Annual Review – post April 2018

Title: Market Development in the Niger Delta (MADE)		
Programme Value £ (full life): **MADE 1: £15m[1]** **MADE 2: £7m**		**Review Date: 11th July 2018**
Programme Code: 202585	**Start Date:** MADE July 2014 MADEII 1st May 2018	**End Date:** MADE 28th Feb 2018 MADEII 28th Feb 2020

Summary of Programme Performance

Year	2015	2016	2017	2018
Programme Score	**B**	**A**	**A+**	**A**
Risk Rating	**Minor**	**Moderate**	**Major**	**Major**

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

A. Summary and Overview (1-2 pages)

Description of programme (1/2 page)

Market Development for the Niger Delta (MADE) is a market development programme implemented by DAI Europe (contract supplier) from 2013 to 2020. It seeks to improve the incomes of poor producers by generating economic growth in the non-oil sectors, across nine states of the Niger Delta Region. MADE uses the 'making markets work for the poor' (M4P) approach to address the root causes of poverty with an expected impact of increased incomes for 150,000 poor people in MADE Phase 1 (2013-2018), and an additional 155,000 in MADE Phase 2 (2018-2020). Phase 1 and 2 are contracted and measured separately, but are governed under a single business case which was extended to 2020 by Ministers in December 2017.

In the reporting period, MADE continued to work in five value chains – agricultural inputs, poultry, cassava, palm oil and fisheries[2]. There are also three cross-cutting initiatives: womens economic empowerment, access to finance (A2F) and, advocacy and communications.

MADE facilitates pro-poor growth in selected markets by:

- Selecting and working in sectors in which poor men and women are actively engaged;
- Motivating market actors to change their behaviour in a sustainable and catalytic way; and
- Facilitating access to new knowledge, information, services and/or technologies to small/medium-scale farmers and entrepreneurs.

MADE continues to work from its head office in Abuja, and two field offices in Port Harcourt (Rivers State) and Warri (Delta State). Both field offices are co-located with Partnerships Initiative for Niger Delta (PIND) Foundation funded by Chevron Corporation. The head office provides overall team leadership and support services like programme management, accounting services, and media management, communication and advocacy support. Monitoring and evaluation support is provided from Port Harcourt. DAI London continues to provide technical and management support to the Programme.

Summary supporting narrative for the overall score in this review (1/2 page)

MADE scores 'A' because each output target was exceeded, and the quality of the results was judged to be adequate in most cases; and the M and E systems backing the reported results is also judged as adequate. Overall, this is a strong 'A', further supported by evidence that outputs have led to the outcomes and impact predicted – with important and positive implications for the agri-economy of the Delta region.

[1] MADE was unable to secure an extension in September 2017, and a new contract was issued for an additional two years. The project is best measured through the established Annual Review cycle, rather than a PCR and new Annual Review.

[2] A sixth sector, Finished Leather Goods, has bene dropped this year due to poor results and value for money.

MADE has achieved significant successes over the reporting period and cumulative results over the four years. The programme has exceeded all the core Output 1 targets by enabling over 258,000 beneficiaries to access new products and services, against a target of 219,000. It also exceeded Output 2 targets by influencing 12 investors (200% more than the target) and 9 development agencies (112% more than the target) and NGOs to adopt and implement additional pro-poor market approaches. The new investments and approaches of business and NGOs interviewed during the review indicate some important transformational and institutional change that will benefit the Delta. The programme has also recorded a substantial value for money (VfM) ratio of £1 spent to £1.28 income gained by smallholder farmers and entrepreneurs. This exceeds the expectations where there was a target VFM ratio of £1 spent to £0.85 in income generated.

However, an A+ is not considered appropriate because some outputs reviewed were of poor quality (some irrelevant training, or poor service provision by some partners – although limited failures are well within the limits of what is acceptable for adaptive programmes), and the review also highlighted some uncertainties within the reporting system.

Output 1 has specific targets for reaching the poorest, women, and frontline states. And although MADE managed to double its outreach to poor beneficiaries (213,367) compared to last year from (107,959) – and exceeded the milestone target for this year by 14%. During the review field visit it was apparent that some beneficiaries seemed to come from higher socio-economic groups than anticipated, and the poverty assessment recommended by the 2017 Annual Review had not been undertaken. However, there is currently a poverty assessment in the field with results expected in July.

During the reporting period MADE continued to exceed gender targets, increasing the number of female farmers assisted to access new and or/improved inputs, products, services, and technologies by more than 50% compared to the previous reporting year – and exceeded the relevant milestone target by 18%. MADE continues to expand its outreach into the frontline Niger Delta states of Akwa Ibom, Bayelsa, Delta and Rivers, but still faces constraints due to violence and criminality. Outreach in the frontline states has not substantially changed since last year – from 41% to 42% during the reporting period.

At the support market level, a cumulative total of 518 service providers were collaborating with the project and lead firms. During this period, the farmer engagement model that the programme introduced has been increasingly institutionalised by partners, with some adaptation (including the addition of new crops into the demos) as they deemed fit. Some of the partners also replicated the model in new areas beyond the pilot locations. Partner NGOs also reported changing their practices as a result of being influenced by the MADE project.

The substantial increase in outreach within the last 24 months (over 200,000 people) is partly due to partner companies seeing the benefits of expanding their operations, as per the transformative aspect of the theory of change, but partly also because of the acceleration and greater efficiencies enabling the delivery of more demonstration plots and project activities. The sustainability of some aspects of the programme raised concerns as some lead firms that were interviewed in the field had no plans to continue good agricultural practices training, as introduced by MADE. However, they expected their markets in the target areas to continue to grow, driven by other investments and approaches. The aquaculture sector raised concerns about targeting due to the high upfront costs required of beneficiaries and underutilisation of smoking kilns, in addition to beneficiaries experiencing fish mortality and theft. Interventions in the area of Access to Finance have made little progress. Whether or not to continue in both aquaculture and finance should be carefully considered.

There is a need for more robust management systems – a challenging audit (concluding at the time of this Annual Review) has highlighted some weaknesses, and the costs and risks of managing the legacy of some weak interventions established in previous project years.

Recommendations for the year ahead (1/2 page)

- A robust management environment that provides the right checks and balances and supports good decision making, forecasting and accountability (changes already underway; to be reviewed formally by DFID in Q3 2018);

- Increasing the focus on understanding, influencing and measuring system wider/market level changes; doing more to deepen its adoption and scaling strategies that are transformational and market wide, rather than incremental; this should now remain a core focus of future annual reviews.
- Develop objective trigger points for dropping sector or activities that do not work;
- A2F – a carefully thought through proposal is needed for whether/how to continue this;
- Strategy for increasing pro-poor impact by August, following poverty assessment;
- Edo State: consider the marketing power of the project in terms of making Edo State more attractive to its own residents; ensure government is appropriately brought in; consider safeguard risks (e.g. land); and sustainability (in terms of future government role in investment support and private sector continuity in interventions);
- Field visits suggested that there may not be enough early identification and assessment of failure, and thus reflection and learning from it, embedded in the team's operations; possibly related to the challenging numerical targets and the huge number of separate interventions. A more open attitude to failure may better support learning and accountability – explicitly closing off failures with lessons learned documents for examples, summarised in reporting to DFID;
- MADE has managed and analysed the major devaluation of the Naira very well: It may be worth capturing and sharing generalised lessons even beyond Nigeria, given that all agricultural projects in Africa operate in volatile price environments.
- Individual and community gains form the project are fragile; and can be lost through ill health, extreme weather, price change, conflict, or political upheaval. MADE Phase II should identify ways of making market systems more resilient to such pressures, and find ways to measure its impact in this respect.
- Gender and poverty targeting must be maintained and deepened, on the basis of better understanding of how impacts are differentiated between target groups.
- MADE should further expand their effective work with local NGOs that have adopted market development approaches, as they appear to offer good opportunities for reaching targets linked to gender, poverty and conflict.
- Financial reporting – MADE to include a section on financial reporting in the Quarterly Report to capture financial data, comparing actual against budget, variance and reasons for variance, and to help monitor what funds have been used for and financial performance.
- Forecasting – MADE to ensure they improve their forecasting by working closely with the DFID Project Officer.
- Improved monitoring:
    - SRO to schedule at least two field visits before the next annual review and mobilise both regional teams and other HMG staff who can support monitoring.
    - A 'failures' section could be considered as a regular part of quarterly reporting.
    - At least six-monthly spot check to be led by the Programme Officer with support from the DPM;
    - Quarterly/monthly programme update meeting with DAI, where minutes will be kept. These will help us to identify any issues/risks early on and find solutions to them in a timely manner.

B: DETAILED OUTPUT SCORING (suggest 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**	A
Impact weighting (%):	65%	Impact weighting % revised since last AR?	N

Indicator(s)	**End of February 2018 Milestone(s)**	**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)	*Target* 219,375 # women: 109,688 # poor: 186,469	*Achieved:* 258,203 (117% of outreach target) # women: 129,193 (118% of target) # poor: 213,367 (114% of target)
1.2: Number of lead firms investing in MADE piloted innovations (Cumulative)	Target: 22	Achieved: 25 (113% of target)
1.3: Number of service providers investing in MADE piloted innovations (Cumulative)	Target: 325	Achieved: 518 (159% of target)

Provide supporting narrative for the score

Each of the challenging targets measured under Output 1 has been exceeded. Results were validated through a five-day field visit including 13 intervention sites in Edo and Delta States, and through an interrogation of the reports provided, the results measurement system, and through interviews with project partners. Some uncertainties remain about the presence of a limited number of duplicates in database of beneficiaries, which is partly why this Output scores A, rather than A+. Generally, the quality of the assistance provided to farmers and entrepreneurs was good. For example, reviewers visited a group of cocoa farmers in Edo State who had received training, facilitated by MADE and delivered by Saro (a crop protection product supplier). The farmers demonstrated changed practices and reported substantial yield improvements. A partnership with Winnosa, a cassava processor, visited in Delta State, had vastly strengthened the market for high quality cassava for a group of over 50 farmers, who were expanding their land, yields and incomes as a result.

However, in some cases, due to poor quality or misdirected assistance, or the effect of unforeseeable factors, the impact of some interventions was weak – equipment supplied that was not in full use; training that had not yet been put into practice by beneficiaries. However, these weaknesses are more relevant to the Theory of Change and higher-level results[3], than they are to the Outputs as stated, and also reflect the experimental nature of M4P projects in which some interventions and partners are expected to fail. For example, some fish farmers that were met by reviewers had seen all their fish stolen or die; one investor in a fish smoking kiln had been let down by low returns. At a wider level, interventions in the Leather sector have been shown to be relatively poor value for money and will be dropped; Access to Finance interventions have also provided much less contribution than anticipated to date to results, and consideration is being given to dropping it, or radically changing it in Phase 2.

New Lead Firms (Output 1.2) investing in project interventions during the year included Bayer Cropsciences, an agricultural input company that 'crowded in' following perceived successes of MADE's other input partners; Sproxil, a company piloting a mobile-phone technology driven extension service; and AgriProject Concept International, which restarted its work on poultry, following a two-year gap after its initial pilot was aborted in 2015. Relationships with other Lead Firms also matured and evolved, and there is a sense of strong partnership with Saro, Syngenta and Contec for example, where the influence of the project in bringing them to the Delta area and supporting the expansion of their services is clear. The

[3] If Output 1.1 target had the words 'high quality' or 'relevant' included, its assessment could have changed. However, it is appropriate to assess quality and relevance through the higher-level outcomes than attempt to guarantee and measure the quality of delivery at approximately 4000 separate interventions sites, delivered through third party partners.

growth and significance of these partnerships was evidenced by seeing their products in the field being newly used by farmers, talking to staff, and assessing sales figures.

The 518 Service Providers (Output 1.3) are individuals with the skills and means to establish small businesses supplying the services that farmers need. This includes fish trainers and feed suppliers; crop sprayers; and fabricators and owners of processing machinery. The target was exceeded, due to the programme reaching a tipping point where the value proposition has been realised and adopted by service providers. In the palm oil sector uptake of the small-scale processing equipment (SSPE) has now reached more than 150 machines (at a cost of around £1500 each) with several fabricators leading marketing with more than 30 units sold in the year. The relevance of this Output has also been confirmed, as Service Provider businesses are shown (through their growth and success) to be an important part of the new market systems emerging.

Gender targets have been well met; evidenced by beneficiary lists and field visits, with recent improvements convincingly attributed to a more proactive engagement of women, through gendered milestones payments for partners, and the use of the Quintessential Business Women's Association – a network of thousands of entrepreneurial women – to encourage its members to participate. The next step is an improved understanding of the project on gender and intra-household relations, to see whether participation and outputs are leading to meaningful change in the lives of women. Poverty targeting is harder to verify, and impressions from the field visit suggest some beneficiaries may have come from higher socio-economic groups than anticipated. However, a major poverty assessment study is currently in the field and will report by end of July with findings and recommendations. MADE have provided the results of a small sample of 79 farmers, of whom 65 were confirmed as meeting project definitions of 'poor'.

Lessons identified this year, and recommendations for the year ahead linked to this output

- Yield increases amongst farmers appear to be driven as much by good agricultural practices (spacing, pruning, weeding, storing) as by use of ag inputs such as pesticides. However, MADE's success may be a result of long term engagement from input companies trying to sell their products to deliver Good Agricultural Practices (GAP) training – it provides credibility and a sense of partnership that seems stronger than traditional farmer field school/NGO led approaches. There are important lessons for wider 'making markets work for the poor' (M4P) and agricultural projects; MADE should assess and communicate these.
- A clearer sense of system changes that may be underway may require, for example, tracking sales of agricultural inputs more closely and in more geographic detail; assessing the relative business success of the 518 service providers (How many are profitable? What is the range and median of success? How many clients do they have?); and developing new ways to measure crowding in by farmers and businesses that are not directly measured by the project.
- Full adoption of, and commitment to, a new practice, product or service (by farmers, lead firms or service providers) is the critical key to impact and scale – and achieving it is complex, depending on more than mere exposure to something that makes sense. MADE's experience is that a critical mass of demos is required in a given area to secure change for example; and that success is more likely where multiple changes are occurring in a given value chain. MADE should consider how to deepen its adoption strategies, specific to this stage of project maturity, and do more to sell change to more farmers, and influence major firm practices.
- Field visits suggested that there may not be enough early identification and assessment of failure, and thus reflection and learning from it, embedded in the team's operations; possibly related to the challenging numerical targets and the huge number of separate interventions. Examples such as the failed fish farmers of Agbor; underused smoking kilns; and the under-prepared purchasers of oil palm processing equipment should be documented, and summarised in periodic reports to DFID.
- The major devaluation of the Naira supported various import substitutions (such as palm oil, and cassava starch), and exports (such as the aggregation and export operations of Saro, which effectively hedged their import of crop products). The project reacted well – producing a well disseminated information note – and reacting to the new business opportunities created; there is more to be done to further stimulate investment. It may be worth capturing and sharing generalised lessons, given that all ag projects in Africa operate in highly volatile price environments.
- Gains are fragile; and can be lost through ill health, extreme weather, price change, conflict, or political upheaval. MADE Phase II plans to identify ways of making market systems more resilient to such pressures, and should find ways to measure its impact in this respect.

- Gender and poverty targeting must be maintained and deepened, on the basis of better understanding of how impacts are differentiated between target groups.

Output Title	Development agencies, support service providers (private, public, and NGO) 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+
Impact weighting (%):	35%	Impact weighting % revised since last AR?	N

Indicator(s)	End of February 2018 Milestone(s)	Progress
2.1 Number of investors adopting additional pro-poor market development approaches (Cumulative of Direct and Indirect)	6	Achieved: 12 (200% of target)
2.2 Number of development agencies and NGOs influenced to implement additional market development interventions that attribute to the programme (Cumulative of Direct & Indirect)	8	Achieved: 9 (112% of target)

Provide supporting narrative for the score

Output 2.1 has substantially exceeded expectations and Output 2.2 has moderately exceeded expectations. Results were validated through a five-day field visit including interviews with five out of the nine NGO partners (including three selected at random), and 2 investors. Generally, influencing the way investors and NGOs/development agencies work has led to an improvement in farmer's access to inputs, products, services and technologies, in line with targets and the theory of change

Indicator 2.1 focuses on new interventions undertaken by investors independent of MADE's initial cost-share arrangement and excluding the programmes pilot interventions. MADE record 12 investors that have adopted additional pro-poor market development approaches, which is 200% above the milestone target. For example, Winnosa Farms, an SME cassava processor, had challenges with marketing cassava flour as it was distorted by the wheat flour market. After engaging with MADE two years ago, Stella (the owner) was introduced to an out-growers' scheme, where MADE linked her up with Contec who through a cost-sharing arrangement set up 30 demo farms. She now has agreements with 50 farmers who still use Contec inputs, and has shifted into the more lucrative industry of processing garri and fufu, instead of cassava flour. Before MADE she recorded sales of almost N10m but in the last two years, this has increased to approximately N120m.

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. After initial grant support and training from MADE, nine development agencies and NGOs have changed their practices and adjusted their approach. For example, Disabilities Awareness Welfare Development and Rights Initiative (DAWDRIN), an NGO, used to rely on grant support for their survival and their support to farmers focussed primarily on a traditional model of hand-outs, but their model has now shifted towards adopting an M4P approach and they have in effect become an agriculture service provider, where 70% of their income is now from fee paying services. They also crowded into the cassava sector by seeing there was potential through MADE, and distributed up to 1,200 bundles of vitamin A cassava stems to more than 400 farmers. Moreover, as they continue to use an M4P approach, they have started offering training to other organisations on the M4P approach. Four other NGO partners were interviewed for this annual review; three had very convincing accounts of similar changes in approach; one was weaker, but sufficient to qualify as a result.

Lessons identified this year, and recommendations for the year ahead linked to this output

- MADE have experienced difficulties in attracting partners to work in the Niger Delta States, where there is a perception (and reality) of crime and related security risks, increasing the costs of operation. Their response has been to rely more on NGO localised partners to deliver market development services – these appear to have been successful, offering valuable lessons on M4P in conflict environments. This work should be further assessed for its expected high value for money, and lessons broadcast widely. The approach should be expanded where appropriate.

- MADE should attempt to more deeply analyse the transformations taking place in certain investors and NGO partners, to better understand, and report on, the wider impact they may be having.

C: THEORY OF CHANGE AND PROGRESS TOWARDS OUTCOMES (1-2 pages)

In general, the late stage and success of MADE Phase 1 (governed by a separate results framework to Phase 2 which is starting now) mean that the Phase 1 ToC, outcomes and impacts are all virtually achieved, and well evidenced.

Summarise the programme's theory of change and any major changes in the past year (1/2 page)

The Theory of Change (ToC) remains unchanged and is summarised as follows: *MADE influences lead firms to invest in target markets (defined by products, geographies, and relevance to the poor) who then collaborate with local service providers to reach smallholder farmers and entrepreneurs, with new and/or improved inputs, products, services and technologies. Access to these drives behaviour change, improved performance and increases in income.*

Critical assumptions can be summarised as:

- *Firms and service providers are willing to invest in the target markets, and achieve profitability*
- *Farmers are willing to change their practices, and this drives income improvements*
- *Conflict, economic, or political factors beyond programme control do not undermine results*

Field visits, reports and interviews with Lead Firms, Service Providers and farmers support the ToC. The last twelve months in particular have been an important time for validating it, as results are measured at increasingly higher levels of the results chain, including the first project-wide income estimates. These results generally support the assumptions, despite the volatile macro-economy and security situation. In particular, it is plausible that the project has helped major firms see the Delta, and its poor farmers, as an plausible new market, and has led to greater investment by them.

The role of Access to Finance (A2F) in achieving impact is unclear. Overall project impact has been achieved, but this is despite the failure of MADE to support the sustainable provision of finance to beneficiaries and firms. Finance is regularly cited as a binding constraint, but progress to date has been driven by affordable products and services, and cost-free changes in agricultural and business practice. A2F remains under review, and may be dropped in Phase 2, or new approaches tested.

MADE Phase II will see some updates to the ToC, relating to in particular to the anti-slavery potential of the aspirational livelihoods targeted by the new phase, but also a greater focus on the systemic changes at the later stages of the theory of change.

Describe where the programme is on track to contribute to the expected outcomes and impact, and where it is off track and so what action is planned as a result in the year ahead (1/2 page)

The output to outcome assumptions underlying the programme design appear to have broadly held true as the access to new products and services has led to improved performance of smallholder farmers and entrepreneurs; new practices have been adopted, although with (inevitable) variation in success across interventions, including some failures. At the impact level MADE reports that the project has generated total net attributable income change of £14,461,329 in 2017/18, and £4,128,665 in 2016/17 (no significant income increases were measured in the first two years of the project). This increase is a good illustration of the project maturing from establishing and building interventions, to seeing their result and scaling up.

MADE's surveys have generated estimates that a cumulative of 197,098 smallholder farmers and entrepreneurs (88,109 women) observed experienced increased productivity/yield or sales. Overall, 79% of those that made changes to their farming or business practices experienced increased yield/productivity and sales attributable to the programme interventions. The programme's interventions led to increased incomes for a cumulative 153,600 smallholder farmers and entrepreneurs, exceeding the end of programme target of 151,044. This represents 78% of direct and indirect beneficiaries that experienced increased productivity. The nature and value of the increased incomes vary by intervention. This includes cost saving from reduction in mortality of fish and poultry, reduced use of herbicides and feed cost due to adoption of proper regime, as well as increased sales of produce. Sales increases were largely attributable to increased yields or new products (such as dried fish), but some quality-related price improvements were also identified (such as in cassava, where standardised varieties resulted in better selling prices).

No outcome or impact target is off track (although some intervention areas such as Access to Finance and Leather have failed to contribute as planned). However, the new Phase 2 targets will be challenging: the anti-slavery work is being attempted in a very short time frame, and the further acceleration in the delivery of results in the rest of the programme (doubling MADE's results in just two years) will further test the ToCs assumptions that scale-up and crowding in will continue at pace.

Explain major changes to the log frame in the past year (1/2 page)
There was no further review to the programme log frame in 2017/18, although some milestone payment targets were extended (and met), mainly to make the targets more ambitious.

The new project log frame for Phase 2 requires a doubling of all key results, and adds new targets related to investments in sectors that will produce jobs that are aspirational to potential victims of trafficking.

Describe any planned changes to the as a result of this review (1/2 page)
Phase 1 log frame has now been achieved and the Phase completed, following this review. The new log frame for Phase 2 is currently under review as part of the Phase 2 inception period. Adjustments to this log frame, submitted as part of the Supplier's tender document in April 2018, may be considered in the light of this review. These include re-assessing targets, and additions relating to better identifying and incentivising systemic changes.

D: VALUE FOR MONEY (1-2 pages)

Assess VfM compared to the proposition in the Business Case, based on the past year (1 page)

Summary

As hoped in the final year of the Phase 1 contract, MADE has seen a significant improvement in their core VFM indicators, as their outreach and impact results accelerated significantly, while costs were maintained, and some efficiencies achieved. This also bodes well for the VFM of the Phase 2 contract, which will further build on the sunk costs invested, and the foundations laid for future results. As expected of an M4P project reaching maturity with success: while economy is maintained, there are efficiency improvements as output delivery benefits from lessons learned (and poor VFM activities are dropped); and very substantial improvement in effectiveness as results begin to reach scale off the back of earlier investment and work.

Cost drivers and economy

MADE spent £3.6m in 2017-18, reduced from £4m in 2016-17. This is linked to MADE winding down towards the end of Phase 1, in accordance with original plans - as Phase 2 was not confirmed until the last weeks of operation. The key cost drivers for the project were labour costs, expenses and grants, and activities. Compared to the previous year, cost drivers have not changed significantly. An audit process, currently underway, has also highlighted weaknesses in control that allowed some wastage in early years of the project, DFID is currently reviewing the systems and improvements have been identified for MADEII (see also section F).

Cost drivers

Year	**2016-17 (from AR 17)**		**2017-18 (until Feb 2018)**[4]	
Cost element	Value (£)	Percentage	Value (£)	Percentage
Labour	£1,800,807	45%	£1,926,093.18	54%
Expenses	£ 681,549	17%	£529,928	15%
Grants and Activities	£1,518,721	38%	£1,111,393.97	31%
Total	**£4,001,077**	**100%**	**£3,567,415.15**	**100**%

Economy overall is tracked by the proportion of operational costs in the project overall. In the main VFM table below the figure is 0.22, which is the same as Year 3, with the total operational cost at £761,059.18 for 2017-18, compared to the previous year which was £897,645.85. This fall in operational costs was mainly due to this phase winding down rather than actual cost saving activities. This compares favourably to Propcom Maikarfi, which is a similar M4P agribusiness project that works in the northern and central parts of Nigeria, which measured the same indicator at 33.2% at the last Annual Review.

Efficiency, effectiveness and equity

The efficiency of generating outputs has substantially improved in the reporting period, as the key output is the number of people reached, which has more than doubled in 2017-18. There has also been a 500% increase in the amount of private sector capital leveraged through the project, as firms, in some cases, have been genuinely convinced by the business models that MADE has piloted and developed.

Effectiveness – the cost of generating results and higher-level impacts has sharply improved also. The average cost of reaching a beneficiary was £150 in March 2016, improving to £78.79 by March 2017, and a further fall to £42.53 by February 2018. The net additional income change per person also increased from £52 at the end of March 2017 to £93 by February 2018. The programme recorded a VfM ratio of £1 spent to £1.28 income gained by smallholder farmers and entrepreneurs. This exceeds the business case expectation that at the end of the programme in February 2018, the programme would have a VFM ratio of £1 spent to £0.85 in income generated. However, unlike the operational efficiency indicators, the cost of reaching a beneficiary compares unfavourably to PropCom Maikarfi where cost of reaching a farmer is £20.70. This may be driven by security and transport costs, and availability of partners may also increase costs for MADE. More significantly, PropCom Maikarfi is several years older, with a greater number of

[4] Figures have only been reported up until February 2018 for ease, as this is when the MADE team concluded MADEI. The next annual review will include March, April and May 2018.

more mature interventions. The figures for the cost of incomes raised are almost exactly the same at £1.28 per £1 spent.

A key contribution to the improved cost per beneficiary is the indirect outreach in the cassava sector that was driven by farmers at no cost to the programme and the programme partners. At harvest, the 4,500 farmers that accessed high-yield varieties of cassava from cassava SME processors sold stems to 13,500 farms (ratio of 1:3). The ratio was established from a mini-survey that supplemented the impact assessment.

Equity**:** Equity indicators were driven by efficiencies and effectiveness overall. As the project maintained its targeted proportions of women and the poor within the project, equity indicators were also achieved. However, it must be noted that income increases for women are smaller for two reasons (i) limited access to financial and other assets limiting their adoption of best practice and innovation and (ii) men tend to dominate the production of cash crops such as cocoa.

Year 4 (April 2017 – February 2018) VFM Metrics in comparison with previous years

VFM Dimension	VFM Indicator	VfM results 2017/18	Results from prev. year 2016/17	Results from 2015/16
Economy	Total operational costs/total costs	**£3,010,571.92*** / **£13,986,499**** = **0.22**	**£2,249,512.74*/ £10,373,406** = 0.22**	**£1,351,866.88 * / £6,372,329** = 0.21**
		**total operational costs from start of hybrid contract **total costs from start of hybrid contract*		
Efficiency	Private sector investment leverage per £ spent.	Total private sector investment: **£11,757,709**	Total Private sector investment: **£2,702,909**	Total Private sector investment: **£1,279,652.17**
		Therefore **£11,757,709 / £13,986,499= 0.84**	Therefore **£2,702,909 / £10,373,406= 0.26**	Therefore **£1,279,652.17 / £6,372,329 = 0.2**
	Cost per farmer or entrepreneur benefitted (engaged with projects)	Total number of farmers: **258,203**	Total Number of farmers: **131,658**	Total Number of farmers: **42,562**
		Therefore **£13,986,499/ 258,203 = £ 54.17**	Therefore **£10,373,406/ 131,658 = £ 78.79**	Therefore **£6,372,329 / 42,562 = £ 150**
Effectiveness	Cost per farmer/small scale rural entrepreneur recording an increase in sales, productivity and / or quality	Total number of farmers: **196,188**	Total Number of farmers: **102,710**	Total Number of farmers: **30,055**
		Therefore **£13,986,499/ 196,188 = £ 71.29**	Therefore **£10,373,406/ 102,710 = £ 100.99**	Therefore **£6,372,329 / 30,055 = £ 212**
	Beneficiary income gain per £ spent	**£1.28**	*(-£ 2.5)*	*Impact level indicators not yet available*

Equity	Cost per female farmer or entrepreneur benefitted (engaged with projects)	Total number of female farmers: **129,788**	Total Number of female farmers: **61,820**	Total Number of female farmers: **18,119**
		Therefore **£13,986,499/ 129,788 = £ 107.76**	Therefore **£10,373,406/ 61,820 = £167.80**	Therefore **£6,372,329 / 18,119 = £ 351**
	Cost per female farmer / small scale rural entrepreneur recording an increase in sales, productivity and / or quality	Total number of female farmers: **87,663**	Total Number of female farmers: **48,274**	Total Number of female farmers: **13,288**
		Therefore: **£13,986,499/ 87,663 = £ 159.55**	Therefore **£10,373,406/ 48,274 = £ 214.88**	Therefore **£6,372,329 / 13,288 = £ 480**
	Cost per poor farmer / small scale rural entrepreneur recording an increase in sales, productivity and / or quality	Total number of poor farmers: **147,902**	Total Number of poor farmers: **77,032**	Total Number of poor farmers: **24,120**
		Therefore **£13,986,499/ 147,902 = £ 94.56**	Therefore **£10,373,406/ 77,032 = £ 134.66**	Therefore **£6,372,329 / 24,120 = £ 264**

E: RISK (½ to 1 page)

The overall risk rating for the AR is major. The risk level has stayed the same due to the limited improvement in economic volatility; political instability and violence; social and environment safeguards; reputational risks associated with partners selected; performance of contractors; and climate unpredictability, over the review period. Each of these risks has evolved in the last 12 months.

- Economic volatility: Price changes continue to affect participants in MADE. The plunge in the value of the naira in previous project years was broadly good for farmers (as they substituted for imports with their lower-cost products), and broadly bad for lead firms that needed to import agricultural chemicals or machinery. The situation has begun to reverse – for example, the price of cassava tuber fell by 40% between June and November 2017 - largely a result of the supply response to previous high prices. Such sudden shifts can undermine investment plans developed and pushed by MADE that are at the margins of profitability – it can also create sudden new opportunities. This is mitigated by regular monitoring and adjustment of intervention plans – needed at 'private sector speed', not 'bureaucracy speed' – which MADE is generally capable of, though this also may lead to administrative control risks (see below).
- Political stability: Election campaigning has begun in the run up to 2019 Presidential and state government elections. Not only does this create a perception of instability – and a lack of political focus on economic development - but it also drives serious market distortions, such as the very substantial handouts of agricultural inputs that typically accompany major campaigns. This can undermine MADE's market models, as input providers, retailers and service providers are bypassed in favour of free services, and their growth and investment is reduced. Recent examples include Delta State Agric Procurement Agency giving out cassava stems; Niger Delta Development Commission giving out bags of fertilisers. These examples are likely to proliferate is likely to have a negative effect on the market system MADE has working with. Mitigation is through awareness and preparation, and in the long-term lobbying around market development principles (currently done through NGO and business partnerships).
- Security risks remain, and in some areas increase, and become more uncertain; there is concern that this will further increase around the elections. Pipelines are still being vandalised and kidnapping is still common in the region; tensions and security issues have also become more significant in the south-east due to the separatist movement becoming more active in the last 12 months. MADE have found some planned activities impossible to undertake, and others becoming more costly and slower; security management costs are also high – some firms have pulled out of some states. MADE's mitigation is to use local organisations to deliver work in hard to reach places, which despite creating heightened delivery risks is generally a good strategy, and worth learning from.
- Environmental safeguards: MADE works with agricultural input companies who are increasing the use of pesticides and herbicides in the Delta region. MADE supports only active ingredients that are licensed by the Nigerian regulatory body, but also, only those that have not been banned in Europe. Generally, as the recent AR field trip demonstrated, the environmental story is positive as MADE supports high quality products and good practice: farmers are trained in better (often lower) usage; health and safety is an explicit part of demonstrations and partner requirements under the project; and the increase in good products helps drive out fakes and more dangerous products. However, the risk needs continual monitoring as partners introduce new products – MADE retains an updated list of all active chemicals supported through the project
- Social safeguards: a relatively new risk related to proposed work and research linked to the Modern slavery agenda, which is may involve contact with extremely vulnerable groups (though this is limited by MADE's focus on business led interventions for employment growth). Appropriate systems will be designed and in place, but should be a focus of review/monitoring
- Climate: The last project year has seen unstable rainfall and weather patterns, leading to crop failures and infestation from new pests such as the army-worm. The AR team noted that at least one company supported by the project has developed a new army-worm product, highlighting the role of private sector development in adapting to new risks. Farmers were also taught adoptive preventative measures, such as crop rotation with legumes, certified seeds and improved farm sanitation.
- Reputational risks: the security situation has necessitated a generally successful 'hands-off' approach working with local NGOs, but this increases delivery chain risks and risks of working with

partners. Ongoing audit has highlighted some issues around partner selection – audit recommendations must be implemented and monitored

- Contractor performance – while this continues to be good, risks around administrative systems have been identified through audit; recommendations must be implemented and monitored.
- Fiduciary risk: The recent audit has highlighted some risks around due process and due diligence in respect of hiring, partner selection, and procurement. DAI will provide further and stronger training on all financial matters, ensure robust approvals and sign-off systems are in place to reduce risks around any individual transaction and ensure oversight from seniors on financial matters. Expenditure verification exercises or spot checks are carried out by DFID regularly.

F: DELIVERY, COMMERCIAL & FINANCIAL PERFORMANCE (1-2 pages)

A current audit – the first major independent audit in the project lifetime – has highlighted a number of administrative, programmatic and delivery system issues which require attention. Although a high proportion of the issues relate to historical decisions and systems, these are currently under review and will be strengthened as we move into MADEII. MADE has had to manage more than usual frequent changes in DFID technical and programme staff. Given the length of time it takes to understand project delivery risks and systems, this increases the risk of overlooking problems. Further staffing changes cannot be ruled out; in case these are required, handover should be substantive and careful, and legacy issues appropriately closed where possible. The ongoing audit supports the latter; yearly independent audits are now a requirement.

Approval and procurement systems within MADE have been found to be inadequate; this has been recognised by the MADE team and new approval processes will be put into place for MADEII, including on document and record management. MADE has trained its staff on conflict of interest and general ethics, and continues to improve on procurement processes following recommendations from the audit.

Financial management has been challenged by approval and payment processes, and forecasting, but recent work has sought to improve and incentivise better performance. The average forecasting monthly variance within the review year was 10%, although this hides some months when forecasts were out by up to 40%. In an M4P project in a volatile security and economy context, some planned interventions are bound to see sudden delays. A risk based forecasting system that applies discounts to aggregates of intervention budgets is required to minimise this. In the new Phase 2 contract, KPIs were included to incentivise keeping variances to 5% and under for nine out of 12 months. DFID is also working to improve invoice turn-around times. 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. DFID also has recently had a financial training for partners to ensure timelines and processes are appreciated and followed.

Financial management can be improved by:

- Financial reporting – MADE to include a section on financial reporting in the MADEII Quarterly Reports to capture financial data, comparing actual against budget, variance and reasons for variance, and to help monitor what funds have been used for and financial performance.
- Forecasting – MADE to ensure they improve their forecasting by working closely with the DFID Project Officer.

Commercial challenges – DFID and MADE were severely challenged between November 2017 and March 2018 by the transition from Phase 1 to Phase 2 contracts. Challenges were largely related to new procurement systems and requirements; in the end these were well managed, requiring significant flexibility, understanding and effort on the part of DFID and contractor's staff. While there was no catastrophic disruption to project delivery, work and focus on the core project slowed in the final three months of the review period; while results targets were hit, it is likely they could have been higher if the contract transition process had been simpler (such as through a contract extension), and not required such a significant draw-down of effort from delivery.

Date of last narrative financial report(s)	May 2018 #32852505
Date of last audited annual statement (s)	December 2016 #32854057

G: MONITORING, EVIDENCE & LEARNING (1-2 pages)

Monitoring (1/2 page)
Monitoring and results reporting has been tested over the course of the year by the SRO 'deep-diving' into selected results reported each quarter. In general, the theoretical framework, MADE's monitoring processes and the data appear sufficiently robust to support the reported results. Beneficiary lists with phone numbers for those that have phones, are maintained, for example, for all interventions, allowing the tracing of any of the 200,000+ beneficiaries. Project staff call a sample of 15% of beneficiaries from all intervention groups, implying that over 30,000 beneficiaries have been called or interviewed during the course of the project to validate partner reports of training given, and practices adopted. The 2018 Annual Review process involved four days of field visits to 13 project sites across two of the nine target states. Examples of lead firms, NGO partners were interviewed. The review established a process of randomly selecting beneficiaries from master lists to interview, which provided additional reassurance of overall numbers reported (but also raised the issue of reporting failure – see below).

Monitoring can be improved however, in order to provide more reassurance moving into Phase 2:

- Only one limited and brief field visit by the SRO was achieved in between the AR 2017 and this AR 2018. This is not enough to provide a grounded and holistic picture of the project, or to maximise project risk mitigation. Aside from ensuring that at least two visits between this AR and the next are conducted by the SRO, DFID Nigeria should also look to mobilise other HMG staff and the DFID Regional Team who may be able to support project monitoring during visits to the region. It will also be beneficial to visit the less secure Riverine areas of the Delta, where project impact is riskiest and of most potential benefit.
- Judging from this Annual Review, MADE project team may have under-reported individual intervention failures, or under-performance. An M4P project expects failures and is required to learn from them, not only for accountability and assurance reasons, but to enable adaptation. A 'failures' section could be considered as a regular part of quarterly reporting.
- At least six-monthly spot check to be led by the Programme Officer with support from the DPM;
- Quarterly/monthly programme update meeting with DAI, where minutes will be kept. These will help us to identify any issues/risks early on and find solutions to them in a timely manner.
- Certainty in outreach figures maybe partially undermined by the need for more robust data cleaning.

Evidence (1/2 page)
MADE has generated statistics drawn from samples of beneficiaries, covering exposure to new techniques, adoption, yield increases, and income, which are disaggregated by sex, poverty status and programme sector. Some questions remain about the poverty results, but these should be answered by a survey currently in the field. Quarterly reports also document agreements and progress with lead firms and service providers, and general lessons from the project. Case studies, written or produced on short videos uploaded to YouTube, include the voices of programme participants considering the impact of the interventions on their incomes and lives.

The MADE Business Case did not set out a long-term contract for an independent evaluator, but referred to intervention specific baseline and end-lines, and some funding for independent contractors. MADE have largely followed the intervention assessment plans, and contracted consultants to undertake a delayed 'mid-term' assessment in mid-2017, which was positive about the overall theory of change, but (accurately) downbeat about prospects in Access to Finance and Leather. An independent evaluation is planned for MADE 2, and the terms of reference currently under development will include a requirement to review MADE 1 for evaluable aspects – this is likely to produce welcome independent assessment of select interventions where data and design allow for some retrospective evaluation.

M4P projects are challenged by the difficulties of capturing evidence of attributable system-wide change. Evidence at this level is usually piecemeal, hard to attribute and to disentangle from other factors driving change in markets. Project-wide baselines are impractical as it is impossible to predict where interventions will take off. This AR has identified some evidence of market change, however. Sales figures of the agricultural input market by company and by region help to show the establishment and growth of these markets in project target areas, correlated with project activities. Opportunities in other target markets may arise to triangulate assumed market changes – small and cost-effective studies for example, might be able to establish control and treatment data relating to users of palm oil and fish processing equipment.

Learning (1/2 page)

MADE report a number of lessons of relevance both to the future of the programme, and to other similar projects in related contexts:

- Use of grants – a contentious issue in M4P, the use of grants has been relatively widespread in MADE and is cited by MADE as the reason why firms have been willing to attempt to penetrate dangerous and uncertain markets, in which they are now relatively clearly established. Partial grants have also certainly accelerated the demonstration of new technologies, although market adoption has been slower than hoped. MADE and DAI staff should actively discuss learnings in the relevant international fora; it should also be a focus of the planned evaluation under Phase 2.
- Results have been generated most convincingly and sustainably in those areas where there have been multiple pilots, and several entry points into a single value chain, and where the positive reputation of the project accelerates new adoptions and ideas. This is standard M4P learning, but the evidence from MADE should support the market development practitioners position on securing relatively few results in the initial years of a project, which has been hard to defend (partly because it is also a veil for poor performance – telling the difference is a critical part of the M4P contract manager's role).
- The learning from the naira devaluation – and the role of a project in identifying and exploiting the changes in markets that result – is an important learning already captured by the project and widely shared in Nigeria. There are possible further opportunities for dissemination amongst other agricultural projects across developing countries subject to price volatility.
- MADE have established that results can be achieved in conflict prone areas, through the extensive use and training of local organisations. The effort involved in training partner organisations in market development approaches may be having a very positive 'system wide' effect on the NGO and CSR and donor sector in the Delta. There are many lessons to be shared for Northern Nigeria, and other conflict affected M4P projects.
- Some project administration systems have let MADE down. Annual external audits are now required; and a senior administrator has been brought into the project team to assess and strengthen systems.

Progress on recommendations from previous reviews (1/2 page)
Below is a summary of progress on the AR recommendations from last year.

Annual Review 2017 Recommendation	**Progress on Recommendations**
Consider the larger impact of the programme beyond increased incomes by testing the assumption that increased access to inputs, products and services leads to improved quality of life	Undertaken through the end of Phase 1 impact assessment. Some of the ways in which beneficiaries were using their additional income are as follows: • Payment of school fees, which is improving their children's access to educational services; • Purchase of inputs and other productive assets required for expansion of their farms and businesses; • Meeting housing needs – either accommodation for their households or contribution towards building their houses; and • Improved nutrition for members of their households, etc.
Test the assumption that increased production and enhanced productivity leads to increased net income and enhanced profitability	To test the assumption that increasing production and productivity leads to increased incomes and profitability, the programme collected physical yield data from both treatment and control groups. Programme participants (i.e. treatment group) experienced higher incomes than the control group. For example, while the treatment group in the palm oil sector reported an average of NGN67,468 income increase, their peers in the control group reported an average of NGN44,115 income increase using the traditional mill.
Identify where increased net additional income does not	The Annual Review confirms that improved quality and competitiveness are driving the increases in markets, yields (by definition) and incomes. *It may remain an*

Annual Review 2017 Recommendation	**Progress on Recommendations**
depend on increasing scale of production but rather on improved quality levels and competitiveness	*interesting question to quantitatively estimate the share of improvements driven by competitiveness rather than scale.*
Monitor changes in the creation of local employment opportunities and any improvement in wage levels	Apart from an impact assessment at end of Year 4, several mini-studies and assessments included investigation of the programme's impact on local employment and wage levels. In the poultry sector, for example, VLDs reported employment of at least two full-time staff and two part-time staff. In aquaculture, each of the seven Master Aquaculture Service Providers recruited six Aquaculture Service Providers who organised and sold training services to farmers. In Pam Oil, each operational SSPE creates five full time jobs. The Ag Input intervention has also created full-time and part-time jobs for the youth as some have become micro-retailers and/or sprayer service providers. There is also a pool of village seed entrepreneurs in the cassava sector that are multiplying and selling improved planting materials. *To fulfil this recommendation entirely, an aggregated figure should be produced from across the project.*
Review of the log frame	A light-touch log frame revision was conducted as part of the MADE II discussions. This includes: a new Outcome 2 to capture the Edo State Investment component of MADE II and a related output with the indicators. This will only come into effect in May 2018 as part of MADE II.
Improve definition of the poor	During the year, the programme commissioned a poverty assessment with the aim of generating evidence to support characterisation of the poor in each sector and intervention. While awaiting findings from the poverty assessment, the programme improved the methodology for farm size estimation, including the use of pacing method to validate farmers' self-reported data. In addition, the definition of the 'poor' has evolved from an initial generic definition for poor farmers and entrepreneurs to a better characterisation of beneficiaries both by sector and specific interventions.
Ensure sub-teams and intervention managers own the basic premises of defining and measuring results	With the intervention guides further revised in Year 3, there is greater ownership of the system for defining and measuring results by intervention managers, field officers and private sector partners. Field officers liaising between intervention managers and private sector partners continue improved intervention managers' tracking of the programme results.
Capture positive externalities	The programme is now capturing major positive externalities in their reporting. *Further improvements could be made by capturing the aggregate effect of these, and the system wide changing that may be taking place as a result of interventions*