AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND

NIGERIA

LONG-TERM STRATEGY CONSULTATION MEETING

4th of April 2012
Summary Report on the LTS Nigeria Consultation Meeting

Abuja – April 4th, 2012

The summary below captures the main points that were discussed during the Nigerian national consultation meeting in Abuja, Nigeria, and is not intended to be a detailed set of minutes for the meeting. The comments have been summarized along the following thematic areas: (i) Context and drivers of change; (ii) Vision for Africa for the next decade; (iii) Operational focus for the Bank; (iv) Financing; and (v) Institutional reform.

1. Context and drivers of change

Context
- Certain African economies are experiencing a period of economic growth, which must be steered in the right direction. Nigeria, in particular, is entering a period of rapid growth.
- This growth must be steered in an inclusive direction. Unemployment is a problem that must be tackled, in this respect. Nigeria’s unemployment rates have grown in the past 20 years.
- Recent strikes in Nigeria highlight unrest among African constituents over rising oil prices, and a lack of employment opportunities to cope with the rise in commodity prices.
- Transport and energy infrastructure remains poor continent-wide. Poor physical infrastructure leads to project delays, and disincentives private sector development.

Drivers of change
- **Inclusive growth:** the Bank should support implementation of the local content policy in the Oil and Gas sector as which is a major driver of inclusive growth. This policy should eventually be expanded to other sectors.
- **Job creation:** given mounting unemployment in certain African economies, including Nigeria’s, the Bank should support job creation as the main factor for economic and social change, particularly as Africa prepares to reap a democratic dividend.
- **Educated population:** the Bank should likewise support access to health as a mean to enhance workforce productivity.
- **A healthy workforce:** the Bank should continue to help improve the quality of education from primary to tertiary level. It should assist the National University Commission in setting up and enforcing standards to ensure that graduates have the skills that are necessary to enter the workforce.
- **Solid infrastructure:** there is a need to facilitate and generate investment in infrastructure. The Bank should enable private sector participation and be pro-active with RMCs in promoting PPP projects.
- **Reliable energy:** the Bank should continue to support sector reform (tariffs), renewable energy and rural electrification projects. The Bank should also consider providing credit enhancement schemes such as PRG (partial risk guarantees).
• **Agriculture:** this sector employs 60% of the workforce in Nigeria. In supporting agribusiness, the Bank should work with CBN in implementing its policy in support of commercial bank's lending to the agricultural sector. The Bank should also assist in the reform of the Land Use Act which is critical for agricultural development.

2. **Vision for Africa for the next decade**

• Africa’s rapid economic growth should be transformed into an inclusive growth platform, steered by transparent and effective public institutions in collaboration with private sector actors.

3. **Operational focus of the Bank**

• **Align development objectives with national objectives:** the Bank's intervention in Nigeria should also be fully aligned with national objectives and preferably shift from project to mainly budget support.

• **Strengthened public institutions:** The recent strike over fuel subsidy removal has demonstrated the public demand for accountability. The ADB should help Nigeria fostering governance in public organizations and strengthening its institutions, including the National Assembly.

• **National Budget implementation:** as the budget drives development, but is often not well prepared, approved belatedly, often only partly implemented and lacks transparency, the Bank should focus on assisting Government in improving budget preparation and implementation.

• **Policy advocacy:** the Bank should support lawmakers in policy advocacy so that policies are better understood and implemented. As the premier financier in Africa should also increase its visibility in Nigeria and better publicize the impact of its operations.

• **MDB policy harmonization:** there are too many donors which makes coordination and monitoring difficult for Nigerian authorities. The Bank's operations should be harmonized with other donors so as to avoid duplication.

• **Better project screening:** the Bank should be selective in choosing States and Local Government areas for implementation of its projects. These must be screened before being considered for support, as such, pilot projects would create success stories.

• **Improved monitoring and evaluation:** the Bank should assist the Government in scaling up its capacity to monitor and evaluate development projects.

• **Improved data collection:** the Bank should provide technical support to national authorities in generating good statistics that form the basis of policy formulation.

4. **Financing**

• The Bank should focus less on safeguarding its corporate rating and more on helping RMCs like Nigeria achieve fiscal sustainability.

• The Bank needs to modify its business model by using its ADF resources to leverage ADB lending.
5. Institutional reform

- In view of its resource limitation, the Bank should rather strive to be a leader in promoting good policies and initiatives across the continent.

- The Bank should more readily embrace its role as a Knowledge Bank, in providing advisory services to RMCs and other stakeholders.

- In Nigeria donor support is miniscule if compared to the Federal Appropriation Bill Capital Expenditure funding, the Bank should therefore focus more on supporting reforms.