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NIGERIA EXPANDED TRADE AND TRANSPORT (NEXTT)

QUARTERLY REPORT

APRIL - JUNE 2015

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Contract Number: AID-620-C-13-00002

Activity Start Date and End Date: October 11, 2012 to October 11, 2016

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2. PROGRAM OVERVIEW

Program Name:	Nigeria Expanded Trade and Transport (NEXTT) Program
Activity Start Date and End Date:	Oct. 11, 2012- October 10, 2016
Name of Prime Implementing Partner:	CARANA Corporation
Contract Number:	AID-620-C-13-00002
Name of Subcontractors/Subawardees:	Crown Agents, Global Cold Chain Alliance, Integra, RBS Consulting
Major Counterpart Organizations	NEPC, NIPC, NCS, FMITI, NFSMC, LCMG, LDA
Geographic Coverage (cities and or countries)	Nigeria
Reporting Period:	Q3 Y3 – April 1 to June 30, 2015
<p>Program Description: The Nigeria Expanded Trade and Transport (NEXTT) Project supports the Nigerian Government’s efforts to expand trade domestically, within the ECOWAS sub-region and beyond, and improve its efficiency. Trade, particularly in agricultural products, provides inclusive economic growth and the development of Nigeria. Using an integrated approach to trade and transport competitiveness, NEXTT builds upon Government of Nigeria (GoN) and prior USAID efforts to stimulate investment in trade- related infrastructure and services, reform trade policies and procedures, and improve the position of Nigerian firms in global and regional market.</p> <p>Over the 4-year project lifespan, NEXTT is expected to realize the following outcomes</p> <ul style="list-style-type: none"> • \$25 million in new investments in projects along the Lagos – Kano – Jibiya (LAKAJI) Corridor; • A 30% reduction in transport costs along the LAKAJI corridor; • Dynamic trade policy coordination mechanisms that integrate public and private sector priorities into a strategic framework for engagement with trading partners; • Modernization of customs procedures and systems for meeting international standards for agricultural goods; and • \$30 million in additional exports as a result of more strategic positioning of Nigerian exporters by export promotion institutions and industry groups. <p>These outcomes are expected to lead to further and lasting impacts in the form of reduced costs and higher quality of food available in the domestic market, as well as jobs and income generation opportunities for people linked to firms exporting goods abroad.</p>	

2.2 Summary of Results to Date

Standard Indicators	Baseline	Annual Target	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	Annual Achieved (%)	On Target Y/N
Number of customs harmonization procedures implemented in accordance with internationally accepted standards as a result of U.S. assistance.	0	2	0	0	2		100%	Y
Number of legal, regulatory, or institutional actions taken to improve implementation or compliance with international trade and investment agreements due to support from USG-assisted organizations.	0	2	1	2	0		150%	Y
Number of participants in trade and investment environment trainings.	0	80	52 M: 37 W: 15	74 M:34 W: 40	20 M:12 W: 8		158%	Y
Number of public and private sector standards-setting bodies that have adopted internationally accepted guidelines for standard setting as a result of USG assistance.	0	2	0	1	0		50%	Y
Number of Capacity-Building Service Providers receiving USG assistance	0	25	0	56	0		224%	Y
Number of firms receiving capacity building assistance to export (cumulative over length of project)	0	150	117	123	123		82%	Y
Number of firms receiving USG assistance that obtain certification with international quality control, environmental and other process voluntary standards or regulations	0	3	1	0	0		33%	N
Number of trade and investment capacity building diagnostics conducted.	0	1	1	0	0		100%	Y
Reduction in the cost to trade goods across borders as a result of U.S. assistance (Import/Export)	\$4737/ \$3041	15% (\$711/ \$456)	N/A	N/A	N/A		TBD	TBD
Reduction in the number of days required to trade goods across borders as a result of U.S. assistance (Import/Export)	19.5/ 12.5	15% (2.9/1.9)	N/A	N/A	N/A		TBD	TBD
Number of participants in USG supported trade and investment capacity building trainings.	0	80	35 M: 29 W: 6	0	0		44%	N

3. ACTIVITY IMPLEMENTATION PROGRESS

3.1. Progress Narrative

In the Q3 of 2015, the Nigeria Expanded Trade and Transport Project (NEXTT) showed measurable gains in all private sector activities and achieved significant results despite the uncertainty resulting from the national elections and subsequent change of administrations. Initial results of the 2015 time and cost to trade along the LAKAJI Corridor indicate that NEXTT's first 30 months working alongside the National Customs Service to promote more efficient clearance procedures and new corridor infrastructure, as well as support the Borderless Alliance, may have resulted in improved trade efficiency and reduced the time and cost to trade for importers and exporters. Each of NEXTT's three value chains, cocoa, cashew, and shea, took notable steps forward towards improved competitiveness; institutions supported by NEXTT such as the LAKAJI Corridor Management Group (LCMG) and the LAKAJI Development Alliance (LDA) made important institutional development strides; while the NEXTT pipeline of private sector partners investing, expanding and exporting along the corridor grew exponentially.

Notable highlights include:

- The team undertook the 2015 time and cost to trade study, an update to the 2013 baseline study. Initial results, which are *not yet validated*, indicate a reduction in time and cost to trade goods through Lagos to the Jibiya Border.
- **Six cocoa investors have committed to make \$4.35 million** of new investments over six small cocoa farms, each on 100 hectares of land, bringing a new model of commercial growing to Nigeria. Overall, NEXTT has developed a pipeline of 13 cocoa investments representing \$213 million.
- NEXTT's efforts to improve the competitiveness of Nigeria's cashew sector have led to **\$3.69 million of new exports of raw cashew nut and \$336,000 of processed cashew**. NEXTT is working with nine cashew processors to improve quality, expand market linkages, and expand the percentage of raw cashew nut (RCN) processed in Nigeria.
- The PDF, which started operations during the Q3, **approved 8 applications representing a total investment value of \$78 million**. Two of these projects with an investment value of \$27 million are nearing the implementation stage.
- In order to grow the pipeline further, NEXTT met investors in Ogun, Oyo, Kwara, Niger, and Kano States to spur new investments and exports. **NEXTT's pipeline now contains**

69 small and medium size agribusiness firms on the LAKAJI Corridor, **55 of which are exporters or potential exporters.** 45% of these firms are from Kwara, Niger, Kaduna, and Kano states.

- The National Investment Promotion Commission (NIPC) has seconded one of its senior staff to NEXTT representing the important expansion of an ongoing partnership, while the Bank of Industry, a new partnership, has been working closely with PDF applicants to help them obtain the finance to launch their investments.

3.1.1. Promoting Investments and Exports

Cashew

In February of 2015, NEXTT and NEPC led a delegation of Nigerian cashew traders to Vietnam and Dubai to meet directly with large scale Vietnamese and Indian cashew processors to reduce Nigeria’s dependence on Emirati and Singaporean middlemen. As a direct result of the trip, one of the participants directly exported more than \$3M of RCN this quarter, and a Vietnamese buyer visited Nigerian cashew firms as a follow-up to the February meetings as well.



A Vietnamese buyer examines Starlink's product

With NEXTT support, domestic and international investors are significantly expanding the capacity of cashew processing facilities in Nigeria, and NEXTT has been facilitating both their investments and exports of processed cashew. NEXTT provided technical assistance with market linkages, biological testing and other quality supports to nine cashew processors to expand exports by \$336,000 of processed cashew. NEXTT is also providing technical assistance in access to finance to assist nine processors to increase their processing capacity by approximately 14,000 metric tons per year, which represents an increase of 10% in the total cashew crop in Nigeria.

NEXTT-Supported Cashew Processors	Current Production Capacity	Future Production Capacity
KD FOODS	-	1500
FOOD PRO *	5000	10000

ABOD SUCCESS	2000	2000
STARLINK	-	1500
ESTEEMMA	1500	1500
MATNAD	1500	1500
KASHFORD *	1500	6000
SELAGRO	-	1500
ACET	1500	1500
TOTAL	13000 MT	27000 MT

* PDF Participants

Shea

Similar to cashew, NEXTT’s work in the shea value chain is setting the stage for Nigeria’s shift toward more value added processing and away from simply exporting raw shea nuts. Nigeria’s shea nut is internationally recognized for its inherent properties and quality. Worldwide shortages of cocoa butter and skyrocketing demand for cocoa butter equivalents (like shea butter) have converted shea into a highly-sought after commodity. NEXTT is providing technical assistance and support to eight shea processors, five of which are being assisted via the PDF fund to finalize investments valued at \$38 million to build commercial shea processing facilities along the LAKAJI Corridor. An expansion of shea processing capacity in such a short period of time is unprecedented in Nigeria. To ensure that these new processing facilities and international buyers can access sufficient shea nuts to meet domestic processing capacity and international demand for shea nuts, NEXTT is also providing technical assistance to women’s cooperatives, so these can supply processors with a consistent and increasing supply of quality shea nut.

While the Nigerian shea nut is internationally considered to be the best quality, the shea butter now being produced in Nigeria falls below international buyer standards. Over 150 women’s cooperatives and NGOs have expressed interested in participating in a series of conferences planned by a local NGO (supported by NEXTT) aimed at establishing warehousing/processing operations in Oyo, Kwara, Niger, and Kebbi States and improving the quality of Nigerian processed shea.

Cocoa

Six investors from the NEXTT’s Cocoa Investment Summit in December 2014 have committed to a combined total of \$4,350,000 of new investments to stimulate greenfield and renovation of six small cocoa farms, each on 100 hectares of land. NEXTT will continue to support these investors in facilitating extension and financing prior to the new planting season. Their commitments

follow mapping and soil and hydrological surveys. The investors are Cynthia Umoru (\$800,000), Ondo State Cocoa Revolution (\$350,000), Peter Aikopodion (\$800,000), Funke Rowaye (\$800,000), Sesan Fajemisin (\$800,000) and the Catholic Dioceses of Ijebu Ode (\$800,000).

NEXTT is addressing the decline of Nigeria's cocoa industry and the simultaneous global increase in cocoa demand by mobilizing international and domestic investors to invest in new planting material in Nigeria and to modify existing growing models so small farmers can grow cocoa profitably on larger plots. This is a seismic shift in the way the development community and the private sector has been supporting the sustainability and development of the cocoa value chain, and has the potential to revolutionize the economics of smallholder cocoa farms, setting the stage for Nigeria to continue to be a competitive player in the world cocoa market in the future. Over the past quarter, NEXTT has developed a pipeline of 13 cocoa investment deals, each at different levels of progress, worth a combined potential of \$213 million in new investor commitments. NEXTT expects that most of the investment deals already identified will reach a decision point before the end of project, representing at least \$50 million in new cocoa investment commitments, or 90% of the life of project total investment figure.

Project Development Facility

During the Q3, the Project Development Facility (PDF) became fully operational. The PDF Committee, representing key stakeholders in Nigeria, approved eight applications representing project investment worth \$78 million. A snapshot summary of the PDF implementation is provided in the table below.

Summary Table of PDF by Status as of July 1, 2015			
Status	Count	PDF Value	Investment Value
Approved	8	\$411,998	\$78,198,500
Packaged (for July evaluation)	9	\$435,000	\$22,703,807
Application	5	\$258,900	\$17,515,000
EOI	8	\$273,350	\$21,763,451
Total in process	30	\$1,379,248.05	\$140,180,759
Pipeline	15	\$1,458,745	\$64,925,638

3.1.2. Strengthening the LAKAJI Corridor

Efficiency of Trade along the Corridor

NEXTT undertook its 2015 update of the LAKAJI Corridor Time and Cost to Trade study this quarter, and initial results, *which have not yet been validated*, indicate that there have been \ improvements in the time it costs to import goods through Lagos Ports to Jibiya on the Niger border. Numbers will be reported in the NEXTT Annual Report after a validation session to be held in August 2015.

Initial results indicate that possible reductions in time and cost are a result of National Customs Service (NCS) efficiency improvements, road infrastructure improvements and a reduction in the number of checkpoints between Lagos and Kano. Moving forward, we expect to see further reductions in the time and cost to trade especially on the import side, given continued implementation of risk management by NCS and the continued expansion of Fast Track for preferred traders. NEXTT will also continue to work with the Borderless Alliance and state governments to further reduce the number of illegal checkpoints, which also lead to trade inefficiencies.

The LCMG Monitoring Goods Movement in Real Time

The LAKAJI Corridor Management Group (LCMG) began operationalizing its mandate to monitor the Corridor and advocate for reform. After undergoing NEXTT-provided training, LCMG played a prominent role in collecting the data to update the time/cost study originally conducted by NEXTT in 2013. It also formed a relationship with GIZ to build upon the TRIMS anti-corruption in trade electronic platform. NEXTT proposes to collect real-time data on transport time along the Corridor that will be uploaded to the TRIMS system and publically available via the TRIMS website. This will give LCMG's Transport Observatory additional data to formulate effective advocacy strategies to make concrete improvements to the time and cost to transport goods along the corridor.

The LDA Promoting Investment on the Corridor

While LCMG began implementing its mandate to advocate for better Corridor performance, the LAKAJI Development Alliance (LDA) reconstituted themselves to promote private sector investment along the Corridor. LDA and NEXTT are collaborating to execute an international conference and exhibition for 200 buyers and sellers of cold storage in Lagos later this year. Currently, Nigeria has only 10,000 cubic meters of cold storage, miniscule when compared with

India's 25 million cubic meters of cold storage. The conference is targeted to bring in \$30 million in new cold storage investment and increase Nigeria's cold storage capacity by 50%.

Building Partnerships, Building Pipeline

In 2015, NEXTT evolved from building pipeline and foundations to providing firm-level assistance to investors and export-oriented agribusiness along the LAKAJI Corridor. In order to grow the pipeline further throughout the LAKAJI Corridor, NEXTT is expanding its reach deeper into the corridor states to facilitate investment in each state and help firms expand exports of their goods. NEXTT is leveraging partnerships with NIPC, NEPC, MAN, and state government administrations to identify and partner with export-oriented agribusinesses in Kano, Kaduna, Niger, Oyo, and Lagos States. NEXTT is currently supporting 16 cashew companies with technical assistance (both traders and processors) in Lagos, Kwara, and Kaduna. NEXTT is providing technical assistance to nine Shea firms in Oyo, Lagos and Niger states, of which six have the potential to export. NEXTT has 69 firms in its pipeline.



NEXTT and USAID meet with senior NIPC staff

3.2.Implementation Status:

3.2.1. Component 1: LAKAJI Corridor Improvement

NEXTT has completed over 70% of planned activities within its Year 3 work plan, placing NEXTT firmly on track to accomplish all activities and results under this component.

Task 1: Provide Technical Capacity and Support to the LAKAJI Corridor Management Group (LCMG)

Operationalize the LCMG Secretariat

The LCMG wrote letters to 41 organizations requesting an Expression of Interest to be members. So far, two organizations--Nigerian Agricultural Quarantine Services and Bureau of Public Enterprises (BPE)--have indicated interest.



LCMG retreat in Keffi

The LCMG mad plans to hold a Summit in October 2015 to review corridor improvement progress and mobilize support for future improvement actions. LCMG plans to invite the President of Nigeria and relevant Ministers to be the Guests of Honor. The board resolved that the sub-themes of the Summit would include infrastructure, security and safety, investment, fiscal policy reform and stakeholder involvement in corridor management. Negotiations are

underway with the LDA to merge the Summit with the LDA's cold chain storage conference and exhibition also scheduled for the end of October. The LCMG held a retreat for its Technical Working Groups in May in Keffi, Nasarawa State to review progress to date on corridor improvement. Since then, LCMG working groups are working virtually to make corridor improvements. The LCMG is also developing a position paper directed to the incoming Administration on how to achieve improved competitiveness of the LAKAJI Corridor.

Collaboration with State Governments

The Oyo State Government has approved the draft MOU on collaborative engagement with LCMG. The State Government is on the verge of finalizing the arrangement for the ceremonial endorsement of the document.

A revised draft MOU was presented to Kano State Government for consideration and endorsement. The new Administration in the State has assured LCMG of speedy consideration and endorsement of the MOU. Lagos, Ogun and Kaduna States will be presented with the revised draft MOU as soon as their cabinets are constituted. NEXTT is facilitating LCMG-State Government MOUs to encourage collaboration on corridor improvement.



LCMG signs MOU with Kano state government

Corridor Performance Improvement

NEXTT and LCMG conducted over 50 interviews as part of the 2015 LAKAJI Time and Cost to Trade Study in Lagos, Abuja, Kano and Katsina between May 11th and May 26th, 2015. The assessment teams were comprised of representatives from Nigerian Shippers' Council, Federal Roads Maintenance Agency (FERMA), Council for the Regulation of Freight Forwarding in Nigeria (CRFFN), National Association of Government Approved Freight Forwarders (NAGAFF), Association of Nigerian Customs Licensed Agents (ANCLA), and NEXTT. The interviewees included terminal operators, freight forwarders, truckers, traders, trade associations, Manufacturers Association of Nigeria (MAN), and public sector partners such as Nigerian Customs Service, the Nigerian Ports Authority, and the Central Bank of Nigeria. The report and recommendations for the LCMG and NEXTT will be validated at a session tentatively scheduled for August 25th and 26th.

NCS improvements were apparent to researchers (further discussed under Component 2, Task 2), increased operational productivity of terminal operators at Lagos ports, road infrastructure

improvements and a reduction in the number of checkpoints between Lagos and Kano were major findings.

New corridor infrastructure is in the pipeline; Oyo and Kano State Governments have earmarked truck parks for development and will collaborate with NEXTT and LCMG to seek private sector partners to bring these to fruition. NEXTT is examining using the PDF to further facilitate this process, and is looking into incorporating the Nigerian Investment Promotion Commission (NIPC) and the Bank of Industry (BOI) to provide potential investors with a complete solution.

During the 2015 study, team members identified additional barriers to corridor performance that add to the cost of imports and reduce export competitiveness. These will be validated with stakeholders in August. Opportunities to address some of these constraints include:

- **Work with CBN and commercial banks to streamline the Letter of Credit system for importers.** This will reduce document-related delays and therefore release times from the ports.
- **Train exporters and other stakeholders in basic cross border trade procedures to improve export competitiveness,** contracting, and skills in general. Professionalization of exporters is crucial in the drive to increase non-oil exports.
- **Expand the Fast Track system to include more traders and prepare to migrate to a full Authorized Economic Operator (AEO) system.** The scheme is working reasonably well and there will be significant and tangible benefits for trade efficiency upon expanding the number of eligible importers.
- **Design, plan and deliver joint training for freight forwarders and NCS through CRFFN.** The relationship of freight forwarders and clearing agents (through CRFFN) and NCS is fundamental to operational efficiency. The training will help to establish an improved relationship leading to increased compliance, accuracy of declarations and cooperation between the parties. Benefits will accrue to both importers and exporters.

The above barriers and others that continue to hinder the time and cost to trade will be discussed with stakeholders at the validation workshop in August and at the LCMG Summit in October. Putting in place the above recommendations will be a priority for NEXTT moving forward, resulting in a more efficient Corridor and reductions in the time and cost to trade.

Task 2: LAKAJI Agriculture Growth Corridor

Building the LAKAJI Agricultural Growth Corridor Institutional Platform

The LAKAJI Development Alliance and NEXTT are co-designing a Cold Chain Storage Conference and Exhibition in October 2015. NEXTT has been advising the LDA in shaping the agenda, identifying participants, and planning follow up activities aimed at achieving the goals of the conference, which is expected to achieve at least \$30 million worth of deals and transactions to occur as a direct result of the event, and a 50% increase in the cold chain facilities along the Corridor within three years of the summit. LDA is aiming for 200 participants for the summit.

NEXTT subcontractor Global Cold Chain Alliance (GCCA) will ensure that several of their members attend the conference their annual meeting will take place earlier in October in South Africa. GCCA is also taking an active role in ensuring that the conference is technically sound and the program is appropriate for the participants.

Supporting Continued Corridor Investment

NEXTT launched the Project Development Fund (PDF) early in the third quarter to accelerate non-oil investment in agriculture, transport and logistics along the LAKAJI Corridor. The PDF fund provides seed financing for prospective investors to share the costs of feasibility studies, business plans, and other preliminary research needed for an investor to make a firm investment commitment.

In order to generate viable PDF applications, NEXTT integrated PDF promotion efforts into the Project's general implementation. NEXTT also developed a strategic partnership with the National Investment Promotion Commission (NIPC) in order to leverage NIPC regional offices to increase NEXTT's reach into all of the LAKAJI States. NEXTT identified 11 new investors expressing interest in accessing PDF support in meetings hosted by NIPC in Kano and Ibadan. In total, over 40 inquiries regarding the PDF have been received from various agribusinesses along the corridor.

NEXTT packaged and presented 11 applications to the PDF Evaluation Committee during this past quarter:

Applicant	Product/Service	State	PDF Funding	Estimated Investment
APPROVED				
Salid Agriculture	Shea Butter	Niger	\$120,000	\$17,200,000
Cold Chain Supply System	Cold Storage	Lagos	\$20,000	\$34,500,000
Food Pro	Cashew Processing	Lagos	\$15,000	\$10,000,000
Kashford Overseas Ltd	Cashew Processing	Lagos	\$47,208	\$3,562,000

Jimsina International Ltd	Grain Silos Storage	Oyo	\$50,000	\$5,000,000
Daralkuchi International Limited	Shea Butter	Niger	\$66,910	\$3,000,000
Nature's Bounty Health Products (Reelfruit)	Fruit Processing	Lagos	\$30,000	\$1,500,000
Shea Origin	Shea Butter	Oyo	\$49,879	\$3,436,500
NOT APPROVED				
SMAFS Limited	Cashew Processing	Kogi	\$50,000	\$2,850,000
Julie Manny Food Product (Reyog)	Food Preservation & Packaging	Oyo	\$50,000	\$253,807
Hayloft Limited	Shea Butter	Oyo	\$87,900	\$12,000,000

The PDF Committee approved 8 of the 11 applications while the remaining three were requested to provide further information and reapply for future evaluation. The approved applications are profiled below:

- **Jimsina International Ltd** is a storage facility investment of \$5 million with grain silos in Iseyin, Oyo State. It applied for \$50,000 to conduct feasibility studies, acquisition of permits, market research and factory design. A SOW is being prepared and the RFP will be issued in the beginning of next quarter.
- **Kashford Overseas Ltd** is a cashew processing company that exports raw cashew nuts. The company applied for \$50,000 to carry out factory design, soil testing, EIA, and business planning. The total investment is \$3.5 million. A SOW is being prepared and the RFP will be issued in the beginning of next quarter.
- **Darakulchi International Ltd** is a \$3 million investment in the shea value chain in Niger State. It requested \$66,910 from the PDF fund for a feasibility study that will assess the demand for shea butter from both domestic and export markets, and set out the capital expenditure and capital equipment required to realize the project, develop a financial model and prepare an information memorandum for prospective investors and financiers. This was brought in by a BDS provider and will be negotiated during the month of July.
- **Nature's Bounty Health Products (Reelfruit)** is a fruit processing company in Lagos that requested \$30,000 from the PDF for technical assistance and preparation of a business plan. The investment is worth \$1.5 million. A detailed needs assessment is underway prior to drafting the RFP.
- **Shea Origin Ltd** is a \$3,436,500 investment in shea processing. \$49,879.53 was requested from the PDF fund for a feasibility study on a production strategy for shea

processing, factory design and layout for the new site in Ikorodu, Lagos. A detailed needs assessment is underway prior to drafting the RFP.

- **Salid Agriculture** is a \$17.2 million investment, which applied for \$120,000 from the PDF for Business incubation, soil testing, and an environmental impact assessment for a shea processing facility in Niger State. Contract negotiations are underway with local BDS Provider Geofteda Ventures Nig. Ltd. who won a competitive tender to carry out the assignment.



The PDF Evaluation Committee reviews and discusses applications at its first meeting

- **FoodPro Limited** is a cashew processing facility located in Ilorin, Kwara State with an investment worth \$8 million. The company requested \$15,295 in PDF funding for technical assistance and feasibility analysis for development of an expanded operation. Negotiations are underway with the African Cashew Alliance, FoodPro's preferred provider to carry out this work.
- **Cold Chain Supply Systems** wants to develop a cold storage warehouse as well as an aggregation center with a series of collection centers along the LAKAJI Corridor. The investment is worth \$34.5 million and the company requested \$33,000 in PDF funding for a feasibility study and business plan for establishing the proposed cold chain system. None of the local responses to the RFP included a suitably qualified Cold Chain Expert. Therefore a SOW for an international Cold Chain Expert has been drafted and when selected, will carry out the assignment along with a Project Finance Expert provided by one of the local BDS providers.

Development Innovation Ventures (DIV) Applications Submitted

NEXTT introduced the DIV program to Kadosh Produce Company (KPC) and assisted the firm throughout the application process. KPC is a cassava processing firm that works as a service provider, operating labor saving devices to help small-scale cassava farmers (especially women) process their cassava crop into "garri," a common staple food in Nigeria. The technology significantly reduces the amount of cassava lost during processing, which is commonly done manually by small-scale farmers. It also leads to consistent quality – low moisture content, low sand content, and longer shelf life. The process increases farmer productivity, yield and income from sales of ground cassava, while reducing arduous and time-consuming processes. KPC

applied to DIV to scale up processing capacity, opening additional processing plants in Nigeria. As garri is consumed so widely in Nigeria, the company also seeks funding to adopt an initiative to fortify garri with Vitamin A during processing, to address deficiencies in Nigeria.

3.2.2. Component 2: Trade Policy and Trade Facilitation

Task 1: Capacity Building for Trade Policy Formulation and Implementation

Through strategic deployment of NEXTT resources and leveraging external donor resources, NEXTT has completed more than 75% of planned activities for IR 2 Task 1 within the Y3 work plan, and is firmly on track to accomplish all activities. A breakdown of implementation rate per activity reveals as follows:

Strengthening Institutional Framework for National Trade Policy Coordination

NEXTT provided both technical and financial support over the past quarter to the Federal Ministry of Industry, Trade and Investment (FMITI) to perform its role as Secretariat of the trade policy process in Nigeria. NEXTT support included providing financial support to implementing structures like the Trade Facilitation Task Force (TFTF) to host meetings, providing technical inputs during meetings of the Enlarged National Focal Point (ENFP) and its sub-committees, and through capacity building of FMITI officers on trade policy issues. The high point of the quarter was developing a medium-term, integrated capacity building program for the FMITI, and commencing implementation in cooperation with our partner in trade policy coordination, GIZ.

Following FMITI's acceptance of the EU-GIZ funded capacity audit of the Trade Department, NEXTT developed a structured capacity building program for those in the Ministry involved in trade policy formulation and coordination. The covered areas include trade information sourcing, gathering and management, as well as trade analysis, trade negotiations, trade defense, rules of origin, and others. With the acceptance of the capacity building program by the Trade Department, capacity building of the FMITI will now be more focused and strategic, an improvement over "one-off" past trainings that did not lead to sustained, improved performance. A successful implementation of the integrated capacity building program will significantly enhance the Ministry's capacity on trade analysis, policy formulation, and implementation.

NEXTT also provided technical support to the Trade Policy Process (TPP) Secretariat to enhance the ENFP and TFTF, the two main structures of the TPP, and to hold working group meetings. NEXTT also actively participates in these meetings, providing additional technical support and ensuring the quality of working group meeting outputs.

Also this quarter, Nigeria began its preparations to participate in the biennial Ministerial Conference of the World Trade Organization (WTO) in June 2015, by holding a series of preparatory meetings of sub-committees of the ENFP on Trade in Services, Agriculture and Non-Agriculture Market Access. NEXTT is involved with the work of the Trade in Services sub-committee, where NEXTT team members provide technical inputs for the revision of Nigeria's offer which was submitted previously to the WTO and described as overly ambitious. NEXTT is also working with the Agriculture sub-committee to articulate both offensive and defensive positions for Nigeria on expected negotiations on agriculture during the Ministerial. In supporting Nigeria's participation in international trade negotiations, NEXTT is consciously expanding its strategy to go beyond funding preparatory meetings of the ENFP's sub-committees, to providing technical experts to participate in these meetings to assist the FMITI provide needed direction to the multi-agency stakeholders, many of whom lack a full understanding of the issues.

Support Institutionalization of TFTF and Link this with Relevant Stakeholders

MDA representatives to the TFTF are frequently changed, making it difficult to ensure a consistent knowledge base among the TFTF members. NEXTT continues to strengthen capacity within the TFTF Secretariat to lead this entity to improved efficiency, while supporting this entity lead and directing the stakeholder members of the TFTF. This approach was agreed upon by NEXTT team members and the Director of Trade during Q1. Since the TFTF Secretariat is permanently housed in the FMITI, we are providing focused support to this entity, which is distinct from the larger TFTF.

Capacity Building/Trainings on Trade Negotiations and Other Trade Issues

NEXTT conducted a two-day training on trade analysis to stakeholders in April 2015, introducing trainees to basic application and analysis of trade policy tools/data. GIZ followed this training with provision of a two-day introductory training on trade negotiation skills in June 2015, which covered the basics of negotiation, team structure, mandate, negotiating strategy, and research tools. The intent of the training is to stimulate an overhaul of negotiating strategy tactics, as well as a modification to the structure of the FMITI to prepare them to lead Nigeria's participation in the Africa-wide FTA negotiations, as well as other bilateral and multilateral trade negotiations even more effectively.

A pool of 21 officers were drawn from different divisions of the Department of Trade (including the Trade Information and Compliance Unit, Bilateral Trade Division, Intra-African Trade, World Trade Organization Division, Trade Promotion and UNCTAD) to participate in the trainings and ultimately form the nucleus of the Department's new technical core. The training component of the capacity building program is structured to follow a practical approach to learning, make use of case studies, plenary discussions and graphic illustrations. Over the next year, NEXTT will host a follow-on training on trade analysis with the objective of grooming a new core of mid-level

technical officers as the backbone of the FMITI's Trade Department, and stimulating a restructuring of its Trade Information and Complaint Division.

Supporting the Implementation of an AGOA Export Strategy

Due to the delay in approving a reauthorization of AGOA within the U.S. Congress, FMITI and NEPC delayed finalizing the AGOA export strategy. Now that AGOA has been extended for another 10 years starting in September 2015, NEXTT will re-initiate technical assistance to FMITI and the Nigerian Export promotion Council (NEPC) to finalize an AGOA export strategy, which will have cross-cutting implications for all of NEXTT's program components.

Task 2: Support Customs Modernization

Over the last quarter, NEXTT supported NCS to plan training activities and engaged NCS to obtain required data for the time and cost to trade study. However, the national elections led to a virtual freeze of NCS activities with the possibility looming of significant senior management changes within NCS.

Support the Legislative and Process Modernization

Elections also affected progress towards legislative approval of the Customs and Excise Management Act (CEMA). While NCS has virtually no control over the status of this Act, NEXTT experts made sure that the Act and its implications remain clearly in focus among members of the NCS bureaucracy, as its implementation will mean significant modernization for NCS. Similarly, NEXTT continues to engage NCS in finalizing a Memorandum of Understanding. NCS began to implement a number of procedures, including Risk Management and Post Clearance Audit, which were recommended following analyses of current processes performed by NEXTT subject matter experts in Year 2.

Improve Risk Management and Selectivity

In spite of the uncertain political environment, NCS continued to make progress on improving risk management and post clearance audit procedures this past quarter, which has resulted in a successful migration from CISS (outsourced destination inspection system) to the PAAR system which allows for pre-arrival clearance. NCS has also enabled a Fast Track clearance in collaboration with the Manufacturers Association of Nigeria, which has helped reduce clearance times at Lagos Ports by 40% in comparison to those reported in the baseline survey of 2013, which represents a significant time and cost reduction for importers. The updated time and cost study also demonstrates a 23% reduction in the incidence of 'Red Route' clearances by NCS, which involve an intrusive examination of cargo, as a result of an improved risk management

approach related to import revenue protection and anti-smuggling activities recommended by NEXTT.

NCS procedures regarding cargo examination have improved - intrusive examination of cargo has been reduced. NEXTT advocated for this change through our Risk Management work. At the APMT terminal, NCS has agreed to select specific containers when a physical inspection is required, rather than inspect every single container in a shipment with multiple containers.

NEXTT also recommended that NCS expand the Fast Track clearance scheme into an AEO scheme and conduct sensitization training with NCS and private sector players. Both were well-received and will be carried out during the upcoming quarter, prior to formal approval of the AEO concept paper submitted by NEXTT to NCS. NEXTT has also proposed a training intervention with NCS and CRFFN, based on the success of a similar joint training methodology used in the East African region, which is also planned to occur next quarter. NEXTT will provide technical assistance to core stakeholders on curriculum design, delivery planning, and initial delivery monitoring.

NCS Policy Capability and Engagement with the Private Sector

As part of the discussions regarding the implementation of the joint customs and freight forwarding training, NEXTT consulted the private sector to ensure their buy-in. CRFFN, which represents the freight forwarders, will play a key role in implementing any changes to freight forwarding procedures.

NEXTT also identified during the time and cost study that training for exporters would significantly improve their knowledge of best practices in following formal customs procedures. NEXTT will also hold meetings and discussions with commercial banks regarding the issuance of letters of credit to further strengthen trade efficiency in Nigeria. Finally, for the success of the AEO scheme, NEXTT has planned sensitization activities with both the NCS and traders from the private sector, also to be put in place now that the election period has passed.

Task 3: Provide Institutional Capacity Building on Standards Infrastructure for Food and Agricultural Products Trade

NEXTT has accomplished over 70% implementation of Task 3 activities within its Year 3 work plan. A breakdown of implementation rate per activity follows.

Mapping Standards and Compliance Procedures

NEXTT continued to provide mentorship and technical support to the National Food Safety Management Committee (NFSMC) this quarter following its recent inauguration. Our technical

assistance efforts were focused on assisting the Committee undertake a mapping exercise of food standards and compliance procedures in the country. NEXTT also provided technical assistance to other members of the NFSMC to draw up 2015 work plans for four of the five working groups, including the working groups on legislation, risk analysis, capacity building and communication.

The Working Group on Legislation began reviewing all existing national legal and policy framework on food safety in the country in line with international standards.

The National Planning Commission (NPC) invited the NFSMC, with NEXTT's International Food Safety Advisor as one of its representatives, to contribute to the recently commissioned review of the National Food and Nutrition Policy. The policy aims at improving food security at the household and aggregate levels to guarantee that families have access to safe food. The NFSMC's contribution is to ensure that effective compliance-related capacity is built to meet goals of food safety, income generation, and poverty reduction in Nigeria.

Standards Training for Traders and Exporters

NEXTT is building capacity on issues of food safety and standards among its clients, including exporters and local traders. During Q3, NEXTT designed and planned for new food safety and standards trainings to be held early in Q4.

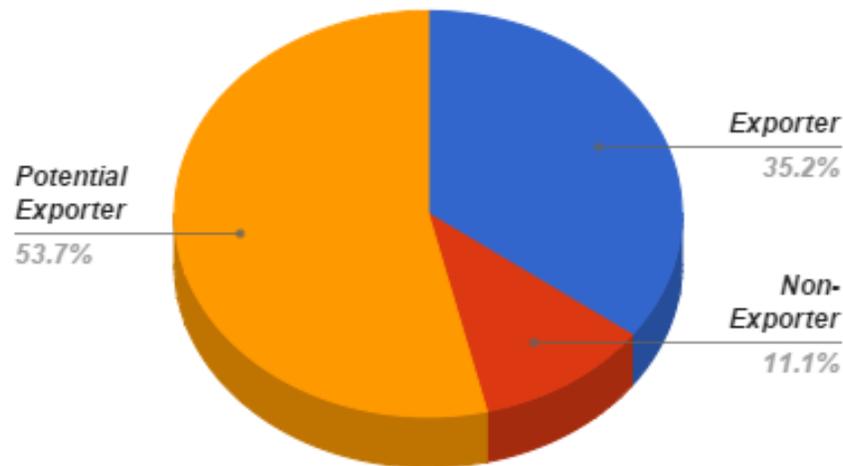
Upgrade Laboratory Capacity

NEXTT advised stakeholders in the food sector, particularly NAFDAC and SON, to identify suitable candidates within existing test laboratories to undergo various trainings as members of the internal quality team of the NFSMC. A number of candidates identified are previous participants in the 4-day capacity building workshop facilitated by NEXTT for members of the NFSMC.

3.2.3. Component 3: Business Expansion and Export Support

In Q3, NEXTT team members undertook missions to Kano, Ibadan, Kwara, and other regions to identify new agribusiness firms along the Corridor seeking to expand trade and exports and provide them with technical assistance. To date, there are 48 firms in the Project's pipeline, as per the chart below.

Pipeline by Export Status



Build BDS Capacity

NEXTT developed a series of trainings and workshops on capacity building to be offered next quarter to address the challenges faced by BDS providers in service delivery. NEXTT continues to identify individual BDS firms with expertise in technical areas in demand by exporting firms in our pipeline, and provide BDS firms with financial and technical assistance to build their service delivery capacity to serve exporters better.

Toward this goal, NEXTT signed an MOU with the Association of Business Development Providers in Nigeria (ABDPIN) to provide their members with ongoing technical assistance and institutional strengthening. NEXTT will be providing ABDPIN with financial and technical support to conduct trainings in specific technical areas to build the capacity of their members. NEXTT will also strengthen the capacity of ABDPIN members to provide services to meet the needs of exporting firms.

After signing the MOU, NEXTT sent out requests for proposals (RFPs) to ABDPIN and its member firms to execute projects approved for the PDF. Several BDS firms have sent in expressions of interest on behalf of their clients.

Cashew Value Chain Support

NEXTT selected cashew as a strategic export with significant potential for expansion in Year 2, and has been helping the Nigerian Government shape its strategy to support the growth and competitiveness of this sector. This quarter, NEXTT supported NEPC in the continued implementation of the Cashew Export and Investment Promotion Strategy designed for NEPC by

NEXTT in collaboration with ACA and NCAN earlier in the year. Following the learning visits and market linkage meetings with Vietnamese and Indian raw cashew nut buyers facilitated by NEXTT in the last quarter, NEXTT brought together existing and potential cashew processors to form a highly active Cashew Processors Working Group. The group has held two meetings since its inception to discuss cross-cutting issues and develop business advocacy strategies for the sector.

To further support the national cashew strategy, NEXTT will facilitate an industry improvement training for cashew processors in August 2015, which will cover issues of food safety, quality improvement standards, managing cashew waste, and other business competitiveness topics.

NEXTT complements its national cashew sector support to the government with intensive firm level support. NEXTT currently provides technical assistance to 10 established and potential processing firms, of which six intend to firm up investment commitments worth \$12 million to expand cashew processing prior to the end of the project. NEXTT provides technical assistance to cashew processors and investors in the following areas:



Valency International loads up a shipment for export to the United States

- Food safety standards
- Pre-shipment sampling and testing
- Prices and payment terms
- Ensuring compliance with U.S. import regulations
- Quality control and compliance with buyer requirements
- Packing and labeling requirements
- Market linkages
- Regulatory information
- Access to finance and investment

For example, this past quarter NEXTT helped Valency International Limited launch two shipments of cashew kernel exports to the U.S. market, representing their first foray into this

competitive market. The deal was established via market linkages provided by NEXTT following participation in the Peanut and Tree Nut Processors Association convention in January this year. NEXTT technical experts supervised and assisted in the microbial and physical sampling of kernels to be exported to the U.S. in line with stringent entry requirements of the U.S. Food and Drug Agency, qualifying Valency as a trusted supplier to the U.S. market, and opening the door for significant, future exports by Valency to the U.S. NEXTT also identified Nigerian laboratories that conduct a substantial part of pre-shipment tests locally, a key requirement for obtaining improved payment terms for Nigerian cashew processors. The organizations owning the laboratories had previously benefitted from NEXTT capacity building activities.



Nigerian cashew exporters meet with Vietnam Bonanza, a cashew buyer on their recent visit to Nigeria

NEXTT-supported FoodPro Limited received \$500,000 in working capital financing and finalized an agreement with a private investor to expand its cashew processing facility in Kwara State. The overall expansion effort is valued at \$4-6 million in additional investment, and is expected to create 1,200 jobs (80% of which will be filled by women) and lead to \$11 million in annual exports. FoodPro continues to receive technical assistance from NEXTT to comply with international food safety and quality standards under the ACA seal program. NEXTT is also expanding market linkages for the company with recent buying commitments from major U.S. buyers of cashew kernels.

The NEXTT team also facilitated a visit of a U.S. buyer of cashew kernels to Nigeria this quarter, an important first step for exporters to enter the U.S. market. In total, more than \$300,000 in value added cashew kernels was exported in this quarter with NEXTT support, and more than 400 women have found new jobs in one of the NEXTT-supported cashew processing facilities since early 2014.

Following the buyer-seller linkage meeting with Vietnamese buyers of RCN held in the last quarter and with the support of the Nigerian Embassy in Vietnam to expedite issuing of visas, NEXTT organized business linkage visits and warehouse inspection for Vietnamese buyers of Nigerian RCN to Lagos, Nigeria, resulting in \$3.69 million exports of RCN this quarter, opening the door for further direct sales between Nigeria and Vietnam and adding value to Nigerian exporters by cutting out expensive middlemen. One of the buyers, Vietnam Bonanza, also seized the opportunity to enter into negotiations with Nigerian exporters for the purchase of about \$5 million worth of RCN in 2016.

Shea Value Chain Support

Shea Origin, a NEXTT PDF applicant, organized a training of almost 300 women in rural communities of across Saki town in Oyo State, with the goal of improving the export quality of shea from Nigeria. NEXTT team members participated in this training after reconnecting with Shea Origin at the recent Global Shea Alliance Conference held in New York City.



Shea Origin shea training in Saki

Following the training, NEXTT, Shea Origin, and NIPC agreed to host a series of conferences beginning in October facilitating NGO linkages that will enable the construction of model processing centers with essential facilities such as boilers and dryers in most shea producing communities. Shea Origin will invite participants to discuss best practices in order to improve the quality of the raw shea butter that is produced in women's cooperatives. The Quintessential Women's Business Association will participate, as they bring N10B financing that has been allocated to them by the Central Bank and administered by First Bank in support of the cooperatives. NIPC will provide logistical support including transportation and facilities for the meeting in Niger State.

Shea processors have been some of the most active applicants to the PDF:

- Solid Foods has been approved by the PDF Committee for an environmental impact assessment to support their \$17.2 million factory in Niger State. They will export \$30 million per year of shea butter, and have already sold their first year's output in advance.
- Daralkuchi International Limited has an investment worth \$3 million in the shea value chain in Niger State. The company is proposing a study of the shea butter market and has approached NEXTT for assistance in the exercise. Their application was approved to prepare a feasibility study targeted at assessing both domestic and export markets for shea butter.
- Hayloft Limited Shea Network Initiative is a \$12 million investment in the shea value chain. The company is not only a producer of shea butter but also building capacity of individuals and group of producers in the shea value chain. The company approached NEXTT for funding for capacity building of women in shea cooperatives in Oyo and Kwara states. Part of the fund is also to carry out feasibility studies, product development, EIA, and business incubation.

- Nelsag, a PDF applicant under consideration for a \$5 million investment to expand processing factory in Niger state.
- Stax Shea Butter is a \$715,000 investment seeking \$100,000 for the PDF fund to support collectors to secure a consistent supply of shea butter.

Cocoa Value Chain Support

This quarter, NEXTT addressed the decline of Nigeria's cocoa industry and the simultaneous global increase in cocoa demand by mobilizing international and domestic investors to invest in new planting material in Nigeria, and modify existing smallholder farmers' models in order to grow cocoa profitably on larger plots. This is a significant shift in the way the development community and the private sector has been supporting the sustainability and development of the cocoa value chain, and NEXTT's strategy has the potential to revolutionize smallholder cocoa farm renovation.

Over the past quarter NEXTT has developed and made significant progress against a pipeline of 13 cocoa investment ideas that represent up to \$213 million in new investor commitments. These deals are in various stages of implementation. Six of the 13 investors identified at NEXTT's Cocoa Investment Summit in December 2014 have committed to a combined total of \$4,350,000 of new investments to stimulate greenfield and renovation of six small cocoa farms, each on approximately 100 hectares of land. NEXTT conducted due diligence on the investors, located and facilitated land for new cocoa planting, and supported land preparation by conducting GPS mapping, soil and hydrological surveying of these farms. To support future planting on these 600 hectares, NEXTT will facilitate loan applications and financing for investors over the next quarter, with the goal of releasing financing prior to the next planting season in March of 2016. We expect that most of the remaining investment deals already identified will reach a decision point before the end of project, representing at least \$50 million in new cocoa investment commitments, or 90% of the life of project total investment figure target.

To identify these 13 cocoa investment deals, NEXTT convened two industry stakeholder meetings in Nigeria this quarter to discuss the issues highlighted in the Cocoa Investment Summit related to access to land and planting material. These sessions were attended by more than 25 participants, who collectively agreed on the importance of increasing the supply of inputs and populating the cocoa service market with commercial providers in:

- Commercial parent stock multiplication operations
- Production of hybrid cocoa pods for planting by private providers
- Commercial production of grafting and budding materials
- Somatic Endogenous (tissue culture) facility

NEXTT also lined up investors interested in planting cocoa on a commercial scale, but using a different economic model involving smallholders to ensure that small farmers can generate sufficient revenue to justify new investments in renovation and new plantation development. NEXTT is liaising most closely in Nigeria and overseas with representatives of Olam, a multinational trading firm which control 65% of the Nigerian cocoa market. Olam is intrigued by CARANA's experience implementing a new cocoa growing and renovation model involving smallholders in Peru, and is interested in applying a similar model in Nigeria. Olam executives traveled to Peru prior to visiting CARANA offices in Arlington, where specific areas of collaboration on new cocoa investment were discussed. Nigerian representatives of NEXTT and Olam have moved each of these investments forward on the ground following the initial meeting in Arlington. Below is the list of four possible investment deals that NEXTT and Olam have committed to support:

- Establish a bud wood garden on five hectares (a \$5 million investment) that will support Olam's large scale renovation. Olam will hold a meeting in London over the next few weeks to decide on this investment. Olam has requested NEXTT technical assistance support to design the nursery.
- Rehabilitate 60,000 hectares of smallholder farms that are already supplying Olam over a six year period using a new economic model. Olam has agreed to co-finance a feasibility study for this new model of cocoa farm renovation for PDF consideration. This investment is worth between \$40 million-\$120 million.
- Establish a \$3 million tissue culture plant within the business incubation facility of the International Institute of Tropical Agriculture (IITA), a groundbreaking investment that could eventually supply planting material for Nigeria and the entire region. Penn State (owners of the technology) has agreed to share their technology, and Olam has requested technical assistance support from NEXTT to study the feasibility of this idea.
- Pilot a nucleus estate model with outgrower farmers on 10,000 hectares. Establish a cocoa plantation using the products (tissue culture) of the SE plant to be located in Ibadan.

In support of the large-scale renovation and greenfield planting following investment commitments, massive amounts of new financing will be required. NEXTT is investigating the opportunity to work with Fortis Bank to finance inputs and land preparation that will be required to begin new planting or renovation operations.

These 13 investment deals are collectively valued at a minimum of \$132 million and a maximum of \$213 million, and are outlined in the table below:

NIGERIA EXPANDED TRADE AND TRANSPORT (NEXTT)
 QUARTER 3 YEAR 3 – APRIL 01 TO JUNE 30, 2015

NEXTT Cocoa Investment Pipeline						
Investor	Origin	Description of investment	Where	Min.	Max.	
1	Olam	NEXTT	Nursery project for planting material ("Bud Wood Garden" on 5 HA), based on CARANA Peru model, where twigs are cut off a plant and grafted onto a root.	Ilesa, Osun State or Federal University of Technology Akure	\$5M	\$5M
2	Olam	Legacy investment	Establish a somatic endogenous (SE) tissue culture facility (cloning) within IITA's business incubation facility using Penn State-developed technology. Could allow Nigeria to supply the entire region.	International Institute of Tropical Agriculture (IITA) Ibadan, Oyo State	\$3M	\$3M
3	Olam	Legacy investment	Renovation/rehabilitation of smallholder cocoa plantations on 20,000 - 60,000 hectares over 6 years using new financial model introduced by NEXTT, where farmers grow on larger plot sizes and make a significant profit. Olam will provide the planting material, financing for inputs/fertilizers and extension support remains outstanding.	With existing suppliers to Olam facilities now in the cocoa growing belt (Ondo, Ogun, Osun, SW states)	\$40M	\$120M
4	Olam	NEXTT	Creation of a nucleus estate program with outgrower farmers on 10,000 HA. Ambitious large-scale pilot, replicating an experience in Nicaragua on 5,000 HA.	TBD	\$80M	\$80M
5-10	Multiple investors	NEXTT	Greenfield and renovation of 6 small cocoa farms of 100 HA each (total 600 HA) using a new planting, financing and extension model. Investors identified at NEXTT cocoa summit. Land has been acquired, surveyed and investors have committed. NEXTT to facilitate financing and extension for these 6 investors.	Ife, Ondo, Ibadan, Ogun and Osun	\$4.4M	\$4.4M
11	Barry Callebaut	NEXTT	Possible investment in the new model of working with smallholder cocoa farmers (similar to investment #3), OR anchor firm co-invests in investment #3 via DCA backing, or serving as an offtaker of new cocoa produced under this new model.	TBD	TBD	TBD
12	Guittard	NEXTT	Possible investment in the new model of working with smallholder cocoa farmers (similar to investment #3), OR anchor firm co-invests in investment #3 via DCA backing, or serving as an offtaker of new cocoa produced under this new model.	TBD	TBD	TBD
13	Barry Callebaut	Legacy investment	Purchase of cocoa processing plant in receivership (Multi-Trex) and possible greenfield investment in new plantations on 10,000 HA.	Ogun State	\$500K	\$1.5M
Totals					\$132.9M	\$213.9M

Building Capacity of Financial Institutions to Support Exports and Investment

In support of firms in the pipeline, NEXTT is expanding partnerships with financial institutions in Nigeria and around the world. NEXTT initiated efforts to organize a series of networking events for financial institutions and BDS providers during the next quarter. These networking events will allow financial institutions to market their products and BDS providers to present specific deals for financing and investment, a strategy used successfully by USAID in Ghana to stimulate expanded financing for the agribusiness sector.

3.3. Implementation Challenges

During Q3, Nigeria held the most successful and democratic elections in its short history as a democracy. This election resulted in for the first time in its history, a landslide victory for the opposition party in a very peaceful transition, a new President, and a new direction forward. While this demonstration of democracy in action bodes well for the future of the country, it largely brought the public sector to a standstill during the quarter. At the time of report writing, a cabinet has not yet been presented to the Legislative Assembly for ratification. As a result, most of NEXTT's public sector partners have slowed their activities significantly, fearful of implementing new reforms with the uncertainty of future leadership.

Due to the violence that occurred in elections past, the elections and the resulting security had a material impact on the Project's ability to work with the private sector. Twice NEXTT was forced to close its offices due to security concerns and required staff to work from home. While most of the private sector pushed ahead with business as much as possible, key business leaders left the country during the elections, which further slowed NEXTT's ability to provide assistance and support.

Once the elections concluded and the new President was sworn in, the private sector renewed its activities with an increased pace and vigor. NIPC reported that applications from foreign investors increased significantly following the President's inauguration.

Another significant challenge was that NEXTT's partners in the Ministries and Agencies faced severe financial constraints this quarter. This has hampered their ability to attend NEXTT-sponsored functions, events, and meetings, particularly when they are held out of town. Most of their planned infrastructure improvements have been delayed indefinitely, and there is a desperate need for the private sector to step up and play a more significant role. This is hampered by the fact that most Nigerian government entities lack critical skills to engage private sector actors in public-private partnerships.

3.4. M&E Plan Update

In line with USAID's Results Based Management (RBM) and the need to strengthen its M&E systems (processes, tools, measurements, timing, etc.), NEXTT is making improvements to its plans and processes to better track, measure, and report results. The Project's Performance Monitoring Plan (PMP) is being reviewed to include additional monitoring and evaluation mechanisms, and will also be revised to update performance indicator reference sheets (PIRS), refining indicator definitions, calculations and baseline data figures as appropriate.

The PIRS isare pertinent because the format helps bring together information regarding the indicators and the entire project as a whole. One of the major strategies to encourage the RBM approach is to have a work plan template that facilitates linkages between project activities, indicators, expected results, and reported achievements. This work plan template ties all component areas of the project together in terms of results and through indicators that measure specific components of the project.

NEXTT engaged an external M&E firm to build capacities of staff and partners to implement M&E. M&E staff will ensure that data quality is assured through monitoring, data quality assessments, and data verification. The Project will continue working closely with Nigeria MEMSII to ensure that indicators and data pass the DQA test, and that data reported to USAID are valid.

4. INTEGRATION OF CROSSCUTTING ISSUES AND USAID FORWARD PRIORITIES

4.1. Gender Equality and Female Empowerment

NEXTT developed a Gender Integration Plan in Year 1 to ensure that men and women were equally involved in and benefited from project activities and investments. As part of this Integration Plan, NEXTT developed a set of potential actions to improve the involvement of women in NEXTT's work and the impact of this project on female empowerment, and set out to measure female participation in key project activities and institutions. NEXTT is pleased to report that as of Q3, 28% of the LDA Advisory Board is female and the Director of the national Borderless chapter is also female. Furthermore, the DIV application submitted this quarter was from a female-led business.

In Q3 NEXTT actively worked to integrate women into PDF activities. The PDF Operations Manual finalized this quarter established criteria to support projects that specifically benefit women so that these projects are prioritized. The Project also established an electronic committee voting system, so that WimBiz, which is based in Lagos, can participate in the evaluation committee. Furthermore, 31% of the BDS firms included in the NEXTT database which receive RFPs to participate in PDF activity implementation are female-led organizations.

NEXTT also strives to include women as training and workshop participants and facilitators. In Q3 40% of the participants in trade and investment trainings were female.

4.2.Sustainability Mechanisms

NEXTT continues to build sustainability into each of its components:

- Under Component 1, NEXTT has assisted both the LDA and LCMG to identify new members in an effort to increase internally generated revenues. Increases in membership will allow these organizations to decrease their reliance on outside sources of funding. In addition, NEXTT has worked with LDA on its efforts to raise external funding to pay for its Cold Chain Conference and Exhibition in October.
- NEXTT is building sustainability into its Project Development Fund (PDF). By establishing manuals of operation, forms, and procedures, NEXTT is developing a seed fund that can ultimately host and manage other donor funds. The ultimate goal is to establish the fund in such a way that it can stand on its own after the conclusion of the NEXTT Project.
- NEXTT is building the capacity of the Human Resources Department of the FMITI to manage capacity building programs that model the one that NEXTT and GIZ are implementing now. This will allow for FMITI to conduct its own needs assessments and plan its own capacity building programs, which will therefore lessen the dependence on foreign organizations.
- NEXTT has contracted an international consultant to work with several counterpart organizations to install manuals of operation including finance, procurement, human resources, and monitoring and evaluation. This institutional capacity building will be done in consideration of the USAID Risk Assessment Framework, with the intention of putting organizations in a position to directly attract USAID and other donor finance. Potential recipients of the assistance include LDA, LCMG, The Quintessential Women's Business Alliance, and the Alliance of Nigerian Cooperative Exporters.

- NEXTT is working with ABDPIN, the association representing BDS providers to strengthen its institutions and provide training and value-added services for its members. This will allow ABDPIN to maintain and grow its base of membership.

4.3.Environmental Compliance

NEXTT updates its Environmental Mitigation and Monitoring Plan (EMMP) each year, as required under the project contract. The Year 3 EMMP includes a set of activities with potential environmental impact, and a set of activities the NEXTT team will undertake to mitigate them. This quarter, the team carried out the following activities in line with the EMMP:

- NEXTT included environmental screening as a step in the PDF application review process. PDF RFAs/RFPs are reviewed by home office personnel to ensure the proposed SOW will not negatively impact the environment.
- NEXTT prescreened a list of Nigerian business providers and consultants provided by the U.S. Embassy as a pool to develop ERFs as needed (e.g. to conduct IEEs, apply an environmental checklist, etc). NEXTT issued an RFP for an Environmental Impact Assessment for a PDF awardee using this list of providers and selected a provider from a pool of several competitive proposals.
- In anticipation of future grants or subcontract activities in the cocoa value chain, NEXTT developed a PERSUAP to guide future pesticide use which will go to USAID for approval next quarter.

4.4.Youth Development

The three value chains NEXTT is targeting (cocoa, cashew and shea) all have the potential for significant impact on youth employment, both at the farm and processing facility levels. Many jobs are being created in cashew processing that can be filled by youth. Attracting youth to cocoa farming is a centerpiece of NEXTT's cocoa strategy, given the average age of cocoa farmers now (60 years old). Only by turning cocoa farming into a profitable business on larger size plots will we be able to attract younger farmers back to the cocoa growing belt who are willing to invest in cocoa farm renovation, thereby growing a new generation of "Facebook farmers" who can keep the industry from further decline. Shea nuts are mostly collected by older women, but more pickers are needed, especially in light of the demand for cocoa butter equivalents. NEXTT will continue to support youth development through its work in the target value chains.

4.5. Policy and Governance Support

NEXTT's work, discussed under C2 Task 1, provides both technical and financial support to the FMITI to perform its role as Secretariat of the trade policy process in Nigeria. This quarter the Project supported a medium-term integrated capacity building program for the FMITI that will serve to significantly enhance the Ministry's capacity on trade analysis, policy formulation, and implementation over the long term. NEXTT also is supporting, through technical assistance, the TPP Secretariat to enhance the ENFP and TFTF, the two main structures of the TPP.

Perhaps more significantly, NEXTT provides technical assistance to help Nigeria meet its commitments under the WTO, as discussed previously. NEXTT is involved with the work of the Trade in Services sub-committee where it is providing technical inputs for the revision of Nigeria's revised offer earlier submitted to the WTO. NEXTT is also helping build Nigeria's capacity to participate in trade negotiations to support the country in free trade talks for the continent, and also with bilateral and regional partners.

4.6. Local Capacity Development

In Q3 NEXTT supported local capacity development principally through its work in the shea value chain. NEXTT partner Shea Origin supported 300 women in rural communities to improve the quality of shea nuts meet the demands of local processors and international buyers. An expansion of local capacity building of shea collectors is a requirement for success in expanding shea exports and supporting new processing facilities. NEXTT will continue to facilitate new investments in shea processing capability and expand local capacity development over the next quarter in partnership with local stakeholders.

4.7. Public Private Partnership (PPP) and Global Development Alliance (GDA) Impacts

NEXTT's work in expanding investment in the cocoa value chain is bringing to light a number of PPP and GDA opportunities. For example, CRIN is not currently positioned to produce cocoa inputs at the rate required to support the continued expansion and competitiveness of the cocoa sector, so new investments and strategies for input development are urgently needed where the public and private sectors collaborate to achieve this shared goal. The need to massively renovate 60,000 existing cocoa smallholder plots among farmers currently producing cocoa for international cocoa buyers is a huge undertaking that may be more appropriately addressed as a long-term Global Development Alliance opportunity with anchor firm Olam, and possibly other buyers who are eyeing entry into Nigeria. Olam alone represents 65% of Nigeria's cocoa sector and has been in close contact with NEXTT during Q3, learning about how it can change its business model to improve renovation and sustainability in Nigeria using a new

economic model for farmers. On their own initiative, Olam traveled to Peru to visit the CARANA-designed and USAID-financed cocoa GDA and is interested in replicating that model in Nigeria.

4.8. Conflict Mitigation

NEXTT was not engaged in any conflict mitigation activities during the quarter.

4.9. Science, Technology, and Innovation Impacts

To save the cocoa sector from further decline, new inputs based on grafting and cloning technologies are required. Grafting is one of the technological innovations CARANA intends to bring to Nigeria through its cocoa investment work, and Olam has already committed in principle to establish a bud wood farm using grafting techniques in Nigeria. Following approval of this \$5 million investment, NEXTT will support Olam to bring an expert to Nigeria to design the bud wood farm and new grafting technology in Nigeria.

Cloning cocoa cells in a somatic endogenous (SE) plant, also in support of expanded cocoa inputs, is another interesting technological advancement that NEXTT has introduced to Nigeria. The SE plant is a potential investment that is being advocated by IITA, which has already identified land suitable for the investment with NEXTT technical assistance. Olam has also expressed initial interest in this investment, but a firm commitment has not been made. Establishing an SE plant is a highly sophisticated undertaking requiring new cloning technology developed by Penn State University; the only one SE plant currently operating on a commercial basis in the world is located in Indonesia. NEXTT will continue to engage Olam's interest in investing in an SE plant, and can support the feasibility analysis of an SE plant in Nigeria via the PDF.

NEXTT, in collaboration with GIZ, is also introducing new, GPS technology to innovate in data collection on the time to trade for the benefit of the Nigerian Transport Observatory. For details please refer to section 4.1, International Partners, GIZ.

5. STAKEHOLDER PARTICIPATION AND INVOLVEMENT

In the Q2, NEXTT supported the LAKAJI Corridor Management Group (LCMG) with the legal and institutional development steps to build the foundation of the organization. LCMG is improving

its organizational capacity and demonstrating its commitment to Corridor reform through hosting a high profile Summit on Corridor development in October with NEXTT support.

The 200+ member, private sector-led LAKAJI Development Alliance (LDA) reconstituted themselves this quarter to promote private sector investment along the Corridor, and is working with NEXTT to execute an international conference and exhibition for 200 buyers and sellers of cold storage in Lagos later this year.

NEXTT has also continued to provide mentorship and technical support to the National Food Safety Management Committee (NFSMC) following its recent inauguration; particularly in efforts at assisting the Committee undertake its task of mapping food standards and compliance procedures in the country. NEXTT is also helping members of the NFSMC with work planning.

To support expanded finance and investment of exporting firms and the further competitiveness of value chains, NEXTT is building partnerships with non-commercial financial institutions, such as the Bank of Industry (BOI), Sahel Capital, the Nigerian Export Import Bank (NEXIM), the ECOWAS Bank for Industry and Development (EBID), and the African Development Bank (AfDB). These entities are interested in receiving capacity building training to expand their investment portfolios in the agribusiness and export sectors. NEXTT has also identified funds, such as the Nigerian Economic Reconstruction Fund (NERFUND), the Industrial Training Fund (ITF) and SMEDAN, which can be assisted to shape their offerings in order to be better tailored for NEXTT's agribusiness and export partners.

6. DONOR COLLABORATION

6.1. WEST AFRICA BORDERLESS ALLIANCE

NEXTT reached an agreement to formally collaborate with the regional Borderless Alliance to further LAKAJI Corridor governance at the 2015 West Africa Borderless Alliance Conference in Abidjan, Cote d'Ivoire. The President and the Executive Secretary of Borderless Alliance assigned a Focal Officer in charge of transportation to work closely with NEXTT to align activities in the work plans. The conference, which focused on regional trade and food security, enabled NEXTT to showcase the advocacy activities, infrastructure investment opportunities, and opportunities for improved governance along the LAKAJI Corridor. NEXTT and the Borderless Alliance are in discussions to plan a "road show" to expand the knowledge base of traders and transporters along the corridor in their rights and responsibilities to trade, a strategy that has been effectively undertaken along a number of trade corridors throughout West Africa.

6.2.GERMAN INTERNATIONAL COOPERATION (GIZ)

6.2.1. Trade Route Incident Mapping System (TRIMS)

GIZ has agreed to partner with NEXTT and the LAKAJI Corridor Management Group (LCMG) to expand the existing Trade Route Incident Mapping System (TRIMS) to the LAKAJI Corridor, and to gather data more efficiently on the time to trade (in addition to data currently collected on trade-related corruption in other parts of Nigeria). The current TRIMS system only tracks incidents of graft along the corridor by crowdsourcing data collection via mobile phones, and making the data available on geospatial maps that are accessed by going to the TRIMS website, which is free and open to any user. Now, users can also generate reports of acts of trade-related corruption that are reported, including the time lost by the trader, and amounts extorted from uniformed agencies. NEXTT intends to expand the data collected by TRIMS to include data on the time to trade along the LAKAJI corridor by partnering with transport companies to provide drivers with mobile phones that are GPS-enabled and connected to the TRIMS software management system. Data collected in this form will be automatic; not crowdsourced via traders. Under this design, drivers will be provided with a mobile phone that will automatically track the time it takes to transport goods along the corridor, and at the end of their route data will be uploaded to the TRIMS system. This system vastly improves the efficiency of data collection of the time to trade along the LAKAJI Corridor, as well as the cost to gather this data. Time to trade data will be added to the TRIMS database, and automatically uploaded to the TRIMS geospatial map. Reports on the time to trade can be generated by any user of this publically-available and free website. This initiative feeds into the Transport Observatory activities on the Corridor in a bid to gather better and less costly data on the time to trade that can be used to formulate strategies to advocate for the improved corridor governance.

6.2.2. Capacity Building at the Ministry of Investment Trade and Industry

GIZ has been an important partner in NEXTT trade capacity work, and to the FMITI over the past six months. GIZ has placed a full-time staff member in the Ministry who has worked together with NEXTT and Ministry personnel to design a capacity needs analysis for the Ministry, which is still undergoing discussion and not yet approved. NEXTT has worked very closely with GIZ over the past year to co-fund training sessions and to design a trade skills capacity development program that will be jointly implemented by NEXTT and GIZ.

7. MANAGEMENT AND ADMINISTRATIVE ISSUES

During Q3, the management team completed its staffing. All staff vacancies were filled, staff on long-term (maternity) leave returned, and the Project availed itself to a long-sought after opportunity to take on a senior member of the National Investment Promotion Agency (NIPC) staff to boost NEXTT's efforts to facilitate new investment along the corridor.

With the secondment of Aminu Takuma of the NIPC, NEXTT staffing is complete for Component 1. NEXTT also engaged a full-time PDF Manager, Samson Amos, allowing Gbemisola Bakare to assume the role of PDF Implementation Specialist. Both will be supported by international contract specialist Umair Ullah completing the PDF team. Supplemented by subcontractor RBS Management. Component 1's staff is robust, with a range of skills that will be needed to execute NEXTT's outcomes throughout the life of the Project.

In Component 3, Bob Ezumah joined NEXTT during the quarter as the Component 3 team leader, and Liz Oluwadare returned from maternity leave to lead up the Cashew and BDS activities. With support from subcontractors Global Cold Chain Alliance and RBS, and international experts Christian Dahm and Sara Engleka, the Component 3 is now complete, and poised to continue to build our pipeline and provide expert technical assistance to exporting firms and BDS Providers.

To accomplish these staffing additions, NEXTT was required to make better use of its limited space. It opened up the back building that was previously used for storage, and this has now become the home of our Component 1 activities, including the representative offices of the LCMG. The Component 3 Team Leadership position has relocated to Lagos to be more closely engaged with the Project's counterparts there.

The Project is revamping its information management systems to track the growing pipeline of activities, supported firms, and investors. Due to the emphasis on firm-level assistance, NEXTT has nine employees identifying opportunities for PDF applications, DIV applications, finance, DCA opportunities, export and certification and technical assistance, and searching for quality BDS providers to provide specific technical assistance.

To manage the increased level of activity, several members of the NEXTT administrative team have been trained to take on additional responsibilities, including:

- Ochuko Piserchia, formerly head of administration, is working with MEMSII and the newly engaged M&E firm to handle indicator tracking and reporting.

- Ahmed Zakari, formerly a driver, has temporarily assumed responsibilities for administrative assistant while Chioma Obbennebo was on maternity leave. As he demonstrated a strong acuity for the position, he will continue to take on administrative tasks including procurement when Mrs. Obbennebo returns.
- James Horgan, in charge of security operations, has taken on responsibilities as financial assistant.

NEXTT Staff have shown themselves willing and capable of taking on additional responsibilities while learning and growing in their existing roles. The Project will continue to take advantage of opportunities for employee growth that support project expansion and impact at every opportunity.

8. LESSONS LEARNED

The most significant lesson learned over Q3 is the sheer number of businesses in corridor states outside of Lagos, Ibadan, and Abuja, and the lack of services available to them to expand investment and trade. NEXTT has held multiple meetings in Kano, incorporating investors from Katsina, Kaduna, and Niger States, who all seek services available to investors in Lagos.

The opportunities for technical assistance support, particularly in the middle belt and northern states are significant, and the respective state governments are equally ready to collaborate. What makes this finding so interesting is that many of the Nigerian government services that help investors in the southern states and FCT are physically present in these states, but do not have the capacity to meet demand for their services. NEXTT's partnership with NIPC is a first step in connecting demand for services with expanded supply through building service delivery capacity.

9. PLANNED ACTIVITIES FOR NEXT QUARTER INCLUDING UPCOMING EVENTS

The tables below depict a summary of NEXTT activities planned for the upcoming Quarter. USAID's role is indicated where USAID's attendance or participation is encouraged.

Activity	Date/Location	USAID Role
Component 1		
Time/Cost Study Validation	Late August Abuja/Lagos	Introduction speech
PDF Evaluation Committee	July 30, Aug 25, Sept 29 - Abuja	COR participation on committee
MOU - Kwara	August 25 - Ilorin	None
MOU - Niger	TBD- Niger State	None
MOU - NIPC	TBD - Abuja	None
Component 2		
Training for FMITI on Trade Analysis II	18, 19 August - Abuja	None
Capacity Building Workshop for TFTF	1 &2 September - Abuja	None
Training for exporters and Food Safety Committee Members on food safety requirements	2 dates in September – Abuja/Lagos	None
Letter of Credit Training for Customs, CBN and Commercial banks	Late September, Abuja	None
Component 3		
Tour of Cashew factory in Benin Republic with local cashew processors	Last week in August- Benin	None
BDS Training on Access to Finance	August, Lagos	None

10. WHAT DOES USAID NOT KNOW THAT IT NEEDS TO?

During the Quarter, NEXTT met and engaged with Quintessential Women’s Business Association, an association of over one million Nigerian women involved in a range of agribusinesses throughout the country. While NEXTT generally has been focused on working with small and medium businesses, QWBA provides NEXTT with an opportunity to engage women at the micro-level and still have industry-wide impacts due to the sheer quantity of women the Association works with.

NEXTT and QWBA are discussing three potential areas of cooperation that will expand NEXTT's gender impact:

- Shea butter: QWBA has international orders for raw shea butter and has access to the women gatherers. However, they are stunted by the obstacle of physically moving the goods from the village level to the aggregation centers in the larger towns along the corridor.
- Cold Chain: there are a large number of micro-entrepreneurs engaged in fishing, and cold storage is vital to expanding their opportunities. NEXTT has introduced QWBA to the LDA with the vision of building a micro-track into the Cold Chain Conference in November.
- Ginger and Moringa powder: QWBA is considering building a processing facility in the middle belt. This opportunity could potentially turn into a PDF application.

11. HOW IMPLEMENTING PARTNER HAS ADDRESSED COR COMMENTS FROM THE LAST QUARTERLY REPORT

Per USAID's instructions, we have added a section on "Donor Collaboration." We have also disaggregated indicators by gender as requested. While not specifically mentioned as a comment on the last report, we are also responding to USAID's request to expand the pipeline further and ensure regional parity throughout the LAKAJI Corridor. NEXTT is expanding its reach into the states to support these in their efforts to obtain new investment commitments and expand exports. Working toward this goal, NEXTT is leveraging partnerships with NIPC, NEPC, MAN, and state government administrations to identify and partner with export-oriented agribusinesses in Kano, Kaduna, Niger, Oyo, and Lagos States.

ANNEX A: PROGRESS SUMMARY

Achieved progress versus planned for the period disaggregated by gender, geographic area and other relevant factors.

PMP Indicator progress - USAID Standard Indicators and Project Custom Indicators										
Indicator	Data Source	Baseline Data		FY2015		Quarterly Status				Annual Performance Achieved to Date (in %)
		Year	Value	Annual Cum. Target	Annual Cum. Actual	Q1	Q2	Q3	Q4	
Intermediate Result (IR): LAKAJI Corridor Improvement										
1.1.1. Reduction in the cost to trade goods across border as a result of U.S. assistance	Corridor survey	2013	Im: \$4,737 Ex: \$3,041	15% Im: \$710.55 Ex: 456.15	TBD	N/A	N/A	N/A		TBD
1.1.2. Reduction in the number of days required to trade goods across borders as a result of U.S. assistance	Corridor survey	2013	Im: 19.5 Ex: 12.5	15% Im: 2.9 Ex: 1.9	TBD	N/A	N/A	N/A		TBD
1.1.3. Reduction in the cost to move goods between Kano (K) and Lagos (L) as a result of U.S. assistance	Corridor survey	2013	L-K: \$1,548 K-L: \$837	5% L-K: \$77.40 K-L: \$41.86	L TBD	N/A	N/A	N/A		TBD
1.1.4. Reduction in the time required to move goods between Kano and Lagos as a result of U.S. assistance	Corridor survey	2013	L-K: 4 K-L: 4	5% L-K: 0.2 K-L: 0.2	TBD	N/A	N/A	N/A		TBD
1.1.5. Increase in membership of CMG	CMG official records	2012	7	20%	0	0	0	0		LOP target already exceeded
1.2.1. Number of new agribusinesses established along LAKAJI corridor as a result of project support	Firm surveys	2012	0	5	0	0	0	0		30+ in progress

PMP Indicator progress - USAID Standard Indicators and Project Custom Indicators										
Indicator	Data Source	Baseline Data		FY2015		Quarterly Status				Annual Performance Achieved to Date (in %)
		Year	Value	Annual Cum. Target	Annual Cum. Actual	Q1	Q2	Q3	Q4	
1.2.2. Value of new agricultural investments facilitated along the LAKAJI corridor as a result of project support	Firm surveys	2012	0	\$1.25 M	0	0	0	0		LOP target already exceeded
1.2.3. Number of development innovation venture proposals submitted	Applicant reports DIV applications	2012	0	3	0	0	0	1		33%
1.2.4. Value of investments mobilized by project development facility	N/A	2012	0	\$8 M	N/A	N/A	N/A	0		\$140M in PDF process
Intermediate Result (IR): Trade Policy And Trade Facilitation Support										
2.1.1. Number of legal, regulatory or institutional actions taken to improve implementation or compliance with international trade and investment agreement due to support from USG-assisted organizations	GON Gazette, other official sources of published regulations and procedures	2012	0	2	3	1	2	0		150%
2.1.2. Number of participants in trade and investment trainings	Attendance records	2012	0	80	146	52 M: 37 W: 15	74 M: 34 W: 40	20 M: 12 W: 8		183%
2.1.3. Person hours of training completed in trade and investment capacity building supported by USG assistance	Attendance records	2012	0	6,000	1393 M: 869 W: 524	733 M:538 W:195	460 M: 211 W:249	200 M:120 W:80		23%
2.1.4. Number of days of USG supported technical assistance in trade and investment capacity building provided to counterparts of stakeholders	Project reports, timesheets, attendance records	2012	0	150	36	22	12	2		24%

PMP Indicator progress - USAID Standard Indicators and Project Custom Indicators										
Indicator	Data Source	Baseline Data		FY2015		Quarterly Status				Annual Performance Achieved to Date (in %)
		Year	Value	Annual Cum. Target	Annual Cum. Actual	Q1	Q2	Q3	Q4	
2.2.1. Number of customs harmonization procedures implemented in accordance with internationally accepted standards as a result of U.S. assistance.	FRN Gazette, official sources for published regulation and procedures	2012	0	2	4	0	0	4		200%
2.3.1 Number of public and private sector standard setting bodies that have adopted internationally accepted guidelines for standard setting as a result of USG assistance	GON official records and documentation	2012	0	2	1	0	1	0		50%
Intermediate Result (IR): Expanded Export Support										
3.1.1. Number of firms receiving capacity building assistance to export	Registration forms, attendance records, surveys	2012	0	150 (LOP cumulative)	123 (LOP cumulative)	0 new	6 new	0 new		82%
3.1.2. Number of trade and investment capacity building diagnostics conducted	Project records	2012	0	1	1	1	0	0		100%
3.1.3. Number of participants in USG supported trade and investment capacity building trainings	Registration forms, attendance records, firm survey	2012	0	80	35 M: 29 W: 6	35	0	0		44%
3.2.1. Number of capacity building service providers receiving USG assistance	Attendance records, project reports	2012	0	25	56	0	56	0		224%

PMP Indicator progress - USAID Standard Indicators and Project Custom Indicators										
Indicator	Data Source	Baseline Data		FY2015		Quarterly Status				Annual Performance Achieved to Date (in %)
		Year	Value	Annual Cum. Target	Annual Cum. Actual	Q1	Q2	Q3	Q4	
3.2.2. Number of firms receiving USG assistance that obtain certification with international quality control, environmental and other processes, voluntary standards or regulations	Surveys, attendance records, project reports	2012	0	3	1	1	0	0		33%
3.3.1. Value of export by NEXTT client firms facilitated as a result of project assistance	Firms via surveys and reports	2012	0	\$8M	\$8.611M	\$525,000	\$4.06M	\$4.026M*		108%
3.3.2. Value of investment in NEXTT client firms facilitated as a result of project assistance	Firms via surveys, reports and other notifications	2012	0	\$8M	0	0	0	6*** in progress		\$4.35M in progress***

*To be validated with stakeholders in August.

**Exports of \$4.026 Million were reported by Starlink (\$3.69M; NEXTT facilitated direct linkages with Vietnamese buyers) and Valency (\$336,000; facilitated market linkages and sales contracts in North America and Europe)

***6 investment commitments this quarter from agribusinesses in the cocoa sector (non-PDF client firms) valued at \$4.35M. 30+ PDF participants currently involved in investment process.

ANNEX B: PRESS COVERAGE

NIPC TO PARTNER USAID TO PROMOTE INVESTMENT

<http://www.nipc.gov.ng/index.php/nus/351-nipc-to-partner-usaid-to-promote-investment.html>

NEPC targets N394bn annual revenue from cashew exports

<http://www.osbc.com.ng/index.php/national-news/business/535-nepc-targets-n394bn-annual-revenue-from-cashew-exports>

ANNEX C: SUCCESS STORIES

USAID/NIGERIA EXPANDED TRADE AND TRANSPORT (NEXTT)

Reducing delays is making Nigeria's ports more competitive, increasing trade and investment



Policy advocated by USAID Nigeria has led to reductions in delays at Nigeria's ports, increasing trade and investment.

Delays at ports in Nigeria have been reduced by 80 percent after the Nigerian Customs Service implemented “Fast Track” procedures advocated by the USAID Nigeria-funded Nigeria Expanded Trade and Transport (NEXTT) project.

Ports in Africa are notoriously uncompetitive – one World Bank report showed delays nearly five times longer than any other world region: a trader can clear goods in two to three days from most world ports but across Africa it can

take 15 to 20 days. The delays significantly increase costs and discourage trade and investment.

By bringing public and private stakeholders together, the NEXTT project introduced “Fast Track” procedures, which simplify inspection of arriving cargoes. Instead of inspecting every container, inspectors only inspect priority shipments releasing the majority for inspection at warehouses outside of the port.

The procedures have been made possible as part of policy advocacy and reforms recommended by the USAID-funded Nigeria Expanded Trade and Transport (NEXTT) project with its international consultant on customs services, Crown Agents.

Previously all cargos arriving at the port were subjected to inspection resulting in 15 to 20 days delay at the port and accumulating daily demurrage. But the fast-track model has reduced this delay to 2 to 3 days with some cargos released from the port immediately on arrival, after clearance. Cargos on fast-track are promptly released for inspection at the importer's warehouse.



Improving procedures saves time – and money – and leads to more business.

“Fast track has drastically reduced delays at the port,” said Daniel Odibe, the Stakeholder Manager of the largest terminal in West Africa, APM Terminal (APMT). “Goods arriving at the APMT are now being inspected at a rate of 35 percent, which has led to a significant reduction of delays.”

The NCS clearance system is divided into blue (fast-track), green and red lanes. Cargoes on the blue lane are released as soon as they are cleared on the Single Window, while cargoes on green lane are scanned before release and those

on red lanes are subjected to 100 percent physical inspection before leaving the port.

“Without fast track, clearance takes two to three weeks,” said a freight forwarding executive with Bolloré Logistics. “If you are not on fast track, you are not a regular importer and that makes you a more difficult customer due to documentation delays and unfamiliarity with process.”

The fast-track model was designed in conjunction with the Manufacturers Association of Nigerian (MAN) Companies, or importers, are placed on fast-track based on their compliance record with MAN as well as companies that import more than 20 containers per month. There are currently 189 trusted importers on fast-track representing 30 percent of the cargo volume.

“This is a huge relief to our operations and we are looking forward to the extension of the AEO scheme,” said Tere Omoluabi, the export development manager of Nigeria Breweries PLC, a fast-track company.

Other policies advocated by NEXTT have cut delays from five days to just one for the Inland Containers Nigeria Ltd. Terminal operator. Under the “Bonded Terminal Scheme,” the Customs Service allows ICNL cargoes to be moved directly

from the Apapa Port to ICNL terminals in Kano and Kaduna, without any inspection or physical examination. Using a “Single Window” to serve traders – allowing them to take care of business at one office – has also improved performance.

“Clearance of import cargos at the port has improved by about 50 percent in the last three years due to the use of the Single Window system and other digital reforms that have improved port operations and services,” said ICNL’s Deputy General Manager Rotimi Raimi. “We only hope NEXTT continues its efforts.”

USAID/NIGERIA EXPANDED TRADE AND TRANSPORT (NEXTT)

Nigerian cashew processor breaks through to US market, building industry's global competitiveness



Preparing cashews processed in Nigeria for shipment to the U.S. It is not easy to compete in the U.S. market, but with help from the USAID Nigeria-funded Nigeria Expanded Trade and Transport project, a Nigerian processor is doing so.

Cashew processors all over the world eye the American consumer market but the rigorous conditions set by the U.S. Food and Drugs Administration (USFDA) make competing in the market a tall order.

But with help from the USAID Nigeria-funded Nigeria Expanded Trade and Transport (NEXTT) project, Valency Cashew Processing Limited has achieved that goal in less than a year of operations.

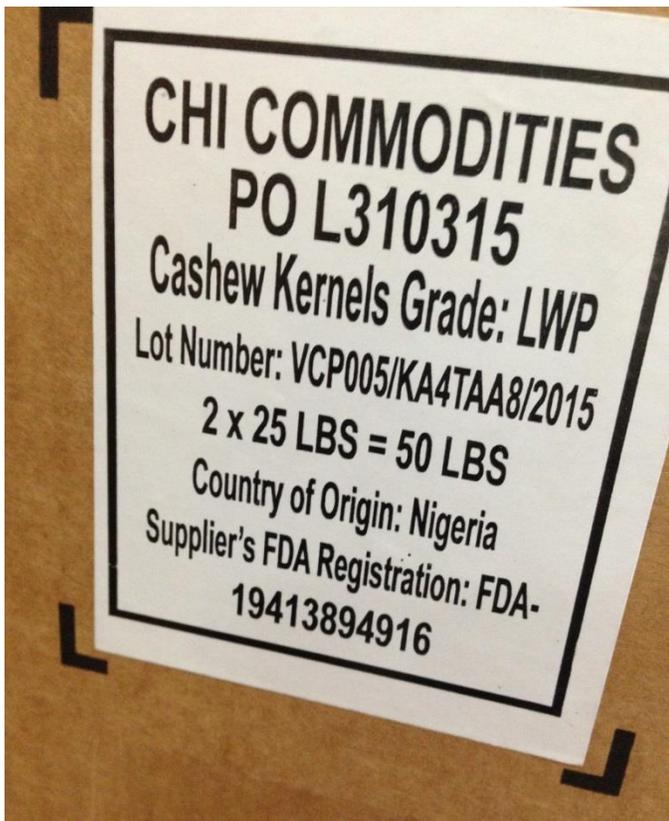
Based in Ibafo, a city in the southern part of Nigeria, the factory which commenced operations 10 months ago, has exported cashew kernels to clients across Europe, UAE, Vietnam and India, with NEXTT helping to establish links to a number of clients.

Further consultations facilitated by NEXTT have enabled the processor to include American buyers among its

growing clientele, meeting the stringent procedures of USFDA.

“There was a sense of fulfillment amongst everyone, from management to the junior staff, as the container was being loaded with our cashew kernel ahead of its departure for Los Angeles,” said Pawand Heer, Valency’s export manager.

Working with an international cashew trade expert, NEXTT was able to facilitate an export transaction for Valency with CHI Commodities, a Canadian cashew nut processor, that wanted the shipment to come through the U.S. The company ordered 17 metric tons (MT) of cashew kernels, which Valency delivered in May 2015.



The label affixed to cashews processed in Nigeria bears important “country of origin” information - a sign of success.

“We needed a U.S. contact to achieve the transaction with CHI Commodities, but we did not have one,” he said. “We also did not know anything about USFDA registration,

which is required to import food material into the U.S. We were able to do this thanks to NEXTT’s assistance and guidance as they led us through the diverse stages of the very crucial FDA registration process.”

The cashew processor has since shipped its cashew kernels to two other American buyers, Red River Foods Inc. in California, and Caro Nuts, thanks to NEXTT support.

Beyond market linkages, NEXTT helped the firm with selection of kernel samples for microbial and chemical pre-shipment analyses, which must be carried out in state-of-art laboratories.

Owned by an Indian investment company based in Singapore, Valency has an installed capacity to process 20MT of Raw Cashew Nuts (RCN) per day, which can engage over a thousand people. But today it processes less than 10MT of RCN daily due to power supply issues, employing 400 workers, 90 per cent of whom are women.

NEXTT is leading consultations with the Ogun State government, the Nigeria Export Promotion Council (NEPC) with the Nigeria Gas Company on addressing the company’s power challenge, which is inhibiting its production capacity, as thousands more jobs can be created if Valency operates at its full capacity.

NEXTT is also working with the African Cashew Alliance (ACA) to help Valency obtain the ACA Seal, a certification that signifies the company adheres to industry best practices and that puts the company on track for a HACCP and ISO certification ahead of a USFDA inspection of cashew processing factories in West Africa. The certifications and inspections will open more US market to the burgeoning Nigerian company and also improve Valency’s production standards.

Valency is now looking forward to more orders from North America – and building a stronger cashew industry in Nigeria.

“NEXTT is supporting us by introducing us to many buyers across the world and, at the same time, helping us to get better,” said Heer. ““Our product is top quality and with more orders for our cashew kernels we will be able to create more jobs for Nigerian women and youths.”

USAID/NIGERIA EXPANDED TRADE AND TRANSPORT (NEXTT)

Fund seeds \$70 million in investment, catalyzing economic growth in Nigeria



Investment in cashew processing, facilitated by the USAID Nigeria-funded Nigeria Expanded Trade and Transport project, is one example of projects that will create thousands of jobs and incite new economic development along Nigeria's busiest trade corridor.

Up to \$78 million in investments along Nigeria’s busiest trade corridor will expand cashew and shea processing, initiate a cold chain supply system and increase grain storage capacity thanks to a Project Development Facility (PDF) innovated by the USAID Nigeria-funded Nigeria Expanded Trade and Transport project.

Launched in March 2015, the USAID Nigeria \$2 million PDF is catalyzing investment along the corridor by providing seed funding for technical assistance to value chains along the LAKAJI Corridor – a more than 1,000 km route that connects Lagos to Kano and ends at Jibiya at the Nigeria-Niger border.

More than 30 expressions of interest for investments totaling \$136 million were submitted when the fund was announced publicly in April 2015. The NEXTT project’s comprehensive presentation of investment opportunities along the LAKAJI Corridor – Nigeria’s busiest trade route – helped spur investment interest.



Investment along the 1,000-km route that connects Lagos to Kano to Jibiya, at the Niger-Nigeria border, will transform Nigeria’s economy.

The applications are assessed by the nine-member PDF Evaluation Committee with two sets of evaluations and approvals done in April and June, respectively, at the NEXTT office in Abuja.

The committee has approved eight investment applications valued at \$78 million and the PDF team is now working on the implementation of the approved applications. Among the successful applicants of investment proposals spread across the LAKAJI Corridor are:

- **SALID Agriculture Limited**, a shea processor in Kudu, Niger State (north central Nigeria), is proposing to invest \$17.2 million in a shea processing plant, which will drive an estimated export of 48,000 tons of shea butter annually. The company applied for \$600,000 from the PDF for business incubation, soil testing and an Environmental Impact Assessment.
- **Food Pro Limited**, a cashew processor located in Ilorin, Kwara State, with an estimated investment of \$9 million, will use \$15,000 from the PDF to design a factory to produce 10,000 metric tons of raw cashew nuts annually. The company requires business plan development, technical assistance to support the factory design and an OEM machine choice. Negotiations are ongoing with the African Cashew Alliance on the cost of feasibility studies, which will include factory layout and installation of the processing machines in Lagos.
- **Cold Chain Supply Systems** wants to establish a warehouse in Lagos and an aggregation center in Lagos or Ogun state at a proposed investment of \$3.4 million along the corridor. The company applied for \$64,000 to conduct a feasibility study and write a business plan. Selection of a BDS provider and creating the scope of work is in process to help with the construction of the warehouse and aggregation center in collaboration with the Global Cold Chain Alliance.
- **Jimsina International** has proposed a storage facility investment of \$5 million with grain silos in Iseyin, Oyo State. The company is seeking to expand its silo capacity from 10,000 to 20,000 metric tons. PDF support of \$50,000 will pay for feasibility studies, acquisition of permits, market research and factory design.
- **Kashford Overseas Limited**, a cashew processing company that exports from Lagos, applied for \$47,000 from the PDF to enable an expansion of processing cashew kernels from 5MT to 20MT daily. PDF support will help the company design its factory, test soil, conduct an EIA and write a business plan for the expansion with an estimated value of \$3,562,000

Summary Table of PDF by Status			
	Count	PDF Value	Investment Value
Approved	8	\$411,998	\$78,198,500
Packaged	9	\$435,000	\$20,703,807
Application	5	\$258,900	\$17,515,000
EOI	8	\$273,350	\$21,763,451
Pipeline	15	\$1,458,745	\$64,925,638
Totals (doesn't include pipeline)	30	\$1,379,248	\$140,180,759

To learn more about the USAID/Nigeria Expanded Trade and Transport (NEXTT) project, visit nigerianextt.org

USAID/NIGERIA EXPANDED TRADE AND TRANSPORT (NEXTT)

Facilitating links to market helps Nigeria harness the economic power of cashew



By linking Nigerian cashew exporters to market at meetings like this involving Nigerian and Vietnamese stakeholders, the USAID Nigeria-funded Nigeria Expanded Trade and Transport project is helping the country harness the economic power of cashew – creating jobs and increasing revenues.

Record levels of cashew exports from Nigeria are generating millions of dollars in revenue and increased income for cashew farmers thanks to the USAID NIGERIA-funded Nigeria Expanded Trade and Transport (NEXTT) project. NEXTT worked with partners to facilitate a buyer-seller meeting between Nigerian exporters of Raw Cashew Nuts (RCN) and Vietnamese processors in Ho Chi Minh City, Vietnam, that has led to the unprecedented level of exports.

The buyer-seller meeting was initiated and facilitated by the USAID NIGERIA funded Nigeria Expanded Trade and Transport (NEXTT) project in conjunction with the Nigeria Export Promotion Council (NEPC) and the National Cashew Association of Nigeria (NCAN).

Cashew trees grow across Nigeria but the potential for increasing harvests is great. Facilitating links to market is the most important incentive to harnessing this potential and

the NEXTT project is succeeding in that objective: producers and processors at the meeting said they expect to double their transactions next year. Nigeria exports about 120,000 metric tons (MT) of RCN annually – 90 percent of the crop goes to Vietnam.

One of the Nigerian cashew exporters that NEXTT invited to the meeting, Starlink Ideals and Global Limited, has exported almost 4,000MT of RCN worth \$3.7 million. The company met a major Vietnamese cashew processor, Long Son Joint Stock Company, at the meeting.

It is the first time that Long Son is buying directly from a Nigerian exporter without a middleman; the company has committed to double the transaction for the next season.



Nigeria exports 90 percent of its annual cashew harvest to Vietnam – and the volumes will increase significantly thanks to new deals facilitated by the USAID Nigeria-funded Nigeria Expanded Trade and Transport project.

“We have always wanted to sell to Long Son but never succeeded and it seemed that the negotiations would last forever,” said Adeyemi Adeniji, founder of Starlink. “NEXTT has helped to sort that out. We are now selling a lot more cashew than we ever envisioned.”

The relationship between the companies has more than financial implications. Starlink has adopted practices to improve its product, making it more competitive overall: the company has increased exports to other processors around the world, too.

“We had decided not to export cashew anymore because of financial losses in 2014 which occurred due to poor storage and a failure to get buyers,” Adeniji said. The meeting, however, exposed the company to international best standards and factors required for storing RCN for export.

“We learned what is required from the RCN buyer in an international market and also how to attain the standard of drying the cashew nuts,” Adeniji said. “These were things we never prioritized before which led to losses as the nuts always deteriorated when stored for exports.”

Another major Vietnamese cashew processor, Bonanza International Company, visited Nigeria as a result of the meeting, placing orders for RCN ahead of the next cashew season. NEXTT facilitated the visit of Bonanza Vietnam top management officials to Lagos where they negotiated with Nigeria exporters to purchase 100,000MT of RCN.

In addition to meeting nine Nigerian exporters in Lagos, the Bonanza team was also taken to inspect facilities and warehouses of Colossus Investment Limited and Universal Quest Nigeria Limited.

The meeting also led to a Memorandum of Understanding between NCAN and the Vietnamese National Cashew Association (VINACAF). Under the MOU, NCAN members are to supply 120,000MT of RCN to Vietnamese processors. The impacts on cashew in Nigeria will be significant – the country’s total cashew exports in 2014 reached 106,700MT.