

PROGRAM-FOR-RESULTS INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.:PIDA0101967

Program Name	Better Education Service Delivery For All Operation
Region	Africa
Country	Federal Republic of Nigeria
Sector	Early childhood education, primary education, secondary education, public administration - education
Lending Instrument	Program for Results
Program ID	P160430
Borrower(s)	Federal Republic of Nigeria
Implementing Agency	Universal Basic Education Commission (UBEC)
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I. Country Context

1. Nigeria's 2015 presidential elections brought to power the opposition candidate on a platform to improve security, address corruption, and promote more inclusive and job-enhancing growth – in reaction to the country's security challenges, endemic governance issues, and weakened economy. Today, Nigeria continues to face several security challenges. The Boko Haram insurgency in the North East that began in 2009 has posed a considerable challenge to the country's security forces, leading to the loss of more than 20,000 lives, the displacement of 2 million people, and negatively affecting the livelihoods of 6 million people. Though an army offensive in late 2015 drove Boko Haram from much of the territory it held in the North East, the militants periodically strike back with suicide bombings and attacks on civilians. In parallel, as the Sahel and farms encroach on pastures and grazing areas, conflicts between herdsman and farmers have intensified across Nigeria's "middle belt". Finally, militant attacks on oil and gas infrastructure in the Niger Delta more than halved crude oil production in 2016. Production has recovered since, although uncertainties remain.

2. Nigeria enjoyed strong growth over the 2003-14 decade until oil prices began to decline at the end of 2014, and the Nigerian economy fell into recession in 2016. Average annual gross domestic product (GDP) growth during 2003-2014 was 6.7 percent, anchored in the services sector and private consumption, which in turn benefited from the spill-overs of the oil economy. But rapid growth did not translate into significant poverty reduction¹, as poverty rates in Nigeria declined by only 10 percentage points, from 46.0 percent in 2004 to 36.1 percent in 2013. In addition, the Nigerian economy is estimated to have contracted by 1.5 percent in 2016.

3. The low responsiveness of poverty reduction to growth is primarily due to the stagnation

¹ World Bank. 2016. *Poverty Reduction in Nigeria in the Last Decade*.

in poverty rates in the North East and North West zones. The slow progress in poverty reduction in rural areas in the North is linked to slow structural transformation in the agricultural sector. In the North East and North West, two-thirds of the population is in farming and wage jobs are only 10 percent of total employment (compared to only one in five workers in South West in farming and one in four in wage work)². Whereas 40 percent of the labor force in the North has never attended school, in the South the proportion of the labor force without any education is around 20 percent³.

4. Revenue shortfalls have constrained the Federal Government's ability to boost growth through increased investment spending, in general, and caused delays in salary payments in the education sector, in particular. In addition, since basic education salaries are sourced directly through statutory transfers from the Federal Government to Local Government Authority (LGA) accounts, some States reported several months of delay in paying teacher salaries in 2016.

II. Sectoral (or multi-sectoral) and Institutional Context

5. Despite Nigeria's commitment to free, compulsory, and universal basic education under the Universal Basic Education (UBE) Act of 2004, basic education continues to suffer from low and inequitable access, and low learning outcomes. Based on the 2015 Nigeria Education Data Survey (NEDS), Nigeria's gross enrolment rate (GER) in primary education is 87 percent (compared to 100 percent for sub-Saharan Africa), and while the rate for junior secondary education (65 percent) is above the average for sub-Saharan Africa, it remains well below universal. Enrolment rates in basic education are also marked by gender disparities, as well as wide variation across zones of Nigeria, with the North East and North West demonstrating lower outcomes.

6. Nigeria stands out globally in its number of out-of-school children – in 2013, Nigeria had the largest number of out-of-school children of primary age (8.7 million), followed by Pakistan (5.6 million) and India (2.9 million)⁴. The fact that Nigeria's primary age out-of-school population is so large reinforces the urgency of addressing the problem of out-of-schooling as otherwise, in all likelihood, the primary out-of-school population will swell the ranks of the lower secondary out-of-school population a few years down the line. In fact, comparison of the 2010 and 2013 Demographic and Health Survey (DHS) findings indicates a total of 13.2 million of basic education (i.e. primary and lower secondary education) school-age children were out of school⁵ in 2013 – an increase of 3.3 million from the 2010 estimate. An overwhelming majority of out-of-school children -- 12.6 million -- are in the North (see Figure 1). The impact of millions of Nigeria's children being uneducated on these children's future prospects in life as well as their ability to contribute to Nigeria's social and economic development, cannot be overestimated.

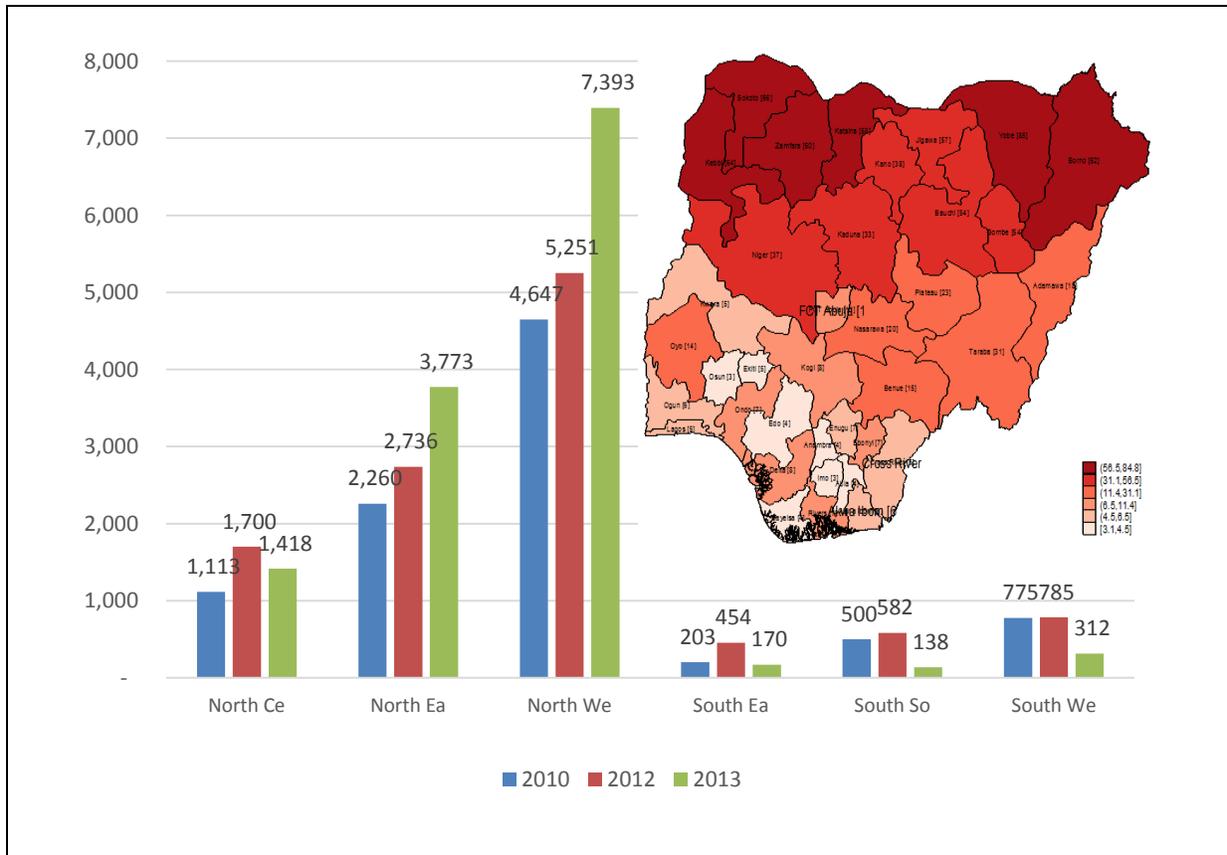
Figure 1: Numbers of out-of-school children by zone (2010-13) and rates of out-of-school children by state (2013)

² World Bank. 2015. *More, and More Productive, Jobs for Nigeria: A Profile of Work and Workers*.

³ World Bank. 2015. *Nigeria: Skills for Competitiveness and Employability*.

⁴ UNESCO Institute for Statistics. July 2016. *Leaving no one behind: How far on the way to universal primary and secondary education?* Policy Paper 27/Fact Sheet 37.

⁵ The definition of "out-of-school children" are children in the basic education age group, i.e., 5-15 years old, who are not attending any type of recognized basic education institution, whether public, private, or religious schools that integrate the 4 core subjects of English, mathematics, social studies, and science.



Source: General Household Survey Panel 2010/11 and 2012/13, and Demographic and Health Survey 2013

7. In addition to low and inequitable access, the quality of basic education, measured in terms of student learning outcomes, is low in Nigeria. According to international standards, children who have completed grade 3 are expected to be fully literate. Yet, in Nigeria only 66 percent of public school students can read at least one of three words and 78 percent can add single digits after completing grade 4 (2015 NEDS).

8. Universal basic education is a shared responsibility of the three tiers of government in Nigeria and the successful implementation of the UBE program calls for intergovernmental coordination and policy alignment. Half of the UBE Intervention Fund managed by the Universal Basic Education Commission (UBEC) is transferred to the States under a matching grant mechanism and utilized by State governments to build and refurbish school facilities. In order to avail themselves of the UBE matching grant, States have to submit to UBEC an investment plan and subsequently report on its implementation (they can only access the next installment after spending 70 percent of the previous one). The other half of the Intervention Fund is directly spent and executed by UBEC but on the condition that benefitting States also plan for its uptake.

9. The large number of out-of-school children in Nigeria is the result of a wide range of demand- and supply-side factors that vary (in type and degree) by State and geographic location (see Table 1). On the demand side, household poverty prevents children from enrolling in school as families face many direct and indirect costs, including the opportunity cost of child labor. Perceived low benefits of education, especially for girls, and inappropriateness of formal

education, is also an important contributing factor. In the conflict-affected areas of the North East, given Boko Haram’s targeting of the education system, demand-side constraints have become particularly severe in recent years. On the supply side, school facilities can be distant, classrooms overcrowded and ill-equipped, and in the conflict-affected North East, schools may be completely destroyed or in dire need of repairs.

Table 1: Supply-side and demand-side obstacles to education

DEMAND	SUPPLY
<p>A. Socio-economic factors</p> <ul style="list-style-type: none"> • Poverty • High costs (fees, uniforms, transportation, levies) • High opportunity costs/low rates of return • Children needed for household/ agricultural/ petty trading tasks • Residence in remote, sparsely populated areas • Limited employment opportunities for school leavers <p>B. Cultural factors</p> <ul style="list-style-type: none"> • Parents’ low level of education • “Western” education perceived as incompatible with traditional/ cultural beliefs and practices • Skeptical attitudes towards the benefits and outcomes from education 	<p>C. Political/ institutional factors</p> <ul style="list-style-type: none"> • Budget constraints • Insufficient public support for the poor • Political instability • Inconsistency in educational policies • Poor quality of educational programs • Ill-adaptation of educational systems to local learning needs <p>D. Factors linked to the school</p> <ul style="list-style-type: none"> • Limited school/ classroom space • High school fees • School curricula and school organization in conflict with traditional culture • School calendar incompatible with farming cycle • Lack of school canteens or school feeding facilities

Source: UBEC. October 2015. *UBE Programme 5-Year (2015-2020) Road Map*, page 25, Table 7 (reproduced verbatim in its entirety).

10. Most basic education teachers lack formal qualifications as well as required content knowledge and skills for effective teaching. In 2010, on average, 32 percent of teaching staff in pre-primary education, 40 percent in primary education, and 15 percent in junior secondary education lacked formal qualifications (UBEC 2012). In addition to being concentrated in the South, qualified teachers tend to be in urban areas and private schools.

11. The Government’s primary vehicle for ensuring universal access to quality basic education is the UBE program. The objectives of the UBE program are to⁶:

- Ensure unfettered access to free and compulsory nine years of formal basic education for children of school-going age;
- Reduce drastically the incidence of drop-out from the formal school system, through improved relevance, quality, and efficiency; and
- Ensure the acquisition of appropriate levels of literacy, numeracy, manipulative, communicative, and life skills as well as the ethical, moral, and civic values needed for laying a solid foundation for life-long learning.

⁶ See <http://ubeconline.com/> accessed on January 13, 2017.

III. Program Scope

12. The UBE program, funded by the UBE Intervention Fund that is channeled through UBEC, represents the relevant Government program. The proposed Better Education Service Delivery for All (BESDA) Operation aims to incentivize three key behaviors that will lead to the desired change, i.e. improved performance of the UBE program:

- a. Adopting a results-oriented approach that fosters mutual accountability among Federal and State actors;
- b. Allocation of funds to those States that demonstrate the greatest need and performance; and
- c. Addressing constraints to access to basic education in a holistic manner, i.e. both demand- and supply-side constraints, where relevant.

13. The proposed BESDA operation aims to bolster the UBE program's ability to channel more funds to States with greater needs, so that the PforR Program boundary is roughly half that of the UBE program, corresponding to the 17 focus States (out of a total of 36 States and FCT) under Results Areas 1 (increasing equitable access for out-of-school children) and 2 (improving literacy) and all States under Results Area 3 (strengthening accountability for results). The UBE program's objectives are currently being pursued through the UBE Intervention Fund allocation formula that is subject to revision, if deemed necessary⁷. The Operation, though it supports the UBE program, does not rely on the current allocation formula of the UBE Intervention Fund and its range of activities. Instead of the UBE Intervention Fund's approach of equal allocation to all States, a subset of States facing the greatest challenges in promoting access to basic education will be eligible for the Program funds dedicated to increasing access to basic education and improving literacy. At the same time, given the importance of strengthening accountability and results-orientation for the education sector as a whole, FME, UBEC, and all States will be able to access the funds dedicated to this end. The Operation's results- and needs-based focus will therefore provide a demonstration effect, or proof of concept, both for the Federal and State levels, as to how the UBE program could operate more effectively and achieve desired results.

14. The proposed BESDA Operation is designed as a hybrid consisting of two parts: the Program (US\$472.5 million), using a Program-for-Results (PforR) instrument, and a technical assistance (TA) component (US\$27.5 million), which uses an Investment Project Financing (IPF) instrument. The design of the proposed Operation builds on the track record of recent collaboration between the Government and the World Bank in the education sector using results-based financing.

IV. Program Development Objective(s)

15. The BESDA PDO is to increase equitable access for out-of-school children and improve literacy in focus States, and strengthen accountability for results, in basic education in Nigeria. Specifically, BESDA aims to support increases in access to basic education above and beyond

⁷ The allocation formula is determined by the UBEC Board of Directors and its revision requires the approval of the Federal Executive Council (or Cabinet).

natural population growth, so that out-of-school rates are reduced. In terms of increasing *equitable* access to basic education, key population groups include girls and the internally displaced, in addition to others. With regard to improving the quality of basic education, BESDA focuses on literacy specifically given its foundational nature, the low literacy rates in Nigeria, and the fact that increases in literacy rates requires improvements in several other areas – including teaching quality and the learning environment (both infrastructure and textbooks). Finally, BESDA supports system strengthening through its focus on accountability for results – incentivizing measurement of results under the UBE program while fostering mutual accountability at the Federal and State levels towards achievement of these results.

16. Based on the PDO, BESDA has three Results Areas: increasing equitable access for out-of-school children, improving literacy, and strengthening accountability for results. All three Results Areas relate to basic education and the children of basic education age (5 to 15 year-olds since basic education includes pre-primary education). Results Areas 1 and 2 are focused on States with the greatest number of out-of-school children, covering thereby the North West and North East, and additionally the State with the greatest out-of-school population in each of the other 4 zones in Nigeria, resulting in a total of 17 States. Results Area 3 cuts across all States and Federal Capital Territory (FCT).

V. Environmental and Social Effects

17. The overall environmental impacts of the Program are likely positive, provided that adequate measures are taken during the design, implementation, and operation phases of sub-projects. The expansion of school infrastructure under the Program will likely focus on rehabilitation, renovation, and expansion of existing schools with limited cases of building new schools. Potential adverse environmental impacts associated with the Program are specific to construction/rehabilitation sites, which include: (1) community and workers' health and safety risks; (2) water supply (including potable water) and gender-friendly sanitation/latrines facilities in schools; (3) indoor air quality; (4) safety (including perimeter fence) and access for students in schools; and (5) disaster/fire safety and emergency response arrangements.

18. The overall social impacts of the Program are likely positive, owing to the Program design to aim to improve access, equity, and quality of basic education in Nigeria. The potential adverse social impacts of the Program are not expected to be significant. For example, the Program will not have significant negative impact related to land acquisition or loss of access to natural resources. There are no Indigenous Peoples in the Program areas. However, there are some potential social risks that may include the following: (1) limited success in bringing vulnerable groups of children back to school. Children do not go to school in Nigeria for a wide range of demand- and supply-side reasons that vary by State and geographic location. Unless the wide range of these complex issues are successfully addressed by the Program, vulnerable social groups of out-of-school children will remain excluded from the education service, which will include: girl children; children of nomadic pastoralists and farmers; *almajiri* children; and unaccompanied/displaced children; (2) increased risk of child abuse and internal clashes at school; and (3) negative social impacts from ongoing insecurity in the North East conflict.

19. Based on a review of the available data and detailed analysis of the environmental and

social effects of the Program and the institutional context, the ESSA has identified main areas for action in order to ensure that the Program interventions are aligned with the Core Principles of Bank Policy for Program-for-Results Financing. The key actions and measures identified in the ESSA have been included as part of the Program Action Plan (PAP) for improved environmental and social due diligence in BESDA.

20. The TA component will use the IPF instrument to support a set of TA activities. Environmental and social impact under the TA component is negligible, and will be addressed separately through the Integrated Safeguards Data Sheet (ISDS).

21. Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR Program, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the World Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the World Bank's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of the World Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate GRS, please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

VI. Financing

Operation Cost and Financing (US\$ million)

	Amount	% of Total
Total Operation cost	1,260	100
Total Program cost	1,232.5	98
IPF component	27.5	2
Total financing	1,260	100
Government	760	60
IDA	500	40
Financing gap	0	0

VII. Program Institutional and Implementation Arrangements

22. Successful implementation of the Operation will require improved Federal-State-Local level communication, coordination, and collaboration. While FME has the mandate for policy formulation and coordination, UBEC is responsible for the implementation of the UBE program. Focusing on results for service delivery and supporting the UBE program, BESDA is anchored in this existing structure with additional capacity provided by support teams (and partly financed by the TA component) in UBEC and State Universal Basic Education Boards (SUBEBs). A National Policy and Monitoring Team (NPMT) has been appointed within FME to oversee the Operation. A UBEC National Coordination Team will guide implementation of the Operation

with support from a UBEC Coordination Support Team (CST). These teams are similarly assembled at the State level between the State Ministry of Education (SME), SUBEB, and Local Government Education Authority (LGEAs) to perform the respective monitoring, reporting, and implementation functions. The implementation arrangements aim to catalyze system effectiveness through a clear delineation of roles and responsibilities, designated support teams (in UBEC and SUBEBs), and increased fora for engagement (e.g., quarterly peer learning activities) across States.

23. BESDA is a national Operation implemented at multiple levels to meet the demands of the structure of the UBE program in line with maximizing education results in the three identified Results Areas. Responsibility for management and funding of Results Areas 1 and 2 (DLIs 1-3) rests with the SUBEBs in each State to deliver Program investments on increasing access and quality in basic education. Under Results Area 3, SMEs would be responsible for publication of the ASC (DLI4) with support from UBEC and SUBEBs. The preparation of the annual State UBE plans is led by SUBEBs (DLI5). Interagency coordination is further strengthened by the technical group (TG) established among the SME and SUBEB teams to oversee program implementation at State level. Implementation Support Teams set up within the SUBEBs will be responsible for day-to-day Program administration and monitoring.

24. The financial management arrangements under the Operation will be carried out using country systems. The existing systems of budget preparation and execution, accounting, internal controls, funds flow, financial reporting, external audit, and legislative oversight will continue to be adopted for Program implementation. Financial management will be anchored in and managed within the Directorate of Finance and Accounts of UBEC and at the SUBEBs. UBEC has a Procurement Unit that manages all procurements, and the National Coordination Team will rely on this Procurement Unit to support Operation implementation. Procurement at the State level is carried out by the SUBEBs.

25. The Government of Nigeria has a number of well-defined policies, instruments, and laws that support environmental and social management and the environmental and social impact assessment processes. Sectoral policies provide directives to integrate environmental and social considerations in the decision making process to avoid or minimize impacts associated with Program implementation. The Federal Ministry of Environment (FMEnv) is mandated to coordinate environmental protection and natural resources conservation for sustainable development and will ensure that the program implementation conforms to the statutory guidelines. The Environmental and Social Systems Assessment (ESSA) identifies strengths, gaps, and opportunities in Nigeria's environmental and social management system with respect to effectively addressing the environmental and social risks associated with the Program. The analysis identified several main areas to improve environmental and social due diligence and these are reflected in the Program Action Plan (PAP) in order to ensure that the Program interventions are aligned with the Core Principles of the Bank Policy for Program-for-Results Financing.

VIII. Contact point

World Bank

Contact 1: Dina Abu-Ghaida and Roland Lomme
Title: Lead Economist and Senior Governance Specialist
Tel: +1 (202) 473-2649
Email: Dabughaida@worldbank.org and rlomme@worldbank.org

Contact 2: Ana Besarabic Bennett
Title: Senior Operations Officer
Tel: +1 (202) 473-0483
Email: abesarabic@worldbank.org

Borrower/Client/Recipient

Contact: Mr. Aliyu Ahmed
Title: Director, International Economic Relations Department
Tel: +2348055231816
Email: aahmed@gmail.com

Implementing Agency

Agency: Universal Basic Education Commission
Contact: Dr. Hamid Bobboyi
Title: Executive Secretary
Tel:
Email: hbobbyi@hotmail.com

IX. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>