1. Key development issues and rationale for Bank involvement

This concept note proposes the Lagos Eko Project under the Country Partnership Strategy (CPS), supporting the implementation of the education sector plan for Lagos State. Lagos was selected on the basis of (a) its inclusion as a focal (lead) State for Bank assistance; (b) demonstrated commitment and ownership of the State Government to the development of the education sector; (c) poor education indicators, especially in urban slum areas; (d) its role in Nigeria’s growth; and (e) the quality of the Education Sector Plan (ESP). The first State Education Sector Project (SESP) is under implementation in the states of Kaduna, Kano, and Kwara.

Country context and macro-economic situation. Nigeria is a highly populous country (estimated around 140 million) with decentralized government structures. There are 36 States and the Federal Capital Territory (FCT) and 774 local government areas (LGAs). Despite being the 6th largest exporter of oil, Nigeria is one of the poorest countries in the world with per capita income of less than US$500. Approximately 54 percent of the population is estimated to be poor.1 With oil prices currently at historic levels, Nigeria’s oil revenues are projected to grow from an annual average of about US$15 billion between 2000 and 2003 to about US$36 billion between 2005 and 2008. On the macroeconomic front, real GDP growth was 6.3 percent in 2007 and is projected to rise to 9 percent in 2008, despite a global economic slow down.

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**Lagos State Education Sector.** Lagos is a predominantly urban state, with an estimated population of 11.1 million that is expected to grow to over 17 million by 2015. It is a mega-city of dominant economic importance not only for Nigeria but in West Africa. It is the premier manufacturing and port city in the region and has the largest concentration of multinationals and financial institutions of the country.

Despite its dominant economic status in Nigeria’s non-oil economy, Lagos is a poor city with poor social indicators. Its annual budget is small relative to the resources necessary for adequate service delivery and infrastructure. According to the NLS survey, 67 percent of the population of the state lives on less than one dollar a day and, as such, are considered to be poor. The poverty ranking of the state is 23 out of the 36 states in the Federation. Lagos has one of the highest incidences of poverty and inequality in the country. Overall, Lagos ranks 11th in terms of poverty incidence and 1st in terms of inequality. Almost 70 percent of the Lagos population lives in slums in extremely poor environmental conditions.

Lagos’s education sector faces the following key issues: (i) low access to junior secondary and senior secondary education; (ii) weak quality of education at all levels of education; (iii) ineffective management, planning and monitoring capacity; (iv) inadequate funding and lack of accountability mechanisms; and (v) exceptionally large private sector provision of primary and secondary schools.

**Government’s reform program, objectives, and priorities in education**

In 1999 the Federal Government launched the UBE Program making it compulsory for every child to receive nine years tuition free education, and the UBE bill was passed in May 2004. In 2003, the Government prepared the NEEDS, a major multi-sectoral reform program that sees educational reforms as a vital transformational tool and instrument for socioeconomic empowerment. In June 2005, a National Committee was inaugurated to monitor and allocate additional funds from the debt relief funds for the achievements of the MDGs. The Federal Government has launched a major education reform program in 2006, which stresses the importance of institutional reforms to improve the efficiency and effectiveness of service delivery at all levels of education.

Lagos State Government has expressed strong interest in engaging reforms based on their comprehensive ESP and has requested the assistance of the World Bank. Lagos state recognizes the need to adopt a holistic approach to education sector development and prepared the draft ESP, which takes a sector wide approach (SWAp). In particular, the ESP addresses all sub-sectors, the linkages between sub-sectors, and processes for ensuring inclusion of all Government and non-Government stakeholders and beneficiaries. Although the plan is yet to be fully costed and prioritized, this process included a review of the State’s blueprint on education, the SEEDS and EFA plans.

The main policy objectives of the draft ESP are to: (a) increase equitable access to education; (b) improve the quality and relevance of education at all levels; (c) improve resource utilization and equity in resource allocation and distribution; and (d) improve Government’s capacity to manage, plan, and monitor the delivery of education services more effectively and efficiently.

**Rationale for Bank involvement.** The CPS aims to achieve improved service delivery for human development, improved environment and service for non-oil growth; and improved transparency and accountability for better governance. The proposed Project would support all three areas by improving

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2 According to ASC data (projected), in 2005/6, there were 1,151 public primary, 525 public junior secondary and 461 public senior secondary schools enrolling a total of some 710,000, 597,000 and 140,000 students respectively. Private sector schooling provision is exceptionally large in Lagos State. There are 1,980 private primary, 245 private junior and 223 private senior secondary schools enrolling a total of some 709,000, 50,000 and 54,000 students respectively. This brings total enrolments to 2.2 million (primary 1.42 million, junior 646,000 and senior secondary education 194,000). Ministry officials estimate that these figures are substantially underestimated since the number of registered private schools are 3000-4000 and unregistered schools around 4000-5000 in Lagos. LASGEMs reports at least 9,000 private schools exist in Lagos.

the education system (institutions and management), quality of education and greater linkage to productive and non-oil growth. The rationale for Bank support for Lagos education is outlined below:

(a) **Strong political ownership and commitment to the education sector.** Lagos is a lead state under the CPS. Lagos has embarked on substantive economic and governance reforms since 1999. A new Government was elected in April 2007 on a platform that put education reforms at the top of the agenda. The State has established a Project Preparation Team to prepare the project, finalize the Lagos ESP, and implement a set of PHRD studies.

(b) **Lagos has poor education indicators, especially affecting poor households.** Despite the relatively good gross enrollment indicators and low gender disparities in primary education, there remain a very high absolute number of poor households and children not receiving quality education services and/or not completing the basic education cycle. Most poor children do not have access to quality basic and secondary education, resulting in high drop out and low completion rates and poor education outcomes. Limited access at the secondary level (GER 40%) impacts the quality of the labor force, youth opportunities and skills development.

(c) **Role of Lagos in Nigeria’s economic growth.** Supporting the quality of public and private basic and secondary education will directly contribute to the skills/growth agenda that is vital for Lagos, given its national strategic importance as the major commercial/financial and logistical hub for Nigeria and the West Africa region.

(d) **Strong historical Bank support to the State, including Bank-financed project preparation and implementation experience.** The Bank has a strong historical program of support to the Lagos Government’s development program. The Bank’s engagement would enhance policy guidance to the SMOE and provide linkages between the Bank and other projects that are supporting the education sector in Lagos state. The UBE project set up a project support unit within the SMOE and SUBEB, although additional assistance may be needed to strengthen procurement, financial management and implementation skills. In addition, the State has a PFMU to handle Bank-financed financial management activities.

**Lessons Learned and reflected in the Project Design.** Bank-financed education projects have a mixed track record in Nigeria. The Second Primary Education Project (PEP2) closed in December 2004. It was implemented at federal level and provided funds for both federal and state level activities. Although the centralized implementation/management was problematic, ultimately a demand driven, community focused infrastructure program was established and continues today. The UBE Project supported the capacity of the 16 Participating States and Federal government to manage and implement the UBE program to achieve universal basic education. Unlike PEP2, it was implemented at the State level by providing an initial allocation of US$5 million to each state. The main reasons for the unsatisfactory performance were related to (a) faulty project design (e.g., allocation of a fixed amount of project funds for each of the 16 participating states without having a clear project implementation plan); (b) weak implementation capacity at all levels; and (c) ineffective performance of technical assistance provided by the DFID-financed technical assistance project (CUBE), which was not adequately aligned, from the design stage, to the implementation of the UBE Project. The proposed Lagos EKO project will build upon the lessons learned under the previous Bank projects of SESP, PEPII and UBEP:

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4 The IDA Credit was approved by the Board in September 2002; signed in May 2003, and became effective on November 10th, 2003. The original credit amount was SDR 76.3 million (US$101 million equivalent), of which about 40 percent had been disbursed as of June 30, 2006.

5 The Project was rated unsatisfactory for most of the implementation period. At the request of the Government, a portion of the undisbursed credit amount (SDR27 million) was cancelled in March 2006, and the project was closed on June 30, 2006 because the project would not be able to meet its development objectives.
(1) Project based on state’s education sector plan to avoid ad hoc implementation and have maximum impact on the achievement of state’s education goals. The design of the Lagos EKO project will be focused on improving school-effectiveness through outcome-oriented activities;

(2) Ready to be implemented at the time of effectiveness by having: (a) a well-prepared project implementation plan; (ii) a team of qualified project staff with experience and knowledge in Bank-financed project implementation, who have limited turnover; and (iii) effective technical assistance in the areas of procurement, financial management, monitoring and evaluation;

(3) Strong State level political ownership and commitment to the objectives of the project;

(4) Sufficient credit amount to have a catalytic impact on the implementation of the ESP; and

(5) Focus on a limited number of interventions detailed in a well prepared implementation plan, which will be agreed during project preparation by all key stakeholders.

2. Proposed objective(s)
The development objectives of the Lagos EKO project is to: improve the quality of secondary education (including junior secondary). The operation would be a four-year investment complementing ongoing government reforms and programs. IDA support is estimated to be around US$50 million. Using tools such as school grants and student assessments, the project would address the promotion of school effectiveness, quality assurance and linkage to the labor market. The interventions will look at secondary education as a whole, supporting the monitoring of both public and private education.

3. Preliminary description

The proposed Lagos EKO project will focus on quality enhancement of secondary education to address the government’s priority of human capital development. Detailed project components will be finalized during further preparation phases, informed by the findings of project preparation studies. The Project components have so far been developed around the following areas:

Component 1 –Promoting Secondary School Effectiveness through School Development Grants. The objective of the school development grant is to provide public secondary schools access to discretionary resources with an explicit focus on improving the quality of education services as priority needs are defined at the school level. The grants will be provided based on clear and transparent school performance criteria. This component would empower and support SBMCs to plan for and improve teaching, learning and participation in their schools. The grant would augment schools’ operating costs and non-salary expenditures to improve learning performance of students in public junior secondary and secondary schools. Two windows of grants will be given: (1) school improvement grants demonstrating an impact on student learning outcomes, with a cap on infrastructure (30%); and (2) grants to science and technical colleges for twinning arrangements with the private sector to strengthen the linkages between skills training and labor market demand.

Examples of activities that could be supported under Window 1 are: (a) instructional materials and learning inputs; (b) training opportunities; (c) training related to identified local skills needs, especially in senior secondary and technical colleges, (d) teacher development and support programs; (e) mechanisms for improving the quality of intake into secondary/technical colleges and reducing failure and drop-out

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6 The State Education Sector Project (SESP) and the Science and Technology Education in Post-Basic Education (STEBP) Project were approved by the Bank Board in FY07. SESP is yet to become effective.
rates; (f) strategies for skill development programs/ICT to improve secondary teaching and learning; and (g) minor rehabilitation, upgrading of school infrastructure. To access the grants, a pre-requisite is the training and capacity building of SBMCs to prepare school development plans to improve teaching, learning and participation of their schools in this program.

Window 2 would support proposals for cooperation between the technical colleges and private sector institutions to fund activities that would lead to more relevant teaching, research and development activities.

**Component 2: Enhancing Quality Assurance for Junior and Senior Secondary Schools.** This component would support the improvement of the quality assurance systems in Lagos State to measure quality, identify deficits, provide feedback to service providers, determine training needs, and establish appropriate benchmarks, standards, and ratings. The compilation of this critical data will provide continuous assessments as well as impact evaluation of project and government interventions. Furthermore, it will measure the learning outcomes in private education as well as public, to give the government a comprehensive picture of the education sector while holding all stakeholders accountable for delivering a quality education. Activities would include: (a) launching a state education census to collect data on all institutions in Lagos; (b) strengthening standardized student assessments; (c) using assessments to determine teacher professional development needs and provide quality training; and (d) the development of a school rating system to establish standards across public and private schools.

**Project Management and Institutional Arrangements.** The project will be implemented at the state level, and coordinated by the SMOE in close coordination with the relevant parastatals (e.g., SUBEB) and FME and federal parastatals (e.g., UBEC, ETF). This component will support overall project management, monitoring and evaluation and the design and implementation of a communication strategy. The capacity building support for implementation would begin during the project preparation stage. The technical support for the implementation of the project may include a team of consultants, specializing in project implementation (including project management, financial management and procurement) and financed under the Credit.

**Development Partners Participation**
The main external partner in the education sector in Lagos is DFID, which is financing (through parallel financing arrangements) the implementation of SESP in Kaduna, Kano and Kwara through the provision of technical assistance in selected areas. DFID will join the Bank to support the Lagos EKO project under their new Education Sector Support Program in Nigeria (ESSPIN) which will provide a comprehensive range of technical assistance to several States to support systemic reform in the delivery of basic education (beginning August 2008). The Lagos State Government is committed to finalizing their ESP and will organize a donor’s meeting to discuss its priorities and encourage external donors to join IDA to support the implementation of its ESP.

4. **Safeguard policies that might apply**

Due to the minor civil works associated with the rehabilitation of schools, the OP 4.01 policy will be triggered. An Environmental and Social Management Framework (ESMF) will be prepared and disclosed in-country and at InfoShop prior to appraisal.
5. Tentative financing

Source: ($m.)
BORROWER/RECIPIENT 0
International Development Association (IDA) 50
UK: British Department for International Development (DFID) 10
Total 60

6. Contact point

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