# Annual Review - Summary Sheet

This Summary Sheet captures the headlines on programme performance, agreed actions and learning over the course of the review period. It should be attached to all subsequent reviews to build a complete picture of actions and learning throughout the life of the programme.

| **Title: Market Development in the Niger Delta (MADE)** | | |
|---|---|---|
| **Programme Value: £15m** | | **Review Date: July 2017** |
| **Programme Code: 202585** | **Start Date: July 2014** | **End Date: August 2018** |

**Summary of programme performance**

| Year | **2015** | **2016** | **2017** | **2018** |
|---|---|---|---|---|
| Programme Score | **B** | **A** | **A+** | |
| Risk Rating | **Medium** | **Major** | **Major** | |

**Summary of progress and lessons learnt since last review**

April 2016 – March 2017 has been the third year of implementation of Market Development in the Niger Delta (MADE) Programme by the service provider Development Alternatives International (DAI). The Programme has made good progress in scaling up its activities from the previous year and has started some new interventions as planned.

MADE consolidated its activities in six markets in the Niger Delta. The targeted value chains are palm oil, traditional poultry, cassava, fisheries, agricultural inputs and finished leather goods. The Programme has also worked on cross-cutting initiatives including Gender & Women Economic Empowerment (WEE), Access to Finance (AtF), Communications and Advocacy and Agricultural Investment Promotion in the Niger Delta. The cross-cutting initiatives have made a positive impact in the six focal markets.

The MADE Programme has also scaled up its work in the nine Niger Delta states, namely Edo, Delta, Cross Rivers, Bayelsa, Akwa Ibom, Abia, Ondo and Imo, albeit with a more sustained pace in the non-core Delta states. The Programme is still facing constraints in these seriously affected states of the Niger Delta due to criminality and violence related to control over resources, however the total beneficiaries reached in the core Niger Delta states of Akwa Ibom, Bayelsa, Delta and Rivers did increase from 30% to 41%. The Programme continues to face some challenges in reaching the communities in the creeks and lowlands, compared to the highlands. The livelihoods in the creeks are more vulnerable than uplands, as piracy and militancy adversely affect the maritime trade and movement of commodities in the creeks. MADE has started to adapt its approach by working with co-facilitators and community-based organisations, which is expected to improve the programme outreach in the most problematic areas of the core Delta states. The effectiveness of this approach will depend on further capacity building of local organisations, selection of appropriate interventions and private sector partners, as well as systematic and sensitive engagement with relevant institutions and power-holders in the most disadvantaged target areas.

MADE continued to work from its two field offices in Port Harcourt (Rivers State) and Warri (Delta State). Both of these offices are co-located with Partnerships Initiative for Niger Delta (PIND) Foundation funded by Chevron Corporation. MADE also operates from a central office in Abuja, co-located with other DAI programme offices. The central office provides overall team leadership and support services like monitoring and evaluation, programme management, accounting services, and media management, communication and advocacy support. After staffing issues reported in the previous Annual Review, there are now a stable Team Leader and Technical Leader in place. DAI London continues to provide technical and management support to the Programme.

At the output level, MADE achieved 117% of its total target on indicator 1.1, 122% of its target on indicator 1.2 and 124% of its target on indicator 1.3. It successfully met its gender target in output 1.1. by 110%, and achieved 113% for reaching the number of beneficiaries that are poor. On output indicator 2.1 the achievement was 160% of the target and 125% on output indicator 2.2. However clearer evidence is needed as to whether the poor are effectively and sustainably impacted by the Programme. An independent poverty assessment of the MADE Programme is currently being carried out to verify this important aspect and provide guidance on interventions focus and results measurement, where needed.

The Programme coordinated and interacted with other DFID programmes like Growth and Employment in States (GEMS4), Enhancing Nigerian Advocacy for a Better Business Environment (ENABLE), Policy Development Facility (PDF) and PropCom Maikarfi. It also works in close coordination with Partnerships Initiative in Niger Delta (PIND) Foundation funded by Chevron Corporation in the aquaculture, cassava and palm oil markets. MADE is a member of DEMAND (Developing Market Approaches to the Niger Delta), a forum that brings together all the main market development donors and implementation agencies in Niger Delta like USAID, PIND, International Fertilizer Development Corporation (IFDC) and UN International Fund for Agriculture Development (IFAD).

**Summary of recommendations for the next year**

*Testing poverty focus, impact and assumptions*

- The Programme needs to assess more rigorously whether it is effectively reaching the poor, and it needs to ensure its interventions are leaving no one behind.

- The Programme needs to look at impact, by analysing whether the model being used is actually leading to an improvement in the quality of life of beneficiaries and an increase in access to social services (education, health).

- The Programme needs to assess whether increased production and enhanced productivity do actually lead to increased net income and enhanced profitability for beneficiaries. Transaction costs of doing business in new markets or at a different scale, as well as the monetary cost of servicing loans should be taken into account in assessing net increase in income and profitability.

- It would also be useful to monitor changes in the creation of local employment opportunities and any improvement in wage levels for farm labourers and employees of smallholder farms and small-scale enterprises reached by the MADE interventions.

- When testing the assumptions (e.g. the link between productivity and profitability), MADE needs to take into account the structure and governance of the value chain, the situation of smallholders/MSEs as price-takers with poor access to markets and very limited information on prices and quality requirements. The Programme needs to factor in the importance of cooperative solutions and of leveraging social capital for poor smallholders and small-scale entrepreneurs, especially where joint action can enhance their bargaining power.

- The Programme team needs to better understand the importance of profitability and competitiveness above scale, as expansion *per se* will not necessarily lead to increased net income. MADE needs to adapt its interventions to the specifics of each value chain, by considering the minimum efficient scale for the targeted sector and by taking into account the role of product development and standards in some value chains, e.g. leather goods. The relevant interventions should focus on enhancing quality and not just increasing quantity.

*Gender and women economic empowerment*

- MADE should seek innovative ways to target and empower women, in particular unmarried women and women that do not own land or have no sustainable access to land.

- MADE should devise strategies to identify and monitor behavioural change with regard to gender stereotypes affecting women's participation in the target value chains, as well as any change in access to assets and influence over decision-making related to economic resources. Gender-related interventions should include male engagement and influencing of power-holders and role models in the communities. Basic principles of gender equality should be mainstreamed also through lead firms and key partners.

*Access to Finance*

- MADE should extend the access to finance component to all of the six markets as a cross-cutting initiative. In expanding access to finance solutions, MADE needs to consider asset-based (e.g. leases and use of collateral, leveraging the interventions involving equipment and fabrication) as well as (internal or external) value chain finance mechanisms. Supporting partner financial institutions in designing appropriate financial products will also help in ensuring a sustainable follow-up to the use to TAGs (subsidies).

- Overall, MADE should leverage its interventions and partnerships to help de-risking the targeted farmers and entrepreneurs and crowd in commercial financial institutions, i.e.Deposit Money Banks (DMBs) and licenced Microfinance Banks (MFBs), as the role of Bank of Agriculture (BoA) and Bank of Industry (BoI) as development finance institutions is useful for demonstration but not sufficient to achieve scale. In this context, the programme should also understand the limitations of Central Bank of Nigeria (CBN)'s 'special funds' (especially in terms of sustainability).

- In relation to the 'trust fund' mechanism that MADE is planning with partners such as PIND and the Nigeria Incentive-based Rish-sharing system for Agricultural Lending (NIRSAL), it will be important to structure the guarantee facility so that the risk-sharing is balanced and maintains the commitment of all partners - without removing the incentives for the partner financial institutions to properly assess risk, carry out due diligence and monitor repayment. The source of and conditions for on-lending capital should be clarified, together with the governance structure and the accountabilities. The proposed mechanism should comply with DFID's rules on use of funds.

*Government engagement*

- MADE should engage more systematically with government institutions at regional, state and local levels, in order to increase the impact of its interventions and despite the challenges at times posed by weak institutions.

- Advocacy to government should cover in particular market access infrastructure, as this is a critical driver of local producers' empowerment and better business performance.

*Private sector engagement*

- MADE should continue to engage with appropriate private sector partners, demonstrating the viability of inclusive business models for low-income markets. In this context, the MADE team needs to be as agile as possible and align with the pace of operations of the private sector partners. Success factors include: timeliness of facilitation, continuous field presence, ensuring that 'adoption' is sustainable (and not just one-off exposure), and a clear understanding of the scale needed to make the new business models viable.

- While MADE's interaction with private sector partners has been quite productive so far, the Programme needs to adopt a coherent 'corporate engagement' strategy to develop more strategic partnerships and leverage further contribution and market opportunities in the targeted value chains.

*Focus on core Delta states*

- The MADE Programme should continue to scale up its work and reach the most vulnerable in the core Niger Delta states, which is the primary target of this Programme. Outreach has increased this year, but the Programme team is still - understandably – facing constraints in fully replicating successful activities in such volatile environments.

- The Programme will therefore have to work on adapting its strategy, for example by (i) selecting appropriate interventions (e.g. in sectors where the minimum efficient scale requires low upfront investment in order to minimise risk and keep a low profile in the presence of social tensions); (ii) utilising local partners as delivery channels, after careful selection and training; (iii) considering options of remote capacity building and TA delivery; (iv) proactively engaging with Government and other institutions for coordination, information sharing and risk-management; (v) attracting appropriate investors with a suitable risk appetite; (vi) where applicable, liaising with DFID/HMG to leverage their convening power for strategic dialogue with key institutional and business stakeholders in the region.

*Programme extension*

- Based on the results obtained so far, in the targeted value chains and the inclusive business models successfully demonstrated by MADE, it will be worthwhile to consider a cost-extension of the Programme. The programme is continuing to exceed results milestones and the overall value for money of the programme is improving year-on-year. If an extension is possible, the extension should be conditional on the improvements recommended in this Annual Review, it would be dependent on adopting a revised approach that allows a more intensive focus on the core Delta states (see previous recommendation), and its duration should preferably be two years to allow sufficient time for the revised approach to yield results and to ensure a gradual and responsible exit strategy from the non-core States.

*Sustainability and exit*

In connection with the above - but also independently from a possible programme extension, and in line with good practice - MADE should identify the most appropriate strategies to make its intervention outcomes sustainable:

- by ensuring the continued presence of private sector partners in the low-income markets that ‘make business sense’ for them;
- by ensuring that the inclusive business models promoted by the programme are truly viable and profitable for the poor and women;
- by strengthening local organisations and cooperative solutions to enhance smallholders’ and MSEs’ market power; and
- by engaging with government institutions and agencies to influence their policies and investments – especially those related to market access infrastructure and the overall business environment of the targeted value chains.

*Review of logframe*

- Although a review of the logframe was recently concluded in January 2017, there are sufficient issues highlight within the annual review to necessitate a light-touch re-look at the logframe milestones to make sure it is adequately capturing and reflecting key issues raised by the review.

## A. Introduction and Context

| | |
|---|---|
| DevTracker Link to Business Case: | https://devtracker.dfid.gov.uk/projects/GB-1-202585/documents |
| DevTracker Link to Log frame: | https://devtracker.dfid.gov.uk/projects/GB-1-202585/documents |

One third of Nigerians live below the national poverty line. The Niger Delta is one of the country's poorest regions, arguably second only to the extreme North. This region also has high levels of gender inequality; continuing instability and insecurity; high levels of unemployment; severe environmental degradation and exceptionally poor infrastructure.

Furthermore, the concentration of oil industries in the region has created wage and commodities inflation, raising the cost of living and intensifying the experience of poverty among the poor. Overall, the levels and intensity of poverty are high, leading to strong feelings of injustice (as most of the wealth which the region generates from oil is captured by a minority). This situation has fuelled the criminality and eruptions of violence and insecurity in the region – further aggravating and perpetuating the incidence of poverty. MADE staff, its private sector partners and its clients all operate in a hostile environment: the pace of delivery in a conflict-prone region and the achievement of results should be viewed within this context.

Nigeria as a whole has high income disparity between men and women, and the states of the Niger Delta are amongst the worst performers. Women often operate in the most marginalised market sectors, and undertake roles in value chains which have little room for maximising returns.

The Niger Delta is a critical region for Nigeria's social and economic development: the serious problems of poverty and instability in the Niger Delta have an impact not only on the 31 million people living in the Delta but also on Nigeria as a whole.

Agricultural growth in Nigeria has largely been driven by agricultural expansion. Agricultural productivity has remained consistently low, particularly in Niger Delta where it is characterised by low levels of investment, innovation and use of technology. International evidence suggests that increases in agricultural productivity are usually associated with poverty reduction [1]. By concentrating on key agriculture-based value chains, MADE focuses on poor women and men who strive to earn a living in the Niger Delta. By diversifying employment and self-employment opportunities, improving market linkages and improving income levels, the Programme endeavours to address poverty and contributes to longer term stability.[2]

The Nigerian National Bureau of Statistics (NBS) estimates that unemployment in Q4 of 2016 was 14.2% (up from 10.4% in Q4 of 2015), while youth unemployment (aged 15-24) stood at 25.2%. Underemployment for the same age group stood at 36.5%, and 16.3% of women were unemployed compared to 12.3% of men. According to 2016 estimates for youth unemployment among the Niger Delta states, two were found well below the national average (Abia at 11.2% and Ondo at 12.5%), two were a little below the average (Akwa Ibom at 18.4% and Cross-River at 18.2%), and the rest were at or a little above the national average, including three of the four main oil producing states (Bayelsa at 23.9%, Delta at 27.3% and Rivers at 25.5%). Over 62% of the Delta region's population is 30 years old or younger, and growing youth unemployment is emerging as a key policy priority for the Federal and State Governments. Young people are the champions of demand for development and change in the region and tend to struggle for dividends from the region's oil wealth.[3]

[1] Gutierrez, C., Orecchia, P. and Serneels, P. (2009) 'Does Employment Generation Really Matter for Poverty Reduction' in R. Kanbur and J. Svejnar (eds) Labour Markets and Economic Development. Abingdon: Routledge. Cited in ODI Background Note, May 2011 Jobs, Growth and Poverty: what do we know, what don't we know, what should we do. C Meelamed, R Hartwig and U Grant.
[2] MADE Business case, June 2014
[3] MADE Business case, June 2014

**Background to markets:**

MADE is expected to work in 5 shortlisted markets with 2 additional markets as reserve over its 4.5 year implementation period. As identified in the business case, these shortlisted markets are; palm oil, fisheries, cassava, poultry, agricultural inputs and finished leather products. MADE is currently active in 6 markets. It should also be noted that the access to finance and agricultural inputs activities of the Programme also provide an entry point and an opportunity to positively influence additional high-potential value chains in the region (e.g. cocoa production).

An overview of the project's current interventions is as follows:

1) Agricultural inputs:

Small-scale farmers are getting reduced yields due to low use of quality agricultural inputs, poor supplies, and low awareness of good agricultural practices. These are caused by market failures in the supply chain, where agricultural input suppliers are not incentivised to sell directly to small farmers due to government intervention (where for example subsidies distort markets), and also due to weak information on the needs of small-farmers and distribution network required to reach them.

MADE has been working with input companies to develop more appropriate and granular distribution systems where firms improve their knowledge of small-holder farmers' needs and sell products directly to them, using appropriate packaging (suitable to smaller scale purchases) and relevant technical advice on the correct use and benefits of inputs. MADE starting this intervention at a small scale with a view to expanding it incrementally in line with increasing smallholder incomes and capacities.

Through strengthened distribution channels, the assumption is that farmers will start consuming more inputs, possibly increasing their scale of production and subsequent demand for more inputs delivered directly to them by viable agro-input retailers who operate in close proximity to their farms. The net result is assumed to be increased productivity, enhanced competitiveness and increased incomes (to be verified through monitoring and evaluation).

2) Household poultry:

Chickens are susceptible to many infectious diseases. One of the most important of these is the viral disease known as Newcastle Disease Virus (NDV), which causes devastating losses in both commercial and village chickens (backyard poultry production). Reducing losses of large numbers of village chickens to NDV is an essential first step to improving the productivity of small-scale poultry farms. Poultry nutrition and disease control are the primary factors affecting bird production at the small farm/household level. If the poultry is better fed and protected from disease, significant increase in profits can be achieved.

MADE's household poultry intervention focused on establishing a retail distribution chain that serves traditional poultry keepers and is centred on a veterinary service. These services include diagnosis of poultry diseases, advice on disease management and selling and correct administration of drugs and vaccines that treat these diseases. The aim of the retail system centred on a veterinary service is three-fold. Firstly, it sought to provide households that keep traditional poultry with improved access to veterinary (poultry) products and services through well-trained retailers that sell high quality veterinary products. Secondly, it sought to establish a reliable distribution channel through which veterinary products of reliable quality are sold. Thirdly, it sought to provide vaccination service to traditional poultry. It also provides good poultry practices training to the keepers.

At the core of the retail model are retailers aligned with animal healthcare companies which are supported by the animal health care companies and MADE when necessary to vaccinate traditional poultry and sell veterinary products to households that keep traditional poultry.

Poultry is traditionally a woman's business and even in cases where the man claims ownership, the proceeds from the sale go to the woman and key production and marketing decisions are made by the woman. Vaccination providers usually find it difficult to train female vaccinators because of the timing of the vaccination (early in the morning and late in the evening) due to household responsibilities. MADE's vaccination partner (Zygosis) has successfully targeted single women to train as vaccinators.

MADE started a pilot intervention focusing on the adoption of the Noiler breed by poultry keepers. This provides birds to small-holder farmers, primarily women that have less fat, tasty meat and a higher yield than native birds. They also reach table weight quicker and display a high rate of vaccination effectiveness.

3) Fisheries

*Aquaculture – Demonstration Ponds*

A demonstration pond is a "model" fish pond, which is utilised to train fish farmers on the technical and managerial aspects of a successful fish-farming business. The training covers issues ranging from pond construction to water management and feeding practices, resulting in the better use of feed, better water quality management, lower production costs, bigger fish and ultimately better sales for fish-farmers. The demonstration pond also acts as a physical site where key value chain actors like feed companies, hatcheries, fish farmers, associations, and aquaculture experts meet and engage; enhancing the co-operation and coordination between actors critical to market development.

In implementing the model, a lead partner (i.e. a feed company or local service provider) organises demonstration ponds with MADE's support for one production cycle, after which it is expected that the lead partner will drive the intervention forward and gradually expand the number of demonstration ponds.

*Smoked Fish - Improved access to and use of improved smoking kilns*

The desired outcome of the deployment of improved smoking technology is to increase the incomes of smokers and fisher-folks. For fish smokers, access to new kilns will increase their smoking efficiency (the time it takes to smoke fish), reduce fuel costs, and increase their smoking capacity (the amount of fish that can be smoked in a given time) leading to reduced wastage of unprocessed fish, environmental and health benefits, increased incomes and higher profitability. During the 2017 Annual Review this type of intervention was discussed as one of the most suitable for dissemination and replication in problematic areas of the core Delta states, as it can be deployed in the target communities through local partners after appropriate training and exposure.

*Barrier to entry*

The MADE Programme has now completed the planning for the provision of starter packs to those completing the training to remove the high cost of entry into the market. The starter pack includes 500 fish, beams, tarpaulin and other items to help new fish farmers successfully set up their business.

4) Palm Oil

The binding constraints for growth in the palm oil sector have been the low oil processing extraction rates (one third of industrial benchmarks) and high cost of harvesting. MADE's interventions in the palm oil value chain is driven by a strategy to improve productivity in small-scale production, harvesting and processing. It is assumed that increasing the productivity in the Niger Delta region and aligning to international standards will lead to increased profitability and incomes for farmers and SME agro-processors.

The broad strategy addresses key constraints that relate to: i) lack of access to and adoption of both improved processing and harvesting technologies, ii) poor knowledge of good agricultural practices (GAPs) and access to agricultural inputs, including fertilisers and crop protection products, and iii) limited linkages between small-scale plantation owners and large-scale integrated mills or mills utilising appropriate technology for small-scale milling. These key constraints are addressed by four distinct intervention areas: 1. Improved Processing Technologies and Better Processing Practices 2. Access to Improved Harvesting Technologies 3. Improving Access to Good Agricultural Practices and Agricultural Inputs and 4. Smallholder-Large Plantation Linkages. The Technology Adoption Grant (TAG) has proved successful in the palm oil sector: it has released the financial pressure on small-holder farmers and improved their access to improved harvesting and processing technologies.

5) Cassava

The cassava intervention focuses on supporting local groups of poor women farmers. MADE helps them to get organised into associations and links them to small-scale and large-scale processors of High-Quality Cassava Flour (HQCF) . This helps the women farmers to gain better access to a market for their produce.

The cassava intervention works on:

1. Addressing low levels of productivity amongst cassava-producing clusters by improving access to and use of agricultural inputs and high yielding cassava varieties aimed at strengthening supplies to local and industrial markets downstream;
2. Addressing low levels of productivity amongst small and medium processors of high quality cassava flour and cassavita (cassava flour) via the introduction of improved processing equipment and business development support services;
3. Addressing linkages between the farmer associations and industrial and SME HQCF processors.

6) Finished Leather products

MADE took over interventions in this market from Growth and Employment in the States (GEMS1) Programme in 2015. It continued to support sectorial coordination and improve representation with relevant stakeholders in the leather value chain, as started by GEMS 1. This begun in November 2015 by engaging the Leather and Allied Products Manufacturers of Abia State (LEPMAAS) - an umbrella business membership organisation (BMO) operating in the Aba leather cluster. MADE linked LEPMAAS to the Aba Urban Development Summit and a privately funded ‘Made in Aba’ Trade Fair held in Abuja. This provided LEPMAAS with the opportunity to draw attention to the investment potential of the area, the need for improvement of infrastructure within the cluster, as well as establish a market linkage between heads of paramilitary agencies and local producers of military gear such as boots, belts and accessories. The later activity led to a commitment to investigate the possibility of local sourcing in the future.

MADE also conducted strategic analysis in order to develop other interventions. The intervention concept centred on identifying buyers e.g. FAMAD (footwear manufacturer) involved with local retail outlets to purchase from producers in the leather cluster. During the year under review, MADE also facilitated access to finance for over 160 leather artisans in the Aba cluster in partnership with Bank of Agriculture.

**Cross-cutting activities:**

Access to Finance:

The Access to Finance (AtF) intervention focuses on addressing causes of financial market failures that affect smallholder farmers and entrepreneurs across the Niger Delta. The constraints faced by potential clients of financial institutions include: high interest rates, the requirement for physical collaterals and guarantee deposits that prevents the poor (particularly women) from accessing finance, the timeliness of loans in the agricultural sector (where seasonality should be taken into account), the short period for loan repayment, and other challenges faced by farmers and entrepreneurs which include low financial literacy, limited information on available financial products and services, and lack of confidence in engaging with financial institutions.

The AtF strategy envisaged the facilitation of a commercial relationship between Business Development Service Providers (BDSPs) and financial institutions on the one hand, and smallholder farmers/entrepreneurs participating in the enterprise development training and financial institutions providing access to credit on the other. Critical to the success of the strategy was establishing linkages to financial institutions that could provide suitable credit to smallholder farmers and entrepreneurs.

MADE is also exploring a model of trust fund in collaboration with PIND and NIRSAL (CBN) in order to enhance access to appropriate finance for smallholders through a guarantee facility for risk-sharing and an element of on-lending capital to mobilise further resources from partner financial institutions. MADE is in discussion with DFID on the modalities, features and governance of this potential scheme.

Advocacy and Communications:

The Communication and Advocacy strategy aims to generate a common understanding of the programme's vision for change and persuade Programme stakeholders and beneficiaries to adopt or support the technologies, practices, and the pro-poor approach promoted by the programme. This cross-cutting intervention has a crucial role in the engagement with government institutions, local organisations as well as corporates and investors interested or involved in the non-oil value chains of the Delta region.

Gender:

The MADE Programme is aiming to achieve some significant and ambitious targets for the involvement and benefit of women in the selected value chains. To inform the achievement of these targets the Programme has developed a gender strategy to guide its implementation plans in the following key areas:

- Gender-based Value Chain Analysis (GVCA)
- Gender Mainstreaming Programme Support
- Gender-focused Advocacy and Networking activities

The Programme also set up a 'gender hub' that seeks to address non-economic factors that influence women's and men's roles, access and control opportunities. It aims to improve women's participation and their ability to make choices and decisions that affect them.

Although the MADE Programme is increasing its outreach to women, there are serious issues related to gender roles and women economic empowerment that are embedded in local social norms, especially in remote, rural communities. From field discussions with beneficiaries the review team noted that most women only have access to land either through their husband or due to the death of their husband, which raises concerns on control over assets. Although women are playing a significant role in agriculture, their contribution is usually seen as a side activity complementing household chores and family commitments. Once the business becomes profitable, the husband usually takes over (at least in terms of decision-making). On a few occasions women were heard saying "Can a women use that?" (Referring to a machine or piece of agricultural equipment) and men stating on other occasions "Women can't do this job". There are concerns about the promotion of WEE in this type of context, as entrenched prejudices regarding gendered roles in the farm/enterprise can partly offset the positive outcomes of women's empowerment through information, training, financial inclusion and market access. The Programme should explore viable avenues to encourage behavioural change and improve perceptions of women's roles in local communities. For example, private sector partners and lead firms should be encouraged (and receive gender sensitivity training if necessary), to reinforce the positive messaging of the MADE programme on women's role in the local economy. Role-modeling can be quite effective when it involves those actors that already have a constructive rapport with the local community. The appropriate techniques of male engagement should be applied by the programme team. Initiatives like the 'Gender Hub' promoted by MADE are very useful, but they need to be complemented by more systematic dialogue on gender issues with the different segments (including men and power holders) of MADE's target groups.

## B: PERFORMANCE AND CONCLUSIONS

**Annual outcome assessment**

**Outcome: Better performing poor small-scale farmers and entrepreneurs in target markets**

***Indicator 1:*** *Number of small/medium-scale farmers and entrepreneurs that record an increase in yields/productivity and sales (cumulative of direct and indirect)*

- **Milestone by end March 2017:** 86,063 (# poor: 73,153, # women: 43,031)
- **Achievement by March 2017:** 102,710 (# poor: 77,378, # women: 48,404)
- **Assessment**: The Programme has achieved this target cumulatively and was able to exceed milestones, not only for total number reached (119%) but also on female (112%) and poor (106%) beneficiaries.

***Indicator 2:*** *Smallholder farmers and entrepreneurs changing their farming and/or business practices*

- **Milestone by end March 2017:** 95,625 (# poor: 81,281, # women: 47,813)
- **Achievement by March 2017:** 118,627 – 124% of target (# poor: 84,130, # women: 53,129)
- **Assessment:** The Programme has achieved this target cumulatively and was able to exceed milestones, not only for total number reached (124%) but also on female (111%) and poor (103%) beneficiaries.

**Overall output score and description**

Indicator 1 : Over 118,000 of clients reached through MADE's interventions have reported adopting new approaches and making changes to their farming and business practices from the interventions. In March 2017, a sample survey involving those beneficiaries that reported behaviour change was conducted to ascertain the extent to which the MADE interventions were leading to increased yield/productivity and sales among beneficiary farmers and entrepreneurs. Evidence from the survey indicates that at least 102,000 beneficiaries (86% of those that reported behaviour change) were experiencing increased productivity and sales. As the Programme had just established the number of indirect beneficiaries reporting behaviour change, a precondition for increased productivity, the Programme was yet to determine indirect beneficiaries with increased yield/productivity and sales.

Indicator 2 – evidence generated during an outcome assessment exercise in November 2016, which built on the results of the March 2016 assessment, demonstrates that the overall target for this indicator (behaviour change of farmers and entrepreneurs) was exceeded significantly. At the end of Year 3, a cumulative total of over 118,000 farmers and entrepreneurs (90% of cumulative outreach from inception) across the sectors had made changes to their farming and/or business practices. At least 7% of those changing their farming practices are indirect beneficiaries who observed the behaviour of Programme participants and copied those practices. This indicates the potential for scaling up the Programme impact and for improving the programme's value for money. Overall, women constitute 42% of those changing practices across the sectors, while over two-thirds of all farmers and entrepreneurs changing practices are classified as the poor.

**Has the logframe been updated since the last review?**

The MADE logframe was updated in January 2017 in close consultation with DFID. The revised logframe is included in Annex I to this Annual Review report.

The Programme considered upward review of the targets at each level of the results chain (e.g. the end-of-programme outreach target was increased from 187,000 to 219,000). In Quarter 4, Year 3, the outreach targets for each value chain were revised upward. Following the revision of the logframe, the Programme began reporting against the revised indicator set and their sub-targets. The Quarter 4, Year 3 and the annual report for Year 3 have been prepared based on the revised logframe. This now includes the new Output Indicator 1.3 (number of service providers investing in the target markets), which was previously reported under the payment milestone targets (a different results framework). The two results frameworks are now better aligned with the logframe revision. The revised logframe aligns with the timeframe for measurement of impact indicators within the actual timing for their measurement. The Programme is now in a better position to measure the impact indicators in 2017, 2018 and 2020.

Specific changes to the logframe indicators are outlined in Annex II to this Annual Review report.

## C: DETAILED OUTPUT SCORING

| Output Title | New and/or improved inputs, products, services and technologies that benefit poor people are introduced in target markets | | |
|---|---|---|---|
| Output number per LF | 1 | **Output Score** | **A+** |
| Risk: | Major | Impact weighting (%): | 65% |
| Risk revised since last AR? | N | Impact weighting % revised since last AR? | N |

| Indicator(s) | Milestones | Progress |
|---|---|---|
| 1.1 Number of small/medium-scale farmers and entrepreneurs who are assisted to access new and/or improved inputs, products, services, and technologies (Cumulative of Direct and Indirect) | Total: 112,500<br># poor: 95,625<br># women: 56,250 | Total: 131,658 (117%)<br># poor: 107,959<br># women: 61,820 |
| 1.2 Number of lead firms investing in MADE piloted innovations (Cumulative of Direct and Indirect) | 18 | 22 (122%) |
| 1.3 Number of service providers and entrepreneurs investing in MADE piloted markets (Cumulative of Direct & Indirect) | 275 | 341 (124%) |

**Key Points**

MADE moderately overachieved the total target of output 1.1 by reaching 117% of the total number of small and medium-scale farmers and entrepreneurs with assistance to access new or improved agricultural inputs, products, services and technologies. The Programme was also able to achieve 113% of its sub-target for reaching poor beneficiaries and 110% of its sub-target for reaching female beneficiaries. There is a growing evidence of behavioural change by the lead firms, particularly greater institutionalisation of the business model into their operations, as demonstrated by the lead firms in the different markets. For example Saro Agrosciences began implementing their farmer engagement programme during the year without requiring further supports from MADE. The firms are also widening their outreach and increasing the scale of the interventions. For example, Contec established 300 demo plots within the year, reaching over 10,000 farmers.

The Programme has now engaged with a total of 22 lead firms, exceeding the end–of-year target of lead firms investing in MADE piloted interventions for indicator 1.2. There were two new entrants during the last year: Contec Global Agro Limited, a bio-products company which started investing in the cassava sector with a partnership grant, and Amo Farms Sieber Hatchery Ltd in the poultry sector that started a pilot intervention with Noiler birds in Ondo State.

2016-17 was the year where the pilot interventions across the targeted value chains (such as poultry, cassava and palm oil) as well as in agri-inputs and finance started demonstrating the viability of their models. MADE worked primarily with the same lead firms as the previous year, focusing on helping those firms strengthening their inclusive business models and gradually reach scale.

Indicator 1.3. is a new indicator that was added because it is a critical part of MADE's theory of change on deepening the performance of the market systems. The indicator is a measure of the number of primary service providers working in the support market and they have direct contact with farmers and entrepreneurs. Achievement against this indicator shows there is a growing number of support providers available to smallholder farmers in the different markets. The number of service providers investing in opportunities demonstrated by lead firms increased from 93 in Year 1 to the current 341. In Year 3 alone, a total of 110 service providers were counted as active investors in the different markets. This represents a 47% increase in the number of service providers over the last year.

**Summary of responses to issues raised in previous annual reviews (where relevant)**

a) MADE has made good progress on consolidating its work in the six focal markets. More needs to be done in terms of exploring and adding new interventions in these markets that are likely to have an impact on reduction of inequality and conflict prevention.

b) MADE has been successful scaling up interventions, widening their network and reaching more areas where there was previously no activity, including opening up new markets in low-income communities for service providers and other private sector partners that bring in valuable and appropriate goods and services while also disseminating useful information for local smallholders and small-scale entrepreneurs.

c) A political economy analysis was conducted and a further analysis of the impact of inflation and devaluation of the Naira on the entire Programme is being carried out through a MADE/PIND collaboration. These analyses inform the design of programme activities and operational strategies.

d) MADE has attempted to scale up its activities in the core Niger Delta states, where the beneficiaries in these states now constitute 41%, representing a 12% increase in outreach. However more needs to be done to scale up activities in these core states.

**Recommendations**

- MADE should continue to engage with appropriate private sector partners and encourage their participation beyond MADE support. This will depend on demonstrating the viability of inclusive business models for low-income markets (or Base-of-the Pyramid models). In this context, the MADE team needs to be as agile as possible and align with the pace of operations of the private sector partners. Independent feedback from service providers has indicated that timeliness of facilitation, continuous field presence, ensuring that 'adoption' is sustainable (and not just one-off exposure), and a clear understanding of the scale needed to make the new business models viable are all essential elements that the MADE Programme needs to work more on. It would also be useful to have clearer criteria in the deployment of different technological solutions to ensure coherence across value chains and target areas (for ex. why organic pest control in some areas and not others – is this just contingent on the interested service provider entering that specific market?).

- The Programme should continue to focus on scaling up its interventions and ensuring that the core Niger Delta states are successfully targeted. For this to happen, the Programme will have to work on adapting the activities design and delivery modalities, for example by (i) selecting appropriate interventions (e.g. in sectors where the minimum efficient scale requires low upfront investment in order to minimise risk and keep a low profile where social tensions are an issue); (ii) utilising local partners as delivery channels, after careful selection criteria and capacity building; (iii) considering options of remote capacity building and TA delivery; (iv) proactively engaging with Government and other institutions for coordination, information sharing and risk-management; (v) attracting appropriate investors with a suitable risk appetite; (vi) where applicable, liaising with DFID/HMG to leverage their convening power for strategic dialogue with key institutional and business stakeholders in the region.

- MADE should conduct an analysis on whether the increase in access to new and/or improved inputs, products, services and technologies is directly correlated with increased profitability of smallholder farmers and micro/small-scale enterprises (MSEs). The assumption of a straight causal chain from access to inputs/services to increased net income needs to be challenged, especially in value chains where smallholders are price-takers with low bargaining power, have limited information on price and quality requirements and poor market access. MADE should factor in these elements in its strategies and, for example, facilitate the improvement of farmer/MSE organisational capacity so that beneficiary can leverage social capital and cooperative solutions in their market transactions (this applies to input provision, sales of produce as well as access to finance).

- The Programme should also question whether increasing the access to appropriate inputs and technologies actually leads to an improvement in the quality of life of the targeted farmers and their households. The upcoming Poverty Assessment will hopefully support a better understanding of these areas.

- MADE should identify where improvement in net additional income does not depend on increasing scale of production but rather on improving quality levels and competitiveness (focus on increasing the profit margin rather than the sales volume). For examples, the intervention in the leather goods value chains requires more work on product design and development, on finishing and on quality standards.

- As suggested in the previous Annual Review, it would be useful to conduct a gender analysis to understand gender roles and relevant power dynamics in each of these sectors. The research piece should include at least basic elements of gender-based value chain analysis as well. Its results would help the MADE Programme to better target and empower women.

| | | | |
|---|---|---|---|
| **Output Title** | Development agencies, support service providers (private, public, and NGOs) and private investors are influenced to change their approach to engaging with the poor in the Niger Delta region. | | |
| Output number per LF | 2 | **Output Score** | **A+** |
| Risk: | Major | Impact weighting (%): | 35% |
| Risk revised since last AR? | N | Impact weighting % revised since last AR? | N |

| **Indicator(s)** | **Milestones** | **Progress** |
|---|---|---|
| 2.1 Number of investors adopting additional pro-poor market development approaches (Cumulative of Direct and Indirect) | 5 | 8 (160%) |
| 2.2 Number of development agencies and NGOs influenced to implement additional market development interventions that attribute to the Programme (Cumulative of Direct & Indirect) | 4 | 5 (125%) |

**Key points**

MADE has significantly overachieved the first indicator and moderately overachieved the second indicator for Output 2.

Indicator 2.1 focuses on new interventions undertaken by investors independent of MADE's initial cost-share arrangement and excluding the Programme pilot interventions. This leads to greater outreach to beneficiaries (both direct and indirect) of pro-poor interventions, beyond DFID funding. In addition to the four investors that had undertaken additional pro-poor development interventions prior to Year 3, the programme recorded five more investors that are mainstreaming pro-poor approaches in their business operations. These included farming enterprises establishing demo farms in the cassava value chain, the setting up of a bakery utilising HQCF thereby increasing demand for this improved product, an agro-dealer demonstrating the effectiveness of a herbicide product and facilitating access to improved milling for rice farmers, as well as a buy-back scheme for pesticide containers reducing risks of contamination and pollution.

Indicator 2.2 focuses on the adoption of market development approaches by development agencies and NGOs, to reach the critical mass of actors that can ensure sustainable growth in the targeted value chains. Support available to farmers and entrepreneurs is also increasing as some have been linked to markets, financial institutions and agricultural input companies. For example, the improved approach of a local NGO in Edo State facilitating women-led farming of improved cassava varieties was identified and attributed to MADE. Another local NGO in Rivers fulfilling the role of a business development service provider now fits within this new indicator.

Within the reporting period, three additional development agencies and NGOs were influenced to adopt additional market development interventions independent of MADE:

- a local NGO forming a partnership with an input provider for the benefit of female rice farmers in Bayelsa State, which led to the input provider expanding its operations and demonstrating Good Agricultural Practices (GAPs) to cassava, rice and vegetable farmers;
- an NGO with a strong focus on improving livelihoods for women smallholders started collaborating with BDSPs and facilitated access to financial literacy by smallholder farmers; in addition, it mobilised up to 50 farmers in Rivers to access credit from Bank of Agriculture;
- another NGO in Delta State is collaborating with a service provider to extend pond management training to fish farmers in Delta State; the NGO set up one pond management training demo using the business model introduced by MADE.

**Summary of responses to issues raised in previous annual reviews (where relevant):** n/a

**Recommendations**

- Public sector: MADE should further enhance its engagement with state government institutions and agencies to mobilise their investment into market infrastructure and public goods that will increase the viability of the inclusive business models promoted by the programme and adopted by its partners. In doing so, MADE needs to use its technical expertise and capacity to dialogue to influence policy choices and plans relevant to the value chains targeted by the programme (e.g. in the leather and palm oil sectors where government schemes are ongoing and need support in choosing the most appropriate strategy). MADE should also leverage its contribution to the community of producers in high-potential value chains like cocoa, to advocate with government on key issues such as infrastructure for market access.

- NGO/non-profit sector: amongst those NGOs that have taken up the pro-poor value chain development models promoted by the Programme, MADE should identify those that can be further strengthened to become more central co-facilitators and act as delivery channels for intervention in the problematic target areas in the core Delta states.

- Private/corporate sector: while MADE's interaction with private sector partners has been very productive so far, the Programme needs to adopt a coherent 'corporate engagement' strategy to develop more strategic partnerships and leverage further contribution and market opportunities in the targeted value chains. This might apply in particular to cassava and palm oil, given the interest of domestic/international large-scale producers or buyers and the opportunity to mobilise their investment in these sectors. Also in relation to private sector partners from each specific sector, there are several lessons and good practices that can be shared at the pre-competitive level and MADE should facilitate this process to increase effectiveness and sustainability.

## D: VALUE FOR MONEY & FINANCIAL PERFORMANCE

**Key cost drivers and performance:**

Key cost drivers of the programme for the period under review are shown below;

| Cost element | Value (£) | Percentage |
|---|---|---|
| Labour | £1,800,807 | 45% |
| Expenses | £ 681,549 | 17% |
| Grants and Activities | £1,518,721 | 38% |

Grants and activities and labour are the main cost drivers of the MADE programme. The programme is keeping good value for money at the core of their planning by benchmarking fee rates against other projects and using more local consultants and staff. As a result of the security situation in the Niger Delta, however getting skilled consultants is difficult. This therefore can draw a premium on rates and security. Grants are still a big focus of the programme as it seeks to stimulate and accelerate private sector investment into the market systems intervention. The grant deals and activities require the private sector partners to invest their own money as well as meet milestones.

Two examples of where MADE has performed well in achieving good value for money are as follows:

*Agricultural inputs*

In this sector over 61,000 farmers have adopted a range of good agricultural practices; a combination of 3 agro services companies reached 46,703 farmers, 21,966 of whom are women for year 3 alone. The input companies are becoming more sensitive to the needs of the poor. One Agro-services company began providing agrochemicals in smaller packages, which are more appropriate in size and more affordable for the low-income farmers. This provided more efficient outreach to the poor.

*Household Poultry*

MADE renegotiated grants with two poultry vaccination companies.This ensured an additional reach of 4,114 household poultry keepers in 6 states, which generated more outreach from the same investment Following an intervention redesign and bidding process, Zygosis and Turner Wright poultry vaccine companies were selected.

**VfM performance compared to the original VfM proposition in the business case:**

MADE's value for money approach was laid out in the business case, it was developed in the contract amendment in March 2015 and guided further by the recommendations made in the 2015 Annual Review. Programme targets were met and exceeded in some cases, and this year it has been possible to measure VfM both at output and outcome level. The programme is overall on track to achieving the VfM targets as laid out in the business case. Outreach costs have improved, and specifically the cost of reaching women and the poor have decreased. Additionally, the amount of private sector investment leveraged by MADE has considerably increased (MADE has leveraged over £ 4 million more than the previous year), which enhances VfM and is essential for sustainability.

The indicator 'beneficiary income gain per £ spent' shows a value (£ 0.40) lower than the anticipated range *(see Table 9 of business case on VfM in different value chains, ranging from £ 1.34 to £ 5.85)*. However, based on the programme projections, the expected trajectory for the MADE beneficiary income gain per £ is as follows (average across targeted value chains):

| Indicator | March 2017 | March 2018 | March 2020 |
|---|---|---|---|
| Net Additional Income Change | £4,128,665 | £12,251,309 | £36,308,801 |

| | | | |
|---|---|---|---|
| Cumulative costs | £10,373,406 | £14,299,032 | £14,299,032 |
| Income gain per £ | **£0.40** | **£0.85** | **£2.54** |

There is also still scope for improvement on cost per beneficiary recording improvements in productivity/sales/quality (currently at just over £100 per smallholder/small-scale entrepreneur; this is an improvement from the previous year, but still relatively expensive).

Below is an overview of the key VfM indicators utilised by the MADE programme to track performance on economy, efficiency, effectiveness and equity.

| **Year 2 cost: £ 3,949,834**<br>**Total project cost: £10,373,406**<br>**Total project value: £14,299,032** | | |
|---|---|---|
| **VFM Dimension** | **VFM Indicator** | **VfM results for Year 3** |
| **Economy** | Total operational costs/total costs | Overheads against total spend:<br>£3,949,617 / £10,373,406 = **38%** |
| **Efficiency** | Private sector investment leverage per £ spent | Total private sector investment = £5,607,548.31<br>(i.e. 338% of Year 2 value of £1,279,652.17)<br><br>Total spend = £10,373,406<br><br>Therefore, leverage is<br>£5,607,548.31 / £10,373,406 = **0.54** |
| | Cost per farmer / entrepreneur reached by MADE interventions | Total number of farmers: 131,658<br>(300% of Year 2 value of 42,562)<br><br>Total cost of reaching farmers with training or other interventions = £10,373,406<br>(as against Year 2's value of £6,372,329)<br><br>Therefore, cost per famer/entrepreneur is **£ 78.79**<br><br>*(Note: the outreach cost per farmer/entrepreneur has halved in Year 3)* |
| **Effectiveness** | Cost per farmer/small scale rural entrepreneur recording an increase in sales, productivity and/or quality | Total number of farmers/entrepreneurs =102,710<br><br>Therefore<br>£10,373,406 / 102,710 = **£100.99** |
| | Beneficiary income gain per £ spent | Total value of increased income £4,128,665 /<br>Total amount spent £10,373,406 = **£ 0.40** |
| **Equity** | Cost per female farmer / entrepreneur reached by MADE interventions | Total Number of female farmers: 61,820<br><br>Cost per female farmer reached by MADE =<br>£10,373,406 / 61,820 = **£167.80**<br>(down from £351 in Year 2) |
| | Cost per female farmer / entrepreneur recording an increase in sales, productivity and/or quality | Total number female farmers recording improvements in sales/productivity/quality = 43,031<br><br>Cost per female farmer recording improvements =<br>£10,373,406/ 43,031= **£241.07**<br>(down from £480 in Year 2) |
| | Cost per poor farmer / entrepreneur recording an increase in sales, productivity and/or quality | Total number of poor farmers = 71,153<br><br>Cost per poor farmer = £ 10,373,406 / 71,153 =<br>**£134.66** |

**Economy**
While the programme increased in staff costs by 31%, programme outreach was 209%. This has reduced the labour cost of reaching farmers/entrepreneurs. Also in relation to labour, the project is ensuring good value for money by benchmarking fee rates against other projects, and using a significant number of long-term local consultants.

**Efficiency**
The focus on grant expenditure has been primarily in order to encourage and accelerate private sector investment into the market systems interventions, as the grant agreements entail a cost-sharing element by the private sector partners. Leverage of private investment has considerably improved since Year 2 thanks to the ability of the programme to attract the right type of private sector actors by opening new market opportunities and demonstrating inclusive business models for them. MADE ensures that costs to the programme are kept to a minimum by strengthening the capacity of grant partners to manage interventions and monitor results, and issuing grant instalments based on milestone achievements.

**Effectiveness**
Cost per farmer / entrepreneur has seen a significant reduction from previous years (however it is currently at just over £100 and there is scope for further improvement). Increase in income of farmers/entrepreneur is now £ 0.40 per £ spent, below the range expected for different value chains in the business case VfM proposition, but on track with the expected trajectory of the initially slow, incremental progress typical of a market systems approach.

**Equity**
MADE has taken on board the recommendation last year of improving the definition of the poor and has increased its reach to those in that category. The programme exceeded the target of beneficiaries experiencing an increase in productivity, although this indicator was not measured last year. This year the indicator is disaggregated to show values for the poor and for women. Net additional Income change (NAIC), which is the difference between net additional income and additional cost, is £3,469,638 for poor and £2,026,141 for women. There is still work to be done on better demonstrating the causal link between beneficiaries' access to improved inputs/technologies, the enhancement in productivity, and actual increase in net income, profitability and improved quality of life.

**Recommendations**

- Diversify VfM indicators to provide a more nuanced view – for example in relation to Economy, it would be useful to highlight the ratio between technical/specialised staff and consultants (as MADE is essentially a knowledge-based programme) and admin/management/support staff.
- Explore strategies to make outreach more efficient. Costs per farmer/entrepreneur, per poor person, per woman reached by MADE intervention still look relatively high, although it is acknowledged that the operating context is challenging and expensive.
- Use intervention-specific data to compare costs of outreach and costs of raising productivity/sales/income across different value chains, in order to get a more nuanced picture of VfM across interventions.
- It would also be useful to run different analyses for the cost of increasing productivity as opposed to sales, revenues, profitability, as these have different implications.
- Overall, and as discussed with the MADE team during the review process, a closer connection between VfM work and Monitoring and Results Measurement (MRM) work would help in selecting the most appropriate indicators and ensuring that definitions are coherent.

**Assessment of whether the programme continues to represent value for money:**

The MADE programme continues to represent good value for money, with key targets at output and outcome levels moderately overachieved this year and improvements recorded in several VfM indicators for the 4 Es. Most VfM indicators have improved considerably from Year 2 and compare well with the VfM performance of the benchmark programme in Northern Nigeria (Propcom Maikarfi), although some costs may still appear high due to the cost of operations in the insecure, unstable environment of the Niger Delta.

**Quality of financial management:**

In 2016/17, MADE had a financial budget of £4,045,651 and spent £4,041,065 (including procurements). MADE has considerably strenghtened its forecast accuracy against its actual spend. In 2014 monthly variance of actual spend against forecasts was around 20%, by 2016 this has reduced to a monthly average of 3.5%. This improvement in forecast accuracy has helped DFID's financial management towards hitting UK ODA targets. The programme was able to successfully spend 95% of its 2016/17 budgeted expenditure by December 2016, inclusive of the procurement expenses (contracted through DFID's global procurement agent). The improvement in financial management stemmed from strengthened communication between the DFID team and the programme. The programme has got better at promptly raising issues to DFID that may impede actual spend. Invoice checks with DFID have also been strengthened with expenditure in Naira stated now in Naira rather than pound equivalent for greater transparency, as well as clearer descriptions of the expenses included alongside.

Managing fiduciary risks is an ongoing agenda, and even with strong systems that the service provider have in place there is need to continually reinforce within the programme the importance of strictly following these. In the last year the service provider has taken additional measures to ensure that staff understand the expectations on complying with the financial controls that the service provider has put in place and staff completed ethics training in April 2017. DFID will commission and carry-out an independent audit of the programme before the end of 2017.

| | |
|---|---|
| Date of last narrative financial report | June 2017 |
| Date of last audited annual statement | December 2015 (next one covering 2016 will be finalised by August 2017) |

## E: RISK

**Overall risk rating:**
The Programme overall risk has been assessed still as Major by this Annual Review, especially due to the ongoing constraints to working in core Delta states and given that the overall instability in the region and sustainability issues have not changed substantially. However, it should be noted that strategies can be explored to manage and reduce this risk level. Given the good results obtained so far by a competent programme team, it would be worthwhile to adapt the programme strategy to allow for a continuation of the intervention and more focused attention on the core Delta.

**Overview of programme risks:**

- **Delivery (Major)** – within DFID Nigeria's risk appetite
  The main delivery risk is linked to the ability of the MADE team to carry out activities and develop stakeholder relationships successfully and safely in the core Delta states that are supposed to be a priority target for the programme. This can be mitigated by adapting the programme approach to the more volatile environment and by modifying the delivery modality (e.g. engaging and training local organisations; enhancing the dialogue and coordination with local institutions).

- **External context (Major)** – within DFID Nigeria's risk appetite

  1) *Political context:* Political instability in the Niger Delta continues to be a major risk to the programme. MADE continually engages with state governments' administration to advocate for continuity as well as engaging and collaborating with peace building initiatives.

2) *Economic context:* The economic situation took a dip for the worse mid-year with high inflation, high energy and transport costs as well as low growth. The flotation of the Naira against the Dollar represented a serious impediment for some markets development but also provided new opportunities (e.g. reduction of state subsidies, opportunities for local producers due to increased cost of imported goods).

- **Fiduciary (Low)** – within DFID Nigeria's risk appetite
  The service provider DAI has extensive experience in managing DFID programmes and has well established accounting and financial control systems. It submits financial reports and invoices on time and during last year its financial reports were found in order.

- **Reputational (Moderate) –** within DFID Nigeria's risk appetite
  MADE is partnering with private sector businesses that are legally-registered entities in Nigeria and have established management systems in place. DFID have confirmed that due diligence of these partners are carried out before MADE signs any agreement with them. The introduction of a delivery chain mapping as well as regular updates from the team on partnerships and collaborations with business, community-based organisations and government agencies also help in mitigate this risk. No direct budget support is being provided by MADE to Federal or State Government in Nigeria.

## F: COMMERCIAL CONSIDERATIONS

**Delivery against planned timeframe**

The programme was contracted for GBP14.2m and has delivered on schedule with milestones reached before payment is made. The hybrid contract model has shown to be an effective delivery model and enables DFID to ensure payment is made only after satisfactory performance. In this arrangement, resources like labour are paid upon completion of agreed milestones while the expenses are paid as soon as claims are submitted. This was felt to be the most effective means of managing the contract to ensure that DFID is aware of what expenses are incurred for and the supplier manages the delivery of the output in a flexible manner. This has worked well so far, providing incentive for timely completion of activities prior to payment. However, the programme team has signalled during the Annual Review that managing this type of contract from the service provider side is quite labour-intensive and might also lack flexibility in situations where interventions might need to be adjusted at relatively short notice because of market dynamics. A review of the arrangement between DFID and DAI might be useful in the case of a programme cost-extension.

**Performance of partnership(s)**

The contract with DAI has performed well so far. There have been regular meetings with the programme and operation lead and DFID. The supplier has been responsive to the client's needs and has worked flexibly in collaborating with other DFID programmes such as PropCom Maikarfi to leverage existing knowledge and taking useful lessons. It also took over some parts of the Meat and Leather programme of GEMS 1 programme as an exit strategy. It has coordinated well with UKTI (now DIT) and CDC on investment promotion in Niger Delta's agriculture markets, particularly in the cassava value chain. This flexible approach to implementing this contract has made the supplier a good partner.

**Asset monitoring and control**

The management of the programme assets has been good, with regular updates to the asset register. Records of these assets are recorded in DFID electronic filing system. The programme has set in place good control measures to ensure that assets are used for intended purpose. With DFID's preference for transfer rather than disposal, the programme indicates early what the procurement needs are, so that these are sourced from amongst other DFID programmes thereby saving resources.

## G: CONDITIONALITY

**Update on partnership principles (if relevant)**

The MADE programme is aimed at enhancing economic opportunities and diversify employment and self-employment in non-oil value chains, with an emphasis on the poor and on women. It therefore contributes towards Global Goal (SDG) 8 by promoting decent work and economic growth.

The programme does not use the Partnership Principles as formal conditionality in most of its programming as MADE is implemented through a commercially-contracted service provider and largely works direct with down-stream beneficiaries. DFID does not provide direct financial aid to the Nigerian government because of the high fiduciary risks associated with funding through the Nigerian government. Where MADE partners with relevant Nigerian Government Ministries, Departments, and Agencies (MDAs) through technical assistance or other forms of cooperation, the partnership principles are relevant (for example some of the key Niger Delta agencies). MADE should continue to review the extent to which these MDAs are complying with the partnership principles and should reshape the partnership, or - if necessary - terminate the partnership if the partner is not able to meet the expected standards.

*Recommendation:* MADE should review all existing MOUs with MDAs and to ensure the partner meets the partnership principles expected. If a partner is not currently meeting the principles then MADE needs to either work with them to urgently address this, or if necessary terminate the partnership. The programme should ensure DFID's partnership principles are formally integrated into all decisions to partner with Nigerian Government MDAs going forward.

## H: MONITORING & EVALUATION (½ page)

**Programme M&E system**

During the year under review, MADE has improved its M&E system, particularly the results measurement methodology, and has been able to generate credible qualitative data for all the programme indicators. Key improvements within the year include revision of the programme logframe as well as intervention guides.

Key lessons learned during the year that will continue to inform scale up include the following:

- The adaptive nature of M4P programmes necessitates that interventions evolve over time in response to market changes or suitability of partners.
- The need for advocacy and strategic relationship management expands with increasing scale of the interventions.
- It is important to match the timing of benefits flow with results measurement schedules.

The MADE team produced a Results Measurement Handbook that was updated in January 2017 and again in April 2017. The Handbook provides MADE staff with a framework for capturing and reporting results, ensuring a consistent and coherent approach to results measurement across the programme. The adaptive nature of 'Making Markets Work for the Poor' (M4P) programmes requires robust, credible and timely data to quickly ascertain what aspects of the programme need improvement and why, so that the programme can make informed adjustments along the way and maximise the results for each intervention accordingly. The Monitoring and Results Measurement (MRM) approach as articulated in this document builds on, and is designed to be consistent with, the Donor Committee on Enterprise Development (DCED) standards for measuring results in private sector development.

**Recommendations on M&E**

The M&E system of the MADE programme has been improved and it is aligned to good practice standards in terms of market systems approaches. However, as discussed during the Annual review process, there are a few methodological aspects that require further work by MADE as well as some slight shifts in focus – in consultation with DFID:

- Testing the assumptions more rigorously (e.g. causal links from outreach to impact), including by increasing clarity on basic concepts and definitions such as net income and profitability
- Improve further on the definition and measurement of poverty, moving from an essentially asset-based approach (hectares of land, number of birds, etc.) to proxies that can reveal the actual impact of the intervention of poverty levels (e.g. changes in household access to education, health, improved nutrition, etc.)
- Ensuring that all sub-teams, and especially Intervention Managers, 'own' the basic premises of defining, monitoring and measuring the key aspects of their respective interventions, avoiding work in silos and taking responsibility for results
- Regularly checking alignment with monitoring by private sector partners in order to ensure coherence (e.g. adoption of new technologies, behaviour with regard to use of inputs and vaccinations, etc.)
- Monitoring through appropriate sub-output indicators and through qualitative information (MADE already micro-monitors at this level, which is very useful) some essential aspects of farmers' and entrepreneurs' performance currently not captured in the logframe, e.g. market access, cooperative/organisational development, increase in bargaining power, follow-up to use of financial products, etc.
- Explore methods to measure employment effects, by monitoring additional jobs and/or self-employment opportunities generated or influenced by MADE intervention in the target value chains.

- Identify positive externalities of several MADE interventions and capture them in case studies and qualitative data as a basis for internalising those gains in the programme strategy to enhance sustainability (e.g. spillover effects of agro-input intervention into a non-target high-potential value chain like cocoa).
- Devise strategies to identify and monitor behavioural change with regard to gender stereotypes affecting women's participation in the target value chains, as well as any change in access to assets and influence over decision-making related to economic resources. Monitor and assess male engagement through MADE gender-related interventions.

**Approach of the 2017 Annual Review**

The 2017 Annual Review was conducted by an in-house DFID team composed of a PSD adviser, a Livelihoods adviser and a Programme Officer. It included a 5-day field trip to two target States (Ondo and Edo; plus a short visit to Delta State and meetings with partners from Abia State). The review involved in-depth interactions with programme team, beneficiaries, as well as private and public partners and stakeholders across the programme's value chains and cross-cutting interventions. The team was able to gather independent beneficiary and stakeholder feedback during the field visits and meetings.

The details of the Annual Review approach are outlined in the ToR available in Annex III to this report.

**Comments from beneficiaries and partners:**

*"Catch them young!" Aquaculture service provider on the need to make the sector more attractive to the youth*

*"They are doing very well, they are sharp, they don't catch any diseases" Poultry farmer*

*"By using the new equipment, the oil is finer and neat and now I can charge 10% more than previously" Palm oil miller*

*"The new equipment makes harvesting good, fast and easy" Palm Oil Farmer on a machine introduced with a TAG by MADE*

*"The MADE team has been great, they organised the training and helped reduce the costs" Palm Oil Fabricator in Edo State*

*"I have increased production and I want to expand but the loan offered is too small, I need a higher limit" Cocoa farmer in Ondo State*

*"We need to get quality right! MADE can help us with that" Key investor in the leather value chain from Abia State*

*"Their business becomes yours! With this programme we feel much closer to the client", a female vaccinator and trained vet assistant administering vaccines for poultry in Edo State*

*"We need to enlighten them first. The programme opens the door for us", marketing manager from a vaccines service provider*

*"It's a game of numbers. Entering new markets is a must", representative of agro-inputs company in Ondo State*
(end)

# Smart Guide

The Annual Review is part of a continuous process of review and improvement throughout the Programme cycle. At each formal review, the performance and ongoing relevance of the Programme are assessed with decisions taken by the spending team as to whether the Programme should continue, be reset or stopped.

The Annual Review includes specific, time-bound recommendations for action, consistent with the key findings. These actions – which in the case of poor performance will include improvement measures – are elaborated in further detail in delivery plans. Teams should refer to the Smart Rules quality standards for annual reviews.

The Annual Review assesses and rates outputs using the following rating scale. The Aid Management Platform (AMP) and the separate Programme scoring calculation sheet will calculate the overall output score taking account of the weightings and individual outputs scores

| Description | Scale |
|---|---|
| Outputs substantially exceeded expectation | A++ |
| Outputs moderately exceeded expectation | A+ |
| Outputs met expectation | A |
| Outputs moderately did not meet expectation | B |
| Outputs substantially did not meet expectation | C |

Teams should refer to the considerations below as a guide to completing the annual review template.

## Summary Sheet

Complete the summary sheet with highlights of progress, lessons learnt and action on previous recommendations

## A: Introduction and Context

Briefly outline the programme, expected results and contribution to the overall Operational Plan and DFID's international development objectives (including corporate results targets). Where the context supporting the intervention has changed from that outlined in the original Programme documents explain what this will mean for UK support

## B: Performance and conclusions

**Annual Outcome Assessment**

Brief assessment of whether we expect to achieve the outcome by the end of the Programme

**Overall Output Score and Description**

Progress against the milestones and results achieved that were expected as at the time of this review.

**Key lessons**

Any key lessons you and your partners have learned from this programme
Have assumptions changed since design? Would you do differently if re-designing this programme?
How will you and your partners share the lessons learned more widely in your team, across DFID and externally

**Key actions**

Any further information on actions (not covered in Summary Sheet) including timelines for completion and team member responsible

**Has the logframe been updated since the last review?** What/if any are the key changes and what does this mean for the programme?

## C: Detailed Output Scoring

**Output**

Set out the Output, Output Score

**Output Score**

Enter a rating using the rating scale A++ to C.

**Impact Weighting (%)**

Enter the %age number which cannot be less than 10%.

The figure here should match the Impact Weight currently shown on the logframe (and which will need to be entered on AMP as part of loading the Annual Review for approval).

Revised since last Annual Review (Y/N).

**Risk Rating**

Risk Rating: Minor/Moderate/Major/Severe

Enter: Minor, Moderate, Major or Severe

The Risk Rating here should match the Risk currently shown on the logframe (and which will need to be entered on AMP as part of loading the Annual Review for approval).

Where the Risk for this Output has been revised since the last review (or since inception, if this is the first review) or if the review identifies that it needs revision explain why, referring to section E Risk

**Key points**

**Summary of response to Programme issues raised in previous annual reviews (where relevant)**

**Recommendations**

**Repeat above for each Output.**

## D: Value for Money and Financial Performance

**Key cost drivers and performance**

Consider the specific costs and cost drivers identified in the Business Case

Have there been changes from those identified in previous reviews or at Programme approval. If so, why?

**VfM performance compared to the original VfM proposition in the business case**? Performance against vfm measures and any trigger points that were identified to track through the programme

**Assessment of whether the Programmecontinues to represent value for money?**

Overall view on whether the Programme is good value for money. If not, why, and what actions need to be taken?

**Quality of financial management**

Consider our best estimate of future costs against the current approved budget and forecasting profile

Have narrative and financial reporting requirements been adhered to. Include details of last report

Have auditing requirements been met. Include details of last report

## E: Risk

**Overall Risk Rating:** Minor/Moderate/Major/Severe

Enter Minor, Moderate, Major or Severe, taken from the overall Output risk score entered in AMP

**Overview of Programme Risk**

What are the changes to the overall risk environment/ context and why?

Detail the key risks that affect the successful delivery of the expected results and mitigating actions.

Are there any different or new mitigating actions that will be required to address these risks and whether the existing mitigating actions are directly addressing the identifiable risks?

Any additional checks and controls are required to ensure that UK funds are not lost, for example to fraud or corruption.

**Outstanding actions from risk assessment**

Describe outstanding actions from Due Diligence/ Fiduciary Risk Assessment/ Programme risk matrix etc.

Describe follow up actions from departmental anti-corruption strategies to which Business Case assumptions and risk tolerances stand

## F: Commercial Considerations

**Delivery against planned timeframe**. Y/N

Compare actual progress against the approved timescales in the Business Case. If timescales are off track provide an explanation including what this means for the cost of the Programme and any remedial action.

**Performance of partnership**

How well are formal partnerships/ contracts working

Are we learning and applying lessons from partner experience

How could DFID be a more effective partner

**Asset monitoring and control**
Level of confidence in the management of Programme assets, including information any monitoring or spot checks

## G: Conditionality

**Update on Partnership Principles and specific conditions.**
For programmes for where it has been decided (when the Programme was approved or at the last Annual Review) to use the PPs for management and monitoring, provide details on:

a. Were there any concerns about the four Partnership Principles over the past year, including on human rights?
b. If yes, what were they?
c. Did you notify the government of our concerns?
d. If Yes, what was the government response? Did it take remedial actions? If yes, explain how.
e. If No, was disbursement suspended during the review period? Date suspended (dd/mm/yyyy)
f. What were the consequences?

For all programmes, you should make a judgement on what role, if any, the Partnership Principles should play in the management and monitoring of the Programme going forward. This applies even if when the BC was approved for this Programme the PPs were not intended to play a role. Your decision may depend on the extent to which the delivery mechanism used by the Programme works with the partner government and uses their systems.

## H: Monitoring and Evaluation

**Evidence and evaluation**
Changes in evidence and implications for the programme
Where an evaluation is planned what progress has been made
How is the Theory of Change and the assumptions used in the Programme design working out in practice in this programme? Are modifications to the Programme design required?
Is there any new evidence available which challenges the Programme design or rationale? How does the evidence from the implementation of this Programme contribute to the wider evidence base? How is evidence disaggregated by sex and age, and by other variables?
Where an evaluation is planned set out what progress has been made.

**Monitoring process throughout the review period.**
Direct feedback you have had from stakeholders, including beneficiaries
Monitoring activities throughout review period (field visits, reviews, engagement etc.)
The Annual Review process