



House of Commons
International Development
Committee

**DFID's Programme in
Nigeria**

Eighth Report of Session 2008–09

Volume II

Oral and written evidence

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International Development Committee

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Witnesses

Tuesday 30 June 2009	<i>Page</i>
Dr Raufu Mustapha , Lecturer in African Politics, Oxford Department for International Development, Mr Sam Unom , Independent Consultant and Mr Michael Peel , Legal Correspondent, Financial Times	Ev 1
Tuesday 7 July 2009	
Mr Aboubacry Tall , West and Central Africa Regional Director, Save the Children and Ms Julia Ajayi , Nigeria Country Director, VSO	Ev 16
Thursday 16 July 2009	
Mr Gareth Thomas MP , Minister of State, Department for International Development, Mr Eamon Cassidy , Head, DFID Nigeria and Ms Beverley Warmington , Director, West and Southern Africa, DFID	Ev 30

List of written evidence

Professor Sani Abba Aliyu	Ev 45
Amnesty International	Ev 45
Association of Commonwealth Universities and The British Academy	Ev 47
Department for International Development	Ev 50; 85
Jubilee Scotland	Ev 70
Lifebuilders	Ev 71
Nigeria Leadership Initiative	Ev 71
Rev Emmanuel Odoemene	Ev 75
Michael Peel	Ev 78
John Rowley	Ev 78; 79
Save the Children UK	Ev 80
Society for the Widows and Orphans	Ev 82
VSO Nigeria	Ev 83
Shell UK Ltd	Ev 107

List of unprinted written evidence

The following written evidence has been reported to the House, but to save printing costs it has not been printed and copies have been placed in the House of Commons Library, where it may be inspected by Members. Other copies are in the Parliamentary Archives, and are available to the public for inspection. Requests for inspection should be addressed to The Parliamentary Archives, Houses of Parliament, London SW1A 0PW (tel. 020 7219 3074). Opening hours are from 9.30 am to 5.00 pm on Mondays to Fridays.

Oral evidence

Taken before the International Development Committee on Tuesday 30 June 2009

Members present

Malcolm Bruce, in the Chair

John Battle
Hugh Bayley

Andrew Stunell

Witnesses: **Dr Raufu Mustapha**, Lecturer in African Politics, Oxford Department for International Development, **Mr Sam Unom**, Independent Consultant and **Mr Michael Peel**, Legal Correspondent, *Financial Times*, gave evidence.

Q1 Chairman: Thank you, good morning and welcome. I wonder, first of all, if you would just introduce yourselves so we have that on the record.

Dr Mustapha: My name is Abdul Raufu Mustapha. I teach African Politics and Development Studies at Queen Elizabeth House, Oxford University.

Mr Peel: I am Michael Peel. I am a *Financial Times* journalist. I used to be the correspondent based in Nigeria and I have written a book on Nigeria and oil which is due to come out in September.

Mr Unom: I am Sam Unom. I am an independent consultant. I used to work with DFID in Nigeria and the UNDP¹ and I have been a consultant to both in Nigeria.

Q2 Chairman: We have got about an hour and a half. Please feel free, but you do not all have to answer all the questions so we move things along. Thank you very much indeed for coming. As you know, the Committee visited Nigeria earlier this month. Whilst it is a huge country and we could not really get anything other than a feel for certain aspects of it, I hope it has given us a better perspective than we had obviously before we went—that is the point of these visits. The big issue, and certainly being briefed by DFID and the British High Commission, is the issues of governance, the context of saying this is a challenging environment, which is a kind of euphemism for real difficulties. I just wondered if I could ask you collectively whether that is the biggest problem, the lack of effective governance? Indeed, within that context, what are the key failings of governance? What are the weaknesses? Is it the lack of capacity in terms of the quality of the ministers, the officials, or is it institutional failures? What are the real things? Is governance the issue and, if so, what aspects of governance is most vulnerable or most weak?

Dr Mustapha: I think governance is certainly an issue in Nigeria. Maybe it is not so much lack of capacity, as lack of the organisation and the institutional business to pool the capacities together. The Nigerian elite for various reasons are divided and they do not have a common vision of where they want to lead the country. They spend most of the time quarrelling and fighting amongst each other.

This has historically been the situation, but recently there has been a much more personalised element in this fight, as individuals fight for their own control over political and economic resources. So I would say that governance is certainly an issue, because the elite are not able to have a coherent picture of where they want to take the country. Some of them are more interested in their personal ambitions.

Q3 Chairman: So it is a combination or division between selfish and perhaps less selfish aspirations of the rulers?

Dr Mustapha: Lack of a plan to start with, and then the substitution of personal agendas for a collective agenda.

Mr Unom: There has been no compelling vision to commit to a future that is broadly agreed upon amongst the elite and shared with the population. So the personal agendas that Dr Mustapha has referred to substitute for that lack of shared vision. They take the place of what should be a vision. DFID's mission is that they are willing to provide technical assistance to help Nigeria solve the problems that can be solved with international help, but the commitment of the country itself to doing that is patchy and uneven, so you find it in pockets here and there. You find that the overarching vision that will be the basis for mobilising a consensus for going forward has been a problem.

Q4 Chairman: If it is an issue effectively of leadership and you mentioned vision, the President has his own vision—Vision 20/20—with his various points. I think we heard of a seven point agenda and then somebody said that it should really be a two point agenda. Is that a vision; and is it something that could deliver an improvement in governance and a more unified approach to leadership?

Mr Peel: The answer to these questions is obviously complicated. I come from a very particular perspective which I think is nevertheless one that has a real broader importance, and that is the role of oil. Nigeria is quite unusual in an African context, in that the aid budget, of DFID or anyone else, is really miniscule compared with the revenues that are paid out from oil. In a sense Abuja can always take or leave a DFID programme or anything else, because of the dominant role of the oil industry. I think

¹ UN Development Programme.

looking at the role of oil, which was first exported two years before the end of colonialism, it has come to dominate the economy. Despite little reforms around the edges, not much has changed in terms of the role that it plays. I think any solution to the problems of governance in Nigeria has to look not only at the Government and officials, but it has to look at the role that everyone plays in that oil industry; and that of course includes Western powers, China et cetera, multinational companies, right on through to everyone else who is involved at a local level, community leaders and so forth.

Q5 Chairman: Can I pick you up on that. What is the role of an organisation like DFID? We accept that entirely—Nigeria is not an aid-dependent country—but there is a limited amount of aid and development programmes of which the UK is a reasonable part. The actual money situation over the last 10 years has risen from £15 million to £120 million. Now £120 million spread across Nigeria is not very much. The point is: can it be spent in a way that would be effective in building the institutions and the capacity? Is that a proper role for it? Is that a useful engagement, given what you have just said that Abuja can say, “Go away, we don’t need you”; but, on the other hand, there does seem to be an engagement. Is there real potential for that to make a difference?

Mr Peel: To look at a very specific example, a small part of the piece, which is the work that has been done on corruption over the last five years, in which DFID and EU money has gone in, there I think you see a microcosm of the problem; that—after some mixed but promising results in terms of investigations started, much better cooperation between law enforcement authorities in Nigeria and here, some high profile figures placed under investigation—suddenly, because of a change in the political temperature, a lot of those limited gains were lost; and suddenly you have a situation where joint investigations, which I think people both inside and outside the country see as very important in terms of improving governance, have been stymied. The question then is: what do you do about that? I think there is quite a strong case for saying, look at a country like Kenya where Britain has introduced travel bans against officials within the Government, whom it sees as demonstrably involved in corruption. Nothing similar has been tried in Nigeria. The question is: why is that? Is that because of the politics of oil and so forth? Is it because of an embarrassment here about the role of British financial institutions still in high level corruption in Nigeria? If you look at the case of the former governor of Bayelsa State, that is very informative in terms of the role big banks here still play post-Abacha. I think there is a sense in which certain tools which have been used in the context of other countries and have been seen to be quite effective—Kenya is one example, in a small way—are not being used in respect of Nigeria. I think getting the answer to that would take you some way to thinking how the problem could be solved.

Q6 Chairman: Perhaps I could ask the other two witnesses if they feel DFID has a role to play?

Dr Mustapha: I think the DFID project may be small relative to what the Nigerian Government gets from oil; but there is a role for it in terms of helping to improve the governance of the country. Despite the gloom, as it were, there are pockets of efforts across the board that can also be supported, along with the humanitarian support as well. I would say I think there is a role for DFID in Nigeria. With respect to your earlier question about a seven point agenda—I think it is not so much what is written on paper but what people actually do that we ought to take into account. I think there seems to be some slippage between what is done and what is promised on paper.

Mr Unom: On that last point, that vision is truly the President’s, but there is no indication that it is being widely shared across the board or owned for that matter, including even within his Cabinet. Even if he was committed to it, he would still have a job to do trying to get everybody lined up behind it. That is the difficulty of not having a modicum of consensus amongst the elite regarding the direction of travel. On the other question about what DFID can do—governance is the main challenge. That is the point we have been making. DFID, and not just DFID, but the international community more broadly speaking and the UK including the Foreign and Commonwealth Office as well which is represented in Abuja, there has to be a concerted focus on policy dialogue that persuades Nigeria—whether through encouragement or the threat of stigmatisation, or whatever it takes—to begin to sort out itself. There are many processes that are going on. The international community can insert itself into helping along reform that is on the agenda now. There are similar reform processes—the constitutional reform process and the electoral reform process—that are also on the horizon. The international community can help bring in useful ideas in this regard. It is getting Nigeria to a point where it has a commitment to do what is right and also *can* do what is right, and *that* the international community can do. These are even more critical than helping to deliver services on the ground, because Nigeria’s resources if they were used well would travel much further.

Q7 John Battle: If I go back to Dr Mustapha and Mr Unom and ask questions about whether the structure is right. There is the Government, as I understand it, and there is the federal state structure of 36 states with governors, and then you have got a whole raft underneath that of local government; and you have then got the tribal and village structure. I am just wondering whether there is any discussion of the institutional structure? Does that work against there being good governance? About 50 % of the budget goes down to the state level, but does it ever reach the local level which is supposed to be delivering schools, clinics and the rest of it? If one or two politicians or individuals siphon off the money

there is no accountability back to the centre. Is there a structural problem; or is that even discussed as a means of tackling governance?

Mr Unom: Thank you for asking. We have prepared something which we wanted to share with you, so we were hoping you would ask! We will leave this with you and I will be speaking to it. Dr Mustapha has done extensive research in this regard and has published a lot of material. We have just extracted a couple of his articles here and these things are discussed in depth here but we can speak to them here as well.²

Q8 John Battle: Would you like to make some comment now on the record of whether the structure is right?

Dr Mustapha: I think there are certain agreed principles that Nigeria has to be a federation but the units that compose that federation are in dispute. Some people want the 36 states that there are now and others want more—their own fiefdom as it were. There has been the argument that these units are too weak vis-à-vis the centre, and that is part of the imbalance in the system. The argument is that we go to six zones, into which the country is informally divided as a way of building sub-national units that can have some effect. Federalism is agreed but the units into which that federalism is broken are in dispute. The basis on which those units are determined as well is in dispute. Some want ethnic units; others want territorial. Historically what we have had is territorial that corresponds with ethnic.

Q9 John Battle: Especially in the west?

Dr Mustapha: Yes, but they want an explicit recognition of the ethnic factor. Those are the constitutional aspects: but when we look at the way in which the current units work, what Obasanjo³ did effectively in the eight years he was there was to weaken the parliament and the judiciary vis-à-vis the executive at the federal level, and also to use federal might to weaken the states. The states have become beholden, not just because of oil money but deliberate policy and the use of federal institutions.

Q10 John Battle: I would have thought it was the other way, because some states seem to have a weak budgeting system to account for the money that they get from central government. Should not the federal government impose conditionality and some exchange? The 50 % of the money they get from the federal system should be accounted for, and when they apply for it next year it should depend on how they have used it the previous year. Am I wrong to say there is not a proper budgetary and financial accountability between the states and the centre?

Dr Mustapha: The argument is that the states have a right to those monies constitutionally, so it is their right to get it and when they get it it is the State Houses of Assembly who are supposed to impose that accountability, but they are even worse than the federal legislature.

Mr Unom: Historically the executive has been very strong in Nigeria—the executive at the federal level and the state level. There have been no instances of checks over the executive. The states having the autonomy simply means that the state executives are free to use the money as they like; and the other institutions that exist on paper are either too timid or too corrupt to impose a check on this. By bringing in the federal government we raise all kinds of constitutional issues.

Q11 John Battle: You have mentioned your paper which we will receive and read, but is there any public and political pressure within Nigeria at federal level, state level or government level for structural and institutional change; or is it coming from without? You have commented on it but is there a foment of concern about the structure not working?

Dr Mustapha: My reading would be that many communities are struggling to get their own share—to get a foot in—in a complex situation they feel unable to control. That would be where the energies of most people go to, and the elites encourage that as well because it favours their own career prospects. Beyond that, among the middle classes there is certainly a feeling that things are not working well. If I may add on the earlier question, the current problem on the table is the way in which the states have made it difficult for local governments to function through appropriating all their resources and powers. If the local governments were much closer to the people and were able to function better, there would be improvements in some of the service delivery.

Mr Peel: I have a couple of comments on that: the state versus federal disconnect. One thing I was very struck by, which I did some reporting on in my book, was at the time of the G8 summit here in 2005—when there were a lot of very warm words between Abuja and London about various reforms and so forth at a federal level—that what was going on at the state level was completely unaccountable. While there was talk of the federal oil money and the special fund that was being kept—I actually visited Rivers State, one of the richest states in the Niger Delta and I got hold of a copy of the draft budget for that year and it was absurd. There had been no effort even to cover over the fact that money was being used completely unaccountably; there were huge security discretionary budgets; there were things like fleets of cars being bought, the swimming pool budget for the Governor's residence had been raised by some huge percentage; and it was very striking that there was no attempt even to cover over this fact. Because there was no pressure, the state authorities felt completely unaccountable and they felt that they could just get away with this. One of the structural problems that is related to that—I do not

² *Institutionalising ethnic representation: How effective is affirmative action in Nigeria?*, Journal of International Development 21(2009), pp 561-576 and *Nigeria since 1999: A revolving door syndrome or the consolidation of democracy?*, Chapter 5 from Turning Points in African Democracy, Edited by Abdul Raufu Mustapha, June 2009.

³ The former President.

know how much attention has been paid to these over the last couple of years—certainly a recurring theme I saw was that discretionary spending, some of it through structures I think inherited from the colonial era, the so-called Esta codes, the imprest funds which were basically funds of money into which officials could dip in order to go travelling, were still very actively used; and this was one of the things that led to this culture of complete unaccountability. That is something I found very striking and something that structurally could be looked at as a practical means of perhaps changing things just a bit.

Q12 John Battle: I was not on this recent visit but I was in Nigeria three years ago when Hugh Bayley was with us and I remember our visit to a village and to a clinic was hijacked by a political candidate who wanted to film visiting MPs from Britain in his neighbourhood. He took us to a clinic and there was a gang of people around and I actually did not get inside the clinic, if I remember rightly, but was stood outside talking to a man holding a child and he told me the clinic had never been opened because there was no staff; it looked quite good from the outside but it stood there for two years and had never been opened and it was his flagship. He could show people there was a clinic but, in practice, there was not a clinic. I just wondered, why are the budgets from the centre not tied down through the state and then to the local government and saying, “Look, if we’ve given you money for health care, why isn’t there a tracking of the allocation?” Why isn’t there a demand on the ground from the people saying, “We don’t just want a clinic that’s a building we show tourists or visiting MPS. We want a functioning clinic”. As well as revealing the corruption of people buying fleets of cars, what about the demands for public services at the local level and demanding that accountability? Is there no evidence of that in the system?

Dr Mustapha: I think if you were to put yourselves in the shoes of the ordinary man in the village, to make an effective demand you need to make common cause with a number of people for it to carry some weight. Such people who go to that length of building empty buildings and then using it for show, will never tolerate that kind of political challenge. That one may be one reason. It is just a recognition that you do not stand a chance.

Mr Unom: The elections would have been the mechanism for ensuring strict accountability. At every opportunity Nigerians have tried to use elections to insert themselves into the discourse, but they are hopelessly mismanaged; so they are nowhere near reflecting the will of the electorate yet. Public opinion counts; but it will not really count in Nigeria until elections start counting. So until public opinion counts, whatever actions the aggrieved citizens embark upon might be fruitless. As you keep losing you become disillusioned and many people just shrug their shoulders and reconcile themselves to fake governors. The electoral reform that has been promised by the Government has to be

husbanded very carefully so that it delivers credible elections that Nigerians are yearning for. You need to have that to make an impression on the system.

Mr Peel: I would agree with that. Perhaps I could just talk for a minute about my own experience. I covered both the 2007 and the 2003 elections in Rivers State, and I deliberately went back in 2007 to a lot of the places I had been to in 2003 to compare and contrast. What was interesting was that in 2007 there was a lot of publicity internationally about how flawed the elections were, which was absolutely right—they were. In 2003 it was just as bad as far as I could see. I was very struck by the strength of feeling that day which reflected what Sam said. There were thugs around; I saw ballot boxes being stuffed; there were tales of ballot boxes being taken at gunpoint; and people were coming and grabbing me and saying, “You know, the world must know about this. Write my name down. I want it to be known that I object to this”. I and the other reporters, foreign, Nigerian and the NGOs, who reported on that election, were very struck by how, despite lots of these credible reports, internationally there was absolutely no appetite to really say, “Look, this was wrong”, and we all know the reasons for that. I agree with Sam, when something like that happens no-one should be surprised when people take a very pragmatic view and say, “Let’s just limit our losses. We’ll just navigate the system because we are not going to change it”.

Q13 John Battle: Is DFID’s strategy right, in the sense that if DFID commits itself to working with those states where it believes there is support for governance change—so working with the guys that are trying to make change and make it more accountable, transparent and make sure the resources reach the people—if DFID works with those states and not with the worst ones, is that the wrong strategy, because the worst ones might never be prompted to change?

Mr Unom: It is what DFID has been struggling with in Nigeria, I suppose. There are trade-offs whichever way you lean. One might argue that working with the winners is safer and presents a greater chance of success; but the counterpoint to that would be that the main prize is to get the bad states to become reasonably sensible states. Picking winners might be helpful in the short-term but would leave the larger question of governance unresolved. Whichever way you swing there will be a trade-off. My view—and I do not know what the other witnesses might think about that—is to have a two-pronged strategy that looks at both; so you deliberately know that here you are up against it and your strategy is simply to get people to get to a point where they begin to commit to something sensible. While in the other instance you can straightaway deploy your technical assistance so you have a strategy that on the one hand encourages the poor performers to step up and, on the other hand, works with the better performers to deliver.

Dr Mustapha: I think I agree there is a temptation to try to use resources best by concentrating on those who use it in the most effective way. In the Nigerian

context that would immediately lead to certain ethnic or religious groups; so that you would then stand the danger of being accused of partisanship, which complicates rather than improves the effectiveness of what you are trying to do. On the electoral reform, that is key to getting anything done in that country. Across the board, the elites do not believe in elections; and until they are forced to take elections seriously I do not think we will ever get any accountability from them. It is quite an important issue.

Mr Unom: Just to illustrate, the tensions in the Niger Delta one might venture to say would be reduced considerably if you had credible elections there because there have been additional, substantial resources over the last 10 years, and there have been policies and interventions other than the statutory allocations to the states in the region; but the difference has not been significant. It is clear that if you had more accountable or responsive governance in the region itself, part of the problems we are dealing with now would be addressed. That is how critical it is to have good elections.

Mr Peel: I think it is very important to look beyond resources, and to look at measures which actually can be quite cheap but effective. The example I come back to is that of the law enforcement cooperation between Britain and Nigeria which led to tangible results. That is unprecedented. You had a situation where investigators from this country and Nigeria—and I saw it from both sides—grew to trust each other and actually to like each other in many instances. That has never happened before. That led to real investigations; it led to charges in this country; it led to criminal proceedings in Nigeria as well. That was something that had a tangible effect and obviously fitted in with the broader policy goals that we are discussing today.

Q14 Hugh Bayley: Does this all mean that corruption in Nigeria *is* being tackled? What progress has been made, say, in the last five years?

Dr Mustapha: I think there was an effort to tackle corruption by Obasanjo. I think whatever one may say about Obasanjo he took a lot of personal risks and has done much more for the country than most people of his generation have done. Unfortunately also, the system was abused, i.e. political enemies of the President were also targeted in ways that were inexplicable. There was the case of somebody called Ted Oshin in Ogun State who was never a government official, had never done anything with the Government and was being hounded for corruption and the basis was not clear at all either. The only thing that was obvious was that he was running for the Senate seat that Obasanjo's daughter was also running for! That was an unfortunate example. That notwithstanding, Obasanjo did a lot of good work for that country and those who are hounding him now intend to do much worse, so it is not a criticism of him as being irrelevant as such. What Obasanjo did—which I think was quite important—he went for the big guns. He went for the governors at the state level. This also featured in Obasanjo's strategy of getting them under control.

What it did was to make sure that everybody below then knew that they had no cover. What has happened since 2007 is that all those people have been let free. Before 2007 corruption at the federal level was hardly looked into, only at the state level; now they have concentrated at the bureaucratic level within the federal system, not even at the ministerial level. All the governors are going about doing their own things unchallenged; all the ministers are doing the same. It is the bureaucrats at the federal level who are taking the heat; which means they have to find the resources to confront maybe 2,000, 3,000 and 4,000 major corruption cases, rather than taking one person and using him to set an example further down the pyramid.

Q15 Hugh Bayley: There is a great danger in generalising. I have only been to Nigeria twice, once as John has said four or five years ago, where it struck me that there was endemic corruption with senior officials quite brazenly touting for percentages, down to the man in the airport who suggested a backhander would make sure my luggage got on the plane. On that occasion we met people, probably the governors although I cannot remember, in government in Rivers State, in Enugu State and Benue State, and on our more recent visit we met people in government in Lagos State and in Kano State and met some federal ministers. I felt this time there were people who at least talked the talk whom you felt you could work with. Do you think we were led to see a few beacons of excellence; or do you think the quality of governance overall in Nigeria has changed in the last five years?

Dr Mustapha: You went to Nigeria just this year—the anti-corruption war has slipped since 2007, that is the import of what I am saying, and Michael said that much also, regardless of what people say.

Q16 Hugh Bayley: There was some progress, particularly at high level, and there has been some backsliding?

Dr Mustapha: Yes, a different target has now been chosen for attack.

Mr Unom: It is pretty complicated for the President because the impression is given personally that he is clean and wants to remain clean. It is not clear whether it is a question of him just having bad friends who are then hampering the work, or whether he thinks it is a risky strategy in the first term of his administration to go after the big guns but that is where we are.

Q17 Hugh Bayley: My question is this: DFID has a large bilateral programme in Nigeria but is completely unlike the programme in Ghana or Tanzania. It is not providing welfare assistance; it is not addressing basic human needs. It is basically addressing the quality of governance. Is that a realistic strategy? Can well-meaning foreigners working with the administration change the quality of tax collection, the transparency of records presented to the public and to the legislatures; or is

that a risky strategy for DFID? Would DFID be better to pull out and say, "This is an impossible place to work"?

Dr Mustapha: That would not be my advice! I think it is a difficult and complex situation but it is a job that needs to be done, both in the interests of Nigerians and, let it be said, in the interests of the British public as well. Should the country unravel the whole of West Africa is gone and the consequences will ripple right across the globe. It is an engagement that is necessary and not always easy but I think needs to be done.

Q18 Hugh Bayley: Why does the UK then see a need for a bilateral programme, but not many other countries? The Americans and Canadians have a bilateral programme but the Dutch do not really, the Germans do not and the French do not. Why do these wider security issues matter to Britain but not matter to Germany, the Netherlands or Sweden?

Mr Unom: I thought the other Europeans were represented in the EU; certainly that is the impression that the EU gives in Nigeria, that other Europeans are represented in the EU.

Q19 Chairman: The EU was so under-staffed on our visit they were not able to provide anybody to meet us!

Mr Unom: Maybe it is a strategy because they implement mostly through government, or through government projects. This is a slightly different strategy to DFID's. All the others are engaged, even if they are not directly providing assistance; but the EU, US Government, DFID and the major international players, the Canadians, are punching their weight; but it is clear that all are interested for the reason that Dr Mustapha has given. Despite the frustrations, there have been indications of progress scattered around. Corruption, for instance, remains front-page news in Nigeria. It is simply part of the public discourse in Nigeria. You cannot escape it. That is an important development in itself. For eight years under Babangida nobody mentioned corruption but now there is a public debate going on regarding the fight against corruption. There have been indications that now the public is really tuned in. It is difficult to go back on the agenda, but there will be periods when the enthusiasm might wane on the part of the Government; but the agenda cannot be swept under the carpet; it just cannot go away any more. There is a chance that if Nigerians themselves keep plodding away something might happen. The joke in Nigeria is that the fight against corruption might be more critical over here in the UK than back in Nigeria, since the work of the Anti Money Laundering Unit here has had important repercussions in Nigeria, as Michael said earlier. That international contribution to that fight is very critical, and was never large. In fact it is because things are changing over here in the UK that Nigerians have hope; it is because there is a chance of arresting the Governors over here that Nigerians are interested.

Q20 Hugh Bayley: Forgive me for cutting across you Sam because I know Andrew Stunell is going to follow-up that particular issue further. I have one final question, and it is this: corruption steals from the poor; it steals school places; it steals immunisation; it takes money which would be available for public welfare away from providing services for the public. Given that DFID in Nigeria is focussed on improving the quality of governance, where should DFID address its efforts most urgently? In other words, where does corruption do most damage: at federal level, state level, local government level; in the private sector? Where should DFID target its resources most urgently in terms of improving governance?

Mr Unom: Following through a strategy that focuses on executive agencies, hoping they will behave themselves, is difficult. What to do is to strengthen the checks outside of the executive. Where there is a will you strengthen systems of prevention; but outside the executive agencies there is a legislature that has to do a job. There is a whole law enforcement side that has to do a job. So far the focus has been on the executive, the enforcement agencies such as the EFCC⁴, and the Code of Conduct Bureau, the ICPC.⁵ You need to bring in a large array of players—especially the legislature; but this is a work in progress. If you want to kill many birds you need to have the clean elections we mentioned. If the elections begin to count then, even where the law fails to deal with bad cases, the Nigerians themselves can deal with them at elections.

Mr Peel: I would say that a lot more attention needs to be devoted to money flows around the oil industry. What you have in place at the moment is the Extractive Industries Transparency Initiative which is international, and the Nigerian version of that, which takes you a certain way but only at the very top level of revenue flows, according to what the oil companies take and what is transferred to government. There is a whole cascade of relationships which are extremely important and, at their worst, very damaging to governance but are really not exposed; and I am talking here, for example, about costs which are booked by companies. Are they real costs? You need mechanisms for checking that. What are the relationships between companies and government officials? There was a US Senate committee report on Equatorial Guinea in 2004, I think, which exposed an embarrassing array of land deals, joint ventures and so forth which, by most people's definition, was a kind of corruption between oil companies and the regime. To give a practical example, here one of the things that Scotland Yard has been looking at is links between James Ibori the former Governor of Delta State, whom I should say denies all wrongdoing, and major oil companies who hired houseboats for oil industry workers from a company he controlled. These are the kinds of things that need to be out in the open. There are large

⁴ Economic and Financial Crimes Commission.

⁵ Independent Corrupt Practices and Other Related Offences Commission.

30 June 2009 Dr Raufu Mustapha, Mr Sam Unom and Mr Michael Peel

money flows; they also factor directly on how the country is governed. If DFID can put in funds which help to air that and expose to more light the network of relationships I think that would be a very useful thing to do.

Q21 Andrew Stunell: Perhaps I could pick up the points which are emerging here, one of which is there is an issue of corruption within Nigeria; and the other is corruption as it spills out into the international community and here in the United Kingdom. Clearly DFID and the UK Government can take a position in relation to both of those. Can I, first of all, just come to the EFCC. We heard different, perhaps contrasting, reports about the impact of the change of the chairmanship. You said that it was a step backwards. I heard evidence that actually they had brought forward hundreds of cases. Certainly the newspapers in Nigeria are full of story after story of people being brought before the courts. Could you just explore for me a little bit more about whether you think EFCC is doing the right job, has got the right leadership, has got the right sort of support, or is it just fundamentally not the right instrument for delivering what is needed?

Dr Mustapha: I think there has been a debate about the change of leadership of the EFCC and what motivated it. My own considered opinion is that in fact all the changes were aimed at undermining the institution, preventing it from targeting particularly the governors, the former governors especially. That seemed to be the motive. Of course, since then many individuals have been brought to trial. Beyond the Minister of Health, who was somebody with no political base as such, she was a technocrat, no major senior person has been brought to trial. All have been middle level people by and large and in the bureaucracy largely. The war has been diverted into the wrong targets, in my view. They have not abandoned it but they are certainly not targeting the real people who need to be put on notice.

Mr Unom: The latter part of your question was whether the EFCC was of sufficient status or had the proper strategy and I think that is a very important question indeed. Even if you had a very, very effective EFCC the question would be whether it is sufficient. There is no indication that it is sufficient. For all the work that EFCC did, even in its more glorious days, there is no important elected official who is in jail as we speak. You have to accept that even a most effective EFCC would still be up against it regarding the challenges. There are 1,600 plus elected officials at federal and state levels alone; there are hundreds of thousands of appointed officials; and assuming that each of these is a potential case for investigation the EFCC will never have the resources to track all that it needs to track. So you need something way beyond the EFCC. The enforcement strategy is important because it conveys the message that corruption is a risky business. That is the main contribution that the EFCC at its best can make to make corruption risky. You need other things, however, to have this transformation that is required.

Mr Peel: Cooperation between Nigerian and British law enforcement authorities has fallen off a cliff in the last year or two. Why is that? That seems to me a backward step, in that there were investigations going on that most people felt were reasonable investigations based on grounds for suspicion; suddenly that flowering of cooperation has died and that has really harmed the prospect of cases being brought here and in Nigeria. To return for a moment to what I think is something of a titanic case, which is the investigation into the former Governor James Ibori, on which a lot of work has been done both in this country and in Nigeria, this has now been going on for some years. Technically I think he is still being investigated in Nigeria; but where is that investigation going? There is no evidence that it is coming to a resolution one way or another, i.e. a conclusion that there is a case to answer or else a decision that actually there is not and that it should be formally dropped. It is a classic tactic of a politicised law enforcement agency, and I make this point hypothetically and generally—to just keep an investigation open and open and open; then that way you say you are doing something and you avoid the outcry that might come if you said, “Actually, we’ve stopped looking at this altogether”. Until we see some evidence of movements in cases which, as the other witnesses have said, do not just involve medium level officials, but actually have very senior officials at the centre of them, then one has to conclude that there is not that much behind this anti-corruption campaign now.

Q22 Andrew Stunell: Taking that a step further, what should the United Kingdom Government be doing either through DFID or through other government agencies to make sure that those investigations in the UK are proceeding as fast as they can and to exert some leverage in Nigeria to get the Nigerian side of the investigation back on track?

Dr Mustapha: Before I answer directly, I think the point about the international cooperation, the role it plays is very, very important in fighting corruption. The Ibori case, for instance, is in court but it cannot proceed because the woman with whom he is charged is in Britain here and she has not been extradited, or no pressure has been put for her to go back. Secondly, the highly important case that the Government is trying to handle—the Americans have the documents but they have refused to hand them over. With this kind of lukewarm international environment there is a ready excuse for those who want to evade any prosecution or any justice in Nigeria.

Q23 Andrew Stunell: I am sorry to interrupt, but are you saying that the United Kingdom authorities are themselves dragging their feet in these cases?

Dr Mustapha: I am not sure that the concern of your Committee is widely shared. If it were I do not know why the woman is still hanging around here without being sent back to get the process going. I do not what is happening within the British Government because she has been here for over six months or so now.

30 June 2009 Dr Raufu Mustapha, Mr Sam Unom and Mr Michael Peel

Mr Peel: Is she not on trial here? Some people are on trial.

Dr Mustapha: One or two are on trial here but this one is not on trial here.

Q24 Chairman: I should point out that we may have privilege but you do not, so be careful!

Dr Mustapha: Thank you. I think your contribution, in making sure that these kinds of people and the information are readily made available in Nigeria, will make it more difficult for the Government to evade its responsibilities.

Q25 Hugh Bayley: A quick supplementary on that. Two years ago the Africa All Party Group in this House published a report on corruption called *The Other Side of the Coin*. It provoked a response from the Government which, amongst other things, meant that a corruption tsar was appointed within the Cabinet. Initially it was a DFID minister Hilary Benn and when he moved from DFID it became a DTI minister. Given what you have just said, that top levels of government are not sharing the interests of this Committee, do you think it would make sense for the Secretary of State for International Development once again to be given responsibility for leading UK policy to tackle trans-national bribery and corruption?

Mr Unom: Yes, is my short answer!

Mr Peel: It is the Justice Secretary now who has that role, does he not?

Q26 Hugh Bayley: Yes, you are absolutely right, it has moved on yet again.

Mr Peel: I think rather DFID than the DTI.

Q27 Hugh Bayley: No, it is Justice. One sees the sense of the Serious Fraud Office coming under Justice?

Mr Peel: It should actually be the Serious Fraud Office, which comes under the Attorney-General's Office. Justice of course has responsibility for the new legislation—the draft anti-bribery bill; but the question I would raise is that what it does not have is the day-to-day contact that DFID has and the real understanding of the grit of these problems on the ground, which is actually crucial. Yes, I would say DFID is the logical place, especially as DFID of course funds these police units that we have been talking quite a lot about in the Met and in the City of London police.

Q28 Andrew Stunell: During our visit and in our briefings we were repeatedly told of the importance of the ethnic and religious diversity of Nigeria—I think that is perhaps the polite way of expressing it. Would you like to say something about the impact of that diversity on inequality? How far is that inequality within Nigeria driven or motivated by ethnic and religious divisions; and how much is it just the happenstance of geography and climate?

Dr Mustapha: One of the papers that we were going to leave with you deals in detail about some of these inequalities. Maybe I should add that the work was funded by DFID itself. In a sense it is part of the

country vision. For various historical and geographical reasons different parts of the country have different attributes. Some control the bureaucracy, some the informal trade, some formal trade, some the political system. What you had were claims and counterclaims in the media. One of the things that has been done is to set up the Federal Character Commission which collects data so we can at least monitor what is happening even if the policies that there are are not hitting the target just yet. The main solution that the Nigerian State has used to try to address these problems is affirmative action. That has partly solved some problems but also raised a lot of animosity amongst those who feel that they are being disfavoured in terms of access to jobs. As you see in our top point to you, we think those measures should be made better. DFID could engage with the government institutions with this and try to fashion better instruments for achieving a certain level of equity. Historically in Nigeria communities who felt that they were being left behind often came together, collected money and built schools to leverage themselves up; and that is what many communities are not doing today, particularly in the north, and until that happens the problem will persist.

Mr Unom: As you will have heard already, there is more poverty in the north than in the south. That is simplifying it, but that is the situation which exists. You will have seen from Dr Mustapha's paper, it is not only due to the collapse of industry in the north, this is also in turn related to the political dominance of the north; because among the elites people see government as an industry and they did not pay attention to developing the economy in the north. Insofar as the Government itself is an industry, it is only the elite in the north that have access to government. There is no conscientious commitment locally and by the elite from the region to developing the region, so there has been a problem. It is true that the oil producing region now accesses more resources from the centre than elsewhere. There are also other advantages. You will see in the documents we will hand over to you that the education is better in the south than in the north. You have more qualified professionals in southern regions than in others. They have the advantage going forwards. You need some concerted local action not just what the centre can do, but what the state governments, local authorities and others in the regions can do. You need to do that to begin to close that gap.

Mr Peel: I think it would be a mistake to see this as a situation where there needs to be a transfer of resources from the slightly richer south to the poor north, in that although the other witnesses have described very well what the relative situations of the two regions are, it is not as if the north has been marginalised politically—far from it. Most of the leaders since independence have come from the north and that is quite important to remember when you are considering these dynamics. The other thing is that the big picture economic problem which, to some extent transcends these very, very complex cultural and religious boundaries we have been talking about, is that the problem is not so much

30 June 2009 Dr Raufu Mustapha, Mr Sam Unom and Mr Michael Peel

mass poverty in the round, although there is huge poverty in Nigeria, it is the kind of marginal richness that oil brings; and while that pot of money is there, and there is not much else going on, the temptation is always to try and get yourself in a network to benefit from those revenues as they flow down, rather than particularly to be involved, say, in building up social services in your area or small industries and so forth. That is the real challenge that needs to be got over. There are people who are trying to do that at a piecemeal level. One thing I can follow-up on actually is an interesting power project in the east of the country run by a Nigerian-American engineering professor who has come back to apply his expertise in Nigeria and the International Finance Corporation has some involvement and so forth. That is quite an interesting micro example of how you can perhaps to some degree skirt round some of those bigger problems and have a real effect on a big issue like supplying people with power.

Mr Unom: The banks here are doing great work with small businesses. That is the sort of assistance that can really go a long way in Nigeria. The experience and expertise that the banks here have in small business administration supports small business capacity building and will be very useful insofar as assisting small businesses to grow their way out of poverty. That will be important as well.

Q29 Andrew Stunell: If we come back to what DFID has set itself to do, which is to tackle the Millennium Development Goals, if one looks at Nigeria and particularly the northern part of Nigeria, a large fraction of the shortfall in reaching those goals is to be found in the north of Nigeria, in gender inequality and all sorts of things like that. What are going to be the right mechanisms for DFID to prompt that, to promote that and to overcome or facilitate that being a central challenge for the Nigerian Government?

Dr Mustapha: At the end of the day societies in Nigeria, be they in the north or south, will have to also stand up and contribute to these processes. There is no amount of money or goodwill from outside that will do it; so the elites, the civil society organisations, the professional bodies in the north may be difficult to encourage, apart from the other governance issues and cleaning up financial processes; but, until Nigerian communities stand up and contribute, outside help can only go that far. I would not even suggest any vision that sees DFID as saving the north from itself; that just would not work.

Mr Unom: This ought to be advocated by the leaders of the regime even more than DFID or other donors. Indeed there have been many forums by governors which have focused on the poverty and the education problems in the areas which are clearly at a disadvantage. That focus needs to be translated into action. It is not enough to lament how hopeless, how bad the situation is. That needs to be followed up with policies that address poverty reduction but there is no indication that that has been advocated except in one or two states. In Jigawa the Governor has consciously focused on poverty. You might

question the strategy of giving money to beggars every month but at least there is an indication that somebody has decided that poverty is an important issue. You need to have that across the 19 northern states. So you need to have that energy, that concern about poverty coming from the region itself. You need to have a focus on this at the political level. DFID has opened an important office in the North and it is looking to do this but it needs to have that sort of pull from the states that they really want to work on this and that is how the work of DFID can travel far.

Q30 John Battle: As well as the wide question of distribution and whether it is all going elsewhere, in terms of inequality, ethnic and gender inequality, it is much exercised by access to basic services. If it is true that 80 % of people who go to university in Nigeria are from the South, where less than half the population is, or areas where I have worked in and been to in the past where there is conflict and tension between Christians and Muslims, where the educational access of Christian girls is higher than, for example, Muslim girls, that does ricochet through as inequalities in the distribution of access to services in the future, in power, in participation in democracy and governance. I wonder is there not a much wider consideration of what steps should be taken to actually reduce those kinds of systemic inequalities which seem to be built into conflicts around ethnic and religious division?

Dr Mustapha: We draw attention to some of this. The one constant the Nigerian elite have reached is to have corrective action at the point of entry, so with most Nigerian bureaucracies now you enter based partly on your qualifications but also on your state of origin, and that is the way to try to make sure everybody gets a look in. Once you enter, progression becomes political. In a sense, that is part of the problem. For every 10 Southern candidates for a job, you have maybe one or two from the North, and when you run them in terms of their qualifications maybe those two come in the middle or the bottom, and you are obliged to give the posts to those persons, and that is where the animosity comes in. What we are suggesting is that you need to go beyond the bureaucracies and look at social indicators which concern ordinary people, and then you need a much more flexible way to make sure that if you want to get someone from Kano you get the best from Kano. Interestingly, Kano State about 20 years ago decided to make up for deficiencies in their science education and they built four specialist schools and they were able to quickly fill all their slots in medical training, so states can do a lot to help and that is what is not happening.

Q31 John Battle: Did you say at the beginning that some of the research had been funded by DFID?

Dr Mustapha: Yes, the paper we are going to give you mentions that.

Q32 John Battle: What more should or could DFID be doing in this area?

Mr Unom: In the paper we suggested that they should work closely with the Federal Character Commission to help the Commission to set out short to medium term goals which deal with things more consciously. The Government is doing things which need to be brought into a strategy, and among the criteria for dispensing the Federation Account is the question of disadvantage, and states which are disadvantaged get a top up to deal with that, in the same way as ecological problems get a top up. So the Federal Character Commission can look at the data that it is generating and then advise on such further strategies which may be necessary to deal with these, and that should be their response, and then DFID works with the states to deal with the issues because a lot of action has to be taken at a sub-regional level, and that has not been done, and DFID can help deal with that as well.

Dr Mustapha: Apart from the connection between inequality and the MDGs, there is also the connection between inequality and conflict which I think is something in the Nigerian context we need to keep in mind.

Q33 Chairman: Just before I address the particular issue of oil dependence and oil wealth, we have not mentioned it yet but it was pretty well impossible to have a meeting when we were in Nigeria without discussing, for very practical reasons, the power crisis, not least because we did not get a meeting I do not think where the lights did not go off. There seems to be a total inability to resolve that, yet the two parts of Nigeria we visited which had the capacity to develop non-oil—or were developing or had developed non-oil—revenue were Lagos, where 50% of their tax revenues come from non-oil sources, and Kano, where there had been a manufacturing industry, but in both cases they were losing investment not to other parts of Nigeria but elsewhere because they could not give reliable power supply. So if the country is not even capable of delivering a power supply to sustain those parts of the economy which can diversify away from oil and gas, what prospect has it of actually delivering anything?

Mr Peel: It is a huge problem, there is no doubt about it. As an *FT* correspondent, it was a familiar lament of business people as well as of course the ordinary citizens, who do not have access sometimes to even the intermittent power that some businesses do. I think the Lagos example is a very interesting one. I was there last month and was struck by the degree to which you have a state government which is trying to do some quite interesting things; they are a bit more complicated than the write-up in the “New Lagos Reborn” agenda which is put about, but one of the things which is stymieing them is problems which can only be addressed at a federal level. But here I think is something which can be focused on. When President Obasanjo came to power, he made electricity a priority. Why has that not been delivered on? There are all kinds of reasons that we know about but the practical point is to look for solutions to that. The oil companies have been doing some work on power supply, that has not

come on as quickly as expected, and given the international dimensions to that, it would be something which DFID would be in quite a good position to explore and investigate what was the cause of that not being rolled out further. I mentioned earlier the Nigerian professor who helped put in place this project in Enugu to help manufacturers there, that again is an example of a small-scale project but one that had an international dimension which was backed by the International Finance Corporation. These are the kind of projects which at least at a piecemeal level can help, and the Enugu one was interesting because it was relatively localised but it was quite an important locality because there were a lot of businesses there. Obviously, ideally this should be happening at a federal level, the problem will be solved at a federal level, and clearly outsiders have a limited influence on that, so therefore perhaps the answer is to look to work with local officials in the public and private sector who can make those kind of changes, whether it is government in a place like Lagos, or someone from the private sector who has a decent project going.

Q34 Chairman: In your forthcoming book, *A Swamp Full of Dollars*—is that the title?

Mr Peel: Yes.

Q35 Chairman: You say that it is an oil-ruined country—using your words—so given that it is the biggest oil producer in Africa as well as the biggest country in Africa (obviously the discussion we have just had explains it in a lot of different ways) fundamentally why is it not possible for Nigeria to use those revenues in ways which actually deliver development? What is stopping them?

Mr Peel: It is possible, I think. I would never argue it is impossible, for all sorts of reasons, but what it needs is a collective effort such as there has never been before, because the question of how the oil industry operates and how the revenues are used concern so many different actors both on the ground in Nigeria and internationally that there has never been an attempt to weave them together and forge a common purpose. There have been piecemeal efforts, whether it is particular oil companies saying, “We will be more transparent on X or Y or change how we do our community projects”, or the Federal Government saying, “We are going to set up an oil fund”, or whatever, but it is always piecemeal. I made the point, which is glib in a way, of the idea that Nigeria almost needs a Truth and Reconciliation Commission over oil. What I mean by this—and this is where international governments can help because of the role they play as client states for Nigerian oil, because of the role of oil companies in Nigeria—is bringing together those various interests and actually finding common solutions to those problems and creating a bit of momentum which has never been created in the past. So that is what I mean by that.

30 June 2009 Dr Raufu Mustapha, Mr Sam Unom and Mr Michael Peel

Q36 Chairman: You again have touched on it, but is the distribution of the oil wealth which gives all the states a stake, and some of the oil-producing states a bigger stake, part of the problem? First of all, that there is an argument as to who should get it and whether it should change and is there any scope for changing it, or any appetite for changing it, or do we just take that as a given and then move on?

Mr Peel: It is a problem in the sense that these are basically big pots of money over which there is no accountability. As with anyone anywhere in the world, if you create that kind of situation, what surely follows is corruption and mismanagement, and as I have said before, high level initiatives like the EITI are a start, but what we really need—and there are people in Nigeria who are interested in doing this, there are outsiders who are doing this—is drilling down a bit further to the detail of some of these problems and actually shining light into some of these darker places. I think that once that starts to happen then one might be surprised at how quickly some improvements can actually happen. It is just that nobody has really bothered before, frankly, for all kinds of political and economic reasons which most of us here know quite well.

Q37 Chairman: The production of oil from Nigeria in relation to its potential is substantially under-performing by perhaps up to a million barrels a day. We are told that 100,000 barrels a day are effectively stolen. We are an oil-producing nation; if somebody told you that 100,000 barrels of oil a day were going missing in the UK, I guess Scotland Yard and anybody else would be on to it pretty quickly, and clearly you do not steal that amount of oil without there being a pretty high level of collusion. How do you get through all that? We have had disruption this last week in Nigeria which has further dropped the production, and has had an international repercussion as it has contributed to an increase in the oil price. This is a country which is a major oil producer yet it is not producing to its capacity, significant chunks of it are being stolen, and then there is a fight about how the revenue is distributed. Is that what you mean by saying it is an oil-ruined country?

Mr Peel: I do, but I do not mean it in the sense that it is impossible to change that. One of the reasons I have written this book is that I think it is possible to change it, and I think there is a groundswell in Nigeria as well as from campaigning outside which is for that. In a sense you could turn the point about disruption on its head and say, “Actually, this can be a catalyst for change”, because you have a situation that is harming an awful lot of interests across the piece and therefore there is some kind of mutually shared interest between agencies, companies, which might not necessarily want to work together otherwise to actually solve some of these problems. It is striking, having spent time, for example, with militants in the Niger Delta that there is a very strong streak of pragmatism in what they are doing. I have spent time, for example, with some militants in Bayelsa State. All the rhetoric was there, they were campaigning for a better deal, oil revenues had been

misused, and so on and so forth, and I am sure at one level they believed that and their campaign was genuine. On the other hand, they were working as gangsters and it also emerged, as I spent more time with them, that they were actually very strong backers of the former governor of Bayelsa State who was charged with corruption here and later convicted in Nigeria, but this was after he had been turfed out of office. In other words their patron had been overthrown and they were angry not so much with the status quo but the fact their position at the top of the food chain had been expunged. You can be depressed by that, in a sense of course it is depressing, but on the other hand it shows there is an opportunity there—that these alliances in the Niger Delta particularly are very fungible, they are very changeable, and if people come with proposals to make the system work better, that strong streak of pragmatism in what is going on—very driven to some extent by day-to-day economic interests—can be harnessed to actually solve some of these problems. So to an extent the very volatility of the problems of the Delta means there is an opportunity to actually solve the problems and what is going on.

Q38 Chairman: I want to bring in Hugh Bayley but just a transitional question on that. I represent the North East of Scotland which is a major oil producing area within the UK, a significant number of my constituents have been kidnapped in Nigeria and do not want to go there, and significant companies are not able to engage there because of the insecurity. Does this not require not only federal engagement but international engagement to create a security environment? That seems to be the practicality, people cannot go there, they cannot operate, as a result of that the investment does not happen, the production does not happen and there is a lot of stuff being stolen. So does it require at that level—federal, even international—engagement to create a security environment where you can physically start to deliver?

Mr Peel: I think it depends what you mean by a security climate. I think a bigger military presence by Nigerian forces or international forces in the Delta would be extremely dangerous. What has to be done is to disarm people, get them out of the bush. This has been done before. There was a militant whom I write about in the book called Alhaji Asari who was in the mangroves. He was in a sense the prototype of what some of these guys are doing today but eventually there was a peace deal done and he came out of the mangroves with his guys and the next time I met them they were living in the centre of Port Harcourt. So things can change very quickly. What needs to be acknowledged, which has not been sufficiently so far in terms of finding solutions to this problem, is why are a lot of these militants running around in the Niger Delta? Answer: because they have been armed by politicians who were active there who needed to rig elections. So immediately you have the link between militancy and electoral reform. The answer to that is not a military crack-down, it is saying, “We are going to support efforts to make sure that elections are not rigged by men with

guns”, partly because it is wrong but also because those men with guns then go off into the creeks, they think, “The elections have happened, we’ve done our bit, we’ve been paid off. What do we do now? Hey, we’ve got a load of guns, let’s set ourselves up as a kind of militant franchise.” That is where a lot of these problems come from and that is why these problems need to be looked at in the round like that.

Dr Mustapha: There has been an increase in an American-led presence in that region as well which also raises suspicions in people as to their motives.

Chairman: I think we can understand that.

Q39 Hugh Bayley: What is the point of the new Ministry for Niger Delta Affairs and what has it achieved to date?

Mr Unom: It is gesture politics. It is the politics of gesture more than anything. It is not clear how it is different from the Niger Delta Development Commission, for example. In fact in the Niger Delta there is consternation that you have a Minister of Niger Delta Affairs in Abuja. Under the pressure of the militants, the Government has gone for quick fixes unfortunately and the problem with quick fixes is that historically they have been vulnerable to elite capture, which continues to be the issue, so you have an agency like the Niger Delta Development Commission—and I dare say that goes for the Minister of Niger Delta Affairs as well—and it becomes an issue of patronage, and it is only those who can access the patronage system who get the benefits. So you have projects which have utility but the cost of delivering them is so cost ineffective that the transfer of resources that these policies were meant to bring about is not brought about on the ground in the same way as perhaps had been intended. So on the face of it, it would be a useful indication of government seriousness about the region, but the solutions have not been thought through so what can the Ministry then do when the solutions have not been thought through?

Dr Mustapha: If you look at the politics leading up to the formation of the Ministry, the impression was given that there was going to be a major intervention, but then the project came up and it was minuscule which showed that they did not mean it in that sense. At best I think it could cause inactivity in the Delta, another thing to dazzle people with as action but not doing anything.

Q40 Hugh Bayley: Can I ask a further question of Michael Peel? The President set up this Technical Committee which reported to him at the end of last year, why has nothing really happened? What did the Technical Committee recommend and why has action not been taken to implement its recommendations?

Mr Peel: On the Delta, you mean?

Q41 Hugh Bayley: Yes.

Mr Peel: I do not have a detailed knowledge of that actually, but in terms of the bigger picture the Niger Delta Ministry and this Committee follow decades of other committees with exotic acronyms—NDDC,

OMPADEC⁶ was another one, which was supposed to tackle some of these problems in the Delta. I fail to see either at government level or at oil company level, or indeed at an international level, a more imaginative solution other than, “Let’s have stronger protection of our facilities.” You look at the recent example near Warri in the last month or so when a group of militants were driven out by the military from their base and that could be the shape of things to come, a military crack-down, but we have been here before. Look at the mid-90s with Shell and Ken Saro-Wiwa. We have seen in the US court case which was recently settled exactly where that can lead. That would be extremely dangerous. If this Ministry can do a positive thing, I think it would be as a kind of co-ordinator of some of the broader efforts I was mentioning to the Chairman just there, and perhaps that is something that diplomats could usefully be doing, saying, “This will only be useful if it looks at things in the round. We, the international community, will bring something to the table on this to help this process along.” Maybe that is the way to look at it again, to be properly sceptical about it but to say, “Maybe there is an opportunity to make something of this new institution.”

Q42 Andrew Stunell: Perhaps we could go on to this transparency issue. How effective do you think the EITI has actually been and has it got the influence and the capacity to be effective? What else does it need to keep things on track?

Mr Unom: It has done very well in its short life. It has helped to police the money better; money that was supposed to be coming to the Government’s coffers. That it has done well. It has also taken strides to reconcile the books between the various players, so you have an idea how much has been produced, how much has been set aside for local processing, how much has been processed. That it has done well. But it needs to do more. Monitoring the production process, as the Chairman indicated earlier, needs to be tightened up. Nobody can put their hand on their heart and say the oil is not stolen, so if the oil is stolen you need the intervention of the NEITI to ensure it is not stolen, but you also need international co-operation. There have been discussions about branding, the imprints, and there is technology now for ensuring the oil is tracked. It is not clear that there is an appetite for this technology yet in Nigeria but it was the same when the international community co-operated over diamonds, blood diamonds. We need co-operation over oil so that you do not buy energy until you know where it has come from. The greater weakness remains in developing better co-ordination between the various players. We have recommended that there should be a policy dialogue and assistance to develop a revenue flow amongst government agencies and to improve the metering and infrastructure and a uniform approach to cost determination. The barrier seems to be the production costs which seems in practice to vary between companies, so in chemicals and oil in the

⁶ Niger Delta Development Commission (NDDC) and Oil Mineral Producing Area Development Commission (OMPADEC).

30 June 2009 Dr Raufu Mustapha, Mr Sam Unom and Mr Michael Peel

same region there is a different regime in costs, that is significant, so you need greater consensus around that. Then DFID and other donors can help strengthen the capacity of the government departments which are involved. The Department of Petroleum Resources should be regulating the sector but has not done very well, by admission of the Government itself. To strengthen the civil society's participation, including by strengthening its technical grasp of the subject area. NEITI is a very useful intervention which brings in civil society, which is critical. The consensus is that it can help civil society get to grips with this because it is very important and it needs to understand the field. So if the civil society participants are in there and can make a contribution, that is very, very important. The greater failure remains what happens with the money when it goes into the Government purse. That is beyond the remit of NEITI. Even if it is able to ensure that every single dollar accrued to Nigeria gets into the Treasury, the question will remain what is it that happens when the money gets into the Treasury.

Q43 Andrew Stunell: Clearly it is a two-stage process, getting the money. It was suggested to us there might be as much as £30 billion of revenue not reaching the Government. The chair of the organisation also said that as oil was being used to fund politics, you would have to reform politics first. How strongly committed do you think the Nigerian Government really is to making this oil transparency feed right the way through?

Dr Mustapha: I think the Norwegians offered a computing package to help track the oil, and the Nigerian Government refused to take it—or some officials within the Government. So I think there is some major resistance within the system to transfer to an accounting process. One of the problems with NEITI is that the reports they produce are not something that the ordinary journalist or the man on the street can easily take around, so maybe they need to also make a popular version of their very technical reports to get politics coming up from below.

Mr Unom: That is the crux of the matter; the commitment of the regional government to transparency in the sector. There has been a reform process going on but nobody quite knows the shape of it. NEITI was supposed to be part of a reform and the whole sector was supposed to be restructured but it is not clear how far that has gone. There have been two changes in the NNPC⁷ already because of this but you do not know whether that indicates the reform is happening or not happening; it is still not clear. It will be an intriguing proposition because oil lubricates politics, the whole system is based around how the oil money is distributed, so there has to be some sort of serious commitment to take on that system before there is a practical expression of it in terms of reforming and increasing transparency in the sector.

Q44 Andrew Stunell: Can a donor like DFID actually facilitate this process? Is there work for us to be recommending our Government does? What should we be doing?

Dr Mustapha: I think with NEITI there is a lot which can be done to push things further, help them in the technical evaluation of the process, help with the quality of the reports which are written, and the civil society players they can appeal to, to amplify whatever concerns they have. These are the various things which can be done.

Mr Unom: NEITI has been very useful and the UK Government have backed it from the outset and it has been a very important contribution. It has sort of changed the dynamic a bit in the industry and it needs to be concentrated as well to help the initiative. But I do not know if it has helped with the general, larger picture of what happens when the money gets into the Treasury because that is much longer term, and you need to sort out the politics before you get the oil to get to the Nigerians.

Q45 Andrew Stunell: When we spoke to the Finance Minister he said he goes on television every month to say how much he has got in from the oil, so he obviously thinks there is more transparency than you are hinting at.

Mr Unom: That is just a point of information.

Mr Peel: Something like the EITI is a bit like looking through a telescope at a small hill in a huge mountain range. It is useful, it gives you a sense of the topography, but what you need (as I think I mentioned earlier) is a sense of the much bigger picture. Headline figures only take you a small part of the way. To give an example, in about 2004 the Finance Minister for the first time—incredible that it was for the first time—published details of how much the Government disbursed to the various oil producing states. That was useful in the sense it showed that tens of millions of dollars go to State X, but it only becomes really interesting when you get the budget of State X and you get to compare the two and put them together. So EITI is a good thing I think but what it needs, and I think this is your point about making the information more accessible, is to be presented as part of the bigger picture. This is something that maybe DFID could become involved in, to make sure that people are employed to build a credible picture of the revenue flows as best they can from tap to state treasury, and to follow it all along the line, to look at the hidden costs. How much are oil companies spending, as far as we can drill down into that information—forgive the pun—what is the spending on rigs and other equipment, is it justified? What are the other money flows which are going on beneath? When it goes from governments onwards, what is the money being spent on? That would really make it real. To say, “Here is a document which shows such-and-such amount of oil was produced, it has allegedly cost such-and-such, this is how the revenues were distributed to these various agencies and companies, and this is where it flowed on from there, and this is how they were used”, and you end up with a spider’s

⁷ Nigerian National Petroleum Council.

web of relationships. I am not aware that anyone has ever really done that but I think that would be something which would be really useful.

Q46 Hugh Bayley: Shell represents the oil companies on the NEITI governing board. How do you assess their contribution to NEITI? Are they going through the motions rhetorically, or are they actually determined to shine the spotlight on the revenues, so the public in Nigeria know how much they pay to the Government and where the money goes?

Mr Peel: In terms of motives, you would probably have to ask the chief executive of Shell, but in terms of the practical—

Q47 Hugh Bayley: I think we should write to the chief executive of Shell, probably Shell Nigeria and Shell International and ask some direct questions of them. Can I add on to that, what questions do you think we as a Committee should ask for a formal written response on from Shell in relation to transparency?

Mr Peel: I would say in a preamble—clearly the chief executive does not need the Committee or me to tell them—its operations have had huge problems in Nigeria which obviously have complicated causes but the Committee believes that one of the reasons is that there still is not enough transparency around the industry. Shell has a long-standing rhetorical commitment to transparency, it has become involved in EITI and so forth, but here are some further aspects that the Committee thinks should have light shone on them and in a way which would be beneficial for the credibility of the company and the industry itself. Those things would include some things I have mentioned earlier, such as how the company disburses educational scholarships, other benefits to communities, what goes to which communities and when, how is it spent, what are the so-called memoranda of understanding that the companies make with various communities. If you go down to the communities you can usually see a copy of them, they are quite detailed going down to the level of, “We will build this hospital, provide two speedboats” or whatever it is. These are the subject of great contention between communities. The Committee could also look at the bigger questions such as the relationship between companies and the security forces, which again is a reason why the companies are at best distrusted and at worst despised because they are seen as part of this huge leviathan, along with the state. There are curious things like a force called the Supernumerary Police, which are known as the Spy Police, which are national police force officers who are seconded to oil companies and the oil companies say they are national officers but they are officers who are paid by the oil companies, they get medical care and so forth from the oil companies, so the boundaries of the state and the private sector have been blurred. How many of these officers are there in Shell and in other companies, what exactly are their duties? The companies claim they are unarmed and they have fairly routine, mundane duties like driving, but other activists say that is not true and they are much more

actively involved in security. There are very practical questions, some of which are raised in the paper I did on the Niger Delta for Chatham House, which I referred to in my evidence, and factual questions which would shine a light in a way which over time, if other people can be persuaded to do the same, could help lead to real practical change.

Mr Unom: Shell has been contributing to conflict in the region through its own practices. For instance, its practices have had a destructive effect on solidarity and cohesion within the communities. It patronises what it calls host communities, but the definition of “host” isn’t shared, so sometimes the host is simply the community by the rig, but to get to that community you need to pass through other communities and that community might be part of a larger whole, so once they see Shell engineers around looking like there is going to be oil-related activity, you have conflicts straight away with regard to who is the host and who is not. So you have a real incentive to fight to be the host community. They also prefer to deal with individuals even within these communities, and even the projects they do are determined by the Shell staff rather than the beneficiaries. You see a lot of physical projects on the ground—schools, hospitals, boats—which are built at a cost and this cost is determined entirely by Shell. So on paper you have so much paid for in the community but sometimes it is difficult to reconcile the value of what is on the ground with the value of what is in Shell’s books. So Shell has a huge community budget which notionally should go a long way to addressing the problems, but in practice this process has contributed more to conflict than resolving conflict.

Q48 John Battle: A general question about civil society. Dr Mustapha a few moments ago you mentioned civil society “amplifying their concerns”. I think there is a general view that the civil society organisations, and there are many of them in Nigeria, are reasonably active. My question would be how representative are they? Are they broad and deep enough? How effective are they in engaging, in the best sense of the word, with government at every level?

Dr Mustapha: I think they are variable in terms of the quality of the work they do, and some of them are just a one person show, others are much more serious about the agenda they want to focus on. The recommendation we make is that one needs to change the definition of civil society. Usually the donor communities in Abuja tend to deal with like-minded people in and around Abuja, and they need to go to the far off communities and deal with people who do not have email addresses. It is a fairly dated process because they may have rules—maybe women sit behind the men in front—which affronts our notions of what civil society should be. But those are the effective organisations if you want to go beyond the normal class groups in Abuja. That would be our main recommendation, that we need to relax our understanding of civil society and try to engage more with society outposts which have concerns.

30 June 2009 Dr Raufu Mustapha, Mr Sam Unom and Mr Michael Peel

Q49 John Battle: Is that conversation going on with DFID?

Dr Mustapha: We have certainly raised it in a number of recommendations.

Mr Unom: DFID tries its best but it requires greater patience and perhaps greater tolerance on your part to do what needs to be done. For instance, the concern about accountability means that donor agency staff will work with organisations that meet deadlines, they have bank accounts already, they can write good reports, so they are all better able to respond to donor policies and guidelines. To broaden the range of civil society actors with which donors engage is critical. To do this is pretty dirty work and will require greater tolerance on the part of all who are involved. Some of the unions and professional associations have their own timetables, have their own ways of making decisions, so you do not call the president of the local union to a meeting and expect him to decide there and then what is to be done, as you would with DFID. He or she may ask to go back and consult with the membership and that is how they work. So you need to have that sort of latitude if you want to operate with a broader range of organisations rather than working with the intermediaries in the centres.

Q50 Chairman: A final point on that. Given what you said at the beginning, that you have all said that leading politicians are not very keen on elections and that there is a low expectation from the public, yet the role of civil society is to help the public articulate their voice, to raise expectations and to put pressure on politicians to actually deliver at elections. To what extent is DFID's engagement in stirring up civil society likely to cut across their work in trying to bring the politicians on board to deliver? Clearly they do need to come together, but you take my point.

Mr Unom: DFID is leading the Coalitions for Change (C4C) project in Abuja which mobilises reform energies which are focusing on how the money from debt relief is being spent on poverty reduction, gender issues like gender inequality and issues like constitutional reform. C4C has been sponsoring five or six projects and DFID has similar projects at the state level as well, trying to mobilise civil society's energies. It is not just a conference, what it is seeking to do is get civil society to work with like-minded people in government and in the private sector to pursue reforms through government, to pursue reforms and institutionalise them. The challenge is that if you do not have mechanisms which impose costs on politicians, which is what elections should do, it is difficult to get that sort of commitment from the politicians, so

there is a risk that you can mobilise civil society and they are raring to go but then they will come up against cynical politicians who just do not care, and it can be difficult and frustrating and the change does not happen and you have committed your energies. That is the problem.

Mr Peel: Are you asking if there is a risk of a tension between mobilising civil society on the one hand and perhaps annoying people in government on the other? The policy of government is not to rig elections—I guess that is what you can always come back to—to say officially you are committed to clean elections so why would it be a problem if we worked with civil society groups? I think there is a broader diplomatic question here. Despite the fuss around the 2007 elections, in the end the international community accepted them and, to quite a large extent, it was back to business as usual. I did note in the DFID evidence there was a line—and I am paraphrasing from memory—about how there had been a cloud over the elections until a tribunal ruled in the Government's favour this year. The implication, whether this was intended or not, was that that tribunal ruling somehow removed the cloud over the elections, but I do not think that is how most Nigerians would see it, I am sure. I hope my co-panelists agree with that.

Q51 Chairman: What we have got in any case is that what tends to happen is that the opposition lose the election, they protest, when they lose their protest they join the Government.

Mr Peel: There is a certain fungibility about alliances, that is true.

Q52 Chairman: I think we cannot explore that very much further! Can I thank all three of you for coming along. Clearly we recognise, and DFID recognise, that Nigeria is extremely important. It is the biggest player, we should be there. It is difficult, it is challenging. I think a point was made to us that if you look at the big picture you can get depressed, if you can celebrate your small victories and build on those, you can actually get a sense of progress. I take your point, Mr Peel, when you say that the problem is serious but you believe there are solutions. We look forward with interest to seeing your book in the Autumn. Obviously we are questioning the Minister next on this issue. I doubt if the Committee can produce a definitive report on this because it is clearly very much work-in-progress but your evidence, and other evidence, has certainly helped us to get a better feel for what is an extremely difficult, complicated but very important country. Thank you very much indeed.

Mr Peel: Thank you.

Tuesday 7 July 2009

Members present

Malcolm Bruce, in the Chair

John Battle
Mr Virendra Sharma

Mr Marsha Singh
Andrew Stunell

Witnesses: **Mr Aboubacry Tall**, West and Central Africa Regional Director, Save the Children and **Ms Julia Ajayi**, Nigeria Country Director, VSO, gave evidence.

Q53 Chairman: Good morning and welcome; thank you for coming to give evidence; this is the last evidence session we are taking in this inquiry before we have the minister in front of us next week. I wonder if, for the record, you could just introduce yourselves, who you are and so on?

Ms Ajayi: My name is Julia Ajayi and I am the Country Director for VSO in Nigeria.

Mr Tall: My name is Aboubacry Tall, I am the Regional Director for West and Central Africa for Save the Children.

Q54 Chairman: Thank you both very much for coming in. We visited Nigeria three weeks or so ago and we came away—and we were not surprised to come away—realising how important it is but also how challenging it is. Obviously it is the most populated African country and are with some of the worst indicators and huge regional disparities, particularly between the North and South but also between different states. From your take, what do you see as the biggest challenges in Northern Nigeria for dealing with poverty reduction and delivering on the MDGs¹ more effectively than is the case on many of them at the moment? We have had weak governance, we have had corruption, we have had the impact of the oil wealth all thrown at us as part of the problem, but in your work do you see any of those as particularly dominant or what do you see as the biggest challenges to delivering poverty reduction? This Committee very often asks a very simple question: what works? To be frank, one gets the impression in Nigeria not a lot, but maybe you will have some more positive things to say. Who wants to go first?

Ms Ajayi: In addition to some of the issues that you mentioned there one of the problems that we face in Nigeria, one of the challenges, is the scale of the country. As you mentioned, it is the most populous country in Africa, a huge geographical area, a huge number of people and such a range of challenges within all sectors that trying to find a way to make an impact within that context is a real challenge for us all working in development. Trying to find strategies that work, in whatever level we are working in, is certainly for VSO how we try to form our programmes, to see what works best. I do agree that governance is an issue, and you talked about corruption which obviously permeates different levels within the country. Being able to take a co-ordinated response as well by looking at working at local, state level and federal level to try and have a joined-up,

pragmatic response to creating an impact in Nigeria is the way that we are designing our programmes and the way that we are trying to increase the impact. Also, in terms of trying to have joined-up working between the different agencies—we are working closely with DFID in Nigeria, and for our volunteers the more added value we can bring to the partners that they work with, through making sure that the work is joined up with other donors and agencies, then the greater the impact that we can have.

Mr Tall: Thank you, Chairman, and thank you for giving us an opportunity today to give testimony before this Committee. Two things: one, I would like on behalf of Save the Children to congratulate DFID and the UK Government for the sustained focus on the Millennium Development Goals as the vehicle for guiding interaction with countries such as Nigeria. In terms of what some of the main challenges are in relation to Nigeria, there are just a couple of things that I would like to highlight, using the health sector as an example. We tend to think, at least relatively speaking in the context of Africa, of Nigeria as a relatively wealthy country. It may be relative, to its neighbours, but we need to put that in the context of how much does Nigeria have to spend in-country. Despite the oil wealth and the like it comes out to maybe 17 US cents per person per day; that is what the country has to spend on all the programmes in-country. That is one thing to help us provide a little bit of context. If you look at the health sector in terms of overall expenditure per capita the government is able to put in up to about \$53 per person annually, roughly 4 to 6% of government expenditure. At the same time, looking at the other side of the coin, the amount of overseas development assistance that goes into Nigeria, focusing on health in particular and now drilling down a little bit to focus on child health in particular—as we talk about the MDGs a number of them, especially those around mortality in particular, relate to children—the investment in child health in Nigeria equates to about \$2 per child per year. To me those are probably some of the challenges which basically create a situation where individual people, families and persons, spend out of a family budget 63% of their resources on healthcare. That is out of pocket. Donors put in a certain amount of money, government puts in a certain amount of money but of the total cost of healthcare 63% is supported by the individual, coming out of their pocket, whether that is for transportation—getting to the hospital—buying medicine, paying fees, et cetera et cetera. That size of a share of the family budget going into paying for

¹ Millennium Development Goals.

7 July 2009 Mr Aboubacry and Ms Julia Ajayi

healthcare is one of the significant difficulties in my view of Nigerians getting access to healthcare, especially if we take into account that of the 140 million people in Nigeria it is estimated that up to 70 million live on less than \$1 a day.

Q55 Chairman: I take that point and our other questions will explore that a little bit more. They have a small amount of money and individuals have to find more themselves, but what about your dealings as agencies operating with government and with corruption. Putting it crudely, do you get put in a situation where people are looking for kickbacks and how do you deal with that? Are you in a situation where, if you are not careful, you are engaged and then find that whatever you have done has somehow disappeared or gone somewhere else? How much of a problem is that for your operations?

Ms Ajayi: For VSO we are working through volunteers, as you know, so it means that we have very little direct support in terms of money to partners. We have some small grants that we give to partners but other than that our support is through volunteers. Within the SNR programme (Strengthening Nigeria's Response to HIV/AIDS) we were one of the three partners in the DFID-funded programme with ActionAid and Family Health International, and within that programme we received direct funds from DFID for our part in that work. We managed those funds ourselves and reported back to DFID and are still doing so, so the support from those funds that we gave to partners including state-level agencies and SACAs—the State Agencies for Control of AIDS—in the states where that programme was operating in, was through activity-based work. For example, we recently took on a tour, a group of partners including government workers, to a programme in Namibia where we had an exchange of lessons learned and examples of home-based care and working with orphans and vulnerable children through our partners in Namibia. That was a mix of partners from civil society organisations and from state level government workers. It is therefore not something that we find that we are concerned about in our everyday work because everyone operates within our own VSO policies. We do not pay per diems, which is difficult within a country where per diems are paid or ESTA codes are paid, so we are not able to offer the same kinds of terms and conditions to government workers who travel. That can sometimes be difficult; however, all the people who have come with us on trips have been very pleased with the opportunity they have been given, despite the fact that it has been not as well-supported as it might have been on a government trip. They have really talked about the learning that they have taken from those opportunities, so it is not something that we feel we are compromised by in Nigeria.

Q56 Chairman: How about in terms of Save the Children?

Mr Tall: Overall, because our work is similarly focused at community level, the challenges are less daunting in terms of efficiencies and the like. That said,

the overall context in which you work remains something that you need to be aware of in terms of procurement, for example, and other things. There, as in the case of VSO, a number of systems and procedures exist internally to try and control that external environment as much as possible. That said though, the larger element of how well-performing systems are, how much political commitment today exists at different levels—because you also have a structure of government in Nigeria which to some degree is one of the realities that adds complexity. You have your federal level and, while there may be political commitment at the federal level, it does not necessarily translate at a state level, and the concerns of your local government authority, your local government level, your LGA, may not be in line with where the state is going. That is a reality that one has to manage and, yes, it means that although at a national level there is a push for certain direction, a certain policy that is viewed as progressive and useful, there is a lot that happens unfortunately between that national federal level and the translation of it into state level programmes and beyond. One thing we have seen recently which we think is an excellent initiative is the initiative of getting the federal government to publish what has been transferred to states and what is hopefully then expected to be transferred in turn to local government authorities for any number of activities. With initiatives of that nature—I have talked about the problem a little bit in terms of translating policies and priorities down the chain and using initiatives like Publish What You Pay is one way of making sure that there is transparency and people know what to expect and what is coming their way, and are put in a better position to demand that those activities and resources be made available for objectives that have been agreed upon.

Q57 Mr Singh: Nigeria is not aid dependent, quite clearly, and combined donor aid effort represents 1% of GDP in Nigeria. Is there actually any point, in respect of such small sums, in donors being involved in Nigeria because with just 1% of GDP surely we cannot be making any impact on poverty reduction, can we?

Mr Tall: The 1% might seem relatively small but in terms of the leverage that that 1% can bring in there is an important role for outside partners to remain engaged with Nigeria, especially because if you take a little bit of history going from the years when Nigeria was under military rule to the return of democracy with President Obasanjo and President Yar'Adua now there may be a certain amount of willingness to move things in a certain direction at a federal level that would need to be supported, and a lot of the support coming from organisations like DFID or multilaterals such as the World Bank and the United Nations might actually be extremely helpful in sustaining the government's drives at a federal level towards a certain result. But I still come back to the perception that Nigeria is a rich country, and that may be being a bit optimistic in terms of how we look at Nigeria. Issues of governance as a particular element—and I touched upon it a bit earlier—are a fundamental factor, whether in the

7 July 2009 Mr Aboubacry and Ms Julia Ajayi

education system or the health system. Governance defined a little bit more specifically around the systems and the processes that make the sectors work in my view needs to continue to be supported, and what comes in from DFID or from the World Bank or from other bilateral partners in Nigeria helps to not only support those policy initiatives at a federal level but it also goes a long way towards supporting a lot of the service delivery at the state level. I started talking about leverage; with those resources from overseas development assistance (ODA) it puts all of us in a much better position to leverage a much larger set of resources of Nigeria itself. I mentioned earlier how much Nigeria puts into the health sector and I would suggest that we might be in a good position to require of Nigeria that they at least try and meet the objectives of the Abuja Declaration, which was to put at least 15% of the total budget expenditure into the health sector, which was agreed among members of ECOWAS.² In between ODA leveraging policy work at the federal level, leveraging additional resources to states might be useful.

Q58 Mr Singh: From what you have said you seem to agree with the kind of distribution of DFID aid, because DFID spends 75% of its budget in Nigeria on technical assistance at, say, government level, and only 20% on programmes for the poor. Is this the right kind of split in terms of its budget?

Ms Ajayi: I actually wanted to make a comment on not just the amount of money that is spent but the skills transfer, and obviously with our work through volunteers that is something that we are focused on, but to me the support that DFID has given, for example through SNR and our volunteers also shows that that technical assistance is important to DFID as well. Part of the lasting legacy of the aid support to Nigeria is building the long term capacity of civil society organisations, of local government, of state government, and that is an important part of the aid package to Nigeria. So when you are saying that most is on technical assistance, that does have the opportunity to offer longer term capacity building in all of those areas. We do need to be careful that we are trying to maximise technical assistance that is available in Nigeria, of which there is some—not all is there—but certainly for us at VSO we have to make sure that we try and look for interventions and partners that need support in areas where those skills are not available in Nigeria. We can also look at expanding that to look at external assistance and trying to maximise the capacity that we have all built in Nigeria, to use it as much as possible where it is available and continue to take a long term view of support in technical assistance to make sure that it stays within the country and is used as much as possible as well.

Q59 Mr Singh: Which brings me to my question, in terms of both your organisations what support does DFID give you in terms of funding and what would be the impact be without that funding or support from DFID?

Mr Tall: For Save the Children DFID supports a health programme which aims to do two things: one is to revitalise routine immunisation in northern Nigeria; and the second element is about maternal and child health contributing to reducing morbidity and mortality in Northern Nigeria. Also, as part of the Education Sector Support Programme (ESSPIN), Save the Children is part of the consortium dealing mostly with the community engagement part, meaning participation of communities in the management of schools in Nigeria. Those are the two main areas where we are receiving support from DFID-funded programmes. What would happen without that? Let us take immunisation as an example: of the whole region that I oversee in West and Central Africa the immunisation rates in Nigeria are actually among the lowest anywhere. Without those resources to try and restart the immunisation system we would basically see those probably sliding further and we would have more children contracting and dying of diseases that can be easily prevented. That is just to give you a sense of what would happen there. Coming back to the earlier question, overall my understanding is that the programme of co-operation that the DFID and the federal government of Nigeria have is based on the Poverty Reduction Strategy that Nigeria put together a few years back. I do not know it in detail but my immediate understanding is that a number of the programmes and activities that come under that, whether they are in health or in education or in livelihoods, are aimed at reducing poverty and in some instances stimulating growth as part of that poverty reduction. That said, the elements that Save the Children are directly engaged in, in education and in health, in my view contribute directly towards poverty reduction over the medium to long term. What might be useful to keep in mind in doing so though is to make sure that at the level of specific strategic choices the poor do get access—and again I use health as an example—and we increase the access to healthcare for the poor. If indeed one of the barriers is financial then I would want to see those programmes—

Q60 Mr Singh: We are going to come on to health in a moment.

Ms Ajayi: As well as the in-country support from DFID I just want to acknowledge also the core PPA³ grant that VSO has from DFID which of course supports our volunteering programme and so the volunteers more widely within Nigeria, which is important to acknowledge. The specific support from DFID in Nigeria that we have had is through the SNR programme that I mentioned earlier, so that has funded much of our work although not the complete HIV/AIDS programme that we have, but it has funded a large proportion of that. We are also one of the consortium members in the ESSPIN programme and what that support has done is a number of things. One is that it has allowed us to help with the technical support to those programmes through our volunteers and our volunteers bring something that is quite different from a lot of other technical support

² Economic Community of West African States.

³ Partnership Programme Arrangement.

7 July 2009 Mr Aboubacry and Ms Julia Ajayi

and, because they are volunteering, there is a different ethos and mindset when they come to work with organisations. They are with our partners for a long period of time and we know that their experiences of working with a partner, either government or non-government, over a period of two years and sometimes longer, though sometimes shorter than two years, gives them a really rich understanding and they develop very in-depth relationships with the partner organisations that they are working with. The support from DFID for those volunteers allows them to carry out their everyday activities over a long period of time, but also the extra programme funding allows us to support those volunteers and the partners in some additional activities. Some of the things that we have been able to support through SNR—and we hope to do with ESSPIN—are things like advocacy training for partners, so being able to bring together a group of partners and talk about what is advocacy, advocacy within the HIV/AIDS field and looking at how those partners can develop their own advocacy strategies. The Links tour to Namibia that I talked about was actually taking organisations and the representatives of organisations who are working on HIV/AIDS in Nigeria to Namibia, where they are seeing very different kinds of practice and actually bringing that home. One of the participants in one of the SACAs is now talking about engaging with local banks to try and get support for home-based care kits based on something that she saw in Namibia, so actually that added value is what we have been able to gain from that support and I think that is hugely valuable because it is over a long period of time and because it is really responsive then to what the partners need.

Q61 Mr Singh: I am sure the work you do is extremely valuable but how do I know that it is money well spent?

Ms Ajayi: For me the evidence of the money well spent is in what is actually happening on the ground and certainly at VSO we are looking at how we can increase the monitoring and evaluation to show some of that impact throughout the PPA work. The challenge is always how to bring that level of intervention, which actually in Nigeria is so important because of some of the other challenges we have been talking about, to add all of those outputs together to be able to see the impact which is real and which is happening but often gets lost in some of the more macro level monitoring that goes on. The other area of support that is growing is in advocacy and I think through the C4C⁴ programme that DFID is supporting it is actually raising some of the newer and emerging issues like climate change and disability, although those are not new issues.

Q62 Mr Singh: Moving to a more macro level question if I may DFID's CPS (Country Partnership Strategy) directs its focus on those states that are performing well and with whom they can work.

Does that not leave the poorer states and the people living in those poorer states out on a limb? Is it the correct strategy?

Ms Ajayi: I would say that I do not think there is a right or wrong, I think we have to all of us decide how we work and then do what we can within that. To have an enabling environment in Nigeria in which to work is very, very important and the lead states having been states that have enabling environments means that it is more likely for the programmes to be able to move forward. One thing that we are looking at in VSO—and we have some alignment with the lead states although not solely—is also supporting other states where our work has really over a period of time been shown to be successful and looking at mentoring and keeping those states on board and being able to take examples and work from those states to bring to some of the others. Your question about whether it leaves some people poor in other states, no doubt it does actually, but that comes back to the point I made earlier about the scale of Nigeria and I am not sure that if we were to dilute the funds that are available and spread them equitably over the whole of Nigeria whether there would be any more of an increased impact.

Mr Tall: I could just maybe add to that that while spreading it too thin would probably not give the types of results one would expect, we believe that once you start in the states where conditions are better it is useful then to be able to take the outcomes of what happened in those states and help take it to a larger scale, to other states in the country. I do note as well that while a lot of the actions, especially for the service delivery elements, are focused on a number of lead states, there is an important level of engagement at the federal level in terms of sector policies and the like which would hopefully be an important element in making it possible to bring other states on board. Is it possible within a period of five years to take some elements—not necessarily the full programme in every single case, but some elements that have been successful in five states to another number of states which can benefit from the same type of support? It would be good to see if that was possible to do within the lifetime of a programme.

Ms Ajayi: Just to make one more point on that about donor harmonisation. I know that there is some work that has been going on in Nigeria, but that is also a way to try and increase the spread of support so that different donors are actually increasing the overall reach by not working and duplicating work in the same states and I hope that that continues.

Mr Tall: That is a good point.

Q63 Andrew Stunell: If I can just pick up from the last point that Nigeria is a very diverse place—that is the polite way of expressing it—with many different languages, religious differences, cultural differences and performance and governance differences. It is not very clear to me what is cause and what is effect when one looks at the poor outcomes that there are for the people living in those different areas, so what do you see as being the drivers here? Are the regional

⁴ Coalitions for Change.

7 July 2009 Mr Aboubacry and Ms Julia Ajayi

and ethnic inequalities creating the bad outputs or are the bad outputs leading to the cultural perceptions? I would be interested in your view of that.

Mr Tall: What we do most of the time is look at it as—here is a problem, such as child mortality; what are the various factors behind that. From that concept my advice is usually to look at those fundamental factors as being some of the deep-rooted causes of the problem that you may be looking at at a particular point in time. Even if it is immunisation and you look at the performance in the southern part to the central part of the country compared to the northern part of the country, there is almost a clear line. Is it because the response to services in one part of the country is better than another or is it because of a certain number of social and cultural factors in that people in the North do not respond to the services in the way they are provided, or is it another factor? Generally my approach would be to look at how should we be providing the construct of services in area A, should it be different? It is the same service, it may still be immunisation services for children under one, but if in the North the tendency has been that people do not come with their nine-month old child for their measles shot at the health centre should our services be designed differently so that they can identify and find that child in the household, if that is where that child is. My approach is to change our approach of delivering the service as a result of a different analysis of the social and cultural factors at play.

Q64 Chairman: Can I just interject with a supplementary? According to the information we have about immunisation the percentage of fully immunised children of 12 to 23 months in North Central region is 8.4%, in North West is 6.2%, but in North East it is 25%. I do not know whether you are engaged in all those areas but that is three northern provinces, one of which seems to be performing much the same as the South while the other two are way behind. Is there a reason for that?

Mr Tall: I would not be able to respond to the specifics of the division within the North but what I would do is basically look at the North East for example which performs in a similar way as the South and compare that to the other two which are standing at 6 and 8% and try and understand why is it that in the central part of the northern region people are not responding. Is it because when they get there there are no vaccines in the clinic—it is often that simple an answer—or is it because as a general rule they do not come and if they do not come what is it that we would need to do to change those behaviours or to modify the ways in which we deliver the service.

Q65 Andrew Stunell: Do you mind me asking, are you from Nigeria yourself?

Mr Tall: No, I am from Senegal.

Q66 Andrew Stunell: Okay, that is fine. I just wondered if you could take this a little bit further. How should the federal government, the state

governments and the external NGOs respond to that very different cultural and operational context, what needs to happen?

Mr Tall: Broadly speaking, one of the things that could work for us is the fact that service delivery is within the domain of the state; in other words if a particular state feels that their services need to be designed in a certain way they do have the prerogative to design those services in that way, subject to quality standards and overall policy issues that the federal Ministry of Health would have oversight of. My understanding is that generally speaking the development organisations, be they bilateral or be they non-governmental organisations, often times would have the flexibility to support the construct that that particular state may come up with. I want to just back up a little bit. I am not suggesting that maybe going to the household is the response because I do know as well that for national immunisation days, which are done on a campaign basis, where workers are expected to actually get to the household and find those children, in Northern Nigeria we have been battling with the polio virus for many years and many campaigns so that may not be the specific answer. What I am trying to say is depending on the specific social and cultural factors at play within a particular area the construct allows the state to maybe be able to design the delivery of the service in a manner that is different, that would hopefully get us to numbers that are higher than what we have. I should note that probably going back to the 1980s with the child survival revolution, Nigeria had much better immunisation coverage.

Ms Ajayi: Building on that, the question of what are the drivers is so complex in Nigeria, there are so many, and we could talk about the historical situation, we could talk about religious and cultural differences, governance within states and that changing as well over a period of time as elections come on board and different governors have different roles to play and play it very differently in their own states. Also the support from donors differs, with some states being supported and others not, the question that we were talking about earlier. Performance of those indicators in different parts of the country is so complex and is a very mixed picture of all of those things coming together, but what we really need to do is try and understand what that context is and have an in-depth relationship with the players that we are operating with. That includes the government at state level and at federal level, it includes other partners operating in that area and it means as well understanding and talking to people at community level in the communities that we are working with, and until we have that we cannot make a proper coordinated response. That is our responsibility as NGOs or as donors to best understand the context if we can, not only at the government level but also at community level to understand what those drivers are. We need to work with a range of partners again, governments at state level and federal level, but also with partners in the civil society organisations, looking at religious partners and so on to be able to have a depth of relationship as well over a long period of

7 July 2009 Mr Aboubacry and Ms Julia Ajayi

time and a long term commitment too. Many organisations in Nigeria have suffered from help one year and then not the next, priorities change and people move on and organisations move on and donors move, and actually having the commitment over a long period of time to be able to develop a response that is meaningful is something that is very important for us to address.

Q67 Andrew Stunell: Just picking something out of that, clearly one of the great inequalities is gender. It is a particular problem in the north of the country, but it is actually fairly easy to see where the good places and the bad places are, at least on a state-size scale, so do you think that donors have got a role to play in those areas and how does that fit in with a strategy of helping the good areas where there is good governance and you can do things, as against going for places where there is maybe the deepest requirement for help and assistance?

Ms Ajayi: Certainly we all need to address gender in our programming. It is an area that for us has been emerging, it is not something new, but we know we have got to make sure that we look through the gender lens in all of our programmes and we all need to do that in a consistent way and in a very dedicated way as well. We need to take time and this year in VSO we are planning to look at specific activities in terms of gender audits of our own work and also then work with partners to be able to do that, so that we can strengthen our own programming—I think that is where we have to work first in our gender work. In terms of support within the wider context, again I think you are right that there are very clear divisions in access and gender inequalities. We have to be careful in Nigeria to not just pay lip service to what people are increasingly becoming familiar with in terms of gender rhetoric—you have got to be gendered. Often at meetings people will say let us get gender balance and make sure we have enough women in the room, but actually moving away to make a real difference in our programmes is the challenge. If we are working on the other indicators of poverty then we know that gender is implicit in many of those inequalities, so making sure that we have robust programmes will actually lead us to doing that, but we also need within all of our organisations and donors as well very clear gender strategies to try and address some of those inequalities and, as donors, to actually look at making sure that the delivery partners are accountable in terms of gender is important.

Mr Tall: It is a fundamental factor and to address it may require different types of partnership than we usually gravitate towards. I will just give a quick example of another West African country where many years ago we were trying to deal with maternal mortality, among other things. The partnership that we came up with, that worked for us in that particular context, was actually religious leaders and traditional chiefs as the ones that needed to be convinced—not 100% but some strategic window of opportunity where there can be agreement between the objective you are pursuing as an NGO and how much a religious leader or a traditional chief is able

to give at that particular point in time. Where those two came together we were able to actually get imams and paramount chiefs to become the advocates for a certain number of behaviours which made it possible for women to then take on certain roles and get into certain practices which had been perceived as contrary to tradition and contrary to religion before. To get those changes to happen in my view is going to need, in addition to legislation in national assemblies and parliaments, the creation of those kinds of partnerships where the other person that people listen to, be they a father or a religious leader, a traditional leader, undertakes to participate in certain changes, such as putting a girl in school, for example, which we know has a number of multiplier effects down the road. That is what I would like to add to what Julia said.

Q68 Mr Singh: Save the Children believes that the primary healthcare system is near to collapse. What are the main weaknesses that we need to address to prioritise it? Is it staff shortage or lack of drugs or an absence of clear responsibility for delivery of care? How, in your view, should it be prioritised?

Mr Tall: In my view if you look at the healthcare system in the four states where we are engaged with health programming there are two things that we are focusing particularly on. I mentioned revitalising routine immunisation as one area of focus and the other one is improving maternal and child health. Availability of services is an issue, the quality of the services is an issue and financial access, the cost of those services across the board, is an issue. In terms of availability and quality the responses are of a type where we are working at a state level. If you take either of the two projects what we have done is put people in the state level ministry of health to basically help make sure that the systems that are put in place work better and are able to deliver, whether it is vaccines or drugs or training, to the body of health workers in the state. In terms of quality, training is one thing but also just being able to support and monitor what happens in terms of quality of diagnosis. Again, a lot of this is relatively simple and focused on the primary healthcare level, and if I look at child health in particular in Nigeria we know that there are a limited number of pathologies that create the biggest risk. If it is malaria, for example, how well does your health worker diagnose and treat malaria whenever he comes into the clinic, or some other pathology of that type. The third barrier is that of cost. We have traditionally advocated away from user fees in Save the Children because, again, when you have somebody who is spending 70% of their income on health, who is expected to have 20% more going into food because of the financial crisis, 12 to 20% into education—the elasticity wears out fairly fast and, as a result, people start adopting behaviours that are counter-productive for the long term such as not seeking healthcare just because they cannot afford it. With the state level as well as the national level we have pushed for not having user fees, we have pushed for at least targeted support to categories of people who would be going without healthcare otherwise to make sure that they can get

7 July 2009 Mr Aboubacry and Ms Julia Ajayi

free healthcare. I do not recall the exact practice in Nigeria but in other countries that has been translated into exemptions for children under five for example or exemptions for pregnant women.

Q69 Mr Singh: You have already touched on the poverty and people's reluctance to seek healthcare because they have to pay for it, and then the priorities come with food and education. What can donors do to help to reduce that cost and encourage people to take up the services? You have touched on that briefly but is there anything you want to add?

Mr Tall: One of the things that has been talked about is revolving drug funds, for example, revolving drug funds which remind me of similar initiatives in the 1980s called the pharmaco initiative, where basically you find ways of providing an initial stock of drugs free of charge which are sold to patients and then the proceeds are used to replenish the stock. That is great in terms of availability of services, to make sure that when people come to the clinic if you have a headache there are tablets to give you so that you do not end up with people travelling a mile or two, coming there as health workers but the place is empty otherwise and then they do not come back. We are saying that it is useful in terms of availability of services but it does not necessarily help on the cost side, so one of the suggestions we would make for the use of revolving drug funds is that you get some exemptions attached to them for certain categories of the population. For example, if you have something where there is community engagement they are in a position to identify which might be the most vulnerable families in that community who may need an exemption. Another method that is often talked about and which we think has some degree of promise is some type of social transfer, some type of social protection programme, be it a mutual society or some type of health insurance where poor people can be covered. It can be either universal, which is easier to administer, or in places like Nigeria it can be targeted when at state level you are talking about fairly large numbers of people. Here again, going back to an earlier point, I do not believe that for social protection programmes they should be funded from the outside, or that they should be a project, because if they are a project then four years down the road or five years down the road when that donor is no longer supporting that particular activity, it tends to just stop and in the meantime you have a million people or two million people who have been on that programme and who all of a sudden are without coverage. I would suggest that this could become one of the areas where donors should use their leverage to make sure that it is largely funded from national resources.

Q70 John Battle: In the evidence paper submitted by Save the Children on DFID's role—and it is really DFID's role that I want to explore a bit more here—you say “Save the Children UK acknowledges that DFID, in many ways, can be seen as a model donor in relation to pro-poor health financing and an important influencer of national governments as well as bi- and multilateral institutions.” A bit earlier

on in the submission you say: “DFID is playing a leading role in shaping the way health resources are used and allocated, issues of staffing and management, and service quality. While this approach has much to commend it, the real test of the investment is what it means for the poor, particularly at the community level. DFID has the capacity and the opportunity to support health policies and the development of service delivery models aimed at the household and community level, not simply those aimed at improving health facilities.” I was a bit confused having read that whether you were being critical of DFID for not doing enough at the community level or whether you were really saying that supporting the capacity of the federal and state system to provide health systems was the priority. What is your view on that—should they be working in health systems with the government fulfilling the responsibilities of providing community health systems or should they be involved in projects. Where is the critique that you are trying to provide there?

Mr Tall: The way I interpret that is I mentioned the focus on the MDGs, the focus on donor co-ordination and bringing the various parties around the same issues. That is a significantly positive role that DFID has played and continues to play. The health systems, absolutely; in my view you need those systems to perform better in a sustained fashion for there to be hope in the future, so that kind of focus needs to continue. What I think is being suggested is that there may be a certain number of other strategies on the demand side that we should also maybe ask DFID to put additional emphasis on, stuff like access for certain categories of the poor to those health systems that we have now helped to rebuild. In other areas, not in the health sector but in civil society organisations voicing accountability, some work is being done with DFID support to make sure that they do have a much stronger voice in what goes on in these health systems at state as well as at community level.

Q71 John Battle: What were you thinking of then where you say “DFID can be seen as a model donor in relation to pro-poor health financing . . .” Are there some examples of where DFID is very effective at improving the healthcare in general in Nigeria? I can see the drive to develop community level participation for the poor but what were you thinking of as a model for pro-poor health systems? An example of what DFID is doing well is what I am looking for.

Mr Tall: What would come to mind, again staying with the health sector, is that it is not just a question of saying, you know, here are some resources at state level, go ahead and do it, it is a construct as much as I understand it where, with DFID's support, there are additional actors that come in—the Save the Children, the VSOs of this world and others—and are working with the state level and are basically trying to extend the performance of the health systems all the way to local government and community. It is making sure that, again in terms of availability and access in physical terms, your poorer people who happen also within each state to be further away from the centre and to be more rural do

7 July 2009 Mr Aboubacry and Ms Julia Ajayi

have access to those health services. Even with the initial proviso that I added to it, it is supporting revolving drug funds to make sure that services can be provided when patients arrive at these places; that would be part of the elements that are working well. Revitalising routine immunisation as opposed to just a campaign-style all the time creates a certain degree of predictability in the availability of service. Where again we think there can be additional emphasis is on the demand side, should we do more there for the populations. For example, in the earlier case we mentioned in the North East where we have a fairly low percentage for uptake of services should we be doing more there to increase the level of demand for movement towards those systems that already exist.

Ms Ajayi: Can I just add about SNR and the response through that programme, although it is not specifically health and I cannot really comment on the PATHS⁵ programme, but in terms of the health element of the HIV/AIDS response what DFID has been able to do is to help the SACAs within the states where the programme has been supported to leverage more funding from the state governments to have a higher profile in terms of the HIV/AIDS response. There is no doubt by looking at the HIV/AIDS work supported by SNR that those states are performing better than the other states, so to me that is real evidence of where DFID has actually contributed to that progress.

John Battle: Thank you for that, that is helpful, that structural impact, but one of the things that is most startling—I believe it was Mr Tall who mentioned the MDGs and can we keep those in the bracket. We did a report on MDG5 on maternal health—and there are miles to go in terms of reaching that internationally, but Nigeria, with 2% of the world's population has 10% of the world's maternal deaths which is incredibly high. I wondered what are the reasons for that and how could they best be addressed by DFID and others, because when you are talking about demand-led it does seem that Nigeria is falling well behind on MDG5 in particular.

Q72 Chairman: Before you answer that, again the disparity within Nigeria is just huge. In the North it is about ten times as high so in reality if it is five times across the country it probably means it is 20 times or more. What are the reasons for that? I mean, that almost implies there is the capacity within Nigeria to address the problem if there was the will, but I am perhaps prejudging the answer.

Mr Tall: Starting with that point at least, part of the construct is that in northern Nigeria it is more the exception that you would have deliveries in institutions, most deliveries happen at the household level and by the time a patient with delivery complications gets to an institution often times it is very late. It seems like a fairly straightforward action, but changing that behaviour to the point where deliveries would happen in institutions with skilled attendants and the like, the reflex of your normal northern

Nigerian person is away from the institution and more at home, and that may be part of the reasons why it is so much higher in northern Nigeria.

Q73 Chairman: From our 2008 report on Maternal Health there were two things that came out, one was that a significant factor was young marriage, young girls basically having children when they are not fully developed—that was a contributing factor to high mortality and that would appear to be congruent with what is happening in the North—and the other was something in the attitudes of men towards their womenfolk, to basically say “Just get on with it”, not allowing them transport and not allowing them access. The first one would definitely seem to be an issue, I do not know about the second one, but how do you address that if that is the cultural environment you are in. Is it a job for agencies like yourselves and DFID to do that or is it the job of the local leadership, whether it is direct political leadership or traditional leadership or the imams? How do you bring all that together?

Mr Tall: My experience, not in Nigeria but elsewhere, has been that, yes, there is a role there for development partners in general to play there, absolutely, but the way I have seen it work in the past is not so much an initiative that would take people to the hospital as a way of responding to it, but dealing with those who are making the decision. It is the man in the house who just says just get on with it, there is nothing serious here, it happens, just do it, and then the worst outcome often results from these sorts of things. In another country in West Africa, and this is not national, this is a subset of a country, over an 18-month period we had one death related to delivery, one. It was nothing complicated; it was understanding the social and cultural structure of that region and in pregnancy monitoring the maternal mortality reduction of that particular grouping in that country in West Africa. You had a fairly respected woman, because they had a title within the social structure of the village, who took on the role of monitoring all the pregnancies within a particular geographic area, a geographic area that is also the kinship area most of the time. When they saw one or two or three of a number of signs they made sure that that woman got to a health centre and if they needed to be closer to a health centre at delivery time they saw to it that the husband or the father-in-law made the decision to help that woman move to be near a facility for delivery. This was in the Gambia and it was the idea of a young Gambian health worker by the name of Imran Agaju. It was not costly in terms of money but it was brilliant in terms of understanding the local context and creating solutions that take advantage of the roles people generally play, in some cases extending that role a bit more for an objective that they would tie into. In northern Nigeria I would see for maternal mortality, for early marriage, a number of these social and cultural factors that are determinants of mortality and I would think that that kind of approach would be something that development organisations can support with traditional leaders as well as with the political leadership, the lay leadership at state and federal levels.

⁵ DFID's health programme in Nigeria.

7 July 2009 Mr Aboubacry and Ms Julia Ajayi

Q74 Andrew Stunell: I just want to say very briefly that whilst we were in Nigeria we saw a programme that is being supported by DFID on informal midwives in remoter communities. There seemed to be some resistance actually from the medical profession about doing that.

Mr Tall: Yes, that is common. With primary health care workers back then there was initial resistance among the professional community and there is a long debate going on around traditional birth attendants and how effective or ineffective they are. There are probably some good reasons for that that we need to be mindful of so that you do not create a core of people with very little knowledge who do not believe that maybe they can do everything, so there are some dangers there. However, it can work and in the case that I cited one of the things that we ended up doing is creating a partnership so to speak between these kabila heads as they were called in the Gambia and the heads of the health centres so that they knew exactly who these women were and when they brought someone they knew this is referred to by Isa Tujani from Village A. It was that kind of relationship and, again, over a fairly short period it made a significant difference. When I was in the Gambia at the time working for Save the Children, this was one of the findings that I sought to take to a national scale. I have not been back to the Gambia recently and one of the things I intend to do whenever I get the chance is to see if actually any of this became a national strategy or national programme.

Q75 Mr Sharma: HIV is a major issue and Nigeria has the second highest number of people living with HIV in the world. What are the reasons for that and how can we reduce it?

Ms Ajayi: The first point is that whilst Nigeria has one of the highest rates of infection in absolute numbers of people the percentage of infections actually is not as high as in some countries. Because the population is so large there is a large number of people infected—some statistics say up to three million, but actually as a percentage of the population it seems to be dropping and it is still only around 5% whereas some other countries in the world, as we know, are much, much higher than that, so it is important to recognise that in terms of prevalence rates. Sorry, what was the second part of your question?

Q76 Mr Sharma: How can this rate be reduced?

Ms Ajayi: Certainly for us we look at two strands. The prevention and stigma has been a very important part of programming and has been something that SNR have supported work in, and that runs through our own HIV/AIDS programme outside of SNR as well. Now as we move through the stages of the epidemic we are also looking at care and support, so we are not only working on messaging around the need for prevention and stigma reduction but also recognising that there is an increasing number of orphans involved and children through HIV/AIDS, that they need to be cared for and that there are increasing opportunities to increase the amount of care and support that people receive at home. Some of the ways that we have been working through that

are not only through the SNR programme but also through a national volunteering programme. There was actually something that I wanted to raise as well with the health question of looking at increasing civic responsibility and active participation, with people volunteering in their own community. Within VSO we call it national volunteering and we have a support in midwifery, with midwives actually volunteering in a project called GAIYA. Within HIV/AIDS we are also supporting partners that are running volunteering programmes, so it is being able to increase the response to carer support programmes with limited resources by actually encouraging the idea of people volunteering within their own community. Lots of volunteering goes on anyway, there is much volunteering throughout churches and informally in family structures and local communities, but we are actually working with partner organisations to try and help them to formalise it and manage volunteer programmes as they grow, making sure that those community volunteers are engaged in work that is meaningful and that they can benefit from it as well as individuals. That is some of the work that we are doing. Also, as I said before, advocacy is an increasing area of need in all of our programme areas and through work with civil society organisations to advocate for a stronger response, we think that that is important to support as part of our package. We are working at state level but we also have a relationship with NACA (the National Agency for Control of AIDS) and again it is support at the federal level, at the state level and then at the community level through support to CSOs, so that is certainly how we are trying to address that as are other organisations.

Q77 Andrew Stunell: Once again women seem to be at the bottom of the pile with a higher prevalence rate than men. What do you see as being the factors at work there and are they actually getting access to drugs and support or not?

Ms Ajayi: One of the points as well from the health questions was that in terms of looking at gender and equality we of course have to look at men and women. We know that the statistics show that there are much higher infection rates for women, but obviously that is related to the power relationships between men and women—women not being able to be in a position to negotiate safe sex, negotiate use of condoms. There is also some evidence of transactional sex with many vulnerable women, especially those selling, for example, fish in fish markets, needing to gain credit and using sex to do that because of them not having any capital to be able to have the credit when they need it to access markets, and so the whole area of livelihoods and economic empowerment is also contributing to that. There is lots of debate on that as well and other evidence of inter-generational sex and early childhood marriage in certain parts of the country, so there are many contributing factors in terms of why women are more vulnerable. I have not brought a copy along today but we actually worked with ActionAid to

7 July 2009 Mr Aboubacry and Ms Julia Ajayi

produce a report called *Walking the Talk* and that has some specific evidence from Nigeria; if you are interested we can get you a copy of that.

Q78 Chairman: We have seen that but we would like a copy, please.

Ms Ajayi: We will get that to you.

Q79 Andrew Stunell: In terms of access to drugs and treatment, would you say that is gender-blind or not?

Ms Ajayi: No, I do not think it is gender-blind but there are some of the same issues that Abou was talking about earlier in terms of access to services. Access generally is often lower for women and, as I understand as well, some of the drugs that are available for women in Nigeria to prevent transmission from mother to child are some of the less effective ones, so there are issues of new technologies needing to come to Nigeria to be supported and to come and meet the challenge of maternal and child infection as well. Looking at general health, the HIV/AIDS responses as I am sure you are aware have been very donor-led in Nigeria and whilst some of that work has been to work with the state SACAs and with NACA to try and join up the response and also bring government funding on board, it still is very donor-led. We need to look at trying to bring it together with health programmes and not have separate programmes running in parallel because of course for women and their HIV-positive children it is the general health of the mother that dictates so much about the life expectancy of herself and her children. Actually, therefore, it is not just about the drugs that are on offer but also her own access to health education, to basic family healthcare services, and I think that we should be looking more and more at how we join up those services.

Q80 Andrew Stunell: That leads me on to my next question which is how effective is DFID's programme in Nigeria. Are you saying it is a little bit superficial, it needs to be more closely embedded with, say, federal provision, or how do you see it?

Ms Ajayi: From what I have seen with the state-level programmes implicit in the funding of the different programmes is the need for those programmes to work together, and because there is the overlap in the lead states that gives the opportunity for PATHS, for ESSPIN, for ENR to all work together and that allows the joining up of the programme and the integration of those different elements of it. Certainly from what I have seen of emerging ENR and PATHS too there is collaboration and so the more of that that we can have the more those responses could be joined up.

Q81 Andrew Stunell: If VSO had more support from DFID would it be able to do more? Is there a capacity issue as far as VSO is concerned about how you can contribute to that?

Ms Ajayi: Within SNR we were one of the partners, we are not in the consortia for ENR so that will mean that some of the activities that we were able to do under SNR we will no longer be able to do unless we have additional funding from elsewhere.

Q82 Andrew Stunell: Could you say what the difference between the SNR and the ENR is?

Ms Ajayi: SNR is Strengthening Nigeria's Response and that is coming to an end in August; ENR is Enhancing Nigeria's Response and that is the five-year programme that is in its inception year now.

Q83 Andrew Stunell: And you are not included in that?

Ms Ajayi: No.

Q84 Andrew Stunell: Was that your choice?

Ms Ajayi: No, we joined the wrong consortium. We were part of a consortium that bid for those funds but it was not the successful one. We still feel that we have a role to play in that and we are talking to ENR about how we might take that forward, and to DFID. We also through SNR have established relationships with the SACAs themselves, so there are some requests coming from the state agencies for support from VSO, and what I am keen to do is to make sure that that is all joined up, because at the end of the day it is about ENR helping to continue the support to SACAs. If we are doing it, whether it is through ENR or not is slightly irrelevant because actually what we need to do is to all work together to make sure that the SACA can implement the programme more effectively.

Mr Tall: Maybe I could make two additional points. The first one is to just draw attention to a category of possible victims of HIV/AIDS and those are the orphans and other vulnerable children. They may not be infected themselves, but they are certainly affected because of the loss of a parent or both parents in some cases, or because of a number of other factors. There is therefore a protection dimension of the HIV/AIDS pandemic that I just want to underscore so that we keep it in mind as we talk about response and access to retrovirals and other things. That is one point. The second point is around the way that funding is made available, particularly in Nigeria, through consortia bidding. There I would like to suggest that maybe within a given programme where things are outlined for NGOs like VSO, like Save the Children, like local civil society organisations in Nigeria, some of those resources could be earmarked separately and not as part of the overall competitive bidding so that NGOs can access them in line with the larger programme that DFID will have developed jointly with the Government of Nigeria such as ENR or PRIN or education and the like. That would make it a bit easier for NGOs who are not necessarily competitive at the level of those big consortia to be able to bring in that community dimension, that LGA dimension that those bigger actors have a hard time getting control of. It is to have separate earmarks for NGOs to come in, lined up with the overall programme, without going through commercial processes. There should still be

7 July 2009 Mr Aboubacry and Ms Julia Ajayi

some competition but not of a commercial bid type where you are in one programme but you cannot continue because camps get formed and people will “go to war against resources.”

Q85 Andrew Stunell: The ENR programme is a DFID-driven programme, is that right?

Ms Ajayi: It is one of the suites of state-level programmes. I also just wanted to mention about FLHE (Family Life and Health Education) which is a new part of the curriculum in Nigeria which some states have adopted and some have not. Just in talking about a co-ordinated response to HIV and AIDS and joining up between programmes, something like that which is within the educational sector but actually is part of the curriculum that looks at sexual and reproductive health, HIV and AIDS and general health awareness for secondary school children, is to me something that is very important and cuts across the different programmes. Being able to support that within the rollout and delivery; we are trying to do that and also advocating for that to be taken on board is another example of where we can use vehicles that are already there within Nigeria to actually make sure that we are delivering lots of different elements, not just through education or health because that cuts across.

Chairman: We are moving to education now. Mr Marsha Singh.

Q86 Mr Singh: Education in Nigeria is in a pretty dire strait, is it not, in terms of service delivery and Nigeria tops the world list of countries with the most out of school children, which is pretty poor, and the majority of those children are girls. I must express a slight disappointment that in neither of your submissions has gender equality really featured as a part of your submissions, but I would like to try and speed it up by asking three questions in one. What, in your experience and in your view, are the major obstacles that prevent girls accessing education? Do either of you know about the UNICEF Girls' Education Project which has succeeded in increasing enrolment of girls in northern Nigeria—if you can comment on that then I would be very grateful for your views. Then a thorny question really—DFID is supporting in the North Islamiyya schools which are trying to run some form of integrated Koranic and secular education. But should DFID be doing this or should DFID be concentrating on state schools?

Ms Ajayi: In terms of major obstacles for girls accessing education, certainly as you say the gender disparity is mainly in northern states. There are areas of Nigeria where actually the figures are completely reversed, so the culture in some areas is that actually the girls go to schools and not the boys—so there are particular and regional differences as we have talked about before. Overall, obviously, the picture is that girls have less access to education. There are many reasons for that and I know that there is a programme in northern Nigeria where they are looking at bringing girls who are hawking on the streets back into school, so often in the North you will see many young girls outside school hawking things in markets or walking around the streets and so on, so that

is one reason they are often taken out of school, to earn and to help contribute to the family. We know that there are problems with water and sanitation in schools so when girls hit puberty and there are no facilities in school it can be very difficult for them to stay on, and I know that Water Aid have been addressing some of that through their work. Obviously in the North there are areas where early marriage is part of the culture and girls are not expected to stay in school and some of them are not even starting school. Also, the aspirations for many girls from the family are that they will be married and therefore in terms of education, with limited funds to invest in children's education, the boys are seen as a better bet and more able to have a reward from the investment needed. Although we can talk about universal basic education we know that in Nigeria there are many fees attached to sending a child to school, so there is really not a totally free education system—there is uniform, books, often PTA levies and so on if not school fees. All of those factors are contributing to girls not being in school. I cannot specifically comment on the UNICEF programme, I do not know it well enough to be able to do that, but I want to pick up on your point about gender not being addressed in the submission. It is something that within our programme in VSO Nigeria we are very well aware of and I think I made reference to it earlier in that we know we need to do more in terms of our gender programming as well. As I said earlier we are looking at gender audits within our own office and our own staff and then within our partners to look at first of all what is going on before we then look at ways in which we can address those imbalances within our organisation, within our programmes and within our partner organisations. I take your point there, I think you are right and as the debate about gender continues I do not know if it is louder than it was before but certainly for us in VSO Nigeria and VSO generally it is becoming a much louder voice that we want to respond to.

Q87 Mr Singh: I make the point because women actually suffer the most from poverty and empowering women may be the way out of poverty as well which is why I think it is important.

Ms Ajayi: We have three programmes in Nigeria—we have education, HIV/AIDS and secure livelihoods—and within all of those programmes women are the target group. In HIV/AIDS it is also orphans and vulnerable children and in secure livelihoods we are going to be looking at rural women and support there in terms of access to markets. Although it is not specifically there, it is also running throughout the programme because we realise that we have to address those issues in Nigeria for it to make an impact.

Q88 Mr Singh: Do you have any comment on the Islamiyya schools?

Ms Ajayi: Islamiyya schools are not an area that we have worked in. My only comment would be that any interventions that can be shown to have some success are worth doing. It is a brave move by DFID and we need to be creative in our response. I do not

7 July 2009 Mr Aboubacry and Ms Julia Ajayi

think we should carry on just doing what we have always done, so it is a good move so long as it is properly evaluated and learning is taken from that. Islamiyya schools are certainly there to stay in northern Nigeria, they are not going to go away, so whatever one might think about whether they should or should not be there it is a very important part of the local education system, so a certain proportion of children are going to go to Islamiyya schools. We were talking about religious leaders and we know through other work how important religious leaders are and what a strong message of support to programme interventions they can give, and we certainly had experience of that in our HIV/AIDS work through SNR. If religious leaders—imams—are able to encourage girls going to school into Islamiyya schools and there is support to widen the curriculum that is a very positive move.

Mr Tall: Just two quick things, one on UNICEF's Girls' Education Project. Generally it has three elements: one is distance to school, where there is an issue that girls are not going to school because you have 10 kilometres to go to school. That is one factor that they try and address and get the schools as close to the community as possible—that is one. The second one is the presence of female teachers in those schools and the third one that Julia mentioned is water and sanitation facilities. Those usually are three of the factors that you would find in a number of girls' education initiatives that UNICEF would implement. If you look at those three, you have got at least the distance element often taken care of through Islamiyya schools because usually those are inside the community so they do respond to that factor, number one. Number two is that they are integrated, they are not just focused on learning the Koran, the curriculum is opened for students to do a little bit of maths, a little bit of English, a little bit of French, a little bit of history—that is literacy as well. If our objectives in part are to widen that young girl's horizon and to increase the number of years of schooling with an anticipated impact on fertility, on maternal mortality, on the health of the child, if we are able to cater to those objectives through public schools as well as other community schools, Islamiyya schools, it participates towards the same objective and it is a bold move that I think is worth supporting.

Q89 Mr Sharma: When we were talking about health we said that due to the financial difficulties people do not take it up and a similar thing happens when the priority becomes food or education and it is education which gets cut. How can we assist to meet the cost of that education for those families who cannot afford it, and are social protection programmes likely to be an effective mechanism in this respect?

Ms Ajayi: The support that DFID has given to some of the livelihood programmes, which we have not talked about, is very important because we need to look at being able to strengthen the livelihoods of the poor people that we are working with and for them to be able to access education and to have opportunities when they finish. I know that there is some DFID work going on with the private sector in

connection with some of the agricultural programmes, and that is certainly something we are looking at within VSO as well, so to me it is very important that we carry on doing that. Unless we can have some of the other interventions and social protection in place the value of education is lost so I cannot see that we would only support those without the other programmes around, so maintaining the integrated approach through looking at support to health, to HIV/AIDS and so on is very important.

Mr Tall: Definitely social protection should be one of the mechanisms, social protection defined as protecting or supplementing family income, social protection defined as—this all goes in the same direction—maybe certain fees being removed and families not having to pay them, whether that is bringing your own bench to school or bringing your own set of textbooks to school or, if it is a school lunch programme, there are a number of initiatives within the social protection programme that would be aimed at reducing the out of pocket expenses that families would have to put in to support a particular child going to school. There are other elements of the social protection programme where, for example, families choose not to send their child to school because the child has to work to contribute to the income of the family and where some substitute mechanisms mean the family might be able to engage in activities that would make that income while the child is going to school and leverage the going to school for whatever that supplementary income would be. Those would all be elements that can be part of the response to low involvement rates. The gender dimension we have covered; we have mentioned earlier today the need to hold other levels of government accountable for transfers that need to be made within the system. If the federal government is putting X amount of money in education in State A that, as part of the Publish as You Pay initiative, needs to be very specific and very transparent and cascaded down all the way to community level to engage communities in the management of those schools in partnership with the school authorities.

Ms Ajayi: I did not make any comment on the cost of education and you talked about fees. There are lots of hidden charges and some of the work to help support states to be able to draw down funds that have not been accessed by states through increasing the capacity of ministries of education at state level is commendable because obviously the more funds they can draw down the more will reach the school. One point that has been made by many heads that we have talked to is that they do not feel in control of their own school budget and often they do not have a budget deployed to them to be able to manage the school, so looking at that and again advocating for support at school level to be able to do that will then reduce some of the pressure on children and families having to contribute. One could make that assumption, but starting to have more funds coming down at the school level would be a positive move. When we talk about possibly supporting school fees we do need to talk about the quality of education at the same time.

7 July 2009 Mr Aboubacry and Ms Julia Ajayi

Q90 Chairman: We are coming on to that.

Ms Ajayi: Okay. Obviously, there is varying quality and quality is a real issue in schools at the moment. Many children are paying money to go to schools, sometimes in classrooms with very few teachers, so deployment is also an issue. Deployment in the health sector is an issue as well.

Q91 Mr Sharma: Before you go on let me put my question. We identified, as you said earlier, poor quality teachers, lack of school buildings and materials as the three major areas of weakness.

Ms Ajayi: Yes.

Q92 Mr Sharma: What action should donors be taking to support the three tiers of government—federal, state and local government—to address these three areas? You started answering the question rather than me putting the question first.

Mr Tall: Do you want to continue on that?

Ms Ajayi: Building the capacity, working with state ministries of education to implement the changes and reforms that they need to. I know some of those are going on in colleges of education and we are involved with volunteers in colleges of education in some of the DFID lead states in looking at entry qualifications for teachers into colleges of education and looking at teacher salary scales so that the professionalism of teachers and the teaching profession is raised again. Merely building schools, we all know, is not going to be a long term solution, and although there are infrastructural problems the actual school management is important, with support to heads to be able to better manage their schools, looking at continuing professional development of teachers and of heads, building up the capacity of inspectorate teams to be able to make schools, heads and teams accountable and also deployment. We have not mentioned deployment before but we know there are schools where they are overstaffed and rural schools that are understaffed, and we need to actually take that as a point of advocacy really to try and have a better spread of teachers into different areas.

Q93 John Battle: Could I ask about something we have touched on, perhaps as our last topic, and that is civil society, because there is a general view that there are a lot of organisations in civil society, but the question would be how effective and how representative they actually are. Would you like to say something about their effectiveness in Nigeria?

Ms Ajayi: Yes, I would love to, because civil society is key to what we all do. I do not think we can only work with civil society, we have to work with government—and we should do at different levels—but the fact is that many civil society organisations, and if we include within that religious organisations, though we might not call them civil society organisations, are carrying out service delivery in Nigeria.

Q94 John Battle: When you say “religious” do you mean churches and mosques basically as formal organisations.

Ms Ajayi: Yes.

Q95 John Battle: Not the subsidiaries of those organisations.

Ms Ajayi: No, as formal organisations. Together much service delivery is happening because of those groups. Yes, there are opportunistic civil society organisations or NGOs, yes there are some that do not have legitimate constituencies, but we know that there are also organisations which are working at community level delivering holistic programmes that are really making a difference. We need to know who they are, we need to work with them and we need to make sure that the work we are doing with those organisations complements the work that often other organisations are supporting them with. There are legitimate civil society organisations and having worked in Nigeria 12 years ago I have seen a growing movement which is very positive.

Q96 John Battle: Quite clearly when you look at civil society organisations you look to NGOs and groups who are campaigning under health, the walking group, the group that deals with racism, but you would not go to the mosques and the chapels and the churches. Advocacy groups are different from the religious groups but is it these churches and mosques that are actually directly providing services in Nigeria?

Ms Ajayi: Some of the bigger churches do. Thinking about ECWA, COCIN and some of these very large churches, they have very big social protection programmes in all areas and some of them are providing services. We talked about their congregation volunteering in home based care and so on, so they are doing a lot of work and are supported obviously by some of the other organisations.

Q97 John Battle: To develop the capacity of civil society organisations what should the donors, including DFID, be engaged in doing practically? Should they be going to the mosques and the churches and work with them or should they be working with interest groups? I think of civil society as being tenants’ movements or residence groups and that kind of approach really, community action groups. Is that the need, or how do you see donors working to develop the capacity of civil society?

Ms Ajayi: It needs a longer term approach. Developing the capacity of civil society organisations cannot be done overnight so there needs to be a long term commitment to working with civil society and a long term commitment to the organisations being able to make a difference, and a recognition that civil society has a role to play. That has not always been the case and the first step in that—and it is something that we are looking at—is organisational assessment of organisations. We are doing that over long periods of time, to actually say what is an organisation’s need, not just is it an issue-based organisation.

Q98 John Battle: For example, I know from work in my neighbourhood that there is a site for travellers and gypsies, so I would ask are they included or are

7 July 2009 Mr Aboubacry and Ms Julia Ajayi

there some groups left out? I am assuming that that is true in Nigeria as well, that there are some groups that have not been developed strongly enough to have a voice. Would you be in your assessment seeking out those groups that are not represented and do not have a voice? They could be rural migrant groups—I am thinking of nomadic people and so on.

Ms Ajayi: Yes, we do, we supported some work with nomadic schools in Nasarawa State so, yes, there are and I actually think that the programme funding for us, for example, through DFID and other donor funds, is where we are able to support those organisations, because they are organisations that do not have the income or even the organisation to be able to do that. We are, through additional support, able to do that and often with our volunteers that is sometimes an additional involvement that they have, so they are doing it alongside their main role.

Q99 John Battle: Bringing groups together around themes nationally, do you get involved in that as well?

Ms Ajayi: Yes, and again that is something we have been able to do with DFID funding, to bring our partners together within HIV/AIDS programmes to look at advocacy, to look at work with certain groups, and in education as well looking at skill-sharing between volunteers and their partners.

Q100 Chairman: Given the issues, especially in the North, do there need to be more and stronger groups for women and girls because there seems to be a lack of advocacy there. We did meet one particular group which was a Sharia Women's Group but we got the impression that there was not really enough activity on their behalf generally—that that was an exception in other words.

Ms Ajayi: Yes, I would say that we need to seek out those groups and we need to do more work with them and certainly when we strengthen our gender work that is something that we will be looking to do, and also developing relationships with national level organisations like the Women's Development Centre, the Federal Ministry of Women's Affairs, the Women in Nigeria State Chapters in some states which are also quite strong.

Mr Tall: There is maybe one group that we may not often focus on and that is all the national diaspora. If you take a particular state or a particular community there may be many citizens of that state or that

community that live elsewhere in Nigeria, and they usually contribute a lot through remittances, through other forms of engagement, in development back in the areas where they come from. Usually they are in associations—village development associations, state development associations—which could probably be useful partners at a state level or a local government level which usually do not figure clearly in our plans. Julia mentioned the national level issue-based ones that might be useful—for example, there is a fairly effective organisation in the health area which is a national, advocacy-based civil society think tank on health issues that is able to help drive a number of elements on the health debate around the country. Those may be useful and similar ones may be focusing on some of the gender elements and some of the social cultural practices that may be part of the problem in northern Nigeria. Another obvious partner is that there is usually a national ulemas and religious leaders' association that might be useful to draw in to address some of the disparities that we see in Northern Nigeria as well.

Ms Ajayi: I do think that civil society organisations have a real challenge in terms of accessing funding and the reality is that if they are to do work they will need to be able to access funding, and some of our support has been through helping them look for funding strategies and where to access funds but it is an ongoing challenge.

Q101 John Battle: Everywhere.

Ms Ajayi: Everywhere, I agree, but particularly in Nigeria.

Q102 Chairman: Thank you both very much indeed for all of that, it has certainly added a lot to our understanding of the issues. As I say, we have the Minister next week and our report will be produced during the course of the recess. As I said at the beginning it is a challenging environment, but on the other hand there are people like yourselves engaged in it along with DFID. The way DFID put it to us is that sometimes getting results in a big picture can be depressingly slow or invisible and you have to celebrate the small victories on the way and then hope that gradually they will coalesce into something bigger. Thank you very much for coming to give evidence.

Ms Ajayi: Thank you.

Mr Tall: Thank you.

Thursday 16 July 2009

Members present

Malcolm Bruce, in the Chair

John Battle
Hugh Bayley

Mr Virendra Sharma
Andrew Stunell

Witnesses: **Mr Gareth Thomas MP**, Minister of State, Department for International Development, **Mr Eamon Cassidy**, Head, DFID Nigeria and **Ms Beverley Warmington**, Director, West and Southern Africa, DFID, gave evidence.

Q103 Chairman: Good afternoon, Minister. Eamon, good to see you again after our travels together. It is nice to see you here in London. Perhaps formally for the record, Minister, you could introduce the team.

Mr Thomas: Eamon Cassidy is head of the DFID Nigeria programme and Beverley Warmington heads up a number of our Africa programmes, including having responsibility for our programme in Nigeria.

Q104 Chairman: First of all, Minister, I appreciate it was out of your control and you were not able to make the planned visit to Nigeria before this hearing. Do you have a firm intention to make the visit and are you in a position to give us any indication of when that might be?

Mr Thomas: I have firm intentions to go Nigeria but I cannot give the Committee a sense of the date yet. I hope soon.

Q105 Chairman: Obviously this is the last formal evidence session and we appreciate that it was not anything you had control over. In a sense, it is perhaps unfortunate from your point of view.

Mr Thomas: It certainly is unfortunate.

Q106 Chairman: I am sure when you do go you will have as interesting a visit as we did and you will be very well supported. Perhaps I can put on the record that we very much appreciated the work that you, Eamon, and your team put in, because you did make the visit extremely busy but very constructive and worthwhile. We learned an awful lot which is why we have such a huge number of questions. We discussed during our visit the Country Partnership Strategy with the World Bank and the idea of operating in lead states, those that were described as well performing, but I think that was defined as having a governance scenario that you could work with. Obviously what comes up in that is the problem that you leave out the states that are worst run and have the worst problems. Is that approach likely to change? Is it likely either to end or are you likely to move into a different mode, a different mix, as the strategy moves forward?

Mr Thomas: I think the general strategy of picking a number of states in which to work at a deep level will continue. As you will I am sure be aware from your visit and from the evidence that we have submitted, although we work in four states in a deep and significant way, our aid programme touches a much larger number of states—indeed 21 of the 36 states—

and some of our programmes, for example those on health, are determined as much by where the highest prevalence of particular challenges are as by whether or not we have a deep level of engagement. In general I expect the strategy to stay the same. Obviously we will talk to our partners through the CPS process and to government, both at ministerial level and at Eamon's level, with the National Planning Commission with whom we identified initially which states we would work in. I gave the indication of the fact that we work in a broader range of states as well. Often we have been asked to extend particular programmes that we have had in a number of states into a broader range of states. I think for example of our work with the police where we were again working with a smaller number of states. The government wanted to extend that and our programme has allowed us to do that.

Q107 Chairman: That being the case, in the conversation we had with the Federal Government they obviously took a somewhat different view. We had mixed views but obviously some of them were saying, "Well, we really need you to engage with the poorer states." I think that raises two issues. One is, given the objective of the Paris Declaration and other coordination agreements, is there a danger of us deciding the programme rather than the government of Nigeria having leadership and ownership of the programme, accepting that some of them understood that it is a very big country and if you spread too thinly you cannot achieve? Nevertheless, I think they were looking for a slightly different approach from the way the British Government is approaching it.

Mr Thomas: Across DFID in general we would want to see our way of doing business as being about a partnership. We recognise that we have particular strength that we can bring to a discussion with any government and that there are some areas where frankly we are not strong. We do have to look at the areas where we have, if you like, a comparative advantage, to use the jargon, and be honest with government about that discussion. Where government has asked us to extend our programmes, we have sought to be as helpful as we can be. Equally, at the same time, we do have to recognise your point that if you spread yourself too thin you start to lose your impact. Underpinning the choice of states has been a desire to think through where we can have most impact through the resources we bring. Some of the states—for example Jigawa—are amongst the

16 July 2009 Mr Gareth Thomas MP, Mr Eamon Cassidy and Ms Beverley Warmington

poorer states in Nigeria. I do not think it is a fair characterisation to suggest that the states we work in are necessarily the best states—for example, those with best governance and the fewest problems. The states we work in have very significant challenges.

Q108 Chairman: To be fair all the states in Nigeria have significant challenges.

Mr Thomas: That is probably true. We think the states we are working in have very particular challenges in some cases. There is a process by which you can share with governments if you are sensible the lessons you learn from where you are working. Through the National Planning Commission we do share our experiences with government. There is a fledgling governors' network which again provides us with an opportunity to share best practice and there are other fora that are potentially being developed, a sort of nominal peer review mechanism, which may again provide a way of providing further advice from our deep engagement states more broadly.

Q109 Chairman: Do you think the Federal Government can learn from DFID's experience and replicate? That seems to me one of the benefits you get. If we are able to operate in a number of states and show success in terms of defined targets, does the Federal Government really have the capacity to learn from that and say, "Right, we can now fly these with or without DFID's help in other states" or with or without the partnership?

Mr Thomas: It is not even just the Federal Government. Other states have looked at what DFID is doing in some of their neighbours or elsewhere within Nigeria and wanted to try and replicate some of the successes that we have had. To give you an example from one state where we have worked in terms of Lagos, where our support has helped the state government to be able to triple its revenues, we are now beginning to think through as a result of the question the Kano state—both deep engagement states, I accept—and whether or not there is work we can do with them similarly to replicate the successes that there have been in Lagos.

Q110 Chairman: Has the new Country Partnership Strategy been signed off by DFID? Is it finalised? Is it agreed?

Mr Cassidy: It will be going to the Bank board on the 28th.

Q111 Chairman: Is that the final version?

Mr Cassidy: That is the final version.

Q112 Chairman: Given that this is now expanding it to include USAID and the African Development Bank, what do you think will be the difference of adding those two partners?

Mr Thomas: In terms of dramatic changes, I do not think there will be dramatic changes because we have been effectively cooperating informally with USAID for some time and we have very close links with the African Development Bank. What it does seek to do, if you like, is to formalise the informal

cooperation that there has been already. We are getting better at sharing analysis together and thinking through where each of us can work best and where each of our programmes are making most difference. I think it will be a process of evolution rather than revolution to perhaps offer up a trite phrase but nevertheless an accurate phrase. I do not think there is going to be dramatic change. It is more another step in a journey, if you like.

Q113 Chairman: Is there any indication of other donors not joining the partnership, working in any kind of constructive conjunction with the partnership?

Mr Thomas: I do not know how much chance you had to focus on health but we have an arrangement with Norway who have I believe a £20 million or £25 million programme of support in which they have located somebody in our office working with us. That is another way in which another donor is providing support.

Q114 Chairman: If DFID is partnering with another donor in that way, you will obviously have a mind to how it fits with the strategy so in a sense you can impose those arrangements if they are working with you.

Mr Thomas: That is true. I think the other donor that we would want to bring more formally in at some stage is the EC. There has been a particular challenge around the leadership of the EC delegation in Nigeria.

Q115 Chairman: That is why we did not manage to meet them.

Mr Thomas: When that issue can be resolved hopefully that will provide an opportunity for us to see whether we can bring them into the network.

Chairman: It is a fundamental, practical problem everywhere you go in Nigeria.

Q116 Mr Sharma: Whenever anybody goes to Nigeria they realise that electricity is the main problem. The supply is not enough there. How can DFID support the Federal Government in reforming the power sector?

Mr Thomas: We have a programme called the Nigeria Structural Advisory Facility which is working with a series of government departments that focus on infrastructure, power being one of those areas. Probably the biggest challenge in terms of infrastructure in Nigeria is the lack of effective project management capacity, so just people who have experience at implementing and delivering programmes of support. One of the things we are doing with the Ministry of Power is trying to build their capacity to plan out the expansion of access to electricity and then their ability to control the grid, the transmission, distribution and the systems. It is that technical assistance, the transfer of ideas and expertise, that we are seeking to offer up to the Ministry of Power to help begin to tackle some of those problems.

16 July 2009 Mr Gareth Thomas MP, Mr Eamon Cassidy and Ms Beverley Warmington

Q117 Mr Sharma: What would be a realistic objective in terms of increasing supply from the grid?

Mr Thomas: I think it is a realistic and achievable objective if you have in place the systems to make that happen. Nigeria because of its history of military rule, in which the systems that we would take for granted in the UK to do budgeting and planning, to manage finances effectively, simply were not there to the extent that we would recognise. You have that huge legacy of a loss of effective civilian capacity in key ministries of which power is just one very good example. Part of the development challenge has been how do you build up that capacity to manage things in a more effective way, to plan for the long term to bring more access onto the grid. I do not think it is something that the UK can do on its own. We have to work with other donors and the political will has to be there from not only the Federal Government but at state level.

Q118 Chairman: It is such a central and obvious problem. In both Kano and Lagos we heard that businesses were moving away out of Nigeria altogether because of the unreliability of the power supply. If you cannot solve the electricity problem, how are you going to solve the jobs and employment problem, which I know Mr Battle will want to explore more deeply? Does DFID accept that that is fairly central to a development strategy for Nigeria?

Mr Thomas: I am not going to suggest that we can solve the problem overnight. I do think we can help the Nigerians make progress and that is certainly what we are seeking to do. There is a whole range of other challenges in terms of creating economic growth and jobs, some of which are linked to power but many are not purely linked to power generation. I think there are other ways in which we can do this.

Q119 Mr Sharma: Primary health care is near a state of collapse. What would you identify as the main weaknesses of the system and how effective has DFID's PATHS¹ programme been in addressing those weaknesses?

Mr Thomas: I think there would be three particular problems that I would highlight in terms of health care. Who does what is not clear in Nigeria in terms of having responsibility for health. If you take the three different levels of government in Nigeria, federal, state and more local level, it is not clear who should do what in what circumstances on health care. The funding streams behind that are often highly complex as well as being inadequate in terms of levels of funding. That would be one. Health workers are unequally distributed, so planning out how you get the doctor in the rural area and in the right urban area and the community health workers etc., to support them is ineffective. As I alluded to in terms of your question on power, those broader public sector issues about planning, budgeting and holding people to account for how they spend money and how they organise themselves, you have all of those challenges as well. How successful have we been? I think we are beginning to have some

impact. We are working in four states and the intention is to expand that to another two. It is about trying to help put in place the public financial management systems to get more investment in health care and frankly help to get a more sensible distribution and allocation of those resources that are already there that can be used to get those used more effectively.

Q120 Hugh Bayley: In 2001 the Abuja Declaration committed Nigeria to spending 15% of government revenues on health. Currently they spend about a third of that, 4 or 5%. Why has there not been more progress in increasing state spending on health care and what can your department do to encourage and help the government of Nigeria and governments locally in Nigeria to increase spending?

Mr Thomas: It is not just health care where all of us interested in the MDGs² would want to see more progress. I think it is across the piece in terms of the poverty reduction agenda. There is a series of challenges for governments, some of which we have touched on in terms of the basics and in terms of public financial management. There undoubtedly is a very significant corruption challenge and frankly the ability of Parliament and grass roots organisations to hold government in terms of politicians and officials to account for whether money is being spent properly and whether sufficient money is being put into particular services is nothing like as effective as I think any of us would want it to be. What can we do about that? We can try and strengthen the ability of the National Assembly to hold the Federal Government to account. We can try to replicate that work at state level. We can help to try and build up demand from grass roots level by working with civil society organisations and the media so they are sufficiently knowledgeable to ask the challenging questions of politicians and officials. We have various mechanisms of support for doing exactly that.

Q121 Hugh Bayley: The prime argument for that enormous debt write-off which the Paris Club did and which we were a very large contributor to a few years ago was that, if the government of Nigeria was paying less in interest on historic and odious debt it would have more resources available for basic human needs, including health. I really think we, as one of the architects of that debt write-off, ought to be making the case that more should be seen in terms of health spending from the Federal Government. I hope very much that is one of the issues you will put to the government when you visit Nigeria. I wonder if you or one of your civil servants could spell out some of the things that you think could constructively be put to the government, because until the resource is there Nigeria will not make progress on the health related MDGs.

Mr Thomas: I think that is true. If that is one of the recommendations of the Committee, then of course I will consider doing that.

¹ DFID's health programme in Nigeria.

² Millennium Development Goals.

16 July 2009 Mr Gareth Thomas MP, Mr Eamon Cassidy and Ms Beverley Warmington

Q122 Hugh Bayley: You may have gone before we write our report.

Mr Thomas: I will take that away, certainly. There are a series of things that we have done which will have a benefit in terms of spending on the MDGs in terms of health care related to the debt relief deal, some of them securing some of the macroeconomic reforms which are both necessary to secure the debt relief but which have significance in terms of economic growth and foreign direct investment anyway. We have also funded government offices so that they can monitor how the savings from the debt relief deal are being spent and coalitions of NGOs similarly to do the same. Some of the debt relief money is helping to incentivise the states to put money into MDG related projects. Essentially, some of that debt relief money is helping to fund matching funding from a federal level to be invested in MDG related projects. There has been a direct benefit in terms of health care, but I would accept maternal mortality for example as being one classic example where much more clearly needs to be done in terms of health care in Nigeria.

Q123 Hugh Bayley: We had the benefit of a meeting with the head of the President's monitoring unit on the gains that came from debt relief. Some useful analytical work is being done but it should not divert our attention from the need for the people of Nigeria, those who are in a position to contribute to the state, to build up their own resources for health care and the need for the Nigerian people to contribute, for the government to raise revenue and to apply it to health care. The Health Minister told us about his plans to develop a health insurance scheme. I wonder what potential this has to make a difference in health care provision in Nigeria, particularly for poor people who will not of course by definition be making contributions. How is DFID assisting with this?

Mr Cassidy: At the moment there has only been one experiment with this at the state level and that has been in Kwara state. That has been quite an interesting experience. It is early days yet. This is something which is fairly new to Nigeria. Over the last couple of years there has been an increase in the number of private companies that are offering health insurance, so I think you have seen quite a lot of urban people taking that up. We are probably quite some way from a functioning health insurance scheme for poorer people. We do not have a basic income tax system for example yet and I think we need to build up that sort of tax base before you can do anything and I think that is a bit more difficult to manage. There is potential there for that to happen.

Q124 Andrew Stunell: Another aspect of health is the maternal mortality rates for Nigeria which are absolutely dire and probably even worse in the north than they are in the south. We saw some of the evidence. We saw some of the work that is going on and clearly one of the issues is the lack of skilled birth attendants to assist mothers. We also saw some evidence of two different plans. Plan A is to have doctors and midwives and plan B is to skill up the

traditional birth attendants. I wondered if you could say something about which of those DFID thinks it should be following, bearing in mind that I certainly heard evidence while we were there that there were people on both sides of that argument who seemed to be engaged on our projects.

Mr Cassidy: There are some differences of opinion on this. The use of birth attendants is not a particularly widely spread tradition in the north of Nigeria. To a large extent, women tend to give birth on their own. The real reason behind the extremely high levels of deaths is the absence of health services. It is not, I think, necessarily that there are not birth attendants there. When things go wrong, there is nowhere to which the woman can be referred, so it is really an issue of lack of health services rather than the birth attendants necessarily. There is a group of people called CHEWs, Community Health Extension Workers, and they are now being upskilled also to be able to give, if you like, reactive help. I am not sure that bringing in a model from elsewhere and the use of TBAs (Traditional Birth Attendants) would necessarily help. I think there is a need in one or two areas to maybe think about that, but again it is the access to basic referral services that seems to me to be the basic problem.

Q125 Andrew Stunell: There is clearly a net shortage. The evidence we took from some of the people working on the project was that in fact, when a problem is not detected, the basic monitoring that might be provided by a birth attendant or a post-birth attendant is not available. I also heard different evidence about what the right way of correcting that was. I am just wondering whether you could just explore that point for us.

Mr Thomas: I think we would accept that there is not enough support to monitor when women get into difficulties. Not only that; there often is not good enough access to health care and doctors to deal with those problems once they have been spotted. As Eamon was alluding to, the community health extension workers are beginning to be trained in the life saving skills that are necessary and other parts of our programme are trying to fund and support the expansion of access to obstetric care so that you can begin to deal with the broader issues around maternal mortality.

Andrew Stunell: A lot of those women's mortality at birth issues are about detecting a problem in the first hour, not whether or not they can be referred to a clinic or a hospital further away.

Q126 Chairman: Or even before they go into labour.

Mr Cassidy: Part of the problem is that there is not regular monitoring during the pregnancy. It is not necessarily that you suddenly get a problem during the birth. I think there are problems that are not being picked up during the nine months and that is again because of the lack of access to basic medical services.

16 July 2009 Mr Gareth Thomas MP, Mr Eamon Cassidy and Ms Beverley Warmington

Q127 Andrew Stunell: Since we visited, we have taken some evidence from Save the Children about the project in Gambia which seemed to rely on non-medical female village leaders, for want of a better word, to be operating some kind of early warning service at a level of discussion, if you like, rather than medical intervention. Is that something that you would consider looking at in relation to northern Nigeria?

Mr Cassidy: Yes, absolutely. That was very interesting evidence and we will certainly look at that.

Q128 Andrew Stunell: You have mentioned the fact that there is a problem with women giving birth alone and that obviously brings up a whole range of cultural, religious and other difficulties. Underpinning that is the status of women in society and their lack of power over events. To what extent can DFID play a part in developing those cultural approaches to reduce maternal mortality?

Mr Thomas: In most of the areas where we work in terms of maternal mortality, there is a process of talking to key leaders in local communities. It has certainly been part of our work for example on polio elsewhere and in terms of maternal mortality you have to have a conversation that does on occasion begin to challenge some of the gender stereotypes in order to get support for better access to services. I think through the broader programmes we can do some of that general work, but the question of the position of women, as you will recognise, is far more complex and the response needs to be much more broad ranging than just around tackling health issues specifically.

Q129 Chairman: Gender issues will also raise themselves in education but before getting to that we were looking at basic statistics in the brief you supplied to us. Nigeria has the most primary school children out of school, eight million estimated and an enrolment of around 63% of school age population which has not changed much in the last decade. Its performance in terms of the basic MDG of getting primary children into school is poor and they are not making a lot of progress. The indications are that the quality of what is being provided is also not very high both in terms of buildings and in terms of quality of teachers and so forth. We saw the Education Sector Support Programme (ESSPIN) which has been sponsored by DFID. I appreciate that that is really designed to try and address this but first of all can I test what proportion of children in Nigeria do attend state schools, given we also realise a lot of them are in non-state schools, whether they are religious or otherwise, and being provided with free education. Do we have statistics for that?

Mr Cassidy: I do not have an exact figure on that.

Mr Thomas: We will try and provide it.

Q130 Chairman: Is that partly because they do not keep them?

Mr Cassidy: I think it is partly that. Data are extremely poor.

Q131 Chairman: Education may be provided but there is a strong school uniform culture. There is inadequacy in terms of books and materials. In a sense, there is a whole load of not immediately visible obstacles. Is there a role for DFID in perhaps plugging that gap, so where a school place is being offered, whether it is means tested or whether there is a mechanism for providing for poorer children and some assistance in the essential equipment, has that been considered? Indeed, is that part of the ESSPIN programme?

Mr Thomas: I think there are two answers to that. The challenge for us in terms of education as well as for the other MDGs is how can you use the money and the people you have available to you to make most impact. There I think our interventions have to be as strategic as possible as opposed to being very specific in terms of providing help to a particular individual to get to school. Having said that, we work very directly with UNICEF, particularly in terms of trying to deal with some of the issues around education for girls. We have had success there in dealing with some of the reasons why families have been reluctant to send their girls to school for example. We have seen, we estimate, a 15% increase in girls attending education to date. I would not want to make grand suggestions to you in terms of the quality of educational experience that we have yet seen. It is relatively early days in terms of our education sector programme. In terms of attendance, we are beginning to see an increase.

Mr Cassidy: There is a whole host of fairly complicated reasons why it is that boys and girls do not go to school, particularly girls. Part of it I think is to do with infrastructure. Part of it is distance. Part of it has to do with cultural reasons. Part of it has to do with simple value for money. Parents do not think they will actually learn anything and may be put at risk as a result of leaving home. We try through the ESSPIN programme and also through the Girls' Education programme to come at this from a range of angles. I suppose firstly through ESSPIN what we are trying to do is to recognise that the state has to be responsible for education, not DFID. We are trying to help them to build a system, to plan, to manage, to budget and to monitor, also looking at issues like for example teacher distribution and teacher quality. As part of that we are also working with the government on issues like infrastructure, water and sanitation. We are helping to do some piloting there. We are also piloting through ESSPIN a programme of grants to individual schools. I think the school that you saw when you went to Kano will be one of those which will benefit from this pilot scheme of giving grants so that the management board can decide what the best thing is they can do to try to increase the level of enrolment. Also through the UNICEF programme we fund the GEP programme, the Girls' Education Programme. We are now doing some interesting piloting as well in one of the states—I think it is the Niger state—where they are bringing girls in from the rural areas basically to train them to be teachers so they can go back to the rural areas. One of the big blockages also is that parents do not want their girls to go to school

16 July 2009 Mr Gareth Thomas MP, Mr Eamon Cassidy and Ms Beverley Warmington

if they have male teachers. Female teachers are also a major part of the answer. That is an interesting experiment that we want to monitor very carefully.

Q132 Chairman: Coincidentally, when we were visiting the health clinic, if you recall, part of the difficulty this Committee had with having no women on the Committee was that Members of the Committee were not allowed to go into the house to see the bed net that had been installed. It was left to our clerk and other DFID female officials to do that. We had to stand outside. In the process of the conversation, it was pointed out that the covered area we were standing beside was actually a school for 30 or so girls. In a conversation with one of the local elders I said, "What are they learning?" He said, "They are just learning the Koran by heart." I said, "What else are they learning?" He said, "Nothing else. They do not need to learn anything else. They will be married off by the time they are 13. That is all they need to know." I did have a further discussion with him where he acknowledged that maybe Islam had had higher aspirations in the past. When we went to the Islamiyya School, the formal school, which of course is in a town as opposed to a rural area, the genders were 60% boys, 40% girls, but still a high proportion of it was Koran teaching with an increasing secular element. Interestingly enough, when asking the girls what it is they liked most, their answer was learning the Koran. It was difficult to get at whether that was what they really meant or what they thought they ought to be saying. Clearly there was pressure from parents to say, "We want our girls to learn more maths, English, social studies" and so forth, more than the states were prepared to provide. That was basically the dilemma. How can DFID engage with the states if the objective is to get the state to deliver? What can DFID do to try and push that in a more positive direction? What you just said about training young girls to become teachers to go back to their villages is clearly a positive step in that direction.

Mr Thomas: We are working very directly with the Kano state on an Islamic education strategy to encourage more of the Islamic schools to take on more of the core curriculum. I hope over time, from the experience you had with the specific school, if you go back in two or three years' time, you will be able to see a marked change in that way. We need to recognise that the Islamic schools do enjoy significant parental support. Our strategy to try and work with the state and with both types of schools, government schools as well as the Islamic schools, is the way in which we are likely to make most progress in terms of raising educational standards and getting people into school in the short term.

Q133 Chairman: I think it would be fair to put on the record that it was the head of the governors who was himself a teacher who quite explicitly stated that they did not wish the state to take over the school. They wanted to maintain their independence and it would therefore be the Islamiyya School. What they did want was for the state to provide more secular education within the school. I take the point that

that is a balance that has to be struck. If the state pushes too hard, then I guess the school will back off. The pressure seemed to be coming in that sense from the school and from the parents, or at least from some of them. It is difficult to know how representative they were. How many schools does the DFID programme engage with? We saw the one and obviously that was just a sample school but how many schools are involved?

Mr Cassidy: We are working in three of the education districts, the local government areas. I cannot remember off the top of my head how many schools that involves but we are looking this year for example, with the grant scheme, at 315 schools particularly on that pilot scheme.

Q134 Chairman: It seems to me that it very quickly becomes apparent within the north of Nigeria that the status of women and girls is critical to develop. Until you address that issue, you are not going to get the economic activity. You are not going to get the improvement in health and education that is needed.

Mr Thomas: With respect, I think that is true worldwide.

Q135 Chairman: It is especially true here.

Mr Thomas: I accept it is particularly true in northern Nigeria.

Chairman: I think it is an exceptionally obvious difference.

Q136 John Battle: I would like to ask about employment opportunities and job creation. In the DFID evidence on page nine there is a challenging figure. Less than 10% of the 6 million new entrants into the labour market have any chance of getting a formal job. It seems to me that providing jobs is a massive challenge sometimes said to be underplayed in the Millennium Development Goals. I just wonder if you could say what you think are the main obstacles to job generation rather than job creation, because lots of people in Nigeria seem to think the state should provide them with a job. What about development of the private sector, the skills gap, the business environment? You mentioned infrastructure and electricity but perhaps wider than that what is your general view on employment prospects?

Mr Thomas: I think there has been a mindset issue until very recently in the sense that getting access to oil revenues was the prime source of ambition for many in Nigeria, both in terms of power but also in terms of employment. That has begun to change in quite a significant way. There is a series of opportunities in our view opening up to work with a number of states, as well as to work with the Federal Government to try and look at some of the issues around the business environment, so questions around access to land, taxation issues, access to finance and the quality or not of regulation. There are of course then the infrastructure challenges that we touched on with Mr Sharma, power and transport more generally. We are working on and are close to finalising a new programme on employment through growth in a number of states, which would

16 July 2009 Mr Gareth Thomas MP, Mr Eamon Cassidy and Ms Beverley Warmington

seek to do further work on the business environment in a number of states, but also would seek to work in particular value chains. For example, meat, leather and, secondly, construction, looking at the particular obstacles in those industries for further employment. We have done some estimates of the potential new jobs that could be created in some of those areas which we would be happy to share with the Committee. The intention of that new programme is to focus our work on four states, Kano, Kaduna, Lagos and Cross River. It is a programme that will work with the World Bank and we are hoping as ministers to complete the approval programme for that work so we can get cracking very soon.

Q137 John Battle: In the White Paper that was published just recently there were again very encouraging and ambitious targets to create 7.5 million jobs in five fragile states and one of them is Nigeria. Encouraged by that figure, it tempts me to ask you to break it down and say how many will be in Nigeria. If we were to put the template of that ambition in the White Paper, is that job creation programme the same as the Growth and Employment in States programme with the World Bank that you would be funding? Is it part of that programme? Is it ancillary to it? Is it extra money that is coming in, in the White Paper, to the money that you already planned, or will there be a different pot of money to supplement what you are doing already with the World Bank? How do you relate that passage in the World Bank to the ambition that is there in the Growth and Employment in States programme with the World Bank?

Mr Thomas: As we were drafting the White Paper, we were thinking about the work that was underway to prepare the Growth and Employment in States (GEMS) programme. Our estimate is that we can potentially create 100,000 direct jobs through the GEMS programme and potentially more generally improve about 600,000 livelihoods. There is very significant potential through that work programme. Just to reassure you, we are relatively joined up in the department. The GEMS programme was very much in our mind as we were drafting the White Paper.

Q138 John Battle: You would be able to stand up those jobs in terms of sector? I am not wanting you to name everybody who has a job and where. It seems to me that some good work has been done in that analysis. To give that kind of projection is very encouraging and it could apply in a lot of other places as well. Some of it is in those five countries but in Nigeria you have really drilled down to say where those jobs will come from.

Mr Thomas: A considerable amount of thought and effort has gone into preparing the programme, working with the World Bank and thinking through particular value chain sectors, to use the jargon, where we might have most impact most quickly and be able to quantify the impact of our work.

Q139 John Battle: Could you say how many jobs by 2013 or 2015 and what sectors they were in? That projection could be laid out for us if we were to ask for it?

Mr Thomas: We would be happy to provide you with the further analysis that underpins the thinking behind the sorts of figures I have given you. Whether we want to say exactly how many of the 100,000 are in a particular sector or not I would want to reflect on before I rush to give you that level of detail of our estimates. We have tried to be as conservative as possible in the estimates that we have worked up, precisely because you do not want to create expectations that you cannot fulfil.

Q140 John Battle: The methodology of how you have done that, how you have focused on the sectors, could be very encouraging, not only in Nigeria, not only in the south.

Mr Thomas: Am I being too bold, Mr Cassidy?

Mr Cassidy: I do not think so. There is some very detailed analysis that underpins this. The GEMS programme is based on a whole series of business climate surveys that we did at the state level right across Nigeria. We have done ten states. This is the first time this has been done to international standards at the sub-national level. That yielded really interesting results for what the obstacles were to private sector development in those particular states. That is what we have used for the GEMS programme. The numbers are pretty robust. Again, it is very hard to predict when it will happen because what we are really keen to do is not just to have jobs. These have to be real jobs. This is not digging holes and filling them in again. These are real jobs, real industries and real sectors and people making money out of them. That has to be based on real growth. To do that you really need to tackle the obstacles to growth at the state level and get business growing and hiring people because they actually need them to work, not just simply to create jobs.

Q141 John Battle: We should not decry job creation schemes. Digging roads and things is a good thing to do and even building community centres and the rest of it. We have done that in Britain but whether it is sustainable employment generating money that then pays into the tax system as you would want is a different order of magnitude altogether. It is also the methodology of how this has been developed, because I think it is well overdue in a way and you are there at the forefront of it now.

Mr Cassidy: If it would help, I can certainly pass to the Committee the very detailed analysis that underpins the programme. There is some very technical, economic analysis if you are interested.

Q142 John Battle: Yes, please. Moving to financial exclusion and access to finance, I did not go but the Committee met the head of the Enhancing Financial Innovation and Access (EFINA) programme to look at financial exclusion and people without a bank account basically. What do you expect from that programme?

16 July 2009 Mr Gareth Thomas MP, Mr Eamon Cassidy and Ms Beverley Warrington

Mr Thomas: We are hoping that we will be able to widen access to formal financial services by about five million adults by 2011. One of the lessons from other access to finance programmes that we have had in other states, notably Kenya, has been the way in which you can use mobile phones to help get access to formal financial services. Some of the work that EFINA will fund will involve projects and new technology to get access to financial services.

Q143 John Battle: I think it was two years ago when Paul Mason was on *News Night* travelling through Kenya. He was asking people if they had a mobile phone. That might well have been DFID supported. He stopped on the roadside and asked some women who were just moving cattle along did they know what a mobile phone was. One pulled one out and said that once she got to market she would be knowing the price of the goods. Are DFID behind that programme, that move to the mobile system?

Mr Thomas: The EFINA project will help to fund potentially a series of projects using that sort of technology. The access to finance work in Nigeria but also more generally that we fund across Africa and Asia is very exciting because access to finance is one of the key blockages in helping people achieve access to the things that are calibrated in terms of the Millennium Development Goals. There is very little formal conversation at political level often about access to finance. One of the joys of coming back full time into the department is that I have again responsibility for our growth policy work. I am very keen to give a further push to see what else we can do in terms of access to finance.

Q144 John Battle: We once did a report a few years ago on remittances and Nigeria is one of the countries which does receive a lot of remittances. If we now call it m-banking, mobile banking is a way of transmitting remittances direct from somewhere like Leeds or London perhaps into villages or towns and cities in Nigeria, providing the regulation is right of course so they do not lose the money. Is that being looked at as part of the EFINA programme?

Mr Thomas: Given the huge impact that remittances can have, we certainly have had a work programme looking at how you can reduce the cost for example of sending remittances as well as the question of regulation and getting right things that can make sending remittances more difficult, such as money laundering legislation. We have funded a whole programme of work to track the different costs and financial services and companies' products for sending remittances back so that people had better access to what each product cost and so that there was more competition in the sector. It may be something that we want to return to more generally in terms of policy work. We are just beginning to look at that.

Mr Cassidy: We do not know what figure you could put on the overall level of financial remittances to Nigeria. It is estimated at about \$7 billion a year but that comes in informally, in people's pockets. You can send it now by text. You can send it through your mobile phone by buying credit and use that to send

to people, which they can sell in rural areas. One of the things that this particular project will look at is whether you can formalise that. It is looking at mobile banking. There are some technical, legal issues to be sorted out about who the bank is and who is holding the money once it is actually going through the mobile phone network which are going to take a little bit of working out, but it is certainly one of the ambitions of this programme to make it easier for people to remit moneys through mobile phone. There are 60 million mobile phones, I think, in Nigeria and 150 million people. Quite a lot of people have three because the networks do not work very well together, so it is probably only 20 million really. That is a massive expansion over the last couple of years. There is huge potential there to use that network now for banking.

Q145 Andrew Stunell: Every bit of evidence we took and everything we saw reinforced the fact that Nigeria is a very diverse country. It has a complex system of governance and there are many issues to overcome. Clearly DFID's role in supporting an improvement of that is absolutely crucial. I wonder if I could preface my question with an observation which is that at the macro-international level the White Paper suggests that DFID's support will in future be focused more on what we might call the lame ducks and the conflict zones; whereas in Nigeria itself it is concentrated on the more successful states and the more peaceful states. There seems to be a slight discontinuity between the direction of the White Paper and the current direction of DFID investment in Nigeria. Bearing in mind the need to strengthen governance in Nigeria which must essentially mean strengthening the weaker parts of the governance of Nigeria, I wonder if you would like to comment on whether DFID in the future would be adjusting its priorities within the country to reflect the White Paper.

Mr Thomas: Let me come to the question of the White Paper and where next with our Nigeria programme. If I may challenge ever so slightly your interpretation of where we have chosen to work, I do think Nigeria is fundamentally different to the more conflict affected states and fragile states etc. It is a very different state to a DRC for example. It is not aid dependent. There is a small number of donors and as a result, given the scale of the government's challenges, you do have to pick very carefully who you work with. Our judgment has been that it is clearly more sensible to work in those states and with those institutions that are most keen to have access to expertise and advice and who are most committed to trying to tackle poverty in their areas. That has certainly informed the choice of states where we have worked. I do not think you can say that Kano state or Jigawa state are amongst the most well off states. I accept you could argue that was the case with Lagos, but I do not think in general that is a fair characterisation, not least because also, beyond the deep engagement states, the other states where we have worked, we have been much broader. We have worked in many of the poorer states and the states where there have been particular health challenges

16 July 2009 Mr Gareth Thomas MP, Mr Eamon Cassidy and Ms Beverley Warmington

around maternal mortality, polio or malaria. In terms of how the programme might change as a result of the White Paper, I certainly expect for example our work on security and justice and the focus in the White Paper on those areas to be reflected in what we continue to do in Nigeria. We are beginning to work on a future justice programme in Nigeria. That is in line with the White Paper. There is a very strong focus on drugs in the White Paper. The growth in employment programme that we have just been talking about again reflects that. I think the third area where we are beginning to do some work in Nigeria and beginning to have some results and where I would expect to see further work would be on climate change. We do want to more generally help Africa's voice to be heard in climate change negotiations and to help countries think through what the impact of climate change means for them. In Nigeria already we are helping to support a parliamentary committee that has been set up to look at climate change and a network of civil society organisations and think tanks, academics, etc., that has been formed looking at climate change issues. Part of the conversation that I would expect us to have going forward at ministerial level as well as at Beverley's level and the head of office level is about climate change and making the obvious points about the need for Nigeria to develop its thinking, not only as a major voice in Africa in the run up to those international negotiations but also thinking through what it means for Nigeria and how it might need to adapt. You think for example about how close many of Nigeria's towns and settlements are to the coast and the potential implications for Lagos of itself of climate change and you can see the obvious work stream beginning that needs to be addressed and developed.

Q146 Andrew Stunell: Do you feel that the Nigerian Government has a clear vision and sense of direction about the kind of priorities you have outlined? To what extent can DFID contribute to developing them?

Mr Thomas: I think it could certainly be clearer. That is probably their view as well. They have a process to develop such a vision. Indeed, Eamon as our head of office sits on the steering group which is helping the Nigerian Government to think through that. I suspect the ultimate vision paper that emerges is not going to be dramatically different to the piece of work that the previous regime did, the Nigerian Economic Empowerment and Development Strategy, in 2005, which has set out some of the major challenges that Nigeria needs to address. We have sought to structure our support to coincide with those objectives.

Q147 Andrew Stunell: Do you think they are evolving as realistic and achievable objectives?

Mr Thomas: I think there is more work to do in that area. Inevitably, when governments change, there can be a hiatus before a programme of development kicks off again. We have seen that a little bit for all sorts of reasons in Nigeria, not least the time lag before election results were confirmed. It is a very

different administration to the administration that was there. My understanding from having just met the secretary to the Federal Government, the Prime Minister equivalent figure, is that there are some extremely capable people at federal level who are clearly doing a lot of thinking through of the priorities for Nigeria going forward and who are very keen to continue to work with us. I would be optimistic about the future but there are huge challenges, as you have picked up.

Q148 Hugh Bayley: I think the international community set the standard far too low for the election in 2007 in terms of what would be found internationally acceptable. This was a deeply flawed election. The man consideration internationally seemed to be that there should be a peaceful transfer of power to one of the candidates in the election. When it comes to the 2011 elections, what do you think the prospects are of having elections which are free and fair, which are not marred by the violent drive by shootings outside polling stations that we saw and other gross violations of normal electoral practices at the last elections? What will DFID be doing to create an expectation in Nigeria and internationally that the standard of conduct for elections needs to be radically different?

Mr Thomas: It is not just the election process that we would say was by no means perfect but the whole process of governance and democracy in Nigeria clearly needs to develop and change in a very significant way. Of course we would want to see elections take place without violence. We will have programmes of observation and broader support to try to make the elections as free of vote rigging and other electoral challenges that you see in some states from time to time. I think there is a far broader piece of work that needs to continue to be done to change the nature of democratic governance in Nigeria. In order to do that, we have to recognise that it is not that long ago that military rule came to an end. The experience and tradition of democracy, of political parties operating and having their own internal democracy of civil society, engaging with those political parties, is extremely young, to put it mildly. We have a programme that seeks to strengthen the National Assembly and strengthen increasingly state assemblies, that is seeking to work with political parties and politicians in the National Assembly, but is also seeking to build up civil society and media groups so that the grass roots pressure that we are used to in the UK is also seen in an increasing way in Nigeria too. I would accept that the challenge to us is that part of the responsibility for DFID has to be to work with government on trying to make the next round of elections a further significant improvement on what has gone before.

Q149 Hugh Bayley: What are the minimum necessary electoral reforms that ought to take place before the 2011 elections to make it probable that you will have a genuinely free and fair election?

Mr Thomas: There has been a piece of work done in Nigeria looking at the elections in 2007 and coming out with a whole series of recommendations. The

16 July 2009 Mr Gareth Thomas MP, Mr Eamon Cassidy and Ms Beverley Warmington

government has accepted 170 of what were 186-odd recommendations and put them into its equivalent of a White Paper. We would want to see those recommendations implemented as a minimum going forward. Clearly there needs to be a substantial amount of work done in terms of preventing violence. I accept there was violence. I think there was less violence than we have seen in the past in Nigeria, so that was an improvement. We want to see a further improvement going forward. One of the key things we need to crystallise the broader point is that we want the Electoral Commission to be able to function on its own and to have a source of funding from the government which does not make it dependent on the government to operate on a day to day basis. That would be one of the most important reforms that we could see and should expect to push government for.

Q150 Hugh Bayley: What might that source of funding be?

Mr Thomas: A separate allocated, dedicated budget from the government's finances, allocated to the Electoral Commission so that it does not have to come every minute to ask for a specific part of what it needs to do on elections.

Q151 Hugh Bayley: To move on to the question of the role of the National Assembly, as a Committee we have argued previously that DFID does not give enough attention to the importance of developing the capacity of country parliaments in developing countries to amend legislation and hold the executive to account. The White Paper pledges an amount equivalent to at least 5% of budget support funds—we do not have budget support in Nigeria—will be allocated to strengthening mechanisms to make states more accountable. What proportion of the budget in Nigeria will be allocated to mechanisms to make states more accountable? What proportion of that money will go to parliaments? We noted in the White Paper that although you list groups such as the media and citizens groups, audit bodies and others, you do not specifically mention parliaments or state assemblies and we think you should have done. We would like to see a very clear commitment both to the proportion of money to be spent on strengthening mechanisms to make states more accountable and, as I say, an allocation of that to strengthen elected assemblies.

Mr Thomas: I do not have a specific figure that I can give you and tell you now what proportion of the budget in Nigeria we are giving to support parliaments or governments more generally. Working with the National Assembly and working on governance issues is a significant part of what we do. We have a Strengthening the National Assembly Programme which is aimed at developing the capacity of a range of the committees, for example, that are established in the National Assembly to hold the executive accountable, be they committees on donors, on health, on education, on women's affairs, on the Millennium Development Goals. There has been a series of awareness raising, training, for new members of the National

Assembly, for committee staff, on the functions of those committees, on what use has been made of Nigeria's debt relief gains, on what effective budgeting looks like, so that those parliamentarians can more effectively do their jobs and challenge government and hold officials to account. In a sense, given the huge turnover that took place at the 2007 elections and also beforehand, that is a very basic area of work which needed to be done and will no doubt continue to need to be done to strengthen the effectiveness of the National Assembly. We are very clear that we want that work to continue. In a sense, it has not stopped there because one of the ways in which parliamentarians around the world draw their information from to challenge ministers and officials is by working with civil society. Our funding has helped to establish an office that liaises with civil society that Assembly members can use. I should have said that there has also been a whole series of different pieces of work to help parliamentarians comment on, devise, engage with legislation on public procurement, on the Extractive Industries Transparency Initiative and various other public financial management work. What I would not accept is the charge that we have not been heavily engaged in working with national parliaments; we have been in Nigeria and I very much see that work continuing. Indeed, not only do we want that work to continue but we want to extend it to working with state legislatures in the future as well.

Q152 Hugh Bayley: I am pleased to hear that. You say that your Department is supporting the SNAP programme—Strengthening the National Assembly Programme—and, indeed, you did until the programme came to an end earlier this year. Can you say how much has been spent on the SNAP programme to date and how much DFID will be spending on similar initiatives to strengthen the National Assembly in the future, and when they will begin?

Mr Cassidy: Just one point, Mr Bayley. It has not actually finished yet; it will finish at the end of September. In total it was £2.7 million.

Q153 Hugh Bayley: Over how long?

Mr Cassidy: Over three and a half years. At the moment we have spent, I think, about £2.5 million. We have some ongoing programmes, including with the new donor committee who you met when you were with us. The next programme is called Deepening Democracy, which is going to follow on both from SNAP and from the work we did around the last electoral process. Again, we are trying to take a more integrated approach to working on these issues. We hope that will be about £20 million in total and that is still under design so we have not pre-allocated yet exactly how much will be going to the National Assembly.

Q154 Hugh Bayley: That is £20 million over what period?

 16 July 2009 Mr Gareth Thomas MP, Mr Eamon Cassidy and Ms Beverley Warmington

Mr Cassidy: Over five years.

Q155 Hugh Bayley: What proportion of that £20 million will be spent on strengthening the capacity of elected officials other than opposed to audit functions or civil society or other parts? Not that these other parts are unimportant, they are essential.

Mr Cassidy: I do not know the answer to that yet. It will be at least one-third of it.

Hugh Bayley: At least a third. Can I just say, before passing the baton to my colleague, that the Committee went to Nigeria about five or six years ago and I came back then deeply depressed about the very, very high levels of corruption and very poor levels of transparency in government and the poor quality of elected officials. On this occasion, although there are still formidable problems with Nigeria's governance, I met quite a number of public officials, elected officials, who I felt were straight and committed and wanted to change things. That is in part due to the work that DFID and other donors have done to strengthen capacity and it is really important that you continue and intensify this work in my view.

Q156 Chairman: My supplementary is slightly treading on more delicate ground. What was mentioned to us a few times was that part of the reason for the 80% turnover was not a triumph for democracy, it was in fact people being deselected for having had the audacity to fall out with the outgoing president fundamentally and subsequent to the election those numbers who had been elected to opposition parties were significantly defecting to the government. In other words, it was gravitational towards if not a one-party then a dominant party state because people did not feel there was scope for opposition, yet at the same time the chair of the donor committee explicitly and unprompted by us said, "We need the opposition. We do not have an effective opposition to enable us to work". I suppose what I am asking is to what extent is it appropriate or proper for DFID's engagement with the governance process to address those kinds of issues which in the end are the determination of the Nigerian people, the Nigerian parliamentarians and politicians but, nevertheless, have significant implications for the direction of functioning democracy?

Mr Thomas: I am not against defections from the opposition to the government, Chairman, particularly at the moment! In terms of Nigeria, what I would try and use would be, in a sense, the concept of the journey. There are still real issues of the sort that you have just described and what I hope our programme and others are helping to do is to build up the democratic character of the political process in Nigeria. When you consider where Nigeria was at the end of military rule, I think we have to recognise that there is an awfully long way to go. What our programme can do is help to continue that journey and that change. In a sense, by training parliamentarians in how to work on committees, how budgets work, what the significance of particular legislation is, you do hopefully help to build the capacity up for people to use their roles in

parliaments to question, probe and push, and in that way that type of accountability that oppositions bring to parliaments we will hopefully start to see in a more significant way.

Q157 Mr Sharma: Mr Bayley has already touched briefly on the corruption side. What would you point to as the main achievements in tackling corruption of the Nigerian government under the previous President? Has the momentum to tackle corruption at the highest levels been lost? How is DFID supporting anti-corruption measures?

Mr Thomas: As the Committee may be aware, we have provided support to tackle corruption in three very obvious ways. One is to the Economic and Financial Crimes Commission (EFCC), which is probably the leading anti-corruption body. We are continuing to provide support, as we have discussed already, in terms of strengthening governance systems, the audit functions and the public financial management. We are probably the leading partners supporting the establishment of the Nigeria Extractive Industries Transparency Initiative. In terms of progress of the President Obasanjo administration, I think between 2005-07 we saw about \$5 billion of assets recovered that had been corruptly purloined and the prosecutions of about 82 comparatively senior people. I think there was a significant improvement in terms of accountability for people who were guilty of corruption. There are some questions being asked, as you say, about the current government's commitment to working with the Economic and Financial Crimes Commission. There are still prosecutions taking place. Looking from the outside, one of the frustrations has been that the allegations of corruption against a number of governors are not being progressed as quickly as perhaps we would want. A series of cases are continuing to be adjourned. I think there is also a series of challenges around the capacity of the Economic and Financial Crimes Commission anyway. It still has a shortage of skilled investigators and prosecutors and it does depend on the government to take forward cases that it identifies as being necessary to progress. What we can continue to do is to provide further support to the Economic and Financial Crimes Commission to build up its capacity and its effectiveness. The international community, including ourselves, needs to continue to press at ministerial level in particular for the Federal Government and, indeed, state governments to take the issues of corruption seriously and seek to move Nigeria on to the next level in terms of addressing corruption.

Q158 Mr Sharma: What are the implications of the recent removal of the Chairman of the Economic and Financial Crimes Commission? How does corruption affect DFID's own ability to operate in Nigeria?

Mr Thomas: One of the reasons why we do not do budget support is because of our concerns about the effectiveness of government and the government systems at the moment, so in a sense that is one very direct way in which our operations are affected.

16 July 2009 Mr Gareth Thomas MP, Mr Eamon Cassidy and Ms Beverley Warmington

There are also very specific concerns, which perhaps we will come on to, around the Niger Delta where it is difficult for us to work. These partly relate to corruption and partly to security issues. Corruption has an impact in those very obvious ways.

Q159 Chairman: What about the removal of the Chairman of the Commission?

Mr Thomas: At first glance it does not send the best of signals in terms of the future direction of the work of the Commission. Mr Cassidy, do you want to add to that?

Mr Cassidy: I think it is very clear that the work has been going on. As the Minister has said, there are certain of the more prominent cases that have been a lot slower going through than we had thought might be the case. It is difficult to unpick what the reasons for that are. There is a very slow legal process in Nigeria, so it is quite difficult to say that is directly related to the removal of an individual. There is no doubt that the pace has probably slowed. It is also true, I think, that the net has been broadened and quite a lot more people are being looked at and more cases than there were. There are a lot more federal officials, for example, being investigated. You can obviously take that in either of two ways: it is good in that the net has been broadened, or you can say it is bad and that is putting the spotlight on to different people and off others. It is extremely difficult to say which it is. The work is ongoing and we are watching very carefully. In our new Justice Programme we will actually have provision to work with the EFCC if we think that is a useful investment to make. It is also quite important to note, coming back to Mr Sharma's question about how this influences what we do, that governance is at the core of everything we do in Nigeria, so you are not only tackling it with the EFCC you are also tackling it with helping to build the systems to make sure that money can be managed properly. You also tackle it through programmes like GEMS, for example, the growth programme, which helps to take discretion out of the system that helps to reduce the number of licences that you need to open a business and, therefore, reduces the number of opportunities there are in that process for graft. We need at least a three-pronged approach: one is working upfront in the anti-corruption effort; the other is helping to build the systems; but then you also need to reduce the opportunity for corruption. We are working on each of those.

Q160 Andrew Stunell: The White Paper says that the budget for tackling corruption is going to be tripled and there is no doubt at all that Nigeria is one of the biggest thorns in the flesh of the United Kingdom in terms of international fraud and lack of transparency and so on. Can we take it that there is going to be an increased investment in this in relation to Nigeria? You will remember I asked a question when you came to us before. Is DFID absolutely sure that the UK Government is doing all that it can to facilitate the speedy processing of cases, including cases of extradition from this country and so on?

Mr Thomas: Just to try and break down the different questions that you have asked. I think I would point you towards the relative successes that the Metropolitan Police's Proceeds of Corruption Unit has already had where almost £80 million worth of Nigerian assets are currently restrained and subject to judicial proceedings. Since 2006 there have been some 24 arrests directly connected to Nigerian assets, two successful prosecutions already, including a three-year conviction for money laundering, and almost £21 million worth of money has been directly returned to Nigeria following criminal or civil proceedings. That unit that was set up in part at the time of the third White Paper has made a direct difference. As the White Paper said, we are seeking to build on that work going forward. There are other ministries that I would need to touch base with to answer your question more generally about are we sure we are doing everything we can do. Certainly in Nigeria we are working extremely closely with the representatives of a number of other government departments. We are pretty well joined-up in-country and that reflects back into the UK and London as well.

Q161 Andrew Stunell: Some of the evidence we have taken from third parties has suggested that perhaps the UK Government has not actually been as intense in its response as it might have been. You have mentioned other government departments, is that something on which DFID has expressed a view, or is ready to express a view, in relation to getting Nigeria into a better shape?

Mr Thomas: As I say, we work with a range of other government departments both in Nigeria directly and here in London through operations like the Proceeds of Corruption Unit. We have stepped up the work at both ends of that corruption piece, if you like, what happens here in London and what has happened in Nigeria itself, and I think it is beginning to make a difference. There is always more you can do given the scale of the corruption issue in Nigeria and, as I say, we will seek to step up our work further in the different areas, both through the systems point and through the work of particular units and through what we can do with parliament and the different legislatures.

Q162 Andrew Stunell: Perhaps I could rephrase my question. There has clearly been a drop in the pace and intensity of what the Nigerian authorities are doing. They may have broadened it but certainly at the upper levels it would appear that impunity reigns once again. My question is, is the UK Government pushing to get back to a higher level of intensity or are our government departments passively accepting that it is up to the Nigerian authorities to take this further?

Mr Thomas: I do not think we are passively accepting that corruption is just an issue for the Nigerian authorities and there is nothing that we can do about it, which partly reflects the commitment we made in the White Paper and it is also reflected in the conversations that we have had and will have, as ministers, with Nigerian interlocutors. Certainly

16 July 2009 Mr Gareth Thomas MP, Mr Eamon Cassidy and Ms Beverley Warmington

corruption was an issue that I discussed with the Secretary-General to the Federal Government and I am sure when I go to Nigeria it will be an issue that is on my agenda for discussions with various ministers and others that I meet.

Q163 John Battle: I think it is generally accepted that there are civil society organisations in Nigeria, quite substantially, but that would leave two questions. One is how representative do you think they are, and are they in the right place? Someone said that people who do not have an email and are not in the urban context do not really get a voice. That is the representation question. The second question would be how effective are they at engaging with and calling power to account?

Mr Thomas: I would reject the first challenge. We work with a range of rural cooperatives, for example, which are an essential part of civil society. I do not think that is a fair characterisation of the support we give. How effective are NGOs? Inevitably, different organisations are effective to differing degrees. I think what we see as being our role is to try and help support the development of civil society where there are obvious issues that we can work with that civil society on to strengthen their effectiveness to do so. To take just two examples, climate change and corruption, we have supported, and are supporting, civil society coalitions to emerge and do work.

Q164 John Battle: You are funding some civil society organisations directly?

Mr Thomas: Indeed.

Q165 John Battle: What about the Coalitions for Change or the fund? Can you tell me a little bit about that and how effective that could be in developing capacity?

Mr Thomas: Before I bring Mr Cassidy in to give you a bit more detail, Coalitions for Change has been a programme that has, for example, supported the emergence of a climate change network. One of the products of that has been the formation of a committee in parliament to begin to look at climate change issues and some of the Nigerian members of that network have begun to participate in international exchanges on climate change issues.

Mr Cassidy: There are lots and lots of different organisations in Nigeria, it is probably fair to say there has been a bit of an explosion since 1999. Figuring out which ones we have to work with and which ones represent anyone and are not just one-man-shows is really quite difficult. What we have done is to move away from the old model where you would pick particular NGOs and build up capacity and perhaps undermine them in many ways and turn them into donor consultants. What we have tried to do is build up broader coalitions around interests. We think the way to do this and to make sure that we are working with genuine civil society representatives is to make sure that this is very strongly Nigerian-led. In this particular programme, on the CforC, as we call it—Coalitions for Change—there is a board which is purely Nigerian, which is

obviously overseen by us but they make the decisions about who to work with. Once again, this is not providing direct funding to NGOs to build up their individual capacity, it is helping groups to work around building capacity around issues, around the management of the budget, for example, around oil proceeds and, as the Minister said, around things like climate change which is relatively new in Nigeria. We think this is a better way of getting the better NGOs and civil society groups to work with us.

Chairman: Hugh Bayley is going to turn to questions on the Delta. I make the point that for security and time reasons we did not go to the Delta but both John Battle and Hugh Bayley visited the Delta on a previous occasion.

Q166 Hugh Bayley: What are the reasons why there is such a lack of transparency about where the oil revenues go? What prospect is there of building a Nigerian economy that is less oil dependent and building a tax base that raises revenues from things other than oil?

Mr Thomas: In the Delta or more generally?

Q167 Hugh Bayley: In Nigeria as a whole. 90% of its income comes from oil revenues, is that figure broadly right? It is terribly difficult to track the money from the companies' accounts through to the government's accounts through to the state governments' accounts through to public services for the people, and it is important that process is improved. How are you improving that? That is one question. It is also important that this is not a single industry, single source of revenue for state expenditures country. Indeed, Nigeria used to raise far, far more than it does now before the oil from other taxes. What can we, as a donor, do both to create more transparency with the oil revenues and enable Nigeria to broaden the economy, bring people into the formal sector and create a revenue base that allows it to do things that a country of its wealth ought to be doing for its people?

Mr Thomas: There is more interest now than there has been for a while in looking at non-oil sources of revenue, partly because of the decline in the oil price, but I like to think as well partly because of the success that we have helped to generate in Lagos in terms of Lagos' revenues where some of the work that we have done has helped the Lagos authorities triple their generation of revenues. As I explained in answer to an earlier question, another state, Kano State, wants to work with us in that area. In terms of the tracking of how oil money gets spent, in a sense that is the whole rationale behind the Extractive Industries Transparency Initiative (EITI). The audits from 1999-2004 of what happened in the oil sector in Nigeria in a sense provided a model for the EITI initiative internationally. Over £500 million worth of revenue savings has flowed from that EITI process. What I was encouraged to hear from the staff and, indeed, the Secretary-General when we discussed the EITI initiative was that the 2005 audit is currently with the cabinet and we would hope that a similar process of publication and making the

16 July 2009 Mr Gareth Thomas MP, Mr Eamon Cassidy and Ms Beverley Warmington

publication of those audits simple and accessible so that the citizens of Nigeria can understand what has happened can be done in the way that happened after the 2004 audits were published. We know that there is an appetite to speed up the 2006, 2007 and 2008 audits and that is welcome. I think it is through the EITI process that we can get that better tracking. We are funding groups, coalitions of NGOs, to track the EITI process, and there are obviously specific issues around the Delta, and trying to get an injection of transparency into how oil revenues are being used or not in the Delta region. Again, we have some funding going to NGOs that are able to operate in the sector to try and begin the process of building up the accountability and voice of people in the Delta area to challenge why there have not been improvements in health and education.

Q168 John Battle: It is not just transparency and accountability, is it, but violence and crime. The UN Office on Drugs and Crime recently published a report which said that the situation in the Niger Delta now is so bad that it is the greatest challenge to the rule of law affecting the whole of the West Africa region. In the light of their report, which is quite depressing in a way, it suggests that because the problems have persisted so long they are almost intractable and deep-rooted and not easy to weed out, how can donors, and DFID in particular, help tackle that kind of problem, particularly when some of the people who gave evidence to us suggested there was a crossover between people who were working the drugs and oil theft into political agents for some of the politicians there? Do you just write it off, which I tend to think the UN are doing really?

Mr Thomas: I do not think you do write it off. There is work that the international community can do. It is not necessarily just work for development organisations to do in that sense, other bits of governments of the international community need to get involved in that work, and certainly that is the case for the UK. Where development donors, if you like, can begin to make a difference, and we are certainly trying to, is in two ways: one is in terms of the dialogue we have with ministers and politicians in Nigeria; secondly, in the sort of pro transparency and voice programme that we are funding in the Delta areas, again as I said in answer to Mr Bayley, to begin the process of helping officials and politicians in the Delta States be held accountable for progress, or lack of progress, against the MDGs.

Q169 John Battle: Do you hold out much hope for the new Ministry of Niger Delta Affairs that has been set up? It is not well-resourced as far as we are aware and has a very small budget and its remit is not that clear. Could you work with beefing that body up?

Mr Thomas: It is certainly possible. We have begun to have some interaction with the Ministry. I think you have got to see that as one part of a series of responses that are necessary by the government in Nigeria if the Delta problems are going to be resolved. The offer of an amnesty is interesting, but there is going to have to be a more fundamental

discussion about how those oil revenues that are generated in the Delta are used to the benefit of the people of the Delta region.

Q170 Hugh Bayley: Amnesty International believe that the UK should do more to strengthen the Federal Government's oversight of oil companies' activities in the Delta and stop human rights violations which are taking place. Do you accept that human rights abuses are taking place and, if so, what can the UK do to address them?

Mr Thomas: I think there is more that you can do to help government to be held to account and if you are improving the quality of governance that should potentially create the conditions in which the regulation of the business community in a state like Nigeria can be taken forward. The challenge is still how do you build up an effective National Assembly, how do you get effective ministries, how do you build up the structure in-country to deal with the challenges of human rights abuses and whether money is being spent in the way that it should. That is what I would see us continuing to play a role in doing.

Q171 Hugh Bayley: Amnesty would say, "We can't wait forever". If the circumstances are that citizens in Nigeria are unable to gain redress for violation of their human rights either by British-owned companies or a company like Shell Nigeria, which is part of a British-owned group like Shell International, should they not be able to get redress in UK courts if there is a failure of a structure of governance that allows them to get redress through the courts of Nigeria?

Mr Thomas: I understand the argument, but it is quite difficult to see how it would work in practice given that the companies that operate in the Delta are Nigerian-owned. Yes, they are also part-owned by other companies but, in a sense, if there is poor performance in whatever shape or form, be it human rights, be it corruption, be it environmental standards not being adhered to, it would surely be the oil company that owns those assets in the Niger Delta that should be prosecuted, and surely the right place for that prosecution to take place is in the country where it has happened.

Q172 Hugh Bayley: I hear that clearly. If there is a lack of clarity about the oil revenues being paid by an oil company in Nigeria which has a majority in Nigeria—Shell Nigeria, I think, has 51% ownership by the state of the Nigeria, the rest presumably is owned by the corporation of Shell—should we not have legislation in this company that would require the parent company to publish that information, perhaps as a condition before it is allowed to trade its shares on the UK Stock Exchange? In other words, should we not expect in the UK from the parent company the sort of transparency that the Extractive Industries Transparency Initiative is trying to impose in developing countries?

Mr Thomas: I think we should expect that oil companies and any company that operates in the UK should abide by UK law and should be

16 July 2009 Mr Gareth Thomas MP, Mr Eamon Cassidy and Ms Beverley Warmington

transparent with our authorities, absolutely. Also, that should be the situation in Nigeria as it should be the situation in any other developing country, the particular companies should adhere to the laws of that particular country. Our role as a donor is to help strengthen the ability of the government in Nigeria and the parliament and state legislatures to hold their politicians and officials to account and, if they think it is appropriate, to introduce the relevant legislation to bear down further in terms of human rights abuses, poor environmental standards, et cetera, and have the capacity to follow through and check whether businesses and, indeed, other organisations operating in that country are adhering to those laws and regulations. I have to say I am sceptical at this stage about whether there is a magic bullet in terms of a piece of legislation that might operate from the UK and lead to a dramatic transformation of what is happening in the Delta. I think it is a much more complex problem. Our job has got to be to help Nigeria improve its structures.

Q173 Chairman: We have written to Shell to ask them to answer some questions about their cooperation with the EITI. We have not had any reply yet, but I think that demonstrates we think at least they should engage on these issues.

Mr Thomas: I would be very interested to see the reply.

Chairman: If there is a reply.

Hugh Bayley: If I may say so, I think we should write again to Shell and pass on those comments from the Minister that he also would be very interested to see their reply.

Q174 Chairman: It was a serious letter with a serious intent. What has been made clear to us, and Mr Cassidy in his first and subsequent briefings reinforced this, is that Nigeria is a huge player in Africa, the whole of Africa and West Africa, it is a complicated and challenging country. To what extent is DFID's strategy in Nigeria conditioned by the wider implications of a successful or unsuccessful Nigeria for the rest of West Africa and, indeed, the whole of Africa? To what extent does it judge its performance from that bigger picture?

Mr Thomas: It is a factor but, in a sense, such are the numbers of poor people in Nigeria and the need to make progress in Nigeria meeting the MDGs that if we want to make progress on the MDGs more generally I think that is the driving force behind our programme. But, as you say, if you look at West Africa in general and consider that two-thirds of the GDP of West Africa is essentially housed in Nigeria you do, as you say, get a sense of the economic, never mind the political, importance of Nigeria in the region as a whole. Putting my trade hat on, one of the things we want to continue to do is engage with Nigeria as a regional player, certainly in terms of the Economic Partnership Agreement that West Africa is currently in discussion with the European Union about, but through the development of the West Africa Corridor can we help to build the economic growth potential of those other states as well as Nigeria by increasing the trade potential. You then get into Nigeria's significance in terms of the climate change lobbying and work that Africa could and should be doing and, as you say, you start to see the significance of Nigeria as a regional player. It is a factor, but I think the dominant factor is just the huge numbers of poor people who need assistance in Nigeria itself.

Q175 Chairman: I think the Committee appreciates that, the statistics speak for themselves and the scale and size of numbers. I would like to repeat again our thanks for the cooperation from DFID's officials and staff. Mr Cassidy has now returned home, I think, from that posting. Minister, whenever you do go we wish you an interesting visit. I think it is fair to say the Committee was not really quite sure what to expect and possibly went with lower expectations, frankly, and came away with a realistic picture but one that gave us some cause to believe there were things that were moving and could move in the right direction and it is certainly worth sticking with it. We all have to account for the fact that it is a significant amount of British taxpayers' money that has to show some kind of measurable result over a reasonable length of time, but we appreciate that people are working hard to try and ensure that happens.

Mr Thomas: We are. I am also looking forward to going.

Chairman: Thank you very much.

Written evidence

Written evidence submitted by Professor Sani Abba Aliyu

A MEMORANDUM ON DFID ACTIVITIES IN NIGERIA

A number of factors may help explain the reasons why economic growth opportunities for the majority of the people in Nigeria, especially for women is absent. Many issues also have long stood in the way of alleviating poverty, as there is a vast disparity in income and wealth distribution for many. From available statistics, more than 53 millions go to bed hungry everyday, and more than 70% of Nigerians still live below the global survival rate of one USD daily.

The inconsistencies and poor implementation of well-formulated policies, a well structured official corruption are hindering rapid development in Nigeria. Though, the eradication of poverty is a complex issue, Nigeria requires donor more support through cooperation and cohesion between government, development institutions and communities.

An increase in UK based support, and from within Nigeria will foster more examples of good practices and improve on Donor coordination. Civil society groups and others have sometimes access multiple funding from donor agencies support is critical to the creation of a dynamic entrepreneurship in rural communities where the bulk of our people live. It's also to improve on investment in Education, Health and Agriculture there are very good example of rural groups in the North-East region who benefited from DFID funding in the past (Kwallere Women Development Association Funds for (Tree Planting). Tree management and business in our communities are male dominated economic activities. Such project would scarcely have impacted on members, and was unlikely to have yielded more for society.

This is because the DFID funds are usually very small, and duration of support also very short. Most times, the end of support to groups meant end of activities. For example, how can a mere peasant farmer in Gombe State, North-east Nigeria bridge the digital divide in a 20–30 years of productive adult life? How can a subsidized one or two bags of fertilizer given to such farmers transform the peasant family into a knowledgeable group to compete favourably in a tight global market?

The majority of the population in Gombe State are farmers who live in villages. We need more substantial support through collaboration or through direct funding to farmers/artisans and women group to transform subsistence level agriculture into a more productive activity to increase income of people, and reduce their dependence on taking micro-credit.

Majority of communities have weak economic power especially in the North-east region; we need a conscious effort to salvage failed institutions to be able to flow along by MDGs goals in 2015. Universities are far more organized, structured institutions that can monitor and supervise through programmes that will have a more sustainable result for development.

In developing countries such as Nigeria, where the federal as well as the state governments are expanding considerable sums on running and operating more than 60 universities, the institutions are viewed necessarily as agencies of development. As is very known, the universities provide all the required medical/paramedical, engineering, agricultural, administrative and teaching personnel to service all facets of development. Thus, the importance of the universities notwithstanding, the governments, also grappling with other pressing matters, are unable to fund these institutions adequately and predictably and as a result perform badly. In many of the universities, the struggle is to pay monthly salaries with practically nothing available for curriculum development or research. The dearth of funds for research in the universities continues to have devastating impact on the output, relevance and currency of the intellectual labour of the academics.

In the course of its work in Nigeria, the Honourable Parliamentary Committee may wish to suggest that the funding of research in Nigerian universities be added as an important component of DFID activities. We therefore, envisage a greater development role for the British Government through DFID in funding research and research-related programmed in Nigerian universities along clearly defined criteria/parameters.

February 2008

Written evidence submitted by Amnesty International

Amnesty International welcomes the inquiry by the International Development Committee into DFID's Programme in Nigeria. Amnesty International submit our latest report Nigeria: Petroleum, Pollution and Poverty in the Niger Delta and a summary of our views which focus primarily on the management of oil wealth and transparency in the industry, the role of civil society and governance with reference to the oil industry. In addition, it makes some recommendations to the UK government.

SUMMARY

The report, *Nigeria: Petroleum, Pollution and Poverty in the Niger Delta*, focuses on the harmful impact of pollution and environmental damage by the oil industry on the human rights of people in the Niger Delta. The main human rights issues raised are:

- Violations of the right to an adequate standard of living, including the right to food; a consequence of the impact of oil-related pollution and environmental damage on agriculture and fisheries, which are the main sources of food for many people in the Niger Delta.
- Violations of the right to gain a living through work; a consequence of widespread damage to agriculture and fisheries, because these are also the main sources of livelihood for many people in the Niger Delta.
- Violations of the right to water that occur when oil spills and waste materials pollute water used for drinking and other domestic purposes.
- Violations of the right to health that arise from failure to secure the underlying determinants of health, including a healthy environment, and failure to enforce laws to protect the environment and prevent pollution.
- The absence of any adequate monitoring of the human impacts of oil-related pollution. Despite the fact that the oil industry in the Niger Delta is operating in a relatively densely populated area characterized by high levels of poverty and vulnerability.
- Failure to provide affected communities with adequate information or ensure consultation on the impacts of oil operations on their human rights.
- Failure to ensure access to effective remedy for people whose human rights have been violated.

Violations of right to an adequate standard of living, food, work, water and health

Despite oil deposits generating billions of dollars in revenues, the vast majority of the 32 million people in the oil producing areas live in poverty. Decades of pollution, oil spills, gas flaring and waste dumping with clean-up practices that fail to meet any expert standing of good practice, have resulted in violations of the right to food, water, health and livelihood. People in the Niger Delta have to drink, cook with, and wash in polluted water. They eat fish contaminated with oil, from depleting fish stocks. The land they use for farming is being destroyed. After oil spills the air they breathe reeks of oil and gas and other pollutants and they complain of breathing problems, skin lesions and other health problems.

Inadequate monitoring of the human impacts of oil-related pollution

The Nigerian government is failing in its obligations to respect and protect the rights of the people in the Niger Delta. Its regulation of the oil industry is wholly inadequate; regulations and laws are not properly enforced, do not deal with the human impacts of the oil industry and government agencies responsible for enforcement are ineffective and under resourced. The UK government must use its influence to encourage the Nigerian government to ensure robust, independent and coordinated oversight of the oil industry, including its impact on human rights. They must make the assessment of the social and human rights impacts of all oil and gas projects mandatory and ensure systematic clean-up of oil pollution.

Inadequate information and consultation on the impacts of oil operations on human rights and failure to effective remedy

Amnesty International's report highlights how oil companies fail to adequately monitor or disclose information on the human impacts of their operations. Communities have been systematically denied access to information about how oil exploration and production will affect them. This lack of information feeds fears and insecurity within communities, contributes to conflict and fundamentally undermines human rights. When communities suffer environmental harm they are frequently left to negotiate with the oil companies on action to address the problem and obtain redress. The report found that there is often disagreement as to the causes of the spill and no independent means of verifying the facts. This together with lack of access to the courts represents a failure, by the Nigerian government, to ensure access to effective remedy. The people of the Niger Delta currently have no recourse to justice as their government cannot or will not hold the oil companies to account.

The majority of the evidence on pollution and environmental damage gathered by Amnesty International in this report relates to the operations of the Shell Petroleum Development Company (SPDC), which is the main oil company on land in the Niger Delta. SPDC, a subsidiary of the Anglo-Dutch company Royal Dutch Shell, with headquarters in The Hague and its registered office in London, must be responsible for the impact of its operations and must take all reasonable efforts to become aware of and prevent negative human rights impacts from extractive operations in which it is involved. Amnesty International recommends that the UK government requires, by law, that extractive companies headquartered or domiciled in the UK undertake human rights due diligence measures in respect of all their overseas operations and ensure these measures are reported on publicly. In addition, it must ensure that people whose human rights are harmed by the overseas operations of extractive companies headquartered or domiciled

in the UK, can access effective remedy in the UK, in cases where they cannot access it in their own state. Finally, we urge the UK government to engage and support the government of Nigeria in establishing an independent oversight body for the oil and gas industry and increases effective remedy for people whose rights are affected by oil operations in the Niger Delta.

June 2009

Written evidence submitted by the Association of Commonwealth Universities and The British Academy

INTRODUCTION

1. This submission argues that higher education (HE) and research are essential to Nigeria's national and federal development. The importance of robust HE systems in Africa is firmly acknowledged by DFID's own briefing paper on the subject.¹ Through teaching and research, universities develop the people and the knowledge needed to tackle the many complex and inter-related problems which underpin all aspects of development. This includes the social and cultural as much as it does the technical and scientific, areas of particular salience in Nigeria's federal system.

2. HE trains the highly skilled workers which modern knowledge-based economies depend on, and which the institutions of government, law and the public sector require if they are to run effectively and efficiently. Research enables new technologies to be developed, or existing technologies to be adapted, helping to drive and sustain growth. Universities also act as hubs which connect the latest knowledge and expertise with the people and communities who need it most; from making available the latest scientific advances in health or agriculture, to developing bespoke solutions to local problems. Across a range of disciplines, university research generates the knowledge and solutions which are needed to support effective governance, planning and policy-making at a variety of levels.²

3. UK development work also stands to benefit from a well supported and responsive Nigerian research sector. Good research, produced in Nigeria, and embedded within the social, culture and political contexts in which development funding is to be invested, will ensure that UK money is well targeted, and that programme design is informed by a fuller and more nuanced reading of national needs and the challenges to meeting these.

4. Both the British Academy and The Association of Commonwealth Universities (ACU) are active in promoting and supporting research in African universities, and in supporting research collaboration between researchers and institutions in the UK and Africa. The ACU works extensively with its 95 African Commonwealth members (including 32 in Nigeria), while the Academy operates a number of funding schemes which assist African scholars to undertake research in the UK, and enable collaborative research between African and UK scholars.

5. The two organisations have collaborated extensively in the past two years as part of an exercise designed to identify workable solutions to some of the challenges facing African researchers, and the potential role of the UK academic and funding community in addressing these. With more universities than any other African country, Nigeria has been a particular focus of this work. The results of this initiative are presented in the enclosed publication, *The Nairobi Report: Frameworks for Africa-UK Collaboration in the Social Sciences and Humanities*.

6. The state of HE in Nigeria has seriously deteriorated over the past 20 years. With its own substantial reserves Nigeria should be in a position to make significant investments in the public university system from its own resources. Indeed the government has recently committed to channelling more funding to research and plans to spend some \$223 million on refurbishing six federal universities. However, considerable investment will still be needed to revitalise struggling institutions and there is an important role for the international donor community to play in encouraging and supporting both the federal and state governments as they seek to find ways to achieve this.

7. With modern HE and research systems now depending more and more on international collaboration, donors such as DFID can help by supporting Nigerian universities to enhance their participation in international networks, ensuring that their research is of high quality and while addressing local needs is still connected to global scientific debates. Given DFID's substantial commitments to development research over the coming years, we believe that this is an agenda with which DFID could productively deepen its engagement in Nigeria. Structures and networks to support international and regional research links already exist in some areas, including in Nigeria the recently established West African Research Management Association.³ Such interventions often have a disproportionately catalytic effect by helping universities to access internationally available resources, and thereby ensuring long term stability.

¹ Higher Education, DFID Briefing Paper, October 2008
www.dfid.gov.uk/Documents/publications/briefing-higher-educ-5.pdf

² The importance of higher education was emphasized by the Commission for Africa's 2005 report, in addition to earlier—and subsequent—reports by the World Bank and UNESCO. The most recent of these is the Bank's 2008 report "Accelerating catch-up: tertiary education for growth in Sub-Saharan Africa":
http://siteresources.worldbank.org/INTAFRICA/Resources/e-book_ACU.pdf

³ www.warima.org

DFID AND HIGHER EDUCATION IN NIGERIA

8. We fully support DFID's important educational work in Nigeria, on primary and girls' education in particular, but believe that the Committee should also take into account the relevance of HE and research, and DFID's potential contributions to these, when considering the various issues which are framed in this inquiry. DFID has already acknowledged the importance of HE in a number of ways. Its 2006 paper, *The importance of secondary, vocational and higher education to development*, argues that "investment is also needed in secondary, tertiary and vocational education, lifelong learning and skills, in order to increase the ability of governments and the private sector, to deliver basic services, and to promote sustainable growth". A further briefing paper on HE, commissioned from the ACU, outlines some of the specific challenges facing the sector.⁴

9. Existing DFID support for HE is currently delivered through a number of routes, and the same is true of its HE support to Nigeria. DFID's research funding programme, through which it has committed to disbursing some £220 million annually by 2010,⁵ supports a portfolio of research programmes across the world, including some of the major collaborative research initiatives such as the Consultative Group on International Agricultural Research (CGIAR), including IITA research stations in Nigeria, as well as a number of directly funded research programme consortia. With the research budget now formally untied, active measures which would assist universities in developing countries to access the funding opportunities that this offers would be particularly welcome.

10. In addition to its research funding, DFID also funds the Development Partnerships in Higher Education (DelPHE) scheme and the Commonwealth Scholarship Commission, both of which seek to strengthen HE capacity and train individual academics.⁶ Nigeria is one of the principal countries to benefit from the DFID-funded Research into Use programme, which aims to better understand how knowledge contributes to innovation, and to scale up the results of existing research. £3.5 million has also been provided to the Association of African Universities to create effective sub-regional HE networks on the continent, with Nigeria's Federal University of Agriculture, Abeokuta one of the first grant recipients.

NIGERIAN HIGHER EDUCATION

11. Nigeria's 27 federal, 31 state and 34 private universities offer considerable potential. They already contribute much valuable research and produce many very able graduates.⁷ The challenge is for Nigeria to more effectively harness this research and graduate talent in support of national development. While HE enrolments have risen in recent years (from 6 to 10% between 1999 and 2005), there are still too few places to meet demand; the Nigerian media reports that four million qualified candidates have failed to secure admission to Nigeria's universities in the last five years.⁸ A long-term decline in the level of public funding for Nigerian universities has led to deteriorating infrastructure, and poor terms and conditions for many staff and there is currently a shortfall of some 8,000 academics. News reports suggest that 45% of the country's professors are due to be retired shortly unless the retirement age is raised to 70.⁹ Obafemi Awolowo has already lost 76 to retirement in the last five years, while the University of Ibadan expects to lose a third of its 300 professors.

12. Nigeria is positioning itself to lead the continent's revitalisation of HE, with ambitions to develop world class universities, and hosting and co-funding the new African University of Science and Technology, a pan-African research institute located in Abuja and envisaged as one of a series of new continental centres of excellence. But while ambitious new flagship institutions will make an important contribution to research, large scale infrastructural support is urgently needed to revitalise the existing public university system, including institutions which were once world class in their own right. With its substantial reserves Nigeria will need to make significant investments from its own resources. Government spending on HE has risen from 12 billion naira in 1999 to 62 billion naira in 2006, and a recent commitment by the president to spend \$223 million on refurbishing six federal universities, in each of Nigeria's six geopolitical zones, is to be welcomed.¹⁰

13. Nevertheless, donors can still play an important role by encourage this investment to be made, and by assisting in discrete areas. The problems that researchers address, and the knowledge they produce, move increasingly beyond national boundaries. Improving research capacity and practice therefore requires universities to collaborate internationally. This is particularly true of Nigeria where the level of existing participation in international research is much lower. Nigeria has itself recognised the need to build strong international links and the role for donors may therefore depend as much on creating and enabling good connections to international research networks, and encouraging the sharing of knowledge and experience, as it does on funding for research projects.

⁴ www.dfid.gov.uk/Documents/publications/post-primary.pdf and www.dfid.gov.uk/Documents/publications/briefing-higher-educ-5.pdf

⁵ www.dfid.gov.uk/Documents/publications/research-strategy-08.pdf

⁶ www.britishcouncil.org/delphe.htm, www.cscuk.org.uk

⁷ Information on Nigeria's universities is collected at the National Universities Commission website: www.nuc.edu.ng

⁸ Enrollment figures from UNESCO Global Education Digest 2008 www.uis.unesco.org

⁹ Media reports collected by University World News www.universityworldnews.com

¹⁰ These are: the universities of Ilorin (North Central); Maiduguri (North East); Ahmadu Bello (North West); Benin (South); Nigeria Nsukka (South East); and Ibadan (South West).

14. The ACU and British Academy, working with a group of African academics and university managers and resulting in the enclosed *Nairobi Report*, have identified the following areas as being critical to the revitalisation of university research. Although addressed to Africa more broadly, the experiences of the Nigeria colleagues involved in this project, and of UK academics working in Nigeria, indicate that these are equally salient within the Nigerian context.

IMPROVING THE STRUCTURES, SYSTEMS AND GOVERNANCE OF HIGHER EDUCATION

15. It is clear from the discussions represented by our report and from the work of other organisations that while poor funding for higher education presents not inconsiderable problems, many of the barriers to research are actually organisational and managerial. This is certainly true in Nigeria's huge and varied HE system. New money for research will only be provided where funders are confident that institutions have the ability to manage it effectively and to deliver good research, and this will depend on the systems and processes in place within institutions, and on the relationships between key staff.

16. Clear research agendas and postgraduate training plans are also lacking national level which means researchers lack coherent frameworks within which to work. A 2008 directive, supported by the Nigerian government, that all lecturers would need to hold a PhD by 2009 or risk losing their jobs was neither practical nor helpful; were every under-qualified lecturer to embark on a PhD programme existing teaching would only suffer further. While this clearly represented an impossible target, it nevertheless reflects the very real need to raise quality in teaching and research.

17. A common complaint within HE is the loss of the best academics to consultancy work. For many, consultancy nevertheless offers a vital source of additional income to supplement poor salaries. The undertaking of consultancy work need not simply be negative, or detrimental to the university system. Academics are rightly prized for their expertise and key areas, and contracted accordingly. Consultancy can provide new research opportunities, and a chance to undertake funded work which, if approached systematically, can contribute constructively to institutional research programmes. The challenge is for it to be managed more effectively within the university system.

FORGING STRONGER RESEARCH COLLABORATION WITHIN AFRICA

18. Strengthening research in Nigeria requires academics to be better connected to their colleagues within the country, and at a regional level, as well as to the rest of the world. Improving academic networks within Nigeria must be a priority if the potential of the national HE system is to be realised, while intra-African collaboration must also be encouraged and supported within research funding programmes if a genuinely African research base is to develop. Selectivity is also important, and with very few institutions having the capacity to support a full programme of research in all fields it is clear that inter-university collaboration will be needed in order to develop sound research and teaching programmes which span all disciplines.

19. In recent years considerable emphasis has been placed on a "centres of excellence" approach to revitalising HE in Africa, and the African University of Science and Technology, based in Abuja, is one of the first of these to be built. We nevertheless feel that if the system as a whole is to be strengthened, the focus should be on communities of research excellence between existing institutions. By building collaborative programmes in specific disciplines or subject areas, and by making use of institutional hubs as appropriate, research training and mentoring schemes could be delivered, and shared research programmes established, which aim for economies of scale, and leverage wider expertise.

INVESTING IN INDIVIDUALS—THE EARLY RESEARCH CAREER

20. Ultimately it is individual scholars who will revitalise research. Investing in these individuals and ensuring that they are well supported will be critical to any revitalisation of HE within Nigeria. Importantly, this means that funding for research and funding for research training cannot be separated. DFID already provides support in both areas, through its scholarship funding through the Commonwealth Scholarship Commission (CSC), and through its research programme consortia and other research funding strands. The CSC, whose secretariat is hosted by the ACU, has already sought to improve these links by inviting DFID-funded research programmes to nominate for doctoral awards, but further ways of strengthening the links between these funding streams, currently managed by separate divisions within DFID, would be valuable, and would help to maximise existing support to Nigerian HE.

21. The need for greater numbers of PhD-trained Nigerian academics is huge and postgraduate training must be dramatically increased to meet this need. Achieving this at the scale required, and to make best use of the money available, will require new methods of delivery and new types of PhD. While we believe that much of this training must take place within Nigeria, split-site and distance learning approaches which provide for partnerships between African and UK institutions will undoubtedly be valuable. Greater

attention also needs to be directed to supporting the postdoctoral careers of emerging researchers, to ensure that the benefits of PhD programmes and of scholarships are properly realised. A proper and practical career structure for junior researchers is needed, which offers a clear vision of progression from PhD study, provides sufficient time and support to ensure publishable work is produced, and which ensures robust projects and strong grant applications are developed worthy of external funding. Bringing these considerations more firmly into DFID's existing research and scholarship support to Nigerian HE would increase the likely impact of its funding.

CONCLUDING COMMENTS

22. Improving the capacity of Nigeria to undertake high quality research, and thereby its ability to produce its own answers to its own problems is undoubtedly critical. The university sector is critical to delivering this, and if good research is to be achieved in an increasingly interlinked world, greater international collaboration will be vital. DFID and the UK research community can make a significant contribution to Nigerian research, and indeed already do in a number of ways. Supporting Nigerian HE, and improving the way in which UK support is delivered and directed, is firmly in the UK interest and should be an important part of DFID's overall programme in Nigeria.

23. The issues highlighted above are by no means the only challenges facing HE and research in Nigerian universities. They do, however, raise a number of important questions about the ways in which research and collaboration can best be supported as part of UK development programming. A more detailed discussion is provided in our enclosed report, which can also be accessed at www.britac.ac.uk/reports/nairobi/index.cfm. The Association of Commonwealth Universities and The British Academy would be happy to provide further comment on these issues to the Committee.

20 May 2009

Written evidence submitted by the Department for International Development

ACRONYMS AND ABBREVIATIONS

7-point agenda	President Yar'Adua's manifesto policy priorities
ARV	Anti-Retroviral
BBC	WST BBC World Service Trust—DFID project
BOF	Budget Office of the Federation
BPE	Bureau of Public Enterprises
C4C	Coalitions for Change
CAP	Country Assistance Plan
CEM	Country Economic Memorandum
CIDA	Canadian International Development Agency (CIDA)
CPS	Joint DFID—World Bank Country Partnership Strategy
CSOs	Civil Society Organisations
CUBE	Capacity for Universal Basic Education programme—DFID programme
DRGs	Debt Relief Gains
DMO	Debt Management Office
DoC	Drivers of Change
EC	European Commission
ECOWAS	Economic Community Of West African States
EFCC	Economic and Financial Crimes Commission
FCT	Federal Capital Territory
GEP	Girls Education Project—DFID programme
GNI	Gross National Income
ICP	State-level Investment Climate Programme
IDASA	Institute for Democracy in South Africa
IFES	An international organisation that supports the building of democratic societies
INEC	Independent National Electoral Commission
JBDF	Joint Donor Basket Fund for support to the elections
JWL	Joint Wetlands Livelihoods Project
MDGs	Millennium Development Goals
NACA	National Agency for the Control of AIDS
NAFDAC	National Agency for Food, Drug Administration and Control
NDI	National Democratic Institute
NASS	National Assembly
NEITI	Nigeria Extractive Industries Transparency Initiative
NIAF	Nigeria Infrastructure Advisory Facility
NNPC	Nigerian National Petroleum Corporation
NLSS	National Living Standards Survey
PEPFAR	US Presidential Emergency Programme for AIDS Relief
PHC	primary health care

PrOpCom	The Promoting Pro-Poor Opportunities through Commodity and Service Markets programme
SJG	Security Justice and Growth programme (SJG)—DFID programme
SESP	State Education Sector Project
SNAP	Strengthening the National Assembly Programme
SLGP	State and Local Government Programme (SLGP)
STAND	Strengthening Transparency and Accountability in the Niger Delta (STAND)
PAVS	Partnerships for Accountability and Voice in the States—DFID programme
PATHS	Partnership for Transforming Health Systems (PATHS)—DFID programme
PSRHH	Promoting Sexual & Reproductive Health for HIV/AIDS Reduction programme
UNCAC	UN Convention Against Corruption
UNODC	UN Office on Drugs and Crime

MAP OF NIGERIA



OVERVIEW

1. HMG supports the growth of a stable, democratic Nigeria, with sound economic and political governance, to enable Nigeria to meet its Millennium Development Goals (MDGs) and to play a constructive role in Africa and beyond.

2. Nigeria is a key strategic partner for the UK in Africa. It is Africa's most populous country with over 140 million people. It is a major oil and gas producer and its economy is linked into the economies of all neighbouring countries. It is also a major contributor to African peacekeeping operations, notably in Darfur, and plays a leading role in the African Union and ECOWAS.

3. However, there are major challenges to Nigeria realising its full potential. These include deepening democracy, highlighted by the flawed elections of April 2007, and tackling corruption. Decades of military rule have corroded governance structures, systems for basic service delivery and infrastructure, and have hampered growth outside the oil sector. Reforms in several of these areas have begun, but they are starting from a very low base. The current global economic crisis poses a further challenge, threatening to prevent Nigeria achieving the sustained high growth rates it needs to achieve the MDGs.

4. DFID's work underpins HMG's commitment to reducing poverty through the achievement of the MDGs. Achieving the MDGs in Nigeria is critical to achieving the MDGs in Africa: 20% of Africa's poor are Nigerian and northern Nigeria has the worst human development indicators in the world outside conflict and post-conflict zones. Although progress is being made, the environment for poverty reduction remains challenging:

- 72 million people live on less than \$1/day.
- Ranks 154/179 in the Human Development Index (2008).
- One in five (1 million) children die before the age of five.
- Nigeria has only 2% of the World's population but 10% of the world's maternal deaths in childbirth.
- Nigeria has more children out of school than any other country (Global Monitoring Report 2009). Net enrolment in primary education is around 68%. Up to 3.6 million primary age children are not in school.
- 48% households have no access to clean water.
- Around 3 million people are living with HIV or AIDS.
- Unlikely to meet the MDGs by 2015.

5. There are significant regional variations in human development, with the Northern states facing the biggest challenge. The federal structure increases this challenge. The 36 States spend around 50% of public funds and have a high degree of autonomy. Responsibility for the delivery of basic services lies mainly with the State governments and the 774 local governments within them.

6. KEY HUMAN DEVELOPMENT INDICATORS BY GEOPOLITICAL ZONE

<i>Indicator</i>	<i>North Central</i>	<i>North East</i>	<i>North West</i>	<i>South East</i>	<i>South South</i>	<i>South West</i>
Population millions (2006): Census	20.3	19.0	35.8	16.4	21.0	27.6
% on <\$1 a day	58.6	64.8	61.2	31.2	47.6	40.2
Children underweight for age % under 5	19.6	33.1	42.9	8.5	18.0	19.1
Net primary enrolment rate %	70.2	44.4	41.7	80.2	82.2	82.8
Net primary enrolment—ratio of female to male	1.0	0.8	0.7	1.0	1.0	1.0
Under 5 mortality (per 1,000)	165.0	260.0	269.0	103.0	176.0	113.0
Fully immunised % of children of 12–23 months	8.4	25.0	6.2	20.5	25.6	29.9
Maternal Mortality (per 100,000 live births)	—	1,549.0	1,025.0	286.0	—	165.0
HIV prevalence % total population (2007)	5.7	3.4	3.0	2.6	3.5	3.4
Access to improved water source %	40.4	26.0	38.5	82.8	56.7	58.4
Access to improved sanitation %	11.5	5.0	6.1	42.2	29.7	28.9

7. NIGERIA'S PROGRESS ON THE MILLENNIUM DEVELOPMENT GOALS

Goal 1: eradicate Extreme poverty	Reduce extreme poverty by half	
	Reduce hunger by half	
Goal 2: Universal Prim ary education	Net enrolment	
	Universal Primary Completion	
Goal 3: Promote Gender equality and empower women	Equal girls' enrolment in primary school	
	Equal girls' enrolment in primary and secondary education	
	Women's share of paid employment (non-agricultural)	
	Women's equal representation in national parliaments	
Goal 4: Reduce child poverty	Reduce mortality of under 5's by 2/3	
	Measles immunisation	
Goal 5: Maternal health	Births attended	
Goal 6: Combat HIV/AIDS, malaria and other diseases	Halt and reverse spread of Malaria	
	Halt and reverse spread of TB	
	Halt and reverse spread of HIV	
Goal 7: Ensure environmental sustainability	Reverse the loss of forests	
	Halve the proportion without improved drinking water	
	Halve the proportion without improved sanitation	
	Improve lives of slum dwellers - proportion of slums	

Met	On Track	Off Track	Severely Off Track	No Data
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BACKGROUND TO DFID'S ENGAGEMENT IN NIGERIA

8. Prior to 1999, during the Abacha years, DFID had no direct programme with the Federal Government of Nigeria (FGN). Instead, we had limited projects with some state-level governments, supported social marketing of condoms and provided funding to NGOs.

9. From 1999 with the transition to democracy and inauguration of President Obasanjo DFID moved to strengthen its engagement with the FGN to support its reforms aimed at increasing the efficiency and effectiveness of government spending, and growing the economy.

10. In 2001, DFID set up a devolved country office, which from its inception worked with Nigerian stakeholders, and other development partners, to tackle the major challenges which the country faced. The aid framework has continued to grow significantly. At £100 million in 2008–09 the Nigeria programme is DFID's 4th largest in Africa (Ethiopia £165 million; Tanzania £130 million; Sudan £110 million).

	1999–2000	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
DFID Programme Aid Framework	£15m	£16m	£20m	£29m	£32m	£47m	£78m	£80m	£100m	£100m	£120m

11. In mid 2005 DFID finalised a joint Country Partnership Strategy (CPS) with the World Bank, the first of its kind globally. The CPS seeks to make best use of each organisation's expertise and strengths and to ensure complementarity between programmes. Since 2006 USAID has also participated in the CPS, although is not yet a formal member of the partnership. A new CPS is currently under development with the World Bank, USAID, and the African Development Bank, and is due to take effect in mid-2009.

12. DFID's programme supports Nigeria's own priorities as outlined in NEEDS and SEEDS. These priorities are reflected in the three pillars of the CPS: is centred around the three pillars of the CPS: (1) Economic growth and poverty reduction; (2) Improving governance and the accountability of government to the Nigerian people; (3) Improving human development, particularly in the areas of health, education and HIV and AIDS.

13. The DFID office was established in Nigeria in 2001 in Abuja. Very small focal state offices were then established in Jigawa, Ekiti, Enugu and Benue. Greater familiarity and information on the context led to a shift in approach in 2005 when regional offices were set up in Enugu, Lagos and Kano, replacing the focal state offices. Today the configuration of the total of 70 staff (48 Staff Appointed in Country and 22 UK-based) across the 4 offices is: Enugu (3); Lagos (2); Kano (9) Abuja (56).

CURRENT CONTEXT FOR DFID'S WORK

14. 2007 saw the first transition between democratic regimes since independence, albeit in the shadows of what was widely acknowledged to be a seriously flawed election. Questions around the legitimacy of the election overshadowed the tenure of the new President, Umaru Musa Yar'Adua, until an election tribunal upheld the result earlier this year. Gubernatorial election results have been annulled in six states to date following challenges through election tribunals.

15. The federal government launched a home-grown poverty reduction strategy, the National Economic Empowerment and Development Strategy (NEEDS) in 2003. It is supported by strategies at state-level (State Economic Empowerment and Development Strategies—SEEDS) and to a limited extent at Local Government-level (LEEDS). A successor to NEEDS, produced in draft before the election, is currently being updated to integrate the President's 7-point agenda.

16. In his election campaign, President Yar'Adua promised to continue the reforms in economic management, governance and improved service delivery initiated by his predecessor, President Obasanjo. The 7-point agenda originally set out by President Yar'Adua in his election manifesto has been expanded and refined into an outline strategy, which will be reflected in the successor to NEEDS. The President has highlighted seven priority areas, which largely reflect the original 7-point agenda: growth, physical infrastructure (power, transport, energy), agriculture, human capacity development (including health and education), security and law and order, tackling corruption and solving the Niger Delta crisis.

17. Recent growth in the Nigerian economy has been faster than the preceding 25 years. The World Bank estimates Nigeria's economy grew at an average of 9.1% per annum between 2003 and 2007, compared with just 2.9% per annum from 1997 to 2000. GDP growth declined to an estimated 6.1% in 2008, though non-oil growth is estimated to have remained at over 9%. Nevertheless, Nigeria needs sustained non-oil economic growth of over 12% per annum to meet the MDGs, and the growth that has been achieved in recent years has not translated into a significant increase in formal employment. Less than 10% of the 6 million new entrants into the labour market each year gain access to formal employment. To sustain growth and create employment the Government of Nigeria needs to address the three key binding constraints to growth: poor infrastructure (especially power); a weak business environment; and poor access to finance. In addition, the current global economic crisis is posing a new threat to growth. Recent macroeconomic reforms, high reserves, and low debt give Nigeria some resilience to tackle the crisis. However, the IMF lists Nigeria as one of the seven low income countries most vulnerable to the crisis, due to projections of falling growth (of 2.9% this year), falling reserves, and vulnerability to balance of payments shocks.

18. Nigeria is the world's 10th, and Africa's largest, oil producer. Oil dominates both Nigeria's macro-economy and its political-economic landscape, providing 80% of government revenue and 90% of export earnings. Foreign exchange reserves are currently approximately \$35 billion. These resources mean that Nigeria is not aid dependent—aid is less than 1% of GDP. DFID's view is that the key focus for donors in Nigeria is to leverage greater effectiveness and efficiency of government spending and to help to build accountability of government to citizens.

19. The five biggest donors in Nigeria, providing the bulk of Official Development Assistance (ODA) to Nigeria, are the World Bank (\$1,070 million projected to be committed in FY09); USAID (\$551 million in FY08); DFID (\$200 million—FY09); the AfDB (\$178 million—FY09); and the EC (\$81 million—FY09). In recent years there has been significant progress on donor co-ordination at a strategic level, and increasingly this is reflected between programmes on-the-ground. In 2007, Nigeria signed the Paris Declaration on Aid Effectiveness and is taking an increasing interest in donors' activities.

POLICY COHERENCE IN THE UK GOVERNMENT'S APPROACH

20. HMG policies in Nigeria are steered by an agreed cross-Whitehall Nigeria approach. DFID works particularly closely with FCO and MOD.

21. On policy and programme issues:

- We work closely with both the FCO and MOD on conflict issues and security sector reform.
- We are implementing a joint engagement strategy in the states in which DFID is working and at the Federal level.

- There is close collaboration on political and governance analysis, including joint scenario planning.
- Other specific policy areas where we work closely with FCO colleagues include: the Niger Delta, migration, climate change, security and development and economic analysis.

22. With FCO we work closely both on management/operational issues and substantive programme and policy issues. On management and operational issues, we rely on the BHC for security advice; have a joint contract with a security company; and have coordinated and jointly-tested Business Continuity Plans. With the FCO and British Council, we also have a jointly designed and financed annual plan for the implementation of HMG's Workplace Policy on HIV. In Lagos, the DFID office is housed within the BHC and we are looking at other possibilities for co-location in the future.

KEY ISSUES

GOVERNANCE

Background and Major Issues

23. Nigeria operates an Executive Presidential system of government first introduced in 1979. Nigeria's federal system is highly decentralised. The 36 States have considerable political and financial autonomy and control 50% of Nigeria's public spending. The third tier of government comprises 774 Local Government Areas and is mainly responsible for delivery of the services which really matter to people, including primary health care. There is a two-term constitutional limit on the tenure of the President and the State Governors.

24. The federal structure results in a complex governance environment, with states strongly defensive of their constitutional independence from the Federal Government. Capacity within State Governments to meet their obligations in terms of service delivery to their citizens varies but is generally limited. Local governments have very low capacity and little autonomy from states. Lack of coordination and cooperation between the three tiers of government is a major issue.

25. Although recognised as flawed, Nigeria's third consecutive elections in April 2007 did at least consolidate the transition from military to civilian rule that had been achieved in 1999. Ex-military officers still play key roles in the political process, but the threat of a military takeover is no longer thought to be a major factor in the political environment.

26. Decades of military rule coupled with abundant oil revenues have undermined Nigerian governance structures resulting in a lack of accountability, non-responsive governance and limited capacity at Federal, State and local government levels. The (2007) Africa Peer Review Mechanism Country Self-assessment is frank about Nigeria's achievements and the challenges that remain. A key finding is that most Nigerians have yet to see the benefits of reforms undertaken since 2003 in terms of jobs, better services or improved security.

27. DFID's Drivers of Change study (2003) identified three deep-rooted constraints to reaching the MDGs: mismanagement of public revenue, weakness of formal accountability mechanisms, and the absence of non-oil growth. Reforms have begun to address some of these issues. The recent confirmation of the election of President Yar'Adua is expected to strengthen the political base for reforms, especially political accountability. At State level, the pace of reform has slowed in some States since the 2007 elections, and accelerated in others. Electoral tribunals or the Supreme Court have annulled the elections in six states so far with 18 cases yet to be concluded.

28. Corruption is endemic at every level of government and across society more broadly. The Economic and Financial Crimes Commission, established in 2003, has had a dramatic impact, with a number of high-level prosecutions sending out a clear message that corruption is no longer a risk-free activity. The change in leadership of the EFCC at the end of 2007 raised questions about the future independence and effectiveness of the agency, but faith in the agency does not seem to have been totally eroded in the minds of ordinary Nigerians.

29. Nigeria's human rights situation has improved since the return to civilian rule, although Nigeria still retains the death penalty. Human rights abuses still occur, largely at the hands of the ill-trained, ill-equipped and poorly-motivated security forces. The use of torture, beatings and extra-judicial killings are still reported. Nigeria has a large and active civil society and a free and vibrant press.

30. In the last few years the Niger Delta region, has seen a serious deterioration in the security situation, with growth in illegal arms, a proliferation of militia, and widespread criminality. An established trade in stolen crude oil underpins both the violence and the corruption. The situation in the Niger Delta is largely a result of poor governance, particularly a failure on the part of the Governments of the region to use their substantial resources for the benefit of their citizens. There are legitimate grievances about the existence of poverty in the face of extreme wealth and dissatisfaction with some of the ways in which the oil companies have operated. Criminal gangs, often with the connivance of politicians, exploit these grievances for their own ends. Niger Delta region Governors recently concluded a South-South Economic Summit in which the six governors resolved to improve governance, and build regional infrastructure. The Federal Government established a Ministry of Niger Delta in late 2008, but it is unclear how effective the new Ministry will be.

DFID Approach

31. Three broad factors influence the scope and content of DFID's programme in Nigeria. First, the sheer physical size of Nigeria and its population of almost 150m; second, the federal nature of the country and the considerable devolved powers enjoyed by the 36 states, which means that the latter are largely responsible for delivery of MDGs 2, 3, 4, and 5; and third, the fact that Nigeria is not aid-dependent, with total aid equivalent to less than 1% of GDP (compared to an average in Sub-Saharan Africa of 10%). This is at the heart of DFID's governance agenda for Nigeria.

32. This means that DFID must work at both Federal and State levels, but that we have to be selective about the number of states in which we can have a deep engagement. The low aid dependency in particular means that our programme is not focused on resource transfer, but rather on leveraging better use of Nigeria's own resources. Governance is central to everything we do: achieving more effective use of the resources available to governments at all levels requires a strong focus on building capacity to plan, budget, implement, monitor and report, and on reducing scope for corruption. At state level, our major vehicle for this is a suite of programmes focusing on states which have demonstrated commitment to reform and to poverty reduction, which commenced in August 2008. These programmes cover health, education, and state and local government reform, building on earlier successful programmes. Again, all of these programmes have governance reforms, including improved and more accountable public financial management, at their core.

33. Improving pro-poor policy making and the effectiveness of spending by the various governments in Nigeria also involves increasing the means by which Nigerians can hold their governments to account for their actions. The sustainability and deepening of reforms will depend on the extent to which reformers can build broader coalitions of support, inside and outside government. DFID is supporting a range of programmes facilitating this aim. These include our work on elections and on deepening democracy (see elections brief below) and in support of the National Assembly (see National Assembly brief below); working to strengthen accountability and transparency in selected local government areas in the Niger Delta; DFID's Coalitions for Change programme (see civil society brief below) which is taking up issues as diverse as constitutional reform, affirmative action to get more women into key positions, and water management in Northern Nigeria.

*34. Evidence of DFID Impact**Public Financial Management*

- As a result of technical assistance provided to the Budget Office of the Federation for the 2007 budget, all ministries were for the first time asked to submit detailed staff lists in support of their salary budgets, and warned of spot-checks on personnel records. As a result, the salary budget for 2007 included 65,000 fewer people than for 2006.
- Public Expenditure and Financial Accountability assessments have been carried out in Kano, Kaduna, Enugu and Jigawa States. There are now government led Public Financial Management reform plans in three of these states (Kano, Kaduna and Jigawa).. This was sensitive work, and has the potential to lead to systematic and far-reaching reforms at State level.

Public Service Reform

- Payroll and pensions reform has resulted in elimination of an estimated 4,000 ghost workers in the Federal Capital Territory (FCT—the equivalent of a state for the Abuja area) and savings of N20m (around £80,000) per month in Enugu State.

Improved Service Delivery

- In Kano State a DFID project on community water management in Wudil means that 200,000 people now get clean water, the population has started making effective demands on the local government to provide it with this service, and Kano State is now planning three more schemes following the Wudil model.
- A DFID supported pilot service delivery improvement at Keffi hospital outpatients department has reduced the normal waiting period from 6 hours to 30 minutes, generating confidence in quality of clinical services, and in patients that they will be treated. Jos and Calabar teaching hospitals, and the National Hospital have all requested to use the Keffi model.

Justice, Law and Order

- In Lagos an electronic civil case management system has been established for the 57 High Courts, enabling performance targets for the judiciary and increasing incentives to dispose of cases speedily. A criminal Case Tracking system is also being supported.
- There have been improvements in public perceptions of policing as a result of our support. For example, in Kano State, over a 12 month period, fear of crime reduced by 20 percentage points (68% to 48%); 56% of people surveyed reported less corruption, 30% reported more cooperation, and 93% reported improved police behaviour.

- In Enugu the citizens' mediation centre resolved a village dispute that had gone on for nine years and had involved 60 individuals—in the space of one day.

2007 ELECTIONS

35. Although widely acknowledged as flawed, the April 2007 elections resulted in the first transition from one civilian president to another, and as such represented a major watershed in Nigeria's political development. They were regarded also as crucial in the consolidation of democracy re-established in 1999 and for continuation of the economic reforms initiated from 2003. The conduct of the elections was therefore disappointing.

How did DFID support the 2007 Elections?

36. DFID Nigeria provides assistance through the Election Support 2007 programme working with: (a) a consortium of NGOs and (b) a UNDP-managed joint donor basket fund including EC, CIDA, UNDP and DFID. DFID provided £7,000,000, under a programme which concluded in December 2008.

The NGO Consortium

37. DFID provided £4,500,000 to a Consortium made up of IFES, Global Rights and the Institute for Democracy in South Africa (IDASA). The Consortium members worked in partnerships with Nigerian organisations including the Independent National Election Commission, INEC, (voter education and the legislative framework in particular), political parties (monitoring adherence to campaign finance rules), media, and Nigerian NGOs. The purpose was to contribute to a more accountable, participatory and better-informed electoral process in Nigeria. DFID support contributed to:

- A national campaign against electoral violence which achieved wide public awareness. Levels of electoral violence in 2007 were not as high as some had feared—even after evidence of fraud and vote-rigging had emerged.
- Some improvements to the Electoral Act which was amended in 2006.
- Higher levels of civil society participation in Elections (including domestic observation) than in past elections.
- Awareness raising, including information on “mandate protection” which may have reduced rigging in a few States.

Joint Donor Basket Fund (JDBF)

38. DFID's contribution to the JDBF was £2,500,000. Other contributors included the European Commission (EC), UNDP and Canadian International Development Agency (CIDA). The JDBF aimed to support the institutional development and technical capacity of the Independent National Election Commission (INEC), and to enhance the participation of civil society in the electoral process. JDBF support to INEC had mixed results. For example:

- INEC rejected most offers of technical assistance even when it was clearly needed, eg media strategy and logistical arrangements.
- But information materials raised public awareness of a new voting system.
- Training of security agencies led to better Police conduct on polling days.

What has DFID learned from its approach?

39. DFID along with others facilitated a series of lesson learning exercises the results of which were very consistent. The main lesson is that all players should avoid only concentrating on the elections as an event, rather that they should support changes in the wider electoral process. The establishment of the President's Electoral Reform Commission (ERC) in August 2007 was very welcome in this regard. The ERC's report has been presented to the President, and we are awaiting the publication of a white paper on the way forward. Other lessons which are being considered in planning for follow on support include: the need to develop a more productive partnership with INEC so that our technical advice can be taken up; finding a way of working with political parties since many of the problems stem from lack of internal party democracy; and redefining civil society support to include working with faith-based organisations, traditional institutions and the organised private sector.

How does DFID plan to support electoral process in future?

40. DFID's support to the electoral process contributes directly to the wider goal of improving the accountability of Nigeria's government to the legitimate demands of Nigeria's people. DFID intends to adopt a more holistic approach to its support to the 2011 elections, with a broader programme seeking to strengthen the capacity of key democratic organisations (National Assembly, Electoral management bodies, political parties, the media, civil society, and conflict prevention mechanisms) in order to make them more

effective, accountable and responsive in their operation. In addition, future DFID support will promote democratic pluralism, competitive politics and tolerance, broadening participation by building understanding and respect for democratic values and culture.

THE NATIONAL ASSEMBLY

41. Nigeria's National Assembly is a bi-cameral assembly. It is made up of the 109-member Senate (upper House) and the 360-member House of Representatives. This year Nigeria has been independent for 49 years, 29 of those under military rule. Under the military, substantial aspects of the executive and judicial arms of government were left in place while the legislative arm was totally dispensed with. As a result, the National Assembly is still developing, lacks institutional memory, and needs assistance to build its capacity.

How does DFID support the National Assembly?

42. DFID Nigeria provides support through the Strengthening the National Assembly Programme (SNAP), working jointly with USAID. DFID is providing £2,650,000, with the current phase of support to be completed by September 2009. This programme was managed and implemented by the National Democratic Institute (NDI) until March 2009, with the final phase of support being managed by direct technical assistance from DFID.

43. The focus of the DFID intervention is to ensure the development of the National Assembly's ability to support pro-poor reform and to legislate in a manner that supports Nigeria's ability to achieve the MDGs. DFID support has resulted in:

- Awareness creation and capacity building for new members and administrative staff on committee functions, use of Nigeria's debt relief gains, and budgeting for achievement of the MDGs.
- Support for passing of key economic reform legislation, the Fiscal Responsibility Act, the Public Procurement Act and the Nigeria Extractive Industries Transparency Initiative Act.
- Establishment of civil society liaison office, strengthening linkages between CSOs and the National Assembly on MDG issues, and training for CSOs on advocacy and lobbying skills.

What has DFID learned from its approach?

44. With 80% turnover of elected members of the National Assembly at the 2007 Elections, support to the legislative clerks and the committee secretaries was critical. As a result of the SNAP programme the new members in 2007 were well briefed by the legislative staff attached to their respective committees.

45. The SNAP programme has provided new perspectives for the National Assembly as regards working with civil society on legislation. Prior to this intervention civil society were at best perceived as a nuisance by the legislature, partly as a result of the lack of coordination by civil society groups in their engagement with the National Assembly. SNAP has shown that the existence of CSOs alone does not guarantee their effective engagement with the legislature, and that their engagement needs to be coordinated around themes and to take into account official channels within the administrative structures of the assembly.

How will DFID work to support the National Assembly in future?

46. DFID intends to take a more holistic future approach to supporting voice and accountability in Nigeria. A programme on deepening democracy is under development. This programme will seek to strengthen the capacity of the NASS to be a more effective venue for the articulation and scrutiny of reform policies and legislation. In addition future support will focus on assisting reforms by (i) improving the quality of technical support available to legislative committees, and (ii) improving civil society access to the process of formulating legislation.

47. In more general terms future support will aim to promote democratic pluralism, proper representation and broaden participation by building understanding and respect for democratic values and culture.

CIVIL SOCIETY, VOICE AND ACCOUNTABILITY

48. Nigeria has a large and active civil society. Civil society played a significant role in the struggle for democracy in Nigeria and is still marked to some extent by its adversarial stance towards government. Since 1999, a multitude of civil society organisations (CSOs) has emerged focussing on policy development or providing social services. These CSOs are of mixed quality. The credible ones have substantial knowledge of their subject matter and advocacy experience but organisational capacity is still a challenge for the majority. CSOs are only now learning how to partner with governments and "big business" to drive change and improved governance through non-confrontational means.

How does DFID support improved voice and accountability?

49. DFID's approach to voice and accountability and working with civil society is largely derived from the Drivers of Change (DoC) analysis. DoC concluded that transformational change in Nigeria requires an approach that targets the key structural constraints that impede poverty reduction and growth. It also argued that supporting transformational change requires more than orthodox capacity development for civil society. Rather, DFID's approach should be based on (i) identifying specific issues linked to the key constraints and (ii) supporting coalitions of actors from across civil society, the public and private sectors with broadly shared interests in the issue.

50. Key DFID programmes designed around this approach are the State Accountability and Voice Initiative (SAVI), and Coalitions for Change (C4C). New programmes currently in design, such as Justice for All (J4A) and Deepening Democracy in Nigeria (DDiN), will include similar approaches. A wide range of initiatives have resulted: support to coalitions of actors monitoring the spending of debt relief gains; support to create a mechanism for multi-stakeholder dialogue on the Constitutional Review; and support to the Nigeria Climate Action Network to raise awareness of climate change and advocate policies to tackle it.

51. Civil society is also engaged in much of DFID's human development work particularly around communication, mobilisation, awareness-raising, and advocacy.

CORRUPTION

52. Levels of corruption in Nigeria are notoriously high but there has been some improvement over the last three years in Nigeria's position in Transparency International's Corruption Perceptions Index—Nigeria has improved from a ranking of 152nd in 2005 to 147th in 2007 and 121 in 2008. However, the 2008 report is based on 2007 data, so it does not necessarily reflect the current situation, over which there is increasing concern.

53. The Independent Corrupt Practices Commission (ICPC) and the Economic & Financial Crimes Commission (EFCC), together with the Nigerian Financial Intelligence Unit (NFIU) and the Code of Conduct Bureau, are key to anti-corruption efforts. The EFCC recently arraigned seven suspended officials of the Nigerian Electricity Regulatory Commission (NERC) over an alleged N1.5 billion fraud (about £7 million). Although cases against some ex-Governors have continued, there are reports of increased political interference and influence over EFCC, particularly since the removal (and later sacking) of its former head.

54. Nigeria was removed from the Financial Action Task Force (FATF) list of countries that are considered non co-operative in the fight against money laundering in June 2006. The last monitoring of Nigeria based on an assessment by the Egmont Group indicates that Nigeria has been in compliance with her anti-money laundering laws.

The Anti-Corruption Effort

55. EFCC's work is supported by reforms to strengthen the systems to improve transparency and prevent corruption in the public services. For example:

- The Federal Government's financial allocations to States are published monthly on the web.
- Improved budget and payroll systems have led to the removal of an estimated 70,000 ghost workers from State and Federal budgets. One State reduced its pension bill by two thirds (DFID supported).
- Nigeria is a leader in the Extractive Industry Transparency Initiative (EITI) which promotes transparency of government oil revenues (DFID supported).
- The Pharmaceuticals Licensing Body (NAFDAC) is also taking a strong stance against corruption, leading to a dramatic reduction in counterfeit and fake drugs (DFID supported a study on counterfeit drugs and plans to support NAFDAC capacity development from 2008).

UK support to Anti-Corruption in Nigeria

56. The new Justice for All (J4A) programme will focus on increasing the accountability and effectiveness of selected anti-corruption agencies. In particular, the programme will work with the selected agencies to strengthen internal organisation, increase the use of information and communications technology, and increase investigative capacity.

57. The UK contributed £230,000 to a EU project worth Euro 22.7 million to support the EFCC. The project, being managed by the UNODC (UN Office on Drugs and Crime), is providing technical support to strengthen the operational capacity of the EFCC, upgrade technical knowledge and strengthen the justice sector with respect to cases dealing with economic and financial crimes.

58. DFID is supporting the EFCC to strengthen their ability to collect financial forensic evidence for specific corruption cases in line with international standards; to track suspicious financial flows and transactions; strengthening the capacity of Nigerian regional anti-money laundering units; and provision of a senior financial crimes adviser.

59. DFID has a strongly coherent approach with the High Commission in Nigeria. HMG will continue to work with Nigerian Government to tackle corruption and strengthen the EFCC as well as other related organisations including the Independent Corrupt Practices Commission (ICPC) and the Code of Conduct Bureau (CCB).

60. A crucial part of our anti-corruption work is focussed on strengthening systems. DFID is providing assistance to support improved public financial management and State and Federal level, which will help to make corrupt practices more difficult. HMG, through DFID, has been the leading partner supporting the establishment of the Nigeria Extractive Industries Transparency Initiative, which has already led to an improvement of transparency in the oil sector, from which most corruption originates.

61. DFID has designed its programme with a view to protecting aid funds from corruption. No DFID money is spent through Government of Nigeria systems. All programmes are tightly monitored and audit processes are in place.

HUMAN DEVELOPMENT AND POVERTY

62. The United Nations Human Development Index ranked Nigeria 154 out of 179 countries in 2008. The biggest negative driver is Nigeria's very low life expectancy at birth of only 46.6 years. Nigeria's HDI index is significantly lower than the average for Sub Saharan Africa; in turn Sub Saharan Africa is lower than all other areas of the World and the gap is increasing.

Table 1

HUMAN DEVELOPMENT INDICATORS NIGERIA AND SUB SAHARAN AFRICA

<i>Human Development Indicator</i>	<i>Nigeria</i>	<i>SSA</i>
GNI per capita (2006)	640	842
Life expectancy at birth (2005)	46.5	47.2
Net primary school enrolment (2005)	67.9%	69.2%
Mortality rate per 1,000 under-5 (2005)	194	163
Immunization of measles children 12–23 months (2005)	35%	64%
Prevalence of HIV ages 15–49 (2007)	3.6%	5.8%
Population with access to improved water source (2004)	48.0%	56.2%

Source: World Development Indicators and UN's Human Development Report

63. Within Nigeria, human development indicators differ substantially between regions and states. As set out in the table in the overview section (page 7), northern States on average suffer greater poverty and poorer education and health outcomes than southern States.

64. Roughly half of Nigeria's population (72 million people) live on less than a dollar a day and 90% of Nigeria's 140 million plus people are estimated to live on less than \$2 per day. Income inequality at the national level is high.

65. The situation is worse in rural than urban areas. 64% of those living in rural areas are poor (more than 50 million) compared with 43% of the population (27 million) in urban areas. Similarly, twice as many people in rural areas have insufficient food, therefore living in extreme poverty, compared to urban areas.

66. The bulk of the poorest States in Nigeria are in the North. Jigawa has the highest poverty headcount (91%). The poverty headcount across the North is around 65% (49 million people) whilst in the South it is 43% (28 million). The total population in the DFID/CPS Lead States (Kano, Kaduna, Lagos, Enugu, Cross River plus Jigawa which is not formerly a lead state) is around 35 million, of whom around 20 million (65%) are poor.

67. Nigeria's prospects of halving income poverty by 2015 relative to 2000 are not clear, due to the absence of good data. Good data will become available later this year when the next Living Standard Measurement Survey (LSMS) is completed. DFID is part-funding the LSMS with the National Bureau of Statistics. Strong growth in the non-oil economy, especially since 2003, suggests that poverty may have fallen over the last five years.

68. Most poor people live in rural areas and there is a strong focus in DFID's programme on largely rural states in the North, where the incidence of poverty is high. The greater part of DFID Nigeria's spending is on supporting more effective delivery of health, education, water and HIV/AIDS services. These programmes operate largely in states with mainly rural populations.

EDUCATION

69. Free Universal Basic Education became law in 2004, but Nigeria remains off-track on both education MDGs. Nigeria tops a global list of the most "out of school" primary age children, currently estimated at 8 million. The majority of these out of school children are girls. The primary education net enrolment rate hovers around 63% and has improved only a little in the last decade.

70. Nigeria's education system faces a multi-dimensional crisis. As well as limited access and equity, quality is also poor—two DFID financed surveys in 2007 found that learning outcomes in Nigerian schools compare unfavourably even with other countries in sub-Saharan Africa. The supply and deployment of qualified teachers, especially in rural areas, is a major challenge. There is a huge infrastructure deficit, with half of existing schools needing some renovation. Almost double the existing number of classrooms would be needed to achieve universal basic education.

71. Better governance is the critical challenge, with a particular need to improve evidence-based planning, public financial management, and institutional coordination. There are encouraging signs that the Federal Government and some States are now prepared to address this challenge.

DFID Support and Impact

72. DFID support is designed to strengthen the key elements of education sector governance. The £18 million Capacity for Universal Basic Education programme (CUBE: 2003—2008) helped to build the capability of the Federal Government and three States. CUBE provided important technical assistance on policy, planning, information systems, and reform of the education inspection services.

73. At State level, CUBE worked with Kano, Kaduna and Kwara States (with a combined population of 20 million) to develop prioritised, costed, 10 Year Education Sector Plans, and assisted the three State Governments to start implementation of the World Bank's \$65 million State Education Sector Project (SESP), which is supplying educational materials, improving infrastructure, and providing school grants.

74. The new Education Sector Support Programme in Nigeria (ESSPIN), which started in late 2008, has a larger budget of £106 million. Like CUBE, it will continue to strengthen government capacity, but will also work with communities and civil society to promote greater accountability and responsiveness in the delivery of services.

75. ESSPIN will support the medium term operational plans (sector strategies) of five States, and a new process of Federal level reforms centred on the Federal Minister's Road Map for Education. In addition to technical assistance, from late 2009, ESSPIN will support the five States to transform the quality of education through school grants and the provision of facilities, including water and sanitation.

76. DFID also funds UNICEF to implement a Girls Education Project (GEP) in selected northern Nigerian states with the worst disparities between boys and girls' enrolment in primary school. In Phase 1 (2005–08) the project helped to increase girls' enrolment by 15%, through a combination of advocacy, community mobilisation and provision of educational materials and infrastructure for selected schools. In July 2008 a second three year phase was initiated, which will help to institutionalise the approach.

77. Overall DFID's education programme is now currently working in nine States with a combined population of about 50 million—over one third of Nigeria's population—and ESSPIN will expand to one or two more States. Using technical assistance, capacity building and "demonstration effect" it is intended to embed the new approaches into the supported State government systems, with cross cutting support from DFID's other programmes in public financial management and service reforms.

78. DFID support is also helping the creation, production and dissemination of improved data and analysis regarding the education sector: currently available statistics are out of date and unreliable. A large education household survey is currently ongoing, co-financed by USAID, which will provide more up to date and accurate basic education statistics.

HEALTH

79. Nigeria is off-track on the health-related MDGs. Child and maternal mortality rates are extremely high, especially in the north of the country. One in every five children dies before its fifth birthday. It is estimated that about 660,000 children die each year from preventable causes every year. Nigeria has some of the worst health systems indicators in Africa—such as immunisation coverage—where less than 20% of children are fully immunised. Nigeria is also only one of four countries globally that still has circulating wild polio virus—last year Nigeria had the most cases of polio globally and the virus spread to a number of previously polio free countries within the region. The country is believed to have the second-highest number of maternal deaths each year, after India.

80. Nigeria's health system is fragmented and poorly coordinated. Roles and responsibilities for health and healthcare across Nigeria's three layers of government and parastatals are not well-defined. This situation is compounded by many health initiatives by-passing established structures. The World Health Organisation (WHO) has ranked the Nigerian health system 187th out of 191 member states. The majority of public health facilities do not have the full complement of drugs, equipment and staff to deal with ill-health and prevention of illness.

81. The results of the fragmentation of Nigeria's health system are the almost total collapse of public sector primary health care and the inefficient use of public resources. Most people use the poorly regulated informal and formal private sectors for their health care. Better regulation is needed to improve the value-for-money the private sector offers consumers and to improve health outcomes.

82. Despite the challenges, some progress has been made in some areas, notably in development of health sector plans, malaria and HIV. Several States have announced free health services for maternal and child health, some have increased budget allocations to the sector; others have entered into constructive partnerships with the private sector. However, much still needs to be done—and progress has been patchy.

83. In 2004 the Federal Ministry of Health initiated a process of health sector reform. The National Health Bill (awaiting ratification by the President) will clarify responsibility for the provision of health services and secure funding for primary health care. The current Health Minister was appointed in December 2008, following an eight month period during which there was no substantive Health Minister. The new Minister's priorities for the health sector include better collaboration with other tiers of government, development of costed sector plans at federal and state level, greater focus on primary health care, and greater donor coordination.

DFID Support and Impact

84. DFID has supported the Nigerian Government's efforts to improve health sector governance, service delivery and access to basic health services across the country. The main vehicle for this has been the Partnership for Transforming Health Systems Strengthening programme (PATHS1, £56 million, 2002—2008, and PATHS2, £148 million, 2008–14) and the Health Commodities and Equipment Procurement project (HCP, £30 million, 2004–09). Through these programmes, DFID has supported:

- The development of a new National Health Reform Policy, which includes new strategies to promote maternal and child health.
- The development of the new National Health Bill (mentioned above).
- The reorganisation of health systems in several States. In Jigawa the Gunduma Health System has been introduced, which is consolidating health services managed by the State and its Local Governments. This reform is in its early stages, but should lead to greater accountability, reduced waste, and better services. Similar reforms are being carried out in Enugu and Ekiti States.
- The provision of drugs and medical equipment to 1000 health facilities in six Nigerian States through the Health Commodities Programme. Primary Health Care centres supported by this project have shown a 58% increase in utilisation within one year of DFID support. By the end of the project in November 2009, a total of 1,468 facilities will have been supported by DFID, ensuring the availability of drugs for an estimated 24 million outpatient consultations per year.

85. DFID's support for the Health Reform Foundation of Nigeria (HERFON) (£3.5 million, 2004–08) helped to build coalitions of influential people committed to health reform. HERFON has helped raise the political profile of health reform through its work with political and traditional leaders on immunisation. HERFON also played a vital role in advocating for the successful passage of the National Health Bill through the National Assembly.

86. To complement these programmes, DFID launched the Programme for Reviving Routine Immunization in Northern Nigeria (PRRINN) project (£20 million, 2006–11) in December 2006. PRRINN is working with several Northern Nigerian states with very low immunisation coverage to build sustainable state-led routine immunisation systems. As a result, some states and local governments have put money into routine immunisation for the first time.

87. In September 2008, a new Maternal, Newborn and Child Health programme started in those states supported by PRRINN. Although funded by the Norwegian Government (approximately £24 million, 2008–12), the programme is fully managed by DFID under a delegated cooperation arrangement. It is being managed as one integrated programme with PRRINN, to provide more entry points to strengthen primary health care.

88. In April 2008 DFID launched the \$50 million Support to National Malaria Programme to help strengthen the delivery of Nigeria's malaria control effort. Through this programme, DFID is providing technical support for an unprecedented multi-partner effort to distribute 2 insecticide treated bed nets to each Nigerian household (62 million bed nets in total) by 2010. DFID has already procured 2.5 million bednets for use in this effort, and will provide 3.5 million more by 2010. The programme will also help ensure better access to effective malaria prevention and treatment through the private sector.

WATER AND SANITATION

89. In common with other basic services, water supply suffered from institutional decay and mismanagement of resources during the military years. As a result, Nigeria remains off-track to meet the water MDG target. The 2006 Joint Monitoring Programme report found a decline in access between 1990 and 2004 of 33 to 31% in rural areas and 80 to 67% in urban areas.

90. More recent data suggests that urban water coverage increased from 67% in 2004 to 73.4% in 2006 and rural water coverage from 31 to 40% in the same period. This reflects increased investment and greater political priority by civilian governments.

91. However, it is extremely unlikely that this increase will be sustained without major improvements in sector governance. The institutional landscape is fragmented and there is limited capacity to deliver services at State and particularly Local Government level. Provision of water supply is prey to rent-seeking and political favouritism. Maintenance and operation receives little funding. There is no clear Government-led strategy for reform and water has recently lost profile due to its merging in a new Ministry of Agriculture and Water Resources.

DFID Support and Impact

92. DFID supports large-scale provision of water points and sanitation facilities through its £15 million Water and Environmental Sanitation project (WES), which is implemented by UNICEF. In its first phase, the Girls Education Project (GEP) spent about £5 million on provision of boreholes and latrines for about 600 primary schools in six Northern States. DFID supports sector capacity building at State and Local Government level through the WES and has piloted innovative approaches to community management of water services in Kano through its State and Local Government Programme (SLGP).

93. A large element of our future support for water and sanitation will be channelled through DFID's new programmes for health and education. Both PATHS 2 and ESSPIN will provide significant resources for provision of water and sanitation facilities in schools and primary health care facilities, integrated into the budget and planning of the relevant sector Ministries.

94. With DFID's support:

- Over 1,200,000, people in eight States gained access to an improved water source by the end of year 2008 through the installation or rehabilitation of boreholes by WES.
- Over 100,000, primary school pupils in 8 States gained access in 2007 to adequate sanitation facilities through the construction of latrines by the WES.
- Implementation guidelines and Action Plans for national water and sanitation policy were produced by the National Task Group on Sanitation with technical assistance from the Water and Environmental Sanitation project (WES).
- In Kano State a DFID project on community water management in Wudil means that 200,000 people now get clean water, the population has started making effective demands on the local government to provide it with this service, and Kano State is now planning three more schemes following the Wudil model.

HIV AND AIDS

95. Nigeria has the second highest number of people living with HIV in the world, with an estimated 3 million people infected. This means that 13% of the people living with HIV in sub-Saharan Africa and 9% of the world's total are in Nigeria.

96. Although the decline in the HIV prevalence rate in Nigeria from 5.8% in 2001 to 3.6% in 2007 is encouraging, it should be viewed with caution as the change may be due to weak monitoring and evaluation systems. There is significant variation in prevalence rates between states and 14 states have a prevalence rate greater than the national average. Women aged 15 and above make up over 55% of all adults living with HIV in the country and have consistently higher prevalence rates than men in the same social and economic circumstances.

National prevalence rate	3.6% (2007)
Number of infected people	3 million
Annual new infections	296,000
Annual HIV positive births	74,000
Number requiring anti-retroviral drugs	500,000
Number on treatment (<i>MOH, Dec 2007</i>)	170,000
Annual deaths	221,000
Cumulative deaths	1.45 million
Orphans as a result of HIV	1 million

Source: Federal Ministry of Health. 2005 except where stated.

97. Increased political commitment resulted in the establishment of the Presidential AIDS Commission in 1999, and the National Action Committee for AIDS (NACA) in the Office of the Presidency in 2000. Despite on-going challenges, Nigeria has implemented the internationally recommended "Three Ones" principle: one national strategy supported by all partners, one national coordinating agency and one national M&E system.

98. Whilst political commitment at the national level is high, government funding for HIV is relatively small and focused on treatment. There is lack of clarity over the roles and responsibilities of the three different tiers of government, and between these and the national and State-level bodies coordinating

Nigeria's response to HIV. This compounds problems in planning, funding, delivering and monitoring services. The result has been duplication and fragmentation of services and lack of accountability for providing them.

99. External funding for HIV has increased significantly in recent years, particularly from the United States Government's Presidential Emergency Program for AIDS Relief (PEPFAR), which focuses on treatment for HIV/AIDS—2008 PEPFAR funding was \$500 million. Together with other programmes such as the Global Fund for AIDS, TB and Malaria, this is creating a growing imbalance between the resources and attention directed towards treatment and those spent on prevention.

DFID Support and Impact

100. FID's current funding for HIV in Nigeria focuses on prevention and strengthening Nigeria's ability to respond to the disease.

101. To strengthen institutional capacity to respond to the disease, DFID is providing support to reinforce national systems particularly in NACA. Alongside this, the Strengthening the National Response project (SNR, £25 million, 2004–09) focuses on building organisational and coordination capacity of state coordinating bodies and key public sector agencies in six high-prevalence states. As a result, all six States have, for the first time, produced costed strategic plans to respond to the epidemic.

102. DFID's new HIV programme (Enhancing Nigeria's Response to HIV—ENR), commenced in January 2009 and will run for six years. ENR builds on SNR and on the success of the DFID-funded behaviour change and condom social marketing programme, which ended recently. Prevention, particularly amongst those most vulnerable to infection, will continue to be the main focus, with 200 million condoms being distributed annually. The other key focus will be strengthening systems to ensure effective coordination and delivery of essential HIV services.

MANAGEMENT OF OIL REVENUES

103. As the world's 10th, and Africa's largest, oil producer, oil dominates both Nigeria's macro economy and political-economic landscape. The economy remains overwhelmingly undiversified with oil generating over 80% of government revenue and 90% of export earnings. Management of oil resources is fundamental to Nigeria's economic, social, political and environmental future. Total oil revenues over the last three decades are estimated at over US\$300 billion yet half the population live on less than a dollar a day. Turning the oil curse into a blessing requires fundamental political and economic reform to tackle the manifestation of its key ills, which include macroeconomic volatility, corruption, poor public financial management and conflict. Many ambitious reforms are underway, and some results are evident, but the overwhelming challenge remains—to organise the oil sector for the benefit of Nigerian people.

104. As part of his "7-Point Agenda" President Yar'Adua has prioritised reform of the power sector, recognising it as the key constraint to Nigeria's growth. The oil sector received early attention in September 2007, with a six month deadline to reform the Energy Ministry and unbundle the Nigerian National Petroleum Corporation (NNPC) to create a vibrant oil industry with transparent and efficient public sector participation. Operational autonomy, removal of bureaucratic bottlenecks and minimisation of undue government interference were among the stated objectives of reform. Since these pronouncements, concrete action has yet to materialise. A draft Petroleum Industry Bill is currently going through the legislature but there are concerns about the contents of the bill and whether it will undermine international investment into the sector.

105. Reform for the Federal Government of Nigeria's management of revenues and expenditure is needed so that Government at all levels receives the appropriate revenues and then utilises these for the benefit of ordinary Nigerians. Challenges include improving transparency around revenue levels, making government spending more predictable and in line with budgeted values and policy commitments.

DFID Support and Impact

106. DFID has supported (£3 million over four years) Nigeria's adoption of the Extractive Industries Transparency Initiative (EITI)—an international attempt to help improve the transparency of oil revenues accruing to governments through reporting and disclosure. Nigeria's passing of specific EITI legislation in 2007 reinforced its position as a global leader in this initiative.

107. NEITI's first ever audit report, covering the period 1999–2004 and published in April 2006 made public: financial data; volumes of oil produced, refined and exported; and the legal framework of the petroleum sector. Resulting tighter scrutiny of oil revenue flows for 2004 and 2005 led the Government of Nigeria to recover additional revenues due to it from oil companies in the region of £500 million. The 2005 audit is due to be submitted for Presidential approval shortly, before its public release.

108. Challenges remain in the management of gas reserves (which are estimated to be the 7th largest in the world) and of the 34 solid minerals present in the country in commercial quantities.

MACROECONOMIC REFORM AND DEBT RELIEF

109. Nigeria has won international recognition in recent years for macroeconomic reforms undertaken by the previous administration (1999–2007). Improved fiscal discipline saw large portions of oil revenues saved and foreign exchange reserves strengthened. This facilitated repayment to the Paris Club to secure Nigeria's historic debt deal. Inflation remained in single digits and the exchange rate was stable. Key economic legislation was passed including federal-level fiscal responsibility legislation and public procurement legislation.

110. The current administration has not moved the economic reform agenda forward significantly during its first year and a half in office, and has a major reform task ahead if it is not to lose the gains made in recent years. It is also now grappling with the still unfolding impacts of the global economic crisis. However, high reserves and low debt now give Nigeria some breathing space to adjust to those impacts, the most significant of which has been falling oil revenues. Areas of impact include:

- Declining oil revenues—with the fall in the oil price since mid-2008, this revenue stream has declined dramatically, and Government revenues have fallen sharply.
- Public investment is essential to help address the country's crippling infrastructure deficit, which constrains private sector growth, economic diversification, and employment. Such higher spending at a time of lower revenues is putting pressure on Government finances.
- Higher food prices (now beginning to stabilise), and a falling exchange rate, have fuelled inflation, which is back into double digits.
- The stock exchange has lost 70% of its value since the beginning of 2008.
- Banking sector reforms in 2005 created fewer, larger banks, which experienced rapid growth. But concerns are growing about weak regulation and oversight. Banking stocks and margin lending drove a large bubble in the stock exchange, until its dramatic fall in 2008.

111. The President has established a steering committee and reinvigorated the National Economic Team to help manage the crisis. They are considering a \$500 million development policy loan from the World Bank to help meet the emerging hole in their finances. Nigeria had a (no lending) Programme Support Instrument (PSI) with the IMF, which they successfully completed in 2007. Their long-stated plans to enter a successor arrangement have not materialised.

DFID Support and Impact

112. Support to the federal Ministry of Finance through several channels; direct support for several long-term technical advisors and support to strengthening the budget process through a joint programme with the World Bank.

DEBT RELIEF AND DEBT MANAGEMENT

113. Africa's largest ever debt relief was granted to Nigeria in September 2005 by the Paris Club group of creditors. This debt relief has undoubtedly played a key role in Nigeria's improved economic performance including the achievement of Nigeria's first ever international sovereign credit rating of BB – (the same as Turkey and Indonesia). The removal of debt overhang has contributed to a more favourable investment climate and allowed Nigeria to pursue further reforms including the rejuvenation of the domestic bond market after 17 years, helping the government to raise affordable finance. There is continued effort to closely manage debt levels, Nigeria now conducts regular debt sustainability analysis and the President remains highly averse to external borrowing on non-concessional terms. External debt currently stands at less than 4% of GDP.

114. The Paris Club debt deal generated annual savings of US\$1 billion, of which US\$750 million accrues to the federal government and US\$250 million to the relevant states. The federal share has been translated into an additional N110 billion (around £440 million) into the last two budgets (2007 and 2008, N100 billion in 2006) to scale up current efforts towards the attainment of the MDGs.

115. These funds are termed Debt Relief Gains and have been ring-fenced and monitored through establishment of a virtual poverty fund termed OPEN which dedicates domestic resources to specific projects and programs. OPEN is currently supporting:

- MDG-related spending in key Federal Ministries—health, education, agriculture, water, women's affairs and youth.
- Conditional Grants Scheme for States. This aims to strengthen sub-national service delivery, improve inter-governmental working and leverage state resources to achieve the MDG's (implementation to begin in 2008).
- Safety Net Programmes, including micro-credit and conditional cash transfers to the extreme poor (implementation to begin in 2008).

116. More fundamentally the government is committed to using the Debt Relief Gains to change the way government works for the benefit of the Nigerian people. Attaining the improved service delivery that is required to meet the MDG's remains complicated by Nigeria's constitutional relationship between its three

tiers of government (federal, state and local level). Beyond the virtual poverty fund the government is leveraging the DRG's to help build and strengthen inter-governmental collaboration. Conditional grants are an innovative response to this challenge and implementation of the first tranche of grants, to 19 states, began in early 2008. The government hopes to significantly scale-up this initiative throughout the year.

DFID Support and Impact

117. DFID is working with the Nigerian government (MDG Office) to ensure the debt relief reaches the poor by establishing an expenditure tracking mechanism. Specific outputs from spending Debt Relief Gains at the federal level include:

- Funding 1,049 rural electrification projects.
- Funding HIV/AIDS campaign in schools and a nomadic education programme with a focus on healthcare.
- Training 145,000 teachers.
- Retaining 40,000 teachers and providing an additional 5,000 science teachers.
- Upgrading roads and Primary Health Care Centres.
- Provision of water to communities where health and education projects are sited.
- Up-scaling infrastructure in orphanages in the Federal Capital Territory.
- Training midwives and procurement of midwifery kits.
- Procurement of vaccines.
- Women's empowerment advocacy and NGO grants.
- Counterpart funding for Clinton Foundation ARV provision.

118. DFID has contributed £4.3 million over five years (April 2003 to May 2008) to the federal Debt Management Office who have been instrumental in safeguarding Nigeria's debt sustainability and are assisting States to better manage their debt. DFID has also assisted the federal Budget Office improve its ability to scrutinise budgets, eliminate waste and improve the efficiency of government spending. For example DFID assistance helped key federal ministries improve their planning processes, and we stand ready to provide further assistance in these areas.

ECONOMIC GROWTH AND RURAL LIVELIHOODS

119. Over the past four decades, Nigeria's economy has been characterised by a dominant public sector, over reliance on a single commodity (oil) and the pursuit of import substitution industrialisation strategy. Macroeconomic instability and an inconsistent policy environment has stifled private sector development while the legal and regulatory framework has been applied in a non-transparent and unpredictable manner.

120. The formal private sector is dominated by a few large and multinational blue chip companies that depend on imports and operate as enclaves with little spill over to domestic economy. There is a large informal sector (estimated at 60% of the economy) characterised by low productivity, high levels of under-employment, and a low skill base. Many businesses do not formalise due to the high costs of regulatory compliance, red tape and corruption.

121. Nigeria's constitution splits legal, regulatory and policy responsibilities across the three tiers of Government with the result of poor coordination across Government. The impact is multiple-taxation and a complex regime for licences and permits.

122. Despite this, Nigeria's economy has grown at an average of 6.3% per annum in the five years to 2006. Growth in 2007 and 2008 is estimated to have surpassed 8%. Growth in the non-oil sector has exceeded that in the oil sector at an average of 8% over the last three years. Non-oil growth has been driven predominantly by the telecoms, banking, and agriculture sectors. Sustained non-oil growth is critical to raising incomes and reducing poverty.

123. But the growth in the agricultural sector has been driven by an increase in areas of cultivated land rather than enhanced productivity. Without increases in productivity agricultural growth will become unsustainable. Increased growth levels have not led to increased employment levels with less than 10% of the annual 6 million new entrants into the labour market securing employment in the formal sector. Wages are low in the informal sector with 80% of those in the sector earning between \$25 to \$50 per month.

124. President Yar'Adua has made wealth creation one of the key tenets of his seven-point agenda. Within this he has outlined the reduction of the cost of doing business and access to finance as priorities.

DFID Work and Impact

125. To date, most of DFID's work to support Economic Growth has been focussed on support to improve macroeconomic stability as a vital condition for economic growth (see 11) above) in line with the Federal government's own priorities.

126. The 2007 DFID/World Bank Country Economic Memorandum (CEM) on Competitiveness and Growth identified three binding constraints to private sector growth and competitiveness. These are (i) poor quality infrastructure (energy and transport), (ii) hostile business environment and (iii) low levels of access to finance. New DFID and World Bank growth programmes have been developed to help government address the binding constraints to growth identified in the CEM. These are as follows:

Infrastructure

- The Nigeria Infrastructure Advisory Facility (NIAF, £13.5 million, 2007–12) provides technical assistance to government to improve planning, management, implementation and maintenance of infrastructure investment and related regulatory functions. It focuses on power, transport and water.

Business environment

- The State-level Investment Climate Programme (ICP, £6.1 million, 2007–12) delivers internationally-recognised diagnostics to assist the design of policies to streamline the investment climate and reduce the cost of doing business at the state level.
- The Enhancing Nigerian Advocacy for a Better Business Environment (ENABLE, £7.5 million 2008–13) will support the private sector, civil society and research community to engage in effective public-private dialogue with the Government on economic policy/legal and regulatory issues.
- Growth and Employment in States (GEMS—currently being designed jointly with the World Bank) is based on the findings from the ICP and will deliver technical assistance at the state and federal level to: (a) improve the legal and regulatory environment for investment and (b) support medium, small and micro enterprises to enhance productivity in key value chains. For example, GEMS will provide support to the meat and leather industries in Kano, which will improve rural livelihoods.

Access to Finance

- Enhancing Financial Innovation and Access (EFINA, £9.2 million, 2007–12) provides support to improve (i) reform to legal and regulatory barriers (ii) data gathering in the financial sector and (iii) the development of innovative financial services and products to deepen market access. The programme focuses on addressing financial sector stability and structural constraints to improving the access of the poor to financial services).

127. These new programmes will build upon two ongoing programmes to improve the microeconomic conditions for growth. The Security Justice and Growth programme (SJG) and the Promoting Pro-Poor Opportunities through Commodity and Service Markets programme (PrOpCom). The growth component of SJG (total programme £30 million, 2002–08) has focused on improving land administration and commercial dispute resolution in a number of states. It contributed to Nigeria's improved ranking (by 1 place overall) in the World Bank's 2006 Doing Business Survey. This was led by improvements in enforcing contracts and registering a property. The number of days to enforce a contract reduced from 730 days (2005) to 457 days (2006) and the number of days to register a property reduced from 274 (2005) to 80 (2006). PrOpCom (£17.5 million between 2005–10) focuses on supporting agricultural producers and processors in the rice and soya value chains to enhance their productivity and access to markets.

128. DFID has also provided support to the Bureau of Public Enterprises to carry out its mandate to privatise and issue concessions for public assets (including ports, power, telecom, railways) in line with international good practice. This support has been worth £7.4 million between 2004–08 and has contributed to the removal of unproductive assets from the government's balance sheet and an improvement in the environment for private sector investment.

MIGRATION

129. HMG migration policy in Nigeria has a number of strands including return of end of sentence Foreign National Prisoners (FNPs) and Failed Asylum Seekers, as well as building the capacity of the Nigerian authorities to manage migration effectively and to deter irregular migration. Another priority is the high numbers of Nigerian Foreign National Prisoners (FNPs) in UK jails—the second highest foreign national population. In line with the Prime Minister's policy the UK is seeking to agree a without-consent prisoner transfer agreement with Nigeria to provide a mechanism for transfer and reintegration of prisoners to serve out their sentences in Nigeria.

130. DFID has worked closely with the British High Commission in Nigeria on migration issues for a number of years. Although DFID programmes are not directly targeted on achieving HMG migration objectives, DFID recognises that its programmes may have spin off benefits in helping to address factors which may encourage individuals to migrate, such as poverty, conflict and bad governance. In view of the

high priority of HMG migration objectives in Nigeria, DFID has seconded a “Return and Reintegration Advisor” to work with the High Commission on these issues. The advisor is paid for by UKBA and their primary function is to advise on designing relevant programmes for the non-ODA cross-Whitehall Return and Reintegration Fund. The advisor works in a cross government team, using DFID technical and programming experience to support cross HMG objectives. Programme activity has focused on identifying capacity constraints in the Nigerian Prison Service (NPS) and considering ways in which HMG can support the NPS to carry out its functions more effectively and be better equipped to reintegrate returned FNPs. The team has also considered how to put in place preventative measures to stem irregular migration from Nigeria to the UK.

CLIMATE CHANGE

131. Nigeria is likely to be one of the countries most affected by climate change. Major concerns are increased desertification in the Sahelian zone in the North, which will affect agricultural production, and rising sea levels along Nigeria’s 800km coastline, which will affect settlements and the availability of fresh water. Nigeria requires a coordinated strategy on how it will adapt to these issues, taking account of the likely impact on growth, poverty and social tensions. Nigeria’s carbon emissions are not high by global standards, but are significant due to gas flaring from oil production, significant land-use change (including deforestation) and the widespread use of diesel generators in the absence of reliable electricity supplies. As the most populous country in Africa, and given its drive for growth, Nigeria could become a much more significant carbon emitter in future. Therefore, both mitigation and adaptation strategies are needed.

132. Climate change currently has a low profile in Nigeria. There are committed individuals in the Ministry of Environment, the Presidency, the Senate, and civil society who are keen to raise its profile, but the discussion is only at a rudimentary level with the Ministry of Finance and others.

DFID Support and Impact

133. DFID is working closely with the British High Commission and the British Council under a joint HMG Climate Change strategy for Nigeria. The aim is to raise awareness of climate change and provide better data on its likely impacts to encourage a better informed response.

134. DFID support has helped achieve progress towards these aims. In February, Nigeria’s House of Representatives Committee on Climate Change was inaugurated—a key outcome of advocacy by NigeriaCAN, a network of over 100 organisations from the private sector, civil society, media, international development agencies, and federal ministries, which is supported through DFID’s Coalitions For Change (C4C) programme. The new Committee will champion climate change issues in Nigeria, help ensure that climate change issues are adequately addressed in legislation, and promote a more coordinated national response to climate change.

135. DFID has funded research into the impacts of climate change on economic growth in Nigeria, which will help to raise awareness of the issue amongst decision makers. DFID also supports reforms in the power sector through the Nigeria Infrastructure Advisory Facility (NIAF), which in the medium to long term will help Nigeria develop adequate and robust electricity generation and distribution capacity, thus reducing Nigerians’ reliance on diesel generators.

136. DFID is also funding technical support to the Ministry of Environment, to enable Nigeria to develop a coherent and effective position for the Copenhagen summit in December.

DONOR CO-ORDINATION

137. The five biggest donors in Nigeria, providing the bulk of Official Development Assistance (ODA) to Nigeria, are the World Bank (\$1070 billion projected to be committed in FY09); USAID (\$551 million in FY08); DFID (\$200 million—FY09); the AfDB (\$178 million—FY09); and the EC (\$81 million—FY09). Other smaller bilaterals (CIDA, JICA, GTZ) focus their efforts on a few States, where they can provide a significant level of support. Although donors collectively provide less than 1% of Nigeria’s annual GDP, the share is much larger in poorer States such as Kano, where there is a large concentration of donor activity.

138. Historically, the relatively small number of donors, providing small proportion of GDP has meant little coordination. However, in the last few years there has been significant progress on donor coordination at the strategic level. Nigeria is the first country in which DFID and the World Bank have signed up to a joint strategy (Country Partnership Strategy 2005–09). USAID also participate within the strategy and both USAID and AfDB plan to formally associate themselves with the successor Country Partnership Strategy II which is being finalised for sign off by the World Bank Board in July 2009.

139. Coordination on the ground is also improving, with development partners ensuring complementarity between projects operating in the same States and sectors (eg support to public financial management in Cross River, Kano and Kaduna States; and HIV/AIDS projects in Lagos and Kaduna). Joint DFID and World Bank diagnostic work on the barriers to private sector investment at the State level is informing the design of a joint programme to promote growth in States.

140. In States such as Kano, Kaduna, Jigawa and Cross River where there is a major development partner presence (and oda constitutes a larger proportion of total expenditure), there is a strong push from the Governments for better coordination. DFID is supporting the Governments of Kano, Kaduna and Jigawa, to put in place systems to manage and coordinate donor activity. At the Federal level, there is less strategic coordination of donors, partly because the amount of oda is only a small percentage of Nigeria's GDP. However, the fact that we still do not have a clear Nigerian government strategy for development means that donors do not have a clear focus to coordinate around.

MAIN CHALLENGES/RISKS

The possibility of results being overturned and Elections re-run

141. The 2007 Elections were marred by violent incidents, deaths, and serious organisational problems. There were substantiated reports from observers and journalists of attempts to rig voting or distort result after the count. The UK expressed concern that elections fell short of international standards and were seriously flawed and urged those contesting the election results to do so through the appropriate legal channels.

142. To date the results of six State Governorship elections have been overturned by the Supreme Court or State Election tribunals, nine petitions have been dismissed and 18 cases remain. The Supreme Court also considered a petition on the validity of the Presidential elections, and finally upheld the election of President Yar'Adua in December 2008.

143. President Yar'Adua acknowledged in his inaugural address that the election had shortcomings and subsequently set up a panel to examine the entire electoral process with a view to raising the quality and standard of general elections is therefore welcome. We hope that words will be translated into positive action. At the end of 2008, the Electoral Reform Commission submitted its report including some fairly hard hitting—but entirely fair—criticisms, and prepared a comprehensive set of recommendations as well as draft legislation to put them into practice. Since then the Government has gone back on some of the most critical changes recommended—for example the independence of the Chair of the National Electoral Commission, and we have not seen any strong push from the National Assembly for the recommendations to be implemented. In addition, the re-run of the Gubernatorial election in Ekiti State in April 2009 appeared to be seriously flawed, raising questions over the conduct of the ruling PDP party and its commitment to democracy. None of this bodes well for the next Presidential elections in 2011.

144. We are keeping the situation at both the Presidential level and in each state under review, working closely with the British High Commission. More than 60% of DFID expenditure is at the state level, so changes or stagnation at the Federal Level would not immediately directly affect much of our programme. Clearly though, over time, we need to be able to work at the Federal level, not least to support and strengthen the cooperation and accountability between the different layers of government.

State Level Reform

145. State Governments have significant autonomy and despite the fact that most are completely reliant financially on the allocation of oil revenues, they are not required under the constitution to account for the use of these funds to the Federal Government. Following an agreement reached between all Governors and the Federal Government towards the end of 2007, states are now committed to increase the transparency of expenditure through the enactment of state level Fiscal Responsibility Bills and Procurement Bills—although there has been little progress passing these into law.

146. Most states make commitments to poverty reduction in their development strategies. However, what has actually been delivered on the ground both in terms of budgeted and actual expenditure within key sectors and in terms of the effectiveness of expenditure on poverty reduction has been more limited. The institutional and capacity constraints—in large part, a legacy of the period of the military rule—are huge.

147. Actual commitment to poverty reduction, reform and development varies from state to state. In a benchmarking exercise initiated by the Federal Government and supported by DFID and EC in 2006 and 2007, an assessment was made of the performance of each of the states against a standard set of largely governance focused indicators. 13 states were judged to perform above the bar (which was set at an incredibly low 25%). DFID along with the World Bank has focused increased effort in five of these relatively better performing 13 states: Kano, Kaduna, Lagos, Cross River and Enugu.

Niger Delta

148. The Niger Delta states are relatively wealthy compared to other states in Nigeria. Since 1999 they have been entitled to 13% of revenue from the oil they produce above their “normal” federal allocations. The major oil producers—Bayelsa, Delta, Rivers, and Akwa Ibom—have revenues that are at least 3½ times the average of other states. Despite accounting for 11% of the population of Nigeria, the major oil producing state states receive 30% of state revenues. The federal government allocation alone (excluding derivation) to Rivers State in 2006 exceeded the total budget for Mali which has over twice as many people.

149. Poor human development in the Niger Delta is attributable to mismanagement of government revenue and corruption on a scale greater than seen elsewhere in Nigeria. A recent Human Rights Watch report on Rivers State states that “the financial bonanza as a result of rising oil prices . . . has not been translated into investment in health and education. Instead . . . funds have been embezzled and squandered” and concludes that “part of the reason these problems have not been addressed is that . . . the people of Rivers State still have no way of holding their local officials accountable for their actions”.

150. Following the immediate lull of violence around and immediately after elections, the numbers of kidnappings of foreigners (and increasingly Nigerians) and violent attacks on communities and installations increased in the latter half of 2007. This culminated in a state of emergency being declared in Rivers State late in 2007 and the mobilisation of the military Joint Task Force. After a slight lull in kidnappings, there appears to have been another increase in the first few months of 2009.

151. The President made solving the Niger Delta problem one of his top priorities. Behind the scenes dialogue has been taking place with a number of the stakeholders and a ministry for the Niger Delta was created in late 2008, though there has been no progress in resolving the region’s problems. The risk of the situation in the Delta spilling out more widely into the country still remains low, though there have been threats from one of the main rebel groupings Movement for the Emancipation of the Niger Delta (MEND). The position that a military solution to the situation in the Delta is not feasible is widely held in military and government circles (Nigerian and International). It is also widely accepted that there has been an evolution from issues based, political resistance groupings to more opportunistic, criminal groupings.

152. DFID works very closely with the FCO and MOD and with other donors to ensure that we respond appropriately and coherently to the situation in the Delta. Financial resources per se are not the issue in the Niger Delta states. State Governments need to make better use of the significant resources already available to them. DFID and other donors can help, for example, with the development of financial management and audit systems if there is evidence a genuine commitment on the part of Governments to improve the allocation and expenditure of their own funds and to reduce corruption. A clear commitment on these lines has not been evident from the Niger Delta states to date. We will continue to press for action to improve governance and are ready to respond with support, working with other donor partners, if there are opportunities to make a difference.

DFID Nigeria

May 2009

Written evidence submitted by Jubilee Scotland

1. Nigeria’s debt buy-back was £1.7 billion of the UK’s net ODA in 2006–07 (£6.8 billion). (Statistics on International Development.)

2. According to the OECD accounting rules, cancellation of military debts cannot be counted towards ODA targets (they are to be accounted as OOF). All of the debt bought back from Nigeria was export credit debt.

Further, on average, around 40% of export credits are for arms. If this percentage held for Nigeria’s debts, then around 40% of Nigeria’s debts should not be counted towards the ODA. This would mean that, potentially, the UK would have to reduce its ODA by £700 million (about 40% of £1.7 billion).

3. Given Nigeria’s recent history it is natural to wonder whether it has military debts to the UK.

4. A Parliamentary Answer has set out, however, that there are no such debts known:

Arms Trade: Nigeria

Dr. Strang: To ask the Secretary of State for Business, Enterprise and Regulatory Reform what proportion of export credit outstanding at the end of financial year 2004–05 for Nigeria was for military goods. [180895] Malcolm Wicks [holding answer 28 January 2008]: Information on ECGD business supported prior to 1991 is not held on a basis which enables defence to be identified separately from other sectors. ECGD has however supported no defence business on Nigeria since that date. (29 Jan 2008 : Column 202W)

5. The first part of the answer means that military debts cancellation may have been counted towards the 0.7% target, but that the ECGD is administratively unable to determine what this is.

6. The second part of the answer is surprising. According to the Observer:

UK arms sales to Nigeria [are] up tenfold since 2000 to £53m, including armoured vehicles and large calibre artillery. (June 12, 2005)

7. Exports to Nigeria is surely precisely the risky transactions sort for which the Export Credit Guarantee Department exists to support. It therefore seems surprising that no such deals have been supported since 1991.

8. In order to rule out the possibility that cancellation of military debts has been counted towards ODA targets, Jubilee Scotland recommends that the Committee investigates (i) whether, the structure of ECGD record keeping pre-1991 may be obscuring cancelled military debts and (ii) whether there are additional modalities under which military debt may have been owed to the UK.

12 February 2008

Written evidence submitted by Lifebuilders

We respond to your call for proposal and request to enlist our organization in the implementation of the programme that seeks to address the issue of rural poverty and rural livelihoods. Nigeria is a country of paradox where one expects improved livelihoods and rural development through a sustainable initiative which would assist in alleviating the level of poverty inherent in the developing countries.

Lifebuilders is a registered Non-Governmental Organization limited by guarantee organization. Our mission statement is to add value to mankind especially youths and people who live in the rural communities.

We are interested in this aspect of assisting in the emancipation of poverty and initiating sustainable livelihoods.

Addressing the Rural poverty and rural livelihood initiative is to begin to look at implementing the Millennium Development Goals of 1–7 at each village level of Oriade Local Government Area of Osun State.

We do hope that this initiative will contribute to improved nutrition, generate income by improving quality of lives and achievement of the Millennium Development Goals 1–7.

They are as follows:

- (1) Increasing the life span of the last one million Nigerians through the consumption of Moringa Oleifera tea and powder.
- (2) Income generation for 1000 women farmers at village level in Oriade LGA.

We look forward to your support and technical guidance as we provide our social value of adding services.

Miss Tolulope Falasinnu
Programme Officer

4 February 2008

Written evidence submitted by the Nigeria Leadership Initiative

THE NIGERIA LEADERSHIP INITIATIVE (NLI) AND ITS EXPERIENCE IN THE CONTRIBUTION TO NIGERIA'S DEVELOPMENT

SUMMARY

This document was prepared by the Nigeria Leadership Initiative (NLI) in response to the Department for International Development (DFID) new inquiry on Nigeria. It details out all of NLI's experience and relevant expertise in addressing some of the major issues outlined in the DFID inquiry on Nigeria. Established in January 2006, NLI's mission is to create a growing, global network of credible, accomplished community-spirited Nigerian leaders, committed to taking responsibility for driving positive change in Nigeria and Nigerian communities. As an international non-profit organization with a registered charity presence in Nigeria, the United Kingdom and the United States, NLI provides a platform for highly accomplished, uniquely qualified Nigerian Leaders (Fellows) to develop and express their values-based leadership skills and to assume a transformative role in the future development of Nigeria.

To effectively carry out the above mission, NLI uses two main pillars of learning (Seminars) and taking responsibility (projects). This is done by bringing together Nigerians from diverse backgrounds and locations in very thought provoking seminar sessions and also involving the participants in class and individual projects which cover the following vital areas:

- Education.
- Healthcare.
- Economic Development.
- Civic awareness and development.
- Leadership and Governance.

With short term funding secured from individual & corporate donors and within a relatively short existence some of the activities organized by NLI have included the following:

- The presentation delivered by Goldman Sachs on the BRICs and the Nigerian Economy to the President and the economic stakeholders.
- A leadership seminar for the President and Government ministers who have direct impact on the formulation of Government policies.
- Identification of the core values a good Nigerian society should be built on through the NLI National Essay Competition on values-based leadership.
- Two leadership classes for some of the most successful, credible senior Nigerians in the Diaspora and Nigeria.
- A leadership class for emerging public and private young Nigeria leaders in the Diaspora and in Nigeria.
- A Symposium on Public Service with the theme of “Servant Leadership”.

Below you will find a more exhaustive breakdown of all our activities to date. NLI will be happy to partner with the DFID to carry out programmes that will have a direct impact on promoting Nigeria’s development.

OUR SEMINARS

1. *Leadership Seminar for the President, Government Ministers and Advisers*

On 21–22 April 2006, NLI organized a special leadership seminar for the entire members of the President Olusegun Obasanjo cabinet. The Seminar was moderated by Keith Berwick and Peter Reiling of the Aspen Institute. Participants at the Seminar included the Special Assistants to the President, Government Ministers and Government Advisers. Plans are already in place to organize a similar Government Seminar for President Musa Yar’Adua’s Cabinet in 2008.

2. *Senior Leaders Seminar*

NLI has held two residential seminar sessions for some of the most successful, credible and senior Nigerians within the country and in the Diaspora. The seminars are facilitated by experienced moderators from the Aspen Institute. The participants (Fellows) are men and women who have achieved success in fields of finance, business, education, health, public administration and civil society development. NLI now has 45 Fellows who are products of two successful Senior Leaders seminars held in January 2006 and 2007. Our Fellows include Dr Titi Banjoko, Dele Olojede, Dr Ngozi Okonjo-Iweala, Nuhu Ribadu, Bayo Ogunlesi and Nasir El-Rufai. *A complete list of all the Fellows and their individual projects is on page 7 and 12 respectively.*

3. *Future Leaders Seminar*

NLI also has residential Seminars for young emerging public and private leaders between the ages of 25 and 35 years. The seminar participants (Associates) are upcoming young Nigerians residing in Nigeria or the Diaspora who have exhibited strong leadership skills in their various professions. The first Future Leaders Seminar was held in July 2007 was held in Lagos Nigeria with a total of 27 Associates. As from this year, (2008), NLI will two future leader seminar yearly in Nigeria. *A complete list of the Associates is on page 10.*

OUR CLASS PROJECTS

1. *Education Project with the Federal Ministry of Education*

In April 2007, NLI Fellows met with Dr Obaigeli Ezekwesili, former Minister of Education and initiated an Education Project working group to support the Nigerian Federal Ministry of Education in promoting Civic Education and driving the Reform Programs initiated in the educational sector. Members of the working group include professors from MIT, Harvard, Oxford and the Chinese University of Hong Kong. This is a joint project between the 2006 and 2007 NLI Senior Leaders Class.

2. *NLI National Sickle Cell Reference Laboratory*

NLI is in the process of establishing a Sickle Cell Reference Laboratory in Nigeria. The aim is to establish a national full-screening and diagnostic laboratory in the newly built Sickle Cell Foundation Center in Lagos, Nigeria. This is a project of the 2006 NLI Senior Leaders Class.

3. *NLI Public Service Secondment Initiative*

NLI plans to undertake a project aimed at addressing the dearth of skilled and technically astute staff in the Nigerian Public Sector—consisting of Ministries, Departments and Agencies. The NLI Public Sector Secondment Initiative’s primary objective is to create a sustainable platform that will provide selected Public Service Organizations with a pool of Highly Skilled Professionals drawing from both the Diaspora and the Nigerian private sector. This is a project of the 2007 NLI Future Leaders Class.

4. *NLI National Identity Project*

The objectives of this project are to promote the Nigerian National identity and build national pride; encourage Nigerians to sacrifice; inspire individual Nigerians to be leaders in their everyday lives; reinforce high moral values and zero tolerance for corruption; challenge the current attitude of complacency towards corruption; and develop a culture of quality service provision and pride in workmanship amongst Nigerians. This is a project of the NLI 2007 Future Leaders Class.

5. *NLI Economic and Entrepreneurship Project*

The aim of the Economic and Entrepreneurial project is to provide financial and mentoring support for small scale business owners starting with a pilot program in Nigeria's Niger-Delta region. The objective is to spur job and wealth creation within this region. This will be a project done in collaboration with Shell, AFFORD UK and Fate Foundation, Nigeria. This is a project of the NLI 2007 Senior Leaders Class.

OTHER NLI INITIATIVES

1. *NLI National Essay Competition on Values-based Leadership*

In May 2006, NLI launched an essay competition on values-based leadership open to all Nigerians resident within and outside the country. Each 1,500 maximum word essay entry had to include the applicant's view of the essential values necessary to build an ideal Nigerian society; examples of values-based Nigerian leaders and why the persons mentioned as ideal leaders exemplified values-based leadership. A report of the essay competition was prepared in a publication titled "*Our Shared Values*" and launched in December 2006. The publication also included essays from top Nigerian sector leaders on how to build an ideal Nigerian society.

2. *Presentation on the BRIC's and the Nigerian Economy to the Presidency*

In April 2006, NLI organized a presentation on the BRIC's and the Nigerian Economy to the Presidency and the Nigerian Economy stakeholders. The presentation which was given by Ben Broadbent, a Senior Economist at Goldman Sachs International led to the announcement and the national vision of 20-20-20 which the whole region is now focused on. The aim is for Nigeria to become a top 20 economy in the world by the year 2020.

3. *NLI Symposium on the Nigerian and China Relationship*

In January 2007 NLI organized a Symposium themed "What can the Awakening Nigerian Eagle learn from the Chinese Dragon?". Panel moderators were Dr Ngozi Okonjo-Iweala, Prof Jonathan Liu and Prof Lawal Marafa.

4. *NLI Awards & Recognition Dinner*

NLI held two awards and recognition Dinners in 2006 and 2007. During the ceremony, the NLI values-based leader award was presented to a distinguished public-spirited Nigerians, for their long track record of consistent and exceptional leadership. The recipients have been Mr. Akintola Williams, Chief Emeka Anyaokyu and Prof Bolanle Awe.

5. *The NLI Christopher Kolade Symposium on Public Service*

In December 2007, NLI held a Symposium on public service with a theme on "Servant Leadership". The Symposium tackled key questions facing leadership in Nigeria with President Musa Yar'Adua as the Special Guest Speaker represented by Ms Ebele Okeke, the Head of the Civil Service and John Robertson MP, head of the UK Parliamentary All Party on Nigeria.

6. *NLI Special Recognition Dinner for Fellows in Government*

In July 2007, NLI organized a special recognition ceremony for her Fellows who have contributed in various ways during the outgoing administration. Some of the recognized Fellows included Dr Ngozi Okonjo-Iweala and Nuhu Ribadu.

7. *Nigerian Judges Training*

NLI will be working with the Four Pillars Network to provide training for Nigerian Judges. The aim of the programme is to help judges, prosecutors and regulators from the Economic Community of West African State (ECOWAS) better understand and respond to financial crime in general with a focus on money laundering and cyber crime. The programme will be structured as a workshop and is tentatively scheduled for the first quarter of 2008.

8. *Replicating NLI in Kenya and Rwanda*

In conjunction with the World Bank, NLI will be organizing planning workshops for stakeholders within the Kenyan and Rwandan communities with the aim of replicating the NLI strategy within the two countries. These workshops will be held between March and June 2008.

INDIVIDUAL PROJECTS OF NLI FELLOWS

NLI has produced 77 values based leaders through its seminars. Each of these leaders are undertaking personal projects and are actively involved in class projects. Below are some of the individual projects that NLI fellows are working on:

- An internship programme for University of Ibadan Medical Students to spend 6 weeks at the University of Birmingham.
- Setting up a scheme for the education of street children and the development of a programme for their rehabilitation.
- Setting up a health provider machinery for underprivileged children.
- Incorporating leadership programmes into the curriculum of Nigerian secondary schools.
- The creation of a financial advisory centre for underprivileged entrepreneurs.
- The establishment of a health provider machinery that would change the quality of Children's health services in Nigeria.
- Establishing a funding process for financially disadvantaged Nigerians kids with serious health conditions.

THE INDIVIDUAL PROJECTS OF THE 2006 AND 2007 NLI SENIOR LEADERS CLASS

- Explore the status of female education in Northern Nigeria.
- Create pilot scheme for science laboratory IT programme to address lack of adequate laboratory equipment at the Obafemi Awolowo University and roll out to other national universities.
- Develop a multi-ethnic/multi-language IT programme to be used alongside the educational curriculum.
- Provide access for Nigerian tertiary institutions to neural site containing teaching materials from the Massachusetts Institute of Technology.
- Develop a merit based approach for recruitment and advancement in the civil service.
- Review of civil service payment and incentive structures.
- Review of civil service training and performance procedures.
- Explore opportunities for arranging financing for the ongoing privatisation process.
- Develop a framework for government to hand over schools to old students.
- Scheme for the education of street children and the development of a programme for their rehabilitation.
- Initiative for economic empowerment of mothers.
- Create a Beggar's Village to make a positive social and economic impact on the homeless.
- Set up a speaker series with the EFCC Chair in educational establishments on the consequences of crime.
- Transform ASCON into a School of Public Administration of the Pan African University, with the objective of capacity building within the Nigerian civil service.
- Create a leadership programme for public servants at the Pan African University.
- Create a Nigerian newspaper dedicated to reform.
- Focus on furthering/speeding up the reconciliation and peace process in Ogoni land.
- Create a system for Nigerian medical students to spend four to six weeks in the British medical system.
- Continue personal medical missions to Nigerian hospitals.
- Equip a Nigerian hospital (Joint initiative between two NLI Fellows).
- Create an institute for religious scholars with a focus on nation building.
- Re-examining the value system of the Nigeria Boy's Brigade.
- Focus on securing the success of the class economic project.
- Mentor and train Nigerian small business entrepreneurs, with the aim of securing international business opportunities.

- Water bore-hole provision project.
- Having a greater focus on writing on Leadership issues.
- Establishment of a Foundation with a focus on the improvement of a Local Government Area.
- The establishment of an agency for research and training on inter-group relationships.
- Work on at least four organisations located inside and outside Nigeria with a focus on productive engagement in Africa.
- The establishment of a model Child Primary Health Centre in Local Government Areas in Nigeria—A partnership project with NGO/Corporate/Public Service organisations. The pilot project will be set in 2007.
- Training orthodox and traditional health professionals in Neonatal resuscitation via workshops.
- Leadership and mentoring of the youth.
- The creation of a knowledge database for decision makers in Nigeria at all levels of government.
- The creation of a leadership camp for adolescent youth.
- Setting up a residential/commercial Information Technology smart village.
- Setting up the Nigerian Renaissance project.
- Helping to re-furbish Alore Primary School, Oke-Apomu, Ilorin, Kwara state.
- The establishment of a link and financial advisory centre for underprivileged and enterprising business persons.
- Creating innovative ways of promoting IT use in solving practical problems in Nigeria.
- Building an opinion research organisation.
- Creating a Leadership Mentoring programme through Phillips Consulting.
- Passing the fiscal responsibility bill in the Nigerian Senate.
- Setting up a scholarship scheme.
- Setting up an annual award for the most community-minded journalist.

February 2008

Written evidence submitted by Rev Emmanuel Odoemene

NIGERIA AND THE GOOD GOVERNANCE AGENDA: THE RHETORIC AND REALITY

INTRODUCTION

“Good governance” is a versatile development concept. It is seen by DFID and other bi-lateral and multi-lateral agencies as central to poverty reduction and their foreign policy direction. It encourages participatory democracy, accountability, transparency, rule of law, human rights and institutional building. DFID believes that development does not happen without effective states, capable of delivering services to the citizens and helping economies to grow (DFID White Paper, 2006). All this is achievable through the application of good governance. Nigeria’s case study reveals sharp dichotomy between policy statements (rhetoric) and practical realities. Poor service delivery of government agencies and lack of visionary leadership impact adversely on many spheres of governance including:

- the electoral system;
- checks and balances among the three arms of government;
- fight against corruption;
- public infrastructure/social services;
- professionalism in the armed forces and police;
- issues of ethnicity and religion; and
- insecurity in the Niger Delta.

2. Nigeria’s current fourth democratic experience inaugurated on 29 May 1999, is modelled on the American presidential system of government. It has three tiers: the federal, the state and the local governments. Nigeria comprises of 36 States and 774 local government areas. The federal level has a bi-cameral legislature—the Senate and the House of Representatives; the States have governors, deputy governors and members of the Houses of Assembly; whilst the Chairmen, vice Chairmen and the councillors oversee the affairs at the local government level. All these are elective positions. As a multi-party democracy, these positions are keenly contested during elections conducted by the Independent National Electoral Commission, INEC. In the current dispensation, INEC has conducted three elections (in 1999, 2003 and 2007). Each of these has been adjudged by both domestic and foreign observers as seriously flawed, resulting

into several court cases, annulment by the election tribunals and lack of confidence in the electoral commission (International Crisis Group, 2007). As many as six governors, several senators and other (s)electd officials have had their elections upturned either by the tribunal, the court of Appeal or by the Supreme Court. There is need, therefore, to strengthen the electoral system to be able to conduct free and fair election. The present administration realises that this is one of the greatest challenges facing it and has gone ahead to inaugurate a committee for the reform of the electoral system. It is left to see to what extent the recommendation of the committee will be accepted and implemented.

3. In need of urgent review is the constitution foisted on the “civilian” government by the military in 1999. Faulted as having many internal contradictions and sections that negate transparency, the legislature for implausible reasons has allowed the document for too long without review. It is arguable whether the immediate past government headed by Olusegun Obasanjo was unfavourably disposed to constitutional review. Obasanjo is a product of the military and one-time military Head of State. He was accused of “executive lawlessness” because of his penchant to disobey court rulings and to emasculate the legislature. Some of his excesses stemming from his inability to shed off military mentality were overlooked just for the sake of “protecting our nascent democracy”. During his tenure in office, he was once involved in an uncouth behaviour of flogging a policeman at a public function. This created a negative image both for the presidency and the police force, which together with the military, are in dire need of entrenching professionalism. The constitution confers immunity from prosecution on the president and his vice, as well as the governors and their deputies, whilst in office. This is an open door for corruption. As many as seven erstwhile governors (who served for two terms 1999—2007) are currently facing charges for corruption and abuse of office. Whilst some have been granted bail, others are still remanded in prison custody. Unwilling to abide by the rule of law, a couple of these governors have jumped bail, whilst charges proffered against one of them conclusively resulted into his conviction, prison sentence and loot recovery. But, there is still much to be done especially as the anti-corruption agencies (notably the Economic and Financial Crimes Commission) are accused of being a tool for witch-hunting political opponents and also selective in their activities. There is need to strengthen these agencies and to make them as independent as possible from government interference and control.

4. The complicity of the police in bribery and corruption has made the fight against corruption more difficult. There are bad elements within the police rank and file, involving both senior and junior officers. Police officers indiscriminately mount road blocks with old drums and woods and set bonfires on the road sides. At these arbitrary checkpoints, they openly collect bribes from motorists. Perhaps, the police in Nigeria have lost integrity more than any other group of public functionaries. A former police boss, Tafa Balogun was disgraced out of office for stealing billions of naira meant for police welfare. He was later prosecuted, convicted and jailed. Political observers reckon that the jail sentence of six months he received was inadequate for the magnitude of his offence in order to serve as deterrent to others. There is the perception that the “Nigerian law” is a respecter of persons; as some individuals who are patrons to some government officials conduct themselves in a way that is inconsistent with the rule of law and go unpunished. This attitude exposes the judiciary to ridicule. In prisons across the country, several thousands of inmates are indefinitely condemned on the “awaiting trial” list, simply because they do not have “godfathers” who can intervene on their behalf to secure their freedom. “Godfatherism” is commonly used in Nigeria to refer to the situation of having somebody who is either in government, or closely connected to someone in government who can influence decision. It also expresses the phenomenon whereby a political contractor sponsors a candidate to ascend an influential political position and then calls the shot for his ‘political godson’. The direct consequence of this is the shift of allegiance and accountability from the wider community (the electorate) to the individual contractor as state funds are dissipated in servicing this weird arrangement.

5. Overall, politicians mismanage state funds with impunity. Their lifestyle is offensively ostentatious. Amongst the political class, contests for political offices are usually fierce. There is evidence of unhealthy rivalry: too many unresolved political murder cases. The winners have a certain mentality: winner-takes-all. Moreover, a situation whereby the State affairs are conducted in secrecy leaves much to be desired. In Nigeria, a certain government expenditure dubbed “security vote” exists, of which the exact amount is unknown and unaccounted for. Due to the lack of political will, the legislature has not risen to the occasion to pass the “Freedom of Information Bill” into an “Act”, thereby exacerbating the practice of governance by concealment. Besides, the award of contracts reveals the breach of due process in many cases. Family members, friends and associates of political office holders are generally favoured and contracts are awarded to them at highly inflated rates; evidence of neo-patrimonial politics. In some instances, most of these contracts are either poorly executed, or just after mobilization at site, the contractors disappear. This could easily explain why there are so many abandoned projects in the country. The official who has compromised his position lacks the moral authority to seek for redress. It is important to tighten the loopholes through which public funds are mismanaged, and demand better governance and public accountability. What we have is a government that seems disconnected from the people it is meant to serve, especially as it affects local governance. More than 70% of the population, just under 150 million (BBC Country Profile), live in the local communities. Agriculture accounts for about 90% of the rural workforce; 80% of the poverty is concentrated in the rural areas where farmers, pastoralist and petty traders live. To promote economic governance, therefore, modernization of agriculture is essential. Empowerment through micro-credits is also desirable. Similarly, these rural communities most of them lacking in basic social infrastructure, need

improvement in the arena of social governance. The provision of schools, hospitals, electricity, and potable water and road networks would greatly enhance the quality of life and the overall human development index (HDI), of which in the current ranking, Nigeria places at miserable 158th position or 0.470 score, despite its oil wealth.

6. Oil and gas—non-renewable resources account for 97% of foreign exchange revenues of the country. Despite the blessings, there is evidence of natural resource curse. In the Niger Delta, comprising of nine States, there is a complex brew of political, social, economic and environmental factors resulting from oil and gas exploration. Poor local governance, social instability, competition for economic resources, and environmental degradation have taken a toll (UNDP, 2006). Each of these is a huge area which DFID's inquiry appropriately targets. Of serious concern, however, is the collapse of law and order, engineered by the local militia groups, intent at destabilizing peace and security in the region. Long years of neglect and conflict have fostered a siege mentality, especially among youths who feel that they are condemned to an insecure future, and see conflict as a strategy to escape deprivation. At present, hostage-taking is rampant with its attendant consequences: stress and anxiety on the foreign captives, their families and the companies they work for; dwindling foreign direct investment and challenges to international diplomacy. Nevertheless, the oil companies must rise up to their social responsibility to these neglected communities. Steps must be taken to demobilize and disarm the militia groups, especially when the wider context of international terrorism is considered. It is incumbent upon the government to seek creative solutions for the grievances of the communities who feel alienated from the benefits of the resources taken from their land. To say the least, the Niger Delta presents a baffling paradox of our time: a despised goose that lays the golden egg. It is a test case of good governance principles.

7. Nigeria, unable to celebrate its rich cultural diversity, finds issues of ethnicity and religion as obstacles to achieving good governance. Aside from the three major tribes: Igbo in the south East, Yoruba in the West and Hausa/Fulani in the North, there are other 250 ethnic and linguistic divides. These various groups have had difficulties cohabiting together. The Igbo under the name Biafra, fought a secessionist war against Nigeria (1967–1970), but failed in its bid for independence. Although, colonial influences are responsible for the accidental union of the major ethnic nationalities in Nigeria, and indeed in other parts of Africa, the situation presents a challenge to view the diversity as avenue to nurture the spirit of communality and build more social capital. The same applies to religion. Since the major religions in the country, namely, Christianity, Islam and Traditional religion, uphold the virtues of peace, love and tolerance, their adherents must necessarily appropriate this faith ethos and express it in the conduct of their daily lives. Given the ease with which religious conflicts erupt in the country, creating a ministry of national integration to foster community cohesion, social solidarity and minority rights protection, would be a step in the right direction. The leaders of the different religious groups should also intensify efforts to promote inter-religious dialogue.

8. As good governance and development are mutually reinforcing, a critical challenge which confronts the present administration of Umaru Yar'Adua, is how to strengthen public institutions and agencies to make the best use of resources at their disposal to serve the citizens within a reasonable time frame. Nigeria is in dire need of infrastructural development: an educational system uninterrupted by strike; well-equipped hospitals; stable electricity supply; efficient transportation networks, including railways and functional refineries. These are some of the measurements of State capability within the latitude of good governance. Employment opportunities would be generated when these sectors are made to work, just as the rate of migration would significantly be reduced.

9. The current fourth republic that was inaugurated on 29 May 1999 is the longest democratic experience Nigeria has ever had since her independence, 1 October 1960. The incursion of the military in governance robbed the country of the opportunity to cultivate a democratic culture. For the 28-year period that the military ruled the country, there was gross abuse of human rights, media censorship and callous looting of the State treasury. A role-enhanced capable state that is at the same time protective, redistributive and developmental is envisioned. Despite the threats to achieving it, there is new opportunity for Nigeria to consolidate the gains of democracy that can guarantee internal stability, as well as a respectable image in the eyes of the international community. The good governance framework offers this opportunity. Its validity and versatility challenge all spheres of national life: in fostering sound policies for sustainable development; strengthening weak institutions for effective and efficient service delivery; boosting the morale of the civil service; indeed, in raising the scale of the processes of governance for pro-poor growth. These objectives are by no means easy to meet. Nevertheless, with men and women of vision, they are achievable. It is for the Nigerian government to determine what could be achieved in short, medium or long term arrangement, with sustained external pressure. In the perspective of globalization, the task is now more urgent considering the targets and the timeline set for the attainment of the millennium development goals.

Written evidence submitted by Michael Peel

I am a journalist who has a longstanding interest in Nigeria and the impact of oil on it. Between 2002 and 2005 I was the west Africa correspondent of the *Financial Times*, based in Lagos. From 2005 to 2006 I was an associate fellow of Chatham House, during which time I wrote reports on the Niger Delta and on Nigeria-related financial crime and its links with London. In September 2009, my book *A Swamp Full of Dollars: Pipelines and Paramilitaries at Nigeria's Oil Frontier* is due to be published. I have made a proof copy of the book available to the committee. The Chatham House reports can be accessed here:

<http://www.chathamhouse.org.uk/research/africa/papers/view/-/id/410/>

<http://www.chathamhouse.org.uk/research/africa/papers/view/-/id/292/>

One of the main messages of my book and other work is that—in the absence of reforms to make the oil industry more transparent, accountable and of service to the people of Nigeria—arguments over aid policy risk being something of a sideshow. The oil industry makes the country fundamentally different from other African economies, where aid represents a good part of the annual national budget. The industry is characterised by a series of opaque relationships between foreign powers, companies, local officials and community chiefs, which have contributed to actual corruption and human rights abuses, as well as widespread suspicions of them.

Ultimately, perhaps the best answer would be for a truth and reconciliation commission to bring the problems around oil into the open and to find a way to solve them. Less ambitiously—and probably more practically—I append an edited summary of some of the main areas I think could be addressed. These are based on recommendations made in my July 2005 Chatham House report, most of which still seem depressingly relevant.

- The UK and Nigerian authorities should prioritize the pursuit of suspected examples of corruption and money-laundering involving government officials from oil-producing states. After promising initial progress, these cases are in danger of foundering. Unless action is taken against officials in the country's richest areas, many Nigerians simply will not believe Western countries are serious about tackling the corruption and money-laundering in which their companies in the finance sector and other industries are implicated.
- There should be a moratorium on all Western military aid to the Nigerian armed forces in the Delta until the worst human rights abuses—such as the 1999 massacre at Odi in Bayelsa state—are investigated, the results published and those responsible punished.
- Western countries should take an even stronger line on the gross fraud that took place during the last two national elections. Rich countries should direct aid towards independent bodies, such as credible non-governmental organizations, that propose reasonable projects to help improve the conduct of the 2011 polls.
- Nigerian officials who are credibly implicated in corruption or human rights abuses should be prevented from entering the US, UK and other countries that have significant commercial interests in the Nigerian oil industry.
- Western countries should provide funding to credible NGOs that commit themselves to scrutinizing the finances of state governments and raising concerns about corruption. This would require rich nations to provide training in areas such as financial analysis and also to exert diplomatic pressure against any state officials implicated in the harassment of NGOs that were seen as critical.

June 2009

Written evidence submitted by J Rowley

THE PREMATURE CLOSURE OF JWL (JOINT WETLANDS LIVELIHOODS PROJECT)

My submission concerns the lessons learned from the work of the JWL project and its premature closure.

1. THE VALUE OF PROJECT WORK

I submit that the astonishing achievements of the JWL project demonstrate the enormous value of project work. This is not to detract from the hard work, ingenuity and dedication of the staff which were extraordinary and an inspiration to everyone who came into contact with the team.

The JWL project led to direct poverty relief through the facilitation of new organisation of work to open up channels in the wetlands system.

It led to new governance institutions to improve management of natural resources. At local level, the project supported the creation of an association of local government chairmen; the only forum in the country to enable easy communication between local government areas. At national level, the project was midwife to the birth of water management bodies that span different states; virtually the only multi-state institution in Nigeria that is not federal.

The project had huge success in bringing together different state-level actors and leveraging funding from state and federal bodies. This is the peak of achievement in the Nigerian context where financial means exist but are often not directed to development purposes.

The key element of the project success was the agile management and the ability to adjust work to the changing situation as it developed. I submit that this would not have been possible with larger programme inputs. Indeed, the history of DFID programme work in Nigeria does not contain any similar examples of impact especially in terms of innovative governance mechanisms and leverage of funding.

2. A COMMITMENT SHOULD BE A COMMITMENT

“You have led us into the river. If you leave us here, it would be better not to have started.” Wetlands resident on hearing of JWL closure.

Changes in governance structures and habits take a long time to develop and install themselves. The JWL was planned for six years and experience from DFID and other work around the world demonstrates that this is the least reasonable duration within which to expect improved governance initiatives to become self-sustaining. The closure of JWL after only four years when it was showing such promise was a mistake. The decision put the achievements of the project at risk and damaged DFID’s reputation across the area. The decision remains incomprehensible since there seems to be nothing to gain from early closure; the savings from not funding activities in years five and six would be insignificant.

The early closure raises the question of the accountability of DFID staff. They appear not to be accountable to their own management systems, not to the Nigerian government and not the poor people who stood to benefit from the JWL project. Perhaps this committee will show whether or not they are accountable to parliament.

The key point is that a project engages people, and in the case of JWL in Nigeria, drew them into activities that required them to trust the project. A history of failure and unfulfilled promises has left people cynical of development initiatives but JWL encouraged many to try new activities. The premature closure was a dangerous move risking the commitment of local people to development initiatives. When DFID makes a commitment in project work it should demonstrate trustworthiness towards those to whom it should be accountable.

8 February 2008

Supplementary written evidence submitted by John Rowley

THE JWL PROJECT—UPDATE AND ADDITIONS TO SUBMISSION

I attended the hearing on 7 July 2009 and was impressed by the committee members’ attempts to identify solutions and positive lessons from which recommendations could be drawn for the future programme.

I want to suggest that the JWL project offered a range of lessons for effective working in Northern Nigeria and that it should be studied as a possible model for effective work in the hugely difficult situation.

In my previous submission I argue that the JWL project was closed prematurely in an act of absurd and corrupt mismanagement.

This argument is made more forceful by the fact that DFID has been funding the Wetlands Development Initiative and the river basin Trust Fund which proves that the work in the area was not completed. The work of these organisations which were born out of JWL initiatives would have been better supported by the continuation of the JWL to the end of its planned life.

The JWL project demonstrated a way of working that brought about important changes that would be interesting for future work on governance in Northern Nigeria (and possibly elsewhere). The wetlands institutions mentioned are, to my knowledge, the only agencies with multi-state responsibilities which are not federal. Federal agencies tend to lose local contact and get lost in Abuja machinations. The wetlands is the only part of Nigeria where the LGAs have a mechanism for meeting and sharing ideas and information. Elsewhere LGAs seem to work in isolation.

The JWL leveraged serious levels of funding from state governments and from the federal budget. This makes sense of the “rich country poor people” paradox and demonstrates that it is possible to get Nigerian interests to fund their own development projects.

The JWL suggests ways of working that avoid the difficulties of focus on specific states or specific sectors. By working on trying to improve water management in the wetlands, the project addressed key livelihood issues for all groups in the area, including migrant fishers and herders, and raised major issues of governance. The ability to link all the work to the vital issue of water made it possible to appear neutral and deal with issues that would have been too delicate and difficult to approach directly.

The premature closure of the project was a grotesque travesty. The situation can be remedied to some extent if the learning from the project and its remarkable approach can be captured and exploited in future work.

Written evidence submitted by Save the Children UK

INTRODUCTION

Save the Children UK is the world's independent children's charity. We are outraged that millions of children are still denied proper healthcare, food, education and protection. We are working flat out to get every child their rights and we're determined to make further, faster changes.

Save the Children UK established a small programme in Nigeria in 2001. The early focus was on getting children actively involved in shaping the decisions that affect their lives in Kaduna State. Today, Save the Children has started work in seven States, all in northern Nigeria, focusing on providing basic health care and protecting children from abuse and exploitation. This document is intended to address a few specific issues which form the basis of the inquiry. It is not intended to be comprehensive of all the issues discussed, or to be exhaustive of the developmental and governance challenges facing Nigeria. It is simply intended to provide a few suggestions on maximising the impact of DFID's work in Nigeria, and concentrates on challenges related to four themes:

- Governance.
- Basic service delivery.
- Rural poverty and rural livelihoods.
- Voice and accountability.

GOVERNANCE, INCLUDING REGIONAL AND LOCAL GOVERNANCE

1. DFID's strategy in Nigeria recognises that a complex series of governance challenges constrain developmental outcomes. DFID's identification of the three critical structural barriers to change in the Drivers of Change Analysis (lack of accountability, absence of non-oil sector growth, and poor public resource management) is grounded in sound conceptual analysis and reflects a solid understanding of the country's political economy, power relations, and drivers of change. However, the challenge of how to best operationalise results remains.

2. Save the Children welcomes DFID's new efforts in prioritising and channelling their efforts through focusing on governance in weaker and fragile states and acknowledges the importance of engaging local authorities in delivery service to allow states to derive legitimacy.

BASIC SERVICE DELIVERY

3. Primary health care services in Nigeria are in a state of collapse. An improved supply-side response is a pre-condition for increasing utilization. DFID is playing a leading role in shaping the way health resources are used and allocated, issues of staffing and management, and service quality. While this approach has much to commend it, the real test of the investment is what it means for the poor, particularly at the community level. DFID has the capacity and the opportunity to support health policies and the development of service delivery models aimed at the household and community level, not simply those aimed at improving health facilities.

4. The cost of health services is an important constraint for the poor and explains much of the inequality in utilization in Nigeria. There are staggering differences in health outcomes according to wealth quintiles. The percentage of pregnant women in the poorest quintile that are receiving antenatal care is less than 30%, while it is 75% for the richest quintile. Children and infants among the poorest 20% of the population are three times more likely to die than those among the richest 20%.¹¹ Therefore, a major barrier to health care access is its affordability. Out-of-pocket payments for health services can be a decisive factor in pushing households below the poverty line. Out-of-pocket payment is recognized as the most regressive form of health financing, and a very significant barrier to the utilisation of even basic health services, in particular by the poorest.¹²

5. The Nigeria health system is characterised by severe managerial weaknesses, and the uneven performance of its supply chain is one of the most prominent flaws. In order to improve drug availability, many states have set up revolving drug funds (RDFs), in which, after an initial capital investment, pharmaceutical products are replenished with resources generated through the sale of drugs to patients.

¹¹ Nigeria Bureau of Statistics and the World Bank (2007). *National Poverty Assessment* (draft).

¹² James C D, Hanson K, McPake B, Balabanova D, Gwatkin D, Hopwood I, Kirunga C, Knippenberg R, Meessen B, Morris S S, Preker A, Souteyrand Y, Tibouti A, Villeneuve P, Xu K. (2006) To retain or remove user fees?: reflections on the current debate in low- and middle-income countries *Appl Health Econ Health Policy*; 5(3):137–53.

DFID has also supported the establishment and running of RDFs in Nigeria. International experience has shown that revolving drug funds do not provide sustainable solutions, and that linked exemption schemes targeted at the poor are administratively intensive and difficult to bring to scale.¹³ While RDFs can improve availability and affordability of drugs in best-case scenarios. They cannot adequately ensure equitable access in areas with high levels of absolute poverty.

6. Save the Children UK acknowledges that DFID, in many ways, can be seen as a model donor in relation to pro-poor health financing¹⁴ and an important influencer of national governments as well as bi- and multilateral institutions. Improving poor people's access to healthcare, and by extension the health of mothers and their children, will require greater attention to sustainable and pro-poor health financing. Revolving drug funds could further increase barriers to healthcare access by the poor and thus be in contradiction with its overall drive to improve health equity.

7. The quality of basic education is insufficient to respond to the demands of children, their parents, and the labour market. Together with the World Bank, DFID is playing a leading role in improving the quality and provisioning of educational services in northern Nigeria, included the improvement of community involvement in educational facilities. This is a pre-requisite for sustaining increased demand for educational services.

8. The cost of education among households with school-going children represents about 12% of total household expenditure. For poor households with students the burden is even higher, representing close to 16% of total expenditure.¹⁵ The majority of children that do not have financial access to primary school are concentrated in rural areas of the North. The opportunity cost of sending children, particularly girl children, to school is also an important barrier to access. Reducing cost barriers to education will be critical for reducing gender disparities and achieving the Millennium Development Goals.

9. DFID's Social Protection Policy Framework has suggested demand side support to poor and vulnerable households as a means of breaking the constraint of utilizing health and education services. DFID should use this opportunity to leverage its global expertise and facilitate greater attention to the role social protection measures can play in increasing demand for goods and services on the part of the poor.

THE ROLE OF CIVIL SOCIETY AND THE ROLE OF DFID'S SUPPORT FOR DEVELOPMENT OF VOICE AND ACCOUNTABILITY

10. DFID clearly recognizes the voice and accountability elements to governance, but has tended to under-emphasize them in practice. Non-governmental actors have played limited roles in basic services and governance programmes in several priority states of DFID investment, particularly in the North. The new suite of state and local government programmes will begin to re-dress this under-investment, but care needs to be taken not to over-rely on a limited number of large "issue based" advocacy projects. Adequate skills building, supporting internal and external accountability, and the overall organizational strength of non-governmental actors will require a coherent shared approach among service providers at State and LGA levels. In the Nigerian context, where the lack of external accountability is one of the three critical constraints to reaching the MDGs, DFID is encouraged to demonstrate the same long-term commitment to building the influence and capacity of non-governmental actors as it does to state and local governments.

RURAL POVERTY AND LIVELIHOODS

11. Children in very poor households display very high levels of education deprivation, in terms of school attendance, completion and literacy and numeracy rates, as well as very poor health status. The education and health status of these children is highly associated with the ability of household members to raise income. Child sensitive development depends not just on higher growth but on how the growth is created, ensuring that the poorest groups benefit to a greater extent. The incidence and depth of poverty is greater in rural areas, and poverty is disproportionately concentrated among households whose primary livelihood is agriculture. Agricultural households have the highest poverty head count and the highest poverty gap. The agricultural population in the northern regions is much poorer than the agricultural population in the southern regions. Income inequality is also higher within the north of the country than within the south.¹⁶

12. Insufficient livelihoods account for why children are not in school, are not taken to a health centre when they are sick or are forced to work to contribute to household income or family obligations. Non-oil economic growth will be achieved through improving the investment environment, and DFID has made progress in this area. The extent to which future growth will be pro-poor will depend on whether the livelihood constraints for the poor are directly addressed. An improved understanding of labour markets, migration patterns, and diverse livelihood strategies needs to contribute to improved policymaking and economic investments. Measures may also need to be tailored to marginal areas, such as Jigawa, where

¹³ Cross P N, Huff M A, Quick J D, Bates J A (1986). Revolving Drug funds: Conducting Business in the Public Sector. *Social Science and Medicine*. 22(3):335-43.

¹⁴ DFID (2007). Working Together for Better Health.

¹⁵ Nigeria Bureau of Statistics and World Bank (2007). *National Poverty Assessment* (draft).

¹⁶ National Poverty Assessment 2007.

poverty incidence is highest and the social indicators are exceptionally poor. The envisioned investment in social differentiation and exclusion analysis, if linked to building a knowledge base on the livelihood strategies of the poor, has the potential to support greater programme impact.

POLICY COHERENCE AND UK GOVERNMENT'S APPROACH

13. The size of the aid portfolio is significantly increasing. Sufficient managerial resources will be required to oversee and coordinate such a complex and diverse portfolio. Achieving synergies across sectoral programmes and ensuring direct DFID engagement at State levels may require greater investment in managerial capacity, including staffing. Programmes are generating useful information and lessons learned, but dissemination and adoption beyond immediate programme partners will require enhanced attention to knowledge management.

14. In Nigeria, technical assistance driven programmes reflect the fact that financial resources are not always the most critical constraint in improving government performance. Assessing the relative efficiency of how technical assistance is deployed, (including the comparative appropriateness of long and short term technical assistance inputs), will be important for ensuring the best value for money in technical assistance contracting mechanisms.

May 2009

Written evidence submitted by the Society for the Widows and Orphans

GOVERNANCE

Generally governance in Nigeria is still at the neolithic stage with lots of policies and innovations like the re-branding process etc. Nigerians have laissez-faire attitude in adoption and integration of development policies. This is as a result of selfish attitudes of most of the citizens in authority. Lack of transparency and injustice abound. All these cut-across the three tiers of government.

RURAL POVERTY AND RURAL LIVELIHOODS

Despite the efforts of donor agencies and Nigerian Government in the area of poverty alleviation, poverty is still predominantly felt in the rural communities. This leaves very much to be desired as a good number are still living below poverty level. Hence the need for intensive and effective monitoring mechanism in development projects.

THE MANAGEMENT OF OIL WEALTH AND TRANSPARENCY IN THE INDUSTRY

With the present Administration of Alhaji Musa Yaradua one can say that the management of oil wealth has improved. This is as a result of the sanitization exercise carried out by the Federal Government. More needs to be done in the oil sector as there is still lack of transparency which brings about sabotage and violence in the oil producing states and communities.

BASIC SERVICE DELIVERY

This areas needs attention as the Public Private Partnership (PPP) is only in word and not in practice. The government only call on civil society organisations when they need technical assistance to develop a program and not ready to engage them on service delivery as they (government officials) use this area to enrich themselves, hence the abandoned projects in the Nation. Political parties use Board Membership to settle their party members who are incapable at the detriment of the poor masses.

THE IMPACT OF DEBT RELIEF ON POVERTY REDUCTION

Debt relief gave birth to a lot of poverty alleviation programmes in the Nation ie conditional grant scheme. This fund has been accessed by many states but the impact is yet to be felt in the rural communities.

DFID'S SUPPORT FOR THE ELECTORAL PROCESS AND TO THE NATIONAL ASSEMBLY

The Joint Donor Basket Fund on Electoral Reforms (JDBF) which the DFID is one, is a healthy development as it has gone a long way in curbing electoral malpractices and assisting in the electoral reform process. Gaps are being identified in Civil Society Co-ordinating Committee on Electoral Reforms and these issues need to be addressed. The Transition Monitoring Group Management needs to be looked into and vital mismanagement issues addressed.

THE ROLE OF CIVIL SOCIETY AND DFID'S SUPPORT FOR THE DEVELOPMENT OF VOICE AND ACCOUNTABILITY

Some civil society members have been trained by DFID to assist in mobilising and sensitising communities, giving them voice to be able to demand their rights from their Representatives and Executives in Government. The CSOs are in between the government and legislative. This programme is not yet laudable as it has not spread to most of the states local government and communities that are in dire need of it.

ECONOMIC GROWTH AND THE IMPACT OF DFID'S PROGRAMME

In this area, complacency on the part of leaders, inconsistency in policy implementation corruption, multiplier effect of energy crisis conflicts, decay in infrastructural facilities and more are all issues of concern in economic growth of the Nation. DFID's projects in Good Governance and Accountability, Health and Economic Development has brought meaningful effect in Nigeria generally.

POLICY COHERENCE IN THE UK GOVERNMENT'S APPROACH

One would say that the UK Government's approach is commendable. Involvement of more credible Civil Society Organisations (NGO's etc) would facilitate functional and sustainable social service delivery system.

DONOR COORDINATION

Donor Coordination in Nigeria now, is a healthy development as it assists in curbing corruption and waste of resources ie Joint Donor Basket Fund/United Nations Development Assistance Framework (UNDAF). Coordination of Donor Agencies now calls for realistic Innovations, Reformation, Adoption and Integration of development processes and programmes.

Written evidence submitted by VSO Nigeria

This short submission will focus on the following issues to be addressed in the inquiry, and is based on VSO experience and interviews with partners.

- Basic service delivery (primary school enrolment is about 60%; Nigeria spends only 5% of its budget on health care).
- Donor coordination.

1. VSO IN NIGERIA

Nigeria was one of the first countries to receive volunteers in 1958. The VSO Nigeria country programme has operated continuously since then and there are currently 51 volunteers in country. VSO continues to "share skills and change lives" by sending qualified and experienced volunteers to work with organisations who require those skills.

VSO now works programmatically to enable country programmes to better respond to identified need. In Nigeria the programme areas are: Education, HIV/AIDS, Sustainable Livelihoods and National Volunteering. These programme areas are reviewed annually through programme area review process and later in 2008 there will be a review of the Country Strategic Plan to ensure that we are still working in the most relevant areas in Nigeria.

VSO Nigeria is supported by DFID both through the partnership agreement and through programme funding to VSO Nigeria as a delivery partner in the SNR (Strengthening Nigeria's Response to HIV/AIDS).

2. BASIC SERVICE DELIVERY: EDUCATION

VSO Nigeria is working through volunteers in a number of tertiary level teacher training institutions, in state Universal Basic Education Boards, and with civil society organisations. There are currently 15 education volunteers in Nigeria.

The recent review of our VSO Nigeria education programme has led us to refocus our education work and make decisions about where we work geographically. DFID has provided a lead in terms of identifying key states in which to focus our work. Our long experience of working in these key states provides us with an exciting opportunity to increase our impact by concentrating resources and placing volunteers with our VSO partners to ensure that we improve the quality of education for some of the most disadvantaged children in Nigeria. The resources that DFID are providing to these states means that there is a possibility of making a greater difference through more intense support through a wide range of structures in both the government and non- government sectors.

DFID has been a key partner in our research work for both our Valuing Teacher report and the follow up research work carried out by a volunteer for the Global Campaign for Education. DFID staff have made themselves available and information has been readily shared. Our valuing teachers report gives a number

of clear recommendations to improve teacher motivation and morale including improved terms and conditions for teachers, human resource management, progressing policy implementation, improving the school environment and increasing the voice and status of teachers.

“Ministers are always changing, new policies are always made and they just tell us and expect us to carry them out. They give us no notice and don’t tell us how. They need to see for themselves”.

Headteacher

3. BASIC SERVICE DELIVERY: HIV AND AIDS

VSO Nigeria works closely with DFID in country as a delivery partner for the Strengthening Nigeria’s Response to HIV and AIDS (SNR) programme implemented in partnership with Action Aid and Family Health International.

DFID has provided much support to help this delivery partnership develop into its current form as a functioning team operating in eight (check) key states. VSO has volunteers working at both state level and at the national SNR offices in Abuja. Volunteers are helping to build the capacity of the SACA (State Action Committee for HIV and Aids) and LACA (Local Action Committee for HIV and Aids) and they bring with them a range of skills in community mobilisation, HIV and AIDS specific knowledge, and organisational development. Other skills have been bought into the SNR programme by the placement of a volunteer who has skills in graphic design and is working to better present information gathered from state level.

The DFID OPR process has proved very useful in helping to continually improve the outputs of the SNR programme by providing high quality monitoring and evaluation that has involved all partners and been clearly presented in a report.

DFID has also instituted quarterly meeting for all health partners receiving funding. These continue to provide a very useful networking opportunity and have already produced new partnership and complimentary working between different organisations. One example of this is that VSO Nigeria are in discussion with BBC World Service Trust about future collaborative working.

4. DONOR COORDINATION

The effects of the DFID collaboration with World Bank, CIDA and other funders are clear in aligning priorities and key states and also in the pooling of substantial resources.

VSO Nigeria recognises the benefits of better coordination, longer term partnership working, and more resource allocation for the designated areas of work. There also appears to be better collaboration between international NGO’s who are becoming part of the consortia bidding for the new DFID tenders. The use of service providers has necessitated this consortia working although care has to be taken that the partnerships are negotiated clearly and fairly in order to ensure strong collaborative working with both INGO’s and other partners. DFID have played a role in facilitating communications to strengthen these consortia in the past, which has contributed to strengthened partnerships and greater impact.

Relationships with our partners show that some negative effects of awarding of contracts through service providers are being felt at grass roots level. Some civil society organisations that VSO Nigeria works or has worked with say that they are finding it more and more difficult to access funding, and are getting frustrated by having to accept that a proportion of total funds is used for overheads of government departments when funds are distributed through them. Some have also felt that that they have a more distant relationship with donors where once they enjoyed close working relationships. In an interview with a partner organisation, DFID was cited as one example of such a donor. The organisation also felt that they no longer had access to funds to continue much of the work they started.

VSO Nigeria is working to help support the INGO forum which brings together country representatives from a range of international NGO’s on a quarterly basis. There are opportunities here to explore further the contribution that INGO’s can make to the delivery of the DFID contracts and indeed the need for closer working to respond to demands from service providers eg in negotiating terms of partnerships.

5. FUTURE RELATIONS WITH DFID IN NIGERIA

VSO Nigeria looks forward to continuing to build in country relationships with the DFID programme team in Nigeria, and to working in synergy to ensure resources are best used to ensure maximum impact. DFID has a key role to play in helping to shape the strategic direction for VSO Nigeria and we look forward to involving the team in this.

Supplementary written evidence submitted by the Department for International Development

At the International Development Committee's Oral Evidence session on DFID's programme in Nigeria on 16 July, I said that I would provide the Committee with the detailed economic analysis conducted for the design of the Growth, Enterprise, and Markets in States programme. A copy of the analysis is enclosed with this letter.¹⁷

I also said that I would try to provide you with details of the number of children in Nigeria who are in state schools or otherwise receiving free education.

Nigeria's 2004 Universal Basic Education Act requires all State Governments to provide access to free Universal Basic Education at primary and junior secondary levels/free access to nine years of good quality schooling for all children between the ages of six and 15 years.

Progress on achieving this has been slow. The Education for All Global Monitoring Report 2009 estimates that 8 million primary aged children are out of school and that net enrolment in primary education is 63%. Nigeria is estimated to have the world's largest number of children who are not enrolled in school.

Federal Government figures from 2005 indicate 22.267 million children were enrolled in primary education in Nigeria at that time. However, as noted by Eamon Cassidy at the Oral Evidence session, data on education (as in many other areas) are extremely poor. No national figures have been published for school years after 2004–05, and the 2005 figures are likely to be heavily flawed due to the return of incomplete questionnaires, lost data, inconsistencies, and low response rates, particularly from non-government schools. There are no figures for the percentage of children that are enrolled in government and non-government schools.

Timely, reliable data on basic education are fundamental to planning and management in the sector. Starting from this November, Nigerian States will be responsible for conducting an Annual School census which will allow for comparable data at State level and nationally. The DFID-funded Education Sector Support Programme In Nigeria (ESSPIN) is supporting the strengthening of Education Management Information Systems (EMIS), with dedicated national and international technical assistance working at both federal level and in the 5 States where the programme operates.

It will take a number of years until comprehensive, quality data is available across all States. This will be a particular challenge in States where a high proportion of children attend non-government schools, for instance, religious schools in the North, and the estimated several thousand unregistered private schools in Lagos.

I would be very happy to answer any further questions the Committee may have, and look forward to reading your report on DFID's programme in Nigeria in due course.

Gareth Thomas
Minister of State

Supplementary written evidence submitted by the Department for International Development

This document provides additional background information to the Memorandum for the IDC enquiry into DFID's country programme in Nigeria.

NIGERIA OVERVIEW AND DFID'S PROGRAMME

1. Nigeria is the largest country in Africa, with a population of 140 million—about the same as the whole of Southern Africa (Angola, Botswana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, the Seychelles, South Africa, Swaziland, Zambia and Zimbabwe). It is critical for meeting all the MDGs in Africa and, as sub-Saharan Africa's second largest economy (after South Africa), it has the potential to be an engine of economic growth and development across the continent. 72 million people live on less than a dollar a day (only India and China have more poor people), gender and income inequality are very high, and some States in Northern Nigeria have among the worst maternal mortality and girls' primary school enrolment rates in the world. Nigeria is off track to meet all the MDGs.

2. Nigeria is one of the world's top 10 oil producers and a member of OPEC, which makes it an important strategic partner for the UK for energy security reasons. Revenue from oil provides Nigeria with significant resources that could be used for poverty reduction. However, corruption & poor governance mean these resources are not being translated into benefits for poor.

RECENT HISTORY

3. For 30 years between 1967 and 1999, Nigeria was under military rule. Civilian rule was re-established in 1999 with the election of President Obasanjo, a former General. The current President, Yar'Adua, was elected in a flawed election in 2007, marking the first civilian-to-civilian handover of power since independence from Britain in 1960. The UK recognised that this was an important milestone in Nigeria's

¹⁷ Growth & Employment in States (GEMS) Technical Annex, DFID Nigeria, April 2009—Unprinted paper.

progress towards democracy but expressed concern that the elections fell far short of international standards and urged those contesting the results to do so through legal channels. Yar'Adua, acknowledged that the election had shortcomings and set up a panel to examine the entire electoral process.

4. Nigeria made significant improvements under the Obasanjo administration, particularly in achieving macroeconomic stability and improved economic governance. Yar'Adua took a strong stance against corruption and on respect for the law during his first year in office, but the pace of reform has slowed and there are concerns that progress may even begin to reverse. If the benefits of the economic reforms achieved so far are to be made tangible to poor people, they need to be embedded. Public financial management reforms need to be extended to sector ministries and, in particular, to state and local governments as these have responsibility for the delivery of primary services.

5. Increased government funding, particularly in the health sector, is important, but institutional reform to improve the efficiency and effectiveness of public spending is critical. Improved political governance, while an end in itself, will also help increase government accountability for service delivery, which is currently extremely weak.

6. Increasing growth is essential to underpin progress towards the MDGs in Nigeria, and will have a positive impact on the rest of the sub-region. Nigeria's poverty reduction strategy, the National Economic Empowerment and Development Strategy (NEEDS), estimates that an average annual growth rate of 7%, including strong non-oil growth, is required to meet the MDGs.

DFID'S PROGRAMME IN NIGERIA

7. Prior to 1999, during the Abacha years, DFID had no direct programme with the Federal Government of Nigeria (FGN). Instead, we had limited projects with some state-level governments, supported social marketing of condoms and provided funding to NGOs.

8. From 1999 with the transition to democracy and inauguration of President Obasanjo, DFID moved to strengthen its engagement with the FGN to support its reforms aimed at increasing the efficiency and effectiveness of government spending, and growing the economy.

9. In 2001, DFID set up a devolved country office, which from its inception worked with Nigerian stakeholders, and other development partners, to tackle the major challenges which the country faced. The aid framework has continued to grow significantly. At £100 million in 2008–09 the Nigeria programme is DFID's 4th largest in Africa (Ethiopia £165 million; Tanzania £130 million; Sudan £110 million).

	1999–2000	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
DFID Programme	£15m	£16m	£20m	£29m	£32m	£47m	£78m	£80m	£100m	£100m	£120m
Aid Framework											

In mid 2005 DFID finalised a joint Country Partnership Strategy (CPS) with the World Bank, the first of its kind globally. The CPS seeks to make best use of each organisation's expertise and strengths and to ensure complementarity between programmes. Since 2006 USAID has also participated in the CPS, although is not yet a formal member of the partnership. A new CPS, which was produced jointly by DFID, World Bank, African Development Bank and USAID, was approved by the World Bank Board on 28 July. DFID's participation in the CPS was agreed earlier in the year when Ministers and senior management signed off on the Nigeria country plan and business plan. USAID and African Development Bank participation has also been agreed by their respective managements. The CPS, which succeeds the original partnership strategy agreed between DFID and the World Bank in 2005, is now active.

10. DFID's programme supports Nigeria's own priorities as outlined in NEEDS and SEEDS. These priorities are reflected in the three pillars of the CPS: (1) Economic growth and poverty reduction; (2) Improving governance and the accountability of government to the Nigerian people; and (3) Improving human development, particularly in the areas of health, education and HIV and AIDS.

11. 75% of expenditure is on technical assistance at federal and state government level. Approximately 20% is spent on programmes focused on making a direct impact on the MDGs, and a further 5% is spent through civil society organisations to improve accountability and transparency. 60% of expenditure is at state level, where responsibility for delivering most services resides.

12. In 2008, DFID Nigeria began the launch of a suite of new state-level programmes, which will address constraints to growth and progress on the MDGs. These programmes are designed to work across the three tiers of government; build government capability, accountability and responsiveness; collaborate with each other; and share experience between states.

POLITICS AND DEMOCRACY

13. Nigeria is a classic example of a resource-dependent developing country. The discovery of oil in the 1960s, and the subsequent mismanagement of the revenues have had a profound impact on economic growth, the political economy and on the relationship between citizen and state. This picture is further complicated by Nigeria's size and ethnic, linguistic, cultural and religious diversity.

14. Nigeria operates an Executive Presidential system of government first introduced in 1979. Under the current Nigerian constitution, the Federal Government shares power with 36 State Governments, and 774 Local Government Areas. The three tiers of government have concurrent and overlapping areas of responsibility, with State and Local Governments responsible for over 50% of Nigerian government expenditure and the delivery of the basic services necessary to the achievement of the MDGs. As State Governments are largely autonomous, the Federal approach to drive change has often been to set up vertical sectoral agencies with a mandate to deliver services which further crowds and complicates the institutional landscape. For example, in education, there are over 20 different parastatal institutions in addition to the Federal and 36 State Education Ministries.

Political Economy

15. Nigeria is currently enjoying the longest continuous period of democratic governance (10 years) in its history after 30 years of military rule between 1967 and 1999. Nigeria's political system has largely developed as a mechanism for exploiting and sharing oil revenue, by its rulers and the elite. As in many resource-dependent countries, stability has been maintained by the strategic sharing of resources by whichever leader is in power. The principle of sharing resources to maintain stability also applies to political power, with the widespread consensus that the function of Head of State should be shared among ethnic groups. There are three dominant groups in terms of population and language (Yoruba, Hausa and Ibo) who have largely determined the country's leadership.

16. Sharing oil resources to maintain political power has meant that there is virtually no concept of a "social contract" in Nigeria. Political leaders owe their position to other members of the political elite, rather than the people who vote for them. The weak citizen demand in Nigeria can be explained partly by the fact that most Nigerians have little or no experience of Government service delivery. In theory, the democratic system gives citizens the opportunity to remove leaders from power if they do not deliver. However, although the April 2007 elections resulted in the first transition from one civilian president to another, and as such represented a major watershed in Nigeria's political development, they were widely acknowledged as severely flawed.

17. The establishment of the President's Electoral Reform Commission (ERC) in August 2007 was therefore welcome. The ERC's report has been presented to the President, and we are awaiting the publication of a white paper on the way forward.

GOVERNANCE AND CORRUPTION

18. During President Obasanjo's second term (2003–07), there were significant improvements in Nigeria's macro-economic management, mostly due to the introduction of an oil price-based rule for agreeing the budget, which led to reduced inflation, increased investor confidence and the agreement of the Paris Club Debt Deal. Other achievements of the Obasanjo administration were a high profile campaign against corruption, banking consolidation and the achievement of a BB- investment rating from Fitch and Poor.

19. President Yar'Adua came into power pledging to observe due process and work within the Constitution, but after two years of his administration, it seems that reforms have stalled. Investigations into high level corruption cases have stopped and there is also a lack of clarity on the process of developing the successor to NEEDS, Nigeria's poverty reduction strategy.

20. There are some encouraging signs that those States that receive relatively fewer resources per capita from the Federal government have some incentive to raise domestic revenue, and therefore enter into some sort of "social contract" with their citizens. These states include Kano and Lagos, the two largest States in Nigeria, which between them account for roughly 15% of the population.

MISMANAGEMENT OF OIL REVENUES, INCLUDING THE SITUATION IN THE NIGER DELTA

21. Nigeria has avoided a large-scale conflict since the Civil War (1967–70), partly because of the genuine trauma of that conflict, but also through the practice of sharing resources and co-opting political opponents by giving them access to oil revenues.

22. The conflict in the oil-producing Niger Delta region has been rumbling on for years, always threatening to spill over, but never yet doing so. In some senses, the Niger Delta is an exaggerated microcosm of the political economy across Nigeria—the resources are far greater (Rivers State Government received \$1.7 billion from the Federal Government in 2007, giving them a per capita income higher than most African countries), but the core issue is the same: high levels of official corruption and little or no service delivery.

23. The conflict is now attracting increasing international attention, given the impact of instability on the global oil price. President Yar'Adua put resolution of the Niger Delta crisis at the top of his agenda when he assumed office in 2007, charging the Vice-President with the development and implementation of a "Niger Delta Master Plan". A new Ministry for the Niger Delta has been announced, but its role is unclear.

24. The problem is not one of resources. Until there is willingness on the part of the Niger Delta State governments to improve governance, reduce corruption and address the security situation, it is difficult for DFID and other donors to help build real capacity and have an impact on MDGs. Working closely with the FCO and MoD, we maintain regular dialogue with the Niger Delta governments and with relevant

elements of the Federal Government. Together with the World Bank, UN, USAID and EC, DFID has offered to provide technical assistance to the governments of the Niger Delta states, particularly to enhance capacity to plan, budget, manage and report on public expenditure, where there is clear and genuine commitment to making better use of the significant funds available to improve the lives of the people.

25. In 2006, DFID launched a £2 million programme—Supporting Transparency and Accountability in the Niger Delta (STAND)—which aims to improve social cohesion and local governments’ delivery of basic services to communities through improved understanding of local government (LGA) budgeting and expenditure. The programme is currently working with LGAs in Rivers and Delta State. DFID also supports conflict reduction in the Niger Delta through the Africa Conflict Prevention Pool, helps strengthen accountability through support for the National Assembly, tackles corruption through support to the Economic and Financial Crimes Commission, and increases transparency in the use of oil revenues through support for the Nigerian Extractive Industries Transparency Initiative.

POVERTY AND THE MDGs, INCLUDING BASIC SERVICE DELIVERY

26. Achieving the MDGs in Nigeria is critical to achieving the MDGs in Africa: 20% of Africa’s poor are Nigerian and northern Nigeria has the worst human development indicators in the world outside conflict and post-conflict zones. Although progress is being made, the environment for poverty reduction remains challenging:

- 72 million people live on less than \$1/day.
- Ranks 154/179 in the Human Development Index (2008).
- One in five (1 million) children die before the age of five.
- Nigeria has only 2% of the World’s population but 10% of the world’s maternal deaths in childbirth.
- Nigeria has more children out of school than any other country (Global Monitoring Report 2009). Net enrolment in primary education is around 68%. Up to 3.6 million primary age children are not in school.
- 48% households have no access to clean water.
- Around 3 million people are living with HIV or AIDS.

27. The United Nations Human Development Index ranked Nigeria 154 out of 179 countries in 2008. The biggest negative driver is Nigeria’s very low life expectancy at birth of only 46.6 years. Nigeria’s HDI index is significantly lower than the average for Sub Saharan Africa; in turn Sub Saharan Africa is lower than all other areas of the World and the gap is increasing.

HUMAN DEVELOPMENT INDICATORS FOR NIGERIA AND SUB SAHARAN AFRICA

<i>Human Development Indicator</i>	<i>Nigeria</i>	<i>SSA</i>
GNI per capita (2006)	640	842
Life expectancy at birth (2005)	46.5	47.2
Net primary school enrolment (2005)	67.9%	69.2%
Mortality rate per 1,000 under-5 (2005)	194	163
Immunization of measles children 12–23 months (2005)	35%	64%
Prevalence of HIV ages 15–49 (2007)	3.6%	5.8%
Population with access to improved water source (2004)	48.0%	56.2%

Source: World Development Indicators and UN’s Human Development Report

28. Within Nigeria, human development indicators differ substantially between regions and states. As set out in the table below, northern States on average suffer greater poverty and poorer education and health outcomes than southern States.

29. KEY HUMAN DEVELOPMENT INDICATORS BY GEOPOLITICAL ZONE

<i>Indicator</i>	<i>North Central</i>	<i>North East</i>	<i>North West</i>	<i>South East</i>	<i>South South</i>	<i>South West</i>
Population millions (2006): Census	20.3	19.0	35.8	16.4	21.0	27.6
% on <\$1 a day	58.6	64.8	61.2	31.2	47.6	40.2
Children underweight for age % under 5	19.6	33.1	42.9	8.5	18.0	19.1
Net primary enrolment rate %	70.2	44.4	41.7	80.2	82.2	82.8
Net primary enrolment—ratio of female to male	1.0	0.8	0.7	1.0	1.0	1.0
Under 5 mortality (per 1,000)	165.0	260.0	269.0	103.0	176.0	113.0
Fully immunised % of children of 12–23 months	8.4	25.0	6.2	20.5	25.6	29.9

<i>Indicator</i>	<i>North Central</i>	<i>North East</i>	<i>North West</i>	<i>South East</i>	<i>South South</i>	<i>South West</i>
Maternal Mortality (per 100,000 live births)	—	1,549.0	1,025.0	286.0	—	165.0
HIV prevalence % total population (2007)	5.7	3.4	3.0	2.6	3.5	3.4
Access to improved water source %	40.4	26.0	38.5	82.8	56.7	58.4
Access to improved sanitation %	11.5	5.0	6.1	42.2	29.7	28.9

30. Nigeria's federal structure increases this challenge. The 36 States spend around 50% of public funds and have a high degree of autonomy. Responsibility for the delivery of basic services lies mainly with the State governments and the 774 local governments within them.

31.

■ Nigeria's progress on the Millennium Development Goals

Goal 1: eradicate Extreme poverty	Reduce extreme poverty by half	
	Reduce hunger by half	
Goal 2: Universal Primary education	Net enrolment	
	Universal Primary Completion	
Goal 3: Promote Gender equality and empower women	Equal girls' enrolment in primary school	
	Equal girls' enrolment in primary and secondary education	
	Women's share of paid employment (non - agricultural)	
	Women's equal representation in national parliaments	
Goal 4: Reduce child poverty	Reduce mortality of under 5's by 2/3	
	Measles immunisation	
Goal 5: Maternal health	Births attended	
Goal 6: Combat HIV/AIDS, malaria and other diseases	Halt and reverse spread of Malaria	
	Halt and reverse spread of TB	
	Halt and reverse spread of HIV	
Goal 7: Ensure environmental sustainability	Reverse the loss of forests	
	Halve the proportion without improved drinking water	
	Halve the proportion without improved sanitation	
	Improve lives of slum dwellers - proportion of slums	

Met	On Track	Off Track	Severely Off Track	No Data
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Roughly half of Nigeria's 140 million plus population live on less than a dollar a day

32. Roughly half of Nigeria's 140 million plus population live on less than a dollar a day and 90% of Nigeria's people are estimated to live on less than \$2 per day. Income inequality at the national level is high.

33. The situation is worse in rural than urban areas. 64% of those living in rural areas are poor (more than 50 million) compared with 43% of the population (27 million) in urban areas. Similarly, twice as many people in rural areas have insufficient food, therefore living in extreme poverty, compared to urban areas.

34. The bulk of the poorest States in Nigeria are in the North. Jigawa has the highest poverty headcount (91%). The poverty headcount across the North is around 65% (49 million people) whilst in the South it is 43% (28 million). The total population in the DFID/CPS Lead States (Kano, Kaduna, Lagos, Enugu, Cross River plus Jigawa which is not formerly a lead state) is around 35 million, of whom around 20 million (65%) are poor.

35. Nigeria's prospects of halving income poverty by 2015 relative to 2000 are not clear, due to the absence of good data. Good data will become available later this year when the next Living Standard Measurement Survey (LSMS) is completed. DFID is part-funding the LSMS with the National Bureau of Statistics. Strong growth in the non-oil economy, especially since 2003, suggests that poverty may have fallen over the last five years.

36. In common with other basic services, water supply suffered from institutional decay and mismanagement of resources during the military years. As a result, Nigeria remains off-track to meet the water MDG target. The 2006 Joint Monitoring Programme report found a decline in access between 1990 and 2004 of 33 to 31% in rural areas and 80 to 67% in urban areas.

37. More recent data suggests that urban water coverage increased from 67% in 2004 to 73.4% in 2006 and rural water coverage from 31 to 40% in the same period. This reflects increased investment and greater political priority by civilian governments.

38. Most poor people live in rural areas and there is a strong focus in DFID's programme on largely rural states in the North, where the incidence of poverty is high. The greater part of DFID Nigeria's spending is on supporting more effective delivery of health, education, water and HIV/AIDS services. These programmes operate largely in states with mainly rural populations.

ECONOMY AND RURAL LIVELIHOODS

SUMMARY

39. Nigeria is Sub Saharan Africa's 2nd largest economy and is one of the world's top 10 oil producers. Oil dominates the economy, contributing to over 85% of government revenues and 95% of export revenues. Agriculture, however, provides a livelihood to over 70% of the population. Generating more non-oil, employment generating growth is essential. Key constraints to achieving this are Nigeria's massive infrastructure deficit, notably the dismal state of the electricity supply, and the poor business environment, particularly people's access to finance.

40. Ambitious structural reforms undertaken by the previous government improved macroeconomic stability within a stronger policy framework. This has provided Nigeria with some resilience to weather the current global economic crisis. If the crisis had occurred four years ago Nigeria would be in serious freefall. Achievements included stronger economic growth, lower inflation, a dramatic decline in debt and accumulation of significant foreign exchange reserves. Following successful reform, Nigeria's financial system has also seen tremendous recent growth, although this is now on more shaky ground.

THE CURRENT GLOBAL ECONOMIC CRISIS

41. These are testing times for Nigeria. The full impact of the crisis is still unfolding. By far the biggest effect is the falling price of oil, at one point 70% lower than its \$147 high in 2008. Oil revenue to government fell to around US\$1 billion in January this year, down from last year's monthly average of around US\$2.2 billion. The crisis has increased the huge challenges already facing Nigeria's underperforming economy. Key economic indicators are predicted to worsen this year, although initial 2009 economic growth figures from government appear more promising (around 6%) than recent gloomy forecasts (around 3%). Based on World Bank estimates Nigeria requires an annual non-oil economic growth rate of 10–11% to achieve the poverty MDG.

42. Encouragingly, lower oil prices seem to have helped focus policy makers on tackling the long-standing obstacles to growth outside the oil sector. This includes customs reform (a hotbed of corruption) and the removal of inefficient and ill-targeted fuel subsidies which cost government billions of dollars a year. In the short term, much depends on both the oil price, and production, which continues to suffer from ongoing disruptions in the Niger Delta. In the longer-term Government must fulfil its commitment to improve the business climate to generate non-oil growth and economic diversification.

43. The fundamental challenges to growth, development and poverty reduction still emanate from within Nigeria. The global crisis has heightened these challenges. Government must pick up the pace and depth of the wide-range reforms required.

“We have to navigate through these difficulties and look at various ways to generate additional revenues, plug leakages, ensure greater efficiency in spending, and looking forward, how we can diversify our economy.”

Nigerian Minister of Finance, May 2009.

AT A GLANCE: IMPACT OF THE GLOBAL CRISIS & SELECTED ECONOMIC INDICATORS

Note: full impacts not yet known, hampered by poor data availability and a dynamic situation.

<i>Impact</i>	<i>Comment</i>
Falling Govt Revenues	Huge decline through falling oil prices.
Banking Sector	Pretty robust but crisis exposed the home-grown weaknesses of poor regulation and oversight.
Stock Market	Large losses but from a position of being over-valued. Early signs of recovery.
Exchange Rate	As expected, depreciation due to falling oil price and capital outflows. Now somewhat stabilising against the \$.
Capital inflows	Huge outflows but expected to recover.
Debt sustainability	Not under threat for now.
Remittances	No data yet but expected to fall, directly worsening poverty.
Poverty	Immediate impact felt greatest by the middle class.

	2008 ⁺	2009 ⁺⁺
Nominal GDP per capita (U.S. dollars)	1,418	1,044
Real GDP growth (percent)	5.3	3.3
Oil Growth	-5.5	-3.4
Non-Oil Growth	7.7	4
Gini Coefficient: (0 = equality), (1 = inequality)	0.67	0.67
Inflation, annual average (percent)	11.2	13.6
Overall Fiscal Balance (% of GDP)	5	-11.3
Current Account Balance	4.5	-9.0
External Debt (% of GDP)	1.7	2.9
Oil Production (million barrels per day)	2.1	2.0*

Source: IMF, March 2009.

⁺ Estimated

⁺⁺ Projected

* Government target is 2.3mbpd.

ECONOMIC GROWTH—STARTING TO FALL

44. Following robust growth in 2007, Nigeria’s economic growth decelerated in 2008, in the wake of the global economic crisis. GDP grew by an estimated 5% in real terms in 2008, compared with over 6% in 2007. Oil output declined by 5.5% more than in 2006 owing to growing unrest in the Niger Delta. However, non-oil growth remained buoyant at around 8%.

ECONOMIC STRUCTURE—DOMINATED BY OIL

45. Nigeria’s oil sector accounts for about 40% of GDP yet employs less than 1% of the workforce. Agriculture’s share of GDP has hovered around 33% for the last few years and remains important to the economy, not least because it employs approximately half of the labour force. Subsistence farming and production of food and beverages dominate agricultural output but government wants to revive commercial agriculture. Services share of GDP is increasing, driven by growth in banking, insurance, telecoms and transport.

NON-OIL GROWTH RESPONDS TO REFORM

46. Recent years saw Nigeria’s first oil price boom where the non-oil sector, which provides the majority of livelihoods, also grew. Alongside agriculture, industries gaining momentum include banking, construction, transportation, telecommunications, and retail and wholesale. However, despite progress a challenging agenda remains. Nigeria is ranked 118 out of 181 countries in the World Bank Doing Business 2009 survey. Non-oil growth remains a priority to generate employment and raise incomes. It’s estimated that only 10 to 20% of new labour force entrants find jobs in the formal sector. Although formal employment generation has been lagging, the acceleration of non-oil growth is estimated to have reduced poverty rates from about 66% in 1996 to 55% in 2004.

47. Despite recent reform, Nigeria's tax system remains unpredictable and subject to corruption, such as bogus tax collectors. There are many grey areas between the boundaries of Federal and Sub-national Government powers. Federal government has recently unveiled a new national tax policy which aims to iron out these inefficiencies, but implementation will be a challenge.

FINANCIAL SECTOR

48. Following successful reform, Nigeria's financial system has seen tremendous growth in the past few years. The banking sector has not been directly hit by the current global economic crisis, but there are indirect effects. Banks are highly exposed to Nigeria's stock market, through lending for investment in stocks, which has suffered huge losses. Banks are also exposed to oil and gas industries which are now struggling with lower prices. These effects, combined with the home-grown problem of poor sector regulation and oversight, damaged confidence in banks, restricting liquidity and credit flows. On the positive side, resulting pressures and calls for greater transparency appear to be intensifying the reform effort.

THE OIL ECONOMY

49. Nigeria's oil sector is underperforming. This is due to security considerations, their impact on costs, years of underinvestment, and, more recently, uncertainty over the regulatory regime. Recent insurgency has curtailed actual production to as low as 1.5 million barrels per day (mbpd), against the Government's over-optimistic projection for 2009 of 2.3mbpd. The poor state of Nigeria's refineries means that 85% of its refined oil demand is met by imports.

50. Nigeria has the largest gas reserves in Sub-Saharan Africa, 3% of the world's total and the 7th largest reserves in the world. These reserves are currently under-exploited. Gas supply is an essential component to improving Nigeria's woefully inadequate electricity supply and increasing gas production should also reduce flaring which contributes to half of Sub-Sahara Africa's green house gas emissions.

OIL REVENUES AND GOVERNMENT INVESTMENT

51. Nigeria's management of the recent oil price boom was commendable given the disastrous management of previous booms. Windfall oil revenues have been used to pay off debt and saved. In 2006 Nigeria used US\$18bn of its oil savings to settle its Paris Club debt obligations. External debt is now less than 3% of GDP.

52. In 2004 Nigeria established an oil price based fiscal rule to better manage the macroeconomic impact of an oil dependent economy. Government agrees an oil price benchmark for the year. All revenues per barrel of oil above this price are saved into an Excess Crude Account (ECA), rather than being spent through that year's budget. This year's oil price benchmark price is US\$45. This mechanism largely de-links expenditure from oil prices by not only limiting federal expenditure but also subjecting transfers of oil revenue savings to state governments to a negotiation within the Federation. This mechanism has succeeded in avoiding boom-bust cycles of spending that had plagued Nigeria since the 1970s.

53. Macroeconomic stabilisation was accompanied by a series of reforms aimed at improving public sector performance and accountability. In the area of public financial management, both federal-level fiscal responsibility law and public procurement legalisation were passed in 2007. However, weaknesses in the budget process continue to frustrate fiscal policy objectives and reform of public financial management systems reforms are still highly incomplete. In addition, reform efforts have not been matched at the sub-national level, where half of public resources are spent. While some states have made important strides, others lag behind.

54. Government is committed to maintaining its hard won debt sustainability. To help finance this year's deficit, predicted to be around 11% of GDP. Government plans to borrow (on concessional terms) from the World Bank and African Development Bank rather than from the international capital market as originally intended. These funds will help finance the critical public investments in infrastructure planned for this year. Government also hopes to attract private investment into these areas through Private Public Partnerships (PPP) although it needs to build its capacity to execute and manage such projects. Raising the productivity of both private and public sector investment still requires much ground-work by government.

SHARING GOVERNMENT REVENUE—NIGERIA'S FISCAL FEDERALISM

55. Oil wealth distribution is at the heart of Nigerian politics. Discussion of Nigeria's federation remains dominated by the allocation of oil revenue rather than the wider framework necessary for a well functioning federation (accountability, intergovernmental coordination, institutional capacity etc). Inter-governmental collaboration is weak, disparate and uncoordinated resulting in poor service delivery and risks to macroeconomic stability.

56. This situation is exemplified by management of the federation's saved oil revenues in the Excess Crude Account. There is no firm agreement on how these windfall oil profits should be shared between the different tiers of government, with resulting risks to prudent economic management during both good and tough times.

POVERTY FOCUSED ECONOMIC PLANNING/DEBT RELIEF GAINS

57. Poverty remains high despite some progress and is estimated at about 55% based on 2004 data. Government is targeting MDG-related spending through a virtual poverty fund financed with debt relief savings emanating from the Paris Club debt relief.

58. The flagship policy is a Conditional Grants Scheme for states. Launched in 2007, this aims to incentivise stronger sub-national service delivery, improve inter-governmental working and leverage state resources to achieve the MDGs. This is a welcome alternative to federal government establishing its own agencies to duplicate sub-national government responsibilities and should build states' overall capacity in project planning, implementation and monitoring.

MONETARY AND EXCHANGE RATE POLICY

59. Since last year inflation has been rising and is now firmly back in double digits after falling to single digits since 2006. (Inflation was around 40% during the 1990's). This has been largely driven by the surge in energy and food prices. These are both now starting to fall although the former far more than the latter. High food prices continue to hurt the poor and raise food insecurity, especially in the North of the country (although many also benefit as food producers). Going forward the general fall in demand from a more depressed economic environment should help dampen inflationary pressures. Notwithstanding, continued macroeconomic stability is required to protect the poor against the negative impact of inflation.

60. Late last year falling oil prices and investor confidence saw a 20% currency depreciation against the dollar. Emergency measures by Government helped to stabilise the exchange rate but re-opened a gap in the parallel "black" market rate. There is concern among some international observers that such measures, and others in the financial sector, create distortions and reduce investor confidence in government's economic management. However, there is also recognition that these measures did help contain the immediate impacts of the crisis and were not wholly inconsistent with measures being taken by other countries.

61. Nigeria's capacity to produce timely and accurate statistics has improved significantly over the last few years but remains weak.

URBANISATION

62. In Nigeria, poverty levels are lower in urban than in rural areas. 64% (50 million) of those living in rural areas are poor compared with 43% (27 million) of the population in urban areas. Similarly, twice as many people in rural areas have insufficient food compared to urban areas.

63. Basic service delivery also tends to be better in urban areas. For instance, urban water supply coverage was 73.4% in 2006, compared with rural water coverage of 40%.

64. Nevertheless, huge challenges and widespread poverty still exist in Nigeria's urban areas. In Lagos, close to 70% of the 15 million¹⁸ plus population lives in slums. Half of Lagos' 5 million school-age children are out of school; and infant and maternal mortality is high at around 150/1,000 and 650/100,000 live births, respectively. Data is very patchy, but indications are that unemployment in Lagos has increased over the years, particularly among young people. Poor living conditions for slum dwellers, and large transient populations contribute to a high disease burden. Energy and water access, transportation, housing, and property rights have all been adversely affected by haphazard development of a geographically disjointed city. Congested bridges linking Lagos' islands and the mainland, make traffic congestion a daily problem.

65. Nigeria's transport system suffers from years of neglect, chronic underinvestment and poor planning. Except in rural areas, most Nigerians living, as most must do, in a satellite town on the outskirts of a major city face a daily each-way commute of over two hours to get to work. The journey will be unpleasant, unsafe, unreliable and expensive. Pedestrians face daily danger and inconvenience. Nigeria's roads are typically in poor condition with heavy congestion and accident black-spots. Much refurbishment is needed. Vehicles, both passenger and freight, are poorly maintained and overloaded and there is little driver training. Modern public mass transit schemes hardly exist, although steps are being taken to remedy this in Lagos. Most urban Nigerians, when they do not walk, rely on shared taxi/buses for transport.

66. Nigeria's (predominantly freight) railway system has been in decline for many years and is largely inoperable. Almost all freight has to be moved by road including much dangerous cargo. Nigeria's main ports, concentrated around Lagos, are unconnected to the rail network and constrained by lack of space. Air transport works but the safety record is poor.

67. Efforts are underway to get to grips with these deep-rooted problems. The ports sector has been reformed, and the World Bank is supporting the government in improving federal roads. Although revitalisation of the railways is currently stalled, there are hopes the process can soon restart.

68. DFID's programmes help Government to address these challenges at both the Federal and State level. DFID programmes currently operating in Lagos (and in other major cities such as Kano) are: the Security, Justice and Growth programme (which helps strengthen property rights through improved land registration); the HIV/AIDS programme; the Malaria programme; the Nigeria Infrastructure Advisory

¹⁸ The results of 2006 census are still controversial and the size of Lagos' population is still uncertain. Lagos Office of Central Statistics gives the population as 17,552,942 with an annual growth rate of 6–8%.

Facility (NIAF), ESSPIN (systemic reform of education), SPARC (strengthening Government's capacity to plan, budget and spend effectively) and SAVI (working with the State House of Assembly and civil society to strengthen voice and accountability). NIAF is assisting government to draft a new federal transport policy, advising on models for greater private sector involvement in road and rail services, and supporting financial and economic analysis of projects. NIAF is also assisting Lagos's public transport agency (LAMATA).

69. A new programme, Growth and Employment in States (GEMS) is currently being designed jointly with the World Bank, based on findings from DFID's Investment Climate Programme (ICP), which surveyed the business environment in Lagos and 10 other states in 2008 (Lagos ranked 8th overall). GEMS will deliver technical assistance at the state and federal level to (a) improve the legal and regulatory environment for investment and (b) support medium, small and micro enterprises to enhance productivity in key supply chains. For example, GEMS will provide support to the construction and information, communication and technology (ICT) industries in Lagos, which will improve livelihoods.

LAGOS—BACKGROUND AND CHALLENGES

70. Lagos is a low-lying mega-city with a population estimated at over 15 million,¹⁹ which is growing fast. Poverty is widespread, with close to 70% of the population living in slums. Half of Lagos' 5 million school-age children are out of school;²⁰ infant and maternal mortality is still high at around 150/1,000 and 650/100,000 live births, respectively. While data is very patchy, indications are that unemployment has increased over the years, particularly among young people. Energy and water access, transportation and housing have all been adversely affected by haphazard development of a geographically disjointed city. With congested bridges, traffic congestion is a daily problem in Lagos.



71. Lagos is of dominant economic importance for Nigeria and West Africa. It hosts a dynamic and rapidly growing financial sector and the most active stock exchange in the region. Home to 17% of Nigeria's firms, it is the premier manufacturing city in West Africa with Nigeria's principal non-petroleum port (Apapa). The very high gini co-efficient (0.67) reflects the co-existence of widespread poverty and a booming telecoms and financial sector. Average residential density is 260 people per hectare, while the population density in slums is between 790 and 1240 people per hectare.

72. The presence of a large number of enterprises in Lagos has enabled it to, unlike other states in the country, derive a greater proportion of its revenue from non-oil sources. IGR contributions to the state treasury are projected to represent 70% of all revenue in 2009. It is the presence of these companies which also serves as a big draw to people across Nigeria migrating to Lagos to "find their fortune". This vast population inflow places a major strain on an already dilapidated public service delivery infrastructure.

¹⁹ The results of 2006 census are still controversial and the size of Lagos population is still uncertain. Lagos Office of Central Statistics gives the population estimate of about 17,552,942 with an annual growth rate of 6–8%.

²⁰ Data from the Lagos State Economic Empowerment Strategy 2005 indicates, about 1.5 million are in public schools, while an estimated 1 million pupils are enrolled in numerous private schools situated all over the State.

LAGOS' PROGRESS ON THE MDGs

<i>MDG</i>	<i>Lagos' Status</i>
Poverty level:	67%
Primary School Enrolment	81.8%
Infant Mortality	85/100,000
Child Mortality (Under 5)	150/100,000
Maternal Mortality	650/100,000
HIV/AIDs Prevalence	3.3%
Access to Improved Water Source	83.4%
Access to Improved Sanitation	86.6%

Source: 2004 Nigeria living standards survey (NLSS)

73. Lagos also serves as a transport gateway for Nigeria and the sub-region with an international airport through which airlines operate daily flights into Europe, the USA and the rest of the world. Being a terminal for both sea and air transport, and with the absence of a rail service, a large number of haulage vehicles are present on Lagos roads and are reported to be a major contributor to the degradation of road infrastructure. They also contribute significantly to the traffic jams in the city.

74. Administratively, Lagos State is made up of 20 constitutionally recognised LGAs, with the State Government having created an additional 37 LCDAs. The state is dominated by the Action Congress (AC) Political Party which won the office of Governor in the 2007 elections as well as all 40 seats in the State House of Assembly. The AC also accounts for all members of the National Assembly representing the state.

75. Governor Fashola's administration is working to deliver a Ten-Point Agenda which was inherited from the previous AC-led administration. The priorities include: Road Rehabilitation, Transportation, Environment/Physical Planning, Shelter, Healthcare, Education, Power & Water Supply, Food Security, Employment, and Revenue Enhancement. However, in recognition of the role that security plays in the fulfilment of all the other priorities, Governor Fashola made it a further priority of his administration. The Ten-Point Agenda directly responds to the key challenges faced by the Lagos State Government.

76. Public-Private Partnerships (PPPs) are being used to implement the government's development plan and DFID's support through NIAF has been invaluable. Presently, several projects are being implemented under PPP arrangements including the construction/expansion of the Lekki Expressway; operation of water ferry services; development of the Lekki Free Trade Zone; and BRT bus operations. Lagos State plans to also raise bond finance to fund its infrastructural development plans.

Infrastructure Challenges in Lagos

77. Lagos' basic infrastructure was designed and developed for a city of about one million inhabitants, while current population estimates exceed 15 million. Its infrastructure is thus seriously inadequate and dilapidated and a critical impediment to development.

78. In *transport* there are now approximately 6 million passenger journeys made daily (70% by bus-based public transport). As population grows and the city extends, journeys are growing both in average distance and in number. Around 90% of freight movements are currently made by road, congesting traffic and damaging roads designed for much lighter usage. Facilities such as storm drainage are inadequate and in serious disrepair, greatly exacerbating traffic problems in poor weather.

79. Nigeria's transport system suffers from years of neglect, chronic underinvestment and poor planning. Except in rural areas, most Nigerians living, as most must do, in a satellite town on the outskirts of a major city face a daily each-way commute of over two hours to get to work. The journey will be unpleasant, unsafe, unreliable and expensive. Pedestrians face daily danger and inconvenience. Nigeria's roads are typically in poor condition with heavy congestion and accident black-spots. Much refurbishment is needed. Vehicles, both passenger and freight, are poorly maintained and overloaded and there is little driver training. Modern public mass transit schemes hardly exist, although steps are being taken to remedy this in Lagos. Most urban Nigerians, when they do not walk, rely on shared taxi/buses for transport.

80. Nigeria's (predominantly freight) railway system has been in decline for many years and is largely inoperable. Almost all freight has to be moved by road including much dangerous cargo. Nigeria's main ports, concentrated around Lagos, are unconnected to the rail network and constrained by lack of space. Air transport works but the safety record is poor.

81. Efforts are underway to get to grips with these deep-rooted problems. The ports sector has been reformed, and the World Bank is supporting the government in improving federal roads. Although revitalisation of the railways is currently stalled, there are hopes the process can soon restart.

82. DFID is assisting in a number of important areas through the Nigeria Infrastructure Advisory Facility (NIAF). These include drafting a new federal transport policy, advising on models for greater private sector involvement in road and rail services, and supporting financial and economic analysis of projects. We are also assisting Lagos's public transport agency (LAMATA).

83. *Water and sewerage* infrastructure is also seriously inadequate (supply coverage is 35%). Lagos State Water Corporation (LSWC) estimates US\$ 2.5bn is required to provide near-universal service. The reliability of water supplies is undermined by power supply problems. Sewerage coverage is even less and the use of open/street drainage presents a major health hazard. LSWC's problems are exacerbated by (probably) below-cost tariffs and poor revenue collection. Recent attempts to establish public-private partnership in the sector have failed. A new law setting up a water regulator awaits implementation.

84. *Electricity supply*, though slightly better than elsewhere in Nigeria, is still highly problematic. The two Lagos electricity distributors receive a relatively large share of the country's available power due to the size of the local economy. Because of relatively high sales volumes, they are generally cash positive and some cross-subsidise other distributors under Nigeria's national tariff arrangements. The national challenges on electricity are:

- an extremely serious *lack of generation capacity* (current effective capacity is less than 2,500Mw compared to an installed capacity of about 4,000Mw. Peak demand is roughly estimated at 10,000Mw);
- *unusually high transmission losses* (9%) and frequent system failures resulting in constant load shedding and voltage fluctuations;
- a wholesale market which is severely inhibited by lack of liquidity (*tariffs on average the lowest in Africa*), lack of generation capacity and the inadequacy of network infrastructure; and
- *exceptionally high distribution losses* (35%—a combination of technical losses, meter under-recording and theft) and very poor collections performance.

The Lagos State Response

85. The government has embarked on a three-point plan to address traffic congestion:

- the introduction of a bus rapid transit system (BRT) in early 2008;
- plans for the introduction of a light rail system (three lines and over 100km of track); and
- plans for the promotion of light water transport projects.

86. A roads rehabilitation programme has been formulated aimed at rehabilitating 100 of the state's most strategic roads over a four-year time horizon. There is also a significant new road construction programme. The State government has granted a BOT concession to the Lekki Concession Company for the concession of the Lekki highway. The private sector is expected to recover the estimated project cost of \$300 million through tolls.

87. More generally, Lagos State is pursuing public private partnership as a means of financing and managing infrastructure development and is planning to raise bond finance.

DFID Support to Lagos through the Nigeria Infrastructure Advisory Facility (NIAF)

88. NIAF was established by DFID in response to a request made by Government for support in the provision of technical assistance to enable Nigeria to improve the effectiveness with which it planned, financed and implemented infrastructure development. DFID accordingly established a facility of £12 million to enable the provision of such assistance over a period of four years. NIAF focuses on PPPs, electricity, transport and to a lesser extent water.

89. NIAF support is helping the Lagos State Government (LSG) to realise the large potential benefits from resolving the city's severe infrastructure challenges. NIAF has to date supported LSG in transport and PPP:

- assistance to the Lagos Metropolitan Transport Authority (LAMATA) in urban transport modelling (for transport masterplan);
- organisation set-up support to Lagos Roads PSP Board;
- development of PPP documentation and processes;
- advice on roles and responsibilities in PPP;
- review of the legal and policy environment; and
- a survey and workshop for civil society organisations focused on promoting more effective public-private dialogue in infrastructure.

90. Governor Fashola has requested that NIAF develops a more extensive programme of engagement and this is now underway. The main focus will continue to be on transport and PPP.

LIST OF DFID PROGRAMMES IN NIGERIA

<i>Name of Project</i>	<i>State of Intervention</i>	<i>Project Objectives</i>	<i>Project Duration</i>	<i>Amount Committed</i>
Promoting Sexual and Reproductive Health for HIV/AIDS Reduction (PSRHH)	NACA	National behaviour change and condom social marketing programme, the goal of which is to improve sexual reproductive health among poor and vulnerable populations in Nigeria.	February 2002 to January 2009	£52.8m
Strengthening Nigeria's Response to HIV/AIDS (SNR)	National Action Committee on AIDS and FCTA, Benue, Cross River, Enugu, Kaduna, Nassarawa States	Aims to reduce the impact of HIV/AIDS on livelihoods through a multi-sectoral, human rights-based response to the epidemic, focusing on care and prevention in the community. The programme builds the capacity of the State Action Committees on AIDS and civil society networks in the selected states.	August 2004 to July 2009	£25m
Continuing Institutional Support (CIS)	NACA	Support NACA and our work with the World Bank and other national institutions (like the CCM) in improving the architecture that helps respond to the HIV/AIDS pandemic in Nigeria.	November 2006 to March 2009	£0.66m
Partnerships for Transforming Health Systems (PATHS2)	State Governments and Federal Ministry of Health	To improve planning, financing and delivery of sustainable and replicable pro-poor health services for common health in up to 6 states.	2008-14	£148.6m
Health Commodities and Equipment Procurement (HCP)	Kano, Kaduna, Jigawa and Enugu States	Provision of drugs and equipment to State Government and NGO health facilities, in conjunction with the system strengthening work being done by PATHS. The project includes the strengthening of sustainable procurement and logistics systems.	September 2004 to November 2009	£30m
Health Reform Foundation of Nigeria (HERFON)	Federal and States Ministries of Health	Support of HERFON, a leading "think-tank" whose core objective is health reform. HERFON is constituted to promote, facilitate and monitor sustainable reforms towards better health outcomes for Nigerians.	December 2004 to November 2008	£3.5m

<i>Name of Project</i>	<i>State of Intervention</i>	<i>Project Objectives</i>	<i>Project Duration</i>	<i>Amount Committed</i>
Revival of Routine Immunisation in Northern Nigeria (RRI)	Jigawa, Katsina, Yobe and Zamfara	Support for the re-establishment of routine immunization services in several low-coverage states in the north of the country.	October 2006 to March 2011	£20m
Malaria Project	Federal and 3 States	This will support the National Malaria Programme and include expanded support for marketing of Insecticide Treated Nets nationwide, using a total market approach. The project will be expanded to cover other areas of malaria control, including treatment, prophylaxis and operations research.	April 2008 to March 2013	£50m
Girls Education Project (GEP)	Working through UNICEF in Bauchi, Borno, Jigawa, Katsina, Niger and Sokoto States	Assistance for the development, coordination and implementation of an inter-sectoral girls' education initiative in Northern Nigeria. The purpose is to improve the quality of life of girls in Nigeria through a collaborative, inter-sectoral approach to girls' education.	September 2004 to 2011	£38m
Education Sector Support Programme in Nigeria (ESSPIN)	State Governments and Federal Ministry of Education	To support improvement in the planning, financing and delivery of sustainable and replicable basic education services in terms of access, equity and quality at federal level and in up to six states.	2008–14	£105.9m
Water and Sanitation Programme (WES)	Federal Ministry of Water Resources, Bauchi, Benue, Ebonyi, Ekiti, Enugu, Jigawa, Kogi, Zamfara States	Aims to improve provision of potable water and adequate sanitation in an affordable and sustainable way through participatory investment.	November 2002 to March 2009	£19.6m
Debt Management (DMO)	Federal government—Debt Management Office	Strengthening public debt management by building capacity of the DMO to world-class standards and developing stronger relationships with stakeholders.	April 2003 to April 2009	£4.880m
Extractive Industries Transparency Initiative (EITI)	Federal government—NEITI	Supporting Nigeria's implementation of the Extractive Industries Transparency Initiative.	May 2007 to May 2009	£1.727m

<i>Name of Project</i>	<i>State of Intervention</i>	<i>Project Objectives</i>	<i>Project Duration</i>	<i>Amount Committed</i>
Privatisation Programme (BPE)	Federal government—Bureau of Public Enterprise	Strengthening the management and delivery of privatisation in Nigeria and assisting the BPE to introduce international standard systems.	September 2004 to March 2009	£7.4m
Promoting opportunities in product and service markets (PropCom)	Kano, Benue, Lagos, Ogun	Improving the livelihoods of poor people by facilitating the development of viable agricultural commodity and service markets.	August 2006 to April 2011	£17.5m
Policy and Knowledge (PAK) Facility	Federal Government—(MDG Unit, Ministry of Finance, National Plannign Commission, Federal Inland revenue Service etc)	Flexible funding for initiatives supporting improved policy analysis and dialogue on growth, including support for virtual poverty fund, CEM and PEMFAR.	September 2003 to May 2009	£7.5m
Enhancing Nigerian Advocacy for a Better Business Environment (ENABLE—formerly the Nigeria Growth Challenge Fund, NGCF)	Government of Nigeria (state and federal)	To enhance the capacity of key private sector institutions to advocate effectively for better investment climate.	April 2008 to March 2011	£7.4m
Financial Sector Development (FSD—formerly Enhancing Financial Innovation and Access, EFINA)	Lagos	Promoting access to finance services. Priorities identified include (i) strengthening capacity of regulators, (ii) improving the availability of market information, and (iii) innovative products for poor to enhance access to FS.	October 2006 to December 2010	£9.3m
Nigeria Infrastructure Advisory Facility (NIAF)	Lagos, Kano, FCT	Strengthening capacity to plan, finance, operate, monitor and maintain infrastructure services for improved delivery. Will also include a regulatory support component.	October 2007 to Oct 2011	£13.5m
Investment Climate Programme (ICP)	All states	Assessing the performance of 36 States in creating an enabling environment for business, and to identify priorities for legal and regulatory reform.	November 2006 to December 2010	£6.7m
UNDP Diaspora Trust Fund (DTF)	Federal Government	Enhance capacity of core ministries, parastatals and agencies of the federal government of Nigeria to develop and implement economic governance and service delivery reforms.	March 2008 to January 2011	£2.4m

<i>Name of Project</i>	<i>State of Intervention</i>	<i>Project Objectives</i>	<i>Project Duration</i>	<i>Amount Committed</i>
Country Partnership Facility (CPF)	Federal Government	Strengthen systems and processes for improved donor harmonisation in Nigeria.	April 2006 to March 2010	£0.8m
Economic Governance and Reform Programme (EGRP)	Federal Government	EGRP aims to support the Government's efforts to create a modern and efficient domestic revenue administration that will enable the government to diversify and increase its revenue sources.	2007–11	£13.3m
State Partnership for Accountability, Responsiveness and Capability (SPARC)	Federal and Lagos, Kano, Kaduna, Enugu and Jigawa States	Purpose: To enhance the efficiency and effectiveness of selected state level governments' use of public resources.	August 2008 to August 2014	£49m
State Accountability and Voice Initiative (SAVI)	Federal and Lagos, Kano, Kaduna, Enugu and Jigawa States	Purpose: citizen's ability to claim rights and hold government accountable increased.	August 2008 to August 2014	£21m
Public Service Reform Programme (PSR)	Federal (BPSR, FCTA, NPC, Ministry of Finance—FIRS and Budget Office, NBS)	<p>Purpose: Supporting reform to the public service including restructuring of MDAs and related institutional reforms to improve the efficiency and effectiveness of public service delivery.</p> <p>Content: Support economic and public service reform in the Federal Government, a core component of NEEDS. Activities have included support for restructuring pilot ministries to improve service outcomes, and support for strengthening of budget systems at the federal level, including MTSS. The programme is being implemented in partnership with the World Bank's Economic Reform and Governance Project (ERGP), and includes £14.3m of co-financing to ERGP.</p>	April 2005 to June 2011	£19.2m

<i>Name of Project</i>	<i>State of Intervention</i>	<i>Project Objectives</i>	<i>Project Duration</i>	<i>Amount Committed</i>
Security Justice Growth Programme (SJG)	Federal (Ministry of Justice, Police, EFCC, & others) Benue, Enugu, Jigawa, Kano and Lagos States. Community Policing in Benue, Enugu, Jigawa, Kano, Ogun & Ondo, FCT, Lagos, Cross River. To be expanded to a total of 18 states by July 2008	<p>Purpose: To support the development of Nigeria-led justice sector reform so that poor policies are implemented.</p> <p>Content: Support for reform of the security and justice sector including: policing (federal policy development, a community policing initiative, informal policing and "vigilantism", police service commission), justice (federal and state level policy development, improved case management, clearing backlog of prisoners on remand, improved access to legal services), and growth (fast track commercial courts, alternative commercial dispute resolution, establishment of land-registries), and work with the anti-corruption agencies including EFCC, NFIU, and SCUML.</p>	October 2001 to March 2010	£32.843m
Regional Initiatives Fund (RIF)	Enugu, Kano and Lagos	<p>Purpose: Small grants funding to contribute to DFID's commitment to work with state governments to implement SEEDS, influence state-level policies more generally, and leverage support for new or existing DFID programmes.</p> <p>Content: small scale initiatives, funding for strategic support to zonal or regional initiatives, and limited small grants to NGOs.</p>	August 2001 to ongoing	£1.4m per annum
Service Delivery initiative (Servicom)	Federal and Cross River State	<p>Purpose: To refocus the government on service delivery, through effective implementation of service charters and visible improvements in service delivery through strategic pilots.</p> <p>Content: Support for a Service Delivery Initiative, designed to refocus Nigeria's public sector on service delivery. DFID is assisting with the development of a specialist unit (Servicom) in the Presidency, establishment of the Servicom Institute, and providing technical assistance to support delivery improvement pilots at the Federal level (including passports,</p>	October 2004 to December 2008	£7.5m

<i>Name of Project</i>	<i>State of Intervention</i>	<i>Project Objectives</i>	<i>Project Duration</i>	<i>Amount Committed</i>
Drivers of Pro-poor Change in Nigeria (DoC)	Federal	<p>road safety, police communications and management of hospital out-patients). One pilot state—Cross River—but a number of other states interested.</p> <p>Purpose: To assist Nigerian Stakeholders, DFID and the International community to maximise efforts to achieve pro-poor change in Nigeria.</p> <p>Content: A research based programme, outputs are a range of mainly political economy analysis/studies covering an extensive list of Nigerian development issues.</p>	February 2003 to June 2009	£2.3m
Nigerian Election Support 2007 (Elections 2007)	Federal (INEC and NOA) and States	<p>Purpose: To ensure improved electoral outcomes in the 2007 elections.</p> <p>Content: Supporting improvements in Nigeria's electoral process for the 2007 Elections. £4.5m has gone to an NGO consortium including on technical assistance to IFES (Electoral Act and voter education), political finance monitoring, Global Rights mandate protection through increasing awareness of the right to a free and fair vote, media monitoring of elections, and IDASA conflict tracking and reduction of electoral violence. £2.5m has gone to a joint donor basket fund (EC, CIDA, DFID, UNDP) to achieve systematic and comprehensive support for the elections, managed by UNDP.</p>	November 2004 to December 2008	£7m

<i>Name of Project</i>	<i>State of Intervention</i>	<i>Project Objectives</i>	<i>Project Duration</i>	<i>Amount Committed</i>
Strengthening the Nigerian National Assembly (SNAP)	National Assembly	<p>Purpose: To develop the National Assembly's ability to support pro-poor reform.</p> <p>Content: Working in partnership with USAID and NDI to strengthen the capacity of the National Assembly generally and specific Committees in particular to: support the development of pro-poor legislation; provide a more robust oversight function; represent marginalised constituents better; and engage more broadly and effectively with civil society.</p>	November 2004 to December 2008	£2.65m
Strengthening Accountability and Transparency in the Niger Delta (STAND)	Delta, Bayelsa and Rivers States	<p>Purpose: To increase the transparency of government in the states of Delta, Bayelsa and Rivers, thus raising the accountability of state and local governments (and other agencies) to the communities they represent and leveraging improvements in LGA investment in achievement of the MDGs.</p> <p>Content: Supports the development in a limited number communities of accountability mechanisms to engage (mainly local governments in a non-violent way around service delivery. It entails the identification of communities in clusters in target LGAs; the provision of a series of services to these communities supporting civic awareness, vocational skills, community budgeting, advocacy and media engagement; and an information service on government allocations, budgeting and price intelligence.</p>	March 2006 to March 2010	£2m

<i>Name of Project</i>	<i>State of Intervention</i>	<i>Project Objectives</i>	<i>Project Duration</i>	<i>Amount Committed</i>
Coalitions For Change (C4C)		<p>Purpose: Significant positive changes in selected institutions leading to better management of public resources and stronger formal accountability.</p> <p>Content: Focused on supporting multi-stakeholder change processes around the key constraints of accountability and public resource management. The programme will specifically develop an approach to working with alliances/coalitions comprised of groups from civil society, the private sector, the media and government on specific issues around accountability and resource management. The issues the project identifies target institutions (rules of the game) that reinforce patronage and corruption. Coalitions started or under development include: raising public profile and accountability of NEITI, water management in Northern Nigeria, constitutional reform, affirmative action for women seeking office, advocacy on climate change.</p>	January 2007 to December 2010	£7.485m
Conflict Prevention	National, with a particular focus on the Niger Delta	<p>Purpose: Cross UK Government funding to take forward a joint medium-term conflict prevention strategy.</p> <p>Content: Small grant funding to NGOs, ICPR, for research with a focus on the Niger Delta. DFID supports a few small-scale activities developed by DFID, the British High Commission and UK Ministry of Defence. The strategy is based on a national conflict assessment of Nigeria done in 2002–03. Recent examples of activities include support for work on peacebuilding and accountability in the Niger Delta, a partnership with Action Aid to promote community-level conflict prevention, and support for civil society activities to reduce the risk of election-related conflict.</p>	Ongoing	In the region of £200K per annum

<i>Name of Project</i>	<i>State of Intervention</i>	<i>Project Objectives</i>	<i>Project Duration</i>	<i>Amount Committed</i>
		<p>The Nigerian 2008–09 programme under the African Conflict Prevention Pool (ACPP) is comprised of four projects, the implementation of which are mainly situated in the Oil producing Niger Delta region of Nigeria. They are as follows: (1) Popular Action for Governance and the Environment £210,000 (2) Media as a Driver of Change in the Niger Delta: £ 65,000. (3) Empowering Community Based organisations to Effectively Manage Development and Conflict £180,000 and (4) Community Based Participatory approach to Conflict Management £250,000. TOTAL COST = £705,000.</p>		

 EXAMPLES OF DFID'S WORK IN NIGERIA
Education

91. 90%+ of children in Kano attend some form of school offering either Qur'anic or Tsangaya education. Tsangaya is more traditional and often involves a small group, usually nomadic or transient, attached to a Mallam, or teacher. Less than 50% of the same children attend State schools offering secular education. Islamiyya schools offer both integrated Islamic and secular education. Not all Islamiyya schools are registered with the Ministry of Education.

92. Integrated Islamic, Qur'anic and Tsangaya Education (IQTE) is a priority for Kano State in its attempt to expose more children to secular education without compromising the traditional desire for Islamic education.

93. DFID's Education Sector Support Programme in Nigeria (ESSPIN) has been supporting Kano State to develop an IQTE strategy to encourage more schools to "integrate" (incorporate the core curriculum) in return for support in provision of teachers, books and materials. From late 2009 ESSPIN will be piloting support to a number of Islamiyya schools in Kano State, in partnership with the State government.

Community Policing

94. DFID is supporting implementation of community policing in 18 states in Nigeria, focusing on improved service delivery, community partnerships, and problem solving.

95. Kano is one of the 18 pilot states, with implementation in 12 pilot divisions including Market Division. Implementation of community policing in Market Division is focusing on the implementation of neighbourhood policing, the interface with informal policing (eg neighbourhood watch) and the initiation of Police Community Partnership Forums. Capacity building activities started in the last quarter of 2008 and are still ongoing with the focus of the training on Divisional Managers (leadership, resource management, change management etc) and Beat Patrol Officers. All the 12 pilot divisions have two Community Safety Officers (CSOs) and some Beat Patrol Officers. Each pilot division is working to produce a map demarcating beats, and identifying flash points.

96. The Nigerian Police Force is also collaborating with other stakeholders in Kano State in police community partnership forums focusing on three thematic areas: land rights, access to justice and the relationship between the police and the public. Members include the Rights Based Awareness Coalition (RIBAC) of NGOs, corporate bodies, the Police Community Relations Committee (PCRC), the State Office of the National Orientation Agency (NOA), traders' associations, and professional groups.

Malaria

97. Nigerian primary health care is considered to be in collapse and health indicators are amongst the worst in the World. One in 5 children die before their 5th birthday, and it is estimated that 660,000 Nigerian children die every year of conditions that could be prevented. While the country has 2% of the World's population, it has 10% of the World's maternal mortality. Kano State's health indicators are among the worst in the country.

98. Kano State is beginning to take its health situation seriously. They are in the process of passing a bill through the State House of Assembly to provide free maternal and child health services. It is also the first state in Nigeria to launch a campaign to provide free insecticide bed nets to every household.

99. DFID is actively supporting the Kano State Government in transforming its health situation. Partnerships for Transforming Health Systems 2 (PATHS2) is supporting them in policy, planning and budgeting—as well as practical support, such as helping the state in the provision of basic drugs at primary health care clinics.

100. DFID's malaria programme is supporting Kano State in the provision of bed nets to every household. This is hugely ambitious and part of a multi-donor global effort being undertaken in partnership with the Government of Nigeria. Malaria is highly endemic in Nigeria and is a leading cause of morbidity and mortality (it accounts for 40% of the disease reported at public health facilities). The annual loss to the economy as a direct result of malaria infections has been estimated at £530 million. Household mosquito net ownership in Nigeria was only 1.8% before the campaign began.

101. Garun Mallam local government area (LGA), a predominantly farming community of about 25,000 households (population 128,412) in Kano State, was one of the first of Nigeria's 776 LGAs to be a beneficiary of the national bed net campaign.

Civil Society

102. Nigeria has a large and active civil society, which is growing in size and importance. Civil society played a significant role in the struggle for democracy in Nigeria and is still marked to some extent by its adversarial stance towards government. Since 1999, a multitude of civil society organisations (CSOs) has emerged focussing on policy development or providing social services. These CSOs are of mixed quality. The

credible ones have substantial knowledge of their subject matter and advocacy experience but organisational capacity is still a challenge for the majority. CSOs are only now learning how to partner with governments and business to drive change and improved governance through non-confrontational means.

103. In recognition of progress so far the President recently appointed a Special Adviser on Civil Society Organisations, and the National Assembly established a Civil Society Liaison Office in the National Assembly under the supervision of the Office of the Deputy Clerk.

104. DFID's Coalitions For Change (C4C) programme helps Nigeria's CSOs to effectively advocate for change by (i) bringing a range of civil society and public and private sector actors together into coalitions, and (ii) focusing on well-defined issues.

105. Coalitions developed and supported by C4C so far include:

- Constitutional Review Coalition (CRDM)—supporting the development of a dialogue mechanism for the constitutional review process.
- Monitoring the Virtual Poverty Fund (MVPF)—Monitoring the debt relief gain spend in key areas and certain States.
- Extractive Industries Revenue Transparency Initiative (EIRTI)—strengthening the management and application of oil revenues.
- Northern Nigeria Water Governance Initiative (NNWGI)—supporting new public funding mechanisms for integrated water resource management in northern Nigeria.
- Nigeria Climate Action Network (NCAN)—strengthening Nigeria's response to climate change.
- Disabled People's Rights—supporting legislative and other forms of advocacy around disabled people's rights and strengthening the coherence of voice of disabled people's organisations.

August 2009

Letter from James Smith, Chairman, Shell UK Ltd

Thank you for your letter to Peter Voser, inviting Shell to respond to issues raised during the Committee's inquiry into the Department for International Development's programme in Nigeria. Peter has asked me to respond on his behalf.

First, please accept my apologies for the lateness of this response. Although your letter was dated 6 July 2009, it has only recently come to Peter Voser's attention and he has asked me to respond promptly on his behalf.

We are particularly glad of the opportunity to answer the Committee's questions because we attach great importance to the principle of transparency and the Nigerian Extractive Industry Transparency Initiative in particular.

I have set out our responses to your questions and a number of other points, raised in Committee evidence, within the remainder of this letter.

Shell represents the extractive industry companies on the NEITI governing board. How many meetings organised by NEITI have Shell representatives attended in the last two years?

Shell does not represent extractive industry companies in the NEITI Board. This is because the NEITI law mandates that the designated representative of the Extractive Industry should be the Group Managing Director (GMD) of the Nigerian National Petroleum Corporation (NNPC). Basil Omiyi, Country Chairman of the Shell Companies in Nigeria, was appointed to the Board in his personal capacity as a Nigerian who possesses knowledge of the oil and gas sector from a leadership point of view, and someone who could help the course of NEITI implementation.

What constraints have prevented your full participation in NEITI events?

Shell has participated fully with other industry players in the activities of NEITI, notwithstanding the fact that we are not active on the board for the legal reason explained above.

Do you co-operate fully with NEITI auditors in providing the information they request relating to revenue flows and production figures?

Shell has met all the data and information requests from NEITI and cooperated with the auditors in all respects.

In 2002, SPDC became the first company to disclose the revenues it paid to the Nigerian government. The publication of these figures, for the years 2001 and 2002, was made with the permission and full support of the Nigerian government. SPDC has continued to publish these amounts.

In 2008, the company paid \$905 million to the Nigerian Government in taxes and royalties. In the same year another Shell Company in Nigeria—Shell Nigeria Exploration and Production Company paid \$1.378 billion in royalties and profit oil. SPDC's production figures have been published in the Shell Nigeria publication *People and Environment* from 1995–2007 and Shell in Nigeria Briefing notes available on the Internet since 2008.

What specific types of data have been requested by NEITI but not provided by Shell?

None but there are cross-industry issues and questions, such as accounting for stolen crude and whether royalties should be paid for unquantified, stolen crude, which require resolution and also potentially large investments depending on how they are resolved.

How would you assess the level of Shell's commitment to the NEITI process and to transparency and accountability within the extractive industries? What evidence can you provide to demonstrate this commitment?

Shell initiated and was a leading sponsor of the Nigerian Extractive Industries Transparency Initiative. SPDC has participated fully in all audits conducted so far and the company will continue to do so.

A recent report from Transparency International—the *2008 Report on Revenue Transparency of Oil and Gas Companies*—noted that Shell scored “High” overall in revenue transparency initiatives and “Very High” in transparency initiatives in Nigeria. Shell was the only IOC in Nigeria to secure this rating.

The report stated, “Companies such as Shell (and BG Group) demonstrate best practice in this regard, making available relevant information on their anti-corruption strategies and efforts.” It also said, “Nigeria is the only EITI candidate country where disaggregated information is available by company and is so far the only country to publish payments by the federal government to the states and local governments in the country.”

CONTRIBUTING TO NIGERIA'S ECONOMY AND COMMUNITIES

In response to your request for us to comment on the points raised during the oral evidence session of the Committee on Shell's activities in the Niger Delta, here is a brief outline of the contributions that Shell companies in Nigeria make to the general economy and to the people and communities.

Our main contribution to Nigeria's economy is through the taxes and royalties paid to federal government (see Annex 1).

Much of Shell's development activity is done in partnership with the government, through the government's development agency—the Niger Delta Development Commission (NDDC)—to which Shell-run operations contributed over \$158.2 million (\$56.8 million Shell share) in 2008.

NDDC uses this money to provide basic infrastructure and services. The SPDC joint venture spent \$84 million (\$25.2 million Shell share) for community development projects in addition to that contributed to NDDC. Much of this was delivered through projects in partnership with government agencies, companies, local and international NGOs, and the United Nations Development Programme (UNDP). SPDC continues to work with these external partners to improve its policies and practices through internal assurance and other assessment processes related to environmental and social matters.

One such review led to SPDC introducing the Global Memoranda of Understanding (GMOUs) in 2006. This is a new approach following a model first introduced by Chevron, intended to improve the way we engage with communities, which are grouped together into clusters. An important part of this model is that communities are better empowered to make their own decisions about their development. The SPDC-operated joint venture provides secure multi-year funding for development projects under the Government and access to developmental experts to advise the communities.

Unfortunately SPDC has had to scale back its GMOU plan (including ongoing commitments) due to funding shortages from the government partner and increased community disruptions to operations.

SPDC does contribute significantly to the economic and social development of the people and places where the company operates, and in Nigeria as a whole. SPDC strives to fulfil its obligations in regard to operational impact and also makes voluntary contributions through its community development activities. SPDC considers these activities to be complementary to, and not a substitute for, the duly constituted role of government as the primary agent of economic development.

In the attached Annex, we offer fuller details of our community development and social performance activities in 2008, together with some additional information about the context in which we operate in Nigeria.

Our wish is for coherent action that addresses the root causes of the issues that affect the people of the Niger Delta and brings positive change. The problems in the delta can only be solved with collaborative solutions. We believe that the first step should be to identify areas of shared interest involving industry, communities, governments, NGOs and all interested in the genuine development of the Delta. We look forward to continuing to play our part.

I would very much welcome an opportunity to discuss these issues in greater detail with you and colleagues. Please do not hesitate to contact my office if this would be of interest.

Annex I

SHELL'S ECONOMIC CONTRIBUTION

Taxes and royalties paid: [2005–08]

- SPDC-run operations: \$34 billion 2005–08 (Shell share 11.3 billion).
- Shell Nigeria Exploration and Production Company (Shell's deepwater offshore company) has contributed \$2 billion over the same period.
- Approximately 95% of revenues (after costs) from SPDC onshore production are paid to the government in tax and royalties.

Employment

- SPDC: 6,000 staff and direct contractor staff, 95% Nigerians.
- 20,000 people employed by contractors working for SPDC.

Nigerian content contracts

- We are building expertise of deep-water technology in Nigeria. Only a few places around the world have these skills. In 2007, SNEPCo awarded a \$10 million contract to Dorman Long—a Nigerian company—to maintain and modify our offshore production facilities in the Bonga field.
- In 2007, SPDC community content department was created, building capacity of Nigerian companies to win Shell business. It has trained over 1,000 service providers in contracting processes, 300 people in entrepreneurship, and 200 in skills (scaffolding, welding, catering and diving). It is estimated to have created business opportunities for community vendors worth over \$100 million so far.
- In 2008, Shell companies in Nigeria awarded contracts worth \$900 million to Nigerian companies. This equates to 90% of all contracts.
- In March 2009, SNEPCo signed a contract with a Nigerian company for the Bonga Northwest deepwater offshore project for modifications to the field's FPSO to receive the oil from 12 new wells. This is the first time a wholly locally owned company has been awarded this specialist work in Nigeria.

Annex II

EXAMPLES OF SOCIAL INVESTMENT/DEVELOPMENT PROJECTS

Agriculture development

- SPDC has been funding agricultural projects since the 1960s. In 2008 alone we helped establish 11 new farms and handed them over to communities in the delta states leading to the creation of 21 full time staff.
- In partnership with USAID and the International Institute of Tropical Agriculture (IITA), SPDC is spending \$11.3 million over five years to develop cassava farming in the delta states.

Community health support

- In 2008, about 150,000 patients were treated in SPDC-supported medical facilities.
- In the same period, SPDC completed the \$2.2 million Niger Delta HIV/AIDS response project (NIDAR), a partnership between SPDC and Family Health International (FHI) partnership on HIV/AIDS care, treatment and support, piloted in five SPDC-supported medical facilities in the Niger Delta.
- Under the scheme, over 18 months, 244 health care providers received specialist training in HIV/AIDS services, more than 4,000 community members received counselling and testing, 1,367 pregnant women received HIV/AIDS services while 732 were enrolled for HIV/AIDS treatment.
- SPDC won the 2008 Global Business Coalition (GBC) award for its work on HIV/AIDS in the Niger Delta.
- SPDC has a three-year, \$4.5 million partnership with Africare to reduce the impact of malaria on mothers and children in the Niger Delta through awareness programmes, the free distribution of 1,000 mosquito nets and 2,000 doses of anti malarial treatment at ante natal clinics in 2008 alone.
- In addition, health outreach programmes were carried out in nine communities at which over 40,000 people were offered health education, vaccinations, eye testing, treatment of malaria and minor ailments, distribution of mosquito bed nets, HIV screening services, and de-worming of 5,283 school children.

Economic empowerment

- In 2008, SPDC provided funding to over 8,000 people (mainly women) to start or develop businesses through the company's micro credit programme. For example trading in foodstuffs (such as rice, beans, garri, plantain, fish, fruits, etc), household consumables and textiles. This is an ongoing programme started in 1998.

Annex III

EXAMPLES OF SPECIALIST INDUSTRY TRAINING AND EDUCATION

- Shell awards 980 scholarships to Nigerians to attend university in Nigeria each year (including 130 to physically challenged students). There are now approximately 3,850 university students on Shell scholarship at anyone time. Current annual outlay on the programme exceeds \$2.7million.
- Shell Intensive Training Program—for graduate employees as well as technicians. These one year programmes prepare new joiners for the type of work they will perform when they join projects later. In August 2008, 186 people graduated from this program, a further 195 graduated in March 2009. Since the commencement of the two programmes in 1998, we have graduated 2,414 people and have so far recruited 50% of them. The rest have been recruited into other oil companies at home and abroad. We are expecting another batch of 75 people to graduate in 2010.
- Initiatives aimed at enhancing teaching, learning and research (including contributing to “National Content Development”), in tertiary education include:
 - Shell Professorial Chairs;
 - Research and Development Projects;
 - Sabbatical Attachments;
 - Research Internships;
 - Shell Guest Lectureship and Summer Schools;
 - Graduate Awareness (Attraction) Program; and
 - Shell Intensive Training Program (SITP).

Annex IV

SECURITY IN NIGERIA

Since 2005, the security situation in Nigeria has severely deteriorated. Militancy and insecurity have escalated in the Niger Delta. Armed attacks, vandalism of oil industry facilities, crude theft, kidnapping and hostage-taking are widespread. Barges take stolen oil to tankers waiting offshore for export. In the period 2006–08, 133 employees and contractors of the Shell Development Petroleum Company (SPDC) were kidnapped and five have been killed. Temporary amnesty for the militants by federal government is providing short-term relief.

The ongoing security situation has seen parts of our operations remain shut for some time and production has been significantly reduced, depriving government of much needed revenues. A long-term strategy to resolve the Niger Delta issues is urgently needed. While it is difficult, Shell has a genuine desire to work with the communities and the government to find solutions to some of the problems that the country faces.

GOVERNANCE AROUND OPERATIONS

In Nigeria's energy industry, partners fund joint ventures with government based on equity share. Since the government-owned Nigerian National Petroleum Corporation (NNPC) owns 55% of the SPDC joint venture (Shell's share is 30%) the joint venture's funding depends on the Government's ability to provide this share. The Government has consistently failed to meet its funding obligations to the Joint Venture for several years, affecting many planned projects and programmes—including gas gathering, which would end gas flaring.

New funding arrangements were agreed early in 2009. Shell provided loans to the government, which afforded a short-term solution and progress on some key projects. A long-term solution is still required.

Along with these challenges, the Government's proposed industry and tax reforms, through the Petroleum Industry Bill legislation, have potential to cause further, major disruption to operators and to deter future investment in the country.

8 October 2009