

Tackling the African “poverty trap”: The Ijebu-Ode experiment

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An experiment in poverty reduction began in 1998 in the city of Ijebu-Ode, Nigeria (estimated 1999 population 163,000), where, without the remittances from relatives abroad, an estimated 90% of the population lived below the poverty line of \$1.00 (U.S.) per person per day. Central to the experiment was whether poverty can be dramatically reduced through a city consultation process that seeks to mobilize the entire community along with its diaspora. With 7 years of experience, the Ijebu-Ode experiment has been successful in many ways. There is increasing evidence that poverty in the city has been reduced significantly through the microfinancing of existing and new productive activities and the estimated >8,000 jobs these activities have created. Training based on both sustainability science and technology and indigenous practitioner knowledge has been a critical factor in the establishment of cooperatives and the development of new enterprises in specialty crops, small animal, and fish production. Much of this success has been possible as a result of harnessing social capital, especially through the dynamic leadership of the traditional authorities of the city and by the provision of ample loanable funds through the National Poverty Eradication Program of the federal government. The city consultation process itself engendered a participatory focus to the experiment from the beginning and has encouraged sustainability. Yet long-term sustainability is still in question as the initial leadership needs replacement, and credit, the heart of the experiment, lacks sufficient collateral.

In contrast to the worldwide trend of a decline in poverty over the last 15 years, poverty in sub-Saharan Africa continues to rise both in numbers (298 million in 2004) and as a proportion of the population (41%) (1). Although analysts differ as to cause and emphasis [see, for example, other articles in the special feature in this issue of PNAS (1–6)], one influential explanation is that of Africa’s poverty trap whose lead exponent is Jeffrey Sachs, leader of the United Nations Millennium Project team. In such a poverty trap, there are little savings available for investment, and in sub-Saharan Africa’s case, low domestic savings has not been offset by direct foreign market-based investment, which has been discouraged by poor infrastructure and weak human capital. Thus to address poverty in a meaningful way, requires a “big push” in public investments to produce a rapid “step” increase in Africa’s underlying productivity, both rural and urban (7). Although such emphasis on large external assistance is warranted, it should not detract attention from the numerous efforts being undertaken by civil society organizations working closely with specific communities.

Poverty and the Role of Civil Society Organizations

Poverty is often defined in absolute or relative terms (3, 8), with absolute poverty usually related to a poverty line such as that established by the World Bank of living on <\$1.00 a day (1). Sen (9) offers an alternative of poverty as capability deprivation, the inability to spread “economic opportunities through an adequately supportive social background including high levels of literacy, numeracy and basic education; good general health care; completed land reforms and so on.” Poverty as minimal income is, of course, closely related to poverty as capability deprivation, because enhanced capabilities would tend, typically, to expand a person’s ability to be more productive and earn a higher income. This

definition of poverty as capability deprivation is of particular relevance for the situation in sub-Saharan Africa. Despite being colonized for much of the 20th century and its economy being integrated into the global capitalist system, most Africans are still enmeshed in a largely subsistent, kinship-based economy, and their ability to operate effectively within the emergent free market economy is greatly circumscribed beyond trading activities.

Most sub-Saharan African governments have not effectively addressed the issue of capability enhancement by enabling their citizens to become more productive and able to earn higher income beyond this kinship-based system. Thus, many nongovernmental civil society organizations have moved in to help communities confront the challenges of poverty. This aid was particularly prevalent in the 1980s and 1990s, when the role of the state was being drastically reduced in virtually every area of social welfare and development by the World Bank and the International Monetary Fund, resulting in the deepening and expansion of poverty (10). Three types of such organizations emerged. First were the north-based nongovernmental organizations (NGOs), such as Oxfam, which were formed as a response to natural disasters, individual and family tragedies, and cases of extreme poverty (11). Second were the Africa-based NGOs, which, although largely independent of the first group, almost completely depended for their funding on what reaches them through partnership with the north-based NGO. The third group of civil society organizations was made up of community-based organizations (CBOs). These were truly grassroots organizations, often rooted in traditional groupings of various social organizations. Most of this third group, although not registered with the government, were often linked to other community organizations and formed wider federations.

With respect to interventions for poverty alleviation, both north-based and Africa-based NGOs and the CBOs operate in many areas of social concern. Among the most important are credit provisioning, support for microenterprises, low-income housing and slum upgrading, community development, preservation of the environment, popular education, health care and health-related education, family planning, and services for mothers, infants, and children (12). Credit provisioning, to the extent that it serves to promote income-generating employment either of the individual or others as employees, is perhaps the most critical of these interventions related to poverty reduction (13). Credit provisioning, especially support for microenterprises, has assisted disadvantaged groups, particularly women, to achieve some degree of economic independence. It has, however, also been argued that credit provisioning does not of itself serve to reduce poverty, particularly of the poorest households (14, 15), hence the importance of capability enhancement of beneficiaries of credit provisioning.

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Abbreviations: NGO, nongovernmental organization; CBO, community-based organization; IDBPR, Ijebu-Ode Development Board for Poverty Reduction; ₦, naira.

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Low-income housing and slum upgrading are also areas where civil society organizations have been very active with respect to assisting the poor. Loan finance, technical assistance, and community mobilization have been undertaken to enable the poor to construct their housing and improve its material character over time. NGOs have been instrumental in many cases in canvassing the authorities for secure tenure for slum dwellers and providing them with the technical assistance to upgrade their slums. Community development has also been pursued by civil society organizations to enhance the activities of a whole community, including its poorer members. CBOs, in particular, have been known to impose levies on members of their communities, particularly the richer ones, to provide such amenities as schools, health clinics, water, and electricity in circumstances in which the government has not been as easily forthcoming as expected. The same is true for popular education and other social welfare services especially those that concern women: reproductive health care, family planning education, other health-related services, and, particularly, care for infants and children. Considerable studies have been made of the developmental, social, and cultural impact of these CBOs as hometown associations, but hardly any of them had confronted poverty reduction through emphasis on capability enhancement in direct productive activities (16, 17).

In all of these multiple ways, civil organizations have been trying to spring Africans out of the poverty trap. But, it has been claimed (11) that most of their efforts tend to be sporadic, dispersed, of short duration, and without a common sectoral or geographic focus. The Ijebu-Ode experiment was thus designed to test the efficacy and sustainability of such interventions by civil society organizations when the whole community is mobilized to pursue a well articulated poverty reduction strategy.

The Ijebu-Ode Experiment in Poverty Reduction was initiated in 1998 when the Development Policy Center, Ibadan, Nigeria with support from the Urban Management Program of United Nations Habitat. I was then the executive chairman of the center and was actively involved in initiating, designing, and executing the experiment. The experiment had four major objectives. First, it was to explore whether poverty can be dramatically reduced through a city consultation process that seeks to mobilize the entire community for the purpose. Second, it was to examine the potential role of social capital that links sons and daughters both at home and in the diaspora to the task of promoting the economic well being of their hometown community. Third, it was to assess the impact of sustainability science, indigenous knowledge, and local skill acquisition on poverty reduction processes. And finally, it was to evaluate how far the process can become sustainable over time through establishing a strong participatory culture in its management from the very beginning.

Ijebu-Ode

Situated some 60 km northwest of Lagos, the city of Ijebu-Ode had a population in 1991 of some 128,337 inhabitants according to the census of Nigeria. By 1999, the population of the city was estimated at 163,000, which made it the second largest city in Ogun State after Abeokuta, the state capital. Details of the 2006 census are still to be released in respect of urban centers. But there is no reason to expect a reduction in the rate of growth of the population. Given the limited employment opportunities, the economically active adults can hardly be >25–30% of the total population. The city is relatively old; it is claimed to have been established A.D. 900. There was already reference to it by Pereira (18) in the 16th century and John Barbot (19) noted it as a place “where good fine cloths are made and sold by the natives to foreigners, who have a good vent for them at the Gold Coast...” These historical antecedents suggest that Ijebu-Ode has not always been a city mired in poverty. Colonialism undermined its numerous craft industries and its strategic trade location between the interior and the coast. This disruption provoked, for most of the colonial period, a massive

migration of younger elements of the population to the new, colonially created metropolitan centers such as Lagos, Ibadan, Kano, and Port Harcourt to acquire Western-type education and engage in new types of modern ventures and trading activities. Political independence enhanced the economic opportunities for citizens of Ijebu-Ode in the cities of their sojourn all over Nigeria where many of them became important members of the emerging middle class. But in Ijebu-Ode itself, this outmigration simply created a situation where local poverty was relieved largely through substantial remittances from these sons and daughters abroad in other cities and countries.

As a city, Ijebu-Ode, like most old Yoruba urban centers, has an administrative system that is in part traditional and in part modern. The head of the traditional administration of the city is the Alaiyeluwa, the Awujale, Ogbagba II Oba Sikiru Adetona with his different categories of chiefs. The city is organized into three wards: Ijasi, Iwade, and Porogun. Each ward, in turn, is organized in quarters or neighborhoods, referred to as Ituns, whose affairs are overseen by the Olorituns, or heads of neighborhoods. Modern expansion of the city has necessitated the demarcation of new Ituns, which continue to be referred to as suburbs. There are thus presently 36 Ituns and 15 suburban districts in the city. Modern local government is undertaken by the Ijebu-Ode local council with a chairman and some 11 councilors, representing the 11 electoral wards into which the city is presently divided.

Within this dual structure, traditional basic identities have been preserved to facilitate communitywide coordination and cooperation and some degree of group competition within the city. These identities revolve around age, sex, occupation, community organization, religion, and rituals of solidarity, which the present traditional ruler has done much to sustain. For instance, he has attempted to preserve the age grade system in which all individuals born within a 3-year interval are encouraged to organize themselves into an age grade or *egbe*. Gender is also a fundamental identity for the division of labor in the city. Women in Ijebu society always had the prerogative especially of trading and marketing and have, therefore, established quite formidable organizations to this end. As a result, they enjoy a substantial degree of economic independence and are allowed to operate as occupational associations much like craft guilds in the governance of the city. The men also organize themselves in a number of craft guilds that tend to operate as closed professions often with centralized controls and hierarchies of rank and grade, usually involving apprentices, journeymen, and masters. Although the city is virtually almost evenly divided between Christians and Muslims, as among the Yoruba people in general, no serious identity conflict revolves around religion.

Ijebu-Ode is, however, essentially a dormitory town with most of its economically active population working in neighboring centers such as Lagos, Abeokuta, and Ibadan, all of which are a <30-min drive away. They return frequently to participate in the life of the city, especially at weekends when numerous family and community celebrations are held. Indeed, much of the economy of the city is maintained by this rush of weekend population. Hence when the decision was taken to use Ijebu-Ode for the experiment in poverty reduction through a city consultation process, the expectation was also to tap into the large pool of social capital represented by this close relationship of many sons and daughters abroad with their hometown.

The experiment itself began in 1998 with a study (20) of the poverty profile of the community. This study found that <20% of heads of households were wage earners in the public or private sector. More than 60% were engaged in petty trading and informal sector activities comprising small-scale cottage industries, both modern and traditional (motor mechanic, tailoring, furniture making, hair dressing, food processing, oil processing, block making, soap making, dyeing, mat weaving, and pottery making). Some 8% were in subsistence farming, and unemployed heads of households (largely pensioners) accounted for another 7% of respondents. The

informal sector activities thus dominate the economic landscape of the city. These are usually associated with low productivity and low incomes, which explains why nearly 70% of the household heads in 1998 reported earning <8,000 naira (₦) (\$80.00) per annum, whereas only 10% claimed to earn >₦16,000 (\$160.00) per annum. Consequently, without the remittances from sons and daughters abroad, >90% of the people of Ijebu-Ode lived below the international extreme poverty line of \$1.00 per day.

The City Consultation Process

City consultation is a process of civic engagement in which all stakeholders in a city and the traditional authorities (the local, state, and federal government) are brought together. Through sharing of knowledge and experiences on key concerns, needs, and policy and operational priorities, they seek consensus in the design and implementation of poverty reduction programs and projects. As a process, city consultation consists of three phases. The first or pre-city consultation phase entails a number of miniconsultations of different stakeholder groups in the community. In the case of Ijebu-Ode, these included the market women, traders, artisans, cooperatives, community leaders, age grades, religious groups, and the Chamber of Commerce. With each of these groups of stakeholders the issue of poverty alleviation through a citywide consultation was discussed.

The city consultation proper was a 3-day affair attended by >300 representatives of the various stakeholders and many members of the elite in the city and beyond. The representatives were selected by the different groups of stakeholders and sent to participate in the consultation. Consultation on the first day was in plenary session at which the poverty profile of the city was presented and discussed generally. On the second day, the meeting broke up into working groups to examine four dimensions of the poverty profile of the city: socioeconomic, natural resources, human/cultural, and governance/infrastructural. The third-day meeting was again in plenary to receive the reports of the various groups and to plan follow-up action (preparation of an action plan based on a set of adopted recommendations).

An action plan was produced by a follow-up committee of 16 individuals, comprising the participants who had served as officials of each of the working groups. The plan noted the poor state of infrastructure (potable water, roads, health-care centers, waste disposal, security) in the city, but concentrated on identifying enterprises that could provide opportunities for capability development, employment, and income generation. Such enterprises included the production of snails, rabbitry, aquaculture, and small-scale poultry; the cultivation of pineapples to supply the two fruit-processing factories in the vicinity, cassava production and its direct processing and other industrial uses; and honey production for the local pharmaceutical industry. Traditional arts and crafts were also to be revived, and the various rituals and celebrations were to be better organized to promote tourism to the city. All of these required significant changes in attitude, especially with respect to the acquisition of new knowledge and skills, deepening cooperative organization, and interdependent culture among the people.

In short, the action plan provided a vision of how through coordinated and complementary actions the city could raise the living standards of its poor and vulnerable groups. It indicated a policy framework and strategy through which the city could effectively harness its resources toward improving the quality of life of the general population. However, although it was recognized that the appropriate institution to promote and coordinate the implementation of the action plan was the local government, in the Ijebu-Ode case, the consensus was that the needed implementation institution should reflect the diversity of the stakeholders in the city. This was not only to ensure that the community had a strong sense of ownership in the program but also to guarantee its sustainability over the long run in the face of the Nigerian Constitution, which

Table 1. IDBPR sources of funds 2000–2005

Source	Total, ₦ in thousands	%
Federal government	45.000	59.62
Donor agencies	13.600	18.01
Individuals	7.170	9.50
State government	4.000	5.30
Local government	3.575	4.74
NGOs/CBOs	1.161	1.54
Trade associations	0.801	1.06
Private sector companies	0.130	0.17
Women's organizations	0.050	0.06
Total	75.487	100.00

requires changes in the leadership and composition of local government councils every 3 years.

Consequently, a 30-person institution, the Ijebu-Ode Development Board for Poverty Reduction (IDBPR), was created that incorporated the two major groups in the governance of the city, namely the local government council and the traditional authority. Apart from the 16 members of the follow-up committee, there were nominees of the traditional ruler and representatives of the local government, the Ijebu-Ode Development Association, market women, cooperatives, artisans, local Chamber of Commerce, and the National Association of Small-Scale Industrialists. The decision to make the chairman of the board a retired, but highly respected, bureaucrat living in the community rather than the chairman of the local government was seen as a critical first step to ensuring the sustainability of the whole effort.

Seven-Year Performance of the Board

The IDBPR was inaugurated on July 29, 1999, by the Awujale. With the inauguration, the Development Policy Center gradually withdrew its active participation and became more of an advising and monitoring agency for the process. Not unexpectedly, the first challenge of the board was finding the resources to prosecute its task of poverty reduction. Seed capital for meetings and supporting a staff member was provided from the project fund of the Development Policy Center. Although it was understood that an outside donors' conference would be convened by the Urban Management Program of United Nations-Habitat, the city also appreciated that funding would depend on what it had done for itself.

Thus one of the first activities of the board was to formally launch its action plan as a means of raising funds by using the ample social capital of the city. The Awujale led the way by donating to the board a furnished four-room office suite within the palace complex. The regberegbes taxed themselves for each egbe to contribute a given sum of money. Neighborhood associations (ituns), through their heads (Olorituns) made donations. Wealthy individual sons and daughters both at home and abroad also made substantial donations. In all, some ₦10 million (\$100,000) was raised with the Ijebu-Ode local government alone pledging some ₦5 million. Other individuals made donations in kind, providing photocopiers, fax and office furniture, office equipment, and stationery.

With the initial financial resources guaranteed, the board developed an executive committee, secretariat, and constituted its members into 10 operational committees. Since this initial fundraising, the board continued to seek funds to prosecute the various programs indicated in the action plan. Over 6 years, a total of nearly ₦76 million (or approximately \$630,000) was received by the board (Table 1). Almost 60% of the funds available to the board had come from the federal government as loans from the National Poverty Eradication Program, 10% from local and state government, 18% from donor agencies, notably the Ford Foundation, and 12% from individuals and civil society.

Table 2. Training workshops

Workshop	Participants, <i>n</i>
Snailery and aquaculture	150
Sericulture, bee keeping, dry-season vegetable production, and aquaculture	155
Pineapple production and bee keeping	130
Poultry and cassava production	130
Broiler production and aquaculture	183
Fadama II Program intervention in fish, all-season vegetable and poultry production	184
Fish farming, bee keeping, cassava and maize production	176
Micro-credit for market women/men	690
Micro-credit for Market women/men	759
Cooperative principles and practices for IDBPR Cooperative Multipurpose Society (CMS) Officers I	184
Cooperative principles and practices for IDBPR CMS Officers II	178
Cooperative principles and practices management for IDBPR multipurpose cooperative societies	169
Motorcycle transportation CMS Group I	16
Motorcycle transportation CMS Group II	16
IDBPR model of poverty reduction program for coordinators of the National Poverty Eradication Program from the 36 states and Abuja	90

From the very beginning, the board acknowledged that effective poverty reduction must be based on enhancing the knowledge, skills, and capability of the people. Consequently, most of its activities began with the training of potential beneficiaries. To ensure that the training was valued, some modest charges were made for securing application forms and attendance at the workshops. From August 2000 to October 2006, the board mounted 15 training workshops (Table 2). Some 3,210 individuals were trained in various specialized crops, small animals, and fish production skills, using minifinance, cooperative organizations, and passing onto other regions the poverty-reduction approach.

The workshops usually were conducted by scientists drawn from all parts of the country and practitioners versed in local production experience, technical skills, and accumulated indigenous knowledge. In addition, scientific expertise and practitioner knowledge was sought through the internet and from international agencies, for example, answers to questions about bee keeping were received from experts in New Zealand. The United Nations Food and Agricultural Organization donated in 2005 two Chinese experts in fish farming, the World Bank/African Development Bank/Federal Government of Nigeria-sponsored project on fadama (wetlands) land cultivation involved the board in the training program and

lending to beneficiaries, and the United Nations Development Program provided funds for training in microfinance for two officials of the board.

For almost all of the poverty-reduction activities, some capital was needed and loans and credit were essential. For groups and individuals to have access, there were three requirements: training, savings, and cooperative membership. Attendance at a relevant workshop was a prerequisite for individuals to secure credit to engage in particular activities. To ensure that securing and repaying credit was also part of a learning process, the board deposited its funds in the local Imowo Community Bank and offered it as guarantee for the bank to lend to approved individuals. Each individual receiving credit was expected to open and maintain a savings account with the bank. This insistence on savings has had the strongest impact on the lives of the beneficiaries, because, apart from ensuring that they met one of the requirements for accessing loans from the board, it has provided them with savings experience and a source of safe and flexible funds, thus addressing a major element of escaping the poverty trap. By 2005, among the micro-credit groups, average savings of cooperatives ranged from ₦100,000 to ₦500,000, whereas among the enterprise development groups, especially the aquaculture cooperatives, average savings of >₦5 million were recorded and some of them no longer take loans from the board.

The third basic strategy of the board for minimizing risks of loans default among the stakeholders was to insist on their forming themselves into self-selected cooperatives. Each cooperative consisted of between 10 and 20 individuals. Loan application forms are purchased through the group. Each member is entitled to a maximum of 10 times his or her savings within the group. This strategy was particularly important for taking gender issues into account in poverty alleviation. In Ijebu-Ode, women are preeminently the traders in the four principal markets in the city. Their need for microcredit was championed by the traditional ruler himself, who also got the board to waive the usual payment for application forms for their training in how to participate successfully in microcredit schemes. The training for the women was remarkably successful, judging by the large number that turned up at each of the training sessions for microfinance (Table 2).

Each cooperative society maintained a bank account and determined the loan requirements of its individual members. Loan requirements varied from as low as ₦1,000 among microcredit participants to as high as ₦250,000 for aquaculture enterprise developers. Microcredit loans were offered largely to traders, particularly the market women, whereas enterprise development loans were to those engaged in specific productive activities based on training provided by the board. The loan is cross-guaranteed by the cooperative group that undertakes its disbursement and ensures its total recovery before subsequent application can be made. The default of one member in the group in the repayment of the loan is the default of the entire group; in other words, the liability is single and joint. Apart from an administrative charge of up to 5% on major projects (excluding the microcredit scheme of the market women), an interest rate of 24% per annum or 2% per month is

Table 3. IDBPR loan disbursement and default 2000–2005

Year	Micro-credit			Enterprise development		
	Total loan, ₦	Default, ₦	% Default	Total loan, ₦	Default, ₦	% Default
2000	1,256,550	0	0	—	—	—
2001	667,537	0	0	—	—	—
2002	1,810,225	35,658	2	2,667,330	1,105,830	41
2003	19,926,291	478,880	2	13,867,860	331,390	2
2004	21,084,960	1,974,554	9	15,436,000	8,725,800	57
2005	13,148,640	2,115,640	16	8,139,200	—	0
Total	57,994,203	4,604,732	8	40,110,390	10,163,020	25

Table 4. IDBPR employment generation 2000–2006

Year	Micro-credit		Enterprise development finance		
	Cooperatives, <i>n</i>	Direct employment, <i>n</i>	Cooperatives, <i>n</i>	Direct employment, <i>n</i>	Indirect employment, <i>n</i>
2000	38	211	—	—	—
2001	9	108	—	—	—
2002	14	194	3	41	308
2003	38	557	8	90	675
2004	31	618	9	108	810
2005	25	482	5	52	390
2006	43	695	23	347	5,927
Total	198	2,865	48	638	8,110

charged on loans. Maximum lending rate in commercial banks was as high as 26% in 2002, although it had been dropping, reaching 19.5% in 2005 (21). Average inflation rate, on the other hand, rose from 13% to 17.9% over the same period. A moratorium period of between 2 weeks (for market women) to 18 months (for agricultural projects) is generally allowed on the loans. As shown in Table 3, between the year 2000 and 2005, some ₦58 million had been disbursed as loans to microcredit group, and some ₦40 million had been disbursed to those engaged in productive or enterprise development activities. It was gathered that the rather high rate of default among beneficiaries engaged in productive or enterprise development activities in 2002 and 2004 had to do with delays in payment by marketers of their produce and that loan repayment remained high even in this sector. Although the expectation was that members of each group would engage in activities on their own, some activities require board assistance. For those undertaking pineapple production, dry-season vegetable cultivation, and cassava production and processing, the board procured and developed multiplication centers to sell improved planting materials to accredited members of the groups. For the aquaculture program, the board also successfully negotiated and got the Ogun State government's approval for the lease of 50 hectares of land from the Eriwe fish farm near Ijebu-Ode. The land was then demarcated and allotted to prospective groups of participants. Such central provisioning was also pursued in the case of bee keeping, small-scale poultry, and seri-culture.

Table 4 shows the employment opportunities generated by the program over 7 years. Between year 2000 and 2006, the 198 cooperatives engaged simply in microcredit finance activities, provided direct employment, or enhanced the activities of their 2,865 members. It was observed that each of such direct beneficiaries of the microcredit program created employment opportunities for on the average three other individuals. This means that some 8,595 other individuals had their poverty situation transformed by the activities of recipients of microfinance credit. The position is even more dramatic in respect of recipients of enterprise development finance. Loans to such enterprises did not start to be given until 2002. Between that date and the present some 48 cooperatives, comprised of 638 individuals, were formed. These enterprises used some 8,110 workers. Their greater impact on the local economic situation is indicated in the enhanced business and employment opportunities they brought to local producers such as welders/metal fabricators, bricklayers, pond diggers, feed millers, farm hands, security/watchmen, tailors, carpenters and other artisans, plumbers, printers, mechanics, marketers, food vendors, and so on.

The IDBPR program is now in its seventh year. After 3 years of deficits, the latest financial statements show profits in 2004 of ₦383,868, in 2005 of ₦1,428,785, and continuing into 2006 (22). Work is still proceeding on calculating net income to households from different activities and estimating how much average income in the community has risen over the period and how effectively poverty has been reduced. But there is no doubt that the program has been an outstanding success in terms of enterprise development

and the provision of numerous income-generating employment opportunities for an increasing number of the citizens of Ijebu-Ode. Aquaculture had shown itself the most capital intensive but also the most remunerative of the activities sponsored by the board. Stories are told of individual members of aquaculture cooperatives making well over ₦500,000 a year from their operations. Returns to the activities of members of other cooperatives may not be as remunerative but are also quite substantial.

The IDBPR is being celebrated as a significant success. Within the country, the program had received commendation letters from the governor of the state and the president of the Federal Republic of Nigeria, in addition to substantial funds. Internationally, it has received also very deserving of the international recognition accorded it with the award of a Certificate for Best Practice by the Independent Technical Advisory Committee of the Municipality of Dubai (United Arab Emirates) and United Nations-Habitat in 2003. It has also become a reference institution for assistance by national and international donor organizations.

Program Sustainability

Despite these successes, the recent evaluation of the program undertaken by a team from the Consultancy Services of the Olabisi Onabanjo University (23) raised issues that still underscore the limitations of even the best efforts of civil society organizations such as the board to effectively tackle all of the problems surrounding the poverty trap. The evaluation called attention to three major areas of critical concern, some of which are general to poverty reduction initiatives of civil society organizations, and all pose serious challenge to the viability of the program as an effective and sustainable strategy for poverty eradication in the long term.

First are the leadership maintenance and staffing needs of the program.[†] Small units of services with several loans applications to be processed, numerous accounts to be managed and monitored, repayment collections to be made from several locations, all require servicing beyond the longer term capacity of the board. Much of the progress to date has been because of the willingness of many members of the board to serve without any remuneration and even the paid staff receives less than the prevailing official level of compensation. But board member service is waning, the evaluators noted that although the executive committee had had 33 meetings (an average of five meetings per annum), about two-thirds (66%) of members attended only about half (52%) of the meetings. The critical loan committee, which was meant to oversee a major operation of the board, met only three times over a 7-year period.

Most significant, perhaps, is the growing concern about the leadership of the organization and the program. The present board is led by Chief A. A. K. Degun, a retired former bureaucrat who had given the organization a most impressive and selfless service at great cost to his own health and for no fee or honorarium.

[†]Adeniyi, M., Zonal Sensitization Workshop for Local Government Chairmen in the South-East Zone of Nigeria, Nov. 24, 2006, Abuja, Nigeria.

Approaching the age of 80 years, he has already indicated that he wants to be replaced. But there is some concern as to whether his successor can have the same commitment and provide the same quality of leadership.

Second is the issue of the growing risk of lending in the absence of any material collateral. The dependence on peer pressure or the intervention of the Awujale has been very effective in the early years, and overall for 6 years, there has been a default rate of 8% of total principal and interest. But the default rate has been rising, and by 2005, 16% of the funds loaned were in default. The failure rate for enterprise development has been much larger, and overall 25% of funds loaned and interest have been in default (Table 3).

Part of the explanation for failure of loan repayment has been because of the shortage of staff, inadequacy of monitors, and lack of adequate transportation facilities. The board, until recently, had no project vehicle, and members had to use their private vehicles to supervise and monitor the various enterprises funded by the board. The board is trying to deal with this problem through seeking assistance to increase the number of its supervisory staff from two to four and provide them with better training and transportation. Indeed, it was claimed that it was the impact of the training and capacity building measures provided by the board that helped reverse the dismal loan recovery efforts in the Enterprise Development Program, which in the year 2002 dropped as low as 59%. And the Ford Foundation has recently provided the board with two vehicles for transportation.

But the default rate is also related to the nature of the enterprises and the organization of the groups. Thus the board is trying to end the informality surrounding the formation of cooperatives by insisting that from 2005 all cooperative societies must be registered with the State Ministry of Cooperatives so as to ensure their formal legal recognition and accountability.

The third issue of increasing concern is the limitation on the amount of funds that can be obtained from conventional financial institutions to meet the rapidly growing demand of potential beneficiaries. The evaluators noted that the funds available to the board to implement its various programs and meet its administrative costs are grossly inadequate. In fact, they claimed that the board has been unable to service one-tenth of its stakeholders and that there are no fewer than 500 member-beneficiaries awaiting fresh loans allocations. Thus, the dependency of present and potential beneficiaries on the board and their inability to approach conventional financial institutions directly for credit on their own recognition because of their lack of collateralizable assets puts a ceiling on how far and how many individuals can actually be helped out of the poverty trap.

Consequently, despite the current success of the IDBPR, these concerns about its sustainability over the long run are critical even

though they are not unknown to other civil organization interventions in poverty reduction activities. They serve to underscore the uncertainty surrounding the long-term viability and the suboptimal nature of intervention efforts in poverty reduction by civil society organizations. This is so even when international donor agencies provide the funds to support the activities of local NGOs or in the present case the Nigerian government through its National Poverty Eradication Program provides most of the funds. A national regime change if unsympathetic to such development initiatives could undermine the positive trend being recorded presently and set the whole process plummeting downward.

Conclusion

There is no gainsaying the fact that, in regard to its four objectives, the Ijebu-Ode experiment has been successful in many ways. There is increasing evidence that poverty in the city has been reduced significantly through increased employment opportunities and with prospects that fewer people will be living on <\$1.00 per day in the foreseeable future. The emphasis on training for knowledge and skills acquisition based on sustainability science has been a critical factor in the transformation of the situation. The city consultation process itself had engendered a participatory focus to the experiment from the beginning, which continues to be deepened through the annual general meetings of all stakeholders. It is hoped that all of this will help guarantee the sustainability of the experiment.

However, it must be recognized that the experiment has required very significant funding external to the city and that microcredit and microenterprises to cater for the need of the poor are at best palliatives and can enhance their capabilities only up to a point. As their need for credit or the level of capitalization of microenterprises reach a certain threshold, the need to insist on a guarantee or security beyond character or peer pressure becomes imperative. This is why poverty eradication can be better guaranteed if the capability of the poor can be enhanced such that they can participate effectively in the increasingly globalized free-market economy.

For many countries of sub-Saharan Africa, this change can come mainly through state-sponsored better education for the masses and/or a more determined effort at land reforms that would release much of the land assets of the poor from the kinship nexus and align them with the demands of the free-market economy (24). In this way, the land assets of many of the so-called poor in African countries would be transformed into economic assets, which can be exchanged or use as collateral to secure credit from financial institutions to develop their own enterprises without the present dependence on peer guarantee or an overseeing agency, even one as creative as the IDBPR.

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