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Country Development Cooperation Strategy

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USAID/Nigeria Country Development Cooperation Strategy
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I. Executive Summary

In its 2015-2017 Integrated Country Strategy, the U.S. Government Mission in Nigeria identified four priority goals – improving governance, furthering economic development, enhancing stability, and expanding opportunity. In support of that vision, the USAID Mission has established its Country Development Cooperation Strategy goal as **Reduced Extreme Poverty in a More Stable, Democratic Nigeria.**

The goal will be pursued through three Development Objectives (DOs):

- **DO 1: Broadened and inclusive growth**
- **DO 2: A healthier, more educated population in targeted states**
- **DO 3: Strengthened good governance**

The CDCS goal and development objectives were shaped by the following considerations.

- Nigeria is relatively wealthy yet suffers from high levels of poverty. Nigeria has enjoyed robust economic growth over the past five years however this economic growth has not fostered significant reductions in poverty or income equality.

- Regional inequalities are evident across Nigeria. The overall picture of Nigeria reveals a northern region that is much poorer than the rest of the country and under-developed, and a relatively more wealthy, resource-rich south, with higher literacy rates, and better health indicators, yet a higher prevalence of HIV and higher levels of gender-based violence.

- Increasing the beneficiaries of economic growth is essential. Resolving bottlenecks to inclusive growth have prevented most Nigerians from benefitting from the country's robust economic growth. Working with the private sector and the Nigerian government under the Feed the Future and Power Africa initiatives is central to this element of the strategy.

- Government provision of social services will contribute to economic growth and poverty reduction. The health and education portfolios will focus on strengthening service delivery, systems oversight, and leadership to encourage adequate resource allocation to meet health needs and save lives and to increase access to basic educational services and the necessary skills to be productive members of society.

- Strengthening democratic processes and governance and conflict mitigation will complement all aspects of the strategy. Since the significant policy and budgetary decisions made at the state and local levels of government most directly affect the lives of all citizens, the Mission will strive to strengthen these institutions' capacity to administer elections, respond to citizen needs, and help mitigate conflict by increasing transparency and accountability of government and by fostering civic engagement.

- Humanitarian and transitional activities will continue in the northeast. These activities will be complemented by long-term development activities in northeastern Nigeria as conditions permit.

- Activities under this strategy will be focused and selective. The Mission's interventions, except in certain cases, will not be nationwide. Additionally, the Mission will partner with reform-minded leaders at the state and local levels.

- Improved monitoring and evaluation will help improve outcomes. The Mission is committed to the Agency's focus on monitoring, evaluation, and learning as demonstrated through its collaborating, learning and adapting agenda. This agenda focuses primarily on internal and external capacity building in order to exert a multiplier effect on the Mission's development investments.

II. Introduction

Nigeria is central to the U.S. Government's global development strategy. Although it is Africa's largest economy, its most populous country and largest democracy, and a major oil exporter, Nigeria must overcome daunting development challenges if it is to fulfill its significant potential. Today, nearly 65 percent of Nigerians live in extreme poverty. If current trends continue, the country is on course to surpass China and India by 2030 as the country with the highest number of people living in extreme poverty. Already, Nigeria has the highest number of out-of-school children[1] -- and those Nigerian children who do attend school have learning outcomes that are among the worst in the world.[2]

Health statistics are equally grim. Nigeria has the world's second-highest number of persons living with HIV/AIDS after South Africa. Maternal deaths during childbirth among Nigerian women are alarmingly high – while Nigerian women make up just over one percent of the world's population, they account for 13 percent of the world's maternal mortality.[3] Similarly, Nigeria accounts for approximately 13 percent of global child deaths[4] and one-third of all malaria deaths worldwide.[5] Nigeria has more tuberculosis cases than any country in Africa[6], and it is the only country in Africa where polio remains endemic. Progress in reducing fertility has stalled, particularly in the North where the use of modern contraception is rare.

Neglect of the agriculture sector since the discovery of oil in the 1970s has made Nigeria – one time the breadbasket of West Africa – a net food-importer. Despite recent, strong growth in the agricultural sector, the country spends $11 billion annually to import wheat, rice, sugar, and fish. Underinvestment in agriculture and rural development more generally has contributed to widespread, chronic malnutrition.[7] [8] The story of decline in the agriculture sector is repeated

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[1] Ten and a half million Nigerian youngsters, mostly girls, are not in school. Ninety-eight percent of those out of school are in Nigeria's poorer north.

[2] The 2010 Nigeria Education Data Survey (NEDS) survey reported that in every state except Lagos, over half of the children aged five to 16 surveyed could not read a simple sentence, even when that sentence was written in a language that the child had been speaking since birth.

[3] Only 38 percent of pregnant women are assisted by a skilled birth attendant during delivery (with just 12 percent in north-west Nigeria).

[4] There are 576 maternal mortalities out of every 100,000 live births. More than ten million children under five are chronically malnourished and the stunting (too short for their age) rate is 37 percent. While breast feeding is nearly universal (97 percent), only 17 percent of children are exclusively breastfed to six months of age. Nationally, only 25 percent of children are fully immunized; in the north, this figure is an astounding 10 – 14 percent. Approximately 2.8 million children each year are unimmunized. After the neonatal period, malaria, diarrhea and pneumonia are the top killers of children under five. Malaria accounts for about 60 percent of outpatient visits and 30 percent of hospitalizations among children under five. Nigeria accounts for about one-quarter of all malaria cases in Africa and with an estimated 300,000 childhood deaths annually, it accounts for about one-third of all malaria deaths worldwide. Malaria is a major reason that Nigeria has one of the world's highest rates of all-cause mortality for children under five.

[5] 42 percent of Nigerians have malaria.

[6] More than half a million Nigerians contract TB every year. Nigeria has the greatest burden of TB in Africa, and is third globally, behind India and China. Around 22 percent of Nigerian TB patients are co-infected with HIV.

[7] Manifestations of malnutrition include being underweight (low weight compared to age), which affects 28.7 percent of the population; and acute malnutrition or wasting, which affects 18 percent of children under five.

across the economy where almost every productive sector has seen disinvestment and a loss of quality jobs. With the exception of telecommunications, trade and finance, economic growth has also been highly variable regionally, with the coastal southwest around Lagos being the primary target of international and Nigerian investment, leaving the highly populated north falling further behind in almost all economic indicators.

A critical constraint to economic growth has been the lack of reliable electrical power. Insufficient power from the national grid forces individuals and firms to invest in private power generation (i.e. generators) to meet electricity requirements, driving up costs, slowing economic activity and worsening air pollution from generators and the use of fire wood. To put the power deficit into perspective, South Africa has one-fourth the population of Nigeria but produces ten times the electrical power.[9] The minimal electricity that is available is, again, disproportionally found in the south and southwest, with northern Nigeria almost unserved by the national grid.

With its large population and deplorable development statistics, Nigeria drags down the socio-economic indicators of the entire African continent – and, in turn, Africa drags down the world's indicators. Turning around Nigerian education, health, agriculture and electricity sectors will have a significant impact on Nigeria's poverty rate, Africa's overall development and, thus, global poverty-related statistics.

Nigeria has many assets it can bring to this effort. It is a country of significant human and natural resources, with oil being the most prominent, generating about 75 percent of government revenue. The nation's federal system has proven to be resilient and stable, reliably transferring resources from the national level to the states. It has clearly made a firm transition back to democracy and civilian government, and its military has retained respect since its withdrawal from politics. Despite weak capacity and poor performance, Nigeria also benefits from a fairly well-established civil service and broadly present government institutions.

Under Nigeria's federal constitutional structure, the majority of social services, including education and health care, are the responsibility of state and local governments. Unfortunately, weak institutional capacity has proven unable to ensure transparency and integrity in government operations, leading to significant under-funding of key social services, or misuse of public resources on highly visible projects, such as universities and tertiary hospitals, at the expense of primary care and basic education. As civil society and independent media outlets emerge, Nigerians talk increasingly about problems of corruption and the need to do things differently. This emerging voice of public opinion offers hope that the ingredients for a turn-around are in place.

It is imperative to pinpoint the reasons why Nigeria consistently lags in so many development measures. USAID and other donors' experience over the last 10 year has shown the overarching reason to be weak governance capacity and practice, a weakness that is evident in nearly every sector

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[8] Nigeria ranks 34 out of 45 nations measured in the Hunger and Nutrition Commitment Index.

[9] Annual per capita electricity consumption in Nigeria is one of the poorest in the world – 106 kilowatt hours compared to 245 kW hours in Ghana, 133 kW hours in Kenya, 4,347 kW hours in South Africa and 5,467 kW hours in the United Kingdom [2012, CIA Factbook].

and at all levels of government. Poor management of public resources and institutions manifests in several interrelated ways.

First, the economy is overly dependent on income from petroleum, which accounts for the vast majority of the national budget, yet oil production is an economic sector that produces relatively few jobs. Moreover, while Nigeria's oil revenues are substantial, they do not translate into game-changing wealth, such as that found in Saudi Arabia (oil revenues equal approximately $900,000 per person annually in Saudi Arabia and only $21,000 in Nigeria). Nevertheless, the failure to properly mobilize Nigeria's still significant oil revenues has meant there have been few broad-based benefits to the population.

Second, Nigeria has some of the lowest social spending levels in the world.[10] While the transfer of oil revenues to the states is fairly reliable and state-level budgets for public services are generally adequate, the money often does not flow through the system as budgeted – leaving local governments under-resourced and ill-equipped to provide services. Regional differences in public expectations, often culturally based, of what government can and should provide also negatively affect local social service delivery. It is worth noting that Nigeria's very low rate of taxation as a percent of gross domestic product (GDP) further distances citizens from a sense that public services are theirs, and reduces their inclination to articulate their needs and dissatisfaction, or to hold government accountable.

Third, an unfriendly business climate makes private sector-led economic growth difficult in Nigeria. Rampant corruption, the high cost of financing, and unpredictable legal decisions drive up costs, and chase away many potential investors. Adding to this, the dismal electrical service escalates costs of production, and significantly diminishes the productivity of business ventures.

USAID's assistance to Nigeria. USAID/Nigeria developed this strategy based upon the assumption that its bi-lateral budgetary allocation is likely to continue to be heavily weighted toward addressing HIV/AIDS and other health challenges, including malaria, maternal and child health, and tuberculosis. With human lives in peril today, such priorities are urgent and compelling. However, this focus on the health issues facing Nigeria will leave a relatively modest resource pool to address the other key development challenges facing Nigeria. Given the size of Nigeria's population, any and all USAID investments must be highly targeted and applied in a manner that addresses the political factors inhibiting development and poverty reduction in this country. This being the case, USAID/Nigeria's program will focus on governance concerns across the system to improve public service delivery, even while continuing to provide services that directly save lives. It is important to note, however, that the Mission embraces poverty reduction as the ultimate development goal, its "north star."

[10] The tax ratio is the total of all collected taxes expressed as a share of GDP. The rebasing of Nigeria's GDP in April 2014 resulted in nearly doubling the country's GDP, making Nigeria's economy the largest in Africa. The rebasing exercise led to a marked improvement in some key macroeconomic indicators, such as average per capita GDP, which increased from $1,555 to $2,689, and the country's debt-to-GDP ratio fell from around 19 to 11 percent of GDP. However, rebasing also served to highlight the country's low revenue-to-GDP ratio, which fell from 20 to 10 percent of GDP. This places Nigeria well below the tax revenue-to-GDP threshold of 15 percent that some economists believe is required to maintain effective political representation and good governance.

Education, agriculture, governance, and conflict mitigation programs will be modest in size and geared toward being catalytic and transformative in the sectors they touch. Our program will not compete with nor fund public services, but will instead help targeted institutions function better. Given that states bear the most responsibility (and resources) for programming in the sectors we most care about – education and health – programming will be largely state focused. As new state leadership moves into office following the 2015 elections, we will engage in a process to identify those state governments with the greatest demonstrated commitment to reform in our priority sectors, as indicated by key personnel appointments, plans to improve the performance of the sector, and budgetary allocations. Working from such a posture, it is anticipated that we may need to walk away from states that do not live up to their commitments.

State selection and targeting of program activities will also be influenced heavily by the presence of other donor programs. Both the European Union's and the United Kingdom's development programs in Nigeria are larger than USAID's and all three programs deliberately try to coordinate geographic presence in order to ensure as broad a national impact as possible.

While Nigerian government institutions must perform better to ensure delivery of key public services, it is Nigeria's dynamic private sector that must lead the way in transforming the economy. Therefore, USAID will also incentivize business development by expanding access to credit[11] and facilitating Nigerian and foreign investment in Nigeria. We will provide technical assistance to revitalize the agriculture sector and facilitate trade, and, through the regional Power Africa program, invigorate power production and distribution. And we will support civil society and the business community to advocate for better legal frameworks for business and their enforcement. Importantly, we will also continue to partner with the private sector in supporting programs (e.g., routine immunization and introducing new technologies to improve neonatal care) to reinforce the impact of USAID program while also prompting greater investment in development programming by Nigeria's sizable and wealthy private sector, business community and individual philanthropists.

Conflict is endemic in Nigeria and links strongly to the theme of poor governance. In the oil-rich Delta region conflict has arisen over the lack of widespread benefits from petroleum and the devastating environmental impacts of massive oil spills. In the Middle Belt population pressures have sparked deadly disputes over land usage that have gone unattended to by official institutions and are being exacerbated by religious affiliations of the affected communities. Finally, in the Northeast, what was once a civil protest against the profound level of corruption in government has now morphed into a deadly insurgency that aligned itself with the Islamic State of Iraq and Syria (or ISIS) and threatens the stability of not only northern Nigeria, but also of other Lake Chad Basin countries. Although oil resources have, to an extent, "masked" the underlying issues driving conflict, the time these resources bought was not put to good use to address the root causes of the violence. As a result, USAID is now responding to these crises through programming to mediate Middle Belt conflict, enhancing communal oversight of government expenditures in the Delta region, and providing humanitarian assistance to the millions affected by the Boko Haram insurgency in the northeast. Humanitarian assistance in that region, which includes food aid and other life-saving assistance, is complemented by building

[11] Development Credit Authority (DCA) mechanisms.

the capacity of Nigerian institutions to respond to future emergencies, and helping state governments in the Northeast be more effective in providing social services to their constituents and stimulating growth of the private sector.

III. Development Context

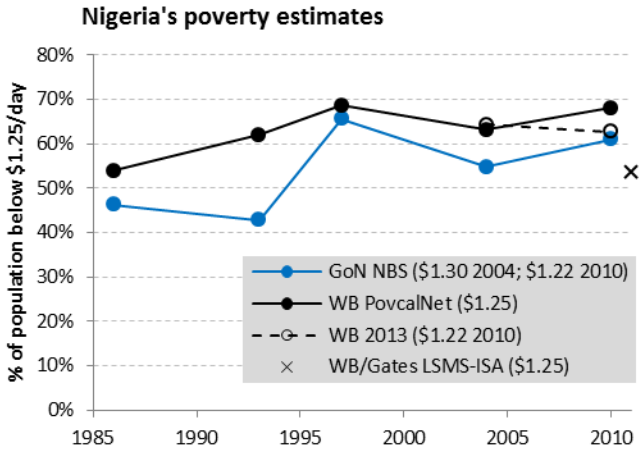
Poverty and the Economy

Nigeria has enjoyed robust economic growth over the past five years, averaging roughly 5.9 percent annually. (Economist Intelligence Unit, Nigeria Fact Sheet) The World Bank estimated real Gross Domestic Product (GDP) growth for 2014 at 6.3 percent and 5.5 percent for 2015. After the April 2014 economic rebasing exercise, Nigeria emerged as Africa's largest economy with a GDP estimated by the World Bank at $522 billion. The rebasing reflected the rise of the services and agriculture sectors, while playing down the energy sector as an engine of growth. Still, oil and gas accounted for over 95 percent of total goods exported in 2013, and accounted for 70 percent of government revenues. Since October 2014, lower oil and commodity prices have led the International Monetary Fund (World Economic Outlook, 2015) to downgrade its projected growth of the Nigerian economy to approximately 5 percent.

Falling oil and gas prices are also putting pressure on Nigeria's fiscal and external accounts. Brent crude oil, a key benchmark for oil prices worldwide, is currently trading below $50 a barrel at the time this strategy was published. This is significantly lower than the 2014 Government of Nigeria (GON) budgetary baseline of $77 per barrel. The Nigerian local currency, the Naira, has come under severe pressure recently, which is linked to the decrease in supply of petrodollars. While most analysts do not expect the price of oil to dip much further, OPEC recently opted against restricting supply in its November 2014 gathering. At the same time, Nigerian production, in terms of barrels per day, is expected by Business Monitor International to fall below budget assumptions (2.38 million) further increasing the anticipated budget deficit. A balance of payments crisis, however, is unlikely due to a healthy level of foreign exchange reserves.

In terms of the business environment, Nigeria remains one of the most difficult places in the world to do business. In the World Bank's 2015 Doing Business Report, Nigeria ranked 170 out of 189 countries, which marks a slight improvement by five positions from its 2014 ranking. Among the 11 indicators tracked by the World Bank in its annual rankings is the time and cost to secure a legal electrical connection. In Nigeria, it takes 260 days, nine administrative procedures, and costs over 470 percent of income per capita, ranking Nigeria at 187 out of 189 countries in this category. Additionally, high domestic production costs, driven by extremely high transportation costs, protectionist trade policies, a challenging investment climate, and the previously mentioned inadequate and unreliable power supply have all combined to constrain broad-based economic growth, creating an environment inhospitable to private sector development. Structural reform efforts to enhance the business environment slowed in late 2014, and most observers do not expect much progress to resume until after a new cabinet is formed in late 2015. The Petroleum Industry Bill and the Land Use Act are two examples of stalled reforms that could potentially positively affect the economic sphere.

Regrettably, Nigeria's robust economic growth has not fostered significant reductions in poverty or income inequality. While the country remains heavily dependent on oil exports, its recent economic growth has been led by manufacturing, services, and agriculture, which would suggest substantial welfare benefits for many Nigerians. Unfortunately, job creation in these relatively labor-intensive sectors has not kept pace with the country's high population growth nor has it been evenly distributed geographically – a dynamic that prevents people from emerging from poverty, especially in the country's north. In 2013, Gross National Income (GNI) per capita was estimated by the World Bank at $2,710, however over 100 million Nigerians live on under $1.25 a day, and the proportion of Nigerians living in poverty is increasing every year. Between 1980 and 2010, the percentage of the population living in extreme poverty increased from 6.2 percent to 38.7 percent. The 2010 Nigeria Poverty Profile shows that the percentage of the population considered non-poor[12] in 1980 was 72.8 percent versus 31 percent in 2010. Moreover, DFID's 2012 Gender in Nigeria Report estimates that over 65 percent of Nigerians living in extreme poverty are women. World Bank experts believe that growing inequality is partially responsible for the lack of poverty reduction despite economic growth, stating that poverty would have been reduced an additional six percentage points during that same period if there had been no increase in inequality. Data from the GINI index analyzed by the World Bank Development Research Group confirms that Nigeria is losing ground in terms of income equality. In 2004, Nigeria registered 40 on the index, which uses a range from 0 to 100 with 0 representing perfect equality. Six years later, in 2010, Nigeria dropped three points to 43. According to the World Bank, in 2010 (the most recent year for which data is available), the richest 10 percent of Nigerians account for nearly one-third of total national income.



Politics and Governance[13]

Nigeria is commonly portrayed as corrupt and poorly governed, with significant obstacles to democratic governance.[14] USAID's 2013 Democracy, Human Rights, and Governance Assessment of Nigeria identified some of these challenges as:

[12] Those living on $2.50 per day, as defined by the World Bank.

[13] This section was largely influenced by findings of the USAID *Democracy, Human Rights, and Governance Assessment of Nigeria*, April 2013

[14] The USAID DRG Center defines democratic governance as governance that takes place in the context of a democratic political system, which is representative of the will and interests of the people and is infused with the principles of participation, inclusion, and accountability.

- Social forces that generate conflict and armed insurgencies;
- Ineffective public institutions that fail to perform, to the detriment of the public interest;
- Widespread failure of the state to establish and maintain public security, leading to rising vigilantism and private security arrangements; and
- The devastating underdevelopment of local governance structures, and poor public service delivery in areas such as health, water and sanitation, infrastructure, and education.

A key element to understanding Nigeria's democratic progress and challenges is the nature of the relationship between the central government and the federating units (states and local government). The constitution gives considerable powers to the executive branch at the federal and state levels. Governors have broad authorities and control over shares of federal oil revenues allocated to state and local governments. This system has eroded the functions of state and local governments. Given that these sub-national governments have primary responsibility for delivering key basic services, such as health and education, and some aspects of agricultural development, the negative social and economic consequences of this governance structure have been severe. Despite over 50 percent of the national budget being allocated to the country's 36 states and 774 local governments, Nigeria has some of the lowest per capita social spending levels in the world. For example, Nigerian health expenditure per capita is recorded as $95 by World Health Organization (2012) while the Federal Ministry of Health's per capita health budget is $11 (2013) the gap of $84 is out of pocket expenses borne by Nigerian citizens. In the National Health Development Plan 2011-2015 Mid-term Evaluation (2013), the Federal Ministry of Health reported that states allocate between one and 14 percent of their state budgets on health.

Additionally, USAID/Washington's *Nigeria: Perspectives on Growth and Development* position paper explains that neither the state sectoral ministries nor the local government authorities, who are dependent upon resource transfers from their respective states, are funded or organized to optimally carry out their responsibilities. As a result, infrastructure is poorly maintained or nonexistent in many areas, and state and local governments are minimally involved in developing their regions. These weaknesses in governance lead to dismal public services, and some of the worst social indices in the world.

Human Development

Progress towards fulfilling the Millennium Development Goals in Nigeria has been disappointing (see Annex 3), with the country ranking 153 out of 186 countries in the 2013 UN Human Development Index.

Education

Nigeria's education system consists of nine years of basic education (six years of primary and three years of junior secondary), three years of senior secondary and four years of tertiary education. The provision of education is the concurrent responsibility of the federal, state and local governments. Private providers of education (both formal and informal, such as private and religious schools) also exist at all levels and cater to nearly one quarter of Nigeria's children, according to the 2010 Nigerian Education Data Survey. The federal government plays the

dominant role in the provision of post-secondary and tertiary education. The federal government also provides the standard curriculum for basic education, as well as additional direct funding for education at the state and local government levels through the Universal Basic Education Commission for the implementation of the Nigerian national universal basic education program, and the Nigerian Education Trust Fund, which is used mainly for physical infrastructure. State and local governments have responsibility for the provision of basic and secondary education.

Nigeria's education sector is underperforming in terms of percent of children attending schools and learning outcomes among those who do go to school. UNICEF estimates that 10.5 million Nigerian children are out of school, making Nigeria the country with the largest number of out-of-school children in the world. In 2011, the Nigerian National Bureau of Statistics (NBS) reported that the average net attendance ratio of the northern states was 38.3 percent, meaning that 61.7 percent of the total number of children in the north of primary school age were not attending school.[15] The World Inequality Database on Education reports that major education indicators in the north are well below the national average. In 2012, DFID and the NBS reported that a third of eligible children in ten northern states remained out of school. In recent years, the activities of the Boko Haram insurgency and resulting population displacement have aggravated the already-low levels of access to education in northern Nigeria, particularly in the three most-affected states of Adamawa, Borno and Yobe. As stated above, learning outcomes for those who do attend school are very poor. The 2010 Nigeria Education Data Survey (NEDS) survey reported that in every state except Lagos, over half of children age five to 16 surveyed could not read a simple sentence, even when that sentence was written in the child's language of the environment.[16] In 2013, USAID financed an Early Grade Reading Assessment (EGRA) in Hausa and English in grades two and three in Bauchi and Sokoto states. Ninety-two percent of the students could not read a single word in Hausa by the end of second grade. USAID has financed EGRA testing in over 30 countries; Nigeria holds the sad distinction of achieving one of the highest failure rates the Agency has ever recorded through the EGRA instrument.

There are three main issues at the root of these educational failures. First and foremost is the insufficient financial and institutional support given to education. Nigeria is fortunate in that significant percentages of the federal and state budgets are allocated to education; however, only a portion of budgeted resources actually reaches beneficiaries (state government, local government education authorities, parastatal organizations, schools, and students). Moreover, federal and state governments appear to struggle with (i) unclear division of responsibilities within and among the multitude of education sector-related agencies, (ii) inadequate strategic planning and management capacity to support tasks such as policy development and medium- to long-term planning; (iii) inadequate monitoring and evaluation to ensure that amounts budgeted for the sector actually flow to the sector and are well spent; (iv) inadequate education management information systems, and (v) inadequate and unreliable information on students'

[15] It is important to note that many children in the region at the time of the survey were likely attending some form of Qu-ranic schooling, which is not recognized as official schooling due to the lack of a standard curriculum.

[16] Nigeria national policy on education mandates that the language of instruction for lower primary school must be Hausa, Igbo, or Yoruba despite the fact that these languages may not be the child's mother tongue. These three languages are known as "languages of the environment."

learning outcomes. These well-documented weaknesses in the governance of the education sector have dramatic impacts on students.

Among the most pressing challenges is inequitable access to quality learning opportunities. Poor families face considerable economic barriers to placing their children in full-time public school. Although basic education is mandated as free and compulsory, school-related costs – both direct such as school fees or the cost of transportation and indirect in terms of the value of the child's time/foregone earnings – remain key reasons for low enrollment and for dropping out of school. The poor quality of education also acts as a disincentive to attend and complete school. Poor families carefully weigh the opportunity cost of engaging their children in economic activities that help the family versus spending hours per day in a classroom. If the instruction is subpar and does not produce any long-term economic benefit, parents cannot be blamed for making what they perceive as rational decisions. Moreover, given inadequate security, transportation and sanitation facilities, many families opt to keep girls home in particular or to send them to non-formal learning centers located closer to home.

The inadequate quality and relevance of education available in schools is the main contributing factor to low learning outcomes, made worse by the poor conditions of the learning environment to support teaching and learning. These include the poor condition of physical facilities, including water and sanitation facilities; inadequate teacher training and limited opportunities for professional development; and a lack of linkages to the needs of the labor market. Teacher qualification and distribution have also been critical challenges to the successful delivery of basic education.

Operating alongside the state or secular education systems are three distinct types of Islamic schools in Nigeria. Qur'anic schools focus on teaching students the memorization of the Qur'an, accepting students from nursery school age through to adults. Islamiyya schools provide more advanced religious study, including instruction of Islamic scripture and legal/jurisprudence subjects. Some of these schools also offer an academic curriculum that has been approved by the Government of Nigeria (GON), which includes English, mathematics, social studies, and science. Islamiyya schools are diverse; some are fully supported government institutions, whereas others are informally supported extensions of Qur'anic schools. The Islamiyya schools are sometimes supported by foreign donors (of Muslim countries). Tsangaya is a Hausa word that means "learning center." Tsangaya schools are associated with itinerant or boarding institutions often organized by local communities. The majority of Tsangaya students are boys. There is no reliable data on the number of such schools across Nigeria or the number of school-age students attending such schools. As the majority these schools are not recognized by the GON, the children who attend are considered to be "out of school."

As stated earlier, a record 10.5 million Nigerian children receive no formal instruction at all. For those who do attend, the quality of instruction they receive is dismal and, by any meaningful standard, students do not actually learn or receive an education. Top to bottom, the education system is broken.

Health

Of Nigeria's approximately 170 million people, about 42 million are women of child-bearing age. Nigeria ranks second in the world, after India, in the scale of maternal mortality with the rate of 576 deaths per 100,000 live births. (NDHS, 2013) According to the World Health Organization (WHO), an estimated 40,000 Nigerian women die annually from pregnancy-related complications out of a total of 529,000 global maternal deaths. A woman's chance of dying from pregnancy and childbirth in Nigeria is 1 in 13, compared with 1 in 35 in Ghana, and 1 in 2,800 in developed countries. Only about 38 percent of deliveries are attended by skilled birth attendants.[17]

The causes of maternal mortality include prolonged obstructed labor, unsafe abortion, septicemia, hemorrhage, and eclampsia. The contributing factors include births to females who are too young, lack of sufficient birth spacing between pregnancies, too many pregnancies, poor access to emergency obstetric care, and lack of recognition of danger signs during pregnancy. A substantial number of the cases of maternal mortality can be prevented through an effective family planning program that allows women to take charge of their own reproductive health and decide when to achieve pregnancy, and the availability of quality emergency obstetric care.

Nigeria has about 30 million children under five years of age; approximately 2,300 die every day. (UNICEF, 2014) The main causes of child mortality are malaria, pneumonia, and diarrheal diseases (in order of incidence).

Other factors contributing to maternal and child mortality are low/no education (female education is one of the most important predictors of use of antenatal care, skilled birth attendants and family planning) and poverty. Girls from poorer families are more likely to marry young and have worse health outcomes. DFID (2012) found that poorer girls and women are particularly disadvantaged – only seven percent of women in the poorest quintile deliver in a health facility, compared to 56 percent in the highest. The strong link between women's socio-economic status and the nutritional and health status of their children is well established. Improving the status of girls and women would result in quantifiable nutrition and health benefits for children in Nigeria.

UNAIDS (2013) estimates that in Nigeria, the number of people living with HIV/AIDS (PLWHAs) is currently 3.2 million. Of those, approximately half are women and 400,000 are children under the age of 15. Worldwide, Nigeria ranks second in HIV burden behind only South Africa. (UNAIDS, 2014) In 2013, UNAIDS reported that new infections were estimated at 220,394 including 53,000 among children. Nigeria's key HIV/AIDS populations include brothel-based female sex workers, non brothel-based female sex workers, men who have sex with men, and injection drug users. These key populations each experience alarmingly high prevalence rates of 27, 21, 17, and 4 percent, respectively. (Nigeria IBBSS, 2010) Only 19.8 percent of HIV-infected individuals are receiving antiretroviral therapy (ART) treatment, and just 30 percent of HIV-positive pregnant women receive ART to prevent mother-to-child transmission. (Global Fund, 2014) Approximately 240,000 AIDS-related deaths occur in Nigeria each year, and according to UNAIDS, two million children under 18 years of age are orphans due to AIDS. With such numbers, HIV is straining the health system.

[17] All health statistics are taken from the National Demographic Health Survey unless otherwise indicated.

Key drivers of HIV in Nigeria include low personal risk perception, multiple concurrent sexual partners, transactional and inter-generational sex, ineffective and inefficient services for sexually transmitted infections, and inadequate access to and poor quality of healthcare services. Deep-rooted gender inequalities and inequities, chronic and debilitating poverty, and persistent HIV/AIDS-related stigma and discrimination also significantly contribute to the spread of the infection. In particular, the 2014 passage of the Same Sex Marriage Prohibition Act has reduced the willingness and ability of some to access HIV/AIDS services with fewer organizations willing to address the needs of men who have sex with men.

Nigeria ranks third among the 22 high-burden tuberculosis (TB) countries in the world. Nigeria's first-ever TB prevalence survey was conducted in November 2012 by the National TB and Leprosy Control Program with assistance from the WHO. The results from the survey estimate that 600,000 new cases of all forms of TB occur in the country annually. The 2012 TB prevalence survey highlighted a two-fold increase in TB cases in men compared to women. However, since women often have more difficulty accessing health care services in Nigeria, they merit equal attention as men. The prevalence of HIV among TB patients was on the increase between 1991 and 2009 (from 2.2 percent to 27 percent), however recent estimates indicate a co-infection rate of around 22 percent. This is moderate compared to other countries with high burdens of both TB and HIV (e.g., Zimbabwe at 70 percent, South Africa at 62 percent, Mozambique at 56 percent). The most recent data show that the majority of the cases in Nigeria are not among people living with HIV/AIDS (PLWHA) nor marginalized groups. Rather, the spread of TB is largely due to lack of knowledge of TB symptoms and treatment options, so patients often go to health facilities when they are very ill and highly infectious, which results in their not being properly treated and infecting others. Weak primary health care services and poor linkages between the private-sector facilities where many Nigerians seek services and public-sector TB clinics where proper care can be received, contribute to the spread of the disease.

Geography of the Development Challenge

A consideration of geography is essential for any discussion regarding development in Nigeria. The country is divided into six geo-political zones, however, development indices show distinct differences between the northern and southern halves of the country. For the discussion that follows, northern Nigeria includes states in the three northern geopolitical zones – North-West, North-Central, and North-East (see Annex 5).

Regional inequalities in Nigeria are evident in terms of income, employment, education and healthcare, and are best summarized using poverty statistics. According to the Nigerian National Bureau of Statistics, Lagos State (South-West) has the lowest estimated poverty rate in the country at 22.9 percent, while Jigawa (North-West) has the highest at 77.5 percent. Poverty rates are considerably higher in the north, especially the North-East (75 percent) and North-West (67 percent). The North-West alone accounts for nearly one-third of all Nigerians living in extreme poverty. Additionally, USAID's Extreme Poverty Discussion Paper (2013) concludes that poverty is higher in rural than in urban areas (65 versus 33 percent), and is higher among women, as female-headed households have an 11.4 percent higher probability of being in poverty in rural areas, and a 52.2 percent higher probability of being in poverty in urban areas.

Human development indicators also vary by region. According to the NDHS (2013), infant mortality is 43 percent higher in rural areas (86 deaths per 10,000 live births) than in urban areas

(60 deaths per 10,000 live births), while under-five mortality ranges from a low of 90 deaths per 1,000 live births in the South-West to a high of 185 deaths per 1,000 live births in the North-West.

Sixty-nine percent of women in the North-West have never attended school, compared to only five percent of women in the South-South and South-East. Similarly, 45 percent of men in the North-East have never attended any school, while only one percent of men in the South-South and South-East have never attended school. (USAID, 2012) More than two-thirds of 15 to 19 year-old girls in northern Nigeria are unable to read a sentence compared to less than 10 percent in the south, and only three percent of girls complete secondary school in the north. The extremely high unemployment rate in Nigeria, reported by the Nigeria National Bureau of Statistics, of 23.9 percent nationwide in 2011 but over 50 percent for youth, is a direct result of failures in education. Many children leave school without even basic skills and find themselves unemployable.

Along with poor health and education indicators, the north also suffers from a lack of infrastructure. The MYTO II and the National Bureau for Statistics estimate that the Yola Electrical Distribution Company (Disco), which serves the North-East, delivers an estimated 82 kilowatts per person, while the Ikeja Disco, serving Lagos state, delivers an estimated 665 kilowatts per person. These factors have led to a large disparity in per capita GDP (2012 data), which is 46 percent higher in the South-West ($1,890) than in the North-East ($1,331). (Mhango) In addition to inadequate power infrastructure, the country's economic development is constrained by a decaying road network. Though the largest road network in West Africa, Nigeria's roads are poorly maintained and utilized by heavy and disorganized traffic. For example, the USAID Agricultural Growth Corridor Assessment Report estimates that travelling between Lagos and Ibadan, a distance of 151 km, can take up to 24 hours.

Not all challenges are found solely in the north. DFID's 2012 Gender in Nigeria Report shows that nearly half of unmarried women in parts of the south have experienced physical violence and the NDHS corroborates that HIV prevalence is highest in the South-South, recorded at 5.5 percent versus the national prevalence of 4.1. Unfortunately, according to the Nigeria National TB Program, TB occurs throughout the country. TB "hot spots" can be found in populous, urban centers such as Lagos and Kano. In Nigeria, it is estimated that 50 percent of the national TB burden is in 13 states plus the Federal Capital Territory.

The overall picture that emerges is a northern region that is much poorer than the rest of the country and under-developed, with low literacy rates, high maternal and child mortality rates, high incidence of disease (except HIV/AIDS and malaria), high unemployment, and poor infrastructure. Nigeria also has a relatively more wealthy, resource-rich south, with higher literacy rates, and better health indicators, yet a higher prevalence of HIV and higher levels of gender-based violence.

Gender

Gender challenges, some as a result of gender-based violence, have been mentioned in previous sections; however, given their central role in the development context, some key points deserve emphasis. The Global Gender Gap Report's index for 2013 places Nigeria at 106 of 136 countries. This indicator measures key variables including economic participation and

opportunity, educational attainment, health and survival, and political empowerment discussed below.

Economic Participation and Opportunity. Income is essential for women to advance in Nigeria. At every educational level, women earn less than their male counterparts, and in some instances, men with less education earn more than better-educated female peers. The majority of women in Nigeria are concentrated in casual, low-skilled, low-paid informal sector employment.

Politics and Governance. Women's participation in politics is strikingly low in Nigeria, a fact that not only affects women's empowerment but also has wider consequences. Various sources suggest[18] that both public and private resource allocation is more effective and efficient, and ultimately produces superior human development outcomes, in countries where women are more broadly represented in decision-making; women tend to spend more on children's education, social services and health.

Education. Nigeria's female literacy rates and disparities within the secondary and tertiary levels of school account for the country's low ranking on the Global Gender Gap Index for educational attainment (126 out of 136 countries). Nigeria's literacy rate for women is 41 percent while for men it is 61 percent. Parents also differentiate between girls and boys when making decisions about schooling; if the family can only afford to send one child to school, a boy will be chosen before the girl. In addition, Nigerian girls leave school at a younger age than their male counterparts.

Health and Survival. Nigeria ranks 122 out of 136 countries on the 2013 Global Gender Index in terms of health and survival. The strong link between women's status and child nutrition and subsequent health is well established, and improving the status of girls and women would result in quantifiable nutrition and health benefits for children in Nigeria. Unfortunately, women often have more difficulty accessing health care services in Nigeria because some cultural groups require that women seek their husband's permission to use health services. Additionally, women are less likely to have the resources to pay for transport and other costs associated with using health care.

Sexual and Gender-Based Violence. Mahdi (2011) explains that the threat and exercise of violence underpin and enforce gender subordination and unequal gender relations that result in poor outcomes experienced by girls and women in Nigeria. The 2013 NDHS reports Female Genital Mutilation (FGM) prevalence at 24.8 percent across Nigeria, with the south-east and south-west having the highest prevalence rate of 47.5 percent, respectively. It is practiced by various ethnic groups that include Christians, Muslims and Animists alike. Other forms of sexual and gender-based violence found in Nigeria are spousal abuse, rape, sexual harassment, and discrimination against widows. The USAID/Nigeria Gender Analysis (2014) suggests an acceptance of cultural and traditional practices in Nigeria that condone, and sometimes encourage, various forms of violence. For example, in survey responses to questions on attitudes towards wife beating, the NDHS reveals that more women than men think that a husband is

[18] Several sources such as Clots-Figueras (2011), Miller (2008), and Bolzendahl and Brooks (2007), as cited in the *Gender in Nigeria Report 2012.*

justified in beating his wife if she burns the food, argues with him, refuses sex, or goes out without telling him.

Men & Boys. Given the extent of gender inequalities in sub-Saharan Africa in general and Nigeria in particular, an almost exclusive focus on women and girls is understandable. However, men and boys are often ignored when considering the gender perspective and gender mainstreaming. Research has shown that a vision of manhood often involves financial independence, employment or income, starting a family, and sexual experience. Violence and coercion, including verbal threats and forced sex, are also often internalized by men (and women) as a socially-sanctioned extension of male authority to the private realm. Young men who do not achieve a sense of socially-respected manhood may be more likely to engage in violence.

Youth

Nigeria's population reached 170 million people in 2012 (National Bureau of Statistics). The National Population Commission (NPoC, 2013) states that about half of the population is made up of youths, defined as individuals between 15 and 34 years of age. As the youth population has grown, so has the unemployment rate. Unemployed youth numbered about 11.1 million in 2012. A high portion of youths have missed going to school and currently do not have the skills that would enable them to secure employment. Female youths are often politically underrepresented and are not empowered. In terms of gender, available statistics show that the majority of unemployed youth are female. Women accounted for more than 50 percent of unemployed youth between 2008 and 2012.

Analysis of youth unemployment by geographical/settlement location (rural and urban areas) indicates that youth unemployment occurs mostly in rural areas and is rapidly growing. From 2010 to 2011, the share of unemployed youth in rural areas increased from 47.59 percent to 59.95 percent. In absolute numbers, the population of unemployed youth in rural areas rose from 2.9 million in 2008 to about 5.9 million in 2012.

Several factors may be blamed for the prevalence of youth unemployment in Nigeria. There is a high population growth rate—3.5 percent per annum, which adds many youth to the labor pool. However, deficient school curricula and poor teacher training have contributed to the failure of educational institutions to provide students the appropriate skills to make them employable. But of course, the most immediate factor aggravating youth unemployment is Nigeria's notoriously poor business and investment climate, as detailed more fully throughout the document.

Conflict and Fragility

According to the World Bank (2013), most of the gains in extreme poverty reduction over the past two decades have taken place in higher performing countries that have not experienced the challenges of conflict or the severely limited capacity of ineffective governing institutions. It cites evidence (2011) to show that a country that experienced major violence over the period 1981-2005 had an extreme poverty rate 21 percentage points higher than a country that did not. For Nigeria, which not only has an active insurgency in the northeast, but also endemic communal violence in the Middle Belt and in the Delta region, 60 percent of the population live in poverty.

According to the 2005 USAID Fragile States Strategy, fragility refers to the extent to which state-society relations fail to produce outcomes that are considered to be effective and legitimate. When government fails and legitimacy – the hallmarks of which are accountability, inclusiveness, and transparency – is questioned, violent conflict becomes more likely. Armed conflict further exacerbates extreme poverty.

The highest profile threat facing Nigeria today – the violent Boko Haram insurgency – is largely a consequence of poor governance over many years. The lack of economic growth and opportunity in the northeast, limited political participation, ethno-religious extremism, poorly performing schools and health care systems, combined with blatant corruption are cited as key factors in the genesis of Boko Haram more than a decade ago. But Boko Haram is hardly the only manifestation of the breakdown in people's confidence in the legitimacy of the Nigerian state. The recently published USAID/Nigeria Cross-Sector Conflict Assessment Issues Paper reminds us that there are other threats to Nigeria's future:

> "[There] are the three sub-regions of Nigeria where ongoing violent conflicts have the potential to worsen in ways that could threaten regional security, Nigeria's still-fragile democracy, and even its territorial integrity. Violence in the North and Middle Belt is particularly dangerous insofar as it pits [mostly] Muslim [herders] and [mostly] Christian [farmers] against one another in a nation almost equally divided between the two groups. The long-running conflict in the Niger Delta Region is of special concern because it is fundamentally a struggle for control over Nigeria's most important strategic natural resource and source of government revenue – crude oil."

The general breakdown in the state's ability to provide services and security or mediate disputes, such as in the Middle Belt where communal and tribal violence is widespread, or to enforce sovereignty over its own territory in the face of the Boko Haram challenge, are glaring examples of how poor governance including official corruption has weakened the state. Security services have been hollowed out as resources are siphoned off, leaving the police and military out-gunned, out-equipped, and out-willed by their Boko Haram adversaries and other lawless groups. These weaknesses, once perceived, embolden dissident groups to further challenge state authority and leaves citizens with little choice but to settle their political and communal grievances on their own, however violently. It is likely that the Nigerian state's ability to manage conflict or address the underlying causes of conflict will continue to erode unless the institutions of the state become committed to governing in a more transparent, competent and accountable manner.

While both men and women are affected by conflict, its impact on them is substantially different. In many cases, women, teenage girls and particularly elder women in conflict zones are the sole providers and protectors of their families. This situation leads to a shift in gender roles with an increase in the number of women heads of households. Conflict increases men and women's vulnerability to sexual violence and rape. Levels of domestic violence and other forms of violence are exacerbated in stressed environments, putting women in fear for their personal safety and integrity. Rape increases the spread of sexually transmitted diseases, including HIV/AIDS, and unwanted pregnancies. In addition, it may result in the victim's rejection and marginalization from the community. Other basic economic and social rights, such as access to health, food and education are also affected in times of communal violence. The loss of family and forced migration to other areas or states also causes a loss of identity for men and women.

Even though all Nigerians have the constitutional right to reside anywhere in Nigeria[19], the idea of being indigenous to an area is a discriminatory concept employed in all Nigerian states to distinguish between the natives of a state or locality and those who have relocated from elsewhere in the country. In these environments, settlers will often find themselves without access to already insufficient basic services.

Government of Nigeria Strategies

With the return of democracy to Nigeria in 1999, President Obasanjo launched a series of economic reforms to address structural and institutional weaknesses of the Nigerian economy. These policies were documented in an economic development program known as the National Economic Empowerment and Development Strategy (NEEDS) 2004-2007. Recognizing the federal nature of Nigerian governance, State Economic Empowerment and Development Strategies (SEEDS) were also developed to complement NEEDS, and at the local level, Local Economic Empowerment and Development Strategies (LEEDS) were developed to complement SEEDS. The goals of NEEDS were poverty reduction, wealth creation, employment generation, and value reorientation.

NEEDS was adopted as Nigeria's official Poverty Reduction Strategy Paper (PRSP), and was prepared by the GON in broad consultation with stakeholders and development partners. Although in general terms, NEEDS performed admirably in terms of remaining on course and surpassing reform expectations in sectors such as banking, the International Monetary Fund's progress report (2007) found that NEEDS did not have a significant impact on Nigeria's infrastructure or improve the standard of living of the majority of Nigerians, with poverty and unemployment remaining high at the end of the strategy period. The policy's failure to generate employment and reduce poverty was attributed largely to weak institutional frameworks and a lack of political will.

President Obasanjo's administration's draft NEEDS-2 policy was harmonized with his successor, President Yar'Adua's, Seven Point Agenda in 2008, and formed the basis for *Nigeria Vision 20:2020*, a policy that articulates a long-term plan for transforming Nigeria into one of the top 20 economies in the world by the year 2020. Its two broad objectives were to optimize human and natural resources to achieve rapid economic growth, and to translate that growth into equitable social development for all citizens, while also moving the country towards achievement of its Millennium Development Goals. The strategy sought to address the following seven challenges – poverty, hunger, poor healthcare, low-quality human capital, inadequate housing, low productivity, and poor basic facilities. Central to improving the well-being and productivity of Nigerians was the eradication of extreme hunger and poverty.

In 2011, Nigerian President Goodluck Jonathan's administration concluded that Nigeria's development efforts had been characterized by a "lack of continuity, consistency and commitment to agreed policies and programs as well as an absence of long-term perspective," resulting in rising unemployment, inequality and poverty. Drawing inspiration from *Nigeria*

[19] Sanctioned by Sections 25, 26 and 27 of the Nigerian 1999 Constitution

Vision 20:2020¸ his medium-term *Transformation Agenda 2011-2015*, focused on transforming the economy through six avenues: macro-economic framework and economic direction, governance, human capital development, real sector policies, infrastructure, and the enabling environment. The strategy highlighted the cross-cutting importance of governance saying, "Nigeria's inability to decisively tackle most development challenges such as poverty, unemployment, security, and [the] deplorable state of infrastructure has been largely attributed to bad governance in all its ramifications. These include political governance, economic governance, corporate governance, and effectiveness of institutions." The *Agenda* called for enhancing performance of the public sector in order to maximize the benefits citizens derive from improved governance through more effective and efficient use of public resources, proper financial management, and fiscal prudence.

IV. USAID's Strategy in Nigeria

Mindful of host-country ownership and need for effective donor coordination, this strategy is directly aligned with the Paris Declaration on Aid Effectiveness (2005), the Accra Agenda for Action (2008), and the Busan Partnership for Effective Development Cooperation (2011). It supports Nigeria Vision 20:2020, the Transformation Agenda and a host of sector-specific Nigerian strategies discussed later in this document. It is also closely aligned with various USG and USAID global-level policies and strategies. The strategy follows the 2012 U.S. Strategy Toward Sub-Saharan Africa,[20] the Presidential Policy Directive on Global Development,[21] and the 2010 Quadrennial Diplomacy and Development Review.[22] It aligns with the tenets of USAID's Policy Framework 2011-2015, and the USAID Africa Bureau's framework for inclusive growth and poverty reduction.[23]

Development Hypothesis

The USAID Mission has established its Country Development Cooperation Strategy goal as **Reduced Extreme Poverty in a More Stable, Democratic Nigeria.** The Mission hypothesizes that if the Government of Nigeria can provide services for its citizens, and support a more equitable distribution of economic growth, funded primarily with Nigeria's own national wealth, then extreme poverty will be reduced in a more stable, democratic nation.

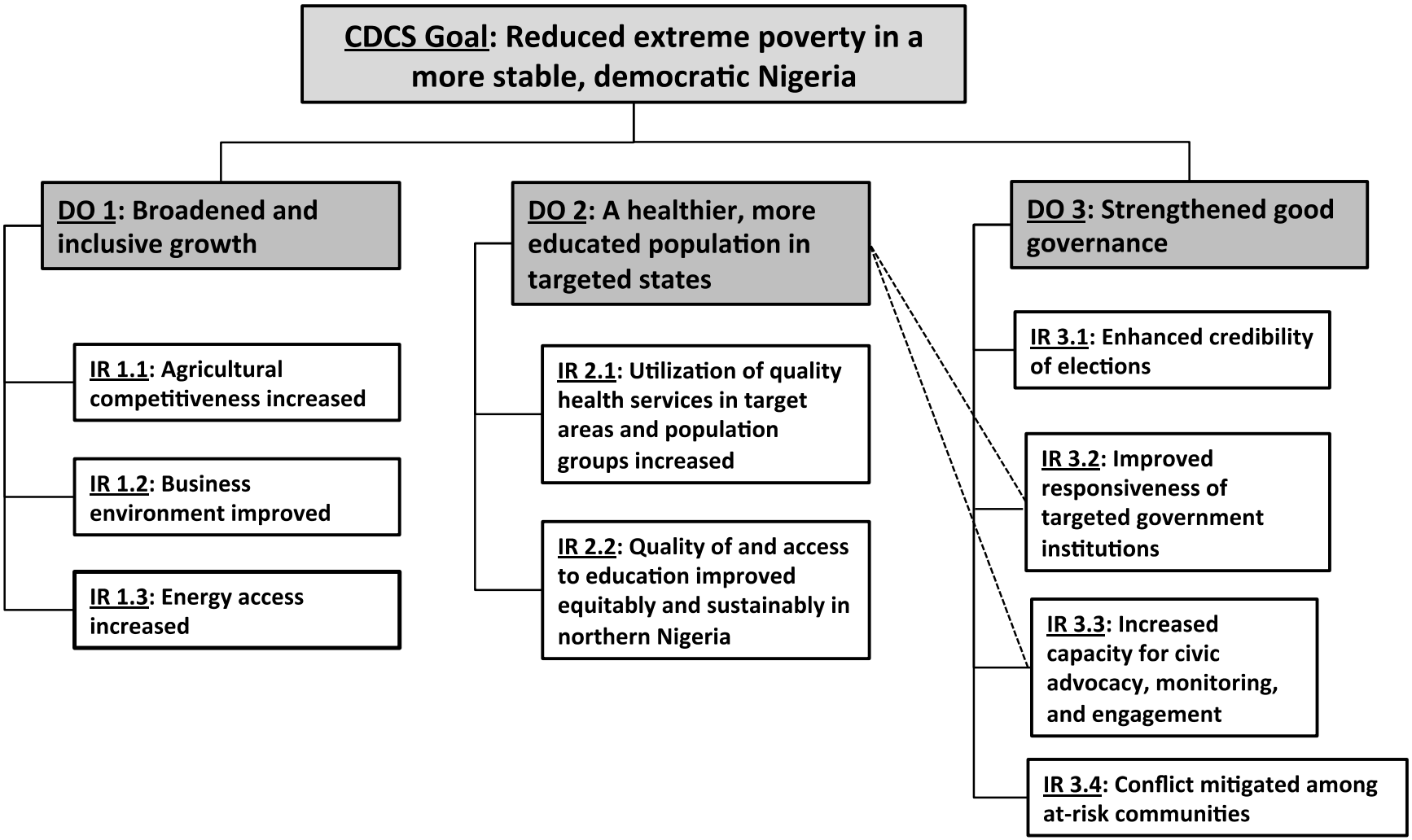
[20] The U.S. Strategy Toward Sub-Saharan Africa's four pillars are 1) strengthening democratic institutions; 2) spurring economic growth, trade and investment; 3) advancing peace and security; and 4) promoting opportunity and development.

[21] PPD-6's three pillars: policy focused on sustainable development outcomes, that places a premium on broad-based economic growth, democratic governance, game-changing innovations, and sustainable systems for meeting basic human needs; a new operational model that positions the United States to be a more effective partner and to leverage our leadership; and modern architecture that elevates development capabilities spread across government in support of common objectives.

[22] QDDR Outcome 2: Elevating and transforming development to deliver results, and Outcome 3: Building civilian capacity to prevent and respond to crisis and conflict.

[23] As presented in the USAID/PPL/SP *June 18 West Africa Extreme Poverty presentation*, June 2014

Figure 1: USAID/Nigeria CDCS Results Framework



Specifically, the strategy proposes to improve the performance of reform-oriented state and local governments, increase inclusive economic growth, and boost health and educational attainment to reduce extreme poverty. To sustainably achieve this, the Mission will engage the private sector and reform-minded state and local government officials to ensure that the benefits of economic growth are more widely and equitably enjoyed throughout their jurisdiction, especially by women and other marginalized groups. This strategy will also increase access to healthcare and education by supporting and strengthening basic service delivery systems. Together, these efforts will create jobs and stability, increase the ability of and confidence in government, and develop a healthier and more educated citizenry – three mutually-reinforcing objectives that will contribute to reducing poverty in Nigeria. Democratic systems function best with an educated and empowered population. Inclusive economic growth requires a healthy and educated population participating in the market – to work and consume goods, and contribute to stability. Improved service delivery becomes possible when governments adhere to the principles of good governance.

What is good governance?

Well-governed societies have government structures that effectively deliver public goods and services to all members of society; that efficiently make decisions and allocate resources benefitting all segments of the population fairly; that transparently demonstrate how policy and budgetary decisions are made and how resources are spent; that have various forums for all citizens to participate in decision-making and oversight of government programs; and are accountable for decisions, resource allocations, and successes as well as failures.

Nigeria's challenge will be to use the fruits of economic growth to combat growing poverty levels. History has shown that growth alone has not moved the needle in terms of improving the quality of life for the majority of Nigeria's 170 million-plus citizens. In order for economic growth to translate into reduced poverty, it is essential to enhance access to and improve the quality of social services, including health and education, diversify and liberalize its economy, and improve the environment for growth of the private sector.

Focus and Selectivity

Given the size of Nigeria's population, land mass, and national budget relative to the Mission's bilateral budget, it is incumbent upon Mission management to take deliberate steps to responsibly target its resources to ensure an effective strategy that can achieve results that are meaningful, measurable, and have a lasting impact.

Nigeria's federal structure gives primary responsibility for key sectors, such as health and education, almost exclusively to state and local authorities. Working at the sub-national level over the last several years, the Mission's health, education, and governance programs under the *Focus States Strategy* (2010-2013)[24] have had modest but real success in improving the proper allocation and management of funds for the provision of social services. With this in mind, the Mission's approach will be to co-locate and co-implement, to the extent possible, governance, economic growth, and social sector interventions, and expand on lessons learned from the previous strategy. One of these lessons is that the most effective point of

[24] USAID/Nigeria, as part of its 2010-2013 Strategy, implemented the *Focus State Strategy* (FSS) in Bauchi and Sokoto States in northern Nigeria. The objective of the FSS was to create a governance model to demonstrate and achieve effectiveness, efficiency, and synergy in programming by concentrating USAID resources on the two Focus States where the Mission believed resources could be effectively utilized.

intervention for the majority of the activities outlined in this strategy is below the federal level. As a result, most of the work will be focused at the state and local government area levels. Key to success in this effort will be identifying and working with reform-minded officials and institutions that demonstrate commitment to improving service delivery in priority sectors. After the March/April 2015 elections, the Mission will assess the vision and commitment of newly elected state leadership to help determine which state relationships will be continued and which will be newly forged. Naturally, other considerations such as security, other donor commitments, and GON and USG priorities and policies also will come into play in terms of deciding where the Mission will work, how the Mission will work, and in what sectors.

As a consequence, the Mission's interventions, except in certain cases, will not be nationwide. Instead, they will be geographically focused and selective. In addition to seeking political champions, the Mission will focus its programs on areas where health, education and poverty indicators are the worst, which translates into a geographic focus on the North; however, the Mission is also open to supporting aggressive reformers in the South. In the end, the Mission plans to provide models of development where there is proven political leadership committed to responsible governance. This strategy will support a preference for the poor – ensuring that interventions improve the lives of those Nigerians who live in poverty. The overall success of these investments in the targeted areas will be based on the reduction of poverty over the strategy period. Inherent in such an approach is a willingness to walk away from states if leadership falters or is found to be insufficient.

Integrated health activities will build on past accomplishments and continue to be implemented in Bauchi and Sokoto states, while expanding into other northern states. These northern states will benefit from the Mission's strategy to combine health, education, agriculture, water and sanitation, and governance sector activities to improve the state and local government financing of these sectors through the budget process. Additionally, the Mission's activities will engage communities to work with local and state representatives to advocate for improved policies, funding, and service delivery. The outcomes of these efforts are expected to improve accountability and transparency of resource management by state and local government institutions.

In reference to maternal and neonatal activities, the Mission will focus on newborn and infant morbidity in areas where health statistics have not improved; states such as Kogi, Cross River, and Ebonyi, all in the south, meet this criteria. In accordance with division of labor guidance from the Office of the Global AIDS Coordinator in Washington, DC, the Mission's PEPFAR team will lead USG-funded HIV/AIDS treatment and care activities in 20 states and share implementation with the Centers for Disease Control (CDC) in two states; CDC will lead efforts in the remaining Nigerian states. In terms of HIV prevention, the Mission will concentrate HIV prevention efforts in eight states, working throughout the strategy period to transfer financing responsibility for funding of the national HIV/AIDS response to the federal and state governments. Education activities will focus on northern Nigeria, and more specifically, will target populations with large numbers of out-of-school children and schools with low reading scores. Economic growth activities will follow the geographic distribution of targeted value chains and trade corridors, with the expectation that these activities will have a positive influence on economic growth in the under-developed and economically depressed North. Finally, if and when the security situation in the northeast improves, it is anticipated that the Mission will expand education, health and governance activities into Borno state, the epicenter of the Boko Haram insurgency.

This strategy will not be a resource-transfer program, meaning that USAID will not provide budget support to any of the various levels of government in Nigeria, nor will the Mission provide social services on behalf of the GON over the long term. Rather, state and local governments that partner with USAID will be expected to mobilize their own resources and apply those resources appropriately to realize their development objectives. Specifically working with state and local government already committed to achieving these objectives will lead to their sustainability.

The GON's management of higher education is much more effective than its management of basic education, partially due to its streamlined nature. The Mission prioritizes goals one and three of the Global Education Strategy because it is within these goals that the basic foundational skills are developed. It is unlikely that a child will reach higher education levels without being able to read. In terms of Rule of Law, two other donors – the United Kingdom and the European Union – are already working in this sector and plan support in excess of $100 million through 2015. Their assistance will focus on all sub-sectors affecting rule of law in Nigeria. And finally, the Mission will not work on non-communicable diseases because the burden of disease due to basic preventable or treated conditions is still extremely high and investing Agency resources in non-communicable diseases would not significantly contribute to the CDCS goal to end extreme poverty.

Assumptions and Risks

The Mission made key assumptions in designing this strategy as summarized below. Likewise, it is important to acknowledge the key risks that threaten the strategy's success.

Assumptions

- Reform-minded leaders will exist at the state and local government levels and have the political space and empowerment to effect change.
- Nigeria's economy will continue to grow at 5-6 percent per year.
- The President elected in 2015 will continue to support the GON's Transformation Agenda.
- Donors will remain committed to the development of Nigeria.
- There will be no major disruption in oil production.
- Despite falling global oil prices, the GON will have sufficient resources to finance the country's development.
- Neither Ebola nor Boko Haram will pose an existential threat to Nigeria.

Risks

- Lack of inclusive economic growth in the country could lead to more conflict, particularly among youth.
- Ebola resurfaces in Nigeria and the GON may be unable to contain it.
- Insurgency destabilizes federal and other state governments and could spread outside of Borno, Yobe and Adamawa states

The most prominent potential game-changer for this strategy is violent conflict. Currently, Nigeria is facing a nihilistic insurgency based in the North, and continuing intra-communal violence in the North and Middle Belt regions, along with a lingering conflict in the Delta. Politically motivated violence, especially in conjunction with elections, is endemic. As a result of its cross-cutting nature, conflict degrades the Mission's ability to achieve its

development objectives by chipping away at the foundation of economic growth and disrupting markets, eroding gains in health and education by impeding access to basic services, and further reducing governments' legitimacy in the eyes of its citizens. Should conflict and violence in Nigeria escalate, the Mission will review and revise its strategy accordingly.

Development Objective 1: Broadened and inclusive growth

With a revised GDP of $521 billion, Nigeria has emerged as Africa's largest economy. The country has experienced significant growth over the past five years -- over 5.9 percent per year according to the World Bank (2014). Recent growth in non-oil sectors such as agriculture, trade, services and telecommunications has contributed to economic diversification. Unfortunately, agriculture-led growth has neither boosted consumption nor reduced inequality in Nigeria, nor has it benefitted the poorest or other marginalized groups such as women, despite the fact that women make up the majority of the agriculture sector. Bottlenecks to inclusive growth, such as poor access to inputs and markets, coupled with an unfriendly business environment have prevented most Nigerians from benefitting from the country's robust economic growth. The World Bank reported (2013) that as the economy grew between 2004 and 2010, the percentage of the population living in extreme poverty remained at around 62 percent with no significant poverty reduction. The World Bank study *Where Has All the Growth Gone* documents that Lagos and other states in the South-West enjoyed relatively inclusive growth, and saw the fastest poverty reduction in the country. The apparent disconnect between the relatively prosperous and growing Lagos-dominated region and the rest of Nigeria is beginning to define the development challenge in this country.

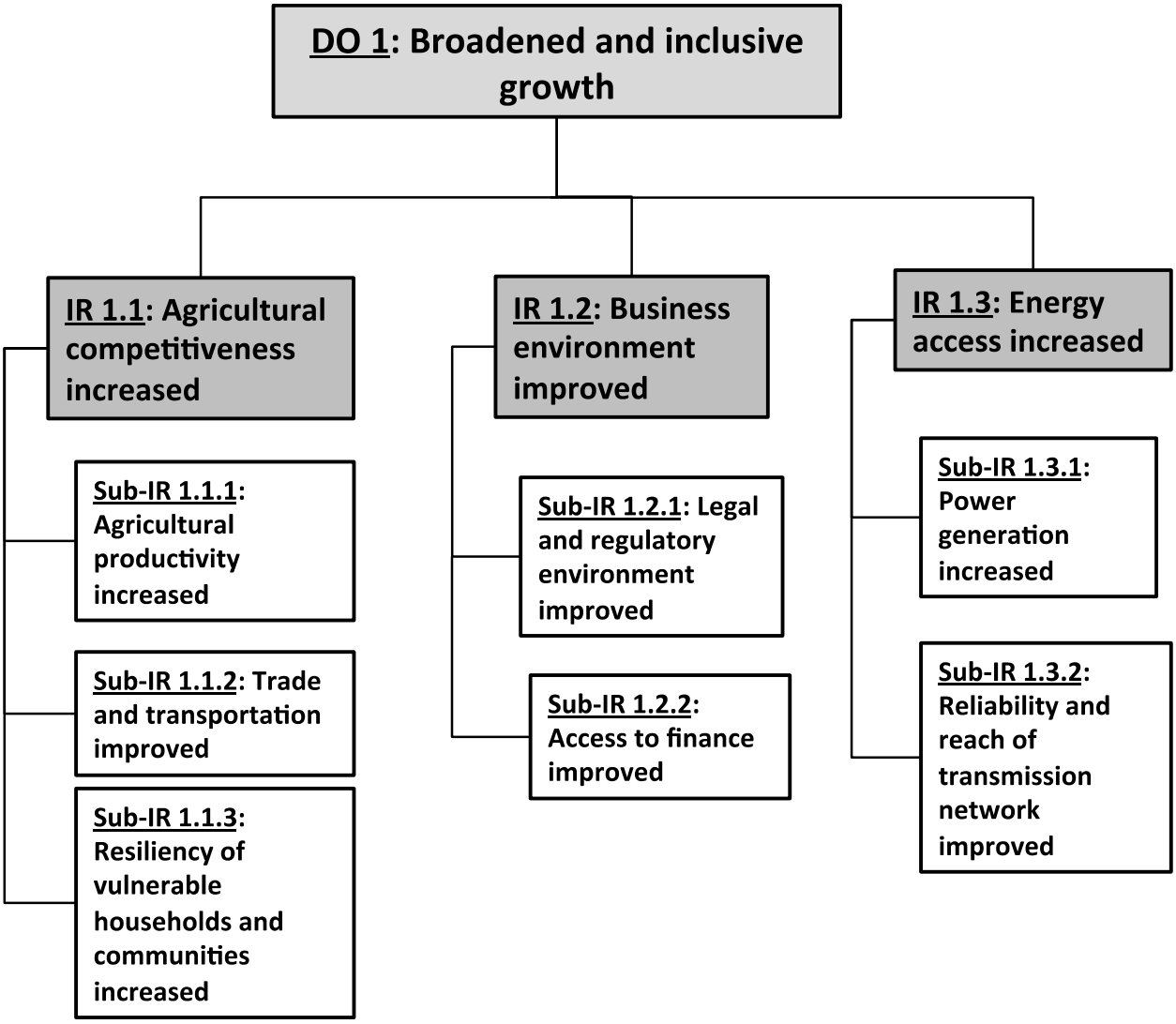
In formulating Development Objective 1, the Mission concentrated on diversification and equality of opportunity beyond Nigeria's South-West and coastal states. Both factors are fundamental to leveraging Nigeria's economy for the good of all of its citizens. Additionally, the Mission consulted the White House's Executive Order on Climate-Resilient International Development as it considered climate change mitigation and adaptation in Nigeria.

Development Hypothesis

If agricultural competitiveness and access to available electricity are increased more broadly across Nigeria, and the business environment is reformed, then the sources of growth will expand more evenly across the country, there will be greater private sector investment, and the share of the labor force included in this growth process will increase. As such, Nigeria will experience more inclusive growth, reduced regional inequalities, and poverty reduction.

Illustrative Performance Indicator

- Percentage increase in non-oil GDP



IR 1.1: Agricultural Competitiveness Increased

Sub-IR 1.1.1 – Agricultural productivity is increased

Sub-IR 1.1.2 – Trade and transportation improved

Sub-IR 1.1.3 – Resiliency of vulnerable households and communities increased

Agriculture is a pillar of Nigeria's non-oil economy and employs approximately 70 percent of the population, according to the Nigerian National Food Security Programme. In the 1960s, the agriculture sector actually provided the main source of foreign exchange earnings in Nigeria. The discovery of crude oil in the late 1960s and the resulting financial gains shifted government priorities from agriculture to oil. Relative neglect of the agriculture sector has made Nigeria a net food-importing nation, spending on average $11 billion annually to import wheat, rice, sugar, and fish. Underinvestment in agriculture has also contributed to chronic malnutrition in Nigeria. Manifestations of malnutrition include being underweight (low weight compared to age), which affects 28.7 percent of the population; and acute malnutrition or wasting, which affects 18 percent of children under five. Notably, it has been observed that malnutrition and under-nutrition affect Nigerians across the socio-economic

spectrum, more study is required to understand the underlying causes of malnutrition to identify solutions.

Recognizing that agriculture in Nigeria will remain a labor-intensive sector, increasing agricultural productivity, facilitating value chain integration, and directing investment toward the agriculture sector will enhance employment opportunities for unskilled labor, contribute to regional food security and stability, and provide one of the most useful vehicles for moving populations out of extreme poverty. To sustain economic growth and broaden its benefits, the Mission will focus on smallholder[25] farmers and women, and small to medium enterprises that have the capacity to be linked to high-value commodities markets.

Important gender issues exist in the agriculture sector. Women are a significant percentage of small farmers, and manage many farms individually or collectively, although this varies by geographic region. They also engage in petty trading and raise non-cash crops that provide meager economic returns. Female economic participation in agriculture and trade is to a large extent determined by cultural norms and dictated by the economic needs of the family. Only 7.2 percent of women own the land they farm, which limits their access to credit and constrains entrepreneurship and business engagement. Only 15 percent of women have a bank account. Traditional land tenure systems, patterns of inheritance, and a lack of access to credit all weigh heavily on women's economic empowerment in Nigeria. Women, who provide mostly unskilled, intensive labor, produce approximately 75 percent of Nigeria's food for local consumption and export (Shitu, 2012).

The Mission's agriculture strategy was developed in accordance with the L'Aquila Declaration on country-led coordination of agriculture strategies and complements the GON's Agriculture Transformation Agenda, which seeks to transform agriculture into profitable agribusiness. It also adheres to the tenets of the Comprehensive Africa Agriculture Development Programme, the pan-African strategy to eliminate hunger and reduce poverty through agriculture. Although Nigeria is not a focus country, this intermediate result directly aligns with the U.S. Government's Global Hunger and Food Security Initiative, Feed the Future, focusing on the strategy's first objective: Accelerating inclusive agriculture sector growth to sustainably reduce global poverty and hunger.

Development Hypothesis

If agricultural productivity, market linkages and private sector participation increase, then the overall competitiveness of the sector will be enhanced, thereby increasing rural employment and incomes.

Illustrative Performance Indicators

- Gross margin productivity of selected commodities
- Total national production of selected commodities
- Value of incremental sales (collected at the farm level) attributed to Feed the Future implementation

On nutrition, success in meeting our objectives will be quantified through gauging the shift in health indicators captured in subsequent Demographic and Health Surveys (DHS),

[25] Defined by USAID as farmers with less than five hectares of land.

Standardized Monitoring and Assessment of Relief and Transition (SMART) surveys, PEPFAR semiannual and annual reporting, implementing partner reporting on relevant indicators, and reporting within Government of Nigeria health information system frameworks. Efforts related to malnutrition will be closely coordinated with DO 2 programming.

Approach

Activities under sub-IR 1.1.1 will increase agricultural productivity, which will lead to a larger quantity of better quality goods available for internal and external markets. Having products that better meet the needs of the market is one crucial component of economic competitiveness, and will lead to higher incomes for farmers and agro-processors. Accordingly, the Mission will design interventions that support sector efficiency, focusing on targeted commodity value chains where it is believed the greatest productivity increases are possible – e.g., rice, cassava, sorghum, cocoa, and aquaculture. The ability of smallholder farmers (especially women) to apply agricultural technologies on a wider scale will be increased, thus ensuring access to better inputs (such as seeds and fertilizer), adequate finance, better water management practices, appropriate climate-smart technology and extension services, and links with the private sector.

The Mission will continue to integrate basic nutrition and sanitation behavior-change trainings into agriculture extension messaging for men and women. Additionally, the Mission will continue to explore promotion of bio-fortified crops, such as orange-fleshed sweet potato and yellow cassava, as well as practices and inoculants to reduce aflatoxin contamination in food and feed. The Mission's health portfolio will complement these efforts and continue to target high-impact nutrition interventions such as Vitamin A supplementation, promotion of exclusive breastfeeding, improved childcare practices, and improved hygiene behaviors. However, as stated above, the drivers of malnutrition are varied and not fully understood. The Mission will undertake research that will build better understanding of the factors that contribute to malnutrition in Nigeria and subsequently design appropriate programmatic responses.

Focusing on increasing agricultural productivity alone, however, will not increase competitiveness. Sub-IR 1.1.2 emphasizes improving the trade and transportation networks to reduce the time and associated expenses of getting agricultural products to market. Increasing linkages to potential consumers contributes to increased agricultural competitiveness – goods can get to market. These trade and transportation activities will involve improving coordination along the Lagos-Kano-Jibiya trade corridor, the country's main north-south transportation artery, with onward links to Niger, Chad and Burkina Faso. The Mission will facilitate improvements in customs and trade facilities, and business development services, particularly for firms wishing to export Nigerian products.

And finally, sub-IR 1.1.3 will focus on increasing the resiliency of vulnerable, mostly rural, households to shocks and stress. Improved resiliency will allow these households to adapt to dynamic conditions and ensure longer-term, sustainable livelihoods. The combination of population growth and limited land is forcing farmers onto smaller and smaller plots of land, or onto land unsuitable for cultivation, which increases their vulnerability. Systems are also needed to ensure that agricultural growth is inclusive. In alignment with Feed the Future's pro-poor goals, the Mission will help farmers who are not well-equipped to participate in the local economy to strengthen their resilience and build the architecture for inclusive rural economies. Working with local governments and the private sector, rural households will be

enabled to fully participate in developing agriculture value chains and become viable economic actors.

The Mission's interventions will not be gender-neutral. The role of women in rural societies is increasing as more men migrate to cities in search of employment. Activities under this development objective will be designed specifically to meet the needs of women in agriculture and target vulnerable households, many of which are headed by women. Women and women-headed households are often the most chronically poor of any rural group due to disproportionately lower access to productive resources (e.g. inputs, land, labor, and other technologies), markets, and information. These groups also have less control over income earned from their labor. Skills and entrepreneurial training, as well as nutrition education activities will be designed specifically to empower and meet the needs of women. Other techniques to increase access to inputs for women will also be included in this intermediate result's activities.

IR 1.2: Business Environment Improved

Sub-IR 1.2.1 – Legal and regulatory environment improved

Sub-IR 1.2.2 – Access to finance improved

Inclusive economic growth in Nigeria will not be possible without a regulatory environment friendly to the establishment and operation of businesses. Simply put, economic activity requires good rules that are enforced. Changes in the policy environment are therefore needed to attract private sector investment and spur domestic production in energy and agriculture. Additionally, the financial sector must become a full partner in development, focusing in part on women, as only 15 percent of Nigerian women have a bank account. This lack of access to credit weighs heavily on women's economic empowerment.

Reforming the business environment remains a GON priority that cuts across the GON's strategies including the Transformation Agenda, Vision 20:2020 and the First National Implementation Plan. At a sector level, strategies such as the Agriculture Transformation Agenda, place a strong emphasis on creating a business enabling environment where small-scale actors are able to access inputs and markets necessary to increase productivity and raise incomes.

Development Hypothesis

If the legal and regulatory environment and access to finance are improved, then the business environment will be enhanced to promote private sector investment.

Illustrative Performance Indicators

- Relative ranking on the World Bank's Doing Business indicators
- Number of individuals and businesses accessing credit as a result of USG assistance

Approach

Under sub-IR 1.2.1, improving the legal and regulatory environment will help create an environment in which businesses can reduce costs and limit risks outside of the control of any one firm. Activities of this nature can support the creation of economic rules that encourage private enterprise by making it easier and more predictable for businesses to operate in Nigeria. Specifically, the Mission will target resources to improve the flow of Nigerian

goods within domestic, regional, and international markets. Trade facilitation, food safety, and nutrition are three priority areas that will be addressed under this strategy. The Mission will continue to support the GON and private sector actors to improve the performance of key trade corridors including the Lagos-Kano-Jibiya corridor, which extends from the coastal port in Lagos north to the border with Niger. Since the cost of transporting goods in Nigeria continues to hamper the competitiveness of small- and medium-sized enterprises, and requires both regulatory reform and infrastructure improvements, the Mission will partner with the private sector to champion reforms necessary to reduce the cost of transporting goods. Involving the private sector to achieve this development objective is important because increased private sector engagement will signal the possibility of positive returns and an environment in which people feel comfortable investing. The private sector brings knowledge, operational efficiencies, and capital to finance activities, whether they are related to agriculture, energy, or other productive sectors of the economy.

Although a predictable legal and regulatory environment does contribute to an improved business environment, it will also be important to improve access to finance for these businesses. Sub-IR 1.2.2 will support increased access to finance by working with USAID's Development Credit Authority on activities under both IR 1.1 and IR 1.3. The Mission will work with financial institutions to encourage them to work with clients that are perceived as having risky loan profiles, while also working with potential borrowers to help them develop bankable business plans. The Mission will also leverage its efforts to expand credit with international development actors and Nigerian institutions to unlock sources of finance to sectors that have a significant development impact.

IR 1.3: Energy Access Increased

Sub-IR 1.3.1 – Power generation increased

Sub-IR 1.3.2 – Reliability and reach of transmission network improved

Nigeria's lack of reliable electrical power is a significant constraint to the country's private sector development. The unreliable and insufficient supply of electricity has crippled the economy, forcing firms to invest in private power generation, significantly driving up the cost of electricity, lowering profitability, and rendering Nigerian firms uncompetitive in both international and local markets. Reliable, affordable energy would enable the expansion of agro-processors and increase demand for and income from local production and trade. In 2013, the GON embarked on an ambitious reform agenda to privatize its troubled energy sector. Demonstrating remarkable political will, the government privatized 15 generation and distribution assets in record speed. Throughout the process, USAID served as a valued partner to the GON providing demand-driven technical assistance, capacity building, and access to finance to private entities.

Electricity access is a significant constraint to private sector development.

It is important to note that although energy-related activities are planned strategically to address developmental needs in Nigeria and complement the overall CDCS strategy, they will be funded through the regional Power Africa budget. The activities listed herein align with the 2015 Power Africa Implementation Plan.

Development Hypothesis

If private sector participation in diversified energy generation, transmission, and distribution is increased, and prices are allowed to reflect market realities, then greater supplies of reliable electricity will reach Nigerian firms at lower prices and raise their competitiveness.

Illustrative Performance Indicators

- Additional units (KWh) of energy produced
- Number of new electric power connections (measured in customers)

Approach

As a focus country under Power Africa, the Mission will target resources to increase power generation (sub-IR 1.3.1) and access to electricity (sub-IR 1.3.2). Specifically, the Mission will adopt a transaction-based approach to identifying mid- to late-stage power projects and provide targeted technical assistance to bring these deals to closure. With a dual focus on power generation and access to electricity, programming will be tailored to meet the needs of the generation companies, the distribution companies, and the transmission network company. Where appropriate, a modest level of support will be provided to improve the legal and regulatory environment necessary to attract private capital and sustain the GON's privatization reform effort.

It is important to note that electricity supply increases will not occur until persistent issues in the supply of gas to the power sector are resolved. Current supplies of gas are associated with crude oil extraction and are usually flared (burning off of flammable gas) because low, government-regulated pricing renders the capture of the gas uneconomical. The government-regulated low price for gas also discourages investment in infrastructure to transport gas to power plants. The time to plan and develop new gas supplies and their associated infrastructure is three to five years, a painfully long time when added to the cycle to plan and construct power plants. Demand from the newly privatized power plants significantly increases the need for gas to the power sector, but the core problem of availability may not be fully resolved until the gas sector is liberalized to allow market forces to determine pricing. The Mission will continue to look for ways to modestly support the Nigeria National Petroleum Corporation to monetize flared gas and the Nigeria Gas Company in policy and regulation to push the critical issues of gas price, supply and transportation to the power generation sector.

"Beyond the Grid" represents a sub-initiative within Power Africa designed to support small-scale and renewable energy projects in delivering electricity to communities beyond the reach of traditional power networks. In Nigeria, the Mission will place a strong emphasis on helping project developers access flexible financing to realize economically viable projects utilizing renewable energy and energy-efficient technology.

Development Objective 2: A healthier, more educated population in targeted states

Health and education indices in Nigeria are extremely poor, creating a drag on economic growth and a barrier to effective poverty reduction. Governance challenges in both sectors increase the complexity of improving development outcomes in these sectors. The public education system is unable to provide quality basic education, and the public sector health care system is unable to provide basic, cost-effective services for the prevention and management of common health problems.

The maternal mortality ratio in Nigeria is 576 per 100,000 births. The total fertility rate is 5.7 nationally, however, in the North-East and North-West regions it is over six. Childbearing begins early and births are closely spaced (NDHS, 2013). Under-five mortality rates vary from 90/1,000 live births in the South-West to 185/1,000 live births in the North-West, with an average of 128/1,000 live births nationwide. Approximately 3.2 million people were living with HIV in 2013, and there are an estimated 600,000 new cases of tuberculosis in Nigeria every year. Only 17 percent of HIV-positive women receive ART to prevent mother-to-child transmission. Malaria is the leading cause of child mortality with an estimated 300,000 children dying each year and accounts for about 60 percent of outpatient visits and 30 percent of hospitalizations. Malaria also contributes to an estimated 11 percent of maternal mortalities (National Malaria Control Program Strategic Plan, 2012). In general, under-five deaths are largely due to preventable diseases such as malaria, respiratory infections and diarrhea. The 2013 NDHS reports that children fully immunized in the North ranges from 10-14 percent, compared to 25 percent nationally, which is still much too low. More than 10 million children under five are chronically malnourished and the stunting rate is 37 percent. These indicators are driven by the fact that the majority of life-saving, high-quality primary healthcare and referral services for women and children are unavailable or inaccessible.

Viewing this sector from another vantage point, Nigeria ranks 122 out of 136 countries on the 2013 Global Gender Index in terms of health and survival. Girls from poorer families are more likely to marry young and have worse health outcomes. Each day, 144 Nigerian women die in childbirth, equivalent to one death every 10 minutes. And finally, DFID (2012) found that poorer girls and women are particularly disadvantaged – only seven percent of women in the poorest quintile deliver in a health facility, compared to 56 percent in the wealthiest. The strong link between women's status and child nutrition and subsequent health is well established; therefore, improving the status of girls and women would result in quantifiable nutrition and health benefits for children in Nigeria. The 2012 TB prevalence survey highlighted a two-fold increase in TB cases in men compared to women. However, women often have more difficulty accessing health care services in Nigeria, and thus merit equal attention.

Both the federal and state governments share responsibility for providing funding for healthcare. The Federal Ministry of Health is responsible for policy and technical support to the overall health system, the national health management information system, as well as the provision of health services through the tertiary and teaching hospitals and national laboratories. The state ministries of health are responsible for secondary hospitals and for the regulation and technical support for primary healthcare services.

Responsibility for primary healthcare is divided between state Ministries of Health, which are responsible for technical direction and oversight, and state Ministries of Local Government, which are responsible for the labor force and recurrent cost of maintaining facilities. With the adoption of the Primary Health Care Under One Roof policy, there is a growing discussion among states to have the State Ministries of Health take full responsibility for primary health care. Few states have actually moved beyond policy discussions to implement this policy, with the notable exception of Bauchi state, which has just completed the transition.

The complex challenge of financing and oversight of the health system has been worsened by underinvestment in the sector. In April 2001, all African Union nations pledged in the Abuja Declaration to allocate at least 15 percent of their national budgets to healthcare. Unfortunately, Nigeria is far from meeting that target. Although the federal government

allocates funds to states and, by implication, to all 774 LGAs, for secondary and primary health care services, it does not have any significant influence on the ultimate disbursement of the resources. In reality, the bulk of health care costs are borne by households. According to the WHO, household expenditure as a proportion of the total health expenditure is extremely high in Nigeria. The World Bank reports that between 2010 and 2014, the average out-of-pocket health expenditure by households is a whopping 95.7 percent of all private expenditures on health. In other words, of all non-public sources of financing for health (e.g., Prepaid plans, risk-pooling arrangements, firms' expenditure on health, non-profit institutions serving mainly households, and household out-of-pocket spending), households bear the majority of the burden.[26] This means that in Nigeria whether you are rich or poor, the amount you pay for healthcare is the same, making payment for healthcare in Nigeria highly inequitable. Where there is little confidence in the public sector to deliver quality health services, an overwhelming percentage of Nigerians seek services in the minimally regulated private sector.[27]

Funding is also a challenge in education, although the problem manifests differently. As mentioned earlier, state governors have responsibility to release budgeted or allocated funds to ministries and agencies in their states. However, in an environment of limited transparency and competing demands, funds are seldom released according to agreed funding formulas to meet education targets. Salary payments are prioritized over other types of expenditures for school development, often short-changing procurement of learning materials and improved infrastructure.

Nigeria's gender gap in overall literacy rates and disparities within the secondary and tertiary levels, accounted for the country's low ranking on the Global Gender Gap Index for educational attainment (126 out of 136 countries). Stark differences were also revealed by the Nigeria EdData Survey (NEDS) conducted by USAID in 2010. Nigeria's literacy rate for women was 41 percent while for men it was 61 percent. Primary school enrollment for girls was 55 percent versus 60 percent for boys. Secondary enrollment was 22 percent versus 29 percent. Tertiary enrollment was nine percent for women and 12 percent for men. An updated survey for 2015 is currently being completed, but very little improvement of indicators in the sector is anticipated.

The critical role of education in achieving a healthy labor force, increasing productivity, eradicating extreme poverty, building social cohesion, and reinforcing the resilience of vulnerable communities are well documented. Only through education can a nation realize its development priorities, particularly those of overcoming inequality and eradicating extreme poverty. Evidence shows (Hanushek and Wossman, 2007) that each year of schooling for an individual translates into a 10 percent increase in potential lifetime income. Moreover, it has been shown that educating women and girls has another positive catalytic effect: each additional year of

> The **demographic dividend** is brought about by family planning and child survival success in combination with rising rates of girls' education. Fewer children per woman translates into significant savings, while the demographic pyramid expands the working age segment and is further strengthened by empowered women joining the workforce. (USAID's Global Health Strategic Framework, 2013)

[26] The out-of-pocket expenditure percentage for the United States for the same period is 20.7 percent.

[27] Private sector is defined as all non-government (public) sector actors, including both for- and not-for-profit entities.

schooling a mother completes reduces the probability of the infant mortality rate five to 10 percent.

Because of their important links to other powerful drivers of development, USAID considers educational investments as "dynamic and transformational levers of change." (USAID Education Strategy, 2011-2015) The basic importance of education is that it enables individuals with knowledge and the ability to apply skills toward gainful employment to contribute to the development of a nation. Education is therefore commonly regarded as the most direct avenue to rescue a substantial number of people from poverty, as it is likely to result in more employment opportunities and higher wages. Education at all levels contributes to economic growth through imparting general attitudes and discipline and specific skills necessary for a variety of workplaces. Therefore, education can develop children's attitudes and assist them to grow up with social values and economic opportunities. Education contributes to economic growth by improving health, reducing fertility and possibly by contributing to political stability. The major importance of the educational system to the labor market depends primarily in its ability to produce a literate, skilled, flexible labor force via high quality education. (Adetunji, 2005)

Health, Education and Poverty Reduction: Improvements in health and education are linked to poverty reduction. Improved equity, including health equity, contributes to reduced poverty, increased stability, and enables greater participation of the poor in their country's development. Furthermore, sustained health improvements stimulate economic growth in a "virtuous cycle." Lower fertility decreases the number of people who require livelihoods and other resources, and also reduces the dependency ratio, which can result in a substantial reduction in poverty in low-income countries. It may also increase per capita resources available for investments in young people's health and education and in physical capital, research and development, which may contribute to economic growth and jobs creation. In its 2014 State of the World Report, the UNFPA estimates that in Nigeria, a slight decline in fertility would raise output per capita by 5.6 percent within 20 years and by 11.9 percent in 50 years. In contrast, poor health is known to depress economic growth. Health disparities between the poorest and wealthiest segments of a population can threaten the sustainability of health improvements. Poor populations often lack knowledge about healthy behaviors, experience restricted access to services and may have an inability to pay for health care, each of which contributes to poor health. This in turn leads to factors that contribute to poverty, including lower productive capacity, reduced capital for investment, and impaired cognitive development.

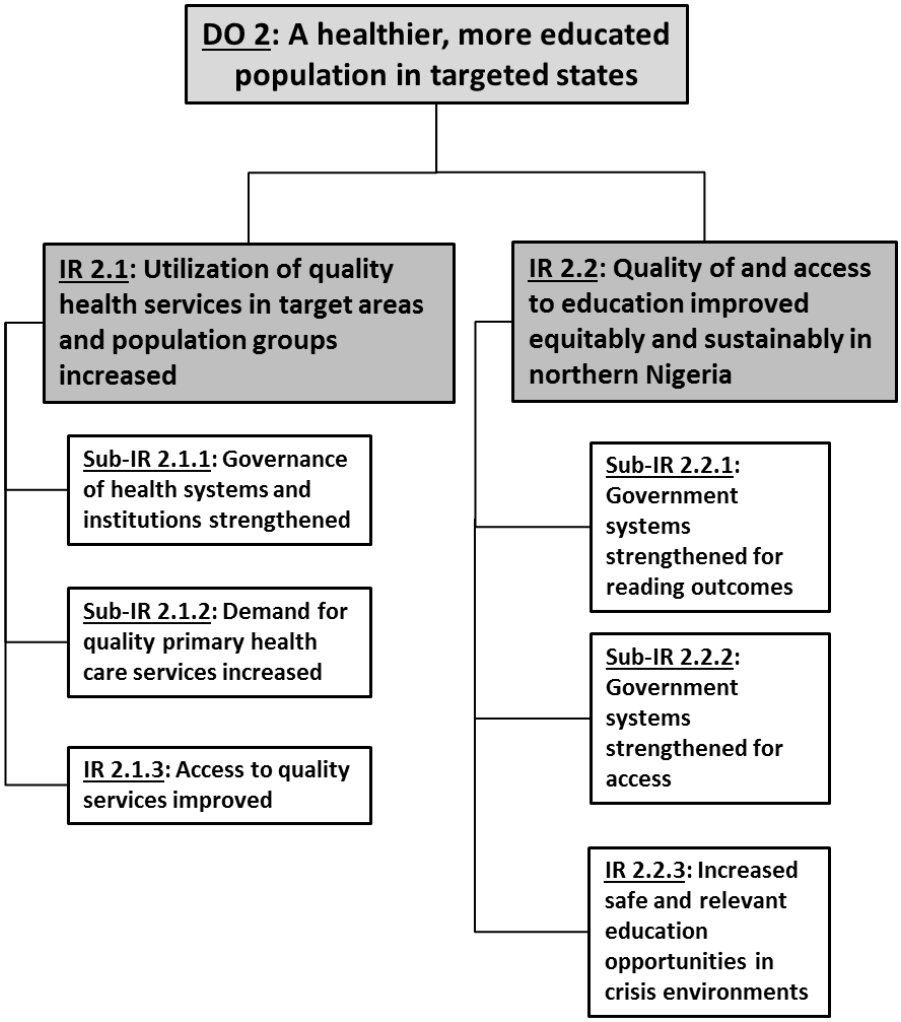
Development Hypothesis

If state and local government entities improve the provision of health and education services while cultivating and responding to an increased demand for such services, then service utilization will increase resulting in a healthier, more educated populace. Furthermore, the provision of quality health services and adequate education will result in a more productive workforce able to participate in the market and contribute to economic growth and poverty reduction. Additionally, if the government is more successful in providing social services, it is likely that several of the key grievances and driving factors behind violence in the North and other areas will be mitigated.

Illustrative Performance Indicators

- Corruption Perception index ranking
- Civil society sustainability index ranking

- Under five mortality rate
- Number of school-age children out of school in targeted areas
- HIV incidence rate
- TB prevalence rate



IR 2.1: Utilization of Quality Health Services in Target Areas and Population Groups Increased

Sub-IR 2.1.1 – Governance of health systems and institutions strengthened

Sub-IR 2.1.2 – Demand for quality primary health care services increased

Sub-IR 2.1.3 – Access to quality services improved

As stated earlier, Nigeria's health statistics are among the worst in the world. The country has the largest number of preventable maternal and child deaths annually, has the greatest burden of tuberculosis in Africa, and has the second-largest number of HIV-positive people in the world. Where and when available, health services in Nigeria are of low quality – primarily due to a lack of political will on the part of the GON to provide adequate human, managerial,

and financial resources. This is one of several reasons why Nigerians use home treatments and access advice and drugs through patent medical vendors, informal healthcare providers and private sector clinic-based providers. And despite the fact that approximately 70 percent of Nigerians seek healthcare services from the private sector, these services, too, are inadequate and in need of improvement.

The National Strategic Health Development Plan states that despite considerable investment, public sector health services are characterized by inequitable distribution of resources, decaying infrastructure, poor management of human resources for health, negative attitudes of health care providers, weak referral systems, poor coverage of high-impact cost-effective interventions, shortages of essential drugs and other health commodities, a lack of integration, poor supportive supervision, and financial barriers experienced by the population that prevent access to services.

The proposed health portfolio is fully aligned with the GON's policy priorities of the Saving One Million Lives Initiative, the Nigerian response to the 2012 Call to Action to End Preventable Child and Maternal Deaths, and the National and State Strategic Health Development plans. It was also informed by the USG-GON Partnership Framework and the UNAIDS Fast Track strategy (2014).[28] In addition, it supports the Agency's Global Health Initiative, the U.S. Government's draft Tuberculosis Strategy and corresponding Operational Plan (2014-2019), the President's Malaria Initiative, the President's Emergency Plan for AIDS Relief, and the Global Health Strategic Framework goals of ending preventable child and maternal deaths, creating an AIDS-free generation, and responding to infectious disease threats.

Development Hypothesis

If public and private health systems and institutions focus on implementing polices that increase funding for priority health programs (addressing conditions that cause the greatest burden of morbidity and mortality), and if effective efforts are made to strengthen the health system, then a greater percentage of healthcare services will reach vulnerable populations and will be of higher quality. Bringing quality services to scale will result in a reduction of maternal, infant, and child deaths, an increase in the use of modern contraceptive methods, and a decrease in transmission of HIV/AIDS, malaria, and tuberculosis.

Illustrative Performance Indicators

- Under-five mortality rate in targeted states (disaggregated by sex)
- The percentage of pregnant women who deliver with skilled birth attendants in targeted states
- The percentage of eligible HIV-positive adults and children receiving antiretroviral therapy in targeted states
- Tuberculosis case detection rate in targeted states

Approach

[28] This strategy sets as its goal by the year 2020 getting 90 percent of people living with HIV knowing their status, 90 percent of people who know their status receiving treatment, and 90 percent of people on HIV treatment having a suppressed viral load.

Strong governance, oversight, and leadership in the health sector will lead to adequate resource allocation to meet the health needs of a maximum number of people, including those most in need. Sub-IR 2.1.1 will focus on enabling government officials to transparently and effectively manage their health programs and resources and to systematically engage with the private sector. Through its successful effort in 2014 to eliminate the Ebola Hemorrhagic Fever in Nigeria, the Nigerian health system demonstrated its capacity to function sufficiently when called upon to do so. That demonstration of capacity was widely attributed to the pre-existing polio eradication system funded in part by USAID. Building upon this capacity, the Mission will provide some assistance at the national level, focusing on national policies, institutions and structures that are critical to a well-functioning health system. However, since policy implementation, health care administration, and financial management rest with sub-federal governments, the Mission's primary focus will be at the state and local government area (LGA) level where capacity building is needed most.

Sub-IR 2.1.2 will work to increase the demand for quality health care services. The Mission believes that general adoption of healthy practices, along with empowered and knowledgeable community-level groups and health workers will lead to increased demand for quality primary health care services, and if that demand is met, result in a healthier population.

Strengthening management of key sectors will increase access to quality services under sub-IR 2.1.3. The Mission will integrate programming, where appropriate, to maximize resources and enhance service delivery to at-risk populations. The Mission will use joint approaches in selected states to advocate for greater budget allocations for health, while working with government institutions to improve financial management. Importantly, civil society will also advocate for improved government services and hold government officials accountable for the transparent management of public resources.

Specifically, the Mission will provide support to expand skilled birth services, expand community-based health services, increase access to safe water, and improve nutrition among infants and young children. The Mission will promote the use of insecticide-treated bed nets and artemisinin-based combination therapy under the President's Malaria Initiative. The program will also build on past success and continue routine immunization and polio eradication efforts, with a realistic goal of making Nigeria polio-free during the strategy period, thereby eradicating the disease from the entire African continent. Through the PEPFAR program, the Mission will provide antiretroviral therapy services in states with a high HIV burden and unmet need. The program will also include early identification of HIV-infected persons, linkages to referral centers, and a continued decentralization and integration of ART services to primary health care centers. To better address mother-to-child transmission and enhance developmental impact, maternal and child health efforts will be integrated with HIV/AIDS interventions. By detecting tuberculosis cases early and ensuring complete and appropriate treatment in key populations and risk groups, the Mission will help the GON medical services find existing infectious cases and prevent transmission of the disease in communities. The Mission will continue to work closely with the Nigerian government to ensure that all individuals involved in U.S.-funded programs for HIV/AIDS prevention have access to appropriate and non-discriminatory HIV prevention, care, and treatment services, in order to have the maximum possible impact on the epidemic.

In terms of gender considerations in the health sector, family planning programs work with both women and men to achieve their desired fertility outcomes, and advocate for delay in

teenage pregnancy until women's bodies are sufficiently developed to bear children. Fistula care activities give women back their lives after having suffered a condition that can exclude them from all civil and family interactions. The planned HIV/AIDS agenda will work harder to increase service utilization among women, as, according to UNAIDS Nigeria, over half of the people living with HIV in the country are women due to biological, social, and economic factors that increase a women's risk for HIV. Furthermore, HIV prevalence among sex workers is eight-fold higher than for the rest of the population. By contrast, it is estimated that men have a two-fold increase in TB prevalence compared to women.

Given Nigeria's size, the Mission will strategically focus its integrated program of maternal and child health, family planning, reproductive health, and routine immunization on a limited number of select states, in conjunction with other components of the strategy. The implementation of the HIV/AIDS, malaria, and tuberculosis programs will be decided based on several factors among which are U.S. government mandates, epidemiology, and coverage by other donors and the GON.

Monitoring and evaluation work conducted during the last strategy combined with the results of the 2008 and 2013 National Demographic Health Surveys, revealed that health indicators did not improve as hoped. As a result, the Mission began shifting maternal and child health resources to focus greater attention on newborn and infant morbidity and mortality. The Mission also renewed efforts to improve Nigeria's routine immunization program, which if performing well, would save an estimated 150,000 child lives annually. Initial HIV programming in Nigeria was focused on the emergency response, and support for tuberculosis control over the years laid the groundwork of building programmatic capacity of federal, state, and LGA level staff and facilities to expand diagnostic and treatment services. Finally, there has also been an increased opportunity to develop public-private partnerships in support of health programming. All of these new efforts will be incorporated into this strategy.

A significant departure from the previous strategy is how the Mission will select states to focus programming. This approach, linked closely to the stated and demonstrated priorities of newly elected officials will identify areas where USAID can support or complement GON programs and priorities. This strategy acknowledges the critical need for the GON to take programmatic and financial ownership of their health care system. In addition, it represents a paradigm shift from regarding USAID projects as external inputs, and using USAID technical assistance, commodities, and other inputs as complements to the GON's own. The expectation is to develop and enforce benchmarks to hold states accountable for budgeting and paying for essential components of health programs to achieve primary health care objectives.

Health Illustrative Activities

- *Maternal and Child Health*: Continued scale up of community and health center use of misoprostol and chlorhexidine along with other lifesaving essential medicines. Greater programmatic focus on routine immunization services including the introduction of new vaccines (injectable polio and pneumococcal conjugate vaccine).
- *Family Planning*: Scale-up of public and private clinic-based services for long-acting reversible contraceptive methods.
- *Fistula*: Increase the capacity of referral hospitals to perform a larger number of fistula repair surgeries while continuing to work with communities to prevent fistula, identify women with fistula and improve access to fistula care services.

- *Polio*: Maintain intensity of polio immunization campaigns to ensure elimination while rolling out injectable polio immunization. Special focus on active surveillance and field technical assistance during polio campaign preparation and execution.
- *Nutrition*: (in conjunction with DO 1 efforts) Conduct research on the drivers of malnutrition and under-nutrition in Nigeria. Work with the GON to develop its national nutrition strategy. Support behavior change of existing social norms and predominant behaviors through existing community structures. Promote proper breastfeeding practices and infant and young child feeding generally focusing on pregnant women and children from birth to 24 months.
- *Malaria*: (under the President's Malaria Initiative) Procure and distribute long-lasting insecticide-treated bed nets, rapid diagnostic test kits, and first line malaria drugs for prevention and treatment. Support preventative malaria treatment in pregnancy and rapid detection of malaria in children with associated appropriate treatment. Strengthen the GON laboratory services and entomological vector management.
- *HIV/AIDS*: Apply health systems strengthening and public health approaches to promote accountability and ownership. Expand HIV testing and counseling services, further integrate services within health care centers, expand preventative services targeting key populations, and support facility- and community-based demand-generation activities. The program will also expand comprehensive prevention of mother-to-child transmission and support for orphans and vulnerable children. Finally, the HIV/AIDS portfolio will target priority locations and populations to support adult and pediatric HIV care and treatment services, ensure adherence and retention, and improve rates of viral suppression to optimize patient outcomes.
- *Tuberculosis*: Increase case detection and improve treatment outcomes in priority, high-burden states; strengthen systems including monitoring, evaluation and surveillance, data quality, drugs and commodities, and human resources; and support key national program areas including the diagnostics network, programmatic management of drug-resistant tuberculosis; and increasing state-level political commitment and financing.

IR 2.2: Quality of and Access to Education Improved Equitably and Sustainably in Northern Nigeria

Sub-IR 2.2.1 – Government systems strengthened for reading outcomes

Sub-IR 2.2.2 – Government systems strengthened for access

Sub-IR 2.2.3 – Increased safe and relevant educational opportunities in crisis environments

Education is essential to economic growth and poverty reduction, however, over one-third of Nigeria's children are out of school, and a high percent of those who are in school cannot read. The reasons for this state of affairs include under-investment in facilities and other infrastructure, long distances to school, crowded classrooms, the need to have children work to support the family, and poor quality of instruction resulting in a loss of confidence in the education system. The root

Over one-third of Nigeria's children are out of school and a high percent of those in school cannot read.

cause of these factors is weak commitment to and management of the education system. This is reflected in poor facilities, unpaid and often unqualified (sometimes illiterate) teachers, and a lack of learning materials.

There are important gender-specific issues relevant to girls' education. Parents do differentiate between girls and boys when making decisions about schooling. Nigerian girls who enroll in school leave school earlier than their male counterparts. Also, according to UNICEF's Study on Out of School Children in Nigeria, economic issues, such as poverty, contribute greatly to inhibiting females from being enrolled in schools since girls often contribute a great deal to the family income through peddling and other activities. Moreover, impoverished families view the opportunity cost of placing girls in school as being high. Especially in poor households, if the family can only afford to send one child to school, a boy will be chosen before the girl. Additional reasons that undermine girls' participation in school are the distance to the school, harassment, the lack of sanitation facilities in schools, marriage or expectation of marriage, death of a parent, and domestic duties. In terms of educational achievement, research suggests that poor quality teaching is an issue, but further work is required to investigate the specific issues that inhibit the performance of girls.

This intermediate result was developed in accordance with the Nigerian National Policy on Education, and supports efforts toward achieving the tenets of Education for All. It also supports achievement of goals one and three of USAID's Global Education Strategy.[29]

Development Hypothesis

If state and local governments are able to improve the management of their education sector services by ensuring that allocated funding is expended on education at the community/school level and schools have appropriate learning materials and qualified teachers, then learning outcomes will improve. Additionally, if safe and relevant educational opportunities are available in crisis environments, children in conflict-affected communities will have a greater chance of receiving a quality education. Applying a long-term optic, increased education will improve health outcomes, and increase ability to participate in governance and the economy, which contributes to an environment conducive to reducing poverty.

Illustrative Performance Indicators

- Percentage of third grade students who demonstrate proficiency in reading the Hausa language (disaggregated by sex)
- Number and percentage of primary school-aged children enrolled in school (disaggregated by sex and by state)

Approach

Activities under sub-IR 2.2.1 will strengthen government systems to deliver quality reading instruction, which will lead to a greater number of enrolled children who are able to read in the language of the home environment (typically Hausa) in the early grades of primary

[29] Goal 1: improved reading skills for 100 million children in primary grades by 2015, Goal 2: improved ability of tertiary and workforce development programs to produce workforce with relevant skills to support country development goals by 2015, Goal 3: increased equitable access to education in crisis and conflict environments for 15 million learners by 2015.

school. In addition to reading outcomes, specific attention will be paid to increasing overall capacity to manage education services. The Mission will work with selected State Ministries of Education to establish systems to transfer techniques related to teaching reading and improve the quality of classroom-based instruction of reading, generate community support, and develop age-appropriate Hausa literature.

Complementing work on reading outcomes, sub-IR 2.2.2 will strengthen government systems related to access, increasing the number of school-aged children enrolled in accredited schools. The Mission's focus in the North is driven by the region's low enrollment rates and the need to eliminate or lower the barriers to school attendance. The Mission will support state efforts to promote the development of systems that strengthen teachers' skills, particularly of women teachers, whose presence is believed to be central to the cultural acceptability of girls attending school.

To reduce barriers for girls' attendance at school, in addition to collaborating with DO 1 to support the establishment of sanitary facilities for girls and female staff in schools, activities will provide incentives for families to allow girls to attend school through conditional cash transfers – families will be given small grants equal to what a girl can earn daily through street peddling, on the condition that she be sent to school.

Building broad-based support and providing platforms for active local participation in the decision making process is critical for the sustainability of education interventions under both sub-IR 2.2.1 and sub-IR 2.2.2. Since 2009, the Mission's local governance activity has demonstrated the centrality of governance to service delivery in the education sector. Through the activity's efforts to strengthen budget formulation, citizens' views are now reflected in the budget processes in selected states. In the education sector, the Mission's local governance activity will continue to work with and through education coalition interest groups to influence priorities and budget allocations to improve reading and access.

Nigeria is experiencing a wave of violence from the insurgency in the North-East that is preventing thousands of children from going to school. Sub-IR 2.2.3 will focus on providing safe and relevant educational opportunities to those children where possible. Education plays a protective role that can prevent and mitigate the impact and recurrence of violent behavior, while providing children with important structure and cognitive development. The Mission will work to support formal and non-formal schooling of internally displaced children and their host communities.

In sum, the activities under this IR will help increase access to basic educational services and provide poor children and other marginalized groups, such as those affected by conflict, with the necessary skills to be productive members of the society. Additionally, improved educational outcomes are expected to reduce existing inequalities in employment, health, and education, and reduce violence. The particular focus on education services for out-of-school children addresses their greater vulnerability to extreme poverty, as evidenced by their higher overall work burdens, reduced access to productive resources, and fewer assets to draw on in times of emergency. The Mission will work in partnership with the GON to ensure that Nigeria realizes the highest possible value for money, while reaching as many potential beneficiaries as possible, empowering families to send their children to school and escape the circle of poverty.

USAID remains the coordinating agency for the Global Partnership on Education (GPE), a joint effort involving the GON, donors, and civil society to improve education in five states in Nigeria. The Mission will monitor activities in the states in which the Mission is already

working, and offer technical assistance to all GPE stakeholders to improve systems for teaching reading in all five states.

In the past, the Mission's activities helped state education systems become better at giving more children an opportunity to learn more. However, there was less focus on the results at the classroom level. Under this strategy, the Mission will narrow its focus to practices that evaluation and research showed were most effective, while squarely monitoring concrete results at the classroom level. Specifically, the Mission will focus on improving learning outcomes for early grade reading, and increasing access to schooling.

Development Objective 3: Strengthened Good Governance

Since the end of martial law and return to civilian rule in 1999, Nigeria has embarked on a very slow road to democracy and improved governance. Regular elections at the national and sub-national levels, unfortunately, have not resulted in well-managed institutions of state that deliver public services or effectively constrain corruption.

Poor governance has impoverished Nigerians, creating an ever-increasing cohort of the population living in poverty, and severely eroding the provision of basic social services including healthcare, education, water supply and sanitation, and economic infrastructure. Many state and local governments that are responsible for provision of these services are unable, or perhaps unwilling, to carry out their responsibilities. Historically, citizens have lacked the capacity to articulate their needs or hold their governments accountable.

There are links between good governance and poverty reduction: well-governed societies have government structures that effectively deliver public goods and services; that efficiently make decisions and allocate resources; that transparently demonstrate how policy and budgetary decisions are made and how resources are spent; that have various forums for citizens to participate in decision-making and oversight of government programs; and that are accountable for decisions, resource allocations, successes as well as failures. Democratic governance generally spurs economic growth by encouraging investment, increasing schooling, inducing economic reforms, improving social service provision, and reducing social unrest. It is premised on citizens' participation, which creates the platform for social and economic development.

Since the significant policy and budgetary decisions made at the state and local levels of government most directly affect the lives of all citizens, USAID will strive to strengthen these institutions' capacity to administer elections, respond to citizen needs, and help mitigate conflict by increasing transparency and accountability of government and fostering civic engagement.

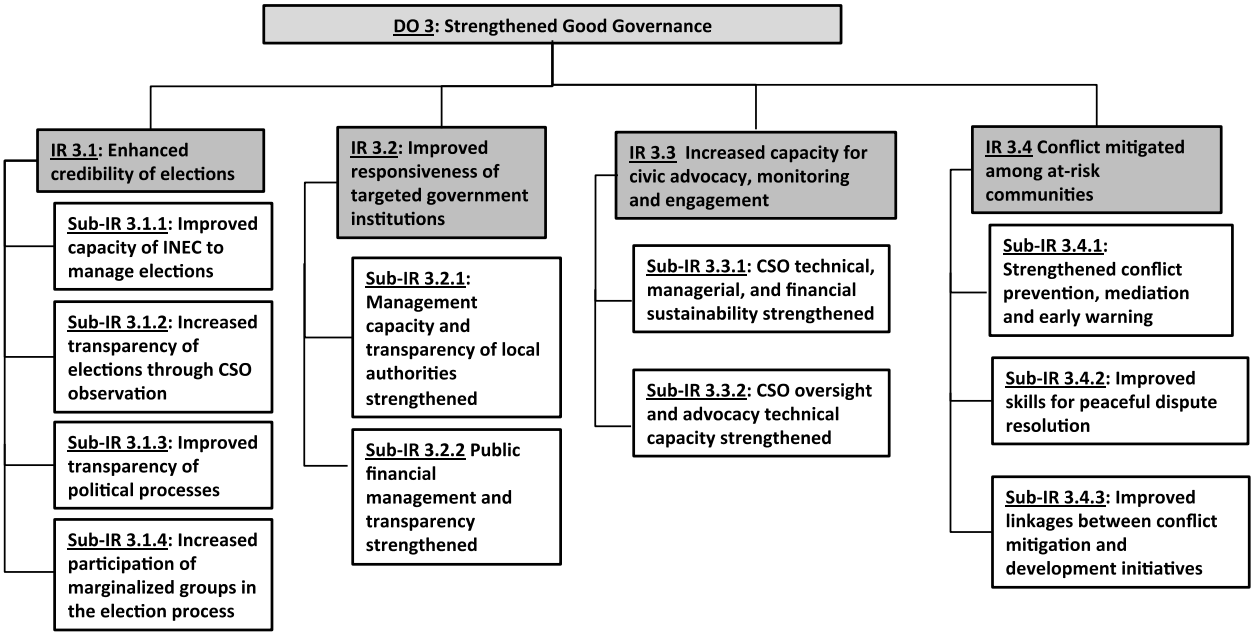
Development Hypothesis

If governance in key sectoral systems is improved the result will be greater, more inclusive economic growth, and a healthier, more educated population, which leads to poverty reduction.

Illustrative Performance Indicators

- Multi-sector governance index (adapted from the World Bank's Governance Efficiency Index)
- Civil Society Sustainability Index

- Afro-barometer survey
- Corruption Perception Index



This document presents an elastic strategy for strengthening good governance in Nigeria. In accordance with CDCS development guidance, however, the activities listed below are presented to correspond to the base budget scenario. Where indicated, Sub-IR activities may expand in scope and scale depending on the availability of additional funding.

IR 3.1: Enhanced Credibility of Elections

Sub-IR 3.1.1 – Improved capacity of INEC to manage elections

Sub-IR 3.1.2 – Improved transparency of elections through CSO observation

Sub-IR 3.1.3 – Improved transparency of political party processes

Sub-IR 3.1.4 – Increased participation of marginalized groups in the election process

Fair and competitive elections are probably the best way to ensure that political actors address the needs of their constituents. The Nigerian institution responsible for the administration of elections, the Independent National Electoral Commission (INEC), must maintain and enhance its capacity to manage the entire elections process. Moreover, for political parties to adhere to Nigerian law, they must improve transparency of the processes through which the nominees are selected. This is particularly necessary if women and marginalized groups are to participate in the elections as candidates.

Women in Nigeria are under-represented in elected office and are not politically empowered. Their upper and lower house representation in the National Assembly fell from seven percent in 2007 to four percent in the 2011 election (the African average is 19 percent). The most

recent data for 2014 indicates that 10 out of 43 Cabinet Ministers are women (23 percent); eight out of 109 Senators are women (7 percent), 24 out of 360 Representatives are women (seven percent); and six out of 18 Special Advisors are female (33 percent). The USAID/Nigeria Gender Analysis for Strategic Planning confirmed the widespread fear of standing for elected office among women in Nigeria due to the harassment they could expect to endure.

In terms of broader political participation, Mahdi and Ladbury report that despite the fact that half of all registered Nigerian voters are women, and that politicians are aware of their numerical strength, many women believe that voting makes no difference, and they have little contact with their elected officials after elections. In fact, a 2011 study of the Niger Delta found that community decision making is viewed as the prerogative of men. Barriers faced by women with political ambitions include objections from their families and communities, and the fact that they frequently possess fewer educational qualifications than the male candidates. The nature of Nigerian politics also discourages women's participation, as meetings are often held late at night on an ad hoc basis, making attendance difficult for women. Nigerian political parties are renowned for their lack of internal democracy, with patronage determining most party decisions, including who runs on the party ballot, which further reduces the opportunities for women. Women historically have faced major barriers to political inclusion, and have far less access to economic resources than men. As a result, they have been marginalized in Nigerian politics. For example, the issue of indigeneity is especially problematic for women. When a woman marries a man from another local government area, the woman's local governments of origin discriminates against her on the grounds that she has departed that LGA. Similarly, that woman faces discrimination in her spouse's community as she is considered non-indigene. This makes it difficult for many women to contest elections or even to claim residency rights at the state-level. Women in politics constitute less than 15 percent of the National Assembly while there are a number of state houses of assembly that have no female members.

Activities implemented under this intermediate result are the result of extensive stakeholder consultations with INEC, various donors and their implementing partners, and civil society. In addition, the Mission used the 2012-2016 INEC Strategic Plan and the USAID/Nigeria's Democracy, Human Rights, and Governance Assessment (DRG), completed in 2013, informs the Mission's broad strategic approach for key democracy, governance, human rights, and conflict assistance programs for the next five-year period. Mission activities build on the findings from the DRG Assessment including the promotion of participatory, representative, and inclusive political processes and government institutions. The DRG assessment also concluded that domestic election monitoring should remain the Mission's priority and included a review of how to support elections in the most conflict-ridden states. The assessment recommended supporting innovations in the use of web-based and mobile technologies to support elections monitoring and the detection of electoral fraud.

Development Hypothesis

If the Nigerian election management bodies, such as the Independent National Electoral Commission (INEC), manage the election process better and political parties operate more transparently, both allowing greater participation and reporting by women, youth and marginalized groups, such as internally displaced people (IDPs), then Nigeria will see more credible and peaceful elections. Furthermore, if officials are elected who are more responsive to constituents, then government will better represent ordinary citizens, and will be more responsive to citizen demands in order to ensure their re-election.

Illustrative Performance Indicators

- Percentage of eligible voters who express confidence in the voter registration process (disaggregated by sex and state)
- Percentage of polling places opening on time
- Number of electoral jurisdictions experiencing significant violence

The Mission will continue to support the off-cycle gubernatorial presidential elections to be held between 2016 and 2019. While specific activities for the 2019 general elections will be determined by the lessons learned and experience of the 2015 general elections and 2016 gubernatorial and local council elections, the Mission expects to continue increasing Nigerian capacity to conduct peaceful and credible elections that provide equal opportunity for participation for women and other marginalized groups.

Despite the Mission's past support for political party development, it is not clear the degree to which the Mission has had significant impact on how Nigerian political parties operate. Given this reality, future work with political parties will be demand-driven, possibly even co-funded by the political parties themselves. Where it is warranted, support for political party development will build on and expand previous assistance, and focus on three primary objectives: improving internal party democracy, continuing to expand and improve the quality of participation by women, youth, and persons with disabilities; and supporting the development of issue-based party platforms. All assistance will be undertaken in compliance with USAID's Political Party Assistance Policy, ensuring that USAID programs support representative multi-party systems without preference to any political party and that USAID programs do not seek to determine election outcomes.

The Mission will also continue to provide support for and emphasize domestic election observation through 2019, although under this strategy the focus will be increasingly placed on leveraging existing resources to also support election-related conflict early warning systems. Given the anticipated gradual dwindling of USG democracy and governance funds, the Mission selected areas where it can best strengthen local Nigerians' capacity to administer, observe, and report out on their own elections. The Mission will continue to support the training of observers in a "quick count," otherwise known as Parallel Vote Tabulation, which is a systematic observation methodology that independently measures the quality of election-day processes and official voting results.

Approach

Within the elections portion of the strategy, the Mission has identified the full implementation of Sub-IRs 3.1.1 and 3.1.2 as core components critical to the attainment of the stated intermediate result. Sub-IRs 3.1.3 and 3.1.4 will also be implemented as part of this strategy. However, should additional funding become available, the activities under these sub-IRs will be expanded in scope and scale.

Activities under Sub-IR 3.1.1: Improved capacity of INEC to manage elections will assist Nigeria's INEC to institutionalize reforms to ensure more credible and accountable electoral processes. Interventions will improve the quality of the elections and the competence of INEC while cultivating public confidence in elections and their outcomes. Activities will strengthen capacity to conduct credible elections by INEC, training an estimated 1.2 million permanent and ad-hoc electoral staff, better coordinating security planning, creating targeted communications strategies, and developing more effective election-dispute resolution mechanisms.

Activities under Sub-IR 3.1.2 – Improved transparency of elections through CSO observation will strengthen Nigerians' capacity to administer, observe, and report out on their own elections. Activities will deploy and train domestic observers for General and off-cycle gubernatorial elections. Observers will be trained in how to conduct a "quick count" otherwise known as Parallel Vote Tabulation, which is a systematic observation methodology that independently measures the quality of election-day processes and official voting results. Activities under this Sub-IR will also support a conflict early warning system that depends on "quick count" observers to provide information on emerging trends that are likely to impact electoral process and the potential for conflict through incident reports in the pre-election period.

Positive long-term democratic development also depends upon strong, inclusive political parties. Since parties lack strong internal mechanisms that promote effective representation, inclusive decision-making and responsiveness to constituent needs, the Mission is prepared, if political parties express credible interest in making reforms, to work on these issues. If undertaken, activities under Sub-IR 3.1.3 – Improved transparency of political party processes will assist political parties to strengthen their internal democracy, on a demand or cost-share basis, in their efforts to develop and communicate issue-based platforms, taking into account various constituencies, including women, youth, people living with disabilities and private sector advocacy coalitions in Nigeria. In addition, USAID-supported interventions could help parties to participate in candidate debates over radio, offer campaign training for female candidates, and conduct party poll agent training, and the promotion of non-violence messaging into campaigns.

Activities under Sub-IR 3.1.4 – Increased participation of marginalized groups in the election process will support INEC in implementing a voter education campaign to ensure that all citizens – including those living with disabilities and other disadvantaged groups, such as IDPs know, understand, and can exercise their right to vote. Activities will also support civil society to include marginalized groups such as people living with disabilities in political processes such as get-out-the-vote campaigns and as election observers. In addition, activities will assist political parties in their efforts to develop and communicate issue-based platforms, taking into account various constituencies, including women, youth, people living with disabilities and private sector advocacy coalitions in Nigeria.

Through implementation of the activities under this intermediate result, USAID anticipates long-term sustainability of election institutions through effective, realistic, and professional administration of electoral practices and policies resulting in enhanced integrity and credibility of elections; increased participation in electoral activities by marginalized voters; and more effective democratic institutions, political parties, and civil society organizations actively involved in electoral reforms and observation.

IR 3.2: Improved Responsiveness of Targeted Government Institutions

Sub-IR 3.2.1 – Management capacity and transparency of local authorities strengthened

Sub-IR 3.2.2 – Public Financial Management and transparency strengthened

For state and local governments to provide better services, they will need to improve basic financial management, including gender-sensitive budgeting, and establish or strengthen internal mechanisms of control, procurement and program management. These skills are critically lacking throughout most state and local government structures.

Proposed activities to be implemented under IR 3.2 are the result of extensive stakeholder consultations with representatives of state and local governments, various donors and their implementing partners, and civil society. The USAID/Nigeria Democracy, Human Rights, and Governance (DRG) Assessment, completed in 2013, recommends a nuanced approach to working with government agencies that includes efforts to help institutionalize internal, performance-orientated accountability mechanisms. At the state and local levels where government institutions are most responsible for service delivery, including security and water services, this approach also supports civil society monitoring and transparency in service delivery while demanding and supporting government to track its own performance better. Such emphases can help align actual resource use by government with what was originally planned and budgeted. The Mission is well positioned to manage current and design new governance programs in a discrete number of states that demonstrate the political will to aim for higher performance.

Development Hypothesis

If sub-national authorities improve their administrative and financial management, then state and local government institutions will be able to better respond to constituent needs and increase spending on direct services to the target population, leading to improved service delivery in such key sectors as health and education.

Illustrative Performance Indicators

- Corruption Perception Index Score (disaggregated by sex, if possible)
- Afro-barometer Survey (disaggregated by region and sex, if possible)
- Percentage of state budgets allocated to key public service sectors (health, education, water, and sanitation)

Approach

The core approach under this IR reflects the concepts of focus and selectivity. It will focus on implementing project activities in states where the U.S. government has targeted investments in education, water, sanitation, and health, including HIV/AIDS and TB. The other aspect of the approach will focus on providing limited interventions in states willing and able to provide a substantial amount of resources in partnership with the USG. Overall funding levels will determine the number of states and LGAs to participate in implementing activities under this IR. Funding levels will also determine the total number of state and local government institutions that will participate in the implementation of activities under IR 3.2.

Activities under Sub IR 3.2.1- Management capacity and transparency of local authorities strengthened will strengthen the capacity of state and local government institutions in Nigeria to deliver on the mandates of their offices, fulfilling the public trust, and providing public goods and services through transparent, accountable, and responsive governance. The focus will be on providing health and education services. Making local government become more effective is essential to good governance in Nigeria, since it is often the only exposure Nigerians have to their government.

The Mission will support the capacity of government officials to better define their roles and responsibilities, develop and implement policies, plan and deliver health and education services, and govern transparently. The Mission will work in partnership with the GON to ensure that Nigeria realizes the highest possible value for money, while reaching as many potential beneficiaries as possible, empowering families to send their children to school and

escape the circle of poverty. The Mission's activities will build on past successes under the Leadership, Empowerment, Advocacy and Development project and include activities such as developing sectoral Service Improvement Plans and Community Based Strategic Plans; developing policies, such as water policies to manage water usage; reviewing and/or developing laws, such as Fiscal Responsibility and Procurement Laws to help State laws become compatible with national laws; supporting institutional development to implement policies and laws; and engaging communities and citizens throughout these processes. The Mission will also work with state governments on legislative changes that provide more citizens access to information on local decision making, reinforce policies and systems to improve transparency, and strengthen internal ministry oversight and audit capabilities. The Mission will seek to strengthen Nigerian systems for participation, inclusion and local ownership, and encourage Nigerian states and civil society to employ legitimate and effective accountability mechanisms.

Activities under Sub-IR 3.2.2 - Public Financial Management and transparency strengthened will strengthen state and local government public financial management and budget transparency in the health and education sectors. Transparent and reliable public financial management enables government to function well, deliver services, and to be held accountable. Misuse of public finances by political leaders and parties in Nigeria is a critical factor in the under development of Nigeria and the poor performance of government. Reforming and improving public financial management and budget transparency are therefore critical to providing a basis for civil society and government itself to monitor and hold accountable public figures and institutions. Where reform-minded political leadership exists, assistance will include bringing constitutionally mandated Fiscal Responsibility and Public Procurement Laws to the local government level; helping governments to develop budgets based on sound analysis of services and revenue potential; identifying sources of funding to broaden the tax base; employing participatory budget processes; and strengthening the capacity of state governments to monitor budget expenditures and promote greater transparency in local government. The Mission will also mobilize civil society and the private sector to participate in community planning and budgeting, monitor financial flows, and assess the quality of services rendered. By strengthening state and local budget development, management, and reporting processes, strengthening legal and policy frameworks that guide public financial management at the state and local levels, and including communities in budget processes, government will be able to be held accountable for its expenditures and activities.

IR 3.3: Increased capacity for civic advocacy, monitoring, and engagement

Sub-IR 3.3.1 – CSO technical, managerial, and financial sustainability strengthened

Sub-IR 3.3.2 – CSO oversight and advocacy capacity strengthened

The Mission has found that strengthening civil society organizations (CSOs) to become self-reliant and strong enough to exert pressure on the government has been a successful strategy to effect change. At the local level, CSOs have been able to put pressure on Local Government Areas (LGAs) to improve management of social services, such as health, water supply, sanitation, and education. During the period of the previous country strategy, CSOs were used to advocate for improved budget and financial management, improved conditions for teachers and health workers, and closer attention to performance management. They were also able to successfully advocate for increased engagement of marginalized populations,

such as women, youth and the disabled, in the governance process. Increasing the extent to which all citizens engage with the government, voice their needs and opinions, and hold the government accountable empowers them to participate in improving the quality of life in their communities.

Strengthening Civil Society Organizations (CSOs) to become self-reliant and strong enough to exert pressure on the government has been a successful strategy to effect change.

As with the other intermediate results under this Development Objective, activities implemented under IR 3.4 will be the result of extensive stakeholder consultations with representatives of state and local governments, various donors and their implementing partners, and civil society. USAID's DRG Assessment also recommends more direct support to CSOs and citizens. By focusing citizens' representation, participation and advocacy on government performance, and by supporting government accountability agencies and internal accountability systems, the Mission's programs will lead to more effective and accountable government.

This intermediate result is not a stand-alone component of the strategy. As a cross-cutting issue, it provides the demand-side pull in conjunction with and support to other intermediate results such as improved access to quality education and health services, and improved government responsiveness.

Development Hypothesis

If civil society is better able to advocate for improved government services, and hold government officials accountable for the transparent management of public resources, then there will be more effective government. It will also, as a result of a higher quantity and quality of services received, lead to a healthier, more educated population, and an environment conducive to inclusive growth.

Illustrative Performance Indicators

- Civil Society Sustainability Index
- Percentage of budget allocated to community-identified needs

Approach

Activities under Sub-IR 3.3.1 - CSO technical, managerial, and financial sustainability strengthened will improve CSOs' ability to operate independently and sustainably, focusing on national CSO coalitions and those in key states having USG-funded health, education, water, and sanitation interventions. CSOs provide an important check on government, provide oversight of government expenditures and action, as well as advocate on behalf of civil society across a range of different issues. CSOs in particular have made important contributions to electoral and constitutional reform in Nigeria, and in advocacy for the passage of legislation such as the Public Procurement, the Fiscal Responsibility, and the Freedom of Information Acts. The majority of CSOs and CSO coalitions/networks exhibit critical capacity gaps, particularly in management; constituent base development and ties to local populations; and financial viability and sustainability. Additionally, community-based organizations (CBOs) in particular are poorly organized, poorly resourced, and lack strong leadership.

Activities under sub-IR 3.3.1 will provide technical assistance to CSOs and CSO coalitions/networks to improve their financial viability, internal governance and management, communication and media outreach, and constituency development and management. This assistance will enable these groups to operate more effectively and more sustainably by being less reliant on donor funding. Independence and sustainability will also help CSOs build their constituent base. Ultimately, greater sustainability will enable CSOs and their networks to focus their activities on their priorities rather than focus on donor priorities, to develop their technical capacity by choosing a focus, and to become more responsive to civil society writ large. Activities under this Sub-IR will also seek to support CSOs to engage marginalized populations, including youth, women, and people with disabilities (PWDs).

Activities under Sub-IR 3.3.2 - CSO oversight and advocacy capacity strengthened will improve the technical capacity of CSOs to hold government accountable and advocate on behalf of the public interest, including issues related to services and human rights. While CSOs in Nigeria have demonstrated capacity to make important contributions to national issues of importance, CSO technical capacity is generally lacking, and as a whole CSOs are typically unable to act as a strong check on government or to strongly advocate for civil society. Activities under this sub-IR will focus on strengthening the technical capacity of democracy and governance-oriented CSOs including in advocacy techniques, budget monitoring and oversight, and technical training on key issues such as the extractive industry. The Mission will also seek to support CSO advocacy in key service delivery sectors including health, education, and economic growth focused at the national level and in targeted states. These activities will help CSOs hold government accountable and to advocate and monitor for democratic reforms aimed at strengthening transparency, accountability, and responsiveness of government institutions, and to also strengthen public awareness of these issues. Activities under this sub-IR may also include support to membership-based organizations, such as producers' associations, professional associations, and trade unions with a special focus on groups in the Niger Delta region.

IR 3.4: Conflict Mitigated among At-risk Communities

Sub-IR 3.4.1 – Strengthened conflict prevention, mediation, and early warning

Sub-IR 3.4.2 – Improved skills for peaceful dispute resolution

Sub-IR 3.4.3 – Improved linkages between conflict mitigation and development initiatives

Insecurity has become an unfortunate fact of life for far too many Nigerians. The country's diverse socio-economic and cultural background features more than 250 ethnic groups and 350 linguistic dialects and its population of approximately 170 million people is divided nearly equally between Christians and Muslims. Deficits in rule of law and poor governance have resulted in government structures unable to confront mounting personal and community insecurity, interethnic and religious conflicts, and insurgencies. These conflicts have triggered population flight, curtailed cross-border trade, constrained the delivery of technical assistance, and undermined the already-weak northern economy.

Violence has been responsible for tens of thousands of deaths and large-scale internal displacement in Nigeria. Since 2010, insurgents have deployed increasingly sophisticated terrorist tactics, such as assassinations, suicide bombers, prison breaks, and media propaganda campaigns. To face this challenge, the Nigerian government declared a

temporary State of Emergency in Adamawa, Borno, and Yobe states, detained thousands of youth, increased the security budget, and developed a counter-insurgency strategy.

Activities implemented under IR 3.4 are informed by several documents. The Conflict Assessment of Nigeria (2010) gauged the state of violent conflict trends in Nigeria and highlighted potential avenues for donor support to assist the efforts of Nigerian actors to moderate and resolve these trends. The Violent Extremism Assessment of Northern Nigeria (2013) sought to understand the impact of violent extremism on development and development actors, and determine how development assistance can be utilized to have maximum impact on reducing the drivers of violent extremism. The Democracy, Human Rights, and Governance Assessment (2013) helped the Mission develop a broad strategic approach for the next five-years. The Cross-Sectoral Conflict Assessment, completed in August 2014, analyzed conflict-prone and conflict-affected states in Nigeria, particularly states that saw high amounts of violence during the 2011 election and states that are predicted to be conflict-prone.

Additionally, the Mission consulted The United States National Action Plan on Women, Peace and Security, The Development Response to Violent Extremism and Insurgency, USAID's policy on Building Resilience to Recurrent Crisis, and USAID's policy on Youth in Development. Upon the determination of Nigeria specific SGI strategy, the Mission will review this intermediate result's development hypothesis to ensure proper alignment.

Development Hypothesis

If formal and informal institutions can efficiently and effectively respond to the needs of society, then people will rely on these institutions to resolve disputes rather than resorting to violence.

Illustrative Performance Indicators

In order to track efforts towards mitigating conflict, two indicators will be included in all programs – one focusing on the core grievance of unresponsive service delivery, and another tracking conflict mitigation and peace building capacity in focus communities.

- Percentage of citizens in targeted local government units who feel that local government is competently addressing concerns (disaggregated by sex, if possible)
- Percentage change in the number of conflicts reported resulting from USG-funded activity interventions

Approach

Conflict activities are planned strategically to address developmental needs in Nigeria and complement the overall CDCS, and will be funded from resources provided from other program elements in the bilateral budget. The Mission will also seek support from Washington-based sources such as those available from the DCHA Bureau's Conflict Management and Mitigation Office.

Activities under Sub-IR 3.4.1 - Conflict mitigated among at-risk communities will prevent, mitigate and resolve conflicts using a holistic approach that addresses the roots of conflict, creates new understandings of grievances once violence erupts, and works to prevent new escalation of conflict once stability is restored. Activities will focus on early warning, early response and preventive action by strengthening or setting up a system that will involve community leaders, local organizations, and appropriate government and media agencies.

Direct mediation and crisis response activities will ensure that community-based early warning volunteers restore trust, build relationships, and mediate conflicts in the targeted communities. All peace building activities will focus special attention on capacity building of youth and women in order to ensure central roles for them in conflict-mitigation efforts.

Activities under Sub-IR 3.4.2- Improved skills for peaceful dispute resolution will build communities' ability to engage in dialog in order to help them critically review their beliefs and attitudes, and manage aggressive and violent behavior. The focus of activities will be on the social-behavioral symptoms of conflict, training individuals to resolve inter-personal disputes through techniques of negotiation, peer mediation, critical thinking and decision-making. Beneficiaries will learn to manage anger and improve communication through skills such as listening, identifying needs, and separating facts from emotions. Activities will also encourage individuals to take responsibility for their actions, anticipate consequences of verbal and nonverbal behavior, and learn how to compromise and build unity through civics education. Overall, activities under this Sub-IR will aim to promote mutual social relationships in order to find nonviolent alternatives to conflict and build trust and understanding.

Activities under Sub-IR 3.4.3 - Improved linkages between conflict mitigation and development initiatives will utilize multi-sector development interventions that seek to influence drivers of conflict. This combined effort, coordinated across the Mission's portfolio (including jointly designed and implemented interventions), will positively influence and improve the conflict dynamics. Activities under this Sub-IR will focus on monitoring of local conflict dynamics, as they relate to drivers of conflict within specific sector activities (economic growth, health, education, water and sanitation), and include conflict-mitigation strategies tailored for particular situations. These efforts will help stabilize communities and provide an enabling environment to promote economic growth and reduce high levels extreme poverty.

V. Special Analysis: Consistency with the USG Interagency Strategy for Boko Haram

The Boko Haram (BH) insurgency that is engulfing northeastern Nigeria and drawing in neighboring countries has become a focus of international concern, with the illegal armed group routinely sacking and pillaging communities, slaughtering villagers, kidnapping young women and girls, and forcibly conscripting young men into their ranks. In recent months, BH has become a formidable military force, gaining and holding territory against a Nigerian military that appears to be either outgunned or out-motivated. The International Crisis Group (ICG) notes:

> Boko Haram's insurgency has pitted neighbor against neighbor, cost more than 4,000 lives, displaced close to half a million, destroyed hundreds of schools and government buildings and devastated an already-ravaged economy in the North East, one of Nigeria's poorest regions. It overstretches federal security services, with no end in sight, spills over to other parts of the north and risks reaching Niger and Cameroon. [All of these] countries are weak and poorly equipped to combat a radical Islamist armed group [that is] tapping into real governance, corruption, impunity and underdevelopment grievances shared by most people in the region. Boko Haram is both a serious challenge and manifestation of more profound threats to Nigeria's security. Unless the federal and

> state governments, and the region, develop and implement comprehensive plans to tackle not only insecurity but also the injustices that drive much of the troubles, Boko Haram, or groups like it, will continue to destabilize large parts of the country. Yet, the government's response is largely military, and political will to do more than that appears entirely lacking." ("Curbing Violence in Nigeria (II): The Boko Haram Insurgency," Africa Report N°216, April 3, 2014)

The ICG report goes on to cite serious deficiencies in Borno State services in terms of education, healthcare, justice, general governance, and inclusive economic development, and identifies these deficiencies as the key, underlying drivers of the conflict that must eventually be addressed. Left unaddressed, a defeated Boko Haram would likely be replaced with another group, the report suggests.

While the responsibility to overcome the Boko Haram insurgency, deter communal violence, and satisfy the core grievances of marginalized communities rests with the GON, USAID will continue to provide humanitarian assistance to those most affected by the conflict and transitional programs to hopefully stabilize the north-east region, while promoting long-term development objectives – in democracy, governance, anti-corruption, education, health, and economic opportunity – that will help address some of the grievances alienating disenfranchised groups, and promote peace-building and reconciliation.

Humanitarian operations supported by the U.S. Office of Foreign Disaster Assistance (OFDA) and Food for Peace (FFP) are ramping up to respond to the growing number of internally displaced persons (IDPs). OFDA's programs address challenges related to health; logistics; protection; livelihoods; capacity building of Nigerian emergency management institutions; food security; and water, sanitation and hygiene. FFP is implementing a first wave of food assistance programming through cash transfers, food vouchers, and nutrition sensitization activities to more directly address the unfolding food security issues arising due to the conflict. Concurrently, USAID's Office of Transition Initiatives (OTI) is implementing an initiative that is assisting three states in the north-east of the country that have been hardest hit by the Boko Haram insurgency. Activities under this initiative will assist local partners and communities in promoting stability and encouraging community cohesion. Complementing these emergency-response activities, the Mission is supporting an activity to provide urgent education services to IDPs and conflict-affected communities in the Northeast and supporting health services for the displaced. As progress is made on these fronts, including on-ground security in the region, it is the Mission's intention to expand its local governance, health systems, and education systems programming into Borno State to help the state government make rapid advancements in its ability to deliver quality services to its citizens.

VI. USAID Forward

The Mission's strategy addresses three elements of USAID Forward – a) Deliver results on a meaningful scale through a strengthened USAID, b) Promote sustainable development through high-impact partnerships, and c) Identify and scale up innovative, breakthrough solutions to intractable development challenges.

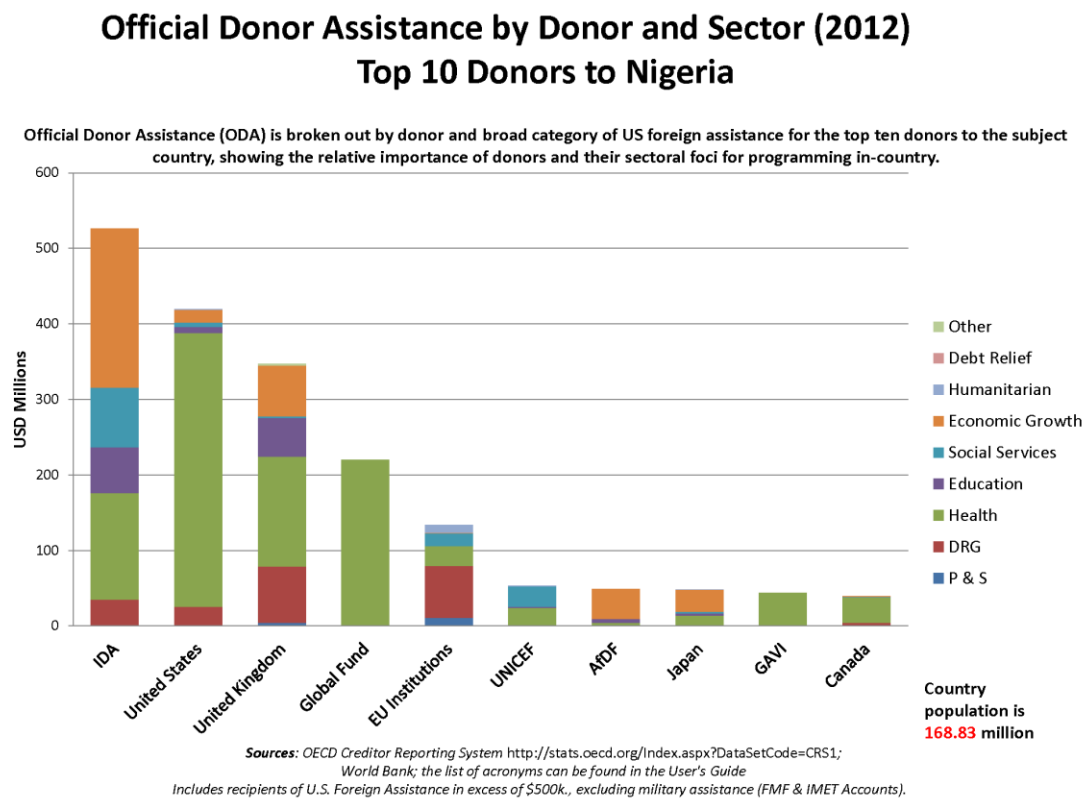
According to the 2013 USAID Forward Progress Report, delivering results on a meaningful scale involves pursuing a more strategic, focused and results-oriented approach. The Mission has recognized the need to strengthen monitoring and evaluation and is taking steps to address this, as will be discussed in section VIII below. In addition and in order to maximize

impact, the Mission has made strategic decisions about division of labor, geographic location, sector and sub-sector, and institutions with which it will engage. In order to promote sustainable development, all objectives under this strategy focus on increasing local capacity by working with local partners who demonstrate seriousness and commitment that inspires confidence both among Nigerians and their international partners. For long-lasting impact, Mission activities will strengthen government capacity and enhance the functioning of government systems and processes, although not by investing directly in government mechanisms. In addition to working with local governments, activities under this strategy will also work with the private sector, local community organizations, and local entrepreneurs to strengthen the overall civil, economic and social support networks that make a country work. And finally, this strategy will continue to invest in technologies and research to source "game-changing" development solutions, such as scaling-up local use of misoprostol and chlorhexidine in the health sector to drastically reduce maternal and newborn deaths.

VII. Consultations with Stakeholders

In developing this strategy, the Mission consulted with a variety of stakeholders. In support of the Modernizing Foreign Assistance Network's (2014) position on encouraging country ownership of priorities, implementation and resources, at the federal level, staff conducted extensive consultation with the ministries of health, agriculture, power, and education, and conducted similar discussions with state-level government counterparts. These consultations varied in format, from targeted state site visits to roundtable events where participants discussed challenges in Nigeria, the GON-generated plans, and identified gaps. Throughout this process, Mission staff engaged the Nigerian National Planning Commission (NPC) on its strategy-development progress. The NPC specifically requested that USAID focus on democratic institutions, economic growth, electricity power generation, transmission and distribution, education and health – including HIV/AIDS, but also malaria, polio and much broader systems support.

According to OECD statistics (2013), donor-funded development assistance received by Nigeria in 2010 was just over $2 billion, compared to GDP in the same year of close to $200 billion and a federal budget of $26.6 billion. Though partner contributions are small relative to the country's own resources, development partners have a strong influence on Nigeria's development efforts. In partnership with USAID, the World Bank, the United Kingdom's Department for International Development (DFID), the European Union, the International Monetary Fund, the African Development Bank, and the United Nations have developed a common strategic approach that guides our collective efforts to support Nigeria's development plans. Through the resulting Country Assistance Framework, development partners promote donor coordination and improve aid effectiveness through better harmonization of interventions, avoid duplication of tasks, use of common implementation mechanisms where possible, and have periodic discussions on key themes/topics and consultations within and across sectors. Sectoral working groups are functioning well and have proven to be very effective tools to ensure close coordination among donors and provide fora for policy engagement with relevant GON ministries and agencies.



Donor partners' programs in Nigeria, (see above chart from the Nigeria Country Data Analytics Package (2014)) work in close collaboration with USAID. All share the Mission's view of the governance weaknesses that lie at the heart of the development challenge in Nigeria. USAID will continue to coordinate with these other development partners (and others) and will deliberately assign different states to different donors with similar programs, or as part of a joint program, to gain maximum coverage and impact across Nigeria.

VIII. Monitoring, Evaluation, and Learning

Purposeful monitoring, evaluation and learning are key components to program and performance management and accountability. While monitoring will provide Mission management with early indication of progress towards the achievement of development objectives and time to implement programmatic shifts to more effective methods, evaluations will offer evidence that interventions are (or are not) achieving the intended results and generate learning opportunities that will inform future program designs and improve development outcomes.

Illustrative performance monitoring indicators are presented in Annex 1. Following the approval of this CDCS, a full Performance Management Plan (PMP) will be developed to ensure that result framework indicators at the development objective, intermediate result, and sub-intermediate result levels are properly identified and monitored. The final, approved PMP will include a set of definitions, a methodology for gathering the data, means of verifying the data, limitations on the use of the data, and proposed annual targets for each indicator. To the extent possible, all new activities started during the tenure of this strategy will have baseline data established within six months of the project's award.

Performance data acquired through monitoring will be used in regular portfolio reviews to inform management and highlight areas that will benefit from further investigation. Collected performance indicator data will form the basis and core of quarterly performance reports from implementing partners. In order to ensure accountability to stakeholders, the Mission staff will systematically review these reports to measure project effectiveness, relevance and efficiency; disclose those findings to stakeholders; and use the findings to inform resource allocation and other decisions such as corrective actions, where needed. Consistent, efficient, and evidence-based monitoring will also provide crucial building blocks for useful and practical evaluations.

The fundamental evaluation question the Mission will ask to test the development hypothesis and key assumptions underlying the strategy is: "Has poverty reduced in the locations in which USAID is working?" In addition, the Mission will use sector-specific questions, such as the illustrative questions listed below, to help determine the impact of program interventions.

Poverty:

- Which arm or level of government was most effective at reducing poverty in Nigeria and why?
- How do the drivers of poverty differ across Nigeria?
- To what extent did poverty decline in the communities in which USAID is working?
- Which USAID programs were most effective at alleviating poverty and why?

DO1:

- To what extent does inequitable access to markets and inputs hinder inclusive growth?
- Did focusing on women in agriculture under this strategy increase productivity?
- What are the key constraints that prevent rural and poor households from engaging in commercial activities?
- How did USAID's agricultural activities affect men and women differently?
- Did the Mission's inclusive growth strategy lead to improved access to markets and inputs? (impact)

DO2:

- To what extent has the national health system (public sector, private-sector providers, and civil society organizations) expanded in capacity to govern and administer national health programs (e.g. HIV, TB)?
- How do facilities, communities and host government structures promote institutional, financial and programmatic sustainability and ownership of the HIV response?
- How effectively have the HIV and TB programs strengthened the HIV and TB clinical cascade in Nigeria?
- Does the quality of integrated primary healthcare and education services affect demand for such services? (impact)
- To what extent did better quality services provided by the government affect school enrolment and increased demand for primary health care?
- How effectively have the HIV and TB programs strengthened the continuum of care in Nigeria?

- How has transitioning health facilities and responsibilities from USAID to local governments affected the provision of health care services?

DO3:

- Which factors contribute most to increasing the legitimacy of the Nigerian government in the eyes of Nigerian citizens?
- Did improvements in the provision of basic services improve citizens' perception of the Nigerian government? (impact)
- How effective was civil society advocacy in improving government performance?

The Mission is committed to the Agency's focus on monitoring, evaluation, and learning as demonstrated through its collaborating, learning and adapting agenda. This agenda focuses primarily on internal and external capacity building in order to exert a multiplier effect on the Mission's development investments. Continuous learning is crucial and to facilitate this, the Mission developed two training courses. In addition to issuing Mission Orders on monitoring and evaluation that reflect the principles of the Agency's Evaluation Policy, the Mission has created monitoring and evaluation capacity building courses for Mission staff, implementing partners, and representatives of the Government of Nigeria. The Performance Management and Evaluation Training series focused on enhancing staff members' ability to identify goals, monitor implementation, and conduct performance evaluations to determine program effectiveness. The Agreement/Contracting Officer Representative's Clinic open to all Mission staff is a separate course containing approximately eight courses on topics ranging from financial management to fraud detection to terminations and lessons learned. The Mission plans to repeat this very popular course semi-annually.

The Mission has also established an M&E Working Group comprised of at least one representative from every Mission office. The mandate of this group is threefold – 1) to ensure the continued visibility of monitoring and evaluation throughout the Mission's portfolio through coordination and exchange of knowledge; 2) to encourage cross-Mission engagement to strengthen M&E activities; and 3) to make certain that new learning, innovations, and data on performance are brought back to teams and incorporated into project implementation and/or design. In order to enhance impact, this learning is also shared with external partners and other stakeholders for their use and consideration.

In addition to capacity building, the Mission's learning agenda involves regular dialog with state and local government staff, implementing partners, as well as other donors. For example, upon learning through the 2013 NDHS data that health indicators in Nigeria had not improved over the previous five years despite significant investment, health sector stakeholders are considering different, innovative approaches to addressing critical gaps in the healthcare system. After several years of not seeing results in the education sector, the Mission recently paused its program design and implementation, choosing instead to pursue a research agenda to investigate the root causes of illiteracy and the high number of out-of-school children. The results of this study, called the Reading and Access Research Activity, will inform project design in the education sector.

The Mission will also place other topics on its future learning agenda during the course of this strategy. On a political level, for example, the Mission will continue to work alongside other donors to track potential game-changers in Nigeria, such as conflict and election outcomes, which could affect USG development asssitance investments. Recent reports from

the Global Alliance for Improved Nutrtion were somewhat surprising in that acute malnutrition in Nigeria is not confined to those living in poverty; on the contrary, malnutrition cuts across all socio-economic and geographic divisions in the country. This information is compelling and the Mission will conduct further research to determine the drivers of malnutrition – while poverty may contribute to malnutrition, it does not appear to be the sole cause. Also on the Mission's learning agenda will be data collection, reliability and usage.

Annex 1: Summary of Performance Indicators

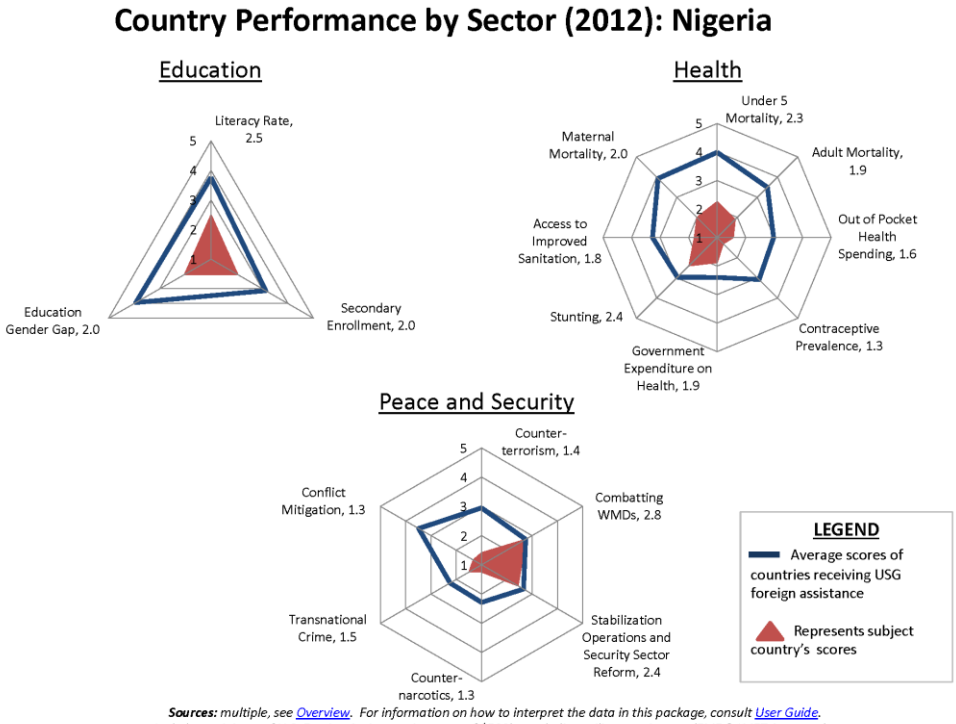
CDCS Goal	
	Reduction in poverty
DO 1: Broadened Economic Growth	
	Percentage increase in non-oil GDP
IR 1.1: Agricultural Competitiveness Increased	
	Gross margin productivity of selected commodities
	Total national production of selected commodities
	Value of incremental sales (collected at the farm level) attributed to Feed the Future implementation
IR 1.2: Business Environment Improved	
	Relative ranking on the World Bank's Doing Business indicators
	Number of individuals and businesses accessing credit as a result of USG assistance
IR 1.3: Energy Access Increased	
	Additional units (KWh) of energy produced
	Number of new electric power connections (measured in customers)
DO 2: Healthier, more educated population in targeted states	
	Corruption perception index ranking
	Civil society sustainability index ranking
	Number of school-age children out of school in targeted areas
	HIV incidence rate
	TB prevalence rate
IR 2.1: Utilization of quality health services in target areas and population groups	
	Under-five mortality rate in targeted states (disaggregated by sex)
	Percentage of pregnant women who deliver with skilled birth attendants in targeted states

	Percentage of eligible HIV-positive adults and children receiving antiretroviral therapy in targeted states
	Tuberculosis case detection rate in targeted states
IR 2.2: Quality of and access to education improved equitably and sustainably in northern Nigeria	
	Percentage of third grade students who demonstrate proficiency in reading the Hausa language (disaggregated by sex)
	Number and percentage of primary school-aged children enrolled in school (disaggregated by sex and state)
DO 3: Strengthened Good Governance	
	Multi-sector governance index (adapted from the World Bank's Governance Index)
	Civil Society Sustainability Index
	Afro-barometer survey
IR 3.1: Enhanced Credibility of Elections	
	Percentage of eligible voters who express confidence in the voter registration process (disaggregated by sex and state)
	Percentage of polling places opening on time
	Number of electoral jurisdictions experiencing significant violence
IR 3.2: Improved responsiveness of targeted government institutions	
	Corruption Perception Index Score (disaggregated by sex, if possible)
	Afro-barometer Survey (disaggregated by region and sex, if possible)
	Percentage of state budgets allocated to key public service sectors (health, education, water and sanitation)
IR 3.3: Increased capacity for civil advocacy, monitoring, and engagement	
	Civil Society Sustainability Index
	Percentage of state budgets allocated to community-identified needs
IR 3.4: Conflict mitigated among at-risk communities	
	Percentage of citizens in targeted local government units who feel that local government is competently addressing concerns (disaggregated by sex, if

	possible)
	Percentage change in the number of conflicts reported resulting from USG-funded activity interventions

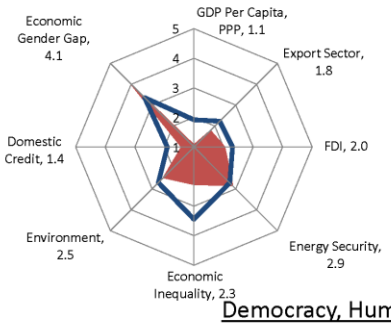
Annex2: Nigeria Performance by Sector

Spider charts from the 2014 Nigeria Country Data Analytics Package illustrate Nigeria's performance by sector relative to countries receiving USG development assistance (including Israel). Nigeria's scores are in red; the average of other countries is in blue. The distance between the red data point and the blue data point show how close (or far) Nigeria scores relative to the average of its peers. For example, on Political Rights, Nigeria scores the same as the average; on GDP per capita PP, Nigeria scored lower than the average.

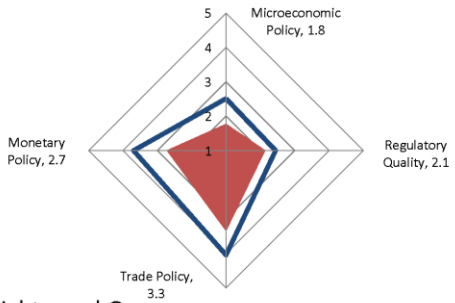


Country Performance by Sector (2012): Nigeria

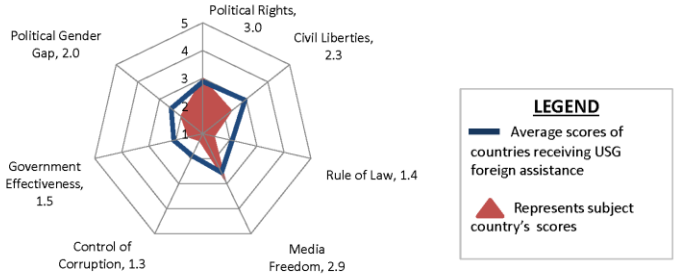
Economic Performance



Economic Policy



Democracy, Human Rights, and Governance



Sources: *multiple, see Overview. For information on how to interpret the data in this package, consult User Guide.*
Includes recipients of U.S. Foreign Assistance in excess of $500k., excluding military assistance (FMF & IMET Accounts).

Annex 3: Millennium Development Goals Progress

MDG REPORT 2010

MDGs status at a glance

Will target be met?	■ Good potential	■ Average potential	■ Weak potential
Supportive environment	■ Strong	■ Good/Fair	■ Weak but improving

	Will target be met?	Supportive environment
MDG 1: Eradicate extreme poverty and hunger		
Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.	■	■
Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.	■	■
MDG 2: Achieve universal primary education		
Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.	■	■
MDG 3: Promote gender equality and empower women		
Target 3.A: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015.	■	■
MDG 4: Reduce child mortality		
Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.	■	■
MDG 5: Improve maternal health		
Target 5.A: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.	■	■
Target 5.B: Achieve, by 2015, universal access to reproductive health.	■	■
MDG 6: Combat HIV/AIDS, malaria and other diseases		
Target 6.A: Have halted, by 2015, and begun to reverse the spread of HIV/AIDS.	■	■
Target 6.C: Have halted, by 2015, and begun to reverse, the incidence of malaria and other major diseases.	■	■
MDG 7: Ensure environmental sustainability		
Target 7.A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.	■	■
Target 7.C: Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation.	■	■
Target 7.D: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.	Insufficient data	■
MDG 8: Develop a global partnership for development		
Target 8.D: Deal comprehensively with the debt problems.	■	■
Target 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communication technology.	■	■

MDGs status at a glance

Will target be met?	Good potential	Average potential	Weak potential
Supportive environment	Strong	Good/Fair	Weak but improving

	Will target be met?	Supportive environment
MDG 1: Eradicate extreme poverty and hunger		
Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.		
Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.		
MDG 2: Achieve universal primary education		
Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.		
MDG 3: Promote gender equality and empower women		
Target 3.A: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015.		
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Target 7.D: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.	Insufficient data	
MDG 8: Develop a global partnership for development		
Target 8.D: Deal comprehensively with the debt problems.		
Target 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communication technology.		

Source: Nigeria Millennium Development Goals Report 2010

Annex 4: Climate Change Considerations

Nigeria's vulnerability to climate change is due to its geography, situated at latitude 4° to 14°N and longitude 2° to 15°E, with a shoreline of 800 km in the south. The country is exposed to drought and desertification in the north and the effects of the rising sea level in southern states. Nigeria is likely to see growing shifts in temperature, rainfall, storms, and sea levels over the strategy period, and the inability to adapt to this climate variability could have negative effects on development progress.

Extreme climate conditions such as high wind, heavy rainfall and heat resulting in wide-ranging scenarios such as tropical storms, floods, landslides, droughts and sea-level rise could cause populations to be displaced, which in turn can lead to conflict and civil unrest. Also, the public health infrastructure could be eroded if resources are diverted from its maintenance to disaster recovery. Pests and diseases are implicated in climate change with climatic conditions such as temperature, precipitation, sunshine and wind affecting and accelerating their proliferation. Food crops are affected by their presence (creating economic problems due to low agricultural yields and food shortages, as well as human population problems such as malnutrition). Climate-related diseases such as malaria, cholera, typhoid and dengue fever can also exacerbate human suffering, which in turn affects the productivity of Nigeria's labor force.

The low-lying nature of Nigeria's 800 km coastline from Lagos to Calabar makes the region vulnerable to climate change. It is prone to sea water intrusion into coastal fresh water resources and consequently inland fisheries and aquaculture are negatively affected. There is a high frequency of coastal erosion and flooding, both of which are climate change-induced forms of land degradation.

Possibility of disrupted rain patterns could affect seasonal patterns and affect agricultural yields and livestock. Two drought incidences in Nigeria in the 1960s and 1970s led to the death of millions of cows, goats and sheep, while the production of food items such as cereals and other products were negatively affected. Other factors such as increased desert encroachment and excessive heat have an inescapable impact on humankind and water-use. Excessive drought, which is likely to affect forest cover, will also pose problems for fuel wood supply.

Uncertainties about the onset of the farming season due to changes in rainfall patterns (early rains may not be sustained, and crops planted too early may become smothered by heat waves) can lead to an unusual sequence of crop planting and replanting that may result in food shortages. Extreme weather events such as thunderstorms, heavy winds, and floods, devastate farmlands and can lead to crop failure. It is estimated that by 2100, Nigeria and other West African countries are likely to have agricultural losses of up to four percent of GDP due to climate change (Mendelsohn, et al, 2000).

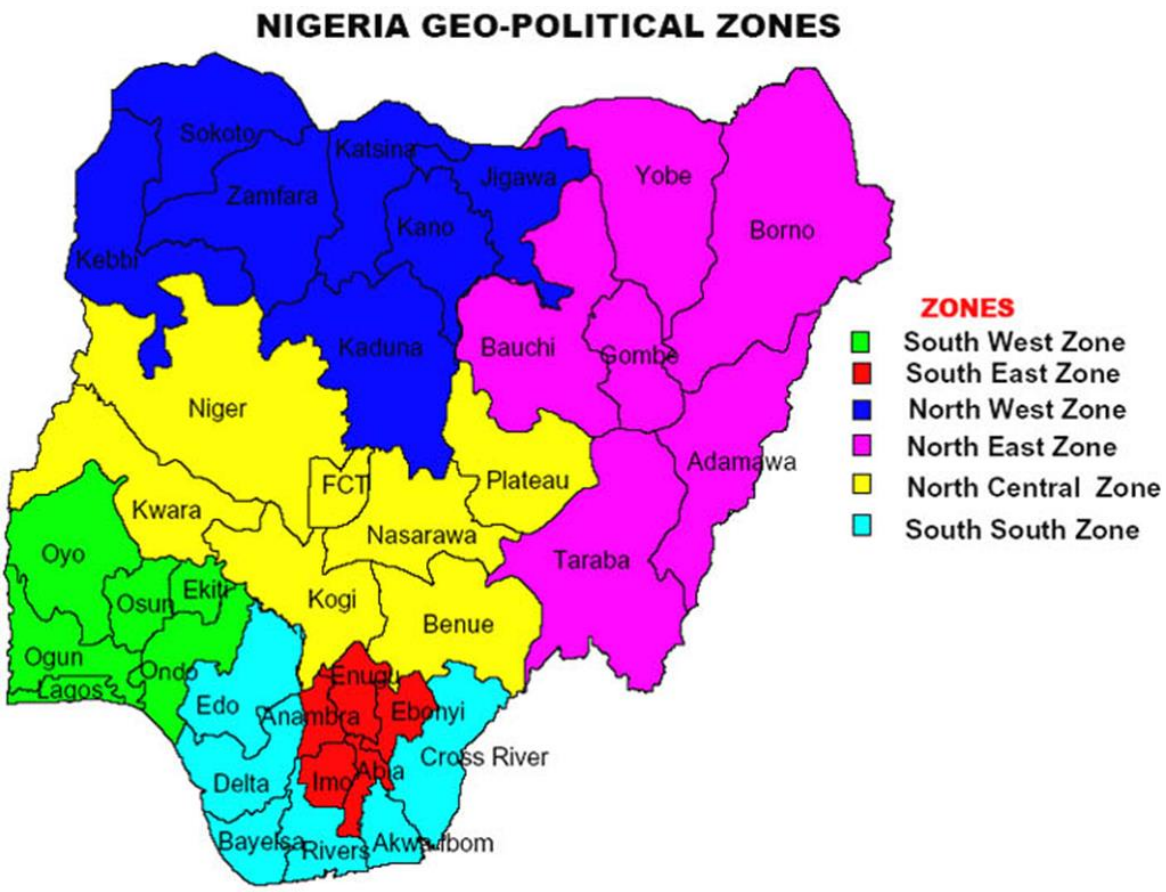
These climatic challenges, if unaddressed, could throw already-stressed resources, such as land and water into even shorter supply. Moreover, poor responses to resource shortages could have serious negative secondary effects, including more sickness and hunger, fewer jobs, and poor economic growth, which in turn could open the door to more violence. This may put additional pressure on the poor and jeopardize efforts to promote growth and poverty reduction.

The Government of Nigeria acknowledges climate change and has developed national adaptation policies and programs to address climate change vulnerabilities. The government is coordinating adaptation efforts across sectors as well as levels of government. A Climate Change Unit established in the Ministry of Environment addresses policy and nationwide awareness-raising. However, the institutional framework for the unit coordinating Climate Change activities in Nigeria is still weak. States and local governments have also developed climate change adaption action plans. Tangible results from government efforts, however, are few. The Government of Nigeria (GON) has done little to curb gas flaring, which is a leading cause of greenhouse emissions. Most experts agree that the political will is missing to truly tackle this problem. Although the GON has embarked on a radical reform of the energy sector, the country remains heavily dependent on diesel and petrol generators. The generators, of course, also contribute significantly to emissions.

Recognizing the effects climate change has on Nigeria, despite not receiving GCC funding, the Mission plans to continue to integrate climate change considerations in its programming during this strategy. For example, under Feed the Future, the Mission will continue to support adaptive research and trials for seeds with shorter gestation phases suitable for drier conditions. The Mission will target crops such as cassava and cowpea suitable for changing weather patterns and increased water scarcity. The Mission can also teach farmers about "dry-farming" techniques to expand production in light of water shortages. An important tool to monitor weather patterns and give advance warning to policy and decision-makers for predicting and managing droughts, the Mission will continue to support FEWSNet. To strengthen resiliency for the very poor, the Mission plans to implement an integrated effort to provide cross-cutting assistance in agriculture, nutrition, livelihoods and education to vulnerable households. This target beneficiary group is key because they are most affected by small changes in climate patterns. The Mission's health program will support protection against ill-effects of climate change by supporting activities such as routine immunization and the distribution of bed nets.

However, USAID's most important potential impact on climate change will be its investment in Power Africa. First, as expanded access to more electricity improves; many people will discontinue use of cook stoves and open fires to cook and convert to electrical appliances, reducing expansive burning of firewood. Businesses and households will also no longer need to use costly diesel generators, which have an adverse effect on the atmosphere. Second, as power generation expands, utilities will have an incentive to capture gas for increased electrical generation instead of using the current practice of gas flaring, provided that the economics and politics behind gas supply can be resolved. This development would have significant influence on reducing the prevalence of gas flaring.

Annex 5: Geopolitical Zone Map of Nigeria



Annex 6: Analyses, Assessments, and Other References

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