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Abstract

The Nigeria Agribusiness Investment Activity's final performance evaluation (FPE) assessed the extent to which the Activity has been implemented as planned and achieved its intended results. The evaluation assessed efforts to improve the agribusiness-enabling environment, increase finance and investment, and ensure sustainability. The Activity’s success was greatly influenced by its strong alignment with the evolving needs and priorities of various stakeholders, including agribusiness firms, financial institutions (FIs), government agencies, and local communities. The evaluation team (ET) found that the Activity achieved significant results in terms of improved operational performance by agribusiness firms (AFs), farmers’ groups and commodity associations, and FIs through its technical assistance programs. The endeavors of the Activity in policy work have been extensive, stretching resources and attention across efforts, achieving expected results. Though most AFs interviewed have yet to access the needed finance for their business, they all commended the efforts of the Activity. Considering the fact that there was no provision of grants but only technical assistance, the results demonstrated some cases of success in improving access to finance. For subsequent interventions, the ET suggests refocusing efforts on addressing the central constraints hindering access to credit for agribusinesses, including ensuring a clear link between policy reforms and access to finance to optimize results.
FEED THE FUTURE NIGERIA AGRIBUSINESS INVESTMENT ACTIVITY

FINAL PERFORMANCE EVALUATION REPORT

Nigeria Monitoring, Evaluation, and Learning Support Activity (MEL Support Activity)

Contracted under 72062021C00002

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NIPC  Nigerian Investment Promotion Council
NIRSAI  Nigerian Incentive-Based Risk Sharing System for Agricultural Lending
OCA  Organizational Capacity Assessment
OPI  Organizational Performance Improvement
OPINA  Organizational Performance Improvement Needs Assessment
PAYG  Pay-As-You-Go
PIAG  Policy Influencing and Advocacy Group
PIATA  Partnership for Inclusive Agricultural Transformation in Africa
PMP  Performance Monitoring Plan
PIND  Partnership Initiatives in the Niger Delta
PPD  Public Private Dialogue
PSO  Public Sector Organization
SHFs  Smallholder Farmers
SOP  Standard Operating Procedure
SOW  Statement of Work
SWAY-AG  Sterling Women and Youth in Agriculture
TA  Technical Assistance
TL  Team Leader
ToT  Training of Trainer
USAID  United States Agency for International Development
USD  United States Dollars
USG  United States Government
VSLA  Village Saving and Loan Association
WATIH  West Africa Investment Trade Hub
WBG  World Bank Group
WEF  World Economic Forum
WRS  Warehouse Receipt System
WYPD  Women, Youth, and Persons with Disabilities
Executive Summary

Background and Purpose

The $15.7 million United States Agency for International Development (USAID) Feed the Future (FTF) Agribusiness Investment Activity (Ag-Invest), a five-year (2018–2023) Activity implemented by Cultivating New Frontiers in Agriculture (CNFA) was designed to address the constraints that hamper the overall business environment of Nigeria and increase investments in the agriculture sector. The Activity contributes to the Mission’s FTF strategy, which aims to improve the agriculture competitiveness of agribusiness micro, small and medium-sized enterprises (MSMEs) and smallholder farmers (SHFs) in Nigeria. The Activity aligns with the agriculture policies of the Government of Nigeria (GON), which seek to boost productivity, intensify the role of private sector investments, and build the capacity of the Federal Ministry of Agriculture and Rural Development (FMARD) to conduct its core regulatory role. The Activity focuses on four interrelated components:

1. Improving the enabling environment for the growth of the agricultural sector;
2. Broadening access to finance by mitigating the credit risks of agribusinesses;
3. Promoting and facilitating investment opportunities for agribusinesses to expand and scale up operations; and
4. Sustainably enhancing the performance of agribusiness MSMEs.

The Activity was targeted at lead firms in the rice, maize, soybean, aquaculture, and cowpea value chains in seven states: Benue, Cross River, Delta, Ebonyi, Kaduna, Kebbi, and Niger. The primary purpose of the final performance evaluation (FPE) was to determine whether the assistance provided by USAID/Nigeria through the FTF Nigeria Ag-Invest Activity met the stated development objectives (DOs) and provided a detailed picture of the major accomplishments and weaknesses of the Activity since its inception. This evaluation responded to critical questions around how the agribusiness-enabling environment led to increased private sector investments in agribusiness; how the Activity increased agribusiness MSMEs and SHFs access to finance; what was the effectiveness of the Activity in facilitating agribusiness investment; how the Activity enhanced the performance of agribusiness MSMEs; and how well the Activity incorporated Diversity, Equity, Inclusion, and Accessibility (DEIA) initiatives in achieving its four main objectives. The evaluation provided USAID with recommendations for future programming of similar objectives and/or interventions.

Methods

The evaluation was conducted using a mixed-method approach that involved primary and secondary data. This approach included a desk review of key Activity documents and other relevant literature, as well as key informant interviews (KIIs). A total of 111 KIs were conducted, with an initial target of 107, and these included the Staff of CNFA (and its subcontractors: Connexus Corporation and J.E. Austin Associates Inc.); FIIs; AFs; federal and ministries, departments, and agencies (MDAs); farmers groups and associations (FGAs); and public sector organizations (PSOs).

Findings and Conclusions

EQ 1: Did improvements in the agribusiness-enabling environment lead to increased private sector investments in agribusiness?

Ag-Invest successfully facilitated policy reforms and advocated for a more favorable regulatory environment for agribusinesses. Changes in policies, regulations, and institutional frameworks have contributed to a more conducive ecosystem for agribusiness growth. The Activity implemented a comprehensive approach to incorporate public-private dialogue (PPD) throughout the entire policy...
reform process. Ag-Invest facilitated various advocacy campaigns and social engagement interventions to understand and address the capacity needs of relevant government MDAs to enable them to implement approved policies. This development has increased the level of complementarity between the states’ agricultural policies and their value chain-specific policies to promote the competitive and comparative advantages of the value chains in their states. To summarize, the Activity facilitated the development of 24 policies, exceeding the Key Performance Indicator (KPI) 2 target of 22, while 22 of the developed policies were approved or implemented, exceeding the target of 10 for KPI 4. The interventions of the Activity towards improving the agribusiness-enabling environment in targeted states recorded significant success, especially with the approval of the sector-specific investment incentives policy in Niger State that led to the improvement in the state’s Ease of Doing Business rating. Furthermore, the policy about the registration of cooperatives has been successfully implemented in Ebonyi, Benue, and Delta states. The high success rate of policy enacted during the Activity can be attributed to the inclusive policy revision process, which actively involved the government and ensured their approval.

The initial strategy of the Activity to work with civil society organizations (CSOs), also known as “change champions”, to advocate for policy formulation and implementation and ensure government accountability failed as most of these organizations were unwilling to provide support and advocate for the policy without financial compensation. As a result, the Nigeria Agribusiness Group (NABG) was identified in FY 2023 as a suitable partner that will continue to provide training for MDAs, while at the same time leading policy implementation advocacy.

Conclusion EQ1

The success of the Activity in improving the agribusiness-enabling environment can be attributed to its strong alignment with the evolving needs and priorities of stakeholders, including agribusiness firms and MDAs. However, while the selected policies have the potential to impact the business environment, the direct impact on access to finance may be limited. The enhanced PPD also played a significant role in the success of the Activity by fostering a deeper understanding of different perspectives and serving as a foundation for future policy implementation. While some policies, such as the cooperative administration policy, are easily implemented due to their practical use and limited implementation costs, policies with a larger scope pose greater challenges in terms of budget and effort required. As a result, the implementation of policy reforms may face obstacles due to limitations in the capacity and budget availability of MDAs. Financial and technical support are required for CSOs to lead the policy advocacy effort to effectively advocate for the policy since they have limited resources.

EQ2. Did the Activity increase the access to finance for agribusiness MSMEs (including SHFs)?

Despite initial hesitation from FIs, the Activity successfully collaborated with agri-friendly banks to support agribusiness MSMEs. Through comprehensive training in financial management and cash flow analysis specifically for agricultural lending, these institutions acquired the necessary skills to develop better loan products and make informed decisions. The Activity prioritized enhancing the existing solutions and optimizing their impact. Many different approaches were used to improve access to finance, such as product financing, receivable financing, physical asset collateralization, risk mitigation, financial enhancements, and improved financial services, in particular, through digital solutions. As a result of all these interventions, Ag-Invest unlocked a total of $188.8 million in debt finance in new agriculture-related finance for agribusiness MSMEs and SHFs, with a total of 17,716 recipients. However, 80 percent of the results were seen in Kaduna State, which brings some fragility to the results.
Conclusion EQ2

Ag-Invest has played a crucial role in boosting agribusiness financing in Nigeria. This support has had a transformative impact and inspired stakeholders to further contribute to the growth of this sector. However, interventions in market systems require establishing trust and take time to implement, particularly when deploying innovative financial products. Supporting the entire ecosystem is essential for successfully providing finance to SHFs and MSMEs. This includes offering agriculture extension services to help farmers generate income for loan repayment and improving their overall operations. While funding is often viewed as the main challenge for businesses, effective operational management and securing a market for their output are equally vital.

EQ3. How effective was the Activity in facilitating agribusiness investment?

Ag-Invest Actively promoted and facilitated investment opportunities for agribusinesses through deal rooms, investor forums, and business development support, which led to increased interest from both local and foreign investors and expanded investment in the agribusiness sector as a result $55 million were invested into the sector. Through the support of the Activity, MSMEs received funding from investors; however, 85.6 percent was concentrated on only three beneficiaries: Babban Gona, Alluvial, and Value Seeds received total investment funds of $21.18 million, $20 million, and $6.5 million, respectively. Babban Gona, in Kaduna State, received a disbursement of $21.18 million in debt to scale up their business model into new areas and to deepen the impact of their agricultural franchise model by providing a wider range of training, financial credit, agricultural inputs, harvesting and marketing support to its existing farmer members, ultimately helping thousands of SHFs to connect with capital, knowledge, equipment, and markets to increase their productivity and profitability. However, despite its efforts, the Activity only reached $55.5 million of its Life of Project (LOP) target of securing $75 million in private sector investment.²

In terms of investors, analysis of the secondary data shows that most investors were international impact investors, with Mastercard Foundation and Kreditanstalt für Wiederaufbau (KfW) Development Bank representing 81.7 percent of the total investments that the Activity triggered into the agribusiness space in Nigeria.

Conclusion EQ3

Deal rooms are the ideal solution for connecting investors, banks, and MSMEs. These spaces provide valuable opportunities for MSMEs to acquire knowledge and expertise by participating in the pitching process and receiving feedback from professionals. However, to truly succeed, MSMEs may benefit from additional tailored technical assistance (TA) beyond access to finance. This personalized support can help them refine their approach and business model, leading to greater success in the long run. Despite the challenges, the few successes of the Activity have demonstrated the feasibility of attracting investors in agribusiness, particularly impact investors, with TA playing a pivotal role in facilitating the process. The economic and political situation in Nigeria has restricted access to non-debt capital for MSMEs. Moreover, MSMEs are hesitant to relinquish ownership control, thus making grants their preferred option.

EQ4. Did the Activity enhance the performance of agribusiness MSMEs?

Through Business Development and Service Providers (BDSPs), the Activity provided TA to agribusiness MSMEs. This assistance helped them identify areas for improvement through an Organizational Performance Improvement Needs Assessment (OPINA) and facilitated their loan readiness or met pre-conditions for accessing markets. The emphasis of the Activity on loan readiness and enhancing business operations has inspired agribusinesses to embrace innovative technologies and practices, resulting in improved efficiency, product quality, and sector-wide

² The activity had an overall target of $225 million, which was later split in $75 million for non-debt, and $150 million for debt financing.
Some MSMEs were supported to execute environmental impact assessments (EIAs), which was a precondition to access loans from the lender.

The Activity offered valuable management and leadership expertise to SHFs through its Micro Enterprise Fundamentals (MEF) and Group Dynamics and Leadership Skills (GDLS) training. Commodity and farmers associations have reported that these trainings have not only improved their skills but also taught them how to leverage their strong membership to raise funds internally. By meeting their needs without relying on loans, they have become more appealing to external investments and support.

The Activity provided BDSP with TA methodology and approaches as well as open-source training materials. For extensive training in large associations, the BDSPs followed a training of trainers (TOT) model within the associations, enabling them to subsequently train their respective members. Although the support provided to the MSMEs and the associations was highly appreciated, not all of them foresee future collaboration. This is mainly due to financial constraints or the fact that the BDSPs are not located in their state, resulting in additional costs.

**Conclusion EQ4**

The success of the Activity hinged on its ability to align with the changing needs and priorities of stakeholders in the agriculture value chains. It also excelled in adapting its technical assistance to meet the specific demands of various stakeholders, including agribusiness firms, FIs, MDAs, and local communities. The Activity facilitated the establishment of a durable relationship between MSMEs and commodity associations with BDSPs. These BDSPs have been equipped with the necessary tools and express willingness to provide further support. Effective engagement and collaboration with stakeholders were essential for achieving Activity goals and ensuring sustainability.

**EQ5. How has the Activity incorporated Diversity, Equity, Inclusion, and Accessibility (DEIA) initiatives as they worked towards achieving their four main objectives?**

The Activity promoted inclusive development by ensuring adequate participation and representation of women and young people during public-private sector dialogues, consultation meetings, and validation workshops. Ag-Invest assisted Sterling Bank in the improvement of the Sterling Women and Youth in Agriculture (SWAY-Ag) loan digital portal. This portal offers low-rate loans to women and youth with funding from the Mastercard Foundation. Ag-Invest also organized women-focused deal rooms, which allowed women to shine and compete in a friendlier environment. The Activity adopted a more tailored approach by organizing exclusive training sessions for women, ensuring that the training sessions were scheduled at suitable times and locations for women, and adjusting the training content to address specific issues concerning women or youth. Overall, despite its efforts to incorporate DEIA, the Activity did not reach its LOA targets: only 27 percent (LOP 40 percent) of the loan recipients were women, while 14 percent (LOP 30 percent) were youth.

**Conclusion EQ5**

In general, only a few Nigerian agribusinesses led by women and youth fulfill the minimum criteria for financing in terms of formalized structure and governance. This poses challenges for the Activity in identifying suitable candidates. Interventions aimed at engaging women, especially in the north (Kebbi and Kaduna), encountered challenges rooted in cultural and social factors, leading to relatively less success. The intricacies of these cultural factors influenced the effectiveness of strategies aimed at engaging youth and women. Therefore, the creation of events or workshops dedicated to women or youth—rather than merely including them as participants in training predominantly designed for men—was an effective approach that enabled trainers to address challenges experienced specifically by women or youth. Interviews showed that women and youth who participated in such events and workshops felt included and heard, which impacted their mindset while seeing themselves as important actors in the agribusiness space. While mindset challenges and traditional norms remain limiting factors in enhancing the role of women and youth
in agribusiness; nonetheless, the landscape is changing, as both private and public sector managers are increasingly acknowledging that the inclusion of women and youth can lead to significant benefits in the fight against poverty and food insecurity.

**Recommendations for Future Programming**

Building upon the insights gleaned from the FPE, the following recommendations are critical for shaping USAID/Nigeria’s future directions.

1. **When selecting policies that will improve access to credit and strengthen the investment readiness of agribusinesses**, USAID should ensure that there is a clear link between the policy and access to finance so that the achievement of policy reforms can trigger investment into the agribusiness landscape. This can be achieved through strengthening collaborations with FIs from the initial stage of the policy effort to ensure synergy between the components.

2. **In collaboration with the new administration, strengthening partnerships with agribusinesses, FIs, government agencies, and other development organizations through inclusive engagement in appropriate policy reforms can lead to greater collective impact in the Nigerian agribusiness investment climate, which will play a pivotal role in attracting foreign direct and domestic investments.**

3. **The selection of states and value chains should be based on the specific context rather than applying a blanket approach, which limits activity and discourages lending. Therefore, future activities should tailor their strategies to the unique characteristics and challenges of each target region and value chain because the limited focus of Ag-Invest on aquaculture, cowpea, maize, rice, and soybean value chains probably constrained its impact.**

4. **USAID should consider follow-up interventions with FIs to provide further support to the development and deployment of financial products that are context specific and meet the needs of MSMEs, commodity associations, and farmers, using locally trained BDSPs.**

5. **Subsequent interventions should further strengthen the linkage between FIs and MSMEs as well as between the different actors of the value chain, such as aggregators, input dealers, processors, extension services providers, and BDSPs. USAID should also factor in sufficient time and resources for trust building to any additional support. With successful transactions to showcase, it is expected that more partners will be willing to partake in future Business-to-Business (B2B) transactions.**

6. **USAID and future partners should consider blending the deal room with TA after the deal is signed to ensure that the businesses can progress. Pursuing partnerships with local organizations that have the capacity to support entrepreneurs at every stage of the MSME’s business cycle is critical.**

7. **USAID should explore how current actors in the value chain, such as Babban Gona, who have the established credibility to attract investors could strengthen the value chain by investing in other components of the value chain such as transformation.**

8. **In future designs, USAID should consider having the FIs participate in some of the training meant for the MSMEs and SHFs or in the training design process to ensure that the loan recipient understands what documents will be necessary, and how they should structure their business to potentially be eligible for a loan.**

9. **USAID should continue to prioritize addressing gender disparities and promoting youth participation in future activities. Initiatives should employ gender-responsive approaches such as tailored training, and mentorship programs to enhance women and youth involvement in agribusiness and related sectors.**
Introduction

BACKGROUND

The five-year (December 2018–December 2023) United States Agency for International Development (USAID) Feed the Future (FTF) Nigeria Agribusiness Investment Activity (Ag-Invest) was implemented by the Cultivating New Frontiers in Agriculture (CNFA) as the prime implementing partner (IP) and Connexus and J.E. Austin Associates Inc. as subcontractors. The Activity is expected to reduce the cost of doing business, improve access to credit, and strengthen the investment readiness of agribusinesses. At the end of the Activity, USAID expects to see a remarkable improvement in the agribusiness investment climate, which will play a pivotal role in attracting foreign direct and domestic investments. Since its inception, the Activity has formed partnerships with key stakeholders to link thousands of micro, small and medium-sized enterprises (MSMEs) and producer organizations with high-performing commercial actors in the rice, maize, soybean, aquaculture, and cowpea value chains in the Benue, Cross River, Delta, Ebonyi, Kaduna, Kebbi, and Niger states (See Figure 1 below). The linkage is expected to result in improved production and processing practices, and significantly increase finance and investment flows, ultimately leading to improved food and nutrition security in Nigeria.

Figure 1: FTF Ag-Invest states of intervention

CONTEXT

The five-year $15.7 million USAID FTF Nigeria Ag-Invest Activity was designed to strengthen the enabling environment for agribusiness finance and investment. To achieve this goal, the Activity focuses on four interrelated components: 1) Improving the enabling environment for the growth of the agricultural sector; 2) Broadening access to finance by mitigating the credit risks of agribusinesses; 3) Promoting and facilitating investment opportunities for agribusinesses to expand

3 In the report, the three firms CNFA, Connexus, and J.E. Austin Associates Inc. will be referred to as IPs.
and scale up operations; and 4) Sustainably enhancing the performance of MSMEs. In keeping with the commitment of the governments of the US and Nigeria to growing the non-oil-based economy, these efforts were expected to increase the depth, breadth, dynamism, and competitiveness of Nigeria’s agribusiness sector.

**PURPOSE AND AUDIENCE**

The primary purpose of this final performance evaluation (FPE) is to determine whether the assistance provided by USAID/Nigeria through the FTF Nigeria Ag-Invest Activity contributed to the achievement of the USAID development objective (DO) 1 and to understand the lessons learned from this Activity. The evaluation elucidated the lessons learned and included specific recommendations to USAID/Nigeria about how the Activity achievements and successes can be sustained, and how the interventions that produced those achievements and successes can be adopted and scaled by other FTF activities, partners, private sector firms, or the Government of Nigeria (GON).

**ACTIVITY OVERVIEW**

The Ag-Invest Activity, with CNFA as the prime IP, aims to link thousands of MSMEs viably and sustainably as well as producer organizations with high-performing commercial actors in the rice, maize, soybean, aquaculture, and cowpea value chains. Furthermore, it has a geographic concentration on the following seven states: Benue, Cross River, Delta, Ebonyi, Kaduna, Kebbi, and Niger.

As one of the Mission’s FTF Activities, the Ag-Invest Activity was designed to contribute to USAID/Nigeria’s Country Development Cooperation Strategy (CDCS) DO 1: broadened and inclusive economic growth through Intermediate Result (IR) 1.3: private sector contribution to inclusive economic growth increased, and partially through IR 1.1: Incomes, food security, and nutrition in targeted geographies improved. The Activity partnered with large agribusinesses (‘Lead Firms’), financial institutions (FIs), and investment entities. The Activity worked directly with these and other agribusinesses, as well as with suppliers, distributors, financiers, aggregators, investors, and business service providers within the selected value chains, to assist them in realizing their growth objectives. The Ag-Invest Activity’s partnerships with lead firms and financial entities were designed to integrate and elevate at least 15,500 MSMEs and other producer organizations with access to agricultural finance and investment in the market systems for rice, maize, soybean, aquaculture, and cowpeas. Through the identification, analysis, and reform of some of the most significant legal and regulatory constraints, along with the provision of capacity-building technical assistance (TA) and transaction facilitation, the Activity aims to improve Nigeria’s agribusinesses in terms of quality, quantity, market presence, profitability, competitiveness, and access to finance and investment.

**RESULTS FRAMEWORK**

The results framework for the FTF Nigeria Ag-Invest Activity is depicted in Annex I. It shows the pathways by which the Activity will achieve its goal of promoting more inclusive private-sector-led agricultural growth (which is the objective of the FTF strategy) and poverty reduction (which is the goal of USAID/Nigeria’s CDCS). This framework is central to the implementation, management, monitoring, and evaluation of the Activity.

The FTF Nigeria Ag-Invest Activity Theory of Change is articulated in the Logic Model presented in Annex I. It is summarized as follows: For agribusinesses to thrive, they require a positive enabling investment climate where the array of factors and conditions create market opportunities and incentives for firms and enterprises. Changes in the policy environment, such as the laws and regulations related to moveable collateral, value chain input and final product imports, the Usury
Act⁴, investment promotion incentives, and implementation of the Agriculture Promotion Policy, are therefore needed to attract private sector investment and spur domestic agricultural production. If the Activity improves the enabling environment for agribusiness operations and investment expands access to finance by mitigating the credit risks of agribusinesses promotes investment opportunities for agribusinesses to strengthen their readiness to expand and scale up their operations and enhances the performance of agribusiness MSMEs, then the Activity will increase the volume, added value, and diversification of agribusiness investments. The development hypothesis of the Activity presumes that a poor agribusiness-enabling environment and weak agricultural infrastructure discourage private sector investment and hinder food security.

The FTF Nigeria Ag-Invest Activity has a set of 12 quantitative performance indicators to measure outputs and outcomes. These indicators include the required Mission Performance Monitoring Plan (PMP) indicators as well as others that are useful for timely management decisions and credibly reflect the actual performance of the Activity. Annex II shows the Activity’s 13 sets of indicators (which include one context indicator) with levels of achievement based on the Q3 FY 2023 Report.

EVALUATION QUESTIONS

This evaluation responded to the following critical questions posed by USAID/Nigeria.

1. Did improvements in the agribusiness-enabling environment lead to increased private sector investments in agribusiness?

   a. To what extent have the efforts of the Activity to improve the business-enabling environment contributed to the Ease of Doing Business and to the achievement of the Activity’s objectives of transforming the agriculture sector in Nigeria?

   b. To what extent has the Activity been able to engage agribusinesses to respond to the changing needs of the business environment and seize opportunities for impact? If needed, what options exist for improving adaptation within the Activity?

   c. To what extent has the Activity achieved the intended results per the Activity design? What are the lessons learned? To what extent have the policy reform efforts of the Activity contributed to the objectives of the Activity of transforming the agriculture sector in Nigeria?

   d. To what extent are the policies currently or likely to be implemented? How will the achieved results be sustained by stakeholders and the Mission?

2. Did the Activity increase the access to finance for agribusiness MSMEs (including smallholder farmers [SHFs])?

   a. To what extent did the Activity engage with the private sector, especially FIs, to facilitate access to finance for agribusiness MSMEs?

   b. What approaches were used by the Activity to increase access to finance for agribusiness MSMEs and SHFs? To what extent did the Activity utilize innovative models and new financial products that are tailored to the needs of the agribusiness MSMEs?

   c. How successful was the Activity in assisting agribusiness MSMEs and SHFs to address the major challenges that agribusiness MSMEs face in accessing finance for growth and expansion? What factors contribute to the varying levels of achievement among different states?

⁴ Usury laws are regulations governing the amount of interest that can be charged on a loan. These laws are designed to protect consumers.
d. How successful were the approaches used by the Activity, and how could they be improved? How sustainable are the efforts of the Activity to improve the landscape for access to finance and investment likely to be?

3. How effective was the Activity in facilitating agribusiness investment?
   a. To what extent and how did the Activity engage investors and agribusiness in the Nigerian investment market?
   b. What are the major challenges agribusiness MSMEs face in their investment drive in Nigeria?
   c. To what extent has the Activity accelerated the flow of private sector funds to support the agribusiness sector?
   d. What approaches were most effective in improving access to investment for agribusiness MSMEs?

4. Did the Activity enhance the performance of agribusiness MSMEs?
   a. To what extent did the Activity enhance the capacity of agribusiness MSMEs to sustain and scale their businesses?
   b. To what extent did the Activity support the ability of agribusiness MSMEs to leverage additional funding to sustain or scale their businesses?
   c. How could the sustainability of TA provided to agribusiness MSMEs have been enhanced?

5. How has the Activity incorporated Diversity, Equity, Inclusion, and Accessibility (DEIA) initiatives as they worked towards achieving their four main objectives?
   a. To what extent did the Activity support women, youth, and persons with disabilities (WYPDs), not often represented in the agriculture sector?
   b. What limitations did the Activity have in incorporating DEIA initiatives?
   c. What approaches were most effective when including WYPDs in each component of the Activity? How did the Activity mitigate some of the challenges? Were the approaches specific to each state?

Methodology

OVERVIEW

The evaluation team (ET) used a mixed-methods approach that employs both quantitative and qualitative research methods, using primary and secondary data in conducting the FPE. The ET also adopted simple qualitative comparative analysis to determine the causal contributions for the success achieved in Kaduna State as compared to other states of intervention.

The ET was directly involved in data collection including four weeks of fieldwork. For the initial week, the ET was divided into two groups of two researchers and two research assistants. This organization allowed the researchers to gain a thorough understanding of the Activity and make necessary adjustments to the research tools. In the following two weeks, the researchers continued their work independently with the assistance of a research assistant. Meanwhile, the team leader (TL) remained in Abuja and conducted key informant interviews (KIIs) virtually at the request of the respondents. Three research assistants remained in Abuja and provided support on transcription and planning.

The ET worked closely with the Monitoring, Evaluation, Learning Support Activity (MELSA) team, USAID, and the CNFA team to ensure proper engagement with the respondents of the evaluation. The team communicated the notice of the intended purpose of the visit, date, and time ahead of the team’s visit. This facilitated adequate preparation and the readiness of the stakeholders before the engagement of the ET with respondents.
RESEARCH DESIGN

DOCUMENT REVIEW/SECONDARY DATA

The ET conducted a comprehensive desk review of the available documents to gather detailed information on the Activity’s objectives, targets, implementation scope, and expected outcomes. To assess project progress, the team analyzed the yearly approved work plans from Years 1 to 5, as well as the quarterly and annual reports for each year. The ET also referred to various other documents, such as the monitoring and evaluation plans for Years 1 to 5, the mid-term evaluation (MTE) report, the data quality assessment reports, the list of stakeholders, and government policies. Additionally, during data collection, the ET compiled additional documents, such as research papers, news articles, training materials, and presentations done by the IPs. The list of documents that the ET reviewed is included in Annex III.

KEY INFORMANT INTERVIEWS

During the four weeks of fieldwork, the ET collected data from the Activity partners and participants across the seven focal states as well as Abuja and Lagos, where key stakeholders are located. The team conducted KIIs with a variety of stakeholders identified from the document review. Nine main groups of key respondents were included in this evaluation, as summarized below, which clarifies the relevant evaluation questions (EQs) for each stakeholder group. Some KIIs included more than one individual and were referred to as group informants’ interviews (GII).

Figure 2 shows the type of stakeholders identified by the ET, while Table 1 identifies the target respondents by EQ.

*Figure 2: Stakeholder mapping*
Table 1: Evaluation questions and target respondents

<table>
<thead>
<tr>
<th>#</th>
<th>Stakeholder</th>
<th>EQ1</th>
<th>EQ2</th>
<th>EQ3</th>
<th>EQ4</th>
<th>EQ5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>USAID</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>2</td>
<td>Implementing Partner (IP)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>3</td>
<td>Federal and State Government (MDA)</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>4</td>
<td>Advocacy Groups, NGOs, and other donors (including Public Sector Organizations [PSOs])</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>5</td>
<td>Financial Institutions (FIs)</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>6</td>
<td>Investment Firms (in Agribusiness) (IF)</td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>7</td>
<td>Agribusiness Firms (AF)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>8</td>
<td>Farmer Groups/Producer Organizations (FGA)</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>9</td>
<td>Business Development and Service Providers (BDSP)</td>
<td></td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td>Yes</td>
</tr>
</tbody>
</table>

The ET conducted KIIs using customized protocols for each stakeholder group. Alignment of the EQs to the right stakeholders was ensured through a careful design of the interview protocol, which is provided in Annex V. The ET recorded the interviews, and the Trint Cloud-based Voice Recognition Service was used to transcribe the audio files. Research Assistants hired by MELSA, and based in Abuja, then reviewed the transcriptions for accuracy. All transcriptions were uploaded into a master Excel spreadsheet to facilitate analysis of each EQ.

Table 2: Distribution of KIIs per state and type

<table>
<thead>
<tr>
<th>Type</th>
<th>State</th>
<th>IP/USAID</th>
<th>MDA</th>
<th>PSO</th>
<th>FI</th>
<th>IF</th>
<th>AF</th>
<th>FGA</th>
<th>BDSP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>Abuja</td>
<td>7</td>
<td>3</td>
<td>1</td>
<td>6</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>28</td>
</tr>
<tr>
<td>National</td>
<td>Lagos/USA</td>
<td>2</td>
<td></td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>State</td>
<td>Benue</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>State</td>
<td>Cross River</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>State</td>
<td>Delta</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td></td>
<td></td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>State</td>
<td>Ebonyi</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>State</td>
<td>Kaduna</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>5</td>
<td>2</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>State</td>
<td>Kebbi</td>
<td>1</td>
<td>1</td>
<td></td>
<td>4</td>
<td>3</td>
<td></td>
<td></td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>Niger</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td></td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>12</td>
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<tr>
<td>Total</td>
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<td>11</td>
<td>12</td>
<td>5</td>
<td>23</td>
<td>20</td>
<td>10</td>
<td>111</td>
<td></td>
</tr>
</tbody>
</table>

A total of 111 KIIs were conducted, with an initial target of 107. Despite the unavailability of some stakeholders, the ET successfully replaced most of them and conducted additional interviews with
the IPs, including state managers who had already concluded their contracts. The participants included 107 males and 31 females. The gender representation could not be influenced by the ET, as the respondents were the key stakeholders who had participated in the Activity.

**ETHICAL CONSIDERATIONS**

The team ensured sound ethical consideration before and during the data collection process. Respondents were informed about the purpose of the evaluation and their consent was sought before the commencement of the data collection exercise and the interviews were scheduled at the convenience of the respondents. In addition, questions were asked with consideration for the personalities and interests of the respondents. The team also complied with MELSA’s standards by ensuring that respondents were referred to by role/job title and location. In addition, the team ensured that survey protocols did not reflect any sensitive information, like the organizational mode of operations, which could later pose a threat to their performance. To achieve these, the ET trained the Research Assistants on critical elements of ethical consideration and other research ethics.

The ET ensured that security clearances were granted at all times by the MELSA security operatives before traveling into any new state during the fieldwork period. In addition, while traveling, the team ensured strict compliance with all security advice issued by the MELSA or its partners.

**QUALITY CONTROL AND OVERSIGHT**

To ensure quality control, two levels of quality assurance were implemented: one within the ET during data collection and the second level of oversight provided by the MELSA team throughout the evaluation.

All the KIIs were conducted by members of the ET during fieldwork. The ET utilized multiple data sources and applied a triangulation method to ensure the validity of the data throughout the evaluation process. Data collected from interviews were compared with the Activity’s progress reports and desk review results to validate some of the key findings. The ET applied robust data analysis techniques, including using Excel to code the qualitative data to draw evidence-based conclusions and recommendations.

**DATA ANALYSIS**

The data collected was analyzed quantitatively and qualitatively. The quantitative analysis assessed the implementation performance and achievement of project objectives through descriptive analysis of Activity indicators. It also provided a detailed breakdown based on state, value chain, or type of finance for a comprehensive understanding of the results.

The qualitative analysis was guided by the EQs, and a combination of analytical approaches was adopted to arrive at valid findings and conclusions, such as systematic content analysis, trend analysis, gap analysis, and comparative analysis. For instance, content analysis was used to analyze the primary data against the extracts from the Activity reports. The data was coded and summarized into themes. Using a tally sheet, the ET assessed the frequencies of findings. Finally, the ET developed the findings, conclusions, and recommendations (FCR) matrix for the analysis of the data.

**GENDER, FEMALE EMPOWERMENT, YOUTH, AND SOCIAL INCLUSION**

The ET applied a gender lens to ascertain how gender equality and female empowerment have been integrated into project activities to date, as defined in USAID’s Gender Equality and Female Empowerment Policy. The ET operationalized these considerations by ensuring that data collection tools included questions focused on important issues of gender, youth, and social inclusion, directed

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5 Out of the 111 KIIs, 18 were group interviews which involved 2 to 5 participants for a total of 45.
at a broad range of stakeholders to collect various perspectives and cross-validate findings from different segments of project implementation or beneficiary populations. This, for example, included the explicit or implicit ways that women, youth, or other potentially marginalized or disadvantaged groups were considered in the Activity design; how they were included or excluded from the Activity interventions, including policies, associations, community initiatives, and other efforts; and the ways that such project activities may have impacted them, whether intentional, unintentional, positive, or negative. Where relevant, sex- and age-disaggregated individual-level data were analyzed and presented in the evaluation report.

CHALLENGES AND LIMITATIONS

<table>
<thead>
<tr>
<th>STUDY LIMITATIONS AND MITIGATION STRATEGIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bias</strong></td>
</tr>
<tr>
<td>Response Bias is the risk that key informants may be motivated to provide responses that would be considered socially desirable or influential in obtaining donor support.</td>
</tr>
<tr>
<td>Selection Bias is an inherent risk when implementers help to facilitate contact with Activity recipients. There is a risk that CNFA will refer the ET to the most active, responsive, or engaged stakeholders.</td>
</tr>
<tr>
<td>Gender Bias is a risk because most individuals have a subconscious sense of appropriate roles and behavior for women and men.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHALLENGES</th>
<th>MITIGATION STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insecurity remains an issue in Nigeria and in particular the Ebonyi State, with the sit-at-home order of Indigenous People of Biafra (IPOB) in the southeast and news of possible kidnapping activities in the northern states.</td>
<td>The MEL Support Activity team provided ongoing security monitoring as well as travel approvals for each site.</td>
</tr>
<tr>
<td>Limited availability of respondents, in particular IP staff, since the project ended on December 15, but also other key stakeholders such as MDAs.</td>
<td>The ET mitigated this bias by pre-planning interviews, being flexible in the planning process, and proposing virtual methods to accommodate respondent availability.</td>
</tr>
<tr>
<td>Limited access to investors: The ET was not able to interview any of the major investors, such as the Mastercard Foundation and Kreditanstalt für Wiederaufbau (KfW) Development Bank.</td>
<td>The ET relied on the IP to provide information on the investors.</td>
</tr>
<tr>
<td>Limited quantitative information: The secondary data, which included the details for each deal completed, would have been a useful disaggregation factor such as gender, main value chain, and investor.</td>
<td>The ET asked the IP to provide additional information wherever possible.</td>
</tr>
</tbody>
</table>
Findings and Conclusions

EQ 1: DID IMPROVEMENTS IN THE AGribusiness-ENABLING ENVIRONMENT LEAD TO INCREASEd PRIVATE SECTOR INVESTMENTS IN AGribUSINESS?

FINDINGS EQ1

EQ1A. TO WHAT EXTENT HAS THE ACTIVITY'S EFFORTS TO IMPROVE THE BUSINESS-ENABLING ENVIRONMENT CONTRIBUTED TO THE EASE OF DOING BUSINESS (JOB), AND TO THE ACHIEVEMENT OF THE ACTIVITY'S OBJECTIVES OF TRANSFORMING THE AGRICULTURE SECTOR IN NIGERIA?

As indicated in the Agriculture Value Chain Study, “governments and international organizations are paying increased attention to the assessment and promotion of reforms of enabling environments, having acknowledged that a conducive business climate is an essential prerequisite for investments in new enterprises and for the sustained growth and competitiveness of the existing ones.”6

To answer this EQ, the ET examined the process of policy selection, the level of alignment between the selected policies and the priorities of the MDAs, and the potential impact of these policy reforms on improving the business-enabling environment.

Collaborative Policy Selection

Ag-Invest initially adopted a rapid assessment method that involved analyzing existing policies and evaluating the overall environment. In the selection of the policies, Ag-Invest considered the specific political and economic situations of each state, as certain matters may be more sensitive in specific states.7 The rapid assessment showed that several states lacked effective agricultural policies as well as an institutional framework for guiding agricultural development. Through this process, Ag-Invest effectively identified areas for enhancement and identified the key stakeholders who would be impacted by the policies, therefore, highlighting who should be involved in the policy revision process.

Ag-Invest also worked collaboratively with other USAID activities toward the completion of some policy revision work that was previously initiated by other USAID activities, such as the International Food Policy Research Institute (IFPRI) and Alliance for a Green Revolution in Africa (AGRA) managed by the FTF Nigeria Agricultural Policy Activity and the Partnership for Inclusive Agricultural Transformation in Africa (PIATA), which allowed Ag-Invest to jumpstart the reform intervention.8 Other policies were under revision with the support of other stakeholders, such as Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and Partnership Initiatives in the Niger Delta (PIND).

Furthermore, discussions with the IP, MDAs, and FGA showed that MDAs and private stakeholders were engaged from the outset of the policy selection process. This early involvement was crucial as it allowed for the prioritization of their needs and ensured a sense of ownership. As a result, the Activity’s intervention was aligned with each state government’s agricultural priorities. By adopting this approach, Ag-Invest was able to better address some of the challenges and barriers that stakeholders face in the agribusiness sector.

It is important to mention that in the states that had a manager in place right from the beginning, like Kaduna State, the Ag-Invest team was able to promptly interact with MDAs. This facilitated the selection and revision process of policies. Conversely, some states, such as Kebbi, for which a

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7 For instance, in Kebbi state the MDA was not open to collaboration, and Ag-Invest was not able to make any progress.
8 This includes the National Policy on MSMEs
manager was engaged later on encountered more difficulties and ultimately did not achieve the expected results.

**Impacts on Business-Enabling Environment**

The policy reform interventions aimed at improving the nine pillars that constitute a business environment are presented in Figure 3. However, it is worth noting that Ag-Invest did not use the World Bank’s business Enabling environment Framework to demonstrate how each policy reform is addressing the different topics of the framework, which might hamper the extent to which the Activity will impact the ease of doing business as measured by the World Bank Group (WBG) in the future.

*Figure 3: World Bank Group’s Business-Enabling Environment Framework*

**Nation-Wide Progress**: The impact of these policy reforms on enhancing the business environment can be emphasized by highlighting a few policies with noteworthy features:

- The Ministry of Agriculture put together the National Agricultural, Technology and Innovation Policy (NATIP), which is the flagship policy for agriculture in Nigeria. The policy has several components, some about access to finance, while others dealing with mechanization.\(^9\)
- The National Quality Policy provides the overarching direction and foundation for quality assurance infrastructure across the country, including standardization, metrology, accreditation, and conformity assessment for products and services. The objective is to ensure that local quality standards are aligned with international specifications.\(^10\)
- The revised National Seed Policy promotes a market-driven approach and reduces government intervention in the production and distribution of high-quality planting materials. This policy aims to ensure that all farmers have access to affordable and improved seeds. Additionally, the policy includes the introduction of genetically modified seeds.\(^11\)
- The National MSME Policy (revision approved in 2021) addresses some of the challenges of access to finance for MSMEs. Ag-Invest provided support for the implementation of this policy by instituting public awareness interventions.\(^12\)
- The Investments and Security Bill, currently awaiting enactment, should incorporate the implementation of a Warehouse Receipt System (WRS). This system would enable the utilization of inventory as collateral to secure loans.

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The National Agricultural Development Fund (NADF) is a strategic financing mechanism to drive the implementation of the NATIP. NADF will also streamline the flow of financial interventions to the agriculture sector in manners that target SHFs who have been excluded and subjected to economic hardships. The fund will prioritize research and development towards improving existing practices, drive innovations, and motivate private investment into the agriculture sector.\(^\text{13}\)

State-Specific Progress: As indicated in the Q2 FY 2019 Activity report, “apart from Kaduna State, which has consistently scored highly in the World Bank’s Subnational Doing Business reports, other FTF focus states are still struggling to contend with a variety of legal and regulatory bottlenecks in their business environments.”\(^\text{14}\) However, in 2023, Niger State improved its score, which could be attributed to the Niger State sector-specific investment incentive policy reform, which was facilitated by Ag-Invest.\(^\text{15}\)

The unique status of the business enabling environment in each state is illustrated by highlighting a few policies with noteworthy regional focuses:

- The state agriculture policies\(^\text{16}\) provide guidelines on issues such as land tenancy reform and address key issues such as multiple taxations, infrastructure, and mechanization, which are vital for the growth and advancement of the agricultural sector to go beyond mere subsistence farming. However, these policies are often very ambitious and would require important budget allocation to be fully implemented.

- The Value Chain Policies (such as soybean in Benue and Kaduna or Aquaculture Policy in Ebonyi and Niger) support private sector investment into the soybean and aquaculture value chain, accelerating profitable expansion of existing agribusinesses, including potential access to international markets. The implementation of the policies could lead to the creation of warehouses or other value chain-specific infrastructure.\(^\text{17}\)

- The Guideline for the Registration of Cooperative Societies provides an innovative system that can effectively assist the government in the collation of data on cooperative societies for planning. In Ebonyi, Delta, and Benue states, where the guidelines were implemented, stakeholders expressed their satisfaction with the new process, which was also digitalized to improve efficiency. The digitalization of the registration has also facilitated access to finance.

- The Niger State Sector-specific Investment Incentive Policy (NIIP) makes provision for several forms of incentives, tax breaks, waivers, and expedited approvals for new investors.\(^\text{18}\) With the registration of cooperatives, the NIIP is a very good example of effective synergy with component 2 access to Finance.

EQ1B- TO WHAT EXTENT HAS THE ACTIVITY BEEN ABLE TO ENGAGE AGRIBUSINESSES TO RESPOND TO THE CHANGING NEEDS OF THE BUSINESS ENVIRONMENT AND SEIZE OPPORTUNITIES FOR IMPACT? IF NEEDED, WHAT OPTIONS EXIST FOR IMPROVING ADAPTATION WITHIN THE ACTIVITY?

The IP indicated that in the past, Nigerian MDAs have struggled to adequately involve private sectors in productive discussions. As a result, there has been a lack of commitment and ownership in policymaking by the government. Nevertheless, this Activity has demonstrated that both


\(^{16}\) State agriculture policies were enacted in Benue, Cross River, Delta, Ebonyi, Kaduna and Niger states.


\(^{18}\) Ibid, p 39.
government and business stakeholders are now enthusiastic and eager to collaborate on policy reforms.

The IP (J.E. Austin Associates Inc.) implemented a comprehensive approach to incorporate public-private dialogue (PPD) throughout the entire policy reform process. This includes 1) policy selection and review, to determine the need for policy revision or new policy creation, 2) policy drafting, and 3) expert policy review, with further revisions and reviews as needed.

Figure 4 illustrates the inclusive approach implemented by the Activity, and how the private sector, non-government organizations, commodity associations, communities, and experts support governments to continuously improve the economic governance system.19

Figure 4: Agriculture Governance System (J.E. Austin Associates Inc.)

Ag-Invest carefully considered the concentration of power, imbalance, and stakeholder dynamics that exist within the agribusiness space when choosing participants for the PPD. The goal was to ensure that all individuals had a voice and to facilitate productive discussions and exchanges during the policy reform process.

The PPD events received active participation from MSME representatives, farmers’ associations, commodities associations, small business associations, and women’s associations. These membership associations represent the interests of their members and play a proactive role in policy reforms. Additionally, according to the IP, every discussion included an expert in the relevant field or value chains of interest.

Ag-Invest enhanced the capabilities of public and private sector institutions and their personnel by implementing a robust process for the development of agricultural policies. Interviews with both MDAs and private sector representatives revealed that Ag-Invest fostered strong relationships with individuals, which greatly facilitated collaboration among stakeholders. All MDAs explicitly expressed support for this inclusive and collaborative approach in the policy revision process, emphasizing the need for the involvement of all stakeholders and ministries. In addition, they highlighted that even the collaboration between different ministries was strengthened through this process.

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We know that we can’t improve policy without the private sector, they are the end users for whatever policies that we’re putting in place. If we don’t recognize the importance of the PPD, the implementation will fail.

– MDA (Male, Abuja)

Based on interviews with PPD participants, the Activity effectively created a space where stakeholders could come together and openly express their views. This encouraged collaborative and inclusive discussions, resulting in consensus building and the ability to find compromises that considered diverse perspectives.

PPD participants indicated that the participation of the private sector, particularly the association advocating for MSMEs and SHFs, was crucial in customizing policy reform to meet their specific needs and demands.

EQ1C-TO WHAT EXTENT HAS THE ACTIVITY ACHIEVED THE INTENDED RESULTS PER THE ACTIVITY DESIGN? WHAT ARE THE LESSONS LEARNED? TO WHAT EXTENT HAVE THE POLICY REFORM EFFORTS OF THE ACTIVITY CONTRIBUTED TO THE ACTIVITY’S OBJECTIVES OF TRANSFORMING THE AGRICULTURE SECTOR IN NIGERIA?

To address this EQ, the ET examined the present state of policy reform, the extent of government support across states, and the difficulties faced during the process, to derive valuable insights and lessons learned. The second part of the question, regarding the extent to which the policy reform efforts of the Activity have contributed to the objectives of transforming Nigeria’s agriculture sector, was partially answered in EQ1a. Further information will be provided in question EQ1d, which pertains to the actual implementation of policy, an essential factor for achieving desired outcomes.

Achievements: The final J.E. Austin Report indicates that the Activity facilitated the development of 24 policies, exceeding the KPI 2 target of 22, while 22 of the developed policies were approved or implemented, exceeding the target of 10 for KPI 4.20,21 These results indicate that not only was the Activity able to get policy reforms drafted but to also get the policy enacted. Only two policies—the amendment of the Security Act and the National Fertilizer Policy—did not get enacted.22

The IP and MDAs attribute the high success rate of policies enacted during the Activity to the inclusiveness of the policy revision process, which actively involved the government and ensured their approval.

The extent of government support for policy reforms varies across states. Some states, such as Kaduna and Niger, actively spearheaded policy reform efforts to promote a favorable business environment. Conversely, in other states, such as Kebbi, the government’s level of support for such reforms was less pronounced.

Challenges: These impressive achievements were not attained without obstacles. Nevertheless, the IP showcased its ability to address these challenges efficiently. IPs, MDAs, and private sector representatives indicated that a lack of trust among stakeholders from the public and private sectors was an initial challenge to collaboration. However, they also indicated that strategic efforts were made to overcome these barriers, resulting in a highly productive and mutually beneficial working relationship. IPs indicated that the Activity played a crucial role by remaining impartial throughout

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20 The LOA target for KPI 2 number of policies approved or implemented was 10, and the LOA target for KPI 4 number of policies drafted was 22.


22 This could be connected to a change in leadership at the MDA level.
As a result, stakeholders have developed trust in the Activity and are confident in its ability to facilitate effective conversations.

The transition of leadership in the public sector was also a major challenge. The process of developing, approving, and implementing policies often takes longer than a single term. Nonetheless, the project successfully advocated for the approval of 13 policies before the election, minimizing the potential disruption caused by the change in leadership.

**EQ1D: TO WHAT EXTENT ARE THE POLICIES CURRENTLY OR LIKELY TO BE IMPLEMENTED? HOW WILL THE ACHIEVED RESULTS BE SUSTAINED BY STAKEHOLDERS AND THE MISSION?**

To answer this EQ, the ET examined the current state of policy implementation and dissemination, as well as the contributions of civil society organizations (CSOs) and other institutions in sustaining the efforts for policy reform.

The successful implementation of a policy was influenced by several factors, including its alignment with the priorities of the current administration, the commitment of stakeholders, and the availability of resources. As a result, some stakeholders in the private sector remain skeptical about the government’s ability and willingness to effectively carry out reforms. Nonetheless, this skepticism was not widely shared among respondents, possibly due to the PPD efforts. At the same time, all stakeholders recognize that there will be considerable obstacles in implementing the reforms, especially when it comes to addressing concerns like insecurity and inadequate infrastructure.

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The policy has been developed and launched but its implementation is delayed because of the issue of insecurity in the state, but the new government is trying to ensure that there is security so that the farmers can engage in their usual activities.

— Commodity Association (Male, Benue)

Several policies have been implemented and are already yielding positive results. For example, the Sector-Specific Investment Incentives Policy in Niger State has led to an improvement in the state’s Ease of doing Business rating. Furthermore, the policy about the registration of cooperatives has been successfully implemented in Ebonyi, Benue, and Delta states.

**Building Government Capacity**

The implementation of policy reforms necessitates a concerted effort, yet government entities cannot commonly create and execute an implementation plan for these reforms. The IP (supported by key informants from MDAs) acknowledged that the absence of an implementation plan was a notable drawback in the design of the Activity. To address this issue, the Activity undertook several initiatives. In FY 2022, the Activity worked with the Federal Ministry of Industry, Trade and Investment (FMITI) to provide structured capacity building for designing and implementing policy reforms across the state governments. Following this initiative, FMITI developed policy implementation plans and improved capacity for implementation management for four policies. The Nigeria Agro-Allied Development Initiative (NAADI) project of the FMITI also requested capacity-building support from the Activity. In addition, in the final year of the Activity implementation, Ag-Invest proactively promoted the development of these plans by engaging MDAs to outline roles and responsibilities.

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26 The four policies were Commerce 44, Nigeria Agribusiness and Agro-Development Initiative (NAADI), Global Gap, and Made in Nigeria.
responsibilities. Ag-Invest facilitated a training workshop that provided stakeholders with the requisite tools and resources. However, this workshop was conducted quite late (in May 2023), rather than immediately following policy approval.28

While dissemination of the policy was not part of the Activity’s work plan, the IP did offer assistance and cover the cost of printed copies for specific policies. In addition, the Activity encouraged MDAs to make the policies accessible online. Ag-Invest also assisted MDAs in creating policy briefs that would make information about the policy easily accessible.29

**Engaging Non-Government Partners**

The initial strategy of the Activity relied on CSOs, also known as “change champions”, to advocate for policy formulation and implementation, and ensure government accountability. To execute this strategy, the IP collaborated with 45 organizations across different states.30 CSOs reported participating in training programs designed to equip them with the necessary knowledge and skills to effectively advocate for policy approval and implementation. The training covered topics, such as strategic lobbying, power analysis, identifying key decision-makers and allies, and determining the most effective approach. However, despite these efforts, the IP failed to maintain continuous engagement with the CSOs and keep them informed. It is possible that the Activity adjusted its strategy after realizing that these organizations were unwilling to provide support and advocate for the policy without financial compensation. CSOs indicated that they have limited resources and capacity to bring about significant change in policy implementation without any external support.

In FY 2022, the Activity funded a Policy Influencing and Advocacy Group (PIAG). The group was created to interface between the government and the private sector on issues of policy implementation and advancement of reform agenda.31 The PIAG brings together seasoned influencers, experts, and professionals interested in promoting an improved business environment for agribusinesses to thrive in Nigeria.32

In FY 2023, the Nigeria Agribusiness Group (NABG) was identified as a suitable partner that will continue to provide training for MDAs while at the same time leading policy implementation advocacy. The NABG is also expected to become the institutional host for the PIAG (see Conclusions EQ1).

**CONCLUSION EQ1**

Despite changes in state leadership following the national and state elections, the Activity successfully met its KPI Life of Project (LOP) target with 22 policies enacted. This success can be attributed to its strong alignment with the evolving needs and priorities of stakeholders, including agribusiness firms and MDAs, as well as the very collaborative process adopted by the IP, which led to high ownership of the new or revised policies. However, while the selected policies have the potential to impact the business environment, the direct impact on access to finance may be limited.

Enhanced PPD also played a crucial role in the success of the Activity by fostering a deeper understanding of different perspectives and serving as a foundation for future policy developments.

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implementation. The Activity also facilitated collaboration between different government agencies, providing opportunities for discussion and paving the way for the implementation phase.

While policies such as the cooperative administration policy are easily implemented due to their practical use and limited implementation costs, policies with a larger scope pose greater challenges in terms of budget and effort required. As a result, the implementation of policy reforms may face obstacles due to limitations in the capacity and budget availability of MDAs. Additionally, leadership changes could still undermine the potential impact of these reforms.

Although the CSOs initially engaged by Ag-Invest possessed technical capacity, they were not the appropriate partners to lead the policy advocacy effort as they lacked funding and direct interest in agriculture-agribusiness policy implementation. Fortunately, during the last year of implementation, the Activity successfully paved the way for policy advocacy and implementation through collaboration with NABG. However, additional financial and technical support may be required for this organization to effectively advocate for the policy.

EQ2. DID THE ACTIVITY INCREASE THE ACCESS TO FINANCE FOR AGROBUSINESS MSMES (INCLUDING SMALLHOLDER FARMERS)?

**FINDINGS EQ2**

**EQ2A. TO WHAT EXTENT DID THE ACTIVITY ENGAGE WITH THE PRIVATE SECTOR, ESPECIALLY FINANCIAL INSTITUTIONS, TO FACILITATE ACCESS TO FINANCE FOR AGROBUSINESS MSMES?**

To answer EQ2A, the ET initially examined the context and challenges faced by the Activity in its efforts to engage with FIs and then conducted a thorough analysis of the approaches utilized by Ag-Invest to effectively collaborate with FIs.

**Challenges to Engaging Financial Institutions**

According to the Ag-Invest baseline survey, FIs generally have a limited interest in agricultural lending. Only 4.2 percent of bank credit given to the private sector in Q1 FY 2019 was allocated to the agricultural sector. Financial institutions are hesitant to lend to agriculture due to various factors, including the high level of risk, small loan sizes, high costs associated with reaching rural clients, lack of lending history, poor financial records, and the potential for higher returns in other sectors. Additionally, FIs expressed the need for support in expanding their provision of agricultural finance, including increased access to guarantees, low-cost funds, and subsidized operational costs to improve loan monitoring and recovery rates. However, some FIs have exhibited a genuine interest in developing their agribusiness portfolios. Key informant interviews with FIs also revealed that some banks, which were initially not interested, have now expressed renewed interest and are in the process of developing agricultural products.

**Successful Engagement with Financial Institutions**

During FY 2019, the Activity successfully engaged with 23 FIs, both banks and non-banks. Several of these institutions were recognized for their strong agribusiness investments, while many others

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expressed their willingness to lend to viable agribusiness ventures. These interactions resulted in the signing of Memoranda of Understanding (MoUs) with 12 financial institutions.36

One of the key accomplishments of the Activity was the development of a comprehensive training program on financial and cash flow analysis specifically tailored to agricultural lending.37 The purpose of this training was to enhance the capacity of FIs to identify the key factors driving success and the inherent risks within the agricultural value chain. Through this training, FIs were equipped with the necessary skills in financial management and cash flow analysis, enabling them to design better loan products and make informed loan decisions.38 39 The training also highlighted the realization among FIs that their existing products were not always suited for agribusinesses and the specific challenges they faced within the agriculture value chain. Despite not immediately leading to the development and implementation of new financial products, the training was considered relevant and valuable by the FIs interviewed. Some banks, such as LAPO Microfinance Bank (MFB) and NIRSAL MFB, utilized the knowledge gained from the training to improve their existing products and expand their offerings to other stakeholders within the value chain.

In FY 2022, the Activity received requests for support from five banks in the development of new loan products tailored to the unique needs of agricultural finance.40 Building upon previous capacity-building efforts, the Activity provided the necessary assistance to enhance the development and delivery of financial services for agribusiness. As a result, six new products were successfully developed, but unfortunately, only two were deployed.41

Both FI and agribusiness MSMEs indicated that Ag-Invest played a crucial role in promoting collaboration between lenders and borrowers, showcasing success stories, and actively referring MSMEs to agri-friendly banks. Financial institutions indicated that through these efforts, Ag-Invest significantly increased the portfolio of these banks by facilitating connections and acting as a bridge through TA.

EQ2B. WHAT APPROACHES WERE USED BY THE ACTIVITY TO INCREASE ACCESS TO FINANCE FOR AGROBUSINESS MSMES AND SMALLHOLDER FARMERS? TO WHAT EXTENT DID THE ACTIVITY UTILIZE INNOVATIVE MODELS AND NEW FINANCIAL PRODUCTS THAT SPEAK TO THE NEEDS OF THE AGROBUSINESS MSMES?

As mentioned in EQ2A, one of the reasons for the limited access to finance for agribusiness in Nigeria is the lack of financial products adapted to the specificity of the agriculture value chain. Financial products offered by FIs are usually generic and guaranteed by collateral. Furthermore, typical loan terms and conditions, such as loan duration, timing, repayment cycles, grace periods, and collateral requirements, are often more suited to commercial borrowers than farmers.42

To improve access to finance, the Activity looked at existing solutions within the markets that FIs are already used to. Ag-Invest looked at the weaknesses of those solutions and then helped FIs

39 Sixty-four participants (42 men and 22 women) were trained, representing a cross section of financial institutions, investment groups, impact investors, and venture capital providers.
strengthen their weaknesses, giving it a better structure so that this particular product or service could deliver more impact to the actors.43

As mentioned in EQ2A, the Activity collaborated with five banks to develop six new financial products, but only two banks, First City Monument Bank (FCMB) and Sterling Bank brought their products to the market.44

A framework developed by Calvin Miller and Linda Jones, outlined in the FAO document, “Agricultural Value Chain Finance (AVCF)”, was used by the ET to classify the various financial instruments employed by Ag-Invest.45 This study reveals that the majority of AVCF financial instruments can be grouped into five distinct categories, as indicated in Table 3. Additionally, the ET included a sixth category, referred to as “Financial Services”, which encompasses the utilization of technology to facilitate access to financial resources. These instruments can be used alone, but it is more common to use several of them within a value chain and even to combine them in a given transaction. This framework enabled the ET to analyze each category and determine how the Activity successfully implemented solutions in each category, apart from the two new products that were developed with the support of Ag-Invest.

Table 3: Categories of financial instruments used in agricultural value chain finance by Calvin Miller and Linda Jones

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>INSTRUMENT</th>
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<tbody>
<tr>
<td>Product Financing</td>
<td>● Trader Credit</td>
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<td></td>
<td>● Input-Supplier Finance</td>
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<td></td>
<td>● Marketing and Wholesale Company Finance</td>
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<td></td>
<td>● Lead-Firm Financing</td>
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<tr>
<td>Receivables Financing</td>
<td>● Trade- Receivables Finance Factoring</td>
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<td></td>
<td>● Factoring</td>
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<td></td>
<td>● Forfaiting</td>
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<tr>
<td>Physical-Asset Collateralization</td>
<td>● Warehouse Receipts Finance</td>
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<td></td>
<td>● Repurchase Agreements (Repos)</td>
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<tr>
<td></td>
<td>● Financial Leasing (Lease-Purchase)</td>
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<tr>
<td>Risk Mitigation Products</td>
<td>● Forward Contracts</td>
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<tr>
<td>Insurance</td>
<td>● Futures</td>
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<tr>
<td>Financial Enhancements</td>
<td>● Securitization Instruments</td>
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<td></td>
<td>● Loan Guarantees</td>
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<td></td>
<td>● Joint-Venture Finance</td>
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<tr>
<td>Financial Service</td>
<td>● Digital Portal to Access Loan</td>
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</table>

Product Financing

Product financing relates to trade-related credits that are most often assumed in the form of ‘pre-financed sales’ when credit is provided to farmers by vendors who sell farm input, such as seeds or fertilizer, but also in the form of ‘advance payments’ given by buyers who purchase farm outputs.46

44 The five banks are FCMB, Keystone Bank, LAPO, Stanbic IBTC, and Sterling Bank.
This type of financing, also referred to as in-kind debt or value chain (Business-to-Business [B2B]) financing, allows businesses within the value chain to provide supplier credit or buyer credit. It is particularly beneficial for SHFs or MSMEs who lack the necessary cash flow to purchase seeds or fertilizers. In the aquaculture value chain, the need for input credit is even more critical, as the cost of feeds and fingerlings currently makes up 80 percent of the selling price versus 65 percent in 2012. Several MSMEs or SHF groups indicated that due to their lack of financial capital to acquire input, they are not working at their full capacity. While the Activity was able to facilitate access to finance with in-kind financing, many challenges remain.

In Delta State, a group of fish farmers had access to input financing from a feed manufacturer. However, due to a high rate of non-payment, the arrangement was not renewed. Another group attempted to set up input financing with the feed seller, but it was only for one month, which was not enough time. Despite the farmers’ request for a three-month arrangement, the seller refused and the transaction was not renewed.

In Delta and Ebonyi states, key informants agreed that very little success was achieved in this area due to a lack of trust and reluctance from larger agribusinesses to participate in such transactions. To be successful, these approaches require a strong level of trust. Unfortunately, farmers may not have a successful harvest or may decide to sell part of their harvest independently, even if they had agreed to first pay back the business, which provided the in-kind debt. This remains a significant obstacle to overcome when financing through value chains. The main challenge with input financing is the absence of a legal framework to deter defaults. Currently, there are no defined penalties for non-payment, and the entire system relies solely on trust.

Receivables Financing

Receivables-backed financing (often for export) is a general term for financing which is secured by accounts receivables and sales contracts. In this type of financial product, normally a loan is made in cash or in-kind whereby security is provided by the assignment of those receivables and the repayment comes from the sales proceeds directly to the lender.

For input financing, collection and account management can be difficult. Consequently, due to their limitations in providing financing and in ensuring repayment, more and more input supplier credit is done indirectly through a triangular relationship in which the input supplier facilitates finance through a financial organization so the buyers can pay the input suppliers. Through such tri-partied arrangements, the FI did not deliver any real liquidity into the market but provided an instrument to unlock in-kind financing into the market.

For instance, in Cross River State, a group of fish farmers was able to access input financing from feeders with a tri-party arrangement. First City Monument Bank provided guarantees to the feed suppliers by pre-empting revenues from markets developed by the fish farms. The contracts with buyers are set up so that the revenues go directly to FCMB, which issued a bond for the feed seller.

Another very interesting approach was initiated by Green Acres MFB in Delta State to provide input financing. In this case, the MFB directly purchased fish feed in bulk and stored it in their warehouse. Additionally, an ag-extension service provider who supplied juvenile fish and technical services also monitors the fish farms on behalf of MFB and was paid by the bank as a percentage of the loan. The MFB also implements a highly performant monitoring system, which includes carrying out due

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diligence on farmers to limit the risk of default payment. Using this approach, the MFB was able to mitigate the risk and expand its portfolio.\textsuperscript{50}

Lead firms, such as Adefunke Desh in Kaduna, also practice input financing via their own MFB, which lends to out-growers within their network. Because it is within their network, the level of trust is higher.

**Physical-Asset Collateralization**

Financing secured by commodities or moveable assets within the value chain is used as collateral to secure financing, replacing the need for mortgages and other conventional sources of collateral.\textsuperscript{51}

The Activity supported two forms of physical asset collateralization. The first was a partnership with Hello Tractor.\textsuperscript{52} The Activity provided operation and good agricultural practices training to individuals and firms interested in participating in the pay-as-you-go (PAYG) financing scheme. Using the tractor as collateral, farmers can acquire tractors and provide paid services to other farmers using the Hello Tractor app.

Ultimately, the best form of physical asset collateralization could require the development of a national WRS, as recommended in a recent policy brief published by AGRA.\textsuperscript{53} In Component 1, Ag-Invest worked with the SEC to integrate WRS into the Investments and Security Bill. This is aimed at addressing issues in agricultural commodity trading in Nigeria and providing legal frameworks for WRS to be eligible for admittance as a security to access credit from financial institutions by agribusiness MSMEs and SHFs.

Currently, African Commodity Exchange Limited (AFEX), a private organization, is implementing its WRS to provide input credits to farmers in its business coverage areas. Ag-Invest facilitated access to funding for AFEX (Component 3).

**Risk Mitigation Products Insurance**

*There are three types of risks – production, price, and credit (client) risk. The value chain approach helps to reduce price risk through secured markets. Client risk is also reduced through a better understanding of the client and his/her risks. It also includes insurance and loan guarantees.*

The Activity attempted to collaborate with the Development Finance Corporation (DFC) in the capacity of a credit guarantee organism, but unfortunately, it was not successful. Development Finance Corporation offers comprehensive guarantees to multiple banks, including LAPO, FCMB, and Ecobank. However, to obtain a guarantee from DFC, debtors must fulfill the risk assessment criteria set by the banks, which a majority of MSMEs and SHF groups are unable to meet\textsuperscript{54}. Furthermore, DFC only provides a 50 percent guarantee.

Initially, the activity assumed that MSMEs could obtain guarantees from the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL), but FIs are often reluctant to rely on NIRSAL guarantee schemes due to long processing times, high costs, and cumbersome monitoring and

\textsuperscript{50} Green Acres. 2021. Greenacres Agric Finance Model.
\textsuperscript{51} FAO. 2010. Agriculture Value Chain Finance: Tools and Lessons, p 72.
\textsuperscript{54} Risk assessment documentation include environmental assessment, financial records or proof of ownership.
reporting requirements. Additionally, when the risk crystallizes, the planned guarantees are hard to process.

In an attempt to improve the process, the Activity organized a workshop in which representatives from NIRSAL and some FIs participated. This led to improved understanding between NIRSAL and the FIs; however, obtaining guarantees from NIRSAL remained difficult despite the assistance provided by the IP to prepare the application.

Financial Enhancements

Financial enhancements are structured financial instruments, guarantees, and joint equity investments, among others. They reduce the risk of borrower creditworthiness through ‘packaging’ of cash flow returns or other receivables which are subject to strict agreements to securitize their repayment.

The financial enhancement category includes two main instruments. The first instrument is a government-supported loan, and the second instrument, often referred to as blended finance, is a loan offered by a bank with a reduced interest rate through the assistance of a donor.

During FY 2021, the Activity provided direct training to farmers and agribusiness MSMEs. The aim of this training was to assist them in accessing input loans from different government intervention funds, namely the Anchor Borrowers Programme (ABP) and the Agribusiness Small and Medium Enterprise Investment Scheme (AGSMEIS). Component 4 encompassed the completion of several activities related to this intervention. One notable success worth mentioning is the $14.5 million ABP loan obtained by Thrive Agric through Sterling Bank. Thrive Agric was able to utilize this loan as input for the SHF members of its organization.

While the Activity was very successful with the ABP and AGSMEIS, an IP staff member shared that government funding is not adapted for agribusiness, and it can encourage “opportunist farmers”. They are also not easily accessible as they require time and a complex procedure. A publication also showed that the ABP was threatened due to several factors, such as poor repayment, fraud, limited capacity building, inexperienced extension workers, security issues while making repayments, and bureaucracy in assessing the funds.

Another way to improve financial resources is through blended financing. In this scenario, a donor (foundation) offers assistance to FIs, enabling the FIs to lend money at a reduced interest rate compared to standard commercial rates. This allows the FIs to expand its financial services to a specific population targeted by the donor.

A partnership between Mastercard Foundation and FCMB had established a blended finance fund to offer business loans to MSMEs at a low interest rate. The Activity supported this partnership between Mastercard, FCMB, and Achesa by providing a comprehensive package of TA, including assistance with developing a business plan and pitch presentations, improving the website, and

58 In all, 117 trainings took place across the seven states, most of which were multi-day events. A total of 7,319 farmers and agribusiness MSMEs were trained, of whom 37 percent were female and 16 percent were youth.
60 Achesa is an agri-tech social enterprise focused on improving the incomes and livelihoods of Nigerian SHFs. Founded in 2019, Achesa offers a comprehensive range of services aimed at overcoming structural problems in the agricultural sector such as limited economies of scale, low yields, and poor access to markets.
strengthening management and leadership structures. As a result of this collaboration, 4,900 SHFs have gained access to loans.61

Financial Services

Financial services concern improvements of access to finance approach, for instance, by using a digital product or other type of assistance, especially aimed at facilitating inclusion.62

The Activity offered various forms of assistance to FIs to enhance their services and improve access to these services. One of the interventions was a Digital Loan Mobile Portal (DLMP), also known as SWAY-Ag, developed by Sterling Bank. This portal facilitates the distribution of blended funding, combining grants from the Mastercard Foundation. It allows the bank to offer low-interest financing, specifically to women and youth for the purchase of equipment, inputs, or working capital to carry out agricultural activities.

Although Ag-Invest did not create the SWAY-Ag platform, it played a crucial role in streamlining the loan disbursing process by enhancing the accessibility of the portal. As a result, there was an increase in the disbursement of these loans. The web portal significantly reduced the time required for loan processing and improved monitoring capabilities.63 64 Additionally, through a mobile helpdesk, it enabled Sterling Bank to extend its outreach to remote areas by utilizing agents who could provide internet access, thereby facilitating the submission of loan requests.65

Another important intervention is the Nigeria-Community Action (for) Resilience and Economic Stimulus (NG-CARES) program. This program aims to support the government in responding to the COVID-19 crisis by restoring the livelihoods and food security of poor and vulnerable households and promoting the recovery of MSMEs in the country. As part of these efforts, the Activity collaborated with Ebonyi and Benue states to develop a digital portal for the registration of cooperatives (Component 1), which enhanced the efficient utilization, management, and monitoring of the disbursement of loans. This online platform facilitated the disbursement of NG-CARES funds.66

The Activity also provided assistance to Thrive Agric67, an agriculture technology company, by upgrading its platform to integrate it with banks and enable cash disbursement, input monitoring, and loan repayment.68 The Activity also facilitated the creation of a dashboard that improved Thrive Agric monitoring and facilitated the acquisition of a $14.5 million loan from Sterling Bank.69

The support offered to FIs to enhance their digital platforms was highly valued. However, the BDSPs involved in developing the tools reported that the terms of reference were not always clearly defined, resulting in unexpected requirements and additional costs.

62 This category was added by the ET.
67 Founded in 2017 (and fully operational since 2018), ThriveAgric seeks to ensure global food security, by enabling Africa’s agriculture sector, particularly its SHFs, to profitably and sustainably produce high-quality grains.
EQ2C. HOW SUCCESSFUL WAS THE ACTIVITY IN ASSISTING AGRIBUSINESS MSMES AND SMALLHOLDER FARMERS TO ADDRESS THE MAJOR CHALLENGES THAT AGRIBUSINESS MSMES FACE IN ACCESSING FINANCE FOR GROWTH AND EXPANSION? WHAT FACTORS CONTRIBUTE TO THE VARYING LEVELS OF ACHIEVEMENT AMONG DIFFERENT STATES?

Though most agribusiness firms have yet to access the needed finance for their business, they all commended the efforts of the Activity. Considering there was no provision of grants but only TA, the results were surprisingly good, with a total of $188.8 million against a LOA target of $150 million. However, the ability of the ET to analyze and break down loans resulting from the Activity was hindered by a lack of comprehensive data, in particular data related to gender, main value chain, FI, and type of financial instrument. Ideally, the ET would have evaluated the loans facilitated by the Activity according to the types of instruments outlined in EQ2B, but this analysis was not feasible with the available data.

Figure 5 below shows that Ag-Invest was able to maintain a steady amount of loan disbursement throughout the Activity and remained strong until the end.

*Figure 5: Debt per fiscal year in millions of USD*

To determine the loan value allocated to the cowpea and aquaculture value chains, the ET considered deals that included these commodities, even if they also involved other commodities to some extent. Consequently, the values presented in Figure 6 for these two commodities are slightly inflated. However, it is important to note that these two value chains represent only a fraction of the total loan value allocated (less than 3.5 percent).

*Figure 6: Debt per value chain in millions of USD*

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70 CNFA. 2023. Indicator Performance Tracking Table.

71 Ibid
Figure 6 shows that SHF via aggregators or farmers’ associations represents 21 percent of the total amount of deals, with a total of 17,716 recipients. Less than one-third of SHF recipients (4,984 recipients, 27 percent of the total) were female, and an even smaller percentage were youth (2,600 recipients, 14 percent of the total). In addition, in-kind debt represented 21 percent versus cash debt with 79 percent representation.

Figure 7: Distribution of debt between SHFs and MSMEs

Figure 8: Distribution of debt in kind versus cash

The analysis of Figure 9 highlights that the majority of funds, a significant 89 percent, were allocated in Kaduna State. The top four recipients, namely Thrive Agric, Babban Gona, Loryb and DP Ventures Ltd, and Dabol Nigeria Ltd, account for more than 50 percent of the funds disbursed.

Figure 9: Debt per state in millions of USD

According to the state coordinators of the IPs, the success of Kaduna State can be attributed to various factors including its environment, political climate, and economic conditions. One key element contributing to this success is the alignment of the FTF value chains with the state’s main crops. On the other hand, states like Delta, Ebonyi, and Cross River have greater potential for crops like cassava and yam, which were not among the selected value chains. Kaduna State stands out as the home of major aggregators, lead firms, and processors that serve prominent clients like Nestlé. In addition, the presence of vibrant agribusiness firms with a long history in the state has fostered a cohesive ecosystem and facilitated seamless information flow between farmers, MSMEs, and FIs. The state government has also played an active and supportive role in promoting the agriculture

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72 CNFA. 2023. Indicator Performance Tracking Table.

sector, prioritizing its development, and providing necessary assistance. Lastly, the CNFA state manager, who possesses extensive industry connections, has demonstrated exceptional competence in her role.

**EQ2D. HOW SUCCESSFUL WERE THE APPROACHES USED BY THE ACTIVITY AND HOW COULD THEY BE IMPROVED? HOW SUSTAINABLE ARE THE EFFORTS OF THE ACTIVITY TO IMPROVE THE LANDSCAPE FOR ACCESS TO FINANCE AND INVESTMENT LIKELY TO BE?**

In response to the EQ, the ET initially assessed key challenges faced by FIs seeking to further develop their agribusiness portfolio. The ET then identified the best approaches and assessed the sustainability efforts.

**Challenges Faced by Financial Institutions**

The management of FIs is characterized by centralization of decision-making power at the higher management and headquarters level. As a result, any strategic decision, such as the development of a specific portfolio or the creation of a new financial product, needs to be approved and supported by top leadership. Unfortunately, several initiatives undertaken by the Activity did not succeed because the FI’s management declined to approve them. This was the case for four out of the six new financial instruments that were developed with the assistance of the Activity.

The internal process for approving loans at FIs was found to be complex, requiring many documents and long turnaround times. These delays in obtaining loans can have significant consequences for the agriculture sector, which relies heavily on the yearly crop cycle. However, the Activity was successful in offering substantial assistance by directly engaging with FIs to streamline the processing and distribution of financial credits to agribusiness MSMEs.

Although SHFs were a significant focus of the activity, most FIs are hesitant to lend funds to SHFs due to the high risk of default and the challenges associated with monitoring small loans. Smallholder farmers also face difficulty in providing certain documents such as the Certificate of Occupancy (C of O). To resolve this issue, the activity supported the formation of SHF clusters and facilitated the provision of loans to aggregators such as Thrive-Agri. These aggregators were then able to provide input loans to their members. This approach aimed to improve access to financing for SHFs and mitigate the risks associated with individual lending.

The economic context characterized by high inflation and currency instability has limited the FI’s access to funding and its capacity to increase lending. An IP staff member shared that in Cross River State the ongoing cash crunch is affecting daily business transactions.

Some FIs strategically target specific sections of value chains or only part of a value chain, such as upstream or midstream, but mostly operate in the downstream section. Plus, some FIs have set minimum loan ticket sizes and others restrict their presence to certain states.

The existing government-supported credit guarantee system (NIRSAL) is currently the most widespread guarantee option for the agriculture sector. However, its centralized nature and complex approval processes have resulted in some inefficiencies, making it difficult to obtain guarantees. No other system is available for FIs to secure their transaction.

**Best Approaches and Sustainability of Improvements**

To tackle finance access challenges, the Activity promoted collaboration among FIs, insurance companies, aggregators, and farmers in the agribusiness sector. Ag-Invest encouraged these

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stakeholders to come together and create a platform that would facilitate productive dialogue and the development of effective solutions.

The Activity also delivered an array of TA to FIs, lead agribusiness firms, and BDSPs, which should have an impact beyond the life of the Activity. For instance, some FIs shared during interviews that they are still pursuing the development of new financial instruments better suited for the agriculture value chains. Additionally, the new customers of FI will get access to more financing opportunities if they keep paying back their loans. Financial institutions have built their capacity and feel encouraged to increase their footprint in the agribusiness sector.

The training allowed us to understand the concept of agricultural value chain financing, and it helped us to realign our portfolio. Now we are coming up with other products that are more enterprise-specific, not like the generic product. We have been able to diversify and have different products for different categories of actors along the value chain.

– Financial Institution (Female, Lagos)

MFBs like Green Acres or aggregators, such as Adefunke Desh in Kaduna, have proven their ability to provide a strong solution for enabling SHFs to access finance. These MFBs and aggregators not only offer access to finance but also contribute to the overall enhancement of the value chain by offering integrated solutions that go beyond finance, including access to inputs and agricultural extension services.

Banks, like Sterling Bank, can offer subsidized funding through programs with the support of foundations, like Mastercard Foundation, to provide lower-interest loans. These loans are specifically aimed at supporting SHFs and micro enterprises, with a particular focus on women and youth. These blended products are highly suitable for this target population and can contribute to the resilience of markets in the lower socioeconomic bracket.

Technological approaches, like the DLMP, can have a significant and enduring impact, provided that the firms have the financial resources to sustain such systems. These approaches are particularly appealing to young people and enable FIs to reach a wider range of potential customers even in some remote areas.

To improve the financial landscape, the Activity also encouraged finance stakeholder roundtables to discuss issues related to access to funding.  

To improve the financial landscape, the Activity also encouraged finance stakeholder roundtables to discuss issues related to access to funding. 76 An IP staff member shared that in Benue, for instance, the Central Bank of Nigeria accepted that they would be hosting a quarterly access-to-finance consultative discussion with all the actors. In Ebonyi State, it is the Small and Medium Enterprises Development Agency that has agreed to host this multi-stakeholder forum.

CONCLUSIONS EQ2

The training provided by Ag-Invest to FIs proved very useful and was well received by the FIs, including the banks who did not choose to pursue the relationship with Ag-Invest. For many of them, the timing was not right, and it can take some time to get the support of their management. Ag-Invest changed their perception of agribusiness and helped bank managers see the enormous potential of agriculture in Nigeria.

Ag-Invest effectively identified agribusiness-friendly banks, a crucial factor in the complex task of creating and introducing new financial products. It is worth noting, however, that initial support from top management was not obtained, resulting in obstacles during the approval process.

Furthermore, involving multiple departments like risk management, IT, and legal, from the beginning, could have promoted organizational support and reduced resistance to change.

Ag-Invest successfully examined various methods to enhance agribusiness value chain financing. This involved identifying weaknesses in the existing system, establishing connections between institutions and value chain actors, and ultimately strengthening the value chain. In addition, Ag-Invest tackled some of the financial constraints that impeded growth and expansion within the agricultural sector.

While the Activity reached its lending objectives, the fact that 80 percent of the lending took place in one state makes the results fragile. The success of Kaduna State can be attributed to the proactive support of the government, particularly through the strengthened partnership and collaborative interventions with agribusiness firms that Ag-Invest has embraced. This has also facilitated effective knowledge sharing within the agricultural sector. The results emphasize the importance of customizing interventions to the unique needs of various states and/or regions and value chains. It is crucial to adopt context-specific approaches to maximize impact and achieve meaningful results.

Ag-Invest played a critical role in boosting the financing of agribusiness in Nigeria. The support that the Activity provided has had a transformative impact, inspiring and motivating stakeholders to contribute further to the growth of the agribusiness sector. Importantly, MSMEs, who were granted access to financial resources and demonstrated their ability to repay, have increased their chances of obtaining future financial support. As such, the impact of the Ag-Invest Activity has the potential to be long-lasting. Nonetheless, it is important to note that interventions in market systems require the establishment of trust before they are embraced, and they might also take a considerable amount of time to implement, especially for the adaptation of instruments or the requirement of documents.

The success of providing finance to SHFs and MSMEs relies on supporting the entire ecosystem. This includes offering ag-extension services to help farmers generate enough income to repay their loans, assisting in loan applications, or improving their operations. While funding is often seen as the main challenge for businesses, effective operational management and securing a market for their output are equally vital. The importance of strengthening their capacity in these areas was recognized by Ag-Invest and addressed with Component 4 of the Activity.

**EQ3. HOW EFFECTIVE WAS THE ACTIVITY IN FACILITATING AGRIBUSINESS INVESTMENT?**

**EQ3A. TO WHAT EXTENT AND HOW DID THE ACTIVITY ENGAGE INVESTORS AND AGRIBUSINESS IN THE NIGERIAN INVESTMENT MARKET?**

**FINDINGS EQ3**

**Engaging with Investors**

The IP staff shared that Ag-Invest actively participated in various events and technical working groups to connect with like-minded investment organizations. These efforts aimed to promote the Activity and identify potential investors whose goals align with those of the Activity. Ag-Invest successfully engaged with a diverse set of investors, including equity investors, venture capitalists, private philanthropy organizations, foundations, and commercial investors. Subsequently, Ag-Invest fostered relationships with these investors and reached a consensus on collaborative terms by signing MoUs.
Investors, like FIs, typically show little interest in agribusinesses, especially in the states targeted by the Activity, which are deemed high-risk.\textsuperscript{77} Instead, they tend to focus on agriculture technology (Ag-Tech), as it offers quicker returns with lower investment requirements. Therefore, a crucial objective of the Activity under this component was to reduce the knowledge gap among equity investor groups and help them make better-informed agribusiness investment decisions by providing quality training and TA.\textsuperscript{78}

The internal mid-term review recommended forging strategic partnerships with venture capitalists within the agribusiness value chain.\textsuperscript{79} Ag-Invest successfully engaged with a few international impact investors such as the Mastercard Foundation or EHA Impact Ventures, but Nigerian impact investors did not show any interest in agribusiness. Ag-Invest also worked with the West Africa Investment Trade Hub (WATIH), but none of the ventures proposed were able to secure funding. The staff of WATIH shared that most of the investments proposed were too small or the firms were not able to bring in matching funds.\textsuperscript{80}

To boost agribusiness investment, the Activity offered technical support to local actors who were already active in the sector. It included Welcome 2 Africa, a private organization, and the Feed Nigeria Summit (FNS), a public event hosted by the Ministry of Agriculture.\textsuperscript{81} Ag-Invest also partnered with the investment division of Sterling Bank and participated in their Agriculture Summit Africa (ASA).\textsuperscript{82}

In FY 2023, Ag-Invest engaged with the Global Alliance for Improving Nutrition (GAIN). Nutritious Food Financing (N3F), an investment fund initiative by GAIN, is dedicated to enhancing nutrition by SMEs in Sub-Saharan Africa. The objective of this initiative is to facilitate the expansion of local production and sales of nutritious and safe food, specifically intended for domestic markets.\textsuperscript{84} Unfortunately, this initiative is new, and the Activity was in its last year; therefore, it did not result in any deal.

**Engaging with Agribusiness MSMEs**

The IP staff indicated that the Activity had to identify agribusiness MSMEs who could be prospective beneficiaries of investors. The Activity established relationships with multiple federal and state-based associations and chambers of commerce to identify potential candidates to promote events such as deal rooms. Initially, the Activity welcomed all candidates to participate. However, in light of the subpar quality of applications received, the selection process was enhanced, necessitating a preliminary screening stage. As part of this screening, candidates were required to submit an expression of interest beforehand. The Activity also provided extensive assistance to candidates, such as suggesting improvements to their business models, helping refine their pitch decks, and providing guidance in pitch rehearsals.\textsuperscript{85} The IP staff indicated that the assistance provided enabled candidates to enhance their self-confidence and gain a deeper comprehension of their business.

\textsuperscript{77} Additional details of the reasons limiting FI and investors’ investment in agribusiness included in EQ2A and further developed in EQ3C.


\textsuperscript{80} Minimum funding size was $250,000.


\textsuperscript{82} The FNS is an organization combining both public and private initiatives, hosted by the Federal Ministry of Agriculture.


\textsuperscript{84} https://www.gainhealth.org/impact/programmes/nutritious-foods-financing-n3f

The Activity also provided personalized assistance to businesses that were identified as potential recipients of equity financing but required guidance in structuring their deals. Examples of such businesses include Babban Gona and AFEX.\(^{86}\)

**EQ3B. WHAT ARE THE MAJOR CHALLENGES FACED BY AGROBIZINESS MSMES IN THEIR INVESTMENT DRIVE IN NIGERIA?**

As discussed in previous sections, investors such as FIs have shown reluctance to invest in the agribusiness value chain due to the perceived **level of risk**. Investors prioritize long-term prospects and require assurance of the security of their funds in the future. Unfortunately, the economy of Nigeria is currently afflicted by significant challenges, such as **high inflation, currency volatility, insecurity, costly energy, inadequate infrastructure, and pervasive corruption**.\(^{87}\) According to data from the National Bureau of Statistics (NBS), foreign investment in Nigeria has fallen sharply, dropping by 80 percent between 2019 and 2022.\(^{88}\) Investors are also cautious about investing in remote areas, specifically in Niger, Benue, Kaduna, and Kebbi states, due to their vulnerability to violence and insecurity.\(^{89}\)

Thus, as a result of the unfavorable economic and political conditions, the agribusiness investment market in Nigeria is limited. However, some impact investors are still showing interest. They view agriculture as a sector with high potential for social and financial return, due to its ability to drive job creation and increased food security, as well as its strong growth prospects. Some investors are willing to make the effort to understand agricultural value chains and the types of finance needed to strengthen them.\(^{90}\)

The perspectives of MSMEs are more complex. The baseline study suggests that more than 40 percent of MSMEs are willing to sell a part of their business to potential investors.\(^{91}\) However, the IP staff pointed out that MSMEs do not have a complete understanding of how equity financing would affect their management control. Consequently, **MSMEs predominantly prefer grants, as they value retaining complete ownership over their businesses.**

Moreover, the **processing time for investment deals** is significantly lengthy, and there is a low likelihood of obtaining financing. Investors are required to conduct thorough research and analysis to ensure confidence in their investment, as well as establish a legal framework for their financial commitment.\(^{92}\)

The IP staff also shared that an important obstacle hindering the growth of investments in Nigeria is the **death of qualified candidates who are investment-ready** and have all the management processes in place to attract potential investors. The Activity aimed to address this barrier with the TA provided in Component 4.


\(^{87}\) [https://www.state.gov/reports/2023-investment-climate-statements/nigeria/](https://www.state.gov/reports/2023-investment-climate-statements/nigeria/)

\(^{88}\) [https://hallmarknews.com/nigerias-fdi-reduced-by-81-in-4-years-nbs/](https://hallmarknews.com/nigerias-fdi-reduced-by-81-in-4-years-nbs/)


EQ3C. TO WHAT EXTENT HAS THE ACTIVITY ACCELERATED THE FLOW OF PRIVATE SECTOR FUNDS TO SUPPORT THE AGRIBUSINESS SECTOR?

The Activity did not meet its Life of Activity (LOA) target of $75 million but secured $55.5 million in private sector investments. In addition, as illustrated in Figure 10, 70 percent of the investment funds were granted during the second year of the Activity. The ET was unable to determine the precise factors responsible for the substantial decline in investment activities during the final three years of the Activity. However, it is possible that the COVID-19 pandemic and prevailing unfavorable macroeconomic conditions contributed to the limited investment funds secured during the last three years of the Activity.

Figure 10: Non-debt per fiscal year in millions of USD

As illustrated in Figure 10, 11 MSMEs received funding from investors; however, 85.6 percent of funds were concentrated on only three beneficiaries: Babban Gona, Alluvial, and Value Seeds.

Figure 11: Non-debt per recipient in millions of USD

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93 The KPI target was $225 million. It was later split between debt $159 million and non-debt $75 million; therefore, Ag-Invest did achieve the overall target.

94 CNFA. 2023. Indicator Performance Tracking Table.

95 CNFA. 2023. Indicator Performance Tracking Table.
As indicated in Figure 12, the analysis of the investments shows that most investors are international impact investors. Mastercard Foundation and KfW Development Bank represent 81.7 percent of the total investments that the Activity mobilized into the agribusiness space in Nigeria.

*Figure 12: Non-debt per investor in millions of USD*  

![Bar chart showing non-debt per investor in millions of USD](chart)

- Mastercard Foundation: 30.20
- Kreditanstalt für Wiederaufbau (“KfW”): 15.18
- EHA Impact Ventures: 6.00
- Consonance Investment Managers: 2.50
- OCP Morocco (Parent Company): 0.51
- Through Deal Room Consortium: 0.50
- VICA Technologies USA: 0.28
- USADF/Diamond Development Initiative: 0.21
- World Bank/BOI: 0.13
- FADAMA III/BOI: 0.01

As illustrated in Figure 13, similar to debt financing, Kaduna State secured the majority of non-debt financing. The factors that contributed to the success of Kaduna State in debt financing are equally applicable to non-debt financing.

*Figure 13: Non-debt per state in millions of USD*  

![Bar chart showing non-debt per state in millions of USD](chart)

- Kaduna: 28.39
- Multiple states: 26.50
- Delta: 0.28
- Kebbi: 0.21
- Benue: 0.14

Overall, the analysis of the investment data shows that while the Activity achieved its KPI target, the success is tenuous due to a limited number of deals in the early years of the Activity.

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96 Ibid.

97 CNFA. 2023. Indicator Performance Tracking Table.
EQ3D. WHAT APPROACHES WERE MOST EFFECTIVE IN IMPROVING ACCESS TO INVESTMENT FOR AGRIBUSINESS MSMES?

The Activity used three approaches to develop agribusiness investments: 1) engaged with other investment actors in the field, 2) organized deal rooms, and 3) provided direct support to lead firms in their fundraising efforts.

Investment Actors

As indicated in EQ3A, the Activity worked together with Welcome 4 Africa and FNS, both well-known players in the agribusiness investment sector. This collaboration proved successful as both organizations expressed their positive feedback regarding the TA provided by the Activity and the significant impact it had on enhancing their capacity. Additionally, both organizations expressed their commitment to continuing the implementation of deal rooms, facilitating business-investor matchmaking on an ongoing scale.

Deal Rooms

Throughout the Activity, four deal rooms were organized. Due to the Covid-19 pandemic, one of these events took place virtually, resulting in less success. The IP staff indicated that despite the challenges faced in the virtual setting, it provided a benefit for participants who were situated in remote states. In addition, one deal room was organized exclusively for women. More details about this women-focused intervention are included in EQ5A.

Although the deal rooms did not lead to significant funding, the organizers (IP and investment actors) found this approach to be valuable and beneficial for the MSME participants. In their opinion, deal rooms offer a secure environment for MSMEs to validate their business models and obtain feedback from experts. However, one of the organizers involved shared that not enough attention was paid to harmonizing the needs of the investors and the candidates in terms of type of activity and size. As a result, some investors felt that they were wasting their time.

One of the deal room organizers suggested that deal rooms could be integrated with tailored TA, such as coaching, to ensure that businesses receive the necessary support to thrive and sustain their success beyond the obtention of funding.

Regarding deals currently in the pipeline, Ag-Invest indicated in its sustainability plan that potential deals had been transferred to other organizations, such as N3F, or a USAID-financed project (ag-extension).

Technical Assistance to Lead Firms

The provision of TA to targeted lead firms, to facilitate the capital-raising process, has proven to be highly effective and has contributed to the success of raised investment funds, as shown in Figure 11. One notable example is the collaboration between the Activity and Babban Gona, wherein the Activity provided the services of a legal counsel who handled the legal, due diligence, and documentation required for the capital raise. This framework was instrumental in a forthcoming capital raise of $21.4 million from a diverse pool of creditors and investors. Furthermore, a lead firm indicated that a portion of these funds were subsequently utilized as collateral to secure

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99 One deal of $K500 received by Rashak Farms and Agro-Allied Limited came from a deal room.
additional debt financing. The Activity also provided tailored support to lead firms, such as Alluvial and APEX, resulting in successful approval and disbursement of funds.\textsuperscript{102}

**CONCLUSIONS EQ3**

The economic and political situation in Nigeria has restricted access to non-debt capital for MSMEs. Moreover, MSMEs are hesitant to relinquish ownership control, thus making grants or loans their preferred option. Due to the lack of interest from both investors and MSMEs, the implementation of the Activity required extensive effort, with minimal prospects of success.

The Ag-Invest strategy, which involves supporting local organizations like Welcome 2 Africa or the FNS, is a very effective approach and is more likely to achieve sustainability. Through effective capacity-building efforts, the Activity empowered these organizations to independently establish and manage deal rooms.

Deal rooms are the ideal solution for connecting investors, banks, and MSMEs. These spaces provide valuable opportunities for MSMEs to acquire knowledge and expertise by participating in the pitching process and receiving feedback from professionals. However, to truly succeed, MSMEs may benefit from additional tailored TA that goes beyond access to finance. This personalized support can help them refine their approach and business model, leading to greater success in the long run.

Investment facilitation takes more time than debt capital facilitation as it necessitates considerable adaptation and flexibility. Consequently, offering customized support to leading firms with a proven track record of success is more likely to result in successful investment deals compared to the organization of deal rooms with small firms.

Despite the challenges, the few successes of the Activity have demonstrated the feasibility of attracting investors in agribusiness, particularly impact investors, with TA playing a pivotal role in facilitating the process.

**EQ4. DID THE ACTIVITY ENHANCE THE PERFORMANCE OF AGribusiness MSMEs?**

**FINDINGS EQ4**

**EQ4A. TO WHAT EXTENT DID THE ACTIVITY ENHANCE THE CAPACITY OF AGribusiness MSMEs TO SUSTAIN AND SCALE THEIR BUSINESSES?**

To answer this EQ, the ET examined the inadequate loan readiness of MSMEs and SHFs, and then assessed the effectiveness of the three approaches implemented by the Activity: Organizational Performance Improvement (OPI) for MSMEs, tailored TA, and training for SHFs facilitated through commodity and farmers associations.

**Loan Readiness**

Interviews with IP staff and BDSPs showed that prospective borrowers lack the necessary financial records and other information regarding their agribusiness.\textsuperscript{103} This makes it difficult for FIs to assess their funding requests. Additionally, some of these borrowers prefer to conduct all their financial transactions outside the banking system, which further limits their access to funding. Micro, small, and medium-sized enterprises also face challenges due to inadequate management and a lack of operational procedures, wrongly attributing their problems solely to a lack of funding. Consequently, they encounter difficulties in attracting both lenders and investors.


Overall, BDSPs shared that the capacity of some MSMEs is low (especially in the northern states), and many lack awareness regarding their lack of professionalism. Smallholder farmers are also often illiterate. However, they are eager to learn and often willing to improve their business.

Organizational Performance Improvement

Organizational Performance Improvement is similar to the organizational capacity assessment (OCA) tool, which the Activity adapted by introducing additional metrics to measure the performance improvement of an organization.

A needs assessment was conducted as a starting point to determine the need for training and TA; Ag-Invest refers to this process as OPI Needs Assessment (OPINA). The BDSPs indicated that the needs assessments were done with the MSMEs so that they would agree on their weaknesses. The type of TA necessary depended on the gaps identified. Then after about six months, a repeat assessment with the same metrics was conducted to measure improvement. The final report indicates that the Activity worked with agribusinesses across the seven focal states and conducted OPINA for a total of 54 organizations. All the organizations from Delta-9, Cross River State-5, Niger-7, Ebonyi-5, and Abuja-3 showed improvement post-assessment, while one organization each from Kaduna-9, Kebbi-7, Benue-7, and Nationwide-2 did not show improvement post-assessment. The post-assessment showed that 93 percent of the organizations’ scores were better than their needs assessment scores, with 40 percent showing a strong performance rating, 26 percent moderate performance rating, and 17 percent basic performance rating.

The BDSPs interviewed reported that their interventions primarily focused on introducing various standard operating procedures (SOPs). These included procurement procedures, accounting procedures, management procedures, the annual budgeting system and strategy, business plans, and safety procedures (HSE), among others. Micro, small, and medium-sized enterprises and BDSPs reported that the TA was not directly geared toward facilitating access to finance, with only a few offering financial intermediation or business analysis to MSMEs, to ensure their loan repayment capability.

The MSMEs interviewed mentioned that they had gained knowledge to improve productivity, formulate marketing strategies, evaluate employee performance, minimize waste, address environmental concerns, and effectively manage day-to-day operations. Improving book-keeping practices was identified as an important aspect to improve their loan readiness.

Through OPINA, we were able to set up a procurement process; we now have the administrative guidelines in the factories that we follow, such as recruitment and safety protocols. Organizational Performance Improvement Needs Assessment also helped us improve our annual budgeting system. The consultants were wonderful and it has an impact on us.

– MSME (Male, Delta)

Micro, small, and medium-sized enterprises also expressed their gratitude for the one-to-one coaching and the assistance provided by the BDSPs. They were able to discuss any issues, particularly those related to adapting their operations during business scale-up. They also mentioned that the OPI process had boosted their entrepreneurial spirit and self-confidence.

Tailored Technical Assistance

The Activity also provided tailored support to some MSMEs to facilitate their loan readiness or file up pre-conditions to agri dealers or large firms. Okele Agro (Delta), Oracle Farms (Benue), Hulhulde

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(Kaduna), and Value Seed Ltd (Kaduna) were supported to execute environmental impact assessments (EIAs), which was a precondition to access loans from the lender.\textsuperscript{106} \textsuperscript{107}

The Activity also provided capacity-building support to several agribusinesses to enable them to obtain the Global Food Safety Initiative Certification (GFSI). This included agribusinesses in Kaduna, such as Adefunke Desh Nigeria Ltd, Dabol Nigeria Ltd, and Zecool Investment Ltd. The GFSI is required to do business with Nestle Nigeria and enhances the ability of agribusinesses to access finance.\textsuperscript{108} \textsuperscript{109}

**Training/Training of the Trainer (ToT)**

The Activity aimed to enhance the capabilities of commodity and farmer association members by providing organizational improvement training through Good Agricultural Practices (GAP), Group Dynamics and Leadership Skills (GDLS), Financial Literacy, Environmental Compliance, and Micro Enterprise Fundamentals (MEF).\textsuperscript{110} Association managers expressed that the training greatly assisted MSMEs and SHFs in meeting the lenders’ requirements, in particular GAP, which is a requirement for the government-supported Anchor Borrowers’ Loan.

Ag-Invest also conducted a GDLS training to encourage farmers to establish clusters, thereby enhancing their opportunities for accessing finance. Financial institutions have expressed their inability to provide finance to SHFs individually unless they approach the institution as part of a cluster.\textsuperscript{111}

Overall, 19,464 persons participated in the trainings among which 38.5 percent were women and 19.2 percent were youth.\textsuperscript{112} For most training, the BDSPs used the training of the trainer (ToT) approach to be able to train a large number of participants and transfer competencies to the commodity and farmer associations.

**EQ4B. TO WHAT EXTENT DID THE ACTIVITY SUPPORT THE ABILITY OF AGRIBUSINESS MSMES TO LEVERAGE ADDITIONAL FUNDING TO SUSTAIN OR SCALE THEIR BUSINESSES?**

Although MSMEs found the training and capacity building beneficial, leading to enhancement in loan readiness, they find that most banks are still unwilling to offer financial assistance. Specifically, fish farmers are often deemed too risky and have limited or no insurance coverage, which means loan readiness often does not translate into actual access to funding.

Results shared in EQ2C indicate that many MSMEs or SHFs who benefited from the Activity did successfully obtain loans, especially if the SHFs approached the FIs as a cluster of farmers. Ag-Invest contributed to the successful operation by providing extensive support in linking the recipient to agri-friendly FIs such as Sterling Bank. As reported in EQ2, access to finance resulted from the implementation of a holistic approach, which involved establishing connections between institutions and value chain actors.

Financial institutions indicated that beyond being loan-ready, they also expect MSMEs to be able to show that they are working with off-takers or buyers and have proof of a robust market. Therefore,

\textsuperscript{111} See EQ2D for FI’s challenges.
\textsuperscript{112} CNFA. 2023. Indicator Performance Tracking Table.
the efforts of the Activity in creating market linkages and enhancing value chains helped agribusinesses to demonstrate their potential for growth and profitability. Micro, small, and medium-sized enterprises shared that the business enhancement resulting from the TA made them more appealing to both lenders and investors.

**EQ4C. HOW COULD THE SUSTAINABILITY OF TECHNICAL ASSISTANCE PROVIDED TO AGROBUSINESS MSMES HAVE BEEN ENHANCED?**

To answer this EQ, the ET examined how the Activity collaborated with BDSPs, who provided the TA, explored potential future collaborative efforts between BDSPs and MSMEs or associations, and examined the sustainability of the TA provided.

**Collaboration Between Ag-Invest and Business Development and Service Providers**

Ag-Invest established a pool of BDSPs with the capability to execute such TA activities with the MSMEs. Micro, small, and medium-sized enterprises that collaborated with the BDSPs expressed that the consultants were highly skilled. The ET also observed during KIIIs with BDSP that the consulting firms had prior experience in undertaking similar assignments.

Business Development and Service Providers reported that Ag-Invest offered training and complimentary access to a comprehensive toolbox that encompasses a range of tools to effectively analyze and develop the capacities of MSMEs. The tools typically consist of open-source resources through platforms, such as Making Cent, BEAM Exchange, and the Market System Development Forum. Approach and methodology were provided along with the training materials. For extensive training in large associations, the BDSPs followed a TOT model within the associations, enabling them to subsequently train their respective members. Business Development and Service Providers reported that the logistic support provided by the Activity was excellent along with security support.

**Collaboration Between Business Development and Service Providers and Micro, Small and Medium-Sized Enterprises/Associations**

Although the support provided to the MSMEs and the associations was highly appreciated, not all of them foresee future collaboration. This is mainly due to financial constraints or the fact that the BDSPs are not located in their state, resulting in additional costs. Nevertheless, several MSMEs reported that their collaboration with the BDSPs remains active, or they have maintained contact and expressed their willingness to work together again if a specific need arises beyond the Activity.

**Factors of Sustainability**

To ensure that the training participants can apply the lessons learned in the future, they received a pictorial guide to facilitate understanding, even for SHFs with limited reading capabilities. However, no follow-up was organized, making it challenging to assess whether participants were able to utilize their newly acquired skills or if further assistance was required.

The TOT approach paved the way for future training that associations could provide to their members, even if not all of them feel that they can absorb the financial cost of the logistics required for organizing the training sessions.

Some IP and BDSP staff reported that MSMEs are increasingly open to the idea of peer learning mentorship and creating a community of practice. They shared that the success of Kaduna State in fostering collaboration has created a culture of shared learning and cooperation among important stakeholders.

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113 Building Effective and Accessible Markets (https://beamexchange.org)
To sustain the capacity of the BDSPs and encourage them to pursue their collaboration with stakeholders of the agribusiness value chain, the Activity organized a close-out event, during which they received training on payment for result approaches. The BDSPs felt positive about this approach, which could facilitate MSMEs in utilizing these services more effectively in the future. The BDSPs were also encouraged to stay in touch with MSMEs.

**CONCLUSIONS EQ4**

Agribusinesses were initially unaware of their suboptimal performance levels. However, through OPI’s collaborative needs assessment and TA, they were able to identify gaps in production, finance, and marketing that can help improve profit margins. The impact of Ag-Invest’s TA is experienced by all the OPI beneficiaries in all the states. Agribusinesses have seen improvements in their organizational structures, governance systems, financial management, operational planning, and productivity. While these enhancements may not have directly led to increased access to finance, they have provided agribusinesses with valuable knowledge that has boosted their entrepreneurial spirit and self-confidence. Therefore, they are more likely to successfully seek funding and access to finance in the future.

The introduction of modern agricultural practices and financial literacy has instilled a renewed sense of pride and agency among SHFs in the agricultural sector. This has led to a positive shift in attitudes towards farming and potentially improved their ability to access finance. Additionally, the increased knowledge and skills have influenced their farming practices, aligning them with higher quality and productivity standards.

The success of the Activity was greatly influenced by its strong alignment with the evolving needs and priorities of the stakeholders involved in the agriculture value chains as well as its capacity to adapt its TA to meet specific requests of stakeholders, including agribusiness firms, FIs, MDAs, and local communities. Effective engagement and collaboration with stakeholders were essential for achieving the goals of the Activity and ensuring sustainability.

The Activity facilitated the establishment of a durable relationship between MSMEs and farmer groups with BDSPs. These BDSPs have been equipped with the necessary tools and express willingness to provide further support. However, the likelihood of MSMEs and associations seeking further assistance from BDSPs remains uncertain, even if their satisfaction with the support provided by BDSPs has led to continued connections.

The development of a collaborative mindset (especially in Kaduna State) has not only enhanced information sharing but has also influenced attitudes towards collective problem-solving and the creation of shared value. As a result, key stakeholders are now more inclined to collaborate, leading to improved decision-making and the adoption of collaborative practices.

**EQ5. HOW HAS THE ACTIVITY INCORPORATED DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY (DEIA) INITIATIVES AS THEY WORKED TOWARDS ACHIEVING THEIR FOUR MAIN OBJECTIVES?**

**FINDINGS EQ5**

**EQ5A. TO WHAT EXTENT DID THE ACTIVITY SUPPORT WOMEN, YOUTH, AND PERSONS WITH DISABILITIES (WYPDS), NOT OFTEN REPRESENTED IN THE AGRICULTURE SECTOR?**

Although EQ5 includes “persons with disabilities”, none of the stakeholders were able to provide information on this specific target population, and it was not considered in the design of the Activity.

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As a result, the ET focused on findings related to women and youth when addressing this EQ. The approach of the Activity to include women and youth was customized for each component, and the analysis will follow the same approach.

**Component 1: Agribusiness-Enabling Environment**

Throughout these advocacy and support efforts, the Activity promoted inclusive development by ensuring adequate participation and representation of women and young people during public-private sector dialogues, consultation meetings, and validation workshops. Ag-Invest strongly encouraged commodities and farmers associations to include women and youth participants in the PPD workshops and meetings but did not make it mandatory. Women and youth groups were also invited to actively participate in the PPD activities alongside the Ministry of Women’s Affairs. The participants were a diverse group, with 61 percent male and 39 percent female. Furthermore, the workshops included 9 percent of youth. However, it was not easy to identify women in leadership positions and including youth in Component 1 activities proved to be a challenge as it requires time for members to be accredited to represent them in stakeholders’ meetings.

The IP staff indicated that, during the intervention for policy revision, Ag-Invest made sure that the policy review process considered the needs and concerns of different stakeholders, including women and youth. Moreover, the technical panels of experts in the consultative assembly examined whether the policy incorporated gender as a criterion during their review process.

**Component 2: Access to Finance**

To encourage FIs to provide loans to women and youth, the Activity delivered gender and youth financial inclusion training to strengthen the capacity of FIs to design and adapt financial products and services to better address the needs of women and youth-led agribusinesses. Financial institutions indicated that Ag-Invest also helped them identify women and youth whose businesses could benefit from access to finance.

As stated in EQ2B, Ag-invest assisted Sterling Bank in the improvement of the SWAY-Ag loan digital portal. This portal offers low-rate loans to women and youth with funding from the Mastercard Foundation. Other initiatives included supporting women in the acquisition of tractors with the PAYG scheme from Hello Tractor and the organization of a workshop to raise awareness about different financing opportunities available for women and youth. Overall, despite its efforts, the Activity did not reach its LOA inclusion targets: only 27 percent (LOP 40 percent) of the loan recipients were women, while 14 percent (LOP 30 percent) were youth. Unfortunately, no data was available to assess their share in USD instead of the number of recipients.

**Component 3: Investment**

Based on the interviews conducted with the IPs, the Activity identified a pool of women-led and youth-led businesses that demonstrated readiness for financing and were prepared for investment.

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116 J.E. Austin. 2023. Workshop on Policy Implementation Tools, p 5. (Note that the IPPT did not allow the ET to confirm the disaggregation of the attendance per sex or age.)
121 CNFA. 2023. Indicator Performance Tracking Table.
However, such candidates are scarce in Nigeria, and due to the absence of a supportive culture, women frequently lack self-confidence, particularly in the presence of their male peers.\textsuperscript{122} To address this issue, Ag-Invest organized a women-focused deal room, which allowed women to shine and compete in a friendlier environment.\textsuperscript{123}

**Component 4: Agribusiness Performance**

As indicated in EQ4, 38.5 percent of training participants were women and 19.2 percent were youth (as compared to LOA targets of 40 percent women and 30 percent youth).

To achieve these results, the Activity specifically requested the inclusion of female and youth participants from the commodity and farmer associations. However, as mentioned by the BDSPs and some IP staff, this approach proved to have a limited impact. Consequently, the Activity adopted a more tailored approach by organizing exclusive training for women, ensuring that the training sessions were scheduled at suitable times and locations for women, and adjusting the training content to address specific issues concerning women or youth.

Because of the cultural constraints, women and youth are not allowed to speak after an older man has spoken, out of respect. When it’s only women or youth they are freer to interact, especially in the northern states such as Kaduna. For Women’s Day, we organized a women-only training, and it was very successful. We adapted our training to meet women-specific needs, for instance, used case studies that they could relate to, and we could use different training techniques.

– BDSP (Male, Kaduna)

Interviews also showed that women and youth who participated in the activities felt very included, welcomed, listened to, and treated with respect, which impacted their mindset, and they now see themselves as important actors in the agribusiness space.

Participating in the training as a young woman made me feel very special. They invited me to come. They treat you like they treat every other person with so much attention and respect.

– MSME (Female, Benue)

**EQ5B. WHAT LIMITATIONS DID THE ACTIVITY HAVE IN INCORPORATING DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY (DEIA) INITIATIVES?**

One of the challenges faced by the Activity was a lack of dedicated personnel with a focus on gender and youth, and as a result, each component worked independently to incorporate DEIA without benefiting from Activity-wide oversight and support.

Furthermore, according to the IP staff, Ag-Invest operated within the market framework and formed partnerships with profit-oriented lead firms. Its interventions were not specifically aimed at inducing changes in social and cultural norms. Participation was primarily driven by the representation of membership associations, which are entrusted with the responsibility of safeguarding the interests of their members, who might include a limited number of women and youth.

There are also contextual factors that restrict the integration of DEIA initiatives. For instance, in the northern states, challenges from religious and cultural influences affected their ability to participate in the training. Additionally, in certain value chains, women are deemed unsuitable due to the

\textsuperscript{122} Social Sciences & Humanities Journal. 2024. “Profile of women in African agriculture and access to extension services”, p 5.

physical strength required, such as in rice farming. Conversely, other value chains, such as fisheries, openly embrace women in their workforce.\textsuperscript{124} Several MSMEs also shared that they have a hard time engaging youth with farm work unless the task includes a technology aspect, and as a result, they face a high turnover when hiring youth.

In general, only a few Nigerian agribusinesses led by women and youth fulfill the minimum criteria for financing in terms of \textit{formalized structure and governance}. This poses challenges for the Activity in identifying suitable candidates. Moreover, women and youth frequently lack awareness of available training and financial access opportunities. Sterling Bank mentioned encountering difficulties in promoting SWAY-Ag, a product designed for women and youth.

\textbf{EQ5C. WHAT APPROACHES WERE MOST EFFECTIVE WHEN INCLUDING WOMEN, YOUTH, AND PERSONS WITH DISABILITIES (WYPDS) IN EACH COMPONENT OF THE ACTIVITY? HOW DID THE ACTIVITY MITIGATE SOME OF THE CHALLENGES? WERE THE APPROACHES SPECIFIC TO EACH STATE?}

In responding to EQ5C, the ET chose to include not only approaches implemented by the IP but also approaches implemented by other stakeholders in agriculture value chains.

The analysis of the Ag-Invest Gender and Youth Integration Plan indicates that there was a prioritization of women and youth involvement in all interventions. However, the strategy was not tailored to individual states and the specific challenges encountered in certain communities.\textsuperscript{125}

One of the most impactful initiatives of the Activity was the creation of events or workshops dedicated to women or youth, rather than merely including them as participants in training predominantly designed for men. This approach enables trainers to address challenges experienced specifically by women or youth, as well as to select appropriate timing and locations to accommodate their life constraints.

Other stakeholders have proposed additional strategies for future interventions, including first securing the backing of men and traditional leaders to encourage women and youth participation in their initiatives. Moreover, supporting lead firms spearheaded by youth entrepreneurs, such as Thrive-Agric, who are more likely to attract young individuals—showcasing to them the profitability of agriculture and reinforcing their sense of identity and inclusion—was seen as a critical strategy for engaging youth with agribusiness.

\textbf{CONCLUSIONS EQS}

Despite the initial weak strategy to include women and youth, primarily limiting their involvement to mere participation, a more intentional approach was later adopted for all components of the Activity. It ensured not only the inclusion of women and youth but also the adaptation of interventions to address specific barriers they face.

However, challenges persist in enhancing the role of women and youth in agribusiness, mindset challenges, and traditional norms remain limiting factors. More efforts are required to achieve gender equity, promote youth participation in agribusinesses, and address these limiting factors by tailoring strategies for greater effectiveness. Nonetheless, the landscape is changing, and both private and public sector managers are increasingly acknowledging that the inclusion of women and youth can lead to significant benefits in the fight against poverty and food insecurity.

\textsuperscript{124} CNFA. 2019. FTF-AgInvest Gender and Youth Integration Plan, p 19.

\textsuperscript{125} CNFA. 2019. FTF-AgInvest Gender and Youth Integration Plan.
Recommendations

Building on the insights gleaned from the comprehensive evaluation, the following strategic recommendations emerged for shaping future directions by USAID/Nigeria and the IPs of future activities.

Component 1: Agribusiness-Enabling Environment

1. Implementing Partners should be strategic when selecting policies to ensure a clear connection with the desired objectives. Avoid broad policy changes that require extensive budget resources, and instead, target process improvement support, with a concrete impact on the ease of doing business index. [IP]

2. When selecting policies to support policy reform, IP should ensure that there is a clear link with access to finance so that the achievement of Component 1 can impact the results of Component 2. This can be achieved through strengthening collaborations with FIs from the initial stage of the policy effort to ensure synergy between the components. Strengthening partnerships with agribusinesses, financial institutions, government agencies, and other development organizations can lead to greater collective impact. [IP]

3. Use the WBG’s Business Ready (B-READY) Framework126 or other conceptual frameworks to identify which aspects of the business environment each policy will impact. [IP]

4. USAID should consider designing an Activity focused on implementation advocacy, reinforcing the role of an organization such as NAIG. [USAID]

5. A future Activity should build on the success of Ag-Invest in stakeholder engagement, and supporting ongoing collaboration and communication with key stakeholders, including agribusinesses, financial institutions, government agencies, and local communities. Regular consultations can ensure that interventions remain aligned with evolving needs and priorities. Further support focus should be on the implementation of the revised policies and dissemination using digital approaches, rather than additional policy development or revision. [IP]

6. In similar future programs, USAID should consider introducing a different KPI to monitor, track, and measure the implementation, and not just the approval of policies that have the potential to improve the business environment. [USAID]

Component 2: Access to Finance

7. USAID should consider a follow-up Activity providing further support to FIs in the development and deployment of financial products that are context specific and meet the needs of MSMEs, commodity associations, and farmers, using locally trained BDSPs. [USAID]

8. Before investing significant resources in training and TA to FIs, partners should be vetted for their ability and willingness to increase lending to the agricultural sector. [IP]

9. Consider supporting blended finance matching grants, allowing banks to offer lower rates, in particular to youth and women. [USAID]

10. Consider further improvement or deployment of existing financial products through digitalization of manual processes to improve efficiency, leading to better access to finance. Before developing TOR/Statement of Work (SOW) for such IT development, define the technical specification properly with the assistance of a UX design expert to avoid delays and extra costs in development. [IP]

11. Consider including in a future Activity, an intervention supporting the streamlining of the loan application process, and digitalization of required documentation such as C of O with the state authorities. [USAID]

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12. In selecting lead firms, prioritize stakeholders who can effectively strengthen the value chain, such as aggregators rather than SHFs or cooperatives. Aggregators can provide support to the SHFs by providing them with funding, ag-extension services, input funding, and access to the market. Strengthening the value chain can also be achieved by promoting partnerships, facilitating peer learning and support, and offering capacity-building opportunities to enhance the integration of the value chains. [IP]

13. Subsequent interventions should further strengthen the linkage between FIs and MSMEs, as well as between the different actors of the value chain, such as aggregators, input dealers, processors, extension services providers, and BDSPs. USAID should also factor in sufficient time and resources for trust building to any additional support. With successful transactions to showcase, it is expected that more partners will be willing to partake in future B2B transactions. [USAID/IP]

14. The selection of states and value chains should be based on the specific context rather than applying a blanket approach that limits activity and discourages lending. Future Activity should tailor their strategies to the unique characteristics and challenges of each target region and value chain. The limited focus of the Activity on the aquaculture, cowpea, maize, rice, and soybean value chains likely constrained its impact. It would be beneficial to provide some flexibility. [USAID]

15. Key Performance Indicators related to access to finance should allow for more disaggregation of type of financing, in particular asset financing (longer-term payback) versus working capital financing (short-term payback [less than six months]). [USAID]

Component 3: Investment

16. Future IPs should consider blending the deal room with TA after the deal is signed, to ensure that the businesses can progress. Pursuing partnerships with local organizations that have the capacity to support entrepreneurs at every stage of the MSME’s business cycle is critical. [USAID/IP]

17. For a future Activity, ensure existing collaboration with other USAID activities or funding through other organizations and focus on TA to make deals happen.

18. Explore how current actors in the value chain, such as Babban Gona, who have the established credibility to attract investors, could strengthen the value chain, by investing in other components of the value chain such as transformation. [IP]

Component 4: Agribusiness Performance

19. In a future Activity, the IPs should consider having the FIs participate in some of the training or the training design to ensure that the loan recipients understand what documents will be necessary, and how they should structure their business to potentially be eligible for a loan. [IP]

20. For SHFs, consider the Village Saving and Loan Association (VSLA) as an alternative access to finance option. Village Saving and Loan Associations have played a critical role in providing access to finance for those who are known to be unaware of how to apply for loans and formally access credit, thus building their economic resilience. [IP]

21. Reinforce the role of the BDSPs in the access to finance component, train them in the various ways they can help MSMEs access finance, and how they can be their advocate when meeting with an FI. [IP]

22. In the training for farmer groups, include simple technology-based follow-up mechanisms after the training to improve results monitoring and access impact. [IP]

23. Collaborate with actors who are already active in the value chain (former extension services providers) to deliver simple capacity building on book-keeping, instead of using BDSPs, which are too expensive for the micro or small businesses and are not likely to interact with small entities. [IP]
Diversity, Equity, Inclusion, and Accessibility (DEIA)

24. USAID should continue to prioritize addressing gender disparities and promoting youth participation in future activities. Initiatives should employ gender-responsive approaches, tailored training, and mentorship programs to enhance women and youth involvement in agribusiness and related sectors. [USAID/IP]

25. Highlighting stories centered around women and young individuals, such success stories can instill the necessary confidence for women and young individuals to expand their businesses. [IP]

26. Provide more mentorship programs, especially for youth, where coaching is particularly efficient, to support business expansion. [IP]

27. Create a centralized platform to publicize and promote opportunities offered to youth or women regarding access to funding. [IP]

28. Design youth-centric interventions which include the use of technology and improve youth engagement with firms led by youth to attract more youth participation.
Annex I: Result Framework for the Nigeria Agribusiness Investment Activity

Purpose:
Strengthen the Enabling Environment for Agribusiness Finance and Investment

- **Indicator 1:** Percentage change in value of aggregate lending to agricultural sector actors (custom)
- **Indicator 2:** Number of agricultural enabling environment policies approved or implemented with USG assistance (custom)
- **Indicator 3:** Number of private sector enterprises with improved participation in the local economy as a result of USG assistance (standard)

**Sub-Purpose 1:**
Agribusiness Enabling Environment Improved

- **Indicator 3:** Number of consultative processes on agricultural enabling environment policies as a result of USG assistance (custom)
- **Indicator 4:** Number of agricultural enabling environment policies drafted, analysed, or revised with USG assistance (custom)

**Sub-Purpose 2:**
Access to Finance Broadened

- **Indicator 5:** EG.3.2-27 Value of agriculture-related financing accessed as a result of USG assistance (standard)
- **Indicator 6:** Number of micro, small, and medium enterprises (MSMEs), including farmers, receiving agricultural-related credit and investment as a result of USG assistance (standard)
- **Indicator 11:** EG.4.2-1 Total number of clients benefiting from financial services provided through USG-assisted financial intermediaries, including non-financial institutions or actors (standard)

**Sub-Purpose 3:**
Investment Facilitated

- **Indicator 7:** EG.3.2 Number of individuals participating in USG food security programs (standard)
- **Indicator 8:** CIBLD-9 Percent of USG-assisted organizations with improved performance (standard)

**Sub-Purpose 4:**
Agribusiness MSME Performance Enhanced

- **Indicator 12:** EG.5.3 Number of microenterprises supported by USG assistance (standard)

**Crosscutting**

- **Indicator 9:** GNDR-2 Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income, or employment) (IM-level)
- **Indicator 10:** YOUTH-3 Percentage of participants in USG-assisted programs designed to increase access to productive economic resources who are youth (15-29) (IM-level)
**Annex II: Agribusiness Investment Activity Performance Indicators Q3 Y23**

<table>
<thead>
<tr>
<th>KEY PERFORMANCE INDICATOR</th>
<th>LOA TARGET</th>
<th>RESULTS TO DATE</th>
<th>% ACHIEVEMENT</th>
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<tbody>
<tr>
<td><strong>Purpose: Strengthen the Enabling Environment for Agricultural Finance and Investment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NA11-1 % change in value of aggregate lending to agricultural sector actors</td>
<td>Not</td>
<td>35%</td>
<td>Not determined</td>
</tr>
<tr>
<td></td>
<td>determined</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NA11-2 Number of agricultural enabling policies approved or implemented</td>
<td>10</td>
<td>22</td>
<td>220%</td>
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<tr>
<td>PSE-3 Number of private sector enterprises with improved participation in the local economy as a result of USG assistance by States</td>
<td>45</td>
<td>52</td>
<td>116%</td>
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<tr>
<td><strong>Sub-Purpose 1: Improve Agribusiness Enabling Environment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NA1.1-1 Number of consultative processes on agricultural enabling policies</td>
<td>55</td>
<td>68</td>
<td>124%</td>
</tr>
<tr>
<td>NA1.1-2 Number of agricultural enabling environment policies drafted, analyzed, or revised</td>
<td>22</td>
<td>24</td>
<td>109%</td>
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<tr>
<td><strong>Sub-Purpose 2: Broaden Access to Agribusiness Finance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-Purpose 3: Facilitate Investment</strong></td>
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<td></td>
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<tr>
<td>EG.3.2-27 Value of agriculture-related finance accessed (USD) (million)</td>
<td>225.00</td>
<td>244.21</td>
<td>109%</td>
</tr>
<tr>
<td>Debt Finance (USD million)</td>
<td>150.00</td>
<td>188.83</td>
<td>126%</td>
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<tr>
<td>Non-Debt (USD million)</td>
<td>75.00</td>
<td>55.51</td>
<td>74%</td>
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<td>DOI-19 # of MSMEs, including farmers, receiving agricultural-related credit and investment</td>
<td>15,500</td>
<td>18,437</td>
<td>119%</td>
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<tr>
<td>EG. 4.2-1 Total number of clients benefiting from financial services provided through USG-assisted financial intermediaries by State</td>
<td>15,450</td>
<td>17,716</td>
<td>115%</td>
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<tr>
<td><strong>Sub-Purpose 4: Enhance Agribusiness MSMEs Performance</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>EG. 3-2 Number of individuals participating in USG food security programs by States</td>
<td>16,400</td>
<td>19,464</td>
<td>119%</td>
</tr>
<tr>
<td>CBLD-9 Percent of USG assisted organizations with improved performance by States</td>
<td>90%</td>
<td>93%</td>
<td>103%</td>
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<tr>
<td>EG.5-3 Number of microenterprises supported by USG assistance</td>
<td>13,000</td>
<td>15,373</td>
<td>118%</td>
</tr>
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</table>

127 The aggregate data as the national level was only available in for FY2020
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<thead>
<tr>
<th>Key Performance Indicator</th>
<th>LOA Target</th>
<th>Results to Date</th>
<th>% Achievement</th>
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<tbody>
<tr>
<td>Cross-Cutting</td>
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<tr>
<td>GNDR-2 Percentage of female participants in USG-assisted programs by States</td>
<td>40%</td>
<td>27%</td>
<td>68%</td>
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<tr>
<td>YOUTH-3 Percentage of youth participants in USG-assisted programs by States</td>
<td>30%</td>
<td>14%</td>
<td>47%</td>
</tr>
</tbody>
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Annex III: Full Listing of References and Reports Utilized

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Annex IV: Full Listing of Persons Interviewed

The full listing of persons interviewed was submitted separately in line with data de-identification policies. Please contact Olufemi Gisanrin, at ogisanrin@melsa.ng to request the data.
### Annex V: Data Collection Tools

#### KII PROTOCOL USAID AND IMPLEMENTING PARTNERS (IP)

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<td>What are the lessons learned in access to finance efforts?</td>
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<td>Were participants well prepared to pitch their ideas? How were the MSMEs prepared to provide an application package?</td>
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<td>36</td>
<td>What are the lessons learned in terms of MSME performance improvement efforts? How should the intervention have been designed differently to improve efficiency?</td>
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<td>What were the approaches used to include women, youth, and persons with disabilities for each component? Which approaches were the most effective when including women, youth, and persons with disabilities in each component of the Activity?</td>
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<td>To what extent was the Activity able to encourage the inclusion of DEIA initiatives in the 7 focal states? What were some of the differences in approach? What worked best?</td>
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<th>Unique Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Our team is conducting the final evaluation of the Feed the Future Nigeria Agribusiness Investment Activity implemented by CNFA. Our goal is to collect information that will help us assess the extent to which the project has reached its objectives and to understand the lessons learned from this Activity. As a stakeholder in the Activity, we would like to hear your views, opinions, and observations regarding the Activity. Please, kindly note that you are free to voluntarily choose to participate in this interview, refuse to answer certain questions, or stop participating at any time without any loss or harm to you. If you choose to participate, your help in answering these questions is greatly appreciated. Your responses will be kept completely confidential, and your anonymity is guaranteed and your name will not be disclosed. However, some results may be associated with your role. Our discussion will take about an hour. To ensure we don't miss any of your valuable contributions, we would like to record our discussion. Do you have any questions? Do you agree to participate and be recorded? For any questions about the study, contact: Olufemi Gisanrin—Acting Chief of Party, The Monitoring, Evaluation and Learning Support Activity, Navanti Group, No. 1 Ontario Crescent, Off Mississippi Street, Maitama, Abuja, FCT, Nigeria – Contact Email: <a href="mailto:ogisanrin@melsa.ng">ogisanrin@melsa.ng</a> or our Institutional Review Board at <a href="mailto:irb@socialimpact.com">irb@socialimpact.com</a></td>
</tr>
<tr>
<td>2</td>
<td>Can you explain your role in your organization? How was your organization involved with the Agribusiness Investment Activity?</td>
</tr>
<tr>
<td>3</td>
<td>In your opinion, does the improvement of the policies have the potential to transform the agriculture sector in Nigeria? How? Can you give us some examples?</td>
</tr>
<tr>
<td>4</td>
<td>What specific aspects of the business environment did the Activity intend to improve through policy revisions? How are the changes in the policies supposed to affect the business environment?</td>
</tr>
<tr>
<td>5</td>
<td>Were you able to participate actively in the events and workshops leading to the policy reforms? If yes, how? If No, why?</td>
</tr>
<tr>
<td>6</td>
<td>To what extent are the policy reforms addressing your needs and expectations to improve the business environment? Was the Activity capable of adapting the policy reform to changing needs or addressing disagreements between stakeholders?</td>
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<td>DEIA 2: How did the Activity intentionally support women, youth, and persons with disabilities in the obtention of loans?</td>
</tr>
<tr>
<td>11</td>
<td>How successful was the Activity or its partners in organizing the investment events? Were the propositions of good quality? How were the events promoted? What challenges did you meet?</td>
</tr>
<tr>
<td>12</td>
<td>[For MSMEs involved in investment deals] How were you assisted in the development of your investment package and the preparation of your pitch?</td>
</tr>
<tr>
<td>13</td>
<td>What approaches were most effective in improving access to investment funds for agribusiness MSMEs? Why? (Deal room, incubator, crowdsourcing...) What other approaches do you think would have been beneficial to improve access to investment funds for agribusiness MSMEs?</td>
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<td>14</td>
<td>DEIA 3: How did the Activity intentionally support women, youth, and persons with disabilities in the obtention of investment (non-debt)?</td>
</tr>
<tr>
<td>15</td>
<td>To what extent did the technical assistance provided by the Activity (OPI) enhance your capacity to sustain and scale your businesses?</td>
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<td>How did the Activity facilitate internal value chain financing (B2B)? How efficient was the assistance provided? What did the Activity do to facilitate linkage between MSMEs and other actors of the value chain? What could they have done better? What are the challenges encountered with this approach?</td>
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<td>19</td>
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<td>20</td>
<td>What were some of the weaknesses in the design of this Activity for each component? In particular, was the selection of states and value chains appropriate? What could have been done better or differently to enhance the access to finance for MSMEs and smallholder farmers?</td>
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<tr>
<td>Q</td>
<td>Question</td>
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<td>8</td>
<td>Are the new or revised policies currently being implemented? If not, what is the likelihood that the new policies to be implemented and supported by the GON? What challenges could the implementation of the policies be facing?</td>
</tr>
<tr>
<td>9</td>
<td>Were implementation plans developed for each policy? Were the new and revised policies disseminated? How? If not, why?</td>
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<tr>
<td>10</td>
<td>What role did the change champions (CSO...) play in ensuring the policies were or will be implemented, and in keeping the GON accountable?</td>
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<tr>
<td>11</td>
<td>What has the Activity done to ensure that the GON and other key stakeholders would have the capacity to actively pursue Public and Private Discussions (PPD) beyond the life of the Activity? Do the GON and other key stakeholders possess the capability and willingness to sustain PPD without donor assistance? What challenges could they face?</td>
</tr>
<tr>
<td>12</td>
<td>What are the lessons learned in the policy reform efforts? What could have been done differently or better to ensure the effectiveness and sustainability of the policy reform efforts?</td>
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<td>FGA</td>
<td>UNIQUE QUESTION</td>
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Annex VI: Statement of Work

USAID/Nigeria Feed the Future Nigeria Agribusiness Investment Activity
Final Performance Evaluation
Scope of Work

I. BACKGROUND INFORMATION

Activity Identification Data

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<thead>
<tr>
<th>Development Objective</th>
<th>Activity Title</th>
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<tbody>
<tr>
<td>Broadened and Inclusive Economic Growth</td>
<td>Feed the Future Nigeria Agribusiness Investment Activity</td>
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<th>Type of Contract</th>
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<tr>
<th>Contracting Officer’s Representative (COR)</th>
<th>Implementing Partner (IP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rose Quispe-Lopez</td>
<td>CNFA</td>
</tr>
</tbody>
</table>

II. DEVELOPMENT CONTEXT

1. Problem or Opportunity Addressed by the Activity being evaluated

When the Agribusiness Investment Activity was designed, Nigeria experienced high levels of poverty (53.3% of the population), with regional and income inequalities along the north-south divide. Agriculture is seen as a force in alleviating poverty, but the country has not fully exploited its comparative advantage in agriculture, which accounted for over 22% of the Gross Domestic Product in 2016. As the largest employer by sector, agriculture absorbs nearly a third of the labor force. However, the sector has suffered from decades of neglect, resulting in low productivity. Formidable challenges and constraints along the supply chain (from inputs, production, production to processing, trading, and distribution) continue to hamper the sector’s full potential. Compounding these issues, climate change continues to wreak havoc on the tenuous and vulnerable farm-to-market supply chain; flawed policies reinforce disincentives to invest in the sector; and weak and fragmented institutions limit the effectiveness of local extension services and agricultural support offices.
In the face of these challenges, Nigeria is ranked low on global competitiveness and ease of doing business. As a result, Nigeria remains a food-deficit nation, relying on imported grains, livestock, and fish. Issues related to productivity, efficiency, quality, and price all compound the agribusiness investment climate. After decades of under-investment, the agribusiness sector remains uncompetitive.

The agriculture sector has become increasingly important to the Nigerian economy in the wake of the sudden worldwide drop in oil prices and the consequent need to diversify the export base. For the agricultural sector to flourish, significant investments are needed to support Nigerian agribusinesses. The investment climate remains challenging, with much of Nigeria’s market potential unrealized. Significant impediments hamper the country’s ability to take full advantage of its domestic market, including pervasive corruption, an inconsistent regulatory and legal environment, high energy costs, inadequate power, and transportation infrastructure, insecurity, a slow and ineffective judicial system, inadequate intellectual property rights protections and enforcement, and an inefficient property registration system.

Inclusive economic growth in Nigeria will not be possible without a regulatory environment friendly to the establishment and operation of agribusinesses. If Nigeria can boost agriculture growth, the sector will be poised to play an important role in increasing economic output and diversification of export earnings away from the country’s heavy reliance on the petroleum industry. Driven by higher productivity and investments, rising farm incomes would significantly reduce rural poverty. Unarguably, a healthier rural economy can produce a strong positive spillover effect, supporting a smoother urbanization process that results in less urban poverty.

The five-year $15.7M USAID Feed the Future Nigeria Agribusiness Investment Activity was designed to address the constraints that hamper Nigeria’s overall business environment and improve the country’s investments. The Activity will contribute to the Mission’s Feed the Future strategy, which looks to improve the agriculture competitiveness of smallholder farmers in Nigeria. The Activity aligns with the Government of Nigeria in pursuit of its Agriculture policies, which seek to boost productivity, intensify the role of private sector investments, and build the Federal Ministry of Agriculture and Rural Development’s capacity to conduct its core regulatory role.

Based on this evidence and analysis, the USAID/Nigeria Agribusiness Investment Activity is expected to strengthen the business-enabling environment to promote private-sector investment in agriculture. The Activity’s work encompasses four broad but interrelated areas. First, the Activity will promote smart and efficient regulation in agriculture. Second, the Activity will expand access to finance by mitigating credit risks of agribusinesses and supporting the growth of innovative financing schemes, such as impact investing. Third, the Activity will provide firm-level assistance to agribusinesses to strengthen their readiness to
expand and scale. Finally, the Activity will integrate various cross-cutting themes into all Agribusiness activities. Taken together, these efforts will strengthen the business enabling environment, thereby increasing the volume, value-added, and diversification of agribusiness investments.

The Activity will reduce the cost of doing business, improve access to credit, and strengthen the investment readiness of agribusinesses. At the end of the Agribusiness Investment Activity, USAID expects to see a remarkable improvement in the agribusiness investment climate, and this will play a pivotal role in attracting foreign direct and domestic investments. In supporting conducive enabling environments, the Activity will broaden opportunities and incentives for firms and entrepreneurs to invest and thus contribute to employment generation and income growth.

2. Target Objectives and Stakeholders

The Activity focused on four interrelated objectives as follows:

Objective 1: improve the enabling environment for agricultural sector growth.

Objective 2: broaden access to finance by mitigating the credit risks of agribusinesses.

Objective 3: promote and facilitate investment opportunities for agribusinesses to expand and scale up operations, and

Objective 4: sustainably enhance the performance of agribusiness micro, small and medium-sized enterprises.

To address the enormous constraints that hamper the overall agricultural business environment, the Activity aimed to link thousands of MSMEs and producer organizations with high-performing commercial actors in the rice, maize, soybean, aquaculture, and cowpea value chains. Furthermore, it has a geographic concentration in the following seven states: Benue, Cross River, Delta, Ebonyi, Kaduna, Kebbi, and Niger.

3. Intended Results of the Activity being Evaluated

At the end of the award, USAID expects the Activity to achieve the following high-level results:

- At least 10 agricultural enabling environment policies approved and implemented to promote private sector investments into the agribusiness sector in Nigeria
- At least $225 million of additional agriculture-related financing accessed from private-sector
- At least 15,500 MSMEs, including farmers, receiving agricultural-related credit and investment
At least 40% of participants in programs designed to increase access to productive economic resources are females.

The Agribusiness Investment Activity’s overall goal is to contribute to USAID/Nigeria’s Global Food Security Strategy (GFSS) Intermediate Result 1: Strengthen inclusive agriculture systems that are productive and profitable. The purpose is to address the constraints that hamper the overall agricultural business environment of Nigeria and improve the level of agriculture-related finance and investment. This purpose is linked to USAID Nigeria’s Country Development Cooperation Strategy (CDCS) Development Objective 1: Broadened and Inclusive Economic Growth and Intermediate Result 1.2: Business Environment Improved. The Activity also contributes indirectly to Intermediate Result 1.1 which seeks to increase agricultural competitiveness. The Activity is structured into four technical components or result areas (see below), which are also linked to respective sub-intermediate Results (IRs) in USAID Nigeria’s CDCS:

- Agribusiness Enabling Environment Improved (Sub-IR 1.2.1: Policy and regulatory environment improved)
- Access to Agribusiness Finance Broadened (Sub-IR 1.2.2: Access to finance improved)
- Investment Promotion Facilitated (Sub-IR 1.2.2: Access to finance improved)
- Agribusiness Performance Standards Enhanced (Sub-IR 1.1:1 Agricultural Productivity Increased)

III. APPROACH AND IMPLEMENTATION

The contractor was requested to develop a program of interventions that includes the following four components: improve the enabling environment for agricultural sector growth; broaden access to finance by mitigating the credit risks of agribusinesses; promote and facilitate investment opportunities for agribusinesses to expand and scale up operations; and sustainably enhance the performance of agribusiness micro, small and medium-sized enterprises.

**Improve the enabling environment for agricultural sector growth:** The Activity proposed to support Ministries, Departments, and Agencies (MDAs) of government, the private sector players, and the civil social society to implement approved policies by providing best practice methodology and tools to efficiently execute policy action plans. The methodology and tools will also build the institutional capacities of MDAs for the proper implementation of approved policies. The Activity proposed to provide a mix of assistance to MDAs, CSOs, and NGOs with the requisite skills needed for effective public-private dialogue, providing tailored training, coaching, and mentoring programs. This is expected to help in building an agribusiness-enabling environment and system that can sustain the reform efforts. To promote sustainability for policy development methodologies and implementation, the contractor planned to:
• expand gender and youth inclusion in public-private dialogues and other activities and develop gender and youth stand-alone policy briefs from approved policies that incorporate practical deliverables on access to finance, access to market, and women and youth involvement in agribusiness.

• Provide additional support to government actors on policy implementation, in terms of capacity building and communications to stakeholders (e.g., producing summary e-copies and infographics of approved policies, holding sensitization meetings, etc.)

• Provide structured capacity-building programs for change champions, CSOs, NGOs, negotiation skills, advocacy, and policy influencing.

**Broaden access to finance:** The Activity is intended to expand access to financial services across the value chain by working with financial institutions, agribusiness lead firms, and smaller enterprises to help agribusinesses secure debt financing to achieve their growth objectives. The Activity proposed to give technical assistance and advice to support formal and informal credit arrangements; financial product development; portfolio management; risk analysis and management. The contractor proposed to explore partnerships with other organizations that can support local financial institution partners to develop stronger resilience frameworks to manage and de-risk agribusiness lending as much as possible.

**Promote and facilitate Agribusiness Investment:** The Activity is intended to work with agribusiness lead firms and SMEs to facilitate new funds raise and monitor utilization; collaborate with stakeholders within the investment ecosystem to find synergies and areas of collaboration to strengthen and promote efficiency in funding flows; organize deal-making events and/or partner with organizations promoting same to further expose deal makers and seekers to investment opportunities; and promote gender-sensitive deal-making to support women and youth in raising funds for their agribusinesses.

**Enhance Agribusiness MSMEs Performance:** The Activity intended to carry out the following interventions under this component:

• Onboard agribusinesses into the Activity’s Organizational Performance Improvement (OPI) intervention, conduct need assessments and implement performance improvement recommendations from each partner’s need assessment

• Execute targeted training and capacity-building needed to unlock finance for individual agribusiness actors.

• Provide relevant technical assistance, especially business and credit advisory services to fast-track capital raise efforts of agribusiness firms in the focal states.

• Document the achievements and lessons learned from fostering business-to-business (B2B) relationships between agribusiness organizations which have aided input/raw material sourcing and created sustainable backward integration for the lead firms.

• Support partner agribusiness MSMEs as a sustainability measure to join and build relationships with business membership organizations committed to networking, capacity building, policy advocacy, and promoting the performance of its member firms and operators.
The overall results framework for the FTF Nigeria Agribusiness Investment Activity is outlined in Figure 1 below. It shows the pathways by which the project will achieve its goal of promoting more inclusive private sector-led agricultural growth (which is the FTF strategy’s First Level Objective) and poverty reduction (which is the goal of CDCS). This framework will be central to the management, monitoring, and evaluation of this project.
Figure 1. Results Framework: Agribusiness Investment

Overall Goal
Broader Objective

Purpose
Intermediate Objective

Sub-Purposes
Outcomes

Outputs
Accomplishments (components)

Ease of Doing Agribusiness Improved
Access to Agribusiness Finance Broadened
Investment Promotion Facilitated

Ease of Doing Business
- Improve legal and regulatory environment
- Streamline agribusiness registration and permit processes
- Strengthen quality of agribusiness regulations

Access to Finance
- Assist agribusinesses to improve their credit risk profile

Investment Promotion
- Provide firm-level assistance to agribusinesses
- Support medium-scale investors
- Strengthen business development and support services
- Facilitate networking opportunities for agribusinesses, particularly with market linkages

Input
Tasks
(Illustrative)

(cross-cutting)
- Improve coordination with VC stakeholders
- Integrate gender and youth into Project activities
- Coordinate with other Feed the Future programming in Nigeria
- Promote knowledge sharing of evolving best practices in agribusiness investment
- Provide on-going support, training, tailored consultancy, and other services for grantees to implement activities and enhance deliverables
- Coordinate, collaborate, and build synergies across grantee activities
The Nigerian Agribusiness Investment Activity was designed to accomplish the IRs and activity objectives through an activity work program. The Activity’s goal is to strengthen the business-enabling environment to promote private-sector investment in agriculture. To achieve this goal, the activity focuses on four interrelated components: (1) improving the ease of doing business in the agricultural sector through focused analysis and reform of select legal and regulatory constraints; (2) broadening access to finance through training, new financial products and by mitigating the credit risks of agribusinesses; (3) promoting investment opportunities for agribusinesses to expand and scale up operations; and (4) improving the organizational performance of agribusiness lead firms, industry associations, Small and Medium Enterprise (SME) processors, and producer groups. In line with the U.S. and Nigerian Government’s commitment to growing the non-oil-based economy, these efforts will increase the quality, quantity, market access, diversification, and competitiveness of Nigeria’s agribusiness sector.

Examples of types of activities to be funded by the project include:

1) Agribusiness Enabling Environment
   - Engagement of public and private sector stakeholders on 12 priority policies needing reforms
   - Training for key policy champions and coalitions for change on advocacy and lobbying
   - Training for relevant GON MDAs on enhanced stakeholder engagement methodology

2) Access to Finance
   - Training to build financial institution capacity on value chain financing.
   - Technical Assistance to financial institutions on specific agribusiness finance opportunities, products, or processes to help expand their funding to agribusinesses.
   - Lead Firm-driven financial transactions identified, supported, and consummated.
   - Onboard new agribusiness-friendly financiers.

3) Investment Facilitation
   - Equity investment-focused training for investment firms
   - Agribusiness-investment deal-making events between the Activity’s agribusiness partners and existing or potential investors
   - Agribusinesses evaluated, supported, and consummated

4) Agribusiness MSME Performance
   - A training plan developed to build the capacities of MSMEs.
   - New MSMEs and farmer groups identified and assessed towards meeting various capacity and finance needs.
   - Business accelerator program focused on youths and women to access finance and investment
New Lead Firms identified, assessed, and provided with technical support to grow and manage input lending to out-growers.

SMEs and farmer groups assessed to determine organizational performance gaps.

Specific activities undertaken by the Activity under the themes outlined above are necessary to create the appropriate enabling environment to achieve the overall goal of the project.

The Feed-the-Future Nigeria Agribusiness Investment Activity was developed based on the following development challenges:

- Most smallholder farming operations have limited recourse to financing to scale operations, and market interest rates reach at least 18 to 25%. Microfinance loans fare no better, at 3-4% per month. Many in Nigeria lack access to formal banking services (women: 60%; youth 15-24: 90%).

- Agribusinesses and agro-processors lack sufficient working capital and express concern over the quality/safety of farming output (e.g., aflatoxin).

- Another major challenge is the inability of processors to source a consistent supply of high-quality inputs on the domestic market due to the low quality of on-farm produce. Processors face significant obstacles to importing them from abroad due to restrictions on the abilities of banks to finance the imports of many commodity classes and high tariff rates.

- Nigeria languishes close to the bottom of world rankings on global competitiveness and ease of doing business. As a result, Nigeria remains a food-deficit nation, relying on imported grains, livestock, and fish. Issues related to productivity, efficiency, quality, and price all compound the agribusiness investment climate. After decades of under-investment, the agribusiness sector remains uncompetitive.

Assumptions

There were a few critical assumptions for the Nigerian Agribusiness Investment Activity to achieve its targets and objectives.

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129 On the 2015/16 Global Competitiveness rankings, Nigeria places 124th out of 140 countries. See reports.weforum.org/global-competitiveness-report-2015-2016/competitiveness-rankings/. The report recommends priorities in infrastructure (ranking 133rd and the most constraining factor to doing business) and human capital. Poor health in the workforce (134th) and inefficient higher education (128th) also prevent the country from fulfilling its untapped potential.


131 For a general overview of agriculture in Nigeria, see Oxford Business Group, Nigeria 2015.
The business environment in Nigeria remains averse to the risks and uncertainties associated with agricultural activities even as it acknowledges the subtle shift in focus from non-oil-based revenue generation to agricultural resources.

The government, policymakers, financial institutions, private sector investors, and other stakeholders targeted by the project are receptive to new ideas responsive to evidence presented and committed to implementing and enforcing the outcomes of policy research and analysis. In other words, the Results Framework relies on there being political will, investment interest, and support for the policy change agenda and that the project will receive cooperation and participation of targeted stakeholders in program activities and its outputs.

While the above factors pose serious challenges, every effort will be made to achieve the objectives of the Activity, which is to inform the process through rigorous and timely evidence-building and help improve local capacity to use this evidence for policy analysis and advocacy.

**Existing Data**

The Evaluation Team will have access to the vital documents relevant to conducting this evaluation. These documents will include the technical proposal, original contract, monitoring and evaluation plan, annual work plans, quarterly and annual reports, data quality reports, contract amendments (if any), memorandums of understanding, and any other relevant materials documenting the management, implementation process and results for the Nigeria Agribusiness Investment Activity permitted by the Office of Acquisition and Assistance.

**V. EVALUATION RATIONALE**

**a. Evaluation Purpose**

The primary purpose of this final performance evaluation is to determine whether the assistance provided by USAID/Nigeria through the Nigeria Agribusiness Investment Activity achieved the stated development objectives and to understand the lessons learned from this Activity in Nigeria. It is intended to provide an independent examination of the overall progress and accomplishments of the Nigeria Agribusiness Investment Activity. The evaluation should provide a detailed picture of the major accomplishments and weaknesses of the Activity since its inception and determine how its successes can be sustained. This final performance evaluation will provide USAID/Nigeria, its implementing partners, and agriculture sector stakeholders with data on outcomes and achievements. The evaluation should also elucidate the lessons learned and include specific recommendations to USAID/Nigeria about how the Activity achievements and successes can be sustained and interventions that produced those achievements and successes can be adopted and scaled
by other FTF activities, partners, private sector firms, or by the Government of Nigeria (GON).

b. Audience and Intended Users

The primary users of the evaluation findings will be the USAID Economic Growth and Environment (EGE) Office, other U.S. Government (USG) officials, non-USG donor organizations, the GON, private sector firms, smallholder farmers, and financial institutions, all of whom can use the findings to improve and build knowledge. The evaluation report will also serve as reference material for future program design (see Table 2 below).

**Table 2: Audience and Intended Uses and Users**

<table>
<thead>
<tr>
<th>#</th>
<th>Intended Use</th>
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<td></td>
<td></td>
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</tr>
<tr>
<td>1</td>
<td>Inform Policy</td>
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<td>2</td>
<td>Inform Project design</td>
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<tr>
<td>3</td>
<td>Improve project monitoring</td>
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<td>4</td>
<td>Improve operational policy and planning</td>
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<td>5</td>
<td>Improve resource management</td>
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<td>6</td>
<td>Enhance professional growth</td>
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<tr>
<td>7</td>
<td>Add scientific Knowledge</td>
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</tbody>
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**Evaluation Questions**

The Agribusiness Investment Activity had four main objectives:

- Agribusiness Enabling Environment Improved
- Access to Agribusiness Finance Broadened
- Investment Promotion Facilitated
- Agribusiness Performance Standards Enhanced
In determining the achievement of these objectives, the evaluation will focus on relevance, effectiveness, and sustainability; and the following key evaluation questions should be answered:

1. **Did improvements in the agribusiness-enabling environment lead to increased private sector investments in agribusiness?**
   a. To what extent has the Activity’s efforts to improve the business-enabling environment contributed to the ease of doing business, and to the achievement of the Activity’s objectives of transforming the agriculture sector in Nigeria?
   b. To what extent has the Activity been able to engage agribusinesses to respond to the changing needs of the business environment and seize opportunities for impact? If needed, what options exist for improving adaptation within the Activity?
   c. To what extent has the Activity achieved the intended results per the Activity design? What are the lessons learned? To what extent have the policy reform efforts of the Activity contributed to the Activity’s objectives of transforming the agriculture sector in Nigeria?
   d. To what extent are the policies currently or likely to be implemented? How will the achieved results be sustained by stakeholders and the mission?

2. **Did the Activity increase Agribusiness MSMEs (including smallholder farmers) access to finance?**
   a. To what extent did the Activity engage with the private sector, especially financial institutions, to facilitate access to finance for Agribusiness MSMEs?
   b. What approaches were used by the Activity to increase access to finance for Agribusiness MSMEs and smallholder farmers? To what extent did the Activity utilize innovative models and new financial products that speak to the needs of the agribusiness MSMEs?
   c. How successful was the Activity in assisting Agribusiness MSMEs and smallholder farmers to address the major challenges that Agribusiness MSMEs face in accessing finance for growth and expansion? What factors contribute to the varying levels of achievement among different states?
   d. How successful were the approaches used by the Activity and how could they be improved? How sustainable are the Activity’s efforts to improve the landscape for access to finance and investment likely to be?

3. **How effective was the Activity in facilitating agribusiness Investment?**
   a. To what extent and how did the Activity engage investors and agribusiness in the Nigerian investment market?
   b. What are the major challenges Agribusiness MSMEs face in their investment drive in Nigeria?
   c. To what extent has the Activity accelerated the flow of private sector funds to support the agribusiness sector?
d. What approaches were most effective in improving access to investment for agribusiness MSMEs?

4. Did the Activity enhance the performance of Agribusiness MSMEs?
   a. To what extent did the Activity enhance Agribusiness MSMEs' capacity to sustain and scale their businesses?
   b. To what extent did the Activity support agribusiness MSMEs' ability to leverage additional funding to sustain or scale their businesses?
   c. How could the sustainability of TA provided to Agribusiness MSMEs have been enhanced?

5. How has the Activity incorporated Diversity, Equity, Inclusion, and Accessibility (DEIA) initiatives as they worked towards achieving their four main objectives?
   a. To what extent did the Activity support women, youth, and persons with disabilities, not often represented in the Agriculture sector?
   b. What limitations did the Activity have in incorporating DEIA initiatives?
   c. What approaches were most effective when including women, youth, and persons with disabilities in each component of the Activity? How did the Activity mitigate some of the challenges? Were the approaches specific to each state?

VI. EVALUATION METHOD AND METHODOLOGY

Evaluation Design

The Evaluation Team should select the best approach/methodology possible to complete a thorough and effective final performance evaluation within the timeline and budget parameters set in the contract. In that regard, the evaluation team should consider a range of possible methods and approaches for collecting and analyzing the information required to answer the evaluation questions in the best and most informative way possible. The methodology should include, but not be limited to, the following techniques (listed below) to conduct the evaluation. Before arriving in the country and conducting fieldwork, the team should submit to USAID/Nigeria three key deliverables: 1) Document Review Summary, 2) Methodology / Detailed Work Plan, and 3) Site Visit Schedule and plan. USAID/Nigeria will review these three deliverables, turning them around within three work weeks to the evaluation team.

- **Document Review/Data Analysis.** Before arriving in the country and conducting fieldwork, team members will review various documents and reports, including but not limited to the Agribusiness Investment Activity original agreement and amendments; USAID/Nigeria strategy document; FtF Project Appraisal Document; activity quarterly and annual reports; activity technical studies; and other relevant documents such as the
specification of the activity deliverables. USAID/Nigeria and CNFA will provide the relevant documents to the evaluation team.

- **Key Informant Interviews (KII)**. The team will conduct interviews and focus groups with a variety of stakeholders including USAID staff, project beneficiaries, partner banks, government staff, implementing partner staff, and other key donor partners. A list of stakeholders and contacts will be provided by USAID/Nigeria and CNFA, and additional individuals may be identified by the evaluation team at any point during the evaluation before the drafting of the final report.

- **Site Visits**. In addition to the many key informant interviews (KII) that will take place in Abuja, the Evaluation Team will visit activity sites to interview beneficiary communities, service providers, private sector entities engaging with beneficiaries, and federal, state, and local government authorities as indicated.

The Evaluation Team will apply robust data analysis techniques including triangulation to draw conclusions and recommendations linked to key findings that are based on strong evidence. The Evaluation Team will compare data collected from KII with results from the Activity documents and reports.

USAID staff from the EGE Office and other Mission offices may accompany the Evaluation Team as needed.

**VII. DELIVERABLES**

**A. Deliverables**

The following deliverables will be submitted to USAID/Nigeria. The timeline for the submission of deliverables will be finalized and agreed upon with the contractor.

1. **Evaluation Work Plan and Timeline**: The evaluation work plan and timeline will be developed in consultation with USAID/Nigeria.
2. **Detailed Report Outline and In-Brief**: This will be agreed upon during the team presentation meeting.
3. **Evaluation Design/Methodology, including questionnaire/guidelines for conducting key informant interviews/focus group discussion guides**: These documents will be prepared and submitted to USAID/Nigeria for review and approval before the initiation of key informant interviews and site visits.
4. **Other Evaluation Materials (list of proposed sites, and list of respondents)**: Some of these materials such as a list of sites to be visited will be shared with USAID/Nigeria before visiting the field. A list of respondents interviewed as key informants especially will also be provided upon return from the field visit.
5. **Interviewing Notes and Completed Surveys**: All interview notes and completed survey instruments used for the evaluation will be submitted to USAID/Nigeria. The data used for analysis will also be submitted to USAID/Nigeria.

6. **Debriefing(s)**: The Team Leader will regularly debrief USAID/Nigeria on the progress being made with the evaluation during fieldwork. At the end of fieldwork, a debriefing meeting will occur with USAID/Nigeria (EGE Team) and include the evaluation team’s findings, conclusions, and recommendations, before they leave Nigeria. Power-point presentations (one electronic copy) as well as hard copies for the debriefing will summarize findings, conclusions, and recommendations and will be distributed during the meeting.

7. **Draft Evaluation Report**: A synthesized draft report will include, at a minimum, the following: scope and methodology used; important findings (empirical facts collected by evaluators); conclusions (evaluators’ interpretations and judgments based on the findings); recommendations (proposed actions for management based on the conclusions); and lessons learned (implications for future designs and for others to incorporate into similar programs). The evaluation team will provide USAID/Nigeria with a draft report that includes all the components of the final evaluation report on January 5, 2023.

8. **Final Evaluation Report**: In addition to being compliant with the criteria of ensuring the quality of the evaluation report, the final report will address the comments provided by USAID/Nigeria and other stakeholders on the draft report. The Evaluation Team Leader will revise the draft report and deliver a final revised version to USAID/Nigeria within three weeks of receiving USAID feedback. The final report in both hard and electronic format will include all elements described in ADS 201 USAID Evaluation Report Requirements and will be submitted to USAID/Nigeria and approval given before submission to the Development Experience Clearinghouse (DEC).

9. **Dissemination**: An interactive opportunity for the Front Office and technical teams to learn from the evaluation/assessment and inform how to better manage activities, encourage cross-sectoral pollination, and enable strategy-level learning and adaptation.

10. **Data and All Supporting Documentation**: qualitative and/or quantitative data should be submitted as part of ADS 579.3.2.6

All reports are to be submitted in English in both electronic and hard copies. The Team will provide five copies of the Final Evaluation Report. The consultants will be responsible for report production. The final evaluation report should include an abstract; executive summary; background of the local context and the strategies/projects/activities being evaluated; the evaluation purpose and main evaluation questions; the methodology or methodologies; the limitations to the evaluation; findings, conclusions, and recommendations. The Final Evaluation Report should not exceed 30 pages in length in its body, not including the title page; Table of Contents; List of Acronyms; usage of space for tables, graphs, charts, or pictures; and/ or any material deemed important and included as Annexes. The annexes to the report shall include:
The Evaluation SOW;
Any statements of difference regarding significant unresolved differences of opinion by funders, implementers, and/or members of the evaluation team;
All data collection and analysis tools used in conducting the evaluation, such as questionnaires, checklists, and discussion guides;
All sources of information, properly identified and listed; and
Signed disclosure of conflict-of-interest forms for all evaluation team members, either attesting to a lack of conflicts of interest or describing existing conflicts of interest.
Summary information about evaluation team members, including qualifications, experience, and role on the team.

The Final Evaluation Report and PowerPoint addressing the Mission's comments should be submitted in both Word and PDF formats. Once the PDF format has been approved by the Mission, the Team will submit the Final Evaluation Report to the Development Experience Clearinghouse for archiving. Reports should be submitted consistent with the Automated Directives System (ADS) 579.

VIII. TEAM COMPOSITION

The Evaluation Team will consist of four key members, including at least one (1) international consultant (who will lead the team) and local consultants. The team members should represent a balance of several types of knowledge and expertise related to Nigerian Agribusiness Investment programming and agriculture-led development. USAID/Nigeria recommends the following staffing structure for the evaluation.

Team Leader/Senior Evaluation Specialist (International)
The Team Leader will be responsible for the overall management of the evaluation, including coordinating and packaging the deliverables. The Team leader develops the outline for the draft report, presents the report, and after incorporating USAID/Nigeria staff comments, submits the final report to USAID/Nigeria through Navanti within the prescribed timeline. In addition to the responsibilities outlined above, the Team Leader will:

Preparations
1. Finalize and negotiate with USAID/Nigeria the team’s work plan.
2. Establish assignment roles, responsibilities, and tasks for each team member.
3. Ensure that the logistics arrangements in the field are complete.

Management
1. Take the lead on preparing, coordinating team member input, submitting, revising, and finalizing the assignment report.
2. Manage the process of report writing.
3. Manage team coordination meetings in the field.
4. Coordinate the workflow and tasks and ensure that team members are adhering to the schedule.

**Communication**

1. Ensure harmony within the team.
2. Serve as the primary interface with USAID/Nigeria and serve as the spokesperson for the team.
3. Debrief USAID/Nigeria as the evaluation progresses and organize a final debriefing.
4. Keep USAID/Nigeria apprised of progress challenges, work changes, and team travel plans in the field, and report preparation via phone conversation or email at least once a week.
5. Serve as primary interface with USAID/Nigeria for the submission of draft and final reports, and deliverables to USAID/Nigeria.
6. Make decisions in conjunction with USAID/Nigeria about the safety and security of the team.

**Direction**

Assume technical direction lead, as required, to ensure the quality and appropriateness of assignment and report content.

**Qualifications for the Team Leader:**

- A graduate degree in Development Economics, Public Policy, Economics, Business Administration, Agriculture, or a related field.
- At least ten years of experience assessing or evaluating USAID and other donor-supported agricultural policy, finance and investment, and agricultural value chain activities.
- Previous experience serving as an evaluation Team Leader on a USAID-supported agriculture-related and/or access-to-finance activity.
- Previous experience working in Africa.
- Experience facilitating and providing leadership in collaborative and participatory evaluations with multiple stakeholders.
- Excellent writing, communication, and presentation skills.
- The ability to produce preliminary and final reports on time.

Other team members will include:
1. A host-country national or international **Senior Agribusiness Specialist**: The Senior Agribusiness Specialist must have at least a master’s degree or equivalent in Development Economics, Investment, and Finance, Agricultural Finance, Business Administration, Social Sciences, or related fields. S/he must have a minimum of seven (7) years of implementing and evaluating programming around strengthening the enabling environment for agricultural development. S/he must demonstrate good interpersonal and diplomatic skills as well as strong report writing and analytical skills and excellent oral communication skills in English.

2. A host country mid-level **Agriculture Economist**: The Agriculture Economist must possess technical competence in the fields of Agriculture, Agricultural Policy, Agribusiness and Agriculture value chains, Economics, or related fields. S/he must have a minimum of five (5) years conducting economic assessments and studies in the agriculture sector and must have strong report writing and analytical skills. S/he must demonstrate strong knowledge of the Nigerian agricultural policy and agricultural finance environment.

3. A national **Evaluation Specialist** with at least five (5) years of relevant experience in monitoring, evaluation, and learning. S/he must demonstrate strong experience with data collection procedures, surveys, and analysis of data using statistical analysis tools suitable for a varied audience

USAID leaves to Navanti’s discretion other necessary team members/staff for the evaluation (e.g. logistics, scheduling and translation, data analysis). Aside from the above-mentioned key personnel, the offeror must decide how the evaluation team should be structured to successfully address the evaluation questions. All attempts should be made for the team to be gender balanced and to include local (Nigerian) experts. A statement of potential bias or conflict of interest (or lack thereof) is required from each team member

**Conflicts of Interest**

All evaluation team members will provide a signed statement attesting to a lack of conflicts of interest or describing an existing conflict of interest relative to the activity being evaluated. USAID/Nigeria will provide the conflict-of-interest forms.

**IX. SCHEDULING AND LOGISTICS**

**Responsibilities**
The funding source will be through the budget of the USAID/Nigeria Monitoring, Evaluation, and Learning (MEL) Activity. The EGE Office of USAID/Nigeria contributes to the budget of the MEL Activity. The MEL Activity will be responsible for all offshore and in-country administrative and logistical support, including the identification and fielding of appropriate consultants. Navanti will arrange and schedule meetings, international and local travel, hotel bookings, working/office spaces, computers, printing, and photocopying. Navanti will make all logistical arrangements, including the vehicles for travel throughout Nigeria, and should not expect any logistical support from the Mission. Navanti will also make arrangements for space for team meetings and equipment support for producing the report.

USAID/Nigeria will provide:

- Background documents to be provided to the evaluation team as early as possible before working on the evaluation, but at least two weeks before the start of the evaluation
- A list of key informants, institutions, organizations, and other stakeholders;
- Ensure constant availability of Mission Point of Contact to provide technical leadership and direction for the evaluation team’s work;
- Assistance with arrangements/letters of introduction for formal and official meetings, and where necessary for high-level meetings, will accompany teams on introductory interviews; and, but not limited to; and
- If necessary and deemed appropriate, assist in identifying and helping set up meetings with local development partners relevant to the assignment.

Provide information about the suggested LOE (in hours) of each team member

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<th>Title</th>
<th>LOE/Days</th>
<th>LOE/Hours</th>
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<td>International Team Lead</td>
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<tr>
<td>Evaluation Specialist</td>
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VII. Intended Participation of Other Parties

USAID may propose internal staff from USAID/Nigeria or from headquarters, Implementation Partners, National Counterparts, and/or beneficiaries to accompany the team in this evaluation as observers. As observers, their role will be to provide guidance and background information and to rely on the external evaluators’ questions. They will review and comment on the report for accuracy, but evaluators may accept or reject comments. The final report should reflect the opinions of the external evaluators and is the sole responsibility of the selected evaluation team.