Report Number: ICRR0021716

1. Project Data

Project ID P115386	**Project Name** Public/Private Partnership Program	
Country Nigeria	**Practice Area(Lead)** Finance, Competitiveness and Innovation	
L/C/TF Number(s) IDA-48810	**Closing Date (Original)** 29-Dec-2017	**Total Project Cost (USD)** 17,648,561.53
Bank Approval Date 17-Mar-2011	**Closing Date (Actual)** 30-Jun-2018	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	115,000,000.00	0.00
Revised Commitment	29,207,843.28	0.00
Actual	17,648,561.53	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

The Nigeria Public-Private Partnership (PPP) Program was originally an Adaptable Loan Program (APL), in two phases, the first, to prepare the institutional foundation for PPP investment in infrastructure, and the second, to provide gap financing for PPP transactions. The overall program development objective (PDO) of the APL was "to increase private investment in the Nigeria PPP infrastructure market and specifically in the core infrastructure sectors" (Program Document, page 2). The PDO for Phase I was "to establish effective institutional and technical mechanisms and instruments for the origination and development of PPP projects" (Financing Agreement, page 6).

A restructuring converted the APL for the PPP Program into one Investment Project Financing (IPF) with a reduced scope of the original Phase I Project, renamed the Nigeria Public-Private Partnership Project (Amendment No.1 to the Financing Agreement, page 1). The PDO for the program no longer applied, but the PDO for the surviving project was retained. This ICR Review pertains to the Phase I Project.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

06-Oct-2016

c. Will a split evaluation be undertaken?

Yes

d. Components

The original project consisted of three components as shown below. The actual cost of the components were obtained from the Bank task team. The conversion of disbursements in SDRs to US$ were at the exchange rate on September 9, 2019.

Capacity Building and Legal and Regulatory Reform (US$39.6 million estimated cost at appraisal, US$3.2 million revised cost at restructuring, US$3.5 million actual disbursement at project closing) provided technical advisory services, training, equipment, and operational support to: (a) the Infrastructure Concession Regulatory Commission (ICRC) to strengthen the agency's capacity to carry out its PPP responsibilities under the ICRC Act of 2005; (b) selected government ministries, departments and agencies to deepen their PPP skills and increase their exposure to PPP international best practices, including in: the development of PPP policies, studies and plans; the preparation, management, monitoring and evaluation of PPP projects; the environmental and social management of PPP projects; the development and integration of PPP-related information and communication technology systems; and the provision of general and subject-specific PPP training for government staff; and, (c) the ICRC and other relevant federal and state authorities to prepare new federal and state laws and regulations or to review and prepare amendments to existing federal and state laws and regulations governing the operation of PPPs.

The first restructuring in 2016 dropped four activities under this component, therefore, cut the cost of the component considerably. The activities dropped would have provided technical advisory services, training, equipment, and operational support to: (a) the Central Bank of Nigeria to oversee the implementation of the PPP Financial Intermediary Facility under Phase II; (b) the Federal Ministry of Finance to oversee the implementation of the PPP Viability Gap Financing Facility under Phase II; (c) selected state-level authorities to manage PPP deal flows and standardize PPP practices; and, (d) participating financial institutions to prepare and implement institutional development plans related to the PPP Financial Intermediary Facility under Phase II.

PPP Preparation and Transactional Advisory Support (US$62.7 million estimated cost at appraisal, US$9.6 million revised cost at restructuring, US$9.4 million actual disbursement at project closing) provided technical advisory services, training, and operational support to the ICRC, the Federal Ministry of Finance, the Central Bank of Nigeria, government ministries, departments and agencies, and participating financial institutions to develop commercially viable PPP transactions in a pipeline acceptable to the Bank, including for the: (a) preparation of Outline Business Case (OBC) proposals (OBC proposals are "concept" documents that contain the information --- outcomes, benefits, and potential risks --- that would allow an institution to decide on the adoption of a project proposal); (b) provision of transactional advisory and due diligence services to take proposed PPP projects to commercial closure (the stage at which a PPP contract is signed) and financial closure (the stage at which a PPP financing agreement is signed, also the commencement of the PPP concession period); (c) conduct of related environmental and social safeguards due diligence work; and, (d) conduct of related domestic, regional and international market outreach events and programs.

The first restructuring in 2016 did not drop any of the activities listed under this component but reduced their scale and ambition, and therefore costs, considerably.

Project Implementation and Monitoring and Evaluation (US$7.9 million estimated cost at appraisal, US$2.8 million revised cost at appraisal, US$2.9 million actual disbursement at project closing) provided technical advisory services, training, equipment, and operational support to, originally the ICRC, and later the Federal Ministry of Finance, to oversee the activities under the project and to provide financial management, procurement, environmental and social safeguards management, communication, and monitoring and evaluation services, including the conduct of financial audits.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost: The project was estimated at appraisal to cost US$115 million. The project was restructured and the project cost reduced to US$29.2 million. The actual disbursement at closing was US$17.6 million, broken down into: (a) US$15.8 million for the three components (see Section 2d); and, (b) US$1.8 million refund to the Project Facilitation Fund, inclusive of minor adjustments to the designated account balances.

Financing: The project was financed with a SDR73.7 million (US$115 million equivalent) credit from the International Development Association (IDA). The first project restructuring reduced the IDA credit by SDR61.3 million (US$85.8 million) to SDR12.4 million (US$29.2 million).

Dates: The project was approved on March 17, 2011 and became effective on December 11, 2011. The project was restructured twice, the first on August 29, 2016 and the second on December 20, 2017. The project closed on June 30, 2018, six months later than originally scheduled on December 29, 2017.

Restructuring: The first restructuring (Level 2) in August 2016, close to five years after the effectiveness of the project with 15.3 percent of the original financing disbursed and done under the authority of the World Bank Country Director for Nigeria: (a) cancelled four of seven activities under the first component; (b) reduced the total project cost and financing from US$115 million to US$29.2 million; (c) changed the financing instrument from an APL to a stand-alone Investment Project Financing (IPF); (d) changed the results framework to exclude two PDO-level outcome indicators for the program and ten output indicators for the project and reduced the quantitative targets for all the retained results indicators; and, (e) changed the implementing agency from the ICRC to the Federal Ministry of Finance. The second restructuring (also a Level 2), a week before the original closing date and with 62.1 percent of the revised financing disbursed: (a) reallocated the project funds between disbursement categories, and, (b) extended the project closing date by six months to end-June 2018, ostensibly to allow the four PPP projects with Outline Business Case proposals to reach commercial closure. Neither restructuring changed the PDO of the project, but there was considerable reduction in the level of ambition associated with the project following the first restructuring which provided the rationale for a split evaluation of the project's outcome in this review.

3. Relevance of Objectives

Rationale

The project's objective was highly relevant to the development priorities of Nigeria, both at the time of appraisal and closing. At appraisal, the government's "Seven-Point Agenda" --- power and energy, transportation, food security, land reform, education, security, and wealth creation --- placed a heavy emphasis on building the critical infrastructure needed for the country's development program. Yet, the government recognized, fiscal resources were inadequate to meet the country's infrastructure deficit, and private investment in infrastructure (the private sector had invested some US$23.5 billion in infrastructure by 2009) would help address the funding gap.

Lower economic growth prospects and lower oil revenues, following the collapse of international oil prices in 2014-16 (oil accounted for a tenth of GDP, nine-tenths of exports, and two-thirds of fiscal revenues) and their higher volatility since, continued to pose binding constraints to the government's ability to fund infrastructure projects with public resources. Yet, the country's need for critical infrastructure, particularly in energy and transportation, remained pressing. The government also considered the potential for PPP investment not only in energy and roads but also in agriculture, housing, and health which posed major development challenges.

The project was highly aligned with the partnership strategy of the Bank Group in Nigeria, both at the time of appraisal and closing. At appraisal, the IDA "Country Partnership Strategy for the Federal Republic of Nigeria, 2010-2013" committed Bank support to the three pillars of the country's development strategy: (a) achieving sustainable and inclusive non-oil growth; (b) human development; and, (c) governance for results. The PDO of the program and the PDO of the project were aligned with the first pillar, with the latter's focus on critical infrastructure in energy, transportation, and urban water supply, including with private finance of infrastructure through PPPs.

At closing, the Bank Group "Country Partnership Strategy for the Federal Republic of Nigeria for the Period FY2014-FY2017", extended through FY2019, supported Bank Group lending and non-lending activities in three "strategic clusters": (a) federally-led structural reforms for growth and jobs; (b) social service delivery at the state level for greater social inclusion; and, (c) governance and public sector management. The PDO of the program and the PDO of the project were both aligned with all three strategic clusters: (a) with the first, because of the latter's focus on "increasing power generation and transmission capacity", "boosting agricultural productivity by improving farmers’ linkages with agro-processors", and "increasing access to finance for housing, SMEs, agriculture, and infrastructure through various mechanisms involving both the private sector and PPPs"; (b) with the second, through "more effective mechanisms for the delivery of social programs (social protection programs, education, health, and water services delivery)"; and (c) with the third, by strengthening public financial management and public sector reform.

Rating
High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective
The original PDO of Phase I before restructuring was: "to increase private investment in the Nigeria PPP infrastructure market and specifically in the core infrastructure sectors."

Rationale
Theory of Change: The core organizing principle for the project's first phase was the need to establish the institutions, technical conditions and instruments that would attract private capital to enter into partnerships with public entities to finance large investment projects such as energy production and transportation services in Nigeria.

OUTPUTS:

Only two of thirteen output targets were met:

- Two memoranda of understanding were signed between ICRC and sponsoring ministries.
- The Presidential retreat on the PPP program was conducted.

The remaining 11 of the 13 output targets were not met and are listed below. These, together with the two that were completed, would have helped establish the institutional and technical mechanisms and instruments to enable the origination and development of PPP projects.

- Detailed roles and responsibilities matrices for the coordinating mechanisms among government ministries, departments, and agencies were not promulgated.
- Schedules of meeting times for the coordinating bodies were not set.
- Three strategic management training programs, with at least a 90 percent attendance, were not delivered.
- PPP project teams were not established in all the sponsoring ministries to manage PPP development work in line with the approved long-list pipeline of projects. The government established three PPP delivery teams: the first at the Federal Ministry of Agriculture and Rural Development; the second at

the Nigerian Ports Authority in the Federal Ministry of Transportation; and, the third at the National Inland Waterways Authority, also in the Federal Ministry of Transportation.

- A management information system to record and manage PPP origination, development and transaction activities was not operationalized in key sponsoring ministries.
- A PPP contingent liability tracking and monitoring system was not operationalized in the Debt Management Office.
- A Viability Gap Facility (VGF) mechanism was not operationalized in the Budget Office of the Federation at the Federal Ministry of Finance.
- Presidential approval of detailed PPP regulations was not secured.
- Inter-ministerial agreement on key legislative amendments and on new legislation to strengthen the enabling environment for PPPs was not secured.
- Only four of the target 15 Outline Business Case proposals and related safeguards assessments were completed. The four Outline Business Case proposals were for the: Kuje Water Supply Project of the Abuja Federal Capital Territory; Kirikiri Lighter Terminal Project; Onitsha River Port Project; and the Silos Project.
- Only three of the target 10 Full Business Case (FBC) proposals were completed (FBC proposals are formal documents that explain the case for investment in a project and that are used to obtain commitment and approval to invest resources in a project). The three Full Business Case proposals were for the: Kirikiri Lighter Terminal Project; Onitsha River Port Project; and Silos Project. The fourth project with an Outline Business Case proposal, the Kuje Water Supply Project, was withdrawn by the Abuja Federal Capital Territory; hence, no Full Business Case proposal was prepared for this project.

OUTCOMES:

- The project did not meet the original outcome target to deliver five PPP transactions to commercial closure. No PPP project was delivered to commercial closure by the closing date of project. The status of the three PPP projects with Full Business Case proposals were: (a) Kirikiri Lighter Terminal II Project --- the Project Implementation Unit at the Federal Ministry of Finance reported, at the project closing date in June 2018, that the negotiations with the selected bidder ended in an impasse, and required an intervention on the part of the Federal Minister of Transportation; (b) Onitsha River Port Project --- although the National Inland Waterways Authority announced, a month after the project closing date in July 2018, that two companies had won the concession for the project, subsequent inquiries with the Federal Executive Council indicated that the Council had not approved the project and the project had not reached commercial closure at the time of ICR preparation; (c) Silos Project --- the concession for the project (20 out of 33 silos) to private sector operators was approved by the Federal Executive Council three months after the project closing date in September 2018.

Rating
Negligible

OBJECTIVE 1 REVISION 1

Revised Objective

At the project's restructuring, the PDO of Phase I was retained as: "to increase private investment in the Nigeria PPP infrastructure market and specifically in the core infrastructure sectors" but the ambition of the PDO indicators was reduced considerably.

Revised Rationale

Theory of Change: While the objective and the theory of change remained the same as before restructuring, namely that appropriate institutional, technical conditions and instruments for public-private partnership programs needed to be established, the indicators for achievement were more modest since the program's level of ambition had been reduced.

OUTPUTS:

- The revised output target to establish two PPP teams in ministries to manage PPP development work in the long-list pipeline of projects was exceeded. The government established three PPP delivery teams: the first at the Federal Ministry of Agriculture and Rural Development; the second at the Nigerian Ports Authority in the Federal Ministry of Transportation; and, the third at the National Inland Waterways Authority, also in the Federal Ministry of Transportation.
- The revised output target to complete four Outline Business Case proposals and related safeguards assessments and to submit the proposals to the Minister of Finance for clearance was met. The four Outline Business Case proposals delivered were for the: Kuje Water Supply Project of the Abuja Federal Capital Territory; Kirikiri Lighter Terminal Project; Onitsha River Port Project; and Silos Project.
- The revised output target to secure Presidential approval of detailed PPP regulations and to apply these new regulations to PPP business activities was not met. The government continued to operate under the old framework of the ICRC Act of 2005 and the PPP Policy of 2009.

OUTCOMES:

- The project did not meet the original outcome target to deliver five PPP transactions to commercial closure. No PPP project was delivered to commercial closure by the closing date of project. The status of the three PPP projects with Full Business Case proposals were: (a) Kirikiri Lighter Terminal II Project --- the Project Implementation Unit at the Federal Ministry of Finance reported, at the project closing date in June 2018, that the negotiations with the selected bidder ended in an impasse, and required an intervention on the part of the Federal Minister of Transportation; (b) Onitsha River Port Project --- although the National Inland Waterways Authority announced, a month after the project closing date in July 2018, that two companies had won the concession for the project, subsequent inquiries with the Federal Executive Council indicated that the Council had not approved the project and the project had not reached commercial closure at the time of ICR preparation; (c) Silos Project --- the concession for the project (20 out of 33 silos) to private sector operators was approved by the Federal Executive Council three months after the project closing date in September 2018.

Revised Rating

Negligible

OVERALL EFFICACY

Rationale

The efficacy of the program's achievements before and after restructuring is assessed as negligible.

Overall Efficacy Rating	Primary Reason
Negligible	Low achievement

5. Efficiency

The overall efficiency of the project before and after restructuring is assessed as negligible.

Economic Efficiency: The project aimed to establish effective institutional and technical mechanisms and instruments for the origination and development of PPP projects by providing technical advisory services, training, and operational support for capacity building, legal and regulatory reform, PPP project preparation, PPP transactional advisory support, and project implementation and monitoring at a cost of US$29.2 million (after restructuring). Although no economic rate of return was calculated for this project, either at appraisal or in the ICR, qualitative evidence suggests that that the economic efficiency of the project was negligible considering that: (a) only two of the 13 output targets (15 percent) were met before restructuring and two of the three output targets (66 percent) were met after restructuring; (b) the single outcome target was not met before restructuring (0 percent) or after restructuring; and yet, (c) 60 percent of the project funds were utilized.

Operational Efficiency: The operational efficiency of the project was negligible: (a) performance was negligible during the first year of operation, from September 2011 to September 2012, at which time the government agreed to request a restructuring; (b) the formal request for a restructuring, filed half a year after in March 2013, was abandoned two years later following the presidential elections in March 2015; (c) a new formal request for restructuring was filed a year after in March 2016; (d) when the project was restructured another half a year later in August 2016, five of the 6-year life of the project had elapsed and only 15 percent of the original financing had been disbursed; (e) the restructuring significantly reduced the scope and ambition of the operation, dropping the overall program for a single project, lowering the 13 outputs to 3 and the 3 outcomes to one, and cutting the financing by 74.6 percent; and, (f) the project closed a half-year later than originally scheduled.

Efficiency Rating

Negligible

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)

Appraisal	0	0 ☐ Not Applicable
ICR Estimate	0	0 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The project objective was highly relevant to the development priorities of the government and to the partnership strategy of the Bank in Nigeria at the time of appraisal and of closing --- establishing effective institutional and technical mechanisms and instruments for the origination and development of PPP projects was, and remains, highly relevant to meeting the huge infrastructure needs of the country, considering the large deficit particularly in energy and transport infrastructure, the lack of fiscal resources to fund public infrastructure projects, and the huge potential to provide infrastructure through PPP investment. However, the efficacy of the project's achievements was negligible before and after restructuring. Before restructuring, only two of the 13 project output targets were delivered and the single project outcome target was not achieved. After restructuring, two of the three downwardly-revised project output targets were met, but the sole downwardly-revised project outcome target was not achieved. The efficiency of the project was negligible: 75 percent of the original financing was cancelled and only 60 percent of the reduced project financing was disbursed. With US$18.1 million of the US$29.2 million drastically-reduced financing utilized, negligible outputs and outcomes were delivered. It also took five of the six year life of the project to effect a restructuring and the project closed a half year later than scheduled.

Based on ratings of high relevance, negligible efficacy and negligible efficiency before and after restructuring, the average ratings weighted according the proportion of project disbursements before and after restructuring will be the same. The project's overall outcome based on these ratings of relevance, efficacy and efficiency is therefore highly unsatisfactory.

a. Outcome Rating

Highly Unsatisfactory

7. Risk to Development Outcome

Because the outcome of the project was highly unsatisfactory, there was no development outcome. Therefore, the risk to the sustainability of the development outcome cannot be assessed.

8. Assessment of Bank Performance

a. Quality-at-Entry

The quality at entry is rated as moderately unsatisfactory.

The Bank performance at entry was credible with respect to the following: (a) the Bank identified shortcomings with the legal and regulatory framework for PPPs in the country, which motivated the interventions supported by the project; (b) the Bank held extensive consultations with the ICRC, the Federal Ministry of Finance, and other government ministries, departments and agencies during project preparation; (c) the Bank conducted institutional assessments of the ICRC and other government agencies engaged in the PPP market; (d) the Bank drew up a long list of risks to the successful implementation of the project; and, (e) the Bank prepared several inputs and documents to help with project implementation, including, the terms of reference for the Project Management Unit, the M&E framework, a Procurement Plan for the first 18 months of project implementation, and the draft Procurement, Financial Management, and Project Implementation Manuals.

However, there were significant shortcomings at entry: (a) considering the historically slow progress of PPPs in Nigeria even after the passage of the ICRC Act of 2005, the Bank should have required the creation of a strong legal framework for PPPs to be a condition of effectiveness for the project; (b) clarity regarding the roles of all public authorities in the PPP program should have similarly been set as a requirement for the effectiveness of the project; and, (c) while project risks were comprehensively identified, there is no evidence in the ICR that affective attention was paid to measures to mitigate the risks, including using the Viability Gap Facility cited in the Project Appraisal Document (page 106).

Quality-at-Entry Rating
Moderately Unsatisfactory

b. Quality of supervision
The quality of Bank supervision is rated as unsatisfactory.

Although the Bank was proactive in motivating a restructuring early during the life of the project (the first formal request for restructuring was made within the first year of implementation, the process was subsequently derailed by government indecision). There were also substantial shortcomings with other critical aspects of project supervision: (a) there were frequent changes in the Bank Task Team Leader (ICR, paragraph 91); (b) the project team lacked infrastructure and PPP specialists (ICR, paragraph 61); (c) the ISRs tracked only a few of the numerous results indicators before restructuring.

Quality of Supervision Rating
Unsatisfactory

Overall Bank Performance Rating
Unsatisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The original M&E plan defined 13 output indicators and three outcome indicators to provide evidence of the achievement of the Phase I project. The restructuring in 2016 revised the M&E plan for the operation. The output indicators were reduced to three, and the outcome indicators, to one. The results indicators were appropriate to the project activities and were measurable, in many cases having a "yes" value if an output were delivered, or "no", if not.

Responsibility for the conduct of the M&E was assigned to the Project Implementation Unit in the ICRC, as the original implementing agency, and at the Federal Ministry of Finance, as the implementing agency after the restructuring.

b. M&E Implementation

Implementation of the M&E plan was weak, according to the ICR (page 32). There were no M&E reports on record on the outputs and outcomes of the project (or at least none were made available to the Bank at ICR preparation). The only M&E data available were those reported in the Bank's Implementation Status and Results Reports (ISRs). However, the ISRs covered only four of the 15 results indicators before restructuring.

c. M&E Utilization

According to the ICR (page 32), apart from data on the utilization of the credit proceeds, there were no M&E data that could have been used for strategic decision making on the project.

M&E Quality Rating

Negligible

10. Other Issues

a. Safeguards

Environmental Safeguards: The project was classified as an Environmental Category A at appraisal (PAD, page 160), for which a full, comprehensive Environmental Impact Assessment (EIA) would be needed following the requirements of OP/BP 4.01. The project triggered safeguards policies OP/BP 4.01 (Environmental Assessment), in response to which an Environmental and Social Management Framework (ESMF) to mitigate the potentially adverse impacts of project types in the PPP pipeline was prepared and disclosed in November 2009, and OB/BP 4.12 (Involuntary Resettlement), in response to which a Resettlement Policy Framework (RPF) was prepared and disclosed also in November 2009. During implementation, an Environmental and Social Impact Assessment of the Kirikiri Lighter Terminal I and II Project, an Environmental and Social Management Plan for the Silos Project (33 silos), and a Grievance and Redress Mechanism was prepared (the Bank provided comments on the draft documents). In addition, an Environmental and Social Safeguards Audit of the Silos Project was completed. The audit found two of the 22 silos that received preferred bids to be lacking land titles, for which the Federal Ministry of Agriculture and Rural Development committed to provide comfort letters (the Bank received copies of the audit in May 2018). Notwithstanding the foregoing actions, environmental compliance of the project was rated moderately unsatisfactory largely because final copies of many documents were not submitted to the Project Implementation Unit before the project closing date.

Social Safeguards: According to the Project Appraisal Document (page 158), the project would not fund any activities that would lead to any large scale land acquisition or that would restrict access to sources of livelihoods. The ICR (page 32) re-affirmed these findings.

b. Fiduciary Compliance

Procurement: According to the ICR (page 33), the project generally followed procedures stipulated in the Financing Agreement. However, procurement performance was rated unsatisfactory because of major deficiencies: (a) procurement was extremely slow; (b) the 2016 procurement plan failed to receive a "no objection" clearance because the project faced cancellation at that time; (c) the FY2016 procurement post-review found cases of improper contract filing and poor documentation --- in four contracts that were reviewed, "there was no evidence of the receipt of goods into the project stores"; and, (d) the fixed assets register was not up-to-date and needed improvement with the proper classification of assets and the affixing of identification marks on both the assets and in the register. It did not help that it took the government 12-18 months to hire transaction advisers, and two years to replace an internal auditor.

Financial Management: Financial management performance was rated as unsatisfactory because of major deficiencies: (a) there were "uneconomical use" of resources, including imprudent purchases of office consumables and poor handling of cash by staff; (b) despite employing a computerized accounting system, the project could not submit timely interim financial reports; (c) routine reports had not been prepared at the time of project closing; (d) staffing of the financial management function was inadequate; (e) the project lacked an internal auditor for two years between 2014 and 2016; and, (f) a refund by the government of US$132,664 remained pending at project closing.

c. Unintended impacts (Positive or Negative)

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d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Unsatisfactory	Highly Unsatisfactory	Both Efficacy and Efficiency were rated Negligible.
Bank Performance	Moderately Unsatisfactory	Unsatisfactory	There were major shortcomings in the quality of supervision.

Quality of M&E	Negligible	Negligible
Quality of ICR	---	Substantial

12. Lessons

Three lessons are drawn from the ICR (pages 34-37), with some adaptation.

A coherent legal and regulatory framework is a basic requirement for a PPP program. Among various deficiencies, Nigeria's ICRC Act of 2005, the country's operative PPP legislation at the time of project implementation, lacked: (a) clarity with the mandates of various public authorities operating in the PPP market; (b) a regulatory design governing the identification, prioritization, and approval of PPP proposals; and, (c) provisions authorizing the grant of incentives to PPP projects. At the same time, according to the ICR (pages 53-56), there were conflicts between provisions of the ICRC Act of 2005 and those of other laws and regulations --- the Public Procurement Act of 2007, the Fiscal Responsibility Act of 2007, and even the draft ICRC PPP Regulations of 2017 --- with the legal and regulatory treatment of various aspects of the PPP program. A new and comprehensive PPP law that would have addressed these issues was deemed politically infeasible by the Federal Ministry of Finance because of prevailing tensions between the executive and legislative branches of government.

A sound institutional framework and strong institutional capacity are vital to a PPP program. Most institutional frameworks for PPP operations elsewhere globally provide for: (a) a centralized PPP agency that promotes and coordinates PPP activities; (b) a Ministry of Finance body that assesses fiscal commitments and liabilities; and, (c) line ministries that are responsible for identifying, preparing, and implementing PPP projects. For this project, the roles of the ICRC, the Federal Ministry of Finance, the Bureau of Public Enterprise, and various other ministries, departments and agencies in the PPP program were not well-defined, either by law, regulation or policy. The ICRC, Nigeria's "regulator" of PPPs under the ICRC Act of 2005, was also the "developer" of PPPs under this project, a conflict-of-interest that the Bank thought would be temporary and remedied with the passage of a new PPP law. The Bureau of Public Enterprise, responsible for privatizations, construed its mandate to include PPPs. The Nigeria Sovereign Investment Authority took on a role as either developer of, or investor in, PPPs. And, the government's line ministries, departments and agencies, responsible for building the PPP pipeline, failed to identify credible projects, or to move those in the pipeline forward (some projects were withdrawn from the pipeline).

A robust pipeline of high-quality projects, drawn from a credible pubic investment management process, is essential to launch and sustain a PPP program. Nigeria had a thin pipeline of high-quality projects and did not have a systematic public investment management process by which ministries, departments and agencies could propose, develop and seek approval of high-quality projects. The result, according to the ICR (pages 22-23), was a succession of "hastily conceived and poorly structured PPPs". The four projects that were most advanced in the preparation process following support provided by the project --- the Kuje Water Supply Project, the Kirikiri Lighter Terminal Project, the Onitsha River Port Project, and the Silos Project --- could not reach commercial closure by the closing of the six and a half-year project.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provides a comprehensive record of the project. The ICR adequately documents the economic and political context of the project (pages 5-7), the results framework, both before restructuring (pages 7-9) and after restructuring (pages 13-16), and the project design, similarly before restructuring (pages 10-13) and after restructuring (pages 13-15). The ICR offers a complete narrative of the developments leading up to the restructuring of the project, and the implications of the changes on the original theory of change underlying the project (pages 16-19).

The assessment of the program's results is evidence-based. The ICR provides a useful summary of the operation's performance, set within the results framework for the project, both before restructuring (pages 20-21) and after restructuring (pages 21-23). The discussion of the operational inefficiencies of the project is also evidence-based.

The analysis of the project's outputs and outcomes is candid. The ICR elaborates on the key factors that affected the project results, including those that were under the control of the government (pages 30-31) and those under the control of the Bank (pages 31-32). The summary of the government's ICR (pages 47-50) also offers a frank discussion of the problems faced by the PPP program and of the inability of the government to address them during the life of the project. The ICR offers some recommendations that can help move the PDO of the project forward after the closing of the project, both in the near-term (0-1 year) and in the short-term (1-2 years). In this regard, the review of the draft ICRC PPP Regulations of 2017 (pages 52-57) is instructive of the legal and regulatory reforms that the government can pursue.

There is a minor shortcoming with the ICR, however --- the document cites conflicting figures for the revised project cost and the final project disbursement. As noted at the start of Section 2d of this review the Bank's task team provided the latest correct data.

a. Quality of ICR Rating

Substantial