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**IFAD**
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**
**Executive Board – Seventy-Seventh Session**
Rome, 10-11 December 2002

# REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

# FEDERAL REPUBLIC OF NIGERIA

FOR THE

# COMMUNITY-BASED NATURAL RESOURCE MANAGEMENT PROGRAMME – NIGER DELTA

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## CURRENCY EQUIVALENTS

| | | |
|---|---|---|
| Currency Unit | = | Nigerian naira (NGN) |
| USD 1.00 | = | NGN 125 |
| NGN 1.00 | = | USD 0.008 |

## 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

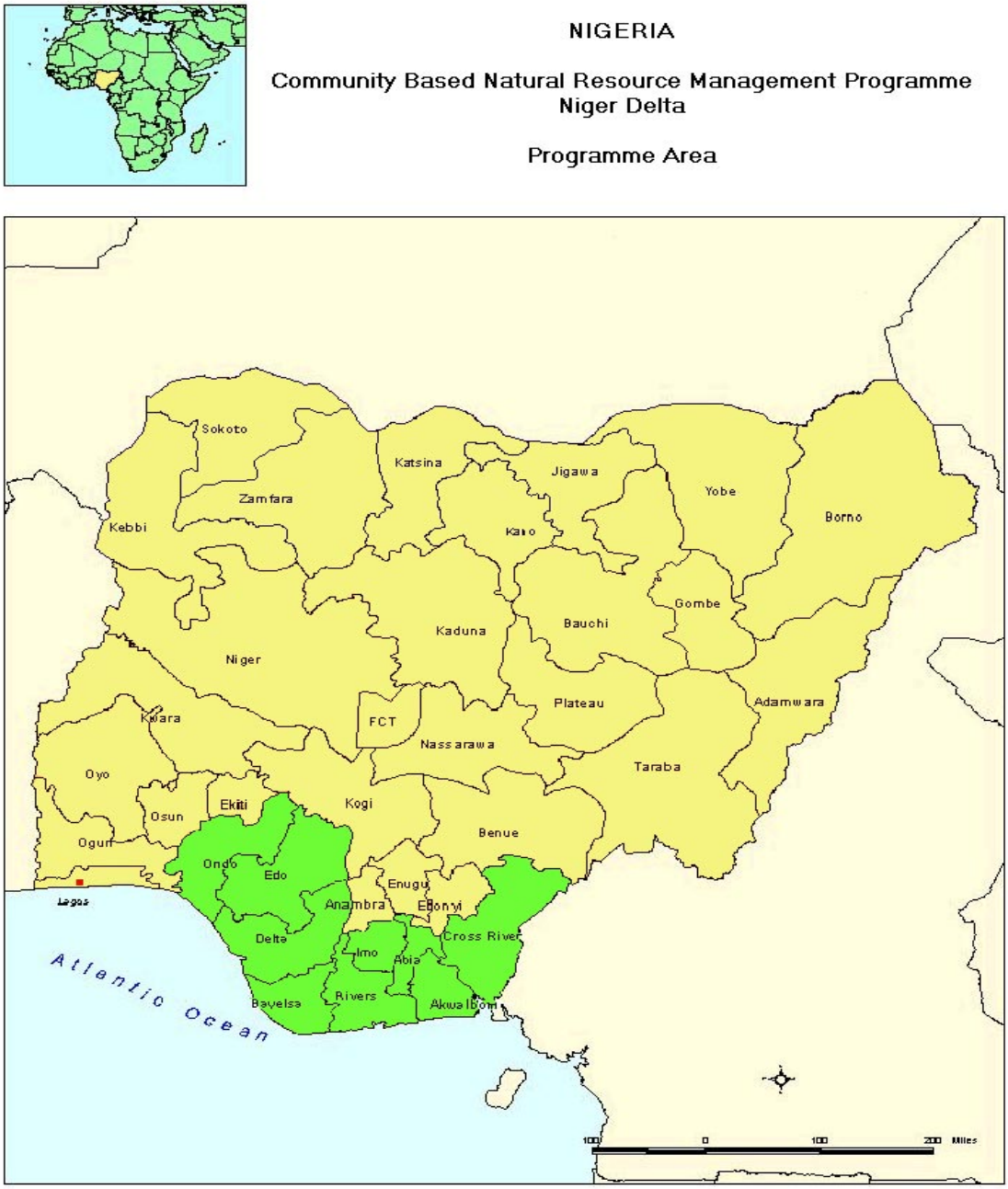
| | |
|---|---|
| AfDB | African Development Bank |
| CBO | Community-Based Organization |
| CBNRMP | Community-Based Natural Resource Management Programme |
| CDF | Community Development Fund |
| CI | Cooperating Institution |
| FAO | Food and Agriculture Organization of the United Nations |
| GTZ | German Agency for Technical Cooperation |
| LGAs | Local Government Areas |
| LGCs | Local Government Councils |
| M&E | Monitoring and Evaluation |
| NDDC | Niger Delta Development Commission |
| NGO | Non-Governmental Organization |
| NRM | Natural Resource Management |
| PCU | Programme Coordination Unit |
| PRSP | Poverty-Reduction Strategy Paper |
| SPSO | State Programme Support Office |
| 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 NATURAL RESOURCE MANAGEMENT PROGRAMME – NIGER DELTA

## LOAN SUMMARY

| | |
|---|---|
| **INITIATING INSTITUTION:** | IFAD |
| **BORROWER:** | Federal Republic of Nigeria |
| **EXECUTING AGENCY:** | Federal Ministry of Agriculture and Rural Development (FMARD) and the Niger Delta Development Commission (NDDC) |
| **TOTAL PROGRAMME COST:** | USD 82.2 million |
| **AMOUNT OF IFAD LOAN:** | SDR 11.35 million (equivalent to approximately USD 15.0 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 3.8 million |
| **TERMS OF COFINANCING:** | To be determined |
| **CONTRIBUTION OF BORROWER:** | - Federal Government: USD 3.8 million<br>- State and Local Governments: USD 40.2 million<br>- NDDC: USD 15.0 million |
| **CONTRIBUTION OF BENEFICIARIES:** | USD 4.4 million |
| **APPRAISING INSTITUTION:** | IFAD |
| **COOPERATING INSTITUTION:** | International Development Association (IDA) |

# PROGRAMME BRIEF

**Who are the beneficiaries?**
The beneficiaries are the core poor, women and youth of targeted rural communities in the nine Niger Delta States – Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers where poverty is widespread and community-wide. Typically, beneficiaries are rural women, who are among the most vulnerable groups. The beneficiaries also include poor men and women from the 'most at risk' category that straddles both economic and social criteria, who are likely to suffer malnutrition, ill health, and a generally low quality of life. The programme also targets rural youth to help improve their productive opportunities and channel their energies into natural resource management and the development of sustainable livelihoods.

**Why are they poor?**
Poverty is prevalent among farmers using small areas of land mainly for food crops and among artisanal fishermen possessing only rudimentary equipment and obtaining minimal catch. These fishermen build or repair canoes for fishing and transportation using simple tools. The poorest have to rent out their land to buy productive inputs as they lack any other source of capital. Their survival often depends on seasonal employment. These groups are powerless and often perceived as not being useful to the community, and therefore do not participate in (or benefit from) development programmes. They are highly vulnerable to environmental shocks and are also food insecure, with few assets and little access to physical or financial resources. They depend on low productivity income-generating activities. The poor have limited access to basic social services, safe water, reliable roads, electricity and telephone services.

**What will the programme do for them?**
The programme will support the Government's efforts in addressing rural poverty by identifying and targeting the most vulnerable, and empowering them to participate effectively in development activities. Activity-based interventions selected by the poor will be supported through flexible financing from the Community Development Fund. The programme will also focus on capacity-building of the federal, inter-state and local government institutions and build on the decentralized administrative system. Furthermore, it will consolidate partnerships among donors, non-governmental organizations (NGOs), community-based organizations and other agencies.

**How will beneficiaries participate in the Programme?**
Participatory capacity-building activities will be concentrated at the local level, enabling beneficiaries to analyse the constraints they face, identify opportunities and requirements, and obtain and administer the support they most need. Participatory activities will focus on three main areas: sustainable rural livelihoods; natural resource management; and village-level community infrastructure.

**How was the programme formulated?**
Programme formulation has been participatory with substantial contributions from federal and state institutions, the Niger Delta Development Commission, and local government, beneficiaries and other local resources (NGOs, traditional leaders, private sector). There was also significant donor consultation with participation by the World Bank, the Food and Agriculture Organization of the United Nations, the Department for International Development and the Canadian International Development Agency. The programme has evolved from the country strategic opportunities paper. The formulation process included an evaluation report and an environmental impact assessment of the IFAD-funded Artisanal Fisheries Development Project, in addition to inputs to the formulation of the Government's Rural Development Strategy and to the Poverty and Environment Strategy for Nigeria.

# 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 NATURAL RESOURCE MANAGEMENT PROGRAMME – NIGER DELTA

I submit the following Report and Recommendation on a proposed loan to the Federal Republic of Nigeria for SDR 11.35 million (equivalent to approximately USD 15.0 million) on highly concessional terms to help finance the Community-Based Natural Resource Management Programme – Niger Delta. 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 (CI).

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

### A. The Economy and Agricultural Sector

1. Nigeria covers 924 000 km$^2$ inhabited by 127 million people with diverse languages and religious faiths. The Federation of Nigeria includes the Federal Capital Territory, 36 states and 774 local government areas. The largest ethnic groups are the Igbo in the south-east, the Yoruba in the south-west and the Hausa-Fulani in the north. There are a further 250 minority ethnic groups. Ethnic and religious tensions compromise economic and social progress in Nigeria.

2. Nigeria is endowed with rich agricultural land and natural resources. However, since 1973 the economy has become highly dependent on the oil sector, which accounts for about 40% of gross domestic product (GDP)[2], 83% of government revenue and 95% of the country's foreign exchange earnings. Agriculture and livestock account for about 40% of GDP and is the single largest contributor to the well-being of the rural poor, sustaining 90% and 70% of the rural and total labour force respectively. Smallholders are responsible for 90% of this output.

3. The country boasts a wide range of agro-ecological zones, which 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 used for 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 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.

4. 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 main producers of cassava and the second largest producer of palm kernel. Nigeria 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. Nevertheless more than USD 300 million worth each of fisheries products and rice are imported each year. Forests and woodlands occupy 17 million ha but

[1] See Appendix I for additional information.

[2] Source: Latest available Central Bank of Nigeria, the Federal Office of Statistics reports, and World Development Indicators from World Bank and EIU Nigeria Country Report August 2002.

primary forests and most of the wildlife are disappearing. In all cases, the Federal Government of Nigeria wants to increase domestic production to reduce its import dependency.

5. Initially, earnings from oil exports prompted high rates of economic growth, public spending and private investment but also encouraged wasteful public expenditure, economic mismanagement, heavy external borrowings and corruption. When oil prices collapsed in the early 1980s, GDP contracted and the economy faced an acute crisis with unserviceable foreign debt, significant revenue shortfalls, rising current account deficits and cutbacks in public expenditure especially on social development. In the early 1990s, economic policy reverted to a more inward-looking nationalistic stance: government spending, the budget deficit and inflation (reaching 73% in 1995) all increased, while growth slowed and the naira depreciated. Average annual growth in GDP over the last two decades has been below the population growth rate of 2.8%. With 44% of the population living in towns and cities, Nigeria is one of the most urbanized countries in Africa.

6. The long period of high inflation and relatively low growth has led to sharp declines in real incomes and standards of living. However, recent rises in oil prices have led to a modest improvement in Nigeria's growth prospects. The Government has articulated its commitment to a liberal economy, with a market-determined exchange rate, fiscal prudence, trade liberalization, deregulation, privatization and implementation of greater fiscal decentralization. However change has been slow. Although real GDP growth increased marginally to close to 4% in 2001, inflation rose from 6% in 1999 to about 19% in 2001, falling slightly to 16.8% by May 2002. External and domestic debt remains at about USD 30 billion and USD 1.1 billion respectively at the end of June 2002, equivalent to about USD 1 500 per household. The Paris Club of international lenders has rescheduled repayments but required assurances that resources are well-managed and additional funds provided for debt relief are used for productive ventures and poverty reduction.

## Institutional Framework

7. With the return to a civilian administration and increasing oil revenues, resource flows to the state and local government levels increased significantly. As such, in 2000, the statutory allocation from the federation account amounted to over USD 600 million to the Niger Delta state governments and over USD 400 million to the 138 Niger Delta local government councils (LGCs), a total of USD 1 billion. On average, each state in 2000 should have received USD 70 million and each LGC over USD 2 million. These revenues are supplemented by the percentage of the oil revenues paid directly back to the producing states, currently set at 13%, which should have provided the Niger Delta states with USD 78 billion over the last decade. However, political differences between the National Assembly and the President in mid-2002 have led to major slowing down of the disbursement of Government budget funds to agencies at all levels. Some agencies have not been able to pay staff salaries for several months. Many government institutions have a reputation for corruption and mismanagement. The Niger Delta Development Commission (NDDC) is the latest government response to these institutional shortcomings. The NDDC is mandated to facilitating development in the Niger Delta region.

8. Each tier of Government is searching for strategies and processes that will result in more immediate and greater impacts on poverty. The Government acknowledges that in line with decentralized governance, empowerment of the rural communities to demand, obtain and manage services and facilities requires rationalization and reorientation of the current predominantly supply-driven and top-down approaches. As the rural poor represent the majority of constituents to whom the politicians will be held accountable at the coming elections, states and local governments are increasingly concerned about resource allocation and poverty reduction. However, empowerment of the rural poor remains a very sensitive issue as it implies redistribution of power and sharing of responsibilities of resource allocation and use.

## Rural Poverty, Gender and Youth

9. Nigeria's basic socio-economic indicators place it among the 20 poorest countries in the world. Poverty, both income and non-income, worsened during the 1980s and 1990s and 70% of the population had daily consumption expenditures of below the equivalent of USD 1 per day in 1999 compared to 42% in 1992[3]. Poverty is widespread but more severe in rural areas where poverty and socio-economic pressures have unravelled the social fabric and contributed to the breakdown of social safety nets previously provided by wealthier rural community members. In the Niger Delta, Rivers and Bayelsa states stand out as an area where poverty is endemic. The Federal Office of Statistics' 1999 study indicates that the core poor constitute 29% of the population while the moderately poor and non-poor make up 36% and 35%, respectively.

10. More than 50% of the population do not have access to safe water and 10% of the population (or 12 million people) are undernourished. Thirty-five percent of children under five are underweight and 42% are stunted, compared to 30% and 41% respectively in sub-Saharan Africa. The problems of malnutrition are compounded as more than 5% of the rural population are affected by HIV/AIDS and more than 50 million Nigerians, mainly women and children, suffer from a combination of protein energy malnutrition, Vitamin A deficiency, iron deficiency anaemia, and iodine deficiency diseases. The average Nigerian meets 95% of his minimum energy requirements but this comes mainly from cereals, roots and tubers. Average protein intake is about 90% of requirement. The social and economic consequences of the problems of HIV/AIDS and malnutrition are felt widely, not only in the health sub-sector, but also in education, agriculture, services and the availability of human resources.

11. In addition to limited education and poor health, other causes of rural poverty include: poor road and communication linkages; small areas of food crops; lack of appropriate and affordable technology in fisheries and farming; diminishing soil fertility and yields with minimal inputs such as fertilizer; few or no substantial productive assets; limited processing and marketing facilities for agriculture and fisheries; and, little access to savings, credit and community infrastructure. Most food produced by the poorest is for home consumption and often there is a marked period of food insecurity during the pre-harvest period. Poor households lack linkages with influential persons or urban opportunities.

12. **Women** in Nigeria remain one of the most disadvantaged groups and gender is an important dimension of rural poverty. Although women play significant roles 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. Poor women at the local level have little education and limited training in childcare and health practices. Poor roads and undeveloped access to rural communities, particularly during the wet season, means that head loading of essential supplies by women is required.

13. Nigeria, like many countries worldwide, faces a growing problem of unrest among **youth**. The underlying problem is lack of employment opportunities commensurate with the education provided or offered and increasing aspirations gained from exposure to images of norms in other countries portrayed by satellite television. The result is unrest and conflict. Many of Nigeria's universities and colleges are frequently closed because of violence and disruption from cults.[4] In some locations youths engage extensively in socially disruptive behaviour and crime; in others they positively contribute to community development. Social norms relating to sexual practices have significant impacts on early motherhood, and on the spread of HIV/AIDS and attitudes to it. Without strong

[3] Source: Incidence of Poverty and Economic Growth in Nigeria, Omolara Ololade Akanji.
[4] Equivalent to Gangs in other cultures.

social networks and support backed up by appropriate education and awareness campaigns, girls and young women can be trapped in a cycle of poverty.

## B. Lessons Learned from Previous IFAD Experience

14. IFAD has financed six projects in Nigeria since 1985 with a total loan commitment of about USD 102 million. The first four of these projects are closed and the sixth is about to become effective. All projects have been directed towards the needs of rural poor communities and focused on smallholder farmers or artisanal fishermen, the rural landless and women. These projects are contributing to: commodity development and food security (a threefold increase in national production of cassava and an increased awareness of the scope of artisanal fisheries development); technology generation and transfer (treadle pump, cassava processing, fish processing); successful approaches to rural and community development targeting women and emphasizing training, access to credit and rural infrastructure; soil conservation and environmental management; and demand-driven and participatory approaches to the provision of agricultural support services. These achievements have been documented and validated in a number of reviews and workshops, including the impact assessment of the Sokoto and Katsina State Agricultural and Community Development Projects and the evaluation of the Artisanal Fisheries Development Project.

15. In Nigeria there is a correlation between unsustainable natural resource use and poverty. The complexities of the rural sector, varied agro-ecological zones and, the deteriorating ecological and environmental base calls for a comprehensive approach. Successful poverty reduction and rural development must address issues of access to and management of natural resources, environmental degradation control, and social and economic advancement. Successful development also depends on the involvement of local communities in all activities affecting their well-being. Long-term environmental degradation of the Niger Delta lagoons has been raised as an area of major concern as the lagoon resources are not being managed effectively. As such, the rural poor remain vulnerable to the hazards and damages associated with the continued pollution and over-exploitation of these (sometimes diminishing) common property natural resources. Communities report that they do have management practices agreed among them. **Conservation of fish stocks needs to build on indigenous codes of practice and regulation.**

16. The poorest members of the community are often the slowest to adopt new ideas, technologies and techniques. Within a limited project life, the number of beneficiaries is often small in relation to the targets and the size of the rural population, resulting in high cost per beneficiary of service delivery and limited impact on poverty in project areas as a whole. **Building capacity** and sustainability of grass-roots institutions is a slow process and **requires long-term commitment.** New groups formed for the purpose of accessing project assistance are not very cohesive, whereas working with existing common interest groups tends to be more sustainable.

17. Over reliance on existing social structures can exclude women and youth from decision-making. Sufficient attention must be given to gender/youth analysis/mainstreaming to avoid marginalization of these (and other) disadvantaged groups. Priority needs to be given to informal education and sensitization in order to address the lack of environmental sanitation and primary health care, the rapid spread of HIV/AIDS, poor nutritional status of rural communities, rising violence and population growth. Improving nutrition is not simply a matter of raising carbohydrate and protein levels. Adequacy of diet in terms of vitamins and minerals needs to be ensured.

18. Village-level infrastructures such as feeder roads, intermediary fluvial transportation, schools and primary health care have not developed as much as needed and access to rural markets for farm/fisheries outputs and transport of farm inputs are still constrained. Also, improved village water supply and sanitation have been of little benefit to the rural poor who still frequently suffer from environment-related diseases**.** Improvements in infrastructure are also integral to community development.

19. There have been a number of **project implementation difficulties** in Nigeria. There were noticeable delays in project start-up as a result of slow or non-compliance with loan agreements by the Government. Project management has often neglected the importance of adequate records, accounts and operational procedures. Counterpart funds were either at inadequate levels and/or overdue, thereby frustrating prompt start-up and delivery of services. There is a need to ensure greater awareness of conditions of procurements and disbursements.

## C. IFAD's Strategy for Collaboration with Nigeria

### Nigeria's Policy for Poverty Eradication

20. The Government in its current 1999-2003 economic policy places emphasis on poverty reduction and re-vitalization of non-oil sectors, particularly agriculture and fisheries. The general economic policy also favours disengagement of government from commercial activities and promotion of private sector initiatives. The Government is also committed to fighting corruption. At present, the Government is engaged in the preparation of the poverty-reduction strategy paper (PRSP). The PRSP process has evolved slowly and a draft is due to be presented to donors by the end of 2002.

21. The President of Nigeria launched the Government rural development strategy (RDS) during the visit of IFAD's President in Abuja in December 2001. The RDS provides a framework for future initiatives based on the core principles of: equity among groups and by gender; participatory approaches to cater for community needs and capacity development at the community and local government level; development of a common vehicle for transferring resources to local communities; policy dialogue and support for the decentralization process; and sector reforms that will allow effective empowerment of rural communities, ensure consistency in government interventions, reduce duplication and limit government intervention to a minimum.

### Rural Poverty-Reduction Activities of other Major Donors

22. 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, along with the World Bank and African Development Bank (AfDB) have jointly adopted an operational approach to strengthening collaboration and enhancing partnerships 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 effective approach to ensuring concrete international support for rural development in Nigeria involves community-level development. It also responds to the desire for deeper and more effective institutional partnerships among AfDB, IFAD and the World Bank. The World Bank is currently developing the Second Phase Fadama Development Program (FADAMA II) as well as an institutional strengthening project for NDDC. The Food and Agriculture Organization of the United Nations (FAO) is implementing a major national Special Programme for Food Security (SPFS), which uses similar approaches and target groups for community mobilization. The SPFS is complementary to the West African Regional Sustainable Livelihoods Programme, which aims at improving livelihoods and influencing policies in favour of natural resource-dependent communities. The German Agency for Technical Cooperation (GTZ) is assisting NDDC in developing a Master Plan for the Niger Delta states. The European Union is supporting microprojects in rural areas, focusing on water and sanitation programmes and good governance. The United Nations Development Programme's (UNDP) efforts centre on good governance, and institutional reforms and policies. The United States Agency for International Development (USAID) is implementing a major programme based on microenterprise development, linkages with the private sector, processing and marketing, and youth development and training. The World Bank is involved in macroeconomic policy reforms and the PRSP.

## IFAD's Strategy in Nigeria

23. As most states have different agro-ecological environments, ethnic populations, as well as different implementation capacities, IFAD's (and other donors') future lending operations need to be flexible and aim at regional and progressively national coverage. The implementation of future programmes needs to be well-structured and to address priority areas with a phased approach. As such, management of the IFAD portfolio in Nigeria emphasizes strategic alliances with the World Bank, AfDB, the Department for International Development (DFID), USAID, FAO, the Canadian International Development Agency (CIDA), GTZ and other stakeholders as a way of mobilizing additional resources, sharing experiences, and strengthening policy dialogue with the Government. Collaboration with the International Institute of Tropical Agriculture and other international institutions is building on existing cooperation agreements. Likewise, greater involvement of non-governmental organizations (NGOs), community-based organizations (CBOs) and the private sector in IFAD programmes is being developed. In order to maximize synergy between the different types of IFAD financing, closer and more explicit links between loans and grants are being instituted.

24. The major strategic thrusts of IFAD's support emphasize the empowerment of the rural poor, in particular women, to increase their access to and management of resources, infrastructure and services. Given the scope of IFAD's finances, future programmes will not necessarily provide for all interventions directed at widespread rural poverty reduction, ***rather, IFAD will be catalytic in promoting the institutionalization of common processes whereby poor rural communities are empowered to access assistance and manage mini-projects funded from various sources.***

## Programme Rationale

25. A very large group of rural poor, vulnerable women and youth is now exposed to social risks and further marginalization as traditional coping strategies and informal social safety nets have broken down. The potential of agriculture and fisheries is far from met and land and marine resources remain constrained by environmental degradation, limited generation and uptake of new technologies, and the lack of a comprehensive approach to community participation in rural development. Enabling the rural poor to overcome their poverty requires a strengthening of their capacity and support institutions, and improvements in their access to and effective management of land, water and common property resources on a sustainable basis. General environmental awareness is low in most of the remote riverine communities. Traditional indigenous systems of knowledge and resource management have disintegrated in the face of increased land pressure, poorly defined property rights and outmigration of young adults to urban centres.

# PART II - THE PROGRAMME

## A. Programme Area and Target Group

26. The nine Niger Delta states to be covered by the programme are the richest parts of Nigeria (and West Africa) in terms of natural resources. The area has large oil and gas deposits, as well as extensive forests, good agricultural land and abundant fish resources. However, more than thirty years of oil development have failed to bring significant social and economic benefits to the region, which provides a stark contrast of oil wealth against local impoverishment. The Niger Delta is one of the world's largest wetlands, comprising a vast floodplain formed over many years by the accumulation of sedimentary deposits washed down the Niger and Benue Rivers. Over 60% of Nigeria's mangrove forests (third largest in the world and largest in Africa) are found in the Niger Delta. It has four ecological zones: coastal barrier islands; mangroves; freshwater swamp forests; and lowland forests. The coastal states include huge areas only accessible by boat. Bayelsa, Rivers and Cross River states have extensive coastlines and artisanal fishing is the major rural economic activity. Ondo, Delta and Akwa Ibom, with both coastline and agricultural lands, have both activities, as does Edo even though

it has no coastline. Abia and Imo have no coastline and few large rivers so the main livelihood is agriculture.

**Target Groups**

27. There are three million rural households in the programme area and a rural population of 27 million in the nine states. Most rural and peri-urban residents in the Niger Delta states are poor but the **core poor** or poorest of the poor in these groups are the main target group of IFAD-supported activities. As the benefits of past interventions have rarely reached the extremely poor, the programme will focus on creating awareness among the **core poor** of the opportunities available through programme activities. However, the participation of this group will vary according to activity. With appropriate within-community targeting supported by proactive supervision, most of the **core poor** (a group with a high proportion of women and youth) should benefit from capacity-building, natural resource management (NRM) and community infrastructure activities. Extensive sensitization activities targeted at this core poor group will be undertaken early in the community development cycle. The participation rate will also depend on opportunities for development available within a community. Special attention will be given to stratifying the target groups and to gender analysis to ensure the extremely poor are included in planning and targeted with tailor-made support.

28. Unlike the ***core poor and poor groups***, the less poor will not need the direct intervention of a community-based natural resource management programme (CBNRMP) to increase their productivity and income. However, they must be included in the community mobilization activities to provide support and to acknowledge that sustainable NRM and community development requires inputs from all community groups to be successful**.**

29. During programme inception, targeting of wards, local government areas and activities will focus on three broad issues: (i) representation of the **main agro-ecological zones** in the participating states including sea fishing, riverine fishing and agricultural production, and all zones with high proportions of very poor people. The three senatorial districts in each state broadly represent these zones; (ii) within each agro-ecological zone, **local government areas (LGAs) will be screened** using wealth ranking tools to identify those LGAs with higher proportions of poor communities (in terms of assets, income and resources) but with commitment to taking a community-driven development approach to meeting the needs of their wards and communities, and to using opportunities to enhance community well-being. The ability and willingness of the LGC to source counterpart funding will be assessed; and, (iii) within the LGAs a community participation approach will be used so that ward/community representatives can work with the LGC community-driven development team to identify the criteria (proportion of very poor people, opportunities, cohesiveness, other outside development interventions) for inclusion of communities in the programme.

## B. Objectives and Scope

30. The **goal** of the CBNRMP is: "Standard of living and quality of life improved for at least 400 000 rural poor people of the Niger Delta states with emphasis on women and youth." The **purposes** of the programme are: (i) rural community and service provider capacity for community development strengthened; and (ii) community development fund established and effectively disbursing.

## C. Components

31. **Institutional strengthening**. The objective of this component (45% of funds) is to develop the capacity of the various levels of government, NGOs, and CBOs to support proactively capacity-building within rural communities so they can plan, implement, monitor and maintain development of livelihood improvements, sustainable management of their natural resources and village infrastructure. Activities will include supporting active and constructive partnerships with all

stakeholders having an influence in the Niger Delta region. This component will complement the proposed World Bank/NDDC Institutional Strengthening Project through supporting development of an effective strategy for institutional linkages for implementation and coordination, planning and delivery, and monitoring and evaluation (M&E) mechanisms consistent with the Master Plan being developed by GTZ. Appropriate environmental concepts to support traditional knowledge will be developed with focus on State Environment and Pollution Bureau and Fisheries staff providing resources to environmental education and public education programmes.

32. **Community Development Fund**. Through this component (55% of funds), IFAD will support community initiatives in sustainable livelihood improvement, sustainable NRM and small-scale community infrastructure. IFAD will also demonstrate delivery mechanisms to support community-driven programme selection, design and implementation processes that can be continued after IFAD support is completed. The crosscutting issues of **women and youth group development and empowerment** will be incorporated into all the proposed activities. A major challenge for the CBNRMP is to reduce current tension and conflict by improving productive opportunities for youth and channelling their energies into development of sustainable livelihoods and NRM activities. Initially this will be supported through the programme community development fund (CDF), however emphasis will be placed on developing the capacity of communities and LGCs to secure additional funding through the Government, other local agencies (such as NDDC) and external sources to implement further community development activities. Flexible timing and loan disbursement are needed to allow communities to develop a cohesive implementation plan and the skills to implement the planned activities. Experience in other IFAD projects suggests that the percentage of the target group that will successfully improve their livelihoods is likely to be around 20% as this will require more individual and entrepreneurial initiative[5]. The main beneficiaries therefore are more likely to come from the **poor group,** though those who do come from the **core poor** will be largely women and youth.

## D. Costs and Financing

33. The programme will be financed through an IFAD loan of about USD 15.0 million (excluding the Special Operations Facility (SOF) grant) representing approximately 18.3% of programme total costs, NDDC funding of USD 15.0 million (18.3% of total costs) and a contribution by the various levels of Government of USD 44.0 million (53.6% of total costs). The contributions from the federal, state and local government levels are respectively USD 3.8 million, USD 8.2 million and USD 32.0 million, and will include USD 1.5 million of duties and taxes. It is estimated that participating communities will contribute the equivalent of USD 4.4 million (5.4% of total programme costs) in the form of labour and materials for the construction and rehabilitation of village infrastructure under the CDF. On average this contribution in kind would be around 10% of investment costs. Cofinancing for technical assistance of about USD 3.8 million is also proposed for funding under the World Bank Niger Delta Institutional Strengthening Project. Table 1 presents a summary of programme costs by component and Table 2 presents the programme financing plan by component.

[5] Very small-scale income-generating opportunities such as a small-scale fish processing and also basic life skill-training programmes will be used to provide asset-poor families with the opportunity to take the first step out of poverty by building an asset base and strengthening their confidence and capacity to help themselves.

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

| Components | Local | Foreign | Total | % Forex | % Base Costs |
|---|---|---|---|---|---|
| **A. Institutional strengthening** | | | | | |
| Local level | 10.29 | 4.86 | 15.15 | 32 | 19 |
| State level | 11.11 | 2.44 | 13.55 | 18 | 17 |
| Federal/interstate level | 2.67 | 0.52 | 3.19 | 16 | 4 |
| Technical assistance | 2.00 | 1.77 | 3.77 | 47 | 5 |
| **Sub-total** | **26.07** | **9.59** | **35.66** | **27** | **45** |
| **B. Community development fund** | | | | | |
| Village infrastructure | 22.87 | 2.54 | 25.41 | 10 | 32 |
| Livelihood development | 11.65 | 1.29 | 12.94 | 10 | 16 |
| Natural Resource Management | 5.23 | 0.58 | 5.81 | 10 | 7 |
| **Sub-total** | **39.75** | **4.42** | **44.17** | **10** | **55** |
| **Total base costs** | **65.82** | **14.00** | **79.83** | **18** | **100** |
| Physical contingencies | - | - | - | - | - |
| Price Contingencies | **1.36** | **0.96** | **2.32** | **41** | **3** |
| **Total programme costs** | **67.18** | **14.96** | **82.15** | **18** | **103** |

[a] Discrepancies in totals are due to rounding.

**TABLE 2: FINANCING PLAN**[a]
(USD million)

| Components | IFAD | | Federal Government | | Cofinancing TA Funds[b] | | NDDC | | State Government | | LGCs | | Beneficiaries | | TOTAL | | Foreign Exch. | Local (exc. taxes) | Duties and Taxes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Amt | % | Amt | % | Amt | % | Amt | % | Amt | % | Amt | % | Amt | % | Amt | % | | | |
| **Institutional strengthening** | 6.0 | 15.8 | 3.8 | 10.0 | 3.8 | 10.6 | 6.3 | 17.6 | 3.8 | 10.0 | 14.3 | 38.0 | - | - | 38.0 | 46.2 | 10.6 | 26.6 | 0.8 |
| **Community development fund** | 9.0 | 20.4 | - | - | - | - | 8.7 | 19.6 | 4.4 | 10.0 | 17.7 | 40.0 | 4.4 | 10.0 | 44.2 | 53.8 | 4.4 | 39.1 | 0.7 |
| **Total disbursement** | **15.0** | **18.3** | **3.8** | **4.6** | **3.8** | **4.6** | **15.0** | **18.3** | **8.2** | **10.0** | **32.0** | **39.0** | **4.4** | **5.4** | **82.2** | **100.0** | **15.0** | **65.7** | **1.5** |

[a] Discrepancies in totals are due to rounding.
[b] To be determined and being considered by the World Bank.

## E. Procurement, Disbursement, Accounts and Audit

34. Procurement will be conducted at the community, LGA, state and federal government levels in accordance with government regulations, to an extent consistent with the guidelines of the CI. Contracts for community-led activities up to USD 5 000 may be awarded through direct contracting on terms and conditions approved by the CI. Contracts above USD 50 000 for all procurement categories will be subject to prior review by the CI. Contracts for consultants and studies will be in accordance with CI guidelines. Terms of reference, contract conditions and the qualifications and experience of consultants will be subject to prior review and approval by the CI. In consultation with state government supply offices and LGCs and based on its own market surveys, the State Programme Support Office (SPSO) will establish a database of suppliers of goods, input prices, and a list of service providers including local consultants, artisans and NGOs. This information will be made available to LGCs and communities for their use.

35. To facilitate timely payments for works, services and supplies, nine special accounts will be opened and maintained by the Federal Government and each of the participating states in commercial banks satisfactory to IFAD. The accounts will be held in USD with an initial deposit of USD 110 000 for the Federal Government special account, and USD 300 000 for each state's special account, equivalent to IFAD's share of expenditure for six months. Withdrawals will be made from the loan account against statements of expenditure (SOEs) for categories of expenditures jointly determined by the Government, IFAD and the CI. The relevant documentation justifying these expenditures will be retained by the programme coordination unit (PCU) and made available for inspection by supervision missions and external auditors. All other withdrawals from the loan account will be based on full supporting documentation.

36. The implementing agencies will maintain independent accounts for IFAD-financed activities. The charts of accounts and unified accounting system will meet CBNRMP requirements. Operations at all levels will be subject to audit by the internal audit units applying internationally accepted procedures and control including prepayment audit. The programme annual financial reports at the federal, state, and local government levels will be subject to annual audits by independent external auditors of international standard acceptable to IFAD. The auditor will examine the documentation of expenditures carried out under SOE and provide opinion on the operation of the special accounts. The auditors will submit audited financial statements along with a long form report not later than six months after the end of the Federal Government of Nigeria's fiscal year.

## F. Organization and Management

37. Existing institutions within the decentralized system of governance will manage the programme. The NDDC (providing major funds for implementation) and the PCU of the Federal Ministry of Agriculture and Rural Development (FMARD) (responsible for management of IFAD loan funds) will be responsible for overall programme coordination, provision of technical assistance to the states to ensure effective implementation and M&E. An organigramme of the administrative and consultative structure is provided in Appendix IV. Details of organizational arrangements are provided in Appendix V.

38. Effective programme implementation will require a period of sensitization, mobilization, and pilot-testing and development of processes to maximize the chances of success. To allow time for this, the programme will initially work in three pilot states focusing on one LGA in each for 15-18 months. The core team of Programme Support Office (PSO) staff will also use this period to complete development of the programme implementation and M&E manuals, begin procurement, undertake specialist training and thematic studies, and develop links with key organizations and institutions. Funding for the initial work will be directed at the following critical activities: (i) completion of the two manuals; (ii) development and use of guidelines for participatory community selection within

participating LGAs; (iii) recruitment of additional PSO staff and their location in participating states; (iv) establishment and staffing of the SPSOs; (v) development of the second-year programme annual workplan and budget (AWP/B); and, (vi) procurement. During the second supervision mission, a review of progress and the effectiveness of the processes developed will be made to assess: (i) if the programme processes are operating successfully; (ii) what changes should be made to improve impact and targeting; and (iii) the pace and intensity at which the programme should be expanded to the remaining Niger Delta states.

39. Community-based demand-driven programmes are best monitored with decentralized participatory **M&E** systems, which integrate continuous evaluation with ongoing programme planning, development of AWP/Bs, adjustments to programme design and programme supervision. These principles will be incorporated in the M&E framework for the CBNRMP, which has been designed using the logical framework (logframe) approach. The communities will determine outputs of the CDF component so a similarly flexible approach to M&E in this area is needed. The programme will require ongoing adjustment, as will M&E procedures. The M&E framework will incorporate learning opportunities that support planning and design optimization. The programme design concept and the M&E approach are new to Nigeria, particularly at the LGC level where the CBNRMP will largely operate.

40. The programme accords high priority to addressing the needs of women and youth, and directing activities towards conflict resolution and the harnessing of community energy to bring about constructive community development. The M&E framework highlights the need to monitor mainstreaming of gender and youth issues and will work with communities to develop ways of identifying the early signs of community conflict. In this way, new programme approaches and activities can be developed or resources found to assist communities in dealing with potential problems before they cause major disruption to the community.

41. The **M&E** system will be focused on clearly defined and agreed indicators, relating to each level of the objective hierarchy and tailored to meet the needs of the four levels of programme implementation – community, LGC, state and federal. The logframe matrix will be revised annually in the light of lessons learned. The programme logical framework including proposed indicators is provided in Appendix III, supported by details on M&E indicators.

## G. Economic Justification

42. About 13%, or 2.5 million people (416 600 families), in the nine states to be covered by the programme will directly benefit from the CDF and indirectly from better service provision as a result of the capacity built at the federal, state and local government levels under the programme. This results in an average total programme input per target person of approximately USD 32 or USD 192 per family. Assuming the targeting processes are implemented effectively so that most benefits reach at least the poorest half of the rural communities, the benefit is increased to USD 350 per family.

43. The most substantial benefits from the programme, which is particularly focused on the needs of women and youth, will come from the institutionalization of the community-driven development approach to development planning and implementation processes. This approach empowers communities to demand improved services from their local and state governments with minimal political interference. In addition there will be significant qualitative benefits from the skills, confidence and opportunities generated by the programme, which will be valuable in harnessing energy, enthusiasm and resources, and reducing conflict in the community. Also, the additional resources that could be sourced from Nigerian funding agencies and official development assistance donors will be more effectively used through socially and institutionally acceptable processes.

## H. Risks

44. The major programme risk relates to the lack of public confidence in government performance as the Niger Delta has a history of non-performing government institutions. The comprehensive Master Plan for Development in the Niger Delta being prepared by GTZ should introduce a more coherent approach to rural development. The CBNRMP is the first major initiative to be implemented that is consistent with the Master Plan. The programme will contribute to overcoming public scepticism of rural development and poverty reduction in the Niger Delta. The current dispute between the Government Executive and Parliament over release of budget allocations could compromise programme implementation, as such a gradual start-up of implementation activities is proposed with three states participating in the first instance.

45. The design assumes that local and state governments will adopt the programme principles, abide by the loan effectiveness and disbursement conditions and commit an increasing share of their own technical and financial resources in support of community-based initiatives. The risk of duplication of institutional responsibilities and effort calls for rationalization of services provided. Recent emphasis given in government policy statements and institutional reforms being proposed will overcome such risks. However, mitigating measures, including further discussion during loan negotiations, pre-implementation of the principles and required commitments from the states, will be followed up and monitored during the initial implementation year. If the trail-blazing is successful in ensuring that a higher level of resources reaches the rural poor with positive impacts on poverty, it is assumed that it will be in the interests of local and state governments to continue and increase financing of the programme and for other local governments to replicate the approach using their own resources. Focused supervision and strong support for capacity-building will be critical.

## I. Environmental Impact

46. A capacity-building fund will have no adverse effects on the physical environment. It will have a positive impact by building the capacity of service providers and participating communities to promote and implement sustainable fisheries and agricultural management. Activities supported by the CDF will have potential positive and negative impacts. Sustainable agricultural development activities should have a positive environmental impact by assisting rural communities in adopting better land husbandry practices. Artisanal fisheries development could have negative effects if the expansion of catch fisheries is promoted. This possibility is specifically excluded until the size and sustainability of the stock is established. Aquaculture and cage culture could similarly have adverse environmental effects if not managed properly.

47. In view of the significant environmental issues associated with NRM in the Niger Delta, and in artisanal fisheries in particular, the proposed artisanal fisheries activities mean that the whole programme is classified **Category A** in line with IFAD environmental guidelines. As a result, an environmental impact assessment (EIA) had to be undertaken and a spectrum of impacts reviewed from social, economic and environmental perspectives. The conclusions are reflected in an environmental screening and scoping note, setting out the recommended features to improve management of the fish and associated resources and prevent or mitigate environmental problems. The EIA conclusions will also be set out in an environmental management plan, which is an integral aspect of programme implementation at all levels.

48. As specific interventions can only be determined following community-based needs assessment, during the participatory planning process communities will be assisted in assessing their NRM requirements and in anticipating likely environmental problems, so that mitigating measures are included in the design interventions. Similarly, involvement of communities in monitoring and evaluating environmental impact of interventions will allow speedy identification of environmental problems and initiation of remedial measures before lasting damage has been done.

49. The sustainable livelihood and NRM activities should not have negative environmental impacts. In contrast, by providing poor rural households with alternative income sources they will lessen dependence on short-term exploitation of natural resources. However, poorly designed and constructed community infrastructure could have negative environmental impacts, e.g.: (i) road construction and maintenance without attention to drainage; and, (ii) poor location or design of new boreholes and wells could increase contamination and incidence of water-borne diseases. As potential negative impacts are not major and remedial measures can be easily taken to correct them, the non-fisheries parts of the programme can be considered as **low risk** environmentally.

## J. Innovative Features

50. The institutional, physical, environmental and social issues favour a comprehensive approach, which promotes community-based NRM activities and specifically addresses: (i) aspects of community cohesion by focusing on activities to channel energy that could otherwise lead to conflict, into community and livelihood improvement; (ii) the policy and institutional environment; and (iii) the natural resource sector and the biophysical environment. Given the history of non-performing institutions and the reputation for corruption and mismanagement, there is a lack of public confidence in government performance in the Niger Delta. The programme is innovative in that it attempts to support the NDDC (also to be supported by a major World Bank institutional strengthening project) in the latest government response to these institutional shortcomings. Also, the CBNRMP is the first major initiative to be implemented and which is consistent with the Master Plan (prepared by GTZ). As such there is significant engagement of donor coordination. The programme is also innovative as it tackles issues of public scepticism to rural development and poverty reduction in the Niger Delta.

# 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 draft programme 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 eleven million three hundred and fifty thousand Special Drawing Rights (SDR 11 350 000) to mature on and prior to 10 September 2042 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

**ANNEX**

# SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES INCLUDED IN THE DRAFT PROGRAMME LOAN AGREEMENT

(Loan to be negotiated)

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

(b) Each state Ministry of Finance 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 will receive state counterpart funds. The Minister for Finance will fully authorize the state programme officer 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 will receive local government counterpart funds. The director of finance of each 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 counterpart funds available to FMARD from its own resources for the federal programme in an aggregate amount of approximately USD 3.80 million equivalent. For this purpose, the Government shall deposit an initial amount in the appropriate federal programme account equal to the counterpart funds called for in the annual work programme and budget (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 the relevant state and local government counterpart funds available to each state's state support office and LGCs in the aggregate amount of approximately USD 912 660 and USD 507 960 equivalent, respectively. For this purpose, the Government will deposit in the appropriate state and local programme accounts an initial amount 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. **Fisheries practices.** The Government will ensure that practices developed and implemented under the programme will fully comply with the Food and Agriculture Organization of the United Nations (FAO) Code of Conduct for Responsible Fisheries as adopted by the 28th session of the FAO Conference, 31 October 1995.

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

5. **Auditors.** Within 90 days of effectiveness, the Government will have selected the independent auditors for the federal portion of the programme, subject to IFAD's prior review and approval.

6. **Programme implementation manual.** Within 90 days of effectiveness, the programme implementation manual will have been approved by IFAD in draft, and a copy of the programme implementation manual as adopted by the programme support office (PSO) will have been delivered

to IFAD, substantially in the form approved and certified as true and complete by a competent officer of the PSO.

7. **Accounting and information management.** Within 90 days of effectiveness:

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

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

8. **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 FAO, as amended from time to time, or listed in Tables 1 (Extremely Hazardous) and 2 (Highly Hazardous) of the World Heath Organization Recommended Classification of Pesticides by Hazard and Classification 1996-1997, as amended from time to time.

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

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

11. The following are specified as conditions for disbursement of funds from certain categories of the loan:

(a) No withdrawal shall be made in respect of expenditures under the programme in any individual state until the following conditions have been met:

(i) the programme agreement between IFAD and the state has been signed; the signature and performance thereof by the relevant state have been 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) have been fulfilled; and

(ii) the subsidiary loan agreement between the Government and the state has been approved by IFAD in draft; a copy of the signed subsidiary loan agreement has been delivered to IFAD, substantially in the form approved and certified as true and complete by a competent officer of the state; the signature and performance thereof by the relevant state have been 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) have been fulfilled.

(b) No withdrawal shall be made in respect of expenditures under sub-category (a) (Community Development Fund) of any category until at least one LGA has been selected to participate in the programme, and with respect to such LGA the following actions have been taken:

(i) the Local Government Development Committee has been established;

(ii) the state has appointed state implementing-agency staff to the LGC office;

(iii) the LGC has opened both local programme accounts, and the Government has deposited the initial instalment of the counterpart contribution in the appropriate local programme account; and

(iv) the LGC memorandum of understanding has been signed, and the signature and performance thereof by the state have been authorized and ratified by all necessary administrative and governmental action, and a copy of the LGC memorandum of understanding has been delivered to IFAD.

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

(a) a programme coordinator has been appointed by the Government and approved by IFAD;

(b) the PSO has been established and is fully operational;

(c) the Government has opened the federal special account and federal programme accounts, and has made the initial deposit of counterpart funds in the appropriate federal programme account;

(d) the AWP/B for the first programme year has been submitted and is satisfactory to IFAD;

(e) the NDDC financing agreement has been delivered to IFAD, in form and substance acceptable to IFAD, and all conditions precedent to the effectiveness or validity thereof (other than the effectiveness of the loan documents) have been fulfilled.

(f) with respect to each of three states:

(i) the relevant programme agreement has been signed, and the signature and performance thereof by the authorized representative of the state have been 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) have been fulfilled; and

(ii) the subsidiary loan agreement has been approved by IFAD in draft; a copy of the signed subsidiary loan agreement has been delivered to IFAD, substantially in the form approved and certified as true and complete by a competent officer of the state; the signature and performance thereof by the relevant state have been 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) have been fulfilled.

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

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

**APPENDIX I**

# COUNTRY DATA

| | | | |
|---|---|---|---|
| **Land area ($km^2$ thousand) 2000 1/** | 911 | **GNI per capita (USD) 2000 1/** | 260 |
| **Total population (million) 2000 1/** | 126.9 | **GNP per capita growth (annual %) 2000 1/** | 0.4 |
| **Population density (people per $km^2$) 2000 1/** | 139 | **Inflation, consumer prices (annual %) 2000 1/** | 6.9 |
| **Local currency** | Naira (NGN) | **Exchange rate: USD 1 =** | NGN 125 |

| | | | |
|---|---|---|---|
| **Social Indicators** | | **Economic Indicators** | |
| Population (average annual population growth rate) 1980-99 2/ | 2.9 | GDP (USD million) 2000 1/ | 41 248 |
| | | Average annual rate of growth of GDP 2/ | |
| Crude birth rate (per thousand people) 2000 1/ | 40 a/ | 1980-90 | 1.6 |
| Crude death rate (per thousand people) 2000 1/ | 16 a/ | 1990-99 | 2.4 |
| Infant mortality rate (per thousand live births) 2000 1/ | 83 a/ | | |
| Life expectancy at birth (years) 2000 1/ | 47 a/ | Sectoral distribution of GDP 2000 1/ | |
| | | % agriculture | 39 a/ |
| Number of rural poor (million) (approximate) 1/ | 25.9 | % industry | 33 a/ |
| Poor as % of total rural population 2/ | 36 | % manufacturing | 5 a/ |
| Total labour force (million) 2000 1/ | 50.3 | % services | 28 a/ |
| Female labour force as % of total 2000 1/ | 37 | | |
| | | Consumption 2000 1/ | |
| **Education** | | General government final consumption expenditure (as % of GDP) | 14 |
| School enrolment, primary (% gross) 2000 1/ | n.a. | | |
| Adult illiteracy rate (% age 15 and above) 2000 1/ | 36 | Household final consumption expenditure, etc. (as % of GDP) | 56 |
| **Nutrition** | | Gross domestic savings (as % of GDP) | 31 |
| Daily calorie supply per capita, 1997 3/ | 2 735 | | |
| Malnutrition prevalence, height for age (% of children under 5) 2000 1/ | n.a. | **Balance of Payments (USD million)** | |
| | | Merchandise exports 2000 1/ | 20 100 |
| Malnutrition prevalence, weight for age (% of children under 5) 2000 1/ | n.a. | Merchandise imports 2000 1/ | 12 910 |
| | | Balance of merchandise trade | 7 190 |
| **Health** | | Current account balances (USD million) | |
| Health expenditure, total (as % of GDP) 2000 1/ | 2.8 | before official transfers 1999 1/ | -786 |
| Physicians (per thousand people) 1999 1/ | n.a. | after official transfers 1999 1/ | 506 |
| Population using improved water sources (%) 1999 4/ | 57 | Foreign direct investment, net 1999 1/ | 1 593 a/ |
| Population with access to essential drugs (%)1999 4/ | 10 | | |
| Population using adequate sanitation facilities (%) 1999 4/ | 63 | **Government Finance** | |
| | | Overall budget deficit (including grants) (as % of GDP) 1999 1/ | n.a. |
| **Agriculture and Food** | | Total expenditure (% of GDP) 1999 1/ | n.a. |
| Food imports (% of merchandise imports) 1999 1/ | 27 | Total external debt (USD million) 1999 1/ | 29 358 |
| Fertilizer consumption (hundreds of grams per ha of arable land) 1998 1/ | 67 | Present value of debt (as % of GNI) 1999 1/ | 90 |
| | | Total debt service (% of exports of goods and services) 1999 1/ | 6.0 |
| Food production index (1989-91=100) 2000 1/ | 153.6 | | |
| Cereal yield (kg per ha) 2000 1/ | 1 212 | | |
| | | Lending interest rate (%) 2000 1/ | 20.3 a/ |
| **Land Use** | | Deposit interest rate (%) 2000 1/ | 12.8 a/ |
| Arable land as % of land area 1998 1/ | 31.0 | | |
| Forest area ($km^2$ thousand) 2000 2/ | 135 | | |
| Forest area as % of total land area 2000 2/ | 14.8 | | |
| Irrigated land as % of cropland 1998 1/ | 0.8 | | |

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Indicators* database
2/ World Bank, *World Development Indicators*, 2001
3/ UNDP, *Human Development Report*, 2000
4/ UNDP, *Human Development Report*, 2001

**APPENDIX II**

# PREVIOUS IFAD FINANCING

| Project/Programme Name | Initiating Institution | Cooperating Institution | Lending Terms | Board Approval | Loan Effectiveness | Current Closing Date | Loan Amount SDR | Disbursement (as % of approved amount) |
|---|---|---|---|---|---|---|---|---|
| Multi State Agricultural Development Project | IFAD | IBRD | I | 05 Dec 85 | 25 Sep 87 | 30 Jun 97 | 12 050 000 | 97 |
| Artisanal Fisheries Development Project | IFAD | UNOPS | I | 30 Nov 88 | 05 Apr 91 | 30 Sep 97 | 11 150 000 | 55 |
| Katsina State Agricultural and Community Development Project | IFAD | IDA | HC | 12 Dec 90 | 08 Jul 93 | 30 Jun 01 | 8 550 000 | 95 |
| Sokoto State Agricultural and Community Development Project | IFAD | IDA | HC | 08 Sep 92 | 04 Nov 94 | 30 Jun 01 | 6 500 000 | 99 |
| Benue and Niger States Agricultural Support Project | IFAD | AfDB | HC | 02 Dec 93 | Cancelled | | | |
| Roots and Tubers Expansion Programme | IFAD | IDA | HC | 09 Dec 99 | 31 Jul 01 | 31 Mar 10 | 16 700 000 | |
| Community-Based Agricultural and Rural Development Programme | IFAD | IDA | HC | 12 Sep 01 | | | 23 800 000 | |

# LOGICAL FRAMEWORK

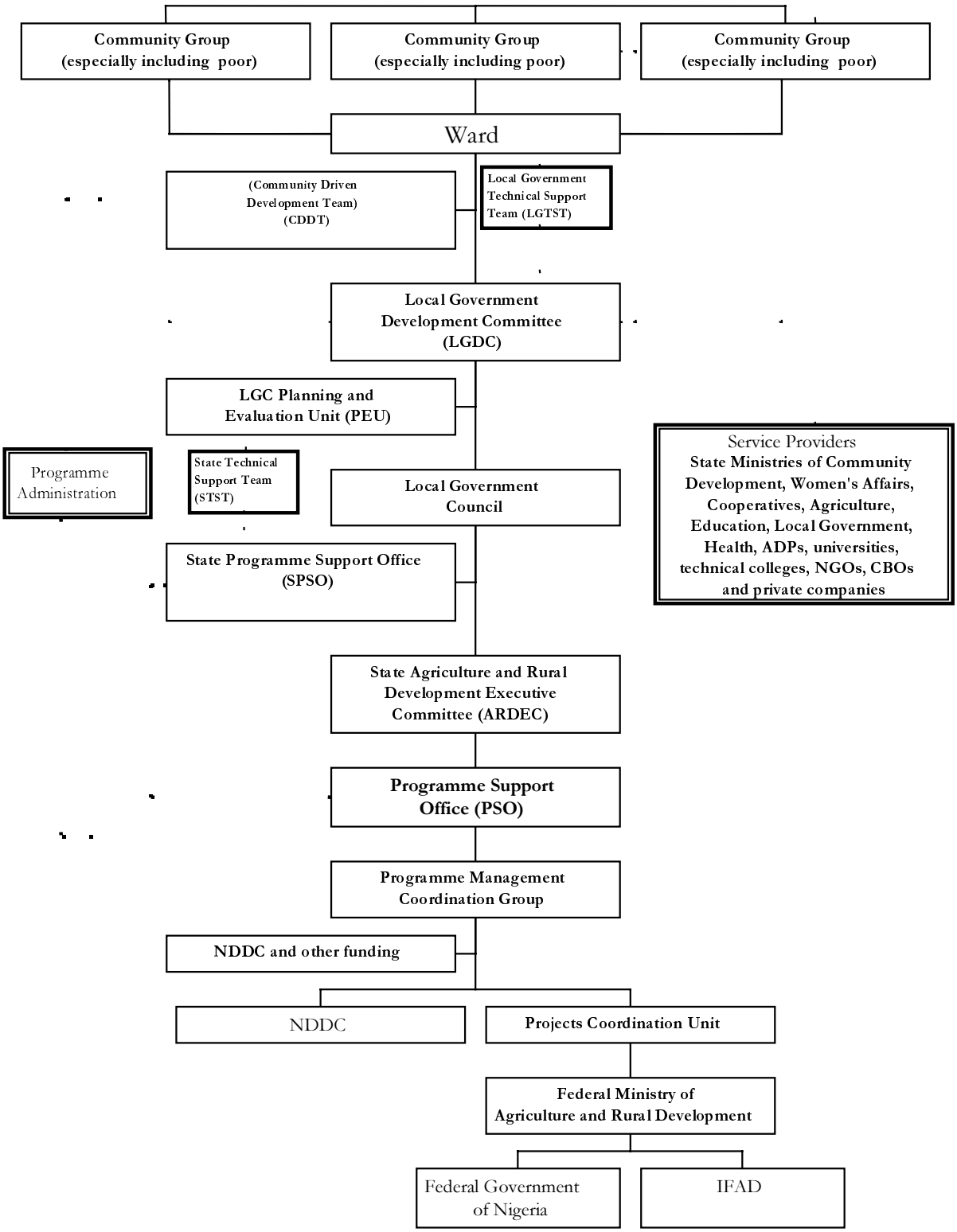
| GOAL | Performance Questions and Target Indicators | Monitoring Mechanisms and Information Sources | Assumptions |
|---|---|---|---|
| Standard of living and quality of life improved for at least 400 000 poor rural people of the Niger Delta states with emphasis on women and youth. | Performance Questions:<br>• For whom has poverty been reduced and in what way?<br>• For whom has food security/nutrition changed and in what way?<br>• How has the purchasing power of target households changed?<br>• How have project interventions influenced the quality of health and education?<br>• How equitably have disadvantaged groups benefited?<br><br>Target Indicators:<br>In at least 189 communities:<br>• Percentage increase in real per capita income<br>• Percentage reduction in number of rural households below the poverty line<br>• Improved household nutrition<br>• Increase in the number of productively employed women and youth.<br>• Reduced infant mortality rates.<br>• Reduced incidence of water-borne disease<br>• Reduced conflict levels within and among communities | • Sample household/farm surveys (baseline, mid-term, end of IFAD funding period and three years later)<br>• Participatory impact monitoring to complement household/farm surveys<br>• Field observations by staff of service providers<br>• Analysis of relevant government statistics<br>• Analysis of local economic activity (baseline, mid-term, end of funding period and three years later) | • Agriculture/fish production can be profitable at prevailing terms of trade and interest rates<br>• Government policy conducive to rural development<br>• Counterpart funds provided on time<br>• Support organizations adequately funded<br>• Communities commit to proactive participation in programme<br>• Existing social hierarchy able to adapt to bottom-up, demand-driven development process<br>• Anger at lack of development progress does not preclude proactive participation. |

| COMPONENT PURPOSES | Performance Questions and Target Indicators | Monitoring Mechanisms and Information Sources | Assumptions |
|---|---|---|---|
| ***(1) Rural community and service provider capacity for community development strengthened.*** | Performance Questions:<br>• In what ways has performance of service providers changed?<br>• In what ways have rationalization, decentralization and client focus of service providers changed?<br>• How successful have communities been in initiating and implementing development?<br>• To what extent has rural development moved from top-down to bottom-up?<br><br>Target Indicators:<br>Number of communities that:<br>• are determining resource allocation and actively participating in the assessment, planning and implementation of solutions to their needs<br>• are applying for, and succeeding in securing, outside funding for community activities (Government, NGO or external development agency)<br>• are satisfied with performance of local government and service providers<br>• have sourced appropriate support and funding to manage and invest in their own sustainable development<br>• have increased levels and proportions of state and local government resources reaching the poorer and more vulnerable groups including women and youth | • Pre and post-intervention community needs assessments<br>• Annual budget publications by Government, state governments and LGCs<br>• Annual review workshops by beneficiaries<br>• Village association, LGC and state government AWP/Bs<br>• Evaluation reports including evaluation of sample microprojects and beneficiary/environmental impact assessments<br>• Field observations by staff of service providers<br>• Participatory M&E reporting<br>• Supervision reports, mid-term review programme completion report and post-completion report | • Support institutions able to adapt to demand-driven management<br>• Communities develop self-confidence to accept empowerment<br>• Sufficient suitable service providers identified<br>• National policy of decentralization followed through<br>• Government service providers adequately funded |

| COMPONENT PURPOSES | Performance Questions and Target Indicators | Monitoring Mechanisms and Information Sources | Assumptions |
|---|---|---|---|
| (2) ***Community development fund established and effectively disbursing funds*** | Performance Questions:<br>• How have levels and diversity of household incomes changed?<br>• How has development of village infrastructure contributed to poverty reduction?<br>• What effect has making natural resource management sustainable had on nutrition and incomes?<br>• To what extent have CDF funds benefited women, youth and other vulnerable groups and how?<br>• To what extent has conflict been reduced in the Niger Delta states?<br><br>Target Indicators:<br>Number of communities that have:<br>• increased employment opportunities for women and youth<br>• reduced incidence of water-borne diseases<br>• prioritized, planned, implemented, maintained and monitored appropriate developments in:<br>- natural resource management<br>- village infrastructure<br>- livelihood improvement | • Pre and post-intervention community needs assessments<br>• Annual budget publications by Government, state governments and LGCs<br>• Financial statements of implementing agencies<br>• Annual Review Workshops by beneficiaries<br>• Village association, LGC and state government AWP/Bs<br>• Evaluation reports including evaluation of sample microprojects and beneficiary/environmental impact assessments<br>• Field observations by staff of service providers<br>• Participatory M&E reporting<br>• Supervision reports, mid-term review programme completion report and post-completion report | • Government, state and local governments and community organizations have proactive commitment to programme objectives<br>• Rural communities accept methods and activities to be employed for the reduction of poverty and food insecurity<br>• Institutional strengthening component successfully initiated<br>• Social cohesiveness of communities adequate and maintained<br>• Energies currently creating conflict can be channelled to community benefit |

**APPENDIX IV**

# ORGANIGRAMME



# ORGANIZATION AND MANAGEMENT

**Overview of Programme Organization and Coordination**

1. Existing institutions within the decentralized system of governance will manage the programme. The NDDC (providing major funds for implementation) and the Project Coordination Unit (PCU) of FMARD (responsible for management of IFAD loan funds) will be responsible for overall coordination of the programme, provision of technical assistance to the states to ensure effective implementation and, monitoring and evaluation.

**Federal Level**

**Lead Programme Agency**

2. FMARD, as lead programme agency for IFAD loans in Nigeria, and NDDC will be responsible for overall programme coordination, implementation and oversight. To this end, FMARD will, working through the Programme Support Office: (i) review federal and programme Annual Work Programmes and Budgets; (ii) ensure follow-up on the recommendations of the cooperating institution and of supervision missions; (iii) coordinate monitoring and evaluation activities and thematic studies; (iv) sign federal and state withdrawal applications; (v) operate Federal Programme Accounts A and B; (vi) coordinate the mid-term review and programme completion report; and, (vii) with NDDC, supervise the Programme Support Office and ensure that it is provided with the appropriate technical support. Specific management responsibilities will be assigned among the programme parties, as described below.

**Agricultural and Rural Development Consultative Group**

3. **Establishment and composition.** The current Agriculture and Rural Development Consultative Group (ARDCG) already formed at the central level to coordinate rural development activities in Nigeria will be expanded to include CBNRMP stakeholders not already represented. Unless otherwise agreed between the Government and IFAD, the ARDCG will have representatives from the FMF, National Planning Commission (NPC), FMARD, NDDC, Federal Department of Agriculture (FDA), Federal Department of Rural Development (FDRD), FDPRS, PCU and PSO, and will also include representatives of AfDB, IFAD, the World Bank, DFID, CIDA, FAO and other development partners involved in community-based rural development. ARDCG will designate a Secretary.

**Responsibilities**. The ARDCG will meet annually in one of the states to develop and/or modify programme policies. To this end, the ARDCG will review the progress of the programme in the context of other rural poverty reduction programmes implemented by the World Bank, AfDB and other agencies, and provide policy recommendations to enhance programme effectiveness and to facilitate its replication on a national level. The Secretary of ARDCG will prepare a report detailing the findings of each annual meeting, describing progress and constraints regarding achievement of programme objectives and making appropriate recommendations.

**State-Level Implementation Responsibilities**

4. As secretariat of the Agricultural and Rural Development Executive Committee (ARDEC), the State Programme Support Office will be responsible for consolidation of the AWP/B, reporting progress and overall monitoring and evaluation of the programme at the state level. It will be provided with technical support in this respect by the technical coordination team in NDDC. The SPSO will coordinate M&E activities with those of NPC at the national level to avoid duplication and promote complementarity. IFAD and the cooperating institution will assure such coordination by focusing on the M&E activities as reflected in the AWP/Bs.

5. To provide technical support to communities, avoid policy conflicts and reduce costs, state-level implementing agencies will be encouraged to locate their frontline staff at the LGC level. Each LGDC will ensure that frontline staff, including LGC staff, work as a team at the community level. The SMLG's Supervision Division will undertake regular field visits to ensure that programmes are being executed as budgeted and that financial efficiency and transparency are assured and satisfactory to the rural communities.

**Local Government Implementation Responsibilities**

6. **Local governments** are responsible for agricultural and rural development in their areas of jurisdiction. Programme implementation will be mainstreamed within the existing LGC structure, with training and other technical assistance provided to strengthen its financial management, procurement, internal control, planning, monitoring and reporting. The departments covering agricultural technical services, education, social services, primary health care and works are weak and will be strengthened under the programme through improved quality of staff, and by training and technical support from the state line ministries. The departments will be refocused on delivery of services to the communities. As much as possible, frontline staff will stay in the village areas to maintain close contacts with the communities. The LGC Planning and Evaluation Unit (PEU) will be responsible for planning, collation of the participating communities' AWP/Bs, progress reporting, and monitoring and evaluation in close collaboration with the ADP.

**Community Implementation Responsibilities**

7. **Communities, groups and associations** will play the leading role in programme planning and implementation. With appropriate support from the Community-Driven Development Team (CDDT), they will prepare, and annually review, their development programmes. Through their representatives in the LGDC they will monitor the community AWP/B and ensure that LGC budgets reflect their development priorities. They will choose their service providers, contribute to developments and set up suitable arrangements for the repair and maintenance of rural infrastructure and other community facilities. Communities will be encouraged to organize themselves and establish groups to oversee the planning, execution and management of social infrastructure, and community agricultural, fisheries and forestry resources. These committees will provide support in collection of funds and management of bank accounts for development and maintenance of facilities. Communities will select representatives to be trained by the programme in services required by the communities. Such services will include simple supportive businesses such as para-veterinary clinics for livestock health, management of community pharmacies following the Bamako initiative guideline of the World Health Organization, basic maintenance of community infrastructure and traditional birth attendants.