

## **Federal Government of Nigeria**

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### **Value Chain Development Programme (VCDP) – FGN/IFAD 1st Joint Supervision/Implementation Support Mission**

### **Supervision Report**

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West and Central Africa Division  
Programme Management Department

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## A. Introduction<sup>1</sup>

3. The Federal Government of Nigeria is implementing the 6-year IFAD-supported Value Chain Development Programme (VCDP) in six states of Nigeria, namely: Niger, Ogun, Taraba, Benue, Ebonyi and Anambra. The programme, which was prepared in 2010, was approved for a loan of USD 74.4 million and grant of USD 0.5 in April 2012. The financing agreement was signed in August 2012, and the Programme became effective on 31 October 2013. The first disbursement was made in February 2015. The completion date of programme is 31 December 2019, while the closing date is 30 June 2020.
4. The first Implementation Support and Supervision Mission was undertaken by IFAD, together with the Federal Ministry of Agriculture and Rural Development (FMARD) and Federal Ministry of Finance (FMF) in 3 of the six implementing states (Niger, Anambra & Ebonyi) from 27 April to 08 May 2015. The main objectives of the first Implementation Support & Supervision mission are to review actions taken by the Programme since the start-up workshop and provide technical support to the management to accelerate implementation. The mission interacted with the National Programme Management Unit (NPMU) and all 6 State PMUs and visited a number of processors and FOs involved in rice and cassava production in Niger, Anambra & Ebonyi states. The mission also visited some of the prioritized infrastructure schemes in addition to meeting with range of stakeholders including producers, processors, marketing agents, input dealers and financing institutions. A stakeholder conference was held in Abakaliki, Ebonyi State on 06 May with all actors along the value chain to understand the challenges and opportunities and help refine the programme implementation strategy. The Mission also called on the H.E. State Governors in Niger and Ebonyi to brief them on programme progress and seek their guidance and support.
5. The *Aide Memoire* captures the main findings and recommendations of the mission and is subject to ratification of IFAD and FGN. A wrap-up meeting was held with the participation of the programmes staff of the 6 SPMUs and the NPMU on the 8 of May 2015 in Ebonyi state where the recommendations were agreed upon. The Mission would like to express its gratitude for the excellent arrangement made by NPMU and three State PMUs visited and the hospitality and facilitation of all concerned.

## B. Overall assessment of Programme Implementation

6. VCDP goal is to reduce poverty and enhance accelerated economic growth sustainably. The specific **programme development objective** is that the incomes and food security of 15,000 rural poor households engaged in production, processing and marketing of rice and cassava in the targeted 20 LGAs of the 6 targeted states are enhanced on a sustainable basis. The programme has a total budget of USD104.4 million, funded by IFAD (USD 74.4 million), the Federal Government of Nigeria (USD 9.9 million), State Governments (USD 10.4 million), Local Government Councils (USD 4.3 million) Complementary financing (USD2.8 million)<sup>2</sup> and Beneficiaries (USD 2.1 million).
7. VCDP design and strategy is centred on a value chain approach for two crops – rice and cassava to address the current production, productivity and marketing constraints in a holistic

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<sup>1</sup> Mission composition: Mission composition: Rab Nawaz, Team Leader (Programme Management Expert) IFAD Consultant, Mr. Remi Osojo, Agric. Economist and Value Chain Development Expert, IFAD Consultant, Mr. Anthony Muoneke, Rice Processing Expert, IFAD Consultant, Mr. Olukayode Ogboye, Financial Management Consultant, IFAD, and Mr. Tony Onyekweli, Procurement Consultant IFAD. The IFAD Country Team consisting of Ms. Atsuko Toda, CPM, Mr. Ben Odoemena Country Programme Officer and Mrs Patricia Wills-Obong Country Programme Assistant participated in all Mission activities including field visits to the States and wrap-up meeting. FGN and lead agency participated in the Mission through Mrs Aisha Omar, Deputy Director from Federal Ministry of Finance (FMF), Dr. O.O. Oyebanji, Rep of the Director of FDRD of the FMARD, Mr. Chijioke Osuji, Rice Value Chain team leader, ATA of the FMARD, Mrs. Adetunji, Cassava Value Chain team leader, ATA of the FMARD and Mr. Mouktar Adamu, Knowledge Management and Communication Expert (CCU - VCDP)

<sup>2</sup> PDR and Financing Agreement does not specify wherefrom this 'complementary financing' would accrue.

manner. Using a participatory approach, organized groups of farmers and organized groups of processors will be linked up in win-win partnerships backed by programme investments in identified priority needs at production and processing level. The programme has three mutually reinforcing components, namely: Component 1: *Agricultural Market Development* aimed at enhancing the profitability of smallholder farmers and small/medium-scale agro-processors through activities covered under two sub-components, comprising (i) support to value addition and market linkages, and (ii) support to market infrastructure; Component 2: *Smallholder Productivity Enhancement* is aimed at enhancing smallholder farmer productivity through two mutually reinforcing sub-components (i) strengthening of farmers' organisations, and (ii) support to smallholder production; and, Component 3: *Programme Coordination and Management* to ensure that the Programme is efficiently and effectively managed to achieve expected results.

8. **Overall Progress:** After the entry into force in October 2013, the recruitment process for the NPMU was initiated at the end of December 2013 and was not concluded till August 2014 (8 months) for the NPMU staff and took till September 2014 for the SPMU staff. The opening of accounts materialised in February 2015 upon which the first disbursement (16 months) of USD 1.4 million was made immediately in March 2015. Between July 2014 and March 2015, VCDP managed with only the start-up funds of USD 200 000 made available in September 2014. However, despite these challenges, the programme has made commendable progress on range of management and institutional aspects since September 2014. All conditions for the first disbursement were met, and implementation structures have been established at all levels within the first 6 months of disbursement effectiveness. Operating with a limited amount of US\$ 200,000 between July 2014 and March 2015, key preparatory activities were completed, including: (i) completion of competitive and open recruitment of key staff in the National Programme Management Unit (NPMU) and the State Programme Management Units (SPMUs); (ii) finalisation of the Programme Implementation Manual and Financial Management Manual; (iii) development of an 18-months AWPB and Procurement Plan; (iv) execution of 2 weeks Programme Facilitation and orientation Training workshop for the recruited staff of the NPMU and 6 participating states; and (v) Value Chain Action Plan (VCAP) and Participatory Rural Appraisal (PRA) Training. The SPMUs have followed up by carrying out farmer groups' mobilization and stakeholder sensitization, initiations of VCAP development, establishment of state-level steering committees and initial interaction with potential private sector investors to create product market for farmers.
9. However, while the level of initial targeting and sensitization is commendable, Farmer Organisation (FO) quality varies from location to location. That variation is due to lack of standard guidelines/templates for programme strategy and processes. Simple formats are needed for the LG officers along with training and capacity building in order to have a streamlined process for the identification and establishment of the farmers' organisations and clusters and their subsequent linkages with the market.
  - (a) **AWP/B Progress:** Implementation of the 18-months AWPB, covering the period from July 2014 to December 2015 appears still in its initial stages as far as farmer/field level implementation is concerned. There is still considerable distance to cover in terms of farmer groups organization, value chain analysis for FOs and clusters, FOs linkage with off-takers/processors, identification of infrastructure and matching grant investments, and preparation of guidelines and manuals that will drive/guide execution of field level activities. The programme has so far identified up to 100 potential farmer groups in each state. However, they are yet to be formally organized and networked with processors. Out of these potential 600 groups, the 2015 planned target of 2,000 rice and 1,000 cassava farmers can be easily met provided the holistic value chain action planning, covering both producers and processors, is quickly completed. Currently there is no formal VCAP operative at the Local Government levels for any of the identified clusters and therefore no clear indication of number of market outlets that have been identified and linked up with producers. However, there is great potential to effectively link producers to guaranteed markets and development of service provision along the value

chain based on high level of interest expressed by various private sector investors, processors and off-takers met during the mission.

10. **Implementation Strategy:** There is yet no simplified and formally adopted field level implementation strategy for FO and cluster formation, value chain players identification and value chain plan development. Being demand-led, market-driven and agribusiness oriented programme, all activities hinge upon identification of markets (processors and off-takers), linking the farmer groups to these markets, improving the capacity of the farmer groups to transact business with the markets, supporting the government to improve business environment to enable the farmer groups to respond to the need of the markets and providing technical assistance to farmers to improve their return on investment (through productivity increases and premium products), and creating jobs along the chain as services emerge.
11. **Templates and Guidelines:** Similarly, critical to obtaining results for the programme are simple templates, guidelines and formats for the respective component heads at the NPMU and SPMU and LG levels. The required guidelines and formats include FO mapping template, land-use mapping template, FO and Cluster profiling and value chain analysis, value chain action plans, matching grants manual, O&M Manual, record books for different stakeholders, simplified agronomic practices guidelines for different stakeholders (extension workers and farmers), fact sheets for different knowledge sharing events (sensitization, up scaling and replication workshop) business plan template, etc.
12. **Counterpart Funds:** Staff commitment is high but faces the risk of non-payment of monthly allowances or poor remuneration at all levels as funds for this are 100% government counterpart contribution that so far has been either missing or inadequate. Federal Government and Niger State have committed only partial and inadequate allocation while Benue and Ogun have not provided any funds so far. Other states have however paid their full contribution. The Federal Government of Nigeria is yet to pay its counterpart contribution as at May 2015.
13. Nigeria's notable progress in economic diversification, the sharp decline in the oil price has generated uncertainties with regard to Government's counterpart funding allocation to VCDP and that this year's share will not materialise. To mitigate the impact on VCDP's performance, on an exceptional and temporary basis, IFAD agrees to finance Programme allowances and salaries for all direct hired staff seconded to the implementation of the Programme at Federal and State levels incurred or to be incurred from January to December 2015 but not paid by Government. At the end of the period, the financed amount will be quantified and reimbursed by Government to IFAD. Government and IFAD agree to reassess the situation for the following Programme Implementation Year as early as possible and in no case later than the 1<sup>st</sup> Supervision Mission of 2016. The staff positions to be supported under this arrangement would be agreed upon with IFAD and based on no objection. Meanwhile, IFAD urges Government to meet its counterpart commitments and ensure timely provision in order not to compromise the implementation and the development targets of the programme.
14. To sustain the programme progress and improve implementation quality and effectiveness, the following areas need priority attention:
  - (a) **LGA and SPCU Capacity Building:** The understanding of programme approach, logic and implementation strategy needs immediate strengthening at NPMU, SPMU level and more so at LGA level. At LGA level, there are four officials seconded for programme activities – 2 extension staff and two liaison officers but there is no designated leader or focal person among them. This will have implications for programme leadership and accountability at LGA level. Further, a well-articulated mobilization guideline can help this process and necessary capacity building.
  - (b) **Step-by-Step Implementation Strategy and Guidelines including FO Profiling and VCAPs:** Simple step-by-step and simple Farmer Organisation (FO) Business Plan and Value Chain Action Plan (VCAP) implementation guideline will ensure uniform and effective

implementation across all states. This should also include FO profiling on standard templates which subsequently feed into FO Business Plan.

- (c) *Infrastructure Selection Criteria and Guidelines:* Review of so far identified infrastructure schemes highlights the following issues. First, the clarity of feasibility principles showing how an identified scheme would support better access to market, increased production and profit for producers and processors of selected value chain. And, second, criteria and feasibility guideline that helps in selection of each scheme and cut-off limits in terms of its size and cost. For 10% community contribution in infrastructure works, there is still a lack of clarity. The Mission is of the view that this can be either in form of labour, local materials or right of way and should be computed at the time of scheme cost estimation. For machinery and materials, the matching contribution should be in form of cash.
- (d) *Matching Grants Manual:* Given the current challenges for FOs and small and medium processors in accessing institutional credit sources, VCDP design relies on a matching grant mechanism successfully tested in other IFAD funded programmes e.g. in Papua New Guinea. For successful implementation of this model, there is a need for a comprehensive manual covering eligibility, terms, contributory shares etc. and the PNG Matching Grant manual provides an excellent template and guiding principles for that (shared with NPMU).
- (e) *O&M Manual for Markets and Community Infrastructure:* VCDP supports a range of investments for infrastructure improvements along the value chains. Some of these would essentially be private goods (e.g. improved processing facilities) while others would be public goods (e.g. roads and irrigation facilities). A comprehensive O&M Manual is needed to guide O&M responsibilities for the two sets of investments. A simplified version should be made available for LG level staff.
- (f) *Synergies with Other Programmes:* A number of other national and State funded programmes are operating in the same areas and activities e.g. Fadama III and Ebonyi's major initiative in mechanization of agriculture. There is need for effective coordination, through already notified State Value Chain Steering Committees, between all programmes to avoid duplications and contradictions in operative terms and conditions.
- (g) *Counterpart Funding/Salaries and Allowances:* Availability of counterpart funds at Federal and some of the state levels is yet to be ensured resulting in non –payment of salaries to programme staff. This issue needs to be resolved urgently to sustain the staff enthusiasm. The programme allowance for seconded and directly recruited staff also needs to be notified quickly for uniform application across the programme and to allay the uncertainties in this regard.

Agreed action	Responsibility	Agreed date
1. States to carry out Market Opportunities Assessment - Identification of processors and off-takers and demarcating clusters (producers, transporters, marketers) and prioritising their needs in the VCAP and developing MoUs/Contracts	MEDA in the NPMU and State BMDOs	By end of June 2015
2. Create <b>Value Chain Innovation Platforms</b> respectively for rice and cassava, at State Level (bringing together producers, processors, off-takers, marketers, transporters, researchers, extensionists and financial institution) to meet once a quarter	NPC and SPC	By the end of June 2015
3. Develop MoU format. MoUs between the off-taker/processor and FOs should be signed. The programme is to play a facilitating role to ensure that the MoU is adhered to and a mutually beneficial partnership is developed.	MEDA in the NPMU and State BMDOs	By end of June 2015
4. Given persistent uncertainties in Government counterpart funding allocation, IFAD agrees to include Salaries of directly contracted staff at Federal levels, and at the State level. This situation would be assessed again at the first supervision mission of 2016.	IFAD Country Office and Federal Ministry of Finance	Upon countersigning of aide-memoire
5. Programme allowances are covered by the IFAD loan and a notification of programme allowances is made in a separate document based on allowances of sister projects.		

### C. Outputs and outcomes

15. There are 3 starting points in VCDP (i) identification of markets in Component 1 Agricultural Market Development; (ii) identification of Farmers' Organisations in Component 2 Smallholder Productivity Enhancement; and (iii) inventories, surveys and designs for key market infrastructure schemes and equipment provision for improved quality and marketability. As these activities are the foundation for the programme, it is critical that a clear strategy is developed for their integrated and mutually reinforcing implementation.
16. **Component 1. Agriculture Market Development.** The assessment of market opportunities has been carried out in Benue, Ogun, Niger and Ebonyi States and the remaining two states need to expedite it. The Market Opportunities Assessment is to identify priority clusters, which is the basis upon which the Value Chain Action Plans (VCAPs) are to be developed. It is recommended that all States ensure that this assessment identifies the VC operators, assess business management capacity and needs, assess the need for storage and processing facilities, and backward linkages with FOs to identify priority clusters.
17. The Mission reviewed the VCAPs in some States but these VCAPs were not able to identify priority clusters, inventorize needs for storage and processing facilities, key infrastructure facilities. As there has been as yet no detailed inventory of and needs assessment of storage and processing facilities, the Mission did not see any designs or plans for specific schemes such as market stalls, stores, flash dryers for cassava clusters, rice processing plants, paddy parboiling or de-stoning plants for rice clusters. Care needs to be taken that support infrastructure selection, like feeder roads and bridge/culverts, market places, water supply systems is justified by a strong value chain development logic for a given cluster and is not done in isolation. The FO profiling template and VCAP templates (as recommended in Paragraph 13 above) would be of great help in this regard along with the recommended guidelines and criteria for scheme selection, O&M, matching grants manual etc.
18. There is the need to ensure standardization and cohesion in the sensitization campaigns. This will ensure the appreciation of the need for the paradigm shift (from supply side i.e. technology and policy programming to market driven). The concept of value chain and its applications in

inclusive market programming is yet to be fully integrated in the programme. Thus, there is need for further refinement of implementation strategy and roles of various actors. Also, the Market Opportunities Assessment, VCAP, FO profiling needs to take into consideration existing FOs and trade and community networks as entry points.

19. **Component 2: Smallholder Productivity Enhancement.** The Cluster VCAP is to identify an area encompassing existing Farmers' Organisations (FOs). The VCDP design logic was to carry out organisational mapping to identify existing FOs, assess their capacity, then carry out a participatory needs assessment and prioritisation, and, based on that, develop Business Plans for FOs/Cluster of FOs. The mission reviewed the templates for profiling the FOs and found that the information that was captured was NOT adequate in order to select clusters that are to benefit and investments that are to be prioritised.
20. The Mission met a number of FOs, and it was found that the sensitization of FOs was carried out and most FOs understood the key philosophy of the VCDP. Meanwhile, it was also noted that the FOs currently do not have the essential tools of effective community based groups like records of meetings, list of members etc. nor they fully knew the services that could be accessed through the group. There is an urgent need to appoint social mobilization leads at all levels and develop social mobilization guidelines including FO structure and functions guidelines. Appropriate training for the LGA level staff in group formation and dynamics, particularly with regard to value chain cluster development is needed on priority.
21. As the rice-planting season is around the corner, the State staff appears eager to get planting materials and seeds, fertilisers and agro-chemicals to farmers. VCDP needs to guard against the danger of becoming a supply driven programme. All these inputs have to be part of a FO business plan which is as yet not available and supply of inputs in isolation of a comprehensive Cluster VCAP covering training, input supply, linkage with off-taker/processor/buyer, mechanization support etc. would not bring the desired impact. It is NOT recommended that inputs be provided without development of a VCAP and appropriate training in good agricultural management practices.
22. The SPMUs have not carried out land use mapping in any of the clusters and FOs thus far. This is a critical activity as part of VCAP preparation for each cluster as it would point to opportunities for land development and other support infrastructure like irrigation and access. Further, given the varied and unclear land tenure systems in different States, there is a need for a clear criterion for selection of land for development. Same principle applies to selection of irrigation schemes – both gravity-based and bore-hole based schemes. The Mission recommends the following criteria for selection of land development schemes:
  - (a) The development should result in expansion of beneficiary household individual holding
  - (b) The development should benefit majority of FO members equitably
  - (c) The development shall include clearing, levelling, bunding and on-farm water management.
  - (d) Average per ha cost should not be more than average development cost provided in the programme budgets.
  - (e) The total budget available per FO shall be the average per FO allocation for land development given in programme documents
23. Early development, training and implementation of FO profiling and VCAP templates and guidelines will go a long way in addressing some of the critical disconnects highlighted above. In formulating these templates and guidelines, following aspects may be considered:
  - (a) VCAP should include incentives for high performing FOs in the shape of enhanced allocations for additional investments.



- (b) Strengthening of the different players in the value chain should be simultaneous and the linkage built from the onset. The linkage process can start from supply side when credible FOs already exist or from demand side in presence of viable cluster of processors and buyers.
- (c) Production should be in clusters but not necessarily contiguous as land tenure issues may be difficult to address immediately. However, intervention in processing at the group level should be centralised to ensure quality control and marketing.
- (d) Train farmers, processors, marketers on best practices, comparative advantages and linkage dynamics. Develop and disseminate packaged technical messages on production, processing and marketing.

Agreed action	Responsibility	Agreed date
6. Market opportunities assessment to: (i) identify VC operators, (ii) assess VC operators' business management capacity and needs, (iii) assess needs assessment of storage and processing facilities, (iv) identify backward linkages with FOs (v) identify PRIORITY rice and cassava clusters	MEDA at NPMU and State BMDOs to identify service providers	By July 2015 for each states
7. Comprehensive guidelines for VCAP developed. Templates/Guidelines developed and shared with the States.	APA and MEDA in the NPMU	15 June 2015
8. Development of criteria and guidelines for land development and irrigation development investments	APA/PO in the NPMU	End June 2015
9. Guidelines for selection and criteria (including cut-off limits) for rural infrastructure and markets to be developed and notified	Procurement Officer in the NPMU	31 May
10. Select Service Provider and carry out cluster VCAPs for at least 10 priority clusters in each State	Ag Processing Officer at the SPMUs	By end June 2015 for each state
11. Based on cluster VCAP, carry out needs assessment of storage and processing facilities of the rice and cassava clusters, carry out detailed design, bidding and contract of these cluster schemes.	Ag. Processing Officer SPMU and contractors and PO at NPMU	By November 2015
12. From the cluster VCAP, carry out inventories of (i) feeder roads, (ii) bridge/culverts, (iii) market places, (iv) water supply systems. Develop plans, surveys, designs, bidding and contract for the prioritised plans.  Following the cluster VCAP carry out inventories of irrigation sites as part of VCAP. Develop plans, surveys, designs, bidding and contract for the prioritised plans.	Procurement Officer in NPMU, VC Infrast. Officer at the state levels and contractors	By August 2015 for each states
13. O&M Guideline for each type of investments (individual and group, public and private good)	Procurement Officer in NPMU	End July 2015
14/ Comprehensive guidelines for farmers organisations, clusters developed. Templates/Guidelines developed and reporting for LG level officers.	Appointed officer for RIGYMO in the NPMU	15 June 2015
15. Agree upon simple templates for FOs profiling, FOs business plans to be shared with the LG officers. Training is to be provided to the LG officers for mobilisation.	Appointed Rural Institutions, Gender and Youth Officer at the NPMU and State RIGYMO	By July 2015
16. Select 1-3 service providers for training on good agronomic practices in rice and cassava in each state. Ensure training is carried out side by side with the provision of inputs. These service providers are to be vetted by the NPMU Ag Production Officer.	Ag Production Officer /POat the SPMUs	June 15 2015
17. Carry out land use mapping and measurement before land clearing exercises.	Ag Production Officer at the NPMU and State APOs	By end June 2015

## **D. Programme implementation progress**

24. **Programme management performance.** Competitively selected key staff is in place at national and state level. Initial orientation training in programme objectives and implementation has been carried out. Four staff at each LGA level has been seconded in all 18 LGAs. Procurement of vehicles and equipment that would greatly facilitate outreach and mobility of staff at all levels is nearing completion. Meanwhile, monthly performance targets of each component, vertical communication for component areas, coordination between NPMU and SPMU, and standardised reporting systems are needed.
25. The following areas need to be addressed on priority to further improve management and implementation aspects. Full familiarization of staff at all levels with Programme Design Report and programme logic and approach and how activities under component 1 and component 2 are interlinked. Second, further training and capacity building in social mobilization and VCAP and FO business plan preparation at State and LGA level backed by relevant guidelines and templates. Third, selection and appointment of a Focal Person/lead among the four staff at LGA level. Fourth, appointment/recruitment of a Gender Focal Person at NPMU level. Finally, strong communication should be bolstered by at least monthly meetings between the NPC and SPCs, weekly communication between the NPMU component staff and SPMU component staff, as well as between the SPMU and the LG staff.
26. **NPMU Office:** NPMU is currently sharing an inconvenient and inappropriate space with another programme office in Abuja. There is urgent need for arranging a dedicated appropriate space for NPMU. Sufficient cushion is available in Schedule 2 allocation for Office Equipment and maintenance to allow for renting of an appropriate building for NPMU.
27. **Monitoring and evaluation.** The M&E structure, which comprises a functional M&E team at the federal and state programme offices, data generation officers at the LG liaison officers, data generation and monitoring tools for different stakeholders, baseline tools (baseline report, various business plans, PRA/Needs assessment, VCAP, etc.), RIMS indicators, KPI management/reporting system, capacity building plan, knowledge sharing and feedback mechanism is actively under construction. The mission noted that the hardware components (presence of the officers) have been completed while the software side is at various stages. For instance, the M&E team has initiated the baseline study, mobilized staff and consultants to undertake PRA and VCDP, drafted PMP and project/farmer level data generation templates for effective data gathering and feedback for management decision.
28. However, the programme is yet to carry out capacity building training for the staff at all levels to put the guidelines into use. With the level of mobilization that has taken place and the farmers/processors readiness to participate in the programme this year, a dedicated one day M&E training session is needed for all technical staff, followed with lead farmers training to begin data track and reporting. The reporting schedule and feedback mechanism (knowledge sharing with programme staff and key stakeholders) needs to be in place as soon as possible to guide day to day operation of the M&E team.
29. **Gender focus and Youth.** 30% of the FOs are required to be women specific while rest are encouraged to be mixed ones. The FOs visited by the Mission showed high level of women participation and awareness about programme objectives. However, it would be appropriate to further reinforce sensitization on VCDP gender strategy at all levels through appropriate guidelines and training. Women are extensively involved in inefficient parboiling of rice and marketing operations and conversion of by products with high exposure to health hazards. Further, women suffer extraordinary drudgery in planting, harvesting and processing of rice and cassava and this aspect should be top-most in selection of labour saving machines under VCAP. Youth is another priority group for VCDP and there is a need for an appropriate strategy to engage youth as service providers along the entire value chain starting from mechanised land preparation to harvesting and aggregation. In particular, any investments in mechanization should centre around individual or groups of youth operating as service providers for fees.

30. The obvious gap, presently, is the lack of a well-defined gender strategy in the programme, non-inclusion of gender focal person in the NPMU to provide leadership and coordination of gender activities in the programme. In addition, as at time of the missions, there seems to be an oversight by programme management to plan for a gender analysis and ensure the include of at least 4 gender KPI in the M&E reporting system to effectively report on programme performance on gender. This observation is also linked to lack of gender focal person in the programme. As a quick remedy, the programme should urgently appoint an experienced gender officer who will also double as rural institutions development officer.
31. **Poverty focus.** VCDP target group is rice and cassava farmers with land-holding up to 5 ha. Since a detailed FO profiling and membership inventory has NOT been carried out so far, the Mission can only go by the FOs met. However, the Mission observations in FOs visited affirmed targeting of the small farmers owning less than 5 ha.
32. **Effectiveness of targeting approach.** The Programme has performed well in terms of targeting of FOs and clusters and their membership. Next challenge would be to ensure equitable delivery of benefits to all members of groups and guard against elite capture of larger investments in infrastructure and mechanization support. The standard guidelines and templates recommended earlier would be very helpful in this regard.
33. **Knowledge management.** A VCDP website ([www.vcdpnigeria.org](http://www.vcdpnigeria.org)) has been created at the NPMU as a tool for knowledge sharing and is awaiting launching. This needs to be done without delay so that POP3 email accounts can be created for the key programme staff and the state officers instead of free email accounts that are susceptible to hacking and diminish the VCDP brand. Whilst the project at state level secured office accommodation that have been refurbished and are in good locations, the signage and branding of the offices is poor or non-existent. The VCDP logo, a key element of the brand, is hardly readable because it was not professionally done. Branding at programme locations should also be done.
34. Initial sensitization of programme beneficiaries have held but at this initial stage should be continuous and the message consistent. The programme should ensure that sensitization remains continuous as such visits to project sites/communities should be an average of twice a month. A knowledge audit should be carried out to support the implementation of the programme's knowledge management strategy, as well as identify knowledge gaps so that the level of knowledge about good practices, for instance, can be established. This will help in drawing up training plans, especially for beneficiaries, and also help identify individual "champions" in the communities that can help deepen programme goals.
35. The Knowledge management platform requires support staff to carry out its activities since it covers all programmes in the IFAD Nigeria Portfolio. This should be addressed immediately with the recruitment of at least two staff – a web master/social media officer, and a reporter/editor.
36. **Partnerships.** VCDP Programme design promotes number of partnerships at national and state levels between various programmes and agencies for enhanced policy and implementation impact. These partnerships are supported through broad based Steering Committees at Federal and State level. Effective, regular and agenda-based meetings of Steering Committees would be key to realise the objectives of such partnerships. Some of the initial partnerships developed include: collaboration with rice and cassava research institutes within states including IITA, IFDC, NAERLS and NASC; market assessment in collaboration with USAID funded MARKETS II in Ebonyi State with all other 5 states participation; drafting of MOU for collaboration with JICA; drafting of MOU with WAAPP.

Agreed action	Responsibility	Agreed date
<b>Programme Management</b>		
18. Programme management to develop standard management practices as follows: (i) Performance targets for all Components	NPC and SPC	Monthly and bi-monthly meetings

(ii) Monthly meetings between NPMU and SPMU (iii) Networks for all components (Bi-monthly meetings of the different Components) (iv) Federal Level Value Chain Steering Committee Meetings (v) State Value Chain Steering Committee Meetings for effective coordination between different projects/programmes (vi) Support staff should be selected based on competence, qualification and need. The final CVs are to be sent to IFAD office for Final No Objection before recruitment		
19. Given the need for an accommodation for an appropriate working environment, IFAD agrees to cover the Office Rent of the NPMU.	FMF and IFAD Country Office	Immediately
<b>Monitoring and Evaluation</b>		
20. Finalization of the PMP for use and procurement of M&E software. Preparation and sharing of the reporting schedule and feedback strategy (knowledge sharing with programme staff and key stakeholders) with programme staff.	M&E officer at the NPMU and State MEOs	By July 2015
21. Training of staff on the application for the M&E template	M&E officer at the NPMU	By August 2015
22. Completion of Baseline Survey	M&E Officer at NPMU	By August 2015
<b>Gender and Youth</b>		
23. Ensure the inclusion of at least 4 gender KPI in the programmes M&E system, e.g.: <ul style="list-style-type: none"> <li>• % of targeted farmers increased adoption of soil and water conservation practices</li> <li>• No of women experiencing improved livelihoods</li> <li>• No of women and men with increased access to income-earning opportunities over baseline</li> <li>• No of households having increased income over baseline</li> </ul>	M&E officer at the NPMU	Immediately
24. Gender strategy guidelines and sensitization be completed at all levels of programme implementation. Also, Youth engagement strategy as value chain service providers be developed as a distinct part of Value Chain Development Strategy	Appointed Rural Institutions, Gender and Youth Officer at the NPMU and State RIGYMO	End June 2015
25. Conduct gender analysis to track information on the best gender involving paid enterprises, gender limitations/challenges and gender preferred activities, among others useful information to guide decision making. Give priority to selection of machines that reduce women's labour in crop management.	Appointed Rural Institutions, Gender and Youth Officer at the NPMU and State RIGYMO	By Sept. 2015
<b>Knowledge Management</b>		
26. Launch the programme website immediately so as to create POP3 email accounts for all programme staff	KM Officer at the NPMU	End May 2015
27. Convene a meeting with the SPMUs to discuss and agree on the format for signage and branding across the programme states as well as crafting appropriate messages for sensitization so that programme staff at both levels will be reading from the same script.	KM Officer at the NPMU	May 2015
28. Conduct a knowledge Audit prior to implementation of the programme's Knowledge Management Strategy	KM Officer at the NPMU	May 2015
29. Recruit at least two key staff to support the KM Advisor and propel the IFAD Communication platform, especially in the implementation of its communication and knowledge management strategy.	NPC	End June 2015
<b>Partnerships</b>		
30. Ensure regular and effective agenda based conduct of Quarterly Steering Committees at National and State levels	NPC/SPCs	On-going

31. Map national, state and donor investments in VCDP operational area to clearly identify areas of collaboration and synergy development	NPMU and SPMUs	June 2015
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## E. Fiduciary aspects

37. **Financial management.** An Integrated Financial management Information System (Computerized Accounting System) is yet to be operational as the procurement and installation of the accounting software is yet to be fully completed. However, the level of manual book keeping at the NPMU and States are adequate at this level of implementation. The preparation of the Financial Procedures manual has also been completed and approved by IFAD. All programme bank accounts at the NPMU and SPMUs have been opened and the mission confirmed that all the signatories are in accordance with the requirements of project documents. The quality of staff of the FM unit at all levels is also considered adequate though there is urgent need to engage the services of support staff to ensure adequate segregation of duties thereby enhancing good internal control.
38. **Disbursement.** As at the time of the mission, the project is yet to send any withdrawal application (WA) to IFAD. An initial advance of \$1.4m was received into the Designated Account about 2 months earlier. The US\$ 200,000 start-up fund provided by IFAD has been fully documented. The mission however noted the need to improve the quality of documentation of eligible project expenditures at all levels, which is hoped to improve over time from the training and capacity building programme that has been planned by the Country Office. There is however no ineligible expenditure or fraudulent expenditures discovered during the review.
39. **Internal Audit.** There are currently no internal auditors at any level in the programme and the Programme is addressing this currently.
40. **Counterpart funds.** Review of Counterpart funding showed that only two states (Taraba and Ebonyi) provided counterpart funds of Naira 37m (about \$238,709.68) respectively in the last quarter of 2014. Niger paid N10m (about \$59,880.24) and Anambra N15M (about USD 96,780.43) respectively in the first quarter of 2015. Ogun and Benue States are yet to make counterpart funds available for the Programme. The Federal Government paid N30m (about \$193,548.39) to the NPMU in the second quarter of 2014.
41. **Compliance with loan covenants.** VCDP is overall in compliance with loan covenants except for provision of counterpart funds, an issue that needs to be resolved on priority by Ministry of Finance.
42. **Procurement.** The Mission observed that there is need to strengthen the procurement structures at the NPMU and the SPMUs to make them effective, efficient and functional by establishing Procurement Committees<sup>3</sup>. With regards to procurement capacity of the NPMU and the SPMU, the mission observed that the procurement officers at the NPMU and the SPMU are familiar with procurement process and procedures. Meanwhile, other relevant actors in the procurement process, that is the SPCs and the SPAs have little knowledge on procurement. In order to ensure that procurement is properly carried out at the states' level, there is the need for the SPCs and SPA to familiarize themselves with the key principles and guidelines of procurement. It was observed that the states maintained the required documentation for effective procurement, especially an approved AWPB, Procurement Plan and activity filling. The newly introduced Quarterly Procurement Priority Items (QPPI) were not yet prepared by the NPMU and the states. Requests for No Objection that are pending clearance and need to be cleared in a systematic and regular manner.
43. **Audit.** In line with the relevant sections of the Programme documents, it is required that an external auditor be engaged to audit the financial statements of the project and make available

<sup>3</sup> The Procurement Committee comprised of the NPC, Financial Controller and Procurement officer as its core members would be responsible for taking decisions on procurement related activities.

to IFAD the consolidated financial statements and the management letter not later than 30 June of the following year. At the time of the mission, IFAD cleared the Terms of Reference for the engagement of external auditor for the project and the engagement process has commenced.

Agreed action	Responsibility	Agreed date
<b>Financial Management</b>		
32. Put in place the computerized accounting system meeting the accounting and reporting needs of the Programme.  Follow Up Training to be carried out to the State Programme Accountants (SPAs).	NPC, FC, Procurement Officer at the NPMU	June 30, 2015
33. Constitute a budget sub-committee for monitoring and reporting the work-plan and budgets	NPC, M&E Officer, FC at the NPMU  SPCs, M&EO, SPAs at the SPMU	May 31, 2015
34. Unify expenditure submission from states - Format to be unified for provision of acceptable documentation of eligible project expenditures (Share Benue format)  Training of SPAs to provide timely and adequate SOEs	FC, SPAs	Immediate
35. Involve state government agencies for internal audit for the project	SPCs	June 30, 2015
36. Designate specific officer for the daily/weekly follow up of disbursement - immediate coordination and collation of eligible expenditures from all levels.	FC	On-going
<b>Procurement</b>		
37. Early finalization of the VCDP Procurement Manual and its formal notification.  Constitution of procurement committee in all the participating states (SPCs, Procurement Officer and Accountant as core members)	SPCs and State Procurement Officers	By end May 2015
38. Capacity building on procurement process and procedures for the SPCs and the SPAs to ensure all the relevant actors in procurement are familiar with the requirements.  Pending Requests for No Objection are to be collated every Friday and listed for approval by the IFAD Country Office by the following Monday. Should there be no response by the following Tuesday and there has been no specific notification sent, VCDP should proceed.	Procurement Officer at NPMU and State Procurement Officer  NPC and CPM	End June, 2015  To start immediately
39. Prepare Quarterly Procurement Priority Items and send them to the NPMU for review.	Procurement Officer at NPMU and State Procurement Officer	End June, 2015

## F. Sustainability

44. **Institutional sustainability.** FOs/Clusters and processor associations/groups are the key institutions in delivery of programme investments. Their sustainability is linked to appropriateness and financial viability of VCAP and investments identified within that plan. It is therefore essential that the entire process of FO/Cluster formation to producer & buyer linkage is guided by a structured process and appropriate criteria and guidelines. Further, the long-term viability of these institutions would depend on win-win relationships between the producers and buyers under-pinned by enforceable contracts covering quantity, quality and price.
45. **Social sustainability (Empowerment).** VCDP needs to develop a community interaction strategy covering steps for FO and cluster formation and define FO/Cluster structures, processes, membership, conduct of business etc. in order to enable these grassroots

institutions to attain maturity and become effective and sustainable institutions. Gender and youth empowerment should be mainstreamed into these steps and procedures.

46. **Economic and financial sustainability.** VCDP envisages a range of investments including infrastructure, farm machinery and processing machinery through matching grants. Some of these will be public goods (roads, surface irrigation) while others would be private goods (processing machinery, developed land). A practical, detailed and enforceable O&M Guideline and regulation, with clear distinction of operating rules for public and private goods, would be essential to ensure sustainability of these investments. An important element would be development of viable income/revenue streams and institutional structures for such investments to enable the beneficiaries to maintain these investments (be it infrastructure or machines) on sustainable basis.
47. **Technical sustainability.** Component1 of VCDP makes large provisions for labour saving and processing equipment. Selection of suitable equipment and its operational management/ownership/responsibility/revenue generation for meeting O&M expenses/availability of repair and maintenance services would be key to equipment's technical sustainability. VCDP should do a rapid survey of similar interventions in other programmes to draw lessons for suitability, terms of delivery and sustainable operation.
48. **Environmental sustainability.** There is considerable demand for development of irrigation sources including sub-surface water pumping. There is little existing information base on sub-surface water availability and quality in target LGAs. To ensure that any sub-surface water pumping intervention results in sustainable supply of quality water, suitable hydrological tests/studies be conducted wherever such interventions are identified/demanded by FOs.
49. **Exit strategy.** VCDP promotes a market centered and commercially dictated implementation approach. It would be useful to develop and mainstream sustainability checklists for programme's key investments at FO/Cluster and processor-off-taker levels based on long-term commercial and economic viability prospects of such investments.

Agreed action	Responsibility	Agreed date
40. Rapid survey to identify suitability of equipment and machinery delivered to processors and farmers in other programmes	Ag Processing Officers at the SPMus	July 2015
41. Include in VCDP messages sensitization on occupational health hazards ordinance on the use of personal protective wears and prevention of health hazards at places of work	APO at the NPMU and State APOs	Immediate
42. Hydrological testing prior to approval of any sub-surface water pumping investments	VCIOs at the SPMUs	On-going

## G. Conclusion

50. VCDP has made a positive start in terms of management structures, AWPB development, and establishment of offices especially at the state levels. The timely availability of counterpart funds and timely payment of salaries to programme staff however remains a major concern. The second important area for attention is early development of detailed guidelines for all aspects of programme including a simple implementation strategy outlining the starting and end points and steps involved and training the programme staff at all levels in adoption and implementation of strategy. Once an appropriate strategy and staff understanding is ensured, the very high demand at producer and processor level in the participating states will ensure that programme activities are implemented with speed.
51. IFAD and the Government of Federal Government of Nigeria endorse the findings of the supervision mission.





## Appendix 1: Summary of key actions to be taken within agreed timeframes

Action Area	Action Agreed	Who	When	Progress
<b>Project Implementation</b>				
	1. All States to carry out Market Opportunities Assessment - Identification of processors and off-takers and demarcating clusters (producers, transporters, marketers) and prioritising their needs in the VCAP and developing MoUs/Contracts	MEDA in the NPMU and State BMDOs	By end of June 2015	
	2. Create <b>Value Chain Innovation Platforms</b> respectively for rice and cassava, at State Level (bringing together producers, processors, off-takers, marketers, transporters, researchers, extensionists and financial institution) to meet once a quarter	NPC and SPC	By the end of June 2015	
	3. Develop MoU format. MoUs between the off-taker/processor and FOs should be signed. The programme is to play a facilitating role to ensure that the MoU is adhered to and a mutually beneficial partnership is developed.	MEDA in the NPMU and State BMDOs	By end of June 2015	
	4. IFAD agrees to finance Programme allowances and salaries for all direct hired staff seconded to the implementation of the Programme at Federal and State levels incurred or to be incurred from January to December 2015 but not paid by Government. At the end of the period, the financed amount will be quantified and reimbursed by Government to IFAD. Government and IFAD agree to reassess the situation for the following Programme Implementation Year as early as possible and in no case later than the 1 <sup>st</sup> Supervision Mission of 2016. The staff positions to be supported under this arrangement would be agreed upon with IFAD and based on no	IFAD Country Office and Federal Ministry of Finance	Upon countersigning of aide-memoire	

	objection.			
<b>Component 1: Agricultural Market Development</b>				
	6. Market opportunities assessment to: (i) identify VC operators, (ii) assess VC operators' business management capacity and needs, (iii) assess needs assessment of storage and processing facilities, (iv) identify backward linkages with FOs (v) identify PRIORITY rice and cassava clusters	MEDA at NPMU and State BMDOs to identify service providers	By July 2015 for each states	
	7. Comprehensive guidelines for VCAP developed. Templates/Guidelines developed and shared with the States.	APA and MEDA in the NPMU	15 June 2015	
	8. Development of criteria and guidelines for land development and irrigation development investments	APA/PO in the NPMU	End June 2015	
	9. Guidelines for selection and criteria (including cut-off limits) for rural infrastructure and markets to be developed and notified	Procurement Officer in the NPMU	31 May	
	10. Select Service Provider and carry out cluster VCAPs for at least 10 priority clusters in each State	Ag Processing Officer at the SPMUs	By end June 2015 for each state	
	11. Based on cluster VCAP, carry out needs assessment of storage and processing facilities of the rice and cassava clusters, carry out detailed design, bidding and contract of these cluster schemes.	Ag. Processing Officer SPMU and contractors and PO at NPMU	By November 2015	
	12. From the cluster VCAP, carry out inventories of (i) feeder roads, (ii) bridge/culverts, (iii) market places, (iv) water supply systems. Develop plans, surveys, designs, bidding and contract for the prioritised plans.  Following the cluster VCAP carry out inventories of irrigation sites as part of VCAP. Develop plans, surveys, designs, bidding and contract for the prioritised plans.	Procurement Officer in NPMU, VC Infrast. Officer at the state levels and contractors	By August 2015 for each states	
	13. O&M Guideline for each type of investments (individual and group, public and private good)	Procurement Officer in NPMU	End July 2015	

<b>Component 2 Smallholder Productivity Enhancement</b>				
	14/ Comprehensive guidelines for farmers organisations, clusters developed. Templates/Guidelines developed and reporting for LG level officers.	Appointed officer for RIGYMO in the NPMU	15 June 2015	
	15. Agree upon simple templates for FOs profiling, FOs business plans to be shared with the LG officers. Training is to be provided to the LG officers for mobilisation.	Appointed Rural Institutions, Gender and Youth Officer at the NPMU and State RIGYMO	By July 2015	
	16. Select 1-3 service providers for training on good agronomic practices in rice and cassava in each state. Ensure training is carried out side by side with the provision of inputs. These service providers are to be vetted by the NPMU Ag Production Officer.	Ag Production Officer /PO at the SPMUs	June 15 2015	
	17. Carry out land use mapping and measurement before land clearing exercises.	Ag Production Officer at the NMPU and State APOs	By end June 2015	
<b>Programme Management</b>				
	18. Programme management to develop standard management practices as follows: (i) Performance targets for all Components (ii) Monthly meetings between NPMU and SPMU (iii) Networks for all components (Bi-monthly meetings of the different Components) (iv) Federal Level Value Chain Steering Committee Meetings (v) State Value Chain Steering Committee Meetings for effective coordination between different projects/programmes (vi) Support staff should be selected based on competence, qualification and need. The final CVs are to be sent to IFAD office for Final No Objection before recruitment	NPC and SPC	Monthly and bi-monthly meetings	
	19. Given the need for an accommodation for an appropriate working environment, IFAD agrees to cover the Office Rent of the	FMF and IFAD Country Office	Immediately	

	NPMU.			
<b>Monitoring and Evaluation</b>				
	20. Finalization of the PMP for use and procurement of M&E software. Preparation and sharing of the reporting schedule and feedback strategy (knowledge sharing with programme staff and key stakeholders) with programme staff.	M&E officer at the NPMU and State MEOs	By July 2015	
	21. Training of staff on the application for the M&E template	M&E officer at the NPMU	By August 2015	
	22. Completion of Baseline Survey	M&E Officer at NPMU	By August 2015	
<b>Gender and Youth</b>				
	23. Ensure the inclusion of at least 4 gender KPI in the programmes M&E system, e.g.: <ul style="list-style-type: none"> <li>• % of targeted farmers increased adoption of soil and water conservation practices</li> <li>• No of women experiencing improved livelihoods</li> <li>• No of women and men with increased access to income-earning opportunities over baseline</li> <li>• No of households having increased income over baseline</li> </ul>	M&E officer at the NPMU	Immediately	
	24. Gender strategy guidelines and sensitization be completed at all levels of programme implementation. Also, Youth engagement strategy as value chain service providers be developed as a distinct part of Value Chain Development Strategy	Appointed Rural Institutions, Gender and Youth Officer at the NPMU and State RIGYMO	End June 2015	
	25. Conduct gender analysis to track information on the best gender involving paid enterprises, gender limitations/challenges and gender preferred activities, among others useful information to guide decision making. Give priority to selection of machines that reduce women's labour in crop management.	Appointed Rural Institutions, Gender and Youth Officer at the NPMU and State RIGYMO	By Sept. 2015	
<b>Knowledge Management</b>				

	26. Launch the programme website immediately so as to create POP3 email accounts for all programme staff	KM Officer at the NPMU	End May 2015	
	27. Convene a meeting with the SPMUs to discuss and agree on the format for signage and branding across the programme states as well as crafting appropriate messages for sensitization so that programme staff at both levels will be reading from the same script.	KM Officer at the NPMU	May 2015	
	28. Conduct a knowledge Audit prior to implementation of the programme's Knowledge Management Strategy	KM Officer at the NPMU	May 2015	
	29. Recruit at least two key staff to support the KM Advisor and propel the IFAD Communication platform, especially in the implementation of its communication and knowledge management strategy.	NPC	End June 2015	
<b>Partnerships</b>				
	30. Ensure regular and effective agenda based conduct of Quarterly Steering Committees at National and State levels	NPC/SPCs	On-going	
	31. Map national, state and donor investments in VCDP operational area to clearly identify areas of collaboration and synergy development	NPMU and SPMUs	June 2015	
<b>Financial Management</b>				
	32. Put in place the computerized accounting system meeting the accounting and reporting needs of the Programme.  Follow Up Training to be carried out to the State Programme Accountants (SPAs).	NPC, FC, Procurement Officer at the NPMU	June 30,2015	
	33. Constitute a budget sub-committee for monitoring and reporting the work-plan and budgets	NPC, M&E Officer, FC at the NPMU  SPCs, M&EO, SPAs at the SPMU	May 31, 2015	
	34. Unify expenditure submission from states - Format to be unified for provision of acceptable documentation of eligible	FC, SPAs	Immediate	

	project expenditures (Share Benue format)			
	Training of SPAs to provide timely and adequate SOEs			
	35. Involve state government agencies for internal audit for the project	SPCs	June 30, 2015	
	36. Designate specific officer for the daily/weekly follow up of disbursement - immediate coordination and collation of eligible expenditures from all levels.	FC	On-going	
<b>Procurement</b>				
	37. Early finalization of the VCDP Procurement Manual and its formal notification.  Constitution of procurement committee in all the participating states (SPCs, Procurement Officer and Accountant as core members)	SPCs and State Procurement Officers	By end May 2015	
	38. Capacity building on procurement process and procedures for the SPCs and the SPAs to ensure all the relevant actors in procurement are familiar with the requirements.  Pending Requests for No Objection are to be collated every Friday and listed for approval by the IFAD Country Office by the following Monday. Should there be no response by the following Tuesday and there has been no specific notification sent, VCDP should proceed.	Procurement Officer at NPMU and State Procurement Officer  NPC and CPM	End June, 2015  To start immediately	
	39. Prepare Quarterly Procurement Priority Items and send them to the NPMU for review.	Procurement Officer at NPMU and State Procurement Officer	End June, 2015	
<b>Sustainability</b>				
	40. Rapid survey to identify suitability of equipment and machinery delivered to processors and farmers in other programmes	Ag Processing Officers at the SPMUs	July 2015	
	41. Include in VCDP messages sensitization on occupational health hazards ordinance on the use of personal protective wears and prevention of health hazards at places of work	APO at the NPMU and State APOs	Immediate	
	42. Hydrological testing prior to approval of any sub-surface water pumping investments	VCIOs at the SPMUs	On-going	

## **Appendix 2: Supervision Mission Schedule and Persons Met**

26 April '15	Mission arrives in Abuja
27 April '15	Abuja - Kick-off meeting with NPMU and SPMUs
28 April	Implementation Workshop with NPMU and SPMU
29 April	Mission travel to Minna, Niger State – Meet SPMU and review progress
30 April	Field visits to identified representative FOs
01 May	Return to Abuja
02 May	Morning – Travel to Anambara
03 May	Progress review with SPMU, Anambara – Visit FOs in Omor Cluster
04 May	Visit to Anaku Cluster (Morning) – Wrap up at State level (Afternoon)
05 May	Travel to Abakaliki, Ebonyi State – Briefing by SPMU (afternoon) visit to FOs
06 May	Visits to Processing facilities – Stakeholder Workshop (afternoon)
07 May	Aide-Mémoire/Report Writing
08 May	Wrap-up meeting at Abakaliki, Ebonyi State

## **List of Persons Met**

### **Abuja**

- |   |                       |                                      |
|---|-----------------------|--------------------------------------|
| - | Dr. Ameh Onoja        | National Programme Coordinator, VCDP |
| - | Usman M. Damatar      | Financial Controller, VCDP           |
| - | G.N. Bello            | Admin & HR Officer, VCDP             |
| - | Esimilo Basil Kennedy | MEDA, VCDP                           |
| - | Lawal Muhammad        | APO, VCDP                            |
| - | M. Mouktar            | Advisor, Knowledge Management        |

### **Minna, Niger State**

- |   |                             |  |
|---|-----------------------------|--|
| - | Prof. Muhammad Kuta Yahaya  | Commissioner, MARD                             |
| - | Muhammad D. Ibrahim         | Permanent Secretary                            |
| - | Dr. Mathew Ahmed            | State Programme Coordinator, VCDP              |
| - | Solomon Agamah              | GTZ-CARI, Abuja                                |
| - | Engr. Yahaya A. Usman       | SPMU, Minna                                    |
| - | Oyigoga O. Godwin           | NF (Marketing) NPFS                            |
| - | Ibrahim T. Sokomba          | NASARA Co-Op, Minna                            |
| - | Alh. Muhammad B. Kenchikaza | Niger State Rice Farmers Consortium            |
| - | Elizabeth N. Yisa           | Niger State Value Chains                       |
| - | Hadizat Isah                | APQE, SPMU, VCDP                               |
| - | Yisa Fatima                 | APO, MARD                                      |
| - | Fatima Jummai Abubakar      | Desk Officer, VCDP (Niger Planning Commission) |
| - | Audu Usman                  | SPA, VCDP                                      |
| - | Sulaiman A. Rijau           | Director, RS – NAMDA                           |
| - | Engr. Ibrahim Dada          | IE/RAMP  |
| - | Adamu K. Zakoon             | D.D, MARD                                      |
| - | Abu Ahmed                   | DAS, MARD                                      |
| - | Usman Abubakar Basso        | PM&E/KMO, SPMU                                 |
| - | Musa A. Abdullah            | Principal Statistical Officer                  |
| - | John Ottah                  | SSA  |
| - | Muhammad Garba              | AFAM/State Secretary                           |
| - | Ibrahim A. Bidu             | --   |
| - | Abubakar Dauda Arah         | Data Processing Officer, Agriculture           |

### **Anambra State**

#### **Stakeholder Workshop**

- |   |                       |   |
|---|-----------------------|---|
| - | Odiari Evelyn         | Agriculture SPC, FADAMA AF                    |
| - | Dr. M.N. Obasi        | Chief RAS Officer, NRCRI Ignariam Sub-Station |
| - | Martins Onuorah       | MD/CED, Quality Agrto Input and Seed Company  |
| - | Uzomah Oseloka Andrew | Manager, Nigeria Agri Company                 |
| - | Okoye Ifeanyig        | State Coordinator, USAID Markets Project      |
| - | Engr. Eric Ejeabukwa  | Project Manager, LAIP, Omor                   |
| - | Chris E Okoli         | State Coordinator, Sasakawa SG 2000           |
| - | Oguebue Clement       | Programme Manager, Anambra State              |
| - | Ezeh Ebele            | Radio/TV Rep                                  |
| - | Engr. Mike Ogbuekwe   | SSA Agriculture, Anambra State                |
| - | Peter Okolie          | NAN Correspondent                             |
| - | NNanwube MMadubeze    | WAAP Desk Officer, ASADep                     |
| - | Emeagwali Uzoamaka    | State Coordinator, RUFIN                      |



## Technical Annex 1 (Rab Nawaz)

### **VALUE CHAIN DEVELOPMENT – BRIEF OUTLINE OF VCDP STRATEGY AND IMPLEMENTATION STEPS**

**Introduction:** VCDP is in its early phase of implementation. The three states visited during the first Supervision and Implementation Support Mission displayed varied understanding of programme concept and process. The outcome at the field level was lack of uniform approach and understanding and lack of logical sequence of activities. To enable the programme to have uniform understanding and a standardized implementation approach, following logical sequence of activities is recommended:

1. **Formulation of Criteria and Guidelines for All Aspects of VCDP Interventions** – NPMU in consultation with sector heads and SPMUs. This should be completed by end June and include investment selection criteria's, matching grant regulations, roads and irrigation selection criteria and cut-off limits etc.
2. **Formulation of a FO and Cluster Formation Guideline:** This should include actions, steps and responsibilities to make FOs/Cluster selection evidence based and as per criteria so that they have genuine potential for value chain development and are truly participatory and empowered institutions with potential for long-term sustainability. This should include notification of a standard management structure and membership criteria as well as procedures for conduct of FO/Cluster business and records.
3. **Training and Orientation of Key Staff in Programme Criteria and Guidelines:** Train the LGA and SMPU staff in criteria, guidelines and FO/Cluster level actions and processes. Prepare a proper training plan for all levels to effectively cover all aspects.
4. **Profiling of FOs and Clusters:** Prepare profiles of existing and newly established FOs as per outline attached to these steps. Individual FO profiles be consolidated into cluster profile and LGA profile. The profile should cover social, gender, youth, production, marketing, infrastructure, land inventories along with gaps and needs and priorities.
5. **Identification of potential processors and their backward linkage with producers:** Parallel to FO/Cluster profiling, identify the marketers, processors, aggregators operating in selected FOs and clusters and engage them as early as possible in FO/Cluster plans and priorities and start developing terms and conditions for win-win relationships between producers and buyers on MOUs/Contracts.
6. **Organizing of Processors Groups in their Command Area:** Organize processors/buyers from each cluster/group of clusters into formal associations with registration.
7. **Value Chain Action Plan identifying priority investments with each player (as per Programme Criteria and Guidelines) with timelines and estimated costs:** Based on the needs identified during the profiling and detailed analysis of opportunities, constraints and appropriate interventions required, prepare a cluster Value Chain Action Plan, including interventions/investments both at production level and buyer/processor level and get approved from SPMU. Initially one plan from each SPMU be furnished to NPMU for prior-review to ensure that the plan meets programme criteria and guidelines. The plan shall include

estimated costs for each identified intervention, timelines (start and completion dates) and beneficiary details.

8. **Engagement of Service providers/Implementing agencies for survey, design, procurement etc.** Based on approved plan, engage suitable service providers/implementing agencies/suppliers for implementation of approved interventions.
9. **Monitoring, handholding and Trouble-shooting:** Develop a monitoring plan for SPMU and LGA Team for the effective oversight of VCAP implementation in each FO/cluster aimed to close guidance during the initial learning phase and timely trouble-shooting in case of any difficulty.

**A: FO/CLUSTER PROFILING FOR VC ACTION PLAN**  
**(VCDP)**

Date:-----

Prepared by: -----

**LGA Liaison Staff Names:**

**LGA Extension Staff Names:**

1. **Basic Cluster Data:**

- a. Cluster Name:
- b. LGA Name:
- c. State:
- d. Total House Holds in Cluster:
- e. Total Population:
- f. Distance from State HQ:
- g. Distance from LGA HQ:

2. **FO Profile:**

- a. Name of FO:
- b. Date Established:
- c. Name of Office Bearers: President: Secretary:  
Treasurer:
- d. Total Members: Male: Female:
- e. Landholding Members: Landless Members:
- f. Youth Members:
- g. Total Land Area:
- h. Total Cultivated Area:
  - i. Irrigated Area: ii. Non-Irrigated/Rain-fed Area:
- i. Additional Available Cultivable Area:
- j. Source of Irrigation:
- k. Average Household land-holding:
- l. No of Landless Households:
- m. Number of Women-headed Households:
- n. Number of Youth (16 to 35 years):
- o. Status of FO Registration:
- p. Bank Account Details:

3. **Production, Processing and Marketing Data:**

- a. **Production:**
  - i. Current Land Use Map (attach to Profile):
  - ii. Main crops produced with total production (Tons):
  - iii. Average yields of main crops (Ton per ha):
  - iv. Input use and availability: Fertilizer: Improved seeds:  
Mechanization:
  - v. Rain-fed production:
  - vi. Irrigated Production:
  - vii. Average sale price of main crops:

- viii. Average profit per/ha:
- ix. Average annual income per household:
- b. **Processing:**
  - i. Village based processing facilities:  
1. ----- 2.----- 3.-----4. None
  - ii. Processing facilities within 2 km radius:
  - iii. Processing facilities in 5 km radius
  - iv. Names of main processors currently engaged with FO
- c. **Storage:**
  - i. Type of storage facility available: a. Household; b. Communal; c. None
  - ii. Total capacity of available storage:
  - iii. Current storage capacity gap (tons):
- d. **Marketing:**
  - i. Name of Nearest Market and distance:
  - ii. Facilities available at market:
    - 1. Weighing
    - 2. Shed
    - 3. Water Supply/sanitation
    - 4. Others
  - iii. Average Quantity sold directly in market: by FO members:
  - iv. Average Quantity sold through middle-man:
- 4. **Production Challenges:**
  - a. Inputs
  - b. Labour
  - c. Mechanization
  - d. Land
  - e. Water/Irrigation
  - f. Others
- 5. **Processing and Marketing Challenges:**
  - a. Processing at household level:
  - b. Processing by a service provider:
  - c. Aggregation Challenges:
  - d. Storage Challenges:
  - e. Market infrastructure Challenges:
  - f. Quality Challenges:
  - g. Access/Communication/Road challenges:

h. Others:

6. **FO Priority Needs:**

a. Production

b. Processing

c. Marketing

d. Infrastructure

7. **Priority Interventions Identified for VCDP Support:**

a. **Production:**

b. **Processing:**

c. **Marketing:**

d. **Infrastructure:**

**B: PROCESSOR ASSOCIATION PROFILING**

1. **Name of Processor Association:**

2. **Names of Office bearers:**

3. **Registration No:**

4. **Bank Account No:**

5. **Address:**

6. **Name of Associated FO Cluster(s):**

7. **Name of crop dealing in and Type of processing:**

8. **Average quantity purchased each year:**

9. **Current Installed Capacity for processing:**

10. **Current capacity utilization (%):**

11. **Main issues and challenges:**

- a. aa
- b. bb
- c. cc
- d. dd

**12. Priority Needs/Assistance identified:**

**13. Main interventions from VCDP Agreed with names of beneficiary members and addresses:**

**14. Terms of Association with FO/Cluster:**

- |    |    |   |            |
|----|----|---|------------|
| a. | Aa | - | quantities |
| b. | Bb |   | pricing    |
| c. | Cc |   | quality    |
| d. | Dd |   | others     |

## **B: VALUE CHAIN ACTION PLAN**

**NAME OF FO/Cluster:**

**NAME OF Community & LGA:**

**NAME OF LGA FOCAL PERSON:**

**Plan Prepared by:**

**Date:**

1. Priority interventions Identified in Village Profiling/PRA
  - a. Aa
  - b. Bb
  - c. Cc
  - d. Dd
  - e. Ee
  - f. Ff
  - g. Gg
2. Component 1 Interventions:  
Examples:
  - a. What? Irrigation Development for ?? farmers/?? Ha/
  - b. When – time frame for completion of all activities –survey & design, cost estimation – formation of water user groups and their training – agreement of scheme O&M with WUG – bidding and selection of contractor – implementation of construction activities – scheme handover and operation
  - c. Where – site/location of scheme including source of water and canal structures
  - d. Who – names and numbers of beneficiaries – Name of executing entity for the scheme - Responsibility for survey, design and cost estimates – bidding and contract management – other related activities responsibility – Water User Group formation and training
  - e. Responsibilities for each of identified main and supportive activities
  - f. Estimated cost
3. Intervention No. 2:
  - a. What? Farm to Market Road – From point A to Point B... Total length – type of road (compressed shingle/ Macadam/Black-top
  - b. Feasibility and justification – beneficiaries; production transported – social and economic benefits – cost reduction in transport etc.
  - c. When – time frame completion of main activities – survey & design and cost estimation – acquisition of right of way – bidding and award of work – construction – handover for community management – Training and establishment of management group
  - d. Where? Site/location map
  - e. Who? - names and numbers of beneficiaries – Name of executing entity for the scheme - Responsibility for survey, design and cost estimates – bidding and contract management – other related activities responsibility
  - f. Responsibilities for each of identified main and supportive activities
  - g. Estimated cost
4. Intervention No. 3 – Matching Grant Activities – For FOs and for Processors
  - a. Purpose and rationale
  - b. Detail of beneficiary (ies)
  - c. Beneficiary contribution and basis of calculation
  - d. VCDP contribution
  - e. Implementation and procurement arrangements and timelines including responsibilities of various partners – terms and conditions paper and its signing between VCDP and beneficiary

- f. Post handover Performance supervision methodology
  - g. Safeguards against misuse
- 5. Others:
- 6. **Component 2 Interventions:**
- 7. **Summary of FO/cluster and Processor wise interventions and estimated costs:** The costs are expected to be fair estimates that should provide a basis to State Programme Office about the total sums involved in each cluster to assess whether they are as per criteria and within permissible limits. Actual costs will be determined on the basis of detailed design by concerned technical agency/service provider.
- 8. **Summary of total beneficiaries, gender-wise for each proposed intervention.**



## Technical Annex 1: IMPROVEMENT OF SMALL AND MEDIUM SCALE RICE MILLS UNDER THE VALUE CHAIN DEVELOPMENT PROGRAMME (VCDP).

Mr. Anthony Muoneke –IFAD Consultant.

### 1. INTRODUCTION:

Small and medium scale Rice mills are those cottage mills that produce less than 3 Tons of milled rice per hour with or without integrated facilities. At the Abakaliki cluster, processors use more of the Cono disc technology and just a few modern Rubber roller mills. The small mills contribute about 70% of the parboiled rice consumed in Nigeria. Unfortunately, these old mill are characterized by a poor yield of polished rice with impurities including stones, and low headrice percentage. But for the purposes of making food available on the table, they have fairly met the consumer demand for rice within the rural markets and some urban markets. Therefore, there is urgent need to improve the quality of the locally milled rice since the awareness for good quality rice has been created by the huge presence of several imported brands in the Nigerian market.

The relationship between small-scale paddy producers and small-scale processors in terms of paddy off take is cordial and encourages production. It is necessary to note that all the small-scale processing mills are privately owned by individuals or cooperatives who are also directly or indirectly involved in rice production. The technology used by these small mills can be upgraded or improved to enable them meet up with the required standards that will be competitive in the market. These small mills employ a lot of labor thereby creating employment for the rural poor. In so many states, these mills are located in the rural areas and most of them are in clusters of 10 or more units. But in states like Ebonyi, Niger, Benue and Anambra they are found close to the cities as large clusters.

In Abakaliki, about 850 units of the Conodisc old model rice mills are installed in one cluster with the Rice mill owners association officially registered at the corporate affairs commission. They have perfected the market linkages and also have organized Transport operatives to deliver rice to any part of Nigeria.

It is Interesting to note that there are several value addition centers within the cluster and they provide services like post milling Cleaning, Destoning and packaging of the local rice thereby giving it value to match the imported brands. They have several other trade unions made up of service providers who are also registered as cooperatives or business associations within the cluster. It may be of interest to note that the population of workers within the Abakaliki rice milling industrial cluster is estimated at about 4,500 made up of skilled and unskilled workers of gender equality. The estimated production capacity of the Abakaliki cluster is 1,360 Metric Tons of milled rice per day. Benue has 2 major clusters located at Gboko and Otukpo, while Niger and Anambra States have similar scenario at Bidda and Omor respectively with about 50 mills producing 80 Tons daily per cluster. The Abakaliki rice mill cluster was established in the year 1959, while other clusters came up later in the 70's. It will be recalled that the Abakaliki Rice industry was the major supplier of rice to the entire Country until the year 1983 when the second Civilian administration flooded the market with imported rice. Ever since then the country has invested heavily in rice production to attain self sufficiency in rice production. The current trend is **import substitution** in rice which places rice on top as a priority crop and calls for improvement in both the quality and quantity to meet the expected target of 6.5 million metric Tons by the year 2016. This calls for immediate upgrade of the existing facilities in all the existing small and medium rice industries and in paddy production.

### CHALLENGES AND SOLUTION:

The local small-scale mills have almost the same kind of challenges in each of the clusters with slight relative differences. But 4 out of the 6 states have similar challenges.

PROBLEMS	SOLUTION
Poor and crude parboiling method. The use of open drum system has been in use since 45 years and has its peculiar problems ranging from high drudgery and loss of quality due to under or over cooking of paddy. Washing of paddy and separation of unripe paddy is not efficient	There is need to introduce simple modern parboiling methods to meet required standards and reduce drudgery. The most recent false bottom parboiling method is available and will go a long way to solving this problem. The use of paddy cleaners can reduce impurities to large

resulting to large presence of impurities during and after milling.	extent. .
Sun drying is used in most local parboiling centers. This is labor intensive and results to high rate of breakages during milling. In most cases stones are introduced into the rice during sun drying as most plat forms are not hygienically designed for grain drying.	Small and medium flat bed, Rotary or Tempering, dryers can dry paddy both indoor and outdoor efficiently
Storage facilities are inadequate resulting to huge losses to weevils, rodents and weather degradation.	There are new technologies for storage of grains such as silo or good ware housing. Use of these innovations will help preserve and store grains within the curing and storage stages.
Milling technology is the Conodisc which has a relative recovery rate of less than 65% and high rate of breakages. In some cases, spare parts are unavailable and locally forged parts reduce efficiency. Waste products from this technology do not command reasonable market value and finished product cannot compete with the visual quality of the imported rice. Definitely, this technology cannot separate stone, sand and other impurities during milling..	Rubber roller and Jet peeler rice mills are more efficient and have the potentials to produce by-products that can command high economic values such as rice bran. Some semi integrated small modern mills have elevators to reduce drudgery and labor cost. They also have sieves that take care of stones and other impurities. The presence of one unit of 5 T/Hr color sorter and grader within every cluster of 10 units of both the old model and modern rice mills will adequately improve the visual quality of the local rice and make it even more attractive than some of the imported ones.
Standardization of products at the packaging stage is inefficient making the marketing structure unreliable. The use of Mudu and Headpan is not efficient and results to losses on the part of miller or buyer.	The issue of weight and measure in rice milling can easily be solved with a scale. Use of digital and analog weighing scale is the immediate solution to this problem of standardization. It is also very possible to register and brand products if they are bagged in propylene bags and further closed with bag closers.
The Post milling Handling of rice is also a serious problem because losses are incurred due to inefficient transportation of milled rice to the Market locations.	In Abakaliki cluster, this problem has been solved to an extent by using organized transport and bulk haulage system.

#### IMPLEMENTATION STRATEGY FOR IMPROVING THE SMALL AND MEDIUM SCALE MILLS.

STATUS	RECOMMENDED ACTION	EXPECTED RESULT
Inefficient parboiling technology is predominantly used in most clusters in the targeted 4 states.	Install at least 10 units of false bottom parboiler (1 T/Batch) and accompanying 10 units of Dryers in each organized milling cluster.	The efficiency of these initial installations will serve as demonstration to other members of the cluster and make the local rice look attractive.
Processors use old technology resulting to losses, poor quality milled rice and inability to	Assist the mill owners to acquire 10 Rubber roller mills model SB10 built with integrated paddy cleaners and elevators. Destoners (2.5T/Hr) with inbuilt 3 trays, blower & elevator should be installed in each cluster to ensure that stones and	The presence of the rubber roller and Destoners will definitely demonstrate efficiency that will attract other millers in the cluster and the old technology will disappear gradually.

compete in the open market.	impurities are removed. The proportion should be 1:10 small mills. 1 unit of 5 T/Hr Color sorters should be installed in any cluster that has over 50 rice mills.	The Destoner and color sorter will add value and improve quality of the milled rice and make it competitive.
Marketing infrastructure is in shambles in most milling clusters.	The Infrastructural team should develop efficient Market infrastructure to enable market linkages work effectively. The infrastructural team should design a programme to promote Nigerian Rice.	Awareness creation will make more Nigerians value the freshness and nutritional advantages of local rice.

### **CONCLUSION:**

In view of the illustrations shown above, it appears that an immediate intervention in the rice processing sector will automatically drive the production segment of the value chain. I strongly recommend that something should be done starting in June 2015.

All these will create more jobs at production and processing segments and elevate the economic life of participants and stake holders along the entire value chain in tandem with the goals of the VCDP.

## **SITUATIONAL ANALYSIS OF IMPLEMENTATION ENVIRONMENT FOR AGRI MARKET DEVELOPMENT**

By: Anthony Muoneke and Anderemi Osojo, IFAD Consultants

	Activities undertaken and progress made to date	The main gaps and areas of attention	Actionable recommendations
<b>Overall Assessment of Programme Implementation</b>			
Governance and policy environment status of implementation		In-coming government at the federal and state level, Any idea on their policy orientation? How well are we prepared to accommodate any possible changes in policy thrust	All major activities with significant service and material procurements need to be delayed while the manifesto of the incoming party/government is digested
Implementation policy orientation.		<ul style="list-style-type: none"> <li>Do we procure and hand out to beneficiaries or Facilitate, de-risk transactions and motivate productivity</li> <li>How do we take extra mileage from the loan fund i.e. multiplying its capacity, reach and size several folds</li> </ul>	<ul style="list-style-type: none"> <li>Improved processing equipment should be installed at the clusters on a matching grant arrangement</li> <li>Technicians in close proximity to the project areas should be trained to produce equipment for farmers in their areas</li> </ul>
Governance, coordination and operations		<p>Which government institutions among the stake holders should provide the followings</p> <ul style="list-style-type: none"> <li>Governance</li> <li>Coordination</li> <li>Operations support</li> </ul>	<ul style="list-style-type: none"> <li>It is recommended that the federal institution (NPS) provide governance (policy, process integration and support for coordination across state</li> <li>State institution should focus on coordination</li> <li>Operation support services by the LG institutions</li> </ul>
<b>Component 1: Agricultural Market Development</b>			
<p>1.1 Support to value addition and market linkages</p> <p><u>Expected Outcome:</u> Increased value addition and access to markets realized by beneficiary smallholder farmers as well as small and medium-scale processors</p>	<ul style="list-style-type: none"> <li>Sensitization</li> <li>Group identification</li> </ul>	<p>Unstructured sensitization campaign which is lacking in the followings:</p> <ul style="list-style-type: none"> <li>The need for paradigm shift (from supply side i.e. technology and policy programming to market driven).</li> <li>The concept of value chain and its applications in inclusive market programming not well understood</li> <li>How the program will be implemented and role expectations of stake holders not clearly communicated</li> <li>Questionable group targeting that seems not to have</li> </ul>	<ul style="list-style-type: none"> <li>Need to clearly provide theme of sensitization message</li> <li>Recruitment of communication and animation expert to reduce message into graphical animation and circulated using IED materials video CDs inclusive.</li> <li>Group identification to focus on existing relationships</li> <li>Upgrading of value addition equipment in the identified rice clusters.</li> </ul>

		<p>taken into consideration existing trade and community networks as entry points</p> <ul style="list-style-type: none"> <li>Women are actively involved in inefficient parboiling and marketing operations and conversion of by products with high exposure to health hazards</li> </ul>	<ul style="list-style-type: none"> <li>Sensitization and enforcement of occupational health hazards ordinance on the use of personal protective wears and training on the prevention of health hazards at places of work</li> </ul>
<p>1.2 Support to market infrastructure: <u>Expected Outcome:</u> Demand-driven infrastructure investments for improved access to markets realized and sustainably managed by the beneficiary communities</p>	<p>Team of engineers deployed to assess infrastructure provision gaps .e.g.</p> <ul style="list-style-type: none"> <li>Commercial grains handling/storage bonded centers</li> <li>Power &amp; water supply</li> <li>MIS</li> <li>Grading/standardization</li> </ul>	<p>Several infrastructure deficient areas were identified however detailed assessment of these opportunities, their socio-economic benefits as well as environmental hazards are yet to be properly established</p>	<ul style="list-style-type: none"> <li>Technical evaluation of these opportunities in terms of job and wealth creation need be established.</li> <li>Above all there is a need to clearly isolate strategies to ensure their and long term sustainability</li> </ul>
<b>Component 2: Smallholder Productivity Enhancement</b>			
<p>2.1.Support to farmers' organisations <u>Expected Outcome</u> Farmers' Organisations in programme areas effectively serve their members</p>	<p>Sensitization</p> <p>Group identification</p>	<p>Unstructured sensitization campaign which is lacking in the followings:</p> <ul style="list-style-type: none"> <li>The need for paradigm shift (from supply side i.e. technology and policy programming to market driven).</li> <li>The concept of value chain and its applications in inclusive market programming</li> <li>How the program will be implemented and role expectations of stake holders</li> <li>Questionable group targeting which seems not to have taken into consideration existing trade and community networks</li> </ul>	<ul style="list-style-type: none"> <li>Sensitization of stakeholders and their networks need be on going in support of mobilization and profiling of farmer organization</li> <li>Need to explore the possibility of working through commodity merchants' network and enterprise in reaching farmers with inputs and off take services</li> <li>Profiling farm operations and farmland for GPS coordinate mapping and titling for long term for farmland development</li> </ul>
<p>2.2.Support to Smallholder Production <u>Expected Outcome:</u> Production and productivity of smallholder rice and cassava farmers in the programme areas increased</p>	Not applicable now	Not applicable now	Not applicable now

## **CURRENT SITUATION IN VCDP STATES AND OPTIONS AND OPPORTUNITIES FOR RICE VALUE CHAIN**

BY Anthony Muoneke, IFAD Consultant

<i>ACTION TAKEN</i>	<i>STATUS</i>	<i>OBSERVATION AND PROBLEM</i>	<i>RECOMMENDATION</i>
<b>Overall Assessment OF THE CLUSTERS BY STATES</b>			
Sensitization of FOs	<p><b>NIGER STATE:</b> FOs have been identified and sensitized in several clusters visited.</p> <p><b>ANAMBRA:</b> Sensitization was done at Omor and Anaku for rice activities.</p> <p><b>EBONYI:</b> Ikwo, Izzi, Afikpo and Abakaliki were sensitized.</p>	<p>-- Awareness and information about VCDP at rural and farm cluster levels were properly done.</p> <p>-- Turn out at all levels was very commensurate.</p> <p>--Proper indoctrination was not done as FOs thought that the mission came as donor agency on grant mission. Interactions with producers and processors indicated high expectations from the programme.</p>	<p>--It is recommended that the next line of action should be combined with another round of sensitization to carefully drum the message about the goal of the VCDP into the ears of the FOs.</p> <p>--The real definition of the concept of Value chain should be clearly spelt out.</p> <p>--Group registration should be encouraged.</p>
Small holder Productivity enhancement and Potentials.	<p><b>Niger:</b> The land available for rice production is about 2.5 million Hectares ( 450,000 Ha irrigable, 105,575 Ha developed , 26,500 and 1.9 million ha yet to be developed but cultivable.</p> <p><b>Anambra:</b> 3,850 ha are under use but the irrigation is broken down at Omor River Basin farm site. Anaku, and surroundings have over 10,000 Ha not fully developed but cultivable.</p> <p><b>Ebonyi:</b> Over 6,000 ha were sited at the time of visit but neither irrigable nor developed.</p>	<p>--The FOs seem to be very interested in the program but do not have the enabling environment for double season cropping.</p> <p>--Land development seems to be neglected and even the old irrigation sites abandoned with broken down bonds, channels and control valves.</p> <p>--In some cases, only irrigation pumps are required.</p> <p>--By and large, the land mass is very encouraging but land development will practically liberate the plots for double season cropping.</p> <p>--Land tenure system was observed to be a serious problem in Anambra and Ebonyi states.</p> <p>--Most of the plots along the river banks are periodically flooded. Farmers are scared of cultivating around the flood plains.</p> <p>--We did not find any functional irrigation project in Ebonyi state. The possibility of irrigation is there but most rivers are not perennial except at the boundary with Cross river.</p> <p>--Almost all the farm plots need a leveling device to make the surface even and bonded at the borders.</p>	<p>--The SPCs must address the issue of land and with immediately effect before the farming season to ensure that a lot of groups are physically involved in this year's season.</p> <p>--Infrastructure team must as a matter of priority plan on how to rehabilitate the abandoned dams and irrigation pumps.</p> <p>--The State government to address the issue of Land Tenure.</p> <p>--More farm plots should be made available at Omor to accommodate the unemployed youths who are seriously agitating to be accommodated.</p> <p>--Access roads to the farm sites are in bad shape and will need reconstruction. This is applicable in the 3 states visited.</p> <p>--Road construction should include building culverts to link up markets and farms.</p>

<p>Mechanization:</p>	<p>The visit recorded the presence of only a few farm tractors .Ebonyi and Anambra states were yet to take delivery of the Govt. tractors. The level of farm mechanization is very poor across board.</p>	<p>--Use of hoe and cutlass is very common in most farm sites resulting to high cost of farm labour and increased production cost of paddy.          --Absence of rice thresher will result to high breakage, losses due to splashing, mixture of stones and increased cost.          --Absence of grain dryer in wet season results to post harvest grain quality losses.          --An accurate quantity of paddy is hard to determine because of absence of a weighing scale, farmers lose a lot of income because they do not bag rice using scale for accurate measurement.</p>	<p>Mechanization of farm operations must be encouraged at all levels. Therefore, <b>Tractors</b>, Gender friendly small Knapsack <b>sprayers</b>, <b>Ripper harvester</b>, Axial flow <b>Thresher</b> and in some cases, medium and small <b>combine Harvester</b> and grain <b>Dryers</b>, <b>Weighing devices</b> and small house hold <b>Silos</b> should be procured and allocated to FOs based on priority need.</p>
<p>PROCESSING:</p> <ul style="list-style-type: none"> <li>• Paddy Management/ Rice Processing:</li> </ul>	<p>The VCDP's mission visit to Niger State witnessed the presence of different types of rice milling operations ranging from old crude method to the most modern technologies of different sizes and at different locations. Similar cases were noticed in Anambra and Ebonyi states.</p> <p>Anambra state milling clusters at Omor, Anaku, Otuocho, Ifite Ogwari, and Achalla etc.</p>	<p><b><u>Niger:</u></b>          --So many small incomplete Cono disc mills are installed at various producing clusters and these mills produce very low quality milled rice containing high rate of breakages and impurities such as stones. The polishing chamber is disengaged and husk particles being removed manually. Recovery rate from paddy is less than 62% in most cases. Patronage from farmers is relatively high especially during festivities.          --Branding of product is completely unavailable.          --The small mills in Bidda are in clusters of over 10 mills in each zone. They enjoy high patronage from retail and wholesale buyers but they cannot deliver stone free rice which makes their market questionable and unprofitable. Rice is measured in traditional Tins which makes standardization inefficient in those mills.          --The only existing medium scale mill Cirocco/Bida mills is abandoned due to incomplete facilities and lack of managerial efficiency. It lacks parboiling facilities and needs equipment upgrade and rehabilitation.</p> <p><b><u>Anambra:</u></b>          --The Omor rice mill cluster is facing a challenge of producing stone free rice. Not even one unit is there.          --Their parboiling needs to be improved as a follow up to the USAID/MARKET intervention which gave them training on use of falls bottom parboiling techniques.</p>	<p><b><u>Niger:</u></b>          ==The available rice farming potentials in Niger state demands for installation of more rice mills at Bida and other rice clusters to process the expected bumper harvest if production enjoys the benefits that are envisaged from VCDP intervention.          ==Small Rubber roller SB10 rice mill will be adequate and appropriate for the Replacement of the inefficient &amp; incomplete Conodisc mills found all over Niger State.          ==Each of the clusters with up to 5 mills should have at least one unit of 2 Ton/Hr (3 tray) Destoner to compliment the mills.          ==At least 1 Unit of falls bottom parboiling drum and one unit of Dryer should be installed in each cluster of 5 mills for demonstration purposes and subsequent adaptation by others in the cluster.          == The Cirico / Bida mill should be assisted and the Onyx rice mill should be linked to producers for off-take of paddy.</p> <p><b><u>Anambra:</u></b>          ==Destoners of the 3 tray type will need to be installed at Omor to reprocess the</p>

	<p>Ebonyi state milling clusters at Abakaliki, Iboko, Amasiri, Akaeze and Eke market Afikpo.</p>	<p>--Dryers are needed in the cluster as most of their active operations fall into the wet season when sun drying is usually impossible. --The nearness of Onitsha, Awka and Nnewi to Omor is a great opportunity if good quality stone free rice is produced from rubber roller mills at the cluster. --The milled rice from Omor is not branded and standardized and cannot command high urban market. --The unavailability of Electricity in the cluster jacks up cost of production (considering the cost of diesel engine operations).</p> <p><b>EBONYI:</b> Has the highest concentration of small scale rice mills in Africa with established record of 850 functional old model Conodisc mill and 7 rubber roller mills, 25 Destoners, and just a few re-polishing machines. --- But the most prevailing problem in that cluster is total absence of electric power resulting to use of diesel engines. --The second problem in Abakaliki rice mill cluster is a total absence of color sorter and parboiling/ drying machines. --The insufficient paddy to feed the 850 rice mills is a great disadvantage. Processors in this cluster not only source paddy from the state but also travel all over Nigeria in search of paddy. The paddy bought from producers in Ebonyi state is only about 25% of the required annual processing capacity of over 340,000 metric tons of paddy. ---The number of Destoners installed in the industry can only process about 15% of the total processing capacity resulting to traders going with rice that has not been destoned. ---The Abakaliki rice cluster would have done better if their old mills were replaced with modern rubber roller mills This will make their operations more lucrative and make their rice looking luster and translucent like the foreign rice. ---Irregular measurements and standards are very</p>	<p>milled rice and add values that will make their rice competitive. Destoners should be installed to run as a service industry within the cluster. ==Their old mills should be gradually replaced with rubber roller mills. ==False bottom drums and accompanying dryers should be installed in the cluster. Branding and standardization are required to make their produce acceptable. == Infrastructural assistance in Electricity and power is required in the area to hook the Omor cluster to National grid. ==The existing STINE rice mill located at Amichi will need to be linked to producers for paddy off- take hence it has an installed capacity of over 400 Tons per day which is highly unutilized. == The broken down irrigation project and farm roads at Omor should be rehabilitated to enable the farmers double their produce to meet the demands of the mills in the state. <b>Ebonyi:</b> ==Installation of Electric Transformers is urgently needed to enable processors connect to the National grid and save cost of processing. ==The farmers who produce rice in Ebonyi should be assisted to increase scale of production and where necessary embark on irrigation farming practice. Those who travel far to acquire paddy should be enabled to transport their paddy without much logistic barriers through policy and advocacy at various government levels including Police and revenue collectors along the Highways. ==There should be serious campaign</p>
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		<p>common in Abakaliki cluster due to the predominant use of Headpan, Bushel and Tin. These measures can not satisfy traders due to high degree of misconduct and arbitrary cheating on either side.</p> <p>---Packaging of finished products is still crude and would have been better with uniformity of standards.</p> <p>---There exists a serious competition and struggle for paddy between the 3 newly established giant rice mills and the smaller mills in Ebonyi state though the total output from the small mills is much higher than the 3 large mills put together. It may be interesting to also mention that while all the 3 large mills employ about 300 workers, the 850 small mills employ over 4,500 workers.</p> <p>The giant mills are Government owned and Government assisted while all the 850 small mills are privately owned by about 500 members of the Rice mill Owners Association duly registered and recognized by the CAC Abuja. Sustainability of any innovation introduced in this cluster is assured because it has been in existence since the year 1959.</p>	<p>against the use of old and outdated rice mills to take advantage of rubber roller mills especially now the paddy quality and uniformity has improved.</p> <p>==Use of analog and digital weighing scales should be enforced at the cluster. This will give room for standardization and bagging in Kilograms instead of Headpan. This process should be followed up by putting the rice in well designed bags of various sizes and properly branded..</p> <p>== It is normal to have good quality rice if a processor uses good parboiling techniques and to this effect, I strongly recommend the use of false bottom parboiler and rotary Dryer in the Abakaliki rice industry (about 10 units will be alright for a start.</p> <p>==It is important to recommend the installation of at least 8 units of color sorter in Abakaliki rice milling cluster to upgrade their produce and make it competitive in the Nigerian market.</p> <p>==Product promotion should be made on Radio and TV to promote Nigerian rice.</p>
SWOT		STRENGTH AND OPPORTUNITIES	WEAKNESSES and THREAT
	ABAKALIKI RICE MILL CLUSTER.	<ul style="list-style-type: none"> <li>➤ The cordial relationship established over 20 years ago between the Rice mill owners in Abakaliki and Rice producers as outgrowers and contract farmers is still binding and respected by both parties. This provides assurance for paddy supply to millers.</li> <li>➤ The ability to process even as small as 100 kg paddy at a time makes small farmers patronize small mills.</li> <li>➤ The ability to process effectively both pure and</li> </ul>	<ul style="list-style-type: none"> <li>➤ Acquisition of value addition equipments by individuals in Abakaliki rice clusters will definitely pose a problem due to high cost of the equipments. Unless with the assistance of VCDP the new equipments will be unaffordable.</li> <li>➤ The nearness of 3 giant rice mills will create high competition and</li> </ul>

		<p>mixed grains in a single process enables the small mills to accommodate poor quality paddy better than giant mills.</p> <ul style="list-style-type: none"> <li>➤ The rice mill owners Association has a transport department in-charge of haulage to any part of Nigeria at reduced price with some sort of insurance, this bonds them well with marketers.</li> <li>➤ The large population at the Abakaliki cluster provides for economies of scale and guarantees the rice traders the opportunity to buy trailer loads of milled rice from the cluster in a day without waiting for long.</li> <li>➤ The large number of members of the association provides for Socio-economic advantages. Fund raising to assist members of the association in times of emergency is easier and very possible within a short time.</li> <li>➤ The existing road network and other infrastructures within the rice mill premises are advantages to the cluster.</li> <li>➤ The concept of value chain and its applications in inclusive market programming is well established and understood in the cluster.</li> </ul> <p>Women are actively involved in parboiling, marketing operations and conversion of rice by products such as the broken grains.</p>	<p>struggle for the limited paddy produced in Ebonyi state.</p> <ul style="list-style-type: none"> <li>➤ The new milling machines may look sophisticated considering the level of education and technical knowhow of the operators of outdated small mills. Learning to operate the new model machines may take a long time.</li> </ul>
	<p>OMOR RICE MILL CLUSTER.</p> <p>BIDA , NAGENU and WUSHISHI, CLUSTERS.</p>	<ul style="list-style-type: none"> <li>➤ The nearness of the Lower Anambra Imo River Basin Authority is a great advantage to the processing cluster at Omor in Anambra state..</li> <li>➤ Onitsha which is just 35 kilometres away has a high population density and will be a viable market for milled rice from Omor if the quality is upgraded with Destoner and Colour sorter.</li> <li>➤ The surrounding small towns like Awka, Otuocha, Awkuzu and others will take advantage of the nearness of these small rice mills and patronize them adequately.</li> <li>➤ -----</li> </ul>	<ul style="list-style-type: none"> <li>➤ The way rice mills are scattered within Omor may affect the ability to share common installed Destoners except if small local delivery vans are engaged to move the rice for a fee.</li> <li>➤ Stine rice is a giant mill (440 T/Hr) with a huge processing facility to absorb large quantity of paddy and this may be a threat.</li> <li>➤ -----</li> <li>➤ --</li> <li>➤ Onyx giant mill produces good</li> </ul>

		<ul style="list-style-type: none"> <li>➤ The large population of Minna, Wushishi and other smaller towns is a great potential for these mills if they can produce good quality rice from the rubber roller modern mills and the integrated Destoners.</li> <li>➤ The over one million hectares of rice farm available in Niger state is an opportunity that gives small mills in the cluster a guaranteed supply of paddy.</li> </ul>	quality rice which looks better and may pose a competition for the small mills if their product is not upgraded.
TECHNICAL INFORMATION AND POTENTIALS OF RECOMMENDED EQUIPMENTS/ MACHINES.		FUNCTIONS PERFORMED	EXPECTED POTENTIALS.
<b>PRODUCTION</b>	<p>Machines / Equipments:</p> <p>1.1, TRACTORS (with implements- plough, Harrow, Ridger and Rotavator with Trailer (bucket).</p> <p>1.2, Power Tillers with complete accessories.</p> <p>1.3, Planters and Transplanter.</p> <p>1.4, Sprayers. (Boom sprayer, single unit power sprayer and Knapsack sprayer).</p> <p>1.5, Ripper harvester, Combined Harvester and Threshers.</p>	<p>----<b>Plough</b> is necessary for tilling the soil, followed by harrow to break the lumps loose and Rotavator to get the soil ready for transplanting and planting. The ridger is usually used for making small bunds. The bucket is good for delivery of farm inputs such as fertilizer and for delivery of paddy after harvest.</p> <p>-----<b>Power tillers</b> are small version of the tractor. They also perform the above mentioned functions but with the aid of two hands holding and operating them. They are relatively cheaper and affordable.</p> <p>----- <b>Planters</b> are used for putting the seed or seedling into the soil. They vary in sizes and types. The large seed planters are usually driven by tractors. The small planters are pulled by man or power tiller. Mechanized &amp; motorized Transplanters can be of use if the farmer is well trained.</p> <p>----<b>Boom sprayers</b> are usually mounted on a tractor for large scale spray. It covers 1 Ha/Hour or more depending on the terrain. The smaller sprayers come with motorized, Battery operated and manual types.</p> <p>--<b>Battery operated sprayers</b> are Gender friendly and they are suitable for females.</p> <p>--<b>Harvesters</b> are machines deployed in the field during harvesting to reduce drudgery, save cost and make the process cheaper and faster.</p>	<p>==The use of tractors makes it possible to cover a large area and increase the farm size. One tractor can prepare 3 hectares in a day if the field does not have stumps and heavy stone lumps.</p> <p>==One power tiller has the capability to finish land preparation on one hectare per day depending on the strength of the operator.</p> <p>==Planters and transplanters help to reduce the cost of production by over 20%.</p> <p>==Women who are usually involved in manual weed control can now be employed using gender friendly weed control devices. Weeds are easily controlled in large farms using these spraying devices.</p> <p>==Use of these harvesting machines ensures good quality paddy and provides employment for youths.</p> <p>==These harvesting devices save time and money thereby helping the farmer to perform better and optimally.</p>

PROCESSING:	<p>2a, Storage Silos/ In-Bin/Warehousing.</p> <p>2b, Dryer (Flat bed, Rotary, Circulating, Tempering &amp; fluidized Dryers).</p> <p>2c, Paddy Cleaner.</p> <p>2d, Rice Huller/Polisher, Jet polisher.</p> <p>2e, Destoner.</p> <p>2f, Bucket elevator.</p> <p>2g, Color sorter with Rice shiner.</p> <p>2h, Weighing Scale</p> <p>2i, Bag closer.</p>	<p>--<b>Silos</b> are of different types and sizes depending on the harvest capacity of the beholder.</p> <p>--<b>Warehousing</b> using pallets and ventilators is another way to store grains such as rice. But good air circulation and rodent control designs must be considered.</p> <p>--<b>Flat bed dryers</b> are very ideal for paddy drying soon after harvest. It may be used for parboiled rice but with extra caution to ensure low heating and turning of grain to avoid breakages.</p> <p>--Other dryers such as rotary, fluidized bed and circulating types are good for multipurpose because they are good for both paddy and parboiled rice.</p> <p>--There are mobile dryers which can be used on several on-farm operations.</p> <p><b>Paddy cleaner</b> is very useful in small scale rice industries. There are two types of paddy cleaner;</p> <ul style="list-style-type: none"> <li>• one with integrated destoning tray and 2 other trays for impurity separation and winnowing devices.</li> <li>• The other type comes with two trays and strong agitator.</li> </ul> <p>The functions of paddy cleaner are to clean the paddy, blow away dust and light particles, remove big stones and separate straw and large particles. Some have the capability of removing unripe paddy.</p> <p><b>Rice polisher and Huller</b> are occasionally built to work together in a one pass mechanism but mostly they are built separately and linked by bucket elevators.</p> <p>For the purposes of rural operation, it is recommended to use integrated Huller/polisher which is built in a 'one pass system' of milling such as the SB10. It has an output rating of 800 kg of paddy/Hr which can easily replace the existing Cono disc mill of 500 kg paddy /Hr.</p> <p>Clusters which have easy access to the urban spare parts market, separate huller and separate Jet peeler polisher may be installed. Capacity of mill to be installed depends</p>	<p>Good storage prevents post harvest loses to rodents, insects and weather.</p> <p>==Dryer saves paddy from mould and decay during wet season harvest.</p> <p>==Dryer is very convenient to use during parboiling and ensures even and uniform moisture content of rice after drying.</p> <p>Rice mill attached to paddy cleaner will always prolong the life of screens and robber rollers. Paddy cleaner makes it possible for the mill to process clean and uniform rice. Rural rice mills need paddy cleaner to save them from the agony of frequent breakdown of screens by large and hard impurities.</p> <p>==If we replace the old mills with modern mills, we will enjoy the full benefit of byproducts of the rice milling industry such as rice bran, rice husk and rice powder.</p> <p>==The milled rice will appear clean, translucent and glossy in appearance. Rice processed with rubber roller commands high market value.</p> <p>==The rate of recovery in rubber roll mills is estimated at 68 ---80% depending on other factors such as the variety and head rice percentage at polishing.</p> <p>It is easier to produce more agro products from bran and husk using rubber roll mills.</p> <p>==Destoners have a great significance in the rice milling industry. The presence of stone or sand in milled rice reduces the value and affects profitability. Destoner adds a high value to the locally milled rice.</p> <p>==The health hazard of eating rice</p>
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