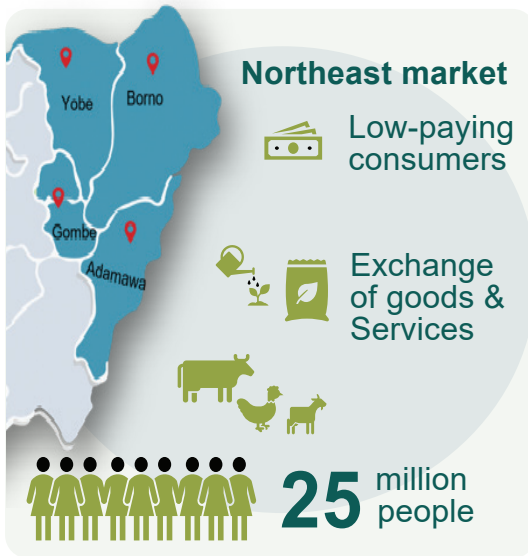




RURAL RESILIENCE ACTIVITY ENTERPRISE INVESTMENT FUND: CATALYZING INNOVATION AND INVESTMENTS IN NORTHEAST NIGERIA



Opportunities in Northeast Nigeria

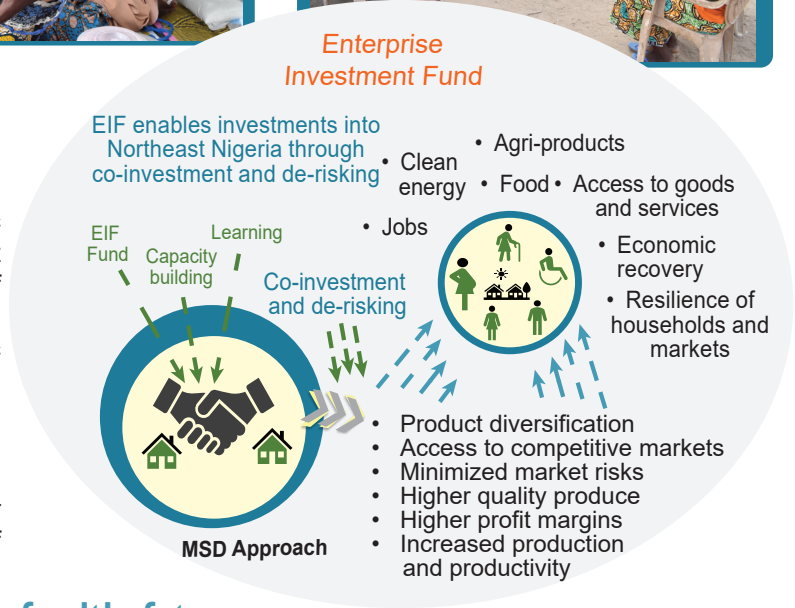
Northeast Nigeria is a market of about 25 million people who serve as consumers, suppliers, employees, entrepreneurs, business owners, etc. Compared to the rest of the country, the market is predominated by low-paying consumers including marginalized communities and internally displaced persons (IDPs). Like everywhere else, the people of the Northeast use markets to buy and pay for goods and services, engage in business, sell their surplus harvest, and trade for their livelihoods. There are opportunities for the exchange of goods and services, for trade, for buying and selling, which create jobs, income opportunities, or increase access to services. There are opportunities to profitably serve the population with commercial products and services. In this case, the private sector could be de-risked to identify potential customers, to recognize the potential of new products and services, and to discover new business models to profitably deliver products to customers in the Northeast in an affordable and useful manner.

The ability to mobilize investments for unproven business models is a more sustainable way to empower people in the Northeast on their journey to self-reliance. By mobilizing, de-risking, and incentivizing public and private investments, strengthening local capacities, and accelerating enterprise-driven development, the region will achieve transformation in the economy driven by competitive, inclusive, and resilient growth – where growth withstands the test of time, supported by structures and systems with the ability to adapt and evolve, overcome risks and challenges, and create new opportunities to maintain growth.

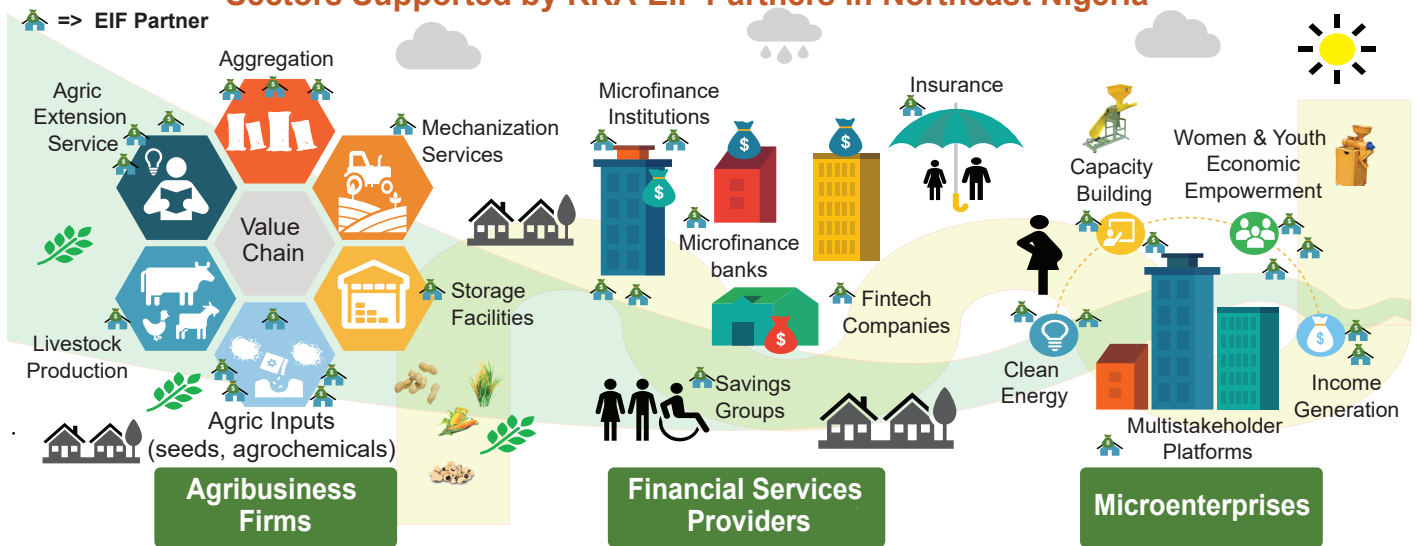


About the Enterprise Investment Fund

To de-risk investments in conflict-affected Northeast, the Feed the Future Nigeria Rural Resilience Activity (RRA) has set up a US \$6 million Enterprise Investment Fund (EIF) as catalytic funding. The fund enables investments that generate positive impact and eases the flow of capital into Northeast Nigeria through co-investment and de-risking. With the catalytic funding, RRA strives to mobilize US \$24 million in private sector investments that provide jobs, clean energy, food, homecare products, agri-products, strengthen value chains and supply chains, increase efficiency, and increase access to other goods and services that improve the well-being of people.



Sectors Supported by RRA-EIF Partners in Northeast Nigeria



The catalytic funding enables the Activity to support design, testing, and fine-tuning of innovative business models, scale proven business models, and increase competitiveness and performance of firms and investments. The fund is structured on principles of investments and market development to fill financial, technical, and managerial gaps that make business models commercially viable. The resources are co-invested in pilots, de-risking of new investments, and/or scaling solutions with firms, service providers, and other market actors, using an iterative co-design and cocreation processes. The funding vehicle is composed of grants and technical assistance to sustainably improve the investments' performance and bring about lasting changes in incentives, rules, norms or supporting services within markets, and so ultimately improve the terms of participation for poor women, youth, and men. It leverages public and private investments that improve market linkages, generate employment, and increase financial inclusion with the goal of increasing incomes and enhancing resilience to climate change.

Catalytic investment is patient, risk-tolerant, concessionary, and flexible—it is an essential tool to support impact-driven enterprises and organizations that lack access to capital on suitable terms through the conventional marketplace. The aim of catalytic capital is to unlock impact and additional investment that would not otherwise be possible, strengthening communities, expanding opportunity and economic growth, and fueling innovation that advances the well-being of people and the planet, while laying the groundwork for mainstream investors to participate in transformative investments.



Harvesting of rice at Intrio Synergy Limited (ISL) farm. The Activity partnered with ISL to demonstrate commercial farming for 30 young Agripreneurs in Biu, Borno State, Nigeria



In partnership with Biu Women Castor and Jatropha Farmers Association, the Activity trained women on charcoal briquette production from agricultural waste, reducing the risks of carbon generating fuels in the kitchen.



Centre for Microenterprise Development (CMD) participants preparing groundnut cake. CMD provides capacity building support to savings and farmers groups. It also provides credits and agro inputs for farmers groups.

How we de-risk the Private Sector

By aligning incentives, supporting the uptake of new business models and strategies, and de-risking first mover actions, RRA encourages industry players and agribusiness firms to invest in improving product quality and in making improvements in market infrastructure to support the economic recovery and resilience of households, communities, and the markets. This, in turn, enables product diversification and higher profit margins. The diversification both increases access to competitive markets and hedges market risk. This has a pull effect at the production level - incentivizing increased production and productivity and higher quality produce. By aligning incentives and supporting capacity development and new strategies with select government ministries and agencies, RRA catalyzes those institutions to strengthen the implementation and enforcement of formal rules that secure investments into the Northeast economy.

What EIF covers

The Enterprise Investment Fund resources are a co-investment meant to reduce investment risks, prove the business case for new models, facilitate entry into new markets, scale-up innovative approaches, incentivize investment to expand market opportunities and services, and improve access for market actors in Northeast Nigeria. Illustrative types of costs that EIF supports include:

- i. technology / equipment upgrade: e.g., a high potential manufacturing employer purchases new equipment to improve the quality and scale of production;
- ii. initial stock purchase: e.g., a micro retailer of agricultural products purchases a first order of stock from a wholesaler;
- iii. staffing for a new business model: e.g., a grain processing company introduces a new business model involving a specialized staff position that recruits and trains field-level agents;
- iv. business development services or other types of consultancy: e.g., a financial institution hires specialist management consulting services to develop or strengthen a digital agricultural finance/trade platform and build management expertise.

A call for funding or a Request for Application (RFA) is an instrument which invites entities to submit applications to be considered as EIF Partners. Concept notes under an Annual Program Statement (APS) may be reviewed on a rolling basis usually over a period of a year. A Notice of Funding Opportunity (NOFO) may be used in a similar way as an RFA to structure a two-stage competition process. A multiple-stage competitive process enables the team to include a co-creation phase after the concept notes are evaluated. The concept notes proposed by potential partners are refined during co-creation and, if accepted, developed into EIF Partnership Agreements in the form of grant agreements.



Biu Youth Agripreneurship Cooperative members threshing harvested rice at the ISL farm in Biu. The Activity partnered with ISL to demonstrate commercial farming to 30 Agripreneurs in Biu, Borno State, Nigeria

Processes

As a USAID-funded Activity, we aim to capitalize on the full marketplace of ideas, so we encourage competition by issuing solicitations and asking organizations to respond to them. We select partners whose response best meets the evaluation criteria outlined in our solicitation. Our processes are aligned with US Government regulations. To learn more about the types of notifications and solicitations we use and other essential terms you need to know to work with USAID, visit: <https://www.usaid.gov/partnership-opportunities/respond-solicitation>.

An Annual Program Statement (APS), which is a “call to action” is released usually once a year, that outlines the need for a specific type of program and encourages the submission of a wide range of concept papers. Our active call can be found at <https://mcnigeria.com/rra-eif/>. RRA uses strategic transaction support under this Activity to address barriers to investment, and by unlocking capital. Through addressing specific risks with bespoke assistance and guidance to investors, this Activity aims to increase transparency, lower the costs of transactions, and create partnerships that catalyze/unlock private sector investments. Our partnership ticket size range between USD \$25,000 – USD \$500,000 and our process for solicitation is a thorough, robust due diligence process in compliance with USAID funding regulations.



EIF Impact Story

Magdalene Joseph is a solar product entrepreneur in Saminaka, Yola, Adawawa State. Before her engagement with the USAID funded Feed the Future Nigeria Rural Resilience Activity, the mother of two would hawk Kunu, a locally made drink popular in northern Nigeria to garages, workshops and motor parks in order to support her family.

Her search for opportunities to increase her income paid off when she met the Solar Sister’s Agent Supervisor in Adamawa State.

Being a Solar Sister Direct Sales Agent (DSA) helped Magdalene to increase and diversify her sources of income. She is now able to support her family (household spending) without much impact on her business.

How we measure success

RRA defines success when it sees growth in market shares, customer base, jobs created, the volume of products and services, a good trade-off between risk and return, judicious capital management, long-term investments, and a bottom line that keeps costs in line with the investment approach. We are successful when we build strong market actor linkages between big investors and indigenous investors for comparative business advantages that bring inclusivity, especially among vulnerable groups (women, youth, IDPs, and disabled). Finally, we are successful when we begin to build a resilient market within the business ecosystem which is measured by increasing profit margin, customer base, increased revenue, increased frequency, and scale of transaction and assets.

Partners Section



About the Feed the Future Nigeria Rural Resilience Activity

The Feed the Future Nigeria Rural Resilience Activity is a five-year, US\$45 million program funded by the United States Agency for International Development (USAID) to facilitate economic recovery and growth in vulnerable, conflict-affected areas by promoting systemic change in market systems. The Activity is part of the U.S. Government's global hunger and food security initiative. It is aimed at empowering vulnerable households, communities and systems to cope with current shocks and stresses, and to be prepared to withstand future ones.

The Activity is implemented by Mercy Corps, in partnership with the International Fertilizer Development Center (IFDC) and Save the Children (SCI), primarily in the Northeast states of Adamawa, Borno, Gombe, and Yobe. Through the COVID-19 Mitigation Response Program, the Activity's operational areas also included Benue, Kebbi, Niger and Ebonyi states, as well as the Federal Capital Territory. Using market-led approaches, the Activity will move over 567,780 individuals out of chronic vulnerability and poverty.

For inquiries, please contact:

Margarita Aswani,
Chief of Party, Rural Resilience Activity
Email: maswani@mercycorps.org

Jamila Mahdi,
Enterprise Investment Manager,
Rural Resilience Activity
Email: jmahdi@mercycorps.org