

|               |                  |
|---------------|------------------|
| Document:     | EB 2016/119/R.17 |
| Agenda:       | 11(d)            |
| Date:         | 30 November 2016 |
| Distribution: | Public           |
| Original:     | English          |

E



Investing in rural people

Federal Republic of Nigeria

Country strategic opportunities programme

Note to Executive Board representatives

Focal points:

Technical questions:

Richard John Pelrine  
Lead Regional Economist  
West and Central Africa Division  
Tel.: +39 06 5459 2364  
e-mail: r.pelrine@ifad.org

Atsuko Toda  
Country Programme Manager  
Tel.: +234 (0)81 8482 8770  
e-mail: at.toda@ifad.org

Dispatch of documentation:

William Skinner  
Chief  
Governing Bodies Office  
Tel.: +39 06 5459 2974  
e-mail: gb\_office@ifad.org

Executive Board — 119<sup>th</sup> Session  
Rome, 14-15 December 2016

---

For: Review

## Contents

|  |     |
|--|-----|
| Abbreviations and acronyms                               | ii  |
| Map of IFAD-funded operations in the country             | iii |
| Executive summary  | iv  |
| I. Country diagnosis                                     | 1   |
| II. Previous lessons and results                         | 4   |
| III. Strategic objectives                                | 6   |
| IV. Sustainable results                                  | 8   |
| A. Targeting and gender                                  | 8   |
| B. Scaling up  | 8   |
| C. Policy engagement                                     | 9   |
| D. Natural resources and climate change                  | 9   |
| E. Nutrition-sensitive agriculture and rural development | 9   |
| V. Successful delivery                                   | 10  |
| A. Financing framework                                   | 10  |
| B. Monitoring and evaluation                             | 10  |
| C. Knowledge management                                  | 10  |
| D. Partnerships  | 10  |
| E. Innovations   | 11  |
| F. South-South and triangular cooperation                | 11  |

## Appendices

|   |    |
|---|----|
| I. COSOP results management framework   | 1  |
| II. Agreement at completion point of last country programme evaluation                            | 2  |
| III. COSOP preparation process including preparatory studies, stakeholder consultation and events | 9  |
| IV. Natural resource management and climate change adaptation                                     | 12 |
| V. Country at a glance  | 21 |
| VI. Concept Notes   | 23 |

## Key files

|  |    |
|--|----|
| Key file 1: Rural poverty and agricultural/rural sector issues                               | 47 |
| Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats analysis) | 50 |
| Key file 3: Complementary donor initiatives/partnership potential                            | 62 |
| Key file 4: Target group identification, priority issues and potential response              | 69 |

## Abbreviations and acronyms

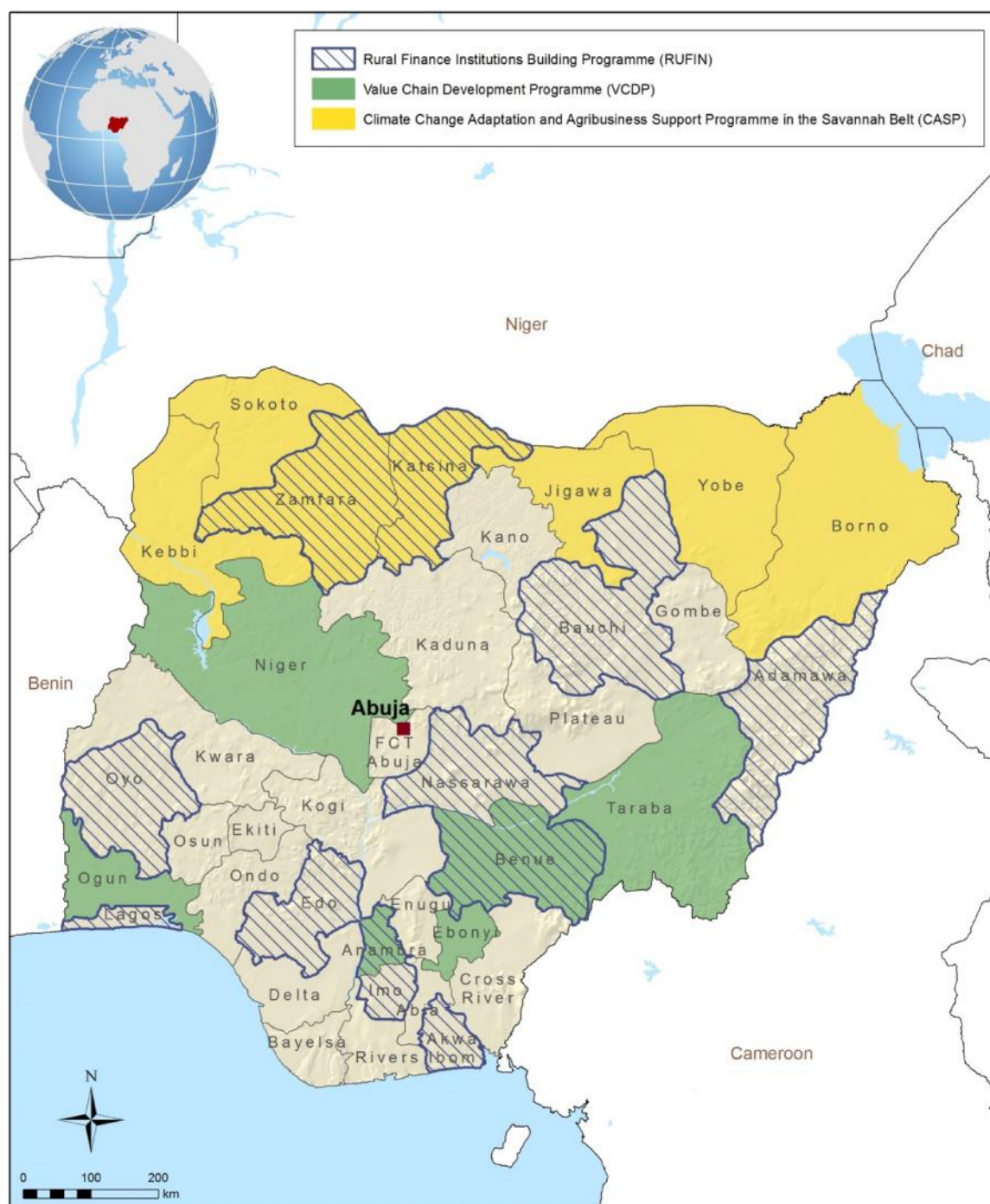
|        |  |
|--------|--|
| CBNRMP | Community-Based Natural Resource Management Programme<br>– Niger Delta |
| CSO    | civil society organization   |
| CBN    | Central Bank of Nigeria  |
| CDA    | community development association                                      |
| CDD    | community-driven development   |
| CPE    | country programme evaluation   |
| GDP    | gross domestic product   |
| KM     | knowledge management   |
| LGA    | local government authority   |
| M&E    | monitoring and evaluation  |
| MFI    | microfinance institution   |
| MSE    | micro and small enterprise   |
| NGN    | Nigerian Naira   |
| PBA    | performance-based allocation system                                    |
| RUFIN  | Rural Finance Institutions Building Programme                          |
| SO     | strategic objective  |
| VCDP   | Value Chain Development Programme                                      |
| VSCG   | village savings and credit groups                                      |

## Map of IFAD-funded operations in the country

### Nigeria

IFAD-funded ongoing operations

COSOP



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.

Map compiled by IFAD | 18-08-2016

## Executive summary

1. While economic growth contributed to reduced poverty in Nigeria, positive trends were offset by population growth and increasing inequality. The rural poverty rate is 44.9 per cent and youth are the most excluded from economic activities. Regional disparities in poverty characteristics are remarkable.
2. This results-based country strategic opportunities programme is aligned with policies addressing agriculture, decentralization, young people, financial inclusion, nutrition, gender equality and women's empowerment, and climate change adaptation. Agriculture is guided by the Government of Nigeria's Green Alternative road map, which emphasizes four pillars: food security, job creation, import substitution and economic diversification. As responsibility for coordination and agricultural development policy is at the federal level, the strategy emphasizes state-level project implementation.
3. Lessons learned from projects indicate IFAD's comparative advantages in community-driven development, enterprise development and rural financial inclusion.
4. Experience has demonstrated that selection of states should be focused based on: poverty; political will to support a joint programme; focus on community development and smallholder agriculture; strong track record of public accountability and financial management; and willingness to work with the private sector. In communities, targeting focuses on young people and women.
5. The strategy recognizes multiple ways to improve operations, including reducing start-up delays, building human resources, strengthening financial management capacity, improving monitoring and evaluation and knowledge management, streamlining flow of funds and pursuing proactive policy engagement.
6. The overall goal is a rural economy in which the target population can derive prosperity and equal benefit from economic growth. The document presents two strategic objectives (SOs): sustainable, climate-resilient, economic and financial inclusion of young people in profitable agribusiness; and strengthened institutions at the state and community levels to work with private actors in key value chains. The SOs and their supporting interventions derive from a theory of change that takes into account IFAD Nigeria's comparative advantage, documented evidence and government policy.
7. The expected outcomes, under SO1, are: (i) the establishment of 50,000 youth-owned enterprises; (ii) an increase of at least 25 per cent in profits for supported enterprises; and (iii) an increase of at least a 20 per cent in both volume and value of marketed produce; and, under SO2: (i) an increase of 25 per cent in agriculture investments; (ii) 10,000 farmers' and marketing organizations profitably linked to other private enterprises; and (iii) a more stable and conducive business environment.
8. The results-based country strategic opportunities programme (COSOP) proposes two projects: (i) scaling up the youth enterprise incubator model in the south; and (ii) providing additional financing to the Value Chain Development Programme (VCDP) in the north central region. Support will focus on gender equality and women's empowerment, nutrition and climate change adaptation. This COSOP covers 2016-2021 with performance-based allocation system funding allocated to a project in the south and for the subsequent scaling up of the VCDP in the north-central area.
9. Non-lending activities include grants for innovation and capacity-building, policy engagement, knowledge management, partnership-building and South-South cooperation.

# Federal Republic of Nigeria

## Country strategic opportunities programme

### I. Country diagnosis

1. Nigeria is Africa's most populous country, with 182.2 million inhabitants, a number growing by 3 per cent per year. Much of the population is young, with approximately 105 million (59 per cent) aged under 35. Nigeria has an area of 92.4 million hectares, comprising land and bodies of water, and 53 per cent of the population lives in rural areas.
2. Despite recent shocks, Nigeria has the highest GDP in Africa. GDP grew at an average of 3.8 per cent from 2009 to 2014 as Nigeria became a middle-income country. Owing to falling oil prices, security risks and policy uncertainty, GDP growth fell to 2.7 per cent (from projections of 7.0 per cent) in 2015. For 2016, GDP is projected to fall by 1.8 per cent. The Government recognizes the need to diversify export earnings and modify its economic growth strategy. A focus on oil revenue exposed Nigeria to negative terms of trade, slowed development in other sectors and resulted in volatile growth. Nigeria ranked 152<sup>nd</sup> out of 188 countries on the Human Development Index (HDI) in 2015.<sup>1</sup> Unemployment is particularly high among women and young people, reaching 23.3 per cent and 41.6 per cent, respectively, in 2009. Since 2005, approximately 20 million young people entered the country's labour market; youth unemployment reached 56 per cent in 2011 and remains critically high.
3. Although agriculture accounted for 21 per cent of Nigeria's GDP in 2015,<sup>2</sup> the sector remains underdeveloped: 70 per cent of the rural population are subsistence smallholders; 46 per cent of arable land is cultivated, of which 4.5 per cent could feasibly be irrigated; and 95 per cent of agricultural land is untitled, limiting users from accessing finance or investing in improvements.

#### Nature of poverty

4. While economic growth helped reduce poverty, that positive trend was offset by population growth and growing inequality. Poverty rates fell slightly from 35.2 per cent in 2009/2010 to 33.1 per cent in 2012/2013. The poverty rates in urban and rural areas are 12.6 per cent and 44.9 per cent, respectively.<sup>3</sup> Young people in rural areas across Nigeria suffer economic exclusion due to low asset ownership, limited skills and scarce access to finance. The notable economic disparities and variations in poverty characteristics by region are detailed below.<sup>4</sup>
5. The northern region comprises 13 states with a combined population of 64 million. Annual rainfall averages 90 mm concentrated during a three-month rainy season. The average poverty rate is 48 per cent. Primary education reaches 73 per cent of eligible children. Unemployment grew from 15.7 per cent in 2007 to 28.9 per cent in 2011. Stunting affects 51 per cent of the population, while 9 per cent of children under five and 13 per cent of women of child-bearing age suffer acute malnutrition.

---

<sup>1</sup> Nigeria's HDI of 0.504 is slightly above average for sub-Saharan Africa. However, when discounted for inequality, the HDI falls below the sub-Saharan average (0.300 compared to 0.334) (United Nations Development Programme's Human Development Report, 2014).

<sup>2</sup> World Bank World Development Indicators data, 2015.

<sup>3</sup> Country programme evaluation (CPE) 2009-2015.

<sup>4</sup> For purposes of the results-based country strategic opportunities programme (COSOP), the northern region comprises Adamawa, Bauchi, Borno, Gombe, Jigawa, Kaduna, Kano, Katsina, Kebbi, Sokoto, Taraba, Yobe and Zamfara; the north-central region comprises Benue, Kogi, Kwara, Nasarawa, Niger and Plateau; and the southern region comprises Abia, Akwa-Ibom, Anambra, Bayelsa, Cross River, Delta, Ebonyi, Edo, Ekiti, Enugu, Imo, Lagos, Ogun, Ondo, Osun, Oyo and Rivers.

6. The prevalent form of agriculture in the northern region is rainfed subsistence production of cereals and legumes that are not adapted to climate change risks. Small surpluses are traded through weak marketing chains to the major markets of Kano, southern Nigeria and neighbouring countries. Nomadism is an important livelihood but fuels conflict over water, land and fodder. Poverty among women is exacerbated by restrictive cultural norms. Large commercial agriculture is limited, but extensive trading of cereals commodities takes place in Kano, which is a major commercial hub. With support from state and local government, some organization has begun among producers in southern Nigeria to market their output. Overall, government accountability to citizens for rural development is stronger in the north than in other regions.<sup>5</sup> Security is an ongoing concern, in particular in the east: insurgents, including Boko Haram, remain a threat.
7. The north-central region comprises six states with a combined population of 24 million. An average of 91 mm of rain falls evenly during a five-month season. The average poverty rate is 42 per cent. Primary education reaches 45 per cent of eligible children. Between 2007 and 2011, unemployment grew from 13.8 to 26.7 per cent. Stunting affected 46 per cent of the population, while 7 per cent of children under five and 11 per cent of women of child-bearing age suffer acute malnutrition.
8. Agriculture in the region includes rainfed cereals, roots and tubers, horticulture and legumes. Subsistence production is prevalent but moving towards a market-oriented system linked to the private sector. Out-grower schemes supported by development partners and production clusters managed by private actors have enabled some surpluses to enter higher-value markets. Processors have established operations and private support services for producers are being launched. Local government accountability is improving.<sup>6</sup> Security recently deteriorated due to serious farmer/pastoralist conflict.
9. The southern region's 17 states are densely populated, with 76 million residents. The average rainfall of 187 mm per year is concentrated in two rainy seasons. The poverty rate averages 23 per cent. Primary education reaches 88 per cent of eligible children. Between 2007 and 2011, unemployment increased from 15.1 per cent to 28.0 per cent. Malnutrition affects this region less than others, with 17 per cent of the population impacted by stunting, and 5 per cent of children under five and 3 per cent of women of child-bearing age suffering acute malnutrition.
10. Production includes roots and tubers, bananas and tree crops, including cocoa, oil palm, nuts and fruits, managed under small commercial systems. The economy also includes many microenterprises and small enterprises. Staples are produced for local markets and cash crops sold through informal relationships with private traders. Insecurity affects the region, in particular in the Niger Delta.

#### Government policies

11. Nigeria's policy environment is mature. This COSOP is aligned with government policies on agriculture, decentralization, youth, financial inclusion, nutrition, gender and climate change adaptation, as described below:
  - (i) Agriculture is governed by the Government's Green Alternative<sup>7</sup> road map, which emphasizes four pillars – food security, job creation, import substitution and economic diversification – and seeks to commercialize existing agriculture and to create rural jobs.

---

<sup>5</sup> The Community-based Agricultural and Rural Development Programme had significant impact in building accountability.

<sup>6</sup> Value Chain Development Programme (VCDP) is working in two states to facilitate more responsive local and state involvement in facilitating agricultural development.

<sup>7</sup> The Green Alternative is the title coined by FMARD, it is officially called the Agriculture Promotion Policy.

- (ii) While authority for agricultural development is being decentralized from the federal to the state level, there is an overlap between the role of the Federal Ministry of Agriculture and Rural Development (FMARD) and states in project implementation: recent FMARD policy emphasizes federal coordination and quality control, with project implementation entrusted to state and local administrations.
  - (iii) Policies on women and young people aim to increase inclusion and promote access to resources, infrastructure, training and finance. In collaboration with the Rural Finance Institution-Building Programme (RUFIN), the Central Bank of Nigeria (CBN) introduced financial inclusion policies, capacity-building for microfinance institutions (MFIs) and subsidized value chain finance. The crosscutting National Plan of Action on Food and Nutrition (NPAN) integrates several ministries, while FMARD's Green Alternative targets access to quality food, consumer education and better market linkages to support food security. The National Agricultural Resilience Framework addresses climate change adaptation, underpins IFAD's Climate Change Adaptation and Agribusiness Support Programme in the Savannah Belt (CASP) and will guide future interventions.
12. Nigeria's federal structure covers the Federal Capital Territory, 36 states and 774 local councils. State and local government have significant autonomy from the Federal Government in terms of service delivery, infrastructure planning and maintenance. The Federal Government sets standards, coordinates policy and discharges national functions. The Buhari administration emphasizes strengthening federal accountability and transparency.

#### Opportunities to support IFAD's target group

13. There are a number of interlinked opportunities with the potential to enable rural Nigeria to overcome poverty by strengthening small rural enterprise, commercializing agriculture and strengthening public sector support. Opportunities for strengthening rural enterprise include: improving market infrastructure; improving organization among smallholders and micro and small enterprise (MSE) agribusinesses; and improving youth business skills. Opportunities for commercialization include: (a) improving production and productivity; (b) adopting climate smart agriculture; (c) curbing post-harvest losses with storage and value addition; (d) better coordinating business-to-business and public-private partnership arrangements; (e) facilitating access to appropriate finance; and (f) building coherent state-level support for value chains traversing state borders. Opportunities for strengthening public support include: (i) enhancing the monitoring of public investment; (ii) resolving policy discord and improving linkages among federal, state and local administrations and private actors; (iii) improving extension and research; and (iv) enhancing the quality and ensuring the standard of smallholder commodities.

#### Potential risks and mitigation measures

14. Key risks, and their mitigation strategies, include:
- (i) Limited capacity of the Federal Government to provide counterpart funding due to falling oil prices and unproductive spending. IFAD's investments will be channelled towards states selected on the basis of commitment to a joint programme, demonstrated implementation experience and political will to mobilize state government counterpart financing.
  - (ii) The lack of coordination to enable ratification of IFAD programmes through the Government's borrowing plan delays programme entry into force. IFAD will support FMARD in improving communication with other ministries to facilitate the inclusion of IFAD programmes into the borrowing plan.



- (iii) Ineffective recruitment and low capacity of project teams slowing implementation. The IFAD Country Office (ICO) will participate ex officio in recruitment activities, ensure contracts are performance based and continue to build implementation capacity.
- (iv) Insurgency and conflicts impeding implementation and raising costs. Implementation will continue to limit the exposure of project staff and resources to risks.
- (v) Policy inconsistencies undermining the rollout and sustainability of initiatives. ICO and programmes will continue government dialogue at all levels and support coordination improvements.
- (vi) Macroeconomic instability leading to currency devaluation, inflation and funding shortfalls. Programmes will partner with private investors and select states able to provide cofinancing.
- (vii) Private sector disengagement. IFAD and the Government will emphasize proactive, supportive and rigorous engagement with the private sector and with the FMARD and state governments to facilitate policies to improve the enabling environment for business.

## II. Previous lessons and results

15. The country programme evaluations (CPEs) carried out in 2008 and 2015 found that IFAD's programme addressed government and beneficiary priorities in a relevant way, and supported poverty reduction effectively. The transition from integrated community development programmes to commodity-based value chains and rural finance projects was successful. Approximately 9.2 million poor rural women and men benefited from asset creation, access to finance, community capacity-building and job creation. Support for community-driven development (CDD) was a major success in northern and southern Nigeria, where young people were included in agribusiness development. IFAD's experience yielded key lessons in targeting, approaches and operational lessons.

### Targeting

16. Geographical targeting criteria, including poverty incidence, social conflict, environmental degradation and climate change, have impacted performance. In some states, low counterpart contributions hampered project implementation while in other states, counterpart contributions have been regular. States will be selected by the following key criteria: poverty; tangible commitment and political will to support a joint programme; clear focus on community development and smallholder agriculture; strong track record of public accountability and financial management; and willingness to work with the private sector. Within states, targeting will be based on reliable poverty data. Fewer but better-performing states will be selected to benefit from focused IFAD support.
17. Discrete targeting of women and young people within communities was effective in the past. Projects reached 143,728 women through 6,968 village savings and credit groups (VSCGs) and promoted a strong savings culture. Women's groups were early adopters of savings-led approaches and VSCGs provided credit at much lower interest rates than moneylenders. RUFIN also promoted the Gender Action and Learning System (GALS). The enterprise incubator model for youth entrepreneurship was also very successful, as noted below.

### Approaches

18. IFAD's projects promoted CDD through the establishment of 361 new community development associations (CDAs), which: (i) prioritize community needs; (ii) settle conflicts; (iii) ensure social inclusion; (iv) build social capital; (v) maintain productive infrastructure; and (vi) manage financial resources. IFAD will continue

to leverage CDAs to facilitate access to higher-value markets and foster entrepreneurship.

19. Under the Community-based Natural Resource Management Programme – Niger Delta (CBNRMP), an innovative enterprise incubator model introduces interested young people to successful agribusiness MSEs,<sup>8</sup> 6,841 of which are now owned by young women and men. More than 1,000 MSEs are considered strong, reporting earnings over US\$5 per day, and mentor other young people. IFAD will scale up this model.
20. The private sector is enthusiastic to engage in agriculture. Through commodity alliance platforms, VCDP fosters linkages among farmers and the private sector. Projects will deepen these linkages to enable beneficiaries to access private finance, technology and markets.
21. RUFIN facilitated greater provision of rural financial services through MFIs and strengthened the savings culture, recordkeeping skills and cohesion of 12,014 VSCGs comprising 675,424 savers and 490,363 borrowers. Unfortunately, any impact on rural development could not be attributed to these outputs. To overcome this, CASP, VCDP and forthcoming designs will include rural finance components to better track results and link financial inclusion to income-generating activities.
22. RUFIN partnered with CBN to improve client outreach through appropriate products and enhance the protection of client deposits. It trained 434 financial operators in rural business planning, and 45 MFIs used the approach, disbursing 800 million in Nigerian Naira among 16,612 borrowers. At the state level, rural outreach coordination committees report to microfinance advisory boards. These results will be scaled up.
23. While projects include community-based natural resource management, these efforts need to be strengthened to have impact. Climate change endangers smallholders' crucial natural assets, causing and accelerating environmental degradation. IFAD will continue to build beneficiaries' capacity to adapt to climate change.
24. Based on lessons from the region, new designs will seek to incorporate the development of linkages between smallholders and local and regional markets based on the size, timing, preferences and potential of the markets.

#### Operational lessons

25. FMARD is committed to acting as coordinator. IFAD will support the establishment of an inter-ministerial coordination unit, including monitoring and evaluation (M&E) and knowledge management (KM), for FMARD and connected institutions. Following a CPE recommendation, the ICO will actively support KM pathways to scale up results, including a central communications platform and project-specific knowledge products.
26. Projects start-up delays in Nigeria average 30 months. To address this, IFAD can: (i) ensure that the planned financing is reflected in Nigeria's borrowing plan; (ii) negotiate retroactive financing; (iii) avoid inefficient pari passu funding arrangements; and (iv) renew effective project management unit contracts.
27. Supervision reports indicate that weak human resources impede project implementation. IFAD will encourage and support competitive staff recruitment, competitive service provider selection and the use of performance-based contracts.
28. Projects encounter challenges with financial management, weak recordkeeping by state government and local government authorities (LGAs), slow adoption of process changes and unpredictable counterpart funding. Nevertheless, the CPE

---

<sup>8</sup> For further details, see the December 2015 IFAD Nigeria scaling up note.

noted overall improvements in financial management. IFAD will align with Nigeria's new Treasury Single Account system, to facilitate monitoring and donor alignment, and continue to strengthen the capacity of projects.

29. Regarding policy engagement, the CPE noted: (i) certain opportunities had been overlooked, including relating to governance and anticorruption, conflict, food security and climate change; (ii) state-level policy dialogue was key because projects operate at the state level; (iii) quality M&E was required to drive better policy engagement; and (iv) policy development should be accompanied by action plans. Since policy engagement takes time and requires human and financial resources, IFAD will focus on a selection of key areas such as rural finance, youth employment and extension services.
30. Projects established partnerships on themes such as agricultural and microfinance research and farmer training. However, the CPE noted the need for a strategic approach to building partnerships with the private sector and civil society organizations (CSOs). IFAD will allocate dedicated human resources to that end.

### III. Strategic objectives

IFAD's comparative advantage

31. Since 1985, IFAD has been Nigeria's trusted partner for reducing rural poverty. IFAD programmes steadily improved outreach and impact based on strengths in building the capacity, productivity and market participation of rural people. In line with IFAD's Strategic Framework 2016-2025, IFAD's approach encourages all levels of government; forms and strengthens farmers organizations; and supports empowerment of poor rural people, in particular women and young people. Inclusive agricultural markets that provide better access for small-scale producers and associated MSEs are cornerstones of IFAD investments.
32. Together with CBN, IFAD promoted innovations to improve financial inclusion through training, finance and guarantees for smallholder clients of MFIs. As a result of the efforts, the capacity of over 400 MFIs was strengthened to operate viably in rural areas. Attaching finance to agricultural and MSE activities leads to greater demand, recovery of finance and pro-poor growth that furthers rural transformation.
33. IFAD's key comparative advantages in Nigeria are: (i) CDD; (ii) the enterprise incubator model; and (iii) rural financial inclusion.

Theory of change

34. This strategy covers the period 2016-2021. The goal is a rural economy in which the targeted population can derive prosperity and equal benefit from economic growth. The goal is supported by: strategic objective (SO) 1 – the sustainable, climate-resilient economic and financial inclusion of young people in profitable agribusiness; and SO2 – strengthened institutions at the state and community levels to work with private actors in key value chains. The SOs and related interventions are based on IFAD experience in Nigeria, documented evidence and government policy.<sup>9</sup>
35. Activities under SO1 include: (i) capacity-building; (ii) scaling up CBNRMP's enterprise incubator model; and (iii) increasing access to services and markets for youth enterprises. It will also focus on improving access to inputs, building relationships among public and private service providers, developing appropriate financing options and providing support for climate change adaptation. The anticipated outcomes are: (a) 50,000 youth-owned enterprises;<sup>10</sup> (b) an increase

<sup>9</sup> The SOs are aligned with sustainable development goals 1, 2, 3, 5, 8, 10 and 13.

<sup>10</sup> See the Concept Notes for an explanation of the target.

in profits of at least 25 per cent for supported enterprises; and (c) an increase in volume and value of marketed produce of at least 20 per cent.

36. Factors contributing to the youth unemployment crisis include: (i) insufficient, inappropriate and inaccessible finance; (ii) limited access to technical skills, land and productive assets; (iii) limited access to helpful information; (iv) agricultural production risk exacerbated by climate change; and (v) a lack of interest in agricultural livelihoods. The crisis is leading to social unrest, outmigration and economic decline. SO1's theory of change addresses factors required to realize the inclusion of young people in agribusinesses.
37. Activities under SO2 support: (i) enhanced accountability of LGAs; (ii) community-owned farmers' groups and other agribusiness service providers; (iii) the development of local platforms linking public and private actors; and (iv) the development and/or rehabilitation of productive rural infrastructure. SO2 also seeks to enable rural business through policy addressing transparent business practices, standards and regulation. The anticipated outcomes of SO2 are: (a) 25 per cent growth to agriculture investments; and (b) 10,000 farmers' or marketing organizations profitably linked to private businesses.
38. SO2's theory of change addresses the following impediments to private investment in agriculture: (i) low production and productivity; (ii) a lack of suitable infrastructure; (iii) weak rural organizations; and (iv) frequent government policy shifts that create market uncertainty. These impediments lead to limited market surplus, unemployment and food importation. Correcting these impediments will support a dynamic private sector, quality food, employment options and rural investment, as well as reduce pressure government resources.

#### Investment activities

39. IFAD will invest as follows to build on lessons learned, drive partnerships with the emerging private sector and address issues facing rural young people:
  - (i) Rural Agro-enterprise Sector Enhancement Programme in the southern region will scale up CBNRMP's youth enterprise incubator model. IFAD will explore cofinancing regional development with private sector to reach scale in rural youth employment.
  - (ii) Additional financing to VCDP in the north central region will deepen private sector agribusinesses engagement working with smallholder farmers in out-grower arrangements to access bigger, higher value markets.

#### Non-lending activities

40. IFAD will continue to coordinate donors, leverage cofinancing, encourage innovation through national and regional grants, and support policy dialogue and KM, among other things. The ICO will continue promoting functional linkages between state government and private sector actors, development partnerships and enhanced policy dialogue. The ICO will initiate regular Country Programme Management Team (CPMT) liaison with key stakeholders from projects, youth organizations, CSOs, government counterparts, the private sector, development partners and others.
41. Regional and country grants will continue to support key innovations and targeted technical assistance and capacity-building, including: support for enhanced coordination by FMARD; the research and development of tools to promote youth entrepreneurship; support for climate change adaptation; and extension service reform.

## IV. Sustainable results

### A. Targeting and gender

#### Geographical targeting

42. IFAD will continue working in rural and peri-urban areas most affected by conflict and fragile ecology. Projects will focus on a smaller number of states where commitment to IFAD projects is high.

#### Target groups

43. The target group comprises poor rural families, the majority of them women and young people who are unemployed and lack tertiary education.
44. Investments to address rural youth unemployment will adapt to the diversity of young people in terms of age and gender. The approach will be aligned with the Strategic Framework and Implementation Plan for Job Creation and Youth Employment in Nigeria and complement the forthcoming African Development Bank-funded Enable Youth Empowerment Agribusiness Programme, which targets educated youth.
45. Solutions will be mainstreamed, including: (i) improving entrepreneurship skills and financial literacy; (ii) improving organization at all levels for efficiency, effectiveness and advocacy; (iii) scaling up the enterprise incubator model; (iv) facilitating access to markets; (v) improving access to inputs, extension and rural finance; (vi) increasing land tenure security to enable investment; and (vii) adapting climate change technologies.
46. Projects will continue to include strategies for gender equality and women's empowerment to support women's participation at all levels and in all spheres – public, private and community – and will scale up the GALS methodology and successes from VSCGs.
47. IFAD will build capacity in the areas of gender equality and youth empowerment within projects and for service providers. Equity in hiring project staff will be pursued to include women and younger staff. M&E will include project impact indicators on women and youth. Supervision will continue to track gender and youth issues. KM activities will disseminate empowerment case studies and methodologies for technical assistance.

### B. Scaling up

48. Three successful approaches will be scaled up: (i) CDD for planning at the local level; (ii) the enterprise incubator model; and (iii) rural financial inclusion. The pathway towards scaling up will integrate projects, KM and policy engagement. Through investments, approaches will be contextualized to increase outreach and impact. KM will promote the approaches to and through governments, donors and the private sector.
49. The main driver for scaling up – and a shared priority with the Government – is the need to tackle youth unemployment. The government has called for import substitutions, and the private sector is seeking organized smallholders to supply their operations. These opportunities, in addition to the dynamism and large number of young people, will contribute to community development and the modernization of agriculture.
50. Scaling up will be sustained by making available fiscal/financial resources and creating the right institutional/organizational arrangements and partnerships. As public revenues decline, additional investment will be sought through partnerships with the private sector and other donors. The strengthening of CDAs, farmers' organizations and MSEs will continue with a view to defining agendas, mobilizing resources and attracting private partners. Local platforms will link public and

private actors. Through partnership with the private sector, producers' organizations will become more business oriented and attract greater membership.

### C. Policy engagement

51. The following two policy engagement strategies will be used to mainstream activities: (i) supporting adherence to existing policies; and (ii) supporting formulation of new policies, particularly pluralistic extension at the national level. Approaches will be detailed during project design.
52. Current policies are defined by the four pillars of the Green Alternative: food security, job creation, import substitution and economic diversification. IFAD will address policy areas based on tangible project experience at the federal and state levels.
53. Activities supporting policy formulation will link to FMARD's new Department of Extension, which will develop a practical national agricultural extension policy that: is aligned with the agricultural development road map; and incorporates government, private sector actors and non-governmental organizations.

### D. Natural resources and climate change

54. A number of environmental trends threaten Nigeria's natural resources.<sup>11</sup> Poor agricultural practices, the clearing of pastureland and pollution in oil-producing areas exacerbate the deterioration of the natural environment. Pressure on basic resources has increased and the carrying capacity in some ecological zones has been exceeded. These pressures have led to conflict among herders and farmers in the northern and north-central regions.
55. Changes in rainfall and increasing temperatures drive major climate change risks. Climate change vulnerability is highest in the north-east and south-east, followed by the north-west and south-central regions. Temperatures could increase by up to 2.5° C by the 2060s. Droughts are likely to become more severe, affecting rainfed agriculture in the northern regions. Heavy rainfall events expected in the southern part of the country will likely exacerbate soil erosion.
56. Policies developed to address these risks – including Nigeria's Intended Nationally Determined Contribution under the United Nations Framework Convention on Climate Change and the National Agriculture Resilience Framework of 2014 – provide some development opportunities, such as improving agricultural systems for crops and livestock, and improving resource management. IFAD's proposed approach will: (i) build beneficiary capacity to sustainably manage land and water resources; (ii) train extension officers at the state and local levels in evidence-based assessment and management of climate risks for resilience; (iii) revegetate degraded areas to improve livelihoods and increase productivity; and (iv) strengthen the environment and climate change unit within FMARD.

### E. Nutrition-sensitive agriculture and rural development

57. The National Committee on Food and Nutrition adopted the NPAN in 2014 as a means of delivering the National Food and Nutrition Policy. IFAD lending and non-lending activities will continue to contribute to food security and nutrition. Projects will support family farmers to increase food production through the provision of technical assistance, training and financing. Marketing support will increase the rural food supply by improving access among smallholders to public procurement programmes and local and regional markets. Training and other activities will include nutrition information on supported crops to contribute to diet diversification. Three strategies will be pursued: (i) scaling up project approaches in fortifying food; (ii) data collection and analysis, knowledge-sharing and advocacy for nutritional inclusion; and (iii) working with government, project staff, NGOs and

---

<sup>11</sup> See appendix VI.

development partners to promote learning, communication and awareness to encourage and deepen nutrition education within the communities.

## V. Successful delivery

### A. Financing framework

58. The COSOP spans two performance-based allocation system cycles, the Tenth Replenishment of IFAD's Resources (IFAD10) 2016-2018 and 2019-2021 (IFAD11). During the IFAD9 period, US\$15.5 million of grant financing was mobilized through the Adaptation for Smallholder Agriculture Programme but little of it was used so much remains available for the new COSOP period. Counterpart financing from state and federal government covers offices, taxes, salaries, allowances and some operations and maintenance.

### B. Monitoring and evaluation

59. The M&E capacity of projects and rural development agencies, particularly at the state level, will be strengthened. IFAD will seek to collaborate with universities and other institutions to carry out thematic studies and qualitative research to better understand project effectiveness and impact. The possibility of collaborating with IFAD Strategy and Knowledge Department's grant initiative with Centers for Learning on Evaluation and Results will be explored.
60. Non-investment activities, in particular policy dialogue, KM and regional grants operating in Nigeria, will be closely monitored. IFAD will also support FMARD's effort to develop an agricultural sector M&E system.
61. Enhanced in-country CPMTs will catalyse M&E. Annual, midterm and completion reviews will assess the relevance of the SOs under this COSOP .

### C. Knowledge management

62. FMARD's KM framework will be used for all projects. KM will focus on: (i) developing an effective country M&E system; (ii) analysing the influence of project innovations on impacts and results; (iii) evaluating factors explaining results; (iv) producing communication tools; and (v) holding events to discuss results.
63. Lessons learned will focus efforts on: (i) ensuring activities and budgets are planned prior to project start-up; (ii) including KM indicators in the M&E system; (iii) establishing solid information management systems and electronic archives; (iv) clarifying roles and responsibilities in KM; (v) facilitating cross-project exchanges; (vi) organizing activities to disseminate results; and (vii) strengthening KM in state government agencies. In addition, initiatives are under way for collaboration between the IFAD-supported Central Communications Unit and FMARD's KM coordination team.

### D. Partnerships

64. IFAD has a longstanding partnership cofinancing projects with the Federal Ministry of Finance and FMARD. IFAD also cofinanced CBNRMP with the Niger Delta Development Commission. During implementation, projects have partnered with the Federal Ministry of Budget and National Planning, state and local governments, CBN and MFIs; collaborated with the Songhai Centre and private companies Olam International and Onyx Commodities; and worked with NGOs and CSOs for service delivery. These partnerships will be extended where possible. The programme also plans to complement development partner investments, pursue collaborative research and work with stakeholders addressing women, young people and the environment.

## E. Innovations

65. Future designs will scale up proven innovative approaches, including: CBNRMP's enterprise incubator model; and RUFIN's MFI business-planning module and financial inclusion tools. Some approaches, such as VCDP's equipment leasing and youth group-owned small and medium sized enterprises, are being validated. Other innovations will be tested, including: (i) farm- and community-level climate-smart agriculture techniques; and (ii) extension delivery by both public and private sector. Innovations using information and communication technologies for outreach, linkages and learning will be promoted. Grants will continue to develop and share innovations.
66. Innovations by others may be adopted by IFAD projects, including: the Creating Opportunities for Rural Youth venture-creation model; and the "identify, incubate, fund and mentor" approach for youth agribusiness. Projects will track innovations and encourage government to reward innovation through incentives.

## F. South-South and triangular cooperation

67. To drive innovation through South-South and Triangular Cooperation (SSTC), IFAD will: (a) integrate knowledge from other developing countries and other regions into designs; (b) include the development of home-grown technology that can be transferred and adopted; (c) incorporate capacity-building that encompasses learning from other developing countries; and (d) mobilize expertise from developing countries. Direct knowledge-exchange activities will be an integral part of projects. SSTC may also include:
  - (i) Participation by project managers in country programme processes in other countries;
  - (ii) The use of technical expertise from developing countries;
  - (iii) The further deepening of market linkages between Nigeria and Niger, Benin, Chad, Cameroon;
  - (iv) Exchanges by project staff and beneficiaries with poverty reduction projects in other countries, possibly leveraging IFAD's grant programme with PROCASUR;
  - (v) Regional implementation workshops; and
  - (vi) Analytical work directed by IFAD's Rome-based specialists.



# COSOP results management framework

| Country strategy alignment what is the country seeking to achieve?  | Key results for RB-COSOP<br>How is IFAD going to contribute?  |   |   | Indicative lending and Non-Lending Activities for the next 6 years  |
|---|---|---|---|---|
|   | Strategic Objectives (SO):<br>What will be different at the end of the COSOP period?                                | Outcomes indicators Area<br>How will we measure the change?   | Milestone Indicators: How will we track progress during RB-COSOP implementation   |   |
| <p>Vision 20:20:20 is a long term strategic plan. It's overarching objective is for Nigeria to become one of the 20 largest economies in the world by 2020 through 4 key dimensions covering: <u>Social</u> - building a peaceful, equitable, harmonious and just society; <u>Economic</u> - developing a globally competitive agricultural-led economy; <u>Institutional</u> - having a stable and functional democracy with emphasis to decentralize governance and; <u>Environmental</u> – achieving a sustainable management of the nation's natural resources. It focus of private sector participation and SME growth.</p> <p><b>The 2016 Change Agenda</b> is medium term policy instrument that emphasises on Nigeria to (a) achieve self-sufficiency and net exporter of food items; (b)revitalize and expand Agro-allied processing to intensify local production and processing of high value food crops; (c) utilize 5,000 hectares of Irrigable Land and Dams for commercial farming activities; (d) improve business environment for private sector investment (page 7)</p> <p><b>The Green Alternative</b> is a medium term Policy Framework of the FMARD. It emphasises on four pillars: (1) food security, (2) job creation, (2) import substitution and (4) economic diversification. Effectively, the policy revolves around commercializing agriculture, promoting value chain approach for high value commodities, promoting private sector involvement to facilitate service access to farmers, supporting transparent delivery process for fertilizers, seeds and agrochemicals to farmers, and investing in SME to create jobs and expand the rural economy. (Page 10)</p> <p><b>Agricultural Transformation Agenda</b> Is a medium-term private-led agricultural support strategy to achieve private sector inclusion in Nigeria agriculture and facilitate a hunger-free Nigeria to drive income growth, food and nutritional security and employment through investment-driven agriculture and, value chain approach</p> | <b>Overall Goal: Realise a rural economy in which the rural population can derive prosperity and equal benefit</b>  |   |   |   |
|   | <b>SO1:</b> Sustainable Economic and financial inclusion of youth in profitable agribusiness                        | <ul style="list-style-type: none"> <li>200,000 people benefitting from Agrienterprise, climate resilient infrastructure, productivity enhancement and income increase</li> <li>2,000 rural enterprise incubation centres established and profitable</li> <li>More than 20,000 sustainable and profitable enterprises / entrepreneurs created</li> <li>50% increase in income of youth enterprises to at least N 500,000 per annum.</li> </ul> | <ul style="list-style-type: none"> <li>Benchmarking of existing enterprises to identify high value youth friendly enterprises per state</li> <li>1,000 Youth champions identified and formally engaged with MoU to establish the enterprise incubators across the states</li> <li>Capacity built of youth in entrepreneur skills/organization and financial literacy undertaken</li> <li>At least 60% of enterprise groups have access to private extension, market infrastructure and financial products;</li> <li>Climate change adaptation and sustainable agricultural production technologies and practices adopted</li> <li>Climate resilient infrastructure identified and provided</li> <li>50% of the enterprise groups are members of apex youth network initiative</li> <li>Youth have access to land based on clear and transparent methods and products.</li> </ul>  | <ul style="list-style-type: none"> <li><b>Lending and investment activities</b></li> <li><b>Non-lending activities</b></li> </ul> |
|   | <b>SO-2:</b> Strengthened institutions at State and community level to work with private actors in key value chains | <ul style="list-style-type: none"> <li>Investments in agriculture grows by 25% in targeted areas by the private sector</li> <li>10,000 farmer and marketing organisations formed, strengthened and linked to private sector on a profitable basis</li> </ul>  | <ul style="list-style-type: none"> <li>Reliable private sector players identified and formally engaged with producer groups with MoU</li> <li>Enhanced community ownership and leadership in creating local wealth and planning and maintaining assets (land development, rural road infrastructure, market infrastructure)</li> <li>Improved access to financial services for input suppliers, farmers, processors, small scale rural entrepreneurs and off-takers</li> <li>Demand oriented service provision and accountability of local government agencies, farmer groups and service providers improved</li> <li>Platforms built for linking public and private actors</li> <li>Productive and processing infrastructure created and rehabilitated</li> <li>State government systems (accountability, transparency, regulatory and enforcement functions) working efficiently</li> <li>Extension policy prepared through IFAD support</li> </ul> | <ul style="list-style-type: none"> <li><b>Lending and investment activities</b></li> <li><b>Non-lending activities</b></li> </ul> |

## Agreement at completion point of last country programme evaluation

### A. Introduction

1. This is the second country programme evaluation (CPE) undertaken by the Independent Office of Evaluation (IOE) of IFAD of the IFAD-Nigeria partnership. The CPE covers the period 2009-2015 and had two main objectives. These are to: (i) assess the results and performance of the IFAD-Government partnership to reduce rural poverty; and to (ii) generate findings and recommendations for the future partnership between IFAD and the Federal Republic of Nigeria. The CPE includes an assessment of the 2009 IFAD country strategy for Nigeria, six IFAD-financed projects and programmes, grant-funded activities, and non-lending activities (knowledge management, policy dialogue and partnership building).
2. The Agreement at Completion Point (ACP) reflects the understanding between the Government of Nigeria and IFAD Management of the main Nigeria CPE findings and recommendations. In particular, it comprises a summary of the main evaluation findings in Section B, whereas the agreements are contained in Section C. The ACP is a reflection of the Government's and IFAD's commitment to adopt and implement the CPE recommendations within specific timeframes.
3. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), which is presented to the IFAD Executive Board on an annual basis by the Fund's Management.
4. The ACP will be signed by the Government of Nigeria and IFAD Management (Perin Saint Ange, Assistant Vice President). IOE's role is to facilitate the finalisation of the ACP. The final ACP will be submitted to the Executive Board of IFAD as an annex to the new COSOP for Nigeria. It will also be included in the final Nigeria CPE report.

### B. Key Findings

5. The Government-IFAD partnership has grown stronger over the current COSOP period. The 2010-15 COSOP provided a reasonably aligned and coherent instrument to guide the IFAD lending and non-lending programme in Nigeria, with strong points around the balance approach, building on previous experience, a growing geographical focus and the fit with IFAD and Nigeria policy frameworks. The IFAD-supported portfolio has become better focussed on Government priorities in agriculture.
6. Efforts to reach the poorest communities and to avoid states or regions that are better off had led to a greater focus of support on the poorest regions of the North, while reducing investments into the better-off South. Poverty targeting within states and within LGAs remained a challenge due to the lack of credible poverty data at sub-state level.
7. But the broad multi-region coverage (of all but 9 out of 36 states) created gaps and prevented synergies between the programmes. The thin geographical spread across a large number of states limits the influence of IFAD's financing. Better geographical overlap in the states supported by different IFAD programmes would make efficient use of trained staff, build on capacitated local governments and sustain already existing community assets and cadres.
8. Over the COSOP period, the IFAD-supported programmes reached 9.2 million beneficiaries out of the 14.2 million targeted. Beneficiary outreach was less than targeted at appraisal, but concentration of efforts in a limited number of villages has delivered interventions that were successful, efficient and often sustained. Notable achievements were recorded with regard to access to financial services, community capacity-building and job creation. Within the locations, delivery of

benefits in terms of building assets and spreading technology has been very good. Still, the scale of the impact remains limited given the size of the country, and poverty statistics overall show an increasing divide between the urban and the rural and the wealthy and the poor.

9. The programmes have been vulnerable to various forms of conflict, insurgency or unrest, whether in the North East from Boko Haram, from pastoralist-farmer conflicts in the middle belt or violence and unrest in the Delta region. Most programmes do not include any conflict analysis or risk assessment and where a mitigation strategy is put forward at design, it is largely to avoid working in known conflict zones by selecting LGAs or villages outside of known areas of disturbance, and by bringing staff and beneficiaries located in conflict zones to attend capacity-building or other sessions in safer programme locations.
10. IFAD's operations continued to be affected by weak counterpart support and issues of weak governance especially at the state and local government levels. Decentralising implementation and resources to state governments did not solve the issue of counterpart funding due to the lack of ownership and responsibility at state and local government level. The attempt to cover many states under one programme has not proven efficient, diluted quality of outreach, and compromised programme results, therefore, prioritising States that demonstrate commitment to smallholder agriculture and extend coverage within the selected states will be the new focus going into future Nigeria portfolio.
11. A similar aspect of inefficiency surrounds the effects of frequent political changes in different levels of government because of elections and other disruptions or bureaucratic delays and obstructions. The turnover caused by the electoral cycle has led to a repeated need to justify and defend the programme approach to incoming leaders, many of whom have new agendas and an understandable desire to see their constituency benefit from donor projects.
12. The large number of states and LGAs involved in the programmes increased management overheads. For the Nigeria programme, management costs, as a proportion of the total programme costs, are way above the IFAD average. Having larger programmes did not reduce the management overhead.
13. Although the focus of IFAD is now on agriculture, private sector involvement remains low, partnership with NGO and CSOs is non-existent, while communication and knowledge sharing is manually operated to effect the desired results. A clear strategy for the non-involvement activities needs to be developed. There has not been sufficient attention to providing support for private sector engagement in the agriculture sector.
14. Co-funding of programmes by other donors has not been a feature of IFAD's partnerships in Nigeria and is a significant gap, considering this was a key recommendation of the COSOP Mid-term Review. Instead, partnership-building with other development partners has achieved more around co-implementation and knowledge sharing.
15. The absence of a well-structured policy coordination unit within FMARD is a major constraint for effective policy engagement as well as dissemination of results to government systems and institutions. The lack of a strong coordinating function or office in either FMARD or NPC has also limited the development of strategic partnerships, as well as affected quality and efficiency of service delivery. At the level of individual programme staff, insufficient progress has been made in securing a mix of experiences and skills in line with the changed thematic focus. For example, a sufficient number of personnel with more private sector experience would be required to manage the rural finance and value chain operations. This deficiency is traceable to non-involvement of IFAD in recruitment process.

16. Under the CPE period, 20 grants received an overall amount of US\$39.19 million amongst all types of IFAD grants. The grants revolve around key themes within the Nigeria portfolio, such as improved food crops and value chains to reduce rural poverty and vulnerability. Only a few grants were used to build partnerships with non-governmental organizations, but they provide positive examples of learning and linkages with operations, such as the grants for Songhai-Benin for Rural Youth and Agricultural Business Development and for Creating Opportunities for Rural Youth. Some grants were successfully used to support federal level policy implementation. The majority of grants continued to have a regional focus and therefore linkages between the main recipient of IFAD grants, the International Institute of Tropical Agriculture, and IFAD-supported operations were not systematically promoted. The use of matching grants to subsidise one-off investments is unsustainable and not aligned with IFAD's technical guidance and good practices documented elsewhere.

#### Agreement at Completion Point

17. IFAD and Government will prepare a new COSOP for Nigeria, which will build on the findings and recommendations of this CPE and provide the foundation of the main areas of intervention in the context of a renewed partnership and cooperation between the Fund and Nigeria.
18. The 1<sup>st</sup> CPE has provided a number of findings and recommendations that still remain valid and should be considered. In addition this CPE offers five critical recommendations that should be included into the new COSOP: (1) address issues of state commitment; (2) increase leverage and presence in operations; (3) dedicate resources to important crosscutting issues outside day-to-day implementation; (4) expand existing and develop new partnerships particularly outside of government; and (5) continue to build on IFAD's knowledge management strategy by improving the quality of evidence from the field.
19. Recommendation 1. Address issues of state commitment through increased geographic focus, transformed state-level partnerships and realistic levels of counterpart funding. The CPE recommends that the COSOP should explore the following strategies to strengthen state commitment: (a) adoption of a transparent mechanism for selection of states through clear selection criteria that consider poverty and governance-related indicators based on a robust analysis; (b) proper assessment of state governance and public finances as an input into the selection process; (c) strategies to raise attention and sustain commitment from state governors; (d) strategies to strengthen local ownership; and (e) increased policy engagement at state level.
20. While the selection of states is done by the Federal Government, IFAD should provide some clearly defined criteria to assess the commitment and political will for a joint programme, such as political stability, shared priorities (e.g. community development, smallholder agriculture), track record (e.g. public service reform, financial performance, accountability to development results).
21. IFAD will also need to adopt a wider range of strategies to get the attention and commitment of state governors such as: (i) pressure from federal partners (ii) increasing the size of investment in fewer states (iii) mechanisms rewards for better performing states, (iv) increasing IFAD presence in key states, (v) keeping counterpart funding at feasible levels, e.g. % to minimum or zero, and making beneficiary contribution the trigger for release.
22. The National Roundtable Workshop held at the end of the CPE has identified a number of possible strategies to sustain political commitment from participating states. This includes (i) alignment with the state development priorities through high level engagement from the beginning in all participating states; (ii) strengthening community ownership of programmes as driver for continuity; (iii) engagement with key influencers and change champions such as NGOs and CBOs

- within in the states who could facilitate access to high level advocacy meetings and follow-up on government action in the States.
23. The National Roundtable recommended that in post conflict areas in Nigeria, IFAD would need to rely heavily on people who are very familiar with the areas in question and possibly on community based organizations and faith based organizations, who already have some experience working in the affected areas. In post conflict settings, it is also crucial that target beneficiaries are actively engaged in the project cycle. The tendency to neglect to do this are usually high in an environment where trust for political leadership has been destroyed, livelihoods disrupted and traditional forms of governance have altered
  24. With the programmes in the South coming to an end, this provides an opportunity for the COSOP to prepare a sound contextual analysis together with a strategy that will enable greater geographic focus, based on governance and poverty focus. The CPE recommends that the geographic scope covered by any new programme should be reduced to minimise the political, cultural and agro-ecological diversity that will have to be managed. The CPE has highlighted evidence that larger programmes did not perform better, in particular on efficiency indicators. Furthermore, experience shows that smaller and more homogeneous programme units will enable better cohesion and stronger local ownership.
  25. IFAD and Government response to Recommendation 1: Government of Nigeria and IFAD concur to this recommendation.
  26. The Results Based Country Strategy Opportunities Paper (COSOP), which is to be developed by Government of Nigeria and IFAD for the period 2017-2022 will agree upon and include a mechanism for selection of states through clear selection criteria that consider poverty and governance-related indicators. Before designing any new IFAD investments, the criteria for selection, such as political stability, priorities and proven track record, would be shared with the states and those that have complied with criteria will be selected. During implementation, IFAD Country Office in consultation with the Federal Ministry of Finance and Federal Ministry of Agriculture and Rural Development will develop strategies to raise and sustain commitment from State Governors and visits would be made on an annual basis to programme states. Through the support of the IFAD-assisted programmes and IFAD country office, there would be increased policy engagement for project related issues at state level.
  27. Timeline for implementation: COSOP will be submitted to Executive Board in December 2016 and the selection of states will happen during the design processes of the investment programmes. Raising and maintain state commitment would happen through annual visits.
  28. Responsible: Federal Ministry of Finance, Federal Ministry of Agriculture and Rural Development and IFAD.
  29. Recommendation 2. Increase leverage and presence in operations. There is scope to improve operational effectiveness and efficiency through the way IFAD delivers its implementation support. Given the scale of the country programme and the complexity of the federal system, stronger engagement at state level and improved implementation support will ultimately require capacities to be added to the country office. The CPE recommends that IFAD should: (a) improve linkages between programmes and between programmes and grants where they work on similar issues or in the same states; (b) ensure continuity in supervision for improved consistency of recommendations and progressive learning; (c) dedicate technical capacity for engagement with key states, for example through decentralized posting of IFAD staff; (d) engage with incoming government leaders in a timely manner; and (e) create opportunities for high-level policy engagement, e.g. Performance-based Allocation System (PBAS) discussions.

30. IFAD and Government response to Recommendation 2: Government of Nigeria and IFAD concur to this recommendation.
31. A Programme Officer position is being proposed for Nigeria IFAD Country Office to enhance capacity of the IFAD Country Office. There will be enhanced focus on sharing of implementation experience between programmes on operational issues, like procurement, monitoring and evaluation, financial management as well as more technical areas like value chain development and financial services provision through workshops and training events regularly organised by the IFAD Country Office. Supervision missions will work with a dedicated group of resource persons to keep the recommendations from IFAD consistent. Given that the IFAD Country Office will maintain a lean structure, to manage the much required interaction with the states, we will identify technical partners focussing particularly on the states that are facing implementation challenges. IFAD Country Office will work much more closely with the Technical Departments in the Federal Ministry of Agriculture and Rural Development.
32. Timeline for implementation: Programme Officer would be identified late 2016 or early 2017. Trainings and workshops on common thematic areas for programmes will be implemented at least on a bi-annual basis. During programme implementation, IFAD Country Office would identify technical partners that could engage at the State level to address implementation challenges.
33. Responsible: Federal Ministry of Agriculture and Rural Development and IFAD Country Office.
34. Recommendation 3. Dedicate resources to important crosscutting issues outside day-to-day implementation that require further analysis and focus for a joint-up engagement and sustainable programme results. Analysis of crosscutting issues should not only be part of the contextual analysis conducted at design stage. It is also part of programme M&E to understand the factors that help or hinder achievement of programme results. In addition, the CPE highlights the need to explore important cross-cutting issues that require joint-up approaches within Government and with other development partners to be addressed in a meaningful way. These issues are youth, gender, natural resource management, pastoralism and conflict and fragility. Because of the complexity and difficulty of the context, the understanding of these crosscutting issues requires more and deeper aimed at identifying opportunities for more effective engagement on crosscutting issues outside day-to-day implementation.
35. IFAD and Government response to Recommendation 3: Government of Nigeria and IFAD concur to this recommendation.
36. Youth and gender are crosscutting issues for the IFAD country programme in implementation; Rural Finance Institution Building Programme (RUFIN) and Value Chain Development Programme (VCDP) have started some studies on gender and youth. IFAD Country Office will provide technical support and guide the required impact assessments and thematic studies, particularly as they pertain to relevant crosscutting issues for the Programme Completion process for RUFIN. Under the Climate Change Adaptation and Agribusiness Support Programme (CASP), assessments will be carried out particularly for resource management, conflict and fragility. Each programme will have a gender and youth strategy to effectively ensure women and youth inclusion during implementation. A social platform similar to Youth in Agriculture Forum of the IFAD assisted Community Based Agriculture and Natural Resources in the Niger Delta Region will be encouraged to facilitate networking, knowledge sharing and learning events among the youth
37. Timeline for implementation: During programme implementation, resources will be dedicated to relevant studies and assessments.

38. Responsible: IFAD-assisted Programmes, Federal Ministry of Agriculture and Rural Development and IFAD Country Office.
39. Recommendation 4. Expand existing and develop new partnerships particularly outside of government. IFAD should link with civil society actors to widen opportunities for achieving on-the-ground sustainability and empowerment (e.g. Young farmers in CBNRMP; rural finance associations in the North). Building more strategic partnerships with civil society organizations, rather than only for service provision, would encourage sustainability and extend their engagement beyond a programme's duration. IFAD needs to facilitate the private sector in agriculture much more effectively. This requires measures such as hiring from the private sector as well as from government for programme implementation, and using private sector advisors as mentors for existing government staff. It also requires implementing tripartite agreements between the private sector, farmers and IFAD in programmes such as VCDP and CASP, so that IFAD funds are used to crowd-in private investors, as envisaged by IFAD's technical guidance note on matching grants. Finally, IFAD needs to seek co-funding arrangements with its major partners (World Bank, United States Agency for International Development, Department for International Development, etc.) in order to improve leverage, especially around policy dialogue, counterpart funding, and increasing levels of delivery in IFAD's priority sectors.
40. The National Roundtable recommended the review and strengthening of the current Government (Federal, State and Local Government Areas LGA's) coordinating desk or unit for all donor supported programmes; where this is not in existence yet such a desk or unit should be created. It also recommended institutionalization of a regular review of all agricultural related projects at Federal, State and LGA level.
41. IFAD and Government response to Recommendation 4 Government of Nigeria and IFAD concur to this recommendation.
42. The IFAD programmes will work with civil society organisations; VCDP is to develop master trainers for youth on enterprise development and business planning; CASP will organise Financial Service Associations in the North of Nigeria. VCDP has identified over 20 off-takers linked to target group producers. IFAD Country Office will continue to facilitate linkages with larger off-takers in a manner that will facilitate financial inclusion for farmers to access inputs and ensure sustainability of intervention. RUFIN will continue to work with Microfinance Banks and some select commercial banks, identifying 'winners' that are ready to provide financial services in the rural space. During the RB-COSOP development, development partners active in the agricultural sector will be consulted to identify partnership and cofinancing opportunities. IFAD would support the establishment of a good coordination effort in the Federal Ministry of Agriculture and Rural Development to effectively coordinate development programmes interventions in Nigeria.
43. Timeline for implementation: During RB-COSOP development (June – December 2016) and programme implementation.
44. Responsible: IFAD assisted Programmes, IFAD Country Office and Federal Ministry of Agriculture and Rural Development.
45. Recommendation 5. Continue to build on IFAD's knowledge management strategy by improving the quality of evidence from the field. This first requires improving evaluability during design - developing clear and logical theories of change, and designing practical M&E frameworks matching staff capacity, while minimising RIMS indicators. It then requires greater effort and rigour for evaluation. IFAD should support use of improved technology (such as computer-assisted personal interviewing, and the use of mobile phones and web tools), and also participatory methods. It should ensure rigorous survey design and analysis for major baseline or impact studies, and also follow up on the commissioning of thematic studies to ensure they are conducted in a way that reveals underlying

factors as to how and why impact occurs, and how these affect particular vulnerable groups. To strengthen country M&E systems within the overall move to improved development effectiveness, IFAD should consider providing support to building institutional mechanisms and capacities within FMARD.

46. The National Roundtable recommended that coordinating mechanisms should be strengthened within the existing structure of FMARD. The capacity of the Planning and Policy Coordination (PP&C) department to effectively coordinate and monitor policy implementation across different departments and division should be strengthened. Furthermore, good practices from the former PCU should be revisited. The implementation of a sector-wide M&E system will require clear roles and responsibilities. It should be linked to the M&E framework developed by the Ministry of Budget and Planning. The PP&C department in FMARD should strengthen its capacity to coordinate sector-wide M&E data collection and analysis.
47. To address the issue of counterpart funding, FMARD should adopt a proactive approach to communicating and coordinating requests for new programmes in the agricultural sector with all stakeholders concerned well in advance. The National Roundtable recommended regular meetings between FMARD and FMF to streamline requests for incorporation into the borrowing plan for approval by the National Assembly.
48. IFAD and Government response to Recommendation 5: Government of Nigeria and IFAD concur to this recommendation.
49. To improve M&E under the IFAD assisted programmes, emphasis would be laid on using time-tested Monitoring Information System (MIS) to collate data from the field and generate sound data analysis. IFAD Country Office would work with the IFAD assisted programmes to carry out capacity building of the M&E staff. All IFAD assisted programmes would be requested to carry out outcome assessments and thematic work to highlight lessons and build on implementation experience to develop knowledge management tools. Strong coordination within the Federal Ministry of Agriculture and Rural Development would lead to sector-wide M&E data collection, feedback on implementation as well as coordinated requests for new programmes. The IFAD supported Central Communication Unit would support IFAD assisted programmes on their Knowledge Management (KM) strategies and improving KM products.
50. Timeline for implementation: During programme implementation.
51. Responsible: Federal Ministry of Agriculture and Rural Development, IFAD assisted Programmes and IFAD Country Office.

Signed by:

1. Xxxx

Government of Nigeria

2. xxxx

Programme Management Department

IFAD, Rome



## COSOP preparation process including preparatory studies, stakeholder consultation and events

The COSOP preparation process passed through 6 distinct but interlinked stages, namely:

1. In-country sensitization and awareness creation stage
2. Preparatory and concept note stage
3. Sharing the COSOP development plan
4. First and second design mission
5. Stakeholder Validation Workshop
6. Clearance, approval and end of design

**In-country sensitization and awareness creation stage.** The COSOP design process started with the CPE led by the Independent Office of Evaluation, which commenced in June 2015. It involved discussing with government counterparts at all levels, visiting closed and ongoing IFAD-funded projects, interacting with development partners, CSOs and beneficiaries of project projects from June 2015 to June 2016 when the Agreement of Completion Points (ACP) was countersigned by Government. During the CPE process, IFAD participated in some key meetings with the Federal counterparts and other stakeholders. In the meetings, the stakeholders were duly informed that the end of CPE for the 2010 to 2015 IFAD investment in Nigeria would lead to a new RB-COSOP.

**The preparation and concept note stage:** The RB-COSOP paper work started with the synthesis of performance and lesson from IFAD in Nigeria as articulated in the (a) Project Performance Assessment (PPA) of the Community Based Agriculture Rural Development Programme by CPE of IoE held in 2015; Joint IFAD/FGN Programme Completion Report (PCR) for Community Based Natural Resource Management Programme held in February 2016; Country Programme Evaluation (CPE) of IFAD Programmes covering the period 2009-2015, completed in April 2016; COSOP Completion Report (CCR) held in May 2016, Natural Resources Management and Climate Change Adaptation: Background, National Policies and IFAD Intervention Strategies written up by ECD; and Rural Finance Notes prepared after the supervision mission in June, 2016. Following the synthesis, CPMT presented the concept note for the RB-COSOP covering 2016 to 2022 at the well-attended CPE roundtable workshop, held in Nigeria on 7 April 2016. The CPE workshop which was chaired by the HMA of the FMARD was attended by the perm secretary and key line department of the ministry; key officers in the MBNP, FMF, members of the CSOs, NGOs, Donor Agencies and Development Projects (FADAMA; USAID/MARKETS; Gates Foundation; AGRA; JICA, GIZ; etc.), Partners, Youth in Agriculture from closed IFAD-assisted CBNRMP; and other farmer organizations. as well attended by FMARD. The CPE findings and COSOP Completion Report (CCR) formed the main basis of the COSOP.

**Sharing the COSOP development plan:** This stage was characterized by formal consultation with, FMF and FMARD, as well as preparation and sharing of the operational memo containing proposed tasks and timeframe for the design with the management of WCA Division on 27 January 2016 for formal clearance. Following the clearance from WCA, the ICO met with the Government of Nigeria (FMF and FMARD) and during the supervision missions of RUFIN in May 2016 and during the Programme Completion Workshop for CBNRMP in June 2016 to valid the tasks and timeframe. That process was followed by a formal announcement letter by IFAD to the Government of Nigeria to commence a joint design of the RB-COSOP.

**The first and second design mission:** The IFAD design team (from Rome and ICO) undertook the first design mission from 4 to 15 April 2016, under the leadership of the WCA1 Regional Economist and PTA Advisor to meet and consult with the Government Counterpart, Development Partners, Private sector players and CSOs, preparatory for

report development. A second mission<sup>12</sup> was fielded in July 2016 to draft the main COSOP document. It was a joint FGN/IFAD mission comprising the staff of Government institutions, and in particular, Federal Ministry of Agriculture and Rural Development, Federal Ministry of Finance, Federal Ministry of National Planning and Budget, Niger Delta Development Commission (NDD), project coordinators of IFAD funded projects, civil society including youth. The team came up with the first draft of the RB-COSOP and an Aide Memoire, which also contained the proposed investment and PBAS plan. A wrap-up of the mission was held in Abuja on 22 July with the HMA and staff of FMARD. The HMA on behalf of Nigeria Government and CPM on behalf of IFAD signed the Aide Memoire.

**Stakeholders Validation Workshop:** The Final consultations was the presentation of the first draft of the RB\_COSOP to an expanded team of the FMF, FMARD, MBNP, CSOs, NGOs, private sector operators, major input dealers, market operators and processors of farmer produce, financial institutions, CBN, in-country CPMT members, etc. by the ICO on 02 August 2016. The RB-COSOP was well received and endorsed by the workshop. The final draft from the workshop was further presented to the Rome-based CPMT on 11 August 2016.

**Clearance, approval and end of design:** The final copy, which has incorporated comments from the in-country and Rome-based CPMT was presented to OSC, chaired by the IFAD President on 15 September 2016. . It received the IFAD President's clearance/approval on the 15 September 2016 subject to incorporation of the comments raised by the OSC team.

Institutions met during the COSOP preparation process include (up to August 2016):

|   |   |
|---|---|
| <b>Government of Nigeria</b> <ul style="list-style-type: none"> <li>• Federal Ministry of Finance</li> <li>• Federal Ministry of Agriculture and Rural Development</li> <li>• Federal Ministry of Environment</li> <li>• Federal Ministry of National Planning and Budget</li> <li>• Central Bank of Nigeria</li> <li>• Bank of Agriculture</li> <li>• Nigerian Agriculture Insurance Corporation</li> <li>• Development Bank of Nigeria</li> </ul> | <b>Civil Society Organizations</b> <ul style="list-style-type: none"> <li>• The Smallholder Farmers Foundation</li> <li>• National Association of Nigerian Traders</li> <li>• All Farmers Association of Nigeria</li> <li>• National Association of Microfinance Banks</li> <li>• Association of Non-Bank Microfinance Institutions</li> </ul> <b>Private Sector</b> <ul style="list-style-type: none"> <li>• Olam</li> <li>• FORTIS Microfinance Bank</li> <li>• Union Bank</li> </ul> <b>Bilateral Donors</b> <ul style="list-style-type: none"> <li>• DFID</li> <li>• USAID</li> <li>• High Commission of Canada</li> <li>• JICA</li> <li>• GIZ</li> <li>• European Union</li> </ul> |
| <b>International Financial Institutions</b> <ul style="list-style-type: none"> <li>• African Development Bank</li> <li>• The World Bank</li> <li>• Islamic Development Bank</li> </ul>  | <b>United Nations</b> <ul style="list-style-type: none"> <li>• Food and Agricultural Organization</li> <li>• World Food Programme</li> </ul>  |

<sup>12</sup> Rich Pelrine, Lead Regional Economist, West Central Africa Division, Tom Anyonge, Institutions Organizations and Capacity Development Advisor, Policy Technical Advisory Division, Steven Jonckheere, Knowledge Management Officer, West Central Africa Division, Ben Odoemena, Nigeria Country Programme Officer, West Central Africa Division, Pat WillsObong, Nigeria Country Programme Assistant, West Central Africa Division, Vera Onyile, Central Communications Unit Coordinator, and Atsuko Toda, Nigeria Country Programme Manager, West Central Africa Division.

IFAD internal consultations. The COSOP was developed under active participation of the in-house CPMT, drawing on IFAD's diverse technical expertise. A CPMT was held on the draft COSOP in August 2016 to prepare the COSOP document for review by the OSC.

# Natural resources management and climate change adaptation

## Background

Nigeria has two main geographic regions, a high plateau region between 300 and 900 meters above sea level and lowlands that are generally below 300 meters. The main types of land cover are rain-fed croplands and grasslands in the northern part and deciduous forest and shrublands in the southern half of the country, Figure 1.

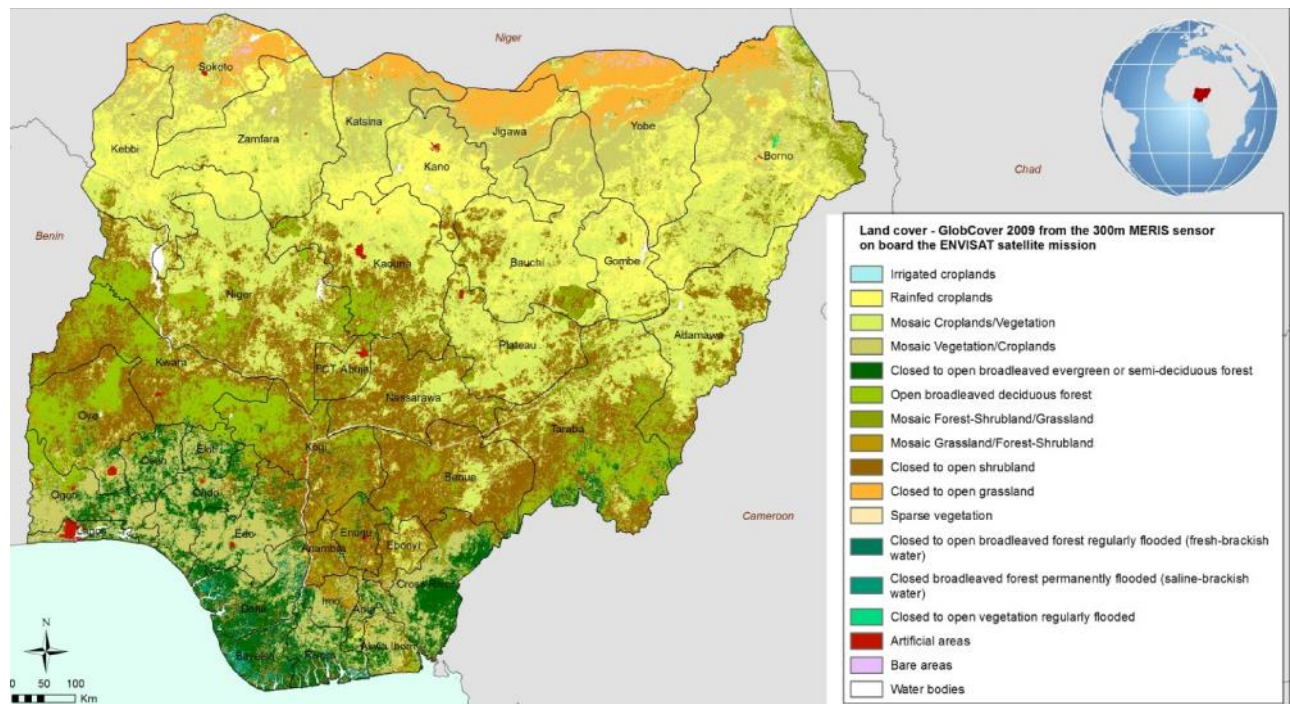


Figure 1. Land cover

Nigeria's natural resource base is threatened by several environmental challenges and climate related events. The northern region experiences recurring droughts and desertification is a real concern while the southern region is adversely affected by gully and coastal erosions. Waste management is an increasing problem particularly in the urban areas. The deterioration of the natural environment is exacerbated by poor agricultural practices, clearing of grazing pastures often as a result of bush burning and pollution problems in the oil producing areas. The carrying capacity in many ecological zones has been exceeded resulting in increased pressure on basic resources. Conflicts between herders and farmers are becoming more pronounced in the northern region, gradually shifting southwards, as a result of the increased pressure on limited resources. The north-central zone is a major transhumance route for herders and a point of convergence between sedentary farmers' and incoming herders from the far north at the onset of the dry season.

## Agro-climatic zones

Based on rainfall, the country is divided into four broad climatic regions, very humid, humid, sub-humid and semi-arid. Further sub-region divisions take cognisance of the substantial variations in amount and pattern of rainfall, altitude, soil types and types of vegetation. Very humid and humid regions extend from the mangrove swamps of the coastal areas, through the lowland forest belt to the northern limits of the derived savannah vegetation belt. The rainfall ranges from 3500 to 2000 mm per annum. Most of the land in this region is cultivable. Erosion is a serious problem in the region and soils are highly weathered and infertile.

The sub-humid region lies to the north of the humid zone, above 65% of the arable area is not cultivated due to low population density. The vegetation consists of open forest in the south and savannah grassland in the northernmost parts of the zone. Rainfall ranges between 2000 to 1000 mm. The semi-arid region has Sudan and Sahel savannah types of vegetation, mainly consisting of grasses and woody plants. Desertification is one of the major problems. Average annual rainfall varies between 500 to 1200 mm per annum, and may be as low as 200 mm in its northern limits.

### Climate

Nigeria's climate is influenced by the West African Monsoon and the Inter-Tropical Convergence Zone (ITCZ). It has a tropical monsoon climate in the south, a tropical savannah climate for most of the central regions and a sahelian hot and semi-arid climate in the north. During the rainy season (April to October), prevailing winds bring moist air from the Atlantic Ocean and then during the dry season (November to March) hot and dry air from the Sahara ('Harmattan' winds). The rainy and dry seasons are influenced by the ITCZ as it migrates between the equator and tropics during the year. Mean annual temperature is approximately 27° C. Generally cooler temperatures are experienced during the wet season and warmer ones in the dry season. Annual rainfall decreases in a gradient from the coast inland, with an annual average of around 3,000 mm on the coast to less than 500 mm in the north-eastern part of the country.

### Historic climate trends

Analyses of the past 20 year trends in rainfall show most of the country has experienced minor changes with some areas in the central and north west showing decreases, while the south east has had some increases. The start of the rains also illustrates early shifts particularly in the south east while the rest of the country has had no significant change.

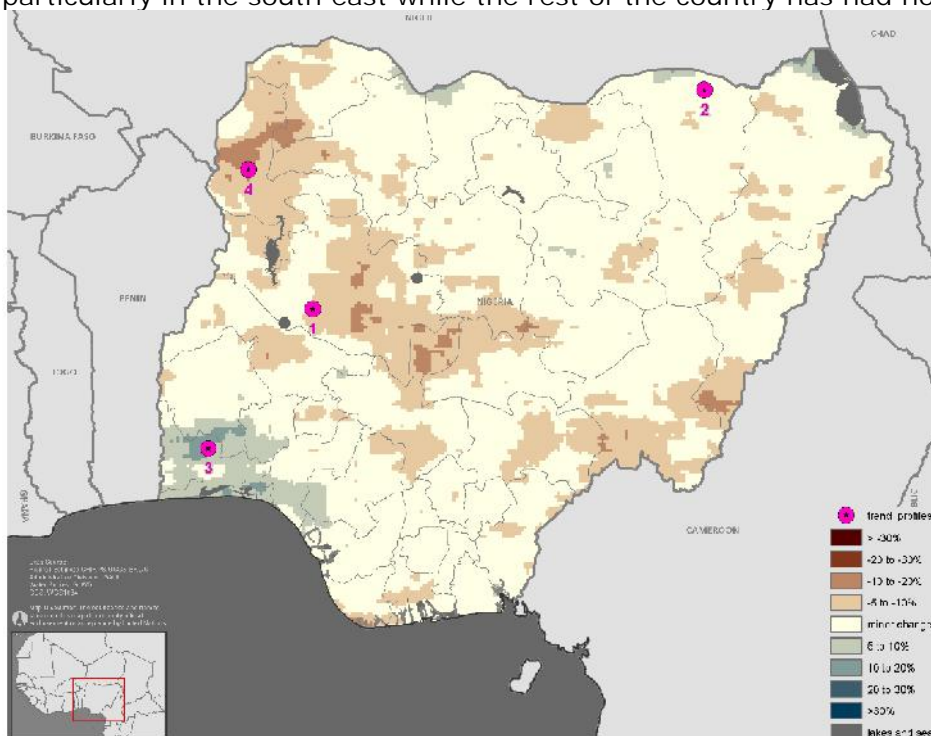


Figure 2. Annual rainfall tendencies - percent changes (1995-2014)

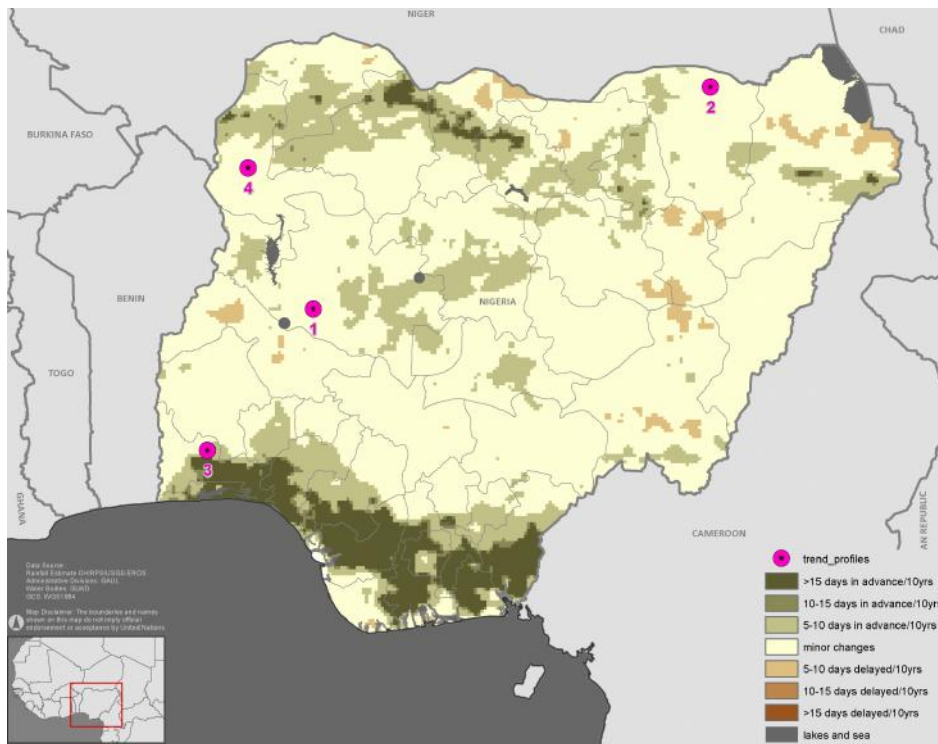


Figure 3. Start of the rainfall season tendencies (1995-2014)

Nigeria's mean annual temperature has significantly increased at a rate of  $+0.19^{\circ}\text{C}$  per decade over the last 30 years, while the mean annual precipitation decreased by 3.5 mm per month per decade. However, for the annual total rainfall amounts a weak and statistically insignificant increase of +4% has been observed over the last 30 years<sup>13</sup>. The southern part of Nigeria has seen a larger increase in mean temperature than the north during the period of 1961-1990. Average maximum temperatures have been increasing, ranging between  $31-33^{\circ}\text{C}$ . The annual number of 'hot' days have increased by 73 between 1960-2003, while the annual number of 'cold' nights have decreased by 45 nights over the same period. Sea levels have increased between 2-5 mm along the coast<sup>14</sup>.

#### Future trends

Mean annual temperature is projected to increase between the range of  $+1.0$  to  $+1.5^{\circ}\text{C}$  by 2030, from  $+1.4$  to  $+2.4^{\circ}\text{C}$  by 2050 with greater warming anticipated in the northern part of the country. Most projections indicate small increases in mean annual precipitation with wide variations across the country within the likely range from 0 to +9% by 2030, from 0 to +10% by 2050. Projections indicate an increase of 1-2 days in the amount of days with 'extreme' rainfall<sup>15</sup>. The likely range of projected change in the intensity of heavy rainfall events is from +1 to +10% by 2030 and from +2 to +12% by 2050<sup>16</sup>.

'Hot' days per year are projected to increase by 18-49% by the 2060s the fastest being in June-August also applicable to hot nights. Likely range of projected change in the duration of long-lasting heat waves is from +4 to +13 days by 2030 and from +6 to +23 days by 2050. The annual number of 'hot' nights is projected to increase from 32 to 60% by the 2060s. 'Heat wave duration' is projected to increase with the largest increase

<sup>13</sup> Climate Fact Sheet developed by KfW Development Bank and the Climate Service Center Germany (2016)

<sup>14</sup> Climate Knowledge Portal - World Bank

<sup>15</sup> For B1 (low) and A2 (high) emissions scenarios by middle (2046-2065) and late (2081-2100) century.

<sup>16</sup> Climate Fact Sheet developed by KfW Development Bank and the Climate Service Center Germany (2016)



projected for the northern part<sup>17</sup>. The likely range of projected change in the duration of long-lasting cold spells is from -6 to -2 days by 2030 and from -8 to -3 days by 2050<sup>18</sup>. Sea level is projected to rise by 0.4 m to 0.7 m by 2100<sup>19</sup>.

Droughts are projected to become more severe in the future as a result of temperature increases and shifting rainfall patterns. Drought periods result in increased competition for water resources and poor establishment of pastures in the rangelands leading to acute fodder shortage for livestock. Pastoralists are more disadvantaged during low rainfall years as they need to constantly search for water and pastures for their animals. Sedentary farmers, expand their farms to grow more food and increase their income, therefore encroach on grazing lands and stock routes and block access to water points that are traditionally for the herders. Pastoralists drive their animals into croplands to assert their rights of access to the resources. The conflicts arising are expected to increase. Water stress is expected to worsen, particularly in the northern region where villages have already been abandoned due to desertification and herdsman are driven southwards in search of watering points and grazing areas. The negative impacts of flooding are expected to increase due to sea level rise adversely affecting agriculture, coastal infrastructure, human health, coastal ecosystems, human settlements and the economy. The heavy rainfall events expected in the southern part of the country will worsen soil erosion that is already having catastrophic consequences such as increase in the number of reported severe landslides in the south east.

#### Climate related risk impacts and vulnerabilities

Based on the spatial depiction of climate vulnerability, the most vulnerable regions are the Northeast and the Southeast followed by the Northwest and thereafter the South-central .

Significant droughts occurred in 1973 and 1983 causing crop failures, loss of livestock, and famines. Desertification has been intensifying in the northern and central areas of Nigeria, illustrating southward migration. Approximately 43 % of the total land area of the country is prone to desertification affecting over 300,000 hectares of land per year. Desertification, which leads to increased soil erosion and loss, decrease in soil productivity and fertility is a major problem particularly in: Adamawa, Bauchi, Gombe, Borno, Yobe, Jigawa, Kano, Katsina, Zamfara, Sokoto and Kebi States .The increasing aridity in the northeast of the country has drastically reduced opportunities for sustainable agriculture and is considered a contributing factor to the current conflict and high degree of insecurity in the region.

Recent estimates suggest that without any adaptation measures, climate change could cause losses of between 2% to 11% of Nigeria's GDP by 2020. These estimates could rise to between 6% and 30% by 2050 affecting all economic sectors, with agriculture being the most vulnerable. Agricultural productivity is expected to decline, particularly yields in rain fed areas in the north. The net import of rice, is expected to increase by as much as 40 % by 2050. Though the contribution of agriculture to GDP is expected to decline resulting in less adverse economic impact but food security and livelihoods of rural populations will nevertheless be significantly affected.

A decrease in precipitation in the savannah north may result in droughts and decrease in surface and ground water resources. Increasing water stress has a negative impact on hydro-electric power generation (Federal Ministry of Environment, 2010). Floods are recurring events in Nigeria and their frequency has increased in the last couple of decades. Southern coastal floodplains (e.g. Niger, Benue, Gongola, Sokoto, etc.) and the flat, low-lying areas near Lake Chad are the most vulnerable to floods especially during

---

<sup>17</sup> Under B1, A1B, and A2 emissions scenarios by middle (2046-2065) and late 21st century (2081-2100)

<sup>18</sup> Climate Fact Sheet developed by KfW Development Bank and the Climate Service Center Germany (2016)

<sup>19</sup> Low emissions scenario, RCP2.6 and high emissions scenario, RCP8.5

heavy rainfall periods. Flood events in 2012 and 2015 affected seven million and one million people and caused economic damage of about US\$ 500 million and 25 million respectively<sup>20</sup>.

The coastline that already experiences sea surges and tidal waves is expected to be adversely affected by accelerated sea level rise, anticipated to be 0.5 - 1m this century. In the Niger Delta, about 35% to 75% of the highly-productive delta could be lost based on this projected rise in sea level (Intended Nationally Determined Contribution (INDC), 2015). Increases in frequencies of floods, droughts, accelerated erosion, which adversely impacts wetlands and mangroves and sea water intrusion into freshwater resources puts further strain on limited resources and the livelihoods of populations in low-lying coastal zones.

Gender vulnerabilities include the increased out-migration by men in some communities, due to resource shortages, which has an effect of increasing women's workload. Women and children also have to cover longer distances to collect water as some wells are drying up and in search of firewood as deforestation occurs. The increased household workload for young boys and girls may have an adverse impact on their education. The climatic events outlined above also threatens the informal access to resources that women often depend on.

#### Adaptation priorities

The adaptation priorities listed in the INDC that are of relevance to the agriculture and natural resources management sectors and thus IFAD target areas and populations include:

1. Adopt improved agricultural systems for both crops and livestock (diversification, improve range management; increase access to drought resistant crops and livestock feeds; adopt better soil management practices; provide early warning/meteorological forecasts and related information).
2. Implement strategies for improved resource management (increase use of efficient irrigation systems; increase rainwater & sustainable ground water harvesting for use in agriculture; increase planting of native vegetation cover & promotion of re-greening efforts; and intensify crop and livestock production in place of slash and burn).
3. Focus on agricultural impacts in the savanna zones, particularly the Sahel, the areas that are likely to be most affected by the impacts of climate change.
4. Strengthen the implementation of the national Community-Based Forest Resources Management Programme.
5. Provide extension services to CSOs, communities and the private sector to help establish and restore community and private natural forests, plantations and nurseries.
6. Adapt the World Meteorological Organization- Global Framework for Climate Services to Nigeria's needs (National Framework for Application of Climate Services - NFACS) to reduce vulnerability of communities through enhanced advocacy and implementation of the five Pillars of the Framework.

These priorities are drawn from the National Agriculture Resilience Framework (2015), which includes the following strategic objectives

- Strengthen the overall policy and institutional framework for improved resilience and adaptation.
- Evaluate and introduce risk transfer and risk management strategies and encourage the widespread deployment of these through communication technologies, including mobile phones.

---

<sup>20</sup> Climate Fact Sheet developed by KfW Development Bank and the Climate Service Center Germany (2016)



- Improve productivity through training communities and farmers on land and water management strategies, improved farming practices and using policy instruments such as economic incentives, regulations and communication.
- Reinforce existing social safety nets through support systems that reduce vulnerability and improve livelihood conditions for the vulnerable, especially women and children.
- Improve farming systems research capacity within the national agricultural research systems to enable and support the implementation of climate-smart agriculture.
- Revamp extension services, including building capacity for evidence-based assessment and management of climate risks for resilience in the agriculture sector.

Adaptation strategies to increase the resilience of coastal communities beyond physical infrastructure investments include: afforestation efforts in mangrove forests, introducing salt-tolerant crops and fish species and early warning systems for floods. However, further focus is required on diversifying livelihoods; adopting drought-tolerant and early maturing varieties of crops; efficient weather forecasting; re-vegetating degraded areas; expanding and optimizing irrigation infrastructures; sustainable land management; and increasing as well as upgrading storage facilities.

#### Mitigation potential

The mitigation potential for the agricultural sector is anticipated to be realised through the adoption of climate smart agriculture ( simultaneously sustainably increase agricultural productivity, build resilience of agricultural and food security systems and reduce greenhouse gas emissions from crops, livestock and fisheries). The most tangible incentive for farmers is likely to come in the form of improved yields. As an example of climate smart agriculture, agroforestry (trees are mixed with crops and animals on the same land) is an option for carbon fixing and for providing mulch material. Agroforestry can also promote soil fertility improving trees, indigenous species that may be more climate resilient as well as those that have direct economic benefits (e.g. fruit trees)

The other natural resource use based options for mitigation are the halting deforestation, conservation of remaining natural forests and reversing forest degradation. These measures contribute to maintaining the productive capacity of the land, as well as key ecosystems. The use of fuel wood and charcoal is a major source of degradation of Nigeria's forests. Efficient cookstoves would reduce fuel demand in addition to alternative energy sources.

#### National policies and institutional arrangements

Nigeria has several policies, laws and regulatory measures in place to promote sustainable natural resources and environmental management in many sectors of the economy. As part of the Vision 20:2020 Government intends to review and further develop an agricultural land and water policy that will address the problems of soil fertility water productivity, land and environmental degradation; and increase the area of land planted with diversified biomass including economic species in agro-forestry program from 3% to 20% by 2020.

The National Policy on the Environment (1989 and revised in 1999) defines a framework for environmental governance. It is aimed at the conservation and use of the environment and natural resources in a sustainable manner; and restore, maintain and enhance essential ecosystems and ecological processes. The National Environmental Standards and Regulation Enforcement Agency established on in 2007 is the main environmental law enforcement agency of the federal government.

The National Forest Policy (2006) aims to achieve sustainable forest management that would ensure sustainable increases in the economic, social and environmental benefits

from forests and trees for the present and future generations including the poor and the vulnerable groups.

The National Drought and Desertification Policy (2007) aims to reduce (or where possible prevent) the adverse effects of drought and desertification, and halt or even reverse the processes of desertification, to improve livelihoods and reduce poverty. The National Action Programme (NAP) to Combat Desertification and Mitigate the Effects of Drought developed in 2000 is the main implementation modality for Policy. The NAP articulates long-term integrated strategies that simultaneously focus on improved productivity of land, and the rehabilitation of resources in dry sub-humid, semi and arid areas. Particular emphasis is placed on agriculture, water resources management and environmental rehabilitation, regeneration and conservation.

The Drought Preparedness Plan (2005) includes collection and analysis of drought-related information, establishment of criteria for declaring drought emergencies and triggering various mitigation and response activities and provision of structures and delivery systems. It defines duties and responsibilities of all agencies with respect to management and timely assessment of drought impacts.

The National Biodiversity Strategy and Action Plan aims to conserve and promote sustainable use of biological resources for poverty reduction and for intergenerational fair and equitable benefits sharing. It provides frameworks to achieve this aim including conservation of agro-biodiversity.

The National Erosion and Flood Control Policy (2005) aims to protect the environment from degradation, loss of productive land and negative impacts of flood. It ensures coordinated and systematic measures in the management and control of the hazards of erosion and floods to reduce their impacts on the people and the environment. This is done through flood vulnerability and erosion hazard mapping for all the ecological zones, limiting utilization marginal lands to their carrying capacity and providing early warning systems for flood and erosion hazards.

These policies, though well-articulated often do not achieve the required results due to the fact that they do not address the causes of the impacts they are targeted at such as over exploitation of natural resources and unsustainable agricultural practices<sup>21</sup>. Strategies should therefore incorporate the opportunities to increase agricultural productivity and income sustainability; build resilience to climate change and where feasible reduce greenhouse gases emissions using local knowledge and initiatives<sup>22</sup>.

The Federal Ministry of the Environment houses the Forestry Department, which is responsible for natural resources conservation related activities. It includes a Division for agro-forestry and extension. The Division recognises the potential of agroforestry in climate change adaption, however the state level officers would need some capacity building to enable them provide the necessary advice to the farmers and also collaborate with their counter-parts from Ministry of Agriculture and Rural Development. The Climate Change Department is also located within the Ministry and coordinates the activities of the Inter-Ministerial Committee on Climate Change comprised by the following Ministries; Finance, Agriculture and Rural Development, Water Resources, Energy Commission, National Petroleum Corporation, Foreign Affairs and, Industry. Other members are: Meteorological Agency, NGOs (Nigerian Environmental Study/Action Team) and Academic institutions.

In recognition of the multi sector engagement required for climate change mitigation and also the vulnerability of the different economic sectors, the Federal Ministry of

---

<sup>21</sup> Oladipo, 1993; Audu, 2013; Farauta et al., 2011; Ifeanyi-Obi et al., 2012

<sup>22</sup> HBS report (2010) \_Prof Oladipo

Environment has created Units within each of the main line Ministries. The Environment and Climate Change Unit in the Federal Ministry of Agriculture and Rural Development is part on the Land Resources and Climate Change Department (LRCCD). Currently the unit has a limited number of personnel mainly at the Federal level and engages with State level officers from the LRCCD based on the decentralised structure. The officers require some capacity building particularly in climate change adaptation.

The policies and strategies outlined above provide the main objectives that the IFAD portfolio will contribute to. This contribution will be done within the Social, Environment and Climate Change Assessment Procedures (SECAP) that set the minimum standards for the assessment of related risks in IFAD projects. The environmental and social categorization and climate risk classification resulting from the screening for the individual project will determine the type of studies to be undertaken during design or implementation in compliance with the SECAP. The categorisation should be in line with the national environmental standards that have to be adhered to. Nigeria's Environmental Standards and Regulation Enforcement Agency can provide guidance to this effect.

#### Initiatives, Programmes and Projects

The main Government Initiatives are the Great Green Wall (GGWI) and a Presidential one. The GGWI entails a wall of trees planted across the dry-land area to arrest desert like conditions and rehabilitate land and secure agriculture and livelihoods for vulnerable rural dwellers and pastoralist in affected areas of the frontline states across the Sudano-Sahelian zone. The initiative is part of the afforestation programmes under the National Forest Action Plan. The Presidential Initiative on Afforestation Programme for Environmental Sustainability targets about 40 million trees to be planted annually in the 36 states.

NGOs active in climate change adaptation and environmental management include the Nigeria Climate Action Network (NigeriaCAN), particularly in the area of advocacy; Nigerian Environmental Study Action Team, which focuses on knowledge and research; International Center for Energy Environment and Development for renewable energy and; Nigeria Conservation Foundation;. NGOs often mobilise around a particular cause and sometimes are a result of a sector related project. As priorities change some NGOs become inactive while some realign or diversify their skill mix. Thus their long term sustainability is still not guaranteed as activities and portfolio are dependent on external project funding.

Several development partners are engaged in the environment and natural resources sectors including USAID (renewable energy), GiZ (specific value chains) and the World Bank (erosion and watershed management in the south east and in the north (NEWMAP)).

#### IFAD intervention strategies

IFAD interventions in Nigeria have included community based natural resources management illustrating the alignment with some of the national priorities as outlined above. However, the results with regards to improved resource management are of a disperse nature. Though investments were made in water and sanitation, soil conservation and pasture management the impact is limited. Further efforts to contribute to achieving the set objectives in key policies and strategies detailed above will be maintained through the implementation of interventions such as the Climate Change Adaptation and Agribusiness Support Programme (CASP) through measures for soil erosion control and addressing land degradation as well as water harvesting and soil and water conservation. In addition biogas will also be promoted for rural energy.

In cognisance of the agriculture sector and IFAD's target group having relatively high levels of vulnerability and being dependent on the natural resource base, further support

can be provided through the country program to build resilience of livelihoods and the natural asset base. The following opportunities can be considered:

- Support can be provided for capacity building at State level in particular the training of officers in climate change adaptation including linkages with the Extension services department. The capacity building can also be extended to strengthen community based organisations to enhance the natural resource management. Additional Institutional support could also be in the form of technical assistance to the agriculture sector to deliver on the action plan to be developed with respect to the INDC;
- IFAD can also further support the adoption of a landscape approach and sustainable land management as will be introduced through the CASP. Participatory mapping and land-use planning for sustainable environmental management should be promoted. The landscape approach ensures the productivity is sustained and improved where feasible. This would also establish linkages and optimise synergies with the World Bank funded NEWMAP with respect to the catchment management activities particularly in the north and south east
- Climate smart agriculture is another area where IFAD can provide support through the incorporation of agroforestry within the agricultural development projects that will be implemented particularly in the central and northern regions;
- Support can also be provided to build resilience of specific value chains. It is worth noting that in most agricultural value chains the highest risks facing small-scale producers are likely to be concentrated in the production stage of the chain. Measures to build the resilience of value chains that can be financed include countering soil erosion; increasing soil carbon; improving the management of soil organic matter; rehabilitating degraded lands; adopting water conservation and efficiency techniques; supporting riparian habitat restoration; introducing renewable energy sources and; diversifying cropping and livestock systems;
- Given the existing water stress in the north, which is expected to worsen support can be provided to improve water resource management for crops and livestock;
- Another consideration for investment in the northern region is the rehabilitation of the vegetation cover including rangelands;
- In the south, where increased risk of floods and extreme weather events are projected investments in climate resilient infrastructure are a priority for investment;
- Based on the lessons learnt from previous projects and programmes that included natural resources management another priority for investment is the strengthening of environmental monitoring and evaluation at the local level and the national level.

The geographic location of future investments will also need to recognise the challenges identified in each region. Any investment in the north, which is more arid, should include measures to address land degradation and conservation agriculture practices to enhance the soil moisture content where feasible in addition to water harvesting and conservation measures. Furthermore, particular drought impact reducing measures will also be critical. Opportunities for more learning from the Niger portfolio also exist, for example the experience in Maradi could be scaled up in Northern Nigeria. Investments in the southern regions should incorporate measures to address floods and minimise their potential negative impacts particularly with regards to livelihoods and infrastructure. Central region investments, the buffer zone between the more forested south and arid north, would beneficially include approaches to enhance natural resources management given the increasing pressures on resource access and use competition shifting downwards from the north.

## Country at a glance

1. Nigeria has the largest portfolio of IFAD-supported operations in the West and Central Africa region. Since the first loan was approved in 1985, IFAD has financed ten loans for a total of US\$ 795.3 million, intermediate from 1985-1988, highly concessional from 1990-2014 and the ongoing projects are blended. Ongoing operations include four loan projects with a total value of US\$ 317.9 million, out of which US\$ 164.2 million are loans, US\$ 280 million are government counterpart funds and beneficiary contribution. The ongoing portfolio is implemented by the Federal Ministry of Agriculture and Rural Development. All projects focus on the three major poorest rural and peri-urban areas most affected by social conflict and fragile ecological conditions: the arid/semi-arid zone, savannah zone, and the Niger Delta. In addition, IFAD has approved 20 grants with activities in Nigeria over the past three decades.
2. Scale remains limited given the size of the country and poverty statistics overall show an increasing divide between the urban and the wealthy and the rural poor. Corruption, reported as declining by some sources, may exacerbate this Nigeria remains with a high TI CPI ranking of 136/167 in 2015.

**COUNTRY ECONOMIC BACKGROUND**

|   |             |  |            |
|---|-------------|--|------------|
| <b>Land area (km2 thousand) 2015 1/</b>                                 | 910 770     | <b>GNI per capita Atlas method (Current USD) 2015 1/</b>             | 2 820      |
| <b>Total population (million) 2015 1/</b>                               | 182 201 962 | <b>GDP per capita growth (annual %) 2014 1/</b>                      | 3.5        |
| <b>Population density (people per km2) 2014 1/</b>                      | 200         | <b>Inflation, consumer prices (annual %) 2015 1/</b>                 | 9.0        |
| <b>Local currency (Nigerian Naira)</b>                                  |             | <b>Exchange rate (2015): USD 1 = 192.42 Naira</b>                    |            |
| <b>Social Indicators</b>  |             | <b>Economic Indicators</b>   |            |
| Population growth (annual %) 2015 1/                                    | 2.6         | GDP (Current USD million) 2014 1/                                    | 481,066,.3 |
| Crude birth rate (per thousand people) 2014 1/                          | 39.6        | GDP growth (annual %) 1/   |            |
| Crude death rate (per thousand people) 2014 1/                          | 12.9        | 2010   | 7.8        |
| Infant mortality rate (per thousand live births) 2015 1/                | 69.4        | 2015   | 2.7        |
| Life expectancy at birth (years) 2014 1/                                | 52.8        |  |            |
| Number of rural poor (million) (estimate) 1/                            | 95.2        | Sectorial distribution of GDP 2015 1/                                |            |
| Poor as % of total rural population 1/                                  | 52.2        | % agriculture  | 20.9       |
| Total labour force (million) 2014 1/                                    | 55.8        | % industry   | 20.4       |
| Female labour force as % of total 2014 1/                               | 42.4        | % manufacturing  | 9.5        |
|   |             | % services   | 58.8       |
| <b>Education</b>  |             | Consumption  |            |
| School enrolment, primary (% gross) 2013 1/                             | n/a         | General government final consumption expenditure (as % of GDP) 2014/ | 7.4        |
| Adult literacy rate (% age 15 and above)                                | n/a         | Household final consumption expenditure, etc. (as % of GDP)          | 70.8       |
| <b>Nutrition</b>  |             | Gross domestic savings (as % of GDP)                                 | 21.8       |
| Daily calorie supply per capita   | n/a         |  |            |
| Malnutrition prevalence, height for age (% of children under 5) 2014 1/ | 32.9        | <b>Balance of Payments (USD million)</b>                             |            |
| Malnutrition prevalence, weight for age (% of children under 5) 2014 1/ | 19.8        | Merchandise exports 2015 1/  | 48 400     |
| <b>Health</b>   |             | Merchandise imports 2015 1/  | 48 000     |
| Health expenditure, total (as % of GDP) 2014 1/                         | 3.7         | Balance of merchandise trade   | 20         |
| Physicians (per thousand people)  | n/a         | Current account balances (% of GDP)                                  | 0.2        |
| Population using improved water sources (%) 2015 1/                     | 68.5        | before official transfers 1/   | n/a        |
| Population using adequate sanitation facilities (%) 2015 1/             | 29.0        | after official transfers 1/  | n/a        |
| <b>Agriculture and Food</b>   |             | Foreign direct investment, net 2014 1/                               | -3 054     |
| Food imports (% of merchandise imports) 2014 1/                         | 17.0        | <b>Government Finance</b>  |            |
| Fertilizer consumption (kilograms per hectare of arable land) 2013 1/   | 17.8        | Cash surplus/deficit (as % of GDP) 2012 1/                           | -1.3       |
| Food production index (2004-06=100) 2013 1/                             | 114.9       | General government final consumption expenditure (% of GDP) 2014 1/  | 7.4        |
| Cereal yield (kg per ha) 2014 1/  | 1 593.7     | Present value of external debt (as % of GNI) 2014 1/                 | 1.2        |
| <b>Land Use</b>   |             | Total debt service 2014 1/   | 701        |
| Arable land as % of land area 2013 1/                                   | 37.3        | Lending interest rate (%) 2015 1/                                    | 16.8       |
| Forest area as % of total land area 2015 1/                             | 7.7         | Deposit interest rate (%) 2015 1/                                    | 9.1        |
| Irrigated land as % of total agric. land                                | n/a         |  |            |

1/ World Bank, *World Development Indicators* Online database ( <http://databank.worldbank.org/data> )

## Concept Notes

Date: 26 August 2016

### Federal Republic of Nigeria - Rural Agribusiness Sector Enhancement Program (RAISE)

#### A. Possible geographic area of intervention and target groups

1. In the Niger Delta region, over the past decade, while there has been gradual improvement of the security situation, the region remains fragile and exposed to youth restiveness and militant activities, such as destroying of oil pipelines and crude oil theft. The Rural Agribusiness Sector Enhancement Program (RAISE) will operate in the Niger Delta region and adjacent states in South West Nigeria that share similar economic attributes. IFAD support would be focussed in five of 10 states of the Southern zone of Nigeria. Selection of IFAD supported states would be selected based on criteria that consider: (a) poverty levels, (b) tangible political commitment to invest in smallholder agriculture, community development and rural youth; (c) willingness to work with private sector. RAISE will work in targeted sites within these selected states.
2. RAISE will target the rural youth (Government definition of 18 – 35 years old). There are two categories that are particularly relevant for RAISE. The first category of youth is the underemployed or unemployed and the second category of youth is emerging / established agri-entrepreneurs across the target area. The underemployed or unemployed youth are usually primary and secondary school drop outs and operate in an unstructured and/or informal system. The second category of rural youth who are owners of emerging or established enterprises are generally organised, i.e. keep records, operate bank accounts, leverage credit from financial institutions, use improved technologies, sell to market outlets, etc. Meanwhile, many do not possess required business skills to manage viable agribusinesses, get access to financial services and overcome vulnerabilities to external shocks.
3. The second category of owners of emerging or established enterprises are critical in galvanising interest in agrienterprises and becoming role models for first category of underemployed or unemployed youth. These are called incubator entrepreneurs (See Annex 2 for implementation through CBNRMP of incubator approach). The targeting strategy for rural youth would be as follows:

Table 1: RAISE Youth strategy

|   |  |
|---|--|
| <b>Component 1:<br/>Enabling<br/>institutional<br/>environment for<br/>youth employment<br/>in agribusiness<br/>development</b> | <ul style="list-style-type: none"> <li>• Public private platforms (PPPs) will be organized at the state level to share challenges and identify solutions, where youth agri-enterprise representation would be organised.</li> <li>• Sensitization of State and Local Government for leasing of land for youth.</li> <li>• Negotiation with the traditional leadership for release of land to youth for agri-enterprise activities.</li> <li>• Support the development of an apex youth agri-enterprise organisations to give voice to youth.</li> <li>• Youth forums of agri-entrepreneurs will be carried out at least once a year at the State level.</li> <li>• Financial services and products for youth will be developed.</li> </ul> |
| <b>Component 2:<br/>Increased<br/>opportunities for</b>   | <ul style="list-style-type: none"> <li>• Youth will be trained by emerging / established agri-entrepreneurs "incubators" or an extension service provider or off-taker on agri-enterprise planning and management.</li> <li>• Selected youth will be furthered empowered with started packs and trained on how to</li> </ul>   |

|   |   |
|---|---|
| <b>employment and improved income for rural youth and women</b> | <ul style="list-style-type: none"> <li>access credit from the banks, once the cash flow of the businesses are established.</li> <li>All trainings would ensure 95% participation by youth.</li> <li>Training Curriculum/Manual will highlight youth entrepreneurship activities and promote a positive image of the sector to youth.</li> </ul> |
|---|---|

4. RAISE will target rural women to help them face constraints, which hamper their productive potential. There is a pronounced gender gap in access to resources such as finance and agricultural assets, as well as access to technology, and marketing channels. The household division of labour between women and men is also not equal, and women also contribute a substantial proportion of agricultural labour but do not get equal wages, if any. Rural women have little ownership of land. Women's access to resources and participation in agriculture is still largely mediated through their fathers or husbands. In Nigeria, IFAD is supporting the gender action learning system (GALS) using visual mapping and learning to bring about behavioural change in households and communities. RAISE will adopt this methodology; Table 2 below highlights key gender equality and women's empowerment activities under RAISE.

Table 2: RAISE Gender Equality and Women Empowerment Activities

|  |   |
|--|---|
| <b>Component 1:<br/>Enabling institutional environment for youth employment in agribusiness development</b>  | <ul style="list-style-type: none"> <li>Participation of 50% for women entrepreneurs in public private platforms (PPPs)</li> <li>Women's agri-enterprise groups to be represented on Commodity Apex Development Association (CADA) advisory committee</li> <li>30% CADA leaders in the implementation committees to be women</li> <li>Village Heads (chair of advisory committee) to receive gender training</li> <li>Gender assessments will enable gender balance and gaps/entry points to be identified</li> <li>For any learning events, study tours, a minimum quota of 50% for women participation.</li> </ul> |
| <b>Component 2:<br/>Increased opportunities for employment and improved income for rural youth and women</b> | <ul style="list-style-type: none"> <li>At least 30% of agri-enterprise incubators will be women;</li> <li>50% of apprenticeships will be given preference to women</li> <li>For all capacity building, training on business plan development and management, record keeping, and financial literacy and technical training, participation would be 50% women</li> </ul>   |
| <b>Component 3:<br/>Programme management and coordination</b>  | <ul style="list-style-type: none"> <li>A national, State Gender Officer will be recruited</li> <li>Where possible a gender balance will be observed, including in senior and technical positions</li> <li>All staff TOR will have gender concerns mainstreamed</li> <li>Stronger efforts to be made to recruit women staff at all levels, beyond gender officers</li> </ul>   |

5. Separate reports on rural youth and gender equality and women's empowerment would be developed at design (economic empowerment, equal voice in decision-making and equitable workloads/ equal profit-sharing).

## B. Justification and rationale

6. Youth cannot find employment in rural areas. The transition from school to employment is particularly difficult for youth, and they are not able to find opportunities to enter into productive employment in agriculture and rural off-farm enterprises. There is no structured path to follow nor role models to look up to. Many young people do odd jobs and are supported by their families before they settle into wage jobs or self-employment. . The situation is exacerbated by: (i) limited access to technical skills, land and productive assets; (i) insufficient, inappropriate and inaccessible finance; (iii) various risks exacerbated by climate



- change; and (iv) low opinion of agriculture's image as being not attractive for generating income and involving toil.
7. Youth employment programs need to be designed to facilitate entry (versus those focusing on productivity) and create opportunities for employment. There are positive models emerging including apprenticeships and on-the-job training with successful existing businesses. The recently completed IFAD-funded Community-based Natural Resource Management Program (CBNRMP) promoted over 9,000 micro and small scale enterprises, out of which nearly 7,000 were agri-enterprises were owned by individual youth. RAISE would build on the successes and lessons of the CBNRMP, scaling up micro and small agri-enterprise development and building on the network of youth champions and agri-enterprise incubators. The incubator model involves a successful enterprise to nurture and wean youth to becoming independent entrepreneurs. During the training, mentoring and coaching period, which lasts for 6 months to one year (depending on the gestation period of the enterprise), the youth would be an apprentice till s/he can take off as young entrepreneur. Under CBNRMP, there are 1,000 youth champion agri-entrepreneurs who can be the foundation to mentor other youths. RAISE has a three pronged strategy: (i) building capacity, (ii) scaling up CBNRMP's profitable agri-enterprise models, and (iii) increasing access of youth entrepreneurs to financial services and remunerative markets.
  8. RAISE will be based on a partnership with the Niger Delta Development Commission (NDDC). NDDC partnered with IFAD during the implementation of CBNRMP and proved to be a reliable and committed partner, RAISE would be an opportunity to leverage co-funding in order to reach scale in agri-enterprise development and job creation for youth.

### C. Key Project Objectives

9. The goal of RAISE will be to realise a transformed rural economy in which the all the rural population can derive prosperity and equal benefit. The goals and purpose are aligned with the RB-COSOP Results Management Framework. The purpose of RAISE will be to increase income and empowerment for rural youth. This feeds directly into Strategic Objective (SO) 1, which is to promote sustainable, climate resilient, economic and financial inclusion of youth in profitable agribusiness. RAISE will feed also feed into SO 2, Strengthened institutions at State and community level to work with private actors in key value chains".
10. SO 1 of the RB-COSOP aims at creating opportunities for 50,000 youth owned incubation enterprises centres established with enterprise profit increases by at least 25% and 20% increase in volume and value of marketed produce youth targeted enterprises. RAISE will identify, strengthen or create 25,000 youth agri-enterprises during its programme duration.
11. Initially, 1,250 enterprise incubation centres would be identified in the five participating states. At an average cost of N500,000 (US\$ 1,250), each 1,250 enterprise incubation centres will create additional employment opportunities for 10 entrepreneurs (two per year). This process will yield a total of 12,500

| State   | LGA | No of Community per LGA | Total number of community per state | No of Enterprise per community | Total number of Enterprise per state |
|---|-----|-------------------------|-------------------------------------|--------------------------------|--------------------------------------|
| 1   | 5   | 10                      | 50                                  | 5                              | 250                                  |
| 2   | 5   | 10                      | 50                                  | 5                              | 250                                  |
| 3   | 5   | 10                      | 50                                  | 5                              | 250                                  |
| 4   | 5   | 10                      | 50                                  | 5                              | 250                                  |
| 5   | 5   | 10                      | 50                                  | 5                              | 250                                  |
| Total number of Lead Enterprise Incubator centres |     |                         |                                     |                                | 1250                                 |

enterprises and gainful job opportunities created by RAISE by PY5. The last batch of 12,500 entrepreneurs will re-invest in other youth through the apex agri-enterprise organizations or CADAs. It is envisaged that by PY6, the number of agri-entrepreneurs will double to 25,000 male and female entrepreneurs from poor rural families will be operational in the regions. This process will continue with each generation of entrepreneurs using the enterprise incubation /mentorship model as long as the apex organization lives, even after the programme life.

12. Profit increases are likely to be higher than the 25% as projected in the Results Management Framework. The closed CBNRMP established an average investment cost of N500,000 for a minimum economic scale of high value enterprises (poultry, fishery, beekeeping), piggery, grass-cutter, integrated fish-poultry, piggery, plantain, rice producing, rice production, snailery, oil palm processing, etc.). High value enterprises generate over N1 million net profit per year from year two of establishment. For those that are mentored, starting from end of programme year 2 they will be provided N250,000 (though a revolving credit fund) per enterprise.

#### **D. Scaling up**

13. RAISE would build on the decade of experience of CBNRMP (See Annex 2) scaling up the success of micro and small agri-enterprise development models and building on the network of youth champions and agri-enterprise incubators. CBNRMP carried out different agri-enterprise models, each with applicable lessons: (a) the individual enterprise ownership model which promotes self-ownership and was widely adopted by women and youth; (b) the group enterprise ownership model which stimulates group cohesion, knowledge sharing, and allows common access to inputs at moderate cost; and (c) the incubator model which promotes skills development, mentorship, coaching, knowledge sharing, job creation, and service provision. The enterprise incubation centres will become the foundation for scaling up, emulation by other youth through their apex associations and jobs. Each entrepreneur supported would be requested to train and mentor two more youths per annum. A buoyant environment of youth led agri-enterprises would create stability in the communities and private sector would see more economic opportunities for investments. Within RAISE, there are five states where IFAD is investing, and the other five states would be investment partners like the NDDC. It is envisaged that the success of the programme will be about mainstreaming youth agri-enterprise development in the main programme of NDDC and State Governments.

#### **E. Ownership, Harmonization and Alignment**

14. RAISE is aligned to other efforts of the Government of Nigeria to focus on youth, such as the National Youth Policy and the Agricultural Promotion Policy ("Green Alternative"), which is the guiding document of the Federal Ministry of Agriculture and Rural Development (FMARD). The programme will key into the FMARD's Youth Empowerment in Agriculture Program (YEAP) to promote decent income generation opportunities and livelihood for youth in rural areas and the Livelihood Improvement Family Enterprise (LIFE) programme to increase employment opportunities for Nigerian youth and women in the agricultural sector. These Government programmes are being developed. RAISE will work closely the Gender and Youth Department of FMARD to mainstream youth related initiatives, the NDDC and the Youth Amnesty Programme of the Office of the President. Coordination would be managed by the FMARD.

15. The African Development Bank Initiative is developing a large programme called, ENABLE, with IITA focusing on youth graduates in agriculture. There may be opportunities for co-financing under this programme.

## **F. Components and activities**

16. Component 1: Enabling institutional environment for youth employment in agribusiness development. The aim of this component is to facilitate the enabling environment for rural youth to access services and key assets for decent (self)-employment generation. Activities would include working with the State and local government authorities to create an enabling business environment with the collaboration of the private sector, i.e. agri-processors, enterprises and financial service providers to work with youth. The development of local public private platforms (PPPs) to link public and private actors would identify new business and market opportunities for youth. Companies and agri-entrepreneurs would be encouraged to promote youth apprenticeships and give on-the job-skills training.
17. The enabling environment for youth entails access to (i) land, (ii) financing and (iii) infrastructure. For land, cooperative agreements of leases of at least 10 years for youth to work on agriculture and agri-enterprises would be worked out at the State, Local Government and community levels. RAISE will support a apex of youth organisations to share information, create understanding, share lessons on agriculture and agri-enterprise management, it is through these apexes that networks would be developed, confidence gained, and skills built. The programme will carry out learning events, study tours, policy dialogue and partnership development through these apexes.
18. There is the formal financial sector, i.e. commercial banks, microfinance banks (MFBs) and Financial NGOs. There is only one bank that is currently working with youth focussed financial products, i.e. Heritage Bank. The MFBs and Financial NGOs are more accessible but their interest rates are between 24-36% per annum, making it highly difficult for youth to be pay back. In the informal sector, there are financial cooperatives and financial NGOs. The interest rates tend to be lower in the financial cooperatives but the size of loans small. Ultimately, financial literacy is critical to promote better savings. More microfinance institutions will need to extend financial services to the rural areas on better terms and conditions and we need to see how we can better integrate technologies to ensure less expensive outreach. RAISE will work with select financial service providers (financial NGOs, microfinance banks and financial cooperatives) to design products which will enable youth to make effective use of more and better inputs, purchase productive assets such as irrigation pumps and install storage and processing facilities. Insurance services will be promoted to ensure formal protection of farm revenue, reduction in distressed sales of farm assets and increase in the sense of security. Payment services along the value chain will be promoted where relevant for efficient and safe access to inputs and output markets. It is expected that all these measures will lower transaction costs, improve pricing beyond farm gate and provide access to higher quality inputs.
19. An infrastructure subcomponent for the targeted participating communities through Commodity Apex Development Association (CADA) would support provision or rehabilitation of roads (including farm bridges, drainage channels, small culverts, foot paths, facilities including water points, power), irrigation infrastructure, and youth friendly social infrastructures that would facilitate social cohesion and knowledge sharing among beneficiaries in rural areas. The Youth Organisations and

- CADA would have a voice in selection of scheme, planning, managing the process and operations and maintenance.
20. Component 2: Increased opportunities for employment and improved income for rural youth and women. RAISE will promote and strengthen youth to become agri-entrepreneurs. The component will emphasise two key areas, namely: (i) capacity building (financial technical) support for youth; and (ii) technology upgrading for existing young agri-enterprises.
  21. Sub-component 2.1: Financial and Technical support for youth: This subcomponent entails: (i) capacity building on business plan development, record keeping, and financial literacy and (ii) tailored technical training of the selected enterprise, including village-based input supply enterprises, harvesting and post-harvest handling enterprises, processing and marketing enterprises. There will also be enterprise projects that will address nutrition, such as processing and preservation (canned or dried goods) of nutritious foods. An IFAD assisted grant called the Creating Opportunities for Rural Youth (CORY) has developed a business planning curriculum that is being mainstreamed throughout the IFAD country programme. Financial literacy, record keeping and business management aspects to inculcate strong internal savings culture and strengthen the spirit of collective action, peer support and business attitude would be promoted. As not all youths would be eligible for starter packs, all youth would be trained on financial literacy and how to access financial services from banks and through alternative arrangements, i.e. private sector and government schemes.
  22. Sub-component 2.1: Technology Upgrading for Incubators and Starter packs for Apprenticeships: As youth are generally open to the adoption of new technologies, RAISE will work with emerging / established entrepreneurs "agri-enterprise incubators" and equip them with upgraded higher quality technologies. The agri-enterprise incubators will cluster underemployed and unemployed youth as apprentices and provide youth with hands-on practical training on enterprise identification, planning, budgeting, establishment and management. After six month to one year of mentorship, the trained apprentices will be provided starter packs as working instruments to launch them into businesses. Each agri-enterprise incubator is to wean an average of 10 young agri-entrepreneurs. All the agri-enterprise incubators are to serve as training and excursion sites for primary and secondary school students and other new entrepreneurs. For those youth that would be better suited to vocational training or other skills development, private extension service providers and off-takers would be alternative training routes. Suitable technologies for Micro Small Enterprises (MSEs) will regularly be reviewed and appropriate solutions identified and supported. Technology surveys shall be conducted to provide a sound base for the review work.

## **G. Preliminary Environmental and Social category**

23. Proposed preliminary classification is Category B, acknowledging that programme activities will have localised and mostly reversible environment or social adverse impacts mainly resulting from the infrastructure investments. The infrastructure development will be small scale in nature and located in non-sensitive areas. Specific criteria will be outlined to guide the infrastructure development. Measures to mitigate the possible impact of agro-chemicals and water use and the development of processing units will be detailed at each scheme design. Social impacts are expected to be positive, given the central focus on youth employment and youth integration into rural economies. Community empowerment approaches

largely will be adapted to ensure that young people can take advantage of project activities and that youth enterprises are well integrated in the social context. A detailed SECAP review will be undertaken.

## H. Preliminary Climate Risk classification

24. The climate risk to the programme is assessed as moderate based on the trends observed and projected changes in parameters such as rainfall. The main climate risks in the southern region are heavy rainfall events and rising temperatures. Programme design will propose an approach whereby climate risk assessments and the identified adaptation measures are integrated into project activities, particularly for on-farm and processing enterprises where impacts are expected to be concentrated.

## I. Costs and financing

25. IFAD will finance an estimated US\$ 60 million focussing on activities in five states, which is in line with the estimated PBAS allocation for Nigeria for 2016-18. Cofinancing would be sought from the NDDC, other partners in the Southern Region (to be determined), and participating State Governments for activities in the other five programme states. Federal and State Government counterpart financing would be requested to finance salaries, office accommodation, taxes and a proportion of operations and maintenance costs. Lending terms moved from highly concessional to blend terms in 2015. This will have implications as the cost of lending will increase with the interest rates, decreased grace and repayment periods.
26. The African Development Bank (AfDB) is designing a new proposal called ENABLE aimed at creating jobs for youth graduates by training them in rural entrepreneurship skills and linking them to financial institutions. RAISE can collaborate in the states where ENABLE is working as part of Government's larger policy framework for addressing youth unemployment. ENABLE provides a good opportunity for co-financing with the AfDB.

## J. Organization and management

27. While overall coordination would be with FMARD, the lead agency for implementation of RAISE would be NDDC. At federal level, a Steering Committee, co-chaired by FMARD and NDDC and composed of stakeholders' representatives (youth quota) will oversee the overall programme implementation, approve work plans and budgets.
28. The programme will retain the structure of the National Programme Management Unit (NPMU) responsible for implementation under the management of a National Programme Coordinator. Programme management would aim to ensure efficient and effective implementation, under the guidance of NDDC. Each respective State would have a State Programme Management Unit (SPMU) responsible for implementation of activities under the management of a State Coordinator. For implementation, RAISE will be implemented through private sector service providers. RAISE staff will competitively recruited, many of which will be Ministry of Agriculture staff at Federal, Regional and State levels.
29. Delays in ratification and fulfilling the conditions for first disbursement together with the lack of counterpart financing are the most important causes behind delays in disbursement. In the future this will need to be mitigated by designing carefully the financing structure, avoiding pari-passu financing and by focusing more on

implementation readiness during programme/project design and the start-up phase to kick start implementation. In financial management, staffing, accounting and auditing capacity represent large challenges and therefore the ICO will provide more implementation support at start up and more capacity building in the design of RAISE. The arrangements for flow of funds and audit as carried out in VCDP and CASP will be maintained as it has proven to increase efficiency.

30. Government of Nigeria is implementing a Treasury Single Account (TSA), which will improve the Government's ability to monitor the flow of funds to externally financed projects and programmes. IFAD projects will continue to pursue the use of country systems whenever these meet IFAD requirements. In this regard IFAD's ongoing projects are moving from having accounts in the commercial banks to the TSA. Depending on the performance of the IFAD supported Climate Change Adaptation and Agribusiness Support Programme (CASP) with the programme financial management units (PFMU) located in the accountant general's office, RAISE make take up the same modality.

## **K. Monitoring and Evaluation indicators, KM and Learning**

31. First, M&E would pay greater attention to: (i) a more appropriate participatory approach to M&E at community level, so that it is aligned with local capacities and interests; and (ii) conducting more suitable evaluation surveys that consider the counterfactual, use sound data cleaning and verification, apply statistical tests to explore the meaningfulness of the data, and above all adopting a more objective approach to interpretation of the evidence. In addition, useful thematic studies need to be undertaken to provide insights on program performance and emerging issues.
32. The baseline is to take place in the first 3 months after first disbursement of RAISE. A monitoring and evaluation plan would review the indicators and develop the system, processes and templates for data collection, input and analysis. The indicators in the logical framework correspond to the RB-COSOP Results Management Framework. For RAISE, the following SO 1 indicators are relevant:
  - 50,000 youth owned incubation enterprises centres established
  - Enterprise profit increases by at least 25%
  - 20% increase in volume and value of marketed produce youth targeted enterprises
33. The SO 2 indicator, investments in agriculture grows by 25% in targeted areas by the private sector is also relevant.

## **L. Risks**

34. The agri-enterprise development approach requires identification of existing agri-enterprises and those that will become incubators for other youths and share knowledge. A primary risk is the incubators do not fully want to share their business secrets and hesitate to mentor others that may become competitors in the future. This will require adequate sensitization of the incubators of their responsibility and the merits of sufficient supply, which would create further demand in the market. RAISE will work with selected incubator agrienterprises to link with others as demonstrations or replicable models and there will be a scaling up of agri-enterprise under the collaborative concept.
35. The second risk is that the demand for participation by unemployed youth may be overwhelming and the selection process will need to be managed carefully to

ensure that those youth that are committed to agriculture and have business potential will participate. RAISE will have sufficient discussion with State and Local Government to safeguard the selection process of beneficiaries against political pressure. Furthermore, RAISE will put together a well-packaged sensitization program and apply clear selection criteria and request a youth NGO to participate in the process for beneficiary engagement. There will be careful and transparent screening, listing and interview of the beneficiaries.

36. The third risk is the Niger Delta militants and further conflict. IFAD will respond in the following ways: (i) incorporate a conflict management strategy, (ii) climate resilient measures in the ongoing investments; (ii) use of inclusive implementation strategy; (iii) increased partnership with agencies to bring up the issues confronting rural poor people to the knowledge of other partners.

## **M. Timing**

37. The design of RAISE would be prepared in 2017, with the objective of getting approval during the December Executive Board in 2017. Currently, the IFAD Country Office is talking to the FMARD about getting the programme into the Borrowing Plan. The duration will be six years.

## Annex I: RAISE Logical Framework

| Results Hierarchy   | Indicators   |            |            |            |             | Means of Verification         |             |                           | Assumptions (A) / Risks (R)   |
|---|--|------------|------------|------------|-------------|-------------------------------|-------------|---------------------------|---|
|   | Name   | Baseline   | YR1        | Mid-Term   | End Target  | Source                        | Frequency   | Responsibility            |   |
| <b>Goal:</b> To realise a rural economy in which all the rural population can derive prosperity and equal benefit   | 10,000 program-supported youth enterprises are still in business after 3 years after programme completion.   | 1,000 jobs | 1,250 jobs | 7,500 jobs | 25,000 jobs | State Statistics              | Bi-Annually | State Government          |   |
| <b>Development Objective:</b> To increase income and empowerment for rural youth in the Niger Delta Region and Neighbouring States in Nigeria                     | Up to additional 25,000 jobs sustainably strengthened and created for targeted youth directly and indirectly by the end of the program, of which 50% owned by women. | 1,000 jobs | 1,250 jobs | 7,500 jobs | 25,000 jobs | State Statistics<br>RAISE M&E | Bi-Annually | State Government<br>RAISE | Security is maintained.   |
| <b>Outcomes/ Components:</b><br><b>Outcome 1:</b> Strengthened institutions at State and community level to work with private actors involved in agri-enterprises | Investments in agriculture grows by 25% in targeted areas by the private sector  | 0%         | 0%         | 12%        | 25%         | State Statistics<br>RAISE M&E | Bi-Annually | State Government<br>RAISE | Collaboration continues by Government in its targeting of youth in rural areas. |
| <b>Outputs:</b><br>1.1 Private sector offering youth agri-enterprise opportunities  | Functioning public private platforms (PPPs) with youth representatives   |            |            |            |             | State Statistics<br>RAISE M&E | Annually    | State Government<br>RAISE | Instilling an ethos of social responsibility collaboration will be critical.    |
| 1.2 Land allocations for youth  | Area of land being allocated to youth  | 0          | 1,250 ha   | 6,250 ha   | 11,250 ha   | State Statistics<br>RAISE M&E | Bi-Annually | State Government<br>RAISE | State Government is willing to collaborate.                                     |



| Results Hierarchy  | Indicators   |                          |                          |                               |                           | Means of Verification |           |                | Assumptions (A) / Risks (R)  |
|--|--|--------------------------|--------------------------|-------------------------------|---------------------------|-----------------------|-----------|----------------|--|
|  | Name   | Baseline                 | YR1                      | Mid-Term                      | End Target                | Source                | Frequency | Responsibility |  |
| 1.3 Financial products developed for youth   | Amount of finance being accessed by to youth clients                                     | 0 million Naira          | 125 million Naira        | 625 million Naira             | 1.1 billion Naira         | RAISE M&E             | Quarterly | RAISE          | Supporting institutions in finance continue to see opportunities in agriculture. |
| <b>Outcome 2:</b> Sustainable, Climate Resilient, Economic and financial inclusion of youth in profitable agribusiness | Enterprise profit increases by at least 25% of youth agri enterprises                    | 0%                       | 0%                       | 12%                           | 25%                       | RAISE M&E             | Quarterly | RAISE          | Political selection of target group  |
| <b>Outputs:</b><br>2.1 1250 profitable youth agri-entrepreneur incubators  | 20% increase in volume and value of marketed produce by youth agri enterprise incubators | 1,000 agri-entrepreneurs | 1,250 agri-entrepreneurs | 1,250 agri-entrepreneurs      | 1,250 agri-entrepreneurs  | RAISE M&E             | Quarterly | RAISE          | Not finding agri-entrepreneurs willing to take the steps to generate new jobs.   |
| 2.2 11,250 apprentice agri-entrepreneurs   | 50% increase in volume and value of marketed produce by youth agri enterprise incubators | 0                        | 1,250 agri-entrepreneurs | 6,250 agri-entrepreneurs jobs | 11,250 agri-entrepreneurs | RAISE M&E             | Quarterly | RAISE          | Jobs last for at least 6 months  |

\*Up to 15 indicators including a few optional RIMS indicators. In addition to these, RIMS mandatory indicators must be added. \*\*The distribution of indicators is illustrative

\*\*\*Intermediate targets for the Goal and Outputs are optional

## Annex II: An agribusiness enterprise development model, Community Based Natural Resource Management Programme (CBNRMP)

### Model & results

The Community-Based Natural Resources Management Programme (CBNRMP) adapted the initial community driven development (CDD) approach to suit the objective of agribusiness development and design a pathway for youth to create their enterprises. The CDD agribusiness model combines different levels of institutions: youth individual enterprises, commodity groups, Commodity Apex Development Associations (CADA). The starting point of this pathway for youth is the elaboration of agro-enterprise protocols, which include the following:

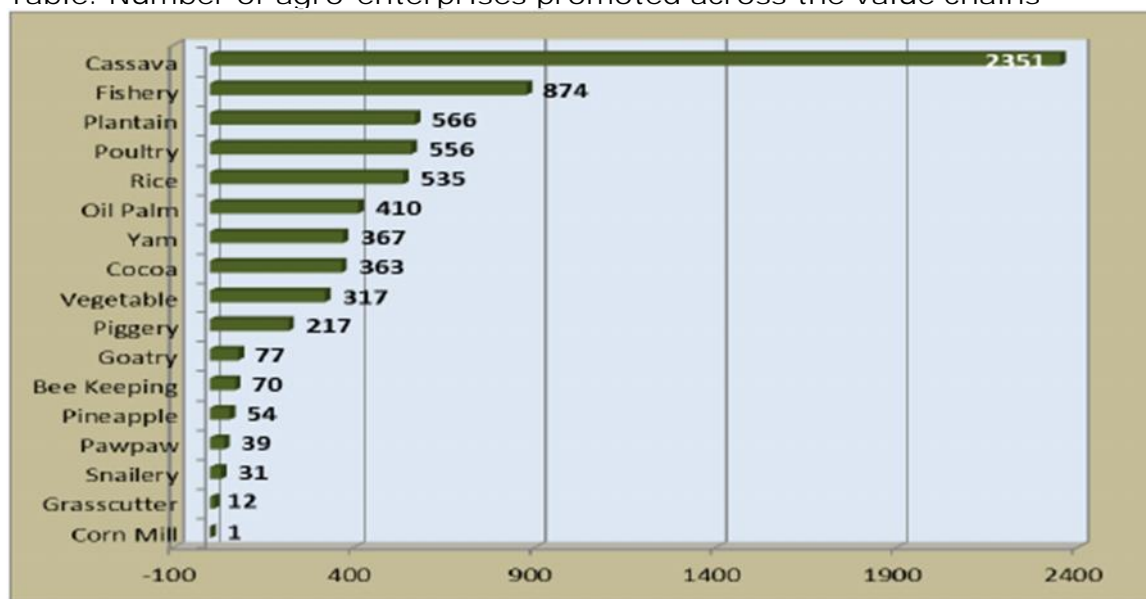
- Mapping/targeting of high value, low risk, market-led, high return enterprises.
- Identification of youth-based commodity groups and selection of interested, motivated and youth committed to agriculture, based on endorsement of the community leadership and agreement to belong to a commodity group of his/her interest.
- Identification of agribusiness of candidate's choice based on self-analysis, preparation of bankable business plan and candidate's choice of ownership type.
- Provision of two weeks hands-on training to acquire the requisite skills for enterprise management.
- Formal agreement (MoU) between the youth and commodity groups on terms of engagement, including responsibility to commodity groups, repayment of matching grant to the revolving fund of the group, etc.
- Provision of starter packs (matching grant) through the commodity groups or apex groups.
- Participation in commodity groups as a mini platform for knowledge sharing, and allow common access to inputs at moderate cost.
- Linkage with service providers and implementation support (monitoring, supervision, technical backstopping).

Successful enterprises become incubation hubs, clustering unemployed youth as apprentices around them and providing the youth with hands-on practical training on enterprise identification, planning, budgeting, establishment and management. At the time of the project's completion (2015), the project created over 1,000 successful champions/mentors in the programme area. Each of them has weaned an average of five youth who are successfully operating their enterprises and clustering/mentoring other young agri-entrepreneurs. All the agrienterprises incubators are to serve as training and excursion sites for primary and secondary school students and other new entrepreneurs.

In each community, a commodity apex development association (CADA) is created as an umbrella organization of different commodity groups. A minimum of two and maximum of three representatives from each group within the benefitting community join to form the community-level CADA. The functions of the CADA include the coordination and supervision of agri-entrepreneurs and commodity groups, facilitation of access to agro-inputs and loans, and facilitation of market access. They also provide social guarantee to young entrepreneurs who intend to access financial credit to commodity groups or village savings and credit groups.

A total of 63,858 jobs were created in on-farm and off-farm activities including 20,462 male youth, and 14,903 female youth. The enterprises with the greatest economic returns to beneficiaries were fisheries, beekeeping/honey production, piggery, plantain and vegetables and processing of cassava, palm oil, and fish smoking. The pipeline and follow-up project called RAISE (Rural Agribusiness Sector Enhancement Programme) will build on the lessons of CBNRMP and emphasize more on value addition through processing.

Table: Number of agro-enterprises promoted across the value chains



The programme's combination of sensitization, capacity building, training and mentorship and counselling built understanding and trust, and transformed the mind-set of the farmers from subsistence farming to agribusiness, and enable youth to see agro-enterprises as a profitable source of livelihood.

#### Success enablers and lessons

- The CDD approach built on existing social capital at the community level, the programme sensitized different segments of the community on agriculture as a business, strengthened enterprise groups, with incubation/mentorship of new enterprises by leading entrepreneurs and institutionalized the CADA as an umbrella association to support the enterprise groups in each community.
- The establishment of high value, quick win micro-enterprises. Youth are ready to engage in agriculture if the activities will generate high return on investment, have short gestation periods, confers business ownership to them and lead to social linkage opportunities. For example for some enterprises, the gestation period is three months for beekeeping; three months for rice production; 3.5 months for broiler at 1.2kg market weight; five months for fish at 1kg market weight; and 8 months for snail production for the first harvest.
- The business model capitalises on both individual initiative and collective bargaining power, promoting individual ownership of enterprises and commodity groups to leverage extension and production services in a cost-effective manner.
- A minimum economic scale for enterprises was established for smallholder farmers to come out of poverty within two years. For example, the minimum economic size was 250 birds for poultry, 2 ha for cassava, 1,000 fingerlings for fishery, 0.25 ha for vegetable (double cropping/yr.).
- The huge involvement of youth in agro-business enterprises recorded by the programme was also attributed to the linkage it developed with the Songhai Agricultural Centre and through field based classroom teaching for the development of crop, livestock and fishery enterprises. 2,984 women and youths were trained on income generating, life skills and vocational activities.

In parallel, the project facilitated the creation of incubation centres and a youth forum called Youth Agriculture Foundation (YIAF). The YIAF is a network of agro-enterprising youths in the region, with a nine-member Board of Trustees, one representing each state of the region. It became a platform for promoting and supporting sustainable youth agribusiness, a peer review forum among youth agro-entrepreneurs. At the programme completion date, the YIAF had 880 members with 69 per cent male and 31 per cent female.

Date: 26 August 2016

## Concept Note 2: Federal Republic of Nigeria – Additional Financing for the Value Chain Development Programme (VCDP)

### A. Possible geographic area of intervention and target groups

1. The Value Chain Development Programme (VCDP) is being implemented in six states, which were selected based on evident demand and commitment, production and development potential/ opportunities for rice and cassava. The states are Anambra, Taraba, Benue, Ebonyi, Niger and Ogun. Within each state, the programme is working in five Local Government Areas (LGAs). Given the intensity of institutional capacity building at Federal, state and local government level that is required to facilitate value chain development and the strong performance of the programme thus far, there should be an expansion of the number of LGAs in these six participating states to consolidate achievements. It is also proposed that additional financing be provided to three additional states making the total number of nine states participating in VCDP. Similar criteria would be applied for selection of new states, i.e. state government demand, commitment to smallholder agriculture and youth agri-enterprises, production and development potential/opportunities for rice and cassava; in addition, there will be consultation with key private sector off-takers to identify those states which have demonstrated commitment to enable the private sector.
2. Target groups: Under VCDP, poor rural households engaged in the cassava and rice value chains serve as the primary target group, including smallholder farmers cultivating up to five hectares of land, small-scale processors and traders. The entry point is organized groups of producers and processors, with particular attention to both women and youth groups.
3. A considerable number of small-scale processors and petty traders engaged in the rice and cassava value-chains are women. Women represent the most vulnerable actors in those value chains, as they usually find it more difficult to access those assets that are relevant to value chain development (capital, land, natural resources, information, knowledge and technologies). In spite of the fact that women play a critical role in rice farming, harvesting and processing, rice is commonly perceived as a male crop, given its higher market value. Concerning rice processing, there are two main types of service-provisions: parboiling and milling. Parboiling is mostly carried out by women on an artisanal level, whereas, small-scale millers are usually men. The cassava value-chain is traditionally dominated by women from production up to the marketing level, though in some areas, also men participate in marketing activities. Overall, it has been estimated that 70% of the labour involved in cassava production and processing is done by women in rural areas. However, women continue to be associated with low-yield crops, and rudimentary, labour-intensive processing technologies, as they are unable to access technological innovations. Women's access to resources is still largely mediated through their fathers or husbands.
4. VCDP addresses gender inequality, which is contributing to low productivity and low quality of produce, which, in turn, results in poor income and persistent inefficiencies in the cassava and rice value chains. Gender imbalances also exist in access to income from the sale of produce, which further constrain women's ability to invest in production and processing and can have a negative impact on household well-being and food security. VCDP is supporting the gender action learning system (GALS) using visual mapping and learning routes to bring about behavioural change in

households and communities. Table 1 below highlights key gender equality and women's empowerment activities under VCDP.

**Table 1: VCDP Gender Equality and Women Empowerment Activities**

|  |   |
|--|---|
| Component 1:<br>Agricultural<br>Market<br>Development      | <ul style="list-style-type: none"> <li>Targeting matching grants for women to upgrade their production and processing</li> <li>35% of the matching grants will be earmarked to women's groups</li> <li>Participation of 30% for women groups in public private platforms (PPPs)</li> <li>Women's agri-enterprise groups to be represented Value Chain Action Plans (VCAPs)</li> <li>Village Heads (chair of advisory committee) to receive gender training</li> <li>Inventory of groups to enable gender balance and gaps/entry points to be identified</li> <li>For any learning events, study tours, a minimum quota of 50% for women participation.</li> </ul> |
| Component 2:<br>Smallholder<br>Productivity<br>Enhancement | <ul style="list-style-type: none"> <li>At least 30% FOs and enterprise groups to be women-only</li> <li>Promotion of GALS methodology and the promotion of gender sensitive win-win strategies that benefit both women and men</li> <li>For all capacity building on business plan development, record keeping, and financial literacy and technical training, participation would be 50% women</li> </ul>  |
| Programme<br>management<br>and<br>coordination             | <ul style="list-style-type: none"> <li>A national, State Gender Officers recruited</li> <li>Where possible a gender balance will be observed, including in senior and technical positions</li> <li>All staff TOR will have gender concerns mainstreamed</li> <li>Stronger efforts to be made to recruit women staff at all levels, beyond gender officers</li> </ul>  |

5. Concerning the youth, increasing land scarcity and fragmentation makes it difficult for them to invest in agriculture. Moreover, the younger generation no longer sees agriculture as a sustainable means of livelihoods and has become passive to the sector. More dynamic and better-off young male engage in trading activities. A percentage of the matching grants are earmarked to the youth (both female and male) to promote entrepreneurial activities. In particular, the youth will be encouraged to provide production, processing and marketing services, as this is an area which is most attractive to them. This will include engaging youth in, e.g. contract spraying of farmers' fields; provision of transportation services to processors; equipment maintenance. Information campaigns and study-tours will be organized to motivate young entrepreneurs to start new business ventures. Following the experience of some local organizations (i.e. NANTS) groups of youth will also be encouraged to rent land for collective farming. With additional financing, there would be a focus on strengthening and empowering youth and enabling land tenure security for use as collateral and to enable on farm investment. See Table 2 for the VCDP youth strategy.

**Table 2: VCDP Youth strategy**

|  |  |
|--|--|
| Component 1:<br>Agricultural<br>Market<br>Development      | <ul style="list-style-type: none"> <li>Public private platforms (PPPs) will be organized at least once a year at the state level to share challenges and identify solutions where youth representatives will participate.</li> <li>Land is leased by state government for 10 years</li> <li>Support the development of youth organisations</li> <li>Formation of a youth apex organisation to give voice to youth.</li> <li>Financial services and products for youth will be developed</li> </ul> |
| Component 2:<br>Smallholder<br>Productivity<br>Enhancement | <ul style="list-style-type: none"> <li>25% of the matching grants will be earmarked to youth groups (with emphasis on young female)</li> <li>Youth will be trained by emerging / established "agri-enterprise incubators or an extension service provider or off-taker on enterprise management.</li> <li>All trainings would ensure 30% participation by youth.</li> </ul>  |

## B. Justification and rationale

6. VCDP was made disbursement effective in March of 2015. In the first 18 months, VCDP has established the key implementation structures at the Federal, State, local government and community levels, conducted sensitization of stakeholders and mobilised of farmer organizations (FOs), facilitated the preparation of business plans (BPs) and value chain action plans (VCAPs) by the beneficiaries. Currently, agro-inputs are being provided to FOs and producer groups are linked to off-takers/processors. In the VCDP states, 300 memorandum of understanding (MoUs) have been signed and made functional between producer groups and processors, 59 active partnerships established with seed and inputs suppliers and market leaders. (Supervision Mission, June 2016).
7. In Nigeria, there are major impediments for private sector investment in agriculture and related enterprises, which include: (i) low production and productivity; (ii) a lack of suitable infrastructure; (iii) poorly organised and weak farmer groups and other rural enterprise groups; and (iv) market uncertainty. These impediments lead to limited market surplus, unemployment and food imports. Social and economic concerns are worsened with low quality food supply, limited employment options from low rural investment and rural out migration. Overall, the need to support rural populations in the absence of a growing private sector results in pressure on already limited government resources. Under VCDP, the approach has been to work with the private sector to address some of these impediments.
8. VCDP focuses on addressing constraints along the cassava and rice value chains for raising incomes and more generally forming sustainable market linkages. It is carrying out an inclusive strategy of capacity strengthening of actors along the chain (producers, processors and their organisations), as well as enablers (public and private institutions, service providers, policy and regulatory environment, etc.). In parallel, strong emphasis is placed on developing commodity-specific Value Chain Action Plans at LGAs level, which serve as the basis for rolling out relevant and sustainable community-driven activities.
9. Participating state governments have now seen the impact of the initial activities and are providing counterpart financing for VCDP activities (except for Niger state). It is finally coming to a point whereby the enabling environment for private actors is in place: (i) there is enhanced accountability of State and local government agencies; (ii) farmer groups have been formed and arrangements with service providers in place; (iii) platforms established to link public and private actors; and (iv) development and/or rehabilitation of productive rural infrastructure.

10. Additional financing will be a chance for VCDP to deepen the value chain approach in more local governments and continue to organize and connect rural farmers to reliable market to increase their income and overcome their poverty. Also, as access to financial services was not part of the original design, additional time would allow for the arrangements for financial services to take root in VCDP implementation. Through additional funding to VCDP, momentum gained would allow for increased outreach and impact, and a renewed emphasis will be put on engaging youth and climate sensitive interventions. VCDP will leverage additional resources from State government, development partners, private sector and beneficiaries. VCDP will also strengthen its engagement with the private sector that operates in the North Central Region but outside the current VCDP states.

### C. Key Project Objectives

11. The goal of VCDP, which is "poverty reduced, food security increased and accelerated economic growth achieved on a sustainable basis" will feed into the overall goal of RB-COSOP Results Management Framework goal of "Realise a rural economy in which all the rural population can derive prosperity and equal benefit".
12. The specific programme development objective of VCDP that incomes and food security of poor rural households engaged in production, processing and marketing of rice and cassava in the targeted LGAs are enhanced on a sustainable basis. VCDP component 2, Smallholder Productivity Enhancement, feeds into SO1—sustainable economic and financial inclusion of youth in profitable agribusiness. VCDP component 1, Agricultural Market Development, feeds into SO2—strengthened institutions at state and community level to work with private actors in key value chains.
13. VCDP is currently targeting a total of 45,000 smallholder farmers in six states (7,500 farmers per state). With additional financing, it is proposed that the target be increased to a total of 60,000 farmers (10,000 farmers per state) and a total of 15,000 smallholder farmers in three additional states (5,000 farmers per state). With additional financing, in the nine VCDP states, it is proposed that 75,000 farmers be reached. With the renewed focus on youth, it is proposed that 25,000 youth agri-enterprises be developed.

### D. Scaling up

14. The additional financing would work towards institutionalising the Value Chain Action Plans at LGAs level, which would serve as the basis for sustainability of the infrastructure schemes that have been put in place. The extended period and financing would also help to see to fruition the MoUs between producer groups and processors, and partnerships established with seed and inputs suppliers and market leaders. Once there a profit has been proven, the momentum of smallholder farmers arrangements should be scaled up to more farmers. As the concept of value chains is being embedded into the implementation framework of State Governments through intensive orientation of the approach, and training and capacity building to promote facilitation of private sector service providers, there will be scaling up of the engagement of private sector to invest in agriculture.

### E. Ownership, Harmonization and Alignment

15. VCDP is well anchored in government's vision for agricultural development through adoption of a commodity value chain approach, as articulated in the Agricultural Transformation Agenda (ATA) and also in the current administration's Green Alternative, which is the agricultural policy roadmap. The programme aligns to the three organising themes of the Green Alternative working towards implementing agricultural productivity enhancements, crowding in the private sector and institutional realignment of FMARD to promote youth inclusion. VCDP has a number



of complementarities with the African Development Bank's Agricultural Transformation Agenda Support Programme (ATASP).

## **F. Components and activities**

16. Component 1: Agricultural Market Development. The aim of this component is to enhance the profitability of smallholder farmers and small/medium-scale agro-processors by improving their access to markets and their capacity to add value to locally produced raw materials. The component is divided into two sub-components, comprising of (i) support to value addition and market linkages, and (ii) support to market infrastructure. Interventions include amongst others: improving the policy and regulatory framework for VC development; establishing quality control and standardisation systems; improving the market information systems; fostering linkages between actors along the value chain and to financial services; building business management capacity of value chain organisations; promoting adoption and acquisition of improved/ efficient processing, storage packaging and handling technologies; and improved feeder roads, marketing facilities and water supply.
17. Component 2: Smallholder Productivity Enhancement. The main objective of this component is to enhance smallholder farmer productivity on an economically and environmentally sustainable basis. Outcomes from this component, in the form of increased volume and quality of marketable produce, feed directly into Component 1. The component is divided into two sub-components, comprising (i) strengthening of farmers' organisations, and (ii) support to smallholder production. Activities include technical and management/ governance capability building of farmers organisations and key service providers; production and dissemination of improved cassava planting material and certified seeds of rice; promotion of sustainable agricultural practices; access to inputs, improved cuttings and certified seed; irrigation and water control. VCDP emphasizes at times the use of bio fortified, vitamin A-enriched commodities like cassava. Further emphasis will be put on nutrition fortification during production, processing, to address identified nutrition problems. Additionally, financial literacy for farmers organisations and processors to sustainably access rural financial services. It is critical to ensure that smallholder producers, particularly youth have finance for their activities.
18. Component 3: Programme Coordination and Management. This component will ensure that the Programme is efficiently and effectively managed to achieve expected results. Gender, youth, environmental, knowledge management and communication considerations are integrated in all aspects of programme management.

## **G. Preliminary Environmental and Social category**

19. VCDP was classified as Category B in line with IFAD's EA procedures. The potential negative environmental effects from the farm production, agro-processing and infrastructure and facility construction activities are assessed to be within controllable limits. VCDP is embarking on having Environmental and Social Assessments for each of its infrastructural and processing schemes. These assessments will result in the development of participatory environmental and social management plans. The category B is also proposed for the additional financing on the basis that the activities will not be changed and the expansion into new geographic locations will adhere to small scale infrastructure installation in non-sensitive agro-ecological areas and required assessments will be done prior to any investments and management plans developed accordingly. Screening criteria for investments will be articulated in an environmental and social management framework for the additional financing.

## H. Preliminary Climate Risk classification

20. The climate risk to the programme is assessed as moderate. The main climate risks in the central region are rising temperatures and increasing variability in rainfall distribution resulting in water stress. VCDP will carry out a risk analysis of the rice and cassava value chains to inform the incorporation of climate adaptation measures including: (i) beneficiary capacity building on sustainable land and water management; (ii) training state level and local extension officers to enable evidence-based assessment and management of climate risks for resilience.

## I. Costs and financing

21. Currently, the total programme cost is US\$ 105.9 million, over a period of six years. IFAD's contribution is a loan of US\$ 75.4 million (71% of total cost), with an additional US\$ 0.5 million grant. The remainder of the financing is from federal, state and local government contribution, as well as beneficiary contribution. Additional financing requested to IFAD would be an estimated US\$ 60 million for deepening programme activities in the six ongoing states and introducing VCDP activities in the three additional states.

## J. Organization and management

22. The Programme is under the technical responsibility of FMARD as the lead implementing agency and the State ministries of Agriculture (MoA). While oversight and guidance is received from the Steering Committee, FMARD delegates the function and day-to-day implementation and coordination responsibility to the National Programme Management Unit (NPMU). In addition to providing technical support and coordination of programme activities undertaken by the States, and consolidating the programme AWPB and progress reports from participating States for approval by Steering Committee and IFAD, the NPMU ensures regular supervision and monitoring.
23. In each State, day-to-day implementation is the responsibility of the State Programme Management Unit (SPMU), which ensures effective and efficient implementation of programme activities by service providers, supervision, capacity building and M&E. As a whole, VCDP is supported by strategic institutional and technical partners, as well as service providers (other agencies, NGOs, etc.). Service providers are recruited in a competitive basis with performance-based contracts. In financial management, staffing, accounting and auditing capacity represent large challenges and therefore the ICO will provide more implementation support. The arrangements for flow of funds and audit as carried out in VCDP will be maintained as it has proven to increase efficiency.

## K. Monitoring and Evaluation indicators, KM and Learning

24. A programme baselines has been carried out and Management Information System (MIS) set up for CCDP. VCDP indicators in the log frame correspond to the RB-COSOP Results Management Framework. For VCDP, the following SO 1 indicators are relevant:
- 50,000 youth owned incubation enterprises centres established
  - Enterprise profit increases by at least 25%
  - 20% increase in volume and value of marketed produce youth targeted enterprises
25. The following SO 2 indicators are relevant:
- investments in agriculture grows by 25% in targeted areas by the private sector,

- farmer and marketing organisations formed, strengthened and linked to private sector on a profitable basis

## **L. Risks**

26. Key risks to implementation include: poor governance at multiple levels, thereby increasing cost and/or reducing impact; heightened insecurity in the country leading to disruption of economic and social life as is happening currently in Benue state with the clash between the pastoralists and farmers, and elite capture of activities. Mitigation measures have been designed and they include: emphasis on capacity building of multiple actors in technical, management and governance aspects; close monitoring and supervision; promotion of sustainable land and water management practices; and strengthening of youth, women's and farmers' organisations.

## **M. Timing**

27. Additional Financing for VCDP will be prepared in 2018, with the objective of getting approval during the IFAD Executive Board in 2019, before the completion of VCDP in 2020. The duration would be five years. As this is additional financing, there is no need to raise this to the Borrowing Plan.

## Annex I: VCDP LOGICAL FRAMEWORK (to be reviewed at the next supervision mission)

| Results Hierarchy   | Indicators   |          |     |          |            | Means of Verification          |                      |                          | Assumptions (A) / Risks (R)   |
|---|--|----------|-----|----------|------------|--------------------------------|----------------------|--------------------------|---|
|   | Name   | Baseline | YR1 | Mid-Term | End Target | Source                         | Frequency            | Responsibility           |   |
| Goal: Rural poverty reduced, food security increased and accelerated economic growth achieved on a sustainable basis"   | Percentage reduction in households below the poverty line (International Poverty Line of US\$ 2 /day) by 15% in target LGAs. | 0        | 0   | 7%       | 15%        | State Statistics               | Annually             | State Government         |   |
| Development Objective: Incomes and food security of poor rural households engaged in production, processing and marketing of rice and cassava in the targeted LGAs of the 6 targeted states enhanced on a sustainable basis | 25% increase in households food security in target LGAs *  | 0        | 0   | 12%      | 25%        | Baseline and impact assessment | Programme Completion | VCDP M&E                 | Security is maintained.   |
| Outcomes/ Components: Outcome 1: Increased value addition and access to markets realized by beneficiary smallholder farmers as well as small and medium-scale processors  | At least 50% of the cassava and rice produced by smallholders is processed and sold at an agreed standard by the buyer*.     | 0%       | 0%  | 12%      | 25%        | State Statistics<br>VCDP M&E   | Bi-Annually          | State Government<br>VCDP | Market prices remain favourable   |
| Outputs: 1.1 Increased value addition and access to markets realized by beneficiary smallholder farmers as well as small and medium-scale processors  | At least 50% of the cassava and rice produced by smallholders is processed and sold at an agreed standard by the buyer*.     | 0%       | 0%  | 25%      | 50%        | State Statistics<br>VCDP M&E   | Bi-Annually          | State Government<br>VCDP | Government policy supports domestic production, e.g. outgrower farmers arrangements |

| Results Hierarchy   | Indicators   |                 |                   |                   |                   | Means of Verification        |             |                          | Assumptions (A) / Risks (R)   |
|---|--|-----------------|-------------------|-------------------|-------------------|------------------------------|-------------|--------------------------|---|
|   | Name   | Baseline        | YR1               | Mid-Term          | End Target        | Source                       | Frequency   | Responsibility           |   |
| 1.2 Improved market linkage and increased market information  | 50% of target smallholders (45 000) adopt improved processing and storage technique*   | 0%              | 0%                | 25%               | 50%               | State Statistics<br>VCDP M&E | Bi-Annually | State Government<br>VCDP | State Government is willing to collaborate.   |
| 1.3 Demand-driven infrastructure investments for improved access to markets realized and sustainably managed by the beneficiary organisations | At least 65% and 50% reduction in post-harvest losses for rice and cassava, respectively, are achieved*.   | 0 million Naira | 125 million Naira | 625 million Naira | 1.1 billion Naira | VCDP M&E                     | Quarterly   | VCDP                     | LGCs and State Government provide adequate funds and mechanisms for infrastructure repair and maintenance . |
| Outcome 2: Farmers ' organizations (FOs) in programme areas effectively serve their members   | VCDP supported beneficiaries (smallholder farmers, processors and marketers) (by sex and age) have increased their real agricultural income by at least 25% average in the programme areas*. (KPI) | 0%              | 0%                | 12%               | 25%               | VCDP M&E                     | Quarterly   | VCDP                     | Political selection of target group is avoided.   |

| Results Hierarchy  | Indicators   |          |     |          |            | Means of Verification |           |                | Assumptions (A) / Risks (R)  |
|--|--|----------|-----|----------|------------|-----------------------|-----------|----------------|--|
|  | Name   | Baseline | YR1 | Mid-Term | End Target | Source                | Frequency | Responsibility |  |
| Outputs:<br>2.1 Capacity of FOs strengthened   | At least 40 % of supported FOs are strong by PY 5 (good record keeping, strong business plans, generating profit, linked to finance, etc.)   | 0        | 1,0 | 20%      | 40%        | VCDP M&E              | Quarterly | VCDP           | FOs are recognized as legitimate interlocutors by the various stakeholders<br>Avoidance of political interference in FOs |
| 2.2 Production and productivity of smallholder rice and cassava farmers in the programme areas increased | % increase in yields for rice (target from average 2.5/ha to at least 4 tonnes/ha for non-irrigated and 6 tonnes/ha for irrigated) and cassava (target 20 tonnes/ha) produced by the target smallholder farmers (by sex and age)*. | 0        | 0   | 50%      | 100%       | VCDP M&E              | Quarterly | VCDP           | Favourable climatic conditions.  |

\*Up to 15 indicators including a few optional RIMS indicators. In addition to these, RIMS mandatory indicators must be added. \*\*The distribution of indicators is illustrative \*\*\*Intermediate targets for the Goal and Outputs are optional

## Key file 1: Rural poverty and agricultural/rural sector issues

| Priority areas    | Affected group   | Major issues  | Actions needed   |
|-------------------|--|---|--|
| Farmers' Inputs.  | Poor farmers, especially subsistent farmers and those with less than 1ha landholding | <ul style="list-style-type: none"> <li>- Fertilizers, pesticides and seeds are not affordable nor available.</li> <li>- Fertilizers, pesticides and seeds with unstable quality.</li> <li>- Volume of production does not attract service provider and cashless credit is difficult</li> <li>- Mechanization is difficult as unit cost is high</li> </ul>   | <ul style="list-style-type: none"> <li>- Formation of Producer Groups and capacity building to strengthen them</li> <li>- Assist the producer groups to form apex organizations to enable bulk procurement of inputs</li> <li>- Strengthen groups capacity to invest in internal savings mobilization</li> <li>- Link groups to microfinance institutions (Banks or non-Bank MFIs)</li> <li>- Establish rural farmer inputs shops in remote communities</li> <li>- Create an enabling environment agro-input suppliers to work in areas where market access is good</li> <li>- Facilitate linkage with off-takers and explore input provision through the arrangement</li> <li>- Support community seed production system to make improved seed available and affordable</li> <li>- Support capacity to enforce standards and ensure quality of agro-inputs</li> <li>- Invest in land development to improve land their access and economic power to buy inputs</li> </ul>   |
| Crop Cultivation. | Poor farmers in all the regions of Nigeria   | <ul style="list-style-type: none"> <li>- Poor access to finance</li> <li>- Lack of organized market.</li> <li>- Limited access to high yielding seeds</li> <li>- Narrow range of options for high value crops</li> <li>- Poor access to land, and insecurity about investment decisions in agricultural crops.</li> <li>- Limited knowledge about best practices</li> <li>- Climate change effects – uncertainty from weather effect</li> <li>- Subsistence level of production</li> <li>- Little irrigation</li> </ul> | <ul style="list-style-type: none"> <li>- Formation of Producer Groups and strengthening the group to have bargaining power, improve their savings and credit mobilization behavior</li> <li>- Change the orientation and capacity of farmers to think agribusiness and generate market surplus</li> <li>- Link the farmer groups to service providers including market operators and input dealers</li> <li>- Develop community seeds growers among the farming community</li> <li>- Introduce small-scale irrigation farming</li> <li>- Introduce simple machineries to facilitate mechanization</li> <li>- Promote economic options in the growing of high value crops</li> <li>- Demonstrate best practices (agro-forestry, intercropping, organic farming) on farmers' fields to show good practices;</li> <li>- Target training to poor farmers on cultivation techniques.</li> <li>- Adopt climate change adaptation measure such as use of drought resistant varieties, water tolerant varieties, early maturing varieties, weather reading instruments, flood control measure, tree planting, wood lot establishment, intercropping with legume, etc.</li> </ul> |

| Priority areas             | Affected group                         | Major issues   | Actions needed  |
|----------------------------|--|--|---|
| Livestock                  | Pastoralists and Small crop farmers    | <ul style="list-style-type: none"> <li>- Competition for land and water resources resulting in conflict</li> <li>- Subsistence orientation rather than market orientation</li> <li>- Limited access to animal drugs and veterinary services</li> <li>- Traditional methods of grazing</li> </ul>   | <ul style="list-style-type: none"> <li>- Information, communication, training to introduce potential for development of livestock towards the market.</li> <li>- Animal fattening through intensive (sedentary) method</li> <li>- Facilitate Para-Veterinary clinics in livestock villages</li> <li>- Demonstrate best practices regarding return on investment from sedentary livestock production system</li> <li>- Development of pastoralist – farmer conflict management strategy</li> </ul>   |
| Post-harvest.              | Poor farmers                           | <ul style="list-style-type: none"> <li>- Lack of post-harvesting tools.</li> <li>- Lack of knowledge of post-harvest techniques.</li> </ul>  | <ul style="list-style-type: none"> <li>- Offering training to smallholder farmers, women and youth, on post-harvest techniques.</li> <li>- Investment in village based infrastructures including processing and preservation unit</li> </ul>  |
| Product selling/marketing. | Poor farmers                           | <ul style="list-style-type: none"> <li>- Poor farmers only get low prices for their products.</li> <li>- Individual farmers with little bargaining power.</li> <li>- Absence of standard weight and measures which breeds conflict and loss of money</li> <li>- Lack of market price information for main agricultural products.</li> <li>- Missing market linkages.</li> </ul>  | <ul style="list-style-type: none"> <li>- Form farmers organizations that bulk input needs and supply in an aggregated manner</li> <li>- will Use high value and premium varieties to drive field operation</li> <li>- Identify reliable markets and encourage farmers to use them to drive their market operations</li> <li>- Strengthen market linkages and institutional weakness.</li> <li>- Facilitation, regulation on contracting between producer groups and private sector player like Banks, Input Dealers, Produce Off-takers.</li> <li>- Create a space for market price information system to operate.</li> <li>- Organize knowledge sharing events between poor farmers, traders and government.</li> <li>- Create a policy dialogue and commodity transaction platform to facilitate farmers engagement with the private sector.</li> </ul> |
| Agricultural extension.    | All farmers, particularly poor farmers | <ul style="list-style-type: none"> <li>- Weak public extension system and limited private sector participation</li> <li>- Not tailored towards farmers needs</li> <li>- No adequate trainings on Good Agricultural Practices (GAP).</li> <li>- Extension trainers are not always timely updated with latest research results.</li> <li>- Limited capacity of extensionists, especially on marketing – extension is still production orientation</li> </ul> | <ul style="list-style-type: none"> <li>- Work with the government to prepare a pluralistic public-private oriented extension policy document and implementation plan</li> <li>- Mainstream private extension particularly where there is market access</li> <li>- Provide capacity building to the public extension to strengthen a bottom up approach and market orientation</li> <li>- Providing training on extension to local target groups in their communities</li> <li>- Assist the local government to strengthen their extension system and use e-technology</li> <li>- Involve the CSOs to monitor progress and provide feedback to the government system</li> </ul>  |



| Priority areas       | Affected group                                 | Major issues  | Actions needed  |
|----------------------|--|---|---|
| Rural financing      | Small traders, small enterprises, Poor farmers | <ul style="list-style-type: none"> <li>- Cost of fund/credit is high – Bank offer high interest, require collateral; want to mitigate risks</li> <li>- Business environment for financial suppliers and credit users is unfavorable</li> <li>- Size of credit/loan is small for the farmers to engage in agribusiness</li> <li>- Informal credit: high interest rate, limited sources.</li> </ul> | <ul style="list-style-type: none"> <li>- Use of RUFIN model for financial inclusion, involving: (1) the development of rural finance portfolio for MFBs, Financial Cooperatives, and Non-Bank MFIs; (2) strengthening of Bottom tier financial users (farmer groups) on financial literacy, savings mobilization, credit use and linking them with Middle Tier operators (Banks and higher MFIs); (3) strengthen the capacity of Middle Tier Financial actor/player to lend money to farmer groups and rural savings and credit groups for refinancing in the rural communities; (3) work with the appropriate government bodies like CBN, FMARD, Cooperative Department, etc to improve the regulatory framework for financial inclusion</li> <li>- Create a sub-component of financial inclusion in each investment programme, to drive the process of integrating and implementing RUFIN business models in development programme</li> <li>- Invest in product development to enable financial suppliers provide credit at an affordable and competitive rate</li> </ul> |
| Basic infrastructure | All farmers, particularly poor farmers         | <ul style="list-style-type: none"> <li>- Rural roads are mostly unpaved and impassable after heavy rain.</li> <li>- Lack or non-functioning of irrigation systems.</li> <li>- Lack of water storage for dry season</li> <li>- Poor road access to farmland and for produce evacuation</li> </ul>  | <ul style="list-style-type: none"> <li>- Involvement of private sector in developing village based infrastructure</li> <li>- Involvement of local government administration system in community roads</li> <li>- Identification of strategic and priority infrastructure based on creating access to markets (not political considerations)</li> <li>- Provision of small scale irrigation, market facilities, assembling points, water points and sanitation facilities, produce storage and warehouses, simple processing facilities at community level</li> <li>- Establishment of operations and maintenance (O&amp;M) committee at the village level for maintenance of rural roads</li> </ul>   |

## Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats analysis)

| Institution   | Strengths  | Weaknesses  | Opportunities   | Threats  |
|---|--|---|---|--|
| Federal Ministry of Agriculture and Rural Development (FMARD) | <ul style="list-style-type: none"> <li>• Strong structure (17 Departments; 18 Research Institutes; 3 Federal Universities of Agriculture; 12 River Basin Development Authorities; and 2 Agencies (Nigeria Agricultural Quarantine Service &amp; BoA)</li> <li>• Wide outreach, with a Zonal Office Headquarter in each of the 6 geopolitical zones and one office in each of the 36 States of the Federation and the Federal Capital Territory (FCT)</li> <li>• Relatively strong human resources but skill match per department need to be established</li> <li>• Presence of Policy Framework - Green Alternative to guide policy direction</li> <li>• Familiarity with IFAD and IFAD processes</li> <li>• Good relationship with the Federal Ministries of Finance and Budget &amp; National Planning.</li> </ul> | <ul style="list-style-type: none"> <li>• Weak coordination, collaboration and linkages FMA&amp;WR and Federal Ministry of Environment and other organizations involved in agriculture and the rural sector.</li> <li>• Lack of proper coordination of development projects, which deprives them of synergy and integration of best practices in the ministry system.</li> <li>• Weak implementation of policy and strategies as well as policy inconsistency -usual frequent policy changes with new government</li> <li>• Absence of institutional linkages with States and Local Governments administration leading to isolated development approach and exclusion in the development process</li> <li>• Weak planning, monitoring and evaluation arrangements – the management staff of planning department are drawn outside the ministry and transferred out of the ministry with ease</li> <li>• Direct involvement in input supply has not encouraged private sector initiative and hampered access.</li> <li>• Absence of programme delivery infrastructure / unit at the federal and state levels; held back key implementation and donor funding</li> <li>• Data collection and evidence based reporting remains weak, hence</li> </ul> | <ul style="list-style-type: none"> <li>• High level political support of the agriculture and rural sector for wealth creation and poverty reduction</li> <li>• The ministry is at the centre of the federal government effort to diversify the national economy with emphasis on youth expand, agro-based industrialization and youth employment</li> <li>• The on-going organizational restructuring within the Ministry to allow for the emergence of efficiency team and projects coordination unit.</li> <li>• The Green Alternative (new policy framework) is focusing on: agricultural investment; Financing agricultural development projects; and Research for agricultural innovation and productivity. The policy thrusts are food security; import substitution; job creation; and economic diversification</li> </ul> | <ul style="list-style-type: none"> <li>• Over-centralization of institutional responsibilities, roles and activities, putting to risk, the level of state and local government adoption of national policy and issues considered critical for macro-sectoral planning;</li> <li>• Little or no integration of the state and local government in policy implementation</li> <li>• Lack of extension policy to drive introduction, use and adoption of new technologies</li> <li>• Lack of coordination, and synergy among development projects and the ministry</li> <li>• Orientation of Ministry staff is to activity driven – than indicator-based and specific result focused</li> <li>• Weak coordination with FMF, which tend to shut some development projects out of the borrowing plan.</li> </ul> |

| Institution | Strengths | Weaknesses   | Opportunities   | Threats |
|-------------|-----------|--|---|---------|
|             |           | tracking results / M&E continues to be a challenge | <ul style="list-style-type: none"> <li>• Climate Change: to make investments in infrastructure, especially earth dams across the length to avoid over reliance on rain-fed agriculture.</li> <li>• The ministry prioritizes donor support and emphasises on working with donors for impact.</li> <li>• Emphases on private sector driven agriculture – lays importance to mechanization, irrigation agriculture and ranch development.</li> <li>• Planned strengthening of existing Adopted Villages, Agricultural Research Outreach Centers (AROC) and Agricultural Research Technology Transfer Centres (ARTTC) and the establishment of new ones.</li> <li>• Planned establishment of select commercial farms to demonstrate research results in managing large-scale agriculture.</li> <li>• Planned development of Policy on Extension to strengthen the extension department</li> </ul> |         |

| Institution   | Strengths  | Weaknesses   | Opportunities  | Threats   |
|---|--|--|--|---|
|   |  |  | and extension delivery system  |   |
| National Agricultural Research System (including Research Institutes and the Agricultural Research Council of Nigeria –ARCN | <ul style="list-style-type: none"> <li>• 18 Agricultural Research Institutes dealing with various facets and sub-sectors of agriculture, including crops, livestock and fishery production systems and agro-allied industrial research.</li> <li>• The National Water Institute located in Kaduna, Central Nigeria is involved with hydrological research as well as training of middle-level manpower in the management of agricultural water.</li> <li>• High potential capacity to effectively address all its research and development issues in the agricultural sector.</li> </ul> | <ul style="list-style-type: none"> <li>• Weak link between research and development and commercialization – Research outcomes are in the shelves.</li> <li>• Inadequate involvement of private sector - Research is not market or business driven; SMEs are isolated from research conception and use.</li> <li>• Policy is not flexible to allow research institutes to go commercial and integrate the business community into research. This also affected source of funding. There is over dependence on government for funding</li> <li>• Lack of motivation for research staff and other professionals in the system, further aggravated by the lack of research infrastructure.</li> <li>• Largely supply-driven, non-participatory approach to research</li> </ul> | <ul style="list-style-type: none"> <li>• Technology development and investment promotion programmes in Institutes such as Raw Materials Development Council, Federal Institute for Industrial Research, Agricultural Mechanization provides mechanization options for Nigeria agriculture offer opportunity for collaboration with donor projects and great potential for commercialization. National Centre or</li> <li>• ARCN has excellent opportunity to provide strong co-ordination</li> </ul> | <ul style="list-style-type: none"> <li>• Poor linkage with states, LGAs, private sector may minimize awareness and response to real development issues</li> <li>• Weak linkage with the private sector, especially farmers, may make useful research results unknown or inaccessible for use to enhance productivity</li> <li>• Under-funding of Research Institutes will invariably lead to under-utilization of the vast pool of available professionals and serve as a de-motivation.</li> <li>• Declining visibility of research issues in the</li> </ul> |

| Institution                 | Strengths   | Weaknesses   | Opportunities   | Threats  |
|-----------------------------|---|--|---|--|
|                             | <ul style="list-style-type: none"> <li>The research focus and programmes are harmonized and coordinated by ARCN, which also helps in streamlining the budgets of the Institutes to contextualize them within the national priority.</li> <li>ARCN provides an excellent avenue/vehicle for professional interaction and dialogue amongst the key research officers and fashioning out the research and development agenda for the sector.</li> </ul>  | <p>problem-identification and solution leading to low rates of adoption of emerging technologies.</p> <ul style="list-style-type: none"> <li>Inadequate financial resources</li> </ul>   | <p>and harmonization of agriculture research activities and focus in the research system.</p> <ul style="list-style-type: none"> <li>Collaboration linkages and synergies with regional and international research systems.</li> <li>Willingness to collaborate with extension services and local government administration to foster participatory technology generation and dissemination system development</li> </ul> | <p>nation's development processes with the attendant failure to respond to the needs of smallholder farmers and entrepreneurs.</p>   |
| Federal Ministry of Finance | <ul style="list-style-type: none"> <li>Constitutes the hub of the nation's budget and financial process, co-ordination and harmonization [in conjunction with the National Planning Commission], which give it a high institutional leverage on development agenda.</li> <li>Presence of a dedicated department (International Economic Relations) to coordinate and oversee the activities of development partners</li> <li>Strong knowledge of IFAD and IFAD's policies, approach and processes.</li> <li>Participation in project cycle provides it with strong</li> </ul> | <ul style="list-style-type: none"> <li>Lack of coordination with development partners in the use of the borrowing plan, which tends to excludes development projects from the instrument and delays programme entry into force</li> <li>Weak in working with other agencies to harmonize roles and avoid duplication of projects</li> <li>Ineffectiveness in securing counterpart funding in line with financing agreements – has not played a key role to enable the states pay their counterpart funds.</li> </ul> | <ul style="list-style-type: none"> <li>Very strategic in aligning projects and programme to national priority and including them in the national borrowing plan</li> <li>Though not regular, the tradition of annual portfolio review of development projects provides opportunity for harmonization of issues and resolving of counterpart fund contribution by all parties</li> </ul>                                   | <ul style="list-style-type: none"> <li>Exclusion of projects in the borrowing plan may be compromised due to corruption.</li> <li>Lack of a mechanism to ensure compliance by all parties with financial obligations in Financing Agreements.</li> <li>Except staff involvement in supervision missions, there is apparent weakness in providing strong oversight in the areas of monitoring disbursement against outputs</li> </ul> |

| Institution                                      | Strengths   | Weaknesses  | Opportunities  | Threats   |
|--|---|---|--|---|
|  | knowledge of developments and the opportunities for ownership.  |   |  |   |
| Federal Ministry of Budget and National Planning | <ul style="list-style-type: none"> <li>Responsible for the preparation of poverty reduction strategy, macro-policies, National Development Plan and the Medium Term Sector Strategy for Vision 2020. These have given it the leadership for managing economic development trend.</li> <li>Presence of a M&amp;E system that drives the monitoring and evaluation of national policies</li> <li>Responsibility for monitoring and evaluating economic programme performance puts it in a good position for knowledge management and dissemination of good practices for scaling up as well as nip-in-the board, bad practices</li> <li>Supervises and monitors budget implementation and, to ensure alignment to national priorities.</li> </ul> | <ul style="list-style-type: none"> <li>The role of the Ministry appears not visible within the community of multilateral agencies and their projects/programmes - Not sufficiently empowered by policy to coordinate multi-lateral projects/programmes and ensure their alignment to national policies.</li> <li>Lack of clarity on the synergy between the new budget office and development projects, regarding budget implementation in relation to development projects and their counterpart funding.</li> <li>Inadequate flexibility in planning strategy/ approach that would allow for sectoral peculiarities e.g. seasonality of agricultural production</li> <li>The M&amp;E department lacks the necessary capacity to effectively monitor and evaluate the performance of other ministries to ensure that outcomes are linked to national planning to guide immediate and future decisions making.</li> </ul> | <ul style="list-style-type: none"> <li>The establishment of the Budget Department in the Ministry can create synergy between fund utilization, policy planning and policy execution, and facilitate accountability among development projects.</li> <li>Harmonization of AWPBs of the Programmes with Government Budget</li> <li>The focus on the medium-term strategy (Change Agenda) and the long-term Vision 2020 is an opportunity to enforce accountability and strengthen the role of the Ministry in national planning.</li> <li>The presence of M&amp;E Monitoring and evaluation responsibility permits will facilitate accountability and relevance of outcomes from development projects .</li> </ul> | <ul style="list-style-type: none"> <li>The main threat relates to inadequate capacity to evaluate other ministries and enforce planning and implementation discipline.</li> <li>Lack of clarity in its relationship with state and local government administration systems</li> <li>Apparent inability to intervene where sectoral ministries and states are out of line with national policies, strategy and institutional framework for economic development</li> </ul> |
| Central Bank of Nigeria (CBN)                    | <ul style="list-style-type: none"> <li>Highly respected, solid institution, with good management and qualified staff.</li> <li>Adequate funding support.</li> <li>Champions agricultural</li> </ul>   | <ul style="list-style-type: none"> <li>Inadequate supportive regulatory framework for Rural Micro Financial Institutions. [RMFIs].</li> <li>Involvement in many spheres in addition to its core mandate.</li> </ul>   | <ul style="list-style-type: none"> <li>Capacity to formulate and enforce regulations.</li> <li>Attracts technical and financial support from development partners to strengthen its capacity.</li> </ul>   | <ul style="list-style-type: none"> <li>On-going inflation and limited forex threatens creates quick oscillation policy</li> <li>Not autonomous to political considerations</li> </ul>   |

| Institution  | Strengths   | Weaknesses   | Opportunities   | Threats   |
|--|---|--|---|---|
|  | financing, drives financial inclusion strategy, custodian of microfinance policy <ul style="list-style-type: none"> <li>• Maintains strong implementation linkages well with FMARD: close interaction with FMARD, FMBNP, FMF and debt management office, which is positive for monetary and fiscal policy development and management.</li> <li>• Strong regulatory control on financial institutions</li> </ul> |  | <ul style="list-style-type: none"> <li>• Linkage with IFAD in rural finance can ensure appropriate policies/strategies for rural finance.</li> <li>• Management responsive to the financial needs of agriculture and rural development</li> <li>• Gains from RUFIN can be up-scaled through the ROCC and RBP</li> <li>• New policy on agricultural credit guarantee scheme that is friendly to smallholder farmers</li> <li>• Anchor Borrowers Programme and initiatives to support agriculture.</li> </ul> |   |
| Credit Institutions: Commercial Banks, MFBs, Bank, Bank of Agriculture and Informal Microfinance Organizations | Commercial Banks <ul style="list-style-type: none"> <li>• Strong in terms of liquidity and national spread (impressive branch network) across the country.</li> <li>• Fully private sector driven – no or minimal government interference in the administrations the Banks</li> </ul>   | <ul style="list-style-type: none"> <li>• The commercial banks do not have suitable financial products for small and micro enterprises.</li> <li>• Low rural outreach by the commercial banks..</li> <li>• Urban-oriented emphasis in project financing by the commercial banks.</li> </ul> | <ul style="list-style-type: none"> <li>• Involvement in anchor borrower programme of the CBN, which aims at proving financial credit to smallholder farmers at a reduced interest rate.</li> <li>• Most responsive to incentive policies promoting agricultural and rural micro-enterprise financing</li> </ul>   | <ul style="list-style-type: none"> <li>• High interest rate often beyond the capacity of agriculture/rural micro-enterprise</li> <li>• Reluctance to take risks in agricultural production</li> </ul> |

| Institution | Strengths  | Weaknesses  | Opportunities  | Threats   |
|-------------|--|---|--|---|
|             | <p>Bank of Agriculture (BoA)</p> <ul style="list-style-type: none"> <li>Has the mandate to serve the farming community</li> <li>Has good knowledge of agriculture and agricultural, project appraisal.</li> <li>Has branches in the 36 states and over 200 local governments of Nigeria</li> </ul>   | <ul style="list-style-type: none"> <li>BOA does not apply strong credit appraisal based on cash flow projections to choose its clients</li> <li>There is little monitoring and follow up of loans till the time of repayment</li> <li>BOA operates under pre-defined interest ceilings lower than market rate, thereby incurring losses from lending.</li> <li>The wrong perception by the rural people that the loans granted are government dole- outs which are not to be repaid.</li> <li>Low capital based to meet credit need of Nigeria smallholder farmers</li> <li>Political interference in operational decisions as BoA</li> <li>Low professional competency in financing smallholder agriculture</li> <li>Lack of regular capacity building to meet the need of the increasing credit need of the smallholder farmers.</li> </ul> | <ul style="list-style-type: none"> <li>BoA is involved in the CBN Anchor Programme for smallholder farmers</li> <li>Expansion of coverage in rural areas through intermediation schemes.</li> <li>Positive move to register NACRDB under the banking act to permit improved access to finance.</li> <li>Planned re-organization of BoA to capacity it in the areas of liquidity, independence, and professionalism to effectively finance agriculture and rural farmers</li> </ul> | <ul style="list-style-type: none"> <li>Insufficient funds for lending.</li> <li>Bankruptcy if losses are not covered by additional capital injections by FGN.</li> <li>Government interference in operational decisions.</li> <li>Failure of Government to pay its share capital.</li> </ul>  |
|             | <p>Microfinance Bank (MFBs)</p> <ul style="list-style-type: none"> <li>Up to 800 microfinance banks are operating in the rural areas</li> <li>Have a good and intimate knowledge of the rural environment;</li> <li>MFBs have relatively simple banking services with emphasis on savings mobilization, lending without hard and difficult-to-meet collateral requirements.</li> <li>New microfinance policy,</li> </ul> | <ul style="list-style-type: none"> <li>Insufficient funds for lending.</li> <li>High cost of lending</li> <li>The association is weak and has no regularity authority on members to enforce internal discipline.</li> </ul>   | <ul style="list-style-type: none"> <li>CBN technical support to improve management</li> <li>Adoption of the RBP from the IFAD-assisted RUFIN is an opportunity to sustain IFAD initiatives with new projects</li> <li>High demands for micro-financial services</li> <li>Participation in the CBN Anchor Programme and Credit guarantee scheme offer a window of providing credit to rural farmers in the</li> </ul>   | <ul style="list-style-type: none"> <li>Climate change effect may compel farmers to avert repayment and put the sector to risk of survival.</li> <li>CBN may not be able to continue to provide strong supervision and regulatory function</li> <li>The special credit schemes of the CBN tend to distort the interest regime and put their funding to risk</li> </ul> |



| Institution                                      | Strengths   | Weaknesses   | Opportunities  | Threats  |
|--|---|--|--|--|
|  | which emphasizes scope of operation based on capital base provides prudence in spreading branches and promotes competence   |  | agricultural value chain <ul style="list-style-type: none"> <li>• New regulatory framework for micro-finance will strengthen client's confidence and enhance greater patronage.</li> <li>• Rural communities interest in establishing MFBs</li> </ul>  |  |
|  | <ul style="list-style-type: none"> <li>• Non-banking microfinance institutions:</li> <li>• Have simple approaches to serve poor clients, particularly women.</li> <li>• Generally maintain good and close business relationship with customers, thereby engendering customer confidence.</li> <li>• Have good reputation outside the banking system.</li> <li>• Good level of technical support from donors, and CBN</li> </ul> | <ul style="list-style-type: none"> <li>• Weak equity base and therefore insufficient funds for lending.</li> <li>• Inadequate framework for regulation and supervision – the apex association (NBMFIN) is weak</li> <li>• Dependency on grant funds from donors.</li> <li>• Weak management and governance.</li> </ul>   | <ul style="list-style-type: none"> <li>• The new micro finance policy accord due recognition to the sub-sector and this serves as a motivator.</li> <li>• The demand for micro-finance services cannot be fully met by the microfinance banks/other sources of finance, creating opportunity for service.</li> <li>• Closeness to rural community and farmer friendly in their products</li> </ul> | <ul style="list-style-type: none"> <li>• Weak organization and management.</li> <li>• Inadequate funds for lending.</li> <li>• Poor regulation increasing risk of loss of saving of rural households</li> <li>• Tendency for corrupt practices due to lack of supervision</li> </ul> |
| Federal Ministry of Commerce and Industry (FMCI) | <ul style="list-style-type: none"> <li>• Responsible for trade policies, provides agricultural commodity quality certification, and promote trade organization development and their support, and provide oversight for National Investment Promotion Council</li> <li>• Houses the Small and Medium Enterprises</li> </ul>   | <ul style="list-style-type: none"> <li>• The BSC and BIC are inadequate to provide necessary support to grassroots in trade-specific technology development and adaptation.</li> <li>• Comparatively weak emphasis on financial viability, market support services management and entrepreneurship development.</li> <li>• No clear incentive policies for agriculture and rural enterprise development in the MSME</li> </ul> | <ul style="list-style-type: none"> <li>• Has a clear business orientation in its interventions</li> <li>• Has wider coverage of SME promotional activities.</li> <li>• Refocus SMEs policy framework to support growth and competitiveness.</li> <li>• SMEDAN provides opportunities for policy</li> </ul>   | <ul style="list-style-type: none"> <li>• Inconsistency in policy and strategy implementation.</li> <li>• Tendency to overburden agricultural producer/rural enterprises with charges directly and indirectly</li> </ul>  |

| Institution               | Strengths  | Weaknesses   | Opportunities  | Threats   |
|---------------------------|--|--|--|---|
|                           | <p>Development Agency – [SMEDAN], a focal point for medium, small and micro enterprises development, with a strong policy support.</p> <ul style="list-style-type: none"> <li>• Wide outreach, operating at federal, state and local levels.</li> <li>• Potentially strong outreach by SMEDAN through the activities of Business Service Centres [BSCs] and Business Information Centres [BICs] supported by service providers.</li> <li>• Strong partnerships, networking and collaborative activities with donor funded projects and relevant agencies.</li> </ul> | <p>framework.</p>  | <p>and strategy dialogue involving the beneficiaries.</p>  |   |
| Ministry of Women Affairs | <ul style="list-style-type: none"> <li>• Positive influence in the formulation of Government policies in favour of women.</li> <li>• Development of a national Gender Policy in 2006 that advocates non-discrimination on the basis of gender, guaranteeing equal access to political, social and economic wealth creation opportunities for women and men, as well as developing a culture that places premium on protection of children</li> <li>• Specific mandate for the support of physically challenged and vulnerable persons.</li> </ul>                    | <ul style="list-style-type: none"> <li>• Weak linkage with other ministries, departments and agencies of Government in matters affecting women and children.</li> <li>• Inadequate linkage with the private sector as captured in the conceptual policy framework.</li> <li>• Less involvement in externally-assisted programmes.</li> </ul> | <ul style="list-style-type: none"> <li>• The conceptual policy framework provides the opportunity for developing linkages with donors, the private sector and civil society.</li> <li>• Gender issues constitute topical and recurrent subject in today's world – an opportunity to attract both national and international support.</li> <li>• The high political visibility of the subject matter on women and gender can be exploited to the fullest advantage.</li> <li>• Provide a specific channel to reach the</li> </ul> | <ul style="list-style-type: none"> <li>• Tendency to favour grant financing and hand-outs which may undermine sustainability.</li> <li>• Politically supported and may not adjust to the result oriented development projects approach</li> </ul> |

| Institution  | Strengths  | Weaknesses   | Opportunities   | Threats   |
|--|--|--|---|---|
|  |  |  | physically-challenged, youth and vulnerable groups as they know where they exist.   |   |
| Private sector Companies (Seed and fertilizer production/distribution)   | <ul style="list-style-type: none"> <li>The nation's manufacturing base for fertilizer and quality seed production is extremely weak and so most of the fertilizer and crop production chemicals are imported with all the attendant external trade problems.</li> <li>Client focused with limited government intervention in management</li> </ul>   | <ul style="list-style-type: none"> <li>Lack of capacity to meet national demand. Fertilizers are being imported while quality of seed cannot be guaranteed</li> <li>Limited outreach with farmers</li> </ul>   | <ul style="list-style-type: none"> <li>High demand gap present an good economic opportunity to for local companies to thrive</li> <li>Awareness of use of quality seed and fertilizer has gone up among rural farmers.</li> <li>GES model is a good instrument to promote farmers use and adoption of improved seeds and fertilizers. It can be adopted by the private sector</li> </ul>  | <ul style="list-style-type: none"> <li>The risk of dependency on Government facilities like GES distort the private sector effort.</li> <li>Poorly developed rural infrastructure that constrains fertilizer and seed distribution.</li> <li>Reluctance of Government to let go its overbearing participation in the fertilizer marketing and distribution in the country, especially subsidy regimes. GES still has government hands in distribution.</li> </ul> |
| National Civil Society (Non-Governmental Organizations-NGOs, Farmers Organizations such as the Apex Farmers Association of Nigeria (AFAN) and some other commodity-specific associations, viz: rice, cassava, cashew, cocoa Growers' | <ul style="list-style-type: none"> <li>More equipped to deal with social mobilization and participatory approaches to poverty alleviation and rural livelihood improvement.</li> <li>Better capacities and generally stronger commitment to implement grass-root activities within a programme framework.</li> <li>NGOs are generally not affected by the systemic bureaucracy of the public service and therefore more efficient in service delivery.</li> <li>NGOs have the capacities to attract complementary and /additional resources for</li> </ul> | <ul style="list-style-type: none"> <li>Most NGOs depend on external funding (donors and government) to survive.</li> <li>Most NGOs are operated by serving public servant, which sometimes creates conflict of interest and promote corruption in their operation</li> <li>Poor governance.</li> <li>Inadequate supervision and regulatory framework.</li> </ul> | <ul style="list-style-type: none"> <li>NGOs can be effective with non-lending operations such as policy dialogue/advocacy, training and capacity-building amongst programme participants.</li> <li>Many rural-based NGOs, and co-operative unions are operating in the country, thus enabling IFAD to explore possibilities of engaging them in service delivery.</li> <li>NGOs can assist in the organization of community groups/associations at</li> </ul> | <ul style="list-style-type: none"> <li>Undue influence of particularly state and local governments on the operations of the farmer/producer co-operatives/organizations.</li> <li>Weak group organizational capacity which leads to unnecessary crises.</li> <li>Lack of internal democracy which tends to undermine the sustainability of the organizations.</li> <li>The risk of the relationship between</li> </ul>  |

| Institution  | Strengths  | Weaknesses  | Opportunities  | Threats   |
|--|--|---|--|---|
| Associations) as well as Cooperatives, Grassroots Institutions, Trade Associations and Trade Groups.   | <p>project activities from donors.</p> <ul style="list-style-type: none"> <li>• Co-operative System/Farmer Organizations have wide national coverage.</li> <li>• They are self-reliant and poverty focus.</li> <li>• Mostly agricultural and rural based operations.</li> <li>•</li> </ul>   |   | <p>minimal cost</p> <ul style="list-style-type: none"> <li>• Improved legal framework of operation.</li> <li>• Ability and renewed willingness to work with the rural poor.</li> <li>• Some NGOs, groups, and cooperative societies have established on-lending arrangement with BoA and some Non-Bank MFIs</li> </ul> | <p>NGOs and donor agency becoming that of a mere employer-employee, with little value addition coming from the NGOs.</p>    |
| International NGOs such as, Bill & Melinda Gates Foundation, Clinton Foundation, OXFAM, ActionAid, etc ... which are involved in such sectors as health, environmental sanitation, notably water and domestic/public hygiene as well as service provision and capacity building especially in the health and education sector. | <ul style="list-style-type: none"> <li>• Generally stronger commitment to their respective missions and mandates.</li> <li>• Greater capacity to execute/manage their project/programme interventions.</li> <li>• Greater transparency and generally do not depend on any Government financial backstopping and so planned projects and programmes are executed/implemented within the projected/planned timeframes.</li> <li>• Effective project implementation and supervision.</li> <li>• Effective supervision, monitoring and evaluation framework.</li> <li>• Uses best internal practices to drive implementation.</li> </ul> | <ul style="list-style-type: none"> <li>• Lack of proper knowledge of the local environment. They over-depend on the local NGOs to operate</li> <li>• Sometimes suffer from the general Government scepticism in dealing with foreign based NGOs.</li> </ul> | <ul style="list-style-type: none"> <li>• The perception of most donors about international NGOs as well as the track record of performance of the NGOs themselves, makes them very attractive collaborators in programme implementation where appropriate</li> </ul>   | <ul style="list-style-type: none"> <li>• High cost of operation of some NGOs, and poor rural coverage in Nigeria</li> </ul> |

| Institution                     | Strengths   | Weaknesses   | Opportunities  | Threats   |
|---------------------------------|---|--|--|---|
| Local Government Administration | <ul style="list-style-type: none"> <li>• 774 Local Government Areas/Councils (LGAs) with established offices. Most of the LGAs are rural based.</li> <li>• Generally well structured and vibrant democratic institutions intended to be engines of development at the grassroots to complement the effort of State Government.</li> <li>• Constitutional power to promote community- driven development in conjunction with communities, initiate, design and executive development projects within their statutory mandates and financial limitation.</li> <li>• Staff recruitment and training are coordinated through the State Government thereby reducing the corporate stress in capacity building at the LGA level.</li> </ul> | <ul style="list-style-type: none"> <li>• They are not financially dependent – operate joint account with the state government who control the entire resources.</li> <li>• With heavy interference from the State Governments, the Local Government system has generally not been allowed to work as an independent decentralized system.</li> <li>• Low staff capacity with consequently low/poor service delivery</li> <li>• No proper orientation about the role of the 3<sup>rd</sup> tier of government, even amongst the public office holders.</li> <li>• No adequate safeguard for financial accountability, while transparency remains a challenge.</li> <li>• Poor governance in particular lack of transparent political process limiting the participation of the people in the electioneering process to provide the head – leading to weak leadership;</li> <li>• Widespread corruption</li> </ul> | <ul style="list-style-type: none"> <li>• As the closet political organ to the rural community, can provide opportunity for poor rural household to participate in policy development</li> <li>• A good scope to institutionalize CDD approach and integrate the need to the rural people in governing budgetary planning and execution</li> <li>• More vigorous pursuit of decentralization processes in terms of local planning, revenue collection and expenditure systems would make the Local Governments more responsive and accountable to the demands of the local communities, especially in the northern region.</li> <li>• Participatory development can reduce cost of social infrastructure.</li> <li>• Education of grassroots institutions will positively influence governance including women and youth integration in development process.</li> </ul> | <ul style="list-style-type: none"> <li>• Leadership is usually partisan and depends on political party in power</li> <li>• Clear abandonment of statutory functions and roles in furtherance of excessive and undue pursuit of partisan political interests by key actors.</li> <li>• Leadership can easily be dissolved by the state government and statutory powers and areas of jurisdiction taken over by the State Government</li> <li>• Erosion of credibility as a result of untransparent electoral process and the use of State power for intimidation of rural communities</li> </ul> |

## Key file 3: Complementary donor initiatives/partnership potential

| Development partner            | Nature of Program/Project and Area of Focus   | Coverage and Duration  | Complementarity/Synergy Potential   |
|--------------------------------|---|--|---|
| African Development Bank Group | Agricultural Transformation Agenda Support Program Phase-I (ATASP-I) – Focused on rehabilitating the irrigation sites of Staple Crop Processing Zones (SCPZs) and linking smallholder farmers and rural entrepreneurs engaged in the production, processing, storage and marketing of the selected commodity value chains of rice, cassava and sorghum.   | 4 Staple Crops Processing Zones (SCPZs):<br>Niger, Enugu, Kebbi, Kano<br><br>(2016 – 2021)<br>(under design) | Value Chain Development Programme (VCDP) and Climate Change Adaptation and Agribusiness Support Programme (CASP) are working in Niger, Anambra and Kebbi states. There is an opportunity for Farmers Organizations targeted under these programmes to benefit from the ATASP irrigation sites, and link to markets.                           |
|                                | Agricultural Transformation Agenda Support Program Phase-II (ATASP-II) is currently under design.   |  |   |
|                                | ENABLE – Aimed at creating jobs for youth graduates by training them in rural entrepreneurship skills and linking them to financial institutions.   | All 37 States<br><br>(under design)  | Rural Agribusiness Sector Enhancement Program (RAISE) focused on establishing youth agrienterprise incubators can collaborate in the states where ENABLE is working. As part of Government's larger policy framework for addressing youth unemployment, ENABLE and RAISE can collaborate.   |
| Global Affairs Canada          | Youth Leadership, Entrepreneurship, Access and Development (YouLead) - Strengthening the capacity of government policy makers, civil society organizations working with youth, formal and informal technical vocational training institutions, to increase employment, self-employment and secure livelihoods based on natural resources. Focused on training 12,000 young people in entrepreneurship and creating 4,500 youth-owned micro and small enterprises while expanding 500 existing ones. | All LGAs of Cross River State<br><br>(2014-2019)   | RAISE aims to establish 5,000 youth-owned micro and small enterprises, which is the goal also of YouLead. RAISE can capitalize on the enabling environment that has been created by YouLead in Cross River State and also work with their youth-owned micro and small enterprises as youth champions and further build their agrienterprises. |
|                                | Livelihoods and Nutrition Empowerment (LINE) -  | 6 LGAs of  | The value chains that LINE is working   |

| Development partner                             | Nature of Program/Project and Area of Focus   | Coverage and Duration              | Complementarity/Synergy Potential   |
|---|---|------------------------------------|---|
|   | Promoting agriculture-driven economic growth and better living conditions for 10,000 farming households (benefiting approx. 80,000 people), with a special focus on women and youth, in 6 LGAs over 5 years. Improving productivity by training farmers on improved agricultural practices, with a special focus on female farmers (60%). Focuses on the following value chains: sesame, sorghum, rice, dairy and beef, and will enhance access to markets through collaboration with key private sector actors. Youth business development centers will be supported, as well as skills training for women and youth to create jobs. In addition, promotional campaigns and training in home-based skills in nutritional diversification will be included. | Bauchi State<br>(2016 – 2020)      | on are of critical importance in the states where CASP will be working. The emphasis on nutrition in LINE is another area where lessons can be shared with CASP.  |
| Department for International Development (DFID) | PROPCOM Maikarfi - Working in eight rural markets, both agricultural and non-agricultural, using in-depth analysis to identify priority constraints, and develop and implement interventions that address them. The markets are agriculture mechanization, agroinputs, agribusiness franchise, poultry health, shea nut, electronic warehouse receipting, soap and hand washing.  | Northern Nigeria<br>(2012 to 2018) | As CASP will be working in Northern Nigeria, it can learn from PROPCOM Maikarfi particularly on the priority constraints and development interventions around agriculture mechanization, agroinputs, agribusiness franchise.  |
|   | Market Development for the Niger Delta (MADE) – Building the capacity of agrienterprises and mobilizing smallholder farmers and building associations in the nine states of the Niger Delta. The focus will be growingly on the 4 core Niger Delta States of Akwa-Ibom, Bayelsa, Rivers and Delta.  | Niger Delta<br>(2013-2018)         | RAISE will be working in the Niger Delta and can scale up the lessons learned, as well as work with the organizations and agrienterprises that have been developed under MADE. RAISE can ensure that there is no overlap in terms of geographic scope but complementarities in approach and lesson sharing. The partnership with the Niger Delta Development Commission (NDDC) will be important. |
| European Union (EU)                             | Farmer Managed Renewable Energy Production Project – Carrying out activities of tree planting,  | Katsina                            | CASP has been requested to work to work on the Great Green Wall, planting   |

| Development partner                     | Nature of Program/Project and Area of Focus  | Coverage and Duration   | Complementarity/Synergy Potential   |
|---|--|---|---|
|   | nutrition, energy efficiency and agro-forestry to strengthen the resilience of Small Holder Farmers  | (2014 to 2018)  | economic trees (Acacia, Neem, etc.), it should learn from the Farmer Managed Renewable Energy Production Project on how it implemented this multi-dimensional project.  |
|   | Micro Project Programme in the 9 Niger Delta States (MPP9) – Supporting security and stability in the Nine Niger Delta States  | Akwa Ibom, Bayelsa, Delta, Edo, Rivers, Imo, Abia, Cross Rivers, Ondo<br><br>(2005 to 2018) | As MPP9 has been working in the Niger Delta for such a long time, there should be many lessons to learn from implementation, particularly from the micro-projects, which will also be the centerpiece of RAISE.   |
| Food and Agriculture Organisation (FAO) | <p>FAO has carried out a number of policy / programme initiatives:</p> <ul style="list-style-type: none"> <li>- Support evidence-based decision making through impact analysis of policy options for sustainable development, food security and inclusive growth</li> <li>- Strengthening National Seed Systems in Nigeria</li> <li>- Strengthening Nigeria National Food Control System and Safety</li> <li>- Input Supply to Vulnerable Internally Displaced Populations in Emergency States of North Eastern Nigeria</li> <li>- Strengthening Capacity to Implement the Youth Employment in Agriculture Programme (YEAP)</li> <li>- Support for Implementation of SOLA Open Source Software in Nigeria</li> </ul> | National  | FAO's projects develop the framework, tools and policy environment required, to work better with the FMARD. For example, the Economic, Social and Environmental Policy Impact Analysis (ESEPIA) and skills developed are pertinent to implementation of infrastructure schemes under VCDP. CASP will benefit greatly from FAO's support to varietal development, registration, release and multiplication of released varieties and the framework to encourage private sector participation in seed operations through appropriate policies and promotional incentives. |
|   | Competitive African Rice Initiative (CARI) – Working with rice producers with an income below US\$2/day increase their income substantially through  | Kogi, Niger, Kebbi  | For VCDP in Niger State and CASP in Kebbi State, CARI is developing a number of models that will be   |



| Development partner  | Nature of Program/Project and Area of Focus  | Coverage and Duration   | Complementarity/Synergy Potential  |
|--|--|---|--|
| German International Cooperation (GIZ)                     | integration into competitive and sustainable business models.  | (2013-2017)   | replicable. Also, CARI is working on a number of manuals, which are very useful for IFAD-assisted projects.  |
|  | Sustainable Smallholder Agribusiness (SSAB) – Training being provided on Farmer Business School, training (mainly in cocoa producing regions); access to quality inputs, financial services, strengthening of producer organizations, support to make extension cost-effective, training on nutrition  | Abia, Cross River, Edo, Ekiti, Katsina, Niger, Ondo, Osun<br><br>(2014-2018)              | For RAISE, CASP and VCDP, the Farmer Business School is a new approach and they require capacity building.<br><br>Also, as different projects are using different modes of obtaining financial services, strengthening of producer organizations, support to make extension cost-effective, it would be good to share lessons. |
|  | Pro-poor Growth and Employment Promotion in Nigeria (SEDIN) – Promoting selected agric value chains (VCs), by strengthening supply chains between farmers, processors, and large customers. Furthermore, SEDIN is looking also engaged in VC finance and VC-specific enabling environment.   | Plateau, Niger, Ogun<br><br>(2011-2017)   | VC finance and VC-specific enabling environment are 2 areas of this RB-COSOP that have been highlighted. Partnership in building the enabling environment would help to advocate and provide a stronger platform for policy feedback.  |
| Japan International Cooperation Agency (JICA)              | Coalition for African Rice Development (CARD)/Nigeria Rice Seed Development Strategy (RSDS) - FMARD and relevant parastatals to develop a Rice Seed Development Strategy, which examines the challenges of the rice seed supply chain. JICA, as a member of CARD, has been facilitated the process.  | 2010 to 2018  | An excellent forum to discuss harmonization for rice development with a goal of doubling rice production by 2018. There needs to be stronger partnership around policy advocacy.   |
| United States Agency for International Development (USAID) | Maximizing Agricultural Revenue and Key Enterprises in Targeted Sectors (MARKETS) II - Linking farmers with agro-processors to provide incentives to adopt improved technology on commodity value chains, improved harvest and post-harvest handling, and an increased sale of crops in new markets. The focus value chains are rice, cassava, | Kaduna, Sokoto, Niger, Benue, Kwara, Oyo, Ondo, Delta, Cross Rivers, Enugu, Rivers, Kogi, | While MARKETS-II is winding down, it has generated so many lessons on working with the private sector, focussing implementation on market demands, and linking smallholder farmers, that CASP, RAISE and VCDP are to learn from their work particularly  |

| Development partner | Nature of Program/Project and Area of Focus   | Coverage and Duration                                     | Complementarity/Synergy Potential  |
|---------------------|---|---|--|
|                     | sorghum, cocoa, and aquaculture, with two sub-value chains of maize and soybean chains for fish feed production.  | Taraba, including FCT.<br>(2012- 2017)                    | in rice, cassava, sorghum, cocoa, and aquaculture, maize and soybean value chains. It is hoped that the manuals and package of practices will be shared with the IFAD programmes.  |
|                     | Support to Vulnerable Households for Accelerated Revenue Earnings (SHARE) - Increasing participation of very poor households in rural economic growth activities to improve their livelihoods. Focused in Sokoto, Kebbi, and FCT.   | Sokoto, Kebbi, and FCT<br>(2013- 2018)                    | Sokoto and Kebbi states are 2 of the CASP states, and CASP should take the opportunity to scale up some of the activities under the focused targeting of the SHARE programme for very poor households.   |
|                     | Agro-Input to Production Expansion (APEX) - The activity helps ensure that smallholders have access to quality inputs delivered via the private sector. It will train 1300 agro-input dealers so they can be certified standards set by the Government of Nigeria   | National<br>(2014- 2017)                                  | VCDP is currently working with agro-input dealers in 6 states and CASP will be working with dealers in 7 states, it would be good to work with the network of agroinput dealers capacitated under APEX.  |
| World Bank          | Fadama III Additional Financing (FADAMA III /AF) - Supporting clustering of farmers to increase production and productivity of cassava, rice, and sorghum and horticulture value chains and link them to better organized markets, including Staple Crop Processing Zones (SCPZs) once established. It is also facilitating linkages between federation of producers and existing processors. | Anambra, Enugu, Kano, Kogi, Lagos, Niger,<br>(2013 –2017) | VCDP and CASP are also working to cluster farmers, increasing productivity and linking to markets. It would be good to share lessons between FADAMA III, as well as share databases of manuals, farmer registration and identified off-takers to better organise farmers to sell to those off-takers that are promoting outgrower schemes. |
|                     | The West Africa Agricultural Productivity Project (WAAPP):<br>Focusing on enhancing the development of roots and tubers, livestock, rice, maize, sorghum and millet, fruits and vegetables, and oilseeds. (   | National<br>2010–2016                                     | VCDP and CASP would benefit from improved genetic materials, yield-enhancing technologies, postharvest technologies, and best practices developed under WAAPP.   |
|                     | Agriculture Sector Development Policy Operation   | National  | Under the AgDPOs, there is a possibility   |

| Development partner | Nature of Program/Project and Area of Focus   | Coverage and Duration                          | Complementarity/Synergy Potential  |
|---------------------|---|--|--|
|                     | (AgDPO1&2): Policy operations to stimulate technology uptake, enhance farm-level profitability, and thus encourage domestic production. | (Ag DPO 1 finished)<br>(Ag DPO 2 under design) | to advocate for institutional reform to improve coordination, promote accountability and enhance implementation capacity of FMARD. |

## Development Partner Working Group

In Nigeria, for the agricultural sector, there is an Agriculture Donor Working Group (ADWG), which is to coordinate development partner's and donor program's to stimulate the growth of the non-oil sector. The overarching goal is to support the Government of Nigeria in improving economic governance, agriculture sector growth, poverty alleviation and improving food security. The purpose of the ADWG is to discuss major agriculture policies and issues with the Government of Nigeria, coordinate donor support and improve donor collaboration and effectiveness.

The themes for discussion center on high level topics. Coordination of program efforts on food security will take place at ADWG meetings. Participation in the ADWG is open to development partners and donors who are actively engaged in the agriculture sector. Participants = include: The World Bank, African Development Bank (AfDB), International Fund for Agricultural Development (IFAD) the U.K. Department for International Development (DFID), the U.S. Agency for International Development (USAID), Food and Agriculture Organization (FAO), Canadian International Development Agency (CIDA), the Japan International Cooperation Agency (JICA), the French Development Agency, the Spanish Cooperation Agency, Bill and Melinda Gates Foundation, the European Union, the German Development Agency (GIZ), and other UN organizations as relevant.

There are co-chairs for the ADWG, one drawn from bi-lateral organizations and the other from multi-lateral organizations. IFAD was co-chair for 2 years, 2014-15 alongside USAID. Currently, it is the World Bank and GIZ.

## Key file 4: Target group identification, priority issues and potential response

| Target group   | Characteristics   | Issues/priorities   | Responses/activities   |
|--|---|---|--|
| Principal beneficiaries of RB-COSOP targeting              |   |   |  |
| Non-Poor Farmers with market surplus                       | <ul style="list-style-type: none"> <li>• Middle to high income;</li> <li>• Food secure;</li> <li>• Own land 5 ha and above;</li> <li>• Contiguous land;</li> <li>• Sufficient access to labour;</li> <li>• Skills in entrepreneurship, marketing;</li> <li>• Willing to adopt new technologies and management practices;</li> <li>• Access to market information;</li> <li>• Individual farmers/lack of collective action;</li> <li>• Business oriented farmers.</li> </ul>   | <ul style="list-style-type: none"> <li>• Market surplus though many times not linked to off-takers;</li> <li>• Rain-fed/irrigated agriculture;</li> <li>• Lack of collective action /organizational capacity;</li> <li>• Poor infrastructure;</li> <li>• Limited access to appropriate financial services.</li> </ul> | <ul style="list-style-type: none"> <li>• Act as "model farmer" "champion" "incubator" for the other farmers;</li> <li>• Capacity building on business development to develop a short term strategic growth pathway (or vision) for sustainability</li> <li>• Link to credible service providers (off-takers; input dealers and financial services/commercial banks)</li> <li>• Improve production quality and quantity through private extension services;</li> <li>• Improve access roads and irrigation;</li> <li>• Engage actively in FOs;</li> </ul> |
| Youth agribusiness champions from previous IFAD programmes | <ul style="list-style-type: none"> <li>• Fully business oriented, operate above USD 3 Dollars per day, prioritizes market for production</li> <li>• Engage in best agribusiness practices (keeps record, have access to market and finance institution.</li> <li>• Uses improved technology, engaged other youths as jobs and train youth colleagues as apprentices to start their own business.</li> <li>• The business services as excursion and learning center for school children and students of higher schools, belongs to apex commodity association</li> <li>• Lay little emphasis on land size – engage in intensive production system</li> </ul> | <ul style="list-style-type: none"> <li>• Quality of finished product is poor,</li> <li>• Depend on community/state market (no access to market external market), limited liquidity, poor infrastructure, poor learning environment,</li> </ul>  | <ul style="list-style-type: none"> <li>• Act as "model farmer" "champion" "incubator" for the other farmers;</li> <li>• Capacity building on business development to develop a short term strategic growth pathway (or vision) for sustainability</li> <li>• Link to credible service providers (off-takers; input dealers and financial services/commercial banks)</li> </ul>   |

| Target group   | Characteristics  | Issues/priorities  |   | Responses/activities  |
|--|--|--|---|---|
| Moderately Poor Farmers with marginal and little surplus | <ul style="list-style-type: none"> <li>Declining incomes;</li> <li>Food secure but highly vulnerable to market, livelihood climate risks;</li> <li>Own land 2-5 ha;</li> <li>Small and fragmented plots;</li> <li>Limited skills in entrepreneurship, marketing;</li> <li>No extension services;</li> <li>Rain-fed/irrigated agriculture;</li> <li>Lack of collective action /organizational capacity;</li> <li>Limited access to financial services due to collateral constraints;</li> <li>Not business oriented farmers, many are subsistence with limited market potential.</li> </ul> | <ul style="list-style-type: none"> <li>Small market surplus;</li> <li>Relatively poor management practices;</li> <li>Relatively poor quality and low standards;</li> <li>Rain-fed/irrigated agriculture;</li> <li>Lack of collective action /organizational capacity;</li> <li>Poor infrastructure;</li> <li>Limited access to financial services;</li> <li>Inadequate access to social services such as health, education, water and sanitation.</li> </ul> |   | <ul style="list-style-type: none"> <li>Act as "model farmer" "champion" "incubator" for the other farmers;</li> <li>Link to credible off-takers;</li> <li>Training on farming as a business and simple book keeping and entrepreneurship;</li> <li>Target extension services (public and private);</li> <li>Increase mobilization and awareness for collective action and creation of groups</li> <li>Participate in FOs</li> <li>Exposure visits to successful FOs</li> <li>Increase access to finance (including grants), microfinance institutions, financial cooperatives.</li> </ul> |
| Core Poor farmers  | <ul style="list-style-type: none"> <li>Low incomes &lt;USD 2per day</li> <li>Food insecurity and malnutrition;</li> <li>Landless or near landless (0-2 ha);</li> <li>Lack of assets;</li> <li>Lack of skills to engage in agribusiness;</li> <li>Low productivity, production is not market oriented</li> <li>Traditional management practices;</li> <li>Dependent on family labour;</li> <li>Poor infrastructure;</li> <li>No market surplus - subsistence agriculture.</li> </ul>  | <ul style="list-style-type: none"> <li>Low crop yields due to inability to use inputs;</li> <li>Relatively poor management practices;</li> <li>Poor quality and low standards;</li> <li>Rain-fed agriculture;</li> <li>Lack of collective action /organizational capacity;</li> <li>Poor infrastructure;</li> <li>No access to financial services;</li> <li>Inadequate access to social services such as health, education, water and sanitation.</li> </ul> |   | <ul style="list-style-type: none"> <li>Training on farming as a business and simple book keeping and entrepreneurship;</li> <li>Target extension services (public);</li> <li>Increase mobilization and awareness for collective action and creation of groups</li> <li>Participate in FOs and strengthen the FOs</li> <li>Exposure visits to successful FOs</li> <li>Increase access to finance (grants), financial cooperatives</li> </ul>   |
| Rural Women  | <ul style="list-style-type: none"> <li>Poverty incidence is high, excluded from decision making, not a member of farmer groups or belongs to weak farmer organization</li> <li>More likely to be poor due to higher unemployment, lower incomes and wages, work as unpaid family labor, low literacy,</li> </ul>   | North  | <ul style="list-style-type: none"> <li>High illiteracy</li> <li>Greater gender gaps</li> <li>Traditionally do not participate in decision-making bodies</li> <li>Little/No access to agricultural information and training, extension</li> <li>Reluctant to speak in</li> </ul> | <ul style="list-style-type: none"> <li>Facilitate formation of FOs and/or strengthen the women groups.</li> <li>Encourage participation in farmers' associations and production groups, at least 30% women</li> <li>Encourage attendance at project sensitization meetings and have at least 40% participants</li> <li>Ensure extension services gender-</li> </ul>   |

| Target group | Characteristics   | Issues/priorities          |  | Responses/activities   |
|--------------|---|----------------------------|--|--|
|              | generally disadvantaged in economic issues compared to men.<br><ul style="list-style-type: none"> <li>Suffer from malnutrition</li> <li>Inter-zonal differences between women</li> </ul>  |                            | <ul style="list-style-type: none"> <li>public</li> <li>Own land according to traditional practices inherit land</li> </ul>   | <ul style="list-style-type: none"> <li>sensitive and inclusive through training</li> <li>Select women lead farmers when appropriate and promote awards events</li> <li>Target women in leadership and entrepreneurship training, financial literacy and numeracy</li> <li>Promote labor saving technology</li> <li>Engagement in alternative activities that can be performed at home: drying processing, and production in the garden.</li> <li>Promote village savings and credit group formation and strengthening amongst women-only groups (at least 50%)</li> <li>Target for women's participation in training and exposure visits to other cooperatives/women's groups (learning)</li> <li>Strengthen gender mainstreaming in extension staff skills and message delivery</li> <li>Link with gender sensitive organizations like Federation of Moslem Women of Nigeria (FOMWAN), Women Farmers Advancement Network (WOFAN) and Development Exchange Center (DEC)</li> </ul> |
|              |   | Middle Belt, North Central | <ul style="list-style-type: none"> <li>Low level of literacy</li> <li>Lack technical and business skills</li> <li>Limited access to extension services, training</li> <li>Weaker linkages to market information, markets than men</li> <li>Low rates of technology adoption</li> </ul> |  |
|              |   | South                      | <ul style="list-style-type: none"> <li>Low to middle level of literacy</li> <li>Have some technical and business skills</li> <li>Limited access to extension services, training</li> <li>Linked to market information, markets</li> <li>Low rates of technology adoption</li> </ul>    |  |
| Youth        | <ul style="list-style-type: none"> <li>Between 18-35 years of age</li> <li>Growing population of youth</li> <li>Reluctant to participate in agriculture</li> <li>Migrating from rural to urban areas</li> <li>Lack of resources, particularly land</li> <li>Lack of information, technologies, skills have little experience</li> </ul> | Human assets               | Prefer off-farm or mechanized work<br>Lack of/limited technical and business skills  | <ul style="list-style-type: none"> <li>Training youth in farming as a business and entrepreneurship</li> <li>Target youth in mentoring programmes</li> <li>Select youth champions, agrienterprises incubators, lead youth farmers</li> <li>Strengthen youth mainstreaming in extension skills and message delivery</li> <li>Encourage youth attendance at project sensitization meetings</li> <li>Work with state governments to</li> </ul>  |
|              |   | Natural assets             | <ul style="list-style-type: none"> <li>Difficulty in accessing land</li> <li>Delayed inheritance from elderly parents</li> <li>Small fragmented land area</li> </ul>   |  |
|              |   | Physical                   | Inadequate use of improved   |  |

| Target group | Characteristics | Issues/priorities |  | Responses/activities  |
|--------------|-----------------|-------------------|--|---|
|              |                 | assets            | farm tools and mechanization<br>Lack of access to agricultural inputs  | provide land to youth on a 10 year lease <ul style="list-style-type: none"> <li>• Work with microfinance institutions (MFIs) to promote youth targeting financial products and link youth to these MFIs</li> <li>• Promote village savings and credit group formation and strengthening amongst women-only groups (at least 20%)</li> <li>• Promote group formation and strengthening among youth and development of youth network</li> <li>• Provide leadership training</li> <li>• Encourage participation in village decision-making bodies, including committees, cluster committees, irrigation association and management committee, farmers' associations and higher level farmer organizations</li> </ul> |
|              |                 | Financial assets  | <ul style="list-style-type: none"> <li>• Limited access to financial services due to collateral constraints</li> <li>• Lack of financial resources to buy inputs and technologies</li> </ul> |   |
|              |                 | Social assets     | <ul style="list-style-type: none"> <li>• Few employment opportunities in the labor market</li> <li>• No support network of youths</li> </ul>   |   |



|               |                        |
|---------------|------------------------|
| Document:     | EB 2016/119/R.17/Add.1 |
| Agenda:       | 11(d)                  |
| Date:         | 30 November 2016       |
| Distribution: | Public                 |
| Original:     | English                |

E



## Comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme for the Federal Republic of Nigeria

### Note to Executive Board representatives

#### Focal points:

##### Technical questions:

Oscar A. Garcia  
Director  
Independent Office of Evaluation of IFAD  
Tel.: +39 06 5459 2274  
e-mail: o.garcia@ifad.org

Johanna Pennarz  
Lead Evaluation Officer  
Tel.: +39 06 5459 2558  
e-mail: j.pennarz@ifad.org

##### Dispatch of documentation:

William Skinner  
Chief  
Governing Bodies Office  
Tel: +39 06 5459 2974  
e-mail: gb\_office@ifad.org

Executive Board —119<sup>th</sup> Session  
Rome, 14-15 December 2016

---

For: Review

# Comments of the Independent Office of Evaluation of IFAD on the country strategic opportunities programme for the Federal Republic of Nigeria

## General comments

1. The Independent Office of Evaluation of IFAD (IOE) welcomes the new results-based country strategic opportunities programme (COSOP) for the Federal Republic of Nigeria, which it finds to be overall a well-prepared country strategy. The COSOP was developed by IFAD and the Government, drawing on the findings and recommendations of the 2015 country programme evaluation (CPE) and the corresponding agreement at completion point (ACP), signed in June 2016.
2. The COSOP is a concise and clear document. It recognizes the opportunities and challenges for IFAD's portfolio in Nigeria and takes into account a number of lessons from past cooperation between IFAD and the Government.
3. Overall, IOE is satisfied that the CPE recommendations were swiftly adopted through the ACP and that the ACP was followed in the preparation of the COSOP. IOE supports the broad strategic directions contained in the COSOP, which partially correspond to the five recommendations of the 2015 CPE, but notes that it omits some elements and that some areas deserve greater attention.
4. While CPE recommendations are extensively referenced in section II of the COSOP, overall, however, the COSOP provides little analysis or strategic direction beyond the CPE recommendations or the discussions held at the CPE national roundtable (NRT) workshop of April 2016. It therefore remains unclear if the CPE lessons were indeed fully internalized within the COSOP and if key issues affecting the performance of the Nigeria portfolio are likely to be resolved in the upcoming COSOP period.
5. The second part of this note identifies specific aspects of the recommendations included in the ACP (and CPE) that were not adequately taken into account in the COSOP.

## Specific comments

6. Geographic coverage, focus and overlap. The CPE commented that the broad multiregion coverage (i) created gaps and prevented synergies between the programmes and (ii) led to IFAD's resources and influence being thinly stretched. The CPE thus recommended (a) focusing on fewer states that are fully committed and (b) creating smaller and more homogenous programme units. While the selection of those states would require the adoption of a transparent mechanism and clear criteria for selection, IFAD in addition should adopt strategies to raise attention and sustain commitment from state governors. The COSOP document includes a commitment to select states using the criteria proposed by the CPE. It does not, however, include any indication of what the mechanism for selection (in partnership with the Government) would be, or if any analysis of existing levels of commitments had yet been conducted. Furthermore, it remains unclear if the new selection process, if followed, will result in increased geographic focus and smaller programme units. The concept notes (for additional financing for the Value Chain Development Programme and for the Rural Agribusiness Sector Enhancement Programme) attached to this COSOP suggest that the programme stretch will not be significantly reduced under the new COSOP. The Rural Agribusiness Sector Enhancement Programme will work in five out of the ten southern states, but the concept note does not comment on how these will be selected and if any geographical overlap is intended with the ongoing Value Chain Development Programme or Rural Finance Institution-Building Programme.

7. Monitoring and evaluation, knowledge management and the role of the Federal Ministry of Agriculture and Rural Development (FMARD). The CPE provides extensive diagnosis of weak monitoring and evaluation (M&E) within the country programme, and the need to strengthen the central M&E function within FMARD was a key issue for discussion at the CPE NRT in April 2016. Nevertheless, beyond its general statements of commitment to strengthening M&E, the document fails to include any differentiated strategies to address the multiple issues in M&E performance (e.g. poorly designed impact studies, inconsistent data sets, lack of credible poverty data and/or poverty analysis). While it is commendable that the COSOP emphasizes the link between knowledge management and M&E, the strategy hinges on a newly created extension department within FMARD, with which IFAD has no prior experience cooperating, and a national extension policy yet to be developed. A further shortcoming of the COSOP is that the stakeholder analysis in the annex does not include a systematic review of the FMARD organizational set-up and departments, including how functions for M&E and knowledge management are integrated into the FMARD structure.
8. Policy engagement. Section IV, part C, on policy engagement, does not consider the need for consistent engagement with policy processes and decision makers at the federal and state levels. The CPE highlighted the need to build partnerships and raise awareness and buy-in among state governors to ensure state-level commitment in ongoing and new projects (quoted as CPE lesson). The COSOP mentions that this would be dealt with during annual visits; this would clearly be insufficient, given the enormous challenges facing some of the partner states. The COSOP does not elaborate what the strategy for decentralized policy engagement will be or if additional resources (such as the role of a programme officer proposed in the ACP) will be used in this regard.
9. Gender analysis and targeting. The CPE, in a manner similar to the project performance assessment of the Community-based Agricultural and Rural Development Programme, highlighted the need for a better understanding of gender issues within the vastly heterogeneous context of Nigeria and to adopt improved strategies for targeting women within their specific social and cultural contexts. The CPE recommended that resources should be committed to analyse gender as a cross-cutting issue within the country programme and in partnership with the Government and other development partners. The COSOP provides no indication whether such analysis has been conducted or is under preparation. Furthermore, it is a missed opportunity that concrete lessons from the Gender Action Learning System<sup>1</sup> pilot have not been integrated or shared with relevant partners in preparation for the new COSOP. In addition, the COSOP results frame does not include any gender-related indicators or activities.

### Final remarks

10. With the above qualifications, IOE wishes to reiterate its overall appreciation of the document and the efforts made to follow up on the 2015 CPE recommendations and ACP.

---

<sup>1</sup> A household methodology to address gender inequality and power differentials across value chains, piloted under the Rural Finance Institution-Building Programme.