

UNITED NATIONS DEVELOPMENT PROGRAMME
Project of the Government of Nigeria
Project Document

Project number: NIR/03/B02/A3 /34
 NIR/03/009/01/34
Project title: Nigerian Diaspora Trust Fund
Estimated start date: July 2003
Estimated end date: May 2007
Management arrangement: Direct Execution
Designated institution: UNDP
Project site: Abuja
Beneficiary countries: Nigeria

Summary of inputs [as per attached budget]	
GOVT TRUST FUND	\$250,000
Cost-sharing:	
Third party:	\$200,000
Total:	\$450,000

Administrative & operational services
 [where applicable]

SOF	
Cost-sharing	\$
Total:	
Country Office	
Administrative Cost:	\$6,000
TOTAL:	\$456,000

Classification information

ACC sector/ sub-sector:
 02 General Development Issues
 30 Macro-economic Policy and Planning

DCAS sector and sub-sector:
 02 Development Administration
 005 Public Admin. & Management

Government sector and sub-sector:
Primary areas of focus/sub-focus:
 02 General Development Issues
 30 Macro-economic Policy & Planning

Primary type of intervention:
 01 Capacity-building
 01 Institution-building

Primary target beneficiaries:
 02 Target Organizations
 06 Government

LPAC review date:
Programme officer:

Government inputs:

(in kind):
 (in cash): \$

Brief Description: The project is designed to attract Nigerians in the Diaspora to assist the current civilian government with the reform agenda in the various sectors of the economy.

On behalf of:	Signature	Date	Name/title
UNDP		17/10/03	PC/PR

A. Situation Analysis

Since independence, Nigeria has witnessed poor economic growth. The last two decades have witnessed an average GDP growth rate of about 2% while the population growth rate is 2.83%. The UNDP Human Development Report for 2002 ranked Nigeria 148th among 173 countries and 58th out of 88 countries in the world despite its abundant human and natural resources. The structure of the economy has consistently been dominated by monoculture; prior to the 1970s by agriculture and after the 1970s by oil minerals. The situation is compounded by increasing urbanization that is responsible for mass migration from rural to urban areas. This further depleted human resources required for agricultural growth in the rural areas leading to high unemployment rate with the attendant high level of crimes and socio-political tensions.

Nigeria's macroeconomic landscape is dominated by one stark reality - high macro volatility. This has become a key determinant as well as consequence of poor economic management. Fiscal decentralization is proving an enduring challenge to effective macroeconomic stabilization particularly in the face of a total absence of constitutionally legal tools for controlling sub-national spending. A country that used to have a fairly decent civil service, and well functioning judiciary, and rule of law, saw throwing away of the rule book, and introduction of non-meritorious service and rewards for those close to centers of power particularly since the 1980s. This situation has proved discouraging to many ordinary citizens and to businesses and has resulted in two severe forms of de-capitalization – human and financial. Nigeria experiences significant capital flight – independent estimates indicate up to US\$30 billion – with private agents choosing to keep the bulk of their assets abroad. In terms of human capital, estimates of well-qualified Nigerians in the Diaspora range to over one million in Europe and the US alone. At home, qualified Nigerians find no place in the efficient public service with the paradox, that a country that is rich in human capital suffers from severe capacity constraints in the public service and in the middle ranks of policy making and implementation.

Government has taking cognizance of the need to reappraise the situation and effect necessary changes that will ensure stability in the economy. To this end, it has decided to undertake a number of reforms that will:

- a) Build a sustainable medium term macroeconomic framework;
- b) Tackle corruption, improving transparency in government accounts, and strengthening governance including civil service reform;
- c) Ensure effective public expenditure management, in particular, budgetary reforms;
- d) Bring about sustainable reforms in the trade regime;
- e) Privatize public enterprises and develop private sector;
- f) Provide basic social services and support for the sources of growth in the economy – agriculture, small and medium enterprises, oil and gas among others;
- g) Improve debt management coupled with the development of proposals for debt relief and genuine debt reduction.

The critical areas of the economy that require expertise solution are budget reform and public sector management, civil service, macroeconomic management, public enterprise reform, trade, oil and gas, small and medium scale, agriculture and debt management. Consequently, the present civilian government is strongly supportive of intervention of the manpower support programmes of the UNDP as a means of inducing growth of the sector through the setting up of a trust fund that will provide the necessary funds to cover the associated costs. Corollary to this development is the realization that the national capacity available in Nigeria is weak and the need to seek for the contributions of Nigerians resident abroad in national development. This will yield tremendous benefits because of the personal interests, which characterize the approach and the familiarity of the experts with the socio-cultural traditions of the environment. Government is therefore committed to encouraging the repatriation, on a temporary or permanent basis, of its skilled nationals settled abroad. The initial target is to finance about 15 experts and 5 associate experts that will be fielded in the critical areas highlighted above.

B. Objectives

The successful civilian-to-civilian transfer of power in Nigeria and the ushering in of the second Obasanjo civilian administration has provided a sound democratic basis on which to pursue reforms designed to reinvigorate the Nigerian economy, enhance growth, generate employment and reduce poverty. The President has made it clear that revitalizing the economy will be his major priority during his second term in office.

The overall objective of the project is to set up a trust fund that will enable government to mobilize its nationals resident abroad to assist it in its efforts to:

- a) Redefine the role and reduce the size of government in the economy including improving transparency;
- b) Create an appropriate environment to enable the private sector to perform and create jobs;
- c) Improve delivery of basic social services to Nigeria citizens such that they can see concrete and early evidence of improvement in their lives – a situation that would also enable better buy-in by Nigerians into the difficult reforms that will be needed in the short term; and
- d) Create an enabling environment for the international community to support the country's efforts at obtaining substantial debt relief to alleviate the serious debt overhang.

C. STRATEGY

The situation analysis clearly indicates the need to set up a trust fund to encourage and facilitate the use of outstanding specialists/experts of Nigeria origins for the rapid development of the economy and fielding of consultancy missions.

The strategic approach to be used to achieve this goal is to encourage Nigerian professionals and experts' abroad to come home on a short, medium and long term basis, to help revive the economy by providing advisory and technical services that would enable government to carry out necessary reforms that will reinvigorate the economy, enhance growth, generate employment and reduce poverty. The project will finance about 15 experts and 5 associate experts in the identified areas for a short duration (3 months – 1 year) and a medium term (2-3 years). It is expected that the amount of the trust fund will rise to about US\$3-5 million within a 4-year period.

Government has made an initial contribution of US\$250,000 and has requested UNDP to leverage resources from donors to enable government to undertake the strategic reforms programme. So far, the UK Department for International Development (DFID) has indicated its willingness to contribute to the fund.

Government considers this approach as the most cost-effective way of obtaining the specialized skills required to solve technical/technological problems plaguing the country. The project is considered as a necessity in the quest of the federal government to solve the economic problem plaguing the nation.

D. RESULTS FRAMEWORK

Intended Outcomes: 1. 5-10% improvement in national GDP. 2. Enhanced national access to basic social services. 3. Availability of requisite technical manpower to efficiently and effectively manage the key sectors of the economy. 4. Strengthened democracy and good governance.
Outcome Indicators: 1. Quality and affordable social services provided for the people. 2. Reinvigorated economy with enhanced growth, efficient civil service and poverty reduction. 3. Successful reforms carried out in the targeted areas of the economy.
Applicable Strategic Area of Support: Management and economic development
Partnership Strategy: UNDP will execute the project in collaboration with the federal government with financial contributions from UNDP, DFID and other interested donors.
Project Title and Number: Nigerian Diaspora Trust Fund
Duration: 4 years (1 July 2004 to 31 May 2007)

Intended Outputs	Indicative Activities	Inputs
1. A pool of expatriate nationals with expertise in various sectors of the economy.	1.1 Draft TORs for experts and associate experts. 1.2 Selection of experts/associates based on identified areas of need in various sectors. 1.3 Match selected experts/associates experts with identified areas of need by government. 1.4 Experts/associates experts undertake missions.	Suitable experts/associate experts are identified and contacted. Travel and logistical arrangements made for selected experts/associate experts to arrive Nigeria for missions.
2. Policy framework on reform agenda for national economic management developed.	2.1 Hold consultation with relevant stakeholders in the various sectors of the economy. 2.2 Draft report on sectoral reforms to advance effective management of the economy. 2.3 Subject the draft report to deliberation at stakeholders' meeting. 2.4 Consolidate reports into a coherent economy policy framework for medium and long-term development need of the country. 2.5 Sensitize policy makers on the workability and/or implementation of the report. 2.6 Sensitize the legislature and the executive on the workability and/or implementation of the report.	National evaluators recruited. Communiqués issued at the end of each workshop. Advisory notes and position papers received at various meetings.
3. Strategic programme of action designed and implemented for the various sectors of the economy affected by the reform.	3.1 Legislate policy framework into an actionable plan. 3.2 Implementation of strategic programme of action.	

D. MANAGEMENT ARRANGEMENTS

The project will be executed under the Direct Execution (DEX) modality and implemented by UNDP in collaboration with the federal government of Nigeria as the direct beneficiary. The project will be managed by UNDP on behalf of the partners including government and other development partners. The project will be directly executed by the Country Office, which will be held accountable for all aspect of management of the project.

For purposes of implementation of this project, the Presidency is designated as the implementing agent. It shall provide office space and requisite staff to manage the project. It shall also have responsibility for identifying gaps, expertise required, selection and placement of experts and fix remuneration for the experts. The presidency will provide overall management of the project; approve proposals for generic project activities undertaken by the relevant project co-coordinating organs and review progress of the implementation of the project.

The presidency will be responsible for setting priorities for the project's activities; reviewing on-going and past activities; recommending the allocation of project funds and ensuring that the project's management mechanism is on course.

With respect to inputs, UNDP will provide institutional support for the project as well as the provision of office space while necessary personnel to man the project office shall be hired by UNDP from the project funds. The DFID and other interested donors and government will provide funds for this project. Remuneration for the experts and associates experts shall be paid in hard and local currency and the amount shall exceptionally be based on terms agreed upon with government.

i) Financial Arrangements:

Contributions to the fund, in cash or in kind, may be accepted by the UNDP from of member states of the United Nations, of the Specialized Agencies or from intergovernmental or non-governmental organizations, or from private sources.

Contributions to the fund may be in any of the following forms:

- a) As voluntary contributions without limitation to a specific project or projects;
- b) As contributions for the purpose of co-financing a specific project or projects to be handled in accordance with UNDP's normal policies and procedures for third-party cost-sharing arrangements.
- c) As contributions to a specific project or projects under a subsidiary trust fund agreement entered into between the donor and UNDP in accordance with UNDP's normal policies and procedures for the establishment of trust funds with specific donors.

The Administrator may accept contributions to the fund in cash in fully convertible currency or in any other currency which the Administrator determines can be readily utilized. Such contributions shall be deposited into bank accounts designated by the UNDP.

The value of a contribution payment, if made in other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the contribution-payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss of the value of the balance of funds is recorded, the UNDP shall inform the donor with a view of determining whether any further financing could be provided by the donor. Should such further financing not be available, the assistance to be provided pursuant to this Agreement may be reduced, suspended or terminated by the UNDP.

All financial accounts and statements shall be expressed in United States dollars.

The UNDP administration fee for managing this project on behalf of the funding partners, excluding the government, will be approximately 3% of the total contributions.

ii) Utilization of the Fund

The UNDP shall utilize the fund for the purpose of meeting the costs of the projects as approved by the UNDP under these terms of reference.

The fund will be charged, in accordance with decisions and directives of the UNDP Executive Board, for reimbursement for support services provided by the Executing Agency.

Any interest income derived from contributions to the fund shall be credited to the fund in accordance with the applicable UNDP regulations, rules and directives.

iii) Administration of the Fund

The fund shall be administered by the UNDP in accordance with the applicable UNDP regulations.

The project management and expenditures shall be governed by the regulations, rules and directives of the UNDP and, where applicable, the regulations, rules and directives of the executing agency.

iv) Implementing and Budgeting of Funds

The aggregate of the amounts budgeted for the projects together with any estimated payments in respect of support services shall not exceed the total resources available to the fund.

If unforeseen increases in commitments or expenditures are expected or realized (whether due to inflationary factors, fluctuation in exchange rates or unforeseen contingencies) the assistance to be provided under the fund may be reduced, suspended or terminated by the UNDP.

v) Ownership of Equipment, Supplies and Other Property

Ownership of equipment, supplies and other property financed from the fund shall vest in the UNDP. Matters relating to the transfer of ownership by the UNDP shall be determined in accordance with applicable policies and procedures of the UNDP.

vi) Audit

The fund shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of the UNDP.

vii) Other Matters

Notwithstanding the completion of the projects financed from the fund, any unutilized balances shall continue to be held in the fund account until all commitments and liabilities incurred in implementation of the projects have been satisfied and project activities have been brought to an orderly conclusion.

The fund shall terminate upon completion of all projects identified pursuant to this Agreement and after satisfaction of all commitments and liabilities arising therefrom. Any balance then remaining shall be disposed of by the UNDP in consultation with the donor(s).

E. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Nigeria and the United Nations Development Programme, signed by both parties on 12 April 1988. The host country, executing and implementing agencies shall, for the purpose of the Standard Basic Assistance Agreement, refer to the Government cooperating Agency described in that Agreement.

The following types of revisions may be made to the project document with the signature of the UNDP Resident Representative only, provided that he is assured that the other signatories of the project document have no objections to the proposed changes:

- (a) Revisions in, or additions to, any of the annexes of the project document;

- (b) Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of inputs already agreed to or by cost increases due to inflation; and
- (c) Mandatory annual revisions, which rephase the delivery of agreed, project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility.

F. PROJECT REVIEW, REPORTING AND EVALUATION

The Administrator shall report to the UNDP Executive Board on the activities of the fund. The Administrator shall also provide to the UNDP Executive Board an annual report prepared in accordance with the UNDP accounting and reporting procedures, which report shall provide information on income and expenditure incurred during the previous year.

The Administrator shall also provide a donor reports on the income and expenditure of its contribution, if made for a specific country, group of countries or region.

G. BUDGET

PSD - Project Budget

Project Number: NIR/03/B02/A3/34
Project Title: Nigeria Diaspora Trust Fund
Management Arrangement: DEX
Designated Institution: UNDP, Nigeria

Budget Line	Budget Component	Impl. Agency	Total Budget	Year				
				2003	2004	2005	2006	2007
10	Project Personnel							
11.00	International Personnel/Experts							
11.01	Lead Expert (1)	UNDP	1,000,000	125,000	250,000	250,000	250,000	125,000
11.02	Experts (14)	UNDP	1,400,000	175,000	350,000	350,000	350,000	175,000
11.03	Associate Experts (5)	UNDP	535,000	72,500	130,000	130,000	130,000	72,500
11.99	Subtotal		2,935,000	372,500	730,000	730,000	730,000	372,500
15	Monitoring & Evaluation/Travel							
15.01	Lead Expert	UNDP	20,000	10,000				10,000
15.02	Experts	UNDP	140,000	50,000	20,000	20,000	20,000	30,000
15.03	Associate Experts	UNDP	60,000	15,000	10,000	10,000	15,000	10,000
15.99	Subtotal		220,000	75,000	30,000	30,000	35,000	50,000
19.99	Component Total		3,155,000	447,500	760,000	760,000	765,000	422,500
30	Training							
34.01	Conferences & Meetings	UNDP	245,000	25,000	60,000	60,000	60,000	40,000
34.99	Subtotal		245,000	25,000	60,000	60,000	60,000	40,000
39.99	Component Total		245,000	25,000	60,000	60,000	60,000	40,000
40	Equipment/Consumables							
45.01	Expendable Equipment	UNDP	90,000	20,000	20,000	20,000	20,000	10,000
45.02	Non-Expendable Equipment	UNDP	190,000	50,000	50,000	40,000	30,000	20,000
45.99	Subtotal		280,000	70,000	70,000	60,000	50,000	30,000
49.99	Component Total		280,000	70,000	70,000	60,000	50,000	30,000
50	Miscellaneous							
53.01	Sundries	UNDP	200,000	40,000	40,000	40,000	40,000	40,000
53.99	Subtotal		200,000	40,000	40,000	40,000	40,000	40,000
59.99	Component Total		200,000	40,000	40,000	40,000	40,000	40,000
999	Project Total		3,880,000	582,500	930,000	920,000	915,000	532,500

Note: Project Total 3,880,000
 3% Administrative Cost 120,000
 Estimated Project Total Fund 4,000,000