

## PCR EVALUATION NOTE FOR PUBLIC SECTOR OPERATIONS

<b>1. BASIC INFORMATION</b>			
<b>a. Basic project data</b>			
Project title: <b>Economic and Power Sector Reform Program (EPSRP)</b>			
Project code: P-NG-FA0-002	Instrument number(s): 2100150027946		
Project type: <b>Economic and Power Sector Reform Program</b>	Sector: Power		
Country: Nigeria	Environmental categorization (1-3) : 3		
<b>Processing Milestones</b>	<b>Key Events</b>	<b>Disbursement and Closing date</b>	
Date approved: 28 Oct 2009	Cancelled amount:	Original disbursement deadline:	
Date signed: 30 Mar 2012	Supplementary financing:	Original closing date: 31 Dec 2015	
Date of entry into force : 19 Oct 2012	Restructuring:	Revised disbursement deadline:	
Date effective for 1st disbursement: 19 Oct 2012	Extensions (specify dates):	Revised closing date: 31 Dec 2015	
Date of actual 1st disbursement: 1 Mar 2013			
<b>b. Financing sources</b>			
<b>Financing source/ instrument (MUA)</b>	<b>Approved amount (MUA) :</b>	<b>Disbursed amount (MUA) :</b>	<b>Percentage disbursed (%) :</b>
ADF Loan:	100	100	100
Grant:			
Government:			
Other (ex. Co-financiers):			
<b>TOTAL :</b>	<b>100</b>	<b>100</b>	<b>100</b>
Co-financiers and other external partners:			
Execution and implementation agencies: Federal Ministry of Finance			
<b>c. Responsible Bank staff</b>			
<b>Position</b>	<b>At approval</b>	<b>At completion</b>	
Regional Director	J. LITSE	E. FAAL	
Sector Director	A. RUGAMBA	. P. B BALDEH	
Sector Manager	Z. AMADOU	J. MOULOT	
Task Manager	B. TOURE	A. KAREMBU	
Alternate Task Manager	T. BAH		
PCR Team Leader		L. LAWSON	
PCR Team Members		A. SIMPASA, Lead Economist, RDNG A. ASIBEY, Consultant, RDNG	
<b>d. Report data</b>			
PCR Date : 18 May 2018			
PCR Mission Date:	From: 14 May 2018	To: 20 May 2018	
PCR-EN Date:			
Evaluator/consultant : Ananda COVINDASSAMY		Peer Reviewer/: J. Ofori	

---

## **2. PROJECT DESCRIPTION**

Summary from Appraisal Report including addendum/corrigendum or loan agreement, and taking into account any modification that occurred during the implementation phase.

---

### **a. Rationale and expected impacts:**

Provide a brief and precise description on the project/programme rationale (concerns/questions raised), expected impacts and the intended beneficiaries (directly or indirectly impacted by the project/programme). Highlight any change that occurred during the execution phase.

The goal of the Economic and Power Sector Reform Program (EPSERP) was to contribute to providing access to affordable and reliable electricity to all Nigerians, in order to encourage diversification of the economy, sustainable growth, create jobs and alleviate poverty. The program sought to address power sector bottlenecks in the Federal Republic of Nigeria (FRN) so as to create an enabling environment for increased economic activities and private sector participation aimed at sustaining growth in the non-oil sector. The EPSERP was in line with the Seven-Point Agenda 2008-2011 of the Federal Government of Nigeria (FGN), which focused on developing critical infrastructure, particularly in power, as a key elements to building a robust, resilient and competitive economy for sustainable growth. The program was also consistent with the priorities of the Medium Term Expenditure Framework (MTEF) 2008-2010 and the 2009 annual budget as well as the second pillar of the CSP 2005-2009. The program was in response to the need for a quick disbursing fiscal stimulus to support the adverse effects of the economic crisis and to address some key reforms in the short term that would provide an enabling environment for private sector investment in the power sector.

### **b. Objectives/Expected Outcomes:**

Provide a clear and concise description of the project objectives, expected outcomes, and intended beneficiaries. In so doing, highlight any revision/amendment.

All Nigerians (both residential and non-residential customers) have access to electricity.

The sector has by end-2011, 10,000MW of operable power generation capacity and the associated transportation infrastructure.

The electricity system is least-cost; and creates an environment that would attract private sector financing in the medium to longer term.

The Bank has a donor-coordinated platform to sustain dialogue on key PFM and fiduciary reforms.

Concerning macroeconomic aspects the outcomes expected to be reached by end 2009 and 2010 include: (i) FGN expenditures in 2009/2010 remain within a range of 23-25% of non-oil GDP (21.2 in 2008, 25.4 in 2007); (ii) Overall consolidated fiscal balance are contained below -10% in 2009 and -2.5% in 2010; (iii) Non-oil sector real GDP growth rate is around 4.5% in 2009 and 4.8% in 2010; (iv) Execution rate of the federal capital budget (in percent of the 2009 approved budget) rises from 43.9% in 2008 to more than 60% in 2009 and 2010; (v) Non-oil revenue collected at the federal level (in percent of non-oil GDP) increases from 8.6% in 2008 to 9% in 2009 and 2010; (vi) Month-end financial statements are produced

---

by 75% of FGN's MDAs within 7 days; (vii) 65% of FGN contracts use national standard bidding documents in 2009, with further improvement in 2010; and, (viii) 95% of FGN contract awards above NGN75 million are published.

**c. Outputs and intended beneficiaries:**

Provide a clear and concise description of the expected outputs and intended beneficiaries. In so doing, highlight any revision/amendment.

To sustain macroeconomic stability. Overall consolidated fiscal balance contained below -10% of GDP in 2009 and reduced to about -2.5% of GDP in 2010.

Sustain non-oil sector growth. Non-oil sector real GDP growth rate around 4.5% in 2009 increases to 4.8% in 2010 and 5.2% in 2011.

Improve the electricity system in a sustainable manner. Population with access to electricity increased from 45% in end-2008 to 55% in end-2010.

Improve the business environment for active private sector participation in the medium term. At least three (3) power plants at advanced construction stage by 2010/2011.

**d. Principal activities/Components:**

Provide a clear and concise description of the principal activities/components. In so doing, highlight any revision/amendment.

Increased operable power generation capacity. Power generation capacity for the first and second tranches will be 4500MW and 6,000MW respectively.

Increased transmission and distribution capacities. 3,000 km transmission line (8,900MVA) constructed; 22,600 distribution transformers (3,540MVA) installed for end-2011.

Power generation plants and associated transmission and distribution infrastructure in operable condition. NIPP completed and 10,000MW of operable power generation target achieved at end-2011.

Independent stand-alone PHCN successor companies. Permanent Boards for PHCN successor companies established by end 2011.

Build gas processing and supply infrastructure. 2,400 scf of gas available for power generation by end 2011.

Adopt new gas pricing structure for long-term sustainability. 2,400 scf of gas available for power generation by end 2011.

Adopt and initiate coal to power policy framework. Terms of reference of Feasibility study of coal supply to power approved in end-2009 and Study approved in end 2010.

Implement the Renewable Energy Master Plan. Increase in the number of Licence for renewable energy generation issued.

---

### 3. PROJECT PERFORMANCE ASSESSMENT

---

#### RELEVANCE

##### **a. Relevance of the project development objective:**

Evaluation of the relevance ex-ante and ex-post (including during the implementation phase). The relevance of the project objective (during the evaluation ex-ante and the post-evaluation) in terms of alignment with country's development priorities and strategies, the beneficiary needs (including any changes that may have occurred during the implementation), applicable Bank sector strategies, the Bank country/regional strategy, and general strategic priorities of the Bank.

The PCRE is rated 3. The PCR was rated 4.

The EPSERP was in line with the second pillar of the CSP 2005-2009. The Mid-Term Review of the CSP highlighted the importance of the power sector, which the EPSERP supports. The rationale for the choice of a sector budget support versus an investment project was two folds. Firstly, the EPSERP supported the FGN's program aimed at mitigating the adverse impact of the global financial crisis, by protecting strategic interventions and development priorities as well as sustaining its current economic reform path in both the power sector and PFM and fiduciary framework. Secondly, the EPSERP added specific value to the Bank's budget support by emphasizing a major focal area of its CSP, namely the power sector. Furthermore, the EPSERP was motivated by the reinvigorated commitment demonstrated by the FGN to give a fresh impetus to the National Integrated Power Program (NIPP) and the implementation of pending power sector reforms that would enhance private sector financing in the medium term.

The program was in line with the priorities of the Bank's Ten-Year Strategy (2013-2022), including infrastructure development, the private sector and good governance, and was one of the Bank's top five priorities: "Lighting Africa ". It was also aligned with Pillars I "Public Sector Management and Economic Management" and II "Sector Governance" of the 2014-2018 Governance Action Plan (GAP II). Finally, it was linked to the Bank's 2014-2019 Strategy for Addressing Fragility and Building Resilience in Africa. The project was to contribute finally to the implementation of gender strategy 2014-2018, "Investing in gender equality for the transformation of Africa", in its pillar 2, "Economic Empowerment".

The EPSERP was a two-tranches budget support program designed to support the implementation of the FGN's development agenda. It was aimed at improving the electricity system in a sustainable manner, and creating an enabling business environment for active private sector financing in the power sector in the medium term.

The project included most of the Government and Bank priorities, but added some aspects including the renewable and coal strategy.

##### **b. Relevance of project design (from approval to completion):**

The evaluator should provide an assessment of the relevance of the project design regardless of the one provided in the PCR. The evaluator will also comment on the PCR conclusion for this section, and will provide an evaluation of the relevance of the project design. The latter assesses the soundness and the timing of eventual adjustments, or technical solutions to ensure the achievement of the intended results (outcomes and outputs), the adequacy of the risk assessment, environmental and social protection measures, as well as the implementation arrangements. For Programme Based Operations (PBO), an assessment will be made on the relevance of the prior actions, the policy dialogue and the extent to which the operation could have been more pro-poor in its design.

The PCREN is rated 2. The PCR was rated 3.

---

---

The relevance of the program was not totally clear, including both macroeconomic stabilization goals and power sector actions. The design took into consideration a number of relevant macroeconomic variables or factors that were identified to be critically important for the realisation of the intended objective of sustaining the growth of the nonoil sector. But it also included actions which are not related to policy or reform agenda. The electricity component of the project was not policy or reform oriented but based on operational actions, which are not the right type of action for a budget support. Most of the actions required in the project required physical investment, rather than policy decisions; moreover, the implementation of the physical investment obviously required much longer than a two-year horizon (construction and rehabilitation of power plants, revamping of pipelines). In addition, the ambitions listed in the project clearly exceeded what is achievable in a small (by Nigerian standards) budget support project (such as universal access to power, operationalization of 6,000 MW of capacity, increasing GDP growth rate, impacting the national budget resources and balance). The EPSERP did not take into account lessons from the Bank's past policy-based operations in other countries and those of other donors regarding the need for simple and homogenous project structure covering one sector and commensurate with expected impacts.

Overall, the project was too ambitious in its goals and dispersed in heterogeneous measures including macroeconomic wishes and physical implementation measures. In addition, the time horizon for the project was too short, even under a two-tranches structure.

The PCR also noted that the logical framework (baseline and target values) was not adjusted after the program duration was revised. The end date of the program was extended from May 2011 to December 2012 and the final extension that pushed the closing date to December 2015 meaning most of the baselines and target values were no more valid.

## **EFFECTIVENESS**

### **c. Effectiveness in delivering outputs:**

Evaluation of the extent to which the project achieved its stated outputs (obtained from the logical framework) based on the last Implementation Progress and Results Report (IPR) and by considering accurate reporting of direct or indirect evidence on intended and unanticipated outputs. In the absence of sufficient data (as direct evidence), indirect evidence (such as project outcomes and other pertinent processes/elements of the causal chain) should be used particularly in the evaluation of the extent to which the project is expected to achieve its stated results/ objectives. The absence of sufficient data to assess the effectiveness should be indicated (and clearly detailed in the PCR quality evaluation section).

The PCRE is rated 2. The PCR was rated 3.

Operable electricity generation capacity 6,000 MW (2009). Achieved: 5,200 MW or 75%. End-2019 figure was only 5,400 MW. **Unsatisfactory**

3,000km transmission line (8,900 MVA) constructed 22,600 distribution transformers (3,540MVA) installed by 2011: **Target not met:** The transmission capacity has improved but the distribution sub-sector has experienced a lot of challenges which has made the sub-sector less attractive to investors.

Percent of NIPP program achieved: NIPP completed and 10,000MW of operable power generated by 2011. 80% completion. **Target partially met.** 2019 capacity was 7,000 MW.

---

---

Board for PHCN successor companies were established as part of the conditions precedent for the second disbursement: **Achieved.**

Improved gas processing and supply infrastructure. 2,400 scf of gas available for power generation by end 2011: achieved 21.66%. **Target not met**

Market driven gas price. Gas Price Agreement signed by 2009 and implementation initiated. **Target met**

Improved policy framework for coal to power strategy. Terms of reference of Feasibility study of coal supply to power approved by end of 2009 and study approved by end of 2010. Interim report for the coal strategy prepares. **Partially done.**

Number of renewable energy projects approved. Number of renewable energy projects approved. 2 projects approved. None of them effective as of December 2019. **Not satisfactory.**

Most of the outputs were partially met. Given the nature of the funding instrument, the timelines for the achievement of some of the outputs was not suitable. Moreover, the inputs included only electricity sector inputs, and no input related to the macroeconomic and budget inputs.

#### **d. Effectiveness in realizing outcomes:**

Evaluation of the extent to which the project achieved (or is expected to achieve) its intended set of outcomes (including for Program Based Operations (PBOs) where complementary measures are necessary for their implementation, namely public awareness, policy dialogue and institutional arrangements for instance). The evaluator should make an assessment based on the results of the last project Implementation Progress and Results (IPR). The evaluator shall indicate the degree to which project outcomes (intended and unanticipated) as well as reasons for any eventual gap were discussed in the PCR.

The PCRE is rated 1. The PCR was rated 3.

Overall fiscal balance as a % of GDP: target -2.5% of GDP (2015\*). Achieved -3.2%. **Target not achieved.**

Non-oil sector real GDP growth rate. Target 5.2% (2011). Actual: 52% 2.8% (2015). **Target not achieved.**

Percent of population with access to electricity: 55% (2010). Actual: 55% Urban; 39% Rural. **Target not achieved because of rural.**

Number of power plants by IPPs<sup>3</sup> at advanced construction stage. Target: At least 3 power plants at advanced stage by 2010/2011. Actual 33%: Only AZURA IPP out of the 170 registered IPP's has reached advance construction stage. **Target not achieved.**

The project has not met most of the outcomes, due to over ambitious target and a lack of specific measures to achieve broad national or full power sector outcomes.

#### **e. Project development outcome:**

The ratings derived for outcomes and outputs are combined to assess the progress the project has made towards realizing its development objectives, based on the rating methodology recommended in the Staff Guidance Note on project completion reporting and rating (see IPR Guidance Note for further instruction on development objective rating).

---

---

The PCRE is rated 1. The PCR was rated 3.

The DO rating is not satisfactory. The Program has not met most of the output or outcome objectives due to the overly ambitious objectives and the lack of relations between specific measures and the expected outputs/outcomes. In reality, the project targeted a large number of objectives but did not demonstrate that the actions listed in the project as Inputs were adequate in terms of content and level of detail to achieve the outcomes, which became a wish list rather than a set of implementable and specific measures.

**f. Beneficiaries:**

Using evidence, the evaluator should provide an assessment of the relevance of the total number of beneficiaries by categories and disaggregated by sex.

The PCRE is rated 3. The PCR was rated N/A.

The beneficiaries of the power sector are the consumers, who were expected to gain from the improved access and quality of service. Little improvement was noted concerning the quality of service, but some improvements were noted regarding the production of electricity. Hence, consumers benefited, although less than expected. Concerning access to electricity, consumers newly connected benefited. As the access rate has increased, albeit less than targeted, the number of beneficiaries in this respect could be evaluated as 104 million of very indirect beneficiaries.

Concerning the macroeconomic performance, some improvement could be observed regarding the budget deficit and growth rate, which could be argued to represent benefits to the entire population of 190 million, but the linkage between the project and the number of beneficiaries is tenuous.

No data were provided concerning the gender disaggregation of beneficiaries.

**g. Unanticipated additional outcomes (positive or negative, not taken into consideration in the project logical framework):**

This includes gender, climate change, as well as social and socio-economic-related issues. Provide an assessment of the extent to which intended or unanticipated additional and important outcomes have been taken into consideration by the PCR. The assessment should also look at the manner the PCR accounted for these outcomes.

## **EFFICIENCY**

**h. Timeliness:**

The timeliness of project implementation is based on a comparison between the planned and actual period of implementation from the date of effectiveness for first disbursement. For Programme Based Operations (PBOs), the timely release of the tranche(s) are assessed through this same criterion.

The PCRE is rated 2. The PCR was rated 2

The EPSERP was approved by the Bank in October 2009 after which it faced significant delays mainly due to administrative obstacles encountered within the FGN. The Loan approval stage coincided with a transitional and election phase, within which FGN administration was in near standstill. With the new government in place, it was noticed that the loan did not adhere to the FGN internal procedures as EPSERP was signed by the previous Minister of Finance without the required approval from the Federal Executive

---

---

Council. As a result of these lapses, the loan had to be re-signed on March 30, 2012 before becoming effective on October 19, 2012. The Program was subsequently extended three times from December 31, 2011 to December 31, 2013; December 31, 2013 to May 31, 2015; and finally from May 31, 2015 to December 31, 2015, taking into consideration all the related legal and administrative procedures from both the Bank and the FGN.

**i. Resource use efficiency:**

Provide an assessment of physical implementation (based on outputs delivered) against resources used (based on cumulative commitments/disbursements) at completion for all contributors to the project (the Bank, Government, and others). This criterion would normally not apply to PBOs, as there is often no direct link between the outputs and the amount of contribution (in which case the rater would indicate N/A).

The PCRE is rated 2. The PCR was rated 2

The project commitment and disbursement rate for both tranches at completion was 100%, but globally, the implementation rate was only 62%, leading to a less than satisfactory efficiency of resources.

**j. Cost-benefit analysis:**

Review the validity of the Economic rate of return (ERR) (if any) in the PCR, and highlighting any data and methodological limitations. The review should indicate if an ERR was not estimated and any reason provided in the PCR. The evaluator should verify whether the benefits of the project (achieved or expected) exceed its actual costs. To achieve this, evidences will mainly be based on a comparison between Economic Rates of Return (ERR) calculated at appraisal, the mid-term review and completion. When commenting PCR ratings, the degree of utilization of valid sources for evidence justifying the rating assigned should be taken into consideration. The evaluator should ensure of the validity of assumptions and that the same model was used for the calculation of other ERRs. For PBOs for which this calculation model does not apply, an assessment could be done about the contribution of policy reforms to economic growth. In the absence of sufficient evidence, an appropriate rating should be assigned.

The PCRE is rated N/A. The PCR was rated N/A

**k. Implementation progress:**

The assessment of the Implementation Progress (IP) on the PCR is derived from the updated IPR and takes into account all applicable IP criteria assessed under the three categories : i) Compliance with covenants (project covenants, environmental and social safeguards and audit compliance), ii) Compliance with project systems and procedures (procurement, financial management and monitoring and evaluation), and iii) Compliance with project execution and financing (disbursement, budget commitments, counterpart funding and co-financing).

The PCRE is rated 3. The PCR was rated 3.

The compliance of project covenants was satisfactory, despite the issues mentioned above regarding FGN procedures and the requirement of re-signing the project.

Compliance with project system and procedures was satisfactory.

Compliance with project financing was also satisfactory.

## **SUSTAINABILITY**

**l. Financial sustainability:**

Provide an assessment of the extent to which funding mechanisms and modalities (eg. Tariffs, user fees, maintenance fees, budgetary allocations, other stakeholder contributions, aid flows, etc.) have been put in place to ensure the continued flow of benefits after completion, with particular emphasis on financial sustainability. For PBOs, the assessment should focus on financial sustainability of reforms, as well as the Bank's policy dialogue to promote financial sustainability of the reforms.

---

---

The PCRE is rated 2. The PCR was rated 3.

The benefits of the program are not sustainable since in hindsight, there has been little sustainable progress in the performance of the power sector, which is still in the same state of crisis as at the time of project design. The program was a direct response to mitigating the adverse impact of the global financial and economic crisis, but the impact in the power sector was temporary at best. The outcome was expected to serve as a catalyst for increased private sector investment in the power sector. In fact, little success was achieved and only one IPP project has been completed by now, the other private sector projects being stuck with various administrative obstacles. According to the most recent data of December 2019, the sector is losing 1 billion and seven hundred Naira daily.

At the macroeconomic level, the country is incurring the same problems and challenges as in 2010. The World Bank stated: “The new government has the opportunity to accelerate the pace of structural reforms to build an institutional and policy framework capable of managing the volatility of the oil sector and supporting the sustained growth of the non-oil economy. Bold reforms that could have a significant impact on the economy’s trajectory are the removal of subsidies, elimination of forex and trade restrictions, greater transparency and predictability of monetary policy and increased domestic revenue mobilization. Such reforms would help raise living standards of low-income groups while increasing spending on much needed public services.” indicating that the 2010 issues remain unchanged. Inflation is back to a two-digit level and GDP growth remains low, below target.

**m. Institutional sustainability and strengthening of capacities:**

Provide an assessment of the extent to which the project has contributed to the strengthening of institutional capacities – including for instance through the use of country systems – that will continue to facilitate the continued flow of benefits associated with the project. An appreciation should be made with regards whether or not improved governance practices or improved skills, procedures, incentives, structures, or institutional mechanisms came into effect as a result of the operation. For PBOs, this should include an assessment on the contributions made to building the capacity to lead and manage the policy reform process; the extent to which the political economy of decision-making was conducive to reform; the Government’s commitment to reform; and how the design reinforced national ownership.

The PCREN is rated 2. The PCR was rated 3.

The design and implementation arrangements of the program were underpinned by continuous enhancement of institutional capacity, although it was not one of the inputs of the project. By using the national systems to drive and oversee the implementation of planned activities, the program sought to strengthen the capacity of the implementing entities. The program also provided targeted technical support, including training in financial management and procurement that were to strengthen the fiduciary capability of the implementing partners. Little impact can be observed in the project time period and even, in the period up to 2019.

**n. Ownership and sustainability of partnerships:**

Provide an assessment of whether the project has effectively involved relevant stakeholders, promoted a sense of ownership amongst the beneficiaries (both men and women) and put in place effective partnerships with relevant stakeholders (eg. local authorities, civil society organizations, private sector, donors) as required for the continued maintenance of the project outputs. For PBOs, the assessment should measure the extent to which the Government’s capacity to conduct consultations during policy dialogue and the extent to which the Bank supported the Government in deepening the consultation processes.

The PCRE is rated 3. The PCR was rated 3.

The sustainability rating is Satisfactory. The program was demand driven; it responded to a request from the FGN. The focus areas and the specific interventions were driven by the government. The FGN has

---

---

shown commitment right from the concept and implementation phases of the program. The FGN has put in place the necessary institutional and organizational arrangements and capacity and met all the conditions precedent to disbursement.

**o. Environmental and social sustainability:**

Provide an assessment of the objectivity of the PCR rating on the project's implementation of environmental and social mitigation/enhancement measures with regard to the Environmental and Social Management Plan (ESMP), the capacity of country institutions and systems, as well as the availability of funding to ensure the environmental and social sustainability of the operation. This criterion would normally only apply to Environmental Category I and II projects.

The PCRE is rated N/A. The PCR was rated N/A.

The program was classified under category III of the Bank's environment classification.

---

#### **4. PERFORMANCE OF STAKEHOLDERS**

---

**a. Bank performance:**

(Preparation/approval, ensure of Quality at Entry (QAE) : quality of the supervision, completion) : Provide observations on the objectivity of the PCR ratings and feedback provided by the Borrower, and if necessary, re-assess the Bank's performance throughout the project cycle (design, implementation, completion) by focusing on evidence from the PCR in relation to 7 criteria defined in the PCR Guidance Note.

The PCRE is rated 2. The PCR was rated 3.

The Bank was diligent and ensured that all the conditions precedent to disbursement were met and required evidence provided by FGN and thoroughly reviewed before disbursements were made. However, the level of engagement and technical support from the Bank was inadequate. Reporting and documentation of program delivery and performance data was weak. The Bank did not follow through with the proposed monitoring and reporting arrangements detailed in the PAR. Most of the relevant reports such as IPRs, Aide Memoires, quarterly performance reports and back to office reports on engagements with FGN were not available. The information asymmetry made it difficult for data analysis and triangulation.

**b. Borrower performance:**

Provide observations on the objectivity of the PCR ratings, and if necessary, re-assess the Borrower's performance throughout the project cycle (design, implementation, completion) by focusing on evidence from the PCR in relation to questions defined in the PCR Guidance Note.

The PCRE is rated 3. The PCR was rated 3.

The Borrower performance was Satisfactory. However, there were significant delays in the implementation timelines. For example, the transitional challenges in the Presidency led to a delay of the project for about two years. With the new government in place, it was noticed that the loan did not adhere to the FGN internal procedures. As such the FGN took all necessary steps to re-sign the project diligently on March 30, 2012.

The financing of the project was a clear request of the FGN, which performed efficiently in cooperating with the Bank for the design and implementation of the project, although results were ultimately disappointing.

---

---

### **c. Performance of other stakeholders:**

Provide observations on the objectivity of the PCR ratings, and if necessary, re-assess the other shareholders' performance throughout the project cycle (design, implementation, completion) by focusing on evidence from the PCR in relation to relevant questions specific to each stakeholder (co-financiers, NGO, contractors and service providers).

The PCRE is rated N/A. The PCR was rated N/A.

---

## **5. SUMMARY OF OVERALL PROJECT PERFORMANCE**

---

### **a. Overall assessment:**

Provide a summary of the project/programme's overall performance based on the PCR 4 key components (Relevance, Effectiveness, Efficiency and Sustainability). Any difference with the PCR and the reasons that have resulted in them should be mentioned. For cases with insufficient evidence (from the PCR and other documents) available, the evaluator should assign a partly satisfactory rating (to be revised) until a PPER is complete.

The PCRE is rated 2. The PCR was rated 2.95.

The EPSERP was successful in providing the FGN the financial and budgetary support is needed at a critical time, although with a one-year delay. The performance of the project in terms of outcomes is clearly below the targets of the project. Observations over the 2015-2019 period demonstrate that the weak performance observed by the end of the project persist: the power sector is still non-performing in financial and technical terms, the quality of service has not significantly improves. Only the access rate has shown some improvement. In macroeconomic terms, little sustainable progress has been achieved.

The weak performance of the EPSERP should be attributed to project design issues. The project was heterogeneous, aiming to combine power sector objectives and macroeconomic measures, whereas each of these sectors would have been sufficient to justify the project. In addition, the objectives were not suitable for a budget support nature, as it involved mainly physical actions in the infrastructure sector, which are well known for taking a long time to implement and to require direct financial resources, rather than budgetary support. Budgetary support is more suitable for the implementation of policy measures. The objectives related to the macroeconomic framework and the power sector did not relate closely to the actions to be implemented by the FGN but constituted broad macroeconomic and budgetary objective. For a very large country like Nigeria, broad macroeconomic and power sector objectives depend on numerous internal and external factors which cannot be expected to influence one project. The ambitious measures included in the project would have required a much longer implementation period.

### **b. Design, implementation and utilization of the M&E:**

Provide an assessment of planned and actual design, implementation and utilization of the M&E system. Design: To which extent the project M&E system was explicit, adequate and realistic to generate and analyse relevant data ; Implementation: To which extent relevant data was collected – Elements of M&E implementation and effectiveness in the PCR ; Utilization: degree of utilization of data generated for decision-making and resource allocation – elements of M&E utilization in the PCR.

The PCRE is rated 3.

The design of the M&E system was adequate and data/statistics were available with the Nigerian Administration and institutions. The data, however, were not collected and compiled diligently by the Government as well as the Bank, leading to a poor quality of reporting. The diligent compilation of data

---

---

may have permitted the Government and the Bank to act to take timely corrective action, assuming the Government had effective control over the stated objectives of the project.

---

## 6. EVALUATION OF KEY LESSONS LEARNED AND RECOMMENDATIONS

---

### a. Lessons learned:

Provide a brief description of any agreement/disagreement with all or part of the lessons learned from the PCR after analysis of the project performance with regards each of the key components of the evaluation (Relevance, Effectiveness, Efficiency, and Sustainability). ~~List the main PCR and/or reformulated pertinent lessons learned for each of the above four components. It is recommended that no more than five lessons learned are discussed.~~ Key questions and targeted audience must also be specified for each lesson learned. Additionally, please submit any additional lessons not listed below that would be relevant to the project.

**[RESPOND TO THE ABOVE HERE]**

Below are the lessons gleaned from this project. For each lesson, please do one of the following:

- **Sign off:** If you agree with a lesson, simply write "Sign off" in green font after the text of the lesson; do not provide any other comments here;
- **Revise lesson:** If you think the wording of a lesson should be altered, make whatever changes you see fit to the text of the lesson in track changes mode and write "Sign off" in green font after the text of the lesson; if you see fit, you may follow this with a comment on why the lesson merits revision in bold text;
- **Write off:** If you disagree entirely with a lesson, simply write "Write off" in red font after the text of the lesson; please follow this with a comment on why the lesson has been written off in bold text.

Budget support does not necessarily lead to the achievement of intended results unless there is a robust system to ensure the selection and implementation of high impact projects in a timely and efficient manner. Moreover, implementation of physical actions such as the rehabilitation of power plants and transmission lines and development of distribution systems for access are not suitable for budget support.

Sign-off

It was learned from the review that budget support works well when the program and the respective projects are fully owned and led by the Borrower supplemented by the existence of strong accountability mechanisms to ensure effective delivery and value for money. Sign-off

Effective implementation support, timely supervision and institutionalised monitoring and reporting arrangements are critically important for the achievement of budgetary support objectives. Sign-off

---

---

It was also learned that budget support works well when the Borrower has strong, planning, implementation and accountability systems. Budget support tends to be affected by institutional and operational weaknesses of the Borrower and as a result dilute the expected impact. **Sign-off**

The measures covered by a budget support operation needs to be homogeneous in its focus and avoid mixing-up macroeconomic goals and infrastructure sector in order to avoid excessively complex action plans and dispersion of implementation measures. **Sign-off**

**The objectives of the budget support operation has to be largely under the control of the project implementer so the effectiveness of the measures can be evaluated and corrective action taken when necessary. **Sign-off****

**b. Recommendations:**

Provide a brief description of any agreement/ disagreement with all or part of the recommendations from the PCR. ~~List the main PCR and/or reformulated recommendations (required actions by the Borrower and/or the Bank).~~ Additionally, please submit any additional recommendations not listed below that would be relevant to the project.

**[RESPOND TO THE ABOVE HERE]**

Below are the recommendations gleaned from this project. For each recommendation, please do one of the following:

- **Sign off:** If you agree with a recommendation, simply write "**Sign off**" in green font after the text of the recommendation; do not provide any other comments here;
- **Revise recommendation:** If you think the wording of a recommendation should be altered, make whatever changes you see fit to the text of the recommendation in **track changes mode** and write "**Sign off**" in green font after the text of the recommendation; **if you see fit, you may follow this with a comment on why the recommendation merits revision in bold text;**
- **Write off:** If you disagree entirely with a recommendation, simply write "**Write off**" in red font after the text of the recommendation; **please follow this with a comment on why the recommendation has been written off in bold text.**

Review and refine the financing model from a pure budget support to include upfront design of a detailed project description that will guide the use of the loans. The Borrower must be supported to select and implement high impact projects: Bank. **Sign-off**

The Bank should provide continuous implementation support to enable the borrower implement, monitor and report on the project delivery and performance. The Bank should also support the development of strong accountability mechanisms by the Borrower: Bank. **Sign-off**

Country ownership of the programs should be a top priority in the Bank's program. In this regard, measures must be put in place to ensure that the Borrower plays a lead role in the design, implementation monitoring and evaluation of the program and has control over the implementation and impact of key measures. Bank. **Sign-off**

---

---

Budget support, as much as possible, should have a capacity building component that responds to and provide requisite capabilities that will enable the Borrower to achieve the program objectives. Bank. **Sign-off**

The Borrower must develop and implement strong monitoring and reporting protocols, including partnership strategies that will ensure timely implementation and achievement of results. Beneficiary. **Sign-off.**

Particularly in the case of major policy changes in a large country, the budget support matrix of action needs to be closely coordinated by all donors. For example, it was not suitable that the EPSERP included macroeconomic and power sector measures whereas a much larger budget support of the World Bank was focusing only on macroeconomic aspects. **Sign-off**

---

## 7. COMMENTS ON PCR QUALITY AND TIMELINESS

The overall PCR quality rating is based on the criteria presented in the annexe and other: The quality of the PCR is rated as highly satisfactory (HS) (4), satisfactory (S) (3), unsatisfactory (US) (2), and highly unsatisfactory (HUS) (1). The timeliness of the PCR is rated as on time (4) or late (1). The participation of the Borrower, co-financier, and the bank's external office(s) are rated as follows: HS (4), S (3), US (2), HUS (1).

---

The PCRE is rated 2

The PCR was prepared in May 20, 2018, whereas the closing date was December 31, 2015. The PCR was late.

The PCR was optimistic in its evaluations and would not recognize that the project and the Nigerian economy and power sectors were performing poorly and did not achieve the objectives. It rated satisfactory criteria which evidenced the persistence of major weaknesses and the disappointing overall performance of the economy and the power sector: the PCR ratings were giving the impression for Bank management that Nigeria was making substantial progresses in the main objectives of the project, whereas the situation in 2015, confirmed by the assessment of the 2019 situation, was indicating very limited success and progress and a doubtful sustainability.

## 8. SUMMARY OF THE EVALUATION

This is a summary of both the PCR and IDEV ratings with justification for deviations. Appropriate section of the PCR Evaluation should be indicated in the last column in order to avoid detailed comments. If the evaluator is unable to validate a PCR rating on one of the four evaluation criteria, s/he must provide an appropriate explanation for this.

---

Criteria	PCR	PCRE N	Reason for disagreement/ Comments
<b>RELEVANCE</b>	3.5	2.5	Unsatisfactory
Relevance of project development objective	4	3	The project objectives included several criteria which were not supported explicitly as Borrower priorities
Relevance of project design	3	2	The project design was heterogeneous. Its objectives were too broad and ambitious and not

			directly under the control of the government, particularly under s two-year period.
<b>EFFECTIVENESS</b>	3	1.	Highly Unsatisfactory
Delivery of outputs	3	2	Outputs were only partly delivered
Realization of outcomes	3	1	Only one (1) Outcome out of Four (4) was partially achieved
Development objective (DO)	3	1	Development objectives were not fully achieved.
<b>EFFICIENCY</b>	2	2	Unsatisfactory
Timeliness	2	2	
Resource use efficiency	2	2	
Cost-benefit analysis	n/a	n/a	
<b>Implementation progress</b> (Compliance with (i) with covenants; (ii) project systems and procedures; (iii) project execution and financing)	3	3	
<b>SUSTAINABILITY</b>	3	2	Unsatisfactory
Financial sustainability	3	2	Macroeconomic and power sector financial issues persist
Institutional sustainability and strengthening of capacities	3	2	Institutional progress in the power sector have not been sustainable, except for the establishment of the power sector subsidiaries.
Ownership and sustainability of partnerships	3	3	
Environmental and social sustainability	n/a	n/a	
<b>OVERALL PROJECT COMPLETION RATING</b>	2.9	2	Unsatisfactory
	5		
Bank performance:	3	2	
Borrower performance:	3	3	
Performance of other stakeholders:	n/a	n/a	
Overall PCR quality:		2	PCR was optimistic in its assessments and did not highlight the persistence of the macroeconomic and power sector issues.

**9. PRIORITY FOR FUTURE EVALUATIVE WORK: PROJECT FOR PERFORMANCE EVALUATION REPORT, IMPACT EVALUATION, COUNTRY/SECTOR REVIEWS OR THEMATIC EVALUATION STUDIES:**

- **Project is part of a series and suitable for cluster evaluation**
- **Project is a success story**
- **High priority for impact evaluation**
- **Performance evaluation is required to sector/country review**
- **High priority for thematic or special evaluation studies (Country)**
- **PPER is required because of incomplete validation rating**

**Major areas of focus for future evaluation work:**

- a) Performance evaluation is required for sector/ country review
- b) Cluster evaluation (institutional support)
- c) Sector evaluation (budgetary support or public finance management reforms)

**Follow up action by IDEV:**

---

Identify same cluster or sector operations; organize appropriate work or consultation mission to facilitate a), b) and/or c).

Division Manager clearance

Director signing off

---

**Data source for validation:**

- Task Manager/ Responsible bank staff interviewed/contacted (in person, by telephone or email)
- Documents/ Database reports

**Attachment:**

- PCR evaluation note validation sheet of performance ratings
- List of references

## Annex

### PROJECT COMPLETION REPORT EVALUATION NOTE Validation of PCR performance ratings

All ratings given this section and in the Summary Table in Section 8 must correspond to one of the following ratings:

Score	Description (see PCR preparation guidelines for details)
4	Highly Satisfactory (HS)
3	Satisfactory (S)
2.75	Mostly Satisfactory
2.25	Mostly Unsatisfactory
2	Unsatisfactory (US)
1	Highly Unsatisfactory (HUS)
UTS	Unable to score/rate
NA	Non Applicable

Criteria	Sub-criteria	PCR work score	IDEV review	Reasons for deviation/comments
RELEVANCE	Relevance of the project development objective (DO) during implementation	4	3	The project objectives included several criteria which were not supported explicitly as Borrower priorities
	Relevance of project design (from approval to completion)	3	2	The project design was heterogeneous. Its objectives were too broad and ambitious and not directly under the control of the government, particularly under a two-year period.
<b>OVERALL RELEVANCE SCORE</b>			<b>2.5</b>	
EFFECTIVENESS*	<b>Effectiveness in delivering outcomes</b>			
	Outcome 1: Overall fiscal balance as a % of GDP There was significant reduction in the overall fiscal balance as a % of GDP, moving from -10 % to -2.5 % in 2015.		2	
	Outcome 2: Non-oil sector real GDP growth rate Target not Met: The Non-oil sector growth has been slower than expected		1	
	Outcome 3: Percent of population with access to electricity Target Met: Access of electricity to Nigerian has increased compared to the 2009 baseline.		2	
	Outcome 4: Number of power plants by IPPs3 at advanced construction stage Target not Met: Most of the licensed IPP's have not reached their financial closure		1	

Criteria	Sub-criteria	PCR work score	IDEV review	Reasons for deviation/comments
	<b>Overall Realization of Outcomes</b>	<b>3</b>	<b>1</b>	Highly Unsatisfactory. None of the outcomes were achieved, Only one (1) out of the four (4) was partially achieved.
	<b>Effectiveness in delivering output</b>			
	Output 1: Operable electricity generation capacity(MW) Target not met: Actual availability of power fluctuates in a day and could drop as low as 1,500 MW or lower		1	
	Output 2: Operable transmission and distribution capacity(MVA) Target not met : The transmission capacity has improved by the distribution sub-sector has experience a lot of challenges which has made the sub-sector less attractive to investors.		1	
	Output 3: Percent of NIPP program achieved Target not met: The program is ongoing and the FGN is working assiduously to complete all the projects		2	
	Output 4 : Creation of transitional management boards for PHCN successor companies Target met.		3	
	Output 5 : Improved gas processing and supply infrastructure Target not met:		1	
	Output 6 : Market driven gas price Target met: The NERC facilitates the pricing if Gas every year		3	
	Output 7: Improved policy framework for coal to power strategy N/A		2	
	Output 8: Number of renewable energy projects approved Target Achieved: Two bilateral agreements (1200MW by IPP and 100MW bilateral agreement between Nigerian Govt. and Moroccan Govt) were signed		2	
	Output 9 :Operable electricity generation capacity(MW) Target not met		2	
	<b>Overall Delivery of Outputs</b>	<b>3</b>	<b>1</b>	Outputs were only partly delivered
	<b>Development objective (DO)</b>			
	Development objective rating	<b>3</b>	<b>1</b>	Development objectives were not achieved. With unsatisfactory outputs and Highly Unsatisfactory Outcomes, the DO is rated Highly Unsatisfactory.
	<b>Beneficiaries</b>			

Criteria	Sub-criteria	PCR work score	IDEV review	Reasons for deviation/comments
	Beneficiary1	n/a	3	
	Beneficiary2			
	<b>Unanticipated outcomes (positive or negative not considered in the project logical framework) and their level of impact on the project (high, moderate, low)</b>			
	Institutional development			
	Gender			
	Environment & climate change			
	Poverty reduction			
	Private sector development			
	Regional integration			
	Other (specify)			
<b>EFFECTIVENESS OVERALL SCORE</b>		3	2	
EFFICIENCY	Timeliness (based on the initial closing date)	2	2	
	Resource used efficiency	2	2	
	Cost-benefit analysis	n/a	n/a	
	Implementation progress (from the IPR)	3	3	
	Other (specify)			
<b>OVERALL EFFICIENCY SCORE</b>		<b>2.33</b>	2	
SUSTAINABILITY	Financial sustainability	3	2	Macroeconomic and power sector financial issues persist
	Institutional sustainability and strengthening of capacities	3	2	
	Ownership and sustainability of partnerships	3	3	
	Environmental and social sustainability	n/a	n/a	
<b>OVERALL SUSTAINABILITY SCORE</b>		<b>3</b>	2	
<b>OVERALL PROJECT COMPLETION RATING</b>			2	PCR was optimistic in its assessments and did not highlight the persistence of the macroeconomic and power sector issues.
<p>*The rating of the effectiveness component is obtained from the development objective (DO) rating in the latest IPR of the project (see Guidance Note on the IPR).  The ratings for outputs and outcomes are determined based on the project's progress towards realizing its targets, and the overall development objective of the project (DO) is obtained by combining the ratings obtained for outputs and outcomes</p>				

Criteria	Sub-criteria	PCR work score	IDEV review	Reasons for deviation/comments
following the method defined in the IPR Guidance Note. The following method is applied: Highly satisfactory (4), Satisfactory (3), Unsatisfactory (2) and Highly unsatisfactory (1).				

Criteria	Sub-criteria	PCR Work score	IDEV review	Reasons for deviation/comments
BANK PERFORMANCE	Proactive identification and resolution of problems at different stage of the project cycle		2	
	Use of previous lessons learned from previous operations during design and implementation		2	
	Promotion of stakeholder participation to strengthen ownership		3	
	Enforcement of safeguard and fiduciary requirements		3	
	Design and implementation of Monitoring & Evaluation system		1	
	Quality of Bank supervision (mix of skills in supervisory teams, etc)		2	
	Timeliness of responses to requests		2	
<b>OVERALL BANK PERFORMANCE SCORE</b>		<b>3</b>	<b>2</b>	<b>Over-all the Bank's performance was Unsatisfactory.</b>
BORROWER PERFORMANCE	Quality of preparation and implementation		3	
	Compliance with covenants, agreements and safeguards		3	
	Provision of timely counterpart funding		n/a	
	Responsiveness to supervision recommendations		2	
	Measures taken to establish basis for project sustainability		2	
	Timeliness of preparing requests		3	
<b>OVERALL BORROWER PERFORMANCE SCORE</b>		<b>3</b>	<b>3</b>	
PERFORMANCE OF OTHER STAKEHOLDERS	Timeliness of disbursements by co-financiers		n/a	
	Functioning of collaborative agreements		n/a	
	Quality of policy dialogue with co-financiers (for PBOs only)		3	
	Quality of work by service providers		n/a	
	Responsiveness to client demands		3	
<b>OVERALL PERFORMANCE OF OTHER STAKEHOLDERS</b>		<b>n/a</b>	<b>n/a</b>	

The overall rating is given: HS, S, US and HUS.

- (i) Highly satisfactory (HS) : 4
- (ii) Satisfactory (S) : 3
- (iii) Unsatisfactory (US) : 2

(iv) Highly Unsatisfactory (HUS): 1

**DESIGN, IMPLEMENTAION AND UTILIZATION OF MONITRING AND EVALUATION (M&E)**

Criteria	Sub-criteria	IDEV Score	Comments
M&E DESIGN	M&E system is in place, clear, appropriate and realistic	3	
	Monitoring indicators and monitoring plan were duly approved	3	
	Existence of disaggregated gender indicator		
	Baseline data were available or collected during the design	3	
	Other, specify		
<b>OVERALL M&amp;E DESIGN SCORE</b>		<b>3</b>	
M&E IMPLEMENTATION	The M&E function is adequately equipped and staffed	2	
<b>OVERALL M&amp;E IMPLEMENTATION SCORE</b>		<b>2</b>	
M&E UTILIZATION	The borrower used the tracking information for decision	2	
<b>OVERALL M&amp;E UTILIZATION SCORE</b>		<b>2</b>	
<b>OVERALL M&amp;E PERFORMANCE SCORE</b>		<b>3</b>	

## PCR QUALITY EVALUATION

Criteria	PCR-EVN (1-4)	Comments
<b>QUALITY OF PCR</b>		
1. Extent of quality and completeness of the PCR evidence and analysis to substantiate the ratings of the various sections	2	
2. Extent of objectivity of PCR assessment score	2	
3. Extent of internal consistency of PCR assessment ratings; inaccuracies; inconsistencies; (in various sections; between text and ratings; consistency of overall rating with individual component ratings)	3	
4. Extent of identification and assessment of key factors (internal and exogenous) and unintended effects (positive or negative) affecting design and implementation	3	
5. Adequacy of treatment of safeguards, fiduciary issues, and alignment and harmonization	3	
6. Extent of soundness of data generating and analysis process (including rates of returns) in support of PCR assessment	3	
7. Overall adequacy of the accessible evidence (from PCR including annexure and other data provided)	2	
8. Extent to which lessons learned (and recommendations) are clear and based on the PCR assessment (evidence & analysis)	2	
9. Extent of overall clarity and completeness of the PCR	3	
Other (specify)		
<b>PCR QUALITY SCORE</b>	2	
<b>PCR compliance with guidelines (PCR/OM ; IDEV)</b>		
1. PCR Timeliness (On time = 4; Late= 1)	2	
2. Extent of participation of borrower, Co-financiers & field offices in PCR preparation***	2	
3. Other aspect(s) (specify)		
<b>PCR COMPLIANCE SCORE</b>	3	
*** rated as Highly satisfactory (4), or Satisfactory (3), or Unsatisfactory (2), or Highly unsatisfactory (1)		

**List of References (please only list nonstandard documents, i.e. those not found on the EVRD website)**