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CASE STUDY: NIGERIA MARKETS

MAXIMIZING AGRICULTURAL REVENUE AND KEY ENTERPRISES IN TARGET SITES, PROJECTS I & II

Asia and the Middle East Economic Growth Best Practices (AMEG) Project
Chemonics International, Inc.
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Contractor Implemented by:

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ACRONYMS

ADP	Agricultural Development Project
BtM2	Bridge to MARKETS 2 Project
CBO	Community-based organization
COP	Chief of Party
DAIMINA	Developing Agriculture Input Markets in Nigeria
FtF	Feed the Future
GDP	Gross domestic product
IQC	Indefinite Quantity Contract
IR	Intermediate Result
MARKETS	Maximizing Agricultural Revenue and Key Enterprises in Targeted Sites
MENA	Middle East and North Africa
M&E	Monitoring and evaluation
OVC	Orphans and vulnerable children
PEPFAR	U.S. President's Emergency Plan for AIDS Relief
RAISE	Rural and Agricultural Incomes with a Sustainable Environment
RUSEP	Rural Sector Enhancement Project
TOT	Training-of-trainers
USAID	United States Agency for International Development
VC	Value chain

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EXECUTIVE SUMMARY

To improve employment outcomes in the Middle East and North Africa (MENA) region and elsewhere, the United States Agency for International Development (USAID) uses a variety of approaches including livelihoods development, which aims to lift vulnerable households out of poverty by building household level assets and increasing income. Sustainable livelihoods programs are often designed to strengthen the capacity of households to participate in competitive value chains (VCs) by, for example, forming new micro-enterprises, growing new crops, or improving the quality and quantity of their agricultural production. By helping vulnerable populations develop new skills and acquire a better understanding of what markets need, these programs empower vulnerable populations to shift away from subsistence activities and sustainably increase their micro- or small-business income and employment.

Sustainable livelihoods programs can focus on any specific group of beneficiaries. For this study, the job creation approach focuses on the “somewhat vulnerable” population: poor households with a higher tolerance for risk, and which therefore are stable and mature enough for higher income-generating activities. Risk refers to the ability of the household to cope with a stress or shock, such as a drought. More vulnerable households tend to diversify their income generating efforts in order to manage risk rather than commit scarce resources into seeking higher pay employment opportunities to maximize income. Meaning, more vulnerable households accept lower incomes in exchange for income stability therefore limiting their ability to improve their livelihoods. It excludes the “most vulnerable”, where assistance typically seeks to meet basic needs, and “vulnerable populations”, where assistance seeks to match income to expenses.

The Nigeria Maximizing Agricultural Revenue and Key Enterprises in Target Sites (MARKETS) programs were selected as a case study due to the shared circumstances that Nigeria faces with countries in MENA and because of MARKETS’ successes improving the livelihoods of target beneficiaries by facilitating market linkages with competitive VCs. Like other countries in MENA, Nigeria is characterized by a large population coupled with a high growth rate and growing poverty, high youth and female unemployment, economic and political insecurity, and similar levels of economic growth. Although MARKETS is a large, multi-component program, this case study looks primarily at sustainable livelihoods activities in the second iteration of the program, MARKETS II, which started in 2012 and is scheduled to end in 2017. MARKETS II places a stronger focus on farm and off-farm job creation, measuring the creation of medium-term (more than one month) and short-term (less than one month) employment.

Although the agriculture sector jobs created with MARKETS support tend to be shorter in duration, the project has generated impressive results: since project launch in 2012, MARKETS II has helped create more than 57,000 short- and medium-term jobs. When considering the financial resources dedicated to MARKETS’ livelihoods activities, the program team has achieved these results in a cost effective manner: \$123 per job created. Several elements of the MARKETS II model have been critical to achieving such impressive results:

- *Select and support strategic value chains.* One important factor of success is selecting VCs that have significant growth potential, but also have the capacity to provide employment and income generation opportunities for vulnerable populations. MARKETS II selected VCs after applying the following criteria: a low-entry threshold for women, youth, and vulnerable groups; the geographical spread of the commodity; the importance of the commodity in the government of Nigeria's Agricultural Transformation Program; the possibility of deploying new, low-cost technologies; and whether the commodity falls within the MARKETS II mandate of targeting smallholders with farms less than five hectares.
- *"Step down" training approach that leverages and builds local capacity.* MARKETS livelihoods activities have used a tiered "step down" training model in which MARKETS trains local facilitators, community based organizations (CBOs), and "master trainers" who then train participants. MARKETS training empowers vulnerable populations with financial and business skills to help them tap their full business potential and maximize their selling efforts in local markets and target VCs. This approach leverages the relationships and resources of local organizations, while building capacity for continuing to deliver assistance.
- *Support local organizations and leaders who understand the context and are respected in the community.* When starting to deliver livelihoods assistance, MARKETS faced several challenges. Some people either refused to partake in project activities or dropped out. MARKETS was able to overcome this challenge based on a number of tactics, most notably engaging CBOs with a high level of respect and community influence, conducting community assessments to identify challenges and methods to overcome them, and leveraging staff with intimate knowledge of Nigeria's economic and social constraints.
- *Auxiliary services to strengthen VC linkages.* MARKETS assistance does not stop at training. To apply newly acquired business skills, the MARKETS team helps vulnerable populations identify locally-opportunities in target VCs (particularly auxiliary services, such as processing) and then, with support from local farmer groups and other organizations, capitalize on those opportunities.
- *Gender, youth, and vulnerable populations.* Unlike other approaches examined, the sustainable livelihoods approach allows program teams to target assistance towards specific vulnerable populations. Employing its "Youth, Gender, and Vulnerable Groups Integration Plan" MARKETS II has seamlessly integrated vulnerable households into a much larger, more complex project design. It also has allowed the project to easily assess its interventions and revise or expand on activities as needed.

According to the USAID MARKETS Livelihood and Household Nutrition Activity Assessment, beneficiaries have benefited both from an increase in income and an understanding of the fundamental concepts of a market-driven approach to income generation. As incomes increased, beneficiaries are able to begin saving, allowing them to better plan for shocks and stresses, while also making informed and sound decisions regarding the growth of their businesses. With the MARKETS projects' supplemental nutrition trainings, beneficiaries demonstrated positive behavior change in the food choices they made for their household embracing the concept that a better nourished household is better equipped to pursue additional income-generating activities.

Lessons gathered from the MARKETS projects are valuable to the MENA region. To replicate the MARKETS model successfully, USAID and its implementing partners must address community problems holistically and draw communities into decision-making and implementation processes. This success of MARKETS I and II demonstrates the importance for donors to make long-term commitments (more than five years) to livelihood programming if sustainable impacts are to be achieved. Collaboration with local government institutions increases buy-in for project activities and aligns resources with existing efforts to strengthen household incomes and VCs. Finally, to ensure project beneficiaries are able to pursue new income streams and integrate with value chains, they often need financial resources for initial investments; MARKETS' experience demonstrates the critical link between providing business support services and gaining access to financial support (savings and credit).

Key Lessons from MARKETS

Flexible implementation design. USAID's flexibility throughout the implementation of MARKETS projects has been key to the project's sustainable impact and overall success. This included a flexible scope of work that provided room for adjustments and an evolving implementation plan.

Local grants. While providing local grants promotes the *USAID Forward* by building local capacity and enhancing sustainability, sufficient local capacity must be established first.

Access to finance. To help beneficiaries make critical investments, future projects supporting sustainable livelihoods may need directed access to finance interventions such as guarantee mechanisms, financial incentives to buy down risk, and in-kind assistance.

Sufficient period of performance. MARKETS 10-year period of performance has enabled the projects to learn, adapt, and build strong relationships.

Conclusions. To replicate the MARKETS program model in other countries, USAID should start with small activities that guarantee early successes, which is mainly recommended due to the necessary buy-in of the community which the project serves. As the project team learns from its programming, activities can be expanded and successes can be replicated. Although small in scope, start-up activities must also be designed with clear exit strategies that answer questions around local community buy-in, support, and continuation of support interventions. Starting small also allows the project to adapt program tools and materials based on participant and community feedback. The MARKETS approach works well when program designers and implementers take the time to fully understand the opportunities and constraints around issues of female empowerment and youth (through community assessments) and work to understand their priorities and build community support to participate and benefit from project activities. At the same time, it is necessary to carefully assess a country's market dynamics to identify the most appropriate VCs for project support. Finally, leveraging local partners with a long and trusted relationship with the community is vital to provide legitimacy and access for sustainable livelihoods project implementers.

MARKETS PURPOSE, LOCATION	DESIGN FACTORS	SUCCESS FACTORS		CRITICAL SUCCESS FACTORS
		QUANTITATIVE	QUALITATIVE	
<p>Case Study Country: Nigeria</p> <p>Objective: Strengthen agricultural competitiveness and food security</p> <p>Location: As of 2015, operating in Abuja, Kano, Lagos, Warri, and Enugu.</p> <p>Donor/Funding: USAID, US\$60,732,079 (MARKETS II)</p> <p>Implementing Partner: Chemonics International (prime contractor); International Fertilizer Development Center (IFDC), Winrock International, Making Cents International, and ShoreBank International (subcontractors).</p> <p>Duration: MARKETS I: 2005-2008; bridge to MARKETS II: January 2011-April 2012; MARKETS II: May 2012-2017</p>	<p><input type="checkbox"/> Sector led</p> <p><input type="checkbox"/> Technical/vocational training</p> <p><input type="checkbox"/> Job placement/matching</p> <p><input type="checkbox"/> Entrepreneurship</p> <p><input checked="" type="checkbox"/> Livelihoods</p> <p><input type="checkbox"/> Other</p>	<p>Markets II: 1,706 medium-term jobs and 54,561 short-term jobs created in agriculture VC on- and off-farm jobs as of time of report preparation</p>	<p>Improved business practices:</p> <ul style="list-style-type: none"> • 68% increase in homestead farming • 92% have changed something about what they sold • 86% allocate their income, keep records, or invest more in their business 	<ul style="list-style-type: none"> • Existence of a local market whose local income-generating activities can be linked to VCs • Minimum level of security • Marginalized women and youth are the main target group of this sustainable livelihoods approach • Understanding of local market dynamics and demand • Ability to leverage local partners with a long and trusted relationship with the community • Willingness on part of USAID to start small with intent to scale up • Long-term timeline for project implementation

INTRODUCTION

A. PURPOSE OF CASE STUDY

The Middle East and North Africa (MENA) region is at a critical juncture. The Arab Spring, sparked in 2011 by frustration and impatience with limited economic opportunities, has yet to deliver the jobs and improved livelihoods so many had hoped for. Less than one-half of MENA's working-age population is employed or in school. As a result of labor market inefficiencies, the MENA region has the highest youth unemployment rate in the world (28 percent), and the share of women in the workforce is less than any other region. Demographic trends compound labor market challenges: since 2003, the region's labor force has grown at a rate faster than any other region. MENA's countries experienced 1.2 percent gross domestic product (GDP) growth in 2014, which is insufficient to significantly reduce unemployment rates or inequality (World Bank, 2015).

Addressing the jobs crisis in MENA will require inclusive private-sector growth, driven by more strategic, efficient, and competitive firms. Yet many MENA businesses lack formal business training and plans that identify and address the binding constraints preventing them from increasing sales, jobs, and solutions. Further, those that seek growth capital are often unable to receive loans due to prohibitively demanding collateral requirements. The United States Agency for International Development (USAID), and its Middle East Bureau in particular, is interested in exploring five approaches and developing successful case studies exemplifying solutions to sustainable job creation in high-unemployment countries. Those five approaches include: (i) entrepreneurship, (ii) enterprise and value chain/cluster competitiveness, (iii) demand-driven vocational training, (iv) job-matching support (career development centers and job fairs), and (v) livelihoods development. Using these case studies, the ME Bureau seeks practical tools to integrate job creation and job placement best practices and lessons learned into economic growth programming in the ME region.

The Nigeria MARKETS programs were selected as a case study for the livelihoods development approach to job creation due to some of the shared circumstances that Nigeria faces with the MENA region. This includes a large population coupled with a high growth rate, high youth and female unemployment, economic and political insecurity, as well as similar economic growth rates currently hovering around six percent annually. Nigeria, as with many MENA countries, is also struggling to cope with rising levels of poverty with high variances between urban-rural and northern-southern populations and social safety nets that rely heavily on government subsidies. In fact, Nigeria's national poverty rate stood at 33 percent in 2013, among the highest of other MENA countries (The World Bank, n.d.a).

B. ABOUT AMEG

The AMEG project is designed to support USAID missions in developing effective and efficient economic growth programs that address technical and strategic challenges that are specific to countries in which USAID operates in Asia and the Middle East. Through AMEG, USAID is able to conduct rapid and strategic economic growth assessments, pilot innovative approaches in economic growth programming, and consolidate and disseminate best practices in economic growth projects learned from USAID implementation throughout the world.

C. ORGANIZATION OF REPORT

After an overview of MARKETS' overall design in general and operating context in Nigeria, the report provides details on MARKETS' objectives, beneficiaries and stakeholders, approach used to promote sustainable livelihoods, and technical implementation. The report then provides information on the impact and results in Nigeria as a result of MARKETS, and concludes with key findings and lessons learned, and prerequisites for replication in countries other than Nigeria.

D. ASSESSMENT TEAM AND ACKNOWLEDGEMENTS

The field assessment was conducted in January 2015 by AMEG consultant Farida Ibrahim of Banyan Global. Special thanks go to the MARKETS project team, Making Cents, and USAID/Nigeria for their support and cooperation in conducting the assessment, as well as to Bill Baldrige of USAID's Middle East Bureau Technical Services Unit for his guidance, support, and input into the case study.

CASE STUDY

The Maximizing Agricultural Revenue and Key Enterprises in Targeted Sites (MARKETS) project in Nigeria funded by the United States Agency for International Development (USAID) is a multi-faceted program aimed at strengthening agricultural competitiveness and food security. MARKETS I began in 2005 as a pilot program and, with the addition of funding from the U.S. President's Emergency Plan for AIDS Relief (PEPFAR), a livelihoods component targeting vulnerable households was added to the program design in December 2008. This additional component proved quite successful with documented income increases for beneficiaries, high client satisfaction, and positive relations with the host government. A bridge project to MARKETS II (BtM2) continued these activities from January 2011 through April 2012. Building upon this success, the current five-year MARKETS II project (scheduled to end in 2017) further integrated livelihoods activities for vulnerable households into the larger program design employing a demand-driven VC model to create linkages with vulnerable households for the purpose of increasing their income and improving food security.

This case study explores the current iteration of the project, MARKETS II, and specifically the project's interventions to address Nigeria's systemic poverty through a multi-pronged sustainable livelihoods approach. While MARKETS II is the primary focus, the case study explores progress made on the original MARKETS (hereafter referred to as MARKETS I) and BtM2 that contributed to the successes or challenges of MARKETS II's livelihoods activities and interventions. MARKETS I provides a model to engage vulnerable households in income-generating activities for the local market, while MARKETS II provides a more graduated approach in which vulnerable households are linked into viable VCs through auxiliary services.

A. CONTEXT

A1. RELEVANCE TO THE MENA REGION

The Nigeria MARKETS programs were selected as a case study due to the shared circumstances that Nigeria faces with the MENA region. This includes a large population coupled with a high growth rate, high youth and female unemployment approximately 13 percent each (The World Bank, n.d.a), economic and political insecurity, as well as similar levels of economic growth currently hovering around six percent annually. Nigeria, as with many of the MENA countries, is also struggling to cope with rising levels of poverty, high variances between urban-rural and northern-southern populations, and social safety nets that rely heavily on government subsidies. Based on the World Bank's recent *Nigeria Economic Report* (The World Bank, 2014), following a reassessment of key data Nigeria's national poverty rate stood at 33 percent in 2013, among the highest of other MENA countries (see Box 1). Instability and a deterioration of security in the north due to terrorist group Boko Haram present challenges similar to those faced by some MENA countries. Since the MARKETS projects began in 2005,

Box 1. Poverty Levels of Select MENA Countries

Yemen	34.8%
Nigeria	33.1%
Lebanon	28.6%
Egypt	25%

Source: The World Bank (n.d.a).

the project has faced daunting challenges such as weak institutions and government enforcement of regulations, corruption, inadequate physical security, and high costs of finance.

A2. NIGERIAN COUNTRY CONTEXT

Macroeconomic context. In Nigeria, the declining agriculture industry remains the primary source of the population's livelihoods, currently at 24 percent of total gross domestic product (GDP). The sector's poor performance can be attributed to many factors including inconsistent policies, outdated and inefficient technologies, and a weak enabling environment limiting private sector growth. Most importantly, there is a real absence of a commercial orientation in which demand drives production, further weakening market linkages. Adding to these constraints, vulnerable households are adversely affected by a lack of access to critical financial services, further limiting their ability to meaningfully and sustainably engage in the market. As with most countries in the MENA region, improved livelihoods for all Nigerians depend on a strong market-led economy replacing public sector dominance (Government of Nigeria, 2014).

Sustainable livelihoods interventions. Against a backdrop of general economic growth over the past decade — reaching 7.4 percent in 2013 according to the African Development Bank Group (2014) — Nigeria's economy continues to struggle with high poverty rates, particularly in rural areas and the north. Some contributing factors are likely related to the unequal provision of public services and weaker links to larger markets within the country. To address this systemic poverty, USAID sought to employ a sustainable livelihoods approach to increase income for vulnerable households affected by a lack of economic opportunity, normally overlooked by traditional economic growth programs. Sustainable livelihoods approaches explore and address poverty issues in a holistic manner that includes beneficiaries in the identification of priorities, planning of interventions, and implementation of activities that create new household revenue streams (for a definition of sustainable livelihoods, see Box 2).

Box 2. Defining Sustainable Livelihoods

Sustainable livelihoods approaches seek to create new revenue streams for poor households by linking them into local and regional growth markets. In this manner, sustainable livelihoods approaches address the underpinnings of poverty through strategies that create new skills that enable households to grow organically, meeting their financial needs to properly feed, clothe, educate, and support members of the household.

The groundwork for the MARKETS projects was laid by numerous high-profile USAID-funded agriculture projects such as the Rural Sector Enhancement Project (RUSEP), Rural and Agricultural Incomes with a Sustainable Environment (RAISE) Indefinite Quantity Contract (IQC), and Developing Agriculture Input Markets in Nigeria (DAIMINA). Through RUSEP, important approaches on knowledge and technology transfer for planting techniques and the use of critical inputs, such as fertilizer and improved seed varieties, were developed. RUSEP also linked farmers groups to credit from the Union Bank of Nigeria, establishing an important relationship between the farmers and a credible private sector financial institution. Under the RAISE IQC, subsector assessments identified viable industry clusters and private agribusinesses for Nigeria's internal and external markets. Lastly, the DAIMINA project focused on the input supply sector and worked with retailers on improved organization and management skills.

Building upon those programs, MARKETS sought to establish the critical linkages among all actors along the commodity chain. MARKETS chose to take a more VC-oriented strategy to its work by utilizing a market-driven, holistic approach to addressing systemic constraints within targeted agricultural VCs. This successful approach allowed MARKETS to grow into the largest implementing partner for USAID/Nigeria's Global Food Security Response program efforts.

Box 3. Positive Impact of MARKETS Training

"I often find myself being unable to assist my caregivers with the challenges they face in business decisions; with this training I feel I can help them now."

— Ali Baba, Training participant

Source: USAID/MARKETS (n.d.).

B. OBJECTIVES, BENEFICIARIES, AND STAKEHOLDERS

B1. OBJECTIVES

MARKETS is a multi-faceted program that has a primary objective of promoting improved productivity, value-added processing, and commercialized agriculture with the aim of increasing sales and jobs for agriculture-related businesses in Nigeria. MARKETS I undertook work in trade and transport reform, food policy, seed system development, and fertilizer distribution network strengthening. With the addition of the livelihoods component through PEPFAR funding in 2009, MARKETS I began working to improve household nutrition and food security by striving to achieve two fundamental goals: 1) strengthen business skills and nutritional knowledge of vulnerable households; and 2) promote business linkages between agro-processors and the market to produce ready-to-use therapeutic foods to help address severe malnutrition in young children throughout Nigeria and West Africa.

Launched in 2012, MARKETS II is a five-year agriculture VC project designed to alleviate poverty and improve food security. Part of the U.S. Government's Feed the Future (FtF) Program, MARKETS II promotes improved agricultural productivity, value-added processing, technology adoption, and commercialized agriculture with the aim of increasing sales and jobs for agriculture-related businesses. MARKETS II is continuing sustainable livelihoods work through support for women and youth economic empowerment, building new private-sector oriented skills among the vulnerable poor, and creating more resilient households. These livelihoods activities contribute to a variety of MARKETS indicators, including increased agriculture value chain on- and off-farm jobs.

B2. BENEFICIARIES AND STAKEHOLDERS

MARKETS' beneficiaries. The original livelihoods pilot component under MARKETS targeted beneficiaries in alignment with PEPFAR's mandate; that is, orphans and vulnerable children (OVCs) and people affected or infected by HIV/AIDS. With a funding change to FtF in 2012, MARKETS II expanded its definition of vulnerable households to include women, particularly heads of households, with less than one hectare of land; youth (male and

Box 4. MARKETS Training Empowers Women

"We realized our mistakes, and we realize that we were doing things wrong."

— Female participant

Source: Bohen, et. al (n.d.).

female) aged 18-30 years; people living with disabilities; people affected or infected by HIV/AIDS, including OVCs and their caregivers; and the very poor. This new shift towards FtF objectives focused the project's livelihoods assistance towards vulnerable households working within agricultural seven priority VCs. Maize, Cassava, Rice, Cocoa, and Sorghum were the original VCs; Aquaculture and Soybeans were added based on favorable market analysis.

As expressed by numerous MARKETS' beneficiaries and community-based organizations (CBOs) during field work for this case study, the livelihoods component had a meaningful impact on women's empowerment. Women beneficiaries repeatedly noted an increase in their confidence and ability to play a more central role in the household affording them the opportunity to directly make decisions. Many even playfully added that by contributing to the household through increased income and decision-making, relations with their husbands vastly improved and they were treated with more respect. In a focus group meeting, one male participant stated "I now see my wife as a partner in managing my house." As is typical with a sustainable livelihoods approach, indirect beneficiaries under the MARKETS projects included other members within the household as well as the larger community. As a community member in Kaduna noted "[women] will be empowered and will be knowledgeable about good nutrition and in turn use it for the betterment of the community."

Counterparts. When the livelihoods component of MARKETS I launched, local government stakeholders had witnessed some of the positive impacts in different agriculture VC work, and so enthusiastically supported additional activities. Traditionally, the local government simply provided "free handouts" to vulnerable households doing little to build a sustainable path out of poverty. Following the implementation of the pilot livelihoods component, local government officials began seeing the value of enhanced business and financial skills and began adopting some of the MARKETS "step down" training (described in Section C1) into their own programs. Based on the success of these activities and as further described in the approach section of this report, MARKETS II moved to directly engaging extension service agencies from the Government of Nigeria's Agricultural Development Project in their livelihoods activities. As one extension agent in Kaduna noted who was interviewed for this report, MARKETS' efforts have helped the extension service agencies become much more "serious". That is to say, as opposed to serving as an intermediary cash transfer agency with little real sustainable impact, extension agents are now more inclined to view themselves as agents of change that assist in the transfer of tangible skills and knowledge. While there is still room for improvement within this government agency, the MARKETS' approach has initiated critical behavior change.

Initially, community stakeholders were skeptical about the MARKETS livelihoods component, largely viewing it as a waste of time. Individuals were accustomed to receiving assistance free of charge or without commitment on their part, resulting in resistance against this new approach that relied on training and self-reliance. Some members either refused to partake in project activities or dropped out. MARKETS was able to overcome this challenge based on a number of tactics, most notably engaging CBOs with a high level of respect and community influence, conducting community assessments to better identify challenges and methods to overcome them (for an example, see Annex A), and leveraging project staff with intimate knowledge of Nigeria's economic and social constraints. As members of the community began increasing their income and reducing their household's vulnerability, attitudes started shifting with greater community wide demand for an expansion of the livelihood's activities. As a CBO representative

explained during an interview for this report, when initial participants' livelihoods improved through self-empowerment they gained stature in the community and others wanted to follow.

Though an indirect stakeholder, CBO representatives were overwhelmingly satisfied with the outcome of the MARKETS projects. They praised MARKETS for its practical, easy to learn, step-by-step approach to training and appreciated the opportunity to expand upon their own skills that they continue to apply to activities outside of MARKETS therefore multiplying the reach of the project far beyond its intended direct beneficiaries. CBOs have also increased their influence by providing some direct policy suggestions to local government officials.

C. APPROACH

C1. CAPACITY BUILDING MODEL

Generally, the MARKETS projects use a private-sector, demand-driven approach that aims to improve productivity, increase added value, increase commercialization of selected commodities and processed products, and improve the policy environment to strengthen agricultural competitiveness and food security in Nigeria. This case study focuses only on MARKETS livelihoods activities, which were launched in 2009, aiming to integrate income-generating activities and nutrition education to address the social and economic factors contributing to household food insecurity. This integrated approach was selected to improve overall household management related to income, resources, and nutrition to sustainably build household resilience.

Box 5. MARKETS Demand-Driven Motto

"Produce what will sell, not sell what is produced."

MARKETS' definition of "vulnerable." The MARKETS approach focuses on the "somewhat vulnerable" population, defined by poor households with a higher tolerance for risk that are therefore stable and mature enough for higher income-generating activities. It excludes the "most vulnerable" populations, where assistance typically seeks to meet basic needs, and the "vulnerable populations", where assistance seeks to match income to expenses.

As illustrated in Figure 1 on the next page, MARKETS' capacity building goals were achieved through a "step down" training and capacity building model by which MARKETS I built the capacity of CBOs and facilitators who then provided direct participant training in enterprise skills, homestead farming, household management, and nutrition best practices. With the launch of MARKETS II in 2012, the project now implements this model through a mix of CBOs, government extension agents, and private sector service agents that MARKETS has trained to be Master Trainers.

Box 6. Examples of MARKETS Enterprise Skills Training

- *Market information*
- *Business planning*
- *Adding value*
- *Financial planning*
- *Costing and pricing*

Figure 1. MARKETS Capacity Building Model

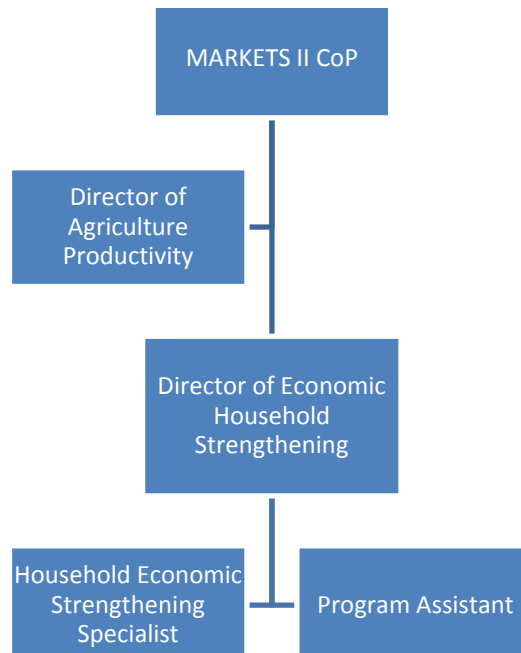


The MARKETS projects developed successful, fluid communications systems within the project as well as among subcontractors, other implementers, the Nigerian public, and USAID. In an effort to continuously re-evaluate and adjust the project’s activities, the internal communication structure encourages staff to provide honest assessments of activities while also providing recommendations for additional program opportunities. This communication works up the chain of command, eventually reaching the project chief of party (COP) and if deemed appropriate shared and discussed with USAID. The MARKETS projects also make clear efforts to maintain transparent and productive communications with its subcontractors, program partners, and other implementers through collaboration in activities and sharing of training materials.

C2. PROJECT MANAGEMENT

As the MARKETS projects evolved and expanded, so did the livelihoods team and its structure. Under MARKETS I, the livelihoods team was smaller than under MARKETS II and viewed as a standalone component. Under MARKETS II, the livelihoods work was fully integrated into the project’s overall work stream. As a result, the team works very closely with the Agriculture Productivity technical team, as illustrated in Figure 2. The overall project is structured in the following manner: A COP and seven directors lead teams in the following areas: (i) agricultural productivity; (ii) business and organizational capacity development; (iii) agricultural finance; (iv) external relations; (v) monitoring and evaluation (M&E); (vi) youth,

Figure 2. MARKETS II Organizational Chart: Livelihoods Team



gender, livelihoods and nutrition; and (vii) operations. MARKETS II has regional offices with additional personnel in Abuja, Kano, Lagos, Warri, and Enugu.

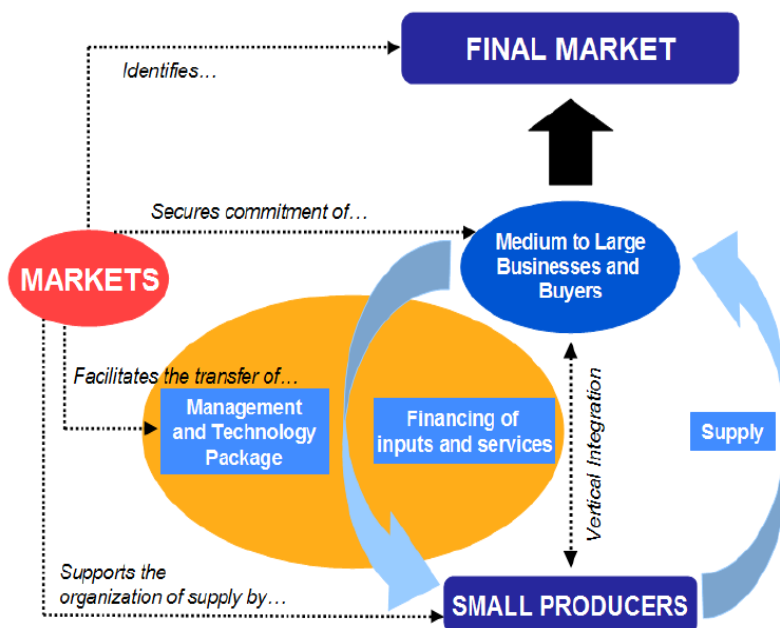
MARKETS I effectively tracked and reported on the performance of livelihoods activities through an M&E system that included indicators in line with PEPFAR intermediate results (IR). Baseline assessments were conducted for all participants followed by a post-training impact assessment with a sample of 400 beneficiaries examining changes in knowledge, attitudes, and practices. MARKETS II also used an M&E system to track and report on the performance of livelihoods activities and that included indicators in-line with FtF IRs. Baseline assessments were conducted for all participants, and a project mid-term evaluation is scheduled to be conducted in 2015.

Engaging the appropriate subcontractors undoubtedly contributed to the success of MARKETS projects. This is apparent with the livelihoods component that relies heavily on community buy-in and trust. The subcontractor for these activities, Making Cents, understood these needs and sought to fully engage and collaborate with stakeholders and participants. Training curricula were adapted to specific local constraints through a highly collaborative method involving local partners, trainers, and other stakeholders (explained in further detail in Section D). Though this process took time and resources, the result was a very specialized training that is still being used. Also, its implementation tactic of building and employing a cadre of local Master Trainers led to a noticeable decline in the subcontractor's direct involvement in trainings and implementation from MARKETS I to MARKETS II.

C3. TECHNICAL IMPLEMENTATION

The MARKETS team has refined its sustainable livelihoods approach over seven years of implementation. Under MARKETS II, the livelihoods component was fully integrated into the project's larger VC methodology, illustrated in Figure 3. This strengthened the livelihoods approach by allowing more opportunities and entry points for beneficiaries across VCs and better sustainability as they are now networked into the larger market system. On a macro-level MARKETS II faced a challenge: scaling the livelihoods activities from MARKETS I while maintaining the same level of impact. Expanding required the team to re-strategize and re-adapt materials based on geography and number of participants. MARKETS II overcame this challenge by minimizing the number of VCs and integrating livelihoods activities into the larger program design, providing more quality

Figure 3. MARKETS II Value Chain Methodology



and focus rather than stretching the team too thin. Also, the team was honest and realistic with USAID about what was achievable from the beginning of the scale-up design phase, working backwards from the intended target to determine how many resources could be committed. Thus, while the transition from MARKETS to MARKETS II demonstrates that a successful scale-up is possible and replicable, the option of a scale-up must be made clear and incorporated early in the program design process.

C3A. THE MARKETS LIVELIHOODS APPROACH

Identify local partners. MARKETS I, through its knowledgeable local staff, identified CBOs in multiple states through which to implement the livelihoods component and then conducted organizational assessments of 15 CBOs. The selected CBOs then identified and assessed more than 150 communities in Kano, Kaduna, and Bauchi states to launch initial MARKETS livelihoods activities.

Box 7. Number of Beneficiaries Trained by MARKETS I, 2009-2010

- 15 CBOs
- 160 facilitators
- More than 32,000 participants

Source: The Mitchell Group (2012).

Following an assessment of the MARKETS I livelihoods approach (Bohen et. al, n.d.), it was determined that in order to better implement *USAID Forward* principles and build greater sustainability the project must directly engage extension service agencies and build their capacity. Though extension service agencies have a large pool of available staff and deep community ties, they lack the tools and resources to better serve their citizens. So while it is important to work with these agencies, they are weak institutions of which the project has limited oversight. Therefore, MARKETS II implements its livelihoods activities in coordination with both CBOs and state extension agents. CBOs and extension agents assist MARKETS II in conducting community assessments selecting and communicating with participants, as well as coordinating the logistics for trainings. They also play an important role in assisting participants to form and register associations.

Select participants. CBOs were instrumental in the selection of participants. Through their in-depth knowledge and deeply rooted relationships in the community, they were able to select participants in line with the projects' focus on assisting "somewhat vulnerable" households, as described in Section C1, and gain the trust and buy-in of important community leaders, particularly males. CBOs selected facilitators to serve as trainers and identify participants based on a vulnerability index created by Making Cents, a MARKETS I subcontractor, and used to select participants under both projects (for details of this index, see Annex B). The index included key selection qualifications such as: being a head of household, number of children under their care, level of income, number of children not attending schools, and number of meals per day. These qualifications were meant to ensure participants met the project's definition of vulnerable. While nearly all participants were women, some men also met the qualifications.

Develop training curriculum. Through a participatory and collaborative process, the MARKETS subcontractor designed a microenterprise fundamentals curriculum and a set of nutrition and household asset management training modules, including training in enterprise skills, homestead farming, household management, and nutrition best practices. The materials were originally shared with the MARKETS I team to ensure they were appropriate to the Nigerian context and met participant needs. Partner CBOs and facilitators were encouraged to

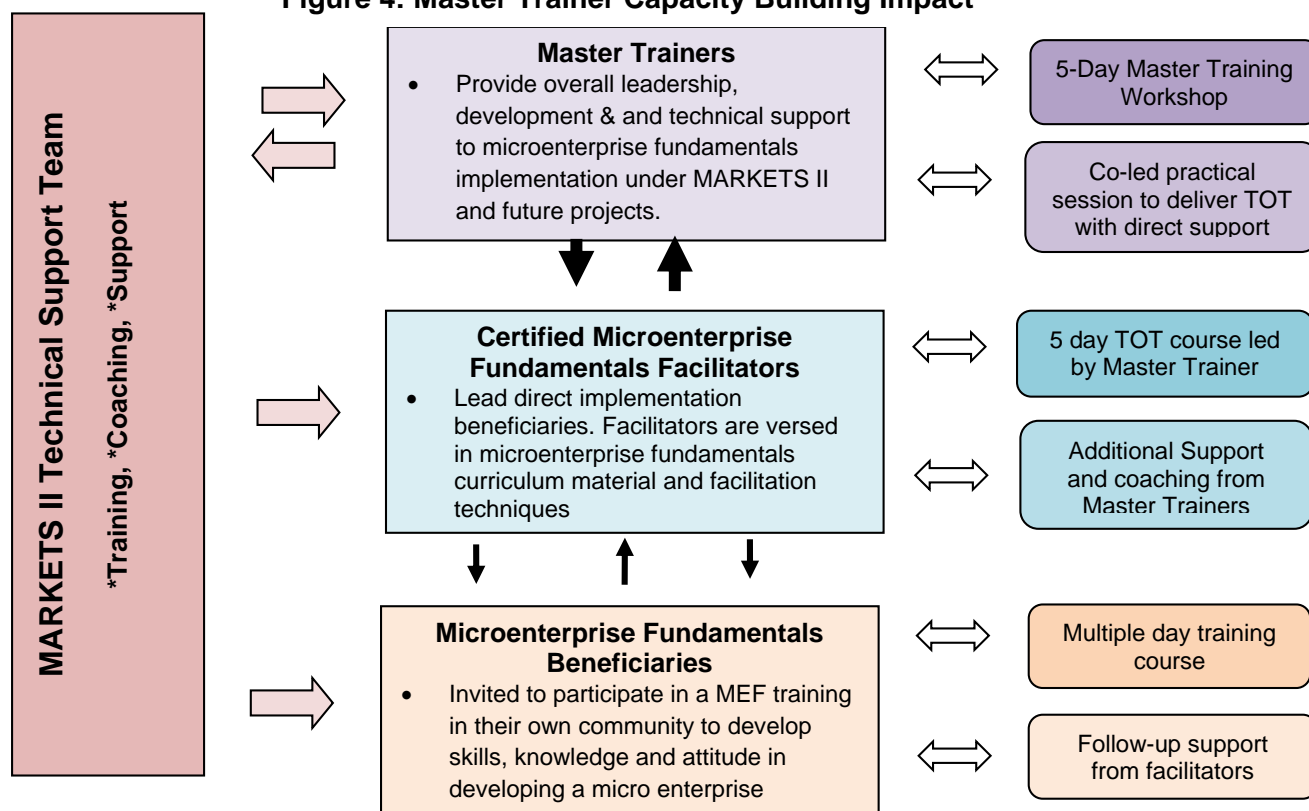
provide recommendations and suggestions to be incorporated into the materials. MARKETS II amplified its collaborative process by directly engaging CBOs and extension agents in the development of training materials. MARKETS II holds workshops where CBOs and extension agents, in collaboration with the MARKETS II team, assist in designing trainings. This not only further builds their curriculum development capacity, but also ensures materials are even more tailored to local context.

Materials are continuously revised and expanded upon as needed. For example, some trainings incorporated ineffective training tools for illiterate participants and so would be re-adapted for this audience while OVC caregivers highlighted the challenges of opposing investment needs in vulnerable households (e.g., nutrition versus business needs). As such, homestead farming and nutrition best practices “add on” modules were included to help strengthen the entire household’s understanding of the important linkages between good nutrition, a healthy family, and increased income. The result was a very practical, organic, user-friendly, step-by-step training approach. The training provided deeper retention of skills and knowledge while allowing participants to put it to use in their everyday life. As one CBO representative noted in an interview for this case study, “this approach was exactly what the community needed because it empowered them.”

“Step Down” Training. To deliver the training curriculum, the MARKETS team employs a tiered method of training trainers, leveraging CBO staff and community facilitators. The process begins with MARKETS staff training CBOs or facilitators in the modules noted above, who then “step down” the training to participants. Participant trainings are based on an experiential learning methodology led by two facilitators for five days in a cohort of 20 participants. Enterprise trainings are designed to strengthen a participants’ existing income-generating activities or give them the confidence and skills to engage in new income-generating activities. Not only did this approach of training build the capacity of CBOs and facilitators, allow for strong community buy-in, and reach a larger audience, it also allowed implementation to continue after MARKETS training ended due to the minimal cost for the CBOs to continue them. Additionally, CBOs transferred skills gained from this training and have continued providing similar trainings under other projects they have undertaken, including direct trainings for government officials.

Master trainers. MARKETS II modified the training approach, as illustrated in Figure 4, with a significant change in the addition of Master Trainers. Under the previous project, MARKETS staff led training-of-trainers (TOT) for CBOs and facilitators who then trained participants. Through a three-week training course, MARKETS II developed a core group of CBO staff, extension agents, and private sector trainers as Master Trainers who now directly provide TOT trainings to facilitators who then “step down” the training to participants. To ensure a high level of competence and quality of training, MARKETS II provides Master Trainers re-fresher trainings two to three times per year. For the purposes of quality control, surveys are administered for each training and adjustments are made if needed. The importance of this additional layer in the training approach is two-fold. First, it is proving to be much faster and more cost effective as the MARKETS team is no longer directly needed for TOT trainings as the project scales up. Second, it further contributes to sustainability as the Master Trainers can continue providing their services long after the project ends.

Figure 4: Master Trainer Capacity Building Impact



Income-generating activities. To apply newly acquired skills, MARKETS I participants were encouraged to engage in a range of income-generating activities designed to leverage local market demand. The most common sources of first or second income in the households that benefited from MARKETS I services included commodity farming (30 percent), retail (23 percent), processing (13 percent), livestock (10 percent), and government employment (24 percent) (Bohen et. al, n.d.). Market studies were carried out by CBOs with the assistance of the MARKETS I team to determine product demands and identify sellers and buyers. CBOs then established a list of the top products demanded for each local market. In the trainings, participants were divided into groups and assigned these products. The purpose was to diversify their products and avoid local market saturation. Using the skills learned through the MARKETS I trainings, CBOs provided additional business assistance to participants such as packaging and marketing design to assist households to offer more market ready products. Products were customized for the local market to maximize

Box 8. Examples of MARKETS I Projects Success Stories

- **Peanut Paste:** Jamila, responsible for 6 people, used the lessons of product differentiation to launch a peanut paste business with unique spices and packaging. As a result, she increased her income and expanded into the poultry business.
- **Kerosene Sales:** Talaja Nija, responsible for 5 people, used the lessons of responding to market demand by selling smaller cartons of kerosene, increasing her sales and income.
- **Yam Farm:** Cletus Ikolanju, responsible for siblings, used the lessons of customer satisfaction to improve customer service and to determine the best time to sell his produce, increasing his income and eliminating his debt.

Sources: USAID/Markets (n.d.b, n.d.c, n.d.d).

their competitiveness, such as ensuring accurate pricing and smaller packaging to make it more affordable.

Linking participants into target VCs.

MARKETS II developed VC selection criteria that included: a low-entry threshold for women, youth, and vulnerable groups; the geographical spread of the commodity; the importance of the commodity in the government of Nigeria's Agricultural Transformation Program; the possibility of deploying new, low-cost technologies; and whether the commodity falls within the MARKETS II mandate of targeting smallholders with farms less than five hectares (for details, see Annex B). Following an in-depth VC assessment between August and September 2012, MARKETS II selected five VCs (aquaculture, cassava, cocoa, rice, sorghum), including two sub VCs (maize and soy), and 10 states in which to implement activities (Markets II Year II Work Plan, n.d.).

Figure 5. MARKETS II Value Chain Linkages



With the project's VCs and geographical areas now established, MARKETS II works to identify the demands for auxiliary services within a VC (e.g. processing, on farm labor) to link vulnerable households through these activities and increase their income. To do this, as illustrated in Figure 5, MARKETS II works through a number of intermediaries, such as processor groups or farmer groups, which provide an entry point into the VC. For example, in Ondo state, 94 women and youth cocoa farmers will increase crop production and diversify their income due to recently gained capacity from a MARKETS beekeeping training. Participants learned how to put on bee-keeping gear and manage beehives using the correct equipment for honey production, harvesting, and hygiene. The most responsive farmers will be selected for pollination services training.

Expanded Opportunities within the VC. Linking vulnerable households into the VC allows beneficiaries more opportunities to expand upon their skills and further increase their income. For example, as participants expand their technical knowledge through on-the-job experience MARKETS II may advance them to higher levels of technical training that are normally offered to producers, input dealers, and others. Thus, they have the potential to grow and advance within the VC and further increase their income.

Access to finance. While MARKETS I did not offer financial services or facilitate loans, it recognized this vital need for vulnerable households to expand their income-generating activities and/or businesses. In lieu of bank financing, MARKETS offered *group dynamics and leadership trainings* that focused on building the capacity of groups, such as farmer groups and other local

organizations, to better serve their members and strengthen leadership within the groups. That way, the organizations and their internal processes improved, ultimately resulting in skills that allowed improved access to finance opportunities. Trainings focused on defining a group's mission, conflict management, record keeping, and decision-making among others. The purpose of these trainings was to either 1) help strengthen a current group/organization or 2) encourage participants to form a group/organization. Many of the newly formed local organizations were *Esusu* groups (similar to a traditional rotating savings association), care-giver groups, or cooperatives.

As with the previous project, MARKETS II does not directly support access to finance services. However, through the project's business training modules it provides participants with the tools to form saving groups or cooperatives and use it as a platform to better market themselves to banks and increase their opportunities for access to finance. MARKETS II also trains bank representatives on the unique needs of vulnerable households and financial products that may be beneficial for both parties. These representatives are also invited to meet with community organizations and provide a detailed explanation of the loan process and its requirements.

Youth, gender, and vulnerable groups integration plan. In an effort to consistently and effectively integrate vulnerable households into the MARKETS II larger VC activities, the project devised its "Youth, Gender, and Vulnerable Groups Integration Plan" (MARKETS II Year II Work Plan, n.d.). This integration plan provides a blueprint for the inclusion of gender, youth, and vulnerable groups into all project activities, from planning and implementation to monitoring, re-design, and evaluation of activity-level and project-level impact. It outlines the specific constraints that prevent full participation of vulnerable groups along MARKETS II's selected VCs and, as illustrated in Box 9, provides recommendations on how to address these constraints. The plan also provides women and youth-specific targets that correspond to the overall work plan goals. By outlining the constraints and opportunities, MARKETS II expects an increase in the participation of vulnerable groups leading to increased benefits and income.

Box 9. Youth, Gender, and Vulnerable Groups Integration Plan Recommendations

- Institutionalize gender and vulnerable groups' integration strategies
- Increase women and other vulnerable groups' involvement and decision-making
- Increase participation of people with disabilities
- Increase vulnerable groups' access to resources and benefits
- Facilitate access to appropriate technologies
- Help establish farmer groups to recognize the value brought by younger members
- Provide capacity building/ service provision (gender sensitive training materials, staffing)
- Integrate gender and vulnerable groups into the grants program
- Mainstream analysis and reporting on integration of gender and vulnerable groups
- Mainstream project/strategic communications to be inclusive of gender/ vulnerable groups

Source: Markets II Year II Work Plan (n.d.).

C3B. CHALLENGES AND ADAPTATION

Challenges and Adaptation. Both MARKETS projects faced various constraints and some aspects of the programming was either unsuccessful or re-designed. For example, some of the

selected VCs under MARKETS were determined to be likely unsuccessful; as such, as part of the MARKETS projects' flexible design, these VCs were dropped and efforts were re-focused into the VCs that were proving more successful. These adaptations enabled MARKETS II to successfully scale-up without overreaching.

Specifically within the livelihoods income-generating activities, at times there were challenges in product quality. For example, under MARKETS I one group of participants engaged in soap production and the final product's quality was low and therefore not sellable. Despite some of these setbacks, participants used these challenges as opportunities to learn about their product, reevaluate product lines, and develop new pricing and selling strategies. As a result, they began to produce more competitive products than those had they not experienced product failure.

Another challenge for the project was in the administration of small grants. The MARKETS projects have found it challenging to award grants due to a number of factors, including low recipient capacity and limited project team resources.

Lastly, access to finance remains a significant challenge. While MARKETS II expanded its training reach to banking representatives and has made efforts to link recipients with banking institutions, many beneficiaries continue to have difficulty accessing financial service products. This lack of financing has, in turn, limited their ability to further expand their income-generating activities and/or businesses.

D. IMPACT

D1. MARKETS I LIVELIHOODS COMPONENT

Because the MARKETS I added livelihoods as a component during project implementation, the project had a relatively simple M&E plan that did not measure increased jobs or income of beneficiary households. However, MARKETS I completed a Livelihood and Household Nutrition Activity Assessment (Bohen et al., n.d.), wherein 98 percent of surveyed participants reported increased household income and 95 percent reported they are saving more than before the MARKETS projects took place (see Box 11). Beneficiaries learned multiple skills that allowed them to better plan and deal with shocks. Many beneficiaries applied newly acquired skills in creative ways, including a group of women that started a school garden and sold products

Box 10. MARKETS II Success Stories

- **Sorghum Farmer Group:** Following group dynamics trainings, the group began monitoring price trends, bargaining better, and sourcing loans for their members.

- **Insect Pollination Services:** Leveraging their income-generating potential, 195 participants were trained in bee-keeping and selected trainees will provide pollination services to cocoa and soybean farmers in their communities.

Source: Chemonics (2014).

Box 11. MARKETS I Key Impacts

- **98%** reported an increase in household income
- **95%** reported an increase in household savings
- **68%** increase in homestead farming
- **92%** have changed something about what they sold
- **86%** allocate their income, keep records, or invest more in their business

Source: Bohan et al. (n.d.)

in the local market. Some beneficiaries expanded their businesses and even employed additional staff while others were able to purchase land. Following the MARKETS group dynamics and leadership trainings, nearly 50 percent of beneficiaries became members of a local organization that provides additional safety nets for vulnerable households. For example, one community organization provided funds to pay a member's medical expenses. Additional household benefits have included increased economic empowerment for women, better nutritional options, and some children returning to school, all contributing to increased household stability.

Many CBO representatives noted that previous MARKETS participants continue engaging in the income-generating activities they started under the project and most importantly have continued to see improvements in their income. They have also internalized many of the lessons of the financial and nutritional trainings and have maintained their positive behavior changes over time. For example, mind-sets have shifted to producing what the market demands rather than simply what is produced: a cornerstone of the MARKETS approach. Participants also reported they understand the importance of assessing the market and gathering market information, so that their services were demand-driven (see box).

Box 12. MARKETS Helps Nigerians Respond to Market Demand

"Now we know the importance of going to our customers and asking what they want and providing them what they want."

— Female participant

Source: Bohan et al. (n.d.).

While partner CBOs and facilitators reported on the number of people trained in microenterprises, this information provides little insight into impact on improved livelihoods. Thus, the Livelihood and Household Nutrition Activity Assessment provides important data on behavior change that demonstrates sustainable impact. The assessment team, using qualitative and quantitative methods, conducted field visits, individual interviews, and focus group discussions with beneficiaries, male heads of households, and facilitators. The findings were compared against baseline data collected in the initial community assessments.

D2. MARKETS II LIVELIHOODS COMPONENT

The MARKETS II project approaches livelihoods programming as an integrated component of its overall FtF VC approach, and thus measures improved livelihoods through employment indicators instead of a more traditional method of measuring impact based on household income. MARKETS II does not measure increased income of its beneficiaries, mostly because its beneficiaries often have unstable incomes and do not have detailed records of their income, making it difficult if not impossible to accurately measure increased income.

However, the project continues to measure increased on- and off-farm jobs created as a result of its assistance under the FtF IR 1 "Improved Agricultural Productivity." At the time of report preparation, a total of 56,267 jobs have been created through MARKETS II assistance, including

Box 13. MARKETS 2 Key Impacts

- **56,267** total jobs created
- **54,561** short-term jobs created
- **1,706** medium-term jobs created
- Delivered training to more than 28,000 beneficiaries

Source: MARKETS 2 project records

1,706 medium-term jobs¹ and 54,561 shorter-term jobs². The project considers these indicators a direct measure of improved livelihoods, as they measure improved employment opportunities and related income. Using this definition of medium- and short-term jobs to improve livelihoods, the MARKETS II project demonstrates an extremely cost-effective model, spending approximately \$123 of project funding per job created. It is worth noting that these jobs tend to be temporary agricultural contract jobs, such as on-farm cultivating and harvesting or off-farm handling, transport, and processing. MARKETS II also measures livelihoods impact through the IR “Increased Resilience of Vulnerable Communities and Households” measured through the number of vulnerable households benefiting directly from USG assistance. To date, the project has trained more than 28,000 participants.

Through MARKET II’s work, the private sector has benefited tremendously with improved products, inputs, and services and so it is assumed these stakeholders will want to see continued VC improvements. However, while collaboration with extension agents and their increased capacity will surely contribute to further sustainability, the government reportedly remains a hindrance and it is unclear if the business enabling environment will sustain these improvements.

The project relied on extension agents, CBOs, and Master Trainers to report on the number of people trained in microenterprises, which has proven reliable. However, it was found that extension agents were not reliable when reporting on the number of jobs created. They lacked adequate data collection skills to provide quality data in this category. Thus, MARKETS II is now focusing on building their capacity to properly identify a job, the verification process, and reporting all jobs along the value chain, which will presumably result in a higher and more accurate number of jobs reported in the future.

MARKETS’ perception. As the project grew, public perception became increasingly positive with beneficiaries, the Government of Nigeria, and USAID. Beneficiaries were not only pleased with increases in income, but gained lifelong skills that will continue to serve them in making sound financial decisions for their households and to better manage risk. Seeing the positive impact the project had on vulnerable households, the Nigerian government proactively requested similar training for their extension service agents and have sought to implement similar activities (see Box 3). These advancements clearly contributed to USAID’s goals and objectives, leading to project a follow-on and an expansion of the original scope of work over time.

E. KEY FINDINGS AND LESSONS LEARNED

This section presents key findings and lessons learned from the MARKETS I and II project implementation experience in Nigeria from 2005 to the time of report preparation in 2015 based on a synopsis of conversations held during fieldwork undertaken as part of this case study.

Practical, grassroots training and capacity building model. The training and capacity building model was identified as the strongest element of the livelihoods component implemented under the MARKETS projects. In addition to identifying respected, viable local partners, the project included a collaborative training curricula design approach where multiple

¹ Jobs lasting more than one month which are then converted to full-time annual equivalents. For example, a job lasting two months converts to 1/6 of a full-time annual job.

² Jobs lasting less than one month which are then converted to full-time annual equivalents.

stakeholders review materials and provide input, ensuring its applicability and usefulness for the community. Simply put, MARKETS' collaborative efforts with community partners and stakeholders leveraged local skills, experience, resources, and knowledge that contributed to the overall success of the project.

Youth, Gender, and Vulnerable Groups Integration Plan. Employing the “Youth, Gender, and Vulnerable Groups Integration Plan” has allowed MARKETS II to map the target VCs and determine which entry points present the best opportunities for vulnerable and disadvantaged groups along each chain. Adherence to this approach has enabled the five different project value chain teams to maintain a strategic focus on seamlessly integrating vulnerable households into a much larger, more complex project design. It also allows the project to easily assess its interventions and revise or expand on activities as needed

Sufficient period of performance. One of the cornerstones of the MARKETS projects' success is and continues to be its longevity. MARKETS' 10-year period of performance has enabled the projects to learn, adapt, and build strong relationships. Compared to the typical three- to five-year USAID project life cycle, MARKETS' 10 year period of performance has given the project team sufficient time to establish critical stakeholder relationships, retain a core base of personnel, review the project's impact, make design adjustments and corrections if and when needed, and apply resources to areas that achieve the greatest impact. To create a self-sustaining system that meets the business needs of all stakeholders and contributes to poverty reduction, sustainable livelihoods approaches must support positive behavior change through relationships and incentives, which according to the USAID Nigeria Mission as reported in LIFT II (2014) can require a longer period of time to produce tangible results than other types of projects. And so small wins should be designed into the project, building to impactful long-term results.

Flexible implementation design. USAID's flexibility throughout the implementation of MARKETS projects has been key to the project's sustainable impact and overall success. This included a flexible scope of work that provided room for adjustments or addition of activities coupled with an evolving implementation plan. USAID viewed the implementation plan as a “living” road map to be revised when required based on a learning and adaptation approach to project implementation. It also included a flexible management style in which staff were encouraged to leverage opportunities and recommend activities that facilitated greater project success. For example, the livelihoods team routinely re-evaluates activities and seeks out additional VC auxiliary services into which beneficiaries can be linked. Furthermore, USAID's flexible implementation approach allowed project implementers to drop programming that was unsuccessful. For example, as explained in Section C3A, the MARKETS II team determined it would be more sustainable and impactful to work through both government extension service agencies and CBOs.

Cooperative donor/implementer relationship. Many factors play into a cooperative donor/implementer relationship. Most notably under the MARKETS projects, a healthy balance has been struck in which USAID provides consistent oversight of the project and engagement in activities while also demonstrating a level of trust in the implementer's ability to execute activities as well as make suggestions and revisions as needed. Clear lines of two-way communication are maintained and honest discussions of what is and is not working further strengthen this relationship. In addition, rather than seek a new model or approach USAID has provided consistent commitment to the one adopted by the MARKETS projects.

Access to finance. While the MARKETS projects made strides in educating beneficiaries in the needs of access to finance and financial management and banks on the unique needs of vulnerable households, the projects were not designed to directly facilitate loans or support the development of new loan products. Access to finance is still noted by both project teams as a possible area for future improvement and a current bottleneck to growth. Future projects supporting sustainable livelihoods may need more directed access to finance interventions that include guarantee mechanisms, financial incentives to buy down risk, and possibly in-kind assistance.

Local grants. While providing local grants promotes the *USAID Forward* approach by building local capacity and enhancing sustainability, sufficient local capacity must be established first. It is recommended that a five-year project begin with grant capacity building activities in Years 1 and 2, with grant implementation beginning in Year 3, coupled with a sufficient project grants administration team that is capable of committing its full time and resources into these activities to ensure its success.

F. ISSUES FOR REPLICATION

Below are a few salient issues that can be drawn from the MARKETS projects experience in Nigeria and how these variables can be translated to work in other country contexts.

Employing a VC approach for improved livelihoods. The MARKETS projects serve as a model in which vulnerable households can be provided with the training and skills to either further enhance current business endeavors within their local market or facilitate a linkage into a viable VC in order to increase their income and thereby reduce their vulnerability. Since the model works within a viable VC, it can be adapted to various commodities including textiles, ICT, and others. However, the VC must meet key criteria for selection, such as *low-entry thresholds for women, youth, and vulnerable groups*.

Stable and viable local economy. The Nigerian economy is growing at a stable rate and, as discussed earlier, exhibits many of the same characteristics of MENA countries. Replicating the MARKETS private-sector driven sustainable livelihoods model requires a similarly stable economy that can offer a market for local income-generating activities. Based on linking households into growing VCs, this model will succeed under stable and growing market conditions.

Security requirements. There must be a minimum level of security in which a project can operate. However, as the MARKETS projects have demonstrated, an environment in which pockets of insecurity are present within a larger context of stability a project can still be successfully implemented with a security contingency plan and dedicated project security team regularly conducting security assessments. Officials at USAID/Nigeria emphasized that for this model to work in any other context there must be a stable market that can support opportunities for linkages and growth.

Women and youth. Marginalized women and youth are the main target group of this sustainable livelihoods approach. This model can work well in more conservative communities where

women must work in the house or in close proximity. This approach can also play an important role in societies facing significant levels of youth unemployment, providing new skills, sources of employment and engaging youth as actors for change. The MARKETS approach works well when program designers and implementers take the time to fully understand the opportunities and constraints around issues of female empowerment and youth (through community assessments) and work to understand their priorities and build community support to participate and benefit from project activities.

Understanding local market dynamics and demand. MARKETS I staff and consultants conducted local market analyses to identify product demand in order to ensure successful income increase outcomes. Then MARKETS II carefully assessed Nigeria's market dynamics to identify the most appropriate VCs for project support (Chemonics International, 2013). A thorough VC assessment was undertaken at project launch and intermittently during the project's life to identify market opportunities for local income-generating activities. These assessments began with the development of criteria that helped guide VC selection, e.g., low-entry thresholds for women, youth, and vulnerable groups; the geographical spread of the commodity; the importance of the commodity in the GON Agricultural Transformation Program; the possibility of deploying new, low-cost technologies; and whether the commodity falls within the MARKETS II mandate of targeting smallholders with farms less than five hectares. This systematic approach enabled project implementers to teach vulnerable households sustainable approaches to working within and adapting to changing market dynamics.

Leveraging local partners and/or Government counterparts. Leveraging local partners with a long and trusted relationship with the community is vital to provide legitimacy and access for sustainable livelihoods project implementers. In Nigeria and many other countries, it is also important to collaborate closely with government programs to support their policy priorities (e.g., vulnerable communities in areas of unrest or violence) and their on-going programming. Programs that build government understanding and capacity around its programming will more likely succeed and be sustainable than without it.

Start-up and scale-up. Replicating this model in other countries should be done by starting small to achieve early-on successes. As the project team learns from its programming, the program (target communities, VCs) can be expanded or modified and successes can be replicated. Although small in scope, start-up activities must also be designed with clear exit strategies that answer questions around local community buy-in, support, and continuation of support interventions. Starting small also allows the project to adapt program tools and materials based on participant and community feedback. In the case of MARKETS I, its approach also mandated the efficient use of resources by carefully measuring project impact from the outset (in small numbers) and revising implementation strategies based on positive results. Furthermore, as with MARKETS II a more effective scale-up may be drilling down into current activities as opposed to expanding activities (reducing and refining VC work, not increasing VCs).

ANNEX A

COMMUNITY ASSESSMENT

1. How many households are in this community? (explain what a household is)

2. What is the approximate population of the community _____

3. Where is the community located?

4. If you walk from the center of the village/town how many minutes would it take to reach the nearest health clinic _____, school _____ market _____

5. What do community leaders and members view as the most important need in the community?

Rank the first priority with 1, second with 2, and third with 3.

Improve infrastructure (roads, electricity) _____

Improve education system _____

Improve health services _____

Better business opportunities/income generation _____

Improved farming practices _____

Access to water _____

6. What are the most common sources of livelihood in this community?

Circle the first and second most common.

a. retail business

b. processing/manufacturing business

c. services business

d. market gardens

e. commodity farming

f. animal raising

g. civil service/government

h. other, please specify:

7. Do most women in the community work or generate income?

(includes farming on family land, sewing, selling goods etc.)

a. Yes _____ No _____

8. Have there been previous trainings in this community related to income generating activities?

Yes _____ No _____

9. Have there been previous trainings in this community for nutrition? Yes _____ No _____

10. Please describe any trainings which have been held in the community previously and who participated in these trainings (men, women, farmers etc)

11. In order to pay family expenses, do people in your community ever have to? (check any that apply)

Borrow money ☐

Lease livestock ☐

Lease land ☐

12. Are there families in your community you consider vulnerable or that do not have enough food, if so why do you think this happens?

QUESTIONS FOR MEN FOCUS GROUP DISCUSSION

(part of the Community Assessment)

The following guided questions will be used during the focused group discussions. – to be held with men of households who may be interested in the program and opinion leaders in the community

General Questions- After introduction

1. What are the major problems and key needs of the community? Why do these challenges exist?
2. What do you think could be done to help your family live healthier and more productive lives?
3. Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food for a healthy and active life. Based on this statement do you think your community is food secure?
4. In the home how do women contribute to the household?
5. Would you agree to send adult women in your household to a training on income generation and household nutrition– if yes why, if no why not?

ANNEX B

VULNERABILITY INDEX

In the past year, if there have been times when you did not have enough food or money to buy food, how often has your household had to:	All the time? Every day	Pretty often? 3-6* week	Once in a while? 1-2*/ week	Hardly at all? 1* a week	Never? 0* week	Severity (multiple number in this column x frequency rating)	Score
<i>Frequency rating mark response in column for each question below</i>	4	3	2	1	0		
a) rely on less preferred foods and less expensive foods						1	
b) borrow food or rely on help from a friend or relative						2	
d) purchase food on credit						2	
e) consume seed stock held for next season, gather wild food, harvest immature crops						3	
f) send household members to eat elsewhere						2	
g) send household members to beg						3	
h) limit portion size at mealtimes						1	
i) lease land or property						2	
j) feed working members at the HH at the expense of nonworking members						2	
k) reduce number of meals eaten in a day or eat less than 3 meals a day						2	
l) skip entire day without eating						1	
Total							

GLOSSARY OF KEY TERMS AND DEFINITIONS

Livelihood. “Means of securing the basic necessities - food, water, shelter and clothing - of life” (Wikipedia, n.d.).

Local Market Assessment. “A specialized context analysis that focuses on market dynamics that influence the set of livelihood options available to households” (LIFT II, n.d.).

Risk. “The likelihood of a stress or shock and the magnitude of its consequences” (LIFT II, n.d.).

Shocks and Stresses. “Such as drought, civil war, policy failure” (Carney, Drinkwater, Rusinow, Neefjes, Wanmaali, & Singh, n.d.).

Sustainable Livelihood. “A livelihood comprises the capabilities, assets (stores, resources, claims and access) and activities required for a means of living: a livelihood is sustainable which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to their livelihoods at the local and global levels and in the short and long term” (Wikipedia, n.d.).

Value Chain. “Encompass the full range of activities and services required to bring a product or service from its conception to sale in its final markets—whether local, national, regional, or global. Value chains include input suppliers, producers, processors, and buyers, as well as the support services and enabling environments that form a dynamic market system” (USAID, n.d.a).

Value Chain Assessment for Selection. “Process of prioritizing industries or value chains based on criteria including their potential for growth and competitiveness, impact, and contribution to other development objectives such as conflict mitigation, women’s empowerment, food security or natural resource management. The selection process is inherently subjective, and there is always a danger of selecting a value chain for the wrong reasons. The goal of the selection process is to minimize subjectivity” (USAID, n.d.b).

Vulnerability. “The household’s susceptibility to shocks and stresses that affect the household’s ability to generate sufficient income to earn a livelihood and achieve a threshold level of nutritional requirements for a healthy life both now and in the future” (LIFT II, n.d.).

ANNEX D

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U.S. Agency for International Development

1300 Pennsylvania Avenue, NW

Washington, DC 20523

Tel: (202) 712-0000

Fax: (202) 216-3524

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