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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Executive Board – Seventy-Third Session

Rome, 12 September 2001

REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

FEDERAL REPUBLIC OF NIGERIA

FOR THE

COMMUNITY-BASED AGRICULTURAL AND RURAL DEVELOPMENT PROGRAMME

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CURRENCY EQUIVALENTS

Currency Unit	=	Naira (NGN)
USD 1.00	=	NGN 116
NGN 1.00	=	USD 0.0008

WEIGHTS AND MEASURES

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m^2)	=	10.76 square feet (ft^2)
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

ABBREVIATIONS AND ACRONYMS

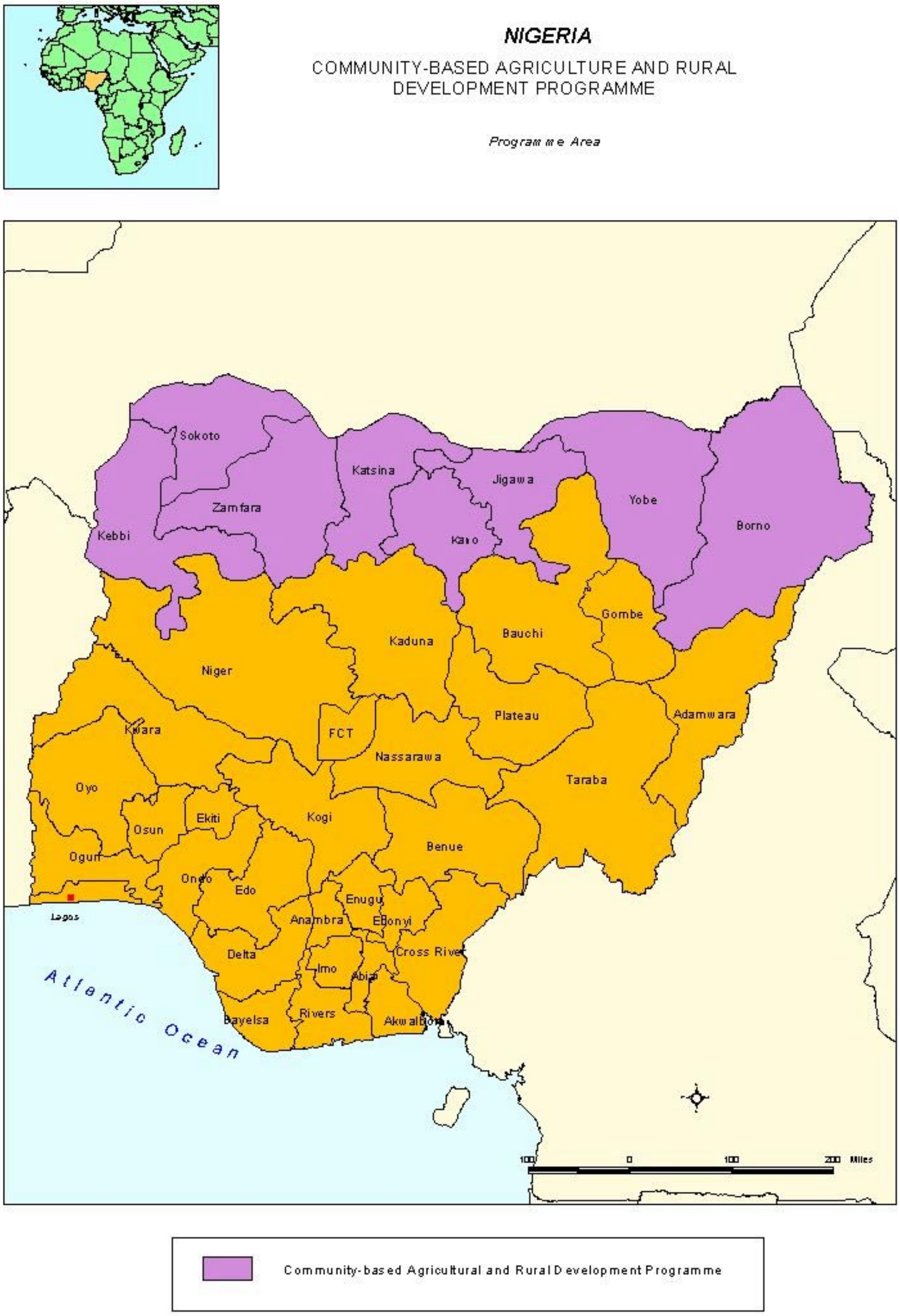
AfDB	African Development Bank
ARDA	Agricultural and Rural Development Authority
ARDEC	Agricultural and Rural Development Executive Committee
AWP/B	Annual Work Plan and Budget
CDD	Community-Driven Development
CDDTs	Community-Driven Development Teams
DFID	Department for International Development (United Kingdom)
FAO	Food and Agriculture Organization of the United Nations
FMARD	Federal Ministry of Agriculture and Rural Development
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immuno Deficiency Syndrome
IDA	International Development Association
IITA	International Institute of Tropical Agriculture
LGCs	Local Government Councils
LGDC	Local Government Development Committee
M&E	Monitoring and Evaluation
MOF	Ministry of Finance
NGOs	Non-Governmental Organizations
PCU	Projects Coordination Unit
PSO	Programme Support Office
RDCG	Rural Development Consultative Group
RDS	Rural Development Strategy
REDFLS	Rural Enterprise Development and Financial Linkage Support Services
TA	Technical Assistance
USAID	United States Agency for International Development

GOVERNMENT OF THE FEDERAL REPUBLIC OF NIGERIA

Fiscal Year

1 January - 31 December

MAP OF THE PROGRAMME AREA



Source: IFAD

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

FEDERAL REPUBLIC OF NIGERIA

COMMUNITY-BASED AGRICULTURAL AND RURAL DEVELOPMENT PROGRAMME

LOAN SUMMARY

INITIATING INSTITUTION:	IFAD	
BORROWER:	Federal Republic of Nigeria	
EXECUTING AGENCY:	Federal Ministry of Agriculture and Rural Development (FMARD)	
TOTAL PROGRAMME COST:	USD 68.5 million	
AMOUNT OF IFAD LOAN:	SDR 23.8 million (equivalent to approximately USD 29.9 million)	
TERMS OF IFAD LOAN:	40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum	
COFINANCIERS:	To be determined	
AMOUNT OF COFINANCING:	USD 3.0 million	
CONTRIBUTION OF BORROWER:	Federal Government:	USD 2.9 million
	State Governments:	USD 5.2 million
	Local Governments:	USD 23.4 million
CONTRIBUTION OF BENEFICIARIES:	USD 4.0 million	
APPRAISING INSTITUTION:	IFAD	
COOPERATING INSTITUTION:	International Development Association (IDA)	

PROGRAMME BRIEF

Who are the beneficiaries? The beneficiaries are the poor and vulnerable poor rural communities of the eight northern states of Nigeria, where poverty is widespread. The typical beneficiaries – who constitute 75% of the rural population – are the landless, the nomadic pastoralists, those with only marginal lands or smallholders, whose main activities relate to agriculture. Women are among the most vulnerable groups. The beneficiaries also include people from the most 'at-risk' category, both economically and socially, who have a poor quality of life and are vulnerable to malnutrition and ill health. The Hausa and Fulani ethnic groups dominate, but other ethnic and minority groups are also targeted.

Why are they poor? Poverty is associated with cropping small areas of both upland and *fadama* (river flood plains), mainly for food crops, using simple tools. The poorest have to rent out their land for lack of capital to buy inputs and their survival often depends on seasonal employment. These people are powerless, and since they are often judged as serving no useful purpose to the community they do not participate in (or benefit from) development programmes. The 'at-risk' poor are most vulnerable to the hazards of the fragile environment (including extended periods of droughts) and are food-insecure with few assets or access to physical or financial assets. They also have limited access to basic social services, safe water, all-weather roads, electricity and telephone services.

What will the programme do for them? The programme will support the Government's efforts to address rural poverty by identifying and targeting the most vulnerable groups and empowering them to effectively participate in development activities. Activity-based interventions demanded by the poor, especially women and other vulnerable groups, will be supported through a flexible community development fund. The programme will also focus on building up the capacity of the continuum of institutions that comprise federal, state and local governments; build on the decentralized administrative system; and strengthen partnerships between various implementing agencies so as to facilitate access to and demand for scarce resources by the rural poor. Efforts will be focused at the local government and village levels.

How will beneficiaries participate in the programme? The beneficiaries will be empowered to make a critical analysis of the constraints they face, identify possible opportunities and needs, and demand and receive support for self-management. To that end, they will participate through five main types of activities: community awareness; empowerment and capacity building; sustainable agricultural development; rural microenterprise and financial support services; and village-level community infrastructure.

How was the programme formulated? Programme formulation/appraisal was undertaken in a highly participatory manner, with substantial contributions from federal state and local governments, beneficiaries, non-governmental organizations, traditional leaders and the private sector. A rapid (and participatory) impact assessment of the (now closed) IFAD-funded Sokoto and Katsina State Agricultural and Community Development Projects was undertaken as part of the pre-formulation exercise. The findings of the impact assessment and of project completion reports were used to analyse implementation experience under the two projects, take stock of lessons learned, plan a framework for the new programme and guide future investments in community-based rural development. There was also significant donor consultation, with the active participation of World Bank and the Food and Agriculture Organization of the United Nations. The African Development Bank also participated in the final stages of appraisal.

REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE FEDERAL REPUBLIC OF NIGERIA FOR THE COMMUNITY-BASED AGRICULTURAL AND RURAL DEVELOPMENT PROGRAMME

I submit the following Report and Recommendation on a proposed loan to the Federal Republic of Nigeria for SDR 23.8 million (equivalent to approximately USD 29.9 million) on highly concessional terms to help finance the Community-Based Agricultural and Rural Development Programme. The loan will have a term of 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum. It will be administered by the International Development Association (IDA) as IFAD's cooperating institution.

PART I - THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY[1]

A. The Economy and the Agricultural Sector

1. Since 1973, Nigeria's economy has been highly dependent on the oil sector, which accounts for about 40% of gross domestic product (GDP) and 85% of the country's foreign exchange earnings. While earnings from oil exports initially prompted high rates of economic growth, public spending and private investment, they also encouraged wasteful public expenditure, economic mismanagement and corruption. When oil prices collapsed in the early 1980s, GDP contracted and the economy faced an acute crisis, with an unserviceable foreign debt, significant revenue shortfalls, rising current account deficits and cutbacks in public expenditure, especially on social development. Average annual growth in GDP over the last two decades has been below the population growth rate of 2.8%. One consequence of the lengthy period of high inflation and low growth has been a sharp decline in both real earnings and standards of living.

2. With the return to a democratically elected government in May 1999 and a sharp rise in oil prices, there has been a modest improvement in Nigeria's growth prospects. GDP growth has increased from 1.1% in 1999 to 3.6% in 2001. At the same time, inflation fell to 4% in 2000 and a more favourable current account position is projected, moving to a deficit of 3% of GDP in 2001. The country's external debt stood at USD 27 billion at the end of June 2000, equivalent to USD 1 300 per household, most of which was owed to the Paris Club of official creditors. The gross national income (GNI) per capita is about USD 260, below what it was at the time of independence.

3. Poverty is widespread in Nigeria and affects all states, and 72% of the population is now classified as poor. Basic indicators place Nigeria among the 20 poorest countries in the world, and it reportedly accounts for almost one quarter of sub-Saharan Africa's poor. Poverty is particularly widespread in the rural areas, where 40% of the rural population live below the poverty line.

4. Nigeria has a wide range of agro-ecological zones that allow for a diversity of crop and livestock production activities. Only 50% of the 71 million ha of total cultivable area is under cultivation, with about 31 million ha under rainfed crops. The dry northern savannah is suitable for growing sorghum, millet, maize, groundnut and cotton. The main food crops in the middle belt and the south are cassava, yam, plantain, maize and sorghum. Low-lying and seasonally flooded areas

[1] See Appendix I for additional information.

increasingly produce rice. The main cash crops in the south are oil palm, cocoa and rubber. Cattle raising is predominantly a northern activity and is largely associated with transhumants.

5. Despite years of neglect and the declining terms of trade that have decimated its traditional exports (cocoa and palm oil), Nigeria is Africa's largest yam and cowpea producer, one of the world's most important producers of cassava and the second largest producer of palm kernel. It is also a leading fish-producing country with yields of 366 000 t per annum. The total area of inland water bodies is estimated at slightly over 12 million ha. Forests and woodlands occupy 17 million ha but primary forests and most of the wildlife is disappearing. Agriculture is – despite a steady decline – the single largest contributor to the well-being of the rural poor, sustaining 90% and 70% of the rural and total labour force, respectively. The sector contributes about 30% of GDP, with 90% of the output coming from smallholders.

6. Although the agricultural sector is recovering somewhat as a result of a shift in relative prices and policy reforms, the potential of improved technologies is far from being met. Smallholder farming systems are based on cropping small areas, mainly rainfed food crops, using simple tools and low-input technology. Little or no cash crops are grown and where trees or livestock are owned they are often pledged as security against debts. The small farmers have to cope with diminishing soil fertility and yields and cannot afford inputs such as fertilizer. Most of the food produced by the poorest groups is for home consumption and is often insufficient, and there is a period of marked food insecurity during the pre-harvest period. Some members of the extended family depend on income-generating activities but have little access to savings and credit or to village or community infrastructures. Environmental degradation and desertification are increasingly threatening the quality of human life and the production base of the rural economy.

Rural Development and Poverty Eradication

7. **Institutional framework.** The newly established Government of Nigeria is committed to pursuing economic and social reforms. The principal strategic priorities of the recent economic policy (1999-2003) are to fight corruption, reduce poverty and revitalize the agricultural sector. The Government has initiated a process for increasing democracy throughout the country by strengthening the devolution of power to the states, local governments and community organizations, promoting transparency and accountability and revising the system of budgetary allocations, fiscal transfers and revenue collection. In particular, every effort is being made to show that resources are well managed and that additional funds provided through debt relief will be used for productive ventures and poverty reduction.

8. Under the current (1999) Constitution, responsibility for agricultural and rural development is shared between the three tiers of government – federal, state and local. The responsibilities of the federal government include macroeconomic policy direction, for which it has exclusive powers, agricultural research and direct interventions in areas of national importance. The state governments are responsible for state-level policies and for developing the institutional framework for agricultural and rural development. As the tier closest to the people, local governments support the state governments. With the return to a civilian administration in 1999 and the tripling of oil revenues, resource flows to the state and local government levels have increased significantly. For example, after deductions, in 2000, the statutory allocation from the federation account amounted to USD 585 million to the eight state governments and USD 425 million to the 208 local governments in these northern states, for a total of USD 1 billion. Each level of government is seeking to identify both a strategy and processes that would have a more immediate and greater impact on poverty.

9. The rural development strategy (RDS), aimed at providing a framework for future initiatives in the sector, has been reviewed and developed (with support from the World Bank, the Department for International Development (DFID) (United Kingdom), IFAD, the United States Agency for International Development (USAID) and the Food and Agriculture Organization of the United

Nations (FAO)) over the past 12 months. The RDS calls for a comprehensive approach, long-term commitment and substantial resources, and should be addressed within a sustained policy and institutional framework. It also requires multifaceted interventions, thereby necessitating close collaboration between several ministries and agencies and coordination of the services, policies and resource use of the three tiers of government and donors to support government initiatives. The RDS is based on the following core principles:

- a participatory approach to cater to the needs of communities, and development of capacities at the community and local government levels and of a common vehicle for transferring resources to the local communities;

- policy dialogue and support for the decentralization process, as well as sector reforms that will allow effective empowerment of the rural communities, ensure consistency in federal, state and local government interventions, and reduce duplication; and

- equity among groups and by gender.

10. Rural poverty has worsened following recent outbreaks of violence in some parts of the country. Furthermore, rural poverty is not only a matter of shortfalls in agricultural productivity because other factors contribute to the phenomena. More than 50% of the population are without access to safe water and 10% (or 12 million people) are undernourished. Of the under five-year-olds, 35% and 42%, respectively, are underweight or stunted compared with 30% and 41% in sub-Saharan Africa. Informal training in nutrition, health care and feeding practices, currently very limited, could help reduce malnutrition in rural areas. More than 5% of the rural population are affected by Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS) and more than 50 million, mostly women and children, suffer from a combination of protein-energy malnutrition, Vitamin A deficiency, iron deficiency anaemia, and iodine deficiency diseases.

11. Other causes of rural poverty identified during participatory analyses are that the poor tend to be located in isolated villages with poor road and communication linkages. With about 70% of the rural road network in a poor or very poor condition and with 1.1 km of roads per 1 000 people, Nigeria’s rural road density is one of the lowest in sub-Saharan Africa. Women in Nigeria still constitute one of the most disadvantaged groups and gender is an important dimension of rural poverty. Although women play a significant role in rural economic activities they continue to share a high burden of rural poverty because of their vulnerable socio-economic position. Currently, the incidence of poverty is 58% in woman-headed households, more than double the level of 27% recorded in 1980. At the local level, poor women have little education and limited training in child care and health practices.

B. Lessons Learned from Previous IFAD Experience

12. IFAD has financed five projects in Nigeria since 1985, for a total loan commitment of about USD 72 million. The first two projects are now closed; the fifth is about to become effective. All projects have focused on the needs of poor rural communities, smallholder farmers, artisanal fishermen, the rural landless and women and have successfully contributed to commodity development and food security (a threefold increase in national production of cassava and a halt in the decline of artisanal fisheries); technology generation and transfer (treadle pump, cassava processing, fish processing); successful approaches to rural and community development that target women and emphasize training; soil conservation and environmental management; and demand-driven and participatory approaches to the provision of agricultural support services. These achievements have been validated and documented in a number of reviews and workshops, including the recent impact assessment of the Sokoto State Agricultural and Community Development Project and the Katsina State Agricultural and Community Development Project.

C. IFAD's Strategy for Collaboration with Nigeria

13. **Nigeria's policy for poverty eradication.** When the RDS was being finalized in 2000, IFAD and the Government participated in drawing up a partnership framework under the Fund's Country Strategic Opportunities Paper (COSOP) for Nigeria, in response to the Government's request for IFAD support for its rural development and poverty alleviation objectives. The COSOP was approved in October 2000 and presented to the Executive Board in April 2001.

14. **The poverty eradication activities of other major donors.** Given the scale and complexity of the rural poverty problem, opportunities for addressing the phenomenon will need to be seized in a coherent and mutually reinforcing manner. IFAD/World Bank/African Development Bank (AfDB) have jointly adopted an operational approach to strengthening collaboration and enhancing partnership in order to avoid sending conflicting messages from international donors that might lead to confusion, lack of coherent sectoral strategies, wasted resources, and ultimately diminished effectiveness in combating rural poverty. This initiative is based on agreement that the most efficient and effective approach to ensuring concrete international support for rural development in Nigeria is one that involves community-level development. It also responds to the desire for deeper and more effective institutional partnerships between AfDB, IFAD and World Bank. Partnerships with other donors and stakeholders, in particular DFID and USAID, are also being strengthened. Collaboration with FAO, the International Institute of Tropical Agriculture (IITA) and other international institutions will build on existing cooperation agreements. Closer and more explicit links between loans and grants will be instituted in order to maximize synergy between the different types of IFAD financing.

15. **IFAD's strategy for collaboration with Nigeria.** In view of the project implementation difficulties encountered in Nigeria, future programmes will need to be well structured so as to address priority areas through a phased approach. Noticeable delays in project start-up have been experienced as a result of slow or non-compliance with the terms of loan agreements on the part of the Government. Greater emphasis also needs to be placed on meeting conditions for procurement and disbursement.

16. **Programme rationale.** A new approach is needed if the problem of rural poverty is to be addressed in an effective manner. This approach would involve mobilizing and redirecting existing resources at the community, local and state government levels so as to improve the effectiveness of rural development in Nigeria. This process is known as community-driven development (CDD). Traditional approaches through rural development, including projects focusing on small areas, have not had a major impact on poverty and have often been set up outside government processes so that even successful models find it difficult to continue operating once project funding comes to an end.

PART II - THE PROGRAMME

A. Programme Area and Target Group

17. The new programme will be initially launched in up to eight northern states, including Jigawa, Kano, Katsina, Kebbi, Sokoto and Zamfara in the northwest and Borno and Yobe in the northeast. It will build on IFAD's experience in implementing community-based projects in the northern states through the Sokoto and Katsina projects, and respond to requests from those and other neighbouring states for support in CDD. Together, these states encompass an area of 286 500 km^2, 31% of the national territory, with a total population estimated at 29 million in 2000 and increasing annually by 2.5%. About 45% of the population are below the age of 15. Average population density is almost 100 per square kilometre (km^2), ranging from over 600/km^2 in the peri-urban zones of the northwest to less than 40/km^2 in the sparsely populated northeast.

18. The eight target states have 208 Local Government Councils (LGCs) and at least 1 600 rural village areas. A typical village area consists of a main nuclear village comprising five wards and 20 satellite hamlets scattered over 115 km^2; 40% of the hamlets are within 6 km of the main village. Hamlets comprise about 75 households and the village areas about 1 900 farming households. The average household size is six persons. Over two thirds of the population, or some 19 million people comprising about three million households of which about one sixth are headed by women, live in the rural areas. Hausa and Fulani dominate the ethnic composition and Hausa is spoken all over the programme area. However, there are large concentrations of other ethnic groups, especially in Borno, Kebbi and Yobe. The inhabitants of the village areas participating in the programme, where women are among the most vulnerable, are poor and constitute the target group. Gender analysis, stratifying the poor and targeting the vulnerable groups to find common needs and interests, will ensure that appropriate support is targeted to women and the extremely poor.

19. The target group is made up of the vulnerable poor and the poor, who represent about 15% and 60% of the rural population, respectively. The vulnerable poor include woman-headed households and young couples with small children. These persons may be landless, nomadic pastoralists or have only limited or marginal upland, and their survival strategy is to minimize cash expenditure. To meet emergencies they sell off livestock, pledge farms, incur debts, hire themselves out as labourers and eventually sell their land. Any process of making them feel part of the community must start with gradually improving their income to enable them to survive and break out of the cycle of poverty. The poor households are headed by slightly older men than those in the previous group, widowed women heads of household with relatively larger holdings and women whose husbands have migrated. They farm 1-2 ha using little input and own a few heads of livestock. The less poor and relatively well-off make up 25% of the rural population. These independent, powerful and respected groups will assist in the community planning process and contribute larger sums of money for the procurement and maintenance of community services and facilities. Their involvement reduces the possibility of them posing a threat to the community-driven process and may even facilitate the access of women to services normally provided by men.

B. Objectives and Scope

20. The goal[2] is to improve the livelihoods and living conditions of poor rural communities in the programme area, with special emphasis on women and other vulnerable groups. This goal will be pursued by using federal, state and local government, community and IFAD resources in at least 234 village areas in up to eight states, so as to:

- empower poor rural women and men to critically analyse their constraints, opportunities and support requirements, and to effectively manage their own development;
- use IFAD funds to help catalyse the significant resources available at the different levels of government to support the institutionalization of policies and processes, create awareness and develop the capacity of public and private-sector service providers to become more relevant and responsive to the poor rural women and men; and,
- support balanced sustainable social, agricultural and economic development interventions for appropriate village women's and men's groups and for individuals.

[2] A logframe analysis of the programme showing the linkages, verifiable indicators and assumptions made is presented in Appendix III.

C. Components

21. The programme will have two main components: (i) awareness and capacity building; and (ii) community development. The first will be process-oriented and contribute to raising awareness on new ways of working with rural communities, developing the enabling institutional, financing and policy framework, and strengthening the capacities of the government and private sectors for community-based agriculture and rural development. The second component will be activity-based and support interventions requested by the rural poor, especially women and other vulnerable groups.

Awareness and Capacity Building

22. The awareness and capacity-building process will be undertaken in three main phases implemented over a period of 18–24 months. It will support two main groups of activities: making service providers more relevant and responsive; and empowering poor rural communities. Well-defined and monitorable indicators will trigger movements from one phase to another, as follows.

- During the pre-implementation phase (three months), federal, state and local government institutions and target communities will be sensitized and trained in new approaches to planning and implementing community-level rural development activities, and states will present proposals for the inclusion participatory community development in their operations.

- The second phase – making service providers more relevant and responsive – will be to facilitate policy development to rationalize and decentralize public rural development institutions, create awareness of community-based participatory approaches to rural development, and strengthen institutional capacity through training to identify and respond to demand for services from rural communities on a sustainable basis. Support will be provided at the federal/inter-state, state and local levels.

- The third phase – empowering poor rural communities – will commence once the first community-driven development teams (CDDTs) are trained. Activities at the village level will be aimed at empowering communities to review their current situation, assess and prioritize community needs for all community members including vulnerable groups, develop initial annual work plans, and develop skills to monitor and evaluate implementation and implement planned activities.

Community Development

23. The fourth phase will commence once communities, with CDDT support, have identified their priority needs and submitted their work plans. The funds available will support four main groups of interventions/activities: (i) support to vulnerable groups; (ii) sustainable agricultural development services; (iii) rural enterprise development and financial linkage support services (REDFLS); and (iv) community infrastructure.

24. **Support to vulnerable groups.** Based on the needs of the vulnerable poor and women's groups, funds will be made available to support existing, and develop additional, resources at the village level to provide targeted training programmes on functional literacy and numeracy, health, HIV/AIDS awareness/prevention, conflict resolution, development of a savings culture, and on other issues that limit opportunities for vulnerable groups. Traditional community welfare support/safety net activities will be developed for communities and vulnerable groups. As maternal and infant mortality is relatively high in the programme area, primary health services and environmental sanitation will be emphasized.

25. **Sustainable agricultural development services.** Following participatory assessment of a community's land management problems and farm production levels, support[3] will be provided for an integrated programme of activities to assist groups of farm households to investigate, develop and adopt several locally appropriate improved land-husbandry practices within their individual farm holdings (both upland and wetland), communal grazing and woodland areas, and settlement areas. This will include practices aimed at better integration and intensification of crop and livestock production; resolution of conflicts between farmers and pastoralists; and development of improved management practices.

26. **Rural enterprise development and financial linkage support services.** Resources will be provided at the local government and state levels to assist in: identifying the constraints and needs of interested enterprise groups and individuals; formulation of development plans, including assistance in group formation; market analysis and linkage identification; assessment of financial viability; organizational sustainability; assessment of training and credit requirements; and facilitating linkages between rural enterprises, including farmer groups, and financial institutions. The programme of technical assistance (TA) and capacity building will initiate, and ultimately strengthen, the institutionalization of traditional savings and credit groups, and include the development of links with the formal banking sector. No credit lines will be provided.

27. **Community infrastructure.** Initial activities will support the development or upgrading of safe water supplies, environmental sanitation, water for livestock, irrigation, health and education facilities, housing for health and education workers, community on-farm storage and processing. At the multi-village level, inter-community access roads, health, and off-farm storage and processing facilities may be given priority. Support will also be provided to ensure community commitment and capacity in operation and maintenance. Semi-skilled construction labour should come from within the community in order to provide additional income for poor groups and impart building skills. For infrastructure projects, such as schools and health facilities, funding and staffing arrangements will need to be confirmed by the LGCs for ongoing operation of the facilities.

D. Costs and Financing

28. The total estimated programme cost for the federal government, the eight states, the participating LGCs and IFAD loan is estimated at USD 68.5 million over seven years. Price contingencies represent 10% of base costs. Foreign exchange cost estimated to be USD 25.7 million or 38% of the total programme cost. Summary cost by components and financier are presented in Tables 1 and 2 respectively. The awareness and capacity-building component amounts to 42% of total costs (USD 28.6 million). The community development component amounts to 58% of total costs (USD 39.9 million) and will finance interventions and infrastructure that have been accorded high priority by the communities.

29. Programme financing will be through contributions from the three tiers of government, communities and IFAD. Unlike previous projects where IFAD met up to 90% of the incremental costs, the federal and local governments and participants will bear the major burden of programme funding. IFAD funds will be used for essential programme support and development services and to catalyse the effective use of local financial resources. This financing approach is essential to ensure ownership and sustainability of operations after IFAD funding comes to an end. However, since effective implementation will require timely and adequate availability of local funds, these points will be addressed in the loan agreement. IFAD will provide 50% of all nominated costs except in the case

[3] The initial concept developed for a technology transfer facility for sustainable crop production, livestock and agro-forestry (possibly cofunded with TA grant funding), where IFAD strengthens links between farmers and IFAD-funded research and development centres (such as IITA, the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) and the Institute of Agricultural Research) will be further developed as a later multi-country initiative.

of federal government-level activities, for which it will finance 30% of all costs. Budgets will be established each year during the activity review and planning process and implemented by the community groups.

30. Table 2 summarizes programme financing. IFAD will contribute USD 29.9 million in loan funding, representing 44% of total programme costs. The contributions from federal, state and local government levels amount to USD 2.9 million and USD 28.6 million, respectively. Grant funding for TA will be obtained from development agency trust funds and other donor facilities. Contributions from participating communities will be mostly in the form of labour and inexpensive material for village infrastructure construction, rehabilitation and maintenance. On average, these contributions will account for around 10% of investment costs. Community contributions for investment costs have been included in the community development component costs.

TABLE 1: SUMMARY OF PROGRAMME COSTS [a]
(USD million)

Components	Local	Foreign	Total	% of Foreign Exchange	% of Base Costs
A. Awareness and capacity building					
1. Local level	6.2	3.6	9.8	37	16
2. State level	6.1	3.3	9.4	35	15
3. Federal/interstate level	4.3	2.5	6.8	37	11
Subtotal	**16.6**	**9.4**	**26.0**	**36**	**42**
B. Community development					
1. Infrastructure	12	11.9	23.9	50	39
2. Services	9.6	2.4	12.0	20	19
Subtotal	**21.6**	**14.3**	**35.9**	**41**	**58**
Total base costs	**38.2**	**23.7**	**61.9**	**39**	**100**
Physical contingencies	-	-	-	-	-
Price contingencies	4.6	2	6.6	31	
Total programme costs	**42.8**	**25.7**	**68.5**	**38**	

[a] Discrepancies in totals are due to rounding.

TABLE 2: FINANCING PLAN
(USD million)

Components	IFAD		Federal Government		TA Facility		State and Local Governments		Beneficiaries		Total		Foreign Exchange	Local (Excl. Taxes)	Duties and Taxes
	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%			
A. Awareness and capacity building	12.0	42.0	2.9	10.0	3.0	10.0	10.7	37.0	-	-	28.6	42.0	11.4	20.4	0.8
B. Community development	17.9	45.0	-	-	-	-	17.9	45.0	4.0	10.0	39.9	58.0	14.3	21.0	0.6
Total disbursement	**29.9**	**43.7**	**2.9**	**4.2**	**3.0**	**4.4**	**28.6**	**41.8**	**4.0**	**5.8**	**68.5**	**100.0**	**25.7**	**41.4**	**1.4**

E. Annual Work Plans and Budgets, Procurement, Disbursement, Accounts and Audit

31. **Annual work plans and budgets**. The CDDTs in each local government area will work with community groups to develop an annual work plan for each village area in accordance with an agreed format. Each village area's annual work plan and budget (AWP/B) will be submitted to the Local Government Development Committee (LGDC) and, once approved, integrated into the LGC annual budgets. The Agricultural and Rural Development Executive Committee (ARDEC) will submit the LGC's annual budget to the Ministry of Local Government, which will produce the consolidated state-wide AWP/B for approval. The programme support office (PSO) will consolidate the state AWP/Bs into the programme's annual AWP/Bs, which will be submitted to the cooperating institution (IDA) and IFAD for approval.

32. **Procurement** will be conducted at the community, LGC, state and federal government levels in accordance with the Government of Nigeria's regulations and IFAD procurement guidelines. Given the large number of small sub-projects spread over a wide geographical area, most procurement packages will be small and local shopping procedures will be followed. As technical coordinator of the programme at the state level, the Agricultural and Rural Development Authority (ARDA) will follow international competitive bidding (ICB) or local competitive bidding (LCB) procedures and, where appropriate, bulk the procurement of vehicles, machinery, equipment and goods. Contracts for a value of more than USD 100 000 will be awarded using ICB procedures, whereas those amounting to less than USD 100 000 but more than USD 50 000 will follow LCB or international shopping procedures acceptable to IFAD. Contracts for less than USD 50 000 will be filled through local shopping, following the receipt of at least three quotations. Contracts for more than USD 50 000 for whatever category of procurement will be subject to prior review by IDA. Contracts for consultants and studies will be drawn up in accordance with IDA guidelines.

33. **Disbursements** for civil works, machinery, vehicles, equipment and consultancy services will be fully documented. Disbursements for expenditures of less than USD 20 000 for training, workshops, local salaries and allowances, office supplies and other operating expenses will be made against certified statements of expenditure. To facilitate timely payment of works, services and supplies and given the Government's inability to pre-finance eligible IFAD expenditure, nine Special Accounts will be opened and maintained by the Government in each of the participating states in commercial banks satisfactory to IFAD. The accounts will be held in United States dollars with an initial deposit of USD 110 000 to the Special Account and USD 300 000 for each state Special Account, equivalent to IFAD's share of expenditure for six months.

34. **Accounts and audits.** The implementing agencies will maintain independent accounts for all IFAD-financed activities. The accounting systems of ARDA and all levels of government will be reviewed during the pre-implementation period and standardized to fit government financial instructions and meet acceptable international standards. Operations at all levels will be subject to audit by internal audit units. The programme's annual financial statements at the federal, state and local government levels will be subject to audits carried out in accordance with international standards. The auditors will examine the expenditures made and provide a separate opinion. Audited financial statements will be submitted no later than six months after the end of the fiscal year.

F. Organization and Management

35. The programme will be implemented within the country's existing institutional framework, which will be strengthened and reoriented to function within the democratic, decentralized governance system[4].

Institutional Responsibilities of the Programme

36. The Ministry of Agriculture and Rural Development will be responsible for overall coordination at the federal and interstate levels and for monitoring and evaluation (M&E). Since the Government will guarantee repayment of the IFAD loan, the Ministry of Finance (MOF) will monitor disbursements and take responsibility for recovering the loan and repayments to IFAD. The National Planning Commission, responsible for development of the Government's poverty policy, will participate in monitoring and evaluating the implementation of poverty-alleviation policies through the programme and identify lessons of experience, which may be used to refine existing policies. Strong TA support, effective technical coordination and sound monitoring arrangements will be required to ensure successful implementation. In line with its mandate, the programme coordination unit (PCU)/PSO will be responsible for central-level oversight and facilitation. The PSO will provide technical coordination and support through a programme coordinator appointed on the basis of competitive recruitment procedures, and be located at Kano, where the Kano State Government has undertaken to rehabilitate and upgrade existing facilities.

37. **State-level oversight and facilitation.** The existing Agricultural Development Projects Executive Committee will be scaled up to become ARDEC and it will be chaired by the State Governor. ARDEC will coordinate state-level policy and meet at least twice yearly. Each state will have autonomy to implement the programme based on specific guidelines and conditions drawn up for the purpose. State institutions will supervise and provide technical support to the LGCs.

Local Government Coordination and Facilitation

38. The LGDC will be reactivated and meet at least once every quarter (preferably once a month during the first year's activities) and may co-opt other relevant persons and form sub-committees. Its specific responsibilities will include the review and approval of initial and updated village plans, overseeing programme implementation through a review of progress reports, provision of advice on improvements needed, field visits to evaluate progress on the ground and interact with communities, and defining operational policies for agricultural and rural development.

39. **Inputs to national policy.** As the programme is designed to link with, and enhance, the development and evolution of rural development policies in Nigeria, a federal-level rural development consultative group (RDCG) will be set up. The group will meet once yearly in one of the programme states to review progress, discuss and review the experience of World Bank, AfDB and other agencies in their rural development and poverty-alleviation programmes, and advise on possible policy changes.

40. **Flow of funds**. Independent Special Accounts will be opened at the federal level, and in each of the participating states, to receive funds from IFAD. MOF will operate the Special Account at the federal level and manage the Special Account in each state, in accordance with IFAD guidelines. The PCU/PSO will monitor both the Special Accounts and the use of resources.

41. Withdrawal requests will be passed through the PCU/National Programmes Coordinator for endorsement to the cooperating institution, with clear instructions on the state concerned and accounts to be replenished. Each state institution responsible for the programme will submit six-monthly reports to the PCU on the status of the Special Accounts.

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4 The programme organization structure is given in Appendix IV.

Monitoring and Evaluation

42. IDA and IFAD supervision missions and implementation follow-up on the part of PCU will ensure that M&E activities are implemented as set out in the AWP/B. A key element of the M&E approach will be to integrate it into the community group planning cycle. Each participating LGC will undertake baseline studies as an initial activity to identify the targeted poor village areas. During each community participatory planning exercise, participatory monitoring and impact evaluation indicators will be designed. Simple practical indicators to measure the impact of the programme on income, community welfare and rural poverty will be discussed and developed. Special attention will be paid to its impact on women and the landless, near landless and the very poor. Where possible, links will be developed with other organizations, such as the United Nations Children's Fund, undertaking nutrition surveys. Thematic studies will be conducted and case studies used to monitor the programme's impact on individual families in the target groups. A programme management information system will be used to collate quantitative and qualitative M&E information on implementation and impact and to collate such information into summary reports for the PSO, RDCG and supervision missions, annual reporting and reviews. A mid-term review scheduled for the third year of implementation will be used to make a preliminarily evaluation of the programme and to reorient activities both to meet its objectives and to improve its impact on the target group. A programme completion report will be prepared and submitted no more than six months after programme completion.

G. Economic Justification

43. The programme is expected to harness existing resources, with IFAD funding as a catalyst, to demonstrate how an integrated institutionalized approach to CDD may be implemented and replicated across Nigeria in order that, addition to the 400 000 families directly affected by the programme, most of the country's rural poor communities will be able to benefit.

44. Benefits from support to sustainable agricultural development are expected in some or all of the following aspects: a growing number of communities where there is a noticeable expansion of land areas managed on the basis of improved land husbandry principles in terms of crop (upland and fadama), livestock and tree production; increased availability of better planting material for both production and conservation purposes; more use of cost-effective combinations of organic and inorganic fertilizer; less land degradation; greater food security; and increased incomes derived from agriculture.

45. It is estimated that up to 25 000 rural enterprises will benefit directly from support for rural enterprise development and financial linkages by progressively moving from low-income marginal activities to more dynamic and profitable ventures. Benefits from support for community infrastructure will take the form of wider availability of infrastructure at the community level, particularly improved access to schools, health dispensaries and wells. This will improve health status and increase access to market information, new skills and safe drinking water, thereby reducing women's and children's workload and the incidence of water-borne disease. The technical skills of federal, state and local government staff combined with capacity building will lead to empowered, more efficient institutions. At the institutional level, a major potential benefit will be to harness latent, underused skills and resources. In addition to the direct benefits flowing from programme expenditure in the form of short and long-term contracts, non-governmental organizations (NGOs), consultancy firms and private consultants will benefit from participation in training activities, both as trainees and trainers, and from increased demand for their services on the part of the community.

46. **Poverty-reduction impact.** Of the 3 million rural households in the eight states involved in the programme, it is estimated that about 2.5 million people or 400 000 families will benefit directly from the community development component and indirectly from better service provision as a result of capacity built at the federal, state and local government levels. The targeting approach proposed

and the interventions initially available to communities under the community development component will ensure that the programme has an impact on rural poverty reduction. The combination of creating awareness with regard to the benefits of improved functional literacy and basic health care and sanitation, providing resources to allow the vulnerable groups to gain basic skills and opportunities for groups to work together to develop agricultural or microenterprises, will be of most interest to the poorer sections of the community.

H. Risks

47. The community-based participatory approach to rural development involves an iterative process over a relatively long period of time. Any attempt to produce quick results may detract from the importance of ensuring that basic processes are understood and established. At the community level, the technical and objective analyses of problems may be superficial, with the result that the participatory planning exercises produce a standard shopping list of externally promoted programme activities rather than options for solving basic problems that can be sustained with the resources of the community. The awareness and community capacity-building component may be hindered by pressure to speed up implementation of community development activities, particularly infrastructure. Mitigating measures include strong support for capacity building and extensive training and for ensuring that M&E plans are actively implemented and verified by means of field visits. Supervision and follow-up by PCU/PSO and IFAD will be critical. In particular, during supervision more attention will need to be paid both to processes and to the assessment of impact, effects and targeting than has been the case in the past.

I. Environmental Impact

48. The awareness and capacity building component will have a positive environmental impact by promoting and implementing improved integrated management practices. Environmental assessments will be institutionalized in the development of AWP/Bs for all activities. Sustainable agricultural development activities should have a positive environmental impact by assisting rural communities to adopt better land husbandry practices on their farms and on communal grazing and woodland areas. During the participatory planning phase, emphasis will be placed on minimizing the negative impact of the proposed community infrastructure development. This activity will be enhanced by TA for infrastructure design and by close consultation with, and the involvement of, the state-level environmental protection agencies.

49. Since the potential negative impacts are not irreversible and remedial measures can be easily taken to correct them, the programme is classified environmentally as Category B. However, during implementation, environmental protection measures included in legislation for protection of the environment and natural resource conservation will be monitored to identify other potential environmental problems and conflicts between different natural resource users who might be associated with particular field-level interventions.

J. Innovative Features

50. The programme has been developed using an intensive participatory consultation process. One feature of the Programme is the catalytic use of a USD 29.9 million contribution from IFAD to draw together a further USD 38 million of federal, state and local government, and community funds to provide USD 68.5 million for an institutionalized community-driven approach to rural development. This will provide impetus and have a much greater impact than two or three project-type interventions where IFAD finances 90% of the costs. Furthermore, the major strategic thrusts of IFAD's support are consistent with its corporate score card and emphasize sustainability and the empowerment of the rural poor, particularly women, to increase their access to, and management of, resources, infrastructure and services as well as the potential for upscaling. The framework has linked all the processes to provide sustainable linkages, which will continue after external funding is completed.

The AfDB has expressed strong interest in extending the framework and implementation model to up to five other states across Nigeria. Also consistent with the score card is the framework developed whereby IFAD (and World Bank, AfDB and FAO) actively collaborate to maximize complementarity, synergy and impact in rural development and poverty alleviation. Given the scope of IFAD funding, future programmes will not necessarily need to provide for all the interventions that will lead to widespread rural poverty alleviation. ***Rather, IFAD will contribute to pioneering the institutionalization of common processes whereby poor rural communities are empowered to access assistance and manage mini-projects funded from various sources. This will ensure sustainability.***

PART III - LEGAL INSTRUMENTS AND AUTHORITY

51. A loan agreement between the Federal Republic of Nigeria and IFAD constitutes the legal instrument for extending the proposed loan to the borrower. A summary of the important supplementary assurances included in the negotiated loan agreement is attached as an annex.

52. The Federal Republic of Nigeria is empowered under its laws to borrow from IFAD.

53. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.

PART IV - RECOMMENDATION

54. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

> RESOLVED: that the Fund shall make a loan to the Federal Republic of Nigeria in various currencies in an amount equivalent to twenty three million eight hundred thousand Special Drawing Rights (SDR 23 800 000) to mature on and prior to 1 September 2041 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Lennart Båge
President

SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES INCLUDED IN THE NEGOTIATED LOAN AGREEMENT

(Loan negotiations concluded on 7 September 2001)

1. **Programme accounts.** (a) The FMARD will open and thereafter maintain in a bank agreed between the Government of the Federal Republic of Nigeria (the Government) and IFAD two current accounts denominated in naira (NGN) for federal programme operations. One account will receive loan proceeds from the federal Special Account, and the second account will receive Government counterpart funds. The head of unit, PCU, and the director of finance and accounts of FMARD will be fully authorized to operate both federal programme accounts A and B.

(b) The state Ministry of Agriculture of each state will open and thereafter maintain in a bank acceptable to IFAD two current accounts denominated in NGN for state programme operations. One account will receive loan proceeds from the state Special Account, and the second account will receive state counterpart funds. The Minister for Agriculture will be fully authorized to operate both state programme accounts.

(c) The state will cause each local government to open and thereafter maintain in a bank acceptable to IFAD two current accounts denominated in NGN for local and community programme operations. One account will receive loan proceeds from the state Special Account, and the second account will receive local government counterpart funds. The director of finance of the LGC and another signatory agreed between the state and the LGC will be fully authorized to operate both local programme accounts.

2. **Counterpart contribution.** (a) The Government will make available to FMARD counterpart funds from its own resources for the federal programme, equal to the counterpart funds called for in the AWP/B for the first three months of project implementation, and thereafter quarterly in advance.

(b) The Government, on behalf of each state, will make available to each state's state support office and LGCs the relevant state and local government counterpart funds as set forth in the Government's annual budget, equal to the counterpart funds called for in the state AWP/B for the first three months of state programme implementation, and thereafter monthly in advance.

3. **Agricultural and rural development consultative group.** Within 60 days of effectiveness, the Government shall have established the agricultural and rural development consultative group.

4. **Auditors.** Within 90 days of effectiveness, the Government shall have selected the independent auditors for the federal portion of the programme.

5. **Programme implementation manual.** Within 90 days of effectiveness, the programme implementation manual shall have been approved by IFAD in draft, and a copy of the programme implementation manual as adopted by the PSO, substantially in the form so approved and certified as true and complete by a competent officer of the PSO, shall have been delivered to IFAD.

6. **Accounting and information management.** Within 90 days of the effective date:

(a) the Government and IFAD shall have agreed on an accounting system for the programme and such system shall be in place and fully operational; and

(b) the Government shall have established an information management system.

7. **Pest management practices.** As part of maintaining sound environmental practices as required by the General Conditions, the programme parties will maintain appropriate pest management practices under the programme and, to that end, the Government will ensure that pesticides procured under the programme do not include any pesticide either proscribed by the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agriculture Organization of the United Nations (FAO), as amended from time to time, or listed in Tables 1 (Extremely Hazardous) and 2 (Highly Hazardous) of the World Heath Organization (WHO) Recommended Classification of Pesticides by Hazard and Classification 1996-1997, as amended from time to time.

8. **Insurance of programme personnel.** The Government will insure key programme personnel against health and accident risks to the extent consistent with sound commercial practice.

9. **Gender focus.** The Government will ensure that gender concerns are integrated into all programme activities during programme implementation.

10. The following are specified as conditions for disbursement of funds from the loan:

No withdrawal shall be made with respect to any expenditure under the programme in any individual state until the following conditions have been met by the state:

(a) the programme agreement between IFAD and the state shall have been signed; the signature and performance thereof by the relevant state shall have been duly authorized or ratified by all necessary administrative and governmental action; and all conditions precedent to the effectiveness thereof (other than the effectiveness of the loan documents) shall have been fulfilled; and

(b) the subsidiary loan agreement between the Government and the state shall have been approved by IFAD in draft; a copy of the signed subsidiary loan agreement, substantially in the form so approved and certified as true and complete by a competent officer of the state, shall have been delivered to IFAD; the signature and performance thereof by the relevant state shall have been duly authorized or ratified by all necessary administrative and governmental action; and all conditions precedent to the effectiveness thereof (other than the effectiveness of the loan documents) shall have been fulfilled.

11. The following are specified as conditions precedent to the effectiveness of the loan agreement:

(a) a programme coordinator shall have been duly appointed by the Government and approved by IFAD;

(b) the PSO shall have been duly established and will be fully operational;

(c) the Government shall have duly opened the federal Special Account and federal programme accounts, and will have made the initial deposit of counterpart funds into the appropriate federal programme account;

(d) the AWP/B for the first programme year shall have been submitted and be satisfactory to IFAD and the cooperating institution;

(e) with respect to each of at least two states:

  (i) the relevant programme agreement shall have been duly signed, and the signature and performance thereof by the authorized representative of the state will have been duly authorized or ratified by all necessary administrative and governmental action, and all conditions to the effectiveness thereof (other than the effectiveness of the loan documents) shall have been fulfilled; and

  (ii) the subsidiary loan agreement shall have been approved by IFAD in draft; a copy of the signed subsidiary loan agreement, substantially in the form so approved and certified as true and complete by a competent officer of the state, shall have been delivered to IFAD; the signature and performance thereof by the relevant state shall have been duly authorized or ratified by all necessary administrative and governmental action; and all conditions precedent to the effectiveness thereof (other than the effectiveness of the loan documents) shall have been fulfilled.

(f) the loan agreement shall have been duly signed, and the signature and performance thereof by the Government shall have been duly authorized and ratified by all necessary administrative and governmental action; and

(g) a favourable legal opinion, issued by the federal Ministry of Justice, in form and substance acceptable to IFAD, shall have been delivered by the Government to IFAD.

COUNTRY DATA

NIGERIA

Land area (km^2 thousand), 1997 1/	911	**GNI per capita (USD), 1999 4/**	260
Total population (million), 1999 4/	123.9	**Average annual real rate of growth of GNP per capita, 1990-98 2/**	0.4
Population density (people per km^2), 1998 1/	133	**Average annual rate of inflation, 1990-98 2/**	38.7
Local currency	Naira (NGN)	**Exchange rate: USD 1 =**	NGN 116

Social Indicators		**Economic Indicators**	
Population (average annual population growth rate), 1980-98 1/	2.9	GDP (USD million), 1999 4/	35 045
Crude birth rate (per thousand people), 1998 1/	40	Average annual rate of growth of GDP 1/	
Crude death rate (per thousand people), 1998 1/	12	1980-90	1.6
Infant mortality rate (per thousand live births), 1998 1/	76	1990-98	2.6
Life expectancy at birth (years), 1998 1/	53		
		Sectoral distribution of GDP, 1998 1/	
Number of rural poor (million) (approximate) 1/	25.4	% agriculture	32
Poor as % of total rural population 1/	36	% industry	41
Total labour force (million), 1998 1/	48.3	% manufacturing	5 a/
Female labour force as % of total, 1998 1/	36	% services	27
Education		Consumption, 1998 1/	
Primary school gross enrolment (% of relevant age group), 1997 1/	98 a/	General government consumption (as % of GDP)	11
Adult literacy rate (% age 15 and above), 1998 3/	61	Private consumption (as % of GDP)	77
		Gross domestic savings (as % of GDP)	12
Nutrition			
Daily calorie supply per capita, 1997 3/	2 735	**Balance of Payments (USD million)**	
Prevalence of child malnutrition (height for age % of children under 5), 1992-98 1/	38	Merchandise exports, 1998 1/	8 971
Prevalence of child malnutrition (weight for age % of children under 5), 1992-98 1/	39	Merchandise imports, 1998 1/	9 211
		Balance of merchandise trade	-240
Health			
Health expenditure, total (as % of GDP), 1990-98 1/	0.7	Current account balances (USD million)	
Physicians (per thousand people), 1990-98 1/	0.19	Before official transfers, 1998 1/	-5 813
Percentage population without access to safe water, 1990-98 3/	51	After official transfers, 1998 1/	-4 244
Percentage population without access to health services, 1981-93 3/	33	Foreign direct investment, 1998 1/	1 051
Percentage population without access to sanitation, 1990-98 3/	59		
		Government Finance	
Agriculture and Food		Overall budget surplus/deficit (including grants) (as % of GDP), 1997 1/	n.a.
Food imports as percentage of total merchandise imports, 1998 1/	n.a.	Total expenditure (% of GDP), 1997 1/	n.a.
Fertilizer consumption (hundreds of grams per ha of arable land), 1995-97 1/	56	Total external debt (USD million), 1998 1/	30 315
Food production index (1989-91=100), 1996-98 1/	142.5	Present value of debt (as % of GNP), 1998 1/	76
		Total debt service (% of exports of goods and services), 1998 1/	11.2
Land Use			
Arable land as % of land area, 1997 1/	31.0	Nominal lending rate of banks, 1998 1/	20.4 a/
Forest area (km^2 thousand), 1995 1/	138	Nominal deposit rate of banks, 1998 1/	7.3 a/
Forest area as % of total land area, 1995 1/	15.1		
Irrigated land as % of cropland, 1995-97 1/	0.7		

n.a. not available.
a/ Data are for years or periods other than those specified.
1/ World Bank, *World Development Report*, 2000
2/ World Bank, *Atlas*, 2000
3/ United Nations Development Programme, *Human Development Report*, 2000
4/ World Bank, *World Development Indicators database*, 2001

PREVIOUS IFAD LOANS TO NIGERIA

Project Name	***Initiating Institution***	***Cooperating Institution***	***Lending Terms***	***Board Approval***	***Loan Effectiveness***	***Current Closing Date***	***Denominated Currency***	***Approved Loan/Grant Amount***	***Disbursement (as % of approved amount)***
Multi-State Agricultural Development Project	IFAD	World Bank: IBRD	I	05 Dec 85	25 Sep 87	30 Jun 97	SDR	12050000	0.971536619
Artisanal Fisheries Development Project	IFAD	UNOPS	I	30 Nov 88	05 Apr 91	30 Sep 97	SDR	11150000	0.55703983
Katsina State Agricultural and Community Development Project	IFAD	World Bank: IDA	HC	12 Dec 90	08 Jul 93	30 Jun 01	SDR	8550000	0.951083547
Sokoto State Agricultural and Community Development Project	IFAD	World Bank: IDA	HC	08 Sep 92	04 Nov 94	30 Jun 01	SDR	6500000	0.983573212
Benue and Niger States Agricultural Support Project	IFAD	AfDB	HC	02 Dec 93		31 Dec 02	SDR	20000000	
Roots and Tubers Expansion Programme	IFAD	World Bank: IDA	HC	09 Dec 99	13 May 01		SDR	16700000	

LOGICAL FRAMEWORK

Intervention Logic	Key Performance Indicators	Means of Verification	
Goal: To improve the livelihoods and living conditions of poor rural communities, with emphasis on women and other vulnerable groups	**Sector indicators**: With emphasis on rural women, men and vulnerable groups in the programme area: • reduced number of people living below the USD 1 per day poverty line; • reduced number of woman-headed households living below poverty line; • improved access to social and economic infrastructure; • improved productivity and cash incomes; • reduced number of malnourished children under five years of age.	• Gender-disaggregated national/state household income and poverty studies • Programme impact assessment studies • Nutrition surveys	
Purpose: Through appropriate capacity and awareness building, institutionalize participatory community-driven development processes and policies, which: (i) empower poor rural women and men to initiate and monitor rural development activities in their communities; (ii) make public-sector and other service providers more relevant and responsive to the needs of the rural poor women and men; and (iii) provide balanced sustainable social and economic development interventions for village women's and men's groups and individuals.	**Outcome/Impact Indicators:** • Increased participation of women in key decisions at the community level • Higher levels and proportions of state and local government resources reaching the poorer and more vulnerable groups, including women • No. of communities applying for, and succeeding in securing, additional funding for community activities (Federal Government, LGC, NGO or ODA agency) • Increased numbers of implementing-agency women staff at the community, LG area and state levels • Increased rationalization, decentralization and client focus of service providers on rural communities • No. of new interventions added to 'menu' based on updated community-prioritized needs during programme period • 234 village area communities and their interest groups satisfied with performance of local government and service providers • Changes in functional literacy and numeracy rates in the target groups • Environmental sanitation improvements in programme communities	• Pre-implementation and annual gender-disaggregated staffing records from all implementing agencies • Evaluation reports, including evaluation of sample micro-projects and beneficiary/environmental impact assessments • Progress reports • Supervision reports and mid-term review	• Political stability maintained • Gender-related aspects of the programme implemented effectively • Continued commitment by all three tiers of government to put in place effective pro-poor policies and institutions and to allocate an increasing share of technical and financial resources to community-based rural development • Diversity of public/private/NGO service providers available to community • Economic activities offered through the programme remain profitable
Outputs/Results: **Output 1.** Increased capacity and awareness on the part of rural communities and differentiated men and women's interest groups to critically analyse their constraints; identify opportunities; prioritize, plan and monitor appropriate social and economic development activities; and source additional support and funding to manage and invest in their own sustainable development	**Output Indicators:** • Village area and community plans specifically include higher-than-proportional interventions targeted at poor women and men • Numbers of community groups continuing to engage in group planning activities and managing implementation of planned interventions • Full community contribution and operation of community-managed accounts • Improvements in community group dynamics to solve differences, mediate conflicts	• Community plans and LGC AWP/Bs • Minutes and observations on group and community meetings • Community self-assessment reports • Village area self-assessment and M&E reports	• Traditional authorities and local elites do not dominate planning process or subvert broad-based participation of poorer groups • Women allowed to participate in planning process • Continuing commitment of governments and development partners to principle of community contribution • Experienced participatory approach trainers available

Intervention Logic	Key Performance Indicators	Means of Verification	
Output 2. Increased capacity and awareness of FMARD, NPC, MOF, local governments and states to support, monitor and evaluate planning and implementation of community-based rural development and to formulate effective pro-poor policies.	• No. of programme and other LGCs and states that institutionalize community-driven development participatory processes for village area development • Range of public/private/NGO service providers used by communities • Increased rationalization and decentralization of service provision • Planning, financial management and M&E units in PCU, PSO, state agencies and LGCs functioning effectively • Changes to national rural development and/or poverty reduction policies led by programme activities or coordination groups	• Pre and updated training needs assessments (TNAs) • M&E reports/beneficiary assessments • Supervision and mid-term review reports and budgets • Federal government policy statements and changes	• LGCs willing to participate, adopt the principles and comply with disbursement conditions • State-level agencies willing to provide TA to LGCs and to work in multi-institutional public/NGO teams • PCU/PSO resources committed to the programme • Principles initiated in the programme are universally accepted
Output 3. Social and economic development interventions supported by community and programme inputs to: (i) assist vulnerable groups by improving basic life skills and support and extend traditional approaches for poor vulnerable groups	• No. of participants completing innovative adult literacy and numeracy, health education, HIV/AIDS awareness programmes • No. of village groups assisting disadvantaged community members through traditional services/approaches	• LGC and PSO M&E databases • Training course evaluations • Pre, post-community TNAs	• Target groups can be sensitized to future benefits of upgrading knowledge and skills • Adequate CD resources are allocated to these interventions (also agriculture and MEMFS) • LG councillors and traditional leaders accept representative community development plans
(ii) develop more numerous dynamic and profitable rural enterprises operated by women, men and members of vulnerable groups	• Number of enterprises formed/strengthened and disaggregated by gender, wealth strata and business type • Changes in training courses for businesses and entrepreneurs • Level of access to, use of, and repayment of formal and informal credit and other services by farmers and microenterprises • Levels of savings mobilization by village women and men's groups • Adoption of Microenterprise Microfinancial Services (MEMFS) activities by non-programme LGCs and states • Number and types of microprojects implemented	• Support staff progress reports • Systematic entrepreneurs self-evaluation of training and other support services • Thematic studies • Credit supplier reports • Supervision mid-term review reports	• Federal and state policies avoid introducing distortions, for example: subsidized credit or inputs not accessible to all village areas • Presence of qualified service and training providers • Commercial lending rates continue to drop
(iii) improve social and community infrastructure with ongoing O&M	• Proportion of poor vulnerable women and men benefiting from each social infrastructure microproject • Proportion of projects where designs are modified to suit community needs/requirements • Percentage of microproject construction costs recycled within community (through employment and/or using local contractors) • Community maintenance fund established and operational and O&M arrangements for each community infrastructure operating sustainably with secured income flow	• Technical and O&M manuals • Village-area AWP/Bs and annual reviews of activities • Community self-assessment reports • Progress reports • M&E reports • Supervision reports	• Wide community participation in priority setting • Communities willing and able to take on management and financing of O&M • Matching LGC funds readily available • Communities absorb training and approach • Engineering consultants, construction supervisors and construction contractors sympathetic to community participation in implementation are readily available

ORGANIZATION STRUCTURE