

# > How MSD enhanced Nigerian farmers' resilience to COVID-19

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**William Grant**

January 26, 2021

# Setting the scene

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- **Resilience.** The ability of people, households, communities, countries, and **systems** to mitigate, adapt to, and recover from shocks and stresses in a manner that reduces chronic vulnerability and facilitates inclusive growth. (USAID)
- **Market Systems Resilience** is the capacity of a market system to absorb, adapt, or transform in the face of shocks and stresses. Within the broader economic, political, socio-cultural, and environmental systems in which they operate, markets are a means of allocating resources to solving system problems, such as those related to shocks and stresses. In other words, markets are an integral part of the ecosystem that resilience programming has long focused on and necessary for ensuring resilience at the individual or HH level.

# Resilience to what?

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## Key Shocks to Agricultural Market Systems

- *Economic Shocks* - food price volatility, cash crop price volatility, and fuel price volatility , exchange rates
- *Social Shocks* - political instability, unstable or ineffective governance, and trade policies
- *Environmental Shocks* - natural resource degradation from floods, drought, erratic rainfall, soil fertility mining, etc.
- *Health Shocks* - health crises such as Ebola, HIV/AIDS or the impact of aflatoxin on nutrition and wellbeing

Though COVID is a health problem, the shocks have been primarily economic and social due mainly to the government restrictions put in place. So how has the system adapted?

# Characteristics of a deeper and more resilient market system

- Structural changes to the system
  - Increasing connectivity – more market actors working across broader geographic zones and working with more firms
  - Diversity and specialization by market actors are increasing with time
  - Power dynamics – fluctuate to allow multiple power nodes to emerge
  - rule of law across groups is institutionalized with a relatively fair judiciary process
- Behavioral changes
  - Good cooperation – driven by value creation and addition
  - Good competition, based on internally driven improvements to performance, using evidence-based decision making
  - Business strategy – focused on delivering value for customers, suppliers and staff
- This case on the Niger Delta will show how the market systems became more resilient before the crisis, but with deeper systems, how market actors adapted their operations to address the changing needs of the SHF during the pandemic

Source: Market Systems Resilience, A Framework for Measurement, DAI, 2018

**SHAPING A  
MORE LIVABLE  
WORLD.**

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Thank you





# Enhancing Market Systems Resilience through MSD

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## How PIND & MADE Strengthened the Market Systems in Nigeria's Niger Delta

Dara Akala  
Executive Director, PIND Foundation



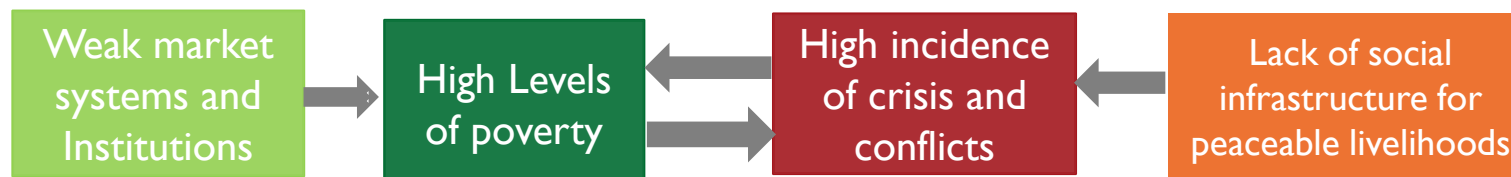
## PIND Foundation

- Overarching goal of reducing poverty and conflict in the region

## MADE I & II

- FCDO project working in parallel – lots of collaboration; a bit of competition

- Intervention Strategy: first there was the need for a deeper understanding of the major causes of poverty and crisis .....



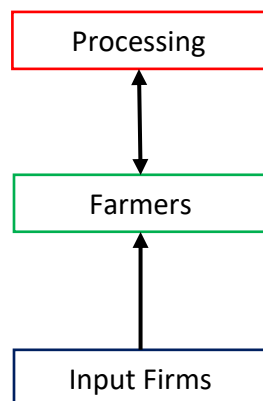
PIND adopted a market systems approach, implementing a portfolio of economic and peacebuilding interventions aimed at addressing the root causes of poverty and conflict

- To ensure the sustainability of PIND's programs, the economic development growth strategy is anchored on strengthening the key market systems that the poor depend on for their livelihoods

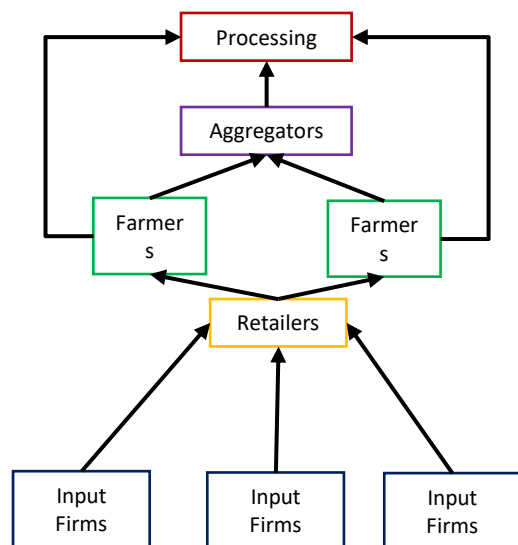


# Deepening Market Systems to Reach Scale

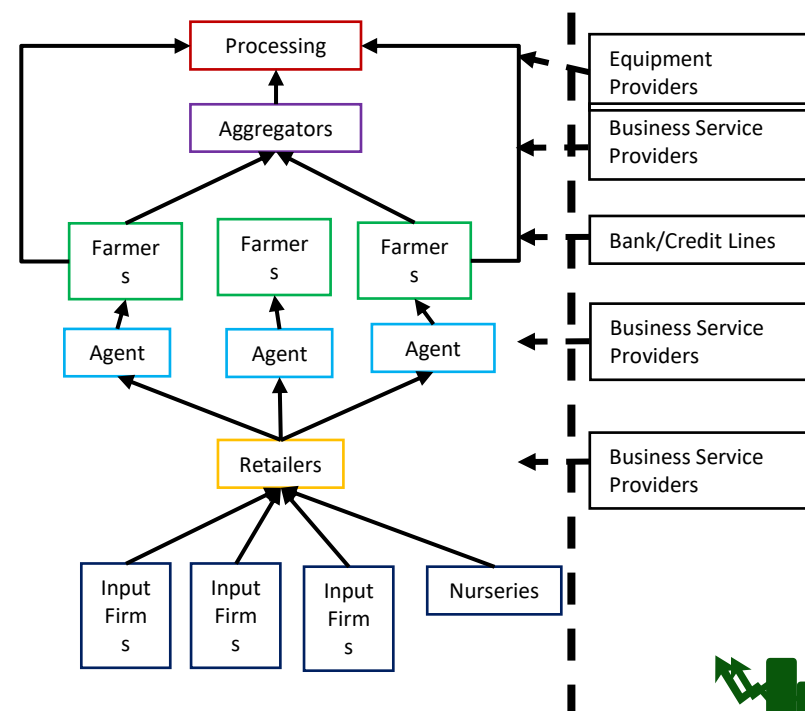
## 1. Market Engagement: a lead firm approach



## 2. Market Building – right sizing incentives

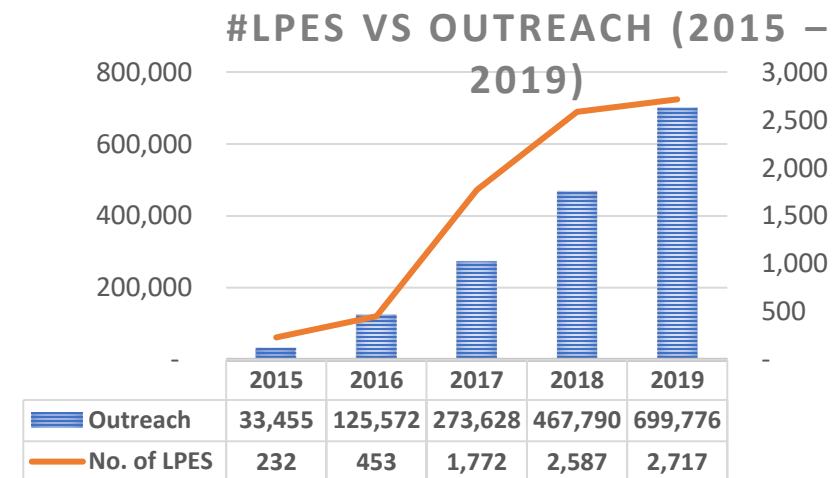


## 3. Market Deepening – network effects and multipliers



- Changed mind-set and service offerings of SPs, retailers, off-takers, manufacturers – started proactive direct targeting of farmers
- Many more Lead firms and SPs created competition and stimulated innovation. Added new products and services in their sectors; SPs leveraged skills to move into new sectors
- Steady increase in linkages between all market actors to reach the SHF as clients; joint ventures leveraged each others' competencies and relationships; service relationships
- Market actors driving improvements in regulatory environment to have government programs use market systems to improve their performance.

Service Providers	Outreach	Employee	Types of Services	
	% Increase	% Increase	Before PIND	After PIND
TSPs	295%	211%	Technical training	Diversified, farmers focused
BSPs	283%	125%	Generic enterprise training	Diversified, clients focused
Inputs Providers	94%	66%	Sales of inputs	Added training and demos
Technology Providers	283%	225%	Fabrication and sales of equipment	Added training and demos



## Structural Changes to make a Resilient Market System

- **Increasing Connectivity** – LPES providers expanding rapidly, working across different locations and with over 200% increase in outreach, expanding into multiple sectors
- **Diversity and specialization** – more diverse products and service offerings focused on clients needs: Beyond training programs to linkages to quality inputs, markets, and finance. Availability of LPES providers that are specialists in Business, finance structuring, technical solutions, farm set-up, etc
- **Power dynamics** – Emergence of Master LPES providers and other layers of power and specialization with greater understanding of the need for inter-dependence
- **rule of law across**– Informal engagement rules and standards well established between LPES providers, CBN and SMEDAN taking the lead in institutionalizing onboarding processes for LPES

## Behavioral Changes to make a Resilient Market System

- **Good cooperation** – happening between different LPES providers (BSPs, TSPs, inputs and technology providers) both vertically and horizontally. Driven by value creation and addition, and specialization
- **Good competition**, System now sees continuous upgrades in products and services offerings by LPES providers to stay in competition.
- **Business strategy** – LPES providers now entrepreneurial, focused on delivering value for farmers and SMEs and their business.

***“Every problem that my clients have is an opportunity for me to make money providing a solution” – BSP in Niger Delta***

# Enhancing Market Systems Resilience through MSD

## Impact of COVID-19 and Market Response/ Adaptation Strategies

Precious Chidi Agbunno,  
Market Systems Development Manager, PIND Foundation

# COVID-19 Shocks and Impacts

The first case of COVID-19 was recorded in Nigeria in February 2020, subsequent government control measures disrupted the operating environment for farmers and other market system actors

## Total Lockdown with Movement Restrictions



- Disruption of farming activities - farmers could not visit their farms
- Disruption in the supply of farm inputs bringing about scarcity and spike in the prices of inputs
- Limited access to markets and finance
- Disruption in field demonstrations and training activities

## Public Gathering Limitations



- Further disrupted field demonstrations and training activities
- Limited access to markets

## Inter-state Movement Restrictions



- SPs cannot get to their farmers in other states.
- Shortage of labour and high cost of transportation
- Disruption in the flow of inputs
- Trade restrictions/border closures

## Curfews & Market Controls



- Affect ability for farmers to get to and from farms
- Fewer opportunities for output marketing
- Limited travel hours disrupted movement of people and goods, particularly inputs

## Impacts on Farmers & SMEs

October 2020 survey of 150 SHF, SMEs and service providers across the cassava, aquaculture, poultry, cocoa and palm oil value chains

### Access to Critical Services

- INPUTS – 95% impacted
- FINANCE – 69%
- MARKET – 69%
- INFORMATION – 26%
- Labor and transportation

### Most Pressing Challenges

- Inputs
- Finance
- Markets

### Operations and Performance

	Negative	Neutral	Positive
Sales	65%	23%	12%
Cost	80%	16%	4%
Profit margin	56%	31%	13%

**Sales** - volume & price: delayed price adjustments

**Cost:** Very high feed cost in poultry & Aqua

### Most farmers surveyed adapted to cope with the challenges

- 84% deployed adaptation strategies : direct sales to neighbors, phones & social media platforms, storage and processing, use of alternative cheaper inputs
- 53% deepened relationship with their service providers, particularly to address issues of access to information, inputs, finance and markets
- 23% introduced new /adapted their products



# Impacts on the LPES & the Market System

This was severe for all services before adaptations were introduced.  
Services critically impacted include:

Technical Extension Services Providers	Business Services Providers	Inputs Providers – Producers & Retail	Technology Providers
<ul style="list-style-type: none"> <li>• Linkages to inputs</li> <li>• Training &amp; demos</li> <li>• Physical advisory visits</li> <li>• Linkages to finance &amp; market</li> <li>• Farm set-up &amp; Mgt</li> </ul>	<ul style="list-style-type: none"> <li>• BDS Services</li> <li>• Linkages to markets</li> <li>• Linkages to finance</li> <li>• Physical advisory visits</li> <li>• Diagnostics</li> </ul>	<ul style="list-style-type: none"> <li>• Sales &amp; distribution of inputs</li> <li>• Demos of products &amp; Practices</li> <li>• Field day activities</li> </ul>	<ul style="list-style-type: none"> <li>• Field demos &amp; training on equipment usage</li> <li>• Fabrication, sales &amp; distribution of technologies</li> </ul>

## 100% LPES confirmed their clients were negatively impacted...

- Opportunity for adaptive services offerings to provide solutions to SHF needs
- Value propositions around linkages to inputs, finance and markets
- Access to information initially impacted but SPs were quick to adapt new strategies
- Overall, SPs experienced net increase in client base/ outreach

	Response Strategies	TESP & BSPs	Input Providers	Tech. Providers
1	Adapted Services	100%	88%	66%
2	Deepened R/S with other LPES	100%	88%	–
3	Specialized, while relying on other LPES for other roles:	66%	45%	–

	New Opportunities identified & Leveraged to improve response	TESP & BSPs	Input Providers	Tech. Providers
1	New Markets:	77%	66%	66%
2	Government COVID-19 stimulus Schemes and others:	45%	–	–

## Farmers' response on the effectiveness of the LPES Providers' Adaptation strategies

- Flow of business information & relationship with LPES providers: 84% satisfaction
- Ability to address most pressing challenges during the restrictions
- Effectiveness of response strategy– evolved as understood problems, not all the challenges could be addressed.

# Factors that Enabled Effective Adaptation Strategies

## ▶ What the PIND did

- Facilitate engagement between actors for problem identification and solution development
- Analysis & information sharing

## ▶ Market enablers

- Entrepreneurially driven SPs, respond to threats to livelihood of their clients (opportunities for them)
- Depth of maturity of the market systems and actors witnessed by:
  - Increased availability of different competencies and skills
  - Increased connectivity among the LPES providers bringing about expansion into multiple states and sectors
  - Good competition and good coordination between the market actors

BEAM January 2021

# **PIND, MSD and Resilience – Summary Reflections**

▶ **David Elliott**



**The Gallus Edge**

# Systems deepening and resilience

## 1. Competition and Innovation

- Nature of competition
- Adaptation

## 2. Trust and Choice

- Problem solving
- Pooling and sharing

## 3. Connectivity and Cooperation

- Networks
- Planning and communication

## 4. Confidence and Leadership

- Self-reliance
- Peace-building

**SYSTEMS DEEPENING**



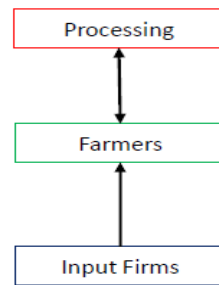
***EMERGING  
CHARACTERISTICS***



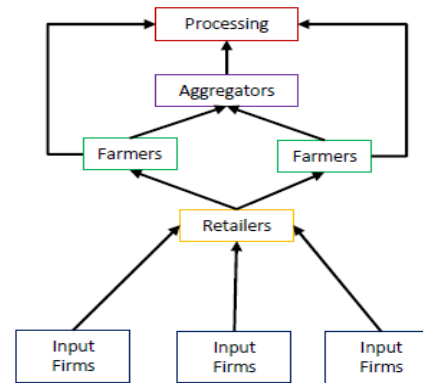
**SYSTEM RESILIENCE**

# COVID – Implications for MSD strategy and tactics

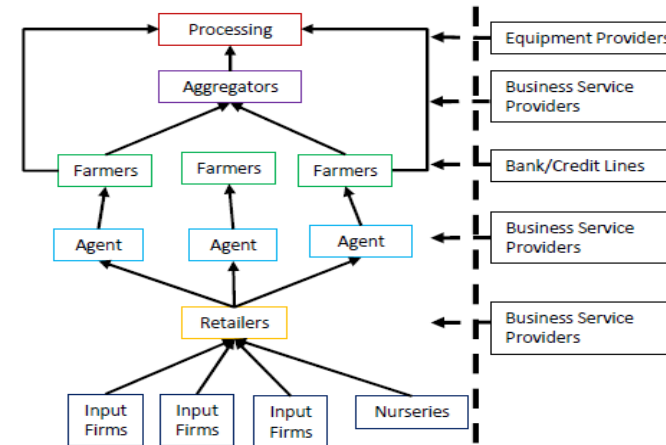
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**2. Market Building – right sizing  
incentives**



**3. Market Deepening – network effects and  
multipliers**



INCREASING MARKET RESILIENCE

DISTORTING...?

COVID-19

DEVELOPING...?

> How MSD enhanced Nigerian farmers' resilience to COVID-19



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