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## From the Ground Up: Impacts of a Pro-Poor Community Driven Development Project in Nigeria

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Poverty remains entrenched in Nigeria, where 70 percent of the rural population lives below the poverty line. In response, the Nigerian government launched the Second National Fadama Development Project (Fadama II) in 2005. Based on the community-driven development (CDD) approach, the project aims to generate income for beneficiaries, empower local communities, and improve the way governments reach poor and vulnerable groups, such as women, the elderly, disabled, and people with HIV/AIDS.

### Introduction

Fadama II's objectives include increasing the income of 50 percent of beneficiaries by at least 20 percent, building capacity to manage economic activities, supporting acquisition of productive assets, developing rural infrastructure, and reducing conflicts among resource users by 50 percent. This study evaluates the project's impacts on the income targets, productive asset acquisition, and access to rural infrastructure and advisory services.

The propensity score matching (PSM) method was used to select households that participated in the project and comparison groups that had characteristics comparable to the selected project beneficiaries. To control for selection bias, PSM was combined with the double difference method, which compares the changes in outcomes before and after the project between beneficiaries and non-beneficiaries.

The study used household-level data collected from all 12 states under Fadama II. To determine the project's impacts, households were divided into three groups: direct project beneficiaries, non-

beneficiaries living in communities with a Fadama II project, and non-beneficiaries in communities with no Fadama II project.

### Findings

#### ***Impacts on acquisition of productive assets, development of rural infrastructure, and access to demand-driven advisory services***

The project's impact on productive asset acquisition is significant. The project aimed to support asset acquisition for groups rather than individuals, leading to a 590 percent increase in the value of group-owned productive assets. The dramatic increase in value is mainly due to the cash transfer from the 70 percent matching fund that the project provides to user groups. The value of individual productive assets grew by 49 percent.

An assessment of targeting of poor and vulnerable groups showed that Fadama II succeeded in raising the value of the productive assets of the poorest populations more significantly than for other groups. The average value of their group productive assets increased from Naira 482 in 2004-2005 to Naira 470,865 in 2005-2006. Compared to female non-beneficiaries, the value of

female beneficiaries' group productive assets increased by 331 percent. Regarding rural infrastructure investments, the Fadama II project had positive near-term impacts on beneficiaries' access to markets and transport costs. Compared to non-beneficiaries, the distance and travel time to the nearest market and travel costs declined significantly.

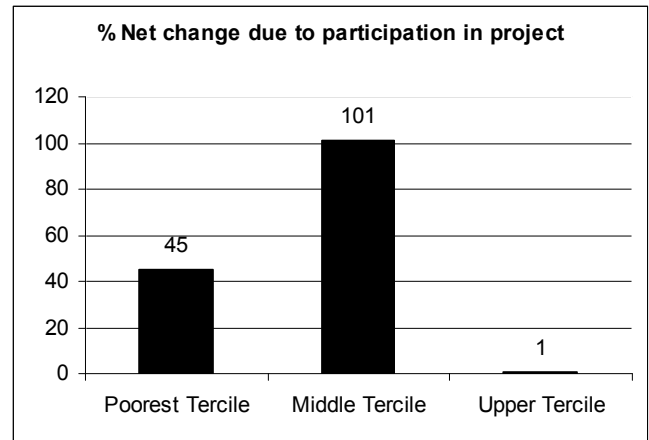
Fadama II had mixed results on the demand for advisory services. It increased the demand for post-harvest handling technologies but did not have a significant impact on the demand for financial management and market information. Fadama II also reduced the demand for soil fertility management technologies. This is likely due to the project's focus on providing post-production advisory services.

### **Impact on household income**

Controlling for differences between Fadama II beneficiaries and non-beneficiaries, average household incomes of beneficiaries increased by about 60 percent, well above the goal of 20 percent. The project did not have a statistically significant impact on income among the most asset-poor beneficiaries, despite the large impacts on productive assets available to the poor. However, it had a large and statistically significant impact on the incomes of the middle-income beneficiaries. The project's impact on income is likely to grow in the future, since beneficiaries acquired productive assets that could increase their income over time. The impacts of rural infrastructure investments, provision of advisory services, and capacity building may also take time to materialize.

Figure 1 looks at the average impact of the project on its beneficiaries across asset terciles, from the poorest to the least poor. Impact on income is defined as the difference between the incomes earned by project beneficiaries and non-beneficiaries, controlling for pre-project differences between these groups.

**Figure 1: Impact of Fadama II on household income across asset terciles**



### **Prayers for Fadama III**

Fadama II succeeded in raising the value of productive assets of the poorest households, but the project had a limited impact on income among the poorer beneficiaries. The long-term solution is to provide accessible and affordable rural credit services. Fadama II did not involve credit service providers to help beneficiaries pay for their contribution, although they are essential to helping the poor obtain competitive loans.

The project could also help to foster credit intermediaries, or promote rotating savings and credit associations, that can help the poor access productive assets. Furthermore, there is a need to assess the productive assets that the beneficiaries have demanded and the local capacity to manage these assets, and to invest in improving this capacity.

Increased training and development of complementary services, such as advisory services, can improve management of productive assets. Fadama II provided demand-driven advisory services, but it reduced the demand for soil fertility management technologies. As the project enters its third phase, support for soil fertility management must be included to enhance the

productivity of productive assets and other interventions and to address the land degradation resulting from higher agricultural productivity.

Overall, Fadama II achieved its goal of increasing the incomes of its beneficiaries. The project also successfully targeted the poor and vulnerable in its productive asset component, even though this did not increase significantly the short-term household income among the poorest groups.

The project's unique feature that could have contributed to its significant impact was its broad-based approach, which addressed the major constraints that restrict the success of more limited community-driven development projects. This has implications for planning poverty reduction efforts in low-income countries. Given that the poor face many constraints, CDD projects that simultaneously address multiple constraints are likely to build synergies that will lead to larger impacts. This suggests the need for the government and donors to pool resources and initiate multi-pronged CDD projects rather than isolated projects.

*This brief is intended to promote discussion; it has not been formally peer reviewed, but it has been reviewed by at least one internal and/or external reviewer.*

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