



Twelfth Replenishment

**RECOVERY.
REBUILDING.
RESILIENCE.**

Corporate-level Evaluation IFAD's Engagement in Pro-poor Value Chain Development

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Value chains as complex multi-layered systems

5. Broader Enabling Environment

4. Market Context (domestic/international)

3. Governance, Relationships, Inclusiveness

1. Core Value Chain

End Consumers



Storage and Handling



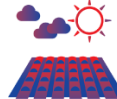
Distribution



Aggregation



Processing



Production

2. Extended Value Chain



Technical Services



Financial Services



Inputs

ENABLING ELEMENTS

Economic/Financial

Infrastructure

Policies, regulations
norms and standards

Sociocultural

Natural Resources,
Climate Change

Viability
Inclusiveness
Sustainability

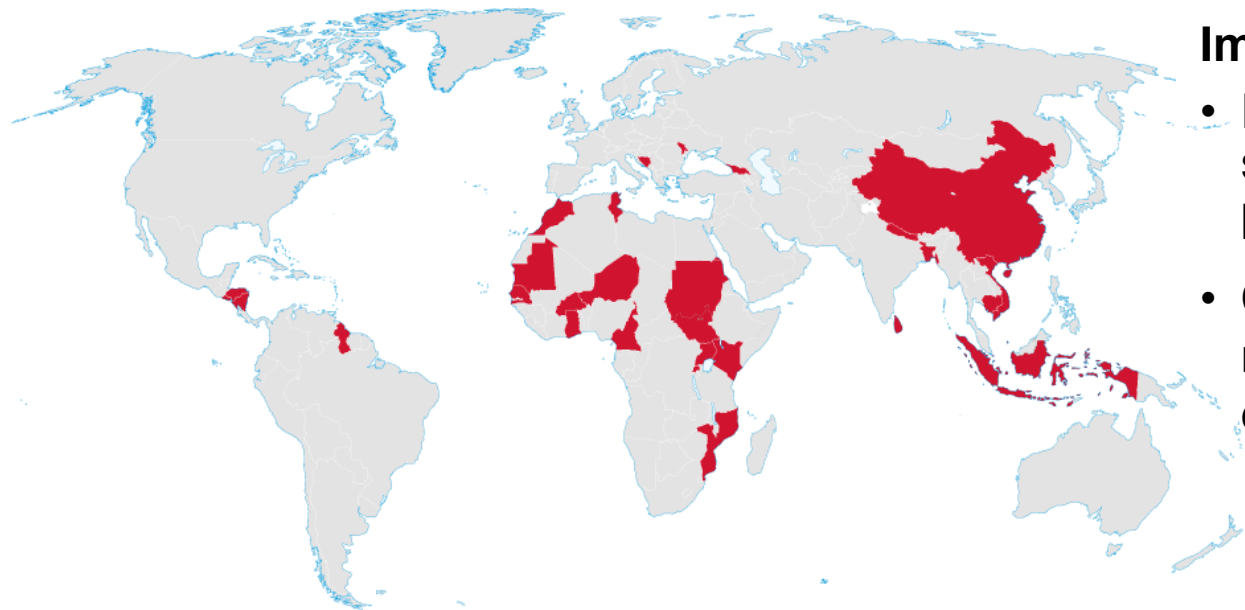
Large increase in proportion of value chain projects at IFAD

	IFAD7 (2007-2010)	IFAD10 (2016-2018)
Proportion of value chain projects approved	41.5%	72.3%
IFAD funding of value chain projects as a proportion of POLG	50%	81%

- **No corporate strategy** on pro-poor value chain development for conceptual clarity and guidance
- Insufficient emphasis on **skills** of IFAD staff and of project management teams in the field

Analysis of project design

77 projects reviewed in 29 countries

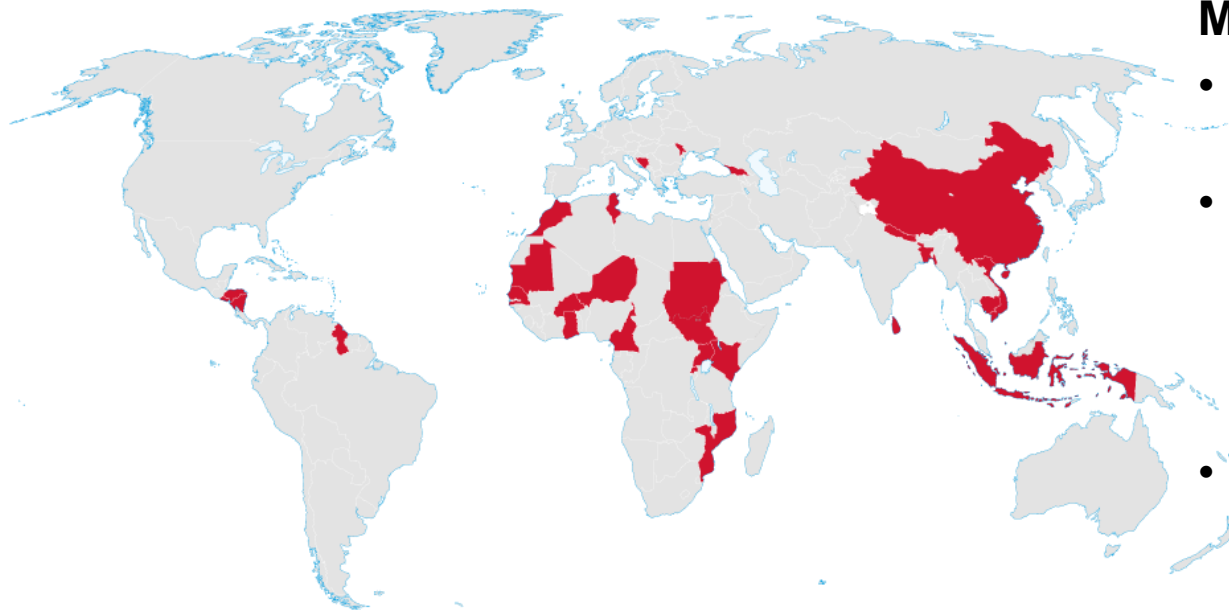


Improvements:

- Design evolved from support to primary production
- Components on access to markets, and value chain development were added

Analysis of project design

77 projects reviewed in 29 countries



Most designs lacked:

- Analysis of **preparedness** for value chain approach
- **Market intelligence** analysis to select commodities and segments of the value chain
- Attention to **information technology** to reduce transaction costs and enhance market transparency

Managing risks

Most projects have taken into account primary production and infrastructure-related risks

Less focus on:



Market and price risks
(e.g. price crash due to over-supply)



Policy and regulatory environment risks
(exceptions in Sudan and Kenya)



Regulation, verification of product standards, labelling, and food safety - a priority in the future

Value chain governance

Somehow addressed by 66% of projects reviewed



Most common:
purchase agreements
(producers-buyers)

**For producers, better
access to markets,
higher prices.**



Less common:
public-private-producer-
partnerships (4Ps)

**They continue to be in
weak bargaining
position and prone to
market risks**

Value chain governance

Multi-stakeholder platforms in 20% of projects reviewed



Improved communication,
transparency, and dispute
resolution

**Improved bargaining
position of small-scale
producers**

Financial services

Projects offered conventional rural finance services, rather than instruments specific to value chain financing

Effective in providing basic financial services to primary producers

Less effective in financing small and medium enterprises and cooperatives

NO PROMPT CASH PAYMENT OFFERED TO PRODUCERS

SIDE-SELLING

1. IFAD is traditionally focussed on financing small producers;
2. Partnering with specialized organizations and impact investors rarely occurred

How can IFAD reach the very poor through value chain approaches?

FACTORS PROMOTING OUTREACH

- Commodities requiring intensive, **unskilled labour inputs** (vs. land, capital requirements)
- Enforcing **pro-poor requirements for agribusinesses** as a condition to obtain project support
- **Community-based ground work** combined with linkages with processors and traders

APPROACHES WERE LESS SUCCESSFUL WHEN

- **Agribusinesses** were left to select small scale producers and de-linked from other project components
- **Trickle-down effects** from supporting agribusinesses were assumed rather than explicitly supported



Mapping of emerging findings

Intermediate value chain development and medium pro-poor outcomes were predominant

	Low pro-poor outcomes	Medium pro-poor outcomes	High pro-poor outcomes
Advanced value chain development	3%	10%	10% IFAD's long experience and multi-stakeholder platforms
Intermediate value chain development	10%	19%	12%
Incipient value chain development	20% No articulated value chain design, implementation did not go beyond production	15%	0%

Key findings

- Major increase in value chain portfolio
- Absence of strong corporate guidance
- Project design has clearly evolved but some analytical gaps remain
- Support provided to conventional rural finance instruments rather than value chain-specific instruments
- Outreach to the very poor in a value chain context is feasible but requires attention to enabling factors
- Strongest cases of value chain development and poverty reduction linked to IFAD's longer experience in the area and support to value chain governance

Recommendations

1. Prepare a corporate strategy for IFAD's support to pro-poor value-chain development and for organizational changes
2. Adopt a **programmatic** approach to value chain development (long-term engagement) after assessing local context
3. Promote outreach to poor and very poor groups and gender equality
4. Promote inclusive value chain governance and policy and regulatory environment

Recommendations

5. Strengthen partnerships to enhance market intelligence throughout project cycle.
6. Sharpen approaches to value chain financing, through partnerships with specialised organizations and impact investors
7. Develop capacity of project management teams and of IFAD staff

Thank you

Read more about the Corporate-level Evaluation on IFAD's Engagement in Pro-poor Value Chain Development

<https://www.ifad.org/en/web/ioe/evaluation/asset/41268822>

Download the report

https://www.ifad.org/documents/38714182/41260694/cle_valuechain.pdf/7f0ae37d-5c57-10a2-b14d-0593f08a03d0

