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| Report No: {PP2190} |
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| Project Paper |
|  |
| ON A |
|  |
| PROPOSED grant |
|  |
| In the AMOUNT OF US$0.32 MILLION EQUIVALENT |
|  |
| TO THE |
|  |
| Federal Republic of Nigeria |
|  |
| FOR A |
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| NEITI REPORTING COMPLIANCE PROJECT |
|  |
| December 5, 2016 |
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CURRENCY EQUIVALENTS

(Exchange Rate Effective December 2, 2016)

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| --- |
| 1 naira = US$ 0.003 |
| US$ 1 = 316 naira |

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FISCAL YEAR

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| January 1 | – | December 31 |

ABBREVIATIONS AND ACRONYMS

|  |  |
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|  |  |
|  |  |
| CPS | Country Partnership Strategy |
| EGPS | Extractives Global Programmatic Support |
| EITI | Extractive Industries Transparency Initiative |
| FGN | Federal Government of Nigeria |
| FM | Financial Management |
| FY | financial year |
| GDP | gross domestic product |
| GRS | Grievance Redress Service |
| IBRD | International Bank for Reconstruction and Development |
| IDA | International Development Association |
| MDTF | Multi-Donor Trust Fund |
| NEITI | Nigerian Extractive Industries Transparency Initiative |
| NNPC | Nigerian National Petroleum Corporation |
| PDO | Project Development Objective |
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| Regional Vice President: |  | Makhtar Diop |
| Country Director: |  | Rachid Benmessaoud |
| Global Practice Senior Director: |  | Riccardo Puliti |
| Practice Manager: |  | Christopher Gilbert Sheldon |
| Task Team Leader: |  | Masami Kojima |

**Nigeria**

**NEITI Reporting Compliance**

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| **APPRAISAL DATA SHEET** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Nigeria* | | | | | | | | | | | | | | | | | | | | | | | | |
| *NEITI Reporting Compliance (P162344)* | | | | | | | | | | | | | | | | | | | | | | | | |
| **PROJECT PAPER** | | | | | | | | | | | | | | | | | | | | | | | | |
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| **Basic Information** | | | | | | | | | | | | | | | | | | | | | | | | |
| Project ID | | | | | | EA Category | | | | | | | | | Team Leader(s) | | | | | | | | | |
| P162344 | | | | | | C - Not Required | | | | | | | | | Masami Kojima | | | | | | | | | |
| Lending Instrument | | | | | | Fragile and/or Capacity Constraints [ ] | | | | | | | | | | | | | | | | | | |
| Investment Project Financing | | | | | | Financial Intermediaries [ ] | | | | | | | | | | | | | | | | | | |
|  | | | | | | Series of Projects [ ] | | | | | | | | | | | | | | | | | | |
| Project Implementation Start Date | | | | | | Project Implementation End Date | | | | | | | | | | | | | | | | | | |
| 16-Dec-2016 | | | | | | 29-Dec-2017 | | | | | | | | | | | | | | | | | | |
| Expected Effectiveness Date | | | | | | Expected Closing Date | | | | | | | | | | | | | | | | | | |
| 14-Dec-2016 | | | | | | 31-Jan-2018 | | | | | | | | | | | | | | | | | | |
| Joint IFC | | | |  | | | | | | | | | | | | |  | | | | | | | |
| No | | | |  | | | | | | | | | | | | |  | | | | | | | |
| Practice Manager/Manager | | | | Senior Global Practice Director | | | | | | Country Director | | | | | | | Regional Vice President | | | | | | | |
| Christopher Gilbert Sheldon | | | | Riccardo Puliti | | | | | | Rachid Benmessaoud | | | | | | | Makhtar Diop | | | | | | | |
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| **Approval Authority** | | | | | | | | | | | | | | | | | | | | | | | | |
| Approval Authority | | | | | | | | | | | | | | | | | | | | | | | | |
| CD Decision | | | | | | | | | | | | | | | | | | | | | | | | |
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| Borrower: Federal Ministry of Finance | | | | | | | | | | | | | | | | | | | | | | | | |
| Responsible Agency: NEITI | | | | | | | | | | | | | | | | | | | | | | | | |
| Contact: | | | Waziri Adio | | | | | | | Title: | | Executive Secretary | | | | | | | | | | | | |
| Telephone No.: | | | 2348033457602 | | | | | | | Email: | | wadio@neiti.gov.ng | | | | | | | | | | | | |
| . | | | | | | | | | | | | | | | | | | | | | | | | |
| **Project Financing Data(in USD Million)** | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Project Cost: | | | | 0.32 | | | | | | Total Bank Financing: | | | | | | | 0.00 | | | | | | | |
| Financing Gap: | | | | 0.00 | | | | | |  | | | | | | | | | | | | | | |
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| **Financing Source** | | | | | | | | | **Amount** | | | | | | | | | | | | | | | |
| Extractives Global Programmatic Support | | | | | | | | | 0.32 | | | | | | | | | | | | | | | |
| Total | | | | | | | | | 0.32 | | | | | | | | | | | | | | | |
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| **Expected Disbursements (in USD Million)** | | | | | | | | | | | | | | | | | | | | | | | | |
| Fiscal Year | 2017 | | | 2018 | | | 0000 | | | 0000 | | | 0000 | | | | 0000 | | | | | 0000 | | |
| Annual | 250000.00 | | | 70000.00 | | | 0.00 | | | 0.00 | | | 0.00 | | | | 0.00 | | | | | 0.00 | | |
| Cumulative | 250000.00 | | | 320000.00 | | | 0.00 | | | 0.00 | | | 0.00 | | | | 0.00 | | | | | 0.00 | | |
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| **Institutional Data** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Practice Area (Lead)** | | | | | | | | | | | | | | | | | | | | | | | | |
| Energy & Extractives | | | | | | | | | | | | | | | | | | | | | | | | |
| **Contributing Practice Areas** | | | | | | | | | | | | | | | | | | | | | | | | |
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| **Proposed Development Objective(s)** | | | | | | | | | | | | | | | | | | | | | | | | |
| The project development objective is to assist Nigeria in meeting the EITI requirement for data timeliness. | | | | | | | | | | | | | | | | | | | | | | | | |
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| **Components** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Component Name** | | | | | | | | | | | | **Cost (USD Millions)** | | | | | | | | | | | | |
| Data timeliness | | | | | | | | | | | | 0.32 | | | | | | | | | | | | |
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| **Compliance** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Policy** | | | | | | | | | | | | | | | | | | | | | | | | |
| Does the project depart from the CAS in content or in other significant respects? | | | | | | | | | | | | | | | | | | Yes | | [ ] | | | No | [ X ] |
| . | | | | | | | | | | | | | | | | | | | | | | | | |
| Does the project require any waivers of Bank policies? | | | | | | | | | | | | | | | | | | Yes | | [ ] | | | No | [ X ] |
| Have these been approved by Bank management? | | | | | | | | | | | | | | | | | | Yes | | [ ] | | | No | [ X ] |
| Does the project meet the Regional criteria for readiness for implementation? | | | | | | | | | | | | | | | | | | Yes | | [ X ] | | | No | [ ] |
| . | | | | | | | | | | | | | | | | | | | | | | | | |
| **Safeguard Policies Triggered by the Project** | | | | | | | | | | | | | | | | **Yes** | | | | | **No** | | | |
| Environmental Assessment OP/BP 4.01 | | | | | | | | | | | | | | | |  | | | | | **X** | | | |
| 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** | | | |
| Safety of Dams OP/BP 4.37 | | | | | | | | | | | | | | | |  | | | | | **X** | | | |
| Projects on International Waterways OP/BP 7.50 | | | | | | | | | | | | | | | |  | | | | | **X** | | | |
| Projects in Disputed Areas OP/BP 7.60 | | | | | | | | | | | | | | | |  | | | | | **X** | | | |
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| **Legal Covenants** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Name** | | | | | | | | **Recurrent** | | | | **Due Date** | | | | | | | **Frequency** | | | | | |
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| **Description of Covenant** | | | | | | | | | | | | | | | | | | | | | | | | |
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| **Conditions** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Source Of Fund** | | | | **Name** | | | | | | | | | | | | | **Type** | | | | | | | |
|  | | | |  | | | | | | | | | | | | |  | | | | | | | |
| **Description of Condition** | | | | | | | | | | | | | | | | | | | | | | | | |
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| **Team Composition** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Bank Staff** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Name** | | | | **Role** | | | | | **Title** | | | | | **Specialization** | | | | | | | **Unit** | | | |
| Masami Kojima | | | | Team Leader (ADM Responsible) | | | | | Lead Energy Specialist | | | | |  | | | | | | | GEEX1 | | | |
| Oyewole Oluyemi Afuye | | | | Procurement Specialist (ADM Responsible) | | | | | Procurement Specialist | | | | | Procurement | | | | | | | GGO01 | | | |
| Adewunmi Cosmas Ameer Adekoya | | | | Financial Management Specialist | | | | | Sr Financial Management Specialist | | | | | Financial management | | | | | | | GGO25 | | | |
| Christine Makori | | | | Team Member | | | | | Senior Counsel | | | | | Legal | | | | | | | LEGAM | | | |
| Ekaterina Mikhaylova | | | | Window Manager | | | | | Lead Strategy Officer | | | | | TF Window Manager | | | | | | | GEEX1 | | | |
| Javier Aguilar | | | | Peer Reviewer | | | | | Sr Mining Spec. | | | | | Extractive Industries | | | | | | | GEEX1 | | | |
| John Amedu Eimuhi | | | | Team Member | | | | | Paralegal | | | | |  | | | | | | | AFCW2 | | | |
| Kyran O'Sullivan | | | | Peer Reviewer | | | | | Lead Energy Specialist | | | | | Energy | | | | | | | GEE08 | | | |
| Maman-Sani Issa | | | | Safeguards Advisor | | | | | Regional Safeguards Adviser | | | | | Safeguards | | | | | | | OPSPF | | | |
| Mohammad Nadeem | | | | Team Member | | | | | Legal Analyst | | | | | Legal | | | | | | | LEGAM | | | |
| Vidya Narasimhan | | | | Team Member | | | | | Finance Officer | | | | | Disbursement | | | | | | | WFALA | | | |
| **Extended Team** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Name** | | | | **Title** | | | | | | **Office Phone** | | | | | | | **Location** | | | | | | | |
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| **Locations** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Country** | | **First Administrative Division** | | | **Location** | | | | | | **Planned** | | | **Actual** | | | **Comments** | | | | | | | |
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1. STRATEGIC CONTEXT
   1. Country Context
2. **Nigeria’s economy has historically relied heavily on oil exports**. Nigeria joined the Organization of the Petroleum Exporting Countries in 1971 and was, until this year, the largest oil producer in Africa. Nigeria’s exports remain highly concentrated in petroleum exports, making its economy highly vulnerable to volatility in oil prices and production.
3. **The collapse of the world oil price that began in 2014 has harmed Nigeria’s economy considerably**. The price of Nigeria’s Bonny Light averaged US$101 per barrel in 2014, but only US$54 in 2015, and fell to as low as US$32 per barrel in January 2016. Exports correspondingly fell by about 40 percent in 2015, pushing the current account from a surplus of 0.2 percent of gross domestic product (GDP) to an estimated deficit of 2.4 percent of GDP. GDP growth also fell sharply, from 6.3 percent in 2014 to 2.7 percent in 2015. The adverse effects of the large fall in the price of oil have been exacerbated by intensified attacks on oil and gas infrastructure. One consequence of vandalism is that, according to the statistics released by the Nigerian National Petroleum Corporation (NNPC), oil production fell from the monthly average of 2.2 million barrels per day in October 2015 to 1.5 million barrels per day by August 2016, and production in onshore and shallow water fields halving from 1.3 million to 0.6 million barrels per day during the same period. For 2016, the International Monetary Fund forecasts Nigeria’s GDP to contract by 1.7 percent, reflecting disruptions to oil production, foreign currency shortages resulting from lower oil receipts, lower power generation, and weak investor confidence. This is the first contraction of GDP since 1995.
4. **Diversification away from high dependence on extractive industries, and redirecting extractive industries to contribute to broad-based economic growth and poverty reduction, are two important policy goals of the Federal Government of Nigeria**. By the 1980s, the notion that abundant oil, gas, and minerals may be a curse rather than a blessing began to take hold—evidence has pointed to economies with plentiful hydrocarbons and mineral resources doing worse on average than those with few resource endowments. In this literature, Nigeria has frequently been cited as a textbook example of the so-called paradox of plenty, alternatively known as the resource curse. Recognizing this paradox, the Federal Government of Nigeria (FGN) announced its commitment to the Extractive Industries Transparency Initiative (EITI)—a global standard that promotes public awareness about how countries manage their oil, gas and mineral resources—one year after the EITI was launched at the World Sustainable Development Summit in South Africa in October 2002. The Nigeria EITI (NEITI) was launched in February 2004, and the NEITI Act was passed into law in May 2007. The administration of President Buhari has been making concerted efforts to reform the petroleum sector and restore the vibrancy of the solid minerals sector.
5. **The large decline in government revenues is having serious consequences for government-financed activities**. Total consolidated government revenues fell from 10.5 percent of GDP in 2014 to 7.8 percent in 2015, and to less than 6 percent in 2016, posing challenges to budget implementation. Budget allocation for NEITI has not been provided as scheduled.
   1. Sectoral and Institutional Context
6. **For many years, NEITI reports were the only consistent source of detailed information about the physical and financial flows in the petroleum sector**. Oil and gas NEITI reports are available from 1999 to 2013, and solid minerals reports are available from 2007 to 2013. The solid minerals sector is much smaller, accounting for only 0.33 percent of GDP in 2015, against about 10 percent of GDP for oil. As a result, much of the national conversation about NEITI reports has focused on oil and gas reports. These reports have raised questions about NNPC’s handling of domestic crude allocation (fixed at 0.445 million barrels per day), transfer of Federation equity in joint ventures to a subsidiary of NNPC, eligibility of joint venture cash call expenditures by NNPC, cost-effectiveness of Offshore Processing Agreement and Crude Oil Refined Products Exchange Agreement, gasoline and kerosene subsidy claims, granting of the Pioneer Status to projects that do not seem pioneering, and the ongoing lack of clarity about the price of oil to be used in calculating fiscal payments. NEITI has made a number of recommendations, but progress on remediation had been slow until recently.
7. **The administration of President Buhari in 2015 started major reforms in the petroleum sector to overhaul governance and transparency**. There have been significant changes at NNPC: appointment of new senior executives, implementation of the so-called change agenda including “20 fixes,” and a roll-out of a deep corporate restructuring plan. NNPC began publishing monthly financial and operations reports with detailed accounts in 2015, illustrating its commitment to transparency. Consistent with NEITI’s findings, the new management at NNPC has deemed both Offshore Processing Agreement and Crude Oil Refined Products Exchange Agreement to be too costly, and ended all agreements, replacing them with much more cost-effective Direct Purchase-Direct Sale Agreements. The Ministry of Petroleum Resources is preparing a new oil policy, a new gas policy, and a new fiscal policy—the current policies are outdated, leading to declining sector performance and, worryingly for the economy, less and less natural gas flowing to the domestic market and stranding gas-based electricity generation plants. The FGN has also begun to take steps to reform fuel subsidies. In May 2016, the pricing policy for gasoline changed from setting the price level to setting a price ceiling, and set the price ceiling two thirds higher than the previously set official price. Monthly price surveys conducted by the Bureau of National Statistics show that the degree of black marketing of gasoline has come down sharply since May 2016. The Federal Government also raised the price of kerosene for household use by two-thirds in early 2016, although it remains heavily subsidized and black markets continue to flourish: the monthly surveys by the Bureau of National Statistics show that prices paid by households are much higher than what they would have paid in the absence of price subsidies.
8. **The proposed petroleum sector reforms will remove pseudo-regulatory roles played by commercial operators**. Blurring of commercial and regulatory functions has plagued countries with national oil companies and other state-owned enterprises, and Nigeria is no exception. NNPC and its subsidiaries played pseudo-regulatory roles until 2015, introducing conflicts of interest. The FGN proposes establishing a regulatory commission that will take over regulatory functions, confining fuel suppliers to commercial functions. The reforms will also be underpinned by adherence to market principles and promotion of competition to drive down costs while improving service quality.
9. **The Government is also taking steps to stem the decline of the mining sector and turn it around**. Despite Nigeria’s resource potential and its past history as a significant mineral producer, the mining sector’s share of GDP fell from 5.6 percent in 1980 to about 0.3 percent by 2015. The value-added tax accounted for more than three-fifths of government revenues from solid minerals in 2013, the last year for which a NEITI report is available, demonstrating how little rent there is in the sector.
10. **Nigeria is one of the fifteen countries undergoing EITI validation**. The validation process assesses the country’s progress in complying with the EITI requirements. The level of progress and compliance is indicated by one of four designations: satisfactory progress, meaningful progress, inadequate progress, and no progress. A country must achieve satisfactory progress on government engagement, company engagement, civil society engagement, and timely EITI reporting in order to avoid suspension. A country deemed to be making no progress will be delisted, while a country making inadequate progress will be suspended and requested to undertake corrective actions to make meaningful progress by the time of the second validation. A country considered to be making meaningful progress in the first and second validation but no improvement on individual requirements in the second validation will also be suspended and requested to undertake corrective actions before the third validation. If the country is considered to be making meaningful progress overall but no improvements on individual requirements in the third validation, the country will be delisted.
11. **Nigeria has not been able to publish NEITI reports in a timely manner to date**. NEITI was on track to meet the deadline of December 2015 for the publication of the 2013 reports, but the new administration dissolved all boards upon coming into office and delayed appointment of new boards until 2016. NEITI’s multi-stakeholder group (called the National Stakeholders Working Group) was dissolved in July 2015, and not reconstituted until February 2016. As a result, the requirement to have the 2013 NEITI reports approved by the multi-stakeholder group before publication could not be met by the end of 2015. The validation process has flagged data timeliness as an issue NEITI needs to address for the second validation.
12. **NEITI now risks being suspended for failure to publish the 2014 reports by December 2016, due to the budget cut in 2016 and the delay in delivery of the cut budget to NEITI**. Due to the FGN’s fiscal difficulties, the actual revenues received by NEITI in 2016 have fallen far short of what is needed to perform its fundamental functions. NEITI has not been able to pay the Independent Administrators engaged in the production of EITI reports. Absent infusion of additional funds, NEITI will not be able publish 2014 EITI reports by the end of 2016.
13. **EITI implementation in Nigeria has been supported by the EITI-MDTF with three grants to date**. The first MDTF grant was US$1.2 million and provided support to establish NEITI. The support from the grant led, amongst others, to the passage of the NEITI Act in 2007. A second grant was US$900,000, completed in March 2012, and contributed to Nigeria’s validation as an EITI-compliant country. The grant also helped NEITI to expand coverage to the solid minerals sector.
14. **The third grant closed in December 2015 and was partially satisfactory**. The grant amount was originally US$900,000 and later increased to US$1,280,000. However, NEITI had to cancel US$500,564 when the EITI-MDTF closed on December 31, 2015. Two incomplete activities were pilot remediation projects for taking corrective actions on problems identified in oil and gas reports, and automation of data collection in the petroleum sector to help speed up production of NEITI reports. Both were due to unsatisfactory performance of the contractors hired to perform the tasks.
15. **The World Bank’s engagement with NEITI has been overtaken by the fiscal crisis in Nigeria in 2016**. The World Bank had been discussing options for a data platform to collect data and carry out basic analysis for reconciliation of payments and revenues for the oil and gas reports, when the discussion was overtaken by the fiscal crisis in Nigeria, which became increasingly serious in the latter half of 2016. The situation was considered sufficiently serious that the International Secretariat for EITI approached the World Bank to ask if the World Bank’s next engagement phase could be redirected to help with publication of the 2014 NEITI reports, and get a timely start on the 2015 oil and gas report.
    1. Higher Level Objectives to which the Project Contributes
16. **This project supports the numerous steps taken by the FGN’s to improve governance and enhance transparency in the oil, gas, and mining sectors**. Against the backdrop of historic measures to fight corruption and make the petroleum sector much more transparent, suspension of NEITI by the International EITI for failing to publish the 2014 reports on time could strike a blow to the credibility of the reform efforts.
17. **The World Bank Group’s Country Partnership Strategy (CPS) for July 2013–June 2017 proposes continuing support for NEITI**. The previous EITI grant to Nigeria funded through the EITI Multi-Donor Trust Fund, managed by the World Bank, was in line with, and supported, the World Bank Group’s CPS for Nigeria (FY14–17) (Report No. 82501-NG). The Performance and Learning Review of the CPS (Report No. 104616) underscores the importance of timely publication of NEITI reports for maximum impact on sector governance.
18. PROJECT DEVELOPMENT OBJECTIVES
    1. PDO
19. The project development objective is to assist Nigeria in meeting the EITI requirement for data timeliness.

Project Beneficiaries

1. Direct project beneficiaries of the project are the members of the National Stakeholders Working Group and the staff of the NEITI Secretariat. Timely publication of the 2014 NEITI reports and ensuring timely publication of 2015 reports will help strengthen the reforms underway, and will ultimately benefit the wider public in Nigeria as well as the FGN.

PDO Level Results Indicators

1. Progress in achieving the PDO will be measured by the International EITI Board deeming NEITI’s progress in meeting the requirement for data timeliness satisfactory.
2. PROJECT DESCRIPTION
   1. Project Components
3. The proposed grant has only one component, and it is to meet the International EITI’s requirement 4.8 for data timeliness *(US$320,000)*. This activity will help complete the preparation of the NEITI oil and gas report for 2014 and solid minerals reports for 2014 and 2015, and enable NEITI to start preparing the 2015 oil and gas report. The project will finance three procurement packages in total, two of which have already been procured. The two contracts already in place (one for the 2014 oil and gas report and the other for the 2014 and 2015 solid minerals reports) were procured in accordance with Nigeria’s Public Procurement Act. Dissemination and all other related activities will be financed by the operational expenses budgeted for by the FGN.
   1. Project Cost and Financing
4. Funding in the amount of US$320,000 will be provided through the EGPS MDTF in the form of a grant. The project will have only one disbursement category, which will cover consultant services. The split between costs for the two contracts already in place and the new contract for the 2015 oil and gas report is unknown at this time, because it will depend on how much of the authorized budget for NEITI the FGN will be able to deliver by December 31, 2016.

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| **Project Components** | **Project cost** | **Grant Financing** | **% Financing** |
| 1. Compliance with EITI requirement for data timeliness  **Total Baseline Costs**    Physical contingencies  Price contingencies | $0.32 million  $0.32 million | $0.32 million  $0.32 million | 100  100 |
| Total Project Costs  Interest During Implementation  Front-End Fees  **Total Financing Required** | $0.32 million  $0.32 million | $0.32 million  $0.32 million | 100  100 |

1. IMPLEMENTATION
   1. Institutional and Implementation Arrangements
2. The implementation arrangements will remain unchanged from the previous grant agreements. The Recipient of the EGPS MDTF Grant will be the Federal Republic of Nigeria, represented by the Federal Ministry of Finance. The executing agency will be the NEITI National Secretariat, housed within the Presidency. The NEITI Executive Secretary will coordinate the use of the grant according to the agreed procurement plan.
3. The NEITI Secretariat is fully operational with IT, procurement, and financial management (FM) staff, and has dealt with three previous Grant Agreements. Although some procurement difficulties have been encountered in the past, this proposed Grant Agreement has a much simpler structure, and has only one new procurement package. Further, NEITI has procured Independent Administrators numerous times in the past.
4. The World Bank teams based in the Abuja Country Office as well as in Washington DC will provide technical support during implementation, monitor the operational progress, and provide fiduciary oversight/clearances.
   1. Results Monitoring and Evaluation
5. Monitoring and evaluation will be managed by the NEITI Secretariat. The Results Framework is included in Annex 1 of this Project Paper. The World Bank will assist the NEITI Secretariat in tracking performance during supervision missions. The NEITI Secretariat will also be responsible for overall day-to-day technical supervision of the implementation of the project activities, assisted by technical input from the National Stakeholders Working Group. Project monitoring consists of tracking progress in the production of the annual NEITI reports, and evaluation will assess the timeliness of the report publication.
   1. Sustainability (if applicable)
6. Please see paragraph 28 below.
7. KEY RISKS AND MITIGATION MEASURES
8. **The overall risk is rated medium.** NEITI has extensive experience with report production. Of the three planned procurement packages, two are already in place. Several factors contribute to NEITI’s low performance risk: the small size of the grant, its narrowly focused scope, the need for only one new procurement package, and NEITI’s track record over more than a decade of procuring and supervising Independent Auditors and producing reports. Partially offsetting this low risk is the continuing lack of funding provided by the Federal Government of Nigeria to pay the Independent Administrators hired in 2016, leading to an overall risk rating of medium. It is possible that the gap between the FGN’s budget for NEITI in 2016 and the actual amount transferred to NEITI is so large that the present grant will be able to cover only the two existing contracts. In that case, the grant will not be able to enable NEITI to get an early start on the 2015 oil and gas report.
9. Both the International Monetary Fund and the World Bank consider Nigeria’s economy in 2017 to improve, leading to likelihood of a better budgetary situation for NEITI. The price of oil has increased considerably since January 2016, and is not expected to fall back to the low level seen in early 2016. Countering this positive scenario (relative to 2016) is the possibility of continuing sabotage of oil and gas infrastructure, depressing production and hence the oil revenue.
10. APPRAISAL SUMMARY

Please provide one paragraph with a summary description of the main economic benefits and costs of the project and a second paragraph summarizing the key FM, procurement and safeguards issues.

1. The proposed project is a technical assistance project supporting the FGN’s efforts in EITI implementation by enabling NEITI to publish in a timely manner annual EITI reports, including reconciliation data on payments made by companies and revenues received by the FGN. As such, the project has a very limited scope aimed at enhancing the overall transparency of payments and revenues in the extractive industries. While the project is expected to have benefits for improving the governance of the sector and indirectly improving the business environment and efficiency of public financial management, the attribution of those potential benefits to this level of technical assistance is very distant. As such, the traditional cost-benefit analysis is not an applicable tool for assessing the potential economic benefits of this small grant.
2. The Project has no safeguards issues. The project is expected to have three procurement packages, two of which had contracts signed in June 2016 (2014 oil and gas) and August 2016 (2014 and 2015 solid minerals). Both have been cleared by the World Bank’s procurement team. The procurement process for the third package is identical to that for one of the cleared packages, and possibly simpler—as an alternative to commencing a fresh selection process, NEITI has the option of renewing for another year the contract of the consultant procured competitively in 2016 if NEITI deems that the consultant’s performance in the current contract is satisfactory.
3. **Financial Management:** Activities funded through this grant will be subject to the same arrangements for FM and disbursement as the previous grant that has just been closed. The FM staff that worked on the closed grant are still at NEITI and will work on this grant. There were no internal control issues, overdue interim financial reports, and audited accounts from the closed grant. However, in view of the size of this grant and its low FM risk, the following modifications to the arrangements are needed:
4. Semester interim financial reports would be required and shall be submitted to IDA, not later than 45 days at the end of each semester.
5. A designated account will be established at the Central Bank of Nigeria to deposit the Grant proceeds.
6. The audit of the grant will be conducted by the Office of the Auditor-General for the Federation at the end of the Grant, and submitted to IDA not later than six months at the end of the grant.
   1. Other Safeguards Policies Triggered
7. Not applicable.
   1. World Bank Grievance Redress
8. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB 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 Grievance Redress Service (GRS), please visit [http://www.worldbank.org/GRS](http://www.worldbank.org/GRM). For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org/).

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| **Annex 1: Results Framework and Monitoring** | | | | | | | | |
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| **Country: Nigeria** | | | | | | | | |
| **Project Name: NEITI Reporting Compliance (P162344)** | | | | | | | | |
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| **Results Framework** | | | | | | | | |
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| **Project Development Objectives** | | | | | | | | |
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| PDO Statement | | | | | | | | |
| The project development objective is to assist Nigeria in meeting the EITI requirement for data timeliness. | | | | | | | | |
| **These results are at** | Project Level | | | | | | | |
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| **Project Development Objective Indicators** | | | | | | | | |
|  | |  | Cumulative Target Values | | | | | |
| Indicator Name | | Baseline | YR1 | YR2 | YR3 | YR4 | YR5 | End Target |
| Compliance with EITI standard on timeliness (Text) | | Meaningful progress |  |  |  |  |  | Satisfactory progress |
| . | | | | | | | | |
| **Intermediate Results Indicators** | | | | | | | | |
|  | |  | Cumulative Target Values | | | | | |
| Indicator Name | | Baseline | YR1 | YR2 | YR3 | YR4 | YR5 | End Target |
| NEITI report production  (Text) | | Reports not published within two years |  |  |  |  |  | Reports published within two years |
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| **Indicator Description** | | | | |
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| **Project Development Objective Indicators** | | | | |
| Indicator Name | Description (indicator definition etc.) | Frequency | Data Source / Methodology | Responsibility for Data Collection |
| Compliance with EITI standard on timeliness | Progress for meeting EITI standard 4.8 on data timeliness is rated satisfactory by International EITI. | Every one to two years | International EITI | NEITI |
| . | | | | |
| **Intermediate Results Indicators** | | | | |
| Indicator Name | Description (indicator definition etc.) | Frequency | Data Source / Methodology | Responsibility for Data Collection |
| NEITI report production | NEITI's annual reports are published within two years of the end of the reporting period. | Once a year | NEITI | NEITI |