



Enabling poor rural people
to overcome poverty

FEDERAL GOVERNMENT OF NIGERIA/IFAD

Community Based Natural Resource Management Programme (CBNRMP) – IFAD Loan 598-NG 9TH SUPERVISION MISSION (8-24 JULY 2012)

Aide Memoire, Appendices and Annexes

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FEDERAL GOVERNMENT OF NIGERIA
Community Based Natural Resource Management Programme – 598-NG
Supervision Mission: 8-24 July 2012
Aide-mémoire

A. Introduction¹

1. The objectives of the 9th Supervision Mission of the Community Based Natural Resource Management Programme (CBNRMP) were to: (i) review progress in implementing the agreed actions from the Midterm Review and previous Supervision Missions; (ii) review Programme impacts and agree upon priority areas which have the greatest poverty impact; (iii) assess sustainability of activities, prioritise next steps for Programme completion; (iv) and make recommendations for addressing any lags in implementation progress and disbursement. The Mission visited communities and groups in Rivers, Ondo, Delta, Imo, Abia, and Cross River States between 8– 24 July, 2012. A meeting was held with the Managing Director (MD) of the Niger Delta Development Commission (NDDC), on 11 July. Town hall meetings were organised in Abia on 17 July and in Cross River on 20 July, to obtain the perspectives of various stakeholders, including representatives from the participating Local Governments (LGs). The pre-wrap up meeting was held with the participation of the State Programme Support Officers (SPSOs) and Programme Support Office (PSO) on 23 July. The official wrap-up was held on 24 July chaired by the Honorable Commissioner of Delta State with the participation of representatives of Federal Ministry of Agriculture and Rural Development (FMARD), NDDC, Federal Ministry of Finance (FMF), National Planning Commission (NPC), and the Commissioners for Agriculture and Representative Officials of the 9 participating States of the Niger Delta: Abia, Akwa-Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers states, PSO and SPSOs.
2. The goal of CBNRMP is to improve the livelihoods and living conditions of at least 400,000 rural families in the 9 Niger Delta states with strong emphasis on women and youth. The Programme became effective on 06 July, 2005; the mid-term review (MTR) took place in May 2010; and the Programme is scheduled to be completed by 30 September 2013. Total programme cost is USD 78.4 million, of which the IFAD loan is equivalent to USD 15 million, NDDC grant USD 15 million, FGN contribution USD 10.2 million, State contribution USD 8.2 million, LG contribution USD 32 million, and beneficiary contribution USD 4.4 million.
3. The Mission would like to thank the States, PSO and SPSOs for their ceaseless efforts in Programme implementation despite the many challenges and for their organisation of this Mission; and, as well as NDDC for its commitment in working with CBNRMP towards rural poverty reduction in the Niger Delta region.

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B. Overall Assessment of Project Implementation Progress²

4. ***The Mission rates overall implementation progress as moderately satisfactory.*** Since the MTR, the focus of CBNRMP has been on agriculture, agric-related infrastructure, market-driven poverty reduction activities based on a Community Driven Development (CDD) approach. In general, the Mission sees that the reorientation from mainly social infrastructure to more agriculture related activities has been achieved. The CDD approach has taken root in the Programme States, particularly where counterpart financing has been made available. Community and group projects are drawn from development needs emanating out of the community action plan, prioritised and linked to the LG budget. Groups of farmers have been trained, crop and livestock production and processing models carried out, which have cumulatively translated into higher productivity and profitability. Compared to previous years, there has been a significant improvement in results from training and capacity building, and, more importantly, tangible progress towards the achievement of the Programme's development objectives.
5. The strength of CBNRMP lies in its ability to cause a critical mass of highly profitable and quick-win agricultural enterprises, which has led to asset accumulation and enhanced incomes of beneficiaries by over 100%. The sustainability of various enterprise models like grass-cutter, poultry, aquaculture, piggery, snailery and bee-keeping/apiculture (honey production) has been strengthened. Given the profitability of these enterprises, they are appropriate for adoption. CBNRMP has been highly effective in developing meaningful partnerships with service providers, i.e. private sector operations, government agencies and other development projects, to support these enterprises. Particularly, successful has been the partnerships with the Songhai integrated farm centre. (Please see Annex 1) A key development in CBNRMP has been the M&E component, where a Performance Monitoring Plan (PMP) has been structured to meet the information needs of partners at different implementation levels. The PMP is predicated on agreed key indicators within the IFAD Result and Impact Management System (RIMs), FGN's Transformation Agenda and UN-MDGs and as such qualifies for replication in other IFAD programmes in Nigeria. (Please see Annex 2)
6. As at end of June 2012, the status of disbursement of funds by the major financing partners stood at: FGN = 64.3%, NDDC = 71.1%, IFAD = 46.2%, and LGs = 8.02%. For the seven (7) states of Abia, Akwa Ibom, Bayelsa, Delta, Edo, Imo and Rivers, the status of disbursement is 39.4% while Cross River and Ondo States average of 149.5%. Great variation by State can be observed. While overall status of disbursement at the LG level remains the lowest. The release of the IFAD loan is linked to progress made, which is largely dependent on availability of counterpart financing, and as long as States and LGs continue to renege on their financing obligations, draw down on IFAD funds remains slow. Delays in the release of funds by LGs have hindered implementation of CDF, most crucial at the community level. This invariably dampens the enthusiasm of community members which in turn adversely affects their commitment and ownership of the CDD approach. Given the current speed of disbursement, the Programme complete in September 2013, there would be significant amounts of undisbursed funds.
7. The main challenges as cited by Programme management are (i) CDF funding ratio (LG 45%: IFAD 22.5%: NDDC 22.5%: Community 10%) at the community level, which places high percentage contribution on the LGAs; and (ii) logistic problems due to difficult terrains in the Niger Delta Region and, the need to procure additional vehicles as most of the field 4-WD vehicles that were purchased over 5 years ago are now experiencing frequent breakdowns.
8. ***The Mission rates the likelihood of reaching development objectives as satisfactory.*** CBNRMP addresses the key determinants of poverty in the Programme areas. In all States, substantial areas of land were put under improved management practices for the cultivation of

² The ratings used in this report, are as determined by IFAD. These are as follows:

(6) Highly satisfactory. Targets/requirements met or exceeded. Considered as best practice.

(5) Satisfactory. Targets/requirements met with only minor delays or set-backs.

(4) Moderately satisfactory. Most targets/ requirements met but delays or set-backs experienced.

(3) Moderately unsatisfactory. Some targets met but issues/constraints have negatively affected implementation.

(2) Unsatisfactory. Few targets/requirements met. Issues/constraints remain unresolved. Delays have seriously undermined implementation.

(1) Highly unsatisfactory. Almost no targets/ requirements met. Consideration should be given to cancellation/suspension.

major and high value crops.³ The land areas cultivated by farmer groups in the Programme communities have led to incremental production, productivity and income. Of greater significance is the demonstration effect that these farmers' lots have on the promotion and delivery of improved varieties of planting materials, to address the challenge of low yields per hectare. Reports show as high as 75% increase in rice yield in two communities in Abia and 80% increase of cassava yield in a community in Akwa-Ibom State. It was also reported that a group of Programme supported farmers realised 40t/ha, as against the national average for cassava presently put at 15t/ha.

9. Livestock farmers have also reported substantial results. Like in crops, farmers have begun to shift emphasis from subsistence to business agriculture, with business plans that hinge on sales and profits. In all the enterprises, piggery, poultry and fishery, Programme interventions, especially technical training and utilisation of CBNRMP-prepared modules, have led to the upgrade of production practices with attendant positive impact on income and livelihoods. Fine examples of market opportunities, replication and up scaling were found in the field, which include: fish farming in Imo, Ondo, Delta and Abia states; piggery in Imo⁴ and Abia; and poultry in Cross River State. Similar positive results were recorded in aquaculture in all the fishery sites visited by the Mission, especially the fish clusters in Ekpan and Ugboroke communities in Warri, Delta State where new fish pond technology learnt by youth at the Songhai farms in Rivers was adopted in 171 ponds.
10. For greater impact, the Mission counsels that these enterprise groups should be formed into stronger apex associations. Clustering the groups at a higher level would provide the basis for greater learning among groups, provision of better services, stronger market access and greater economies of scale. In Cross River, Edo and Ondo States, there is some engagement with private sector. This is yet to happen in the other States. Beneficiaries are having problems with access to credit, a serious constraint to their operations. The expected linkage with IFAD/RUFIN has not materialised because of the different areas of operation of the CBNRMP, coupled with the CBN restriction of Unit MFBs to their Local Governments of operation. However, the Programme has made commendable efforts in some States in the areas of training/sensitisation on group savings schemes, which members do access at 5% rate of interest and in linkages with State-registered MFBs and financial NGOs. Examples of output reported are 42 and 45% of 2012 target in Akwa-Ibom and Delta States respectively. Edo State in particular is reporting a cumulative output of 56% of appraisal target of credit mobilisation and a recovery rate of 80%.
11. The groups are now seeing their interventions as businesses that are to eventually stand on their own, and not as a government hand-out. At the community level, it is evident that beneficiary interest in the Programme and its bottom-up implementation approach is not only high, but the contribution in-kind is often much more than the 10% envisaged at design. For successful market linkage, most of the enterprises qualify for a quick opportunity assessment to understand the key players in the demand and supply sides and location-specific challenges that must be addressed to meet market/consumer preference.
12. ***The Mission assesses implementation as against AWPB as moderately satisfactory given the improvements made in the first half 2012.*** In 2011, only just over 45% of the proposed annual targets were reached.⁵ The main challenge for implementation of AWPB 2011 was that funds for agricultural interventions came late (May/June) 2011 and therefore the planting season had finished by the time funding became available. In 2011, 29 (57%), out of

³ Figures reported are 109 ha of cassava, 25 ha of rice and 41 ha of plantain in Edo, 132 ha of oil palm and 90 ha of cocoa in Ondo, and 27 ha and 47 ha of rice, respectively in Cross River and Abia States.

⁴ In Akabor community in Imo State, a piggery enterprise got programme support of 10 sows and 1 boar in a single pen, coupled with technical training of the operator. It has now built 2 standard pig houses with a population of 171 pigs.

⁵ With regards to physical implementation of AWPB 2011, community trainings during the period recorded an achievement of 260 (34%) against a planned annual target of 704 Community trainings. With regards to in-house trainings, the programme recorded 73 (51%) against a planned annual target of 144 with the participation of programme staff, local Government officials, NDCC officers, and other stakeholders. As compared to the community trainings, it could be said that the targets for in-house training were more realistic. Under crop production, 35% of a planned annual target of 547.5 ha were cultivated with improved crop varieties (cassava, rice, yam, plantain, vegetables, oil palm, cocoa, maize etc). For the processing mill enterprises, 32% were established against the annual target of 69. As regards livestock, 26% were established out of an annual target of 137 enterprises. For the fish enterprises, 52% were established against an annual target of 64. During the reporting period, the programme achieved a total of 22(96%) for school buildings and 19(56%) for literacy classes.

⁵ The two States recorded 73% performance in counterpart contributions

a planned annual target of 51 participating LGs complied with the release of counterpart fund resources.

13. There has been an improvement in implementation of the AWPB 2012 as compared to AWPB 2011. A mid-year review of AWPB 2012 was conducted to review implementation vis-à-vis available resources. This review showed implementation of AWPB 2012 at about 45% implementation achievement as against less than 15% funds inflow from funding partners in the period under review. Some factors that accounted for the 45% performance were that activities rolled over from 2011 to 2012.

Agreed action	Responsibility	Agreed date
Strengthen the partnership with NDDC. At the regional level, work closely with the Directorate of the Agriculture and Fisheries in NDDC to review CBNRMP best practices and lessons learnt regularly. (see Section on Programme Management) At the State level, develop a timeline for the State level NDDC Agric officer and the SPSO to review CBNRMP activities regularly.	NDDC/PSO	August 2012
Focus on expansion in a greater number of communities within the ongoing 51 LGs. Ongoing LGs are to become 'champion LGs' for replication of modules by other LGs.	PSO/SPSOs	From now to Programme completion
Create forums at State level to encourage this lesson sharing.	PSO	By Nov 2012
Geo-indent performing sites for exchange program and documentation the successful models to provide practical guides for expansion and up-scaling of initiative by NDDC, LGAs, community groups, individual farmers and other programmes/projects.	PSO	By Nov 2012
Strengthen partnerships with the service providers and institute State forums around commodity clusters to promote private sector engagement on experience sharing and market opportunities.	SPSO	From now to Programme completion
Promote the stepping down of training to more farmers by those who had been trained so as to upscale dissemination of improved farm management practices through the Package of Practices.	SPSO	From now to Programme completion
Utilise the skills gap analysis that has been carried out by the Programme; carry out skills building for the Rural Enterprise Development and Financial Institution Linkage (REDFILs) agents and CDDTs on enterprise profitability and group formation. Develop capacity of CDDTs as they are permanent members of the LGA.	SPSO	From now to Programme completion
Procure new vehicles for PSO, Abia, Cross Rivers, Edo, and Ondo States where there are 9 LGs active and motorcycles for the ongoing LGs, in the event of Programme extension.	PSO/SPSO	By end of September 2012
Carry out quick opportunity assessments for market linkages to understand the key players in the demand and supply sides and location-specific challenges to be addressed so as to meet market/consumer preference before venturing into high value enterprises.	SPSO	Continuous
Decrease the ratio of counterpart financing required from the LGs to implement CDF. Increase the IFAD financing percentage would need to increase from 22.5% to 40% for the CDF component. A loan reallocation and amendment would need to be carried out.	PSO/FMARD/IFAD	By October 2012
Facilitate the use of CBNRMP's Programme Monitoring Plan (PMP) in other IFAD programmes in Nigeria, within the context of Country Portfolio Approach (CPA).	IFAD country office	By end of December 2012

C. Outputs and Outcomes, by Component

14. **The Mission rates Component 1, Institutional strengthening, as moderately satisfactory.**
15. **Capacity building:** The Programme recorded 58 trainings; representing 30% of target of the period for Programme, NDDC and Government staff, as well as staff of service providers and financial institutions. In all, 314 people (about 47% of target) benefitted. The training which has significantly enhanced the effectiveness of staff, especially in understanding the programme approach (CDD) and improved service delivery at all levels. CDD is gradually picking up at both the community and enterprise group levels, though it needs to be firmly consolidated for lasting impact and achievement of programme goal.
16. Available records and observations from field shows that the CDD approach advocated in Programme design and implementation has now begun to take firm roots. Throughout the field interactions with beneficiary groups, members and individuals, it was clear, convincing and satisfying that both Programme staff and farmers processors alike are well on the way to gaining proper understanding and effective knowledge about the operationalisation of the CDD process. The reports by each of the nine participating states and all the sub-projects/enterprises visited during the mission in Rivers, Ondo, Delta, Imo, Abia and Cross River states have indicated that the process is ongoing, correct and largely directional in approach. The CDD principle demands that staff of programme and participating institutions fully internalise the approach and this is enhanced through regular staff skills upgrade. During the period under review (Jan – June 2012), staff training was put on hold by IFAD and this impacted on in-house training. Meanwhile, the Mission feels that regular staff training and skills advancement needs to be reinstated.
17. Capacity of Programme staff is particularly important given the need to update the models for group and enterprise development. The Mission still feels that the technical capacity of the field staff at the SPSO and LG-PEU (CDDTs) levels should be further enhanced to quickly address the technical gaps visible at the community/field level. There is a need to carry out proper economic analysis, review the economic and technical sustainability of agro-enterprise models with a strong business orientation of activities. SPSOs and LG-PEUs (CDDTs) are yet to fully imbibe the orientation of leveraging service providers to facilitate projects.
18. **Institutional strengthening:** Over the period, the linkage between the Programme on the one hand and State and Local Government authorities (LGAs) on the other has significantly improved in some States, especially in Cross River, Edo, Abia and Ondo States. In these States, there is visible involvement of the LGs in the supervision and monitoring of programme activities. However, in the other CBNRMP states, programme linkage with LGs is still weak, and most of the enterprise groups and associations are not effectively linked to the LG level. A major fall-out of this is the limited financial contribution from the LGs. Within the assessment period (January to June 2012), counterpart funds were received only from Edo state (9 LGs) and Delta state (1 LG). However, there were strong commitments from Ondo, Abia and Cross River states for the payment of LG counterpart fund backlogs.
19. **Communication and linkages:** The Mission notes that budgeting, staffing and coherent implementation for this sub-component needs to be improved. There is a need to provide training to the focal officer for integrating the role of communications with M&E. As an enabler to effective implementation, the Programme needs to reconceptualise the sub-component and make it more relevant to Programme management and coordination by which activities under it are budgeted for and tracked. Knowledge management, which involves the creation, updating and sharing of knowledge spewed forth from experiences of various actors is a *sine qua non* to up scaling and replication. This is more so for the CBNRMP, as it is in its final year and it needs to interface with myriad stakeholders so that it can scale up good practices.
20. **The Mission rates Component 2, Community Development Fund, as moderately satisfactory.**
21. **Livelihood improvement:** The Programme conducted a total of 311 community-based and enterprise-group trainings out of a target of 635 within the period (Jan – June 2012), involving 16,123 beneficiaries (9,023 males and 7,100 females) out of a target of 32,597. The trainings were in the areas of improved agricultural production technologies; enterprise development and management; improved postharvest and marketing technologies; and, natural resources/environment, policy and programme management. Overall, more than 48%

of the targeted number of trainings was carried out, while about 53% of the targeted number of beneficiaries were trained. The outcome has been a significant increase in the number of beneficiaries adopting improved agricultural and enterprise management technologies, and increased productivity and profitability based on well-articulated business plans. One example is the additional 171 innovative and improved fish ponds constructed by some members of Uvwie Fish Farmers Multipurpose Cooperative Society in Warri, Delta after receiving training on improved aquaculture practices at the Songhai Centre, Bunu, Thai, Rivers State. Besides, more than 50% of beneficiaries are applying improved agricultural, postharvest, enterprise, as well as natural resource/environmental management principles and practices. The beneficiaries are increasingly embracing the CBNRMP enterprise-interventions from the angle of business (for profit).

22. Testimonies from the field underscored the benefits of on-farm demonstrations. The Mission recorded visible improvement in the management of community/enterprise groups compared to previous years. More than 80% of community/enterprise groups are now registered and there are a growing number linked to apex associations. There is greater involvement of members in the management of group enterprises, and the majority of them keep records and bank accounts. In over 70% of the communities, the enterprise groups are linked to the Town Union/Community Authorities. For the management of group enterprises, the Programme has engaged service providers. This service provision has been particularly useful where the group members lack the capacity to absorb the technical and managerial advice required for profitable enterprise management.
23. Continuous and improved technical and 'business oriented' enterprise managerial backstopping is required for greater internalisation of the enterprise modules by the beneficiaries. In addition, the majority of the beneficiaries still see Programme interventions, as 'their share of national cake', and have expressed hopes that Programme support will always be at their disposal. This was observed in the continued request by some of the enterprise groups for additional programme support, even when it is clear that the group is making significant profits from their business.
24. The Mission noted that most of the groups had initiated many enterprises but lacked focus and expertise in any particular one. While enterprise diversification is a veritable means of risk management and reduction in agro enterprises, there should be synergy and cohesion in the number and types of enterprises the groups are engaged in. In addition to ensuring concentration of efforts, consolidation of skill and competence of the groups, will enable the Programme to reach greater number of enterprise groups within the community and improve efficiency.
25. It is worthwhile to note that the group approach is important for farmers in leveraging services. There is need to expand the concept to include individual entrepreneurs in different sites in the same intervention location. More so, the Programme needs to deepen the use of group approach to include individuals who are engaged in same commodity but willing to come together to leverage services to efficiently operate their businesses. This model will allow the use of one enterprise as an enterprise field school or demonstration sites. However, where members are favourably disposed to owning a contiguous land or common enterprise and profitability and good management are assured, the Programme is encouraged to support that.
26. **Small scale infrastructure:** The Mission found that CDD projects need to address the issue of infrastructure in remote areas and market linkages. Moreover, there are a number of projects that are left incomplete. The Programme should not leave these incomplete projects for NDDC or the LGs to be responsible for completion. This issue of incomplete projects has been raised in previous Missions and is relevant for Rivers, Bayelsa, Edo, and Delta States. Uncompleted infrastructures abound in some of the Programme States and the 2012 AWPB need to be revised to include these infrastructures so that they can be duly completed by the programme.

Agreed action	Responsibility	Agreed date
Component 1: Institutional Strengthening		
Reinstate training of SPSO and CDDT staff in group dynamics for greater group cohesion, building of apex associations and cooperatives as well as updating the models for group and enterprise development.	PSO	Immediate
Refresh subject matter officers on agriculture value chains (from production to markets) to enable them better guide groups and members	PSO and SPSOs	As soon as possible, in view of present resource constraint
Institute and facilitate exchange visits, experience sharing between and among community members and groups, within and between States.	SPSOs	As soon as possible, in view of present resource constraint
Component 2: Community Development Fund		
Engage service providers on a short-term basis to provide sound managerial backup to the groups for profitable enterprise management along the value chain. (See section on Partnerships)	PSO	Immediate
Explore full partnership with specialized firms/persons in agro-processing to provide quality technical services to benefiting groups to enable mill operators optimize installed capacity and maximize profit.	PSO	August 2012
Explore partnership with private extension providers to improve on quality of technical services to community groups.	SPSOs	Immediately
Abia SPSO to seek the services of competent service providers and good extension workers to assist the CDDTs on the various rice farms that have been established by youth groups. Utilise CDF to improve access to enterprise locations.	Abia SPSO	Immediately
Limit the number of enterprises the Programme supports for a particular group to two (2); for greater efficiency in enterprise management, concentration of efforts and improved performance.	PSO/SPSO	Immediate
Review Package of Practices to incorporate socio-economic dynamics of the rural settings and emerging economic realities.	PSO	By end of October

D. Project Implementation Performance

27. **Programme management performance.** The Programme management has worked hard to overcome difficulties posed by lack of counterpart financing from LGs and States for implementation. There has been the appreciable level of effort made by management to address the recommendations of the mid-term review (MTR). While there are significant delays in implementation, ***the Mission rates programme management and coordination performance as moderately satisfactory.*** There have been attempts by the PSO and in particular, the PC, to address the counterpart financing issue. This effort has been fruitful in four states (Cross River, Edo, Ondo and Abia), such that these States are fully engaged with the programme at all levels. In other States, poor performance in meeting counterpart fund obligations is reflected in the inability to establish tangible activities in the participating communities.

28. At the Federal level (PSO), there is a Programme Steering Committee (PSC), which sits twice annually to review implementation progress as well as recommend approval of Annual Work Plan and Budget (AWPB) to the Federal Agricultural Development Programme Committee (FADPEC). There is a need for a platform that meets regularly, to review the progress of the Programme in the context of other agricultural development and rural poverty alleviation programmes implemented by WB, AfDB, and other agencies and provide policy recommendations in order to enhance programme effectiveness and to facilitate its replication on a national level. Although membership of the committee has been formalized; the body does not meet regularly.
29. At the regional level, NDDC has the mandate to develop the Niger Delta, exploring possible partnerships and facilitating knowledge sharing. For CBNRMP, NDDC has paid 71% of its counterpart funds, a situation that has helped State offices to carry out activities and CDF establishment. When the Mission had a meeting with the MD of NDDC (11 July 2012), he requested further information on CBNRMP activities. For NDDC to play its oversight and monitoring role, the commission needs regular information on 'value for money' and poverty impact on the ground. There is a need for the Agriculture and Fisheries Directorate of NDDC to liaise with the PSO to keep NDDC management informed of Programme activities, implementation progress in the States, best practices and recommendations on follow-up actions. The Directorate of the Agriculture and Fisheries to make regular opportunities for the PSO to keep NDDC informed of Programme activities, implementation progress in the States, best practices and make recommendations on follow-up actions.
30. The three key management structures of the programme, namely: PSO, SPSO and the Planning and Evaluation Unit (PEU) are well established. For the SPSOs and PEUs, their strengths vary from State to State. The mission observed that the performance of the State and Local government managements is both a function of counterpart funds payments and eventual government buy-in. Akwa-Ibom, Bayelsa, Delta, Imo and Rivers states, where we have not received counterpart financing, performance has been hampered. The same is also documented for local governments that are not paying their counterpart funds. The Mission enjoins non-performing States and local governments to honour their contractual obligations to the programme so that it achieves its goals.
31. At the State level, an Agricultural and Rural Development Committee (ARDEC) has been established, for general oversight and coordination of the programme. As most States have multiple donor supported programmes, including the Agricultural Development Programmes (ADPs), FADAMA, Commercial Agriculture Development Programme and in some States, RUFIN; a regular and functioning State level ARDEC to discuss progress and share lessons is necessary. CBNRMP should explore the possibility of harmonizing the ARDEC with Agricultural Development Programmes Executive Committee (ADPEC) of the ADPs to provide feedback and maintain close contact with the state chief executive. The link between the CBNRMP and the Commissioner, and through him/her, the Governor needs to be robust.
32. At the LG level, there is a local government development committee (LGDC) and a Community Driven Development Team (CDDT). Mobility is a challenge at the LG level, allowances are low and vehicles are getting old, a situation that further weakens the function of the CDDTs. There is a Community Based Animation Team (CBAT) in all communities visited, which collaborate with CDDTs to maintain focus on the CDD approach. They work closely with the CDDT to coordinate the activities of the groups and intermediate between the community groups and their communities. The key grass root structures (CBATs and CDDT) are active in all the communities visited, especially in Cross River and Ondo States.

Agreed action	Responsibility	Agreed date
Establish a forum to be chaired by the FMARD and ensure it meets regularly on issues relating to community-based rural development with representation drawn from the FMF, NPC, NDDC, FDA, FDPRS, PCU, PSO and representatives of development partners, e.g. AFDB, the World Bank (WB), DFID, CIDA and FAO.	FMARD / IFAD	By end of Dec 2012
Establish a platform for PSO to brief NDDC on best practices of the CBNRMP and report quarterly to the MD of NDDC on progress, impacts and policy implications.	PSO	Urgently
Harmonize ARDEC with Agricultural Development Programmes Executive Committee (ADPEC) of the ADPs to provide feedback and maintain close contact with the State Governor.	PSO	By end of Dec 2012
Provide mobility (motor cycle) to CDDTs for the LGs are providing counterpart contribution.	PSO	By end of Dec 2012
Ensure the implementation of harmonized standards for travel allowances for IFAD programme staff at all levels.	FGN/IFAD/NDDC and PSO	By end of Aug 2012
Work out mechanisms at the LG level to compensate CBAT members, programme service providers at community level (e.g. teachers) from CDF resources.	SPO	By end of Dec 2012
Reassess periodically the unit costs for activities, buildings, equipment, etc and ensure that costs are aligned to current market rates.	PSO/SPSOs	By end of Aug 2012

33. **Monitoring and evaluation (M&E).** *The mission rates performance of M&E as moderately satisfactory.* The main essence of the M&E structure is to ensure that it is carried out in a participatory manner at all levels, particularly at the Community and LG levels where implementation takes place. M&E is to guide programme strategy towards achievement of programme goal and objectives which entails coordinating the preparation, production and monitoring implementation of the Annual Work Plan and Budget (AWPB), produce periodic reports based on verified data, maintain an electronic Management Information System (MIS) database, and conduct thematic, special and ad- hoc studies, among others. The Mission notes that the MIS is yet to be fully computerised at all levels.
34. The Mission observed marked technical improvement, particularly with the development and deployment of the Performance Monitoring Plan (PMP) based largely on IFAD RIMS, FGN transformation agenda and UN-MDG, redefinition of Programme Key Performance Indicators from 10 to 16, development of a more robust data collection template and reporting format. There has been a significant improvement in the quality of progress reports produced, reduced delay in rendition of statutory reports, 2011 Annual progress report and 2012 midyear report, better focused field monitoring visits on supervision and technical backstopping to State and LGC-PEU levels. In 2012, due to funding constraints, some important activities are yet to be accomplished such as special thematic studies, impact surveys, procurement of survey equipments etc.

Agreed action	Responsibility	Agreed date
Update and computerize the existing manual Management Information Systems (MIS) based on the PMP and a better definition of programme performance indicators.	PSO	By end of September 2012
Carry out thematic studies with the support of the Federal Ministry of Agriculture in light of Programme completion and perception surveys	PSO, NDDC and FMARD	Urgently
Carry out an internal sub-project verification exercise to ascertain status of completion, functionality and sustainability.	FGN/IFAD/NDDC and PSO	By end of Dec 2012
Carry out refresher training on PMP and further trainings for the M&E team as required to sustain its optimal utilization.	PSO	August 2012 onwards

35. **Gender and Youth focus. The mission rates gender focus as satisfactory** and the trend is positive. In community training, female beneficiaries account for over 40%. This is satisfactory relative to the number of female beneficiaries receiving staff and partners' training which ranges between 20 and 30%. Women have benefited in the programme training on the CDD approach, but data does not distinguish between mixed and single gender groups. Field experience reveals that female groups exist with various commodity interests, notably cassava, plantain, pineapple, vegetable and fish. There is a sense that female groups are more cohesive, though less buoyant economically. It would be instructive to see how the CDD approach lends itself to acceptance/adoption by mixed vis-a-vis single gender groups to shape Programme emphasis on training, with a view to achieving faster results.
36. In many of the enterprises visited, a considerable degree of gender balance was exhibited in the mixed groups. A good example was found in TELEX Multipurpose group in Obubra LGA with 11 members, (3 adult male, 3 adult female and 5 youths). This group owns a farm holding of more than 6,000 birds (cockerels, broilers and layers). There is also a preponderance of groups accommodating the less privileged and the vulnerable, and women who had no inhibitions to assuming leadership positions in the groups' democratic setting.⁶
37. The challenge for the youth is following the provision of training they do not have the means to adopt activities. The stakeholders' meeting in Abia State drew light on an LGA where the intervention was youth training, but without financial and material empowerment. In Ikwerre LGA, Rivers state, interactions revealed that over 100 youths have been trained and have been awaiting empowerment.
38. **Poverty focus. The mission rates poverty focus as satisfactory.** Poverty in rural farming communities of the Niger Delta is the result of low yield, poor varieties of planting materials, lack of access to market opportunities, lack of access to credit, and inadequate infrastructure. Various interventions of the Programme focus on addressing the determinants of poverty. All Programme communities are poor, with some groups being progressively uplifted from poverty. A greater focus is required on artisanal fishing communities, which rank among the poorest in the Programme area, by virtue of un-abated physical degradation of their environment and heavy pollution of their economic resource. The focus on this segment has been adversely affected by incomplete Packages of Practices (POP) and of late, by the Programme down-sizing exercise. These communities are widespread in the entire Programme area. They are in dire need of interventions at all levels of the value chain and in Natural Resources Management. There is a baseline on the poverty line in each State and further survey work needs to be done to get the exact impact on poverty.
39. **Effectiveness of targeting approach. The mission rates the targeting approach as satisfactory.** In accordance with the eligibility criteria in the Project documents, the targeting is relatively adequate (youths, women, landless rural people, women heads of households, peasant farmers and ethnic minorities). Most of the beneficiaries targeted were unemployed, lived on less than \$2 per day and are rightly classified as poor. Their communities are very inaccessible and isolated. Training and skill acquisition are also found to be appropriately targeted but the level of empowerment should be up scaled based on functional modules e.g. adult literacy and empowerment of the vulnerable and disabled.

Agreed action	Responsibility	Agreed date
Organise training on CDD specifically for single gender interest groups that have shown considerable cohesion.	PSO, SPOs and Service Providers.	Immediate
Review baseline and carry out impact survey to assess the Programme's impact on poverty	PSO.	By end of 2012

40. **Knowledge management.** CBNRMP has a knowledge sharing platform in its website (www.cbnrmpnd-ng.org) and active participation in the central communication platform of the country programme approach. Since the creation of the Central Communication Platform of IFAD programmes in Nigeria, the CBNRMP has keyed in and has been a worthy partner,

⁶ In Ozuaha community, Ikwerre LGA, Rivers state, there are 3 women groups, each cultivating 1 ha cassava group farm and individually owning yam, maize and vegetable farms. The chairperson of one of the 10 member groups is a widow.

providing funds for joint publication of knowledge products (newsletter, progress reports). The programme is encouraged to continue its support, more so, when in return the platform has capacity to provide it with technical backstopping on website enhancement, strategy and content management.

41. The Mission notes that the partnership with News Agency of Nigeria (NAN) has begun to yield dividends as NAN reporters have been networked with programme officers in the States to cover their activities. It behoves on the programme, however, to encourage Programme States to enter into similar strategic partnership with State-owned media outfits for increased coverage of their activities. But, the performance of CBNRMP in other sharing methods such as newsletters, flyers, the media (Radio, newspapers) is weak. As knowledge sharing has no limit considering the wide range of stakeholders and interests in the programme in the Niger Delta Region, the Mission noted that the use of PSO website and central communication website may not be able to service the myriad of interests in the region. Therefore, in addition to facilitating a website for participating LGAs it encourages the States offices to also have their own websites such as the case in Abia (www.ifadnddc-abiabnrm.org) within their limited resource so as to provide local (State) content to the understanding of programme implementation and appropriately serve the rural communities. Such state-level websites should be linked to the PSO and central communication platform sites.⁷
42. The mission commends the great effort by CBNRMP to brand its intervention sites with signboards and signs, but for effective branding of the whole programme it recommends that the Programme should conduct a perception audit to ascertain its brand image with a view to inculcating brand loyalty in beneficiaries.

Agreed action	Responsibility	Agreed date
Integrate M&E with Communication and refocus the sub component on Communication and Linkages to align with the Programme's KM Strategy	CO/PSO	By Sept 2012
Train M&E Programme Staff on how to use success story template and engage with knowledge management strategy	CO/PSO/Communication Platform	By Sept 2012
Appoint a KM/Communication officer as the focal person for all activities related to Knowledge Management, Communication and Innovation at the PSO	PSO	By Nov 2012

43. **Learning and Innovation. The mission rates the innovation and learning as moderately satisfactory.** The Mission acknowledged the presence of pockets of Innovation across the programme States, notably farm service (agri-inputs) shop in Ondo State; apiculture in Ondo and Imo States; 'burkinabe' fish smoking kiln in Delta State; simple but lucrative fish hatchery technology in Imo State; environmentally-friendly cassava processing mill in Cross River State; zero tillage rice production in Abia State; grass-cutter enterprise in Rivers State; piggery enterprise in Imo and Cross River State; and the ecologically-friendly snailry-fish enterprise Imo, etc. These innovations need to be properly documented and up-scaled. The Mission, therefore, recommends that a compendium of innovations be compiled and shared for greater impact, as well as digitalize (geo-track) the sites for replication and up-scaling by interested persons/groups.
44. Similarly, mission commends the effort of the programme in developing simple and farmer-friendly Package of Practice for key enterprises as the approach has proven to be successful in facilitating learning about new enterprises in several programme States, in addition to enabling beneficiaries keep abreast with new technologies and techniques in Production, processing, Marketing and Natural Resources Management. The Mission, however, recommends the need for the Programme to continuously evaluate and update these modules

⁷ In this line, the initiative of Ayala Local Government Council in Cross River State to create its own website at www.yalala.cr.gov.ng and provision of CBNRMP to buy into the website is commendable. The Mission recommends that each SPSO should liaise with local government authorities in its location to jointly replicate Ayala initiative.

against field experience so as to make them more holistic and user friendly, as well as, enable them live the test of time.

45. **Partnerships.** CBNRMP has established strong partnerships with various reputable organizations comprising: private sector operations, government agencies and other development projects for the purpose of leveraging quality services, linking beneficiaries to service markets, tracking and sharing knowledge of best practices, replicating successes, facilitating buy-in and ensuring sustainability of programme initiative. These partnerships are in line with the determination of FGN and IFAD to promote Nigerian agriculture through using a value chain model, as promoted in the Agricultural Transformation Agenda.
46. The most successful partnerships are with Songhai integrated farm centre, Dizengoff Nig Limited, Lift Above Poverty (LAPO), USAID-funded Children of Hope project (COH), World-Bank funded Fadama project and News Agency of Nigeria (NAN). The institutions have engaged with CBNRMP to provide quality trainings in best agricultural practices along the chain (Songhai), provision of credit service to farmers (LAPO), provision of agri-input (Ondo State Agriculture Input Supply Agency (AISA), training on safe handling and application agrochemicals (Dizengoff), sharing of experiences and replication of successful models (Songhai, Fadama), establishment of quick-wins and high value home enterprises, (COP and Songhai), knowledge management and dissemination of successes (NAN). Some successful partnerships are highlighted:
- Songhai Regional Centre provides training on hands-on/best agricultural enterprise establishment and management. Through this partnership, CBNRMP has established quick-win projects for aquaculture, grass-cutter, piggery and snailery enterprises. 150 lead farmers (100 males and 50 female) obtained initial training in various enterprise models and, through the groups, trained other farmers, thereby creating a multiplier effect in participating and non- participating communities.
 - Ondo State Agriculture Input Supply Agency (AISA) provides access to fertilizers and agro-chemicals competitively to farmer groups. Through this agency's 'input shops', farmers are obtaining fertilizers, seeds, agrochemicals and extension services in line with the principle of Growth Enhancement Scheme (GES) of the ATA. Benefiting farmers have been numerically captured in the ATA farmers listing initiative at the shops.
 - Informal market operators such as fabricators of agro-processing machines ensure value addition and processing by smallholder farmers to meet local market demand. Cross River SPSO has developed the principles of engagement along the entire chain as could be seen in the cassava processing mill in Obudu community. Edo SPSO engaged service providers to develop local technicians in the agro-processing enterprise groups so that they can maintain cassava processing mills established by the Programme. Similar robust engagement is, however, lacking in other States.
 - National Root Crops Research Institute provides supply of improved cassava varieties (TMS 419, TMS 98/0505, TMS 98/0581, TMS 98 0510 and TMS 98/2205) to farmers.
 - Dizengoff provides safe use and application of fertilizer/crop protection products (CPPs). This has been important especially that extension services in many States are presently weak. The mission observed significant increases in farm level productivity through this partnership. It also observed an increase in the establishment of input shops by youth with resultant impact on the sales of agro-inputs and income.
 - Through the WB-funded FADAMA, CBNRMP groups are jointly using demonstration sites/farmer field schools for technology transfer, value addition and market linkage. For the CBNRMP oil palm groups in Elemo community in Ondo State, due to the successful linkage with the FADAMA processing mill, the groups have increased the volume of their produce/sales and increased their income. There is an MOU for the partnership between CBNRMP and FADAMA.
 - CBNRMP has leveraged the services of LAPO and facilitated access to micro credit by farmers. This important linkage has, however, been limited to only LAPO microfinance in Edo State.

47. In general, successful partnerships have been recorded by CBNRMP in production and processing areas, but the Mission is worried that functional partnerships are lacking in the areas of market access for farmers produce. Given the increasing interest by youth in production and enhancing knowledge in the use of good production practices, partnership with credible output markets for market access is very critical to sustain youth involvement in agriculture and credit lending to the agricultural sector.

Agreed action	Responsibility	Agreed date
Explore possibility of replicating the Ondo CBNRMP and the State Input Supply Agency partnership with similar bodies as a clear means of aligning CBNRMP intervention to the ATA.	PSO/SPSOs	By end of December 2012
Deepen partnership with MFIs (microfinance banks and financial NGOs) to improve access to financial credit for rural farming communities with a view to up-scaling various successful business models and encouraging youths in agriculture.	PSO/SPSOs	Start in August 2012

E. Fiduciary Aspects

48. **Financial management.** Accounting for budget utilisation in the financial management system is rudimentary. The classification of activities in the budget is not aligned to the financial accounting system, and budgeted figures for activities or expenditure categories are not included in requests for new expenditures. As a result there is a risk of expenditure exceeding budgets and of misclassification of expenditures into wrong categories. Financial reporting is yet to incorporate budget figures, which weakens monitoring of actual expenditures compared to approved budgets. The Programme is exploring ways of uploading the budget into the accounting software currently in use and periodical reporting on budget realisation, for better monitoring of the budget.
49. The Programme submits Withdrawal Applications (WAs) irregularly with long lapses, which weakens IFAD monitoring of financial transactions and adequacy of advances at Programme spending locations. There should be at least one Application each month, separately for each disbursement method. To ensure that all WAs are accurately recorded in the accounting records and the ones pending disbursement are tracked, the PSO should design appropriate accounting entries for all WAs submitted to IFAD and those disbursed. This would facilitate reconciliation of Programme financial records with IFAD loan administration.
50. The Mission observed that financial accounting continues to rely substantially on manual accounting systems and reporting, even though a computerized accounting software system has been procured. None of the States and PSO had updated the financial transactions for January to June 2012 in the software system. The level of utilization of the accounting system is still very low and this is largely responsible for the failure of the programme in timely generation of financial information and reports such as trial balance, funds balances and financial statements. This has weakened the ability to monitor financial progress at the project. The project management has agreed to bring computerised financial accounting system up-to-date within the next 3 months and to produce quarterly financial reports regularly thereafter.
51. The Mission noted that there are deficiencies in the maintenance of both cash advance and fixed assets registers while at some SPSOs, the documents are not maintained at all and the staff do not understand why such documents should be maintained. Consequently, this needs to be rectified in order to ensure integrity of the assets reported in the financial statements. The cash advances given to Programme staff for travel and other expenses are not adequately accounted for. As a result it was not possible to determine how much advance was outstanding at any time and for how long. The advances were in the meanwhile justified as eligible expenditure to IFAD. The Mission has reminded Programme management to fully reconcile all advances with the amounts retired and submit a schedule of outstanding advances to IFAD by the end of the Sept. Quarter 2012.
52. **Disbursement. The mission rates disbursement as moderately unsatisfactory.** The Programme had recommended a pooling of funds into a single account domiciled at the SPSOs called Community Development Fund (CDF) account, from where funds are disbursed to the

beneficiaries though the community account. The CDF account is fully operational in all 9 states. However, the Mission noted that the guidelines of the CDF Account prepared by the FC are yet to be fully adopted by the Programme. This is evidenced by : (i) Non-closure of the Local Government accounts where some programme funds are still trapped in the account in Rivers and Bayelsa states; (ii) In Ondo state, Local Government funds are still being disbursed through the Programme Account B at the Local Governments where there is a high turnover of officials who are signatories to the account; and (iii) Rather than pool funds into the CDF Account, some States notably Imo and Akwa Ibom transferred funds from NDDC account and have continued to disburse funds directly to the community accounts without passing through the CDF accounts. By implication, this will impact on the funding ratios from other co-financiers since it will be difficult to properly account for fund disbursement based on the ratios.

53. The Mission noted that when funds are transferred from the CDF account, the SPO recognizes that transfer as an expenditure that is used to request for reimbursement from donors based on their financing ratio. This has resulted in cases where funds transferred to the community have remained unspent while at the same time the same funds have already been reimbursed by the co-financiers.⁸ The end use of these funds was also not subject to oversight by internal and external auditors. As a result, it was not possible to determine if such funds were actually spent at the community level for the purposes intended, even though these had been reported as expenditure. The explanation obtained from the programme is that there was a dispute between the community members over what activity to undertake and thus accounted for why the funds had not moved from the community account. Considering that there are about 150 community groups participating in the CDF component, and with a generally weak financial management capacity, the mission has recommended that while the existing accounting approach can continue, to gain better assurance on use of funds a check on basic accounting records kept by community groups be subject to extended test checks by project internal and external auditors and all exceptions and unspent balances be fully accounted for and reported in accordance with project manuals.
54. From the table below, it is worth noting that the highest percentage of disbursement has been recorded on recurrent expenditure such as salaries allowances and maintenance while the core activities of the CDF has recorded the lowest percentages. This trend suggests a risk that if the project budgeting is not adjusted to direct a larger proportion of funds towards CDF activities in the remaining project period, authorized category allocations could be exceeded and development impact affected. To mitigate this risk, the mission recommends measures to reduce budgets for recurrent expenditures and increase these for CDF related activities in the remaining project period.

Table 1. Cumulative disbursements of IFAD funds to date (as of June 30,2012) (Figures in SDRs).

cat.	description	% IFAD	total_alloc.	total_disb.	balance	Disb. %
	AUTHORISED ALLOCATION		1,871,881	1,871,881	(1,871,881)	16%
1.a	CONSULTANCIES,STUDIES,AUDITING, TRAINING	15	600,000	229,049	370,951	38%
1.b	VEHICLES AND EQUIPMENT	15	91,000	31,014	59,986	34%
1.c	SALARIES,ALLOWANCES,OPERATION AND MAINTENANCE	15	444,000	484,319	(40,319)	109%
2-10.a(i)	COMMUNITY DEVELOPMENT FUND,VILLAGE INFRASTRUCTURE	22.5	1,674,000	268,664	1,405,336	16%
2-10.a(ii)	COMMUNITY DEVELOPMENT FUND,LIVELIHOOD DEVELOPMENT	22.5	3,556,000	296,029	3,259,971	8%
2-10.a(iii)	COMMUNITY DEVELOPMENT FUND,NATURAL RESOURCE MANAGEMENT	22.5	1,369,000	64,220	1,304,780	5%
2-10.b	CONSULTANCIES,STUDIES,AUDITING,TRAINING	25	1,809,000	722,368	1,086,632	40%
2-10.c	VEHICLES AND EQUIPMENT	25	571,000	373,180	197,820	65%
2-10.d	SALARIES,ALLOWANCES,OPERATION AND MAINTENANCE	25	1,236,000	934,243	301,757	76%
	Total		11,350,000	3,403,086	7,946,914	46%⁹

⁸ A case in point is an amount of N 2,000,000 transferred in May 2011 to Egbelu Community in Ngor Okpala Local Govt area of Imo state and up till now the money is still in the account.

⁹ Excluding the initial advance deposit of SDR 1,871,881 , the expenditure documented to date (SDR 3,403,086) is 30% of authorised allocation.

55. **Counterpart funds. The mission rates counterpart funds as moderately unsatisfactory.** Counterpart funding requirements showed lowest performance by the Local Government Councils who are expected to contribute 45% of counterpart funds for all CDF activities. At the time of the mission, State counterpart funds have been received from January 2012 to date from Abia (N6m), Cross River State (N45m), Ondo (N60m) and Delta (N26.25M) states and PSO (N10m). While Local Government contributions have been received from only Delta (N1.6m) and Edo (N32.4m) states.
56. Imo State had only paid counterpart funds as fulfilment for effectiveness in 2006 and nothing else in the seven years of programme implementation. All Local Government Councils in the State have not paid any counterpart contributions from inception to date. Ondo and Cross River states have, however, remained consistent in the payment of counterpart funds from programme inception to date. Abia and Edo states have recently resumed paying their contributions.
57. From NDDC, the last tranche of USD 3 million dollars and a balance of USD 1.341 million from the previous tranche is outstanding.
58. These inconsistencies in counterpart fund flows has disrupted project financing plan and hindered project activities in the affected States. The additional risk is that available funds from any of the financing sources may be used in programme implementation without regard to the agreed sharing ratios, since the current accounting system is unable to record and monitor expenditure attributed to various sources and comingling of funds. To mitigate this risk, the mission has urged all participating States and Local Governments to adhere to the agreed financing proportions.
59. **Compliance with loan covenants. The mission rates compliance with loan covenants as moderately satisfactory.** The loan covenants that have not been complied are as follows:
- **Section 3.05 - Availability of Additional Resources** (c) Without limiting the generality of paragraph (b) above, the Borrower, on behalf of each State, shall make available to each State SPSO and to each LGC during the Programme Implementation Period counterpart funds in the aggregate amount of USD 913 000 and USD 508 000 equivalent, respectively. The Mission found that Local Governments did not have capacity to deliver on the counterpart funds.
 - **Schedule 3, Part A, Federal Level, para 2.1 Agriculture and Rural Development Consultative Group – Establishment and Composition** The existing ARDCG shall be expanded to include the following Programme stakeholders; representative from the FMF, NPC, FMARD, NDDC, FDA, FDPRS, PCU, PSO and shall also include representatives of AFDB, the Fund, the World Bank, DFID, CIDA, DAO and other development partners involved in community-based rural development. The Mission found that there have been more recent developments with regards to development partner coordination at the Federal level.
 - **Schedule 3, Part A, Federal Level para 4 Programme Coordination Group** A PCG comprised of the PC and a senior representative from NDDC and the PCU shall meet biannually to review PSO activities and make recommendations on follow-up actions. The PCG shall keep the advisory board of NDDC informed of PSO activities and Programme implementation progress. The Mission found that what is important is that the NDDC MD and the Directorate of Agriculture and Fisheries is kept abreast of CBNRMP activities.
60. **Procurement. The Mission rates procurement as moderately satisfactory.** Procurement activities in the Programme are guided by the approved consolidated procurement plan for the PSO and SPSOs as well as IFAD procurement guidelines which dovetailed into Community Procurement at the beneficiaries' level. There is generally very low level of procurement activities across the Programme as a result of non-availability of counterpart funds. The review noted that apart from the PSO, procurement activities took place only at the community level and in almost all the cases the activities were mere completion of activities carried over from the 2011 financial year. A review of the procurement processes showed substantial compliance with IFAD procurement guidelines and procurement activities were properly documented at the PSO, but more involvement of the SPSO at the community level is highly recommended.
61. **Audit. The mission rates audit as moderately satisfactory.** In line with the relevant sections of the Programme Loan Agreement, the PSO and the SPSOs had engaged new External Auditors after the expiration of the four-year term of the previous auditors. External audit reports and management letters were submitted before the due date by all the External Auditors. However, the quality of the audit reports and the management letters showed the

failure of the auditors to fully understand the programme and their terms of engagement. The need to express separate opinions on the operation of the Special Account was not met and the management letter failed to address issues that affected accounting and internal controls in the disbursement and management of programme funds. The Mission expressed its concern that a prior year item in the 2011 Audited Report amounting to N12M for Abia State could not be sufficiently explained by the External Auditor, in particular its impact on what has been justified as eligible project expenditure.

62. There are Internal Auditors at the PSO and all the States. A review of internal audit reports coupled with Mission findings showed a very high capacity gap among this category of officers as almost none of their audit reports raised the major issues in the Mission findings. Internal auditing and reporting did not meet the requirement of the Internal Audit TOR and reporting format provided by the Country Office. The internal audit programme in use was not consistently applied and the report in almost all the cases failed to address pertinent internal control issues especially as they relate to disbursement of and accounting of funds at the community level.

Agreed action	Responsibility	Agreed date
Financial management		
Budgeting, Accounting and Internal Controls		
Prior to developing the 2013 AWPB, ensure proper alignment of the budget against the accounting codes in the financial system. This is to ensure that the Programme is able to generate reliable budgetary realization reports that will highlight budget against the actual expenditure	FC /M&E unit	September 2012
Prepare quarterly management reports from the accounting system, comprising actual expenditure against approved budgets, for expenditure categories. This will aid in the Programme's managerial decisions.	FC	September 2012
Monitor and reduce the level of recurrent expenditures against authorized allocations in the remaining project period.		
Ensure the existence and proper maintenance of up to date cash advances. The programme should put mechanisms in place which ensures that all advances are duly retired at least two weeks after activity has been undertaken and at least three months for an on-going activity. Before this, they should ensure that all outstanding advances given up till the time of mission are fully reconciled with the amounts retired and a schedule of outstanding advances to IFAD by the end of the Sept. quarter 2012.		September 2012
Update Asset Register by category, date of acquisition, amount, status of item and location. These lists should be compiled by each state and sent to the PSO for ease of reference during closure and transfer of items to the Federal Ministry of Agriculture. This would also include vehicle insurance, date and cost of MOSS equipment installed on vehicles, where applicable.		September 2012
In addition, no vehicle should be kept without insurance.		
Utilise fully the accounting software system and ensure that all opening balances and current transactions are entered into the system.	FC, State Accountants	October 2012
Produce quarterly financial reports from the system and send to the PSO for the monitoring of financial progress of the project. A monthly consolidated report should also be submitted to the CPM.	FC, State Accountants	

Submit one Application monthly with the minimum threshold of USD 20,000, separately for each disbursement method.	PSO, SPSOs	Effective 1 Aug 2012
Design appropriate accounting entries for all Applications submitted to IFAD and those disbursed to facilitate reconciliation of project financial records with IFAD loan administration as well as tracking pending disbursements.	PSO, SPSOs	
Disbursement Transfer all funds for CDF into the pooled CDF account and then channel to communities, so that the accountability is complete. Work with the LG officials to utilize the funds for eligible activities where programme funds are still held in the LGAs accounts.	NPC, SPOs and State Commissioners for Local Governments	October 2012
Issue instructions to all participating agencies to ensure proper pooling of funds to the CDF Accounts before transferring to the communities, using the appropriate funding ratios.	FC, State Accountants	August 2012
Develop a process that will ensure that all funds transferred to the community are fully accounted, with basic cash book to be maintained by communities and a requirement for simple SOE and bank statements from the CBAT chairman to be submitted to State project office.. The Programme should ensure basic book-keeping training is carried out at community level.	FC, State Accountants	September 2012
External Audit: (a) Carry out a comprehensive investigation into the books of Abia State to establish the essence of the prior year adjustment and the effect (if any) on programme funds since 2009 and before the engagement of the current auditor.	SPSO with support from PSO	31 st August 2012
(b) Ensure total adherence to the letter and content of Terms of Reference issued to the external auditors at the time of their engagement.	PSO, SPSOs IFAD to review external auditors TOR before engagement	Immediately
Demonstrate a clear understanding of the issues raised by the auditor (in the management letter) by indicating the specific follow up actions they intend to adopt and their timeframes.	PSO, SPSOs	Immediately
Amend the TOR for external audit to include a sample check on the expenditures incurred at community level from funds transferred from the Community Development Fund, and report all exceptions noted.	FC, PSO	October 2012
Internal audit: Encourage Internal Auditors to be more proactive in ensuring strict compliance and adherence to internal control guidelines by ensuring that Internal Auditors are empowered to efficiently discharge their oversight responsibilities in fiduciary management of programme funds and resources.	NPC, SPOs	Immediately
Amend the work program for internal audit to include a sample check on the expenditures incurred at community level from funds transferred from the Community Development Fund, and report all exceptions noted.	FC, PSO	Immediately

F. Sustainability

63. **Institutional sustainability.** *The mission rates institution sustainability as moderately satisfactory.* By far the biggest risk for sustainability of the CBNRMP, beyond the September 2013 completion date, relates to varying levels of commitment to current implementation of the Programme by the financing partners: FGN, NDDC, the nine participating States, Local Governments and the beneficiary communities. The Programme has not yet had a chance to fully demonstrate impact and ensure its sustainability.

64. The deliberate inclusion of NDDC, as the agency of FGN charged with the accelerated development of the Niger Delta region contributing the same amount as IFAD, constitutes the most assured long-term, sustained institutional arrangement in support of the programme. The challenge faced by NDDC as IFAD's major partner is far less about its ability to wholly finance CBNRMP, but much more about the understanding of the benefits of buy-in and entrenchment of the CDD framework for agriculture, agriculture-related and other forms of development covering infrastructure, water, health, nutrition and the environment.
65. At the LG level, the uncertain commitment of Imo, Akwa Ibom, Rivers, Delta and Bayelsa governments especially those who do not release allocated resources, begs the question of whether activities would be sustained in those States. It is evident that Ondo and Cross Rivers are the most committed states, while commitments have been received more recently from Abia and Edo States. CDD is taking root in these States and they have demonstrated readiness to sustain the approach even after programme completion.
66. Where CBNRMP is being implemented, the LGs are committed to the CDD approach. CDDT members are drawn from relevant departments of the LG and provide technical backstopping to commodity interest groups. As CDDTs are permanent members of the LGA, building their capacity is key to sustainability. At the community level, it is also evident that beneficiary interest in the programme and its bottom-up implementation approach is not only high, but the contribution in-kind is often much more than the 10% envisaged at programme design.
67. **Social sustainability (Empowerment).** *The mission rates empowerment as moderately satisfactory.* The social sustainability of CBNRMP is directly hinged on the level and extent of empowerment of beneficiary groups, associations and cooperatives. To a great extent, communities/groups and beneficiaries understand the importance of the group approach in rural development and enterprise management and leveraging services for profitable enterprise management. The members have been empowered to operate and manage their agricultural production and processing activities as business for improved incomes. However, there is still need for capacity building for these groups to metamorphose into cooperatives and apex associations. Although evidence of an effective CDD process for income, profit and food security has been long in coming, the Mission is satisfied that the evident beneficiary empowerment and business perspective constitutes a sound and effective beginning.
68. **Economic and financial sustainability.** Economic and financial sustainability is the bedrock on which the success of a programme lies. Economic and financial sustainability implies that a programme stands on its feet (after key support is withdrawn) and continues to yield economic and financial attractions and benefits on a sustainable and long lasting basis. During its field visits, the Mission saw visible signs for achieving economic and financial sustainability, especially at the enterprise group level beginning to emerge. Cardinal among the indices is the increasing awareness and application of business approach in the running and management of group/individual enterprises.
69. Almost all the enterprises visited have profitable benefit-cost ratio (Figure 1). Interestingly, grass cutter, aquaculture, oil palm processing mill, rice production, as well as cassava processing mill yielded significant positive returns, an indication that the groups are applying profitable and efficient business principles in the management of these enterprises. For economic and financial sustainability of the programme, the interventions on enterprises must be managed profitably, and this is beginning to take root. This is germane as it will provide the needed stimulus and attraction for others to venture into the business, leading to increased economic activities, improved income and enhanced welfare in the communities. The overall impact will be seen in a significant reduction in poverty among the community members.

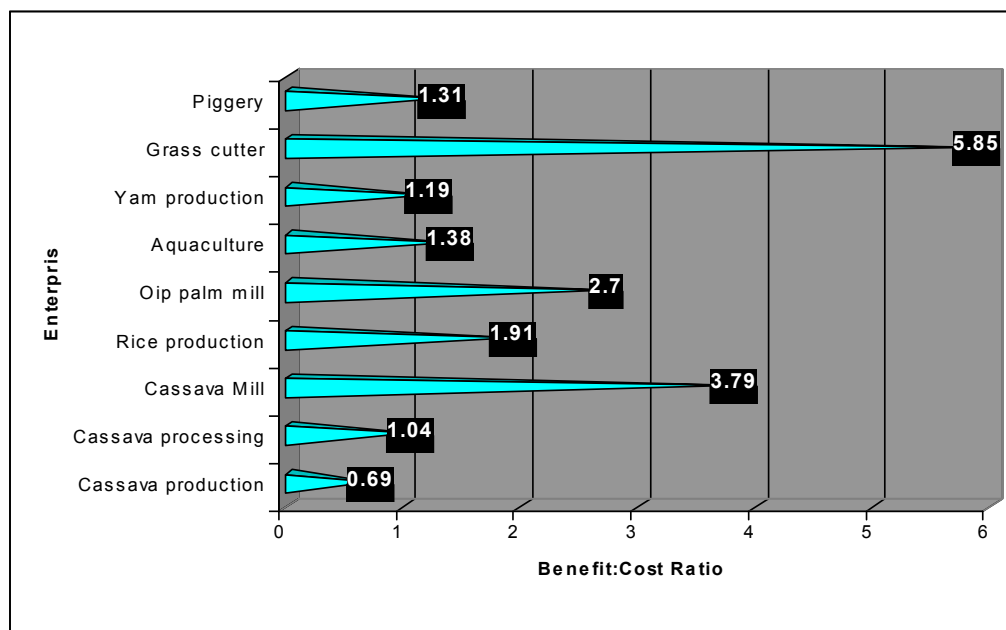


Figure 1. Benefit-Cost ratio of some enterprises within the communities

70. **Technical sustainability.** Strongly linked to economic and financial sustainability is technical sustainability. For a programme to stand on a strong economic and financial footing, a sound technical backing is imperative. Though the technical capacity of the programme staff has been strengthened, that of the communities and enterprise groups still require substantial improvement. A weak technical base will adversely affect the sustainable and profitable management of programme interventions in the communities. The engagement of a service provider at the Cassava Processing Mill in the community in Obudu LGA of Cross River states is an example of a good intervention that ensures technical sustainability for the group enterprise. This is because the members are also working hand-in-hand with the service provider, and through this, they will invariably acquire the needed technical skill in running and managing the enterprise on a sustainable basis. ***The mission rates the responsiveness of service providers as satisfactory.*** (Please see Annex 1 on Successful Partnerships.)
71. **Exit strategy. The mission rates the readiness of exit strategy as moderately unsatisfactory.** Considering that the CDD approach is new and has not previously been fully entrenched in the participating states, CBNRMP presence in the Niger Delta States continues to be warranted. IFAD's continued support would be necessary rather than an exit for impact and sustainability to be assured. The Programme is yet to develop an extension strategy with the main partners; while there is an extension proposal submitted by the PSO, which is being examined. The extension strategy of IFAD from the Niger Delta region and the CDD approach conditions itself, in part, on: (a) the seriousness with which NDDC pursues its sustainability role for the CDD framework; (b) effective understanding of the CDD approach by key agricultural staff of the commission; (c) the entrenchment of the enterprises and value chains among beneficiaries; (d) the deepening and sustainability of poverty impact caused by the CBNRMP.

Agreed action	Responsibility	Agreed date
Articulate an extension strategy around institutional sustainability of the CDD approach, strengthening the social sustainability of the groups into apex associations and cooperatives, scaling up of the community based enterprises around value chains, economic sustainability of the enterprises and technologies at the State level and their replication, and technical sustainability through training of staff, the POP, lead farmers and nurturing of service providers.	FMARD, NDDC, PSO, IFAD	October 2012

G. Impact

72. **Physical and financial assets. The mission rates physical and financial assets as moderately satisfactory.** The physical assets that the programme beneficiaries have received had been for the agriculture, livestock related production and processing enterprises. These have proven to be useful and have had a great impact on the groups' capacity to generate income. With regards to financial assets, there has not been any stocktaking as to the amount of savings these groups are generating.
73. **Food security. The mission rates food security as moderately satisfactory.** A total of 14,330 farmers and processors were targeted to adopt various recommended technologies and improved production packages, out of which 7,987 (492M, 3035F) did, representing 56% achievement. As a result of adoption of these improved practices, farmers are now able to cultivate improved variety of crops, embark on better agronomic practices, stocking of hybrid animals and fishes, improved agricultural produce and processing management. Of the 900 ha that were to be put under improved management practices, 770 ha has been achieved by over 100 commodity groups. 70 livestock enterprises were supported by the programme, in 65 communities.
74. **Increase in incomes.** Records available across the States showed that the adoption of recommended technologies and improved production packages has so far translated into improvement in productivity levels of the farmers as well as increased income on the various enterprises. Income increases are greatest when production is linked to processing and upon completion, the programme would have achieved a total of 52 processing mills. CBNRMP is to create over 54 000 jobs. Currently, it has created nearly 24 000 new jobs by small and medium enterprises. This has also brought about cohesion amongst youths. A recent case is that of the training and empowerment of 75 youths (51 males and 24 females) with safe use of agro - chemical in three states of Abia, Cross River and Imo under the first phase. In less than one month after the training, the beneficiaries had disseminated the training to 53 other youths who are currently self - employed and are receiving monthly income ranging from N10,000 – N 28,000.00.
75. **Policy impact.** The programme has contributed to policy development and implementation at the national and State levels in four distinct ways:
- *Implementation of the ATA* - CBNRMP has positioned itself as a veritable instrument in the implementation of the Growth Enhancement Scheme (GES) of the Federal Ministry of Agriculture. Because of its spread and closeness to the rural people, CBNRMP was trusted with numerically capturing of genuine rural farmers under the operationalization of the GES.¹⁰ In addition to the central role it played during the farmers' registration process, the programme facilitated the establishment of a farm service centre, which serves as a collection point for the government supported fertilizers, seeds and agrochemicals in Ondo State.
 - *Influencing Government in Youth Empowerment* – CBNRMP has been instrumental to creating models for youth empowerment in the Niger Delta. To name a particularly successful example, CBNRMP supported the building of capacity of over 4000 cluster fish farms in Delta State to increase productivity in their ponds and introduced an efficient *Burkinabe* fish smoking kiln to demonstrate value addition. The use of the *Burkinabe* kiln was officially launched by the State Commissioner of Agriculture, who pledged on behalf of the government to provide a standard fish mill to the clusters. Similarly, as a result of training provided to the youth by the programme at the Songhai regional centre in Rivers, an efficient method of construction of ponds was adopted by the youth operators of the clusters in Ekpan and Ugboroke communities in Warri, Delta State.

¹⁰ The GES initiative uses voucher receipts to provide fertilizers and improved seeds competitively to rural poor farmers in Nigeria.

- *Facilitating Job creation* - CBNRMP has established a number of enterprises with quick-returns such as aquaculture, grass-cutter, piggery and snailery in the Niger Delta Region. Ready examples abound like the piggery and grass-cutter enterprises in Imo and Rivers State respectively, as well as the cassava processing mill and rice farms in Cross River and Abia State respectively. These projects have shown a potential to influence government policy in the direction of profitable agricultural enterprises and job creation for youth and women in the region.
- *Developing a strategic partnership between CBNRMP and the BRACED* (Bayelsa, Rivers, Akwa-Ibom, Cross River, Edo and Delta) *Commission* – CBNRMP and IFAD country programme management team has supported the development of an agricultural framework of the Delta Region. CBNRMP will leverage the partnership to influence policy. The Mission encourages CBNRMP to finalize the partnership arrangement with BRACED commission to facilitate the commencement of the preparation of the policy framework.

Agreed action	Responsibility	Agreed date
Finalize the partnership arrangement with BRACED commission to facilitate the take-off of the agricultural policy framework of the BRACED states (Bayelsa, Rivers, Akwa-Ibom, Cross River, Edo and Delta)	PSO	By Dec 2012

H. Conclusion

76. **Geographic coverage.** CBNRMP was originally to be implemented in 80 LGs and 243 rural Communities in the 9 participating states of Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers. Meanwhile, the Programme is currently operational in 51 LGAs and 153 communities in the 9 States due to lower levels of commitment in some States. The Mission does not envisage further downsizing of the Programme in terms of the number of LGs up till the completion of the Programme in September 2013.
77. In 9 LGs of Cross River, Ondo, Edo, and Abia States respectively, CBNRMP is supported by high level commitment of State Governments, and with the active participation of LGs. In particular, Cross River, Edo, and Ondo States merit recognition as the quality of activities in these States is high; enterprise models are of commendable economic size while targeting and poverty focus are satisfactory. Cross River, Ondo, Edo, and Abia states have asked for expansion of CBNRMP, to other non-benefiting LGs within their State. In the light of these requests, the Mission notes that because developing the capacities of CDDTs in new LGs could take time, CBNRMP should focus on expansion in a greater number of communities within the ongoing LGs in Cross River, Ondo, Edo, and Abia States. In fact, two LGs in Cross River State have taken the initiative by expanding to two additional communities.
78. Meanwhile, resulting from low buy-in, CBNRMP has limited implementation to 3 LGs in Rivers, Bayelsa, Delta, Imo, and Akwa Ibom States. Despite numerous requests to these States to meet their counterpart financing commitments by the PC, previous Supervision Missions, the IFAD country office and letters written to the Governors by the Federal Ministry of Finance, these States have not yet positively responded in providing counterpart financing for the Programme in their states. Hence, the Mission suggests that a last effort be made to mobilise counterpart financing from the States.
79. **Strategic Direction till completion.** The priority areas till completion of CBNRMP are in the following areas of policy implementation at the national and State levels: (i) first, in the contribution to the implementation of the ATA. The involvement of CBNRMP in the GES has contributed in shaping the success of the farmers' registration initiative in Programme locations. (iii) Secondly, providing evidence-based models for influencing government involvement in youth empowerment. The Mission has observed job creation models, like that of the Delta Fish Cluster farms, has become an instrument of reaching fish farmers by Delta State government. (iii) Thirdly, mainstreaming and scaling up modules that would facilitate job creation, which is a cardinal objective of the Transformation Agenda of the President of Nigeria.

80. **Sustainability.** Institutionally, it is evident that Ondo and Cross River are the most committed states, while commitments have been enhanced more recently from Delta, Abia and Edo States. CDD is taking root in these States and they have demonstrated readiness to sustain the philosophy of CBNRMP even after programme completion. To make a lasting impact by internalizing self-sustainability, economic and financial viability is the anchor on which the overall sustainability of CBNRMP interventions is hinged. The groups and individual farmers are now, more than before, seeing the interventions as businesses that would eventually stand on their own, and not as a government hand-out. At the community level, it is evident that beneficiary interest in the programme and its bottom-up implementation approach is not only high, but the contribution in-kind is often much more than the 10% envisaged at programme design. The inclusion of NDDC, as the agency of FGN charged with the accelerated development of the Niger Delta region contributing the same amount as IFAD, constitutes a long-term, sustained institutional arrangement in support of the good practices emanating from the Programme.
81. **Extension.** The Mission supports the principle of extending the duration of Programme implementation by 2 years, in consideration of the following: (a) payment of the initial deposit by IFAD was in 2006, a full year after declaring the Programme effective in July 2005; (b) some of the States did not become disbursement effective until 2007; (c) there was halt in transfer of payment after the mid-term review of the programme; (d) CDD needs time to be rooted in the life of the communities and local institutions; (e) there are lots of emerging results and innovations which need consolidation, strengthening and up scaling (f) the beneficiaries, including participating States and LGs, favour extension; and (h) the Programme account still holds sufficient funds to run for the next 2 years.
82. The Mission feels that additional time and support towards further deepening the approach at all levels, entrenching a business sense and orientation in agricultural production and processing models is needed. In consideration of its crucial and strategic mandate in accelerating the development of the Niger Delta region, through opportunities for youth, job creation through the CDD approach, the Programme could contribute to policy impact at the State and Regional level.
83. **Recommendations:** The Mission has the following recommendations:
- Ongoing Local Governments (LGs) to become '*Champion LGs*' for replication of the enterprise modules and the CDD approach by other LGs. There should be forums at State level to encourage this lesson sharing.
 - A platform in FMARD, together with representatives of NDDC, Federal Ministry of Finance and the National Planning Commission to be created to facilitate knowledge exchanges that would ensure sustainability of programme impact.
 - A field mission with the participation of FMARD and IFAD country office for the purpose of informing, sensitizing, updating the Managing Director and key staff of the NDDC about CBNRMP, the benefits of the CDD approach for enhancing impact, as well as the role expected of the commission to be fielded.
 - A 2-year extension to be justified to IFAD management based on the strategic importance of the Programme and the opportunity that it presents to policy to impact on job creation and the reduction of youth restiveness in the Niger Delta Region.
 - Provided an extension is approved, participation to be limited only to the states that are actively responding to their counterpart fund obligations. As at present, only five states namely Ondo, Cross River, Edo, Abia and Delta have shown proven track record of consistent disbursement of counterpart funds to the programme.
 - FMARD, IFAD-led teams to be fielded to Bayelsa, Akwa-Ibom, Rivers and Imo States in the light of possible lapses in communication, such that State officials are not aware of outstanding balances of counterpart funds at State and Local Government levels.
 - On a more operational level, accounting systems and financial reporting systems to be improved. At current, the SPSO and the PSO do not have computerised financial reporting systems in place.

- The level of IFAD counterpart financing for CDF activities to be increased from 22.5% to 40%, to lessen the burden on the LGs, which has shown to have the weakest capacity to provide counterpart financing.

84. The Federal Government of Nigeria and IFAD endorse the findings of the supervision mission.

Appendices and Annexes

Appendices

- Appendix 1: Summary of programme status and ratings
- Appendix 2: Progress against previous Mission recommendations
- Appendix 3: Financial: Actual financial performance by financier; by component and Disbursements by category
- Appendix 4: Compliance with financing agreement covenants: Status of implementation
- Appendix 5: Physical progress measured against AWP&B and appraisal targets including RIMS indicators
- Appendix 6: Updated logical framework indicating progress against objectives, outcomes and outputs – RIMS Table
- Appendix 7: Learning and innovation
- Appendix 8: Follow up Status of Audit Findings 2012
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Annexes

- Annex I - Successful Stories on Partnerships
- Annex II - Performance Monitoring Plan (Monitoring and Evaluation)
- Annex III - Financial Management

Appendix 1: SUMMARY OF PROJECT STATUS AND RATINGS

Basic Facts

Country	Nigeria		Project ID	1260	Loan/DSF Grant No.	598
Project	Community-Based Natural Resource Management Programme - Niger Delta				Supp. Loan/DSF Grant	
Date of Update	10-Aug-2012				Financing terms	HC
Supervising Inst.	IFAD/IFAD					
No. of Supervisions	8	No. of Implementation Support/Follow-up missions	3			
Last Supervision	12-Aug-2011	Last Implementation Support/Follow-up mission	09-Dec-2011			

USD million Disb. rate %

Approval	11-Dec-2002			Total costs	78.40	
Agreement	09-Jul-2003	Effectiveness lag	31.3	IFAD Total	15.00	
Effectiveness	06-Jul-2005	PAR value	-----	IFAD loan	15.00	47
MTR	27-May-2010			DSF grant		
Current completion	30-Sep-2013	Last Amendment		IFAD grant		
Current closing	31-Mar-2014	Last Audit	18-Apr-2012	Domestic Total	63.40	
No. of extensions	0			Beneficiaries	4.40	0
				Government (Local)	40.20	0
				Government (National)	18.80	0
				Cofinancing Total	0.00	

Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	3	1. Quality of project management	4	4
2. Acceptable disbursement rate	3	3	2. Performance of M&E	4	4
3. Counterpart funds	3	3	3. Coherence between AWPB & implementation	3	3
4. Compliance with loan covenants	5	4	4. Gender focus	5	5
5. Compliance with procurement	5	4	5. Poverty focus	5	5
6. Quality and timeliness of audits	5	3	6. Effectiveness of targeting approach	5	4
			7. Innovation and learning	4	4

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Institutional Strengthening	4	3 (4)	1. Institution building (organizations, etc.)	4	4
2. Community Development fund	4	3	2. Empowerment	4	4
			3. Quality of beneficiary participation	5	4
			4. Responsiveness of service providers	4	4
			5. Exit strategy (readiness and quality)	4	3
			6. Potential for scaling up and replication	4	4

B.5 Justification of ratings

The programme has been hampered by lack of counterpart funds which affected the disbursement of the loan proceeds in 2011 and implementation in general. Resulting from this development, disbursement presently stands at about 41%. The most affected was social empowerment, public and community institutional strengthening and building of farmer organization. Implementation has also been confronted by weak extension service and M&E system. However, there has been an improvement in the availability of counterpart funds following joint actions from the Federal Government and the IFAD Country Office during the third

Appendix 1: SUMMARY OF PROJECT STATUS AND RATINGS

quarter of 2011. Consequent upon improved funding in the third quarter of 2011, implementation improved with various community trainings and vocations skill enhancements to youth and women. CBNRMP generally re-focused on agriculture and agricultural related infrastructural projects using a value chain approach to add value through processing and marketing. Community trainings were provided to enhance farmers' knowledge on Integrated farming techniques, community procurement procedures, yield increases through improved crop varieties and better farming techniques. The programme has increased the productivity of major food crops like yam, cassava, rice and maize by over 20% and achieved a corresponding increase in income for the farmers involved. The yield increases from Cassava and Rice Crop enterprises' income has increased from less than N72,000 at baseline to over N118,725 for Cassava and from less than N100,000 to over N175,000 for rice. Similarly, group members of Poultry and Goat Livestock enterprises have increased their income from less than N65,000 at baseline to N112,408 for Poultry and from less than N50,000 to N86,200 for goat respectively. Group members of fish culture enterprises have increased income from an average of N135,000 at baseline to N221,350.

Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	4	4
C.2 Food security	4	4
C.3 Overall implementation progress (Sections B1 and B2)	4	4

Rationale for implementation progress rating

The quality of project management is assessed as moderately satisfactory, however, there are a number of challenges for the management as the project goes into its last year, pertaining to sustainability and exit strategy. There is weak M&E but performance has relatively improved as demonstrated in the quality and timeliness of 2011 second semester progress report, 2012 AWPB and procurement plan, 2011 RIMS values. However CBNRMP, like the CBARDP, has revised the M&E system in line with a performance monitoring plan (PMP) to improve data collection and reporting quality. Empirical data are not yet available until the PMP is put into full use. CBNRMP has planned to conduct impact study before the end of 2012 to effectively track impact on physical and financial assets, food security, job creations and other socio-economic benefits. An innovation of the CBNRMP is that it has embarked on various partnerships with credible private sector operators, however, there has not been much learning from it yet and this will need to be addressed in the supervision mission. The public extension is weak and in most cases non-existent. Linkage with private extension service providers is an option that needs to be explored by programme to improve extension delivery to farmers. CBNRMP has remained focused especially in the areas of targeting women, youth and vulnerable and working with rural institutions to influence a change in poor rural villages and in the areas of providing beneficiaries with capacity building to increase productivity along commodity value chains and enhance household income, as well as in the areas of vocational skill enhancement to create jobs and improve standard of living.

C.4 Likelihood of achieving the development objectives (section B3 and B4)	4	4
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Rationale for development objectives rating

Between January-December 2011, there have been efforts in building organisations at the grassroots level, CBNRMP is increasingly forming and strengthening farmer's organizations (FOs) using the Songhai model and enhancing the capacity of rural communities to critically analyze their constraints and identify opportunities, as well as prioritize, plan and monitor their social and economic activities. Up to 896 operational community groups out of a planned annual target of 1170 were strengthened in the application of CDD. The participation of most groups in the Participatory Community Planning (PCP) was effective to develop Community Action Plans (CAPs) indicating the priority needs of the groups for the 2012 AWPB. The tempo of group activities directed towards completing the started and on-going agricultural and enterprise projects has increased. There has been an increasing number of groups with women in leadership positions and the community self monitoring efforts made towards accomplishing their respective CDD Projects across the States. While these efforts are recognised, in the reporting period, 260 (34%) against a planned annual target of 704 community trainings were carried out. A total of over 1895 direct beneficiaries comprising 1075 Males, 820 Females were trained. There was an increase in the number of in-house trainings of 73 (51%) against a planned annual target of 144 with the participation of 385 beneficiaries including programme staff, local Government officials, NDDC Desk officers and other stakeholders and operators. The participation of NDDC is an inbuilt-exit strategy and part of institutional arrangement by design to ensure sustainability. Although, there is great need to improve on the relationship between the programme and NDDC, quality of institutional building, as well as, social and economic empowerment, the commission has shown great interest in using CDD approach to implement development programmes in the Nigeria Delta.

C.5 Risks Short description of major risks for each section and their impact on achievement of development objectives and sustainability

Fiduciary aspects	Although the quality of finance and expenditure management including quality of WAs, internal control systems and financial report rendition have improved, poor performance of some states in meeting their counterpart funds obligations is putting the programme at great risk. In addition, the 45% local government contribution as stipulated by design has been difficult to meet by most of the benefitting LGs.
Project implementation progress	Although the programme is making good effort in using a CDD approach in the implementation process, the level of group strengthening and rural institutions building remains low. There is also the risk of limited access to credible and guaranteed

Appendix 1: SUMMARY OF PROJECT STATUS AND RATINGS

	market outlet for producers as well as limited access to credit in some of the communities to support downstream activities sustainably. Finally, lack of political will by some state government to meet their counterpart fund contribution has persisted. At present (6 years into project life span), disbursement of IFAD resources is about 45% only, mainly due to poor funding by partners – IFAD funding is linked to counterpart funds. For instance only 3 out of the participating 9 states and 21 out of 80 participating LGs provided funds to the programme in 2011.
Outputs and outcomes	Limited access to yield enhancing technologies like fertilizers and crop protection products (CPPs) and poor access to credit are the critical factors limiting outputs and outcomes of farmers' organizations. Another factor that puts outputs and outcomes at risks is the limited access to land arising from current land ownership regime.
Sustainability	The level of government buy-in is still low to guarantee sustainability. Similarly, low capacity still exists especially in the beneficiary communities and local government partners in the areas of group dynamics and use of farmers' organizations to build cohesion among farmers so that they focus more effectively on income-generating agricultural activities.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Inability of partners (states and LGC) to meet their counterpart fund obligations, mainly due to high funding ratio on the part of LGC (45%)	Urgent need to address the funding ratio as recommended by MTR and requested by the Federal Government.	Immediate	FGN-FMF written to IFAD awaiting response
Low capacity in group strengthening and rural institution building	Engage an expert on a short term basis to improve the capacity of programme staff and benefit communities on CDD and FO approach.	Immediate	Ongoing
Limited access to credible and guaranteed market outlet for producers as well as limited access to finance in some of the communities to support downstream activities sustainably	Organize farmers and link them to markets. Linkage with RUFIN and microfinance institutions for farmer groups.	Immediate	Ongoing
Poor access to production inputs (fertilizers and agro-chemicals) to enhance productivity and income, as well as capacity enhancement in the use of best agricultural practices	Linkage with input service providers (credible input dealers and shops as well as guaranteed market outlets) and continuous building of farmer groups in the safe use and application of fertilizers and agro-chemicals.	Continuous	Ongoing

Additional observations

Appendix 2: Progress Against Previous Mission Recommendations

Action Area	Action Agreed	Agreed Date for action to be taken	Whom	Progress in completion of action
Community Driven Development (CDD)	There is urgent need to strengthen the capacity of the programme staff and concerned officers of the participating institutions in the CDD approach to sufficiently deepen on the process and service delivery. The PSO staff should actively go beyond mere supervision to offering concrete technical and implementation support to the SPSO/LGA staff for proactive and effective coordination and management of activities at the communities	January 2012	PSO/FGN/IFAD	While a consultant was engaged to carry out Community Institution Profile as part of the process towards achieving the deepening and internalizing CDD in the Programme, the consultant has not submitted his work. Hence it is recommended that the work be completed and that the next step in training the staff take place. Moreover, the recommendation for concrete and technical implementation support for SPSO/LGA staff needs to be followed up.
Staff Training and Capacity Building	The staff re-assessment and skills-gap analysis already commenced should be quickly concluded in all the States and the reports critically examined and implemented with a view to swiftly plugging all perceived and inherent gaps in capacity vital for driving the process efficiently	Mid January 2012	PSO/SPSO	The report identifying skill gaps has been completed, gaps were prioritized and the training needs at the community levels. Meanwhile, programme staff training needs were put on hold as IFAD put a ban on staff training.
Programme Extension	With only about 37% of programme funds thus far released, it becomes imperative that IFAD and the oversight agency (Dept. for Rural Development of FMARD) consider extension of CBNRMP-ND to ensure full utilization of funds and realization of programme objectives	June 2012	FMARD, through FMF to IFAD	A draft proposal for extension was forwarded to Dept of Rural Development, FMA&RD. Recommendations are to be made at the supervision mission in July 2012, followed up by IFAD management response and then a more detailed mission by NDDC, FMARD, CBNRMP and IFAD to detail out the proposal.
Programme Expansion	Identify ready and viable LGs that have exhibited practical interest, but outside the initial LGCs for inclusion in the programme intervention	June 2012	PSO/SPSO/FGN	Action commenced. In Cross River State, Akasi and Obanliku LGAs have indicated interest to participate in the programme while Yala LGA added 1 community (Albifokpa), Akpabio LGA added 2 communities (Ikot Ekpoene and Ikot Ekpe,

Appendix 2: Progress Against Previous Mission Recommendations

				Obubra LGA added 2 communities (Omene Okpechi and Ogurokpono). Meanwhile this mission does not see merits of the programme expanding to more LGAs given there is just one more year left in implementation and focus should be on consolidation of the models and enterprises.
Policy Platform for States' Support	The programme, through JPIC should quickly and without delay, initiate dialogue with the states governors in the Niger Delta Governors Forum, aimed at securing improved counterpart fund contribution, as well as putting in place a platform for deduction of LGCs counterpart contribution at source (even with reduced LGC funding ratio achieved)	Immediate	FGN	A letter was sent by the Federal Ministry of Agriculture and Rural Development to the Hon. Minister of Finance on the status of Counterpart Funds at the State level, and consequently the Permanent Secretary FMF sent letters to that effect to the State Governors. Efforts made yielded dividend as Edo State commenced deduction of LGAs' Counterpart funds at source.
Programme management and coordination	In pursuance of the need to get State and LGCs respond positively to their funding obligations, Federal Ministry of Finance is expected to forward letters to affected State Governors. This should be followed up quickly as soon as the letters have been delivered to the governors.	End February, 2012	IFAD/NDDC/FGN	Edo State fully equipped the established offices with office and training equipments. Other States are awaiting payment of LGA counterpart funds. IFAD needs to follow up with the different States
Counterpart financing	If it becomes obvious that realignment of funding ratio might not be approved by IFAD, CBNRMP-ND should stick to working in those states and LGCs that are meeting their counterpart funds obligation.	May / April 2012	PSO	Action has commenced in line with this recommendation. We would anyway need to continue to consolidate in the LGs that are working with the programme now.
Programme allowances	While waiting for the LGA funds, the programme (PSO, FGN and States) should quickly put in place mechanism for providing incentives at the community/LG levels, and motivating and encouraging the CDDTs with commensurate allowances.	Immediate	PSO/IFAD/FGN/NDDC	Action has been taken as provision has been made in 2012 AWPB. The release of Counterpart funds is awaited to commence.
Community Development Funds	To strengthen rural institutions, especially the community/enterprise groups, the CBOs, CBATs and CDDTs, the engagement of the	Immediate	PSO/FGN/NDDC	The engagement of a CDD expert has been carried out. The report has not been submitted. Group formation and

Appendix 2: Progress Against Previous Mission Recommendations

	rural institution expert/CDD consultant already initiated should be fast-tracked (on service provider basis for an initial 6 months). The programme should facilitate the formation of functional apex groups/associations as well as the community management committee as a tool to harmonizing programme intervention in the communities			development is on-going. Some communities have established functional apex groups but these need to be strengthened to promote learning and further strengthening of the groups along value chains.
	To strengthen the structure of CDD, CDDTs are crucial and every effort at making them more engaging and active should be pursued. The PSO, FGN and States should work out funding mechanism aimed at making the CDDTs more useful in the programme	Immediate and continuous	PSO/SPSO	Action has been taken as provision has been made in the 2012 AWPB for this allowance. The release of Counterpart funds is awaited to commence implementation in most States.
Enterprise development	For increased efficiency in enterprise development and delivery, the programme should put in place minimum standard for enterprise scales and sizes as well as standard mode for agro processing facilities.	Immediate and continuous	PSO/SPSO	The module is already in existence to capture all these. As there has been experience gained on these modules on the ground, it is time to review and finetune these models.
	Training of farmers/enterprise group members at Songhai centre should be consolidated by improving farmer-trainer ratio, as well as increase the rate at which the trainings are being conducted so as to satisfy the farmers needs and meet programme objectives. Also programme should have a training calendar that will be communicated to all beneficiaries at the beginning of the year	Immediate and continuous	PSO	The rate of training in Songhai has been increased. The initial number of beneficiary has increased from 25 to 175. The step down by the Songhai graduates at the community level is still ongoing. However, the farmer trainer ratio in the communities where there has been a training step has appreciatively decreased. A training plan had been prepared. There needs to be a better realization of these farmers that have been trained as lead/key farmers.
	To entrench the enterprise spirit in the beneficiaries and not to regard the intervention as hand-outs, programme should commence, without further delay, the repayment principle of seed capital. Cost recovery should be reduced from the current 75% to 50%.	Immediate and continuous	PSO/SPSO	The entrenchment of enterprise spirit in beneficiaries has been vigorously pursued. The process of cost recovery from 2012 intervention list has been put in place with the reduction of the repayment from 75% to 50%. Farmers and groups need to understand that the profits from the enterprise are to be channeled back into enlarging their enterprise.

Appendix 2: Progress Against Previous Mission Recommendations

Monitoring and Evaluation	For the essence of the developed programme monitoring plan (PMP) to be realized PSO/SPSOs should be step up involvement in data collection, collation, reporting and documentation through provision of incentives to the CDDTs (at local government level)	Immediate and continuous	PSO/SPSO	Action has been taken. The step down on PMP has been concluded and data collection commenced.
	To reduce the delay in preparation and transmission of statutory quarterly and mid year reports submission from states should get to PSO 14 days to the end of the reporting period. All activities after that time are to be taken to the subsequent reporting period.	Immediate	PSO/SPSO	This has been completed.
	The programme should implement use key data collection tools which have been provided for the 2012 AWPB. The staff should be trained on their use and application.	Feb. 2012	FGN/PSO/SPSO	In the budget, awaiting the release of counterpart fund.
Fiduciary issues	The financial reporting format should be harmonized with the approved IFAD budget sub components in order to allow for uniformity and easy comparison.	End January 2012	PSO/SPSOs	The financial reporting format has been harmonized in the accounting software. However the software is not being used.
	The capacity for effective fund utilization should be strengthened by PSO stepping up monitoring of field activities to ensure increased field activities are initiated and implemented as contained in 2012 AWPB.	Immediate and continuous	PSO/SPSO/FMARD	An action plan was prepared by PSO on State basis and funds availability. Subsequently, intensive implementation support visits were carried out by the PSO. There needs to more emphasis on the financial management aspects and internal control.

Appendix 3: Financial: Actual financial performance by financier; by component and disbursements by category

Table 3A: Financial performance by financier

Financier	Approval (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan	15,000,000	5,281,588	35%
Co-financier - NDDC	15,000,000	10,270,016	68%
Government:Federal	10,200,000	7,007,858	69%
State	8,200,000	5,971,408	73%
Local	32,000,000	3,812,194	12%
Beneficiaries	4,400,000		
Total	84,800,000	32,343,064	38%

Table 3B: Financial performance by financier by component (USD '000)

Component	IFAD loan			NDDC grant			Federal			State			LGC			Total		
	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%
Institutional Strengthening	6000	3,475	58	6000	N/A		10200	7008	69	3800	N/A		14000					
Community Development Fund	9000	1807	20	9000	N/A		0	0		4400	N/A		18000					
TOTAL	15000	5,282	35	15000	10,270		10200	7008	69	8200	5971		32000	3,812				

NOTE: N/A – Reports provided could not give the breakdown of actual expenditure per component per financier.

Appendix 3: Financial: Actual financial performance by financier, by component and disbursements by category

Table 3C: IFAD loan disbursements (SDR, as at 30th June, 2012)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
A	Consultancies, Studies, Auditing and Training	380,000	600,000	229,049		370,951	38
B	Vehicles and Equipment	250,000	91,000	31,014		59,986	34
C	Salaries, Allowances, Operation and Maintenance	380,000	444,000	484,319		-40,319	109
A1	CDF Village Infrastructure	3,420,000	1,674,000	268,664		1,405,336	16
A2	CDF Livelihood Improvement	1,980,000	3,556,000	296,029		3,259,979	8
A3	CDF Natural Resource Management	1,350,000	1,369,000	64,220		1,304,780	5
B	Consultancies, Studies, Auditing and Training	675,000	1,809,000	722,368		1,086,632	40
C	Vehicles and Equipment	675,000	571,000	373,180		197,820	65
D	Salaries, Allowances, Operation and Maintenance	1,035,000	1,236,000	934,243		301,757	76
	Unallocated	1,205,000	0		4 WAs pending	0	
	Initial deposit			(1,871,881)	USD171,906	(1,871,881)	
	Total	11,350,000	11,350,000		N3,587,194.35	7,946,914	30

Figure 1: IFAD loan/grant disbursement, comparisons between original and revised allocations and actual disbursement

Appendix 4: Compliance with financing agreement covenants: Status of Implementation

Section	Covenant	Action Due Date	Compliance Status/Date	Remarks
Section 3.05 Availability of Additional Resources	<p>(a) In addition to the proceeds of the Loan, the Borrower shall make available to the Lead Programme Agency and other Programme parties, promptly as needed, such funds, facilities, services and other resources as may be required from time to time to carry out the Programme in accordance with this Agreement.</p> <p>(b) Without limiting the generality of paragraph (a) above, the Borrower shall make available to the Lead Programme Agency during the Programme Implementation Period counterpart funds from its own resources in an aggregate amount of approximately USD 3.8 million equivalent, in accordance with its customary national procedures for development assistance. For such purpose, the Borrower shall deposit into the Federal Programme Account B counterpart funds in Naira equal to the first three months of the federal portion of programme implementation, and shall thereafter replenish the Federal Programme Account B by depositing the counterpart funds called for in the AWPB for the relevant Programme year quarterly in advance.</p> <p>(c) Without limiting the generality of paragraph (b) above, the Borrower, on behalf of each State, shall make available to each State SPSO and to each LGC during the Programme Implementation Period counterpart funds in the aggregate amount of USD 913 000 and USD 508 000 equivalent, respectively. For such purpose, the Borrower shall deposit into the State Programme Account B and each Local Government Programme Account B counterpart funds in Naira equal to the first three months called for in the relevant AWPB, on the basis of which the Borrower shall also thereafter replenish each State or Local Government Programme Account B monthly in advance.</p>	2007 onwards	Not complied	<p>Counterpart financing is to be made available at the FGN, NDDC, State and Local Government (LG) level.</p> <p>The Borrower at the FGN level has made proceeds available but it comes late during the year and it does not come on a quarterly basis.</p> <p>The Borrower does not make counterpart funds available on behalf of each State and LG, the State and LG has to commit its own funds.</p> <p>Funds at the LG level are not being made available.</p>
Section 5.01 Financial Statements	The PSO in consultation with the PCU, shall prepare the financial statements in respect of the Federal portions of the operations, resources and expenditures related to the Programme required by Section 9.02 of the General Conditions in respect of each six-month period during each Fiscal Year and deliver such financial statements through the PCU to the Fund, NDDC within 3 months after the end of each such period.	2007 onwards	Fully complied	Programme had been submitting unaudited financial statements for half and year ends
Schedule 2 para 4 (b) Conditions Precedent to Withdrawals	(iii) the LGC shall have opened Local Government Programme Accounts A and B in accordance with Section 3.04 (b) of the relevant Programme Agreement, and the Borrower shall have deposited the initial installment of the counterpart contribution into the relevant Local Government Programme Account B in accordance with Section 3/05(c) of the Loan Agreement.	2007 onwards	Not complied, however, there was recommendation from Mission	MTR had recommended the operation of CDF Account in replacement of Programme A and B at the LGCs, all the states have fully complied

Appendix 4: Compliance with financing agreement covenants: Status of Implementation

Schedule 2 para 4 (b) Conditions Precedent to Withdrawals	(iv) the LGC MOU shall have been duly signed, and the signature and performance thereof by the State shall have been duly authorized and ratified by all necessary administrative and governmental action and a copy of the LGC MOU shall have been delivered to the Fund.	2007 onwards	Partially complied	All the LGs that were envisaged at the time of Appraisal are not participating
Schedule 3, Part A, Federal Level, para 1.2 Projects Coordination Unit	The Fund's focal point in FMARD PCU shall be strengthened through training and capacity building exercise to carry out quarterly supervision mission, the mid-term review and the project completion report. It shall submit regular progress reports to the Fund, and the ARDCG.	2007 onwards	Fully complied	The Government was supervising the programme through the NPAFS who are always part of supervision missions, that system has been changed and the programme has complied also
Schedule 3, Part A, Federal Level, para 2.1 Agriculture and Rural Development Consultative Group – Establishment and Composition	The existing ARDCG shall be expanded to include the following Programme stakeholders; representative from the FMF, NPC, FMARD, NDDC, FDA, FDPRS, PCU, PSO and shall also include representatives of AFDB, the Fund, the World Bank, DFID, CIDA, DAO and other development partners involved in community-based rural development. A Secretary shall be designated to ensure ARDCG carries out its responsibilities. A representative from the host State, shall also participate in the ARDCG meetings to convey the outcome of the preparatory meetings described in para 2.3.	2012 onwards	Not complied	The ARDCG is not functional and there is no opportunity to share with other development partners involved in community-based rural development. Please refer MTR report on this issue
Schedule 3 Part A, Federal Level, para 2.2 Agriculture and Rural Development Consultative Group – Responsibilities	The ARDCG shall meet annually in one of the States, commencing with Rivers State and thereafter in a different State each year. ARDCG shall develop and modify Programme policies and shall review the progress of the programme in the context of other agricultural development and rural poverty alleviation programmes implemented by WB, AfDB, FAO and other agencies and provide policy recommendations in order to enhance programme effectiveness and to facilitate its replication on a national level.	2012 onwards	Not complied	The ARDCG is not functional and there is no platform to facilitate replication of good practice on a national level. Please refer MTR report on this issue
Schedule 3, Part A, Federal Level, para 2.3 Agriculture and Rural Development Consultative Group – Preparatory Meeting	The Borrower, the Fund, the States and NDDC shall meet annually, prior to the ARDCG meeting, to formulate State level policy recommendations for presentation to the ARDCG.	2012 onwards	Not complied	The ARDCG is not functional and there is no preparatory meeting to formulate State level policy recommendations for presentation to the ARDCG.
Schedule 3, Part A, Federal Level para 4 Programme Coordination Group	A PCG comprised of the PC and a senior representative from NDDC and the PCU shall meet biannually to review PSO activities and make recommendations on follow-up actions. The PCG shall keep the advisory board of NDDC informed of PSO activities and Programme implementation progress.	2012 onwards	Not complied	There is no PCG to keep the advisory board of the NDDC informed.

Appendix 4: Compliance with financing agreement covenants: Status of Implementation

Schedule 3 Part B, State Level para 8 Agriculture and Rural Development Executive Committee – Establishment	Each State Governor shall enhance the State’s existing Agricultural Development Projects Executive Committee to create the ARDEC, which shall meet at least semi-annually.	2012 onwards	Partially complied	ARDEC at the State level is not functional in all States.
Schedule 3 Part B, State Level para 8 Agriculture and Rural Development Executive Committee – Responsibilities	To this end, ARDEC shall inter alia:... (v) ensure that funds are released as budgeted ...	2012 onwards	Partially complied	Funds are not released in a consistent manner across States.
Schedule 3 Part C, Local Level para 18 Local Government Councils	The Local Government Council (LGC) under the overall responsibility of the LGC Chairman shall make resources available to LGC departments to strengthen capacity in financial management, procurement, internal controls, planning, monitoring and reporting. ... Each LGC shall make resources available to ADP, in addition to financial resources provided by the State government for ADP operations.	2012 onwards	Partially complied	LGC is making resources available to ADP, in addition to financial resources provided by the State government for ADP operations. However there is a need for more adequate financing of the ADP system.
Schedule 3A Additional covenants Para 2 ARDCG	Within 90 days of the effective Date, the Borrower shall have expanded the ARDCG in accordance with para 2 of Schedule 3.	2012 onwards	Not complied	ARDCG is not functional.
Schedule 3A Additional covenants Para 3 PSO support	The Borrower shall ensure that the PSO is provided with adequate resources for the PC to carry out its responsibilities.	2012 onwards	Partially complied	PSO has not been adequately funded to carry out its activities
Schedule 3A Additional covenants Accounting and Information Management	Within 90 days of the Effective Date, a. The Borrower and the Fund shall have agreed on an accounting system for the Programme and such system shall be in place and fully operational; b. The Borrower has established an information management system in accordance with Section 4.01 herein	2012 onwards	Partially complied	PSO coordinated the procurement and installation of the Flexible Accounting Software for the PSO and all the nine participating states. The software has been abandoned as it was not working.

Appendix 5: Physical Progress measured against AWPB and Appraisal targets, including RIMS indicators

CONSOLIDATED

PERIOD 01 - JAN - 2006 TO JUNE 2012

	16 KEY COMPONENT/SUB COMPONENT OUTPUT/OUTCOME INDICATORS	Unit of measure	LOP Target	Cum Achievement	2012 Annual Target	Actual (Jan. - June)	% Achiev Jan. - June 2012	% Cumm Achiev. Inception - June 2012
A	CAPACITY BUILDING & INSTITUTIONAL STRENGTHENING COMPONENT							
A1	Number of trainings conducted (disaggregate by programme components, subcomponents; by gender) -No. of beneficiaries	No.	154,884.0	96,553.0	33,272.0	16,637.0	50.0	62.3
A2	Number of community groups applying the CDD Approach	No.	1,819.0	919.0	1,819.0	919.0	50.5	50.5
A3	Number of local authorities releasing resources for community development	No.	-	-	-	-		
			156,703.0	97,472.0	35,091.0	17,556.0	50.3	56.4
B	COMMUNITY DEVELOPMENT FUND COMPONENT	Unit of measure	LOP Target	Cum Achievement	2012 Annual Target	Actual (Jan. - June)	% Achiev Jan. - June 2012	% Cumm Achiev. Inception
B1	Number of Environmental Management Plans formulated	No.	45.0	2.0	45.0	-	-	4.4
B2	Number of farmers adopting recommended technologies	No.	67,934.0	46,760.0	13,330.0	7,750.0	58.1	68.8
B3	Percentage increase in productivity (for Crops/Livestock/Aquaculture)	%	-	-	-	-	-	-
B4	Land area (ha) under improved management practices	Ha	900.0	447.9	340.0	256.6	75.5	49.8
B5	Number of agro processing enterprises supported by the Programme	No.	70.0	43.0	40.0	16.0	40.0	61.4
B6	Net income (Naira) from post harvest enterprises	No.	-	-	-	-	-	-
B7	Percentage increase in income of small and medium enterprises	No.	-	-	-	-	-	-
B8	Number of new jobs created by small and medium enterprise	No.	54,296.0	23,861.0	20,821.0	12,270.0	58.9	43.9
B9	Volume (amount N) of credit provided to rural enterprises	N	64,500,000.0	17,653,000.0	24,700,000.0	5,280,000.0	21.4	27.4
B10	Percentage Increase in access to potable water	%	-	-	-	-	-	-
B11	Percentage increase in literacy level	%	-	-	-	-	-	-
B12	Percentage increase in fish catch (artisanal fisheries)	%	-	-	-	-	-	-
		%					42.3	42.6
	OVERALL PROGRAMME PERFORMANCE	%					46.29	49.53
16a	(Programme Fund Utilization Efficiency)	%					203.7	91.7
16b	Programme management (Partners funding performance)	%					9.7	43.1

CBNRMP REVISED LOGICAL FRAMEWORK

Results Hierarchy	Verifiable Indicators ¹¹	Means of Verification	Risks/Assumptions
Goal: Standard of living and quality of life improved for at least 400,000 poor rural people of the Niger Delta states with emphasis on women and youth'	<ul style="list-style-type: none"> • Prevalence rates for rural poverty • Inventory of household assets ownership. • Household with improved food security. • Increase in the number of productively employed women and youth. 	<ul style="list-style-type: none"> • Household income and expenditure surveys. • RIMS impact survey (baseline and Completion) • Participatory impact monitoring to complement surveys. • Field observations by staff and service providers. • Analysis of relevant Government statistics. 	<ul style="list-style-type: none"> • Continued government policy commitment to agriculture and rural economic development. • Counterpart funds provided on time by partners. • Communities are committed to pro-active support and participation in programme.
Programme Objective: (i) Rural communities and service providers' capacity for community development strengthened.	<ul style="list-style-type: none"> • 70% of the targeted community groups are strengthened to apply CDD approach for agriculture and social infrastructure development. 	<ul style="list-style-type: none"> • Programme progress reports • Supervision missions, mid-term review and completion reports • Impact studies, 	<ul style="list-style-type: none"> • Rural institutions are strengthened • Communities are willing to effectively participate in the programme Local government authority is willing to participate in the programme
(ii) Community development fund established and effectively disbursed.	<ul style="list-style-type: none"> • 50% of targeted rural household report increase in income by at least 25%. • 30% of targeted 400,000 rural household report improved access to water and sanitation. • 10,000 on-and off-farm jobs created for women and youth in target communities. 	<ul style="list-style-type: none"> • Programme progress reports • Supervision missions, mid-term review and completion reports • Impact studies, 	<ul style="list-style-type: none"> • Rural institutions exist • FGN, State, LGC and community commitments are secured Service providers exit in the areas
COMPONENT 1–INSTITUTIONAL STRENGTHENING			
Outcome 1: Poor rural Communities are identifying their needs, prioritizing and participating in sustainable rural development.	<ul style="list-style-type: none"> • 130 Community development plans developed • 500 operational commodity groups applying the CDD approach. 	<ul style="list-style-type: none"> • Community development action plans. • Programme reports including impact studies • Supervision mission report 	<ul style="list-style-type: none"> • Local planning authorities are committed to the programme • Strong commodity groups exist •
Output 1.1: Smallholder groups are strengthened	<ul style="list-style-type: none"> • 500 farmer groups identified and trained in group dynamics including the CDD approach • 20% of th 500 farmer groups are linked to input, output and credit markets. 	<ul style="list-style-type: none"> • Ministry of Agriculture • Certificate of registration for farmer groups/cooperatives • Record of trainings and meeting attendance Programmes progress report 	<ul style="list-style-type: none"> • There is favourable policy that encourages registration of farmer groups
Output 1.2: Local government authorities are releasing resources for community development.	<ul style="list-style-type: none"> • At least 30 local authorities are releasing resources to the communities for community development. • At least 300 staff of local authorities trained on CDD including community procurement 	<ul style="list-style-type: none"> • State and LG Budgets. • State, LGCs and Community AWPBs • Record of trainings and meeting attendance • Programme reports and supervision missions 	<ul style="list-style-type: none"> • State Government releases fund to the local government authorities for community development.

¹¹ All indicators will be age and gender disaggregated. Indicators will be reviewed during design, including quantification. Specific indicators that are not readily measurable will be investigated using qualitative methods.

Appendix 6: Updated logical framework indicating progress against objectives, outcomes and outputs – RIMS Table

COMPONENT 2 – COMMUNITY DEVELOPMENT			
Outcome 2: increased output from crop, livestock and Aquaculture production.	<ul style="list-style-type: none"> 25% increase in productivity of selected crop, livestock and Aquaculture 5% expansion in cultivated land 	<ul style="list-style-type: none"> Farmers record Baseline & Impact survey. 	<ul style="list-style-type: none"> Farmers have access to agri-inputs Farmers have the requisite knowledge and capacity to adopt best practices Extension is strong to support farming activities Service providers have the capacity to provide technical assistance to farmers There is market for farmers produce Land is available to smallholders for farming
Output 2.1: Increase in capacity of farmers to use best practices	<ul style="list-style-type: none"> 60% of benefiting farmers are adopting recommended technologies including high yielding planting materials/seeds, fertilizers, herbicides, , etc 5% of additional land put into use by farmers 10 Environmental Mgt plans are introduced to communities 	<ul style="list-style-type: none"> Agric. extension report Records of farmer group on crop, livestock and fisheries 	<ul style="list-style-type: none"> Extension is strong to support farming activities
Output 2.2: Increase in number of livestock and snail enterprises	<ul style="list-style-type: none"> 80 smallholder poultry enterprise established by farmer groups 50 smallholder Goat enterprise established by farmer groups 30 smallholder piggery enterprise established by farmer groups 100 small ruminants enterprises established by farmer groups 50 snail enterprises established by farmer groups 	<ul style="list-style-type: none"> Agric. extension report Records of farmer groups Programme progress report Supervision mission report 	<ul style="list-style-type: none"> Farmers have access to agri-inputs Farmers have the requisite knowledge and capacity to adopt best practices Extension is strong to support farming activities Service providers have the capacity to provide technical assistance to farmers There is market for farmers produce
Output 2.3: Increase in number of aquaculture enterprises	<ul style="list-style-type: none"> 100 smallholder aqua culture enterprises established by farmer groups. 		
Outcome 3 Income of small and medium enterprises increased.	<ul style="list-style-type: none"> 25% increase in income of small and medium (off-farm) enterprises 	<ul style="list-style-type: none"> SME Report Programme report Supervision mission report 	<ul style="list-style-type: none"> Experienced Business and vocational skill trainers are available There is access to credit
Outcome 4: New jobs created for women and youth	<ul style="list-style-type: none"> 10,000 (off- and on-farm) jobs are created by programme intervention 	<ul style="list-style-type: none"> NBS Programme report Supervision Mission report 	<ul style="list-style-type: none"> Government at all levels continue to support the programme Access to production inputs including credit improves Gender sensitive economically viable enterprises are introduced
Output 4.1 Women and youth are trained in income generating activities.	<ul style="list-style-type: none"> 2,500 women and youth trained in income generating activities 	<ul style="list-style-type: none"> Programme progress report Business records. 	<ul style="list-style-type: none"> Experienced Business and vocational skill trainers are available
Outcome 5.0 Percentage increase in fish catch on artisanal fisheries.	<ul style="list-style-type: none"> 25% increase in fish catch. 	<ul style="list-style-type: none"> Programme progress report Record of artisanal fisheries group 	<ul style="list-style-type: none"> Fishing gear and related equipment are available
Output 5.1 Fishermen groups supported with various fishing input.	<ul style="list-style-type: none"> 100 fishermen groups supported with various fishing input. 		
Outcome 6.0 Income from post harvest enterprises increased	<ul style="list-style-type: none"> 10% increase in net income from post harvest enterprises (i.e. value of value-added products). 	<ul style="list-style-type: none"> Programme progress report Programme report 	<ul style="list-style-type: none"> Processing equipment are available Fabricators and mechanics are available to maintain processing facilities
Output 5.1 Number of functioning post harvest enterprises supported by programme.	<ul style="list-style-type: none"> 75 Agro processing enterprises supported by programme. 		

Appendix 6: Updated logical framework indicating progress against objectives, outcomes and outputs – RIMS Table

Outcome 7.0: Increase in access of the poor to financial services.	<ul style="list-style-type: none"> • 5% of the benefiting farmer groups linked to financial institutions • N250 Million of credit provided to farmer groups and rural enterprises 	<ul style="list-style-type: none"> • Bank record • Progress report • Farmers record 	<ul style="list-style-type: none"> • Availability of microfinance institutions in the programme locations/sites • Commercial Banks, MFIs and MFBs willing to make credit available to beneficiaries at single digit interest rate • RUFIN is operational in programme benefiting sites/locations Farmers and other businesses willing to contribute equity and take loans. • Government policy encourages rural lending
Output 7.1 Enterprises accessing financial services increased	<ul style="list-style-type: none"> • 50 rural enterprises accessing credit facilities. 		
Outcome 8.0: Access to portable drinking water increased.	<ul style="list-style-type: none"> • 50% increase in access to portable water 	<ul style="list-style-type: none"> • Records of Water Users Association • Programme report 	Communities have the capacity to operate and maintaining water boreholes
Output 8.1 % of population using improved drinking water sources as borehole, protected dug well, rain water collection etc. (MDG definition)	<ul style="list-style-type: none"> • 50% of target population using improved drinking water source. 		
Outcome 9.0 Literacy level of target beneficiaries increased.	<ul style="list-style-type: none"> • 20% increase in literacy level 	<ul style="list-style-type: none"> • Records of literacy group • School enrolment records 	<ul style="list-style-type: none"> • Community commitment are secured State and local government authorities are a willing to support school rehabilitation • Programme budget is sufficient to meet government and community standard.
Output 9.1 increase in the ratio of the number of school children of official school age registered as against the number meant to be registered (MDG definition)	<ul style="list-style-type: none"> • At least 1 out of every 5 school children of official school age registered can read and understand the short simple statement on everyday life. 		

Appendix 7: Learning and Innovation

Learning: What has worked particularly well in this project during this period? What have been the reasons for this?

The development of simple and farmer-friendly Packets of Practice for key enterprises. The approach has proven to be successful in facilitating learning about new enterprises in several programme States, in addition to enabling beneficiaries keep abreast with new technologies and techniques in Production, processing, Marketing and Natural Resources Management. The Mission, however, recommends the need for the Programme to continuously evaluate and update these modules against field experience so as to make them more holistic and user friendly, as well as, enable them live the test of time.

The strength of CBNRMP lies on its ability to cause a critical mass of high profitable and quick-win agricultural enterprises, which has led to asset accumulation, increased productivity, enhanced income of beneficiaries by over 100%. The internal sustainability of successful enterprise models like grass-cutter, poultry, aquaculture, piggery, snailery and bee-keeping/apiculture (honey production) has been strengthened. The profitability of these enterprises have been demonstrated and are appropriate for adoption by youth.

Testimonies from the field also underscored the benefits of on-farm demonstrations, particularly the safe use of agro-chemicals conducted in Abia, Cross River and Imo by *Dizengoff*, a service provider. It was the view of the Mission that such experiential trainings for beneficiaries should be supplemented by performance-based training for programme staff and benefiting farmers, whereby staff are taught specific skills in order to perform specific tasks and farmers are provided with extension providers in a performance-based contract model to avert crop failure.

The partnership with Songhai Farms is working as attested to by beneficiaries in the field and commended the programme for facilitating the training of 150 participants in crops, livestock, fisheries, feed formulation and tree crops development. It particularly welcomed the ToT approach by which beneficiaries stepped down the training to 75 others in Abia and 270 in Delta respectively. The Programme should seek to make the trainings demand driven and also facilitate the continuous evaluation of its impact jointly by the Songhai centre.

What has worked particularly well as been partnerships such as with:

- Ondo Farm Agriculture Service Centre provides access to fertilizers and agro-chemicals competitively to farmer groups. Through this centre, farmers are obtaining fertilizers, seeds, agrochemicals and extension services in line with the principle of Growth Enhancement Scheme (GES) of the ATA. Benefiting farmers have been numerically captured in the ATA farmers listing initiative at the centre.
- Informal market operators like fabricators of agro-processing machines ensure value addition and processing by smallholder farmers to meet local market demand. Cross River SPSO has developed the principles of engagement along the entire chain as could be seen in the cassava processing mill in Obudu. Similar robust (complete) engagement is lacking in other states (like Abia).
- National Root Crop Research Institute provides supply of improved cassava varieties (TME 419, TME 98/0505, TME 98/0581, TME 98 0510 and TME 98/2205) to farmers.
- Through the WB-funded FADAMA, CBNRMP groups are jointly using demonstration sites/farmer field schools for technology transfer, value addition and market linkage. For the CBNRMP oil palm groups in Elemo community, due to the successful linkage with the FADAMA processing mill, the groups have increased the volume of their produce/sales and increased their income. There is an MOU for the partnership between CBNRMP and FADAMA in Edo.
- RUFIN has leveraged the services of LAPO and facilitated access to micro credit by farmers. This important linkage has been limited to LAPO microfinance in Edo State.

Learning: What has not worked so well? What have been the reasons?

Appendix 7: Learning and Innovation

Given that the draw-down of IFAD resources is linked to the provision of counterpart funds, lack of counterpart financing has affected IFAD fund utilization. But, there have been attempts by the PSO and in particular, the PC, to address the counterpart financing issue. This effort has been fruitful in four states (Cross River, Edo, Ondo and Abia), and these States are fully engaged with the programme at all levels. In other States, poor performance in meeting counterpart fund obligations is reflected in the inability to establish tangible activities in the participating communities. Moreover, the difficulty to make a deduction of State allocations for LGs at source has constrained LGs' counterpart financing.

Innovation: Describe any interesting innovation noted during supervision

The Mission acknowledged the presence of pockets of Innovation across the programme States, notably farm service (agri-inputs) shop in Ondo State; apiculture in Ondo and Imo States; '*burkinabe*' fish smoking kiln in Delta State; simple but lucrative fish hatchery technology in Imo State; environmentally-friendly cassava processing mill in Cross River State; zero tillage rice production in Abia State; grass-cutter enterprise in Rivers State; piggery enterprise in Imo and Cross River State; and the ecologically-friendly snailry-fish enterprise Imo, etc. These innovations need to be properly documented and up-scaled. The Mission, therefore, recommends that a compendium of innovations be compiled and shared for greater impact, as well as digitalize (geo-track) the sites for replication and up-scaling by interested persons/groups.

The main innovations (overlapping with the learning section) are:

- Songhai Regional Centre for training on hands-on/best agricultural enterprise establishment and management. Through this partnership, CBNRMP has established quick-win projects for aquaculture, grass-cutter, piggery and snailry enterprises. 150 lead farmers (100 males and 50 female) obtained initial training in various enterprise models and through the groups have trained other farmers, creating a multiplier effect in participating and non- participating communities.
- Dizengoff for safe use and application of fertilizer/crop protection products (CPPs). This has been important especially that extension services has broken down in many States. The mission observed significant increases in farm level productivity through this partnership. It also observed increasing establishment of input shops by youth its impact on the sales of agro-inputs and income.

Innovation: How might this be replicated by others, or upscaled here?

Compile and publish a compendium on Innovations across the Programme States, as well as digitalize (geo-track) the sites for replication and up-scaling by interested persons/groups.

As CDDTs are permanent members of the LGA, building their capacity is key for sustainability.

Appendix 8: Follow up status of Audit findings 2012

	Management Letter Recommendation	Status
1	<p>i) Work with the LG officials to utilize the funds for eligible project activities where programme funds are still held in the LGAs accounts.</p> <p>ii) Identify relevant projects in the approved AWPB for the particular local governments where the funds available in programme B account and the cost implications. Work with the desk officers of the LG to ensure transfer of the LG portion of the cost to the communities account and then transfer the counterpart portion of IFAD and NDDC through the CDF account to the community account complete the funding ratio. Ensure proper utilization of the funds and proper accountability</p>	<p>Continuous.</p> <p>Identify from the AWPB the activities that are a priority and implement immediately since the funds are available.</p>
2	<p>i) Ensure proper pooling of funds to the CDF Accounts before transferring to the communities, using the appropriate funding ratios.</p> <p>ii) Stop recognizing transfers to community accounts as expenditure rather, initiate a process that will ensure that all funds transferred to the community are fully accounted before a request for replenishment or reimbursement is made to IFAD. Transfers to the community should be done when only needed supported by all documentation required. A requirement for simple SOE and bank statements from the CBAT chairman will be sufficient. The Programme should ensure basic book-keeping training is carried out at community level. These records should be kept at the states and be available on request.</p>	<p>Continuous.</p> <p>SPAs to compile reports of expenditure incurred for all transfers to the community as of to date before further transfers and follow up on subsequent transfers as recommended</p>
3	<p>Utilize fully the accounting software system and ensure that all opening balances and current transactions are entered into the system.</p> <p>Produce quarterly financial reports from the system and send to the PSO for the monitoring of financial progress of the project. A monthly consolidated report should also be submitted to the CPM.</p>	<p>Not yet implemented. Report capturing backlog of transactions up to 30th June 2012 should be submitted to IFAD before 31st October 2012.</p>
4	<p>Disbursement:</p> <p>i) Submit at least one Application monthly with the minimum threshold of USD 20,000, separately for each disbursement method.</p>	<p>Not yet.</p> <p>Constraints from counterpart financing affects the threshold and frequency of withdrawal application. Also the low</p>

Appendix 8: Follow up status of Audit findings 2012

	<p>ii) Design appropriate accounting entries for all Applications submitted to IFAD and those disbursed to facilitate reconciliation of project financial records with IFAD loan administration as well as tracking pending disbursements. This report should be included in the unaudited financial statements submitted by the programme every six months.</p>	<p>funding ratio of 22.5 % for IFAD has posed a difficulty in meeting the USD 20,000 minimum threshold.</p> <p>To be included as part of the July to December 2012 unaudited financial statements</p>
5	<p>External Audit:</p> <p>(a) Carry out a comprehensive investigation into the books of Abia State to establish the essence of the prior year adjustment and the effect (if any) on programme funds since 2009 and before the engagement of the current auditor.</p> <p>(b) Ensure total adherence to the letter and content of Terms of Reference issued to the external auditors at the time of their engagement.</p> <p>(c) Demonstrate a clear understanding of the issues raised by the auditor (in the management letter) by indicating the specific follow up actions they intend to adopt and their timeframes</p>	<p>State working with PSO and report expected August 31, 2012</p> <p>To be implemented as part of the audit of 2012 financial year</p> <p>Continuous.</p>
6	<p>Internal audit</p> <p>Encourage Internal Auditors to be more proactive in ensuring strict compliance and adherence to internal control guidelines by ensuring that Internal Auditors are empowered to efficiently discharge their oversight responsibilities in fiduciary management of programme funds and resources</p>	<p>Continuous. PSO and SPOs to provide enabling environment for the PIAs to carry out their duties at all locations.</p>

Appendix 9: Supervision Mission Schedule

Mission Schedule:

Date	Activity
08 July 2012	Arrival of Mission Team in Port Harcourt (Team received relevant documents)
09 – 10 July 2012	Planning meeting and presentation by programme on status of implementation of past missions' recommendations and performance of implementation on the 2012 AWPB
11 July 2012	Rivers State Field Visit/ NDDC Courtesy Call/ Travel to Ondo
12 - 13 July	Ondo-Field-Visit. Courtesy Call & Travel to Delta State.
14-July	Delta Field visit & Courtesy Call.
15 July	Travel and Field visits to Imo, Travel to Abia
16-17 July	Abia Field & Town Hall meeting in Abia
18-July 19-July	Travel to Ogoja Cross River State/nearest field visit Field-Visit/Travel
20 July	Town Hall Meeting in Cross River
20 to 22 July 2012	Report/Aide Memoire preparation in Cross River State
23 July 2012	Pre wrap-up (in-house presentation and review of drafting of Aide Mémoire)
24 July 2012	Wrap up and Aide Mémoire presentation in Cross River State
25 July 2012	Departure

Appendix 10: Implementation Support to be provided by IFAD

	Item	When and by whom
Programme Management		
1.	Knowledge management training of integrating communications with M&E	September 2012, IFAD/FIDAfrique/Communications Expert
2.	Exposure visit to report to NDDC on cost, expenditures, impact of projects	August 2012, NDDC, PSO, FMARD and IFAD
3.	Proposal development of extension year	October 2012, PSO and IFAD
4.	Follow-up Supervision Mission	December 2012, IFAD Country Office
5.	Country Programme Review for Lesson Sharing of implementation experience	December 2012, IFAD/Country Programme Management Team/IFAD supported programmes
6.	Training of Project Management and Leadership for Project Directors	October 2012, IFAD
7.	Regional Portfolio Review for Project Management	November 2012, IFAD
Financial Management		
1.	Audit trail (spot check of support documentation and timely retirement of advances)	Quarterly alongside submitted Was - CPA/FEM/Procurement consultant, Report findings to CPM
2.	WA Consistency with AWPBs, availability of funds, thresholds, bank statements, signatories, bank accounts & other checks before submission to Nairobi	Each WA to be checked before submission to Nairobi - CPA.
3.	Review of reports submitted by CPMU which capture sources of funds, bank statements, activity schedule, AWPB and % contributed.	Every quarter - CPA/FEM consultant. Report findings to CPM.
4.	Report on follow up of recommendations from Aide Memoire on disbursement issues through reports from CPMU and WATS	Quarterly - CPA. Report findings to CPM
5.	Review Internal/External Audit Reports	Quarterly for internal audit reports and half yearly/yearly for (un)audited financial statements. - CPA/FEM/Procurement consultants. Report findings to CPM
6.	Follow up training	CO with CFS

Annex I – Successful Stories on Partnerships

CBNRMP has established strong partnerships and collaborations with various reputable organizations comprising: private sector operations, government agencies and other development projects for the purpose of leveraging quality services, linking beneficiaries to service markets, tracking and sharing knowledge of best practices, replicating successes, facilitating buy-in and ensuring sustainability of programme initiative. The successful partnerships are with Songhai integrated farm centre, Dizengoff Nig Limited, Lift Above Poverty (LAPO), USAID-funded Children of Hope project (COH), World-Bank funded Fadama project and News Agency of Nigeria (NAN). The institutions have engaged with CBNRMP to provide quality capacity building trainings in best agricultural practices along the chain (Songhai), provision of credit service to farmers (LAPO), provision of agri-input (Ondo State farm service centre), training on safe handling and application agrochemicals (Dizengoff), sharing of experiences and replication of successful models (Songhai, Fadama), establishment of quick-wins and high value home enterprises, (COP and Songhai), knowledge management and dissemination of successes (NAN).

Resulting from a well focused partnership with Songhai regional Centre, on hands-on/best agricultural enterprise establishment and management, CBNRMP has mastery in establishing quick-win projects, such as aquaculture, grass-cutter enterprise, piggery enterprise and snailery enterprise in the Niger Delta Region. Presently, the strength of the project lies on its ability to cause a critical mass of high profitable and quick-win agricultural enterprises. The success recorded by CBNRMP in this area spans from asset accumulation by youth groups, increase in productivity and income of beneficiaries by over 100%, and internal sustainability of programme initiatives through self replication and up-scaling of successful enterprise models. As seen in Imo (asset accumulation), Delta and Ondo States and reported by programme staff in Rivers, Cross River and Edo States, some of the enterprises like grass-cutter, poultry, aquaculture, piggery, snailery and bee-keeping/apiculture (Honey production) are being replicated and up-scaled by other members of the communities because of their potential to create jobs, double beneficiaries' income and improve the standard of living of community members. A total of 150 lead farmers (100 males and 50 female) who obtained the initial training in various enterprise models from Songhai have stepped down the training to their group members with an increasing multiplier effect in the participating and non-communities. CBNRMP should digitalize (geo-indent) the sites for exchange program and document the successful models to provide practical guides for expansion and up-scaling by NDDC, LGAs, community groups, individual farmers and other programmes/projects.

The partnership with Ondo farm service centre is most remarkable. Apart from facilitating access to fertilizers and agro-chemicals competitively to farmer groups, the partnership commendably aligns the programme to the Agricultural Transformation Agenda (ATA) of the Government of Nigeria. Benefiting farmers have been numerically captured by the ATA farmers listing initiative at the centre. Through the centre they obtain fertilizers, seeds, agrochemicals and extension services in line with the principle of Growth Enhancement Scheme (GES) of the ATA. Other states have been advised to emulate this Ondo State model to key properly key into the ATA.

In line with the determination of FGN and IFAD to transform Nigerian agriculture into business using a value chain model, the CBNRMP is partnering with informal market operators like fabricators of agro-processing machines to ensure value addition through processing by smallholder farmers to meet market demand. Although apart from Cross River SPSO that has proper engagement principles as seen in the cassava processing mill in Obudu, similar robust (complete) engagement is lacking along the entire chain in other states (like Abia). For completeness, to enable mill operators optimize installed capacity and maximize profit, there is need to explore full partnership with specialized firms/persons in agro-processing within the limit of programme resources to provide quality technical services to benefiting groups.

The partnerships with National Root Crop Research Institute on supply of improved cassava varieties (TME 419, TME 98/0505, TME 98/0581, TME 98 0510 and TME 98/2205) to benefiting farmers and with Dizengoff on safe use and application of fertilizer/crop protection products (CPPs) are commendable, especially now that extension has completely broken down in Nigeria. The mission observed significant increase in farm level productivity through this partnership. It also observed increasing establishment of input shops by youth its impact on the sales of agro-inputs and income.

Annex I – Successful Stories on Partnerships

However, for completeness in best agronomic services and efficiency in the upstream activities where farmers are expected to benefit most, the mission felt that programme should explore possibility of partnering with private extension providers. The mission specifically encourages Abia SPSO to seek for extension services to assist various rice farms that were established by youth groups. This advice is to avert any apathy that may result from crop failure if the rice farms are lost to mismanagement. They youth farmers are operating in a difficult terrain and need urgent and regular extension assistance now to rescue the 50ha rice farm that a standing on zero tillage from failure. The same applies for the oil palm processing mill in Umuezike community of Abia State. There is need to copy the Cross River model of partnering with service providers to make the mill fully operational.

To ensure complementarity and avoid unnecessary duplication of effort, CBNRMP has partnered with the WB-funded Fadama project in common facility usage by jointly using their demonstration sites/farmer field schools for technology transfer, value addition and market linkage. This arrangement benefited CBNRMP oil palm groups in Elemo community. Resulting from the successful linkage with Fadama processing mill in same community, CBNRMP groups have increased the volume of their produce/sales and increased their income. The programme is also collaborating with RUFIN to leverage the services of LAPO and facilitate access to micro credit by farmers. But, this important linkage has been limited to LAPO microfinance and to Edo State beneficiaries. Being an important element in up-scaling various successful business models and encouraging youths in agriculture, the mission encourages CBNRMP to deepen on its partnership with microfinance institutions (microfinance banks and financial NGOs) to improve access to financial credit for rural farming communities.

In general remarkable and successful partnerships have been recorded by CBNRMP in production and processing areas, but mission is worried functional partnerships are lacking in the areas of market access for farmers produce. With increasing interest by youth in production and enhancing knowledge in the use of good production practices, partnership with credible output markets for market access is very critical to sustain youth involvement in agriculture and credit lending to the agricultural sector.

Annex II – Performance Monitoring Plan (Monitoring and Evaluation)

The Monitoring and Evaluation component (M&E) of the IFAD-assisted Community Based Natural Resource Management Program still remains as designed and structured to meet the information needs of partners at the different implementation levels and is predicated on a well defined logical framework and agreed key indicators within the IFAD Result and Impact Management System (RIMs), FGN transformation Agenda and UN – MDG. The main essence of this structure is to ensure that M&E is participatory at all levels, particularly at the Community and Local Government levels where the actual implementation takes place.

The M&E component is to generally guide programme strategy towards achievement of programme goal and objectives which entails coordinating the preparation, production and monitor implementation of the annual work-plan and budget, produce periodic reports based on adequately verified data, maintain an electronic data based Management Information System, conduct thematic, special and ad- hoc studies, among others.

Observations of the Mission

The mission observed technical improvement and new strengths in the delivery of the activities of the component particularly with the development and deployment of the Performance Monitoring Plan (PMP) based largely on IFAD RIMS, FGN transformation agenda and UN-MDG, redefinition and enlargement of Programme Key Performance Indicators from 10 to 16, development of a more robust data collection template and reporting format. As the mission judged that execution of the PMP was one of the strongest points of improvements in CBNRMP this year, it is hoped that this may be replicated in the other ongoing IFAD programmes. The 16 Key Performance Indicators in the PMP include:

- *K1: Number of trainings conducted (disaggregate by programme components, subcomponents; by gender)*
- *K2: Number of community groups applying the CDD Approach*
- *K3: Number of local authorities releasing resources for community development*
- *K4: Number of Environmental Management Plans promulgated*
- *K5: Number of farmers adopting recommended technologies*
- *K6: Percentage increase in productivity (for Crops/Livestock/Aquaculture)*
- *K7: Land area (ha) under improved management practices*
- *K8: Number of agro processing enterprises supported by the Programme*
- *K9: Net income (Naira) from post harvest enterprises*
- *K10: Percentage increase in income of small and medium enterprises*
- *K11: Number of new jobs created by small and medium enterprise (A Transformation Agenda Indicator)*
- *K12: Volume (amount N) of credit provided to rural enterprises*
- *K13: Percentage Increase in access to potable water (An MDG indicator)*
- *K14: Percentage increase in literacy level (An MDG indicator)*
- *K15: Percentage increase in fish catch (artisanal fisheries)*
- *K16: Programme management*

The mission was also satisfied with response to the recommendations of the Nov-Dec 2011 supervision mission and other past missions some of which are, great improvement in the quality of progress reports produced, reduced delay in rendition of statutory reports vis-à-vis 2011 Annual progress report and 2012 midyear report, better focused field monitoring visit to projects on supervision and technical backstopping to State and LGC-PEU officials.

A mid-year review of 2012 Annual Work Plan and Budget (AWPB) was conducted to review implementation vis-à-vis available resources. Due to funding constraints, some important activities in

Annex II – Performance Monitoring Plan (Monitoring and Evaluation)

the 2012 AWPB related to M&E are yet to be accomplished such as special thematic studies, impact surveys, procurement of survey equipments etc.

RECOMMENDATIONS

- With the PMP in place and a better understanding of the definition of programme performance indicators, the existing manual Management Information Systems (MIS) should be immediately updated and computerized.
- Special thematic studies and impact surveys should be carried out with the support of the Federal Ministry of Agriculture. This will also include end of programme / completion survey.
- In order to adequately meet the information needs of programme stakeholders at all levels there is urgent need to carry out an internal project verification exercise to ascertain status of completion, functionality and sustainability.
- The PMP as a living and dynamic document requires continuous update as the need arises. Resulting from this, programme operators and implementers requires continuous training to sustain its utilization.

Lesson Learnt

With the application of the PMP by the Program and the resultant documentation, Program activities and results were better tracked and reported. The Program is therefore encouraged to continue to document, as that is the only way to show verifiable achievements.

Annex III – Financial Management

1. Financial Progress and Programme Budgets

The financial progress of the Programme is summarized below:

Table 1. Cumulative disbursements of IFAD funds to date (as of June 30,2012)(Figures in SDRs)

<i>cat.</i>	<i>description</i>	<i>% IFAD</i>	<i>total_alloc.</i>	<i>total_disb.</i>	<i>Undisbursed balance</i>	<i>Disb. %</i>
	AUTHORISED ALLOCATION		0	1,871,881	(1,871,881)	
Federal Government of Nigeria						
1.a	CONSULTANCIES,STUDIES,AUDITING, TRAINING	15	600,000	229,049	370,951	38%
1.b	VEHICLES AND EQUIPMENT	15	91,000	31,014	59,986	34%
1.c	SALARIES,ALLOWANCES,OPERATION AND MAINTENACE	15	444,000	484,319	(40,319)	109%
2-10.a(i)	COMMUNITY DEVELOPMENT FUND,VILLAGE INFRASTRUCTURE	22.5	1,674,000	268,664	1,405,336	16%
2-10.a(ii)	COMMUNITY DEVELOPMENT FUND,LIVELIHOOD DEVELOPMENT	22.5	3,556,000	296,029	3,259,971	8%
2-10.a(iii)	COMMUNITY DEVELOPMENT FUND,NATURAL RESOURCE MANAGEMENT	22.5	1,369,000	64,220	1,304,780	5%
2-10.b	CONSULTANCIES,STUDIES,AUDITING,TRAINING	25	1,809,000	722,368	1,086,632	40%
2-10.c	VEHICLES AND EQUIPMENT	25	571,000	373,180	197,820	65%
2-10.d	SALARIES,ALLOWANCES,OPERATION AND MAINTENACE	25	1,236,000	934,243	301,757	76%
	TOTAL		11,350,000	3,403,086	7,946,914	30%

The mission noted the following:

- On a cumulative basis, the Programme has disbursed 46% of IFAD financing so far, including the initial advance disbursed amounting to 16% of the authorised allocation.
- The overall budget for the Programme for 2012 was N2.4 billion (\$15.5 million equivalent), which is 18% of the total Programme funds. Total programme expenditures for the year to date showed that only N306.9 million (USD1.9 million equivalent) representing 13% achievement of the annual budget has been recorded, up to June 30, 2012.
- The expenditure and disbursement rate to date has been very low for activities to be financed through the Community Development Fund, whereas the authorised allocation has already been exceeded for some expenditure categories (PSO Salaries and Operations expenses) as indicated in the table above.

These trends indicate some constraints in the flow of funds under various categories and from different financing sources. Analysis and reasons for these trends are discussed further in this report.

Annex III – Financial Management

Table 2. Cumulative Expenditures at various States and PSO by categories (Naira)
(Up to 30 June 2012)

Expenditure	Categories						
	Ai	Aii	Aiii	A	B	C	TOTAL
	<i>CDF-VILLAGE INFRASTRUCTURE</i>	<i>CDF-LIVELIHOOD DEVELOPMENT</i>	<i>CDF-NATURAL RESOURCE MANAGEMENT</i>	<i>CONSULTANCIES, STUDIES, AUDITING, TRAINING</i>	<i>VEHICLES AND EQUIPMENT</i>	<i>SALARIES, ALLOWANCES, OPERATION AND MAINTENANCE</i>	<i>N</i>
PSO				463,016,714	143,984,595	668,048,033	1,275,049,342
NDDC/OTHER AGENCIES				109,144,916			109,144,916
ABIA STATE	33,688,920	53,279,310	1,236,200	43,043,060	40,712,734	117,787,525	289,747,749
AKWA-IBOM STATE	34,244,359	30,219,769	663,400	47,749,303	34,073,996	119,357,018	266,307,845
BAYELSA STATE	6,767,585	8,454,095	18,819,790	106,225,209	34,126,080	75,281,365	249,674,124
CROSS RIVER STATE	76,286,345	64,686,076	32,564,441	77,165,224	32,061,600	146,313,655	429,077,341
DELTA STATE	23,173,639	18,125,813	9,120,575	71,672,712	39,005,586	150,506,432	311,604,757
EDO STATE	15,894,976	68,252,855	596,473	39,065,795	38,973,553	113,741,222	276,524,874
IMO STATE	21,837,977	4,733,800	432,700	75,673,549	24,221,750	52,006,628	178,906,404
ONDO STATE	149,454,433	236,431,216	11,832,000	114,892,097	34,877,656	263,970,236	811,457,638
RIVERS STATE	24,841,419	43,339,327	1,810,600	71,855,317	52,354,338	133,923,848	328,124,849
TOTAL	386,189,653	527,522,261	77,076,179	1,219,503,896	474,391,888	1,840,935,962	4,525,619,839
Cum. % of total actual expenditure	8.5	11.7	1.7	26.9	10.5	40.7	100
% of total expenditure as approved	15	33	13	23	3	13	100

The above table shows that the proportion of expenditure to date on recurrent expenditure has exceeded what was envisaged in the Programme design and authorized in the financing agreement. While core development activities (community strengthening) have recorded a lower proportion (an approximate of 22%) of the overall expenditure as at 30th June, 2012. The Programme management has attributed this to the slow rate of transfer of funds from the local governments to the CDF Account.

This trend suggests a risk that if the Programme budgeting is not adjusted to direct a larger proportion of funds towards CDF activities in the remaining Programme period, authorized category allocations could be exceeded and development impact affected. To mitigate this risk, the mission recommends measures to reduce budgets for recurrent expenditures and increase these for CDF related activities in the remaining Programme period.

2. Budgeting Execution and Monitoring

The preparation of the Annual Work Plan and Budget is undertaken by the M & E unit. The budget is prepared based on the planned activities and a classification that is not aligned to the financial accounting system. The AWPB and budget is derived from the activities of the subheads at the PSO and the States; for example, PSO budget is divided into 2 – (a) programme management and coordination and (b) institutional strengthening and capacity building while those of the states are divided into 10 – (a) institutional strengthening and capacity building, (b) gender, (c) REDFIS, (d)

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SAD, () CI, (F) M & E, (G) State procurement, (h) state salaries, O&M, Allowances, (i) LG procurement and (j) LG salaries O&M and allowances. On the other hand, the chart of accounts is aligned with the components and the expenditure categories as defined in the Programme legal documents showing separately expenditures for fixed assets, training and consultancies including audit, the main component of CDF and the operations and maintenance expenditures. As a result there is a risk of misclassification of expenditures into wrong categories in almost all the states. This further weakens monitoring of actual expenditures compared to approved budgets.

Implementation of the budget process showed appreciable level of adherence to the provisions of the approved work-plan and budget. Requests for expenditures are referenced to approved work plan and budget at the time of request for non-objection, and shows which budget line item is being implemented and total amount approved. But there were no information provided on the amount already expended to date (if any), effect of the current request on the budget amount and the balance (if any). The mission noted a few cases of over spending beyond budgets.

Programme is exploring ways of uploading the budget into the POM accounting software currently in use for better monitoring of the budget. References to the budget are not documented in requests to incur expenditures and financial reporting is yet to incorporate budget figures. Programme is exploring ways of uploading the budget into the POM accounting software currently in use for better monitoring of the budget. This is evident in PSO as well as in all States.

The risk arising from the above arrangements is that the programme will not be able to monitor commitments against the budget which could result to budget over-runs.

The mission recommends the following prior to submission of 2013 budget to IFAD for approval:

- The Programme should ensure proper harmonization of the budget against the accounting codes in the financial system keeping in mind original COSTAB, with a proper grouping of budget line items along categories of expenditures as detailed in programme documents, with full participation of the Financial Controller (FC). The budgeted amounts should be uploaded into the accounting software. This would ensure that the programme is able to generate reliable budgetary reports that will highlight budget against the actual expenditure.
- Quarterly management reports, comprising actual expenditure against approved budgets, should be prepared from the accounting system and a copy sent to the PSO for consolidation. This will aid in programme's managerial decisions.
- Requests for no-objections should include information on the total; budgeted amounts the amount of expenditure already committed under the proposed budget classification and the balance remaining.

3. Financing plan and counterpart financing

Mission noted that funding by counterpart financing partners has not been consistent in all states and local governments (LGs). Presently NDDC and FGN have responded very positively to funding. There are varying degree of performance by States and LGs. The mission further noted the following:

- For the last 5 years only 2 states governments out of 9 states have consistently paid their counterpart funds. Five States (Ondo, Edo, Delta, Abia and Cross River) have responded positively to counterpart funding while four states (Imo, Akwa-Ibom, Bayelsa and Rivers States) have not been compliant with their counterpart fund obligations. These states have declined to increase their counterpart funds contribution of N24.5M computed during the MTR. Imo State had only paid counterpart funds as fulfillment for effectiveness in 2006 and nothing else had been paid to date. All the local government councils in that state had also not paid any counterpart contributions from inception to date of programme implementation.
- Counterpart funding requirement of the programme showed low performance by the Local Government councils who are expected to contribute 45% of counter funds for all CDF activities. At the time of the mission counterpart funds have been received from only Abia (N6m), Cross River State ((N45m), Ondo (N60m) states and PSO (N10m), while Local

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Government Contributions have been received from only Delta (N1.6m) and Edo (N32.4m) states. The last tranche of \$3m dollars contributions is still being expected from the NDDC barely one year to programme closing. As at date, LGCs have paid only 12% of their counterpart fund obligation despite the fact they represent the fourth and most important pillar in the funding arrangement for the establishment of community/village Programmes. Out of the USD 3.81M contributed by the LGCs, two states (Ondo & C/River) contributed USD 2.61M representing 68.5% of the total funds received from LGCs in all States.

Estimated contributions on a cumulative basis to date are as follows:

Table 3: Counterpart financing / Expenditure sharing proportions

Financier	Programme Design %	Programme Design (\$ 000)	Actual contribution Cum. To 2011(\$ 000) ¹²	Actual Received Cum. 2011, as % to Programme Design D=C/B
	A	B	C	
IFAD	18	15,000,000	6,763,056	45%
Fed. Govt. Nigeria	12	10,200,000	7,007,858	69%
NDDC	18	15,000,000	10,650,000	71%
STATE	9	8,200,000	5,971,408	73%
LGC	38	32,000,000	3,812,194	12%
Community	5	4,400,000	N/A	N/A
Total	100	84,800,000	\$ 33 mil	

4. Disbursement and funds flow. The mission noted the following:

The programme had recommended a pooling of funds into a single account domiciled at the SPSOs called Community Development Fund (CDF) account, from where funds would be disbursed to the beneficiaries through the community account during the MTR in March 2010. This was to address the challenges initially faced by the programme in dealing with local Government council officials who were operating programme's account A & B hitherto in use. During the mission we discovered that the guidelines of the CDF Account have not been fully adopted by the programme. This is evidenced by:

- Non-closure of the Local Government accounts where some programme funds are still inaccessible in the account in Rivers and Bayelsa states.
- In Ondo state, local government counterpart funds are still being disbursed through the account B at the local governments where there is a high rate of change of officials who are signatories to the account.
- Rather than pool funds into the CDF Account, some states have continued to disburse funds directly to the community accounts without passing through the CDF accounts. This will impact

¹² Source: audited financial statement 2011pg 7

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on the funding ratios from other co-financiers since it will be difficult to properly account for donor fund disbursement based on their ratios. This has been reported in the NDDC disbursements and included in the financial statements of the programme.

5. Accountability at community Level

The mission noted that when funds are transferred from the CDF account to community accounts, the state recognizes that transfer as an expenditure, which is later used to request for reimbursement from donors based on their financing ratio. There was no audit mechanism in place to monitor and confirm the end-use of funds. As a result it was not possible to determine if funds had eventually been used for purposes intended.

In addition, this procedure has resulted in cases where funds transferred to the community have remained unspent while at the same time the same funds have already been reimbursed by the co-financiers. A case in point is an amount of N 2,000,0000 was transferred in May 2011 to Egbelu Community in Ngor Okpala Local Govt area of Imo state and as at to date the money is still in the account. Each local government has 3 communities. The programme explained that there was a dispute among the communities and that is the reason the funds were not transferred to the communities until the dispute is resolved.

The mission recommends that:

- Where programme funds are still held in the LGAs accounts, the programme should work with the officials at the local government to ensure disbursement of the funds is for implementation of approved and eligible Programme activities. The Programme management should consider transfer all of these into the pooled CDF account now and then channel to communities, so that the accountability is complete. In this case other donors funds can be transferred directly to the communities to meet the requirements for funding ratios. The programme should ensure that proper pooling of funds to the CDF Accounts before transferring to the communities using the appropriate funding ratios is adopted.
- The programme should henceforth stop recognizing transfers to community accounts as expenditure rather should initiate a process that will ensure that all funds transferred to the community are fully accounted before a request for replenishment or reimbursement is made to IFAD. A requirement for simple SOE and bank statement from the CBAT chairman will be sufficient. The Programme should ensure basic book-keeping training is carried out at community level and these expenditures should be subjected to both internal and external audits on sample basis. Accountability to be done through internal and external audits, and basic record keeping at community level.

6. Review of SOEs and Withdrawal Applications submitted by Programme to IFAD this year

The mission reviewed a sample of Statement of Expenditures (SOE) for withdrawal applications prepared by the PSO and the States as at the end of June 2012. There have been some improvements in the preparation of withdrawal applications and the attached statement of expenditures. Samples of payment vouchers randomly selected were reviewed for availability of supporting documents and their adequacy; eligibility of expenditures; application of appropriate percentages, amongst others. The review indicated the following:

- Raising payment vouchers and cheques in the name of programme staff was common in the programme. This is not a desirable practice except for travel advances. Payments for procured items should be made directly to the contractors or vendors.
- Retirement of tour advance poses a challenge to the programme at all levels as the approved DSA needed to be broken down into hotel and subsistence so that they can be properly retired. Instructions should be issued to Programme staff to provide these details.
- Withdrawal Applications were not being submitted at regular intervals. We noted a case in one of the state (Akwa Ibom) where a withdrawal application for reimbursement of pre-financed

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expenditure to the tune of N 82M is being made after 18 months. To streamline and expedite disbursements, the mission recommends that the PSO submits at least one Application each month, separately for each disbursement method. To ensure that all Withdrawal Applications are accurately recorded in the accounting records and the ones pending disbursement are tracked, the PSO should design appropriate accounting entries for all Applications submitted to IFAD and those disbursed. This would facilitate reconciliation of Programme financial records with IFAD loan administration. And keep a note in the cash book against all entries the WA and SOE numbers.

7. Financial Accounting and Reporting

The programme's commitment to fully utilize the POM accounting system for the half year 2012 financial reports was not met as none of the States visited and the PSO had updated the transactions for Jan-June12 in the accounting system. The only report that PSO and Abia state could generate from the computerized system was accumulated expenditure which was captured as closing balances as at 31st Dec2011. The risk of this is that the level of utilization of the accounting system is still very low and this is largely responsible for the failure of the programme in timely generation of financial information and reports such as trial balance, funds balances and financial statements. The mission recommends that the PSO and all states should update all the transactions for Jan-June12 and generate reports that should be send to IFAD not later than 31st October 2012.

The mission noted that there are deficiencies in the maintenance of both cash advance and fixed assets registers while at some State Programme Support Offices the documents are not maintained at all and the staff neither understand why such documents should be maintained. It was also not possible to determine from the records the amount of advance outstanding and to carry out an age analysis of the outstanding advances. Consequently, this brings to doubt the integrity of the assets reported in the financial statements of the programme.

The mission recommends that the programme should ensure the existence and proper maintenance of up to date cash advance and fixed assets register. The programme should put mechanisms in place which ensures that all advances are duly retired at least two weeks after activity has been undertaken and at least three months for an on-going activity. Before this, they should ensure that all outstanding advances up till the time of mission are retired. ii) On Asset Register, the Programme should henceforth, update their Asset Register by category, date of acquisition, amount, status of item and location. These lists should be compiled by each state and sent to the PSO for ease of reference during closure and transfer of items to the Federal Ministry of Agriculture. This would also include vehicle insurance, date and cost of MOSS equipment installed on vehicles, where applicable. In addition, no vehicle should be kept without insurance. internal audit to confirm.

8. External Audit arrangements

In line with the relevant sessions of the Programme Loan Agreement, the PSO and the SPSOs had engaged new external auditors after the expiration of the four year term of previous auditors. External audit reports and management letters were submitted before the due date by all the external auditors. However, the quality of the audit reports and the management letters showed failure of the auditors in PSO and all States except 1 State to fully understand the programme and their terms of engagement. The need to express separate opinion on the operation of the Special Account (as required in the financing agreement) was not met and the management letter failed to address issues that affect accounting and internal controls in the disbursement and management of programme funds.

The mission further noted that a prior year item in the 2011 audited report under Accumulated funds amounting to N12M for Abia State could not be sufficiently explained by the external auditor. The audit report stated that this was a prior year item with no further details. The explanation provided by the auditor during the mission stated that the prior year item constituted of re-classification of fixed assets and cash and bank balances as at 31.12.2010. The impact on eligible expenditure is that since this is a credit balance it overstates the surplus while understating the expenditure.

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The mission therefore recommends:

- A comprehensive investigation be carried out into the books of Abia State to establish the essence of the prior year adjustment and the effect (if any) on programme funds since it dates back to the period (2009) before the engagement of the current auditor . Alternatively, Programme should seek a written explanation from auditor on the nature of the prior year item and its impact on eligible expenditure. This should be forwarded to IFAD CFS.
- Total adherence to the letter and content of terms of reference issued to the external auditors at the time of their engagement. Specifically, opinions on SOE and SA to be furnished. This should now be completed for 2011 without any extra audit cost and submitted.
- In the response to management letter given by the external auditors ,the programme should show a clearer understanding of the issues raised by the auditor and indicate the specific follow up actions they intend to adopt. This is because in most management response comments, the programme indicated 'noted' with no action plan on how they intend to address the weakness pointed by the auditor.
- The terms of reference of the external auditor should be amended to include specific checks on a sample of financial accountability at community level, including use of funds disbursed from the Community Development Fund. Details of work done and findings in this regard should be included in the management letter.

9. Internal Audit

The mission noted the following:

- Internal auditors are present at the PSO and all the states. A review of internal audit reports coupled with mission findings showed a very high capacity gap among all the internal auditors as almost none of internal audit reports raised the major issues in the mission findings.
- Internal auditing and reporting did not meet the requirement of the Internal Audit TOR and reporting format provided by the country office for that purpose. The scope of the audit partly was to ensure that issues raised in management letters were followed up .From the reports given by the internal auditors from the States as well as PSO none discussed the efforts being put in place to address the issues raised in the management letter and the responses to management letter deficiencies were given by the SPAs . And follow up of cash advances?
- The internal audit programme in use was not consistently applied and the report in almost all the cases failed to address pertinent internal control issues especially as they relate to disbursement of and accounting for funds at the community level in the programme.
- The impact of this is that the internal audit function may not add value in managing financial management risks.

The mission recommends that internal auditors should be more proactive in ensuring that strict compliance to internal controls guidelines are followed or adhered to. The programme should ensure that adequate room is provided to the internal auditors to efficiently discharge their responsibilities. The programme should ensure that internal auditors have a monthly program where they are able to make SOE checks, validate payments. This should also be extended to community expenditures and a quarterly report be submitted to management.

10. Procurement

Procurement activities in the programme are guided by the approved consolidated procurement plan for the PSO and SPSOs as well as IFAD procurement guidelines which dovetailed into Community Procurement at the beneficiaries' level. There is generally very low level of procurement activities across the programme as a result of non- availability of counterpart funds. The review discovered that apart from the PSO, procurement activities took place only at the community level and in almost all the cases the activities were mere completion of activities carried over from the 2011 financial year.

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A review of the procurement processes showed substantial compliance with IFAD procurement guidelines and procurement activities were properly documented at the PSO but more involvement of the SPSO at the community level is highly recommended.

11. Compliance with Loan Covenants

Loan and Grant Covenants are covered in various Sections of the Loan and Grant Agreements and some of these have been amended by the recommendations of the MTR in 2010. All relevant sections of the Loan Covenants as covered by the Programme Loan and Grant Agreements and recommendations of the MTR have been substantially complied with by the Programme. However two areas are yet to be adequately complied with. These are:

- a. S. 5.03 of the Subsidiary Loan Agreement specified the requirement for the State to cause each Local Government to appoint with the prior approval of the Fund, independent auditors to audit the accounts relating to the Programme in the relevant Local Government Areas. This section envisaged separate audit reports for each Local Government Councils. Only Cross River State has complied with this section by submitting audit reports for each participating Local Councils.

This mission suggests that the same auditors who audit the books at State level should be asked to prepare separate report of receipt and expenditure and funds balances plus an opinion for each local government within the State, and present an integrated financial statement and audit report.

- b. The CBNRMP_NG (598) operate with three Agreements. (i) the main Programme Loan Agreement between the Federal Government of Nigeria and IFAD, (ii), the Subsidiary Loan Agreement Between the Federal Government and all the nine states in the Niger Delta participating in the Programme and (iii) the Grant Agreement between the NDDC and the nine states.

In view of the operation of the CDF accounts in each state where funds are now transferred to the communities as against the pre MTR method of passing through the programme accounts A and B at the local governments and the need for more accountability of funds disbursed to communities, we recommend that LGCs adhere to the agreement reached during the MTR and transfer funds to the CDF Accounts . This will help mitigate some of the risks of accountability for funds transferred to the community for the execution of CDF. Compliance with section will provide additional controls at this level for funds disbursement to beneficiaries.

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Sub-Annex 1 Status of Previous Action Plan

Issues	Agreed Actions	By Whom	By When	Status
1. Realignment of funding ratio	If it becomes obvious that realignment of funding ratio might not be approved by IFAD, CBNRMP-ND may consider dropping those states and LGs whose counterpart funds are not forthcoming and only work with those who are paying their counterpart funds to meet the objectives of the programme	IFAD/NDDC /FGN	May April 2012	Continuous
2. IFAD Format	The financial reporting format should be harmonized with the approved IFAD budget sub components in order to allow for uniformity and easy comparison.	PSO/SPSOs	Immediate	Continuous
3. Budget reporting format	The budget reporting format should be harmonized with the approved IFAD budget sub-components, in order to allow for uniformity and easy comparison	PSO/SPSOs	Immediate	Continuous

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Sub-Annex 2 Detailed Review of 2011 Management Letter findings and Current Follow up Actions by each State as well as PSO

The programme should use these findings to address each state as well as PSO.

PSO

1. *Internal controls*
Internal controls are still required from PSO to State down to community level.
2. *Separation of duties*
The process of engaging an Accounting NYSC graduate and a computer literate personnel with experience in book keeping to handle the book keeping at PSO and related duties from SPSOs has been concluded. They will resume in August 2011.
3. *Funding*
The Federal Ministry of Finance has released part of 2011 counterpart funds to the Budget Office of the Federation. Authority to incur expenditure has been raised and amount should be credited to the Federal Account counterpart fund account B in July 2012.
4. *Management meeting*
No action required.
5. *Retirement Savings Accounts*
Discussion has been concluded with IBTC Pension and Standard Life on the retirement Savings Accounts and Life related insurance respectively. Payment will be effected before end of July 2012.
6. *Use of accounting software*
Personnel at both PSP and state levels have been trained on POM accounting software. Posting of 2012 opening trial balance has been concluded and live posting is on-going.
7. *Non-conformity of financial statements with IFS system of reporting*
The process of procuring a consultant for this important training is in progress and should be concluded in October 2012 to be compliant by end of FY 2012.

BAYELSA

1. *Reliability of internal checks*
The Programme has reviewed and improved internal control measures e.g. SPO's approvals are now based on memos originating from staff and directed to the SPA to process to Internal Auditor who carries out a prepayment audit before payment is made.
2. *Payment of counterpart*
The SPSO has submitted memo to the Honourable Commissioner of Agriculture for all outstanding counterpart funds for budgeting in the 2012 Appropriation Act of the State. It is expected that as soon as counterpart files are forwarded to the Governor, approval/payment is expected before the end of FY 2012. The LG counterpart payment is also being pursued through the Ministry of Local Government in collaboration with the Ministry of Agriculture.
3. *Proper classification of Fixed Asset Register*
Steps have been taken to reclassify assets in line with the new software accounting package, as evidenced in the Register.
4. *Commissions on turnover*

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This was due to the fact that when the accounts were opened, there was no request for COT regime. However, a copy of treasury circular was made available to all our bankers and all commissions on turnover have been reversed on our accounts.

5. *Retirement of savings account*
Programme staff were seconded from Ministries and are pensionable permanent staff of State Government.
6. *Use of accounting software*
Account staff have received training on accounting software and have implemented and implementation is on course. Reports will be generated using the software.
7. *Proper capture and maintenance of transactions from/in appropriate accounts*
The financial procedures manual and accounts classification of general ledger items produced by accounting software serves as a guide.
8. *Conformity of financial statements with IRS System of reporting*
The State Office is under the dictate of the Financial Reporting used by the State Government. However, the programme will comply.

IMO

1. *Analysis, value and dates of acquisition of items on Fixed Asset Register.* Dates & values have been entered in the Asset Register. There were no current entries due to counterpart fund immobility.
2. *Staff advances should be a function of Accounts and not Internal Audit with well kept records.* According to the Internal Auditor, this function has been transferred to Accounts and the Internal Auditor only checks for compliance. However, we could not validate his submission as the SPA did not come with the Advance Register. Also, not much is happening in terms of implementation activities as there are no funds.
3. *Premium did not show nature of risk under insurance risk management.*
The Internal Auditor indicated that the Office has taken comprehensive insurance against unforeseen risks. However, there was no evidence of such to substantiate category or nature of risk.
4. *Financial accruals are not prepared on a cash basis and do not include claims by staff, deductions, audit fees.* We were informed that accruals are now prepared on a cash basis but there was no validation.
5. *Stores and management of office supplies.*
The State Programme Office does not have store related items and buys on ad-hoc basis.
6. *VAT.* Programme does not pay VAT
7. *Non-payment of counterpart funds*
This is still outstanding in spite of high level delegation and engagement with Imo State Government.

ABIA

1. *Overhaul of accounting system.*
The Internal Auditor informed us that a new accounting system has been installed and training provided in June 2012. As at now, entries have been made up to March 2012. However, financial reports are yet to be generated from this system and they expect that this would be possible before the next supervision mission.

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2. *Classification of assets.*
Assets are still classified into 4.
3. *Payment of counterpart funds*
We were informed that due to intensive engagement with the State Government, N6,000,000.00 was released in June 2012 as counterpart funds.
4. *Extensive prior year adjustment*
Discussions are on-going with the External Auditor for more clarification and would be finalized by the time the draft FM report is submitted.

DELTA

1. *Stamping of paid vouchers.*
We were informed that the Stamp has been bought. However, there was no validation.
2. *Staffing issue.*
The Accountant informed us that embargo on employment in the state has not yet been lifted. Thus, youth corpsers are requested on a yearly basis from NYSC to assist the Accountant, especially to carry out independent checks on voucher processing and payment. The person is paid a monthly stipend of N10, 000.00.
3. *Serial numbering of payment vouchers*
Payment vouchers are now been numbered serially and by issuance of cheque numbers. We could not validate records.

EDO

1. *AWPB*
Following recommendation from 2011 Audited FM Report, a more realistic AWPB was prepared for FY 2012.
2. *Funding compliance status.*
Rigorous follow up have been made to NDDC and State Government for release of funds. It is expected that both parties would pay on or before end of FY 2012.
3. *Funding by LGAs*
Follow up with continuous sensitization of local government Chairmen by SPSO team has resulted in payment of Thirty-two million, four hundred thousand naira (N32,400,000) between January and June 2012. These efforts are being sustained in anticipation of subsequent payments.
4. *Unretired advances.*
All unretired advances indicated on the audited financial report have been fully retired.
5. *Irregular bank charges.*
VAT and commission on turnover are not charged on SPSO programme account. However, few communities' accounts still accrue these charges and the bank has been advised to refund previous charges and stop the deductions. Management has also written a letter of introduction to the communities' banks and the SPA is in the process of collecting their bank statements to prepare his final account.
6. *Withdrawal from Idudolor Community Account*
The Local Government is responsible for follow-up since the money (N1,000,000) belongs to them. However, the SPO has written again to the LG Chairman to facilitate this recovery from the parties involved; and are still following up with the Chairman to ensure that the money is recovered.

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CROSS RIVER

1. *Internal control structure*
No action required.
2. *Setting up of ARDEC Committee and convening meetings*
This Committee was inaugurated in the State in 2008. However, the Committee could not meet due to the governorship election in April 2012 and subsequent litigation election matters. The Commissioner for Agriculture has promised to convene the meeting before the end of the third quarter.
3. *Pooling of NDDC funds into the Special Account*
In the first two years of programme implementation, there were no counterpart funds to finance programme activities. This resulted in drawing funds from the Special Account at 100%. In May 2011, NDDC effected payment and this necessitated the refund of IFAD portion to Programme A to regularize the Special Account balance to USD300,000.00.
4. *Counterpart fund payment*
The State Government does not owe the Programme. However, the 2012 counterpart fund has been approved by the Governor, though not yet transferred into the Programme account. NDDC is yet to pay its 2012 contribution. The total indebtedness to the programme by LGCs was recently approved by the Governor and we hope that funds will be released by end of the third quarter. IFAD replenishes our accounts whenever WAs.
5. *Loan from PSO*
The loan was repaid as reported.
6. *Training for account staff on record keeping*
The training was shelved in April because it coincided with a mission by IFAD. It would be conducted soon after the 10th supervision mission.

AKWA IBOM

1. *Proper classification of accounts*
Vouchers are now correctly classified. There was no validation, however.
2. *Development and use of Chart of Accounts*
The recent accounting software introduced incorporates the chart of accounts. However, implementation is yet to be perfected.
3. *Payment of counterpart funds*
Numerous formal and informal efforts made to the Government in respect of payment of counterpart funds have not yielded any effort.
4. *Budget performance vis-à-vis Annual Workplan*
The 2011 AWPB was N182,000,000.00. Budget implementation has suffered a great setback due to non-payment of counterpart funds.

ONDO

1. *Payment of deducted counterpart funds into the CDF account*
The SPSO and the PC had met with the Commissioner of Local Government who agreed to pay the deducted counterpart funds into the CDF account.
2. *Petty cash*
The Management has acted upon the recommendation and has adhered to the financial guidelines governing this. However, the transactions in question occurred before the receipt of the financial manual.

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3. *Programme monitoring report*
The M&E Officer is taking action on this as witnessed by the evidence-based M&E report to the mission by the PSO.
4. *Physical verification of LG reports*
This is being done by the M&E officer.
5. *Accounting software training*
The PSO has developed the accounting software and has trained the SPAs and SPIAs to use it. However, this has not yet translated into generating financial report from the system. It is expected that this would be done by end of the next quarter.
6. *Cheque payment and payment vouchers*
This has been corrected.
7. *Registration of professional staff*
This has been noted for action.
8. *Bank confirmation of financial positions*
The Commissioner of Agriculture has directed that a letter be written to the banks in this regard. Consequently, management drafted the letter for the Permanent Secretary's perusal and signature. It is expected that all confirmations would be received during this quarter.
9. *Internal control*
The SPA has been directed to take action this. However, the external auditor only requested for the internal audit report and not the quarterly report which was readily available at the time of compilation.

RIVERS

1. *Updating Advance and Asset Registers*
The SPA has started updating the Advance and Asset Registers, bearing in mind proper categorization in the Asset Registration. However, there was no validation.
2. *Internal control document*
The programme has an internal control document but unfortunately this was not made available at the External Auditor's request. The Office is making all efforts to show it to them.
3. *Internal Auditor's inspection of field Programmes*
The Internal Auditor has drawn up a proposal for field trips inspection/financial control and has the SPO's approval to start after this 10th supervision mission.
4. *Bank charges and interest on domiciliary account*
Management is doing all its best to see that charges and interests are reversed on all accounts. However, there was no validation.
5. *Filing of payment vouchers*
The Internal Auditor is working on this to ensure that all payment vouchers are filed appropriately. However, there was no validation.
6. *Unretired advances*
Internal Auditor is making sure that all unretired advances are retired in a timely manner. A memo in this respect citing the External Auditor's recommendations in the management letter is being prepared. However, there was no validation.
7. *Pre-audit check*

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The pre-audit has commenced earnestly as payment vouchers are now passed through internal audit before payment.

3 **Obtain copy of CDF Manual and examine process in detail to confirm that funds are reaching where they are intended and properly accounted for.**

In Abia State for example, an activity (installation of palm oil mill) from the AWPB was traced to the Umuezike Ofeme community and interactions with FC, NPC and beneficiaries revealed that funds were transferred to CDF Account at community level from both the Grant and Drawdown Account A to finance the activity. However we are yet to check how the books of the community account are kept. A separate account should have been opened to domicile returns from this initiative. In the meantime, returns are held by the Treasurer in cash.

Also validated at Abini Community in Biase LGA of Cross River State.

4 **Last available trial balance from each state as at 30/03 or 30/06/12.**

EDO- Available

PSO- Trial balance 31/12/11- N1,384,584,696, 30/06/12-N1,434,365,123; Transaction 30/06/12 90,816,402

RVS- Not yet given to team

IMO- Not yet given to team

ABIA- Not yet given to team

DELTA- Not yet given to team

CRS- Not yet given to team

AKS- Not yet given to team

BYS- Not yet given to team

ONDO- Not yet given to team

5 **Review of fixed assets and outstanding advances from each state and PSO**

PSO

Cash Advance Register

A review of the register revealed that the following advances are still outstanding.

S/N	Name of Officer	Amount(N)	Date of Advance	Date of retirement	Purpose of advance	Remarks
	Mr. Sanni Sagagi	200,000.00	22/05/12	On-going	Advance for CDD consultancy	
	Mrs Felicia Sunday	1,948,950.00	10/07/12	On-going	Advance 10 th Supervision Mission	
	Ms Felicia Sunday	2,000,000.00	10/07/12	On-going	Advance 10 th Supervision Mission	

Fixed Asset Register

Assets were properly classified with values and all vehicles (2 LandCruisers, 4 Hilux, 1 Toyota Hiace bus, 1 motorcycle) have been insured to cover the FY 2012.

RIVERS

Cash Advance Register

To be reviewed in Calabar.

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Fixed Asset Register

5 vehicles – 4 Hilux and 1 bus. Insurance has been provided for 2012. However, details did not show allocation of furniture for example...

EDO

Cash Advance Register is kept. A review of Register showed an outstanding unretired amount of Five hundred and seventy thousand, five hundred naira (N570,500.00).

S/N	Name of Officer	Amount(N)	Date of Advance	Date of retirement	Purpose of advance	Remarks
	N.S. Osawe	346,000.00	10/5/2012	On-going	MTPs-seed yam production	
		14,500.00	28/05/2012	On-going	Conveying of Cassava cuttings to Ekpon community	
		48,100.00	28/05/2012	On-going	DSA and fuelling of Vehicle for establishment of Seed yam MTPs	
		48,100.00	28/05/2012	On-going	DSA and fuel Vehicle for the establishment of Seed yam MTPs	
		126,000.00	28/05/2012	On-going	MTPs-Rice Production	
	Shaba,C.A	84,000.00	Cum. Bal B/F from 2011	-	Travels	Retired from service and indisposed.

Fixed Asset Register

An up-to-date register is kept.

Upon review, Item No. 7 showed that N3,498,610 had been expended in 2007 to provide Internet & Networking C-Band services and it is not functional as at today. Programme staff now revert to use of modems for internet connection. It was explained that the connection was cut off due to lack of funds to renew its subscription.

Recommendation:

- The Programme should wherever possible, tag all assets especially as it would close one year from now, to facilitate handing over of items to the Ministry at closure.
- Follow up and ensure that outstanding advances stated above are retired.
- Explore the possibility of reconnection now that funds are available since the equipment is still available, bearing in mind the cost/quality implications.

IMO

Cash Advance Register

No cash advance register has been kept in 2012 as there are no funds, no activities.

Fixed Asset Register

There were no current entries due to counterpart fund immobility.

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DELTA

Cash Advance Register is kept by the Internal Auditor. Vouchers and cheques to staff for an activity pass through the Internal Auditor for recording and follow up. There were no records beyond April 2012.

This is also done in respect of implementation activities.

The following were captured from the Internal Auditor's records and there were no remarks under the 'Remarks' column to indicate if the amounts were retired or not at time of mission.

Date	Beneficiary	Purpose	Amount (Naira)	Remarks
10/02/12	G.E. Abariwei	Facilitation of cassava mill construction supervision	56,000.00	
28/02/12	U.M.Aloba	25% cost of M&E workshop attendance	207,000.00	
08/03/12	Delta ADP Ibusa	Support to ADP	1,000,000.00	
04/04/12	SPO	To support technical team participation in study tour	742,000.00	
04/04/12	D.M.O. Eyide	Activation of fish pond	42,500.00	
16/04/12	Sukpere Onohatorh	Establishment of plantain farm	114,500.00	
29/04/12	U.M.Aloba	Radio and television programme activities	250,000.00	

Fixed Asset Register

An up to date register is kept.

Recommendation

Under 'Remarks' column, the Internal Auditor should indicate dates when advances are retired and support documentation submitted, for transparency and ease of reference with respect to outstanding advances.

ABIA

Cash Advance Register

To be provided by Internal Auditor.

Fixed Asset Register

An up to date register is kept.

CROSS RIVER

Cash Advance Register

To be reviewed in Calabar.

Fixed Asset Register

The last entry in the Register was in March 2010 with dates and values. There was another part that indicated to whom the items had been allocated to. This part should have been incorporated into the first part of the Register.

AKWA IBOM

Cash Advance Register

The cash advance register was seen. There were no major issues.

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Fixed Asset Register

The Fixed Asset Register dates back to February 2009. There was no differentiation by category. The SPSO had procured 4 Toyota Hilux out of which 1 was written off in an accident and was not replaced. There has been no vehicle insurance from 2011 till date, due to lack of funds.

ONDO

Cash Advance Register

A cash advance register was kept up till 2008. The reason given by the SPA was the heavy volume of his work. He however reviews his vouchers on a quarterly basis and alerts the party involved to retire outstanding advances before any other advance can be taken.

Fixed Asset Register

The Fixed Asset Register is well kept by category with last entry in July 2011. The Office has 5 Toyota Hilux and 1 bus. All vehicles have comprehensive insurance.

BAYELSA

Cash Advance Register

The cash advance register was seen. There were no major issues.

Fixed Asset Register

The review of the register revealed that assets were properly classified with their values and date of purchase. The State has 3 Toyota Hilux, 1 bus and 1 speedboat with up-to-date insurance.