
Federal Republic of Nigeria
Country strategic opportunities programme
2024–2029

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Action: The Executive Board is invited to review the country strategic opportunities programme for the period 2024 to 2029 for the Federal Republic of Nigeria.

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Map of IFAD-funded operations in the country



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.
 IFAD Map compiled by IFAD | 16-01-2023

Executive summary

1. Nigeria is the largest country in Africa, both in economic terms and by population. Sixty-three per cent of the Nigerian population is poor, according to the Nigeria Multidimensional Poverty Index (2022), with the highest prevalence in the north. Nigeria is also affected by fragility and conflict.
2. The country strategic opportunities programme (COSOP) draws on the lessons learned from IFAD's engagement in the G5 Sahelian countries and northern Nigeria. It builds upon IFAD's previous successful experiences in Nigeria supporting the transition of small-scale farmers from subsistence farming to more market-oriented livelihoods and addressing fragility drivers and key constraints to food system transformation. The COSOP is aligned with national priorities, including the National Agricultural Technology and Innovation Plan (NATIP) (2022–2027),¹ and the transformative priorities of the presidential emergency declaration on food security.
3. The overall goal of the COSOP is to promote inclusive and resilient growth of the rural economy through a market-driven agrifood system transformation for food and nutrition security while addressing root causes of fragility.
4. The two strategic objectives for the period 2024–2029 are:
 - Strategic objective 1: Sustainably increase rural people's productive capacities; and
 - Strategic objective 2: Strengthen organizational and policy frameworks for inclusive, nutrition-sensitive and resilient agricultural value chains.
5. The financing framework includes allocations from ongoing investments, performance-based allocation system allocations under the Thirteenth Replenishment of IFAD's Resources (IFAD13) and IFAD14, and resources from the Borrowed Resource Access Mechanism (BRAM). Cofinancing will be mobilized through development partners while domestic financing will be sourced from the Government, beneficiaries and the private sector.
6. The COSOP contributes to achieving the Sustainable Development Goals, especially SDGs 1, 2, 5 and 10, through the following outcomes: (i) enhanced national food security and nutrition; (ii) increased beneficiary incomes; (iii) inclusive and sustainable smallholder-driven value chains; (iv) enhanced employment generation for women and youth; (v) improved climate resilient agrifood systems; (vi) reduced gender inequality; and (vii) effective local conflict prevention and resolution.

¹ Federal Ministry of Agriculture and Rural Development (2022): National Agricultural Technology and Innovation Policy 2022–2027.

Federal Republic of Nigeria

Country strategic opportunities programme

2024–2029

I. Country context

1. The Federal Republic of Nigeria is the largest country in Africa in terms of both the economy and its population of 213 million.² It is a mineral-rich, lower-middle-income country. During 2021, it had a per capita income of US\$2,065 and agriculture contributed 24 per cent of GDP,³ while industry and the service sector contributed 31 and 44 per cent, respectively.⁴ Real GDP growth rose from minus 1.92 per cent in 2020 to 3.40 per cent in 2021.
2. According to the 2022 Multidimensional Poverty Index, poverty is higher in rural areas, where 72 per cent of people are poor compared to 42 per cent of people in urban areas.⁵
3. Nigeria ranks 150th of 157 countries on the World Bank Human Capital Index 2020, and 160th of 188 on the United Nations Development Programme Human Development Index for 2021. Unemployment is high at 42.5 per cent and more prevalent among women and youth. Sixty per cent of the population is under 25 years of age.⁶ While young people have limited access to assets and finance, they also represent an opportunity due to their dexterity in the use of digital technology. Nigeria ranks 100th of 113 on the Global Food Security Index. More than 40 per cent of children aged 0-59 months are chronically malnourished.⁷ Nigeria has a Gender Development Index value of 0.87⁸ and ranks among the top 10 per cent of countries in terms of gender discrimination.⁹

² World Bank, 2021.

³ Ibid.

⁴ Investing in Human Capital for Nigeria's Future. Nigeria Biannual Economic Update, fall 2018.

⁵ Multidimensional Poverty Index, November 2022. National Bureau of Statistics. Federal Republic of Nigeria.

⁶ How Nigeria's Expanding Youth Population Fuels Retail Growth in Nigeria. February, 2023.

⁷ Ibid.

⁸ World Bank Group, 2020. Country Partnership framework Nigeria FY21–FY25.

⁹ Organisation for Economic Co-operation and Development (OECD). Social Institutions and Gender Index.

A. Socioeconomic setting

Table 1
Country indicators

<i>Indicator</i>	<i>Data</i>	<i>Year of reference</i>
GNI per capita (US\$)	331 704	2021 ^a
GDP growth	3.1%	2022 ^b
Public debt (% of GDP)	22.5%	2021 ^c
Debt service ratio	83%	2022 ^d
Debt to GDP ratio	35.7%	2021 ^e
Inflation rate (%)	17%	2021 ^f
Population size	213.4 million	2021
Population, female	105.6 million	2021
Youth population (18-29)	41 million	2019
Unemployment rate	42.5%	2022
Fragility index	12.6	2021
INFORM Risk Index	6.5	2021 ^g

^a World Bank, 2022.

^b Ibid.

^c African Development Bank.

^d Debt Management Office, Nigeria.

^e International Monetary Fund.

^f World Bank, 2022.

^g Inter-Agency Standing Committee and the European Commission, INFORM Report 2021.

B. Transition scenario¹⁰

4. The objective of the Nigeria Agenda 2050 is for the country to graduate from a low-middle-income to an upper-middle-income country by 2030, and to a high-income country by 2050. It calls for an average real GDP growth of 4.65 per cent during the 2021–2025 period and 8.01 per cent real GDP growth during 2026–2030. The attainment of this ambitious real GDP growth rate as set out in the 2050 Agenda requires higher capital accumulation, with investment as a ratio of GDP increasing from the current 29.40 to 40.11 per cent by 2050. The increase in investment will be financed through national savings and foreign direct investment (FDI). These ambitious growth targets require major policy reform to attract FDI and stimulate domestic investment.
5. The current Government, sworn in on 29 May 2023, has initiated major economic reforms to stimulate growth and macroeconomic equilibrium, including the removal of petrol subsidies and the determination of exchange rates by market forces. Without the fuel subsidy, which was estimated to cost 2.3 per cent of GDP in 2022, a substantial improvement is expected in Nigeria's fiscal position, as more budgetary resources become available to support productive investments. As a result, the real GDP growth of Nigeria could exceed 3.3 per cent during the course of the new country strategic opportunities programme (COSOP). In the short run, although the removal of fuel subsidies will trigger more inflationary pressure, price levels are expected to go down in 2024. Other critical reforms include diversifying exports, boosting domestic food production, investing in infrastructure, improving the security environment and providing targeted cash transfers to protect the poor and vulnerable from increases in living costs.¹¹

¹⁰ World Bank Country Assessment, 2022.

¹¹ The Nigeria Development Update. World Bank Update. June 2023.

C. Food system, agricultural and rural sector agenda

6. Approximately 47 per cent of Nigeria's population live in rural areas,¹² which are home to 80 per cent of the poor.¹³ Over 70 per cent of the farms are less than 2 ha and operated on a subsistence basis.¹⁴ The majority of agricultural production is rainfed with less than 1 per cent of farmland irrigated. Smallholder farmers produce the majority of food using traditional methods and are not fully integrated into value chains. Nigeria has low agriculture productivity due to limited access to productivity-enhancing inputs, limited technologies and insufficient roads, irrigation and post-harvest infrastructure. Climate change and environmental degradation are contributing to a decline in crop productivity at 3.5 per cent annually.¹⁵ Despite growing a wide range of crops, Nigeria is a major importer of food.¹⁶

Challenges and opportunities

7. Agriculture contributes 24 per cent of GDP and the country has 70.8 million hectares of agricultural land, with diverse agroecological zones. In addition, Nigeria is a major gateway to the 400 million-strong West Africa regional market, leveraging the African Continental Free Trade Agreement (AfCFTA). These present significant opportunities to promote sustainable and inclusive development of agriculture with a positive impact on poverty reduction, food security and nutrition at the national, regional and global levels. Harnessing these opportunities requires addressing multiple challenges affecting Nigeria's food system, including its multidimensional fragility (see appendix 1(C)).

Government policy and institutional framework

8. The transformation of the agriculture and food system is driven by several ambitious policies. First, the National Development Plan 2021–2025¹⁷ identifies agriculture as a key sector for economic growth, job creation, poverty alleviation, food security and revenue diversification and the achievement of the Sustainable Development Goals (SDGs). Second, the National Agricultural Technology and Innovation Policy (NATIP) 2022–2027¹⁸ aims to boost the transformation of the agriculture sector. It is aligned with the Nigeria National Pathways to Food System Transformation, which promotes an inclusive, sustainable and economically viable food system. In addition, the Government issued a State of Emergency Declaration on Food Security to help boost food security, nutrition, economic growth and job creation through partnership with the private sector.
9. The Federal Ministries of Agriculture and Food Security, Finance, Budget and Economic Planning, and several others such as the environment, water, energy, information communication technology, are implementing the food system policies. The effectiveness of national and state public institutions in implementing the policies is limited.

II. IFAD engagement: lessons learned

A. Results achieved during the previous COSOP

10. The implementation of the previous COSOP (2016–2023) was rated as satisfactory on gender, environment and natural resources, country-level policy, innovation, information and communication technologies for development (ICT4D), strategic partnerships and scaling up. The COSOP delivered positive outcomes in terms of increased productivity, incomes and food security of poor rural households. Leveraging integrated and sustainable value chain development approaches

¹² World Bank. 2023.

¹³ Multidimensional Poverty Index, November 2022. National Bureau of Statistics. Federal Republic of Nigeria.

¹⁴ Nigeria Country Strategic Plan. World Food Programme. February, 2023.

¹⁵ IFAD, 2021. Special Agro-Industrial Processing Zones Program (SAPZ) Environmental and Social Management Framework.

¹⁶ Nigerian annual food imports are close to US\$3 billion.

¹⁷ Federal Ministry of Finance, National Development Plan 2021–2025. Vol 1.

¹⁸ Federal Ministry of Agriculture and Rural Development (2022): National Agricultural Technology and Innovation Policy 2022–2027.

anchored in critical rural infrastructure, improved access to higher quality inputs, adoption of good agronomic practices, and the establishment of public-private-producer partnerships (4Ps) to boost access to market and value chain financing led to high productivity gains of 200 per cent, 150 per cent and 135 per cent for rice, cassava and maize, respectively. According to the subregional evaluation, IFAD's cooperation in Nigeria contributed to diversifying the economic activities of youth beneficiaries, enabling them to mitigate the effectiveness of fragility drivers such as poverty, climate change induced conflicts and natural resource degradation. In addition, the COSOP contributed to the design of the NATIP, the Agriculture Extension Policy¹⁹ and the Nigeria National Pathways to Food Systems Transformation. The past COSOP supported the establishment of the Federal Ministry of Agriculture and Food Security project coordination unit and country programme advisory team and the coordination of food systems implementation mechanisms. Further improvement is needed in monitoring and evaluation (M&E), knowledge and fiduciary management.

11. The main innovations during the previous COSOP period included: (i) climate smart agricultural practices and technologies, harnessing solar power to enhance productivity and reduce environmental impact; (ii) inclusive value chain development through the Commodity Alliance Forum (CAF) as an effective space to bring together producers, farmers' organizations, off-takers and the Government to promote win-win transactions between smallholder farmers and large agribusinesses and to facilitate value chain financing. CAF has also served as a springboard for innovation in production and processing; (iii) youth incubation and employability models; (iv) Gender Action Learning Systems (GALS) to accelerate women's empowerment; (v) innovative financing mechanisms to ensure the financial sustainability of projects; (vi) digital solutions for access to climate information, agricultural advisory assistance and market opportunities, especially for farmers in conflict-prone areas; (vii) the non-sovereign private sector operation (NSO) approach allowed IFAD to tap into the resources, capabilities and know-how of the private sector to accelerate smallholder-centric agrifood system transformation; (viii) the successful implementation of the community-driven development approach through community development associations (CDAs); (ix) the progressive integration of women into CDAs, including in geographical areas where CDA membership and leadership are traditionally and culturally confined to men.

B. Lessons from the previous COSOP and other sources

12. The present COSOP draws on the lessons learned from the previous COSOPs in Nigeria and on the conclusions of the subregional evaluation (SRE) of countries with fragile situations in West and Central Africa conducted by the Independent Office of Evaluation of IFAD (IOE).²⁰
13. Major lessons include:
 - (i) Successful pro-poor and nutrition-sensitive value chain development can be achieved even in fragile environments marked by insecurity, environmental and climatic stressors. The pillars included the 4P platform integrating support for women, youth, producers' organizations (POs) and FOs, and community-based organizations, with a mix of support including climate-resilient infrastructure, skills development and service investments anchored in a community-driven development approach and third party support for supervision and monitoring.
 - (ii) Priority must be given to gender transformation through the GALS approach to enhance women's participation in households and community

¹⁹ <https://ext.fmid.gov.ng/wp-content/uploads/sites/14/2022/08/NAEP-Current-Perceptions-and-Way-Forward-1.pptx>.

²⁰ <https://ioe.ifad.org/en/w/subregional-evaluation-of-countries-with-fragile-situations-in-ifad-wca.-learning-from-experiences-of-ifad-s-engagement-in-the-g5-sahel-countries-and-northern-nigeria>.

decision-making and their increased access to productive resources, equitable distribution of work and targeting of gender-sensitive value chains (vegetable gardening, poultry and small ruminants). These are key for enhancing women's absorptive and adaptive capacity, economic empowerment and community nutritional outcomes as evidenced by the SRE and Nigeria's Community-based Natural Resource Management Programme (CBNRMP) experience. However, this did not lead automatically to higher influence in decision-making, so more action is needed to fully empower women and equip them to play a role in prevention and management of fragility and conflicts.²¹

- (iii) The SRE noted that the targeted young beneficiaries in Nigeria were able to mitigate the effects of fragility drivers such as poverty, climate change and natural resource degradation by diversifying and growing their economic activity under CBNRMP, the Value Chain Development Programme (VCDP) and the Climate Change Adaptation and Agribusiness Support Programme (CASP). This was accomplished through a holistic demand-driven strategy that included young people in both upstream and downstream activities along a chosen value chain and innovative models such as the Livelihood Improvement Family Enterprises Project in the Niger Delta of Nigeria (LIFE-ND) youth incubation model and Agrihub Nigeria youth employability model and the VCDP youth-sensitive integrated implementation approach. Young people gained confidence with increased incomes, and for some the impact was life changing. This led to a reduction to youth migration, crime and vandalism.²² Findings confirmed the critical role of women and youth in fragile situations, as affected groups and key contributors to solving fragility issues.
14. FOs have proven to be effective entry points in past projects conducted by the Government of Nigeria and IFAD. Additionally, promoting high levels of participation and inclusiveness of youth and women and the private sector are core drivers in the success of previous IFAD-supported projects such as CASP and VCDP. Positive interactions between agricultural and pastoral production systems is also needed.

III.Strategy for transformational country programmes

A. COSOP theory of change

- 15. Agrifood systems in Nigeria face several major stumbling blocks (for details see appendix I(C)) that lead to: (i) low productive capacities; (ii) weak integration of smallholders in value chains with difficulty harnessing the economic opportunities to generate sales, income and profit; (iii) food insecurity and malnutrition; (iv) poverty among smallholder farmers; and (v) dependence on imports for essential food products.
- 16. The COSOP theory of change is built on the premise that if the capacities of small-scale rural producers are enhanced through climate-resilient nutrition-sensitive agricultural practices, innovative technologies, improved inputs and secure access to land, especially for youth and women-led households, as well as nutrition, gender and social cohesion transformative interventions, and if significant investments are made by improving policies and institutional capacity of rural institutions including FOs and POs and multi-stakeholder platforms for equitable and market-driven contractual agreements between FOs and the private sector through 4Ps, expanding market and production infrastructure, extending access to processing technologies and digital solutions, scaling up access to financial

²¹ Sub-regional evaluation of countries with fragile situations in IFAD-WCA. Learning from experiences of IFAD's engagement in the G5 Sahel countries and northern Nigeria, pp. 61-64.

²² Sub-regional evaluation of countries with fragile situations in IFAD-WCA. Learning from experiences of IFAD's engagement in the G5 Sahel countries and northern Nigeria, p. 68.

services, and boosting youth and women entrepreneurship, promoting conflict transformation, then smallholder farmers and market-oriented farmers and agrifood entrepreneurs will sustainably and significantly increase their productivity and their production, incomes and nutrition, in addition to their resilience to fragility, while boosting their contribution to food and nutrition security and to the sustainable growth of inclusive, nutrition-sensitive and climate-resilient value chains with a transformative impact on rural economies.

17. **Expected outcomes.** COSOP implementation is expected to lead to the following outcomes: (i) increased and sustained improvement in food security, nutrition, incomes and resilience; and (ii) growth in inclusive and resilient nutrition-sensitive agribusiness value chains. These outcomes should contribute to achieving SDGs 1, 2, 5 and 10, among others.

B. Overall goal and strategic objectives

18. **COSOP goal.** The goal of the COSOP is to promote inclusive and resilient growth of the rural economy through market-driven agrifood system transformation for food and nutrition security. To achieve this, the COSOP will address the root causes of fragility and will pursue two strategic objectives:

- **Strategic objective 1: Sustainably increase rural people’s productive capacities.** This will focus on addressing drivers of fragility by improving farmers' production capacities, enhancing climate-resilient and nutrition-sensitive agriculture through access to quality inputs, enhanced adoption of good agriculture technologies and mechanization, integrated crop production with livestock husbandry and tailored extension services including digital solutions. Considering the role of women in households, this COSOP will scale up investments in gender, nutrition and climate change for transformative impact. It will foster FOs’ participation and leadership in community mechanisms for the prevention and management of conflicts and insecurity.
- **Strategic objective 2: Strengthen organizational and policy frameworks for inclusive, nutrition-sensitive and resilient agricultural value chains.** The COSOP will strengthen the capacity of and partnership with FOs and rural institutions, promote conducive policies and regulations, and scale up investments in resilient storage, processing, market infrastructure and reduction of post-harvest losses. CAFs will be strengthened with innovative practices including ICT4D to foster business relationships between FOs and the private sector for sustainable and equitable market access within high potential and nutrition-sensitive value chains, while simultaneously promoting resilience to climate change and fragility. In addition, they will be empowered through on-farm and off-farm entrepreneurship and jobs through successful incubation and employability models. The COSOP will strengthen mechanisms for dialogue and conflict transformation among actors to address the drivers of conflicts and shocks.

19. **Sustainability and exit strategy.**²³ The sustainability and exit strategy rests on the following pillars:

- (i) Continued alignment with national policies;
- (ii) Synergies with national programmes such as the Special Agro-Industrial Processing Zones Program (SAPZ) and the National Agricultural Growth Scheme Agro-Pocket (NAGS) initiative;
- (iii) Capacity for effective oversight capacity of governments at federal and state levels;

²³ See appendix I(C)).

- (iv) Community-driven development approach supported by strengthening and partnership with FOs;
 - (v) Capacity of states and local government areas (LGAs) to deliver on counterpart funding responsibilities;
 - (vi) Win-win profitable sustainable partnerships between FOs and private agrobusinesses through CAF;
 - (vii) Integration of youth, women and vulnerable groups into agricultural value chains;
 - (viii) Ensuring environment sustainability and compliance with health requirements;
 - (ix) Facilitation of sustainable provision of quality and efficient services by private service providers for continued support for farmers post COSOP; and
 - (x) Participatory implementation, M&E and continual knowledge sharing to prepare for exit.
20. **Scaling up through policy development and implementation.** In addition to expanding and deepening its outreach in existing geographic areas, including in fragile areas, the COSOP will promote the scaling up of successful approaches.²⁴
- Mainstreaming**
21. **Climate and environment.** IFAD will work with the Government and FOs to promote: (i) an inclusive community-driven approach to climate and environment resilience; (ii) climate-resilient infrastructure; (iii) enhanced access by smallholders to climate finance and digital solutions; and (iv) early warning systems, disaster preparedness and a recovery strategy.
22. **Gender equality and women's empowerment (GEWE).** Leveraging GALS methodology, the COSOP will address household and community gender dynamics to enhance women's access to productive resources and equitable workload distribution and to promote women's leadership and their role in nutrition and peace.
23. **Youth.** Youth inclusion in agribusinesses will be enhanced by: (i) using the youth enterprise incubator and apprenticeship models; (ii) scaling digital agriculture; and (iii) promoting institutional, regulatory and policy frameworks to address the major challenges faced by youth. In addition, IFAD will enhance its collaboration with youth organizations.
24. **Nutrition.** IFAD will work with smallholder FOs and NGOs to scale up its successful approaches for nutrition-sensitive production and consumption at household level. Nutrient-rich crops (legumes), poultry, ruminants and small husbandry livestock will be included in production, while also considering the link between gender inclusion, climate resilience, fragility and nutrition. The COSOP will also promote nutrition-sensitive market-oriented value chains.

²⁴ Through: (i) extension to larger groups by IFAD, government and donor projects; and (ii) institutionalization by the various levels of governments. Scaling up will be done with: (i) the increased use of ICT4D for efficient outreach; (ii) enhanced outreach in more fragile areas and to youth, women, internally displaced persons (IDPs) and persons with disabilities; and (iii) increased resource mobilization from domestic and international partners.

Table 2
COSOP strategic objectives

<i>Key development priority(strategic objective)</i>	<i>Underlying institutions</i>	<i>Policy reform challenges</i>	<i>Proposed interventions (lending, non-lending)</i>
Strategic objective 1: Sustainably increase rural people's productive capacities	The Federal Ministry of Agriculture and Food Security (FMAFS), public agencies, FOs, LGAs, state governments, private sector	Limited access to productive resources	Timely access to quality inputs and good agricultural practice through digital extension, and increase access to mechanization
		Access to land by women and youth	Policy dialogue and contractual arrangements on land access and productive resources for youth and women
		Access to rural financial services	Linkages to financial institutions and off-takers for access to loans and value chain financing
		Scale up climate smart agriculture	Environment and climate change practices and infrastructure/climate finance
Strategic objective 2: Strengthen organizational and policy frameworks for inclusive, nutrition-sensitive and resilient agricultural value chains	FMAFS, public, agencies, FOs, CAFs, LGAs, states, private sector, digital solution providers	High cost of gender inequalities, fragility and conflicts	Policy dialogue, capacity-building and investment for gender transformation and nutrition and community conflict transformation
		Institutional recognition of the role of FOs and CAFs	Capacity-building of FOs for service delivery and policy influence
		Policy and regulatory support to increase partnerships with private sector and access to market	Policy and facilitation of 4Ps
		Access to adapted and blended financial services	De-risking policies and investments; access to climate finance
		Infrastructure for access to market	Advocacy for investment in feeder roads, storage and digital solutions for market access and post-harvest handling
		Low leveraging of digital solutions	Policy frameworks for scaling up ICT4D for smallholder farmers and project management and for extension service delivery in fragile areas.
	High cost of gender inequalities, fragility and conflicts	Policy advocacy for gender transformative processes and conflict transformation	

C. Target group and targeting strategy

Target group

25. Smallholder farmers, rural entrepreneurs, women and youth defined as poor and vulnerable to poverty, according to the Multidimensional Poverty Index or in terms of monetary poverty, are the core target groups. They include: (i) subsistence and semi-subsistence producers with average holdings of 1 to 3 hectares and a

production capacity of between 0.1 and 4.99 hectares. This group also includes very poor households with income levels of less than a dollar a day, with no assets and with less than one hectare of land, including female-headed households and vulnerable households with no access to credit and other businesses; (ii) business- and market-oriented producers who are commercial farmers cultivating their own land and land leased from others. These farmers are producing principally for markets and have higher access to credit than semi-subsistence farmers, but remain poor or vulnerable.

26. Specific attention will be paid to including poor women and youth entrepreneurs, both male and female in the age range between 18 and 45, with potential to expand their economic livelihoods through rural entrepreneurship or employment. This approach will increase their engagement in the rural sector (both on-farm and off-farm), and develop a new generation of young farmers, agripreneurs and rural supply chain actors in support of inclusive rural transformation. Participation by the rural poor, IDPs and persons with disabilities will be facilitated in activities along the value chains.

Targeting strategy

27. IFAD's strategy for targeting²⁵ poor rural people will combine both geographical and household-level approaches to reach about 1.2 million beneficiaries, of whom at least 50 per cent will be women and 40 per cent youth.
28. This COSOP will maintain the existing geographical footprint in states covered under its previous and ongoing projects with an aim to consolidate and scale up the successes. Within the states, LGAs will be selected considering a mix of criteria including population, poverty rate, level of food insecurity, agricultural productive potential, social inequalities, unemployment level, fragility level, and commitment to facilitate access to land for women and youth. At project level, direct targeting will be employed for areas such as training men and women in family nutrition and technical and business skills. In addition, a combination of participatory and self-targeting and approaches for project interventions will ensure that IFAD's primary target group will benefit the most from project services. The inclusion of persons with disabilities will be ensured through engagement with their organizations and specific responses to their particular needs. The COSOP promotes durable solutions to the unique needs of IDPs in partnership with host communities.

IV. IFAD interventions

A. Financing instruments

29. IFAD will invest its loans and grants instruments and cofinancing in existing and new investment programmes and non-lending activities to achieve a transformative impact towards inclusive and resilient growth in the rural economy through market-driven, inclusive agrifood systems for resilient food and nutrition security, improved incomes, enhanced jobs and greater economic growth. Existing programmes include VCDP, LIFE-ND, SAPZ and the NSO Babban Gona. A new the Twelfth Replenishment of IFAD's Resources (IFAD12) project, Value Chain North (VCN), cofinanced with Agence Française de Développement (AFD), is at the concept note development stage. Another investment programme planned during the COSOP period will leverage IFAD13 and IFAD14 funding and cofinancing to expand the portfolio in line with national priorities. In addition to access to the Borrowed Resource Access Mechanism (BRAM), resource mobilization efforts will cover funding from domestic sources and other development agencies such as the Islamic Development Bank (IsDB), African Development Bank (AfDB), World Bank, European Union and AFD.

²⁵ IFAD, 2023 IFAD Poverty Targeting Policy.

B. Country-level policy engagement

30. The COSOP will prioritize: (i) institutional capacities of FOs and CAF in supporting inclusive, resilient nutrition-sensitive agriculture value chains in partnership with the private sector and FOs; (ii) youth and women off- and on-farm entrepreneurship; (iii) transformative measures to boost women's voice and influence; (iv) scaling up of digital solutions for smallholder farmers; (v) sustainable and inclusive land tenure arrangements and climate resilience; (vi) scaling up public and private investment in production capacity and post-harvest loss reduction; (vii) access to financial services; (viii) local mechanisms for prevention and management of fragility, conflict and insecurity; and (ix) food systems coordination and results monitoring.
31. IFAD will leverage multi-stakeholder platforms with FOs, women and youth for policy engagement. IFAD will leverage its existing collaboration with the Food and Agriculture Organization of the United Nations (FAO), World Food Programme (WFP), UN Women, United Nations Children's Fund (UNICEF), World Bank, United Nations Development Programme (UNDP), AfDB, IsDB, Japan International Cooperation Agency, German Agency for International Cooperation (GIZ), International Institute of Tropical Agriculture (IITA), International Food Policy Research Institute (IFPRI), FOs, the Nigerian Committee for Family Farming (NCF) and women NGOs. Collaboration will be strengthened also with the private sector, research organizations and the media.

C. Institution building

32. This COSOP will enhance the public administration's capacity in policy implementation and project oversight by leveraging knowledge management (KM) results. This will also address counterpart funding in the context of fragility and shocks. Investments will strengthen the capacity of FOs, CAFs and community development organizations.

D. Innovation

33. Innovations from the previous COSOP will be scaled up (see para. 12). The COSOP will work on developing innovations, including through the expansion of digital solutions.

E. Knowledge management

34. Investments will be scaled up to strengthen KM and M&E to document critical results and best practices to leverage the lessons to foster country-level policy engagement and promote the scaling up of best practices.²⁶ The capacity of staff at project level and among stakeholders will be strengthened to enhance the availability and quality of data, especially outcome data, and to leverage KM to enhance programmes in fragile situations. Partnerships with governments, United Nations agencies, research centres, FOs and NGOs will facilitate the publication, dissemination and use of knowledge documents.

F. Information and communications technologies for development

35. The COSOP integrates the use of ICT4D to enable efficient delivery and achievement of the strategic objectives to enhance the efficiency of production and market access and the utilization of digital technologies to enable access to services as well as M&E systems in the context of fragility. It will leverage mobile technologies to integrate innovative climate smart advisory services. IFAD will also promote policy and partnerships with key stakeholders to ensure synergies. IFAD projects will promote increased ICT4D uptake among young people and women and foster linkages with beneficiaries in conflict prone areas.

²⁶ COSOP completion review 2016–2023, p. 12.

G. Strategic partnerships and South-South and Triangular Cooperation

Government and civil society

36. The existing longstanding partnership IFAD has with the Federal Government, especially the Ministries of Agriculture and Food Security, Finance, Budget and Economic Planning, as well as with state governments, will be strengthened to enhance the design and implementation of the investment programme and the policy agenda and to strengthen KM and M&E. Partnerships will also be strengthened with FOs and civil society institutions such as the All Farmers Association of Nigeria (AFAN), Rice Farmers Association of Nigeria (RIFAN), WEP, NCFE, Advocacy for Women with Disabilities Initiative (AWWDI), SWOFON to promote policy work, KM and participatory programme M&E.

Development partners (United Nations agencies, international financial institutions, NGOs, etc.)

37. The COSOP will build on existing partnerships with development partners to increase opportunities for policy advocacy, knowledge sharing, cofinancing and synergies. In line with the United Nations Sustainable Development Cooperation Framework for Nigeria 2023–2027, and as a key partner for several outcomes, especially outcome 2.1 and outcome 2.2,²⁷ IFAD will collaborate with FAO (Digital Village Initiative), WFP (nutrition and food security), and UN Women for gender equality. Partnerships will be strengthened with agricultural projects for synergies and cofinancing by the World Bank, AfDB, and IsDB as well as with the agricultural donor working group, research institutions and international organizations.

Private sector

38. IFAD will expand its engagement with partners such as financial institutions and agribusinesses for enhanced support to farmers and their organizations and increased investment by the private sector.

South-South and Triangular Cooperation (SSTC)²⁸

39. The country programme, as a knowledge broker for SSTC, will facilitate learning opportunities for: (i) scaling up investment for inclusive and nutrition-sensitive value chains development; (ii) financial inclusion including climate finance; (iii) youth entrepreneurship and employment; (iv) gender transformation; (v) ICT4D; and (vi) food systems coordination.

V. COSOP implementation

A. Investment volume and sources

40. Financing from the ongoing projects included in the new COSOP is indicated in table 3 below. The US\$60 million from the Green Climate Fund (GCF) is proposed for the ongoing SAPZ programme. The new VCN project totals US\$144 million, comprising of US\$56 million from the performance-based allocation system (PBAS), US\$30 million from BRAM, US\$50 million from AFD and US\$8 million from domestic cofinancing. An additional new investment programme, to be finalized with the Government, would be funded through the allocation of resources from IFAD13 and IFAD14 under the two PBAS cycles in an amount tentatively estimated at US\$100 million (US\$50 million per cycle), in addition to a BRAM allocation of US\$60 million and US\$30 million from international cofinanciers.
41. This tentative financing will be determined subject to internal procedures and subsequent Executive Board approval. Tentative financing is also subject to the availability of replenishment funds and cofinancing mobilized. If the financing

²⁷ 2.1: improved food security and nutrition and sustainable food systems; 2.2: building resilience to climate change risks and adapt to its long-term impact.

²⁸ Further details in appendix VII on SSTC.

projections are not realized, IFAD will work with the Government on different scenarios including scaling up counterpart funds from domestic public funding, leveraging private sector funding and leveraging funding from other development agencies such as AfDB, IsDB, GCF and the World Bank.

Table 3
IFAD financing and cofinancing of ongoing and planned projects
(Millions of United States dollars)

Project	IFAD financing	Source (PBAS, BRAM)	Reimbursable technical assistance	Cofinancing		Cofinancing ratio
				Domestic	International	
Ongoing						
VCDP	213.0	PBAS BRAM		109.0	8.0	
LIFE-ND	60.0	PBAS BRAM		38.0	32.0	
SAPZ					420.0	
	50.0	PBAS		21.0	60.0 (GCF)*	
NSO (Babban Gona) (IFAD)	5.0					
Zero hunger initiative (grant)	2.8					
Planned						
VCN	56.0	PBAS BRAM		8.0	50.0 (AFD)	
New (VCN)	100.0	PBAS BRAM		29.5	30.0	
	60.0					
Total	596.8			205.5	600.0	1:1.3

* Funds expected in 2025.

Note: The proposed IFAD13 and IFAD14 financing will be determined subject to internal procedures and subsequent Executive Board approval.

B. Resources for additional activities

42. The main non-lending activities are policy engagement, capacity-building, KM, SSTC and partnership-building. The financing will come mainly from the portfolio of active investment projects, grants, corporate initiatives such as the China IFAD SSTC Facility, the IFAD-AfDB compact and from international partners.

C. Transparency

43. Nigeria ranks 150th out of 180 countries on the Corruption Perception Index on the Transparency International 2022 list with a score of 24/100. The COSOP will ensure that project design, institutional and communication strategies ensure transparency of its operations through appropriate communications to FOs and enhanced finance management, procurement, audit and M&E capabilities, including digital solutions. A grievance redress mechanism will be established within all projects and at the country office level.

D. Country programme management

44. The country programme management team oversees the implementation of the programme. The effectiveness of country programme management in Nigeria rests on: (i) strategic partnerships among key national and state stakeholders and local communities; (ii) the community-driven development approach with FOs involved in programme design and M&E; (iii) partnership with third party implementers in highly fragile areas leveraging the comparative advantages of United Nations agencies and civil society organizations; (iv) periodic project performance reviews

by the Government and IFAD, plus quarterly strategic dialogues²⁹ between IFAD, the project coordination unit and the International Economic Relations Department of the Ministry of Finance; (v) enhanced oversight institutions and increased country programme advisory team support to project teams; and (vi) use of ICT4D for project management and services to farmers.

E. Monitoring and evaluation

45. During the COSOP period, M&E will encompass annual programme supervision missions, midterm reviews and a completion review. Participatory approaches will ensure meaningful involvement of all stakeholders including FOs. Significant financial investments will help strengthen the M&E system with proper staffing, systems and procedures at all levels (project, FMAFS) including through digitalization and focusing on outcomes, data quality, timeliness, transparency and accountability. Strategic partnerships will be strengthened. Finally, KM and M&E will facilitate sharing of knowledge and lessons among a wider range of key stakeholders for improved programme, innovation and evidence-based country policy engagement.

VI. Target group engagement

46. The COSOP pursues a participatory approach, with stakeholder engagement plans at state and local levels, to involve FOs, youth, women's groups, persons with disabilities, IDPs, and specific crops and commodity groups. NGOs and civil society organizations will support their implementation with grievance mechanisms set up in all projects.

VII. Risk management

47. The overall risk related to the COSOP is rated as substantial with risks on country context being high. Risks on policy alignment and development/implementation of strategies are moderate. Exposure to fragility, environmental and climatic factors by beneficiaries is high. Fiduciary risks are also high. Measures to mitigate risks based on lessons from the previous COSOP will be undertaken. The residual risks following mitigation measures are on average substantial to moderate (see appendix X).

²⁹ COSOP completion review 2016–2023, p. 20.

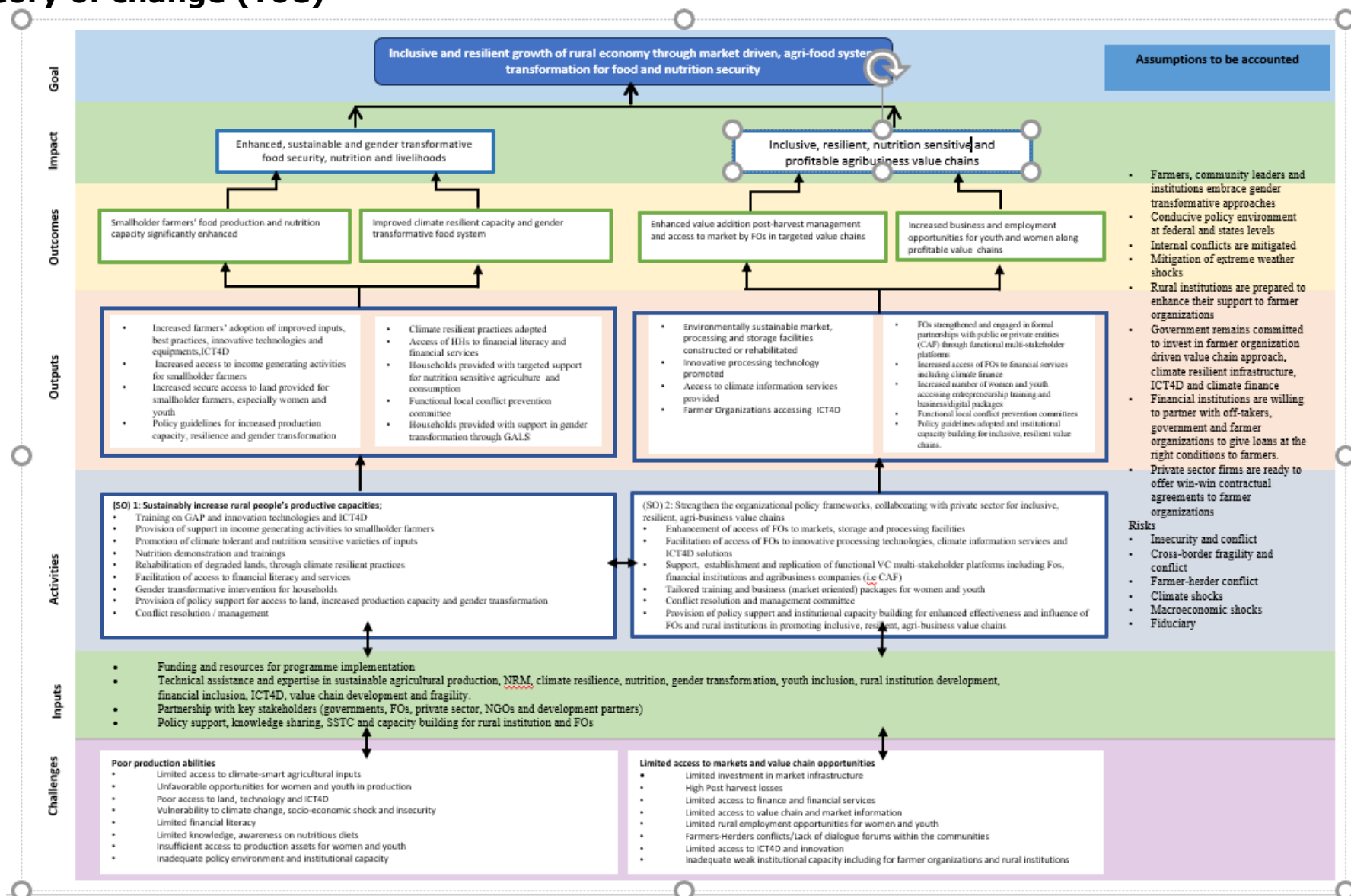
Results management framework

Country strategy alignment	Related UNSDCF/SDG outcomes	IFAD's SOs	Key COSOP results			
<p>National Development Plan (2020-2025)</p> <ul style="list-style-type: none"> ● Agriculture a key sector for economic growth, job creation, poverty alleviation, food security and revenue diversification. Value chain strengthening a key focus area. Creation of 21 million full time jobs and lift 35 million people out of poverty <p>NATIP (2022-2027)</p> <ul style="list-style-type: none"> ● Strengthening of value chains of priority crops ● Rapid mechanization ● Revitalization of extension service delivery ● Market development ● Securing agricultural lands and investments ● Development of rural infrastructure ● Knowledge creation and transfer ● Strengthening Agriculture lending and insurance ● Access to quality agriculture inputs ● Women and Youth in agriculture ● Cooperatives revitalization 			<i>Strategic objectives</i>	<i>Investments and non-financial activities for the COSOP period</i>	<i>Outcome indicators</i>	<i>Output indicators</i>
	<p>SDG Outcomes SDGs 1 (No poverty), 2 (Zero Hunger), 3 (Good Health & wellbeing), 5 (Gender equality), 8 (Decent work & Economic Growth), Industry, Innovation and Infrastructure), 10 (reduced Inequalities), 13 (Climate Action) and 15 (Life on Land)</p> <p>UNSDCF Outcomes Sustained and Inclusive Economic Growth and Development</p> <p>Environmental Protection and Climate Change Resilience</p> <p>Inclusive and Equitable Human</p>	<p>SO1: Increase poor rural people's productive capacities</p> <p>SO2: Increase poor rural people's benefits from market participation</p> <p>SO3: Strengthen the environmental sustainability and climate resilience of poor rural people's economic activities</p>	<p>Strategic Objective 1: Sustainably Increase rural people's productive capacities</p>	<p>Investment activities</p> <ul style="list-style-type: none"> ● Ongoing VCDP LIFE-ND SAPZ ● Ongoing design Value Chain-North (VCN) KM/ SSTC ● Development of knowledge products at project & program levels ● Access to land ● Increased productivity ● Gender transformation ● Climate resilience ● Nutrition ● Effective Project management and M&E 	<p>SO1:</p> <ul style="list-style-type: none"> ● 1.2.4:280,000 households reporting increase in production ● 1.2.5: 98,000 households reporting access to financial services ● 1.2.2. 115,000 farmers reporting adoption of new/improved inputs, technologies or practices. ● 3..2.2 454,000 households reporting adoption of environmentally sustainable and climate-resilient technologies and practices. ● 2.2.2: 31000 rural enterprise reporting increase in profits. ● 1.2.8: Percentage of women reporting improved quality of their diets 	<p>1.1.4: 192,000 persons trained in production practices and technologies</p> <p>2.1.2: 133,000 persons supported in income generating activities</p> <p>1.1.2: 115,000 household members reporting adoption of new improved inputs, technologies and practices</p> <p>3.1.4: 195,000 ha of land brought under climate resilient practices</p> <p>1.1.5 102,000 persons in rural areas accessing financial services including climate finance</p> <p>1.1.8: 454,000 persons/households provided with targeted support to improve their nutrition</p> <p>1.1.1: 102,000 beneficiaries gaining increased secure access to land</p> <p>115,000 beneficiaries trained on ICT4D</p> <p>454,000 HHs trained in gender transformative approaches and conflict transformation strategies</p>

<ul style="list-style-type: none"> ● Nutrition 	<p>Development and Well Being</p> <p>Governance, Peace and Security, Access to Justice and Rule of Law</p>			<p>CLPE:</p> <p>Policies, guidelines, regulations t for increased access to land for women and youth, gender transformation, and enhanced productivity and production capacity</p>	<ul style="list-style-type: none"> ● Number of households reporting use of digital solutions ● IE.2.1: Individuals demonstrating an improvement in empowerment <p>CLPE:</p> <ul style="list-style-type: none"> ● Policies, guidelines and regulation adopted for secured access to land for women and youth, gender transformation, and enhanced productivity and production capacity 	<p>CLPE:</p> <p>3 policies recommendations for secured access to land for women and youth, gender transformation, and enhanced productivity and production capacity</p>
<ul style="list-style-type: none"> ● 			<p>Strategic Objective 2: Strengthen the organizational policy frameworks, collaborating with private sector for inclusive, resilient, agri-business value chains</p>	<ul style="list-style-type: none"> ● Ongoing VCDP LIFE-ND SAPZ ● Indicative Value Chain-North (VCN) Non-financial activities KM /SSTC: ● ICT4D ● Market access and private sector partnerships ● Youth and women entrepreneurship ● Gender Transformation ● Stronger FOs ● Access to finance ● Effective Project management and M&E 	<p>% No of FOs who perceive that they have increased authority and recognition</p> <ul style="list-style-type: none"> ● 2.2.1: 98,150 of beneficiaries reporting new job/employment opportunities ● 2.2.6: 106,191 of households reporting improved access to markets, roads, processing and storage facilities ● 2.2.2: Supported rural enterprises reporting an increase in profit ● 2.2.4. New/improved services from POs ● 2.2.5. POs with increased sales ● 1.2.5: 102,000 Households reporting use of rural financial services ● Households reporting access to digital services 	<ul style="list-style-type: none"> ● 2.1.3: 3,705 rural producer organizations engaged in formal partnerships with public or private entities. ● 3,705 rural POs strengthened in governance, management and inclusivity ● 500 FOs providing services to members ● 2.1.6: 773 environmentally sustainable market, processing and storage facilities constructed or rehabilitated ● 3.1.2: 130,000 persons provided with climate information services ● 1.1.7: 28,000 persons in rural areas trained in financial literacy and use of financial products and services. ● 1.1.5 102,000 persons in rural areas accessing financial services including climate finance ● 2.2.1: 98,150 women and youth beneficiary accessing training on business and digital package

				<p>CLPE:</p> <ul style="list-style-type: none"> 1)Recognition of the role and influence of FOs and CAFs increased partnerships with private sector for market access,2) inclusion of youth women investment in agribusinesses, 3) gender transformational progress 3) enhanced access to financial services and ICT4Ag 4. Improved food systems coordination 	<p>that promote resilience and productivity of ecosystems</p> <ul style="list-style-type: none"> ● Percentage (%) of smallholders adopt improved processing and packaging technologies ● 3.1.3: 130,000 number of persons accessing climate information system ● 3.3.2: Proportion of adults having an account at a formal financial institution as part of access to finance (UNSDCF indicators) <p>CLPE:</p> <p>Provision of policy support and institutional capacity building for i) access to markets; ii) stronger FOs; iii) inclusion of youth and women; iv) access to finance and v) ICT4D vi) gender transformation results vii)food system coordination</p>	<ul style="list-style-type: none"> ● 1402: Number of functioning multi-stakeholder platforms supported including conflicts transformation ● 1000 processors trained in innovative processing and packaging technologies ● 2,000 Farmer Organizations trained on the use of ICT4D <p>CLPE:</p> <ul style="list-style-type: none"> ● 5 policy guidelines/briefs developed for inclusive, resilient value chains through i) access to markets; ii) stronger FOs; iii) inclusion of youth and women; iv) access to finance and v) ICT4D vi) food system coordination
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Theory of change (ToC)



Detailed strategy for transformational country programme

I. Major Challenges

Despite the major opportunities for agriculture development in Nigeria, several major challenges affect the agri-food system:

Fragility, conflict and insecurity

Food systems in Nigeria are highly affected by fragility as highlighted below:

- a) High vulnerability to climate shocks and environment related constraints;
- b) Substantial climate fragility stressors have been identified to include flood, drought, land degradation, conflicts over land, soil, water, and biodiversity losses;
- c) High vulnerability to national and international social economic crisis, conflicts including farmers herders related tensions and insecurity. The fragility linked to insecurity, conflict and terrorism and to the compounded impact of multiple global, regional and national socio- economic shocks severely affects farmers, put their activities at risk and force them to leave their lands;
- d) insecurity, conflict and terrorism, the compounded impact of multiple global, regional and national socio-economic shocks combined with the lack of dialogue forums within communities to address conflicts and insecurity severely affects small holders farmers and their activities.

Public Policy and institutions

The insufficient coordination of policy and regulatory frameworks affects the integrated development of value chains. The effectiveness of national and states public institutions is limited: i) weak budget allocation for agriculture, ii) limited capacity of public agencies, iii) weak representation of small holder farmers voice in policy formulation and program implementation iv) limited partnership with private sector and vi) limited support for women and youth in agri-food businesses. Public policies have not yet resulted in addressing the challenges of farmers access to loans and incentives for private sector to increase investments in agriculture and food sector. Public investments in agriculture remains low compared to the minimum requirement of 10% of the national budget for agriculture according to Maputo declaration. This situation makes it also difficult to increase private sector investments in agriculture and food sector. The combined sub optimal investments result in limited development of supply chains and markets infrastructures and channels and modern food processing capacity compared to the demands. In summary, the effectiveness of national and states public institutions is limited: i) weak budget allocation for agriculture, ii) limited capacity of public agencies, iii) weak representation of small holder farmers voice in policy formulation and program implementation iv) limited partnership with private sector and vi) limited support for women and youth in agri-food businesses.

Small holder farmers access to productive resources

Small holder farmers have a limited access of small holders farmers to critical productive resources such as lands, climate smart inputs, mechanisation, digital solutions, knowledge of good climate smart and environmentally sustainable agronomic practices, knowledge of nutrition sensitive production and consumption, information on value chains and

markets, and extension services. These constraints disproportionately affect youth, women, widows, people with disability and Internally Displaced Persons (IDPs); Their difficulty accessing loans due to high costs, information asymmetry and limited financial literacy and business management skills hinders the growth of small-scale rural enterprises (producers, processors, service providers, marketers)

This leads to small holder farmers' limited integration and access to market in high potential value chains. The combination of these factors leads to limited income for farmers and their high exposure to Food insecurity and malnutrition of especially women, PWD, IDPs. For example, about 16 percent of farmers report not being able to produce enough to meet household needs³⁰.

Youth and women

The potential of youth and women is not yet properly harnessed for agriculture and food system transformation due to limited employment and entrepreneurship opportunities and specific barriers facing these two groups. One of the key challenges is the difficult access of women to critical resources such as lands and technology, their weak voice and influence, and their social exclusions limit the realization of their potential to succeed in agribusiness and to ensure their own food security and that of her households and to yield income. The major challenges faced by the youth are their limited access to land, financial resources, business knowledge, and networks

Capacity of small holder farmers organisations

The weak capacity of farmers organisations limits their effectiveness in facilitating sustainable and responsive services to small holders farmers and influencing policy and regulatory changes for better responses to small holder farmers needs

These bottlenecks result in the following critical development challenges: a) Low agriculture productivity b) limited food security and nutrition c) degradation of natural resources d) Persistent Poverty of small holder farmers and e) continued dependence on imports for essential food products f) limited growth of agribusiness value chain due limited integration of small holders and) high post -harvest losses.

The COSOP aims to address the bottlenecks to inclusive and resilient food systems to help the country harness the immense opportunities present such the vast arable land, the large national and regional markets, the youthfulness of the population, the advancement of ICTD4 and a strong private sector.

Against this backdrop and leveraging the comparative advantages of IFAD cooperation with Nigeria, the COSOP raises the ambition of transformative growth, resilience and inclusion of agri-food systems by working with small holder farmers, farmers Organisations, CSO, public and private institutions at federal, state and local government and international development partners by pursuing **the goal of "promoting inclusive and resilient growth of rural economy through market-driven, agri-food system transformation for food and nutrition security"**.

The current COSOP is formulated in line with the National Agricultural Technology and Innovation Plan (NATIP-2022-2027) which aims at holistic transformation of Nigerian agriculture. There is an opportunity to leverage the lessons and successful models of previous COSOP in support of NATIP. This includes the successfully implemented value chain approach for key commodities, rural youth enterprise development, and implementation of fertilizer and seed subsidy policies, critical to regulating and easing

³⁰ World Bank Group, 2019. Nigeria on the move: A journey to inclusive growth, Nigeria systematic country diagnostic

access to high quality inputs and improving the international competitiveness of Nigeria's agricultural commodities.

II. COSOP Theory of Change (ToC)

The Agri-food systems in Nigeria face several major stumbling blocks (see appendix 1.c for details list of challenges) that lead to: a) Low productive capacities; b) Weak integration of small holders in value chains with difficulty to harness the economic opportunities to generate sales, income and profit; c) Food insecurity and malnutrition; d) Poverty of small holder farmers and e) dependence of imports for essential food products.

Against this backdrop, the COSOP Theory of Change is built on the premise that **IF** the capacities of rural small-scale producers are enhanced through climate resilient nutrition sensitive agricultural practices, innovative technologies, improved inputs and secured access to land especially for youth and women and households, as well as nutrition and gender transformative interventions and **IF** significant investments are made in improving policies and institutional capacity of rural institutions including farmers and producers organisations and multi stakeholders platforms for equitable and market driven contractual agreements between farmers organisations and private sector through 4Ps, expanding market and production infrastructures, extending access to processing technologies and digital solutions, scaling up access to financial services, and boosting youth and women entrepreneurship **THEN** smallholder farmers and market oriented farmers and agri-food entrepreneurs will sustainably and significantly increase their productivity and their production, their income, and their nutrition, their resilience to fragility while boosting their contribution to food and nutrition security and to the sustainable growth of inclusive, nutrition sensitive and climate resilient value chains with a transformative impact on rural economies.

Expected outcomes: The implementation of the two strategic objectives S01 and S02 of COSOP is expected to lead to the following outcomes: 1) increased and sustained improvement in food security, nutrition and income and resilience and 2) growth of inclusive resilient, nutrition sensitive agribusiness value chains. These will be achieved through a) enhanced small holders food production nutrition capacity, b) increased access to markets and improved effectiveness and profitability of farmers organisations, c) enhanced jobs and profitability through innovative youth and women agribusinesses, d) transformative improvement of women positioning of small holder women in agriculture, e) strengthened local mechanisms for conflict prevention and management and f) conducive policies for smallholder-driven, market-oriented, climate resilient and gender and youth inclusive and nutrition sensitive food systems including enhanced capacity for their implementation. These outcomes should contribute to SDG 1,2,5, and 10 among others.

III. Overall goal and strategic objectives

COSOP Goal: The goal of the COSOP is to "promote inclusive and resilient growth of rural economy through market-driven, agri-food system transformation for food and nutrition security". To achieve this, the COSOP will address the root causes of fragility and will pursue two inter-related strategic objectives (SOs):

- **SO,1: Sustainably increase rural people's productive capacities.** This will focus on addressing some drivers of fragility by improving farmers' production capacities by enhancing climate-resilient and nutrition-sensitive agriculture through access to quality inputs, enhanced adoption of good agriculture technologies and mechanisation, integrated crop production with livestock husbandry, tailored extension services including digital solutions. Considering the role of women in households, this COSOP will scale up investments in gender, nutrition, climate change for transformative

impact. It will foster farmers organisations' participation and leadership in community mechanisms for prevention and management of conflicts and insecurity.

- **SO,2: Strengthen the organizational and policy frameworks, for inclusive, nutrition sensitive and resilient agricultural value chains.** COSOP will strengthen the capacity of FOs, and rural institutions, promote conducive policies and regulations, and scale up investments in resilient and innovative storage, processing, market infrastructure and reduction of postharvest. CAFs will be strengthened with innovative practices including ICTD4D, to foster business relationships between farmers organisations and private sector for the scale up of sustainable and equitable market access within high potential and nutrition sensitive value chains while promoting resilience to climate change and fragility. In addition, youth and women will be empowered through on and off farms entrepreneurship and jobs successful incubation and employability models. As in SO1, the COSOP will help create and strengthen mechanisms for dialogue and conflict resolution among actors to mitigate and address the drivers of conflicts and shocks.

IV. Sustainability and exit strategy:

The sustainability and exit strategy rests on the following pillars:

- a. Continued alignment with national policies , synergies with FGN existing national programs such as SAPZ program and the National Agricultural Growth Schemes Agropocket(NAGS), and promotion of effective oversight capacity of governments in the implementation and the supervision of the program. There will be a need to strengthen the capacity of oversight institutions at federal and state levels
- b. Promotion of community driven approach and farmers organizations ownership and leadership social capital, and technical skills needed to pursue the activities beyond the COSOP.
- c. Capacity building of states to deliver on counterpart funding responsibilities, by: i) promoting economic diversification and growth through profitable, inclusive and resilient nutrition sensitive value chains, ii) reducing vulnerability through community driven approach that reduces root causes of fragility including food insecurity for example by including within community development actions plans the mitigation of fragility, insecurity and conflicts, iii) ensuring proper budgetisation of amount of counterparts, and iv) integrating and valuing in-kind contributions.
- d. Promotion of win -win profitable sustainable partnership between farmers organizations and private agribusinesses through Commodity Alliance Forums which opens the way for the continuation of project results beyond the COSOP.
- e. Fostering socio-economic sustainability by integrating youth, women and vulnerable groups in agricultural value chains while ensuring environment sustainability and compliance with health requirements.
- f. Facilitation of sustainable provision of quality and efficient services by private service providers to continuity of support for extensions, inputs, insurance.
- g. Participatory implementation monitoring and evaluation and constant knowledge sharing will help prepare the exit

V. Scaling up through policy development and implementation

In addition to expanding and deepening its outreach in existing geographic areas including in fragile areas, the COSOP will promote scale up of the innovative and successful approaches implemented in the prior COSOP. These approaches include i) inclusive, nutrition sensitive and climate resilient value chains development, ii) Commodity alliance forums, iii) strengthening of Community driven development approach with a priority to farmer organizations iv) youth and women entrepreneurship, v) support services delivery by private sector, vi) land allocation to women and youth and vii) mechanization and processing, vi) precision farming³¹.

Successful models will be scaled up by extending them to larger groups by IFAD and other projects funding by the federal and state governments, development partners and national actors and by farmers organization. The COSOP will promote the vertical scale – institutionalization – of successful models by local, state and the federal governments. Steps to achieve this objective include: strategy for sustainability, capacity building for project teams and country office to implement scale up plan, advocacy and knowledge sharing, fostering adoption of best practices, identification of and advocacy for strategic choices to support the institutionalization of best practices and innovation, development of capacity of key stakeholders (governments, farmers organizations, private sector, development partners) for the horizontal and vertical scaling up.

COSOP will also significantly increase of ICT4D for outreach as well as greater farmers productivity, production, access to markets and resilience. The COSOP will enhance penetration in more fragile areas through partnership and greater outreach to youth, women and IDPs and PWD. The COSOP will enhance private sector partnership and increase resource mobilization from development partners.

VI. Mainstreaming

Climate and environment. IFAD will work with the Government as well as farmer organizations to promote a) inclusive community-driven to climate and environment resilience b) climate resilient infrastructure and c) enhanced access of smallholder to climate finance and digital solutions and d) early warning systems as well as disaster preparedness and recovery strategy

Gender equality and women's empowerment (GEWE). Leveraging GALS methodology, the COSOP will address household gender dynamics and promotes mobilization of community actors especially men leaders and traditional rulers to enhancing women's access to productive resources and equitable distribution of workload. Moreover, the COSOP will strengthening gender to foster nutrition outcome In addition, support to women organizations will be increased and tailored to each context to sustainable enhance sustainably women's leadership and to improve their social and economic status.

Youth. Youth inclusion in agri-businesses will be enhanced: i) utilising the youth enterprise incubator model of LIFE-ND and the youth apprenticeship model of Agrihub Nigeria; ii) scaling digital agriculture; iii) promoting institutional, regulatory, and policy frameworks to address the major challenges faced by youth, such as limited access to land, financial resources, business knowledge, and networks. In addition, IFAD will

³¹ COSOP completion review 2016 – 2023, p. 8

enhance its collaboration with youth organisations in programme and policy formulation and monitoring.

Nutrition. IFAD will work with partners especially smallholder FOs and NGOs to scale up its successful models for developing nutrition sensitive production and consumption at household level. For this purpose, nutrients crops (legumes), poultry ruminants, and small husbandry livestock will be included in the production, considering the link between gender inclusion, climate resilience, fragility and nutrition. COSOP will also promote nutrition sensitive market-oriented value chains in partnership with the private sector.

VII. Target group and targeting strategy

Target Group

Smallholder farmers, rural entrepreneurs, women and youth defined as poor and vulnerable to poverty according to the MPI multi-dimensional Poverty Index or monetary poverty are the core target groups. They include: i) **Subsistence and semi-subsistence producers** with the average holding of about 1.0-3.0 hectares, and with a production capacity between 0.1 and 4.99 hectares. This group also includes very poor households with income levels of less than \$1 per day, without assets, with less than 1.0 hectare of land, including female headed households and vulnerable households with no access to credit and other businesses. ii) **Business/Market oriented producers** who are commercial farmers who cultivate their own land and land leased from others. These farmers are producing principally for markets and have higher access to credit than semi-subsistence farmers, but remain poor or vulnerable.

Specific attention will be paid to include poor **women and youth entrepreneurs**, both male and female in the age range between 18 and 45, with potential to expand their economic livelihoods through rural entrepreneurship or employment. By having a specific target on this category of beneficiaries, the COSOP purpose is to increase their engagement in the rural sector (both on-farm and off-farm), contribute to sustainable rural transformation, and develop a new generation of young farmers, agri-preneurs and rural supply chain actors. Participation for the rural poor, IDPs and PWDs will be facilitated in activities along the value chains.

Targeting Strategy

IFAD's strategy for targeting ³² poor rural people will combine both geographical and household-level approaches. This COSOP will maintain the existing geographic footprint in states covered under its previous and on-going projects with an aim to further consolidate and scale-up the successes. Within the states, Local governments areas will be selected considering a mix of criteria including their population, their poverty rate, level of food insecurity needs, agriculture productive potential, social inequalities, unemployment level, fragility level, and commitment to facilitate access to land for women and youth. At project level, direct targeting will be employed for areas such as training men and women in family nutrition and technical and business skills. In addition, combination of participatory and self-targeting and approaches for project interventions will ensure that IFAD's primary target group will benefit the most from project services. The inclusiveness of PWDs will be ensured through engagement of organizations of persons with disabilities and specific responses to their particular needs. For IDPs, projects will take conflict-sensitive approaches which recognize their unique needs in terms of access to land and inputs, while

³² IFAD, 2023 IFAD Targeting Policy

promoting durable solutions in partnership with host communities. The COSOP targets to reach about 1,2 million beneficiaries with at least 50% being women and 40% youth among the direct beneficiaries.

VIII. Key strategic interventions

To achieve the COSOP Goal which is to “promote inclusive and resilient growth of rural economy through market-driven, agri-food system transformation for food and nutrition security” and to realize its two strategic objectives (SOs), the COSOP *will support the following interventions while ensuring effective integration of mainstreaming across all the programs, policy and knowledge management activities*

- i. Sustainable land management (SLM): The impact of environmental degradation (including soil erosion, deforestation, and desertification) on agriculture is high across the country. Agricultural productivity is diminishing and climate change will make this worse. Increased investments in SLM are critical in reducing the impact of land degradation on smallholder farmers and in addressing food security.
- ii. Climate adaptation: SLM options function simultaneously as climate change adaptation solutions: they build resilience in farming systems while improving the land. Investment in renewable energy and agroforestry will also strengthen resilience and simultaneously help achieve GHG mitigation targets in the AFOLU sector, as laid out in the Nationally Determined Contributions. Even more important will be the development of synchrony with the (yet to be finalised) National Adaptation Plan.
- iii. Investment in resilience enhancing production and market infrastructure: Continued action which has proven effective and appreciated must be strengthened: this should include irrigation facilities, feeder roads, access to water, improved seeds and breeds, fertilisers, insurance, extension services, and good agricultural practices (GAP).
- iv. Climate information for smallholder agriculture: Climate variability and uncertainties remain strong challenges to smallholder agriculture. Rainfall uncertainty and rising temperatures are direct threats to farmers. Strengthening climate information is critical to adaptation strategies. Once again this should build on what have been important and successful components of programmes under IFAD’s current COSOP.
- v. Improving access to climate finance and financial inclusion: Financial inclusion and access to credit and insurance services for smallholder farmers is limited across Nigeria. Climate finance needs to be facilitated through green finance mechanisms, and instruments including concessional financing.
- vi. Nutrition Sensitive Interventions: IFAD will promote: (i) Production related nutrition (supply) interventions, (ii) Consumption of nutritious products (demand), and (iii) Pro-nutrition practices.
- vii. Promote gender transformative interventions including enhancing the positioning of women in nutrition sensitive and climate resilient value chains,
- viii. Inclusive Value Chains Development: Resonating with the government’s objective of support the inclusive growth of value chains thereby giving the means to people to lift themselves out of poverty, building on its successful experience in Nigeria, the COSOP will support the development of resilient, inclusive, nutrition sensitive value chains by strengthening the policy quality and organizational capacity of rural organisations including farmers organizations for market access and inclusive and profitable integration of farmers organisations as well as youth and women entrepreneurs in agribusiness value chains for enhanced, sustainable and profitable access to markets to farmers and sustainable supply of inputs to agrobusinesses and agro-industries .

- ix. Digital solutions: For reasons of efficiency, economy and security, digital communications will play a much greater role for delivery of implementation, as well as remote training, supervision, and meetings. This also has the advantage of bringing youth more into the picture: digitisation makes agricultural development more appealing to them. Digitalisation will also support women's empowerment with significant benefits for women's movements are restricted due to traditions or insecurity.
- x. Public Policy and rural institutions: Capacity building for agriculture development, resilience to fragility, and leverage of opportunities : The COSOP will enhance capacity of federal state and local governments to develop policies and regulations and to implement support initiatives to boost 4 Ps partnership, to extend farmers and agri-entrepreneurs access to digital solutions, facilitate access to land and to developed land to youth, women and IDPs and PWD, enhancing the positioning of women in nutrition sensitive and climate resilient agriculture, promote mechanisation, enhance registration of farmers organisations, foster community dialogues mechanisms including through community development plans and community value chain action plan, to help mitigate fragility and conflicts. Capacity in leveraging on results and production of learning documents for disseminating adoption of good agriculture technologies and practices will be improved through use of M&E and KM specialists and knowledge sharing forums.

Key files

Key file 1: Rural Poverty and agricultural sector issues (refers to chapter I C)

Priority Areas		Affected Group	Major Issues	Actions Needed
Smallholder production, productivity and incomes improved with private sector participation		Smallholder and land-less rural population including youth and women	<ul style="list-style-type: none"> ● Subsistence level scattered produce with no aggregation platform to attract buyers ● Limited access to improved inputs, technology and supporting services. ● Lack of irrigation and unpredictable rain patterns 	<ul style="list-style-type: none"> ● Organize subsistence farmers around priority commodity value chains for improved production and aggregation ● Increase access to supporting services. ● Support rain-fed production under good agricultural practices, with small scale irrigation.
<ul style="list-style-type: none"> ● Access to markets and predictable price 	●	● Smallholder farmers	<ul style="list-style-type: none"> ● Scattered subsistence level produce not attractive for big buyers and off-takers ● Value chain disconnects -quality, volumes, pricing ● Lack of access to markets under remunerative conditions (e.g. clear pricing, quality requirements). ● Lack of platforms to organize farmers for production consolidation and engagement with private sector ● 	<ul style="list-style-type: none"> ● Organize farmers into Farmer Organization based on priority crops and value chains ● Establish Commodity Alliance Forums to bring together government, farmers, established buyer companies, input suppliers etc. for win-win commercial agreements. ● Encourage private sector buyers to offer improved inputs on credit to farmers against upfront produce buying contracts
<ul style="list-style-type: none"> ● Access to land for unemployed young men and women and their empowerment 	●	● Rural youth including PWDs	<ul style="list-style-type: none"> ● Customary land management and allotment practices not conducive to allocation of excess land to youth ● Insecurity of land tenure promotes subsistence farming and discourages investment in land development 	<ul style="list-style-type: none"> ● Scale up the land allocation against 10 years tenure to young men, women and PWDs ● Provide assistance to new allottees in development of land and access to irrigation ● Provide access to improved inputs ● Allocate a quota to youth and women in decision-making positions in FOs
Agriculture support infrastructure		Smallholder farmers and rural populations at large	<ul style="list-style-type: none"> ● Only 1 percent land in Nigeria has access to irrigation ● Farm to market roads network is grossly underfunded and under-developed ● Access to clean water for human and animal consumption is severely constrained 	<ul style="list-style-type: none"> ● Investments in appropriate, cost-efficient small irrigation systems based on solar pumping etc. ● Investment in farm to market roads network ● Provision of simple cost-effective clean drinking water facilities ● Development of beneficiary based sustainable O&M arrangements
<ul style="list-style-type: none"> ● Access to agriculture finance 	●	● Smallholder farmers and agripreneur youth	<ul style="list-style-type: none"> ● Agri finance services coverage and outreach for smallholder farmers and agripreneurs is limited ● There is lack of appropriate loan products and conditions ● 	<ul style="list-style-type: none"> ● Policy level dialogue to encourage banks and MFIs to extend coverage and offer appropriate loan products ● Expand the alternates like in-kind credit by off-takers against produce sale contracts ● Expand the FSA network and increase their financial capacity ● Extend credit through IGREENFIN to smallholders with appropriate products
<ul style="list-style-type: none"> ● Adoption of climate smart agriculture practices 	●	● Smallholder farmers	<ul style="list-style-type: none"> ● Constant warming and unpredictable rain patterns severely impacting smallholder agriculture and cropping seasons. ● Lack of awareness and knowledge about adaptation ● Lack of access to weather prediction services ● Lack of irrigation backup limiting farmers choices in 	<ul style="list-style-type: none"> ● Improve farmers' knowledge and awareness about climate change through tailored extension messages and training. ● Create linkage with research institutions to develop seeds/varieties better suited to new weather patterns. ● Weather information be made available through ICT4D initiatives. ● Small back up irrigation facilities be prioritized in rural infrastructure

Priority Areas		Affected Group	Major Issues	Actions Needed
<ul style="list-style-type: none"> ● Improved extension services 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> ● Smallholder farmers 	case of prolonged droughts <ul style="list-style-type: none"> ● Lack of appropriate extension service provision for smallholders and other VC actors. ● Current extension worker cohort in need of fresh blood 	development <ul style="list-style-type: none"> ● Scale up the VCDP model of private sector service provision to address aforementioned issue. ● Sensitize government about urgent need for beefing up strength and quality of extension service through fresh induction
<ul style="list-style-type: none"> ● Deteriorating environment affecting agriculture 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> ● Farming rural communities and other value chain actors 	<ul style="list-style-type: none"> ● Deteriorating security and law and order in many areas due to armed groups, banditry, abductions for ransom etc. 	<ul style="list-style-type: none"> ● Strengthen Fos and CAFs to be an alternate conflict resolution mechanism and effective support to government law enforcement ●

Key file 2: Target group identification. Priority issues and potential response (refers to chapter I-C, III-C)

Typology	Poverty Levels and Causes	Coping Actions	Priority Needs	COSOP Response
Smallholder farmers cultivating less than 2 ha of land through subsistence practices	Produce small surpluses, with many producing barely enough to meet home consumption needs	Use savings (those with some savings), sell an asset like livestock, resort to borrowing	<ul style="list-style-type: none"> ● Transition from subsistence to agri-business approach ● Access to credit ● Organization, aggregation of produce and linkage to private sector ● Support infrastructure ● Food security and nutrition ● Climate change adaptation 	<ul style="list-style-type: none"> ● Provide access to production technology ● Facilitate access to credit ● Organize Fos around value chain development plans, establish aggregation platforms and link to private sector buyers and service providers through CAF ● Invest in support infrastructure ● Mainstream nutrition
Unemployed/under-employed and skill-poor rural women and youth	Very poor, dependent on intermittent and uncertain seasonal on-farm or off-farm labour; lack of skills to find remunerative jobs or offer services along the value chain	Dependent on family for hearth and home; unpaid labour on family or others farms for food	<ul style="list-style-type: none"> ● Access to land and land development resources ● Skill training for various paid services in production and along value chain ● Access to finance or startup grants for development of micro-enterprises ● Participation and say in Fos 	<ul style="list-style-type: none"> ● Scaling up access to land model of VCDP ● Support for land development and irrigation ● Skill training for value chain service provision ● Access to rural finance ● Organization as independent youth/women Fos and/or participation in existing Fos with certain quotas in decision making positions
Women/Gender	Women contribute 60-70% farm labour but only 1 percent own land. Women have little say in community affairs and household decisions related to farming and money matters. Gender based violence and deprivations are widespread	Dependence on menfolk in household Some poultry or small ruminant rearing and backyard kitchen gardening	<ul style="list-style-type: none"> ● Access to land, especially young women, and land development support ● Access to skills and finance ● Access to Fos/producer groups as members with equal rights ● Access to markets Nutrition training ● Share in decision-making positions in Fos and CAFs 	<ul style="list-style-type: none"> ● Facilitation in access to land and secure tenures ● Organization of women only Fos and share in decision-making positions in mixed Fos ● Skills training for employment opportunities in value chains ● Nutrition awareness and support ● Off-farm opportunities

Key file 3: Organization matrix (strength, weaknesses, opportunities and threats analysis) (refers to chapter I-C, III-B, IV-B, C, G)

Organization	Strengths	Weaknesses	Opportunities/Threats	Remarks
Enablers				
Federal Ministry of Agriculture and Rural Development	<ul style="list-style-type: none"> ● Agriculture Sector policy and strategy formulator for entire country ● Allocator of federal resources for agriculture and rural development ● Various in-house experts ● Coordinates all interventions in the agricultural sector (overview) 	<ul style="list-style-type: none"> ● Implementation within states is responsibility of state staff from their share in the budget ● Field Extension workers are old and on verge of retirement; no new inductions for a long time. ● Available annual budgets are quite short of what ambitious target under NATIP require 	<ul style="list-style-type: none"> ● O: synergies with national and other donor-funded programmes ● O: in-house expertise in agriculture, irrigation, etc. ● T: slow delivery due to financial constraints, staff capacity issues and decentralized implementation 	<ul style="list-style-type: none"> ● NATIP only recently rolled out ● A relevant but ambitious Nigeria Compact for Agriculture signed with AfDB in addition to recently started SAPZ
Ministry of Finance and State Budget	<ul style="list-style-type: none"> ● Lead agency for management of national finances and budgets including loans portfolio ● Signatory of loans on behalf of State ● Important role in provision of counterpart funding ● 	<ul style="list-style-type: none"> ● Little direct control over states in use and management of decentralized budgets ● Limited capacities for loan portfolio oversight and accountability 	<ul style="list-style-type: none"> ● O: Capacity support in improved oversight of loan portfolio utilization ● O: Deeper engagement for making states fulfil their commitments for counterpart funding ● T: Economy and revenue generation remains under stress limiting MOF&SB room for manoeuvre 	<ul style="list-style-type: none"> ● MOF&SB has important role and say in national finances and need to be more strategically engaged
State Governments	<ul style="list-style-type: none"> ● Actual doers and implementers under the Nigerian Federal system ● Presence right down to LGA level 	<ul style="list-style-type: none"> ● Capacity issues, especially in Agriculture sector ● Dependence on federal transferred revenues with attendant uncertainties and shortfalls ● Uncertainties in provision of committed counterpart funding 	<ul style="list-style-type: none"> ● O: Use their influence to develop a policy mechanism for tenure-based land leasing to land poor women and youth ● T: somewhat limited capacity at LGA and village level for effective delivery 	<ul style="list-style-type: none"> ● States have more direct role and responsibility in project implementation. Past adherence to commitments should be an important criterion for any State's inclusion in a project
LGAs	<ul style="list-style-type: none"> ● Lowest level in three-tier government system ● Closest to the ground and people and their problems and development needs 	<ul style="list-style-type: none"> ● Limited capacities ● Limited financial resources ● Lack of capacity to deliver breeds public lack of confidence and trust 	<ul style="list-style-type: none"> ● O: Capacity building of LGAs in value chain development ● O: Use their mandate of land management for opening up access for land poor women and youth ● T: Staff turn-overs and local political partisanship 	<ul style="list-style-type: none"> ● LGAs are the government tier closest to the beneficiaries. LGA capacity building should be important part of all capacity building interventions.
Service Providers				
Private sector orgs Olam, Onyx, Popular Rice, UNICAN, Crest Agro,	<ul style="list-style-type: none"> ● Well established names in agriculture commodity procurement, processing and service provision 	<ul style="list-style-type: none"> ● Still limited coverage 	<ul style="list-style-type: none"> ● O: can be scaled up considerably with government ownership 	<ul style="list-style-type: none"> ●

Organization	Strengths	Weaknesses	Opportunities/Threats	Remarks
			<ul style="list-style-type: none"> ● T: Smallholders inability to supply the committed quantities, side selling and inability to payback in-kind advances 	
<i>Client Organizations</i>				
<ul style="list-style-type: none"> ● Farmer Organizations ● ● FSAs ● Commodity Alliance Forums ● Women and youth enterprise groups 	<ul style="list-style-type: none"> ● Collective access to production inputs and technology ● ● Provision of savings and credit facility to members ● A forum for 4-P bringing key players together ● Collective procurements and marketing – mutual learning and support 	<ul style="list-style-type: none"> ● Lack formalization and scale ● ● Limited capital and coverage ● Yet to achieve scale ● Informal and project driven 	<ul style="list-style-type: none"> ● O: Federate at LGA and State level, could have multiplier effect. ● T: lack of government ownership ● O: Further capitalize for greater coverage and larger loans ● T: Limited capacity of managers to handle larger amounts ● O: Wider replication by government ● T: Capacity of smallholder farmers to meet demand from off-takers ● O: Replicate successful models at wider scale ● T: Sufficiency of resources for wider coverage 	

Key File 4: Strategic partnerships potential (refers to chapter IV-B, G, V-A)

Partnering objective	Partner	Nature of project or justification for partnering	Project/Programme Coverage	Status	Expected results from the partnership
<ul style="list-style-type: none"> ● Scaling up Value Chain approach and further linkages with agri-processing industry 	<ul style="list-style-type: none"> ● AfDB 	<ul style="list-style-type: none"> ● SAPZ I &2 	<ul style="list-style-type: none"> ● SAPZ-I is US\$ 541 Million project aimed at strengthening the linkage between producers and agro-processing industry through establishment of Aggregation Centers and Special Agro-Processing Zones in 9 states. A SAPZ-II of almost equal size is currently under preparation 	<ul style="list-style-type: none"> ● 2023-2028 	<ul style="list-style-type: none"> ● IFAD financing of US\$ 100 million will cover two states where the existing FOs and CAFs will be linked up with AfDB funded Aggregation Centers and Special Agro-Processing Zones providing further impetus for agri-business approach ● Create linkage with research institutions to develop seeds/varieties better suited to new weather patterns.
<ul style="list-style-type: none"> ● Scaling up Value Chain approach and further linkages with agri-processing industry 	<ul style="list-style-type: none"> ● IsDB 	<ul style="list-style-type: none"> ● SAPZ-I 	<ul style="list-style-type: none"> ● IsDB is the third co-financier apart from AfDB and IFAD in SAPZ-I. 	<ul style="list-style-type: none"> ● 2023-2028 	<ul style="list-style-type: none"> ● As above
<ul style="list-style-type: none"> ● Nutrition strengthening and mainstreaming 	<ul style="list-style-type: none"> ● WFP 	<ul style="list-style-type: none"> ● WFP's supplementary food provision to poor and vulnerable, IDPs and school feeding programmes can be linked to IFAD supported communities for enhanced nutrition 	<ul style="list-style-type: none"> ● 8 states (6 in North and one in South where IFAD is also present) 	<ul style="list-style-type: none"> ● 2024-2028 	<ul style="list-style-type: none"> ● WFP has US\$ 2.5 billion budget for five years involving procurement of 80,000 tons of food per annum. With their new policy of maximum local procurement, this will be very good sale option for IFAD supported CAFs and FOs. Their Food for Work window can also be linked to IFAD's support infrastructure development in beneficiary communities
<ul style="list-style-type: none"> ● ICT4D 	<ul style="list-style-type: none"> ● FAO 	<ul style="list-style-type: none"> ● FAOs ongoing work on development of an Agri Info Applications that would provide all kind of extension, marketing, weather, input supply, prices information at one place 	<ul style="list-style-type: none"> ● Throughout Nigeria 	<ul style="list-style-type: none"> ● 2024 onwards 	<ul style="list-style-type: none"> ● Will fit directly into IFAD's ambition to support and develop ICT4D initiatives aimed at smallholder agriculture ● Create linkage with research institutions to develop seeds/varieties better suited to new weather patterns
<ul style="list-style-type: none"> ● Service provision and support to CAFs and FOs 	<ul style="list-style-type: none"> ● Private sector orgs Olam, Onyx, Popular Rice, 	<ul style="list-style-type: none"> ● Existing private sector partners supporting CAFs and FOs through buyer-seller contracts 	<ul style="list-style-type: none"> ● VCDP States 	<ul style="list-style-type: none"> ● On-going 	<ul style="list-style-type: none"> ● The partnership will be further strengthened and expanded to the two new SAPZ states

Partnering objective	Partner	Nature of project or justification for partnering	Project/Programme Coverage	Status	Expected results from the partnership
	UNICAN, Crest Agro, JOSAN, AFEX Commodities Exchange, VERTEX & IKIN MAKUN	and in-kind credit provision to farmers			

Transition projections

1. The purpose of this Appendix is to offer an understanding of likely and possible country trajectories and to identify the possible implications of these for IFAD's country programme, over the COSOP period.

Table 1

Projections for key macroeconomic and demographic variables

Case	Baseline (without policy adjustments)	Scenario. with policy adjustments)
Avg. GDP growth	3.3% in 2023	4.65% (Nigeria Agenda 2050)
Public debt (as % of GDP)	36.4% in 202	45% in 2027
Debt service ratio	101% in 2022	Above 100%
Inflation rate (%) (2021)	21% in 2022	13% in 2025
Rural population ³³	100.3 million	
	Population growth rate of 2.6%	
Investment Climate for rural business ³⁴	IFAD's 2021 Rural Sector Performance Assessment (RSPA) overall score for Nigeria stands at 3.55, almost at par with the average rating for countries in West and Central Africa. Access to land scored relatively low 3.30. Investment climate for rural business received a relatively higher score at 4.40. Gender equality also gets a score of 3. Other areas of very low scores are (i) Rural governance, transparency and public administration; (ii) national climate change policies and (iii) fiscal policy	
Vulnerability to shocks	Nigeria ranks 154 out of 185 country in the index of ND Gain denoting high vulnerability to shock and low readiness which is ability to leverage investments and convert them to adaptation actions.	

2. The objective of Nigeria Agenda 2050 is for the country to graduate from low middle-income country group to upper middle-income group by 2030 and high-income group by 2050 with an average real GDP growth of 7%. The Nigeria Agenda 2050 will be implemented through a 5-year national development plan (NDP) each with a specific real GDP growth target. During the first NDP 2021-2025, an average of 4.65% real GDP growth is projected, followed by an increase to 8.01% real GDP growth during 2026-2030. The attainment of the ambitious real GDP growth rate foreseen in the Nigeria Agenda 2050, "requires higher capital accumulation, with investment as a ratio of GDP increasing from the current 29.40% to 40.11 % by 2050. The increase in investment will be financed through national savings and FDI. The private sector is expected to finance the bulk of these investment. Public investment will be restructured to be catalytic and more efficient and effective in promoting sustainable growth and development." Reaching these ambitious growth targets will require major policy reforms to attract FDI and to stimulate domestic investment, including in the rural sector.

³³ [UN DESA, World Urbanization Prospects 2018](#)

³⁴ [World Bank Doing Business Report 2020](#)

3. The economy of Nigeria has historically been dominated by the oil sector, accounting for 90% of total export and 10% of GDP. However, oil output has been declining. In 2021, Nigeria produced 1.1 million barrels per day, its lowest level in last three decades. In addition, the net revenue generated from crude oil export was inferior than the cost of subsidies of refined petroleum in 2022. Indeed, the Government of Nigeria has been subsidizing crude oil price subsidies since the 1970s. Instead of boosting fiscal resources, the high crude oil price which increased by over 150 percent from 2020 to 2022, led to greater deficit.
4. In a global context market dominated by high inflation and high interest rate, interest payments on the public debt are projected to increase from 2.4 percent of GDP in 2021 to about 3.1 percent of GDP in 2022. Moreover, restriction of foreign exchange and policy of administratively managing foreign exchange rate have led to multiple exchange rate with the parallel market rate staying above 50% of the official market rate³⁵ causing severe shortage in foreign currency.
5. **Base scenario.** Real GDP growth over the COSOP period is projected to hover around an average of 2.5 to 2.9 percent. This subdued growth can be explained by sustained contraction in oil production, increasing fiscal deficit as well as the adverse lagging impacts of previous policies' choices such as the demonetization³⁶ of the Nigerian naira, which caused a scarcity of cash that severely disrupted the economy in February and March 2023. Since the demographic growth is 2.6 percent per year, the impact on per capita incomes growth and the prevalence of poverty³⁷ will be limited. Food and energy prices are expected to remain high due to ripple effects of the war in Ukraine. Since 2019, inflation rate has increased substantially, reaching 21 percent in 2022, a 17-year high, driven by the spike in global food and energy prices due to the war in Ukraine. The World Bank estimates that between 2020 and 2021, inflation pushed about eight million more Nigerians below the poverty line, increasing the total number of poor people to about 90 million. Higher inflation in 2022 is estimated to have pushed an additional five million Nigerians into poverty between January and September 2022.
6. **Alternative scenario.** The new government sworn in on 29 May 2023 has initiated major economic reforms to stimulate growth and macro-economic equilibrium including the removal of petrol subsidies and the determination of exchange rate by the market forces.³⁸ The cessation of fuel subsidies in June 2023 is an important policy reform with far-reaching economic implications. Without the fuel subsidy, which was estimated to cost 2.3 percent of GDP in 2022, a substantial improvement is expected in Nigeria's fiscal position, as more budgetary resources are available to support productive investments, including in sustainable productivity increase in agriculture. As a result, the real GDP growth of Nigeria could be superior to 3.3% during the course of the new COSOP. In the short run, the removal of fuel subsidies will trigger more inflationary pressure.
7. The real GDP growth outcomes could be significantly higher even reaching the target of 4.65% of the first NDP if the new administration adopts inclusive policy choices such as investments in agriculture to support economic diversification objectives and address factors hampering long-term inclusive growth of Nigeria's economy such as limited access to basic infrastructure including in rural areas (power, water supply, transportation network, etc.), improve security and governance. In the past 5 years the average size of Government expenditures allocated to agriculture is 2.5%, far below the 10% recommended by Africa Union.

³⁵ IMF Country Report No. 23/93 Feb 2023. Article 4 Consultations

³⁶ The policy which entails the withdrawal of some bank notes and their replacement with new bank notes led to a major shortfall of money leading to extensive protests in early 2023.

³⁷ World Bank

³⁸ <https://www.cbn.gov.ng/Out/2023/CCD/Operational%20Changes%20to%20FX%20Market.pdf>

Projected Implications for IFAD's country programme

8. As Nigeria transitions from LMIC toward UMIC, a diversity of funding sources will be required including Official Development assistance, Foreign direct investment and domestic resources. However, Nigeria has historically attracted limited inflows of Net foreign direct investment (FDI) which was even negative in 2022³⁹ and ODA for Nigeria has hovered around 0.8 percent to 0.9 percent of GNI.

Lending terms and conditions

9. Irrespective of the short-term scenario and impacts economic growth on poverty reduction and income increase, Nigeria is expected to remain a lower middle-income country over the course of the COSOP. The lending terms for Nigeria during IFAD 13 are expected to remain blend, similar to IFAD12.
10. Due to the global landscape marked by an increasing cost of borrowing as a result of high interest rate, access to more concessional financing will be the most preferable option for Nigeria. With the reform initiated by the new administration since 2023, Nigeria should improve its fiscal stability and continue to meet all its obligations vis-à-vis IFAD, including its domestic counterpart funding commitments.

PBAS allocation

11. The country has revealed its intention for accessing greater volume of financing for agriculture above and beyond the amount allocated as part of the PBAS and BRAM. In 2023, an additional USD 20 million of BRAM resources was allocated to Nigeria. Therefore, Nigeria is expected to absorb its full PBAS allocation during both IFAD13 and IFAD 14 whatever the prevailing scenario.

COSOP priorities and products

12. Given the level of food insecurity and growing demand from food for the domestic market, COSOP investments priority will remain the national food systems, including sustainable inclusion of IFAD target groups in domestic value chains. The imports bill of food products of Nigeria equal to US\$ 3 billion/annum, denoting a large opportunity for impact substitution.

Co-financing opportunities and partnerships.

13. The vibrant partnerships developed with international financing institutions (AfDB, IsDB, GCF) will continue and be expanded to include new partners such as AFD

³⁹ World Bank 2022. Nigeria Development Update.

SECAP background study

COSOP Nigeria

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Abbreviations

AFOLU	Agriculture, Forestry and Other Land Use
CASP	Climate Change Adaptation and Agribusiness Support Programme
CDA	Community development association
COSOP	Country Strategic Opportunities Programme
CSA	Climate-smart agriculture
EG	Enterprise groups
FAOSTYLE ⁴⁰	FAO's style guide
FHH	Female Headed Households
FO	Farmers' Organisations
FSAs	Financial Savings Associations
GDP	Gross domestic product
GHG	Greenhouse gas
GHI	Global hunger index
HH	Household
ICARDA	International Centre for Agricultural Research in Dry Areas
IDP	Internally displaced person
IFAD	International Fund for Agricultural Development
IPCC	Intergovernmental Panel on Climate Change
JICA	Japan's International Cooperation Agency
NAP	National Adaptation Plan (Climate Change)
NATIP	National Agriculture Technology and Innovation Plan
NDC	Nationally Determined Contributions (Climate Change)
NiMET	National Meteorological Service for Nigeria
NSAG	Non-state armed groups
PWD	Persons with disabilities
SAM	Severe acute malnutrition
SAPZ	Special Agro-Industry Processing Zones

⁴⁰ FAOSTYLE has been used throughout this document to standardise spelling and other conventions (so "s" instead of "z"; socioeconomic instead of socio-economic; percent instead of % etc.)

SDGs	Sustainable Development Goals
SECAP	Social, Environmental and Climate Assessment Procedures
Sida	Swedish International Development Agency
SIGI	Social institutions and gender issues
SLM	Sustainable land management
UNDSS	United Nations Department of Safety and Security
UNFCCC	United Nations Framework Convention on Climate Change
VCDP	Value Chain Development Programme
WFP	World Food Programme
WOCAT	World Overview of Conservation Approaches and Technologies

INTRODUCTION

1. The key objective of this background study on Social, Environmental and Climate Assessment Procedures (SECAP) is to assess risks as well as strategically orient and enhance sustainability of the new Nigerian COSOP, covering social, environmental and climate change issues. Nigeria's COSOP extension to December 2022 has ensured that the next COSOP can be aligned with national policies under development. This SECAP study is a step in that process. Nigeria's official listing as a "fragile and conflict-affected" country makes the SECAP study especially crucial. An additional element comprises a separate "fragility assessment note" which expands on specific risk-related aspects of the SECAP and should be read in association.
2. SECAP helps to identify interventions that not only mitigate risks but generate opportunities. Thus, while risks in each of the categories are discussed in full – and their interactions noted also – there is a positive emphasis in this study on where the programmes under the COSOP should place their focus. Doing so emphasises the potential for agricultural development in harmony with Nigeria's priorities. From the social perspective, it addresses risks related to women, youth, indigenous peoples, community health and safety, and especially vulnerable groups such as people with disabilities. Environmental issues considered are primarily related to land degradation, desertification, deforestation and damage to ecosystems – and how sustainable land management can provide solutions. Climate change is assessed in terms of impacts: particularly how these might affect land users and what adaptation options are available.
3. The current exercise has comprised a combination of remote studies and fieldwork, carried out over a four-week period in November/December 2022. Security issues limited the amount of fieldwork that could be carried out, but nevertheless an abundance of relevant documentation has aided this background study. It should also be noted that the study was expedited by excellent interaction between all involved.

PART 1 SITUATION ANALYSIS AND MAIN CHALLENGES

1.1 Socioeconomic situation and underlying causes

4. A federation of 36 autonomous states, Nigeria is already Africa’s largest country, with over 200 million people, and Africa’s largest economy, with a nominal gross domestic product (GDP) of around US\$450 billion (2019). With its abundance of resources, a young and entrepreneurial population, and a dynamic private sector, Nigeria has the potential to be a giant on the global stage. At the same time, with over 40 percent of its population living in poverty, Nigeria has the second largest population of poor in the world⁴¹. The economy and public finances continue to be highly vulnerable to oil price shocks, and not enough jobs are being created for the 3.5 million young Nigerians coming of working age every year. The 2.2 percent of economic growth in 2022 is below the rate of population growth – as it has been for the last five years. The extreme poverty rate is expected to rise, with the number of poor predicted to increase by an extra 15 to 20 million by the end of 2022⁴². Figure 1 is an overview of the main sectors that contribute to Nigeria’s GDP.

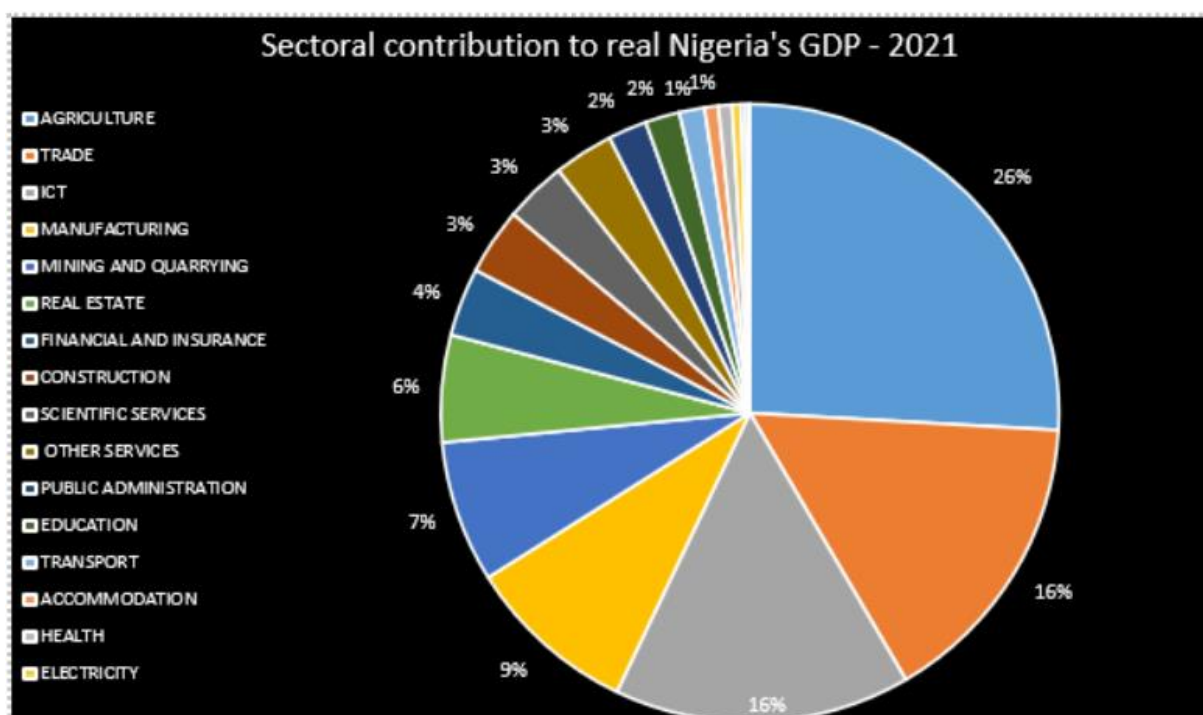


Figure 1. Sectoral Contribution to Nigeria’s GDP in 2021. Source: Samuel Oyekanmi, 2022. Macro-Economic News, Metrics, Monetary Policy, Reviews, Mars.

5. The country is ethnically and socio-culturally diverse. There are more than 400 ethnolinguistic groups that embrace a variety of social norms and customs across the different regions. Traditional leaders and societal governance systems rooted in the histories of each area co-exist with formal modern government systems. This is a source of considerable resilience⁴³. Nigeria is also characterised by pronounced spatial disparities. There are stark differences between the north, the Middle Belt and

⁴¹ World Bank Group, 2020. Country Partnership framework Nigeria FY21-FY25

⁴² World Bank Group, 2019. Nigeria on the move: A journey to inclusive growth, Nigeria systematic country diagnostic

⁴³ World Bank Group, 2020. Country Partnership framework Nigeria FY21-FY25

- the south, and between urban growth centres and isolated rural areas, in terms of access to basic services, economic opportunity, income levels and rates of poverty⁴⁴.
6. Poverty in Nigeria is especially concentrated among rural dwellers in the north. There, polygamy is practiced widely, with an average extended household size of about 20 people “eating from one pot”. Young girls often get married at the age of 18 years while their male counterparts marry at the age of 20 to 25 years depending on family resources (since they have to pay dowry)⁴⁵. Women’s resources are commonly limited to just a handful of goats and sheep, and only few own land - through inheritance, or more rarely, by purchase. Decision-making in the home is largely limited to men, who own most assets. Fieldwork analysis showed that women ranked health facilities as their most valued institution because of access to medicines and food supplements. Their male counterparts gave the highest ranking to Community Development Associations, traders who provide market access, IFAD and the Ministry of Agriculture on account of their interventions⁴⁶.
 7. Ethnic diversity and spatial disparities have contributed to Nigeria’s growing security challenges, notably the robust insurgency of Non-State Armed Groups (NSAGs) in the northeast, and more recently, the rising conflict between herders and farmers in the Middle Belt and northern areas. In the north-eastern areas of the country, women and children have migrated to nearby communities, further worsening the poverty situation. The recurrent conflict between herders and farmers has been fuelled by droughts in the Sahel, which continue to push herders further to the south to compete for limited grazing: this is compounded by the growing farmer population and other climate change impacts. Those most affected by these effects of climate change include female headed households (FHH), persons with disability (PWDs) and internally displaced persons (IDPs)⁴⁷. In the south, the biggest challenge is youth restiveness which has increased due to lack of jobs, exacerbated by low productivity and environmental degradation from oil exploitation activities⁴⁸. In the oil-rich Niger Delta region there are kidnappings, militancy and partisan politics over spilling into violence⁴⁹.
 8. **Gender.** According to the OECD’s Social Institutions and Gender Index (SIGI), Nigeria is among the top 10 percent of countries in terms of gender discrimination, and falls among the group of countries with the highest gender inequality in human development outcomes. The country has a Gender Development Index value of 0.868 and is classified in group 5, which covers countries with very low levels of human development. Due to the lack of data, there is no Gender Inequality Index for Nigeria⁵⁰. Gender remains a key cross-cutting issue in Nigeria. Several barriers that discourage women from participating in the labour force or impede their productivity when they do participate, still exist.
 9. These barriers include high fertility and maternal mortality rates; pronounced gender gaps in basic and secondary education; lower productivity, profitability, and earnings in agriculture, self-employment, and wage employment; and high incidence and acceptance of gender-based violence (GBV). Unlocking the potential of Nigeria’s workforce will require the removal of barriers that discourage women from accessing opportunities and benefits. Fieldwork studies revealed that the poorest category of families is characterised by FHH with children of below five years old. The main source of income for the poorest is often from philanthropy: food and money. In the case of

⁴⁴ ditto

⁴⁵ COSOP SECAP Background Study Field Report on Targeting, Gender and Nutrition, IFAD November 2022

⁴⁶ ditto

⁴⁷ COSOP SECAP Background Study Field Report on Targeting, Gender and Nutrition, IFAD November 2022

⁴⁸ ditto

⁴⁹ based on: Monguno, A.K., 2021. Contextual review of fragility, conflict and violence in Nigeria for the establishment of strategic agro-processing zones (SAPZ) in Kano and Ogun states. Draft report submitted to IFAD, Nigeria Office.

⁵⁰ World Bank Group, 2020. Country Partnership framework Nigeria FY21-FY25

northern Nigeria, a community support system through “zakat” committees has been established under shariah law to offer this support⁵¹.

10. The FAO Gender Country Assessment of 2018⁵² reports that in Nigeria, women’s contribution to agriculture is estimated at 60–79 percent of the labour force, involved especially in food production, processing and marketing. Many women work on family farms. Despite women being the greater labour force, significant barriers for them have been identified in agricultural value chains, particularly in palm oil and cocoa⁵³. These barriers to women are demonstrated by:
 - (i) Limited access to secure land for production ;
 - (ii) Underrepresentation in multi-stakeholder policy platforms ;
 - (iii) Constraints in accessing finance with fewer assets for collateral ;
 - (iv) Low participation in producer organizations, and poor access to new technology ;
 - and
 - (v) Little influence on trade-offs between cash and food crop production.
11. **Youth.** Nigeria will soon have one of the youngest and largest working-age populations in the world. Youth in Nigeria constitute people aged between 18–29 years according to the new youth policy (2019), and they make up the largest demographic group after children, accounting for 23 percent of the total population. Youth are currently numbered at 41 million, a figure that is set to rise to 84 million by 2050⁵⁴. According to a World Bank study in 2019⁵⁵, approximately 28 percent of girls between the ages of 15–19 are already married, and 23 percent in that age group are already mothers or pregnant with their first child. The incidence of early marriage and childbearing is even higher in the northern regions. Early childbearing is strongly correlated with maternal and child mortality. Millions of adolescent girls (10–19 years)⁵⁶ are currently out of school; they have never enrolled or dropped out early. The low proportion of girls attending secondary schools is particularly concerning, given that attaining this level of education is associated with fewer unwanted pregnancies and reduced infant mortality.
12. Not enough jobs are being created for the youth, who are characterised by lower human capital relative to adults⁵⁷. Only one-third of all youth are employed. Figure 2 shows youth employment rates and the rising levels projected for the future. This highlights the economic vulnerabilities they face⁵⁸. Chaotic and disorganised urban expansion has resulted in large slum areas, inadequate infrastructure and services, vulnerable forms of livelihood, and a shortage of employment opportunities⁵⁹. Large youthful unemployed populations compound the stressors and tensions within the urban system.

⁵¹ COSOP SECAP Background Study Field Report on Targeting, Gender and Nutrition, IFAD November 2022

⁵² FAO, 2018. Country Gender Assessment Series. National Gender Profile of Agricultural and Rural Livelihoods. Nigeria.

⁵³ Promoting Integrated Landscape Management and Sustainable Food Systems in Niger Delta Region in Nigeria, GEF

⁵⁴ World Bank Group, 2019. Nigeria on the move: A journey to inclusive growth, Nigeria systematic country diagnostic

⁵⁵ ditto

⁵⁶ Definition: padata.org

⁵⁷ World Bank Group, 2020. Country Partnership framework Nigeria FY21–FY25

⁵⁸ World Bank Group, 2019. Nigeria on the move: A journey to inclusive growth, Nigeria systematic country diagnostic

⁵⁹ ditto

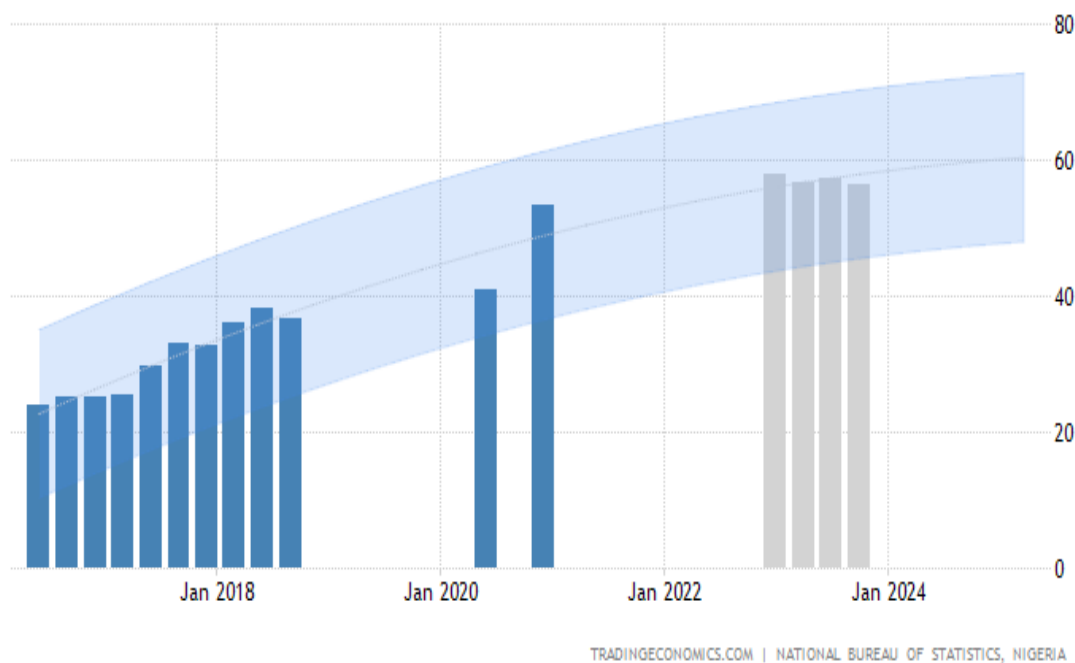


Figure 2. The Nigeria Youth Unemployment Rate. Source: National Bureau of Statistics.

Indigenous and Marginalized groups

13. Beyond the general poor, other population groups experience social exclusion, which limits their economic and social opportunities. Some of the groups most vulnerable to social inclusion are orphans, the disabled, internally displaced persons, and women and girls who have been associated with Boko Haram⁶⁰. Because the economic opportunities among these groups are narrow, they are more likely to suffer from monetary poverty as well. Women and children are especially vulnerable to stigmatisation, and conservative social norms make their access to public services, such as health care, education, economic resources, and livelihoods difficult.
14. The **number of orphans and vulnerable children** are estimated at 17.5 million (in 2010), among whom over seven million have been orphaned by HIV/AIDS. Health and development issues are significant among these children. Yet, an estimated 95 percent lack medical, material, and educational assistance⁶¹.
15. **Disabled populations**. An estimated 25 million Nigerians have at least one disability, and 3.6 million of these face significant difficulties in functioning⁶². Physical infrastructure is not adequate to meet the special needs of the disabled, and most of the expenditures on programmes to address these needs are supplied through private funds and charitable spending rather than by the government.
16. **Internally displaced persons** in Nigeria have fled their homes as a result of conflict, violence and disasters. The activities of Boko Haram and other non-state armed groups (NSAGs) have led to significant displacement in the northeast of the country since 2009. Criminal and intercommunal violence driven by competition for resources that is aggravated by climate change has escalated in recent years in central, north-central, and north-western regions, and continued to do so in 2021. IDPs have become

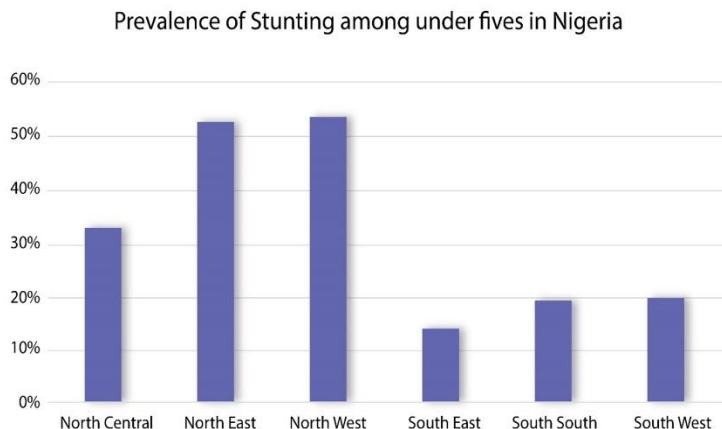
⁶⁰ ditto

⁶¹ ditto

⁶² World Bank 2011

socially excluded although, prior to their dislocation, they may have been members of strong communities.

17. Long-standing violence between pastoralists and farmers in the north-western states of Katsina, Sokoto and Zamfara has also become more frequent, and rural banditry and criminal violence is on the rise across all northern states, leading to large-scale displacement. Rainy season downpours and floods triggered 24,000 new movements in 2021⁶³. The total number of internally displaced persons in Nigeria is estimated at 1.9 million. These people face adverse economic impacts because of displacement, which exacerbates the chronic poverty they already tend to experience.
18. **Women and girls who have been associated with Boko Haram** often face marginalisation, discrimination, and rejection by family and community members when they return, particularly if they have become pregnant. They are viewed with fear and suspicion and can be excluded by the community representatives in charge of determining who benefits from humanitarian or development aid. Few of the women who experienced these extreme forms of violence have received mental health services or other specialised assistance, except the girls from Chibok⁶⁴.
19. **Nutrition - Nigeria has the second highest burden of stunted children in the world, with a prevalence** rate of 32 percent under five years old (see Figure 3). An estimated two million children in Nigeria suffer from severe acute malnutrition (SAM), but only one out of every five children affected is currently reached with treatment. Seven percent of women of childbearing age also suffer from acute malnutrition⁶⁵. Stunting and wasting contribute to economic losses, accounting for up to 11 percent of GDP⁶⁶. On the other hand, Vanderkooy and colleagues cite the contrasting problem burden of underweight and overweight/obesity in the adult population, with overweight/obesity on the rise from 33 percent of women in 2011 to 36 percent in 2016⁶⁷.



⁶³ Internal displacement Monitoring Centre: Nigeria Country profile, 18 May 2022

⁶⁴ Human Rights Watch, 2014

⁶⁵ UNICEF, Nigeria Malnutrition 2022

⁶⁶ ditto

⁶⁷ Vanderkooy A., Verstraeten R., Adeyemi O., Covic N., Becquey E., Dogui Diatta A., Diop L., and Touré M., 2019. Nutrition Policy in Nigeria (Transform Nutrition West Africa, Evidence Note #2
<https://ebrary.ifpri.org/utils/getfile/collection/p15738coll2/id/133284/filename/133493.pdf>

Figure 3. Prevalence of stunting among under-fives in Nigeria. Source: National Nutrition and Health Survey (NNHS), 2015

20. A Global Hunger Index (GHI) score of approximately 28 suggests a serious level of hunger in Nigeria⁶⁸. Achieving food security for every Nigerian continues to be a challenge, despite the recent agricultural intervention policies geared towards minimising reliance on food imports, while increasing domestic production. A household food security accounting for the extra stress of the COVID-19 pandemic in Nigeria study showed that two-thirds of households were threatened by food insecurity⁶⁹.
21. Furthermore, households' ability to be food and nutrition insecure is undermined by the effects of climate change, particularly in the Northern part of Nigeria where the severity and frequency of droughts is expected to increase with climate change. Specifically, droughts and desertification in the arid and semi-arid regions of northern Nigeria have disproportionately affected local communities that engage in rain-fed agriculture⁷⁰. Indeed, only 1% of farmland is irrigated⁷¹ across the country with over 70% engaging in subsistence agriculture, which accounting for nearly 23% of GDP⁷². In this context, there is a need to promote climate resilient and environmentally sustainable agriculture through crop diversification and climate resilient food production systems.

1.2 Environmental and climate change context trends and implications

Agriculture

22. Nigeria is predominantly a rural economy with 47 percent of the population living in rural areas, most of whom are small-scale farmers⁷³. Agriculture accounts for about 23 percent of the GDP⁷⁴. Farmers who cultivate less than two hectares make up more than 70 percent of the total farming population and produce up to 90 percent of the total national output⁷⁵. Settled farming directly supports the livelihoods of about 33.3 million smallholder farming households. In the north, common crops are sorghum, millet, maize and cowpeas⁷⁶. Other important crops in the north and Middle Belt include rice, yams, cowpeas, cocoyams (*Colocasia* sp.) and sesame.
23. Nigeria is the world's largest producer of cassava and Africa's largest producer of rice. At the same time, it is also among the largest rice importers globally. In the Middle Belt and southern areas, cassava is primarily grown by smallholders who use most of it for their own consumption or for local sale, while smallholders producing rice sell 80 percent of their harvest. Table 4 displays a summary of Nigeria's crop production and tracks the change in production over the last years compared with a five-year average.

Table 4. Nigeria: Production of Major crops⁷⁷ and ⁷⁸ (Source: USDA 2022)

⁶⁸ Ibunku, C. and Adebayo A., 2019. Household food security and the Covid 19 Pandemic. A.D. Review.

⁶⁹ Household food security and the Covid 19 Pandemic by Ibunku COO, Adebayo AA

⁷⁰ [1] <https://afripoli.org/climate-change-adaptation-in-nigeria-strategies-initiatives-and-practices>

⁷¹ [3] FAO. (2022). Nigeria at a glance. <https://www.fao.org/nigeria/fao-in-nigeria/nigeria-at-a-glance/en/>

⁷² FAO. (2022). Nigeria at a glance. <https://www.fao.org/nigeria/fao-in-nigeria/nigeria-at-a-glance/en/>

⁷³ World Bank portal <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=NG> (accessed 05 Dec 2022)

⁷⁴ AfDB, Nigeria Economic Outlook, 2019

⁷⁵ IFAD, 2021. Special Agro-industrial Processing Zones (SAPZ) Environmental and Social Management Framework

⁷⁶ Fraym, 2020. CASP Smallholder Farmer Assessment

⁷⁷ <https://ipad.fas.usda.gov/countrysummary/Default.aspx?id=NI>

⁷⁸ Corn = Maize; Peanut = Groundnut[2] Wiebe, Keith D.; Sulser, Timothy B.; Mason-D'Croz, Daniel; and Rosegrant, Mark W. (2017). The effects of climate change on agriculture and food security in Africa. In *A thriving agricultural sector in a changing climate: Meeting Malabo Declaration goals through climate-smart agriculture*, eds. Alessandro De Pinto and John M. Ulimwengu. Chapter 2, pp. 5-21. Washington, D.C.: International Food Policy Research Institute

Crops	5-yr Avg (2017-2021) (1000 Tons)	2021/22 (1000 Tons)	2022/23 (1000 Tons)	% Change 2022-23/Avg
Corn	11,853	12,745	12,180	3
Millet	1,831	1,922	2,000	9
Palm Oil	1,194	1,400	1,400	15
Peanut	4,369	4,228	4,500	3
Rice	5,096	5,255	5,040	-1
Sorghum	6,728	6,725	7,000	4
Soybean	1,053	1,117	1,250	18
Wheat	66	90	110	48

Crop	5-yr Avg (2017-2021) (1000 480-lb Bales)	2021/22 (1000 480-lb Bales)	2022/23 (1000 480-lb Bales)	% Change 2022-23/Avg
Cotton	274	350	350	22

PS&D Online updated on December 9, 2022

24. However about 16 percent of farmers report not being able to produce enough to meet household needs⁷⁹. Furthermore, despite the prevalence of farming and other agricultural activities, malnutrition is still high, and its attendant impact on early childhood development is a contributing factor to low human capital achievements⁸⁰. Furthermore, climate change and environmental degradation are contributing to a progressive decline in productivity of 3.5 percent annually, and this entrenches rural poverty⁸¹. Herders are concentrated in the north but are moving southwards, once again as a result climate change and land degradation and this increases conflict with settled farmers⁸². Field scoping suggests that resource conflicts linked to climate, environment and natural resource management is a strong stressor of fragility with significant impact on the smallholder farmers. Substantial fragility stressors have been identified to include flood, drought, land degradation, conflicts over land, soil, water, and biodiversity losses. Social-economic stressors including politics, state of the economy, migration, security, and safety also pose considerable stress on fragility. Poverty, unemployment, lack of youth empowerment, and failed policies are significant fragility drivers across the nation. Others include climate change, resource decline, grazing lands and routes, population, family value, poor infrastructure, ungoverned spaces, political activities, activities of non-state actors, development imbalance, inequality, and corruption. These have significant impacts on the smallholder farmers in multiple ways with resultant low productivity, loss of investments, lack of access to funds and heightened insecurity. Addressing fragility in the country requires multisectoral and cross-cutting policy implementation and across government levels. It is generally believed that policy and institutions to address state fragility are present in Nigeria. These include policies on national security, youth employment and empowerment, agriculture, social development, etc. However, implementation of policies and activation of institutions to address fragility have not been effective. In addition to continuing with mainstreaming environment, natural resource management, climate change, and social inclusion (including community participatory actions) into projects and programs delivery, IFAD operations in Nigeria can contribute to addressing the drivers and causes of fragility through deepened policy dialogue and engagements aimed to strengthen policy

⁷⁹ World Bank Group, 2019. Nigeria on the move: A journey to inclusive growth, Nigeria systematic country diagnostic

⁸⁰ ditto

⁸¹ IFAD, 2021. Special Agro-industrial Processing Zones (SAPZ) Environmental and Social Management Framework

⁸² Monguno, 2021. Contextual review of fragility, conflict and violence in Nigeria for the establishment of strategic agro-processing zones (SAPZ) in Kano and Ogun states.

implementation and institutional service delivery across sectors. Figure 4 demonstrates the wide variety of livelihood zones - as identified for Nigeria during a 2014 USAID Workshop.

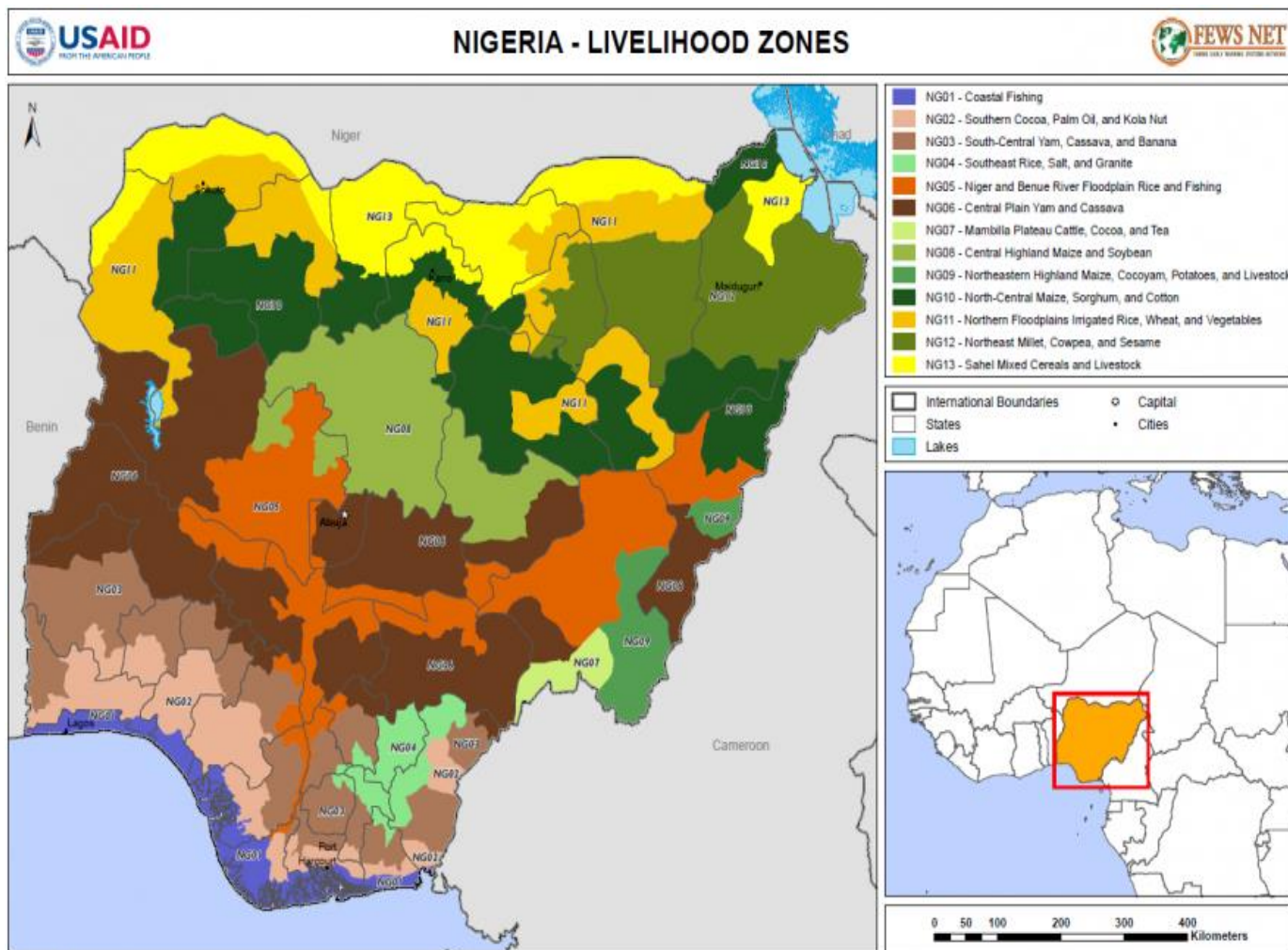


Figure 4. Farming livelihood zones as identified during a 2014 USAID Workshop*

*Colour code used in the map:

- NG01 – Coastal Fishing
- NG02 – Southern Cocoa, Palm Oil, and Kola Nut
- NG03 – South-Central Yam, Cassava, and Banana
- NG04 – Southeast Rice, Salt, and Granite
- NG05 – Niger and Benue River Floodplain Rice and Fishing
- NG06 – Central Plain Yam and Cassava
- NG07 – Mambila Plateau Cattle, Cocoa, and Tea
- NG08 – Central Highland Maize and Soybean
- NG09 – Northeastern Highland Maize, Cocoyam, Potatoes, and Livestock
- NG10 – North-Central Maize, Sorghum, and Cotton
- NG11 – Northern Floodplains Irrigated Rice, Wheat, and Vegetables
- NG12 – Northeast Millet, Cowpea, and Sesame
- NG13 – Sahel Mixed Cereals and Livestock.

Relief, physiography and drainage

25. Nigeria has extensive geodiversity⁸³. The coastal and inland basins extend from the western barrier lagoon coast of Lagos to the Niger Delta coast and the Cross-River basin, the Niger-Benue trough and the Sokoto and Chad basins. The western uplands, south-eastern escarpments, eastern highlands and north-eastern highlands lie between 305 and 610 masl. The great plain of northern Nigeria also lies between 305 and 610 masl and covers an extensive area between the Sokoto basin in the northwest and the Chad basin in the northeast. The north central plateau and highlands lie between 610 and 915 masl and consist of bold relief and rocky outcrops and inselbergs.
26. The highest elevations, ranging from 915 to above 1525 masl, are found in the Jos Plateau and the Alantika Hills in Adamawa-Bamenda ranges on the Nigeria-Cameroon border. In terms of **drainage**, Nigeria is divided into eight hydrological regions, managed by River Basins Development Authorities (RBDA) whose responsibilities include the provision of irrigation infrastructure, the control of floods and erosion, and watershed management⁸⁴. The Niger River is the most important hydrological feature with a basin covering 562,372km².

Ecology

27. **Coastal mangrove swamps** account for about one percent of Nigeria's surface area. The rich ecology harbours the largest remaining tract of mangroves in Africa and the third largest in the world, covering about 10,000 km²⁸⁵. The **rainforest zone** covers about 9.6 percent of Nigeria's surface in much of the southwest lowland forest and the Cross-River high forest zone. Major tree species include *Pterocarpus santalinoides*, *Diospyros dendo*, and *Terminalia* species⁸⁶. Extensive oil palm bush in the west and south is often classified as part of the rainforest belt. The **savanna** ecosystems cover about 48.5 percent of Nigeria's land area and consist of derived (wooded), Guinea, Sudan and Sahel savannas. Table 5 shows the extent of the main ecological regions in Nigeria.

⁸³ Udo, R. K., 1970. *Geographical Regions of Nigeria*. Ibadan, Nigeria: Heinemann Educational Books Ltd

⁸⁴ River Basins Development Authorities Act, 1987, No 35. <http://lawsfnigeria.placng.org/laws/R9.pdf>

⁸⁵ USAID, 2013. Nigeria Biodiversity and Tropical Forests 118/119 Assessment. Available at: <http://www.usaidgems.org/Documents/FAA&Regs/FAA118119/Nigeria2013.pdf>.

⁸⁶ Fasona M.J., Akintuyi A.O., Adeonipekun P.A., Akoso T.M., Udofia S.K., Agboola O.O., Ogunsanwo G.E., Ariori A.N., Omojola A.S., Soneye A.S., Ogundipe O.T., 2020. Recent trends in land-use and cover change and deforestation in south-west Nigeria. *GeoJournal*, doi.org/10.1007/s10708-020-10318-w.

Table 5. Major Ecological Regions
(source: National Conservation Strategy and Action Plan, 2004)

Ecology	Total Geographic Area (ha)	Percent of Total Geographic Area
Rainforest	8,874,225	9.61
Mangrove swamps and other coastal wetlands	927,315	1.05
Freshwater and inland wetlands	18,641,000	20.18
Savanna:		
<ul style="list-style-type: none"> • Derived • Guinea • Sudan • Sahel 	44,883,510	48.53
Tree Plantations	276,500	0.30

Protected areas

28. **The** variable climatic conditions and geodiversity of Nigeria support a wide assemblage of terrestrial and aquatic organisms. However, the remaining natural forests and diverse species of international importance exist only in protected areas or otherwise inaccessible sites (swamp, montane, and culturally protected)⁸⁷. Protected areas cover about 117,440 km² (12.84 percent) of Nigeria's land area⁸⁸. In alignment with Nigeria's NDC, the Federal Government in December 2020 designated 10 forest reserves as new National Parks.

Deforestation, Land Cover and Desertification

29. **Nigeria** experienced one of the world's highest **deforestation** rates of 5 percent net forest loss annually from 2010-2015⁸⁹. The country's forest and woodland estate was estimated at about 60 million ha around 1897 – but has declined to less than 9.6 million ha today⁹⁰. The deforestation rate for primary forest (in southwest Nigeria) was 3.3 percent between 1986 and 2016 and 10 percent between 2006 and 2016. *Tectona* spp. and *Gmelina* spp. plantations remain the primary means of reforestation, expanding at about 43 percent per annum between 1986 and 2016⁹¹. Deforestation is driven mainly by commercial logging, fuelwood extraction, pole-wood extraction,

⁸⁷ USAID, 2013. Nigeria Biodiversity and Tropical Forests 118/119 Assessment. Available at: <http://www.usaidgems.org/Documents/FAA&Regs/FAA118119/Nigeria2013.pdf>.

⁸⁸ USAID, 2013. Nigeria Biodiversity and Tropical Forests 118/119 Assessment. Available at: <http://www.usaidgems.org/Documents/FAA&Regs/FAA118119/Nigeria2013.pdf>.

⁸⁹ FAO, 2016. Global Forest Resources Assessment 2015: How are the world's forests changing? Second edition. FAO, Rome. 54 pages

⁹⁰ Isichei, A. O., 1995. Omo biosphere reserve: Current status, utilization of biological resources and sustainable management. UNESCO South-South Cooperation Programme on Environmentally Sound Socio Economic Development in the Humid Tropics. *Working Papers*, No 11, 1995. France: Paris, UNESCO, 48 pages

⁹¹ Fasona M.J., Akintuyi A.O., Adeonipekun P.A., Akoso T.M., Udofia S.K., Agboola O.O., Ogunsanwo G.E., Arriori A.N., Omojola A.S., Soneye A.S., Ogundipe O.T., 2020. Recent trends in land-use and cover change and deforestation in south-west Nigeria. *GeoJournal*, doi.org/10.1007/s10708-020-10318-w.

and charcoal production (as proximate drivers) and population increase and poverty (as underlying drivers)⁹².

30. Nigeria's **land cover** is dominated by cropland, forest and shrubland accounting for about 39 percent, 33 percent and 16 percent respectively in 2019⁹³ (see Table 6). With respect to **desertification**, Nigeria's **National Action Programme (2001)** submitted to the United Nations Convention to Combat Desertification (UNCCD) noted that "desertification is by far the most pressing environmental problem in the drylands" and estimated that the northern states, occupying 38 percent of the country, were affected by desertification/ land degradation to the extent of 50-75 percent.

Table 6. Land Cover trend in Nigeria- 2015-2019

(Source: land cover viewer <https://lcviewer.vito.be>)

Land cover category	2015		2019	
	Area (km ²)	Percent	Area (km ²)	Percent
Forests	299,730.68	32.84	297,175.12	32.56
Shrubland	147,948.67	16.21	147,309.78	16.14
Herbaceous vegetation	75,571.56	8.28	74,293.78	8.14
Herbaceous wetland	12,777.80	1.40	18,345.27	2.01
Bare / sparse vegetation	547.62	0.06	365.80	0.04
Cropland	352,210.93	38.59	351,298.23	38.49
Built-up	19,623.50	2.15	19,623.50	2.15
Permanent water bodies	3,285.72	0.36	3,376.99	0.37

Pollution

31. Pollution in Nigeria has been linked to about 114,000 yearly premature deaths, including 70,000 of children under 5 years old, with fine particulate matter exposure associated with about 61,000 premature deaths especially of children⁹⁴. Short-lived climate pollutants (SLCPs) are dangerous pollutants with relatively short lifetime in the atmosphere – a few days to about a decade and a half. The major SLCPs are methane, tropospheric ozone, black carbon and hydrofluorocarbons (HFCs), which are also major contributors to global warming. In addition to human health and climate change, they also have negative impacts on agriculture and the ecosystems. The major SLCP emission sources include household energy use, transport, oil and gas,

⁹² Fasona, M., Adeonipekun, P. A., Agboola, O., Akintuyi, A., Bello, A., Ogundipe, O., Soneye, A., & Omojola, A., 2020b. Drivers of deforestation & land-use change in Southwest Nigeria. In: W. Leal Filho (ed.), *Handbook of Climate Change Resilience*, https://doi.org/10.1007/978-3-319-71025-9_139-1. Springer Nature Switzerland.

⁹³ <https://lcviewer.vito.be>

⁹⁴ Nigeria's National Action Plan to reduce Short-Lived Climate Pollutants (SLCPs), 2018. <https://climatechange.gov.ng/wp-content/uploads/2020/09/nigeria-s-national-action-plan-nap-to-reduce-short-lived-climate-pollutants-slcps-.pdf>

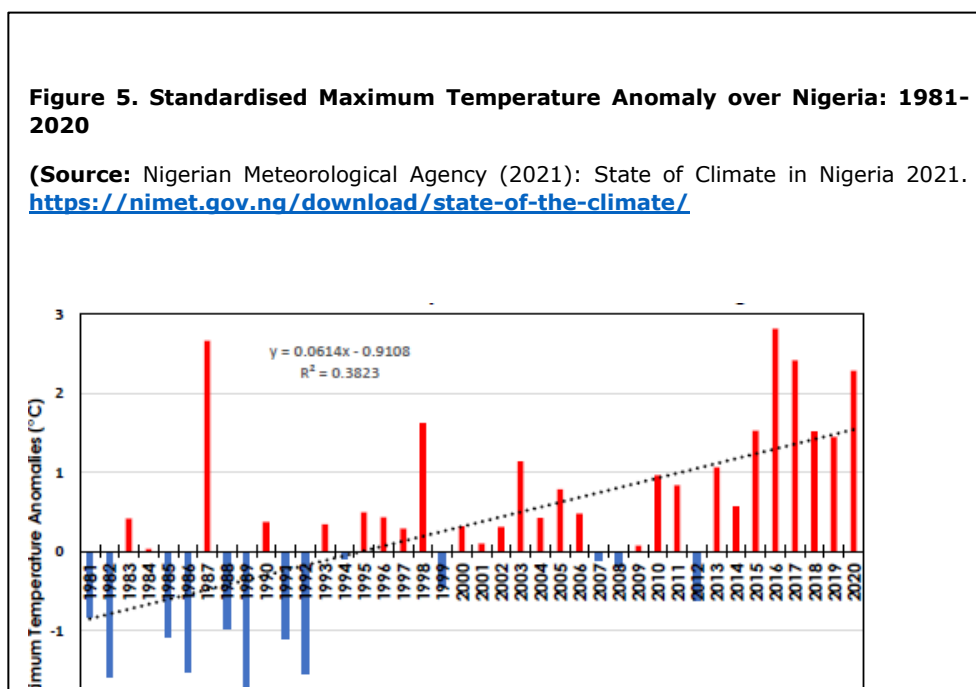
agriculture, industry, and the waste sectors, which are also responsible for other air pollutants, such as PM_{2.5}, organic carbon (OC), nitrogen oxides (NO_x), sulphur dioxide (SO₂), volatile organic compounds (VOCs), and carbon monoxide (CO).

Climate

32. Rainfall: Nigeria's climate spans a wet southern coastal area with annual rainfall exceeding 3 000 mm per annum, to the semi-arid northern Sahel region with annual rainfall of less than 600 mm. The inter-annual rainfall variability is highest in the northern parts resulting in droughts and floods. Relative humidity is constant throughout the year in the south but with considerable seasonal and diurnal variations in the north⁹⁵. The years 1981 to 1990 (except 1988) received below normal rainfall but then (except for 1992, 1993 and 2001), the years 1991 to 2020 received above average.

Temperature:

33. Temperature increase in Nigeria has been significant since the 1980s. The linear warming over a 30-year period shows an annual average increase of 0.2°C; and has been above normal by as much as 2°C in 1998⁹⁶. Figure 5 shows how temperatures have already increased over the last 40 years.



Future Projections

34. **Rainfall:** The future rainfall pattern in Nigeria is unclear. According to Nigeria's updated Nationally Determined Contributions (NDC)⁹⁷, the mid-century scenarios from the 5th Assessment Report of the IPCC predict wetter conditions in the southern part of the country, and drier conditions in the north. However, under other IPCC scenarios, rainfall is projected to increase across all of Nigeria. What is clear however,

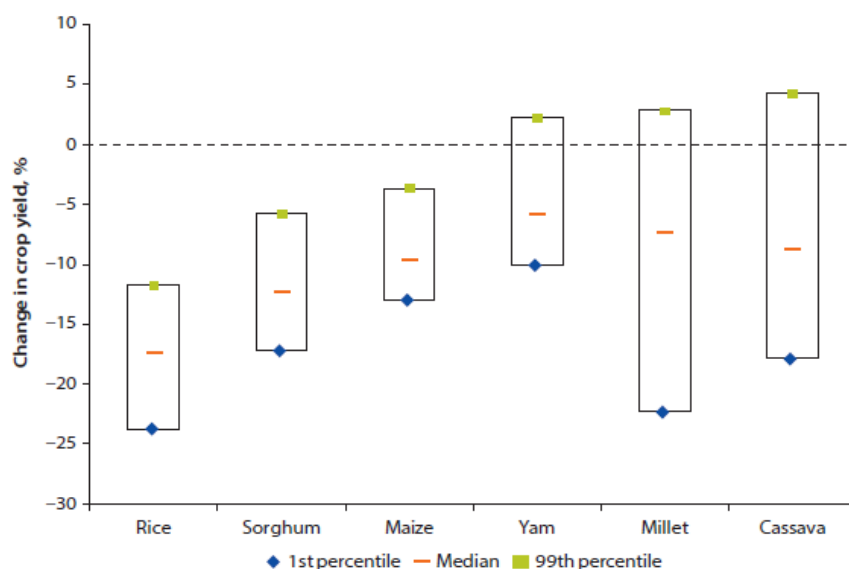
⁹⁵ State of the Nigerian Environment, 2008. SEDEC Associates for Federal Ministry of Environment & UNDP

⁹⁶ Federal Government of Nigeria (2014): Nigeria's Second National Communication under The United Nations Framework Convention on Climate Change. The Federal Ministry of Environment of the Federal Republic of Nigeria Abuja. Retrieved from www.unfccc.int/resource/docs/natc/nganc2.pdf.

⁹⁷ Federal Government of Nigeria, 2021. Nigeria's Nationally Determined Contributions – 2021 update. Available at https://climatechange.gov.ng/wp-content/uploads/2021/08/NDC_File-Amended-11222.pdf. Federal Republic of Nigeria, 2021. Nigeria's Nationally Determined Contribution (NDC update)

is that rainfall is likely to be less predictable – and that is already being experienced by land users interviewed during a fieldwork study under the current SECAP.

35. **Temperature:** In essence, temperature is likely to continue to rise across Nigeria, but faster in the north than south⁹⁸. Under the IPCC’s representative concentration pathway (RCP) 4.5 for 2050 and 2070, temperature increase could range from a low of 1.48°C - 1.78°C, to a high of 3.08°C - 3.48°C compared to the baseline. A lower increase is predicted for the southern part of the country and the magnitude increases northward.
36. **Climate impacts on agricultural development:** Both rainfall and warming trends have implications for the development of smallholder agriculture. Rainfall amount and distribution in time and space is critical to estimating place and context-specific exposure including floods, droughts, dry spells, delayed onset, early cessation and other risks to which smallholder farmers are exposed. For example, the 2022 floods in Nigeria were devastating, wiping out investments of millions of smallholder farmers across Nigeria. Exposure to rising temperature and low adaptive capacity will lead to higher vulnerability in the north than in the south. Increases in future occurrences of extreme climate events have been projected⁹⁹.
37. Semi-arid northern Nigeria faces increased climate exposure as rising temperature is likely to wipe out any possible marginal gain in rainfall, which is critical for smallholder farmers. According to the updated NDC, “under a business-as-usual scenario, agricultural productivity could decline between 10-25 percent by 2080. In some parts of the north, the decline in yield in rain fed agriculture could be as much as 50 percent”. Figure 6 demonstrates how crop yields may change by 2050 with the median line demarking the mid-point of the possible range for each crop. The projected drop in yields makes for a worrying outlook, especially since food security is already a significant problem.



⁹⁸ Federal Republic of Nigeria (2020): Third National Communication (TNC) of the Federal Republic of Nigeria under the United Nations Framework Convention on Climate Change (UNFCCC). Available at: https://www4.unfccc.int/sites/SubmissionsStaging/NationalReports/Documents/187563_Nigeria-NC3-1-TNC%20NIGERIA%20-%202018-04-2020%20-%20FINAL.pdf

⁹⁹ Abiodun B., Lawal K., Salami A. and Abatan, A., 2012. Potential Influences of Global Warming on Future Climate and Extreme Events in Nigeria. *Reg. Environ Change*. 13(3): 1-15

Figure 6. **Aggregate Percent Change in Crop Yields by 2050** (Cervigni et al. 2013¹⁰⁰)

38. **Nationally Determined Contributions:** Nigeria's 2021 updated NDC estimated Nigeria's total greenhouse gas (GHG) emissions at 347 MtCO₂e in 2018. The energy sector contributed 60 percent and the Agriculture, Forestry and Other Land Use (AFOLU) sector accounted for 25 percent. On a "business-as-usual" basis, GHG emissions in 2030 are estimated to rise to 453 MtCO₂e per annum. The Energy and AFOLU sectors are projected to continue to contribute the largest amount of GHG emissions at 51 percent and 33 percent respectively by 2030. However, Nigeria commits to **unconditional contribution of 20%** below business-as-usual by 2030 and a **47% conditional contribution**. New policy commitments related to the AFOLU sector enhance removals equivalent to approximately 70 MtCO₂e per annum by 2030. The estimated cost of implementing Nigeria's NDC is about USD 178 billion¹⁰¹. Climate finance to address mitigation and adaptation in the agricultural sector is a significant part of this.
39. **Adaptation:** Adaptation actions for the AFOLU sector are outlined in the NDC. These will be elaborated and further developed in the National Adaptation Plan that is currently under development (as per end 2022). These actions, while helping to achieve resilience in the sector, deliver co-benefits of mitigation that will help to achieve the NDC emissions targets. They include climate-smart agriculture (CSA), 50 percent of cultivated land adopting intermittent aeration of rice paddy fields, 50 percent reduction in crop residues burnt by 2030, improved natural forest management, forest restoration, increased forest protection, reduced fuelwood harvest, and protection and restoration of mangrove forest ecosystems¹⁰². Also, previously highlighted in other communications to the UNFCCC, are the adoption of improved agricultural systems, increased access to drought-resistant crops and livestock feeds, better soil management practices, climate information and early warning systems¹⁰³.

PART 2 INSTITUTIONS AND LEGAL FRAMEWORK

2.1 Institutions

40. Nigeria has a rich array of institutions that contribute to its economic, social and environmental development. These include community and rural institutions, civil society and non-governmental organisations, faith-based institutions, research and academic institutions, government sector programmes and agencies, and private sector players. International organisations and donor agencies act as strategic partners to contribute to agricultural delivery and mainstreaming of social, environmental, climate, gender and nutritional issues. **The Federal Ministry of Agriculture and Rural Development** is the focal point of IFAD's (and other development partners') project/programme conceptualisation and delivery in the agricultural sector. **The Federal Ministry of Finance** is the Borrower and signatory

¹⁰⁰ Cervigni, R., Valentini, R., Santini, M., 2013. Toward Climate-Resilient Development in Nigeria. Directions in Development-Countries and Regions. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/15811>.

¹⁰¹ Heinrich Boll Stiftung, 2022. Unlocking Climate Finance for Nigeria: Between Aspirations and Realities. <https://nq.boell.org/sites/default/files/2022-08/Unlocking%20Climate%20Finance%20for%20Nigeria.pdf>

¹⁰² Federal Government of Nigeria, 2021. Nigeria's Nationally Determined Contributions – 2021 update. Available at https://climatechange.gov.ng/wp-content/uploads/2021/08/NDC_File-Amended-11222.pdf.

¹⁰³ Federal Republic of Nigeria, 2021. Adaptation Communication to the United Nations Framework Convention on Climate Change (UNFCCC). <https://unfccc.int/sites/default/files/resource/Nigeria-Adaptation-Communication-UNFCCC-2.pdf>

for IFAD's loan resources to Nigeria as approved by the **Federal Executive Council**. **The Federal Ministry of Environment** develops policies to safeguard the environment and reduce GHG emissions across the economy.

41. **The Federal Ministry of Women's Affairs** promotes women's rights and ensures that women are equal beneficiaries of projects funded by development partners. **The Federal Ministry of Youth and Sports Development** promotes youth empowerment and creates opportunities for youth to be involved in decision-making processes in project delivery. **The Department of Family Health of the Federal Ministry of Health** promotes nutrition and improvement of the health indices, and the achievement of health-related Sustainable Development Goals (SDGs). All the **36 State Governments of Nigeria** are potential institutional partners. They are co-borrowers of sovereign loan investments, contribute counterpart funding, and provide logistical support to projects when smallholder farmers in their states are beneficiaries. **Local Governments (LGA)** are potential partners for sustainability of rural infrastructure such as feeder roads and market stalls provided through project intervention. Nigeria also has an array of specialised **universities and research institutes** with training and research mandates, and with experience in different aspects of the agricultural sector, rural development and environment, and natural resources management.
42. Specialised government agencies such as the state **Agricultural Development Programmes (ADP)** are critical for rural extension support. In addition, several academic and research institutions in Nigeria support agricultural development (including extension delivery, plant and animal breeding, and seed development) as well as environment and natural resources management. Private sector organisations, including off-takers and service providers (with private extension and advisory support also), technology centres, financial institutions and insurers, also play significant roles in driving agricultural development in Nigeria. Traditional institutions are crucial for access to land, grievance redress, and for conflict management and resolution.
43. Smallholder farmers have progressively organised themselves into legally registered **Farmers' Organisations (FOs)** and have been the entry point for most IFAD-funded projects in Nigeria. There are thousands of FOs across various value chains in the agricultural sector. There are **enterprise groups (EGs)** which are linked to value chains. There are **women's organisations** associated mainly with women-dominated enterprises, **youth organisations** and **disability organisations**.

Commodity **Apex Development Associations (CADAs)** are offshoots of farmers' organisations. **Community Development Associations (CDAs)** are vehicles for rural community development. In addition to being key entry points for community-driven development, these are vital in developing participatory land use plans/maps and preparation and execution of community action plans (CAPs). For sustainability, **community-based operation and maintenance (O&M) committees** have proved useful in maintaining resilience-strengthening infrastructure including feeder roads, water, and irrigation structures. **Water users and management associations** work to ensure effective management of water resources. **Financial Saving Associations (FSAs)** are units for financial mobilisation at community levels and are linked to financial institutions which deepen financial inclusion in rural areas. The **Community Alliance Forum (CAF)** is an apex group that normally comprises various stakeholders including producers, processors and marketing groups, service providers, off-takers/aggregators, and representatives of public sector agencies including security and other social actors competing for resources and attention. CAFs are a form of **private-public-producer partnership (4P)** intended to improve farmers' business relationships and transactions with the key private sector operators, to facilitate policy dialogue, and to influence decisions at public and private levels.

2.2 Policy and regulatory frameworks

44. **Legal Framework:** The **1999 Constitution of the Federal Republic of Nigeria**¹⁰⁴ stipulates that “the State shall protect and improve the environment and safeguard the water, air and land, forest, and wildlife of Nigeria, as well as protect, preserve, and promote Nigerian cultures and values”. The **Land Use Act (1978)**¹⁰⁵ vested all land in the territory of each State of the Federation in the Governor of that State to be held in trust and administered for the use and common benefit of all Nigerians. The Local Government Area (LGA) is vested with the power to administer lands in rural areas and to grant customary rights of occupancy for agriculture, grazing, residential use and other purposes. The **Environmental Impact Assessment (EIA) Act (1992)**¹⁰⁶ provides for mandatory EIA studies for all developmental projects, including: land development schemes (500 ha or more), agricultural estates (500 ha or more), drainage of wetland, wildlife habitat or of virgin forest (100 ha or more), land-based aquaculture projects accompanied by clearing of mangrove swamp forests (50 ha or more), irrigation schemes (5 000 ha or more), conversion of hill forest land to other land use (50 ha or more), and conversion of mangrove swamps (50 ha or more). The **Nigeria Climate Change Act (2021)**¹⁰⁷ provides a framework for the mainstreaming of climate change action, a system of carbon budgeting, and the establishment of the **National Council on Climate Change** as well as a framework for achieving low GHG emission objectives.
45. **Policy Framework:** The **National Development Plan (2021-2025)**¹⁰⁸ identified agriculture as one of the strategic objective sectors to establish a strong foundation for a diversified economy and drive the bulk of Nigeria’s GDP. It noted that climate change and environmental factors affect agricultural productivity, and climate change adaptation in sustainable production practices is critical to achieving agriculture and food security goals. The **National Agricultural Technology and Innovation Plan (NATIP) (2022-2027)**¹⁰⁹ aims to adopt technology-driven agriculture for sustainable national food security and nutrition, diversification, job creation and resilience. NATIP envisioned a significant increase in Nigeria’s agricultural productivity through massive public and private investments in technology, innovation, and adaptation of climate-smart practices.
46. The goal of the **National Policy on the Environment**¹¹⁰ is to ensure environmental protection, conservation and sustainable use of natural resources for sustainable development through cross-sectoral implementation of strategic objectives. The objectives of the **National Climate Change Policy (2021-2030)**¹¹¹ include enhancing national capacity to mobilise international and national resources, both technical and financial, for investment in climate change across sectors, especially in energy and AFOLU. The overall objective of the **National Forest Policy**¹¹² is to achieve sustainable forest management that would ensure increases in the economic, social and environmental benefits from forests and trees for present and future generations, including poor and vulnerable groups. The **Nigerian Agriculture and Resilience Framework (NARF)**¹¹³ recognised the agriculture-ecology nexus, the

¹⁰⁴ Constitution of the Federal Republic of Nigeria, LFN 1999.

<http://www.lawnigeria.com/CONSTITUTIONHUB/Constitution.html>

¹⁰⁵ Land Use Act Cap L.5, 2004, upheld by Chapter VIII, Section 315(5) of the Constitution (1999).

¹⁰⁶ Environmental Impact Assessment (EIA) Act (1992), Section 12.

¹⁰⁷ Climate Change Act 2021

¹⁰⁸ Federal Ministry of Finance, *National Development Plan 2021-2025*. Vol 1.

¹⁰⁹ Federal Ministry of Agriculture and Rural Development (2022): National Agricultural Technology and Innovation Policy 2022-2017.

¹¹⁰ Nigeria National Policy on Environment (revised 2016)

¹¹¹ Federal Ministry of Environment, Department of Climate Change National Climate Change Policy (NCCP) for NIGERIA 2021-2030. https://climatechange.gov.ng/wp-content/uploads/2021/08/NCCP_NIGERIA_REVISIED_2-JUNE-2021.pdf

¹¹² <http://www.fao.org/forestry/15148-0c4acebeb8e7e45af360ec63fcc4c1678.pdf>

¹¹³ <http://hedang.org/nigeria.pdf>

need to build agroecosystems that generate wealth and preserve the environment, and agroecological zones (AEZs) as the spatial units most relevant for the impact of climate change on agriculture.

47. **The National Gender Policy (2022)** aims to advance gender equality and reduce poverty levels, economically empowering women through income earning and ownership of production assets. A **national gender strategic framework (NGSF)** was developed for effective implementation of this policy. The **National Youth Policy (2019)** was designed to advocate for youth development and promote the enjoyment of fundamental human rights, and protect the health, social, economic, and political well-being of all young men and women to enhance their participation in the overall development process and improve their quality of life. The **National Policy on Food and Nutrition in Nigeria (2016)** provides the framework for addressing the problems of food and nutrition insecurity at individual, household, community and national levels. It guides the identification, design and implementation of intervention activities across different relevant sectors. The **National Action Plan on Gender and Climate Change for Nigeria (2020-2025)**¹¹⁴ recognises that gender inequalities worsen the coping and adaptive capacities of vulnerable groups, especially women, children, youth, persons with disabilities, elderly people, farmers and grassroots communities.
48. **The National Action Plan to Reduce Short-lived Climate Pollutants**¹¹⁵ recognises that reducing short-lived climate pollutants can contribute to meeting Nigeria's emission reduction obligation. The planned measures in the agriculture sector include increased adoption of intermittent aeration of rice paddy fields, reduced open field burning of crop residues, anaerobic digestion, and reducing methane emissions from enteric fermentation. The **2050 Long-Term Vision for Nigeria (LTV-2050)**¹¹⁶ towards the development of Nigeria's long-term low emissions development strategy (LT-LEDS) expects increasing resilience to climate change and effectively reducing GHG emissions in the AFOLU sector by 2050 through sustainable land use and climate-smart agriculture (CSA) practices adopted by over 75 percent of smallholder farmers. The goals and objectives of the **National Biodiversity Strategy and Action Plan (2016-2020)**¹¹⁷ are to conserve and enhance the sustainable use of the nation's biodiversity resources and to integrate biodiversity planning considerations into national policy and decision-making.
49. **The National Adaptation Strategy and Plan of Action on Climate Change for Nigeria (NASPA-CCN) (2011)**¹¹⁸ seeks to take action to adapt, reduce vulnerability and improve resilience while leveraging new opportunities, and facilitating collaboration inside Nigeria and with the global community. NASPA-CCN outlines recommended strategies for 13 priority sectors/ thematic areas including agriculture, forests, biodiversity, livelihoods, and vulnerable groups. **Nigeria's National Adaptation Plan Framework (2020)**¹¹⁹ provides a basic outline to guide the development, coordination, and implementation of the various policies, plans, strategies, and legislation, and to align the NAP process with existing policies that will enable it to address its adaptation needs. **Nigeria's Adaptation Communication to the United Nations Framework Convention on Climate Change-ADCOM**

¹¹⁴ Department of Climate Change, Federal Ministry of Environment. (2020). National Action Plan on Gender and Climate Change for Nigeria. <http://dhq.climatechange.gov.ng/Documents/climate-change-and-gender-action-plan.pdf>

¹¹⁵ Nigeria's National Action Plan to reduce Short-Lived Climate Pollutants (SLCPs), 2018. <https://climatechange.gov.ng/wp-content/uploads/2020/09/nigeria-s-national-action-plan-nap-to-reduce-short-lived-climate-pollutants-slcps-.pdf>

¹¹⁶ Department of Climate Change (2021): The 2050 Long-Term Vision for Nigeria (LTV-2050) -Towards the Development of Nigeria's Long-Term Low Emissions Development Strategy (LT-LEDS). <https://climatechange.gov.ng/resource/2050-long-term-vision-for-nigeria-ltv-2050/>

¹¹⁷ <https://www.cbd.int/doc/world/ng/ng-nbsap-01-en.doc>

¹¹⁸ National Adaptation Strategy And Plan Of Action On Climate Change For Nigeria (NASPA-CCN) (2011). <https://csdevnet.org/wp-content/uploads/NATIONAL-ADAPTATION-STRATEGY-AND-PLAN-OF-ACTION.pdf>

¹¹⁹ Nigeria's National Adaptation Plan Framework (2020). <https://napglobalnetwork.org/wp-content/uploads/2021/06/napgn-en-2020-Nigeria-National-Adaptation-Plan-NAP-Framework.pdf>

(2021)¹²⁰ provides information on the country's national circumstances concerning adaptation, its plans and priorities, implementation challenges, achievements as well as support needs. It noted that adaptation cost in priority sectors (agriculture, water resources, health and transport) will be USD 3.06 billion per year from 2020 (and expected to rise to about USD 5.50 billion in 2050). **The 3-year project** to strengthen Nigeria's capacity to advance the **National Adaptation Plan** process (based on the priorities identified in the NASPA-CCN) is funded by the Green Climate Fund and the United Nations Environment Programme and is still under construction (as of December 2022)¹²¹.

2.3 Programmes and partnerships

50. The partnership for agricultural development in Nigeria cuts across federal, state and local governments, development partners, research institutions, and the private sector. **IFAD** programmes in Nigeria have enjoyed, and will continue to benefit from, a robust partnership with **National, State and Local Governments**. International organisations that have partnered with and can be leveraged for IFAD programmes in Nigeria include **IFDC** for fertilizers, **IITA** and **AfricaRice** for training in rice and cassava as well as seed production, the **GIZ/Agfin project** for financial literacy training and access to finance, the **USAID-Funded Extension Project** (Feed-the-Future) on extension delivery support, **ICARDA** for training in soil and water conservation and landscape rehabilitation, **Sasakawa Africa Association** for extension delivery, and **Precision Development (PxD)** for digital extension services. **Heifer International** provides new agricultural technologies for sustainable incomes, food security, improved livelihoods and resilience.
51. Local institutions already in partnership (and which can assist future COSOP delivery) include the **Nigerian Building and Road Research Institute (NBBRI)** for training on rural roads maintenance and rehabilitation, the **Nigerian Meteorological Agency (NiMET)** for climate information for farmers, the **National Cereal Research Institute (NCRI)** for the development of flood tolerant rice varieties, the **National Root Crops Research Institute (NRCRI)** for training on cassava production, the **National Agricultural Insurance Corporation (NAIC)** for agricultural insurance, the **National Agricultural Seeds Council (NASC)** for seed certification, the **National Water Resources Institute (NWRI)** for training on water resources management, the **Great Green Wall Initiative (GGWI)** on climate resilience, the **National Agency for Food and Drug Administration and Control (NAFDAC)** for food processing hygiene, and the **Standard Organisation of Nigeria (SON)** for certification of processed and packaged agricultural products.
52. Private **sector operators** are already in partnership with IFAD programmes to improve production and access to market, financial and input access. They will continue to be relevant in the implementation of this COSOP delivery. **Olam, Onyx, Popular Rice, UNICAN, Crest Agro, JOSAN, AFEX Commodities exchange, VERTEX,** and **IKIN MAKUN** are partners for off-taking and market access; **DEC Microfinance** for financial inclusion, **Lead Way Assurance** for agriculture insurance, and **Pula** for crop and livestock insurance. **JAIZ** and **TAJ** banks are potential partners for interest-free loans. This is important in northern Nigeria where a significant proportion of smallholder farmers are not positively disposed to interest on loans because of their religious leaning.
53. Possible links with ongoing complementary projects and other development initiatives will be leveraged to deliver the COSOP. These include the **World Bank-funded**

¹²⁰ Nigeria's Adaptation Communication to the United Nations Framework Convention on Climate Change (2021): <https://unfccc.int/sites/default/files/resource/Nigeria%20Final%20ADCOM%20Report.pdf>

¹²¹ <https://www.unep.org/gan/news/press-release/nigeria-launches-national-adaptation-plan-project>

National Fadama Development Project, Agroclimatic Resilience in Semi-arid Landscapes (ACReSAL), and Agro-Processing, Productivity Enhancement and Livelihood Improvement Support (APPEALS) with subprojects across many states of Nigeria for farmers' agricultural productivity and climate, environmental and land management for productivity resilience. The African Development Bank supported the **Nigeria Agricultural Transformation Agenda Support Program Phase-1 (ATASP-1), Special Agro-Industrial Processing Zones (SAPZ),** and the **Rural Access and Agricultural Marketing Project (RAAMP).** IFAD already has a partnership with the **AfDB (and Islamic Development Bank)** for the funding of the SAPZ in Nigeria. The **Central Bank of Nigeria's Anchor Borrowers' Programme (ABP)** which provides credit to farmers is a potential partner. There are also **UNICEF** projects on nutrition, the **Leprosy Mission** project on climate resilience, **UNDP** assistance on conflict resolution, **FAO's** emergency interventions, **USAID** market strengthening projects and education, **WFP's** interventions with emergency food services, as well as **JICA, IDRC, UKFID** and **Sida** projects across the states. All of these are potential partners for collaboration.

PART 3 STRATEGIC RECOMMENDATIONS

3.1 Lessons learned

54. The following lessons learned are mainly taken from the current COSOP, though some are derived from related relevant experience. It is important to recognise that "lessons learned" is not the same as "lessons generated": the crucial point is whether lessons have been merely documented and archived – or integrated into strategy and action.

Social/ Socioeconomic

- **Value chains** build agricultural development through better agronomy, and then onto processing and marketing: subsistence farming can be transformed into commercial enterprises and risks reduced. There is also evidence, from VCDP in particular, that women and youth (as well as a number of PWDs) can be effectively targeted.
- **Strong social inclusion** engenders community trust, buy-in and reputation of programmes. Emanating from this, **participatory land use plans/ community action plans** increase project ownership and sustainability. This confirms a 30-year-old lesson learned by IFAD that: "*beneficiaries need to be involved in all aspects of project identification, design and execution as well as monitoring and evaluation*"¹²². One of the CASP project's key lessons on completion is that of "community action plans"¹²³.
- **Supporting women and vulnerable groups** empowers them and reduces their vulnerability to risk. This is a lesson that has been integrated over the last generation of development programmes and is now fully mainstreamed¹²⁴. All of IFAD's programmes aim to reach 50 percent female beneficiaries and target capacity development and other support specifically to women.

¹²² Free University Amsterdam, 1992. Soil and Water Conservation in sub-Saharan Africa: a report prepared for the International Fund for Agricultural Development (for the design of IFAD's "Special Programme for Africa"). IFAD, Rome.

¹²³ CASP Completion Report, 2022.

¹²⁴ Free University Amsterdam, 1992. Soil and Water Conservation in Sub-Saharan Africa: a report prepared for the International Fund for Agricultural Development (for the design of IFAD's "Special Programme for Africa"). IFAD, Rome; and see IFAD's 2016 "Gender mainstreaming in IFAD10" at <https://www.ifad.org/documents> and IFAD's Strategic Framework 2016-2025 where gender equality is one of five principles of engagement

- **Partnership** at all levels with various organisations provides synergies for overall project delivery. The CASP experience is specific about this being important: it is one of the 10 key lessons presented in the Completion Report of 2022¹²⁵.
- **Access to finance is a bottleneck** for smallholders – especially women and youth – to commercialise. This is a very general lesson that has been put forward for decades in international agricultural development. It is reiterated here as it is a “lesson reconfirmed” by IFAD’s overall Nigeria experience.
- **Focusing interventions** concentrates impact and makes it more visible while permitting spill-over. This lesson emanates from current targeting fieldwork – as it especially relates to areas with security issues. A focus group of neighbouring smallholders is easier to reach out to, and can create a critical mass of action that can be measured and seen.

Environment

- **Sustainable environmental management and resource efficiency (e.g. mainstreaming “waste to wealth” in production and processing)** can simultaneously create livelihood opportunities in value chains, which helps to build resilient livelihoods and to reduce youth unemployment. This lesson is clear from VCDP’s experience.
- **Simple, proven technologies for SLM and land reclamation** (half-moons, planting pits, contour bunds, etc.) and **promotion of on-farm fertility management** are highly effective against land degradation (erosion and nutrient loss) while improving productivity. This links directly to a “lesson learned” by IFAD in 1992 regarding building on indigenous (and ingenious) systems in SSA¹²⁶.
- **Best practices to empower women and youth** include provision of:
 - Support for value chain equipment;
 - Small ruminants to build up “climate-smart households”;
 - Seedlings of agroforestry trees and of nitrogen-fixing & nutritious legumes; and
 - Nutrition packs and locally formulated diversified products to enhance poor diets.
- **Simple training, capacity building and awareness-raising** supported by provision of inputs (such as climate-adapted seeds) can lead to rapid adoption of “good agricultural practices” (GAP) and gain a triple win of an improved environment, better livelihoods, and increased climate resilience¹²⁷.

Climate

- **Climate information and services**, including annual seasonal rainfall predictions and crop calendars, provided by NiMET, and then shared and discussed with farmers in their native languages improves productivity and adaptation while reducing risks – as evidenced by IFAD-funded projects in Nigeria (CASP and VCDP in particular). Digital technology is second-nature to youth and helps to make agricultural development more interesting and attractive to them.
- **Sustainable land management** options are, simultaneously, climate change adaptation solutions, through improving the resilience of farming system and the household. They also have the co-benefit of being climate change mitigation actions, by increasing soil (and vegetation) carbon. This is an emerging lesson which is increasingly stressed by the IPCC

¹²⁵ CASP Completion Report, 2022.

¹²⁶ Free University Amsterdam, 1992. Soil and Water Conservation in Sub-Saharan Africa: a report prepared for the International Fund for Agricultural Development (for the design of IFAD’s “Special Programme for Africa”). IFAD, Rome.

¹²⁷ CASP Project Completion Report, February 2022

and the UNCCD¹²⁸. As documented as one of the ten lessons of CASP's Project Completion Report, there is only a basic understanding of sustainable land management¹²⁹.

- **Provision of basic market infrastructure** (including market-connecting farm roads, drifts/fords, small dams, tube-wells, and water infrastructure for human and animal watering) strengthens the resilience of smallholder value chain actors and their communities.
- **"No regrets options" (especially insurance) and adherence to basic climate adaptation recommendations** are critical bulwarks to protect smallholder farmers against climate extremes.

Financial Management

Resolution of non-compliance issues such as ineligible expenditures includes a great deal of time and engagement with several stakeholders in government. The involvement of diplomatic missions at all stages of discussion and escalation is critical for the timely and constructive resolution of issues.

3.2 Strategic orientation

55. The **COSOP will be aligned with strategic Government priorities** within its mainstreaming areas, and this SECAP background study demonstrates how risk can be avoided and addressed throughout. The alignment will be ensured by taking account of the policy and regulatory frameworks outlined in section 2.2. Key policies and strategic directions pertinent to the COSOP include the **National Development Plan (2021-2025)**, the **National Agricultural Technology and Innovation Plan (2022-2027)**, the **National Climate Change Policy (2021-2030)** and the **National Gender Policy (2022)**.
56. **The UNSDF¹³⁰** outlines the strategic direction of the cooperation between the government of Nigeria and the UN system. It is built on several vital principle and considerations – including human rights, inclusive development, gender equality, women's empowerment, sustainable development and accountability. There is a guiding motto of **"leave no-one behind"**.
57. **The Sustainable Development Goals are integral to both the government's policies and IFAD's strategies** and will be addressed throughout. Promoting sustainable land management is integral to **environmental protection**. It has a particular impact on **SDG 15.3** ("Land Degradation Neutrality"), **SDG 6** (clean water and sanitation), and thereby contributes to **SDG 1** (no poverty) and **SDG 2** (zero hunger). **Social policies** including value chain development and business orientation in agriculture will address **SDG 3** (good health and wellbeing) as well as enhanced gender equality (**SDG 5**), decent work and economic growth (**SDG 8**) and responsible consumption and production (**SDG 12**). **Climate-smart initiatives** – embracing both adaptation and mitigation – are covered under **SDG 13** (climate action).
58. **The UN Decade on Ecosystem Restoration¹³¹** will be taken fully into consideration by catalysing the restoration of degraded ecosystems as a proven measure to fight climate change, enhance food security, water supply and biodiversity, while managing associated risks of conflict and migration. This matches

¹²⁸ e.g. Sanz, M., de Vente, J., Chotte, J-L., Bernoux, M., Kust, G., Ruiz, I., Almagro, M., Alloza, J.-A., Vallejo, R., Castillo, V., Hebel, A., & Akhtar-Schuster, M. 2017. *Sustainable Land Management contribution to successful land-based climate change adaptation and mitigation*. A Report of the Science-Policy Interface. United Nations Convention to Combat Desertification (UNCCD), Bonn, Germany.

¹²⁹ CASP Completion Report, 2022.

¹³⁰ United Nations Sustainable Development Partnership Framework: Nigeria-UNSDPF 2018-2022

¹³¹ <https://www.decadeonrestoration.org>

well with Nigeria's strategic approach to land degradation and desertification as submitted to the **UNCCD** in its **National Action Programme** of 2001.

59. **IFAD's Strategy and Action Plan on Environment and Climate Change (2019-2025)** calls for plans to underpin a strengthened approach to mainstreaming climate change and environmental sustainability and the ways it proposes to achieve this – for example, supporting community and national efforts, contributing to the climate resilience of poor rural people and supporting local and national adaptation. All resonate with Nigerian policy, and all contribute to risk-reduction.
60. **Nigeria's Nationally Determined Contribution (updated, 2021)** commits the country to reduced greenhouse gas emissions, and while an updated **National Adaptation Plan** (NAP) is still in preparation, the NDC document states that: "Nigeria has initiated preparation of its Adaptation Communication which will (*inter alia*) align the NAP process with existing policies, strategies and adaptation research". This adaptation strategy and plan will be key to the development of initiatives under the COSOP. Climate change adaptation must be at the core of risk reduction and resilience within the COSOP.
61. IFAD's **COSOP Results Review (2020)** noted that current COSOP objectives remain relevant and the implementation of COSOP (VCDP, and CASP¹³²) were "on track" with significant impact. Furthermore, the **COSOP Extension** states that social, environmental, and climate impact risks can be reduced from "substantial to moderate". This **SECAP** should ensure that the new COSOP achieves agricultural development with an even more reduced risk within those fields.

3.3 Strategic action and targeting

a. Targeting strategy

62. **Geographic targeting:** Nigeria's rural northern regions are the main priority. This is where most poor rural people live, and there is enormous untapped potential for their socio-economic integration into key value chains. Nevertheless, the logistical and risk-associated constraints associated with interventions in this zone (as experienced by the now-closed CASP intervention) are formidable obstacles (see the Fragility Assessment Note for risk minimization in this zone and elsewhere). The Middle Belt and southern states should also continue to be targeted with specific value chain programmes.
63. **Main target group.** The COSOP's main target groups are:
- (i) poor smallholder households who are willing and have the potential to engage in economic activities;
 - (ii) women and young people interested in engaging in productive enterprises;
 - (iii) cooperatives operating upstream & downstream within value chains (seed producers, processors); and
 - (iv) small and microservice enterprises operating upstream & downstream in value chains (processors, vendors, suppliers and agricultural service providers).
64. **Also specifically targeted are:**
- **Women:** Women will continue to be targeted in line with IFAD and government policy. Different approaches need to be tailored to different groups including widows, separated or divorced women, and female headed households.

¹³² Now closed

- **Youth:** The youth (defined as being within the age range of 18 – 29 years as per the new Nigeria Policy) must be enabled to live up to their potential and to overcome the growing problem of unemployment.
- **Those with disabilities:** IFAD will target people with disabilities directly, or through their proxy beneficiaries who will receive support on their behalf.
- **Marginalised people:** The following will also be given priority:
 - Orphans;
 - Internally displaced persons and
 - Women and girls who have been associated with Boko Haram.

b. Strategic Action

65. Value Chains: Resonating with the government’s objective of commercialising agriculture and thereby giving the means to people to lift themselves out of poverty, IFAD should continue to build on its comparative competence (clearly demonstrated in Nigeria) of helping to develop strong and effective value chains for agricultural produce.
66. Sustainable land management (SLM): The impact of environmental degradation (including soil erosion, deforestation, and desertification) on agriculture is high across the country. Agricultural productivity is diminishing and climate change will make this worse. Increased investments in SLM are critical in reducing the impact of land degradation on smallholder farmers and in addressing food security.
67. Climate adaptation: SLM options function simultaneously as climate change adaptation solutions: they build resilience in farming systems while improving the land. Investment in renewable energy and agroforestry will also strengthen resilience and simultaneously help achieve GHG mitigation targets in the AFOLU sector, as laid out in the Nationally Determined Contributions. Even more important will be the development of synchrony with the (yet to be finalised) National Adaptation Plan.
68. Adaptation investment in resilience enhancing structures and support: Continued action which has proven effective and appreciated must be strengthened: this should include irrigation facilities, feeder roads, access to water, improved seeds and breeds, insurance, extension services, and good agricultural practices (GAP). All will have a substantial positive impact on smallholder farmers across the country.
69. Climate information for smallholder agriculture: Climate variability and uncertainties remain strong challenges to smallholder agriculture. Rainfall uncertainty and rising temperatures are direct threats to farmers. Strengthening climate information is critical to adaptation strategies. Once again this should build on what have been important and successful components of programmes under IFAD’s current COSOP.
70. Improving climate finance and financial inclusion: Financial inclusion and access to credit and insurance services for smallholder farmers is limited across Nigeria. Climate finance needs to be facilitated through green finance mechanisms, and instruments including concessional financing.
71. Nutrition Sensitive Interventions: IFAD will promote: (i) Production related nutrition (supply) interventions, (ii) Consumption of nutritious products (demand), and (iii) Pro-nutrition practices.
72. Digital communication: For reasons of efficiency, economy and security, digital communications will play a much greater role for delivery of implementation, as well as remote training, supervision, and meetings. This also has the advantage of

bringing youth more into the picture: digitisation makes agricultural development more appealing to them.

73. Capacity building: This is vital at all levels for all main activities and thematic foci – from gender sensitisation to SLM and climate change adaptation¹³³. While capacity building is a theme that is constantly stressed in documents, the true demand is commonly underestimated, and its delivery is often disappointing. Information and methods of capacity building are not lacking: the COSOP needs to utilize them for agricultural development and risk reduction.

3.4 Monitoring

74. The following parameters will be measured to monitor performance and simultaneously track progress with risk reduction.
75. **Core Outcome Indicators** will be drawn from IFAD's Revised Evaluation Manual, Part I. 2022¹³⁴:
- **Access to Natural Resources**
CI 1.2.1: Households (HH) reporting improved access to land, forests, water, or water bodies
 - **Nutrition Sensitive**
CI 1.2.8: Percentage of women reporting minimum dietary diversity
CI 1.2.9: Percentage of households with improved nutrition
 - **Gender-Transformative**
CI IE.2.1: Individuals demonstrating an improvement in empowerment
 - **Climate change**
CI 3.2.1: **Mitigation**: Tonnes of greenhouse gas emissions (tCO₂e) avoided and/or sequestered
CI 3.2.2: **Adaptation**: HHs reporting adoption of environmentally sustainable and climate-resilient technologies and practices (see IFAD's ASAP/ ASAP + for details)
CI 3.2.3: **Adaptation**: HHs reporting a significant reduction in time spent collecting water or fuel
76. **Core Output Indicators** related to Climate Change and Environment and Nutrition (IFAD, 2020)¹³⁵ will be used to assess the following parameters:
- **Environmental sustainability and climate change**
CI 3.1.1: Groups supported to sustainably manage natural resources and climate-related risk
CI 3.1.2: Persons provided with climate information services
CI 3.1.4: Hectares of land brought under restoration/ climate resilient management

¹³³ See IFAD, 2022. (Critchley, W., Harari, N. and Delve, R.) Supporting Extension Services to Scale Up Sustainable Land Management.

¹³⁴ IFAD Revised Evaluation Manual, Part I. Interim version, 2022.
<https://www.ifad.org/documents/38714182/45512776/IFAD+REVISED+EVALUATION+MANUAL+-+PART+1+%28interim+version%29.pdf/1241196f-de3e-0dc2-2c47-419de3f3d4a0>

¹³⁵ IFAD Core Outcome Indicators Measurement Guidelines (COI), OPR 2020

- **Nutrition**

CI 1.1.8: Households provided with targeted support to improve their nutrition

77. In addition, programmes under the COSOP should also develop indicators and track the following:

- Training, capacity building and awareness-raising in environment and climate change, nutrition, youth and gender, at all levels;
- Healthy and safe working conditions;
- Activities enhancing climate-smart agriculture: e.g. climate-adapted seeds, climate information, smart weather devices, insurance adoption, investments in infrastructure, etc.;
- Activities enhancing climate mitigation and environmental management through renewable energy and integrated waste management systems;
- Activities improving environmental and climate compliance and resilience through sustainable land and market infrastructure development, implementation of environmental management plans, afforestation in land development sites, small-scale irrigation and flood control, etc.;
- Stakeholders' engagement activities in conflict resolution and management – rural institutions, farmers -herders dialogue, stakeholder engagement plans, youth role models, etc.

78. Notes:

- The Women Empowerment in Agriculture Index will be used to assess achievements.
- Youth-sensitivity is a mandatory core indicator and should be woven into the above.
- The risk of elite capture will constantly be assessed and mitigated.
- Double accounting of achievements will not be avoided or at least noted: for example, a "youth" may also be a "woman" or an "IDP".

Fragility assessment note, Nigeria¹³⁶

Introduction: why Nigeria is considered fragile?

This Fragility Assessment Note complements the SECAP background study for Nigeria's new Country Strategic Opportunities Programme (COSOP). It is required by IFAD because Nigeria is listed by the World Bank Group as one of 37 "fragile and conflict-affected" countries¹³⁷. Specifically, Nigeria is listed under the "conflict" sub-category. Nigeria has a situation described as a "complex crisis" with a "very high" risk index (at 6.5) by the INFORM Risk Index Report for 2021¹³⁸. The World Risk Index report for Nigeria also has a very high rating of 12.66¹³⁹. Monguno (2021) notes that Nigeria's Global Peace Rating has slid, and poor governance has contributed to this slide.

For more than a decade the Boko Haram insurgency in the **northeast** and kidnappings in the **northwest**, have been growing problems. In the **middle-belt** there is increasing farmer-herder conflict as populations have grown and natural resources have become increasingly contested. In the **south**, the biggest challenge is youth restiveness due to lack of jobs, and environmental degradation from oil exploitation activities, and in the oil-rich Niger Delta region there are kidnappings, militancy and partisan politics overspilling into violence¹⁴⁰. These factors, according to the IFAD's COSOP Results Review (2020), are the "most prevalent insecurity threats to Nigeria's agricultural sector".

However, Nigeria's overall fragility is not simply about conflict. A set of broader issues is evident. These are embraced in IFAD's definition of fragility, namely: "vulnerability to natural and man-made shocks, often associated with an elevated risk of violence and conflict¹⁴¹." Thus, conflict is compounded by stresses and shocks related to, or triggered by, environmental degradation and climate change, in turn exacerbated by high population growth and high prevalence of poverty. Many of the observations made here coincide with those described by Monguno¹⁴² who focused on fragility in relation to IFAD's SAPZ project. While that detailed note highlights land ownership, distribution of resources, corruption, proliferation of arms and ethnic and religious tensions as key driver of fragility, it also underplays the vital role of environmental factors and climate change of determinant of fragility.

Regional Risks Affecting Nigeria

Recent events in West Africa have exposed further the risk of conflict and fragility in the region. Civil disruptions in Mali, Nigeria, as well as the recent coups in Burkina Faso, Guinea-Bissau, and Niger, shows that West Africa is still prone to violence. The threat of a military invasion to overturn the coup in Niger might restore democracy, but could unleash a wave of human suffering, forced displacement, cross-border migration, and humanitarian crisis. Over the last decade, Nigeria and Niger have both faced attacks from Boko Haram and Islamic State in the Lake Chad Basin communities consisting of Borno, Yobe and Adamawa states in the northeast region of Nigeria and Diffa in Niger. The same situation is occurring in the northwest region of Nigeria where four states of Katsina,

¹³⁶ Prepared by William Critchley

¹³⁷ <https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations>

¹³⁸ Inter-Agency Standing Committee and the European Commission, INFORM REPORT 2021; Shared evidence for managing crises and disasters, EUR 30754 EN, Publications Office of the European Union, Luxembourg, 2021, ISBN 978-92-76-39355-9, doi:10.2760/238523, JRC125620.

¹³⁹ World Risk Report, 2021. Bündnis Entwicklung Hilft, Ruhr University Bochum – Institute for International Law of Peace and Conflict 2021. <https://weltrisikobericht.de/weltrisikobericht-2021-e>.

¹⁴⁰ Monguno, A.K., 2021. Contextual review of fragility, conflict and violence in Nigeria for the establishment of strategic agro-processing zones (SAPZ) in Kano and Ogun states. Draft report submitted to IFAD, Nigeria Office.

¹⁴¹ IFAD, 2016. Strategy for engagement in countries with fragile situations. IFAD, Rome

¹⁴² Monguno, A.K., 2021. Contextual review of fragility, conflict and violence in Nigeria for the establishment of strategic agro-processing zones (SAPZ) in Kano and Ogun states. Draft report submitted to IFAD, Nigeria Office.

Sokoto, Zamfara and Kebbi states have been facing protracted banditry conflict that displaced thousands of people. Over 80,000 Nigerians mostly from the mentioned states are currently affected by the banditry and are staying in Maradi as refugees under the care of UNCHR¹⁴³.

Pastoralism is an important issue in the Sahelian context. However, it received an insufficient focus in IFAD-supported operations over the reviewed period. Pastoralists have insecure access rights to both farm- and grazing land near their settlements, and other grazing land during transhumance. They are also subject to conflicts over access to water resources or protected areas¹⁴⁴.

Impact on agricultural sector and drivers of fragility

Where there is conflict and insecurity, it makes farming and any other productive active activities more difficult and highly risky. Working and traveling in fragile areas are potentially dangerous. Smallholders are constrained by less reliable access to markets both for inputs and sales of produce. In the face of severe danger, this can lead to abandonment of homesteads and internal displacement. The total number of internally displaced persons (IDP) in Nigeria is estimated at 1.9 million¹⁴⁵. IDPs face adverse economic impacts and that augments the chronic poverty. Herders' priorities are diverted from livestock production to livestock protection. Where the prevailing conflict is between settled farmers and herders, then neither community can focus on yields.

Nigeria's environmental degradation is being made worse by climate change: more intense rainfall and increasing temperatures are particularly damaging. This contributes to a "progressive decline in productivity of around 3.5 percent annually" according to IFAD¹⁴⁶. The National Action Programme (NAP) against land degradation and desertification (as submitted in 2001 to the UNCCD) had already estimated desertification in the northern states at 50-75 percent. The 2022 floods were devastating, submerging communities, farmlands, fishponds, and other production and processing units, and wiping out investments of millions of smallholder farmers across Nigeria. An attribution study¹⁴⁷ suggests that the flooding occurred because of above average rainfall, and that climate change had made the event about twice as likely to happen.

Increasing rural poverty is the outcome, and smallholders are less able to carry out the sustainable land management practices to secure their resource base and stabilise their yields. Climate change adaptation must be a priority in this scenario: yet the lack of significant progress in coordinated adaptation efforts – as highlighted in the National Adaptation Framework (2020) – contributes to fragility as it fails to help the agricultural sector to become more resilient. An updated plan is under construction, but by December 2022 was not yet finalised.

The risk that fragility poses to IFAD's programme

¹⁴³ <https://blogs.lse.ac.uk/africaatlse/2023/08/25/an-invasion-of-niger-could-lead-to-a-humanitarian-crisis-in-west-africa/>

¹⁴⁴ Sub-regional evaluation of countries with fragile situations in IFAD-WCA. Learning from Experience of IFAD's engagement in the G5 Sahel countries and northern Nigeria

¹⁴⁵ See SECAP Report for COSOP, 2022

¹⁴⁶ IFAD, 2022. COSOP Extension. The Federal Republic of Nigeria. IFAD, WCAD.

¹⁴⁷ Zachariah et al., 2022. Climate change exacerbated heavy rainfall leading to large scale flooding in highly vulnerable communities in West Africa. World Weather Attribution.

<https://www.worldweatherattribution.org/climate-change-exacerbated-heavy-rainfall-leading-to-large-scale-flooding-in-highly-vulnerable-communities-in-west-africa/>

Insecurity and conflict make agricultural development problematic. Projects located in conflict zones may not meet the immediate priorities of smallholders, whose attentions are elsewhere. Nor are they easy to implement or to supervise, as was experienced by IFAD's (now completed) CASP project in the northern states where insecurity is pronounced. Staff are not easy to recruit or keep, and their ability to perform their functions is compromised. Other vulnerability risks, especially land degradation and the impacts of climate change on smallholders, in themselves make IFAD's investments more important – yet project targets more difficult to achieve.

Table 1 sets out a risk and risk mitigation matrix, modified from the COSOP Results Review for Nigeria¹⁴⁸ and the COSOP Extension document¹⁴⁹.

Table 1. Risks to IFAD's Programme and Measures to Reduce Risks

Risk	Prevalence	Measures to Reduce Risk
Conflict (insurrection)	Localised	<ul style="list-style-type: none"> ● Focus on locations with lower risk ● Increase the use of digital communications ● Emphasise partially remote reviews
Conflict (herders vs farmers)	Localised	<ul style="list-style-type: none"> ● Work with community organisations ● Strengthen local conflict resolution/mitigation mechanisms and introduce where non-existent ● Integrate both livestock and crops into projects ● Explore (multiple) lessons learned from elsewhere
Environmental Degradation	Widespread	<ul style="list-style-type: none"> ● Focus on productive restoration, for example: ● <i>agroforestry & fertility management</i> ● <i>area enclosures & community-based management</i>
Climate Change	National	<ul style="list-style-type: none"> ● Awareness-raising at all levels ● Focus on CC adaptation for smallholders ● Use options from WOCAT's Global SLM Database¹⁵⁰

How IFAD can plan to minimise risks of fragility in its operations

There are several promising channels for IFAD to operate better to minimise risk. Most are universal; all apply to Nigeria.

Avoid high conflict risk LGAs areas but learn to function better where there is conflict.

- Make sure that UNDSS (UN Department of Safety and Security) is regularly consulted about suitability of project location;
- Support, build capacity in, and work with local security and conflict resolution groups; and
- Move more proactively towards virtual communication (smart phones; video conferencing, etc.) in project implementation, training, and supervision.

¹⁴⁸ IFAD, 2020. COSOP Results Review. The Federal Republic of Nigeria. IFAD, WCAD.

¹⁴⁹ IFAD, 2022. COSOP Extension. The Federal Republic of Nigeria. IFAD, WCAD.

¹⁵⁰ www.wocat.net

Address land degradation through multiple well-known restoration methods.

- Focus on sustainable land management (SLM) to secure the natural resource base, combat land degradation and simultaneously improve climate change resilience;
- Emphasise “production through conservation” and integrate crop production with livestock husbandry for technical and social reasons; and
- Make use of the hundreds of successful examples of SLM available online in WOCAT’s Global SLM Database¹⁵¹ .

Focus on climate change adaptation/ resilience amongst smallholders.

- Adaptation to climate change is essential for the livelihoods of smallholders: this is the priority for them and for IFAD (e.g. IFAD’s ASAP+ programme): SLM practices can help to achieve this;
- Integrate early warning systems into all projects: build on NiMET’s experience under CASP and VCDP. Climate information is increasingly available, and smallholders are enabled to access it and make informed decisions; and
- Build “climate-smart” capacity through all staff and in smallholders also: tap into local creativity.

Support women and vulnerable groups in income generating activities

- Support women and the most vulnerable groups: this is both a moral obligation and directly addresses those most likely to suffer from risks;
- Where the potential of these groups is as yet unrealized, the rewards in terms of agricultural productivity will be commensurately large; and
- Income generation is the key to independence and empowerment. Value chains are a proven and transformative route to achieve this.
- Assist one or more members of poor and vulnerable families to acquire off-farm income generation skills as a cushion against agriculture production disruptions.

Utilisation of digital advisory services

- Utilise digital agricultural extension services for the areas where the regular supervision in person is difficult due to the insecurity.

¹⁵¹ Available at www.wocat.net

COSOP preparation process

The COSOP Preparation Process

1. The design of the Nigeria 2024-29 COSOP adopted a highly consultative, participatory, and inclusive process that solicited the views of a broad range of stakeholders drawn from the government, the smallholder farmers' representatives, farmer organisations, private sector players, civil society and development partners. The consultation took place at LGA, state and federal levels to ensure that views of stakeholders at all levels are solicited and considered.

2. Several background studies were undertaken to establish a solid knowledge base for the COSOP. These included a COSOP background study, Social Environmental and Climate Assessment Procedures (SECAP) analysis, a COSOP Results Review and a Fragility Assessment Study. The findings and recommendations of these studies greatly contributed in appreciation of country context, challenges in smallholder agriculture, lessons learned, challenges and opportunities and what should be the strategic direction for the new COSOP.

3. To ensure wide stakeholder participation and consensus on the design of the new COSOP, the ICO organised a national COSOP launch workshop in Abuja on 05 April 2023. This launch workshop was attended by 136 participants drawn from government, development partners, farmer organisations, private sector, women and PWDs. Of these, 90 were males and 46 females. The launch benefited from participation of key note speakers including the IFAD Country Director Mrs Dede Ekoue, Director Planning in the Ministry of Agriculture and Rural development (FMAFS), Mr Ibrahim Tanimu and Director of Social Development of the Ministry of Finance, Budget and National Planning (FMF) and National Convenor of the Food Systems Transformation Pathways in Nigeria, Dr S. O. Faniran. This workshop set the tone for further national and regional consultations over the coming days.

4. The regional consultations were held in representative areas in each agroecological region of very diverse Nigeria to ensure that issues and challenges of each particular agroecological region are duly registered and considered in COSOP formulation. The workshops and stakeholder meetings were held in seven states namely Benue representing North Central, Borno representing North-East, Sokoto for North-West, Abia and Enugu representing South-East, Delta for South-South and Ogun for South-West. This process ensured a fairly even coverage of the entire country as stakeholders were drawn from all the neighbouring states as well. In total 561 (388 male, 173 female) stakeholders attended these consultation meetings and actively participated not only in the deliberations but also gave their views during the organised breakaway groups meant for more in-depth understanding of the challenges and opportunities for smallholder agriculture, rural poverty alleviation, youth and women empowerment and overall rural development challenges and opportunities.

5. To complement the workshops and in order to have more in-depth understanding of the country context, the ICO developed questionnaires which were distributed to different national and regional stakeholders. These were sent out to a cross section of stakeholders who had earlier participated in the workshops and those who could not. Again, these were government officials, development partners, private sector, farmer

organisations and financial institutions. Their feedback has gone into enriching the COSOP 2024-29 formulation process.

6. To ensure inclusivity, the ICO organised a National Gender Dialogue forum on 14 April 2023 in Abuja. This was meant to exchange information on successes, challenges, and potential areas of improvement using the Gender Action Learning Systems (GALS) methodology. A total of 15 participants comprising of 9 participants from the women organizations and networks, two from IFAD-funded projects, two gender consultants, and two IFAD staff participated. The conclusions of this gender dialogue forum have formed part of the COSOP reference reports.

7. Technology is a key driver for development and innovations. To make sure the COSOP is well aligned to technological requirements of the time especially in ICT, the ICO organised on 10 May 2023 a Multi-Stakeholder Strategic Dialogue on Scaling up ICT4D for the smallholder farmers in Nigeria. This was meant to, among others, facilitate a common understanding of best practices for an enabling environment and entry point for ICT4D implementation, key priorities to scale up ICT4D for smallholder farmers and to unlock data in an ICT4D ecosystem.

8. To ensure ownership of the COSOP findings, and to align well with governments and stakeholders' aspirations, the ICO organised a stakeholder feedback session on 11 May 2023. The key features of COSOP Draft Report were shared in the session including identified challenges and opportunities, lessons learned, goal and objectives of the new COSOP, geographical coverage and proposed interventions. The feedback and views expressed therein were also considered and incorporated in the revised final COSOP document.

South-South and Triangular Cooperation Strategy

Introduction

1. The IFAD12 business model views SSTC as an instrument to assist its Member States in transforming their food systems and achieving the Sustainable Development Goals. In order to better guide and integrate SSTC within its operations, IFAD adopted a new SSTC strategy, which focuses on knowledge and innovation dissemination, as well as enhanced policy engagement in support of rural development. The strategy builds on lessons learned, a reinforced institutional architecture around SSTC and opportunities provided by the evolving decentralization process to mobilize locally adapted solutions from the South to address specific challenges faced by the South.

2. In the context of this COSOP, it is expected for the decentralized structures dedicated to SSTC, specifically the SSTC and Knowledge Centre in Addis Ababa, to play a pro-active role in country-to-country learning and adoption of successful models and practices. The hub contribution in information, technology and knowledge sharing, in particular for mutual learning within the African region, will complement the planned interventions to the benefit of Nigeria and other countries in the West-African sub region facing similar challenges.

3. This annex outlines potential areas for South-South and Triangular cooperation in the framework of the new Nigeria COSOP. It builds on the overall country strategy to identify SSTC interventions and southern partnerships that can enhance its effectiveness and impact. It focuses on mechanization, water management and rural finance, highlighted as key issues in the overall COSOP.

SSTC engagement rationale

4. Since its independence in 1960, Nigeria has seen significant changes in its development cooperation landscape, with a shift from earlier donor-recipient dynamics to a more diverse, mutual landscape, reflecting the principles of South-South and Triangular Cooperation (SSTC). The country has distinguished itself as a major contributor to SSTC, especially within Africa where it aids other developing nations through financial assistance, political collaboration, technical support, and peacekeeping operations.

5. One prime example of Nigeria's commitment to SSTC is the establishment of the Nigeria Trust Fund (NTF) in 1976, managed by the African Development Bank (AfDB) which is now valued at approximately \$239.6 million. The NTF helps fund projects in lower-income countries across diverse social and economic sectors deemed viable by the AfDB. Nigeria also plays a key role in regional cooperation, supporting entities such as the Economic Community of West African States (ECOWAS) and the African Union where it ranks among the top five financiers, as well as the recently established Africa Continental Free Trade Area (AfCFTA).

6. The Nigerian Technical Aids Corps (TAC), established in 1987, oversees Nigeria's Foreign Aid Technical Assistance Policy. The TAC deploys Nigerian professionals in various

fields to African, Caribbean, and Pacific (ACP) countries to address specific needs. Since its creation, more than 30,000 volunteers have served under the TAC scheme in over 27 developing countries¹⁵².

7. In Nigeria, IFAD has developed some very effective models for commercialization of smallholder agriculture in collaboration with the private sector which can be shared with countries having similar typography of rain-fed subsistence farming systems. Similarly, the agriculture enterprise development for youth and women is another area for mutual learning. Through this COSOP, IFAD will leverage Nigeria's role as a key contributor to regional South-South collaboration to identify models and solutions that can support local needs and expand its collaboration to share its own successes.

Opportunities for rural development investment promotion and technical exchanges

8. The smallholder farmers in Nigeria face three major challenges: lack of mechanization, water availability for agriculture and access to finance. These are three areas that will be the main focus of exchange and learning during the next COSOP. As for the smallholder mechanization, the most promising regional knowledge hub is China both in view of the well-established small and inexpensive agriculture machinery manufacturing in China and India as well as for learning of intensive and commercialized agriculture by smallholder farmers. IFAD Nigeria will work on identification of appropriate technologies and use of project resources and/or grant resources to source some of most appropriate for local demonstration and adoption.

9. The second area of mutual learning and exchange is water harvesting and water security as 99 percent of Nigerian smallholder agriculture is dependent on rain which is becoming more and more unreliable in quantity and spacing. That calls for urgent affordable solutions for supplemental irrigation as a fallback option. Currently, only one percent of cultivated land in Nigeria is irrigated. One of the key areas of interest in SSTC, therefore, in next COSOP would be learning from other countries' experience in small scale irrigation solutions including water harvesting and solar-based pumping systems. Grant resources will be mobilized to finance study tours of identified solutions for relevant staff at Federal and State levels to learn and internalise in local agriculture development plans.

10. IFAD Nigeria has worked on some models of access to finance for the smallholder farmers and youth in the previous COSOP with mixed results and variable scale. It included establishment of FSAs and in-kind advance credit from off-takers. However, the availability remains constrained for most farmers and the terms are often unfavourable. This would provide another area of learning through regional hubs and country to country lesson exchanges to identify and adopt lessons from each other.

11. ICT4D is another area which would be focused on during the current COSOP period. Opportunities will be identified for mutual learning as well as sourcing of any off-the-shelf

¹⁵² Centre For The Study Of The Economies Of Africa, South-South Cooperation Coherence In A Complex Assistance Framework For Development: The Case Of Nigeria, March 2019

available templates and applications within the region through the Addis Ababa hub and elsewhere. If need be, some grant sources will be mobilized for additional engagement of expertise for adoption/adaptation.

Partnerships and initiatives

12. Building on the identified needs, a number of partnerships and initiatives could be explored to provide tailored solutions, which respond to the specific context of a developing country.

13. Agricultural mechanization: In addition to collaboration with **China** and **India**, which have well-established small and inexpensive agricultural machinery manufacturing sectors, **Turkey** can be another strong southern partner for agricultural mechanization. The country has the potential to provide cost-effective agricultural machinery adaptable to local farming conditions, technology transfer expertise, and capacity building support.

14. To complement the acquisition of the equipment, integrated hubs serving as “one-stop shops” for mechanization such as the one promoted by **Agrimech** in East Africa, which aggregates farmers and brings together other needed value chain partners around a structured business exchange platform, providing dependable, affordable and accountable mechanization services including maintenance. The **Alliance for Green Revolution in Africa (AGRA)**, which is contributing to the dissemination of these innovations can be a valuable triangular partner.

15. Water Management Practices: Countries like **Kenya**, which have made significant strides in water management and irrigation techniques, could be valuable partners. Building on IFAD’s achievement in the country, a successful SSTC intervention has been established with Ethiopia for the adoption of improved water management technologies and practices. Other potential southern partners include **Mauritania** and **Morocco**.

16. In addition to technology transfer, these collaborations can focus on knowledge sharing, training, and technical exchange around water harvesting, solar-based pumping systems, and small-scale irrigation solutions. Study tours to these countries can be organized for relevant Nigerian officials to develop the adequate policy that can ensure an enabling environment for their adoption.

17. Rural finance: Through a China-IFAD SSTC Facility funded project, rural farmers in Rwanda were supported to access agri-loans provided by local Micro-Finance Institutions (MFIs). Implemented by **CORDAID-Rwanda**, the project has incentivized local MFIs to lend to smallholders for their harvesting period by introducing solutions such as the A-CAT tool. By analysing data such as land size, crop production, required inputs, and more, the solution enables accurate assessment of farmers' funding needs and capacity to reimburse the loan. As a result, financial services offered to farmers in the target areas have significantly improved, becoming more personalized. Moreover, this approach has also enhanced farmers' ability to repay the loans. CORDAID Rwanda has developed a strong expertise around rural finance and collaboration with MFIs in support of smallholder

farmers. The organisation would be willing to support other IFAD interventions in the African region.

18. Another potential partner is **Brazil**. The country has a vast and diverse agricultural sector and has successfully implemented various initiatives to improve rural finance and agricultural development. With its impressive growth of Community Development Banks (CDBs), Brazil has proven its ability to provide financial services, such as microloans and capacity-building programs, to empower small-scale entrepreneurs. To facilitate knowledge sharing and policy discussions, institutions like the **Brazilian Cooperation Agency (ABC)** or the **Brazil Africa Institute (IBRAF)** could serve as ideal platforms for collaboration.

19. ICT4D: Recent SSTC exchange visit to Kenya shows the need to further leverage progress made by Kenya in the area of ICT4D in support of smallholder farmers. Many of the lessons learnt were capitalized during the policy dialogue on ICT4D for smallholder farmers held in December 2023 in Abuja.

20. In addition, several developing countries in the Asia and Pacific region have successfully harnessed the potential of ICT for rural development. **Bangladesh**, for instance, has made immense progress in the use of digital technology to connect farmers to markets, quality seeds, fertilizers, and farming advice. **India**, with its wide range of ICT innovations and solutions for agriculture, is another potential partner. Building on existing cooperation between India and Nigeria, solutions contributing to climate resilience such as weather information systems could be promoted.

21. To improve livelihoods through commercial farming, digital market platforms could also be promoted. In Tanzania, IFAD has collaborated with the **International Institute of Tropical Agriculture (IITA)** to develop a digital market place where farmers can sell their products, which is being integrated with sections to access information on certified seeds, and to diagnose crop disease. An essential part of this collaboration will also include building local capacity for ICT. A partnership with the African Union's **NEPAD** can help to train local developers to design and manage agricultural ICT applications, in consultation with local communities to ensure they respond to the needs and are sustainability adopted by the farmers. The Comprehensive African Agricultural Development Programme promoted by the African Union has amongst one of its four pillars Improving agriculture research, technology dissemination and adoption.

Conclusion

22. As Nigeria continues its development journey, South-South and Triangular Cooperation remains a crucial component of its strategy for achieving inclusive and sustainable growth. IFAD will facilitate partnerships with other developing nations, leveraging shared experiences and resources to address its development challenges through the new COSOP.

23. For SSTC activities to work effectively, they need to be properly identified, provisioned and embedded in designs of the projects. Attention will be paid for their proper

articulation in the upcoming projects in portfolio as well as during revision/restructuring of any ongoing projects. Dedicated budgets for specific activities will be provided.

Financial management issues summary

FINANCIAL MANAGEMENT ISSUES SUMMARY – COSOP

COUNTRY	Nigeria	COSOP PERIOD	2024-2029
A. COUNTRY FM ANALYSIS			
<i>Country Disbursement Ratio (rolling-year)</i>	22.3 %		
<i>Unjustified Obligations:</i>	None		
<ul style="list-style-type: none"> ● <i>Outstanding Ineligible Expenditure –</i> 	210,990 USD <i>Outstanding balance of CASP project pending refund</i>		
<ul style="list-style-type: none"> ● <i>Outstanding Advances (Projects in Closed Status)</i> 			
<i>PBAS Available allocation (current cycle) :</i>	Allocated Amount: 56,769,636 Available Balance: 56,769,636		
<i>BRAM access</i>	YES		
<i>Country income category</i>	LMIC		
<p>Country Diagnostics</p> <p>Debt Sustainability Overview</p> <p>Released in February 2022, states that Nigeria’s public debt is sustainable, but subject to unchanged from the last report in 2021.</p> <p>Reflecting the economic effect of COVID-19 pandemic, Nigeria’s level of public debt in 2021. External debt has been increasing but remains relatively low. The level of (public and private) debt is projected at 24.1 percent of GDP at end-2021.</p> <p>Under the baseline, external debt would decline slightly as share of GDP. With continued private sector external borrowing is projected to be on a downward trend. The public sector is expected to continue to draw on financing from bilateral and commercial external sources. To s</p>			

interest rate risk may be contained by the historically concessional nature of a large proportion public external debt compared to peers, although in recent years, there has been increased international bond issuances.

Governance

The Transparency International (TI) released the 2022 Corruption Perceptions Index (CPI) with Nigeria ranking 150 out of 180 countries compared to 154 on the 2021 CPI results. While Nigeria moved places up on the country ranking, it maintained its previous score of 24/100. This is the lowest score Nigeria has achieved since the earliest comparable year of available data (2012). In effect, the CPI index for the country has remained consistently low in the last 10 years highlighting the challenges successive political regimes in fighting corruption. While the enactment of key legislations (Proceeds of Crime Act 2022, Money Laundering Act 2022 etc.) greatly reinforced the country's legal framework certain actions (amnesty to Politically Exposed Persons, recovery of N30 billion from the former Accountant General of the Federation) greatly undermined the country's anti-corruption efforts.

WBG - Country Policy and Institutional Assessment (CPIA) 2021

Nigeria scores 3.2 at par with the West and Central Africa IDA average, a score mostly explained by policies in the fields of economic management, structural policies and social inclusion and equity. A weak area requiring significant improvement for Nigeria in the CPIA is the Public Sector Management & Institutions which is the lowest performing cluster.

Public Financial Management

Significant issues were identified throughout the PFM cycle, including low budget credibility, insufficient disclosure of public finances, poor asset and liability management, anomalies in budget execution, low standards in financial reporting, and lack of auditor independence. However, there are also noteworthy areas of high performance, such as macroeconomic and fiscal forecasting.

Noticeable efforts have been made by the FGN authorities to join forces with Nigerian States (sub-national governments) to sustain PFM reforms. The PEFA assessment acknowledges the positive direction of change with ongoing reforms, including those supporting Integrated Payroll and Personnel Information System (IPPIS), deployment of Government Integrated Financial Management Information System (GIFMIS), implementation of the Treasury Single Account (TSA), e-Payment, and International Public Sector Accounting Standards (IPSAS).

WB-Country Partnership Framework

The strategic objective of this Country Partnership Framework (CPF) (FY21-FY25) is to support Nigeria to achieve progress on poverty reduction by promoting faster, more inclusive, and sustainable growth. The CPF aims to support the Government's program and medium-term strategy, which presents a vision of accelerated economic growth with better employment opportunities facilitated by a more conducive business-enabling environment, greater social cohesion and inclusion, and a plan to tackle the most persistent development challenges. The WB's principles and selectivity criteria to determine on what and how to engage with Nigeria will include (i) ability to influence a development priority of national significance, (ii) reasonable prospect of sustainability beyond the program, (iii) confidence that policy engagements, relationships and solutions are robust and the buy-in of government partners. One of the core objectives of the CPF will be to transform the agriculture sector in order to enable inclusive growth and generate more and better jobs to reduce poverty. The WB's objective is to help

Nigeria modernize agriculture and increase value-added per agricultural worker. The WBG aims to: (i) catalyse the development of agricultural value chains, with a specific focus on constraints facing women; and (ii) support policy reforms to improve the agribusiness enabling environment. The WBG will contribute to enhancing resilience in agricultural food systems and livelihoods through supporting the adaptation of food systems to increase food security, reduce the vulnerability of agricultural livelihoods, and improve the management of land, soil, water, and biodiversity.

There is no ongoing debt restructuring with Nigeria.

Country Context Inherent risk remains HIGH

B.PORTFOLIO – LESSONS {Strengths and Weaknesses}

Existing Portfolio:

Project	Project Status	%Disbursed of all financing instruments	Project FM inherent risk rating	Performance Score: Quality of Financial Management	Performance Score: Quality & Timeliness of Audit	Performance Score: Disbursement Rate	Performance Score: Counterpart funds	Completion date
VCDP	Available for Disbursement	57.55	Moderate	Moderately Satisfactory	Mod. satisfactory	Moderately Unsatisfactory	Moderately Satisfactory	31/12/2024
CASP	Project Completed	75.13	Moderate	Moderately Satisfactory	Mod. satisfactory	Moderately Satisfactory	Moderately Unsatisfactory	29/09/2021
LIFE-ND	Available for Disbursement	61.47	Moderate	Moderately Satisfactory	Mod. satisfactory	Moderately Unsatisfactory	Moderately Unsatisfactory	30/03/2025
SAPZ	Available for Disbursement	0.65	Substantial	Not Specified	Not Specified	Not Specified	Not Specified	29/09/2029
SSTC Tanzania	Available for Disbursement	63.32	Low	Not Specified	Not Specified	Not Specified	Not Specified	11/12/2023

NSO – Bab ban G_ Nige ria	Availabl e for Disburs ement	40	Subst antial	Not Specifi ed	Not Specifi ed	Not Specifie d	Not Specifie d	30/09/ 2028
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Update on On-going Portfolio

IFAD's Project Portfolio FM Inherent Risk is moderate. There are two on-going and active projects (VCDP, LIFE-ND) with Quality of Financial Management overall moderately satisfactory. A third project; SAPZ is still at start-up phase with the official kick off workshop planned for October 2023. One project (CASP) have expired and is to be financially closed pending refund of outstanding balance, and ineligible expenditures. The portfolio has a recurrence of ineligible expenditures and despite applying flexibility (expenditure substitution) in the past, the issues have persisted.

Following the non-compliance by the government to refund of CASP ineligible expenditures (USD 353,020), and submission of expenditure substitution documentation (USD 588,756), partial remedies including the suspension of the DA for all projects in Nigeria went into effect on 15 March 2023. If the government does not further comply by the 30 June 2023 deadline, the total amount that was agreed for expenditure substitution will be requested in refund and full remedies including total suspension of the country portfolio will be applied.

VCDP overview

The success story of the Nigerian portfolio having won many awards and recognition and two additional financing on the original loan. Despite showing positive trends in other technical domains, FM quality has stalled in the last two years mostly attributed to the fact that position of Senior Accountant at the NPMU remained vacant until recently. The main issues border on weak FM staff capacity at national level, weakness in internal controls and inadequate financial reporting and accounting systems. The current accounting software is not up to par with current reporting requirements and efforts to migrate to a more performant software have not seen much progress. The MTR mission that took place in November 2022 revealed recurrent weaknesses in internal controls over financial reporting, including some potential ineligible expenditures. Internal audit in the NPMU lacks sufficient standing and reporting lines in order to deliver and add value in addressing risks and providing assurance on the effectiveness of controls and risk management systems.

LIFE-ND overview

The project initially suffered delayed start-up of implementation due to challenges with setting up the ring-fenced PMUs, delayed signing of subsidiary loan agreement between the national government and sub-nationals and the COVID 19 outbreak

in early 2020. The project is now on track having been at risk of being classified a problem project. The quality of FM which was moderately unsatisfactory is now moderately satisfactory. The MTR was undertaken in May 2023.

SAPZ overview

The joint Government of Nigeria, IFAD, IsDB and AfDB Special Agro-Industrial Processing Zones (SAPZs) programme is at start-up phase having recently received an initial advance to set up the necessary programme and financial management systems, and manuals that would enable it meet the conditions for first disbursement. The start-up workshop is expected to hold in October 2023. IFAD is financing the National Government and two sub-nationals – Ogun and Kano States.

CASP overview

CASP completed on 30 September 2021 and closed on 31 March 2022. There are some open fiduciary issues such as:

- USD 220,315 ineligible expenditure arising from mis procurement
- 132,705 ineligible expenditure arising from the use of the Loan proceeds for counterpart obligations
- USD 588,756 ineligible expenditure due to infrastructure works which were not completed as at project completion date stated in the Financing Agreement (30 September 2021)
- Outstanding balance of USD ≈205 976 of the initial advance

Formal letter has been issued to the government to act on the above issues

VCN

The programme aims at promoting inclusive and sustainable agriculture and agro-industrial value chains development as an enabler for rural economic and social transformation in Northern Nigeria. Project is still at Concept Note stage.

Cross-cutting FM issues and lessons learnt

- Significant deficiencies in internal control over financial reporting resulting in recurrent ineligible expenditures
- inadequate capacity of Financial Management personnel
- Absence of integrated accounting and monitoring and evaluation systems
- Challenging in transition to report-based disbursement (IFAD) resulting in errors in financial reports
- sub-optimal budgetary processes and the large size of the IFAD-funded projects covering multiple states within a Federal system of Government
- Increasing inability of Government to meet counterpart obligations due to adverse economic conditions
- Heightened risk of fraud due to weak public financial management systems and governance and limited reliance on the use of country systems
- The PFM reforms that were introduced by the Government are at the early phase and progress has not yet been measured. Full adoption of IPSAS has

seen significant delays.

- Discussion on ineligible expenditures require intervention of several government structures and timely engagement is key
- Nigerian diplomatic mission in Rome should also be engaged in discussion of significant portfolio and fiduciary issues
- Engagement of the Office of the Auditor General of the Federation for quarterly review of IFR
- Internal audit function has not been leveraged to provide the required level of assurance that risks and internal control processes are operating effectively
- Financial reporting software has not evolved with the growth of the portfolio, complexity of budgetary processes and monitoring, and automation of financial reports. Although all projects currently use Flexible Accounting Software, opportunities for improvement or migration will be considered

Use of country FM systems

IFAD uses the available country systems to the extent possible that ensures FM risks are minimised. IFAD disburses funds only through the treasury single account (TSA) domiciled with the Central Bank of Nigeria (CBN) and the annual programme audit is performed by the OAuGF. The Government Integrated Financial Management Information System (GIFMIS) is presently not configured to perform program/fund accounting of financial reporting – specifically GIFMIS is not yet configured to account for and report foreign currency transactions, fully adopted by State Governments, adaptable for budgets outside the National Budget and interfaced with REMITA (the Government payment platform used by the programmes). IFAD will continue to assess the progress with the capability of GIFMIS and explore its future use when it is enhanced to support program/fund accounting and financial reporting.

Comments on COSOP

As evidenced by the PEFA, World Bank and IMF ratings and scores, the fiduciary risk remains relatively high primarily because of the pervasive weaknesses in internal control over financial reporting, sub-optimal budgeting and the absence of an integrated PFM system.

The recommended mitigation measures that include

- i.) Nationwide adoption of the FGN PFM reforms
- ii.) State adoption of GIFMIS, TSA and Remita
- iii.) National and State Budget alignments,

In summary, the high level of the risk linked to corruption perception, in addition to the security context and the other problems faced by the country, are not likely to facilitate the implementation of all PFM reforms required within IFAD's strategy period 2024 - 2029. Hence, the situation does not currently allow IFAD to use the national PFM system for the management of projects and programmes funded within

this period. Accordingly, the resources allocated to Nigeria will be expended in accordance with IFAD's guidelines and will be managed by ring-fenced coordination units; this arrangement will require IFAD and Ministry of Agriculture approval and No Objection for significant and high-risk transactions but will remain largely independent from the Federal Ministries and Government. This arrangement will mitigate the high financial management risk context of the country. As the PFM reforms of the country begin to take shape and the states embrace and adopt the PFM reforms of the Federal Government, IFAD could gravitate towards the use of country systems. Proactive measures including joint ICO/FMD advocacy missions to the Ministries of Finance and Agriculture, the Office of the Accountant General and the Office of the Auditor General for the fast track of these reforms and IFAD's subsequent adoption of the country systems.

Procurement risk matrix – Part A country level

IFAD PRM - Part A Country Level

Based on MAPS II – ASSESSMENT OF NATIONAL PROCUREMENT SYSTEM

Indicator # and Sub-Indicator #	Sub-Indicator Description	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk H S M L		Net Risk H S M L
Consolidated Findings at Country Level		The IFAD funded projects should strengthen anti-corruption measures and train procurement stakeholders involved in public procurement in identifying and preventing corruption. The roll out of the E-Gp E-procurement system aims to increase transparency and efficiency and we encourage to do so as this will impact the public procurement performance of the country.	S	The risk of procurement non-compatibility needs to be mitigated in each Project Implementation Manual by addressing the federal state system and adding a project procurement strategy for each high value and high-risk procurement.	S
Pillar 1. Legal, Regulatory and Policy Framework					
1.1.	The public procurement legal framework achieves the agreed principles and complies with applicable obligations.				
1.1.1.	Scope of application and coverage of the legal and regulatory framework	Full scope captured in legal and regulatory framework	L	None	L
1.1.2.	Procurement methods	All requisite methods available. 6 open and non-open methods for Goods & Works, and 5 selection methods for consulting services. BPP Annual Report for 2017 demonstrates that of 984	M	Adjustment of procurement thresholds; amendment of emergency procedures	M

Indicator # and Sub-Indicator #	Sub-Indicator Description	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk H S M L		Net Risk H S M L
		contracts, less than 2% of its procurement were done by open means and over 50% using direct selection methods without competition, and emergency procedures			
1.1.3.	Advertising rules and time limits	Rules for advertising and indicative time limits are provided in the PPM ¹⁵³ and are all appropriate	L	None	L
1.1.4.	Rules on participation	Rules on participation for open and non-open methods are consistent with good procurement practice. No updated supplier databases to show how bidders are selected to receive invitations for non-open methods	M	There needs to be established supplier databases (that are updated) to show how bidders are selected to receive invitations for non-open methods	M
1.1.5.	Procurement documentation and specifications	Procurement documentation is compliant and present. Specifications for Works are mostly OK, as are TORs for Consulting Services. For Goods, specifications are not always complete and transparent	M	Training on Goods specifications by both procurement and non-procurement staff	L
1.1.6.	Evaluation and award criteria	Some evaluation and award criteria extant in bidding documents	L	None	L
1.1.7.	Submission, receipt and opening of tenders	Compliant processes	L	None	L
1.1.8.	Right to challenge and appeal	Right exists. The Act provides for administrative review of procurement complaints by	M	None	L

¹⁵³ PPM: Procurement Procedures Manual 2007

Indicator # and Sub-Indicator #	Sub-Indicator Description	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk H S M L		Net Risk H S M L
		procuring entities and BPP ¹⁵⁴ , and resolution by a High Court if the complainant is unsatisfied with the decision of BPP.			
1.1.9.	Contract management	Basic contract management in place. No strategic provisions for contract amendments	M	Require contract amendment provisions to ensure that critical high-value amendments are properly reviewed while small amendments are processed expeditiously	M
1.1.10.	Electronic Procurement (e-Procurement)	Information on bidding opportunities available on NOCOPO ¹⁵⁵	L	None	L
1.1.11.	Norms for safekeeping of records, documents and electronic data.	The BPP website keeps the records of contracts approved by the Federal Executive Council included the contract value and name of service provider but not procurement methods used. Not known how and to what extent procurement entities keep records	L	None	L
1.1.12.	Public procurement principles in specialised legislation	One set of public procurement principles in Act, Manual and Regulation	L	None	L

¹⁵⁴ BPP: Bureau of Public Procurement of Nigeria – www.bpp.gov.ng

¹⁵⁵ NOCOPO: Nigeria Open Contracting Portal. Website is down till 27 April 2023

Indicator # and Sub-Indicator #	Sub-Indicator Description	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk H S M L		Net Risk H S M L
1.2.	Implementing regulations and tools support the legal framework				
1.2.1.	Implementing regulations to define processes and procedures conditions	Nigeria has PPR ¹⁵⁶ for Goods and Works and a separate one for Consulting Services, both 2007	L	None	L
1.2.2.	Model procurement documents for goods, works and services	BPP has a full cache of bidding documents: 4 for Goods and Works, and 5 for Consulting Services None of these documents have the self-certification forms and requirements, and the SECAP requirements	S	Add necessary IFAD forms to the national bidding documents. Requiring the use of IFAD's own SPDs ¹⁵⁷ may be a better idea.	S
1.2.3.	Standard contract	Standard contract exists in each bidding document. Contract template is fine but does not cover SECAP and some other IFAD requirements	S	Require the use of IFAD's own SPDs with its contract templates	S
1.2.4.	User's guide or manual for procuring entities (insert link to manual if possible)	BPP has a PPM: https://www.bpp.gov.ng/wp-content/uploads/2018/11/PROCUREMENT-PROCEDURE-MANUAL-Final-Version.doc	L	None	L
1.3.	The legal and policy frameworks support the sustainable development of the country and the implementation of international obligations				
1.3.1.	Sustainable Public Procurement (SPP)	No sustainable procedures in PPR and PPM	H	Require the use of IFAD's own SPDs and Handbook and apply SECAP regulations	H

¹⁵⁶ PPR: Public Procurement Regulations.

¹⁵⁷ SPDs: Standard Procurement Documents.

Indicator # and Sub-Indicator #	Sub-Indicator Description	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk H S M L		Net Risk H S M L
1.3.2.	Obligations deriving from international agreement	Not applicable	L	None	L
1.4. Consolidated findings for Pillar 1.		In general, the public procurement system of Nigeria is compatible with the IFAD procurement guidelines. The public procurement system has been strengthened and is becoming more transparent and contributed to the confidence of Nigeria's economy. The Open competitive method is the default procurement method.	M	In case the national procurement framework does not comply with the Ifad Procurement Framework we suggest to use of IFAD's own SPD's and contract templates in order to make sure SECAP and other IFAD fixed clauses are used, especially on Implementing partner`s and the usage of memorandum`s agreements.	M
Pillar 2. Institutional Framework and Management Capacity					
2.1.	The public procurement system is mainstreamed and well-integrated with the public financial management system				
2.1.1.	Procurement planning and the budget cycle	Procurement planning processes relate to budget cycle	L	None	L
2.1.2.	Financial procedures and the procurement cycle	Appropriate financial procedures (to include budgeting and	L	None	L

Indicator # and Sub-Indicator #	Sub-Indicator Description	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk H S M L		Net Risk H S M L
		payment procedures) provided for in cycle			
2.2.	The country has an institution in charge of the normative/regulatory function				
2.2.1.	Status and legal basis of the normative/regulatory institution function	The BPP – by law- is in charge of regulating federal procurement	L	None	L
2.2.2.	Responsibilities of the normative/regulatory function	Establishment of BPP entrenched in Part II of the PPA ¹⁵⁸	L	None	L
2.2.3.	Organisation, funding, staffing, and level of independence and authority	All provided in Part II of the PPA ¹⁵⁹	L	None	L
2.2.4.	Avoiding conflict of interest	Part XII of the PPA provides potential and actual conflict of interest provisions	L	None	L
2.3.	Procuring entities and their mandates are clearly defined.				
2.3.1.	Definition, responsibilities and formal powers of procuring entities	Each Ministry and agency have a procurement entity with responsibilities and powers defined in the PPA	L	None	L
2.3.2.	Centralized procurement body	Each Ministry and agency have a procurement entity with mandates defined in the PPA	L	None	L
2.4.	Public procurement is embedded in an effective information system				

¹⁵⁸ PPA: Public Procurement Act 2007, revised 2018.

¹⁵⁹ PPA: Public Procurement Act 2007, revised 2018.

Indicator # and Sub-Indicator #	Sub-Indicator Description	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk H S M L		Net Risk H S M L
2.4.1.	Publication of public procurement information supported by information technology	Information on bidding opportunities available on NOCOPO ¹⁶⁰	L	None	L
2.4.2.	Use of e-Procurement	No e-submission system in place. Bidders still submit paper bids	H	eProcurement system should establish a sound e-submission system for submission and management of bids and proposals	H
2.4.3.	Strategies to manage procurement data	System to establish electronic procurement records not available. Last procurement records published on BPP's website is 2017	H	None ¹⁶¹	H
2.5.	The public procurement system has a strong capacity to develop and improve				
2.5.1.	Training, advice and assistance	Nigeria has the PPRC ¹⁶² , focused on research and training in public procurement	L	None	L
2.5.2.	Recognition of procurement as a profession	This is part of BPP's mandate. They have set up a procurement cadre with conversion systems and levels	L	None	L
2.5.3.	Monitoring performance to	There is no evidence to support effective monitoring. Website is not regularly updated. Last	H	None ¹⁶⁴	H

¹⁶⁰ NOCOPO: Nigeria Open Contracting Portal. Website is down till 27 April.

¹⁶¹ Proposing that the govt updates its website and/or systems is not a strategic mitigating measure.

¹⁶² Public Procurement Research Centre.

¹⁶⁴ Proposing that the govt updates its website and/or systems is not a strategic mitigating measure

Indicator # and Sub-Indicator #	Sub-Indicator Description	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk H S M L		Net Risk H S M L
	improve the system	procurement advert was in 2014, last PP ¹⁶³ was in 2018			
2.6. Consolidated findings for Pillar 2.		The public procurement is decentralised to procuring entities. However, the market is competitive and active, therefore national procurement methods are the majority. We encourage to all contractor`s to make use of a formal and written complaint (within 15 days) in case he is subject of a complaint.	S	Encourage gradual adoption of e-procurement (E-GP) and install mandatory capacity programmes such as BuildProc and workshops including the approval process between IFAD and government for all relevant stakeholders.	S
Pillar 3. Public Procurement Operations and Market Practices					
3.1.	Public procurement practices achieve stated objectives				
3.1.1.	Procurement Planning	Planning process not assessed. PPs however are not being advertised. Last one was 2018	H	None ¹⁶⁵	H
3.1.2.	Selection and contracting	Based on last PEFA (2018) only about 40% of the procurements were done via competitive methods	S	Use of IFAD methods and thresholds for project procurement	S
3.1.3.	Contract management in practice	Basic contract management in place. No strategic provisions for contract amendments	M	Require contract amendment provisions to ensure that critical high-	M

¹⁶³ Procurement Plan

¹⁶⁵ Proposing that the govt updates its website and/or systems is not a strategic mitigating measure.

Indicator # and Sub-Indicator #	Sub-Indicator Description	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk H S M L		Net Risk H S M L
				value amendments are properly reviewed while small amendments are processed expeditiously	
3.2.	The public procurement market is fully functional				
3.2.1.	Dialogue and partnerships between public and private sector	Plenty dialogue with private sector, some led by UKNIAF ¹⁶⁶ , set for that purpose	L	None	L
3.2.2.	Private sector's organization and access to the public procurement market	Yes. See response to 3.2.1 above	L	None	L
3.2.3.	Key sectors and sector strategies	Yes. See response to 3.2.1 above	L	None	L
3.3. Consolidated findings for Pillar 3.	Without an approved budget the procurements cannot take place. This is ensured in the regulations of Nigeria as per integration of the procurement cycle with the Annual budget cycle		M	None	M
Pillar 4. Accountability, Integrity and Transparency of the Public Procurement System					
4.1.	Transparency and civil society engagement strengthen integrity in public procurement				
4.1.1.	Enabling environment for public consultation and monitoring	BPP website invites bidders to register with the organization and provides email, telephone	L	None	L

¹⁶⁶ United Kingdom Nigeria Infrastructure Advisory Facility,

Indicator # and Sub-Indicator #	Sub-Indicator Description	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk H S M L		Net Risk H S M L
		and social media access via Facebook and Twitter. Not known if this obtains in practice			
4.1.2.	Adequate and timely access to information by the public	PPs posted on BPP website not updated since 2017. Contract award information absent	S	None ¹⁶⁷	S
4.1.3.	Direct engagement of civil society	There is a list of CSOs at the BPP website but nothing to show direct engagement, or lack thereof	L	None	L
4.2.	The country has effective control and audit systems				
4.2.1.	Legal framework, organisation and procedures of the control system	Legal framework institutes all procedures. BPP has the mandate	L	None	L
4.2.2.	Co-ordination of controls and audits of public procurement	BPP performs audits and submits the Reports to the National Assembly	L	None	L
4.2.3.	Enforcement and follow-up on findings and recommendations	No information to show how the follow-ups are done	L	None	L
4.2.4.	Qualification and training to conduct procurement audits	Last PEFA Report (2018) states that: <i>the capacities of BPP and the Supreme Audit Institution are being built to measure public procurement performance and to conduct technical audit.</i>	S	MAPS report has not been published yet, once published this point should be re evaluated	S
4.3.	Procurement appeals mechanisms are effective and efficient				

¹⁶⁷ Proposing that the govt updates its website and/or systems is not a strategic mitigating measure.

Indicator # and Sub-Indicator #	Sub-Indicator Description	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk H S M L		Net Risk H S M L
4.3.1.	Process for challenges and appeals	9-step procedure exists under the law	L	None	L
4.3.2.	Independence and capacity of the appeals body	1 st level review made by the procuring entity, 2 nd level review made by BPP. 2 nd level should be made by an independent body, not BPP	H	None ¹⁶⁸	H
4.3.3.	Decisions of the appeals body	Decisions by BPP are communicated to complainant and procurement entity	L	None	L
4.4.	The country has ethics and anti-corruption measures in place				
4.4.1.	Legal definition of prohibited practices, conflicts of interest, and associated responsibilities, accountability and penalties	Legal definitions provided in PPA and PPR	L	None	L
4.4.2.	Provisions on prohibited practices in procurement documents	Provided in standard bidding documents	L	None	L
4.4.3.	Effective sanctions and enforcement systems	No sanctions system or procedure noted for BPP	H	None ¹⁶⁹	H
4.4.4.	Anti-corruption framework and integrity training	Robust anti-corruption framework maintained by EFCC ¹⁷⁰ and ICPC ¹⁷¹	L	None	L
4.4.5.	Stakeholder support to strengthen	Could not be assessed	L	None	L

¹⁶⁸ Proposing that the govt updates its website and/or systems is not a strategic mitigating measure.

¹⁶⁹ Proposing that the govt updates its website and/or systems is not a strategic mitigating measure.

¹⁷⁰ EFCC: Economic and Financial Crimes Commission.

¹⁷¹ ICPC: Independent Corrupt Practices & Other Related Offences Commission.

Indicator # and Sub-Indicator #	Sub-Indicator Description	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk H S M L		Net Risk H S M L
	integrity in procurement				
4.4.6.	Secure mechanisms for reporting prohibited practices or unethical behaviour	BPP website provides for this	L	None	L
4.4.7.	Codes of conduct/codes of ethics and financial disclosure rule	Existent in the legal framework	L	None	L

Integrated country risk matrix

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
Country context			Strategic and consistent engagement at Federal and State level to adjust as per evolving situation
<p>Political commitment</p> <p>A general election was recently conducted and new governments at both the Federal level and some of the states have settled in. This major change may lead to delays or alteration in priorities, conflicting programmes and projects, inconsistency, inadequate manpower and technical know-how which may affect mobilizing co-financing resources and other commitments of the Nigeria government.</p> <p>The risk that the country's political developments result in delays or the potential reversal of key political decisions and commitments (including approval and implementation of laws and regulations, and timely counterpart funding) that underpin the project's success.</p> <p>The State Governments and the Local Government Agencies (LGAs) have strongly limited capacities and access to financial resources, especially in the agriculture sector, for which they heavily rely on revenues transferred from the federal government.</p>	Substantial	Substantial	<p>A Pro-active engagement with new admin and upfront briefing of IFAD mandate and principles. Provide technical capacity strengthening and upskilling opportunities for the new administrators.</p> <p>Ensure significant engagement with Ministry of Finance, as signatory of loans on behalf of the State and in the provision of counterpart funding.</p> <p>Deepen private sector participation and crowd-in efforts for additional resources.</p> <p>Strategic and consistent engagement at Federal and State level to adjust as per evolving situation</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
Ministry of Agriculture has some times limited control over as implementation within states is direct responsibility of states staff through their share of the budget. Most of the field extension workers have almost reached age of retirement with no extensive induction sessions developed for a long time.			Limit counterpart funding requirement by state governments to payment of seconded staff salaries and accommodation for the project office, in line with the recommendations of the IFAD country programme review and the practices of other development partners operating in the country.
<p>Governance</p> <p>In 2022 Transparency International ranked the country 150 out 180 on the Corruption Perception.</p> <p>Uncertainty over newly formed government that took office only this year (May 2023) There are chances of the new governments delaying commitments to understand issues and get familiar with situations. There are also chances that some of the subsisting commitments and understandings may be jettisoned.</p>	Substantial	Substantial	<p>Leverage the CPAT expertise to strengthen NPCU capacities in Financial Management, Procurement, Audit and M&E to reinforce compliance.</p> <p>IFAD ICO will further broaden its oversight mechanisms by exploring relationships with office of the Auditor General of the Federation to strengthen compliance to rules of borrowing and projects implementation.</p>
<p>Macroeconomic</p> <p>The Nigeria economy and public finances continue to be highly vulnerable to oil price shocks, and not enough jobs are being created for the young Nigerians coming of working age every year (SECAP Para 5).</p>	High	Moderate	IFAD to tap into the great potential in the young workforce to boost the economic growth as 60% of the population is aged under 25 and therefore more prone to be digital skilled.

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>Following the removal of petrol subsidies, the exchange rate fluctuations by market forces, the rising inflation may significantly affect services to exiting and upcoming projects in Nigeria.</p> <p>The new government has introduced a few economic reforms to stimulate growth and to boost domestic food production; however, monetary poverty is higher in rural areas, with 80% of the rural population living below the poverty line because of low incomes, poor extension services and other contributing factors.</p> <p>Unemployment rate is high and expected to grow due to the limited capacity of the economic system to absorb the new workforce entering the job market. Also, youth face limited access to assets and finance. This could lead to government inability both at the national and state levels to mobilize counterpart funding, and to an overall adverse impact on market dynamics of value chains, (market prices and profit margins for IFAD's target groups)</p>			<p>IFAD leverages investments from and partnerships with the private sector and other development partners to grant access to finance resources and to support innovation, youth-led enterprises, and start-ups, and digitalization also through ICT4D.</p> <p>Work with States and LGAs that demonstrate commitment on delivery impact to farmers.</p> <p>Consider unit cost of support to beneficiaries to be based on the USD equivalent to cushion the effect of inflation. Support to each farmer should be adjusted with inflation so that the ability of the farmers to achieve targets is not eroded as price increases.</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>Fragility and security</p> <p>There are growing security challenges, notably the robust insurgency of Non-State Armed Groups (NSAGs) in the northeast, and more recently, the rising conflict between herders and farmers in the Middle Belt and northern areas. Youth restiveness in the south which has increased due to lack of jobs, exacerbated by low productivity and environmental degradation from oil exploitation activities. In the oil-rich Niger Delta region there are kidnappings, militancy, and partisan politics over spilling into violence. (SECAP Para 8)</p> <p>Climate variability and uncertainties remain strong challenges to smallholder agriculture. Rainfall uncertainty and rising temperatures are direct threats resulting to floods, droughts, dry spells, delayed onset, early cessation, and other risks to which smallholder farmers are exposed (SECAP Para 37,71)</p> <p>Women suffer from deep-rooted structures and social norms that affect their access to assets and services and exclude them from decision-making processes. The country has a low Gender Development Index and is among the top 10% of countries in terms of gender discrimination.</p> <p>Despite growing a wide range of crops, Nigeria is a major importer of food and struggles with high rate of malnutrition and food insecurity due to low productivity and low incomes.</p>	High	High	<p>Strengthen local dialogues and initiatives that promote farmer organisations on natural resources management.</p> <p>Avoid LGAs that are highly insecure.</p> <p>Potentially deploy ICT4D for programme/ project development, implementation, monitoring and evaluation.</p> <p>Regular security assessments by UNDSS to inform IFAD supervision plans.</p> <p>Support government efforts in climate adaptation investment in climate risk management.</p> <p>Promote sustainable land management practices and land rehabilitation and reclamation to make more arable lands available to farmers by exploring both the traditional system and LGAs mandate of land management to enable land access to women and youth.</p> <p>Strengthen activities that promotes social inclusion and shared benefits of all social actors to reduce conflicts.</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
			Strengthening Conflict Resolution in CAF model support community driven approaches to resolve local issues.
<p>Sector strategies and policies</p> <p>The risks to the achievement of COSOP strategic objectives stemming from a change in Nigeria sector-level strategies and policies.</p>	Moderate	Moderate	<p>Continued policy dialogue and engagements with the government to ensure consistency and renewed commitment in delivering policies implementation.</p> <p>COSOP continues to aligns with the new agenda of the president on Emergency Declaration on Food Security.</p>
<p>Policy Alignment</p> <p>There is the risk that Nigeria strategies and policies (especially with regards to development, rural and agricultural sector and governance of natural resources) are not sufficiently pro-poor and/or aligned with IFAD priorities (e.g., on land, environment, climate, gender, indigenous peoples, nutrition, youth, private sector engagement, etc). This has the potential to undermine project implementation and the achievement of project development objectives.</p>	Moderate	Moderate	<p>Continued policy dialogue and engagements with the government to ensure consistency and renewed commitment in delivering policies implementation in line with SDG and pro-poor agriculture sector development, food systems best practices. IFAD will provide policy and technical advisory and investment funds to support implementation</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
			<p>pro-poor and/or aligned with IFAD priorities (e.g., on land, environment, climate, gender, marginalized groups, nutrition, youth, private sector engagement, etc)</p> <p>IFAD provides continuous advocacy and policy engagement for pro-poor small holder centred solutions that will align with government priorities within its mainstreaming areas. The alignment will be strategic to the National Development Plan (2021-2025), the National Agricultural Technology and Innovation Plan (2022-2027), the National Climate Change Policy (2021-2030) National Youth Policy 2019-2023 and the National Gender Policy (2022). The Sustainable Development Goals are integral to both the government’s policies and IFAD’s strategies and will be addressed throughout (SECAP para 57,59)</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>Policy development and implementation</p> <p>The risk of limited budget allocation for agriculture transformation, limited capacity of public agencies in the implementation of food transformation pathway, weak policy implementation and limited partnership with private sector and weak organizational and policy framework for support for women and youth.</p>	Moderate	Moderate	<p>IFAD will strengthen policy engagement and capacity development for improved policy implementation and better budgeting</p> <p>IFAD will foster community driven development approach and will partner with other institutions to make up for gap especially in fragile areas</p> <p>IFAD will leverage both the traditional system and State/LGAs mandates to enable land access to women and youth.</p> <p>IFAD significantly engage the federal ministry of finance given its role as signatory of loans on behalf of State and in the provision of counterpart funding.</p> <p>IFAD could overcome issues in staff capacity and decentralized implementation arrangements tapping into the synergies the Federal Ministry of Agriculture has with national and other donor-funded programmes.</p> <p>IFAD will place a major focus on non-lending activities.(i.e. capacity</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
			<p>building, knowledge management and partnership building) by allocating resource from the portfolio of active projects , grants and global corporate initiatives. .</p> <p>IFAD will work with the government to pursue the best practice of a dedicated advisory unit, Country Program Advisory team and scale up its supports to projects and to the program</p> <p>Strengthen follow up with government on ratification, Have start up budget to start recruitment and training of staff and set up of office before meeting disbursement conditions.</p> <p>Integrate financing of taxes as counterpart to prevent delays in implementation due to not fully disbursement of funds</p> <p>IFAD should develop community organisations project implementation capacity building in LGAs as they are the closest to problems and needs of beneficiaries.</p> <p>Given the limited formalization of grassroots FOs, the COSOP can help</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>The risk of delayed policy development on National Change Climate Adaptation Plan that is currently under development (as per end 2022) This adaptation strategy and plan will be key to the development of initiatives under the COSOP (SECAP para 40 -62).</p>			<p>bring in the private sector to provide services and support to Commodity Alliance Forums (CAFs) and Fos as the PSFP has proved to be successful in delivering a package for training, inputs and marketing services. With the right incentives, smallholders can inter into long-term contractual agreements with well-established global and national firms through CAFs</p> <p>IFAD will support climate change adaptation which is core of risk reduction and resilience within the COSOP through technical assistance, analytics and experience sharing both through its Investments, NSO and Grants projects as well as by leveraging SSTC opportunities to deepen country level policy engagements.</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>Environmental, social and climate context</p> <p>Climate change and environment degradation are contributing to a progressive decline in crop productivity, further increasing poverty</p> <p>Intense rainstorms, flooding and exposure to pests lead to crop failures</p> <p>Future climate projections anticipate rise in temperatures, increase in the number of extreme heat days, uncertainty around future rainfall frequency with variability and extreme rainfall events likely to increase</p> <p>Increased desertification of arable land, leading to crop failure and reduced yields and salt water intrusion in coastal production.</p>	Substantial	Moderate	All value chain development plans will be prepared through the lens of climate change adaptation, environmental protection and food security and nutrition enhancement and follow up on effective implementation.
<p>Child labour: Nigeria is amongst the countries with some of the highest incidences of child labour, estimated to be 50.8% for children aged 5-17, with 39.1% working in hazardous conditions in 2017.</p> <p>Additionally, there are wide disparities across poverty status, with 66% of children in the poorest wealth quintile considered to be child labourers, compared to 26% of the richest, and similarly half of children in the poorest two quintiles work in hazardous conditions compared to 18% in the richest.</p>	Moderate	Moderate	<p>IFAD projects will support farmers to increase production and incomes for food security to reduce key drivers of child labour amongst direct beneficiary households.</p> <p>Through GALS methodology, projects will include behaviour change communication on children's working conditions in agriculture to reduce their engagement in hazardous activities and those which impinge on their schooling and overall development.</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
This situation coincides with the highest incidence of out-of-school children in the world, at 1/3rd of children (10.5 million) nationally, so while some children do combine work and school, many do not.			
<p>Financial management</p> <p>As noted in the financial and procurement risk reviews, there are substantial risks to fiduciary concerns given a relatively high level of corruption. There have been recurrent ineligible expenditures in the portfolio resulting from lack of adherence to stringent FM procedures.</p> <p>Country TI score is 24/100 ranked 150/180 countries This is the lowest score Nigeria has achieved since the earliest comparable year of available data (2012)</p>	High	Substantial	<p>Effective oversight by FMARD and MOF will be secured. Capacities in CPAT and PCU/IERD will be further strengthened. Other stakeholders such as the Offices of the Accountant, and Auditor General will provide assurance on the use of funds. IFAD to provide technical training to project staff and ensure robust supervision and coaching to address issues.</p> <p>Training on IFAD FM procedure and guidance shall be provided at project start-up and during implementation</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>Organization and staffing</p> <p>Although the level of development of the accountancy profession is quite high in Nigeria, projects have not fully leveraged on this advantage by ensuring the recruitment of seasoned professional accountants. Most the project FM teams are former government staffs.</p>	Substantial	Substantial	Recruitment will be done through a competitive process and entry requirements will include active membership in an accounting body, experience in donor funded projects, or government (from Accountant/Auditor General's office)
<p>Budgeting</p> <p>National budgeting is enacting through the Medium-Term Expenditure Framework and Fiscal Strategy Paper (MTEF&FSP) in Nigeria serve as the pre-budget statement. Despite the rigorousness involved in the process, the appropriation experiences significant delays while resources to meet counterpart funding especially at the level of the State has continuous shrunk with the worsening economic situation.</p>	Substantial	Substantial	<p>Projects to ensure that Forward Obligations are prepared well in advance and negotiate actively with the National and State Steering committees. Country Office to follow up with projects.</p> <p>Preparation of AWPB is completed and submit to review from IFAD prior to the new financial year. No objection of IFAD is given after approval by Government before the end of prior year</p>
<p>Funds flow/disbursement arrangements</p> <p>Funds flow arrangements in the Nigeria tend to be complex. This is further complicated by the co-mingling of funds between IFAD draw down accounts, and national and counterpart fund accounts</p>	Substantial	Moderate	Designated and draw down accounts will be opened in CBN for each source of financing. This flow will be maintained from the NPMU to the SPMUs. National and Statement counterpart accounts will be maintained separately

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>Country internal controls</p> <p>The risk that country systems, such as internal audit, are not adequate and may not provide appropriate control over IFAD resources, leading to the inefficient or inappropriate use of project resources</p>	High	High	<p>The internal audit function will be a key management position in the NPMU and SPMU. The charter or TORs of the audit function will establish direct reporting with the steering committee. Annual risk-based audit program will be developed jointly with CPAT and PCU.</p>
<p>Accounting and financial reporting</p> <p>Despite introducing GIFMIS, not all national accounts are captured in the system especially given that IPSAS has not been fully implemented</p>	High	Substantial	<p>Accounting and reporting will be done based on IPSAS Cash basis and in line with IPSAS adoption process</p> <p>Enhancing capacities of project FM staff</p> <p>Decentralising project management and financial management are encouraged for increased responsiveness and faster service delivery.</p>
<p>External audit</p> <p>Projects are audited by the Office of the auditor general of the federation. However, capacity and resources allocations sometimes limit the geographic coverage and time spent on the field. Engagement of the auditor general is done late in the financial year and does not permit them to exercise their mandate appropriately.</p>	Substantial	Moderate	<p>Resource needs for external auditors will be included in the audit terms of reference for IFAD NO</p> <p>Interim audits will be introduced subject to capacity available</p> <p>Engagement and contracting of the external auditor will be done at the beginning of the year (Q1)</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
			IFAD through ICO and Finance Officer will keep close engagement with the office of the auditor general
<p>Procurement</p> <p>Procurement reform process has impacted positively on the Nigerian economy and increased international confidence in its procurement system. The Public Procurement Act, 2007 (PPA 2007) brought a sense of regulation or framework to the procurement process in Nigeria. Preceding this law, Nigerian public procurement was not formally regulated or governed. Thus, procurement at the federal and State levels were fraught with procurement challenges that included: (i) lack of competition with lots of discretionary power without accountability granted to public officials; (ii) lack of popular participation and transparency mechanisms; (iii) lack of oversight and policy reviews; and (iv) financial laws and regulations were regularly violated.</p>	Substantial	Substantial	The risk of procurement non-compatibility will be mitigated in each Project Implementation Manual by addressing the federal state system and adding a project procurement strategy for each high value and high-risk procurement. Furthermore, Public procurement tender procedures and other notices shall be incorporated in Nigerian procurement activities in line with IFAD's policies.

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>The FGN passed the PPA 2007 to address the challenges stated above. The Act created two main institutions, namely: (i) The National Council on Public Procurement (NCP), as the policy arm of public procurement; and (ii) the Bureau of Public Procurement (BPP), as the regulatory and technical arm of public procurement to exercise monitoring and oversight functions of public procurement.</p> <p>The selection criteria of procurement procedures, such as selecting a direct contracting process rather a public tender, is a risk in the public procurement cycle. The regulatory framework of Nigeria at federal level, a procurement assessment needs to be undertaken as part of the project design to ascertain the regulatory framework at State and Local Government levels for the programme area, since the PPA 2007 regulates public contracts at the federal level by the national government.</p>	Medium	Medium	<p>In general, the public procurement system of Nigeria is compatible with the IFAD procurement guidelines but must be adopted in case they do not comply with the IFAD regulations. It requires to adopt specific clauses of IFAD's own SPD's and contract templates in order to make sure SECAP and other IFAD elementary processes and clauses are used, especially on direct contracting and Implementing partner's and the usage of memorandum's agreements. A comprehensive analysis on the compatibility should take place at design stage.</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>The Bureau of Public Procurement (BPP), as the regulatory and technical arm of public procurement to exercise monitoring and oversight functions of public procurement. The BPP issues a “no objection” certificate for payment for all procurements within the purview of the Act. The capacity of project staff involved in procurement activities in IFAD-funded projects is generally weak.</p>	Substantial	Substantial	<p>Encourage gradual adoption of e-procurement (E-GP) and install mandatory capacity programmes such as BuildProc and workshops including the approval process between IFAD and government for all relevant stakeholders. Recruited staff shall be trained to use the IFAD OPEN End-to-end procurement system, and they shall be monitored to ensure that they adhere to IFAD procurement procedures and processes.</p>
<p>The private sector in Nigeria is well organized and is stable considering the steadily growing population of over 200 million people, electoral system and federal mechanism. The work industry is competitive and entails all kind of small and medium enterprises. There are constraints in the lack of skilled labor, access to credits, etc.</p> <p>However, complaint mechanisms are developing and are incorporated under the public procurement act.</p>	Medium	Medium	<p>Use of IFAD procurement methods and thresholds as well as make use of enforcing prior reviews tackle high value or high-risk activities in a specific manner (e.g. procurement review committee, SPO review mandatory)</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
The selection criteria of procurement procedures, such as selecting a direct contracting process rather a public tender, is a risk in the public procurement cycle. Nigeria's score under the transparency international's corruption perception index (CPI) for 2022 was 150 (2021:150), indicating the extent at which corruption has infiltrated the Nigeria socio-cultural fabric.	Substantial	Medium	Use of IFAD procurement guidelines and thresholds including prior-reviews and no objections for significant scale procurements; Central procurements at NPCU under oversight of a capacitated CPAT. Ensure that triangulation of approval's is in line with IFAD procurement framework and align in case it is possible, especially on SECAP regulations. IFAD's prior review thresholds will consider these CPI scores for Nigeria in addressing the transparency risks. In addition to the relevant national anticorruption and fraud laws of Nigeria, the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations shall apply to all projects, vendors and third parties.