AfDB and Nigeria

Leveraging Partnerships for Economic Transformation and Inclusive Growth

AFRICAN DEVELOPMENT BANK GROUP

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Tinapa Resort, Cross River State

Message from Dr. Donald Kaberuka, President of the African Development Bank Group

Dr. Donald Kaberuka

I wish to commend the Government and people of Nigeria for their determined efforts to bring about positive social and economic changes in their country in recent years. In the past decade, the country has put in place policies and programmes that are now yielding remarkable dividends. I am very pleased to note that the Federal Government of Nigeria is vigorously carrying out a major structural realignment in pursuit of its 2020 transformation agenda, which the Bank fully supports.

Nigeria is among the best performing economies in Sub-Saharan Africa, maintaining greater than 6% average annual economic growth over several years. The country's GDP rose to $ 509.9 billion in 2013 following the rebasing of the country's GDP. Nigeria has therefore moved up the ranks of middle income countries.

As Nigeria seeks to become the world's 20th largest economy by 2020, the AfDB is strategically positioned to support its development efforts. Above all, we are confident that the country can translate its current economic growth into shared opportunities thanks to its rich resource endowments and the quality of its human capital.

We share the vision that, with its large market of 167 million people, Nigeria will continue to be an important player in AfDB's work to boost regional integration within the Economic Community of West African States (ECOWAS) in particular, and Africa as a whole. In this regard, Nigeria can count on the Bank for a full range of sovereign and non-sovereign financial instruments to leverage its growing domestic and regional markets.

The Bank Group maintains a robust and unique partnership with the Federal Republic of Nigeria, which is one of the Bank's founders and which has been instrumentally important in our growth as shareholder, donor and borrower. As the principal shareholder of the Bank since its inception, the Federal Government of Nigeria has consistently for fulfilled obligations in sustaining the Group's international credibility and credit rating.

The Nigeria Trust Fund (NTF), created in 1976, is not only an outstanding example of Nigeria's spirit of solidarity with other African countries, but it also demonstrates her unflinching support to the Bank in the campaign against ignorance, poverty, disease and underdevelopment on the continent.

Nigeria is also one of the principal beneficiaries of AfDB Group assistance. Since the Group commenced operations in the country in 1971, it has invested nearly US$ 5 billion in the Nigerian economy. In the years to come, Nigeria will continue to be a key beneficiary of the Group's lending programmes.

Under the Bank's Country Strategy Paper 2013-2017, as well as Nigeria's Transformation Agenda 2011-2015, the Bank will continue to be a key partner in promoting Nigeria's infrastructure in various sectors, such as energy, transport, water and sanitation. We are committed to sustained support to infrastructure for several reasons, most importantly because of its potential to further boost Nigeria's overall development and inclusive growth.

It is in recognition of the leadership role and strategic importance of Nigeria to the Bank and Africa that the Nigeria Field Office was recently elevated to the status of a directorate within the Bank. The office has performed well in serving as a channel of communication between the Bank, the Federal and State Governments, and the Private Sector in the 36 States of the Federation.

This publication captures some of the results of the Bank's work in Nigeria. Success stories and also challenges from the field do help to put a human face on the Bank Group's operations in Nigeria. They throw light on over 40 years of our partnership with Nigeria, sharing a common vision of economic transformation and poised to seize more exciting opportunities to leverage the country's immense potential as we head toward 2020.

Political Map of Nigeria

Statement from Nigeria's Coordinating Minister for the Economy and Honourable Minister of Finance, Dr. Ngozi Okonjo-Iweala

Dr. Ngozi Okonjo-Iweala

I would like to congratulate the African Development Bank for reaching this milestone of supporting economic development of member countries for the past 50 years. As a country, Nigeria is proud to be associated with the Bank since its inception up until now. Indeed, we recall that we hosted the inaugural meeting of the Board of Governors of the AfDB in Lagos in November 1964.

The Bank has been a steady partner of Nigeria in our own growth story. Nigeria has recorded strong economic growth in récent years that has seen it émerge as the largest economy in Africa following our récent GDP rebasing exercise. The African Development Bank has been a major partner in our progress by providing technical assistance, loans and other financing instruments covering critical sectors of the economy such as infrastructure, agriculture, éducation and energy. The projects executed in thèse sectors hâve impacted positively on the quality of life of Nigérians through increased access to water, technical and vocational éducation, and improved road infrastructure network.

At the same time, Nigeria has deepened its relationship with the Bank through the establishment of the Nigeria Trust Fund (NTF) in 1976 that serves as one of the three major financing Windows of the Bank. The objective of the Fund is to support development efforts of the low-income régional member countries which require concessiona financing. From the initial capital of USD 80 million, the Fund increased to USD 200 million in 2010. Through this instrument, Nigeria is working with the Bank to provide financing to support économie growth and transformation of régional member countries.

We hâve unshakable confidence in the Bank as an African institution leading the way in the transformation and development process of member countries across the continent. We appreciate the commitment of the Bank in this process and are proud to be associated with you as our trusted development partner.

The Government and people of Nigeria heartily join the rest of Africa, and the international community, in congratulating the Bank on its 50th Anniversary. We look forward to a fruitful relationship with the Bank in the years ahead.

Kwa Falls in Cross River National Park

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1. An Overview of the AfDB Group

AfDB Headquarters in Abidjan , Côte d'Ivoire

1.1 Establishment and Membership

The African Development Bank was created on 4 August 1963 in Khartoum, Sudan, where 23 newly independent African countries signed the agreement establishing the institution. The inaugural meeting of the Board of Governors was held from 4-7 November 1964 in Lagos, Nigeria. The Bank's headquarters was opened in March 1965 in Abidjan, Cote D'Ivoire where it commenced operations in July 1966 with ten staff members and an authorized capital of US$ 250 million.

The African Development Bank (AfDB) Group comprises three distinct entities: the African Development Bank (AfDB), the African Development Fund (ADF and the Nigerian Trust Fund (NTF).

The Bank Group has 78 member countries, comprising all the 53 African or regional member countries (RMCs) and 25 non-African or non-regional member countries (NRMCs). The admission of non-regional member countries in December 1982 provided the institution with greater expertise and access to financial markets in these countries. To become an AfDB member, non-regional states must first become ADF members. Only one ADF member state, the United Arab Emirates, is yet to accede to AfDB membership.

The non-regional members which include most of the developed industrial economies, notably 17 OECD countries, a number of OPEC countries as well as some middle income South American and Asian countries are: Argentina, Austria, Belgium, Brazil,

Canada, China, Denmark, Finland, France, Germany, India, Italy, Japan, Korea, Kuwait, Netherlands, Norway, Portugal, Saudi Arabia, Spain, Sweden, Switzerland, United Kingdom and United States of America. However the Bank maintains its African character by reason of being headquartered in Africa, its capital ownership structure, its investment operations exclusively in Africa and the fact that its president must always be an African

1.2 Objectives and resources

The overall objective of the AfDB Group is to support the economic development and social progress of African countries individually and collectively, by promoting investment of public and private capital in projects and programs that are likely to have the strongest poverty reduction impact on the economies and can improve the living conditions of the people. Combating poverty is at the heart of the Bank's efforts to help the continent to attain sustainable economic growth.

The mandate of the Bank Group is to mobilize internal and external resources to promote investment and provide Regional Member Countries (RMCs) with technical assistance. Additional resources are usually mobilized through co-financing with bilateral and other multilateral development agencies as well as from the financial markets. The Bank Group also promotes country, regional and international dialogue and understanding on African development issues.

EPI Building Temporary Relocalisation Agency, Tunis

Proposed ORNG New Office

Since 2006, the Bank Group has been placing greater emphasis on the following strategic areas: infrastructure; private sector development; governance; regional integration; higher education, technology and vocational training. Through core project investment, dialogue, technical assistance and capacity building in these areas, the Bank Group provides development support to Regional Member Countries including those classified as Fragile states or states emerging from political and social unrest, Low Income Countries and Middle-Income Countries. The Bank Group also invests in agriculture and rural development, social and human development, environment and climate change as well as gender.

AfDB resources are made up of ordinary and special funds. The ordinary resources include capital subscriptions by member countries, incomes generated from loan repayments, funds raised through borrowings in the international financial markets and other incomes received by the Bank, through bilateral and multilateral donors or incomes from its investment. The bulk of ADF resources come from successive 3-yearly replenishments and subscriptions of State Participants of the Fund, the subscription of the Bank itself, and income accruing from the operations of the Fund.

1.3 Management structure and operational modalities

The Board of Governors comprising Ministers of Finance and/or Economy of member states is the supreme organ of the Bank. It gives operational directives and guidelines through 13 Regional and seven non regional Executive Directors elected to the Board for a period of three years renewable once. The Board of Governors elects the President and Chief Executive of the Bank as the legal representative of the Bank, on the recommendation of the Board of Directors.

The President appoints the Vice Presidents, Directors, Unit Heads and Managers who assist him in conducting the day-to-day business of the Bank. At the end of 2013, the Bank had 2,065 staff, comprising of 1,387 professionals and 698 seneral service staff. The Bank has diversified operation instruments including direct project lending, lines of credit, structural adjustment and budget support loans as well as technical assistance and capacity building support.

The Bank Group works in collaboration with borrowing regional member counties to align operations to each country's development objectives, plans and targets in the Country Strategy Paper (CSP).The CSP emphasizes performance and results towards poverty reduction all through the Bank Group's project cycle of activities from identification, preparation, appraisal to negotiation, implementation and post evaluation. The Group approves a project or programme for financing on the basis of appraisal reports prepared and submitted by Bank experts.

The AfDB window provides non-concessionary loans with interests and financial charges that reflect the direct financial market cost of funds. The repayment period is generally 20 years including a grace period of five years. Generally between 13 and 15 regional member countries classified under category C, or middle income countries, have access to AfDB funding.

ADF is the Bank Group's main concessionary window with zero interest rates and a repayment period of fifty (50) years including a ten (10) year grace period. Thirty-eight regional member countries classified under category A, or lower income countries with GNP per capita of less than US$ 900, have access to only ADF resources. The terms and conditions of NTF loans are mid-way between those of AfDB and ADF with four per cent interest rate and repayment period of 15-25 years including a 5-year grace period.

1.4 Operational results, initiatives and achievements

In 2013, the Bank Group committed US$ 6.79 billion in 317 operations in the regional member countries. Of this amount, US$ 3.17 billion (57.6%) was approved for infrastructure projects followed by US$ 694.30 million (12.6) for multisector projects while agriculture and rural development received US$ 662.65 million (12%). The Social, Finance and Environment sectors received US$ 517.48 million (9.4%), US$ 445.14 million (8.1%) and US$ 14.22 million (0.3%) respectively. Between 1967 and the end of 2013, the Bank Group had committed a cumulative US$ 104 billion in 4,003 loans and grants to Regional Member Countries.

The promotion of infrastructure development runs through the bulk of Bank Group operations, prioritizing provision of good transportation facilities, energy, water supply and sanitation as well as addressing income generation and inclusive growth. Private sector operations are constantly expanding with joint financing of operations while policy dialogue continues to be a crucial focus. The Bank established the Energy, Environment and Climate Change Department in 2010 to align its core operations in energy and climate change. The Bank Group is championing Africa's position on climate change and green growth, and helping Regional Member Countries in low-carbon growth initiatives. In the area of rural water supply the overall Bank Group objective is to extend safe water and basic sanitation coverage to 80 per cent of rural dwellers by 2015 at an estimated cost of US$ 14.2 billion.

Despite the difficult global economic and financial context, the Bank Group has consistently demonstrated resilience underscored by its AAA rating from the major international rating agencies. Accountability, responsibility, respect of due processes and anti-corruption procedures have made the AfDB Group a credible and well managed financial institution in Africa. At the end of 2013,

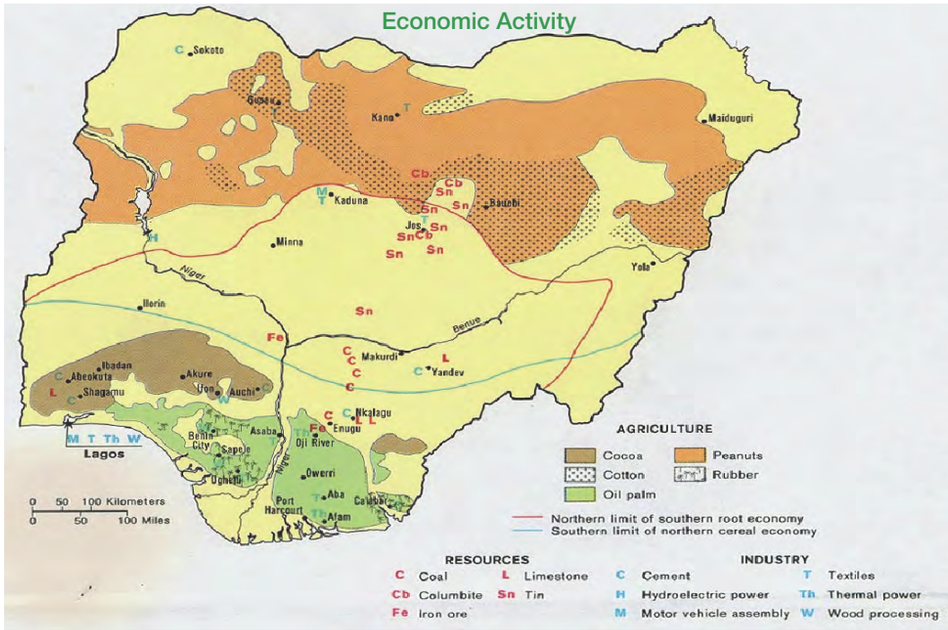
the Bank managed over 10 thematic funds and 320 on-going trust fund projects for a total of US$ 430 million, 40 per cent of which were in knowledge-based activities.

Over the years, the AfDB has been instrumental in establishing and promoting African institutions such as the Africa Re-insurance Corporation, Shelter Afrique, the Association of African Development Finance Institutions (AADFI), the International Finance Company for Investments in Africa (SIFIDA) the African Export-Import Bank (AFREXIMBANK) and more. Other Bank-led initiatives include Infrastructure Consortium for Africa, Africa Water Facility, Connect Africa, Making Finance work in Africa, Annual Economic Conference, Debt Relief under HIPC, MDRI, and Fragile States Facility, among others.

Overall, the Bank has become the development partner of choice on the continent, playing multiple roles as investor, catalyst, convener and connector. As the Bank unveils its 2013-2022 Ten-Year Strategy, it boldly aspires to be at the center of Africa's structural transformation.

Lekki Bridge*

2. Nigeria / Geography, Economic and Social Highlights



2.1. Geography, natural resources and demography

The Federal Republic of Nigeria is on the west coast of Africa, bounded on the east by the Republic of Cameroon, on the west by the Republic of Benin and on the north by Niger Republic. With a land area of 923,768 km2, Nigeria is roughly four times the size of Great Britain from which it gained its independence in 1960, or one-tenth the size of the United States of America.

Nigeria's coastline is composed of an intricate network of creeks and rivers which the first European explorers had described as 'oil' rivers, covered by some 853 kilometers of sandy beaches surrounded by a belt of mangrove swamps. These swamps extend inland for about three kilometers around Lagos in the west to about 67.5 kilometers in the Niger Delta and the Cross River in the east, where most of Nigeria's crude oil and natural gas are produced.

Beyond this is the rain forest which forms a belt of between 96 and 160 km inland. The area receives an average annual rainfall of 190.5 to 254 cm. North of the rainforest and the valleys of the Niger and Benue rivers is a wide, open and park-like savannah zone of about 711,040 square kilometers, with an annual rainfall of about 127 cm over most central parts of the country, decreasing to about 50.8 cm in the extreme north. The rain forests provide valuable economic timber species like mahogany, iroko, walnut, opepe and obeche trees as well as being rich in rubber, oil palm, cocoa, coffee and food crops such as plantain, maize, cassava, citrus trees and vegetables. The savannah zone provides excellent grassland for cattle rearing and the bulk of the country's cattle, sheep and goats are found in this area, Valuable fruit trees in the savannah include the shea butter and locust trees.

Nigeria is located in the tropics with climate varying from tropical along the coast to sub-tropical further inland. There are two well-marked wet and dry seasons. The rainy season in the south starts from April to July and continues from September to October. Inland, the wet periods gradually merge into a single season from May to October. The dry season, with abundant sunshine and warmth, is generally from November to March all over the country. Temperatures along the coast seldom rise above 31°C. The climate is drier in the north with extreme temperatures as high as 43.3°C and temperatures as low as 10°C.

Nigeria is endowed with about 34 different minerals across the country including gold, iron ore, coal and limestone; 37.2 billion barrels of proven oil reserves and 187 trillion cubic feet of proven natural gas. Extensive deposits of limestone in many parts of the country form the basis for the cement industries in Nigeria. Nigeria is the world's eighth largest exporter of crude petroleum, first exported in 1958.

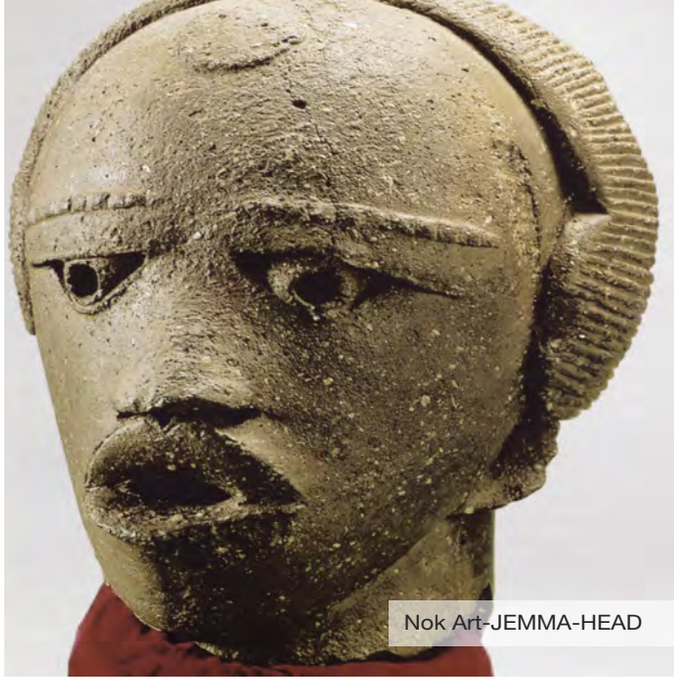
Large quantities of natural gas which at present are flared due to lack of adequate local processing industry have been found in Nigeria either on their own or in association with oil. Nigeria's main deposit of tin is in the plateau region which also has large deposits of columbite of which Nigeria is the world's largest producer. Nigeria is the only coal producing country in West Africa. Large deposits of high-grade iron are found in Enugu and Kogi States and form the basis for the establishment of an iron and steel complex at Ajaokuta. Opportunities also exist for fertilizer and liquified gas production.

Nigeria, with a population of about 167 million people, is the most populous country in Africa. GNI per capita was US$ 2,688 in 2013 (Annex 1). Income distribution is very poor. About 63% of the population lives below the poverty line of US$1.00/day; 42% does not have access to safe drinking water; and 69% does not have access to basic sanitation. Nigeria's social indicators lag behind the average for Africa. Life expectancy was 51.9 years in 2011, with an adult literacy rate of 61.3%, compared to 57.7 years life expectancy, and an adult literacy rate of 67% for Africa. There are huge regional disparities in income and social outcomes in Nigeria, with the north registering the highest levels of poverty and social deprivation compared to the south. Poverty is more intense in the north-west (about 86%) and the north-east (78%).

2.2. Early history of Nigeria

The earliest evidence of Nigerian history is found on the Jos-Plateau area to the north where farming was known to have existed some 5,000 years ago. At Birim Kudu, rock paintings of more than two thousand years old have been discovered. The Nok culture which flourished in Nigeria over 2,000 years ago was characterized by the use of iron tools. The most significant evidence of this culture was terracotta figures of animals and human beings found in excavations in the plateau areas of Jos. The terracotta are on display in museums in Nigerian and around the world.

Parts of modern-day Nigeria were powerful kingdoms and empires extending over vast areas. These include the Yoruba, Benin, Borno kingdoms and the Fulani Empire. Part of the country also belonged to the ancient empire of Songhai which at the height of its power



Nok Art-JEMMA-HEAD

stretched from what is now the southern border of Algeria, through Mali to Katsina in Northern Nigeria.

The first known Europeans to have visited the coast of Nigeria were two sailors, Fernando Po and Pedro da Centra, who explored the Bights of Benin and Bonny around 1472. In 1485, another Portuguese, Jao Affonso d'Averro made a journey to Benin City. The first English ships under Captain Windham reached the Bight of Benin in 1553, and some members of the crew sailed up the Benin River to visit the Oba of Benin. European influence through trade and missionary activities was mainly along the coast until 1785 when Mungo Park, a British explorer set out from The Gambia to locate the source of the Niger River but died in the Bussa Falls in Nigeria.

In 1830, two brothers, Richard and John Lander, became the first Europeans to sail down the Niger River from Bussa to the Atlantic Ocean. This development opened up the hinterland to European trading companies and missionaries. Nigeria was thus derived from the word 'Niger.' Together with its tributary, the Benue, the Niger has from the earliest times served as a major communication channel linking the peoples through whose lands it flows.

Formal British administration in Nigeria was established in 1849 when John Beecroft, Governor of the island of Fernando Po, which was then under the British, was appointed Governor of the Bight of Benin and Bonny. His main task was to regulate commercial relations between the coastal cities of Benin, Calabar, Bonny, Bimbia and the Cameroons. In 1851, Britain established its first consulate in Calabar, Cross River State. In 1861, Lagos was ceded to the British Crown having its own legislative council but subject to the Governor-in-Chief of the 'West African Settlement,' based in Sierra Leone. In 1874, Nigeria became administratively part of the Gold

Coast (now Ghana) and in 1876 it once again attained a separate existence.

In 1885, the Oil Rivers Protectorate was established but was re named the Niger Coast Protectorate in 1893. It was later amalgamated with the Lagos Colony in 1906 to form the Protectorate and Colony of Southern Nigeria. Meanwhile in 1885, the Royal Niger Company was granted a Royal Charter with the authority to administer the territories which it held under various treaties and concessions. In 1900, these territories were consolidated into the Protectorate of Northern Nigeria. In 1914, the northern and southern protectorates were amalgamated under a British constitution into a united Nigeria. Lord Lugard was appointed the first Governor-General of the whole country.

The period 1946-1954 marked the coming into force of four different constitutions which provided for a central legislature for the whole country as well as three regional Houses of Assembly. The 1952-1953 MacPherson Constitution introduced the ministerial system of government. The 1954 constitution created a Federation of five Regions – Northern, Eastern, Western, the Federal Territory of Lagos, and the United Nations mandated territory of the Cameroons. The history of Nigeria in the late 1940s and 1950s was in a sense the history of various political movements towards independence whose main activists were Herbert Macaulay, Nnamdi Azikiwe, Obafemi Awolowo and Ahmadou Bello.

In 1957, the Eastern and Western Regions became self-governing while the Northern Region achieved self-government in 1959, making it possible for Nigeria to attain its independence on 1 October 1960. In 1961, a plebiscite was held in the UN mandated territory of Cameroon to determine its future. Northern Cameroon voted to remain part of Nigeria while Southern Cameroon opted for incorporation with the Republic of Cameroon on 1 October 1961. On 1 October 1963, Nigeria became a Republic within the British Commonwealth. On 15 January 1966, the country came under its first military rule followed by a 30-month civil war from 27 May 1967.

2.3. Nigeria's economic setting and growth prospects

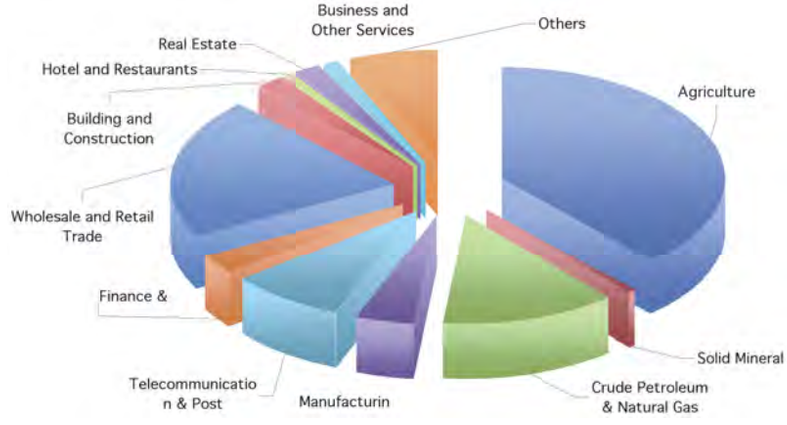
Nigeria now is the largest economy in Africa in terms of GDP. The World Bank, IMF and AfDB endorsed Nigeria's new Gross Domestic Product (GDP) of approximately 509.9 billion U.S. dollars released on Sunday 6 April 2014 and placing the West African country as the biggest economy in Africa.

According to the figures released by the National Bureau of Statistics after a rebasing, Nigeria surpassed South Africa with a 2013 rebased figure of 370 billion U.S. dollars, to emerge as Africa's biggest economy in 2013.

The new figures show that the biggest oil producer in Africa climbed to the 26th largest economy in the world.

The structure of the Nigerian economy is predominantly (agriculture and crude-oil production). Agriculture, which remains very vulnerable to climate change, still accounts for about 40% of the nation's GDP (fig 1) and employs about 70% of the labour force.

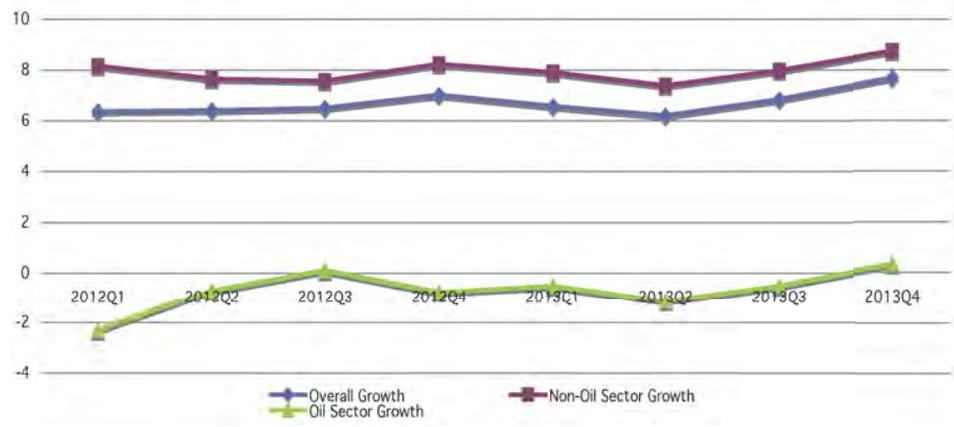
Figure 1 Sectoral Contribution to GDP-2013



Economic growth in Nigeria has been quite robust over the past decade, with rates among the highest in Sub-Saharan Africa. Nigeria's economic growth in early 2013 averaged about 7% compared to 7.7%. Foreign reserves rose to US$ 43.61 billion at the end of 2013.

Thirteen per cent of the oil and gas revenue is allocated to the oil producing areas and the remainder is shared out between the federal (52.7%), state (26.7%) and local governments (20.6%). With the vertical revenue allocation formula there is over-reliance by state and local governments on the pooled resources and thus there has been little or no incentive to mobilize internal resources to fulfill their statutory functions.

Figure 2 Quaterly GDP growth 2012 & 2013 (%)



Thanks to well-conceived structural reforms, which involved bank consolidations, recapitalization and managerial changes at some banks, and portfolio clean-ups, the banking crisis that Nigeria experienced a few years ago has largely been contained, and the reliability of the banking sector restored. The Central Bank of Nigeria is targeting specific financing schemes to finance Small and Medium Enterprises (SMEs) that have limited access to credit due to: (i) high cost of borrowing averaging about 30% interest;(ii) limited product offerings;(iii) inadequate mobilization of private sector savings; and (iv) lack of term finance. Microfinance has been the key vehicle for enhancing access to financial services by micro-entrepreneurs and low-income households.

Governance assessment by the Mo Ibrahim Foundation ranked Nigeria 41st out of 52 countries in 2013. The overall unemployment rate in Nigeria was 23.9% in 2013. There exist regional disparities, however, in the unemployment rate in Nigeria ranging from 33% in the north-eastern region to about 8% in Lagos State. Although the 15-35 year old cohort account for only a third of the workforce in Nigeria, they account for almost two-thirds of the unemployed. The youth unemployment problem in Nigeria is attributed to four major factors: (i) high population growth—it is estimated that there are approximately six million additions to the population every year, and 1.8 million new entrants to the labour market annually; (ii) low literacy rates—Nigeria has low education outcomes with high dropout

rates; (iii) a poor investment climate; and (iv) a lack of targeted investment in key, youth-dominated sectors.

The Government is making efforts to address the high vulnerability of the country to climate change through various climate change policies. These include the preparation of the Nigeria Climate Change Policy and Response Strategy and the National Adaptation Strategy and Plan of Action for Climate Change in Nigeria (NASPA-CNN).

2.4. A new vision for economic transformation

19th Nigerian Economic Summit

In 2009 the Government adopted Vision 20:2020, which laid the policy framework for Nigeria to become one of the top 20 economies in the world by the year 2020.This would require an annual economic growth of 13.8%, and a transformation from an economy primarily oriented towards primary products (agriculture and crude-oil production) to one oriented towards industry, manufacturing and services.

To implement Vision 20:2020, the government adopted a new medium-term strategy: the Transformation Agenda (2011-2015) with the following thematic objectives : (i) macroeconomic stability through fiscal prudence and appropriate monetary policy; (ii) good governance and effective institutions; (iii) human capital development; (iv) real sector development; (v) infrastructure development; (vi) distribution of key programmes and projects by sector; (vii) promoting sustainable growth and development.

Nigeria falls under the middle income country category with a mixed economy and as an emerging market with expanding financial, service, telecommunication and entertainment sectors. It is ranked 30th in the world in terms of purchasing power Parity-measured GDP. Its manufacturing sector, though currently underperforming because of the current state of infrastructure in the country, produces a large proportion of goods and services for West Africa. Furthermore, it is ranked 25th worldwide and 1st in Africa in farm output; and 63rd worldwide and 5th in Africa in service output.

Despite the weak business environment, the country remains one of the most preferred investment destinations in Africa. Although, South Africa remains the most attractive corporate investment destination in Africa, Nigeria runs a close second according to one new survey. In 2013, Nigeria was ranked Africa's number one destination for foreign direct investment with inflows exceeding US$ 7 billion. Nigeria has the potential for a strong agricultural base, but productivity is low. Nigeria's yield per hectare is 20%-50% of the yield obtained in comparable developing countries. The low productivity in the agricultural sector is due to the use of outdated faming methods, which government reform efforts are trying to remedy.

Nigeria's strength derives from its resource endowment and its human capital. Nigeria is a leader on the continent with regards to qualified medical professionals, engineers, and other professionals in many fields. Nigeria's human capital has, however, succumbed to the problem of 'brain drain'. For example, according to United Nations statistics, there are 3.25 million Nigerians living and working in North America currently. Of these, 115,000 are medical professionals; 174,000 are IT professionals, 87,000 are pharmacists, 49,500 are engineers and 250,000 are legal, financial, real estate and business related professionals.

Nigeria is a regional power in West Africa whose economy represents about 55% of the region's GDP, and its population of about 167 million provides the largest market in Africa. In 2013, Nigeria's export to African countries was 10.7% of the total value of exports. About 8% of the value of imports was from African ountries with ECOWAS countries contributing 1.3%.

It is a founding member state of the Economic Community of West African States (ECOWAS) and a member of the West African Monetary Zone (WAMZ). Nigeria is a major financial contributor to ECOWAS, and hosts the Secretariat, the Parliament and the Court of Justice. Nigeria regards ECOWAS as an institutional framework for developing the sub-region and improving the quality of lives of its people. There has been some progress towards regional integration including a customs union, free movement of persons, and an ECOWAS passport.

Since the return to democratic governance in 1999, Nigeria has witnessed successful changes in government through the electoral process. To consolidate its democratic dividends the government allocated about 20% and 13.6% of the 2012 and 2013 budgets respectively to address the security challenges while tackling the underlying problems of unemployment, poverty and underdevelopment, which the government is pursuing vigorously under its Transformation Agenda and which the current Bank strategy seeks to support.

3. African Development Bank Group and Nigeria


Lekki Free Trade Zone

3.1 Nigeria's role in the creation of the African Development Bank

Nigeria played a significant role in the creation of the AfDB. In October 1961, the UN Economic Commission for Africa constituted a 12-person panel to look into the possibility of setting up a pan-African development institution. The panel was chaired by Dr. Pius Okigbo, then Economic Adviser to the government of the former Eastern Nigeria.

In January 1962, the Heads of State of several African countries met in Lagos under the chairmanship of Nigeria's Head of State, Dr. Nnamdi Azikiwe, to work out details for implement the African Businessmen's Conference, attended by participants from 16 African States. The Nigerian delegation was led by the late Prime Minister Abubakar Tafawa Balewa. At the summit meeting, late Dr. Romeo Horton of Liberia was invited to present the draft charter of an African Regional Development Bank to the African leaders present. The charter was endorsed in principle and sent to the UNECA for further study.

Nigeria was a member of the Committee of Nine whose task was to review the final report of the experts which was submitted to a UNECA Working Committee on the capacity of African governments to subscribe to a share capital of US$ 200 million. Nigeria also led one of the three delegations of the Committee that undertook a series of consultations with African states as well as selected non-African governments and major financial institutions. These consultations culminated in the inaugural meeting of the Board of Governors in 1964 in Lagos, the former capital of Nigeria. Welcoming the Governors at the inaugural Board of Governors meeting on 4 November 1964, the late Sir Abubakar Tafawa Balewa said that the ADB was "not only an instrument of economic development, but also an expression of African solidarity."

He went on to say that "any assistance given to the new Bank would represent a vital contribution to the efforts of those engaged in the battle against ignorance, poverty and disease in Africa." Right from the beginning he expressed satisfaction that the "Articles of ADB Agreement had given priority to the development of multinational projects as well as projects designed to make the economies of African states complementary and bring about an orderly expansion of intra-African trade." At the inaugural Board of Governors' Meeting, Abidjan was chosen as the headquarters of the Bank with Mamoun Beheiry of Sudan elected as the Bank's first president.

3.2 Nigeria's subscription to AfDB's capital

With an initial subscription of 9,640 shares in 1964, Nigeria has since the inception of the Bank held the largest number of shares which represented 14-15% of the Bank's total capital stock before the admission of non-regional member countries in 1982.

As at the end of 2012, Nigeria had 589, 371 shares and 9.272% voting power ahead of the following six other major shareholders: USA 6.592%, Japan 5.492%, Egypt 5.372%, South Africa 4.811%, Algeria 4.205% and Germany 4.104 %. Nigeria has never forfeited its shares as a result of nonpayment or arrears on its subscription on due dates. This effort has helped to protect the credibility and membership support of the Bank as well as its African character while enhancing its argument during AfDB capital increase and ADF replenishment negotiations.

Class room block at FSTC Orozo

3.3 The Nigeria Trust Fund (NTF)

The Nigeria Trust Fund (NTF) was established by the Federal Government of Nigeria in 1976 as a vital contribution to the efforts of the nascent AfDB to combat ignorance, poverty, underdevelopment and disease in Africa.

From a modest initial resource of US$ 80 million in 1976 replenished once in 1981 with US$ 88 million by the Federal Government of Nigeria by 2003 these resources had grown to US$ 558 million reflecting the Bank's efficiency in managing the Fund. Following its restructuring at the end of 2012, NTF had a total of US$ 253 million.

At the end of 2012, cumulative NTF loan and grant approvals amounted to about US$ 609.1 million for 88 operations in 34 Regional Member Countries. Of this amount US$ 97.1 million was allocated to debt service assistance to highly indebted African countries under the HIPC initiative while US$ 21.5 million was allocated to multinational projects. At the end of 2012, NTF had 33 active loans with an outstanding amount of US$ 78.4 million.

NTF has invested in eight different sectors ranging from US$ 25.1 million in industry, including mining and quarrying, to a total of US$ 152 million in transport. In approving the bulk of the investments in the transport sector (29.7%) the Federal Government of Nigeria recognizes that one of the greatest challenges facing the African continent in its pursuit of socio-economic emancipation is the development of the facilities that ease transportation of goods and persons, not only between urban and rural areas but also between cities and neighboring countries. It was in recognition of this that NTF resources financed several corridors of the trans-African Highway project, especially in West Africa. Infrastructure as a whole accounts for US$ 253.4 million or about 50% of cumulative NTF lending.

The social sector accounts for over 20.5% of NTF lending; a key element is the Fund's attention to human resources development in Africa. Education and capacity building have come to occupy a significant place not only in NTF overall lending that they have emerged also in NTCF operations through grants for knowledge products, seminars and studies. Agriculture and rural development is the third most important sector of NTF lending. In this sector the Fund's operations have been fairly diversified and far-reaching covering such areas as staple food, cash crop production, livestock, fisheries, dairy projects, irrigation, agricultural development and rehabilitation projects.

3.4 The Nigeria Technical Cooperation Fund (NTCF)

The Government of Nigeria and the African Development Bank on 5 April 2004 signed the agreement establishing the Nigeria Technical Cooperation Fund (NTCF) under which Nigeria provided the Bank Group US$ 25 million grant resources to assist in the preparation and implementation of development projects and programs for the benefit of the Regional Members.

The Fund was established following the restructuring of the NTF 10 years to its original validity period of 30 years. The NTCF is the largest single bilateral co-operation fund managed by the Bank. The other grant resources are mainly from the Bank's 24 Non-Regional Member Countries.

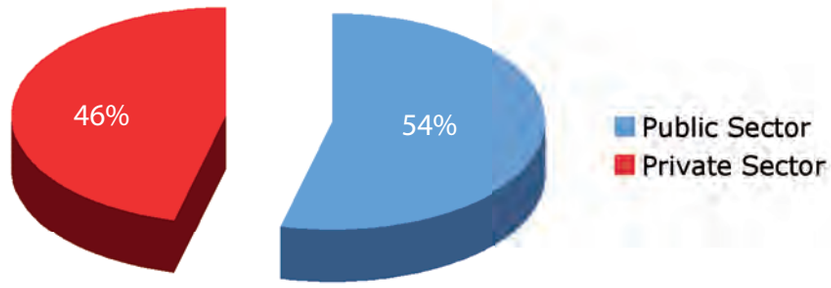
In March 2012 the NTCF resources were opened to African consultants. A new minimum threshold limit of US$ 100,000 not exceeding US$ 500,000 annually was also fixed, while the management fee charged by the AfDB was doubled from 2.5% to 5% in order to align the Fund more to AfDB trust fund reform. The annual amount committed without the approval of the Government was also increased from US$ 250,000 to an amount not exceeding US$ 500,000 per year. Areas of focus of the Fund include science & technology, health, business and finance, agriculture, education, public administration, regional integration and gender issues.

Since the establishment of the NTCF it has financed 35 activities on grant basis of which nine ranging from US$ 50,000 to US$ 309,303 have been completed for a total amount of US$ 0.9 million. Twenty-six other ongoing activities are at different levels of completion. There are a number of ongoing activities that range from US$ 25,000 for science and technology training material to US$ 1.4 million for NEPAD medium to long-term strategic framework study.

Ozumba Mbadiwe Way Victoria Island Lagos

4. Bank Group Operations in Nigeria

Figure 3 Net Amount approved



The AfDB commenced its lending operations in Nigeria in March 1971 with a loan of US$ 2.5 million for the Bacita Sugar Expansion project, followed by Enugu and Calabar Airport Reconstruction projects in 1972 and 1974 for US$ 5.2 million and US$7.4 million respectively. For nearly 20 years, Nigeria received only AfDB non-concessionary funding until 16 January 1990, when the ADF granted its first loan of US$ 34.7 million for the Bauchi State Health Project. Following the approval of a new Bank Group credit policy on 31 November 1994, Nigeria, along with nine other countries with GNP per capita varying between US$ 511 and US$ 990 became a category B country qualified to receive a blend of AfDB and ADF resources. At the end of 2013, Nigeria and Zimbabwe were the only countries remaining in the blend category while countries like Angola, Namibia, Egypt and Morocco had graduated to the ranks of Middle Income Countries.

4.1. Review of Bank Group Portfolio in Nigeria

The African Development Bank Group portfolio in Nigeria contains 28 active operations for a total net approved amount of US$ 1.4 billion (UA 905,340 million). Of these, 14 are public sector operations while the other 14 are private sector operations. Overall, the portfolio performance is satisfactory.

Figure 4 Private Sector Portfolio

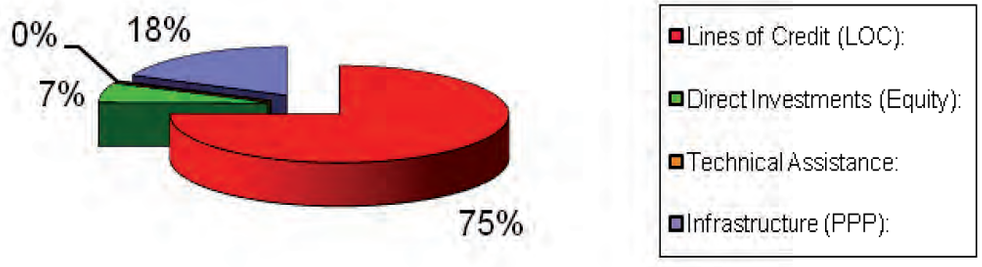
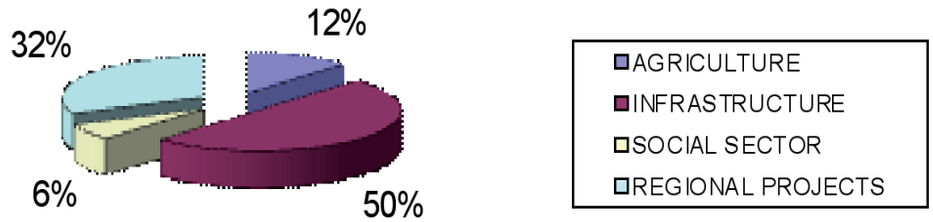


Figure 5 **Public Sector Portfolio**



The current Country Strategy Paper (CSP) proposes a strategy for supporting Nigeria's development efforts over the period 2013-2017 and is anchored on creating (i) sound policy environment and (ii) investing in critical infrastructure.

The Bank has also committed to a non-lending programme in the domain of of economic and sector works (ESWs) on topics ranging from the review of the electric power sector (2010) to tax policy and administration reforms to improve domestic resource mobilization (2011). A Flagship Report on Infrastructure Development in Nigeria covering the key sectors of power, road transport, railways, ports, civil aviation, urban transport, gas transport, water resources and ICT is being prepared.

The following are among the projects and programmes approved by the Bank under the Country Strategy Paper to be implemented in Nigeria over the next few years:

1. Economic and Power Sector Reform Programme, (Budget support loan of UA 100 million or US$ 155 million)
2. Urban Water Supply and Sanitation Improvement Project in Oyo and Taraba States (loan of US$ 75 million)
3. Small Scale Enterprises Project through two sovereign guarantee loans to the Bank of Industry (US$ 500 million) and the Nigeria Export and Import Bank (US$ 200 million).
4. Innovative Capacity Building for Public-Private Partnership in Infrastructure Projects (US$ 33.78 million).
5. Urban Water and Sanitation Project in Zaria (loan of US$ 99.1 million).

4.2 Leveraging policy environment and infrastructure development

The Bank's CSP 2012-2016 focuses on creating a sound policy environment and investing in critical infrastructure. This strategy is aligned with the government's long-term development agenda as outlined in the vision 20:2020 and anchored on its Transformation Agenda (TA: 2011-2015).

It is also aligned with the Country Partnership Strategy 2011-2013, which was jointly prepared by the World Bank, AfDB, US Agency for International Development and the UK Department for International Development alongside a Country Assistance Framework developed by the donor community in Nigeria.

In the longterm, Nigeria aspires to be among the top 20 economies in the world by 2020. This is the overarching goal of Vision 20:2020 which aims to achieve this by creating an enabling environment for sustainable economic growth; economic diversification; creating employment opportunities; and reducing poverty.

The Country Assistance Framework underscores the fact that although Nigeria has both strengths and opportunities to realize its aspirations, including abundant resource endowment, it is also faced with many weaknesses and challenges that are impeding progress. It cites the mismanagement of oil resources, infrastructure deficit, limited capacity for policy formulation and implementation, high unemployment, high poverty levels, and non-inclusive growth. The strategy identifies poor energy supply as "the most binding constraint on real sector growth."

Thus, the document makes the case for two strategic pillars: supporting the development of a sound policy environment; and investing in critical infrastructure to promote the development of the real sector of the economy

This approach is reflected in the project identified under the indicative lending programme which includes:

- infrastructure projects in power (Super Grid, Katsina-ala hydropower project;
- Rural Access and Renewable Energy Project;
- Transmission Interconnection Project Nigeria-Cameroon); transport: (Rural Access and Mobility Project;
- Urban Transport Project in Abuja, Enugu and Port Harcourt; Western Railway Concession project;
- Lagos-Niamey Road/Rail Corridor); Water and Sanitation (Zaria WSSP, Port Harcourt WSSP);
- Water resources development Project);
- Skills acquisition (Skills Development and Growth Project) Private sector urban transport operations (Lagos cable propelled transit project) and a New agricultural sector value chain promotion project.

The delivery channels comprise a full range of sovereign and non-sovereign instruments, including private public partnerships (PPPs). The Nigerian development agenda fits well with the Bank's Ten Year Strategy 2013-2023, anchored on Africa's economic transformation through inclusive growth and a transition to green growth. The extant CSP 2013-2017 and Nigeria's Vision 2020 provide a joint framework for collaboration.

Volcanic hill in Jos Nigeria

5. Private Sector as Economic Growth Engine

5.1 Betting on the private sector

"The future of Africa's economy and that of millions of Africans and thousands of African communities – is closely tied to the private sector," AfDB says in its Private Sector Development Strategy, 2013-2017. This pronouncement is a dire imperative for Nigeria where a large chunk of the national wealth is in private hands. Aware of this reality, the Bank has intensified its private sector operations in the country.

The focus is on delivering finance and providing advice and technical assistance by designing activities that respond to the specific needs, opportunities and challenges of the private sector. These include supporting entrepreneurship, addressing the constraints that women and young entrepreneurs face and supporting micro, small and medium enterprises (MSMEs). Strengthening the financial sector will stimulate lending to MSMEs help develop local capital markets, promote better governance and risk management of financial institutions and promote the adoption and implementation of financial standards and regulations.

Private sector development is one of the five priorities of the Bank's 2013-2022 Strategy.

The dynamics of wealth and job creation in Africa are increasingly driven by the private sector. Thus, the Bank works directly and indirectly with governments to promote private investment in Africa.

In Nigeria, the Bank aims to catalyze private sector investments in the priority area of infrastructure. It supports indigenous companies operating in the gas and energy sector under the country's recently approved Local Content Act. Beyond direct investments, the Bank is focusing on deepening private sector participation in infrastructure financing through investments in private equity funds, and the provision of lines of credit and partial risk guarantees to financial intermediaries. To strengthen private sector participation and accelerate the implementation of PPPs, the Bank assumes a targeted analytical and policy advisory role. Greater emphasis is being placed on enhancing private sector participation in the development of agriculture value chains. The

Bank also continues to support reform efforts aimed at improving the business environment.

5.2 Empowering SMEs though local banks

The Nigerian business environment is characterized by market failures that result in under-provision of financing for the SME sector which is critical to employment and economic diversification. This situation underscores the need for provision of financial assistance to SMEs through reputable local banks.

According to the Nigerian Federal Office of Statistics, SMEs account for 97% of all businesses in Nigeria, contributing 50% of employment and output in the non-oil sector. This compares unfavorably with many peers, reflecting a relative underperformance of the SME sector in Nigeria. One of the major impediments to SME growth and development is limited access to bank credit and, despite the various widely documented positive reforms to the banking sector since the crisis in 2009, access to credit for the SMEs is still severely constrained.

At the end of March 2014, the Bank had 19 operations cumulatively valued at US$ 1.6 million in its private sector portfolio in Nigeria.

Lines of credit have been very effective delivery channels in this regard. For instance, the Bank recently approved a US$ 125 million line of credit to Zenith Bank PLC for on-lending to small and medium-sized enterprises in Nigeria.

This fourth letter of credit to Zenith approved by the AfDB's Board of Directors in March 2014 will enable Zenith gain access to long-term foreign currency funding to generate additional lending to its SME clients operating in various sectors of the Nigerian economy, including agriculture and agribusiness, transportation and manufacturing.

In approving the LOC, the Board of Directors underscored the fact that the SME sector represents a strategic pillar for Nigeria's quest to modernize and improve its economy while diversifying away from the heavy dependence on the oil industry.

The line of credit aligns with the renewed strategy of the Government of Nigeria to revitalize the economy by developing its SME sector. It also aligns with the AfDB's country assistance strategy to support private sector led growth in Nigeria.

Furthermore, it is consistent with the AfDB's strategy to support SMEs through sound and reputable financial intermediaries. It aligns with the AfDB's new inclusive growth priority by supporting SMEs in critical sectors of the Nigerian economy.

6. Overview of Bank Group Projects in Nigeria

Epe-Lekki Highway Toll Gate Under Construction

Infrastructure – The Gateway to Nigeria's Economic Transformation

6.1 Lekki Toll Road Project

The Lekki-Epe Express Toll Road is a major undertaking for Lagos. It is the first of the public private partnership (PPP) infrastructure projects completed in 2011. It holds the distinction of being the first private toll project in Africa outside of South Africa.

Nigeria is experiencing rapid urbanization and 50% of its population now lives in urban centers including over 15 million people in the Lagos metropolis. The importance of quality road project like Lekki-Epe Expressway Toll Road cannot therefore be underestimated. Already, the project has gone a long way to alleviate the notorious traffic problems in Lagos State. It has provided a hopeful future direction for highway infrastructure projects in the megacity with an estimated 22 million population.

One of the landmarks of the Lekki-Epe Expressway project is its city toll, described as the gateway to the city's economic transformation. It has been constructed to international standards under difficult local challenges, including very high traffic, poor terrain and heavy rainfall.

The project has enhanced the remarkable economic strength and success of Lagos State, offering the country the opportunity to promote its economic development in general. Through the project, the indigenous people who were originally ordinary fishermen and farmers are visibly integrating into the mainstream of the economy.

Engineer Fatunde Alade noted that "a great transformation has been achieved in that village people in Ajah, Badore, Elegushi, Ajiran, Sangotedo, Abijo, Ibeju, Eti-osa, Epe and Ibeju-Lekki Local Government areas now find themselves in one of the best areas to live and work in Lagos with more modern housing estates, surrounded by many sandy beaches.

Others who also expressed satisfaction with the Lekki-Epe Expressway and Toll project hailed its guaranteed management and maintenance arrangements. They said that poor maintenance culture has been the bane of public sector infrastructure in the country and praised the State Government and the African Development Bank for their fundamental transformation programmes in Lagos and Nigeria as a whole. They argued that the road corridor is contributing not only to the safety of Nigerian commuters, but more importantly to sustainable economic activities, thus creating a brighter future for the people. A business magnate, Chief Emmanuel Agasu, said "the amount of revenue generated daily by the Lekki Toll gate underscores the excellent performance of Lagos State and the overall confidence that Nigeria's transformation can only happen through private sector business enterprises."

The Lekki Concession Company Limited is entrusted with management, upgrading, expansion and maintenance of the approximately 50 kilometres of this pioneer project (Phase I) under a 30-year concession agreement. It has also resulted in the construction of approximately 20 kilometres of Coastal Road (Phase II) on the Lekki Peninsular.

The construction at a cost of nearly US$ 350 million is based on the build-operate-transfer model of infrastructure delivery.

With the Lekki-Epe Expressway, the AfDB sees more than a road. It sees other on-going and potential Bank funded infrastructure projects including, for example, three toll plazas in the 50-km stretch and the Lekki-Ikoyi Link Bridge, opened in March 2013 and considered to be the first cable strayed bridge in West Africa. Most of these projects will be executed as core private sector driven infrastructure projects or enhanced PPPs.

6.2 Futuristic Eko Atlantic City

The Lekki projects are in sync with the ongoing Eko Atlantic City, a landmark futuristic venture which is perhaps one of the most daring projects in Africa. This project is expected to provide homes to 250,000 people and offer employment to more than 150,000 unemployed people in the first instance. The new futurist city on reclaimed Atlantic coastal land includes designed waterfront areas, tree-lined streets, efficient transport systems and mixed-use plots that combine residential areas with leisure facilities, offices and shops. The city is expected to enhance the status of Lagos and create a new and stronger financial hub in West Africa.

Epe-Lekki Expressway Tollgate

Parts of the Eko Atlantic City Model

For this major undertaking, public and private investors, planners, engineers and contractors have been synergizing to ensure that private and corporate entities work together to transform parts of the Atlantic Ocean into an inhabited ocean city. The multi-billion dollar investment has already brought on board local and international banks and private investors vying for exciting prime investment opportunities. The Lekki-Epe Expressway Toll Road is a gateway to another AfDB private sector supported transport project, the Lekki Deep Sea Port.

Lekki Deep Sea Port

6.3 Lekki Deep Sea port

The AfDB is one of the foreign investors that have come on board, convinced that the venture provides a rare opportunity to leverage the Bank's partnership with Lagos State to construct the Lekki Deep Sea Port which has the potential to transform economies in the sub-region.

A consortium of private investors including the AfDB's Private Sector Department, the Federal Government of Nigeria and Lagos State Government are jointly constructing Nigeria's deepest sea port at the Lekki axis of Lagos. The new-multipurpose port will complement the Lagos Tin Can and Apapa Ports that are facing problems with congestion and delays. It is designed to leverage a number of physical and economic advantages offered by the region to fuel and propel Nigeria's economic sustainability and Vision 2020 aspirations.

"Both the Federal and Lagos State Governments have for long identified the maritime sector as having great potentials to boost the country's revenue, steer up its economic stability and business resilience," according to Mathew Oluyide, a young project architect.

Mr. Oluyide, who designed most housing complexes of the Port project, said that investors were contributing some 60 percent of the entire project construction cost of US$ 680 million, while the Federal Government of Nigeria, as well as the Lagos Government, would be investing 20 percent each. The Tolaram Group, which has had several decades of strong and diversified experience in promoting similar projects, is the lead foreign investor and facilitator.

Located at Ibeju, in the heart the Lekki Free Trade Zone, the deep seaport will provide the necessary maritime gateway connecting Nigeria to other African countries and beyond. When fully operational, the facility which will be Nigeria's deepest port and one of Africa's most modern. It will support the burgeoning trade between Nigeria and the rest of the world.

With favorable geographical and ascendant location to other parts of Africa, Europe, Middle East and the Americas, some of

Container Barge at Lekki Deep-Sea Port


Calabar-Oron Cable Stayed Bridge

the features of the Lekki deep port include its 1.5-long breakwater length, among other modern facilities for deep sea container terminal operation. Explaining some of the port cargo technical terms, Oluyide noted that the facilities have maximum and enhanced capacity to handle container ships that carry heavy goods and heavy machinery.

These will include six kilometer-long approach channels for three container vessels of 8,000 container capacity with each container allowing for 30,500kg. There will also be a 670-meter diameter turning circle for incoming and servicing boats and ships, as well as a 1.5-km long quay wall.

Scheduled to be completed in 2016 and commissioned in early 2017, the deep sea port is one of the key infrastructure projects that are now being located in the Lekki axis to service the Lagos Free Trade Zone and drive economic growth, service delivery, manufacturing and overall economic and social transformation of Nigeria.

6.4 Cross River State Rural Access and Mobility Project

Cross River State, which once hosted Nigeria's erstwhile capital, Calabar, has a rich history. Yet, until 2008, most of its roads were dilapidated and unusable. They had a negative impact on the local economy, especially agricultural activities, where poor rural roads result in exorbitant vehicle operating costs and unquantifiable travel times. The situation was worse in far-flung villages where fallen trees often blocked movement, and streams and rivers hindered rural mobility. Problems of accessibility in rural areas often exacerbated challenges in the provision of healthcare and education. In this particular case, rural productivity and economic opportunities, especially in agriculture, were at near zero levels.

Ekori Beach – Assiga: Asphalt concrete paving works. Ekori Beach – Assiga: Asphalt concrete paving works.

In order to mitigate accessibility, mobility and rural development problems on 24 December, 2007, through the Nigerian Federal Ministry of Finance, the State Government signed the Cross River Rural Access and Mobility Project loan agreement with the AfDB.

Consequently, since 2008, the Bank has been involved in Cross River State's aggressive rural road infrastructure development program, which involves construction of more than 470 kilometres of all-season rural access roads.

The Old Road

The New Road

Tinapa Free Zone Resort, Calabar

The Rural Access and Mobility Project is a pro-poor project. It is clearly achieving its objective of improving rural access and mobility for more than 1.5 million people, most of whom are women, in 18 local government areas of Cross River State. The project impact underscores AfDB President Donald Kaberuka's saying that "the satisfaction of beneficiaries of our projects is the true measure of our operational standards." Direct and indirect employment for the people is increasing household income. Increased accessibility to urban centres and markets in Cross River as well as the neighbouring states is enhancing diversified development opportunities for trade and agriculture, and is also ensuring tremendous reduction of post-harvest losses.

Running through undulating countryside, the project connects some national parks, palm tree plantations, and major quarrying sites whose stones are transported by private companies for roads and other construction outfits. The State Government derives substantial revenue from the quarrying companies.

Accessibility to health facilities is helping the State to strive to achieve the Millennium Development Goals.

According to the Cross River State Commissioner for Works, Legor Idagbo, "Through this project, mobility has become easier, shorter and cheaper. Farmers now get value for their produce, as they convey it easily to the cities where they sell it at a good price. Generally, economic activities are in a boom era in those communities where accessibility is no more a programme."

The projects major objectives are: "to increase all-weather road from 20 per cent to 40 per cent in 2020; to reduce average transport cost by 20 per cent on all rehabilitated road network before 2020; [the] provision of access roads to rural markets from zero in 2007 to 28 rural markets by 2013; and access to basic social services in rural areas from 10 per cent in 2007 to 20 per cent in 2013."

This is a unique project in the Bank's portfolio in the sense that the State Government is contributing 65.48 per cent while the AfDB Group is contributing 34.52 per cent of the total cost of civil works. The revision of the earlier arrangement, under which the Bank was to pay a higher percentage of the project cost, means that the State Government believes in the project and has rural infrastructure and reduction of poverty in its rural areas as the cardinal points of its development program.

The initial African Development Fund loan of US $57.3 million was to finance the entire foreign exchange cost of the project amounting to US $35.5 million and 75 per cent of the local cost of the project amounting to US $18.7 million. The revision arose from a re-examination of the initial appraisal under which the AfDB proposed the construction and rehabilitation of 474 km of simple gravel rather than tarred feeder roads.

However, considering that the project zone is prone to rain, the State Government insisted on all-weather tarred access roads with two-lanes of six metre-wide carriageways and one metre-wide shoulders in selected areas of the State.

“The network of roads either completed or under construction is a marvel as its inter-village linkages seem endless. The project is scheduled to be implemented within 43 months,” said Project Coordinator and Engineer Charles Okongoh.

However, Mr. Okongoh pointed out a number of challenges, including the short duration of the dry season in Cross River, which is the best period for construction, as well as the increase in the prices of construction materials in 2013, after the tendering had been completed in 2011.

Meanwhile, the Task Manager for the project, Remi-Callie Okoro, said that the project is the AfDB’s best ongoing infrastructure project in Nigeria. He said a joint AfDB, Federal Government and Cross River Government supervision mission showcased it on 20 August, 2012, as a flagship project that has set the standard for other rural road projects in Nigeria.

On sustainability, Mr. Okongoh said that the project has sensitized the affected communities which have now taken ownership. The communities themselves are expected to undertake routine maintenance of the roads, clear the shoulders, remove fallen tree branches, and watch out for heavy trucks using the rural roads that are designed for certain minimal loads.

On monitoring and evaluation, he noted that appropriate indicators are being perfected so the project’s impact can be clearly assessed. Currently, the Project Implementation Unit in collaboration with the State Government is establishing maintenance communities, prior to handing the project over to the communities themselves. Funds for maintenance will come from the State and the different local governments.

The project’s impact is already being felt. “People without roads before now have roads and the credit is shared by AfDB, the Federal Government of Nigeria and the Cross River State Government,” he emphasized.

Impressed by the success recorded in the project’s implementation, the AfDB is on the verge of commencing the second phase of the project which would involve 500 kilometres of roads. The Bank’s financial agreement with Cross River State is now a model being recommended to other states in Nigeria.

7. The Energy Sector - Promoting Integration through Electricity Interconnection


Shiroro Hydro-Electricity Dam

7.1. AfDB's Landmark Support to Nigeria's power sector

In December 2013, the AfDB approved an African Development Fund (ADF) Partial Risk Guarantee (PRG) program of US $184.2 million, and an ADF loan of US $3.1 million, for capacity building to support the Nigerian power sector privatization program. The PRG programme aims to increase Nigeria's electricity generation by catalyzing private sector investment and commercial financing in the power sector through the provision of PRGs. The PRGs will mitigate the risk of the Nigeria Bulk Electricity Trading Plc, a government entity established to purchase electricity from independent power producers (IPPs), not fulfilling its contractual obligations under its power purchase agreements with eligible IPPs. This in turn will increase the comfort level of private sector financiers and commercial lenders investing in the Nigerian power sector privatization programme. Explaining the benefits of the programme, the Director of the AfDB's Energy, Environment and Climate Change Department, Alex Rugamba, noted that "An effective and steady power supply is critical to the sustainability of Nigeria's development path. The Board's decision today will allow the AfDB to support the Nigerian Government's efforts to reform the power sector and position the country for sustainable and inclusive growth."

Over the long term, the Nigerian PRG programme is expected to lead to increased productivity, economic activity and growth, and reduced poverty. In the short to medium term, the project will yield an increase in the maximum electricity supply and consumption per capita.

According to government statistics, power outages cost Nigeria about three per cent of its GDP annually. It is anticipated that the IPPs eligible for coverage under the programme could generate an additional 1,380 MW of power by 2016, thereby contributing to increasing the population's access to more reliable and affordable electricity (from 41 per cent currently to 50 per cent by 2016). Nigeria's development objective to be among the top 20 economies of the world by the year 2020, targets an ambitious 40,000 MW of electricity generation, which represents more than half of the current installed capacity on the African continent. With a population surpassing 167 million, its current maximum electricity generation capacity – approximately 5,500 MW – is inadequate to meet demand estimated at 10,000 MW. To meet the generation targets set for 2020, significant private sector investment is required in the supply chain, including generation, gas to power infrastructure and distribution networks.

The AfDB's innovative approach for attracting private financing for infrastructure investments with the guarantees will have a catalytic and replication effect in Nigeria and more broadly in Africa.

7.2 The Benin–Nigeria power interconnection

The interconnection project is jointly financed by the AfDB, the West African Development Bank, and the Economic Community of West African States (ECOWAS). It is one of the flagship projects for regional integration and cooperation in West Africa, Financed under the West Africa Power Pool programme, the project connects Benin's power grid (CEB) to that of Nigeria (erstwhile NEPA).

Since its completion in 2007, the project has lit up vast areas of rural communities that were once in darkness. Today, one compelling transformation story is that electricity is now available in such rural communities as Alaari, Ihunbo, Idi-Ota, Ajilete, Oja-Erin, Sabo Ago Ilobi, Awuko Alongbon and Owode to name just a few.

Togo and Benin now readily have alternative sources of power supply to meet shortfalls in their electricity imports from Ghana and Cote d'Ivoire while voltage on the CEB transmission network has been improved. Power outages in the Republic of Benin are said to have been reduced to the barest minimum in the two countries, even during drought periods. This has substantially enhanced the economic and social activities of beneficiaries. Interconnecting the grids of Benin, Togo, Cote d'Ivoire, Burkina Faso and Nigeria is one great achievement of ECOWAS, in line with the energy objectives of its member countries, desirous to ensure reliability of electricity supply as well as optimization of production costs within the sub-region.

The project also led to the establishment of the Transmission Company of Nigeria (TCN).

The AfDB financed the Nigerian component of the project while the West African Development Bank and ECOWAS financed components in the other countries. Despite the fact that investment in power has not been smooth sailing in Nigeria, the project provided an opportunity for the AfDB to demonstrate how power transmission can be used to foster economic integration in the sub-region.

According to TCN's Area Control Supervisor, Philip Ogbonna, and the Project Electrical Engineer, Akintola Mojeed, the Ikeja main Transmission site has a current capacity of 450 MW and 3,330KV. It transmits 200 megawatts of power from Ikeja to Sakete in the Republic of Benin through a 15.75-km line. This represents a 250% increase over the 80 MW transmitted when the project was commissioned in 2007. "The project itself involves the construction of a 70-km long 330KV overhead transmission line from Ikeja West substation, outside Lagos, to Sakete in Benin Republic," Mr. Ogbonna explained

"TCN distribution is in accordance with an ECOWAS agreement in the context of the West African Power Pool (WAPP) under which any West African country that generates excess power at a given time can transmit the excess to countries with less energy at the time," they said. The WAPP concept remains an excellent cooperation initiative, despite Nigeria's energy deficits that are related to power generation rather than power transmission. Currently, more than 90% of industrial and a significant number of residential consumers in the country own private electricity generators.

Overall, the CEB-NEPA power interconnection is seen as a necessary first step in power generation and pooling efforts by ECOWAS in West Africa. Its success would depend on the extent to which coordination efforts are enhanced through effective communication systems as well as back-up lines to support routine switch-overs when there are glitches or power outages in different countries.

The CEB-NEPA Transmission Project has created employment opportunities and improved the socio-economic situation in the interconnected countries, including Nigeria, Benin and Togo. It has promoted the development of other infrastructure, including health centers, primary schools, secondary schools, post offices, pipe-borne water, maternity centers and police stations in rural and semi-urban environments.

8. The Water Sector.

Innovative Solar Powered Water Kiosk

8.1 AfDB has invested more than US$ 1 billion in potable water projects in Nigeria

As far back as 1995 the Bank Group had invested more than US$ 600 million in potable water projects in Nigeria, bringing clean water to millions of households. The provision of water was the AfDB's first and foremost infrastructural concern in Nigeria and to-date the Bank Group's cumulative commitment in the sector is greater than US$ 1 billion. According to Reni-Callie Okoro an engineer at the Bank's Abuja Office, "If there is any sector in which AfDB can confidently show-case its operations in Nigeria, it is certainly in water. First, AfDB water projects have been the highest pro-poor projects in Nigeria, implimented at a time when the Bank had not yet perfected its poverty reduction operational strategies. Secondly, no other donor has done as much in the sector as the Bank. Thirdly the AfDB is the first institution to impliment multi-state and nation-wide water projects and programmes in Nigeria."

AfDB Vice President in charge of regional and country operations Zondo Sakala (2nd right) inspecting Cross River Water Project

8.2. Innovative systems

The AfDB has financed innovative water control kiosk systems in several states of Nigeria, which a number of organizations are trying to replicate, Mr. Okoro said. "You cannot quantify the value of keeping a man alive for one or two additional years because you have given him good portable water. Water right is a fundamental human right," he added.

The Ibadan Water Supply 1 project approved in December 1986 was the first AfDB supported water project in Nigeria. That project showed the way by providing the necessary equipment for the rehabilitation of Asejire and Osegere treatment plants in Ibadan city. Ibadan Water supply 2 project followed suit by doubling potable water supply in Ibadan from about 122,500 m^3 then to some 204,500 m^3 per day.

Since then, the Bank has funded several other water operations in almost all the states of Nigeria. These include Oyo, Niger, Plateau, Anambra, Bauchi, Yobe, Kaduna, Taraba etc. The Bank initially started with urban water, but later moved to rural and now includes both in its portfolio.

Above all, the AfDB projects have helped to create favorable conditions for water supply corporations in Nigeria to attain financial autonomy. The Edo and Delta States Water Supply project financed under the defunct Bendel State went a long way to increase water supply in Benin City as well as the twin cities of Warri-Effurun.

The Niger State Water project has provided increased water to satisfy domestic, commercial and industrial water demands in the fast-growing satellite town of Suleja, near Abuja, the Federal Capital Territory. Through this project, the AfDB rehabilitated water and sanitation facilities in the townships of Minna and Bida. The first AfDB multi-state water supply project of US$ 190 million approved in October 1993 enhanced the potable water supply in Calabar, Akampi, Ugep, Ediba in Cross River State as well as Uyo, Oron, Ekett, Ikot-Abasi, Abak, Ikot-Ekpene in Akwa Ibom State.

That project led to the establishment of two national and four regional water quality reference laboratories for monitoring water standards. Gombe Water Supply is another important AfDB water project which has helped to improve the socio-economic

and health conditions of the inhabitants of Gombe Township and 12 other villages by providing sustainable portable water to meet increasing domestic, industrial and commercial demands.

8.3 Improving access to potable water

Despite interventions by AfDB and other multilateral agencies only about 58% of the population in the country has access to potable water supply and only 31% has access to hygienic sanitation facilities. Water supply and sanitation is one sector in which the public sector has been unable to cope with increasing demand. The AfDB is helping the country to deal with policy inconsistencies and inadequate regulatory frameworks to enable the private sector to step in and fill the gap.

More recently, the Bank approved a number of water projects for Nigeria. These include the Rural Water and Sanitation Sub-programme in Yobe and Osun States, the Jalingo Water and Sanitation Improvement Project in Taraba State; others are the Ibadan Water Supply and Sanitation Improvement Project in Oyo State and the Zaria Water Supply Expansion and Sanitation Project in Kaduna State.

These projects will improve access to safe clean drinking water to 64% of the population by 2014 and to 70% by 2016 from the current 58%. This will necessitate the installation of more than 100,000 new urban water connections and 10,000 new improved rural water sources including boreholes, modern wells with hand pumps by 2014 and 24,000 by 2016, as well sanitation facilities for households and public places.

The Bank is supporting the Federal Government's urban water sector reform across the country as part of a package which includes the Port Harcourt Water Supply and Sanitation Project in Rivers State and the development of Water projects in the Abuja satellite towns. At the same time the Bank has some 10 large and medium dams to ensure a considerable expansion of the associated irrigation schemes. With these projects, prevalent water borne diseases in Nigeria will be minimized.

The provision of potable water provides a common ground for both parties to realize huir common a genda. Through the efforts of the Bank, the budgetary allocations to the water sector in Nigeria have seen a systematic increase. With improvement in project follow-up, reduction of the long intervals between loan approvals and loan effectiveness and timely implementation efforts that take into consideration the actual water needs of the beneficiaries, the Bank will do much more to ensure the rights of Nigerians to clean drinking water and better sanitation. The Bank Group's current and pipe-line water projects in Nigeria are expected to benefit some 9.2 million people.

Yobe Communities Plan Water Management

8.4 Rural water and sanitation sub-programmes in Yobe and Osun States

The project approved in 2007 covers Yobe State in the north-east and Osun State in the South-west of Nigeria.

It is designed to contribute to achieving the Millennium Development Goals as well as the targets set under the Strategic Framework for Implementation of Rural Water Supply and Sanitation (RWSS) operations and the National RWSS programme. It supports the Nigerian Government's efforts to improve decentralization.

Access to clean water is a key factor in reducing poverty, improving health and achieving sustainable development. Freeing women and young girls from the back-breaking work of travelling long distances to collect water contributes to achieving gender equity and improves economic possibilities for families, as women have more time for income-generating activities, and young girls can attend school.

The sub-projects target a population of 3.32 million to benefit from the water services and 2.98 million from the sanitation services.

The project involves capacity building activities to strengthen the institutions in the water and sanitation sector.

These efforts include policy mainstreaming and better decentralization, among others. The infrastruction component of the project includes construction of wells, boreholes and motorized pumps, latrines and water points.

The project is expected to increase access to safe water supply and sustainable sanitation for the rural communities in Yobe and Osun States thereby contributing to the achievement of the national target of 90% by 2015 and 100% by 2020.

The African Development Bank estimates the total project cost at UA 69.22 million (US$ 103 million), of which UA 51 million (US$ 76.5 million) will be provided by the Bank

8.5 Urban water supply and sanitation Improvement project in Oyo and Taraba

The Urban Water Supply and Sanitation Project for Ibadan (Oyo State) and Jalingo (Taraba State) in the south-west and eastern parts of Nigeria respectively, were approved in 2009 as priority projects.

The two states were selected based on the very low water and sanitation coverage (approximately 30%) and their commitment to improve the provision of water and sanitation services to the inhabitants. About 70% of the target population live in areas that are poorly served by modern water and sanitation infrastructure. The project covers the high density residential areas as well as peri-urban parts of Ibadan and Jalingo cities.

The broad objectives are: (i) To improve access to safe water supply services in the cities of Ibadan and Jalingo, from the current levels of 25% in Ibadan and 30% in Jalingo to 80% by 2014, through rehabilitation and extension of the existing infrastructure, and to improve sanitation in public places like schools, health centres markets and motor parks; and (ii) To improve sector management, the overall performance and the long-term financial viability of urban water utilities in the two states through institutional and management reforms including tariff increases, capacity building, and adoption of viable PPP models.

The project involves; (i) rehabilitated and extended water supply systems; (ii) improved sanitation facilities for schools, health centres and public places; and (iii) institutional reforms and capacity building for improved sector and utilities management. The sector institutional reforms and capacity building will aim to improve water supply services through; (i) commercialisation and improved utility management, (ii) increased private sector participation in the provision of service through adoption of public private participation models and contracts through technical and investment assistance, (iii) establishment of regulatory bodies and (iv) improved sanitation and hygiene.

Estimated to cost US$ 90 million (UA 58.82 million), the project will benefit 1.4 million people in Ibadan and 100,000 in Jalingo.

Zaria Water Supply, Expansion and Sanitation Project Launched

8.6 Zaria water supply expansion and sanitation project in Kaduna State

Thursday, 14 November 2013 was a remarkable day in Zaria, capital of Nigeria's northern State of Kaduna following the launch of a US$480 million Water Supply, Expansion and Sanitation Project in the city.

The project involves the construction of the new Galma multi-purpose dam to supply water for power, irrigation and domestic use, a reservoir, a new water treatment plant, and water transmission and distribution systems for the city and surrounding communities.

The AfDB contributed a loan of $100 million to the project which will focus on putting infrastructure and systems in place to ensure that water reaches the end users.

The project is expected to improve access from 30% to 80% by 2017. It also targets improved sanitation of schools, health centres, markets, motor parks and other public places to 90% by 2017, as well as improved capacity and commercial viability of the Kaduna State Water Board.

Kaduna Dam

The Islamic Development Bank is contributing a US$ 81 million loan to the project to supplement contribution from the Federal and Kaduna State Governments. More than 2.2 million people from 23 communities in seven local Government Areas will benefit from this project by the year 2025.

8.7. US$ 205 million urban water supply and sanitation project for Nigeria

The African Development Bank, in March 2014, approved a US$ 205 million Urban Water Sector Reform and Port-Harcourt Water Supply and Sanitation Project in Nigeria.

The Board registered its appreciation for the project's alignment with the Bank's mandate and strategy and also noted its integrated design, highlighting the pro-poor focus, capacity building for effective maintenance and support to sector reforms. This project aims to provide residents of Port-Harcourt City in Rivers State with sustainable access to safe drinking water and sanitation and to strengthen the Federal Government's capacity to reform and scale up water supply and sanitation service delivery across the country.

Commenting on the Board's approval, Mohamed El Azizi, Director of the Bank's Water and Sanitation Department, stated that the project is a timely response to a confirmed need in the water sector, following discussions between the Federal Government, Rivers State Government and AfDB, which started in 2012.
He said: "The AfDB is proud to be collaborating with the Nigerian authorities on this project and we are bringing to the table a combination of our comprehensive approach to sustainable service provision; capacity to mobilize the significant funding needed to make a tangible difference; our experience from operations in Nigeria and other Regional Member Countries; and collaborative partnering with stakeholders in defining and implementing the project."

The Urban Water Sector Reform and Port-Harcourt Water Supply and Sanitation Project addresses the rehabilitation and extension of the run-down water supply system, as well as providing public sanitation and a pilot sewerage scheme. It also looks at the financial and commercial viability of the services provided through private sector, as well as environmental protection. It has a strong social focus to ensure that the investment benefits all potential consumer groups, particularly low income households.

Currently, citizens of Port-Harcourt and Obio/Akpor local government areas do not benefit from the existing water utility, as the infrastructure is generally run down. As in many cities across the country, most residents get water from vendors or private boreholes and wells, often paying high prices for water of unsafe quality. The successful implementation of this project will mean that Port-Harcourt citizens will benefit from increased quantity, quality and service hours of water supplied. This is expected to improve their health and productivity and residents will also gain better health from improved environmental and sanitary conditions.

The total project cost amounts to US$ 346 million, of which the AfDB is financing US$ 205 million. Significant water sector reforms undertaken in Rivers State over the past few years have provided a sound basis for an investment project at this time. Upon receipt of a funding request from the Federal Ministry of Finance, the African Development Bank, in close collaboration with the Federal Government, worked tirelessly to bring this project to fruition.

9. The Agriculture Sector: Transforming Farming into Business

Tractor - emblematic Tool for Mechanised Agriculture

9.1 The Agricultural Transformation Agenda Support Programme

The Agricultural Transformation Agenda Support Programme Phase 1 was approved by the AfDB Board in November 2013.

The project fits with the two strategic pillars of the Bank's 2013-2017 Country Strategy Paper for Nigeria which focuses on supporting the development of a sound policy environment; and Investing in critical infrastructure to promote the development of the real sector of the economy.

Irrigated Spinach Farms

Tomatoes from Bank-Supported Project

The programme aims to promote employment generation and shared wealth creation along the commodity value chains, as well as food and nutrition security. Its specific objective is to increase in a sustainable way the income of smallholder farmers and rural entrepreneurs engaged in the production, processing, storage and marketing of the selected commodity value chains.

Aligned to the Federal Government's Agricultural Transformation Agenda, which aims to attract private sector investment in agriculture, the programme will reduce post-harvest losses, add value to local agricultural produce, develop rural infrastructure and enhance farmers' and other value chain actors' access to financial services and markets.

According to the Bank's estimates, Nigeria has a huge potential in agriculture given the country's 84 million hectares of arable land, abundant labour, untapped water resources and a market of 167 million people. However, less than 40% of the arable land is cultivated and the country has become a net importer of food, spending more then US$10 billion per annum on the importation of wheat, rice, sugar and fish.

Reports from the Bank's funded projects in Nigeria indicate that while farmers have made significant gains by adopting improved crop varieties and farming practices, productivity falls far short of the full potential along the commodity value chains.

Thus, the project is targeting support for value addition through processing, better nutritious product and market linkages to improve farm profits and incomes critical for enhanced productivity from subsistence to commercial agriculture.

It will be implemented in four staple crops processing zones in seven states covering 194,426 km2 of land and populated by 32 million inhabitants who are predominantly farmers and small scale commodity processors.

The Bank's support comprises an ADF loan of US$ 152.12 million and an ADF grant of US$ 0.38 million.

The total cost of the programme spread over five years is estimated at US$ 175 million. The Bank's financing will account for 87.0% of the overall costs.

The Federal Government and seven states located in the four processing zones will contribute UA13.85 million (12.2%), while the beneficiaries will contribute UA0.66 million (0.6%) of the total costs.

The beneficiaries include farmers and farmers' cooperatives, commodity processors, private sector operators and registered small and medium enterprises (SMEs).

Agriculture – Okra Farm

AfDB-Funded computer Equipment af FST Orozo

10. The Social Sector – Integrating Nomads into Nigeria's Education System

Women in adult-literacy Class at Km26 Nomadic School

10.1 The Nomadic Skills Training and Vocational Education Project

Nomadic peoples constitute about six per cent of the total African population, or some 50 million people. They reside in at least 20 different countries in Africa. This large population, categorized into three major groups as pastoralists, migrant fishing folks and farmers, have a common wandering lifestyle. Shrinking grazing lands, constant blocking of grazing paths, increasing banditry, rising conflicts and tension between sedentary and nomadic communities are, however, making traditional nomadic lifestyles increasingly difficult. These challenges are compelling many nomadic peoples to abandon their mobile ways of life and skills to settle for menial jobs in towns and cities having received limited formal education.

To protect these nomadic people from the negative impact of the changes they now face, the State of Kaduna in Nigeria has overseen the establishment of 258 nomadic schools. The AfDB-funded Nomadic Centre located 26 kilometres from the city of Kaduna is considered by the Federal Government of Nigeria as a model project that falls in line with the Government's poverty reduction initiative and its efforts to expand access to basic vocational skills and education. The project promotes the Government's Education for All initiative and the attainment of the Millennium Development Goals.

It is worth noting that the nomadic population in Nigeria comprises some 9.4 million people. More than three million are children of school age. Concerned about their very low enrolment and literacy rates that range from barely 0.2 per cent to 20 per cent, several international development agencies, including the AfDB, have been offering these children support. The AfDB-supported Nomadic Skills Training and Vocational Education Project (STVEP) near Kaduna is a transformational project in terms of design and projected impact. Apart from the facilities at Kilometre 26, STVEP has nine other sites with an enrolment of 100 to 150 students.

According to Malam Ibrahima Yamta, Acting Executive Secretary of the Nigerian National Commission of Nomadic Education (NCNE), with this project Nigeria and the Bank have embarked on a major socio-cultural journey that will positively impact millions of people in the country and beyond.

Support to vocational skills FSTC Orozo

Mr. Yamta explains that the project will impart formal education to nomadic children while also helping to conserve their traditional way of life. The pupils will move from one school to the other, attending classes in a school for a few months at a time, and then moving on with their traditional groupings from place to place.

The AfDB's Kilometre 26 Nomadic Centre Project has brought about a new reality. Now, the educationally disadvantaged nomadic children not only learn the family pastoral trade, but they are also obtaining a vocational education. The advantages of integrating these nomadic peoples into the mainstream of Nigeria's education system are immense and cannot be overemphasized. The transition may not be easy but the AfDB and Nigeria are resolute in their determination to equip the country's nomadic communities with formal education and know-how to enable them to contribute and compete favourably in Nigeria's socio-economic and political life.

A study conducted by the Centre identified under-funding, faulty school placement, unsuitable curricula, and low pupil enrolment, incessant migration of pupils, in addition to cultural and religious taboos as key constraints to nomadic education. The studies helped the project to adopt more creative and innovative approaches to the education of nomadic children, including appropriate curricula, selection of suitable teaching methods and the use of trained nomadic teachers, alongside more efficient project monitoring and regular supervision. The project also uses materials suitable for nomadic children on the move such as radios as tools for instruction.

According to Mr. Yamta, the AfDB stepped in at the right time, bringing its experience to bear on the nomadic education system in Nigeria. The project components also include adult education services and vocational training that is raising the overall living standard of the rural community in Kaduna. The skills taught to the nomadic Fulani population complement their day-to-day needs in sewing, trading and consumption.

At the Kaduna Km 26 project site, the pupils are taught sewing and how to produce dairy products such as milk, cheese and yogurt, as well as mats. The project is bridging the literacy and skills gaps between the nomadic communities and the rest of society. Unlike previous nomadic schools, the AfDB-supported Km 26 Nomadic Centre project has solid structures with classrooms, workshops, libraries, teachers' quarters, water and electricity and latrines. It is responding to the Government's policy of using formal education as a means of upgrading the socio-economic condition of this rural population.

With about 45 per cent of the overall implementation of the project completed, the nomadic communities are happy with the project and confident it will improve their children's access to skills training and vocational education. Some of them requested that the Government should secure land around the schools where nomadic families could reside so that they would not be obliged to leave the temporary premises each night. The AfDB office in Nigeria is following up on the proposal to ensure a holistic sedentary package for these nomadic communities.

Executive Director Shehu Yahaya Visit Nomadic Education Centre

Olumirin Waterfalls Acrobatic Display of Nature-Osun State

Post script by Nigeria Country Director, Dr. Ousmane Dore

Dr. Ousmane Dore

The AfDB Nigeria Country Office (ORNG) is excited to present this brochure, which provides a snapshot of more than four decades of the exceptional relations between the AfDB Group and the Federal Republic of Nigeria.

The brochure is the fruit of close collaboration between the ORNG and the Bank Group's Communication and External Relations Department (CERD).

In general terms, the publication underscores how the Bank aligns its intervention with Nigeria's long term development strategy to explore the multiple development opportunities presented by the country's huge potentials for the benefit of the country's teeming population.

The symbiotic nature of this relationship is legendary. Nigeria plays a major role in the Bank Group's development, both as the biggest shareholder and the sole contributor to the Nigeria Trust Fund (NTF) and the Nigeria Technical Trust Fund (NCTF). At the same time, the country is among the largest recipients of the Bank Group's support.

Over the years, the Bank has supported the country in all areas of economic development with more than 70 operations in the public and private sectors. These include the provision of physical infrastructure, social development, as well as the domains of banking and industry. Currently, the Bank's portfolio in Nigeria comprises 28 projects cumulatively estimated at US$ 1.5 billion.

Established in 1971, the office has served as a channel of communication between the Bank, the Federal Government, State authorities, and the Private Sector in the 36 States of the Federation. ORNG organizes seminars and workshops on Bank Group procurement as well as loan disbursement procedures for the benefit of local institutions. It shares information with development agencies particularly the World Bank, UN agencies and ECOWAS Secretariat, with a view to enhancing aid coordination initiatives.

Nigeria is making giant strides towards multi-sectoral reforms with a vision to maximize development and spearhead regional integration in West Africa. The country has strengths, opportunities and abundant resource endowments to realize its aspirations. With a population of 167 million people, Nigeria can easily consolidate its leadership position on the continent.

The African Development Bank has strategically aligned its interventions with Nigeria's transformation agenda to drive competitive, inclusive and green growth. It is currently focusing on supporting critical infrastructure and creating a sound policy environment by filling infrastructure gaps and catalyzing dialogue to inform policy development. Surely, the recent upgrade of ORNG will enhance its effectiveness in sustaining the development impact of Bank Group operations in Nigeria.

ORNG will mirror the resilience and dedication exhibited by its host country and will remain an active partner toward the realization of the Nigerian dream.

Ozumba Mbadiwe Way

Appendix

Appendix 1 Link to Lekki Deep Sea port video

http://www.youtube.com/watch?feature=player_detailpage&v=wUJVzMGbpt4

Appendix 2 Link to video on Lekki Free Trade Zone

http://www.youtube.com/watch?feature=player_detailpage&v=ByMT3BeVNac

Appendix 3 Socio-economic impact of Enugu Bamenda Highway (Nigeria – Cameroon)

http://www.afdb.org/en/news-and-events/multimedia/video/socio-economic-impact-of-enugu-bamenda-highway-nigeria-cameroon-712/

Appendix 4 Ongoing AfDB operations in Nigeria

a) Private sector (March 2014)

Sub-Sector	No of Projs	PP/ PPP	Net Amount approved (US$)	Net Amount approved (NGN) billion	Net Amount approved (UA)	Total Net Amount approved (UA)	Amount disbursed (US$)	Disbursement rate	Date approved
Lines of Credit (LOC) to Financial Institutions:	**9**					**576 923 077**			
Access Bank Plc	1		35 000 000	5,60	22 435 897		35 000 000	100,0%	12/31/2006
Guarantee Trust Bank (GTB)	1		40 000 000	6,40	25 641 026		40 000 000	100,0%	12/12/2005
Zenith Bank LOC II	1		100 000 000	16,00	64 102 564		100 000 000	100,0%	12/13/2006
Zenith Bank Plc (Emergency Liquidity Facility)	1		50 000 000	8,00	32 051 282		50 000 000	100,0%	22/7/2009
Guarantee Trust Bank (GTB)	1		100 000 000	16,00	64 102 564		100 000 000	100,0%	6/23/2010
DOMESTIC-ORIENTED SME FINANCING PROGRAM FOR THE BANK OF INDUSTRY (BOI LOC)	1		100 000 000	16,00	64 102 564		-	0,0%	5/26/2011
EXPORT-ORIENTED SME FINANCING PROGRAM FOR THE NIGERIAN EXPORT-IMPORT BANK (Nexim LOC)	1		200 000 000	32,00	128 205 128		-	0,0%	5/26/2011
Fidelity Bank	1		75 000 000	12,00	48 076 923				13/7/2013
Africa Finance Corporation	1		200 000 000	32,00	128 205 128		120 000 000	50,0%	16/2/2012
Direct Investments (Equity)	**2**					**38 717 949**			
United Bank of Africa (UBA)	1		50 000 000	8,00	32 051 282		50 000 000	100,0%	5/9/2007
Africa Re	1		10 400 000	1,66	6 666 667				
Technical Assistance:	**2**					**1 026 465**			
FAPA Grant to Africa Business Round Table	1		500 000	0,08	320 513		200 000	40,0%	11/3/2009
Access Bank Microfinance Nigeria (ABN)	1		1 101 286	0,18	705 953		801 286	72,8%	11/1/2009
Infrastructure (PPP):	**5**					**165 384 615**			
ROAD TRANSPORT: Lekki Toll Road Project	1		85 000 000	13,60	54 487 179		85 000 000	100,0%	6/18/2008
Helios Towers	1		23 000 000	3,68	14 743 590		23 000 000	100,0%	9/2/2009
Indorama Fertilizer	1		100 000 000	16,00	64 102 564		-	0,0%	30/1/2013
OKIPP	1		30 000 000	4,80	19 230 769		-	0,0%	14/2/2014
ARM Infrastucture Fund	1		20 000 000	3,20	12 820 513		-	0,0%	30/10/2013
TOTAL PRIVATE SECTOR	**18**		**1 220 001 286**	**195,20**	**782 052 106**	**782 052 106**	**604 001 286**	**47,5%**	
Pipeline Projects to be approved in 2014	**Loan Application Amount ($)**								
Access Bank LOC 2	100 000 000								
Zenith Bank LOC III	125 000 000								
Stanbic IBTC	100 000 000								
Lift Above Poverty Organisation (LAPO)	12 000 000								
Access Bank Microfinance Nigeria (ABN)	5 000 000								
Nigeria Development Finance Institution	500 000 000								
Dangote Industries Limited	300 000 000								
Lekki Port	150 000 000								
Lagos Cable Car	60 000 000								
Total 2014 Pipeline Projects	**1 352 000 000**								
PRIVATE SECTOR ON-GOING PORTFOLIO in NIGERIA (UA million)									
Lines of Credit (LOC) to Financial Institutions	576 923 077								
Direct Investments (Equity)	38 717 949								
Technical Assistance	1 026 465								
Infrastructure (PPP)	165 384 615								
Total Approved Projects	**782 052 106**								

Legend:

IP = Implementation Progress
DO = Development Objectives
PPR = Project Performance Rating
PP = Problematic Project
PPP = Potentially Problematic Project

b) Public sector (March 2014)

Sub-Sector	Loan numbers	Number of Projects	Net Amount approved (UA)	Share of Portfolio	Amount disbursed (UA)	Disbur't Rate	Ave Annual disbur't in (UA)	Ave annual % Disb rate	Date approved	Closing Date
AGRICULTURE		3	74 900 000	9%	27 780 276	94,8%	7 412 252	26,7%		
Community based - Agricultural & Rural Development Project (CBARD)	2100150007117		13 000 000,00		12 326 440,7	94,8%	1 311 324	10,0%	11/09/03	30/12/2013
Support to the National Program for Food Security (SNPFS)	2100150013044		22 000 000,00		11 416 420,8	51,9%	1 812 130	15,0%	18/10/06	31./12./2013
CGIAR: SUPPORT TO AGRICULTURAL RESEARCH FOR DEVELOPMENT OF STRATEGIC CROPS IN AFRICA (SARD-SC)	2100155022217		39 900 000,00		4 037 414,1	10,1%	399 744	0,9%	18/03/09	31/12/.2016
Agricultural Transformation ATASP			99,03,000,000							
INFRASTRUCTURE		8	700 040 000	83%	245 490 515	20,7%	136 246 747	55,5%		
Rural Water Supply & Sanitation Sub-Programmes (RWSS)	2100150015645		51 000 000,00		10 541 889	20,7%	1 989 036	18,0%	10/10/07	31/12/2014
URBAN WATER SUPPLY AND SANITATION PROJECT FOR OYO AND TARABA STATES (UWSSP)	2100150025696		50 000 000,00		220 177	0,4%	64 758	0,3%	2/09/09	30/04/2016
ZARIA WATER SUPPLY AND SANITATION PROJECT (ZWSSP)	2100150026597		63 920 000,00		-	0,0%	-	0,0%	8/02/12	
URBAN WATER SECTOR REFORM & PORT-HARCOURT WATER SUPPLY & SANITATION PROJECT			134.800.000							
ECONOMIC AND POWER SECTOR REFORM PROGRAM (EPSERP)	2100150027946		100 000 000,00		67 000 000	67,0%	20 937 500	31,0%	28/10/09	31/12/13
TRANSPORT SECTOR AND ECONOMIC GOVERNANCE (TSERP) N	2000130009730		195 050 000,00		97 525 000	50,0%	97 525 000	1,0%	27/05/2013	31/12/2015
RURAL ACCESS MOBILITY PROJECT CROOS RIVER STATE - (CR - RAMP)	2100150014595		35 270 000,00		22 398 759	63,5%	4 072 502	18,0%	18/07/07	30/12/2013
TRANSPORT FACILITATION PROGRAMME FOR THE BAMENDA-MAMFE-ABAKALIKIENUGU CORRIDOR - Nigeria (NCH&TFP)	2100150019643		188 640 000,00		47 299 925,7	25,1%	11 261 887,1	23,0%	25/11/08	31/12/14
TRANSPORT FACILITATION PROGRAMME FOR THE BAMENDA-MAMFE-ABAKALIKIENUGU CORRIDOR - ECOWAS (NCH&TFP)	2100155015166		16 160 000,00		504 765,3	3,1%	120 182,1	0,2%	25/11/08	31/12/14
PRG- Partial Risk Guarantee for Nigeria Power Sector Privatization Program			122 000 000,00							
SOCIAL SECTOR		2	42 000 000	5%	16 613 354	39,6%	2 235 826	13,5%		
Skills Training and Vocational Education (STVEP)	2100150010394		30 000 000,00		13 983 594	46,6%	1 864 479	13,0%	27/07/05	30/11/2014
SUPPORT TO NETWORK OF REGIONAL AFRICAN INSTITUTIONS OF SCIENCE AND TECHNOLOGY (AUST & 2iE) PROJECT	2100155014816		12 000 000,00		2 629 760,1	21,9%	692 042,1	0,3%	18/03/09	31/12/2014
ENVIRONMENT		1	30 000 000	4%	6 986 692	23,3%	1 704 071	24,4%		
Lake Chad Basin Sustainable Development Programme / Programme de développement durable du Bassin du Lac Tchad (PRODEBALT).	2100155013766		30 000 000,00		6 986 691,5	23,3%	1 704 071,1	20,6%	12/12/08	31/12/15
POLICY-BASED NON-LENDING		1	144 755,00	0%	144 755,0	100,0%	144 755,0	0,0%	28/03/14	30/04/14
CAPACITY DEVELOPMENT PROGRAM FOR MEMBERS OF THE NATIONAL ASSEMBLY COMMITTEES ON FINANCE, APPROPRIATION & AID, DEBTS & LOANS (MIC-TAF Grant)	5500155007252									
TOTAL PUBLIC SECTOR		15	847 084 755	100%	297 015 591	23,3%	147 743 651	49,7%		

Note
At approval in Feb 27 2013 of Nigeria CSP, Disb rate stood at 20%
Projects in gray, recently approved, not included in the loan amount totals and/or project count

Legend:
IP = Implementation Progress
DO = Development Objectives
PPR = Project Performance Rating
PP = Problematic Project ; PPP = Potentially Problematic Project

REGIONAL PROJECTS		5	166 550 000		46 543 690	27,9%	14 823 536	31,8%		
TRANSPORT FACILITATION PROGRAMME FOR THE BAMENDA-MAMFE-ABAKALIKIENUGU CORRIDOR - Nigeria (NCH&TFP)			98 250 000		40 510 228	41,2%	9 747 023	9,9%	25/11/08	31/12/14
TRANSPORT FACILITATION PROGRAMME FOR THE BAMENDA-MAMFE-ABAKALIKIENUGU CORRIDOR - ECOWAS (NCH&TFP)			16 160 000		163 608	1,0%	39 365	0,2%	25/11/08	31/12/14
SUPPORT TO NETWORK OF REGIONAL AFRICAN INSTITUTIONS OF SCIENCE AND TECHNOLOGY (AUST & 2iE) PROJECT			7 000 000		3 016 008	43,1%	784 076	11,2%	18/03/09	31/12/13
CGIAR: SUPPORT TO AGRICULTURAL RESEARCH FOR DEVELOPMENT OF STRATEGIC CROPS IN AFRICA (SARD-SC)			39 900 000		2 826 533	7,1%	3 174 413	8,0%	18/03/09	31/12/13
Lake Chad Basin Sustainable Development Programme / Programme de développement durable du Bassin du Lac Tchad (PRODEBALT).			5 240 000		27 314	0,5%	1 078 659	20,6%	12/12/08	31/12/15

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