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: May-July 2015**	
Programme Code: 202585	**Start Date: July 2014**	**End Date: December 2018**

Summary of Programme Performance

Year	**2014**
Programme Score	**B**
Risk Rating	**Medium**

Summary of progress and lessons learnt since last review:

2014-15 was the first year of implementation of the Market Development in the Niger Delta (MADE) programme. It completed the pilot design phase in August 2014; the full implementation phase started in September 2014. This review covers the first seven months of implementation up to March 2015.

The focus of this first seven months has been on forming partnerships with the private sector in its opening portfolio of five markets (palm oil, traditional poultry, cassava, fisheries, and agricultural inputs). MADE has so far formed market driven partnerships with nine private sector businesses investing in agricultural development. The programme has progressed in recruiting the programme team and setting up its offices, and designing and starting its initial activities. MADE and DFID agreed on a contract amendment that aligned payments to results, based on milestones achievements.

MADE has established two offices (in Port Harcourt, Rivers State and in Warri, Delta State). Both are co-located with Partnerships Initiative for Niger Delta (PIND) Foundation funded by Chevron Corporation. The programme has faced challenges in staffing due to security risks in both these locations but was able to reach its almost full staffing strength near the end of the review period. With the full programme team now in place it is expected that decision making and implementation will become faster, more focussed on local needs, and more de-centralised, with only some higher level oversight, administrative and technical back up from DAI London office.

The programme is coordinating well with PIND in aquaculture, cassava and palm oil markets and with DFID's Growth and Employment in States (GEMS 1) programme to take over leather market activities by September 2015. It is also a member of the Developing Market Approaches to the Niger Delta (DEMAND) forum, which brings together all the main market development donors such as US Agency for International Development, PIND, International Fertilizer Development Corporation (IFDC) and UN International Fund for Agriculture Development (IFAD). In future, MADE should develop closer links with DFID's Stability and Reconciliation Programme (NSRP), Propcom Maikarfi and Business Innovation Facility (BIF) Phase 2.

MADE has worked in seven of the nine Delta states (Edo, Delta, Cross Rivers, Rivers, Bayelsa, Akwa Ibom and Imo). No activities took place in Abia and Ondo. Currently only 37% of programme beneficiaries are located in the four core states (Akwa Ibom, Bayelsa, Delta, and Rivers), where livelihoods and job opportunities, especially for youth, are needed most due to a long history of militancy and criminality. The geographic focus of the programme, and ultimately the focus of the programme with respect to economic development, poverty reduction and conflict reduction, needs further consideration.

Though the programme implemented its initial activities in five markets, around two thirds of its clients were in the agricultural inputs market sector. This market has three distinct value chains of seeds, fertilizer and crop protection products in it. Given the large reach of this market, its share in overall results will remain high. As activities are scaled up in other markets their share in the results is expected to increase.

There is, however, a degree of disconnect between the strong background analysis on conflict, political economy, poverty, gender, and markets that was done for the business case and MADE's programme implementation. This is due to the programme having taken over several interventions from PIND without carrying out similar levels of analysis. The programme has not yet profiled its beneficiaries and ascertained how its initiatives fit within and impact on the local political economy. More work is needed to develop an effective monitoring and evaluation system, to assess programme results and help improve intervention focus on women and the poor.

It is too early to expect achievements at the impact and outcome levels. At the output level, the programme achieved 91% of its total target on indicator 1.1 (Number of small/medium-scale farmers and entrepreneurs who are assisted to access new and/or improved inputs, products, services, and technologies) and 150% of its target on indicator 1.2 (Number of market actors investing in MADE piloted innovations). However it missed the gender sub-target of output indicator 1.1 by benefitting only 28% women instead of the 52% target and it was unable to measure the number and share of poor beneficiaries which was the second sub-target of output 1.1. The output 2 has no milestones assigned for year one and starts from year 2 only.

Summary of recommendations for the next year

- **Develop theories of change based on social and political analysis and stakeholder summaries for each market intervention**. These should be clear on the roles of the private sector, government, the position of the poor and women in the markets (including how these may change over time), and how the intervention will raise incomes for the target beneficiaries.

- **Consider whether the programme team has sufficient poverty and social exclusion skills** to address the weaknesses outlined in this review. The programme should work more closely with PropCom Maikarfi (PMk) to share lessons and approaches to making markets work for the poor (and for women). PMk has already recruited a gender consultant to improve women's inclusion in its work.

- **Design and implement a monitoring system** that will enable the programme to report against the outcome and impact level indicators of the log frame. This has to be balanced with measuring the progress on quantitative results in the milestone-based results table and log-frame.

- Revisit the business case and evidence to **ensure there is a consistent and measurable definition of the poor for all MADE's markets and measure progress on this indicator**.

- **Strengthen quarterly and annual reporting** to demonstrate the systemic changes the programme has made, highlighting the steps taken to address the constraints and improving the participation of the poor in market activities.

- **Seize opportunities and mitigate risks around the recent oil price shocks and the threat of increased militancy in the Delta**. In addition to security focussed risk management, MADE should aim to reduce social risks associated with each intervention. This may include changes in social relations, roles and power structures within communities and households, assessing the risk of increasing domestic violence as a consequence of the economic empowerment of women, and analysing the opportunity costs of women's engagement in market activity.

- **Engage more fully on the operational, regulatory and policy environment** (for example, tariffs, the incoming government's position on agriculture in Niger Delta states, etc.). MADE needs to consider whether regulatory or policy gaps exist and the potential impact of these on market performance and for sustainability of the programme. Similarly, risk analysis should consider the broader political economic context and its impact on markets (for example, the price of fuel, inflation, the effects of withdrawal of the government's amnesty scheme, etc.) and the sustainability of the market interventions.

- **DFID to consider how it can provide better support in interactions with state government and other key stakeholders,** including better use of the diplomatic wing of the UK government's operation in Nigeria.

- Act as a market entry vehicle and **showcase strategic investment opportunities to private sector agribusiness companies and investment funds** for transformational economic impact.

- E**nsure there are sufficient measures** in place for a market development model that intensifies agricultural production but not at the expense of environmental and farmer health. Farmer education, provided by government research and extension services, can play an important part in this.

- **Ensure strong and empowered local programme leadership and management and continuity in staff deployment.** Decision making should be more de-centralised to the local office, with DAI's London office providing higher level compliance, reporting and strategic technical support.

A. Introduction and Context (1 page)

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

Programme and context:

One third of Nigerians live below the national poverty line. The Niger Delta is one of the country's poorest regions, 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 commodity 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 given the wealth which the region generates from oil. This has fuelled criminality and eruptions of violence and insecurity in the region – further aggravating and perpetuating the incidence of poverty.

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 Delta have an impact not only on the 31 million people living in the Delta but on Nigeria as a whole.

While Nigeria's economic growth has averaged 6.32% in the period 2006-2014[1], agricultural growth has largely been driven by agricultural expansion. Agricultural productivity has remained consistently low, particularly in the Delta where it is characterised by low levels of investment, innovation and use of technology.

The National Bureau of Statistics (NBS) estimates that the 2011 unemployment rate in Nigeria was 23.9% (up from 12.7% in 2007), while youth unemployment (aged 15-24) stood at 37.7% (38.2% in rural areas). Among the Niger Delta states, two were estimated to be 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 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.[2]

MADE seeks to increase the income of at least 150,000 poor men and women in the Niger Delta by promoting market development in the non-oil economy by (a) stimulating sustainable, pro-poor growth in selected rural markets, and (b) improving the position of poor men and women in these markets. It will work in 7 shortlisted markets over its 3.5 year implementation period. As identified in the business case, these markets are; palm oil, aquaculture and fisheries, cassava, poultry, waste recycling, fertilizer and crop protection products. In its first year, MADE started interventions in 5 of these 7 markets, as follows:

1) Agricultural inputs:

MADE has been working with Springfield Agro and Saro Agro sciences (and has been in discussion with Syngenta) to develop stronger distribution systems. Firms are improving their knowledge of small-holder farmers' needs and selling products directly to them. They are using appropriate packaging and good technical advice to demonstrate the value proposition of purchasing more inputs, starting with small and affordable processes and volumes and scaling up incrementally later in line with increasing smallholder incomes and capacities. Through strengthened distribution channels, farmers will increase their profitability and subsequently demand more inputs delivered directly to them by agro retailers operating near to their farms..

2) Traditional Poultry:

MADE's poultry intervention focuses on establishing a veterinary retail distribution chain that serves traditional poultry keepers. These services include diagnosis of poultry diseases, advice on disease management and the sale of high quality drugs and vaccines. The retail model links retailers with animal healthcare companies.

3) Fisheries

MADE is promoting improved aquaculture, using demonstration fish ponds to train fish farmers on the technical and managerial aspects of a successful fish farming business. The training ranges 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 feed companies, hatcheries, fish farmers, associations, and aquaculture experts meet and exchange knowledge and best practice.

The programme is also improving access to and use of fish smoking kilns. 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, increased incomes and higher profitability.

4) Palm Oil

This intervention aims to improve small holder farmers' palm oil yield and agro-dealers' processing practices. Large integrated mills in Nigeria are interested in global quality certification under the Roundtable for Sustainable Palm Oil (RSPO) certification process, and their suppliers also need to be RSPO compliant. MADE is playing a facilitative role to strengthen the linkages between large integrated mills and small holders.

5) Cassava

MADE is developing an intervention which will increase small-holder cassava farmers' use of agricultural inputs (crop protection products and fertilizer) and improved varieties of cassava, by demonstrating the impact of their use on productivity. It will link lead farmers to "knowledge retailers" in setting up demonstration plots. The intervention will initially be piloted in cassava producing clusters that support SME processors of High quality cassava flour (HQCF) starch and odourless fufu (a staple food made from cassava flour).

Context for the 2014 annual review:

Some important developments have occurred in 2014 that have direct implications for the programme. The first is the impact of the sharp fall in oil prices, for an oil-dependent economy. The halving of world prices of Brent Crude in the second half of 2014, and the decision by OPEC not to reduce production to drive up prices, is already impacting heavily on Nigeria's economy. Unofficial calculations suggest that at Nigeria's current rate of production (c.1.8m barrels per day (bpd), per barrel prices need to exceed US$100 for the government to fully meet its spending plans).

Whilst the oil price shock may well have negative repercussions due to likely cuts in the Nigerian government's spending in the agriculture sector, it also represents an opportunity for MADE in terms of a gradual reduction of the agricultural inputs subsidy provided by the Federal Ministry of Agriculture and Rural Development (FMARD), allowing for the crowding in of private sector input suppliers in this market. The programme is already supporting rural retail and distribution systems from the supply side, and training farmers in the proper use and application of good quality inputs from the demand side.

The second is Nigeria's elections. Manoeuvring for the 2015 presidential, legislative and gubernatorial elections has dominated the political landscape in the past year, consuming political energies and shortening politicians' time horizons, thereby reducing policy space for agricultural reforms. The Nigerian elections have also changed the political landscape of the country, with the All Progressives Congress (APC) winning the Federal elections and most gubernatorial elections, apart from in the Niger Delta states. The polarised political landscape could pitch the APC led Federal Government against the People's Democratic Party (PDP) led Niger Delta States, with potential repercussions on funding and service delivery in the Delta, as well as on the conflict dynamic. The Amnesty Law negotiated by the previous PDP government with militant groups comes to an end in 2015, increasing the risk of renewed tensions.

B: PERFORMANCE AND CONCLUSIONS (1-2 pages)

Annual outcome assessment:

Outcome: Better performing poor farmers and small scale rural entrepreneurs in selected markets.

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

- **Milestone by end March 2015:** 5541 (# poor: 4,710, # female: 2,882)
- **Achievement by March 2015:** Not reported by the programme
- **Assessment**: The programme needs to establish a results measurement system to start measuring and reporting against this milestone

Indicator 2: *Number of small/medium-scale farmers and entrepreneurs that make changes in their farming or business practices (Cumulative)*

- **Milestone by end March 2015:** 5,833 (# poor: 4,958, # female: 3,033)
- **Achievement by end 2014:** Not reported by the programme
- **Assessment:** The programme needs to establish a results measurement system to start measuring and reporting against this milestone

Overall output score and description: The overall output score is B.

At the output level, the programme achieved 91% of its total target on indicator 1.1 (Number of small/medium-scale farmers and entrepreneurs who are assisted to access new and/or improved inputs, products, services, and technologies) and 150% of its target on indicator 1.2 (Number of market actors investing in MADE piloted innovations). However it missed the gender sub-target of output indicator 1.1 by benefitting only 28% women instead of the 52% target and it was unable to measure the number and share of poor beneficiaries which was the second sub-target of output 1.1. The output 2 has no milestones assigned for year one and starts from year 2 only.

MADE did not report the results against the first year outcome indicators of its log frame. It is in the process of improving its monitoring and evaluation systems so it can capture the data and report the results against the outcome and impact level indicators in future.

Key lessons and actions:

A flexible programming approach and the ability to scale up or down interventions in different are key strengths of MADE. This flexibility also helps the programme achieve better value for money by focusing on more cost efficient or high impact interventions. Where it is working well, the programme avoids taking a directive approach and instead brings private sector players together around specific market problems. This approach should be sustainable so long as it addresses long term systemic changes required in a market. However, the programme needs to ensure that markets are continuously assessed to ensure they are delivering value for money and that interventions are best aligned with objectives.

MADE needs to improve its geographic focus on the core Niger Delta states of Akwa Ibom, Bayelsa, Delta and Rivers, where livelihoods and job opportunities, especially for youth, are needed more than in other Delta states. This is due to a long history of militancy and criminality in these states. Currently only 37% of programme beneficiaries are located in these four core states.

Investment in the programme’s capacity to tackle gender issues has been late in coming. This is important given the ambitious gender targets and the difficult programme context. Some progress has been made in the review period, notably the recent recruitment of a gender specialist and the development of a draft gender strategy. The gender specialist needs to develop a gender action plan based on market analysis and should conduct training for intervention leads and other key technical staff to embed gender within the MADE team. The programme should invest time in developing a more in-depth understanding of the constraints and opportunities in both existing and new markets from a women's economic empowerment perspective and include this analysis in reviewing of the theory of change and in the monitoring and evaluation framework. MADE should also consider whether it has the broader poverty and social exclusion skills required to address the problems outlined in this review.

MADE has been actively participating in and has been a co-organizer with PIND and other partners of Nigeria Delta Development Forums (NDDF) in Washington DC, Calabar, Nigeria, and in London. The objective NDDF is to highlight opportunities for potential investors and development partners. The programme could do more to make direct contact with private sector agribusinesses (for example Unilever, Diageo and Syngenta) and Banks or Social investment funds (like Zenith Bank, Acumen fund, and CDC) to attract new commercial investments. The programme should explore opportunities to provide initial risk reduction or cost sharing in organising and training out-grower supply chains, so as to make investments more attractive for the investors. DFID should also support MADE by creating stronger links with other HMG departments, especially FCO and UKTI, through the Nigeria prosperity network.

MADE has been opportunistic in trying to meet its first year output milestones. This has, however, been at the detriment of carrying out baseline political and social assessments of the programme's markets, and without clear beneficiary profiling. This could lead to unintended negative social impacts.

Has the logframe been updated since the last review? No

C: DETAILED OUTPUT SCORING (1 page per output)

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**	B
Risk:	*Medium*	Impact weighting (%):	65%
Risk revised since last AR?	*No*	Impact weighting % revised since last AR?	*No*

Indicator(s)	**End March 2015 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)	□ 6533 – Total □ 5,553 – Poor □ 3,397 - Female	**Achieved:** □ 6,012 – Total (92% of the target) □ MADE did not disaggregate the total beneficiaries by their poverty level hence the number of poor beneficiaries was not reported □ 1,693 – Female (50% of the target)
1.2: Number of market actors investing in MADE piloted innovations (Cumulative)	□ *6*	**Achieved:** □ 9 (150% of the target)

Key points and highlights:

MADE narrowly missed the target for output indicator 1.1, reaching 91% of the target for small and medium scale famers and entrepreneurs with assistance to access new or improved agricultural inputs, products, services and technologies. About two thirds of these beneficiaries were in the agricultural inputs market (seeds, fertiliser and crop protection products), which is directly linked with almost all the other agricultural commodity value chains.

The programme was not able to measure the results disaggregated for poverty levels as it has not fully established its monitoring and evaluation (M&E) systems. M&E staff was only recruited late in the reporting year. While it did disaggregate the results by gender it substantially missed the target for reaching female beneficiaries by 50%.

MADE formed nine new partnerships with private sector investors during the year as compared to a target of six. The partners were: Saro Agro Sciences, PZ Wilmar, Springfield Agro, Agri Project Concept, Miriam Nurtures hatchery, Momoh Fish Multiplier, Aquaton Ltd, Kingdom Obuza, and Best Garden. This is a strong start providing a solid foundation of private sector partners and demonstrates an encouraging level of diversification. As the programme progresses, a wider base of private sector partners would create more competition in the focal markets and should help to spread gains in pro poor livelihoods and jobs creation. In looking for future partners the programme should consider carefully their appetite to operate in the fragile and insecure environment of the Delta.

<u>This output is assessed as B on cumulative basis</u>.

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

This is the first annual review of MADE

Recommendations

- Intervention level monitoring plans should be developed from intervention level theories of change and results chains. These should assess the success of each market intervention, including attribution, value for money activities/outputs/outcome and beneficiary makeup.
- MADE should explore opportunities to reach female beneficiaries on as wide a scale as possible, to catch up on the deficit for this year. It should review the gender targets in the logframe to assess whether these have been appropriately set given the challenging social and cultural context.
- MADE should add at least two new markets to its portfolio, strategically choosing interventions which are likely to have an impact on equality and/or conflict prevention. Special emphasis should be given to markets with high rates of women's participation and the potential to reach the poorest.
- The programme should make further assessments in markets that will help to build environmental resilience in vulnerable communities. This may require additional resources, options for which DFID should explore.
- The programme should consider how to capture benefits for medium and small enterprises in addition to those for farmers and entrepreneurs.
- The programme should place emphasis on bringing a number of interventions to scale, to produce significant results and systemic changes in the markets.
- The programme should improve its understanding of the political economy of the markets and its impact on MADE's intervention.
- MADE should consider how to increase its outputs in the four core Delta states of Delta,

Bayelsa, Rivers, and Akwa Ibom as foreseen in the business case. Increasing the emphasis to those areas that are more difficult to work in may take time and have cost implications.

C: DETAILED OUTPUT SCORING (1 page per output)

Output Title	*Development agencies, support service providers (private, public, and NGO) and private investors change their approach to engaging with the poor in the Niger Delta region*		
Output number per LF	2	**Output Score**	A
Risk:	*Not applicable this year*	Impact weighting (%):	35%
Risk revised since last AR?	*No*	Impact weighting % revised since last AR?	*No*

Indicator(s)	**End March 2015 Milestones**	**Progress**
2.1 Number of investors adopting additional pro-poor market development approaches (Cumulative)	*0*	**Achieved** 0
2.2 Number of new market development interventions that development agencies attribute to the programme	*0*	0

Key points and highlights: This indicator has no milestone assigned for the reporting year and no results were reported. It is therefore not considered in the overall output scoring. The score of A only reflects the fact that the annual review process requires every output that has a weight assigned to it to be scored.

PZ Wilmar has a strong focus on pro poor market development through its palm oil out-grower programme. Such approaches should be encouraged and supported by MADE. Similarly, agricultural inputs suppliers should be encouraged to work in core states rather than focussing on peripheral states, in order to make their business model more pro poor.

Summary of responses to issues raised in previous annual reviews (where relevant): This is the first annual review of MADE.

Recommendations:

- MADE should consider the likely attitude of partners to pro-poor approaches and consider specific strategies to encourage them to target the poor
- MADE should develop strategies that will encourage pro-poor investment.
- The programme should ensure its M&E system is able to track results against this output indicator so that it can report progress in its next quarterly and annual reports.

D: VALUE FOR MONEY & FINANCIAL PERFORMANCE (1 page)

Key cost drivers and performance:

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

Cost element	Design	Pilot	Implementation Year 1 2014	Percentage for Implementation	Cumulative spend
Milestones	£908,922	£1,204,749			
Labour (Fees,			£597,991	63%	£597,991
Expenses (programme running cost, travels and Security)			£181,353	19%	£181,353
Grants and Activities			£164,955	18%	£164,955
Total	£908,922	£1,204,749	£944,299	100%	3,057,970

This is the first year of programme implementation and, as with all market development programmes; the initial cost is disproportionately high per beneficiary. This will reduce in later years as results and the adoption of good agricultural practices increase.

Labour, in the form of technical expertise, is the main cost driver of the MADE programme. Availability of competent skills in market development and specialisation in other specific interventions is scarce. This is compounded by the security challenges in the Niger Delta, putting a premium on competent people working in the area. Interviews conducted confirm that the programme has recruited specialists competent in their respective disciplines which justify the costs. A good example is the fisheries intervention manager, who has in-depth knowledge of both existing local practices and options for technological improvement.

Baseline analysis and scoping studies have also incurred a high portion of the cost. Though PIND has conducted similar studies in the past, these were not to the same depth as those done by MADE and not for the same geographical coverage.

Areas where MADE has performed well include:

Palm oil - promoting small out growers to link to market

The partnership with PZ Wilmar will guarantee a ready market for out-growers' fresh fruits bunches (FFB) and this is recorded as the first of its kind in Nigeria. A total of 550 people were reached, of which 127 were women, at the cost of £48,308, equating to £88/beneficiary. This would not have happened without MADE's intervention. It is estimated that over 400 hectares, consisting of small growers with a land holding of 2 to 4 hectares each, will benefit from the scheme through market access improved agricultural inputs and technology. It is expected that more small holders will be able to meet the demand for fresh fruits bunches to sell to the mills and increase their income over time.

Agro inputs – Promoting Good Agricultural Practices

The partnership with Saro Agro Sciences has raised awareness of improved agricultural inputs for over 3,391 farmers through demonstration plots in 5 locations. The cost of creating this awareness in partnership with Saro is £16,491, equal to £4.86/beneficiary. This is relatively low in part because it is leveraging on the investment of an agro-dealer. While it is still too early to see the results from these demonstrations, the effect is potentially high and will be seen when farmers apply their newly learnt skills in the next planting season. This intervention will also benefit other actors along the value chain, by growing their income - through increased agro input retail sales, and the sale of services by agro-agents.

<u>Aquaculture – making it a profitable business</u>

The aquaculture intervention builds on the traditional livelihoods of the rural Delta population. The introduction of modern fish farming and processing techniques has reached 788 fish farmers, out of which 238 were women. The total cost under this intervention is £30,215, at an average cost of £38/beneficiary. Beneficiary responses suggest that the technical input by MADE will enable them to grow this trade into a profitable business. Like other interventions, the scale of uptake is yet to be seen, but responses from beneficiaries offer assurance that the farmers and processors value the technical assistance and recognise the benefit of these new technologies.

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

The Value for money assessment in the Business Case is based on increase in income of poor people in the agricultural and related sectors in the Niger Delta. In the first year of the programme, MADE was able to engage 6,012 farmers in the use of improved inputs and other services. This is lower than the target of 6,553 but the programme had only effectively completed seven months of implementation by the time of the review.

Improved processing techniques piloted in the palm oil sector will increase extraction rates by 30% compared with current practices. Though this is still early, as the rate of adoption of these technologies and other input is still to be determined, it is relevant to highlight the potential benefit if this is picked up at scale. This can be significant in the next review cycle and MADE should assess the level of adoption and increased incomes realised as a result of this.

Since most of MADE's interventions are in the agricultural sector, it is still too early to determine the success of interventions in comparison to investments made. However, value for money can be assessed in terms of effectiveness in reaching the right target groups and in the choices of interventions undertaken. In terms of economy, VFM relates to the reduction in operational cost compared to total cost.

Effectiveness

The targeting of interventions and stakeholders has been somewhat mixed. Facilitating small holders in the palm oil and agricultural input sectors, for instance shows that the correct choice has been made. The programme has reached 6,012 poor farmers and entrepreneurs with improved inputs and services, and of these 1,116 are female beneficiaries. This is equivalent to £150.33/beneficiary or 1,116/female beneficiary reached. Income gained or increased as a result of this intervention has not yet been measured. Nor has the project yet been able to effectively define and identify the poor within the sectors. There seem to be some differences in definition of the poor between MADE and its partners; Saro Agro Sciences consider farmers with land holdings up to 2 hectares as poor, whereas MADE views farmers having a land holding up to 4 hectares as poor.

Improved smoked fish technology for poor women is an example of better gender targeting. Even though the M&E framework is still being developed, views from respondents already suggest improvement in the quality of finished smoked fish, along with health benefits from lower fuel consumption and less carbon inhalation.

Economy

At the contract negotiation stage, **operational cost savings of up to £500,000 were found**

related to frontline delivery of the programme (including studies, demonstration plots, and grants for adoption of new technologies). The total cost of the programme over the 7 months implementation period was £944,299; of this the operation cost was £181,353, representing 20% of the total programme cost. This means 80% was dedicated to direct delivery of the programme. As compared to other DFID Nigeria's programme within the Economic Growth portfolio like PropCom Makarfi and GEMS, whose average operation costs were at 38 – 41% and 18 – 30% respectively during last few years, this makes MADE's operational cost quite reasonable. The use of local consultants, instead of internationals, where possible has helped keep the average consultant cost low. This equates to an average of £19,933/consultant for a year at a ratio of 75% local to 25% international. Additionally, colocation with PIND in its two office locations in Warri and Port Harcourt has reduced the cost of office space and in security arrangements, which is partly sponsored by Chevron.

Efficiency

The programme has identified the right set of partners in carefully selected sectors, where outreach is high and transaction costs are low. The application of appropriate technology will improve the way farmers undertake their agricultural activities and process their products, thus reducing wastage. Another example of efficiency is in piloting activities first to ensure that unpromising interventions are terminated quickly and resources are channelled towards more productive partnerships. The palm oil market in Cross River state is a good example of maximising efficiency through leveraging PZ/Wilmar's investment of over £500 million. The programme should look for similar partnerships in the other states of Delta, Akwa Ibom, Rivers and Bayelsa.

Equity

MADE also needs to consider equity factors, particularly as the aim of the programme is to benefit the poor, especially women. The programme needs to demonstrate which categories of the poor they are targeting and how people are benefiting across the value chain. This needs to be reflected better in the programme's performance reporting, by systematically demonstrating the 'higher' value of reaching women and the poor.

Recommendations

- MADE should consider equity in VfM calculations
- All VfM indicators should be measured over time and at sector and/or state level, and where possible with benchmarks for comparison.
- The programme needs to strengthen its results framework to capture better interpretation of vfm indicators on beneficiaries engaged and to identify those adopting improved practices.
- The programme should have a process in place that measures the new investments made in the intervention markets as a result of its interventions.
- The programme team should not neglect the hard to reach poor in its attempt to go to scale.

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

At this stage, there is good anecdotal evidence to suggest that the MADE programme represents value for money, in cost effectiveness of inputs and efficient operational cost versus total cost ratio. While the market development approach requires some time before results become evident, the programme has intervened at strategic points as a facilitator to leverage investments. By next year, MADE should be able to deliver and demonstrate strong value for money, if large scale interventions are implemented in these states.

Quality of financial management:

The financial management of the programme is improving after the recruitment of an operations manager from DAI headquarters. New software (Oracle) has helped with financial forecasting and prompt invoicing. Monthly forecasting still remains an area for improvement, with monthly variance between forecast and spend in the region of 20%. In this reporting period, the programme was only able to spend £944,299 of its £1.23 million budget. This can be partly attributed to the slowdown in activities during the national and state elections, with associated security challenges. However, monthly financial management still needs to improve in the year ahead.

Date of last narrative financial report	2-6-2015
Date of last audited annual statement	No audit

E: RISK (½ page)

Overall risk rating: Medium

DFID Nigeria's portfolio risk matrix model has been used to calculate the project's risk rating. This model assesses the risk in three categories: fiduciary risk, reputational risk and delivery risk. A five points scoring scale is used to quantify the likelihood and impact of each risk, with 1 being the lowest and 5 being the highest risk score. A score of 1-13 represents low risk; 14-27 represents medium risk and 28-40 represents high risk. The model involves selecting one of the four strategies for risk mitigation: tolerate, transfer, treat and terminate.

MADE received a total score of 22 using this model, which is slightly higher than the average of medium risk scale. The recommended strategy is to tolerate this level of risk as it falls within the risk appetite of DFID Nigeria.

Overview of programme risk:

Internal risks

- **Delivery of results** (Medium) – If the programme does not build its monitoring and evaluation systems to record and report results against log frame indicators, it will not be able to demonstrate results it has delivered. The project M&E system should be developed as a matter of priority and results should be recorded and reported against all log frame indicators.

  To reduce the results delivery risk for women and the poor, the programme should conduct poverty and gender analyses extensively in current and potential markets.

  MADE should improve its management system by de-centralising and empowering the country team to make decisions as the situation demands instead of waiting for directions from the London office.

  Market distorting investments and programmes by other donors and the government will limit uptake of MADE market development activities. Market distortion effects are also caused by the Nigerian Government's fertilizer subsidies, fuel subsidies and subsidy style project financing by some donors. The MADE programme is addressing this through its outreach and capacity building for the M4P approach through initiatives such as DEMAND (Developing Market Approaches to the Niger Delta) Alliance and the Niger Delta Development Forum.

  Net income gains for the beneficiaries have not been realised because important constraints, such as marketing linkages, have not been overcome. Net income gains may also be threatened by rising costs of imported machinery and rising costs of access to finance. These risks can be mitigated by promoting the acquisition of locally produced machinery and by establishing a means of distributing loans at lower cost, whilst still remaining sustainable.

Assumptions relating to the delivery and uptake of various interventions could prove overly optimistic, such as people's willingness to pay for inputs and services. This projection of changes in public attitudes towards fees for services may have been initially too optimistic. However a part-grant strategy to help trigger adoption of new practices and attitudes now has a better chance of success than first anticipated, particularly in the context of a major fall in oil prices and a drop in state funding and subsidies.

These delivery level results apply to all of the value chains in varying degrees. Many of these risks were accounted for in the economic appraisal by reducing the forecasted benefits and outreach figures and by applying optimism bias adjustments.

- **Local compliance risk** (High). MADE is being implemented by DAI without being registered in Nigeria. This situation could result in a failure to comply with local business rules and regulations. DAI should therefore register itself to comply with Nigerian business and financial regulations.

External risks

- **Political and social risks** (Medium) – The recent elections and peaceful transfer of government have strengthened the democratic culture in Nigeria. However, the potential political polarisation between the Federal State and Niger Delta States could affect funding and policy development. The programme should engage early with the new government administrations to advocate for continuity of market based and pro private sector policies.

The possibility of civil disturbance around new or re-run gubernatorial elections in 2015 as well as the end of the amnesty period could disrupt project activities. These risks are already present as the transitional period ends on 31st December 2015 and the new administration will need to take a decision about any future amnesty programme for former militants. President Buhari's intention to sort out corruption within the oil sector could also result in a violent backlash from those involved in illicit activities.

Attitudes towards local development in the Niger Delta States are changing in light of the drop in oil prices and reduced oil revenues. Nearly two thirds of Nigeria's States can no longer afford to pay public sector wages, cover overhead costs and pay for capital projects. The new Government will have to bail out State budgets, cut or abolish subsidies, and cut jobs. This will risk increasing poverty levels in the short term, as economic adjustment will take time to take effect. There are already signs of a crime increasing.

The social risks confronting the MADE project are therefore at least temporarily greater than a year ago, even though support for MADE's basic objectives is now much higher at community and local level. The programme will have to project more realistic targets so that communities do not become disillusioned with the pace of delivery.

- **Conflict and security** (Medium) - MADE operates in an already politically insecure environment which has become increasingly tense in the aftermath of the national and gubernatorial elections.

The political victory of perceived Northern interests has provoked reactions among Niger Delta militant groups, who were more allied to a Southern-led government. Some groups have welcomed a the opportunity for dialogue with the new administration but others are taking a more hard-line position, to establish a basis for bargaining. A political victory for a perceived pro- Southern government would not necessarily have guaranteed continuation of the amnesty stipend paid to the 28,000 Movement for Emancipation of Niger Delta (MEND) militants. There are some indications that the new administration is looking to mitigate risks linked with the end of the amnesty period.

Port Harcourt and other Delta cities will likely experience increased kidnapping in the next few months mostly of Nigerian nationals, as well as armed robberies, and vehicle hijacking. As such, the MADE programme should update its risk analysis carry out a political economy analysis (PEA) to inform its risk mitigation approach and its programme implementation. The programme will mobilize short term technical assistance to update the political economy analysis, conflict analysis and mitigation plans.

Avian flu risk (Low) – Nigeria experienced an outbreak of avian bird flu in early 2015. This affected the states across the country including Rivers, Delta, Edo and Imo states in the Delta. An initial risk assessment has been completed and the risk to the programme is considered low, as MADE and its poultry health intervention partner have proactively engaged in disseminating information on measures to prevent the spread of the virus. The Federal Government's efforts to provide a referral system, decontaminate, and compensate farmers of infected birds increase the chances of early detection and reporting. The programme is adopting the following mitigation measures to minimize the risk :

- o Working with partners to ensure surveillance in wetlands for migratory birds;
- o Sharing a checklist of precautionary measures and making the distinction between avian flu symptoms and Newcastle Disease (NCD) with new partners;
- o Continuing to work with existing partners to disseminate the right information on NCD and Avian flu to farmers and vaccinators;
- o Continuing to monitor field events and report appropriately.

Outstanding actions from risk assessment

This is the first risk assessment of MADE.

F: COMMERCIAL CONSIDERATIONS (½ page)

Delivery against planned timeframe

The programme was initially contracted as a milestone payment contract for its design and pilot phases. Deliverables at that stage were a) successful deployment of start-up team, b) detailed plan for design phase, and c) agreed business case and the delivery of the business case. At the pilot phase two separate activities were expected to be delivered. These were interventions in agro inputs through collaboration with dealers, for increased usage by farmers and acquisition of new skills in aquaculture through demonstrations ponds.

After approval of the business case, the contract was amended to a hybrid model i.e. a combination of payment against agreed milestones, with the total value of input required in delivering agreed milestones provided upfront, and expenses reimbursed in arrears. This model shares risk between DFID and the supplier; if the milestones are not met, DFID withholds payment. It has proved to be an effective delivery model and enables DFID to ensure that payment is made only after satisfactory performance has been achieved. During the reporting period, two milestones were achieved; 1) continuing interventions started at pilots phase plus a new intervention that was also started, in addition to carrying out research into a new intervention and 2) total number of interventions increased to five including the interventions started at pilot stages being up-scaled.

Performance of partnership(s)

DAI has performed well. The programme management team has met regularly with DFID’s lead adviser and programme officer, providing updates of programme progress. The supplier has been responsive to DFID’s needs and has worked flexibly in collaborating with other DFID programmes, such as PropCom Maikarfi, to leverage existing knowledge and share lessons. MADE recently agreed to take over components of the leather value chain work; as part of the Growth and Employment in States’ (GEMS 1) exit strategy. It has attempted to introduce a new intervention on waste disposal, (though not originally in the business case but proposed by DFID) through analysis and assessment of its viability. Further research is required to design viable interventions in this market.

The process for agreeing the hybrid contract presented a number of challenges and took longer than anticipated. The supplier was reluctant to unpack the details of resources required to achieve set milestones and was initially unwilling to agree to reimbursement of actual expenses incurred, preferring a lump sum arrangement, in order to keep the process of payment against milestone simple. This has been resolve but not without prolonged negotiation between the supplier, DFID Nigeria and colleagues in procurement department.

Asset monitoring and control

Programme assets have been well managed, with regular updates to the asset register. Records of the project’s assets are recorded in DFID’s electronic filing system – QUEST (4867304). The programme has set in place controls to ensure that assets are used for their intended purpose and are handled with care. A spot check has not yet been done due to travel advice but an independent audit is planned in a few months, to validate the report.

G: CONDITIONALITY (½ page)

Update on partnership principles (if relevant)

The Business Case was approved on the basis that the programme will contribute to the reduction of poverty; it recognises the fiduciary risk in Nigeria and expects that the programme will put robust safeguards in place to mitigate these risks. The programme has consistently performed in accordance with these principles; it has addressed poverty reduction by offering access to improved agricultural practices so as to raise yields for farmers. It has worked directly with the private sector rather than passing funds through the government. As the project scales up, the M4P development model will reduce the dependence on hand outs and will promote inclusive growth.

H: MONITORING & EVALUATION (½ page)

Evidence and evaluation:

The programme needs to consider the evidence base for each of the interventions so that they are starting and operating on a firm footing. This should include developing a better understanding of the beneficiaries of the interventions, including their economic and social status and building a picture of how the intervention might be expected to impact across household members.

Baseline studies have been conducted for two interventions, poultry and agricultural inputs. The poultry baseline report is strong on specific details of poultry keeping but has much less focus on the social and poverty impacts of poultry farming – such as which household members are most engaged in poultry keeping. Baseline surveys are also reported to have been conducted in palm oil and aquaculture but were not available for the annual review.

The programme should develop a more systemised approach to lesson learning. This is essential in a programme such as MADE where the documentation of achievements is critical to attributing success and understanding how improvements and changes have occurred. It is important for MADE to consider further how they will capture the 'story' behind the changes resulting from their interventions.

Specific recommendations relating to building the evidence base and developing stronger monitoring systems are given in the annual review summary sheet and sections B & C of this review.

Monitoring progress throughout the review period

MADE has made a slow start in building its monitoring system. The loss of the first M&E advisor and difficulties in replacement has held back key monitoring work. The programme has now filled the role and work should accelerate. A quarterly reporting system for routine monitoring has been put in place but this is yet to be used.

It is also **important for MADE to understand how private sector partners are collecting data** (such as distribution and sales figures). In the case of partners in the agricultural input sector, it was unclear that partners were capturing the data that would allow understanding of their own reach or of MADE's contribution. MADE should understand better whether partners are capturing the data the programme needs, and whether the data is relevant for business management. Where partner data is inadequate MADE should consider approaches to provide capacity building to its partners.

Programme partners and beneficiaries' comments:

"MADE has helped me in learning the new ways of increasing my cassava production and quality. Now I can grow more and better quality crop which sells at a higher price than before. We are now planning to build a small scale cassava processing facility."

Anthony Ene Ita, owner – Koby farms

"We have been able to train new agric input retailers with support from MADE, resulting in additional demonstrations for small maize farmers with land holding of two hectares or less. We are now following the business model of introducing small pack sizes and discounted price for these farmers."

Kolade Dada – Saro Brand Manager/Ag Marketing Manager

"MADE and Syngenta are in the process of forming a new partnership that will reduce the cost of reaching the small farmers and will also reduce the risk to do business with them and the time to build our distribution network. MADE is also generating demand for our products by training the small farmers and raising awareness among them for the benefits and use of good quality inputs and crop services. The potential for yield increases for maize, rice and potato small farmers is 400-600%."

Itoandon Iruansi Imonikhe - Syngenta-Campaign Management Specialist / Corporate Affairs and Joyce Amadi – Syngenta Demand Promoter

"I used to train 5-8 small fish farmers in my pond management training programme before MADE generated extra demand for pond management, now I train 33 small fish farmers on average in my trainings, allowing me to reduce the training fee from 20,000 Naira per participant to 11,000 Naira."

Kingdom Obuza – Aquaculture expert and training consultant

"MADE has played the role of facilitator between us and the small out growers of palm oil. We are committed to the concept of "Plurality" in our palm oil production by operating the model of a large scale palm oil plantation connected with small out growers. We have built 240 KM of roads in and around our plantation, have committed to provide 100 hectares of land for small out growers and have created 2400 direct and indirect jobs. It is our security strategy to create economic development among the communities around us so they have a stake in our business growth rather than seeing us as a threat and an outsider."

Santosh Pillai – Managing Director West Africa, Wilmar International

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. ARIES 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

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

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 ARIES as part of loading the Annual Review for approval).

Revised since last Annual Review (Y/N).

Risk Rating

Risk Rating: Low/Medium/High

Enter Low, Medium or High

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

Where the Risk for this Output 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 B Risk Assessment

Key points

Summary of response to iprogrammessues 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 programme continues 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

Output Risk Rating: L/M/H

Enter Low, Medium or High, taken from the overall Output risk score calculated in ARIES

Overview of Programme Risk

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

Review the key risks that affect the successful delivery of the expected results.

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
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 <u>all</u> 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