

Market Development in the Niger Delta (MADE) Business Case



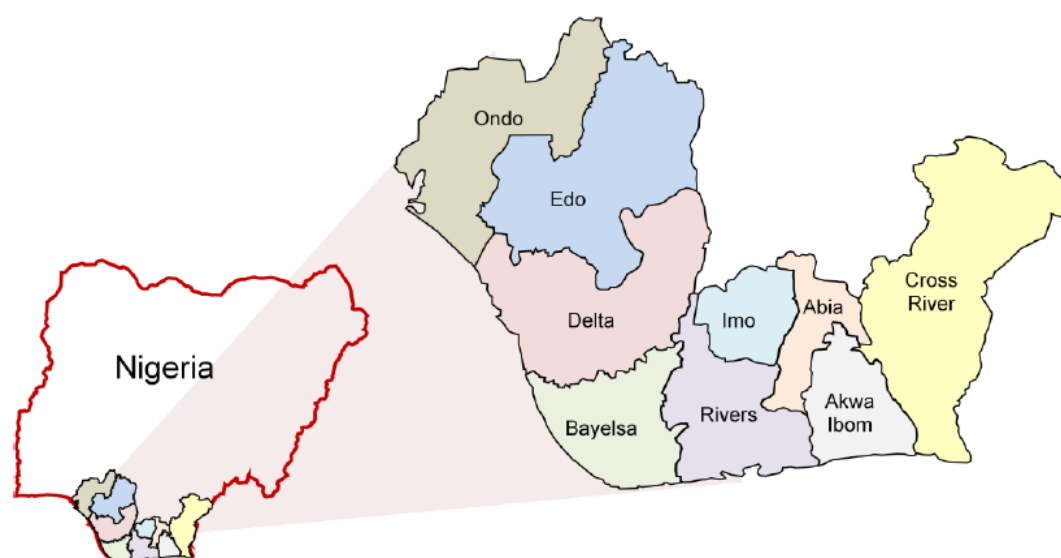
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Map: The Niger Delta States



Source: PIND Economic Opportunities Report, January 2012

Abbreviations

CPP	Crop protection product
DAI-E	DAI Europe
DDR	Disarmament, Demobilization and Re-integration
DFID	Department for International Development
CSO	Civil Society Organisation
EDC	Economic Development Centre (of PIND)
FFB	Fresh Fruit Bunch (oil palm)
GEMS	Growth and Employment in States
GESS	Growth and Enhancement Support Scheme
M&E	Monitoring and evaluation
M4P	Making Markets Work for the Poor
MADE	Market Development for the Niger Delta
NAIC	Net Additional Income Change
NBS	National Bureau of Statistics
NIFOR	Nigerian Institute for Oil Palm Research
NIOMR	National Institute of Oceanography and Marine Research
NVRI	National Veterinary Research Institute
NGO	Non-Governmental Organisations

MADE Nigeria Business Case

NNF	New Nigeria Foundation
OPM	Oxford Policy Management
PIND	Foundation for Partnership Initiatives in the Niger Delta
PPI	Progress Out of Poverty Index
RSSDA	Rivers State Sustainable Development Agency
TAB	Technical Advisory Board
TPO	Technical Palm Oil
TVET	Technical and Vocational Education and Training
VFM	Value for Money

Exchange rate used: GB £1 = NGN 269.071; US\$1 =NGN 162.350

1.0 INTERVENTION SUMMARY

Market Development (MADE) for the Niger Delta is a rural and agricultural market development programme for the nine states of the Niger Delta.

1.1 What support will the UK Provide?

The UK will provide a total of £14,299 m over a period of 4.5 years, from 01 September 2013 to 28 February 2018.

1.2 Why is UK support required?

What need are we trying to address?

Nigeria is Africa's most populous country, with an estimated 158 million people, and has a quarter of the continent's extreme poor. More than 100 million Nigerians live on less than £1 a day.¹ Poverty levels in the Niger Delta are not as high as in the far north of Nigeria, but across a range of poverty indicators it is arguably the next poorest region.

Furthermore, the concentration of oil industries in the region has created wage and commodities inflation, raising the cost of living and intensifying the experience of poverty among the poor. Overall, the levels and intensity of poverty are high, leading to strong feelings of injustice (given the wealth which the region generates from oil), and this has fuelled the criminality and eruptions of violence and insecurity common in the region – further aggravating and perpetuating the incidence of poverty.

The Niger Delta has outperformed Nigeria in gender equality overall, but the picture is a mixed one: although the region has done comparatively well with respect to gender equality in education and life expectancy, the states have done badly on gender equality in income.

The Niger Delta is a critical region for Nigeria's social and economic development: the serious problems of poverty and instability in the Niger Delta have an impact not only on the 31 million people living in the Delta but also on Nigeria as a whole. By raising incomes and improving market linkages, DFID has an opportunity to help to both address poverty and contribute to longer term stability.

What will we do to tackle the problem?

MADE seeks to increase the income of at least 150,000 poor men and women in the Niger Delta by promoting a market development programme that supports 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, to make them more inclusive for poor people.

The programme will focus on the value chains in which such an intervention is most likely to have the maximum impact on wealth creation and employment, particularly among women, beginning with palm oil, poultry, aquaculture & fisheries, smoked fish and agricultural inputs. While not being confined to the four core oil producing states (Akwa Ibom, Bayelsa, Delta and Rivers), the programme will have a major focus on the value chains in those states, which are the most seriously affected by resource-control related criminality and violence.

Who will be implementing the support we provide?

MADE will be implemented by DAI Europe (contract supplier), in association with Oxford Policy Management, the IDL group and the New Nigeria Foundation (NNF). The consortium was appointed through a commercial tender process under a design-and-implement

¹ DFID Nigeria Operational Plan 2011-2015.

contract. All four of the partners have extensive experience of implementing market development and related programmes in Nigeria.

1.3 What are the expected results?

What will change as a result of our support?

The programme will facilitate increases in the income of at least 150,000 poor people, of whom at least 50% will be women, by at least 40-50% from the target markets by 2020.

The benefits of the programme will build slowly during its implementation up to 2018, but will continue to grow and be sustained well beyond the programme's duration. This is because of the slow nature of uptake in the early years of any market development programme, as the early years are focused on piloting and demonstrating that "change works." Also, it provides MADE with the time to ensure that specific local political economy factors are well understood. Success in these areas will then lead to the more rapid growth as copying and crowding-in occur in the later years.²

The projected outreach of 150,000 beneficiaries is conservative and pragmatic, reflecting the difficult physical, economic and political conditions in the Niger Delta. Even so, the MADE programme provides good value for money: the net additional income for poor people over six years is expected to be about £36 million at a cost to DFID of £15 million, representing a cost benefit ratio of 2.53.

What are the planned outputs attributable to UK support?

The programme has two outputs:

- Selected rural market systems work more effectively for small-scale farmers and entrepreneurs.
- Private sector companies, support services providers (private, government, non-government) and development agencies make changes in their approach to the Niger Delta region.

How will we determine whether the expected results have been achieved?

MADE has developed a rigorous approach to results measurement, in accordance with the best practice standards laid down by the Donor Committee for Enterprise Development (of which DFID is a leading member). Quarterly and annual reviews will be undertaken to assess programme progress and, in addition, DFID will commission an external programme evaluation.

The programme will generate information for both management and accountability purposes. This will allow the programme and DFID to assess its performance and its value for money throughout its four and a half year life and beyond.

² It should be noted, however, that MADE will be building upon the work already begun by PIND in some Delta states, which provides a head start for the techniques to be used by MADE in pilots in other states.

2.0 STRATEGIC CASE

2.1 Context and need for DFID intervention

2.1.1 Programme rationale

The rationale of the programme rests on three key considerations:

- The serious challenges confronted by the states of the Niger Delta, including: the extent of poverty in the Delta; gender inequality; continuing instability and insecurity; high levels of unemployment; severe land degradation; exceptionally poor infrastructure and poor access to financial services.
- The proven feasibility of stimulating sustained increases in incomes for the rural poor, even in difficult areas, by following a making markets work for the poor (M4P) approach as demonstrated by earlier DFID programmes.
- The programme's close fit with DFID Nigeria's Operational Plan 2011-2015 as well as with the priorities of the Government of Nigeria.

2.1.2 Challenges of the Niger Delta

Although the nine Niger Delta states are heterogeneous in their geography, their economy, their culture and their politics, they are confronted with similar challenges, including:

Poverty levels in the Delta are not as high as in the far north of Nigeria, but across a range of poverty indicators it is arguably the next poorest region. Data from the conflict analysis commissioned by MADE has suggested that in the Niger Delta: (a) little more than a third of households have access to electricity; (b) The number of doctors per head of population is between a half and a third of the national average, and access to healthcare in remote areas falls as low as 2-5%; (c) 30-40% of children are enrolled in primary school, compared with a national average of 76%; (d) an estimated half to three-quarters of households do not have access to safe drinking water.³ Eight of the nine states experience poverty rates above 50% (the exception being Akwa Ibom at 46.5%), while two are above the national average of 65% – Cross River at 67.8% and Delta at 72.5%.⁴

Furthermore, the concentration of oil industries in the region has created wage and commodities inflation raising the cost of living and intensifying the experience of poverty among the poor. Overall, this has led to feelings of injustice (given the wealth which the region generates from oil), and this has fuelled the criminality and eruptions of violence and insecurity common in the region – further aggravating and perpetuating the incidence of poverty. According to the UNDP human development report (2006), self-reported poverty for the region is very high, at almost 75%.

Gender inequalities are still very prevalent in Nigeria. Recent reports have used words like 'significant gender disparities [...]' to describe the current situation.⁵ The country was ranked 79 out of 86 in the OECD's 2012 Social Institutions and Gender Index, and 106 out of 136 countries in the World Economic Forum's 2013 Global Gender Gap Index. Gender gaps are substantial in political representation (e.g. women in parliament), in literacy rates and in earned incomes, with female to male equality ratios of 0.39, 0.58 and 0.68 respectively.⁶ While no specific comparable data exists for the Niger Delta Region, secondary data and

³ Sebastian Taylor 'Niger Delta Conflict Analysis', MADE Conflict Analysis. (December 2013).

⁴ NBS, Annual Abstract of Statistics, 2011.

⁵ <http://newsdiaryonline.com/huge-gender-gapworsening-poverty-still-troubling-nigeria-adb-report/>. Posted on August 11, 2013.

⁶ The Global Gender Gap Report, World Economic Forum 2013.

field interviews conducted during the due diligence process of MADE design suggest that gender inequalities are a crosscutting reality across the various ethnic groups in the region. Although the region has done comparatively well with respect to gender equality in education and life expectancy, the states have done badly on gender equality in income, particularly Akwa Ibom, Delta and Imo States.⁷

Across the region the lives and livelihoods of men and women are shaped by gender norms and ideologies. A gender analysis undertaken in 2011 by NDPI/CEDPA for the Foundation for Partnership Initiatives in the Niger Delta (PIND) concluded that “What men and women do, how they are expected to behave, what jobs they undertake and how they interact within the larger community are prescribed by traditional gender norms. Many of these gender norms severely restrict the ability of women to meaningfully participate in and benefit from development efforts and interventions”. Overall, the most significant issue of concern reported by the women in the focus groups was tradition and culture, followed by poverty and economic constraints, decision making, education and land inheritance.⁸ These gender norms tend to shape men and women’s type and scale of economic activities, level of effort, and investments. This in turn influences the extent to which men and women respond to changes in their sectors of activity, and whether they can benefit or not from improved performance and growth. Women generally end up crowded at the lower micro and least efficient sectors, sub-sectors or segments of a value chain.

The Delta is **unstable and insecure**, having suffered from several decades of political unrest, poor governance, violent conflict and criminality. The Government amnesty to militant groups in August 2009 resulted in a relative but somewhat fragile peace, and a programme of Disarmament, Demobilization and Re-integration (DDR). The peace has endured, based in no small degree on a continued flow of financing. There are several factors in the political economy of the Niger Delta that generally have a negative impact on the business climate and are unlikely to change in the short- to medium-term⁹, including:

- The effects of oil and gas production and revenues, both at the local level and at the level of the broader political economy through Dutch disease and the resource curse.
- The patronage politics linked to the resource curse, both in government and in the oil and gas sectors.
- The effects of the political economy on agricultural policies and the investment climate.

Unemployment, particularly youth unemployment, is very high in most of Nigeria. The National Bureau of Statistics (NBS) estimates that the 2011 unemployment rate 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%).¹⁰

⁷ Ibid.

⁸ UNDP, op. cit., 2006; and NDPI & CEDPA, Gender Assessment in the Niger Delta Region of Nigeria, PIND, July 2011. The experts interviewed by NDPI and CEPA ranked poverty and economic constraints as the highest issue of concern, followed by education, decision making, access to health care and land inheritance. Gender based violence and rape was cited as an issue of concern by 9% of women in the focus groups, but not listed at all by the experts.

⁹ For full discussion see Gareth Williams, Sunny Kulutuye and Ibaba Samuel Ibaba, ‘MADE Political Economy Analysis’ (January 2014).

¹⁰ NBS, Social Statistics in Nigeria, Part III, 2012. It should be noted, however, that the availability and reliability of data is a major concern in Nigeria in general – and nowhere more so than in the area of unemployment, because of the difficulty both of defining unemployment and collecting accurate data.

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.

One of the important findings from the studies commissioned by PIND from Raphia RED and the International Youth Foundation was that youth are more interested in salaried employment than in earning a living from farming. The expectations created by the oil industry's high salaries to the lucky few make other forms of employment less interesting. The International Youth Foundation report highlights an "entitlement mentality" of many young people who think that they are an oppressed group entitled to compensation from government and the oil companies. Items preventing positive youth development in the Niger Delta revolve around low quality and irrelevant education, limited opportunities for livelihood creation, corruption and militancy. Because of the conflict, education and low skill levels, the need for life skills, such as teamwork, communication, and conflict management, is seen as particularly important.¹¹

Land degradation is a serious problem in the Delta states. The deposition of the sediment carried to the delta by the Niger River means that the region has the most fertile soils of the country and is rich in diverse flora and fauna. However, the prevalence of waterways and swamp result in rather high population densities and severe land degradation. Flooding of low-lying areas in the Niger Delta region has been observed, and some settlements in the coastal region have been forced to relocate.¹² The inundation will increase flooding problems, and in addition the intrusion of sea-water into fresh water sources – combined with rising temperatures and changing rainfall patterns – will destabilise existing ecosystems such as mangrove swamps, and reduce biodiversity.¹³

In terms of **infrastructure**, the Niger Delta has 2% of Federal roads. The tropical climate and fragmented topography of the region mean that the cost of building and maintaining roads is higher than for the rest of the country, particularly in the southern extremities. The road infrastructure is limited, and generally in very poor condition. The building and maintenance of roads in the region is affected by widespread corruption and misappropriation. Consequently, the cost of transport and the rate of road accidents are exceptionally high, particularly on the main Federal Highways. Bayelsa State has the shortest total length of roads in the entire country with only 167km of secondary roads.

The inland waterways have also been neglected and ignored by successive governments both at Federal and Sub-national levels. The Niger River used to be navigable up to Jebba and even Kainji. Oguta Lake port in landlocked Imo State used to be a major evacuation point for oil palm production and goods by the United Africa Company up until the 1970s. Four of the six coastline Delta states have at least two deep sea ports each, but only the Port Harcourt and Onne ports (in Rivers State) can be said to be active. In the case of Onne port, the facilities are used almost exclusively for the evacuation of oil and gas products.

The fragmented topography creates problems for the construction of electricity transmission lines as for roads, which, combined with generation problems at least as bad as

¹¹ PIND Economic Opportunities Report, January 2012, and the studies cited therein, Bamgboye, V., Shiras, P., Oliver, D., & Mendie, M. 'A report on Niger Delta Region Youth Assessment', PIND/NDPI/IYF (June 2011); Raphia Red Ltd, 'Preliminary Research into the Agricultural Market Systems and the Opportunities for Youth Employment in Delta State' (September 2010).

¹² Uyigüe, E. and Agho, M. (2007). Coping with Climate Change and Environmental Degradation in Niger Delta of Southern Nigeria. A publication of the Community Research and Development Centre, Nigeria.

¹³ Ogunwusi, A. A., and A. P. Onwualu. "Influence of Climate Change on Biodiversity Conservation in Nigeria." Agricultural Extension Strategies For Climate Change Adaptation (March 11 2012).

the rest of Nigeria, means that the supply of electric power in the region is poor and unreliable; electricity cuts of variable duration are noticed on a daily basis.

Access to financial services is a serious problem throughout Nigeria. Though Nigeria generally outperforms on average most other countries in Sub Saharan Africa, notable obstacles remain in place.¹⁴ The Nigerian banking sector is wary to lend to the private sector and particularly to MSMEs, resulting in a low amount of capital being provided compared and a large amount of unmet investment needs. These financing needs remain unfulfilled, or are met via actors outside the banking sectors at generally punitive cost.

As a result of the above and other challenges, there are severe **problems of doing business** in the Niger Delta. In the World Bank Subnational Doing Business Report of 2010, no state in the region is ranked higher than 20th out of 37 states: the nine Delta states are in the worst performing 18 states. Registering property was the worst category overall for the Niger Delta region compared to other states in Nigeria, and Nigeria as a whole was ranked 182nd country in the world in this category. Starting a business is very difficult in all states except Akwa Ibom, Edo and Abia. Cross Rivers' performance in enforcing contracts is reported as being the worst in the country.

2.1.3 Opportunities to tackle the problems

The Niger Delta is a critical region for Nigeria's social and economic development. By raising incomes and improving market linkages, DFID has an opportunity to help address poverty, unemployment and contribute to longer term stability.

Although causality is not formally established, the link between low economic opportunities and insecurity in the Delta is non-contentious. Improved incomes will help increase security and that in turn will help to catalyse growth. The main beneficiaries of this cycle will be the local communities.

Fortunately, there are features of the region that are favourable for development interventions, particularly its renewable natural resources and its human capital.

The economies of the Delta

The economies of the Niger Delta states are dominated by oil and gas in share of revenues, and by agriculture, livestock and fisheries (subsistence and plantation farming, fishing, aquaculture and small-scale animal rearing and/or hunting) in share of labour force engaged.¹⁵ Commerce (trading), manufacturing and cottage industries are also important (albeit relatively minor) sectors of the regional economy, varying greatly by state.

Even after the 2014 national economic rebasing reduced the contribution of agriculture to the national GDP from about 40% to about 22%, the agricultural sector is the primary source of employment in the Niger Delta, followed by the public sector. The main agricultural products are cassava, yams, rice, plantain, banana, cocoyam, maize, cocoa, rubber, fruit, timber, fish and palm produce. However, despite the wide variety of agricultural crops and the large dedicated workforce, agriculture in the Niger Delta suffers from weak productivity.

There is very little commercial activity in Bayelsa State for instance, while Aba (in Abia State), Port Harcourt (Rivers) and Warri (Delta) are major regional and national commercial centres. The people of the region also work in some specialised crafts such as bronze and brass works in Edo State; wood and iron works in Akwa Ibom, Delta, Edo, Imo, and Ondo States; cloth weaving, bead-work, pottery, shoe making and leather goods in Abia, Delta and Edo States.

¹⁴ IFC/MGA/World Bank, *Global Financial Development Report 2014: Financial Inclusion*.

¹⁵ Note that this might change upon release of the GDP rebasing currently undertaken by the Nigerian government.

Renewable natural resources

The Niger Delta is one of the most fertile regions in Nigeria, producing a wide range of staple and cash crops. Deep sea fisheries have suffered from overfishing (largely by non-Nigerian trawlers) and riverine capture fisheries have suffered from the effects of pollution and environmental degradation; but conditions in the Delta are suitable for aquaculture.

Demand within the region and beyond for these products is strong, and the Delta has long been a major supplier to the rest of the country. The nine states of the Delta, for example, still account for more than 50% of Nigeria's total palm oil production. Nigeria used to be a major exporter of palm oil, but is now a net importer as a result of a combination of factors including heavy dependence on the low yielding tall wild groves, over-reliance on traditional production methods and the 1967-1970 civil war.¹⁶ Nigeria is the largest producer of cassava tuber in the world, and about a third of total national output is grown in the Niger Delta.¹⁷ There is a preference in Nigeria for the fresh indigenous African mud catfish, Nigeria's fish of choice, for which demand currently outstrips supply; there is therefore a ready market for farmed catfish in the Delta and beyond.¹⁸

Human capital

In terms of human capital, the Delta has the advantage of comparatively high levels of literacy and education. The NBS estimates adult literacy at the national level to be 64.4%. Every state in the Niger Delta exceeds that rate – they all have rates above 70%, five of them above 75%. This is consistent with the UNDP findings, which place all the states apart from Bayelsa well above the national average education index.¹⁹

These favourable impressions need, however, to be qualified by acknowledging that the instability and the DDR programme have had a negative impact. The low levels of primary school enrolment have been noted above. More immediately, there has been a negative impact on the willingness of young people, especially young men, to take jobs in the productive sectors. The environment has improved in that respect since 2006, when UNDP characterised the Delta in the Human Development Report for the region as “a place of frustrated expectations and deep-rooted mistrust.” Still, the problem persists, and appears to have been exacerbated by the payments to former militants under the DDR programme, which has undermined the economic and cultural motivations for seeking paid employment in productive sectors.²⁰

2.1.4 Fit with DFID's strategic priorities and those of the Nigerian Government

DFID Nigeria has made inclusive growth and wealth creation a key focus of its work. The vision set out in the DFID Nigeria Operational Plan 2011-2015 includes unleashing Nigeria's growth potential to create more jobs, raise incomes and reduce poverty: DFID aims to increase the incomes of 600,000 people between 15% and 20% by 2015 (of whom 250,000 are to be women). The DFID wealth creation programmes will encompass both 'enabling'

¹⁶ I. Thomas, E. Chika, S.O. Fadare, F. Abayomi and T. Canedo, Palm oil value chain analysis in the Niger Delta, Nigeria, Draft Report, PIND VCA Research Team Report, July 2011, In the early 20th Century Nigeria produced all the palm oil sold on the world market, and even as late as the 1960s Nigeria was the world's largest producer, accounting for 43% of global palm oil production (Thomas et al., 2011).

¹⁷ A. Daniel A. Udah, N. Elechi, C. Oriuwa, G. Tuani and L. Sanni 'Cassava Value Chain Assessment in the Niger Delta, Nigeria', PIND Agribusiness Project Series, 2011.

¹⁸ Y. Alagoa, E.Ovyezire and A. Ojukuwu, Aquaculture (Catfish) Value Chain Analysis in the Niger Delta', PIND VCA Research Team Report, August 2011.

¹⁹ UNDP Human Development Report, 2009.

²⁰ Ewa Cholewa, Joseph Croft and Inemo Samiama, 'Economic and Employment Opportunities in the Niger Delta', Stakeholder Democracy Network, 2011.

initiatives and direct support to poor people working in agriculture, construction, processing and trade, including making markets work for poor men and women

The Operational Plan envisages a very large expansion of DFID's work in northern Nigeria but also indicates that if opportunities allow, DFID will support conflict reduction and job creation initiatives in the Delta region. MADE is a market development programme that will make the maximum use of the current opportunities to support inclusive growth and wealth creation in the Delta region.

The programme fits strategically within DFID Nigeria's portfolio of growth and growth-related programmes including the GEMS (Growth and Employment in States) programme, the Financial Sector Development Programme, Enhancing Nigerian Advocacy for a Better Business Environment (ENABLE), the Nigeria Infrastructure Advisory Facility (NIAF), and the Facility for Oil Sector Transparency (FOSTER). It is also complemented by DFID's governance and conflict programmes such as the completed Strengthening Transparency and Accountability in Core Niger Delta (STAND), the State Partnership for Accountability, Responsiveness and Capability (SPARC), the Policy Development Facility (PDF) and the Nigerian Stability and Reconciliation Programme (NSRP).

The programme is consistent with the strategies of the Federal Republic of Nigeria, and in particular with the Agricultural Transformation Agenda (ATA). The ATA, part of the National Economic Transformation Agenda, aims to promote agribusiness, attract private sector investment in agriculture, reduce post-harvest losses, add value to local agricultural produce, develop rural infrastructure and enhance access of farmers to financial services and markets. The ATA hopes to create over 3.5 million jobs along the value chains of the priority crops of rice, sorghum, cassava, horticulture, cotton, cocoa, oil palm, livestock, fisheries, etc., particularly for young people and women.²¹

2.1.5 Why is the programme necessary?

The problems of poverty and insecurity in the Niger Delta have an impact not only on the 31 million people living in the Delta but also on Nigeria as a whole. The proposed programme responds to these challenges by promoting a market development programme that supports the non-oil economy, initially by focusing on the five value chains in which such an intervention is most likely to have the maximum impact on wealth creation and employment, particularly among women. While not being confined to the four core oil producing states (Akwa Ibom, Bayelsa, Delta and Rivers), the programme will have a major focus on the value chains in those states, which are the most seriously affected by resource-control related criminality and violence.

Were this programme not to proceed, three important opportunities to bring about change would be lost. First, an opportunity would be missed to address constraints that prevent poor women and men from benefiting from growth opportunities in target markets and leave them more vulnerable to risk. Secondly, more equitable growth processes and wealth creation in would not be promoted, entrenching the escalating inequality in the Delta, which is contributing to instability and insecurity. Thirdly, evidence would not be generated that could be used to influence other important stakeholders to adopt more effective, pro-poor market development practices in other value chains and sectors.

2.1.6 Why DFID – and why with PIND?

DFID has experience in Nigeria and internationally as a leader in the design and operation of a market systems approach, particularly in conflict and post-conflict environments. This puts

²¹ Nigerian Federal Ministry Of Agriculture And Rural Development, 'Agricultural Transformation Agenda Support Program – Phase 1: Strategic Environmental And Social Assessment (Summary), (July 2013).

DFID Nigeria is in a unique position to develop this kind of programme in the Niger Delta. By focusing on growth and employment in rural and agricultural markets, the programme forms a vital part of DFID Nigeria's pro-poor growth portfolio. It complements DFID's work in related areas such as governance, health and education, particularly in relation to the promotion of gender equality.

The Foundation for Partnership Initiatives in the Niger Delta (PIND) is a foundation established and seed-funded by the Chevron Corporation through its Niger Delta Partnership initiative (NDPI). It has contributed \$50m towards establishing PIND and developing partnerships with other international and local stakeholders for the period 2010-14. Chevron has added another \$40 million to the NDPI in 2015.

PIND's mandate is to provide support for socio-economic development programmes in the Niger Delta in partnership with other institutions such as aid agencies, foundations and the private sector. PIND has embraced the M4P approach that is to be used in the MADE programme and structures its activities into four distinct programmes covering economic development, capacity building, peace building and analysis & advocacy. Working from its Economic Development Centres (EDC) in Warri and Port Harcourt, PIND has already established multi-stakeholder partnerships with a dozen organizations including GIZ, USAID, UNDP and the Crown Agents and developed promising interventions, within the economic development programme, in the palm oil, aquaculture, and cassava value chains and in promoting business linkages.

PIND has an approach to market development – focused on testing and piloting projects for further replication by others – combined with vital experience and presence on the ground that make it an ideal partner for MADE. The partnership will enable both PIND and MADE to benefit from the synergies resulting from shared resources, analysis and expertise.

2.1.7 How will the programme achieve its aims?

The economic and social environment in the Niger Delta is unpredictable and volatile, and its political economy correspondingly complex and difficult. In order to operate in this region, DFID will need to be prepared to take some risks and to take an imaginative approach to market development. The key risk factors are as follows.

- **Paucity of data.** Federal and state statistics are very unreliable in Nigeria. Data on economic activity are almost non-existent, partly due to the lack of commitment by government to the promotion of private sector development. The paucity of data will make it more difficult to assess whether the sectors and value chains where DFID plans to intervene will deliver adequate impact on poverty or employment. For the same reason, it will be very difficult to measure the impact of interventions. MADE management will have to set aside significant resources for the monitoring and evaluation process.
- **Beneficiaries sceptical about the activities of donors.** Considerable resources are spent in the Delta by the government, international oil companies, and donors, with the objective of promoting development through the empowerment of local communities. The interventions, however, seem often to be driven by specific agendas such as to pacify areas of conflict in communities where international oil companies operate. This frequently involves direct payments to communities, some of which are captured by community 'leaders', and others by a limited number of well-connected non-governmental organisations (NGOs). As a result of this, development initiatives have so far been incapable of delivering significant impact on the lives of the poor; rather, they tend to fuel a sense of scepticism and mistrust for any new activity.

- **Misaligned incentives.** The political economy study undertaken during the design phase of MADE confirms the findings of research commissioned by PIND that the people of the Delta, including farmers, feel a strong sense of entitlement to a share of the wealth that derives from the exploitation of the oil reserves. This is a source of great frustration and undermines the willingness to engage positively in society and commit to new economic activities. This is true particularly of young people. As a consequence, whereas standards of professional conduct and performance are low in the whole of Nigeria, they are even lower in the Niger Delta, making business riskier.²² Another issue that makes business risky in this region is security – it adds to operating costs and restricts movement in the region, reducing predictability of business operations.

These risks need to be mitigated by designing MADE as a **flexible and nimble programme**, capable of seizing opportunities as they arise, and of pulling out from interventions if they fail to deliver what is expected. Flexibility is also important in allowing the programme to be tactical in developing a solid network of relationships. Good relationships and trust with partners are key to finding effective points of leverage to facilitate the upgrade of the value chains that MADE will choose to work in.²³ Flexibility should, however, be exercised within the context of a strong and clear strategic framework that will allow interventions to become more systemic over time.

2.1.8 The Making Markets Work for the Poor approach

The M4P approach is well suited for a flexible and nimble programme. M4P aims to stimulate pro-poor growth: the approach's primary focus is to bring about systemic change – changing the incentives that the market system provides to participants so that markets grow and work better and more fairly for the poor. To this extent market development plays primarily the role of a catalyst for change, and privileges facilitation over direct intervention and subsidising unsustainable practices.²⁴ The DFID Nigeria Growth Programme has adopted M4P as a common strategic framework that unites its growth projects.

The M4P approach will allow MADE to start small; be tactical, nimble and flexible; take advantage of opportunities as they present; and become more systemic and transformational over time. An M4P approach will also be instrumental in mitigating risk (of particular importance in the Niger Delta), since with M4P commitment to partners is limited in the initial stages of interventions.

In order to strengthen the way market systems function, an M4P approach intervenes in a facilitative way. That is, it attempts to stimulate players and functions within the market system itself to work more effectively, whilst avoiding taking on any of those roles or functions itself.²⁵ An intervention based on M4P principles is therefore essentially an action-oriented one. Guided by a clear overall intervention strategy, the programme will engage with, and direct funding to, market system players in order to change behaviours, practices, relationships and investment decisions to the benefit of the poor, whilst rendering those market systems more effective and sustainable.

²² See Gareth Williams, Sunny Kulutuye and Ibaba Samuel Ibaba, 'Political Economy Analysis', (January 2014); Bamgboye, V., Shiras, P., Oliver, D., & Mendie, M. 'A report on Niger Delta Region Youth Assessment', PIND/NDPI/IYF (June 2011); Raphia Red Ltd, 'Preliminary Research into the Agricultural Market Systems and the Opportunities for Youth Employment in Delta State', PIND September 2010.

²³ A good relationship with local communities will also mitigate the risks of insecurity.

²⁴ See 'A Synthesis of the Making Markets Work for the Poor (M4P) Approach' DFID/SDC, October 2008', and the new knowledge hub: www.m4phub.org/m4p-in-practice/.

²⁵ M4P programmes recognise that engaging and influencing a market system can be both supportive and distortive of those market systems. Continued monitoring of intended and unintended impact is, therefore, critical to avoid potentially distorting effects.

Therefore, the basis of any M4P driven programme is a solid understanding of the market system to identify the dysfunctions and gaps that are preventing the desired behaviours, to which leverage is applied. Unfortunately, data on the economy of the Niger Delta are scarcely available and of suboptimal quality. That is why MADE is investing a considerable amount of resources to gather primary data.

The key to a successful M4P intervention is also the identification market system players who see their opportunities for growth lying in improvements to the market system,²⁶ as well as the key actors and relationships within the political economy of the value chains. The programme builds solid relationships and partnerships with the key players and helps them to explore ways to improve the market system by developing new products, exploring new market segments (the bottom of the pyramid), and establishing new practices. The intervention approach of a M4P driven programme is hence facilitative (catalytic) in nature.

2.2 Impact and outcome²⁷

Impact: *Increased growth and income, especially for poor men and women, in target markets in the Niger Delta of Nigeria.* The programme will facilitate increases in the income of at least 150,000 poor people, of whom at least 50% will be women, by at least 40-50% from the target markets.²⁸

Outcome: *Better performing poor small scale farmers and entrepreneurs in selected markets.* The annexed programme logframe indicates that by March 2018, this will include at least 155,190 small-scale farmers and entrepreneurs reporting increased yields/productivity as well as increased sales as a result of programme interventions. This will also include at least 121,035 small-scale farmers and entrepreneurs whom are making changes in their farming or business practices as a result of the programme.

Outputs:

- Selected rural market systems work more effectively for small-scale farmers and entrepreneurs.
- Private sector companies, support services providers (private, government, non-government) and development agencies make changes in their approach to the Niger Delta region.

3.0 APPRAISAL CASE

3.1 General Overview

As indicated in the Strategic Case, a Making Markets Work for the Poor (M4P) approach, in cooperation with the Foundation for Partnership Initiatives in the Niger Delta (PIND), has already been identified as the most suitable approach for MADE. This decision was made at the Scoping Study stage after reviewing three other feasible options: providing a grant to PIND, starting a separate programme from PIND, and expanding GEMS to the Delta.

With the decision to implement a market development approach, the options to be considered therefore boiled down to: a focus on specific value chains; a geographical focus; and a focus on support services. Having decided to focus on “specific value chains”, MADE then proceeded to identify sectors in which to intervene.

²⁶ Hence in having a market system that is more “inclusive”.

²⁷ These terms are defined in more detail in the notes to the Logical Framework in [Annex 3](#).

²⁸ The reconciliation of these percentages with the NGN numbers in the logframe will be completed when the baselines have been calculated at the start of the pilot activities: work is already well in hand on palm oil, poultry and aquaculture and fisheries.

The opening portfolio of interventions will not define the markets and interventions for the entire duration of the 42 months implementation period. As MADE develops, learning from practical experience, new analysis and external events, the programme will exploit new opportunities. An on-going process of portfolio review, which will take into account market, environmental, political economy and conflict issues, will ensure the overall effectiveness and coherence of the programme by dropping interventions which are not living up to expectations or which are impacted adverse risks and selecting new ones as appropriate. As argued in the Strategic Case, nimbleness and flexibility are central to the M4P approach and crucial to its success and value for money.

Beyond work in individual markets, the programme will seek to influence private and public sector decision makers, and spread the adoption of more pro-poor market development practices, policies and regulations. This will happen irrespective of the specific choice of markets and is manifested in MADE following the number and reach of non-piloted market interventions attributable to the programme (Programme Output 2.3 in the logframe).

The programme will host a small and flexible team within an M4P facility, which will provide technical assistance and technical oversight for the design and supervision of programmes to be implemented in conjunction with other stakeholders and programmes. Its focus will be on the application of effective market development approaches covering scoping, oversight, monitoring and results measurement.

3.2 What are the feasible options that address the need set out in the Strategic Case?

3.2.1 The options that were considered

The options that have been considered are: a focus on specific value chains; a geographical focus; and a focus on support services. In assessing the feasibility of these options attention was paid to: potential for direct impact on large numbers of poor people, including women; pro-poor growth potential; and feasibility of an M4P intervention (propelled by market drivers).

The design phase analysis concluded that the **geographical focus** is not feasible (beyond the existing focus on the Niger Delta) because both the value chains and the support services often cross local government and state boundaries. It is also necessary to select intervention areas based on a careful mapping of existing and planned government programmes, which means that there will need to be flexibility in the strategic choices about the locations in which MADE should begin and pilot its work. However, more favourable consideration is given to value chains that are important in the four core oil-producing states, as explained below. Selection of initial pilot activities will also be determined based on concentrations of economic activity to prove that “change works” and to establish the ways of crowding in.

Focusing on **support services** is also not feasible because such an approach did not meet all of the criteria of: potential for direct impact on large numbers of poor people, including women; and pro-poor growth potential and feasibility of an M4P intervention (propelled by market drivers). The key services considered were technical and vocational education and training, formal financial services and transport.

- There is a seemingly good rationale for a Technical and Vocational Education and Training (TVET) intervention, with the high unemployment in the Niger Delta and the heavy government influence on the training of individuals (ex-combatants) through the Amnesty programme. However, several factors worked against the development of an intervention around a TVET programme: there are relatively few women who benefit from TVET training, and those that do are not at the poverty line; it is a complex

environment within which to work, heavily distorted by the role of government and the unrealistic expectations of the potential trainees for jobs after training (which they do not expect to pay for); it is also not likely to provide the scale of participants expected within the MADE programme timeframe.

- Access to formal financial services is a constant constraint for the development of all of the sectors that MADE has investigated. Finance is, however, a highly specialized and nationally integrated sector that requires resources that go beyond MADE’s capacity to address on the large scale required. DFID has other programmes focused on the formal financial sector and financial sector issues (EFInA, GEMS 3, etc).
- Transport impacts all sectors, so issues related to it will be addressed within the individual interventions. A specific M4P focus on markets such as that for local transport (okadas, keke napeps, taxis, buses) around towns could impact large numbers of relatively poor people, but there are few women who are directly involved in them and market systems appear to be functioning, though they could possibly be improved.

The feasible options were therefore the key value chains within the Niger Delta, in both products and services. The value chains, in the productive and service sectors, that were considered are listed in Table 1.

Table 1: Potential value chains considered

Productive Sector	Service Sector
Palm Oil	Agricultural Inputs
Poultry	Konkri Women
Aquaculture	Informal Financial Services
Smoked fish	Media
Cassava	Farm Machinery Services
Recycling	Fabrication Services
	Bio-remediation

3.2.2 Shortlisting and selecting the feasible options

In choosing between the value chains emphasis was placed on four critical success factors in meeting DFID’s targets at a sufficient scale to achieve the overall planned impacts:

- The value chain’s ability to generate significant increases in income for programme participants (40-50% of income from the value chain).
- A large percentage of women directly benefitting from the programme (50%).
- The impact to reach into the core states of the Niger Delta.
- The feasibility of an M4P intervention to effect change.

The potential value chains were analysed using a mixture of desk and field research in the Niger Delta. The results of this research are summarized below.

In conjunction with the critical success factors, the research allowed MADE to short list seven sectors for possible interventions: palm oil, aquaculture and fisheries, cassava, poultry, recycling, fertilizer and crop protection products.

The rationale for not selecting the other sectors was as follows:

Potable Water

While access to potable water remains a constraint, there is an active market for water that is being supplied with a variety of different products adapted to the market needs. The biggest issue facing households is that the quality of much of the commercially available water from small bottlers/packages is erratic, leading to incidences of diarrhoea. The main,

earliest fix is to address the certification process for the water bottling/packaging companies to ensure safe water. The “point of use” model is a much more difficult sell in the urban areas, where general access to water is easier. While there is long term potential, the guarantee of effecting the needed policy changes and reaching immediate results is low. This may be further analysed as the programme moves forward.

Konkri Women

Konkri women work as contractors in the construction industry carrying sand, gravel, and mixed concrete. It is estimated that there are more than 2,500 of them in Warri, and there may be up to 50,000 across the Niger Delta. Konkri women typically earn between NGN 1,500 and 2,500 per day, which goes to cover their household expenses. They already have well organised informal financial systems amongst themselves. There is anecdotal evidence that the Konkri women are not allowed to keep their earnings, but must turn them over to their husbands. The socio-cultural challenges make direct changes to the operating environment very difficult to bring about, though the Konkri women could be sound beneficiaries if tied into an additional programme, such as informal finance. Given the paucity of reliable data on the role and status of Konkri women, they have not been included in the initial options discussed in section 3.3 below; more thorough research will be conducted early in the next phase of the programme, however, to establish more clearly the potential design and benefits of a MADE intervention in this sector.

Informal finance

No specific work has been done on this yet. This remains an outside opportunity that would need to be investigated later in the implementation phase of MADE.

Bio-remediation

Bio-remediation will tie into the interests of the oil companies and their desire to drive the process, since they would be vital in developing a sustainable market based intervention. Without such desire there will be no opportunity for intervention. MADE is planning high level meetings with oil companies to establish their potential appetite for bio-remediation initiatives. Further research will also be conducted to identify other potential drivers of change such as civil society, the media, political alliances and reputational drivers (drawing on the lessons of the DFID FOSTER programme).

The result is that bio-remediation is a sector of interest, but one that would involve navigating politicised relationships, and which would face major technical and security challenges.

Media

This is still an effective cross cutting activity, but it has not been possible to dedicate the resources needed to analysing the sector.

Farm machinery services

It is very challenging to introduce farm machinery services given that the majority of the demand for services is in the areas where extensive agriculture predominates (in the North), rather than the Niger Delta. At present, there is limited interest from market actors, especially financial institutions who would need to finance the new farm machinery. Review of progress from other programmes on introducing farm machinery has demonstrated that there has been very slow uptake on the financial side. It is best to tie this into the specific value chain opportunities in palm oil or cassava, possibly with small tractors used as a mode of crop transportation.

Metal Equipment Fabrication

Given the lack of lead firms to work with, it will be too slow and difficult to have an immediate impact on the numbers of participants without tying this activity into specific sectors. Any assistance provided will therefore focus on fabricators manufacturing equipment for the specifically targeted sectors (fish smoking, palm oil, etc)

The detailed assessments of the selected sectors – palm oil, poultry, aquaculture and fisheries, smoked fish and agricultural inputs – and the options not chosen for the programme (cassava and recycling), are set out in separate documents submitted to DFID. The key conclusions are summarised below²⁹.

3.3 Assessment of the options

3.3.1 The selected value chains

Palm Oil

MADE's intervention in the palm oil value chain will be driven by a strategy to encourage growth for small scale production. Increasing the productivity of farmers and processors in the Niger Delta region towards world standards will lead to increased profitability for small businesses, driving more substantial investments by small scale plantations to meet demands for household and industrial palm oil and increase income for farmers.

The broad strategy for achieving the vision will focus on addressing the key constraints of (a) lack of access to and adoption of improved processing machines by small scale processors and (b) limited linkages between small scale plantation owners and large scale integrated mills

The following interventions will be developed to address these constraints:

- Awareness creation and demonstration of value of improved processing technologies and practices to small scale farmers and processors.
- Strengthening fabrication and marketing capacities of fabricators for promotion and prompt supply of functional improved processing technologies to farmers.
- Fostering linkages between secondary processors and small scale processors for supply of oil based on secondary processors' requirements.
- Provision of information to large mills on possible clusters and aiding a transparent pricing and payment mechanism for supply of fresh fruit bunches (FFB) by smallholders.
- Maintaining a watching brief on the development of centralised out grower smallholder schemes that may help achieve the above objectives, with some possibilities for facilitation.
- Strengthening the capacities of small holder groups to qualify for Round Table for Sustainable Palm Oil (RSPO) certification in order to supply FFB to large mills.

Political economy and potential conflict factors will need to be investigated in developing these interventions, particularly the issues of access to and use of land and of access to credit by small holders.

²⁹ The detailed assessments are the source for the data in the next section unless otherwise stated.

Table 2: Palm oil value chain's alignment with the critical success factors

Potential to generate increases in income	There is a significant demand for palm oil in Nigeria that is not satisfied by domestic production. By reducing the constraints on efficient production, processing and marketing of palm oil, MADE will contribute to significant increases in income for over 30,000 mill owner processors, non-mill owner processors, farmers, and service providers.
Benefits for women	It is estimated that women will represent about 40% of the beneficiaries among mill owner processors, 70% among non-mill owner processors and 11% among farmers (27% overall, a total of 8,000 women).
Impact in core states	The programme will start in Akwa Ibom and Rivers States and will expand to Delta and Bayelsa and then to other states within the Niger Delta.
Feasibility	The driving force behind the increased profitability, improved processing technology, has already been developed. There is significant interest from new large mill owners (PZ Wilmar, Presco, SIAT, and Okomu) for additional fruit to complement their own plantations. PIND has started a pilot activity that is targeting milling clusters in Imo State and there is strong interest on the part of the millers to take up the improved technologies

Poultry

One of the major constraints on output from local chickens in rural areas is Newcastle's Disease (NCD). NCD has a mortality rate of over 30% for the Niger Delta's local chicken population, causing losses estimated at 8 billion Naira per year. Deaths from NCD can be greatly reduced through vaccination. This problem has been known to agricultural policy-makers for years, but thus far mitigation approaches have not been successful, partly because they have been predicated on government patronage through vaccine donation, rather than the establishment of a market-driven approach which can deliver vaccination to low-income households in rural communities at feasible rates. However, commercialising the rural value chain for vaccination is a challenge that has been difficult to overcome.

MADE has begun to explore the feasibility of market-based solutions which can extend the supply of NCD vaccination to the Niger Delta's rural areas in an affordable, pro-poor manner. Given the virtual absence of a market currently, the difficulties of such an intervention should not be underestimated.³⁰ Experience from a similar initiative in poultry health currently underway in Northern Nigeria under the Propcom Mai-Karfi programme, while successful, has highlighted the challenges of establishing such a market system. Modifications have been identified which could potentially make the intervention model more feasible in the Niger Delta. Three key recommendations for consideration are to structure the pricing mechanism so that adequate revenue flows to private actors, to consider a one month 'campaign' model rather than a year-round supply chain, and to consider the provision of technical information on for example housing, feed, and breeding at the time of inoculation.

MADE is engaging in a rapid rural appraisal in a select sample of villages to document anchor points for a potential vaccine intervention. Based upon this, refined intervention prototypes with accompanying financial analysis can be developed. These should then be used to engage with the community of vaccine distribution companies, to explore opportunities for partnership as MADE moves towards the pilot testing phase.

³⁰ On the positive side, the absence of a market means that the attribution of results to the MADE intervention will be clear.

From a political economy perspective, it will be important to establish a dialogue to ensure that the relevant local authorities support, or are at least not opposed to, the development of a market based approach to vaccination, given the patronage component of past government programmes.

While MADE’s initial focus is on the traditional bird sector, it will also continue to explore opportunities for addressing the constraints to the broiler industry in the Niger Delta.

Table 3: Poultry value chain’s alignment with the critical success factors

Potential to generate increases in income	MADE’s analysis shows that if such a supply could be established, it could boost monthly household earnings for an average farmer (who maintains a flock of ten birds) by up to ten per cent (about NGN 7,900 per year).
Benefits for women	Given the high density of female involvement in the sector, such a change would have a direct positive impact on the economic position of women.
Impact in core states	The impact of the programme is likely to greatest in Delta and Rivers States, where flocks are larger than the average in the rest of Niger Delta region.
Feasibility	The Propcom Mai-Karfi intervention has demonstrated the feasibility of this type of intervention, suitably modified to suit conditions in the Niger Delta.

Aquaculture and fisheries

The fisheries sector—comprised of both cultured and wild capture fish—is one of the most important sectors in Nigeria, with a wholesale value of more than US\$ 1 billion. Fish is sold either fresh or smoked. The fresh fish market in the Niger Delta is comprised of both cultured fish and wild capture, while the smoked fish market is dominated by wild capture fish (approximately 95% of the smoked fish market). The two value chains provide separate opportunities for interventions by MADE: the fresh fish project will focus on aquaculture, though not to the exclusion of wild fish capture; the smoked fish project will focus on wild capture fisheries, though not to the exclusion of aquaculture.

Poor fish farmers in the Niger Delta face a number of constraints that result in a high cost of growing out fish and limited markets. Addressing these constraints is particularly important since the sale price of farmed fish has slowly decreased as more fish farmers enter the market. In order to remain profitable and increase incomes, farmers must reduce their cost of production and increase their potential market outlets.

MADE has chosen initially to leverage and replicate the work of PIND, which has successfully piloted demonstration ponds in Ekpan, Delta State. MADE has chosen a model that involves collaboration with a feed company to identify and select a local technical service provider who would manage the farmer training and demonstration ponds during the first production cycle. The technical service provider would simultaneously train the feed companies’ staff to train and manage the demonstration pond, with the expectation that in the second production cycle feed company staff would be responsible for the training of farmers and management of ponds.

This model puts feed companies at the centre of the intervention, allowing the intervention to be more replicable as the demonstration model is incorporated into the marketing efforts of feed companies. The initial demonstration pond activities will be the first step in a larger series of activities to increase access to quality fingerlings, strengthen association capacity to support their members, and open up new marketing channels. The exact mix of these further interventions will be partly determined by the lessons learnt during the pilots.

From a political economy perspective, as in the case of poultry, it will be important to ensure that the relevant authorities support, or are at least not opposed to the proposed approach – particularly, in this case, the initial choice of feed companies as partners rather than the use of government extension workers. One concern is government seeking to intervene in the markets for feed, by providing subsidized feed, rather than focusing on increasing productivity. It will also be necessary to understand the relationship between the fish farmers and those involved in downstream marketing activities.

Table 4: Aquaculture value chain’s alignment with the critical success factors

Potential to generate increases in income	Fish feed constitutes more than 65% of the pond operation cost; inefficient management of the fish feeding regime currently greatly impacts on the cost of growing out the fish. An improvement in the fish feeding regime will therefore have a significant impact on the income of fish farmers. Additional improvements will come of if less inferior fingerlings are bought by fish farmers from hatcheries.
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Moving forward, other models might be deployed depending on the geographic location and socio-economic status of the community. These include: facilitating a smoking kiln manufacturer to deploy a smoking kilns in a number of community smoking clusters, with MADE organising the demonstration of the smoking kiln in collaboration with a smoking mammies; and facilitating an independent service provider to deploy the smoking kilns in a community smoking cluster.

The current and potential economic power of the smoking mammies is likely to be a key focus of the political economy analysis undertaken in developing this intervention.

Table 5: Smoked fish value chain’s alignment with the critical success factors

Potential to generate increases in income	The new technologies will reduce costs and losses, while speeding up processing in producing smoked fish in a sector in which there is strong growth potential driven by market demand for smoked fish products.
Benefits for women	99% of the smokers are women, whilst 37.47% of the fisher folk are women, mainly collecting shellfish.
Impact in core states	The majority of wild capture fishermen are based in the coastal communities of Delta, Akwa Ibom, Bayelsa, Cross River and Rivers States. In those coastal communities an estimated 80% of residents are engaged in fishing activities and dominate the smoking of wild capture fish.
Feasibility	<ul style="list-style-type: none"> Partners that produce appropriate mechanised smoking kilns required to improve smoking efficiency in the sector to increase productivity and reduce post-harvest losses, are present and operational.

Agricultural inputs

Across the Niger Delta, small scale farmers’ access to and usage of agricultural inputs remains limited. This is particularly true of fertilizer, even after the Federal Government’s introduction in 2012 of the Growth and Enhancement Support Scheme (GESS), a new smart-subsidy scheme that removed government from the distribution of fertiliser. Despite the GESS’s considerable success, it has not addressed all the challenges in the sector. For example, the GESS is crowding out village-level retailers from the fertiliser market. These retailers are being displaced because GESS participating agro-dealers must have a strong and sizeable cash flow.³²

In contrast, the crop protection product (CPP) market in the Niger Delta is relatively robust, having experienced steady growth in the past four decades. However, the benefits of CPPs are compounded when used in conjunction with fertiliser and improved farming techniques.

Fertilizer use in the Niger Delta is low and the supply is erratic. Though the GESS system is reaching more end consumers, problems in the timeliness of delivery and of proper fertiliser use by farmers persists. While CPP use is more prevalent, the CPP companies’ limited understanding of the market opportunities in the region has stifled their expansion and marketing efforts.

To address these issues, MADE proposes to promote market driven relationship between agricultural input companies and crop farmers, increasing farmer access to appropriate inputs and improving productivity. MADE’s intervention will aim to facilitate the development of distribution systems that profitably supply farmers with fertilizer in suitable package sizes at an affordable price points. The programme will also work with fertiliser and CPP companies existing distribution network, seeking to embed good agricultural practices into their agricultural inputs sales process.

³² To buy 30 MT of fertiliser, to sell it at 50% of market price, then to wait 2 to 4 months for the government to reimburse the other 50%.

MADE will seek to increase the direct linkages between the companies selling fertilizer and CPP and the clients at the retail level, which will build trust, information, and a solid foundation of clients. It will add more products to the items being demonstrated and marketed by the retailers and village level extension agents.

Finally, MADE will foster advocacy efforts seeking modifications to the GESS. This will include all actors in the value chain (especially retailers), and should result in increased competition among government accredited distributors, while improving distributors-consumer relations.

Table 6: Agricultural inputs value chain’s alignment with the critical success factors

Potential to generate increases in income	There are over four million crop farmers in the Niger Delta and the sector employs 11.4 million people. There is great scope for raising incomes and reducing poverty by increasing agricultural productivity.
Benefits for women	30% of crop farmers are women (i.e. 1.2 million farmers), and women also represent 53% of the 11.4 million people employed in the sector.
Impact in core states	43% of crop farmers in the Niger Delta are located in the three core states that are included in six states in which MADE will be working in. ³³
Feasibility	Improving access to and use of agricultural inputs is tried and tested, and there are good potential partner companies willing to work with MADE.

Having reviewed all the initial interventions, it is important to note that for each proposed value chain intervention, MADE will undertake an initial screening for the purpose of understanding who is likely to benefit and how risks can be assessed and managed. A geographically balanced approach will need to be taken, recognising the need to support development in both upland and riverine areas. These have different needs, and strategies that benefit one may harm the other. Regular monitoring of violence trends and patterns within the states and in areas of intervention will help MADE track where and how its interventions are affecting or at risk of violence.

3.3.2 The value chains not to be pursued at this stage

Cassava

Nigeria is the biggest producer of cassava in the world and cassava is the most important source of starch consumed by Nigerians. The Niger Delta produces 14 million tonnes of cassava a year, accounting for a third of national cassava output, and contributing about 34% of total household income for cassava farmers in the region.

Smallholder farmers grow cassava primarily for the traditional food market. They produce on an average land-holding of less than two hectares, rely on family labour, underutilise agricultural inputs, and rely on little or no mechanisation. In addition, access to markets remains a challenge as a result of both poor infrastructure and weak linkages to processors. Meanwhile, most large cassava processors operate at low levels of capacity because they cannot access the needed supply of the cassava within the required 48 hours from harvesting to processing.

Cassava is predominantly grown to meet consumer demand for garri and fufu.³⁴ However, overall demand for cassava from consumers is reportedly not growing, since as their incomes increase, they tend to switch to other commodities such as rice or potatoes. Increased demand for cassava must therefore come from the industrial markets for starch or

³³ Bayelsa State, with 178,537 crop farmers, has only 4% of the crop farmers in the region.

³⁴ Both are traditional local food staples requiring a low level of cassava processing.

High Quality Cassava Flour (HQCF), which could consume an additional 2-3 million tons of cassava per year.

MADE has noted that many cassava programmes have been tried over the years with no sustainable success and outreach. Most have been supply led programs sponsored by government³⁵ or other donors, which have not taken into consideration the demand factors associated with consumption of the new production or the economic viability of processing operations. Also, difficulties are in part due to political economy issues, such as the government HQCF ceiling on sales price that many producers deem low.³⁶

Any successful set of market driven interventions leading to a sizeable increase in the production of cassava must be done to respond to a potential increase in demand. Simply producing more cassava without ensuring a rapid market uptake will not be successful. Therefore, market linkages must respond to the demand from either the industrial market (which means meeting, among other criteria, the short time frame between harvesting and processing) or from the local market. This in turn would require significant improvements in the transport infrastructure and security in the Niger Delta.

MADE's detailed appraisal, however, led to the conclusion that neither of these two options is considered currently feasible in the context of the political economy of the Niger Delta. Cassava is a highly political crop and is strongly influenced by government policy. This has led to heavily subsidized programmes that distort the cassava market.

There are indications that there may be new developments in the Government's role in cassava in the near future, which may potentially allow for a future MADE intervention in later years of the programme. The evolution of appropriate and affordable processing technology, for example, to enable garri producers and small scale cassava producers to enter the starch market, would make a difference to market development and intervention possibilities, as would any investments in larger-scale starch processing in the Delta states. However, this is not currently the case

MADE's analysis shows that, at this time, any successful linkages programme would need to focus on large scale farmers, with little demonstrated outreach to smaller farmers. Such a programme would not fulfil MADE's four critical factors within the programme timescale.

Recycling

Recycling of plastic (particularly of polyethylene terephthalate or PET) and aluminium for reprocessing employs about 42,000 people in the Niger Delta. This includes about 10,000 poor women who collect cans and bottles to supplement their incomes. Global demand is strong and nearly all recycled materials are exported from Nigeria. The value chain is comprised of actors including primary collectors, secondary collectors, traders, and processing plants. Women are mainly involved at the primary and secondary levels of collection, focusing on the lighter materials (cans and bottles), while men focus on the much heavier and more lucrative aluminium sheets and metal recycling.

The main points of leverage for collecting recyclables are at the waste disposal sites and large industrial sites. A new initiative with Alkem, funded by Coca Cola, has driven the uptake of PET recycling, by setting up collection centres in various waste disposal sites. While there are currently three of these in the Niger Delta, Alkem is dependent on a buy-back subsidy to purchase more PET bottles, and has not been willing to invest in the outreach beyond what will be subsidized. As long as Alkem is unwilling to expand for

³⁵ Such as the 2002 Presidential Initiative on Cassava (PIC).

³⁶ Elemo, Gloria "The prospects and challenges of cassava bread and confectioneries in Nigeria," Federal Institute of Industrial Research (FIRO), Oshodi (March 16th, 2013).

commercial reasons, MADE cannot ensure a proper market intervention in line with its four critical factors for value chain selection.

3.4 The strength of the evidence for each value chain

The strength of the evidence for each value chain has been set out at the conclusion of the analysis for each value chain, and is summarised in Table 7.

Table 7: Evidence rating for the value chains

Value chain	Evidence rating for the action	Action
Palm oil	Strong evidence for the intervention	Begin intervention
Poultry	Strong evidence for the intervention	Begin intervention
Aquaculture and fisheries	Strong evidence for the intervention	Begin intervention
Smoked fish	Strong/medium evidence for the intervention	Begin intervention
Agricultural inputs	Strong evidence for the intervention	Begin intervention
Cassava	Medium/low evidence for the intervention	Monitor for evolutions and possible future intervention
Recycling	Medium evidence for the intervention	Monitor for evolutions and possible future intervention

3.5 Climate change and environmental category

A Climate change and Environment Assessment (CEA) has been commissioned by MADE, which has been submitted separately to the Business Case.

3.5.1 Climate and environment context

There are many environmental problems in the Niger Delta resulting from large-scale unsustainable exploitation of oil and gas in the region such as oil pollution, land degradation, surface and groundwater contamination, air pollution from flares; lack of appropriate sanitation; and inadequate natural resource management including land, coastal and marine resources.

The impact of climate and environmental factors on the programme's implementation and outcomes is significant for most of the sectors in view of the sensitivity of the Niger Delta region to these. Flash floods and oil pollution in particular pose outstanding overarching environmental concerns, which might variously impact the proposed activities.

3.5.2 Climate and environment assessment

The climate and environmental risks and opportunities for a range of markets and sectors were identified and assessed. After a full sensitivity analysis was conducted, all interventions were rated as medium B for opportunity and risk (Table 8).

As previously stated, the Niger Delta is sensitive to climate and environmental factors, notably floods and oil pollution. Though the impact of these factors can in the main be minimised through the effective implementation of international best practices and environmental safeguards, it was deemed that they presented an overall Category B risk

The main opportunity for all of the interventions lies in their capacity to diversify livelihood options, increase household income, and in so doing to reduce vulnerability and increase climate resilience. This potential impact should not be under-rated. Some interventions also offer direct ways where there may be an opportunity for positive environmental impact (for

example improved fish smoking technology), but as with risks, the small scale and limited geographical scope and coverage of the programme mean that the chance of this being more than a localised impact are small.

Table 8: Climate and environment categorisation for selected markets

Options	Sectors/Markets	Climate change and environment risks/impacts	CC&E opportunities
<i>Risk rating: C (green) =low, B (orange) = Medium and A (red) = High</i>			
1	Palm oil	B	B
2	Aquaculture	B	B
3	Energy efficient dry fish processing	B	B
4	Cassava	B	B
5	Poultry	B	B
6	Fertilizer	B	B
7	Crop protection products (e.g. Pesticides)	B	B
8	Potable water	B	B
9	Konkri women	B	B
10	Fabricators	B	B
11	Bio-remediation	B	B

3.5.3 MADE appraisal of climate and environment risk

The MADE programme seeks to reduce beneficiaries' vulnerability while increasing their environment resilience. It achieves this through market linkages and a strong focus on improving efficiency and productivity. This increased in efficiency results in a decrease in natural resources consumed per unit of output.

In the four of the five primary sectors, increased efficiency has a direct impact on mitigating the environmental risks. For example:

- In the case of palm oil, small holders will receive more oil per FFB thanks to better yields from presses, obviating the need for expansion.
- Feed companies teaching pond farmers proper feed techniques will not only improve profits to their company and yields for the pond farmers, they will also help minimize excess feed being present in the ponds, which is a key cause of eutrophication.³⁷
- Proper use of fertilizer and crop protection products increases the output on currently farmed land, reducing the need for additional arable land.

Poultry impacts the environment primarily at the commercial level, notably in the industrial rearing of broilers. However, MADE will still encourage the use of proper environment mitigation techniques to further minimize the impact.

³⁷ An excess of nutrients from fish feed, leading to an abundance of plant growth and algae, depleted oxygen levels, fish death and reduction in aquatic biodiversity.

As mentioned in the Management Case, MADE will work with market actors to increase efficiency at all levels of production. This strategy, coupled with the adherence to international best practices in climate and environment mitigation, will help mitigate the risks MADE identified in the CEA.

3.6 Social impact appraisal

In relation to poverty, the MADE programme is designed to increase the incomes of poor women and men. Many of the concepts and terms used by MADE in relation to poverty are those already used by other DFID M4P oriented programmes in Nigeria, such as Propcom and GEMS, and are drawn from/inspired by these two programmes. The target beneficiaries are:

- Farmers having between 0.5ha -10ha of land under crop cultivation or lease (own land, leased land, etc.), who could benefit from MADE facilitated market driven interventions to upgrade production practices and increase performance and income.
- Food processors who own a semi-traditional or semi-mechanized processing technology who could benefit from MADE facilitated market driven interventions to upgrade to the next level of extraction technology and increase performance and income.
- People earning a net annual income of \leq NGN 311,040 (£1,200, \$1,920).
- A person living on \leq NGN 480 (£1.88, \$3) per day (including food, rent, etc).

The programme recognises that successful and sustainable market driven development initiatives require the participation of poor and not so poor individuals. This enables private sector actors to generate sufficient financial returns to ensure their continued participation and the long-term sustainability of the intervention.

As such, MADE aligns its poverty measurement with that of the World Bank (\$2/capita/day) but adopts a slightly higher poverty threshold \leq US\$3 (GBP 1.88, NGN 480) per capita per day. This means that in the Niger Delta with household size of 5.4,³⁸ the net daily income per household would be about US\$ 16 (£10, NGN 2,592) or an annual household net income of about US\$ 5,840.00 (£3,650 NGN 946,080).³⁹ If it is assumed that a household has at least two income earners, the net annual income per worker to keep the household above the poverty line would be about USD 2,920 (GBP 1,825; NGN 473,030).

Note that the \leq \$3 a day income is only a conservative estimate at this stage. As MADE works with actors in each value chain and in different geographic areas, more detailed data on the incomes of MADE beneficiaries can be gathered after the baseline studies have been conducted. A complementary tool that will be used during the baseline assessment is the Nigerian **Progress Out of Poverty Index (PPI)**, developed with the support of the Grameen Foundation. The PPI is a simple, easy to administer, and statistically rigorous 10 questions scorecard that will allow MADE to calculate quickly and easily the poverty likelihood of a household and the average poverty level of a sample of households.⁴⁰

The programme will therefore measure its impact on the earnings of beneficiaries within each value chain to ensure that its impact is not skewed towards the upper income earning quintiles. Positive spillovers are expected for the moderately poor at the lower end of the income threshold and the extremely poor; MADE will also strive to monitor the impact of its

³⁸ GEMS Results Measurement Handbook (2012), Version 1.0, GEMS/ITAD, p. 38.

³⁹ Based on a 365-day working year. The target beneficiaries need to eat every day, so this should be basis of income.

⁴⁰ See www.progressoutofpoverty.org and 'Progress out of Poverty Index™: A Simple Poverty Scorecard for Nigeria', Shiyuan Chen, Mark Schreiner, and Gary Woller, Progress Out of Poverty and Grameen Foundation (October 2008).

interventions in this regard via labourers/employees and other indirect outcomes and beneficiaries.

In relation to **gender** the findings from the MADE Poverty and Gender assessment for the key value chains can be summarised as follows:

- In palm oil, field data suggests that 78% of small/medium scale palm plantation farms are owned by men and 22% by women. However, women make up about 60% of all oil palm wholesalers and 90% of all retailers. While women make up about 10% of all oil palm processors, the concentration of male and female oil processors varies from one state to another. In Akwa Ibom, for instance, the vast majority of people who control the oil processing process are women. Women account for about 20% of people to whom the wild groves are leased for harvesting and selling (fresh fruits) and/or processing into oil and selling. Women are also wage workers on oil palm plantations and within oil processing mills.
- The traditional poultry sector engages women in over 3 million households across the region. Traditional poultry keeping is primarily a women's activity on own and/or husband's account. It has been established that in the majority of rural households, women are in charge of, and take part in, managing the income from local chickens.
- In the fisheries sector, there seems to be a degree of gender parity in both opportunities and challenges – men are predominant in wild capture of fin fish and women in that of shell fish. Women's involvement in aquaculture is significant at 30% of all fish pond farmers. Fish smoking and the fish trade, are predominantly women-based sectors – they make up 99% of all fish smokers and 98% of all fish traders.
- In the agricultural inputs value chain, the vast majority of agrochemical dealers are men. Women make up 50% of all end users of fertilizers. However, they fall far short of men in their use of both fertilizers and crop protection products (CPP) because women are usually small scale farmers. The main beneficiaries of the programmes that will increase sales of the fertilizers and CPP will be small farmers. The differentiation of the beneficiaries will depend on the types of crops that are being serviced in their given geographic area.

To ensure that key gender and other underlying systemic constraints are addressed, MADE interventions will aim to facilitate change, improved performance and growth among target beneficiaries within the selected markets by: a) selecting and working in markets where women are already engaged, building on their own choices, opportunities, and comfort zones, to address key practical constraints that are preventing these markets and women's segments therein from working more effectively and more inclusively for poor women; b) motivating market actors to change their behaviour in a sustainable and catalytic way; and c) facilitating access to new knowledge, information, services and/or technologies to small/medium-scale poor farmers and entrepreneurs, men and women.

These interventions are meant to trigger the type of change that will make poor women and men more effective and productive in their existing roles. Experience suggests that working in markets where women are not already engaged and trying to insert them into these market systems will have a slower impact and involves a higher risk factor. Insertion into new markets would require broad based social transformation, which would be impossible to properly execute within the programme's limited timeframe. Also, such insertions might trigger repercussions, especially given the security setting of the Niger Delta.

By working within existing markets and roles, the assumption is that women will reap better and unchallenged benefits, promoting their economic empowerment and enhancing overall sustainability and effectiveness of the program. This could then become the foundation for a more transformative agenda in the longer term, if and when needed.

3.7 Overall programme economic appraisal

3.7.1 Calculating value for money in the selected value chains

In carrying out the market research for each of the value chains, the programme team searched for clear areas for intervention with the likelihood of succeeding. Among the seven detailed value chain studies, two (cassava and recycling) proved to have limited potential for impact because it was not possible to identify a market driven, sustainable intervention that would result in a significant impact on our target markets in a reasonable time frame. Therefore, rather than trying to estimate numbers for an analysis, they have not been included in the economic appraisal. The value for money (VFM) analysis provides the ratio between the estimated benefits to beneficiaries to the investment to be made by DFID.⁴¹

The benefits to beneficiaries are expressed as Net Additional Income Change, or NAIC, over a specific period. The net income change is based on stable market prices and the increased productivity, production or cost savings related to the market changes achieved. It is assumed that any increased supply of these goods is at a level that will have no impact on prices received because of existing unmet demand in each market. The estimated values for NAIC and intervention costs draw on a variety of sources:

- Government and international bodies for different markets and regions.
- Experience in Nigeria from PIND, Propcom and other programmes.
- International experience for similar types of interventions.
- Qualitative and quantitative research conducted by programme staff during the design phase.

The calculations for the estimated value of the NAIC are based on beneficiary level activity and are averaged across the five value chains, regrouping farmers and small enterprises. The intervention costs are assumed to be equal over the five categories. The total NAIC for each intervention is calculated as follows:

(Expected number of beneficiaries for the intervention) x (Net average income change per beneficiary for that intervention for the specified period) = NAIC.

The results of this analysis are reported in full in the Economic Appraisal and summarised in Table 9 below. The benefit to cost ratio is calculated as the NAIC divided by the cost of the intervention. A ratio above 1.0 indicates positive returns.

The interventions in the four initial markets are expected to generate positive returns on DFID's funding. Given the likelihood of additional interventions, the return from two as of yet undefined interventions were derived and calculated from existing MADE data. The agricultural inputs market, which includes fertilisers as well as Crop Protection Products, indicates that for every £1 spent by DFID then poor farmers' incomes increase by £5.85, reflecting strongest VFM for this market (reflecting the scale of outreach with potential for individual NAIC growth).

⁴¹ VFM is calculated in relation only to DFID's investment – so as to assess the potential benefits accrued as a result of DFID support (including from private and public investment which has been leveraged by the programme). Conversely, the cost benefit analysis uses all of the costs of programme to Nigeria.

Table 9: Value for Money from specific MADE investments from September 2014 to 2020

Value chains	NAIC and Costs	Totals	Ratio	Rank
Agricultural inputs	Total NAIC Intervention Costs	£14,596,077 £2,494,585	5.85	1
Palm oil	Total NAIC Intervention Costs	£9,122,840 £2,494,585	3.66	2
Poultry	Total NAIC Intervention Costs	£5,574,503 £2,494,585	2.23	3
Aquaculture/Fisheries*	Total NAIC Intervention Costs	£3,978,875 £2,494,585	1.60	4
Additional interventions (2)§	Total NAIC Intervention Costs	£2,947,068 £2,207,022	1.34	5

* Although the interventions are different for the for the aquaculture and fisheries value chain and the smoked fish value chain, the calculations have been amalgamated here because of the overlaps in terms of beneficiaries.

§ To be identified in the course of the programme.

Efficiency is used as the key measure of VFM for the programme as a whole, and calculated as an input-output ratio of results per unit of expenditure. The overall programme's VFM is calculated using projected outreach and NAIC compared to the programme intervention and management costs met by DFID.

Since Market Development programmes are dependent on uptake and investment by the market actors, these are substantial points of leverage for the systemic change. While implementing partner investments are captured in the programme's IRR and NPV calculations, these are complemented by additional investments by the market actors/programme beneficiaries themselves in purchasing the equipment, etc. (which is reflected in the economic calculation of the benefits, but not captured as intervention costs). The programme will collect and report on these investments made by programme beneficiaries.

The benefit-cost ratio has thus been calculated for the programme as a whole, consisting of the opening portfolio of four markets and two additional value chains are additional markets, as yet to be identified, as shown in Table 9. Based on a total DFID funded programme cost of £14.299m over 4.5 years (including the design and pilot phase), a projected outreach of 249,000 beneficiaries over a 5.5 year period (from beginning of implementation to the end of project plus 2), benefit-cost ratio is projected to be 2.53 (with aggregate NAIC of over £36,000,000). Therefore, for every £1 that DFID spends on MADE least £2.53 of income will be generated for targeted beneficiaries, representing good value for money for a programme operating in the difficult conditions of the Niger Delta. These positive returns to DFID funding highlight the value of leveraging the investment of market actors using a market-based approach; such investment substantially increases programme outreach, improves the likelihood of benefits being sustained and consequently delivers positive VFM.

3.7.2 Cost-benefit analysis

A standard cost-benefit approach has been taken, with a discount rate of 10% – DFID Nigeria's discount rate for programme appraisals – used in the calculation of net present value (NPV). The internal rate of return (IRR) – the break-even discount rate – is also calculated. The cost-benefit analysis is based on all the costs incurred, not just the DFID costs. This includes public and private sector investments leveraged by the programme (i.e. the costs to be contributed by partner firms and agencies), and which are applied to the benefits realised. The detailed cost-benefit analysis is summarised here, based on the full

Economic Appraisal available as a separate appendix. Key assumptions applied to the cost benefit calculations:

- a) It is assumed that programme costs for each year will be the same for each of the main interventions, and the two additional interventions will be equivalent to one of the other main interventions.
- b) The partner contributions are based on a combination of data points: i) discussions with potential partners during the design phase; and ii) indications from other similar programme interventions by PIND and Propcom Mai-karfi.
- c) The measure of incremental benefit is Net Additional Income Change (NAIC).
- d) It is assumed that each intervention area will be funded for a period of three and a half years. Beyond that time it is assumed that the NAIC per household will remain constant for most interventions, meaning the estimates are conservative. NAIC for the two additional value chains have been estimated using an average of the five value chains in the opening portfolio.
- e) Given the 3.5 year length of the implementation phase, regardless of the seasonality of agricultural production, the benefit calculations are over a 3.5 year period and a 5.5 year period.
- f) The aggregate NAIC estimates have been developed taking into account two major assumptions. To avoid optimism bias, the programme's estimates of projected outreach have been adjusted downwards by 15% of the estimated level in years 1 through 3.5, and 35% in the final two years. In addition, the overall NAIC has been reduced by 25% across all years. Both of these adjustments have been used in the figures throughout the business case economic analysis, before additional sensitivity analysis.
- g) MADE seeks to achieve long-term sustainability of its impacts by identifying and addressing the underlying constraints within the system. By resolving these systemic constraints, the markets will continue to deliver benefits into the future, which will continue to grow as there is increased crowding-in of other market actors. NAIC was therefore projected, and will be measured, over a 5.5 year period, i.e. 3.5 years of implementation plus two years after the programme ends. In reality it would be expected that income changes will continue beyond this, so this is conservative. Therefore, the cost-benefit analysis covers two time periods; the three and a half year DFID funding period; and a 5.5 year period with no programme contributions in the final two years (but still including partner contributions).
- h) The growth opportunities in each of the value chains being addressed by MADE face more than one single constraint, which must be tackled. MADE expects to incrementally address the range of constraints in each value chain over the course of the programme, which will lead to additional benefits. These benefit streams are not known, yet, and have not therefore been captured in this analysis.

The results of the cost-benefit analysis, over a 3.5 year period are:

- Net Present Value (NPV) of -£917,921.
- Internal rate of return (IRR) of -4.3%.

The results of the cost-benefit analysis, over a 5.5 year period (DCED standard to add two years past the end of the intervention), are:

- Net Present Value (NPV) of £12,988,733.
- Internal rate of return (IRR) of 73%.

The results highlight the slow nature of uptake in the early years in a market development programme, as the early years are focused on piloting and demonstrating that “change works” leading to the more rapid growth as copying and crowding-in occurs in the later years. The analysis demonstrates that the most important benefits accrue in the later years of the programme as the market forces settle in. This implies that the initial 3.5 year time frame is not sufficient for a market development programme of this size and complexity to establish its activities and scale them up to yield the market returns within the short term. But returns to the programme are well above break-even over 5.5 years, and are enough to allow for significant risk in achieving programme outcomes.

3.7.3 Risks

There are a number of risks and uncertainties associated with the above analysis. These include what can be termed ‘normal programme risks’ as well the additional risks associated with working in the distorted economies of the Niger Delta:

- Civil disturbance following the end of the Amnesty period in 2015 or the elections in 2015, which could disrupt programme activities.
- Environmental risk owing to major oil spills, or pollution from other external sources.
- Failure of partners to deliver on their commitments, either financially or in-kind activity on the ground.
- Crowding out of programme activities by market distorting investments/programmes from other donors and government will limit uptake of MADE market development activities.
- Technical failures as a result of inadequate support, such as marketing of smoking kilns, might result in its failure, resulting in beneficiaries withdrawing from the intervention.
- Net income gains not realised because important constraints, such as marketing linkages, have not been overcome.
- Assumptions relating to the delivery or uptake of various interventions prove to be overly optimistic, such as the willingness to pay for inputs and services.

These are real risks and they apply to all of the value chains in varying degrees. They have been accounted for in the economic appraisal by reducing the forecast benefits and outreach figures and by applying optimism bias adjustments. However, even pragmatic targets may not be achieved if individual interventions fail completely, and as such sensitivity analysis is needed to assess the likely impact.

3.7.4 Sensitivity Analysis

In order to understand how the risks could affect the targets, the figures were subject to sensitivity analysis. Cost-benefit calculations were recalculated with the variations below, and results are shown in Table 10. In each of these calculations, while results were reduced, the costs remained the same, reallocated to the other programme interventions for achieving the other targets.

- The failure of the Palm Oil intervention (the single highest yielding investment) yielding no results over the life of the programme (but costs remain the same).
- The failure of the village chicken intervention after two years.
- The reduction of all outreach by 60% (reach only 34% of targeted beneficiaries) over life of programme.
- Achieving only 50% results in two markets, for example palm oil and aquaculture results, over life of programme.

- The Agricultural inputs intervention fails in year 2.

Table 10: Results of sensitivity analyses

Assumptions	IRR*	IRR	NPV**	NPV
	Years 1-3.5	Years 1-5.5	Years 1-3.5	Years 1-5.5
Palm oil fails completely	-44%	38%	-£3,297,493	£7,167,206
Poultry fails year 2	-29%	57%	-£2,408,143	£9,455,944
Programme only reaches 34% of total client targets	<-50%	10%	-£6,208,213	-£106,983
50% of palm oil & 50% of Fisheries/Aquaculture	-33%	53%	-£2,699,586	£8,791,346
Agricultural inputs fails after year 2	<-50%	32%	-£4,107,070	£3,873,740

* Internal Rate of Return ** Net Present Value

As highlighted above, the sensitivity analysis shows that the returns from the opening portfolio are sensitive to the period of analysis. This results from the short period to which cost-benefit analyses are applied and the associated heavy impact of initial costs without taking into consideration the length of time needed to get activities underway in a sound manner, and addressing the real underlying constraints before benefits accrue.

However, when the 5.5 year time period is considered – still short by market development standards but more relevant to the programme – the net present values remain significantly above 0, indicating positive value for money. This indicates that the programme is robust and able to withstand various intervention failures. The programme fails to break even only if the outreach is reduced to 34%.

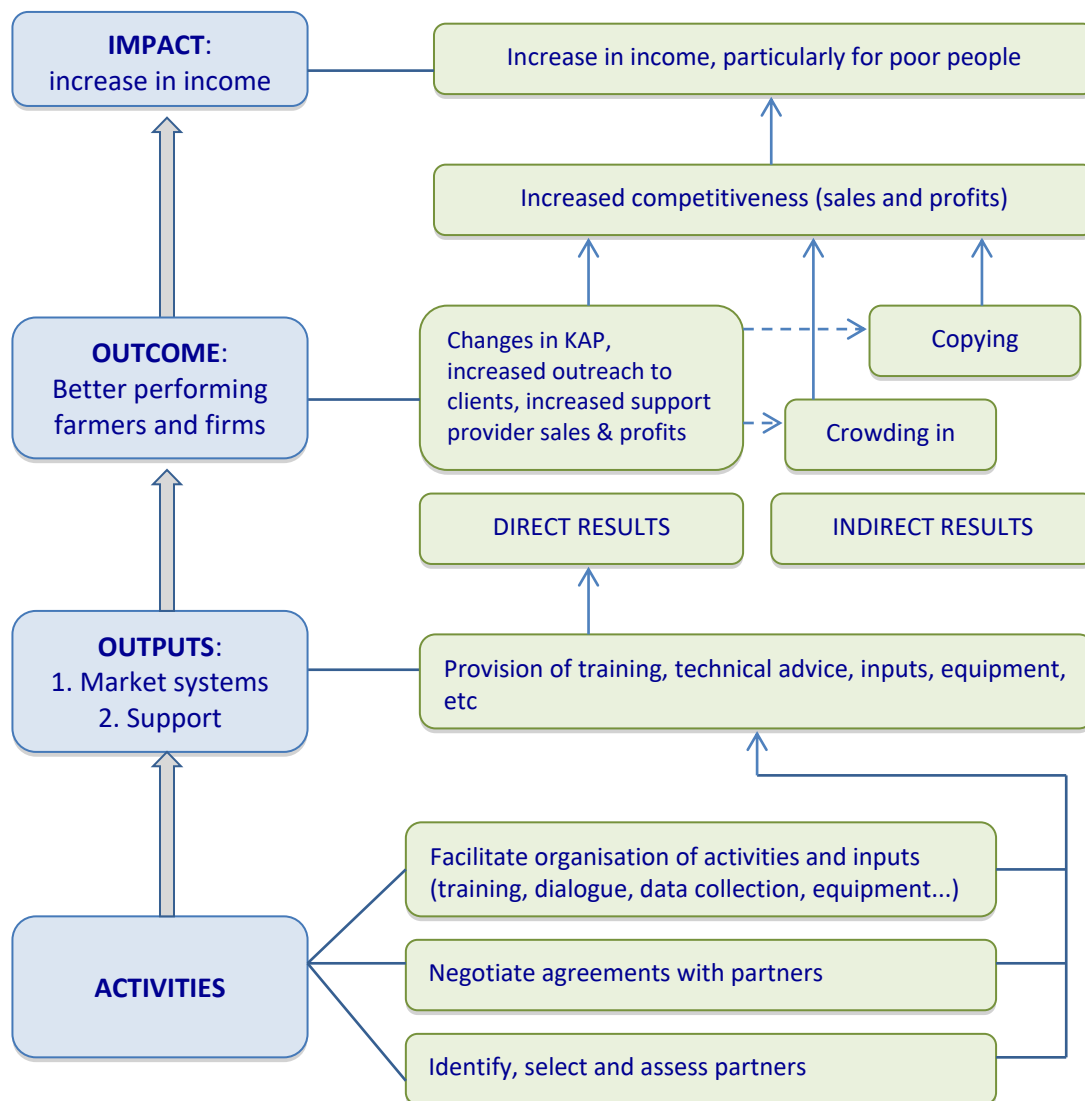
Any M4P focused programme will take risks to achieve its objectives; so it needs a robust management system to track its results and manage its risk. MADE's routine portfolio review process (strategic quarterly reviews and internal technical advisory board meetings) will examine the performance of interventions in specific markets. This review of the portfolio of activities will allow programme management to take sound investment decisions and decide whether an intervention needs to be adjusted or scaled up, or whether the programme needs to exit a market completely, to refocus on more promising areas.

3.8 Theory of change

MADE will achieve its outcome and impact milestones through the design and implementation of catalytic interventions targeted at the constraints limiting poor men and women's participation in and benefits from economic opportunities in the selected value chains. These interventions (**activity level of the logframe**) will aim to deliver wide ranging changes (**output level**), by for instance, realigning incentive structures, relationships, support services and rules, which shape the way markets work in order to change the way poor people participate within the selected value chain market systems. This in turn will lead to better functioning markets, improved commercial transactions between market actors (big and small), improved on-farm and/or enterprise practices and overall performance (**outcome level**): this will be measured in terms of improved business and farming practices, increased productivity and sales, and increased employment. This in turn will result in increased additional net income amongst target beneficiaries (poor small-scale actors - women and men), contributing to a reduction in poverty within their households and communities (**impact level**).

The complexities of the value chain will necessitate the elaboration of a separate Theory of Change (TOC) for each value chain, showing the impact pathways from activity to impact. The value chain TOCs will follow the generic model shown in Figure 1.

Figure 1: Generic MADE Theory of Change



Key links in the causal chain from the bottom (Activities) to the top (Impact), the assumptions underpinning these and the evidence behind them are detailed below:

1. **Theory (Activity):** MADE uses market research and analysis to identify markets where there are key constraints to the participation of the poor that are amenable to private sector driven interventions.

Assumption: The right markets and constraints are identified at the research and analytical stage.

Evidence that this link is achievable: Intervention selection must be based on rigorous background analysis & piloting to test assumptions and potential results, and a subsequent consideration of the most appropriate next steps – adaptation, expansion or, if required, termination of pilot interventions. Experience from many development interventions

(including market driven interventions in other parts of Nigeria)⁴² suggest that it is important that a programme has the ability to pilot, learn and adapt and/or drop interventions as required.

2. **Theory (Activity):** The programme designs and successfully implements the right interventions to target identified constraints.

Assumption: That the programme is able to identify lead firms or implementing partners and develops and/or facilitates interventions that effectively address the constraints that have been identified. The interventions can be properly implemented and managed.

Evidence that this link is achievable: Identifying and engaging constructively with appropriate partners is a crucial aspect of the feasibility of an intervention, and is included in the Critical Success Criteria for market selection. Experience from the MADE due diligence work confirms that interested and appropriate partners exist in some, but not all, markets.

3. **Theory (Output):** Key market actors will respond positively to incentives facilitated by programme interventions to provide better terms of trade, increased access to improved goods and services, and more equitable commercial transactions with small-scale farmers and entrepreneurs.

Assumption: Key market actors are convinced that the desired changes are in their interests.

Evidence that this link is achievable: Market actors are interested in markets with high potentials for profit and growth. They are generally reluctant to do business with the poor, as the benefits of doing business with them are not always obvious. Experience shows that making information on the poor's business needs/potentials and the benefits of doing business with them available to key market actors, is vital to triggering pro-poor market system changes that lead to improved performance and inclusive growth.

4. **Theory (Output):** Poor small-scale farmers and entrepreneurs, both women and men, will respond positively to changes in the markets systems stimulated by the programme and improve their business practices.

Assumption: Poor farmers are not locked into existing behaviour and terms of trade because of factors outside the programme's control.

Evidence that this link is achievable: Experience suggests that a sound understanding of the political economy of market systems allows a better understanding of the sectors and value chains where systems are amenable to change.

5. **Theory (Outcome):** The changes in practice by key market actors and farmers will lead in turn to improved farm and enterprise performance, in terms of improved productivity, reduced costs and increased sales. Improved enterprise performance is assumed to be the main pathway to achieving income growth.

Assumption: That there is no substantial increase in external shocks, including conflict and environmental related shocks, that could prevent market players acting as envisaged.

Evidence that this link is achievable: It is not possible to rule out the potential for environmental and conflict-related shocks to disturb interventions, but proper security and situational analysis and planning ahead can mitigate these risks to some extent. In addition, programme design and implementation are informed by a detailed conflict and social analysis study that highlighted the potential ways in which the tenuous conflict situation in the Niger Delta could impact on, or be impacted by, the programme.

⁴² Propcom Mai-karfi – A rural market development programme in Northern Nigeria.

6. **Theory (Impact):** That as traction and momentum are established in each market system, other market actors will ‘crowd in’ behind the early adopters, and additional farmers and entrepreneurs, not reached by the programme directly, will copy new behaviours and reap the same rewards as the programme’s direct beneficiaries, multiplying the programme’s impact.

Assumption: That there is no substantial increase in external shocks, including conflict and environmental related shocks, that could prevent market players acting as envisaged. That changed market practices continue to be in the interests of key market actors. That there is sufficient demand for additional production for crowding in.

Evidence that this link is achievable: Experience suggests that a sound understanding of the political economy of market systems allows a better understanding of the value chains and sectors where systems are amenable to change. And that as long as the expected cause and effect sequence detailed in this theory of change is not interrupted, it is highly likely that the expected programme impact will be achieved.

4.0 COMMERCIAL CASE

[To be completed by DFID].

5.0 FINANCIAL CASE

5.1 Cost profiling and forecasting

The total value of the contract is of £14,299,032 million over 4.5 years. The design & pilot phase budget for the first year is of £2,113,671. The programme’s 42 months implementation has a budget of £12,185,361, as shown in Table 11.

Table 11: MADE total cost

Cost Element	Inception phase (Design and Pilot) – 12 months	Implementation phase – 42 months	Total
Inputs			
Long term Input Days	£860,291	£5,335,428	£6,195,719
Short term Input Days	£363,387	£891,043	£1,254,430
Total Cost of Fees	£1,223,678	£6,226,471	£7,450,149
Expenses			
Total Travel Costs	£ 73,061	£271,258	£344,319
Total Living Costs	£277,810	£1,034,321	£1,312,131
Total Equipment Costs	£51,336	£0	£51,336
Total Other Costs	£331,409	£1,119,686	£1,451,096
Grants & Activities	£156,376	£3,533,624	£3,690,000
Total Cost of Expenses	£889,993	£5,958,890	£6,848,883
Programme Total	£2,113,671	£12,185,361	£14,299,032

Table 12 gives the estimated breakdown of the programme costs by fiscal year and by programme component.

Table 12: Estimated breakdown per fiscal year

DFID fiscal year	Inception phase		Implementation phase				Total
	Design phase	Pilot phase	2014/2015 (7 months)	2015/2016 (12 months)	2016/2017 (12 months)	2017/2018 (11 months)	
	2013/2014 (6 months)	2014/2015 (6 months)					2013 to 2018 (54 months)
Total Fees	£651,043	£572,635	£762,228	£1,932,665	£1,933,869	£1,597,709	£7,450,149
Programme Expenses	£343,877	£389,738	£224,221	£747,948	£772,220	£680,874	£3,158,882
Programme Activities	£0	£156,376	£250,000	£1,150,000	£1,350,000	£783,624	£3,690,001
TOTAL	£994,920	£1,118,750	£1,236,449	£3,830,613	£4,056,089	£3,062,208	£14,299,032

An additional sum of £209,573 is allocated towards the cost of equipment to be procured by Crown Agents. This procurement is subject to a separate contract between DFID and Crown Agents. The cost of equipment is summarized in table 13.

Table 13: Equipment budget contracted through Crown Agents

Item	Rate
IT Equipment	£102,853
Vehicle Purchase x 3	£35,767
Vehicle Purchase x 3	£28,350
Generator for Office - Purchase & Install	£21,000
Generator for Houses - Purchase & Install	£5,775
AC Unit - Purchase & Install	£2,835
Office & Meeting Room Furniture & Equipment	£5,250
V Sat Dish & Installation	£6,000
Satellite Phone - Purchase x 2	£1,742
Total contract DFID - Crown Agents	£209,573

Intervention costs will be primarily driven by the technical assistance and related costs required to facilitate the process of engaging with private sector partners and other market actors. As such a portfolio management structure (cf. MADE organisation chart – Annex 1) will have an oversight role for driving approaches, strategy implementation and grants. Expenditure for the M&E and Gender technical assistance will ensure that interventions will integrate gender dynamics through the enhancement of the role of women in the value chain and generating income activities for this target population. Expenditure in the selected sectors with significant growth potential is a cost driver, which will allow MADE to reach the expected number of beneficiaries.

A second, yet important, driver of costs will be the interest or demand from leading market actors and other potential intervention partners to participate in the anticipated interventions. MADE management will ensure that private sector market partner financial contributions are maximised and that all intervention partners are realistically committed to engage with the target beneficiaries. It is anticipated that private sector partner interventions will be driven by profit motivation and be aligned to their corporate strategies. In that case, MADE grant support will either be in terms of increasing the attractiveness of the investment compared to competing investments the partner might make, or through significantly accelerating the investment timetable.

5.2 Sources of funds

The programme will be funded from DFID Nigeria's programme allocation [to be completed by DFID].

Due to the nature of the programme, funds should be provisioned so as to adapt to changes that may occur during the life of the programme.

5.3 Payment arrangements

The supplier will be reimbursed on a milestone payment basis at relevant points throughout the contract period as detailed in the Schedule of Prices. Payment will be made following the completion of the services.

The Grants and Programme activities section of the Schedule of Prices comprises an overall budget envelope for funding interventions that are selected as pilots in each of the selected value chains. The methodology of engagement with intervention partners will be driven primarily through considerations of achieving demonstrable value for money through an analysis of the intended impact of the intervention and the expected activities that will need funding, the numbers of potential intervention partners, the type of intervention activity which might be expected to include technical assistance, capacity building, market incentives and/or subsidies to accelerate change.

Annex 2 summarises the proposed intervention procurement techniques. Where appropriate based on VFM considerations, the interventions will be procured through competitive processes, including challenge funds or similar methodologies, where private sector or NGO partners respond to open calls for approaches to achieving MADE's targets. The challenge fund approach will only be used where it is determined that there are several ways in which the desired outcome might be achieved or where innovative techniques are demanded, and where there are multiple potential intervention partners who might wish to apply for grants and can achieve results in a timely manner.

The political economy for change in the Niger Delta provides strong incentives to work through partners that are already established in the geographical target areas, and these are primarily NGOs and Civil Society Organisations (CSO) but also private sector institutions. The expected methodologies for each of the expected interventions in each of the value chains and the expected intervention partner types, is shown in Annex 2

Payments to intervention partners, where possible, will be based on negotiated milestones. It is expected that a number of the partners, especially NGOs and CSOs will require working capital funding as well as payment based on activities. If so, other techniques will be used to ensure good value for money, including grant preconditions and grant phasing. Intervention partners will be paid based on monthly invoicing and reimbursement in arrears.

5.4 Financial risk and fraud assessment

Programme funds will be channelled through the programme supplier, the contractor for the procurement of equipment and the contractor for the independent evaluation.

The tendering process for the supplier has ensured that its financial management and accountability systems are robust for delivering the programme. The supplier, DAI Europe, has anti-corruption policies and procedures in place in the programme to manage fiduciary risk. Contract clauses with subcontractors contain business ethics, corruption, commission, discounts and fraud, conflict of interest, and other compliance requirements. DAI Europe uses its accounting practice to reduce fiduciary risk.

MADE programme expenditure will be subject to [to be completed by DFID].

Given the above factors, the financial risk attached to this programme is [to be completed by DFID].

5.5 Monitoring, reporting and accounting of expenditure

Monitoring and accounting of expenditure will be done using the XX system [to be completed by DFID] and standard DFID Nigeria procedures to ensure value for money and contract compliance. [To be completed by DFID].

The supplier applies its accounting procedures for controlling the programme expenditure. Financial audits will ensure that MADE programme expenditure is handled according to standards and practice in place. Control is conducted on regular basis to ensure that procurement related to the programme represents value for money. Annual reviews will monitor the programme's performance. [To be completed by DFID]

Financial reports include annual forecast of expenditures (the budget) disaggregated monthly – for the financial year April to March – and updated on a monthly basis. Reporting includes xx [detailed requirement to be completed by DFID].

Independent evaluators contracted by DFID will review the MADE programme, issuing appropriate recommendations on all aspects of the programme, including funding allocations and general strategy.

5.6 Asset management

DFID procedures for capital assets procured under this programme will be applied and declared to the concerned DFID Project Officer. Should assets remain at the end of the intervention, they will be returned to DFID Nigeria. [To be completed by DFID].

5.7 Return of funds

[To be completed by DFID].

6.0 MANAGEMENT CASE

6.1 Oversight

MADE will be implemented by the supplier DAI Europe (DAI-E) and its consortium partners Oxford Policy Management (OPM), the IDL group, and the New Nigeria Foundation (NNF). DAI-E, OPM and NNF have extensive experience of implementing rural development programmes in Nigeria. This consortium was appointed through a commercial tender process, under a design-and-implement contract.

6.1.1 Oversight body

The programme will be formally overseen by the DAI Europe Senior Project Manager, based in the UK, who has overall responsibility for the effective delivery of the programme. A senior Technical Advisor from DAI's offices in the US will support the Senior Project Manager and the Team Leader. A Programme Technical Advisory Board (TAB) will meet as needed to guide the Team Leader on important decisions such as programme strategy, market selection, prioritisation of resource allocation and portfolio review. The TAB is made up of technically capable representatives of the consortium and is chaired by the Technical Advisor from DAI.

DFID's interface with the contract supplier, DAI-E, will be through regular meetings between the DFID Lead Advisor and Programme Officer responsible for MADE and MADE programme's Team Leader, as well as through communications with the Senior Project Manager and regular visits with the TAB. The meetings will be complemented by monthly

written updates, six-month reports and by regular informal communication, as and when required. On-going VFM analysis combined with annual programme reviews and a mid-term review will enable DFID to confirm whether VFM is being achieved (see value for money discussion below).

There is a need to have effective technical oversight of the programme while also ensuring regular and timely inputs from in-country stakeholders into its direction. When making decisions about local investments, MADE will need input from the local actors, but must take care to avoid local stakeholders capturing resources for their interest groups, while being cautious to avoid conflicts of interest. Consequently not all stakeholders can or should be represented in programme committees where the allocation of resources exposes them to such conflicts.

Ensuring effective representation of key stakeholders and providing opportunities for their input is crucial for programme success. To this end, the MADE management team includes NNF, which has a broad developmental mandate with broad knowledge of the Niger Delta and its development challenges, and will consult sector specialists, as the need arises, to provide technical advice. MADE's close working relationship with the PIND Foundation, will provide additional local knowledge and technical input.

6.1.2 MADE's stakeholders

The M4P approach is built around being 'close' to market systems, networking with the key stakeholders and market actors, and engaging with the poor women and men within them. M4P driven programmes seek to incentivise broad based upgrading of firms and producers by facilitating good competition and good coordination between the market actors leading to broad based shared benefits. Good competition (between market actors at the same functional level in the value chain) will stimulate innovation, while improved coordination between the market actors will lead to new opportunities and increased efficiency, bringing down costs and increasing profitability. In order for the markets to work most effectively, the activities must avoid enabling any stakeholder group to capture the benefits. It is important therefore that the programme understands stakeholder incentives and leverages those incentives to attain the desired outcomes and long term sustainability. On-going monitoring activities will be used to collect information to inform programme management on whether our approach is serving the poor most effectively. Assessments, surveys, focus groups, socio-economic research and pilot testing will be used to feed into intervention design.

During the design phase, MADE staff held widespread consultations with potential stakeholders to discuss the programme's approach, understanding constraints preventing poor people from engaging with selected markets, or getting feedback from public and private sector representatives that are engaged in the potential markets being assessed for the opening portfolio. This process will continue during programme implementation. The principal stakeholders in MADE are:

- Primary producers, i.e. small-scale farmers and labourers, or micro/small entrepreneurs, both women and men.
- Small and medium scale agents, traders, input retailers and service providers that potentially could have linkages with small scale farmers and rural entrepreneurs.
- Medium and large scale businesses engaged in sectors as, for example, importers, manufacturers, distributors, processors or other intermediaries.
- Local and international organisations that will complement the implementation capacity of the programme.

- Government agencies and departments, especially at the local level, that are engaged in the administration or delivery of public services of relevance to selected markets

Beyond this, the programme will ensure that its governance and oversight arrangements adequately represent key stakeholders.

6.2 Management

The main division of responsibilities envisaged in the management structure, as depicted in Annex 1, is envisaged as follows:

DFID Nigeria: has overall responsibility for the programme and through its standard management instruments (general oversight and annual reviews) will influence the programme's direction. The Lead DFID Advisor for this programme has been trained in M4P approaches to ensure effective technical guidance and oversight. S/he will be supported by a range of advisory inputs, within the DFID Nigeria project team, including conflict, social development, and economics, to cover all the specialist technical elements of the programme.

MADE Team Leader reports to the Senior Project Manager in DAI Europe London, (s)he will set and drive programme strategy, deliver the expected outcomes, and manage the local programme managers (Security and Operations, Market Development, and Monitoring and Evaluation). The Team Leader also services as the primary point of contact on delivery and reporting to DFID Nigeria.

The Market Development Portfolio Manager will manage the intervention managers. (S)he will also conduct portfolio reviews and lead the discussion on expansion into new markets.

The Monitoring & Evaluation and Gender Manager will ensure that each of the selected interventions meets the programme's results measurement standards. In addition to this, the manager will oversee the programme's knowledge management strategy and ensure that each intervention is reviewed to optimise its inclusiveness and gender impacts. (S)he will also oversee the programme's external communications and online resource centre. This group will ensure that results that are reported to DFID are based on reliable and sufficient evidence. (S)he will work closely with the implementing partner organisations to ensure they have effective M&E systems in place, and will work closely with the Advocacy and Outreach Expert.

The Advocacy and Outreach Expert will coordinate and direct communication strategies and carry out public relations activities in order to establish a clear identity for MADE. (S)he will build relationships with local communities and partners. Additional responsibilities will include designing and implementing strategic plans to promote changes in regulatory frameworks to improve the business enabling environment in respect of the value chains covered by the programme.

DAI Europe Senior Project Manager (based in the UK): reporting to DAI Europe Project Director, (s)he is responsible for overseeing and supervising the overall management of the programme for effective delivery, including contract management with DFID. This is a part time role supported by a part time Project Accountant.

DAI Europe Project Director: member of the DAI-Europe executive management responsible for quality management and allocation of programme support resources. S/he supervises and supports the Senior Project Manager, is responsible to assure quality and timeliness of delivery and is available to DFID when issues require escalation.

Specialists will be recruited in key areas of importance for the programme, in particular gender, advocacy and policy. These specialists will work on specific markets as well as performing a cross-cutting function for the programme as a whole.

The suppliers will provide a dedicated Security Manager to assess the risks, exchange information on the security situation in the Niger Delta and at country level, prepare and monitor security during field activities, and report on security incidents. Working in close cooperation with the TL, this role will be crucial for DAI Europe to meet its duty of care obligations.

6.3 Use of implementing partner/facilitators

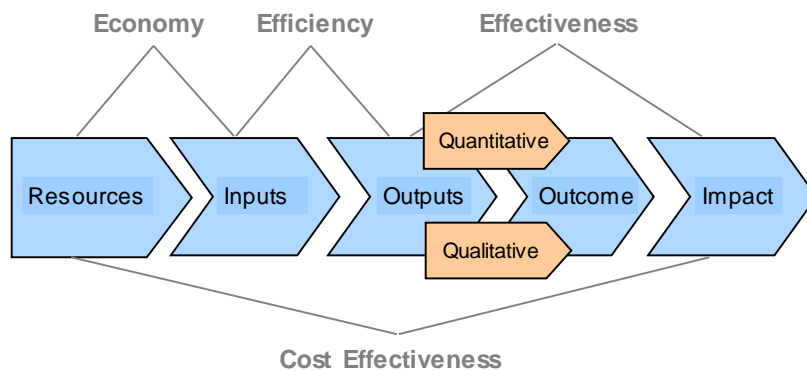
MADE is designed to provide a small programme management team, without the direct staff resources to cover all of the regions of the Niger Delta. MADE is planning to work with local NGOs, CSOs and companies as implementing partner/facilitators to assist with the supervision and roll out of the pilot activities.

As previously explained in the Economic Analysis section, the local partners will have a proven expertise and interest in the subject matter and will ideally compete for the right to win a grant to design and to help manage the intervention at local level under MADE supervision. The decision to use local implementing partners is founded in the programme’s value for money proposition. Designing MADE grantee/facilitator processes to maximise value for money

The primary activities of MADE interventions in most value chains will be implemented by MADE partners, designed in conjunction with MADE intervention managers, and supervised by them. MADE management will engage with implementing partners using processes and techniques that are designed to maximise and evidence VFM. The intervention procurement techniques to be employed in that context are summarised in Annex 2. The grantees will link to the MADE M&E section, providing the on the ground data collection.

The DFID VFM framework requires that the intended results and costs of any intervention are made transparent, together with the underlying assumptions and evidence of what is required to achieve and measure those results. The results chain is assessed for the strengths of the links in the chain from inputs to outcomes and the economy, efficiency and effectiveness at each stage of the results chain. These three lenses of economy, efficiency, effectiveness and equity are applied at varying stages of the results chain as shown in Figure 2. Judgments around effectiveness in the case of MADE will need to include consideration of issues of equity given that the aims of the programming are to benefit the poor, especially women.

Figure 2 VFM in the results chain



Various analytical techniques will be used as part of maximising VFM:

- Net attributable income change (NAIC) can be compared to the costs of the programme as part of a **cost effectiveness analysis**, at intervention and programme levels.
- **Economic additionality analysis** will be used in various stages of the process to enhance VFM effectiveness, especially where strategic and operational choices need to be made.
- MADE operational process design will be based on **benchmarking proposed processes** against best VFM practices from other DFID programmes.

6.3.1 The MADE partner selection process

The processes of engagement with implementing partners will be developed through the MADE process design as part of the inception phase and reflected in MADE's operations manual. VFM will be at the forefront of the process design. The constraints highlighted in the appraisal case provide indications of the types of partners that will be selected. In the choices arising from identifying and procuring intervention partners, the process VFM approach provides some overarching arguments:

- Effectiveness is likely to be higher where interventions are managed by entities that are already operating in the geographical area of interest.
- Where there are multiple potential intervention partners, then a competitive process for procuring the partner will be required to ensure maximum VFM.
- Where interventions require further design or detailed understanding, then expert resources that already operate in Nigeria will be more effective and the cost of their efforts provide better economy.
- The design of the interventions will not be so prescriptive as to stifle innovation.
- Some planned interventions will require incentives of one form or another to ensure that the current market constraints are altered to allow for the desired development. The incentives need to be tied very closely to the desired outcomes to achieve maximum effectiveness. Where possible the incentives should be structured to ensure that it is based on the beneficiaries' utilisation of the investment.

6.3.2 Coordination with PIND and other market development programmes in Nigeria

MADE has been working closely with PIND and other development partners working in the Niger Delta, or working on topics that are of importance/relevance to the Niger Delta. Given DFID's extensive investment in the GEMS programmes, Propcom Mai-karfi, ENABLE and others, there are many good lessons to be learned from interventions in other parts of the country but are not applied in the Niger Delta. In addition to its own activities, MADE will seek to leverage the knowledge and the investments made in other parts of the country to determine their applicability for the Niger Delta, the factors that have been constraining their introduction into the Niger Delta, and draw them into the Niger Delta and promote their replication/adoption by the local market actors.

PIND has been the first independent external agency focused on economic development across all states of the Niger Delta. Though its seed funding has come from Chevron, it maintains an arm's length relationship through the NDPI Foundation, registered in the USA and with an independent Board of Directors. PIND has a broad mandate to address economic growth, peace building, capacity building, analysis and advocacy for all parts of the Niger Delta, not just where Chevron is operating. It is currently piloting market development interventions that it seeks to have replicated by other donors wishing to advance market development in the Niger Delta.

MADE is already coordinating with PIND and other implementing partners including those from DFID and USAID, through the DEMAND network (Developing Market led Approaches in the Niger Delta). Designed by DAI's Technical Advisor to MADE, the DEMAND network will not just enhance coordination and promotion of market development approaches (as opposed to supply driven approaches) but will serve as a platform for addressing common technical problems, and ensuring that there is no duplication of effort on the ground.

MADE has co-located with PIND in Warri during the design phase, allowing for direct engagement between MADE staff and the PIND market development officers around interventions in common value chains. It intends to co-locate with PIND in Port Harcourt, as well.

Moving forward, PIND and MADE are sharing research and the approaches and contacts that they are developing in order to ensure maximum development impact. This liaison is facilitated by the fact that DAI is also providing strategic and technical support to PIND to implement its market development activities. In addition to the engagement via the DEMAND network, PIND and MADE will organize a joint quarterly planning meeting bringing together the intervention managers to share progress and to coordinate on implementation schedule development.

6.4 Conditionality

No conditions apply.

6.5 Monitoring and Evaluation

Monitoring and Evaluation (M&E) within MADE will be the responsibility of the Monitoring and Evaluation and Gender Manager. This manager will be supported Senior M&E Technical Advisor and additional support staff. MADE will also sub-contract local individuals or entities to facilitate with specific survey work when appropriate. However, MADE will also use the intervention managers as part of the M&E system, thereby ensuring that the M&E system is providing effective feedback into the implementation management. This will allow MADE to not only be more efficient, but to keep the sum of money allocated to M&E, including labour, at an estimated £1.1 Million throughout the life of the programme (or 8% of total contract)

The MADE M&E system will be designed to adhere to the Donor Committee for Enterprise Development (DCED) results measurement standards.⁴³ The key functions of this M&E system are as follows:

- Develop an understanding of the change processes within each of MADE's value chains and assess the programme's contribution to that change. This information will be used to inform the day-to-day management of value chain interventions and the strategic decisions made by programme management.
- Generate credible and reliable evidence of programme achievements in order to demonstrate the efficacy of the market systems approach, measure DFID's return on investment, and respond to DFID reporting requirements.
- Generate lesson learned within selected value chains and across the overall MADE portfolio so as to add to the evidence base of what does and does not work when implementing a market systems approach to private sector development.

Key features of the MADE M&E system are described below.

⁴³ See <http://www.enterprise-development.org/page/measuring-and-reporting-results>.

6.5.1 Logical Framework

The MADE logframe outlines the results measurement framework for the programme as a whole, in particular those results (and indicators) that MADE commits to report to DFID over the life of the programme. At the impact level, programme results will be assessed by the net additional income change (NAIC) among farmers and entrepreneurs and labourers. Outcome indicators in the MADE logframe include on-farm/enterprise productivity/yields, sales, and new farming or business practices adopted. Output indicators in the logframe include the number of farmers and entrepreneurs benefitting from programme interventions; the number of service providers offering new or better inputs, products and services to farmers and entrepreneurs; and three separate indicators measuring different dimensions of the programme's influence on market system development investments and initiatives in the Niger Delta region. The MADE logframe is in Annex 3.

6.5.2 Results Chains

Whereas the M&E framework for the whole programme is set out in the MADE logframe, the M&E framework for individual programme interventions will be captured in a series of results chains developed by the MADE Intervention Managers (IMs) in each of the value chains where MADE works. The result chain is a detailed depiction of the cause-and-effect logic (or Theory of Change) underlying each market intervention that identifies the critical results sought by the intervention along with the key performance indicators used to measure those results.

Progress against milestones and targets in the programme logframe will be based on aggregating the results emerging from intervention-level results chains. These will be first aggregated at the value chain level and then aggregated across all value chains and interventions to be counted against the logframe targets. The process of aggregating results within and across value chains will provide the basis for scaling-up investments in those value chains where evidence of success is emerging or, alternatively, identifying underperforming investments thereby allowing for timely corrective action where necessary.

6.5.3 Monitoring & Evaluation Plan

MADE will conduct survey research to measure the change over time in logframe indicators in each of the value chains where it works. This research will consist of a baseline and endline survey administered to representative samples of beneficiary small/medium-scale farmers and entrepreneurs. Under assumptions of reasonable statistical accuracy (confidence interval of 5% and confidence level of 90%),⁴⁴ this will require a sample size of approximately 270 each for the baseline and endline surveys for a total of 540 questionnaires administered in each value chain and 2,700 (540*5) questionnaires administered across the five value chains over the life of the programme.

In between these baseline and endline surveys, MADE will draw on flexible toolbox of data collection methods to measure shorter-term changes in logframe and results chain indicators. Data collection methods in this toolbox will be applied on a case-by-case basis and include the following: population-based surveys, mini-surveys, lot quality assurance surveys, key informant interviews, focus group discussions, case studies, informal observations, and reviews of secondary information. Potential sources of secondary

⁴⁴ These sampling parameters fall within accepted scientific standards and are proposed to balance the trade-off between statistical rigour and feasibility. Were we to increase the confidence level to 95%, for example, this would increase the required sample size for each survey to approximately 383, which would in turn increase the total number of surveys administered to 3,830. In any case, the final sampling parameters will be determined once more precise cost estimates are available and after further discussions with DFID.

information include the Nigerian General Household Survey (GHS) and datasets and publications produced by the National Bureau of Statistics and other government ministries (e.g., Ministry of Agriculture and Natural Resources and Federal Department of Fisheries); World Bank, DFID and other multi-lateral and bi-lateral donor agencies; academics and practitioners; and trade/business associations. Members of the MADE M&E team will conduct ongoing secondary information reviews to identify potentially useful data sources.

In order to understand how programme interventions are affecting different groups of interest, MADE will disaggregate logframe and results chain indicators wherever appropriate by gender, type of beneficiary, and poverty status. To measure the change in households' poverty status, MADE will use two methods. One is a modified household expenditure survey integrated into the sector baseline and endline surveys. The other is the Nigerian Progress Out of Poverty Index (PPI), which is a statistically rigorous but simple 10-question scorecard that measures household poverty status relative to different poverty lines, as described in section 3.6. The PPI will be integrated into the baseline and endline sector surveys and will also be administered on a periodic basis as part of on-going performance monitoring activities in each sector.

6.5.4 Result Chain Specific Monitoring Plans

For each results chain, the M&E team will work with the intervention teams to develop a corresponding monitoring plan. The monitoring plan is a matrix that summarizes the contents of the results chain and lays out a plan to collect information on each indicator in the results chain. Information included in the monitoring plan includes the expected results, the indicator(s) used to measure each result, a short description of how the indicators are defined/operationalised, the methodology used to collect data on each indicator, the persons responsible for data collection, data collection dates, and data collection findings. Indicators included in the results chains/monitoring plans will be monitored on an ongoing basis and timed in each case for when the relevant results are expected to occur. All results measured during each quarter will be reported in quarterly performance reports and submitted to programme management and DFID for review and action.

Consistent with DCED standards, MADE will also seek to measure the indirect results of programme interventions, including 'crowding-in' of non-assisted support providers and 'copying' by non-assisted farmers and entrepreneurs. While MADE expects programme interventions to have wider (e.g., social, conflict, political economy) impacts beyond improvements in NAIC, these impacts operate via a variety of complex causal mechanisms that present a number of serious measurement challenges, particularly in light of research constraints and other measurement priorities. As a general rule, therefore, MADE will not actively seek to measure these wider impacts, although it is open to doing so should the situation warrant it.

6.5.5 Performance Indicators

As mentioned above, one or more performance indicators will be developed for each result in the intervention results chains. These performance indicators will be designed in a way that capture the specific dynamics of the intervention, while also including the indicators (as relevant) in the MADE logframe. Table 14 provides an illustration of the kinds of performance indicators that will be developed to support measurement within intervention results chains and across the portfolio.

Table 14 Sample performance indicators in MADE's results chains

NAIC	<ul style="list-style-type: none"> • Number of small/medium-scale farmers and entrepreneurs and labourers with positive changes in income. Average change in annual on-farm/enterprise and labour incomes. • Aggregate change in annual on-farm/enterprise and labour incomes.
On-farm/Enterprise Performance	<ul style="list-style-type: none"> • Value of purchases from small/medium-scale farmers and entrepreneurs within each value chain. • Increased productivity measured in terms of yields, return on labour, and increased sales and turnover. • Value of investments in inputs and services by small/medium-scale farmers and entrepreneurs. • Value of production per unit among targeted small/medium-scale farmers and entrepreneurs. • Improved product and service quality. • Reduced losses from crop failures, postharvest losses, mortality, etc. • Increased savings in terms of time, labour and production costs. • Evidence of copying by non-assisted small/medium-scale farmers and entrepreneurs.
Market System Change	<ul style="list-style-type: none"> • Number of market actors investing in piloted interventions. • Number and outreach of non-piloted interventions attributable to the programme. • Number of support providers and other market actors improving their performance (e.g., sales, income). • Investment increases within selected value chains. • Increased provision of/access to information, inputs, products, services, technologies, etc. • Volume and value of commercial transactions increase within selected value chains. • New and improved types of formal commercial relationships emerge within selected value chains. • Evidence of crowding-in by non-assisted support providers.
Behaviour Change	<ul style="list-style-type: none"> • Small/medium-scale farmers and entrepreneurs adopt new or improved technologies and practices. • Small/medium-scale farmers and entrepreneurs increase their uptake of new and existing products and services. • Support providers develop new mechanisms/technologies for disseminating market information to small/medium-scale farmers and entrepreneurs. • Support providers provide more and better quality information to small/medium-scale farmers and entrepreneurs. • Support providers expand and improve their market offerings to small/medium-scale farmers and entrepreneurs. • Support providers improve marketing practices to extend their outreach to small/medium-scale farmers and entrepreneurs.
Activities	<ul style="list-style-type: none"> • Number of small/medium-scale farmers and entrepreneurs benefitting from programme interventions.

6.5.6 Measuring Attribution

An important part of MADE's M&E system will be implementing processes to measure attribution, which is measuring whether programme interventions caused observed results. This is especially important in a programme such as MADE, which is seeking to facilitate and influence systemic change within market systems and is less focused on direct service delivery. MADE's approach to measuring attribution seeks to balance analytical rigour with a

pragmatic approach emphasising ‘plausible attribution,’ particularly given the often high costs associated with rigorous measurement of attribution.⁴⁵

Plausible attribution, as understood within MADE, is virtually synonymous with ‘contribution,’ which seeks to understand whether and how programme interventions have contributed to observed results as opposed to measuring attribution in a more formal statistical sense. Whereas measuring attribution requires the construction of a statistically valid counterfactual, measuring contribution relies on chains of logical arguments that are verified through a careful confirmation analysis that involves verifying whether the results depicted in the intervention results chains have occurred as predicted, gathering evidence about potential explanations for observed results (including factors internal and external to the programme), and developing a step-by-step chain of arguments asserting that the intervention has (or has not) made a contribution to observed results, and possibly ranking the intervention among other possible contributions.⁴⁶

6.5.7 Managing for Results

MADE’s approach to operationalising the M&E system is based on the following:

- **Integrating results measurement into day-to-day operational processes.** Results measurement features as part of all job descriptions for management and programme staff and is embedded within staff performance appraisal process. Results measurements features are also integrated into the grant agreements, ToRs and MOUs signed with implementing partners. The MADE management team will also base their planning and decision-making on the information emerging from on-going performance monitoring and periodic large-scale field research activities.
- **A dedicated and well-resourced M&E team within MADE,** which is designed to steer and guide results measurement processes, build capacity within programme staff and among implementing partners, and ensure the quality of the evidence generated by the system. This team will include the M&E Manager and assistants, and will be supported by the intervention managers and a Senior Technical M&E advisor. Each grant to an implementing partner will also include an M&E component with staffing to report on results. When required outside individuals and institutions may be contracted to assist the core team.
- **Establishing clear roles and responsibilities for M&E,** while striking a balance between internal monitoring and learning, external evaluation and independent performance review. This will require the work of internal results measurement and programme staff to be complemented by external consultants and specialist survey institutions.

6.5.8 DCED Audit

Approximately one year into the implementation phase, MADE will schedule a mock (practice) audit of its M&E system to assess its compliance with the DCED standard so as to identify and prioritize specific areas for improvement. Based on the findings of mock audit, MADE will schedule a formal audit at an appropriate time in the future. Audits are an optional part of the DCED Standard done to verify the credibility of programme reported results and the processes used to generate them. Audit findings are confidential and will not be made public unless MADE chooses to do so.

⁴⁵ At a minimum, this requires a formal, longitudinal study involving a treatment group of programme beneficiaries and a control group on non-beneficiaries.

⁴⁶ For more on contribution analysis as a method to address attribution, see Elliott Stern, et al. (2012), *Broadening the Range of Designs and Methods for Impact Evaluations: Report of a Study Commissioned by the Department for International Development.*

6.6 Risk Management

Risks assessment and management will be continuously reviewed throughout the Pilot and Implementation phases. New risks identified during the life cycle of the programme will be assessed, and appropriate mitigation responses will be devised.

Threats and opportunities to the programme objectives and delivery have been identified and assessed during the design phase and mitigation strategies have been defined. Key risks are reported in Table 15. The complete risk matrix is available in Annex 4.

Two areas of risk management are of particular relevance to MADE are the environmental risks, and the political economy and conflict risks. The CEA identified that MADE potential sectors were rated category B for risk to the environment. MADE has already performed the scoping study when doing the CEA, and has identified ways to mitigate such risks.

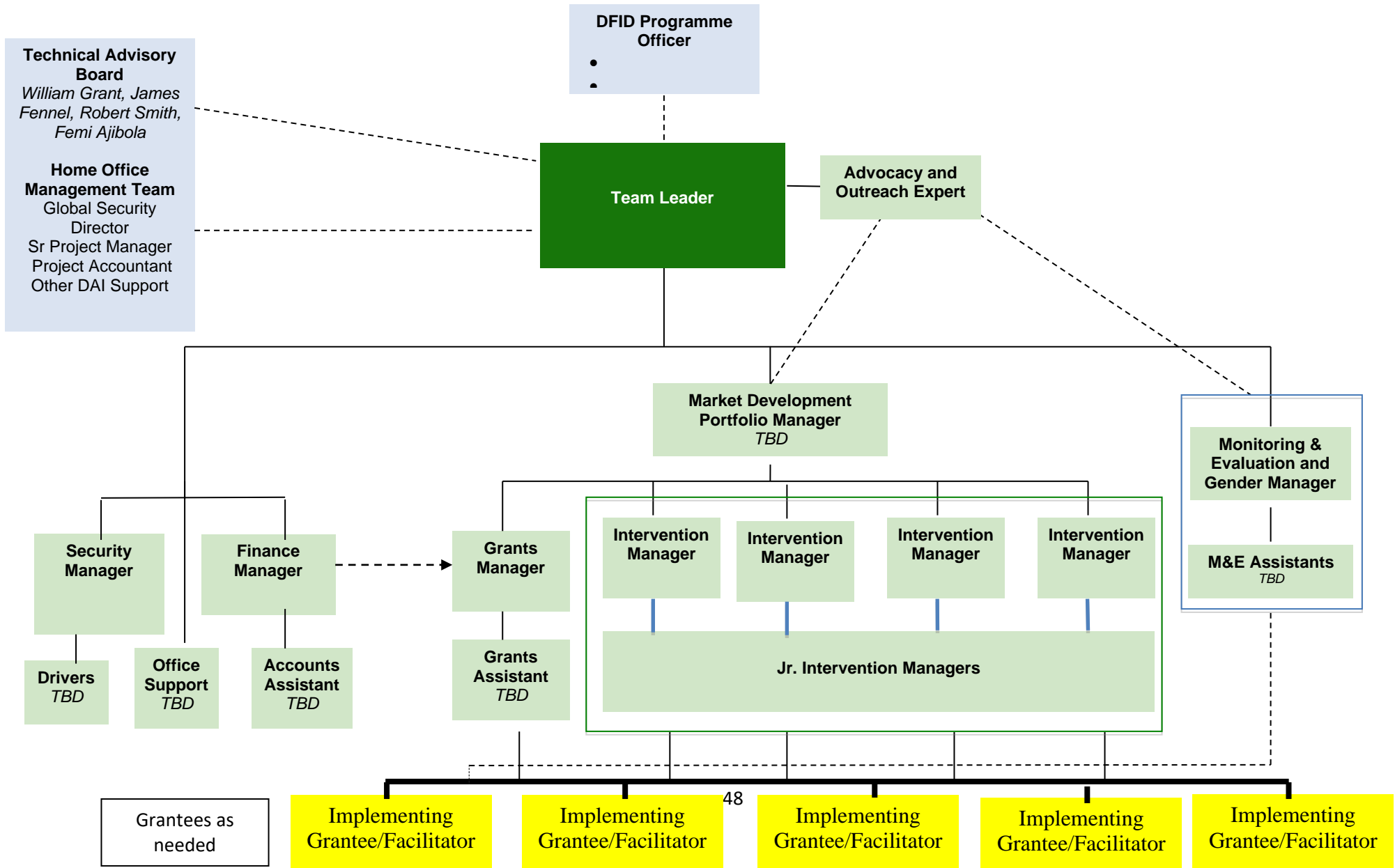
Regarding the political and conflict risks, MADE's key strategy is to avoid areas of conflict, by relying on both formal and informal networks. In this regard, it will be assisted by its partners PIND and NNF, which have extensive experience and contacts in the Niger Delta region. In the areas of implementation, MADE programme staff will collect information from implementing partners to help the programme assess any potential threats and issues.

With the exception of the high level risks associated with the elections, a large amount of the political risk to be encountered will be at the local level and will vary with both the geography and markets. Many of these risks will become apparent only when MADE takes a greater role in the pilot and implementation phases. MADE's intervention managers and Security Manager will monitor these developments and adapt their strategy accordingly. The MADE programme can also seek advice in any potential conflict mitigation from both PIND and NNF, whose experience and contacts in different communities in the Niger Delta would prove invaluable. Additionally, the security management system put into place will be regularly reviewed in light of the political and security developments within the Niger Delta states.

Table 15: MADE key risks

Risk description	Probability/ Impact	Mitigation Responses
Political risks		
Disturbance to programme activities brought on by the election process in 2015 and post-election impact, as well as any fallout from the end of the Amnesty Programme.	Medium/High	The DFID National Programme Managers meeting is working on risk mitigation the pre-and post-election period in cooperation with the DFID-backed Nigeria Stability and Reconciliation Programme (NSRP) and PIND. MADE and PIND are monitoring the amnesty programme to anticipate problems that might arise.
Environment and climate change risks		
Environmental risk due to major oil spills, pollution from external sources, or an unforeseen extreme weather event	Medium/Medium	This is beyond the control of the programme, but MADE will focus on awareness building of the potential impacts and mitigation efforts with the farmers and their associations
Development agency risks		
Aid funding takes a decisive move towards a more direct (and distorting) paradigm and away from systemic change, crowding out opportunities for the programme.	Medium / Medium	MADE's outreach programme is designed to promote greater awareness of non-distortionary development approaches which stimulate private sector ownership of the process and limiting the impact of sudden policy changes
Implementation risks		
Security constraints make travel, research and engagement with stakeholders difficult or impossible.	Medium / High	DAI is implementing its security protocols to allow staff to work safely in the field in the context of the Niger Delta. However, security considerations may delay implementation
Economic changes targeted by MADE activities undermine significant vested interests of major market actors.	Medium / High	MADE has carried out a political economy analysis to orient our value chain and intervention selection process. MADE will continue careful monitoring of vested interests in targeted sectors and geographic areas.
Quality of implementing partners is low or ineffective in fulfilling their roles as market facilitators or lead investors leading beneficiaries withdrawing from the interventions.	Medium / High	MADE will apply careful selection criteria in identifying partners with whom we will work. In addition, MADE will include partner organizations to participate in our own staff development programmes.

ANNEX 1: MADE ORGANISATION CHART



ANNEX 2: PROPOSED INTERVENTION PROCUREMENT TECHNIQUES

Chain	Constraint	Intervention	Location	Potential partners	Partner procurement methodology	Notes
Palm oil	Lack of access to improved processing machines by small scale processors	Raise awareness and demonstrate value of improved processing technologies and practices in small scale processors Developing appropriate asset financing schemes for acquisition of improved processing technologies	Akwa Ibom, Rivers in the pilot phase and Delta, Bayelsa and other states in the roll out	Local NGOs* Nigerian equipment financing expert Finance partners	Competitive process in each state Identification and selection Based on banking expert report	* the local NGOs selected will carry out multiple intervention activities in their area
		Strengthen fabrication and marketing capacities of fabricators		NIFOR Technology Institute Fabricators Local NGOs*	Direct negotiation Identification and selection Sales subsidies Competitive process	* see note above
	Limited linkages and flow of information between small scale processors and secondary processors and	Foster linkages between secondary processors and small scale processors		Local NGOs* Secondary processors	Competitive process Direct negotiation	* see note above
	Limited linkages and flow of information between small scale plantation owners and large scale integrated mills	Provide information to large mills on possible clusters and aid a transparent pricing and payment mechanism for supply of FFB by smallholders	Rivers in the pilot, Edo/Delta, Cross Rivers in the roll out	Local NGO's ** Large integrated mills	Competitive process Direct negotiation	** In the pilot the Rivers NGO selected above will be the partner

Chain	Constraint	Intervention	Location	Potential partners	Partner procurement methodology	Notes
	Unorganised capabilities of scale plantation owners for supply of FFB to large scale integrated mills	Strengthening the capacities of small holder groups to qualify for Round Table for Sustainable Palm Oil (RSPO) certification in order to organize supplies of FFB to large mills.		Large integrated mills	Direct negotiation	
Poultry	Absence of a rural distribution channel for vaccine	Present a value proposition to the vaccine distribution community based on research to be conducted on demand and potential distribution points and farmers associations	Imo/ Delta	Poultry consultants Veterinary Association	Identification and selection	Imo/Delta have best chance to create a commercial model
	Capacity of private sector partners related to distribution	Present a value proposition to the vaccine distribution community based on research to be conducted on demand and potential distribution points and farmers associations.	Piloted in Imo/ Delta	Private sector and/or NGOs in partnership with veterinary practices	Challenge fund *	* Challenge fund mechanism gives maximum opportunity for partnerships to form in response to the challenge
	Regulatory constraints around handling vaccine	Work with Director of Veterinary Services in the states to permit the building of training capacity for para vet services.	IMO/ Delta	MADE	N/a	.
	Limited NVRI Vaccine supply	Research the constraint and provide a demand based solution to secure adequate supply for MADE partners	Vom, Plateau State	NVRI	N/a	
	Farmer attitudes and practices towards commercialisation	Catalyse the demand for vaccination amongst rural farmers	Piloted in IMO/ Delta	Private sector and/or NGOs in partnership with veterinary	Challenge fund **	** The two constraints will be tackled as part of the same theme

Chain	Constraint	Intervention	Location	Potential partners	Partner procurement methodology	Notes
	Farmer's access to information			practices		around changing farmer attitudes and practices towards flock inoculation
Aquaculture	<p>Poor production knowledge by farmers leading to large wastage of feed and poor water quality</p> <p>Poor business management knowledge</p> <p>Low market penetration by hatcheries</p> <p>Low market penetration by some feed companies</p> <p>Weak relationships between producers and wholesalers)</p> <p>Weak relationships enabling environment and extension service providers.</p>	<p>Acquire/ provide demonstration ponds</p> <p>Provide farmer training on pond and fish management</p> <p>Provide farmer training on improving business practice</p> <p>Invite hatcheries to engage with fish producer's associations and RSSDA to foster commercial partnerships</p> <p>Train feed company staff to provide training for subsequent farmers and to take over the management of the pond</p> <p>Feed companies are partners in the demonstration ponds and will take over the running of the ponds.</p> <p>Train extension service providers alongside the farmers</p>	Piloted in Rivers	<p>RSSDA</p> <p>Partnerships between local NGOs/ producer associations and feed providers</p>	<p>Negotiated partnership</p> <p>Challenge fund or tender under detailed terms of reference</p>	

Chain	Constraint	Intervention	Location	Potential partners	Partner procurement methodology	Notes
Smoked fish	<p>High post-harvest losses on the part of both fisher-folk and smokers</p> <p>Traditional smoking methods, are inefficient and can present a health and fire hazards</p> <p>The lack of commercially available improved smoking technology</p> <p>Lack of awareness by smokers around improved smoking technology.</p>	<p>Pilot intervention to facilitate a smoking mammy to purchase an improved kiln to operate as a separate business, designed to sell smoking services to small scale smokers.</p> <p>Rollout:</p> <p>Potential also for community cluster operated by an independent service provider</p> <p>Awareness raising and sensitising</p> <p>Marketing training</p> <p>Potential Purchase subsidy to accelerate roll out</p>	<p>Akwa Ibom for pilot</p> <p>Abia, Bayelsa and Rivers for the rollout</p>	<p>National Institution of Oceanography and Marine Research (NIOMR)</p> <p>Local NGO (possibly health), CSO or commercial organisation either alone or in partnership</p> <p>Local NGO (possibly health), CSO or commercial organisation either alone or in partnership</p>	<p>Negotiated partnership</p> <p>Challenge fund or call for proposals</p> <p>Challenge fund or call for proposals</p>	<p>The roll out of this also depends on the availability of finance, although the NGN 510,000 cost of the technology is within most MFI financing windows.</p>
Agricultural inputs	<p>Poor understanding of farmers' needs and purchasing patterns by the fertiliser companies.</p> <p>Inappropriate farm usage of</p>	<p>Develop distribution systems to profitably supply fertilizer in suitable package sizes at affordable prices and convenient sales points</p>	<p>Imo, Akwalbom, Edo, Delta, Cross Rivers, Rivers</p>	<p>Fertiliser and CPP manufacturers and blenders⁴⁷</p>	<p>Negotiated partnership</p>	

⁴⁷ Fertiliser and CPP companies will provide the training to farmers on GAP and increase distributions to farmers through their trained retailers; my view is that bringing in an NGO to do the training may not make the intervention sustainable (the who does/who pays now Vs. who does/who pays tomorrow).

Chain	Constraint	Intervention	Location	Potential partners	Partner procurement methodology	Notes
	<p>agricultural inputs.</p> <p>Inappropriate packaging compared to farmers' purchasing power.</p> <p>Access of smallholders to fertilizer supply in Nigeria is problematic.</p> <p>Retail markets for fertilizer are located in urban centres thereby significantly increasing acquisition costs for farmers</p> <p>Weak fertiliser company marketing strategies</p> <p>Inaccurate knowledge by farmers about the effects of fertiliser.</p> <p>Poor understanding by CPP companies of crop farming in the Niger Delta.</p> <p>Limited knowledge of market opportunities for CPP usage in the Niger</p>	<p>Improved marketing techniques</p> <p>Suitable Pack sizes: Focus on the packages sizes of fertilizer that resource poor farmers can afford</p> <p>Target Marketing: Develop suitable marketing and education curriculum that are easy to understand by farmers</p> <p>Embedded services: Make Good Agricultural Practices a central message of the selling process.</p> <p>Establish knowledgeable village-based agro retailers that sell and teach farmers improved farming practices and techniques.</p> <p>Facilitate a relationship between the fertiliser companies and soil</p>			<p>Challenge fund or negotiated agreement</p>	

MADE Nigeria Business Case

Chain	Constraint	Intervention	Location	Potential partners	Partner procurement methodology	Notes
	Delta.	<p>experts</p> <p>Increase direct linkages between the companies selling fertilizer and CPP and the clients at the retail level</p> <p>Advocate to government for modifications to the GESS to incorporate retailers and increase the competition among government accredited distributors.</p>		Expert consultants	Identification and selection	

ANNEX 3: LOGICAL FRAMEWORK AND EXPLANATORY NOTE

Submitted in separate Excel file

ANNEX 4: RISK MATRIX

Risk description	Probability/Impact	Mitigation Responses
Political risks		
Disturbance to programme activities brought on by the election process in 2015 and post-election impact.	Medium/High	The DFID National Programme Managers meeting is working on risk mitigation the pre-and post-election period in cooperation with the DFID-backed Nigeria Stability and Reconciliation Programme (NSRP) and PIND.
End of the Amnesty programme is poorly managed by government, leading to civil disruption, impeding programme progress.	Medium/Medium	This is beyond the direct control of the programme, DFID and the Service Provider.
Economic risks		
Global price swings lead to fluctuating local prices, affecting profitability of crops, causing farmers to divert their resources away from target commodities	Low/Medium	MADE market selection criterion emphasised growth potential and is targeting sectors with heavy internal demand and growth opportunities which are less likely to be affected by global price swings.
Environment and climate change risks		
Environmental risk due to major oil spills, pollution from external sources	Medium/Medium	This is beyond the control of the programme, but MADE will focus on awareness building of the potential impacts and mitigation efforts with the farmers and their associations
Extreme changes in weather patterns or pandemics (such as the floods of 2012 or the Avian influenza outbreak of 2005) can have significant one-off impacts on production and commodity pricing leading to distortions in farmer behaviour away from market.	Medium/Medium	While we cannot control the weather, the programme's establishment of strong relations and coordination between the actors in the value chains should contribute to reduced short term distortion in farmer behaviour (as per economic risk cited above).
Development agency risks		

MADE Nigeria Draft Business Case

Risk description	Probability/Impact	Mitigation Responses
Aid funding takes a decisive move towards a more direct (and distorting) paradigm and away from systemic change, crowding out opportunities for the programme.	Medium / Medium	MADE’s outreach programme is designed to promote greater awareness of non-distortionary development approaches which stimulate private sector ownership of the process and limiting the impact of sudden policy changes
Implementation risks		
Security constraints make travel, research and engagement with stakeholders difficult or impossible.	Medium/High	DAI is implementing its security protocols to allow staff to work safely in the field in the context of the Niger Delta. However, security considerations may delay implementation
Most donors and the oil companies in the Niger Delta have focused on socially oriented funding to alleviate conflict and/or buy off disruptive communities in the past. Continued “give away” culture crowds out programme’s objectives	Medium/Medium	MADE is one of the first market development programmes in the Niger Delta. MADE is working closely with similar initiatives (PIND, USAID’s MARKETS II, IFDC, IFAD, and others) through a coordinating committee (DEMAND) to share successes and develop common advocacy points to target behaviour change among other funders.
Economic changes targeted by MADE activities undermine significant vested interests of major market actors.	Medium/High	MADE has carried out a political economy analysis to orient our value chain and intervention selection process. MADE will continue careful monitoring of vested interests in targeted sectors and geographic areas.
Quality of implementing partners is low or ineffective in fulfilling their roles as market facilitators or lead investors leading beneficiaries withdrawing from the interventions.	Medium/High	MADE will apply careful selection criteria in identifying partners with whom we will work. In addition, MADE will include partner organizations to participate in our own staff development programmes.
Assumptions relating to delivery or uptake of various interventions prove to be overly optimistic, such as the willingness to pay for services	Medium/medium	The MADE business case has heavily discounted already conservative estimates and run sensitivity analysis which shows that reaching only 40% of client targets will still yield a positive IRR