

D. What we have learned

- 4.1 Nigeria's position within the international community and the global economy can have a significant influence on her development. Attention should be given to Nigeria's leadership role in the African Union, NEPAD, ECOWAS and EITI, and its membership of the Commonwealth and participation in the G8 (group of eight leading industrial nations). External factors – particularly trade and debt – present opportunities for engagement. Nigeria's large and influential Diaspora could play a role in influencing reform.
- 4.2 A better understanding of the underlying factors blocking change is critical for the design of appropriate government policy, and support from the donor community. Assistance to individuals or organisations as 'change champions' will be more effective as part of a broader strategy that achieves institutional reform.
- 4.3 Government capacity to drive reform has remained limited (with the notable exception of the Economic Management Team, parts of the Presidency and some ministries) and development assistance aimed at building the generic capacity of government has had less impact than envisaged. Attention should be given to the incentives that motivate state politicians and civil servants to engage with reform. Linking development assistance to initiatives such as service delivery, for example, will build increased demand from the public and may strengthen the incentives of both public officials and politicians to implement reforms.
- 4.4 Working in partnership with government is complex; it has in the past been slow to yield results, and government commitment to reform in some areas remains fragile. NEEDS and SEEDS provide an appropriate poverty reduction strategy but it will take considerable effort to ensure NEEDS and SEEDS have the impact needed. The World Bank argues that without an order

of magnitude increase in resources to complement the reform process, Nigeria will miss most if not all MDG targets, some by a wide margin.

- 4.5 DFID's programme under the 2001 Country Strategy Paper focused mainly on support for government and sought to engage with formal systems (organisations and institutions established by legislation and governed by published and understood rules). We have learned that in Nigeria a large proportion of social, economic and political transactions in Nigeria take place outside the formal system, even when a formal system exists, and are governed by informal, personalised and patronage-based arrangements.
- 4.6 Engagement with the formal system (whether the justice system or the private sector) has had less impact as the strength of informal arrangements (patronage politics, traditional authority, extra-legal arrangements and activities) frequently circumvents or replaces the formal system. Understanding the impact of informal arrangements is essential, as the majority of the poor are dependent on informal networks and institutions and derive limited benefit from the existing formal systems. We need to be prepared to work innovatively with a wider range of partners to achieve real impact.



Current estimates suggest that achieving the 'Education of All' MDG by itself would require an additional \$650 million a year.

- 4.7 Engagement at state level remains important as approximately 50% of government expenditure takes place at state and local level, with states being responsible for the delivery of basic education and health services. However, our original assumption that it was possible to identify and support reforming states has been less successful than anticipated.
- 4.8. The incentives for states – particularly the political leaders – to engage with the reform agenda have been weak. The resources (both financial and technical) that DFID's engagement has brought to the states have been insufficient to compensate for the loss of highly personalised, discretionary use of resources that engagement with the reform agenda would entail. The NEEDS and SEEDS agendas provide a more robust framework for reform, and, if implemented, will begin to change the political system at state level and create opportunities for growth.
- 4.9 DFID's state level assistance will support states that engage meaningfully with the SEEDS agenda. DFID will provide technical and financial resources to provide stronger incentives to both public officials and civil society to engage with reform. In this way, reforms are more likely to become sustainable, reducing the risks associated with a change in political leadership following the 2007 elections.
- 4.10 DFID's preferred method of working will be with state governments that develop and implement an effective and pro-poor SEEDS. There will be states (some with high concentrations of poor people) that do not develop credible SEEDS. To make progress towards the MDGs, DFID will engage with direct service provision in a number of such states. This may include working with local government, civil society organisations, non-governmental organisations, and the private sector.
- 4.11 Our focus will be on reducing the spread and impact of HIV and AIDS; supporting primary health care and education; and providing health care commodities (including anti-malarial bed nets and condoms). The overall objective of this engagement will be to support the development of pro-poor services that will have a direct impact on people's lives and accelerate progress towards the MDGs.
- 4.12 Donor harmonisation and coordination of effort during Obasanjo's first term was weak, largely as a result of the absence of an agreed government-led poverty reduction strategy. Nigeria has few development partners and, by sub-Saharan African standards, is significantly under-aided (the average per capita assistance to sub-Saharan Africa is \$21; aid to Nigeria is approximately \$1.40 per capita).
- 4.13 The introduction of NEEDS and SEEDS provides a focus for donor coordination. The major development partners (DFID, the World Bank, the European Commission, USAID and the United Nations agencies) are working cooperatively to support NEEDS and SEEDS; to achieve Universal Basic Education; are exploring the possibility of pooled support for free and fair elections in 2007; and to target MDG related issues including HIV and AIDS, polio and malaria. Donor coordination and joint working can and should be improved further. The opportunity for development partners to join up around NEEDS and SEEDS will improve the overall impact of development assistance.
- 4.14 Nigeria has a large and active UK-based Diaspora of approximately 80,000 people. The Diaspora is well educated and of high social status. For example, there are over 2,000 doctors of Nigerian origin registered with the UK General Medical Council. More than 2 million Nigerians have emigrated from Nigeria. Significant financial remittances are transferred from the Diaspora to Nigeria each year – the global total was \$1.3 billion in 1999. The size and significance of the Nigerian Diaspora makes engagement with this community important for DFID.
- 4.15 Nigeria's changing demography presents specific development challenges. NEEDS predicts that if the population growth rate continues at 2.8% per year, there will be 182 million Nigerians by 2015, and 275 million by 2030. This focuses attention on issues such as urbanisation, and youth employment. An ageing population also requires policy attention to be given to economic security strategies, to ensure basic health services are responsive to age-related disease, and that detailed information on demographic trends informs policy. The impact of HIV and AIDS on demographic trends will also have policy implications.