Nigeria: Country Results Profile

Overview

Nigeria boasts a strong and resilient economy, thanks to rapid growth in both its oil and non-oil sectors over recent years. Yet poverty remains pervasive and the International Development Association (IDA) is working with Nigeria to address the fundamental causes of this problem, and to ensure that all its effort take into account the need to improve governance at all levels. As a result, IDA projects have seen positive results in education, health, and the delivery of clean water.

Full Brief—5 Pages
Nigeria: Macroeconomic Stability and Delivering Services for the Poor—PDF, April 2011

Challenge

Nigeria’s economic performance in this decade has been strong. The non-oil economy grew at about 9 percent a year in 2003-08, in contrast to 3.5 percent per year between 1997 and 2000. Central to the turnaround in the economy was success in de-linking the budget from the fluctuations in oil revenues and strong growth in agriculture. Growth has been resilient during the recent global financial crisis with gross domestic product (GDP) growing by an estimated 6 percent in real terms in 2008 and non-oil growth remaining buoyant at 9 percent.

Despite Nigeria’s strong economic track record, poverty is significant, and reducing it will require strong non-oil growth and a focus on human development. Barriers include the investment climate, infrastructure, incentives and policies affecting agricultural productivity, and the quality and relevance of tertiary education. In spite of successful initiatives in human development, Nigeria may not be on track for meeting most of the Millennium Development Goals (MDGs) by 2015. Underpinning these challenges is the core issue of governance, in particular at the state level. Fiscal decentralization provides Nigeria’s 36 states and 774 local governments considerable policy autonomy, control of 50 percent of government revenues, and responsibility for delivery of public services. Capacity is weak in most states,
and improving governance will be a long term process.

Approach
Starting in fiscal year 2005, IDA identified three broad challenges: (i) improving service delivery for human development; (ii) improving the environment for non-oil growth; and (iii) enhancing transparency and accountability for better government. It deployed a combination of lending, analytical work, technical assistance and multi-donor trust funds reflecting two key elements. First, it focused on areas where IDA could have “quick wins” to establish IDA’s role, after a relatively modest presence in Nigeria between 1999 and 2003. Second, it directed investments to selected states with committed and capable leaders, and which was to serve as incentives for other states to improve their governance.

Results
Between 2004 and 2009, IDA has utilized a mix of approaches in its support to Nigeria, helping to:

- **Improve human development indicators**
  through CDD projects and a state education sector project. Maternal and child mortality increased on average by about 10 percent in 500 communities through construction and provision of equipment to primary health care centers. Literacy rate improved by 25 percent through construction and provision of equipment to primary and secondary school class rooms in over 1,000 communities. In Kano, Nigeria’s most populous state, access to quality education increased by 25 percent between the period from 2006 to 2010, and more importantly, over the same period, the ratio of girls to boys increased from 75 percent to 90 percent. In Kaduna, the primary completion rate tripled from 2006 to 2009. An IDA credit provided grants to schools based on school development plans, introduced school-based management committees, provided new text books, improved the supply of class rooms and trained the teaching force.

- **Deliver water to 2.6 million people in six states**
  through Bank projects between 2004 and 2009. The projects supported rehabilitation of water facilities in the six states, including construction of 16 water treatment plants, the laying of approximately 1,200 km of pipes, development of state water policies and engagement of the private sector to manage delivery of water services. The result is 40,000 new and 121,000 rehabilitated household water connections.

- **Increase prevention of HIV**. In addition to strengthening the government’s capacity to plan and implement HIV/AIDS programs, a Bank project focused on behavior change and access to counseling, testing and care services to reduce the transmission of the infection and its impact. The project has contributed to the reduction in the national HIV prevalence of 5.2 percent in 2003 to 4.6 percent in 2008 and an increase in the percentage of women (ages 15-49) reporting the use of condoms the last time they had sex with a non-marital, non-cohabiting sexual partner from 6.5 percent in 2002 to 33.4 percent in 2008.

- **Increase access to “malaria plus” packages**. The percentage of households with at least one insecticide treated bed net or long-lasting insecticide treated nets increased from 2.4 percent in 2006 to 89.7 percent in 2010 in the seven project states covered under a Bank project. The percentage of children under 5 years with fever treated with an effective anti-malarial medicine within 24 hours from onset of systems increased from 3.7 percent in 2006 to 6.9 percent in 2010 and the percentage of children less than 5 that slept under an insecticide treated bed nets increased from 3.6 percent in 2006 to 41.8 percent in 2010. The increase in coverage stemmed from the 12.4 million bed nets
and 7.5 million doses of malaria medicine procured and distributed through project funds

Partners
This is an emergency or disaster risk reduction type of project. There has not been much donor interest or capacity to support this project. IDA remains the only donor partner for this project through its three successive phases.

Toward the Future
The new Country Partnership Strategy for FY09-13 makes governance a core and a cross-cutting theme, an integral part of virtually every form of support. Governance support will be addressed in five areas: (i) transparency and accountability; (ii) participation; (iii) sector governance; (iv) capacity development; and (v) judicial reform and democratic governance. All partners will engage in strengthening government systems to improve outcomes in human development and growth, but in the interest of selectivity, only DFID and USAID will focus on judicial reform and democratic processes. Lending instruments will be tailored to the conditions of each state. In states with poor human development indicators, for example, but with weak public sector, the partnership will continue to use project-based lending and grants. In states that have a relatively good track record on public sector reforms, a reasonably strong fiduciary system and low debt levels, IDA will consider the use of state level development policy operations, possibly twinned with Technical Assistance (TA) operations. Maintenance of non-oil growth involves innovative activities in: (i) infrastructure to support growth clusters and (ii) technical and vocational education to address the skills gap in employment-intensive value chains (subsectors). Support for human development will aim to improve access and utilization of services and focus on health systems development; support for vertical disease programs will be on a more modest scale than in the previous strategy.