

Annual Review

Title: Propcom+ – supporting economic development in conflict and climate affected regions in Nigeria		
Programme Value £ (full life): £95,000,000	Review date: April 2024	
Programme Code: 300826	AMP start date: 13/05/2022	AMP end date: 31/03/2030

Summary of Programme Performance

Year	2023	2024						
Overall Output Score	A	A						
Risk Rating	Major	Major						

DevTracker Link to Business Case:	https://iati.fcdo.gov.uk/iati_documents/D0003546.odt
DevTracker Link to Business Case Addendum:	https://iati.fcdo.gov.uk/iati_documents/D0005028.odt
DevTracker Link to results framework:	https://iati.fcdo.gov.uk/iati_documents/D0003887.xlsx

A. SUMMARY AND OVERVIEW

Description of programme

Propcom+ is a £95 million, eight-year, International Climate Finance (ICF), rural and agricultural market development programme. This Annual Review (AR) covers the second year of Propcom+ that has focused on delivering the programme Inception Phase, early implementation of quick win initiatives, and the Strategic Response Fund (SRF).

Propcom+ supports climate-resilient and sustainable agriculture that benefits people, climate, and nature. It works with Nigeria's vibrant private sector to (i) increase productivity, improve nutrition and food security (ii) enhance climate resilience, pursue lower emissions, and protect and restore nature, and (iii) help tackle some of Nigeria's underlying drivers of conflict and insecurity.

The programme seeks to stimulate sustainable pro-poor climate-resilient growth in selected rural markets. It does this by working as a 'market facilitator', identifying constraints in market systems and facilitating changes to enable rural markets to work better for the benefit of poor and climate-vulnerable smallholder farmers and rural small-scale entrepreneurs.

Propcom+ aims to increase the incomes and climate resilience of 3.79 million poor and vulnerable people in Nigeria, 50% of whom will be women, through a "3Ps" approach of interlinked components:

P1: Scaling-up a focused basket of **Proven** climate-smart interventions around agricultural and primary processing / storage practices and models to get these adopted by millions of poor and vulnerable smallholder farmers and small-scale entrepreneurs.

P2: Building markets by developing and **Piloting** new business models that improve productivity, enhance resilience to climate change, reduce emissions, and improve nutrition outcomes.

P3: Enabling Policies that support a strengthened enabling environment for sustainable food and land-use system.

The programme adopts a two-tier approach to regional and State-level implementation. Tier 1 States are from North-West (NW) and North-East (NE) Nigeria and considered priority States delivering climate smart agriculture to help the poor and climate vulnerable. Implementation over the next reporting period will be in Kaduna, Kano and Jigawa (KKJ), Plateau, Bauchi, Gombe and Adamawa States. Tier 2 States are currently from Southern Nigeria and will have a more focused set of priorities on sustainable land use and deforestation-free commodities (such as oil palm and cocoa), with implementation in Edo, Ekiti, Enugu, and Cross River States.

Climate Smart Agriculture (CSA) is an integrated approach to managing landscapes that addresses the interlinked challenges of food security and accelerating climate change. CSA initiatives aim to simultaneously achieve three outcomes: (i) **increasing productivity** to produce more and better food to improve nutrition and boost incomes; (ii) **enhancing resilience** by reducing climate vulnerability and improving capacity to adapt and grow in the face of long-term stresses such as shortened seasons and erratic weather patterns, and (iii) **pursuing lower emissions** for each calorie or kilo of food produced, avoid deforestation from agriculture, and identify ways to absorb carbon out of the atmosphere.

Propcom+ is central to the UK's bilateral economic development partnership with Nigeria, together with the wider programme portfolio and engagement. This includes working closely with Nigeria's vibrant

private sector and deploying FCDO advisory expertise to support key priorities of creating jobs, uplifting incomes, increasing investment, and addressing food and nutrition insecurity. This is achieved alongside complementary FCDO Nigeria programmes, such as the Partnerships to Engage, Reform and Learn (PERL), centrally managed programmes such as Manufacturing Africa and British International Investments (BII), other development partners (e.g. World Bank, FAO), and through State and Federal government partnerships. This support maximises delivery across objectives, leverages strengths, and ensures coherence in the UK's food and agriculture work.

Propcom+ also plays a key role in the wider UK-Nigeria relationship. Food and agriculture are key priorities of the Nigerian government. Previous and current FCDO economic development programming has demonstrated significant economic impact for large numbers of the poor, clearly demonstrating the opportunity to achieve real change by working with the private sector. FCDO is a leader in adapting best practice and building markets in difficult circumstances. Propcom+ is delivering key priorities in increasing productivity, improving nutrition and food security, enhancing climate resilience, and helping tackle some of Nigeria's underlying drivers of conflict and insecurity.

Context over the last 12 months

The last 12 months have been characterised by a challenging external operating environment, including a difficult macroeconomic and security context, and post-election political transition. Key challenges include continued strong inflationary pressures (33% in March 2024, with food inflation hitting 40%); fuel costs rising three-fold with the removal of the fuel subsidy in May 2023; rapid depreciation and volatility of the Naira with the floating of the exchange rate; rising costs of doing business; increasing unemployment and underemployment at 17%; worsening poverty (84 million living below the poverty line), and; continued rising food and input prices from the impacts of the currency depreciation, inflation, Russia-Ukraine conflict, and COVID-19. Evidence suggests that Nigerians are spending one of the highest proportions of household budget on food globally. The humanitarian situation has persisted, with 24.9 million people now in critical (crisis and emergency) phases of food and nutrition security.¹

A 'State of Emergency on Food Security' was declared by the Federal Government in July 2023, with a suite of reactive policies introduced to mitigate impacts, including handouts of wheat, fertilizer, seeds, other grains, and the opening of grain reserves – which are impacting markets. State governments have introduced similar policies to respond to growing cost of living challenges.

There were several post-election judicial challenges after last year's elections in some of the States covered by Propcom+, including Kano, Plateau, and Cross River, that made it difficult to engage politically for much of the reporting period. With the appeal processes reaching their conclusion, the programme has started to engage on policy issues with these States. There has been continued sociopolitical unrest, widespread conflict, and large-scale insecurity over the reporting period, especially in the Southeast and North Central States.

Implementing partner performance

Palladium International Limited is the main supplier for Propcom+. Overall, they have performed strongly. Feedback from programme partners during the AR field visit was overwhelmingly positive. Palladium delivered all inception deliverables and responded well to develop and deliver task orders for 'quick-win' interventions, and options for deploying capital grants (see *Sections B and C for discussion*). The quality, delivery and timeliness has been strong overall, but in a couple of instances has required strong FCDO engagement and direction. Palladium have responded effectively to requests from FCDO to engage with the Mutual Accountability Frameworks (MAFs) in the UK's priority States of Kano, Kaduna and Jigawa, and have secured political buy-in supporting sustainable deforestation-free commodities from the Governors in Ekiti, Edo and Enugu States.

A key challenge for Palladium during the reporting period has been on staff turnover, with several key staff in core team roles either not taking up the post or leaving the programme. Palladium responded well by re-deploying resources from their short and long-term pools, and from across the consortium to manage short-term staffing gaps. As a result, they were able to quickly mobilise recruitment to fill vacant positions. A key early priority over the next reporting period is the recruitment of the technical team for implementation, finalising recruitment of the Strategy Director, and onboarding staff in the Kano office.

HarvestPlus are the Strategic Response Fund partner for Propcom+ (see *Section C*). Overall, HarvestPlus have performed well in delivering scale-up in biofortified markets. Feedback during the field visit was positive, but many stakeholders felt more time was needed to deliver the scale and ambition of the project beyond the two years (see *'Recommendations' below*). The reporting period has seen HarvestPlus scale up implementation, continuing to engage effectively with the MAFs and with the new Federal and State level administrations. The quality, delivery and timeliness of reporting has

¹ [FINAL NGR_March2024 Fiche_Report 1.pdf \(fscluster.org\)](#)

been satisfactory, but has at times required strong FCDO engagement. HarvestPlus were proactive and responsive to ODA pressures that led to a 55% budget reduction for FY2023/24. Forecasting and financial reporting remained a challenge over the reporting period, with underutilisation against forecasted spend, and required strong FCDO engagement to meet targets (see *Section F*).

Palladium and HarvestPlus delivered a high-quality event for a Foreign Secretary visit, receiving very positive feedback.²

FCDO management of the programme

FCDO Nigeria's programme team remained unchanged over the reporting period. FCDO Nigeria quickly established a strong partnership with the Palladium. The areas of focus have included: analytical and diagnostic work for the inception phase; finalising programme strategy and approach; engagement with the new Federal and State administrations; early implementation of 'quick-win' interventions; and options for the design of the new grant facility to deliver CDEL in FY2023/24.

FCDO engaged with partners throughout the inception deliverables, periodic reports, technical and operational meetings, site visits, meetings with partners, and with government stakeholders. FCDO has implemented weekly meetings with Palladium and has moved meetings with HarvestPlus from fortnightly to monthly as implementation became more established to discuss activities, financials, partnerships, and any emerging risks.

During the reporting period, programme governance was established including holding two Technical Advisory Committee (TAC) meetings and one Programme Steering Board (PSB) to sign off the programme inception report, strategy and workplan. As per the business case, the TACs included cross-cutting advisory representatives from across the British High Commission providing strategic and technical inputs on inception deliverables and to help inform intervention design and programme strategy. Palladium and HarvestPlus have regular engagement with the British High Commission Nigeria's Regional Coordinators, covering KKK and the South, to ensure coherence and maximise the value of our State-level political engagement.

Summary supporting narrative for the overall score in this review

The overall score of Propcom+ over this programme year is 'A – met expectations'.

Output 1: Met expectations (**A**) with good progress with market actors and smallholder farmers engaged in climate-smart biofortified seed and grain markets.

Output 2: Met expectations (**A**) with the inception phase activities, finalising programme design, interventions and governance all completed.

Output 3: Moderately exceeded expectations (**A+**) with more progress on early implementation of programme interventions and more strategic partnerships to drive market growth and expansion than planned.

Propcom+ has performed strongly over its second year, demonstrating good value for money. The programme has supported 196,808 people, of which 107,669 (55%) were women, with improved market access to new climate-smart inputs, technologies, services, and to better adapt to the effects of climate change. Propcom+ successfully completed its inception phase and has performed well with the early implementation of 'quick-win' interventions and securing buy-in, market traction and willingness from the private sector and key State and Federal stakeholders. Key partnerships have been established in animal health, clean technologies, climate smart seed varieties, biofortification and fortified crops, ICT-extension, agro-forestry, and sustainable land-use.

Major lessons Learnt and recommendations for the year ahead

Key Lessons:

L1: Access to finance is a critical market constraint to achieving scale. With the growing financial gap in agriculture, a multipronged approach is required. This includes exploring and testing financing approaches and innovations with potential for scale whilst unlocking lending through climate and blended finance, using instruments such as grants, guarantees and insurance. The new Propcom+ capital grants facility will help, but a wider and more integrated approach on access to finance is needed to deliver the agricultural and food system transformation envisioned in the business case.

L2: The use of Task Orders provided flexibility and responsiveness to arising opportunities and pieces of work. A task order is a small and discrete project plan, sitting outside of the annual workplan, that is used to define a project's scope, cost, schedule, and to determine the obligations of the parties to the agreements. One of the major initiatives of a task order is to explain exactly how money is to be

² [UK government launches climate programme in Nigeria to reach 4 million people - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/uk-government-launches-climate-programme-in-nigeria-to-reach-4-million-people)

spent to complete a project within Propcom+. Although specific in nature, they also provided the opportunity for the programme to test market actors' appetite and willingness to work with the programme. Good examples include cementing the gains and scaling up the Africa Sustainable Commodity Initiative (ASCI) with Edo, Ekiti and Enugu States; and maintaining the momentum in piloting new sustainable rice intensification technologies, building off the early pilots from the now closed FCDO Nigeria 'LINKS – Catalysing Economic Growth for Northern Nigeria' programme.

L3: Issues with technical team staff strength during the inception period slowed delivery. The presence of more intervention-level staff, especially portfolio managers and senior intervention officers, would have benefitted intervention design processes and subsequent implementation. It would have been beneficial for FCDO to have defined this more clearly in procurement packs.

L4: Conducting separate market system assessments and cross-cutting studies led to information gaps. Future market system studies should focus on the design of each market intervention, incorporating relevant cross-cutting areas (e.g. gender, equality, and social inclusion (GESI), political economy analysis (PEA), conflict sensitivity, etc.) for a tighter and more comprehensive assessment against objectives.

L5: Avoid placing multiple deliverables under a single milestone and look to smooth deadlines over the reporting period. This has two key benefits: (i) it reduces the risk of zero payment if one of the deliverables in the milestone was not achieved; and (ii) it prevents delivery bottlenecks of reporting and capacity to engage elsewhere.

L6: HarvestPlus has demonstrated that it is possible to release new varieties and commercialise in the same year. Historically, the Nigerian government and seed sector stakeholders anticipate a three-to-five-year transition period for a new seed variety to be commercialised and widely available after being released. The Iron Pearl Millet (IPM) released in April 2023 was utilised by farmers in this reporting period. HarvestPlus was able to deploy targeted support and engagement ahead of the farming season, with businesses and farmers on seed multiplication and the adoption of biofortified seed; aggregators and processors on the demand for biofortified grains; consumers on the importance of healthy diets; and State and Federal Government on the enabling environment (see *Section G*).

L7: HarvestPlus found the use of Biofortification Steering Committees can be useful policy engagement tools at State level and could be replicated at the Federal level. This led to improved State-level coordination and engagement with State policymakers, increasing awareness on the benefits of biofortified seeds and crops as a cost-effective, climate- and nutrition-smart intervention.

Key recommendations:

R1: Propcom+ to develop a coherent 'Access to Finance' offer that draws from the needs identified within the P1 (scaling-up) and P2 (building markets) portfolio, engagements with financial institutions and investment houses, strategic alignment with wider UK-offer (e.g. Manufacturing Africa, British International Investment – BII, Commercial Agriculture for Smallholders and Agribusiness (CASA), Financial Sector Deepening Africa – FSDA), leveraging development financing from other development partners (e.g. World Bank, African Development Bank – AfDB), and channels for linking climate financing by September 2024.

R2: As the HarvestPlus grant moves into its final months of implementation, HarvestPlus should move away from the development of new interventions and partnerships and develop a sustainability and exit strategy. This should include an assessment on whether continued support is needed in some interventions to sustain and scale up to increase impact or exit where traction in the market has not been forthcoming and the anticipated results are not being achieved by June 2024.

R3: Propcom+ should ensure systems are in place to not lose the progress made by HarvestPlus, and that legacy issues remain situated in future engagement. As part of this, Palladium, HarvestPlus and FCDO should review project progress, outcome results, and next steps for supporting climate- and nutrition-smart biofortified crops, by end July 2024

R4: FCDO and Propcom+ to review progress in the utilisation of CDEL spend, now that the CDEL business case amendment has been approved. This should include recommendations on whether to draw down the full annual allocation, by end July 2024.

R5: Propcom+ to develop a concept note and strategy supporting early market recovery, offer on durable solutions, and inclusion of vulnerable groups such as internally displaced persons (IDPs), particularly in NE Nigeria, by end August 2024.

R6: Propcom+ to take forward the P3 (enabling policies) approach into a strategic offer on achievable reforms to strengthen the enabling environment for sustainable food and land use in Nigeria. This recognises that high-level political engagement from Federal and State government can accelerate programme objectives, as well as the importance of existing institutional frameworks within industry to

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drive change – where business-to-business and micro-groups govern market relationships. This will include P3 priorities of tackling wider systemic constraints supporting interventions under P1 (scaling-up) and P2 (building markets), drawing on evidence from market models implemented under P1 and P2 to advocate for policy change, and integrating with FCDO on policy objectives.

R7: Palladium to expedite recruitment and onboarding of the wider technical team for implementation, by end June 2024.

R8: FCDO to update the logical framework to reflect the transition from inception to implementation, by August 2024.

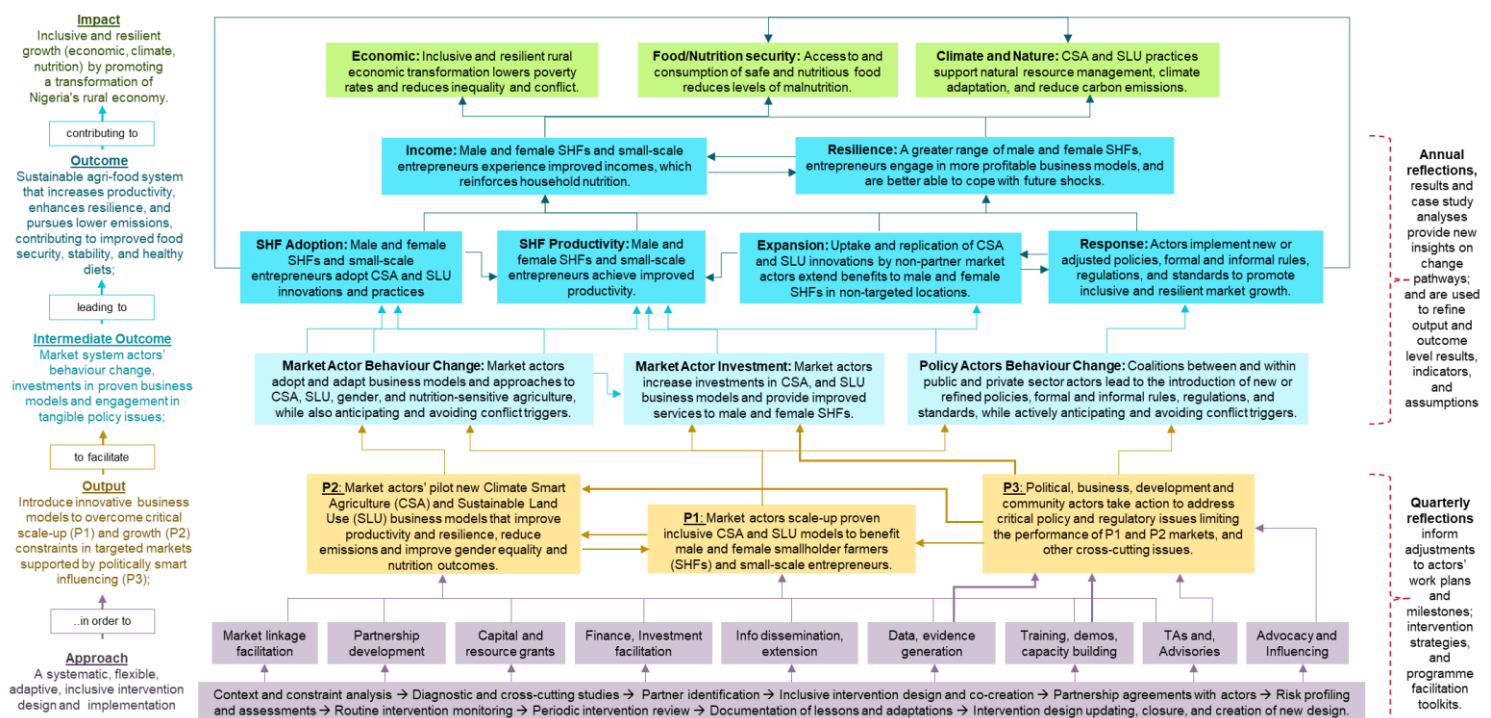
R9: FCDO to prioritise the procurement of the independent monitoring, evaluation, research, and learning (MERL) facility, with a preferred bidder contracted, and mobilised by November 2024.

R10: Propcom+ to develop strategic partnerships with other key development partners in the climate-resilient and sustainable agriculture landscape, to create and optimise synergies in implementation and learning whilst avoiding overlap and duplication.

R11: Propcom+ to prioritise key learning priorities for the coming year, including: on the investment climate, to inform the development of a coherent access to finance offer; a macro-economic assessment of the impacts, opportunities and risks in the programmes agricultural markets; an evaluation of the sustainable rice intensification intervention; an assessment of micronutrient content post-processing of biofortification vs. fortification during manufacturing; and an assessment of the supply needed to meet projected demand in biofortified seed markets for the next two years (see *Section G for more information*).

B: THEORY OF CHANGE AND PROGRESS TOWARDS OUTCOMES

Programme's Theory of Change



Summary of Theory of Change

The Theory of Change (ToC) underpinning the programme follows the principles of market systems development. Propcom+ systematically identifies market constraints, and designs climate- and nutrition- smart intervention models capable of overcoming critical scale-up (P1) and growth (P2) constraints in targeted markets. This is supported by politically smart policy engagement and influencing (P3). The programme then supports market and policy actors to implement these interventions leading to outputs that result in market and policy actor behaviour change, more investments, increased policy engagements, better functioning markets, greater access to market-related goods and services, and increased market system capacity. Consequently, partners and other market actors are attracted to adopt, adapt, expand, and replicate these innovations resulting in improved enterprise practices, a

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better enabling environment, and performance at scale. These wider systemic outcomes in turn lead to increased income and climate resilience for target and non-targeted beneficiaries, contributing to a reduction in poverty, malnutrition, climate vulnerability, and promoting a transformation of Nigeria's rural economy.

During the reporting period, the programme completed a series of analytic and diagnostic work, engaging with stakeholders and beneficiaries to refine programme design. The evidence from these analyses is consistent with the underlying assumptions of the programme strategy, approach, and ToC logic from the original business case. The programme has been required to adapt its implementation approach due to the volatility in the enabling environment and the macroeconomic and market assumptions of the ToC. The impact of the external context has affected business and farmer liquidity and capacity to take risks in terms of adopting new technologies and / or business models. Nonetheless, this also opens opportunities for deploying more efficient methods, particularly in driving supply chain efficiencies and effectiveness. Good examples include: the opportunity to achieve more traction with solar-driven climate-smart agriculture technologies (now with more demand owing to the rise in fuel prices); import substitution (rising costs of imported produce due to fall in the value of the naira); and export promotion (a priority of the new administration).

The original business case set out that opportunities for using capital grants would be explored during programme inception as more detailed work is completed on programme design. Over this reporting period, we have scoped and included capital grants in the Propcom+ 'Climate Smart Agriculture Grants Facility'. Propcom+ undertook market scoping and mapping of critical areas that represented 'best-buys' for providing grant funding to third parties, complemented by technical assistance.

Access to finance is a critical challenge in Nigeria, undermined recently by double digit interest rates and foreign exchange risk, resulting in a significant gap and unmet demand for funding along the agricultural value chain. This relates to the fact that the agricultural and food system transformation envisioned by Propcom+ requires capital investments, including a subsidy component, to catalyse economic development impacts, as current market conditions have high uncertainty for commercial returns. A business case amendment was approved by Ministers in March 2024 for the use of up to £10 million of capital investments, including up to £5 million in FY2024/25. Partner and stakeholder management will be important to ensure that the programme does not inadvertently create expectations on CDEL grants in subsequent years.

Is the programme on track to contribute to the expected outcomes and impact?

Propcom+ has completed the inception phase and begun implementation. Therefore, it is too early to assess contribution to programme outcomes and impact. However, based on predecessor programmes, other market development programmes, and programme evaluations, we are confident that the programme is on track to deliver the expected outcomes and impact.

The previous (2023) Propcom+ AR recommended the prioritisation of the procurement of the independent Monitoring, Evaluation, Research and Learning (MERL) facility. FCDO took an early decision in June 2023 to further postpone the procurement due to insufficient budget availability for the evaluation in FY2023/24. A Terms of Reference for the evaluation facility has been drafted and quality assured by EQUALS, with the procurement launch planned for early FY2024/25.

Should the programme continue, based on its own merits and in the context of the wider portfolio

Nigeria continues to have one of the largest numbers of poor people in the world, many of whom live in rural areas. Nigeria is also one of the most climate and conflict vulnerable countries. Agriculture is critical for economic development and to address poverty, adaptation, mitigation, and food and nutrition security. According to the UN Food and Agriculture Organisation (FAO), Nigeria is the most food insecure country globally. Farmers are on the frontline of climate change and conflict-related land disputes, and increasingly vulnerable to shocks and stresses from climate change and environmental degradation.

Propcom+ is FCDO Nigeria's flagship food security and climate programme, delivering on the White Paper for International Development and the Integrated Review Refresh priorities of tackling climate change and biodiversity loss, delivering economic transformation, strengthening food security, building resilience, and enabling adaptation. The programme also delivers core components of the UK-Nigeria Country Business Plan. The programme also delivers International Climate Finance and COP26 and COP27 commitments on Adaptation and Nature.

Agriculture and food security are key policy priorities for the new Federal and State level administrations, with Propcom+ having early positive traction and buy-in to the promotion of climate resilient and sustainable private sector-led growth. State governments and private sector actors have

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expressed significant interest to partner with the programme, with implementation in the coming year confirmed in 11 States and early conversations with a further four States.

Early delivery through HarvestPlus has demonstrated good value for money, and through the inception phase the programme has established good relationships across State and Federal governments, small and medium-sized enterprises (SMEs), civil society, and other development partners. Feedback during the AR visit highlighted the value of this support to farmers, businesses, and the new State-level administration policy priorities.

For this reason, this review recommends the programme continues.

C. DETAILED OUTPUT SCORING

Output Title	Selected rural market systems (demand and supply, supporting functions, formal and informal rules) work for poor farmers and small-scale rural entrepreneurs.		
Output number:	1	Output Score:	A
Impact weighting (%):	20%	Weighting revised since last AR?	N/A – new output

Indicator(s)	Milestone(s) for this review	Progress
1.1: Number of people supported to better adapt to the effects of climate change as a result of programme CSA interventions (direct and indirect) [ICF Indicator 1] [CSA = climate-smart agriculture]	148,400	<u>Moderately Exceeded:</u> 176,539
1.2: Number of market actors facilitated by the project to invest in climate-smart and/or biofortification solutions. (Cumulative).	247	<u>Moderately Exceeded:</u> 592
1.3: Number of support organizations providing improved services to actors in the climate-smart and/or biofortified market systems.	15	<u>Moderately Not Achieved:</u> 10
1.4: Number of state-level roadmaps jointly developed by states and HarvestPlus for integrating climate adaptation and agriculture policy with a focus on climate and nutri-smart inputs.	2	<u>Achieved:</u> 2

Briefly describe the output's activities and provide supporting narrative for the score.

Overall, this output has met expectations, scoring an A. Output 1 captures the Strategic Response Fund (SRF) grant to HarvestPlus to accelerate the delivery of biofortified crops. Biofortified staple crops are nutritionally enriched, high-yielding and climate-smart, and can be a critical intervention that can provide food systems with the resilience needed to ensure everyone has access to sufficient food and sufficient nutrition despite shocks to the global food systems.

Key achievements over the reporting period include supporting 176,539 people, of which 98,650 (56%) were women, with better access to inputs, services, technologies, and to better adapt to the effects of climate change. This included 61,672 from Kano, 30,644 from Kaduna, 49,572 from Jigawa, and 34,651 from Gombe states. A further 629,496 people (48% women) were indirectly reached by the project through sales of biofortified seeds from seed producers and their agro-industry dealers. This brings total reach, direct and indirect, to 806,035, of which 398,987 are women (49.5%).

HarvestPlus were able to facilitate investment from 592 market actors, more than double the planned 247. These actors include 95 medium and large-scale actors such as seed companies and large aggregators, as well as 497 small, individual, or community-based seed producers, aggregators, and micro, small and medium enterprises (MSMEs). Despite the high level of market actors facilitated, the indicator has been scored 'moderately exceeded' due to the significant number of micro-enterprises included under this result. Community-based actors have demonstrated their importance in building a robust system for reaching the last mile and sustainability, forming critical links between farmers and larger-scale actors. Many of these market actors were onboarded in the last couple of months and have not yet translated to increased farmer reach – expected to come through in the next agricultural season.

During the AR field visit the review team met with several HarvestPlus partners, including agribusinesses, farmers, entrepreneurs, agro-industry, and State government. Feedback was generally positive, with good evidence demonstrated of market traction, willingness, and understanding of the opportunities and benefits that biofortified crops provide. Despite its recent release date, there was strong buy-in on integration of Iron Pearl Millet (IPM) into production and processing, with evidence of strong scale-up in seed production for the upcoming agricultural season.

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A good example was Premier Seeds, who have been supported by HarvestPlus to establish a seed depot in Dutse, Jigawa State, to strengthen their last mile distribution and delivery. During the reporting period, they have produced 300MT of biofortified seed for sale using community seed multiplication. The review team also heard from State government agricultural commissioners and officials who highlighted the importance, and introduction, of biofortified crops to address their food and nutrition priorities. Whilst the project has been successful in increasing awareness and market traction, there remains a significant gap between the demand and supply of biofortified seed and crops, particularly highlighted by the larger millet processors who indicated significant sourcing constraints. There is a clear need to scale up biofortified production systems to respond to rising levels of demand and cement the gains made through the project whilst continuing to raise awareness.

10 support organisations have been supported in climate-smart and / or biofortified systems compared to the planned 15. This result is below expectations, but its underperformance is due to delays in completion of perception surveys which will be delivered later this year. Good examples of support organisations include the Association of Registered Seed Companies of Nigeria (ARSCON) with strengthened capacity of 50 members to produce and market biofortified seeds; Agricultural Development Project (ADP) state level extension systems with improved capacity to support farmers to adopt and better produce biofortified crop varieties in Jigawa, Kaduna, Kano and Gombe; and supported agribusinesses such as Ahalson, GrainPro and Green Sahel.

Two policy roadmaps for Kano and Kaduna were completed during the reporting period, reflecting strategic commitment from these State governments to scaling climate-smart biofortified crops. These included (i) specific policy endorsements (ii) investment commitments, and (iii) a timeline for budget allocation. Kano has allocated ₦775 million (£474,000) and Kaduna has allocated ₦1.12 billion (£685,000). Alongside the roadmaps, Jigawa State has committed ₦10 million (£6,100) to training of women in biofortified crops of Vitamin-A maize and Iron Pearl Millet. A policy roadmap for Gombe is being developed.

Describe any changes to this output during the past year, and any planned changes as a result of this review.

This is a new output capturing the implementation of the SRF grant to HarvestPlus.

Progress on recommendations from the previous AR, lessons learned this year and recommendations for the year ahead

The previous (2023) AR recommended that the output related to HarvestPlus should move from process to implementation. This was completed and approved in November 2023.

Lessons learned and recommendations for Output 1 are captured in Section A.

Output Title	Design of inclusive interventions and management systems capable of delivering targeted transformational changes.		
Output number:	2	Output Score:	A
Impact weighting (%):	45%	Weighting revised since last AR?	N/A – new output

Indicator(s)	Milestone(s) for this review	Progress
2.1: Number of market/analytical and cross-cutting studies that are fit for purpose completed. (Cumulative).	7	<u>Achieved: 8</u>
2.2: Number of interventions designed and approved. (Cumulative).	7	<u>Moderately Exceeded: 11</u>
2.3: Number of innovative business models assessed and approved for piloting (P2). (Cumulative).	10	<u>Achieved: 11</u>
2.4: Quality of designed interventions (the extent to which designed interventions can deliver programme expected outcomes). (Cumulative).	Good	<u>Achieved: Good-Very Good</u>
2.5: Programme governance, management, MERL documentation and systems, and periodic reports developed on time. (Cumulative).	<u>Program governance and management:</u> Governance chart, Steering committee ToR, Technical Advisory Committee ToR, PM Manual. <u>Periodic reports:</u> Q2 (May-July) report, Q3 (August - October) report, final inception report, program strategy and annual workplan. <u>MERL:</u> MEL IT system, Theory of Change, Logical Framework, Value for Money Framework.	<u>Achieved: All documents and reports were developed, submitted on time, and approved.</u>

Briefly describe the output's activities and provide supporting narrative for the score.

Overall, this output has met expectations, scoring an A. Output 2 captures the 'inception phase' activities of Propcom+. The inception phase comprised more detailed work to complete programme design, including delivering a series of in-depth analysis and diagnostics, developing the programme's opening portfolio of interventions, setting up the results framework, establishing management and governance systems, and extensive stakeholder consultations.

Output 2 results were set against the contract milestones in the programme's Terms of Reference. Propcom+ completed a portfolio of eight studies to inform the situational analysis and development of programme strategy and interventions. These included market assessments, innovation landscape analysis, political economy analysis, a climate vulnerability assessment, environment impact assessments, conflict sensitivity analysis, and a gender and social inclusion analysis.

From these analyses, the programme designed 11 opening portfolio interventions in animal health, climate-smart seeds, biofortified and fortified crops, ICT-tools for extension, sustainable rice intensification (SRI), agroforestry and sustainable land use, and agriculture policy. All 11 interventions were approved by FCDO. Nine of these interventions are operational (specific partners have already begun implementing), and the remaining two are being finalised. The portfolio of interventions have plausible theories of change that aim to lead to the achievement of at least 25% of Propcom+ outcome and impact targets for the whole programme, with a pipeline of additional interventions to achieve at least a further 35% of planned programme results.

Over 50 innovative business models and interventions were assessed under P2. Of these, 11 were selected and approved by FCDO, including seven catalytic climate smart agriculture innovations and four agroforestry and sustainable land use interventions. Following selection, relationships with potential partners were established for the business models, exploring cost-sharing mechanisms for pilot testing. Already during the reporting period, some of the climate-smart agriculture (CSA) technologies have been integrated into existing interventions – for example, transplanters and solar irrigation pumps are in use under the SRI intervention.

The programme surveyed 10 partners, including agribusinesses (8) and policy actors (2) implementing various programme interventions for feedback on their perception of the quality of the interventions. Feedback was fully anonymous and focused on the ability of the interventions to mitigate market failures, resolve targeted policy issues, generate improved incomes for all actors, ability to crowd-in more actors, and catalyse more private sector investments. The overall score was 4.56 out of 5, rating the quality of interventions between 'Good' (4) and 'Very Good' (5).

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All the expected documents were developed, submitted on time, and approved by FCDO. Programme governance was established with the Technical Advisory Committee (TAC) meeting twice in the first year to advise on the analytical and diagnostic work, and the Programme Steering Board (PSB) to approve the programme strategy and Theory of Change.

Describe any changes to this output during the past year, and any planned changes as a result of this review.

This is a new output capturing the activities of the now completed 'inception phase'. A new implementation logical framework was approved during the inception phase to replace the inception logical framework.

Progress on recommendations from the previous AR, lessons learned this year and recommendations for the year ahead

The previous (2023) AR recommendations highlighted that with the completion of the procurement process, this Output with its indicators, milestones and targets should be updated and changed to cover the inception phase activities. This was completed and approved in November 2023.

Lessons learned and recommendations for Output 2 are captured in Section A.

Output Title	Efficient and effective support packages to market system actors to drive market growth and expansion.		
Output number:	3	Output Score:	A+
Impact weighting (%):	35%	Weighting revised since last AR?	N/A – new output

Indicator(s)	Milestone(s) for this review	Progress
3.1: Number of market actors screened and shortlisted (for contracting) to pilot or scale the designed CSA and SLU models. (Cumulative). Disaggregates: P1 (scale), P2 (pilot) [CSA = <i>climate-smart agriculture</i> ; SLU = <i>sustainable land use</i>]	38 P1: 8 P2: 30	<u>Moderately Exceeded: 51</u> P1: 32 P2: 15 P1/P2: 4
3.2: Number of tractable policy and market regulatory issues identified that will enhance the performance of P1 and P2 markets. (Cumulative).	10	<u>Moderately Exceeded: 14</u>
3.3: Number of collaborations with and/or support given to market actors, support actors, and development partners. (Cumulative). Disaggregates: P1, P2, P3	14 P1: 5 P2: 4 P3: 5	<u>Moderately Exceeded: 24</u> P1: 11 P2: 6 P3: 7

Briefly describe the output's activities and provide supporting narrative for the score.

Overall, this output has moderately exceeded expectations, scoring an A+. This output covers early implementation of programme activities including identification of programme partners; establishing early delivery of 'quick-win' interventions; policy engagement with the new State and Federal administrations; and opportunities to collaborate and coordinate with others through strategic partnerships.

A total of 51 market actors have been screened and shortlisted for contracting, 32 from P1 ('scaling-up'), 15 from P2 ('building markets'), and 4 for both P1 and P2. Of these 51, 16 have been contracted while 35 are under various phases of due diligence, negotiation, and other contracting processes. This represents 15 market actors scaling last mile delivery of vaccines, nine piloting catalytic CSA technologies, seven scaling community seed multiplication, six marketing and developing biofortified and fortified food products, two aggregation and off-take of biofortified products, six piloting sustainable rice intensification, and three promoting access to finance. Four of these actors will implement up to two interventions each in the first year of implementation.

During the AR field visit, the review team met with SMEs, smallholder farmers, and small-scale entrepreneurs implementing the quick win intervention of 'System of Rice Intensification (SRI)'. SRI is an agro-ecological approach to increase the productivity of irrigated rice by changing the management of plants, soil, water, and nutrients. It is based on the cropping principles of significantly reducing plant population, improving soil conditions and irrigation methods for root and plant development, and improving plant establishment methods. The Propcom+ pilot focused on three key priorities: (i)

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promotion of alternate wet and drying (AWD) production methods and use of organic inputs (i.e. fertiliser) rather than traditional flooded rice; (ii) labour-saving technologies to reduce input requirements and time constraints associated with planting; and (iii) solar irrigation service models bundled with extension. A total of 20,269 farmers, of which 9,019 were women (41%), received support.

Early evidence has demonstrated that adopting an AWD approach can help rice producers reduce their input requirements by up to 50% (seed, fertiliser), reduce water requirements by 50% (also saving costs on pump and fuel), increase yields by 24-64%, improve soil health, and reduce methane gas emissions by up to 64% compared to traditional rice production. AWD is a key priority in Nigeria's climate commitments as stated in their Nationally Determined Contributions (NDC).

Another key priority was introducing new mechanised technologies used successfully in Asia for transplanting of seedlings, addressing access barriers to these technologies and knowledge, and the delivery of appropriate solar irrigation systems for the groundwater levels and water requirements. Feedback was positive from smallholder farmers on the new business model and technologies, particularly with the upfront cost savings and planting efficiencies. The review team heard from entrepreneurs who had purchased the equipment and established rental models, improving access to these technologies for smallholder farmers. In addition, several female entrepreneurs have established seedling nurseries in their homes to sell the seedlings to farmers as an additional business opportunity. An impact evaluation of the pilot will be completed by July 2024 to inform future support and engagement.

Propcom+ initially identified 44 policy and market regulatory issues within the targeted markets. These were identified through stakeholder consultations, the Propcom+ business case development process, learning documentation from the predecessor programme, the eight in-depth analyses completed, and additional scoping work by the programme team. A rigorous selection process was followed to identify 21 core issues, and then through further review a set of 14 tractable policy and market regulatory issues to enhance the performance of P1 and P2 markets. Early policy implementation has been supporting the Africa Sustainable Commodities Initiative (ASCI) for sustainable oil palm in Edo State, and Jigawa Government to review and develop a new agricultural policy strategy.

Over the past year, the programme has quickly developed its relationships with agribusiness partners and the Government of Nigeria, particularly at the State level. A total of 24 collaborations and strategic partnerships were undertaken, of which 15 were with agribusiness firms, five were with State Governments, and four were with Federal Government. Good progress has been made with the UK-funded Manufacturing Africa programme supporting investments in animal health, rice, and climate-smart technologies.

Whilst the programme has engaged closely with other development partners on climate-resilient and sustainable agriculture and land use, these have not developed beyond initial consultations and fact finding. The programme would benefit from developing strategic partnerships with other key development partners in the climate resilient and sustainable landscape space to create and optimise synergies in implementation and learning whilst avoiding overlap and duplication as set out in the business case.

Describe any changes to this output during the past year, and any planned changes as a result of this review.

This is a new output capturing early implementation of the programme activities. The procurement of the evaluation was de-prioritised due to insufficient budget availability and predictability for FY2023/24.

Progress on recommendations from the previous AR, lessons learned this year and recommendations for the year ahead

The previous (2023) AR recommended prioritising the procurement of the independent MERL, with a preferred bidder identified, contracted, and mobilised by April 2024. With insufficient budget availability and predictability, FCDO took the decision to postpone the evaluation procurement to FY2024/25. The Terms of Reference has been quality assured by EQUALS, with a target of the independent MERL mobilising by Q3 in FY2024/25.

Lessons learnt and additional recommendations are captured in Section A.

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D: Value for Money

Key cost drivers and performance

The key cost drivers stem from the costs of the supplier to set up and manage the programme. The business case sets out management fees, overhead costs, staff, and consultancy costs as the key cost drivers. This includes increased costs from working in a conflict-affected and fragile environment, the adoption of new climate smart agriculture areas, and inclusion of vulnerable groups (e.g. women, geographically hard-to-reach populations, internally displaced persons, persons with disability).

FCDO's VfM framework measures VfM on the 5E's – economy, efficiency, effectiveness, equity, and overall cost-effectiveness. During the reporting period, the programme focused on: (i) delivering a series of in-depth analysis and diagnostics to finalise programme design and investment choices that respond to programme objectives and deliver programme results; (ii) delivery of early implementation through quick win interventions; and (iii) delivery of the SRF grant to HarvestPlus. There is no data to assess programme performance on effectiveness and cost-effectiveness for the reporting period. Therefore, this AR will focus its VfM assessment on economy, efficiency, and equity, and the VfM proposition in the Business Case. The next AR will report on effectiveness indicators, in line with the shift to implementation.

VfM performance compared to the original VfM proposition in the business case

Propcom+ employs a VfM framework nested within the wider delivery plan to inform VfM judgements and decision making, and to improve programme performance. This was finalised during the inception phase.

Economy refers to inputs, and Propcom+ measures this through an approach typical to market systems development programmes, of the ratio of total operations costs (overhead and management) to total costs. Over the reporting period, HarvestPlus had a ratio of 36.9%, a positive shift from 55.8% in the previous year. This was driven by a strong increase in programme delivery spend from last year.

Over the reporting period, the naira has experienced significant volatility, exchanging at 556.54 to the pound in January 2023, 1195.13 in January 2024, 1963.22 in March 2024, and approximately 1,500 at the end of April 2024. This has impacted forecasting and budgeting, creating additional headroom in budgets towards the end of the financial year. Palladium and HarvestPlus managed this by bringing forward planned expenditure from the coming year and deploying additional interventions. Ongoing work, alongside other FCDO funded programmes, is being led by FCDO's commercial teams on the medium- and longer-term implications of exchange rate fluctuation and inflation in contracts and agreements to ensure strong VfM.

Efficiency refers to how well programme inputs are converted into outputs. HarvestPlus measured efficiency through cost per beneficiary supported to adapt to the effects of climate change. Over the reporting period, HarvestPlus achieved £8 per beneficiary overall.³ This is substantially lower (better) than the business case benchmark target of £23 per beneficiary. HarvestPlus placed significant emphasis on scaling up interventions from their previous experience in the seed and grain markets, notably Vitamin A maize and the introduction of Iron Pearl Millet. HarvestPlus placed increased emphasis on women farmers, who made up 56% of beneficiaries.

The business case **effectiveness** targets will be reported on next year, once data has been collected on outcome level results.

Assessment of whether the programme continues to represent value for money

The VfM proposition presented in the business case remains valid. Supporting improved productivity, income uplifts, job creation, climate change adaptation and mitigation, food security, nature, and nutrition remains a high priority. The inception phase in-depth analysis and diagnostic studies have confirmed the business case design assumptions and provided additional evidence to underpin intervention level theory of changes and results chains.

It is too early to make a comprehensive assessment of VfM, however HarvestPlus has demonstrated good initial efficiency results. The estimated indirect beneficiaries who have benefitted from seed purchased through the supported seed companies and their agro-dealer networks is 629,496 people, of which 48% are women. If we incorporate these into our VfM analysis, the VfM proposition becomes even stronger.

³ Total disbursements of £1,425,086 with 176,539 beneficiaries.

As a result, we assess that the programme continues to represent value for money.

E: RISK

Overview of risk management

Overall risk rating: This AR recommends maintaining the programme risk rating at **Major**. This reflects the continued challenging external context the programme operates in and the early stage of implementation.

The British High Commission Nigeria's risk appetite for Propcom+ remains receptive (inclusive of major risk) as per the business case, where FCDO accepts most activities carry a major degree of residual risk. The highest risks for the programme arise from the external context due to macroeconomic risks, weak and fragile markets, and the continued high levels of conflict and insecurity in the country. As set out in the business case, FCDO believes that the potential rewards are commensurate with the level of risk and within FCDO Nigeria's risk appetite.

FCDO maintains a comprehensive risk register tracking strategy and context, policy and programme delivery, safeguarding, public service delivery and operations, financial and fiduciary, reputational, and people risks. FCDO Nigeria, Palladium and HarvestPlus meet regularly on risk, where emerging risks are flagged and actions to mitigate them discussed. The risk register is updated both quarterly and as emerging risks are identified. As Propcom+ moves into implementation, it will place increased emphasis on state level market intelligence for early identification and management of risks. This is the same approach applied with its predecessor programme.

Strategy and context remain the highest risks to the programme, particularly the macroeconomic context and continued fragile security situation. Nigeria experienced two major financial shocks in 2023 that have increased the cost and risk doing business: (1) removal of fuel subsidies and (2) increased foreign exchange risk following flotation of the Naira. This has compounded existing strong inflationary pressures and the dual impacts of the Russia-Ukraine conflict and COVID-19 on rising food and input prices, resulting in hardship for the most vulnerable through higher input and borrowing costs. Feedback to the programme and FCDO highlight how these impacts are affecting business liquidity and the capacity and willingness to take risks in terms of adopting new technologies or business models. Consumers / rural households are facing similar hardships, which affects and determines their ability to buy and sell in markets, and their investment decisions. Nonetheless, this opens opportunities for deploying more efficient methods, particularly in driving supply chain efficiency and effectiveness but has required the programme to adapt its approach.

Policy and programme delivery risks emerged in the main contract with Palladium over programme inception. Three key personnel resigned from the programme, with the programme promptly responding by drawing on staff from the 'Short-Term Technical Assistance Pool', bringing forward some support from the 'Long-Term Technical Assistance Pool' that were not envisaged during programme inception, and undertaking recruitment to fill the positions. All key personnel positions are now filled, with the programme scaling up recruitment for implementation. The FCDO programme team will experience two key changes in the coming year, with a change in Programme Responsible Owner (PRO) (and lead technical adviser) and a new programme manager. Robust handover processes have been developed to mitigate and minimise delivery risks from FCDO team changes.

Public service delivery risks are centred on the election and transition to new Federal and State level administrations. Several priority States for Propcom+ saw progress on government engagement delayed until the outcomes of the appeal courts was concluded, such as in Kano, Cross River, and Plateau States.

Safeguarding – Palladium and HarvestPlus are compliant with FCDO's zero tolerance on safeguarding against sexual exploitation and abuse (SEAH), with clear procedures in the contract and programme policies to report any safeguarding issues to FCDO Nigeria. The inception phase completed a comprehensive climate vulnerability assessment that has informed programme strategy and intervention design. The programme's compliance with FCDO ProF rules and ICF eligibility are reviewed during programme governance meetings such as the monthly operations meetings and the Technical Advisory Committees.

A programme level Environmental Impact Assessment (EIA) was completed to evaluate potential negative environmental risks. From this, an Environmental Management Plan (EMP) was developed to avoid, minimise, and mitigate environmental risks throughout implementation. This process included developing portfolio and intervention-level appraisal procedures to be built in which will apply safeguards during intervention design, monitoring, and throughout implementation. This will include establishing biodiversity management plans with all potential partners with commercial farms and large

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plantations. To the 11 recommendations highlighted in Section A, we would add the following recommendation on these assessments:

R12: Propcom+ to implement and regularly review and update the EIA, EMP, and biodiversity management plans into programme interventions. Progress on this should be assessed and included in quarterly reports, and the programme risk register.

Financial and fiduciary. FCDO has zero tolerance on fraud and corruption. Risks were mitigated by the FCDO Propcom+ programme team adopting tight financial management processes, and Palladium's programme management team strengthening procedures with clear guidance given to staff on their obligations to comply with the additional requirements to prevent aid diversion (including making payment after deliverable were met). These measures reduce the exposure of the FCDO to financial and fiduciary risk and decreased the opportunities for fraud.

Palladium have recruited additional fund and grant managers to oversee the CDEL spend, with robust grant management policies and procedures to manage any financial and fiduciary risk. Palladium's market scoping assessed opportunities, needs and risks of deploying CDEL, and has developed a robust pipeline. Deploying an initial strategic tranche of grants early in the programme lifecycle will allow the capital investment to support on-going technical assistance. The CDEL funds have been divided into two tranches, subject to performance and utilisation to manage any financial risk.

Reputational risks have been minor considering programme is only at completion of inception phase.

F: PROGRAMME MANAGEMENT: DELIVERY, COMMERCIAL & FINANCIAL PERFORMANCE

Summarise the performance of partners and FCDO, notably on commercial and financial issues.

The Propcom+ contract was awarded to Palladium International Limited in May 2023. Palladium are supported by six consortium members: The Policy Practice, Social Development Direct (SDD), ProForest, DevLearn, Bopinc, and the PIND Foundation.

The Propcom+ contracting modality uses a hybrid Payment by Results (PbR) model to incentivise efficiency and maximise results and value for money whilst ensuring that risk is shared between FCDO and the Supplier. The PbR model splits total fee payments between:

- (i) **Key Performance Indicators** (KPI's) based on a fixed percentage of total programme management and programme administration fees, paid monthly on an input basis (time). 50% of these fees are at risk.
- (ii) **Payment Milestones** – output-based on a fixed price per milestone and linked to 100% of frontline delivery fees.

The contract includes input-based (materials) monthly payments of reimbursable expenses, and grants. Key cost drivers for the programme are fees, market facilitation, grants, direct facilitation costs, overheads, and management cost. This is consistent with the business case. A total of £3.23 million was invoiced and paid to Palladium International in 2023/24.

Funding to HarvestPlus is through a Memorandum of Understanding (MoU), signed with the International Food Policy Research Institute (IFPRI) on behalf of HarvestPlus, totalling £2.89 million. This is for implementation of the project under the Strategic Response Fund (SRF). A total of £840,984 was disbursed in 2023/24, bringing the total to date for project to £1,425,086.

To date, the programme has spent a total of £4.65 million to 31st March 2024, 4.9% of total programme budget.

The FCDO programme team have continued to provide strong programme management and leadership, leading to the successful completion of the inception phase. A clear and defined governance structure has been established, with strong stakeholder engagements with partners. FCDO's Integrated Strategy and Delivery Unit (ISDU), commercial, and regional teams have contributed to ensuring quality deliverables and compliance.

Delivery against contract and MoU

Palladium has delivered against its output-based milestones and KPI's during the reporting period. Palladium's quality, delivery and timeliness of reporting was good, but at times required strong FCDO engagement. Over the reporting period, the programme has built on the legacy of the previous

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programme to form trusted and willing relationships with partners, businesses, stakeholders, and beneficiaries for the programme's interventions.

One contract amendment (CA) has been carried out, addressing changes to key personnel. The FCDO programme team carried out a review of the CA requests, in accordance with FCDO policies, and input from the commercial team. With the completion of the inception phase and transition to implementation, a further CA is currently underway as per the existing terms of the contract and business case.

An assessment against agreed KPIs for performance and gold contract reporting shows "Good" performance, with Palladium International consistently meeting performance requirements. Indicators across monthly KPIs, milestone deliveries and value and innovation have met the 'Good' target. For the implementation phase, the safeguards and cross-cutting priorities will become a more relevant KPI that can be fully assessed. Results from KPI assessments will feed into the annual SRM performance scorecard when commissioned.

HarvestPlus exceeded its annual targets even though annual disbursements have been below agreed MoU annual budgets. HarvestPlus's budget for the reporting period was reduced by 55% due to reductions in ODA allocations for FY2023/24, as discussed in the previous (2023) AR. This required HarvestPlus to adjust and amend programme objectives, consolidating its portfolio by implementing a prioritisation strategy to guide interventions that gained early traction and were core to the ToC, and those to exit from. Impacts from inflation and the exchange rate volatility were experienced over the last two quarters with lower than anticipated spend. Access to regular and timely financial reporting has been limited due to the centralisation of financial management at headquarters and systems to reconcile expenditure. The partner has continued to require strong FCDO engagement to meet its targets.

Quality of financial management

Propcom+ has developed strong management structures with good financial, administrative and procurement systems. FCDO carries out comprehensive reviews of monthly invoices, following which approvals are given within delegated authority limits. Budgets and forecasting are included in monthly dashboards provided by Palladium, and in the monthly operations meeting with HarvestPlus where finances are discussed in detail. All procurements are reviewed against programme policies and approvals given following VfM assessments.

Palladium's monthly financial reports are well presented and provide comprehensive details. Palladium provided good forecasting and budget accuracy, particularly with a £775,000 budget uplift from their proposal, managing the exchange rate volatility over the reporting period, and re-profiling budgets as the programme adapted to the changing context (see *Section A*). Palladium spend for the reporting period was £3.2 million, from a £3.2 million allocation (0% variance). Forecasting accuracy was strong at 95%, driven by the heavy milestone structure of the contract for the inception phase.

HarvestPlus spend for the reporting period was £840,000, from a £840,000 allocation (0% variance). Quarterly forecasting accuracy against spend has declined, with reports showing utilisation ranging from 55-67%. Following last year's AR recommendation, HarvestPlus and FCDO put in place measures for more timely and stronger financial management to bring the budget and forecasting variance to an acceptable level (FCDO target of 5%). A full utilisation report for 2023/24 is expected in May 2024.

Delivery chain risk map

The Propcom+ delivery chain risk map was updated in January 2024 with key risks and necessary controls in place and is attached to this AR. HarvestPlus also maintains a delivery chain risk map which was updated in September 2023.

Audit, asset monitoring and control

An audit of the first year of the programme is ongoing covering the HarvestPlus grant and Palladium's inception phase – August 2022 to January 2024. The independent auditor's report of IFPRI (as of 31st December 2022) and Palladium International (as of 30th June 2023) present a fair opinion on the financial position of the organisations.

The programme maintains an asset register which is updated by Palladium and HarvestPlus on a quarterly basis and reviewed by FCDO programme managers and the PRO. Asset management is also reviewed during the monthly FCDO-Ops meeting and forms part of submitted quarterly reports. As part of maximising VfM, 97 assets were transferred to Palladium from closed S4P, LINKS and NENTAD programmes over the reporting period. These have all been captured on the asset register.

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G: MONITORING, EVIDENCE AND LEARNING

Monitoring and Evaluation

This AR was led by the PRO (and lead technical adviser). The AR has drawn on the inception phase deliverables, partner assessments, stakeholder interviews, and programme reports to assess whether the Propcom+ strategy, intervention focus, and activities are appropriate and represent VfM. Although the review team met only a small and largely programme-selected sample, in-depth questioning, cross-checking, triangulating, and observation appeared to validate and provide confidence in the results.

The AR included a field visit to Kano and Jigawa, meeting with businesses, farmers, State government (including Governor of Jigawa, Commissioners of Agriculture and Budget and Planning, Technical Advisers, Permanent Secretaries, and Directors), covering interventions from animal health, biofortification and fortified crops, climate-smart seeds, SRI, and clean technologies.

FCDO undertook three further field visits over the reporting period. The first was to Kano and Jigawa to speak to businesses, farmers, and State government stakeholders on: changes to the business context and impacts on food and input prices; opportunities for Propcom+ as part of the LINKS programme closure and exit strategy; and priorities of the new administrations. Feedback highlighted how the macroeconomic context is impacting investment decisions with businesses prioritising consolidation rather than expansion, and this impacted some of the assumptions and initial approach of the P1 (scaling up) and P2 (building markets) components. There remain challenges on the availability and affordability of fertiliser, access to finance – particularly foreign currency for imports, working capital requirements, and input purchases. Businesses highlighted their preference and appetite to scale-up proven commercially viable models rather than to expand their scope of work. State governments are prioritising food security and economic development responses, particularly in response to the State of Emergency and the importance of agriculture to Northern States. Implementation modalities remain unclear and there are opportunities to help support climate-smart and private sector-led responses.

The second visit was to Edo State to monitor progress of the Africa Sustainable Commodities Initiative (ASCI), meeting with the Governor, Agricultural Commissioner, the Edo State Oil Palm Programme (ESOPP), civil society (IDH, African Nature Investors – ANI), and key oil palm companies (Okomo, Presco). The feedback helped shape opportunities to cement the gains made under previous support from the UK-funded Partnerships for Forests (P4F) programme on sustainable oil palm in Edo State. Opportunities identified include establishing policy guidelines and piloting the development of forest management plans; supporting the recruitment of a permanent Forestry Commissioner; identifying opportunities for Edo State as a platform to expand ASCI into further States; understanding the engagement and role of smallholder farmers in policy discussions and oil palm markets; and, understanding the interrelationships between security and economic development, while protecting forests. This has informed decisions on Propcom+ support in Tier 2 States on sustainable land use and deforestation-free commodities, which has resulted in the Ekiti and Enugu State Governors requesting partnership and joining ASCI.

The final visit was to Lagos and Oyo States to meet with Lagos-based businesses that have investments in the North, and / or source their produce from the North-West and North-East. Feedback highlighted a strong desire to strengthen backwards integration, particularly through establishing operations in the North to strengthen their supply chains, and to reduce transaction and transport costs. Opportunities exist for Propcom+ to connect these firms with agribusinesses and farmers in the North, and for deploying the programme's CDEL in FY2024/25. In Oyo, the team met with HarvestPlus micro and small enterprises, as well as research staff and fields on biofortification products and crops at the International Institute of Tropical Agriculture (IITA).

Evidence

Lesson learning and knowledge sharing are critical for achieving Propcom+ objectives as set out in the Business Case. Knowledge management works with, and complements, the programmes results measurement and decision-making. Propcom+ undertook a significant amount of in-depth analysis and diagnostic work during the inception phase to strengthen the programme approach, and has had regular multi-stakeholder engagement and beneficiary feedback to design, adapt and refine interventions. During the inception phase, Propcom+ established a comprehensive Monitoring, Evaluation, Research and Learning (MERL) Unit, and nested adaptive and flexible structures within programme decision-making, including feedback loops of learning, self-adjustment, and reflection through Propcom+ sprint cycles, and integration from market intelligence.

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The Propcom+ knowledge management strategy focuses on: (i) providing evidence to continuously improve programme interventions; (ii) developing the evidence base to influence market players within market systems (including farmers, small scale rural entrepreneurs, larger private investors, and Federal and State government stakeholders); (iii) promoting the uptake of innovations piloted by the programme and stimulating additional investment; (iv) facilitating information sharing and identifying synergies; and (v) informing and building capacity of development actors across Nigeria and Africa.

FCDO's Best Buys identifies market development programmes as effective, but rated as low evidence as more rigorous independent quantitative evidence is needed, particularly on synergies - cautioning against inclusion of Bad Buys within programme design. The Propcom+ strategy draws on this evidence and has undertaken rigorous analysis through individual intervention design, development, and quarterly sprint cycles within the monitoring framework. This is to ensure interventions remain value for money in achieving programme objectives, facilitate learning, and include decision points on whether to scale-up, maintain, adapt, or drop. To support wider learning and contribute to the evidence base on market development, Propcom+ includes a robust independent evaluation to measure the cost-effectiveness of the approach. This has been delayed due to ODA cuts but is expected to be procured in the coming year to deliver evaluation objectives and timelines as set out in the business case.

An independent evaluation is planned. See Sections B and C for discussion on progress.

Learning

The primary learning processes for the programme in the reporting period have been through conducting the in-depth analysis during the inception phase to test theory of change assumptions, market demand, and finalise intervention design. Learning has centred on contextual understanding of the markets to establish baselines for how the programme approaches different markets in different States and locations. For example, single seedling planting is quite new for farmers in KKJ but was found to be widely adopted in Adamawa. See Section B for additional discussion.

HarvestPlus were successful in reducing the 'time to market' to release new seed varieties. A key lesson was that by working with the National Agricultural Seed Council (NASC) they were able to frontload the multiplication of early generation seed production, once a release is imminent. HarvestPlus worked with programme partners to produce over two metric tons of foundation seeds from the pre-release. This accelerated delivery of the new variety, in this instance Iron Pearl Millet (IPM), as soon as the variety was released to the market. This was then combined with stimulating demand creation and investment with the private sector to drive adoption of IPM into existing value chains. For example, Premier Seed worked with outgrowers in the production of 300 metric tons of IPM seeds and offered 15% above market price for the offtake. Companies including Hallilco and Dala Foods committed to investing in the sourcing of the IPM grains. The project hadn't foreseen the efficacy of this approach based on a normal three-year standard variety release to market time frame. Future new variety releases need to ensure actors across the supply chain are engaged, and the demand and supply mechanisms fully understood.

Key learning priorities for the coming year:

- In-depth assessment of the investment climate in Propcom+ markets to inform the development of a coherent access to finance offer for the programme.
- Macro-economic assessment of the impacts, opportunities and risks on agricultural markets, food and input prices, and investment in Propcom+ markets and implementation States.
- Complete an evaluation of the Sustainable Rice Intensification (SRI) intervention on reach and business case of the SRI model, including on farm operations, gender impacts, inclusive of yields using a labour service delivery model, payback periods for machines, water efficiency, optimisation for smallholder farms as well as determine the carbon sequestration achieved. It will also include lessons learned and recommendations for future support.
- Facilitate consultations with food processors to undertake comparative test of the micronutrient content post processing versus fortification during manufacturing.
- Complete an assessment of the supply needed to meet projected demand in biofortified seed markets in the next two years, and what investment and TA is needed to fill gaps.

Please see Section A for key lessons over the past year.

Date of last narrative financial report	31 st March 2024	Date of last audited annual statement	HarvestPlus: 31 st December 2022 Palladium: 30 th June 2023
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