



**Executive Board of the
United Nations Development
Programme and of the
United Nations Population Fund**

Distr.: General
16 April 2008

Original: English

Annual session 2008

16 to 27 June, 2008 Geneva

Item 13 of the provisional agenda

Country programmes and related matters

Country programme document for Nigeria (2009-2012)

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I. Situation analysis

1. This draft country programme document is based on the draft United Nations Development Assistance Framework 2009-2012, and draws upon discussions held with the Government, the United Nations country team and development partners during 2007-2008.

2. The macroeconomic foundations for pro-poor growth in Nigeria are better today than they have been for the past 20 years. Impressive progress has been made in meeting the targets of the National Economic Empowerment and Development Strategy, *NEEDSI* (2004-2007) [<http://www.nigerianeconomy.com/needs.html>]: economic growth has averaged about 6 per cent per annum during the period, budget balances are under control, inflation has declined to single digits, exchange rate stability has been achieved, and reserves have risen to about \$60 billion, the largest in Sub-Saharan Africa.

3. These results reflect a major shift in economic management at the Federal level, such as the adoption of the oil price-based fiscal rule, creation of an excess crude account, passage of landmark legislation on procurement reform and fiscal responsibility and the first sustained institutional effort to curb the misuse of public funds. Concurrently, the prospects for longer-term growth have been reinforced by the elimination of external debt, allocation of \$1 billion per annum of the gains from debt relief for the Millennium Development Goals, a successful bank consolidation process, and liberalization of the telecommunications and media sectors. Additionally there are signs of governance reform spreading to the States, increased investor confidence and buoyancy in oil prices.

4. Nevertheless, the country faces the formidable challenge of reducing poverty and inequality, for reasons arising mainly from the dominance of oil and gas in the economy. Firstly, productive activity in other sectors has been crowded-out, thus, stunting the development of a diversified, private-sector-driven economy, a tax-paying citizenry and strong and independent civic institutions. Second, a narrow revenue base has lent itself to 'elite capture' and rent-seeking. Third, the State has not yet realized its full potential for promoting social and economic transformation due to a lack of transparency and accountability in governance, resulting in poor returns from public expenditure. Nigeria has also to deal with the aftermath of the 2007 elections as well as handle a serious crisis in the Niger Delta.

5. The latest Millennium Development Goals Report (2006), which is available at http://www.ng.undp.org/reports/nigeria_mdg_report.pdf shows that Nigeria is making headway towards only three of the Millennium Development Goals – in basic education, HIV prevalence and the global partnership for development. Progress is either slow or static in other areas. Over half (54.4 per cent) of the population is living in poverty, up by 25 per cent compared to 1990; a Gini coefficient of 0.49 indicates high inequality; the under-five mortality rate is 197 per 1,000 live births; the maternal mortality rate, at 800 per 100,000 live births is among the highest in the world; the number of people living with HIV/AIDS is the second largest in the world despite a reduction in the national prevalence rate to 4.4 per cent; there has been limited progress in access to safe water and sanitation since 1990; and the high proportion of gas flared (40 per cent) imposes major economic, social and environmental costs. Those challenges are exacerbated by significant gender and regional disparities [<http://www.nigerianstat.gov.ng/cwiq/2006/survey>]. Reflecting these conditions, the human development index score for Nigeria stands at 0.448 (2007), showing only slow improvement over a 30-year period.

II. Past cooperation and lessons learned

6. The sixth country programme (2003-2007) focused on good governance and human rights, poverty reduction, energy and environment, and HIV/AIDS, with gender and information and communication technology as cross-cutting themes. UNDP assistance led to the groundwork being laid for an electoral cycle approach, supported strongly by a ‘joint donor basket’ fund; increased prospects for United Nations and donor re-engagement with the Niger Delta; work on the fundamentals of local governance; piloting of tools for economic governance relating to needs assessments and fiscal policy; formulation of national policies on microfinance and small and medium enterprises; capacity development of selected local microfinance institutions; policies for sustainable natural resource management, pilot projects in renewable energy and control of ozone depleting substances; and preparation of the first set of national and state strategic plans to combat HIV/AIDS. In addition, UNDP has demonstrated its ability to manage complex, large-scale operations, most notably through implementation of a \$135 million grant from the European Union and \$16 million from the Federal Government, for the national census conducted in 2006-2007.

7. The main lesson learned is that UNDP is most effective as a catalyst for policy and institutional reform, especially in sensitive areas that are challenging or off-limits to other partners. Together with other lessons, learned, this calls for support to the deepening of democracy; doing more to address the Niger Delta crisis; tackling gender disparities; adopting a more systematic approach to capacity assessment, planning and evaluation; building in-depth technical capacity within the country office; and improving operational efficiency. In addition, an independent survey of the United Nations comparative advantage in Nigeria (2007) shows strengths in advocacy, assistance for social and economic reform, governance, human rights, gender equity, partnership-building and capacity development.

III. Proposed programme

8. The first strategic input for the seventh country programme is the ‘Seven-point agenda’ of the Government, containing its development priorities. These include growth in the non-oil sector; improving infrastructure; human capital development; security, law and electoral reform; combating corruption and improving governance; regional development (including the Niger Delta and the environment); and cross-cutting issues such as gender and HIV/AIDS. The ongoing revision of the *NEEDS2* document will incorporate the seven-point agenda, while a *Vision 2020* document, also under preparation, will set out the longer-term strategic vision designed to turn Nigeria into one of the 20 largest economies in the world by 2020.

9. A second input is the strategic direction of the draft *UNDAF*, which is about improving governance – particularly, enabling policies, budgets and institutions – in four areas: (a) governance and accountability; (b) productivity and employment; (c) social service delivery; and (d) crisis and conflict. In each of these areas, a rights-based approach will tackle key institutional blockages; foster active citizen participation so that rights holders demand and take action; and assist Nigeria in addressing global opportunities and obligations.

10. A final input is the *UNDP regional strategy for Africa* – capacity development for pro-poor growth and accountability – which emphasizes the importance of public expenditure, regulatory frameworks and behaviour, and information systems and skills for ensuring accountability.

11. The strategic focus of the seventh country programme will be to contribute towards the long-term goal of Nigeria to forge a ‘transformational state’ that articulates an inclusive national vision of development; uses its resources accountably; manages public institutions effectively; and fosters respect for the rule of law. A transformational state would be able to

promote six inter-linked changes, namely: (a) channel public resources consistently to medium-and long-term development priorities; (b) forge conditions for the emergence of a democratic system based on active citizen engagement; (c) secure value reorientation to cultivate the norms that can sustain a rule-based, law-abiding society; (d) develop the economy outside the oil sector driven by private enterprise; (e) serve as an effective trustee of the human and natural resources of Nigeria; and (f) resolve the crisis in the Niger Delta.

12. The proposed strategic focus will be pursued through four programme components. Each component will also carry forward the gender equality strategy (2008-2011) of UNDP, assessed and guided by independent gender audits.

A. Economic governance: prioritizing resources for development

13. Four areas of assistance are envisaged at the federal and state level, each sensitive to the implications of income, gender and spatial disparities: (a) *development planning* to help set out transparent policy and spending road-maps that integrate efforts across sectors and incorporate tools for evidence-based decisions (poverty analysis, needs assessments and macro-modelling); (b) *fiscal policy*, especially at the state level, with emphasis on optimum spatial and resource allocation and skills and techniques for implementation of fiscal rules; (c) *monitoring*, based on institutionalized surveys and better data storage, analysis and dissemination; and (d) *aid coordination*, focused on information management and technical support for country-led coordination frameworks and tools.

B. Political governance: accountability and oversight in resource management

14. There are four areas of assistance at the federal and state levels: (a) *electoral reform*, taking an electoral cycle approach and addressing the deepening of democracy, such as the functioning of political parties and women's participation; (b) *integrity in the use of public resources*, continuing to invest in the capabilities of existing federal institutions for due process and financial accountability, whilst extending good practice to the state level; (c) application of a sector-wide approach to *civil society development* that looks at enabling policy and legal conditions, applies the approach and techniques of venture capital for organizational development, including of civil society organizations led and managed by women for women, encourages dialogue with Government and promotes issues-based campaigning, such as on the Millennium Development Goals and related gender gaps; and (d) *local governance* to strengthen accountability at the base by linking states, local government areas and communities to deliver essential services through inclusive consultation, planning, implementation, monitoring and oversight. The inclusion of poor women and men will be of particular concern to UNDP.

C. Private sector development: growing the non-oil resource base

15. Two areas of work are being targeted to boost growth in the real (non-oil) sector: (a) *development of inclusive markets* that engage and benefit the poor, with particular emphasis on female entrepreneurs and employment, by looking at the of issues impeding the development of small and medium enterprises that can add value, generate jobs and expand non-oil exports; and (b) efforts to address critical deficiencies in power supply by examining the potential of scaling up the use of clean technologies based on *renewable energy sources*.

D. Sustainability and risk management: protection of resource base

16. UNDP competencies can be best deployed in four areas: (a) *conflict prevention, management and peacebuilding in the Niger Delta*, helping to tackle some of the immediate challenges of recovery (such as local development and youth employment) but moving rapidly to other development-based components of the country programme, in both cases paying attention to disparities (spatial, ethnic and gender); (b) *environmental governance*, especially the policy framework for management of natural resources connected to the extractive industries; (c) analysis, planning and pilot projects – such as those connected to the ‘MDG Carbon Fund’ and the Clean Development Mechanism – to mitigate the effects of *climate change*; and (d) *governance* of HIV/AIDS and other potential epidemics through impact analysis, preparation of strategic and contingency plans, and country-led coordination and response, keeping the gender dimension in mind.

IV. Programme management, monitoring and evaluation

17. Learning from experience, UNDP will make the following changes in programme management: (a) *reduce the focus of the country programme* from the current 18 States and 25 federal implementing agencies to 10 States and 10 agencies, subject to governmental agreement; (b) *restructure the country programme* around large projects within the four programmes mentioned above; (c) *enhance knowledge management* in selected areas in order to assist national institutions; (d) *apply an updated programme ‘toolkit’* using gender assessments and audits, stakeholder analyses, and capacity assessments and diagnostics; (e) *recalibrate national execution* in the Harmonized Approach to Cash Transfers environment, employing direct execution only strategically; and (f) *raise office efficiency and effectiveness* with ongoing business process improvements whilst selectively deepening technical expertise.

18. UNDP will pursue a strategy for *partnership and resource mobilization* informed by the size and complexity of Nigeria, which require development partners to work on similar issues in different parts of the country. This puts a premium on partners actively following through on the Paris Declaration on Aid Effectiveness within a framework set by the country. Options include proposing an appropriate division of labour – possibly lead organizations for specific issues and geographic areas – and greater use of collaborative mechanisms. The partnership strategy will: first, deepen collaboration and co-financing with Governments at all three tiers of the federal structure; second, build on the potential that already exists with partners such as the Canadian International Development Agency, the Department for International Development, the European Union and the World Bank; third, employ UNDP-assisted programmes as possible ‘platforms’ for collaboration and co-financing, involving a wider range of partners such as the African Development Bank, for example, in the response to the Niger Delta; fourth, tap the interest of Nigerian companies and banks in unlocking markets at the ‘bottom of the pyramid’ as well as engage in corporate social responsibility; and last, explore potential opportunities for South-South cooperation, in trade and investment, fiscal federalism, aid coordination and civil society development.

19. With regard to *monitoring and evaluation*, the seventh country programme will aim for a qualitative leap forward relative to past practices, by relying on progressive integration with national and United Nations systems and improved technical standards. Specific steps will target rigorous programme and project design; allocation of resources to build national monitoring and evaluation systems; programme monitoring and evaluation linked to government and United Nations initiatives such as any reviews of *NEEDS2*, the proposed UNDAF baseline study, and midterm and terminal evaluations of the UNDAF (in 2010 and 2012); and full implementation of country office guidelines for programme work-planning and monitoring, which is already well under way.

Annex. Results and resources framework for Nigeria (2009-2012)

UNDAF outcome A1. Resource mobilization and public expenditure management at federal and selected state levels meet statutory standards of fiscal responsibility and requirements for achieving national development targets, consistent with the seven-point agenda and the Millennium Development Goals.				
Programme components and programme outcomes	Programme outputs	Output indicators, baselines and targets	Role of partners	Resources by goal (\$)
Component: 1. Prioritizing resources for development Outcomes: 1.1 Planning and budgeting processes at federal level and in selected States utilize evidence-based approaches.	1.1.1 A relevant, technically sound and comprehensive evidence base to inform planning and fiscal policy choices at federal level and in selected States.	1.1.1 Analytical tools and techniques in use to generate evidence - needs assessments, macro modelling (federal), tax analysis and revenue forecasting, and gender budgeting. <i>Baseline:</i> First steps at fed. level and in some States. <i>Target:</i> Tools and techniques (as mentioned above) become standard elements of development and fiscal policy planning.	UNDP, the United Kingdom Department for International Development (DFID), the European Union, the United States Agency for International Development and the World Bank are steadily increasing their collaboration on institutional reform, statistics and aid coordination.	Regular resources 3.80 million Other resources 16 million Total 19.8 million
1.2 Relevant, timely and gender disaggregated data available at federal level and in selected States.	1.2.1 A comprehensive capacity development strategy for federal and selected state statistical agencies in place, to support a regular programme of socio-economic surveys.	1.2.1 Frequency and turnaround time of standardized household sample surveys at Federal level and in selected States. <i>Baseline:</i> Capacity weak; surveys irregular. <i>Target:</i> A socio-economic household sample survey held every two years with first results in four months.		
1.3 Government able to manage a country-specific framework for aid coordination consistent with national priorities and the Paris Declaration.	1.3.1 An information management system and technical assistance facility to support country-led aid coordination.	1.3.1 Aid coordination database housed in, and regular analyses produced by, the National Planning Commission (NPC). <i>Baseline:</i> A central database and regular reports do not exist at the moment. <i>Target:</i> Data on aid flows not more than 12 months old; annual reports published on development cooperation (both elements managed by the NPC).		
UNDAF outcome A2. Improvements in the three main pillars of accountable governance – elections, justice and anti-corruption – achieved in accordance with the rule of law and in response to public demand.				
Component: 2. Accountability and oversight in resource management Outcomes: 2.1 National and state independent electoral commissions (IECs) able to perform key functions for the conduct of free and fair elections.	2.1.1 Restructuring plans, systems and skills developed for IECs to hold well-organized elections in 2011.	2.1.1 Ratings of IECs in capacity assessment exercises (to be conducted). <i>Baseline:</i> Significant weaknesses identified by IECs themselves in planning, human resources management, financial management, procurement and information and communications technology. <i>Target:</i> Ratings in follow-up assessments in line with requirements for the organization of free and fair elections.	The joint donor basket fund for the elections will be the platform for partnership. Collaboration with the United Nations Office of Drugs and Crime is likely on anti-corruption. There will be a UNDP-led 'sector-wide' programme for civil society development. Local governance is already supported by NNPC-Shell and Bayelsa and Ondo States.	Regular resources 7.60 million Other resources 27 million Total 34.6 million
2.2 Anti-corruption measures and procurement reform further integrated into public sector management (at the federal level and in selected States).	2.2.1 Organizational systems and skills developed for the establishment or strengthening of procurement and anti-corruption offices in federal and state governments.	2.2.1 Proportion of selected States with functional procedures and offices for due process. <i>Baseline:</i> <10% of States have due process offices. <i>Target:</i> All supported States have operational procedures and offices in place for due process.		

2.3 Organizations/campaigns led by non-state actors at the federal level/in selected States achieve a minimum capacity threshold	2.3.1 Technical advisory services, venture capital and training programmes in place for civil society organizations (CSOs), with a specific focus on those led and managed by women for women.	2.3.1 Time from commencement to completion of UNDP assistance to achieve sustainable operations in beneficiary CSOs. <i>Baseline:</i> Not applicable as this is a new area of work. <i>Target:</i> 36 months from commencement to exit.		
2.4 The local governance system in selected local government areas (LGAs) and States supports better quality and coverage of basic services	2.4.1 Local development fund (LDF)-based initiatives tested and scaled-up in selected LGAs and States.	2.4.1 Number and scope of LDFs at LGA level. <i>Baseline:</i> Two in 2008, focused on limited social and economic infrastructure and services. <i>Target:</i> 25-30 by 2012, covering basic health and sanitation, education and productive (e.g., irrigation, rural roads) infrastructure and services.		
UNDAF outcome B2. Organized agents articulate demand for and enable equitable delivery of services for growth and employment in rural markets .				
UNDAF outcome B3. Enabling policies and investments for trade and investment stimulate businesses in the rural economy that are competitive in domestic, regional and international markets.				
Component: 3. Growing the non-oil resource base Outcomes 3.1 Trade and investment policies and regulatory frameworks enable value-added production and employment generation from the agricultural, agro-industrial and extractive sectors	3.1.1 Selected private-sector organizations have the management skills and capital to provide key market-mediating services in specified sub-sectors and product categories (including those specifically targeting women entrepreneurs and job-seekers).	3.1.1 Number and operations of private-sector organizations/associations providing market-mediating services (business development, technology transfer, product development and marketing, credit, advocacy). <i>Baseline:</i> Very few organizations/associations exist to boost value-added non-oil exports. <i>Target:</i> A core group of market mediating producer and creditor associations/networks fully functional in selected sub-sectors and product categories (criteria for 'core' to be defined).	Partnerships will be explored with the African Development Bank, DFID, Food and Agricultural Organization, International Finance Corporation, and United Nations Industrial Development Organization.	Regular resources 5.07 million Other resources 15 million Total 20.07 million
UNDAF outcome D1. The Federal Government and selected States in the Niger Delta able to secure a participatory policy and institutional environment conducive to sustained peace and equitable development.				
Component: 3, Protect the resource base Outcomes 4.1 Relevant federal bodies and selected Niger Delta States design and implement integrated development policies and plans that address key disparities (spatial, ethnic and gender).	4.1.1 A technical advisory facility operational for selected Niger Delta States to develop the systems and skills for planning, budgeting (including gender budgeting) and monitoring.	4.1.1 Key analytical products prepared to support the planning process in the Delta. <i>Baseline:</i> General dearth of planning data and studies. <i>Target:</i> Needs assessments, poverty analyses and studies of fiscal as well as gender-based budgeting available in selected States.	UNDP is already collaborating with the Department of Political Affairs and Department of Economic and Social Affairs, United Nations organizations and donors. For HIV/AIDS, opportunities have emerged for capacity development for access to the Global Fund. A joint United Nations programme is very likely.	Regular resources 8.87 million Other resources 53 million Total 61.87 million
4.2 Environmental agencies at Federal level and in selected States establish and manage an integrated framework for environmental governance.	4.2.1 Policy proposals and organizational change management and development programmes in place to manage credible, transparent enforcement actions.	4.2.1 Transparent, detailed regulatory procedures underpin environmental enforcement actions. <i>Baseline:</i> Insufficient clarity about the basis for, and management of, enforcement actions. <i>Target:</i> Rules, procedures and assessment techniques developed for effective and fair regulatory action.		
4.3 Federal/State bodies utilize evidence-based approaches to formulate, implement and coordinate gender sensitive policies and plans to prevent/mitigate AIDS and other epidemics	4.3.1 Analyses and skills in place in planning bodies and coordinating organizations to integrate HIV/AIDS into gender-sensitive development and contingency plans and budgets.	4.3.2 Proportion of selected States and LGAs with HIV/AIDS mainstreamed in a gender-sensitive manner into their development plans and budgets (measured against transparent criteria). <i>Baseline:</i> Less than 10% (to be confirmed). <i>Target:</i> 100%.		

