NIGERIA
Local Empowerment and Environmental Management Program

Project Appraisal Document

Africa Regional Office
AFTR2

Date: March 6, 2002
Sector Manager: Joseph Baah-Dwomoh
Country Manager/Director: Mark D. Tomlinson
Project ID: P069892
Lending Instrument: Specific Investment Loan (SIL)

Team Leader: Talib B. K. Esmail
Sector(s): Central government administration (60%), Sub-national government administration (40%)
Theme(s): Civic engagement (S) , participation and community driv (S), Biodiversity (P), Environmental policies and institutions (P), Pollution management and environmental health (P)

Global Supplemental ID: P071817
Sector Manager/Director: Richard G. Scobey
Lending Instrument: Specific Investment Loan (SIL)
Focal Area: B - Biodiversity
Supplement Fully Blended? No

Team Leader: Indumathie V. Hewawasam
Sector(s): General agriculture (100%), fishing and forestry sector (100%)
Theme(s): Biodiversity (P) , Environmental policies and institutions (P), Other environment and natural resources management (S)

Project Financing Data

[ ] Loan [X] Credit [ ] Grant [ ] Guarantee [ ] Other:

For Loans/Credits/Others:
Amount (US$m):

Proposed Terms (IDA): Standard Credit

Financing Plan (US$m): Source	Local	Foreign	Total
BORROWER	8.72	0.04	8.76
IDA	39.10	30.94	70.04
LOCAL COMMUNITIES	4.18	0.00	4.18
GLOBAL ENVIRONMENT FACILITY	4.40	3.60	8.00
Total:	56.40	34.58	90.98

Borrower/Recipient: FEDERAL GOVERNMENT OF NIGERIA
Responsible agency: FEDERAL MINISTRY OF ENVIRONMENT
FME
Address: Dept. of Planning Research & Statistics, 7th & 9th Floor, Federal Secretariat, Shehu Shagari Way, P.M.B. 468, Garki Abuja, Nigeria
Contact Person: Alh. Yakubu Tanko, Director
Tel: + 234 09 234 2807 Fax: Email:

Other Agency(ies):
FORMECU
Contact Person: Peter Papka
Tel: + 234 090 802025 / 804485 Fax: Email:

P069892 Estimated Disbursements (Bank FY/US$m):

FY	2003	2004	2005	2006	2007			
Annual	8.20	8.40	13.70	16.60	23.10			
Cumulative	8.20	16.60	30.30	46.90	70.00			

P071817 (GEF) Estimated Disbursements (Bank FY/US$m):

FY	2003	2004	2005	2006	2007			
Annual	2.00	1.60	1.30	1.20	1.90			
Cumulative	2.00	3.60	4.90	6.10	8.00			

Project implementation period: 2003-2007

Expected effectiveness date: 12/31/2002 **Expected closing date:** 01/01/2003

OCS PAD Form: Rev. March, 2000

A. Project Development Objective

1. Project development objective: (see Annex 1)

The program will have 2 interrelated project development objectives:

- The institutional framework at all 3 levels--federal, state and particularly local government--to support environmentally sustainable and socially inclusive development will have been strengthened.

- Beneficiaries in the participating states will have planned, cofinanced, and implemented, and will continue to operate and maintain, environmentally sustainable and socially inclusive multisectoral microprojects.

2. Global objective: (see Annex 1)

Beneficiaries within the support zones around targeted Protected Areas in 2 of the participating states will have planned, cofinanced, and implemented, and are continuing to operate and maintain, environmentally sustainable and socially inclusive alternative livelihood microprojects.

3. Key performance indicators: (see Annex 1)

The following indicators will be used to assess achievement of the project development and global objectives:

- By year 5, 5% of Local Government Authorities (LGAs) that have received training and/or other capacity building inputs from the program are consulting communities as part of their annual budget formulation process.

- By year 5, legislative and regulatory framework providing states and local governments authority to perform environmental assessments for some types of projects is being applied.

- By year 5, 40% of communities (targeted by the project during the first 2 years within the initial states) are continuing to operate and maintain at least 50% of microproject investments as part of their Community Development Plans (CDPs).

- By year 5, 40% of the communities (targeted by the program during the first 2 years in the support zones of the Protected Areas) will have adopted ecologically sustainable livelihoods.

The Federal Program Support Unit (FPSU) will prepare a draft monitoring and evaluation plan before project effectiveness. This draft plan will be finalized during the first year of implementation.

B. Strategic Context

1. Sector-related Country Assistance Strategy (CAS) goal supported by the project: (see Annex 1)

Document number: 22208 **Date of latest CAS discussion:** May 21, 2001

The Challenge

Nigerians adopted their federal system of governance in 1954. The system has 4 tiers: the federation (with first charges for external debt service and oil-sector cash calls); the federal government; 36 state governments and a federal capital territory; and 774 local governments. The local governments and

institutions are the weakest.

The Nigeria Joint Interim Strategy Update (JISU) identifies 3 sets of actors contributing to development in Nigeria: government, private sector and local communities. Accordingly, the JISU is structured along 3 pillars, each designed to increase the capacity of 1 of these sets of actors to contribute more effectively to Nigeria's development. The 3 pillars are to (1) improve economic governance; (2) create conditions for rapid private-sector-led and poverty-reducing economic growth, especially in the non-oil economy and (3) enable local communities to take charge of their own development. Consistent with the third pillar, the overall objective of the *Local Empowerment and Environmental Management Program (LEEMP)* is to reduce poverty by empowering communities and local governments to take charge of their own development plans (and their needs, to the extent that doing so lies within their capabilities) through an approach based on the principles of community-driven development (CDD).

Vision of the Local Empowerment and Environmental Management Program

The vision animating LEEMP is that, 30 years from now, Nigeria will have fully decentralized and highly efficient local governments. In addition to their own revenues, they will continue to receive resources from federal and state budget transfers. However, they will allocate these resources efficiently and effectively through a transparent and participatory decisionmaking process in which similar community decisionmaking processes will be reflected. As local governments build the capacity to work in a transparent, efficient and participatory manner, more and more resources will be passed through them.

The LEEMP will *contribute to the capacity building* of all local governments in the participating states. It also will pilot an assessment tool that will help distinguish the stronger from the weaker local governments to identify the gaps in capacity. If the assessment tool proves effective, states will be encouraged to use it and reinforce local government capacity by empowering the local governments to handle increasingly larger amounts of resources with increasingly less detailed oversight. This evolving stronger capacity will leverage the investments of this project for future phases of a similar program and function as a learning-by-doing approach for Nigeria's poverty reduction policies and programs.
The LEEMP will make steps toward testing the mechanism and incentives to operationalize this vision.

1a. Global Operational strategy/Program objective addressed by the project:

The conservation and protection of biodiversity in arid and semi-arid lands increasingly is being recognized as a global priority. Numerous species that were prevalent several years ago in the Savannah, Sudan and Sahelian regions of Nigeria have virtually disappeared. Protection and conservation of biodiversity in these areas is particularly important since the degradation of habitat and ecosystems and the disappearance of indigenous species increase the potential for desertification of these areas. In addition, the degradation of these ecosystems has marginalized communities living in them, reducing their options to earn a livelihood, which in turn increases the pressures on Protected Areas as well as on fragile ecosystems. Limited information exists on existing species diversity in the forest and game reserves other than the Protected Areas demarcated as National Parks. The objectives of the program are fully consistent with guidance from the Conference of Parties of the Convention on Biological Diversity (CBD) (ratified by Nigeria on August 29, 1994) regarding conservation, sustainable use of biological diversity and support for the active involvement of local communities as managers and beneficiaries of sound natural resource management.

2. Main sector issues and Government strategy:

Institutional Weaknesses of States and Local Governments

Issues of institutional capacity, accountability and transparency long have been a concern in Nigeria. Public institutions are weak in terms of internal controls, technical skills and educational levels. They are unable to address the challenges of poverty reduction while decreasing the rates of environmental degradation, natural resources depletion and unsustainable use of biological resources.

A democratically elected government at all 3 levels took office on May 29, 1999. The 1999 Constitution set for the respective responsibilities of federal, state and local governments for delivering services to the population. Specific responsibilities assigned to local governments are classified as "exclusive" or "mandatory" functions. However, most important services must be operated "concurrently" with the state governments, including provision/maintenance of primary education, agricultural extension, rural/semi-urban water supply, town and country planning, sewage, agriculture and natural resource development, provision/maintenance of health services, and development planning. States do have the power to decentralize services to the local government level, but this is not done systematically nor consistently. The confusion in the respective mandates and responsibilities of the 2 levels creates inefficiencies. Unequal capacity often forces the state level to take on responsibilities that are legally within the realm of LGAs.

The decades of the 1970s-90s saw a continuous increase in the number of states: from 19 in 1976 to 36 in 1996. As a result, state diversity is very high with respect to any variable considered: cultural and ethnic characteristics, population size and density, wealth and resources, or civil service administrative capacity. The lack of civil service administrative capacity is particularly obvious in states that were created more recently. Similarly, since independence, the number of Local Government Authorities (LGAs) has increased significantly. The current 774 LGAs range from 11 to 38 per state.

Civil service capacity for policy implementation is extremely weak, and organizational structures are dysfunctional. The public service in each state comprises 4 separate schemes of service, each with its own state board: (1) state civil service, recruited by the state civil service commission; (2) local government civil service, recruited by the state local government service commission; (3) secondary school teachers, recruited by the state secondary school board and (4) primary school teachers, recruited by the state primary education review board. The state administration is generally perceived as hierarchical and centralized, a legacy from the extended period of military rule. The structure is regarded as too rigid to allow for performance-based services or transparency. Moreover, the organizational structure of ministries and the civil service is overly complex: horizontally, by overlaps among ministries, divisions and departments; and vertically, by a mismatch of functional structures among the federal government, state government and the LGAs. The organizational structure is further complicated by the practice of creating new structures to replace those that are dysfunctional without actually eliminating the dysfunctional entities. This tendency may be an effort to create additional sources of rents and highlights the difficulty of reform.

Unpredictability in intergovernmental transfers is high. Between 1993 and 1997, federal government spending amounted to 68%-75% of total public sector expenditure, while expenditures from the state and local governments accounted for the remaining 25%-32%. During the same period, federal revenue constituted on average over 77% of state government revenues and over 92% of local government revenues. While the resources transferred by the federal government to state and local government are formula-based, actual transfers from the federation account are highly dependent upon the prevailing price of oil and therefore are highly unpredictable.

A diagnostic of LGA institutional capacity using structured interviews with LGAs, states and communities carried out during preparation of this program highlighted that LGA capacity was highly variable within and across states. The consensus was that administrative capacity was weak in (1) budget

formulation, execution and reporting; (2) participation and planning; (3) project implementation capacity and (4) personnel and administration. The functions, structure, composition and finance of LGAs are determined by state law within the parameters set forth in the Fourth Schedule of the 1999 Constitution. Each LGA conforms to a fairly standard organizational structure with 6 main departments: general administration, finance, education, health and social welfare, works and housing, and agriculture and natural resources. Salary scales of local government staff are tied to those of the civil service of the state within which they serve, with the same pay and allowances. LGAs constitute the weakest tier of government in the federal system.

Natural Resource Management and the Economy

Poverty in Nigeria is pervasive: 75 million people live in the rural areas (59 % of the total population), 60% of whom are considered to be living in poverty. The majority of the rural population is directly (or indirectly) dependent for their livelihoods on the non-oil natural resource base. To significantly reduce poverty rates, the government faces the daunting task of achieving +5% growth rates in the non-oil economy. The society and the national economy also depend on services provided by natural resources. These services are the foundation of Nigeria's economy: agriculture, livestock, water supply, forests, fisheries, and nonrenewable energy. Ecological processes support Nigerian rural life and the local economy through maintaining soil productivity and protection, recycling nutrients, cleansing air and water, and maintaining climatic cycles. At the genetic level, diversity found in natural life forms supports the breeding programs necessary to improve cultivated plants and domesticated animals to enhance food supply and security. Wild flora forms the basis of a very significant pharmacological industry and the traditional use of medicine for human and livestock needs, as well as other nontimber forest products critical to local communities. However, unsustainable land-use practices, over-exploitation of natural resources and ineffectively managed Protected Areas and their support zones all pose serious threats to the maintenance of ecosystem and habitats. In Nigeria, the links between poverty and natural resource management are very clear. Large-scale land clearing results in serious erosion and soil loss into rivers, which in turn causes mass-scale river siltation and flooding. Soil loss threatens the agricultural productivity base of communities, while floods destroy fields and homes, leaving many communities poorer with each passing year.

Sector work carried out as part of the preparation of the 1990 World Bank report, *Towards the Development of an Environmental Action Plan for Nigeria* (IBRD report no. 9002-UNI, 1990) noted that land degradation is the country's most serious environmental problem. Three aspects to the problem were identified: soil degradation, affecting 50 million people with an annual impact in excess of US$3 billion; water contamination, affecting 40 million people and costing more than US$1 billion to correct; and deforestation, affecting 50 million people with a loss of sustainable production from forest resources worth US$750 million annually. In aggregate, the annual costs of these sources of environmental degradation were estimated to be as high as US$5 billion (at 1990 prices).

A National Biodiversity Strategy and Action Plan was adopted in November 1997 and ratified by the federal government in December 1997. The broad goals of the Strategy and Action Plan are to: (a) conserve and enhance the sustainable use of the nation's biodiversity and biological resources, and (b) integrate biodiversity considerations in national planning policy and decisionmaking. The strategy emphasizes the potentially significant economic benefits to be derived from the commercial, subsistence, recreational, scientific and cultural/psychological uses of biodiversity and their ecosystem functions, putting the contribution from all biodiversity species to the nation's economy at approximately US$2.92 billion.

In 1999 the Federal Environmental Protection Agency (now the Federal Ministry of Environment, or

ENV) produced a "National Policy on the Environment" and "Nigeria's National Agenda 21." These policies recognize that sustainable livelihoods require the pursuit of policies and strategies that simultaneously address issues of development, sustainable resource management and poverty alleviation. These policies provide a broad framework for support to environmental issues and strategies that promote sustainable natural resource management.

Strategic Issues for Environmentally Sustainable Poverty Reduction

World Bank support for environmental and natural resources management in Nigeria commenced with the support provided to the government to formulate the National Environmental Action Plan (NEAP). This work resulted in the 1990 analytical report entitled, "Towards the Development of an Environmental Action Plan for Nigeria." Subsequently, additional sector work was carried out resulting in "Land Resource Management: Technology, Policy and Implementation" (1992). This report was followed by an investment and capacity building program, "Nigeria: Environmental Management Project" (1994) (EMP). The EMP provided support for building capacity for environmental management, essentially at the federal level, with some limited support at the state level. The project also supported the development of a strategy to address environmental issues in the Niger Delta, "Environmental Development Strategy for the Niger Delta" (1994). In 1999 a desk review of the existing sector work resulted in "Community-Based Natural Resource Management: Issues and Options for Program Intervention" (2000). This review provided the basis to enter into dialogue with the government that led to the identification of this program.

The Bank-financed desk review concludes that a program with a poverty reduction focus should be designed to address 4 strategic environmental objectives:

- To maximize the use of Nigeria's *renewable resources* so that their regenerative capacity is not jeopardized and the negative impact on the poor is minimized. It is usually the poor whose resource base tends to be narrow and less easily shifted geographically and sectorally.

- To minimize the depletion of *nonrenewable resources* so that sufficient savings in human-made, human, or social capital are ensured for the benefit of all, specifically the poor.

- To minimize pollution and its attendant negative impacts on the environment, human health and ecosystems. Again, the maximum negative impact would be borne by the poor.

- To decentralize the responsibility for managing natural and financial resources to the community level to establish local ownership of program investments and to build local organizational capacity.

Previous government projects have tended to have a sectoral focus relying on a few technological solutions to address the multifaceted issues relating to declining rural incomes in the context of increasing soil and moisture loss, land degradation, sedimentation, irregular stream flows, gully erosion, declining soil fertility and deforestation. Among others, these projects/agencies have included: the Directorate of Food, Roads and Rural Infrastructures; National Agricultural Land Development Authority, and the Agricultural Development Programs. However, most of these programs have had limited impact on the poor. They have been poorly targeted, sectoral in nature and often have been imposed from above with little, if any, commitment/involvement of the communities they ostensibly are attempting to help. The broad range of social, environmental, institutional and economic issues related to the problems in the different agro-ecological zones requires an integrated multisectoral approach.

The complex issues of poverty reduction in the context of natural resource and environmental degradation can best be understood in the framework of watersheds as physical planning units. Put simply, a watershed is a coherent geographical unit covering the whole area from which water drains into a river, from its source to its mouth. Watershed management is concerned with sustainable development based on the use of all the natural resources of the watershed. Irrespective of the chosen microlevel investment (schools, health centers, roads), planning using watershed management principles forces the incorporation of conservation practices in maintaining natural vegetative cover to help control erosion, thus reducing sedimentation and flooding downstream and regulating stream flow. Effective planning using watershed management principles assists stakeholders to evaluate the potential and limitations of these land resources and to resolve conflicting issues that arise during their exploitation. Through this process, optimal land use practices in different areas of watersheds that safeguard those resources on which people depend for their needs are identified. Therefore, watersheds provide a natural basis around which different stakeholders can combine their efforts to use land sustainably. The centerpiece of a proposed program strategy should be to work at the local level, even though a number of these activities identified locally will have to be supported by federal and state policies and programs. Furthermore, institutions at local levels will need to be strengthened to act as fora for resolving possible conflicts over resource use where common pool resources cut across communities and local governments. The local groups also may have to rely on federal and state technical support, and--at least initially--in some cases on active involvement of state officials.

All Nigerian National Parks and Protected Areas reside within macrowatersheds. Therefore, conservation and management of the natural resources within the Parks and Protected Areas are integrally linked to the sustainable management of natural resources in the watersheds as a whole, including communities in the support zones. The Nigerian National Parks Service Decree (No. 46 of 1999) provides strategic direction toward the improved conservation and management of Nigeria's National Parks. The decree outlines clear organizational reforms and improved participatory management principles, and prioritizes a number of activities for the Nigerian National Parks Service (NPS). The Decree requires that each of Nigeria's National Parks prepare a comprehensive management plan. The plan should include (a) a map of the Park and proposed facilities; (b) an inventory of resources in the Park; (c) assessment of wildlife population trends in the Park; (d) assessment of wildlife interference and plans for controlling it; (e) a description of proposed research activities, infrastructure development and wildlife resource management in the Park; (f) plans for administration of the Park; (g) plans to develop national and international tourism; (h) plans for the creation of buffer zones around the Park and the participation of local communities in the management of the Park; (i) plans for public participation in Park activities; (j) plans to promote and assist in ensuring environmentally sound and sustainable development in the areas surrounding the Park, other than the buffer zones, with a view to furthering the protection of those areas.

Issues Arising from the Relationship between Local Governance and Environmentally Sustainable Poverty Reduction

The 1976 Guidelines for Local Government Reform initiated far-reaching policy pronouncements with respect to local government structure, responsibilities and finance. The reform established the principle for independent local government revenues whose proceeds are exclusive to local governments. It also established the principle that both federal and state governments must make annual statutory allocations to local governments to enable them to carry out the specific responsibilities conferred on local governments. Since 1976, the reform process has continued with the greatest attention being given to management of intergovernmental transfers and the formula that determines the amount of transfer. However, democratic rule has generated a renewed demand for intergovernmental fiscal relations to be reassessed, specifically for more resources to go to subnational governments and for greater

decentralization of authority. However, very little is known about public spending performance and budgetary management of subnational governments or about their fiscal relations with the federal government. Furthermore, despite the Constitution's attempt to clarify roles and responsibilities, there is *de facto* lack of clarity regarding relative mandates of subnational government and also mandates among line ministries at all levels of government.

The roles, responsibilities and mandates of states and local governments raises a number of issues for the design of the Local Empowerment and Environmental Management Program (LEEMP): (a) boundaries of shared mandates between states and local government for education, health, agriculture, natural resources and environmental management require clarification and agreement by stakeholders; (b) viable local, state and river basin institutions need to be established (or strengthened) to link the plans evolved at the community level using microwatershed management principles to management of river basins (macrowatersheds). Linking micro- with macrowatershed management is necessary to take account of upstream/downstream issues and for the wider objective of ensuring equitable access to water;(c) shared mandates of states and local governments mean that financing of multisectoral microprojects (feeder roads, drinking water, soil conservation) requires the participation of both subnational units of government in the approval of microprojects and a linkage with their own development plans; (d) cost-effective and sustainable scaling-up of the community-driven LEEMP program to national coverage can be feasible only if local governments' capacity is enhanced to take on greater responsibility for participatory planning, transfer of funds to community associations, ensuring that funds are adequately accounted for by communities and reporting on use of funds; and (e) given the large-scale nature of the problem, the strategy to enhance governance capacity (transparency, accountability, inclusiveness, participation) among local governments and states cannot be micromanaged by the LEEMP and should be incentive based and reward good performance.

3. Sector issues to be addressed by the project and strategic choices:

Institutional Reforms

Institutional reforms will be directed toward 3 critical areas: to establish (1) regulatory frameworks that protect the poor and promote environmentally and socially sustainable development; (2) state and local government capacity to facilitate communities to develop multisectoral community development plans based on the principles of microwatershed management; and (3) transparent, accountable and systemic mechanisms at state and local government levels to directly finance priorities identified by communities. Severe constraints have limited the actual impact of public institutions with the responsibility for providing these services. Institutions such as the newly established Federal Ministry for Environment (ENV), State Environmental Agencies, and State Productive and Social Departments need to set priorities within realistic budget envelopes rather than scatter their limited resources too broadly and ineffectively. Clear divisions of responsibility will need to be defined among the institutions, with a clear delineation of horizontal as well as vertical linkages. Such a definition of responsibilities will support the establishment of common objectives formulated with the active participation of the local communities.

A community-driven development approach will be used to address the following sector issues: (a) *empower communities* by providing untied grants and encouraging partnerships among local governments to implement microprojects (as diverse as schools, health centers, erosion control measures, road improvements) that the communities themselves identify as important; (b) *improve accountability of local governments* by supporting participation and transparency through timely sharing of local government budgets, development plans and accounts with their constituents; and, (c) *build capacity of local governments* by strengthening their critical skills of budgeting, participatory planning, financial management, procurement and monitoring project implementation.

Sustainable Management of Protected Areas

The program will address the direct and indirect causes of degradation of Protected Areas. These will include (1) clarifying the policy and legislative environment governing management of Protected Areas and biodiversity conservation; (2) establishing effective mechanisms of institutional coordination among public agencies from the national to the state and local levels of government; (3) building capacity to monitor and enforce regulations; (4) stakeholders' participating in determining the management plans of Protected Areas; and (5) promoting ecologically sustainable livelihoods in the support zone to reduce poverty and the dependence on resources in the Protected Areas.

Strategic Choices for Environmentally and Socially Inclusive Development

Most community-driven approaches require communities to select their own development priorities, often through a participatory process. The resulting priorities articulated by communities tend to be *pure* public goods (schools, health centers, feeder roads, drinking water) around which it is easier for communities to reach collective agreement. However, environmentally sustainable development using the microwatershed as the physical planning unit undoubtedly also will require the prioritization of some *impure* public goods (soil conservation on slopes upstream or downstream of a school to minimize erosion, agroforestry on soil bunds to stabilize them, plugging small gullies with rock bunds to stabilize the foundations of public or private buildings). However, incentives for such natural resource management technologies as soil conservation can vary considerably, even within narrowly defined agro-ecological zones. E.g. farmers on different slopes experience different rates of erosion; they face different costs of conservation (the optimal spacing of terraces and diversion ditches being a function of slope); and the net benefit accruing to an individual's action is a function of others adopting similar technologies. This last is one of the rationales for promoting collective action. The distribution of asymmetric costs and benefits affects the choice of financial instrument, i.e., whether to use credit or matching grants to finance community development plans.

The costs and benefits of a resource management activity, whether on private property, common property or both, have implications not only for individual resource users but also for society as a whole. For example, soil erosion or deforestation may lead to siltation of reservoirs and rivers, resulting in real costs to society. Individuals, however, will tend only to consider the costs and benefits that actually accrue to them from the decisions they make about how to use their resources. They would tend to value the costs and benefits without any attempt to adjust for external effects. Therefore, even though society may be interested in retarding the degradation of a resource, conservation measures will be adopted by resource users only if the *individual* net benefits are greater than the costs.

Therefore, the program will use matching grants to induce individual resource users to adopt new technologies for the benefit of society as a whole. That is, the program will use direct grants to communities matched by variable contributions from communities depending on the nature of the good that is prioritized. Prioritization of a pure public good will require a higher contribution from communities than an impure public good such as soil conservation. The emphasis of the participatory process on environmentally and socially inclusive planning and decentralization of prioritization, fiscal, and implementation authority directly to communities will provide additional incentives for community participation and prioritization of impure public goods.

Targeting IDA Resources to Leverage Institutional Reform

Poverty is widespread and pervasive in rural areas. If only poverty criteria were used for targeting, it is

likely that most rural LGAs in a given state would qualify for assistance. However, given that IDA resources are constrained and it would not be possible to target all LGAs and communities, the program will seek to leverage institutional reform and good governance through a competitive selection of LGAs. While all rural LGAs will benefit from training and capacity building inputs, only communities living in the jurisdiction of LGAs that have met preset capacity benchmarks would be eligible to receive investment resources to finance their development priorities. The aim of this approach is to provide incentives for local governments to provide economic and social services to their constituencies while encouraging communities to demand such services from their local governments. In targeting its resources to better performing LGAs, IDA thus will encourage others to emulate similar standards.

C. Project Description Summary

1. Project components (see Annex 2 for a detailed description and Annex 3 for a detailed cost breakdown):

The components are as follows:

(1) Multisectoral Community-Driven Investments

About 60% of the credit will fund (on a grant basis) direct investments at the community level for multisectoral public infrastructure establishment and/or rehabilitation microprojects. Multidisciplinary Implementation Teams (MITs) financed under the Program Management component will facilitate the identification, planning and prioritization processes. This component also will finance training of all Community Project Management Committees and include a pilot to test innovative approaches to strengthen community microprojects that have the potential for greater commercial viability.

(2) Local Government Assessment and Capacity Building

This component will finance a comprehensive and universal local government capacity assessment that is designed as a scorecard. All rural LGAs in the participating states, regardless of assessment score, will be eligible for training and capacity building provided under this component. However, MITs (financed under the Program Management component) will be placed in only the top 3 scoring LGAs in a given state in the first year and in an additional 3 LGAs in the second year (the "green light" LGAs). Rural LGAs will have an assigned role in the microproject cycle for approving Community Development Plans financed under component 1. Depending on their demonstrated performance, LGAs may be given a notional budget envelope for communities within their area to allocate as part of their annual budgetary process. This component will also finance the capacity building of the Department of Local Government Affairs of the States and Local Government Affairs Office in The Presidency to enable them to better manage the provision of training services to local governments.

(3) Protected Area and Biodiversity Management Component

GEF will finance the incremental cost of activities that have global benefits in 4 areas: Yankari National Park, Kainji National Park, Lame Burra Game Reserve and Maladumba Lake and Forest Reserve. NPS and relevant state agencies will be assisted with technical assistance, equipment anbd civil works for ensuring better management of biodiversity and ecosystem services within selected protected areas. In addition, this component also will support development initiatives of communities living within the support zones of the selected Protected Areas and more closely promote the involvement of local stakeholders in Protected Area management.

(4) Strengthening the Environmental Institutional Framework

This component aims to improve the legal framework and enforcement capacity for environmental protection and enhancement of the natural resources management regime.

(5) Program Management

Beneficiary communities will elect a Community Project Management Committee (CPMC), which will be responsible for all administrative and financial matters concerning microproject implementation. MITs will be established by SPSUs to facilitate the participatory planning process at the community level. Each participating state will have an SPSU. This component will finance the incremental operating costs of the FPSU, SPSUs and MITs; communications strategy; the baseline survey; subsequent monitoring and impact evaluation activities (see Annex 2), and; establishment and operation of the Management Information System.

Component	Indicative Costs (US$M)	% of Total	Bank financing (US$M)	% of Total	GEF financing (US$M)	% GEF financing
1. Multisectoral Community-Driven Investments	46.02	50.6	41.55	59.3	0.00	0.0
2. Local Government Assessment and Capacity Building	4.96	5.5	4.04	5.8	0.00	0.0
3. Protected Area and Biodiversity Management	9.81	10.8	0.00	0.0	8.00	100.0
4. Strengthening Environmental Institutional Framework	0.87	1.0	0.76	1.1	0.00	0.0
5. Program Management	28.72	31.6	23.09	33.0	0.00	0.0
6. Project Preparation Facility	0.60	0.7	0.60	0.9	0.00	0.0
Global Components	0.00	0.0	0.0	0.0	0.00	
Total Project Costs	90.98	100.0	70.04	100.0	8.00	100.0
Total Financing Required	90.98	100.0	70.04	100.0	8.00	100.0

2. Key policy and institutional reforms supported by the project:

(See Annex 2 for more details)

Two primary institutional reform efforts are integrated in and supported as key objectives by the project. The first effort is directed toward the federal and state environmental institutional framework, and is aimed at capitalizing on the Nigerian government's own proactive efforts to reform and strengthen this framework. The second is aimed at establishing a framework by which the capacity and needs for LGA administrative reform can be assessed and addressed.

With regard to Protected Area management, options for improvements will be focused on modalities for collaboration with the private sector and local communities living within adjacent support zones. The project will affect state-level financial institutional arrangements by establishing a viable mechanism for financing communities and local governments. In addition, it will ensure that the mechanism is nested within an existing state-level institution and part of the budgetary process.

Finally, it is envisaged that LEEMP will establish a mechanism to finance all community-driven development initiatives that fall within the rural domain. Financing multisectoral community priorities will be the responsibility of the LEEMP.

3. Benefits and target population:

Nine pilot states have been selected by the Federal Government of Nigeria (FGN) for the first 2 years of program implementation: Adamawa, Bauchi, Bayelsa, Benue, Enugu, Imo, Katsina, Niger and Oyo. GEF-financed activities will promote effective and participatory management of 4 Protected Areas in Bauchi and Niger states: Yankari and Kainji National Parks and their support zones, the Lame-Burra Game Reserve and support zone, and Maladumba Lake and Forest Reserve (see Annex 4, Incremental Costs and Global Environmental Benefits). During preparation it was envisaged that the program would be scaled up gradually to 12 states. However, just prior to negotiation, the Federal Republic of Nigeria was deemed to be in the low case lending scenario as described in the JISU of 2001. Therefore, the size of the IDA credit for this operation was reduced from US$105 million to its current level. Scale-up to additional states is not envisaged unless some of the existing 9 states do not disburse as envisaged and there is therefore a potential to include more states at mid-term.

Depending on community priorities, component 1 will decrease soil erosion (land degradation) on upland areas, reduce downstream floods, increase production of fodder, fuelwood and grasses. Sustainable use of medicinal plant species will yield economic, social and health benefits. Sound management of catchment areas will increase agricultural productivity on arable lands. Direct and indirect employment will be created in the rural sector, including transportation and marketing. Rural infrastructure investments will reduce the cost of transportation and improve access to markets and social amenities. There will be a special emphasis on women and vulnerable groups within the watersheds.

Component 2 will strengthen the planning, budgeting, implementation and reporting of rural local governments by (1) establishing an incentive framework for LGAs to improve their performance in these key areas and (2) providing targeted training to all rural local governments in participating states to enable them to improve their administrative capacity for more responsive service delivery.

The benefits of component 3, in line with the objective of conservation and sustainable use of significant biodiversity, are difficult to quantify in monetary terms, or to assign to specific populations. However, ecosystem services such as generation of biomass and nutrients, control of erosion and sedimentation and maintenance of genetic potential, along with the range of aesthetic, cultural and ethical values represented by the maintenance of biological capital, are significant. Through GEF-supported activities, communities living in the support zones adjacent to the target Protected Areas, roughly estimated at around 1 million people, will derive direct benefits in the short to medium term. GEF-supported activities seek to (a) support and extend productive uses, compatible with conservation of biodiversity within the Protected Areas and support zones and (b) promote adoption of alternative development options compatible with conservation and sustainable use of biological diversity and maintenance of ecosystem services.

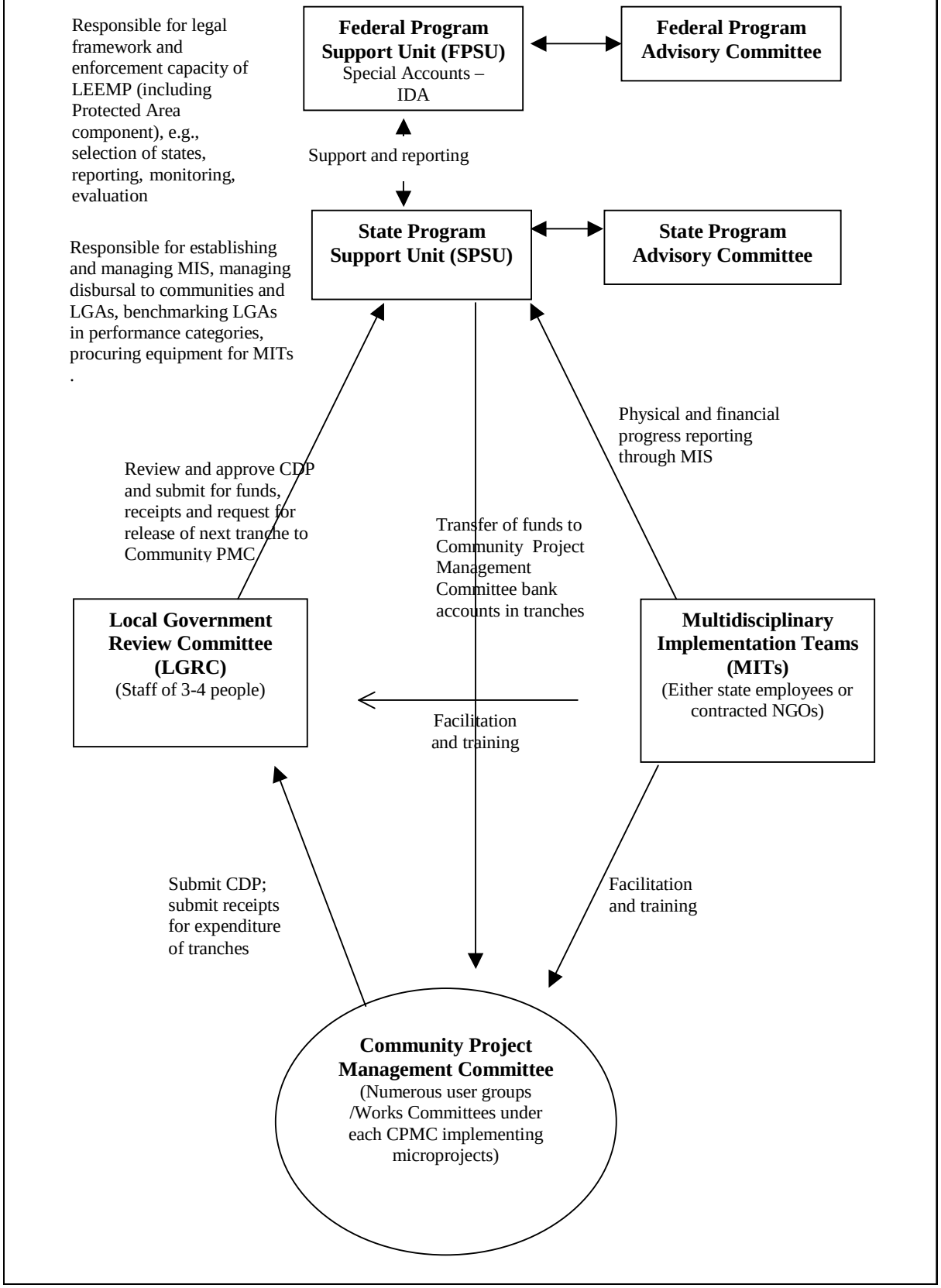
Activities financed under component 4 will benefit both the participating states and the Nigerian population. These activities include clarifying and harmonizing the environmental legislative and regulatory framework; decentralizing some responsibilities for environmental protection and natural resource management to state and local institutions; and strengthening state and local capacity to contract out environmental impact assessments and compliance monitoring.

4. Institutional and implementation arrangements:

The LEEMP is seeking to establish a common platform for the financing of multi-sectoral community managed microprojects in the rural domain. Through the participatory process developed under the LEEMP, communities can identify investments from a wide menu. If investments cannot be financed under the LEEMP they will be channelled to other IDA financed projects. The feasibility of such an approach will be further enhanced because the LEEMP is also seeking to establish a Project Financial Management Unit (PFMU) in the Office of the State Accountant General in each participating state. In states that agree to establish such a unit, the PFMU will manage all special accounts of all IDA projects. In effect, the PFMU will be a state financing platform for IDA projects. Coordination between IDA projects will be further strengthened by ensuring that other IDA financed project Coordinators are represented on the State and Federal Advisory Committees of LEEMP.

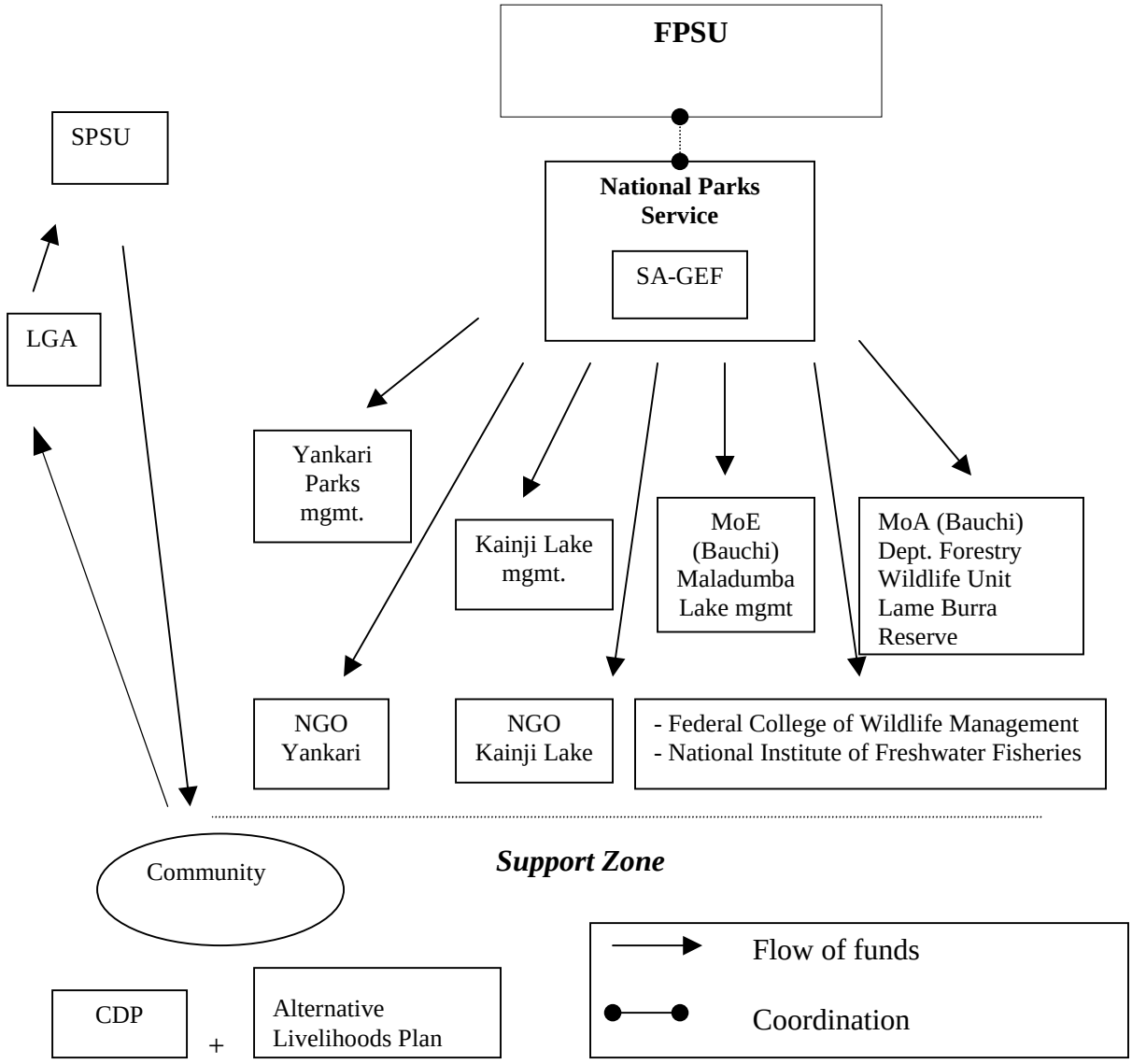
The overall approach behind the program's administrative, financial and implementation arrangements is decentralized, bottom-up, demand-driven community development. Therefore, most program-related decisions will take place at the state, LGA and community levels. The Program Implementation Manual (PIM) will guide implementation. For detailed overall project implementation arrangements at each level, see Annex 2 and diagram 1 below.

Diagram 1. Implementation arrangements and funds flow



each CPMC implementing microprojects)

Diagram 2: Implementation arrangements for GEF Protected Areas management component



Monitoring and Evaluation and the Management Information System

Monitoring will take place by different actors at multiple levels. The program's comprehensive monitoring and evaluation system is detailed in Annex 2. The M&E framework is diagrammed in the same annex.

Financial Management

ENV will establish a Project Accounting Section (PAS) in the FPSU under the Department for Planning, Research and Statistics, headed by a professionally qualified Project Accountant and supported by

appropriately qualified staff. The PAS will be responsible for the management of the credit at the federal level. Initially, each participating state will establish a Project Accounting Unit in the SPSU (PAU/SPSU). It is expected that the staff and functions of the PAU/SPSU subsequently will transfer to the State Project Financial Management Unit (PFMU), which will be established in the Office of the State Accountant General under the proposed funds flow arrangements for Nigeria. The PFMU will be responsible for managing the financial affairs of Bank-assisted projects in the state, including LEEMP. Specifically, the PAS and PFMU (or PAU/SPSU) will, among other things, be responsible for preparing budgets, monthly reports, quarterly financial monitoring reports, annual financial statements and progress reports respectively for the ENV and state components. PAS and PFMU (or PAU/SPSU) also will be responsible for ensuring compliance with the financial management requirements of the Bank and the government, including forwarding the quarterly financial monitoring reports and annual financial statements to IDA.

The members of each participating community will elect a CPMC, which will include a treasurer and a financial secretary. At the community level, the CPMC will be responsible for managing the financial affairs of the microprojects. Its responsibilities will include preparing the community development plan, seeking MIT's endorsement and LGRC's approval for the plan, requesting funds from the SPSU, maintaining appropriate documentation of all financial transactions, preparing and forwarding appropriate returns to the SPSU and regularly rendering to community members the accounts of funds received and expenditures incurred.

At NPS, the Finance and Accounts Department (FAD) will handle the financial management aspect of the project. The department is headed by an experienced accountant and staffed appropriately. The FAD will be responsible for the day-to-day management of the GEF component. Specifically, it prepare budgets (in collaboration with project staff), monthly reports, quarterly Statement of Expenses (SOE) Withdrawal Schedule, quarterly financial monitoring reports, annual financial statements and progress reports. It also will be responsible for ensuring compliance with the Bank's and the government's financial management requirements, including forwarding the quarterly financial monitoring reports and annual financial statements to IDA.

At FPSU, a qualified internal auditor will be appointed to perform internal project audit activities. The NPS internal auditor will extend his/her internal audit activities to the component implemented by NPS. Similarly, at the state level, project activities, including random samples of microprojects, will be reviewed and subjected to internal audit by the Office of the State Accountant General (OAGS) Inspectorate Unit. The MIT also will regularly review the financial performance and physical progress of microprojects. Internal audit reports will be submitted regularly to project coordinators/officers, responsible ministries and the state Accountant General.

At credit effectiveness, the project will use the transaction-based disbursement procedures, i.e., direct payment, reimbursement and special commitments, described in the World Bank Disbursement Handbook. If the borrower requests conversion to report-based disbursements during project implementation, the task team will undertake a review to determine whether the project is eligible.

With respect to banking arrangements and funds flow, IDA will disburse the credit through Special Accounts (SAs) consisting of (a) one SA for the federal component managed by FPSU; (b) one SA for each state that has established its PFMU in the manner described in Annex 6B, and (c) one SA for all states that have not yet established their PFMUs, which will be managed by FPSU on behalf of the states. GEF funds will be disbursed through a SA managed by National Parks. Each participating state that has established its PFMUs, FPSU and National Parks will maintain a SA in US dollars in which the initial deposit and replenishments from IDA will be lodged. In addition, the participating states, FPSU and

National Parks each will maintain (a) a Current (Draw-down) Account in naira to which draw-downs from the Special Account will be credited once or twice per month in respect of incurred eligible expenditures and (b) a Current (Project) Account in naira to which the government's counterpart funds will be deposited. Each CPMC will open a community bank account into which funds will be disbursed directly by the SPSU.

The FPSU, NPS and the participating state each will prepare and submit to IDA Audited Project Financial Statements within 6 months after year-end. By credit effectiveness, FPSU, National Parks and PFMUs (or SPSU) each will appoint relevantly qualified external auditors on Terms of Reference acceptable to the Bank. The auditors will audit the project accounts and financial statements in accordance with International Standards on Auditing (ISAs). The audit reports will include opinion paragraphs on the Audited Project Financial Statements, and the accuracy and propriety of expenditures made under the SOE procedures and the extent to which these can be relied on as a basis for loan disbursements. Regarding each Special Account, the auditor also will be expected to form an opinion on the degree of compliance with IDA procedures and the balance at year-end for each individual special account.

The overall conclusion of the financial management assessments is that, provided the conditions outlined in section G are met by FPSU, NPS and the states prior to credit effectiveness, the Bank’s financial management requirements will be satisfied.

D. Project Rationale

1. Project alternatives considered and reasons for rejection:

Community Level

Previous projects have sought to address poverty, access to education, natural resource degradation and other problems through a variety of education, health, agricultural, soil conservation or forestry line agencies. The common administrative approach has been to focus on capacity building of line ministries while implementing physical investments on public and private land, often with a predominant single technical solution. In the case of natural resource degradation, projects also have sought to encourage the adoption of conservation-oriented farming practices on private land. Some previous projects also have sought to classify different regions according to the primary sectoral constraint (e.g., in the Northern states, deforestation, girls' access to education) and then design projects with a limited set of technical solutions to address those problems through sectorally focused projects. Some sectorally focused programs also have sought to adopt a participatory approach to working with communities. However, because of their limited technical solutions, the approach has tended to be driven by supply rather than by the communities' actual priority needs. The result has been that project investments' sustainability at the community level has been a perennial problem and that, despite considerable levels of subsidies, the projects rarely have managed to scale up their geographical coverage.

When the priorities of communities are assessed at the microlevel (i.e., at the village level), it is evident that communities vary considerably in their perceptions of key problems, their analyses of the underlying causes and their proposed actions to address the problems. Therefore, priorities inevitably are location specific, and often, priorities need to be determined at the micro (or community) level that may encompass one or more villages. It is now well understood that if local-level project investments are to be sustained through beneficiary participation they must address genuine priorities and have a strong sense of ownership by beneficiaries. Furthermore, to scale up project impacts in terms of geographic space, the microprojects must provide the right incentives for community-driven development. Thus, it is necessary

to address local concerns through an integrated and multidisciplinary approach to respond to actual community priorities while maximizing the synergistic benefits.

LGA Level

There is a trade-off between scaling up rapidly and achieving desired impact on the ground. Scaling up can be achieved quite rapidly simply by using a communications campaign to solicit microproject proposals from communities. On the other hand, a more intensive participatory planning process will ensure greater inclusiveness and ownership in decisionmaking by communities. This participatory planning, in turn, will increase the chances of community investments being sustained over the long term. The LEEMP will establish MITs in each participating local government that will facilitate an intensive participatory planning process using the microwatershed as the physical planning unit. The microwatershed approach has the advantage of ensuring that communities assess and prioritize all proposed microprojects by analyzing the complex of issues related to increasing soil and moisture loss, land degradation, sedimentation, deforestation, irregular stream flows and poverty. NGOs can be contracted to act as MITs. However, in many states, it is difficult to find qualified, experienced NGOs. Therefore, the initial batch of MITs will be formed by competitively recruiting young civil servants. Initially, there will be only 3 to 4 MITs per state to ensure that quality personnel are selected and that they build up their participatory planning skills. At the start, within each LGA, the MITs will concentrate in a few neighboring communities to establish the zone of impact, i.e., the critical mass to generate expanding waves of change. When the MITs begin to work with other communities, they first will facilitate an exposure visit for the new communities to the zone of impact. Such a visit will reduce the lead time of convincing communities of the potential benefits of collective action (often the hardest stage in the participatory process). As more zones of impact are established, the program will be able to scale up geographical coverage faster using the same limited resource of the MITs.

State Level

To achieve the program objectives, 3 institutional options for implementation at the state level were considered: (1) to use coordinated inputs from existing line ministries at the state level; (2) to establish an independent agency enshrined in a state by-law (similar to Social Fund); and (3) to second staff from relevant line ministries to a state agency (equivalent to Project Implementation Units, PIUs) and strengthen its financial, procurement and other capacities. The first option was rejected because it will have required a sophisticated level of coordination among the various line ministries to promote genuine multisectoral community development. Furthermore, an assessment of the fiduciary risk of this option found that most state line ministries have very weak (or, in the case of newly created states, nonexistent) financial accounting, budget monitoring and accountability systems. If the program were to have used this first option, it will have had to strengthen the fiduciary capacities of each line ministry prior to initiating work with local governments and communities. The second option was rejected because Nigeria already has a Social Fund project approved by the World Bank in 2000 (the Community-Based Poverty Reduction Project - P069086). Moreover, it also was felt that a Social Fund agency will find it difficult to address local governance objectives. In addition, its long-term sustainability was questionable because of the distortion that will be created in the local political economy by creating an institution that will be exempt from most of the procurement, salary and other civil service rules and procedures. The third option was considered the best fit for achieving the desired objectives. Most states already have a project monitoring unit (or equivalent), usually sited under the governor's office. These agencies were either established under previous donor-supported projects or were established by the governor to implement specific state-financed projects. The agencies are required to conform to existing rules, procedures and salary norms of the civil service. To ensure that the agencies had the required multidisciplinary skills to achieve the program objectives, it will be easier for line ministries to second

individuals to these agencies. Furthermore, it will be easier for the program to establish one robust accounting and monitoring system in this agency than in all line ministries. While the use of a PIU-like structure at the state level is not ideal, it should be recognized that the LEEMP is concerned primarily with strengthening governance capacity at local government and community levels. Strengthening state institutions will need to be addressed by a separate program.

Protected Areas

Initially, the inclusion within the project of all Protected Areas designated National Parks was considered. This option was soon rejected for a range of reasons: (a) some of these National Parks such as the Gashaka Gumti National Park and Cross River National Park either had projects funded by other donors or were in the process of receiving support from other donors; and (b) management, monitoring and supervision will be significant challenges due to the geographical scope and location of the different parks and Protected Areas. Thereafter, the inclusion of all Protected Areas within the states targeted by the LEEMP was considered. This option also was rejected due to the large number and diversity of Protected Areas within these 6 states. As the project design progressed, 4 Protected Areas--Yankari and Kainji Lake National Parks, Lame Burra Game Reserve and Maladumba Lake and Forest Reserve--falling within 2 states--Niger and Bauchi--were chosen. The selection of the areas is based on a number of reasons including: (a) ownership, commitment and state of preparedness of implementing agencies; (b) existence of high value global biodiversity; (c) existence of local NGOs to support comanagement options; and (d) existing experience with sustainable livelihood program delivery by NPS and by local NGOs, such as Savannah Conservation, and the ability to build on such experience. If the interventions are deemed to be successful during the first few years of implementation, lessons learned easily could be replicated within other Protected Areas and their support zones.

The community driven approach will require adopting a long-term approach to local development, including the promotion of coordination and capacity building amongst different ministries at the federal, state and local government levels. Given this context, initially an Adaptable Program Loan (APL) lending instrument was considered. However, because there is no agreed macroeconomic framework with the FGN, at the Project Completion Document (PCD) Review Meeting, it was decided to adopt a Sector Investment Credit as the financing instrument. Nevertheless, it is envisaged that this project (if successful) will be the first phase of a longer term program.

2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned).

Sector Issue	Project	Latest Supervision (PSR) Ratings (Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
Bank-financed			
Institutional and environmental capacity building.	Environmental Management Project (completed March 1999)		S
Afforestation, soil conservation and rehabilitation of plantations	Second Forestry Project (completed August 1997)		S
Agricultural development	Third Multistate Agricultural Development Program (completed June 1998)		S
Agricultural extension, feeder roads	Kaduna/Katsina Agricultural		S

	Development Project (completed May 1996)		
Agricultural research and extension	Agricultural Services project (completed May 1999)		U
Livestock development	Second Livestock Development project (completed December 1996)		S
Road infrastructure construction	Multistate Roads project (completed May 1999)		S
Small-scale irrigation and agricultural development	FADAMA (completed March 1999)		S
Urban water supply and sanitation	Small Towns Water project (effective May 18, 2000		S
Social Fund	Community-based Poverty Reduction Project (effective October 2001)	S	S
Community-based urban multi-sectoral development	Community Based urban Development Project (Board approval in June 2002)		
Capacity building of health systems	Health Systems Development Project II (Board approval in June 2002)		
Universal access to education	Universal Basic Education (under preparation)		
Other development agencies			
Agricultural development and NRM	IFAD: Kaduna Agricultural Development project (closing June 2001)		
Agricultural development and NRM	IFAD: Sokoto State Agricultural and Community Development (closing June 2001)		
NRM	UNDP: Sustainable Agricultural, Environmental and Rural Development project		

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

3. Lessons learned and reflected in the project design:

A number of important lessons can be learned from Social Funds, community driven development projects, watershed development and Protected Area and biodiversity management projects in Africa and South/Southeast Asia. A critical lesson is that successful community-driven development requires widespread, participatory stakeholder involvement in the selection of microlevel investments, the choice of their location and implementation arrangements. The project approach also must be flexible to refine the incentives for community participation and adapt the strategy for scaling up. The principle lessons relevant to this program follow:

- **Adopt a participatory multisectoral development approach.** To catalyze collective action, ensure ownership of investments and encourage the sustainable operation and maintenance of these investments, communities need to prioritize their own investments through a participatory process

that involves all stakeholders including vulnerable, socially and culturally marginalized and other under-represented groups. Furthermore, the menu of microprojects eligible for financing should be as open as possible (within the limits of environmental and social constraints).

- **Benefits must accrue quickly.** Successful community development is greatly dependent on community commitment, participation, operation and maintenance of assets created. Of especial importance in providing the right incentives for community participation and ownership is the need to ensure that microproject interventions provide short-term, as well as medium- and long-term, benefits to individuals and communities. The initial microproject (otherwise known as "entry point" activity) should provide tangible economic benefits in the short-term to increase the potential for maintaining the collective action.
- **Community planning must be truly participatory.** It is essential to assign sufficient time and support at the initiation of microprojects to ensure that an interactive planning process is established. These planning approaches should have as their objective to put planners, agency staff and villagers on common ground to identify key problems, analyze their causes and devise realistic action plans that reflect both local needs and the availability of government and local resources. Successful approaches include techniques for collecting and discussing information in an open-ended way, draw strongly on indigenous technical knowledge as well as professional expertise, and are conducted in stages to enable villagers to participate in devising action plans, rather than simply reacting to plans drawn up by government extension agents or officials.
- **Target the poor and vulnerable.** Social organization must address the needs of each interest group (farmers, landless, women, nomads, different age groups and other vulnerable groups) to give them an integral stake in the success of the microproject and to avoid tendencies to free-ride on the collective action of other members of the community. Specific measures such as focus group discussions and topical PRAs are needed identify needs of the landless poor and other vulnerable groups and develop possible solutions.
- **Decentralize fiscal control and authority to communities.** Local people should decide jointly with project management not only on the selection of treatments but also on the sequencing of microprojects, revising plans to adjust to changing conditions. Authority and control over financial management also should be decentralized to community organizations, including allowing for local procurement and contracting for technical assistance for microproject implementation. Decentralization will reduce the likelihood of misuse of funds while building local organizational capacity that will be essential for ongoing operation and management. Evidence indicates that community-controlled procurement of materials and labor can result in savings of over 70% in the cost of microprojects as compared to projects in which procurement is managed centrally by the implementing agency.
- **Involve community-based organizations and local governments to sustain investments and facilitate scaling up.** Establishing community-based organizations and making them responsible for identification, planning, implementation and post-microproject operation and maintenance is the only way to ensure sustainability. Local organizations also should be linked to Local Government Associations to ensure that a forum is established to resolve intervillage conflicts over resource use and to ensure that complementary intervillage infrastructure is operated and maintained beyond program financing.
- **Complement conservation activities with interventions aimed at meeting socioeconomic needs.** To be effective, conservation-oriented initiatives also must consider communities' socioeconomic needs. The project responds to this lesson through the inclusion of a component aimed at identifying and promoting alternative livelihood options to improve the impoverished conditions of communities in support zones adjacent to Protected Areas, while minimizing the stress on the Protected Area itself.
- **Establish systematic monitoring and evaluation.** Systematic monitoring and evaluation are needed

to assess performance and remove bottlenecks. This procedure requires clear monitorable indicators of project performance and achievement of development objectives.

4. Indications of borrower and recipient commitment and ownership:

Federal Commitment

The Federal Government of Nigeria (FGN) requested the Bank's assistance in developing a community-based NRM project. In April 1999, the FGN sent a concept document for a proposed community-based NRM project. Subsequently, a desk review of the existing sector studies available on Nigeria was carried out to identify the key issues and options of relevance to the sector. A paper entitled "Community-Based NRM: Issues and Options for Program Intervention" was produced and discussed at a multistakeholder workshop held in Abuja on November 23, 1999 (Project no. P068357). Workshop participants offered broad support for the concept of a microwatershed and environmental management project. ENV obtained a Project Preparation Facility (PPF) and a Project Development Facility from GEF, and a team was established to develop the logical framework for the project.

The Conservator General of the Nigerian National Parks Service (NPS), the Permanent Secretary of the Environment and the Federal Minister for Environment have given full and continued support to GEF activities within the LEEMP.

State Commitment

State-level commitment to the LEEMP is critical to its success. Objective criteria were used to select participating states. These included (a) states that were willing to adopt a community-driven approach involving the decentralization of decisionmaking responsibility and control and authority over financial resources to beneficiary communities; (b) their willingness to actively involve and build capacity of LGAs; (c) their readiness to decentralize authority to LGAs for approving microproject proposals emerging from beneficiary communities; (d) their willingness to allow NGOs to act as independent MITs to complement the MITs comprising government employees; (e) their willingness to adopt an open, transparent, objective and competitive selection process to identify members of the MITs, and; (f) their willingness to establish and fully fund salaries of at least 10 full-time MITs, each comprising 5 to 7 experienced government employees drawn from relevant state line ministries (Water Resources, Environment, Agriculture and Rural Development).

Based on the above criteria, a scoring system was developed, and each of the states in three macrowatersheds was assigned a score based on its performance against the above criteria. All of the states eventually selected had scored above 70%. All moved quickly to establish counterpart teams comprising individuals with the required political support and technical skills. These states have prefinanced the costs of these preparation teams and of attending meetings in Abuja. These states have clear commitment and a strong desire and willingness to move quickly to prepare and finalize the program design.

5. Value added of Bank and Global support in this project:

Value Added by IDA

1. The Bank's experience in *institutional reform* projects in other parts of the world, especially with regards to environmental legislation and institutions, adds considerable value. The ENV minister recognized this Bank experience and has requested Bank-identified technical assistance to help ENV develop its own long-term vision and action plan.

2. The *strategic focus of this project on poverty reduction* makes for a strong partnership with the borrower, particularly in the context of furthering the decentralized rural development process. The Bank's core agenda is poverty reduction, and, according to the Joint Interim Strategy Update (JISU) (section B. above) process, this is also the core agenda of the FGN.

3. In comparison with that of other donors, the *size of assistance available from the Bank* is more in keeping with the scale of finance needed to impact on poverty and reduction of natural resource degradation in the selected macrowatersheds.

4. The Bank *is the only lender with sufficient leverage and technical capacity to address the macro policy issues* comprehensively, drawing on the experiences of other countries and relevant experience from other projects in the rural sector.

5. The Bank (in partnership with other agencies such as DFID and OECD) are currently *leading the development of second generation governance indicators and scorecard methodologies* to assess performance of public sector institutions. These indicators strive for greater specificity both in measuring performance and institutional arrangements, and in providing guidance on reform measures.

6. Other donors have mentioned that they will not support federal programs but instead will concentrate their resources on states. This leaves the Bank as the *lender of last resort* with sufficient resources and leverage to support macro policy and institutional reform, while developing a national program for community-driven development.

Value Added by GEF

Through the NPS, the FGN provides continued but severely underfunded support for National Park management. With the assistance of local and national NGOs, the NPS supports small-scale development activities for stakeholders within the support zones of the Protected Areas. Responsibility for management of other categories of Protected Areas such as Game Reserves and Forest Reserves falls under the states, and to a lesser extent on Local Government Agencies. State and federal government support for regulation and management of these latter Protected Areas is limited and seemingly ad hoc.

In the absence of GEF assistance, severe negative environmental impacts caused by overexploitation of natural resources will continue to place serious stresses on the ecosystem. Lacking GEF support, explicit biodiversity conservation efforts will be confined to limited areas, with little or no attention given to the essential role of the ecosystem services outside Protected Areas. There will be no guarantee for the protection of critical habitat, the maintenance and exchange of genetic flows or the mobility of migratory species.

Under this baseline scenario of no GEF funding, the government's existing program is expected to help protect and conserve biodiversity and threatened species based on limited financial and human resource availability. However, guaranteeing the maintenance of natural systems and ecological processes does not rest only on the establishment and management of Protected Areas. Measures must be taken within and beyond Protected Areas in the buffer and influence zones. The overall objective is to ensure that Protected Areas are conceived and managed not as "islands of protection" but rather as parts of an *integral regional strategy* of natural resource conservation and sustainable use. GEF support will assist the FGN to undertake a more ambitious program that will generate both national and global benefits. The GEF alternative comprises an expanded conservation and sustainable use program. It is designed explicitly both to address biodiversity conservation within the targeted Protected Areas, and to promote biodiversity conservation and maintenance of ecosystem services outside the Protected Areas in the

support zones.

E. Summary Project Analysis (Detailed assessments are in the project file, see Annex 8)

1. Economic (see Annex 4):

○ Cost benefit NPV=US$ million; ERR = % (see Annex 4)

○ Cost effectiveness

○ Incremental Cost

● Other (specify)

Nigeria has no project experience in integrated, multisectoral microwatershed development on which financial and economic analyses can be based. Furthermore, given that investments at the community level will be demand driven, it is not possible to derive a finite assessment of the economic rates of return (ERR) of the project during preparation. One of the project aims is to promote long-term productive benefits arising from planned environmental impact. However, quantifying the indirect benefits from improved environmental management is difficult. Nevertheless, an indicative cost-benefit analysis of individual microproject investments was carried out during preparation, based on the information and data available from line ministries.

LEEMP comprises a large number of microproject components that yield monetarily measurable economic benefits. There are other components whose benefits either do not have a readily accessible market price or are not easily measurable in monetary terms. For the components that have measurable benefits, an economic analysis was carried out relying on a standard net present value (NPV) and internal rate of return (IRR) assessment; for the other components, the analysis relied on a cost-effectiveness assessment.

The largest component in LEEMP is the multisectoral community-driven investment that will see creation of physically and socially productive infrastructures following the development plan prepared by the community with technical assistance from the Multidisciplinary Implementation Team (MIT) and SPSU. For purposes of the economic analysis, it was assumed that approximately US$77 million would be earmarked for this component (however, this was subsequently reduced as preparation proceeded). It was assumed that an estimated US$53 million of this amount would be invested in developing land and water resources with the specific objective of increasing the agricultural productivity and profitability through various physical interventions and extension activities. Such activities, implemented on a microwatershed basis, are expected to give tangible financial and economic returns. It was further assumed that an estimated US$24 million would be invested in activities that are not directly related to land and water, but aimed at strengthening allied sectors such as health, education and transportation and supporting selected self-help-based livelihood activities for highly vulnerable groups.

The investments in microwatershed development activities, with an estimated direct investment of US$53 million and a project duration of 15 years, have a calculated NPV of US$74.59 million and an estimated IRR of 36%.

Cost-Effectiveness Analysis

While a detailed economic analysis was not possible at this stage because the precise activities have not been selected, a limited cost-effectiveness analysis of the international transfers associated with the protected area component is feasible. In this instance, the proposed GEF expenditures alone (US$8 million) are assessed in light of the area that they are intended to protect. As a conservative estimate, it is assumed that these expenditures apply only to the targeted national park areas (Yankari and Kainji Lake),

because these areas support the most significant global benefits, and only to the area specifically gazetted within these parks. Actual protection and impacts will extend beyond these park boundaries, as well as to other reserves. For these 2 parks, however, it is estimated that the total intervention translates to an annualized cost of approximately US$360/km^2/year of effective protection.This figure reflects the basic hypothesis that improved protective measures will ensure protection of a wider range of species and habitats; otherwise, the 757,000 hectares (ha) of land area within these 2 parks would have experienced continuous degradation. Worldwide, typical conservation expenditures reflect international interventions corresponding from approximately US$25/km2/year to US$2,500/km2/year of protection. Thus, for these Nigerian park areas, LEEMP provides an opportunity to implement relatively efficient conservation expenditures.

GEF Incremental Cost Analysis

The project financing plan proposes that, of the total financing requirement of US$91 million, US$8 million would be provided as a grant through the GEF to meet the global environmental objectives typically associated with biodiversity protection. Some of the developmental initiatives in the buffer areas of the parks and reserves have a direct positive impact on protecting the park areas themselves from poaching and other unsustainable harvesting activity. However, the nature of some of these "out-of-park" investments will not be determined until the project is underway. This procedure conforms to the project concept that the specific activities to improve project sustainability need to be defined by local stakeholders. The project concept makes the usual incremental cost (IC) calculus problematic, because little basis exists on which to estimate an adjustment for local benefits that may spin off from GEF investments. Nevertheless, an IC analysis was undertaken that focuses on global benefits and accounts for a limited range of domestic benefits (Annex 4). The primary purpose of the analysis is to assess GEF contributions using conventions that respect GEF appraisal procedures (requiring acknowledgment of a baseline development scenario). In addition, the analysis acknowledges some of the analytical constraints inherent in conducting the analysis within a limited appraisal context. The analytical results are intended to inform the "reasonableness" of the proposed GEF expenditure of US$8 million, rather than explicitly argue that this is, indeed, the optimal level of GEF contribution. The analysis suggests that, taking into account baseline considerations, the incremental expenditures over 5 years under the GEF alternative are approximately US$18.7 million, depending on the allocation of out-of-park expenditures and the treatment of institutional, policy-related, and outreach expenditures that have multiple impacts. Incremental domestic benefits from associated conservation investments are estimated at US$10.7 million. In effect, international grant aid of approximately US$8 million (over 5 years) would be an economically appropriate and conservative intervention under GEF IC guidelines. The analysis also indicated that, based on available literature, the annual global economic benefits from these protected areas are estimated conservatively at US$22.5 million, and these levels may well be an order of magnitude higher. From this perspective, there is economic justification for increasing the GEF amount above the proposed US$8 million.

2. Financial (see Annex 4 and Annex 5):

NPV=US$ million; FRR = % (see Annex 4)

The key to the success of the project will be the development of appropriate matching grants for microinvestments that provide sufficient incentives for adoption while improving the potential that the investments will be perceived as being owned by the beneficiaries. The level of matching grants is a function not only of the cost-benefit ratio. It also will be dependent on a number of complex factors including the relative wealth of populations, the willingness of beneficiaries to pay and the asymmetries in the costs and benefits of individual microprojects. During the first 2 years, the incentives will be revised based on observation of demand and feedback from beneficiaries.

Fiscal Impact:

Investment of approximately US$46 million in community-driven projects will see a direct generation of wealth at the family level in the form of marketable surplus in agricultural production and increased efficiency in value addition and marketing of goods and services. Improvement in income generation capacity of the community will have a direct impact on the members' purchasing power, thereby improving revenue collection prospects for various levels of governance. Increased government revenue in turn will spur improved provision of essential civic services and employment opportunities. Private enterprise, particularly in the farm sector, will experience increased investment in land and water resources development.

The most significant impact of LEEMP will be visible at the family level, particularly in families that currently are out of the loop of the highly inefficient services of the local governments. In many cases for the first time, financial resources will flow directly to the user groups, who represent marginalized farming communities as well as families dependent on livestock rearing and common property resources.

3. Technical:

The LEEMP is seeking to finance multisectoral investments demanded by beneficiaries. The social assessments carried out during preparation highlighted that primary health centers, school rehabilitation and construction, drinking water supply, rehabilitation of feeder roads and post-harvest productive infrastructures are among the sectoral investments likely to prioritized. Standard guidelines are being developed for the key public goods likely to be prioritized. These guidelines will specify the following: (1) technical design standards and service level options;(2) approximate investment for each option, including indicative community contribution toward capital cost and recurrent costs, detailed into unit costs and approximate per capita costs; (3) environmental issues and appropriate mitigation measures; (4) operations and maintenance requirement at the community level, focusing on the skills required; (5) sample bills of quantity and schedules of materials required in constructing any of the suggested agroprocessing items; (6) technical specifications of the types of equipment, machinery and materials to be used. The guidelines will be published in the Program Implementation Manual and will be revised during implementation.

4. Institutional:

4.1 Executing agencies:

The project will be executed by MITs at the LGA level drawn initially from civil servants and line ministries through an open and transparent competitive process. The project will work in 9 pilot states in the first 2 years. In each state, it will establish 3 to 5 MITs comprising 4 to 5 individuals with skills in community development, civil engineering, natural resource management, rural development, women's development and participatory processes. Each MIT will be responsible for facilitating the participatory community planning process with several communities in each selected LGA (dependent on the size of each LGA). Once a CDP has been elaborated, the MITs will facilitate linkages with the relevant local and state-level line ministries to provide technical assistance to communities to design and implement the CDP. In addition, NGOs will be encouraged to apply to become MITs.

With regard to the GEF-supported activities, in Niger and Bauchi states, NPS will be the main executing agency, with support as needed from the FPSU. NPS will carry out the activities within the protected areas of Yankari and Kainji National Parks as well as coordinate the sustainable livelihood initiatives in the support zones in close collaboration with relevant LGAs, local NGOs and community organizations. The sustainable livelihood initiatives will build on the experience of NPS and NGOs such as the Nigerian

Conservation Foundation and Savannah Conservation to promote ecologically and financially viable development activities that aim to reduce pressure on the protected areas while providing the local communities with a livelihood option. Similarly, in Bauchi state, the Ministry of Environment will liaise with relevant LGAs, local NGOs, the Bauchi University and the private sector to implement activities in and around the Lame Burra Game Reserve and Maladumba Lake and Forest Reserve.

4.2 Project management:

At the federal level, project management will be the responsibility of a FPSU with assistance and support from a Federal Advisory Committee. At the state level, SPSUs will be established. During preparation, each state developed its own arrangements for ensuring institutional coordination across ministries and these arrangements will be reflected in the Program Implementation Manual (PIM). This institutional coordination will allow for experimentation and learning during the first 2 years. Service delivery targets will be established for the technical assistance to be provided to communities by each line ministry. These targets will be reflected in the Implementation Manual, which will be reviewed annually. However, financial and procurement arrangements will be standardized for the whole program on a national basis.

4.3 Procurement issues:

The most recent *Country Procurement Assessment Report* (CPAR) is dated June 30, 2000. Based on the recommendation of the CPAR, Nigeria is currently implementing a Procurement Reform that will enhance the quality of existing procurement policies and practices.*A formal assessment of the capacity of participating states for the first phase of the project has been conducted according to August 11, 1998 Procurement Services Policy Group (OCSPR) guidelines.* The assessment outlines the main issues and recommendations and is in the project files. However, a re-assessment of the capacity of the participating SPSUs and FPSU will need to be carried out once the FPSU and SPSUs have been established and staff recruited.

Apart from some procurement of vehicles and equipment at federal and state levels, the project will decentralize the majority of the financial resources (60%) directly to Community Project Management Committees (CPMCs). CPMCs will have authority and responsibility for the procurement of technical assistance, goods and services to implement their CDPs. A number of PRAs conducted on randomly selected communities in the project area to examine their capacity for procurement indicated some capacity. Nevertheless, the procurement risk rating for communities is high, and additional training in procurement, bookkeeping, basic financial management, administrative functions and accounting will be needed. MITs will provide this training to CPMCs during and after the participatory planning process. Before effectiveness, a project-launch workshop will be organized to familiarize FPSU and SPSUs and other institutions involved in the execution of project with Bank procedures. The workshop will cover procurement policy and procedures and their application to procurement arrangements planned for project implementation, disbursement, reporting and auditing requirements. There is no existing procurement manual at FPSU and in any state SPSU. Therefore, the Federal Ministry of Environment will hire the services of a consultant to assist the project to prepare a comprehensive and coherent Procurement Manual acceptable to IDA, before effectiveness. Agreement will be reached during negotiations that such manual will be adopted by all the states as a condition of effectiveness for the states. The budget available to MITs also provides for hiring external agencies to train CPMCs.

4.4 Financial management issues:

The Country Financial Accountability Assessment (CFAA) for Nigeria revealed that the systems for planning, budgeting, monitoring and controlling public resources have deteriorated to the level that they do not provide any reasonable assurance that funds are used for the intended purpose. The risk of waste, diversion and misuse of funds was assessed as high. At the project level, the major financial management

issues are (a) acceptable financial management systems are not yet in place at the FPSU, (b) staff at the National Parks and those to be recruited for the FPSU may have no previous knowledge of World Bank procedures or experience in managing IDA funds and (c) funds have to be disbursed to local communities in which adequate financial management capacity has yet to be developed.

The financial management arrangements at the project level will be designed to address the above issues, i.e., to ensure that funds are used for the intended purposes and to facilitate compliance with IDA fiduciary requirements. At the FPSU, the financial management arrangements will be developed in accordance with a Financial Management Action Plan (FMAP). Its salient features include (a) identification and deployment of professionally qualified and experienced project accountant at FPSU, (b) preparation of a Financial Procedures Manual, (c) implementation of a computerized financial management system and (d) appointment of internal and external auditors in accordance with TORs acceptable to IDA. In addition, training in financial management procedures for Bank-financed projects will be provided to the staff of FPSU, SPSU and NPS. At the community level, appropriate financial accountability arrangements will be developed and maintained to ensure that funds are used only for the purpose intended.

5. Environmental: Environmental Category: F (Financial Intermediary Assessment)

5.1 Summarize the steps undertaken for environmental assessment and EMP preparation (including consultation and disclosure) and the significant issues and their treatment emerging from this analysis.

The project has been designed to integrate the environmental and social dimensions of community development and management. Mechanisms will be put in place help local communities identify, assess and manage environmental and social impacts associated with community development.

To this end, an Environmental and Social Management Framework has been prepared for the project. This framework outlines the institutional and technical arrangements for environmental and social impact management of all potential project activities. The investments proposed to be carried out under this project will promote best practice in soil and water conservation and address issues of gully erosion and reforestation of degraded areas in the microwatersheds. These investments will promote environmental sustainability and natural resource conservation.

Each microproject undertaken by communities will be screened at different levels of proposal processing, using checklists to assess possible negative environmental and social impacts. When negative impacts resulting from proposed activities are identified, mitigation and management measures will be identified and funded under the project. The approach to be adopted, with roles and responsibilities, is detailed within the Environmental and Social Management Framework. The project will establish state and local capacity to screen and supervise environmental impact assessments and to monitor the implementation of environmental management plans.

The project also will provide support to federal, state and local level agencies to review existing policy and environmental institutional frameworks to strengthen environmental policy and regulations. The EA capacity building support will include training for the target states, LGAs, NGOs and community-based organizations (CBOs) to identify/assess environmental and social impacts, draft terms of reference for environmental work, review EAs and produce and monitor environmental management plans. Training will be provided to ensure that environmental and social management is carried out. The training material will cover the preparation of microproject specific EAs, as well as sectoral and strategic EAs covering geographical areas and sector-specific investments, as needed. The project also will finance environmental awareness programs for target communities within the communication subcomponent.

5.2 What are the main features of the EMP and are they adequate?

Because specific microprojects that communities will propose in these 2 components (Multisectoral Community-Driven Investments, Protected Areas and Biodiversity Management) will be demand driven, they have not yet been determined. For this reason, an EA process pursuant to OP 4.01 will be integrated in the microproject cycle. This process is described in the Environmental and Social Management Framework. Multidisciplinary teams and local governments, as well as state staff, will be intensively trained by the Strengthening Environmental Institutional Framework component to assist communities to assess potential environmental impacts during the preparation and design of microproject proposals. In this way, communities will include EA concerns and any necessary mitigation measures in the design of microproject proposals. The implementation of the Environmental and Social Management Framework is a core element of the program. The framework outlines a methodology that will be used by states, LGAs and communities in assessing, mitigating and monitoring possible environmental impacts. It also provides guidance for a participatory and consultative EA process at the state and local levels.

5.3 For Category A and B projects, timeline and status of EA:
Date of receipt of final draft: May 10, 2002

The draft Environmental and Social Management Framework was disclosed in the country and at the World Bank InfoShop on April 4, 2002. Each participating state has disclosed the framework according to Nigerian regulations and the Bank's disclosure policies.

5.4 How have stakeholders been consulted at the stage of (a) environmental screening and (b) draft EA report on the environmental impacts and proposed environment management plan? Describe mechanisms of consultation that were used and which groups were consulted?

The Environmental and Social Management Framework outlining the background, approach, possible impacts and mitigation and monitoring measures was prepared with local consultants, ENV, reports from the targeted state ministries of environment, findings from the different preparation and preappraisal missions and consultation with a range of stakeholders. The approach for assessing and managing possible environmental impacts arising from specific investments was discussed with different stakeholders. CBOs will be responsible to carry out the investments at the local level. Capacity will be built in the communities, both at the local government level and within the NGOs and CBOs, to carry out basic screening of environmental issues and to determine how investments to be funded by the project will affect them.

5.5 What mechanisms have been established to monitor and evaluate the impact of the project on the environment? Do the indicators reflect the objectives and results of the EMP?

The responsibility for the implementation of the EMP and the overall environmental and social oversight rests with the FPSU. Monitoring compliance is part of the EMP and is an integral element of the responsibilities of each of the entities involved. Capacity will be built at the state and local levels to monitor and measure the environmental impacts of investments to be funded under the project. Simplified guidelines, including a checklist for SPSUs, LGAs and MITs, will be produced for EA and monitoring requirements specific to the project. It is expected that the main investments to be funded by the project will be environmentally benign, promoting soil, water and biodiversity conservation in the microwatersheds. A detailed list of potential activities to be undertaken appears in the Environmental and Social Management Framework.

6. Social:

6.1 Summarize key social issues relevant to the project objectives, and specify the project's social development outcomes.

Main Social Development Outcomes

Empowerment of local communities, as well as social inclusion, both in the decisionmaking process for development decisions and in the nature of the project outputs, are key elements of the LEEMP objectives (see Project Development Objective, or PDO, in Annex 1). To meet the objectives of components 1 and 3, it is necessary that the project reflect a good understanding of social dynamics at the community level and that the process leading to the microproject output should in itself be a process of social mobilization and empowerment. Hence, the participatory process that will take place in every LEEMP community is crucial to achieve the project's social development outcomes. This process includes participation by all community subgroups in the needs assessment exercise and sensitivity to ethnic, gender, patron-client and other relationship dynamics that influence individual behavior within a community setting. Furthermore, component 2 is designed to ensure that the LGA-community relationship is a 2-way exchange so that this interdependency will stimulate a mutual respect that will improve performance. Successful performance necessitates the development of mutual respect between the two stakeholder groups as equal players in their region's development. Mutual respect among stakeholders is a core social development outcome of the larger development process. This interlinking of stakeholders (community, LGA, NGO) in the project set-up, with regard to their responsibilities toward one another, and their corresponding roles as (direct or indirect) evaluators of one another is seen as the foundation for the successful, sustainable scaling up of the project.

Process

Six social assessments were carried out in the original 6 LEEMP states prior to appraisal, and, building on the findings of the original 6, modified social assessments were carried out in the 3 additional LEEMP states before effectiveness. The operational implications of these studies were discussed further in a 2-day workshop during project appraisal. This exercise culminated in the development of social guidelines for LEEMP, which are a key input to the design of the Project Implementation Manual and impact significant aspects of larger project design, such as the rationale for LEEMP's being a poverty-targeted intervention. While the fieldwork for the social assessments was carried out by local consultants, the active involvement of LEEMP team technical specialists has ensured that the findings were both operationally analyzed and incorporated in project design--in both the project document and relevant operational manuals and implementation plans.

Key Social Issues in Project Design

Several social issues identified in the social assessments informed the project design and were integrated in it. The main issues pertain to (a) leadership and institutional set-up; (b) social dynamics surrounding natural resource use in microprojects; (c) community make-up, e.g., conflict among subgroups, ethnicity, gender, caste; (d) process issues to ensure social inclusion, e.g., community contributions, elite capture, patronage; (e) communication strategy and (f) land tenure relationships and conflict. The LEEMP social guidelines reflect most of these issues in their operational implications that relate to defining (a) a LEEMP community, (b) criteria to select a LEEMP community, (c) criteria to select subprojects and (d) process issues to ensure achievement of social development outcomes.

The participatory process (below), the Project Implementation Plan and the state PIMs will be the primary vehicles through which the main issues will be implemented.

A community within the LEEMP project, referred to as a LEEMP community, comprises a single geographically defined rural village unit of 1000-5000 population, or a group of up to a maximum of 3 villages, each with a population of fewer than 1000. The LEEMP community sees itself as a cohesive unit for planning development based on geographical proximity and historical ties of sharing common services. The community has an accepted leader and is expected to have recent experience of working

together on a development project. The criteria for selecting a LEEMP community involves an analysis of access to basic infrastructure and environment resources. Hence it is assumed that the targeted communities will be some of the poorest in the selected LGA but at the same time will meet criteria linked to size and other logistics.

6.2 Participatory Approach: How are key stakeholders participating in the project?

The local empowerment focus of the LEEMP has as its main tool the participation of stakeholders--direct beneficiaries, LGA, intermediaries such as NGOs and institutes, and national park authorities--in project design, implementation and monitoring and evaluation (M&E). The LEEMP communities, who are seen as the direct beneficiaries of the microprojects, are responsible for preparing CDPs to prioritize microinvestments. The communities will go through an intensive participatory process (conducted by trained MITs), which is the main determinant of success in component 1. This process will take into account the findings of the social assessments and participant analysis with regard to the involvement of community subgroups, cultural norms and selection criteria as relevant to microproject processes. This participatory process will ensure that project implementation processes build on established community practices of decisionmaking, monitoring and involvement, where appropriate; and attempt to modify these when current practices are seen as contrary to the project objectives of participation, social inclusion and community empowerment.

The assessment and selection process of LGAs is designed to be highly participatory; it is based on consultations with various stakeholders within each LGA jurisdiction. LGAs will be evaluated on criteria such as civic engagement, participatory budgeting and public services provided. The relationship whereby the communities assess the LGAs promotes a healthy environment that will improve performance by both groups.

6.3 How does the project involve consultations or collaboration with NGOs or other civil society organizations?

NGOs and the private sector will serve as intermediaries that contribute largely to the process of participatory project implementation, rather than as primary stakeholders. Social assessment findings showed that communities' experiences with NGOs had not been very positive. Communities voiced a strong preference to have a direct link with their LGA, which they saw as the primary agency involved in and responsible for their development. When NGOs had been used by communities, it was NGOs' relatively light bureaucracy, rather than the quality of their outputs and participatory process, that had been the attraction.

Eligible NGOs will be considered potential candidates to become MITs that will facilitate the evolution of a CDP. Furthermore, NGOs also will be represented on the LGA committees that will be responsible for prioritizing and approving microproject proposals emanating from communities.

NGOs and other civil society organizations, such as the local university and private sector, will be used as service providers during microproject implementation. Specifically, they will be engaged to work with communities to identify economic alternatives to reduce natural resource use in protected areas, In addition, where skills are appropriate, they will be subcontracted to help implement some microprojects and provide needed services. Discussions with these groups during project preparation fed into the design of the microproject cycle.

6.4 What institutional arrangements have been provided to ensure the project achieves its social development outcomes?

The community participatory process facilitated by the MITs is a crucial process aimed at ensuring that the project (especially component 1) meets its social development outcomes (SDOs). Community

members will be engaged in a participatory discussion to formulate a priority-based CDP. The LEEMP social guidelines and the Project Implementation Manual are heavily informed by the social analysis that has been done. Thus, they will ensure that the selection of communities, the choice of microprojects and the development of community-level institutions are geared toward ensuring the achievement of social inclusion and community empowerment and that the process leading up to it stimulates social mobilization. While many of the procedures and criteria will be common at the larger project level, the PIM is expected to evolve over time to respond to state-specific needs. It is envisaged that the LEEMP process will strengthen communities' capacity to plan their own development as well as instill confidence in the LGAs concerning real community participation.

6.5 How will the project monitor performance in terms of social development outcomes?

Process document research will be developed as part of a broader monitoring system. In essence, process documentation research relies on field observers who are placed in communities and who make continuous real-time documentation of the process of implementation and response from the community. These techniques are designed to (a) continue the process of social analysis through project implementation so that it can feed back into project design through revised the evolution of state specific implementation manuals and, (b) supplement qualitative data on social indicators to complement the Core Welfare Indicators Questionnaire (CWIQ) module that will be the basis of the baseline and end-of project impact assessment.

Some indicators used by the project to monitor SDOs are:

(1) The CDP includes at least 1 microproject, amounting to at least 20% of the budget envelope, that targets the identified priority needs of identified vulnerable or marginalized groups within the community.
(2) Household contributions at the microproject level take into account the differential resource availability of identified vulnerable or marginalized groups in the community.
(3) There is a visible increase in the attendance and active participation of community members, especially women, youth and identified vulnerable or marginalized groups, at the regular accounts disclosure and project meetings held by the CPMC.

7. Safeguard Policies:

7.1 Do any of the following safeguard policies apply to the project?

Policy	Applicability
Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)	● Yes ○ No
Natural Habitats (OP 4.04, BP 4.04, GP 4.04)	● Yes ○ No
Forestry (OP 4.36, GP 4.36)	○ Yes ● No
Pest Management (OP 4.09)	○ Yes ● No
Cultural Property (OPN 11.03)	○ Yes ● No
Indigenous Peoples (OD 4.20)	○ Yes ● No
Involuntary Resettlement (OP/BP 4.12)	○ Yes ● No
Safety of Dams (OP 4.37, BP 4.37)	○ Yes ● No
Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)	○ Yes ● No
Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)*	○ Yes ● No

7.2 Describe provisions made by the project to ensure compliance with applicable safeguard policies.

Environmental Assessment

The program aims to promote sound management of land and water resources. Most environmental impacts resulting from the program are expected to be positive. The Environmental and Social Management Framework outlines the agreed on the approach for assessing possible environmental impacts of investments to be funded under this program. The process is described in Section 5.5 above and elaborated in more detail in the Environmental and Social Management Framework itself. The framework is formulated on the basis of consultations with a range of stakeholders including representatives of public, private and community organizations.

Natural Habitats

The program will positively affect natural habitats, and it will not adversely affect any protected areas. The program aims to strengthen the management of protected areas in 3 of the target states and expects to address similar concerns in protected areas in the other target states in subsequent phases of the program. Promoting sound use and management of land and water resources in microwatersheds will improve ecosystem services, thus positively affecting protected areas and their support zones as well as the microwatersheds themselves.

Forestry

The program aims to reduce deforestation, enhance ecological services, promote small afforestation programs in degraded areas to reduce gully and sheet erosion and promote small-scale social and agroforestry programs to reduce poverty. The program does not aim to promote large-scale forestry or commercial logging.

Pest Management

The program does not support the use of pesticides. It will encourage traditional methods and ecologically and environmentally safe approaches to control pests.

International Waters

It is not envisaged that the program will target watersheds or water bodies that are shared with other nations. The program does not aim to support large-scale irrigation, flood control or drainage works or involve significant pollution of international waterways. Nevertheless, the Federal Ministry of Environment provided adequate and appropriate notice to the riparians through the Nigeria-Niger Joint Commission and the Ministry of Foreign Affairs of the Republic of Cameroon regarding the program's objectives target states.

Involuntary Resettlement

The program does not involve voluntary or involuntary resettlement or displacement of people. It aims to enhance the value of productive assets, augment ecosystem services that in turn will improve the socioeconomic conditions, generate employment opportunities and reduce poverty. All investments to be funded under the project will be demand driven and emanate from a consultative process with the target communities. Within the support zones of the protected areas, sustainable livelihood options will be identified in consultation with communities. Those that are clearly financially viable, ecologically sustainable and acceptable to the communities will be supported. IDA or GEF funds will not be used to finance any form of land acquisition or resettlement. If acquisition of land is required, e.g., to build a new school or health center, the CPMCs will need to provide written evidence that the land has been

voluntarily contributed by the community as a whole and that no individuals will be negatively affected by such land acquisition.

F. Sustainability and Risks

1. Sustainability:

Sustainable capacity will be established in the communities. Beneficiaries will be required to establish community associations, elect a CPMC, adopt a basic set of rules and regulations governing the functioning of these associations, and open bank accounts to receive and manage financial resources as part of the community contracting arrangements. The program will not support recurrent costs of microproject investments. Therefore, as part of the prioritization of microprojects, beneficiaries will need to agree on future operating, maintenance and replacement arrangements. These will include agreements to levy user fees where appropriate.

Long-term sustainability of microproject investments also will be encouraged by establishing a more enabling environment for communities. Sustainability of program investments will be encouraged through the development of institutional, financial, social and technical capacity at community, local government and state levels. At the local government level, capacity building efforts are designed to empower LGAs to improve public administration practices and better serve their constituencies. Strengthening the institutional capacity of LGAs is focused primarily on participatory planning, democratic decisionmaking processes, transparent budgeting and financial management. From the start, LGAs will be required to participate in community development planning and the microproject approval processes. Their participation also will encourage communication between communities and their elected representatives and allow for the LGA to enter into cofinancing arrangements with communities for specific microprojects. In addition, by being involved in the approval process, LGAs will be required to ensure that the approved microprojects are consistent with their own development plans. If necessary, recurrent costs for some types of microprojects will be included in LGA budgets. Good practices will be reinforced and rewarded through the capacity assessment and building framework and through increasing demands from the communities.

At the state level, institutional capacity of line ministries will be strengthened by making technical staff eligible to apply for membership on MITs and SPSUs. The MITs and SPSUs will receive training in participatory microwatershed management planning, environmental and social assessment and financial management. It is expected that these skills will be transferred to line ministries and thereby improve the regular functioning of line ministries. Furthermore, the establishment of multisectoral SPSUs not only will improve collaboration and institute direct communication and funding channels between the state and its communities, but also will build the capacity of state agencies to improve interagency communication and collaboration.

The NPS has undertaken certain activities in cooperation with local conservation NGOs to create opportunities for support-zone communities through direct assistance programs. These include the provision of potable water, subsidized medication, rehabilitated classrooms and short-term employment in park maintenance activities, such as road maintenance. These activities will be broadened and formalized in a collaborative program through which conservation will emerge as a contributor to human development rather than a competitor for scarce resources. The project will provide support to Protected Area management authorities to adopt comanagement approaches to sustainably manage and use resources in the Protected Areas. The enforcement of NPS regulations, the development of viable alternative livelihoods for communities in support zones and reforestation to develop natural barriers all should promote sustainability of investments. In addition, the move toward joint management with

communities and targeted environmental education programs should promote sustainability of investments in Protected Areas and biodiversity conservation.

Experience suggests that long-term protection and conservation of biodiversity in a context of poverty and short-term exploitation remain challenges. The project will examine options for addressing sustainability issues in relation to natural resource management, identifying responsibilities of various participants and the costs and benefits involved. Sustainability would be addressed by attempting to ensure financial viability for all "uses" (including nonuse) of natural resources, particularly in the support zones of the Protected Areas. Directly involving local communities in the targeted environmental and ecological awareness education to be delivered under the project will assist in ensuring sustainability of interventions. The services to be delivered to the communities in the support zones will assist in testing options for comanagement of resources in Protected Areas and in identifying options for diversifying their livelihoods in a manner that is economically and socially viable.

The program also will build long-term sustainability into environmental assessment at state and federal levels. The component that strengthens the environmental institutional framework also will seek to address policy distortions that restrict the long-term sustainability of environmentally sustainable natural resource management.

2. Critical Risks (reflecting the failure of critical assumptions found in the fourth column of Annex 1):

Risk	Risk Rating	Risk Mitigation Measure
From Outputs to Objective		
1. Ambiguous land and natural resource tenure rights constrain the adoption of integrated and environmentally sustainable microprojects.	M	Most microprojects will be implemented on communal land. If tenure rights continue to pose a substantial problem, the SPSUs will negotiate long-term lease arrangements for community access to common land.
2. Staff turnover in LGAs as a result of elections or natural attrition compromises longer-term capacity building efforts.	S	The program will establish a regular series of training workshops for LGA staff. Workshops can be repeated based on demand to ensure that new staff also benefit from the training.
3. State executives and legislatures are unwilling to establish and maintain a conducive policy and regulatory environment for LGAs to improve performance	H	The SPAC will comprise of well respected individuals. They will be encouraged to lobby decisionmakers (including the legislature) on the potential gains from the improved performance of LGAs and the need to enforce a regulatory and legislative framework. Improved performance of LGAs will result in faster disbursements. States that disburse faster will therefore be able to access more funds under the microproject category in Schedule 1 of the DCA.
4. GEF grants/incentives for alternative income generation aimed at reducing pressure on ecosystems are unattractive to communities engaged in unsustainable resource use practices.	M	The grants and incentives will be specified in the Implementation Manual. The manual will be reviewed on an annual basis and the incentives will be modified (based on an assessment of performance) to ensure that they are sufficient to encourage communities to adopt income generating activities.

5. Leadership in ENV is transitory, and momentum for reforms is not established or maintained.	H	An external third party will be contracted to oversee the reform agenda. That party will establish short-term action plans and monitor performance on a regular basis. Interministerial committees comprising midlevel functionaries will be established to take the lead in institutional reform and to work with the external third party.
6. Supporting environmental regulatory framework for environmental assessment and biodiversity conservation is not promulgated by states.	M	Reform of federal level legislation will need to undergo an extensive public consultation process to increase the likelihood that states will see a political imperative in promulgating legislation.
7. Participating states do not continue to provide sufficient financial resources to meet staff costs of state employees seconded to the program.	M	If states underperform because of insufficient staff they will not be able to disburse as many funds to communities under the microproject category of Schedule 1 in the DCA as better performing states. This is because the microproject category is not distributed amongst all states a priori, but is accessible on a competitive basis.
From Components to Outputs		
1. An insufficient number of LGAs meet minimum performance benchmarks during assessment.	H	The assessment process will not have a fixed threshold. The scoring will need to be relative in a given state. Communities in the "best" rural LGAs in a given state will become eligible for program financing of their CDPs.
2. Assessment of LGA performance is captured by state-level political forces resulting in an inefficient incentive framework.	H	One national team of international and local consultants will carry out all assessments in states. As far as possible, there will be a random verification of the scoring of at least 1 LGA in each state by the international consultants. Significant discrepancies in the assessment will result in cancellation of final payment to the enumerators/assessors.
3. Interests of nonresident populations in the National Parks and support zones cannot be addressed by collaborative management approaches.	S	The program should link with other programs under development by government and donors that are seeking ways to work with migrant populations, e.g., Fulani, and involve them in collaborative management approaches. Lessons learned have been incorporated in the LEEMP.
4. Stakeholders are not able to conceptualize and internalize the global impacts of their local actions.	M	The Development Communications strategy will tackle this difficulty head on to find a means of transmitting messages to bring about a change in perception and conception. In addition, GEF will provide financing on a grant basis to adopt sustainable livelihoods with positive global impacts.
5. There are insufficient long-term	M	Implementation of enabling policies and

political will and commitment to formulate and implement enabling policies and enforce regulations.		legislation should be a covenant of the legal agreement. The program will seek to build a constituency for reform in the relevant federal ministries.
6. Counterpart contributions from federal and participating state governments are insufficient or not made available in time.	H	This delay has been a perennial problem with previous Bank-supported projects. It is particularly a problem during periods when the price of oil is low. The program will insist that adequate, at least 2 years of counter-part funding is available prior to effectiveness and that realistic estimates are made for counter-part funding requirements in annual workplans and budget. These will then be reflected in government budgets put forward for appropriation.
7. Financial management risk arising from weak fiduciary capacity at the federal, state, LGA and community levels, and a poor financial accountability environment	H	The financial management action plan outlined in Annex 6 will be implemented; appropriate external auditing arrangements will be in place; CPMC will be accountable variously to project beneficiaries, SPSU, LGRC and MIT; and adequate supervision will be carried out by Bank FM staff. Additionally, the Bank is supporting the establishment of PFMU at the state level to provide a robust financial management architecture for managing proceeds from IDA credits.
Overall Risk Rating	S	

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N(Negligible or Low Risk)

3. Possible Controversial Aspects:

The assessment of local governments using the scorecard developed under component 2 is likely to have controversial. aspects. The assessment process will cover all rural LGAs in participating states. The performance of these LGAs in areas such as planning, budgeting implementation and reporting will be assessed. The results will be publicized in the given state to ensure transparency in the selection of LGAs in which MITs will be placed and in which communities would be eligible to receive funding for microprojects. National elections at all tiers of government are scheduled for March/April 2003. It is not advisable to carry out the assessment prior to the elections because the results may be used for political purposes.

G. Main Conditions

1. Effectiveness Condition

- Appropriately qualified Project Accountants and Internal Auditors with support staff assigned at the federal level and in all participating states to manage the project's financial affairs and to review project activities, records and accounts, respectively
- Financial Procedures Manual (FPM) developed for LEEMP and adopted by implementing entities; and an addendum to the NPS Accounts Manual developed for the GEF component.
- Financial Management Systems (FMS) designed and installed, and relevant project staff

appropriately trained.

- Agreement with Federal Ministry of Finance (FMF) by states that have established their PFMUs to enable IDA to channel the credit directly to their SAs
- Appropriate bank accounts opened at the federal level and in participating states, and initial amounts equivalent to 2 years of counterpart funding requirement deposited. IDA advised of authorized bank signatories/specimen signatures
- Relevant project staff in all participating states trained in Bank financial management, procurement and disbursement procedures
- External auditors appointed for the project by FPSU/ENV and each state that has established its PFMU to audit the project financial statements, SAs and SOEs on TORs acceptable to IDA

2. Other [classify according to covenant types used in the Legal Agreements.]

Negotiations

- recruitment of the FPSU coordinator;
- preparation of a project implementation plan for the first year of the Project;
- preparation of a draft Project Implementation Manual for the IDA credit-funded activities, and a draft PIM for the GEF-funded activities;
- consultancy initiated to prepare a draft financial management system, including a financial management manual, appropriate software and training program for staff in charge of financial management of the IDA part of the LEEMP and of the GEF part;
- draft Memoranda of Understanding outlining the details of coordination and implementation arrangements between the National Park Service and the relevant agencies in the States participating in the GEF supported component (Niger and Bauchi).

H. Readiness for Implementation

☐ 1. a) The engineering design documents for the first year's activities are complete and ready for the start of project implementation.
☒ 1. b) Not applicable.

☒ 2. The procurement documents for the first year's activities are complete and ready for the start of project implementation.
☒ 3. The Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality.
☐ 4. The following items are lacking and are discussed under loan conditions (Section G):

I. Compliance with Bank Policies

☒ 1. This project complies with all applicable Bank policies.
☐ 2. The following exceptions to Bank policies are recommended for approval. The project complies with all other applicable Bank policies.

Talib B. K. Esmail **Team Leader**	Joseph Baah-Dwomoh **Sector Manager**	Mark D. Tomlinson **Country Manager/Director**

Annex 1: Project Design Summary

NIGERIA: Local Empowerment and Environmental Management Program

Hierarchy of Objectives	Key Performance Indicators	Data Collection Strategy	Critical Assumptions
Sector-related CAS Goal: 1. Enhanced standard of living through empowering communities and local governments to collaboratively implement environmentally sustainable and socially inclusive development priorities.	**Sector Indicators:** 1. By year 10 to 12, beneficiary household welfare index increased by 20% over baseline.	**Sector/ country reports:** 1. Beneficiary assessments (based on sampling) during baseline CWIQ survey and after 5 years.	**(from Goal to Bank Mission)** 1. Macroeconomic and policy environments are conducive to economic returns on investments.
GEF Operational Program: 2. Promoting conservation and sustainable use of biological resources in target areas.	2. By year 5, a 5 % increase in population in species identified as being threatened.	2. Biodiversity/species assessments in Protected Areas targeted under the project.	2. Political willingness and strengthened capacity within Protected Areas to ensure enforcement of existing and revised regulations relating to biodiversity conservation and sustainable use.

Hierarchy of Objectives	Key Performance Indicators	Data Collection Strategy	Critical Assumptions
Project Development Objective:	**Outcome / Impact Indicators:**	**Project reports:**	**(from Objective to Goal)**
1. The institutional framework (at federal, state and local government levels) to support environmentally and socially inclusive development will have been strengthened.	1.1 By year 5, legislative and regulatory framework providing states and local governments authority to carry out EAs for some types of projects is in place. 1.2 By year 5, 5% of LGAs that have received training and/or other capacity building inputs from the project are consulting communities as part of their annual budget formulation process.	1.1 MIS of project. 1.2 Biannual assessments of LGA capacity using second-generation indicators developed during preparation.	1.1 Political will at federal level for legislative and regulatory reform of environmental legislation remains supportive of reforms. 1.2 Federal and state legislative and regulatory frameworks provide sufficient incentives for local governments to improve their budget formulation processes.
2. Beneficiaries in participating states will have planned, cofinanced, and implemented, and are operating and maintaining, environmentally sustainable and socially inclusive multisectoral microprojects.	2.1 By year 5, 40% of communities (targeted by the project during the first 2 years within the initial states) are operating and maintaining at least 50% of microproject investments as part of their CDPs.	2.1 Beneficiary assessments (based on sampling) comparing baseline data with end-term evaluation. 2.2 Data from Management Information System (MIS) of project.	2.1 There are no natural disasters in the program area affecting the viability of long-term investments. 2.2 Sectoral policy environment (e.g., agricultural policy) is improved and provides incentives for adoption of productive and sustainable investments and alternative livelihoods.
Global Objective:			
1. Beneficiaries within the support zones around targeted Protected Areas will have planned, cofinanced, and implemented, and are operating and maintaining, environmentally sustainable and socially inclusive alternative livelihoods microprojects.	1. By year 5, 40% of the communities (targeted by the project during the first 2 years in the support zones of the Protected Areas) have adopted alternative and biologically sustainable livelihoods.	1. Beneficiary assessments (based on sampling) during baseline survey and after 5 years and MIS of project.	1. Current authority of National Parks Service in all aspects of management of Protected Areas remains unchanged.
Output from each Component:	**Output Indicators:**	**Project reports:**	**(from Outputs to Objective)**
1. In participating states, communities have planned, managed, cofinanced, and implemented, and are operating and maintaining,	1.1 By year 5, 40% of beneficiary communities will have elaborated and are implementing CDPs.	1.1 Beneficiary assessments (based on sampling) during baseline survey and after 5 years and MIS of project.	1.1 The unclear land and natural resource tenure rights do not constrain the adoption of integrated and environmentally sustainable

their own priority microproject investments.			approaches.
2. Local government capacity in budget formulation, execution and reporting has been strengthened within an enabling policy and regulatory framework.	2.1 There is a 10% increase in number of LGAs that meet performance benchmarks for inclusion over the project implementation period. 2.2 By year 5, 5% of LGAs that met performance benchmarks and are participating in the project graduate to take on responsibility to disburse funds directly to community bank accounts and report regularly to SPSU.	2.1 Biannual assessment of LGA capacity using second-generation indicators developed during preparation. 2.2 MIS reports on performance of LGAs in fulfilling assigned responsibilities.	2.1 Staff turnover in LGAs as a result of elections or natural attrition does not compromise capacity building efforts. 2.2 State executives and legislatures are willing to establish and maintain a conducive policy and regulatory environment for LGAs to improve performance.
3. Collaborative management approaches are adopted by Parks administration and communities in support zones for sustainable biodiversity management of Protected Areas.	3.1 Score of 50% or greater according to IUCN scoring.	3.1 Beneficiary assessments (based on sampling) during baseline survey and after 5 years.	3. Grants/incentives for alternative income generation aimed at reducing pressure on ecosystems perceived as attractive to communities engaged in unsustainable resource use practices.
4. Federal policy and regulatory framework is reformed to provide incentives for EA and conservation of biological resources. State capacity is enhanced to monitor compliance of IDA-financed community micro-projects.	4.1 By year 5, environmental safeguard legislation is adopted and enforced by government. 4.2 By year 5, a strengthened regulatory and management framework is in place for conservation and sustainable use of biological resources. 4.3 By year 5, states and LGAs are monitoring compliance with EIA recommendations in at least 50% of eligible (i.e., those that require EIAs) community microprojects financed by IDA.	4.1 Independent review of policies and regulations and MIS of program. 4.2 Independent review of policies and regulations and MIS of program. 4.3 MIS of program.	4.1 Consistent and stable leadership exists in relevant federal institutions to establish and maintain momentum of reforms. 4.2 Supporting regulatory framework is passed by state legislature.
5. Program management and coordination with other sectoral investments financed by IDA established and fully operational.	5.1 Quarterly progress reports used by program management. 5.2 Coordination among all relevant institutional actors at federal, state and local government levels is functioning.	5.1 MIS of program and supervision missions carried out by FGN and World Bank. 5.2 MIS of program and supervision missions carried out by FGN and World Bank.	5. Participating states continue to provide sufficient financial resources to meet staff costs of state employees attached to program.
Project Components /	**Inputs: (budget for each**	**Project reports:**	**(from Components to**

Sub-components:	component)		Outputs)
1. Multisectoral Community-Driven Investments	US$46.02 million (including contingencies)	Project Implementation Plans, annual work plans, quarterly physical and financial progress reports	1.1 A sufficient number of LGAs conform to performance benchmarks to facilitate participatory planning with communities.
2. Local Government Assessment and Capacity Building	US$4.96 million (including contingencies)	Ditto	2.1 Political capture of the assessment process of LGAs can be adequately mitigated over the duration of project implementation.
3. Protected Area and Biodiversity Management	US$9.81 million (including contingencies)	Ditto	3.1 Interests of nonresident populations can be addressed by collaborative management approaches. 3.2 Stakeholders are able to conceptualize and internalize the global impacts of local actions.
4. Strengthening the Environmental Institutional Framework	US$0.87 million (including contingencies)	Ditto	4.1 Long-term political will and commitment exists at all levels to formulate and implement enabling policies and enforce regulations.
5. Program Management (includes incremental financing of MITs, establishment of MIS, M&E development communications, coordination with other sectoral investments financed by IDA).	US$28.72 million (including contingencies)	Ditto	5.1 Counterpart contributions from federal and participating state governments are sufficient and available on time. 5.2 Financial capacity is sufficient at federal, state, LGA and community levels to ensure financial accountability.

Annex 2: Detailed Project Description

NIGERIA: Local Empowerment and Environmental Management Program

By Component:

Project Component 1 - US$46.02 million

Multisectoral Community-Driven Investments

More than 60% of the credit will fund, on a grant basis, direct investments at the community level for multisectoral public infrastructure establishment and/or rehabilitation microprojects. These microprojects will be identified and implemented by communities (social units of approximately 1,000-3,000 individuals) through a guided participatory process applying microwatershed planning principles and in compliance with environmental and social safeguards. Multidisciplinary Implementation Teams (MITs) financed under the Program Management component will facilitate the identification, planning and prioritization process. Suitable and experienced NGOs also may be contracted to act as MITs. Communities will analyze their socioeconomic and environmental needs in an inclusive and comprehensive manner and prepare a Community Development Plan (CDP) that establishes their development priorities within a preassigned budget envelope of about 5 million naira (approximately US$50K). Beneficiaries will be required to contribute an aggregate of 10% of the budget envelope; however, the contributions for each type of microproject will vary. The CDP will be approved only if the following criteria are met: (a) it is technically feasible; (b) it is consistent with existing LGA and state development plans and (c) appropriate arrangements for operation and maintenance are agreed. This CDI component also will finance the training of all Community Project Management Committees (CPMCs) that will be responsible for all related administrative and financial management, including opening community bank accounts, forming project implementation user groups and organizing microproject works. Once approved, program resources to implement CDPs will be transferred from the State Program Support Unit (SPSU), in tranches, directly to community bank accounts. This component CDI also will include a pilot fund to test innovative approaches for strengthening community microprojects that have the potential for greater commercial viability, e.g., some types of agroprocessing activities.

To ensure the accountability and transparency of the planning and implementation process, and to increase the likelihood of microproject success and sustainability, both development communication and participatory M&E processes are fully integrated in this component. In addition to their direct developmental impact, these processes are expected to empower communities through (a) strengthening local institutions, (b) experientially learning development and mobilization processes and (c) comprehensively building awareness and education related to behavioral change and its impact on socioeconomic and environmental conditions. These activities are described in detail in the Development Communication and M&E components of this section.

Project Component 2 - US$4.96 million

Local Government Assessment and Capacity Building

This component will finance a comprehensive and universal local government capacity assessment designed as a scorecard. The assessment process will build awareness among LGAs and their constituents regarding performance expectations of the program and act as a benchmark for a training-based capacity building process for all rural LGAs. The scorecard has been designed in consultation with key stakeholders to capture a realistic set of criteria associated with budget formulation, execution and reporting on which LGA performance and capacity may be assessed. Rural local governments in each participating state will be assessed soon after program effectiveness by independent and objective teams. At the end of the assessment, each rural LGA will be given a relative

performance score. All rural LGAs in the participating states (irrespective of their score) will be eligible for training and capacity building provided under this component. However, MITs (financed under the Program Management component) will be placed in only the top 3 scoring LGAs in a given state in the first year and an additional 3 LGAs in the second year (the 6 "green light" LGAs). Furthermore, only communities living in LGAs in which an MIT is located will be eligible to prepare and submit a CDP for financing by the program. All rural LGAs will be assessed again at mid-term and at the end of the program. Rural LGAs will have an assigned role in the microproject cycle to approve CDPs financed under component 1. They also will be assigned a role in monitoring the physical and financial progress, and environmental compliance, of microprojects implemented by communities. Depending on their demonstrated performance, LGAs will be able to "graduate" to have a greater say in allocating resources to communities, e.g., by being given a notional budget envelope for communities within their area to allocate as part of their annual budgetary process, and to take over responsibility from the SPSU for tracking disbursements to community bank accounts using the MIS.

This component will also finance the capacity building of the Department of Local Government Affairs of the States and Local Government Affairs Office (SLGAO) in The Presidency. SLGAO are jointly responsible with Local Government Civil Service Commissions (LGCSC) in each state for providing training to local government civil servants of grade 7 and above. 1% of the federal allocation to local governments in credited to each state's LGCSC for such training. Each LGCSC is supposed to assess training requirements and submit the information to SLGAO who is responsible for selecting consultants and training institutions to develop and deliver the training modules. This component will help to train the Department of Local Government Affairs of SLGAO in areas such as project management, monitoring, and training development which will result in better provision of quality training services to local governments.

Project Component 3 - US$ 9.81 million

Protected Area and Biodiversity Management

GEF will finance the incremental cost of activities that have global benefits. The goals of this component are consistent with the following National Biodiversity Strategy goals: (a) improve conservation through the national system of Protected Areas PAs); (b) promote sustainable use of biological diversity through improved management and (c) mainstream both conservation and sustainable use through an integrated approach to land-use planning at the local level. The subcomponents are (i) improving Protected Area management--under which technical assistance, training and study tours will be supported to assess the current policy and regulatory framework relating to Protected Area management. The aim is to identify options for a strategic agenda for improvements, emphasizing collaboration with the private sector and local communities living in adjacent support zones; (ii) institutional strengthening--under which technical assistance, training, equipment and vehicles will be provided to carry out comprehensive surveys of selected areas. The surveys will assess ecological, biophysical, geological, demographic and socioeconomic characteristics of both the Protected Areas and their support zones. These surveys will establish baseline data and strengthen the monitoring and tracking of species, their movement and the health and viability of ecosystems. Survey data also will be drawn on to rehabilitate roads, culverts, bridges and watering points for wildlife within the selected Protected Areas; (iii) sustainable livelihoods--under which appropriate sustainable livelihoods will be identified and implemented in consultation with beneficiaries. These microprojects will be monitored systematically with indicators to be described in the Project Implementation Manual (PIM). Best practice and lessons learned from the experience will be identified and disseminated; (iv) conservation outreach--under which technical assistance, training, equipment and vehicles will be provided to construct and equip conservation outreach centers, or "Eco-Centers," in a number of strategic locations in the support zones of selected sites around Protected Areas. These Eco-Centers will be training and awareness centers to promote

biodiversity conservation awareness. They also will provide training for ecologically sustainable development initiatives; (v) project management--under which technical assistance, training, equipment and vehicles will be provided to facilitate monitoring and implementation of project activities. Activities under the subcomponents are aimed at promoting partnerships and collaborative arrangements for Protected Area and biodiversity management.

Project Component 4 - US$0.87 million

Strengthening the environmental institutional framework.

This component is intended to improve the legal framework and enforcement capacity to protect the environment and enhance natural resource management. Activities will (a) harmonize current legislation and regulations to make them consistent with the establishment of the ENV; (b) strengthen enforcement capacity for environmental monitoring, protection and natural resources conservation; (c) review the existing policy and regulatory framework for Protected Area management and identify options to promote more effective and participatory approaches for conservation and sustainable use of biodiversity and critical ecosystems; (d) establish state-level capacity for environmental review and monitoring, including the development of a state EIA procedures manual, simplified guidelines, checklists and project-specific monitoring requirements and, (e) provide training to project staff and state and local government officials in environmental assessment and management. In collaboration with state and local authorities, the FPSU will support the aforementioned activities with information, education and communication activities regarding environmental protection and preservation designed to increase awareness and change behavior among all stakeholders, primarily community members. Strengthening the institutional framework and promoting compliance with environmental protection guidelines will be coordinated to reinforce and support stakeholders' activities related to community direct investment microprojects.

Project Component 5 - US$28.72 million

Program management.

Beneficiary communities will elect a Community Project Management Committee that will be responsible for all administrative and financial matters concerning microproject implementation. Multidisciplinary Implementation Teams (MITs) will be established by State Program Support Units (SPSUs) to facilitate the participatory planning process at the community level. MITs will be either small teams of civil servants or contracted NGOs. MITs will be trained in participatory microwatershed planning techniques, environmental assessment, raising HIV/AIDS awareness, social inclusion and conflict resolution techniques. One MIT will be placed in each of the participating LGAs as determined by its performance and assessment. Each participating state will have a SPSU. The organizational location will vary, with some states preferring the SPSU to be under the Governor's Office and others preferring to be under a line ministry. The SPSU will be responsible for all aspects of program implementation at the state level including implementation of a communications strategy, recruiting and organizing training of the MITs, organizing training of all relevant stakeholders, tracking financial and physical progress of microprojects implemented by communities using a Management Information System and performance M&E. A FPSU will be established under the ENV Department of Planning Research and Statistics. The FPSU will be responsible for overall planning, implementation and monitoring of the activities for which the FPSU is directly responsible. These will include review and harmonization of legislation and regulatory framework, establishing the MIS, developing the environmental assessment handbook and training program, contracting baseline survey and impact assessment and managing the expansion of the program to new states.

2. Key policy and institutional reforms supported by the project:

Two primary institutional reform efforts are integrated in, and supported as key objectives by the project. The first effort is directed toward the federal and state environmental institutional framework. Its aim is to capitalize on the FGN's proactive efforts to reform and strengthen this framework. The second effort is directed toward LGAs and aims to establish a framework based on which the capacity and needs for LGA administrative reform could be comprehensively assessed and universally addressed.

(A) Environmental Institutional Framework

Background

The Federal Ministry of Environment (ENV) was created in June 1999 by a Presidential Directive. In October 1999, an additional directive authorized that the federal departments relating to forests, including Forestry Monitoring, Evaluation and Coordinating Unit (FORMECU) of the Ministry of Agriculture; Environmental Health and Sanitation Unit of the Ministry of Health; Oil and Gas Pollution Control Unit of the Department of Petroleum Resources (DPR) of the Ministry of Petroleum Resources; Coastal Erosion Unit, Environmental Assessment Division, Sanitation Unit of the Ministry of Works and Housing and the Soil Erosion and Flood Control Department of the Ministry of Water Resources be released to ENV. ENV was subsequently restructured but without adhering to due process and established civil rules and procedures. As a result, at the time of appraisal (April 2002), the organizational structure and staffing of ENV were under review by the Department of Establishment and Management Services of the Head of Service of the Federation. The preparation team of LEEMP was of the view that there was no clear support within ENV for further organizational reform. Thereafter, the initial objectives for institutional reform to be undertaken under this program were scaled back.

Policy and Institutional Reform Objectives

Reform of the environmental institutional framework will focus primarily on harmonizing the environmental legislative and regulatory framework. The harmonization process will include (a) establishing criteria for the harmonization process; (b) reviewing the conflicts, inconsistencies and gaps among all legislation concerning coordinated environmental and natural resource management, e.g., reconcile these legislation and regulations with ENV's new, expanded mandate; ensure harmonization with traditional rules, norms and practices used at state, LGA and community levels); (c) reviewing the draft EIA procedures to make them consistent with the harmonized legislation and delegating certain responsibilities and authority to states and local governments; (d) revising and redrafting the existing legislation and regulations to reduce conflicts, inconsistencies and gaps; (e) reviewing Protected Areas legislation and current policy and practices toward developing an improved policy and strategic agenda consistent with international best practice and the various international agreements and conventions on biological diversity to which Nigeria is party; (f) finalizing the draft forest legislation prepared by the Forest Department, including provisions for sustainable use and development of forests, decentralization of forest management, sound and transparent mechanisms for forests rights allocation, and community forestry; (g) reviewing any legislation that may raise issues or problems during implementation, including conflicts with customary rights concerning natural resource management and preparing draft revised legislation accordingly and (h) translating the legal materials into local languages if needed.

(B) Local Government Administrative Reform

Background

The function, structure, composition and finance of local governments are determined by state law, requiring all LGAs to conform to a fairly standard organizational structure. However, as part of project preparation, LGA capacity in Nigeria has been diagnosed as highly variable within and across states, and is generally weak in most categories of planning, budgeting, implementation and reporting. Although administrative reform of local governments is not its principal focus, LEEMP recognizes the tremendous impact that all levels of public administration have on community development. Since local governments are closest to the citizenry, improved performance at this level has particular potential to contribute to sustainable community development. As part of its design, LEEMP strives to change the paradigm that dominates community-local government relations. The program seeks to empower communities to view local governments as entities that should serve and be accountable to the electorate, and to demand that local governments act accordingly. Likewise, local governments that wish to participate in LEEMP must demonstrate an orientation toward public service and a willingness to work in partnership with communities.

Governance Scorecard and Institutional Reform and Capacity Building Objectives

The program is piloting a specially developed governance scorecard. The scorecard, which comprises key governance-related criteria (quantitative as well as qualitative), will be used to identify local governments whose level of competence and commitment qualify them to participate in LEEMP in a role appropriate to their abilities. The governance scorecard's primary objective is to help LEEMP select local governments that are likely adequate partners for community-driven development. The scorecard also may serve secondary objectives. These include:

- Gathering information that can be used to target LEEMP's local government capacity building efforts. Once the credit is active, interactions among multidisciplinary implementation teams, local governments and communities also are expected to help identify capacity building needs.
- Encouraging modest behavioral changes by mandating specific steps (related to scorecard criteria) that, once accepted, local governments must undertake to remain active participants.
- Potentially, encouraging behavioral changes by local governments that wish to improve their performance to be accepted in future.
- Informing decisions about the type and level of LEEMP--specific responsibilities that a local government should be assigned.

These above considerations, however, are secondary. The extent to which they can be served will become evident only after the scorecard is launched.

3. Benefits and target population:

Nine states have been selected by the FGN for the first 2 years of program implementation: Adamawa, Bauchi, Bayelsa, Benue, Enugu, Imo, Katsina, Niger and Oyo. GEF-financed activities will promote effective and participatory management of 4 Protected Areas in Bauchi and Niger states: Yankari and Kainji National Parks and their support zones, the Lame-Burra Game Reserve and support zone and Maladumba Lake and Forest Reserve.

It is important to note that the project spans many states, each with different policies, physical differences, population pressures and environmental problems. While generalities can be made based on the problems articulated by communities and what the team observed during preparation, the specifics of program benefits will be tailored to the priorities of each community.

The main beneficiaries of the project will be poor communities selected from the jurisdictions of participating LGAs, based on socioeconomic well-being indicators. Direct benefits to participating communities include the establishment and rehabilitation of critical public infrastructure including that

related to health, education, water and sanitation, feeder roads and environmental and natural resource management. Addition important benefits will include direct community exposure to and training in local mobilization; needs assessment and prioritization; project planning, design and implementation; budget management and maintenance activities. Furthermore, through communication, education and awareness activities, communities will benefit from direct exposure to information about topics and behavioral patterns directly influencing their well being. Finally, through the participatory process, communities will benefit from improved relations with their LGAs and from greater understanding of their legitimate expectations and demands of their elected representatives.

Depending on community priorities, some direct program benefits may include decreased soil erosion (land degradation) on upland areas, reduction in downstream floods and increased production of fodder, fuel wood and grasses. Additionally, sustainable use of medicinal plant species will yield economic, social and health benefits. Sound management of catchment areas will yield increased agricultural productivity on arable lands. Direct and indirect employment will be created in the rural sector, including transportation and marketing. Improved rural infrastructure will reduce the cost of transportation and improve the people's access to markets and social amenities. Investments in such assets will increase income and improve the general quality of life of the rural population. Increased potable water supplies will allow an intake of 70 liters per person per day, with excess water for livestock, and will reduce time women and girls spend collecting water from distant and unreliable sources. Drainage line treatments and contour farming using vegetative and/or earthen structures combined with improved land husbandry practices will reduce silt loads of rainwater run-off, improve moisture infiltration and contribute to ground-water recharge. These improvements will reduce soil loss, protect vulnerable land and increase land reclaimed for future agricultural use. The project will put special emphasis on women and vulnerable groups within the watersheds, which will empower them and improve their economic and social conditions.

Through GEF-supported activities, communities living in the support zones adjacent to the target Protected Areas, roughly estimated at 1 million people, will derive direct benefits in the short to medium term. Some of these groups rely for their livelihoods on the provision and maintenance of ecological services provided by the Protected Areas, e.g., wildlife and tree species for consumption purposes. They engage in a variety of productive activities including use of forest products, grazing, propagation of wild species for trade, hunting and fishing. Communities will benefit directly (1) from the maintenance of ecological services and through enhanced conservation of biological capital in the Protected Areas and (2) through the alternative livelihood options promoted under the project to ease the stress on the resources within the Protected Areas. The global benefits from the project will be the improved conservation and protection of globally significant biodiversity in target locations.

4. Institutional and implementation arrangements:

General Project Implementation

The overall approach behind the program’s administrative, financial and implementation arrangements is that of a decentralized, bottom-up, demand-driven community development. Therefore, it is at the state, LGA, and community levels that most program-related decisions will take place. Additionally, to maintain flexibility and to adapt the institutional and implementation arrangements as experience evolves, the program will make the Program Implementation Manual (PIM) the principal document guiding implementation. The manual will specify roles, responsibilities, incentives, reporting and monitoring requirements of all actors and will be reviewed and amended annually as part of supervision missions. IDA approval of revised manuals will be required.

Overall Program Implementation

Community Level

Communities are expected to assume an active role in their own development process and, therefore, as part of the implementation arrangements, will engage in systematically identifying, designing, implementing, managing and maintaining their own microprojects. To facilitate these activities, each community will elect a Community Project Management Committee (CPMC) and organize implementation through user/work groups. Once plans and microprojects are in accordance with social and environmental safeguards, and approved by the LGA and state implementing agencies, funds will be disbursed from the SPSUs directly to community bank accounts.

Multidisciplinary Implementation Team Level

The primary role of MITs is to facilitate the participatory process at the community level. The teams' critical role is to initiate the process by launching dialogue and partnership building with community members, while facilitating relationship building and collaboration between each community and its LGA. Specific MIT responsibilities include surveying the potential microwatershed based on objective criteria; preparing a socioeconomic profile of the selected microwatershed through individual and group consultations; conducting Participatory Rural Appraisals (PRAs); raising awareness of HIV/AIDS amongst communities; organizing knowledge sharing and training events for the CPMC and other members of the community; and facilitating ongoing communication within the community and with other agencies and institutions such as community banks, NGOs, private suppliers, universities, regulatory agencies, LGAs, SPSUs and FPSUs.

Local Government Level

The initial implementation arrangements require all participating LGAs to assume an active role in reviewing and approving community plans and microprojects. A Local Government Review Committee (LGRC) will be established serviced by desk officers comprising of 2 local government civil servants. Participating LGAs are required to examine and approve Community Development Plans based on criteria laid down in the PIM. Furthermore, LGRCs will be responsible for local monitoring of community mobilization efforts as well as for providing counterpart funds and community expenditures. In addition, the LGRCs are expected to ensure that synergy is established and recognized between community needs/priorities, and those of the local government.

State Level

Similar to its federal counterpart, the state-based implementation units will comprise a State Program Support Unit (SPSU) and a State Program Advisory Committee (SPAC). The SPSU will be located either under the Office of the Governor or under a line ministry. The SPSU will report biannually to the SPAC, which will comprise representatives of relevant line ministries, state Coordinators from other IDA-supported projects in the state (e.g., Universal Basic Education and Community-Based Urban Development Project) and civil society representatives. The SPSU is expected to assume 2 primary responsibilities--technical and financial--and will serve as the desk-review and financing platform for all community-based microprojects. Therefore, the SPSU will be responsible for all aspects of program implementation at the state level including a communications strategy, recruiting and organizing training of the MITs, organizing training of all relevant stakeholders, tracking financial and physical progress of microprojects implemented by communities using a Management Information System, and monitoring

and evaluating performance.

Federal Level

The Federal Program Support Unit will be established under the Department of Planning Research and Statistics in the Federal Ministry of Environment (ENV). The FPSU will be responsible for overall planning, implementation and monitoring of the activities for which the FPSU is directly responsible. These will include review and harmonization of the legislative and regulatory framework, establishing the Management Information System, developing the environmental assessment handbook and training program, contracting baseline survey and impact assessment and managing the expansion of the program to new states. The FPSU will report biannually to a Federal Program Advisory Committee (FPAC), which will comprise representatives from relevant line ministries, federal Coordinators of other IDA-supported projects and civil society representatives.

Implementation Arrangements and Fund Flows for Community-Driven Investments

This section sets out the microproject cycle for the multisectoral Community-Driven Development Component and the roles and responsibilities of key institutional actors. The direct financing arrangements will operate primarily at the state, local government and community levels. As envisioned at appraisal, the financing arrangements are: communities/villages will be expected to prepare community development plan (CDPs) with assistance from government (or NGO) multidisciplinary Implementation Teams (MITs) operating at the local government level. Each CDP will include several microprojects identified by the community. The program will provide a budget envelope of approximately US$50,000 for each community development plan. In addition, communities will contribute approximately 10% for each microproject.

Once endorsed by the MIT, the plan will be forwarded to the LGA level. The plan will be reviewed by the Local Government Review Committee (LGRC) supported by the LGRC Desk Officers. If the CDP is approved, the LGRC will request financing for it from the SPSU. The SPSU will send the funds directly to the community bank account. As mentioned above, communities will be fully responsible for managing funds and implementing the microprojects.

As the flow of funds indicate, all formal agreements will be between the SPSU, represented by the MIT/LGRC or any other person/entity designated as such by the SPSU; and the community, represented by the Community Project Management Committee.

Communities that planned their own development actions are more likely to support those actions and, in the longer term, are more likely to feel a sense of responsibility and ownership of the asset created. As such, the CDD model demands community participation at every stage of the microproject cycle--from needs identification and prioritization, preparation, appraisal (desk and field) and approval, implementation, supervision and M& E to completion.

Implementation of the Protected Area and Biodiversity Management Component

The National Parks Service (NPS) will be the main implementing agent for activities supported by GEF. NPS will have responsibility for all capacity building and park management efforts relating to the Yankari and Kainji Lake National Parks. In addition, NPS will be responsible to review and coordinate policy and regulatory review related to Protected Area and biodiversity management in general. NPS also will have responsibility to identify and supporting sustainable livelihood initiatives to promote biodiversity conservation and ecologically viable developmental activities within the support zones. The

NPS will implement its mandate in close collaboration with ENV/FPSU as well as other sectoral agencies and with local and national NGOs, research and training institutions and the private sector as needed.

In Bauchi State, the Wildlife Unit within the Department of Forestry of the Ministry of Agriculture, and the Environmental Protection Agency (BASEPA) will be the main implementing agencies for activities in and around the Lame Burra Game Reserve and Maladumba Lake and Forest Reserve. BASEPA will be responsible for liaising with the Federal University's Bauchi campus, local NGOs and the private sector to promote research and implementation of programs for sustainable use of natural resources. NGOs experienced in promoting biodiversity conservation and sustainable livelihoods may be sole sourced to participate in the program based on their qualifications, experience, presence on the ground and acceptance by the communities. In this event, such partners will be specifically contracted by NPS to perform these responsibilities on behalf of the communities. The FPSU will be involved in reviewing specific TORs for activities and selecting NGOs and even consultants as needed.

A key program identified is an integrated lake and forest management program for Maladumba Lake and Forest Reserve, which will be comanaged by state, local and community stakeholders. The program will involve community-managed nurseries to promote afforestation, lake restoration, catchment management and fish ponds to restock the lake and to support protein requirements of communities living around the lake.

To ensure sound technical and management of implementation of the sustainable livelihoods activities, it was agreed that a Review Committee will review and endorse all sustainable livelihood initiatives according to an agreed sustainable livelihood plan. The Review Committee will consist of the following entities: the FPSU, the SPSUs, BASEPA, Niger State Environmental Protection Agency (NISEPA) and respective state and local government agencies, the Ministries of Agriculture and Water Resources, local and national NGOs, University of Bauchi, relevant research and training institutions and the private sector as needed. It is anticipated that contracts will be awarded to various actors, i.e., NGOs, consultants and other relevant entities, to support the preparation, implementation and supervision of sustainable livelihood activities The NPS will not award a contract to any entity for GEF-supported activities without Review Committee clearance. This clearance requirement will ensure collaboration and coordination of activities for all concerned parties. The PIM will detail these implementation arrangements, which will include a TOR for the Review Committee as well as its operational procedures, e.g., frequency of meetings, chairmanship and conflict resolution.

Communities will be eligible to derive support from IDA if the LGAs encompassing the support zones are assessed as being "green light" LGAs (see description of component 2 in section above). Whether their LGA is "green light" or not, the communities will benefit from GEF resources based on the submission and approval of an ecologically sustainable livelihood plan. Concerning IDA, grant resources will be directly transferred into community bank accounts, based on an approval process involving the LGRC and SPSU. GEF funds will come directly from the federal level, via NPS or a local or national NGO, which will have responsibility for ensuring that such microproject proposals are consistent with the goals of the Protected Area and Biodiversity Management component.

With regard to funds flow, NPS will operate a Special Account (SA) to fund the activities supported under this component. Memoranda of Understanding (MOU) will be drawn up outlining the roles of the participating agencies, including the state agencies and NGOs, that will implement the activities in partnership with NPS and the communities living in the support zones of the Protected Areas. The implementation details for the activities including the approach and modalities for procurement, disbursement and M&E will be specified in the PIM for this component.

Monitoring and Evaluation and the Management and Information System

Monitoring will take place by different actors at multiple levels. In year 1, baseline surveys will be taken in the areas to be financed by GEF and IDA, using an adapted version of the Core Welfare Indicator Questionnaire (CWIG). This survey will be repeated in year 5 to assess the impact of investments. Component 2 requires an assessment of LGAs using a scorecard developed during preparation. The impact of the training programs delivered to LGAs will be determined when the LGA assessment is repeated at mid-term and at the end of the program. The process of community mobilization, participation and empowerment encompasses a number of community-based monitoring activities, e.g., regular community-wide meetings, educational and informational events and development plan assessments. Beneficiaries also will be able to draw on communications materials prepared by the SPSU to increase transparency about the program and to enable beneficiaries to more effectively monitor the participatory microproject cycle and other processes within their own localities. The program also will sponsor specific community learning events after each microproject is implemented. Different stakeholders--CPMC, MITs, and LGRC--will reflect on the process and lessons learned that could be applied to implementation of the next microproject. Intercommunity learning events and community field trips will seek to encourage information sharing and lessons learned among communities in different parts of the state.

During the early years of implementation, the program also will support Process Documentation Research (PDR) in sample communities The FPSU will contract a reputable Nigerian institution to place field observers in a sample of communities in each state. The field observers will make continuous real-time documentation of the process of implementation and community response. The observers will provide factual, narrative and quantitative reports on issues such as the social institutions and relationships among various groups, land tenure systems, role of customary/ traditional laws and norms, and human resource development at MIT and community levels. This information will be fed back to the SPSUs and MITs to refine and improve the participatory processes, thus making them more effective and reducing the potential for unintended and negative social effects.

The LEEMP Management Information System is critical for monitoring many aspects of project management and implementation, most particularly the large volume of physical activities and financial information associated with the microprojects cycle. The system will be a computer-based information management system that will track all activities during the start-up of the national program and the implementation of community-driven investments. The MIS will rely on critical base information gathered at each of the participating states regarding community conditions, unit costs, communication infrastructure and other relevant procedural data. The primary objective of the MIS will be to assist federal and state-level management to supervise project components, process and track investments for multisectoral community-driven development plans, manage capacity building activities, investigate studies and consultancies and provide critical institutional support to the overall program. In addition, the MIS will enable state and federal units to evaluate project-wide performance trends, synergies and challenges on a quarterly basis. The MIS will generate monthly, quarterly, annual and mid-term reports as well as ad-hoc query reports on LEEMP activities.

Monitoring and Evaluation Framework

What needs to be monitored	Methodology	Frequency	By whom
1. Impacts of GEF investments: Indicators need to be developed to measure: (a) impact on species within the Protected Areas (b) impact on health of ecosystem--both within the Protected Area and in its support zone (c) impact on livelihoods of support zone communities (d) impact on income levels of support zone communities.	Through 2 sample surveys (baseline and end-term) using adapted modules of the Core Welfare Indicator Questionnaire (CWIQ) and specific methodologies for (a) species assessment and wildlife tracking study and (b) species assessment in the PA support zone	Years 1 and 5	Consultant firm recruited by NPS to carry out both baseline and repeat surveys at year 5
2. Impact of IDA investments: This activity will establish and measure indicators to monitor and evaluate socioeconomic well-being of participating communities, changes in behavior and capacity of participating institutions, institutional sustainability of investments, changes in social capital of communities, environmental impact of microproject investments, and sector-specific impact and sustainability of microprojects.	Through 2 sample surveys (baseline and end-term) using adapted modules of the CWIQ and specific methodologies for EIAs using GIS technology	Years 1 and 5	Consultant firm recruited by FPSU through ICB to carry out both baseline and repeat surveys at year 5
3. LGA performance: LGA assessment will determine the selection of LGAs based on capacity and performance, determine their need for capacity building programs and training, and evaluate the impact of such efforts on their performance.	Performance assessment scorecard and methodology developed during preparation	Years 1, 3, 5	Independent and objective assessment team selected by FPSU and SPSUs
4. Financial and physical processes: Monitor and enable information-based decisions regarding all physical, financial and administrative aspects at all levels of project implementation	Using a computerized MIS aligned with the accounting system and financial procedures	Ongoing: periodic monthly, quarterly and annual reports	MITs, SPSUs and FPSU will input and use information
5. Community empowerment and learning: Community-based monitoring activities are critical for successful microproject implementation and sustainability. Therefore, the community, its Project Management Committee and the LGRCs should	The process of community mobilization, participation and empowerment encompasses a number of community-based monitoring activities. E.g., community-wide meetings, education and information events, assessment of development plans, holding regular open meetings. Beneficiaries also will be able to draw on communications	Ongoing as part of participatory process implemented by MITs.	Facilitated primarily by the MITs in collaboration with the CPMCs.

assume an active role in supervising design and implementation processes, monitoring budget management and contractor selection and performance, ensuring consistency with development plans, and adhering to agreed roles and responsibilities.	materials prepared by the SPSU to increase transparency about the program and enable them to more effectively monitor the participatory microproject cycle and other processes within their own localities. The program also will sponsor specific community learning events after implementation of each microproject. Different stakeholders, e.g., CPMC, MITs, LGRC, will reflect on the process and lessons learned that can be applied to implementation of the next microproject. Intercommunity learning events and community field trips will encourage sharing of information and lessons learned among communities in different parts of the state.		
6. Participatory processes: The participatory process is critical to the success of this program. Therefore, it is necessary to closely monitor the process and adapt the MIT process. The monitoring process needs to provide reports on issues such as the social institutions and relationships among various groups, land tenure systems, role of customary/ traditional laws and norms; and human resource development at MIT and community level.	Process Documentation Research (PDR) in sample communities. Field observers are placed in communities and make continuous real-time documentation of the implementation process and community response.	Ongoing during early years of implementation	FPSU will contract a reputable Nigerian institution to place field observers in a sampling of communities in each state.
7. Program management: Program management M&E activities are aimed at identifying operational bottlenecks, challenges, best practices and opportunities, and resolve them while modifying Implementation Manual guidelines accordingly.	Activities include (a) joint supervision missions (b) mid-term review (c) Implementation Completion Report	Biannually: mid-term review and on project completion	IDA team with FPSU and the SPSUs

Annex 3: Estimated Project Costs

NIGERIA: Local Empowerment and Environmental Management Program

Project Cost By Component	Local US $million	Foreign US $million	Total US $million
1. Multisectoral Community-Driven Investments	21.34	20.26	41.60
2. Local Government Assessment and Capacity Building	2.59	0.63	3.22
3. Protected Area and Biodiversity Management	4.07	3.43	7.50
4. Strengthening the Environmental Institutional Framework	0.44	0.20	0.64
5. Program management	11.87	8.19	20.06
6. Project Preparation Facility	0.00	0.60	0.60
Total Baseline Cost	40.31	33.31	73.62
Physical Contingencies	0.62	0.58	1.20
Price Contingencies	15.48	0.68	16.16
Total Project Costs[1]	56.41	34.57	90.98
Total Financing Required	56.41	34.57	90.98

Project Cost By Category	Local US $million	Foreign US $million	Total US $million
Civil Works	0.64	0.26	0.90
Goods	3.81	4.48	8.29
Consultant Services	6.62	1.48	8.10
Training	3.26	0.83	4.09
Funds - IDA	19.80	20.15	39.95
Fund and Trust - GEF	0.94	1.60	2.54
Operating Costs	5.23	3.57	8.80
PPF	0.00	0.60	0.60
PDF-B	0.00	0.35	0.35
Physical and Price Contingencies	16.10	1.26	17.36
Total Project Costs[1]	56.40	34.58	90.98
Total Financing Required	56.40	34.58	90.98

[1] Identifiable taxes and duties are 4.7 (US$m) and the total project cost, net of taxes, is 76.47 (US$m). Therefore, the project cost sharing ratio is 91.59 % of total project cost net of taxes.

Annex 4:
Incremental Costs and
Global Environmental Benefits
NIGERIA: Local Empowerment and Environmental Management Program

Context

The Protected Area management component of the LEEMP aims to identify and support the protection of globally significant biodiversity and genetic resources. Focusing primarily on Biodiversity Conservation and Management, the GEF-supported activities seek to promote community involvement in the management of biodiversity and wildlife. Selected Protected Areas and their support zones in 2 states will be supported under this component. This component has been developed through extensive consultation with relevant stakeholders and draws from the following existing policy and regulatory documents.

The National Biodiversity Strategy and Action Plan (1997) approximates the value of biodiversity use and ecosystem functioning at US$2.92 billion. Priorities for action identified in the plan include (a) protecting ecosystems, especially watersheds, fresh water systems and tropical high forests; (b) improving yields of both indigenous and exotic species facing high economic demand to sustain their supply as well as protect their substitutes; (c) managing fragile soils to provide conditions conducive to the perpetuation of species of economic, medicinal and genetic conservation value; (d) regulating and purifying water flow and protecting valley forests and wetlands; (e) maintaining conditions vital to the sustenance of Protected Areas and critical habitats that threaten species used for breeding and feeding and (f) enhancing the efficient use of biodiversity resources to reduce their exploitation rate.

Nigerian National Parks Service Decree No. 46 of 1999 provides a basis for improved national parks management and delineates a number of principles and activities. The decree requires that each of Nigeria’s national parks prepare a comprehensive management plan. Each park's plan should include (a) a map and proposed facilities; (b) a resource inventory; (c) an assessment of wildlife population trends; (d) an assessment of wildlife interference and plans for controlling it; (e) a description of proposed research activities, infrastructure development and wildlife resource management;(f) an administration plan; (g) plans to develop national and international tourism; (h) plans to create buffer zones around the park and to involve local communities in managing it; (i) plans for public participation in park activities; (j) plans to promote and assist in ensuring environmentally sound and sustainable development in the surrounding areas, other than the buffer zones, to further protect those areas.

GEF Component

Based on the above policy and regulatory directives, the GEF component of the LEEMP will support activities in selected Protected Areas and support zone communities that have national as well as global benefits. The goals of this component are to (a) promote sound partnerships for effective Protected Area management; (b) identify and promote incentives for wildlife and biodiversity conservation in the Protected Areas and in the support zones; (c) provide technical assistance and capacity building for biodiversity and Protected Area management in key public agencies and in NGOs; (d) improve Protected Area infrastructure and facilities and (e) promote awareness of the benefits of conserving biodiversity and habitats.

Outcomes

Expected outcomes from the GEF-supported activities are (a) improved policy and institutional framework for biodiversity conservation in the country; (b) adoption of collaborative approaches for biodiversity management; (c) mainstreaming of biodiversity conservation in development activities in the target areas; (d) improved management of biological resources in Protected Areas and in support zones; (e) improved awareness in the larger community of the value and benefits of biodiversity and habitat conservation; and (f) improved knowledge of the scientific, social and economic dimensions of biodiversity and habitat conservation.

Development Objectives

The IDA program objectives of the LEEMP are: (1) the institutional framework at all 3 levels--federal, state and particularly local government--to support environmentally sustainable and socially inclusive development will have been strengthened; (2) beneficiaries in the participating states will have planned, cofinanced, and implemented, and will continue to operate and maintain, environmentally sustainable and socially inclusive multisectoral microprojects. Programmatic goals specific to the GEF-supported activities include (a) effective management of natural resources toward poverty reduction and sustainable development; (b) generation of sustainable livelihood opportunities, empowerment and enhancement of food security in support zone communities; (c) improvement of environmental quality; (d) improving the productive potential and sustainable management of selected Protected Areas and their support zones and e) strengthening the supporting policy and institutional framework at federal, state and local levels.

Baseline Scenario

General Scope

In the absence of GEF assistance, it is expected that the government nonetheless will pursue a relatively aggressive program of support zone development. Moreover, the government has demonstrated a commitment to Protected Areas management and is likely to continue a minimal level of financial and related support to protect some of the recognized local benefits. To ensure that a complete range of potential impacts and benefits has been captured, the baseline has been defined to include a broad range of activities that are intended to support directly or indirectly the Protected Areas system. Conceptually, the baseline can be considered as 3 separate components, each with somewhat different rationales for its inclusion in the baseline. The first component (subcomponent I in Table IC-1) involves *specific support zone investments* that meet a broad development objective. The second component is a series of *institutional, policy, educational and management initiatives* (subcomponents II, IV and V) that are intended to give broad support to the support zone initiatives and to specific park and reserve initiatives. Third, a *targeted biodiversity component* is intended to give support to high priority parks and biodiversity hotspots (subcomponent III).

Costs

The total expenditures associated with the Baseline Scenario are estimated at US$72.26 million. As detailed in Table IC-1, one of the scenario's most substantial components involves the baseline investments associated with community development (US$40.6 million). Financing for the latter will rely mainly on IDA support. Detailed descriptions of the components are provided in other sections of the PAD. Given the government’s demonstrated interest and commitment to this sector, substantial support is expected for the institutional, policy, and education initiatives even in the baseline.

However, an ongoing uncertainty is the potential range of baseline investment in the given priority park areas. The government is expected to put in place a "minimalist" management plan adequate to control some poaching and provide some level of regular patrol and demarcation. Regional experience suggests that this plan will cost on the order of US$0.50-2/ha/yr ongoing, although precise costs are not available because of the lack of management plans for the park estate; costs tend to be lower for large areas because of economies of scale. Thus, a baseline cost is attributed to this component consistent with the lower bound of these estimates. For the major parks being considered by the proposal (Yankari and Kainji), the estimate corresponds to a 5-year baseline cost of about US$1.90 million.

Benefits

The baseline LEEMP project is expected to generate significant benefits, primarily in terms of direct poverty reduction. The level of expenditures under the baseline also may provide minimal protection for ecological functions, although the values associated with these for the given ecosystem types (partially wooded savannah) are relatively small. For example, the overall project area covers a target population of approximately 60,000 inhabitants. The performance targets for this project anticipate an 80% uptake of microproject initiatives, with a resultant mean income improvement of 20% in the project area. While baseline income estimates are not available, applying a standardized national income estimate (US$970/capita) yields expected baseline benefits from the community driven investments of US$9.31 million a year. This baseline benefit would be a direct consequence of the approximately US$40 million invested in such projects.

Domestic Opportunity Costs and Potential Offsets

Considerable debate exists over the level of opportunity costs incurred by placing land in Protected Areas. Protected Areas are generally acknowledged to impose some losses on a country, although substantial uncertainty and disagreement exists among analysts regarding the level of these costs. First, farmers near Protected Area boundaries can suffer crop and stock losses that can be attributed to wildlife in the Protected Areas. Second, land opportunity costs may be a significant long-run consideration. While not all arable land in Nigeria has yet been taken up for agriculture and grazing, as population increases, local land constraints in some regions may intensify. Third, offsetting these concerns, however, are potential local benefits associated with tourism, improved functioning of watersheds for water supply and maintenance of other ecological functions. Analytically, all of these opportunity costs (and benefits) accrue to the Baseline Scenario. No assignation of monetary benefits to these costs and benefits has been conducted for this exercise. However, all benefits associated with the GEF Alternative are more readily identified and are implicitly taken to be incremental to these baseline levels.

Global Environmental Objective

Beneficiaries within the support zones around targeted Protected Areas in 2 of the participating states will have planned, cofinanced, and implemented, and are continuing to operate and maintain, environmentally sustainable and socially inclusive alternative livelihood microprojects.

Benefits

Global benefits associated with this objective are substantial. Based on benefit transfer literature, generally, the benefit transfer figures used in this document rely on those compiled by Costanza and others (1997) and are extrapolated to the year 2001. Adjustments among countries use a purchasing

power parity basis, and all benefits are based on areas protected in hectares as recorded by the World Conservation Monitoring Centre for Nigeria. Nigeria's total Protected Area estate is just over 3 million ha, with almost 2.3 million ha under IUCN Category II (Park) or 1a (Strict Reserve) protected status. The analyses in this annex focus on the 2 parks that are of greatest global significance in this project–Yankari and Kainji–with a total area of 757,000 ha. For benefit transfer purposes, these parks are treated as mainly savannah areas with some woodland and aquatic areas. The minimum-level estimate for the park areas in this project would show annual global biodiversity benefits of the order of US$4.5 million. FGN estimates of this same benefit do not explicitly separate local from global benefits, but using typical breakdowns, the figures reported in Nigeria's Biodiversity Strategy would suggest that the global benefits could be up to an order of magnitude higher than this figure. Therefore, for the 5-year period of this project, the global benefit will be *at least* US$22.5 million and potentially well in excess of US$100 million.

GEF Alternative

Scope

With the GEF assistance to address the global biodiversity objectives outlined above, FGN would be able to undertake a more effective program that would generate both national and global benefits. The major thrust of the incremental activities would be to address a number of targeted initiatives to improve the decentralized management of the park sites and contribute to support zone activities to further reduce negative impacts on the biodiversity hotspots. Under the GEF Alternative, more resources can be provided to support zone activities, in particular, those habitats that may be of high global priority but yield only minor domestic benefits. As has been demonstrated in Protected Area systems worldwide, decentralized activities often contribute substantially to the overall sustainable management of the Protected Areas and to an overall improved level of effective protection. The GEF investments also would support incremental institutional, policy and educational initiatives to provide additional management support and to permit Nigeria to meet explicit international obligations.

Costs

The total expenditures associated with the GEF Alternative are estimated to be US$90.97 million. Under the alternative, the program would still comprise the Baseline components described above. The primary differences between the GEF Alternative and the Baseline are summarized below (detailed project descriptions are shown in Annex 2):

Multisectoral community-driven investments. The GEF Alternative includes additional activities cofunded by local communities that complement protection of neighbouring protected areas, with priority given to subprojects that will enhance global values.

Local Government Assessment and Capacity Building. This component is a core activity that would take place in its entirety in both the Baseline and GEF Alternative.

Protected Area and biodiversity management. This activity provides the major support for biodiversity conservation and management in the selected Protected Areas and their support zones.

Strengthening the Environmental Institutional Framework. This component is a core activity that would take place in its entirety in both the Baseline and GEF Alternative.

Project Management. Both the Baseline and GEF Alternative include substantial core expenditures for project management, including the PPF advance against the IDA credit. Expenditures under the GEF Alternative include a broader range of management expenditures that would be necessary to expand the lessons to other protected area in the country, and to develop appropriate local management capacity.

Benefits

The GEF Alternative incorporates the substantial benefits (and implicit opportunity costs) of the Baseline Scenario and will enable beneficial outcomes beyond those specified. Its additional incremental benefits to the global community include the ability to promote a more comprehensive Protected Area system capable of conserving and sustaining globally significant and representative biodiversity, despite competing economic pressures on the land base. GEF assistance will enable Nigeria to protect and use sustainably the country's biodiversity beyond a nationally justified and affordable level. GEF investment in conservation education will improve public awareness, leading to long-term willingness to pay for conservation benefits. Global benefits will include enhanced monitoring and information exchange through improved record-keeping, and effective capacity to preserve endangered species through the ability to fulfill international biodiversity conservation treaty obligations under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Continued protection of many additional ecological functions, and of option and existence values, is an unquantified but potentially large benefit to the global community.

The GEF Alternative also will produce incremental domestic benefits. They include incremental local sustainable direct uses, distributional benefits, incremental protection of ecological functions and preservation of domestically significant option values. At this stage, the basis for estimating these benefits is limited. Most would be associated with a reduction in externalities from improvements in support zone incomes. At this stage also, it is not realistically expected that the project will have a discernible impact on the local ecological functions of the large park areas. Most of the benefits are likely to be associated with sustainable direct uses associated with areas. Estimates for such local benefits vary greatly in the literature, but an upper estimate is taken as a benefit transfer from the environmental economics literature. This estimate places an upper bound on such benefits at a level of approximately $4.42/ha/yr. At the lower range, it is assumed that about 10% of support zone incomes are associated with the Protected Areas. This level is consistent with findings in typical West African areas, although it must be recognized that local site conditions can vary substantially. As no specific economic studies have been done relating to such incomes in the project area, and as the anticipated investments have not yet been designed at the microwatershed level, there is no additional basis for making more precise, site-specific estimates. Nevertheless, the "10% income" assumption yields a benefit level of $1.23/ha/yr, which is of the same order of magnitude as the benefit transfer estimate. As a result, these estimating bases place domestic benefits at a level of US$4.66 million to US$16.74 million. For analytical purposes of calculating the incremental costs, the midpoint of this range – US$10.7 million – is taken as the expected value of the Incremental Domestic Benefit adjustment.

Incremental Costs

Incremental Expenditures

The total expenditure under the Baseline Scenario is estimated to be US$72.3 million, while the total expenditure under the GEF Alternative is estimated to be US$91.0 million. The total Incremental Expenditure under the GEF Alternative is thus US$18.7 million.

Incremental Costs

These incremental expenditures are partially offset by an expected incremental domestic benefit of about US$10.70 million. This benefit would not have been realized in the Baseline Scenario, and is associated primarily with sustainable direct uses. The net result is that the incremental cost of the GEF Alternative is US$8 million. Accordingly, GEF assistance of US$8 million is requested, while IDA and local contributions are expected to support the balance.

Cost-Effectiveness

While a detailed economic analysis was not possible at this stage because the precise activities for the microwatersheds have not been selected, a limited cost-effectiveness analysis of the international transfers associated with the Protected Area component is feasible. In this instance, just the proposed GEF expenditures (US$8 million) are assessed in light of the area they are intended to protect. As a conservative estimate, it is assumed that these expenditures apply mainly to the targeted national park areas (Yankari and Kainji Lake), because these support the most significant global benefits, and only to the area specifically gazetted in these parks. Actual protection and impacts will extend beyond these park boundaries, as well as to other reserves. For these two parks, however, it is estimated that the total intervention translates to an annualized cost of approximately US$360/km2/year of effective protection. This figure reflects the basic hypothesis that improved protective measures will ensure protection of a wider range of species and habitats with full protection achieved in about 20 years. Without the added protection, the 757,000 ha of land area in these 2 parks would have experienced continuous degradation. Typical conservation expenditures around the world reflect international interventions corresponding to approximately US$25/km2/yr-2,500/km2/year of protection. Therefore, in these areas, LEEMP provides an opportunity to implement relatively efficient conservation expenditures.

Table IC-1 –Incremental Cost Determination *(US$ million)*

Component	Category	Expenditure	Domestic Benefit	Global Benefit
I. Multisectoral Community-Driven Investments	Baseline	US$40.63	Poverty reduction in support zones, decreased pressure on local protected areas.	
	With GEF Alternative	US$46.01	Improved maintenance of ecosystem function, decreased soil degradation and off-site impacts, decreased pressure on local protected areas. Community security.	Improved biodiversity protection in key high priority protected areas.
	Incremental	**US$5.38**	(values included under item III.)	(values included under item III.)
II. Local Government Assessment and Capacity Building	Baseline	US$4.96	Improved local capacity for management, research & policy development, planning & monitoring of local projects; improved facilities and infrastructure.	Provision of local capacity for effective conservation of globally significant biodiversity and environmental assets.
	With GEF Alternative	US$4.96	As above.	As above.
	Incremental	**US$0.00**	–	–
III. Protected Area and Biodiversity Management	Baseline	US$1.90	Conservation and protection of nationally important biodiversity and environmental assets.	Support of better management and minimal protection of biodiversity.
	With GEF Alternative	US$9.81	Improved sustainable direct use of local products, enhanced maintenance of water quality and local rainfall for agriculture and fisheries, option value from conservation of genetic stocks of domestically significant species.	Contribution to establishment and maintenance of a comprehensive and representative protected area system within Nigeria, capable of sustainably conserving globally significant biodiversity despite competing economic pressures.
	Incremental	**US$7.91**	**US$10.7**	**>>US$22.5**
IV. Strengthening the Environmental Institutional Framework	Baseline	US$0.87	Strengthened technical support and institutional capacity.	Capacity to carry out biodiversity conservation policy, planning & monitoring.
	With GEF Alternative	US$0.87	As above.	As above
	Incremental	**US$0.00**	–	–
V. Program Management (incl PPF)	Baseline	US$23.90	Facilitation of above. Fulfillment of domestic conservation education needs.	Improved biodiversity conservation through education based on initiatives elsewhere in the world.
	With GEF Alternative	US$29.31	Improved coordination and opportunities for extension to other States and sites.	Higher levels of conservation; enhanced monitoring and information exchange through improved record-keeping.
	Incremental	**US$5.41**	(values included under item III.)	(values included under item III.)
	Baseline	US$72.26		
Totals	With GEF Alternative	US$90.97		
	Incremental	**US$18.7**	**US$10.7**	**>>US$22.5**
	Incremental Expenditure	**US$18.7**	–	
Summary Calculation for GEF Eligibility	**Incremental Domestic Benefit**	**(US$10.7)**	–	
	Incremental Cost	**US$8.0**	–	•

Note: Baseline expenditure for protected area component corresponds to documented range of potential “minimum costs” for large protected area management of $0.50/ha/yr. Domestic benefit corresponds to midpoint of range of quantifiable food and material harvests for typical protected areas in Nigeria.

Annex 5: Financial Summary

NIGERIA: Local Empowerment and Environmental Management Program

Years Ending

	IMPLEMENTATION PERIOD						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Total Financing Required							
Project Costs							
Investment Costs	10.6	9.6	14.7	17.5	25.4		0.0
Recurrent Costs	1.6	2.6	2.8	3.0	3.2		0.0
Total Project Costs	12.2	12.2	17.5	20.5	28.6	0.0	0.0
Total Financing	12.2	12.2	17.5	20.5	28.6	0.0	0.0
Financing							
IBRD/IDA	8.2	8.4	13.8	16.7	23.1		0.0
Government	2.0	1.9	1.6	1.4	1.8		0.0
Central	0.0	0.0	0.0	0.0	0.0		0.0
Provincial	0.0	0.0	0.0	0.0	0.0		0.0
Co-financiersGEF	2.0	1.6	1.3	1.2	1.9		0.0
User Fees/Beneficiaries	0.0	0.3	0.8	1.2	1.8		0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Project Financing	12.2	12.2	17.5	20.5	28.6	0.0	0.0

Main assumptions:

Annex 6: Procurement and Disbursement Arrangements
NIGERIA: Local Empowerment and Environmental Management Program

Procurement

General

1. The procurement system in Nigeria is being reformed at the federal, state, and local government levels. The reforms are expected to culminate in a Procurement Law, which will contain the institutional arrangements for processing, oversight and approval of contracts. The Government Procurement Reform Program was fashioned in line with the recommendations of the year 2000 Nigeria Country Procurement Assessment Report (CPAR). All 3 levels of government are operating under the Financial Regulations (FR) rules which are internal rules established for the economic control of the federal, state, and local government administration. The CPAR identified major weaknesses in the procurement policies and practices in the country and made necessary recommendations for the short-, medium-, and long-term. Based on the short-term recommendations of the CPAR, on June 27, 2001, the FR procurement procedures section was revised at the federal level to ensure clarity and transparency by incorporating details of the various procurement methods and their applications for goods, works and services. The ineffective Federal and Departmental Tender Boards have been abolished while the Ministerial Tender Boards have been strengthened with powers to approve contract awards. For now, this revision is applied to only the federal component of the project, since the states have not yet adopted these changes. State and Local Governments are expected to adopt the revised FR in the future. To facilitate this adoption, FG is making arrangements to disseminate the findings and recommendations of the CPAR at these levels. In addition, the Procurement Reform Implementation Unit (PRIU) and Steering Committee, which will initiate and supervise initial implementation of reforms, have been established at the federal level. The reforms have 5 main features:

- Enactment of a new procurement law based on the United Nations Comisssion for International Trade Law (UNCITRAL) model
- Establishment of a public procurement oversight body, the Public Procurement Commission (PCC), independent of the Tender Boards, with responsibility for the efficiency and effectiveness of the procurement function across the public sector
- Revision of key areas of the FRs to make them more transparent
- Deep restructuring of Tender Boards and approval procedures for contracts, specifically, abolishing the Federal Tender Board and Departmental Tender Boards and strengthening Ministerial Tender Boards by vesting them with powers to approve contract awards
- Building procurement capacity in the public sector through a restoration of professionalism in procurement and intensive training of procurement staff.

2 Until the government takes major steps to reform the procurement policies and practices in the country (estimated to take place about 2 years into the project implementation), the risk of doing procurement business in Nigeria will be high. Therefore, the procurement risk for the proposed project is rated "High."

Use of Bank Guidelines

3 All goods and works financed by IDA will be procured in accordance with the appropriate IDA Guidelines *(Guidelines: Procurement under IBRD Loans and IDA Credits*, January 1995 and as revised in January and August 1996, September 1997 and January 1999; and *Guidelines: Selection and*

Employment of Consultants by World Bank Borrowers, January 1997 and as revised in September 1997, January 1999 and May 2002). To the extent practicable, the Bank's standard bidding documents for works and goods, the Standard Requests for Proposals for consultants and all standard evaluation forms will be used throughout project implementation. Since there are no National Standard Bidding Documents, the Bank's Standard Bidding Documents for goods and works shall be adopted (in the form satisfactory to IDA) for all National Competitive Bidding (NCB) procurement packages. Under NCB, the procedures should ensure that (i) bids will be advertised in national newspapers with wide circulation; (ii) the bid document clearly explains the bid evaluation and award criteria; (iii) any bidder is given adequate response time (minimum 4 weeks) to prepare and submit bids; (iv) bids will be awarded to the lowest evaluated bidder, in accordance with predetermined and transparent methods, and not arbitrarily; (v) eligible bidders, including foreign bidders, will not be precluded from participating and (vi) no domestic preference margins are applicable to domestic manufacturers or suppliers.

Advertising

4 A General Procurement Notice (GPN) is mandatory and will be published in "UN Development Business" and in a national newspaper as provided under the Guidelines. The GPN will be updated annually and will show all outstanding International Competitive Bidding (ICB) for goods contracts and all international consulting services. In addition, a Specific Procurement Notice (SPN) is required for all goods and works to be procured under ICB and Expressions of Interest (EOI) for all consulting services with a value in excess of US$100,000. All NCB procurement packages for goods and works will be advertised in the national dailies. The related bidding documents for goods and works will not be released, and the short list for consultant services will not be prepared prior to 8 weeks following publication of the GPN. Sufficient time will be allowed for prospective bidders to obtain the bidding documents and prepare their bids.

Procurement Capacity Assessment

5 A formal assessment of the capacity of participating states for the first phase of the project has been conducted according to August 11, 1998 Procurement Services Policy Group (OCSPR) guidelines. The assessment outlines the main issues and recommendations and is in the project files. Generally, existing procurement policies and practices in all states are based on the States Financial Regulations as well as store regulations derived from the federal FR. In most cases, the methods used by the states to administer their procurement processes are neither economical nor totally transparent. The lack of appropriate procurement planning leads to uneconomic procurement. Even though the FR specified procurement procedures (although inadequately), the procedures were not followed, and transparency was lacking in most cases in the selection of firms for contracts. However, all 9 states have implemented World-Bank-assisted projects in the past and have built some capacity in handling procurement under Bank-financed projects. To facilitate efficient project management during implementation, each state will established a Project Implementation Unit (PIU) to be adequately staffed with qualified and experienced personnel found acceptable to IDA, including a Procurement Officer. Some State Project Coordinators, Procurement Officers and Finance Officers attended the Bank-organized Joint Procurement, Financial Management and Disbursement workshop in June, 2002. Other relevant PIU officials will participate in future procurement workshops organized by the Bank as well as those organized by training institutions, such as Ghana Institute of Management and Public Administration (GIMPA). These trainings will assist the states to build the necessary procurement capacity. To facilitate proper implementation of the project at the state level, the following action plan also was agreed with the borrower:

- All state PIUs will be staffed with relevant technical professionals among which shall be an experienced Procurement Officer.

- All state PIUs will prepare a global and detailed first-year procurement plan to be discussed at appraisal and finalized during negotiations.

- The Federal Ministry of Environment will prepare a comprehensive Project Implementation Manual (PIM) and also a Procurement Manual before board presentations. The PIM and the Procurement Manual will be adopted by all the participating states before project effectiveness.

- Relevant PIU officials will attend procurement courses at training institutes such as GIMPA or procurement workshops organized by the Bank during project implementation.

- Contract management workshop for PIU officials will be conducted not later than 3 months after effectiveness.

- Proper procurement filling systems will be established at all PIUs not later than 4 months after project effectiveness.

- PIUs at both federal and state level will hold meetings with the business communities in their environment after adopting the Procurement Manual, and not later than 6 months after effectiveness.

One of the major problems with project implementation in Nigeria is the change of staff midstream. During negotiations, assurances will be sought from the borrower that staff trained under the project will not be redeployed from the PIUs without prior IDA clearance.

Procurement Planning

6 The specific micro-projects to be financed under the Community-Driven Investments, and Protected Areas and Biodiversity Management component of the project (representing about 60% of the total project cost) will be demand driven, and therefore have not been determined. Therefore, procurement under these two components will be indicative only, and based on a predetermined menu of activities that will guide preparation of proposals by the relevant communities. However, the procurement plan for the first year will be prepared based on the initial needs of each of the 9 States SPSUs and the FPSU.

7 The borrower will prepare a Global Procurement Strategic Plan and a detailed procurement plan for first-year activities of the first 9 states. The plans will be discussed and finalized during negotiations with the Bank. The agreed plans will be updated yearly, and sent to IDA for clearance no later than 3 months before the end of the fiscal year. Before effectiveness, a project-launch workshop will be organized to familiarize FPSU and SPSUs and other institutions involved in the execution of project with Bank procedures. The workshop will cover procurement policy and procedures and their application to procurement arrangements planned for project implementation, disbursement, reporting and auditing requirements. There is no existing procurement manual in any state project implementation unit. Therefore, the Federal Ministry of Environment will hire the services of a consultant to assist the project to prepare a comprehensive and coherent Procurement Manual acceptable to IDA, before effectiveness. Agreement will be reached during negotiations that such manual will be adopted by all the states as a condition of effectiveness for the states.

Procurement Implementation Arrangements

8. Procurement of Works, Goods and Services will be the responsibility of the FPSU for expenditures at the federal level, and each of the SPSUs at the State levels. However, such responsibility at the state level shall be delegated to the Community Project Management Committee (CPMC) for the multisectoral Community-Driven Investment component of the project. The SPSU shall procure all the required equipment for the Multidisciplinary Implementation Team (MIT) at the Local Government Level which shall have the primary role to facilitate the participatory process at the community level. The LGA Shall not be involved in procurement activities. But LGAs shall be responsible for monitoring of community mobilization efforts as well as providing counterpart funds for community expenditures. The CPMC shall use a pre-defined procurement Procedures (procurement manual) for community based projects, during project implementation. The National Parks Services (NPS) will be the main implementing agency for activities supported by GEF. Therefore procurement of goods, works and services shall be the responsibility of NPS for activities supported by GEF. The NPS implementation unit, FPSU and SPSUs composition, will consist of at least a Procurement Officer/Specialist that is conversant with Bank procurement procedures . As part of the capacity building initiative under the project, relevant staff of FPSU and SPSU will attend Bank-organized Procurement Workshop in the country and/or GIMPA in Ghana. When CPMCs are created, FPSU in close collaboration with IDA will convene an orientation workshop, which will focus on, among other topics, Bank procurement and disbursement procedures for community based organizations under Bank financed projects.

Procurement Methods

Civil Works (US$1.44 million)

9 Civil works contracts to support environmental conservation and community-driven development will cover (a) rehabilitation of 5 conservation outreach centers in the selected protected areas, (b) rehabilitation of outreach monitoring centers and paving of existing feeder roads and boreholes, (c) rehabilitation of waterholes for wildlife and (d) provision of water and sanitation facilities that will be maintained by the communities. The contracts will tend to be small, technically simple and limited in scope. As such, they will not lend themselves to grouping and, therefore, are unlikely to attract foreign bidders. It is anticipated that no large contracts in an equivalent amount of US$500,000 and above will be necessary. However, should such a contract occur, it would be subject to ICB procedures. Therefore, in any event, any individual civil works contract costing less than US$500,000 will be procured using NCB procedures acceptable to IDA. In the cases where civil works contracts are estimated to cost less than US$50,000 equivalent, up to an aggregate of US$600,000, (for the GEF Grant), will be procured under lump-sum fixed price contracts awarded on the basis of quotations obtained from at least three qualified domestic contractors in response to a written invitation. The invitation shall among other things include a detailed description of the works, including basic specifications, relevant drawings and bill of quantities where applicable, the required completion date and a basic form of agreement acceptable to the Bank. A sufficient bid submission period will be allowed and the bids will be opened in public. Before the first bidding package by each state is solicited, the draft solicitation letter and other relevant document to be used, will be reviewed and cleared by the Bank. The award shall be made to the lowest evaluated responsive contractor who has appropriate experience and resources to successfully complete the contract.

Goods (US$10.73 million)

10 The project will finance items such as vehicles, motorcycles, office equipment, computers and accessories, furniture, field equipment and materials etc. To the extent possible and practicable, goods and equipment to be purchased by FPSU and the States SPSUs will be grouped into bid packages to take advantage of bulk purchase. Each contract estimated to cost the equivalent of US$150,000 or more will be procured under ICB procedures using IDA Standard Bidding Documents. Each contract for goods estimated to cost less than US$150,000 up to an aggregate of US$2.75 million will be procured through National Competitive Bidding (NCB) using procedures acceptable to IDA. Procurement for readily available off-the-shelf goods that cannot be grouped or standard specification commodities for individual contracts of less than US$30,000, up to an aggregate of US$14.63 million will be procured using shopping procedures as detailed in paragraph 3.5 and 3.6 of the Guidelines. Procurement of goods and hiring of facilities for training purposes, such as workshops, will also be carried out using Bank shopping procedures. In cases where only one supplier exists, or under emergency situations, Direct Contracting, not to exceed an aggregate amount of US$1.00 million, will be acceptable.

11 To ensure that these limits are observed, each quarterly progress report of the project will include a table setting out the number and value (in US$ equivalent) of contracts issued through Local, International Shopping and National competitive bidding during the quarter as well as the cumulative total value (in US$ equivalent) of contracts under each of these 2 procedures from the date of the project start-up.

Consulting Services (US$12.50 million)

12 The total value for consulting services financed is estimated at US$12.50 million and would cover studies, technical design, supervision of civil works rehabilitation, preparation of bidding documents, technical audit, financial audit, procurement, accounting and financial management (FM) support, training and technical advice. Consultant services will be procured through Quality and Cost-Based Selection (QCBS) methodology. All consultancy assignments, estimated to cost US$100,000 or more, will be procured through QCBS and will be advertised in the Development Business and in at least two National Newspapers. In addition, the scope of the service will be advertised in an international newspaper or magazine seeking "expressions of interest." In the case of assignments estimated to cost less than US$200,000, the assignment may be advertised nationally, and the shortlist may be made up entirely of national consultants, provided that at least 3 qualified national firms are available in the country and foreign consultants who wish to participate are not excluded from consideration. Consultant services estimated to cost less than the equivalent of US$100,000 may be contracted by comparing the qualifications of consultants who have expressed an interest in the job or who have been identified. All consulting services of individual consultants will be procured under individual contracts in accordance with the provisions of paragraphs 5.1 to 5.3 of the Guidelines. Consultants for assignments of a standard routine nature, such as audits and engineering design of simple works, may be selected on the basis of Least-Cost method. In exceptional cases, Single Source Selection method will be used in accordance with the provisions of paragraphs 3.8 to 3.11 of the Guidelines, with prior IDA agreement.

Training, and Workshops (US$6.35 million)

13 At the beginning of each year, each state PIU will submit its proposed staff development plan for the coming year. The plan would indicate the persons or groups to be trained, type of training, indicative learning outcomes, provider or location of the training, and its estimated cost. Some training will be facilitated by a training provider contracted by each PIU and will take place in-country, either at

registered training institutions or by contracting national, regional or international experts to provide specialized training. Training workshops and other agreed training will be carried out on the basis of approved annual training plans, to be reviewed by IDA. Selection of training institutions for workshops/training should be based on a competitive process, using the Consultant's Qualifications Methods of selection.

Microproject Funds and Trust (IDA Fund-US$43.12 million)(GEF Fund-US$1.87 million)(GEF Trust-US$0.80 million)

14 The micro-project fund financed by IDA, and GEF and trust financed on a grant basis by the GEF will transfer resources directly to rural communities to be used for the construction of, e.g., water and sanitation facilities such as wells and latrines, culverts, waterholes for wildlife, and income-generating and commercial activities for the communities etc. Contract packages under this component will be small in scope and amount costing normally US$10,000-US$30,000 per contract. A component of the IDA micro-project fund also will be set aside for a pilot to test innovative approaches to strengthen community micro-projects that have potential for commercial viability such as agro processing activities. The local micro-project proposals will be identified by the communities, aided by the MITs, which could include NGOs contracted as MITs. The micro-projects proposed will be identified through a CDP establishing the development priorities within a pre-assigned budget envelope of approximately US$50,000 (5 million Naira) each. Procurement procedures to be used under this component will be based on the pre-defined procurement manual for community based projects fashioned after the Bank's draft procurement financial management and Disbursement procedures under CDD projects.

15 Arrangements for selecting and funding proposals will be detailed in PIM and the Procurement Manual (PM), which will be submitted to IDA before effectiveness. The microprojects eligible under these funds will be described in the PIM. The PIUs in each state will be responsible for ensuring compliance with the guidelines as stated in the PIM.

IDA Prior Review

16 Table B provides prior review thresholds. Each *works* package estimated to cost US$150,000,00 equivalent or more will be subject to IDA prior review as per paragraph 2 of Appendix I of the Guidelines. For each works package with an estimated value of less than US$150,000 to be awarded on the basis of NCB procedures, the first 2 packages of each state will be subject to IDA prior review. Other contracts will be subject to post review, in accordance with paragraph 4 of Appendix I of the Guidelines. Each contract for *goods*, estimated to cost US$150,000 equivalent or more will be subject to IDA prior review, as per paragraph 2 of Appendix I of the Guidelines. Individual contracts for goods (a) with an estimated value of US$30,000 or more not exceeding US$150,000 equivalent, will be awarded on the basis of NCB procedures. Each contract for *goods* (b) with an estimated value of less than US$30,000 will be awarded on the basis of shopping procedures. For (a) and (b), the first 2 contract packages of each state shall be subject to IDA prior review. All *consulting* contracts costing US$100,000 equivalent or more for firms, and US$50,000 or more for individuals, will be subject to IDA prior review. All TORs for consulting services will be subject to IDA prior review. Any exceptional extensions to nonprior review contracts raising their values to levels equivalent or Above the prior review thresholds will be subject to IDA clearance.

Procurement methods (Table A)

Table A: Project Costs by Procurement Arrangements
(US$ million equivalent)

Expenditure Category	Procurement Method[a] ICB	NCB	Other[b]	N.B.F.	Total Cost
	(IDA)/(GEF)	(IDA)/(GEF)	(IDA)/(GEF)	(IDA)/(GEF)	(IDA)/(GEF)
1. Works	0.00	1.16	0.29	0.00	1.45
Community microprojects and rehabilitation (small works)	(0.00)	(0.00)(0.98)	(0.00)(0.25)	(0.00)	(0.00)(1.23)
2. Goods	5.77	2.48	2.48	0.00	10.73
(Vehicles, equipment, materials)	(3.75)(0.57)	(1.92)/(0.20)	(1.92)/(0.20)	(0.00)	(7.59)/(0.98)
3. Consultant Services	0.00	0.00	12.50	0.00	12.50
	(0.00)	(0.00)	(8.77)(1.39)	(0.00)	(8.77)(1.39)
4. Training and Workshops	0.00	0.00	6.35	0.00	6.35
	(0.00)	(0.00)	(5.12)/(0.66)	(0.00)	(5.12)(0.66)
5. Funds, Trusts	0.00	0.00	45.79	0.00	45.79
IDA Microprojects Fund GEF Microprojects Fund and Trust	(0.00)	(0.00)/(0.00)	(38.94)(2.59)	(0.00)	(38.94)(2.59)
6. Operating Costs	0.00	0.01	12.16	1.04	13.21
	(0.00)	(0.00)(0.01)	(9.02)(0.80)	(0.00)(0.00)	(9.02)(0.81)
7. PPF Refinancing	0.00	0.00	0.60	0.00	0.60
	(0.00)	(0.00)(0.00)	(0.60)/(0.00)	(0.00)	(0.60)/(0.00)
8. PDF-B	0.00	0.00	0.35	0.00	0.35
	(0.00)	(0.00)	(0.00)/(0.35)	(0.00)	(0.00)/(0.35)
Total	5.77	3.65	80.52	1.04	90.98
	(3.75)(0.57)	(1.92)(1.19)	(64.37)(6.24)	(0.00)(0.00)	(70.04)(8.00)

a .Figures in parentheses are the amounts to be financed by the IDA Credit and GEF Grant. All costs include contingencies.

b .Includes civil works and goods to be procured through national shopping, consulting services, services of contracted staff of the project management office, training, technical assistance services, and incremental operating costs related to (1) managing the project, and (2) re-lending project funds to local government units.

Table A1: Consultant Selection Arrangements (optional)
(US$ million equivalent)

Consultant Services Expenditure Category	Selection Method							
	QCBS	QBS	SFB	LCS	CQ	Other	N.B.F.	Total Cost[1]
A. Firms	4.80 (4.32)	1.40 (1.26)	0.00 (0.00)	1.66 (1.50)	4.00 (3.60)	0.00 (0.00)	0.00 (0.00)	11.86 (10.68)
B. Individuals	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	2.00 (1.80)	0.00 (0.00)	0.00 (0.00)	2.00 (1.80)
Total	4.80 (4.32)	1.40 (1.26)	0.00 (0.00)	1.66 (1.50)	6.00 (5.40)	0.00 (0.00)	0.00 (0.00)	13.86 (12.48)

1\ Including contingencies

Note: QCBS = Quality- and Cost-Based Selection
QBS = Quality-based Selection
SFB = Selection under a Fixed Budget
LCS = Least-Cost Selection
CQ = Selection Based on Consultants' Qualifications
Other = Selection of individual consultants (per Section V of Consultants Guidelines), Commercial Practices
N.B.F. = Not Bank-financed
Figures in parenthesis are the amounts to be financed by the Bank Credit.

Prior review thresholds (Table B)

Table B: Thresholds for Procurement Methods and Prior Review [1]

Expenditure Category	Contract Value Threshold (US$ thousands)	Procurement Method	Contracts Subject to Prior Review (US$ millions)
1. Works	US$500,000 and above <US$500,000 Below US$50,000	ICB NCB Shopping	All 1st 2 contract packages of each state SPSU and FPSU None
2. Goods	US$150,000 and above <US$150,000 <US$30,0000	ICB NCB Shopping or IAPSO	All 1st 2 contract packages of each SPSU and FPSU 1st 2 contract packages of each SPSU and FPSU
3. Services **- Firms** **- Individuals**	 Above US$100,000 Below US$100,000 Above US$50,0000 Below US$50,000	 QCBS QCBS/CQ IC IC	 All None All None
4. Training, Study Tours, Workshops	Regardless of value	CQ/IC	All

Total value of contracts subject to prior review: US$39.00 Million

Overall Procurement Risk Assessment

HIGH

Frequency of procurement supervision missions proposed: One every **3** months (includes special procurement supervision for post-review/audits)

[1] Thresholds generally differ by country and project. Consult OD 11.04 "Review of Procurement Documentation" and contact the Regional Procurement Adviser for guidance.

Table B: Thresholds for Procurement Methods and Prior Review [1]

Expenditure Category	Contract Value Threshold (US$ thousands)	Procurement Method	Contracts Subject to Prior Review (US$ millions)
1. Works			
2. Goods			

3. Services **- Firms** **- Individuals**			
4. Training, Study Tours, Workshops			

Total value of contracts subject to prior review:

Overall Procurement Risk Assessment

Frequency of procurement supervision missions proposed: One every months (includes special procurement supervision for post-review/audits)

[1] Thresholds generally differ by country and project. Consult OD 11.04 "Review of Procurement Documentation" and contact the Regional Procurement Adviser for guidance.

Disbursement

Allocation of credit proceeds (Table C)

IDA

Table C: Allocation of Credit Proceeds

Expenditure Category	Amount in US$million	Financing Percentage
Civil Works	0.00	
Goods	6.30	100% FE, 80% LC
Consultant Services	7.45	90%
Training, Study Tours, Workshops	4.10	100%
Microprojects Fund	40.00	Up to 100%
Operating Costs	7.00	80%
PPF-Refinancing	0.60	
Unallocated	4.55	
Total Project Costs	70.00	
Total	70.00	

Use of statements of expenditures (SOEs):

All applications for the withdrawal of proceeds from the credit will be fully documented, except for (1) works with an estimated value of US$150,000 each or less for goods; (2) contracts with an estimated value of US$150,000 each or less for goods; and (3) US$100,000 each or less for consulting firms, and US$50,000 each or less for individual consultants, which may be claimed on the basis of certified Statements of Expenditures (SOEs). Documentation supporting all expenditures claimed against SOEs will be retained by FPSU and relevant states and will be available for review when requested by IDA supervision missions and project auditors. All disbursements are subject to the conditions of the Development Credit Agreement and the procedures defined in the Disbursement Letter.

Special account:

To facilitate disbursements for eligible expenditures for works, goods and services, the FPSU will open a special account (for the federal component) in a commercial bank to cover part of IDA's share of eligible expenditures to be managed and administered by the FPSU. The initial deposit into the special account would be US$ **[XXX]** covering an estimated 4 months of eligible expenditures financed by IDA. The FPSU also will open and manage a special account in a commercial bank (for states that have not yet established a PFMU) to cover part of IDA's share of eligible expenditures. Additionally, a special Account (SA) will be opened by each state that has established a PFMU with an initial deposit of US$**[XXX].** The FPSU and states that have established a PFMU will be responsible for submitting monthly replenishment applications with appropriate supporting documents for expenditures. To the extent possible, all of IDA's share of expenditures should be paid through the SA.

The SA will be replenished through the monthly submission of Withdrawal Applications and will include reconciled bank statements and other documents as may be required until the borrower may

choose to convert to report-based disbursement. All disbursements will be channeled through SA. In lieu of SA, the borrower may choose to prefinance project expenditure and seek reimbursement from IDA.

FINANCIAL MANAGEMENT ANNEX

A. GENERAL

Objectives of the Project Financial Management Systems

1. The objective of the FM systems is to support the implementing units in deploying project resources to produce the required outputs with attention to economy, efficiency and effectiveness. Specifically, the FM systems will be capable of producing timely, understandable, relevant and reliable financial information that will enable the implementing units to plan, coordinate, monitor and appraise the project's overall progress toward the achievement of its objectives, as well as to ensure that funds provided will be used for the purposes intended.

Implementing Entities

2. The Federal Ministry of Environment (ENV) will have responsibility for the overall coordination of the project. This responsibility will be delegated to FPSU, a unit of the Department of Planning, Research and Statistics. The GEF component which is planned for 2 parks–Yankari and Kainji–will be implemented by the National Parks Service (NPS) in Abuja. At the state level, the responsibility for project implementation lies with a State Program Support Unit (SPSU) located either in the Governor's Office or in a line ministry.

3. Within FPSU, a Project Accounting Section (PAS) will be established, The section will be headed by a professionally qualified Project Accountant and supported by appropriately qualified staff. The PAS will be responsible for the management of the credit at the federal level. Initially, each participating state will establish a Project Accounting Unit in the SPSU (PAU/SPSU). It is expected that the staff and functions of the PAU/SPSU subsequently will transfer to the State Project Financial Management Unit (PFMU), which will be established in the Office of the State Accountant General (OAGS**)** under the proposed funds flow arrangements for Nigeria. The PFMU will be responsible for managing the financial affairs of Bank-assisted projects in the state, including LEEMP. Specifically, the PAS and PFMU (or PAU/SPSU) will be responsible for preparing budgets, monthly reports, quarterly financial monitoring reports, annual financial statements and progress reports respectively for the ENV component and state components. PAS and PFMU (or PAU/SPSU) also will be responsible for ensuring compliance with the FM requirements of the Bank and the government, including forwarding the quarterly financial monitoring reports and annual financial statements to IDA.

4. The members of each participating community will elect a CPMC, which will include a treasurer and a financial secretary. At the community level, the CPMC will be responsible for implementing the microprojects and managing the financial affairs. It will be responsible for preparing the community development plan, seeking MIT's endorsement and LGRC's approval for the plan, requesting funds from the SPSU, maintaining appropriate documentation for all financial transactions, preparing and forwarding appropriate returns to the SPSU, and regularly rendering to community members the accounts of funds received and expenditures incurred.

5. At the NPS Service, the Finance and Accounts Department (FAD) will handle the FM aspect of the project. The department is headed by an experienced accountant and appropriately staffed. The FAD will be responsible for the day-to-day management of the GEF component. Specifically, it will be responsible for preparing budgets (in collaboration with project staff), monthly reports, quarterly SOE Withdrawal Schedule, quarterly financial monitoring reports, annual financial statements and progress reports. It also will be responsible for ensuring compliance with the FM requirements of the Bank and the government, including forwarding the quarterly financial monitoring reports and annual financial statements to IDA.

6. All accounts personnel will be given training, as appropriate, in Bank procedures, computer applications and soft skills.

B. RISK ANALYSIS

Inherent Risks

7. The Country Financial Accountability Assessment (CFAA) for Nigeria concluded that the risk of waste, diversion and misuse of funds is high. Therefore, the Bank needs to build explicit risk minimization actions into all its Nigerian operations while the government makes necessary efforts to improve financial accountability along the lines outlined in the report. Because the government has not implemented the CFAA recommendations on financial accountability reforms, the country risk is assessed as high.

Control Risks

8. Project activities will be implemented at federal, state and community levels. The FM capacity at all 3 levels is weak. Thus, and given the overall country financial accountability environment, the project risk from a FM perspective is considered high.

Strength and Weakness

Strength

9. At the state level, the FM functions of the project eventually will be handled by a PFMU situated in the OAGS under a new funds flow arrangement for Nigeria. The unit will be staffed with relevantly qualified staff. The Bank is assisting in the computerization of the FM systems of the unit and training staff in Bank procedures. At the federal level, the project implementing units are located outside the line ministries, in units in which appropriate FM arrangements can be easily established without bureaucratic bottlenecks.

Weaknesses

10. Many staff who will operate the FM arrangements at the FPSU and NPS do not have experience in managing IDA credit. The review of FORMECU Finance Department (currently handling the PPF) revealed that the unit has a very weak FM capacity. At the community level, the CPMC, which will manage the financial affairs of the microprojects, may not have members who are proficient in FM. To address the weaknesses, the FM action plan (sections C and D below) will be implemented before or by credit effectiveness.

C. FINANCIAL MANAGEMENT ACTION PLAN: FEDERAL, STATES AND NATIONAL PARKS

Financial Procedures Manuals

11. Under the new funds flow arrangement for Bank-financed projects, a standard FM Procedures Manual (FPM) will be used for all projects by the PFMU in the OAGS at the state level and will document details of the procedures. An addendum to the manual that relates specifically to the project will be prepared by a Financial Management Consultant (FMC). The manual will be adopted by the PFMUs (or initially by PAU/SPSU) in all participating states. Additionally, a FMC will prepare a separate FPM for FPSU and NPS. The FPMs will include institutional arrangements; chart of accounts; basis of accounting adopted; planning and budgeting, including cash-flow management; procurement procedures for goods, works and services; disbursements; banking activities; staff, wages and salaries; fixed assets register; financial reporting, auditing; legal covenants and records management. Besides, at the state level a memorandum of understanding (MOU) detailing the service standard for each activity (including the timing and quality of service) will be prepared and signed between the implementing entity and the PFMU.

Funds Flow and Banking Arrangements

12. The overall project funding will consist of IDA credit, GEF and counterpart funds. IDA will disburse the credit through SAs consisting of (a) 1 SA for the federal component managed by FPSU; (b) 1 SA for each state that has established its PFMU in the manner described in Annex 6B and (c) 1 SA for all the states that have not yet established their PFMUs, which will be managed by FPSU on their behalf. The GEF funds will be disbursed through a SA managed by NPS.

13. FPSU, NPS and the participating states that have established their PFMUs each will maintain the following accounts:

- SA in US dollars to which the initial deposit and replenishments from IDA will be lodged.
- Current (Draw-down) Account in naira with bank **[X]** to which draw-downs from the Special Account will be credited once or twice per month in respect of incurred eligible expenditures. Following the immediate payments in respect of those eligible expenditures, the balance on this account should be zero.
- Current (Project) Account in naira with bank **[X]** to which counterpart funds will be deposited.

FPSU will maintain a second dollar account to which the initial deposit and replenishments from IDA will be lodged for states that have not established their PFMUs.

States that have not established PFMUs each will maintain the following accounts:

- A Current (Draw-down) Account in naira with bank **[X]** to which draw-downs from the states' common SA will be credited once or twice per month in respect of incurred eligible expenditures. Following the immediate payments in respect of those eligible expenditures, the balance on this account should be zero.
- A Current (Project) Account in naira with bank **[X]** to which counterpart funds will be deposited.

14. In addition, each state will maintain an IDA Ledger Loan Account (Washington) in US dollars/naira/SDR to keep track of draw-downs from IDA credit. The account will show (a) deposits made into bank **[X]** by IDA, (b) direct payments by IDA and (c) opening and closing balances.

15. All bank accounts will be reconciled with bank statements on a monthly basis by the PAS/FPSU, FAD/National Parks and the PFMUs. The bank reconciliation statements will be reviewed by designated officials and identified differences be expeditiously investigated.

16. The PAS/FPSU, FAD/National Parks and PFMUs will be responsible for preparing and submitting to the World Bank consolidated applications for withdrawal, as appropriate. Appropriate procedures and controls, which will be documented in the FPM, will be instituted to ensure that disbursements and flow of funds are carried out efficiently and effectively.

17. The PAS/FPSU, FAD/National Parks and PFMUs will maintain a cumulative record of draw-downs from the credit that will be reconciled monthly with the Disbursement Summary provided by the Bank.

18. Detailed banking arrangements, including control procedures over all bank transactions (check signatories, transfers), will be documented in the FPMs.

Disbursement Arrangements

19. By effectiveness, the project will not be ready for report-based disbursements. Thus, initially, transaction-based disbursement procedures (as described in the World Bank Disbursement Handbook) will be followed, i.e., direct payment, reimbursement and special commitments. When project implementation begins, the quarterly Financial Monitoring Reports (FMRs) produced by the project will be reviewed. Where the reports are timely and adequate, and the borrower requests conversion to report-based disbursements, IDA will undertake a review to assess eligibility. Detailed disbursement procedures will be documented in the FPM.

Planning and Budgeting

20. Cash budget preparation will follow the FGN's and participating states' procedures. Additionally, financial projections or forecasts for the life of the project (analyzed by year) will be prepared. On an annual basis, the Project Accountant in PAS/FPSU, FAD/National Parks and PFMUs or PAU/SPSU (in consultation with key members of the implementing unit) will prepare the cash budget for the coming period based on the work program. The cash budget should include the figures for the year, analyzed by quarter. The cash budget for each quarter will reflect the detailed specifications for project activities, schedules (including procurement plan) and expenditures on project activities scheduled respectively for the quarter. The annual cash budget will be sent to the Task Team Leader (TTL) at least 2 months before

the beginning of the project fiscal year.

21. Detailed procedures for planning and budgeting will be documented in the FPMs.

Fixed Assets and Contracts Registers

22. At the PAS/FPSU, FAD/National Parks and PFMUs (or PAU/SPSU) , a Fixed Assets Register will be prepared, updated regularly and checked. A Contracts Register also will be maintained of all contracts with consultants and suppliers. The PAS/FPSU, FAD/National Parks and PFMUs (or PAU/SPSU) will prepare Contract Status Reports quarterly. Control procedures over fixed assets and contracts with consultants and suppliers/vendors for state and federal levels will be documented in the FPM.

Information Systems

23. The FMC mentioned above will select and install a computerized accounting package or a spreadsheet template to be used by FPSU and NPS, and train staff in the use of the software in compliance with the FPM. Under the standard funds- flow arrangements for Nigerian states implementing Bank-financed projects, the systems in the PFMUs will be computerized and staff given relevant training.

Monitoring and Supervision of Microprojects

24. The SPSU will disburse funds in tranches directly to the community bank accounts based on development plans endorsed by the MIT and approved by the LGRC. SPSU regularly will review the financial performance and physical progress of microprojects through MIT, which will be located in rural local government headquarters.

25. The SPSU will establish adequate procedures for processing requests from communities, disbursing funds to community bank accounts, receiving and reviewing expenditure returns from communities, ensuring transparency in the financial affairs of microprojects (e.g., publishing a summary of financial transactions of participating communities in state/local electronic and print media at regular intervals) and supervising all financial aspects of the microprojects. The FPM will detail these procedures.

Financial Reporting and Monitoring

26. To monitor project implementation, monthly, quarterly and annual reports will be prepared (as outlined in paragraphs 27-29). The reports will be submitted to the project implementing units and IDA. In compliance with government reporting requirements, monthly returns will be made to the Federal and State Accountants General for incorporation in the government's accounts, as described in the FPM.

Monthly

27. The PAS/FPSU, FAD/National Parks and PFMUs (or PAU/SPSU) will prepare and

submit the following monthly reports to the project managers:

- Bank Reconciliation Statement for each bank account
- Monthly statement of cash position for project funds from all sources, taking into consideration significant reconciling items
- Monthly SOE classified by project components, disbursement categories, and comparison with budgets, or a variance analysis
- Statement of sources and uses of funds (by credit category/ activity showing IDA and counterpart funds separately).

Quarterly

28. The following quarterly reports will be prepared by PAS/FPSU, FAD/National Parks and PFMUs (or PAU/SPSU) and submitted to IDA and the project managers:

- Financial Reports, which include a statement showing for the period and cumulatively (project life or year to date) inflows by sources and outflows by main expenditure classifications; beginning and ending cash balances of the project; and supporting schedules comparing actual and planned expenditures. The reports also will include cash forecast for the next 2 quarters.
- Physical Progress Reports, which include narrative information and output indicators (agreed during project preparation) linking financial information with physical progress and highlight issues that require attention.
- Procurement Reports, which provide information on the procurement of goods, work, and related services, and the selection of consultants, and on compliance with agreed procurement methods. The reports will compare procurement performance against the plan agreed at negotiations or subsequently updated, and highlight key procurement issues such as staffing and building borrower capacity.
- SOE Withdrawal Schedule, which lists individual withdrawal applications relating to disbursements by SOE method, reference number, date and amount.

Annually

29. The annual project financial statements, which will be prepared by the PAS/FPSU, FAD/National Parks and PFMUs (or PAU/SPSU), will include:

- Statement of sources and uses of funds (by credit category/by activity showing IDA and counterpart funds separately)
- Statement of cash position for project funds from all sources
- Statements reconciling the balances on the various bank accounts (including IDA Special Account) to the bank balances shown on the statement of sources and uses of funds
- SOE Withdrawal Schedules listing individual withdrawal applications relating to disbursements by SOE method, reference number, date and amount.
- Notes to the Financial Statements.

30. Indicative formats for the reports described in paragraphs 27-29 are outlined in 2 Bank publications: (a) FMR Guidelines, for quarterly FMRs and (b) Financial Accounting, Reporting and Auditing Handbook (FARAH) for monthly and annual reports.

Accounting Policies and Procedures

31. IDA, GEF and related counterpart funds will be accounted for by the project on a cash basis. This policy will be augmented with appropriate records and procedures to track commitments and to safeguard assets. In addition, accounting records will be maintained in dual currencies, i.e., naira and dollars.

32. The Chart of Accounts will facilitate the preparation of relevant monthly, quarterly and annual financial statements, including information on:

- Total project expenditures
- Total financial contribution from each financier
- Total expenditure on each project component/activity
- Analysis of that total expenditure into civil works, various categories of goods, training, consultants and other procurement and disbursement categories.

33. Annual financial statements will be prepared in accordance with International Accounting Standards (IAS).

34. All accounting and control procedures will be documented in the FPM, a living document that will be updated regularly by the Project Accountants.

Internal Audit

35. At FPSU, a qualified internal auditor will be appointed to perform internal audit activities for the project. The internal auditor for the National Parks will extend his/her internal audit activities to the component implemented by the NPS. Similarly, at the state level, project activities, including randomly selected samples of microprojects, will be reviewed and subjected to internal audit by the Inspectorate Unit of the OAGS (or initially by an internal auditor in the SPSU). Regular internal audit reports will be submitted to project coordinators/officers, responsible ministries and the Accountant General for the State.

External Audit

32. The IDA Agreement will require the submission of Audited Project Financial Statements for the project to IDA within 6 months after year-end. Samples of audit reports are included in Annex XXI, World Bank Financial Accounting Reporting and Auditing Handbook (FARAH).

33. FPSU, NPS and PFMUs (or PAU/SPSU) will each appoint relevantly qualified external auditors on TORs acceptable to the Bank.

34. Besides expressing an opinion on the Project Financial Statements in accordance with International Standards on Auditing (ISA), the auditors will be required to include a separate opinion paragraph on the accuracy and propriety of expenditures made under the SOE procedures and the extent to which these can be relied on as a basis for loan disbursements. Regarding each SA, the auditors also will be expected to form an opinion on the degree of compliance with IDA procedures and the balance at the year-end for each individual SA.

35. In addition to the audit report, the external auditors will be expected to prepare Management Letters giving observations and comments, and providing recommendations to improve accounting records, systems, controls and compliance with financial covenants in the Developmemt Credit Agreement.

D. FINANCIAL MANAGEMENT ACTION PLAN: COMMUNITIES

Financial Procedures

36. The CPMC will follow LEEMP procurement and disbursement procedures. It will maintain complete documentation, including original receipts and labor registers, on all financial transactions. The CPMC will undertake the following activities:

- Prepare the community development plan in an appropriate format
- Open and work with a checking account, checkbook, and bank statements
- Maintain a project Cash Book to account for all expenditures by type
- Maintain receipts, labor registers, returned checks, and other documentation such that all expenses have corresponding documentary evidence
- Maintain a cashbox and a petty cash book for cash expenditures
- Maintain a stock register to record materials kept for more than 1 or 2 days before use
- Maintain a community contribution register to record any contribution (cash, labor, materials) from the community in the course of project implementation
- Establish appropriate control arrangements, including segregation of duties, monitoring and evaluation, and free flow of information.

37. The FPM for LEEMP will include an appendix detailing all the financial procedures to be followed by CPMC.

Reporting and Accountability Arrangements

38. The CPMC will:

- Submit a monthly report to the community and MIT/LGRC desk officers on the current physical progress of the project
- Submit a written report to the LGRC desk officers/MIT on the financial and physical status of the project, and attach all documentary evidence of expenditures, including the most recent bank statement when requesting disbursement of the next tranche of funds.

39. The CPMC regularly will call community meetings and present its Project Financial Report, which provides details of funds received from the SPSU, expenditures incurred by category, and the balance of funds, as well and supporting documentation. The reports and supporting documentation must be available for inspection by any interested member of the community during the meetings. The CPMC also will wish to display this information on a notice board close to the project site. At this meeting, a report on the physical progress of the project also must be given. Minutes and attendance records of these meetings must be kept.

40. The community microproject accounts will be subject to periodic internal and external audits. Periodically, the SPSU internal auditor will conduct sample internal audits of the community project accounts. In addition, it will be the duty of the MIT to inspect the community accounts every time the team visits a project site.

41. Detailed reporting and accountability arrangements for CPMC will be documented in an appendix to the LEEMP FPM.

E. NEXT STEPS

42. The following activities should be completed on or before credit effectiveness:

Action	Completed by	Respon
1. A FMC hired to (a) prepare the FPM for LEEMP, including an addendum to the NPS Accounts Manual, (b) select/install a computerized FMS, and (c) train staff in the operation of the system	Negotiations	ENV /F
2. Appropriately qualified Project Accountants and Internal Auditors with support staff assigned at the federal level and in all participating states to manage the respective project's financial affairs and review project activities, records and accounts	Credit effectiveness	ENV, st
3. FPM developed for LEEMP and adopted by implementing entities	Credit effectiveness	ENV/FE states
4. Computerized FMS designed and installed, and staff trained to operate FMS in participating states and FPSU	Credit effectiveness	ENV/FE states
5. Agreement with FMF by states that have established their PFMUs to enable IDA channel the credit directly to their SAs	Credit effectiveness	IDA, FM
6. Appropriate bank accounts opened at the federal level and in participating states; initial amounts deposited equivalent to 6 months of counterpart funding requirement; IDA advised of authorized bank signatories/specimen signatures	Credit effectiveness	ENV/FE states
7. Relevant project staff in all participating states trained in Bank FM, procurement and disbursement procedures	Credit effectiveness	States, ENV/FE IDA
8. External auditors appointed for the project on TORs acceptable to IDA	Credit effectiveness	ENV/FE

Supervision Plan

43. Supervision activities will include review of quarterly FMRs; review of annual audited financial statements and management letter as well as timely follow-up of issues arising; annual SOE review; participation in project supervision missions as appropriate; and updating the FM rating in the Project Status Report (PSR).

Conclusion

44. Subject to the activities listed in paragraph 42 being performed satisfactorily prior to credit effectiveness, the Bank’s FM requirements will be satisfied.

Annex 7: Project Processing Schedule

NIGERIA: Local Empowerment and Environmental Management Program

Project Schedule	Planned	Actual
Time taken to prepare the project (months)		
First Bank mission (identification)		
Appraisal mission departure		
Negotiations		
Planned Date of Effectiveness		

Prepared by:

Preparation assistance:

GEF provided a frant of US$350,000 through its Project Development Fund (PDF-B). In addtion, ENV took an advance on the credit through the Project Preparation Facility (PPF) of US$600,000 to assist with costs of preparation.

Bank staff who worked on the project included:

Name	Speciality
Talib Esmail	Sr. Rural Development Specialist and TTL
Indu Hewawasam	Sr. Environmental Specialist and co-TTL

Annex 8: Documents in the Project File*

NIGERIA: Local Empowerment and Environmental Management Program

A. Project Implementation Plan

NOTE: The name of this project was changed in January 2002 from "Micro-Watershed and Environmental Management Project (MEMP)" to "Local Empowerment and Environmental Management Project (LEEMP)."

B. Bank Staff Assessments

1. Aide Memoire of Identification Mission for the MEMP, May 15, 2000
2. Aide Memoire of Preparation Mission for the MEMP, September 25, 2000.
3. Aide Memoire of Pre-Appraisal Mission for the LEEMP, February 8, 2002
4. Aide Memoire of Appraisal Mission for the LEEMP, May 10, 2002.
5. Summary of Pilot interviews with States, Local Government Authorities and Communities, August 2000.
6. Matrix Summarizing Administrative Capacities for Community-Driven Development Projects in Nigeria, August 2000.
7. Recommendations of Quality Enhancement Review of the MEMP, March 2001.
8. Recommendations of the Quality Enhancement Review of the LEEMP, February 2002.

C. Other

1. Participatory Rural Appraisal for Micro-watershed and Environmental Management Project: Community-Based Capacities in Implementation and Self-Management of Projects: Case Study of Enugu State, Nigeria. *Prepared by Dr. Noble Jackson Nweze, Centre for Rural Development and Cooperatives, University of Nigeria (Nsukka).* September 2000.
2. Participatory Rural Appraisal for Micro-watershed and Environmental Management Project: Community-Based Capacities in Implementation and Self-Management of Projects: Case Study of Benue State, Nigeria. *Prepared by Dr. Noble Jackson Nweze, Centre for Rural Development and Cooperatives, University of Nigeria (Nsukka).* September 2000.
3. Participatory Rural Appraisal for Micro-watershed and Environmental Management Project: Community-Based Capacities in Implementation and Self-Management of Projects: Case Study of Imo State, Nigeria. *Prepared by Dr. Noble Jackson Nweze, Centre for Rural Development and Cooperatives, University of Nigeria (Nsukka).* September 2000.
4. Participatory Rural Appraisal for Micro-watershed and Environmental Management Project (MEMP): Social Assessment for Bauchi State. May 2001.
5. Participatory Rural Appraisal for Micro-watershed and Environmental Management Project (MEMP): Social Assessment for Imo State. April 2001.
6. Participatory Rural Appraisal for Micro-watershed and Environmental Management Project (MEMP): Social Assessment Project for Adamawa State. April 2001.
7. Participatory Rural Appraisal for Micro-watershed and Environmental Management Project (MEMP): Social Assessment for Niger State. May 2001.
8. Participatory Rural Appraisal for Micro-watershed and Environmental Management Project (MEMP): Social Assessment for Enugu State. April 2001.
9. Participatory Rural Appraisal for Micro-watershed and Environmental Management Project (MEMP): Social Assessment Project for Benue State. April 2001.

10. Participatory Rural Appraisal for Micro-watershed and Environmental Management Project (MEMP): Social Assessment for Niger State.
11. Participatory Rural Appraisal for Micro-watershed and Environmental Management Project (MEMP): Environmental Assessment Study for Imo State. November 2001.
12. Participatory Rural Appraisal for Micro-watershed and Environmental Management Project (MEMP): Environmental Assessment Study for Bauchi State. November 2001.
13. Local Government Fiscal Operations in Nigeria, Research Paper seventy-three, March 1998. *Prepared by Akpan H. Ekpo and John E. U. Ndebbio.*
14. Nigeria Local Government Assessment. *Prepared by ARD, Inc. for USAID, Lagos, Nigeria.* January 2001.
15. Report on Formulation of a Component of MEMP to Finance Direct Investments at Micro-watershed Level to Promote Environmentally Sustainable Management of Natural Resources. *Prepared by E M Shashidharan, Consultant.* June 2000.
16. How to Evolve a Community Development Plan (CDP): Input into the Program Implementation Manual. *Prepared by E M Shashidharan, Consultant.* April 2002.
17. Guidelines for Rural Community Transport Infrastructure (RCTI) under the Local Empowerment and Environmental Management Program (LEEMP). *Prepared By: Engr. Okwudili N. Ikejiani, Consultant.* April 2002.
18. Pilot Programs to support Communities in the Buffer (Support) Zones of the Protected Areas: Project Formulation Report. *Prepared by E M Shashidharan, Consultant.* September, 2001.

*Including electronic files

Annex 9: Statement of Loans and Credits

NIGERIA: Local Empowerment and Environmental Management Program

02-May-2002

Project ID	FY	Purpose	Original Amount in US$ Millions IBRD	IDA	Cancel.	Undisb.	Difference between expected and actual disbursements[a] Orig	Frm Rev'd
P072018	2002	Nigeria:Transmission Development Project	0.00	100.00	0.00	98.43	4.00	0.00
P070291	2002	HIV/AIDS Response Project	0.00	90.30	0.00	89.42	7.77	0.00
P070293	2001	NG PRIVATIZATION SUPPORT PROJECT	0.00	114.29	0.00	110.79	6.61	0.00
P069086	2001	Community Based Poverty Reduction	0.00	60.00	0.00	54.29	3.86	0.00
P066571	2000	SECOND PRIMARY EDUCATION PROJECT	0.00	55.00	0.00	48.92	46.66	0.00
P065301	2000	ECONOMIC MGMT. CAPACITY BUILDING	0.00	20.00	0.00	12.75	0.84	0.00
P064008	2000	SMALL TOWNS WATER	0.00	5.00	0.00	3.83	-0.74	0.00
		Total:	0.00	444.59	0.00	418.45	68.99	0.00

NIGERIA
STATEMENT OF IFC's
Held and Disbursed Portfolio
January 2002
In Millions US Dollars

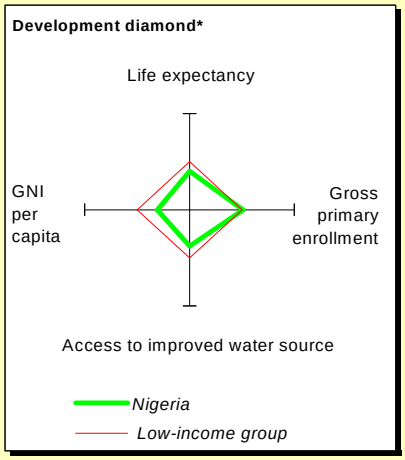
		Committed				Disbursed			
		IFC				IFC			
FY Approval	Company	Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1998	AEF Ansbby	0.10	0.00	0.00	0.00	0.10	0.00	0.00	0.00
1996/98	AEF Bailey Bridg	0.45	0.00	0.00	0.00	0.45	0.00	0.00	0.00
1996	AEF Courdeau	0.13	0.00	0.00	0.00	0.13	0.00	0.00	0.00
1997	AEF Ekesons	0.11	0.00	0.00	0.00	0.11	0.00	0.00	0.00
1999	AEF Global Fabri	0.32	0.00	0.00	0.00	0.32	0.00	0.00	0.00
1999	AEF Hercules	1.30	0.00	0.00	0.00	1.30	0.00	0.00	0.00
1999	AEF Hygeia	0.30	0.19	0.00	0.00	0.30	0.19	0.00	0.00
1996	AEF Mid-East	0.00	0.00	0.12	0.00	0.00	0.00	0.12	0.00
1997	AEF Moorhouse	1.13	0.00	0.00	0.00	1.13	0.00	0.00	0.00
2000	AEF Oha Motors	0.90	0.00	0.00	0.00	0.90	0.00	0.00	0.00
1997	AEF Radmed	0.25	0.00	0.00	0.00	0.25	0.00	0.00	0.00
2001	AEF SafetyCenter	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1997	AEF Telipoint	0.08	0.00	0.00	0.00	0.08	0.00	0.00	0.00
1995	AEF Vinfesen	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00
1994	Abuja Intl	1.75	0.71	0.00	0.00	1.75	0.71	0.00	0.00
1964/66/89	Arewa Textiles	0.00	0.12	0.00	0.00	0.00	0.12	0.00	0.00
2000	CAPE FUND	0.00	7.50	0.00	0.00	0.00	3.75	0.00	0.00
2000	Citibank (Nig)	40.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2001	Delta Contractor	15.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2000	Diamond Bank	15.00	0.00	5.00	0.00	15.00	0.00	5.00	0.00
2000	FSB	4.50	0.00	18.00	0.00	0.00	0.00	18.00	0.00
1992	FSDH	0.00	0.86	0.00	0.00	0.00	0.86	0.00	0.00
2000	GTB	20.00	0.00	0.00	0.00	5.00	0.00	0.00	0.00
2000	IBTC	20.00	0.00	0.00	0.00	20.00	0.00	0.00	0.00
1981/85/88	Ikeja Hotel	0.00	0.25	0.00	0.00	0.00	0.25	0.00	0.00
1993	Tourist Co Nir	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Portfolio:	122.82	9.63	23.12	0.00	47.82	5.88	23.12	0.00

		Approvals Pending Commitment			
FY Approval	Company	Loan	Equity	Quasi	Partic
2000	AEF SafetyCenter	0.00	0.00	0.08	0.00
2001	Citibank/IFC JV	30.00	0.00	0.00	0.00
2001	FCMB	10.00	0.00	0.00	0.00
2001	Novotel Hotel	2.50	0.00	0.00	0.00
2001	UBA	30.00	0.00	0.00	0.00
	Total Pending Commitment:	72.50	0.00	0.08	0.00

Annex 10: Country at a Glance

NIGERIA: Local Empowerment and Environmental Management Program

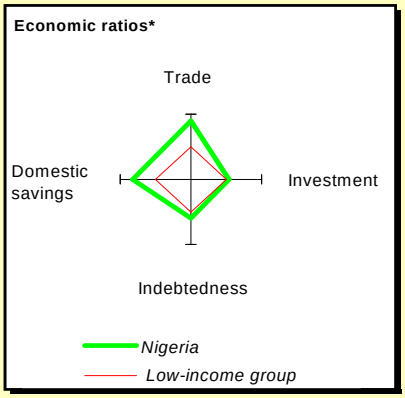
POVERTY and SOCIAL	Nigeria	Sub-Saharan Africa	Low-income
2000			
Population, mid-year *(millions)*	126.9	659	2,459
GNI per capita *(Atlas method, US$)*	260	480	420
GNI *(Atlas method, US$ billions)*	32.7	313	1,030
Average annual growth, 1994-00			
Population *(%)*	2.7	2.6	1.9
Labor force *(%)*	2.7	2.6	2.4
Most recent estimate (latest year available, 1994-00)			
Poverty *(% of population below national poverty line)*	..	..	..
Urban population *(% of total population)*	44	34	32
Life expectancy at birth *(years)*	47	47	59
Infant mortality *(per 1,000 live births)*	83	92	77
Child malnutrition *(% of children under 5)*	..	..	..
Access to an improved water source *(% of population)*	57	55	76
Illiteracy *(% of population age 15+)*	36	38	38
Gross primary enrollment *(% of school-age population)*	98	78	96
Male	109	85	102
Female	87	71	86



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

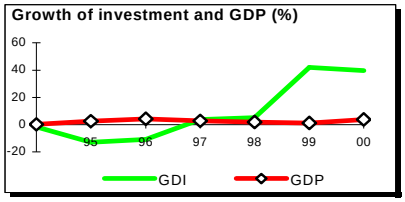
	1980	1990	1999	2000
GDP *(US$ billions)*	64.2	28.5	34.8	41.1
Gross domestic investment/GDP	..	14.7	23.4	22.7
Exports of goods and services/GDP	29.4	43.4	36.9	52.3
Gross domestic savings/GDP	31.4	29.4	19.1	34.0
Gross national savings/GDP	26.1	19.4	13.9	27.6
Current account balance/GDP	6.7	5.4	-9.5	4.9
Interest payments/GDP	0.8	7.5	5.7	5.0
Total debt/GDP	13.9	117.5	84.4	77.7
Total debt service/exports	4.1	23.3	31.5	15.5
Present value of debt/GDP	..	..	82.1	..
Present value of debt/exports	..	..	217.2	..

	1980-90	1990-00	1999	2000	2000-04
(average annual growth)					
GDP	1.6	2.4	1.1	3.8	3.1
GDP per capita	-1.4	-0.4	-1.4	1.3	0.8
Exports of goods and services	-0.3	4.2	-12.4	-1.6	..

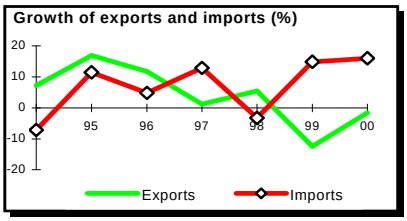


STRUCTURE of the ECONOMY

	1980	1990	1999	2000
(% of GDP)				
Agriculture	20.6	32.7	36.6	29.5
Industry	45.6	41.4	35.2	46.0
Manufacturing	8.4	5.5	4.9	4.1
Services	33.8	25.9	28.2	24.5
Private consumption	56.5	55.5	67.4	45.4
General government consumption	12.1	15.1	13.4	20.5
Imports of goods and services	19.2	28.8	41.1	41.0



	1980-90	1990-00	1999	2000
(average annual growth)				
Agriculture	3.3	3.5	5.2	5.2
Industry	-1.1	1.0	-2.5	6.7
Manufacturing	0.7	1.2	2.1	4.9
Services	3.7	2.8	2.3	-0.3
Private consumption	-2.6	-3.7	1.5	-18.0
General government consumption	-3.5	5.6	47.7	86.2
Gross domestic investment	-8.5	8.3	42.1	39.7
Imports of goods and services	-13.6	4.8	14.9	16.0

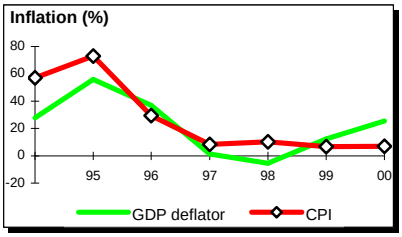


Note: 2000 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

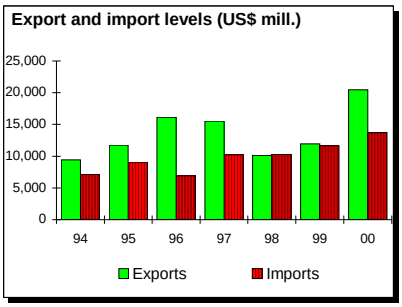
PRICES and GOVERNMENT FINANCE

	1980	1990	1999	2000
Domestic prices				
(% change)				
Consumer prices	10.0	7.4	6.6	6.9
Implicit GDP deflator	12.4	7.2	12.3	25.4
Government finance				
(% of GDP, includes current grants)				
Current revenue	..	21.5	30.7	46.1
Current budget balance	13.6	3.6	11.1	24.0
Overall surplus/deficit	..	..	-7.5	2.2



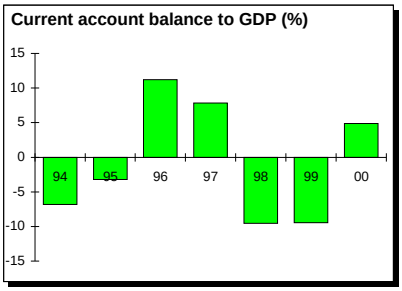
TRADE

	1980	1990	1999	2000
(US$ millions)				
Total exports (fob)	25,956	13,914	11,927	20,441
Fuel	24,942	13,508	11,393	19,550
Liquefied natural gas	..	..	322	623
Manufactures	..	70	27	30
Total imports (cif)	19,999	7,827	11,658	13,696
Food	3,161	644	1,516	1,758
Fuel and energy	340	54	152	178
Capital goods	..	..	..	..
Export price index *(1995=100)*	206	138	94	160
Import price index *(1995=100)*	66	84	93	95
Terms of trade *(1995=100)*	309	164	101	169



BALANCE of PAYMENTS

	1980	1990	1999	2000
(US$ millions)				
Exports of goods and services	27,006	14,083	12,871	21,409
Imports of goods and services	17,648	9,341	14,339	16,789
Resource balance	9,358	4,742	-1,468	4,620
Net income	-4,472	-3,288	-3,467	-4,341
Net current transfers	-576	74	1,645	1,724
Current account balance	4,310	1,527	-3,290	2,003
Financing items (net)	235	571	1,624	1,956
Changes in net reserves	-4,545	-2,098	1,666	-3,959
Memo:				
Reserves including gold *(US$ millions)*	10,266	3,863	5,441	9,400
Conversion rate *(DEC, local/US$)*	0.8	9.2	92.3	101.7



EXTERNAL DEBT and RESOURCE FLOWS

	1980	1990	1999	2000
(US$ millions)				
Total debt outstanding and disbursed	8,921	33,441	29,358	31,935
IBRD	517	3,284	1,989	1,625
IDA	38	36	624	644
Total debt service	1,151	3,334	4,140	3,365
IBRD	69	484	443	376
IDA	1	1	7	9
Composition of net resource flows				
Official grants	3	125	0	0
Official creditors	77	-132	-275	-291
Private creditors	1,434	-120	-146	-199
Foreign direct investment	..	602	1,473	1,374
Portfolio equity	0	0	2	0
World Bank program				
Commitments	286	688	0	140
Disbursements	63	391	119	86
Principal repayments	25	242	307	277
Net flows	38	149	-189	-191
Interest payments	45	243	142	108
Net transfers	-7	-94	-331	-299