1. Key development issues and rationale for Bank involvement
   Despite progress towards the MDGs and universal primary education, critical problems persist: limited access for the poorest, low schooling quality, low internal efficiency, and weak capacity. About seven million children are still out-of-school. Although reliable measures of student achievement are limited, a few available assessments of student learning outcomes show low education quality, resulting in turn in low system efficiency. The situation is similar for most states, including Anambra, Bauchi and Ekiti.

   (a) **Low Enrollment Rates.** Despite a rapid increase in primary net enrollment since 1990, from 59.9 percent to 66 percent in 2006, overall enrollment rates are relatively low for both primary and secondary. Available figures show a significant drop in 2007, which points to the need for continued emphasis on access to education (Figure 1 below). Large gender, income and regional disparities exist – for example, only 20 percent for girls in some northern States attend primary schooling. The cost of schooling, both direct (school fees, books and supplies, uniforms, transportation, etc.) and indirect opportunity costs, remains the key reason for low enrollment and for school drop-out, especially in the Northern States, thus posing a key barrier to the achievement of Education for All and Millennium Development Goals.

   (b) **Low Completion Rates.** As Figure 2 below shows, Nigeria’s primary completion rate is relatively low, with only about three out of four students completing the primary education cycle (Grades 1-6), and only about 76 percent of these go on to junior secondary school. This performance is particularly low relative to countries such as Ghana, South Africa, Egypt and the Republic of Korea. Therefore, if Nigeria is to keep pace with growth and face global realities, it is paramount that a higher number of students complete primary education.
(c) Uneven Access to Learning Opportunities: Overall enrollment rates in basic and secondary are low, especially in the Northern Regions, particularly for girls. A survey\(^1\) on educational attainment shows wide disparities in terms of gender, geographical boundaries, and geopolitical zones. Females and males in rural areas are more than twice as likely as those in urban areas to have no education (49 against 22 percent for females, and 35 against 14 percent for males). Similarly, household members in the North West and North East are four times more likely to have no education than those in the South-South region (68 and 66 percent, against 15 percent).

(d) Low Education Quality and Relevance. Education quality is substantially low, and varies considerably within and across States. The few available surveys on student’s learning outcomes indicate very low learning outcomes, due primarily to poor learning environment, inadequate learning materials, ineffective teacher training, and outdated curricula. Further, in a survey of student learning achievement across 22 Sub-Saharan countries, Nigerian students scored the lowest, 30 percent compared to the highest rate of 70% and an average of 48 percent).\(^2\) Moreover, the 2010 results of the West African Senior School Certificate examination (conducted by the West African Examination Council - WAEC) show that only 25 percent of Nigerian candidates obtained credits in the English Language, Mathematics and at least three other subjects (the requirements for admission into tertiary institutions). The main contributing factors to low learning outcomes are the poor conditions of the learning environment (e.g. physical facilities, including water and sanitation, inadequate distribution of essential textbooks and instructional aids), lack of teachers or their poor deployment, poor teaching quality, inadequate teacher training, low motivation and limited opportunities for professional development. Teacher qualification and deployment issues have become critical to successful delivery of basic and secondary education. While there can be an over-concentration of teachers in the urban areas, the most deprived, largely rural areas lack either qualified or unqualified teachers, which is particularly true for female teachers in the Northern regions.

(e) Low literacy Levels. A literacy test was administered to respondents (with less than a secondary school education) to assess their ability to read all or part of a simple sentence in any of the major language groups in Nigeria. This test indicates that urban women are nearly twice as likely to be literate as rural women (77 and 41 percent, respectively). Literacy levels vary widely by zone, with the northern zones lagging behind the southern zones. In terms of household economic status, women in the lowest wealth quintile have very low literacy rate compared with those in highest quintile (13 against 92 percent). For men, this is less pronounced, though the rate for men in the highest wealth quintile is still more than doubled that in the poorest quintile (97 against 40 percent).

\(^1\) National Demographic and Health Survey 2008, National Planning Commission, Federal Republic of Nigeria and ICF Macro (Maryland, USA), (November 2009).
(f) **Weak governance and management capacity.** States and LGAs are responsible for pre-tertiary education services based on national education policy and standards. The system suffers from an absence of accountability/quality mechanisms, and limited capacity for policy-making, planning, management, and monitoring and evaluation. As a result, many children leave primary and junior secondary schools without adequate literacy, numeracy and life skills. In general, the following key issues are consistent across states: (i) ineffective policy implementation or fragmented decision-making due to poor division of responsibilities, unclear overlapping functions, a multitude of parastatal/agencies, and poor relationships across government and concerned agencies; (ii) inadequate strategic planning and management capacity; (iii) absence of a sound and reliable monitoring and evaluation system; and (iv) scarce reliable information on students’ learning outcomes. Regarding education financing, Nigeria’s public expenditure on education grew from 2.3 between 1996 and 2005 to 5.4 percent of GDP. In 2006, it stood at five percent of GDP, and 12.5 percent of total public spending. While aggregate public spending as a percent of GDP is higher than the average of Sub-Saharan countries (3.9 percent) – only slightly lower than the level in South Africa and Kenya (5.3 and 7 percent, respectively) – substantial educational gains do not materialize due to inefficiency and ineffectiveness of expenditures.

(g) **Policy Options.** Notwithstanding the above challenges possibilities exist for adopting bold policy measures towards better educational outcomes in the medium-term. Depending on in-depth analysis, these may include: (a) improvements in financial and fiscal management in the education sector; (b) improvement in the efficiency and effectiveness of UBE and other related funds utilization; (c) introduction of results-based financing; (d) establishment of a strong monitoring and evaluation system; (e) strengthening of quality assurance in terms of standards and academic supervision; (f) strengthening of School-Based Management Committees for school-based management and accountability; (g) a strategy that defines clearly the role of the government/agencies at all three levels (Federal, State and LGA), and taps the private sector to complement the government’s efforts in delivering quality education for all; and (h) the inclusion of civil society and community-based organizations in the education sector governance and management reform process. Only then can education play fully its critical part in contributing to poverty reduction and economic growth.

2. Rationale for Bank involvement

The proposed project is consistent with the **Country Partnership Strategy II** (2010-2013), which emphasizes as its overarching priorities the need to improve Nigerian livelihoods by improving governance, maintaining non-oil growth, and promoting human development. The CPS is driven by the key pillars in the 7PA, and incorporates the promotion of human development through a focus on better governance, and assistance to the Government to strengthen its own systems for the delivery of improved human development outcomes. In education, the priorities include assistance to the Government, especially at state level or below, in improving

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governance in the sector by enhancing education service delivery through: (i) governance reforms; (ii) re-defining the roles of the government at all three levels, and defining entry points for the private sector; (iii) skills development; and (iv) girls’ education.

Thus, the focus of the proposed project would be on improving state governance and management in the education sector. Given the World Bank’s experience world-wide with programmatic investments featuring results-based financing, it is well placed to assist the Federal Government of Nigeria in developing catalytic interventions focusing on results and outcomes, in collaboration with other development partners.

Opportunities for transforming the educational system to produce rapid educational gains.

Nigeria can benefit from having, amongst others: (i) a highly decentralized administrative system making greater community participation in decision-making; (ii) a long history of NGO and faith-based organization (FBO) involvement in the sector; (iii) talented, experienced, and knowledgeable policy-makers; and (iv) an openness to innovation and reform. The proposed project therefore aims to spur the Government’s efforts to invest in innovative sub-programs, including performance incentives, linked to results and outcomes.

3. Proposed objective(s)

The proposed project development objective is to improve educational management and governance in selected States in order to enhance equitable access and quality, in the education sector.

4. Preliminary description

(a) The project proposes to provide technical and financial support primarily to selected states to improve access with equity, education quality, and to strengthen capacity for improved service delivery. Specifically, the project will support selected States’ education programs to: (i) improve and expand access to schooling for the disadvantaged; and (ii) improve the quality of teaching and student learning, and raise student achievement. The proposed credit would finance selected aspects of the State’s programs that clearly and convincingly contribute to the achievement of specified sector goals within these two areas.

(b) Considering that the key constraint to meeting sector objectives is weakness in management and accountability, the proposed project is expected to track improvements in governance and management, which in turn would condition the timing and amount of disbursements. It would be a four-year Sector Investment Credit (US$150 million), which would reimburse selected eligible expenditure programs (EEP) over twelve intervals, with the event and amount of reimbursements conditioned on the achievement of pre-specified results (disbursement-linked indicators – DLIs). A technical assistance (TA) component (tentatively around ____% of the credit amount), would be provided, based on the relevant needs of each state, and in line with the project development objective and the agreed DLIs.

(c) The project, with a state-level focus, would comprise two-components aimed at supporting the government programs and priorities focusing on the MDGs and

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4 Currently, based on the selection criteria, the states of Anambra, Bauchi and Ekiti are strong candidates.
Universal Basic Education, along four mutually reinforcing themes: (a) Improving school effectiveness through School-based Management; (b) Improving access to quality schooling; (c) Improving the quality of schooling; (d) Improving sustainability and effectiveness of public expenditures, along with technical assistance.

Component 1 – Supporting State Government program to improve equitable access to quality education

(a) Theme 1: Improving School Effectiveness through School-Based Management. The objective would be to improve equitable access to quality schooling and education quality by providing an enabling environment for schools to function more effectively and to be accountable for results. The strategic objectives to be supported are: empowerment of School-Based Management Committees (SBMCs) and Parent Teacher Associations (PTAs) for effective school management and enhanced accountability of principal/teachers to parents and other local stakeholders; through focused support from Civil Society Organizations (CSOs), Local Government Authorities (LGAs) and private sector. Activities would include: (i) an integrated framework to strengthen school management and accountability; (ii) capacity-building program to strengthen school improvement planning; (iii) provision of school grants for improving access for the poorest and disadvantaged groups (with demand-side interventions), and enhancing education quality; (iv) a communications strategy for raising community awareness and participation; (v) establishing a funding mechanism for decentralized school-based management; (vi) improvement in the timeliness, quality and coverage of the Annual School Census; (vii) strengthening of school performance monitoring; and (viii) dissemination of critical information to parents, students, and other local-level stakeholders regarding performance and use of resources. Each state is expected to put in place a school improvement grant facility as part of the proposed project. Eligible Expenditures Programs under this theme would include: SBMC capacity-building program (school grants), SBMC recurrent budget, and monitoring.

(b) Theme 2: Improving Assessment of Student Learning Achievement. The objective would be to establish progressively a standard system of measuring student learning achievement in key subjects, such as English Language and Mathematics. The areas to be supported would cover at state level: (i) establishment of capacity for regular administration of student learning assessments; (ii) competency-based assessments of student learning in a particular grade level (e.g. Grade 4 or Grade 8) in key subjects; and (iii) dissemination of competency-based assessment reports in key subjects. To ensure eventual harmonization across states, it is envisaged that the development of this instrument would be in collaboration with the Federal Ministry of Education. Eligible Expenditures Programs would include: Competency-based assessments of student learning program, recurrent budget, and monitoring.

(c) Theme 3: Strengthening Education Service Delivery through Teacher Management. The objective is to improve teacher management for better effective education service delivery, with support to state government programs for
improving teacher management through better deployment, performance incentives, and career development. EEPs would include incentives, and teacher salaries.

(d) **Theme 4: Improving financial management and fiscal sustainability.** This would aim to improve financial management, fiscal sustainability and effectiveness of public expenditures for education through improved education sector budgetary planning and budget preparation, budget execution and reporting in line with broader financial reforms. A phased transition is anticipated to a medium-term performance-based budgeting framework.

(e) **Theme 5: Improving Monitoring and Evaluation.** This objective is to improve state monitoring of education sector inputs, outputs and outcomes, and evaluation of priority programs through the implementation of the Annual School Census, with defined improvements in the quality, reliability and use of data. EEPs would include incentives, and monitoring and evaluation.

**Component 2: Technical Assistance**

5. This component would aim at providing a package of financial and technical support to the local, State and Federal levels of the education management system in support of the activities proposed above. Technical activities will focus on assistance to State and Federal government to facilitate achievement of agreed results and outcomes under the project. Likely activities would include: (i) preparatory work towards a medium-term budget framework, (ii) monitoring and evaluation (including third party validation and expenditure tracking), (iii) institutional strengthening, particularly below state level, including SBMCs; (iv) procurement and financial management; and (v) project coordination. This component would also support additional staffing needs for successful project implementation. However, during preparation agreement will be sought on the scope and content of technical assistance, insofar as it supports the agreed interventions under Component 1. Finally, a small amount of technical assistance would support the development of strategies for reforms in related/complementary areas where little technical or strategic work has been undertaken.

6. Safeguard policies that might apply

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<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>Environmental Assessment (OP/BP 4.01)</td>
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The proposed activities in each of the component may involve minor civil works. However, an Environmental and Social Management Framework (ESMF) detailing the processes and procedures to be followed to ensure that the potential adverse impacts are mitigated will be prepared and disclosed by the proponent prior to appraisal.

| Natural Habitats (OP/BP 4.04)                         | X   |    |     |
| Forests (OP/BP 4.36)                                 | X   |    |     |
| Pest Management (OP 4.09)                            | X   |    |     |
| Physical Cultural Resources (OP/BP 4.11)             | X   |    |     |
| Indigenous Peoples (OP/BP 4.10)                      | X   |    |     |
| Involuntary Resettlement (OP/BP 4.12)                | X   |    |     |

This does not involve Involuntary resettlements
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<td>Safety of Dams (OP/BP 4.37)</td>
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<td>Projects in Disputed Areas (OP/BP 7.60)</td>
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7. Tentative financing

Source: ($m.)
BORROWER/RECIPIENT 0
International Development Association (IDA) 150
Total 150

8. Contact point

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