

**PROGRAM-FOR-RESULTS INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

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Program Name	Better Education Service Delivery For All Operation
Region	Africa
Country	Federal Republic of Nigeria
Sector	Primary Education; Secondary Education; Public Administration - Education; Pre-primary Education
Lending Instrument	Program-for-Results
Program ID	P160430
Borrower(s)	Federal Republic of Nigeria
Implementing Agency	Federal Ministry of Education
Date PID Prepared	December 12, 2016
Estimated Date of Appraisal Completion	February 27, 2017
Estimated Date of Board Approval	June 8, 2017
Concept Review Decision	Following the review of the concept, the decision was taken to proceed with the preparation of the Operation.

I. Introduction and Context

A. Country Context

1. Nigeria's 2015 presidential elections brought to power the opposition candidate and his party, the All Progressives Congress (APC), won on a platform to improve security, address corruption, and promote more inclusive and job-enhancing growth – in reaction to the country's security challenges, endemic governance issues, and weakened economy. The government has shown commitment to improving governance, recognizing that massive leakage and inefficiencies deprive the government of badly needed revenue and undermine expenditure efficiency as well as policy and program effectiveness. The government is expected to produce a coherent and credible Economic Recovery Plan (ERP) that will articulate its medium-term macroeconomic and fiscal framework, which, together with Government actions, will start to restore market confidence in the economy.

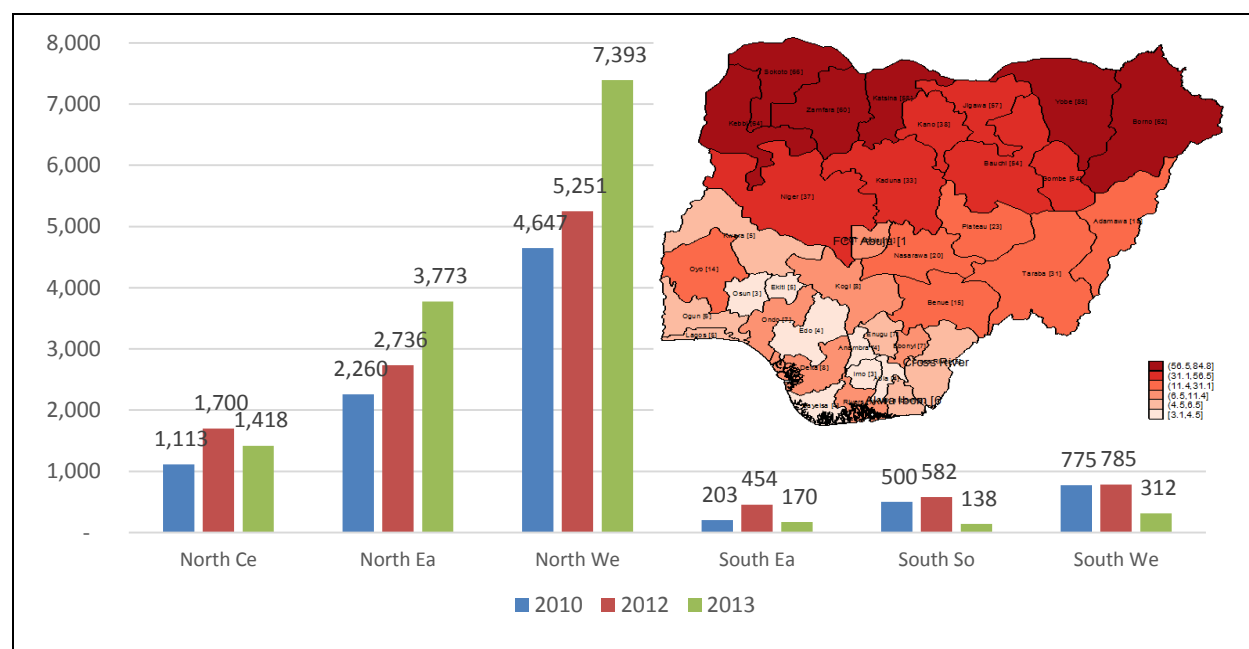
2. In addition to the economic agenda, the *APC Manifesto*, which details election promises, stresses the importance of human capital development, to be achieved through coherent health, social welfare, and education policies. In diagnosing the challenges facing the education sector, the *APC Manifesto* highlights that millions of school-age children are out of school; those actually receiving an education are often still unable to read and write; and too many girls are denied access to education.

B. Sectoral (or multisectoral) and Institutional Context of the Program

3. The Nigerian government is politically and legally committed to free, compulsory, and universal basic education under the Universal Basic Education (UBE) Act of 2004, which also earmarks fiscal resources to the UBE program -- yet basic education remains the weakest link in the education chain.

4. Nigeria stands out globally in its number of out-of-school children. Though the number is debated in the country, the latest estimates (based on the 2013 Demographic and Health Survey, DHS) indicate that 13.2 million of basic education school age children, i.e. age 6-14 years old, are out of school.

Figure 1: Numbers of out-of-school children by zone (2010-13) and rates of out-of-school children by state (2013)



Source: General Household Survey Panel 2010/11 and 2012/13, and Demographic and Health Survey 2013

5. In addition to being higher in the North, out-of-school rates are higher among girls, in rural areas, and among the poorest in society. At the national level, the out-of-school rate increased from 24 percent in 2010 for children ages 6-14 years to 30 percent in 2013 and remained highest in 2013 among girls (32 percent vs. 28 percent for boys), in rural areas (41 percent vs. 11 percent in urban areas), and among the poorest (72 percent for the poorest quintile vs. 3 percent for the richest). At the same time, there is variation in the composition of the out-of-school population across different geographic zones in Nigeria, with relatively higher out-of-school rates among: girls in the North in particular; children of nomadic pastoralists throughout the country; boys who drop out in the South East and South South zones; the so-called area boys (loosely organized gangs of mostly male street children and teenagers) in the South West; children of migrant fishermen in the South South; and the children in the North East displaced by the Boko Haram insurgency. In other words, out-of-school children are a phenomenon

throughout Nigeria with varying manifestations by zone and underlying supply- and demand-side drivers -- though broadly speaking, most out-of-school children in the North never attended school, while in the South they are mostly drop-outs.

6. The quality of basic education, measured in terms of student learning outcomes, is low on average in Nigeria, likely contributing to the high out-of-school rates for both boys and girls. According to international standards, children who have completed grade 3 are expected to be fully literate. Yet in Nigeria only 66 percent of public school students can read at least one of three words and 78 percent can add single digits after completing grade 4 (2015 NEDS).

7. Education is a shared responsibility of the three tiers of government – federal, state, and local – and suffers from insufficient interagency and intergovernmental coordination. Basic and secondary education remain mostly under the jurisdiction of the state and local governments, while the federal government is responsible for the administration of federally-owned universities and Federal Unity Colleges that were set up to serve as model secondary schools. At the federal level, the Federal Ministry of Education (FMOE) has a policy formulation and coordination mandate, the National Council on Education coordinates policy making across the different tiers of government, and the Universal Basic Education Commission (UBEC) is the executive agency of the federal government responsible for basic education policy implementation. At the state level, operational responsibility for basic education rests with State Universal Basic Education Boards (SUBEBs), with some variations in the institutional framework: in some instances, secondary education falls under a separate executive agency, the State Education Board (SEB), and the State Ministry of Education (SMOE). At the local level, the institutional framework is not clearly delineated since Local Government Education Authorities (LGEAs) – the local arm of SUBEBs -- are in charge of basic education, whereas local governments are involved in the management and financing of primary education.

8. Total public spending on education has hovered around 1.7 percent of GDP and increased marginally from 10.2 to 12.5 percent of total public spending over the 2009-2013 period, i.e. levels well below the averages for sub-Saharan Africa (4.6 percent of GDP and 17 percent of total public expenditure). When considering total public as well as private spending on education, household out-of-pocket private payments make up the largest share of spending on education (40 percent); public spending by the federal government amounts to 21 percent; state government, 13 percent; and local government, 25 percent. Federal spending includes fiscal transfers to the states for basic education managed by UBEC, the UBE Intervention Fund, which is allocated annually at least 2 percent of the federal government budget under the 2004 UBE Act. Half of the allocation is an infrastructure matching grant, where states are required to contribute equivalent amounts to those received, and the remaining half finances other education priorities such as teacher development, instructional materials, and gender equity.

9. Weak performance of federal and state budgets (reflected in low execution rates) and of fiscal transfers reduces already scarce resource allocations. Since 2014, the fiscal crisis has deteriorated budget performance further and several states are unable to pay teachers' salaries. The disbursement rate of the UBE Intervention Fund has decreased dramatically in recent years, and the matching grant intended to fund the construction and refurbishment of school facilities has been accessed by a decreasing number of states, mostly due to states' inability to muster the funds to match the federal grant.

10. Children do not go to school in Nigeria for a wide range of demand- and supply-side reasons that vary by state and geographic location.

Table 1: Supply-side and demand-side obstacles to education

DEMAND	SUPPLY
<p>A. Socio-economic factors</p> <ul style="list-style-type: none"> • Poverty • High costs (fees, uniforms, transportation, levies) • High opportunity costs/low rates of return • Children needed for household/ agricultural/ petty trading tasks • Residence in remote, sparsely populated areas • Limited employment opportunities for school leavers <p>B. Cultural factors</p> <ul style="list-style-type: none"> • Parents' low level of education • "Western" education perceived as incompatible with traditional/ cultural beliefs and practices • Skeptical attitudes towards the benefits and outcomes from education 	<p>C. Political/ institutional factors</p> <ul style="list-style-type: none"> • Budget constraints • Insufficient public support for the poor • Political instability • Inconsistency in educational policies • Poor quality of educational programmes • Ill-adaptation of educational systems to local learning needs <p>D. Factors linked to the school</p> <ul style="list-style-type: none"> • Limited school/ classroom space • High school fees • School curricula and school organization in conflict with traditional culture • School calendar incompatible with farming cycle • Lack of school canteens or school feeding facilities

Source: UBEC. October 2015. *UBE Programme 5-Year (2015-2020) Road Map*, page 25, Table 7 (reproduced in its entirety).

11. Most basic education teachers lack the formal qualifications as well as required content knowledge and skills for effective teaching. In 2010, on average, 32 percent of teaching staff in pre-primary education, 40 percent in primary education, and 15 percent in junior secondary education lacked formal qualifications. In addition to being concentrated in the South (see Figure 3), qualified teachers tend to be in urban areas and private schools.

12. In this overall context, the FMOE drafted the *Ministerial Strategic Plan 2016-2019* (MSP), which was adopted by the National Council on Education on September 29, 2016. The MSP affirms that the security and stability of the country hinge to a large extent on its ability to provide functional education to its citizens, and that no nation can achieve economic prosperity without a sound and functional education system. The MSP represents a recommitment to the UBE goal in Nigeria, but the primary vehicle for ensuring UBE remains the UBE program as implemented by UBEC. Given that Nigeria remains distant from the UBE goal despite the country's commitment to it since at least the 2004 UBE Act, it is clear that the UBE program and UBEC's implementation of it are in need of reform. In fact, the MSP includes several activities, e.g. expansion of school infrastructure, which it tasks UBEC with. However, the MSP also contains some activities that are related to reforming the UBE program and UBEC's operations.

13. The proposed Operation will, therefore, focus on achieving UBE, i.e. enrolling out-of-school children, by tackling institutional accountability as well as teaching quality constraints. The varying composition of the out-of-school population has been described earlier, but it is worth noting here that many out-of-school children are not simply late entrants. Instead, there is likely a stock of children who never went to school who are relatively old to be starting their education and may require non-standard second chance education programs. Given the variance in the out-of-school population and the different challenges facing the basic education sector in

different states, the proposed Operation will incentivize a range of supply- and demand- side interventions (see further below). But tackling issues of transparency and accountability will be paramount and have an impact at the federal, state, and local levels. In addition, improved teaching will help ensure that students not only attend school but actually learn, which will in turn further motivate them to remain in school and help them see the benefits of education.

C. Relationship to CAS/CPF

14. The 2014 Country Partnership Strategy (CPS) for FY2014-FY2017 lays out a program that is structured around three strategic clusters: (a) *promoting diversified growth and job creation* by reforming the power sector, enhancing agricultural productivity, and increasing access to finance; (b) *improving the quality and efficiency of social service delivery* at the state level to promote social inclusion; and (c) *strengthening governance and public sector management*, with gender equity and conflict sensitivity as essential elements of governance. The proposed Operation would support both the second cluster on improving the quality and efficiency of social service delivery, as well as the third cluster on strengthening governance and public sector management.

D. Rationale for Bank Engagement and Choice of Financing Instrument

15. The proposed Operation aims at ensuring that the Nigerian government realizes its UBE program, enacted in the 2004 UBE Act, with ring-fenced annual funding, and reconfirmed as a political commitment in the present MSP. The UBE program was Nigeria's response to meeting its international commitments to the Education for All (EFA) and Millennium Development Goals (MDGs) agendas, a commitment it has renewed in the context of the Sustainable Development Goals (SDGs). The UBE Intervention Fund was introduced not to fund basic education, which is a responsibility of state and local governments, but to ensure the universalization of free and compulsory basic education, by complementing and supporting the funding of basic education by the states. The Bank financing would serve to mitigate the fiscal crunch states are currently experiencing. At the same time, the results focus of this Operation will help tackle a weakness in Nigeria's particular form of federalism where states are highly autonomous in policy making, yet fiscally reliant on federal transfers, while hardly accountable for efficiency and effectiveness of public spending.

16. This Operation is proposed as a hybrid Program for Results (PforR), consisting of two parts: the Program and a technical assistance (TA) component, which uses the Investment Project Financing (IPF) approach. The PforR instrument is considered the best fit for present purposes in order to support the implementation of the government's UBE program; focus on education outputs and outcomes, as opposed to inputs; and incentivize performance at the federal, state, and local levels. The TA component would finance a set of technical assistance activities both at the federal and state levels aimed at strengthening the capacities of federal and state governments for program implementation, coordination, policy development, and monitoring and evaluation.

II. Program Development Objective(s)

A. Program Development Objective(s)

To strengthen accountability for results to increase equitable access for out-of-school children and improve the quality of basic education in Nigeria.

III. Program Description

A. PforR Program Boundary

17. The UBE program, funded by the UBE Intervention Fund that is channeled through UBEC, represents the relevant government program as well as the PforR Program boundary. The objectives of the UBE program, as most recently spelled out in the *UBE Programme 5-Year (2015-2020) Road Map* are:

- Ensure unfettered access to free and compulsory nine years of formal basic education for children aged 6-14+ (primary and junior secondary school);
- Reduce drastically the incidence of drop-out from the formal school system, through improved relevance, quality and efficiency; and
- Ensure the acquisition of appropriate levels of literacy, numeracy, manipulative, communicative, and life skills as well as ethical, moral, and civic values needed for laying a solid foundation for life-long learning.

Based on these objectives, the UBE Intervention Fund sharing formula for funding to the states is as follows (page 53 of the Road Map – see also Figure 5):

- 50% as Matching Grants Fund for the provision of infrastructure such as classrooms, furniture, toilets, workshops, libraries, equipment, etc.;
- 14% as Educational Imbalance Fund for maintaining equity and inclusiveness and eliminating all forms of disparities and disadvantages;
- 15% as Instructional Materials Fund for the provision of textbooks in the core subjects and reading materials;
- 10% as Teacher Professional Development Fund for the training of the serving teachers and education managers on various aspects of school activities;
- 5% as Good Performance Fund to encourage states doing well in the implementation of the UBE program;
- 2% as Special Education Fund for those with special needs;
- 2% as UBE Monitoring Fund; and
- 2% as UBE Implementation Fund.

18. The proposed Basic Education Service Delivery for All (BESDA) Operation will therefore aim to support and improve the UBE program, by strengthening its accountability mechanisms, in order to better address out-of-school children in basic education in a holistic manner, i.e. by tackling access and quality of basic education. The Operation is national in scope and managed at the federal level, with all states able to tap into the funds.

B. Role of Development Partners

19. In terms of potential partners for the proposed PforR, it is likely that both UNESCO and UNICEF will remain partners on strengthening the MSP, building statistical capacity in the education sector, and ensuring that regular and reliable education sector data are available (Annual School Census, national learning assessment). In addition, DFID is a key education sector partner both for FMOE as well as the Bank, especially as relates to efforts to improve governance and accountability in the education sector (including through TA to UBEC and institutionalization of school-based management committees). The Bank team will, therefore, be exploring partnership with DFID on the proposed Operation, in particular on the required technical assistance. USAID has also supported improved education sector data by funding the 2010 and 2015 NEDS and the Bank will explore partnering with USAID for its annual updating. Finally, the Bank team will be exploring the possibility of a partnership with the African Development Bank in terms of support to the proposed Operation.

IV. Initial Environmental and Social Screening

20. This Program is not expected to involve any major civil works that will have significant adverse environmental and social impacts. The expansion of school infrastructure under the Program will likely focus on rehabilitation, renovation, and expansion of existing schools. Potential adverse environmental impacts are expected to be negligible to minimal. The overall social impacts of the Program is likely to be positive, owing to the potential to improve access, equity, and quality of basic education in Nigeria, which will include increased access to education of vulnerable social groups such as out-of-school children, especially girls; enhanced quality of teaching; and increased employability of school graduates. Potential adverse social risks for the Program include the insecurity in Northern Nigeria. Girls’ schooling is threatened by recent insecurity (insurgency activity) and direct attacks. Land acquisition leading to economic or physical displacement is not expected, but will be confirmed in the context of the Program. The preparation of the Environmental and Social Systems Assessment (ESSA) is expected to start in the second quarter of FY17. The disclosure of the draft ESSA is expected to be in February 2017. Extensive consultations with key stakeholders will be conducted to draft and finalize the ESSA over the second and third quarters of FY17.

21. The TA component would use an IPF instrument to support a set of technical assistance activities. Environmental and social safeguards under the TA component will be addressed separately through the ISDS.

V. Tentative financing

Source:	(\$m.)
Borrower/Recipient	1,000
IBRD	
IDA	500
Others (specify)	
	1,500
Total	

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