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Enabling poor rural people  
to overcome poverty

## **President's report**

### **Proposed loan and grant to the Federal Republic of Nigeria for the**

### **Value Chain Development Programme**

#### **Note to Executive Board representatives**

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Executive Board — 105<sup>th</sup> Session  
Rome, 3-4 April 2012

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**For: Approval**

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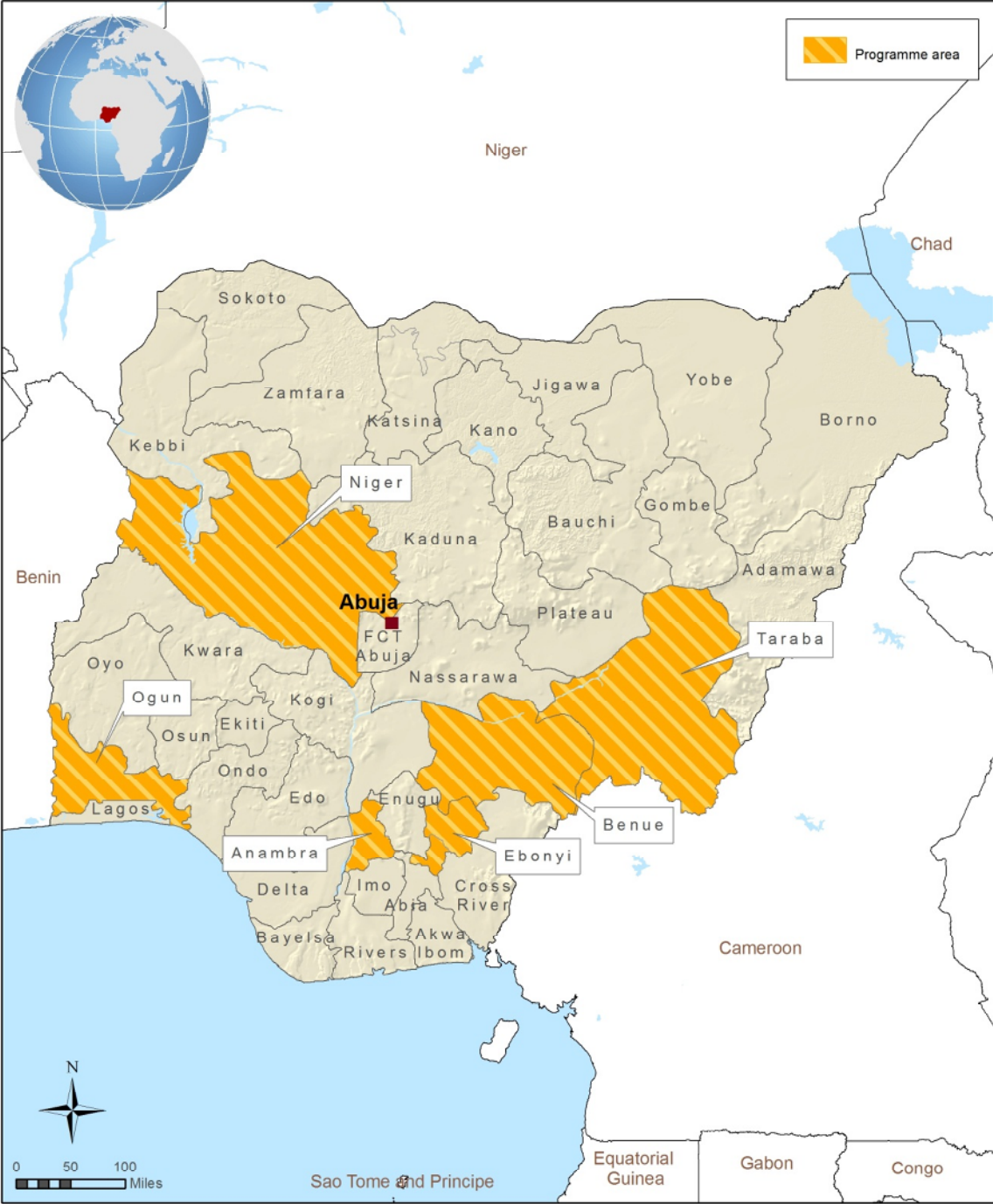
## **Abbreviations and acronyms**

ATA	Agricultural Transformation Agenda
LGA	local government area
M&E	monitoring and evaluation
NPMU	national programme management unit
SPMU	state programme management unit


# Map of the programme area

**Nigeria**  
Value Chain Development Programme - VCDP

*Design report*



13-12-2011

 The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.  
**IFAD** Map compiled by IFAD

## **Federal Republic of Nigeria**

### **Value Chain Development Programme**

#### **Financing summary**

<b>Initiating institution:</b>	IFAD
<b>Borrower:</b>	Federal Republic of Nigeria
<b>Executing agency:</b>	Federal Ministry of Agriculture and Rural Development
<b>Total programme cost:</b>	US\$104.8 million
<b>Amount of IFAD loan:</b>	SDR 47.85 million (equivalent to approximately US\$74.4 million)
<b>Amount of IFAD grant:</b>	SDR 0.33 million (equivalent to approximately US\$0.5 million)
<b>Terms of IFAD loan:</b>	40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum
<b>Contribution of borrower:</b>	US\$15.6 million
<b>Contribution of beneficiaries:</b>	US\$8.1 million
<b>Complementary financing:</b>	US\$6.3 million
<b>Appraising institution:</b>	IFAD
<b>Cooperating institution:</b>	Directly supervised by IFAD

## **Recommendation for approval**

The Executive Board is invited to approve the recommendation for the proposed financing to the Federal Republic of Nigeria for the Value Chain Development Programme, as contained in paragraph 38.

## **Proposed loan and grant to the Federal Republic of Nigeria for the Value Chain Development Programme**

### **I. Strategic context and rationale**

#### **A. Country and rural development and poverty context**

1. With an estimated 52 per cent of the Nigerian population of nearly 140 million people living in rural areas, agriculture is a mainstay of economic activity. The agricultural sector accounts for more than 40 per cent of GDP and up to 60 per cent of total employment (2007). Although the agricultural sector has performed fairly well over the last five years, registering a 7 per cent increase, this growth is insufficient for sustainable food security and poverty reduction in the longer term (estimated to require a 10 per cent growth rate). Furthermore, poverty remains largely a rural phenomenon, with two thirds of the rural population considered poor.
2. In Nigeria, more than 70 per cent of the total farming population is composed of smallholder farmers, cultivating less than five hectares and producing up to 90 per cent of the total national output. Despite their importance, smallholder farmers have seen their livelihoods constrained by a host of challenges: low productivity; paucity of opportunities for value addition; environmental degradation; limited access to productive assets and inputs; inadequate support services (extension and research); limited access to rural financial services; inadequate market and rural infrastructure (including water supply); post-harvest losses; and a constrained enabling environment.

#### **B. Rationale and alignment with government priorities and RB-COSOP**

3. The results-based country strategic opportunities programme (RB-COSOP) for Nigeria, covering the period 2010-2015, is based on lessons learned and takes into account the country programme evaluation recommendations that IFAD focus its intervention on the agricultural sector, with emphasis on enhancing productivity and access to markets. In close alignment with evolving Government strategy and policy, the Value Chain Development Programme is well anchored in the Government's vision for agricultural development through adoption of a commodity value chain approach, as articulated in the Agricultural Transformation Agenda (ATA). It is also consistent with strategies set out in the National Agricultural Investment Plan and other key sector strategies promoting food security and rural development. Based on Government priorities and on market analysis and opportunities, the programme will focus on addressing constraints along the cassava and rice value chains. IFAD will concentrate on supporting the Government and its development partners in laying a strong foundation, and creating an enabling environment, for a much longer-term strategy of value chain development.
4. The rural and agricultural sector effort is guided by multiple strategic directives; among these, emphasizing the value chain, through productivity increases and promotion of agroprocessing, is emerging as an important consideration. However,

the institutional context of the sector is highly complex, giving rise to the need for support to Government (especially the Federal Ministry of Agriculture and Rural Development) in consolidating and handling the various sector development initiatives. In this context, there is an opportunity to facilitate improved engagement of the private sector and farmers' organizations in the development effort.

## **II. Programme description**

### **A. Programme area and target group**

5. The programme recognizes the importance of maximizing the opportunity to link cassava and rice smallholder farmers to markets, and ensuring complementarity of activities. Poor rural households engaged in the cassava and rice value chains are the primary target group, including smallholder farmers cultivating up to five hectares of land, small-scale processors and traders. The entry point will be through organized groups of producers and processors, with particular attention to both women and youth groups. The programme is expected to benefit approximately 17,480 households directly (15,000 smallholder households, 1,680 processors and 800 traders), and 22,000 households indirectly (largely from infrastructure improvements).
6. In the interest of maximizing impact, only six states were selected for programme implementation: Anambra, Benue, Ebonyi, Taraba, Niger and Ogun. Furthermore, the programme will target three local government areas (LGAs) in four states and four LGAs in two states. As such, the programme will be implemented in twenty LGAs.

### **B. Programme development objective**

7. The programme development objective is to increase, on a sustainable basis, the incomes and food security of poor rural households engaged in production, processing and marketing of rice and cassava in the targeted LGAs.

### **C. Components/outcomes**

8. **Agricultural market development.** Through this first component, the programme will enhance the profitability of smallholder farmers and small/medium-scale agroprocessors by improving their access to markets and their capacity to add value to locally produced raw materials. This will be achieved by: (i) facilitating the linkage of farmers' organizations and value chain operators to local, national and – where appropriate – international markets to sell their products; and (ii) easing critical market infrastructure constraints to the processing, storage, handling and marketing of farm produce and processed products. The component is divided into two subcomponents, comprising: (i) support to value addition and market linkages, and (ii) support to market infrastructure. The intervention mix will consist of an integrated set of activities at multiple levels, and include among others: improving the policy and regulatory framework for value chain development; establishing quality control and standardization systems; improving market information systems; fostering linkages among actors along the value chain and to financial services; building the business management capacity of value chain organizations; promoting the adoption and acquisition of improved/efficient processing, storage, packaging and handling technologies; and improving feeder roads, marketing facilities and water supply.
9. **Smallholder productivity enhancement.** The component's main objective is to enhance smallholder farmer productivity on an economically and environmentally sustainable basis. Outcomes, in the form of increased volume and quality of marketable produce, will feed directly into the programme's first component. The component is divided into two subcomponents, comprising: (i) strengthening of farmers' organizations; and (ii) support to smallholder production. Activities will include technical and management/governance capability-building of farmers'

organizations and key service providers; production and dissemination of improved cassava planting material and certified rice seeds; promotion of sustainable agricultural practices; access to inputs, improved cuttings and certified seeds; and irrigation and water control.

10. **Programme coordination and management.** This component will ensure that the programme is efficiently and effectively managed to achieve expected results. Gender, youth, environmental, knowledge management and communication considerations will be integrated in all aspects of programme management.

### **III. Programme implementation**

#### **A. Approach**

11. Over a six-year period, the programme will adopt a holistic and demand-driven approach to addressing constraints along the cassava and rice value chains. This will necessitate an inclusive strategy of strengthening the capacity both of actors along the chain (producers, processors and their organizations) and of enablers (public and private institutions, service providers, policy and regulatory environment, etc.). In parallel, the programme will place strong emphasis on developing commodity-specific value chain action plans at LGA level, which will serve as the basis for rolling out relevant and sustainable activities. The programme strategy is anchored in a longer-term vision of value chain development for poverty reduction and accelerated economic growth, creating the foundation for fundamental organizational and functional capacity of key actors in the agricultural sector. The gradual transformation will also contribute to achieving food security, increased production and productivity, as well as expanding income-generating activities and employment opportunities.
12. The programme's components have been designed to be complementary and mutually reinforcing. The mix of activities to be implemented will be determined through a participatory and demand-driven process, and will take into consideration priority needs on the one hand, while accounting for implementation readiness and capacities on the other. An important mechanism for rolling out activities will be the matching grant fund designed to finance the acquisition of some key value chain equipment and inputs.

#### **B. Organizational framework**

13. The programme will be placed under the technical responsibility of the Federal Ministry of Agriculture and Rural Development and the state ministries of agriculture. While implementation at the national level will receive oversight and guidance from the Government's Value Chain Steering Committee (VCSC), the Federal Ministry of Agriculture, as the lead implementing agency, will delegate day-to-day implementation and coordination responsibility to the national programme management unit (NPMU). In addition to providing technical support and coordination of programme activities undertaken by the states, and consolidating the programme's annual workplan and budget and progress reports from participating states (for approval by the VCSC and IFAD), the NPMU will ensure regular supervision and monitoring. In each state covered by the programme, day-to-day implementation will be the responsibility of the state programme management unit (SPMU), which will ensure effective and efficient implementation of programme activities by service providers, as well as supervision, capacity-building and monitoring and evaluation (M&E). As a whole, the programme will be supported by strategic institutional and technical partners, and by service providers (other agencies, NGOs, etc.), recruited on a competitive basis under performance-based contracts.



### **C. Planning, monitoring and evaluation, and learning and knowledge management**

14. The element of participation in planning and M&E is essential to the programme, and will be undertaken at multiple levels to support effective implementation and delivery. The programme will provide institutional support and promote capacity-strengthening of stakeholders – including service providers (public and private) and farmers’ organizations – to assure systematic knowledge capture and dissemination, using the central knowledge management and communication platform to be established at the country-level. The programme will also develop an online information system, which will focus its services on market information, technologies, training materials and farmers’ organizations, and disseminate the information through a web portal. This knowledge-sharing process will be supported by a well-focused series of workshops and learning events.

### **D. Financial management, procurement and governance**

15. The programme will adopt accounting systems consistent with IFAD procedures, international accounting standards and Government requirements. It will provide annual financial statements to the Government and IFAD within four months of the end of each fiscal year, in line with IFAD’s General Conditions for Agricultural Development Financing. As soon as possible after programme effectiveness, the programme will procure a financial management information system (accounting software) that is capable of timely production of financial statements and reports.
16. Two designated accounts in United States dollars to receive IFAD loan and grant funds will be opened in a bank that is acceptable to IFAD. In addition, three federal programme accounts (A, B and C) will be opened to receive proceeds from: (i) the designated accounts; and (ii) counterpart funds from the federal government. At each state level, three programme accounts (A, B and C) will also be opened to receive proceeds from: (i) the loan and grant to meet eligible programme expenditures; and (ii) counterpart funds from the state government. The NPMU and SPMU programme accounts will be replenished from time to time, in optimal frequencies and amounts to ensure minimal exchange risk.
17. Procurement for the proposed programme will be carried out in accordance with national procedures, to the extent that they are compatible with the IFAD Project Procurement Guidelines. A procurement officer will be recruited at the NPMU level to make sure that the procurement is carried out in accordance with the established guidelines. Each procurement plan will specify, among other things, the method for each contract, the threshold and the applicable preferences.
18. To promote good governance, the programme will place emphasis on incorporating transparency of information, participation and consultation, and monitoring and oversight. The involvement of beneficiaries and communities in the planning process and in tracking programme performance from the field level upwards is particularly relevant.

### **E. Supervision**

19. Programme supervision and IFAD loan and grant administration will be carried out by IFAD in close collaboration with the relevant national institutions. IFAD will organize and carry out formal supervision missions twice a year with the participation of representatives of the key ministries and authorities and with other partners. The supervision missions will assess overall physical and financial performance; address poverty targeting and gender issues, and specific thematic areas as required; and identify implementation constraints and propose remedial measures. The setting up of an effective and operational M&E system will be essential. In addition, special attention will be placed on some key success factors, including the strengthening and professionalization of farmers’ organizations and

the performance of public and private implementation partners and service providers.

## IV. Programme costs, financing, benefits

### A. Programme costs

20. Total investment and recurrent costs, including contingencies, amount to US\$104.8 million over six years. They are disaggregated as follows: agricultural market development component, 51 per cent of base costs; smallholder productivity enhancement component, 33 per cent; and programme coordination and management, 16 per cent.

### B. Programme financing

21. IFAD will finance 71.5 per cent of the total programme costs through a loan in the amount of US\$74.4 million and a grant of US\$0.5 million. The IFAD loan will be used to finance civil works, vehicles, equipment and materials, technical assistance, training, studies and workshops, and part of operating costs. The loan will also cofinance processing equipment and production inputs with beneficiaries in the form of a matching grant arrangement. The IFAD grant will be used to launch some activities with smallholder farmers and their organizations, and will also provide support to the existing national M&E system. Combined federal, state and local government contributions amount to US\$15.6 million, and are divided as follows: the federal government will finance all taxes and duties, all NPMU and SPMU salaries, office space and maintenance for the NPMU; state governments will finance office space and maintenance for the SPMU; and local governments will finance salaries of liaison officers, staff involved in supervision of infrastructure, and office space and maintenance. Beneficiaries will contribute in kind/cash towards construction and operation and maintenance of infrastructure such as roads and water supply systems to the amount of US\$8.1 million.
22. The complementary financing required to carry out the programme activities amounts US\$6.3 million.

#### Components by financiers

(Millions of United States dollars)

	IFAD Loan		IFAD Grant		Federal Government (FGN)		State Governments		Local Governments		Beneficiaries		Complementary Financing		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>A. Agricultural Market Development</b>																
Support Value Addition&Market Linkages	14.4	84.9	-	-	0.3	1.7	-	-	0.4	2.1	0.9	5.6	1.0	5.6	17.0	16.2
Support to Market Infrastructure	25.7	70.5	-	-	3.1	8.6	-	-	2.1	5.7	3.7	10.1	1.9	5.2	36.5	34.9
<b>Subtotal</b>	40.2	75.0	-	-	3.4	6.4	-	-	2.5	4.6	4.6	8.6	2.8	5.3	53.5	51.1
<b>B. Smallholder Productivity Enhancement</b>																
Support to Farmer Organizations	3.2	77.2	0.4	9.3	0.0	-	-	-	-	-	-	-	0.6	13.5	4.1	4.0
Support to Smallholder Production	22.1	73.3	-	-	3.1	10.3	-	-	0.4	1.2	3.4	11.4	1.1	3.8	30.2	28.8
<b>Subtotal</b>	25.3	73.8	0.4	1.1	3.1	9.0	-	-	0.4	1.1	3.4	10.0	1.7	5.0	34.3	32.8
<b>C. Program Mngmnt &amp; Coordination</b>	8.9	52.5	0.1	0.5	5.7	33.6	0.4	2.4	0.2	0.9	-	-	1.7	10.1	16.9	16.1
<b>Total Project Costs</b>	74.4	71.0	0.5	0.5	12.2	11.6	0.4	0.4	3.0	2.8	8.1	7.7	6.3	6.0	104.8	100.0

### C. Summary benefit and economic analysis

23. The programme is expected to benefit about 17,480 rural households directly and some 22,000 indirectly. Key potential benefits from the programme are an increase in agricultural incomes of the rural households engaged in the target value chains, resulting from increased productivity, enhanced value addition and improved market opportunities. Expected direct economic benefits include: improved access to better and more affordable seeds, planting materials and other inputs; increased producer farmgate prices, production volumes and on-farm profitability, together with augmented youth employment; reduced post-harvest losses; improved product quality; increased product prices; reduced transportation and transaction costs; and improved linkages and contracts between producers and processors, resulting in enhanced market opportunities. Through institutional strengthening and

capacity-building activities, the programme is also expected to bring multiple, non-quantifiable institutional benefits and improved governance.

24. Economic analysis for the whole programme yields an economic internal rate of return (EIRR) of 11.1 per cent (20 years). Sensitivity tests show that a decrease in overall benefits of 20 per cent will reduce the EIRR to 7.5 per cent, while an increase in cost of 20 per cent results in an EIRR of 8.2 per cent. A decrease in output prices by 20 per cent yields an EIRR of 7.4 per cent, and a 20 per cent increase in input costs would result in an EIRR of 9.4 per cent. Based on the conservative assumption that 70 per cent of beneficiary farmers and small-scale processors will adopt the technologies and realize the expected benefits, and taking into account a gradual build-up of benefits over three years, it can be concluded that the programme is economically viable.

## **D. Sustainability**

25. The sustainability of the programme investments will be ensured by anchoring programme activities in existing permanent institutions (in the public sector, farmers' organizations) and by systematically strengthening the capacity of these institutions, and those of private-sector market operators (including value chain organizations and micro, small and medium-sized enterprises) in technical, managerial and governance issues, in response to needs and in order to improve quality services. Furthermore, the programme will support the establishment of strong linkages among value chain participants (producers, processors, traders, etc.), thereby enhancing value chain integration over the longer term. The programme implementation strategy is such that value chain stakeholders will be supported to progressively take over the responsibility of activities undertaken by the programme. The capacity of service providers will be strengthened to provide more efficient services to meet the demand of their clients, and effective operation and maintenance mechanisms for equipment and infrastructure will be put in place. The service providers, while working with the programme, will strengthen their capacity to provide more efficient services to meet their clients' demands.

## **E. Risk identification and mitigation**

26. Key risks to implementation include: poor governance at multiple levels, which can result in increased cost and/or reduced impact; heightened insecurity in the country leading to disruption of economic and social life, and thereby affecting implementation and supervision of activities; environmental degradation; and elite capture of activities. Mitigation measures have been designed to respond to these risks, including: emphasis on capacity-building of multiple actors in technical, management and governance aspects; close monitoring and supervision; promotion of sustainable land and water management practices; and strengthening of women's and farmers' organizations.

## **V. Corporate considerations**

### **A. Compliance with IFAD policies**

27. The programme is well aligned with IFAD policies, notably the IFAD Policy on Targeting and its Policy on Gender Equality and Women's Empowerment. The particularly visible activities and role of women along the two value chains provide the opportunity to adopt a comprehensive gender strategy that includes facilitating women's access to assets, strengthening their groups in terms of value chain governance, easing their workloads and improving their well-being. Fifty per cent of the matching grants will be earmarked for women and young people to enable them to upgrade their production and processing technologies and capacities.
28. The programme comprises farm production, agroprocessing and infrastructure and facility construction activities, which have potential impacts on renewable natural resources such as arable land, rangeland, forest/woodland, soil, air, water and vegetation. However, by the nature and extent of the likely environmental effects,

the programme is classified as a Category B programme in line with IFAD's environmental assessment procedures. The potential negative environmental effects are assessed to be within controllable limits.

## **B. Alignment and harmonization**

29. The programme was designed to build on ongoing value chain interventions supported by the Government, development partners and the private sector in Nigeria. It is also fully aligned with the National Agricultural and Food Security Strategy and the National Policy on Integrated Rural Development/Rural Development Sector Strategy, and addresses all five core components of the National Agricultural Investment Plan. Specifically, the programme is consistent with the ATA, the vision for agricultural development set by the new Government to develop the agricultural sector through a commodity value chain approach. The programme will target two of the priority commodities identified in the ATA (cassava and rice), to take advantage of existing market opportunities and address the constraints along the value chain.
30. The programme will also establish close linkages with ongoing projects and programmes set up by organizations that have adopted the value chain approach in their operations, notably projects under the United Kingdom's Department for International Development, the United Nations Development Programme, the United States Agency for International Development, and the World Bank.

## **C. Innovations and scaling up**

31. The programme's most innovative feature is the interplay between farmers' organizations and other value chain stakeholders to create market opportunities and address issues along the value chains so as to maximize impact. In this context, the profitability and sustainability of small-scale farming depends on the linkages not only between farmers' organizations and other private-sector operators (input dealers, processors, traders, financial institutions, etc.), but also between the private sector as a whole and the public sector. Policy dialogue aimed at setting the enabling environment is key to creating market opportunities that can help smallholder farmers increase income and reduce poverty.
32. The programme's reliance on value chain action plans will ensure that beneficiaries' needs are met and perspectives taken into account, thereby contributing to ownership. The mainstreaming of participatory approaches and decision-making will enhance the ownership and commitment of the beneficiaries through their groups. This strategy will also contribute to the social mobilization and awareness-raising brought about by the programme.
33. The programme will capture tested and successful best practices and pro-poor innovations to promote their replication and scaling up. In doing so, it will adopt a phased approach, progressively scaling up successful approaches, processes, investments, technologies, etc., where there is demand and where the prevailing conditions are favourable.

## **D. Policy engagement**

34. Recognizing the importance of an enabling environment, the programme will support improvement of the policy and regulatory framework for value chain development in the country. Programme interventions will include, at the national and state levels, assessment and facilitation of public/private-sector dialogue through cofinancing of relevant discussion forums, and capacity-building of organizations to improve advocacy and negotiation capacity. It is further expected that programme interventions will inform the evolving policy environment governing value chain development.

## **VI. Legal instruments and authority**

35. A programme financing agreement between the Federal Republic of Nigeria and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as an annex.
36. The Federal Republic of Nigeria is empowered under its laws to receive financing from IFAD.
37. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Lending Policies and Criteria.

## **VII. Recommendation**

38. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall make a loan on highly concessional terms to the Federal Republic of Nigeria in an amount equivalent to forty-seven million eight hundred and fifty thousand special drawing rights (SDR 47,850,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant to the Federal Republic of Nigeria in an amount equivalent to three hundred and thirty thousand special drawing rights (SDR 330,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze  
President

## **Negotiated financing agreement:**

### **"Value Chain Development Programme (VCDP)"**

(Negotiations concluded on 26 March 2012)

Loan Number: \_\_\_\_

Grant Number: \_\_\_\_

Programme Title: Value Chain Development Programme (the "Programme")

The International Fund for Agricultural Development (the "Fund" or "IFAD")

and

The Federal Republic of Nigeria (the "Borrower/Recipient")

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

#### **WHEREAS**

The Borrower/Recipient has requested a loan and a grant from the Fund for the purpose of financing the Programme described in Schedule 1 to this Agreement,

**NOW THEREFORE** the Parties hereby agree as follows:

#### **Section A**

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1), and the Allocation Table (Schedule 2).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.
3. The Fund shall provide a loan (the "Loan") and a grant (the "Grant") to the Borrower/Recipient (collectively the "Financing"), which the Borrower/Recipient shall use to implement the Programme in accordance with the terms and conditions of this Agreement.

#### **Section B**

1. The amount of the Loan is forty seven million eight hundred and fifty thousand Special Drawing Rights (SDR 47 850 000). The amount of the Grant is three hundred and thirty thousand Special Drawing Rights (SDR 330 000).
2. The Loan is granted on highly concessional terms.
3. The Loan Service Payment Currency shall be USD.

4. The first day of the applicable Fiscal Year shall be 1 January.
5. Principal and service charge shall be payable on 15 June and 15 December.
6. There shall be two (2) designated accounts (the "Designated Accounts"), denominated in USD and opened and maintained by the Borrower/Recipient in a bank acceptable to the Fund, to receive the proceeds of the Loan and the Grant, respectively.
7. There shall be three (3) programme accounts (the "Programme Accounts") opened and maintained in a bank acceptable to the Fund by the Borrower/Recipient at each of the Federal and State levels. At each level, the first two accounts shall receive proceeds of the Loan and the Grant, respectively; the last one shall receive the counterpart funds as committed by the Borrower/Recipient in the subsequent paragraph, based on the Programme's Annual Work Plans and Budgets (the "AWPBs").
8. The Borrower/Recipient shall make available to the Programme counterpart funds from the Government at the Federal, State and Local levels, collectively in the approximate amount of fifteen million six hundred thousand US dollars (USD 15 600 000), which shall finance all taxes that may be due with respect to the implementation of the Programme, and a part of the salaries and allowances of Programme staff and operating costs as specified in the AWPBs and the Programme Implementation Manual (the "PIM").
9. A Memorandum of Understanding on the implementation of this Agreement between the Borrower/Recipient and the implementing States in the Programme Area as specified in Schedule 1 to this Agreement shall be executed.

### **Section C**

1. The Lead Programme Agency shall be the Borrower/Recipient's Federal Ministry of Agriculture and Rural Development (the "FMARD"), or any successor thereto.
2. The Programme Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement.

### **Section D**

The Loan and the Grant shall be administered and the Programme supervised by the Fund.

### **Section E**

1. In accordance with Section 4.02(b) of the General Conditions, the following are designated as additional general conditions precedent to withdrawal:
  - (a) The National Programme Management Unit (the "NPMU") and the State Programme Management Units (the "SPMUs") shall have been duly established and key staff appointed. For this purpose, key staff refers to, for the NPMU, the Programme Coordinator, the Financial Controller, Procurement Officer, Planning and Monitoring & Evaluation Advisor and, for each SPMU, the State Programme Coordinator and Accountant.
  - (b) The Borrower/Recipient shall have deposited in the Programme Accounts adequate counterpart funds for the first Project Year, as specified in the first AWPB.

(c) The Finance and Administration section of the PIM (the "Finance and Administration Manual") shall have been submitted to and approved by the Fund.

2. In accordance with Section 4.02(b) of the General Conditions, the following is designated as an additional specific condition precedent to withdrawal under Category 4 of Schedule 2 to this Agreement:

The Matching Grant section of the PIM (the "Matching Grant Manual") shall have been submitted to and approved by the Fund.

3. The following are designated as additional conditions for suspension:

The PIM, or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior consent of the Fund, and the Fund has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Programme.

4. This Agreement is subject to ratification by the Borrower/Recipient.

5. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Fund:

International Fund for Agricultural Development  
Via Paolo di Dono, 44  
00142 Rome, Italy

For the Borrower/Recipient:

Federal Ministry of Finance  
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This Agreement, dated [click and type], has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower/Recipient.

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For the Fund  
Kanayo F. Nwanze  
President

\_\_\_\_\_  
For the Borrower/Recipient



## Schedule 1

### *Programme Description and Implementation Arrangements*

#### I. Programme Description

1. *Target Population.* The Programme aims to contribute to directly improving the livelihoods of approximately 17,480 households (15,000 smallholder households, 1,680 processors and 800 traders) and to benefit indirectly approximately 22,000 households through infrastructure improvements in selected areas in the following six States (Programme Area): Anambra, Benue, Ebonyi, Niger, Ogun and Taraba.
2. *Goal.* The goal of the Programme is to reduce rural poverty and achieve accelerated economic growth on a sustainable basis in the Programme Area.
3. *Objectives.* The Programme's objective is that the incomes and food security of poor rural households engaged in production, processing and marketing of rice and cassava in the Programme Area are enhanced on a sustainable basis.
4. *Components.* The Programme shall consist of the following three Components:

#### **Component 1: Agricultural Market Development**

The aim of this component is to enhance the profitability of smallholder farmers and small/medium-scale agro-processors by improving their access to markets and their capacity to add value to locally produced raw materials. This will be achieved by (i) facilitating the linkage of Farmers' Organizations (the "FOs") and value chain operators to local, national and – where necessary and appropriate – international markets to sell their products; and (ii) easing critical market infrastructure constraints to the processing, storage, handling and marketing of farm produce and their processed products. Component 1 is divided into two sub-components:

##### **Sub-component 1.1: Support to Value Addition and Market Linkages**

The expected outcome of this sub-component is increased value addition and access to markets realized by beneficiary small and medium-scale producers and processors. Programme interventions consist of an integrated set of activities and measures at three interrelated levels – macro, meso and micro. At the macro level, the Programme shall support inter alia (i) the improvement of the policy and regulatory framework for value chain development in the country; (ii) the establishment of quality control, grading and standardisation systems which are a precondition for credible and transparent markets; and (iii) the improvement and expansion of the existing Agricultural Market Information Systems (the "AMIS") which will start with the assessment of the coverage and effectiveness of existing systems in the country. At the meso and micro level, the Programme shall inter alia (i) foster linkages between smallholder farmers, agro-processors and market operators, both within the Programme Area as well as with outside markets (national/regional); (ii) build and strengthen the business management capacity of value chain organizations; (iii) link agro-processors and market operators, through their various associations, to financial service providers and/or existing agricultural and rural finance projects in order to obtain financial services such as credit and insurance; and (iv) promote the adoption, acquisition and sustained use of improved and more efficient processing, storage, packaging and handling technologies to improve the output, efficiency, profitability and competitiveness of the targeted agro-processor clusters and firms.

### **Sub-component 1.2: Support to Market Infrastructure**

The expected outcome of this sub-component is that demand-driven infrastructure for improved access to markets is realized and sustainably managed by the beneficiary communities. This shall be achieved through collaboration with relevant Government Ministries and Agencies, as well as local communities. This sub-component shall improve the condition of selected value chain-related feeder roads connecting production areas to market and processing outlets by rehabilitating the existing feeder roads. It will construct critical new roads, bridges and culverts when necessary. Activities under this sub-component are aimed at constructing/rehabilitating agro-processing and marketing infrastructures. It shall also provide safe, adequate and sustainable water supply to these processing and market facilities, as well as to the community in their vicinity by rehabilitating and/or constructing new schemes.

### **Component 2: Smallholder Productivity Enhancement**

The main objective of this component is to enhance smallholder farmer productivity on an economically and environmentally sustainable basis. Outcomes from this component, in the form of increased volume and quality of marketable produce, feed directly into Component 1. The component has two sub-components:

#### **Sub-component 2.1: Strengthening of Farmers' Organizations (the "FOs")**

The expected outcome of this sub-component is that FOs in the Programme Area effectively serve their members (through facilitating access to inputs, improved technologies, credit and information). The sub-component will support capacity building of FOs in order to enable them to provide, in a sustainable manner, needed services to their members, with a view to improving their access to markets and enhancing profitability. Activities to be financed under this sub-component include inter alia (i) strengthening of selected FOs through training sessions; (ii) registration of FOs and development of by-laws for FOs and women's organizations; and (iii) formation of APEX FOs and women's organizations.

#### **Sub-component 2.2: Support to Smallholder Production**

The expected outcome of this sub-component is to increase the production and productivity of cassava and rice smallholder farmers in the Programme Area. This will primarily be achieved through facilitating access to: (i) improved planting materials of cassava, quality seeds of rice, fertilizers and agro-chemicals; (ii) improved production techniques; and (iii) mechanization for land preparation and harvesting. Activities to be financed under this sub-component include inter alia (i) assessment of the rice seed supply chain; (ii) strengthening of the quality control mechanism; (iii) production and dissemination of improved planting material of cassava and certified seeds of rice; (iv) promotion and dissemination of sustainable agricultural practices; (v) access to mechanization; (vi) access to fertilizer and agro-chemicals as well as to improved cuttings and certified seeds; (vii) irrigation and water control; and (viii) matching grants to help address the financial constraints of the target groups.

### **Component 3: Programme Coordination and Management**

Component 3 shall ensure that the Programme is efficiently and effectively managed to achieve expected results. Gender, youth, environmental, knowledge management and communication considerations will be integrated in all aspects of Programme management. The performance indicators of this component will include quality and timely execution of AWPBs, timely submission of progress reports and annual audit

reports, operational M&E able to document key indicators, actual level of disbursements in line with planning. This component will also assist value chain policy development under the Borrower/Recipient's Agricultural Transformation Agenda (the "ATA") by providing support to the Agricultural Transformation Implementation Council (the "ATIC"), which shall be established as a national level body with powers and authority to drive the ATA along the value chains for the purpose of achieving food security, employment generation, effective response to the raw-material needs of agro-industries, value addition, and efficient storage of agricultural produce and marketing. Specifically, the Programme will finance for a period of two years the following: (i) Office of the Senior Technical Adviser to the Minister of Agriculture; (ii) Office of the Senior Technical Adviser and Team Leader, Cassava Value Chain; (iii) Office of the Senior Technical Advisor, Agri-business Investments; and (iv) Office of the Senior Technical Adviser and Team Leader, Rice Value Chain.

## **II. Implementation Arrangements**

5. The Lead Programme Agency. The Federal Ministry of Agriculture and Rural Development (the "FMARD") of the Borrower/Recipient, in its capacity as the Lead Programme Agency, shall have overall responsibility of the Programme. The FMARD shall inter alia (i) ensure that the level of annual funding for the Programme is available and that these funds are released in a timely manner; and (ii) coordinate the roles of the Federal agencies involved in the Programme.

6. The Value Chain Steering Committee (the "VCSC"). At the national level, the Programme will receive oversight and guidance from the VCSC, a sub-committee of the ATIC.

6.1. Composition. Chaired by the Minister of the FMARD, the VCSC will be composed of (i) Permanent Secretary – FMARD; (ii) Director – International Economic Relations Department, the Federal Ministry of Finance (the "FMF"); (iii) Director – Department of Agriculture and Industries (the "DAI") of the National Planning Commission (the "NPC"); (iv) Director – Federal Department of Cooperative, FMARD; (v) Director – Federal Department of Agriculture, FMARD; (vi) Director – Planning, Policy Analysis and Statistics, FMARD; (vii) Director in charge of Extension, FMARD; (viii) Director – Rural Development Department, FMARD; (ix) Director – Bank of Agriculture; (x) Director – Bank of Industries; (xi) Director – Department of Development Finance, the Central Bank of Nigeria; (xii) Director of the Standard Organization of Nigeria; (xiii) Executive Director of the National Agency for Food and Drug Administration and Control; (xiv) Director of Raw Material and Research Development Council; (xv) Director of Trade, the Federal Ministry of Trade and Investment; (xvi) one Representative of the Organized Private Sector; (xvii) one Representative of Women's Organization from each State in the Programme Area; (xviii) the six Regional Directors of the FMARD; (xix) the Team Leader of Cassava and Rice Value Chain at the FMARD; (xx) one Representative of FO from each State in the Programme Area; and (xxi) one Representative of Input Suppliers (Agro-chemical, Seed and Fertilizers). While the Federal Department of Agriculture will be the secretariat of the VCSC, the Secretary will be the Programme Coordinator of the National Programme Management Unit.

6.2. Responsibilities. The VCSC shall meet at least twice a year to, inter alia, review and approve the AWPBs, as well as assess progress made in the Programme implementation.

7. The National Programme Management Unit (the "NPMU"). The FMARD, in its capacity as the Lead Programme Agency, shall delegate the day-to-day implementation and coordination responsibility to the NPMU. The NPMU shall report directly to the Minister of the FMARD.

7.1. Composition. The NPMU shall be staffed inter alia by a Programme Coordinator (who shall fulfil inter alia the responsibilities as entrusted to the "Project Director" as provided in the General Conditions of the Fund), and under the Programme Coordinator's leadership a Financial Controller, a Procurement Officer, a Planning and Monitoring & Evaluation Advisor, a Knowledge Management and Communication Advisor, a Market and Enterprise Development Advisor and an Agricultural Production Advisor. All such staff shall be contracted, under procedures acceptable to the Fund, on an open, transparent and competitive basis and have qualifications and experience commensurate with their duties. Recruitment shall be subject to no-objection from the Fund.

7.2. Responsibilities. The NPMU shall provide technical support to and undertake coordination of Programme activities undertaken in each State. The NPMU shall be responsible for Programme financial management and procurement, consolidating the Programme AWPBs and progress reports from the participating States for approval by the VCSC and then by IFAD. It will ensure regular supervision, monitoring and publicity of Programme activities.

8. The State Value Chain Steering Committees (the "SVCSCs"). At the State level, there shall be a SVCSC in each participating State, which shall be a sub-committee of the State Agricultural Transformation Execution Group.

8.1. Composition. Chaired by the Commissioner, State Ministry of Agriculture, each SVCSC shall have inter alia the following members: (i) Permanent Secretary, State Ministry of Agriculture; (ii) Director of the line department of the State Ministry of Agriculture; (iii) Programme Manager – Agricultural Development Programme; (iv) one Representative of the State Ministry of Finance and/or Economic Development; (v) one representative of the State Ministry of Works; (vi) one Representative of the State Ministry of Commerce and Industry; (vii) one Representative of the State Ministry of Water Resources and Environment; (viii) one Representative of the State Ministry of Local Government Affairs; (ix) one Representative of the State Ministry of Women Affairs; (x) one Representative of the State Ministry of Youth Development; (xi) one Representative of the State's FOs; (xii) one Representative of input dealers; (xiii) one Representative of the Organized Private Sector; (xiv) one Representative of participating financial institutions; (xv) one Representative of each participating Local Government Council (the "LGC"); (xvi) Chair of State Association of Local Governments of Nigeria (the "ALGON"); and (xvii) State Director of the FMARD.

8.2. Responsibilities. The SVCSC shall meet twice a year and on an ad-hoc basis to provide oversight/coordination function, review and approve the AWPBs, as well as assess progress made in Programme implementation in the participating State.

9. The State Programme Management Units (the "SPMUs"). The day-to-day implementation of the Programme at the State level shall be the responsibility of an SPMU established in each State in the Programme Area. Each SPMU shall report administratively to the Commissioner of the State Ministry of Agriculture in each participating State and technically to the Regional Director of the FMARD. The SPMU shall be the secretariat for the SVCSC.

9.1. Composition. Each SPMU shall comprise inter alia a State Programme Coordinator; an Accountant; a Planning and Monitoring & Evaluation/Knowledge Management and Communication Officer; and the following technical officers: (i) a Business, Market Development Officer; (ii) an Agro-processing/Quality Enhancement Officer; (iii) a Value Chain Infrastructure Officer; (iv) a Rural Institution (FO) and Gender/Youth Officer; and (v) an Agricultural Production Officer. All such staff shall be contracted, under procedures acceptable to the Fund, on an open, transparent and competitive basis and have qualifications and experience commensurate with their duties. Recruitment shall be subject to no-objection from the Fund.

9.2. Responsibilities. Each SPMU shall ensure effective and efficient implementation of Programme activities by service providers, supervision, capacity building, monitoring and evaluation. It shall support and supervise the work of the Service Providers and work closely with two Local Government Value Chain Liaison Officers in charge of cassava and rice. Specifically, the SPMU shall inter alia (i) promote and support the organisation within the selected commodity clusters of Commodity Interest Groups (the "CIGs") in the areas of production, processing and marketing; (ii) carry out sensitization of the CIGs on the Programme implementation arrangements; (iii) conduct needs/opportunities assessments of the CIGs with a view to developing Value Chain Action Plans which would form the basis for the LGC Value Chain Action Plan; (iv) facilitate capacity building on group management and business enterprise development; and (v) facilitate linkages between producers and market operators within and outside the LGCs.

10. Local Government Value Chain Advisory Committees (the "LGVCACs"). In each selected Local Government Area, a LGVCAC shall be established to review and endorse the AWPBs of the Community Clusters Action Plan and ensure its alignment with the Local Government Development Plan. Two Value Chain Liaison Officers shall be recruited by each Local Government Service Commission and deployed to each of the participating LGCs. The LGVCACs will be chaired by the Local Government Chairs. Each LGVCAC's membership shall include inter alia (i) Head of Department, Agriculture; (ii) Supervisory Councillors for Agriculture and Works; (iii) LG Planning Officer; (iv) one Representative of the service providers; (v) Representatives of the organized private sector including one agro-dealer and one processor; (vi) two Representatives of FOs (rice and cassava); (vii) one Representative of women's organization; (viii) two Value Chain Liaison Officers; and (ix) the Officer in charge of cooperatives. The Value Chain Liaison Officers shall provide secretariat service for the LGVCACs.

11. Programme Review. The Borrower/Recipient and the Fund shall conduct a comprehensive mid-term review to assess implementation progress and to determine appropriate revisions to the Programme implementation arrangements and resource allocations in order to ensure successful Programme completion.

12. Annual Work Plans and Budgets (the "AWPBs"). Each SPMU shall prepare an AWPB and the NPMU shall prepare a consolidated final AWPB for each Programme year to be submitted to the Fund for no-objection no later than sixty (60) days before the beginning of the relevant Programme Year. The AWPBs would include inter alia a Procurement Plan, a detailed description of planned Programme activities during the coming Programme Year, and the sources and uses of the proceeds of the IFAD Financing. The AWPBs shall also provide the basis for identifying the amount of counterpart funds to be provided each year upfront by the Federal, State and Local Governments.

13. Financial Statements. The NPMU shall prepare financial statements for the Programme, reflecting all financial transactions executed at the Federal and State levels. Such financial statements shall be forwarded to the Fund in accordance with the General Conditions.

14. Annual audits. The financial statements as described above shall be audited annually pursuant to the Fund's Guidelines on Project Audits dated 12 December 2011, as may be amended from time to time. The auditor's management letter shall specifically include an opinion on the adequacy of the internal controls at the Federal and State levels.

15. Programme Implementation Manual (the "PIM"). The NPMU shall prepare a draft PIM as soon as practicable, but in no event later than sixty (60) days after the entry into force of this Agreement. The draft PIM shall include inter alia:

- (a) Terms of reference and implementation responsibilities, for the purpose of this Agreement, of Programme staff, consultants, likely service providers and other parties created and/or involved in the implementation of the Programme;
- (b) Eligibility criteria and selection procedures with respect to target beneficiaries and activities to be financed under all sub-components, including the Matching Grant Manual; and
- (c) Detailed procedures for Programme implementation and flow of funds, including the Finance and Administration Manual.

16. The FMARD in its capacity as the Lead Programme Agency will forward the draft PIM to the Fund for its comments and approval no later than ninety (90) days after the entry into force of this Agreement. If the Fund does not comment on the draft PIM within thirty (30) days of receipt, it shall be deemed approved. The Lead Programme Agency shall adopt the PIM, substantially in the form approved by the Fund, and shall promptly provide copies thereof to the Fund.

## Schedule 2

### Allocation Table

1. *Allocation of Loan and Grant Proceeds.* The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the Grant and the allocation of the amounts of the Loan and the Grant to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated (expressed in SDR)	Grant Amount Allocated (expressed in SDR)	Percentage (net of taxes)
1. Civil works	13 540 000		100%
2. Vehicles, equipment, materials and agric. inputs	4 490 000		100% net of beneficiaries' contribution
3. Training, technical assistance, service providers, studies & workshops	15 020 000	330 000	100%
4. Matching grant fund	4 840 000		100% net of beneficiaries' contribution
5. Salaries & allowances	3 420 000		100%
6. Office equipment & maintenance expenses	1 030 000		100% net of beneficiaries' contribution
Unallocated	5 510 000		
<b>TOTAL</b>	<b>47 850 000</b>	<b>330 000</b>	

2. *Start-up Costs.* Withdrawals in respect of expenditures for start-up costs under Categories 3 and 6 incurred before the satisfaction of the conditions precedent to withdrawal but after the entry into force of this Agreement, shall not exceed an aggregate amount of two hundred thousand US dollars (USD 200 000).

## Logical framework

NARRATIVE SUMMARY	VERIFIABLE INDICATORS (*RIMS indicator)	MEANS OF VERIFICATION	ASSUMPTIONS
<p><b>OVERALL GOAL</b> Contribute to NAIP goal " Rural poverty reduced, food security increased and accelerated economic growth achieved on a sustainable basis"</p>	<ul style="list-style-type: none"> <li>- Percentage reduction in households below the poverty line by 15% in target LGAs</li> <li>- Percentage reduction in no. of people under-nourished by 25% in target LGAs.</li> <li>- Real agricultural GDP growth rate increased by 5% in target LGAs.</li> </ul>	<ul style="list-style-type: none"> <li>- National statistics and NAIP/MDG Progress</li> <li>- Monitoring Reports ReSAKSS.</li> </ul>	
<p><b>PROGRAMME DEVELOPMENT OBJECTIVE</b> Incomes and food security of poor rural households engaged in production, processing and marketing of rice and cassava in the targeted LGAs of the 6 targeted states enhanced on a sustainable basis</p>	<ul style="list-style-type: none"> <li>- 50% of targeted smallholder farmers and VC operators ( by sex and age) have increased their real agricultural income by at least 25% in the programme areas*.</li> <li>- Increase in household asset index * of 10% by PY6 in programme area.</li> <li>- 25% reduction in the prevalence of child malnutrition in the programme LGAs*.</li> <li>- 25% increase in households food security in target LGAs *</li> </ul>	<ul style="list-style-type: none"> <li>- Programme impact assessment and surveys.</li> <li>- Periodic evaluation.</li> <li>- National/state statistics.</li> <li>- Poverty surveys.</li> </ul>	<ul style="list-style-type: none"> <li>- Socio economic stability in the county</li> </ul>
<b>Component 1: Agricultural Market Development</b>			
<p><b>Sub-component 1.1: Support to Value Addition and Market Linkages</b> <b>Outcome 1.1:</b> Increased value addition and access to markets realized by beneficiary smallholder farmers as well as small and medium-scale processors</p> <p><i>Output 1.1.1: Improved market linkage and increased market information</i></p> <p><i>Output 1.1.2: Value addition technology promoted</i></p>	<ul style="list-style-type: none"> <li>- At least 50% of the volume of target commodities in programme areas is marketed by smallholder farmers and their organisations*.</li> <li>- At least 50% of the of cassava and rice produced by smallholders is processed*.</li> <li>- At least 25 contractual arrangements are formalized and effective between targeted producers and processors in each state*.</li> <li>- 10 trade promotion activities organized</li> <li>- 40% of the target smallholders use the information generated by the Agricultural Market Information System by PY5.</li> <li>- number of contractual arrangement signed between FOs and processors *</li> <li>- 7680 VC operators trained in recommended technologies*</li> <li>- 50% of smallholders adopt improved processing and storage technique*</li> </ul>	<ul style="list-style-type: none"> <li>- Baseline survey and M&amp;E reports.</li> <li>- Published yield and price data.</li> <li>- Agro-industry &amp; market surveys.</li> <li>- Rural household surveys.</li> </ul>	<ul style="list-style-type: none"> <li>- Government policy supports/favours the emergence of strong value chains professional organisations.</li> <li>- Market prices remain above 2006 levels</li> <li>- Access to finance for FOs and VC operators progressively grows.</li> </ul>



<p><b>Sub-component 1.2: Support to Market Infrastructure</b>  <b>Outcome 1.2:</b> Demand-driven infrastructure investments for improved access to markets realized and sustainably managed by the beneficiary organisations</p> <p>Output 1.2.1: Access to roads and water supply</p> <p>Output 1.2.2: Market, processing and storage facilities improved</p>	<ul style="list-style-type: none"> <li>- At least 60% of FOs supported have invested in at least one piece of equipment.</li> <li>- Arrangements for the operation and maintenance (O&amp;M) of market infrastructure/equipment is developed and operational after 2 years for at least 70 % of programme-financed infrastructure*.</li> <li>- At least 65% and 50% reduction in post-harvest losses for rice and cassava, respectively, are achieved*.</li> <li>- 200 km of roads constructed/rehabilitated by year 5*</li> <li>- 36 new water supply schemes linked to cassava and rice VC constructed.</li> <li>- 8000 farmers in programme communities have adequate access to safe and sustainable drinking water.*</li> <li>- 80 processing units with stores constructed*</li> <li>- 400 FOs' commodity stores constructed*</li> </ul>	<ul style="list-style-type: none"> <li>- Programme M&amp;E/ progress reports.</li> <li>- Supervision mission, mid term-term review and completion reports.</li> <li>- Contractor reports.</li> <li>- Beneficiary perception surveys.</li> </ul>	<ul style="list-style-type: none"> <li>- LGCs and State Government provide adequate funds and mechanisms for infrastructure repair and maintenance</li> <li>- Effective FO management arrangements for infrastructure are sustained</li> </ul>
<b>Component 2: Smallholder Productivity Enhancement</b>			
<p><b>Sub-component 2.1: Support to Farmers' Organizations</b>  <b>Outcome 2.1:</b> Farmers' organizations (FOs) in programme areas effectively serve their members</p> <p>Output 2.1.1: Capacity of FOs strengthened</p>	<ul style="list-style-type: none"> <li>- at least 40 % of FOs strengthened by programme (target 300) have access to market information for their members*.</li> <li>- At least 50% of FOs strengthened by programme (target 300) use bulk purchase method to procure their input.</li> <li>- At least 40 % of supported FOs have reached the next stage of autonomy by PY 5.</li> <li>- At least 80% of the target FOs legally registered with the Department of Cooperatives.</li> <li>- 2,400 group leaders trained in good governance issues*</li> </ul>	<ul style="list-style-type: none"> <li>- Programme M&amp;E/ progress reports.</li> <li>- FO financial records</li> <li>- State MoA / Commerce and Cooperatives reports.</li> <li>- Service providers/operators reports</li> </ul>	<ul style="list-style-type: none"> <li>- FOs are recognized as legitimate interlocutors by the various stakeholders</li> <li>- Avoidance of political interference in FOs</li> </ul>
<p><b>Sub-component 2.2: Support to Smallholder Production</b>  <b>Outcome 2.2:</b> Production and productivity of smallholder rice and cassava farmers in the programme areas increased</p> <p>Output 2.2.1: Access to fertilizers and agro-chemicals facilitated</p> <p>Output 2.2.2 Access to improved production techniques facilitated</p>	<ul style="list-style-type: none"> <li>- % increase in yields for rice (target 40% for non-irrigated and 150% for irrigated) and cassava (target 50 %) produced by the target smallholder farmers ( by sex and age)*.</li> <li>- 50% increase in rice and cassava produced by the target smallholder farmers ( by sex and age)*.</li> <li>- At least 70% of smallholder farmers have adopted at least one technology promoted by the Programme ( by sex and age)*.</li> <li>- 10 agreements signed with agro-input dealers</li> <li>- 30% of target households satisfy their annual input needs</li> <li>- 4800 smallholder farmers trained in spraying techniques</li> <li>- 50% of target smallholders have access to extension services</li> <li>- 480 Farmer Filed Schools established</li> <li>- 30,000 hectares of land protected from seasonal flooding</li> </ul>	<ul style="list-style-type: none"> <li>- Programme M&amp;E/ progress reports.</li> <li>- National agriculture production surveys.</li> <li>- State Ministry of Agriculture reports.</li> <li>- NIRSAL reports.</li> </ul>	<ul style="list-style-type: none"> <li>- Favourable climatic conditions.</li> </ul>