

**USAID TRANSITION
STRATEGY FOR NIGERIA**

NIGERIA – TRANSITION STRATEGY

STRATEGIC OBJECTIVE 2: **Strengthen Institutional Capacity for Economic Reform and Enhance Capacity to Revive Agricultural Growth.**

Issue: SO2 emphasizes agriculture but proposes no direct funding for it. Apart from the oil sector, which accounts for 50% of GDP, agriculture is the leading contributor to GDP, accounting for 38%. Further, 72% of the population is in agriculture, and 54% of the labor force is employed in agriculture. And lastly, the President has promised to give support to agriculture, which makes agriculture an important priority area. Given the importance of agriculture and the emphasis SO 2 places on enhancing capacity to revive agricultural growth, it is not clear how agriculture growth can be revived without direct investment into it.

While the rationale for SO 2 is sound in terms of a macro-economic approach with emphasis on the enabling environment, such an approach assumes away the necessary and direct requirements for agriculture, which is a major focus of the SO. The question is how do we revive agriculture without directly addressing it and making funds specifically available for activities in it? A case in point is the approach (b) in the description of the SO - “improving the quality and timeliness of data for economic and social analysis” to strengthen economic governance and to improve economic efficiency. This implies the need for a strengthened agricultural data/information system that would give reliability to the information for macro-policy analyses and the appropriate resource allocation and distribution. The impression one gets from reading the description of SO2 and the rationale for it is that effort will be focused primarily on macro level economic and structural policies, while neglecting improvement to the data/information source, which, in this context for Nigeria, is agriculture. If so, then funds should be allocated directly to improve agricultural structure and capacity, because it is that improved capacity at the agricultural level that will drive the appropriate policy measures for the expected economic efficiency.

SD’s \$1 million support to agriculture [research and technology transfer, post-harvest (processing and organizational) strategies, improved technologies and marketing for tree crops, and competitiveness of SMME food processors] will have raised expectation in direct support of agriculture. Therefore, it would seem reasonable to have continuity of that expectation in the SO.

American Embassy Lagos
Department of State
Washington, D.C. 20521-8300

August 7, 1999

Ms. Vivian Lowery-Derryck
Assistant Administrator for Africa
United States Agency for
International Development
Ronald Reagan Building
1300 Pennsylvania Avenue, N.W.
Washington, D.C. 20523

Dear Vivian:

As you are well aware, Nigeria is passing through a historic stage in its political, social and economic development. At no other time in recent memory has US partnership with Nigeria - on the policy and the program front - been as important as it is now. The need to articulate the areas of partnership and begin to respond with assistance is an immediate one. Nigeria's transition is no different from similar ones throughout the world: expectations for change are high and the government has only a short but undefined period of time to respond.

It is in this spirit that I congratulate USAID for producing a Transition Strategy for US assistance in such a timely manner and with its current staffing limitations. But it is not only for rapid production of a document that USAID deserves credit, it is also for its content. The Transition Strategy addresses clearly Nigeria's most pressing needs, as articulated by the administration of President Obasanjo and Nigeria's civil society. Moreover, it is consistent with US foreign policy interests, as articulated in the Mission's Program Plan (MPP), and takes into account the observations and recommendations of the Inter-Agency Assessment Team. Lastly, it considered the priorities of the international donor community. USAID was successful in integrating these different perspectives because it used a transparent and effective consultative process to reach a variety of

stakeholders, including the US Embassy, Department of Defense, USIS, the Government of Nigeria, Nigerian non-governmental organizations, other donors and its Implementing Partners.

There are three important points that I would like to emphasize. One is in the definition of transition. Nigeria's needs are tremendous and there are clearly issues which deserve USAID attention in the short-term; however, the problems which the current government is working to address took decades to make and will take many years to address and turn-around. The strategy that the mission has identified - working on transition issues while addressing the underlying institutional and poverty issues that create instability in Nigeria - is on target. Second, a significant increase in funding for programs and staff to manage these programs will be required to consolidate the gains that Nigerians have made through their transition. Without resources on both fronts, it will be difficult for the US to assist Nigeria to make the most of this unique moment in the country's history. Lastly, we must all keep in mind as we work urgently to respond to the opportunity of Nigeria's transformation, that the statutory requirement for counter-narcotics certification will have a controlling impact on our ability to carry out programs.

Observing Nigeria's current social, economic and democratic transition is very heartening for those of us who have worked in and cared about development in Africa. This strategy represents a unique opportunity for the USG to partner with Nigerians to make this transition a successful one for the country's over 100 million citizens. It has my full endorsement. I hope that it can be approved in a timely manner.

Sincerely,

William Twaddell
Ambassador

August 8, 1999

Ms. Vivian Lowery Derryck
Assistant Administrator for Africa
United States Agency for
International Development
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1300 Pennsylvania Avenue, NW
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Dear Ms. Derryck:

USAID/Nigeria is pleased to submit its Transition Strategy. This strategy is a product of broad consultations with our stakeholders, including the US Embassy, OTI, USIS, DOD, USAID's implementing partners, the Government of Nigeria, Nigerian civil society organizations, the mission's implementing partners, the international donor community and AID/W. It also takes into account the observations and recommendations of the Inter-Agency Assessment Team. This Transition Strategy addresses the immediate issues confronting Nigeria's historic social, economic and political transformation. USAID's Transition Strategy for Nigeria sets out program priorities for the next 24 months that will hopefully contribute to sustaining and speeding this transformation.

Given this objective, USAID/Nigeria, in partnership with OTI, is innovative in its approach towards development assistance. We are targeting this assistance in ways to affect the transition, mitigate conflict, set the foundation for long term public and private sector recovery in Nigeria and build on past investments. Our approach recognizes that there are "make or break" issues that USAID's assistance must address. However, at the same time, our Nigerian stakeholders have sensitized us to the fact that we should also focus on institutional weaknesses and societal inequalities that are at the root of instability and poverty in Nigeria. If left unaddressed, these will result in a weakened, if not failed, transition. For this reason, we have crafted a strategy that balances attention to immediate priorities such as civilian oversight of the military and the need for economic reform with the need to address equitable access to social services such as health and education.

To achieve the goal of our Transition Strategy - Assist Nigeria's Transition to Economic, Social and Political Stability - USAID/Nigeria plans to focus its program on:

- sustaining the transition to democratic civilian governance,
- strengthening the capacity for economic reform and enhancing the capacity to revive the agriculture sector,
- developing the foundation for educational reform which President Obasanjo has identified as one of his main priorities, and
- increasing access to health related services and improving the policy environment, particularly as relates to HIV/AIDS.

You will note that we have reorganized the order of the strategic objectives from that presented in the initial draft. Sustaining the democratic transition, encouraging economic reform and jumpstarting education are brought forward before health; however, in no way does this diminish our commitment to health which is key to medium to long term stability in Nigeria and the West Africa region.

You will also note that we have not included in our results framework the Special Objective, although it can be found in the strategy's narrative. The focus of this Special Objective is on infrastructure and energy needs as relates to Nigeria's maritime, road, rail, aviation and electricity sectors. Other than policy issues related to selected infrastructure needs that will be addressed through our OTI activities, USAID/Nigeria is not in a position to assume responsibility for overall management of this Special Objective. We recommend that the Agency use 632 transfers to other USG Agencies to obligate resources related to the Special Objective. Managing the transition strategy will not be easy; however, if the Inter-Agency Assessment Mission is an indicator, the USG broadly defined is ready to assist Nigeria to move to the next stage of its transition - to "Economic, Social and Political Stability."

Lastly, I would like to use this opportunity to extend the Mission's sincere appreciation to AID/W, especially AFR/WA, for its assistance in the production of the transition strategy document.

We look forward to a fruitful review process.

Yours sincerely,

Thomas Hobgood
Director
USAID/Nigeria

ACRONYMS/ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
AIDSCAP	AIDS Control and Prevention Project
AFSI	Africa Food Security Initiative
ARI	Acute Respiratory Infection
BASICS	Basic Support for Institutionalizing Child Survival
CA	Cooperating Agency
CBO	Community-based Organization
CDC	U.S. Centers for Disease Control and Prevention
CEDPA	Center for Development and Population Activities
CPR	Contraceptive Prevalence Rate
CPSP	Country Program Strategic Plan
CYP	Couple-Years of Protection
DFID	Department For International Development (British)
DG	Democracy/Governance
DOT	Department of Transport
DPT	Diphtheria, Pertussis, and Tetanus vaccine
ECOMOG	Economic Community of West African Observer Group
EMCAP	Economic Management Capacity Project (World Bank)
FAA	Federal Airport Authority
FAAN	Federal Airport Authority of Nigeria
FY	Fiscal Year (Oct. 1 - Sept. 30)
GDP	Gross Domestic Product
GIS	Geographic Information System
GON	Government of Nigeria
HIV	Human Immunodeficiency Virus
IBHS	Integrated Baseline Household Survey (USAID/Nigeria)
ICAO	International Civil Aviation Organization
ICRW	International Center for Research on Women
IEC	Information, Education, and Communication
INITIATIVES	Private Initiatives for Primary Healthcare
IP	Implementing Partner
IPPF	International Planned Parenthood Federation
IR	Intermediate Result
IUD	Intra-uterine (contraceptive) Device
JACC	Joint Agricultural Consultative Committee
JHU/PCS	Johns Hopkins University/Population Communications Services
JICA	Japan International Cooperation Agency
LNG	Liquefied Natural Gas
MCH	Maternal and Child Health
MICS	Multi-Indicator Cluster Survey (Federal Republic of Nigeria/UNICEF)
MMIA	Murtala Mohammed International Airport
NCCCD	Nigeria Combating Childhood Communicable Diseases Project
NDHS	Nigeria Demographic and Health Survey 1990

NEPA	National Electric Power Authority (Nigeria)
NFHS	Nigeria Family Health Services Project
NGO	Non-governmental organization
NISH	Nigeria Integrated Survey of Households (Federal Office of Statistics)
NNPC	Nigeria National Petroleum Corporation
ODA	British Overseas Development Agency
ORS	Oral Rehydration Salts
ORT	Oral Rehydration Therapy
OTI	Office of Transition Initiatives
PASA	Participating Agencies Sub-Agreement
PHN	Population, Health, and Nutrition
PLWHA	People Living With HIV/AIDS
PPFN	Planned Parenthood Federation of Nigeria (IPPF affiliate)
PSI	Population Service International
PTA	Parent Teacher Association
SFH	Society for Family Health, affiliate of Population Services International (PSI)
SSS	Salt and Sugar Solution
SO	Strategic Objective
STD	Sexually-Transmitted Disease
TT	Tetanus Toxoid Vaccine
UNAIDS	United Nations Program on AIDS
UNDP	United Nations Development Program
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UPE	Universal Primary Education
USAID	United States Agency for International Development
USG	United States Government
USIS	United States Information Service
WHO	World Health Organization

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USAID TRANSITION STRATEGY FOR NIGERIA

EXECUTIVE SUMMARY

Nigeria is at a cross-roads. Following 16 years of a military dictatorship, a series of four democratic elections were held between December 1998 and February 1999, resulting in the election of a new civilian government. Swearing-in of newly elected officials took place in May of this year. The new President, Olusegun Obasanjo, is moving quickly to redress imbalances in: 1) the allocation of power and resources throughout disaffected and underserved regions of the country; 2) serious human rights abuses by the military dictatorship; 3) years of economic mismanagement; 4) degraded social services; and 5) serious corruption at all levels of government and the private sector. At the same time, there are multiple factors that could easily derail these serious efforts of transition to a stable and just civilian government. Civil unrest from a public lacking trust in the Government's ability and willingness to address these conditions in the short-term, no clear signs of improvement in the short- to medium-term, and a military coup to retake control of the government are some of the most serious threats, and all firmly in the realm of possibility. There is little time for the Government to produce tangible results to convince the military and the populace that it can govern.

To support the Nigerian people during this crucial transition period over the next 18 - 24 months, USAID, with critical input provided by a comprehensive interagency assessment conducted during June and July of this year, proposes a strategy of assistance specially tailored to help the Government and civil society to address these serious challenges, and to strengthen the Government's commitment and ability to govern responsibly. The proposed strategy addresses immediate issues (particularly an enabling environment for supporting the new democracy), but at the same time lays a foundation for an evolving 5 - 7 year long-term USAID intervention. It is a program developed to help the Government of Nigeria (GON) to 1) build a strong and inclusive civil society; 2) create an appropriate role for the military; 3) strengthen the ability and credibility of governing institutions; 4) allocate and utilize resources wisely, effectively, and efficiently; 5) to reduce the level of corruption endemic at all levels of government while providing the enabling environment for growth and increased private investment and the growth of the small holder agriculture; 6) lay the foundation for reforming the basic education system; and 7) strengthen its commitment to increasing the delivery of critical health, population, and HIV/AIDS control services on an equitable and efficient basis. These activities must be carried out in the context of preventing conflict, reducing corruption, encouraging women's participation, and promoting reconciliation and a just peace between all sectors of the society. The strategy reflects the Mission Program Plan (MPP) for Nigeria which identifies support for FYs 2000 and 2001 to Nigeria in democracy, good governance and improved respect for human rights, economic reform at all levels, national unity and stability, economic development and increased trade. The strategy reflects collaboration and coordination with other elements of the US Mission in Nigeria (Embassy, USIS, OTI and DOD). It also incorporates the ideas and suggestions of our NGO and GON partners and stakeholders.

The planned program consists of four strategic objectives and one special objective. **Strategic Objective One** will address several of the critical issues that could derail Nigeria's transition to democratic governance, and supports the strengthening of institutional foundations for its sustainability. **Strategic Objective Two** proposes to support improvement in economic performance. Its focus will be to provide skills to Nigeria's government officials for developing a sound budgetary process based on up-to-date economic and social data, in a manner that is transparent and credible for the sound, efficient, and just use of the country's resources. It will also focus on enhancing the economic empowerment of the grassroots, particularly women through micro-credit and a private sector enabling environment with emphasis on the agricultural growth. Agricultural production will be encouraged. **Strategic Objective Three** proposes to strengthen Nigeria's ability to lay the foundation for education reform. The Transition Strategy will focus on those systemic problems with policy, management and implementation that have led to the current deterioration of Nigeria's education system and develop appropriate interventions. **Strategic Objective Four** will focus on the promotion and use of health and family planning services and control and prevention of HIV/AIDS within the context of a supportive policy environment. It builds upon the critical work undertaken in this sector in concert with local non-governmental organizations over the past several years. The **Special Objective** concentrates on interventions to quickly correct and turn around serious problems in Nigeria's transportation and energy sectors. As with the four strategic objectives briefly described above, it, too, will focus on building capacity with respect to policy, management, and implementation of improved service delivery, and management of these sectors to redress systemic problems that have led to their deterioration. USAID will work collaboratively with other US Agencies, who would take the lead in implementing the Special Objective.

During the same period, a longer-term, seven-year strategy will be developed to aid Nigeria's transformation into a responsible modern state. The short and longer-term strategies will be based on the recently concluded interagency assessment, and additionally planned assessments and studies conducted to ascertain Nigeria's stated needs and sectoral conditions, once it is clear what path the Government of Nigeria and its people wish to take over the next 18- 24 months.

I. BACKGROUND

1. Political Synopsis of the Last Twelve Months

Nigeria has been trapped in political instability and military rule for three decades, resulting in a weakened and fractured civil society, serious power imbalances within society, poor resource management and distribution, degraded social service systems in health and education, and many disaffected ethnic groups and youth around the country. Following the death of Nigeria's military dictator, Sani Abacha, in June 1998, his successor, General Abdulsalami Abubakar, moved swiftly to implement a series of political, economic and military reforms designed to restore national unity and a democratic Government in Nigeria.

Since July 1998, when General Abubakar became the Head of State, Government actions have demonstrated a recognition that fundamental economic and social changes must be made for the country to achieve a rate of sustained economic development that will ultimately lead to a sufficient level of per capita income for its populace.

The grossly overvalued "official" exchange rate has been abolished and all transactions now go through the Autonomous Foreign Exchange Market. The Government's intention to deregulate or privatize telephone, cement and banks, and other parastatals has been announced. A comprehensive program to remove anti-competitive obstacles to private sector development has begun. The Central Bank is now independent. The reduced expenditures announced for the 1999 budget indicate a determination to maintain a tight macroeconomic stance.

Finally, the country's Vision 2010 Strategy is widely accepted, as are its goals to: (a) revive economic growth and maintain macro-economic stability; (b) reallocate public spending towards health, education and essential infrastructure; (c) improve governance, reduce corruption and strengthen government institutions; and (d) achieve privatization of several key enterprises and deregulation of the domestic economy to help remove constraints to the development of a vibrant private sector.

The Abubakar government followed through on its commitment to begin the transition from military to civilian rule. Among the actions taken, the following are highlighted:

- Release of political prisoners and lifting of various restrictive decrees on the press and unions.
- Completion of the four announced elections for local, state and federal offices as well as Office of the President. These elections occurred without incident between December 1998 and February 1999.
- Promulgation of a new constitution, which took effect on May 29, 1999.
- Inauguration of the newly elected civilian government took place on May 29, 1999.

Following the Presidential election in February 1999, President Clinton granted Nigeria a "Vital National Interests" waiver on its narcotics decertification, based on positive steps

taken by the Government of Nigeria¹. U.S. interests include agricultural trade with Nigeria, oil resources of importance to the United States, regional peace in West Africa, and controlling the spread of HIV/AIDS. President Clinton's action allowed USAID to work with the Nigerian government for the first time in five years. Although the waiver is only for one year, it will allow USAID more flexibility to assist Nigeria's transition, while giving the country additional time to make the changes it needs to achieve full certification. However, the GON must make progress this year related to counter-narcotics to be eligible for assistance in coming years, or an unusual second vital national interest certification may be necessary.

2. AID Program Prior to Changes

USAID's program prior to the recent change to civilian rule was based on humanitarian and political concerns. Given the dismal record of the military dictatorship and Nigeria's key role in international drug trafficking, USAID assistance and support to Nigerians was confined to the provision of humanitarian assistance, as the Mission was prohibited from working with the Government of Nigeria. USAID has applied for decertification waivers on an annual basis since 1994, in order to be permitted to obligate funds for humanitarian programs. All assistance was provided through local non-governmental organizations, and in limited areas of the country. The Mission Strategic Objectives were as follows:

- Strategic Objective 1: Increased Voluntary Use of Family Planning
- Strategic Objective 2: Improved Maternal and Child Health Practices
- Special Objective 1: Improved HIV/AIDS Prevention and Impact Mitigation Practice
- Special Objective 2: Strengthened Civil Society Contributions to Sustainable Democracy and Good Governance

One of the most important lessons learned from USAID/Nigeria's experience in democracy and governance programming prior to the election, is the value of integrating democracy and good governance activities with other sectoral programs. Because of the limited scope for democracy and governance activities under the Abacha regime, USAID adopted a strategy of working with USAID's health partners to promote women's participation and empowerment, which produced remarkable results. As a result of USAID/Nigeria's previous work with grassroots women's groups, and USIS activities with political NGOs, there has been a notable increase in women's participation in the political process and the number of women elected in target communities. However, nationwide, only 1% of elected officials are women. The established health channels through women's organizations were the basis for USAID expansion into pre-election support activities throughout Nigeria. USAID/Nigeria will now pursue ways of building on these successes to strengthen the representative function of local government bodies through greater interaction with these key groups in their communities.

¹ Certification is granted to countries taking appropriate law enforcement measures and does not reflect use or production of narcotics.

3. AID Response During Transition

To support the announcement of transition to a civilian Government and elections, the USG sent a seven-person interagency team to Nigeria in August 1998 to conduct a democracy assessment. This assessment formed the basis of USAID/Nigeria's interim intervention and support to the Government during the election period, and for the transition period. In the fall of 1998, USAID sent a Congressional Notification to Congress for approval of a waiver that allowed USAID to provide assistance for the elections.

A total of \$5 million in USG support was provided for the announced Nigerian elections for training of poll workers, domestic monitors, supplies and logistical support. This was successfully accomplished through a combined effort of USAID's Office of Transition Initiatives (OTI). These activities were implemented through U.S. non-governmental organizations. As a result of this assistance, poll watchers, political party operatives and up to 10,000 domestic monitors received training, reference manuals and materials for the subject elections. Media support was also provided. Women's organizations funded by USAID/N were able to promote the election of more women candidates to public offices.

The USG provided \$2 million to train 11,000 elected officials prior to the May 29th inauguration. Many of these newly elected officials have no recent hands-on experience with multi-party legislative process. The training provided an initial grounding in the fundamentals of the "representative" nature of democratic governance, and in the concepts of accountability, transparency, constituency relations and coalition building.

USAID's Office of Transition Initiatives (OTI) works hand in hand with USAID/N on the transitional effort. USAID/OTI has opened four offices in the cities of Lagos, Port Harcourt, Kano, and Abuja. In close collaboration with the USAID/N Mission in Lagos, OTI's mission in Nigeria is to support peaceful democratic change by assisting Nigeria's transition, to avert short-term problems such as a military intervention during the transition to civilian rule, and to create an enabling environment for longer term democratic development.

An Interagency Assessment Team visited Nigeria in mid-June for the purpose of a comprehensive look at various sectors, in preparation for the development of both short- and long-term strategy. The team explored, with Nigerian government, civil society, and business community partners, how the U.S. can best support a successful transition to democratic government and a peaceful and prosperous society in Nigeria. The findings and recommendations from this important assessment have been incorporated into this Transition Strategy document.

4. Evolving Mission Program

The Mission program is still evolving from a more limited program in civil society strengthening, health, HIV/AIDS control and family planning, working strictly with local non-governmental organizations and private Nigerian people, to one which selectively works, as well, in other sectors, with government institutions and the newly elected President. The intention is to develop a program that reflects Nigeria's priorities, to assist in conflict prevention, reduce corruption, support economic liberalization efforts, revive agricultural growth, increase women's economic empowerment, encourage reconciliation, help stabilize the new civilian government, and provide a foundation for reforming the education system. This requires both flexibility and a willingness to support opportunities as they arise, which will help the country during this transition period.

USAID/Nigeria will coordinate its program with other US Government agencies as appropriate (e.g., the Justice Department for work related to the rule of law and the Department of Defense for the proposed civil-military relations program), and with other donors (such as the World Bank for the proposed financial and economic reform program described in this transition strategy proposal, and UNICEF, DFID and JICA for health and education activities). Details of planned coordination between agencies are found under each of the proposed transitional Strategic Objectives, described in the next section of plan. Cooperative efforts of this nature will extend the resources USAID has to offer and help to leverage greater support for Nigeria at this crucial time. Sector assessments and studies will be carried out in education, agriculture, transport, waste and sewage management, and fuel distribution, for example, to ascertain what Nigeria's current needs are and where opportunities exist for further coordination with the other donors, US agencies, and financial institutions. Findings from the recently-completed Interagency Assessment will also play a significant role in informing and shaping future assistance. The recommendations from this important assessment are incorporated into USAID's proposed transition strategy for Nigeria.

II. RATIONALE FOR TRANSITION STRATEGY

1. Laying the Foundation for Longer-Term "Transformation" Strategy for Nigeria

Because of the lack of data from many national activities, sector assessments will be needed even in those areas where the reduced USAID/Nigeria program was authorized to work, and in new sectors such as education, agriculture, economic and financial management. This situation calls for a gradual program build up and the need for an interim strategy, given that Nigeria's new civilian government will need time to sort out its priorities. An interim strategy for 18 - 24 months is therefore, presented here. The proposed short-term strategy will be in place and will form the basis for a long-term strategy to be developed by the end of FY 2001.

2. Need to Prevent “Back-sliding”

The USG strategy for Nigeria’s transition period is being developed to help prevent a “backsliding” from a democratically-elected civilian, government, to an unrepresentative, military-controlled government. Support toward that end is critical during the next 18 - 24 months.

Many Nigerians and Nigeria watchers alike have stated a belief that this is the last chance for the country to stabilize and transform itself into a solid representative democracy. Failure now would be extraordinarily difficult to reverse.

If this transition fails, Nigerians could be subject once more to a nominal democracy or, worse yet, a military coup, and will likely experience unrivaled corruption, continued economic failure, worsening social, health, and educational conditions, a lack of justice and equal opportunity, and renewed tension between the military and civil society, and between geographic regions and ethnic groups within the country.

Fall-out could spread all over the sub-region, and possibly through the continent. As Africa’s largest economy, continued economic deterioration would certainly affect other nations in West Africa. Nigeria provides a large market for West African labor and products, and also plays a pivotal role in regional peace-keeping efforts through the Economic Community of West African States Monitoring Group (ECOMOG). Given that the policy of isolation and sanctions is being implemented by the Nigerian armed forces, through ECOMOG, for those countries where coup d’etats against democratically-elected governments have been held, Nigeria cannot be expected to continue this role for West Africa if she, herself, reverts to a nominal democracy brought on by bad policies and practices.

3. Why Back-Sliding Could Occur

A number of factors could contribute to a back-sliding. Among these factors, the following stand out:

- **The Military:** The greatest threat to democracy in this transition period is the military. Two democratically-elected governments have already faltered, and were replaced by the military. An entire generation of Nigerians has limited experience with civilian rule. Distinct factions exist within the military. If things “go wrong” inside the military or in the country at large, the military could easily succumb to, for example, temptations for one or another bloc or “big man” to “seize the moment.” The formation of the President’s new Anti-Corruption Commission to reduce the incidence and opportunity for corruption at all levels could result in a backlash that will lead to a withdrawal of support for the civilian government by those who are now in the private sector, whether as retired generals, former politicians or private individuals of ill-gotten means, who will only be prepared to invest cash inside Nigeria and to repatriate money now packed outside the country if they are not at risk of prosecution on corruption charges for doing so.

- **Law and Order:** After years of mismanagement, the police are ill-equipped to meet the challenges of operating in a civilian led democracy, where the police - not the military - are charged with the maintenance of law and order. The police face many constraints: low salaries, lack of skills and high crime rates. One of the litmus tests of the civilian government, however, will be whether it can guarantee personal security. It can only do this through a police force that is effective and at the same time respects human rights. In the absence of such a police force, at this time, Nigerians are turning to vigilante justice. This could result in an invitation to the military to come out of the barracks and serve a policing function, a result that would seem contrary to the aim of the transition.
- **Poverty:** Poverty and lack of economic opportunity were cited by almost everyone encountered as major problems for the incoming civilian government to address. As one individual put it, "Democracy means nothing to a poor or hungry person." People emphasized basic human needs – food, shelter, electricity, water, education and roads – as areas that must be priorities for the new government. The middle class has been decimated, due to brain drain in Europe and North America, and the inability of small and medium business to find a place in an economy dominated by parastatals. There is serious income inequality, manifested by wealthy elites at the very top, and the mass of Nigerians struggling to get by on a daily basis at the grassroots. Youth have little or no opportunity for employment and, in specific regions of the country, have become restive and even violent. If visible material gains for the people are not realized during the next 18 - 24 months, public confidence and trust in the new government will rapidly deteriorate and civil unrest is likely.
- **Divisiveness and Conflict Between Ethnic Groups, Religion, and Regions:** There is a pronounced tendency among the many ethnic and religious groups in Nigeria to define everything, from political opinions to personality characteristics, as a function of ethnic or religious affiliation. All groups told the Democracy Assessment team last fall that they feel marginalized, and that other groups are favored. Conflicts between individuals and groups continue to occur, as evidenced recently, in July 1999, in Sagamu and Kano where over 150 lives were lost. These tendencies have often been manipulated by political elites and their military counterparts to feed the divisions that impede reconciliation. Poverty, insecurity, and limited access to opportunities exacerbate conflict and tendencies toward violence. The new government will have to demonstrate equitable resource allocation and provide voice and opportunity for all groups. Nigerians will be quick to note any perceived inequalities by the Government. If immediate and serious steps are not taken to foster reconciliation between the divisions in Nigerian society, civil unrest and the military could threaten the country's transition to a stable, civilian democracy.
- **Missing Links Between the Government and Grassroots:** Currently, there are no institutional or government mechanisms to link the grass roots with elected officials. There is a disconnect between local-level and national-level politics. Lessons from political crisis situations elsewhere in the world point to this disconnect as a major

reason underlying serious civil unrest, leading, some cases, to the overthrow of Government. For example, critics charge that the 1999 Constitution came from the military, and that Nigerians have been denied an opportunity to discuss the country's constitutional framework. During the recent civil society roundtable, conducted in Southern Nigeria, by the Interagency Assessment Team, many participants worried that the Government would now ignore fundamental issues of power and revenue-sharing which will fuel calls for a sovereign national conference, a development which could tear the country apart. Some panelists were also concerned that smaller ethnic groups are at risk because they have no representation in the National Government or any political parties to give voice to their interests, while, for the first time, Northern Nigerians complain about being marginalized. However, state and local government assemblies are beginning to behave more like political entities and are increasing their responsiveness to constituency concerns.

4. US National Interests

The status of Nigeria both directly and indirectly affects US national interests. A few major points are described here. Nigeria, along with Colombia, Indonesia, and Ukraine, has been designated by the Secretary of State as a Global Priority Country for transition to democracy. Following 16 years of military dictatorship, the US seeks to help this new government solidify and reinforce the new civilian government. A transparent and accountable democratic government can more successfully address narcotics trafficking and organized crime and fraud, both of which affect the US, as well as Africa.

Nigeria's economy is the second largest in Africa, and Nigeria is the United States' second largest trading partner in Africa. US exports to Nigeria are substantial, presently consisting mainly of agricultural products and oil field equipment. There is significant potential to greatly expand markets for US products in Nigeria. Expansion and diversification of markets will allow more types of US firms to be involved and interested in Nigeria. This attention will help reintegrate Nigeria into the larger world trading community after years of isolation. This expansion is currently constrained, however, due to lack of a transparent and internationally accepted business codes and standards of conduct. The establishment of governance by rule of law would enhance American competitiveness in a range of products. Advances in the soundness of Nigeria's economy, and a concurrent decrease in the poverty of the country's population would provide an immense opportunity for U.S. manufactured and capital goods exports.

Nigeria is a major oil producer. Some 8% of the oil imported into the United States is from Nigeria, derived from US oil companies that have invested in petroleum exploration and extraction in the politically volatile Niger Delta region. Progress in reconciliation, conflict prevention, and equitable sharing of petroleum resource benefits in the Niger Delta region would serve to protect US interests.

There is a critical global issue of interest to the US, with respect to Nigeria's contribution to global climate change. Nigeria's gas flaring, associated with the petroleum extraction industry, produces significant greenhouse gas emission, and contributes to 25% of the

worldwide total. Nigeria's petrochemical industry also has the potential to contribute significantly to global pollution. These are serious global problems. However, they cannot be readily addressed under the current climate of volatility in the Niger Delta region.

The extremely high incidence of HIV/AIDS in Nigeria not only creates hardship, sorrow, and suffering for its people but, if not lessened, certainly contributes to the spread of this devastating infectious disease on the African continent, and to the US as well. Nigerians are a mobile people, with many ties to the rest of the continent and to the U.S. It's military peacekeeping role in the region is a significant source of spreading HIV/AIDS given the high incidence of this disease within the military. If the current rate of infection remains unchecked, the impact on human suffering and economic productivity will grow ever more profound.

III. TRANSITION STRATEGY

The Transition Strategy responds to the stated needs of the Nigerian people and Government, and it is intended to help solidify the transition of Nigeria to a stable, civilian democracy. The current Government, under the leadership of newly-elected President Olusegun Obasanjo, has announced its clear intention to break from the misrule of the past military regimes. Some priorities spelled out by President Obasanjo in his inauguration speech were: 1) to tackle corruption and restore the rule of law; 2) to focus on improving the agriculture and education sectors; 3) to revamp social and economic infrastructure to ensure that the institutions of Government reflect the needs of the people; 4) to promote dialogue on constitutional reform; and 5) to re-energize the Nigerian economy. All of these goals are directly or indirectly supported through the Mission's proposed Transition Strategy for Nigeria. A survey of newly-elected state and national legislators shows that they are nearly unanimous on wanting to address the problem of corruption, to re-establish a balance of power among branches of government, to develop means for getting feedback from their constituencies, to support civil society and local government, to resolve communal conflicts, to strengthen the rule of law, and to "do something" about the collapsed education system. Though they had divergent views on how the issues should be resolved, most of them expressed the need to develop a clear constitutional framework for sharing power and resources among and between national, state and local government entities. For their part, Nigerian civil society leaders and journalists have been passionate and courageous advocates for democracy, human rights and good governance, even in the face of extreme repression.

The four strategic objectives and one special objective, described in the strategy, are based on extensive assessments and interviews conducted with a wide range of Nigerians, including the President and members of the newly elected government. It also reflects a combined effort of the US Mission in Nigeria (USIS, Embassy, DOD etc. and other stakeholders). The resulting objectives are a product of a cooperative effort from USAID/Nigeria, AFR/WA, AFR/SD, the Global Bureau, OTI, the Interagency Assessment Team and the US Mission in Nigeria. It is our hope that implementation of the activities that support these objectives, in coordination with partners from the

Nigerian government and civil society, other donor agencies, institutions, and US government agencies, will foster a peaceful transition and set the stage for a longer-term cooperative strategy for a transformed Nigeria.

A. Strategic Objective 1: Sustain Transition to Democratic Civilian Governance

1. Brief Description of this Strategic Objective

USAID/Nigeria's strategy for assisting Nigerians' efforts to sustain the current transition and successfully establish democratic governance follows two main tracks. First, USAID will assist Nigerians to address several of the critical issues that could derail the transition. Results in this category would likely focus on defining the role of the military in the new dispensation and assisting civilian bodies in the government and civil society to establish constructive oversight relationships with the military, helping the government and civil society to develop procedures and a capacity to fight crime and corruption, supporting processes for forging consensus among government and societal stakeholders on the proper course of economic reform and restructuring, and providing institutional and material resources to help Nigerians resolve regional conflicts. USAID's OTI has already identified many of these issues as appropriate targets for their programming; they constitute an essential partner for USAID/Nigeria's DG objective.

Resolving these short-term crisis issues is a necessary, but not sufficient, condition for the long-term success of Nigeria's latest democratic experiment. Basic institutional weaknesses across the political system have contributed to much of the instability and abuse which now loom dangerously over the current transition. Thus, the second and parallel track of the DG Objective is strengthening the institutional foundations for ongoing democracy and good governance. The concern for decentralizing power and developing effective governmental and non-governmental institutions that provide for representation of citizen interests has been the basis for selecting the institutional arenas of focus for this strategy.

2. Rationale for Program

Nigeria is in the process of transition. The elections of 1999 and the successful transfer of power from the military to an elected government on May 29 marked an important step, but not the final one, in that process. Serious hurdles and potential crisis points must be overcome before the transition is complete. The list is long and has been widely discussed. The military must reorient itself from a governing role to one of protecting and serving civilian commanders and democratic processes. Vast inequalities in access to resources, shortages of fuel and other commodities, profound public disillusionment with government resulting from systemic corruption and misuse of resources, and the festering conflicts that all these circumstances produce, must be addressed.

But despite the urgency of these potential flash points, it is important to keep in mind the basic institutional roots of many of the potential crises Nigeria faces today. The

instability of Nigerian politics is the result of a fundamental lack of trust that governing institutions will represent the interests of all Nigerians equally and fairly. A system in which accountability of the governors to the governed has been all but ignored has created vast opportunities for corruption. A perception of domination by Northern interests in the military and the political system has heightened resentment among ethnic and regional groups and has diminished opportunities for political compromise.

Moreover, when elections have taken place in Nigeria, the disarray of the electoral system and the competitors' lack of viable political support, more often than not, provided an excuse for extending the military's stay in power. Political parties, for the most part driven by personalities and competition for patronage rather than policy deliberation and distinctions, have also contributed to the system's weakness. Countervailing institutions, such as the police, judiciary and other institutions supporting the rule of law have been marginalized at best, and have been active participants in abuse of power at worst. Even parts of the system which have generally played a positive role, such as the media, have sometimes exacerbated regional conflict and political rivalries by selective reporting and other shortcomings largely resulting from inadequate professional skills.

Finally, every aspect of the breakdown of good governance has taken place at the expense of participation by ordinary Nigerians in decisions about how their country's public life will be conducted. This problem is especially serious in the case of Nigeria's women, who must overcome more than just formal political exclusion to gain fair representation in the polity. Civil society organizations that often serve as a vital link between government and the people have suffered greatly in the past in calling for change. Harassment and intimidation of civil society under previous regimes stunted the ability of these groups to build internal capacity, expand their membership base, influence policies on key national issues and promote transparency and accountability in government. The notable exceptions may be labor and community-based organizations.

In short, most of the institutions, both within and outside the government, that maintain a balance of power, prevent abuse and ensure meaningful representation and fair distribution of resources have broken down. Fundamental institutional reform and strengthening must take place across the political system in order to increase the ability of government agencies charged with representing and protecting the rights and interests of citizens to fulfill their mandates and to amplify the voice of citizens who have long been closed out of decision-making processes.

To this end, the DG Objective will strengthen the capacity of government institutions to function and to include citizen interests in their deliberations. USAID/Nigeria believes that the National Assembly will be the most important venue for this work in the initial period of the strategy, as it will play a key role in setting the tone and model for lower levels of government, especially in establishing the terms of the relationship between the executive and the legislative branches of government, and most likely in restructuring the legal framework under which lower levels of government will operate.

The concern for decentralizing power and building public support for democratic governance in the transition period will be the basis for selecting key state and local government assemblies to strengthen. Currently, in the absence of having the skills to manage their new responsibilities effectively, they are beholden to state executives which themselves are grouping to understand their roles, and acquire their fair share of resources, especially as it relates to oil revenues. The DG objective plans to develop capacities in a select number of assemblies at the state and local level and link these assemblies with their constituencies in civil society and state executives so as to create models of representative governance that will build public faith in democratic process.

An essential part of increasing Nigerians' trust in democracy and the government's ability to represent and serve them fairly is establishing the basis for effective rule of law. Of immediate concern is the ability of the new government to reverse years of corruption, economic mismanagement and human rights abuses. The need for economic change creates an indisputable link between the DG and EG objectives, and the mission will look for opportunities to strengthen programmatic linkages between the two. Improving the human rights climate, which is essential to building public confidence in the transition, will undoubtedly require assistance to the police, the only institution of government with which the majority of Nigerians have any level of interaction, and the judiciary where gross inefficiencies in the administration of justice hinder rather than protect respect for human rights.

The capacity of the executive branch to make, manage and implement sound policies will be a necessary element to the success of Nigeria's political, economic and social transition. For this reason, the DG objective will provide state of the art technical assistance to the Executive Branch related to the planing, allocation, and execution of policies and programs for the good of all Nigerian people.

This strategy also includes support for key parts of civil society and the media to facilitate transparency and the open and responsible use of information, and to build civil society capacity to represent the interests of Nigerian citizens and to participate with government in reaching solutions to key policy problems. The role of political parties, often described along with elections as the Achilles heel of Nigerian politics, will also be a focus of support to civil society. Assistance will be provided to parties to strengthen their capacity to represent citizen interests more broadly and with more internal transparency and accountability. To overcome the long-standing problem of political instability caused by conflict surrounding elections, this strategy also includes plans to continue assistance in the areas of electoral administration and building consensus among political parties over the rules of the electoral game.

3. Anticipated Results

Strategic Objective 1: Sustain Transition to Democratic Governance

The SO level indicators proposed are:

1. The military respects its subordinate role to civilian authorities, as articulated in the constitution.
2. Elected government remains in place and demonstrates growing capacity for good governance.
3. The judicial system initiates key reforms related to professionalism of police and prosecutors and caseload management.
4. Civil society continues to increase its capacity to participate as an essential partner in improved democratic governance.
5. Political parties develop into more viable national organizations for peaceful political action.
6. Women gain more access to formal political processes.

Intermediate Result 1: Improved performance of institutions of democratic governance

IR 1.1: National Assembly demonstrates increased ability to represent citizen interests in policy making

Indicators

- Legislators carry out their mandates, duties and representative responsibilities.
- Key committees engaged in effective policy-making and oversight, which includes involving citizen input.
- Women legislators are active participants in the National Assembly as legislators and on committees.

IR 1.2: Institutions promoting the rule of law strengthened

Indicators

- Police demonstrate more internal discipline, better investigative skills and respect for human rights.
- Judicial administration, particularly related to caseload management, is improved.

IR 1.3: Election commission initiates key reforms to improve the administration of future elections

Indicators

- Inter-party dialogue process related to electoral reforms initiated.
- Electoral law reform completed with clear provisions for improving accountability.

- Voters are registered through an open, transparent and technically sound process.

IR1.4 State and Local Government Assemblies demonstrate increased ability to represent citizen interests in government decision making

Indicators

- Representatives carry out their mandates, duties and representative responsibilities.
- Public input, with particular attention to women's organizations, is solicited.

IR1.5 Executive Branch demonstrates improved capacity to develop, implement and manage sound policies

Indicators

- Key ministries/policy-makers develop action plan and implement target policies that are sound and gender sensitive.

IR 2: Non-governmental organizations (NGOs) are more effective counterparts in governance

IR 2.1: Non-governmental organizations, including labor, are capable participants in key national policy debates (e.g., anti-corruption, constitutional reform/federalism)

Indicators

- NGOs use advocacy techniques to engage government institutions on policy issues.
- Internal capacities of non-governmental organizations improve, with specific attention to expanding and diversifying their membership base.

IR 2.2: The media reports responsibly on the economy, government and social issues

Indicators

- Media and government officials meet to discuss key governance issues.
- NGOs that monitor media responsibility note positive trends.

IR 2.3: Political parties play a more effective and representative role in policy development

Indicators

- Parties demonstrate greater internal democracy.
- Parties publish platforms with positions on key national issues.
- More women move into leadership positions, with an eye to increasing the number of women who are nominated by the party as candidates for elections.

IR 3: Destabilizing Forces Mitigated

IR 3.1: Civil-military relations improved

Indicators

- Military reoriented to civilian oversight .
- Civilian government effectively assumes oversight role.
- NGOs and the media actively participate in the process of monitoring military disengagement from government institutions.

IR 3.2: Consensus and coalitions built to achieve economic reform and reduce corruption

Indicators

- National agenda developed for macro-economic and structural reform.
- Strengthened government and civil society capacity to monitor and reduce corruption.

IR 3.3: Conflict Resolution Efforts Mitigate the Impact of Conflict on Society

Indicators

- Development and economic growth opportunities, involving partnerships among local governments, communities and the private sector, are expanded in conflict prone environments, and conflict in these areas is reduced.
- Civil society initiatives resolve other types of communal conflicts (e.g., religious, land tenure).

Some specific programs to be implemented, which have been recommended by the Interagency Assessment Team for the interim strategy period, should be mentioned here:

- Assistance with training and professionalization of the armed forces and depoliticization of officers and staff.
- Assistance to the Nigerian government to undertake comprehensive military reform and to structure appropriate, strong civilian institutions to ensure civilian control over the military, and gradually begin to transform a “militarized” culture into a democratic, free enterprise society.
- Assistance to strengthen the capacity of the National Assembly.
- Assist state and local governments to meet their responsibilities under a decentralized system.
- Assistance to reprofesssionalize the executive branch of government.
- Assistance to strengthen NGO’s ability to shape the public agenda in the areas of constitutional reform, women’s political participation, minority interests, civic education, conflict management, privatization, and deregulation.
- Assistance to an independent and diverse media sector that checks government power, encourages transparency and accountability, and represents citizens’ views.
- Assistance to strengthen the capacity of labor to represent its interests and engage the government and civil society in policy dialogue and reform.

- Assistance to strengthen the judicial system and improve police performance and respect for human rights.
- Assistance to open a law enforcement dialogue with key Nigerian agency heads on international narcotics and financial crimes.
- Assistance to develop a more effective law enforcement relationship and plan between Nigeria and the United States to reduce Nigerian criminal enterprise activity in the U.S., and to counter criminal activities in Nigeria.
- Assistance to the Government of Nigeria and the Ministry of Justice in rule of law procedures.
- Assistance to improve the police force through training in internal discipline procedures, investigative skills and engendering respect for human rights.

The Mission is in the process of designing additional activities that will be critical to achieving results anticipated in this strategy. These include:

- Assistance to the Independent National Electoral Commission to initiate key reforms related to voter registration, electoral law and strategic planning.
- Assistance to political parties to develop internal democratic practices and platforms that articulate policy positions.
- Lastly, USAID/Nigeria is continuing to work out with OTI the modalities of activity implementation.

4. Linkage to Agency Goals and Objectives and with Other Programs

This objective supports the Agency goal of strengthening democracy and good governance. Within this goal area, USAID/Nigeria expects that this Strategic Objective, which includes the objectives of USAID/OTI, and reflects US Mission MPP objectives in democracy, good governance and respect for human rights, will contribute to all of the Agency's democracy and governance objectives: 1) strengthened rule of law, 2) development of credible and competitive political processes, 3) promotion of a politically active civil society, and 4) encouragement of more transparent and accountable government institutions. The DG objective also addresses the State/USAID mandate to address conflict mitigation and prevention.

In addition, there is a strong relationship between stable democracy and good governance, on the one hand, and economic growth and development, on the other. Thus, this DG objective complements efforts by other donors and by USAID/Nigeria's proposed economic strategic objective to support Nigeria's pressing economic and social needs. The DG objective will also continue to build upon its civil society strengthening efforts, which were successfully initiated (and described elsewhere in this document) in conjunction with USAID's health and population strategy prior to, and during the election period. Finally, this objective directly addresses cross-cutting objectives of the Government of Nigeria with respect to women, conflict, corruption, and strengthened capacity in all levels of government.

This strategy has not yet been widely disseminated to other donors; further consultations will be necessary to clarify priorities and avoid repetition. Most donors, however, are also in the early stages of developing their assistance plans, so this process will need time to take shape. USAID/Nigeria participates in donors' forum, which includes most major European donors, UNDP, and Canada. This forum is working to develop donors' framework to prioritize transition assistance and define realms of responsibility for its members.

The Mission anticipates that many of the suggested programmatic interventions for the interim period will be coordinated closely with USG agencies, including the Department of Justice, the State Department's African Affairs Bureau; Democracy, Human Rights and Labor Bureau; International Narcotics and Law Enforcement Affairs Bureau; U.S. Information Service; the Department of Defense; the U.S. Embassy in Lagos particularly as it relates to the Democracy and Human Rights Fund and the Ambassador's Self Help Project; and with USAID's Africa Bureau; Center for Democracy and Governance; and Office of Transition Initiatives.

B. Strategic Objective 2: Strengthen Institutional Capacity for Economic Reform and Enhance Capacity to Revive Agricultural Growth.

1. Brief Description of this Strategic Objective

USAID's Economic Strategic Objective to Strengthen Institutional Capacity for Economic Reform and Enhance Capacity to Revive Agricultural Growth, aims at assisting the newly-elected Government of Nigeria to strengthen key aspects of economic management and enhancing the enabling environment for the private sector, especially as it relates to agriculture. This strategy is guided by the urgency of addressing issues which are considered to be the most critical elements in this transition period. The highest priorities are to strengthen economic governance and to improve economic efficiency. These will be advanced by: a) ensuring greater transparency, accountability and probity in fiscal operations; b) improving the quality and timeliness of data for economic and social analysis, as well as their wide dissemination; c) enhancing the Government's capacity to carry out, coordinate, and monitor macroeconomic and structural policies; d) to enhance the enabling environment so the private sector will be better able to compete; and e) identifying the constraints to increasing agricultural growth.

The work on economic management will lay the foundation for a longer-term more comprehensive program that will expand on current initiatives and focus more on industrial, service sector, and agricultural revitalization. This program will require preliminary studies and assessments, as well as close coordination with the rest of the donor community. The proposed program will also undertake several important, economic reform-oriented studies that will examine issues such as infrastructure bottlenecks (energy, telecommunications, power etc.), privatization, monopoly dismantling, trade regime, and the legal and regulatory environment and capacity building through training, working and seminars. The studies will enable USAID/N to

better understand the present environment, permitting more informed programming in the medium and long-term.

In an effort to be responsive to President Obasanjo's promise to give support to Nigeria's farming sector, USAID/N plans to host a roundtable of Nigerians to permit open discussion of current issues of concern to actors in the agriculture sector, and permit articulation of ideas for how USAID/N could best support further growth and competitiveness of the agro-industrial sector. Ideas generated in this roundtable will feed into the prioritization of studies and assessments to be conducted during the transition period.

During a meeting held on June 28, 1999 between the Interagency Assessment Team, the Permanent Secretary of the Federal Ministry of Agriculture, and the eight Directorates, two requests were made, in the area of bilateral cooperation between the U.S. Department of Agriculture and the GON Federal Ministry of Agriculture to: 1) re-establishment ties in agriculture with the United States by resurrecting the now defunct U.S.-Nigeria Joint Agricultural Consultative Committee (JACC); and 2) organize a national forum in the near future to be held in Nigeria between senior U.S. agricultural policy officials and Nigerian agricultural policy officials to discuss the resurrection of the JACC and the identification of broader areas of mutual cooperation and understanding in the agricultural arena.

During the transition period, the U.S. Department of Agriculture will consider assistance to support: 1) the re-established research ties in agriculture between U.S. and Nigerian agricultural research institutes and universities to help acquire appropriate agricultural technologies and strengthen research capabilities; 2) agricultural extension, research, education, training, and exchange programs through the establishment of a Farmer-to-Farmer Program; 3) the establishment of an Agricultural Infrastructure Fund; 4) capacity building through training, seminars and workshops; and 5) the strengthening of the micro-credit lending institutions through developing and/or reviewing the appropriate policy framework, the structure of incentives, rules and regulations as well as the provision of extension services to the small scale individuals seeking credit. Private sector lending programs, Ministry of Cooperative existing structures and existing credit programs will be augmented in order to increase credit to the grassroots. A few carefully selected interventions will also be implemented through established, on-the-ground mechanisms managed by AFR/SD, in close collaboration with the Mission. The objectives are to:

- Support Nigerian agriculture research community to share appropriate technologies (new seed varieties, cultural practices, post harvest technologies) with rural producer and business associations of staple crops.
- Develop strategies to link Nigeria's food processing industry with small farmer groups desiring to organize their production to supply local food processing industry.

- Assist small farmers producing tree crops (coffee and cocoa) to improve their quality and quantity through improved technologies (IITA) and better marketing linkages (ACRI, TechnoServe).
- Assist SMME food processor to gain access to improved technologies to better compete on local and sub-regional markets (SAFGRAD).

In order to address the economic empowerment issues at the grassroots level, programs will be developed to support women's economic empowerment in the form of business development linked to the agricultural research centers in Nigeria. Should the condition warrant, a monitorization program would be initiated to supplement the economic reform process.

2. Rationale for Program

The rationale for focusing on improved economic governance through improved economic management first, is based on the following argument: Fiscal and financial mismanagement and corruption have led to Nigeria's poor economic performance; and a lack of transparency -- coupled with a lack of basic economic and social information--has led to a severe loss of developmental creditability. Nigeria requires better information and management in areas as diverse as the environment, transport, urban planning and agriculture. Important as these may be, **without a major increase in its fiscal/financial honesty and credibility, and without far better information on macroeconomic and social variables, no Nigerian government can retain the support of both its citizens and the international community and undertake to accelerate economic growth with an increased impact on poverty alleviation.** In summary, greater transparency will lead to greater accountability, which will demonstrate the government's commitment to greater probity in the management of the economy, and these together will bring domestic and external commitments.

If fiscal and financial management could begin to take hold, Nigeria's economy could begin to turn around. Nigeria has approximately 114 million people, making it by far the most populous country in Sub-Saharan Africa. About one in four in the West Africa region is a Nigerian. Managed well, Nigeria's economy, due to its size, considerable human talent, and rich resource endowment, including oil and natural gas, could become the "locomotive" that pulls other economies in West Africa forward.

Unfortunately, the economy has performed considerably below potential, due mainly to mismanagement and corruption. Mismanagement was particularly acute in the period from November 1993 to June 1998, when poverty increased, infrastructure deteriorated, fuel and power shortages and telephone disruptions became commonplace, human rights abuses increased, people became demoralized and massive corruption took place in high places. The agricultural sector in particular, accounting for nearly 2/3 of GDP, is in dire straits, given the magnitude of neglect and mismanagement it has experienced under the past military governments.

Economic mismanagement and negative external shocks have contributed to the reduction of Nigeria's gross domestic product (GDP) per capita, from US\$370 in 1985 to US\$280 in 1998. Although in recent years, as noted below, some progress has been made in stabilizing the economy, introducing greater competition, and strengthening the financial system, these actions have been insufficient to offset the heavy dependence of oil in the economy--40 percent of GDP and over 95 percent of exports. The fall in oil prices in 1998 generated a one-third drop in oil receipts, equivalent to US\$5 billion. As a consequence, real GDP grew by only 2.3 percent, and the overall government deficit reached 8.6 percent of GDP (down from a surplus of approximately 1 percent in 1997). The reemergence of a large fiscal deficit, together with the worsening of fuel and power shortages, contributed to inflationary and balance of payments pressures, with inflation rising from about 6 percent in early 1998 to an estimated 15 percent at year's end and a shift from a positive balance of payments situation of about 5 percent of GDP, to a negative position of about US\$ 3 billion, or almost 9 percent of GDP in 1998.

Contributing to this poor economic performance is the decline of the once robust and economically vital agricultural sector. During the time of the oil boom, the agriculture sector was neglected by the ruling military regimes in lieu of the "get rich quick" payoffs from oil profits. Agriculture's support systems deteriorated; land and infrastructure was largely left unattended; agro-industries reported significant under-utilization of processing capacities; companies involved in the provision of agro-services either closed down or left the country; the professional manpower base in agriculture declined; and industry recorded high unemployment levels. Moreover, farmers long-term predictable access to fixed plot fields is not the norm. This lack of predictability affects investment and commitment to practices which increase agriculture productivity. As a result of government mismanagement, Nigeria's agriculture could no longer perform its traditional role as a major development and growth sector of the Nigerian economy. Today, the government's roles in the agricultural sector has essentially been reduced to inadequate support and stimulus, and ineffective regulation. Despite the country's huge natural and human resources, Nigeria still ranks among the 20 poorest countries of the world. In the face of these problems, Nigeria, nevertheless, has maintained (according to the latest USDA information) one of the highest sustained rates of agricultural growth in Africa over the past decade. Recent increases in rural poverty may signal an end to these high growth rates, but, even with neglect, corruption, and the oil economy, agriculture—while missing some key opportunities—has nevertheless performed well, relative both to population growth and to other African countries.

To reverse earlier neglect and decline, and to build on the strong base in agriculture that remains, the Obasanjo government has elevated food and agriculture to one of the predominant themes of his new administration, to be gotten back on track and ultimately used to spur growth of the overall economy.

Over the past several months, the World Bank and the recent USG assessment team have had numerous discussions with various government officials at the Permanent Secretary level and, most recently, with President Obasanjo. The World Bank has conducted numerous macroeconomic analyses. From those discussions and analyses has emerged

the design of a project to focus on improved economic governance through improved economic management--the Economic Management Capacity (EMCAP) Project. The activities contemplated by the Bank are those usually associated with prudent structural reform. As such, the list includes activities that USAID would want included in any list of policy reform benchmarks. Thus, given the need to act quickly and to coordinate with all donors, the USAID Strategic Objective team, OTI, and the US Mission have concluded that it would be appropriate to work with the Bank and other donors who are participating with the Bank, to identify those activities which meet USAID's objectives and utilize USAID's comparative advantage. On that basis, we have crafted a strategy that reinforces the larger Mission strategy while coordinating responsibly and constructively with other international donors committed to intervening on Nigeria's behalf.

Strategic Objective 2: Strengthen Institutional Capacity for Economic Reform and Enhance Capacity to Revive Agricultural Growth.

SO Level Indicators

- Government agencies publish, for wide dissemination and easy access, timely and reliable economic data and accompanying analysis to be used in the development and implementation of policy reform.
- Audits and Data sets published on a regular (no less than annual, with a one-year time lag) basis and accessible to interested parties within and outside the Government.
- Economic analyses and other policy studies undertaken, consensus on recommendations reached and action plan developed for implementation.
- Transparent privatization process established.
- Agricultural sector assessment completed, action plan developed for implementation.
- GON, NGOs, Research institutions collaboratively implementing agricultural programs.

3. Anticipated Results

Intermediate Result 1.0: Government Economic Management Capacity Improved

- Auditor Generals Office Accountants trained
- Legislative members of the Public Accounts Committee acquire skills to carryout oversight functions
- Study on fiscal decentralization conducted
- Trade regime analyses conducted and new tariff schedule published

Intermediate Result 2.0: Private Sector Enabling Environment Enhanced, with Special Emphasis on Agriculture.

- The National Investment Promotion Commission eliminates the more egregious constraints to private sector investment as identified during drafting of an "Investor's Road Map"
- Distortions in macro-economy creating disincentives for agriculture growth identified
- Assessments to identify infrastructure constraints completed
- Constraints to increasing agricultural growth identified and strategies/action plans developed
- Farmer groups and market agents increase access to technologies and markets

C: Strategic Objective 3: Develop the Foundation for Education Reform

1. Brief Description of this Strategic Objective

To achieve the long-term strategic objective for education, it is essential that a transition strategy focus on assessing those systemic problems of policy, management and implementation that have led to the current deterioration of Nigeria's education system, and begin implementation of an action plan to improve the efficient functioning of this system.

Educational reform means a significant change in the policy, objectives, programs, management and results espoused by the principal provider of educational services, i.e., the Nigerian Ministry of Education. Education reform requires that all parts of the system adjust to changes in attitudes and practices in relation to:

- reallocating resources, with a greater proportion of public resources for education;
- redefining beneficiaries, e.g. focusing on gender, ethnic and geographical disparities;
- reassigning authority and responsibility, e.g. role of NGOs, communities, local authorities;
- revamping education service delivery, e.g., designing/managing improved systems for teacher training, testing, procurement and distribution of materials, building and maintenance. (achieving, transparency, accountability, and quality).

The foundations for educational reform are the organizations of public and private financing and institutions that provide education and training services. At present these institutions are unable to maintain an existing system, much less lead the process of educational reform which will result in greater access, quality and equity in education. Developing this foundation means creating the capacity for analysis and assessment, designing strategies based on that analysis, managing the reform process, and fostering partnerships and networks to support these goals.

While the focus of the transition strategy will be on basic education (from kindergarten – 9 years of schooling), comprehensive assessments will also be initiated on:

- the status and needs of secondary education in order to respond to the needs of students and their prospective employers;
- the status and needs of tertiary education with a focus on the sustainability of maintaining 36 state universities; and
- the status and needs of technical institutions for unemployed youth and the productive sector.

These important assessments will provide information to develop strategies for a longer-term educational and training development program that respond to Nigerian's needs. Implementing the strategy reflects USG cross-cutting objectives of reducing conflict, as it will bring youth and striking teachers back to school. An efficient and effective school system will ultimately address corruption in the system. Special attention will be focused on women and girls in developing basic education interventions in the North. In the South the focus will be on increasing boys' enrollment and retention.

2. Rationale for Program

Status of Education in Nigeria:

As the most populous country in Africa and one of the US's strongest trading partners on the continent, the reform of Nigeria's education sector is critical as a means to spur economic development, reduce poverty, manage population growth, encourage improved child and maternal health, promote civic participation, and mitigate internal conflict.

Since its independence in 1960, Nigeria's educational system has experienced marked expansion as a result of economic growth and the implementation of the policy of Universal Primary Education (UPE) in the mid-1970s; contraction caused by economic depression in the mid-1980s; and a prolonged period of neglect and decay under successive military regimes throughout the 1980s and 90s. During this latter period, Nigeria's education system has been unable to provide adequate sector financing, service delivery, or staff development and training. As a result, learning outcomes and the overall provision of quality education and opportunities for further education and training have been undermined.

Political developments during the past year, and the commitment of President Obasanjo to the sector suggest that Nigeria is poised to rebuild and revitalize what was once one of the best educational systems in Africa. Indicators suggest there is much to do. Nigeria has approximately 50% of its population, or 50 million children under the age of 15, yet education's share of the national budget is less than 20%, one of the lowest in Africa. Net primary school enrollment estimates range from 60% for boys and 58% for girls. 18.6 million children are of primary school age, yet only 15.5 million are enrolled. The drop out rate is 40%. The national average of completion for girls is 62% and 59% for boys with marked regional variations. Gender disparity in favor of boys is apparent in north-eastern (6 States) and north-western (7 States) and for girls in south-eastern states, predominantly in Igbo speaking states (5 States). Adult functional literacy is 39% for

women and 63% for men. The World Bank estimates that a 60% literacy rate is necessary for development to take hold--Nigeria's average literacy rate is 51%.

In sum, primary schools lack basic infrastructure, supplies and instructional materials. Teachers are under-trained and largely unmotivated as a result of recurrent strikes (most recently closing public schools for four months) and low salaries (less than \$40/month). There is inefficiency in planning, monitoring, supervision and evaluation of the schools by the Federal and State Government/Education Agencies. Management Information Systems are antiquated or non-existent and there is concern that Nigeria's students and citizenry do not have access to fundamental technology and information generated around the world. Curriculum at the primary level, last reviewed in 1990, is over-loaded, teachers are poorly trained, and less than 10% have received in-service training during the last two years. There is a marked lack of participation in the education sector by civil society groups and communities due, in part, to the dwindling education sector budget, mismanagement, corruption and neglect.

Secondary school enrollments have declined markedly over the past several years due to grossly inadequate public financing, increasing private costs, a serious decline in quality, and a stagnating demand for secondary school graduates in the labor market. Today there are dire needs for rehabilitating school facilities, improving conditions of service for teachers, providing adequate supplies, equipment and instructional materials, and building management capacity. The provision of technical and vocational education is grossly inadequate, with poorly trained teachers, and inadequate equipment and facilities.

A special initiative for technical education to meet the needs of unemployed youth and the productive sector will be started during the transition period by undertaking assessments of unemployed youth, and of employment opportunities. Additional assessments will also be initiated to examine the quality and status of training institutions to meet these needs. Nigeria has two problems which, unfortunately, are mutually reinforcing: very high levels of unemployed youth, and significant unmet demand for employees with ever higher skills. Youth, ages 15 to 30, constitute a majority of the population. The lack of jobs for new entrants into the labor force is a major problem and, ultimately, the source of conflict and crime, especially in regions like the Niger Delta. Training programs are required by the productive sector. The EU and ILO are using such technical training to reduce conflict in many transitional countries such as Rwanda and Burundi.

Strategy Rationale:

The long-term strategic objective of improving access, quality and equity in Nigeria's basic education system requires that the public and civic institutions responsible for organizing educational services be reformed. The problems in Nigeria's education systems are a consequence of lack of financing, low school quality, loss of teacher morale and discipline, and the marked deterioration in support services, materials and facilities. This has contributed immensely to the mass corruption, human right abuses, youth cults, sexual abuse, and selling of grades that are prevalent in schools, colleges and universities.

The Transition Strategy focuses on laying a foundation for education reform and providing equitable and efficient basic education to Nigeria's children. We will conduct a sector-wide assessment, facilitate policy dialogue, and develop channels for broad civic participation. The strategy focuses on simultaneously addressing public sector reform initiatives, and mobilizing Nigerian energies and talents. The reform will require political will and leadership, reform of public services and an increase in public financing. As a benchmark for all reform initiatives, it is essential to focus on school effectiveness, and to view institutional reform as serving that objective.

A first stage of the activity is the identification and engagement of key stakeholders and strategic geographic areas (Nigeria has six geopolitical zones). A second stage is a sector assessment, examining practices within classrooms, schools and communities; and the management and support systems that define these practices and conditions. A third step is achieving consensus on strategies for reform that will impact school effectiveness. This stage may involve 'projects as policy experiments,' by which limited interventions involving public/private (NGO) partnerships to reform the quality and management of services is initiated to explore feasibility and effectiveness of reform strategies.

This approach in the transition phase of the mission's long-term program, is intended to establish those understandings, relationships and technical insights needed to begin the process of reform on a larger scale. It focuses on organizing local, state and national capacity to reform the public service and private institutions that provide educational services. It also seeks to develop new partnerships between higher education and basic education, between the public and private sector, and between US institutions and reform experiences and Nigeria.

3. Anticipated Results

Strategic Objective 3: Develop the Foundation for Education Reform

SO Level Indicators

1. Policies and strategies developed by GON and adopted by all stakeholders for reforming the education system and interventions began.
2. Strategy developed to address current constraints to greater and more effective community participation adopted.

Intermediate Result 1: Education Sector Assessment Completed and Interventions began

The proposed indicator is:

- Education sector assessment completed, yes/no

The sector assessment will be judged as completed when the following analyses and assessments have been completed and recommendations for strategies, actions and plans GON and stakeholders completed and interventions being implemented.

- Access the state of primary and secondary schools and children in terms of enrollment, retention, equity issues, class size, infrastructure, etc.
- Institutional analysis of key local, state and federal institutions and functions (e.g. planning, policy making, budgeting, management, assessment and education management information services (EMIS))
- Assessment of education financing, financial procedures and practices at the Local, State and Federal level
- Assessment to teachers effectiveness in terms of skills, level of training, education, motivation
- Assessment of the current curriculum (scope and sequence), instructional materials, assessment tools and their use by teachers in selected classrooms
- Identification of means to integrate important social issues, such as HIV/AIDS, Civic Participation and the Environment into instructional practices
- Assess and develop education management information systems to inform the reform process
- Assess and identify strategies that will optimize and strengthen monitoring, supervise and evaluate education delivery
- Assess and identify strategies to improve teacher development, classroom practices and teacher support systems

Intermediate Result 2: Civic Participation in Education Reform Increased

This IR will focus on the assessment and development of civic participation in the education reform process. It will support the development of public, private and NGO that will increase education sector transparency and accountability. Activities and processes to increase participation and build consensus among government and societal stakeholders on the proper course of education reform will be supported.

The proposed indicators are:

- Increases in the number, and type of strengthened Parent Teacher Associations (PTAs) and other community based organizations that can support education reform.

- The number and type of relationships and partnerships established between the Ministries of Education, Local Government authorities, and civil society for the improvement of the education system.
- Strategies developed to improve public and private sector partnerships particularly in basic education.

4. Linkage to Agency Goals and Objectives and Other Programs

This Strategic Objective fits within Agency Goal 3: “Human capacity built through education and training”, and more specifically, supports Agency Objective 3.1: “Access to quality basic education, especially for girls and women expanded” and Agency Objective 3.2: “Contributions of institutions of higher education to sustained development increased”.

The sector assessment will explore areas and opportunities for cross-sectoral linkages in health, good governance, agriculture and economic reform including the utilization of assessment data from other sectors. This objective will contribute to the Mission’s Strategic Objective 1, “Transition to Democratic Governance Sustained”, in that the education sector assessments will be carried out, and ideas for strategies developed, in full partnership with local civil society organizations, and representatives from local, state, and national government.

The Mission will coordinate these assessments with other USG agencies as appropriate, such as the Department of Education and the Department of Labor. Nigerian partners include the Ministry of Education, the Ministry of Finance, and various local NGOs and associations working to improve the education system. Cooperation will also be sought with the Association for the Development of Education in Africa.

Certain donor Agencies are already involved in improvement and strengthening basic education delivery in Nigeria. Prominent among these are the World Bank Primary Education Project (UNI Credit 2191) and the UNICEF.

The World Bank Projects focus mainly on provision of basic textbooks, human resource development, provision of MIS and support for social sector consultations involving major stakeholders, of recent, the Projects Support Community Self-Help Projects in civil works and motivation schemes for teachers. UNICEF is mainly concerned with gender education and increasing community participation. USAID/N will work very closely with these donors to leverage and to reduce duplication.

C. Strategic Objective 4: Increase Use of Family Planning/Maternal and Child Health/Child Survival/Sexually Transmitted Disease/HIV Services and Preventive Measures within a Supportive Policy Environment

1. Brief Description of this Strategic Objective

To achieve the results necessary to improve Nigeria's social and economic conditions, the following health and population activities, which merge the former three health Strategic Objectives (HIV/AIDS, Family Planning, and Child Survival) into a single Strategic Objective, will be implemented. The focus of the strategy is to increase use of health and family planning services, and preventative measures by increasing access to services, and by implementing government policy measures.

HIV/AIDS activities will be expanded from the current cluster sites to those areas where the infection rate has been shown to be highest, as determined by the ongoing sentinel survey of antenatal clients throughout the Federation. In areas where infection rate is very high, but NGO capacity is weak, NGO strengthening will be an essential component of the program. The Government of Nigeria will be assisted to develop a nationwide campaign to reduce the spread of HIV/AIDS. The importance of commitment and leadership from the highest levels of government as well as from community and religious opinion makers related to reducing the spread HIV/AIDS cannot be overemphasized. A special initiative will be developed on HIV/AIDS interventions with the military and police to educate these personnel and their families about AIDS prevention and family planning.

Family Planning activities will, likewise, be expanded from the current sites to all 36 states in Nigeria. To reduce population growth and maternal/infant mortality, it will be necessary to re-establish a national effort for demand promotion and quality services, to be accomplished through aggressive awareness campaigns, including strong IEC material production and introduction. Relevant to this national effort, the GON will be called upon to resume its role of FP commodity provision, especially in the public sector. Private sector family planning service providers will be strengthened and trained via a new initiative to increase the quality and quantity of services that are required to meet Nigeria's growing reproductive health needs. USAID has obtained a waiver to support the military and police in the health sector. Special programs with the Nigerian military and police forces and their families will integrate family planning activities with HIV/AIDS/STD component, maximizing impact of both programs to those captive and high-risk audiences.

Child Survival/Maternal Health: Immunization activities will be expanded functionally and geographically to include all diseases in all 36 states on a phased basis, leading eventually to the return of dependable, routine immunization mechanisms nationwide, as assistance is provided to strengthen Nigeria's once successful National Program on Immunization. More than for family planning and HIV/AIDS, the success of Child

Survival programs depends upon working successfully with the GON, (re-establishing itself, with assistance, as the primary source of immunization commodities), and to the ongoing and continuing work with agencies such as UNICEF, WHO, and other donor groups. In addition to the emphasis on immunization, this strategy will shore up the systems necessary (including information/data-gathering and efficient monitoring systems) to ensure safe motherhood (i.e., decreased maternal mortality and morbidity) through increased access to and use of qualified, affordable, and reliable health facilities.

2. Rationale for Program

Government funding for health and population programs has fallen considerably since the early 1990s. For example, although the Government of Nigeria Policy on HIV/AIDS is adequate and requires little revision, political/fiscal support for the program has fallen from approximately \$3 million annually in the early 1990's, to less than \$10 thousand in 1998. The National Population Policy is an excellent document, still in place, but severely restricted in funding and political commitment at all levels. As a result of these cut-backs in both funding and commitment, statistics on the incidence of HIV/AIDS, infant/child/maternal mortality rates, and population growth have all worsened. These adverse social indicators constrain, to a marked degree, Nigeria's economic development prospects.

HIV/AIDS

Assisting the GON to develop a nationwide campaign to reduce the spread of HIV/AIDS is an extremely high priority for the country's future. Nigeria has experienced a rapid increase in the transmission of HIV infection in this decade. Current estimates suggest that HIV infection, at an estimated prevalence of approximately 10%, now affects 4-5 million Nigerians—more persons than in countries in southern Africa with prevalence rates at 30%. This figure is even greater among the military and police which are very mobile. The United Nations Program on HIV/AIDS (UNAIDS) ranked Nigeria as the second worst affected country in the world in 1997, based on the number of HIV infections. However, with a current seroprevalence estimate of 10%, Nigeria could easily rank first in 1999. Nigeria is rapidly becoming the epicenter in West Africa for the AIDS pandemic. The number of reported cases of full-blown AIDS increased rapidly from 1,148 in April 1994 to 10,803 in November 1997. Although these figures constitute just the tip of the iceberg, they reflect an exponential growth in the magnitude of the AIDS epidemic in Nigeria.

The projected burden of disease, as the HIV infection proceeds to AIDS, will have a major negative impact on economic productivity and result in an immense drain on health care resources, in addition to the suffering of people living with HIV/AIDS, and those persons affected by AIDS. While representing <2% of the world's population, Nigeria contributes 10-12% of the global burden of HIV/AIDS, and this is likely to increase in the future.

For every two men in Nigeria who are HIV seropositive, there are three HIV positive women. With such a high percentage of women with HIV, vertical transmission of the virus is a significant problem. This problem is exacerbated by near universal breastfeeding for up to two years, and rare use of caesarian section and antiviral treatment. In 1997, it was estimated that there were 70,000 new HIV infections in children (13% of the total new infections.) In addition, there is a growing problem of children orphaned due to AIDS.

Nigerian youth (age 10-24) are adversely affected by the savage of HIV/AIDS epidemic; over 50% of HIV infection in Nigeria is attributable to adolescents and young adults. Of the large number of Nigerian youth who are sexually active, most are misinformed about the health risks they face. Recent population and health data show that youth in Nigeria are the most vulnerable, least informed, and most difficult to reach population, especially those not in school.

Population/Family Planning

Nigeria has one of the lowest levels of modern family planning use in the world, making it one of the three fastest growing populations among large countries. The population was estimated to be 114 million in mid-1999, making it the most populous country in Africa. Nigeria's total fertility rate is 6.2%, decreased from 8.2% in 1982. At the current rate, population-doubling time is 23 years. 45% of the population is under 15 years. The Government of Nigeria has acknowledged that the continuing burden of high fertility and population growth rates on the health of Nigerian families, the nation's agriculture production and food availability, and the social and health services are unacceptable. Increased use of family planning will have a positive impact on maternal health, child survival and, with increased condom use, HIV/AIDS. Thus, assisting Nigeria to implement and monitor an effective national family planning program is a very high priority.

Child Survival

The World Health Organization has identified Nigeria as a priority country in need of support for child immunization programs. As such, the USG, cooperating with other donors, considers strengthening Nigeria's once successful National Program on Immunization to be a high priority. Following a peak of 85% in the mid-1980s, immunization coverage fell to 30% by 1996. Nigeria's under-five and infant mortality rates are among the highest in the world. By the year 2000, HIV/AIDS will contribute significantly to deaths of children under five, and will erode gains in child survival. In addition to mortality, Nigerian children carry a significant burden of morbidity due to disease and malnutrition. Seventeen percent of infants in Nigeria are born with low birth weight, putting them at significant risk for succumbing to infection and facing developmental problems. Eleven percent of the under five population are wasted (boys and girls), while 58% of boys and 35% of girls are stunted. For school children, the rate of iodine deficiency is 22%, vitamin A deficiency 9%, and iron deficiency anemia 29%. It is estimated that 52% of all under-five deaths are associated with malnutrition. There

is an enormous morbidity burden related to malaria, diarrhea and acute respiratory infection. Malaria contributes to 30% of child deaths in the country.

Maternal Health

In Nigeria, estimates suggest that maternal mortality is rising. With a high ratio of 1,000 deaths/100,000 live births, the number of deaths is now estimated at 60,000 deaths per year. Nigeria is second only to India in the number of maternal deaths. With less than 2% of the world's population, Nigeria contributes 10% of the world's maternal deaths.

In addition to the increasing population of Nigeria, which increases the at-risk population of women of childbearing age, unsafe abortion also appears to be on the rise. This is a special and growing problem among youth; 30% of women become pregnant by age 17 and 60% of abortion-related complications occur in adolescent girls. In addition to abortion, there have been anecdotal reports of "baby dumping."

The disease burden related to pregnancy is substantial. Nationwide, 7% of women have vitamin A deficiency and 35% have iron deficiency anemia. For every maternal death, there are 15-20 cases of severe disability including obstetric fistula, ruptured uterus, and pelvic inflammatory disease resulting in sterility. Contributing to the problem of obstructed labor is the widespread practice of female genital cutting, which also puts girls and women at risk of death and morbidity at the time of the procedure.

Malaria is estimated to be a direct cause of 11% of maternal deaths. Malaria also contributes to adverse pregnancy outcomes including miscarriage, stillbirth, premature labor and low birth weight.

3. Anticipated results

In the health sector overall, we anticipate that by the end of the transition period : 1) synergistic efforts with USAID's Democracy/Governance input, and grassroots programs under economic reform and agriculture programs and education, will empower women, thereby increasing overall success of health sector indicators; and 2) Nigerian leadership will recognize the importance of the health sector to economic development, demonstrated by increased levels of resources.

Strategic Objective 4: "Increased Use of Family Planning/Maternal and Child Health/Child Survival/Sexually Transmitted Disease/HIV Services and Preventive Measures within a Supportive Policy Environment"

The SO level indicators proposed are:

1. As a result of joint policy initiatives, the GON will restore budget resources for HIV/AIDS prevention and control to at least 1991 levels.

2. Modern contraceptive prevalence will increase by 1.5% annually through the transition period from the baseline recorded in 1999 NDHS.
3. Access to and use of maternal and child health services and preventive measures will increase nationwide.

Intermediate Result 1: Improved HIV/AIDS/STD Prevention and Control Practices

Indicators

- The percentage of high-risk individuals consistently using condoms will increase by 30% over the baseline.
- Condom sales will increase throughout the country, including the (now very low) level of sales in Northern Nigeria to the point that current sales of 50 million condoms annually will increase by 50%
- Percentage of people living with HIV/AIDS that receive pre-test, post-test and supportive counseling to increase by 20% from baseline figures.
- Percentage of orphans attending school and/or obtaining life-sustaining skills due to USAID program efforts will increase by 10% from baseline figures.

Intermediate Result 2: Increased Voluntary Use of Family Planning

Indicators

- Increase couple-years of protection (CYP) by 10% annually (over 1998 baseline) through the transition period.
- The total fertility rate will fall below six children for the first time in this century.
- The Government of Nigeria will double its budget for family planning activities.
- Proportion of women and men who are knowledgeable of 3 methods of family planning will increase by 5% from the 1999 NDHS baseline.

Intermediate Result 3: Improved Maternal and Child Health Practices

Indicators

- Polio will be eradicated, except for a few wild strains.
- Measles coverage will increase from 30% to 65% during the same period.
- TT2 coverage among pregnant women will increase by 20% to indicate increased access to antenatal services.
- One other major donor begins to provide vaccination supplies and equipment.
- The number of women attended by a medically trained birth attendant will increase by 20%.

4. Linkage to Agency Goals and Objectives and with other Programs

USAID/Nigeria's Health Strategic Objective contributes to the achievement of Agency Goal #4: "World population stabilized and human health protected," by specifically

supporting Agency Objective 4.1: Unintended and mistimed pregnancies reduced; infant and child health and nutrition improved and infant and child mortality reduced; deaths, nutrition insecurity, and adverse health outcomes to women as a result of pregnancy and childbirth reduced; HIV transmission and the impact of the HIV/AIDS pandemic reduced; and the threat of infectious diseases of major public health importance mitigated.

In an effort to further enhance results, synergistic partnerships with Democracy and Governance activities and the education system will be employed at the national, state, and local government levels, both public and private. USAID democracy and governance activities will continue to be an integral part of communicating the importance of the health sector to political stability, national economic growth, and individual well-being. New synergistic partnerships will be formed with the proposed Education Program. These joint Democracy/Governance, Health, and Education activities will be carried out with support and reinforcement of efforts to empower women, with special emphasis on grassroots women's organizations.

Success will be further enhanced to the extent that activities are jointly planned with all of the Mission's partners, both private and public, such as the Ministry of Health, Ministry of Education, are other donors, including UNFPA, DFID, UNICEF, and JICA. We also expect to coordinate some of the programmatic activities described above with the Department of Defense with respect to issues of HIV/AIDS in the military, and possibly the Center for Disease Control in the future. Finally, the proposed activities will be primarily implemented through an expanded network of NGOs, complemented by carefully selected undertakings with Government of Nigeria entities on a limited basis.

E. Special Objective One: Improved Management of Critical Elements of the Infrastructure and Energy Sector

1. Brief Description of this Special Objective

The United States has a role to play in assisting Nigeria rehabilitate its infrastructure and energy sector. Efforts to improve these sectors will have substantial benefits for economic and political stability. The Interagency Assessment Team has recommended that USAID become involved in the following subsectors: maritime transportation, farm-to-market roads, rail transport, aviation, electricity, and energy policies and regulations. These are each briefly described below.

Maritime Sector

The maritime sector in Nigeria is characterized by high and excessive port costs, inefficiencies in handling cargo, and reported corruption. The Interagency Assessment Team has recommended that USAID, in conjunction with Nigerian stakeholders, other USG agencies, and the World Bank, develop a comprehensive plan to address management training needs. A professional exchange program should be established through the U.S. Maritime Administration whereby Nigerian nationals visit the Department of Transportation and U.S. ports. The Assessment Team has recommended

that the U.S. Merchant Marine Academy be utilized to train middle and senior management from Nigerian ports. The Department of Transportation (DOT), at the request of President Obasanjo, is undertaking an assessment of Nigeria's transportation system. The DOT, in cooperation with the Ministries of Aviation and Transportation, will develop an action plan to address identified deficiencies. The program will be coordinated with USAID, the U.S. Embassy, and the State Department, with additional cooperation and funding from the World Bank.

Road Sector

The lack of attention to the development of farm to market roads in the rural areas of the country may impede the development of agriculture, a priority for the new government. Lack of maintenance to existing roads throughout the country has created a need for resurfacing. The Interagency Assessment Team recommends that considerable investment must be made in this area. It should be initiated with a study to determine the projected need for additional roads, and the rehabilitation of existing farm-to-market roads. The Assessment Team recommends that Nigeria should be assisted to establish a Road Fund which will be based on a model very distinct from past, discredited fund efforts; the reorganization of the road agency so that it acts as a purchasing agency and not as a service provider; implementation of a management system; and the establishment of a managing roads board with significant private sector presence. These activities should be coordinated between USAID, the U.S. Embassy, the State Department, and the Department of Transportation. Consultation with the World Bank and other donors on funding for the road development, road rehabilitation, financing and maintenance will be sought.

Rail Sector

The rail sector is currently totally dysfunctional, and it is recommended that the railway be privatized as soon as possible. The Interagency Assessment Team recommends that a feasibility study should be commissioned as soon as possible to look at the options for privatizing the railways. The Team also proposes that the Federal Railway Administration can provide technical assistance with USAID's assistance to assist the Ministry of Transport in any efforts to privatize the railways, with the U.S. Trade Development Agency possibly providing the funding of the feasibility study. The above-mentioned assessment of Nigeria's transportation system undertaken by the Department of Transportation will also cover the rail sector. These activities should be coordinated with the Trade Development Agency, USAID, the U.S. Embassy, and the State Department.

Aviation Sector

The suspension of services between Lagos and the United States is a major issue in the U.S.-Nigeria relationship. Meetings of the Department of Transportation with the Federal Airport Authority of Nigeria (FAAN) have been specific about the problems at the Murtala Mohammed International Airport which require immediate action. The airport must meet minimum International Civil Aviation Organization (ICAO) standards. There are serious security issues that must be addressed. The 1999 Government of Nigeria budget specified that FAAN will have control of all airport security and

enforcement personnel, and this have been further supported by the issuance of a Presidential Statement. The United States is now working with Nigerian authorities and the ICAO on improving aviation security. The Department of Transportation's Federal Airport Authority (FAA) will conduct aviation security courses with the ICAO in Lagos this year. Additionally, a FAA security expert is working with Nigerian officials on drafting legislation to establish a new legal structure governing aviation security. A survey and subsequent assessment will be conducted in Lagos in July or early August. Before Nigerians carriers could commence service to the United States, two actions are required: 1) the U.S. and Nigeria would need to negotiate an aviation security article for inclusion in our bilateral aviation agreement; and 2) the FAA would have to conduct a safety assessment of Nigeria's safety oversight capability and conclude that it is in compliance with ICAO standards. To begin this process, the FAA will contribute to the assessment of MMIA and Abuja airports to assess all aspects of airport aviation. The FAA will then work together with the Federal Airport Authority of Nigeria to develop a plan of action. USAID will coordinate this program in cooperation with the Department of Transportation/Federal Aviation Authority, the State Department, the National Security Council, the International Civil Aviation Organization, and the Federal Airport Authority of Nigeria.

Electricity Sector

The unavailability of electric power is a significant impediment to economic growth and is also a source of political instability. Improvement in electricity availability is a priority for Nigeria's manufacturing and commercial sectors. Increasing the availability of electricity service in the short term and improving the financial viability and attracting private investment to the electricity sector in the longer term are major priorities for the new government. The Interagency Assessment Team recommends that the Government of Nigeria be assisted to develop and prioritize policies and procedures to solve its short-term and long-term electricity needs in a cost-effective and sustainable manner. A clear commitment to privatization and restructuring of the sector is needed. The Assessment Team proposes that in the short-term (the next 6 to 12 months) that the government be assisted to focus on increasing the availability of electricity to consumers utilizing existing facilities and resources. In the longer-term, (the next 12 to 24 months), policies and programs will need to be developed that will increase the financial viability of the electricity sector and attract private investment to the sector. These programmatic activities should be managed in cooperation with USAID and USDA.

Energy Policy and Regulatory Issues

Mismanagement, corruption, and inefficiencies in the huge government-owned energy companies have led to deterioration in the fuel and power infrastructure. Price controls and other misguided policies are creating inefficiencies, loss of revenues, and disincentives for investment in the energy sector. Fuel and power shortages are retarding economic growth and investment. Lack of a coordinated and comprehensive energy policy and implementation strategy limits the ability of the government to develop long term solutions to the current energy crisis. Anything that can be done to improve the provision of basic energy services would be a major boost to the economy and to the new government. The Interagency Assessment Team has recommended that in the short-term,

the USG could provide technical advice and assistance, and engage the new Nigeria government in a serious dialogue on energy policy and regulatory issues aimed at removing price controls, introducing competition, and privatizing parts of the petroleum and electric power sectors. Such a program could yield an immediate increase in revenues and visible improvement in the provision of energy goods and services to the economy.

In the petroleum sector, USG provision of policy advice and technical assistance could help the Nigerian government devise a clear, comprehensive, and consistent policy for the downstream market that includes the removal of price controls, the provision of competitively priced products to remote markets, and possible privatization of refining and distribution.

In the electricity sector, policy advice and technical assistance in the short term would focus on removing the most pressing technical and economic obstacles to the provision of reliable power services, electricity pricing and billing and collection issues, improved operation of transmission and distribution systems, and the introduction of competition through the use of independent power producers and distributors. This program could be carried out through USAID cooperation with the U.S. Department of Energy (DOE), with support from, and in coordination with, the Departments of State and Commerce, and the U.S. Embassy in Lagos.

1. Rationale for this Special Objective

Infrastructure:

An efficient and modern infrastructure is fundamental for economic development. This includes, inter alia, transportation, energy, water, and telecommunications. The absence of a modern infrastructure hinders economic production and contributes to a malaise, which clouds the advantages of democracy and an open and free market.

Nigeria's infrastructure assets are mismanaged and have been allowed to deteriorate for lack of maintenance and investment. The results have been inconsistent services, which frustrates businesses and the populace, and strangles economic growth. Restructuring of the basic manner in which Nigeria invests and manages various parts of its infrastructure should be a top priority in our efforts to assist the new government. The detrimental impact of inadequate infrastructure on the Nigeria economy is apparent everywhere, even to the untrained eye. The entire country has only 16,000 kilometers of paved roads, and many of them are in poor repair. Fewer than 45 percent of the population has access to electric power, and service is often interrupted for long periods of time. The availability of clean water and basic sanitation services are practically non-existent. Telecommunications are an everyday challenge for most users. Corruption is endemic at ports and airports, and their poor management is a major constraint on trade.

Transportation represents a vital part of the economy and improvements in this sector are necessary for an improved Nigerian economy. As such, the proposed program will focus

on the country's serious transport problems. An efficient and safe transportation system in Nigeria, which moves goods and people, can be an engine for economic growth through expanded trade and tourism. Transportation in Nigeria is in varying stages of disrepair, depending on the mode of the transportation, and the region of the country. It should be noted that the Department of Transportation, at the request of President Obasanjo, sent a technical team in early July 1999 to assess all modes of transportation in Nigeria. A further detailed action plan for Nigeria will be provided following the technical team visit.

The Government of Nigeria is aware of the need to make substantial improvements in the transportation system but lacks the direction and aggressive action necessary to make fundamental changes in which the government and industry manages the transportation system. Recent actions taken to address some problems in the aviation sector, indicate they have the capacity and the political will to make changes, through cooperation and technical assistance from the United States and others. The major issues that have been identified are institutional management and alternative financing of transportation infrastructure.

New investment in basic infrastructure development and improvement will also be a key component of any economic reform initiative, but is currently constrained by Nigeria's large public sector debt.

Energy:

Responsibility for energy policy is widely dispersed in the Nigeria government and there is an apparent lack of coordination and planning among the various "stove-piped" ministries and parastatal organizations involved in energy market decisions. In addition, there is a large entrenched bureaucracy that appears unwilling to accept any change that will weaken the central government's control over the Nigerian energy economy. Bureaucratic inefficiency and outright corruption have produced a major deterioration in the country's fuel and power supply systems, and a total lack of concern for energy related public health, safety, and environmental issues.

Energy is an extremely important component of the Nigeria economic picture. Nigeria's economy is largely dependent on its oil sector, which accounts for nearly 50 percent of Nigeria's gross domestic product (GDP), 95 percent of the country's exports and foreign exchange earnings, and 80 percent of government revenues. The sharp drop in world crude oil prices in 1998 and early 1999 has resulted in a corresponding drop in government revenues. While recent increases in global oil prices have moderated the pressure on the government's budget, Nigeria's strict compliance with OPEC'S production restraints is limiting the oil sector's current contribution to economic growth.

Nigeria currently has proven oil reserves of 23 billion barrels, and natured gas reserves of 124 trillion cubic feet (tcf). Nigeria exports nearly 700,000 barrels per day (bpd) of oil to the United State, making it the fifth largest supplier of imported oil to the United States. Nigeria hopes to nearly double its oil reserve to 40 billion barrels and increase its oil

production to 4 million bpd by the year 2010. Nigeria has just set four year targets of 30 billion barrels and 3 million bpd. Nigeria also hopes to exploit its huge reserve of natural gas (tenth largest in the world) for export via pipeline to neighboring countries, and via liquefied natural gas (LNG) to more distant markets in Europe and the East. Although infrastructure to support increased domestic gas utilization is limited at present, Nigeria also has plans to utilize more natural gas domestically for power generation, petrochemicals, industrial applications and residential and commercial uses.

While oil and gas exploration and development alone are unlikely to create the widespread employment opportunities the Nigeria economy needs, in the short term, if managed correctly, it can create revenues for infrastructure development and provide the economy with adequate supplies of fuel and power to support the growth of other sector.

In spite of its enormous natural resource wealth and potential and its current position as a major oil exporting country, the internal Nigerian energy market is plagued by inefficiencies and shortages. Nigerian consumers and businesses suffer direct losses everyday from a poorly managed, corrupt energy sector dominated by two huge parastatal companies, the Nigerian National Petroleum Corporation (NNPC), and the National Electric Power Authority (NEPA). Shortages of petroleum products are prevalent throughout the country, resulting in gasoline lines at filling stations, the development of a vibrant black market, and deterioration in product quality. Nigeria has about 6,000 megawatts (MW) of installed generating capacity but available capacity is much less, about 2,800 MW. About 43% of the population has access to electricity. Available electric power capacity is far below needs, resulting in power shortages throughout much of the country. NEPA has become a national joke (Never Expect Power Always), and Nigerian households and businesses have turned to inefficient small-scale diesel generators to provide back up power at a very high cost.

The resulting impact of fuel and power shortages on the Nigerian economy is dramatic and it is severely retarding the growth of entrepreneurial private sector business development. The domestic and international business community place improvement of electric power service delivery among its highest priorities. Anything that could be done to improve the reliability of fuel and electric power supply in the near term could provide a major boost to the credibility of the new government.

2. Anticipated Results

This Special Objective has been developed to assist Nigerians achieve improved management in key elements of their infrastructure and energy sector, namely, electricity, fuel, rail, ports, airports, and roads. Assistance in reforming key policies and regulations in support of improved management of the infrastructure and energy sector is an important aspect of the proposed program. If these activities are successful, the following results can and should be anticipated:

- increase in availability of electricity and fuel to consumers
- increase in availability of rail services to consumers and industry

- increase in cargo handling in Nigerian ports
- increase in movement of goods from rural farms to markets
- resumption of airline services between Nigeria and the United States

Intermediate Result 1: Increased Competitiveness and Privatization of Maritime Sector

The proposed indicators are:

- port prices competitive with other West African ports
- selected port services privatized

Intermediate Result 2: Farm to Market Roads Improved on a Sustainable Basis

The proposed indicators are:

- kilometers of key farm to market roads repaired and replaced
- dedicated fund for road improvements established

Intermediate Result 3: Rail Sector Privatized

The proposed indicator is:

- railway privatized

Intermediate Result 4: International Civil Aviation Organization Standards Implemented

The proposed indicator is:

- The U.S. Department of Transportation/Federal Aviation Authority's assessment concludes that ICAO standards have been implemented at MMIA and Abuja airports

Intermediate Result 5: Electricity Sector Restructured and Privatized

The proposed indicators are:

- electricity sector privatized
- plan for restructuring energy sector developed
- rational and competitive pricing policy for electricity developed and implemented
- price controls removed in electricity sector
- price controls removed in petroleum sector

4. Linkage to Agency Goals and Objectives and with other Programs

This Special Objective for Nigeria's infrastructure (transportation) and energy sector supports the Agency Goal, "Encouraging Broad Based Economic Growth". The program

will specifically address the Agency Objective of “Strengthening Markets” through its attention to infrastructure, privatization of key aspects of the infrastructure and energy sectors, and the policy and regulatory regime that affect infrastructure and energy.

Success in this objective will also enhance the Mission’s Strategic Objective 1: “Sustain Transition to Democratic Civilian Governance”, Strategic Objective 4: Increase Use of Family Planning/Maternal and Child Health/Child Survival/Sexually Transmitted disease/HIV Services and Preventive Measures within a Supportive Environment, longer-term efforts in the education sector, and the cross-cutting objectives regarding conflict, corruption, and capacity building. This Special Objective will yield greater results from successful efforts in the Missions’ Strategic Objective 2: “Strengthen Institutional Capacity for Economic and Financial Reform.”

The Mission will coordinate the management of this Special Objective with numerous U.S. agencies including the Trade Development Agency, the Department of Transportation, the Department of Agriculture, the State Department, the Department of Commerce, the National Security Council, the Department of Energy and OPIC. As appropriate, the activities planned under this objective will also be coordinated with the World Bank, the United Nations Development Program, the International Civil Aviation Organization, and the African Development Bank. As other donors develop their plans for assisting Nigeria in the infrastructure and energy sectors, USAID will coordinate its plans with those donors as well.

F. Special Cross-Cutting Issues

Four themes have been identified by the mission as cross-cutting which would enhance the results sought in each of the strategic objectives detailed in the strategy. The themes are: 1) increased women’s participation in decision making, 2) reduction of corruption, 3) reduced conflict, and 4) capacity building. The transitional strategy is developed to promote these four cross cutting themes and are reflected in each SO as detailed below.

1. Women’s Decision Making:

Every aspect of the breakdown of good governance has taken place at the expense of participation by ordinary Nigerians in decisions about how their country’s public life will be conducted. This problem is especially serious in the case of Nigerian women, who must overcome more than just formal political exclusion to gain fair representation in the polity. They also struggle to take leadership roles in household decision-making, including decisions that relate to their reproductive health, and to expand their access to economic resources.

SO1: Sustain Transition to Democratic Civilian Governance

The DG objective works to expand women’s access to formal political arenas, while at the same time seeks linkages with the health strategy so as to increase women’s role in making health-related decisions, in the home as well as in the community. The DG

strategy also seeks linkages with the economic growth strategy in an effort to improve women's economic status, thereby strengthening their position as decision-makers at many levels. Traditional practices and customary laws (e.g. on widowhood and inheritance) which inhibit women's access to resources and health related services will receive special attention. Specifically related to formal politics, the DG objective plans to work with women legislators in the National Assembly, and key ministries towards the implementation of policies which are sound and gender sensitive. The DG objective also plans to work with parties and non-governmental organizations on expanding their leadership and membership base to include women and shaping the public agenda related issues that are important to women.

SO2: Strengthen Institutional Capacity for Economic Reform and enhance capacity to revive agricultural growth

Women are empowered if they are economically independent. The program will ensure opportunities for micro-enterprise development and micro-credit lending at the grassroots level for rural and urban women in order to enhance their economic independence. In addition, it is expected that empowerment and independence will be derived from increased agricultural incomes brought about through the purpose links between the agricultural research institutions, and the small-scale women farmers.

SO3: Develop the Foundation for Education Reform

The World Bank has proven that there are co-relations between level of education for girls beginning with four years of formal education to increase income, better health, reduced family size, and on the job productivity in both agriculture and other sectors. The proposed program to lay the foundation for education reform will focus on improving girls' schooling and developing linkages to other sectors of the program particularly health, DG, economic and agricultural reforms, areas of importance to women and their families.

In terms of community development organizations, such as PTAs, parent/community groupings, action research and micro-project activities will include health and DG components which are of prime importance to women eg. building clinics, providing medical boxes to schools, literacy and women's projects to increase civil society skills, to advocate for more resources to education. The participation of women PTAs and parent/community groupings will be encouraged.

USAID's transition strategy is to piggyback on organizations that offer adult literacy and income generating as well as political empowerment skills to enhance their participation in decision making at the individual, family, or community levels.

SO4: Increase Use of Family Planning/Maternal and Child Health/Child Survival/Sexually Transmitted Disease/HIV Services and Preventive Measures within a Supportive Policy Environment

Because Nigerian women generally lack access to information upon which to base decisions and, especially in rural areas, lack access to resources and services to implement any decisions made, an important component of any program that attempts to lower the severely high maternal and infant mortality rates in this country must take into account the ways and by whom decisions are made. Before making a decision to go to a health facility, women must be economically empowered to procure drugs and vaccines on their own, independent of their husbands/families, and they must have access to information sufficient to make informed and good decisions for themselves and their families.

Women carry a huge burden of responsibility for their own health and health of their children and families, but traditionally receive little support from families and communities. Empowerment of women (political and economic) will enhance their ability to make health care decisions for themselves, their children and families. Their empowerment through activities in democracy and governance, education and access to credit will assist them in making decisions regarding the adoption and use of family planning services. A cycle becomes established when a woman, through the use of family planning and reproductive health services, is able to decide when she wants to get pregnant and how many children she wants. A woman with well-spaced pregnancies and childbirth remains healthy, is able to engage in economic, social and political activities, which will further enhance her decision-making abilities at personal, family, communal and national levels.

2. Conflict:

The continuation and potential for escalation of violent conflict can at the least distract the Government of Nigeria from its efforts at political and economic transformation. At worst, it could paralyze the country, particularly in the case of the Niger Delta, where interruption of oil production significantly affects foreign exchange and fiscal receipts, and in the North where religious and ethnic conflicts flared up only recently (July 1999) and over 150 persons lost their lives. The root causes contributing to violent conflict and impeding reconciliation are varied and overwhelming. The causes of conflict have been identified as lack of leadership, lack of dialogue amongst diverse groups, lack of access to basic societal services particularly services related to reproductive health and HIV/AIDS, a stagnant economy, a fractured educational system, pervasive poverty impacting the lives of two-thirds of the Nigerian population, limited employment opportunities available to youth, and the impact of the trauma experienced by the citizens of this country after having endured the terror and repression of the Abacha years. Lastly, the weakness of formal institutions charged with managing and resolving conflict, such as the police and courts, and the loss of public faith in these institutions, contribute to instability. President Obasanjo reinforced the importance of conflict prevention and reconciliation on June 23rd of this year during his initial meeting with the USG

Interagency Assessment Team. He stated that all Nigerians feel marginalized, and that reconciliation of “all Nigerians to all Nigerians” is a high priority for his administration. Each of the four proposed Strategic Objectives includes elements to address some of these constraints. The design and implementation of programs under these SOs will take special care to design strategies in a manner that ensures that benefits accrue equitably to all areas of the country; that does not benefit one group while disadvantaging another; and, that encourages the development and maintenance of constructive relationships between and among groups that have historically been prone to engage in violent conflict and/or have not reconciled.

SO1: Sustain Transition to Democratic Civilian Governance

The entire DG strategy is crafted to focus on reconciliation and conflict prevention through dialogue, skills training and institutional strengthening. First, the program is targeted at those key issues that are likely to derail the transition: civilian oversight of the military, economic reform and regional conflicts. Such a derailment would likely throw Nigeria into a downward spiral of political competition for power, repositioning and possibly retrenchment of the military and a halt if not reversal of the limited gains made in addressing corruption and economic reform. It is difficult to imagine a scenario more likely to provoke conflict.

Specific activities that this strategy may support include: supporting conflict resolution activities at the local level related to conflicts over religion, land, politics and other divisive issues; enhancing the capacity of indigenous Nigerian conflict prevention and reconciliation NGOs and groups working in areas prone to conflict; and, encouraging groups, as appropriate, to work together across regional and religious lines through coalitions or umbrella organizations. Opportunities to use mass media resources to focus public attention on conflict prevention and reconciliation will be pursued. Institutional investments in the courts and police should contribute positively to how crisis and conflict are managed. Special attention will be paid to mitigating the impact of violent regional conflicts on the transition, particularly in the Niger Delta. USAID/N will work with its Nigerian and donor counterparts to respond to this enormous and important undertaking when the Nigerians provide a clear signal that they are interested in a US facilitative role.

Basic institutional weaknesses across the political system have also contributed to much of the instability, abuse and political tension which now loom dangerously over the current transition. Thus, the second and parallel track of the Democracy and Governance Strategy is strengthening the institutional foundations for ongoing democracy and good governance, providing skills for governance to the newly elected so that lack of experience does not hijack the transition, coupled with assistance to civil society to play a role in cooperative governance. The strategy promotes dialogue between government and non-governmental actors with the aim of improving civil society’s advocacy techniques and government’s capacity to respond. It also promotes dialogue between government and the media. Working with the media on responsible reporting of economic, governance and societal issues is especially important in Nigeria as journalists

are enthusiastically taking advantage of a press environment that does not move against investigative journalism. The need for this enthusiasm to be tempered by a sense of realism as to how quickly Nigeria can move towards transparent, accountable and democratic governance was emphasized by newly elected officials. The strategy attempts to address these likely areas of political conflict.

SO2: Strengthen Institutional Capacity for Economic Reform and enhance capacity to revive agricultural growth

An important part of this strategy focuses on the promotion of “economic governance”. As stated previously, it is fiscal and financial mismanagement and corruption that has led to Nigeria’s poor economic performance and increased poverty of its peoples. And it is the lack of transparency, which has led to a severe loss of developmental credibility. Some of the key elements of the strategy include activities to be undertaken to support the Government in ensuring greater transparency, accountability in fiscal operations, improving the quality and timeliness of data for economic and social analyses as well as their wide dissemination, and strengthening the systems designed to improve the efficiency and effectiveness of resource use. Economic health provides the resources to finance the military in its peace-keeping operations in the sub-region. These operations keep the military constructively engaged in activities that distance them from internal political meddling at home. Simultaneously, they permit Nigeria to exert influence and leadership in resolution of regional disputes and conflicts. Change at the macro-economic level will, however, take time to accrue benefits to the most vulnerable. For this reason, USAID/N plans to introduce micro-enterprise programs to expand access to financial resources for those who are not likely to benefit from change at the national level for some time.

SO3: Develop the Foundation for Education Reform

A major focus of this Strategic Objective is on the necessity for engaging NGOs, communities, and local authorities in the process of working with the Ministry of Education to assess, plan, and reorganize Nigeria’s educational sector. Inclusion of local stakeholders in these assessments will help address basic issues of mistrust of the Nigerian Government, and begin to build good will. This is especially important for communities in regions that have been ignored by previous governments. The assessment of youth employment and training needs, particularly in the area of conflict management and reconciliation and early start-up programs to address these needs, will begin the process of lessening serious conflict and crime by Nigeria’s young people.

SO4: Increase Use of Family Planning/Maternal and Child Health/Child Survival/Sexually Transmitted Disease/HIV Services and Preventive Measures within a Supportive Policy Environment

Rapid population growth takes its toll on natural resources, which is becoming more scarce. Food, water, and energy are required to service the growing population. Insufficient and/or mal-distribution of these resources are currently producing conflict in

households and communities. Land has become scarce as a result of expanding population. This has pitched ethnic groups, villages and even members of the same household against one another. There is therefore, a strong need to promote family planning to reduce the current growth rate to prevent or reduce conflicts generated as a result of the causes as identified above. A stable population does not only allow for resources to be equitably shared and available to everyone, it ensures peace and stability with potential for economic growth and sustainable democratic structures.

Chronic lack of supplies due to lack of funds and/or mismanagement has created mistrust, stress, and consequent outbreaks of violence. In turn, conflict increases demand for services from an already overburdened health system, and inappropriate and unnecessary competition for commodities creates conflict between providers, further diminishing levels and quality of service.

A community ravaged by HIV/AIDS will lose its economic vibrancy. Profit and productivity will plunge to abysmally low levels. Such a community is definitely not a good partner for business. This may result in capital flight. A community losing its men and women at the prime of their life and facing capital flight as well, cannot but get restive and angry, a recipe for conflict. USAID/N proposes to stem the tide of the epidemic and prevent crisis by intensifying HIV/AIDS control and impact mitigation interventions through an expanded mass media based IEC initiative as well as interpersonal communication and counseling

Being an orphan is one of the direct consequences of the HIV/AIDS epidemic. Many of these children may not have foster homes and therefore take to the streets as urchins. This leaves a lot of deprived, frustrated and angry adolescents and young adults in the street. This situation not only impacts negatively on personal and community security but also provides an essential ingredient for conflict situations. USAID/N strategy to prevent the eruption of conflict and violence is to offer these children education opportunities and/or life sustaining skills through the establishment of a project for the care and support of AIDS orphans.

3. Corruption:

Nigerians cite corruption as one of the top five national problems. Because it is so pervasive, it may be the major deterrent to the proper functioning of all public and private institutions, and a major source of distortion in resource use and in incentives for individuals' initiative. Early examples need to be made to set the tone for intolerance of corruption. The Interagency Assessment Team recommends that, if requested, the USG should respond favorably in the following areas of assistance.

- Provide technical assistance to government bodies undertaking civil service reform, including down-sizing of public sector, upward adjustment of wages, strict application of entry and promotion exams etc.;

- Provide technical assistance to the Code of Conduct Bureau and the Code of Conduct Tribunal, and other bodies, including the Ministry of Justice and more broadly the court system, charged with investigation and prosecution of corruption;
- Support anti-corruption initiatives in a broad range of public and private institutions, such as Transparency International;
- Rigorously enforce the Foreign Corrupt Practices Act, and assist Nigerian law enforcement entities to coordinate with US agencies and pursue corruption cases more vigorously; and
- Support civil society programs of monitoring State and Federal government performance (e.g., Nigerian Institute of Social Sciences for State level).

SO1: Sustain Transition to Democratic Civilian Governance

A system in which accountability of the governors to the governed has been all but ignored has created vast opportunities for corruption. In fact, the level of corruption is so profound in Nigeria that there is probably no other issue that commands the same public consensus as the absolute necessity to reduce and control corruption. The democracy and governance strategy seeks to address corruption in a similar multi-track fashion as it responds to conflict. First, given the make or break the transition aspect of the issue, USAID/OTI plans to address corruption as part of its economic reform focus while the institution building aspect of the strategy plans to work with those government institutions at National, State and Local levels that can provide effective oversight related to the administration of public expenditures. The provision of basic skills related to the responsible stewardship and oversight of public resources will be an important part of the democracy and governance strategy. Non-governmental efforts will also be supported. Media, labor, NGOs and business groups will all be important stakeholders of any strategy to combat corruption. Coalitions will be established and opportunities to link these coalitions with oversight institutions in government will be pursued. Linkages with the economic reform objective, especially as relates to improving auditing and pursuing fiscal federalism and doing both in a way that promotes transparency and accountability, are also aspects of this objective.

SO2: Strengthen Institutional Capacity for Economic Reform and enhance capacity to revive agricultural growth

USAID's Strategic Objective in strengthening institutional capacity for economic and financial reform also addresses the corruption issue through its focus on initiating transparent budgeting and resource allocation procedures.

Through the proposed program,

- Audits and publication of the financial statements of parastatals will create disincentives to "off-balance sheet" irregularity;
- Improvements in the enabling environment for private sector business will open the sector to the high standards of international scrutiny;

- Barriers to foreign investment that includes eliminating the problems, created by the perception of Nigeria as a "corruption culture" will be eliminated.

SO3: Develop the Foundation for Education Reform

Corruption is rampant in the education system in Nigeria. This is due to limited resources to the education sector, poorly paid and unmotivated school administrative and teaching personnel who seek rent to supplement their income and lack of involvement by the local community. The proposed program will review education financing policies, and the equitable distribution of resources. The economic reform and the proposed education programs will work in synergy to ensure transparency in the use of public resources in the school system. The strong involvement of the community in education will monitor the use of school resources and ensure accountability of school administrators and teachers charged with managing school resources

SO4: Increase Use of Family Planning/Maternal and Child Health/Child Survival/Sexually Transmitted Disease/HIV Services and Preventive Measures within a Supportive Policy Environment

A community severely affected by HIV/AIDS will have many of its members who visit hospitals and clinics frequently. With this type of service demand, the common situation where hospital drugs and consumable are diverted to some private pharmacy shops and clinics can result in a conflict situation. USAID/N's strategy to reduce such leakages and conflict situations is to train and cultivate transparency and accountability among service providers as well as empower communities to insist on their rights and privileges through dialogue. DG and health should integrate their activities to achieve best results.

Corruption has been identified as a worm that has eaten deep into the fabric of the Nigerian society, not sparing any sector. Equipment and supplies in the health sector often go missing. Where they are available, they are often of poor quality or substandard as a result of "back door" cut in the allocation for procurement. Services that are provided in the health sector have been severely undermined as a result of the foregoing. Family planning commodities often leak from the public sector to the private sector, which severely impact on the availability of such commodities to those who deserve them. There is therefore, a strong justification to provide technical assistance to government bodies to eliminate or reduce this pervasive act which has created mismanagement and deterioration of health sector services. Accessibility to health/family planning services as well as availability of resources (human, financial and material) to deliver the services will not only endear government to its people, but will build trust between government and the civil society. Established trust in every fabric of the society will in itself serve as an anti-corruption "agent", which will make corrupt practices unattractive.

Corrupt practices of people formerly in power, i.e. diversion of supplies from the public domain into private for individual financial gain, have resulted in needed supplies and services (e.g. immunizations) being unavailable to people in need. Whenever supplies

are made available by some means, most often, due to incompetence, the quality of the (vaccines) is compromised, rendering them useless.

4. Capacity Building:

USAID's four strategic objectives and one special objective all include elements of strengthening and increasing the capacity of government democratic institutions, and the ministries involved in budgeting, finance, health, education, infrastructure and energy.

SO1: Sustain Transition to Democratic Civilian Governance

Nigeria needs a major effort to reengineer its political and economic structures. This requires both leadership and management capabilities. While the analysis of problems within the Government of Nigeria is generally comprehensive, the action plans have been poorly executed and performance has been low. This is likely so because democratic institutions have not functioned in any meaningful way in Nigeria for the past fifteen years and government officials have been discouraged from abiding by their mandates and have been isolated from the state of the art in policy making in their sectors. The focus of USAID's interventions in Nigeria will be to assist Nigerians to help themselves govern wisely and democratically, and to plan and execute activities in an efficient, cost-effective, and transparent manner. USAID/N plans to work with top-level policy-makers in the legislative, judicial and executive branches to help them achieve more specificity in the enunciation of policy choices; and then to help the appropriate implementing agencies execute sound policies. USAID/N also plans to work with a select number of State and Local Government Assemblies to serve as "centers of excellence," as models for good governance. Lastly, USAID/N will assist with civil society capacity building in the areas of internal democracy, financial management, fundraising, membership recruitment and strategic planning. NGO voice in the North is particularly weak and efforts will be made to focus on expanding capacity building opportunities to groups in this region.

SO2: Strengthen Institutional Capacity for Economic Reform and Enhance Capacity to Revive Agricultural Growth

Through the proposed program, the capacity of the staff at the auditor general office, National Assembly, Public Accounting Committee, Fiscal Budget Office of the Ministry of Finance, Ministry of Commerce and IITA will be strengthened. In addition, attention will continue to be paid on strengthening the management of Local NGOs who will be involved in supporting the grassroots economic empowerment.

SO3: Develop Foundation for Education Reform

After the sector assessment has been completed, interventions will be developed to strengthen various skills in the education system in order to make it more efficient. It is expected that staff would be trained to ensure better budgeting and use of educational resources. Teachers would be trained to improve their effectiveness in the classroom and school administrators' skills will be enhanced to ensure proper supervision and

monitoring. Ministry of Education staff ability to set and implement policy, develop strategic plans and follow through would also be enhanced. The capacity of local NGOs, PTAs, and parent/community groups will be strengthened to better advocate for policy change and additional resources for their community schools.

SO4: Increase Use of Family Planning/Maternal and Child Health/Child Survival/Sexually Transmitted Disease/HIV Services and Preventive Measures within a Supportive Policy Environment

In the last few years, there has been a severe drain of personnel in the health sector to countries where there is improved technology, conducive environment to practice, good pay and opportunities to excel. Majority of the crop of health care providers available in-country are inexperienced, lack adequate training, do not have access to equipment to practice, and where equipment is available, it is obsolete. There is therefore, a strong need to provide capacity building in the health sector in the short-term and plan to invest more in this area for the longer-term.

Our health/family planning strategy will train and equip staff to deliver services as they should. A health provider who is well trained, well equipped, and reasonably remunerated will have no reason to seek employment outside when service conditions are satisfactory.

USAID/N's strategy to mitigate the impact of brain drain on the quality of HIV/AIDS related services is to provide on- the- job training for staff in both the private and public sectors through the institutional strengthening of some vital government departments charged with the responsibility of HIV/AIDS prevention and control.

Deteriorating and/or disappearing health care infrastructure has resulted in a public disconnect from the system and a pervasive pessimism about the future of health care in Nigeria. Where facilities and services are available, the level of care is often substandard due to lack of training, such that women are no longer relying on or trusting health facilities to provide the level and quality of services needed. In addition to physical infrastructure, because of the rapid advances in modern technology in the field of Child Survival, providers and volunteers require updates in their knowledge base to practice safely, efficiently, and effectively. These factors have been the major reasons that, with less than 2% of the world's population, Nigeria contributes 10% to of the world's maternal deaths.

G. Indicators That Transition Strategy is Working

How will the U.S. and Nigeria know that the transition strategy is working? When will it be apparent that Nigeria has stabilized sufficiently for the U.S. to begin implementing a longer term development strategy to support the transformation of the country into a peaceful, sound, and democratically representative nation? USAID proposes monitoring the following indicators to determine Nigeria's status at the end of 18 months:

1. The military respects its subordinate role to civilian authorities, as articulated in the constitution.
2. Elected government remains in place and demonstrates growing capacity for good governance.
3. The judicial system initiates key reforms related to professionalism of police and prosecutors and caseload management.
4. Civil society continues to increase its capacity to participate as an essential partner in improved democratic governance.
5. Political parties develop into more viable national organizations for peaceful political action.
6. Women are able to gain more access to formal political processes.
7. Government agencies publish for wide dissemination and easy access, timely, reliable economic data and accompanying analysis to be used in the development and implementation of policy reform.
8. Audits and Data sets published on a regular (no less than annual, with one-year time lag) basis and accessible to interested parties within and outside the Government.
9. Economic analysis and other policy studies undertaken and consensus on recommendations reached.
10. Transparent privatization process established.
11. Agriculture sector assessment completed.
12. GON, NGOs, Research institutions collaboratively implementing agricultural programs.
13. Policies and strategies adopted by all stakeholders for reforming the education system.
14. Strategy developed to address current constraints to greater and more effective community participation adopted.
15. As a result of joint policy initiatives, the Government of Nigeria will restore budget resources for HIV/AIDS to at least 1991 levels.
16. Modern contraceptive prevalence will increase by 1.5% annually through the transition period from the baseline recorded in 1999 NDHS.

17. Access to and use of maternal and child health services and preventive measures will increase nationwide.

USAID/N STRATEGIC FRAMEWORK



