental challenges the country is currently facing are substantial and range from desertification and deforestation in the Sahel zone of the north to major oil spills and gas flaring in the south-east and severe air pollution and poor waste disposal in all of the large urban centres.

Environmental degradation and poverty in Nigeria are inextricably linked. Around 75% of the rural population depend on natural resources for their livelihood. They are vulnerable to environmental disasters and the coping mechanisms in place are inadequate. Soil erosion and infertility, deforestation, water scarcity, water pollution, biodiversity loss, and the impacts of oil and gas development, are primary areas of concern.

Considering the relatively high level of environmental degradation in Nigeria, funding for the environment and natural resource management remains low (only 0.3% of the federal budget in 2006). Historically, spending on environmental activities has always been low and there is currently no indication that the level of spending will increase, although some additional funds have been allocated for the environment from debt relief gains (1.5 billion Naira or about €10 million for 2006).

Nevertheless, the Government has been implementing a more proactive environment policy since 1999, the primary objectives of which are (i) to make a full inventory of Nigeria’s natural resources; (ii) to assess the level of environmental damage; and (iii) to design and implement restoration and rejuvenation measures aimed at halting further degradation of the environment. The policy currently focuses on five main areas of action: (i) controlling environmental and waste pollution in the cities and urban centres; (ii) fostering private sector participation in environmental protection; (iii) achieving international environmental control and monitoring standards; (iv) promoting the local manufacture of equipment and raw materials for environmental protection and conservation; and (v) complying with the international safety, health and environmental standards relating to specific industries and sectors of the economy. The practical results have been disappointing, however, as it has proved difficult to achieve political commitment while the weak managerial skills among both federal and state agencies have exacerbated the implementation problems.

Moreover, the massive amount of gas flaring alone contributes some 16.5 billion tons a year of CO₂ equivalent to global warming, through releasing greenhouse gases which directly contribute to climate change. The wastage factor is also of major economic significance — it has been estimated that Nigerian gas flaring is equivalent to some 40% of gas consumption in the entire African continent!

II.2.5 Poverty reduction analysis

Most of the latest data are from 2006. The statistical base remains unreliable despite some recent improvements, but official figures now place approximately 34% of the population or approximately 48 million people below the national poverty line. The 34% figure is a
significant increase compared to the data for the period 1989-94, which recorded 21% of the population living below the national poverty line.31

Some 64% of the population live below the extreme poverty line (income of less than $1.25 per day). Thus, after China and India, Nigeria is the country with the highest number of officially poor people in the world. There is also marked income inequality, which is hardly surprising given that the GDP per capita is US$ 1257 (2007).

Poverty and social indicators have a regional pattern. They are much worse in the north, including gender inequity. The likelihood of being poor is higher in rural (64%) than in urban areas (41%). However, female-headed households are, on average, less likely to be poor. Many of the women concerned are widows and their households are smaller than average and have higher educational attainments, both factors associated with higher expenditure levels. There are more poor people in the north than in the south. The average life expectancy is just over 46 years while infant mortality and maternal mortality are among the highest in the world. The net primary education enrolment rate is low at 68%, and only 64% of school-age girls attend primary school.

Nigeria will not meet the Millennium Development Goals (MDGs)32 unless current efforts are radically scaled up. Currently Nigeria is off target on three MDGs in particular: the eradication of extreme poverty and hunger, the reduction of child mortality and the improvement of maternal health. The percentage of poor people has increased by over 15% between 1993 and 2004, so that the goal of reducing the number of poor people to 25% of the population by 2015 is further off than ever. Malnutrition among children under five has slightly increased, with levels of malnutrition in the north of the country comparable to neighbouring Niger. This is of concern since Nigeria does not benefit from appropriate measures to prevent and treat malnutrition. Immunisation levels against measles have been increasing slowly (from 54% in 1990 to 62% in 2006 — still some way from the 100% target by 2015), and Nigeria remains one of only a few countries in the world where polio has not yet been eradicated. The proportion of births attended by skilled health personnel has increased only very slightly: from 30.8% in 1990 to 35% in 2005.

It is worth noting that under Nigeria’s constitution States and Local Governments are responsible for delivering the services relevant to MDGs.

The National Bureau of Statistics, the National Population Commission and the Millennium Development Goals offices are working to improve data availability but there remains a high degree of uncertainty affecting virtually all the data presented here. In certain sectors, incomplete data may still be leading to the underestimation of problems. In the water sector the use of figures on installed capacity, rather than survey data on functioning capacity, leads to an excessively optimistic view of Nigeria’s progress to achieve the water/sanitation millennium development goals.

**Table 2.1: Millennium Development Goals: Nigeria**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1993</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2015 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Proportion of population below $1 per day (%)</td>
<td>49.2</td>
<td>64.4</td>
<td></td>
<td></td>
<td></td>
<td>25</td>
</tr>
</tbody>
</table>

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31 UNDP 1999 Human Development Indices.
32 UN MDG Monitor.
2. Prevalence of underweight children (under five years of age) (%)  28.7  29  17.9
3. Under-five mortality rate per one thousand  194  191  76.6
4. Net enrolment ratio in primary education (%)  63.9  63  68  100
5. Primary Completion Rate (%)  72.4  73  75.6  100
6. Ratio (%) of girls to boys in:
   - primary education  0.82  0.83  0.83  100
   - secondary education  0.79  0.82
   - tertiary education  0.53  0.53  0.69
7. Proportion of births attended by skilled health personnel (%)  35.2  0.53  35
8. Proportion of 1 year old children immunised against measles (%)  40  45  53  62  62  90
9. HIV prevalence (% aged 15-24)  3.9
10. Proportion of population without sustainable access to an improved water source (%)  53  25


II.3. The policy agenda of Nigeria

II.3.1. Nigeria’s external policy

Nigeria’s external policy was revitalised following resumption of the democratic process in 1999. At the political level, Nigeria is an active member of ECOWAS and the African Union and has demonstrated its willingness to play a leading role both within the West Africa region and throughout the continent. In the region, Nigeria has been strongly committed to peacekeeping operations and mediation, and is taking part in important peace and security initiatives, such as the adoption of the ECOWAS Small Arms Convention (ECOSAP).

While the Government is fully supportive of regional economic integration, it has approached the Economic Partnership Agreement (EPA) negotiations within ECOWAS more cautiously. As regards the African Union, Nigeria is equally committed to peacekeeping initiatives elsewhere in the continent as it is in West Africa. A recent example is its involvement in the Darfur conflict.

Beyond Africa, Nigeria is a preeminent partner and interlocutor of all G8 countries. Nigeria is pursuing the possibility to become a permanent member of the UN Security Council under current proposals for the Council’s reform. The country is also pursuing new partnerships with the largest emerging economies, including China, India, and Brazil, with summit meetings held or planned for 2008. In these discussions, Nigeria is likely to seek increased inward investment and technology transfer. Relations with Russia are also active: already there are discussions with Gazprom on issues connected with Nigerian gas production, distribution, and transport to Europe (Trans-Saharan Gas Pipeline).

Nigeria is committed to an intensified dialogue and enhanced cooperation with the European Union (annual Ministerial Troikas) as well as to the AU-EU Partnership and the implementation of the initiatives envisaged therein.

In its relations with Europe, Nigeria is laying the foundation for bilateral partnerships, particularly with Germany, the UK, and France in the general area of energy cooperation. Summit meetings took place in 2008 with these countries.
The perception by Nigeria of the potential role of external development partners underwent some changes under the new administration. While the potential political impact of the donors was considered to be marginal until recently, a number of Ministers and State Governors are clearly expressing high expectations of the capacity of external development partners to assist the Government to implement its policies. The new positive approach should pave the way for more constructive dialogue between the donors and the Federal and State Governments, but it will be important to avoid any misunderstanding of the potential direct impact of external aid on poverty reduction, as aid resources are very small in relation to the size of the federal budget; they can only be used to leverage better use of Nigeria’s own resources.

II.3.2. Nigeria’s development strategy

Since 2004, Nigeria has a development strategy that informs the actions of the Federal Government. However, the situation became rather confused in 2008. New initiatives are being proposed which have not yet been translated into a national development plan that could be endorsed by all Nigerian stakeholders and external development partners as the basis for their operations.

During the previous administration Nigeria developed its strategy to support growth and to fight poverty: the National Economic Empowerment and Development Strategy (NEEDS-1, adopted in 2004). The second phase of this strategy (NEEDS-2, 2008-2011) was drawn up under the Obasanjo administration but has not been approved by the new administration. It lays out the overall strategy for economic growth and poverty reduction based on six key activity areas, namely (i) the development and effective utilisation of human capital and human resources; (ii) the development and maintenance of physical infrastructure; (iii) good governance and macroeconomic management; (iv) positive value orientation in education; (v) peace and security; and (vi) regional development. Fighting corruption and improving transparency and accountability also remain high priorities.

The Seven Point Agenda of President Yar’Adua, announced in 2007, gives another general direction to the activities of the Federal Government. It focuses on energy supply, peaceful settlement of the Niger Delta situation and the deepening of respect for the rule of law. While the priorities are clear, it nevertheless remains the case that the document has not yet been translated into a national development plan and merged with the NEEDS-2 draft, with the detailed programming of actions which that would entail.

The Government plans to articulate its development agenda in a three-pronged approach: first the Seven Point Agenda will give a short-term plan focusing on quick service delivery, secondly the Government has taken steps to prepare a national development plan (2009-2011) by September 2009, and finally a long-term vision will be developed at the same time, Vision 2020, which was formally launched in April 2008. The latter is intended to provide a comprehensive presentation of national priorities and to constitute a broad forum for discussion involving civil society, the private sector, the diaspora, and external aid partners.

Among the difficulties now facing the Government at both federal and state levels is the lack of data and the scarcity of monitoring capacity.

33 The Seven Point Agenda refers to policies for (1) the renewal of critical infrastructure, (2) the development of the Niger Delta, (3) enhanced food security, (4) improvements to land tenure and ownership, (5) the upgrading of national security and intelligence services, and (7) general policies for wealth creation.
In the energy sector, a **Nigerian Gas Master Plan** has been approved, with the focus on securing gas supply for the domestic market, both for direct use and as fuel for generating electricity.

New and more clearly defined policies have been developed in the area of public finance management and these have been incorporated into the Federal Fiscal Responsibility Act and the Public Procurement Act; in other areas of governance which are critical for the attainment of the MDGs, the situation is still unclear. For example, in sectors related to EC cooperation activities, the Water Bill was still pending at the end of 2008, while the National Health Bill was passed in December 2008.

**II.3.3. Peaceful settlement in the Niger Delta**

The new administration has singled out the peaceful settlement of the situation in the Niger Delta as one of the top priorities of the Federal Government. Despite the many initiatives at federal level in recent years, a detailed and comprehensive peace plan is yet to be designed and adopted by all the stakeholders. Nevertheless, a potentially important step has been made with the Government’s offer on 25 June 2009 of an amnesty to all militants in the Niger Delta.\(^{34}\)

The last two federal initiatives are likely to contribute to moving the peace process forward. In August 2008, a **technical committee** was established by the Government under a chairman from a civil society background in the Niger Delta, with the remit of examining all the studies and actions relating to the region which have been undertaken to date and proposing a synthesis. In the second place, a new **Ministry for the Niger Delta** has been created, with two State ministers with responsibilities respectively for infrastructure development and youth employment.

In addition, renewed efforts are being made to recover respect for the rule of law in the targeting of long-standing criminal activities such as oil bunkering and kidnapping. Greater efforts are also being made to control the smuggling of small arms.

On the economic front, the new administration has committed itself to full implementation of the 2007 Niger Delta Regional Development Master Plan, backed up by the development of a regional gas grid and improvements to the transport system financed on a public-private partnership basis.

**II.3.4. Viability of current policies and the medium-term challenges**

Within the overall policy framework, the most important challenge for the federal authorities in the near term is to build consensus around a national development plan, and to clarify the respective roles of the three tiers of government and the road map for delivery.

**External policies.** A major challenge is the need to change the negative image of the country abroad in order to attract foreign investors, foreign experts and tourists. Meeting this challenge is dependent on peaceful settlement of the Niger Delta situation, visible success in the fight against corruption and enhanced respect for the rule of law.

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\(^{34}\) The official amnesty programme runs for 60 days, from 6 August to 4 October 2009, but gunmen can give up their weapons at police stations before then and will not face prosecution.
Another challenge facing the authorities is to harness external aid to increase the effectiveness of the Nigerian national development effort.

Although Nigeria is a political leader in the West Africa region, and the implementing agency for regional projects — ECOWAS — is located in Abuja, Nigeria is not yet the engine of regional integration that would be required to make this a viable prospect. Nigeria’s trade regime continues to be highly protectionist through the imposition of non-tariff barriers, and this situation applies also to its regional partners, although some import bands have recently been removed. Progress towards the Economic Partnership Agreements was slow and, in Nigeria’s case, ultimately abortive. However, there are good prospects that Nigeria’s recent five-band 2008-2012 customs tariff can now form the basis of the ECOWAS common external tariff (CET). Moreover, Nigeria has upgraded several of its standards and technical regulations to comply with international standards and is working to increase awareness among its exporters of the sanitary and phytosanitary standards required by importing countries.

**Development strategy and sector policies.** The reforms undertaken at federal level to enhance macroeconomic stability and to improve the efficiency and transparency of public finance management seem potentially sustainable as currently operated through the existing financial institutions. The process of budget formulation has also been improved. This reform effort needs to spread to the lower tiers of government.

However, to deepen the reform process, Nigeria faces two main challenges. In the first place, there is still a need to achieve the practical implementation of policies without undermining respect for the rule of law. Secondly, it will be necessary to achieve widespread ‘domestication’ of the reform spirit at the lower tiers of government, which are responsible for spending almost half of all public funds.

As regards the first challenge, the strengthening of the rule of law is a critical factor in the successful deepening of the reforms both in terms of the clarity of the legislation itself and, more importantly, in terms of its practical implementation. At present, there is little confidence among the wider public that the judiciary and the police force are both capable and motivated to rectify injustices and to ensure that everyone is equal before the law. Progress in these two areas would create more possibilities for citizens to engage constructively with the State and help entrench the reform efforts.

The perception that Nigeria is a country which respects the rule of law will also be an important factor in promoting private enterprise, in creating jobs and in diversifying the economy beyond oil and gas. In the past, political favouritism often influenced Nigeria’s trade policy more than legitimate national interest. The privileges accorded to a few did not result in a strengthening of the economy overall and their ad hoc nature increased the level of uncertainty (and thus the costs) for all economic operators.

The success of the reform process will also depend importantly on the levels of efficiency in pivotal federal institutions and law enforcement agencies, such as the anti-corruption bodies and the public procurement office.

The second challenge to ensure the effectiveness of the reform process is to address these issues at state and local government levels as well as at the federal level. The State Governments control not only their own funds but also those of the Local Governments and it is these government levels which are closest to the poor and could make a substantial impact.
on poverty alleviation by becoming more efficient and transparent. Unfortunately, their track record on the whole has been disappointing.

The previous Federal administration placed the emphasis on leading by example and encouraging competition between States, as shown by the 2005 and 2006 SEEDS benchmarking exercise. This has helped to put the performance of the State Governments under greater public scrutiny, and such pressure for transparency can be exploited further. More direct and proactive engagement with Local Governments and service users may help to underpin the achievements of reform at federal level and provide the necessary political impetus to take the reform process further. The benchmarking process has slowed and there is a need for a renewed effort to share information, good practice and lessons among States.

The principal problem for the Federal Government is that reform initiated from above is difficult to impose at lower levels of government; it meets resistance and it takes more time than is available to produce tangible impacts. The Federal Government needs to approach reform differently, by building consensus around the reform agenda and encouraging voluntary commitment from State Governments.

### CHAPTER III: OVERVIEW OF PAST AND PRESENT EC COOPERATION, COMPLEMENTARITY AND CONSISTENCY

#### III.1. Overview of past and present EC cooperation and key lessons learned

**Overview of cooperation.** Nigeria joined the ACP group in 1976, and received increasing allocations: €50 million under the 5th EDF, €213.5 million and then €365 million under the 6th and 7th EDF respectively. In 1995, cooperation between Nigeria and the European Union was suspended following the killing of Ken Saro Wiwa. The suspension was lifted after the end of the Abacha regime and following the 1999 elections.

Regarding the 9th EDF, the 2002-2007 Country Strategy Paper (CSP) was signed on 16 July 2002. The total available for programming was about €552 million, including the €222 million initial allocation from the 9th EDF and about €350 million of unspent funds from previous EDF allocations. At that time, rising oil prices started to provide more resources for Nigerian governments to fund reform and development. However, corruption and mismanagement in the three tiers of government were identified as key reasons for the persistence of the high level of poverty and poor service delivery. The 9th EDF CSP did not initially provide substantial support for the reform efforts at federal level, although these were far from completion. Instead, the focus was put on governance reform at state level. The assessment was that without reform in the second tier of government the development opportunities afforded by the oil income were not likely to filter down sufficiently to serve the interests of the large majority of Nigerians. The 36 State Governments enjoy a high degree of autonomy, they manage nearly half of the public money (many have higher budgets than the average national government in sub-Saharan Africa), and they have also, together with the Local Governments, the main responsibility for the delivery of basic services.

The 9th EDF CSP also acknowledged that EC funds would have greater catalytic effect in improving the management of state government funds throughout the country if operations were concentrated in a limited number of States. Hence, in agreement with the Federal
Government it was decided to select six focal States, one in each geographical zone. At the same time, two focal sectors were agreed: (1) water and sanitation, and (2) state and local institutional and economic reforms, with non-focal engagements in micro-projects in the Niger Delta and immunisation programmes. In a first phase, the 9th EDF CSP provided for institutional strengthening, improvements in the management of public finances and service delivery, particularly but not exclusively in the water and sanitation sector. This was designed to be followed by the provision of budget support to those state governments that had succeeded in creating adequate financial control systems to ensure that funds would be used efficiently.

By the time of the Mid-Term Review (MTR) in 2004 it was clear that while reforms at state level were being addressed, progress was insufficient to allow budget support. At the same time, major reforms at the federal level were proceeding and required external support, justifying a broadening of the CSP/NIP strategy. It was therefore decided to support the States through a reduced amount of project funding (i.e. no budget support) and to align the programme with federal initiatives aimed at creating greater performance in the States. As a result four out of the six focal States were replaced, on the basis of the 2005 State benchmarking exercise. It was also decided to reduce support to focal sector 1 (water and sanitation), and to increase support to crucial initiatives in the (non-focal) health sector (immunisation and polio eradication).

The 2006 End-of-Term Review (ETR) reconfirmed the overall strategy but realigned financial allocations (see Table 3.1). This became necessary as a result of the disappointing performance in focal sector 1 (water and sanitation), where the poor implementation of national policy necessitated a reduction of almost 60% of the allocation originally planned. However, the reduction in Nigeria’s overall envelope was limited as the outturn in focal sector 2 (state and local institutional and economic reforms) was satisfactory, as was that of the non-focal sectors, where programmes to promote community development in the Niger Delta were successful and where support for immunisation (both routine and polio) was and remains vital.

Table 3.1 CSP/NIP Nigeria: change of allocation during the period 2002-2006 (amounts in € million)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Focal sector 1: Water and sanitation</td>
<td>230.0</td>
<td>150.0</td>
<td>87.0</td>
</tr>
<tr>
<td>Focal sector 2: Institutional and economic reform</td>
<td>220.0</td>
<td>215.0</td>
<td>238.5</td>
</tr>
<tr>
<td>Non-focal sectors:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sector (a): Health (immunisation and polio)</td>
<td>64.5</td>
<td>110.0</td>
<td>60.9*</td>
</tr>
<tr>
<td>Sector (b) to (e) plus reserve: human rights, capacity building, elections, micro-projects MPP9, etc.</td>
<td>37.5</td>
<td>77.0</td>
<td>90.8</td>
</tr>
<tr>
<td>Total:</td>
<td><strong>552.0</strong></td>
<td><strong>552.0</strong></td>
<td><strong>477.2</strong>*</td>
</tr>
</tbody>
</table>


(*) Figures exclude €83.9 million funds committed from the 7th EDF.

Lessons learned. The period of the current 9th EDF CSP has been hallmarked first by a significant improvement in EC-Nigeria cooperation and then by a slowdown linked to the limited absorption capacity. The data below demonstrate the difficulty of re-establishing
working relations after a prolonged suspension. The peak of disbursement in 2005-2006 was due to the implementation of the census support programme, the biggest project financed under the 9th EDF with a total budget of €116 million.

A fundamental lesson to be drawn from the 2002-2007 CSP is the need to pay increased attention to the variations in the pace of reform at different levels of government and among the different States the EC is working with.

The experience has been of major reforms in some areas at federal level, limited reform in some of the 36 States, and little progress at local government level. However, it is the lower levels of government that are to deliver most Millennium Development Goal-oriented services (primary healthcare, primary education, rural water supply, feeder roads). Governance support at the state and local government level is more difficult to deliver mainly because of weak capacity, which progressively diminishes in lower tiers of government. It is even non-existent in some local governments, but without significant improvements here, the reforms at the federal level will not be sustained. This interdependence between the three tiers of government will need to be taken into account in the EC’s future cooperation efforts.

The experience in working at state level, particularly in the 6 focal States, shows that the pace of and interest in reform and service delivery improvement varies widely between States and certainly depends on the political commitment of the highest authority in the State. In the area of water and sanitation, one of the focal States showed a lack of willingness to provide its financial counterpart to the project. In another State much more would had been achieved with more EC financial resources due to the high motivation of the state authorities. Based on that experience, the EC will in its future cooperation take into account the need to have a political dialogue at state level in order to raise the awareness of the highest state authorities and to develop a differentiated approach for each State.

The importance of donor involvement in direct service delivery has also been demonstrated, for example in the immunisation programme, where development partners’ knowledge of operations was a significant factor in changing the direction of the programme for the better. The micro-projects in the Niger Delta are also an example of how direct service delivery can be an avenue for better governance: the success of the micro-projects did on some occasions create local pressure for governments to improve on their own performance. Involvement at federal and state levels remains critical for sustainability and the replication of good practice.
Another lesson is that the design and start-up of projects and programmes financed under the 9th EDF proved to be far slower than intended and almost all programmes started their effective implementation only late into the programming period. Many of the constraints identified earlier will endure for a considerable time. The scale of the problems in Nigeria is large and requires large and long-term programmes for cooperation to make a noticeable impact. Making this possible will require the Nigerian authorities to provide the National Authorising Officer’s (NAO) and State Authorising Officer’s (SAO) offices with the necessary resources and continuity to oversee programme management. The EC will need to continue providing technical and procedural assistance in this area.

Another issue is the weakness of private sector management, particularly in small and medium-sized enterprises, when it comes to the implementation of consultancy assignments and public works at state level. This weakness is compounded by the lack of public procurement and contracting skills on the part of the authorising agencies.

Another important lesson is that the two major 9th EDF projects implemented at state level are facing two key issues. On the one hand there is the difficulty of working simultaneously in six States spread around the country, while on the other hand there is the need to overcome the deep mistrust and antagonism between the federal and state-level authorities. Concerning the first point, future EC cooperation will adopt a cautious approach in changing or extending focal States, and will also explore the possibility of greater cooperation with other donors in the division of labour in focal States. Concerning the second point, mistrust hampers the programmes by blocking the implementation of cost-sharing formulas as the federal authorities tend to be reluctant to deliver their counterpart funding to the State. Great care must then be devoted not only to the determination of the counterpart budgets but also to the disbursement process.

III.2 Focal sectors

III.2.1. Focal sector 1: Water and sanitation

Water and sanitation was the key focal sector of EC cooperation with Nigeria in the 9th EDF CSP (allocation €230 million) but the progress of implementation has been too slow.

It is unlikely that the programme will be able to make up for the delay since the federal and state policy framework in which it operates is weak. Despite the existence of a National Water Policy, the adoption of the legal framework for a Water Bill had been pending for about two years as of the end of 2008. The data available on access to water are controversial and vary from 30% to 65%, with an MDGs target of 70%, but what is not controversial is that a major challenge remains in that area. The reason for the wide disparity in the estimates is probably the erroneous inclusion by some sources of non-working installations. A large proportion of boreholes and other sources of water are dysfunctional. The tendency to focus on investments made rather than benefits achieved is problematic and points to a still common problem: the preference for regarding expenditure as a proxy for service delivery.

In spending terms, water is a key priority for the Federal Government, with an allocation of 10% of the federal budget to the sector every year between 2003 and 2007. There is without doubt a need for substantial investments in the water and sanitation sector but the current inadequacy of the institutional structure poses many risks to sustainable investment. In 2007 the Federal Ministry was unable to spend a significant part of its budget. The National Water
Supply and Sanitation Policy (NWSSP) limits the role of the federal line ministries to policy and coordination work, leaving implementation work to State and Local Governments.

Despite these shortcomings, it is recognised that the original objectives for engaging in this sector remain valid. The provision of water and sanitation particularly affects the quality of life of rural women, including the possibility of school attendance for girls. Cross-cutting issues such as the environment and gender equality continue to be considered during project implementation, which is currently programmed to continue well into the 10th EDF period, until 2010/2011.

### III.2.2. Focal sector 2: Institutional and economic reform

In 2006-2007 Nigeria had a much more informed and detailed debate about the performance of State Governments than in 2002. This was partly due to the introduction of the State Economic and Empowerment Development Strategy (SEEDS) in 2004, which included a benchmarking exercise by which the States are now ranked in terms of the development impact of their policies and their track record in managing finances, consulting citizens and delivering services. Although the benchmarking process has delayed support to institutional and economic reforms in six States, it has successfully promoted the objectives of the programme nationwide.

The EC has switched its focal States to those with higher SEEDS scores in recognition of their commitment to reforms. Project implementation in the States began in 2005 and support for reforming institutions at state level is scheduled to continue well into the 10th EDF, until 2011. It is hoped that by this time significant progress will have been made in the utilisation of government and donor funds to improve the delivery of services.

Funds that could not be spent usefully at state level were reallocated to maintain the speed of reform at federal level. Here, a conscious decision was taken to support the Federal Government with politically delicate projects which were critical to the modernisation of the country as a whole. The national population census was one such project. This took place in 2006 and international observers judged that coverage was significantly improved as compared with the 1991 census. There was widespread doubt at the time regarding the possibility of an unbiased count, as the political influence of the various regions depended to some extent on the result, as did the organisation of the 2007 elections. Apart from the obvious need for data and statistics, the fact that a credible census could otherwise not be organised on time threatened to undermine confidence in Nigeria’s democratic reforms process. Funding to support the Economic and Financial Crimes Commission (EFCC) was approved in 2005 and despite the political controversy surrounding its activities, there is little doubt that this institution has made corruption a more risky undertaking by exposing a large number of cases and even bringing some limited prosecutions.

With the End-of-Term Review in 2006, this sector allocation was slightly increased to €238.5 million, all of which was committed by mid-2007. In particular, the funding of activities for state-level reforms will continue for several years to come and will need to be deepened under the 10th EDF.
III.3. Projects and programmes outside focal sectors

Non-focal support has increased substantially, mainly to take account of the importance of Nigeria’s progress in tackling polio to achieve global polio eradication, and to support the critical reforms and decentralisation of the ongoing immunisation programme.

Funding was provided for the first time under the 9th EDF to support capacity-building actions among civil society organisations and a programme to further enhance the policy advocacy capability of civil society organisations started in 2007.

A further important initiative is the continuation and expansion of the micro-project approach in the troubled Niger Delta Region. Initially, there was some doubt as to the willingness of communities to work together constructively in that tense and conflict-ridden region. However, the actual outturn has been positive. Up to the present, more than 1500 micro-projects have been implemented. For each of these projects, local communities provided 25% of the cost and the approach is now being replicated widely. Some three million people have directly benefited from the projects, with women accounting for more than half of the beneficiaries.

The increase in economic activities, the reduction in the time taken to fetch water and the provision of more adequate primary health facilities have clearly contributed to reducing tension in this volatile region. Apart from the tangible infrastructure improvements, the growth in community participation and the boost these projects have provided to the efficient functioning of civil society organisations have been particularly valuable in development terms. Beneficiaries report that the cooperation required to obtain and implement a micro-project has fostered unity in communities that hitherto were often characterised by significant rifts between the generations. Although the projects had little direct link to the local government structure, the requirement to publish the cost of each project on a clearly visible signboard has led to increased local scrutiny and comparison of the cost of similar bridges or health centres constructed by the Local Government or by other providers.

Using 9th EDF funds, a new micro-project programme is expected to continue this important work to strengthen communities in the Niger Delta at least until 2011. During this period, the programme will explore opportunities to broaden its impact on and cooperation with Local Governments. Additional importance will be given to youth involvement in construction and other productive activities.

III.4. Use of the ‘B’ allocation

The ‘B’ allocation was not used.

III.5. Other instruments

Projects financed under budget lines. By 2008, some 40 projects were being implemented by non-state actors with funds from various budget lines. Most of these projects promote respect for human rights, for example by providing advocacy training to various groups lobbying for human rights protection, raising awareness of widows’ rights through the media and direct action, and supporting the provision of legal aid to those otherwise unable to afford it. Several projects also supplement the work on public finance management carried out under
focal sector 2, through the development of systems for local communities to monitor budget implementation, for the mainstreaming of gender development in the budget process and for training of journalists to sharpen their reporting on the (mis)use of public funds. A smaller number of projects aim to improve water governance and public health.

**Regional cooperation.** In addition to the funds available to Nigeria under the national allocation, a few regional projects were also operating in Nigeria such as the Programme to Control Epizootic Diseases (PACE).

Although Nigeria is a key player in the West Africa region and needs support and encouragement to promote regional integration, no specific activity has been planned in Nigeria under the 9th EDF in that area.

**Cooperation with the European Investment Bank.** After a gap of eight years, the European Investment Bank (EIB) restarted its operations in Nigeria in 2001, providing long-term loans and equity to fund small and medium-term investments in industry, agro industry, mining, tourism and related services. In 2003 a loan of €50 million was granted to Econet Wireless Nigeria (EWN) for the construction and operation of a GSM mobile telephone network in Nigeria, under licence from the Nigerian Communications Commission. In 2004 a global loan was signed with six local banks for a total amount of €50m and targeted at financing small and medium enterprises. In 2005, a financing facility, comprising a loan of US$40m (€33m) under the Investment Facility and a US$110m (€90m) loan under the EIB’s own resources, was granted for the construction and operation of a cement factory in central Nigeria (Obajana Cement Factory) owned by Dangote. In 2006, the EIB signed a €50m loan facility (€15m of which qualifying as tier II capital) to support the development of First Bank of Nigeria, a leading local bank. Furthermore, the EIB is also active in Nigeria through two venture capital funds: (i) since 2003, a US$10m (€7m) stake in Aureos West Africa, a regional fund headquartered in Lagos and (ii) since 2005, a US$15m (€11m) participation in CAPE II, and a USD 42m (€30m in CAPE III in 2009, a mid-cap fund sponsored by African Capital Alliance, a leading indigenous venture capitalist. In 2007 the EIB signed a €50m line of credit with Intercontinental Bank. The facility aims at supporting private small and medium sized projects in the health and education sectors.

**III.6 Information on the programmes of the Member States and other donors (complementarity)**

Following the 2003 elections a concerted shift to support the reform efforts initiated at federal level was undertaken by both the bilateral (DFID, USAID, CIDA) and the multilateral donors (World Bank, EC, UNDP and African Development Bank). All donors are using a project implementation approach in their development programmes. The total amount of disbursement for the main donors was about US$770 million in 2007, equivalent to less than 2% of public expenditure and less than 1% of GDP. Donors plan to increase their effort in the coming years and to reach a disbursement level of US$1.6 billion by 2010.

Within the EU, only the UK and the EC (EDF) have a comprehensive strategy and a high annual disbursement rate. However, the Netherlands, Germany, France and Italy have some significant activities. The Agence Française de Développement has recently opened an office in Abuja and plans soon to deliver substantial loans. A mapping of EU cooperation was
undertaken in April 2008 within the framework of the EU Code of Conduct and is regularly updated.

The **World Bank and the UK (DFID)** drew up a common country partnership strategy in 2005 and will renew it in 2009. USAID and the African Development Bank (AfDB) are also planning to share this strategy. The strategy focuses on governance issues, service delivery, private sector development and investment. It also envisages concentration on governance and service delivery activities in a limited number of ‘lead States’. The main donors (WB, DFID, EC, USAID, AfDB, UNDP, CIDA, Japan and now Agence Française de Développement) are developing a common approach vis-à-vis the Federal Government (Ministry of Finance and Ministry of Planning). A Nigeria Development Partnership Framework based on the Paris Declaration may be signed during the first half of 2009.

**DFID** has sharply increased its allocation during the last four years, from an annual disbursement of US$43 million in 2004 to about US$150 million in 2007. This is projected to rise to US$200 million by 2010\(^\text{35}\). About 64% of the available funds are being allocated in the human development area, mainly in the health and HIV/AIDS sector (51%) but also in education (10%) and water and sanitation (3%). Some 36% is being allocated to the reform process at federal and state level. The DFID approach is to assist in tackling the three major constraints to achieving the MDGs in Nigeria, namely the mismanagement of oil revenues, the weakness of formal accountability mechanisms and the lack of development in the non-oil sectors. DFID programmes will relate most closely to governance, like the EC, and will cover accountability, continuing to work in justice and security as well as in the area of deepening democracy.

**USAID** currently disburses approximately US$250 million a year, with a sharp increase during the last two years. This focuses on four areas in a selected number of States, namely: (i) Strengthened foundations for democratic governance; (ii) Improved livelihoods in selected areas; (iii) Increased use of social sector services; and (iv) Reduced impact of HIV/AIDS in selected States. The PEPFAR initiative is providing a huge additional amount in the area of HIV/AIDS (about US$200 million in 2008).

**UNDP** spends an annual average of US$18 million from its own resources and is mainly present in democratic governance (through an election project co-financed by the EC), in the census project (with UNFPA and the EC) and is involved in the Niger Delta issues through a programme of support to the Vice Presidency and through a joint project with oil companies. To a lesser extent, it is also involved with democratic governance. The UNDP set up a joint framework under the UN system for all UN agencies working in Nigeria (UNDAF 2009-2011). The UNDP has also adopted the principle of concentration in focal States and 6 of them were selected in 2008.

**African Development Bank (AfDB)** cooperation focuses on two major areas: (i) the development of human capital through improved delivery of education (technical and tertiary) and health services and (ii) the stimulation of non-oil growth through enhanced infrastructure and agricultural/rural development.

\(^{35}\) March 2009 exchange rate.
From the EU, apart from the UK (DFID), Germany’s GTZ is supporting the private sector (small enterprises in Niger and Nassarawa States), and the health and gender equality area. It disbursed €4.3 million in 2007. The Netherlands is supporting health, good governance and civil society development and spent €5.8 million in 2006. France is supporting education, culture diversity and governance with a total disbursement in 2006 of €2.8 million. Italy is working in the area of migration and human trafficking and spent €2.7 million in 2006.

Among the other donors, Canada (CIDA) is active in the areas of governance reform, the promotion of equitable gender relations, environmental protection and the development of the health sector. Japan (JICA) is active in the water and sanitation sector.

### III.7 Coordination with other EU policies

Higher education and mobility continue to be very relevant in the context of EU-Nigeria relations and complement directly and indirectly a range of other EU policy areas outlined below. Cooperation in higher education and mobility should continue to be supported through the the EC’s Erasmus Mundus, Nyerere and Edulink programmes. Under these programmes Nigerian students and academic staff can be expected to continue benefitting from retraining periods abroad and projects supporting the quality of education and in sectors where it is urgent to retain well educated professionals (doctors, nurses, teachers, engineers) and to develop the country’s research capacity for development.

Following the political dialogue, five of the twelve EC policies set out in the Policy Coherence for Development strategy have been identified as having particular relevance for Nigeria. These are the policies on trade, the environment, climate change, migration, and energy. All of these are included in the eight areas of the AU-EU Lisbon agenda, and none of them were addressed under the 9th EDF programming. They will be taken into consideration as far as possible for the future programming.

**Trade.** One of the main objectives of EC development policy is to facilitate the smooth integration of developing countries into the world economy. The EU trade policy is a powerful tool in this respect. The EC believes that trade is a powerful engine for economic growth. While trade alone cannot solve development problems, openness to trade and support for supply capacity are important elements in a coherent development strategy.

To facilitate the integration of ACP countries into the world economy, the EU has taken a number of initiatives. The EC has been a major proponent in making development the key issue at the WTO negotiations and it has since been active in seeking a successful outcome of the Doha Development Agenda.

The Economic Partnership Agreements are conceived as long-term partnerships based on a comprehensive approach to development. In this context the EC intends to maximise the trade and investment opportunities for development. Moreover, the EU is developing an aid for trade agenda financed by the EDF and additional resources from EU Member States.

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36 The twelve EC policies that are part of Policy Coherence for Development are: trade, the environment, climate change, security, agriculture, fisheries, the social dimension of globalisation, including employment and decent work, migration, research, the information society, transport and energy.
The EC also offers the GSP + system to those countries that comply with 27 international conventions. This tool implies a coherent approach between trade and governance.

**Human rights.** EU development assistance to Nigeria, whether through the EDF or budget lines, is aimed at promoting the rule of law, contributing to the creation of a stable political environment and generating viable economic opportunities for Nigerians within a viable framework for the protection of human rights. There is a well-developed media industry in Nigeria with substantial degrees of press freedom. Abuses by the police and the judiciary are commonly reported, but remedial action by the authorities, especially at state level, is usually slow and ineffectual because of powerful vested interests. The reforms proposed in 2006 by the Presidential Commission on Police Reform have not been fully implemented and the level of investigative competence in the centralised police force remains low.

Efforts have been made since 1999 to stop the rampant abuse of human rights that prevailed under the military regime. The abrogation of arbitrary military decrees, the release of political prisoners and increased press freedom have brought tangible benefits. However, the mindset of the military era still persists in other areas and much remains to be done to stop arbitrary police violence/killings, prevent wrongful imprisonment, improve inhumane prison conditions and address the lack of protection for vulnerable groups. In the Niger Delta the underlying causes of violence have not been addressed adequately and security there is still deteriorating. Moreover in several States of northern Nigeria the application of aspects of the Sharia penal code remains controversial and throughout the country candidates on death row are uncertain about the functioning of the presidential moratorium on executions.

**Environment.** EC policy targets environmental degradation and encourages developing countries to adopt standards which are close to EU standards. Few donors have been active so far in the environment area but the need for support is great, particularly in the Niger Delta. An environment policy support programme for Nigeria would be highly relevant and should include components on capacity building, the clarification of the regulatory framework and field activities.

**Climate change.** The EC plays a leading role in the international efforts to contain climate change resulting from global warming and proposes establishing a Global Climate Change Alliance. Nigeria is concerned both as a victim of and as a contributor to global warming. As a victim, Nigeria is suffering desertification and is potentially exposed to rising seawater levels in the coastal regions. On the other hand, Nigeria is one of the major producers of greenhouse gases in Africa with its gas flaring practices. Nigeria flares as much as 75% of the gas it produces and this represents a pollution equivalent to 45 million tones of CO₂ per day. In this connection, the EC appreciates the commitment of the Nigerian authorities to put an end to gas flaring, although the indicative deadline of 2008 will not be met.

**Migration.** The EC is promoting migration for development. The Federal Government has participated in recent EU initiatives on migration, such as the Euro-Africa Conference in Rabat in 2006 and in the follow-up meeting in Madrid in 2007. There has also been a political dialogue with the EU within the framework of Article 13 of the Cotonou Agreement which included migration on the agenda, particularly in Ljubljana in May 2008 and in Prague in June 2009. A dedicated dialogue on migration and development took place in Abuja in June 2009. While the Nigerian diaspora remits significant foreign exchange, it is recognised that the ‘brain drain’ effect of legal emigration can have serious consequences in the medium term.
for the development of the professional class in Nigeria. On the other hand, Nigeria has encouraged the immigration of skilled labour from neighbouring countries to meet its skills shortfall at that level, especially in the construction industry and in the maintenance of energy installations.

**Energy.** The EC has a policy based on securing supplies, reducing production costs, increasing the use of renewable energies (Agenda 2020 targets 20% of all Nigerian energy consumption to come from renewable sources by 2020) and encouraging transparency in the energy industry (through support for the Extractive Industries Transparency Initiative — EITI). Energy is an important factor in the EU-Nigeria relationship as the EU is a major consumer of Nigerian oil and gas exports (around 20% of the crude oil and 80% of the gas) and a major current and potential investor in the industry. Nigeria has a key role to play in the finalisation and implementation of the Trans-Sahara Gas Pipeline, which should offer an alternative supply route to the EU. Nigeria’s major expectations from the dialogue relate to its need (i) to increase electric power generation and distribution, (ii) to fully implement the Nigeria Gas Master Plan, with its focus on domestic gas distribution, (iii) to facilitate the transfer of technology and (iv) to achieve the peaceful settlement of the conflict in the Niger Delta, which currently undermines stability in the region and reduces Nigeria’s production capacity.

Energy was not part of the 9th EDF programming and only came on the agenda during the political dialogue in 2008. Nevertheless, the EC has been paying attention to the situation in the Niger Delta with the implementation of three important micro-projects programmes running from 2003 to 2011. The European Investment Bank is also prepared to support energy projects in the area of power supply. The energy sector and the Niger Delta should become the focus for increased attention over the coming years. Areas of cooperation could cover technical level support, the environmental dimension, with a view to repairing and avoiding some of the damage caused by inadequate controls on oil extraction in the Niger Delta, and the development of renewable energy.

On the last point, the attention devoted in Nigeria to the development of renewable energy resources has been minimal up to the present, although a hydroelectric power project is due to come on stream soon on the Mambilla Plateau in the north-east of the country. The development of non-hydrocarbon energy supplies may now be given greater prominence as part of the general policy of economic diversification to reduce oil dependency and it could be a solution to the problem of transmitting power to isolated areas.

At the EU level, some Member States are developing their own bilateral partnership on energy with Nigeria (cf. the agreement signed on 12 June 2008 with France, the agreement signed on 19 August with Germany, and ongoing discussions with the United Kingdom). Consistency and complementarities should be ensured through an EU-Nigeria dialogue on energy and specific EDF cooperation activities together with the involvement of the European Investment Bank.

**III.8 The state of the partnership with Nigeria and progress towards harmonisation**

The state of the partnership has to be viewed in terms of the relations with the National Authorising Officer, the State Authorising Officers, non-state actors and other donors.
The dialogue between the EC Delegation and the offices of the National Authorising Officer (NAO), who is the Minister of Planning, and the Deputy Chairman of the National Planning Commission (NPC), is constructive, cordial and frank. The NPC commends EU-Nigeria cooperation and the Cotonou Agreement as a model for donor cooperation as it provides certainty and a real element of Nigerian ownership with the inclusion of the co-decision mechanism, despite some cumbersome procedures. Regular monthly technical meetings take place to solve project planning and implementation issues. However, within the positive picture there is room for improvement in some aspects of aid management, such as timely reporting and the preparation of the joint annual operational review.

Both parties share a common concern to enhance the efficiency of cooperation. At the end of 2008 about 45% of the 9th EDF still remained to be disbursed. The annual average disbursement rate of about €50 million per year needs to be doubled in order to complete the 9th EDF and to implement the 10th EDF in a reasonable timeframe. Difficulties arise from the absence of a budget support mechanism, from the need to work with autonomous States and from the sheer size of the country. More specific attention will be paid to supporting capacity building within the National Planning Commission, not only for better implementation of the EDF but also to achieve enhanced management for all external aid in accordance with the Paris Declaration on Aid Effectiveness. Another way of improving efficiency in respect of EDF disbursements will be to encourage greater division of labour with other development partners.

Relationships with State Authorising Officers are generally good, although it has taken considerable time to establish mutual confidence and understanding. Owing to the high degree of autonomy enjoyed by the States and the need to work at state level to support the attainment of the MDGs, there is clearly a need to have a timely and effective dialogue with the state authorities. Based on a sub-delegation given by the NAO there is a need to develop state ownership and to enhance capacity building with the state administrations and especially within the offices of the State Authorising Officers. These concerns will be taken into account in the political dialogue and in project and programme design. To ensure a reasonable impact and to respect project management capacity constraints, EDF activities need to be concentrated in a limited number of States. The current number of 6 focal States seems a maximum until such time as those States have demonstrated significant and sustainable progress in terms of their own project management capacity.

Partnership with non-state actors — mainly civil society organisations, local authorities and communities — is very good. Significant results have been achieved through the setting-up of umbrella organisations at state level and through the involvement of NSAs in the programming exercise and the annual reviews. A project to support the activities of non-state actors, with a budget of €20 million, is being implemented and should help to reinforce that partnership.

Under the 9th EDF, considerable progress was made in coordinating and harmonising the use of EC funds with those of other donors. Activities such as the population census, immunisation, the rural component of the water project, the anti-corruption project and support for the election process have been carried out through joint mechanisms with UN agencies. Contribution agreements with UN agencies accounts for about half of the 9th EDF resources. Although the picture is generally positive, issues which remain to be addressed include risk of lack of visibility and lack of counterpart efficiency in driving such projects.
Donors have been consulted repeatedly by the EC during the programming exercise in order to achieve consistency and complementarity with their activities. Since the Federal Government has asked donors to concentrate resources in those States where they can be used most effectively to alleviate poverty, there are now some States where several donors have active projects. Coordination at this level requires knowledge of the specific circumstances of that State (many as large as an average African country) and continuous dialogue with the authorities in the state capital. Neither the donor community nor the NAO and State Governments have yet evolved a workable system to ensure that such coordination can be carried out with the limited human resources available.

Informal donor coordination was reasonably good already, but the increase in donor activities and the raising of government expectations pushed donors towards more formal coordination in 2008. A Nigeria Development Partners Framework shared by donors and the Government is expected to be signed during the first half of 2009. It should provide guidance for donor activities in line with the objectives of the Paris Declaration on Aid Effectiveness and Accra Agenda for Action. It should also help the Government to drive the coordination process more effectively, if only by minimising the confusion created by the fact that two agencies coordinate the donor community, that is the Ministry of Finance for loan-making bodies and the National Planning Commission for grant-making bodies.

Progress toward harmonisation is real but limited and benefits from the impetus created by the accession of Nigeria to the Paris Declaration in 2008. Nigeria was also an active participant at the Accra high-level meeting in September 2008.

Ownership is still hampered by the absence of a clear and comprehensive national development strategy, although the draft National Economic Empowerment Strategy (NEEDS-2, 2008-2011) provides some guidance.

Alignment of programmes and projects is still limited because of the lack of a reliable nationwide system, but strong improvement is expected with the implementation of the public finance management system. It should also be kept in mind that Nigeria has no real interest at present in budget support, which is hardly surprising as the totality of support from all donors represents less than 2% of public resources.

In terms of harmonisation, EDF support is provided through a programme-based approach and joint field missions have not been an issue so far, because of the small number of projects and donors. An increase in donor activities at federal and state level will increase the need for more coordination missions in the coming years.

### CHAPTER IV: RESPONSE STRATEGY

#### IV.1. Principles and general objectives for Community action

The response strategy will fit within the general framework of the existing international agreements, particularly the revised Cotonou Agreement, the First Action Plan (2008-10) for the Implementation of the Africa-EU Strategic Partnership (2007), the European Consensus for Development (2005), the Paris Declaration on Aid Effectiveness (2005) and the Accra
Agenda for Action (2008). The response will also be guided by the priorities in existing national development strategies, especially the Seven Point Agenda.

For the definition of its areas of action, the EC will respect the conclusions of the Nigeria-EU Joint Communiqués which followed the Ministerial Troika meetings in Ljubljana in 2008 and in Prague in 2009, as well as the lines set out in the Nigeria-EU Joint Way Forward adopted in Prague. Moreover, the EC will take into account its mutual interest with Nigeria in adhering to the EU policy coherence guidelines for development and may examine actions in the areas of trade, the environment, climate change, migration and energy.

As with other donors, EU assistance is small in comparison with Nigeria’s own resources and requirements, so its direct impact on poverty reduction is necessarily limited. However, EDF funding could play a pivotal role in assisting the Nigerian authorities in making better use of their own financial and human resources by prioritising application of best good governance practices at federal, state and local levels in respect of the budgeting and control of expenditures. EDF support could also be instrumental in facilitating the preparation of enabling legislation and in promoting the institutional development necessary to achieve the MDGs and other development objectives. This approach may mean taking calculated risks to support reform and withdrawing funding where the progress towards reform is deemed to be inadequate.

The broad objectives underlying the intervention strategy for the 10th EDF include the following:

1. The EC may continue those activities funded under the 9th EDF where it has a comparative advantage, such as supporting government initiatives at federal, state and local levels to enhance the transparency of governance through increased accountability and to encourage better service delivery, including in the Niger Delta area. The protection of human rights remains a key issue and the Commission may assist the authorities in reinforcing the administration of the justice system. The Commission may also encourage the further development of Nigeria’s democracy, and may work with non-state actors (NSAs) to enhance their effectiveness in terms of constructive policy advocacy.

2. The Niger Delta will be the subject of particular focus for EU-Nigeria cooperation in the wake of the Prague 2009 Ministerial Troika, and the opening offered by the newly announced presidential amnesty.

3. As under the 9th EDF, the funding available under the 10th EDF will be concentrated both in terms of areas of action and in terms of the beneficiary States and Local Authorities. At sub-federal level, the concentration principle not only permits the achievement of tangible results, but the positive lessons learnt from project management in the focal States and Local Authorities could be replicated throughout the country using Nigerian resources. The selection of the focal States and Local Governments would reflect the joint agreement to work primarily with the reforming States.

4. In accordance with the Paris Declaration and related documents, the EC will prioritise the areas of action and would allocate the bulk of its resources to those actions with the

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highest priority. In the areas of lower priority, implementation arrangements may be entered into with EU Member States and/or other development partners, in accordance with the EU Code of Conduct and the principle of division of labour. The EC would support initiatives by the Nigerian authorities to coordinate the activities of donors so as to align them more closely with national policy, as agreed in the Paris Declaration on Aid Effectiveness.

5. The EU is committed to supporting the Nigeria Development Plan and the national vision 2020 once they are set up in line with the national indicative programme.

6. The EU is committed to supporting Nigeria’s reform agenda through the National Development Plan and supportive to a poverty reduction and good governance strategy. The government action plan will be used as a monitoring tool. Corresponding benchmarks will make it possible to assess and then to foster, to re-orientate or as a last resort to stop programmes and activities supported by EU-Nigeria cooperation.

7. The EU is committed to supporting the process of economic integration in the West Africa region by fostering intra-regional trade and communication links. It also supports Nigerian aspirations regarding the development of its non-oil exports, not only within the region but also to Europe and the wider world. A major impetus to this process of trade and regional integration would be provided by the Economic Partnership Agreement (EPA) and its related trade facilitation measures.

8. The important peacekeeping role played by Nigeria in recent years in the African continent under the auspices of the African Union (AU) and ECOWAS has been warmly welcomed both by the beneficiary countries and by the EU. Such peacekeeping initiatives have direct impacts on economic development in the region, while the experience gained in conflict resolution abroad better equips the Nigerian armed forces to protect internal security in the Niger Delta and elsewhere. The EU will seek to strengthen its political dialogue with Nigeria on these issues while supporting its capacity for peaceful interventions throughout the continent in the framework of the AU. All such support will be oriented towards improving the effectiveness of the civilian aspects of the peacekeeping activity, e.g. those carried out by police, medical personnel or tribunal judges amongst others.

IV.2. The cooperation strategy: Objectives and means

In line with the above analysis, the underlying goal of EC support to Nigeria in 2008-2013 should be to strengthen Nigeria’s efforts to attain the Millennium Development Goals by 2015. This will be achieved by supporting an enabling environment — one that is peaceful and in which good governance thrives, human rights are upheld and where the elements are in place to facilitate diversified economic growth, improving material prospects and well-being for the population. The three focal areas proposed for Nigeria-EU cooperation under the 10th EDF were identified at the May 2008 Ministerial Troika meeting in Ljubljana as follows:

1. Peace and security
2. Governance and human rights
3. **Trade, regional integration and energy.**

To which should be added actions in:

4. **Non-focal sectors.**

### IV.3. **Focal sector 1: Peace and security**

Peace and security figure among the eight areas covered by the AU-EU Strategy and Action Plan. They thus form part of the principal objectives of Nigeria’s external policies. The objective of EDF assistance would be to assist the Nigerian authorities in their efforts to support stability and establish a secure environment both inside and outside the country under the rule of law, within which national, regional and continental development aspirations, including the MDGs, could be attained. Accordingly, the four specific objectives covered are:

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<td>B.</td>
<td>Prevention of human trafficking and smuggling of migrants and improvements in migration management and its development dimension.</td>
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<td>C.</td>
<td>Support for the peace process, conflict prevention and local governance in the Niger Delta.</td>
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#### IV.3.A.: Upgrading the technical competence of specialised agencies dealing with organised crime and small arms issues and strengthening the investigative and forensic capacity of the ordinary police

**Specialised agencies dealing with organised crime.** During the 9th EDF period, a number of specialised agencies were set up to fight organised crime, including the National Drug Law Enforcement Agency (NDLEA), the National Agency for Food and Drug Administration and Control (NAFDAC), and the ECOSAP-related NatCom. Despite some important successes, these institutions remain inadequately resourced to fulfil their respective mandates. Moreover, their status remains precarious, often relying on the political influence and charisma of their chief executives for their continued support.

Nigeria is a major conduit for narcotics entering the EU and Nigerian nationals are often involved in drug trafficking around the region. An additional security concern in recent years has been the fight against international terrorism, which is often in league with organised crime. While Nigeria is already cooperating well with European police agencies in joint investigation of such criminal networks, there is a need to further support capacity building and the exchange of information in all areas of international crime. Under the 10th EDF, efforts may be made to strengthen the operational capacities of specialist crime institutions, especially through the intensification of linkages with comparable agencies in Europe, and by promoting networking and collaboration amongst different agencies in joint investigation and sharing of a common database.
The extent of arms smuggling in West Africa is a potent source of instability in the region. The illicit flow of small arms has also been a significant factor in encouraging crimes of violence and aggravating the tensions in the Niger Delta region and elsewhere in Nigeria. The EC is already active in assisting the Nigerian authorities in their control activities in the framework of the ECOWAS Convention on Small Arms and Light Weapons and with the ECOWAS Small Arms Control Programme (ECOSAP) and this assistance may be extended under the 10th EDF to support national capacity building in such areas as the licensing of gun ownership and manufacture, the development of an arms stockpile management system, disarming programmes and awareness raising among Customs and other border control agencies.

In collaborating with the Nigerian authorities in order to eradicate organised crime in the above areas, the EC would seek to maintain full consistency and complementarity with the actions envisaged under focal sector 2 in the areas of enhancing justice and anti-corruption measures and the prevention of money laundering.

**Ordinary police.** The protection of persons and property is critical to progress in economic development. However, the development of the police service as a professional body was severely compromised during the period of military rule, when several police training and investigative facilities were closed down or denied adequate funding and when military-style ‘short cuts’ were used to secure criminal convictions based on questionable confessions without sufficient forensic investigation or witness corroboration. This military mindset has continued into the democratic period among the centrally organised police force, as the reforms introduced to date have been rather ineffectual in the prevailing legal and institutional environment. Current police training manuals are notably deficient in their coverage of interviewing and interrogation techniques while the level of forensic competence remains low. Confessions still constitute the basis of convictions in the great majority of cases, with only limited corroboration being obtained from witness statements or forensic evidence.

A Presidential Commission on Police Reform was set up in 2004 and reported in 2006. Its first priority was to increase police force numbers and to improve their weaponry rather than reforming their investigative procedures. The recommendations on improving police pay, training and working conditions were not implemented to a significant extent. But greater importance is attached to the reform of the police service under the current administration as part of the Seven Point Agenda, with plans to create a Central Directorate of Intelligence, to encourage more neighbourhood policing and to upgrade computer facilities in police stations. There is even provision for improving the welfare and conditions of service of the police as a counter-corruption measure. It remains to be seen what impact these reforms will have.

Lack of investigative and forensic capacity among the ordinary police is a major obstacle to improving the functioning of the judiciary and maintaining respect for the rule of law. The EC may support the authorities in improving the investigative and forensic competence of the police, including enhancement of their IT capability and records management, especially evidence and incident recording and documentation, and may develop existing linkages with European police forces. One avenue could be to support capacity building in the two principal police training institutions and in the forensic laboratory. The EC may also consider supporting the reform of the legal basis for police operations such as the Police Act, the

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Evidence Act, the Public Order Act and the proposed Cyber Crimes Act to facilitate the more sophisticated police operations required by the current criminal environment.

The role played by vigilante groups is important. Despite the size of the national police force (over 300,000 officers), over half the population live in areas patrolled by informal policing and neighbourhood watch groups, often dependent on voluntary contributions. Some are reputed to serve the interests of local politicians. There are reports that the federal police force is subject to local political manipulation in many areas. But the work of the informal policing and neighbourhood watch groups can make a positive difference to local peace and security and the EC, together with other partners, may support the extension of community policing schemes (currently piloted by DFID) to improve the service orientation and the professional ethos within the police force.

IV.3.B. Support for migration management and its various aspects, including the fight against trafficking and smuggling of migrants, support to IDPs and the development dimension

The primary focus of this support will be to help Nigeria to comply with the EU-AU Tripoli Declaration on Migration and Development (November 2006) and to implement the EU-AU Action Plan on Migration, Mobility and Employment (October 2007), the Rabat Action Plan (July 2006), the Paris Cooperation Programme (November 2008) and the ECOWAS Common Approach to Migration (May 2007).

The EC support will be fully in line with the ongoing Nigeria-EU Dialogue on Migration and Development (June 2009)\(^ {39} \), and the latest Nigeria-EU Ministerial Troika Meeting in Prague (June 2009) with its Nigeria-EU Joint Way Forward, as a political framework. Three main topics have been identified as priorities: migration and development, management of legal migration, and prevention and combating of irregular migration, in line with the previously mentioned action plans.

In the development context, migration should become an asset if managed properly (taking into account the nexus with other strategies such as skills training and employment. Regional migration — and the free movement of persons — could prove beneficial to development and be an asset to foster Nigeria’s economic growth. But meanwhile activities should be carried out without delay to better manage the legal and illegal flows.

Nigeria is regarded as a cooperative partner in implementing bilateral and multilateral measures for better migration management, including the ECOWAS Protocol on the Free Movement of Persons. However, its National Immigration Service (NIS) remains undertrained and underequipped. The degree of effective control at the land and sea borders is limited, although there have been some recent improvements at the international airports in the implementation of preventative measures against human trafficking under the aegis of the National Agency for the Prohibition of Trafficking in Persons (NAPTIP). The fight against human trafficking and smuggling of migrants remains an urgent European priority and EC assistance towards the implementation of better control measures may be considered under the 10th EDF.

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\(^ {39} \) This meeting was a follow-up to the first Joint EU-Nigeria Mission on Migration (April 2008) and the Nigeria-EU Ministerial Troika held in Ljubljana (May 2008), where the parties agreed to reinforce dialogue on migration and development and establish systematic, structured and regular meetings.
The reintegration of the large numbers of internally displaced persons (IDPs) resulting from violent clashes in various parts of the country requires constant attention. The policy implications are set out in some detail in the draft National Policy on IDPs, but this document has not yet been formally adopted.

Internationally, Nigeria needs not only to stem the outflow of trained professionals but also to increase the inflow in the short term of priority specialists, especially in the skilled trades. For professionals, more emphasis may be put on assisting the authorities to address the negative working conditions in Nigeria which encourage emigration while at the same time promoting repatriation through more generous resettlement measures. The inflow of skilled labour is symptomatic of the limited opportunities for skills training within Nigeria.

The draft National Policy on Migration is still awaiting approval; under this policy, a central agency would be established for migration information and management, covering both legal and irregular migrations. Once this is done, EDF assistance may be provided towards capacity building in migration management, including the collection and dissemination of statistical data and regulations particularly at the state and local government levels through specialised migration information and management services (MIMS). A key element here would be the dissemination of accurate information on the EU migration policy, particularly at the state and local government levels.

Another feature of the migration policy will be the more intensive mobilisation of the Nigerian diaspora for co-financing ventures in economic activities in Nigeria. The government has established the Nigerians in Diaspora Organisations (NIDO)s throughout the country, headquartered in the Ministry of Foreign Affairs, and is actively seeking to forge cooperative linkages with Nigerian associations abroad. There are many of these (around 60 in the UK alone). Such linkages can play an important role in facilitating technology transfer and in encouraging repatriation.

IV.3.C. Support for the peace process, conflict prevention and local governance in the Niger Delta

The Niger Delta region comprises 9 States with a combined population of some 30 million people divided among 40 ethnic groups speaking some 250 dialects and languages and with a significant percentage of the population still living well below the poverty line. Within the 9 States classified as being in the Niger Delta, there are 4 core States — Delta, Bayelsa, Rivers and Akwa Ibom — where problems of development are most acute: poverty ratios range from 33.3% in Bayelsa to 64.5% in Delta. Deaths resulting from the conflicts at various levels are reportedly running at over 1000 per year.

The resolution of the Niger Delta problems is identified as a priority target under the President’s Seven Point Agenda and the current administration has committed itself to the full implementation of the Niger Delta Regional Development Master Plan. In addition to its assistance towards the crackdown on gun running and other organised crime, the EC is contributing to the peace initiative in the region through its micro-project programmes, which have been highly successful in promoting joint action by hitherto antagonistic communities. These regional programmes could be expanded under the 10th EDF and efforts would be made to assist the Nigerian authorities in adapting them for implementation in other deprived areas. Particular attention would be paid in the design of such projects to the generation of
youth employment and educational opportunities, especially in plant maintenance in both oil and non-oil facilities, including in the agriculture and natural resource management sectors.

An important concern of the Nigerian authorities is combating the flow of small arms and light weapons into politically sensitive areas such as the Niger Delta. The Government has requested EU support and logistics for this and such assistance could take the form of law enforcement, institutional capacity building and judicial cooperation. The EC could provide further support for such operations, in addition to conflict prevention and mediation activities building on its micro-project experience with community development.

The EC subscribes to the recent consensus among developing partners active in Nigeria that the Niger Delta region does not need additional resources. What it does need is support and encouragement to manage and use resources better and more transparently. A peaceful settlement in the region is a precondition for aid effectiveness in supporting the attainment of the MDGs. Without real political will and a serious commitment by Nigeria to take effective action to stamp out well-known abuses and to control corruption and other criminal activities at all levels of the local administration, a peaceful settlement will remain elusive. At the same time there has to be a realistic and sustained effort to reduce youth unemployment, to disarm and demobilise the militias and the criminal gangs and to reintegrate them back into their communities, and generally to improve the living conditions of the bulk of the population.

In view of the criticality of the peace process in the Niger Delta, the EC stands ready to support such initiatives by the Federal and State Governments in the region by the allocation of additional technical and other resources if necessary. However, its effective engagement in the Niger Delta and the allocation of additional EC funding would depend crucially on the achievement by the Nigerian authorities of visible and sustainable progress towards a peaceful settlement. While such progress towards a settlement remains unachieved, EC support may continue to be limited to actions supporting service delivery to the poor together with support for governance reforms.

Therefore, the EC proposes a two-pronged approach. On the one hand, the EC would provide support to the presidential initiative and to the new Ministry for the Niger Delta and to activities contributing directly to the success of the peace process, such as conflict prevention between communities, disarmament, demobilisation and reintegration, and the promotion of youth employment. Secondly, the EC would provide support for improved governance to States and Local Authorities once the peace settlement is effective, while in the meantime concentrating on a large-scale micro-project programme.

IV.3.D. Support for Nigeria’s international mandates on conflict prevention

Nigeria is already the largest African contributor to peacekeeping in Africa under the auspices of the African Union, but there is a need to make the civilian aspects of its peace and security operations more effective and sustainable. EDF support may be given towards making the policing, judicial, medical and other civil elements of Nigerian peacekeeping operations more aware of the need to protect human rights in conflict situations. Support could be given to Nigerian peacekeeping training centres such as the National Defence College as well as to the peacekeeping research centre. All such assistance should be set within the framework of the EU’s wider support to capacity building for peacekeeping within the African Union and in the context of ECOWAS.
IV.4. Focal sector 2: Governance and human rights

The overarching objective is to provide wide-ranging support to Nigeria’s continuing governance reforms at federal, state and local levels, albeit limited in scope to particular areas of action and localities. This will be achieved by helping to improve the governance efficiency of the various administration levels, while at the same time supporting their efforts to uphold the rule of law, to protect human rights, and to counter corruption. An important element here would be assistance towards the empowerment of non-state actors (NSAs) and the enhancement of their dialogue and oversight capabilities. Six specific objectives are proposed to achieve this.

A. Enhancing the functioning of the judiciary and improving prison conditions.
B. Supporting anti-corruption activities by upgrading the competence of the anti-corruption bodies and by supporting advocacy and prosecution.
C. Supporting the electoral process in the context of the 2011-2015 electoral cycle and deepening democratic governance.
D. Advancing the governance reforms of the Federal Government, including policy development, data collection, monitoring and evaluation, improvements to the national planning process and capacity-building initiatives in selected agencies protecting human rights.
E. Promoting state and local governance reforms in 6 focal States.
F. Improving the effectiveness of non-state actors and the impact of the mass media and communication on good practices, public awareness and support for the reform process.

IV.4.A. Enhancing the functioning of the judiciary and improving prison conditions

Enhancing the functioning of the judiciary. The justice sector is one area that has not benefited significantly to date from the ongoing reform effort. Court rules and procedures are complex and slow. The ‘law’s delay’ is legendary in most countries but in Nigeria the delays are truly remarkable. According to the Seven Point Agenda document, quoting from an analysis by the World Bank, it takes on average over 2 years to resolve criminal cases and over 4 years on average to resolve contract disputes. Moreover, even after a court ruling, considerable delays are encountered in enforcing compliance and sometimes compliance can be avoided altogether by corrupt means.

The proportion of criminal cases that reach the courts is low: alleged perpetrators with financial resources and political influence are often able to avoid imprisonment and even to evade court appearance. The majority of suspects, however, tend to be subjected to mob justice, to linger with uncertain status in police or prison cells, or receive a sentence from informal courts. Cases that do reach the formal court system rarely end in conviction. There is thus a need to speed up processing of court documentation and to protect documents from tampering once in the system. EC support could help improve matters by assisting the introduction of a reliable documentation system. Support might also help to enhance the

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40 There are currently a series of justice administration bills before the National Legislature covering virtually all aspects of the justice cycle. Reforms at state level have been supported by DFID and UNODC (the latter with EC funding).
capabilities of non-state actors specialising in oversight of the administration of justice.

A legal environment conducive to economic development needs to include adequate civil redress against property violations, whether these are attributed to private interests or to public bodies. The competence of the courts in dealing with commercial civil cases should be enhanced by specialist training of justices and lawyers in the more complex areas of development significance, such as the protection of intellectual property rights. Linkages with European courts and justice ministries could provide a vehicle for this.

A particular concern in Nigeria is the need to improve the access of the poor and marginalised groups to the justice system, primarily in the lower courts, in order to defend their human rights to property and decent working conditions. EDF support could be made available for the development of sustainable and replicable models for improving access to justice for the poor at local level, based primarily on actions to generate community-based services in selected Local Authority areas. Legal and paralegal services to the poor could be provided through the establishment of community law centres, which could also be an effective source of awareness training for local police and other enforcement agencies. Lessons will be drawn from States such as Lagos, Jigawa and Enugu which have established such vehicles of access to justice. Support could also be provided to promote the passage of justice administration bills into laws.

**Improving prison conditions.** The present inefficiency of the court system not only weakens the rule of law but also results in constant overcrowding of the federal prison system. Of the 45,000 inmates, 64% are awaiting trial, some for as long as ten years, most without the means to procure legal representation. It is still broadly true that only the very poor stay in the under-resourced detention facilities without remedial recourse, and the situation of prisoners detained with mental illnesses is particularly unfortunate. Although there have been recent efforts to decongest prisons, these are unlikely to be effective without radically improving the efficiency of the justice and policing systems. Nevertheless, there is a strong case for EC support for the humane reform of prison conditions to protect the human rights of inmates and to minimise recidivism by facilitating rehabilitation and reintegration.

**IV.4.B. Supporting anti-corruption activities by upgrading the competence of the anti-corruption bodies and by supporting advocacy and prosecution**

Support for the anti-corruption agenda should continue under the 10th EDF as corruption remains one of the country’s key development issues both in terms of mismanagement of the considerable public funds at its disposal and in terms of negative image, impairing its ability to attract foreign investments and expertise.

EC support will cover the main anti-corruption bodies such as the Economic and Financial Crimes Commission (EFCC), the Independent Corrupt Practices Commission (ICPC), the Code of Conduct Bureau (CCB) and the Due Process Unit, in tandem with other donor-funded activities. EC support will also cover advocacy activities as well as civil society organisations working on improving accountability and transparency in public finance management. Support may be afforded at both national and state levels, both to enhance their own internal competence and to foster close and effective linkages between relevant bodies in sharing information and databases and undertaking joint investigations and prosecutions.
Collaboration with international agencies to assist in tackling issues around money laundering will be encouraged.

EC support will cover the improvement of skills and knowledge of judicial officers on matters relating to money laundering, financial crimes and application of forensic evidence on issues such as cyber crime through professional institutes such as the Nigerian Institute of Advanced Legal Studies and the Institute for Continuing Legal Education. In that general framework, support for improving the technical competence of the Economic and Financial Crimes Commission (EFCC), started under the 9th EDF, is programmed to continue, as part of a larger system that needs to work coherently in order to make a difference.

To enhance the technical competence of the EFCC, greater attention may be paid to training in specialist information technology, including the management of money-laundering and other databases. There is a need also to improve the competence of the EFCC in the examination of forensic evidence, and assistance here should be linked with the proposed EDF actions related to the upgrading of the police force.

IV.4.C. Supporting the electoral process in the context of the 2011-2015 electoral cycle and deepening democratic governance

The conduct of the 2007 elections and their aftermath have demonstrated that Nigeria’s democracy is still fragile, as illustrated by the large number of litigations over the results. This demonstrates the need to support the reform of the electoral system to produce credible elections, consolidate achievements to strengthen resilience in the system and deepen democratic governance. All six task areas of the focal sector on governance and human rights will be aimed at deepening and entrenching democratic governance in Nigeria.

According to the ambition and state of play of the electoral reform agenda support could be given during the 2011 elections and during the 2011-2015 electoral cycle to electoral management bodies, as appropriate, and civil society organisations concerned with the electoral process and democratic governance. This could involve strengthening the technical capacity of the electoral management bodies to plan and conduct free and fair elections, their monitoring capacity and legal drafting capability and empowering non-state actors active in reform advocacy and election oversight. The support to electoral management bodies should take into account lessons learnt from the past and show clear added value for the EC support.

In addition there will be continued development of the electoral statistics database, where the scope of action may be extended to include training of the judiciary in the hearing of electoral fraud cases and legal drafting of electoral regulations. The existing linkages to the ECOWAS Network of Election Boards would be maintained and strengthened.

IV.4.D. Advancing the governance reforms of the Federal Government, including policy development, data collection, monitoring and evaluation, improvements to the national planning process and capacity-building initiatives in selected agencies protecting human rights

General technical support may continue to advance the governance reform process. At present
the Seven Point Agenda and the 20-20 Vision are not fully harmonised with the detail of the NEEDS-2 plan or with the Niger Delta Regional Master Plans, so that operational parameters are sometimes unclear. The result is some perceived lack of clarity among the implementing federal departments and agencies, especially at state and local government level, as to the hierarchy of priorities.

There may be a need to continue the highly focused EC support to ministries and other federal institutions not only to develop best practice capacity in terms of management, planning and financial control, but also to strengthen the enforcement of existing regulations. All too often federal laws on the statute books are rendered ineffective because inadequate measures are put in place to ensure compliance prior to the enforcement deadline or even afterwards.

All but the smallest actions envisaged under the 10th EDF will include a policy development element and guidelines for implementation planning. In addition to sectoral action-based reforms, consideration may be given to the inculcation of more general competence in policy development and implementation planning (including mainstreaming issues such as environmental sustainability and gender equality) in the federal (and state) ministries and agencies. Such actions may include capacity building in legal drafting for both basic laws and detailed enforcement regulations and procedures, and the uses of information technology both to inform policy formulation and to ensure better administrative (including financial) controls, data management and monitoring and evaluation. Where appropriate, Nigerian universities and research institutions could be assisted to develop course materials in these areas, especially geared towards the intensive training of senior officials. Additional training could be provided through exchange schemes in Europe and elsewhere.

A focus will be given to the area of human rights with support to specialised federal agencies such as the Nigerian Human Rights Commission.

IV.4.E. Promoting state and local governance reforms in six focal States

General approach. Significant funding from the 9th EDF will continue well into the 10th EDF for state-level reform efforts in public finance management and service delivery (in particular water and sanitation). The overall objective pursued under this heading is to support the efforts of local and state governments, primarily in the six focal States, to achieve the Millennium Development Goals in a sustainable and replicable way. Activities could be extended to States benefitting from a budget support approach validated by Bretton Woods institutions and donors, as well as to the Federal Capital Territory.

The specific objectives are expected to be:

• Improved capacity for the management of public finances at state and local government levels.
• Enhanced access and quality of services delivered through state and local governments.
• Better coherence and coordination between the three tiers of government in respect of poverty alleviation programmes.

Selection of focal States and focal Local Authorities. Limiting the actions to a small number of States and to a few Local Authorities within each selected State is essential to make the supervision process manageable and to maximise impact from the resources available.
Accordingly, the EC state and local governance programmes would be organised on the lead state principle: the reforms achieved in the targeted States and Local Authorities should provide the basis for the Federal Government to encourage their replication throughout the country. The EC may encourage the dissemination of best practice and success stories undertaken by the federal ministries.

The programme would start in a maximum of six focal States. Any extension to additional States would depend on the achievement of the first phase of the programme. For States within the Niger Delta, it would depend additionally on the successful outcome anticipated for the peace process. If some of the initial focal States are able to demonstrate a high level of effective implementation and financial sustainability and are able to demonstrate that a credible and relevant programme to improve public financial management is in place or under implementation, budget support could be provided. The programme could then be extended to additional States, which would be selected from amongst the best reformers in consultation with other donors.

For non-focal States, limited technical expertise could be provided on an ad hoc basis for urgent operations, provided that they demonstrate their commitment to reform.

In the first instance, and pending the outcome of a joint EC-Nigeria assessment planned in the second half of 2009 in the States concerned, the programme would be implemented in all or some of the six current focal States — Jigawa, Cross River, Kano, Yobe, Anambra, Osun — determined through the 2005 SEEDS benchmarking exercise. The assessment will be based on the SEEDS benchmarking criteria as well as demonstrated commitment to the implementation of the EC projects and coherence with other donors’ involvement. Changes to new focal States should be based on similar criteria. As a minimum, participating States would be required to have commenced publishing their accounts and budget releases, thus making visible efforts to attain the standards set through the SEEDS benchmarking exercise of 2006. Secondly, participating focal States would be required to provide counterpart funding for programme activities directly involving their own state institutions. The financial contribution a State would obtain through the programme would be inversely proportional to the income per capita it receives from the federal allocation, so as to ensure a higher grant element to resource-poor States. Resources and security situation permitting, special consideration could be given to the Niger Delta to allow for the eventual expansion of the programme, or parts of it, to the region.

**A specific action strategy for each State.** The EU involvement with the focal States is to be based on the development of an individually agreed long-term strategy for sustainable development in each of them, with clear commitments by the State Government, the EC and, when required, the donor community to common goals and implementation arrangements. The nature and scope of the actions required will vary widely from State to State in accordance with their different strategic orientations. In turn these will identify the needs for capacity building in the governance area. State-level actions favour a bottom–up approach in budgeting and thus would support the interactive roles of civil society and the local communities. All the actions at state level are to be regarded as initial steps in a long-range programme, and so the willingness of each State Government to include explicit provisions in

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SEEDS: State Economic Empowerment and Development Strategy, launched in 2005 to identify the States most committed to good governance principles by examining achievements and plans in five or six critical areas of public administration. The best performing States would then be recommended as recipients for concentration of donor aid. The process was complex and politically sensitive since the end result expressed a judgment of the quality of governance at state level, something never previously attempted.
their forward budget to support the sustainability of the actions made will be a critical factor for agreement in the initial definition of the state action strategy.

**Actions at the local government level.** While the State Governments control the funding of their Local Governments, there is a need to extend capacity-building actions to the latter also since their responsibilities are very relevant to the achievement of the Millennium Development Goals at grassroots level. Hitherto, capacity building at the local government level by the EC and development partners has been targeted at specific sectors, such as water and sanitation, health or education. But the impact of state and federal funding and other interactions with Local Authorities is often blunted by their lack of absorption capacity, so there is an urgent requirement to extend the scope of administrative capacity building at local level. Under the 10th EDF, greater attention will be paid to local government administrative capacity over the whole range of local responsibility areas, including more effective interactions with state and federal agencies.

Within the current six target States there are 157 local government areas, so the concentration principle will need to apply here also if the EC funds available are not to dissipate without impact. A competitive performance-based selection process, adapted from the SEEDS model, was put in place for assistance to local authorities under the 9th EDF and this would continue to apply, including the inverse financing rule, albeit with some modifications. However, the selection of Local Authorities for assistance as well as the specific nature of their actions would need to be explicitly related to their place within the state strategic plan.

**IV.4. F. Improving the effectiveness of non-state actors and the mass media**

**Support to non-state actors.** A critically important element in the development strategy for Nigeria is the empowerment of civil society organisations to participate effectively and constructively in the national debate on democratic reforms, support for human rights and the identification of development priorities. Such empowerment is an essential accompaniment to the embedding of the democratic basis of Nigerian government at all levels.

Efforts were made under the 9th EDF to increase the effectiveness of civil society oversight (CSO) of the 2007 elections and to support non-state actors through a specific programme started in 2008. Additional actions were taken to increase the role of non-state actors within the main programmes, including state and CSO networks for budget monitoring and the involvement of CSO in service delivery at the local level. The support to non-state actors was also conceptualised as an implementing activity.

The role of non-state actors should be encouraged in such areas as policy advocacy, the monitoring of public finance mismanagement and human rights violations and any lack of progress towards the attainment of the MDGs. Non-state actors could also be empowered to provide support to the government in service delivery at the community level. They could also be helped to perform a significant advocacy function in support of regional integration and assist ECOWAS in its efforts to increase awareness among the West Africa States, but especially in Nigeria itself, of the importance of every aspect of regional integration. In the complex situation in the Niger Delta, they could be assisted to provide an interface between the administration authorities and youth and to help implement sensitive actions relevant to employment, advocacy for the peace process and conflict prevention.
Government agencies are often insufficiently aware of the concerns of those immediately affected by the reform process and this may make the design and enforcement of regulations more arbitrary and less effective than intended. NSAs are seldom capable at present of articulating their concerns constructively and with sufficient analytical detail to provide a convincing argument for those in authority. The training of NSAs in policy advocacy has been given less priority to date as the initial concern is to increase their capacity for service delivery, monitoring and publicity. As these immediate operational constraints are addressed, however, increasing emphasis may need to be put on developing policy advocacy skills.

EC support to non-state actors should therefore cover training and other enabling actions in policy advocacy, the protection of human rights, the operation of good governance, protection/sustainable management of the environment, the monitoring of service delivery including services directly linked to poverty reduction, together with support for the peace process in the Niger Delta and regional integration.

Implementation could be effected through projects as a cross-cutting issue or more specifically through ad hoc calls for proposals managed by the EC.

**Support to the mass media and for communication on good practices.** Collaboration with the media is needed to increase public awareness of governance issues and to maximise the outcome and impact of development projects. A fully functioning democracy depends on the constructive criticism of government policies and actions which can be provided by an informed news media. The Nigerian media base is already quite diversified. There is a high degree of press freedom and a large number of economically viable newspapers and radio stations are operating, together with independent television programmes (see Annex 7). However, there is still a scarcity of journalists specialising in economic and social development issues and the accuracy of media coverage remains poor, a constant source of friction between the media and the legislative and executive arms of government.

The involvement of the media is also a key element in any development project for the dissemination of information on good practice and for project replication throughout the country.

Development projects in Nigeria should therefore have two general promotional features: firstly, awareness creation should be regarded as a cross-cutting issue, and secondly, consideration should be given to specific components in each project targeting the media.

Accordingly, all EC projects of a certain size in the 10th EDF, including those operating under co-financing agreements with other donors, will include an educational media element to increase public awareness of the issues under each focal and non-focal area. There is wide scope to promote such awareness through educational materials covering topics such as:

- the progress and constraints to democracy and the electoral process;
- the promotion of effective participation of NSAs in policy formulation and performance monitoring at federal, state and local levels;
- the protection of human rights, especially for women and children;
- the fight against corruption and the need for transparent public accounts management;
- the importance of educational services and the utilisation of health care and immunisation facilities;
- the pace and direction of reform in the Niger Delta and in other insecure regions;
• the economic, social and political impact of environmental degradation and climate change;
• the effectiveness of measures to eradicate trafficking in drugs, small arms and persons;
• the development and implementation of the national migration policy;
• the opportunities afforded by the increased economic and political integration of the West African countries.

Other topics might include the division of administrative responsibilities for all of the above between the three tiers of government.

Consideration will also be given to the design and implementation of a specialised mass communications project to achieve the above. Particular reliance will be put on the use of visual media. To enhance public interest, efforts will be made to involve sports, ‘Nollywood’ and other celebrities as well as respected politicians in making filmed testimonials and supportive educational messages.

IV.5 Focal sector 3: Trade, regional integration and energy

The objectives will be: to foster non-oil supply, exports and trade, to support Nigeria’s trade policy, to enhance Nigeria’s participation in ECOWAS (i.e. help it become more involved in decision-making processes), to support Nigeria’s aspiration to benefit fully from the regional integration process and EPA.

A. Trade and regional integration

B. Implementation of the EPA development programme and improving the competitiveness of Nigerian non–oil exporters.

C. Energy security

IV.5.A. Trade and regional integration

This component will support:

• The development and implementation of a pro-growth trade policy, with particular emphasis on development of non–oil trade;
• Nigeria’s fuller participation in the ECOWAS decision-making process, thus reinforcing the effectiveness of ECOWAS in the region;
• The implementation by Nigeria of the ECOWAS trade and economic integration agenda. This component, in line with the 10th EDF Regional Indicative Programme (RIP), will:
  ➢ Assist Nigeria to implement the ECOWAS Common External Tariff (i.e. support the Customs administration to enable them to comply more fully with international conventions such as the WTO Agreements or the Kyoto Convention);
Support Nigeria in implementing ECOWAS reforms oriented towards the regional common market (i.e. the improvement of trade facilitation services, the removal of non-tariff barriers, the further development of fiscal policy, competition policy, and the regulations on the protection of intellectual property rights, and the assurance of fairness and due process in government procurement).

The success of the ECOWAS common market will largely depend on the active participation of Nigeria. Nigeria’s commitment to the regional integration process was reaffirmed at the Ministerial Troika meeting in Ljubljana but Nigeria is not yet engaged in the ECOWAS decision-making process to a degree commensurate with its importance in the regional economy and market.

The adoption of the ECOWAS Common External Tariff (CET) in its revised five tariff band structure (inspired by Nigeria) now looks increasingly likely, but the issue is not just tariff harmonisation. For Nigeria to play its full part in the regional integration process, it will need to develop its own national competence in policy areas such as currency, taxation, banking and investment regulations, agricultural support regimes, migration, standardisation, competition, the fight against counterfeiting and the protection of intellectual property rights.

The EC will provide capacity-building support to the Nigerian agencies responsible for policy development in these and other export-related fields not only through West Africa regional funds but also from the 10th EDF NIP.

### IV.5.B. Implementation of the EPA development programme and improving the competitiveness of Nigerian non–oil exporters

In the context of the regional EPA development programme and in tandem with the activities already envisaged under the RIP, this component will support:

- The implementation of the EPA (e.g. implementation of the rules included in the text of the agreement, particularly concerning trade facilitation, SPS-TBT\(^42\));

- The upgrading of the capacities and competitiveness of the non-oil sector (e.g. professional training, capacity building in general, public-private dialogue, sustainable infrastructures amongst others)\(^43\).

Nigeria remains committed to the principle of regional trade and economic integration and to the negotiation of an Economic Partnership Agreement. If an EPA is signed with the region, the actions above will help Nigeria to fully understand the advantages of the agreement, take the necessary steps to implement it and benefit accordingly.

It is acknowledged that the heavy dependence of Nigeria on oil and gas for its export earnings is undesirable. It is therefore encouraging that faster output growth has been achieved in recent years in the non-oil sector and particularly in agriculture. Regrettably, little investment has been directed so far towards export development but the current administration is committed through the Seven Point Agenda to the development of the non-oil sector and its exports. In agriculture, in addition to increased emphasis on the cultivation of staple foods as

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\(^{42}\) SPS = Sanitary and Phytosanitary Measures; TBT = Agreement on Technical Barriers to Trade.

\(^{43}\) Key productive sectors will be identified through sector studies.
part of the Special Programme for Food Security, the Federal Government has started to support initiatives to enhance the productivity of export-oriented productivity sectors like rice, cocoa, rubber, cotton and other crops. In the industrial sector, special programmes to encourage small and medium-sized enterprise development have been put in place under the National Integrated Industrial Development (NIID) programme, which includes an export development component.

At present the EC is clarifying the nature and scope of the assistance needed to upgrade the export promotion capacity of trade promotion officials and private exporter associations, including competence in the e-commerce area. To further enhance exporter competitiveness, assistance may be given to improve the trade facilitation services of the Customs administration in areas such as online document processing, post-release valuation and the expansion of revenue-neutral duty suspension and bondholding regimes (to enable exporters to import the inputs they need free of duty at the time of importation).

Consideration may be given also to upgrading the capacity of the standards and quality control institutes and agencies operating in the export finance/insurance and freight forwarding sectors. Likewise, consideration may be given also to the facilitation of public-private investments in infrastructures needed to improve the competitiveness of the non-oil economy, particularly regarding energy supply (gas, renewable energy) in line with the EU-Nigeria energy dialogue, by covering partly the social dimension of such investments. The identification of support activities to non-oil sectors would take sustainable environmental issues fully into account.

IV.5.C. Energy

In spite of its oil and gas resources, a critical constraint on the development of productive capacity in the non-oil sector has been the limited and irregular supply of electricity. It is estimated that only around half of the installed capacity of 7000 MW is operative at any one time because of poor maintenance of generating capacity, transmission and distribution networks and ineffective regulation to ensure an adequate flow of gas inputs. The Federal Government is now committed to remedial action under the National Integrated Power Project (NIPP) to rehabilitate existing power plants, their transmission and gas supply grids. The NIPP also includes an ambitious programme to develop 22000 MW of extra generating capacity and grid support infrastructures by 2019, via public-private investment partnerships.

Consideration may be given among other things to gas flaring and renewable energies owing to their close link with climate change and environmental issues in Nigeria and with EU policies.

At the Ljubljana Ministerial Troika meeting, the EU expressed a willingness to provide technical cooperation support to Nigeria in the implementation of these power generating plans. A pre-feasibility study will make it possible to enhance dialogue on these issues and to identify potential areas for EC involvement under the 10th EDF.

V.6. Non-focal sectors
Some of the actions envisaged under the non-focal sector allocation are intended to reinforce and expand the scope of activities undertaken under the 9th EDF. Others relate to additional avenues of cooperation. The importance of the four non-focal areas listed below was stressed during the Ministerial Troika meeting in Ljubljana in May 2008.

| A. | Environmental protection and climate change |
| B. | Health and immunisation |
| C. | Cultural, scientific and technical cooperation |

In addition, funding will be allocated to continue support to the office of the National Authorising Officer, for the Technical Cooperation Facility and as a contingencies reserve.

**IV.6.A. Environmental protection and climate change**

The EC commissioned a pre-feasibility study, completed in June 2008, to examine Nigeria’s environmental profile and to identify potential areas for future collaboration. The main recommendations of the study related to (1) capacity building in the environment standards and monitoring agencies, (2) encouraging the use of clean technologies in both mining activity and in agriculture to combat climate change, and (3) improving the water, sanitation and waste management aspects of the human environment. Discussions are under way with the Nigerian authorities to identify the possible scope for EDF inputs.

**IV.6.B Health and immunisation**

The current polio eradication and routine immunisation programmes are funded to mid-2009. Further funding may be needed under the 10th EDF to support the new National Health Care Development Agency, as scope has been extended from 6 to 23 States, plus support for routine immunisation in Kano State. The need for more effective immunisation has been highlighted by the recent outbreak of 805 polio cases in 2008 owing to low vaccination rates in the northern States. A persistent danger of epidemics of measles exists, especially in the northern States.

**IV.6.C. Cultural, scientific and technical cooperation**

The Cotonou Agreement (Article 27) includes the goal of integrating the cultural dimension at all levels of development cooperation. Amongst other aspects this encompasses: encouraging inter-cultural dialogue, preserving and promoting cultural heritage and facilitating the exchange of cultural goods and services. The 10th EDF may include support for greater technical and cultural interactions with the ‘Nollywood’ industry, e.g. film festival exchanges, links with European film institutes, and joint production arrangements amongst others. Support may also be given to selected museums, art institutions and music and drama centres for individual events (exhibitions, concerts, plays, etc.) and for capacity-building linkages and exchanges with corresponding institutions in the Member States. Essay competitions to encourage cultural awareness among youth will be continued.

Cultural initiatives may help reduce inter-tribal and inter-religious tensions which have marred the election process in several areas in recent years, even outside the Niger Delta.
By promoting cultural exchanges between tribal groups, it should be possible to encourage constructive dialogue through a better understanding of their cultural imperatives.

Nigeria could also benefit from enhanced cooperation in science and technology transfer. The quality of teaching and resources available at technical and vocational training institutions is reportedly poor owing to inadequate funding. An acute shortage of trained Nigerian skilled labour in areas such as construction and energy installation maintenance means that many employers find it necessary to import staff from abroad. Cooperation with European institutes, including exchanges of teaching staff, may help to overcome these difficulties.

IV.6.D. Technical Cooperation Facility

The Technical Cooperation Facility may continue to fund studies, training and conferences that facilitate and promote Nigeria-EU cooperation.

IV.6.E. Support to the National Authorising Officer

The support currently provided to the office of the NAO within the National Planning Commission (NPC) will continue and be developed in order to increase ownership by supporting the management of international aid by the NPC and in order to manage the planning and implementation of EDF projects, including the certification of expenditures for programme estimates. Training should be provided to national officers in order to overcome the problem of lack of public procurement and contracting skills. This support could also include capacity building in relation to the implementation of the National Development Partnership Framework (NDPF) with other donors, with special attention being paid to aid effectiveness activities and the coordination of action in the Niger Delta. Consideration may be given to upgrading the offices of the State Authorising Officers, in the focal States, along the same lines as the assistance to the NAO, if not covered by the local governance programme.

IV.7. Cross-cutting issues

This Country Strategy Paper aims to present a single integrated strategy to support Nigeria’s development aspirations. Each of the elements within each focal sector is intended to support the achievement of the other elements, while each focal sector and the non-focal areas are expected to support each other at their higher planning level. In this sense, all the task elements can be defined as cross-cutting issues. At the wider level of EU and Nigerian policy concerns, more general cross-cutting issues will be addressed as a matter of priority and mainstreamed into the design of all programmes.

IV.7.A. Gender equity

Gender equity will be a prime consideration in shaping possible actions. The focal and non-focal areas all have implications for controlling abuses and improving opportunities for the employment and empowerment of women. The welfare of women (and children) will be promoted through EC-supported peace initiatives in the Niger Delta and elsewhere, including community development programmes, provision for more effective control of human trafficking and other forms of organised crime, and better management of migration issues. In focal sector 2, the improvements sought in the administration of justice and governance,
especially at the local authority level, should enhance gender equity, while the expected empowerment of non-state actors should increase the degree of effective protection women enjoy under the law. In focal area 3, women should benefit from the progressive development of employment opportunities anticipated in the non-oil sector resulting from the greater attention paid to trade and regional integration.

IV.7.B. Children’s rights

These are generally supported by the promotion of gender equality. In addition, special care should be taken to uphold the rights of children to health care and education. For each of the initiatives being proposed under the 10th EDF, close attention would be given to their impact on child employment conditions in both urban and rural areas.

IV.7.C Non-state actors and the media

The successful implementation of almost all the projects envisaged under all three focal areas and the non-focal areas will depend to a critical degree on the active engagement of non-state actors. Care will be taken to involve NSAs in the implementation of all actions, including contracting them directly as service providers. While only a small fraction of the many thousands of institutionalised non-state actors might be directly supported financially, the collaboration of the media in publicising best practice on internal management and external monitoring and lobbying techniques which is envisaged under the mass awareness programme should have a powerful impact on NSA functioning generally.

IV.8. Risk analysis

EU assistance to Nigeria under the 10th EDF is predicated upon the commitment of the Federal and State Governments to reforms. Any weakening of commitment would put at risk the objectives being sought, particularly on governance, transparency and accountability.

In Nigeria donor funding is too marginal to drive the policy agenda, given the magnitude of the national resources available. The best niche for EDF support in this situation is targeting areas where it could assist the Nigerian authorities to make better use of their own resources, through more effective prioritising and proper management of the associated budgets. But concentrating on the adoption of best practice in public accounts management and other areas of interest will yield positive results only if the partner institutions are determined to apply these improved techniques in their day-to-day operations. The risk of funds not being used to their intended end or their impacts being diluted by a lack of commitment is likely to persist and will have to be the subject of continuous monitoring and intervention.

Although the requirement for counterpart funding is an effective method of ensuring that EC investments are based on shared commitment at the political level, the means to ensure commitment at the working level may have to be much more sophisticated. Working with Nigerian public institutions sometimes entails cooperation with agencies that are widely distrusted by their expected beneficiaries. The honest recognition of where and how public institutions fail to meet the legitimate expectations of the Nigerian public therefore stands at the beginning of any partnership in the context of this strategy.
Nigeria’s dependence on oil also poses risks. Although the proceeds from oil are now being managed more prudently than before, a significant and sustained drop in oil prices would place many of the reform initiatives proposed at risk. Similarly, the continuation of the oil supply constraints imposed by the conflicts in the Niger Delta may have progressively destabilising effects on the economy and society. EDF actions to promote peace and development in this volatile region may help reduce the risk of impacts in other support areas. The location and nature of EC actions in that region is predicated on the expected peaceful settlement there. If this is not achieved within the time frame of the 10th EDF, any actions by the EC in the Niger Delta will be put at risk.
PART TWO: INDICATIVE PROGRAMME

Introduction

On the basis of the cooperation strategy presented in Part One and in accordance with Article 4 of Annex IV to the Cotonou Agreement, the National Indicative Programme (NIP) has been drawn up as a set of tables showing the action framework for each sector, the financial programming timetable and a detailed chronogram of activities for all listed programmes over a rolling three-year period.

Amounts mentioned in this Part indicate the proposed overall breakdown of funds between the focal sectors and other programmes. The breakdown may be adjusted in the light of operational, mid-term, final or ad hoc reviews. However, for any adjustment resulting in a substantial change to the structure of the response strategy, a formal decision would be required in the form of an addendum to the strategy document in Part One.

The activities proposed under all three focal sectors and non-focal sectors are designed to contribute in different ways to poverty reduction, wealth creation, and attainment of the Millennium Development Goals (MDGs). Collectively, therefore, they constitute an integrated strategy, with each element having cross-cutting implications for the others.

1. Financial instruments

   1.1. 10th EDF ‘A’ envelope, €580 million plus €97 million (incentive tranche)

The implementation of the EC’s cooperation strategy with Nigeria will be financed from several financial instruments. The following is an indication of their utilisation as currently envisaged.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Indicative allocation Basic ‘A’ Env (%)</th>
<th>Overall indicative allocation incl. incentive tranche (%)</th>
<th>Financial instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focal sector 1: Peace and security</td>
<td>25.0</td>
<td>25.0</td>
<td>Project approach</td>
</tr>
<tr>
<td>Focal sector 2: Governance and human rights</td>
<td>51.0</td>
<td>44.0</td>
<td>Project approach (*)</td>
</tr>
<tr>
<td>Focal sector 3: Trade, regional integration and energy</td>
<td>12.0</td>
<td>16.0</td>
<td>Project approach</td>
</tr>
<tr>
<td>Non-focal sectors</td>
<td>10.0</td>
<td>15.0</td>
<td>Project approach</td>
</tr>
<tr>
<td>Budget support</td>
<td>0</td>
<td>0</td>
<td>Project approach</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

(*) The feasibility of adopting a different financing mechanism (i.e. general budget support) to support local governance reforms in the six focal States will be examined during implementation. Any decision will take into account, inter alia, the outcome of a review/assessment to be launched by several donors (e.g. EU and AfDB) of the budget support programme that the World Bank intends to adopt for the Lagos States.
1.2. 10th EDF ‘B’ envelope, €12.0 million

This envelope is to cover unforeseen needs such as emergency assistance, where such assistance cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate adverse effects of instability in export earnings. The programming of this funding cannot be detailed in the present NIP proposals.

In accordance with Article 3(5) of Annex IV to the Cotonou Agreement, this amount may, if necessary, be increased in the light of operational or ad hoc reviews.

1.3. Investment Facility

In addition to the financial instruments mentioned above, of which the ‘A’ envelope is the main programmable basis for the NIP, the 10th EDF may also include an Investment Facility, which is an instrument managed by the European Investment Bank (EIB). The Investment Facility is not part of the National Indicative Programme.

Some specific activities may be supported by the Centre for the Development of Enterprise (CDE) and the Centre for the Development of Agriculture (CTA). Again, such funding does not constitute part of the present NIP programming.

1.4. 10th EDF Regional Indicative Programme (€597 million)

This allocation will cover long-term programmable development operations under the regional strategy for West Africa. The allocation is not part of the NIP but may have a direct impact on the resources available at national level depending on Nigeria’s participation in the programmes proposed under the regional framework.

1.5. Other financial instruments

Specific activities may be supported by external actions funded by the general budget of the European Community carried out under the financial framework for 2007-2013 subject to special procedure and availability of funds, and out of the own resources of the EIB. Actions funded by the general budget include, among others, programmes funded under the Development Cooperation Instrument such as the thematic programmes "investing in people", "non state actors in development", "migration and asylum", "environment and sustainable management of natural resources" and "food security" (for which calls for proposals are made since 2007), as well as actions funded from other instruments such as the instrument for the promotion of human rights and democracy (for which calls for proposals are made since 2007), the stability instrument and the instrument for humanitarian and emergency assistance.

2. Budgeting principles

While the resources which it is proposed to make available to Nigeria under the ‘A’ envelope are large in ACP terms, it is clear that the average disbursement rate of some €110-120 million per year would be very small in relation to the annual scale of public expenditure
By far the largest portion of this funding is to be devoted to public bodies at federal, state and local authority level, and here the general principle will be that the **EDF funding should be used to assist the Nigerian authorities to make better use of their own resources to achieve agreed goals.** By the same token, it will be essential to limit the geographical dispersion of this EDF support in order to ensure sustainable impact of the actions undertaken. There will thus be a need to rely on cooperation with the mass communication media to publicise the outcomes and to foster their replication as necessary throughout the country. With few exceptions, the concentration principle will apply to the selection of civil society organisations for EDF support, though here their geographical location may be less important than the nature of their activities.

**Accordingly, the objectives described in this NIP are not intended to be achieved solely or mainly through direct EC-funded actions. Rather, they are expected to be the outcome of a collaborative effort between the EC and the Nigerian authorities and civil agencies concerned.**

In accordance with the Paris Declaration, the EC will seek full coordination and harmonisation with the activities of other donors, but especially with those of the Member States. In the present proposal, it is anticipated that specific arrangements will be entered into with other donors for some 15 to 20% of the NIP funding, most of which will be related to some actions envisaged under focal sector 1.

### 3. **Focal sector 1: Peace and security**

A quarter of the overall NIP budget is programmed within this focal sector. The overall objective is to improve the economic and social environment by enhancing the protection of life and property.

More specifically, the intention is to assist the Nigerian authorities to protect their development aspirations in three mutually reinforcing ways: firstly by helping them to fight internationally organised crime and armed insurgents/criminals within the country; secondly by supporting them in improving the competence of the ordinary police forces; and thirdly by assisting them in their efforts to minimise destabilising influences from abroad by enhancing the effectiveness of their contribution to conflict prevention elsewhere in Africa.

Special emphasis will be placed on supporting the peace process in the Niger Delta in the wake of recent steps taken by the Government, including the amnesty launched by President Yar’Adua in June 2009. Substantial appropriations (nearly 30% of the total ‘A’ allocation) will be made available to this effect.

There are four principal areas proposed under this focal sector, namely:

| A. | Upgrading the technical competence of the specialised agencies dealing with organised crime and small arms issues and strengthening the investigative and forensic capacity of the ordinary police. |

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44 Overall figure for Federal Government + States + local governments.
B. Preventing human trafficking and smuggling of migrants and improving migration management and its development dimension.
C. Support for the peace process, conflict prevention and local governance in the Niger Delta.
D. Support for Nigeria’s international mandates on conflict prevention.

At this stage the list of actions provided below is purely indicative. Whether and how best some of the actions could be merged into fewer and larger projects will be analysed and decided during the appraisal phase.

A. Upgrading the technical competence of the specialised agencies dealing with organised crime, narcotics and small arms issues and strengthening the investigative and forensic capacity of the ordinary police

The results expected under this heading should include:

- Institutional development of the specialised policing agencies, including training in the most efficient use of information technology for data processing and detection in such areas as gun running, narcotics smuggling, money laundering, counterfeiting and piracy.
- More effective control over ownership and distribution of small arms and light weapons (SALW).
- Increased technical capacity of police forensic laboratories.
- Increased competence in investigation and interrogation techniques, including the specialised techniques required for the detection of financial and electronic crime.
- Significant progress in reducing corruption among policing agencies together with their improved commitment to the protection of human rights.
- More effective functioning of informal policing and neighbourhood watch groups and their improved coordination with police agencies.
- More effective service delivery and monitoring of abuses by non-state actors specialising in the above areas.

Most of the EDF funding to support government initiatives under this envelope will be allocated to public agencies operating at the federal level, although funding will also be available to assist the monitoring capacity, policy advocacy and service delivery of non-state actors specialising in these fields.

EC support will take account of the degree of compliance of Nigeria with its obligations under the relevant international conventions, including the ECOWAS, AU and UN conventions, and specifically including the actions envisaged under the ECOWAS Regional Action Plan on Drugs, the ECOWAS Five Year Action Plan on the control of small arms, and its recommended implementation at national level.

EC support will also reflect the commitment of the authorities to provide an adequate counterpart budgetary provision for these activities and to recruit and train appropriate staff. Particular attention will be paid to the progress made by the Nigerian authorities in implementing the police strengthening provisions of the Seven Point Agenda, including the
upgrading of central intelligence services, the rehabilitation of police stations and training facilities, and financial and other support for community policing.

B. Supporting migration management and its various aspects, including the fight against trafficking, support to IDPs and the development dimension

The outcomes supported under this heading should include:

- Institutional development of the specialised policing agencies and law enforcement agencies in the fight against human trafficking and smuggling of migrants, including the most efficient use of information technology for investigation and control at land, sea, and air border points.

- Strengthening capacities of relevant services in the prevention of human trafficking, the prosecution of traffickers and the protection of trafficked victims.

- Enhanced performance of the Nigerian migration management services at federal, state and local government levels in providing up-to-date information on skills gaps, employment opportunities, migration procedures, data collection, coordination between ministries and agencies, etc.

- Improved management of the support for internally displaced persons (IDPs), including the protection of their human rights.

- More effective functioning of the diaspora organisations outside and inside Nigeria, as well as at both federal and state levels in exploring joint investment opportunities and in counteracting the brain drain (including but not exclusively the Nigerians in Diaspora Organisations — NIDOs).

- More effective service delivery and monitoring of abuses by non-state actors specialising in the above areas.

Again, most of the EDF funding under this envelope will be used to support public agencies operating at the federal level, although substantial funding will also be available to promote migration information and management actions at state and local government level and also to assist the monitoring capacity, policy advocacy, and service delivery of non-state actors specialising in these fields.

An important premise underlying EC support for this action is the adoption and implementation of the Nigerian Migration Policy, with the establishment of its central coordinating agency and its associated migration information and management centres at state and local authority levels. Support will be based also on lessons learnt from pilot countries. Another consideration will be progress with the adoption and implementation of the draft National Policy on IDPs.

Slightly more than 2% of the overall ‘A’ envelope will be earmarked for this project (i.e. €15m).

C. Support for the peace process, conflict prevention and local governance in the Niger Delta
This objective is expected to account for nearly two thirds of all the funds allocated to focal sector 1 or approximately 19% of the overall ‘A’ envelope. The level of EC support under this heading will depend on the achievement of a sustainable peaceful settlement endorsed by all the major stakeholders. While the peace settlement remains unachieved, EC support will focus on three principal areas (conflict prevention activities, improved delivery of security services, and the implementation of policies and programmes to increase employment) and it will continue to build on the success of the substantial and ongoing micro-project programme and on the experience gained in community development in supporting the peace process. The results looked for will include the following:

- Sustainable capacity in conflict prevention techniques and in the provision of conciliation, mediation and arbitration services within the Ministry for the Niger Delta, the Niger Delta Development Commission (NDDC) and other peace-oriented federal, state and local government agencies.

- More effective functioning of the specialised police and security forces operating in the Niger Delta region and improved police cooperation with vigilante groups.

- Progress in the disarmament, demobilisation and reintegration of armed criminal gangs and militia groups.

- Establishment of community-based project and programme monitoring, planning and management committees at community level, with high levels of budget transparency.

- Improvement in youth education and women empowerment programmes related to the development of employment opportunities, notably in rural development and natural resource management sectors.

- Increased effectiveness of programmes to encourage investment by small and medium-sized enterprises in the non-oil sector.

- Increased empowerment of non-state actors active in the region in terms of monitoring capacity, policy advocacy and service delivery.

The active commitment of the administration to the full implementation of the Niger Delta provisions of the Seven Point Agenda and the Regional Development Master Plan, including the operations of the relevant presidential initiatives, will be an important factor in the planning of EC cooperation actions.

In addition to supporting peace process initiatives by the authorities and non-state actors in the above areas, should there be visible progress towards a lasting peace settlement endorsed by all the stakeholders, the EC may consider widening its support activities under the 10th EDF to include the type of actions for improved governance and institutional development at state and local government levels which will be undertaken in the focal States identified in focal sector 2. Under this scenario also the actions under focal sector 1 could be widened. In particular EDF-financed actions should be components of larger government initiatives to address unemployment and enable reintegration after disarmament and, more generally, to address the Niger Delta crisis. For instance public works and natural resource management programmes, such as feeder roads maintenance or reforestation / afforestation programmes based on a labour-intensive methodology, could be financed from the EDF and could usefully contribute to generating employment in the context of a wider government plan.
D. Support for Nigeria’s international mandates on conflict prevention

The EC is committed to supporting peacekeeping initiatives under the mandate of the African Union. The role played by Nigeria’s peacekeeping forces in maintaining international security in West Africa and elsewhere in the continent has important implications for the security of Nigeria’s own borders and for the prevention of destabilising crimes such as small arms and narcotics smuggling and human trafficking.

In addition to their purely military role, peacekeeping operations are increasingly expected to include civilian activities in order to sustain the peace process beyond the resolution of the immediate crisis. It is appropriate, therefore, for the EC to provide non-military support within Nigeria for the better functioning of its forces in their peacekeeping roles. The increased professional competence of Nigeria’s peacekeeping operations as regards their civilian aspects should be demonstrated by the following outcomes:

- Increased awareness of the importance of human rights protection among both the military and civilian elements of the peacekeeping operations.
- Improved understanding of the role of the civilian elements in conflict prevention, mediation, conciliation, arbitration and resolution, and of the importance of involving non-state actors in post-conflict reconstruction and other peace building activities.
- Enhanced capacity in the management of detention centres, refugee camps and medical centres and in the functioning of judicial panels, arbitration tribunals and mediation/conciliation groups.

Consideration will be given to peacekeeping training centres such as the National Defence College and the Peacekeeping Research Centre.

At least 3% of the overall ‘A’ envelope will be earmarked for this project (i.e. €20m).

4. **Focal sector 2: Governance and human rights**

Over 40% of the overall ‘A’ envelope is devoted to this focal sector. Good governance is at the heart of all development initiatives and in the Nigerian context this means actions at all three tiers of government and with civil society. By far the largest component of this focal sector would be allocated to support governance improvements at state and local authority level. The overarching objective is to improve the administration of public services so as to enable the private sector to thrive in an environment of political stability, with easier access to justice and less pressure from corrupt agents. At the same time, the development of Nigeria’s human resources will be supported through the enhanced protection of human rights.

There are six specific objectives proposed within this focal sector, each of which is expected to contribute to the achievement of all the others. These are:

A. Enhancing the functioning of the judiciary and improving prison conditions.
B. Supporting anti-corruption activities by upgrading the competence of the anti-corruption bodies and by supporting advocacy and prosecution.
C. Supporting the electoral process in the context of the 2011-2015 electoral cycle and deepening democratic governance.

D. Advancing the governance reforms of the Federal Government, including policy development, data collection, monitoring and evaluation, improvements to the national planning process and capacity-building initiatives in selected agencies protecting human rights.

E. Promoting state and local governance reforms in six focal States.

F. Improving the effectiveness of non-state actors, the impact of the mass media and communication on good practices, public awareness and support for the reform process.

At this stage the list of actions provided below is purely indicative. Whether and how best some of the actions could be merged into fewer and larger projects will be analysed and decided during the appraisal phase.

A. **Enhancing the functioning of the judiciary and improving prison conditions**

The creation of a more effective justice system is one of the important elements in the Seven Point Agenda as it is recognised that upholding the rule of law, including laws on property rights and contracts, is essential to foster investment, while the legal protection of human rights is also essential for the promotion of political stability, without which the impact of development efforts would be minimal. EC support here is intended to assist the authorities in their efforts to increase the timeliness, fairness and accessibility of the justice system in all three government tiers. The results expected to be achieved by the Nigerian authorities with EDF support under this heading should include:

- Significant reduction in the numbers of prisoners on remand through the accelerated processing of case documentation for presentation in court.

- Reduction in recidivism rates through improved prisoner rehabilitation services within prison and after release.

- Improved functioning of the lower courts and of alternative dispute resolution mechanisms through training and capacity building, e.g. in procedural requirements to ensure fairness, in evidence assessment, in sentencing methodology and in awareness of human rights.

- Easier access of the poor and marginalised groups, including women and children, to justice dispensed by the lower courts and alternative dispute resolution mechanisms.

- Improved competence of justices and lawyers through training and capacity building in the conduct of civil litigation over contract law and property rights, including intellectual property rights.

- More effective service delivery and monitoring of abuses by non-state actors specialising in the above areas.

While the federal agencies have primary responsibility for the administration of justice and prison conditions, there is considerable devolution of these duties to the States and the great
It is expected that the majority of cases are decided in the lower courts, which function at state level. In general, it is these lower levels of the justice system which require greatest attention and the EC assistance will therefore be focused there to a significant degree.

Another important element in designing EDF operations will be the need to increase the effectiveness of non-state actors in monitoring abuses and in delivering justice-related services, particularly at the state and local authority levels.

**B. Upgrading the competence of anti-corruption bodies**

The fight against corruption is a critical factor in using public funds efficiently to tackle poverty, in attracting and retaining foreign direct investment and in ensuring that government services are functioning properly. Agencies which are important actors in this field include the Economic and Financial Crimes Commission (EFCC), the Independent Corrupt Practices Commission (ICPC), the Code of Conduct Bureau (CCB), the Due Process Unit, the Financial Intelligence Bureau (FIB), the Budget Monitoring and Price Intelligence Unit (BMPIU) and the Extractive Industries Transparency Initiative (EITI).

The results which are expected from the continuation of EDF support will include the following:

- Enhanced competence in anti-corruption agencies in the use of information technology, specialised databases and forensic techniques to track down fraud and to secure convictions.
- Improved collaboration with international anti-corruption agencies in such areas as money laundering.
- Enhanced public awareness of the operations of anti-corruption agencies and the opportunities open for redress.
- More effective service delivery and monitoring of abuses by non-state actors specialising in the above areas.

An important consideration in the design of actions under this heading will be the implementation in some form of the National Framework for Strengthening Judicial Integrity with its linkage to A above.

**C. Supporting the electoral process and democratic governance**

Nigerian democracy is still subject to destabilising influences and its electoral support institutions need further assistance to become fully functional. The EC will support the electoral process throughout the next electoral cycle (2011-15) and the deepening of democratic governance, and will work with the specialised departments and agencies and other donors to achieve the following results:

- Improved functioning of the Independent National Electoral Commission (INEC) at the federal, state and local authority levels in all areas concerned with the conduct and
evaluation of elections, in the drafting and dissemination of the regulations and in the advocacy of necessary reforms.

- Increased accountability of government agencies.
- Increased competence among the judiciary in the hearing of election fraud cases.
- More effective service delivery and monitoring of abuses by non-state actors specialising in the above areas.
- Continuous analysis, maintenance and updating of electoral statistics, with the publication of the results.
- Strengthened linkages to the ECOWAS Network of Election Boards.

D. Advancing the governance reforms of the Federal Government

In addition to project-specific assistance to federal (and state) ministries and agencies in such areas as management, internal planning, financial control and human rights, EC support will be made available at a more general level to strengthen the national planning process through better coordination of ministry initiatives and to improve coping with human rights issues.

The results which are expected to be achieved by the Nigerian authorities with EDF support should include:

- Greater use of information technology for data collection and analysis in policy formulation, including more explicit harmonisation with existing laws and monitoring and evaluation.
- Improved regulatory framework for sector policies that are part of the National Development Plan.
- Improved accuracy in the estimation of administrative and budget requirements for effective enforcement, including staff deployment, recruitment and training, office and transport equipment
- Improved efficiency of agencies dealing with human rights issues.

Among the more general outcomes which are expected from this task area is enhanced clarification of policy priorities in areas which are included in the NEEDS-2 plan but which are not covered specifically in the Seven Point Agenda, most particularly the development of policy to boost non-oil exports and to promote regional economic integration.

E. Promoting state and local governance reforms in six focal States

The improvements expected from EC support for planning and governance reforms at federal level are likely to have only a limited impact at state and local authority level without a sustained effort to extend the same reform process to those levels, taking due account of their particular characteristics. Although this is by far the largest single allocation in the 10th EDF, the EC resources available will not support such sustainable initiatives in all States. To maximise the initial impact, therefore, the programmes will start in six focal States, selected in general accordance with the SEEDS benchmarking exercise and drawn from each of the six major regions. Within each selected State, the targeting of Local Authorities for assistance
would respect the same transparency rules as the SEEDS. The specific outcomes expected include:

- Improved capacity for policy formulation/planning and management of public finances at state and local government levels.
- Improved transparency in state and local authority budgeting and increased public consultation over major planning decisions.
- Greater access and enhanced quality of services delivered through state and local governments.
- Better coherence and coordination between the three tiers of government in respect of poverty alleviation programmes.
- Publication and replication of successful actions in additional States and Local Authorities.

As a specific strategy will be designed for each State and Local Authority, it is not possible to programme these actions in further detail at this stage. To the extent that the selected States prove themselves capable of effectively sustaining the actions through their own budget support, consideration will be given to extending the programme on the same basis to additional States. And, finally, synergy will be improved between donor operations at State level.

The projects could include some infrastructure components (e.g. small water schemes, solid waste management structures, ICT centres) needed to contribute along with the actions mentioned above to improving local governance and service delivery and to support governance reforms.

Nearly a quarter of the overall ‘A’ envelope will be earmarked for this project.

F. Improving the effectiveness of non-state actors and the media in supporting and monitoring the reform process

As development-oriented reforms are best implemented in a context of public support, the mutually reinforcing actions proposed under this heading are intended to enhance the effectiveness of democratic oversight and to strengthen the capacity of civil society organisations to contribute constructively to informed debate on development issues.

The principal results to be achieved under this heading are as follows:

- Improved functioning of non-state actors in terms of delivering services to their members, monitoring progress towards poverty alleviation and the attainment of the MDGs, protecting human rights and preparing more effective policy advocacy proposals.
- Enhanced effectiveness of mass communication media in the accurate monitoring of public bodies in all three tiers of government and in the dissemination of information about successful actions in ways which will encourage their replication.
In addition to these general empowerments, in order to maximise ownership efforts will be made to ensure the active involvement of all three groups in the planning and implementation of each major operation under the 10th EDF.

Support for non-state actors covers non-state actors eligible for funding as defined in Article 6 of the Cotonou Agreement and Article 4(1)(d) of Annex IV to the revised Agreement. Depending on their mandate, support to non-state actors may cover activities including, inter alia, capacity building, advocacy (including anti-corruption), research, awareness raising, food security and sustainable management of the environment, monitoring and delivery of services to the population. In supporting non-state actors the EC may make use of Article 15(4), which allows it to act as a Contracting Authority.

All projects of a certain size will include an educational media element to increase public awareness of the issues addressed under the project. In addition, a specific mass media and communication project will be implemented to promote awareness on the topics listed in chapter IV.4.F of the CSP. All media (radio, newspapers, magazines, etc.) will be considered but in view of Nigeria’s unique movie industry situation, particular reliance will be put on the use of visual media.

Approximately 3.5% of the overall ‘A’ envelope will be earmarked for NSAs and 1.5% for a special mass media and communication project.

5. **Focal sector 3: Trade, regional integration and energy**

Just over 15% of the overall ‘A’ envelope will be devoted to assisting the authorities to improve Nigeria’s trading position in the non-oil sector, to regional integration and to energy (including the development of technical skills).

The government has long recognised the need to diversify the economy away from excessive dependence on the oil sector and part of this diversification strategy relates to strengthening the competitiveness of the non-oil industries with a view to both import substitution and export development. The increased access to West African markets consequent upon the expected adoption of the Common External Tariff based on the five band Nigerian tariff schedule should provide an important impetus to non-oil export development, as should the eventual incorporation of Nigeria within the EPA trading system.

Of course, Nigeria’s trade relations for its non-oil sector should not be confined to the West Africa region or to Europe. Further afield, the extent to which Nigeria is able to comply fully with the WTO trade rules and with international standards and other rules will be critical factors and so there is a need to ensure that the relevant public institutions and private-sector trade associations are suitably prepared.

Three main areas are proposed under this focal sector, namely:

| A. | Trade and regional integration. |
| B. | The EPA development programme and improving the competitiveness and diversification of the Nigerian non–oil export sector. |
C. Energy security

At this stage the list of actions provided below is purely indicative. Whether and how best some of the actions could be merged into fewer and larger projects will be analysed and decided during the appraisal phase which will include sector studies.

A. Trade and regional integration

EC assistance will focus on building capacity in federal agencies in order to allow Nigeria to take full advantage of the trade diversification and trade expansion opportunities afforded by the ECOWAS Customs Union and the eventual EPA. The results to be achieved under this heading would include:

- Increased technical competence of the Nigerian negotiators participating in the ECOWAS decision-making processes.

- Improved implementation arrangements for the eventual adoption of the ECOWAS Common Market, including closer harmonisation with the WTO and Kyoto Conventions in such areas as Customs valuation and appraisement, the protection of intellectual property rights, the prevention of counterfeiting, and the control of monopolies and restrictive trade practices.

- Enhanced preparation for the financial sector to facilitate Nigeria's accession to the proposed anglophone currency union and eventually to the West Africa Monetary Union.

- Improved harmonisation of Nigerian standards with international standards and the upgrading of SON information services.

Some additional funding may be made available from the Regional Indicative Programme to support preparedness within Nigeria for regional integration in other areas, such as switching the incidence of taxation from the border to the interior, the reform of cross-border payment clearance systems, or the harmonisation of axle weight requirements for lorry transporters. Such funding will be subject to special procedures and is not taken into consideration in defining the NIP allocations.

B. Improving the competitiveness and diversification of Nigeria’s non-oil export sector for EPA implementation

Much of the perceived lack of competitiveness among Nigeria’s non-oil exporters can be attributed to infrastructural problems, especially in terms of energy supply and transportation. These are being addressed as priority areas under the Seven Point Agenda. EC assistance to enhance export competitiveness will concentrate, however, on the development of export-oriented institutions. The results to be achieved under this heading would include:

- Further development of a comprehensive and integrated export incentives policy for the non-oil sector.
• Increased capacity of the public and private exporter associations in the provision of export information and export promotion and marketing services, and in policy advocacy.

• Further development of the export incentives and trade facilitation aspects of the Customs service in such areas as electronic document processing, duty suspension regimes, or statistics.

• Improved functioning of export insurance and guarantee services.

• Facilitation of public-private investments in infrastructures needed to improve the competitiveness of the non-oil economy, particularly regarding energy supply (gas, renewable energy) in line with the EU-Nigeria energy dialogue, by covering partly the social dimension of such investments.

C. Energy

The EC will provide assistance:

• by supporting the EU-Nigeria dialogue on energy;

• towards the implementation of the integrated power plan, particularly in training programmes to address the chronic shortage of maintenance engineers;

• in the area of gas flaring reduction and in developing cooperation in the field of renewable energies.

6. Other programmes — Non-focal sectors

15% of the total ‘A’ envelope funding has been earmarked to support the design and implementation of policy in three important development areas, that is (a) the environment and climate change, (b) health, and (c) cultural cooperation. These were marked for special treatment outside the focal sectors at the Ministerial Troika meeting in Ljubljana in May 2008. The balance of the funding allocation has been set aside to support a technical cooperation facility, the NAO office and to provide resources against unforeseen contingencies.

| A. Environment protection and climate change. |
| B. Health and immunisation. |
| C. Cultural, scientific and technical cooperation. |

At this stage the list of actions provided below is purely indicative. Whether and how best some of the actions could be merged into fewer and larger projects will be analysed and decided during the appraisal phase.

A. Environment and climate change
The development of Nigeria’s oil and gas resources has significant environmental impact both within the country and abroad. The recent EC-funded pre-feasibility study identified resource gaps in several areas in both rural and urban situations and detailed discussions are now being conducted to identify the arrangements for EC assistance in these areas.

B. Health, immunisation and polio eradication

Some €113m is already committed under the 7th and 9th EDF to support immunisation programmes and to eradicate polio. The programmes have achieved substantial results in the six focal States and they have recently been extended to an additional 17 States. However, the present funding is due to terminate by mid-2009, and additional funding will be needed to sustain the programmes especially in the additional States and to cope with some new outbreaks. At least 7% of the overall ‘A’ envelope will be earmarked for this project (i.e. €50m).

C. Cultural, scientific and technical cooperation

These funds are intended to encourage Nigerian artists and artisans and to support cultural exchanges of all types to foster increased understanding of cultural heritage both among Nigeria’s 250 tribal groups and between Nigeria and Europe. Greater exposure to cultural diversity should not only contribute to enhancing the fruitfulness of the EU-Nigeria political dialogue, but should be a significant factor in reducing social tensions within Nigeria itself.

The deepening of academic links between European and Nigerian technical and vocational training institutes should improve the productivity of similar institutions in Nigeria and contribute over time to the build-up of local technical skills in such critical sectors as construction and energy plant maintenance.

At least 0.7% of the overall ‘A’ envelope will be earmarked for this project (i.e. €5m).

D. Technical Cooperation Facility

This facility provides a general resource for studies, training and conferences and for the exchange of technical expertise to enhance cooperation between the EU/EC and Nigeria in any other area which is compatible with the agreed framework of the political dialogue. Slightly less than 2.0% of the overall ‘A’ envelope will be indicatively earmarked for this facility.

E. Support to the NAO Office

Attention will be paid to developing better ownership in the management of external aid as well as in monitoring and evaluation in the framework of aid effectiveness. Training will be provided to national officers in order to overcome the problem of lack of public procurement and contracting skills. Support will continue to maintain and improve the present system for planning and supervising EDF projects and for the certification of expenditures within agreed budgets. A similar system will be extended to the offices the State Authorising Officers in the focal States with the intention of replicating it elsewhere.
F. Reserve

The reserve, equivalent to 1.5% of the total EDF funding (approximately €10m), has been set aside to provide insurance against unforeseen cost increases and other contingencies affecting the above programmes and to provide a resource to meet urgent additional requirements.
## INTERVENTION FRAMEWORK AND PERFORMANCE INDICATORS

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<td><strong>Focal sector 1:</strong> Peace &amp; security</td>
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<tr>
<td>FS 1. Overall objective</td>
<td>Secure a peaceful environment for economic development planning</td>
<td>Improved economic &amp; social development context achieved by enhancing the protection of life and property.</td>
<td>Increase the competence of the police and specialised crime agencies, while maintaining peace in West Africa and elsewhere in the continent.</td>
<td>Reduced incidence of organised crime and improved prevention of ordinary crime in Nigeria. Enhanced role of civilian agencies in international peacekeeping.</td>
<td>Reports by international agencies. Donor coordination reports. NSA monitoring reports. Economic and social indicators.</td>
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<tr>
<td><strong>FS 1. Task areas</strong></td>
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<td>F1 A.(1) Upgrading the technical competence of specialised agencies.</td>
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<tr>
<td>Specific objective</td>
<td>Prevent organised crime.</td>
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<tr>
<td>a) Institutional development of specialised policing agencies.</td>
<td>a) Increase use of information technology in such areas as money laundering, narcotics smuggling, piracy, &amp; counterfeiting.</td>
<td>a) Specialised training of operational ranks. Increased detection rates.</td>
<td>a) Training project reports and NSA reports. Media reports.</td>
<td>a) &amp; b): Sufficient funding and political support to assure the proper functioning of these agencies. Close collaboration with relevant ECOWAS and EU agencies.</td>
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<td>b) More effective control over small arms and light weapons (SALW).</td>
<td>b) Improve controls over SALW registration, transfers, storage, trade, production &amp; disarmament.</td>
<td>b) Gun regulations in place and NatCom fully functional.</td>
<td>b) Prosecution statistics. NatCom SALW enforcement reports.</td>
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<tr>
<td>c) Improved monitoring by relevant non-state actors (NSAs).</td>
<td>c) Equip NSAs for better service delivery, monitoring, &amp; policy advocacy. Enhance cooperation with the mass media.</td>
<td>c) NSAs trained in functional areas. Media packs and videos prepared to publicise actions and achievements.</td>
<td>c) Training project reports and NSA reports. Media packs and reports.</td>
<td></td>
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<tr>
<td>a) Institutional development of police forensic services.</td>
<td>a) Increased technical capacity of police forensic services.</td>
<td>a) Forensic laboratory rehabilitated and staffed.</td>
<td>a) Forensic equipment inventories &amp; staffing. Forensic case statistics.</td>
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<td>c) Reduced corruption and improved HR protection.</td>
<td>c) Increase discipline over corruption and human rights abuses.</td>
<td>c) Disciplinary action for corruption &amp; HR abuse.</td>
<td>c) Disciplinary statistics</td>
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<td>a) &amp; b), c): Sufficient funding and political support to assure the proper functioning of the police.</td>
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<td>d): Vigilante groups less politicised &amp; willing to coordinate activities with the police.</td>
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### F1 B. Prevention of human trafficking and smuggling of migrants and improvements in migration management and its development dimension.

**Specific objective**
Comply with the AU-EU action plan on migration and the ECOWAS common approach on migration.

- a) Institutional development of the specialised anti-trafficking policing agencies.
- b) Enhanced performance of the Nigerian migration management services at all levels.
- c) Enhanced migration information and migration data management systems.
- d) Improved management of the support for internally displaced persons (IDPs).
- e) More effective functioning of diaspora organisations in counteracting the brain drain.
- f) More effective service delivery and monitoring of abuses by non-state actors.

**Objectives**
- a) Capacity building and upgrading of competences of the specialised anti-trafficking policing agencies and support for the implementation of the National Plan of Action on Trafficking in Persons.
- b) Capacity building of the Nigerian migration management services and support for other related national policies (migration, labour).
- c) Technical assistance and capacity building to promote and support migration information and management actions at all levels.
- d) Support for the adoption and implementation of a national policy on IDPs and support to the relevant agencies.
- e) Support provided by the diaspora in terms of expertise and investment.
- f) Actions and support provided by NSAs to the migration sector.

### F1 C. Support for the peace process in the Niger Delta.

**Specific objective**
Enhance the quality of life in the region and improve economic opportunities.

- a) Sustainable capacity developed in conflict prevention and related techniques.
- b) More effective functioning of the specialised police and security forces.
- c) Reduced attraction of armed criminal gangs and militia groups.
- d) Community-based project planning, management & monit.
- e) Improvement in youth education and women empowerment programmes.

**Objectives**
- a) Increase competence within the Ministry for the Niger Delta (MND), the NDDC, and other relevant public agencies in the provision of conciliation, mediation and arbitration services.
- b) Improve accuracy of intelligence services through training and equipment.
- c) Increase rates of disarmament, demobilisation and reintegration of armed criminals and militants.
- d) Establish suitably trained project management committees at community level, operating with high sustainable capacity, service delivery and policy advocacy.

**Methods**
- a) MND & NDDC establish specialised conflict prevention/resolution units (CPUs).
- b) Specialised training of operational ranks and improved detention rates.
- c) Arms recovery levels increased. Improved facilities for rehabilitation training for ex-militants & criminals.
- d) Training provided for community management in EDF-financed projects.

**Evaluation**
- a) MND and NDDC reports and CPU staffing levels. Peacekeeping training manuals.
- b) Training programmes, training manuals, institution reports. Detention records.
- c) NatCom reports. Increased attendance at skill retraining centres.
- d) Training programmes, training manuals, institution reports.
<p>| f) | Increased effectiveness of programmes to encourage investment by small and medium-sized enterprises (SMEs) in the non-oil sector. |
| g) | Increased empowerment of NSAs active in the region. |
| e) | Develop employment training facilities for women and youths. |
| f) | Improve credit lines and business management training programmes for SMEs. |
| g) | Provide specialised training for NSO in project/programme &amp; human rights monitoring, in policy advocacy and in service delivery. |
| e) | Additional employment skills training facilities set up for these groups, together with the rehabilitation of existing facilities. |
| f) | Availability and terms of SME loans. Numbers of SME management trainees. |
| g) | NSAs trained in functional areas. Media packs and videos prepared to publicise actions and achievements. |
| a) &amp; b) | Training in functional areas, including the preparation of media packs and videos. |
| c) | Increased service delivery and reduced incidence of human rights abuses in the functional areas. |
| a) | Training project reports and NSA reports. Reports by international agencies. Donor coordination reports. Media packs. |
| a) &amp; b) | Monitoring reports, detention rates, judicial reports. |
| All: | The military is prepared to cooperate fully with civilian agencies in the protection of human rights and in upholding respect for due legal process. |</p>
<table>
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<tr>
<th><strong>Focal sector 2:</strong> Governance &amp; human rights</th>
<th><strong>FS 2. Overall objective</strong></th>
<th><strong>FS. 2. Task areas</strong></th>
<th><strong>All:</strong> Monitoring reports by donors, NSAs and international agencies.</th>
<th><strong>All:</strong> Strong political commitment to enforcing the rule of law in all three government tiers.</th>
</tr>
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<tr>
<td><strong>Reduction in maladministration and enhanced respect for the rule of law is a necessary condition for private enterprise development.</strong></td>
<td><strong>Improve the administration of public services.</strong></td>
<td><strong>F2 A. Enhancing the functioning of the judiciary and improving prison conditions.</strong></td>
<td><strong>a)</strong> Court records on case throughput. Statistics on remand prisoners. <strong>b), c) &amp; d).</strong> Training project reports and NSA reports. <strong>e)</strong> Numbers of specialists trained. Case completion rates. <strong>f)</strong> NSA reports. Media packs and reports.</td>
<td><strong>a)</strong> Adequate funding of court systems and prison services. <strong>b)</strong> Adequate funding of probation and retraining services. <strong>c)</strong> Judges and senior court officials sufficiently motivated on training needs. <strong>d)</strong> Adequate funding support to the Legal Aid Council for subsidised legal services for the poor, etc. <strong>e)</strong> Entrepreneurs prepared to substitute legal redress for bribery. <strong>f)</strong> The NSAs prepared to engage actively in monitoring and policy advocacy as well as routine service delivery.</td>
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<tr>
<td><strong>At federal, state and local level, increase political stability, improve access to both criminal and civil justice, reduce corruption, and enhance the protection of human rights.</strong></td>
<td><strong>Overall objective</strong></td>
<td><strong>a) Increase the timeliness, fairness and efficiency of the judicial system.</strong></td>
<td><strong>a)</strong> Increased speed and reliability of the case documentation traceability system. Reduced case settlement time. <strong>b)</strong> Education and employment skills training programmes in place inside and outside prisons. <strong>c)</strong> Intensive training provided for judges and court officials. <strong>d)</strong> Community legal advice centres set up in rural and deprived urban areas. Increased use of paralegal advisers. <strong>e)</strong> Specialised training capacity available in legal faculties and throughput and employment of civil litigation graduates. <strong>f)</strong> NSA empowerment programmes operational. Media packs &amp; videos prepared to publicise actions &amp; achievements.</td>
<td><strong>a)</strong> Adequate funding of court systems and prison services. <strong>b)</strong> Adequate funding of probation and retraining services. <strong>c)</strong> Judges and senior court officials sufficiently motivated on training needs. <strong>d)</strong> Adequate funding support to the Legal Aid Council for subsidised legal services for the poor, etc. <strong>e)</strong> Entrepreneurs prepared to substitute legal redress for bribery. <strong>f)</strong> The NSAs prepared to engage actively in monitoring and policy advocacy as well as routine service delivery.</td>
</tr>
<tr>
<td><strong>Judicial case statistics, prison records, public finance reports, election reports, etc.</strong></td>
<td><strong>Governance reports and monitoring reports by donors, international agencies and NSAs.</strong></td>
<td><strong>a) Significant reduction in the numbers of prisoners on remand.</strong></td>
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| F2 B. Upgrading the competence of the anti-corruption bodies. | a) Enhanced competence within anti-corruption agencies in tracking down fraud and in securing convictions.  
b) Improved collaboration with international anti-corruption agencies in such areas as money laundering.  
c) Enhanced public awareness of the operations of the anti-corruption agencies and of the opportunities open to them for redress.  
d) More effective service delivery and monitoring of abuses by the NSAs specialising in these areas. | a) More effective use of information technology, specialised databases and forensic techniques in the EFCC, ICPC, CCB, FIB, BMPIU and EITI.  
b) Data exchanges and training linkages set up with such international agencies as Europol, the Financial Action Task Force, the UN Office on Drugs and Crimes (UNODC), and with relevant ECOWAS and AU agencies.  
c) Organise public awareness campaigns with the support of the mass media.  
d) Improve the functioning of the relevant NSAs. | a) IT software developed and data systems operational.  
b) Effective operational linkages established.  
a) Media packs and videos prepared to publicise actions and achievements.  
b) Feedback on awareness campaigns.  
c) NSA empowerment programmes operational. | a) Numbers of prosecutions and conviction rates.  
b) Reports by the relevant international agencies.  
c) Campaign monitoring reports.  
d) NSA reports. | a), b) & c) Political will to support the rule of law even in high-profile cases.  
Effectively implementation of the National Framework for Judicial Integrity.  
d) The NSAs prepared to engage actively in monitoring and policy advocacy as well as routine service delivery. |
| F2 C. Supporting the electoral process. | a) Improved functioning of the election management bodies at the federal, state and local authority levels.  
b) Increased accountability of government agencies.  
c) Continuous analysis, maintenance and updating of electoral statistics, with publication of the results.  
d) Increased competence among the judiciary.  
e) More effective service delivery and monitoring of abuses by non-state actors specialising in the above areas.  
f) Strengthened linkages to the ECOWAS Network of Election Boards. | a) Improve INEC transparency and accuracy in all areas concerned with the conduct and evaluation of elections, especially in the drafting, dissemination and enforcement of the regulations, in regularising voter registration, in constituency boundary determination and in the advocacy of necessary reforms.  
b) Strengthen the capacity of control and oversight agencies.  
c) Strengthen the INEC statistical and publication services.  
d) Train judiciary in the hearing of election fraud cases within the Judicial Integrity Framework.  
e) Provide specialised training to relevant NSAs. | a) Comprehensive plans drawn up and budgeted for the conduct and monitoring of all federal, state and local elections.  
b) Improved oversight capacity of NSAs, Parliament, judiciary, anti-corruption agencies, etc.  
c) Regular statistical publications and voter awareness campaigns.  
d) Accelerated settlement of election disputes.  
e) Increased monitoring activity by NSAs.  
f) Reports on NSA awareness & media campaigns.  
g) ECOWAS reports. | a) Reports by NEPAD, ECOWAS and other international agencies.  
b) Reports of various agencies, Evaluation reports, etc.  
c) Validation of the published statistics by academic and other impartial observers.  
d) Case settlement rates.  
e) Adequate ECOWAS monitoring capacity. |
### F2 D. Advancing the governance reforms of the Federal Government.

**Specific objective**
**Strengthen the policy and planning process to clarify development priorities.**

| a) Greater harmonisation of existing laws and policies, especially the linkages between the Seven Point Agenda and the other planning documents. | a) Increase the use of information technology in management, internal planning, financial control and policy formulation. | a) Improved coordination of federal initiatives and increased clarification of the hierarchy of operational priorities and responsibilities between the various national, regional and sectoral plans. |
| b) Increased precision in regulation drafting. | b) Identify violation situations and develop detailed enforcement procedures and manuals for the implementing and judicial agencies. | b) Detailed implementation and enforcement procedures drafted. |
| c) Improved accuracy in the estimation of administrative and budget requirements for effective enforcement. | c) Improve estimation and budgeting for staff deployment, recruitment and training, office and transport equipment, etc., not only within the policymaking body but also within all the implementing agencies. | c) Improved compliance and/or enforcement of the laws and policies achieved through better coordination of resource planning. |

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### F2 E. Promoting state and local governance reforms in six focal States.

**Specific objective**
**Upgrade capacity in selected States in such areas as public finance management, service delivery and compatibility with federal policies in order to achieve the MDGs.**

| a) Improved capacity for policy formulation, planning and the management of public finances at state and local government levels. | a) Formulate a separate strategy for each State, based on their budgetary commitment, for sustained support in the agreed action areas. | a) Detailed strategies prepared, agreed and published with clear budgetary commitments. |
| b) Improved transparency in state and local authority budgeting and increased public consultation over major planning decisions. | b) Encourage the publication of public finance reports and educate the media and NSAs in budget evaluation techniques. | b) Regular consultation mechanisms in place for the media and the NSAs to monitor financial commitments and operations. |
| c) Greater access and enhanced quality of services delivered through state and local governments. | c) Ensure state-wide availability and improved access to ongoing EDF programmes in water, sanitation, health, etc. | c) Local authority administrators trained in improved procedures to enhance service delivery. |
| d) Better coherence and coordination between the three tiers of government in respect of poverty alleviation programmes. | d) Clarify objectives, responsibilities and accountability mechanisms for MDG achievement. | d) Explicit harmonisation of federal MDG plans and policies at state level, including the passage of enabling legislation. |
| All: Federal agencies are prepared to allow access to ministerial coordination data for monitoring purposes. | e) Media packs and reports. | All: Focal States and focal Local Authorities prepared to comply with the SEEDS and LEEDS benchmarking exercises. |
### F2 F. Improving the effectiveness of non-state actors and the media.

**Specific objective**

*Sustain the democratic process by enhancing the oversight capacity of civil society organisations.*

<p>| a) Improved functioning of non-state actors in service delivery and oversight functions. | a) Improved functioning of non-state actors in service delivery and oversight functions. | a) Build capacity in selected NSAs in the focal States for (i) service delivery, (ii) monitoring progress towards poverty alleviation and MDG goals, (iii) protecting human rights and (iv) preparing policy advocacy proposals. | a) Active participation of selected NSAs in the planning and oversight of all relevant EDF projects and programmes. |
| b) Enhanced effectiveness of mass communications media in generating support for the reform process. | b) (i) Improve the reporting and analytical skills of the print, visual and audio media in accurately monitoring the activities of public bodies in all three tiers of government. (ii) Increase their effectiveness in disseminating information about successful actions in ways which will encourage their replication. | b) Media campaigns included in all major EDF support programmes. Media packs and videos prepared to publicise actions and achievements. | a) Project/programme reports. NSA reports. b) Media cooperation agreements, media surveys and reports. |
| | | | a) The NSAs prepared to engage actively in monitoring and policy advocacy. b) Private media companies prepared to enter into long-term service contracts. |</p>
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<tr>
<th><strong>Focal sector 3:</strong></th>
<th><strong>Trade and regional integration</strong></th>
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<tr>
<td><strong>FS.3. Overall objective</strong></td>
<td><strong>Strengthen capacity for export promotion policy within the Federal Government to encourage non-oil exporters.</strong></td>
</tr>
<tr>
<td><strong>FS.3. Task areas</strong></td>
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<tr>
<td><strong>F3 A. Trade and regional integration.</strong></td>
<td><strong>Holistic development of trade promotion policy for non-oil exporters.</strong></td>
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<tr>
<td><strong>Specific objective</strong></td>
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<td></td>
<td><strong>Enhanced competitiveness</strong></td>
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<td><strong>a)</strong> Increased technical competence of the Nigerian negotiators participating in the ECOWAS decision-making processes.</td>
<td><strong>a)</strong> Develop national competence in the analysis of regional integration processes.</td>
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<tr>
<td><strong>b)</strong> Improved implementation arrangements for the eventual adoption of the ECOWAS Common Market.</td>
<td><strong>b)</strong> Increase harmonisation with the WTO and Kyoto Conventions.</td>
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<td><strong>c)</strong> Enhanced preparation for the financial sector.</td>
<td><strong>c)</strong> Train financial institutions to better prepare for Nigeria's accession to the proposed anglophone currency union and eventually to the West Africa Monetary Union.</td>
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<td><strong>d)</strong> Improved harmonisation of Nigerian standards with international standards and upgrading of the Standards Organisation of Nigeria (SON) information services.</td>
<td><strong>d)</strong> Assist the SON to conclude more mutual recognition agreements in the region and elsewhere and upgrade the efficiency of its information services.</td>
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<td><strong>F3 B. Improving competitiveness and diversification of the non-oil export sector.</strong></td>
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<td><strong>Specific objective</strong></td>
<td><strong>Enhanced competitiveness</strong></td>
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<tr>
<td><strong>a)</strong> Further development of a comprehensive and integrated export incentives policy for the non-oil sector.</td>
<td><strong>a)</strong> Develop capacity for the administration of a more comprehensive export incentives policy, combining tax and credit incentives.</td>
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<tr>
<td><strong>b)</strong> Increased competence of the public and private exporter associations.</td>
<td><strong>b)</strong> Improve the provision of export information and export promotion and marketing</td>
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<td><strong>All:</strong></td>
<td></td>
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</tbody>
</table>

Reports by government, ECOWAS and other international trade agencies on the simplification of export procedures. Improved share of non-oil sector earnings attributable to exports.

Implementation of reforms will not be deflected by protectionist pressures.

WTO- and EPA-compliant policy developed and implemented for increased liberalisation of trade and investment within ECOWAS and within the eventual EPA, together with the empowerment of non-oil exporters.

Non-oil export earnings increased to counterbalance Nigeria’s over-dependence on crude oil and gas, thereby widening the development perspectives.

Enhanced Nigerian preparations to take full advantage of the opportunities afforded by the ECOWAS Customs Union and the eventual EPA, both at the level of policy and public institutional development and through support for increased competitiveness of the non-oil export sector.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Development of a detailed energy profile and integrated power plan to provide a shared EU-Nigeria vision of cooperation avenues and arrangements.</td>
<td>a) Reinforce capacity within the Ministry of Energy and other relevant ministries for developing policy and plans in respect of (i) the three-fold expansion and security of electricity supplies, (ii) the construction and maintenance of the Trans-Sahara Pipeline, (iii) the reduction of gas flaring, (iv) the development of renewable energy sources, etc.</td>
<td>a) Appropriate legal, regulatory and fiscal reforms designed and implemented. Training and other capacity-building initiatives.</td>
</tr>
<tr>
<td>b) Adoption of best practice in the management of energy resources.</td>
<td>b) Further develop capacity in the management and control of extraction, transmission, and security of oil, gas and renewable raw energy supplies, together with the more effective maintenance of installations and other equipment.</td>
<td>b) Number and nature of the technical exchange linkages between EU energy agencies and the relevant Nigerian ministries and agencies, including the Nigerian National Petroleum Corporation (NNPC).</td>
</tr>
<tr>
<td>c) Improved volume and reliability of electricity supplies to sustain development. Reduction in import requirements for processed petroleum products.</td>
<td>c) Implement more effective control over the transmission of gas supplies to the existing generation plants while ensuring that adequate funding and other resources are available for their maintenance.</td>
<td>c) Improved reliability of gas production and transmission to generating plants.</td>
</tr>
<tr>
<td></td>
<td>d) Improve the security and maintenance of the existing petroleum refineries and encourage private investment in additional capacity to reduce import dependency.</td>
<td>d) Higher proportions of domestic consumption of refined petroleum products met from domestic production.</td>
</tr>
</tbody>
</table>

All: The planning of energy sector development will be in accordance with the EU-Africa Partnership on Energy.
<table>
<thead>
<tr>
<th>Non-focal sectors</th>
<th>NFS Overall objective</th>
<th>NFS Task areas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Support to important development sectors requiring separate treatment.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Implementation of the task areas below to reinforce the development impact of the actions envisaged under the focal sectors.</td>
<td>a) Reduction in the environmental degradation and in the production of greenhouse gases associated with oil and gas extraction. b) Reduce desertification and deforestation through improved controls. c) Improve the availability of water and sanitation facilities and waste removal to enhance the human environment. d) Improve EU-Nigeria collaboration at international fora on climate change.</td>
</tr>
<tr>
<td></td>
<td>Emphasise the cross-linkages to both the focal and non-focal sectors in accomplishing the detailed tasks below.</td>
<td>a) Clarify administrative responsibilities for environmental protection. Increase controls over gas flaring and oil spillages. b) Regulate reform to ensure greater control at state level over the conversion of forests and other natural habitats to agricultural, industrial and residential uses. c) Continue and expand the scope of the WSSSRP and STWSSP programmes. d) Enhanced cooperation over the transfer of clean technology.</td>
</tr>
<tr>
<td></td>
<td>Visible internal and developmental coherence of the NIP.</td>
<td>a) Strengthen the information capacity of the Ministry for the Environment for better control of oil-based degradation. b) Strengthened national planning control over deforestation. c) Water, sanitation and waste disposal facilities improved. d) Gas flaring and oil spillages progressively reduced.</td>
</tr>
<tr>
<td></td>
<td>The Nigerian authorities are prepared to plan the implementation of these task areas in a holistic manner, with explicit references to the linkages with the focal sector programmes.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NF A. Environment and climate change.</th>
<th>Specific objectives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Improve the conditions for economic and social development by mitigating environmental degradation.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>a) Reduction in the environmental degradation and in the production of greenhouse gases associated with oil and gas extraction. b) Reduce desertification and deforestation through improved controls. c) Improve the availability of water and sanitation facilities and waste removal to enhance the human environment. d) Improve EU-Nigeria collaboration at international fora on climate change.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a) Clarify administrative responsibilities for environmental protection. Increase controls over gas flaring and oil spillages. b) Regulate reform to ensure greater control at state level over the conversion of forests and other natural habitats to agricultural, industrial and residential uses. c) Continue and expand the scope of the WSSSRP and STWSSP programmes. d) Enhanced cooperation over the transfer of clean technology.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a) Strengthen the information capacity of the Ministry for the Environment for better control of oil-based degradation. b) Strengthened national planning control over deforestation. c) Water, sanitation and waste disposal facilities improved. d) Gas flaring and oil spillages progressively reduced.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>All: Full implementation of the National policy on the Environment in accordance with the Africa-EU Partnership on Climate Change.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NF B. Health, immunisation and polio eradication.</th>
<th>Specific objective</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Continuation of the current programmes and their extension to additional States.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reductions in child sickness and mortality rates contribute to the achievement of the MDGs.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Refine immunisation programmes to ensure greater children capture rates and to combat the impact of wild virus infections.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Implementation of wider and more complete immunisation programmes.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Programme reports.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Political commitment of the state authorities. Adequate funding to extend the programme to cover additional areas.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NF C. Cultural, technical &amp; scientific cooperation.</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>a) Promotion of inter-cultural dialogue (i) to improve international relations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a) Support selected museums, art institutions, universities through artistic competitions, a) Closer cultural linkages (i) increase the fruitfulness of EU participation rates.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a) Numbers of cultural events and participation rates.</td>
</tr>
</tbody>
</table>
|  |  | All: Recognition by the authorities of the importance of cultural
| Specific objective | a) Improve the planning and financial management skills of the central coordinators of Nigerian EDF operations.  
|                    | b) Develop similar skills in the offices of the State Authorising Officers.  
|                    | c) Improve donor coordination.  
|                    | a) Enhance the planning, financial estimation, expenditure control and technical supervision capability within the NAO office.  
|                    | b) Improve the competence in the above areas within the offices of the State Authorising Officers in the focal and non-focal States hosting EDF-funded actions.  
|                    | c) Assist the NSO to implement the National Development Partnership Framework with other donors, with special reference to actions in the Niger Delta.  
|                    | a) & b) Continued implementation of the EC financial transparency and accountability rules. Rapid processing of action approvals.  
|                    | c) Effective application of the European Code of Conduct.  
|                    | All: Evaluation reports.  
|                    | a) Facilitate public-private sector partnerships in the provision of information technology.  
|                    | b) Promote academic exchanges with technical training centres in Europe.  
|                    | c) Increased relevance of Nigerian skills qualifications for employment opportunities, especially in construction and in the maintenance of energy installations.  
|                    | b) Increased use of information technology in public bodies and in private industry.  
|                    | c) Employment statistics.  
|                    | Provided a fund for additional studies, training and conferences.  
|                    | a) To help reduce internal tensions.  
|                    | b) To help reduce ethnic and religious tensions within Nigeria.  
|                    | c) To reduce internal tensions.  
|                    | a) To help reduce internal tensions.  
|                    | b) To help reduce ethnic and religious tensions within Nigeria.  
|                    | c) To reduce internal tensions.  
|                    | a) To help reduce internal tensions.  
|                    | b) To help reduce ethnic and religious tensions within Nigeria.  
|                    | c) To reduce internal tensions.  
| NF D. Technical cooperation facility. | Provide a fund for additional studies, training and conferences.  
| NF E. Support to the Office of the NAO. | Provide a fund for additional studies, training and conferences.  

| Specific objective | Increase awareness of and respect for cultural identities while encouraging technology transfer.  
|                    | a) Encouragement of scientific and technical development.  
|                    | b) Improved educational facilities for skills training.  
|                    | c) Exhibitions and exchanges. Nigerian artists and celebrities should be encouraged to support EDF actions.  
|                    | a) Encouragement of scientific and technical development.  
|                    | b) Improved educational facilities for skills training.  
|                    | c) Exhibitions and exchanges. Nigerian artists and celebrities should be encouraged to support EDF actions.  
|                    | a) Encouragement of scientific and technical development.  
|                    | b) Improved educational facilities for skills training.  
|                    | c) Exhibitions and exchanges. Nigerian artists and celebrities should be encouraged to support EDF actions.  
|                    | a) Enhanced understanding and cooperation (ii) to help reduce internal tensions.  
|                    | b) Encouragement of scientific and technical development.  
|                    | c) Improved educational facilities for skills training.  

95
**INDICATIVE TIMETABLE OF COMMITMENTS (BASIC + INCENTIVE TRANCHE)**
(HIGHLIGHTING LIKELY IMPACT ON NIGER DELTA) | At this stage the list of actions provided below is purely indicative. Whether and how best some of the actions could be merged into fewer and larger projects will be analysed and decided during the appraisal phase.

<table>
<thead>
<tr>
<th>Code</th>
<th>Indicative description</th>
<th>Basic ‘A’ envelope allocation (€580m)</th>
<th>Incentive tranche (€97m)</th>
<th>TOTAL ENV ‘A’ INDICATIVE ALLOCATION</th>
<th>INDICATIVE SPEND IN THE NIGER DELTA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>€m</td>
<td>%</td>
<td>€m</td>
<td>%</td>
</tr>
<tr>
<td>FS.1</td>
<td>Focal sector 1: Peace and security</td>
<td>145</td>
<td>25%</td>
<td>166</td>
<td>25%</td>
</tr>
<tr>
<td>FS.1.A</td>
<td>Fight against organised crime</td>
<td>30</td>
<td></td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>FS.1.B</td>
<td>Migration and prevention of human trafficking</td>
<td>15</td>
<td></td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>FS.1.C</td>
<td>Peace process, conflict prevention &amp; local governance in the Niger Delta</td>
<td>80</td>
<td></td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>FS.1.C bis</td>
<td>As above, also incl. local governance &amp; service delivery in Niger Delta</td>
<td>21</td>
<td>22%</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>FS.1.D</td>
<td>Support for international mandates on conflict prevention</td>
<td>20</td>
<td></td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>FS.2</td>
<td>Focal sector 2: Governance &amp; human rights</td>
<td>295</td>
<td>51%</td>
<td>297</td>
<td>44%</td>
</tr>
<tr>
<td>FS.2.A</td>
<td>Supp. to the judiciary and support to prisons (reform &amp; human conditions)</td>
<td>40</td>
<td></td>
<td>40</td>
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</tr>
<tr>
<td>FS.2.B</td>
<td>Support to anti-corruption bodies</td>
<td>25</td>
<td></td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>FS.2.C</td>
<td>Support for the electoral cycle 2011-2015</td>
<td>20</td>
<td></td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>FS.2.D</td>
<td>Support for federal governance reforms</td>
<td>15</td>
<td>2%</td>
<td>2%</td>
<td>17</td>
</tr>
<tr>
<td>FS.2 E</td>
<td>Support for local governance reforms in six focal States</td>
<td>160</td>
<td></td>
<td>160</td>
<td></td>
</tr>
<tr>
<td>FS.2.F (i)</td>
<td>Support to NSAs</td>
<td>25</td>
<td></td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>FS.2 F (iii)</td>
<td>Interactions with mass media &amp; communication</td>
<td>10</td>
<td></td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>FS.3</td>
<td>Focal sector 3: Trade &amp; regional integration</td>
<td>73</td>
<td>12%</td>
<td>105</td>
<td>16%</td>
</tr>
<tr>
<td>FS 3.A</td>
<td>Trade and regional integration</td>
<td>10</td>
<td></td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>FS.3.B</td>
<td>Support for competitiveness (EPA-related)</td>
<td>48</td>
<td></td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>FS.3.B bis</td>
<td>Support for competitiv. of private sector (partic. Niger Delta) &amp; statistics</td>
<td>12</td>
<td>12%</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>FS.3.B ter</td>
<td>Support for competitiveness, energy supply through renewable energies</td>
<td>20</td>
<td>21%</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>FS.3.C</td>
<td>Energy, including development of technical skills</td>
<td>15</td>
<td></td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>NFS</td>
<td>Non-focal areas</td>
<td>57</td>
<td>10%</td>
<td>99</td>
<td>15%</td>
</tr>
<tr>
<td>NFS A</td>
<td>Environment and climate change</td>
<td>10</td>
<td>10%</td>
<td>10</td>
<td>15%</td>
</tr>
<tr>
<td>NFS B</td>
<td>Health, immunisation &amp; polio eradication</td>
<td>20</td>
<td>31%</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>NFS C</td>
<td>Cultural, scientific &amp; technical cooperation</td>
<td>5</td>
<td></td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>NFS D</td>
<td>Technical cooperation facility</td>
<td>12</td>
<td></td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>NFS E</td>
<td>Support to the Office of the NAO</td>
<td>10</td>
<td>2%</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Reserve</td>
<td>10</td>
<td>2%</td>
<td>10</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

**Total** | 580.0 | 97.0 | 677.0 | 29% | 199 |
**INDICATIVE TIMETABLE OF COMMITMENTS (BASIC + INCENTIVE TRANCHE)**

At this stage the list of actions provided below is purely indicative. Whether and how best some of the actions could be merged into fewer and larger projects will be analysed and decided during the appraisal phase.

<table>
<thead>
<tr>
<th>Code</th>
<th>Focal sector/programme</th>
<th>Indicative allocation € million</th>
<th>Incentive tranche (€97m)</th>
<th>%</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>FS.1</td>
<td>Focal sector 1: Peace and security</td>
<td>145</td>
<td>25%</td>
<td></td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>FS.1.A</td>
<td>Fight against organised crime</td>
<td>30</td>
<td></td>
<td></td>
<td>20</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS.1.B</td>
<td>Migration and prevention of human trafficking</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS.1.C</td>
<td>Peace process, conflict prevention, &amp; local government, Niger Delta</td>
<td>80</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>FS.1.C bis</td>
<td>Peace process, conflict prevention and local governance in the Niger Delta (e.g. local governance and service delivery)</td>
<td>21</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS.1.D</td>
<td>Support for international mandates on conflict prevention</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS.2</td>
<td>Focal sector 2: Governance &amp; human rights</td>
<td>295</td>
<td>51%</td>
<td></td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>FS.2.A</td>
<td>Support to the judiciary and support to prisons (reform and human conditions)</td>
<td>40</td>
<td></td>
<td></td>
<td>25</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS.2.B</td>
<td>Support to anti-corruption bodies</td>
<td>25</td>
<td></td>
<td></td>
<td>25</td>
<td></td>
<td></td>
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<tr>
<td>FS.2.C</td>
<td>Support for the electoral cycle 2011-2015</td>
<td>15</td>
<td></td>
<td></td>
<td>20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS.2.D</td>
<td>Support for federal governance reforms</td>
<td>15</td>
<td></td>
<td></td>
<td>2</td>
<td>17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS.2.E</td>
<td>Support for local governance reforms in six focal States</td>
<td>160</td>
<td></td>
<td></td>
<td>30</td>
<td>130</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS.2.F (i)</td>
<td>Support to NSAs</td>
<td>25</td>
<td></td>
<td></td>
<td>15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS.2.F (iii)</td>
<td>Interactions with mass media &amp; communication</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>FS.3</td>
<td>Focal sector 3: Trade &amp; regional integration</td>
<td>73</td>
<td>12%</td>
<td></td>
<td>10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS.3.A</td>
<td>Trade and regional integration</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS.3.B</td>
<td>Support for competitiveness (EPA-related)</td>
<td>48</td>
<td></td>
<td></td>
<td>20</td>
<td>28</td>
<td></td>
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</tr>
<tr>
<td>FS.3.B bis</td>
<td>Support for competitiv private sector (partic Niger Delta) &amp; stats</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS.3.B ter</td>
<td>Support for competitiveness, energy supply through renewable energies</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS.3.C</td>
<td>Energy, including development of technical skills</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NFS</td>
<td>Non-focal areas</td>
<td>57</td>
<td>10%</td>
<td></td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>NFS A</td>
<td>Environment and climate change</td>
<td>10</td>
<td></td>
<td></td>
<td>10</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NFS B</td>
<td>Health, immunisation &amp; polio eradication</td>
<td>20</td>
<td></td>
<td></td>
<td>30</td>
<td>5</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>NFS C</td>
<td>Cultural, scientific &amp; technical cooperation</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NFS D</td>
<td>Technical cooperation facility</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td>6</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>NFS E</td>
<td>Support to the Office of the NAO</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Reserve</td>
<td></td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total | 580.00                                      | 97.00                          | 100%                      | 0.0 | 67.0 | 0.0  | 313.0 | 0.0  | 249.0 | 38.0 |

| Total | 677.00                                      |
Annex 1: Nigeria at a glance

Basic information

<table>
<thead>
<tr>
<th>Land area</th>
<th>Population</th>
<th>Population density</th>
<th>Population of the main town</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sq km 923,768</td>
<td>144,500,000 (est.)</td>
<td>140 persons/km²</td>
<td>5.7 million/Lagos</td>
</tr>
</tbody>
</table>

Population growth

- 1999: 3.0%
- 2002: 2.8%
- 2005: 3.2%
- 2006: 1.1%
- 2007: 3.2%

Labour force (average annual growth 2003-2007): 2.75%

Life expectancy at birth: 54 years

HDI: value and ranking: 0.453/158

<table>
<thead>
<tr>
<th>Economic Indicators</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007*</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASIC DATA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. GDP (US $ billion)</td>
<td>66.0</td>
<td>78.4</td>
<td>87.4</td>
<td>112.7</td>
<td>142.6</td>
<td>181.6</td>
</tr>
<tr>
<td>2. GDP per capita (US $)</td>
<td>839.1</td>
<td>620.9</td>
<td>673.2</td>
<td>847.4</td>
<td>1036.2</td>
<td>1,256.6</td>
</tr>
<tr>
<td>% change</td>
<td>(26.0)</td>
<td>8.4</td>
<td>25.9</td>
<td>22.3</td>
<td>21.3</td>
<td></td>
</tr>
<tr>
<td>3. Real GDP growth (%)</td>
<td>4.6</td>
<td>9.6</td>
<td>6.6</td>
<td>6.5</td>
<td>6.0</td>
<td>6.2</td>
</tr>
<tr>
<td>4. Gross fixed capital formation/GDP</td>
<td>6.3</td>
<td>8.6</td>
<td>11.9</td>
<td>12.0</td>
<td>12.5</td>
<td>14.0</td>
</tr>
<tr>
<td>5. Foreign direct investment (US$bn)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6.04</td>
<td>20.0</td>
<td>32.5</td>
</tr>
<tr>
<td>6. External debt /GDP</td>
<td>72.0</td>
<td>61.1</td>
<td>50.2</td>
<td>20.8</td>
<td>1.94</td>
<td>1.59</td>
</tr>
<tr>
<td>7. Total debt service/GDP</td>
<td>17.4</td>
<td>15.1</td>
<td>12.7</td>
<td>2.5</td>
<td>1.4</td>
<td></td>
</tr>
<tr>
<td>8. Inflation rate (% CPI)</td>
<td>12.9</td>
<td>14.0</td>
<td>15.0</td>
<td>17.9</td>
<td>8.5</td>
<td>6.6</td>
</tr>
<tr>
<td>9. Real effective exchange rate/1$</td>
<td>122.2</td>
<td>132.86</td>
<td>130.29</td>
<td>143.74</td>
<td>148.22</td>
<td>155.23</td>
</tr>
</tbody>
</table>

STRUCTURE OF THE ECONOMY

- Agriculture/GDP: 42.1% in 2002, 41.0% in 2003, 40.1% in 2004, 41.9% in 2005, 41.7% in 2006, 42.2% in 2007*
- Industry/GDP: 27.4% in 2002, 30.4% in 2003, 29.7% in 2004, 28.3% in 2005, 26.0% in 2006, 23.7% in 2007*
- Services/GDP: 16.0% in 2002, 14.7% in 2003, 15.1% in 2004, 15.2% in 2005, 15.7% in 2006, 16.1% in 2007*

PUBLIC FINANCE

- Federal revenues /GDP: 21.7% in 2002, 26.0% in 2003, 34.7% in 2004, 38.4% in 2005, 32.5% in 2006, 24.8% in 2007*
- - of which oil/GDP: 20.9% in 2002, 29.4% in 2003, 32.7% in 2004, 28.5% in 2005, 19.5% in 2006
- Federal expenditures/GDP: 12.8% in 2002, 12.2% in 2003, 12.8% in 2004, 12.7% in 2005, 10.5% in 2006, 10.3% in 2007*
- State expenditures/GDP: 9.3% in 2002, 9.9% in 2003, 10.1% in 2004, 8.5% in 2005, 9.3% in 2006
- Current budget balance/GDP: 4.5% in 2002, 12.0% in 2003, 15.6% in 2004, 13.5% in 2005, 5.2% in 2006

TRADE

- Exports incl. services /GDP: 41.01% in 2002, 40.98% in 2003, 51.51% in 2004, 42.89% in 2005, 38.95% in 2006
- of which oil/GDP: 30.35% in 2002, 29.66% in 2003, 34.6% in 2004, 34.6% in 2005, 31.9% in 2006

Source: CBN
## Selected Social Indicators related to the MDGs
(Sources: UN Statistics Division MDG Indicators, UN 2008 MDG Monitor and UNDP Human Development Index)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Impact</strong></td>
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<tr>
<td>1. Population below USD 1 (PPP) per day, percentage</td>
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<tr>
<td>2. Prevalence of underweight children (under five years of age)</td>
<td>35.7%</td>
<td>28.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td>3. Under five mortality rate (per ‘000)</td>
<td>230</td>
<td></td>
<td>194</td>
<td>191</td>
<td></td>
<td></td>
<td></td>
<td>76.6</td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>4. Net enrolment ratio in primary education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>68</td>
</tr>
<tr>
<td>5. Primary completion rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>75.6</td>
<td>100%</td>
</tr>
<tr>
<td>6. Ratio of girls to boys in:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>- primary education –</td>
<td>0.82</td>
<td>0.83</td>
<td>0.83</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- secondary education –</td>
<td>0.79</td>
<td>0.82</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>- tertiary education –</td>
<td>0.53</td>
<td>0.53</td>
<td>0.69</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Proportion of births attended by skilled medical personnel</td>
<td>30.8%</td>
<td>35.2%</td>
<td>35%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Proportion of one year old children immunised against measles</td>
<td>54%</td>
<td>40%</td>
<td>45%</td>
<td>53%</td>
<td>62%</td>
<td>62%</td>
<td></td>
<td>90%</td>
</tr>
<tr>
<td>9. HIV prevalence (% aged 15-to-24)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.9%</td>
<td>3.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Proportion of population without sustainable access to improved water source</td>
<td>50%</td>
<td></td>
<td></td>
<td></td>
<td>53%</td>
<td></td>
<td></td>
<td>25</td>
</tr>
</tbody>
</table>
Annex 2: Donor Matrix

This matrix summarises the known (actual and planned) disbursements of other donors, including the Member States and multilateral donors, for the period 2006-2011.

NIGERIA’S DEVELOPMENT PARTNERS ANNUAL COMMITMENTS AND DISBURSEMENTS (US$MN)

ANNUAL DISBURSEMENTS (USD million)

update: 14 December 2008

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>Financial Year</th>
<th>.rate</th>
<th>FY 06</th>
<th>FY 07</th>
<th>FY 08</th>
<th>FY 09</th>
<th>FY 10</th>
<th>FY 11</th>
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</thead>
<tbody>
<tr>
<td><strong>DISBURSEMENTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AfDB</td>
<td>1 Jan - 31 Dec</td>
<td></td>
<td>75.35</td>
<td>79.93</td>
<td>177.68</td>
<td>178</td>
<td>178</td>
<td>178</td>
</tr>
<tr>
<td>CIDA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DFID</td>
<td>1 April - 31 March</td>
<td></td>
<td>156</td>
<td>160</td>
<td>200</td>
<td>200</td>
<td>240</td>
<td>280</td>
</tr>
<tr>
<td>EU/EC</td>
<td>1 Jan - 31 Dec</td>
<td>1 € = 1.35 USD</td>
<td>111</td>
<td>66.8</td>
<td>54</td>
<td>81</td>
<td>108</td>
<td>135</td>
</tr>
<tr>
<td>JICA</td>
<td>1 Jan - 31 Dec</td>
<td></td>
<td>26.52</td>
<td>26.84</td>
<td>23.64</td>
<td>38.42</td>
<td>53.26</td>
<td>70.57</td>
</tr>
<tr>
<td>UNDP (core contributions)</td>
<td>1 Jan - 31 Dec</td>
<td></td>
<td>14</td>
<td>16</td>
<td>18</td>
<td>18</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>USAID</td>
<td>1 Jan - 31 Dec</td>
<td></td>
<td>105.2</td>
<td>188.2</td>
<td>267</td>
<td>303</td>
<td>320.6</td>
<td>320</td>
</tr>
<tr>
<td>WB</td>
<td>1 Jul - 30 June</td>
<td></td>
<td>284.8</td>
<td>343.7</td>
<td>325.4</td>
<td>540</td>
<td>680</td>
<td>720</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>773</td>
<td>881</td>
<td>1,066</td>
<td>1,358</td>
<td>1,598</td>
<td>1,722</td>
</tr>
</tbody>
</table>

**OTHERS**

| AIDB commitments        | 1 Jan - 31 Dec       |      | 175   | 180   | 140   | 324   | 308   | 280   |
| WB commitments          | 1 Jul - 30 June      |      | 422   | 750   | 451   | 1070  | 1000  | 1000  |
| UNDP total              | 1 Jan - 31 Dec       |      | 150   | 47    | 37    |       |       |       |
### Percentages of disbursements:

<table>
<thead>
<tr>
<th></th>
<th>1 Jan - 31 Dec</th>
<th>1 April - 31 March</th>
<th>1 Jan - 31 Mar</th>
<th>1 Jan - 31 Dec</th>
<th>1 Jan - 31 Dec</th>
<th>1 Jul - 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td>AfDB</td>
<td>9.7%</td>
<td>9.7%</td>
<td>16.7%</td>
<td>13.1%</td>
<td>11.1%</td>
<td>10.3%</td>
</tr>
<tr>
<td>CIDA</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>DFID</td>
<td>20.2%</td>
<td>18.2%</td>
<td>18.8%</td>
<td>14.7%</td>
<td>15.0%</td>
<td>16.3%</td>
</tr>
<tr>
<td>EU/EC</td>
<td>14.4%</td>
<td>7.6%</td>
<td>5.1%</td>
<td>6.0%</td>
<td>6.8%</td>
<td>7.8%</td>
</tr>
<tr>
<td>DFID</td>
<td>3.4%</td>
<td>3.0%</td>
<td>2.2%</td>
<td>2.8%</td>
<td>3.3%</td>
<td>4.1%</td>
</tr>
<tr>
<td>UNDP (core contributions)</td>
<td>1.8%</td>
<td>1.8%</td>
<td>1.7%</td>
<td>1.3%</td>
<td>1.1%</td>
<td>1.0%</td>
</tr>
<tr>
<td>USAID</td>
<td>13.6%</td>
<td>21.4%</td>
<td>25.1%</td>
<td>22.3%</td>
<td>20.1%</td>
<td>18.6%</td>
</tr>
<tr>
<td>WB</td>
<td>36.8%</td>
<td>39.0%</td>
<td>30.5%</td>
<td>39.8%</td>
<td>42.6%</td>
<td>41.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th>100.0%</th>
<th>100.0%</th>
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<th>100.0%</th>
</tr>
</thead>
</table>

Much UNDP Nigeria funding comes from other development partners and Government in-country, so UNDP resources are split into total (core contributions from UNDP HQ plus contributions from development partners and Government in Nigeria) and core contributions only.

![Nigeria's donors partners - annual disbursements](image)
Annex 3: Summary of the Country Environmental Profile

Review of the environmental profile of Nigeria and state of the environment

Physical resources. Nigeria lies on the southeast corner of the West Coast of Africa. The relief is characterized by low-lying coastal areas to the Jos plateau in the central northern part, and the mountains range along the eastern border of the country. The coastline consists of the barrier bar lagoon complex around Lagos, mud beaches eastwards that grades into the Niger delta (made of sandy beach ridge barrier islands, backed by mangrove/freshwater swamps/forests), with narrow continental shelf (<75km). The ecological zones, contiguous from North to South, include savannas, lowland rain forest, freshwater swamp and mangrove swamp forest and coastal barrier islands. A mountain forest zone is along the south-eastern border.

There are 8 main river basins, with Rivers Niger and Benue system draining most (?80%) of the country into the Atlantic Ocean. The Komadougou-Yobe river system flows into an inland drainage Lake Chad, and together with Hadejia-Nguru wetlands system drains most of the areas not drained by the Niger/Benue system. In general, the surface and groundwater resources are adequate to meet current demands for potable water, but marred by unfavourable temporal and spatial distribution, and poor harvesting, leading to serious scarcities in some north areas and consumption from polluted streams and stagnant water bodies.

Household energy is dominated by firewood and charcoal, while hydrocarbons (oil, and gas) and hydroelectricity supplies the bulk of industrial energy demand. Nigeria had 36.2 billion barrels of proven oil reserves, and about 182 trillion cubic feet of proven natural gas reserves, concentrated in the Niger delta and offshore. The approximately 5,900 megawatts of installed electricity-generating capacity are primarily generated by 3 hydro and 5 thermal power stations. Being in the tropics, Nigeria is blessed with abundant solar energy resources (3.5-7.0 kWh/m²/day).

Biological resources. Fish provides 40% of the total animal protein in the diet of the average Nigerian. Fishery potential totals 150,000 tons including both marine and freshwater fisheries and fishing is done by both artisanal and industrial fleets.

Much of the savanna that used to cover about 4/5 of Nigeria is now agriculture or grazing lands. The savanna are found in the northern and central parts of Nigeria, while the south is usually dominated by forestland comprised of savanna woodlands, lowland rainforest, mountain forests, riparian forests, freshwater swamp forest, and mangrove forests.

The country’s closed natural forest diminished from around 10 million hectares in 1960 to 4.456 million hectares in 2001, declining at a rate of 2.6% per year. The estimated planted forest area is 375,000 hectares, with rubber plantations cover of 318,000 hectares. In 2005, 1,160 Forestry management units were defined, of which 154 produce timber. In 2003, estimated total roundwood production was m³ 69.9 million, of which m³ 60.4 million (86%) is fuelwood.

Approximately half of the cultivable land is effectively under permanent and arable crops (30 millions hectares), while the rest is covered by forest wood land, permanent pasture and built up areas. The cattle is essentially raised in the Sudan savanna (90% of the cattle population),...
where the limiting factors are the amount of water supply available. During the dry season, they move southward as far as the deciduous forest and during the rainy season northwards into the Sahel, as far as the rains will allow for fresh grass and water.

The Niger Delta is an internationally important sensitive ecosystem and host to the oil and gas drilling activities. The Niger Delta is made of the barrier islands, which rim the shore gradates into the mangrove forest, which disperse into the seasonal and permanent freshwater swamps forests.

**Socio-economy.** Nigeria’s is a mixture of more than 250 ethic groups, their rivalries being a source of civil strife. The economy is dominated by crude oil and gas, which accounts for over 95% of national export earnings and leads the GDP. However, the majority of the population derives sustenance from agricultural production. About 64% of people in rural areas 35% in urban areas live below the poverty line. Traditions, customs, and cultural prejudices contribute to women’s lack of equal rights with males.

Acute respiratory illness linked to household smoke accounts for the death of nearly 50,000 children <5 years, and diarrhea for lack of water and sanitation and poor hygiene for another 30,000. Malaria, outbreaks of cholera, cerebrospinal meningitis, measles, yellow fever are widespread. The national prevalence rate of HIV/AIDS is 5.8%. A gap exists in health care services access between rural and urban areas and lower rates of access prevail in the North.

**Environmental and socio-economic impact of current economic trends.** The natural environment degradation is summed in the loss of forest and mangroves areas, and desertification, as well as in industrial and residential pollution. The human environment degradation is visible in the (1) low access to health services, education and drinking water supply (2) high poverty rate (3) gender inequality, and (4) low energy supply and efficiency.

The World Bank’s *Rapid country environmental assessment* (2006) estimates the costs of environmental degradation between 8-10% of the Gross domestic product, likely to increase over time, in absence of changes.

The Niger Delta is subject to environmentally polluting discharges of liquid, solid and gaseous wastes, linked to oil production. Atmospheric pollution caused by oil and gas development includes gaseous products of hydrocarbon evaporation and burning as well as aerosol particles of unburned fuel. About 2.5 billion cubic feet of natural gas is flared per day (over 45 million tons of CO$_2$ equivalent), releasing green house gases that contribute to climate change. The gas flared in Nigeria constitutes 40% of the total daily gas consumption in Africa. Several deadlines have been set for flare-out, since the 1980. Oil companies forecast to solve this problem by 2011.

Increasing vehicle ownership, urbanization and poor air norms enforcement has meant increasing pollution levels over the last few years. The industrial sector, especially coal-fired power plants, constitutes a major source of air pollution. Gas flaring from oil drilling in the Niger delta contributed 24% to CO$_2$ emissions in 2000. During the 1990s, neighbours learned to sabotage oil installations, to collect oil-spill compensation from oil companies, thus turning over more oil revenue to locals and clean up oil pollution than by subsistence farming. Attacks on oil facilities and pipelines became relentless. People protest that the activities undertaken by foreign oil firms have contributed to the degradation of the environment.
The 8 northernmost States have experienced desertification, exacerbated by the rapidly growing population. The southward advance of the desert is as high as 0.6 km per year. Causes of desertification include poor physical condition of soils, covering vegetation loss, topography as well as the inherent extreme climatic variability. The worst erosion problems are caused by water, and the worst gullies can be found in the south-eastern States. Coastal erosion is pronounced in Rivers, Bayelsa, Delta, Ondo and Lagos States.

The major forest degradation factor is conversion of natural habitats to agricultural uses. Mangroves near the towns are used for fuelwood production. Conflicts over water resources have arisen between users asserting rights under customary law, particularly between traditional pastoralists and agriculturists. Much of the Western end of the coastline has been degraded due to anthropogenic factors. In some rivers, where industrial wastes are discharged, there are high levels of heavy metals; levels of siltation are high in areas with extensive logging and farming. In Niger Delta drilling sites, groundwater is contaminated by spilled crude oil. Garbage dump sites are often located by road side. The solid waste is unsorted and there is no control on hazardous materials such as medical waste. The environmental contamination stemming from urban and industrial centers is recorded in terms of air and marine pollution. The direct threats to biodiversity and ecosystems can be grouped into unsustainable use of natural resources and habitat degradation.

Environmental policy, legislative, institutional framework

The protection and improvement of the environment are entrusted to separate institutions, and exercised at the national, state and local level. In 1999 the Federal environmental protection agency revised the National Policy on environment, whose holistic approach to managing environmental issues includes prior EIA of proposed activities, entrusting into national bodies management and service supply tasks and committing to conservation and sustainable development. The elaborate legislation dealing with environmental issues, is reflected in the plethora of agencies in charge of sectoral implementation. The revision of legal acts is a permanent process, sometimes taking decades, recording the uncertainty and lack of public support to environmental issues.

Forest tariffs are very low and not revised frequently. Industry inefficiency is compounded by the ban on round-log exports. Domestic sawmills are protected from competition and pay low prices, also 40% lower than the international ones, thus increasing inefficiency. The Draft Forestry Act (2003), when enacted, should harmonize / streamline the different state forest laws / ordinances. It focuses on both forest management and community involvement in reforming the forestry sector, by involving States, private sector, NGOs.

The National water resources policy moves away from the compartmentalized view of water resources management to emphasise a basin approach, coordination between basins, and watershed management.

Nigeria signed the key multilateral environmental agreements, including the Convention of biodiversity and the Kyoto protocol on climate change. The pivotal institutions in charge of environment are:

- The National Council of Environment provides policy guidance for environmental management in the country and advise the Presidency on environmental issues.
• The Federal Ministry of Environment, housing and urban development mandate is to provide policy guidance for environmental management; it incorporates the Federal department of forestry.

Other key national institutions dealing with the environment are:

• Nigerian Environmental Standards Regulations and Enforcement Agency (NESREA) monitors and enforces environmental standards in all sectors for all development projects.
• National Parks Commission,
• Ministry of Agriculture (land use, agriculture and livestock) and Water Resources,
• Ministry of Energy (oil, gas and power), including the Department of Petroleum Resources.

Three EIA processes are operational in the country. This situation creates confusion and uncertainty in implementation of the EIA. Gaps in the EIA legislations include the easy exemption of politically priority projects.

At the state level, environmental monitoring and enforcement responsibility of state agencies covers waste management/disposal, sanitation. The Niger Delta Development Commission has the mandate to promote the sustainable development of the region, by coordinating development projects.

The National Forestry Development Council formulates national forest policy and technical guidelines on forest management. The Federal Department of Forestry co-ordinates forestry activities. It proposes policies, oversees forestry administration nationwide, and coordinates forestry development; it is not an executing agency, which is the task of the States. The State Forest Departments manage the forest resources at the state level and supervise revenue collection from the forestry sector in the various States. The Cross River State Forestry Commission autonomously manages its programs, including those with the communities.

Protected areas management ranges from the federal to local level. The National parks service is in charge of the 8 national parks, while Forests reserves are loosely cared of by States. Game reserves, are often even less protected. Within many protected areas there are Limited access strict nature reserves, that may receive more conservation care by the residents, that the larger areas. Legally, the state owns all land. In practice, effective land tenure systems vary from tribe, community and State.

The National Council on Water Resources represents stakeholders from the federal and state level water agencies. The Federal Ministry of Water Resources, now incorporated into the Ministry of Agriculture, has the mandate for policy formulation, water supply to urban and rural areas and is in charge for development, conservation and management of water as a national resource. The 12 River Basin Development Authorities have the task to collect hydrological and related data, to plan and develop water resources, and to provide large scale irrigation infrastructure in their catchments area. The new National Water Resource Bill has been elaborated in order to coordinate Ministries and agencies mandates for water resource development and/or management. This bill will separate the Ministry’s policy role from managerial and implementing tasks played by the Basin bodies. The Federal Ministry of Energy through the Power holding company of Nigeria is empowered to abstract water along
rivers and lakes for the generation of power. State Governments provide potable water for households, industries, and irrigation.

The Federal Ministry of Energy’s main operative arm, the Department of Petroleum Resources, regulates the operation of the oil industry. The Nigeria National Petroleum Corporation oversees the regulation of the oil industry, with secondary responsibilities for upstream and downstream developments. The National Oil Spill Detection and Response Agency has been established, under the supervision of the Ministry of Environment, in order to perform technical supervision service. The fast growing energy sector, generating economic resources and changing the weights inside the social compact, creates the premises for a stronger political conflict between the people competing for streamlining such resources down to the final recipients. The Nigeria Millennium Development Goals 2005 report concludes that there is high potential to achieve universal primary education, ensure environmental stability and develop a global partnership for development. In reality, a major fault of this kind of assessment is the lack of reliable statistics.

**EC and other donors’ co-operation with the Country from an environmental perspective**

Past EC cooperation with Nigeria has focused on the water and sanitation and micro-projects sectors. Environmental issues have been considered during project appraisal and implementation. The low managerial skills of stakeholders and lack of reliable environmental information hamper the projects implementation. The *Nigeria-EC Country Strategy 2008-2013* (10th EDF) concentrates on Local Government reform. Environmental considerations are introduced, in order to achieve the MDGs.

In 2003, Nigeria official development assistance totalled 0.5% of GDP. Most donor commitments are directly related to supporting the Nigerian policies. DFID has catalysed the establishment of the Cross river Forestry commissioner, as well as funded Community forestry development projects. USAID commitment has environment as a cross cutting issue, to be streamlined by building on NGOs capacity to dialogue with government; by promoting sustainable agriculture and use of energy-conserving technologies, by generating economic opportunities near natural reserves; by developing primary school curriculum on environmental issues; and by promoting rational water and sanitation.

World Bank’s key programs aim at strengthening the policy, regulatory and institutional framework for environmental management and to frame sectoral development according to environmental sustainability. Several donors are strongly committed to water and sanitation and sustainable use of natural resources. UNDP participates in the governance strengthening, as well as pilot projects in the environmental sector. Its Niger Delta Local Development Programme uses decentralisation and local governance approach as the entry point for poverty reduction and sustainable development. UNDP is planning a major climate change initiative, to be agreed with national authorities and other donors. CIDA actions support Nigeria’s response to Climate Change and Africa Stockpiles programme.
Annex 4: Summary of the Country Migration profile

1. Introduction

Over the last two decades, Nigeria has witnessed a significant emigration of its nationals within and outside Africa. However, up-to-date data on the stock of Nigerians abroad is not available. A proxy variable of Nigerian emigration is the number of visas issued per year.

The major countries of destination in the EU were the UK, Germany, Spain, Netherlands and France. Based on visas issued in 2007, the corresponding figures are UK (66,629), France (20,703), Germany (16,973), Netherlands (13,421), Spain (4,833) Italy (4,725), Ireland (4,200). The USA also issued 27,000 visas in 2007. Other data from OECD sources indicate that in 2001 the foreign-born population of Nigerians in the UK was 86,958 and in Ireland 8,900 in 2002. However, these figures underestimate the total stock of Nigerians as an unknown number are also resident in an irregular situation in these countries, or have acquired local nationality. Within Africa, important destinations include South Africa and some West African countries. Other favoured emigration destinations include the Gulf States (Saudi Arabia, Kuwait) and importantly North America (USA had 139,493 Nigerian born foreigners in 2002) and Canada. A large population of Nigerians resides in Sudan, Cameroon and Gabon. Officials reckon that there are millions of Nigerians of the diaspora in Sudan and Cameroon. Definitions and sources of available data on the stock of Nigerians abroad/in the diaspora vary widely and is not clear if first or second generation migrants are captured by such estimates.

Regarding asylum, the number of Nigerian asylum seekers (6,829 in 2005, up from 5,153 in 2006) constituted the seventh and eleventh largest group, respectively, in EU countries. Ireland topped the destination list in both years (1,276 in 2005 and 1,067 in 2006), followed by the UK (1,155 in 2005 and 940, respectively), France (964 in 2005), Austria (881 in 2005). Out of 10,399 applications received in 10 major countries of asylum (in the EU: Ireland, UK, France, Austria, Spain, Germany), 1,091 were recognised. While the number of asylum applicants apparently increased during 2000 to 2004, the numbers showed some decline during 2005-2006 in most EU countries.

Nigeria, like many African countries, is experiencing the emigration of skilled professionals (doctors and paramedical personnel, engineers, teachers) within and outside the continent to North America, EU countries, the Gulf States and Southern Africa. Besides, the ECOWAS Protocol on Free Movement of Persons has facilitated the mobility of persons for commerce, trade, and work within the sub-region.

Although the attention of the media, civil society and researchers has focussed on issues related to trafficking in persons and organised crime, there is limited empirical information available on the number, profile and role of Nigerians living abroad in a regular situation.

2. Reasons for Migration

In general, migration is caused by differences in income and living conditions in countries of origin and destination. In Nigeria, the causes of emigration are complex but include:
• the rapid rate of growth of population and labour force which cannot be absorbed by a capital intensive oil-led economic growth that does not generate sufficient employment; besides the benefits of growth are not evenly distributed among the population;

• poverty, inadequate socio-economic opportunities, low wages, inflation, declining quality of education, and the perception of a dismal future;

• unstable socio-political environment, slow democratisation process, mismanaged economy and corruption that stifle development for employment generation.

Other contributing factors are internal ethno-religious and other conflicts and violence, especially in flash points of the Niger Delta, youth restiveness, environmental degradation, insecurity and human rights violations.

At the receiving side, factors that attract potential migrants to destination include:

• the perception of relatively higher incomes and better working and living conditions and respect of human rights;

• the perception of demand for work force, both skilled and unskilled, in especially health care, hospitality and service sectors; and prospects for professional advancement

• network of migrants both in regular and irregular situation already resident in destination countries as well as migrants association who provide support to newly-arrived migrants.

3. General trends in migration

3.1. Traditional and changing patterns of migration

Nigerian migrants have traditionally moved to countries with historical and cultural links (e.g. UK, Ghana, Sudan). In post-independence years, Nigerian migrants have explored and moved to other countries without such links (e.g. Germany, Italy, Spain, France, Canada, Gabon). After the introduction in 1986 of the IMF-inspired Structural Adjustment Programme (SAP) which led to stringent economic measures (wage freeze, retrenchment of public service workers, currency devaluation) and removal of subsidies on health, education and other services, emigration became a survival strategy for many. Migration abroad for study was supplanted by migration for both skilled and non-skilled persons.

More recent emigrants to Europe include highly skilled professionals – over half of Nigerian emigrants living in OECD countries. Independent migration of female professionals, especially nurses, also intensified especially since the 1990s when many were recruited to work in oil-rich Gulf States. In the mid-90s emigration to South Africa became significant and, over the last decade, emigration of youths to and through the Maghreb and Libya to European countries has become very visible. Migration for business and commerce has also featured in recent migration flows to Europe and Southern Africa.

3.2. Irregular migration and trafficking in persons

Irregular migration and smuggling in persons is the dark side of the migration dynamics, and is globally a growing industry. Nigerian irregular migrants can be categorised as follows:
• those who enter destination countries in a regular situation and overstay their visa;
• those who left Nigeria without proper travel documentation and/or entered destination countries improperly.

Consequently many work in the underground labour market with relatively unstable and low paid jobs, and without security. Many of them are also deskill ed, working in the hospitality industry, or as artisans, labourers and traders. Some take advantage of tourist visa and asylum applications to enter the destination countries surreptitiously.

In addition, trafficking and smuggling in persons from, within and outside Africa has been recognised as a major problem by the Nigerian authorities. Indeed Nigeria serves as the preferred origin, transit and destination of trafficked persons from especially West African countries to other locations in Africa and Europe. Trafficking of women for prostitution in Europe, especially from Edo State, is of particular concern. According to NAPTIP sources, there are also incidences of trafficking at internal level for domestic labour (75%), sexual exploitation (15%), street begging/hawking (5%), ritual purposes (5%).

4. Migrants exit routes

As border surveillance and management have been reinforced in EU countries, potential migrants have been exploring new, diverse and diverse routes (by land, by rickety boats), and daring and evasive methods for entering their destination, especially in southern Europe.

Some are also be using visitors’ visas; yet others use the asylum regime to gain entry and residence. They are also assisted by networks of smugglers and traffickers, corrupt officials and migrant communities who are settled along these routes.

There are three major exit routes for travellers/migrants leaving the country:

• Five international airports (Abuja, Lagos, Kano, Port Harcourt and Calabar);
• Two major seaports (Port Harcourt and Lagos);
• About 150 border posts.

Migrants using the Calabar exit axis normally travel by boat. These include young girls and women, who go to trade in Cameroon, Equatorial Guinea, and Gabon or to accompany or join their spouses there. Those who patronise the Lagos axis travel by air and sea, and are mostly male traders, unskilled workers and professionals seeking better livelihoods in other Africa countries, Europe and America. Migrants using the northern land routes (Sokoto, Kebbi, Katsina, Kano, Jigawa and Yobe, Borno) are overwhelmingly male traders and farmers moving to western African destinations; local traditions and culture often restrict or discourage women from participating in such migration.

The northern border routes have become popular for emigrant and traffickers through Niger, Mali, Mauritania, to the Maghreb and Libya on their way to Europe. Trafficking to Saudi Arabia via Kano State is also reported. External trafficking for the purpose of domestic labour and informal urban work is reported for Benin, Togo, Ghana, Burkina Faso, Cameroon, Gabon, Equatorial Guinea.
5. Remittances

Migrants’ remittances globally have increased significantly in recent years prompting researchers, international financial institutions and governments in sending and receiving countries to pay attention to its flow and use as a potential vehicle for development. Recently, the Nigerian Government has also shown interest in the remittances from its nationals residing abroad. Actual statistics on the quantum of remittances are, however, imprecise. The Central Bank of Nigeria (CBN) undertook a national survey in June 2007 in order to capture the inflow of remittances and its use, and to also use the results as a guide for appropriate policy formulation.

In 2005, USD 6.5 billion remittances were recorded for a GDP of USD 112.1 billion; this increased to 10.6 billion in 2006 and represented 6% and 7% respectively of GDP. These figures do not take into account remittances sent through informal channels (by individuals or through informal banking systems). It was noted by Central Bank of Nigeria that 15% of remitters use formal channels while informal channels also include goods sent home for sale. Others go directly as direct investment in stocks and bonds in the capital market, as well as person-to-person transfers to ameliorate living condition of recipients, pay for health and education of siblings and investment in real estate. The draft National Policy on Migration quoted a figure of USD 105.460 billion remitted between 2001 and 2005.

6. Internal Migration

In view of the geographical size, vast population, ecological and resource diversity of the country, internal population movement is an important component of mobility in general. Internal migration in Nigeria falls into two categories: voluntary and compelled.

Voluntary internal migration from rural to urban areas is induced by poor agricultural productivity, poor farm incomes, scarcity of fertile land, and poor socio-economic infrastructure (education, piped water, motorable roads, health clinics). While the major internal migration takes place from rural to urban areas and within urban areas, some rural to rural migration by farmers, seasonal labourers and pastoralists from resource-poor to resource-rich rural areas, especially from the savannah northern zones to the fertile coastal areas persists. The creation of states has led to the emergence of state capitals as centres of development and attractive nodes for migrants from their respective hinterlands. However many of these capital cities do not have the capacity to generate ample employment opportunities and social amenities for its rapidly growing population. Congestion, inadequate housing, growth of slums are manifestations of inadequate planning and infrastructural deficiency in these rapidly growing cities. Migrants who hoped to escape rural poverty may be using migration to urban areas as a step to moving to other countries in search of the illusory golden fleece.

Internal displacement of population in Nigeria is caused largely by ethnic and religious conflicts, environmental disasters (flooding and erosion, desert encroachment), civil strife, boundary and land disputes, and, inadvertently, government policies (e.g. dams, commercial
plantations and oil exploitation). The National Commission for Refugees recorded 1,871,000 internally displaced persons (IDP) in the country in 2006.

7. Government’s policies on migration

Based on the responses to the United Nations Population Division’s annual enquiry on immigration and emigration policies, Nigeria’s position has been a laissez faire approach, that is, not to intervene to increase or decrease emigration and immigration. This position reflected the absence of a policy on migration. In early 2007, this situation changed and an Inter-ministerial Committee prepared a Draft National Policy on Migration, which is awaiting a formal endorsement by the Federal Executive Council and, later, Parliament.

The National Policy on Migration covers wide ranging themes, including relations with the Diaspora, remittances, brain drain, cross-cutting social issues (poverty and conflict, health, education, the environment, trade, gender, the elderly, children, adolescents and youths), irregular movement and national security, migrant smuggling, human trafficking, return, readmission and reintegration of migrants, border management, refugees and asylum seekers, internally displaced persons, crisis prevention, management and resolution, human rights of migrants, integration of migrants, organised labour migration, internal migration, data collection, analysis and data exchange, regional and international cooperation. When approved, the policy will be the starting point for the implementation of relevant activities, especially data collection and analysis.

A National Policy on Internally Displaced Persons has also been drafted and awaiting endorsement by appropriate authorities. It is envisaged that an agency for migration, refugees and internally displaced persons will be responsible for implementing these policies and coordinating its activities with line ministries and other relevant stakeholders.


The National Agency for the Prohibition of Trafficking in Persons and other Related Matters (NAPTIP) was established in 2003 with an amended mandate in 2005, to tackle both internal and international trafficking. NAPTIP has established 6 zonal offices in Benin City (Edo State), Lagos, Kano, Sokoto, Enugu and Uyo (Cross River State). In 2004, a Memorandum of Understanding was signed between NAPTIP and IOM. The Nigeria Police Force has also created anti-trafficking units.
### Box 1: Immigrants

<table>
<thead>
<tr>
<th>Total number of immigrants</th>
<th>639,000</th>
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<tbody>
<tr>
<td>As percentage of total population</td>
<td>0.046 %</td>
</tr>
</tbody>
</table>

**Type / status immigrants**

- **Refugees**: 8,768 (0.0063 %)
- **Labour migrants / permanent**: NA
- **Labour migrants / temporary-seasonal**: 5,981 Temporary Work Permits (TWP) issued in 2006.
- **Transit migrants**: NA
- **Gender ratio / proportion of minors**: 25% of registered female arrivals at borders. 8.1% of children (0-19).
- **Short description of sort of skills provided by immigrants**: TWP are mostly issued for oil industry engineers.
- **p.m. internally displaced persons**: 1,871 million

**Main countries of origin of immigrants:** ECOWAS nationals, UK, USA, India, Germany, FR, IT.

**Finance**

- Amount of outgoing migrant remittances: NA

### Box 2: Emigrants

<table>
<thead>
<tr>
<th>Total number of emigrants / people in Diaspora (in OECD countries)</th>
<th>247,497</th>
</tr>
</thead>
<tbody>
<tr>
<td>As percentage of total population</td>
<td>0.018 %</td>
</tr>
</tbody>
</table>

**Type / status emigrants**

- **Refugees**: 22,130
- **Labour migrants / permanent**: NA
- **Labour migrants / temporary-seasonal**: NA
- **Transit migrants**: NA
- **Gender ratio / proportion of minors**: NA
- **Short description of sort of skills provided by emigrants / people in Diaspora**: Highly skilled: Medical and paramedical (doctors, nurses)
  Semi-skilled and unskilled
  Entrepreneurial activities (trade, business)

**Main countries of destination:**

- EU: UK, France, Germany, Netherlands, Spain, Italy, Ireland
- USA, Canada
- Africa: South Africa, Sudan, Cameroon, other ECOWAS countries, Maghreb

**Rate of return**

| NA |

**Finance**

- Amount of incoming migrant remittances: USD 10.7 billion
- Remittances as % of GDP: 0.07%

### Box 3: Policies and macro-economic impact

Identified skill shortages, by sector and profession: Health and Education sectors.

Ministry responsible for contacts with Diaspora and/or migration management: Ministry of Foreign Affairs through Nigerians in Diaspora Organisation (NIDO).

Migration policies / programmes in place: Nigeria ‘National Policy on Migration’ is drafted but has yet to be approved by the Federal Executive Council and later the Parliament. When approved it is envisaged that an agency for migration, refugees and internally displaced persons will be responsible for implementing the policy and coordinating its activities with line ministries and other relevant bodies.

Existence of human trafficking networks & policies to address them: The trafficking phenomenon has been recognised by Nigerian authorities. Nigeria has ratified in 2000 the Protocol to Prevent, Suppress, and Punish Trafficking in Persons, Especially Women and Children, and the Protocol against the Smuggling of Migrants by Land, Sea and Air supplementing the United Nations Convention against Trans-national Organised Crime. At regional level, Nigeria has endorsed and is implementing the ECOWAS Plan of Action against trafficking (2001, revised in 2005), as well as the 2006 ECOWAS-ECCAS (Economic Community of Central African States) Plan of Action against trafficking. The National Agency for the Prohibition of Trafficking in Persons and other Related Matters (NAPTIP) was established in 2003 to fight against internal and international trafficking. NAPTIP has established 6 zonal offices in Benin City-Edo State, Lagos, Kano (occurrences of women being trafficked during the hajj period as wives accompanying husband/trafficker), Sokoto, Enugu and Uyo (Cross River State; occurrences of trafficking of women and children to Gabon, Cameroon, Guinea Equatorial for labour and organ harvesting/trafficking). Nigeria Immigration Services (NIS) and Nigeria Police Force have also anti-trafficking units. NIS has a National Document Fraud Unit.
Annex 5: Country Strategy Paper Drafting Process

Summary Record of Non State Actors participation in the 10th EDF programming process

The first consultation of NSAs took place in August 2006 in the form of a workshop for the elaboration of the Country Strategy Paper of the 10th EDF. This started under the regime of President Olusegun Obasanjo. But following the 2007 elections which brought the Yar’Adua administration to office, programming had to be suspended to allow for dialogue with the new government and the establishment of new orientations and priorities. The process culminated in the Ljubjiana troika meeting in May 2008 which triggered the redrafting of the CSP but with a considerably reduced timeframe for consultations, finalisation, approval and signature.

The consultation workshop for Civil Society Organisations, Local Communities and Non Governmental Associations was nevertheless organised on 14 May, 2009 at the Rockview Hotel, in Abuja with the participation of representatives of National Planning Commission (NPC/NAO), Local Governments, Private Sector, EC Programme Management Units (PMUs) and Development Partners.

The workshop was opened by the Secretary of the National Planning Commission, Professor Slyvester Monye, on behalf of the Minister, Usman Shamsudeen, who was later to join the closing session.

In his opening remarks, the Minister of National Planning drew attention to the following facts: that the CSP was in support of the development efforts of the Federal Government of Nigeria in the reduction of poverty; that the 10th EDF is be aimed at consolidating and extending the gains already made in cooperation between Nigeria and the EU.

The Workshop was organised in three sessions: a plenary session during which there was an overview of the CSP and the focal and non-focal sectors, a session of thematic working groups and another plenary session on the conclusions and key recommendations of the workshop.

Regarding the focal sectors, these were the main comments:

Peace and security

- The role of local institutions and structures in addressing peace and security should be strongly addressed during implementation for focal sectors 1 and 2.

Governance and Human Rights

- Emphasis on governance and human rights welcomed, particularly on democratic governance. However, community involvement in electoral issues and election monitoring is extremely important; it can help in addressing election malpractices, particularly if an inter-gender approach is adopted.

- In enhancing access to justice, it is important to identify and work with pro bono lawyers to provide legal aid to people in need.
Trade and Regional Integration

- The inclusion of trade in the CSP for the first time is welcomed. Trade and regional integration have a direct link to job creation and poverty reduction. Unfortunately it has received very low allocation. More resources need to be provided.

- Whereas other focal sectors provide entry point for NSAs, there is no such provision for trade and regional integration. Civil society should be supported to perform their responsibilities in this area.

- Support should be provided to make Nigeria competitive within West African region. More funds are also needed to build capacity.

- CBOs and LGAs should be provided with information on trade and how to showcase their local products.

The thematic groups' work was designed to allow CSOs to assess their comparative advantages and capacity to participate in the implementation of programmes and projects in governance and on trade and regional integration and to provide advice on how EC should; work with NSA and LGAs.

On Governance, they estimated, among other things, that they are neutral and non-partisan and therefore better able to check the excesses of the state; they have capacity to reach the grassroots and take governance directly to the people by enhancing participation in democracy. They can play advocacy role at the federal and state level, whistle blow on corruption at all levels and highlight the needs of the physically challenged and other special groups. They will be able to monitor governance performance indicators through effectiveness in service delivery, access to information, free and fair elections and level of political participation. And to effectively carry out these functions, they require technical capacity and institutional support.

On Trade and Regional Integration, they advised especially the development and implementation of pro poor trade policy with particular emphasis on the development of non-oil trade and provision of technical assistance for improvement in commercialization. They would like the resources allocated to this sector to be used to build capacity for quality issues, (control, methodology, regulatory agencies), establish high quality labs and infrastructure for safety and standards, support equipment and human capacity development of bodies providing supervision and certification of quality, cooperation between research institutes and manufacturers, market analysis of quality standards from across other regions etc.

On working with Local Government and NSAs, they recommended that local Government should be given the resources for service delivery through joint planning with NSA and the latter should be assisted in policy development, advocacy, monitoring and evaluation. No assistance should be given to NSAs who do not demonstrate commitment to cooperation with LGAs.

Conclusion and recommendations.

The recommendations of the working groups constituted the key recommendations of the workshop which were presented to the Minister of National Planning.
In his closing remarks the Minister expressed pleasure in meeting the CSOs and thanked them for their inputs. He observed that some of the questions attracted more responses than the others, for example, the questions on the role of civil society in implementation of the EDF projects which attracted more elaborate responses than the questions on CSO governance and accountability. He nevertheless said that CSOs role at the local government level is very critical because it requires effective engagement. He noted the level of collapse of accountability in public finance management and deplored the complete lack of taxation and tax system at the LGA level due to increasing resource allocation from the federation account. He therefore associated the lack of accountability to non payment of taxes and citizens’ failure or inability to engage the Local Government leadership. He called on the CSOs to promote public accountability at that level.

Although most of the comments and recommendations made already feature in several parts of the CSP or relate to assistance provided under other EC funding mechanisms such as budget-lines, a number will be taken into consideration in the NIP.

All agreed the Workshop was worthwhile and that consultations with NSA should be maintained throughout the life of the 10th EDF.
Annex 6: The Harmonisation Road Map  
(still under discussion)

1 - Background

Since the Paris Declaration in 2000 and Federal Government’s preparation of ODA Policy in 2006, not much has been put in place to institutionalize effective aid harmonization, coordination and management frameworks in Nigeria. Although Nigeria is not an aid dependent nation (aid constitutes less than 1 percent of GDP) and hence does not operate a budget support system, yet the need to make the best use of aid that comes to the country remains imperative.

The volume of aid is increasing quickly, from less than 200 million USD in 2000 to 911 million USD in 2006 and 1,800 million USD in 2010; that recent trend makes aid coordination a necessity.

Experiences have shown the dominance of bilateral relations between development partners and government agencies with minimal synergy of operations among them. This approach is characterized with absence of a clear division of responsibility between the two parties. This, to a large extent, has created and could multiply aid coordination problems and challenges in terms of high transaction costs, duplication of resources and low aid impact on development outcomes. This further undermines the already weak absorptive capacity of government which it was originally meant to address.

The existing joint programming exercise between World Bank, DFID, USAID and AfDB, to which AFD, JICA and CIDA are willing to adhere, for the period 2010-2012 offers an interesting starting point for aid harmonisation.

Aid harmonisation is made also more difficult by the absence of a clear and structured strategy from the federal Government side. The expected national vision 20:2020 will provide a first framework to structure aid by sectors, and the expected National Development Plan should provide the right tool for alignment and aid coordination. Those two documents are expected respectively in October 2009 and in 2010.

Another difficulty is how to address aid harmonisation at State level. State level benefits from a large autonomy due to the Federal structure of the country and is key actors in term of poverty reduction and service delivery to reach the Millennium Development Goals.

The existing structures related on aid need to be reviewed and completed for better efficiency and harmonisation:

- The donors head of mission group has been set up in 2008 and meets every month (WB, DFID, USAID, EC, UNDP, AFD, AfDB, JICA and CIDA)

- Thematic groups exist but so far without a global coherence: Economic Governance Group, Democratic Governance Group, Productivity and Employment Group, Agriculture/Food Security Group, Social Service Delivery Group (including HIV&AIDS, Health, Education), Gender Group, Infrastructure Group, Environment and Climate Change Group, and Crisis and Conflict Management Group, trade group, migration group, etc…
• National Planning Commission organizes regular donors meeting but the last one took place more than one year ago.

2 - Objectives

The aid harmonisation road map is aimed at exploring how aid effectiveness through harmonization and coordination and management frameworks can be established as a tool of achieving the goals of Paris Declaration in the country. It is specifically aimed at ensuring the alignment of development assistance with national and state priorities with a view to securing increased effectiveness and impact. To this end, the following objectives for aid coordination in Nigeria are proposed

(i) Promoting better understanding between governments and the development partners on aid coordination and management;

(ii) Facilitating collation, processing and dissemination of information on development cooperation in the country;

(iii) Assisting in mobilizing resources for national development programmes on behalf of governments and other stakeholders;

(iv) Facilitating effective coordination among donors and division of labour on joint programming and eventual development of joint programmes;

(v) Promoting experience sharing on development interventions, capacity building and development partners coordination; and

(vi) Enabling replication of good practices emerging from development assistance to Nigeria.

3 - Road map

The action plan is envisaged as follow:

1. finalisation and approval of a "Proposal for the establishment of aid coordination and management frameworks for Nigeria" (July 2009)

2. Quick mapping out exercise (global financial trends, main objectives of each cooperation) (August 2009)

3. First Government development partners dialogue to discuss aid coordination (September 2009), and then formalisation of Government/development partners forum

4. harmonisation of key programming elements on the basis of the CPS2 exercise (immediate deliverables):
   • joint analysis of the situation
   • coherence of matrix of expected results, particularly in the area of governance
   • governance action plan
   • State approach and coherence of State MoUs
5. Comprehensive mapping of existing and planned donor programmes; this mapping should flag how donors work in each sector fits the national development strategy (and in the absence of strategy the national vision 2020), how many donors by sector and how many sectors by donors (2010)

6. agreement on how to apply in Nigeria the principle of the Paris declaration (limitation of donors by sector, limitation of sectors by donor, joint reviews, etc…); agreement on roles and criteria for lead, active and silent donor; request for endorsement to HQ's; (2010)

7. Agreement on the roles each donor should play. Donors asked via questionnaire whether they want to be lead, be active, be silent or not be involved in each sector. Government kept informed of this process and consulted (2010)

8. information management:

For the National Planning Commission to serve as the secretariat for the implementation of ODA Policy and the Ministry of Finance to coordinate credit institutions like the African Development Bank, the World Bank and the IMF effectively, it is important to have ODA Platform that is consistent with the Integrated Financial and Economics Management Information System (IFEMIS) of government. This Platform will handle the ODA information management system that will support the administrative framework which would make coordination, information management and data collection easier.

Since the focus is on aid, the information technology platform is to be located at the NPC where it will develop interfaces with the Ministry of Finance and other relevant ministries, departments and agencies (MDAs). For the purpose of coordinating development resources flowing into the country, it will also interface with the 36 states and the Federal Capital Territory. Development partners should work out the logistics of collectively supporting the establishment of ODA information management platform and build capacity of government officials to manage the process more effectively. The ODA information platform should remain a practical tool easy to update by donors themselves and preferably based on existing experiences around the world.
Annex 7: Nigerian Mass Media: An Overview

Nigeria's media scene is considered one of the most vibrant in Africa. The media institutions in Nigeria play a major role in public enlightenment on various critical socio-political and economic issues as well as performing the conventional function of the watchdog on public affairs. This brief overview outlines the infrastructure currently in place in Nigeria that, based on a combination of support to local mass media and to cultural initiatives, could sustain the Nigeria-EC cooperation strategy in the focal and non-focal sectors indentified in the CSP.

The Government and the Commission think that important educational messages concerning good governance, democracy, anti-corruption, education, health, human rights, etc., could be disseminated by selected local mass medias including newspapers, TVs, national and community radios etc. In addition a special role could be played by the thriving NOLLYWOOD movie industry and also by national media, cultural, sport, political and movie celebrities.

TELEVISION:

1. Nigeria has in total 142 Television channels and 40 cabled channels:
   - The Nigerian Television Authority (NTA) is the government owned body in charge of television broadcasting in the country. It retains 47 of the principal national channels as well as 49 other channels. NTA is a national network with regional antennas in each province of the country.
   - There are also 32 public television channels which broadcast their programmes only locally.
   - There are only 14 Private TV stations the reason being they are dogged by high costs and scarce advertising revenues. Moreover, legislation requires that locally-made material must comprise 60% of output.
   - Of the cabled channels, 2 are direct satellite channels, 3 are satellite/cable channels and 35 are satellite/cabled channels using Mmds channels.

2. Web television is also rapidly expanding especially among the younger generations.

3. All 36 states run their own radio stations, and most of them operate TV services. However, Lagos is simultaneously the economic and media capital of Nigeria

RADIO:

1. Radio is the key source of information for many Nigerians.

2. Nigeria is estimated to have around 130 radio stations that reach virtually all parts of the country and operate at a federal and regional level. The industry contributes to 23.5 million work posts a year across the country.
   - 50 stations are FM;
   - A little over 70 are long and short wave band;
   - 40 stations are state owned;
   - 17 stations are privately owned.

3. Federal Radio Corporation of Nigeria (FCRN) is the largest and most important Radio publicly-funded radio broadcaster but also considered the largest Radio Network in Africa. The group is composed of 5 national radio stations and 38 FM stations. All stations broadcast in 16 different languages (English and 15 local languages) to a daily audience of around 120 million listeners.
4. International broadcasters, including RFI, BBC World, Deutsche Welle, Voice of America, are widely listened to.

PRESS:

1. Nigeria is known to have one of the most lively and well-structured press communities in Africa followed by South Africa and Kenya.
   - There are more than 100 national and local newspapers and publications, some of them state-owned. They include well-respected dailies, tabloids and publications which champion the interests of ethnic groups.
   - Virtually all Nigerian newspapers have an internet presence and internet blogs in particular have become quite popular.
   - Today most journalists are trained specialized schools in either the UK or US as there are no such schools in Nigeria.
   - (There are a few journalism training institutes in Nigeria as well as mass communication departments in many Nigerian universities. KO.)

2. Press freedom has improved under President Yar'Adua and former President Obasanjo, but restrictive decrees remain. A proposed Freedom of Information Bill is yet to be passed by the parliament.

3. Nigeria is still a violent place for the press, with journalists at times suffering beatings, unfair arrests and police raids.

CINEMA:

1. The Nigerian film industry has in the last 5 years seen an average growth of 20%, making it the fastest growing sector of the Nigerian economy. During this period, the industry has contributed to over US$100 million to the national economy.

2. Format: dvd versus 35 mm?

3. The industry employs about a million people in Nigeria, split equally between production and distribution, making it the biggest employer after agriculture.

4. A well made Nigerian film, well distributed and marketed can earn up to US$5 million in global sales within 2 months, based on a minimum production and marketing investment of about US$300 million.

5. Currently, Nigerian films outsell Hollywood films in Nigeria. With some 300 producers and over 23 post-production companies, movie output lies somewhere between 1000 and 2000 a year. This ranks the industry 3rd in the world after Hollywood and Bollywood.

6. There is also an already advanced plan for the construction of a Film Village in Nigeria.

7. There are over 60 distribution companies in Nigeria; however the system is disorganised, rudimentary and ineffective. Despite the poor distribution networks, Nigerian films also dominate in West, East and Southern parts of Africa, and are widely viewed in Asia, the Caribbean and continental America.

8. Nigeria directors also produces more artistic and cultural movies, such as Ezra whose director Newton Aduaka lifted the top prize at Africa's most prestigious film festival the Fespaco film festival in 2007.
Annex 8: Nigeria's Position in Relation to Key International Conventions (*)

UNITED NATIONS:

<table>
<thead>
<tr>
<th>S/N</th>
<th>Title of Treaty</th>
<th>Signed or Ratified</th>
<th>Date Signed or Ratified</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>International Covenant on Economic, Social and Cultural Rights (CESCR);</td>
<td>Ratified</td>
<td>1993</td>
</tr>
<tr>
<td>2</td>
<td>International Covenant on Civil and Political Rights (CPPR);</td>
<td>Ratified</td>
<td>1993</td>
</tr>
<tr>
<td>3</td>
<td>International Convention on the Elimination of All Forms of Racial Discrimination (CERD);</td>
<td>Ratified</td>
<td>1969</td>
</tr>
<tr>
<td>4</td>
<td>Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW);</td>
<td>Ratified</td>
<td>1985</td>
</tr>
<tr>
<td>5</td>
<td>Optional Protocol to the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW-OP);</td>
<td>Signed</td>
<td>2000</td>
</tr>
<tr>
<td>6</td>
<td>Convention Against Torture &amp; other Cruel, Inhuman or Degrading Treatment or Punishment (CAT);</td>
<td>Ratified</td>
<td>2001</td>
</tr>
<tr>
<td>7</td>
<td>Convention on the Rights of the Child (CRC);</td>
<td>Ratified</td>
<td>1991</td>
</tr>
<tr>
<td>9</td>
<td>Optional Protocol to the Convention on the Rights of the Child on the sale of children, child prostitution and child pornography (CRC-OP-SC);</td>
<td>Ratified</td>
<td>2000</td>
</tr>
<tr>
<td>10</td>
<td>1951 Convention on the Status of Refugees</td>
<td>Ratified</td>
<td>1967</td>
</tr>
<tr>
<td>11</td>
<td>1967 Protocol relating to the status of refugees</td>
<td>Ratified</td>
<td>1968</td>
</tr>
<tr>
<td>12</td>
<td>Rome Statute of the International Criminal Court</td>
<td>Ratified</td>
<td>2001</td>
</tr>
<tr>
<td>16</td>
<td>Convention Suppression of the Traffic in Persons &amp; Exploitation of the Prostitution of Others</td>
<td>Signed</td>
<td>2003</td>
</tr>
<tr>
<td>17</td>
<td>Freedom of Association and Protection of the Right to Organise</td>
<td>Ratified</td>
<td>1960</td>
</tr>
<tr>
<td>18</td>
<td>Right to organise and collective bargaining</td>
<td>Ratified</td>
<td>1960</td>
</tr>
<tr>
<td>19</td>
<td>Convention concerning Forced or Compulsory Labour</td>
<td>Ratified</td>
<td>1960</td>
</tr>
<tr>
<td>20</td>
<td>Equal Remuneration Convention</td>
<td>Ratified</td>
<td>1974</td>
</tr>
<tr>
<td>21</td>
<td>Abolition of Forced Labour Convention</td>
<td>Ratified</td>
<td>1960</td>
</tr>
<tr>
<td>22</td>
<td>Discrimination (Employment and Occupation) Convention</td>
<td>Ratified</td>
<td>2002</td>
</tr>
<tr>
<td>23</td>
<td>Geneva Convention relative to the Treatment of Prisoners of War</td>
<td>Ratified</td>
<td>1961</td>
</tr>
<tr>
<td>26</td>
<td>Conventions on Nuclear Proliferation Treaty, NPT</td>
<td>Signed</td>
<td>1968</td>
</tr>
<tr>
<td>28</td>
<td>Comprehensive Nuclear Test Ban Treaty CTBT</td>
<td>Ratified</td>
<td>2001</td>
</tr>
</tbody>
</table>

REGIONAL INSTRUMENTS: (With respect to Member States of the African Union):

<table>
<thead>
<tr>
<th>S/N</th>
<th>Title of Treaty</th>
<th>Signed or Ratified</th>
<th>Date Signed or Ratified</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>African Charter on Human and People's Rights</td>
<td>Ratified</td>
<td>1983</td>
</tr>
<tr>
<td>5</td>
<td>African Refugee Convention</td>
<td>Ratified</td>
<td>1986</td>
</tr>
<tr>
<td>6</td>
<td>African Court of Justice</td>
<td>Signed</td>
<td>2003</td>
</tr>
<tr>
<td>7</td>
<td>African convention on preventing and combating corruption</td>
<td>Signed</td>
<td>2003</td>
</tr>
</tbody>
</table>

(*) Nigeria has also ratified 26 of the 27 GSP+ Conventions. Only the convention on Prevention and Punishment of the Crime of Genocide is yet to be ratified. 12 of the GSP+ Conventions ratified by Nigeria are listed in this annex (as nos.1-4; 6-7; and 17-22. The other GSP Conventions ratified but not listed in this Annex are Convention concerning minimum age for admission to Employment; Convention concerning the Prohibition and Immediate action for the Elimination of the worst forms of Child Labour; Montreal Protocol on Substances that deplete the Ozone layer; Basel Convention on the control of Transboundary movement of Hazardous wastes and their Disposal; Stockholm Convention Persistent Organic Pollutants; Convention on International Trade in Endangered Species of wild fauna and Flora; Convention on Biological Diversity; Cartagena Protocol on Bio safety; Kyoto Protocol to the United Nations Framework Convention on Climate change; United Nations Single Convention on Narcotic Drugs (1961); United Nations Convention on Psychotropic Substances (1971); United Nations Convention against Illicit Traffic in Narcotic drugs and Psychotropic Substances (1988); United Nations Convention against Corruption (Mexico5-6);
Annex 9: Debt Sustainability Analysis

Sustainable debt is the level of debt which allows a debtor country to meet its current and future debt service obligations in full, without recourse to debt relief or rescheduling, avoiding accumulations of arrears, while allowing an acceptable level of economic growth. In the case of Nigeria, the country suffered from unsustainable debt servicing with debts dating back to the early 1980’s, ballooning to more than US$ 30 billion due to penalties and late fees during the 1990’s. As a consequence, Nigeria failed to meet its debt service obligations, while its economy remained over dependent on the capital-intensive oil sector and with slow Gross Domestic Product (GDP) growth.

In contrast with other African countries also burdened with high debts and unsustainable debt servicing, Nigeria was not included in the list of Highly Indebted Poor Countries (HIPCs) in order to be eligible for 100% debt relief from official lenders, the International Monetary Fund, and the World Bank, due to its oil wealth. Instead, Nigeria negotiated its own debt deal at its own pace as it had the funds to partially pay off its creditors, who were happy to accept a smaller overall payment in return for cash upfront.

The Paris Club Deal in 2005

In October 2005, Nigeria concluded a debt deal with the Paris Club of Creditors under which the country was given a total discount equivalent to 60 percent of an external debt of about US$ 30.5 billion after a comprehensive debt treatment and buy-back program, which resulted in a total exit from the Paris Club by around April 2006 and after the conclusion of Nigeria’s Policy Support Instrument (PSI) review. Full implementation of the Paris Club Agreement reduced Nigeria’s external public debt stock to below US$ 3 billion at the end of 2007. The deal also commits Nigeria to more intensified IMF reviews.

High savings due to high oil prices

Instrumental for the debt deal was that significant progress has been made over the last two years by Nigeria in implementing the economic reforms, with increased macroeconomic stability and growth. Gross Domestic Product (GDP) growth rates remained strong, with real growth averaging 7% between 2003 and 2007 with significant (consolidated) fiscal surpluses of more than 12 percent of the Gross Domestic Product (GDP), and foreign reserves rising to about US$ 51 billion in 2007.

The US$ 1 billion per year in debt service payments to the Paris Club in recent years, which no longer will have to be made, has been set aside for investments in the Millennium Development Goal-related spending. Starting in the fourth quarter of 2006, quarterly reports on Millennium Development Goal-related spending funded by the debt relief are being produced and publicised.

45 As defined by UNCTAD/UNDP, 1996.
46 Nigeria’s debt is owed to members of the 19-nation-strong Paris Club of which the UK is Nigeria’s biggest creditor and has been attempting to persuade the other G8 creditors of the need for debt write-off.
47 On the basis that the last three outstanding bilateral agreements with Paris Club creditors (Austria, Denmark and Russia) have been signed.
48 Of which US$750 million is from the Federal Government with the remainder to state and local governments.
Lowering of inflation

Thanks to tighter monetary policy and an abatement of food shortages in neighbouring countries, consumer price inflation declined steadily in recent years reaching 6.6% at end 2007, although the sharp rise in consumer items, particularly foodstuffs during 2008 is likely to increase the inflation rate substantially.

Better Debt Management

Regarding debt management, the Nigerian government had set up a Debt Management Office (DMO) in 2000 as a semi-autonomous unit of the federal government. The Debt Management Office (DMO) is to coordinate (and eventually to take over) the activities of the numerous (eight) management agencies that have sprung up in recent years. Principal tasks of the Debt Management Office (DMO) include the centralisation and coordination of debt recording, providing debt service forecasts, making debt service payments and advising the government on debt negotiations and well as new borrowing. The Debt Management Office (DMO) continues to receive direct external technical assistance (Crown Agents) in the form of capacity building in debt management and sustainability, financial control and management information systems, etc. In addition, the Debt Management Office (DMO) partakes in regular capacity building programmes organised by the West African Institute for Financial and Economic Management (WAIFEM) to further strengthen the capacity for macroeconomic and financial management policy formulation of the Debt Management Office (DMO).
<table>
<thead>
<tr>
<th>GOVERNANCE AREA</th>
<th>PROSPECTIVE COMMITMENTS</th>
<th>TIMELINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Political democratic governace</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Human rights   | • Government will empower Human Rights Commission with qualified staff and financial supports  
• Uphold the Rule of Law in order to promote and safeguard human rights and freedom of Nigerians  
• Collates and reports several cases of human rights violation for necessary action from government.  
• Reduce awaiting trial population in the prisons by 15% in 2008 and 50% within 3 years.  
• Government will ensure safe and secure custody for legally interned persons.  
• Increase security gadgets, equipments and provision of human custody for all legally interned persons.  
• Inmate reformation through skills acquisition                                                                                                                                                             | On going | On going | On going |
| Fundamental Freedoms | • Government will ensure passage of Freedom of Information Bills still in process.  
• Government expresses its commitments, recognition and support to Broad Casting Organization of Nigeria                                                                                                              | On going | 2008-2011 |
| Electoral process | • Government continues its support to INEC and SIEC in the conduct of 2007 election and re-run election based on tribunal verdict.  
• Government established and gives continuous supports to election petition tribunal to investigate election malpractices  
• Government will ensure implementation of the recommendations of the Electoral Reform Committee.  
• Government reaffirms its commitment to allow local and international observer in future election  
• Government directs INEC to conduct fresh election in all erring states.  
• Government reaffirms its commitment to conduct Free and Fair Election in 2011                                                                                                                                 | On going | End 2009 |
| Principles of Constitutional Democracy | • Ensure Continuous respect for constitutional provision in all government activities                                                                                                                                                                           | 2008-2011 |
| 2. Political Governance-Rule of Law |                                                                                                                                                                                                                       |          |
| Judicial and Law enforcement system | • Government will ensure improve access to justice and legal aid for indigent members of society within 3 years  
• Improve capacity of the Federal Ministry of Justice and Legal Aid Council within 3 years.  
• Improve justice delivery through the promotion of speedy resolutions of disputes by courts.  
• Government will promote the use of other disputes resolution mechanisms in order to enhance public confidence in the justice system.  
• Government will encourage Freedom of the Judiciary to dispense Justice                                                                                                                                     | On going |
### 3. Control of Corruption

- Government will ensure adequate funding and operational capacity of the Economic and Financial Crime Commission (EFCC) and the Independent Corrupt Practices and Other Related Offences Commission (ICPC).
- Government will grant ICPC and EFCC financial and administrative independence and autonomy in their activities.
- Strengthen partnership with the civil society, the media and the public in fighting corruption.
- Government will treat misappropriation of public funds as a governance crime.
- Government will promote and enhanced transparency of government finances through regular publications of fund released to Federal MDAs and timely reporting of issues.
- Government will encourage States to adopt budget reform measures for enhanced accountability, transparency and disclosures.
- To develop a pro-active tactics to identify, detect and deter corruption, dishonesty and unethical behavior and enforce necessary sanctions.

### On going

### 4. Government effectiveness

#### Institutional capacity

- Government carry out Reforms of the Civil Service.
- Formulation and implementation of appropriate framework for productivity improvement.
- Completion and enactment of labour law.
- Institution of work evaluation and remuneration mechanisms developed.
- To strengthened local governance through increased budget.
- To support National Bureau of Statistics in generating data for planning and development.
- To promote skill acquisition and upgrading to public officials.
- Implementation of the framework for the National Policy on occupational safety and health.

#### Public Finance Management

- To ensure the implementation of the Fiscal responsibility bill.
- To encourage all States of the Federation and Local Governments to adopt and adapt the Fiscal Responsibility Bill law in order to ensure fiscal responsibility across the Federation.
- To ensure stable and sound financial management system to boost investment.
- To sustain the contributory pension scheme.
- To develop an encompassing debt management strategy and new financial analysis based on a debt sustainability analysis.
- To strengthen coordination between public finance management system and reform in the public services.
- To reclassify government expenditure into mandatory and discretion expenditure and align expenditure with the Millennium Development Goal.

#### End 2010

#### 2008-2011
### Economic governance

<table>
<thead>
<tr>
<th>Private Sector / Market Friendly policies</th>
<th>On going</th>
</tr>
</thead>
<tbody>
<tr>
<td>To provide a business climate conducive to manufacturers by lowering infrastructure, regulatory and other costs by 45% by 2009.</td>
<td></td>
</tr>
<tr>
<td>To increase capacity utilization of SME from 55% to 75% in 2011.</td>
<td></td>
</tr>
<tr>
<td>To strengthened Bank of Industry with additional equity capital to support the manufacturing sector and SMEs.</td>
<td></td>
</tr>
<tr>
<td>To sensitize unregistered SMEs on the benefit and advantage of formal registration.</td>
<td></td>
</tr>
<tr>
<td>Encourage participation of private sector in the provision of infrastructure.</td>
<td></td>
</tr>
<tr>
<td>To ensure deeper understanding and competence of both public and private sectors on how to implement infrastructure projects on Public-Private Partnership.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Management of Natural Resources</th>
<th>On going</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government will strengthen the effectiveness of NEITI to increase transparency in the use and management of mineral resources, particularly on oil revenue and fight against bunkering</td>
<td></td>
</tr>
<tr>
<td>Government will support viable research and development of environmental management and natural resources preservation.</td>
<td></td>
</tr>
<tr>
<td>Government will enact a note to access nuisance and natural resources damage and payment of equitable compensation to victims of pollution.</td>
<td></td>
</tr>
<tr>
<td>Government will promote development and adoption of appropriate indigenous technologies for natural resources and environmental management.</td>
<td></td>
</tr>
<tr>
<td>Government will encourage public-private partnership arrangements for waste management in particular and environmental management in general.</td>
<td></td>
</tr>
<tr>
<td>Government will enact into law and subsequently implement the following bills presently before the National Assembly; Environmental impact Assessment Act (amendment), National Drought Bill, Desert Control Commission, National Environmental Management Bill and Shelter Belt Project Bill.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Internal and External Security</th>
<th>2008-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal stability and conflict</td>
<td></td>
</tr>
<tr>
<td>Creation of Ministry of Niger Delta to minimize persistent conflict in the region.</td>
<td></td>
</tr>
<tr>
<td>Government will take serious measures to end conflict in the Niger Delta Region</td>
<td></td>
</tr>
<tr>
<td>Creation of specific job opportunities that the youths of Niger Delta would benefit from.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External threats and global security</th>
<th>2008-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of National Boundary Commission.</td>
<td></td>
</tr>
<tr>
<td>Continued troop contributions to peace keeping operations.</td>
<td></td>
</tr>
</tbody>
</table>
7. Social governance

Government commitments to social issues are:

- To achieve 65% enrolment for children aged 3-5 years in Early Childhood Care Education Programme in 2011.
- To sustain the current effort by the Federal Government to provide one free meal per day for every pupil at the primary school level.
- To achieve 95%, 62% and 37% enrolment in primary, junior and secondary schools in 2011.
- To achieve 70% integration at basic education level.
- To promote functional education for skill acquisition, job creation and poverty reduction for at least 50% of out of school youth by 2011.
- To increase enrolment of girls by 505 in the six states with the highest gender disparity at the basic education level by 2011 and also eliminate gender disparities in the other 30 States and FCT.
- To strengthen the programmes and projects for combating HIV/AIDS in the education sector.
- Reduce infant mortality rate by 10% in 2011.
- Increase immunization coverage to 80%.
- Reduce maternal mortality rate to 305 by 2011.
- Raise life expectancy to 60 years by 2011.
- To strive towards providing free medical care to children under 5 years and pregnant women.
- Increase annual budgetary allocation by at least 30% by 2011.

8. International and Regional Context

| Regional integration | - To meet the full compliance of the ECOWAS Common External Tariff (CET).  
|**Regional integration** | - Participate fully in ECOWAS negotiation on EPAs for Member State.  
| | - Government will continue support for ECOWAS passport.  
| Involvement in regional peer review mechanisms (e.g. APRM) | - Government will complete the Nigeria's PEER review process by the end of 2009.  
| |  
| Migration | - Government will consider and endorse migration policy at the Federal Executive Council.  
| | - Government will invite Diasporas into development process.  
| | - Government will develop synergies between migration and Development policies and programmes.  
| | - Government will continue participation in AU-EU dialogue on migration.  
| | - Government will assist financial sectors in streamlining the process of remittances transfer.  
| | - Government will collaborate with development partners on programmes for migration and development.  

9. Quality of partnership

| Political dialogue | - Continued engagement into dialogue with development partners within the context of Article8 of the Revised Cotonou Agreement  
|**Political dialogue** |  
| Programming Dialogue | - Continued commitment to donor harmonization  
| | - Mainstreaming State and Non-State Actors in the 10th EDF Programming  
| Non-State Actors | - Enhanced dialogue between government and Non State Actors.  

2008-2011

End 2009

On-going

On-going

On-going

On-going

127
Annex 11: Local Governments in Nigeria

The Federal Republic of Nigeria is situated in West Africa covering a land area of 910,768 sq km. With an estimated population of 130 million it is Africa’s most populous state. Nigeria is a federal state, composed of 36 states and the Federal Capital Territory, with a directly elected president as head of state and head of government. There are 774 local government authorities.

In the federal structure, local government is created by state legislation with the endorsement of the National Assembly. The Federal Minister of Intergovernmental Affairs is responsible to the president on all matters relating to local government.

The states are political bodies with elections to their legislatures taking place every four years. Each state has a commissioner (state level minister) with responsibility for local government. Their role is to develop policy and legislation relating to local government and to provide oversight.

Independence of the Local Government Area level does not seem to be completely ensured: In several states elected councillors and the chairs of local government authorities have been suspended by the state governor or state assemblies without the due process of law or allowing the councillors to exercise their role. In such cases, the governors have appointed caretaker committees to replace them.

Legal Basis for local government

Elected local government is based on the 1999 Constitution, which guarantees a system of local government by democratically elected councils. The constitution requires all states to enact legislation providing for the establishment, structure, composition, finance and functions of local government councils.

Each of the 36 states has enacted its own legislation regarding local governments. While core functions of local government are defined in the constitution, individual states may augment their responsibilities through legislation. The commissioner responsible for local government in each state is responsible for the administration of these Acts.

Local Government Organisational Structure

Local government exists in a single tier in all states. There are 768 local government authorities (Local Government Areas) and six area councils, totalling 774. The area councils are only in the Federal Capital Territory.

The average population covered by a local government is 115,000, and for an area council 61,000. The area councils range in population size from 21,081 to 196,021. Some 30 per cent of the population live in urban areas.
Democratic and Political Structures in Local Government

Councillors and chairpersons of councils are elected directly by universal adult (over 18 years of age) suffrage for three-year terms of office. However, whereas the first round of elections under the current constitution were held in 1999, the second round, due in June 2002, were held in March 2004. Local government is divided into wards. Each ward elects a single member to the council. This system is uniform across Nigeria. Decision-making in each council operates through a committee system; however there is a division between the executive body and the legislative body. Councils range in size from ten to 13 councillors.

Local government authorities

Legislation requires authorities to establish committees, but these are not specified. Authorities have the discretion to establish other committees on an ad hoc basis in accordance with state legislation. Chairpersons are directly elected and serve full-time and are remunerated accordingly. Remuneration is set by a federal agency, the National Revenue Mobilisation, Allocation and Fiscal Commission. The executive committees are constituted by the chairperson, with responsibilities determined by state government legislation. There is little difference between the 768 Local Government Areas and the six area councils.

Local government staffing

Senior staffs are recruited by the Local Government Service Commission, a state body, while junior staffs are hired by the individual local authority. These bodies have the authority to hire and discipline...
staff. Central government does not deploy any staff to local government. Each local authority is required to appoint the director of administration, who is the head of the paid service.

**Independent scrutiny**

Each state has an auditor general to whom local authorities must submit their annual accounts.

**Distribution of Service Delivery Competence**

The core functions of local government are defined in the fourth schedule of the constitution. They are: pre-school, primary and adult education, public health (including primary care and health protection), town and regional planning, roads and transport, refuse collection and disposal, cemeteries and crematoria, environmental protection, sports, leisure and open spaces, and religious facilities

**Finance**

*Revenue (Example)*

No aggregate for local government revenue is currently available. Below is an example from one authority of the breakdown of its revenue in 2002.

1. Statutory allocation (transfer payments): 59%
2. Rates: 12%
3. Local licences, fees and fines: 5%
4. Earnings from commercial undertakings: 10%
5. Taxes: 1%
6. Interest payments and dividends: 2%
7. Other: 1%

Federal and state government is responsible for raising and collecting taxes. Local governments collect some local taxes, such as haulage, hawking, markets, motor and commercial drivers’ levies.

*Revenue-sharing*

The federation account revenue is split approximately:

- Federal government: 54%
- State government: 25%
- Local government: 21%.
- The federation account is the consolidated fund of the federal government.

*Expenditure (Example)*

No aggregate expenditure is available. The same local authority as used in the revenue section has the following breakdown of expenditure:

General administration: 30%
Democratic services: 12%
Education: 6%
Health services: 9%
Environmental services: 9%
Miscellaneous: 28%.

Local governments are not permitted to set deficit budgets.
Associations of Local Governments (ALGON)

The Association of Local Governments of Nigeria (ALGON) is the representative body of local government and has the additional role of providing services to its member authorities. It is funded by membership subscriptions, but is not recognised either in law or in the federal constitution. The Association of Local Governments of Nigeria (ALGON) is affiliated to several international bodies including Commonwealth Local Government Forum (CLGF).

The Minister of Intergovernmental Affairs and Special Duties conducts intergovernmental relations through the presidency. These relations are not formally structured and meetings deal primarily with state-federal matters. Occasionally they discuss matters of concern to local government and the Association of Local Governments of Nigeria (ALGON) is invited to participate.

E-Government

A comprehensive government strategy has been developed and its implementation has begun. Phase one, pertaining to the linking of federal government ministries, and phase two pertaining to the development of state capital intranets are already underway. Phase three will provide a similar infrastructure within each local government authority. Once these three networks have been completed they will be integrated. There is currently a training programme underway for public servants regarding the utility and applications of e-government. There were estimated to be 750,000 internet users in Nigeria in 2004 representing 0.55 per cent of the population.

Envisaged Reforms

In mid-2003 the Technical Committee on the Review of Local Government Councils was set up, completing its work in November 2003. At present it is not clear what the main thrust of the reforms will be, but they are expected to address current imbalances in federal/state/local relations including issues relating to fiscal decentralisation.
ANNEX 12: BASIC INFORMATION on the EC FOCAL STATES

ANAMBRA

Created: 1991
Geographical area: 4,416 sq. km
Population density: 947 per sq km
Capital: Awka
No. of LGAs: 21

SEEDS benchmarking

<table>
<thead>
<tr>
<th>Category</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy</td>
<td>8.7/20</td>
<td>9.7/15</td>
</tr>
<tr>
<td>Public Finance Management</td>
<td>15.45/40</td>
<td>15.95/40</td>
</tr>
<tr>
<td>Service Delivery</td>
<td>10.45/20</td>
<td>8.00/30</td>
</tr>
<tr>
<td>Transparency &amp; Communication</td>
<td>6.40/20</td>
<td>6.05/15</td>
</tr>
<tr>
<td>Total score</td>
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<td>39.7/100</td>
</tr>
</tbody>
</table>

Ranking (out of 36 states): 9
SEEDS state of play: Document prepared

Sectoral policies in EC areas

Public Finance Management: Key achievements: Training and analytical work on revenue & debt management, procurement & evaluation system; developed new budget classification & charts of account and preparation of annual financial account; preparation of SEEDS/LEEDS documents; institutional socio-economic analysis; Public Expenditure Review; Public Expenditure & Financial Accountability Performance Assessment Framework; Citizens Report Card, Capacity building for civil society to participate in budget planning & monitoring; Assessment, mapping of CSOs and establishment of CSO network for budget analysis & monitoring; Training of members of the network on budget process, human rights & accountability.

Water: Key achievements: Institutional reform of water & sanitation sector with creation of Rural Water Agency & the activation of the Urban Water Corporation; reactivation of urban water supply in the capital Awka and in 39 small towns; preparation of draft state water policy.

Health: Key achievements: Partnership to Reinforce Immunization project (PRIME) implemented; Cold Chain equipment for effective and efficient delivery of immunization services to the communities provided; Training of Health Care providers being conducted.

Quality of Dialogue with State Authorities: Good
Presence of donors: WB, UNDP, ADB, UNFPA, WHO, EC

JIGAWA

Created: 1991
Geographical area: 23,154 sq.km
Population density: 187
Capital: Dutse
No. of LGAs: 27

SEEDS benchmarking

<table>
<thead>
<tr>
<th>Category</th>
<th>2005</th>
<th>2006</th>
</tr>
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<tbody>
<tr>
<td>Policy</td>
<td>12.50/20</td>
<td>10.70/15</td>
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<td>13.70/40</td>
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</tr>
<tr>
<td>Service Delivery</td>
<td>13.70/20</td>
<td>9/30</td>
</tr>
<tr>
<td>Transparency &amp; Communication</td>
<td>5.10/20</td>
<td>2.3/15</td>
</tr>
<tr>
<td>Total score</td>
<td>45.0/100</td>
<td>34.1/100</td>
</tr>
</tbody>
</table>

Ranking (out of 36 states): 6
SEEDS state of play: Document prepared

Sectoral policies in EC areas

Public Finance Management: Key achievement: Analysis of selected LGA LEEDS documents; institutional, socio-economic analysis including needs assessment of Due Process Unit; Assessment, mapping of CSO network for budget analysis & monitoring; Training of members of the network on budget process, human rights & accountability; Training of LGA & state officials on accounts control and financial reporting; awareness campaigns for civil society on good governance & accountability.

Water: Key achievements: Draft of State Water Policy, produced and disseminated; establishment of a state water task force to drive water sector reform process in the state.

Health: Key achievements: Partnership to Reinforce Immunization project (PRIME) implemented; Cold Chain equipment for effective and efficient delivery of immunization services to the communities provided; Training of Health Care providers being conducted.

Quality of Dialogue with State Authorities: Good
### CROSS RIVER

- **Created:** 1987
- **Population (2006):** 2,888,966
- **Geographical area:** 20,156 sq. km
- **Population density:** 143 sq. km
- **Capital:** Calabar
- **No. of LGAs:**

<table>
<thead>
<tr>
<th>SEEDS benchmarking</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy</td>
<td>6 / 20</td>
<td>6.20 / 15</td>
</tr>
<tr>
<td>Public Finance Management</td>
<td>16.35 / 40</td>
<td>16.75 / 40</td>
</tr>
<tr>
<td>Service Delivery</td>
<td>10.10 / 20</td>
<td>10.00 / 30</td>
</tr>
<tr>
<td>Transparency &amp; Communication</td>
<td>6.40 / 20</td>
<td>5.55 / 15</td>
</tr>
<tr>
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<td>38.85 / 100</td>
<td>38.50 / 100</td>
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</tbody>
</table>

- **Ranking (out of 36 states):** 12
- **SEEDS state of play:** Document prepared

**Sectoral policies in EC areas**

**Public Finance Management.** Key achievements: assessment, mapping of CSOs and establishment of CSO network for budget analysis & monitoring. Training of members of the network on budget process, human rights & accounting; training of LGA financial officers on preparation of accounts + training of state officials on budget process, resource management & impact assessment; assisted in preparation and costing of SEEDS/LEEDS documents; institutional, socio-economic analysis including needs assessment of Due Process Unit; Public Expenditure Review- water sector; awareness campaigns for civil society to participate in budget planning & monitoring; budget tracking of EU-PRIME project Water.

**Water.** Key achievements: preparation of the State Water Policy; Baseline studies in 11 small towns; completed GIS mapping and modelling of the Urban Water Works pipeline network; 85 water schemes completed

**Health.** Key achievements: Various Cold Chain Equipment provided to facilitate effective and efficient delivery of immunization services to the communities; Guidelines and Training Manuals including Basic Guide for Routine Immunization produced, and health care providers trained on use of the Basic Guide

**Quality of Dialogue with State Authorities.** Good

**Presence of donors:** WB, USAID, CIDA, UNDP, EC

### OSUN

- **Created:** 1991
- **Population (2006):** 3,423,535
- **Geographical area:** 14,875 sq. km
- **Population density:** 230
- **Capital:** Osogbo
- **No. of LGAs:** 30

<table>
<thead>
<tr>
<th>SEEDS benchmarking</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy</td>
<td>10.50 / 20</td>
<td>4.50 / 15</td>
</tr>
<tr>
<td>Public Finance Management</td>
<td>17.80 / 40</td>
<td>9.05 / 40</td>
</tr>
<tr>
<td>Service Delivery</td>
<td>13.65 / 20</td>
<td>10.00 / 20</td>
</tr>
<tr>
<td>Transparency &amp; Communication</td>
<td>8.65 / 15</td>
<td>4.8 / 15</td>
</tr>
<tr>
<td>Total score</td>
<td>50.60 / 100</td>
<td>28.35 / 100</td>
</tr>
</tbody>
</table>

- **Ranking (out of 36 states):** 3
- **SEEDS state of play:** Document prepared

**Sectoral policies in EC areas**

**Public Finance Management.** Key achievements: institutional, socio-economic analysis including needs assessment of Due Process Unit; assessment, mapping of CSOs and establishment of CSO network for budget analysis & monitoring; training of members of the network on budget process, human rights & accounting; Public Expenditure Review- water sector; awareness campaigns for civil society to participate in budget planning & monitoring; budget tracking of EU-PRIME project Water.

**Water.** Key achievements: preparation of the State Water Policy; Baseline studies in 11 small towns; completed GIS mapping and modelling of the Urban Water Works pipeline network; 85 water schemes completed

**Health.** Key achievements: Various Cold Chain Equipment provided to facilitate effective and efficient delivery of immunization services to the communities; Guidelines and Training Manuals including Basic Guide for Routine Immunization produced, and health care providers trained on use of the Basic Guide

**Quality of Dialogue with State Authorities.** Rather Good

**Presence of donors:** ADB, UNICEF, UNIDO, WB, UNFPA, EC
### KANO

**Created:** 1967  
**Population (2006):** 9,383,682  
**Geographical area:** 20,131 sq. km  
**Population density:** 466  
**Capital:** Kano  
**No. of LGAs:** 44  

<table>
<thead>
<tr>
<th>SEEDS benchmarking</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy</td>
<td>8.5/20</td>
<td>4.5/15</td>
</tr>
<tr>
<td>Public Finance Management</td>
<td>15.40/40</td>
<td>9.05/40</td>
</tr>
<tr>
<td>Service Delivery</td>
<td>10.20/20</td>
<td>10.00/20</td>
</tr>
<tr>
<td>Transparency &amp; Communication</td>
<td>5.60/20</td>
<td>4.8/15</td>
</tr>
<tr>
<td>Total score</td>
<td>39.70/100</td>
<td>28.35/100</td>
</tr>
</tbody>
</table>

**Ranking (out of 36 states):** 10  
**SEEDS state of play:** Document prepared  

#### Sectoral policies in EC areas

**Public Finance Management:** Key achievements: Training of state & LGA personnel on PFM, accounting, procurement process and budget process; diagnostic study on revenue generation in Kano state; dissemination of report in stakeholder workshop; assessment, mapping of CSOs and establishment of CSO network for budget analysis & monitoring; training of members of the network on budget process + establishment of website for network; provision of institutional advisor to CSOs.  

**Water:** Key achievements: Water Policy drafted; engineering design for the Kano Urban Water Supply completed & handed over to Government.  

**Health:** Key achievements: Support to Routine Immunization in Kano Project implemented; Cold Chain Equipment for effective and efficient immunization delivery to the communities being provided and Health Care providers being trained.  

**Quality of Dialogue with State Authorities:** Good  

**Presence of donors:** DFID, WB, UNDP, WHO, UNFPA, USAID, EC

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### YOBE

**Created:** 1991  
**Population (2006):** 2,321,591  
**Geographical area:** 45,502  
**Population density:** 51  
**Capital:** Damaturu  
**No. of LGAs:** 17  

<table>
<thead>
<tr>
<th>SEEDS benchmarking</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy</td>
<td>7.00/20</td>
<td>4.00/15</td>
</tr>
<tr>
<td>Public Finance Management</td>
<td>14.75/40</td>
<td>4.00/40</td>
</tr>
<tr>
<td>Service Delivery</td>
<td>8.05/20</td>
<td>3.00/20</td>
</tr>
<tr>
<td>Transparency &amp; Communication</td>
<td>6.65/15</td>
<td>8.50/15</td>
</tr>
<tr>
<td>Total score</td>
<td>36.45/100</td>
<td>19.5/100</td>
</tr>
</tbody>
</table>

**Ranking (out of 36 states):** 13  
**SEEDS state of play:** Document prepared  

#### Sectoral policies in EC areas

**Public Finance Management:** Key achievements: Training of senior state officials on performance-based budgeting, accounting + financial control; Needs assessment on budget system, PFM&LEEDS document prepared; situation analysis of payroll & human resource operation in Yobe; assessment, mapping of CSOs and establishment of CSO network for budget analysis & monitoring; training of members of network on budget process; awareness campaigns for civil society on service delivery & budget process.  

**Water:** Key achievements: First draft of the State Water Supply & sanitation policy completed; support to the Communities.  

**Health:** Key achievements: Partnership to Reinforce Immunization project (PRIME) implemented; Cold Chain Equipment for effective and efficient delivery of immunization services to the communities provided; Training of Health Care providers being conducted.- Total Sanitation (CLTS) approach in the  

**Quality of Dialogue with State Authorities:** Good  

**Presence of donors:** WB, DFID, UNICEF, ADB, JICA, EC
## ANNEX 13: NIGERIA-EU TRADE

### Balance of Payments (US$' Million)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Account</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goods</td>
<td>29,168.22</td>
<td>27,116.54</td>
<td>26,973.06</td>
</tr>
<tr>
<td>Credit</td>
<td>55,144.47</td>
<td>57,443.88</td>
<td>65,133.06</td>
</tr>
<tr>
<td>Debit</td>
<td>-25,976.25</td>
<td>-30,327.34</td>
<td>-38,160.00</td>
</tr>
<tr>
<td><strong>Exports fob</strong></td>
<td>55,144.47</td>
<td>57,443.88</td>
<td>65,133.06</td>
</tr>
<tr>
<td>Oil</td>
<td>54,338.17</td>
<td>56,396.16</td>
<td>63,772.77</td>
</tr>
<tr>
<td>Crude oil</td>
<td>51,317.56</td>
<td>51,277.98</td>
<td>58,548.90</td>
</tr>
<tr>
<td>Gas</td>
<td>3,020.61</td>
<td>5,118.18</td>
<td>5,223.87</td>
</tr>
<tr>
<td>Non-oil</td>
<td>806.30</td>
<td>1,047.72</td>
<td>1,360.29</td>
</tr>
<tr>
<td><strong>Imports fob</strong></td>
<td>-25,976.25</td>
<td>-30,327.34</td>
<td>-38,160.00</td>
</tr>
<tr>
<td>Oil</td>
<td>-5,515.69</td>
<td>-6,648.29</td>
<td>-7,268.19</td>
</tr>
<tr>
<td>Non-oil</td>
<td>-13,860.56</td>
<td>-17,679.05</td>
<td>-26,891.81</td>
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<tr>
<td>Unrecorded (TP Adj)</td>
<td>-6,600.00</td>
<td>-6,000.00</td>
<td>-4,000.00</td>
</tr>
<tr>
<td><strong>Services (net)</strong></td>
<td>-3,192.09</td>
<td>-4,619.88</td>
<td>-8,039.72</td>
</tr>
<tr>
<td>Credit</td>
<td>3,243.82</td>
<td>4,006.71</td>
<td>6,264.10</td>
</tr>
<tr>
<td>Debit</td>
<td>-6,435.91</td>
<td>-8,626.59</td>
<td>-14,303.82</td>
</tr>
<tr>
<td><strong>Income (net)</strong></td>
<td>-2,052.89</td>
<td>-6,306.08</td>
<td>-7,186.93</td>
</tr>
<tr>
<td>Credit</td>
<td>687.17</td>
<td>1,629.45</td>
<td>2,044.18</td>
</tr>
<tr>
<td>Debit</td>
<td>-2,740.06</td>
<td>-7,935.53</td>
<td>-9,231.11</td>
</tr>
<tr>
<td>Direct Investment</td>
<td>-2,555.84</td>
<td>-7,772.73</td>
<td>-8,842.11</td>
</tr>
<tr>
<td><strong>Current Transfers (net)</strong></td>
<td>7,022.67</td>
<td>10,811.80</td>
<td>18,036.30</td>
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<tr>
<td>Credit</td>
<td>7,153.92</td>
<td>10,990.47</td>
<td>18,187.66</td>
</tr>
<tr>
<td>Debit</td>
<td>-131.25</td>
<td>-178.67</td>
<td>-151.36</td>
</tr>
<tr>
<td>General Government</td>
<td>-60.67</td>
<td>151.92</td>
<td>116.37</td>
</tr>
<tr>
<td>Credit</td>
<td>-</td>
<td>200.00</td>
<td>200.00</td>
</tr>
<tr>
<td>Debit</td>
<td>-60.67</td>
<td>-48.08</td>
<td>-83.63</td>
</tr>
<tr>
<td>Other sectors</td>
<td>621.84</td>
<td>118.26</td>
<td>0.44</td>
</tr>
<tr>
<td>Credit</td>
<td>678.09</td>
<td>213.42</td>
<td>41.72</td>
</tr>
<tr>
<td>Debit</td>
<td>-56.25</td>
<td>95.16</td>
<td>-41.27</td>
</tr>
<tr>
<td>Workers’ remittances</td>
<td>6,461.51</td>
<td>10,541.62</td>
<td>17,919.48</td>
</tr>
<tr>
<td>Credit</td>
<td>6,475.83</td>
<td>10,577.05</td>
<td>17,945.94</td>
</tr>
<tr>
<td>Debit</td>
<td>-14.33</td>
<td>-35.43</td>
<td>-26.46</td>
</tr>
</tbody>
</table>

### Visible Trade (US$ Million)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Imports</strong></td>
<td>21,313.90</td>
<td>26,760.00</td>
<td>37,576.00</td>
</tr>
<tr>
<td>Oil Sector</td>
<td>6,067.26</td>
<td>7,313.12</td>
<td>7,995.01</td>
</tr>
<tr>
<td>Non-Oil Sector</td>
<td>15,246.61</td>
<td>19,446.95</td>
<td>29,580.99</td>
</tr>
<tr>
<td><strong>Exports</strong></td>
<td>55,144.47</td>
<td>57,443.88</td>
<td>65,133.06</td>
</tr>
<tr>
<td>Oil Sector</td>
<td>54,338.17</td>
<td>56,396.15</td>
<td>63,772.77</td>
</tr>
<tr>
<td>Non-Oil Sector</td>
<td>806.30</td>
<td>1,047.72</td>
<td>1,360.29</td>
</tr>
<tr>
<td><strong>Total Trade</strong></td>
<td>76,458.35</td>
<td>84,203.95</td>
<td>102,709.06</td>
</tr>
<tr>
<td>Oil Sector</td>
<td>60,405.43</td>
<td>63,709.27</td>
<td>71,767.78</td>
</tr>
<tr>
<td>Non-Oil Sector</td>
<td>16,052.91</td>
<td>20,494.67</td>
<td>30,941.28</td>
</tr>
<tr>
<td><strong>Balance of Trade</strong></td>
<td>33,830.60</td>
<td>30,683.81</td>
<td>27,557.06</td>
</tr>
<tr>
<td>Oil Sector</td>
<td>48,270.91</td>
<td>49,083.04</td>
<td>55,777.76</td>
</tr>
<tr>
<td>Non-Oil Sector</td>
<td>-14,440.31</td>
<td>18,399.23</td>
<td>28,220.70</td>
</tr>
</tbody>
</table>

**Average Effective Exchange Rate (N/$)**

- 2005: 131.41
- 2006: 127.51
- 2007: 124.76

*Source: Central Bank of Nigeria (CBN)*
## European Union, Imports from the World

### Products (SITC Sections) by order of importance

<table>
<thead>
<tr>
<th>Products (SITC Sections) by order of importance</th>
<th>Mio euro</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>1,433,832</td>
<td>100.0</td>
</tr>
<tr>
<td>Machinery and transport equipment</td>
<td>418,455</td>
<td>29.2</td>
</tr>
<tr>
<td>Mineral fuels, lubricants and rel. Materials</td>
<td>335,146</td>
<td>23.4</td>
</tr>
<tr>
<td>Miscell. manuf. Articles</td>
<td>193,158</td>
<td>13.5</td>
</tr>
<tr>
<td>Manuf goods classif. chiefly by material</td>
<td>188,876</td>
<td>13.2</td>
</tr>
<tr>
<td>Chemicals and related prod., n.e.s.</td>
<td>120,613</td>
<td>8.4</td>
</tr>
<tr>
<td>Food and live animals</td>
<td>68,953</td>
<td>4.8</td>
</tr>
<tr>
<td>Crude materials inedible, except fuels</td>
<td>64,799</td>
<td>4.5</td>
</tr>
<tr>
<td>Commodit. and transactions n.e.c.</td>
<td>31,595</td>
<td>2.2</td>
</tr>
<tr>
<td>Beverages and tobacco</td>
<td>6,628</td>
<td>0.5</td>
</tr>
<tr>
<td>Animal and vegetable oils, fats and waxes</td>
<td>5,611</td>
<td>0.4</td>
</tr>
</tbody>
</table>

## European Union, Imports from ... Nigeria

### Products (SITC Sections) by order of importance

<table>
<thead>
<tr>
<th>Products (SITC Sections) by order of importance</th>
<th>Mio euro</th>
<th>%</th>
<th>Share of total EU imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>10,203</td>
<td>100.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Mineral fuels, lubricants and rel. Materials</td>
<td>9,427</td>
<td>92.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Food and live animals</td>
<td>361</td>
<td>3.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Manuf goods classif. chiefly by material</td>
<td>166</td>
<td>1.6</td>
<td>0.1</td>
</tr>
<tr>
<td>Crude materials inedible, except fuels</td>
<td>145</td>
<td>1.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Machinery and transport equipment</td>
<td>42</td>
<td>0.4</td>
<td>0.0</td>
</tr>
<tr>
<td>Chemicals and related prod., n.e.s.</td>
<td>21</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Miscell. manuf. Articles</td>
<td>12</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Commodit. and transactions n.e.c.</td>
<td>11</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Beverages and tobacco</td>
<td>6</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Animal and vegetable oils, fats and waxes</td>
<td>2</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

## European Union, Exports to the World

### Products (SITC Sections) by order of importance

<table>
<thead>
<tr>
<th>Products (SITC Sections) by order of importance</th>
<th>Mio euro</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>1,241,434</td>
<td>100.0</td>
</tr>
<tr>
<td>Machinery and transport equipment</td>
<td>543,351</td>
<td>43.8</td>
</tr>
<tr>
<td>Chemicals and related prod., n.e.s.</td>
<td>197,743</td>
<td>15.9</td>
</tr>
<tr>
<td>Manuf goods classif. chiefly by material</td>
<td>176,512</td>
<td>14.2</td>
</tr>
<tr>
<td>Miscell. manuf. Articles</td>
<td>133,432</td>
<td>10.7</td>
</tr>
<tr>
<td>Mineral fuels, lubricants and rel. Materials</td>
<td>63,528</td>
<td>5.1</td>
</tr>
<tr>
<td>Food and live animals</td>
<td>42,492</td>
<td>3.4</td>
</tr>
<tr>
<td>Commodit. and transactions n.e.c.</td>
<td>34,635</td>
<td>2.8</td>
</tr>
<tr>
<td>Crude materials inedible, except fuels</td>
<td>27,833</td>
<td>2.2</td>
</tr>
<tr>
<td>Beverages and tobacco</td>
<td>19,462</td>
<td>1.6</td>
</tr>
<tr>
<td>Animal and vegetable oils, fats and waxes</td>
<td>2,452</td>
<td>0.2</td>
</tr>
</tbody>
</table>

## European Union, Exports to ... Nigeria

### Products (SITC Sections) by order of importance

<table>
<thead>
<tr>
<th>Products (SITC Sections) by order of importance</th>
<th>Mio euro</th>
<th>%</th>
<th>Share of total EU exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>8,484</td>
<td>100.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Machinery and transport equipment</td>
<td>3,333</td>
<td>39.3</td>
<td>0.6</td>
</tr>
<tr>
<td>Mineral fuels, lubricants and rel. Materials</td>
<td>2,145</td>
<td>25.3</td>
<td>3.4</td>
</tr>
<tr>
<td>Manuf goods classif. chiefly by material</td>
<td>1,008</td>
<td>11.9</td>
<td>0.6</td>
</tr>
<tr>
<td>Chemicals and related prod., n.e.s.</td>
<td>689</td>
<td>8.1</td>
<td>0.3</td>
</tr>
<tr>
<td>Food and live animals</td>
<td>602</td>
<td>7.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Miscell. manuf. Articles</td>
<td>389</td>
<td>4.6</td>
<td>0.3</td>
</tr>
<tr>
<td>Commodit. and transactions n.e.c.</td>
<td>97</td>
<td>1.1</td>
<td>0.3</td>
</tr>
<tr>
<td>Beverages and tobacco</td>
<td>72</td>
<td>0.8</td>
<td>0.4</td>
</tr>
<tr>
<td>Crude materials inedible, except fuels</td>
<td>30</td>
<td>0.4</td>
<td>0.1</td>
</tr>
<tr>
<td>Animal and vegetable oils, fats and waxes</td>
<td>11</td>
<td>0.1</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Source: EUROSTAT (Comext, Statistical regime 4)
## EVOLUTION OF THE NIGERIA’S TRADE BALANCE (Mio euro)

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Yearly % change</th>
<th>Exports</th>
<th>Yearly % change</th>
<th>Balance</th>
<th>Imports + Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>8,972</td>
<td></td>
<td>19,223</td>
<td></td>
<td>10,251</td>
<td>28,196</td>
</tr>
<tr>
<td>2004</td>
<td>12,893</td>
<td>44.7</td>
<td>21,054</td>
<td>9.5</td>
<td>33,947</td>
<td>10,251</td>
</tr>
<tr>
<td>2005</td>
<td>16,314</td>
<td>26.5</td>
<td>26,564</td>
<td>26.2</td>
<td>42,878</td>
<td>10,251</td>
</tr>
<tr>
<td>2006</td>
<td>19,521</td>
<td>19.7</td>
<td>34,967</td>
<td>31.6</td>
<td>54,488</td>
<td>10,251</td>
</tr>
<tr>
<td>2007</td>
<td>23,157</td>
<td>18.6</td>
<td>42,712</td>
<td>22.1</td>
<td>65,869</td>
<td>10,251</td>
</tr>
<tr>
<td>2008</td>
<td>20,503</td>
<td>18.4</td>
<td>30,353</td>
<td>-7.2</td>
<td>9,850</td>
<td>50,856</td>
</tr>
</tbody>
</table>

### Average annual growth
- Nigeria, Trade with the World: 26.7, 22.1, 23.6
- Nigeria, Trade with the European Union: 21.0, 16.9, 19.0

### Graphs
- **Nigeria, Trade with the World**
  - Imports
  - Exports
  - Balance
- **Nigeria, Trade with the European Union**
  - Imports
  - Exports
  - Balance
### EVOLUTION OF THE EU'S TRADE BALANCE WITH NIGERIA (Mio euro)

#### European Union, Trade with the World

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Yearly % change</th>
<th>Exports</th>
<th>Yearly % change</th>
<th>Balance</th>
<th>Imports + Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>935,270</td>
<td></td>
<td>869,236</td>
<td></td>
<td>-66,034</td>
<td>1,804,506</td>
</tr>
<tr>
<td>2004</td>
<td>1,027,523</td>
<td>9.9</td>
<td>952,955</td>
<td>9.6</td>
<td>-74,568</td>
<td>1,980,477</td>
</tr>
<tr>
<td>2005</td>
<td>1,179,569</td>
<td>14.8</td>
<td>1,052,720</td>
<td>10.5</td>
<td>-126,849</td>
<td>2,232,289</td>
</tr>
<tr>
<td>2006</td>
<td>1,351,745</td>
<td>14.6</td>
<td>1,159,276</td>
<td>10.1</td>
<td>-192,469</td>
<td>2,511,021</td>
</tr>
<tr>
<td>2007</td>
<td>1,433,832</td>
<td>6.1</td>
<td>1,241,434</td>
<td>7.1</td>
<td>-192,398</td>
<td>2,675,266</td>
</tr>
</tbody>
</table>

#### European Union, Trade with Nigeria

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Yearly % change</th>
<th>Share of total EU imports</th>
<th>Exports</th>
<th>Yearly % change</th>
<th>Share of total EU exports</th>
<th>Balance</th>
<th>Imports + Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>6,186</td>
<td></td>
<td>0.66</td>
<td>5,109</td>
<td></td>
<td>0.59</td>
<td>-1,077</td>
<td>11,294</td>
</tr>
<tr>
<td>2004</td>
<td>5,235</td>
<td>-15.4</td>
<td>0.51</td>
<td>5,283</td>
<td>3.4</td>
<td>0.55</td>
<td>48</td>
<td>10,518</td>
</tr>
<tr>
<td>2005</td>
<td>8,389</td>
<td>60.3</td>
<td>0.71</td>
<td>5,972</td>
<td>13.0</td>
<td>0.57</td>
<td>-2,417</td>
<td>14,361</td>
</tr>
<tr>
<td>2006</td>
<td>10,809</td>
<td>28.8</td>
<td>0.80</td>
<td>7,027</td>
<td>17.7</td>
<td>0.61</td>
<td>-3,782</td>
<td>17,835</td>
</tr>
<tr>
<td>2007</td>
<td>10,203</td>
<td>-5.6</td>
<td>0.71</td>
<td>8,484</td>
<td>20.7</td>
<td>0.68</td>
<td>-1,719</td>
<td>18,687</td>
</tr>
</tbody>
</table>

9m 2007: 1,056,402 Imports, 914,013 Exports, 1,970,415 Balance
9m 2008: 1,175,540 Imports, 982,684 Exports, 2,158,223 Balance

Average annual growth: 13.3%

World excluding Intra-EU trade and European Union: 27 members.
ANNEX 14

THE STATES OF THE FEDERAL REPUBLIC OF NIGERIA

(36 states plus the Federal Capital Territory)

The states are:

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACP</td>
<td>Africa, the Caribbean and the Pacific</td>
</tr>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>AML</td>
<td>Anti-money Laundering Act</td>
</tr>
<tr>
<td>APRM</td>
<td>African Peer Review Mechanism</td>
</tr>
<tr>
<td>AU</td>
<td>African Union</td>
</tr>
<tr>
<td>BMIU</td>
<td>Budget Monitoring &amp; Price Intelligence Bureau.</td>
</tr>
<tr>
<td>CBN</td>
<td>Central Bank of Nigeria</td>
</tr>
<tr>
<td>CCB</td>
<td>Code of Conduct Bureau</td>
</tr>
<tr>
<td>CEDEAO</td>
<td>Communauté Économique des Etats Afrique Ouest</td>
</tr>
<tr>
<td>CFSP</td>
<td>Common Foreign &amp; Security Policy</td>
</tr>
<tr>
<td>CIDA</td>
<td>Canadian International Development Agency</td>
</tr>
<tr>
<td>CSP</td>
<td>Country Strategy Paper</td>
</tr>
<tr>
<td>CSS</td>
<td>Country Support Strategy</td>
</tr>
<tr>
<td>DfID</td>
<td>Department for International Development</td>
</tr>
<tr>
<td>DMO</td>
<td>Debt Management Office</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>ECO</td>
<td>Economic Community of West African States</td>
</tr>
<tr>
<td>ECOMOG</td>
<td>ECOWAS Monitoring Group</td>
</tr>
<tr>
<td>ECOSAP</td>
<td>ECOWAS small arms control programme</td>
</tr>
<tr>
<td>EDF</td>
<td>European Development Fund</td>
</tr>
<tr>
<td>EFCC</td>
<td>Economic and Financial Crimes Commission</td>
</tr>
<tr>
<td>EITI</td>
<td>Extractive Industries Transparency Initiative</td>
</tr>
<tr>
<td>EPA</td>
<td>Economic Partnership Agreement</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FGN</td>
<td>Federal Government of Nigeria</td>
</tr>
<tr>
<td>FIB</td>
<td>Financial Intelligence Bureau</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>HDI</td>
<td>Human Development Index</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>ICPC</td>
<td>Independent Corrupt Practises and Related Offences Commission</td>
</tr>
<tr>
<td>JC</td>
<td>Joint Communiqué of the Ministerial-Troika Meeting, Ljubljana, May 2008</td>
</tr>
<tr>
<td>LSMS</td>
<td>Living Standard Measurement Survey</td>
</tr>
<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MTEF</td>
<td>Medium-term Expenditure Framework</td>
</tr>
<tr>
<td>mbpd or MBPD</td>
<td>Million Barrels of oil Per Day</td>
</tr>
<tr>
<td>NBS</td>
<td>National Bureau of Statistics</td>
</tr>
<tr>
<td>NEEDS</td>
<td>National Economic Empowerment and Development Strategy</td>
</tr>
<tr>
<td>NEPAD</td>
<td>New Partnership for African Development</td>
</tr>
<tr>
<td>NIP</td>
<td>National Indicative Programme</td>
</tr>
<tr>
<td>NNPC</td>
<td>Nigerian National Petroleum Corporation</td>
</tr>
<tr>
<td>Nollywood</td>
<td>The Nigerian film and television industry</td>
</tr>
<tr>
<td>NSA</td>
<td>Non State Actors</td>
</tr>
<tr>
<td>OPEC</td>
<td>Organisation of Petroleum Exporting Countries</td>
</tr>
<tr>
<td>PRSP</td>
<td>Poverty Reduction Strategy Programme</td>
</tr>
<tr>
<td>QSP</td>
<td>Quick Support Package</td>
</tr>
<tr>
<td>RIP</td>
<td>Regional Indicative Programme</td>
</tr>
<tr>
<td>SEEDS</td>
<td>State Economic Empowerment and Development Strategy</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>STWSSP</td>
<td>Small Towns Water Supply &amp; Sanitation Programme</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organisation</td>
</tr>
<tr>
<td>WSSSRP</td>
<td>Water Supply &amp; Sanitation Sector Reform Programme</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
</tr>
</tbody>
</table>
A ministerial troika meeting between Nigeria and the European Union (EU) was held in Prague, Czech Republic, on 9 June 2009, under the Co-chairs of His Excellency Chief Ojo Maduekwe, Minister of Foreign Affairs of the Federal Republic on Nigeria, and His Excellency Mr Jan Kohout, Deputy Prime Minister and Minister of Foreign Affairs of the Czech Republic, representing the Presidency of the Council of the European Union.

The EU Troika included Mr. Manuel Lopez Blanco, Director for Western and Central Africa, Caribbean and OCTs of the European Commission and Mr. José Costa Pereira, Head of Africa Unit, General Secretariat of the Council of the European Union and Mr. Gunnar Wieslander, State Secretary to the Minister for Trade, Ministry for Foreign Affairs of Sweden.

The meeting took place in continuation of the dialogue undertaken in recognition of the importance the Parties attach to their cooperation. The outline of this relationship is as contained in the document entitled „Nigeria-EU Joint Way Forward“, which was endorsed at the meeting as per attached annex. The document gives an overview of the guidelines on principles, modalities and subjects for the enhanced political dialogue and technical cooperation between the Parties.

In accordance with the Nigeria-EU Joint Way Forward the Parties discussed the following issues.

1. Peace and Security in Africa

Coup d'état in Mauritania, Guinea and Madagascar and events in Guinea Bissau
The Parties noted the Statement by the President of the UN Security Council of May 5, 2009, in which concerns over the resurgence of unconstitutional changes of government in a few African countries were raised. They expressed grave concern with the coups d’état in Mauritania, Guinea and Madagascar. They emphasized the need to work together to gain results on the return to constitutional order in these countries. They noted in that context the results achieved in Guinea through the work of the international contact groups chaired by the AU and ECOWAS. They welcomed the agreement signed in Dakar between Mauritanian stakeholders, at the initiative of Senegal and with the support of the international contact group. The EU welcomed the efforts of Nigeria holding the current Presidency of ECOWAS which the Parties regarded as an important tool in their common diplomatic efforts. The Parties also welcomed the setting up of an international contact group by the AU for Madagascar.
The Parties expressed utmost concern about the increasing climate of violence in Guinea Bissau and strongly condemned the brutal killings of the President and the Chief of Staff of the Armed Forces and the more recent killings of two politicians, one of them a candidate in the forthcoming presidential elections.

**Chad / Sudan**

The Parties reaffirmed the strategic importance of the implementation of the Comprehensive Peace Agreement (CPA) which holds the perspective of a peaceful political and democratic transformation of the whole of Sudan. Ministers stated their willingness to assist Sudan in the preparations for nationwide elections, scheduled for February 2010.

The Parties welcomed recent efforts of the international community to re-launch the Darfur peace process. They in particular expressed their appreciation for the central role of the joint AU/UN mediator Djibrill Bassolé. They also expressed support for regional and international initiatives in this process. The Parties stressed the need to ensure the continuity of humanitarian assistance to the most vulnerable people of Sudan, especially women and children, and called on all stakeholders to respect the humanitarian rules, including the Joint Communiqué on the facilitation of humanitarian assistance in Darfur. In the context of the situation in Sudan, the Parties reiterated the importance of fighting impunity in accordance with established principles and international law.

The Parties expressed concern on the deterioration of relations between Sudan and Chad. The spill-over effects with ongoing rebel groups’ activities on both sides of the border remain a serious threat to the stability in the region. The Parties called on both countries to implement the various agreements, including the latest one signed on May 3, 2009 in Doha. The EU expressed its appreciation for the important work done by UNAMID in Darfur and the essential contribution in military and police personnel by Nigeria.

**Gulf of Guinea/Niger Delta**

The Parties reaffirmed their commitment to the peace and security of the Gulf of Guinea and jointly condemned illegal activities such as piracy, arms trafficking, oil bunkering and unauthorized exploitation of the mineral and marine resources of the area.

The EU confirmed its readiness to discuss the security and development challenges faced by the Gulf of Guinea countries with a view to identify possible ways and means to support the efforts of the Gulf of Guinea Commission, notably to stem illegal activities in the region and to guarantee maritime security of the area. The Parties agreed on the importance to address piracy as a matter of global concern.

The Parties also agreed to discuss, within the framework of the political dialogue, the situation in the Niger Delta and to identify possible areas of cooperation in order to address the many challenges facing the region.

Nigeria and the EU agreed that the situation in the Niger Delta is complex and that a range of issues need to be taken into consideration in its resolution. The EU took note of the efforts of the Nigerian Government to establish a Ministry for the Niger Delta as part of efforts aimed at addressing these issues; and further welcomed the general amnesty offered by the Nigerian Government, including the rehabilitation process for those who will lay down their arms.

They particularly agreed on the importance of addressing the issues of youth unemployment, infrastructure development, environment, demobilisation, disarmament and reintegration, and
good governance in general, for the development and peace of the region. To this end, the EU reiterated its willingness to contribute to this process, and continue to collaborate with the Nigerian authorities to build relations with States and Local Governments of the area.

Nigeria briefed the EU on the situation in the Niger Delta and stressed that the government was committed to address any possible humanitarian concerns that may have arisen as a result of the operations to consolidate law and order in the area.

**DR Congo**

The Parties welcomed the positive developments in the DRC, in particular the laying down of arms by armed groups in the country. The Parties commended the regional dynamics resulting from the rapprochement of the DRC and Rwanda governments and the spirit of compromise that prevails at present, which has a positive impact on the overall regional security climate. They acknowledged the mediatory role of the UN Secretary-General's Special Envoy to the DRC, former President Olusegun Obasanjo of Nigeria, the AU Special Envoy to the DRC, former Tanzanian President Benjamin Mkapa and the EU Special Representative for the Great Lakes, Roeland van de Geer. The Parties also stressed the importance of a timely and full implementation of all peace agreements.

However, the Parties remain concerned about the humanitarian situation in the region, in particular the fate of the over a million internally displaced people in the North-East DRC. The Parties condemned those rebels or rebel movements which are responsible for brutal killings of innocent civilians and who refuse to lay down their arms. The EU and Nigeria are committed to remain engaged in the peace processes in the region and to urgently address the issue of demobilisation of former combatants.

**African Standby Force, including peace keeping operations**

The Parties expressed satisfaction that ECOWAS is proceeding according to the roadmap with regard to operationalization of ECOWAS Standby Force by mid 2010 and the way logistic support is being given to the headquarter and planning element of ECOWAS located in Abuja. They noted that a major logistic exercise planned for June 2009, would constitute one of the last steps in achieving this overall objective. The EU welcomed the continuous efforts of the National Defence College of Nigeria and the associated African Centre for Strategic Research and Studies to provide training at strategic level within ECOWAS for all components (civilian, police and military), thus being considered as a training Centre of Excellence for the sub region.

The Parties noted that the African Standby Force is one component of the African Peace and Security Architecture, and agreed to cooperate in order to fully operationalize also the other components of the Architecture.

The Parties noted the adoption in January 2008 of the ECOWAS Conflict Prevention Framework. They underlined the importance of elaborating Plans of Action to underpin the critical components of the Framework with a view to its implementation.

The EU offered its support both to ECOWAS Standby Force, conflict prevention efforts, and to the civilian and police components of Nigerian Peace Keeping Operations, in the context of this cooperative partnership.

The Parties also exchanged views over the participation of Nigeria in other peacekeeping operations in Africa beyond UNAMID Darfur. In this regard, Nigeria reiterated her decision to participate in AMISOM.
Security threats in Western Africa
The Parties expressed concern about the West African sub region being challenged by growing networks of illicit trafficking of drugs, arms, persons and illegal migrants. They noted that these had been compounded by the region's vast spaces, long and hard to control borders alongside weak state structures. The presence in the region of the AQIM (Al Qaeda in the Islamic Maghreb) has also heightened concerns for both the EU and Nigeria. The increase in volume of small arms and light weapons flowing into Nigeria also from Europe was discussed.

The Parties pledged to increase their attention and cooperation in tackling the various issues at regional and European levels. They also encouraged the countries in the sub region to continue efforts and cooperation, and expressed confidence that the conference on security and development to be organised by Mali in due course would be an excellent opportunity to start this important work. They expressed full support to the ECOWAS Plan of Action against drug trafficking adopted in Praia (Cape Verde) in October 2008. They also expressed full support to ECOWAS Intergovernmental Antimoney Laundering Group (GIABA) efforts.

2. Bilateral Issues

Nigeria-EU Joint Way Forward
Nigeria and the EU have decided to intensify their political dialogue and cooperation by developing a more appropriate, broader political framework, named the „Nigeria-EU Joint Way Forward“. The purpose is to establish the principles, objectives, modalities, guidelines and priority subjects for enhanced political dialogue and cooperation between the Parties.

The Nigeria-EU Joint Way Forward is framed within the joint Africa-EU Strategic Partnership and is guided by the fundamental principles of ownership and joint responsibility, respect for human rights, good governance, democratic principles and the rule of law. Both Parties are committed to advancing these principles and values globally.

Nigeria and the EU share common ideals, both believing in peace and security, equality, democracy and tolerance as ways of developing prosperous and generous societies. The Joint Way Forward is an evolutionary process that will develop at all levels, both public and private.

Economic development and diversification
The economic crisis has raised concerns on the high economic concentration and excessive commodity dependence, which exposes Nigerian economy to external or exogenous shocks like price changes in the dominant commodity, and leads to economic volatility. The Parties agreed that diversification of production and of sources of exports revenue should play a key role in ensuring long-term sustainable development of Nigeria. Therefore Nigeria should be encouraged to take advantage of the regional integration and the Economic Partnership Agreement to improve economic governance and attract investment to non-oil industries.

Energy
The Parties confirmed that energy is a vital sector for the overall development of Nigeria, as a vehicle for further regional integration within the ECOWAS sub region. They also welcomed Nigeria's increasing role as energy supplier to the EU.

The Parties noted that the energy sector could contribute significantly to deepen the Nigeria-EU bilateral cooperation. To promote best practices in energy efficiency, the EU welcomed
the interest expressed by Nigeria in wider international efforts in this field. The EU would also assist in the development of energy from renewable sources (biomass, wind or solar) and low-carbon technologies. The Parties recalled that these topics are also central for joint actions in the context of the Africa – EU Partnership on Energy.

The Parties agreed that they should intensify their joint efforts to put energy firmly on a sustainable development path, be it from an economic point of view with the contribution of energy revenues to the development of other sectors or from an environmental point of view with further reduction of gas flaring, through regulatory action by the Government, as well as dedicated investments by oil companies, and greater contribution of renewable sources. The Parties acknowledged that there is no contradiction between the further use of hydrocarbons and the development of an adequate response to climate change, through access to low-carbon technologies.

Further development of the oil and gas sector will contribute to energy security in both Nigeria and the EU, if the right balance is struck between the production for export and for the domestic market. In this respect, the EU encouraged Nigeria to make progress in the preparations for the Trans-Saharan Gas Pipeline (TSGP), and reconfirmed its interest in discussing the project.

In light of the ambitious expansion of electricity generation capacity foreseen in Nigeria's National Integrated Power Project and the role of foreign investors in this respect, both Parties highlighted the importance of establishing an open and business-friendly investment climate. Regarding energy access, the EU welcomed the target set by Nigeria to achieve the production of 10,000 MW by 2011. The Parties noted that besides the need to develop a more extensive distribution network (notably for gas), energy from renewable sources should provide a significant contribution to achieve these objectives. The EU stands ready to share its know-how and experience in this field.

Disruption and theft of crude oil (oil bunkering) account for a substantial loss in production of about 650,000 barrels per day. These criminal practices have a severe negative impact on national economy as well as grave socio-economic and environmental consequences in the affected region of the Niger Delta. The Parties discussed the necessity to further develop a paper trail for crude oil similar to or better than that established for rough diamonds under the Kimberley Process.

The Parties agreed that gas flaring is a matter of common concern, as Nigeria flares one of the world's largest volumes of gas. The EU encouraged Nigeria to act, both through regulatory actions and investments, to reduce such a practice which has severe harmful impact, locally and globally, both in environmental and economic terms.

Nigeria and the EU agreed to explore ways to establish a structured dialogue on energy whose aim would be to enhance cooperation on energy security, energy sustainability and gas trade and flaring.

**Good governance, migration and human rights**

The Parties exchanged views on the various efforts undertaken by the Nigerian Government on reforms of vital sectors.

The EU encouraged Nigeria to pursue determinedly the fight against corruption, which is one of the main impediments to the development of a country. The Parties recognised the importance of the ongoing electoral reform, and the emphasis placed by the Federal
Government to the rule of law, in order to ensure that the 2011 general elections would be free and fair. In this respect the EU welcomed the steps taken by the Federal Government to carry out reform of the electoral system.

Nigeria and the EU agreed to promote human rights and fundamental freedoms and to join efforts at regional and global levels, particularly in the framework of the Joint Africa-EU Strategy. The Parties furthermore agreed on the need to contribute constructively to the promotion of human rights through the existing international framework, for example the Universal Periodic Review (UPR).

The Parties further welcomed the United Nations Universal Periodic Review on Human Rights of Nigeria and agreed to cooperate on the implementation of its conclusions. The Parties furthermore underscored that women's rights and the rights of the child require particular attention. Thus, the Parties agreed to continue cooperation in these areas on the basis of an intensified political dialogue.

On migration, the Parties noted the effort by the ECOWAS sub region to combat illegal migration and human trafficking. At national level, the Parties confirmed their commitment to holding dialogue on migration and mobility. In particular, during a follow up meeting on migration, held in Abuja on 1st June 2009 in the context of Article 13 of the Cotonou Agreement, the Parties agreed to establish a more systematic and regular dialogue in order to exchange information, policy advice and identify practical areas for cooperation on migration and development issues.

The EU welcomed the introduction of electronic passport and useful electronic equipment at Nigeria's international airports and some major land border control ports which contributes significantly to a more effective control of persons entering and leaving Nigeria. Both Parties noted that exchange of information, logistics and capacity building measures would contribute in addressing the issue of illegal migration.

Community and bilateral cooperation
The European Commission and Nigeria noted the progress made in the programming of the 10th EDF Country Strategy Paper. The content of the Country Strategy Paper has been developed on the basis of the priority areas identified in the Nigeria-EU Joint Way Forward as following: peace and security, good governance and human rights, regional integration and trade, and other areas of mutual interest for cooperation, like energy, environment sustainability and climate change. The Country Strategy supports the Nigeria-EU cooperative partnership in general and in particular will endeavour to support efforts being made by Nigeria to address the problems and challenges of the Niger Delta.

The EC and Nigeria intend to sign the Country Strategy Paper before the end of 2009.

3. Horizontal Issues

Joint Africa-EU Strategy and the role of Nigeria
The Parties welcomed the progress made in the implementation of the Joint Africa-EU Strategy and its first Action Plan (2008-2010) and commended the Joint Experts Groups for the work done so far. The Parties called on all parties to expedite efforts with a view to attaining tangible results within the timeframe of the first Action Plan, particularly

- to refine and complete the roadmaps in the 8 partnerships so as to better identify their priorities, projects, actors, resources, timelines and results,
• to tackle shortfalls in terms of resources, implementation mechanisms or support arrangements,
• to proactively reach out to stakeholders and international partners who have not been sufficiently involved, and
• to undertake a mid-term assessment in the respective partnerships.

The EU welcomed Nigeria’s involvement in the implementation of the First Action Plan of the Joint Strategy and encouraged Nigeria to play a key role in all joint partnerships. The Parties moreover underlined the necessity to see to a greater involvement of Regional Economic Communities (RECs), the Private Sector, Parliaments and other non-State actors as defined in the Cotonou Partnership Agreement (as revised in 2005) in Article 6 in the implementation of the partnerships.

Global financial crisis
The Parties stressed the importance of collective and coordinated action to combat the global financial crisis and expressed their support for the declaration of G 20 leaders on 2 April 2009. The Parties confirmed their commitment to further strengthen the IMF and multilateral development banks and to reform their mandates in order to give emerging and developing economies, including the poorest, greater voice and representation.

The Parties looked forward to the next meeting of G 20 leaders and welcomed the coordinated efforts of the African Union to present the views of its member states at future G 20 meetings, as well as the ongoing EU discussions on a package of measures to support developing countries in coping with the crisis.

Regional integration and EPAs
The EU commended Nigeria for the role that she is playing as ECOWAS Presidency, both in the political and economic regional integration agenda. The Parties reaffirmed their commitment to urgently conclude the negotiations for a comprehensive regional Economic Partnership Agreement that would foster economic governance, regional integration, contributing to the eradication of poverty and to the achievement of the Millennium Development Goals. The Parties agreed that the conclusion of this Economic Partnership Agreement will further reinforce the regional integration processes in West Africa.

Climate change
The Parties underlined that this year was crucial in order to devise a global and comprehensive response to the climate change challenge. They agreed to cooperate closely in order to reach an ambitious climate agreement at the end of this year in Copenhagen.

The Parties stressed that developed countries should continue to take the lead by committing to deep emission reduction cuts in the medium and longer term. In addition, they underlined that developed countries should provide capacity building, financing and technology to put developing countries on a low-carbon development path and to help them adapt to the already occurring impacts of climate change, in particular in Africa. Developing countries should prepare low-carbon development strategies in order to indicate the actions to be taken and the level of support they require. Both the actions and the support should be subject to measurement, reporting and verification.

The Parties agreed that climate change is a matter of concern to Nigeria firstly bearing in mind the strain put on the environment through the practice of gas flaring, and secondly, taking into account the adverse effects of climate change in Nigeria in terms of desertification and rising sea level. Within this context, they agreed that urgent action is necessary and that
they need to enhance their dialogue and cooperation to ensure capping, ultimately ending, gas flaring in Nigeria in line with provisions of the United Nations Framework Convention on Climate Change and the Kyoto Protocol.

The Parties also agreed that when addressing the global climate change other aspects such as the sustainable utilisation of traditional energy sources; the development of alternative energy sources and deforestation, including illegal logging, must be taken into consideration. They agreed to cooperate also in this respect.

**AOB**

The Parties had an exchange of views on cultural and public media cooperation to promote understanding between EU-Nigeria peoples and to disseminate the messages of EU-Nigeria common values.
NIGERIA-EU JOINT WAY FORWARD

INTRODUCTION

The political dialogue between Nigeria and the EU followed the 2004 initiative of the Irish Presidency of the EU. Since then, the successive EU Presidencies, through the Heads of Mission, have continued to conduct high level contacts and discussions with the Nigerian Authorities. Under the administration of President Obasanjo and now President Yar’Adua, the parties have continued to exchange information on issues of common interest and for mutual benefit in national and international terms, taking into account the roles of Nigeria and the EU in Africa in general and in the West Africa subregion in particular.

The political dimension of the relations between Nigeria and the EU is articulated in Articles 8 to 13 of the revised Cotonou Partnership Agreement. Article 8 in particular spells out the objectives and the key topics of the political dialogue.

A number of other political, declaratory documents form the foundation of the political dialogue and cooperation of Nigeria and the EU, namely the Paris Declaration on aid effectiveness endorsed on 2nd March 2005, the Africa-EU strategic Partnership agreed at the Summit of Heads of State and Government from EU and Africa held in Lisbon on 8th and 9th December 2007 and Nigeria’s development and strategy papers, in particular the first National Economic Empowerment and Development Strategy (NEEDS I) issued in 2004, the second one (NEEDS II) about to be issued, 7-point agenda and Vision 2020, an economic business plan intended to make Nigeria a fully developed economy by the year 2020 about to be issued.

At the Ministerial Troika meeting held in Ljubljana on 20th May 2008, Nigeria and the EU decided to take their relationships to a new level through intensified dialogue and enhanced cooperation. In the Joint Communique issued in Ljubljana the parties drew the main lines for a way forward to intensify their relations.

Nigeria and the EU reaffirm their commitment to these agreements and to the vision of their relations presented in the Ljubljana Joint Communique and have now decided to develop a political framework, the "Nigeria-EU Joint way Forward", to spell out the terms and the modalities to intensify their political dialogue and cooperation.

1. PRINCIPLES AND VISIONS

The purpose of the Joint Way Forward is to take the Nigeria-EU political dialogue and cooperation to a new level.

The Nigeria-EU Joint Way Forward will be guided by the fundamental principles of ownership and joint responsibility, respect for human rights, good governance, democratic principles and the rule of law. Both parties are committed to advancing these values globally.
Nigeria and the EU consider each other as natural and strong partners. Nigeria and the EU share common values and ideals, both believing in peace and security, equality, democracy and tolerance as ways of developing prosperous and generous societies.

It is important to strengthen economic cooperation between the parties and stimulate the development of bonds between private industrial, commercial and financial actors. A strong private sector economy acting in partnership with a sound public administration is essential to achieve sustainable development.

The Parties during this process will take into due account their common concern for the environment and in particular, climate change as phenomena with an overall impact on security and development issues. Energy security is linked to these concerns. The impact of climate change in Europe and Africa and the role of technology innovation to reduce the adverse effects are of highest importance to Nigeria and the EU.

The Parties, in line with their common values, recognise the importance of promoting democracy and rule of law and of developing a human rights dimension in their dialogue touching upon a number of issues of mutual concern.

A key element of the Joint Way Forward is the common commitment to regional cooperation and integration. The EU fully supports Nigeria’s commitment to working with ECOWAS and the AU. Both Parties agree that the Joint Way Forward shall be supportive of the Joint Africa-EU Strategy by including several of the strategic priority areas and developing over time the remaining areas after common agreement.

The framework for pursuing this dialogue, oriented by the experiences gained since 2004 and taking into account the present political developments in the Nigerian, regional, European and international context, is proposed in the present paper.

Both Parties agree to the necessity of enhancing the existing agreements, policies and instruments. The Joint Way Forward is an evolutionary process that will develop at all levels, both public and private.

The purpose of this paper is to provide tentative guidelines on objectives, components and priorities for the "Nigeria-EU Joint Way Forward".

2. NIGERIA-EU JOINT WAY FORWARD

The Joint Way Forward includes three elements:

A) Modalities for the Joint Way Forward
B) Guidelines for an intensified political dialogue
C) Priorities for an enhanced cooperation

A. MODALITIES FOR THE JOINT WAY FORWARD

The Parties agreed in May 2008 to adopt some general guidelines identifying the main issues of mutual interest and concern. The guidelines follow the principles and objectives enunciated in the revised "Cotonou Partnership Agreement" and recalled in the Lisbon "Joint Africa-EU Strategy".
• Nigeria and the EU agree to continue their regular political dialogue by meeting once a year in troika Format at ministerial level. The meetings may take place alternately in Nigeria and the EU.

• Senior officials meetings will be organised once or twice a year to exchange views on issues discussed at ministerial level and/or bring issues of interest to the attention of the other party. The meetings may take place alternately in Nigeria and the EU and will be open to observers from all interested EU Members States.

• Meetings at the level of Heads of Mission will be held at least once during each EU Presidency with representatives of the Nigerian Ministry of Foreign Affairs and other line Ministries to maintain and strengthen regular dialogue.

• The Parties consider that it is necessary to intensify the dialogue at all levels for an enhanced relationship. Therefore ad hoc meetings on issues of common interest, e.g. regional, continental and global issues can take place when agreed between the Parties.

• The Parties will associate, on an "ad-hoc" basis whenever appropriate, with private sector, professional associations, parliamentarians, the judiciary, organised civil society and other non-State actors as defined in the Cotonou Partnership Agreement (as revised in 2005) in Article 6.

• The Federal Government of Nigeria and the EU affirm the importance, as well as their resolve, to enhance their dialogue and cooperation with other tiers of the Nigerian Government (State and Local Governments) in accordance with the competences attributed to them under the Constitution and to seek participation, whenever relevant and appropriate, from civil society, private sector and other non-State actors as defined in the Cotonou Partnership Agreement (as revised in 2005) in Article 6.

• The Federal Government and the EU agree to develop the modalities and a suitable calendar for a dialogue open to the other tiers of the Nigerian Government.

B. GUIDELINES FOR AN INTENSIFIED POLITICAL DIALOGUE

Topics in the agenda of the Nigeria-EU dialogue include the agreed areas of priority actions: peace and security, good governance and human rights, trade and regional integration and key development issues including but not limited to energy, environmental sustainability and climate change. In addition, in the Ljubljana meeting it was decided to address issues such as migration, combating crime, knowledge-based society issues such as ICT; science, technology and innovation; HIV/AIDS, malaria, tuberculosis and other pandemics; reform of the United Nations and of other key international institutions; terrorism; proliferation of weapons of mass destruction; illicit trafficking of small arms and light weapons; drugs, human trafficking; cultural cooperation and exchanges. It is agreed to focus the political dialogue on the following issues.

• peace and security

Nigeria and the EU agree to discuss about peace and security issues at global, continental, regional and local levels as part of their political dialogue. The issues will include global security threats, the security situation in neighbouring countries and the maritime security in the Gulf of Guinea which is linked, inter alia, to the Niger Delta. In connection to maritime security, it is appropriate to take into account relevant IMO recommendations. Cooperation
between Nigeria and the EU and support to ECOWAS to combat organised crime, including drugs and human trafficking, in the region will also be discussed.

- good governance and human rights

Nigeria and the EU consider the promotion of good governance, human rights and fundamental freedoms at global and regional levels a common concern. The parties will work together to address some vital areas of governance and human rights agenda at all levels of the Nigerian government among which are the strengthening of rule of law, the fight against corruption and human rights. The human rights issues would include death penalty, children’s rights, gender equality and ethnic, religious and civil discrimination.

The Parties also agree to promote the implementation of ratified human rights conventions at Federal and State levels.

- economic development including trade and regional integration

These issues cover a number of items such as sustainable economic development including industrialisation, impact of the global economic and financial crisis, economy and export diversification, achievement of Millennium Development Goals (MDGs), regional and continental integration in Africa, in particular via ECOWAS, trade development and EPAs, food security, migration, etc. Nigeria plays a leading role in the economic development of the region and therefore the EU and Nigeria consider these issues a priority for their dialogue.

The Parties agree to identify specific economic sectors for which their dialogue can contribute to improve the cooperation between Nigerian and EU public and private actors and the transfer of know how as well as maximise the positive impact of the economic agreements signed with the region.

- energy

Both Parties consider energy to be a vital issue. The political dialogue will identify the main issues and key players in this field. Among other issues, the insufficient energy infrastructure, reform of the Nigerian energy sector, policy and planning issues in general and sharing of best practices, will be addressed. The energy issue as a major component of regional integration in ECOWAS and the role of Nigeria as energy supplier to the EU will also be discussed.

- environmental sustainability and climate change

The Parties agree that these questions are essential also in connection to the development of the energy sector. Issues of mutual concern include: sustainable utilisation of traditional energy sources; development of alternative, affordable and renewable energy sources; deforestation (including illegal logging) and desertification; gas flaring; indoor and outdoor air pollution; etc. The political dialogue will identify the ways in which the parties will cooperate. However, the exchange of knowledge between Nigerian and EU scientific institutions on the symptoms and effects of climate change as well as on the methodologies to address the problems will be a key feature of their cooperation in this field. The cooperation may be extended to governmental and non governmental organisations and include regional and international aspects of the issues. In this respect, a stronger EU-Nigeria cooperation in view of the forthcoming UNFCCC (United Nations Framework Convention on Climate Change taking place in Copenhagen in December 2009) negotiations would be very relevant.
Besides the above-mentioned areas the Parties agree to include in the dialogue the following horizontal issues.

In national terms:

• The Parties recognise that in some areas implementation of laws and regulations is insufficient at State level compared to the legal requirements at the Federal level. Nigeria and the EU have decided to address this challenge.

  The Parties also recognise that the issues of good governance, economic and social development, energy and environmental sustainability are also pertinent in a broader approach to discussing Nigeria-EU cooperation in the Niger Delta.

  The established cooperation with certain States will be deepened while the specific needs of these and of other States will be identified and evaluated consistently with the areas covered by the political dialogue. In this way the political dialogue will have both Federal and State level impact.

In regional terms:

• The regional synergies and connections, especially with neighbouring countries, member states of ECOWAS, and ECOWAS and AU institutions pertinent to the topics identified above to be jointly assessed in order to make the cooperation more efficient.

In international terms:

• The political dialogue can review and follow jointly the implications for Nigeria and the EU of the outcomes of high level meetings held abroad and/or of international Conventions, Summits and meetings, namely those of UN, G8, World Bank, WHO, ILO, etc. Through dialogue Nigeria and the EU will also seek to establish common positions in respect of responses to social, political and economic crisis in countries and regions of interest to both parties. An area of mutual interest will be to discuss how to profit from Nigeria’s vast experience and expertise to contribute to inter-religious dialogue.

C. PRIORITIES FOR AN ENHANCED COOPERATION

The central objectives of the partnership remain those enunciated in the first and second paragraphs of Article 1, of the Cotonou Partnership Agreement: „to promote and expedite the economic, cultural and social development of the ACP States, with a view to contributing to peace and security and to promoting a stable and democratic political environment [...] The partnership shall be centred on the objective of reducing and eventually eradicating poverty consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy“.

Therefore, the Parties recognised in the Ljubljana Joint Communiqué that financial resources allocated to Nigeria under the 10th EDF and bilateral aid from EU Member States should be concentrated in addressing jointly priority areas mentioned below.

(a) Peace and security

In terms of conflict management and prevention, the EU will assist Nigeria – which remains the largest African contributor of peacekeepers – in playing an even more active and effective
role in conflict mediation and in the peace keeping efforts at ECOWAS and AU levels. This could include building on the multidimensional (police, civilian, military) training at all levels of Nigerian troops for peace support operations in the framework of the EU’s wider support to the African Peace and Security Architecture (APSA).

In the area of responsibility and traceability of SALW exports, the government of Nigeria agrees with the EU that support and logistics are needed to combat the illegal arms flow into Nigeria and in particular, the Niger Delta. This could take the form of law enforcement and institutional capacity building and judicial cooperation.

The EU will continue to work closely with the Nigerian authorities in addressing the problems of the Niger Delta and continue the ongoing projects as well as be ready to contribute to and support a peace process.

(b) Good governance and human rights

The EU will continue to support Nigeria’s legislative and judicial institutions (both at the Federal and State levels) and the electoral reform process. The EU will also act as an independent observer in future elections at the invitation of the Nigerian Government. The EU will also work with civil society to encourage reciprocal accountability and to improve dialogue with the Government.

Cooperation between the Parties needs to be strengthened in a number of human rights areas of concern. This can be done by joint projects to improve the judicial and prison systems. The EU will also be ready to support Nigeria’s efforts to reform the police to strengthen the fight against criminality and impunity.

The fight against corruption is an area of common concern. The EU will provide support to improve the implementation of transparency mechanisms at State and local levels of the administration. The EU will also look into the possibility of continuing, as appropriate, its support to the Nigerian institutions responsible for combating corruption and promote exchanges/sharing of information between these institutions and EU national police services. The dialogue with Nigeria on the Extractive Industry Transparency Initiative will continue and will be deepened.

(c) Trade and regional integration

Sustainable economic development including industrialisation and regional economic integration are vital to Nigeria. The EU can share its rich experience in these areas. Cooperation, at national and regional levels, will focus on EPA related issues, facilitate and promote the diversification of the Nigerian economy, the reinforcement of the competitiveness of non oil sector, the exchanges between commercial actors in the areas of industry, energy, ICT, between professional organisations and control of quality, etc.

(d) Key development issues, including energy, environmental sustainability and climate change.

The EU and its institutions are ready to support and advice the Government of Nigeria in the implementation of its reform programme in the energy sector according to terms and modalities to be identified and agreed in the course of this political dialogue.
3. REVIEW OF THE PROGRESS OF THE NIGERIA-EU JOINT WAY FORWARD

The performance of Nigeria-EU political dialogue will be subject to a joint review by the Parties during the Ministerial Troika meetings. Benchmarks could be introduced, thus contributing to the respective progress assessment.

The performance of the cooperation initiatives financed by the 10th EDF and by bilateral contributions from EU Member States will be discussed and revised based on the mechanisms foreseen under the respective cooperation agreements.

Following such assessments, the Nigeria-EU Joint Way Forward could be revised upon a request of either Party.