



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Nigeria	WESTERN AND CENTRAL AFRICA	P177442	
Project Name	Nigeria: State Action on Business Enabling Reforms (SABER)		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Finance, Competitiveness and Innovation	Program-for-Results Financing	9/29/2022	12/6/2022
Borrower(s)	Implementing Agency(ies)		
Federal Ministry of Finance, Budget and National Planning	Federal Ministry of Finance, Budget and National Planning, Presidential Enabling Business Environment Council (PEBEC)		

Proposed Development Objective

The Program Development Objective (PDO) is to improve the business enabling environment in the participating states.

Financing (in USD Million)	Amount
IPF Component	20.00
Total Project Cost	750.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]



1. Nigeria is the most populous country and the largest economy of Sub-Saharan Africa and is central to the World Bank goals in the region. With over 200 million people and an estimated GDP of USD 421 billion in 2021, Nigeria is by far the most populous country and largest economy in the region. With an estimated 80 million people living in poverty, Nigeria is central to the World Bank Group (WBG)'s mission of eliminating poverty globally.
2. The outlook for Nigeria's growth is uncertain and highly dependent on external factors such as oil prices and the government's overall policy response to longstanding issues. Nigeria's growth is expected to remain above population growth in 2022-2023, averaging 3.8 percent. The country's economic outlook remains highly uncertain. Even in the most favorable global context, the policy response of Nigeria's authorities will be crucial to lay the foundation for a robust recovery. The authorities can boost growth by strengthening macroeconomic reform efforts, including measures aimed at: (a) adopting a more flexible and transparent foreign exchange management regime; (b) accelerating revenue-based fiscal consolidation; (c) strengthening expenditure and debt management; and (d) improving the business climate.
3. Catalyzing private investment is needed to achieve a robust recovery; however, Nigeria's ability to attract investment is low compared to its peers and declining. Between 2016 and 2019, while Africa's share of global FDI inflows grew from 2.2 percent to 3.2 percent, Nigeria's share of FDI inflows to Africa declined from 7.5 percent to 4.9 percent. With FDI at 0.51 percent of Nigeria's GDP in 2019, compared to an average of 2.94 percent of GDP in lower-middle-income countries, attracting FDI that has potential for job creation, revenue diversification and sustainable growth remains a key priority. The current fiscal pressures faced by the country have further underlined the imperative that crowding in private investment at scale is needed to achieve Nigeria's development priorities.
4. Given the urgency of reforms to improve the business enabling environment, the government is developing a new program—State Action on Business Enabling Reforms (SABER)—to accelerate the implementation of critical actions that improve the business enabling environment in Nigeria's states. The Government's SABER program will build on the successes of the Presidential Enabling Business Environment Council (PEBEC). It will prioritize critical measures and interventions, with a focus on accelerating targeted business-enabling environment reform actions at the state level. It aims to strengthen the existing PEBEC subnational interventions by adding incentives, namely results-based financing to the states, and the delivery of wholesale technical assistance—available to all states—to support gaps in reform implementation.
5. The proposed SABER Operation will support the most critical state-level business enabling reforms of the Government's SABER program, which in turn is anchored in the National Development Plan 2021-2025's Business Environment, Trade and Competitiveness Pillar, which is implemented through PEBEC's federal and PEBEC-National Economic Council (NEC)'s state initiatives. PEBEC's mandate was articulated in the Economic Recovery and Growth Plan (ERGP) 2017-2020 and subsequently retained in the NDP 2021-2025. The proposed USD750 million lending operation (2023-2025) focuses on a subset of the SABER program: the most critical State-level business enabling reforms. It is expected to contribute to five result areas to achieve its objective: (1) Results Area 1: Improved Land Administration and Land Investment Process; (2) Results Area 2: Improved Business-Enabling Infrastructure; (3) Results Area 3: Increased Sustainable Large-Scale Investments; (4) Results Area 4: Enabling Firm Operations / Regulatory Reforms; and (5) Results Area 5: Workers' Skills. The proposed operation consists of a USD730 million Program-for-Results (the Program) and a USD20 million Investment Project Financing (IPF) component (the Project).



6. The proposed Operation is aligned with the WBG's Nigeria Country Partnership Framework (CPF) for FY21-25. The CPF reflects Nigeria's aspiration for faster, more inclusive, and sustained economic growth in the next decade to help the government in its aspiration to lift 100 million people out of poverty. This Program directly supports the CPF's pillar of "promoting jobs and economic transformation and diversification" and the related complementary priority of furthering business enabling reforms and promoting competitive clusters. It also aims to contribute to the related core objectives of increased access to reliable and sustainable power for households and firms and the development of digital infrastructure, platforms and skills.

7. The proposed IPF Component for technical assistance (the Project) will provide implementation support and capacity building. The technical assistance activities will support Program management and independent verification through the financing of a functioning Program Coordination Unit (PCU) to be housed in the Home Finance Department (HFD) of the Federal Ministry of Finance, Budget and National Planning (FMFBNP). The PCU will ensure that inputs are well-designed, and that sufficient quality assurance is provided, including on the verification of the results. Technical assistance is expected to be available for all States to strengthen the capabilities of the States in achieving the Program's Disbursement Linked Results through training and learning support.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The Nigeria: State Action on Business Enabling Reforms (SABER) Operation will be a three-year Program-for-Results (PforR) Program) with an Investment Project Financing (IPF) component (Project), designed to support improving the business enabling environment in participating states.

The proposed US\$750 IDA million lending operation is expected to contribute to five result areas to achieve the PDO: (1) Results Area 1: Improved Land Administration and Land Investment Process; (2) Results Area 2: Improved Business-Enabling Infrastructure; (3) Results Area 3: Increased Sustainable Large-Scale Investments; (4) Results Area 4: Enabling Firm Operations / Regulatory Reforms; and (5) Results Area 5: Workers' Skills.

This Environmental and Social Review Summary (ESRS) assesses the risks associated with the IPF component of the operation, as predicted at concept stage, for the US\$20 million IDA Technical Assistance (TA) component.

The proposed TA, designed as an IPF, will provide implementation support and capacity building. The TA activities will support Program management through the financing of a functioning Program Coordination Unit (PCU) to be housed in the Home Finance Department (HFD) of the Federal Ministry of Finance, Budget and National Planning (FMFBNP). The PCU will ensure that inputs are well-designed, and that sufficient quality assurance is provided, including on the verification of the results. TA is expected to be available for all States to strengthen the capabilities of the States in achieving the Program's Disbursement Linked Results (DLRs) through training and learning support.

D. 2. Borrower's Institutional Capacity

States will be responsible for achieving the Program's DLRs and thus will be leading the implementation of the PforR component. While open to all Nigeria's States, the Program will benefit only a cohort of States that have met the eligibility criteria, as well as the DLRs as defined in the Disbursement Linked Indicators (DLIs) table. The FMFBNP's HFD, being the program manager on behalf of the FMFBNP, will house the PCU, with the Director of HFD as the



National Program Coordinator. The HFD is the department within FMFBNP mandated to support financing to the states. The technical assistance under the IPF component will be coordinated by the PCU and is expected to be implemented by the PCU and possibly also the Presidential Enabling Business Environment Council (PEBEC) in the Vice President's Office. The Project Coordination Unit (PCU) at the Home Finance Department (HFD) has built up its capacity for the State Fiscal Transparency, Accountability and Sustainability (SFTAS) PforR, including a TA component designed as an IPF, and will largely implement the TA component.

An Environmental and Social Systems Assessment (ESSA) will be conducted for the PforR operation to evaluate the acceptability of the borrower's systems against the core principles for managing the identified environmental and social (E&S) risks and impacts, and identify potential measures for institutional capacity improvement.

Overall, the Federal Ministry of Environment (FMEnv) is responsible for setting policy guidelines on environmental issues and ensuring compliance with national environmental standards, while state-level agencies undertake similar responsibilities at the state level. The FMEnv has an Environmental Assessment (EA) department responsible for implementing Nigeria's EIA Act No. 86 of 1992. The EA department, in conjunction with State Ministries of Environment, ensures adequate monitoring of environmental performance during project implementation consistent with the National and state requirements, WBG Environmental and Social Framework (ESF), and Good International Industry Practices (GIIP).

Nigeria has experience with PforRs with ESSAs and implementation and preparation of TA (IPF) components through the Power Sector Recovery Operation (PSRO), SFTAS, COVID-19 Action Recovery and Economic Stimulus (CARES), as well as the preparation of the Accelerating Resource Mobilization Reforms (ARMOR). This PforR and TA (IPF) will be built on that experience of safeguards compliance. Although the PCU in FMFBNP has experience in working with the World Bank in multiple PforR and safeguard policies, the FMFBNP and FMEnv have limited exposure to Environmental and Social Framework (ESF) implementation.

The PCU will assign a focal person prior to effectiveness for ensuring environment and social compliance. An environmental consultant and a social consultant will be hired by the PCU within three months of effectiveness to provide technical support to the PCU for ensuring E&S compliance of the TA component. Both the environmental specialist and the social specialist will be maintained throughout the Operation's implementation period. Both specialists will provide regular training to the PCU staff, program/project related state level staff and participating private sectors players on the requirements of the proposed ESSA for the PforR and ESF for the IPF to effectively manage environmental and social risks.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Low

Environmental Risk Rating

Low

The environmental risk is rated Low. Technical Assistance (TA) activities will not support or design any kind of physical intervention or civil work. The TA may require some office/IT equipment. The decision of goods procurement is still under consideration. The IPF will only support TA. Any kind of activities triggering negative environmental and social risk/impact will not be supported by this TA. The potential risks from the project are expected to be minimal. The



potential risks are: (i) Waste generation including e-wastes from the offices of the implementing agencies of the IPF component; (ii) Poor working conditions in offices, occupational health and safety (OHS) and travel-related risks; and (iii) Health issues due to the lack of following COVID-19 Protocols. The Client will prepare an Environmental Social Management Plan (ESMP) that details how the waste and OHS related issues will be appropriately managed.

Social Risk Rating

Low

The proposed social risk classification is currently rated as “low” given that the anticipated risks and impacts are likely to be minimal or negligible due to the types of activities, sensitivity, scale, borrowers capacity and scope of the Project. The Project will provide implementation support and capacity building to the PCU for effective program implementation including the engagement of an Independent Verification Agency (IVA). The project will also provide resources to strengthen the capabilities of the states in achieving the Program’s DLIs/DLRs through training and learning support. The social risk associated with these activities is low, however, there might exist risks related to labor and working conditions, such as unfavorable working conditions, lack of adherence to national labor laws; gender exclusion in terms of engagement and employment under the IVA and potential lack of inclusion of Environmental and Social consideration in the training programs. This implies ESS 2 and 10 are relevant. To mitigate this risk, all terms of reference for the project activities will be subjected to environmental and social due diligence and reviewed to ensure all social risk are considered and appropriately mitigated early. The IVA is expected to have an code of conduct for its workers. Furthermore, the terms of reference of the capacity training for the PIU will be reviewed by the Bank to ensure inclusion and consideration for gender balance. Furthermore, the project will incorporate a system / mechanism to ensure citizen’s involvement / engagement and active involvement of identified stakeholders in the Project. To further promote understanding of social accountability and build trust in government systems, the Project will also support the establishment of a grievance redress mechanism which will be incorporated into the Stakeholder Engagement Plan (SEP). The SEP will include aspects of COVID-19 constraints and the related requirements to comply with the guidelines provided by the World Bank and the Nigeria Centre for Disease Control (NCDC). Potential labour and project-induced sexual exploitation and abuse/sexual harassment (SEA/SH) risks are expected to be limited. ESMP will include a brief on labor management procedures, including grievance mechanism for workers, and sexual exploitation and abuse/sexual harassment (SEA/SH) prevention and response measures relevant to the Project.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The TA component will provide direct support to participating state governments to enable them to achieve the DLIs, provide support through the PCU to strengthen program coordination, engagement of Independent Verification Agency (IVA) to verify program results, and address government capacity needs. The activities will not have any physical footprint of civil works. The IPF component will support consultancy and operational support and may procure some office / IT equipment. The decision of such goods procurement is still under consideration. The activities will not generate any adverse direct or indirect environmental risks and impacts. However, some of the environmental risks include waste management from the offices and capacity building activities, poor working conditions in offices, OHS and travel-related risks and health issues due to not following COVID-19 protocols. The



social risk associated with these activities is low, however, there might exist risks related to labor and working conditions, such as unfavorable working conditions, lack of adherence to national labor laws; gender exclusion in terms of engagement and employment under the IVA and potential lack of inclusion of Environmental and Social consideration in the training programs.

The relevant ESSs that apply to the Project are ESS1, ESS2, ESS3 and ESS10. Under the IPF (TA) component, in line with the World Bank's Environmental and Social Framework (ESF), an Environmental and Social Commitment Plan (ESCP), a Stakeholder Engagement Plan (SEP), and an Environmental and Social Management Plan (ESMP), which will detail the waste management plan and COVID-19 protocol, will be prepared by the Government and will be publicly disclosed by Program appraisal. If any IT equipment or other goods are procured, the implementing agency will ensure e-waste is managed properly and resource-efficient goods are procured. The guidelines of an e-waste management plan and sustainable procurement will be included in the ESMP.

The PCU will assign a focal person prior to the effectiveness for ensuring environment and social compliance. An environmental consultant and a social consultant will be hired by the PCU within three months of effectiveness to provide technical support to the PCU for ensuring E&S compliance of the TA component. The consultants/specialists will help the PCU to prepare a half yearly monitoring report. Both the environmental specialist and the social specialist will be maintained throughout the Operation's implementation period. Both specialists will provide regular training to the PCU staff, project/program related state level staff and participating private sectors players on the requirements of the proposed ESSA for the PforR and ESF for the IPF to effectively manage environmental and social risks.

Areas where "Use of Borrower Framework" is being considered:

N/A

ESS10 Stakeholder Engagement and Information Disclosure

Stakeholder engagement is a critical tool for social and environmental risk management and project sustainability. The currently identified stakeholders include State Governor's Office, State Ministries of Finance/Budget/Planning, State Investment Promotion Agencies, State Judiciary, State Ministries of Trade/investment/Commerce/Industry, State Ministries of Land and Urban Planning and State Ministries of Power/Energy. In consultation with the Bank, the client will prepare and implement an inclusive Stakeholder Engagement Plan (SEP) proportional to the nature and scale of the project and associated risks and impacts. A draft of the SEP will be prepared and disclosed as early as possible and prior to Appraisal. The client will seek stakeholder feedback and opportunities for proposed future engagement, ensuring that all consultations are inclusive and accessible (both in format and location) and through channels that are suitable in the local context. If major changes are made to the SEP, a revised SEP will be publicly disclosed as soon as possible. The objective is to establish a systematic approach for stakeholder engagement, maintain a constructive relationship with stakeholders, considering stakeholders' views, promote and provide means for effective and inclusive engagement with interested parties throughout the project life cycle, and ensure that appropriate project information is disclosed to stakeholders in a timely, understandable, accessible and appropriate manner. The project will set up a Grievance Redress Mechanism (GRM) for people to report concerns or complaints, if they feel unfairly treated or are affected by any of the project's activities.



B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

The proposed operation will involve TA for implementation support and capacity building designed as an IPF. The TA activities will support Program management through financing a functioning Program Coordination Unit (PCU) and capacity building. The TA will include direct and contracted (engagement of IVA as a firm) workers. The number of these workers is expected to be few and the potential labor risks are also likely to be limited. To address labor risk, a simplified labor management procedures relevant to the project, including grievance mechanism for workers will be developed. The LMP will be a part of the ESMP. A simple OHS plan will be prepared to address potential OHS risks associated with the installation of ICT equipment and their routine operation, if applicable.

ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 will be relevant as the TA may require some office/IT equipment. The decision of goods procurement is still under consideration. If any IT equipment or other goods are procured, the implementing agency will ensure e-waste is managed properly and resource-efficient goods are procured. The guidelines of an e-waste management plan and sustainable procurement will be included in the ESMP.

ESS4 Community Health and Safety

Not relevant at this stage of the project as per available information regarding project design. Relevancy of this standard will be revisited during appraisal.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

The standard is not relevant. Land acquisition, restrictions on land use and involuntary resettlement are not expected because of project activities.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Not relevant at this stage of the project as per available information regarding project design. Relevancy of this standard will be revisited during appraisal.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

This standard is not relevant. There are no Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities in the project area.

ESS8 Cultural Heritage

Not relevant at this stage of the project as per available information regarding project design. Relevancy of this standard will be revisited during appraisal.



ESS9 Financial Intermediaries

Not relevant at this stage of the project as per available information regarding project design. Relevancy of this standard will be revisited during appraisal.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

None yet aside from the World Bank

B. Proposed Measures, Actions and Timing (Borrower's commitments)

Actions to be completed prior to Bank Board Approval:

- i. Preparation of Draft Stakeholder Engagement Plan and Information Disclosure Plan (SEIDP)-PCU at Federal level;
- ii. Preparation of Draft Environmental and Social Management Plan (ESMP) - PCU at Federal level;
- iii. Preparation of the Environmental and Social Commitment Plan (ESCP) with measures for addressing the environmental and social risks identified in the project.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

Waste Management Plan, Stakeholder Engagement Plan etc.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 27-Jul-2022

IV. CONTACT POINTS

World Bank

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Borrower/Client/Recipient

Borrower: Federal Ministry of Finance, Budget and National Planning

Implementing Agency(ies)

Implementing Agency: Federal Ministry of Finance, Budget and National Planning

Implementing Agency: Presidential Enabling Business Environment Council (PEBEC)

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s): Bertine Kamphuis

Practice Manager (ENR/Social) Senait Nigiru Assefa Recommended on 23-Jul-2022 at 11:55:50 GMT-04:00