

**Niger AgCLIR Phase 2: Four Deep-Dive Analyses**

1. *Inclusive Business Development Services*
2. *Livestock and Dairy Value Chains*
3. *Access to Finance*
4. *Impact of Selected Taxes on Agribusinesses*

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# Executive Summary

Opportunities for MCC Compact investment to transform the agriculture sector in Niger are nearly limitless, through projects that improve the enabling environment for agribusiness, build capacity and deliver technical and financial assistance to farmers and MSMEs. As the Compact design evolves and finalizes, there are opportunities for the MCC Compact to work in three of the four areas of deeper-dive analysis set out in the scope of this document – providing inclusive business development services, investing in the livestock value chain, and accessing finance via a grant facility. Only in the area of tax policy reform does this study recommend that MCC not take further action.

In all of the three areas for future MCC activity, it should be stressed that the agricultural sector, and human capacity in general, is extremely underdeveloped. This presents challenges to delivering services that will be immediately valued and taken up, and the geographical realities of the country suggest operating and management costs will be higher than even many other African countries.

There is a strong demand for inclusive business services, even if farmers and MSMEs may not be entirely aware of their own needs in this area. There are a few small pockets of successful service delivery currently happening through donor and public-private partnerships, but these can be greatly expanded through the Compact. It is important that business development services be extended to the regional and commune level, and existing government structures can be taken advantage of to accomplish this. However, these structures do not have the capacity to provide these services, and an international service provider will need to be engaged to do so. Models currently achieving some success in Niger suggest that these business development services are particularly valuable for women and youth entrepreneurs when bundled with other forms of technical agricultural training, and this should be included with any BDS services the Compact provides.

The livestock and dairy value chains are among the most studied in Niger, as a result of their former strength, continued cultural and economic importance to the country, widespread participation and high potential. However, there are numerous constraints at nearly all stages of the value chain, many of which could be areas for potential investment. Most attractive are economic projects around animal health and nutrition, and there are many recommendations for relatively simple actions that would permit herders to profit more from their animals, such as transparent prices and encouraging women’s participation in markets.

MCC plans to expand access to finance to farmers in its targeted communes through a grant facility, likely in conjunction with the upcoming World Bank Climate Smart Agriculture project. This grant facility has high potential, and there should be large demand, but implementing it successfully requires particular attention to several key details. Ensuring that financing size is appropriate for recipients, that there is a marketing and outreach strategy that ensures women and youth are reached, and that beneficiary businesses have high commercial potential will be critical to stimulating the industry. At the same time, attention must be paid to the reality of the low productivity and development in the context of agribusiness in Niger. This may require that the grant facility consider smaller investments, and in any case the facility will likely face higher management and capacity building costs, reducing ERRs of projects as compared to other countries.

Finally, this study examines the effect of two corporate taxes on agribusinesses expected to benefit from the Compact. Both the IMF (impot minimum forfaitaire) and the IS (impot synthetique) may be assessed on the revenues, not profits, of a company, perhaps penalizing high-volume low-margin businesses in the agriculture sector. However, interviews with companies, accountants and other stakeholders in some of the rural target zones of the Compact suggest that in practice, these constraints are not among the most pressing concerns of farmers. Therefore, including a project to reform these taxes should not be a top priority of the Compact.

# Introduction and Scope

The Government of Niger (GoN) is developing a new compact program (the Niger Compact or Compact) with the Millennium Challenge Corporation (MCC) which plans to improve competitiveness for agribusinesses by addressing the enabling environment. In the first phase of the compact design, MCC and UC-PMC Niger, through Fintrac, conducted an Agribusiness Commercial, Legal, and Institutional Reform Diagnostic (AgCLIR). The objective of the Niger AgCLIR was to provide additional context regarding the business environment constraints to agribusiness growth in Niger. It also served as a key tool to prioritize policy reform areas for MCC to consider based on their impact and other MCC criteria.

MCC and UC-PMC Niger selected four topics for a “deeper-dive” analysis during Phase II of the AgCLIR. They are a) an analysis of the supply and demand inclusive business development services, and a high-level design of what Compact activities could include b) an analysis of the livestock and dairy value chains with regards for areas of Compact intervention c) increasing access to finance under the Compact with a particular focus on harmonizing the upcoming World Bank Climate Smart Agriculture (CSA) project with a Compact matching grants facility and d) an evaluation of the impact of the corporate profits (impot sur les benefices) and synthetic taxes (impot synthetique) with recommendations for reform of the fiscal regime.

Each of these analyses required a different set of interviewees and a different report format, as agreed with MCC. Each of the four analyses is therefore organized as its own chapter and can be read as standalone document.

Given that the design of the Compact was continuing while the assessment team was in the field, and decisions were being made in real time that affected the scope of this report (for example, negotiations with the World Bank on harmonizing its intended financing facility with the one envisioned by MCC, or the exact geographic zone of influence in which the Compact would work), we have endeavored to have this document reflect the latest thinking of the MCC design team. However, this document will need to be revisited and assumptions perhaps revised as the agricultural goals of the Compact are further refined between now and March 2016.

# Methodology

Fintrac’s assessment team traveled to Niger for a little over two weeks in October of 2015. The team spent time in Niamey, Dosso, Tsernawa, Birni-N’Konni and Gaya. The AgCLIR methodology stresses one on one interviews with government, private sector, NGOs, donors and other civil society stakeholders. However, the needs of this Phase II research required more interaction with a number of entrepreneurs and business owners (particularly for the BDS, finance and tax chapters).

MCC plans to conduct a countrywide enterprise demand survey in Q1 2016, which will be useful to further refine some of the needs and design of programs described in this document. However, at the time of our team’s fieldwork, we organized three “focus groups” in order to reach a larger number of businesses more efficiently than one on one interviews could provide.

The first of these focus groups was conducted on Saturday, October 10th at the Gaweye Hotel from 9am – noon. About half of the invitees were former PRODEX grant recipients, and the others were found through the heads of certain interprofessions the assessment team had contact with in Phase I of the study. Of the approximately 40 attendees, over thirty-five filled out demographic questionnaires intended to know gender, owner age, marital status, type of business, age and size of business by revenue and number of employees. We also asked several questions intended to launch the smaller group discussions:

* Has your business accessed finance? If so what type(s)?
* Has your business used business development services? If so, what kind and who provided it?
* Has your business paid taxes in the past three years? If so, which types?

While this was not a random nor statistically significant sample, the information gathered was very interesting for the assessment team. A significant portion (20%) of these interviewees required help reading and writing their demographic questionnaire, showing that even the most educated and successful businesspeople may struggle with literacy, which has implications for further demand surveys and programmatic activities for the compact. Further, an estimated 25% were not able to communicate in French. Further details can be found in the excel report with all collected demographic information and questionnaire responses that was furnished to MCC on October 16th.

During the fieldwork phase, three other focus groups were held, organized by the local CRAs. In Birni N’Konni, the team had two separate group meetings. At the first, the team met 17 agribusiness representatives, 5 of whom were women. Nearly all were involved in the livestock or dairy value chain. The second roundtable had seven participants, 3 of whom were women. The men were all livestock herders and the women were part of a milk cooperative registered as an economic interest group or a Groupement d’interet economique (GIE). In Tsernawa, the team met sixteen business representatives, four of whom were women. These focus group members mainly worked in onions and livestock. Two members of the UC-PMC team accompanied Fintrac for this fieldwork phase.

The livestock value chain analysis had distinct meeting needs, and followed a rather separate itinerary. Several departments of the Ministry of Elevage, four donor projects (PRAPS, PRACC, PRODEX and REGIS-AG), several NGOs and four producer associations were visited. In Niamey, the assessor visited an abbatoir, a tannery and an artisan center. Three livestock markets were visited (Balayera market in Konni, Tarakou in Niamey and the Petit Marche in Dosso). In addition to the group meetings described above, a livestock specific roundtable was organized in Gaya with 12 participants.

Following the field work portion of the trip, the Access to Finance consultant participated in several conference calls with the World Bank in order to inform the writing of the chapter with the latest thinking on the design of the credit facility. Those discussions are reflected as best as possible, with the caveat that the design is ever-evolving and certain elements may have changed.

# Chapter 1: Inclusive Business Development Services

## 1.1 Introduction

In Niger, as in many other parts of the world, the vast majority of businesses are small and informal, with few, if any employees. Many businesses fail within the first couple of years of operation. Considering the important role of the private sector for employment creation world-wide, the international development community is increasingly supporting the supply of business development services for small- and medium-sizedenterprises (SMEs). By supporting and providing SMEs with the necessary management and business skills, donors intend to create conditions where small businesses will be more likely to survive their start-up phase and grow into larger, more formal enterprises.

In this report, business development services (BDS) refers to business skills and tools that support and facilitate the operation of a business, such as separating household and business finances, keeping business records, and costing and pricing.Business development training and services targeting aspiring/start-up business owners tend to focus on generating and testing business ideas, developing business plans, registering a business, and some basic recordkeeping and marketing. In Niger, discussions on the “*entrepreneurial spirit*” seem also popular in training courses for young entrepreneurs seeking to start a business.For existing businesses seeking to grow their business, BDS might include bookkeeping, accounting, complying with taxes, inventory management, financial planning, marketing and customer service. Some business development services will also work with and support their clients to develop loan or grant applications to access finance.

BDS is not a panacea for business survival and growth, but can be effective when bundled with access to capital and technical services tailored to the needs of the individual business. Hence, a processor who does not have the technical know-how or the equipment to produce, package, and market a good product is not going to be successful just because he or she is separating household and business finances (although that is also important to do). Moreover, business skills are not acquired over night, but are a process that takes time to learn and adopt. Therefore, programs that span longer periods, combining technical training and support with the business development service, as well as the possibility of support to seek access to finance, are more useful.Thus, BDS is a tool to enable businesses with technical knowhow and sufficient access to capital to succeed.

As discussed throughout this chapter, BDS need to be tailored to the needs of the population the program intends to serve. As such, small and medium size businesses; urban and rural businesses; start-ups and established enterprises; illiterate and well-educated business owners; female, male and youth entrepreneurs all have different needs that demands different approaches. MCC’s program should particularly focus on women and youth business owners, as they have been lacking targeted business support and represent a prime opportunity for growth.

The demand for business development services and training is hard to estimate but appears to be high and cut across all sectors and all levels of the value chain. To gain a better understanding of the needs in the different segments of the agribusiness sector, a detailed enterprise survey should be conducted.

There is a relatively limited supply of business development services in Niger. The business development services that do exist, primarily through the Chamber of Commerce and their affiliated organizations, are concentrated in Niamey and few focus on agribusinesses. NGO and donor funded projects have a better reach to rural populations and provide valuable lessons to build off for a MCC program.

## 1.2 Demand for Services

Based upon our focus-group discussions with agribusinesses in Niamey and the Dosso region, it was clear that there is a great demand for BDS that far exceeds the current supply.

However, during the course of our field work, we also observed that there is a lack of awareness of what business development services entail. Hence, to some businesses, the concept of business development services was new and it was therefore unclear how business development services could assist them in running their businesses more effectively. For instance, in Tsernawa, a town in the Dosso region, our team met with 16 business owners, most of whom were trading in onions or involved in the livestock value chain. Four of these business owners were women. After we at some length explained what BDS are and offered examples of BDS (with translation into Hausa), we asked the participants which type of business development services or training would be most useful for their business. Note, the women’s answers were spread among each group.

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| **Table 1.1: Focus Group Discussion inTsernawa, Dosso Region** |
| **What type of business development service would be most useful to your business?** |
| 6 businesses | Did not respond as they either did not understand the concept of BDS or it was such a new concept that they could not express what they needed |
| 4 businesses | Highlighted their needs for technical training or access to finance, although we repeatedly stressed that we were asking about BDS |
| 6 businesses | Highlighted the need for improved marketing technics, managing good client relations, negotiations skills, book keeping and financial planning |

Hence, there is a need to increase awareness about what BDS are and how these tools can help entrepreneurs to better manage their businesses. If the target population has limited previous experience with business development services, some basic awareness of BDS is needed. This should take place early on, before a baseline survey and needs assessment is carried out to ensure participants of the survey understand what they are being asked about.

As illustrated from the responses from the participants in the focus group in Tsernawa and repeated in most conversations our team had during the course of our field work, there is a great demand and great need for technical services.For agricultural production, there are virtually no extension services for smallholders. Similarly, as highlighted in the AgCLIR report, there is very limited technical support and training for processors to improve their manufacturing, packaging, and marketing techniques. Different types of businesses are in need of different types of improved technical skills. For example, the Nigerien network for women transformers (*Réseau Nigérien des Femmes Transformatrices*) stressed the need for training on grades and standards and improved packaging and labeling practices.A women’s creamery cooperative in Birin N’Konni said they needed more technical training on hygiene, conservation, and transformation. In addition, they stressed that they needed technical support and access to finance to install solar panels, as the frequent power outages was detrimental to the conservation of their dairy products.Throughout the whole value chain there is a considerable lack of technical skills and access to appropriate technologies to improve the profitability of businesses. It is also important to note that the technical need of women and men typically varies since they traditionally are involved in different types of economic activities. Hence, business development services should complement and be packaged with relevant technical training. Businesses that improve their technical production skills are more likely to become more productive and would then benefit from improving the management of their business.

While it appears like most a great deal of agribusinesses are interested in receiving technical training and BDS, our team found that there are two main groups of businesses that should be prioritized; established businesses with growth potential and newer start-ups operated by youth. Since the inclusion of younger entrepreneurs is a priority for the MCC, working with start-ups will be necessary. Newer start-ups owned by young people will most likely require more support than already established businesses with a bit more of a track record.

Business development training needs to be tailored to the needs of the target population. It is important to involve the participants in determining what the content of the business development service or training should focus on to ensure the provided BDS responds to the needs of the targeted businesses. Participants at our focus group discussions in Birin N’Konni, voiced their concern about not being consulted.

*“The problem we are having is that a project comes, but they don’t necessarily ask what we need. Then at the end, the project is over, but we don’t know if it was a successful project or not. Maybe there is an evaluation, maybe not, but we don’t know what they find or if it was money well used or not.”*

What type of BDS different businesses need and how they should be delivered depend on a host of factors including; whether the business is a start-up or has been established for a longer period of time; what motivated the business owner to start the business; what sector the business operates in; business size (measured by number of employees or annual revenue); and whether the business is located in an urban, peri-urban, or rural location. Moreover, it is important to take the participant’s level of education and language skills into consideration. Considering high illiteracy rates, it is crucial to tailor the training to the needs and abilities of the users. Moreover, it is central to take social norms and expectations into account. For instance, MercyCorps has found in their work with rural women that in mixed age groups, younger women do not speak up out of respect for the older women. To afford younger women greater agency, they separated younger women from the older women, and once separated, younger women would actively participate and engage in discussions with their peers. Women in business also have to navigate expectations about gender roles. While the gender culture varies from location to location even within Niger, it is important for women to have a safeforum to discuss gender-related issues, such as traveling as a woman, managing male employees, and dealing with household expectations. Experience from other countries has found that creating a supportive space where female entrepreneurs have a chance to exchange experiences is beneficial for women in business.

During our focus group discussions with 35 small agribusiness owners in Niamey, 13 business owners indicated that they had received some form of business development training in the last three years.Considering that the businesses participating in the focus group discussions were invited to attend based upon their previous engagement with business support programs, like PRODEX, or part of an existing business network, it is probably safe to assume that the proportion of businesses that had obtained business development training in this group was much higher than in the general business community, especially outside of Niamey.

Since a survey has not yet been conducted, it is hard to say what type of services are in greatest demand. Several participants mentioned they needed training on general business management. It appears that bookkeeping to track expenses and revenue is in demand, which is important since it is fundamental for improving business management. For instance, a women’s milk processing cooperative in Dosso had received business development training and wereable to see if they were making or losing money on a daily basis, and by separating their personal and business finances, they were able to put money back into the business every month. The women said that without separating their personal and business finances, it would have been very difficult for them to reinvest in the business. Other areas of interest for further training mentioned included the development of business plans, marketing, management of personnel, strategies for sourcing quality inputs, and financial planning.However, it is crucial that a needs assessment is carried out in the targeted areas. Such an assessment can be conducted as part of a baseline survey, which we strongly propose is carried out either before the compact is signed or early on during the compact.

Women in both Niamey and Dosso region expressed great eagerness to participate in business development training. While some found that a shorter training was easier to attend since it had less interference with their other commitments, the women we consulted thought that if the training waslonger and relevant to their business, they would find ways to organize their personal and professional commitmentsto be able to attend the training. Moreover, several businesses we talked to stressed that they wanted longer periods of follow-up (*accompagnement*) after an initial round of training.We found, and most service providers we talked to agreed, that*accompagnement*of four to twelve months is instrumental in promoting the implementation of new skills and providing opportunities for more advanced, tailored training.

However, it is important to note that we primarily consulted with women in larger urban centers, so it will be necessary to consult with women in the communities where the MCC/MCA will be working to ensure the time, location, and length of a training session is accessible to rural women. As described in more detail below, Swisscontact’s farm school SIFA in Dosso holds half-day trainings, five days, which allows women to attend to their other commitments and still make the training sessions.Although there is a great demand for training opportunities, existing training programs are also dealing with drop-outs.For instance, the SIFA farm schools heavily emphasize recruiting participants who are motivated and have the support of their commune to participate.Even with this targeted recruiting, a recent training cycle saw three of the 25 participants drop out – one young woman got married and dropped out, while two young men left the country to seek work in neighboring countries.

As discussed detail below, it is crucial that training opportunities are designed in such a way that they honor local norms (whether it is acceptable to mix men and women in training sessions, get husband’s buy-in into a woman participating in a training, whether the distance to the training session makes it unfeasible for women to attend etc.) which are essential for meeting the needs of women, and making opportunities available to them.

There is a **student-led entrepreneurship club** at the University of Niamey (*Club des Etudiants Entrepreneurs*).Run by students, the club has the support of the University administration and collaborates with various BDS providers, notably the CCIAN, the CIPMEN, ASUSU and BADJE.

Madame Arzika, one of the club’s prime advocates, has supported the 200-300 student participants in making connections and inroads to training opportunities and networking events. This team attended one of their meetings which 27 students (9 women and 18 men) attended. The students, from across different disciplines, showed a great aptitude and interest for entrepreneurship. Some were already operating a business, while others were developing business plans.A significant number of the students were interested in the agribusiness sector including irrigated farming, processing, marketing, and value-added retail.

Besides training opportunities, the students found the club to be a safe forum for trying out ideas learn from each other and get the push to put a plan into action. Several also noted that the club is a place where they can use the knowledge they learn in class and put it into practice. One young female student put it this way; “*We are a network of people who want the same thing. We support each other and when you have a good idea for a business, being part of the club gives you the strength and support to put the idea into practice. I think of the club as an incubator.*”

There was some concern among the students how they could find support networks and access to training opportunities once they graduate from the university. To our team, it was clear that there are budding young entrepreneurs with an entrepreneurial spirit that with continued support could be launching promising agribusinesses.

Some business development services reviewed in this report are made available free of charge, while there is a user fee for others. For instance, the business incubator CIPMEN charges a fee and the accounting and business support center *Centre de Gestion Agrée* (CGA) charges a sliding fee for their services.One argument for heavily subsidizing the cost of training or even offering it free of charge is that many business owners have little perception of how badly managed their firms are, and to them training is a new and unproven concept with uncertain payoffs.[[1]](#footnote-2)Most participantsat our focus group discussion in Niamey said that they valued the training more, and were more likely to put what they learnt into practice if they had to pay something for attending. However,a few participants were of the opinion that fee-based training only benefits those enterprises that are already doing well, since they are the only ones that can afford to pay for the service. A group of women in Birin N’Konni said that in most rural areas paying the cost of transportation to get to the training might be all a program can ask for without excluding youth and women with less means. Hence, there is a value in charging a fee for BDS, both to ensure participants value the service and to lay a foundation and build a culture where business development assistance is a service that business owners value and are willing to pay for. However, depending on who the clientele is, what they can reasonably afford to pay will vary greatly. For instance, MercyCorps found that some of their clients in rural locations in the Madara project could only contribute 50 CFA (about 10 cents), while a private veterinarian in Dosso this team met with was ready to pay market value for training he thought would benefit his practice.

Much works still needs to be done to strengthen the governance capacity of agricultural organizations (OP), which are necessary to reach sizable number of farmers. However, as several service providersstressed, it will be important to identify and work with OPs that are receptive and open to change.

Focus group participants in Niamey who had not participated in any business development training found that it was hard to find out about training opportunities, and that some BDS providers did not advertise training opportunities, but had handpicked their participants.Several participants found also that the selection criteria for who was selected to participate in a course was not transparent.It was clear that the issue bothered people, so clearly advertising what the selection criteria are for participating in a training opportunity could mitigate some of the frustration.

## 1.3 Supply of Business Development Services

There is a relatively limited supply of business development services in Niger, in particular BDS targeting agribusinesses.There are two main types of BDS:ongoing services, notably accounting and tax support from the *Centre de Gestion Agrée,* and business development training. There are several important differences in business development training offered, i.e. length of training; whether BDS is bundled with technical training and/or access to finance; whether the training is practical or classroom based; and whether there is a follow-up component (*accompagnement*).

Unfortunately, none of the BDS reviewed in this chapter had been evaluated by an external evaluator at the time of this assessment, or the evaluations were not made available to this team.Continued monitoring and evaluations are crucial to the success of a program, in particular to ensure women and youth benefit from a program. We found that business development training that is bundled with practical technical training and opportunities for accessing finance, and takes place over a longer period of time with follow-up is more effective and promising. A notable example of such a model is Swisscontact’s SIFA (*Site Integré de Formation Agricole*) program. More established businesses that have a certain foundation and knowledge about business management can benefit from shorter, specialized training modules in topics such as import procedures or new tax regulations.

It is of great importance that BDS is tailored to the needs of the beneficiaries. For instance, considering that a majority of farmers and agribusinesses are illiterate, the training should be as practical as possible, i.e. use pictures or other props for more theoretical concepts (such as bookkeeping) and deliver training in a language the participants speak and understand.

To ensure BDS are available and accessible to women and youth, recruitment to the program must intentionally include women and youth. To this end, women and youth organizations are important partners to reach out to prospective participants. It is also important to ensure the local context and social norms are taken into account so the program is designed in a way that it is feasible, socially acceptable, and attractive for women and youth to participate.As the case of Swisscontact’s SIFA program shows, it was socially acceptable to have mixed gender training sessions in some communes, while it was not desirable in a neighboring communes. As a result, in Dosso, some of the SIFA farm school sites alternate whether they offer training for women or for men to accommodate some communities desire not to have girls and young women mix with boys and young men during the training.

There appears to be a great need for training of trainers. Business development providers this team talked to said that there is a need for continued education and greater understanding of business and management skills as well as technical skills to better support the businesses they are working with. Moreover, there appears to be rather limited awareness of gender considerations to make BDS more accessible to women.A stronger focus on recruiting and training female trainers would provide women with good role models.

The following part of this section reviews different types of organizations providing various forms of business development services.

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| **Table 1.2: Chamber of Commerce and Affiliated Organizations** |
| **Service Provider** | **Beneficiaries** | **Training** | **Geographic Area** | **No. Participants** |
| CCIAN’s Directorate for Vocational Training | Youth with some/limited or no schooling (PRODEC funded) | 4 days No follow-upGeneral entrepreneurship skills  | All regions  | 1240 youth throughout the country by the end of the project |
| Unit for Support of Women’s Entrepreneurship | Women owned micro and small enterprises | Half a day once/ month Very limited follow-upIntroduction to various BDS topics | Niamey monthly + one to two regional workshops /year | 20-40 women/month, mostly different women each time |
| Investment Promotion Center  | Primarily medium size enterprises, few women  | Individual investment support for 1-2 month  | Niamey  | 20 businesses/ year |
| Nigerien Export Promotion Agency | Small, medium and large enterprises (depending on funding) | Typically 3-4 days Specialized training e.g. international business negotiation skills or import and export requirements | Varies depending on funding  | Varies depending on funding |
| Centre de Gestion Agrée (CGA) | Small and medium size businesses | Accounting, taxes, business administration and training.Ongoing support  | Niamey, starting in Maradi end of 2015 and Zinder 2016 | As of October 2015, 83 small and medium businesses in Niamey |

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| **Table 1.3: Chamber of Agriculture** |
| **Service Provider** | **Beneficiaries** | **Training** | **Geographic Area** | **No. Participants** |
| Chamber of Agriculture (CRA) Dosso | 30 farmers’ associations | Initial 2-3 days of training on governance of farmers’ associations with individual follow-up and additional training for a year | Dosso  | 30 farmers’ associations |
| Chamber of Agriculture (CRA) Dosso | Young farmers with no or limited schooling | 3-4 months of technical training on farm school. Possibly bundled with BDS in near future | Dosso  | 600 youth within next year |

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| **Table 1.4: Local Non-Profit and Private Sector Service Providers** |
| **Service Provider** | **Beneficiaries** | **Training** | **Geographic Area** | **No. Participants** |
| Centre Incubateur des PME au Niger (CIPMEN) | Pre-incubator: young start-up entrepreneurs ~20% women  | 4 hours/week for 4 months + 3 months of follow, business plans and business skills | Niamey  | About 15 youth/cycle Completed2 cycles |
| Centre Incubateur des PME au Niger (CIPMEN) | BEST project: young female entrepreneurs or start-ups  | 4 hours/week for 4 months +4 months follow up. financial and computer literacy, business skills and business plans | Niamey  | 180 women for initial training. 50 women for the full program |
| Bureau d’Accompagnement des Jeunes Entreprise and ASUSU | Young entrepreneurs  | 6 months + follow-up if business is successful at getting credit from ASUSUfor the period of credit | Nationwide  | 625 young entrepreneurs over the next three years |

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| **Table 1.5: International Nongovernmental Organizations Providing BDS** |
| **Service Provider** | **Beneficiaries** | **Training** | **Geographic Area** | **No. Participants** |
| Swisscontact FOPROR: SIFA farm school  | Rural youth age 12-30 with no or limited schooling | Daily technical and business training for 4 months+ 4 months of group and individual technical and business follow-up  | Dosso and Maradi | As of October 2015, 320 young women and 363 young men in Dosso |
| SNVPRODEX and REGIS-AG | Small agribusinesses | 1-5 days of individual service to develop business plan + up to 30 days of continued training and implementation support of funded projects  | Nationwide  | Prodex: 200REGIS-AG: 800 small producers |
| MercyCorps Madara program | Rural poor, mostly illiterate milk producers and processors  | Technical and business development training for 8 months  | Tillaberi region | 535 individuals and collectives, about 50% are women and many are youth |

## 1.4 Organizations Supplying Business Development Services

***Chamber of Commerce and Affiliated Organizations***

The **Chamber of Commerce** (*Chambre de Commerce, d'Industrie et d'Artisanat du Niger* (CCIAN)) is the largest and most well-established private sector organization in the country. CCIAN is headquartered in Niamey and has regional chapters in all regions of the country. The CCIAN is a partner in the ***Maison d’Entreprise,*** the***Centre de Gestion Agrée*** *(CGA),* the ***Centre National de Perfectionnement de Gestion*** (CNPG) and the **Nigerien Export Promotion Agency** (*Agence Nigérinenne pour la Promotion des Exportations (ANIPEX)).* While the CCIAN is private in character, the older, male leaders of the CCIAN have previously held important positions in the government, notably the Ministry of Commerce. Based on our observations, there does not appear to be a gender mainstreaming awareness within the CCIAN. Instead, questions our team posed during the AgCLIR concerning women and entrepreneurship were directed towards the CCIAN’s Unit for Support to Women’s Entrepreneurship**.** While this professional experience affords the CCIAN access to the government, some private sector stakeholders found the CCIAN to be too closely related to the government to be able to effectively advocate for the interest of the private sector.However, one of the advantages of CCIAN is that they have a permanent presence in all regions, meaning they can easily mobilize the local business community when there are training opportunities. However, to what extent CCIAN is reaching out to women and youth when there are business training opportunities is not clear. For instance, when this team met with the CCIAN in Dosso, ANIPEX was preparing for a three-day training class for exporters. However, it appears as though CCIAN recruits participants through established channels and the same group of people are called to various events. For the private sector to expand and strengthen, established networks must be open to nontraditional participants such as women and youth.

The CCIAN’s **Directorate for Vocational Training** (*Direction de Formation Professionnelle*) is implementing the World Bank-funded Development of Competence and Growth Project’s ***(Projet de Développement des Compétences pour la Croissance****(PRODEC*)) training component of youth. The program will train 440 youth with schooling and 800 with no or limited schooling on basic entrepreneurship skills during a four-day classroom course. The CCIAN will train a total of 45 trainers (who receive 10 days of instruction) to carry out the training. During the first program year (2014), the recruitment of trainers and participants was not well-executed, and a number of public servants became trainers or participated in the class. Had they put in place a proper system, they not only would have recruited from the private sector, but they would also have been purposeful in engaging women and youth. This year, the CCIAN paid closer attention to recruitment to ensure trainers and participants come from the private sector. A certain percentage of participants are supposed to be women, however, it was unclear to this team what that percentage was or how well it was implemented. It is also unclear whether they have any real strategy for outreach and inclusion, and whether those responsible for it have the tools and expertise with which to implement such a strategy.

The Directorate for Vocational Training finds the training to be too short and there is no continued contact or support for the participants after the class.The mid-term evaluation for this activity has not yet taken place, but it is unclear whether a short-term, one-off training on general entrepreneurship and basic business skills has lasting impact. One of the advantages CCIAN has as an implementer is that they have permanent presence in all regions, and for CCIAN to not be able to use this class, or similar activities, as a gateway for continued engagement with entrepreneurs or aspiring entrepreneurs is a missed opportunity. For instance, the Directorate for Vocational Training in Niamey used to hold a weekly class during lunch hours that would draw 70-100 participants each week. A young man this team talked to had found the CCIAN drop-in class useful and a good place to stay connected to the CCIAN and network with other businesses. However, the CCIAN discontinued the class due to lack of resources.

Under the CCIAN’s Directorate for Vocational Training, there is a **Unit for Support to Women’s Entrepreneurship** (*Service Appui à l’Entrepreneuriat Féminin* (SAEF)). The SAEF is staffed by one female staff member and has an annual budget of 10 million CFA ($16,800) financed by the CCIAN. As reported in the AgCLIR, SAEF went through a process of developing a plan for a *Centre national de promotion de l'entrepreneuriat féminin* (CNPEF) that would train and support women entrepreneurs - particularly focusing on rural women and women with little to no formal education. The initial plan was developed in 2009 with support from UNDP, and was later updated in 2014. The plan focuses on providing women with training, access to finance, and ongoing business support. SAEF would like for the center to first be established in Niamey and then expanded to the regions. However, from our conversation with the UNDP, UNDP is now supporting youth training for young men and young women through a program implemented by the Ministry of Commerce and is not planning on supporting the CCIAN and the development of CNPEF. SAEF has not been seeking financial support from other sources. Other actors, notably individuals within the Ministry of Commerce and Private Sector Promotion (*Ministère du Commerce et la Promotion du Secteur Privé*) were skeptical whether an expansion of SAEF activities was the most productive way forward.

Despite its limited resources, SAEF is delivering monthly, half-day training sessions in Niamey. The class covers topics like accounting and taxes, marketing or cross-border trade. The training, carried out by the *Bureau d’Accompagnement des Jeunes Entreprise* (BADJE), reaches 20-40 women every month. Beyond Niamey, SAEF runs a similar half-day training session (but with a different service provider) in one or two regional capitals every year. Recognizing the limitations of classroom training sessions, the SAEF representative visits about one business a month to provide one-time, on-site counseling. Finally, the SAEF is also organizing and covering all expenses for an annual study trip. This past year, SAEF brought four small scale agro-processors (*transformatrices*) on a five-day study tour to Burkina Faso. SAEF refers women to the *Maison d’Entreprise*, but appears to have limited or no relations with other business advisory services, including those connected to the CCIAN, like the *Centre the Gestion Agrée* (CGA) and ANIPEX.

The current issue for SAEF is that with limited resources and institutional capacity, it is difficult to see how it goes from a one-woman unit with some partners to a more expansive operation. To support CCIAN to build institutional capacity and expand its activities and regional coverage would require a broader participatory process of stakeholders. Such stakeholders include, but are not limited to, the CCIAN and its affiliated organizations, the Ministry of Commerce, the Ministry of Women, existing women’s business networks and nongovernmental organizations with extensive experience working with women and leadership and women and entrepreneurship. It is also important to identify individuals who have the vision, knowledge and drive to spearhead such an undertaking.

With financial and technical support from the World Bank, the Ministry of Commerce and the Chamber of Commerce have set up a taskforce, the **Private Investment Council** (*Conseil National des Investisseurs Privés – CNIP*) to improve and closely monitor the progress of reducing the time and cost of adhering to administrative procedures covered by the Doing Business indicators. To this end, in 2014, the **Business Center** (*Maison d’Entreprise*), which is comprised of the **Investment Promotion Center** (*Centre de Promotion d’invistissement* (CPI)) and the one-stop shop for business registration (*guichet unique*), commenced its activities in Niamey. As reported in the AgCLIR, the one-stop shop, which brings together the different agencies involved in registering a business, has significantly reduced the number of days it takes to register a business. Businesses this team talked to during focus group discussions in Niamey and Dosso all confirmed that registering a business and obtaining the tax ID is easy and fast. The CPI supports businesses by conducting feasibility studies for new investments, assisting businesses access finance,and providing guidance for businesses looking to expand or invest into new business areas. The CPI deals with a rather small case-load, assisting about 20 businesses a year, the vast majority of which are from Niamey. Very few women entrepreneurs use their services, which can be attributed to the fact that the CPI is not doing any outreach, but more importantly, CPI appears to lack awareness that women do engage in commerce, in the agricultural sector and beyond.

The World Bank is launching *Niger Investment Climate and Competiveness Support Project* (NICCP) with funding from Danida to support the investment climate for micro, small and medium enterprises in selected value chains.[[2]](#footnote-3)Unfortunately, the project appraisal document puts little emphasis on women and youth’s participation in the program. As the project is about to be launched, there is an opportunity to engage the World Bank in conversations about includingwomen and youth. The projectwill have three main components: i) development and enhancement of the competitiveness of agricultural value chains in Diffa and Zinder; ii) improvement of selected aspect of Niger investment climate through an enhanced public-private dialogue; and iii) implementation reforms related to export promotion for agricultural products. It is relevant to highlight a few planned activities under this project, as there are opportunities for collaboration between this project and the MCC-MCA compact.

The project will expand the Private Investment Council’s (CNIP) activities to cover agribusiness specific issues by bringing together public and private stakeholder in the relevant value chains. Foreseen issues to be addressed include business regulations, investment policies, certification processes, taxation affecting agribusinesses, and the performance of public agencies serving the agribusiness sector. For instance, the new CNIP would be the appropriate forum to address the lack of awareness and coordination of new licensing and permit requirements for input agribusinesses, as highlighted in the AgCLIR report.

The NICCP project will also provide support to build the capacity of the *Maison de l’Entreprise*and private sector organizations to offer technical and business development services tailored to the needs of the agribusiness sector in primarily in Diffa and Zinder. Technical and business development services under the project will include the development of business plans and bankable loan applications, improved production processing and packaging, increased quality control and food-safety standards, as well as improved marketing linkages.

Finally, the NICCP project will support the **Nigerien Export Promotion Agency** (ANIPEX) the elaboration and implementation of an export promotion strategy for the agricultural value chains supported under the NICCP project (peppers, nièbe, arachide, poultry, and livestock) to facilitate their access to the Nigerian market. According to this team’s conversation with the ANIPEX, the organization has about 60 members representing medium and larger export enterprises. CCIAN is financing a new building for ANIPEX at the CCIAN compound in Niamey and in-between the lack of an office and limited funds, ANIPEX is carrying out limited activities at the moment. Nevertheless our team met businesses that had participated in specialized training, such as negotiation skills in international transactions, which they found useful for their business. ANIPEX is an important network and knowledge hub for the export sector, but it is important to note that ANIPEX is primarily focused on medium to larger exporting businesses and not smaller businesses. Considering that the NICCP project will be supporting ANIPEX to develop an export promotion strategy, and considering that both women and youth are interested in exporting agro-processed products, it will be important that they consult with them early in the process to ensure they take account of existing opportunities and experience.

Launched in September 2013 as a public-private partnership, and with the support of the Chamber of Commerce (CCIAN), the government and with financial backing from the European Union, the non-profit **Centre de Gestion Agrée** (CGA) wasestablished. While the CGA operates independently from the CCIAN, it receives financial support from the CCIAN. The CGA is a government-certified business management center that provides small and medium size businesses with custom tailored business services including accounting and tax services, business training, and support in seeking access to finance. The CGA has an office in Niamey and is opening up an office in CCIAN’s building in Maradi in November 2015.With support from the European Union, CGA will open up an office in Zinder in 2016. CGA would like to open offices in additional regions as well, but funding has yet to be secured.

To work with the CGA, the businesses need to have a business license (RCCM) and a tax ID (NIF), but the CGA can also assist business to obtain these documents if they do not already have them. In accordance with an agreement with the tax authorities, CGA’s clients benefit from a significant tax reduction.[[3]](#footnote-4)

The CGA is growing its activities; as of October 2015, CGA is supporting 83 SMEs, 25 more than it was serving in April 2015. Of its current clientele, about 10 businesses are headed by women and five businesses are involved in the agricultural sector. None of the businesses that have started working with CGA have left or discontinued paying for their services, other than two businesses that graduated from the program.For instance, this year, a woman who owns a creamery graduated from CGA as her business revenue exceeded 500 million CFA, and she was referred to a private accounting company.Our team met with one of CGA’s clients, a young woman who recently launched a livestock feed blending company. She was referred to the CGA by the *Maison d’entreprise* when she registered her business and indicated she was happy with services rendered.

The CGA office in Niamey has 10 staff members, including several accountants, of which more than half are women. CGA serves businesses with annual revenues of 10-500 million CFA ($16,600-$830,000). The CGA charges a small user fee on a sliding scale for its services.[[4]](#footnote-5)CGA develops an individual plan for each business depending their needs. Most businesses want CGA to do all of their accounting, while a few do their own accounting, which CGA will review. CGA is also preparing and filing their clients’ taxes and can help establish systems for managing inventory. In addition, CGA can help businesses put together loan applications and accompany them through the process of seeking access to finance. CGA entered into formal agreements with BAGRI and SONIBANK to put in place a system for supporting CGA clients seeking access to credit.

CGA regularly surveys its clients to gauge their interest in business management training. While the requests vary between the different businesses, the more popular training requests are for accounting, inventory management, personnel, and negotiation. CGA has found that especially younger entrepreneurs are interested in their services and are more open to advice on how to make changes in managing their business. While the vast majority of CGA’s current clients are literate in French, CGA is also working with a client who is illiterate. For this client, CGA assists in filling out required forms and has created standardized invoices for the client’s business.

If the CGA were to move to regions with less economic wealth, CGA is open to considering approaches to make their services more accessible such as lowering the threshold for accepting businesses with annual revenues of 5 million CFA instead of the current 10 million CFA. This might in particular benefit smaller businesses owned by women and youth.As the CGA expands its activities outside of Niamey, it will be important to employ a proactive, explicit strategy for reaching out to women. This means identifying women's groups and spaces to do outreach and provide information about CGA’s services.

## 1.5 Chamber of Agriculture (RECA/CRA)

Like in most of West Africa, the Nigerien Chamber of Agriculture has been separated from the Chamber of Commerce to better address issues producers are facing. However, the Chamber of Agriculture is severely underfunded and their programming relies almost solely on donor funding. There are limited interactions between the Chambers of Agriculture and Commerce at both the national and regional level.While there are inter-professional groups in a number of important value chains, the lack of collaboration between the Chambers of Agricultureand Commerce creates a deficit in the work to create more synergies along the value chains.

The Chamber of Agriculture was created by decree in 2001. However, due to the lack of funds, the Chamber of Agriculture was not well organized and undertook only limited activities until 2011, when it received donor support to commence more formal operations. RECA (National Network of Chambers of Agriculture (*Réseau National des Chambres d'Agriculture du Niger*) is the umbrella organization for the Regional Chambers of Agriculture (*Chambres Régional d’Agriculture* (CRA)).

At each level, members choose their representatives, and there is a quota for the number of women elected. As such, CRA has an established network to mobilize their base at the lowest administrative level. CRAs disseminate information from RECA and advocate for producers at the regional or local level. According to CRA, the limited availability of extension services is one of the agricultural sector’s chief constraints. However, considering that the CRAs rely almost solely on donor funding and serve a large constituency, their ability to deliver programing and provide supplemental extension services remains limited.

In Dosso, the Swiss Cooperation and Lux Dev have funded several programs carried out by CRA. Despite the limited funding, CRA Dosso appears to have a hardworking and dedicated leadership. CRA is one of the implementers of the Agricultural Development Support Program in Dosso (*Programme d’Appui au Développement agricole durable dans la Région de Dosso*).[[5]](#footnote-6)As described in more detail in Chapter 3, the recently launched FAR financing mechanism consists of an initial grant followed by a mixed grant and credit package. FAR is primarily financing smaller irrigations and agricultural infrastructure projects in view to improve the commercialization of agricultural products. However, the implementers of FAR noticed in the in the first round of applications very few young people submitted applications despite youth-specific outreach. The FAR implementers identified younger people’s lack of access to land and agricultural credit as important factors for why few applied to the initial rounds of the FAR, but they are in particular stressing that the youth lack experience and training to be able to establish viable farming businesses, which is holding them back from submitting viable applications.[[6]](#footnote-7)

In addition, the program seeks to strengthen the capacity and governance of producer organizations to better serve the needs of their members.CRA is working with 30 farmers’ unions and federations in Dosso, which CRA estimates is about half of the farmers’ organizations (*organisation paysanne* (OP)) in the region. The management and organizational capacity of most OPs is very weak.[[7]](#footnote-8) For instance, the OPs do not maintain membership registers and do not know how many members they have. To create a baseline for their work with the OPs, CRA created a set of governance indicators (see box next page). CRA found that only five of the 30 OPs were close to meeting 50 percent of the indicators.Illiteracy is a big hurdle to strengthening the OPs governance structure. CRA found that there might only be two people in each union who know how to read and write. Dev Lux is also financing a literacy and non-formal education program in Dosso region targeting beneficiaries of the Agricultural Development Support Program. The literacy program is designed to ensure equal participation of women in the literacy training and build greater literacy among leaders and future leaders of the OPs.[[8]](#footnote-9)

**Governance Indicators for
Farmers’ Organizations in Dosso**

Governance of the association, including:

* Representation (gender, youth, smallholders)
* Equal distribution of information to all members
* Membership registries
* Annual work plan

Financial Management, including:

* Bookkeeping and bank account

Activities/Services to Members, including:

* Collective wholesale of members’ produce
* Supply of input to members
* Activities specifically targeting female members

Collaboration with OPs is necessary to reach small-scale producers; however, the OPs themselves must first strengthen their own organizational capacity, with support from the CRA.

To strengthen younger people’s technical skills to improve their farming practices and thereby provide them with viable opportunities for making a living, the Agricultural Development Support Program in Dosso is training youth on improved agricultural practices and irrigation techniques. There are separate field schools for men and women. There are also plans for providing some basic training in bookkeeping and inventory management. However, the business development component has yet to be implemented and it was unclear when or if that would be the case. Moreover, during the time of this assessment, the program did not follow the youth after the training at the farm school, but it was something CRA said they would like to see happening in the future.As of October 2015, 150 young women and 75 young men were in training in the program, and the plan is to train a total of 600 youth within the next year.

The training at the field schools in agricultural practices is carried out by six local NGOs or inter-professional organizations. Unfortunately, CRA found during an internal evaluation during the fall 2015 that several of the service providers were not meeting the standards.For instance, CRA found that some service providers did not use any training material, the training of trainers was too short, trainers were absent from the field sites, and the service providers were not conducting sufficient oversight to their trainers. In addition, some of the farm schools were not conducive to irrigation or lacked good quality seeds and phytosanitary products.As a result, CRA is planning to discontinue the collaboration with three of the service providers and are currently exploring other options.

CRA is an important partner to engage women and youth in the acquisition of technical agricultural skills, but when relying on sub-contractors to carry out the training, clear standards and close supervision is required. Similar to the SNV, CRA is learning this lesson the hard way.

## 1.6 Local Non-Profit and Private Sector Service Providers

Launched in 2014 in Niamey with the support from the telecommunication company Orange, ***Centre Incubateur des PME au Niger***(CIPMEN) is Niger’s first incubator to promote innovative entrepreneurship small and medium enterprises. CIPMEN, a non-profit organization, is funded the private sector, donor support, the local government, and fees for services.According to CIPMEN, an estimated 90 percent of start-up businesses fail in the first three years. Moreover, CIPMEN found that the majority of university graduates in Niamey were seeking employment in already existing companies or the public sector, while there was little knowledge and awareness about entrepreneurship. Hence, CIPMEN was formed to respond to this gap and create greater awareness of entrepreneurial opportunities and support youth with promising business ideas to turn those ideas into viable businesses.

CIPMEN has two main approaches to working with start-up enterprises; a pre-incubation module and full incubation. The pre-incubation module takes a class of about 15 young adults, many of them are university students or graduates, for a four-month period. CIPMEN advertises that the program is looking for applicants through their website and other online forums, in newspapers and during monthly open information sessions about CIPMEN. The application is a form asking the applicants for some basic facts about their business idea/project. During four months, the group meets for two hours during lunch time mid-week and for two hours on the weekend. In addition to the more structured meeting times, the pre-incubator participants can drop-in at any time to CIPMEN’s staffed open work space. During the pre-incubation module, the participants test and develop their business ideas and at the end of four months have developed a business plan. The program provides also the participants training and coaching on business registration, basic accounting, marketing, and access to finance. Following the pre-incubation period, there is a three-month period of follow-up during which the participants have access to the CIPMEN staff and the use of the office space. There is a 50,000 CFA monthly fee to participate in this module. While CIPMEN stresses the importance of charging a fee for their services to ensure participants are fully committed, the availability of partial scholarships would make CIPMEN more accessible for financially disadvantaged youth.

CIPMEN’s incubator provides start-up businesses with office space, logistical and infrastructure support, accounting and tax services through the *Centre de Gestion Agrée* (CGA), support and advice in seeking financing, as well as marketing support and networking opportunities. The incubator is focused on start-up businesses in the fields of IT, renewable energy, and the environment. There are currently eight start-up businesses that are incubated; three of them have launched businesses related to agriculture. All of the eight incubated businesses are headed by young men. CIPMEN has so far found it challenging to attract women to the incubator. The participants of the incubator are selected from participants in the pre-incubation module. The incubation period is for three years, building on the idea that if start-ups are supported for three years, they will increase their chances of surviving. The fee for the start-ups to participate in the incubator is 60,000-70,000 CFA/month, plus 9 percent of their profit.

CIPMEN has been operating for a year and a half and have completed two cycles of pre-incubation modules. During these two pre-incubation courses, about 20 percent of the participants were women.CIPMEN recognizes that it has been difficult to attract and retain talented young women for the course, and attribute the challenge of reaching women to multiple factors. Entrepreneurship is difficult in the Nigerien social context for both young women and men, but for women, family commitments leave them with limited time to fully invest in entrepreneurial activities. CIPMEN points also to the lack of visible female role models who have succeeded in business.

Cognizant of their challenge to attract women, CIPMEN prioritizes female applicants to their pre-incubator program.CIPMEN’s project manager is a woman, and she is active and visible in CIPMEN’s programmatic and outreach activities.To attract more young women, CIPMEN has undertaken two new projects: “IT for Her” (*TIC pour elles*), open for women entrepreneurs from all sectors, teaches women how to use information technology for managing and marketing its business. So far, 50 women have participated in the program.

With additional funding from MercyCorps, CIPMEN has launched a one year project for young women called Building Entrepreneurial Skills and Talent for Her (BEST). Acknowledging that there is a great need for awareness of business development services, the project is using a three-step approach: awareness, training, and implementation of acquired training. Initially, 180 young women were trained in financial and computer literacy. 50 women were then chosen to continue with the program for an additional eight months to develop their skills and launch their business. As part of the program, CIPMEN is inviting successful entrepreneurs for discussion, advisory, networking, and mentorship.The goal of the program, which is still ongoing, is that 35 female-owned businesses will be established following the completion of the program. About 10 of the women who participate in the program are disabled and illiterate. As they were all artisans, they formed an association to support each other and pool their knowledge and resources. The participants in the BEST project are not charged a participation fee. However, this is something that CIPMEN regret as they believe that a small fee, even if it’s symbolic, will make the participants value and engage in the training more.

“I have a plot by the river and I made pre-packaged cut up fruit salads I tried to sell to supermarkets and restaurants. But I didn’t really know what I was doing, and my business fell apart. I graduated from university a year ago. A friend of mine told me about CIPMEN and I applied. Now I have created a business plan, and I know how to calculate what my costs are and what price I should charge, before I didn’t and my business didn’t work. I’ve also done some market research to find out what will work and I’ve ordered labels from Ghana so my packaging looks more professional. By being together with other entrepreneurs starting their business, I’m learning new things, I get new ideas and I’m part of a network, which I want to stay in contact with. Before, my business was in the informal. This time around I’m planning to register my business so that I can sell to businesses that need receipts.”

*-Entrepreneur at CIPMEN’s BEST project for women*

In addition to its core activities, CIPMEN has partnered with the University of Niamey and is supporting the students’ entrepreneurial club and provide IT and business training at public facilities with free access to electricity and computers in Dosso and Niamey.[[9]](#footnote-10) In addition, CIPMEN is regularly providing training of trainers in business development services.

As a young organization, CIPMEN has gained respect and admiration from the Chamber of Commerce, the private sector, and the government.CIPMEN is rapidly expanding its activities and is seeking to move its activities outside of the capital. While the incubator model is rather expensive and only benefit a few, the BEST project which is particularly targeting women, can be expanded and replicated in other locations. A demand survey outside of Niamey would be beneficial to gauge what the demand for such services are, and what educational background and previous experience possible candidate have, to ensure that the program is tailored to the needs of possible participants.

The ***Bureau d’Accompagnement des Jeunes Entreprise*** (BADJE)is a small business providing business development services to young entrepreneurs. BADJE was started by Mme. Rabiatou Amadou Arzika. BADJE is providing and overseeing business development services and training primarily to NGOs, the CCIAN, and microfinance institutions, notably ASUSU. What makes BADJE stand out from other smaller business development service providers is Mme. Arzika’s extensive experience in the field, deep connections into the government, the private sector, and the NGO and donor community and her passion for supporting young entrepreneurs.Mme. Arzika’s name came up in numerous conversations this team had with various stakeholders; as a trainer, as a trainer of trainers, as a mentor and as a champion for policy change.Most recently, Mme. Arzika has helped draft the MSE Policy (*Charte de PME*), start an entrepreneurship club at the University of Niamey, and helped launch the microfinance organization ASUSU’s new Center for SME Finance (*Centre de Financement des PME*), which was inaugurated in October 2015. Over the next three years, ASUSU’s Center for SME Finance will work with 625 young entrepreneurs, selected on a competitive basis and provide them with business training and mentoring. After six months of training, the young entrepreneurs will obtain support to apply for credit from ASUSU.

Mme. Arzika notes there is a lack of business development support trainers in the country, and in particular there is a need for trainers who understand both the business side and the technical side of a business. According to Mme. Arzika, good mentors and business development support providers need to have a social drive and believe in their work. Considering Mme. Arzika’s extensive experience working with young entrepreneurs, she would be a valuable resource and advisor for designing and implementing business development services.

## 1.7 International Nongovernmental Organizations Providing BDS

**Swisscontact** is an international foundation implementing development projects in Niger that focus on training young men and women.The Program to Support Training in Rural Niger ([*Programme d’appui à la formation professionnelle en milieu rurale au Niger*](http://www.swisscontact.org/fr/niger/projets/projets/p/Project/show/support-programm-fuer-die-laendliche-ausbildung-in-niger-fopror.html) (FOPROR)) provides a practical, comprehensive training approach to agriculture and agricultural business for rural youth. The program fills an important need as a more comprehensive training approach to technical and business skills for youth in the agricultural sector is lacking. The program, funded by the Swiss Cooperation from October 2013-2016, is implemented in Dosso and Maradi regions.FOPROR has created farm schools where rural youth age 12-30 with no or limited schooling but with access to a family plot participate in hands-on training. The farm schools are referred to as SIFA, Integrated Sites for Agricultural Training (*Site Integré de Formation Agricole*), as the focus is on integrating practical, technical knowledge of diversified, sustainable, and profitable agricultural practices. The program seeks to transform the understanding of farming from subsistence-driven to a means of conducting profitable business activities.

**SIFA by the Numbers**

* Six sites in Dosso region.
* Four sites train 20-25 youth per 4 months training cycle.
* Two larger sites train 115 youth per cycle.
* For each group of 25 students, there are two trainers; one is recruited externally while the other is recruited from the local community. All trainers are currently men.
* As of October 2015, 320 girls/ young women and 363 boys/young men have been trained at the SIFA sites.

In Dosso, there are currently six different SIFA sites of three to five hectares each; trainings are held five mornings a week for four months.[[10]](#footnote-11) Thereafter, the trainees are followed for another four months and receive technical advice and assistance on their own farms on how to implement what they learned at the farm school. Cognizant that it is important that young women gain experience and build agricultural businesses, Swisscontact found that half-days work well for women because they allow time for them to undertake gender-based tasks relating to their family’s needs.

To ensure local participation and ownership, each SIFA site has a management committee made up of the village chief, as well as representatives from the local commune, the local farmers’ organization as well as one of the youth in training and one representative for women.By ensuring the management committees include at least one active woman, she can liaise with other female participants and relay their perspectives and concerns. Each SIFA partners with a local farmers’ organization (*organisation paysanne* (OP)) located in the area where the SIFA is situated.Swisscontact is also training and working with the OPs to strengthen their organizational and management capacity. This is an important supplemental component to the SIFA program, as it would be detrimental to the implementation of the program to work with poorly managed OPs. There are women represented in all the OPs that are part of the SIFA program; the president of one of the OPs is a woman, and almost all the OPs have a woman as treasurer.

Swisscontact expects the OPs to recruit SIFA participants because the OPs are closest to the base and know their members. There is a great demand in participating in the program, and there are more applicants than spots. Initially, participants were mostly young men and boys. To address this issue, Swisscontact facilitated discussions with the OPs and the local villages to find out what was holding the girls and young women back from participating in the program. The conversations highlighted that some villages and OPs did not want their girls and young women to participate in training where they mixed with boys and young men. In response, the training is now structured where there are different training cycles for men and women and the program has since seen a big uptick in female participation. However, in other villages, mixed training was not a concern and in those locations mixed training is still taking place. For instance, the Regional Chamber of Agriculture (CRA) in Dosso conducted a site visit to one of the SIFA sites in August 2015 and found that 17 out of 20 participants at the site were young women. Although it is encouraging to see so many young women participating in the program, it is equally important to raise the question as to why the program appears to be less attractive to young men.Moreover, it is important to be aware of that social norms vary considerably between locations, even though the distance between the locations is rather insignificant. Therefore, there are ongoing needs to determine young women’s and young men’s experiences of the program, as well as to benefit from their ideas and contributions. Going forward, it would be important to ensure some qualitative as well as quantitative assessment of the program’s gender impact is conducted.

Gender analysis also reveals variations of social status and norms among female participants. Their degree and flexibility of participation often depends on whether they are married with husbands present or with husbands away, divorced, widowed or single. Swisscontact has found that the SIFA sites closer to the border have a higher percentage of married women, while the sites a little bit further away from the border have more unmarried girls and young women participating in the training program. As noted in the AgCLIR report, men, especially living closer to the border, move to the neighboring countries to work and the wife is left at home to take care of the farm and the family. Going forward, Swisscontact might want to explore whether offering on-site child care would make it easier for women with young children to participate.The SIFA site’s management committee talks to the spouse of prospective married female participants, to ensure husbands understand and support their wives’ desire to participate in the training.

The trainers at the SIFA sites are all male. Swisscontact said that they would like to also have female trainers, but it had not been a priority for them to find and train female trainers since the villagers and OPs did not identify the lack of female trainers as an issue. Swisscontact pointed out that the Ministry of Agriculture’s officer is a woman. Nevertheless, even if having male trainers was not identified as an issue, female trainers provide a positive role model for young women and girls and ensure male participants recognize that women may be agricultural experts and trainers. Secondly, it is often difficult for women participants to ask male trainers questions.To ensure women are learning effectively and contributing fully, it is important to have female trainers involved whenever possible.

On SIFA sites youth are trained in topics such as rain-fed agriculture, irrigation,pest management, equipment management, and the integration of livestock management into agriculture.It is important that the training avoid gender-based stereotypes. For instance, equipment maintenance is typically considered male work, but such a mindset can be detrimental to the evolving agricultural and business communities in Niger when women have the requisite aptitude and interest to become part of the machinery-tending workforce. Also, to the extent that men may still migrate, it is essential for the sustainability and success of the farming communities that women can manage maintenance on their own.

Swisscontact supports graduates of the SIFA program to develop and submit business proposals for financing through BAGRI and the recently launched FAR financing mechanism, described in more detail in Chapter 3. This is the first year Swisscontact has been able to support their SIFA graduates to develop the business plans and financing applications as FAR last year told Swisscontact’s FOPROR program that youth had to have two years of experience to qualify to apply for the FAR financing program. However, as of the fall 2015, FAR is accepting applications from youth where FOPROR can certify that they have graduated from the SIFA training program. During our visit in October 2015, Swisscontact’s FOPROR program in Dosso had submitted 50 applications on behalf of their graduates, but was still waiting for a response on the applications.

During the course of this assessment, the SIFA sites stood out as a very attractive and inclusive model, which packaged technical training with some basic commercial skills and support for accessing finance bytraining and providing continued support to small-scale young farmers to undertake agriculture as a commercial activity. Our team found that Swisscontact would be well-positioned to expand its activities.

The international development organization **SNV** has been contracted to support small agribusinesses to develop business plans under the World Bank funded PRODEX project (200 business plans) and is just launching their activities with the USAID funded REGIS-AG project (800 business plans).[[11]](#footnote-12)Following a common model for the delivery of business development services, SNV has subcontracted local service providers to work with entrepreneurs to develop business plans. These subcontractors are referred to as ***Groupement de Service - Conceil* (GSC)** and are typically small businesses with technical expertise. As this team heard from several sources, the quality of the GSC’s performance has varied widely. SNV use to work with 18 GSCs but has eliminated at least six GSCs due to their lack of competence and engagement. For instance, in Dosso SNV use to work with five GSCs but has only retained two who could perform the work satisfactorily. Similarly in Niamey SNV has discontinued working with a fair number of GSCs and are now only contracting with two or three. SNV identifies two main issues contributing to the GSCs’ lack of performance: PRODEX paid the GSCs for their services without verifying with SNV if the services were carried out satisfactory; and some of the GSCs were unprofessional and would for examplecopy and paste business plans from one entrepreneur to the next without tailoring the business plan to the individual entrepreneur.

Based upon their experience working with GSCs, SNV developed a system to evaluate the GSCs’ competence.SNV stresses the need for allocating sufficient funds for training the GSCs and for SNV to continually monitor the performance of the GSVs. For instance, as SNV is launching their activities under the REGIS-AG project, they are developing the training modules to train the trainers and provide additional monitoring of the new GSV trainers.Our team met with two of the better preforming GSVs in Niamey, which appeared competent and experienced.

Unless all business development services are provided in-house, subcontracting service providers is a common model for delivering business development services.[[12]](#footnote-13)Considering SNV’s experience working with GSVs, they are well-positioned to screen, train, and supervise other BDS providers.

**MercyCorps** has worked in Niger since 2005 focusing its programing on food security and has extensive experience working in rural, poor communities.The Madara program works in Filingué in the Tillaberi region with individuals and collectives protecting animal assets and increasing dairy production to enhance food security and strengthen livelihoods.The program cycle spans eight months and involves an initial two months training of technical training on animal health, milk production, processing, and basic business skills. Thereafter, the participants are supported to develop a proposal to obtain a small grant (75,000-200,000 CFA) following another four months of training and follow-up.MercyCorps is currently finalizing a mid-term monitoring and evaluation survey. The program is currently working with 535 individuals and collectives, half of whom are women.

MercyCorps is working with ASUSU to develop a financial literacy training. Part of the reasoning for working with ASUSU is to foster trust and an understanding for financial services. To that end, the Madara program wants all participants to open up savings accounts with ASUSU.However, MercyCorps notes that one of their challenges was convincing ASUSU to work in such a rural area.

**CARE** works on leadership and empowerment for women and girls, climate change adaption, food security and at-risk-youth. To engage with the community they work in, CARE helps establish platforms made up of several villages to the needs of the community. While neither of CARE’s current programs is delivering business development services, they have a lot of experience in delivering training to rural communities and how to reach and engage women and youth with limited or no formal schooling.

## 1.8 Implementing Considerations

Considering that the existing local BDS capacity is rather modest and concentrated in Niamey with very limited reach to rural communities, we believe that the more appropriate model for delivering business development services and strengthening local capacity in Niger is to contract an international organization to manage the activities under the BDS component [referred to here as the *project team*].

As stressed throughout this report, there are great needs and a significant shortage of tailored technical training opportunities for different segments of the agribusiness community. To support the advancement of agribusiness entrepreneurs; we recommend a three-pronged approach: technical training, business development services, and access to finance as described in the Access to Finance chapter. The World Bank’s Climate Smart Agriculture (CSA) project will provide technical services through a host of integrated activity packages” including extension services, animal health services, irrigation technologies, and support to the seed sector. It will be important for the MCC to ensure the CSA is supporting and providing technical services to all actors the MCC compact will target, such as processors, wholesalers, retailers, and exporters. Moreover, the BDS should be targeting agricultural enterprises that already have demonstrated or have the potential to become profitable. Thus, subsistence farmers are in great need of technical services, and theyfirst need to improve their technical know-how and practices before they improve their BDS skills.

Depending on the format for the CSA matching grant facility, the BDS component could be a part of the matching grant facility organization, or it could be managed by a different contractor which would work closely with the matching grant facility. Considering the immediate needs for delivering targeted BDS to agribusinesses as well as building local capacity to enable sustainability, we propose that the project team manages two main activities under the BDS component:

* Assess the needs, design interventions and identify partners to deliver business development services to target population.
* Support and strengthen the Chamber of Commerce and its affiliated institutions and the Regional Chamber of Agricultures’ capacity to deliver relevant business development services to producers and agribusinesses.
1. **Assess the needs, design interventions andidentify partners to deliver business development services to target population.**

**Assess the needs**: Once the geographical areas of intervention have been determined a formal agricultural enterprise survey should be carried out in the communes of intervention. To our knowledge, there is limited data and information concerning agribusinesses in Niger. For instance, CRA in Dosso believe that there are 50-60 farmer organizations (OPs) in the region, but does not know for sure, and, considering the poor governance of many OPs, the actual number of members in an OP is often unclear.According to the World Bank’s Aide Memoire for the CSA, the 60 communes the CSA intends to work in have a total population of 3.9 million inhabitants or 529,789 households, of which 86 percent are rural.[[13]](#footnote-14)The Aide memoire establishes that at least 40 percent of the beneficiaries of the CSA project should be women, youth and vulnerable groups; it will be important for the project team to establish certain selection criteria for sampling participants of the enterprise survey.It is imperative that the sampling strategy explicitly targets different demographic groups. For instance, a household survey where the head of the household is interviewed will create a sampling bias against women and youth.The purpose of the enterprise survey is to understand the types of agribusinesses (including by type of activity, value chain, estimated revenue, number of employees, gender and age of owner) and understand the agribusinessescurrent level of technical, financial and business management knowhow andclearly identify their needs.It would be beneficial to supplement the survey with focus group discussions where more homogenous groups of entrepreneurs (stratified by type and size of business, gender and age) have an opportunity to share their experiences of what types of BDS is needed.The input from the survey and the focus group discussion will be instrumental for the project team to design the intervention for BDS.In addition, the survey will provide a baseline against which monitoring and evaluation results can be compared. We estimate that it would take the project team three to four months to design the survey and the sampling method, carry out the survey, and analyze the findings.

**Design interventions and identify partners for implementation**:In collaboration with the CSA and guided by the findings of the survey, the project team should establish targets for the different kinds of BDS e offered. It will be important to consult with existing projects described in this report to get a good sense of how much capacity there is in the country for scaling up BDS.The project team should also work closely with the CSA to sequence technical services, BDS, and possibly access to the grant financing vehicle set up by the MCC/CSA project.

The project team needs to establish clear selection criteria for businesses wanting to participate in BDS.The criteria will vary depending on the activity or service. Based on findings from the survey and the focus group discussions, the project team should develop activities tailored to the needs of different groups. To ensure there is a dialogue between the project team and the intended users, the project team should explore different models for establishing inclusive stakeholder advisory groups according to geographical region and types of businesses served.

In designing the interventions, the project team must pay close attention to inclusive outreach, access, delivery of training/BDS, and post-training/BDS guidance.To this end, the whole project team should be trained in gender and youth inclusive practices. Two factors continue to challenge inclusive implementation. First, once one goes beyond "head-counting" (of getting women/youth into a training program), the quality of experience must be determined, which requires observation and consultation.Second, from a gender and youth perspective, it is important to situate the program within the community by ensuring parents, spouses, and community leaders understand the objectives and activities of the program. It is also important to underscore that "youth" means both young women and young men - *each* with their challenges. To this effect, the project team needs to ensure outreach and an inclusive awareness campaign are undertaken in areas where the BDS services will be provided. Again, it is important to tailor the message and the format for the awareness campaign to the local community and the intended audience, which is something the stakeholder advisory group can facilitate.

To deliver business development services, the project team needs to select partners to work with. While it is ultimately the decision of the project team to select service providers, as highlighted in this report, we found that Swisscontact’s SIFA farm schools provide a very good model for practical, agricultural training integrated with BDS training and support for seeking access to finance. We believe that this is a model MCC should replicate, particularly in communes in close proximity to the planned irrigation schemes to maximize the uptake and return on the investment. As the SIFA program is undergoing an evaluation during the fall 2015, it will be important to review the completed evaluation.

In addition, theWorld Bank is launching, with funding from Danida,the Niger Investment Climate and Competiveness Support Project (NICCP) to support the investment climate for micro, small and medium enterprises in selected value chains. Among other things, NICCP support the *Maison de l’Entreprise* and private sector organizations to offer technical and business development services tailored to the needs of the agribusiness sector in Diffa and Zinder. Hence, specifically for these regions, there is an opportunity to partner with the NICCP to support the expansion of BDS. However, as earlier noted in this report, the NICCP project document lack of gender and youth focus, and it would therefore be important to proactively ensure that gender and youth are included in any such partnership.

A different, but common model for delivering BDS is to engage smaller, local service providers on a contract basis. If trained and supervised properly, there is a transfer of knowledge and the capacity of local, private service provider will improve. However, as the experience with the *Groupement de Service - Conseil* (GSC) showed, there is a real need for rigorous screening, followed by training and close supervision of the service providers.

In selecting a partner or partners for delivering business advisory services, the project team must ensures the service provider design is relevant and training material is appropriate for the intended participants and that recruitment for participation is inclusive and intentional.Important considerations for training design include level of literacy and education as well as the business owner’s experience and the maturity of the enterprise. The developer of the training materials needs to ensure the materials are culturally appropriate, inclusive, and tailored for agribusinesses. Hence, there will be a number of different training materials developed, based upon the target audience. There is experience is developing these types of training materials among international organizations such as Swisscontact, MercyCorps, CARE and SNV as well as local organizations such as CIPMEN and BADJE, and the project team and its partners should draw upon those experiences.

The project team needs to ensure the selected partner(s) outreach strategy and selection criteria explicitly targets different demographic groups. The project team needs also to design a performance monitoring plan to collect data that is sex and age disaggregated and includes a mid-termand end of the project gender/youth evaluation.

We estimate it would take one to three months to design programs and identify partners for implementation. Therefore, by the middle of the first program year, smaller pilot projects where the selected service providers start providing services could be kick-started. The project team needs to follow the pilot projects closely and keep and seek input from the users, and be ready to work with the service provider to make adjustments to the program. By the end of the first program year, we would expect that services can be scaled up.

1. **Support and strengthen the Chamber of Commerce and its affiliated institutions and the Regional Chamber of Agricultures’ capacity to deliver relevant business development services to producers and agribusinesses.**

The second proposed component of the BDS program is to build and strengthen local institutional capacity to provide agribusinesses with BDS. The two main concerned institutions are the Chamber of Commerce (CCIAN) and its affiliate organizations and the regional Chambers of Agriculture (CRA). By supporting these two institutions, the whole value chain would be served as the CRA is mandated with production support and the CCIAN to support commercialization of products.

As noted in this report, the regional Chambers of Agriculture (CRA) have an organizational structure that can reach down to the commune level and with sufficient funds could mobilize and strengthen the capacity of farmers’ organizations. In collaboration with the Ministry of Agriculture, CRA, and the Ministry of Women, we propose a plan where the project team would second one senior and two juniorlocal agricultural business development experts to the relevant CRAs regional offices. The main functions of the seconded experts are to strengthen the capacity of the CRA staff; support the CRA to assess the OPs governance capacity and implement a plan to improve the OPs governance structure; and develop, pilot, and implement BDS that are feasible for CRA to deliver beyond to life of the MCC compact. We foresee that there would be an initial planning phase to consult with stakeholders of one to two months before BDS experts can be seconded. Part of the plan and the agreement with the government of Niger is that the government needs to be able to sustain and fund the regional capacity that has been developed. Consequently, after four years, the BDS experts’ level of effort should progressively be reduced to transition the responsibilities to the government and CRA.

CCIAN has a regional presence in all of the regions in the country. However, there are no ongoing business development services beyond facilitating the registration of businesses. Two primary activities are proposed with the CCIAN and its affiliated organizations; support the expansion of the *Centre de Gestion Agrée* (CGA) and develop a plan to deliver inclusive business development services targeting the agribusiness sector in the regions.

As described in this report, the CGA is delivering customized accounting, tax, and business support services to SMEs. They have been ramping up their activities by serving more clients in Niamey and will open up a new office in Maradi by the end of 2015 and in Zinder in 2016. We recommend that the expansion of the CGA centers is supported in other regions as well. It is our understanding and CGA’s understanding that the CCIAN can install CGA in its existing regional buildings. Although this would have to be confirmed with the CCIAN and the space capacity would have to be assessed for the different regions, this would defer some of the cost of supporting CGA’s expansion, and ensure sustainability beyond the duration of the MCC compact. The CGA has prepared a budget for the cost of personnel for expanding to the different regions. This activity could be started during the first quarter of the implementation of the BDS component.

There is a need for greater business development support for agribusinesses in the regions. The enterprise survey will clarify what those needs are and for the different actors along the value chain. For instance, we observed that female processors are interested in exporting their products to the regional market, but need both technical support to improve their products and packaging and logistical and marketing support to enter the export market. There are young, well-educated and eager budding entrepreneurs that are interested in the agribusiness sector. While they are currently based in Niamey, if there are greater support and opportunities in the regions, some of them would find that attractive, and it would be beneficial for the regional markets to see some of their well-educated youth relocate and start a business.

We propose that a consultative process to determine a way forward to strengthen the capacity of the CCIAN to better serve agribusinesses in the regions, including the CCIAN and its affiliate organizations, the Ministry of Commerce and the Ministry of Women, as well as other donors already supporting the CCIAN affiliated institutions, notably the NICCP project, as well as representatives from different agri-focused professional organizations, and with input from the private sector working in BDS, notably BADJE and CIPMEN.Based upon the outcome of this process, an implementation plan will be developed. A possible scenario is that the cost for additional staff and activities in the regions is shared between the MCC compact and the CCIAN, where the MCC compact pays a greater percentage at the beginning of the compact period and that the CCIAN takes on a greater financial responsibility over time.As noted in this report, there appears to be relatively limited mainstreamed gender awareness in the CCIAN, and it will therefore be important to both train CCIAN staff in gender and youth inclusion, but also ensure people with gender and youth awareness, a drive and passion for entrepreneurship are part of this process. Based upon our initial meeting, we found that BADJE showcased these attributes.

The CRA and the CCIAN’s in the regions have limited contact with each other. We believe that more regular contact between the two organizations would stimulate greater synergies along the value chain and the project team should encourage the two institutions to meet regularly.

For all activities under the second component, there needs to be gender training for all staff. Moreover, the transfer of knowledge to the CCIAN and CRA institutions involves training in continuously assess and analyze the needs of the beneficiaries. In addition, the CCIAN and CRA institutions need to be able to develop work plans and budgets so they can lobby the government to fund the developed activities past the duration of the compact.

**Monitoring and Evaluation Considerations**. There are a number of considerations and challenges to keep in mind in regard to monitoring and evaluating the impact of business development services. A key feature for monitoring and evaluating the BDS component is to collect *and* analyze sex and age disaggregated data. To ensure the program is inclusive and meet the needs of women and young people, regular monitoring and a mid-term gender/youth evaluation need to be conducted to identify both successes in which to capitalize on and shortfalls calling for modifications of approaches.

To be able to measure change, a baseline needs to be established of participants taking part in BDS. The short and long-term impacts of a training program or a service can differ substantially, so a key challenge for impact evaluation is to determine when to measure the outcomes.A recent, comprehensive World Bank review of the impact of business training programs found that most studies assess the impact after a year or less after the training.[[14]](#footnote-15)While one might expect that businesses that participate in business trainingwould make changes relatively quickly after the training, the full impact of the training might take time. Notably, three common outcomes to measure the impact of BDS – business survival, business growth, or new business start-up –may take time. Moreover, it is important to consider how businesses or start-ups that don’t receive the training preform. For instance, a study of business training for women out of the labor force in Sri Lanka found that during the first year after the training there was a large increase in business entry among the training participants. However, surveys 16 and 25 months after the training showed the control group had caught up in terms of business ownership rates.[[15]](#footnote-16)Finally, some firms could adopt a new skill or practice, but ultimately drop the practice. Hence, ideally the monitoring and evaluation team should trace both shorter and longer impact of the BDS, beyond the end of the compact.

There are several key indicators for measuring success, but some are challenging. The start-up of a new business and the survivorship of an existing business are objective measures that can be verified. Business practices (e.g. keeping accounts or separating business and household expenses) are relatively easy concepts to monitor. However, some studies note that business owners who have participated in business training might report that they adhere to a practice they learned in the training (such as separating personal and business accounts), but they are actually not doing it.[[16]](#footnote-17)

Indicators illustrating how well businesses are doing in terms of profitability and revenues are harder to corroborate.Small business owners, especially if they are illiterate, might not keep records. Business development training programs such as MercyCorps and Swisscontact develop approaches to track expenses and revenues with pictures and symbols for illiterate training participants based upon ILO’s *Gerez Mieux Votre Entreprise* (GERME) syllabus.[[17]](#footnote-18) Thus,it will be important for the project team developinga monitoring and evaluation plan to further investigate what the challenges are to collect information on record keeping from illiterate participants. Moreover, owners of all sizes of businesses might be reluctant to share their information about their profit due to concerns about taxation issues or theft.In addition, training participants might have different understandings of what profit or revenues entail. In particular, if the business training leads to more accurate accounting practices, it is challenging to know if the baseline data collected before the training, is accurate. As a result, many studies find it difficult to collect data on profit.[[18]](#footnote-19)

The World Bank review of the impact of business training programs found that few studies detected significant impacts of business training alone on businessprofits or sales.[[19]](#footnote-20) However, the review notes that studies do find impacts of the combination of training and a grant, especially on the short-run profit. Three of the business training impact evaluations reviewed by the World Bank provided half of their participants with individualized follow-ups after the class-room training. Two of the studies provided one to two follow-up visits for four to five months to discuss topics learned, answer questions, and suggest solutions to potential problems. The follow-up visits were mostly intended to reinforce the general business skills taught in the training rather than to provide firm-specific individualized advice. Neither of the studies found any effect of the follow-up sessions on the outcomes for either women or men. However, another study found that existing female owned businesses in Peru that received business training and intensive, tailored, one-on-one technical assistance saw a greater improvement in business practices, and 20 percent increase in revenue. The follow-up sessions combined individual more specific technical assistance tailored to the needs of the individual women’s businesses and visits with group sessions among small groups of similar businesses during a three-month period. This follow-up component included 22 three-hour group sessions and five to six hours of individual sessions or visits. However, the same study found that those that only received the training did not see any significant increase.[[20]](#footnote-21)As demonstrated from these findings, the importance of tailor training to the needs of the individual businesses, and to combine technical and business skills training cannot be stressed enough.

It is sometimes argued that business development training may have spillover effects beyond the participants in training as the training can bring about firm growth and thereby increase employment opportunities. However, the World Bank review found an insignificant increase of employment creationfrom microenterprises (typically defined as enterprises with less than five employees), but estimates based upon the findings that not more than one in twenty microenterprises participating in a business training will hire an additional employee.[[21]](#footnote-22)

## 1.9 Cost Estimates of Selected Activities

Given that the exact location of MCC project activities is not yet final and a household survey of potential beneficiaries has not yet been completed, this section aims to a) make explicit some assumptions about what a multi-year business development services project could look like; b) describe the unit costs for some of the recommended services through a combination of data gathered from current projects on the ground and educated assumptions; and c) provide an example of multi-year project costs that can be expanded, reduced, or refined as MCC continues its compact design.

As indicated throughout the chapter, we recommend that business development services should be provided to farmers and agribusinesses in MCC’s target areas. As noted, current local capacity to deliver these services are low from both the public and private sectors, and demand is high; therefore we envision that these services will be provided by a qualified international firm or NGO with a track record of success for delivering business skills training in the agricultural sector. Based on what is currently working in Niger, we feel that bundling business development services with technical agricultural training is the model most likely to lead to commercial success (these services are referred to as Component 1 in the figures below). Therefore, we have gathered unit training costs from Swisscontact, as this organization currently implements the most similar project.

In addition to agricultural and business development training provision, the international service provider will need to address the poor supply of these services from domestic Nigerien providers.To ensure sustainability of these services, which we expect to be needed well after the life of the compact, Component 2 of this project will require the implementing firm to work with existing bodies in Niger to boost their capacities and expand their services and ensure a whole of government approach to guarantee services that are high quality and have an institutional mandate and home to be carried forward.

### International Project Team

The two components of the project will be managed by a team of five long-term employees: an international chief of party, two component managers, a gender expert and a monitoring and evaluation expert. Costs for these positions are detailed in the table below:

|  |  |  |
| --- | --- | --- |
| Position | Year 1 cost (USD) | 5 year cumulative cost (USD) |
| Chief of Party (salary and indirect costs) | 250,000 | 1,250,000 |
| Manager for Component 1[[22]](#footnote-23) | 20,000 | 100,000 |
| Manager for Component 2[[23]](#footnote-24) | 20,000 | 100,000 |
| Gender expert | 20,000 | 100,000 |
| M&E expert | 20,000 | 100,000 |
| Total | 330,000 | 1,650,000 |

There also will be standard office costs, for which we do not have good estimates, though the UC-PMC could likely provide a good estimate.However, we would estimate these costs to run about $250,000 a year, with the highest costs being office rents – though this project is likely to have nearly all personnel in lower cost regional areas – and vehicle procurement.[[24]](#footnote-25)

### Activities under Component 1: Assess, Design and Deliver Business Development Services

The main tasks under this component will be to assess, design, and deliver BDS services.Depending on the status of MCC’s enterprise survey, this could be undertaken as one of the initial tasks under this component, in which case an additional cost of approximately $100,000 is anticipated.

The major activity under this component will be to provide practical integrated agricultural and business development training for youth. Using the Swisscontact SIFA project as a model, we can calculate the costs (excluding overheads) as follows:

While the project will have to propose the exact number of training sites and where they should be located, based on agronomic and commercial suitability, we estimate that this component will target approximately 20 communes, which should reach 9,000 farmers each year and 45,000 over the life of the project.[[25]](#footnote-26)

Each site has a capacity of training 150 beneficiaries in a four-month period for the initial agronomic training.A site is typically 3-5 hectares and can hold three groups of 25 students in the morning, and again in the afternoon (although SIFA sites are not currently utilized to this full capacity), meaning 150 students can be served in a four-month period, and 450 over the course of a year.If we assume the project will construct 20 sites, there will be 29,000 beneficiaries per year.

Training for the first four months of the agronomic skills course costs 3.5 million CFA ($5,833) per cohort of 25 participants.We do not have good cost estimates from Swisscontact on what the business development training costs of months 5-8 are, but we assume they are about half of the agronomic costs, as the courses are no longer daily but are on an individual follow up basis.

|  |  |  |
| --- | --- | --- |
| Category | Year 1 cost (USD) | Year 1-5 cumulative cost (USD) |
| Site construction of 20 sites (unit cost is 20 million CFA) | 2,000,000[[26]](#footnote-27) | 2,000,000 |
| Agronomic training costs (Months 1-4) | 2,100,000 | 10,500,000 |
| BDS training costs (Months 5 – 8) | 1,050,000 | 5,250,000 |
| Total | 5,150,000 | 17,750,000 |

### Activities under Component 2: Capacity building of local institutions to deliver BDS

The main tasks under this component will be to expand the *Centres de Gestion Agrée* (CGA) to each of the six regions they have identified as priority: Dosso, Diffa, Tahoua, Tillaberi, Agadez, and Zinder.[[27]](#footnote-28) CGA’s annual planned budget for one expansion to a new region is presented below.[[28]](#footnote-29)

|  |  |  |
| --- | --- | --- |
| Category | CFA/year | USD |
| Head of the regional CGA  | 12,000,000  | 20,000 |
| Senior accountant | 8,400,000  | 14,000 |
| Two accountants  | 9,600,000  | 16,000 |
| Secretary  | 3,240,000  | 5,400 |
| Outreach agent (*agent de liaison*)  | 2,400,000  | 4,000 |
| Driver  | 2,400,000  | 4,000 |
| Total cost for 1 CGA/year | 63,400 |
| Total Cost for 6 new CGAs/year | 380,400 |

This component will also **support the capacity of CRAs** to eventually be the service provider for BDS. To ensure the CRAs obtain the necessary capacity to eventually become a service provider for BDS, the international service provider will need to train and second agricultural business advisors to each CRA.We envision each CRA having one senior BDS expert seconded, as well a junior expert covering every 2-4 communes (depending on number of OPs served), and motorcycles so that the majority of their time is spent in the field with farmers MSMEs.

|  |  |  |
| --- | --- | --- |
| Category | Year 1 costs (USD) | Year 1-5 cumulative costs (USD) |
| 8 senior experts | 112,000 | 560,000 |
| 16 junior experts | 64,000 | 320,000 |
| Motorcycles (year 1 initial purchase of 3,000 and ongoing fuel / maintenance costs of 1,000/year | 64,000 | 128,000 |
| Total | 240,000 | 1,008,000 |

**Total Project Costs**

|  |  |  |
| --- | --- | --- |
| Category | Year 1 cost (USD) | Life of project costs (USD) |
| Management Labor | 330,000 | 1,650,000 |
| Office overheads | 250,000 | 1,250,000 |
| Enterprise needs survey in communes | 100,000 | 100,000 |
| Component 1 integrated training costs[[29]](#footnote-30) | 5,150,000 | 17,750,000 |
| Component 2 – CGA expansion | 380,400 | 1,902,000 |
| Component 2 – CRA support  | 240,000 | 1,008,000 |
| Total costs | 6,450,400 | 23,660,000 |

# Chapter 2: Livestock and Dairy Value Chains

## 2.1 Introduction – Role of the Livestock Sector in Niger

The Ministry of Livestock’s 2013 Annual Report projected the size of the large and small ruminant populations in Niger to be in excess of 39 million head in 2014. It is estimated that 87 percent of the population of Niger is involved in some element of the livestock sector, either as a principal source of income or in combination with the production of agricultural crops.[[30]](#footnote-31)This means that there is an average of 2.5 head per capita.

|  |
| --- |
| Table 2.1: Evolution of the Ruminant Population in Niger |
| Livestock Type | 2005  | 2014  | 10-YEAR CAGR |
| Cattle | $7,336,087 | $11,377,312 | 5% |
| Sheep | $9,192,020 | $11,108,089 | 2% |
| Goats | $11,238,266 | $14,883,559 | 3% |
| Camels | $1,565,419 | $1,723,185 | 1% |
| Total | $29,331,792 | $39,092,145 | 3% |

*Source: Annual Report, Livestock Statistics, 2013*

The total livestock value of $39,092,145 represents 40 percent of agricultural gross domestic product (GDP) and 13 percent of total GDP.[[31]](#footnote-32) Over the past 40 years, per capita meat consumption is estimated to have fallen from 24 kilograms per capita in 1968 to 6 kilograms per capita in 2010, while per capita milk consumption has dropped over the same period from 107 liters per year to 45 liters per year. This reduced consumption is due in large measure to a compound annual population growth rate over the past 50 years of 4.5 percent per year (1.7 million in 1960, 18 million in 2015). Livestock and milk production growth, while positive over the same period, has not been able to keep up with the growth rate of the Nigerien population. As a result, Niger is a net importer of both meat and milk products, with powdered milk from the European Union constituting the great majority of milk imports (see Tables 2.2 and 2.3).

|  |  |  |
| --- | --- | --- |
| Table 2.2: Niger Trade in Meat and Edible Offal |  | Table 2.3: Niger Trade in Milk and Milk Products |
| Year | Import  | Export |  | Year | Import | Export |
| 2010 | $192,964 | $24,238 |  | 2010 | $25,235,888 | $358,367 |
| 2011 | $230,978 | $2,427 |  | 2011 | $33,284,329 | $714,787 |
| 2012 | $632,677 | $10,902 |  | 2012 | $38,163,594 | $861,458 |
| 2013 | $2,505,480 | $21,327 |  | 2013 | $36,072,940 | $286,571 |
| 2014 | $2,272,938 | $6,836 |  | 2014 | $52,522,407 | $422,312 |
| TOTAL | $5,835,037 | $65,730 |  | TOTAL | $185,279,158 | $2,643,495 |

 *Source: COMTRADE* *Source: COMTRADE*

In contrast, Niger’s exports of live animals is considerable, with almost all product destined for Nigeria (Table 2.4). Given the porous nature of the 1,500 kilometer border which joins Niger and Nigeria, a significant portion of the actual live animal exports from Niger to Nigeria likely goes unreported and exceeds these official statistics. Nigeria occupies no less prominent a role as the leading client for Niger’s skins and hides, accounting for an estimated 90 percent of all hide transactions in Niger. Thus, when the Nigerian economy struggles, as has been the case over the past two years, the knock-on effect to the Nigerian livestock economy is immediate. When a 58 percent decline in live animal exports to Nigeria (as occurred between 2012 and 2014) is accompanied by rapid increases in meat and milk imports over the same period, the impact on herder incomes, and on the national economy, can be powerful.

|  |
| --- |
| Table 2.4: Niger Live Animal Exports |
| Year | Total | Nigeria | Percentage to Nigeria |
| 2010 | $47,239,670 | $46,746,315 | 99% |
| 2011 | $41,780,894 | $41,331,603 | 99% |
| 2012 | $35,003,382 | $34,445,987 | 96% |
| 2013 | $18,476,812 | $17,796,544 | 98% |
| 2014 | $14,871,221 | $14,538,277 | 98% |
| Total | $157,371,979 | $154,858,726 | - |

*Source: COMTRADE*

## 2.2 Constraints to the Livestock Value Chain

Many diagnostic studies have documented the principal constraints to the livestock value chain and typically focus on the following:

**Animal health:**

* Mandatory vaccination systems are now in place for contagious bovinepleuropneumonia (PPCB) among large ruminants, and for small ruminant plague (PPR). During 2013, 5.4 million doses of PPCB vaccinations and 9.2 million doses of PPR vaccinations were administered. These quantities, however, only equate to 42 percent coverage of the estimated large ruminant population and 35 percent of the small ruminant populations. Given the importance which the government has attached to the control – if not the eradication – of these two serious maladies, such results are disappointing. The incidence of optional vaccinations for other large and small ruminant diseases (pasteurellosis and anthrax among the large ruminants; anthrax, pasteurellosis, and sheep pox among the small ruminants) did not exceed 2 percent of the respective populations.
* With only 180 veterinarians licensed to practice in Niger (equivalent to one for every 220,000 ruminants), the likelihood of a veterinary professional attending to any individual ruminant is extremely low. During the 1980s, the government gradually converted veterinary services from a state-provided function to a private sector fee-for-services function. Over the past 30 years, herders have grown accustomed to paying for veterinary services, and the uptake of available services is reported to be good.
* *Vétérinaires sans Frontières* (VSF), a Belgian NGO active in Niger since 2002, has succeeded increating*Services VétérinairesPrivés de Proximité* (SVPP) in 29 departments of the country, involving 16 private veterinarians and 545 veterinary technicians. The organization is seeking additional funding to expand its network across the entire country. VSF is also working with a separate NGO – *Telecoms sans Frontières* – to establish a smart-phone based market monitoring system to provide herders with real-time market information. The timeliness of this VSF information model is superior to that available from the *Systeme d’Informations du Marche-Betail* (SIM-B).

**Animal nutrition:**

* Access to reliable sources of feed is regularly cited as one of the foremost challenges facing the livestock industry in Niger. An estimated 620,000 square kilometers of pastureland across the country has traditionally served as the basic source of animal nutrition for Niger’s herders.As animal populations increase, drought and climate change effects increasingly limit the productivity of nutritional materials in this pastureland. In addition, as human population growth raises demand for land to accommodate homes and human food crops, these traditional sources of animal nutrition are increasingly inadequate. In its 2013 Annual Report, the Ministry of Livestock estimated that fodder from traditional pasturelands would cover only 70 percent of the nutritional requirements for that year’s nine-month dry season.
* Value chain actors speak of an over-emphasis by herders on herd counts and an under-emphasis on productivity per unit.[[32]](#footnote-33)To increase live weights and milk yields per animal, animals will require good, consistent sources of feed and water, both of which become increasingly scarce during the course of Niger’s nine-month dry season.[[33]](#footnote-34) Just as herders have gradually come to accept over the years the need to pay for veterinary services, so too must they accept the need to invest in feed to improve their returns from their herding activities. Herder organizations such as the *Association pour la Redynamisation de l’Elevage au Niger* (AREN) believe that proper nutrition of family herds will come only as a result of training herders to focus on quality rather than quantity as the primary goal, and to recognize the need to treat family herds as business opportunities.
* As with its management of CAIMA in the agricultural fertilizer sector, the government’s distribution of subsidized animal feed distorts the feed market to such an extent that private sector operators find it difficult, if not impossible, to operate. On the one hand, the volumes of livestock feed distributed by the government are sufficient only to cover a small fraction of the total nutritional requirements of the national ruminant population. On the other, the FCFA 4,000/50-kg sack normally invoiced to herders by the government under this subsidized program acts as a disincentive for herders to then pay the true market cost of FCFA 10,000/50-kg sack to meet their remaining needs. Without proper nutrition, ruminants will continue to be characterized by the low live weights described in Table 7, and by the low milk yields shown in Table 13.

**Access to finance:**

* As livestock shifts progressively from a low-input activity toward more purchased inputs and feed, cash requirements for herders to meet the costs of these inputs increase accordingly. In addition, efforts to professionalize the sector will eventually lead to a tendency to look upon family herds less as “walking savings accounts” to be cashed in at times of need, and more as sources of income that can be maximized by proper veterinary and nutritional inputs. Adequate access to credit plays an important role in determining whether herders are able to finance inputs and delay market release to maximize returns. In the present context where credit is difficult and expensive to obtain for the typical smallholder, often the only option is to liquidate on the basis of need, rather than on the basis of opportunity. In theory, a working capital line would liberate the smallholder from this traditional cycle of need-based selling. In practice, smallholders without prior credit experience struggle to correlate the advantages of improved cash flow with the obligation to repay loans once the livestock assets are liquidated. Smallholders agree almost universally on the need to develop affordable access to credit. In response to this expressed demand, programs should provide both the funds and repayment schedules that make financial sense for smallholder and lender alike, accompanied by training programs to insure that funds are managed in a way to improve the return on sales, and to enhance the likelihood of successful loan recovery.

**Gender access:**

* Women already play a significant role in the family herding activities (AREN, one of the two largest smallholder herder organizations in Niger, estimates that 50 percent of its overall membership is female). Women also play a dominant role in the dairy sector, with interventions ranging from milking the animals, to the preparation of curdled milk and distribution of milk products, to the organization of communal collection, all the way to the management of large dairy operations in urban centers.By tradition, however, women are not involved in the sale of live animals at any of Niger’s 650 livestock markets. This is unfortunate. To understand the need for good animal husbandry practices, it is important to understand the impact those practices can have on the evaluation of animals at time of sale. Without being able to witness this evaluation process, herders are precluded from a close understanding of how different attributes are calculated into the agreed price for any given animal. Basically, it is impossible to adopt a market-driven husbandry approach if the herder is excluded from the market. To the extent that this exclusion affects 50 percent of the herder population, this link between animal care and market value risks being lost.

### Meat Value Chain

Collection Markets

Aggregation Markets

Abattoir

Bouchers en Gros

Nigeria (80%)

Cote D’Ivoire (10%)

Senegal (7%)

Benin (3%)

Herders

Consumption Markets (80-87%)

Export Markets (13-20%)

Boucher En Detail

Consumers

Figure 2.1: Meat Value Chain
Distribution Flow

|  |
| --- |
| Table 2.5: Average Sales Prices  |
| Animal | Average Sales Price (FCFA) |
| Camels | 286,000 |
| Cattle | 220,000 |
| Sheep | 40,000 |
| Goats | 23,000 |
| Table 2.6: Sellers Margins and Net Values |
| Livestock classification | Collection Markets | Aggregation Markets | Consumption Markets | Abattoirs | *Bouchers en Gros* | *Bouchers en Details* |
| Intermediaries (FCFA) |
| Number | 1 | 1-3 | 1 | 0 | 0 | 0 |
| Camels | 5,000 | 5,000 | 5,000 |  |  |  |
| Cattle | 2,500 | 2,500 | 2,500 |  |  |  |
| Sheep  | 200 | 200 | 200 |  |  |  |
| Goats | 200 | 200 | 200 |  |  |  |
| Sellers Margins (FCFA) |
| Camels | N/A | 20,000-25,000 | 20,000-25,000 | 20,000 – 25,000 | 20,000 – 25,000 | 20,000 - 25000 |
| Cattle | N/A | 20,000-25,000 | 20,000-25,000 | 20,000-25,000 | 20,000-25,000 | 20,000-25,000 |
| Sheep | N/A | 4,000-5,000 | 4,000-5,000 | 4,000-5,000 | 4,000-5,000 | 4,000-5,000 |
| Goats | N/A | 2,000-2,500 | 2,000-2500 | 2,000-2500 | 2,000-2500 | 2,000-2500 |
| Net Value (FCFA) |
| Camels | 290,000 | 315,000 | 340,000 | 360,000 | 380,000 | 400,000 |
| Cattle | 222,500 | 245,000 | 267,500 | 287,500 | 307,500 | 327,500 |
| Sheep | 40,200 | 44,400 | 48,600 | 52,600 | 56,600 | 60,600 |
| Goats | 23,200 | 25,400 | 27,600 | 29,600 | 31,600 | 33,600 |

Livestock in Niger represents a store of value that can be readily converted to cash whenever the need arises to pay for items such as uniforms and books at the beginning of school term; weddings of family members and religious celebrations;cowpeas, millet, or sorghum to top up stores of basic foodstuffs for the family; or supplemental fodder for the remaining animals in the family herd.[[34]](#footnote-35)Thus, livestock are frequently referred to in Niger as ambulatory ATM machines, and a ready market usually exists for live animal sales at one of the estimated 650 livestock markets in Niger. However, whether the cash received by herders for their animal sales represents fair valueis a different matter. Although herders typically capture an estimated 65-70 percent of the gross retail value of their animals, several elements involved in the sale process can undermine herders’ ability to capture the full value of sales:

* **Intermediation:**When herders arrive at the collection or aggregation markets with their animals customary practice prohibits them from entering into direct contact with buyers. Herders must select intermediaries to represent their interests at the market. On behalf of the animal sellers/owners, these intermediaries then engage in sales negotiations with interested buyers, conclude sales agreements, and report back to their herders with the final outcome of the sale. While many of the actors (herders, intermediaries, buyers, and government officials) express confidence in this system, the fact remains that these **negotiations between intermediaries and buyers are conducted in secretbased on subjective evaluation criteria (discussed below), and can sometimes lead to multiple sales of the same animal on the same market day, and generally leave sellers (herders) vulnerable to below-market pricing.** During the field assessment, the team frequently heard anecdotes of intermediaries selling a cow for FCFA 240,000, announcing the sale at FCFA 200,000 to the herder/seller, and pocketing the FCFA 40,000 difference. Stories also emerged of intermediaries and buyers colluding on establishing a low price for the initial sale, then flipping the animal an additional one to three times during the course of the same market day; on each change of hands intermediaries receivemultiple commissions and re-sellers earnadditional margins, but all at the expense of the initial seller.
* **Live weight:** The gross live weight of an animal generally serves as the basis of livestock valuation in most developed economies. Unfortunately, of the estimated 650 livestock markets operating in Niger, only threepossess scales.[[35]](#footnote-36) In all other Niger livestock markets, the intermediary and the buyer conduct a subjective visual assessment of the animal’s size, weight, fat percentage and distribution, and general health base. **Absent any clear and objective basis for valuation, the potential for chicanery and collusion is ever-present.** Even if, as most value chain actors argue, the intermediaries are truly honest brokers, the inability to develop a direct correlation between animal weight and value distorts the nutrition decisions for herders.
* **Supplemental feed and nutrients**: Supplemental feed and nutrients in Niger carry specific costs, typically in the range of FCFA 10,000 per 50-kg sack (although the subsidized price for government-furnished supplies can be as low as FCFA 4,000). Large ruminants might require 200 kg of feed (i.e. FCFA 40,000) over the 40-day period prior to market. A 30-kg weight gain over this 40-day period, assuming the animal sells for an equivalent price of FCFA 2,000/kg, would result in an incremental revenue that would cover the FCFA 40,000 cost of supplemental feed, and yield an additional FCFA 20,000 of revenue. **Absent the ability to establish a direct correlation between incremental weight and revenue, however, the costs of supplemental feeding are much more difficult to justify for the typical smallholder**. Consequently, animals rely largely on grass-feeding either on their herders’ farms or ranches, or along the migratory corridors; however, this practice leads to poor growth and development forthe national herds.Since actual weights are not taken until after slaughter, and only 50 percent of slaughterhouses under some form of government supervision, official carcass weights do not fully represent the gross weights of Niger’s large and small ruminants.Tables2.7a-c presents actual reported carcass weights by variety compared against nominal average weights typical for the principal breeds in Niger. Here, we can see the reported carcass weights by species fallsignificantly below those which the nominal live weight indicators would lead us to expect. Derived live weights for cattle, at an average of 252.6 kilograms per head, are 33.3kilograms (13 percent lower) than the 289.9 kilograms expected from these animals. The same calculations for sheep and goats yield under-performances of 24 percent (34.4 kilograms vs. 45.5 kilograms) and 16 percent (28 kilograms vs. 33.32 kilograms), respectively. While poor animal nutrition accounts for the underlying cause of this low performance, the uncertainty herders feel in their ability to recover the costs of supplemental feeding in the ultimate sales price of their animals dissuades herders from incurring the costs of supplemental feeding.

| Table 2.7a: Projections of Actual Live Weight vs. Nominal Live Weight, Cattle |
| --- |
| Dressing (%)(Texas A&M, 2006) | Carcass Weight (kg) (2013 Sim-B Annual Report) | Realized Live weight (kg) |  |  |
| 62 | 156.6 | 256.6 |  |  |
| Location | Sex | Weight (kg) | % of National Herd | Weighted Average (kg) |
| Azawak | MaleFemale | 400250 | 3.8034.20 | 15.285.5 |
| Borobo | MaleFemale | 425275 | 4.3038.70 | 18.275106.425 |
| Kouri | MaleFemale | 675425 | 0.504.50 | 3.37519.125 |
| Goudali | MaleFemale | 500300 | 0.706.30 | 3.518.9 |
| Djelli | MaleFemale | 325275 | 0.706.30 | 2.27517.325 |
| Expected nominal live weights | 289.9 |
| Realized nominal live weights | 256.6 |
| Loss to underfeeding/nutrition | 33.3 |

*Source: Atlas Sur L’Elevage Au Niger, 2014; Revue Du Secteur De L’Elevage Au Niger, 2010*

|  |
| --- |
| Table 2.7b: Projections of Actual Live Weight vs. Nominal Live Weight, Sheep |
| Dressing (%)(Texas A&M, 2006) | Carcass Weight (kg) (2013 Sim-B Annual Report) | Realized Live Weight (kg) |  |  |
| 54 | 18.6 | 34.4 |  |  |
| Location | Sex | Weight (kg) | % of National Herd | Weighted Average (kg) |
| Ara | MaleFemale | 4545 | 4.8043.20 | 2.1619.44 |
| Balami | MaleFemale | 5050 | 0.100.90 | 0.050.45 |
| Bali | MaleFemale | 4040 | 2.6023.40 | 1.049.36 |
| Oudah | MaleFemale | 5050 | 2.6023.40 | 1.311.7 |
| Expected nominal live weights | 45.5 |
| Realized nominal live weights | 34.4 |
| Loss to underfeeding/nutrition | 11.1 |

*Source: Atlas Sur L’Elevage Au Niger, 2014; Revue Du Secteur De L’Elebage Au Niger, 2010*

| Table 2.7c: Projections of Actual Live Weight vs. Nominal Live Weight, Goats |
| --- |
| Dressing (%)(Texas A&M, 2006) | Carcass Weight (kg) (2013 Sim-B Annual Report) | Realized Live Weight |  |  |
| 50 | 14 | 28 |  |  |
| Location | Sex | Weight (kg) | % of National Herd | Weighted average |
| Sahel | MaleFemale | 3535 | 8.0072.00 | 2.825.2 |
| Gourma | MaleFemale | 3230 | 0.201.80 | 0.0640.54 |
| Rousse | MaleFemale | 2826 | 1.8016.20 | 0.5044.212 |
| Expected nominal live weights | 33.32 |
| Realized nominal live weights | 28 |
| Loss to underfeeding/nutrition | 5.32 |

*Source: Atlas Sur L’Elevage Au Niger, 2014; Revue Du Secteur De L’Elebage Au Niger, 2010*

* **Inadequate market information:** The SIM-B is the official repository of market information regarding the livestock industry, including such components as herd size and composition, as well as live animal, skin and hide, and milk market transactions. Unlike the comparable system for agricultural products (SIM-A), housed in the Ministry of Commerce, SIM-B falls within the Ministry of Livestock, and is headed by a doctor of veterinary medicine trained in statistical analysis. His data collectors at the 85 markets where SIM-B operates assemble market information either daily or weekly (depending upon the operating calendars of the different markets), record the data manually, and forward the data to the eight regional headquarters. At these HQs,the data is compiled manually on a regional basis, and then forwarded to the direction HQ in Niamey. Data is then aggregated on a weekly basis and released in print, radio, voice message, and SMS formats. **While valuable from an analytical perspective, the resulting compilations are of little use as guides for commercial transactions.**Since data is derived from only 85 of the 650 livestock markets across Niger (less than 13 percent), the industry does not consider the information in the weekly reports a holistic representation of the market. Moreover, SIM-B publishes its reports weekly while the major urban consumption markets operate daily. Market prices change on a daily (and sometimes hourly) basis; a weekly report simply cannot keep up with the evolution of market prices. Further, the manual compilation and forwarding of this weekly data from commune/village to region to the capital leads to additional lags between time of transaction and time of reporting.Finally, the movement of live animals across the 1,500-km border between Niger and Nigeria represents an estimated 80 percent of live animal exports, but can be difficult to monitor. All these issues undermine the confidence of value chain actors in the accuracy of such a statistical database from the Ministry of Livestock.
* **Unreliabledata on actual slaughter rates.** The Ministry of Livestock in 2013 projected the following availability of meat, based on assumptions of the percentage of the national herd to be sold and of live and dressed weights:

|  |
| --- |
| Table 2.8: Estimated Meat Availability in Niger, 2013 |
|  | Cows | Sheep | Goats | Camels | Total |
| Herd Count | 10,733,314 | 10,732,453 | 14,311,115 | 1,698,110 | 37,474,992 |
| Utilization | 14% | 22% | 32% | 12% | 23% |
| Slaughter Count | 1,502,664 | 2,361,140 | 4,579,557 | 203,773 | 8,647,134 |
| Average Dressed Weight (kg) | 124 | 15 | 11 | 145 |  |
| Meat Weight (kg) | 186,330,336 | 35,417,100 | 50,375,127 | 29,547,085 | 301,669,648 |
| Average Offal Weight (kg) | 33 | 4 | 3 | 30 |  |
| Offal Weight (kg) | 48,986,846 | 8,500,104 | 13,738,671 | 6,113,190 | 77,338,811 |
| Total Weight, Meat + Offal (kg) | 235,317,182 | 43,917,204 | 64,113,798 | 35,660,275 | 379,008,459 |

*Source: Annual Report, Livestock Statistics 2013*

If actually consumed, this available meatwould push consumption up to 21 kilograms per capita for the 18 million inhabitants of Niger. Earlier, however, we learned that this level of consumption, typical of the 1960s, has declined to 6 kilograms per capita, amounting to only 108,000 tons of meat, or 28 percent of the indicated availability in Table 2.8.[[36]](#footnote-37) Moreover, the actual results from the Ministry’s record of controlled slaughters for 2013, where Ministry representatives are physically present to record entries of animals and exits of carcasses, amounts to only 54,000tons. Limited resources, both financial and human, in the statistics division of this Ministry challenges improved statistics, and they remain of relatively little use to the value chain actors best able to take advantage of such information.

* **Absence of sanitary slaughter facilities:** The most technically-advanced abattoir, Niamey, was originally designed in 1967 for a capacity of 35 tons per day. Since then Niamey has grown from 300,000 residents to more than 1 million, and daily throughput at the abattoir averages 45-50 tons per day. All slaughter is halal, with three marabouts on site to ensure compliance with Islamic slaughter requirements. Throughput averages 250-300 large ruminants and 600 small ruminants per day. Wholesale butchers take off most carcasses straightaway from the slaughter butchers. If carcasses must be stored overnight, a small cold storage area within the abattoir has a refrigerated container, but the quality of the cold units is reportedly poor, and the abattoir is frequently required to buy back meat which has lost its commercial value due to deterioration in storage.

The Livestock Ministry has two teams of four inspectors working at the Niamey plant during all hours of operation. Ante-mortem examinations are not conducted, whichmeans that unhealthy animals, and even downed animals, are admitted into the abattoir. Post-mortem examinations are visual only, and generally limited to gross defects such as tuberculosis. Out of a nominal throughput of some 90,000 carcasses generated in 2014, only 73 (0.08 percent) were rejected. This haphazard approach to food safety precludes Niger from formal participation in export meat channels for the sub-region. If Niger could take advantage of chilled meat export opportunities to Benin, Ghana, or Côte d’Ivoire, the incremental demand across this channel would presumably increase price levels throughout the value chain. The government commissioned a feasibility study for a new 100-120 tons per day abattoir, and found that FCFA 16 billion ($28 million) would be required. While the government could justify an investment of this magnitude on domestic food safety grounds, it is difficult to envision the near-term development of an export meat program that could materially contribute to the amortization of such a sizeable investment.


### Skins/Hides Value Chain

Abattoir En Brousse

Collector

Export (90%)

Modern Tannery (7%)

Export

Artisanal Tannery (3%)

Abattoir Moderne

Local Market

Export

Local Market

Figure 2.2: Skins/Hides Value Chain Distribution Flow

|  |
| --- |
| Table 2.9: Average Sales Prices  |
| Animal | Average Sales Price (FCFA) |
| Camels | N/A |
| Cattle | 4,000 - 7,000 |
| Sheep | 1,000 – 1,500 |
| Goats | 500 |

|  |
| --- |
| Table 2.10: Sellers Margins and Net Values |
| Livestock classification | Sales cost | Sellers Margin at Collectors’ Market | Sale of Tanned Hides to Local Artisans | Sale of Tanned Hides to European Exporters | Sale of Finished Products to Local Buyers | Sale of Finished Products to European Buyers |
| Sellers Margins (FCFA) |
| Camels | N/A | N/A | N/A | N/A | N/A | N/A |
| Cattle | - | 1,000 | 2,000 – 10,000 | 12,000 – 20,000 | 14,400 | 17,600-26,000 |
| Sheep | - | 250 | 750-1,250 | 4,250 – 4,750 | 7,200 | 12,500 |
| Goats | - | 125 | 875 | 5,375 | 7,200 | 12,500 |
| Net Value (FCFA) |
| Camels | N/A | N/A | N/A | N/A | N/A | N/A |
| Cattle | 4,000 – 7,000 | 5,000 – 8,000 | 7,000 – 18,000 | 17,000 – 28,000 | 21,400 – 32,400 | 24,600 – 44,000 |
| Sheep | 1,000 – 1,500 | 1,250 – 1,750 | 2,000 – 3,000 | 7,250 – 7,750 | 9,200 – 10,200 | 14,500 – 15,500 |
| Goats | 500 | 625 | 1,500 | 6,625 | 8,700 | 14,000 |

The skins and hides value chain in Niger is one of stark contrasts. On the one hand, based on a presumptive utilization/slaughter rate of 10-15 percent,[[37]](#footnote-38) approximately four to six million skins are available per year, and demand generally exceeds supply. On the other hand, tanned hides suffer from a chronic lack of local, regional, or international demand, and the few active tanneries generally operate well below installed capacities. Both of these phenomena tend to be explained bycompetition from Nigeria, which has a booming tanneries sector with daily capacity at the larger facilities in Kano averaging 8,000 hides per day. By way of comparison, Niger's three modern tanneries have installed capacities estimated at 2,500 hides per day, while the artisanal tanneries operate at a daily capacity of 500 hides.These volumes create a demand for raw skins which vacuums up not only Nigeria's own national supply, but also involves the import of skins from neighboring countries, including Niger. Nigerian tanners have excellent relations with European buyers, such that their inventory of finished product is generally pre-sold. Given the margins of FCFA 17,000-20,000 per cowhide for the sale of tanned hides to European importers (as shown in Table 10above), this trade appears to be a lucrative activity. At the same time, the small scale and erratic supply of tanned hides from Niger, coupled with other limitations detracting from their competitiveness, leave Nigerian tanneries with few consistent outlets for their production.

Value chain actors in Niger, particularly those located near the border with Nigeria, described a booming market for their raw skins. Like most generalizations, however, this one needs to be qualified. Nigeria can be quite demanding in terms of the quality of the skins. Proper care must be taken in the removal of the skin from the carcass, the removal of living tissue from the skin to prevent putrefaction, the drying of the skin, and the proper handling of the skin from point of transformation to sale. All these considerations represent weak points along the Niger value chain, and lead to a reportedly high incidence of rejects by Nigerian buyers. Additionally, when drops in the price of oil lead to hard economic times in Nigeria, and/or when the *naira* loses a significant portion of its value, demand for Niger's skins in Nigeria can decline precipitously. This situation was particularly noticeable over the past 12 months.

Diagnostic studies of the skins segment of this value chain have focused on possible steps to enhance the value of the skins on offer from Niger and to reduce the incidence of rejected skins. These steps include better training for butchers in the removal of skins at the time of slaughter and in the preparation and desiccation of skins following removal; and better protection of skins from dust and weather between the time of preparation and the time of sale. Additionally, closer attention to maintaining the skin quality of live animals – fewer blows from the sticks of herders, less contact with insects and branches during periods of migratory feeding, elimination of hot branding as a means of identifying ownership – would also add value to the skins. Notably, sales of raw skins account for 90 percent of all the skins that enter commercial channels in Niger, and represent an important component of the livestock value chain.

With respect to tanned hides, some argue in favor of more modern tanneries to provide high-value European customers with the quality of product demanded. However, three modern private tanneries do exist in Niger today – one in Niamey, one in Maradi, and one in Zinder. Construction of the Niamey facility was completed several years ago, but the plant has never been put into service. The owner is reported to be seeking buyers to take over the facility at a reported price of FCFA 4.5 billion, plus 2.5 billion in costs to bring the facility into operation. Conversations with an owner of the Maradi plant[[38]](#footnote-39) revealed that the facility is operating only at 25 percent of its installed capacity, as a result of insufficient demand for its finished products. The modern tannery at Zinder is the only one of the three that appears to be operating at an acceptable level of utilization. It is believed that one of the owners of the plant, an Italian with long experience in the European luxury leather market, accounts for the facility’s success.

Alternatively, others argue that illicit measures adopted by Nigerian traders obstructs further development and success of the tanned hides industry. These illegal practices include money laundering, setting artificially high prices for raw skin purchases, and other unregulated activity. Even if this circumstances were true, however, the end result is that smallholder herders, either directly or indirectly, are receiving higher returns for their animals as a result of the higher prices being paid for skins in the country. Any move toward regulating prices, particularly lowering prices at which national tanneries could acquire national skins, seem to directly counter the interests of the vast majority of actors on the livestock value chain. Moreover, it seems more plausible that Nigeria's superior market position would be attributable to greater economies of scale and better understanding of, and compliance with, European quality standards.

Despite all the attention that the tanned hides sector has received from the government and donors, surprisingly little information is available on why high-value buyers in Europe show so little interest in Niger's tanned hides. The answer to this question should be considered as the essential first step in any effort to expand the role ofNiger's tanneries in adding value to this value chain.

### Milk Value Chain

Eleveur

Villages (50%)

Domestic (20%)

Collectors (30%)

Villages (90%)

Laiteries (10%)

Figure 2.3: Milk Value Chain
Distribution Flow

|  |
| --- |
| Table 2.11: Sales Price per Liter (Milk)\* |
| From Eleveur to Village Collectors | 215-300 liters |
| From Collectors to Towns and Laiteries  | 300 liters |

\* Assessment team was unable to find data for fresh camel and goat milk prices

|  |
| --- |
| Table 2.12: Sales Price per Liter (Milk Powder) |
| Milk Powder | Sahel |
| Import Volume  | 240,000 kg |
| Import Value  | 356,880,000 |
| Unit Value/KG | 1,487/kg |
| Unit Value/LTR | 185.88/liter |

As the size of Niger's livestock population has grown, milk consumption per capita has moved in the opposite direction, declining from 107 to 45 liters over the past 50 years according to official statistics.[[39]](#footnote-40) Recent research puts actual consumption today stands closer to 30 liters per capita.[[40]](#footnote-41) At the same time imports of powdered milk have continued to grow, reaching a level of 7,000 metric tons, and a value of FCFA 6.5 billion in 2013.[[41]](#footnote-42) Table 13 shows an availability of 59 liters per capita in 2013, for example, while actual consumption is believed to be 25-50 percent lower.

|  |
| --- |
| Table 2.13: Estimated Milk Availability in Niger, 2013 |
|  | Cows | Sheep  | Goats  | Camels | Total |
| Herd Count | 10,733,314 | 10,732,453 | 14,311,115 | 1,698,110 | 37,474,992 |
| % Lactating Females | 15% | 30% | 35% | 13% | 27% |
| Lactating Females | 1,609,997 | 3,219,736 | 5,008,890 | 220,754 | 10,059,378 |
| Production per Lactating Female | 330 | 40 | 60 | 450 | 880 |
| Milk Production (L) | 531,299,043 | 128,787,436 | 300,533,415 | 99,339,435 | 1,059,961,329 |
| Total Production per Capita | 59 |

The highly informal nature of the milk value chain in Niger makes it of difficult to develop a precise understanding of margins and value capture along the chain. There is general agreement, however, on several key points:

* Much of the liquid milk that is collected is then discarded, because it is in excess of home consumption needs and lacks basic transport, containers, and refrigeration needed to move it to cash markets in villages and towns.
* Most of the liquid milk that enters commercial channels in villages and towns is sold in the form of *lait caillé* (curds and whey), which is more compatible with the lack of refrigeration and timely distribution systems.
* The large and medium sized dairies in urban areas use little, if any, liquid milk sourced from local herds. They rely instead on powdered milk, which they import from Europe and reconstitute locally to manufacture yogurt and liquid milk sachets.
* Dairies are interested in increasing their sales of liquid milk, and recognize that local liquid milk provides a much more marketable product than milk reconstituted from powder. If the problem of insufficient and erratic supplies could be overcome, dairies would be prepared to utilize significant volumes of locally sourced liquid milk for their operations. This would be true even if the price for local liquid milk exceeded the equivalent cost for milk reconstituted from powder.[[42]](#footnote-43)

Disorganization characterizes the production component of the milk value chain. There are millions of households with small herds which include lactating females. These households are disconnected from markets and unaware of the potential advantages of aggregation. As a result, they tend to spend as little as possible on inputs, compounding the problem of low unit.By way of example, daily milk production in Niger is estimated at 1-2 liters per animal per day. Comparable productivity figures for dairy herds in the United States range from 25-30 liters per day. While it would be unreasonable to assume that Niger cattle could achieve yield parity with American dairy herds, this comparison appears at least to indicate that considerable gains in productivity in Niger could be obtained with better husbandry practices.

If improved aggregation and collection techniques could lead to more certain revenues for smallholders and to assured supply chains for dairies, this would be an undertaking for which MCC is particularly well-suited. MCC's Nicaragua compact included a dairy component which incorporated hygienic milking platforms and collection networks with cooperative pasteurization and cold storage facilities. These cooperatives were then linked with national dairies, using refrigerated tankers to guarantee final delivery.

## 2.3 Projet Régional d’Appui au Pastoralisme (PRAPS)

MCC has encouraged UCP-Niger to join with the PRAPS-Niger project in support of the livestock sector as part of its compact with MCC.PRAPS is a $250 million initiative sponsored by the World Bank, coordinated by the *Comité permanent Inter-Etats de Lutte contre la Sècheresse dans le Sahel* (CILSS), designed to improve the security and livelihoods of pastoral populations and to raise livestock income by at least 30 percent in the six Sahelian countries participating in the project over the course of the next five years (Burkina Faso, Mali, Mauritania, Niger, Senegal and Chad).[[43]](#footnote-44)Current thinking is that UCP would match the $45 million funding accorded to the PRAPS-Niger by the World Bank, raising the total budget for the Niger portion of this six-country project up to $90 million. The objectives of the Niger component of PRAPS, as stated in the Project Implementation Manual (PIM) of September 2015, speak of five principal targeted outcomes: 1) Contribute to the satisfaction of domestic demand for animal and respond to sub-regional demand for live animals by strengthening systems of pastoral production; 2) Capture more of the value-addition activities and benefits derived by livestock in favor of the production side of the value chain; 3) Anticipate and palliate tensions stemming from competition for scarce pastoral resources; 4) Anticipate and palliate the effects of pastoral crises, principally those due to drought and other extreme adverse weather phenomena; and 5) Anticipate and limit the risks to animal health.

**The sub-components of PRAPS-Niger include:**

1. **Improvements in Animal Health:**
	1. Modernization of infrastructures and capacity building for veterinary services.
	2. Support for the control of priority diseases and for veterinary supplies.
2. **Improvements in Natural Resource Management:**
	1. Secure access to natural resources and sustainable management of pasturelands.
	2. Provision and sustainable management of infrastructure related to access to water.
3. **Facilitation of Market Access:**
	1. Development of infrastructure and information systems for livestock markets.
	2. Strengthening of pastoral and inter-professional organizations.
4. **Improvements in the Management of Pastoral Crises:**
	1. Management of pastoral crises and strategies for diversification.
	2. Responses to pastoral crises.
5. **Project Management and Institutional Support:**
	1. Direction, coordination, and administration of PRAPS.
	2. Development of databases, defense of pastoral interests, and communication.

There are many reasons in favor of UCP teaming up with PRAPS to reduce poverty through economic growth in Niger’s livestock sector. PRAPS builds on a series of previous World Bank projects that focused attention on the sector, during the course of which the World Bank gained extremely valuable insights into the constraints and opportunities confronting the sector. In addition, PRAPS addresses in unique fashion the unusual cross-border dimensions across the region, which are particularly challenging in the case of Niger. While UCP remains in the development phase of its project design activities, PRAPS is virtually “shovel-ready” in terms of how far along it has progressed in its project design and staffing efforts. As a result, UCP would be able to foreshorten much of its design development lead time and “hit the ground running” by affiliating with a program which shows every indication of being well thought out, rigorously analyzed, and vetted both by the private and the public sectors in Niger. That said, in reviewing the PRAPS Project Appraisal Document (PAD) and PIM for coherence with other anticipated components of the Niger compact, several questions regarding the nature of the collaboration between PRAPS and UCP/MCC would seem to suggest themselves:

**What will be the role of Dosso in PRAPS?** In certain sections of the PIM, Dosso is included on the list of regions where activities are planned; in other sections it is excluded. Given UCP’s focus on Dosso for the road-building and irrigation components of its compact, it would be logical to expect that Dosso would be incorporated into livestock activities as well. The nature of PRAPS’s commitment to Dosso requires clarification.

**How will compact funds be applied by PRAPS?** The table on page 45 of the PIM details the budget allocation for each sub-component. Given the food security components of the PRAPS design, which do not typically figure into MCC compacts, there may be good reason to allocate UCP/MCC funds in favor of components which focus more on poverty alleviation.

**What about varietal improvements?** Both private and public sector diagnostics of the livestock value chain mention the need for improvement in the genetic material that makes up the bovine, ovine, and caprine components of the Niger herds. This would be of particular importance if the project intended to improve liquid milk yields in Niger. This varietal improvement element does not appear to be included in the PRAPS agenda.

**What effort will be expended on rehabilitation of grasslands?** PRAPS focuses considerable attention on the need to avoid conflicts and improve herder access to pastoral corridors under Component 2. Much less attention is paid to improvement of the varietal makeup and the productivity of the grasses which provide animal nutrition along these corridors, or to the elimination of weeds and non-productive grass species that have invaded these corridors in recent years. If the inter-profession and sectoral diagnostic studies are to be believed, it would be a mistake to overlook the need to improve the varieties and productivity of grass species, even when set against important issues such as access and conflict resolution. While the PIM speaks of regenerating 5000 hectares of degraded pastureland, will the budget of FCFA 4.1 billion be sufficient to accomplish this task along with all the other activities stipulated in this component?

**What is the PRAPS vision for improved market access?** Component 3 addresses activities designed to improve herder access to markets. As described earlier in this report, market access can be defined in many different ways, and specific constraints addressed while others overlooked, in the course of a project of this breadth. Will PRAPS expand the distribution and use of scales to develop an association between live weight and animal value, or will herders remain susceptible to subjective assessments by intermediaries and buyers of what their animals are worth? Does PRAPS anticipate any real-time displays of transactional outcomes on market days to provide a transparent appreciation of animal value? Will PRAPS attempt to modify herder attitudes away from sales based on immediate cash requirements, and toward the timing of sales when returns are most favorable for herders? Will herders also benefit from training not only regarding when to sell, but also how to feed animals in preparation for sale, and also how to sell for optimum value? Does PRAPS anticipate any work on improving access for women in livestock markets? Much attention is paid in the PIM on improving the conditions of the markets where livestock are sold. While this would certainly be a welcome improvement from the point of view of the animals, will these improvements materially affect the terms of sale which herders receive? Will such infrastructural investments lead to improved livelihoods for herders, particularly at the majority of the livestock markets in the country which operate only one day per week?

**What will be the position of PRAPS with respect to the management of livestock markets?** Historically, livestock markets in Niger have been administered by the communes, villages and towns where the markets are located. More recently, some markets have been handed over to the livestock professionals who operate on the markets, and who have the greatest interest in their efficient operation. This “auto-gestion” approach has the strong support of the private sector, who argue that it leads to superior outcomes in terms of sales outcomes. The position of PRAPS on this important issue is not clear.

**What will be the role of milk collection centers?** Several recent projects have favored the integration of collection centers and transformation points in the same location, benefitting transformers with a ready supply of raw material. This approach does not, however, help the industrial and semi-industrial dairies to reduce their reliance on imported powdered milk, or to provide Niger’s urban consumers with ready supplies of liquid milk. Are the collection centers to serve as transit points to facilitate clean and cool supplies of liquid milk to these larger dairy operations, or will they instead use the milk they receive to produce yogurt and cheese on an artisanal scale? If the latter, should UCP/MCC consider a modified approach involving contractualized relations between producers and dairies in order to meet the growing demand for liquid milk and reduce the importation of powdered milk from Europe?

**What role will animal nutrition play in PRAPS work on milk production?** Animal nutrition is important for all livestock, but particularly so for dairy cows. These animals are less likely to join the seasonal migration in search of improved grass sources, and must make do with nearby pastures. Will PRAPS undertake any focused work on dairy cow nutrition as a means to maximize milk production? Will PRAPS embark on any projects to tie improved feed availability with modifications in calving seasonality and, hence, milk seasonality? Will PRAPS consider the use of irrigation for improved fodder production?

**What role for women and youth does PRAPS envision in Component 3, and across the entire project?** There is not a lot of discussion of the role of women or youth in the PRAPS project design documents. On page 75 of the PIM, mention is made of a series of Component 3 activities which will be devolved to the *Programme Regional Acces aux Marches* within the *Institut du Sahel* (INSAH) in Bamako. In the course of this mention, it is stated that “Specific activities will be developed in favor of women and youth in order to incorporate them fully in the execution of this component.” This seems a rather vague approach; perhaps the PIM is not the correct document to find a full exposition of the PRAPS gender/youth activities. UCP and MCC gender specialists should explore PRAPS’ thinking on this important subject.

**Does UCP/MCC intend to allocate $9 million (20 percent of the total compact contribution to PRAPS) on food security?** Component 4 covers management of pastoral crises, including the establishment of food reserves for human consumption in the amount of 110,000 tons. While this is certainly a legitimate concern for the World Bank and for the Government of Niger, it is not a typical component of an MCC compact. At the same time, other activities under Component 4 – and specifically support for diversification as envisaged in Volet B of this component -- are more easily identifiable as the kinds of initiatives supported by MCC. These include: collection and transformation of milk; production of fodder and other feedstuffs for animals; artisanal production related to animal products; family poultry production; training of artisans in well maintenance and, functional literacy training. These are all activities that are spelled out among the micro-projects that could be eligible for PRAPS financing.

**Are stipulations consistent with the systems required by MCC and/or UCP?** The PIM lays out some detailed processes for procurement, accounting, financial management, personnel management, and monitoring and evaluation. While there is no reason to question the World Bank’s competence in any of these functional areas, the possibility exists that the approach adopted by PRAPS may be at variance with the approach favored by UCP/MCC. UCP/MCC specialists should review these stipulations to ensure they are consistent with systems as required by MCC and UCP. In addition, the principal indicators of the Project Development Objective, as they appear on page 103 of the PIM, do not appear to be as controlled or prescriptive as those that are typically found in MCC compact documents. Once again, specialist review of these provisions would probably be needed to ensure the two approaches are compatible.

**Why is PRAPS not engaging more in the skins and hides sector?** The PIM has very little to say about skins and hides, despite the emphasis which the Ministry places on this sub-sector and the considerable revenues and margins it generates. Moreover, the opportunity to obtain revenue improvements in this sub-sector appears to be considerable, making it a logical focus for a livestock project endeavoring to reduce poverty through economic growth. In particular, Niger’s under-performance in the direct export of tanned hides to the high-value, high-margin markets of Europe would seem to represent an excellent avenue of exploration in pursuit of improved economic results for the sub-sector. It is not clear why PRAPS has chosen not to engage more actively in this sub-sector. Nor is it clear that UCP/MCC will wish to bypass this sub-sector in the same way in the design of their compact.

## 2.4 Considerations for the Implementation of the Compact

1. Seek out and support service sponsors and providers (i.e. *Vétérinaires sans Frontières*) whose performance in providing veterinary services, especially increasing vaccinations for critical illnesses, demonstrate a potential to improve on the government’s sub-standard performance in this area.
2. Meat and milk production cannot improve until Niger develops more effective systems for animal nutrition. A combination of improved availability of good grasses and water along transhumance corridors will be helpful, but not sufficient. The government’s program to provide sporadic supplemental feed to selected beneficiaries at heavily subsidized prices appears to do more harm than good, providing beneficiaries with very limited coverage while distorting the private market for the non-beneficiary populations.Development of new, comprehensive models is needed.
3. More progress is needed in professionalizing the transactional philosophy of herders, with less emphasis on liquidating elements of the herd to meet immediate and urgent cash requirements, and more emphasis on building up financial reserves through good husbandry practices and timing of sales to coincide with periods of peak demand and prices. Access to short-term credit would be helpful in making this progress possible.
4. Acceptance of the status quo as immutable rarely constitutes a sound development strategy. The cultural taboo excluding women from livestock markets is certainly prejudicial to the women who constitute 50 percent of the herder population, and probably harmful to overall herder returns. While this situation calls for a certain degree of patience and cultural sensitivity, there is no reason for MCC to exclude greater access to livestock markets for women from its development objectives.
5. The World Bank’s *Projet de Développement des Exportations et des Marches Agro-Sylvo-Pastoraux* (PRODEX) project has established *Comptoirs*for the sale of onions in Niger based on a set price for the day for each different grade of onion. While livestock valuation is more complex than onion valuation, the establishment of an objective benchmark price would reduce the likelihood of systematic underpricing on the part of intermediaries or buyers.
6. Establishment of generally accepted grading systems for each species, even in the absence of accurate live weights, would create a more objective framework within which prices could be compared.
7. Simply listing sales prices for different classes or sizes of each species would permit some basic form of benchmarking, while the industry develops more precise standards of comparability.
8. Absent a clear linkage between live weight and cash proceeds at time of sale, herders will remain reluctant to invest in supplemental feed and nutrients to improve unit size, and live weights will remain sub-standard.Efforts currently underway to develop this linkage, especially the trials by PRODEX of the use of electronic scales at major markets, should be encouraged.
9. Market information provided by SIM-B is of value to analysts and policy makers in the livestock sector, it lacks the coverage and the timeliness to be of much help to value chain actors attempting to maximize the value of their livestock assets. More listening posts and faster turnaround times for data aggregation and dissemination would together make this information far more valuable.
10. While there is a clear need for modern sanitary slaughter systems, it is difficult to justify the considerable investments that would be required on the basis of potential export sales of chilled or frozen meat. The government of Niger should assume responsibility for these investments under the rubric of public health. MCC/UCP could help emphasize this point with the government.
11. The treatment of Niger’s livestock population pre- and post-mortem leads to a depreciation in the value of the hides these animals produce. A combination of better pre-mortem care and improved skinning practices could yield material increases in the returns for Niger’s hides.
12. Despite the large number of hides that Niger generates each year, its role in the tanned leather trade in the high-value markets of Europe and Asia is negligible. There appears to be a profound ignorance in Niger as to why its tanned leather is not appreciated in these markets, and whether or not Niger could develop a place there. Major investments in tanning infrastructure would seem to be premature until the sector develops a clearer understanding of its current lack of success.
13. Disorganization at the production side of the dairy sector in Niger has left herders with little appreciation of the excellent margins to be obtained through the collection and sale of fresh milk, while dairies are obliged to expend billions of FCFA to import milk powder from Europe to keep their plants operating at acceptable levels of utilization. MCC/UCP have an opportunity to improve this situation particularly in the region of Dosso, where planned investments in water and roads could improve both liquid milk production and transportation to Niamey. The organization of liquid milk collection centers, and the development of contractual relations between these collection centers and the major dairies in Niamey, could result in considerable income improvement for the women who typically populate this dairy value chain.

# Chapter 3: Access to Finance

## 3.1 Supply of Investment Capital for Agriculture

### General Status

Agriculture is an important contributor to Niger’s economy, representing 46 percent of GDP.Obtaining finance in general, and for agriculture in particular, is quite difficult.The World Bank Group’s Doing Business ranks Niger 133 out of 189 countries in terms of getting credit.[[44]](#footnote-45) However, it accounts for only about 2.15 percent of bank lending to the private sector and just 35 percent of microfinance credit is granted to the rural sector.[[45]](#footnote-46) While there has been some recent expansion of financial services – e.g. branches expanding to rural areas and an increase in wholesale bank lending to microfinance institutions (MFIs) – there remain many supply-based shortcomings.

Less than 1 percent of the rural population has a bank account.[[46]](#footnote-47)To some degree, this is a function of the limited resources of the rural population, but is largely an indication of the limited access to and supply of financial services in Niger.Both banks and MFIs are subject to interest rate ceilings, which can reduce the incentive for risk-taking.At the same time, banks have failed to adapt their products and policies to the needs of rural populations, in particular requirements for opening accounts and collateral. Neither products nor analytical tools to manage risk are widely available within financial institutions, hampering rural lending.

The microfinance sector is weak overall with high system-wide rates of non-performing loans and a lack of technology or linkages with the broader financial system in Niger.[[47]](#footnote-48)MFIs suffer from a scarcity of funds to lend, especially funds for on-lending for periods longer than two years – the average is well under 18 months.[[48]](#footnote-49)This is a result of a limited deposit base, and the fact that wholesale lending from banks to MFIs is usually short-term and costly, leading to a supply for short-term on-lending that has unattractive margins for MFIs.MFIs *do* have a more flexible collateral approach, especially on smaller loans, compared to banks primarily only using land title as loan security.[[49]](#footnote-50)

Lending to SMEs in rural areas is in its early stages.Asusu has 46 branches throughout the country, but has only recently launched an SME product.ACEP focuses mainly on SME financing, but has only limited outreach to rural areas.Lending in rural areas tends to be more common to groups of rural women for small working capital finance, such as vegetable and moringa production, or various types of small processing.This access grows less certain as they move into larger investments, when group guarantees are not sufficient.

Given these challenges and constraints in extending credit to rural populations, a number of products and grant funds exist in order to attempt to mitigate the lack of rural and agricultural investment financing.

### NGO/Donor Models

Several international NGOs have initiatives to increase the amount of agricultural projects that are encouraging financial access for rural populations. CARE International has a number of rural development programs, usually working in villages to develop or extend agricultural activities. Major projects include:

* A nationwide leadership and empowerment program with a focus on women – *Le programme leadership et l’empowerment des femmes et des filles* (LEFF) – which works through OPs and women’s savings groups (*tontines*) to create village and group level economic opportunities, including small-scale investments such as grain storage construction and farm diversification opportunities.
* A natural resource management project – *Gestion des ressources naturelles et adaptation aux changements climatiques* (GRN/ACC) – which works with communities and OPs to adapt to climate change.
* Food security and nutrition programs (*Sécurité alimentaire et nutritionnelle*).
* Youth entrepreneur development projects (*Jeunesse, promotion de la paix et développement*).[[50]](#footnote-51)

Mercy Corps, in addition to managing drought relief efforts in the Tillaberi region, has worked with stakeholders in the dairy value chain to create new and strengthen existing entrepreneurs with funding from USAID/OFDA and the Vitol Foundation. The project works in conjunction with the Asusu MFI to deliver eight months of technical and business training to approximately 535 people, primarily youth. During the training, recipients are encouraged to develop proposals for grants for start-up (including working capital and fixed investments), with the goal of eventually qualifying for a loan from Asusu. To date this project has resulted in a number of group businesses being developed, mostly producing dried cheese as well as approximately 142 individual entrepreneurs working in businesses serving the dairy value chain such as animal health services and animal feed producers.

A Swisscontact project – The Rural Skills Development Program (*Programme d’appui à la formation professionnelle en milieu rurale au Niger*(FOPROR)) – in the Dosso and Maradi regions has a farmer training program, attracting mainly youth and a large cohort of young women. The farmer field schools are held at rural training sites referred to as SIFA *(Site Integré de Formation Agricole*) where the focus is on integrating practical, technical knowledge of diversified, sustainable, and profitable agricultural practices. During this eight-month classroom and practical training, rural youth develop their farming skills including best practices of crop production, livestock rearing, planning, recordkeeping, and marketing.

Upon successful completion of the training stage, participants put together business proposals for a financing scheme that combines credit from BAGRI and a grant from the government. FOPROR assists the trainees with the preparation of these proposals, and then facilitates an interaction with the potential funder.This funding organization is an initiative of the government of Niger known as *Fonds d’Appui Regional* (FAR), which provides a grant to the project, which is then combined with credit financing from BAGRI.Credit is loaned at market rates, and the project is evaluated by the bank via the same analytical process as any other commercial loan.However, this loan is provided without any collateral requirement on the part of the individual applicant, as their sponsoring OP is providing a fiduciary guarantee.FAR runs a similar program with MFI Taanadi.

Swisscontact’s financing agreement with FAR and BAGRI is one example of a number that have been implemented by FAR and BAGRI.Luxembourg Cooperation (Lux Dev) sponsors a similar arrangement in conjunction with the Ministry of Agriculture and the CRA in Dosso region.In this project, financing generally goes through two phases, mainly targeting producers, processing, irrigation and other agribusiness investments.The first phase consists of grant financing for 85 percent of the project, funded by FAR, with the remaining 15 percent coming from the producer or agribusiness owner directly.For this first phase, BAGRI takes no risk and extends no credit.The second phase consists of a mix of grants and credit where BAGRI selects, analyzes, and delivers credit to potential clients and takes on any risk linked to this operation. Throughout both phases, clients receive agricultural technical assistance.

In addition to providing grant funds, Lux Dev has supported BAGRI via FAR by purchasing vehicles, recruiting and training agents, buying work materials for the staff in Dosso, and granting management fees for the BAGRI office.

### MFI/Donor Models

While most donor models straddle working with NGOs and MFIs, Swiss Cooperation has been working directly with MFIs to bolster their agricultural lending.Swiss Cooperation is funding Taanadi, Asusu, and BAGRI to finance agriculture and livestock activities in Zinder, Maradi, and Diffa.While the finance envelope for Taanadi is a separate project, details on the Asusu/BAGRI financing are as follows.

Asusu is the country’s largest MFI with 46 branches. In May 2015, agriculture and livestock financing represented 11 percent of its portfolio. In 2015, Asusu and BAGRI will begin a pilot project and receive financing for a grant program totaling 1.8 billion CFA.[[51]](#footnote-52)This project is facilitated by *Fonds d’investissement pour la Sécurité alimentaire et Nutritionnelle* (FISAN), part of the 3N initiative.The model for this package financing is similar to that of FOPROR/BAGRI as described in the previous section. The “package” is a combination of bank/MFI credit and a grant portion, and normally the borrower will be required to make a contribution of between 10 and 12 percent. The grant may only be applied to investment costs and is limited to 40 percent, or 5 million CFA maximum, of the total investment required.The remaining needs must be financed by credit, but the whole package may not total more than 7 million CFA.The interest rate for the credit is 1.35 percent per month plus a one-time commission feeof 2.5 percent of the disbursement. This interest rate is charged only on the credit portion of the package and is lower than rates available from commercial MFIs in the agricultural finance market. Package recipients also benefit from an extended credit term, which the MFIs can offer because of the lower debt service.

### Government Projects

**PPAAO**is a regional project, in which each country in the region focuses on different value chains. For example, Burkina Faso focuses on fruits and vegetables, Ghana on roots and tubers, and Niger on livestock, although projects are not strictly limited to these sectors.The intention is that research being done under this project will be shared throughout the region through papers and networks such as a regional platform to sell improved seeds.

There is a fund for competitive grants, of which 3.6 billion CFA is earmarked for Niger. This fund is open for projects (typically research oriented) of between 50 and 100 million CFA. A typical success story from this funding mechanism has been facilitating the sale of PIXAL bags, which are imported from companies in Burkina Faso and Nigeria. These bags cost about 1,200 CFA each and have been instrumental in reducing postharvest loss of cowpeas. Using these bags, individual farmers can store cowpeas in their home for up to five years with very little damage or loss.

**PRODEX** – the Niger Agro-Sylvo-Pastoral Exports and Markets Development Project – was created to address numerous constraints that continue to hinder the competitiveness of supply chains and the development of agriculture and livestock in Niger. PRODEX began in December 2009 with a five-year term, and has since received an additional two year extension. The original project had four components:

1. *Component A: Improvement of Supply Chain Coordination and Marketing Conditions*. This component aims at building public-private partnerships to structure and invigorate coordination among the principal links in the selected supply chains (livestock products, onion, cowpeas, sesame, tiger nuts, and gum Arabic), strengthen existing producers’ organizations and facilitate the emergence of new ones, so that together they will compete effectively in national and international markets.
2. *Component B: Development of Financing Instruments*. This component aims to address funding needs of businesses that are active in the value chains described above.The aim is to use finance for business expansion in the short term, while building long-term foundations for access to sustainable financial services. Consultants for technical audits and financial monitoring and evaluation, as required, support the Project Technical, Fiduciary and Coordinating Unit (TFCU). The participating financial institutions receive technical assistance to develop financial products directed towards development of the agricultural sector.
3. *Component C: Securing Irrigation Potential*. This component aims to develop the potential for irrigated onion production and connects selected production sites to the market.
4. *Component D: Project Coordination, Management, Monitoring, Evaluation and Support to 3N Initiative*. PRODEX supports incremental costs associated with TFCU staff, equipment, and operating costs, including costs associated with the Project’s financial management system, external audits, periodic activity planning and budgeting at regional and national levels, the establishment and implementation of a project monitoring and evaluation system, the functioning of the Steering Committee and support to the 3N Initiative.

For the purposes of this study, our team evaluated Component B as it is the grant-making component. Overall, PRODEX appears to be successfully achieving its intended outcome in terms of increasing the marketed production value, numbers of beneficiaries, and number of sub-projects implemented.[[52]](#footnote-53)In 2014, PRODEX was granted an extension. This extension was intended to cover an additional two years and provide an additional $13.8 million, of which $4.63 million was to be dedicated to Component B with a focus on larger SMEs ready for bank financing. The majority of the subgrants by PRODEX were well under 5 million CFA. The average subgrant, based on the published figures was $5,443.[[53]](#footnote-54)

Of the 3,565 sub-projects supported by PRODEX, 800 have graduated for further support under the extension. According to the World Bank’s PRODEX extension document, 40 of these 800 subprojects are being considered for further support at larger amounts.

|  |
| --- |
| Table 3.1:Results for Component B. Matching Grant Program[[54]](#footnote-55) |
| Results | Indicators | Target for Project Close (2014) | Indicator Value |
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| R12.1 | Number of sub projects financed with counterpart contribution | 2,300 | 190 | 1,684 | 2,672 | 3,418 | 3,885 | 3,912 |
| R12.2 | % of sub projects satisfactorily financed through a matching grant  | 80% | 100% | 80% | 80% | 80% | 80% | 80% |

A financial and economic analysis was conducted on a number of sub-projects in onion production and sheep and cow fattening to prepare an overall project ERR calculation.[[55]](#footnote-56) The analysis concluded that these categories of subprojects analyzed had very positive IRRs.

Specifically the study showed that the average yield for onion increased by around 36 percent, from 21.75 tons to 29.6 tons. However, this analysis includes farms or sub-projects that had nothing under cultivation prior to project intervention where returns would be expected to be larger than from farms with pre-existing cultivation, so statistics should be viewed with caution.In the region of Agadez, onion yield in existing farms increased by approximately 21 percent.[[56]](#footnote-57) There is no baseline data for sales, but almost all farms in Agadez showed a positive gross margin.

In livestock fattening across all regions, results varied and only two out of the 20 sheep fattening businesses measured posted a positive gross margin. The margins were better for cow fattening as 28 of the 45 cow fattening businesses (62 percent) reviewed had a positive gross margin.This variability for fattening projects was confirmed through interviews with farmers.[[57]](#footnote-58)

While PRODEX calculated IRRs for projects, the data *only* include business that are performing positively – those with negative returns are excluded from the calculations, likely skewing overall results. PRODEX reports that these IRRs for supported projects are as follows: 88 percent for sheep fattening businesses; 87 percent for cattle fattening enterprises; 84 percent for onion production; 78 percent for livestock inputs.[[58]](#footnote-59)To account for the PRODEX calculation methodology, these IRRs could more precisely say, “If you had a profitable sheep or cow fattening business, you would have had an 88 and 78 percent IRR, respectively.”IRRs for projects in other value chains could not be found.

**Field Implementation**

PRODEX has a TFCU, which is responsible for executing the project and operates in accordance with Decree 060/MDA/SG of April 30, 2009, based in Niamey.

PRODEX is implemented in all eight regions of Niger. The project’s main value chain foci are onions, cowpeas, and livestock (excluding dairy) but some smaller crops are also considered: gum Arabic, tiger nuts and sesame. Other value chains do not qualify for support.The project has a focal point at each regional administrative body of one person, seconded from the Ministry of Agriculture, typically located in or near the administrative capital for each region. The project contracts the principal implementers, referred to as “operators,” such as SNV and Société CA17 International (a France-based NGO). These international NGOs work on capacity building and quality control of their contracted GSCs, which are smaller local consulting firms that have experience in agribusiness, rural development, and economics.Initially the project worked with 18 separate GSCs, but after varying quality of work, an evaluation was conducted and only 12 continue operating.These 12 GSCs cover all eight regions of Niger.

Outreach for prospective grant recipients is done primarily by word of mouth and without much formal outreach. Previous grant recipients under the PPIP project (a previous World Bank project for small irrigation works and therefore known by PRODEX staff), known associations and cooperatives, and community leaders may be contacted by PRODEX staff or sometimes directly by the GSCs. PRODEX also has technical staff in the field that are involved in Component A who may also refer people to the GSCs for follow up. At one time early in the life of the project, radio spots were tested for broader outreach, but this is not done regularly. In general, PRODEX does not have a marketing strategy, relying on organizations and businesses already known to them, word of mouth, and the allure of a grant to drive sufficient applicants to the project. As a result, this conventional outreach has resulted in fewer female applicants which PRODEX has acknowledged as an issue to be remedied during the extension phase.[[59]](#footnote-60) Outreach for grant programs also was cited as limited because of the relatively small size of the grant pool ($17 million).Some interviewees felt that too many applicants or imprecise marketing would create bad feeling among applicants who would not receive financing or were ineligible as a result of unclear communication of financing criteria.[[60]](#footnote-61) Planning for marketing and promotion should be a key feature of any new project, especially if there are specific targets in mind.

The staff of GSCs prepare the bulk of the grant application itself.While they take direction from the focal point and PRODEX technical unit in terms of sourcing potential applicants, they make the first visit to the village or OP to promote the project, take questions, and solicit an application.They usually stay to make a rapid assessment or conduct field visits to potential grantees after explaining the criteria for consideration. They are looking for qualifying activities and those potential beneficiaries who could move to the next step of grant application. Depending on the nature and size of activity, much of the application preparation is done in the office of the GSC.

The application workload depends on the size of the sub-project. It can take from a few hours up to a week depending on the size of the project. The GSCs are responsible for developing a dossier for each sub-project (sub-projects could be a group of beneficiaries doing the same activities) and they then submit these to the regional point focal. Our assessment team took a limited sample from a PRODEX regional office, and the business analysis and sufficiency of information for each file varied greatly in quality, and this variability of good data was confirmed by GSCs, operators, and PRODEX itself in follow-up interviews. However, the preparation of investment costs, which is a critical input, did seem to be of higher quality in this random sample. The dossier format does not break down assumptions when developing forecasts for the business, even as basic assumptions as price or volume. This means it is not easy to see how results were calculated nor does it facilitate analysis in hindsight. The operators and some of the grant recipients admit that many of the GSCs merely copy and paste other similar business projections, or perhaps reduce or increase a previous application by a certain factor to reflect the new project’s size.

Depending on the size of the sub-project, the focal point will submit it to the regional selection committee, which consists of a number of government representatives with expertise in livestock, hydroelectric, planning, commerce, rural engineering, and environmental concerns. The CRA is also on the selection committee, along with a representative of the Chamber of Commerce and PRODEX itself.According the focal point in Dosso, this committee may meet up to six times a year to review all the dossiers. If the subproject goes beyond the 10 million CFA investment threshold, it is referred to the main technical unit in Niamey for approval.Overall, the regional committees seem large (up to 17, mostly composed of government representatives) and meet too infrequently to have an agile response to time sensitive grant applications.A smaller, more nimble group meeting monthly would be more effective in adhering to recommended service standards.

Post project approval, an implementation phase begins in which the GSCs work with the sub-projects to identify suppliers and develop the technical aspects of the approved project. For sub-project purchases over a certain amount, they require at least three quotes from suppliers who have registered with government. The smaller sub-projects, unless grouped for bulk purchases, have fewer requirements for purchasing. The GSCs help sub-projects with implementation, although for construction projects, the suppliers could also be tasked with construction of the sub-project. The GSCs continue to provide periodic support and technical assistance throughout implementation.

GSCs receive a certain percentage of the total grant amount as compensation for their services. This can be up to 8 percent of the total value, and it is broken down into three parts – dossier generation (2 percent), initial control follow-up (2 percent), and training follow-up (4 percent). The same fee is generated for any type of ownership structure or application, whether it is group or individual, small or large, and regardless of the effort required. This may result in the fact that small, individual dossiers may offer GSCs less incentive, and therefore these projects will receive less attention from GSCs either during the file generation or in the monitoring and evaluation. In general, the GSCs interviewed did not feel the payment structure was appropriate or sufficiently nuanced.Small grants, just like small loans, do not take comparatively less time and effort to generate and process as larger grants or loans. Consequently, a fixed fee structure for the initial generation and a fee plus a smaller percentage for follow up and implementation phases would be more appropriate.[[61]](#footnote-62)

The overall process for dossier development, analysis, approval, implementation, and follow up is documented in PRODEX’s Subproject Financing Procedure Manual 4th Edition, June 2014. While it does not contain any process maps it does have a table that details the timeframe for each step – this can be found in Section 3.12 of the manual. This is a useful tool for management in theory but there is no tracking of the elapsed time per subproject in actuality.

**Project Criteria**

PRODEX considers several criteria for determining eligibility for grant financing.Generally speaking, any group working in the selected value chains of onions, cowpeas, gum Arabic, tiger nuts, sesame, livestock, and meat, hides and skins is eligible.PRODEX specifically includes producers, livestock farmers, exporters, producer-exporters, collectors, agro-industrial companies, processors, local sellers, MSMEs, youth groups, and women’s groups – essentially all actors in these selected value chains.Recipients can be individuals or people organized into associations, cooperatives, unions, groups or economic interest groups (EIGs), professional associations and organizations, enterprises, and local governments.Overall, these criteria are quite broad and do not represent much targeting of beneficiaries.

There are a number of other provisions regarding the sub-project business itself, which are factored in to ensure a grant is not used to support an unviable business, in particular funding any business’s working capital needs that should be supported by the business’s own cash flow, or financed externally.

|  |  |
| --- | --- |
| General Provisions for Sub-project Financing | Specific Provisions for Sub-project Financing |
| For research and development and training activities, the project can contribute up to 100 percent of the total amount of the sub-project.For activities of an economic nature, the project will consider matching grant mechanisms;In the evaluation of the sub-project, the project will first verify the economic profitability of the proposed investments, and second, that:* + The sub-project does not generate recurring costs that cannot be supported by the sponsor.
	+ The sub-project is based on solid technical foundations, its aspects are controlled by the applicants, and the technical choice is the best one to resolve the identified problem.
	+ The management and quality control mechanisms for products intended for export are under control.
	+ The sub-project is economically and financially viable and sustainable.
	+ The applicant sponsor has an appropriate and acceptable capacity and management framework.
	+ The sub-project has no negative effects on the environment; otherwise, mitigation or corrective measures may be planned and their implementation monitored.
	+ The costs are based on a realistic evaluation, profitability is based on plausible assumptions, the commitments of each party (beneficiaries, partners, project) are clear and the cash plan confirms the beneficiaries’ ability to fulfill their commitments.
	+ The structure for managing, maintaining, and recovering costs is realistic and sufficient to ensure the longevity of the equipment and/or infrastructure.
 | The project will support operators who meet the following criteria when involving production activities:* + - Have a stable financial situation (be the owner or have a usage right with a term that covers the investment amortization period) and a surface area deemed acceptable to secure a return on the investment by the project for agricultural crops.
		- Present proof of appropriate land for the crop in question (agronomic quality, water availability ensured for irrigated crops).
		- Conduct intensive or semi-intensive, market-oriented animal husbandry.
		- Present proof of a potential contract with a slaughterhouse or with an exporter, or a slaughter right for animal fattening subprojects.
 |

These general and specific criteria are verified through the compilation of the dossier. In all cases post-investment projections are used to verify feasibility. As discussed above, these criteria are developed to dissuade support of working capital or businesses that would not be able to survive without chronic subsidy, so most, if not all, grants are given for investment capital. Best practices of grant management dictate that grants are usually not given for working capital purposes except in cases such as small start-ups. One reason for this is that working capital is short term and can usually be financed with credit from financial institutions (which do not have as many constraints on short-term funding) or other sources of short-term capital and therefore do not address a financial market failure.

There are a number of criteria for eligibility depending on the nature of the value chain/crop and the position in the chain. These include things like how long the beneficiary has been operating in the value chain, location of the business and residency in the proposed sub-project area, access to sufficient land (for planting or grazing), and financial statements. The sub-project is evaluated based on a number of criteria, including a projected IRR greater than 10 percent (as calculated by GSC), whether or not there is the presence of a bank or MFI account, and familiarization with target markets. GSCs assess a number of factors, including the organization of the beneficiaries, the type of value chain, the expected position in the value chain of the business, and the size of the investment to determine the value of the recipient’s contribution to the financing package. These eligibility and evaluation criteria are all detailed in PRODEX’s operating manual.

Whether a woman or a youth operates a project is tracked in the individual project dossier. However, apart from a global number related to percentage of indirect beneficiaries (for the entire PRODEX project not just the grant recipients under Component B), very little analysis is conducted on how the portfolio of sub-projects reaches women and youth.In a selection of 98 onion production projects in Agadez, men were the direct beneficiaries of 93. Only 29 women were direct beneficiaries, comprised of five individual project beneficiaries, and 24 within one group.[[62]](#footnote-63)As our conversation with one GSC revealed, there is a lack of gender and youth awareness; “*I make it clear that my services are open to everyone, but there is no particular strategy to find women and youth.*”The World Bank has recognized the lack of participation of women in the project and would like to see it increased from the current 31 percent to 35 percent. For its project, MCC can improve upon this by setting a target that considers not only the overall indirect beneficiaries but also direct beneficiaries or sub-project grant recipients.

**Reporting**

Reporting from the field is usually limited to quarterly reports. The input for the report comes from the focal points and is usually related to sub-project generation and disbursement numbers.All sub-projects go through a closure stage, in which the investment purchases are reconciled against the budget. The larger sub-projects get a more thorough evaluation.The focal point does not generate information on impact or economic results of the projects. This is done on a periodic basis by head office and/or the GSCs, but it is not clear how systematic this is and where the information is held.

Until recently, all files were paper-based and consolidated at the focal point. In the past year, there has been some move to digitize some of the data. However, right now copies of the dossiers are held at the GSCs and by the regional focal points. At one of the focal points we visited, the filing system was done by date and region which made it impractical to pull files on specific sub-projects – in order to find the application dossier and closure dossier one would need to know the date each was completed, which may or may not be easily known or traced after the fact.

The project does report on an overall basis (under both Components A and B) the numbers of sub-projects financed through grants, direct beneficiaries, the percentage increase in the value of selected production marketed by the concerned value chains, and the percent increase in the volume of selected production marketed by project-supported value chains. Under Components C and D, they report figures related to irrigated land, kilometers of feeder road, and reports (audits and quarterly) produced.

While not shared with our team, PRODEX staff did state that an internal evaluation was conducted early in the first phase of the project.During the course of the planning for the extension and the CSA follow-on project, a limited evaluation was conducted as part of the due diligence by the World Bank. In general, it was found that the project was performing satisfactorily in achieving its development objectives.They found that the project “*had achieved its outcomes in terms of increasing the marketed production value, number of beneficiaries and number of sun-projects implemented, as evidenced by key performance indicators that are all currently met or even exceeded*.”[[63]](#footnote-64)

**Extension**

The PRODEX extension (2015-2016) is intended to support the more successful sub-projects. 800 of the first generation sub-projects will be supported, of which 40 are demonstrating high potential and will be selected to upgrade to SMEs. The intention is to help transform these successful sub-projects by providing business support and linkages to the banking sector. An additional 10 bigger and more autonomous SMEs (with financing needs above50 million CFA) will receive customized support. PRODEX will pay, on a cost-sharing basis, for the technical and business support, including the upgrading of the recipients’ financial and accounting systems, as well as the preparation of business plans to present to the banks.For the smaller SMEs, PRODEX will give a grant of up to 20 percent of the investment needs. For the larger SMEs, PRODEX will assist them with the development of a business plan and upgrading of their financial and accounting systems, but will not provide any further direct grants. Finally, PRODEX will support an additional new 397 microenterprises, using the previous system of project generation and support.

While in general the same implementing and governing bodies remain for the extension period, there are a number of changes to reflect the increasingly complex nature of the businesses the project is supporting.

* The GSCs have been evaluated and whittled down to 12 (from 18).
* The addition of a financial institution SAHFI/TANYO will allow PRODEX to provide higher quality support to the larger businesses.[[64]](#footnote-65) SAHFI/TANYO will also provide training to GSCs under the GERME method.[[65]](#footnote-66)
* SAHFI/TANYO will work with select banks to facilitate lending to these prospective PRODEX-sponsored clients, and provide technical assistance to select banks to increase their comfort level and knowledge of these agribusinesses.

## 3.2 Articulating Demand for MSME Agriculture Investment Capital

### Constraints on the Demand Side

Agricultural MSMEs face a number of constraints to accessing finance.First, the size and demographics of the country present challenges.Niger is a large country, and although much of its territory is uninhabited, getting around in the rural areas is difficult and costly, limiting outreach by financial institutions. Further, the literacy rate is 29 percent among adults and only 15 percent for womenranking Niger 212st out of 215 worldwide,and these rates drop further among rural adults.[[66]](#footnote-67)[[67]](#footnote-68)The low level of literacy contributes to the lack of financial records and other kinds of business know how on the part of the MSMEs.While not necessarily a pre-requisite for group-based MFI loans, financial records or some sort of cash accounting is required for bank or individual loans. Lack of business knowledge was an oft-voiced constraint by both agribusinesses and banks/MFIs during the AgCLIR study.

The predominant collateral taken at financial institutions for loans over a certain level is land.[[68]](#footnote-69) Given the financial sector’s aversion to risk, the lack of contracts and enforcement, and the preference to recover debt through negotiation, lenders strongly favor land as collateral – it is permanent, accessible, and valuable.Nearly every stakeholder, especially the banks, said access to title was the main impediment to financial access.For many agribusinesses, especially smallholder farmers, it is nearly impossible to get proof of land tenure and therefore access to credit.

Associations, cooperatives and other groups of farmers are a common vessel to channel finance.In Niger, these groups have mixed results in terms of governance and management. A membership in some sort of group can help individuals access finance either through an increased likelihood of receiving some form of outreach, or having access to credit through a group guarantee at an MFI.While group strength varies depending on a number of factors, some value chains such as rice reportedly have well- organized groups.

### Defining Target Market(s) Including Prototype Businesses

Market definition will assist MCC to identify and quantify demand for project preparation and approval. It will also help with project planning, development and outreach, and marketing strategy during project implementation.As the project communes are defined, the predominant value chains in those areas will drive identification of the target markets.Target market definition should consider value chain identification, types of businesses along the value chain with greater potential for investment and returns with the ability to absorb the preferred grant size, the location of women, youth and other vulnerable groups within the value chain, and where groups or associations are strongest.It should also consider the right mix of financing needs between working and investment capital as well as seasonality aspects. Identifying potential business opportunities to shift farmers to climate-smart agriculture, which is one explicit objective of the grant fund, will also be an important consideration.

A study commissioned by PRODEX reviewed nearly 500 OPFs (*organisations professionnelles de filière*) nationally in the principal value chains where PRODEX works – cowpeas, onions, and livestock – though not all of these OPFs were recipients of PRODEX technical or grant assistance.[[69]](#footnote-70) The study should serve as a key tool to help frame the upcoming demand study for grants as it identifies the most predominant value chains in each of the eight regions under investigation. It also examines average land holdings at the household level (referred to below). One interesting finding that helps frame the demand for investment at the processing level is the startlingly low level of technology use.In the onion value chain, only 1.8 percent of the respondents report using a “semi-industrial” technique to transform products; the vast majority used traditional technology. For cowpeas, 15.4 percent of the respondents said they used a semi-industrial technique to process.[[70]](#footnote-71) Assuming a level of demand for the transformed product exists, this can indicate an investment opportunity.

The MFIs involved in the agriculture and livestock sectors will also be a useful source for illustrative demand. For example, Asusu has information related to the profitability of different crops that serves as an input into their forecasts and analyses of loan appraisal documents. Irrigated vegetable production seems very profitable under the right conditions; therefore, investment opportunities will exist for irrigation equipment for what is locally known as *maraichage*.

The AgCLIR phase one study looked at several value chains, and there are some insights as to where the potential for increasing margins may occur with a leveraged investment.For example, increased access to short-term onion storage can reduce farmer’s storage losses by 30 percent. By reducing postharvest loss and increasing the price received for off-season sales when there is significant volatility in prices, farmers can see a considerable increase in revenues.[[71]](#footnote-72) This was also confirmed in two PRODEX case studies. The October 2015 livestock value chain studyalso identified a number of possible investments in better collection and refrigeration services, slaughter facilities, animal feed production, and veterinary services.

### Measuring Demand

Effective demand is a function of absorptive capacity, types and sizes of agribusinesses targeted, investment size, and potential profitability.Effective demand is to be distinguished from ineffective demand, which, while it may exist and be articulated by farmers, is not profitable. Spurred more by historical or cultural reasons, this demand is likely not to be associated with profitable enterprises. Livestock fattening is one example of this. There is a cultural norm to hold livestock, but the cost of raising and fattening the livestock does not warrant the required investment.[[72]](#footnote-73) Livestock holdings may serve other non-income needs, such as security or asset building, or even community prestige.

To understand the overall demand for a grant facility, MCC should build a portfolio of sub-project prototypes, assigning percentages expected for each type coupled with average investment needs. Understanding the nature of the demand at the sub-project level will help the grant facility determine the evaluation criteria and measure the success (or not) of the subprojects and the project overall.

Special thought must be given to assessing created demand. Created demand is demand not yet manifested, but which the project will need to estimate based on the likelihood of interest to be generated in the future. An example of this is the mandate of the project to encourage climate-smart agriculture.For example, there is little current demand for technologies such as solar pumps that may have long-term climate benefits but are currently higher cost for farmers.The future project will need to create demand for these types of technologies through education, demonstration farms, training and incentives.This likely will take time and require a level of promotion to spark interest in investing by potential beneficiaries.

### Gender and Youth Considerations in Market Definition

Targeting women, youth, and other vulnerable populations will require a particular lens for assessing demand, informing eligibility criteria, marketing, and implementing the projects. Upon confirmation of the target communes, and an assessment of the most promising value chains and opportunities within these value chains, information should be collected on where these vulnerable groups predominantly populate these chains. An example with information gathered to date is found in the table below.

| Table 3.2: Women and Youth Participation In Select Value Chains |
| --- |
| Chain | Input Services | Primary Production | Aggregation Storage | Processing | Retail Sales  | Wholesale Sales | Export |
| Onions | Bag manufacture | Primarily in Tillaberi region. Participates in other regions |  | Drying and preparing powder | Some |  |  |
| Cowpeas |  | Participation in Tahoua. Women and men produce, but mainly men because there is so little mechanisation |  | Reverse roles for processing - mainly women; men participate when there is need for strength. Value added: 48%youth participation[[73]](#footnote-74) | Some |  |  |
| Moringa  |  | Primary: Women in Dosso started producing and processing 5 years ago.  | Primary | Primary: They produce cakes, biscuits, toffee, jam, and ointments and soaps. They lack machines for processing, but also "pots", the containers in which to sell the production. | Primary = Sell retail |  | Interest from buyers in Mauritania to buy 100 litres, at 120,000 cfa/litre |
| Millet /Sorghum |  | Participation in Tahoua | Per CARE, women play the markets: during dry periods, can take from *greniers*; but only after deplete those stocks do they sell their product at higher prices. | Some; they need access to *moulins* for sorghum and cereals |  | Some know to buy in bulk, the sell retail for profit. |  |
| Livestock Fattening | Some participation in feed preparation  | Good participation in fattening/herding especially of the smaller animals |  |  | Not involved  |  |  |
| Dairy |  | Participation in Camel milk production, sheep milk production,  | Women in Dosso collect milk from cattle, camels and "little ruminants" (goats) | Women dominate the processing of cheese and other dairy products.  |  |  |  |

This is not an exhaustive list. Other interesting value chains that include women and youth are rice (particularly processing) and aviculture, where there may be high potential for greater returns.[[74]](#footnote-75)

## 3.3 Implementation Considerations

### Design (windows, target beneficiaries, value chains, geographical)

The design in terms of geographical areas, implementers of the grant program, and general ideas of the target beneficiaries have been set and are supply driven. The current status of these design parameters are as follows:

* 60 communes selected in conjunction with the World Bank, plus additional communes that relate to MCC’s planned large scale irrigation projects.
* Retail subgrants of no less than $10,000.
* Use of the PRODEX structure including expanded focal point to implement the grant project.
* Heavy support of CSA type investments.
* Focus on women and youth, but not exclusive of others.

### Needs of the Market Drive the Business Solution

When considering the design of grant windows, the most important element is to understand the market of interest. The market will drive the business solution.Agribusiness financing issues in Niger are complex, and the shortfalls for financing are many, and are encountered more frequently by certain target populations.For example, women often operate in groups; they may even produce or transform in groups and share the profits. While these groups can offer a collateral option to financial institutions up to a certain level of financing, beyond that, traditional collateral options are required. For groups that are moving beyond the top end of where the MFI group collateral is accepted (over 200,000 CFA per group member in the case of Asusu), they need another form of asset to pledge.[[75]](#footnote-76) At times this could be a piece of equipment that may be financed, but often their financing needs are working capital. The business solution is therefore not only the provision of a fixed asset, but also, or instead, working capital with a more flexible collateral response.See text box for an indicative example.

Mata Ader is a regional union in operation since 2008.Of 227 women in the union, 57 engage in processing.They purchase a sack of low quality onions for 12,000 CFA and 10-12 women spend three hours processing them into powder.This produces 50-60 packets, which they can brand and sell for 550 CFA/packet, or double or triple if sold abroad inDubai, Burkina Faso, or Mali.This implies that the best investment for Mata Ader may not be a processing machine, but perhaps working capital to allow for labeling, foreign travel, or making connections with exporters.

Therefore, we recommend that the prospective businesses be assessed as to their needs, and referred to the correct providers for those needs. Providing investment capital will be unsuccessful if the business requires working capital.

### Subgrant Size

The parameters for the size of expected subgrants will constrain the opportunities for investment. If the smallest retail grant is expected to be $10,000 or 5.7 million CFA for the proposed MCC facility, certain activities and crops on land of a certain size will likely be outside these possibilities.The majority of the subgrants by PRODEX were well under 5 million CFA. The average subgrant, based on the published figures was $5,443.[[76]](#footnote-77)Grants over $10,000 would likely be absorbed by larger farmers for production or SME processors or heavy users of technology. In the PRODEX OPF survey, the average land per household varied greatly by region but in the regions MCC/CSA will be working in they are the following:

|  |
| --- |
| Table 3.3: Average Household Land Size by Region |
| Region | Average Household Land ha[[77]](#footnote-78) |
| Tilaberi | 2.0 |
| Dosso | 4.2 |
| Tahou | 2.9 |
| Maradi | 2.0 |
| Zinder/Diffa | 3.0/2.8 |

### Importance of Human Capital Strengthening

Niger ranks low on the HDI index. The absence of business know how was one of the most often stated reasons (by both financial institutions and MSMEs) for lack of available financing opportunities during the AgCLIRphase one study in May 2015.Often it is the human capital that needs the greatest investment, and financial capital without human capital upgrades will fail to recognize its greatest potential.Therefore quality business advisory services and other forms of capacity building are absolutely essential to develop the agribusiness MSMEs absorptive capacity, and consequently increase their returns.

As discussed earlier, climate-smart agriculture investments will also require significant upgrading of human capital. The project will need to stimulate demand for technologies that are not widespread. The value of such technologies will need to be measured and demonstrated in an appropriate way.Adoption and therefore demand will need sufficient lead time. Budget allocations will need to be adjusted accordingly in order to improve human capital.

### Finance Beyond Grants

A number of comments lead the team to believe that grant finance is just one in a menu of solutions to the existing demand and supply side constraints. A number of PRODEX subgrantees as well as GSCs mentioned the need for both working capital and investment capital.

Grants for working capital make little sense except in the direst cases, as working capital grants can lead to unviable business models. However, investment grants combined with credit for working and investment capital can provide a sound basis for business success as well as developing the bankability of the recipients. For this reason, MCC is encouraged to provide wholesale grant windows to MFIs, who can then construct financial products with partial grant capital. Models are being developed and launched as described inthe previous section.Other models to be considered are working through NGOs that have already developed a grant/credit partnership with MFIs. These will allow MCC to impact smaller and emerging businesses.

To better facilitate the best business solution for the business opportunity, any future project should develop strong linking mechanisms between the different grant windows, including coordinated marketing, databases, and periodic management meetings.

### The Role of Groups in Sub-project Generation and Implementation

Because of the cost of service delivery and the small sizes of agribusinesses, financial institutions, and other service providers groups are often the most efficient mechanism for delivery of training, technical assistance, and financial services.More than 26 percent of PRODEX survey respondents said they received credit from their OP, a higher percentage than any other formal source.For women, groups are an important vehicle for generating income and gaining access to information and other services. They can also be an important tool in disseminating new technologies. Women are well-represented in senior group positions according to the PRODEX survey, accounting forroughly 45 percent of OPpresidents.

OPs are also frequently used by community developers though their competency and interest can vary greatly. One of the GSCs stressed that governance is key in working with farmers’ organizations. The project must be willing to let go of poorly-managed or disinterested OPs, focusing instead on OPs interested in productive change.

MCC qualification criteria should favor working through well-functioning groups to expand outreach and enhance capacity adoption and development. Part of the evaluation criteria should include a rapid evaluation of the strength of the group: governance, existence of and adherence to bylaws, credit history with banks or MFIs, and references from NGO partners.

## 3.4 Implementing Bodies

The current system of using focal points is likely to be maintained but with a bigger presence in the field under the WB/MCC project. The World Bank estimates that each of the five focal points will have four staff, instead of one.[[78]](#footnote-79) This should allow the focal point to better monitor and evaluate sub-projects.

Given the capacity of the current focal points, it is likely the system of operators and GSCs will continue to provide support to the sub-projects: including project generation, data collection, implementation supervision, and technical assistance.If a greater focus on quality and economic returns are required, the GSCs will have to be upgraded. Further CSA subprojects will require an agriculture technical capacity, with which some of the current GSCs are likely not familiar.

### Implementing Criteria for Inclusion

Land ownership was a primary criteria for PRODEX to determine eligibility. This was loosened somewhat in practice, and having “access to land” as opposed to ownership was sometimes acceptable to operate or build. The possession of a document for ownership of land varies. In the PRODEX survey of 500 OPFs and related households, only 3.5 percent of respondents had *titre foncier* (land title); 32.5 percent had *droitcoutumier* (customary rights), and 44.7 percent had no document at all.[[79]](#footnote-80) Access to land as a requirement makes sense if the investment is land based, such as building a fence, developing pastures, or creating permanent storage sheds. It makes less sense if the investment is, for example, transport or processing based.Even a small irrigation package can be used on rental or leased land. Land access will be a particular problem for women and youth therefore the new project should ensure some flexibility as to the land criteria, depending on the type of activity to be financed (this seemed to be the case in practice with PRODEX though it is not officially part of the project).

Targeting youth may require a certain tolerance for investment in new and start-up businesses. Currently PRODEX requires at least three years in business before qualifying for a grant, which likely narrows the potential demand pool. MCC should consider adjusting this downwards, however the new project may wish to put portfolio limits on this type of financing in order to limit the risk.

In terms of criteria for participation, some thought should be given to whether to include or not include previous grant recipients from PRODEX or pre-PRODEX projects.PRODEX implementers believe that up to 35 percent of current grant recipients had received grants from previous projects such as PIP.While prohibited in theory it was neither tracked nor controlled by the current iteration of PRODEX.This should be discussed, and mechanisms to prevent (database matching between projects) overlap created if deemed necessary. In theory, one would want to prevent previous recipients from receiving grants in the new project, because successive grants indicate that the business may not be commercially viable.Grants are a limited resource and the potential to receive successive grants may deter businesses from good business practices and seeking commercial financing for growth even if able.

The matching contribution amount and type should be considered carefully. PRODEX generally requires between 10 and 30 percent cash contribution depending on gender, age, type of organization, and size of investment. Although it leads to a complex financing table within the operating manual, this gradated approach seems appropriate. However, many of the PRODEX recipients found that a cash contribution was difficult to come up with, which makes sense given the economic realities in Niger. In fact, some recipients mentioned having arrangements with equipment suppliers to provide their cash contribution as part of the supplied package, which contradicts the point of having a matching contribution in the first place.A longer preparation phase might alleviate this, allowing individuals or groups to save the money in advance, or a consideration of other commitments to the enterprise may be more suitable. While best practices should hold in most circumstances, the fact that the Niger population is highly “unbanked” and savings, if any, are likely not liquid, the cash contribution for some may be deemed impractical.

There is no contemplation of sector risk in the current PRODEX project. Notwithstanding the fact that it is a grant fund, some assessment of risk should be considered when allocating funds to different businesses/sub projects. This is particularly of note when considering the evaluation criteria of MCC. MCC may want to take a portfolio approach to allocating funds to specific value chains or position in value chain, especially where they see heightened risk. For example, rain-fed production enterprises may only take up 10 percent of the grant pool, youth start-ups 5 percent, etc.

Climate-smart agriculture activities may require significantly different criteria for eligibility and evaluation, since the fund will have to stimulate demand and that may take more than just demonstration farms. It will take promotion, education, and financial incentives beyond just a grant to fundamentally change the mindset and traditional practices of farmers and processors.

PRODEX’s current Subproject Financing Procedure Manual 4th Edition has some important and useful guidelines but future modifications should incorporate the following:

* Detailed description of criteria for grant, including general criteria, size ranges, counterpart contribution, recipient type, value chain, and value chain link position.
* Outreach/marketing plan (either separately or as part of manual).
* Process maps (and sub-process maps) for each step of identifying potential beneficiary, capacity building, preparation for grant (information required for grant decision and then any baseline info required), guidelines/checklist of analysis of the dossier, approval process, implementation and technical assistance, procurement, and monitoring and evaluation. These maps should identify roles of each player: when and where, along with standards of service in terms of time and quality.[[80]](#footnote-81)
* Procurement guidelines for investment equipment or works purchases should be reviewed to ensure they fall in with MCC requirement (currently they are based on government of Niger guidelines).
* Organizational chart: who does what (also can be part of the process map). Clear description of governance procedures, approvals required/approval levels, and grant committees makeup.
* Reporting formats, data collection, timing, sampling information/guidelines, reporting flows (up and down the organization), and tools for use to identify potential subprojects or analysis of subprojects should be part of the annexes at the very least.

### Support to Implementers and Target Beneficiaries

The capacity of the implementers at PRODEX vary greatly. The focal points are government seconded staff from the Ministry of Agriculture. If their responsibilities are increased under a new project as they are expected to be and includes more analytical oversight of subproject proposals, they will require upgrading of business and analytical skills.

SNV (a PRODEX operator) stresses also the need for allocating sufficient funds for training the GSCs and for SNV to continually monitor the performance of the GSCs. For instance, as SNV is launching their activities under the REGIS-AG project, SNV is developing the training modules, they will then train the trainers; have their trainers observe the SNV staff give the training and finally have the trainers deliver the training while the SNV staff observe.This is a model that the GSCs would do well to adopt.

The GSCs are considered relatively weak by all parties, especially in terms of their business skills. Many of the weaker GSCs have been culled through a recent evaluation process and the remaining 12 are being upgraded by the operators and SAHFI/TANYO in order to provide a higher quality GSC pool.This should be continued and supported if they are going to continue to provide these services.There seems to be appetite to use different service providers, and more details on potential options are found in Chapter 1.

Payment of GSCs is also under review in two ways. First, fees may be adjusted to provide a fixed fee plus a percentage of the sub project value. The fixed fee will assist the GSCs to cover the cost of dossier generation and this will hopefully encourage spending more time on the dossier, in turn producing a better quality sub-project for consideration.Second, the approval of payment to GSCs was being conducted by the regional focal point. PRODEX is in the process of changing that so that a technical approval needs to be given by the operators prior to payment. The operators currently review the files prior to being sent to the corresponding focal point. This should help increase the quality of the individual dossier and the technical assistance being provided by the project.

The two operators (SNV and CA17) are highly valued by PRODEX and the World Bank.[[81]](#footnote-82) The addition of SAHFI/TANYO with their unique skills and relationships with banks, will support the transition from grant financing to credit financing by some of the larger SMEs supported by PRODEX.

## 3.5 Monitoring and Evaluation

Monitoring of sub-projects under PRODEX is heavily focused on execution of the investment budgets. In this regard PRODEX seems to be quite precise.[[82]](#footnote-83) However, in terms of systematically building a baseline and subsequent measuring of economic returns to the agribusinesses, there is very little information to go on within the files.There is a general belief among most implementers that the baseline projections used to develop the initial dossier can suffer gross inaccuracies due to time and cost pressures. While the variations to projected investment budgets are completed at the end of the sub-project, actuals against projected income statements for the smaller sub-projects did not seem to be evaluated at the end of the project on a systematic basis. Consequently, this area needs to be reworked extensively for MCC.

Monitoring and evaluation needs should be balanced against the cost to obtain the information to be used.While all projects may provide some sort of projected income statement, not all need to be evaluated as to eventual ROI or IRR.Sampling especially at the small grant levels, where there are likely to be many more subprojects and where accounting information is more likely to be absent, should be conducted. Larger sub projects, where accounting information may be more easily obtained, and where there are fewer, can be measured regularly and with ease.

While there may be a shortfall of information currently collected, in terms of quality, PRODEX has adjusted the quantity of information required for subproject dossier building, tracking and closure dependent on the size of the grant. While some items may be missing, the concept of a simplification at smaller grant levels moving to more complex dossiers and evaluations is a good one and should be maintained in any future projects.

Developing and maintaining a more robust information system should be a priority in any future projects. Subprojects/clients should be given numbers and data should be organized around these numbers, and as much as possible should be kept in a digital format, for easy cross referencing. The budget to improve monitoring and evaluation should be increased.

## 3.6 Summary of Recommendations

Our current understanding is that MCC will invest $15-20 million into the PRODEX structure. It is recommended that the MCC ensure they have input into the following:

* Development of a targeted marketing/promotion plan; modification of eligibility criteria to encourage women, youth, and other vulnerable group applications.
* Reporting and monitoring plan that ensures MCC will receive information it requires. This should include the development of a project database that facilitates accurate and frequent reporting and periodic but systematic audit/monitoring visits to the field by the internal M&E team. Related to this is a negotiation of the project’s quarterly and annual targets over its lifespan.
* Development of process maps for the main processes within the project, which includes responsible parties and standards of service.
* A disbursement plan that can be illustrative to begin with and refined after the first six to twelve months once the project has a feel for the market. This should be tied into the marketing and promotion plan and the overall project strategy document.
* Allocation of sufficient funds to cover planning, new demand creation, technical assistance (both grant delivery and technical implementation), upgrading weak capacity at the implementer and the beneficiary level, and tougher monitoring standards.
* Wholesale window to allow MCC to target smaller promising businesses, along with an appropriate set of targets and monitoring (reduced); should be managed separately from the subgrant window.
* A portfolio approach to sector risk.

A number of other recommendations found throughout the text are summarized here:

* Maintain the gradated approach for paperwork pre- and post-grant based on sub-project size.
* Creation of a database that would allow screening for overlap, and sharing of information.
* Continued upgrading of the GSCs and support for the operators, streamlining processes, and increasing quality and service standards.
* Decrease the size of the regional selection committee and increase the number of meetings. Consider reducing the number of sub-project/grants that need to be approved at this level.
* Develop a criteria for encouraging youth startups, but limit the overall exposure to this type of business.
* Continue the use of groups as a vehicle to increase access to women owned businesses and develop capacity.

## Annex 3.1:Interviews with PRODEX Recipients

## Annex3.2: PRODEX Implementation Process and Responsibilities

| STEPS / ACTIVITIES | TERMS / TOOLS | STAKEHOLDERS | TIMEFRAME |
| --- | --- | --- | --- |
| PREPARATION OF THE REQUEST |
| 1.1 Information / Awareness on the financing mechanisms of the SP, priority industries (beneficiaries, eligibility criteria) | - Workshops / Meetings- Missions- Media- Commercials- Leaflets | TFCU; Focal Points; Executing Agencies; Technical Services; CCAIAN; RECA | Ongoing |
| 1.2 Provision of SP Request Forms | - Request forms | Focal Points; Executing Agencies | Ongoing |
| 1.3 Preparation of requests based on the request form | - Land diagnosis- Real estate documents- SP application or general project design (including Environmental Assessment Form Guide) | Sponsors; Executing agency/CSGs[[83]](#footnote-84) |  |
| 1.4 Submission of the request | - Quality control (eligibility, technical pertinence, profitability, environmental and social impact, adherence to contribution levels)- Submission with application submission form to focal points | Executing agency / Sponsors |  |
| PROCESSING THE REQUEST |
| 2.1 Internal processing of the request | - Verification of eligibility criteria- Technical evaluation based on predefined criteria and rating scales (including environmental sorting form)- Evaluation of the supplemental work for the studies (detailed project design [DPD] and environmental impact study [EIS])- Site visit for verification- Decision (decision sum. memo) | Executing Agencies; Focal Points; Technical Services | 15 days |
| 2.2 Submission of memos to the Technical Selection Committee  | - Delivery slip | Focal Points; Chair of the Technical Cmte.  | 5 days |
| REVIEW BY THE SELECTION COMMITTEE |
| 3.1 Review of applications by the RTSC | 3.1.1 Meeting convened and held | - Meeting minutes | Committee chair; Technical Selection Committee | 3 days |
| 3.1.2 Notification sent to the sponsors | - Letters | Technical Committee Chair; Focal Point | 7 days |
| 3.2 Minutes sent to the technical committee at the TFCU and the SP requiring review (DPD and EIS), as well as those exceeding the maximum regional amount set at 10 million CFA francs | - Delivery slip | Focal Point | 5 days |
| DETAILED PREPARATION AND APPROVAL OF THE SPs AT THE NATIONAL LEVEL |
| 4.1 Detailed preparation of the SPs requiring studies (DPD and EIS) | - Terms of reference- Consultant recruitment- Studies (DPD and EIS)- Study reviews and validation | TFCU; Industry Experts; Consultants | 3 months |
| 4.2 Approval of the requests by the National Selection Committee for the SPs reviewed and those exceeding the regional threshold | - Convene the national approval committee meeting- Review the applications- Minutes | National Committee Chair; TFCU; National Committee; Industry Experts | 10 days |
| IMPLEMENTATION OF THE SUB-PROJECTS |
| 5.1 Mobilization of personal contributions | - Payment receipt | Sponsor | 45 days |
| 5.2 Signing of agreement between the beneficiary and the project | - Co-financing agreement | Sponsor; Focal Points | 7 days |
| 5.3 Signing of Procurement Contracts | - Tender documents or consultation documents- Opening of sealed proposals- Opening & analysis report- Notification letters- Service contracts& orders | Regional FP / PCS / Proposal Evaluation Committee, the members of which will be determined by regulatory means | According to the procurement contract procedure |
| 5.4 Mobilization of the project subsidy | - Transfer of the project’s portion | TFCU | 1 month after submission of request for funding |
| 5.5 Completion of the work | - Execution of the work- Purchase of supplies- Other services | Service Providers (suppliers, contractors); Sponsors; TFCU; Agencies; FP  | 6 months maximum |
| 5.6 Monitoring of completion of the work | - Mission monitored- Reports monitored- Work site logs | Executing agency; SP |  |
| 5.7 Special training | - Development of modules- Conducting training | Executing agency; SP Sponsors |  |
| 5.8 Monitoring and evaluation of the work | - Monitoring missions- Monitoring reports- Work site logs- Provisional acceptance form | Sponsors; TFCU; FP; Industry Experts; Agency; Service Providers (CSG, NGO, research firm); BEEEI | Duration of SP execution |
| CLOSURE OF THE SUB-PROJECT |
| 6.1 Closure Mission | - Final report- Withdrawal of guarantee (if applicable) | Sponsors; TFCU; FP; Execution Agencies | 7 days |
| 6.2 Verification of the Document Folder | - Checking the document folder- Archiving the document folder- Entry of the document folder | TFCU; Service Providers (Archivist Consultants, Entry Agents) |  |
| 6.3 Comparison of accounting records and info not appearing in records for the subproject account | - Balance and closure | TFCU | 2 months after the end of the work |

# Chapter 4: Impact of Selected Taxes on Agribusinesses

## 4.1 Introduction

Phase I of the AgCLIR Niger assessment devoted an entire chapter to paying taxes and describingthe fiscal regime in Niger. Of its many findings, one was that two of the main forms of taxation are calculated based on revenues of a business, and not on profits – or could be, if the businesses are losing money. AgCLIR raised concern that these two taxes – the *Impot Minimum Forfaitaire* (IMF) and the *Impot Synthetique* (IS) may disadvantage agribusiness vis-à-vis other sectors or may be too burdensome and impede growth. This chapter aims to discuss these taxes and understand if they are posing a current, or potentially a future threat to agribusinesses in Niger or eventual beneficiaries of the Compact.

## 4.2 Current Status of the Tax Code and the Two Selected Taxes

As described in the AgCLIR Niger Phase I report, there is confusion among many stakeholders in the business community on whether agricultural activities are taxed. In the Tax Code of Niger (*Code General des Impots*), it is stated explicitly that agricultural incomes are subject to tax. At the same time, Article 219, in the section on value added taxes, exonerates certain agricultural activity from tax. Article 219, states: “the following are exonerated from tax on added value: 1) business done by agricultural producers, livestock herders and fishermen in the normal framework of their activities; 2) imports and sales of the projects in the following table.[[84]](#footnote-85)”The table that follows is quite long and covers many sectors, but does specifically include exonerations for fertilizers, insecticides, milk products, cassava, cereals and flours made from cassava or cereals.

While the language of the tax code seems to suggest that these exemptions only relate to VAT taxes, almost all interviewees in the professional accounting industry, along with the Direction General des Impots (DGI), said that in practice Article 219 is used as the justification to exempt any small agribusiness from tax. In fact, almost all stakeholders in the private sector of the agricultural sector said that producers and small processors were exempt from all VAT, income and corporate taxes. Many of the smaller processors at the focus group confirmed that they neither had registered with the tax authorities nor paid taxes.

***Impot Minimum Forfaitaire* (IMF).** The IMF, or alternative minimum tax (AMT) may be applied to companies under the *régime simplifié* or *régime réel* – that is, companies with annual revenues over 50,000,000 CFA (~$83,333 USD) for the *régime simplifié* or 500,000,000 CFA (~$833,333) for the *régime réel*. This tax is imposed if 1.5% of revenues are greater than the corporate income tax or *Impot sur Benefices* (ISB), which isa 30% tax on profits; if 1.5% of revenues are lower than the ISB, the ISB is paid and there is no IMF.

All companies are required to obtain a *numero d’identification fiscale* (NIF) at registration, and those that are subject to the *régime simplifié*receive a NIF-S. The Direction Generale des Impots estimates that there are approximately 12,000 businesses in the country that possess a NIF-S and are obligated to submit annual tax declarations. However, only about 3,000 actually do submit their declaration and pay their taxes; the state must go after the others. DGI estimates that the vast majority of the businesses with NIF-S registration are traders or companies that have registered in order to be eligible for government procurements and tenders, and that agribusinesses are not well-represented in this category. Therefore, it is unlikely that the IMF will affect agribusinesses in general, and in particular those that benefit from the Compact, as rural businesses will likelier fall under the regimes for smaller-sized companies, at least in the early years of project implementation.

It should be noted that since AgCLIR Phase 1 was conducted in spring 2015, the 2015 Law on Finance has been issued, which has changed the amount of the IMF for 2016 returns to 1.5%, down from 2% on commercial businesses (service businesses pay 3%). In researching the IMF for this study, it seems to have ranged from 1% to 3% with changes as frequently as on an annual basis, implying that should this tax become burdensome on newly expanded businesses that are receiving Compact support there would be opportunities to discuss tax policy with GoN and achieve relatively rapid results.

Further, article 37 of the Niger tax code specifies that any IMF that would be due is waived in the first two years of a new company’s operation, as a grace period for new businesses. Also, businesses “in rehabilitation” can apply to the Ministry of Finance for a three year grace period of exemption from the IMF. Interviews with the Ministry suggested that this does not happen often in practice, but it does indicate that there are avenues for legally avoiding the IMF should it become too burdensome for businesses.

Niger has the lowest ratios of tax collection to GDP in the West Africa Economic and Monetary Union (WAEMU) at 11.3%[[85]](#footnote-86)Given that larger companies serve as a significant portion of Niger’s tax base (the Ministry could not provide hard data, though this was confirmed by several staff members anecdotally), and that there are real social benefits to having a state that can collect taxes, it may not make sense for MCC to lobby to change this tax when it affects relatively few agribusinesses.

***Impot Synthetique.*** The impot synthetique is also referred to asthe professional tax(*taxe professional)* in many areas, and the terms are used interchangeably. Businesses with annual revenues of under 50,000,000 CFA ($83,333) and over 5,000,000 CFA ($8,333) are subject to this tax, which is collected by the DGI at the regional level. Businesses with revenues under five million CFA also pay an impot synthetique, but this is collected at the commune level by the town hall (*mairie).* Each year the DGI conducts an annual census of informal businesses. The tax inspector finds a business, takes a sample of receipts over a one month period, and then from this calculation estimates the firm’s annual revenue. The IS is 2% of this annual revenue on all commercial activities, and 3% income tax for the business operator. Historically the IS revenue tax was as high as 5-10% but the GoN has made efforts to reduce this recently. In a business’s first year, the IS is reduced by an amount of 50% in order to encourage the business owner to pay and become accustomed to paying tax. DGI feels this incentive is worth offering because the business then is included in the annual documentation and can be more easily fond the following year.

In 2011, the amount of IS collected nationwide was 1 billion CFA ($1.67 million USD), which fell to 784 million CFA ($1.31 million USD) in 2012 and recovered in 2013 to 881 million CFA ($1.47 million USD). These swings indicate that the manual nature of collection methods village by village are responsible for this variation rather than an overall change in the health of the small business sector from year to year.

While the method of calculating the IS may not link as closely to a business’s profitability as one would wish, it does have the advantage of being relatively simple to calculate and easy for taxpayers to understand.

## 4.3 Application of the Taxes in Practice

Theoretically, the IMF is a more problematic tax than the IS from a private sector development standpoint. Businesses that are losing money on an annual basis should not be further penalized by adding taxes based on revenue – this makes growing and recovering from losses more difficult. However, in a country like Niger where even many formal companies fail to make their annual tax declarations, and with limited human capacity and resources with which to enforce the tax code, the IMF can serve as an effective deterrent to cheating on taxes in order to avoid the much larger 30% tax on corporate profits (ISB).

Of the over sixty agribusinesses surveyed through the various focus groups described in the methodology section, only three businesses stated that they had paid the IMF. One was a woman-owned camel milk dairy in Niamey with approximate revenues of 25 million CFA ($41,667 USD) in 2014. She did not cite exact figures, but felt her business approximately broke even that year because of some large capital investments, and therefore paying IMF would be higher than the ISB. She estimated that 2% of her revenues went to the IMF, but she also remembered paying 180,000 CFA which would be less than 1% of stated revenues. In any case, she felt this tax was equivalent to the salaries of one of her 13 employees and was not a burden to pay. The two other agribusinesses interviewed (a hides and skins exporter and moringa and onion processor) also felt the IMF was a fair tax to be paid, even in a down year.

The DGIwas responsible for 441 billion CFA ($735 million USD) of tax revenue in 2012, and 585 billion CFA ($970 million USD) in 2013.[[86]](#footnote-87) The Impot Synthetique collections represent much less than 1% of the overall tax base of Niger, implying it likely isn’t unfairly disadvantaging rural populations who are likelier to be paying this tax, if they are paying tax at all. At the focus group of forty agribusinesses in Niamey, 4 businesses had paid the IS in the previous three years. Those interviewed in the focus groups outside Niamey tended to have a slightly higher percentage say they had paid the synthetic tax – perhaps closer to 20. Apart from a few vague allegations of corruption or being asked to pay a portion of the owed tax to the DGI census taker in exchange for a lower tax bill (which wasn’t presented as a complaint, just a fact of the DGI collection process).

As one would imagine, collection taxes from informal businesses spread across a country as large as Niger can be difficult. Further still, accurately assessing the records of informal businesses in order to calculate annual revenue figures is another challenge. Finally, coming up to an agreement with an individual or business owner on what the right tax bill calculated from this annual revenue figure, in an environment where literacy and numeracy remains a challenge sounds like a herculean task. However, DGI has organized itself relatively well to undertake these annual censuses, find business owners, and charge and collect taxes that are largely agreeable to the population. DGI is currently standardizing all receipts for cash transactions and are requiring that businesses use them. This is intended to make its assessments more rapid and reduce cheating or underreporting of income by business owners. In all field focus groups, farmers and business owners who paid the IS felt the amount charged was “fair.” There is a possibility that interview respondents would perhaps be hesitant to criticize GoN in the presence of others or foreign interviewers, so follow up questions could perhaps be asked again in an enterprise survey for confirmation.

From a high level perspective, at every focus group and interview, agribusinesses were asked to name their top constraints to doing business, and taxes were very rarely mentioned. The only specific tax that was named more than once was the export tax on livestock, which is out of the scope of this chapter. In fact, at the large focus group held at the Gaweye, participants were divided into three groups and each group discussed tax policies for an entire hour – in this focus group, participants were pressed on the IMF and IS, and very few had paid them. Those that had said they were not a burden. This is remarkable in that in almost every context, businesses will say that paying less tax is better than more, but that did not seem to be a consideration here. As mentioned, the focus groups weren’t a random or scientific sample, but they likely represented more sophisticated businesses (PRODEX grant recipients, interprofession members) and even these businesses did not feel disadvantaged by the IMF or IS.

Most interviewees from the government, civil society or profession accounting sector stated that the root of tax issues in Niger, when they exist, tend not to be an issue with the tax policy or tax code itself. More often, farmers lose money because they don’t know how to keep good records, so their tax bills are incorrect. Or even likelier, farmers are losing money on an ongoing business, but because they are not properly accounting for costs, they may not even realize the true profitability or lack thereof of their farm or business. These types of comments were repeated very frequently, and reinforce the conclusions of Chapter 1 of this assessment.

Overall, this assessment indicates that neither the IMF nor the IS should be a major focus of MCC reform efforts with the GoN. Certainly some of the DGI procedures could be better resourced and made more efficient, and tax education and sensitization could be increased. At the same time, MCC should focus on the most pressing constraints, which seem to be in other areas studied in this report.

## 4.4 Implementation Considerations

**1. Do not include tax policy reform as a major component of Compact activities in the design phase**.

As described above, agribusinesses themselves do not perceive the IMF or the IS as a major constraint to their businesses. When the IS is collected in rural communes, businesses felt by and large that the process for calculation of the amount owed was fair, and paying it was not a burden. As with any tax collection system that relies on a wide variety of people and geographies, there is always the potential for abuse or corruption; however, this does not seem to be a widespread problem if a problem at all. Over the life of the Compact, beneficiary agribusinesses can be consulted on their tax obligations and efficiency and fairness of the system, and lobbying for tax reform can begin for specific taxes if necessary. At this time, it is not.

**2.Consider including questions about tax regime obligations and satisfaction in the upcoming enterprise survey.**

Although there was wide agreement among GoN, accounting professionals and agribusinesses that the two selected taxes were not burdensome, this could be proven in a more structured way by including questions regarding taxes in the upcoming enterprise survey. In fact, the mandate could be expanded beyond the IMF and IS to include export taxes on livestock and any other taxes that are top of mind for agribusinesses. Even if the results of such a survey reconfirm that there are no major tax issues facing agribusinesses, it likely would be of benefit to agribusinesses that generally receive very little sensitization on tax obligations.

**3.Consider including a taxes module (sensitization on obligations, basic bookkeeping skills, etc) as part of the business development services described in Chapter 1.**

The CGA already provides tax services to its clients, and it is likely that business development services provided under the Compact will include tax preparation services. However, as the CGAs expand to more rural areas, there will be a greater need for these services and in areas with lower existing knowledge bases regarding tax obligations and how owed payments should be calculated. Without understanding the laws and required taxes, and how to manage their own business accounts, taxpayers will not be able to intelligently know if the taxes they are asking to be paid are fair.

There were mixed reports on the effectiveness of the DGI and potential corruption on the part of tax inspectors and collectors. While evidence was anecdotal, a system that is so heavily reliant on many individual census takers and tax collectors with little oversight is bound to have some instances of fraud. Perhaps one reason businesses didn’t complain about the amount of IS they were assessed was because inspectors kept this artificially low in exchange for personal compensation. This was suggested by a few interviewees, but flatly denied by others. In any case, education on taxes and collection methods can help create information symmetry and transparency in the system.

1. David McKenzie and Christopher Woodruff “What we are learning from business training and entrepreneurship evaluations around the developing world”. World Bank Policy Research Working Paper 6202, 2012. [↑](#footnote-ref-2)
2. World Bank, INVESTMENT CLIMATE AND COMPETIVENESS SUPPORT PROJECT, Report No: PAD1459, October 2015. The $20 million project will run from August 2015-December 2018. The value chains (peppers, niebe, arachid, poultry, and livestock) were identified through an assessment of sectors with the highest potential for value and employment creation. Note that nearly all are sectors in which women feature quite prominently. See Danida, « *Étude pour l’identification des chaînes de valeur à appuyer dans le cadre du Programme d’Appui à la Croissance Economique et à la Promotion d’Emploi vert durable basé sur le Secteur Agricole au Niger 2014– 2018*», March 2012. [↑](#footnote-ref-3)
3. A 25% reduction on the tax due for *I’impôt minimum fortaitaire* (IMF) and 50% on the professional tax (*taxe professionnelle*) for the first two years. [↑](#footnote-ref-4)
4. For example, businesses with an annual revenue of 10 -15 million CFA pay 80,000 CFA; businesses with an annual revenue of 100 -120 million CFA pay 240,000 CFA, and enterprises with an annual revenue of 400-500 million CFA pay 500,000 CFA. In addition, there is a 20,000 CFA fee initial fee. Members of the CCIAN get a 50% discount on their annual fee. [↑](#footnote-ref-5)
5. The FAR (*Fonds d’Appui au Développement Agricole Durable)* is the main activity under the program. The other main implementing partners of FAR is the Regional Council (*le Conseil Régional*), the Regional Directorate of Agriculture (*la Direction Régionale de l’Agriculture*) and the Agricultural Bank (*Banque Agricole du Niger* (BAGRI)). See, Lux Dev, Fonds d’Appui Régional Développement Agricole Durable Région de Dosso, Appel à propositions ouvert - FAR Dosso 2013, N° AP FAR CR/*DO 2013 001.* [↑](#footnote-ref-6)
6. Fonds d’Appui Régional Développement Agricole Durable Région de Dosso, Appel à propositions ouvert - FAR Dosso 2014-FORMATION DES JEUNES AGRICULTEURS EN TECHNIQUES D’IRRIGATION ET EN MARAICHAGE N° AP FAR CR/DO 2014 02. Tutelle : Ministère de l’Agriculture, Maitrise d’Ouvrage du FAR : Conseil Régional de Dosso, Financement : Coopération luxembourgeoise, dans le cadre du Programme d’Appui au Développement *Agricole Durable de la Région de Dosso – NIG/018* [↑](#footnote-ref-7)
7. See also, EVALUATION INTERMEDIAIRE NIG/018 Programme d’Appui au Développement agricole durable dans la région de Dosso, available at <http://www.lux-development.lu/files/documents/NIG018_EI_FR.pdf> [concerning the OPs “*les niveaux de gestion comptable sont très faibles. La fonction de gestion est très négligée*”] [↑](#footnote-ref-8)
8. See, EVALUATION INTERMEDIAIRE NIG/019 Appui à la mise en Œuvre du Programme décennal de l’Education dans la Région de Dosso, available at http://www.lux-development.lu/files/documents/NIG019\_EI\_FR1.pdf [↑](#footnote-ref-9)
9. To learn more about Bolloré’s blue zones, see http://www.niger2020.com/ [↑](#footnote-ref-10)
10. There are also six SIFA sites in Maradi region. This team visited the Swisscontact in Dosso and the focus of the discussion in this report is therefore on Dosso region. [↑](#footnote-ref-11)
11. PRODEX--Agro-sylvo-pastoral Exports and Markets Development Project (*Projet de Développement des Exportations et des Marchés Agro-Sylvo-Pastoraux*. REGIS-AG-- Resilience and Economic Growth in the Sahel – Accelerated Growth. [↑](#footnote-ref-12)
12. David McKenzie and Christopher Woodruff “What we are learning from business training and entrepreneurship evaluations around the developing world”. World Bank Policy Research Working Paper 6202, 2012. [↑](#footnote-ref-13)
13. AIDE MEMOIRE, République du Niger, Mission de préparation du projet d’appui à l’agriculture sensible aux risques climatiques (PASEC-P153420), Du 28 Juillet 7 Aout 2015. [↑](#footnote-ref-14)
14. David McKenzie and Christopher Woodruff, [What are we Learning from Business Training and Entrepreneurship Evaluations around the Developing World?](http://elibrary.worldbank.org/doi/book/10.1596/1813-9450-6202), Policy Research Working Papers. September 2012. http://elibrary.worldbank.org/action/showCitFormats?doi=10.1596%2F1813-9450-6202 [↑](#footnote-ref-15)
15. De Mel, Suresh, David McKenzie and Christopher Woodruff (2012) “Business Training and Female Enterprise Start-up, Growth, and Dynamics: Experimental Evidence from Sri Lanka”, Mimeo. World Bank. [↑](#footnote-ref-16)
16. Drexler, Alejandro, Greg Fischer, and Antoinette Schoar (2012) "Keeping it Simple: Financial Literacy and Rules of Thumb", Mimeo. LSE http://www.mit.edu/~aschoar/KIS-DFS-March2013.pdf [↑](#footnote-ref-17)
17. http://www.ilo.org/empent/Projects/WCMS\_145372/lang--fr/index.htm [↑](#footnote-ref-18)
18. David McKenzie and Christopher Woodruff, [What are we Learning from Business Training and Entrepreneurship Evaluations around the Developing World?](http://elibrary.worldbank.org/doi/book/10.1596/1813-9450-6202), Policy Research Working Papers. [↑](#footnote-ref-19)
19. The review covered 14 studies of mostly existing micro businesses, mostly urban but also some rural, in a variety of sectors, most with a high proportion of women participants. The business training ranged from 2-20 days. As discussed in the paper, a number of the studies do not measure profit and there is an issue with statistical power. As a result, here are only a few studies that have the statistical power and data points to measure what impact training has on profit. See, David McKenzie and Christopher Woodruff, [What are we Learning from Business Training and Entrepreneurship Evaluations around the Developing World?](http://elibrary.worldbank.org/doi/book/10.1596/1813-9450-6202), Policy Research Working Papers. [↑](#footnote-ref-20)
20. Valdivia, Martin (2012) “Training or technical assistance for female entrepreneurship? Evidence from a field experiment in Peru”, Mimeo. GRADE. <http://siteresources.worldbank.org/INTGENDER/Resources/336003-1303333954789/final_report_bustraining_BM_march31.pdf> This additional follow-up component cost twice as much as the basic training alone. [↑](#footnote-ref-21)
21. Moreover, as noted by McKenzie and Woodruff, the additional employee might leave another job or self-employment in which case the net employment creation would be even less. [↑](#footnote-ref-22)
22. Assumption that this salary would be comparable to the salary of the head of a regional CGA office. [↑](#footnote-ref-23)
23. Assumption that this salary would be comparable to the salary of the head of a regional CGA office. [↑](#footnote-ref-24)
24. Cost data for overheads can be collected via UC-PMC and/or left for bidders to propose in response to an RFP. [↑](#footnote-ref-25)
25. This assumes the sites are operational on day 1 of the project, which is unlikely.We will use this target to show a cost ceiling, but in reality sites would likely be constructed on a staggered basis, and ultimate LOP beneficiaries would be between 108,000 and 135,000. [↑](#footnote-ref-26)
26. Assuming all sites are constructed in year 1 [↑](#footnote-ref-27)
27. The CGA in Maradi will be established by the end of 2015, and Zinder in 2016. However, according to CGA in Niamey, CGA had as of October 2015 not secured full funding for the expansion beyond February 2016. [↑](#footnote-ref-28)
28. CGA assumes that CCIAN will cover the office space at each location [↑](#footnote-ref-29)
29. This represents the largest cost by far as it is a time and capital intensive project, can be scaled down (or up) depending on beneficiary targets [↑](#footnote-ref-30)
30. Revue du Secteur de l’Elevage au Niger », 02-2010, Min Elevage [↑](#footnote-ref-31)
31. Revue du Secteur de l’Elevage au Niger », 02-2010, Min Elevage [↑](#footnote-ref-32)
32. Herders denominate their personal wealth not on the weight or health of their herds, but on the number of horns divided by two. [↑](#footnote-ref-33)
33. The home pastures of the animals have good water availability, but problems arise once the animals begin their transhumance period. At that point, water is considered more of a public good, and the government is expected to supply adequate water holes and wells along the transhumance corridors. [↑](#footnote-ref-34)
34. Tabaski (Eid al Adha), for example, accounts for more than 50 percent of the annual sales of sheep and goats. [↑](#footnote-ref-35)
35. As part of a pilot project of PRODEX. [↑](#footnote-ref-36)
36. Revue du Secteur de l’Elevage au Niger », 02-2010, Min Elevage. [↑](#footnote-ref-37)
37. Figure based on field interviews during the assessment period. [↑](#footnote-ref-38)
38. For security reasons team was unable to visit the plants in Maradi and Zinder and phone interviews were conducted. [↑](#footnote-ref-39)
39. Revue du Secteur de l’Elevage au Niger », 02-2010, Min Elevage [↑](#footnote-ref-40)
40. PRAPS Project Appraisal Document (World Bank)-April 2015 [↑](#footnote-ref-41)
41. PRAPS Project Appraisal Document (World Bank)-April 2015 [↑](#footnote-ref-42)
42. The four companies with the biggest capacity per annum are: Solani (50,000 MT), Niger Lait (60,000 MT), Laban (15,000 MT), Others (5,000 MT) [↑](#footnote-ref-43)
43. These desired outcomes are reflected in the project’s overall development objective: “To improve herder and agro-herder access to essential services and means of production and to markets in the cross-border zones and along the migratory corridors of the six Sahelian countries, and to improve the capacity of the governments of these countries to respond, in a timely and effective manner, in the event of pastoral crises or other emergencies.” [↑](#footnote-ref-44)
44. http://www.doingbusiness.org/data/exploreeconomies/niger/~/media/giawb/doing%20business/documents/profiles/country/NER.pdf [↑](#footnote-ref-45)
45. Agriculture also includes livestock for the purposes of this report. [↑](#footnote-ref-46)
46. Niger: Rural Financial Services, Expanding Financial Access to the Rural Poor, World Bank Publication 2011. [↑](#footnote-ref-47)
47. AgCLIR Niger, May 2015. [↑](#footnote-ref-48)
48. BAGRI also mentioned this as a constraint for investment financing. [↑](#footnote-ref-49)
49. Ecobank thought that 80% of their loans were secured with land titles, and about 20% secured with either fiduciary, equipment, and/or inventory. [↑](#footnote-ref-50)
50. <http://www.careinternational.org/UploadDocument/files/Factsheets/Niger_CO_%20%20factsheet%20_%202014.pdf> and interview October 2015 [↑](#footnote-ref-51)
51. There are at least two other pilots to start with similar types of products under the FISAN facilitation including a similar project with support from IFAD will focus on Zinder, Diffa and another project from Agence Francaise de Developpement ( AFD) [↑](#footnote-ref-52)
52. International Development Association, Project Paper on a proposed additional credit in the amount of SDR 9.9 million to The Republic of Niger for and Agro-Sylvo-Pastoral Exports and Markets Development Project. July 11, 2014. Pg. 3 [↑](#footnote-ref-53)
53. 3912 sous projets financés pour un montant total de 12 137 244 576FCFA dontenviron 10 855 251 402 FCFAde subvention IDA. Cadre de Results. [↑](#footnote-ref-54)
54. PRODEX\_ANNEXES\_AM\_Mai\_2015\_revu\_YKS%20(1).pdf. [↑](#footnote-ref-55)
55. Annexe 4:Analyse Economique et Financière NIGER Projet de développement des exportations et des marchés agro-sylvo-pastoraux (PRODEX). [↑](#footnote-ref-56)
56. Unweighted average of 75 farms. Spreadsheet refers to other regions, but the data was only present in detail for Agadez. [↑](#footnote-ref-57)
57. See Annex for interview data. [↑](#footnote-ref-58)
58. The livestock input banks IRR and the cattle fattening IRR are reversed in the spreadsheet. [↑](#footnote-ref-59)
59. PRODEX does not track youth in a systematic way. [↑](#footnote-ref-60)
60. One GSC noted over 100 files were completed but not reviewed by the grants committee due to lack of funds to disburse. [↑](#footnote-ref-61)
61. The operators are aware of the issues and are proposing new fee structures. [↑](#footnote-ref-62)
62. Copy of Données technico-économiues des SP, Annex 4, Annexe 4:Analyse Economique et Financière NIGER Projet de développement des exportations et des marchés agro-sylvo-pastoraux (PRODEX) [↑](#footnote-ref-63)
63. International Development Association, Project Paper on a proposed additional credit in the amount of SDR 9.9 million to The Republic of Niger for and Agro-Sylvo-Pastoral Exports and Markets Development Project. July 11, 2014. [↑](#footnote-ref-64)
64. The Societe Sahelienne de Financement (SAHFI S.A. or Groupe Tanyo), which is the only “Finance Establishment” in Niger, offers partial guarantees on a case-by-case basis, which are used by banks (due to the size of the financing required). This is a private sector fund that charges the issuing bank a commission and also charges the client for helping with the business plan and for follow-up and technical assistance. Their skills and experience are being contracted by PRODEX to further develop the most promising SMEs. [↑](#footnote-ref-65)
65. GERME( French acronym for Start and Improve Your Business) CREE (Create Your Business) trainings which have been developed by the International Labour Organization (ILO) [↑](#footnote-ref-66)
66. http://www.indexmundi.com/niger/literacy.html [↑](#footnote-ref-67)
67. http://www.indexmundi.com/g/r.aspx?c=ng&v=39 [↑](#footnote-ref-68)
68. MFIs offer loans under a group guarantee methodology, but this type of collateral is not in use after certain loan sizes (depending on the MFI) [↑](#footnote-ref-69)
69. ENQUETE DE REFERENCE SUR LES ORGANISATIONS DES PROFESSIONNELS DES FILIERES ET LES MEMBRES DE LEURS MENAGES, 2012. [↑](#footnote-ref-70)
70. ibid [↑](#footnote-ref-71)
71. Wide swings in pricing over seasons will level off the more that the “supply” can be stabilized through proper storage facilities. Reduced losses due to less spoilage will continue. [↑](#footnote-ref-72)
72. While we met several clients who had e*mboucher* businesses, or were interested in expanding their fattening businesses, when we broke down the numbers, it didn’t seem at all profitable, especially if free feed was not available. This was confirmed by staff at SNV and also by the data Copy of Données technico-économiues des SP, Annex 4, Annexe 4:Analyse Economique et Financière

NIGER Projet de développement des exportations et des marchés agro-sylvo-pastoraux (PRODEX) [↑](#footnote-ref-73)
73. Report No: PAD1459, World Bank Appraisal Document. Niger Investment Climate Support Document 2015. [↑](#footnote-ref-74)
74. Aviculture was identified as a promising value chain by PPAAO project in our interview. [↑](#footnote-ref-75)
75. The top end of group collateralized finance for MFIs [↑](#footnote-ref-76)
76. 3912 sous projets financés pour un montant total de 12 137 244 576FCFA dontenviron 10 855 251 402 FCFAde subvention IDA. Cadre de Results. [↑](#footnote-ref-77)
77. ENQUETE DE REFERENCE SUR LES ORGANISATIONS DES PROFESSIONNELS DES FILIERES ET LES MEMBRES DE LEURS MENAGES, 2012. [↑](#footnote-ref-78)
78. They also are consider an NGO implementer for the Zinder/Diffa communes. [↑](#footnote-ref-79)
79. Table 19, ENQUETE DE REFERENCE SUR LES ORGANISATIONS DES PROFESSIONNELS DES FILIERES ET LES MEMBRES DE LEURS MENAGES. PRODEX 2012 [↑](#footnote-ref-80)
80. Agricultural business especially those that are highly seasonal (production, storage etc) have financing needs that are more time-sensitive than other SMEs. Care should be taken to ensure that the level of effort in processing dossiers and resulting subgrants correlate to the seasonality of the need. If the subgrant is not implemented in a timely manner, that seasonal opportunity will be lost. [↑](#footnote-ref-81)
81. International Development Association, Project Paper on a proposed additional credit in the amount of SDR 9.9 million to The Republic of Niger for and Agro-Sylvo-Pastoral Exports and Markets Development Project. July 11, 2014. Pg. 3 [↑](#footnote-ref-82)
82. There were some complaints by beneficiaries that the items purchased were much more costly than could be found in the local markets but this was countered by an operator who said that this may have arisen due to lack of knowledge of better quality (and thus more expensive) technologies. [↑](#footnote-ref-83)
83. While awaiting the establishment of the Executing Agencies, the Consulting Services Groups (CSGs) will be called upon to prepare the applications and support the implementation of the irrigation subprojects of an amount less than 1,000,000 CFA francs. [↑](#footnote-ref-84)
84. Page 73, Code General des Impots. French text : Art. 219**-** Sont exonérés de la taxe sur la valeur ajoutée : les affaires faites par les agriculteurs, les éleveurs et les pêcheurs dans le cadre normal de leur activité ; les importations et les ventes des produits énumérés au tableau ci-après [↑](#footnote-ref-85)
85. Analyzing the Potential Impact of Indirect Tax Reforms on Poverty with Limited Data in Niger, page 347. World Bank, 2008, accessed at https://mpra.ub.uni-muenchen.de/11074/1/MPRA\_paper\_11074.pdf [↑](#footnote-ref-86)
86. DGI Statistics, accessed at http://www.impots.gouv.ne/index.php/statistiques-dgi.html [↑](#footnote-ref-87)