Ethiopia–Nigeria INFF Experience Exchange

Mission Report

Abuja and Lagos, Nigeria, 22-26 June 2026

Executive Summary

Learning exchange on INFFs between Nigeria and Ethiopia

The Ethiopia-Nigeria INFF experience exchange held in Abuja and Lagos from 22-26 June 2026 provided practical lessons on how financing frameworks move from strategy to implementation. The central finding is that the binding constraint is not only the volume of finance, but the quality of the systems that align planning, budgeting, financing, implementation, data, and accountability.

Nigeria's experience shows that INFF implementation requires high-level political anchoring, clear institutional mandates, credible revenue and budget assumptions, and a permanent coordination mechanism that brings public institutions, development partners, private capital, and subnational actors into one implementation architecture.

The mission also confirmed that the most urgent implementation gap is the shortage of bankable and investment-ready projects. Financing strategies create direction, but prepared pipelines, feasibility studies, risk mitigation, transaction support, and investor-facing deal books are what convert policy ambition into actual finance.

Lagos State demonstrated how subnational systems can translate national priorities into results through aligned plans, medium-term strategies, annual budgets, participatory budgeting, performance monitoring, SDG localization, capital-market instruments, green bonds, and structured engagement with investors.

For Ethiopia, the direct implication is that the E-ISFF must now be treated as an execution agenda. The Country Platform should become the investment delivery arm of the E-ISFF, supported by a project preparation facility, a national investment pipeline catalogue, an integrated financing and results dashboard, and a multi-partner pooled/basket fund that can finance implementation capacity.

Priority actions for Ethiopia are: (i) strengthen high-level E-ISFF governance; (ii) operationalize the Country Platform; (iii) prepare a first-generation pipeline catalogue; (iv) link data systems to financing and results; (v) pilot regional implementation models; and (vi) use the pooled/basket fund to finance systems, technical assistance, and early pipeline preparation.

1. Introduction and Context

The Ethiopia–Nigeria learning exchange mission was conducted as a South–South cooperation effort aimed at strengthening the implementation of Integrated National Financing Frameworks (INFFs). The mission brought together policymakers, government representatives, UN colleagues, and technical experts to explore practical approaches for aligning financing systems with national development priorities and the Sustainable Development Goals (SDGs).

Nigeria, as one of Africa's largest economies, presents a complex but highly relevant case. It combines significant fiscal constraints with ongoing reforms in public financial management, domestic resource mobilization, private finance mobilization, and SDG localization. At the same time, Ethiopia - following the launch of its Integrated National Sustainable Framework - is seeking to move decisively from design to implementation. The exchange therefore focused on **operational lessons, system integration, and execution challenges**, rather than conceptual frameworks alone.

Across Abuja (days 1–3) and Lagos State (day 4), the mission provided a comprehensive view of both **federal-level financing systems** and **subnational implementation models,** offering a unique opportunity to analyze how national strategies translate into concrete results at the local level.

Mission Objective and Methodology

The mission was designed to draw operational lessons from each country's INFF implementation and assess how these lessons can inform Ethiopia's transition from E-ISFF design to implementation and deepening Nigeria's implementation. The emphasis was on practical systems, institutional arrangements, and delivery mechanisms rather than conceptual framing alone.

The exchange combined federal-level discussions in Abuja with subnational learning in Lagos. It covered Nigeria's INFF governance architecture, financing strategy, tax and PFM reforms, project pipeline development, subnational financing, data systems, SDG localization, private capital mobilization, and capital-market instruments.

The findings in this report are based on presentations, technical exchanges, institutional discussions, and observations from federal and Lagos State sessions. The report therefore distinguishes between lessons that can be adapted immediately for Ethiopia and those requiring sequencing because of differences in institutional structure, market depth, and implementation capacity.

2. Strategic Framing and Key Messages

A central message emerging from the mission is that development financing challenges are no longer primarily about mobilizing additional resources, but about ensuring that **existing and potential resources are effectively aligned, coordinated, and utilized**. Nigeria's experience demonstrates that financing constraints are deeply structural, driven by limited fiscal space, high debt servicing obligations, macroeconomic instability, and **domestic revenue systems operating below their full potential**.

Another critical insight is the **paradigm shift from planning to financing systems**. Traditional approaches have focused heavily on SDG planning and monitoring, whereas the INFF approach emphasizes the integration of planning, budgeting, financing, and implementation into a single coherent system. This shift requires not only technical reforms but also institutional transformation, strong political leadership, and sustained coordination across multiple actors.

The mission further underscored that the **primary bottleneck has shifted to implementation**. While policy frameworks and strategies are largely in place, the key challenge lies in translating these into bankable investments, integrated systems, and measurable development outcomes. This calls for a stronger focus on execution mechanisms, including project preparation capacities, public financial management systems, and delivery-oriented governance structures. A related dimension is the need to strengthen the **pipeline of investment-ready projects**, as financing is often available but constrained by a limited number of well-prepared, bankable opportunities aligned with national priorities. Strengthening institutional capacity for the development of quality bankable project proposals – including proper costing, feasibility studies and impact estimation - that contribute to national development outcomes was deemed a priority.

A further key message relates to the **centrality of subnational implementation**. While national frameworks provide overall direction, it is at the **sub-federal level where financing translates into tangible services and development outcomes for citizens**. States and local governments are responsible for a significant share of public investment and service delivery in critical sectors such as health, education, infrastructure, and social protection. Strengthening financing systems at this level -including planning, budgeting, revenue mobilization, and execution capacities - is therefore essential to ensuring that national priorities are effectively realized on the ground. The experience of Lagos State demonstrates how integrated subnational systems can operationalize development strategies and deliver measurable results.

Closely linked to this is the importance of **strengthening multi-stakeholder coordination, dialogue, and synergy across both vertical and horizontal dimensions**. Effective INFF implementation requires sustained collaboration between federal and subnational governments (vertical coordination), as well as across ministries, agencies, development partners, and the private sector (horizontal coordination). The mission highlighted that fragmentation, and siloed approaches remain key constraints, limiting the effectiveness of otherwise well-designed reforms. Addressing these challenges requires institutionalized coordination mechanisms, clear delineation of roles and responsibilities, and platforms that facilitate information sharing, joint planning, and collective accountability. Strengthening such an ecosystem is critical to unlocking synergies, reducing duplication, and ensuring that financing efforts are aligned with shared development objectives.

Finally, the mission emphasized the **critical role of data, statistical systems, and monitoring and evaluation (M&E)** as enablers of effective financing systems. Strengthening **integrated data ecosystems** - including at the subnational level - is essential to support evidence-based decision-making and improve accountability. This includes better linking **development and SDG data (reflecting intended outcomes)** with **financial data (reflecting resource allocation and execution)**, enabling policymakers to assess not only how resources are spent, but what results they produce. The mission highlighted the need to invest in capacities for **data collection, analysis, dissemination, and use**, as well as to improve interoperability across systems and institutions. Enhancing these capabilities will be key to supporting adaptive management, informing policy choices, and ensuring that financing decisions are consistently aligned with development priorities and measurable impact.

Distinguishing Federal-Level and Lagos State Lessons

The mission generated two related but distinct learning streams. At the federal level, Nigeria's experience is most relevant for INFF governance, political anchoring, revenue reform, planning-budget coordination, national data systems, and federal-subnational coordination. The federal lesson is that an INFF must be institutionalized as a whole-of-government financing architecture, not treated as a standalone strategy document.

The Lagos State experience is more directly relevant for delivery. Lagos illustrates how planning, budgeting, investment promotion, participatory processes, M&E, and capital-market engagement can be organized at the subnational level to produce credible projects and measurable development outcomes.

For Ethiopia, this distinction matters. Nigeria's federal model cannot be copied mechanically, but the underlying principles can be adapted: strong national leadership, clear regional implementation roles, structured project pipelines, transparent fiscal and results data, and institutional arrangements that connect policy decisions to financeable projects.

3. Domestic Resource Mobilization and Fiscal Reform

Domestic resource mobilization (DRM) emerged as the cornerstone of sustainable development financing. Nigeria has undertaken significant reforms to modernize its tax system, focusing on harmonizing fragmented legislation, simplifying administrative procedures, and expanding the revenue base to include both tax and non-tax sources.

The discussions highlighted that improving revenue collection is not merely a technical issue but also an institutional and behavioral one. Tax compliance depends heavily on clarity of rules, administrative efficiency, and trust in government. Where taxpayers perceive the system as fair and transparent, voluntary compliance increases significantly.

Digital transformation is playing an increasingly important role in this process. Nigeria has developed **integrated digital tax platforms** that streamline taxpayer registration, filing, and payment processes, while enabling real-time monitoring, data validation, and compliance risk management. These platforms are increasingly interoperable with other government systems, allowing for improved taxpayer identification, data sharing, and analytics. Beyond efficiency gains, digitalization is helping shift tax administration toward a more service-oriented model, reducing compliance costs for taxpayers while strengthening transparency and accountability. Continued investment in system integration, user experience, and data analytics will be essential to fully realize these benefits.

However, challenges remain. **The large informal sector continues to limit the tax base**, and traditional enforcement approaches are often ineffective. Instead, Nigeria is gradually shifting toward simplified taxation regimes, incentives for formalization, and engagement with sector associations. This includes the use of simplified and, in some cases, presumptive tax approaches for small and hard-to-tax businesses, which typically involve standardized assessments based on easily observable indicators such as turnover, business type, or location, reducing compliance burdens while facilitating entry into the tax system.

Efforts to integrate the informal sector into the formal economy are being strengthened through simplified registration procedures, digital onboarding tools, and targeted engagement with business associations and cooperatives. Early results suggest gradual improvements in taxpayer registration and compliance among micro and small enterprises, although progress remains incremental. Looking ahead, further gains will depend on deepening incentives for formalization, particularly by linking registration to **tangible benefits such as access to finance, public services, social protection, and market opportunities**. Strengthening coordination across agencies, improving taxpayer education, and leveraging digital tools for outreach and compliance will also be critical. This agenda is equally relevant for Ethiopia, where expanding the formal tax base and facilitating the transition of informal enterprises remain key priorities for strengthening domestic resource mobilization.

For Ethiopia, the equivalent priority is to link digital tax administration to Informal-sector MSME formalization, taxpayer services, anti-corruption controls, and incentives that make formalization commercially viable for firms.

Key priorities in DRM include:

- Strengthening legal and regulatory frameworks
- Expanding digital tax administration systems and interoperability
- Broadening the tax base, including informal sector engagement
- Enhancing coordination between tax policy and administration
- Building public trust through transparency and service delivery

While DRM focuses on mobilizing and expanding resources, the effectiveness of these efforts ultimately depends on the ability to track, integrate, and use data to align financing with development outcomes.

4. Data Systems, Digitalization, and Decision-Making

A recurring theme across all sessions was the critical role of **data as a foundation for effective financing systems**. While large volumes of data exist within government institutions, their value remains largely untapped due to fragmentation, limited interoperability, and weak analytical capacity. Participants emphasized that the challenge is not data availability, but rather **data integration and use**. Without integrated systems, decision-makers lack a comprehensive view of resource flows, financing gaps, and project performance, resulting in inefficient allocation and weak accountability.

Digital technologies offer significant opportunities to address these challenges. Nigeria is increasingly using **digital dashboards and integrated platforms** to consolidate data across institutions, enabling real-time monitoring of fiscal performance and reform progress. These systems also support evidence-based decision-making by linking financial inputs to outputs and outcomes, thereby bridging the gap between resource allocation and development impact.

At the same time, digital transformation requires sustained investment in both infrastructure and human capacity. Resistance to change, skills gaps, and institutional silos continue to limit the effectiveness of these systems. Addressing these constraints is essential for fully realizing the potential of data-driven governance.

Ethiopia is also advancing important reforms in this area, with a strong focus on strengthening **integrated data systems to support policy implementation and monitoring**. This includes the development of a reform tracker system to monitor key policy and institutional reforms, improvements to the Aid Information Management System to better capture and align external financing flows, and the rollout of SDG tracker and Digital Planning, Monitoring, and Evaluation System. These efforts aim to enhance transparency, improve coordination, and enable more systematic tracking of results across sectors and levels of government. Continued investment in interoperability, data quality, and analytical capacity will be critical to maximizing the impact of these systems.

In Nigeria, the development of INFF-related dashboards and monitoring platforms is increasingly supported by **multi-stakeholder data ecosystems**, bringing together federal and subnational institutions, as well as sectoral agencies, to feed information into shared systems. This collaborative approach - particularly at the state level - helps ensure that data reflects implementation realities while strengthening ownership and accountability across government tiers. Sustaining these systems will require clear data governance frameworks, standardized reporting protocols, and incentives for timely and reliable data sharing.

An additional point emphasized during the mission is the importance of moving beyond data collection toward **active and systematic data use**. Strengthening feedback loops - where data informs planning, budgeting, and policy adjustments in real time - is essential to embedding a culture of evidence-based decision-making. This includes better integration of **development and SDG data (reflecting outcomes)** with **financial data (reflecting inputs and expenditures)**, enabling governments to assess not only how resources are allocated, but what results they achieve.

5. Private Finance Mobilization and Investment Pipelines

One of the most important findings of the mission is that the main constraint to private finance mobilization is not the availability of capital, but the credibility and readiness gap between development plans and financeable opportunities. Investors require projects that are identified, prepared, structured, de-risked, and matched with appropriate financing instruments.

To address these constraints, Nigeria is increasingly adopting **structured investment pipeline tools such as "deal books" at both federal and subnational levels**, which compile and present prioritized, investment-ready projects to potential financiers. Evidence from states such as Lagos and others shows that these instruments help **standardize project presentation, improve investor communication, and accelerate deal origination**. Supporting institutions - including state investment promotion agencies, debt management offices, and sector ministries - play a key role in curating and refining these pipelines. This approach is further complemented by efforts to **align planning and budgeting processes with investment promotion**, ensuring that projects emerging from public plans are systematically developed into bankable opportunities rather than remaining at conceptual stages.

Common challenges related to the development of a quality pipeline of bankable projects include weak feasibility studies, insufficient financial modelling, limited risk assessment, and poor alignment with market expectations. These gaps significantly reduce the ability of governments to mobilize private capital, even when financing instruments are available.

Nigeria has begun to address this challenge through targeted initiatives such as investment brokerage programmes and blended finance mechanisms. These approaches combine public and private resources to reduce risks and improve the attractiveness of investments in priority sectors.

Blended finance is emerging as a particularly important tool, as emphasized throughout the mission discussions. By strategically using concessional public or development finance to de-risk investments - through guarantees, first-loss capital, or viability gap funding - blended finance can crowd in private capital into sectors that would otherwise be perceived as too risky or insufficiently profitable. Stakeholders highlighted that the effectiveness of these instruments depends on strong project preparation, clear governance frameworks, and careful targeting to avoid market distortion. Scaling up blended finance will require strengthening institutional capacity, building a pipeline of suitable projects, and enhancing coordination between public actors, development partners, and private investors.

The mission also underscored the critical role of **Public-Private Partnerships (PPPs)** as a key modality for mobilizing private investment, particularly in infrastructure and service delivery sectors. Nigeria has established legal and institutional frameworks for PPPs, but their implementation remains uneven. Challenges include complex approval processes, risk allocation issues, and limited technical capacity for structuring and managing PPP contracts. Addressing these constraints will require streamlining procedures, strengthening dedicated PPP units, and developing standardized frameworks that enhance predictability and investor confidence.

The discussions further highlighted the importance of improving **access to finance for micro, small, and medium enterprises (MSMEs)**. While MSMEs are central to job creation and economic diversification, they often face significant barriers, including limited collateral, high transaction costs, and weak financial records. Nigeria is exploring a range of solutions, including credit guarantee schemes, digital financial services, and targeted financial products tailored to small businesses. There is strong interest in further deepening these approaches, including through exchanges with countries such as Ethiopia, where expanding SME financing and supporting enterprise growth are also key priorities. Strengthening financial inclusion ecosystems, coupled with business development services, will be essential to unlock the full potential of this segment.

Key priorities include:

- Developing strong project preparation facilities
- Strengthening investment brokerage and matchmaking mechanisms
- Expanding blended finance and risk-sharing instruments
- Supporting MSME investment readiness
- Aligning project pipelines with national development priorities

While strengthening investment pipelines and mobilizing private finance are critical, their effectiveness ultimately depends on the institutional arrangements that coordinate actors, align incentives, and ensure coherent implementation across government and stakeholders.

6. Governance, Coordination, and Institutional Alignment

Effective implementation of the INFF depends fundamentally on **institutional coherence and coordination across the entire financing system**. Nigeria has made important progress in this area, including **central oversight through the Office of the Senior Special Assistant to the President on SDGs (OSSAP-SDGs)** and the establishment of inter-agency coordination platforms.

A particularly distinctive feature of Nigeria's INFF architecture is its **strong anchoring at the highest political level**. Overall governance, oversight and strategic direction are vested in a Steering Committee co-chaired by the Minister of Finance, with support from a Core Working Group co-chaired by the Ministry of Budget and Economic Planning. At the operational level, OSSAP-SDGs provides leadership and serves as the technical secretariat. This arrangement positions the INFF as a **whole-of-government priority that is closely aligned with the national development strategy**. It establishes a dual-layered governance structure in which high-level political endorsement is matched by clear institutional accountability, effective coordination, and strong fiscal stewardship at the operational core. This high-level ownership has been instrumental in mobilizing Ministries, Departments and Agencies (MDAs), and development partners around a shared financing agenda, while elevating SDGs financing within broader economic governance discussions. The Presidential-level backing further strengthens accountability and coherence, ensuring that financing strategies are treated as **core components of national reform efforts**.

The mission also highlighted the importance of **clear institutional anchoring and functional independence in coordinating SDG and INFF implementation**. Nigeria's experience points to the value of a strong coordination body operating close to the highest level of government and with sufficient operational autonomy to convene actors across sectors and levels. This is complemented by a deliberate strategy of **early localization**, whereby SDG integration and financing considerations are embedded at subnational level from the outset. In parallel, stakeholders emphasized that key instruments - particularly **public-private partnerships (PPPs)** - require dedicated institutional arrangements with a degree of independence to ensure technical rigor, credibility, and insulation from short-term administrative constraints.

However, **fragmentation remains a significant constraint**. Overlapping mandates, limited coordination across ministries and agencies, and gaps between federal and subnational levels continue to reduce the effectiveness of financing efforts. These challenges are particularly evident in areas such as project preparation, PPP implementation, and data sharing, where multiple actors operate with insufficient alignment.

The mission underscored that governance systems need to be **explicitly execution-oriented**. This requires moving beyond formal coordination structures toward **functional mechanisms that actively facilitate joint planning, decision-making, and problem-solving**. Clear accountability frameworks, streamlined processes, and well-defined institutional mandates are essential to ensure that financing strategies translate into tangible outcomes.

A key priority is strengthening both **vertical coordination** (between federal, state, and local governments) and **horizontal coordination** (across ministries, agencies, and non-state actors). Given the central role of subnational governments in service delivery and investment implementation, improved alignment across levels of government is particularly critical for ensuring that national priorities are effectively operationalized.

The mission also highlighted the importance of **institutionalizing multi-stakeholder engagement**, including with development partners, the private sector, and civil society. Effective financing systems require platforms that enable structured dialogue, joint prioritization, and coordinated action, reducing duplication and maximizing synergies across actors. In the exchanges the critical role of civil society in strengthening transparency and accountability in INFF implementation was stressed, particularly their engagement in monitoring resource allocation and expenditure, including at the sub-federal level, and in providing independent feedback on whether financing decisions translate into tangible development outcomes.

Finally, strengthening governance for INFF implementation requires sustained investment in **institutional capacity**, including technical skills, coordination capabilities, and leadership. Building a shared vision across institutions, supported by incentives for collaboration and performance, will be essential to advancing a coherent and effective financing system.

7. Subnational Implementation and Fiscal Systems (Abuja and Lagos)

A major focus of the mission was the role of subnational governments in delivering development outcomes. The Day 3 workshop *"Strengthening Fiscal Capacity at the Sub-National Level in Nigeria"* highlighted that states are at the forefront of service delivery but often lack the fiscal capacity and institutional systems required to fulfill this role effectively, while the visit to Lagos State on Day 4 provided a contrasting example of a high-performing subnational system, demonstrating how integrated planning, budgeting, financing, and monitoring can be operationalized in practice.

A critical dimension of subnational financing in Nigeria relates to the **fiscal transfer system between the federal and subnational governments**. A significant share of nationally collected revenues - particularly from oil and major taxes - is redistributed to states and local governments through constitutionally defined allocation mechanisms. In practice, subnational governments receive a substantial proportion of public resources, accounting for over half of consolidated public expenditure, reflecting the country's federal structure and the assignment of service delivery responsibilities to lower levels of government.

This system is designed to ensure vertical balance between revenue-raising powers and expenditure mandates, while also aiming to address horizontal disparities across states. Discussions during the mission highlighted that the predictability, adequacy, and efficiency of these transfers remain critical factors influencing subnational performance, alongside the need to strengthen own-source revenue mobilization and financial management capacities at state and local levels.

Lagos State has developed a **comprehensive planning and budgeting architecture** anchored in a long-term development plan, medium-term strategies, and annual budgets. These elements are fully aligned, ensuring that policy priorities are translated into resource allocation and measurable results. The state's public financial management system reinforces this integration through results-based budgeting, standardized accounting frameworks, and strong transparency measures. Citizen engagement is institutionalized, particularly during the budget preparation process, enhancing accountability and trust. Monitoring and evaluation systems are equally advanced. Lagos uses multiple data sources and digital platforms to track performance, linking financial inputs to outputs, outcomes, and long-term impact. This integrated approach enables continuous feedback and adaptive decision-making.

Lagos State also stands out for its proactive approach to attracting private investment, combining strong institutional credibility with targeted investment promotion efforts. This includes the development of project pipelines, investor-oriented instruments such as the SDG Investment Book, and active engagement with the private sector through structured forums and partnerships. The state's relatively strong internally generated revenue base further enhances investor confidence by demonstrating fiscal stability and co-financing capacity.

An important observation from the mission is the growing **role of institutional innovation at the subnational level,** particularly in stronger-performing states. In Lagos, this includes the consolidation of planning and budgeting systems, the establishment of dedicated PPP units with operational autonomy, and the use of digital tools to support monitoring through a “digital cabinet” approach. In parallel, states are using platforms such as trade fairs, investment summits, and MSME financing expos to engage the private sector and build investment pipelines. These efforts demonstrate how subnational governments can evolve into active market-makers, linking public policy with private investment.

In addition, Lagos has institutionalized participatory budgeting processes, enabling citizens and community representatives to contribute to the identification and prioritization of local development needs. These processes - supported by consultations, public hearings, and feedback mechanisms - help ensure that resource allocation reflects citizen priorities while strengthening transparency, accountability, and public trust in government actions.

A key distinguishing feature of the Lagos model is the **strong alignment between policy priorities, financing strategies, and implementation mechanisms**, supported by clear institutional responsibilities and performance tracking systems. This reduces fragmentation and ensures that sectoral plans are directly linked to budget allocations and monitored through well-defined indicators. The system is further reinforced by a culture of performance management, where regular reviews and data-driven assessments are used to adjust policies and improve delivery.

Another important insight relates to the **role of subnational leadership and institutional continuity** in sustaining reforms. Lagos has benefited from consistent policy direction and strong political commitment to long-term development planning, which has enabled the gradual strengthening of systems over time. Replicating such approaches in other contexts will require not only technical solutions but also sustained investment in institutional capacity, leadership, and incentives for coordination across sectors and levels of government.

Lagos State also benefits from its position as Nigeria’s financial and commercial hub, with a **relatively deep and active capital market ecosystem**. The presence of the Nigerian Exchange and a wide range of financial institutions enables the state to access diversified financing instruments, including subnational bonds and thematic instruments such as green bonds. Lagos has been a pioneer in this space, using green bonds to finance climate-resilient infrastructure and environmental investments while strengthening its credibility with institutional investors. This highlights the significant potential of capital markets to support subnational financing strategies, particularly when backed by strong fiscal discipline, transparency, and well-prepared project pipelines.

Lagos State is also exploring the development of **carbon market mechanisms**, reflecting a growing interest in leveraging climate finance as part of broader subnational financing strategies. Early discussions highlighted the potential role of **carbon exchanges and credit generation frameworks** to attract investment into emissions-reducing and climate-resilient projects. While still at a nascent stage, this agenda signals an important shift toward **market-based environmental financing**, which could complement existing instruments such as green bonds and blended finance. Realizing this potential will require clear regulatory frameworks, credible measurement and verification systems, and alignment with emerging international carbon market standards, but it presents a promising avenue for **mobilizing additional resources while advancing climate objectives**.

8. SDG Localization and Innovative Practices (Lagos Model)

One of the most notable features of the Lagos experience is the **systematic localization of the SDGs**, ensuring that global development objectives are fully embedded within subnational planning, budgeting, and implementation systems. This is operationalized through the integration of SDG targets into sectoral strategies, medium-term plans, and annual budgets, allowing for direct alignment between policy priorities, resource allocation, and measurable outcomes.

A particularly innovative tool is the use of **Voluntary Local Reviews (VLRs)**, which provide a structured mechanism to assess progress, identify gaps, and inform planning and financing decisions. Beyond reporting, VLRs function as a **strategic management tool**, strengthening accountability and enabling evidence-based prioritization at the state level.

Lagos has also made significant progress in developing **investment-oriented approaches to SDG implementation**, notably through the preparation of an SDG Investment Book. This tool translates policy priorities into a pipeline of bankable projects, facilitating engagement with development partners and private investors. Combined with ongoing efforts in blended finance and PPPs, this approach helps bridge the gap between development planning and financing mobilization.

The Lagos model also demonstrates the value of **linking data, planning, and financing systems**, ensuring that SDG implementation is continuously monitored and adjusted based on performance. This integrated approach provides a practical example of how INFF principles can be operationalized at the subnational level.

9. Cross-Cutting Challenges

Despite the progress observed, several systemic challenges continue to affect the effectiveness of financing systems:

- **Limited fiscal space and high debt burden**, constraining public investment capacity
- **Weak project preparation capacity**, limiting the development of bankable pipelines
- **Fragmented data systems and limited interoperability**, reducing the quality of decision-making
- **Institutional coordination gaps**, both horizontally and vertically across government levels
- **Capacity constraints**, particularly at subnational levels
- **Underdeveloped financial and investment markets**, affecting private sector participation

A key underlying issue across these challenges is the **disconnect between systems** - planning, financing, implementation, and data often operate in parallel rather than as an integrated whole. Addressing this fragmentation remains central to improving overall system performance.

10. Transferability and Adaptation Risks

The Nigerian experience offers highly relevant lessons for Ethiopia, but it should be adapted rather than copied. Nigeria has a larger and more mature capital market, while Lagos State benefits from a unique fiscal, commercial, and institutional position that is not directly comparable to all Ethiopian regions.

Ethiopia's E-ISFF implementation must therefore be sequenced carefully. Capital-market instruments such as green bonds, diaspora instruments, infrastructure bonds, and credit guarantees should be prepared gradually, beginning with regulatory foundations, credible issuers, bankable projects, investor education, and transparent reporting systems.

Subnational lessons also require adaptation. Ethiopia should not attempt to replicate Nigeria's fiscal transfer system, but it can use the lesson that regional and city-level systems must be strengthened as delivery platforms for planning, budgeting, data, investment promotion, and results monitoring.

A further risk is institutional fragmentation. Without clear leadership, mandates, and escalation mechanisms, the E-ISFF, Country Platform, Pooled/Basket Fund, Sector Working Groups, dashboards, and pipeline efforts could evolve as parallel initiatives. The implementation architecture should therefore be deliberately integrated from the outset.

11. Lessons and Priority Actions for Ethiopia

The mission generated practical lessons for Ethiopia's E-ISFF implementation. The priority is to move from framework development to execution by building the institutional, technical, financial, and data systems required to convert financing reforms into results.

The most direct application is the Country Platform. It should be operationalized as an investment delivery mechanism with project screening, feasibility support, pipeline management, investor engagement, blended finance structuring, and a results dashboard. It should not be limited to coordination meetings.

Table 1. Priority actions for Ethiopia based on the Nigeria learning mission

Nigeria lesson	Relevance for Ethiopia	Priority action	Lead/timeframe
High-level political anchoring improves implementation discipline.	E-ISFF requires decision authority across MoF, MoPD, NBE, ECMA, EIC, sector ministries, regions, and partners.	Activate the High-Level Oversight Committee and Sector Working Groups with clear mandates, reporting cycles, and escalation routes.	MoF/MoPD Immediate
Financing strategies succeed when they produce bankable pipelines.	The Country Platform must generate credible deal flow, not only dialogue.	Prepare a national investment pipeline catalogue linked to Sector Investment Plans and priority reforms.	MoF, PPP Directorate, EIC 0-6 months
Project preparation is often the largest bottleneck.	Many Ethiopian priority projects will require feasibility, financial modelling, safeguards, and transaction support.	Establish or strengthen a Project Preparation Facility under or linked to the Country Platform.	MoF, PPP Directorate, sector ministries 6-12 months
Data systems must connect finance to results.	SDG tracker, reform tracker, budget systems, and pipeline dashboards need interoperability.	Develop an integrated E-ISFF financing and results dashboard showing who finances what, where, and with what outcomes.	MoF/MoPD/statistical institutions 6-18 months
Subnational systems are delivery engines.	Regions and cities are essential for implementation even if Ethiopia's institutional model differs from Nigeria's.	Pilot regional E-ISFF implementation in selected regions/cities, including regional pipelines and M&E dashboards.	MoF, MoPD, regional governments 12 months
DRM reform must combine tax policy, administration, technology, and trust.	Digital tax systems and MSME formalization can broaden the tax base while supporting growth.	Link tax modernization with MSME registration, access to finance, taxpayer services, and digital invoice enforcement.	MoF, Ministry of Revenues, NBE Ongoing
Capital markets can support development finance when credibility is built first.	Ethiopia's capital market is emerging and should be developed gradually.	Prepare green finance frameworks, issuer readiness, investor education, and pilot instruments before large-scale issuance.	MoF, ECMA, NBE Medium term
Pooled/Basket funds can finance the systems needed for implementation.	ACF support is catalytic but insufficient for full E-ISFF operationalization.	Use the Pooled/Basket Fund to finance governance, dashboards, project preparation, capacity building, and early pipeline development.	UNDP/MoF/partners Immediate-2027

Immediate priorities should be kept focused. Ethiopia should first strengthen governance, create a credible pipeline, launch the dashboard architecture, and finance the project preparation function. More complex instruments such as green bonds, carbon markets, municipal finance, and diaspora instruments should follow once the regulatory and institutional foundations are ready.

The Pooled/Basket Fund is therefore not an additional project modality. It should be positioned as the financing vehicle that supports the systems required to implement the E-ISFF and make the Country Platform operational.

12. Conclusion and Immediate Next Steps

The Ethiopia-Nigeria exchange confirms that the next phase of E-ISFF implementation should be defined by disciplined execution. Ethiopia does not need another financing strategy; it needs the operational machinery that turns the E-ISFF into coordinated decisions, bankable projects, mobilized finance, and measurable development results.

Nigeria's federal experience shows the value of political anchoring, institutional coordination, revenue realism, and data-backed monitoring. Lagos State demonstrates that subnational systems can become active delivery and investment platforms when planning, budgeting, citizen engagement, performance monitoring, and capital mobilization are integrated.

For Ethiopia, the immediate next steps are to activate E-ISFF governance, operationalize the Country Platform, prepare a first investment pipeline catalogue, establish a project preparation and de-risking mechanism, integrate data systems, and define how the Pooled/Basket Fund will finance implementation capacity.

The mission should therefore be followed by a time-bound E-ISFF implementation action plan with clear institutional owners, milestones, financing requirements, and reporting arrangements. This will ensure that the learning mission translates into concrete improvements in Ethiopia's sustainable financing architecture.