

Federal Republic of Nigeria

Value Chain Development Programme (VCDP)

Supervision report

Main report and appendices

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Abbreviations and acronyms

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AMIS	Agricultural Market Information System
AWPB	Annual Workplan and Budget
ADP	Agricultural development project
BCR	Benefit Cost Ratio
BP	Business Plan
CAF	Commodity alliance forum
CASP	Climate Change Adaptation and Agribusiness Support Programme
GALS	Gender Action Learning System
CLAG	Commodity cluster apex group
ESMP	Environmental and social management plan
FGN	Federal Government of Nigeria
FFBS	Farmer Field/Business Schools
FMARD	Federal Ministry of Agriculture and Rural and Rural Development
FO	Farmer Organization
GAP	Good Agronomic Practice
IITA	International Institute of Tropical Agriculture
IRR	Internal Rate of Return
LGA	Local Government Area
LOP	Life of Programme
MG	Matching grants
MIS	Management information system
MTR	Mid Term review
M&E	Monitoring and Evaluation
Mt	Metric tone
MoU	Memorandum of Understanding
NAIC	National Agricultural Insurance Corporation
NALDA	National Agricultural Land Development Authority
NPC	National Programme Coordinator
NCAM	Nigeria Centre for Agricultural Mechanization
NIMET	Nigeria Meteorological Agency
NPMU	National Programme Management Unit
NRCRI	National Rot Crop Research Institute
O&M	Operation and maintenance
PO	Producer Organization
RUFIN	Finance Institution Building Programme
RIMS	Results and Impact Measurement System
SECAP	Social, Environmental and Climate Assessment Procedures
SOE	State of Expenditure
SON	Standards Organization of Nigeria
SPMU	State Programme Support Unit
TOHFAN	TRACTOR Owners Hiring Facility Association of Nigeria
TOT	Training-of-trainers
VCAP	Value Chain Action Plan
VCDP	Value Chain Development Programme
VCSC	Value Chain Steering Committee
WA	Withdrawal Application

A. Introduction¹

1. IFAD and the Federal Government of Nigeria (FGN) fielded a supervision mission to the Value Chain Development Programme (VCDP) from 04 to 18 July 2017 to assess implementation progress of the programme preparatory to the Mid-term Review (MTR), which is slated for November 2017. The mission focussed on assessing programme performance in 3 key areas: (a) market development; (b) productivity enhancement and institutions building/strengthening; and (c) programme management and coordination, including, performance on annual work plan and budget (AWPB), monitoring and evaluation (M&E), fiduciary, procurement, communication and knowledge management (CKM). The mission also assessed some key performance areas including (i) impact domains of poverty reduction (productivity, income, asset accumulation, market inclusion, empowerment); (ii) sustainability/exit strategy; (iii) climate change, gender and nutrition mainstreaming; (iv) youth participation/employment; and (v) non-investment activities comprising, policy engagement, partnership, and knowledge management.
2. The mission visited the six participating states in three groups – Anambra/Ebonyi, Niger/Ogun and Taraba/Benue, with courtesy calls paid to the Commissioners of Agriculture of the states. The interest of the legislature in VCDP was demonstrated in Taraba State where the Chairman of the State House of Assembly Committee on Agriculture participated in both the mission discussions and the field visits, and committed to support the executive arm of government in passing legislature towards agricultural development. In Benue State, mission team members participated in a highly enlightening meeting of the Commodity Alliance Forum (CAF) whose members subsequently participated in the thematic discussions of the mission. A pre-wrap up was held on 17 July 2017, while the main wrap up took place on 18 July 2017 in Abakaliki, Ebonyi State with programme staff, government officials and other stakeholders in attendance. (See Appendix 9 for the attendance at key meetings of the mission).
3. The mission highly appreciates the support and courtesies extended to it by the National Programme Management Unit, the state programme management units, the officials of FMF, FMARD, MBNP and local governments, traditional rulers, members of the value chain apexes, clusters and farmer organizations visited, the private sector organizations (notably the off-takers - Popular Farms, Olam, Onyx, JOSAN Farm & Rice Mills, Ebonyi Rice World, and Ebony Agro).

B. Overall assessment of programme implementation

4. VCDP is a market-led intervention designed to increase income and reduce poverty of the rural smallholder farmers by stimulating production and productivity through enhanced market access. In pursuing this approach, VCDP has developed an inclusive private sector engagement process, led by its established commodity alliance forum (CAF), which drives the decision of rice and cassava farmers to produce for identified markets in each state. The meeting of the CAF, at which market requirements and the rules of engagement by the parties are defined, serves as the 'entry point' for production by farmers in each state. Crop production is driven by group business plans, which are also prepared by the participating groups to respond to the need of the markets (off-takers) as agreed in the CAF. There is also a commendable level of buy-in by the participating state governments to support the market led approach as demonstrated in the (a) payment of counterpart funds to support to feeder/market roads and land development, (b) physical monitoring of field activities, (c) appointment of the State Programme Coordinators as key members of committees for commodity value chain development (in Ebonyi State) to integrate VCDP success in the government system, and (d)

¹ Mission composition from IFAD: Tom Anyonge (Senior Technical Adviser, Institutions), Masa Kishi (Procurement), Davis Atugonza (Financial Management), Oussama Ameziane (Programme Officer, Programme Management and M&E), Patricia Wills-Obong (Country Programme Assistant, Programme Management), Ben Odoemena (Country Programme Officer, Value Chain), and Rich Pelrine (Country Programme Manager); VCDP consultants: Samuel Eremie (Mission Leader, Programme Management), Jones Lemchi (Economics and Poverty Reduction), Frank Ikwe (Rural Infrastructure), Innocent Azih (Marketing and Private Sector Linkages), Oyesola Oyebanji (Crop Production and Institution Building), Samuel Ngedu (Crop Production), Ganyir Lombin (Policy Engagement), Ken Ukaoha (Civil Society), Lydia Ameh (Gender and Youth Development); from the Government of Nigeria: Appah Auta II (Senior Adviser to the Honourable Minister of Agriculture and Rural Development, HMARD), John Abugu (FMARD), Mohammed Abbas, Tolulope Jaji (FMF), Olushola Mshelia, Nnenna Okoli (MBNP),.

various state government executive orders targeted to response to the policy areas of VCDP and up-scaled proven results. In general, the mission observed a considerable empowerment and improved market participation of the rural poor farmers as they meet periodically with other key players in the value chains on equal strength to discuss and transact businesses.

5. **With respect to production and productivity**, VCDP: (a) has promoted the establishment of group seed production enterprises by youth; (b) introduced the use of private sector extension to promote good agronomic practices (GAP) and enhance farmers productivity ; (c) is nurturing agricultural mechanization at all levels, with pronounced emphasis on the use of smart power tillers to facilitate land preparation as an enterprise for youth employment; (d) has introduced a protocol for the strengthening of FOs, though there is room for improvement as most of the FOs are still weak to save adequately, and bank or mobilize internal financial resources to exit from the VCDP matching grant facility; (e) has shown good level of transparency in matching grant administration by involving IFDC and Cellulant in inputs delivery to the farmers; except for the request to decongest the redemption centres, the performance has been commendable by the state governments; and (f) has performed very well in promoting youth engagement in profitable agricultural enterprises, with 44% of the programme beneficiaries being youth.
6. The off-taker arrangement has strengthened the use of business and cluster value chain action plans (VCAPs) by participating FOs, which has further introduced a cashless credit services, in Benue and Niger states through Olam and Onyx participation respectively. The process has facilitated agri-input access by farmers. The comprehensive market development and productivity enhancement approach has resulted in corresponding yield increases in all the states. As reported in the last mission, data from the 2016 production season indicated that VCDP contributed 55,513 MT of rice and 184,377.6 MT of cassava to the national food basket, representing a contribution of USD 36 million (₦11 billion) to the country's GDP. The income-investment analysis for 2016 (inclusive of overhead cost) indicated that for every one USD invested by VCDP, USD 1.2 was realised from the sales of produce alone. This mission observed that for the 2016/2017 dry season, 2,863 MT of paddy valued at USD 1.2 million (₦372.2 million) was produced in the six participating states, with Anambra, Niger and Taraba states alone accounting for 95% of the total output. At a total cost of ₦95.1 million (USD 0.3 million), the benefit cost ratio (BCR) was 3.91, implying a net gain of ₦2.91 for every ₦1.00 spent by VCDP during the dry season farming. Following its achievement in 2016 wet season and 2016/2017 dry season production, the mission concludes that, VCDP implementation is on track as it has consistently with the two production season demonstrated that the value chain approach is a sound economic investment model for Nigeria.
7. For the 2017 wet season production: Building on the performance of the programme in 2016, about USD 89.1 million (₦27.2 billion) is expected to be contributed to Nigeria's GDP from the expected 152,724 MT (₦19.8 billion) of paddy and 294,612 MT (₦7.4 billion) of cassava in 2017 at ₦130, 000/MT for rice and ₦20, 000/MT for cassava. With a total planned investment of ₦6.5 billion in the 2017 AWPB, the resulting BCR of 4.08 would imply that for every ₦1.00 VCDP spends in 2017, ₦4.08 will be realized. This excludes the expected income from post-harvest based enterprise interventions. If the expected production from the 2017 season is realized, it will account for 3 to 4% of the national annual rice demand of 5 million MT. The mission encouraged VCDP to realise this projection by ensuring that the FOs apply good production and harvesting practices in the ongoing 2017 production.
8. As at 31 May 2017, VCDP had achieved 99% of its physical targets and 73% of its financial targets in the 2017 AWPB (see Table 1). Considering the initial implementation lag from the time VCDP entered into force (14 October 2013) to the first disbursement (19 September 2014) and having firmly established the programme implementation structures by 2016, the VCDP team drove itself hard to overachieve on the 2017 AWPB targets, especially as the MTR will hold later this year. All the components had higher physical achievements than financial receipts, relative to the targets. Though this may reflect staff commitment, it also shows great weakness in the AWPB process. As the targets seem too low, the mission urges the VCDP to review them and seek for IFAD non-objection after the mission.
9. Performance on Life of Programme Targets (LOP): Overall, the programme has achieved 137% of its physical and 127% of its financial LOP targets (Table 2). In all the components, the programme has achieved more than 100% of the physical and financial LOP targets mid-way in

the entire programme life. This is due to the grossly low targets set by design. The mission noted that VCDP was designed to be a pilot comprehensive value chain project in Nigeria and refrained from being over ambitious in target setting. However, with its current positive performance, the targets should be reviewed by the MTR slated for November this year.

Table 1: Overall performance on 2017 AWPB targets (as at 31 May 2017)			Table 2: Overall performance on life of programme targets (as at 31 May 2017)		
Component	Achieved (%)		Component	Achieved (%)	
	Physical	Financial receipt		Physical	Financial receipt
Overall	98.8	73.1	Overall	137.0	127.4
Component 1	114.8	82.7	Component 1	154.9	126.1
Component 2	101.1	76.1	Component 2	132.7	131.4
Component 3	80.4	60.5	Component 3	123.4	124.5
Note: Overall achievement (physical and financial) = 86%			Overall achievement (physical and financial) = 132%		

10. Performance across the states on the 2017 AWPB is presented in Table 3. Niger State recorded the highest physical achievement of 160% against the targets. All the states, except Benue recorded higher physical achievements relative to their financial receipts. Regarding the LOP targets; Niger State again had the highest physical achievement. There was good coherence between physical and financial achievements for the LOP targets, with Benue and Taraba states only achieving slightly higher financial performance than physical.

Table 3: Overall performance on 2017 AWPB targets across the states (as at 31 May 2017)			Table 4: Overall performance on life of programme targets across the states		
State	Achievement (%)		State	Achievement (%)	
	Physical	Financial receipt		Physical	Financial receipt
Anambra	82.0	50.9	Anambra	129.3	122.0
Benue	97.7	100.7	Benue	127.3	129.5
Ebonyi	90.8	77.0	Ebonyi	114.0	113.6
Niger	160.2	75.3	Niger	187.9	157.5
Ogun	86.0	55.3	Ogun	127.2	114.8
Taraba	87.3	75.5	Taraba	124.6	129.1

11. Currently, VCDP disbursement performance on IFAD loan proceeds is 40%. If the outstanding payments to the on-going construction works is made as planned, the disbursement performance is likely to hit the 50% by the time of the MTR. The mission noted that with an authorised allocation of USD 6 million, liquidity is not a challenge to disbursement. Secondly, the VCDP finance team has performed relatively well in submitting withdrawal applications.
12. Overall, thus far, VCDP has demonstrated strength in: (a) engaging and working with key and credible private sector operators such as Olam International, Stallion Rice, Onyx Rice Ltd, etc. to facilitate market access and input service delivery to smallholder farmers; (b) improving the quality and branding of processed rice by smallholders to enhance market prices and increase their income; (c) rehabilitating or constructing feeder roads connecting markets and the producing communities to facilitate the evacuation of the produce of participating farmers; (d) developing arable land to increase the access of women and youth to land; (e) identifying viable business opportunities within the two commodity chains for youth; and (f) engaging with state governments to influence public policies that have improved farmers performance.
13. The observed weaknesses include: (a) poor counterpart funding from the federal government; (b) low level of development of the FOs and their associated apexes, which is a risk to sustainability; (c) weak linkage with the National Agricultural Insurance Corporation (NAIC) for insurance against risks and uncertainties due to climate change; (d) lack of collaboration with the completed IFAD-assisted Rural Finance Institution Building Programme (RUFIN) to enhance credit access and financial inclusion. This would have been an exit strategy for the VCDP matching grant; (e) delay in market/processing infrastructure operation, especially the establishment of produce aggregation centres; (f) structural weakness in some market infrastructure; (g) lack of a clear strategy to engage with the ADP system for sustainability; and (h) lack of Nigerian Meteorological Agency (NIMET) involvement to ensure that farmers are climate smart in their agribusiness decisions.

C. Outputs and outcomes

14. **Component 1: Agricultural Market Development.** This component has two expected outcomes, namely: *Increased value addition and access to markets realized by beneficiary smallholder farmers as well as small and medium-scale processors;* and *Demand-driven infrastructure investments for improved access to markets realized and sustainably managed by the beneficiary organisations.* Based on the budgetary provision of ₦3, 065.45 million in 2017 and actual fund utilization of ₦748.24 million, VCDP has achieved 115% of the 2017 AWPB physical targets against 83% of the financial receipt targets for this component.
15. **Subcomponent 1.1. Support to value addition and market linkages.** There is good performance in this subcomponent, especially in developing market linkages between FOs and major off-takers. The first outcome indicator of “at least 75% of surplus production of cassava and rice is being sold to markets by smallholder farmers” has been largely achieved since 2016 as paddy and tubers remain scarce due to increasing demand by participating off-takers. Over 55,513 MT of rice and 184,377.6 MT of cassava was produced by farmers in 2016 and sold to off-takers, reflecting good performance in market access. This is mainly due to the fact that production by VCDP farmers is driven by identified market outlets. The second indicator of “at least 50% of the cassava and rice produced by smallholders is processed and sold” has also been met through the off-takers arrangement rather than through small and medium-scale processors. The third outcome indicator of “at least 36 contractual arrangements are formalized” has been achieved as 145 contractual arrangements have been formalized, representing 403% of the LOP target. This characterizes the business orientation of the parties. Against the 2017 AWPB, VCDP has achieved 90% of the physical targets and 125% of the financial targets under this subcomponent.
16. The outputs achieved include: (a) 1,106 **MOUs** signed between farmers and off-takers, representing 1,843% of the LOP target of 60; (b) 1,623 **processors** (21% of the target of 7,680) trained in recommended technologies, of which 504 were trained in false-bottom drum rice parboiling, the majority of which are women; (c) supported 22 processing centres with at least one piece of equipment (20%); (iv) training of 31 service providers (129%); (d) 29 meetings of the **CAF** (60%); and (e) use of market information generated by the Agricultural Market Information System (AMIS) by 1,843 smallholders (6%). Since some of the targets were understated during design, all the targets will be revisited in the new log-frame during the MTR.
17. Areas of improvement: The mission noted the following concerns on market development: (a) the contents of the MOUs between FOs and off-takers are sometimes not completely understood by the farmers, leading to mis-interpretation, misconduct and avoidable disputes from side selling, etc.; (b) branding and packaging are limited mainly to stone-free rice processed with the false bottom parboiler, and a few cases of gari and cassava snacks; (c) the AMIS is not very effective; (d) integrity is still lacking among some farmers resulting in violation of agreements or inflation of the weight of bagged processed rice and cassava produce prepared for sale; and (e) limited range of diversified cassava products, which indicates inadequate enterprise development in the cassava subsector. *The mission recommends that: (i) the agreements between FOs, off-takers and other service providers should be simple and preparation should be participatory by all parties; the contents should be well interpreted to FOs before signing; (ii) the number of FO representatives in the price determination committee be increased to 5; (iii) a training-of-trainers (TOT) among farmers and processors at the state level be organized by 30 September 2017; (iv) lead farmers should be trained to improve on their negotiation skills, pricing, supply and signing of agreements; provide lead farmers with cell phones and monthly recharge card to facilitate the AMIS demonstration in line with design; (v) organize an integrity workshop for all stakeholders to enhance their commitment and transparency; and (vi) as part of product diversification for income, use TOT to train lead farmers on the use of cassava peels to produce animal feeds or rice husk for briquettes.* This should be part of the VCDP ‘waste to wealth’ enterprise development approach and environmental mitigation measures.
18. **Subcomponent 1.2. Support to market infrastructure.** The mission observed good performance of VCDP in this subcomponent. The first outcome indicator of “arrangements for the operation and maintenance (O&M) of market infrastructure/equipment are developed and operational for 3 years after provision of infrastructure” has only been slightly achieved with the

- recent training of 165 road maintenance team members. The second outcome indicator of “at least 65% and 50% reduction in post-harvest losses for rice and cassava, respectively” may require a pre-MTR study to assess effectively. However, based on the fact that virtually 80% of the farmers produce are directly marketed at harvest and no complaints on losses were received from farmers, post-harvest losses seem to have reduced drastically. So far, VCDP has achieved 139% of the 2017 AWPB physical targets and 41% of the financial targets for this subcomponent.
19. The outputs achieved so far include: (a) construction contracts valued at ₦2.8 billion for 134.5 km out of a target of 300km of rural **feeder roads** (45% of the target) are at an average completion of 75%, and one bridge (0.5% of target) and 162 culverts (77% of target) have been constructed. *The issue of differences in the specifications for rural and farm roads between IFAD (4 metres carriageway with a gravel finish) and government (6 metres carriageway with bituminous surface dressing, as applied for the on-going contracts) will be addressed by the MTR to establish an acceptable standard in line with available VCDP financial resources till completion;* (b) on-going construction for 20 **cluster processing centres** while one cassava centre in Niger State has been completed, representing 20% of the target of 108 processing units with stores; (c) on-going construction of 9 **water supply schemes** (8% of the target) linked to the rice and cassava value chains; and (d) **matching grants (MG) for processing facilities** – ₦35.4 million (3%); but no warehouse facility or **aggregation point** or **market stall** has been developed.
 20. Areas of improvement: (a) the relationship between the M&O committee, local government and community members in road maintenance is weak to guarantee ownership and sustainability. *The mission recommends the formation of inclusive road maintenance committees comprising the trained teams, and representatives of the user FOs/clusters, traditional rulers and the LGA, to ensure transparency and ownership in the maintenance process and resolve potential institutional bottlenecks that may arise from the LGA regarding the collection of tolls for road maintenance and eventual take-over by the LGAs which have statutory responsibility for most rural feeder roads.* (b) The market infrastructure is not moving at expected pace. *The mission recommends that the development of market infrastructure facilities should be fast-tracked and economic trees planted at the sides of the farm roads for conservation.* The Anambra State example where the Ministry of Agriculture established produce display centres could be considered by other states. Apart from the display of goods, produce and input sales are facilitated through the centre.
 21. **Component 2: Smallholder Productivity Enhancement.** This component is expected to achieve two key outcomes: *FOs effectively services their members;* and *Production and productivity of smallholder rice and cassava farmers in the programme areas increased.* VCDP has achieved 101% of the 2017 AWPB physical targets against 76% of the financial receipt targets for this component.
 22. **Subcomponent 2.1. Strengthening FOs.** While the programme has kept to the use of FOs as the implementation entry point at the community level, the strength of the FOs remains weak. The first outcome indicator of “all FOs strengthened by programme (target 2,250) use bulk purchase method to procure their input” has been achieved with 2,647 FOs (118% of the target of 2,250), **using bulk purchase** method to procure inputs. However, the second outcome indicator of “at least 40% of supported FOs is strong by PY 5 (good record keeping, strong business plans, generating profit, linked to finance, etc.)” is yet to be achieved, which raises a question of sustainability of VCDP approach at the community level. VCDP has achieved so far, 101% of the physical 2017 AWPB targets and 96% of the financial targets under this subcomponent.
 23. The achievement of the outputs include: (a) 2,871 FOs have been **registered** with the Department of Cooperatives (128% of the target of 2,250); (b) out of the target of 6,750 FO group leaders, 1,787 leaders (26%), have been **trained in good governance issues;** (c) **integrity compliance training** has been provided to the FOs to sustain their credibility in their engagement with the private sector; (d) private sector service providers are helping to **build and strengthen the FO apexes** and streamline the cluster value chain model to act as a unit of business engagement and as an exit strategy; and (e) capacity building has been provided to the FOs in group dynamics, savings mobilization and rural credit, institutional linkages,

- entrepreneurial skill development and record keeping, but this should be continuous to confer strength in them.
24. **Weakness and areas of improvement:** VCDP has not yet established a sustainable linkage to finance for the FOs. The mission also noticed that many of the FOs still do cash transactions with the off-takers, the AMIS virtual trading platform is not live yet in any state, and there is no virtual or e-payment capacity among the FOs. Securing extra credit is difficult for the FOs due to the high interest rates charged (up to 25%) by commercial banks as well as the stringent collateral conditions attached to securing the credit. Savings mobilization for input purchase is also weak despite proven evidence that farmers income has improved. *The mission recommends: (a) immediate engagement of appropriate ex-RUFIN staff and others as service providers on performance-based contracts to intensify the sensitization and training of FOs on savings and credits and facilitate financial inclusion for the rural smallholder farmers; (b) encouragement of beneficiaries to open individual bank accounts with bank verification number (BVN) for their transactions with off-takers and other service providers; (c) future agreements should be flexible to allow the off-takers to pay the farmers either through their group account or individual account. The group's service charge could be agreed with the off-taker. In this case, the off-taker deducts the charge at source and credits same to the group account to keep it active and to establish a group credit history; (d) the development of a simplified framework to harmonize the FO records of operations and ease of taking minutes of meetings; and (e) the RIGYMOs to conduct financial literacy training for FOs to inculcate the culture of savings and loans and improve their financial knowledge and planning by 31 August 2017.*
25. **Harmonization of FO structures.** The mission recognized that VCDP has engaged service providers in all the states to assist in strengthening the FOs, albeit with some variation in the structure of the FOs in the states. Based on its critical role in service delivery and sustainability of VCDP, harmonizing the FO structure in the states has become a priority. The mission developed, jointly with the VCDP staff, a unified framework² consisting of a 3-level structure of FOs. Level 1 (the primary level), is the **commodity groups**, involving all those producing or processing the same commodity within a village. The function of the commodity groups, which has been maintained by the present FO structure, is to prepare a business plan (for production or processing), provide good governance for common purposes, engage in business transactions for members, conflict resolution, elect representatives to the cluster apex, and enforce group decisions. Level 2 is the **commodity cluster apex group (CLAG)** which is a union of FOs for a specific value chain at the community/cluster level. The function of the CLAG (one per value chain) is to define/create concrete linkages between the groups, facilitate access to markets and other services, conflict resolution, identify policy issues that constrain member businesses, and facilitate the flow of information and knowledge from the LGA/CAF. The CLAG engages with the government, identifies key policy issues, represents the cluster at the state CAF, establishes and organizes cluster meetings, prepares and oversees the implementation of the cluster action plan (CLAP), and ensures the integration of the CLAP in the LGA AWPB and overall VCDP AWPB. The third, the **LGA level**, comprises representatives of the CLAGs in an LGA. *It was agreed that the LGA level apex (LGAG) will evolve as the CLAGs mature and find a need for facilitation at the LGA level, and are able to support such an apex financially.* The general principle is that the lower level organization should lead to the next level at the volition of the lower level. For now, VCDP effort should be limited to the first and second levels unless the need to work at the third level is obvious and demand driven.
26. **Mainstreaming financial access to VCDP.** Although the MG has increased farmers' access to inputs and consequently enhanced productivity, it is not a sustainable business model because the financial resources are limited and will cease by year 5 of the programme. VCDP is aware of the importance of linking the FOs to financial institutions for sustainable access but it is yet to engage a **Financial Inclusion and Value Chain Financing Expert** recommended by the last supervision mission to take up this function. Figures provided by VCDP indicate that 1,794 rice and cassava FOs had savings of only ₦90.1 million, which translates to an average of ₦50, 222 per FO or ₦3, 333 per farmer for a group of 15 farmers. This amount cannot match the grant for inputs not to talk of equipment.

² See Appendix 12 - The harmonized framework for the establishment of the structures of FOs by VCDP

27. **Subcomponent 2.2. Support to smallholder farmer production.** The performance of VCDP so far under this subcomponent against the 2017 AWPB is 101% of the physical target, and 56% of the financial target. The outcome indicator on **productivity** has been fairly achieved. The 2016-2017 dry season rice production across the states, recorded an average yield of 4.8 MT/ha, ranging from 0.8 MT/ha in Benue State to 5.8 MT/ha in Taraba State, indicating over 100% increase in productivity from the national baseline figure of less than 2 MT/ha. Removing the Benue and Ogun figures, the programme achieved an average yield of 5 MT/ha (see Figure 1). This is an excellent performance, with potential to achieving even more yield as the intervention progresses with more adoption and application of productivity enhancing techniques and practices being promoted by VCDP. While crop destruction by herdsmen incursion caused the recorded low yield in Benue State, low adoption of productivity enhancing technologies and practices by beneficiaries may have accounted for the relatively low yield in Ogun State. The yield for the cassava planted in 2016, which is to be harvested from August 2017, is estimated at 22 MT/ha of tuber against the baseline of 15 MT/ha based on field observation.

28. The second outcome indicator of “50% increase in rice and cassava produced by the target smallholder farmers” is also being achieved. The **production** from the 599 ha put under rice in all the six states during the 2016/2017 dry season is 2,863 MT of paddy, valued at ₦372.2 million, from a total programme cost of ₦95.1 million. This indicates a positive BCR of 3.91, implying that for every ₦1.00 that was spent/invested by VCDP in the 2016/2017 dry-season rice production, a total revenue of ₦3.91 was realized, giving net revenue of ₦2.91. If Benue State is excluded from the analysis, the BCR becomes approximately 4.0 (see Table 5). This indicates a loss of ₦13.5 million (0.09 in BCR) to the menace of herdsmen in Benue State alone. *The mission recommends that government should take measures that would reduce the exposure of farmers and their agri-businesses to herdsmen attack.*

29. Across the states, Ebonyi recorded the highest BCR of 6.77 while Benue had the least BCR of 0.64. The implication is that VCDP incurred a net loss from the dry-season investment in Benue State. Also, the BCR of 1.72 in Ogun State did not give an attractive return for further investment compared to the other states. Thus, the state needs to put in more efforts in the application of productivity enhancing technologies and practices among the beneficiaries.

State	HA	FOs	farmers	Ha planned	Ha planted	MG support on irrigation pump and inputs(N)	Harvest (MT)
Anambra	5	56	863	365	202	32 478 166	980
Benue	2	30	548	62	13	2 119 929	10.42
Ebonyi	5	57	417	168.5	18.5	1 714 749	89.3
Niger	5	31	1 226	201	155.2	24 977 321.60	621.3
Ogun	4	9	170	151	13	2 119 929	28.07
Taraba	5	32	463	367	197	31 704 001	1 134.2
Total	26	215	3 697	1 315	598.7	95 114 095.60	2863.29

Source: VCDP field data 2017

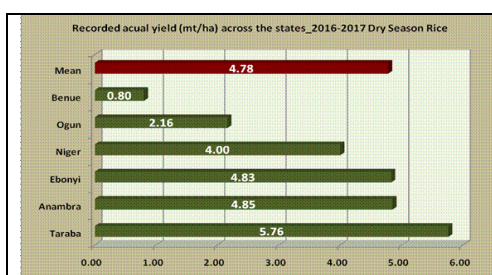


Figure 1: Yield of paddy across the states during the 2016/2017 dry season

State	Total Ha	Total production	Sales (N'm)	Costs (N'm)	BCR
All states without Benue	586	2,853	370.9	93.0	3.99
All states with Benue	599	2,863	372.2	95.1	3.91

30. For the 2017 planting season, about 41,159 ha have been planted by 31,300 farmers with high yielding improved rice and cassava variety as required by their off-takers. Based on the performance of the 2016 production, the 2017 rice and cassava crops are expected to generate a gross income of ₦27.2 billion for the farmers, comprising ₦19.8 billion from 152,724 MT of paddy at ₦130,000/MT, and ₦7.4 billion from 294,612 MT of cassava tuber at ₦20,000/MT. Generally, the farmers are using best agronomic practices, which satisfy the third outcome indicator of “at least 70% of smallholder farmers have adopted at least one technology promoted by the programme”. The high productivity being recorded by VCDP farmers is traceable to the use of improved production practices by most of the farmers and engagement of private extension providers.

31. The following outputs have been achieved in this subcomponent: (a) **access to inputs** – 21,879 farmers were supported with inputs through the MG valued at ₦1.92 billion in 2016 while for 2017, a total of 31,300 farmers (69% of the LOP target) are receiving input support worth ₦4.9 billion for 27,768 ha of rice and 13,391 ha of cassava. Farmers confirmed during the field visit that there was an improvement in the timeliness of delivery of inputs in 2017 compared with the situation in 2016, and expect better yield during the 2017 harvest; (b) **extension services** – 1,415 FOs (63% of the target of 2,250 FOs) have received VCDP supported extension services. However, VCDP has not signed with any ADP extension department a performance-based contract as a window of institution development and programme sustainability for extension, as recommended by the last mission; (c) production **service providers** trained – 35 (97% of target of 36); (d) **farmers trained on improved technologies** – 12,292 (39% of target of 31,500); (e) **irrigation** – 1,171 ha (39% of target of 3,000 ha) cultivated during the dry season; (f) **seasonal flood protection** – 11,227 farmers (37% of target of 30,000); and (h) **MG for production inputs** – ₦206.6 million (25%), and **agricultural equipment** – ₦202 million (57%).
32. Areas of improvement, despite the good performance in productivity enhancement, the mission noted that VCDP under-performed in the following output areas: (a) establishment of Farmer Field/Business Schools (**FFBS**) – 31 against a target of 480, representing 6% achievement; and (b) training of youth on **spraying techniques and other business** – 982 against a target of 9,000, representing 11% youth trained on various entrepreneurship activities (seed/cuttings production and equipment leasing enterprise). Youth participation was more in production, because they were unable to meet the 30% matching grant to give them access to VCDP's 70% matching grant to set up profitable small agri-enterprises.
33. **Management of the matching grant.** The MG is aimed at providing stimulation capital to aid beneficiaries in enterprise engagement. Although the scheme is working fairly well as VCDP has involved IFDC and Cellulant to ensure validity/transparency in the number and location of farmers, a dependency syndrome appears to be developing among the beneficiaries. Most are not making any plan of operating without the MG, as they have no savings plan from their business income, despite the high profit being recorded at the production level. For the MG strategy during the second half of the programme, VCDP through the FO service providers should encourage the farmers to make mandatory savings of their MG contribution for inputs at the time of harvest/sales for the next season's farming operation. This will help to guarantee sustainability after stoppage of MG to the beneficiary.
34. **Land development.** The mission observed that land development, market-connected feeder roads, and dry season irrigation farming were the three main drivers of government and community buy-in in VCDP. Interestingly, VCDP has developed and parcelled out 1,192 ha of land to participating farmers and this has been highly appreciated by the federal government, state governments and community members. The intervention in land development helped to facilitate land access by women and youth. The government of Ebonyi, Anambra and Benue states are providing support in the form of equipment to scale the initiative. The mission gathered from community members during the field visit that the 10-year "tenure" or "lease" adopted by VCDP is appropriate for now. Currently, VCDP is a party to the agreements for land between communities and FOs. *The mission recommended that since VCDP will cease to exist at some point, in future, the programme should act as a facilitator and witness in the land transaction process. The mission encouraged the programme to review the template of the land agreement between the communities and the farmers, where VCDP status of participation and signatory will be limited to a witness/facilitator.*
35. **Youth in mechanization and seed multiplication.** Another high point in VCDP is its ability to engage with youth in profitable agri-business. The youth groups are being gainfully employed through VCDP's provision of simple equipment to provide mechanization services to programme-assisted farmers. VCDP strategy of working with business development service providers to provide a practical enterprise training for the youth for 10 days prior to the provision of equipment from the matching grant facility was adjudged excellent by the mission. The output from the agribusiness support initiative for youth include: (a) 20 threshers (13% of LOP target); (b) 15 reapers (10%); (c) 16 power tillers (11%); (d) 330 sprayers (110%); (e) 232 cassava peelers (110%); (f) 5 rice de-stoners (6%); (g) 19 rice parboilers (24%); and (h) 9 dryers (11%). The challenge highlighted by the youth is the lack of funds for their 30% contribution for the

equipment under the matching grant. Farmers are also having increased access to mechanization services from organized service providers such as TOHFAN, as well as operators of equipment procured by some state governments with the policy influence of VCDP. Poor access to some farms during the rainy season and scattered plots in other places, however make the per hectare cost of mechanization prohibitive.

36. Five of the youth agripreneurs trained by VCDP at IITA have established 30 ha of rice seed multiplication farms, while 15 other youths trained at NRCRI have established 90 ha of cassava stem multiplication farms. The cassava stem multiplication enterprise often fetches more income than is realized from the cassava roots. *As this is a low hanging fruit, VCDP is encouraged to facilitate the establishment of at least one youth/women seed producer in each benefiting cluster for improved proximity in the access and use of improved seeds.*

D. Programme implementation progress

37. **Programme management performance.** The achievement of the **NPMU** in the 2017 AWPB regarding Component 3 is 75% of the physical targets and 63% of the financial targets. The consolidated performance (of the NPMU and the SPMUs) in Component 3 is 80% and 60% respectively against the physical and financial targets of the 2017 AWPB. The key outputs achieved in programme management against LOP target include: (a) 44 financial progress reports produced (70% of target); (b) 19 AWPBs produced (45%); (c) 50 M&E progress reports produced (32%); (d) 114 management meetings held (27%); and (e) 26 stakeholder meetings held (19%). Apart from the production of financial progress reports and AWPBs, performance in the other areas such as meetings of the Value Chain Steering Committee (**VCSC**) at the federal level, to give oversight and policy guidance to VCDP, are infrequent and therefore weak. In March 2017, a technical meeting with the inter-ministerial sub-committees was held instead to review the updated VCDP progress report. *The mission reiterates the recommendation of the last mission that the NPC, as the Secretary of the VCSC, should maintain a log of the outcomes of the VCSC meetings to inform future supervision missions and the forthcoming MTR on the performance of the VCSC for possible review with the government.*
38. As recommended by the last mission, the NPMU at its meeting with the SPMUs in January clarified staff roles and responsibilities and reviewed the draft **administration manual** before it was finalized. VCDP also shared its administration manual with the sister IFAD-assisted Climate Change Adaptation and Agribusiness Support Programme in the Savannah Belt (CASP) in the context of a harmonized country programme approach.
39. **Staffing and salaries.** IFAD continues to pay the salaries of the NPMU staff given the low level of FGN counterpart financing provided. The NPMU presented a proposal to the mission for additional staff³ based on: (a) increase in work load of the component heads to avoid possible breakdown of staff arising from cumulative work stress; (b) the need to further improve on programme implementation in view of the increasing request by government for expansion and scale-up; and (c) the need to mentor younger Nigerians for sustainability. *The mission agreed that VCDP should engage assistants with relevant competencies for each component and subcomponent head to reduce the work load on staff members. It also recommended for the engagement of 10 drivers to relieve the officers from driving project vehicles, one secretary/TA, one office assistant, one receptionist, and two generator operators. The mission advised that VCDP should out-source the following services: office cleaning, security, nutrition mainstreaming, climate change mainstreaming, and ICT Engineers, all through a competitive selection process. All staff positions should be filled through a transparent and competitive selection process. ICO will witness the selection process. The Financing Agreement should be amended to reflect the true situation in the payment of staff salaries by IFAD, Federal and State Governments. FMARD are encouraged to ensure compliance in the revised staff structure.*
40. **Capacity building.** Capacity building and training of programme staff, implementing partners and FOs continued to be a major focus of VCDP to ensure strong implementation performance. Staff and partners trained overseas and locally have in turn shown greater proficiency as

³ See Appendix 11 for the revised staff organogram. Staff salaries will be based on the revised organogram taking into account the overhead cost implication.

trainers of the target beneficiaries of the programme. As agreed with the last mission, VCDP now conducts staff training on the basis of a skill gap analysis. The major trainings for staff and partners conducted so far in 2017 include: (a) workshop for 78 staff of service providers for FO strengthening in Lokoja in January; (b) synergy workshop for experience sharing with RUFIN for 80 staff in Awka in April; (c) capacity building workshop on data capture and reporting on key performance indicators for the six states in May; and (d) workshop on plan and evaluation manual and RIMS in Ghana in April for the state M&E officers. Despite all those, leadership and team building training for staff to improve on team work and productivity is recommended.

41. At the FO level, the major trainings conducted so far in 2017 include: (a) 30 youth on rice seed production at IITA, making a total of 60 youth trained from 2016; (b) 64 youth on enterprise development by Africa Community Bridge Foundation in Makurdi in April; (c) 90 youth on cassava stem multiplication in Igbariam in May; (d) 155 youth on rural road maintenance in Ota in June; (e) strategic development plan training for 188 FO representatives in Abakaliki, Minna and Makurdi in February/March; (f) integrity compliance training for 35 FO representatives in Abuja in May; and (g) Gender Action Learning System (GALS) training for 56 FO representatives in Abuja in June. Table 6 shows that over 13,500 FO members have been trained, 77% of them on production related topics. About 34% of all the training beneficiaries under VCDP were female.

Table 6: VCDP performance in training of farmers and FOs

Component of training	Number of beneficiaries					% of female beneficiaries
	Total	Staff and partners	FOs	By gender		
				Male	Female	
Marketing and processing related	2,511	249	2,262	1,413	1,098	44
Production related	10,701	219	10,482	7136	3,565	33
Management related	1,573	628	945	1,147	426	27
Total	14,785	1,096	13,689	9,696	5,089	34

42. **Monitoring and evaluation (M&E).** VCDP has a robust M&E structure and a tailored *management information system* (MIS). A system for data collection, and uploading using Dropbox as a vehicle for sharing documents and verifying their validity is also in place. The MIS is designed to respond to activity, output and outcome tracking and can generate the reports on progress and performance. The mission however observed some laxity in the tracking, and recording of accurate, reliable and consistent data despite the NPMU's claim of routinely carrying out internal data quality harmonization. The data integrity concerns include: (a) lack of business records in the enterprises visited; (b) considerable departure of field realities from the reported figures in many instances – most times the performance is under-reported; (c) non-uniformity of reporting units for some indicators; (e) and lack of data for some indicators on LOP physical and financial targets, but only entries on achievements. *The mission reiterates the recommendation of the last mission for rigorous data reconciliation and harmonization to be done ahead of every mission, and particularly for the MTR. Also, the tracking and reporting on physical and financial data should complement each other.* VCDP should produce a reliable set of data to help the MTR team arrive at implementation efficiency including for the IRR, BCR, and cost per beneficiary during the first half.
43. The NPMU has contracted out the following **thematic studies**: (a) matching grants on farm enterprises; (b) performance in innovation, KMC; (c) effectiveness of market linkages between off-takers and FOs; (d) level of mainstreaming of climate change adaptation measures; (e) technology diffusion among non-beneficiaries; and (f) economic potential of mechanized threshers as an enterprise. Niger State has an on-going Impact Study of Women Rice Processors, while it has conducted studies on road traffic counts and needs for business management techniques. *This mission recommends a confirmation of the yields of rice (rain-fed and irrigated) and cassava in different states before the MTR as this information is critical to most assessments of outcomes under the programme.*
44. **Knowledge management and innovation.** VCDP implements its Knowledge Management and Communications strategy through three strategic objectives: (a) promote knowledge sharing between all stakeholders to enhance learning, sustainability and replication of

programme innovations and best practices, (b) document, produce and disseminate knowledge products on programme impact, approaches and lessons to influence scaling up of programme interventions; (c) increase VCDP visibility and results in rice and cassava agricultural value chain development in Nigeria; and (d) partnership with media for greater outreach in knowledge dissemination to facilitate quick adoption, replication and upscaling of successes by the public. To realise these objectives, VCDP has **capitalized knowledge** through knowledge products such as a compendium of programme success stories and innovations, newsletters, photo stories, documentaries, sensitization flyers etc., and organised knowledge sharing events to create awareness, stimulate buy-in and provoke replication of the best practices. *The mission agreed with NPMU that by 30 September 2017: (i) an online platform to serve as information repository as well as for learning and knowledge sharing source will be developed, the task will be led by the KMC Adviser; and (ii) knowledge sharing workshops/learning routes for replication and scaling up of pilot activities with different stakeholders will be conducted, the action to be coordinated by the NPC/SPCs and the KMC Adviser and KMCOs.*

45. **Engagement with the central communication unit (CCU).** Media engagement by VCDP has enhanced programme visibility and facilitated stakeholders buy-in across the states through the facilitation of the CCU. However, the relationship between CCU and the programme should be further defined to create a certain level of independence for the unit to effectively support other IFAD programmes. Secondly the CCU engagement with the NAN should be revisited to assess performance and further define obligations. The mission further observed that information sharing within the programme is not very strong. In most cases component and subcomponent heads work in isolation and do not have a fair knowledge of what obtains in other areas. *To improve on knowledge sharing within the system, the mission recommends (a) monthly management and technical meetings for the NPMU and for each SPMU, (b) a joint monthly management and technical meeting for NPMU and the SPMUs, (c) use of group mailing to help ensure free flow of information and non-duplication of efforts, and (d) adoption of a weekly/monthly activity log at the NPMU and SPMUs to regularly track and record programme operations and staff travels. The KMC Adviser will develop the Activity Log template and share with the management by 20 August July 2017.*
46. The **innovative and knowledge products** being scaled up in the programme and adopted by the government and other development projects include: the CAF, dry season farming, land development, bird scaring equipment, smart climate weather reader, youth mechanisation strategy, equipment fabrication, false bottom rice parboiling technology, and standard weights and measures being widely adopted in Ebonyi State. The mission observed that the CAF, which is a transaction and policy engagement forum of all stakeholders being held at two levels (cluster and state levels) has improved farmers' access to markets and enhanced productivity through efficient service delivery among stakeholders. It also observed the effort of other projects (e.g. the World Bank-funded Fadama III), FMARD and the participating state governments to upscale the land development initiatives of VCDP. As part of VCDP policy dialogue function, the mission advises the programme management to support the government to revive and strengthen the National Agricultural Land Development Authority (NALDA) of the FMARD to upscale the success recorded in land development. *The mission acknowledges the existence of some useful knowledge products in VCDP. As the programme nears the MTR, the mission recommends that CCU should help the VCDP management to get the following knowledge products in a readable form for staff and non-staff members: (a) Youth Gender Engagement Strategy; (b) FO protocol and strengthening strategy; (c) Market Development strategy; (d) extension handbook or package of practices; (e) climate change adaptation measures; (f) Nutrition mainstreaming strategy; (g) policy engagement strategy/areas of influence; and (h) partnership engagement strategy. The mission also recommends an internal technical workshop to acquaint staff members about those knowledge products.*
47. **Effectiveness of targeting.** VCDP mainly relies on self-targeting approach to respond to its strategy of working with farmer groups. As production is designed to respond to the need of farmers' identified market outlets, market identification is carried out through a transparent process that allows the farmers to compare the gains and opportunity costs of dealing with different outlets. Although there is a good gender and youth strategy, high level of involvement of youth, as well as women producers and processors participation in profitable enterprises, it is not clear if poverty has been prioritized in the selection process. However, interaction with

participating groups and communities has demonstrated that VCDP's activities are effectively targeted towards the smallholder farmers (84%) including women and youths. The LOP target of direct programme beneficiaries is 53,480 households, comprising 45,000 farmers, 7,680 processors, and 800 marketers. A total of 31,300 **farmers** (69% of the target) have been networked and receiving input support. However, only 1,693 processors (22% of the target) have been trained. For marketers, the major activity has been the demonstration of standard weights and measures and recently the training of 1,843 persons on the AMIS. To ensure that poor people are being targeted, *VCDP should develop a system that allows the classification and tracking of households along wealth related indicators and based on this information, VCDP devise a targeting strategy for better reach of the poorer strata.*

48. Areas of major concern: Three key implementation shift issues have arisen and could have negative impact on the results being achieved by VCDP relative to the set targets. First, the strong (and commendable) participation of off-takers and the provision of market outlet to farmers tend to de-emphasize the upgrading of the **small scale processors** facilities as intended by the design. Second, the new orientation on the development of modern cluster processing centres, intended to be owned and managed by some of the processing groups could result to scarcity of raw materials and create **unhealthy competition** for farmers produce between big processors and the clusters. The situation could result to unethical behaviour (side selling of produce) by smallholder producers. As at the middle of 2017, there was no evidence that the big off-takers could receive enough supply of raw materials from VCDP farmers for their processing mills and some of the small scale processors are already voicing their concerns about the dominance of the big players in the market. The lesson is that following the increasing number of processors and government policy support on industrialization, VCDP needs to step up its support to production along identified markets. Thirdly, the two issues highlighted above have tended to eliminate the need for VCDP to support **marketing groups** whose functions have been largely subsumed by the producers, processors and off-takers. The MTR will need to confirm the rationale for continued support to the marketing groups and what type of support should be provided to the actors in the chain.
49. **Gender and youth focus.** VCDP has a clearly defined gender and youth strategy to guide gender mainstreaming efforts. As at May 2017, 330 out of the 2,841 profiled groups (12%) were women only groups, while 473 (17%) were youth only groups, 59% mixed groups and 12% men only groups. Out of the total membership of the FOs of 45,073 about 36% were female, while 44% were the youth, comprising 14% female youth and 30% male youth. This has resulted in increased access of women and youths to inputs, services and land, resulting to improved yields, market opportunities, income and livelihoods. *The mission recommends: (a) integration of GALs to enhance the inclusion of women in the commodity value chain systems; and (b) improvement in disaggregation of programme performance outcome by gender and age.*
50. **Poverty focus.** The mission noted that poverty reduction and decent job creation among the beneficiaries remain the cardinal goal of VCDP. In particular, VCDP supports: (a) yield enhancing technologies to boost productivity and income, (b) sustainable linkage with off-takers to ensure market availability for their produce, (c) group approach for farmers to gain economies of scale in their business transactions, (d) mainstreaming of nutrition fortified cassava varieties in the business of cassava farmers, and (e) the establishment of community seed producers in the production clusters, which has improved access to and affordability of quality seeds by farmers. VCDP also facilitates the establishment of CAF, which has promoted market inclusion and empowerment of the smallholder farmers in the commodity value chains. VCDP's investments in improved processing technologies have reduced post-harvest losses and increased return on investment for smallholder farmers. VCDP has a simple youth engagement strategy to promote agribusiness for youth. Field observation during the mission showed that 30% of the beneficiary farmers are leveraging the services of smart tractor leasing, mechanical harvesting and agro-input spraying services in various farming communities. As at the 2017 production, farmers increased their productivity by more than 80% from less than 2 MT/ha to an average of 4.5 MT/ha for rice and from less than 15 MT/ha to 25 MT/ha for cassava. Some rice farmers made over 1.5 million as net gain from their production. As at the time of the mission, the average return on investment (BCR) for rice and cassava farmers stood at 2.9 and 2.5 respectively against a baseline figure of less than 1.5. Field data also shows that more than 80% of the farmers have been trained on best production practices.

51. However, the mission noted that: (a) in all the states, the scale of enterprises remains below the recommended minimum that will guarantee a beneficiary an income equivalent to USD 2.5/day or more to take such beneficiary out of poverty; (b) beneficiaries are exhibiting dependency syndrome (on the MG) and find it difficult to save for reinvestment; (c) group enterprise ownership and management is still being practiced, which can militate against maximum injection of individual enterprise initiatives and skills. Except in a few cases, such as processing infrastructure, individual ownership of an agribusiness in a group setting (successfully operated by the closed IFAD-CBNRMP) is recommended; and (d) there is limited attention to the cassava value chain as industrial raw materials off-takers are limited due to competition for domestic use. These concerns merit further reflection during the MTR.
52. **Partnerships.** VCDP has developed active partnership with five major categories of participants in the commodity value chains. This effort has been instrumental to the results the programme has achieved thus far. The partnership is with: (a) off-takers (Olam, Onyx, Stallion, etc.), who drive the CAF, participate in farmer mobilization, validation, profiling and training and support farmers to access inputs, extension and credit services, leading to increased yield of rice and cassava; (b) input and equipment dealers (TOHFAN, NCAM, etc.), who support farmers with cassava stem-cuttings, rice seed, agrochemicals, and mechanization services; (c) research institutes (IITA, NRCRI, African Rice) who support farmers with stem-cutting, rice seeds and agribusiness training/mentorship to young seed producers; (d) the media on communication and knowledge sharing; and (e) financial institution (NAIC), who provides insurance for farmers against risks and uncertainties associated with weather and climate change. The envisaged partnership with NIMET does not exist for now.
53. **Policy focus.** The design envisaged VCDP to support the improvement of the policy and regulatory framework for value chain development by facilitating collaboration among relevant agencies with statutory roles and responsibilities in establishing and enforcing agricultural commodity quality norms, grades and standards. In this line, VCDP has made commendable efforts to positively influence the direction of government policy focus in favour of the small scale agricultural producers, processors and marketers in order to integrate them in the agricultural business economy of the VCDP states. For instance, Ebonyi State Government has **adopted the VCDP market-led operational model** as its intervention strategy for rice production, and has included the State VCDP management in the Committees on Rice development and the Anchor Borrowers Programme (ABP) in the state. Benue State has also adopted the VCDP model for the ABP. Anambra State has adopted the VCDP approach and is enforcing the use of certified seed for farmers in all the commodities having the gains from VCDP. To upscale the VCDP **land development** initiative, the Ebonyi State Government procured 40 farm tractors while the Niger State Government distributed 30 power tillers to the FOs, and Ogun State Government purchased additional 20 bulldozers. Building on the lessons and experience of VCDP in the formation and registration of FOs, Anambra State Government reviewed the **policy on farmers' cooperative registration** process by reducing the registration fee for small scale farmers, prescribing a maximum of two-weeks for completion of the registration process, and establishing a registration desk in the Ministry of Agriculture to bring the office closer to the farmers.
54. The Niger State Ministry of Agriculture has reached an **agreement with the River Basin Authority** that 2% of the revenue collected from the FOs will be set aside for the O&M of the River Basin facilities. The State VCDP is also collaborating with NAFDAC and Standards Organization of Nigeria (SON) to get **certification** for the FOs produce. In Anambra and Ogun states, the government is leveraging on VCDP farmers profiling to develop a comprehensive **database for farmers, which** guides them to make sound investment decisions regarding targeting of farmers for technical service delivery. Anambra and Ebonyi states have keyed into the VCDP initiative to restructure and **upgrade the rice and cassava small-scale processing centres** in order to enhance product quality at the level of smallholder processors. The Ogun State Government also initiated a policy of consolidating the numerous mini rice processing centres in order to achieve economy of scale for small rice producers in the State. Through VCDP policy advocacy, both states have adopted **standard weights and measures** for the sale of rice in order to eliminate the seller-buyer conflicts associated with the practice of selling rice in bags of varying weights. Anambra and Benue states have also accepted, as a matter of

- policy, to promote **dry-season irrigated rice farming**, a practice that was unknown in the two states prior to the advent of VCDP.
55. The entry of VCDP in the rice industry in Benue State has led to a **positive policy reversal** that brought Olam, a major rice off-taker, back to the State. Prior to VCDP, Olam had exited from the state some years back owing to an unfavourable policy environment. Following results from productivity increase and improved quality in processed local rice, Ebonyi State has “banned” the sale of imported rice to encourage local producers in the state.
 56. However, the mission noted that these interventions were opportunistic as VCDP has not undertaken any study to help management to define its policy intervention focus to set specific expected results. *The mission reiterates the recommendation for VCDP to undertake a quick assessment of the existing state-level and village-level systems for regulating agricultural commodity quality, grades and standards, in order to understand the weaknesses and constraints and identify/create a clear direction for policy intervention. VCDP should also enlist the support of the LGAs and communities in the adoption of operations and maintenance (O&M) strategy for rural road and market infrastructure for sustainability.*
 57. **Coherence between 2017 AWPB and implementation.** On the average, the programme has achieved 86% of the 2017 AWPB targets, comprising 99% physical achievement and 73% financial receipts. Mid-year performance on physical targets is higher than 100% across all the components. Overall, component 1 performed relatively higher on its physical and financial targets within the 2017 AWPB compared to components 2 and 3. Niger State recorded the highest physical achievement of 160% against targets while Anambra and Ogun achieved relatively lower. On financial receipts, Benue state had the highest receipts against targets while Anambra recorded the lowest. All the states but Benue recorded higher physical achievements relative to their financial receipts. The higher level of physical achievements by the states compared to financial receipts reflects prudence in the application of available resources and reasonable coherence to the 2017 AWPB. The achievement of 160% of the 2017 physical targets by Niger was attributed to its partnership with Onyx Rice Limited. (Figures 2 and 3).
 58. Overall, the programme has achieved 132% of its physical and financial LOP targets, comprising 137% physical achievements and 127% financial receipts. Across all the components, and across all the states, the programme has achieved more than 100% of both LOP physical and financial targets mid-way to the entire programme life. This is due the grossly low targets set at design because VCDP was to be a pilot comprehensive value chain project in Nigeria. The targets will be reviewed by the MTR in November this year.

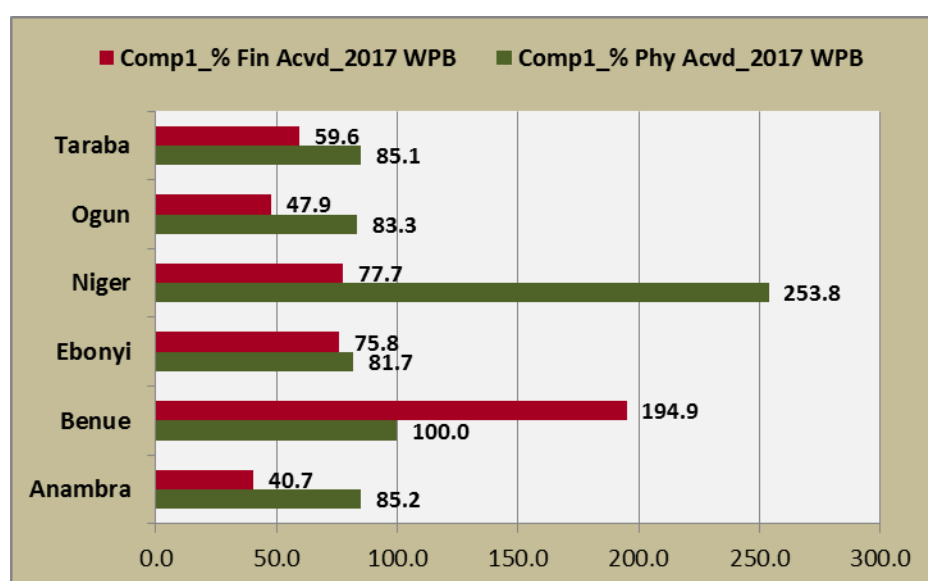


Figure 2: Physical and financial performance (%) of component 1 relative to 2017 AWPB targets by state

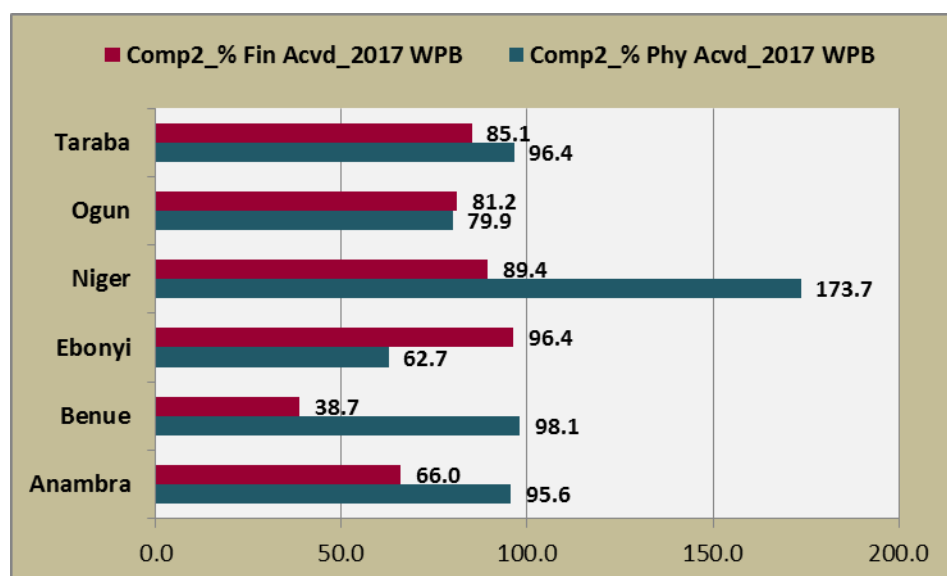


Figure 3: Physical and financial performance (%) of component 2 relative to 2017 AWPB targets by state

E. Fiduciary aspects

59. **Financial management.** Overall the mission notes the high quality of financial management both at the NPMU and the returns coming from the SPMUs making use of the flexible accounting system. However, the mission noted that segregation of duties in the finance department is limited by the inability of the accountant to post the accounting system. At the NPMU, It is only the Financial Controller who can post transactions and at the same time reviews and updates the accounting system. Also, since the inception of VCDP, no staff appraisal has been conducted. In regard to bank reconciliation, the mission noted with concern that the NPMU finance team does not prepare monthly bank reconciliations for the operational accounts which has a bearing on the accuracy and integrity of financial data postings. **Agreed action:** (i) the accountant should be given full orientation on the use of the flexible accounting software; (ii) staff appraisals should be conducted at least annually; and (iii) prepare monthly bank reconciliations.
60. **Fixed Asset Management.** The mission noted that the NPMU maintains a fixed asset register (FAR), all assets are tagged and inventory exercises carried. The mission also notes that the fixed asset register was part of the 2016 audited financial statements.
61. **Areas for improvement in the accounting system.** Since the last mission, the accounting software has improved notably. However the system still does not close properly. The closing balances on the Source and Use of Funds could not be substantiated by cash and bank balances. For instance, for the NPMU, according to the Source and Uses of funds statement as at 31 December 2016, the balance carried down is ₦1,020,960,633 whereas cash and bank balances as per the same statement is ₦31,856,523 (overdraft). In addition, the system is not being used to capture commitments at the time of contract signature thus running a risk of over committing the project. **Agreed action:** (i) complete the mapping of the accounting software so that any balances carried down can be fully substantiated by cash and bank balances; and (ii) post all commitments in the system as for effective budget control.
62. **IFAD disbursement rate and authorized allocation.** By 31 May 2017, IFAD had processed 19 WAs under the IFAD loan amounting to USD 26.4 million (SDR 19.16 million) including the authorised allocation of USD 6 million. At 40%, the disbursement is considered satisfactory and is likely to hit the 50% mark by the time of MTR. With an authorised allocation of USD 6 million, liquidity is not a challenge and the finance team has exhibited effort to turn around withdrawal applications in reasonable time. All expenditure categories still have significant balances and there is no need for any imminent reallocations.
63. **Reconciliation of the Designated Account (DA).** The designated account reconciliation as at 31 May 2017 is as follows:

Item	Description	Value (USD)	
1	Outstanding initial advance		6,000,000
2	Balance in the Designated Account	471,565	
3	Bank balances	1,270,835	
4	Total claimed under WA 019	1,914,367	
5	Amount claimed under WA 018	2,972,277	
6	Un-presented cheques	(629,044)	
	Total		6,000,000

64. A surplus of USD 629,044 is attributable to un-presented cheques. However, in the absence of bank reconciliations at the NPMU and systematic review of bank reconciliations from the SPMUs, this figure cannot be fully substantiated. This runs a risk of including unjustified expenditure in the withdrawal applications. **Agreed action:** (i) the Financial Controller should ensure that bank reconciliations are performed on a monthly basis and approved by the Programme Coordinator; and (ii) any un-presented cheques should be fully substantiated and un-clearing items must be reversed by way of credit notes in subsequent WAs.
65. **Counterpart funding.** The performance of the Federal Government is still very low at USD 167,363 (2%) as at 31 December 2016 whereas State governments are posting an improvement at USD 4.25 million (41%) from 22% as per the last mission. The mission learnt that FGN disbursement would release more fund to the programme when the 2017 FGN budget is approved and becomes operational. The Honourable Minister of Agriculture signed letters to the state governors requesting them to pay the counterpart contribution. IFAD will continue to finance the NPMU salaries that were originally supposed to be financed by FGN in order to ensure efficient implementation of the programme.

Performance of counterpart funding as at 31 December 2016

	Appraisal	Actual	%
State Government	10,400,000	4,247,184	41%
FGN	9,900,000	178,851	2%
	94,700,000	13,589,943	14%

66. **Compliance with loan covenants.** Apart from the low contribution of counterpart funders, which resulted in the payment of staff salaries with IFAD loan proceed, there is no other breach of the Financing Agreement or other IFAD requirements. The missions recommends that the FA should be amended to reflect the true situation.
67. **SOE spot check.** The mission vouched 32% of WA 18 for SOE spot check. The key findings were as follows.
- Unjustified expenditure (₦9, 371,500). Whereas the DA reconciliation indicated that all expenditure was justified, there are work advances as at 31 May 2017 that were even still outstanding at the time of the mission.
 - Difficulty in retrieval of supporting documents. The payment voucher number on the WA and the physical vouchers are in many cases consistent making it difficult to move from the accounting system/SOEs to physical documentation. **Agreed action:** There is need to computerize the vouchers as is already happening at some cost centres.
 - Document retention. The NPMU is meant to be a one stop centre in terms of document filling and retention. However, during the spot check some documents were apparently not available and had to be sent electronically from the SPMUs. **Agreed action:** The NPMU should always have copies for expenditure incurred by the programme.
68. **Staff salaries.** The mission vouched the payroll against IFAD's No Objection for staff salaries and found consistency and compliance. However the appointment letters/staff contracts do not include remuneration details which will need to be rectified at the next contract renewal cycle.
69. **Management accounting.** The mission noted that the programme did not have consolidated management accounts for the programme as a whole. The reports are generated per cost centre. This is a critical area of improvement of the accounting system. **Agreed action:** The

Financial Controller should ensure that compete financial reports are presented in management meetings consolidated for the programme as a whole, component-wise, category-wise, financier-wise and up to activity level.

70. **Internal audit.** The internal auditor has been recruited and so far issued the first report. This is meant to improve the internal control environment. To be more effective, the internal audit function needs some independence not to be subsumed into the finance unit and even operationally reporting directly to the National Programme Coordinator. **Agreed action:** (i) *develop an internal audit charter to define the reporting independence of the internal audit;* (ii) *develop annual rolling internal audit plans;* and (iii) *issue a formal internal audit plan at least once every quarter.*
71. **External Audit.** The statutory audit for the 2016 financial year generally met IFAD requirements although submission lagged by 10 days.

Agreed actions	Responsibility	Agreed date
<i>Orientation of the accountant on the use of the accounting software.</i>	NPC	31 August 2017
<i>Staff appraisals should be conducted at least annually.</i>	NPC	Annually
<i>Complete the mapping of the accounting software so that any balances carried down can be fully substantiated by cash and bank balances</i>	FC	30 September 20 17
<i>Post all commitments in the system as for effective budget control.</i>	FC	Continuous
<i>Any un-presented cheques should be fully substantiated and un-clearing items must be reversed by way of credit notes in subsequent WAs.</i>	FC	Continuous
<i>Include remuneration details in staff contracts</i>	NPC	Next contract renewal
<i>Time preparation of management reports including consolidated project financial statements</i>	FC	Continuous
<i>Conduct monthly bank reconciliation</i>	FC	Monthly
<i>FGN should make the counterpart contribution available in a timely manner.</i>	NPC to follow up	Continues
<i>Develop an internal audit charter to define the reporting independence of the internal audit.</i>	Internal Auditor	31 December 2017
<i>Develop annual rolling internal audit plans.</i>	Internal auditor	Annually
<i>Issue a formal internal audit plan at least once every quarter.</i>	Internal auditor	Quarterly

72. **Procurement Plan (PP).** The mission observed that the PP shows an increased level of updating than the last mission, in the NPMU and the SPMUs. However, it is still far less than the required level for monitoring the procurement. *The mission recommends that the National Procurement Officer takes initiative to periodically check each SPO to ensure that the PPs are updated in a timely manner, say at 1-2 per week.*
73. The mission observed that the situation has not improved to the expected level since the last mission in terms of submission of TOR/Specifications from the Subject Matter Specialists. Many items are still pending procurement action simply because of the lack of documents from them. *The mission recommends that the National Procurement Officer, in consultation with the relevant SPO, initiate discussions with user departments in the respective states to expedite earlier submission of TORs.*
74. **Procurement processes and methods.** The mission reviewed procurement files of NPMU and all the 6 states, selected on spot-check basis, and confirms that no substantial irregularities were identified in the procurement process in any of the files. Areas for improvement were identified including some that were common in several states, e.g. No Objection was not requested for some solicitation documents. It should be noted that even single source procurement needs solicitation document to be sent, and evaluation report prepared. See more details in the technical report for procurement.
75. **Contractual document.** The template for a contract agreement has an area for improvement in terms of listing annexes. The mission also observed that when an additional work was required, a new contract was issued, instead of an amendment. *The Mission recommends the use of a form for an amendment to award any additional work, or to modify any part of the existing contract, based on a template provided by the mission.*
76. **Contract register.** In accordance with the last mission recommendation, the contract register now includes both contractor name and the contract number. However, some contract registers from the states still show several areas for improvement. The mission worked with all the procurement officers in a workshop and came to a standardized template. *The mission*

recommends that all the contract registers be immediately corrected in accordance with the new template.

77. **Contract Monitoring Form (CMF):** The mission noted unfortunately that some Contract Managers are still using a previous form of CMF that does not have a daily log of contract monitoring activities even though the revised form was supposed to be distributed to all the contract managers further to the last mission recommendation. *The mission recommends that the National Procurement Officer ensures in cooperation with the 6 SPOs that the revised form be used by all the contract managers in NPMU and the 6 states.*
78. **Procurement filing.** The mission observed with regret that a complete set of all the unsuccessful bids are still stored in bags without systematic order due to the lack of sufficient space in NPMU and SPMU offices. Without a systematic archiving, no post review or auditing work will be possible. *The mission reiterates its earlier recommendation that suitable storage space be allocated to the procurement units in order to ensure filing of all the procurement records, including unsuccessful bids.* It was also observed that some original documents are missing from the procurement files. While the mission understands that original documents related to payment to the contractors/consultants are required for processing payment, the originals should never be taken out from the procurement files, except original invoices.
79. **Community procurement.** The mission noted that for the procurement of agro-inputs, several framework agreements (simpler version) have been signed per state with several agro-input dealers to satisfy the 2017 requirements. However, the framework agreement needs to be improved, as not all the provisions to make the contract as “framework” are included. The mission notes that the framework agreement was not submitted to ICO for No Objection. *The mission recommends that the next framework contract be submitted to IFAD for No Objection even if the expected total value is less than the threshold for prior review.*
80. **Engineer’s estimate.** It is observed that this evaluation criterion is still in use in many evaluation reports at VCDP. While the exact amount of the Engineer’s Estimate is kept confidential until the day of evaluation in order to protect the bidding from corruption, the mission is yet to be convinced on how the Engineer’s Estimate is used correctly. *The mission recommends that Engineer’s Estimate be used only as a reference, and not as a decisive criterion for excluding bids from evaluation in future bidding. However, abnormally low bids can be excluded based on the Estimate.*
81. PSR Rating: 4 (Moderately Satisfactory).

Agreed action	Responsibility	Agreed date
National Procurement Officer takes initiative to periodically check each SPO to ensure that PP are updated in a timely manner, say at least 1-2 per week.	National Procurement Officer	Immediate and continue
National Procurement officer, in consultation with the relevant SPO, initiate discussions with user departments in respective States to expedite earlier submission of TORs.	National and States Procurement Officers	Immediate
To use a form of an amendment to award any additional work, or to modify any part of the existing contract.	National and States Procurement Officers	As necessary and continue
To include 5 points identified into Contract Register.	National and State Procurement Officers	Immediate and continue
National Procurement Officer ensures in cooperation with 6 SPOs that the revised form of Contract Management be used by all the contract managers in NPMU and all of 6 States.	National and State Procurement Officers	Before Oct 2017
Suitable storage space be allocated to procurement units in order to ensure filing of all the procurement records, including unsuccessful bids.	National and States Programme Coordinators	Before end of 2017
The next framework contract be submitted to IFAD for No Objection even if the expected total value is less than the threshold for prior review.	National and States Procurement Officers	As necessary
Engineer’s Estimate be used only as a reference, and not as a decisive criterion for excluding bids from evaluation in the future bidding.	National and State Procurement Officers	Immediate

F. Sustainability

82. **Institutional sustainability.** VCDP has evolved an all-inclusive public-private partnership model encapsulated in the well-functioning CAF, a gathering of key stakeholders comprising farmer groups, produce off-takers, input dealers, financial institutions, insurance providers and the public sector who meet periodically to discuss their needs and come out with measures to solve their challenges and meet their economic needs. The forum is chaired by an off-taker with a lead farmer group member as co-chair. With the private sector as the driving force of the forum, CAF has become a reliable instrument of sustainability of the programme. Apart from acting as a transaction, market inclusion and empowerment forum for smallholder farmers, it is a forum for policy debate and knowledge sharing, as well as a pathway for replication and scale-up of best practices in commodity value chain development. The CAF holds at the state and cluster levels. The FMARD has expressed interest to replicate the forum in the remaining 30 states of Nigeria. VCDP has maintained the use of commodity groups as the entry point for intervention, but, most importantly, the groups are being trained in group dynamics to improve their level of governance for sustainability. The on-going strengthening of the governance and management structures of the CAF, FOs and cluster apex value chain groups is among the measures being taken to ensure institutional sustainability.
83. **Financial sustainability** continues to be a major concern for VCDP. Despite the emphasis on internal savings mobilization and cross-lending, the level of financial inclusion of the FOs is still poor, and little synergy was created between VCDP and RUFIN before the completion of RUFIN on 31 March, 2017. The matching grant facility, which was a quick alternative to reduce the burden of financial access, is not sustainable. Other avenues for financial sustainability, such as mainstreaming of the successes of RUFIN in the VCDP, and capacity building of FOs to improve their savings mobilization practices are being considered.
84. **Social and economic sustainability.** The strong linkages established by VCDP between farmers and off-takers through CAF, have reduced market access constraints especially for rice producers, introduced standard weights and measures, and resulted in better quality de-stoned, packaged and branded finished rice, which compare favourably with imported rice. This has increased the demand for land development for improved land access to youth and women, and the adoption of dry season farming. The off-takers reported an average of 90% repayment/recovery of the cost of farmers' inputs, an element of sustainability and a demonstration of the increasing level of confidence among the parties to the agreement. The CAF process has also stimulated productivity increase in paddy from less than 2MT/ha to 4.5MT/ha through reliable supply of high yielding inputs and extension services. However, the involvement of NAIC to indemnify losses due to risks and uncertainties is still extremely low, and there is no reliable solution yet to exit from the MG. VCDP has introduced the use of smart weather-climate readers to guide farmers and processors in the implementation of their operations.
85. **Environmental sustainability.** The cassava processing centres at Lokogoma and Katchia in Niger State with solar-powered borehole water supply, the solar-powered bird scare equipment in some locations in Niger, Anambra, Ebonyi and Ogun States, and the on-going construction of briquetting facility in the rice processing centres to convert rice husks to briquettes for energy efficient parboiling activities, are pointers to how VCDP activities can be made green. On the flip side, there is no deep awareness on climate change/climate smart farming and processing practices among the FOs, low plant population in rice farms could lead to emissions from applied fertilizer, and there is persistence of poor effluent disposal practices among traditional cassava processors. *The mission reiterates the recommendations of the last mission that: (a) for the sustainability of infrastructure, VCDP should adhere to the following for each investment - Climate Risk Assessment, Environmental and Social Management Plan (ESMP), and Free Prior Informed Consent (FPIC); and (b) programme staff should consider technical, social, environmental, financial, market assessment, and management feasibilities in the conduct of feasibility assessment. In addition, this mission recommends that: (c) the CAF be also a key structure to share information on climate smart agriculture and clean cooking energy; (d) extension officers be trained to advise on environmental matters in production and processing activities, including correct plant population on farm, fertilizer application, and pollution from*

processing; and (e) the increased use of a number of clean technologies for both production and processing activities e.g. bird scare equipment, weather reader, NIMET weather records, and clean energy cooking stoves. The programme would need to: (i) strengthen the operations and maintenance (O&M) committees for feeder roads and other infrastructures, and make them more inclusive; and (ii) fast-track the mainstreaming of the RUFIN model to provide an exit route for the matching grant.

86. **Exit strategy.** The CAF has emerged as a reliable exit window for VCDP at the farmer-off-taker level. Notable off-takers like Olam, Onyx, JOSAN Farm & Rice Mills, Ebonyi Rice World, Ebony Agro and Popular Farms are already contributing the FOs counterpart funding for inputs, recoverable at the point of harvest. The AVCGs and youth network forum when fully developed will be another major exit strategy. Other elements of the VCDP exit strategy are likely to be: through the emerging seed groups, other profitable emerging youth enterprises; the policy reforms on value chain development achieved in some states; and the expressed desire of some state governments to replicate the VCDP approach in other LGAs through policy support.

G. Proposals for the MTR

87. As stated in paragraph 47, three implementation shift issues that could have an impact on the results achieved by VCDP have surfaced and need to be addressed. They are (a) the strong participation of off-takers which tends to de-emphasize the upgrading of the **small scale processors** facilities as intended by the design; (b) the development of modern cluster processing centres, which will add to the scarcity of raw materials and create **unhealthy competition** for raw materials between the different categories of processors; and (c) the support to **marketing groups** which may become redundant due to the presence of processors who take charge of marketing their produce. The MTR will need to confirm the rationale for continued support to the marketing groups and what type of support should be provided vis-à-vis related support to the other actors in the value chain. Other issues to be addressed by the MTR include: (d) the difference in the IFAD and FGN specification of feeder roads. The MTR needs to look at the cost of the FGN specification vis-à-vis the available fund and expected result and agree on the specification for the second half of the programme; and (e) the mainstreaming of nutrition and financial inclusion in VCDP following the 2016 to 2021 RB-COSOP. Appendix 10 summarizes the observations and recommendations of the mission proposed for further reflection and analysis by the MTR. The focus is on what has worked well so far, what has worked less well and some recommendations for consideration by the MTR that could guide the implementation thrust of VCDP post-MTR. The information was generated through various thematic and focus group discussions, observations from the states visited, and a synthesis of stakeholders' discussion during the pre-wrap up meeting of the mission.

H. Conclusion

88. As VCDP approaches the MTR, the mission considers programme implementation to be on track towards achieving the objective of sustainably enhancing the incomes and food security of the poor rural households engaged in the production, processing and marketing of rice and cassava. VCDP has: (a) established the CAF in the six states as a transparent business transaction platform between the major actors in the two commodity value chains. The private sector-led CAF is already empowering smallholder farmers and restoring confidence between the major off-takers and the farming communities, and is considered a key pillar for the sustainability of VCDP; (b) influenced participating government in some policy areas to support smallholder producers and processors as demonstrated in the adoption of VCDP approach in other commodities, investment in land development, dry season farming, farmer organization registration, and mechanization equipment to youths; (c) stimulated a co-funding of some farmer activities by the major off-takers of rice paddy; (d) demonstrated a strong state government involvement and ownership through the provision of counterpart funds, and policy support; (e) earned high visibility at the community, state and national levels through its communication and knowledge sharing events; and (h) most important, contributed 58,376 MT of rice and 184,378 MT of cassava in 2016 and the 2016/2017 dry season valued at USD 37.2 million to the country's GDP. The income-investment analysis shows that for every one USD invested by the programme in the 2016/2017 dry season rice production, USD 3.91 was

realised from sales of paddy alone. The VCDP has become a sound economic investment model that needs to be integrated in the Nigerian agricultural system.

89. The observed weaknesses include: (a) poor counterpart funding from the federal government; (b) low level of development of the FOs and their associated apexes, which is a risk to sustainability; (c) weak linkage with NAIC for insurance against risks and uncertainties due to climate change; (d) lack of collaboration with the completed RUFIN to enhance credit access and financial inclusion; (e) delay in market/processing infrastructure operation, especially the establishment of produce aggregation centres, lack of effective market linkage in cassava sub-sector weak MIS; (f) lack of a clear strategy to engage with the ADP system for sustainability; (g) no involvement of the Nigerian Meteorological Agency (NIMET) to make the farmers climate smart in their agribusiness decisions, and (h) structural defects in weakness in some market infrastructure.
90. For improved implementation performance of VCDP as it approaches the MTR, the mission makes the following key recommendations:
- IFAD to remind the federal government (FMF and FMARD) about the outstanding counterpart fund since the 2017 national budget has become operational. Similarly, the Value Chain Steering Committee should write to the states whose counterpart funding is in arrears to make their payment to enable implementation meet programme targets.
 - VCDP should fast-track the construction of various infrastructure facilities, especially roads and culverts/bridges, processing and aggregation centres, and irrigation facilities so that they are put into use by the beneficiaries to generate benefits early.
 - VCDP should improve on performance data tracking and reconciliation for purposeful management decisions and the assessment of implementation performance.
 - VCDP management should intensify effort to link the value chain actors with sustainable financial services as the current matching grant facility is unsustainable even though it has helped to jump-start the active participation of the rural poor in VCDP.
 - In line with the 2016 RB-COSOP, VCDP should mainstream the success of RUFIN to support financial inclusion for the participating rural farmers by engaging an appropriate person, preferably from the closed RUFIN to fast-track the process. Similarly, VCDP should improve on its engagement with NAIC and NIMET to reduce the impact of climate change on the participating smallholder farmers.
 - The engagement of competent assistants is recommended for each component and subcomponent head, but the FMF and IFAD should amend the financial agreement to reflect the payment of NPMU salaries from IFAD loan proceed.
 - The MTR should re-examine the specifications of rural feeder roads by IFAD and Nigeria vis-à-vis the cost and available financial resources to take appropriate decision without compromising the development objective of VCDP during the second half of life.
 - NPMU should liaise with the FMARD to conduct an independent assessment of the participating states to determine the best 2 performing states to have additional LGAs as recommended by design. IFAD will provide the criteria for the assessment.
 - VCDP should increase its support to production as it has generated competition for paddy by different market outlets. VCDP also needs to work on the cassava subsector to create effective industrial linkage with producers against current dominant gari market.
 - As VCDP has generated some useful knowledge products, the CCU should help the management to put them in a readable form, and organize dissemination workshops for the staff, public and private sector to increase the momentum of ownership and scale-up being displayed by the state governments.

Appendix 1: Summary of programme status and ratings

I. Project 1594 [1100001594] Value Chain Development Programme

Basic Facts

Country	Nigeria			Project ID	1594 [1100001594]	Loan/DSF/Grant/ASAP FI No.	1000004213, 1000004214
Project	Value Chain Development Programme					Top-up Loan/DSF/Grant/ASAP FI No.	
Date of Update	09-Oct-2017						
Supervising Inst.	IFAD						
No. of Supervisions	3	No. of Implementation Support/Follow-up missions	3				
Last Supervision	28-Jul-2017	Last Implementation Support/Follow-up mission	16-Dec-2016				

USD million Disb. rate %						
Approval	03-Apr-2012			Total financing	104.73	
Agreement	23-Aug-2012	Effectiveness lag	18.6	IFAD Total	74.85	
Entry into force	14-Oct-2013	PAR value	-----	IFAD loan	74.38	49
First disbursement	19-Sep-2014			DSF grant		
MTR		Last amendment		IFAD grant	0.47	0
Original completion	31-Dec-2019	Last audit	10-Jul-2017	ASAP grant	0.00	0
Current completion	31-Dec-2019			Domestic Total	23.67	
Current closing	30-Jun-2020			Beneficiaries	8.07	0
No. of extensions	0			National Govern	15.60	18
				External Cofinancing Total	6.21	
				TBD	30.00	0
				TBD	6.21	0

Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	4	1. Quality of project management	4	5
2. Acceptable disbursement rate	3	5	2. Performance of M&E	4	4
3. Counterpart funds	3	3	3. Coherence between AWPB & implementation	3	4
4. Compliance with financing covenants	4	4	4. Gender focus	4	5
5. Compliance with procurement	4	4	5. Poverty focus	4	5
6. Quality and timeliness of audits	4	4	6. Effectiveness of targeting approach	5	4
			7. Innovation and learning	5	4
			8. Climate and environment focus	4	4
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Agricultural Market Development	3	4	1. Institution building (organizations, etc.)	4	4
2. Smallholder Productivity Enhancement	4	4	2. Empowerment	4	4

3. Quality of beneficiary participation	4	4
4. Responsiveness of service providers	5	4
5. Exit strategy (readiness and quality)	4	4
6. Potential for scaling up and replication	4	4

B.5 Justification of ratings

B1-1: The NPMU has not been doing systematic bank reconciliations, the accounting system does not close well and there are some document filing challenges; B1-6. Audit was submitted to IFAD late by 12 days; B.2-3 The higher level of physical achievements compared to financial receipts reflect reasonable coherence to the 2017 AWPB. The achievement of 160% of the 2017 physical targets by Niger was attributed to its partnership support from Onyx Rice Limited; B.2-6 Three emerging implementation shift issues could impact on VCDP's results relative to the set targets. These issues should be further considered by the MTR for relevant action in the second term of VCDP. First, the strong participation in the produce market tends to de-emphasize the upgrading of the small scale processors facilities as intended by the design. Second, the new orientation to develop modern cluster processing centres could result to scarcity of raw materials and create unhealthy competition for farmers produce between big processors and the clusters. Thirdly, the two developments highlighted above have tended to eliminate the need for VCDP support to marketing groups whose functions have been largely subsumed by the producers, processors and off-takers. The MTR will need to confirm the rationale for continued support to the marketing groups and what type of support should be provided vis-à-vis related support to the other actors in the chain. B.3-1 The 3 outcome indicators for the component have been largely achieved, viz, "75% of surplus production sold to markets", "50% of produce processed and sold", and "36 contractual arrangements formalized".

Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	4	4
C.2 Food security	4	4
C.3 Quality of natural asset improvement and climate resilience	4	4
C.4 Overall implementation progress (Sections B1 and B2)	4	4

Rationale for implementation progress rating

VCDP has established a structure for value chain development and demonstrated that the value chain approach can work. There is a strong market drive that is led by the off-takers who also provide support to some farmers. Buy-in into the VCDP approach by the state governments and other projects is very encouraging. The project-facilitated Commodity Alliance Forum (CAF), which is an transaction and knowledge management platform all stakeholders, has helped to empower smallholder farmers and increase their level of market participation. The programme is already making some contribution to national food security and the GDP. Mid-way into implementation, yields of rice and cassava are showing impressive increase and youths are being empowered to provide critical services to the farmers. Many of the design targets have been achieved, but the targets are now considered rather low and would be revised by the MTR.

C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	4
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Rationale for development objectives rating

VCDP is on track to achieve the objective of sustainably enhancing the incomes and food security of poor rural households engaged in the production, processing and marketing of rice and cassava.

C.6 **Risks** Short description of major risks for each section and their impact on achievement of development objectives and sustainability

Fiduciary aspects	a) Lack of complete segregation of duties in the posting and reviews of the flexible accounting system; (b) Continued gaps in the flexible accounting system will easily affect management decision and control and could result in expenditure being declared ineligible in event of which IFAD will seek refunds from FGN; (c) Inadequate counterpart funds at FGN may affect targets as funds are used to pay salaries which should have come from counterpart funds; and (d) limited engagement of project in cassava could further affect jobs creation and income increases.
Project implementation progress	(a) delays in infrastructure works could lead to cost overruns and reduced period of generating benefits from the completed facilities; (b) poor linkage of the beneficiaries to sustainable financial services, especially for credit could limit the extent of adoption of the improved technologies promoted by VCDP.
Outputs and outcomes	(a) Herdsmen incursion into beneficiaries' farms (especially in Benue State) has led to dramatic loss of paddy output; (b) government involvement in rice processing, especially ownership of mills, could stifle competition in the output market unless such mills are allowed to operate as private sector agencies and farmers are not compelled to sell to them if other off-takers offer better prices.
Sustainability	Five factors raise concerns about sustainability: (a) many farmers are not able to pay their counterpart fund contribution to benefit from the VCDP matching grant for inputs and equipment, and some are already developing a dependency mentality on VCDP provisions without making additional investments from their incomes; (b) the matching grant is not considered a sustainable financial model since there is a limit to the number of beneficiaries that can be supported by the available funds and the duration of support is limited to 5 years of programme implementation; (c) the progress in linking programme beneficiaries to financial institutions for sustainable access to financial (including insurance) services has been weak; (d) the delays in the construction of some key infrastructure, especially for irrigation, processing and marketing could reduce the potential benefits from the utilization of the facilities before programme completion; and (e) the poor FGN counterpart fund contribution, which has led to the use of part of IFAD loan proceed to pay staff salaries at the NPMU level; (a) the weak FO apexes at the

cluster level to support the investment actions at their members at the primary level; and (b) limited availability of reliable produce off-takers in the cassava sub-sector, which is limiting farmers engagement in the commodity.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
• Gaps in flexible accounting system	Complete once and for all the mapping exercise	30/09/2017	Ongoing
• Some missing supporting documents for transactions claimed using SOE procedure	Collation of all supporting documentation at once central point- the NPMU	Continuous	Ongoing
• Finance team taking more of disbursement role and not providing management with informative monthly management accounts	Financial Controller to consolidate project-wide accounts and table these in monthly management meetings	Monthly	Ongoing
• FGN counterpart funds	Engage FGN at higher level to enable the Federal Government meet this international treaty obligation	Continuous	Ongoing
• Control environment (segregation of duties, bank reconciliations)	Capacitate the Accountant to ably support the financial controller failing of which after staff appraisal re-advertise the position	31 December 2017	Ongoing

Additional observations

Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
Goal: <i>Rural poverty reduced, food security increased and accelerated economic growth achieved on a sustainable basis"</i>	<ul style="list-style-type: none"> Percentage reduction in households below the poverty line (International Poverty Line of USD 2 /day) by 15% in target LGAs. Percentage reduction in no. of people under-nourished by 25% in target LGAs. Real agricultural GDP growth rate increased by 5% in target LGAs. 	<ul style="list-style-type: none"> Baseline plus midterm and end-line survey (control and treatment) UNICEF Reports ADP Reports 	
Project Development Objective: <i>Incomes and food security of poor rural households engaged in production, processing and marketing of rice and cassava in the targeted LGAs of the 6 targeted states enhanced on a sustainable basis.</i>	<ul style="list-style-type: none"> VCDP supported beneficiaries (smallholder farmers, processors and marketers) (by sex and age) have increased their real agricultural income by at least 25% average in the programme areas. Increase in number of household asset index of 10% by PY6 in programme area. 25% reduction in the prevalence of child malnutrition in the programme LGAs. 25% increase in households' food security in target LGA. 	<ul style="list-style-type: none"> Baseline and impact assessment. Annual results assessment with household survey. UNICEF Statistics. 	Socio economic stability in the country.
Outcome 1.1: <i>Increased value addition and access to markets realized by beneficiary smallholder farmers as well as small and medium-scale processors.</i>	<ul style="list-style-type: none"> At least 75% of surplus production of cassava and rice is being sold to markets by smallholder farmers and their farmer organisations. At least 50% of the cassava and rice produced by smallholders is processed and sold at an agreed standard by the buyer. At least 36 contractual arrangements are formalized and is being upheld between targeted producers and processors. (145 contractual arrangements formalized between FOs and processors) 	<ul style="list-style-type: none"> Published yield and price data. Agro-industry & market surveys. Rural household surveys. 	<ul style="list-style-type: none"> Government policy supports/favours the emergence of strong value chains professional organisations. Market prices remain above 2006 levels. Access to finance for FOs and VC operators progressively grows.
Outputs: 1.1.1 <i>Improved market linkage and increased market information.</i> 1.1.2 <i>Value addition technology promoted.</i> Outcome 1.2: <i>Demand-driven infrastructure investments for improved access to markets realized and sustainably managed by the beneficiary organisations.</i>	<ul style="list-style-type: none"> 1 national trade promotion and 6 state trade promotion activity organized per year (1 No. Achieved to date) 6 State Innovation Platforms formed and 12 meetings organised per annum by 2016 (8 No. platforms formed and 29 meetings held to date) 60% of the target smallholders use some market information generated by an Agricultural Market Information System by PY5 (1,843 smallholders use market information generated from AMIS). 60 MoUs signed between FOs and processors (1,106MOUs signed to date). 7680 processors trained in recommended technologies (1,623 processors trained to date). 50% of target smallholders (45 000) adopt improved processing and storage technique. 24 service providers (consultants and firms) for market linkages trained (31 staff of service providers trained to date). At least 60% of targeted processing clusters (108 total) have been supported with at least one piece of equipment. (22 No. supported) Arrangements for the operation and maintenance (O&M) of market infrastructure/equipment is developed and operational for 3 years after provision for at least 70 % of programme-financed infrastructure (165No Community members formed into O&M Committee for Roads across the 6 participating States). People trained in infrastructure management (roads, market, water supply, processing and storage facilities). (165 people trained on O&M for roads at NBBRI, Otta). At least 65% and 50% reduction in post-harvest losses for rice and cassava, respectively, are achieved. 	<ul style="list-style-type: none"> Contractual agreements. Farmer Survey. Agricultural Market Information System. Programme M&E/ progress reports. Mid Term Review. Supervision mission, mid-term review and completion reports. 	<ul style="list-style-type: none"> LGCs and State Government provide adequate funds and mechanisms for infrastructure repair and maintenance. Effective FO management arrangements for infrastructure are sustained.
Outputs: 1.2.1 <i>Access to roads and water supply.</i>	<ul style="list-style-type: none"> 300 km of roads constructed/rehabilitated by PY 3 (134.5 km of rural feeder roads at various stages of completion). 108 new water supply schemes linked to cassava and rice VC constructed by PY 3 (9No. Water supply schemes construction on – going) 8 100 people in programme communities have adequate access to safe and sustainable drinking water. 	<ul style="list-style-type: none"> Contractor reports. Beneficiary perception surveys. 	

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
1.2.2 Market, processing and storage facilities improved.	<ul style="list-style-type: none"> 120 Bridges and 210 Culverts by PY 3 (1 No. Bridge & 162 No. Culverts constructed). 60 Markets with 300 Stalls by PY 3. 108 processing units with stores constructed by PY 3. 450 FOs' commodity stores/village bulking centres constructed by PY 3. 		
Outcome 2.1: <i>Farmers' organizations (FOs) in programme areas effectively serve their members.</i>	<ul style="list-style-type: none"> All FOs strengthened by programme (target 2 250) use bulk purchase method to procure their input. (2,647 FO use bulk purchase method to procure input to date) At least 40 % of supported FOs are strong by PY 5 (good record keeping, strong business plans, generating profit, linked to finance, etc.). 	<ul style="list-style-type: none"> Programme M&E/ progress reports. FO financial records. State MoA/Commerce and Cooperatives reports. 	<ul style="list-style-type: none"> FOs are recognized as legitimate interlocutors by the various stakeholders. Avoidance of political interference in FOs.
Outputs: 2.1.1 <i>Capacity of FOs strengthened.</i>	<ul style="list-style-type: none"> 100% of the target FOs legally registered with the Department of Cooperatives (2,871 FO formally registered to date). 6,750 group leaders (3 executives per group) trained in good governance issues by PY5 (1,787 farmer organisation group leaders trained). 	<ul style="list-style-type: none"> Service providers/operators reports. 	
Outcome 2.2 <i>Production and productivity of smallholder rice and cassava farmers in the programme areas increased.</i>	<ul style="list-style-type: none"> % increase in yields for rice (target from average 2.5/ha to at least 4 tonnes/ha for non-irrigated and 6 tonnes/ha for irrigated) and cassava (target 20 tonnes/ha) produced by the target smallholder farmers (by sex and age). 50% increase in rice and cassava produced by the target smallholder farmers (by sex and age). At least 70% of smallholder farmers have adopted at least one technology promoted by the Programme by midterm (by sex and age) – (1,847 farmers have adopted at least one technology promoted by the programme). 	<ul style="list-style-type: none"> Programme M&E/ progress reports. National agriculture production surveys. State Ministry of Agriculture reports. NIRSAL reports. 	Favourable climatic conditions.
Outputs: 2.2.1 <i>Access to fertilizers and agro-chemicals facilitated.</i>	<ul style="list-style-type: none"> Recommended utilisation rate of seeds, fertilizer and agrochemicals per Ha (To date 17,295 farmers supported with the recommended input use). 70% of target farmer organisations satisfy their annual input needs (21,879 farmers supported with inputs through matching grants valued at N1.92 B for 2016 while for the year 2017, a total of 31,300 farmers are targeted to receive input support through matching grant worth N2.8 B that will realise an estimated gross income of N20.0 B). 		
Outputs: 2.2.2 <i>Access to improved production techniques facilitated.</i>	<ul style="list-style-type: none"> 9000 youth of target farmers trained in spraying techniques (disaggregate by gender and youth) – (982 No. youths trained on various entrepreneurship activities including seed & root production for rice and cassava and use of equipment for mechanised agriculture). 50% of target farmer organisations receive VCDP supported extension services (disaggregate by gender and youth) – (1415 FOs received VCDP supported extension services to date). 480 Farmer Field/Business Schools established (31 No. FFBS established to date). 36 service provider (consultants and firms) for production trained (35 No. service providers trained). Farmers trained in improved technologies (12,292 Farmers trained to date). 3 000 Ha of irrigation (1,171.50 Ha cultivated during the dry season to date). 30,000 small scale farmers protected from seasonal flooding (11,227 No.) Matching grants for agricultural equipment (N40 M to date) 		
Outcome 3: Improved Programme Management and Coordination.	<ul style="list-style-type: none"> 100% Physical performance on AWPB. 100% Financial performance on AWPB. 100% Report rendition bi-annually and quarterly from implementing partners and bi-annually progress reporting and monthly financial reporting to IFAD Country Office. 	<ul style="list-style-type: none"> Programme progress reports. 	<ul style="list-style-type: none"> Withdrawal application meets IFAD standard and is approved without delay. Approved withdrawal application is credited to programme account without delay.

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
Outputs: 3.1 <i>Programme effectively managed to achieve programme results.</i>	<ul style="list-style-type: none"> ▪ 420 Management Meetings per annum (NPMU & SPMUs) – 114 No. management meetings achieved to date. ▪ 140 Stakeholder Meetings per annum (NPMU & SPMUs) – 26 No. Stakeholder / Steering Committee Meetings achieved to date. 		

Appendix 3: Summary of key actions to be taken within agreed timeframes

Action Area	Action Agreed	Date	Whom	Progress
General recommendations				
(a) Counterpart funding by FGN and states	Meet with FMARD on counterpart financing from FGN and governors of the states that are yet to fully pay their 2016 counterpart fund	31 March 2017	NPMU/ICO	FGN counterpart funding is to be released upon approval of 2017 FGN Budget. Minister of Agriculture has written letters to the states requesting payment of their counterpart funds. Anambra : Paid N94.86m. 2017 funds not yet paid; Benue : Paid up to date (N253m.); Ebonyi : Paid N50m. for 2016; Niger : N87.1m approved in February 2017 but not yet released. Total outstanding up to 2017 is N217.5m.; Ogun : N174m. approved for 2016 & 2017 but not yet released; Taraba : N 152.5m. paid for 2015 & 2016.
(b) NPMU salaries	Continue to pay NPMU salaries from IFAD loan in 2017	Immediately	NPMU	Salaries being paid from IFAD loan
(c) 2017 AWPB	Make 2017 AWPB more realistic based on experience of low financial performance in the 2016 AWPB	31 January 2017	NPMU	AWPB reviewed by NPMU was approved by Minister of Agriculture. ICO approved the revised AWPB on 12 June 2017.
(d) Environmental and social safeguards	For all infrastructure projects, adhere to the requirements of Climate Risk Assessment, Environmental and Social Management Plan, and Free Prior Informed Consent, and ensure that O&M committees are established early enough before the completion of construction works	Immediately	NPC/SPCs	NPMU: Engaged consultants to conduct ESMP. Facilitated training of 155 youth at National Institute of Building & Roads Research (NIBRR), Ota, 12-17 June 2017, in preparation for O&M of completed roads. Niger : Started planting economic trees at flood & erosion prone areas. Engaged IAR&T to plant vetiver grass on land development areas prone to erosion. All other states are complying.
(e) Delay in road construction	In view of the delay in the completion of the road construction contracts, give the necessary extension for completion of works, and conduct a review on the possible impact of price escalations due to the extensions	31 January 2017	SPMUs	Extensions were provided in all states and price adjustments made as appropriate
(f) Road specifications	For new farm roads, vary the specifications to be about 4 metres carriageway, with a gravel finish. In some cases, only spot improvement, drainage, culverts and bridges may be required. Roads to be completed with bituminous surface dressing should start from a bituminous road. Avoid bituminous surface dressing of roads that start from a gravel finished road	Continuous after current road works in progress	NPMU/SPMUs	Designs for new roads are taking the recommendation into consideration but with reservations on applicability
(g) Package of investment for youth	Improve the package/unit of economic investment for the youth to sustain their keen engagement in agribusiness activities related to the two value chains	31 January 2017	NPMU	Emphasis was on training of youth in various enterprises (seed multiplication, power tillers, entrepreneurship, value addition etc.) and VCDP supported commencement of youth enterprises
(h) Staff for KMC	Recruit qualified KMC officers to give strategic leadership to the KMC function at the state level	31 March 2017	NPMU/SPMUs	Officers recruited in all states
(i) VCDP policy strategy	Develop a policy strategy to strengthen VCDP policy influence		NPMU	Not achieved yet
Subcomponent 1.2 Support to market infrastructure				
(a) Verification of completed works	Verify that all completed works have been accounted for in the amount paid to date	31 January 2017	SVCIEs/SPOs	Done in all the states
(b) Additional road works	Submit all the anticipated additional works and related cost variations for each road as part of the progress reporting and verify the necessity for these variations	Continuous	SVCIEs/SPOs	Done in all the states

(c) Contract register	Update the contracts register monthly to include: amount paid to date, variations approved/requested, status of performance guarantees, status of contract, status of advance recovery, and name of responsible engineer, for effective tracking	31 January 2017 and continuous	SVCIEs	Updated monthly in most states.
(d) Master plan for cluster processing centres	Officially present the master plan for the establishment of small and medium processing facilities to the leadership of the state governments	28 February 2017	NPMU	NPMU presented the master plan during an off-takers-stakeholders meeting with representatives of the six state governments (Ministry of Agriculture/Commerce) in Abuja on 4 April 2017
Subcomponent 2.1 Strengthening FOs				
(a) Apex groups	As the structure for apex group development has been laid out, build and strengthen the apexes and streamline the cluster business value chain model to act as a unit of business engagement and as an exit strategy for VCDP	31 March 2017	RIGYDS/MEDA/APA/RIGYMO/BMDO/APO	Apex Value Chain Groups formed at community and LGA levels. Capacity of leaders being built by institutional strengthening service providers. Subsequent business plans to be based on AVG business plan value chain model
(b) Integrity compliance training	Provide integrity compliance training to group members to sustain their credibility in their business engagement with the private sector	31 March 2017	RIGYMO	National train the trainer workshop held in Abuja 18-19 May 2017 for 35 persons. Some states have done the step-down training using the institutional strengthening service providers
Subcomponent 2.2 Support to smallholder farmer productivity				
(a) Land development	Fully deliver on all outstanding land development contracts	31 January 2017	All SPCs minus Niger	Work still going on in most states, beyond the deadline
(b) Flood control	State governments to explore collaboration with FGN and relevant development partners to reclaim the rich soils of the usually flooded plains for paddy production	31 March 2017	SPCs	NPMU consultants have identified the sites in the states. Anambra's Irrigation Agronomist has built capacity of farmers on water control.
(c) Irrigation specialist in two states	Re-advertise for the position of irrigation specialist before 31 December 2016.	31 December 2016	SPCs of Taraba, Anambra	Irrigation specialists in place in the two states
(d) Olam's engagement model	Upscale Olam's engagement model in Benue State (paying the 50% farmers' counterpart contribution for inputs, to be deducted when the farmers submitted their paddy to the off-taker), and explore opportunities with off-takers for VCDP's exit from matching grants	31 March 2017	All SPCs minus Benue	Anambra: JOSAN AGRO supporting 40 rice farmers. Imperial Chemicals likely to support cassava farmers with cuttings and multiplication farm. Niger: Onyx supporting farmers with inputs and working towards sustainability after exit of MG. Discussions going on in other states.
(e) Inputs distribution management	(i) Weigh the gains of transparency and trust generated through the engagement of IFDC in inputs management against the high cost of leveraging IFDC services, to decide whether to re-engage IFDC to perform similar services for the 2017 planting season (ii) Consider the use of other proven private sector agencies (like Olam) as a cost-effective option for a credible input distribution process (iii) Retain the services of IFDC where the private sector has no strong control of the farmers or lacks a good record of performance in the input supply chain	31 January 2017	NPC/Procurement Adviser	(i) NPMU re-engaged Messrs Cellulant while each state re-engaged IFDC (ii) Olam and Onyx in Benue and Niger are partnering as dependable off-takers for rice, supporting farmers with inputs. (iii) IFDC retained for 2017 farming season
(f) UDP technology	Increase the number of demo-plots of the IFDC pilot Urea Deep Placement (UDP) technology from one to 10 per state in the 2017 planting season, to reduce the cost and social risk of transporting farmers from the five participating LGAs to one demo site for knowledge	31 March 2017	APA/APOs	Two sites each identified per LGA in each state for establishing the demo-plots

(g) Extension services	sharing. (i) while VCDP may not continue to engage the PESP after next year, strengthen engagement with the off-takers and the LGA extension services to take over extension service provision	31 March 2017	NPC/APA and SPC/APO	Some off-takers are providing extension services (Olam, Popular Farms, Onyx, and Imperial Chemicals). Olam has arranged with GIZ to train farmers on good agronomic practices in 2017 wet season in Benue. In Niger, FOs have been migrated to the Anchor Borrowers Programme. All states are working with ADP and LGA extension staff.
	(ii) Engage ADP extension department on a performance-based contractual basis for institution development and programme sustainability in access of farmer groups to extension	31 March 2017	"	ADPs and VCDP collaborate in REFILS/MTRM/QTRM. No performance-based contract signed. Expected that mini-seed labs will be established in the ADPs for quality assurance of seeds and planting materials.
	(iii) Each SPMU to review the performance of all the parties (VCDP/ADP/PESP) and agree on a strategy for more effective collaboration	31 December 2016	SPC/APO	Each state has developed a strategy for engagement of PESP and ADP services based on their comparative advantage.
(g) Mainstreaming rural finance	To exit from the matching grant, engage an experienced financial inclusion/value chain financing expert	28 February 2017	NPMU/ICO	Not done. Rather, a thematic study to assess the effectiveness of the matching grant has been commissioned
(h) Mechanization	(i) Develop more Master Trainers from reliable NGOs and proven youth champions, on the Creating Opportunities for Rural Youth (CORY) module	31 December 2017	NPC, Procurement Adviser/APA	(i)NPMU has collaborated with AATF, NCRI, NCAM, John Deere, Hello Tractors etc. to train youth on creating business opportunities in mechanization
	(ii) Invest in a minimum economic scale of a unit of equipment to enable a benefitting youth to make at least USD 3 per day on return on investment, to sustain youth interest in the scheme. Regard a conveyor a part of a thresher as a unit of investment	31 March 2017	APA	(ii) One unit of motorized rice thresher deployed to each state to be operated by registered youths as service providers. One unit of cassava processing equipment also deployed to the states. These pilots are to spur up youth to go into such ventures on their own.
	(iii) Use a framework procurement method to facilitate bulk delivery and the provision of improved farm implements to youth within the context of the youth engagement strategy	31 March 2017	NPMU	(iii) Framework agreement is yet to commence as procurement of basic agricultural inputs is disaggregated to the grassroots level
Subcomponent 3.1 Management	(iv) Follow up closely with the state government tractor programme to ensure consistency in service delivery to rural farmers	31 March 2017	SPCs	(iv) MOUs signed with TOHFAN, TOOAN, government tractor service providers etc. to provide tractor services to farmers in 2017
	(a) Value Chain Steering Committee			
	The NPC, as the Secretary of the VCSC, to maintain a log of the outcomes of the VCSC meetings to inform future supervision missions and the forthcoming MTR of the performance of the VCSC.	31 January 2017, starting with a recap of previous VCSC meetings	NPC	VCSC did not hold but a technical meeting with inter-ministerial and sub-committee members held on 1 March 2017 to review updated VCDP Progress Report, followed by a field visit to Niger State dry season farming sites. The 2017 AWPB was later approved by the Minister of Agriculture.
(b) Staff roles and responsibilities	NPMU and SPMUs to use the first management meeting in 2017 as a retreat to clarify staff responsibilities and the essence of team work for successful management, as well as reflect on the provisions of the draft administration manual before it is finalized.	31 January 2017	NPC/SPCs	Joint NPMU/SPMU management meeting held in January and June 2017. Roles and responsibilities of staff clarified. VCDP Administration Manual finalized and produced. SPCs held further meetings at their state level.
(c) Sharing with CASP	To ensure coherency and alignment, VCDP to share its draft manual with CASP and there will be a meeting to harmonize the two drafts.	31 January 2017	Admin Advisor	VCDP Administration Manual was shared with the IFAD Climate Change Adaptation Support Programme (CASP). No harmonization meeting was held.

Subcomponent 3.2 M&E, KMC, Policy					
(a) Data quality	Conduct regular internal data quality assessment meetings	Immediately	NPMU/SPMU	States had regular or ad hoc data quality assessment meetings.	
(b) Capacity building	Conduct additional capacity building on impact-based data requirements, capture and reporting	31 January 2017	NPMU/SPMU	NPMU organized training on Data Capture and Reporting on Key Performance Indicators during 16-31 May 2017. The NPMU and state M&E Officers also attended a regional workshop in Ghana on Plan and Evaluation Manual/RIMS.	
(c) Comprehensive performance reports	Ensure comprehensive reports on physical and financial performance are available to supervision and other review missions	31 May 2017	NPC/SPCs	Report prepared for the current mission. 2016 Annual Report also prepared. But issues were noted on data harmonization in the mission report submitted.	
(d) Thematic studies	Complete the thematic studies	31 March 2017	NPMU/SPMU	Firms have been engaged for 6 thematic studies but none is completed yet. Niger State did 3 assessments (traffic count, women processors, and business management techniques).	
(e) State KM officers	Recruit qualified KMC officers to provide strategic leadership of the KMC function at the state level through a competitive screening process. The KMC adviser at the NPMU to witness and certify the recruitment of the KMC state officers before IFAD provides a final no-objection.	31 March 2017	NPC/KMC Adviser/SPCs	KMC officers are now in place in all states.	
(f) Policy and CSOs	(i) Establish a supportive policy advocacy with CSOs	31 March 2017	NPC/KMC Adviser/SPCs	Anambra/Ebonyi: CSOs involved in monitoring of activities, verification of FOs, integrity compliance training. Niger: 22 CSOs networked. Ogun/Taraba: CSOs identified for monitoring and advocacy.	
(g) Membership of CAF	(ii) Ensure inclusive membership of CAF, private sector led, with strong involvement of lead farmers	"	"	Anambra: Off-taker is chairman, a farmer is secretary. Benue: Off-taker is chairman, a farmer treasurer, VCDP secretary. CAF introduced at cluster level. Ogun: 2 subcommittees of CAF formed, each led by an off-taker and farmer. Taraba: CAF to meet 19 July 2017, to be private sector led.	
(h) Linkage with financial institutions	(iii) build partnership with financial institutions as an exit strategy from the matching grant fund	"	"	Anambra/Ebonyi: FOs partnering with BoA and other financial institutions under the Anchor Borrowers Programme. Niger: Link with NIRSAL to assist 266 FOs. Off-taker (Onyx) assists FOs with matching grant. All states trying involvement of NAIC for insurance. Taraba: All off-takers agreed to support FOs with inputs.	
(i) Partnership strategy	(iv) review partnership strategy			Niger: Partners identified for financial services, mechanization, inputs, media, and extension.	
Component 3.3 Financial management, audit, procurement					
(a) Cashier	Recruit a Cashier/accounts	31 March 2017	NPC	Accounts Officer recruited to maintain petty cash.	
(b) Operating imprest	Increase the operating imprest to ₦100 million per state.	Immediate	NPC	Imprest increased to ₦100 million per state.	
(c) Withdrawal applications	The programme should submit a WA once expenditure level reaches USD 1.8 million (30% of USD 6 million) or at least once every quarter irrespective of the amount.	Continuous	FC	Six WAs totalling USD 10.2 million submitted to IFAD.	
(d) Budgets	More realistic budgets should be submitted for approval in the coming year(s).	Continuous	M&E/planning teams	2017 Budget reviewed and approved by Minister of Agriculture and by IFAD on 12 June 2017.	
(e) Counterpart fund contribution	Pass a journal in the accounting system to remove Local Government contribution erroneously posted as states governments' contribution.	15 December 2016	FC	The Financing Agreement does not provide for opening of separate accounts for LG and state government counterpart fund contributions.	
(f) In kind	The Financial Controller should devise measures to	Continuous	FC	Beneficiaries' contribution is being captured in the matching grants funds	

contributions	appropriately capture in kind contributions by beneficiaries.			expenditure contributions for inputs/equipment in M&E reporting template.
(g) TSA delays	Continuously dialogue with CBN to reduce delays in implementation of the TSA approach.	Continuous	NPC/FMARD	Implementation of TSA by VCDP now fully operational.
(h) Commercial bank accounts	The commercial bank designated accounts should be phased out with the exception of the states that are allowed to continue operating commercial bank accounts.	15 November 2016	FC	All commercial bank balances have been moved to CBN domiciled accounts
(i) Audit firm	Fast track the recruitment of the audit firm.	31 March 2017	NPC	Messrs PKF Auditors recruited and have done the 2016 external audit of VCDP.
(j) Audit adjustments	All audit adjustments should be posted in Flexible Accounting System such that the opening balances are as per the audited financial statements	15 November 2016	FC	Audit adjustment in progress.
Procurement				
(k) Update of procurement plan	Procurement Plan is updated by procurement officers both at NPMU and States in a constant manner, at least say 1-2 per week.	Immediately	National/State Procurement Officers	Procurement plan updated regularly, weekly (Anambra), quarterly (Benue), 1-2 times/week (Niger).
(l) TOR	Procurement Officers, both at NPMU and States, intensify discussions with the user departments to ensure earlier TOR submission.	"	"	Reminders to user departments: Quarterly (Taraba), weekly (Benue), daily (Anambra).
(m) Space for files	Appropriate spaces shall be allocated to procurement units to ensure proper filing.	"	National/State Programme Coordinators	Some shelves/cabinets provided but inadequate at NPMU, Niger.
(n) Community procurement	SPOs are to take a lead to initiate and monitor community procurement to achieve procurement principles.	"	National/State Programme Coordinators and Procurement Officers	Guidelines on Community Procurement issued by NPMU. States have trained staff, provided component heads with procurement plan and SPOs monitor community procurement.
(o) Framework contracts	Framework Contracts shall be used for community procurement of both farming equipment and agro-inputs.	"	National/State Procurement Officers	Yet to be used, but likely to be applied in future after adaptation by states.
(p) Contract monitoring	A revised Contract Monitoring Form with an additional space for monitoring log shall be used by contract managers.	"	Contract managers	Generally used at the state level, but awareness is still limited.
Sustainability				
Other				

Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

Component	Indicator	Unit	Period: 01-01-2017 to 31-05-2017			Cumulative	Appraisal target	%
			AWP&B	Actual	%			
Component 1								
Subcomponent 1.1 (Support to Value Addition & Market Linkage)	National trade promotion activities organized.	Nos.	1	0	0.00	1	6	16.67
	State trade promotion activities organized.	Nos.	6	3	50.00	8	30	26.67
	State Innovation Platform formed	Nos.	5	4	80.00	6	24	25.00
	Consultative meetings of innovation platform	Nos	10	6	60.00	29	48	60.42
	Number of Smallholders that use Agricultural market information generated from AMIS	Nos	6,416	1,843	28.73	1843	32,080	5.75
	MoUs signed between FOs and Processors	Nos	12	458	3816.67	1,106	60	1843.33
	Contractual arrangements formalized between FOs and processors	Nos	7	23	328.57	145	36	402.78
	Processors trained in recommended technologies.	Nos	1,536	1,254	81.64	1,623	7,680	21.13
	Service providers (consultants and firms) for market linkages trained	Nos	5	17	340.00	31	24	129.17
Subcomponent 1.2 (Support to Market Infrastructure)	Roads constructed/rehabilitated	Nos	150	134.5	89.67	134	300	44.67
	Bridges constructed/rehabilitated	Nos	24	0	0.00	1	120	0.83
	Culverts constructed/rehabilitated	Nos	42	116	276.19	162	210	77.14
	New water schemes linked to cassava and Rice VC constructed	Nos	22	9	40.91	9	108	8.33
	People in programme communities have adequate to safe and sustainable drinking water	Nos	1,620	0	0.00	0	8,100	0.00
	Market with stall constructed/rehabilitated	Nos	12	0	0.00	0	60	0.00
	Processing unit with stores constructed/rehabilitated	Nos	22	11	50.00	9	108	8.33
	FO commodity stores/village bulking centres constructed/rehabilitated	Nos	90	0	0.00	0	450	0.00
	Processing clusters that have been supported with at least one piece of equipment	Nos	22	26	120.37	22	108	20.37
	People trained in infrastructure management (roads, markets, water supply, processing and storage facilities)	Nos	90	155	172.22	155	450	34.44
	Matching grants for processing facilities	Naira	237,241,931.03	35,370,436.00	14.91	35,370,436.00	1,186,209,655.17	2.98
Subcomponent 2.1 (Strengthening of	FO Strengthened by the programme that use bulk purchase method to procure their inputs.	Nos	450	321	71.33	2,647	2,250	117.64

Component	Indicator	Unit	Period: 01-01-2017 to 31-05-2017			Cumulative	Appraisal target	%
			AWP&B	Actual	%			
Farmer Organizations)	FOs legally registered with the Department of Cooperatives	Nos	450	802	178.22	2,871	2,250	127.60
	Group leaders trained in good governance issues	Nos	1,350	1,034	76.59	1,787	6,750	26.47
Subcomponent 2.2 (Support to Smallholder Production)	Small holder farmers that have adopted at least one technology promoted by the programme	Nos	6,300	2,985	47.38	1,847	31,500	5.86
	Farmers provided with recommended rate of seeds fertilizers and agro-chemicals	Nos	9,000	2,921	32.46	31,300	45,000	69.56
	Matching grants for production inputs	Naira	166,069,351.72	57,646,450.00	34.71	206,621,437.00	830,346,758.62	24.88
	Youth farmers trained in spraying techniques/Other income generating enterprises	Nos	1,800	372	20.67	982	9,000	10.91
	Farmer organisation that received VCDP supported extension services	Nos	225	1270	564.44	1,415	1,125	125.78
	Farmer field schools/Business schools established	Nos	96	13	13.54	31	480	6.46
	Service providers (consultant and firms) for production trained	Nos	7	22	314.29	35	36	97.22
	Farmers trained in improved technologies	Nos	6,300	14,249	226.17	12,292	31,500	39.02
	Land area under irrigation production	Ha	600	513.5	85.58	1,171.50	3,000	39.05
	Small scale farmers protected from seasonal flooding	Nos	6,000	20	0.33	242	30,000	0.81
	Matching grants for agricultural equipment	Naira	71,172,579.31	40,023,960.00	56.24	202,193,962.00	355,862,896.55	56.82
Component 3	Number of AWPB prepared & produced	Nos	7	7	100.00	21	42	50.00
	Number of M&E Progress Report prepared & produced	Nos	31	11	35.26	50	156	32.05
	Number of Financial Progress Report prepared & produced	Nos	14	13	92.86	44	70	62.86
	Number of Management meetings per annum.	Nos	84	27	32.14	114	420	27.14
	Number of Stakeholder meetings per annum.	Nos	28	1	3.57	26	140	18.57

Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category

Table 5A: Financial performance by financier as at 31 May 2017

	Appraisal	Disbursement	%	Available
IFAD loan	74,400	26,432	36%	47,968
Grant	500	-	0%	500
State Government	10,400	4,251	41%	6,149
LGA	4,300	-	0%	4,300
Beneficiaries	2,100	-	0%	2,100
Complimentary Finance	2,800	-	0%	2,800
Federal Government	9,900	179	2%	9,721
Total	104,400	30,861	30%	73,539

Table 5B: Financial performance by financier by component USD 000 as at 31 May 2017

Component	IFAD loan			Grant			State Govt			Federal Govt			LGA			Beneficiaries			Complementary finance			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Agricultural Market Development	42,300	4,024	10%	-	-	0%	2,900	1,719	59%	3,400	-	0%	3,500	-	0%	1,200	-	0%	1,500	-	0%	54,800	5,742	10%
SmallHolder Productivity Enhancement	26,500	16,217	61%	100	-	0%	2,100	1,198	57%	3,100	-	0%	600	-	0%	900	-	0%	1,300	-	0%	34,600	17,414	50%
Programme Management and Coordination	5,600	4,449	79%	400	-	0%	5,400	1,334	25%	3,400	179	5%	200	-	0%	-	-	0%	-	-	0%	15,000	5,962	40%
Total	74,400	24,689	33%	500	-	0%	10,400	4,251	41%	9,900	179	2%	4,300	-	0%	2,100	-	0%	2,800	-	0%	104,400	29,119	18%
Balance of Initial Advance	-	1,742																					1,742	
	74,400	26,432	36%	500	-	0%	10,400	4,251	41%	9,900	179	2%	4,300	-	0%	2,100	-	0%	2,800	-	0%	104,400	30,861	30%

Table 5C: Status of available funds at 31 May 2017 SDR 0000⁴

Code	Category	Allocated	Disbursed	%	Available
270001	Authorised allocation 1	-	532	0%	(532)
270002	Authorised allocation 2	-	4,315,990	0%	(4,315,990)
121068	Civil works	13,540,000	3,833,123	28%	9,706,877
121069	Vehicles, equipment, materials and agric. inputs	4,490,000	2,667,751	59%	1,822,249
121070	Training,TA, service providers, studies and workshops	15,020,000	6,568,391	44%	8,451,609
121071	Matching grant fund	4,840,000	769,466	16%	4,070,534
121072	Salaries and allowances	3,420,000	314,146	9%	3,105,854
121073	Office equipment and maintenance expenses	1,030,000	690,847	67%	339,153
121074	Unallocated	5,510,000	-	0%	5,510,000
		47,850,000	19,160,245	40%	33,006,277

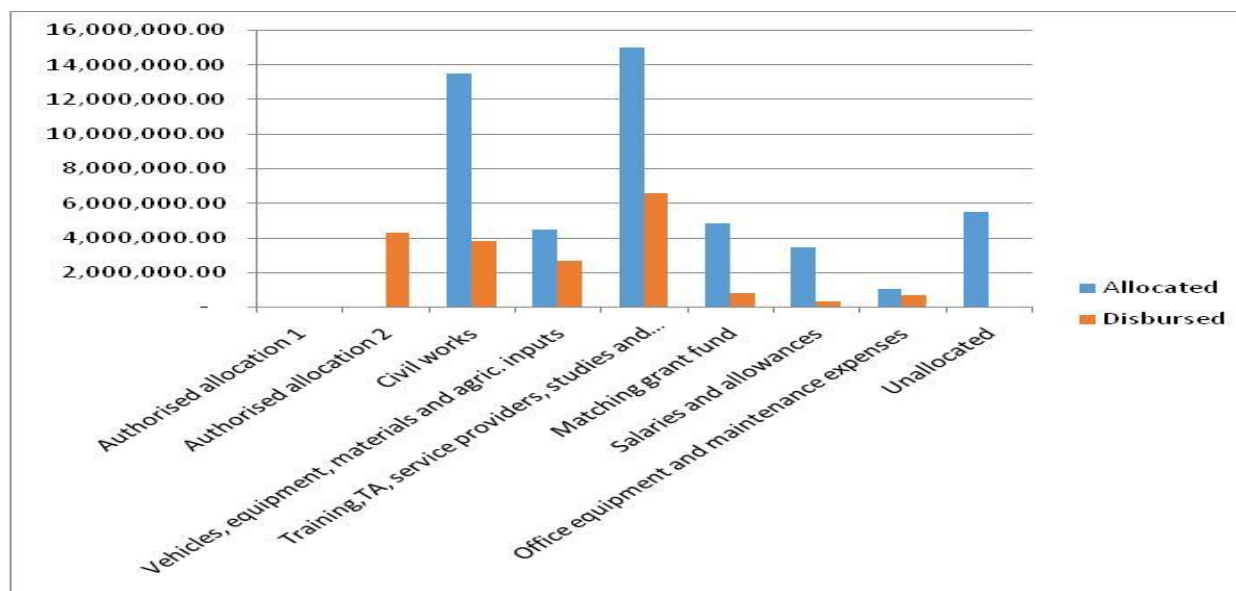


Figure 1: IFAD loan/grant disbursement, comparisons between original and revised allocations and actual disbursement

⁴ No WA in the pipeline nor expenditure incurred in and not yet replenished. This striking balance has been queried in the report

Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section B 6	There shall be two (2) designated accounts (the “Designated Accounts”) denominated in USD and opened and maintained by the Borrower/Recipient in a bank acceptable to the Fund to receive the proceeds of the Loan and the Grant, respectively	At Loan effectiveness	Full compliance as both bank accounts (Programme Accounts A and B) were opened as scheduled but have since been transferred to the Central Bank under the TSA arrangements	There are reported delays within Central Bank in transfer of funds from the designated accounts to the draw-down/ operational accounts
Section B 7	There shall be three (3) programme accounts (the “Programme Accounts”) opened and maintained in a bank acceptable to the Fund by the Borrower/Recipient at each of the Federal and State levels. At each level, the first two accounts shall receive the proceeds of the Loan and the Grant respectively; the last one shall receive the counterpart funds as committed by the Borrower/ Recipient in the subsequent paragraph, based on the Programme’s Annual Work Plans and Budgets (the “AWPB”)		All the accounts; Programme Account A for Loan, B for Grant and C for FGN/State counterpart funds are in operation at the NPMU and all the SPMUs	
Section B 8	A Memorandum of Understanding on the implementation of this Agreement between the Borrower/Recipient and the implementing States in the Programme Area as specified in Schedule 1 to this Agreement shall be executed		Compliant	
Section E 1(a)	The National Programme Management Unit (the “NPMU”) shall have been duly established and key staff appointed		Duly established and all required staff present	
Section E 1(b)	The Borrower/Recipient shall have deposited in the Programme Accounts adequate counterpart funds for the first Project Year as specified in the AWPB		At design, the FGN committed USD 9.9 million of which to date a cumulative amount of N52 million has been contributed. This yields 1.9% of the appraisal target.	The State Governments as well committed USD 10.4 million and have so far contributed USD 4.3million, 41% of appraisal target).
Section E 1(c)	The Finance and Administration section of the Programme Implementation Manual (the “Finance and Administration Manual”) shall have been submitted to and approved by the Fund		The manual was submitted and approved by the Fund as schedule and in operation	
Section E (2)	The Matching Grant section of the Programme Implementation Manual (the “Matching Grant Manual”) shall have been submitted to and approved by the Fund		The Manual was submitted to and approved by the Fund as scheduled	

Appendix 7: Knowledge management: Learning and Innovation

Some of the major innovations being promoted by the programme are summarised below:

Hand rice planter: Mr Danlami Yanki, a farmer in Taraba State, after receiving training on urea deep placement (UDP) technology using USG fertilizer fabricated a simple hand planter to greatly reduce the drudgery of this vital operation in paddy production. In two months, he had sold 48 planters at N3,000 each to farmers from Taraba, Benue and Ebonyi states. With each planter costing him N1,800 to fabricate, he was making a profit of N1,200 per planter – a significant addition to the revenue from farming.

Climate Smart Agriculture: The project is promoting climate smart agriculture with the introduction of a farmer friendly weather reading instrument in Niger State. The weather station device collects data related to the weather and environment using simple sensors to provide relevant meteorological information, advisories and early warning services to farmers. The weather forecasting station being piloted in Niger state enables producers to monitor day to day rainfall and temperatures, onset and cessation dates of the growing season, length of the season, annual amount of rainfall and several advantages like when to sundry rice and cassava where there is no provision of sun dryer in a cluster. This needs to be replicated in other participating states.

False bottom” technology: To improve the quality of parboiled rice, VCDP is promoting false bottom technology to identified small scale rice processors and traders in its six implementing states. The results of VCDP’s work show that “false bottom” technology is effective in improving the quality of domestic rice handled by small-scale processors and traders. The benefiting smallholder farmers have reported a shorter parboiling time, less water and energy use, quality improvement and over 60% increase in profit and a recovery factor of up to 70% against 65% formally recorded from their traditional technique. The improved parboiling technology has been widely accepted by trained project beneficiaries who in turn are spreading the word and influencing other rice processors to adopt the technology. The project linked processors to local equipment manufacturers who manufacture the “false bottom” technology according to the need and specification of the processors. The original version/idea came from a JICA rice programme in Nigeria.

Some processors have improved the devise to further reduce the cost material, enhance efficiency in water use and boiling time. For instance, in Ebonyi state, 39-year-old Ikenna Ituma, of Ndiulo Amoffia Ngbo, was one of the two fabricators sent on a training on the use of false bottom technology for parboiling rice, under a formal partnership between the VCDP and the Japanese International Cooperation Agency’s Rice Post-Harvest and Marketing Pilot Project programme (RIPMAPP), in Nasarawa State where RIPMAPP operates. Upon his return, Ituma, who is a graduate of materials and metallurgical Engineering from ESUT, fabricated a new version of the technology that seeks to further reduce drudgery. The new version provides for tilting of the 600kg drum to discharge the steamed paddy. He says that he plans to add to it a chain mill that will make it fully automated.

Bird scaring equipment: A multiple and intermittently sound generating bird scaring equipment is being piloted in Niger State. The equipment designed to scare birds is being employed by farmers to dissuade birds from eating planted crops. The equipment can be hung on a pole in the field for 21 to 35days until the birds are no more disturbing the field, then it can be removed and kept for future use. It has a solar panel that automatically powers the device. The device produces noise at intervals that scares the birds away from the field. 4 of the bird scaring equipment are required for 1 hectare of rice field, 6 for 2 hectares and 8 for 3 hectares. This implies that, it is more economical for farmers with rice field on a contiguous land ranging from 5 hectares and above than using it for only one hectare. The life span of the equipment is ten years (10years). After the pilot phase in Niger, this approach has been replicated in other states.

Appendix 8: Implementation of financial inclusion

By Innocent Azih

1.0 What Worked Well

- a. Counterpart funding: The FOs are conscious of their co-financing roles in the project and are making some efforts to provide their counterpart funding
- b. The FOs have good understanding on the market-oriented business focus of the project. They are conscious that they are in business and will require incremental finance to scale-up and a seamless mode of produce market transactions and financial exchange.
- c. The FOs have bank accounts and BVN indicating their readiness to build capacity for increased credit access and formal business transactions. Off-takers do provide funds or make payments to FOs through formal payments systems.
- d. The FOs ability to prepare and use Business Plans demonstrated their knowledge in entrepreneurship planning as well as opportunities and financial access strategy.
- e. FOs have internal saving strategies through bi-weekly investment contributions focused on business scale-up
- f. FOs are aware of e-payment systems. Some clusters have received training and prepared to engage in utilizing it
- g. The understand the insurance content in the package for rice, and ready for using it as business practice
- h. The off-taker procures produce from other farmers outside of the project Farmer Organizations. For instance, in Niger State, Onyx leverages only 86 farmers, while the rest produce is from non-profiled producers.
- i. FOs have MOUs with off-takers which introduces them to business or procurement contracts practices.

2.0 What Did Not Work So Well

- a. Fund mobilization by FOs is very low. There is still poor savings capacity among the FOs. This attribute keeps them financially weak
- b. The AMIS virtual trading platform is not live yet in any state. This affects their use of virtual business or transactions systems.
- c. There is no virtual or e-payment capacity nor facility adopted by the FOs
- d. FOs lack critical financial mobilization capacity for equipment purchase, which will delay the installation of the requisite equipment in the clusters.
- e. Most FOs in all the states still largely conduct business transactions at cash level with the Off-takers
- f. Securing extra credit is still difficult for FOs. This is due to many factors including low fund mobilization and inability to secure the cooperative certificate at the Ministry of Agriculture and Cooperatives in some states.
- g. FO members have not internalized savings and loans culture to establish credit history. This has made them unattractive to lending institutions.
- h. Dormant Accounts. Given the foregoing factors, including poor savings and low financial mobilization, the bank accounts of many FOs are reported dormant.

3.0 Recommendations

- a. The FOs should be encouraged to practice increased savings in cash and kind to fund their accounts.
- b. The States VCDP Offices should provide or intensify trainings on funds/resources mobilization for the FOs, including on virtual (electronic-based) business engagements and assist them to receive required cooperative certifications at the Ministry of Agriculture.
- c. Beneficiaries or FO-members should also be encouraged to open individual bank accounts and get Bank verification number (BVN)
- d. The FOs should be encouraged to internalize savings and loans culture to improve their attraction to lending institutions.
- e. The FOs engagement in the AMI should be boosted with hardware provisions such as mobile phones.

f. The service providers and off-takers should be made to insist on the use of FOs accounts for financial transfers in order to strengthen FOs financial frame and raise their capacity for financial mobilization.

Appendix 9: Technical Report on procurement – July 2017

The report is made to outline the result of procurement review carried out during the mission in July 2017, in addition to what is contained in the Aide Memoire.

1. Structure of the Procurement Unit:

The NPMU procurement unit is located in Abuja, consisting of one National Procurement Officer (NPO) and one Procurement Officer (Assistant), while the 6 states⁵ under VCDP have at least one State Procurement Officer (SPO) per state working for the state requirements of the project. Following the recommendation of the last mission, the National Procurement Officer will no longer be involved in engineering function. In this regard, NPMU has engaged an irrigation engineer as well as is about to engage an infrastructure engineer. The National Procurement Officer will therefore concentrate fully on its function upon the infrastructure engineer on board.

2. Procurement Plan (PP):

The Mission observed that the Procurement Plan (PP) shows the increased level of updating than the last mission, in both at NPMU or States. However, it is still far less than the required level for monitoring the procurement. The Mission reiterates that PP is not an itemized list of procurement items of the year, but a monitoring tool to enable all the stakeholders, especially the procurement officers themselves, to be aware of the most updated status of respective procurement items and to enable procurement actions taken in a timely manner. **The Mission recommends that National Procurement Officer takes initiative to periodically check each SPOs to ensure that PP are updated in a timely manner, say at least 1-2 per week.**

3. The Mission observed, however, that the situation has not improved to the expected level since the last mission in terms of submission of TOR/Specifications from the Subject Matter Specialists: many items are still pending procurement action, simply because the lack of documents from them. **The Mission recommends that National Procurement officer, in consultation with the relevant SPO, initiate discussions with user departments in respective States to expedite earlier submission of TORs.**

4. Procurement processes and methods:

The Mission reviewed procurement files of NPMU and all the 6 States that the Mission selected on spot-check basis.

- a) The Mission confirms that no substantial irregularities were identified in the procurement process of any of the files. (Detailed analysis is summarized in Annex 1.)
- b) As areas for improvement common in several States, it was observed that the solicitation documents are at times not submitted to IFAD for no objection, even though TOR may have been submitted. The Mission reminds that all the solicitation documents need to be submitted to IFAD for No Objection for procurement that are considered Prior Review category in accordance with the revised threshold.
- c) Single source procurement (Direct Contracting): The Mission reiterates that, even in single source procurement, an invitation letter needs to be sent to the single source company with clear provisions excluding those relevant to competitive bidding. The bid/proposal received needs to be evaluated to ensure technical acceptability and value for money (which will be useful in case there is a negotiation before contract signature). Needless to say, No Objection needs to be granted BEFORE sending an invitation letter to them, and any subsequent steps as well.
- d) The Mission was informed that payment certification process of invoices based on contracts is now involving SPOs at every state as well as NPMU. The Mission hopes that complete compliance of this item by the next mission.

5. Contractual document:

1) Contract Agreement:

The template for a contract agreement has an area for improvement in terms of listing annexes. The current wording in the existing template will not be able to cope with a possible

⁵ 6 states are Ogun, Anambra, Taraba, Benue, Niger, and Ebonyi.

conflict among the annexes. The Mission shares a standard wording/paragraph. (See examples in Annex 1)

2) Amendment:

When an additional work is issued to an existing contract, an amendment to the contract is to be issued. The Mission observed that a new contract was issued instead. Even though an award letter is issued to explain that it is a contract to cover the additional work, the new contract may be interpreted as another completely new contract from legal viewpoint. **The Mission recommends to use a form of an amendment to award any additional work, or to modify any part of the existing contract.** The Mission shares a template for an amendment for future use.

6. **Contract Register:**

In accordance with the recommendation made in the last mission (Nov 2016), the contract register now includes both contractor name and the contract number. However, some contract registers from States include a number which is not the contract number. It is also observed that non-contract (e.g. training arrangement which was done without a contract) is included in the contract register. The contractor's detailed street address does not have to be in the contract register. However, when a procurement action has ended with more than 1 contracts, all the names of the contractors/suppliers must be stated in the contract register individually. The contract register could include administration columns that are found necessary for procurement officers to administer them. During the training, all the columns were discussed and agreed among the procurement staff from NPMU and States. **The Mission recommends that all of above (5 points) be immediately corrected.**

7. **Contract Monitoring Form (CMF):**

The Mission was happy to observe that each payment certification from the contract managers attaches the CMF. The Mission however noted unfortunately that some Contract Managers are still using a previous form of CMF that does not have daily log of contract monitoring activities even though the revised form was supposed to be distributed to all the contract managers further to the last mission recommendation. **The Mission recommends that the National Procurement Officer ensures in cooperation with 6 SPOs that the revised form be used by all the contract managers in NPMU and all of 6 States.**

8. **Procurement Filing:**

1) In the technical report of the supervision mission in June 2016, the following recommendation was made:

"The Mission observed with a concern that, be it at NPMU or States, a complete set of contractual documents, including all the annexes, are not produced (printed) before getting signatures of both parties. As they are legally binding documents and serve a critical purpose in the relation with each contractor, not only contract agreement (the main document) but also all the Annexes referred therein need to be printed and ready at the time of signatures by both parties. After signed, they need to be bundled into a file (physically bound in a suitable manner)."

The Mission finds that the recommendation is being implemented. However, a complete set of the same document (namely, a complete set of copies of the signed contract) should be also filed in the contract file so that the post review may be carried out properly.

2) The Mission observed with regret that complete set of all the unsuccessful bids are still stored in bags without systematic order due to the lack of sufficient space in the office of NPMU. SPOs informed that the situation is same in their state offices. Without a systematic archiving, no post review or auditing work will be possible. **The Mission reiterates its earlier recommendation that suitable storage space be allocated to procurement units in order to ensure filing of all the procurement records, including unsuccessful bids.** As the NPMU is scheduled to change its location in August this year, the Mission recommends to utilize this timely opportunity to make a storage room available for procurement.

3) It was observed that some original documents are missing from the procurement files. It was reported that they had been taken out by other units for processing payments. While the Mission understands that original documents related to payment to the contractors/consultants are required for processing payment, those units could review the

originals but should never take them from the procurement files, except original invoices. If they so wish, copies could be made for their files. At the same time, original documents that are not directly related to payment should never be taken out of the procurement files, but only copies be made.

9. Community Procurement:

- 1) The Mission was happy to note that, for procurement of agro inputs, several framework agreements (simpler version) have been signed per State with several agro input dealers to satisfy the 2017 requirements. The Mission congratulates the fact that NPMU initiated a meeting with all the procurement officers from 6 states and decided the way forward in a consistent manner across states to be in time for 2017 season. However, the framework agreement needs to be improved, as not all the provisions to make the contract as “framework” are not included. The Mission notes that the framework agreement was not submitted to ICO for No Objection. These framework agreements could have been subject to prior review if the total value of all the expected LPOs is more than the threshold (see Paragraph 3). Even if the total LPOs value is less than the threshold in this case, it could have been better that the draft framework agreement had been submitted to IFAD in order to identify the missing provisions. **The Mission recommends that the next framework contract be submitted to IFAD for No Objection even if the expected total value is less than the threshold for prior review.**
- 2) In terms of agro equipment, the template for the full-fledged framework contract that was initiated at the April training must be finalized by National Procurement Officer in discussion with SPOs, as required. Framework Contract needs to be signed by the NPMU and LPOs be issued by SPOs (or communities) if there are suppliers who can cover all the supply of the 6 VCDP States. However, Framework Contract needs to be signed by the respective States and LPOs be issued by Communities when there are only suppliers per state who can cover only the requirements of each state.
- 3) Even though a frame work contract itself is not a commitment to the supplier, it will eventually lead to many LPOs that are commitment. In this regard, when a framework contract is expected to lead to LPOs whose value exceeds the relevant threshold for prior review, the procurement process must include No Objection as in other procurement. The Mission recommends that National Procurement Officer ensures this process in the next framework contract process.

10. Engineer's Estimate:

It is observed that this evaluation criteria is still in use in many evaluation reports at VCDP. While the exact amount of the Engineer's Estimate was kept confidential until the day of evaluation in order to protect the bidding from corruption, the Mission is yet to be convinced on the use of the Engineer's Estimate. Even though the method might have been considered as justifiable evaluation criteria, it is the understanding of the Mission that other donors are no longer using this criteria, because of the lack of confidence on its confidentiality, as well as on its validity in technologically rapid changing society. **The Mission recommends that Engineer's Estimate be used only as a reference, and not as a decisive criterion for excluding bids from evaluation in the future bidding. However, abnormally low bids can be excluded based on the Estimate.**

11. PSR Rating: 4 (Moderately Satisfactory)

12. Recommendations:

See the below table:

Agreed action	Responsibility	Agreed date
National Procurement Officer takes initiative to periodically check each SPOs to ensure that PP are updated in a timely manner, say at least 1-2 per week.	National Procurement Officer	Immediate and continue
National Procurement officer, in consultation with the relevant SPO, initiate discussions with user departments in respective States to expedite earlier submission of TORs.	National and States Procurement Officers	Immediate
To use a form of an amendment to award any additional work, or to modify any part of the existing contract.	National and States Procurement Officers	As necessary and continue
To include 5 points identified into Contract Register.	National and State Procurement Officers	Immediate and continue
National Procurement Officer ensures in cooperation with 6 SPOs that the revised form of Contract Management be used by all the contract managers in NPMU and all of 6 States.	National and State Procurement Officers	Before Oct 2017
Suitable storage space be allocated to procurement units in order to ensure filing of all the procurement records, including unsuccessful bids.	National and States Programme Coordinators	Before end of 2017
The next framework contract be submitted to IFAD for No Objection even if the expected total value is less than the threshold for prior review.	National and State Procurement Officers	As necessary
Engineer's Estimate be used only as a reference, and not as a decisive criterion for excluding bids from evaluation in the future bidding.	National and State Procurement Officers	Immediate

Annex 1: Post review of procurement files

The Mission reviewed 5-6 procurement files for NPMU as well as each State on a sample check basis. Since the bids, both successful and unsuccessful, are not filed together with the main procurement documents, they were required to be sorted out manually before they were ready to be reviewed. However, as far as the files reviewed are concerned, the Mission did not find any substantial irregularities, but identified minor issues to be corrected and areas for improvement as below:

FOR NPMU:

Contract for procurement of Rice Agro-Processing Equipment for Taraba, Niger, and Benue SPMUs – Contract no. VCDP/NPMU/04/16 Haniga Nigeria Ltd. N 29,718,375 dated 19/09/2016.

Request for Quotation

The request includes a sentence that “the following terms and conditions apply”, more than half of its contents are on how to submit a quotation. As recommended in Para 5 of the technical report of the mission in June 2016, even small value order/contract should at least refer to the VCDP Terms and Conditions.

Evaluation Report

The evaluation report is well prepared, except that one of the panel members is the Procurement Officer. (Note: however, this report was prepared in Nov 2016 before the agreement was made to make the procurement officer always Secretary to the Panel). The report shows the comparison of prices of all the bids incl. 3 unsuccessful bids, all of which correspond to the figures as contained in the actual bids submitted.

The report shows the comparison of prices of all the bids incl. 4 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

Contract Agreement has below issues:

1) In order to list Annexes, the following paragraph is included:

“The following documents shall be deemed to form and be read and construed as part of the agreement viz:

- a. The Invitation to quote (which) was sent to the Supplier*
- b. The quotation submitted by the Supplier*

c. The schedule of Requirements/quotations

With this wording, however, it is not possible to settle disputes when there is a conflict among Annexes (e.g. the Buyer's specifications vs the quotation by the Supplier). At the same time, the Annex should not include invitation (RfP, RfQ etc.), as it is not relevant at the time of contract any more, apart from terms and conditions. The following is the correct wording as well as the required Annexes:

"The Agreement shall include the following Annexes, which form an integral part hereof and which shall take precedence over one another in case of conflict in the following order:

- a) Annex 1: Special Conditions**
- b) Annex 2: General Conditions**
- c) Specifications**
- d) The quotation from the Supplier"**

2) The original paragraph in the contract for Annexes (above) does not include terms and conditions as an important annex. There should be no order or contract, which is not based on the Buyer's terms and conditions regardless of the value involved. If it is a minor value contract, it can at least refer to it, even if it does not attach the Buyer's terms and conditions. **The Mission strongly recommends to attach (or refer to) the Buyer's terms and conditions to any order/contract.** In order to do so, the terms and conditions must be attached to the Request for Quotations.

3) The delivery terms are important for any contract for purchasing goods in order to mitigate the risk associated during the transportation of the ordered goods. However, CIP is quoted in the Sub-paragraph f of the Paragraph 7 under this contract. **The Mission strongly recommends that DAP (Delivered at Place) instead of CIP be used in the future contracts.**

No Objection

All the requests for No Objection and IFAD NO are properly filed.

Invoices and payment documents

The file properly contains copies of invoices from the Supplier and the subsequent memo for payment processing showing approval signatures.

Contract for engagement of service provider for Agric Extension Service – Contract no. VCDP/NPMU/23/17 Agri Business Services Ltd. N 19,500,000 dated 15/07/2016.

Expression of Interest

The Invitation for Expression of Interest was issued to 4 companies that were selected from the DataCom of VCDP*. However, this invitation is requesting for "Description of Approach, Methodology and Work Plan for performing the assignment." It also requests for a financial proposal. If this is the intension of this invitation, the title is wrong: it should be called "Request for Proposal". Request for Expression of Interest is issued for submission of INTEREST (or at best, some CVs or Company Profile), and no proposal should be solicited.

Because of this abridged document, some important clauses are missing in this invitation: even though this invitation was requesting for tech/fin proposals, it did not include evaluation criteria. It did not include usual important clauses, such as the submissions at the bidder's account and responsibility, the Buyer's right to award or nullify the bidding.

*The fact that 4 companies were short-listed from the VCDP DatCom is not stated anywhere in this file, but was verbally informed to the Mission. However, more recent files (in 2017) include a memo in the file to explain the short-listing from DataCom.

Evaluation Report of EOI

Because of the lack of evaluation criteria in the Invitation, the evaluation was carried out by the evaluation panel with their own evaluation criteria.

Based on the evaluation, only Agri Business was requested to submit a proposal. However, the proposal did not lead to evaluation, technical and financial (most probably because there was only one proposal), but led only to Negotiation. Before a negotiation took place, there should have been an evaluation of the proposal, which will identify which items to be negotiated.

Contract

This contract agreement includes a paragraph to give precedence among annexes. However, the annexes are not listed in a consistent manner.

Each of the provisions in the General Conditions and the same in the Special Conditions do not tally.

Many provisions in the Special Conditions are left blank (without giving the specifics, such as name of the Contract Manager of the Contractor and his email address, liability insurance amount etc.)

Contract for Management of E-wallet/Voucher System – Contract no. VCDP/002/06/16 with Cellulant N 21,700,000 dated 09/06/2016.

Solicitation Document

This was a single source procurement and TOR received the No Objection from IFAD. However, even single source procurement needs an invitation letter for a proposal/quotation to be issued to the single source company with appropriate provisions, not such for competitive bidding, but those explained in the paragraph for E-KAN (for Anambra) and it must receive a No Objection.

Evaluation Report

There is no evaluation report of the bid from the single source, either technical or financial. In order to ensure that the bid received from the single source is technically acceptable and value for money, it is a MUST to evaluate the bid. In fact, the evaluation of a single source bid will help the Project prepare for the negotiation before the contract signature.

Contract

The provision for Annexes is correctly included with clear definition of precedence. The contract is well prepared, except the payment clause, which needs to include a condition for approval of the reports as below:

Thirty percent (30%) payment would be made upon submission **and approval by the Client** of the Interim Report and request by the Consultant.

Contract for Consultancy Services for farmers Organisation and their Apex Value Chain Groups in VCDP States in Benue State – Contract no. VCDP/001/07/16 with Pieke Tre Inter Link Ltd. N 25,696,000 dated 18/11/2016

No Objection

IFAD No Objection was requested and granted for the Request for Proposal, and it was sent to 4 companies short-listed. However, there is no document in the file to explain how this short-list was created (expression of interest, DatCom, or else?). In the same Fro, this should have been clarified and No should have been granted in any case.

Furthermore, even though this procurement was based on QCBS, the request for No Objection was made only for the combined evaluation, and not for technical evaluation.

Request for Proposal

The document is prepared very well with all the necessary provisions. However, even though it would be clear to well experienced bidders in view of the technical evaluation criteria (Para 5.2 in SCC), the procurement method (QCBS) could have been included therein.

Combined Evaluation Report

Technical evaluation is made well in accordance with the evaluation criteria specified in the Request for Proposal. However, when one bid did not get the minimum score (70), it should not be ranked as 4th in the table, but should be described as Not Acceptable.

The report shows the comparison of prices of all the bids incl. 3 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

The provision for Annexes is correctly included with clear definition of precedence. The contract is well prepared, except the payment clause, which needs to include a condition for approval of the reports as below:

Thirty percent (30%) payment would be made upon submission **and approval by the Client** of the Interim Report and request by the Consultant.

Contract for Procurement of six (6) Nos Cassava Planter and Cassava Harvester – Contract no. VCDP/NPMU/DC/3/2017 with AATF \$146,694 dated 02/02/2017

Solicitation Document

This was a Direct Contracting. However, there was no solicitation document in the file, even though No Objection was granted by IFAD to the procurement itself. The same issues as the contract with Cellulant above.

Evaluation Report

There is no evaluation report of the bid from the single source, The same issue explained in Cellulant above.

Contract

The provision for Annexes is not included in the Contract Agreement. Same issue as explained in the contract with Haniga above.

Furthermore, in its Special Conditions, the delivery terms are defined as EXW Abuja. It was explained that after the contract issuance, the delivery place was changed to National Centre for Agriculture Mechanization (NCAM) in Ilorin, Kwara State. If such an important change was made by the VCDP management, it is the responsibility of the Procurement Officer to amend the contract from Abuja to Ilorin. (Note: in dealing with public organization such as AATF, it may not be a serious issue. But in dealing with a supplier in private sector (especially a single source), it is a SERIOUS ISSUE!!!

Contract for Consulting Services for Feasibility and Design Studies of Rice Irrigation Schemes in Anambra State – Contract no. VCDP/CON/RFP/IRRIG/LOT 1/ANS/2017 with Nelan Consultants Ltd. N 101,890,745 dated 02/02/2017

Solicitation Document

This procurement is a complex one involving several lots per each of 6 states, for Packages A, B1, B2, C1 thru C6, and therefore Request for Expression of Interest was first advertised. Interested bidders were encouraged to submit EOI, and an evaluation of EOIs was conducted to come up with a short list of invitees who will receive RfP. However, the file does not include the RfP, the short-list, or the IFAD No Objection to the list. It is requested to complete the file before the next mission.

Evaluation Report

The evaluation was outsourced to Procurement and Disbursement Partners Ltd. The evaluation Report is found in principle ok (except minor typos.)

Note: comparing the prices therein with actual bids was not done during the mission, due to the time constraint.

Contract

The provision for Annexes is correctly included with clear definition of precedence. The contract is well prepared, except the following two points:

- the SCC is somehow divided by TOR: SCC Para 1 – 38.1 is first included, followed by TOR, and continue with SCC para 23.1 – 45.1. Because of this structure, Para 38.1 (contract price) exists both in the 1st part and the 2nd with different wording.
- Payment terms needs to include a condition for approval of the reports (see the contract with Pieke above).

Contract for Assessment of matching grants on farm enterprises – Contract no. VCDP/NPMU/CQ/17/17 with Infosearch Services Ltd. N 14,970,126.00 dated 02/06/2017

Request for Proposal

The 3 companies selected out of DatCom received RfP The RfP in its cover page states: A firm will be selected under Least Cost Method. However, in Paragraph 5.7 in Instruction to Consultants, there is a statement:

The weight given to the Technical and Financial Proposals are: T=0.7 and F=0.3

This is a formula for QCBS. Under LCS, all the bids that are found technically acceptable will be compared without considering which bid is technically better or not. All of them will be compared on an equal basis (without considering 0.7 or 0.3) but decision will be made based on the price: the cheapest one will be selected.

Evaluation Report

The evaluation incorrectly referred to QCBS, and not LCS as defined in the RfP. However, toward the end of the report, the selection was made based on LCS (i.e. without combining tech and financial points based on 0.7/0.3). Therefore it is acceptable.

The report shows the comparison of prices of all the bids incl. 2 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

The provision for Annexes is correctly included with clear definition of precedence. The contract is well prepared, except the payment terms, which needs to include a condition for approval of the reports (see the contract with Pieke above).

Contract for Assessment of the Economic Potential (s) of Mechanised Threshers as a Distinct Enterprise – Contract no. VCDP/NPMU/CQ/21/17 with Savannah Agro Consult N 14,740,000.00 dated 13/06/2017

Evaluation Report

The evaluation is in principle well prepared and acceptable.

The report shows the comparison of prices of all the bids incl. 2 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract The provision for Annexes is correctly included with clear definition of precedence. The contract is well prepared, except the payment terms, which needs to include a condition for approval of the reports (see the contract with Pieke above).

FOR NIGER STATE:

Contract for Construction of small rice mill etc. – Contract with AJP Construction Nig. Ltd. N 33,052,036.50 dated 05/01/2017.

Evaluation Report

The report includes a comparison table for technical responsiveness (Table 5B) in terms of “Comparison within House Engineers Estimate (BOQ)”. The two bids have been found outside of the estimate. However, there is no detailed explanation on whether too high or low, compared to the estimate. As explained during the review of evaluation reports for land development and road rehabilitation in March, 2016, Engineer’s Estimates are to be used only as a reference figure and not as a decisive factor during the evaluation.

The report shows the comparison of prices of all the bids incl. 6 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

The same issue about the listing Annexes as in Haniga Nigeria Ltd (for NPMU) is applicable to this contract. Also the contract should never be prepared with hand writing.

Contract for Consultancy services for design of Bridge along Batavovogi Road – Contract with CIV Struct no.NG/SPMU/VCDP/CQ/034/2017 N 7,997,600.00 dated 20/04/2017.

Evaluation Report

The report is well prepared with correct scoring and weight.

The report shows the comparison of prices of all the bids incl. 2 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

While the contract includes a list of Annex-A, B, and C, there is no definition of precedence in case of conflict (see the explanation made above in terms of Haniga Nigeria Ltd).

Contract for Construction of Solar Powered Boreholes at Kataeregi/ Kakakpagi Shabawoshi – with Adex Investment no.NG/IFAD-VCDP/WKS/009/2017 N 37,453,500.00 dated 20/04/2017.

Evaluation Report

The report is well prepared.

The report shows the comparison of prices of all the bids incl. 2 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

This contract is based on a template for consultancy services and thus not suitable for construction: e.g. in terms of insurance, inspection, access to the site, retention, safety etc.

FOR BENUE STATE:

Contract for Land Development activities at Agbangwe, Okpokw – with Paidco Construction Nig. Ltd. N 19,289,367.56 dated 22/11/2016.

Evaluation Report

The report is well prepared.

The report shows the comparison of prices of all the bids incl. 1 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

This contract agreement shows the same paragraph as that in Haniga Nigeria Ltd (for NPMU) and thus the same issue about the listing Annexes is applicable to this contract.

Contract for Construction of Rice Mill, Drying Slab and Parboiling Shed Otukpo Cluster - with Built Art NIG. Ltd. N 43,414,750.28 dated 26/1/2017.

Evaluation Report

The report is well prepared.

The report shows the comparison of prices of all the bids incl. 2 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

This contract agreement includes a paragraph to give precedence among annexes. However, the annexes are not listed in a consistent manner.

Contract for Construction of Paddy Warehouse - with 247 Modernize Ltd. N 23,543,064.92 dated 03/03/2017.

Evaluation Report

The report is well prepared.

The report shows the comparison of prices of all the bids incl. 5 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

This contract agreement includes a paragraph to give precedence among annexes. However, the annexes are not listed in a consistent manner.

Contract for Construction of Rice Mill - with Neptas Ltd. N 50,143,268.20 dated 19/01/2017.

Evaluation Report

The report is well prepared.

The report shows the comparison of prices of all the bids incl. 1 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

This contract agreement includes a paragraph to give precedence among annexes. However, the annexes are not listed in a consistent manner.

Contract for Construction of Cassava Mill Cluster - with Dzaveson Consultants Ltd. N 42,073,648.38 dated 03/03/2017.

Evaluation Report

The report is well prepared.

The report shows the comparison of prices of all the bids incl. 3 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

This contract agreement includes a paragraph to give precedence among annexes. However, the annexes are not listed in a consistent manner.

Contract for Construction of Solar Powered Borehole - with Borewell Drilling Ltd. N 18,228,639.42 dated 03/03/2017.

Evaluation Report

The report is well prepared.

The report shows the comparison of prices of all the bids incl. 3 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

This contract agreement includes a paragraph to give precedence among annexes. However, the annexes are not listed in a consistent manner.

FOR OGUN STATE:

Contract for Performance Assessment of engaged Private Extension Service Provider – with Obayemi J.A. N 9,000,000 dated 24/10/2016.

Contract

While the agreement with the consultant was to pay him only the DSA without his fee, the contract (main agreement) does not make it clear: only the Annex B clarifies that. In order to avoid misunderstanding with future consultants in a similar situation, it is recommended that the contract makes it clear.

Contract for Construction of Rice Mill etc. - with Tundis Nigeria Ltd. N 43,421,608.65

Evaluation Report

One of the evaluation criteria was Comparison with Engineer's Estimate. 7 bids out of 9 were found to be outside of Engineer's Estimate, and 6 out of them were excluded only because of this reason. The details on how far each of the bids were away from the Engineer's Estimate is not accounted in the Report. While the exact amount of the Engineer's Estimate was kept confidential until the day of evaluation in order to protect the bidding from corruption, the Mission is yet to be convinced on the use of the Engineer's Estimate even though the method might have been considered as a justifiable

evaluation criteria. **The Mission recommends that Engineer's Estimate be used only as a reference, and not as a decisive criterion to exclude bids in the future bidding.**

The report shows the comparison of prices of all the bids incl. 10 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract (amendment) for additional work to Construction of a 12Km Farm /Earthroad: Ododeyo & Imewuro Earth/ Farm road in Ijebu-North Local Government Area. - with Tundis Nigeria Ltd. N 25,949,500.00

Procurement Process

When the need was identified for an additional work, an opinion was solicited to the consultant employed by NPMU (Victory Construction Co. Ltd.), who recommended for proceeding the work. IFAD No Objection was also requested and obtained. The only thing missing was to include this additional work in the ongoing Procurement Plan and submit it together with the Request for No Objection to IFAD.

Contract

When an additional work is issued to an existing contract, an amendment to the contract is to be issued. However, in this case a new contract was issued to cover the original plus additional sum. Even though an award letter was issued to explain that this is a contract to cover the additional work, the new contract may be interpreted as a new contract from legal viewpoint. The Mission shares a template for an amendment for future use.

Contract for Land Development activities at Igbo-Aje – with Ojo Nide Ltd. N 23,058,787.50 dated 27/04/2017

Evaluation Report

The report is well prepared.

The report shows the comparison of prices of all the bids incl. 3 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

The contract is well prepared with Special and General Conditions of Contract. However, the same issue about the listing Annexes as in Haniga Nigeria Ltd (for NPMU) is applicable to this contract.

Contract for Office Equipment – with George & Gabriel N 4,861,500.00 dated 27/04/2017

Evaluation Report

The report is well prepared.

The report shows the comparison of prices of all the bids incl. 3 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

The same issue about the listing Annexes as in Haniga Nigeria Ltd (for NPMU) is applicable to this contract.

The contract does not have to attach Instruction to Bidders, but must attach General Conditions of Contract.

Contracts for goods should specify Incoterms. In this case, the contract specifies that the delivery is included in the price. However, it is not clear in the contract where the risk is handed over to the Buyer as Incoterms is not stated.

FOR TARABA STATE:

Contract for Construction of Rice mill and Parboiling shed at Tella – with Construdev Ltd. N 45,379,488.49

Evaluation Report

One bid out of total 6 was excluded for consideration, because it was too low compared to the Engineer's Estimate. As explained above in Tundis (Contract for Ogun State), the Mission recommends to use the Engineer's Estimate only as a reference, and not for evaluation criteria for exclusion.

The report shows the comparison of prices of all the bids incl. 1 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract for Construction of Warehouse at Tella – with Ziho Nigeria Ltd. N 24,447,989.34

Evaluation Report

The report is well prepared.

The report shows the comparison of prices of all the bids incl. 3 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract for Procurement of Office Equipment – with Nungtso Printing Press N 24,447,989.34
Solicitation Document

The delivery terms are not stated in the main page of the solicitation: Delivery point is described only in the Specifications.

Evaluation Report

The report is well prepared, except that the price comparison does not make it clear whether the prices include delivery cost or not.

The report shows the comparison of prices of all the bids incl. 3 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

The same issue about the listing Annexes as in Haniga Nigeria Ltd (for NPMU) is applicable to this contract.

The contract does not have to attach RfQ, but must attach General Conditions of Contract.

Contracts for goods should specify Incoterms.

Contract for Procurement of consultant for Agro-Input training – with IFDC \$ 82,960.-

Evaluation Report

Even in the case of single source selection, the proposal received must be reviewed to ensure that it is technically and financially acceptable.

Contract

Even though Annex A and Annex B are referred in the 1st page, only Annex A is clearly spelled out as TOR, while Annex B is unknown (and not attached to the contract). If a paragraph for listing all the Annexes is to be avoided, a paragraph is required to define that the Annexes constitute an integral part of the contract (see the explanation in the paragraph above for Haniga Nigeria Ltd (for NPMU).

Payment (Para 6.5 in SCC): If some portion of money is to be paid against reports, the sentence must always include an approval by the Client, as below:

“Payment shall be made within forty-five (45) days, of receipt of the invoice and the relevant documents specified in Clause 6.4 as well as **its approval by the Client.**”

FOR ANAMBRA STATE:

Contract for Selection of consultants for Construction of Feeder Roads – with E-KAN Engineering Ltd. \$ 88,145.-

Letter of Invitation

The letter does not include standard provisions such as:

- The Client has a right to nullify the bidding, award to any consultant

“The Purchaser reserves the right to accept or reject any Bid, and to annul the Bidding process and reject all Bids at any time prior to Contract Award, without thereby incurring any liability to Bidders. (In case of annulment, all Bids submitted and specifically, bid securities, shall be promptly returned to the Bidders.)”

- The Bidders bears the cost required to prepare proposals;

“The Bidder shall bear all costs associated with the preparation and submission of its Bid, and the Purchaser shall not be responsible or liable for those costs, regardless of the conduct or outcome of the Bidding process.”

Evaluation Report

When the minimum technical score is 75, the 2 companies which did not satisfy 75 should not be ranked as 2nd and 3rd in the technical score table.

After the negotiation, the evaluation report must conclude by saying “the revised/negotiated price is now found acceptable.”

FOR EBONYI STATE:

Contract for LAND DEVELOPMENT OF 54HA AT DAM REGION IN EZILLO FARM, ISHIELU LGA Lot 2 – with Alpha Ark Engineering Ltd. N 23,860,55.45

Letter of Invitation

The same observation made for the contract with E-KAN (for Anambra) applies in this letter.

Evaluation Report

The report is well prepared.

The report shows the comparison of prices of all the bids incl. 3 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

The contract is well prepared with Special and General Conditions of Contract. However, the same issue about the listing Annexes as in Haniga Nigeria Ltd (for NPMU) is applicable to this contract.

Contract for CONSTRUCTION OF FARM ROAD IN IKWO LGA Lot 2 – with Consel Int'l Ltd. N 204,859,608.60

Evaluation Report

One of the technical evaluation was based on the Engineer's Estimate. The same observation as in Tundis Contract (for Ogun State) applies to this case. 4 bids were found outside of the Estimate. However, in this case, these 4 bids did not comply with the required technical spec (Method Statement and Construction Schedule etc.) either. Therefore, the evaluation is acceptable.

The report shows the comparison of prices of all the bids incl. 12 unsuccessful bids, all of which correspond to the figures as contained in the actual bids submitted.

Contract

The contract is well prepared with Special and General Conditions of Contract. However, the same issue about the listing Annexes as in Haniga Nigeria Ltd (for NPMU) is applicable to this contract.

Contract for CONTRACT ADMINISTRATION & MANAGEMENT OF BILL1 – with Blend Consult Ltd. N 52,232,375.68

Request for Proposal

The same observation made for the contract with E-KAN (for Anambra) applies in this letter. Furthermore, technical evaluation criteria is also missing in the Request.

Evaluation Report

The report is well prepared. However, it is not signed by the Chairman (as he left for travel).

The report shows the comparison of prices of all the bids incl. 2 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

Contract for ADDITIONAL WORK ROAD CONSTRUCTION AT AKAHUZ-NKWUDA IN IZZI – with OGBOMACOS NIG. LTD N 44,322,385.70

Contract (Amendment)

Even though it is not based on the template (see the main report), the amendment is made well in principle.

Contract for SOLAR POWERED BOREHOLE WITH OVER HEAD TANK AT IZZI AND IKWO LGA LOT 1 – with De Standard Jopet Ltd. N 19,952,900.00

Invitation to tender

The same observation made for the contract with E-KAN (for Anambra) applies in this letter. Furthermore, technical evaluation criteria is also missing in the Request.

Evaluation Report

The report is well prepared.

The report shows the comparison of prices of all the bids incl. 2 unsuccessful bids, all of which correspond to the actual bids submitted.

Contract

The contract is prepared with Special and General Conditions of Contract. However, the same issue about the listing Annexes as in Haniga Nigeria Ltd (for NPMU) is applicable to this contract.

The report is made to outline the result of procurement review carried out during the mission in Nov/Dec 2016, in addition to what is contained in the Aide Memoire.

Appendix 10: Summary of mission's observations for MTR

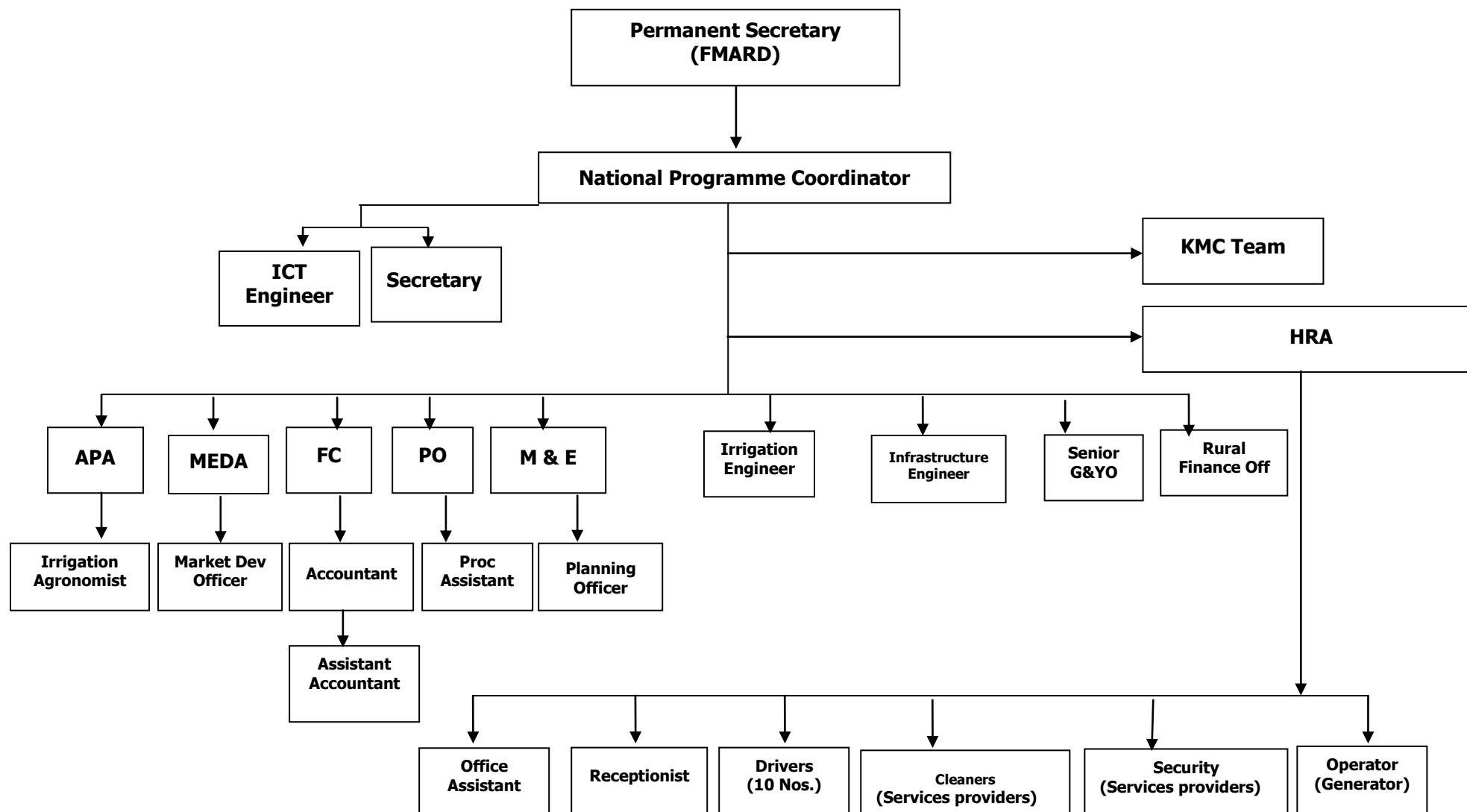
Component	What worked well	What worked less well	Recommendations
Market development and value addition	<p>Processing infrastructure</p> <ul style="list-style-type: none"> - Completed remodelling of rice mill at Zaworo, Bida and cassava mill house at Lokogoma and Katchia, Niger State <p>Market Access</p> <ul style="list-style-type: none"> - Off-takers: Guaranteed market for farmers produce. Steady paddy to millers. Indirect credit window to the producers for finance and technical services. - Commodity Alliance Forum (CAF): Stimulating healthy relationship between the key actors along the value chain - production, processing, marketing, input, and extension platforms. Provides brokerage services on input and output pricing, input and product information to farmers, and tractor services. Led to improved quality of rice through use of de-stoning facilities and false bottom parboiling. - E-payment system is active from the off-taker level, in making financial transfer into FOs account. Producers and processors however are not using it for transactions. - Weights and measures practices being applied for rice. Some processors and marketers trained on use of weights and measure, packaging and branding of processed products. - Regulatory product certification: Some FOs have been linked to NAFDAC and SON for eventual certification and registration. - Partnerships and Linkages FOs and CAF have successfully established linkages with some international/local development organizations such as GIZ, USAID for capacity building. Linkages have been provided for the various value chain players in rice and cassava through VCDP's Partnership/Alliance Building and Business Transaction Meetings facilitated by the CAFs. - Agricultural market and AMIS: Farmer Business Schools are training members. AMIS is being established as a platform for real time produce marketing. Farmers prepare and use business plans. Rice is being packaged and branded. 	<p>Processing centres:</p> <ol style="list-style-type: none"> Structural design defects e.g. at Lokogoma: Poor provision for ventilation, no linkage of the cassava mills, soakaway pits close to the borehole etc. Delayed implementation: e.g. upgrade/remodelling of the Doka processing cluster in Anambra State has not started. Equipment Installation: Machines not yet installed in mill houses because FOs have not made-up their counter-payment. Standard weights and measures. Application is still limited to off-takers and processing centre transactions. In most states they do not exist for cassava. No branding for cassava among the FOs (except in Benue). Record keeping is still poor among FOs (for both farmers and processors). <p>Off-takers: Issue of acceptable MOU to both parties still a problem in some states. Many producers not yet linked to reliable off-takers. Side selling by some producers. Not all off-takers assist the producers. Transport cost of produce to collection point could be high. Assistance to producers (credit/technical services/inputs) could box producers to weak bargaining positions in terms of selling price.</p> <p>CAF: Weak in some states</p> <p>Market Information</p> <ol style="list-style-type: none"> AMIS not yet live due to bureaucratic procedure to connect platform access to farmers. No hardware (phones/ handsets) provision for lead farmers and field staff for data collection. <p>Access Roads and Environment:</p> <ol style="list-style-type: none"> Difficult access roads to some farms may affect produce evacuation e.g. in Ogun State's 120ha rice farm. Environmental health and waste disposal issues at some cassava processing centres may affect marketing quality. No NAFDAC or SON registration yet. <p>Business Capacity, Financial Transactions and Service</p> <ol style="list-style-type: none"> E-finance mechanism not fully in place as farmers still transact businesses with cash. Poor appreciation of VCDP business concept, inadequate record keeping by FOs. CAF operation not scaled to LGA and cluster levels in many states. Processors ignorant of creating income streams from converting waste products for the market. 	<p>Processing centres:</p> <ol style="list-style-type: none"> Establish demo facility at Lokogoma while waiting for the counterpart fund completion Rectify major defects at Lokogoma before operations start, e.g. relocate soakaway at least 15 meters from borehole. <p>Market Access</p> <ol style="list-style-type: none"> AMIS platform should be skewed to be private sector-driven. Training of FOs on weights and measures to be extended to farmers/processors/marketers at LGA. State governments as a matter of policy to popularize adoption of weights and measures in markets. FOs to be sensitized on the ownership of the processing centres as well as the environmental management requirements at the cassava processing centres. <p>Sustainability</p> <ol style="list-style-type: none"> Explore possibility of collecting tolls from users to earn revenue for the cluster for strategic infrastructure e.g. the Bida warehouse. Capacity building on business and cooperative management for FOs needed. Step down CAF to community-based operations.

Component	What worked well	What worked less well	Recommendations
Smallholder Productivity Enhancement	<p>Input support to FOs through linkage to credible agro-input dealers.</p> <ul style="list-style-type: none"> - The strategy for redemption of inputs by FOs promoted transparency and familiarized members to e-payment. - Linking FOs to agro-input dealers created market outlet for agro-input dealers and strengthened the relationship between input dealers and FOs, with bright prospects for continuation of the relationship without VCDP input support. - Agro-input dealers agreed to sign MOU with FOs based on agreed mode of payment. - Provision of inputs, land preparation and other support services by off-takers to FOs on buy-back arrangements. <p>Promotion of community seed development programme through youth empowerment as entrepreneurs in rice seeds and cassava stems production.</p> <p>Yield increase for rice and cassava due to: (i) introduction of improved production technologies; (ii) high adoption rate by FOs arising from the advisory service support provided by private extension service providers working with ADP Extension Officers; (iii) improved timeliness and quality of inputs; (iv) irrigation for rice production.</p> <p>Profiling of FOs and registration as cooperatives enhanced targeting of the VCDP beneficiaries.</p> <p>Promotion of pest control services as an enterprise among youths.</p> <p>Increased mechanization of land preparation and use of rice and cassava planters due to: (i) MOUs signed with TOHFAN; (ii) VCDP land development thrust, improved access to land.</p>	<p>Matching grant contribution</p> <ul style="list-style-type: none"> - Inability of some members of FOs to pay their matching grant contribution under input support. - Inability of youths to meet matching grants requirements to access small-scale farm machineries and equipment, a hindrance to adoption by interested youths of farm mechanization services as an enterprise. - Inadequate fund from NPMU to support input for approved business plans. <p>Cassava planting material</p> <ul style="list-style-type: none"> - Limited capacity of NRCRI to meet Cassava Foundation Stock (TME 419) requirements of the youths trained on cassava stem multiplication. - High cost of cassava stems (₦1,200/bundle) compared to ₦500.00/bundle provided for in the business plan. <p>Tractor hiring service</p> <ul style="list-style-type: none"> - Limited access to tractor hiring service by most members of FOs for land preparation, due to high cost and limited number of tractors. <p>Weak institutions</p> <ul style="list-style-type: none"> - Most FOs and AVCGs are weak because they are still in formative stage. <p>Tracking of crop yields is weak</p> <p>Non-engagement of NAIC for crop insurance.</p> <p>Business concepts of FOs limited to current business plans and not forward looking.</p> <p>Aggregation centres not established by off-takers.</p> <p>Uncontrolled soil erosion and weed on land development sites</p>	<ul style="list-style-type: none"> - Early preparation of 2018 AWPB, Work Plan and Budget. The process should commence in September/October, 2017 starting from the preparation of VCAP and BPs at the State level and submitted by SPMU including the indicative budget for other activities to NPMU by 31st December, 2017. - The targets set should not be ambitious and must relate to the capacity of each state and the amount projected for draw-down by NPMU. - Step up implementation support in respect of Community Seed Development Programme, Strengthening of FOs and AVCGs; setting up of seed testing laboratories in each state to support community seed development programme and engage with the ADPs on how to improve on their performance to support VCDP. - Effort should be made to ensure that the approval of AWPB by HMA and no objection from IFAD Country Office is concluded by 31st March, 2018. - Formalise the relationship between agro-input dealers and AVCGs/FOs through MOUs for provision of inputs either on credit or buy-back arrangement without VCDP support. - Link FOs/AVCG to off-takers financial institutions and other government programmes that provide input support. These will address the challenge of the inability of some members of FOs and youths to pay their matching grants. - Input distribution to FOs should coincide with the harvest period when farmers are at the peak of their financial strength. - Encouragement of off-farm investments, such as livestock fattening, among FOs and members to improve on their saving culture. - The ADPs should be involved as foundation cassava material out-growers to meet the demand of youths trained in cassava stem multiplication. - On-farm demonstrations should address thematic production challenges faced by FOs such as pests/disease control, soil fertility management and climate change adaption measures. - Continuous sensitization of FOs to purchase inputs from credible agro-input dealers despite the higher price than the open market with mainly poor quality inputs. - The need for continuous capacity building for FOs business skills and scale up of their operations. - Based on criteria relating to governance, technical sustainability and financial sustainability categorise the AVCGs/FOs into strong, moderate and weak. Capacity building programme should be designed to strengthen each category. - VCDP to improve on its current mechanization support to FOs. - Implementation of soil erosion control measures and establishment of wind breaks on land development sites.

Theme	What worked well	What worked less well	Recommendations
Climate change	<p>Weather reading device in Wushishi, Niger State and other locations introduced for monitoring weather for farm operations. Solar powered borehole for cassava processing centres at Lokogoma and Katchia in Niger State, make the processing centres green activity centres. Smart solar-powered bird scarer in rice multiplication farm in Wushishi, and other locations help increase farm productivity. Energy saving devices for parboiling activities in the processing centres. Ongoing construction of briquetting facility house in processing centres to convert rice husks to briquettes for energy efficient parboiling activities.</p>	<p>Lack of knowledge and capacity on climate smart agriculture and livelihood resilient practices among FOs. Risk of GHG emissions from low plant population observed in many rice fields could lead to nitrogen emissions from unutilized fertilizer applied. Inadequate number and spread of solar bird scare devices per rice field and across the farming locations. Poor effluent disposal by traditional cassava processors sustains dirty environment, increases emissions and creates environmental health and food safety problems. NIMET Weather Map/records not readily available.</p>	<p>CAF is a key structure to share information on climate smart agriculture and clean energy or energy efficiency among FO members (e.g. clean energy cooking for improved health). States to train extension officers and other actors in production and processing activities on climate related farm/processing activities including correct plant population, effluent disposal and use of efficient energy materials. Scale up the use of clean technologies for both production and processing activities e.g. bird scare devices/ha, weather reader per cluster/group and number of NIMET weather records per cluster/group, solar lighting. Service providers, off-takers and extension officers to enlighten the FOs on managing non-profiled processors on environmental pollution/ emission. Early completion of the briquette infrastructure for increased use of efficient energy technologies such as cooking stoves.</p>
Institutional development	<p>Sensitization of farmers and FOs. Deployment of LGA Desk Officers Validation of FOs by attending the monthly group meetings of FOs and conducting general validation exercise. Capacity building of FOs and leaders on group dynamics, leadership/ governance, record keeping, business plan/budget, sustainability etc. FO members have good understanding of the VCDP objective, and that input support is for 2 years. FOs have bank accounts, meet regularly, pursue collective interests, and make financial contribution among members (sometimes in-kind by setting aside some percentage of their outputs/ harvests) for their internal upkeep. Service provider on FOs capacity building with staff at LGA level, train/ advise/mentor FOs. Formation of AVGs at clusters/LGA level. Involvement of women and youth in AVG and FO executive committees.</p>	<p>Concentration of knowledge around the FO leaders (usually more educated). Inadequate record keeping by FOs. Legal registration of AVG and capacity building on their responsibility. Inability of some FO members to attend meetings. Inability of some FO members to pay their monthly dues. Few internally generated by-laws of FOs specifying mechanism for domestic operations among the group, membership criteria, specific positions and elections, roles of leaders, dispute settlement mechanism, penalties, etc. to encourage healthy, lasting and sustainable group relationship.</p>	<p>Service providers to ensure that capacity building activities are extended beyond group leaders to ordinary (mostly illiterate) members. Train women on financial literacy to enable effective participation in leadership. Develop a comprehensive framework to guide internal operational by-law of FOs. Develop a template for Minutes Book and financial records. FOs to present 6 months evidence of regular meetings held and account statement before registering with or benefitting from VCDP. Continuous mentoring and monitoring of FO's on their sustainability plans. Mandate FOs to pay for inputs from their bank account not cash. This would facilitate regular account maintenance</p>

Theme	What worked well	What worked less well	Recommendations
Contracts and legal issues	MOUs exist between farmers, FOs and off -takers	Contents of MOUs are sometimes not completely understood by farmers, leading to misinterpretation, avoidable disputes or absolute breach/violation (e.g. side selling). Unclear terms and conditions in land agreements between VCDP and communities, poses danger where aggrieved community members could raise objections against such arrangement after VCDP had spent resources developing such lands. Land agreements between FOs and communities do not specify terms and conditions such as the purpose, royalties, duration for land to be in the possession of the FO, who should be held accountable, as well as the relationship with and the role of VCDP as an interlocutor in all the arrangements. This could lead to land disputes and disastrous communal clashes to jeopardise programme implementation.	Simplify and interpret MOU documents to the farmers before signing Produce templates that specify the relationship between and among the following parties: (a) State VCDP and the community that provides land for development, (b) the community and the FO; (c) the farmers in the FO involved and engaged in the farm land.
Policy and management	Advocacy visit to states for government buy-in and support influenced payment of counterpart contribution Sensitization and mobilization of key stakeholders resulted in ownership e.g. Benue adopting VCDP model of value chain development as a state strategy for agricultural development. Increased awareness of FOs treating agric. as a business - using Business Plans as basis for VCDP support and record keeping. Staff training.	Partnership/technical support from the ADPs inadequate Engagement with the LG system not robust for sustainability after exit of VCDP Staffing not adequate in critical areas Steering committee meetings at FGN level not regular Difficult access to land with titles	Review partnership with the ADPs , strengthen relationship with performance based agreements on clearly identified areas of partnership and provide logistics support, e.g. 1 operational vehicle. Effective engagement with leadership at LG levels. Relevant MDAs with support of State Assembly and traditional rulers to press for 20 years lease of land for land development and irrigation investment. Review NPMU organogram to provide for critical staff needs Reduce steering committee meeting at national level to once a year or delete when a coordinating body like PCU is in place Facilitate legislation on use of standard weights and measures
Financial inclusion	Off-takers are supporting farmers to meet their matching grant counterpart contribution, thus helping to reduce exposure of farmers to adverse loans. AVG selling shares to clusters under it (Achalla Rice Processing Group, Awka North LGA of Anambra State) Ebonyi State Government (i) paid counterpart fund (N5.3m.) for dry season farming on behalf of FOs; (ii) secured N4b. from to support farmers 2016 and 2017.	No commercial bank in some LGAs (e.g. Anyamelu of Anambra) making financial Inclusion difficult. High interest rates for FOs for loans (15-40%). Weak financial linkage by SPMUs for FOs beyond off-takers and NIRSAL, the latter which is not forthcoming. Poor leveraging of other projects' interventions , e.g. Anambra SPMU did not leverage on RUFIN intervention in Anyamelu LGA. Savings culture is generally poor which is bad for sustainability Farmers are not reinvesting proceeds of previous year's harvest.	FOs to be mentored on savings (group and individual). Consider alternatives sources of funding for FOs other than NIRSAL which has a long gestation period, e.g. Bank of Industry facility which is being used by CASP in Katsina, and BoA. Anambra SPMU to leverage on RUFIN established MFIs in Ayamelum LGA to mitigate absence of commercial banks. Model of selling shares used by Achalla community in Anambra State should be nurtured for sustainability of the AVGs and CAFs. MFIs should be encouraged to operate where there is no commercial bank or Micro Finance Bank.

Appendix 11: Revised VCDP Organigram



Appendix 12: Harmonized framework for the Establishment of FOs Structures in VCDP

Structure of Farmer Organization in VCDP

