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Investir dans les populations rurales

Évaluation au niveau de l'institution de la contribution du FIDA au développement de filières en faveur des pauvres

Note à l'intention des membres de la Consultation

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FIDA
Investir dans les populations rurales

Évaluation au niveau de l'institution de la contribution du FIDA au développement de filières en faveur des pauvres

Note à l'intention des représentants au Conseil d'administration

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Enfin, IOE souhaite exprimer sa reconnaissance aux gouvernements et aux partenaires de développement des nombreux pays qui ont fait l'objet des études de cas.

Évaluation au niveau de l'institution de la contribution du FIDA au développement de filières en faveur des pauvres

I. Vue d'ensemble

1. **Contexte, portée et méthodologie.** En décembre 2017, le Conseil d'administration du FIDA a approuvé le lancement d'une évaluation au niveau de l'institution (ENI) concernant la contribution du FIDA au développement de filières en faveur des pauvres, à réaliser par le Bureau indépendant de l'évaluation du FIDA (IOE). Les objectifs de l'ENI étaient les suivants: i) évaluer la performance du FIDA en matière d'appui au développement de filières en faveur des pauvres; ii) en étudier les effets sur la réduction de la pauvreté rurale et sur le développement rural durable et inclusif; iii) recenser les possibilités d'amélioration.

2. Dans la majeure partie du monde, la part de marché des grandes entreprises agroalimentaires et des chaînes de vente au détail augmente rapidement. Cependant, bien qu'une part importante de la production alimentaire mondiale totale puisse être attribuée aux petits producteurs, ils ne reçoivent qu'une part disproportionnée de sa valeur de marché. Les pouvoirs publics et les organismes de développement, ainsi que certaines grandes entreprises, sous la pression de la société civile, commencent à soutenir le développement de filières plus durables et inclusives. Ces efforts s'inscrivent également dans la dynamique du Programme de développement durable à l'horizon 2030, en particulier de l'objectif de développement durable n° 8 (travail décent et croissance économique) et de l'objectif de développement durable n° 12 (consommation et production responsables). L'objectif consistant à "ne laisser personne de côté" implique l'inclusion des producteurs pauvres et des groupes marginalisés.

3. L'engagement du FIDA en faveur du développement des filières favorables aux pauvres s'est accru à partir du milieu des années 2000, avec un pic autour de 2015. L'heure est donc venue d'évaluer ces interventions. La présente ENI évalue la mesure dans laquelle la concentration sur les filières a permis au FIDA d'accomplir sa mission – la réduction de la pauvreté rurale – ainsi que les conditions dans lesquelles cette démarche a contribué à atteindre les zones et les personnes très pauvres. L'ENI examine en outre le degré auquel les processus et ressources du FIDA sont favorables au développement des filières.

4. L'évaluation couvre la période allant de 2007 à 2018, incluant donc le Cadre stratégique 2007-2010, dans lequel le concept de filière s'est dessiné plus clairement, et présentant des exemples récents de conceptions de projets de filières.

5. **Sources**. L'ENI a collecté et analysé les données provenant des sources suivantes: i) des documents officiels du FIDA (stratégies institutionnelles, programmes d'options stratégiques pour les pays, rapports sur les projets et produits du savoir); ii) les bases de données institutionnelles du FIDA sur les prêts et les dons; iii) l'examen de 77 projets dans 29 pays, au moyen de visites sur le terrain, d'analyses de dossiers et d'autres évaluations; iv) un atelier d'autoévaluation de la direction; v) des entretiens avec des informateurs clés parmi les cadres et le personnel du FIDA ainsi qu'avec des représentants d'organisations gouvernementales et non gouvernementales, d'organisations internationales, d'organismes privés, d'associations de producteurs et d'organisations de la société civile; vi) une enquête par voie électronique menée auprès du personnel du FIDA et des chefs de projet; vii) un examen de l'expérience acquise en la matière par d'autres organisations.

6. **Définitions opérationnelles**. L'ENI a défini:

- une filière comme un ensemble d'entreprises et de parties prenantes participant à la gamme d'activités requises pour faire parvenir un produit à sa destination finale sur le marché, à partir de la fourniture des intrants et en passant par les diverses phases de la production;
- une intervention d'appui au développement d'une filière favorable aux pauvres comme une initiative qui encourage l'inclusion et l'avancement des personnes pauvres participant à cette filière, et améliore, de ce fait, leurs moyens d'existence de façon durable.

7. À partir de la littérature sur les filières, l'ENI propose de conceptualiser **la filière comme un système à niveaux multiples** (voir le graphique 1 du rapport principal). Le premier niveau comprend les fonctions économiques mobilisées par un produit: production, agrégation, stockage, transformation et distribution aux consommateurs finaux. Au deuxième niveau se situent les fournisseurs d'intrants, ainsi que les prestataires de services financiers et non financiers qui sont essentiels pour la viabilité économique de la filière. Le troisième niveau est constitué par la gouvernance de la filière, c'est-à-dire les liens commerciaux, les relations et la répartition du pouvoir de marché entre les parties prenantes (producteurs, acheteurs, transformateurs, prestataires de services et instances de réglementation). Le contexte du marché représente le quatrième niveau et se caractérise par la dynamique de l'offre et de la demande ainsi que par les différents degrés de concurrence. Enfin, le cinquième niveau est, de façon plus générale, l'environnement porteur qui influe sur la dynamique entre les flux concomitants de marchandises, d'argent et d'information d'un bout à l'autre de chaque filière, c'est-à-dire la performance de la filière.

II. Évolution du portefeuille de filières et de l'appui institutionnel

8. L'ENI a constaté que, entre 2007 et 2018, sur 367 projets approuvés, 62,1% concernaient les filières. En volume d'investissement, sur un total de 10,2 milliards d'USD approuvés, 68% (6,96 milliards d'USD) étaient destinés à des projets de filière.

9. **La proportion de projets de filière a fortement augmenté entre la Septième reconstitution des ressources du FIDA (FIDA7) et FIDA10.** Eu égard au nombre de projets approuvés, la proportion est passée de 41,5% sur FIDA7 (2007-2009) à 72,3% sur FIDA10 (2016-2018). En termes de volume de prêts, de dons spécifiques à un pays et de fonds destinés au Programme d'adaptation de l'agriculture paysanne, la proportion est passée de 50% à 81%.

III. Politiques institutionnelles et procédures

10. En dépit de la taille de ces investissements, le FIDA n'a pas de politique ou de stratégie institutionnelle en matière de développement des filières. Au fil du temps, le concept de développement des filières a été intégré, à des degrés divers, à plusieurs politiques et stratégies. La Stratégie du FIDA pour le secteur privé (2011), par exemple, qui visait à approfondir la collaboration avec le secteur privé, prévoyait de renforcer les capacités et les connaissances du personnel du FIDA, mais n'évoquait pas le développement des capacités des fonctionnaires dans les pays ni du personnel des projets, alors même que ce sont les gouvernements qui sont chargés de mettre les projets en œuvre.

11. Le FIDA a élaboré plusieurs boîtes à outils et produits du savoir sur le développement des filières. Ces instruments sont suffisants pour des séances de présentation, mais seulement 51% des chefs de projet sont conscients de leur existence (contre 89% du personnel du FIDA). Mais surtout, il manque au FIDA un

cadre conceptuel global couvrant le développement des filières selon une approche favorable aux pauvres.

12. **L'expansion du portefeuille des filières a conduit à une exploitation maximale des ressources internes spécialisées en la matière.** Jusqu'à la mi-2018, le FIDA disposait de trois conseillers techniques, au siège, chargés des questions de filières, en sus de leurs autres attributions. À la suite de la réaffectation du personnel, en 2018, il reste un conseiller technique au siège et un autre au pôle du FIDA au Pérou; ce dernier assurera aussi des tâches plus générales relatives à la conception et à la supervision des projets. Comme c'est souvent le cas au FIDA, il sera largement fait appel à des consultants.
Des membres du personnel spécialisés resteront nécessaires pour sélectionner et superviser des consultants chevronnés et favoriser la poursuite de l'apprentissage institutionnel.

13. Dans les procédures du FIDA régissant l'assurance et l'amélioration de la qualité, aucun élément propre aux interventions en faveur du développement des filières n'a été intégré avant 2018. Ce type d'intervention était traité de la même façon que les autres. Le personnel du FIDA a reconnu que les mécanismes institutionnels ne permettaient pas d'harmoniser les approches et de garantir une assurance de la qualité appropriée dans tous les projets approuvés par le Fonds.

14. **Les examens à mi-parcours** donnent l'occasion de réviser les projets de développement des filières, notamment sur le plan du ciblage. Cependant, comme ces examens sont menés au bout de quatre ou cinq ans après le début de l'exécution, il reste peu de temps pour mettre en œuvre les changements.

IV. Pertinence de la conception des projets

15. En règle générale, le FIDA a adopté une démarche progressive au niveau des pays, en se concentrant d'abord sur la production primaire, puis sur l'accès aux marchés et, enfin, sur le développement des filières. **L'apprentissage s'est souvent fait par la pratique.** Les conceptions de projet qui comprenaient une bonne analyse des filières (au Rwanda, au Sénégal et à Sao Tomé-et-Principe, par exemple) étaient celles qui s'appuyaient sur les interventions que le FIDA et les pouvoirs publics avaient précédemment menées dans une zone donnée ou en faveur de produits spécifiques. Ils ont ainsi pu mettre à profit leur connaissance du terrain et des groupes cibles dans le cadre d'une approche axée sur les filières.

16. Toutefois, l'état de préparation du contexte national et local à une approche axée sur les filières et l'adéquation de la conception du projet (y compris le caractère réaliste du calendrier) n'ont pas fait l'objet d'analyses systématiques. Cela peut s'expliquer, dans une certaine mesure, par l'absence d'un cadre commun de développement de filières favorables aux pauvres.

17. **Les conceptions de projets ont rarement inclus ou prévu une analyse structurée des informations sur le marché**, telles que: i) les caractéristiques, perspectives et tendances du marché; ii) l'évolution des prix dans le temps et d'une région à l'autre; iii) une estimation des coûts et investissements initiaux pour les petits producteurs.

18. Si l'analyse des filières a revêtu un caractère important lors de la conception, il était tout aussi essentiel de valider et d'actualiser cette analyse au cours du démarrage et de l'exécution du projet, y compris en comblant les éventuelles lacunes de l'analyse initiale. Ce travail était d'autant plus nécessaire dans les projets affichant un retard important entre la conception et l'exécution, étant donné que les conditions et les perspectives du marché peuvent évoluer rapidement. Or, dans les faits, l'analyse n'a pas toujours été mise à jour.

19. **Différentes approches ont été adoptées en matière de développement des filières**, comme le montre le tableau 1. L'amélioration des produits et procédures et le renforcement des liens horizontaux – deux stratégies qui s'inscrivent dans le cadre de la démarche traditionnelle du FIDA –, ont été des axes d'intervention traités dans la grande majorité des projets. Cela laisse à penser que certains éléments liés à la production devaient être améliorés avant que les interventions ne puissent commencer à se focaliser sur d'autres aspects tels que le renforcement des liens verticaux ou la mise à niveau fonctionnelle, deux axes d'intervention moins fréquents. Toutefois, cela pourrait aussi indiquer un manque de clarté au FIDA sur la manière de faciliter l'accès aux trois flux intervenant dans les filières (flux de marchandises, flux d'argent et flux d'informations) et donc d'optimiser les avantages générés.

Tableau 1
Exemples d'approches du FIDA en matière de développement des filières

Approche	*Description*
Amélioration des produits et des procédures	L'amélioration des produits consiste à améliorer la qualité ou la quantité de la production (techniques de production, produits de valeur supérieure). L'amélioration des processus consiste à améliorer l'efficacité du processus de production afin de réduire les coûts de production et de promouvoir la certification, la sécurité sanitaire des aliments ou la traçabilité.
Renforcement des liens horizontaux	L'objectif est de consolider les liens entre les parties prenantes intervenant au même niveau fonctionnel de la filière (par exemple, en créant des coopératives ou des fédérations, ou en renforçant les capacités des organisations de producteurs) afin d'améliorer leur pouvoir de négociation lors de l'achat d'intrants ou de la vente de leurs produits.
Renforcement des liens verticaux	L'objectif est de consolider les liens entre les parties prenantes intervenant à différents niveaux fonctionnels de la filière, par exemple en encourageant des types de contrats formels/stables et en améliorant l'accès physique aux marchés.
Mise à niveau fonctionnelle	Il s'agit de faire en sorte que le groupe cible (par exemple, les producteurs et leurs associations) puisse s'acquitter de nouvelles fonctions et activités, comme la transformation, le stockage ou le conditionnement, afin de créer plus de valeur.

Source: FIDA (2017). *Stocktaking of IFAD's Value Chain Portfolio.* Mimeo, Unité marchés et entreprises en milieu rural de la Division des politiques et du conseil technique.

20. **Des systèmes d'information sur le marché** n'ont été prévus que dans 14% des projets examinés, et les résultats escomptés n'ont pas toujours été atteints. L'absence de tels systèmes a limité l'accès des parties prenantes à une information transparente, ce qui a nui à la prise de décision et à la bonne gestion du risque de marché. Les principaux obstacles rencontrés ont été le manque de temps pour la mise en place de systèmes d'information sur le marché et la difficulté à garantir l'institutionnalisation et la viabilité financière de ces systèmes dans l'optique de réduire la dépendance à l'égard des fonds alloués par les projets. En outre, il est ressorti de l'ENI que les innovations ont rarement impliqué l'application des technologies de l'information et de la communication.

21. **Des mécanismes visant à améliorer la gouvernance des filières** ont été promus dans les deux tiers des projets examinés. Les accords d'achat entre producteurs et acheteurs constituaient la forme de gouvernance la plus courante (53% des projets). Les partenariats public-privé-producteur (4P) ont été privilégiés dans 35% des projets, et les plateformes multipartites dans 19% d'entre eux.

22. Les contrats d'achat pouvaient prendre la forme de contrats informels ou, à l'inverse, de contrats exhaustifs dans lesquels étaient précisés la quantité, la qualité et le prix des marchandises ainsi que les modalités de la transaction. Certains projets ont permis de faciliter les accords entre les groupes de producteurs et les transformateurs, comme dans le cas de la filière du riz au Cambodge. D'autres projets ont permis aux organisations de producteurs de mieux approvisionner leurs clients selon des exigences précises en matière de qualité et de livraison (grappes de fruits de palmier à huile en Ouganda; coopératives de

café, de cacao, de noix de cajou et d'horticulture en El Salvador et au Honduras; noix de coco et feuilles ornementales au Viet Nam).

23. Les 4P sont des accords entre organismes gouvernementaux, entrepreneurs du secteur privé et organisations de producteurs. Ces partenariats ont joué un rôle important pour inciter le secteur privé à s'engager dans des filières favorables aux pauvres. Ainsi, l'accès au crédit à la production a pu être facilité dans le cadre d'accords multipartites entre les entreprises agricoles, les banques et les producteurs (par exemple, au Ghana, au Sri Lanka et en Ouganda) et les cultures de jeunes plants ont pu être financées conjointement par le projet, les autorités locales et les entreprises agricoles (au Népal).

24. Cependant, dans de nombreux cas, **la qualité des consultations avec le secteur privé était limitée**. Mis à part le Projet de développement de la production d'huile végétale en Ouganda, qui a permis de mobiliser des investisseurs à grande échelle, la plupart des interventions n'ont apporté aucune réponse à des questions fondamentales, à savoir la mise en place de mécanismes permettant d'inciter les entrepreneurs à s'associer à de petits producteurs et la définition des besoins connexes tels que: a) l'importance de l'investissement initial nécessaire (formation, machines); b) la marge bénéficiaire escomptée et les risques; c) la taille du marché et le niveau de concurrence.

25. Dix-neuf pour cent des projets examinés visaient l'établissement d'une **plateforme multipartite**, c'est-à-dire une instance réunissant les parties prenantes d'une filière donnée (fournisseurs d'intrants, producteurs, transformateurs et distributeurs) pour renforcer la communication, la confiance et la compréhension mutuelle et favoriser les relations commerciales. Ces plateformes ont été l'un des modes de gouvernance les plus avancés et se sont avérées efficaces dans les pays et régions ayant une tradition bien établie de dialogue entre les parties prenantes, comme au Niger et au Sénégal. La capacité des projets à permettre la participation active de l'ensemble des acteurs a également joué un rôle important. Le cas échéant, les résultats moins satisfaisants (par exemple au Cameroun et en Mauritanie) étaient dus à des lacunes dans la conception et à des problèmes d'exécution, ainsi qu'à des facteurs contextuels (tensions entre groupes ethniques, faiblesse de la gouvernance, insécurité).

V. Domaines de résultats spécifiques

Renforcement des capacités

26. Dans la plupart des projets, les **petits producteur**s ont bénéficié d'un renforcement de leurs capacités de production et de manutention après récolte, dans le cadre de l'amélioration des produits et des processus, approche dérivée de la démarche du FIDA traditionnellement axée sur la production. L'un des points faibles a été, à quelques exceptions près (par exemple au Maroc), **l'absence de cours d'alphabétisation et de calcul fonctionnels** offerts aux petits producteurs, alors même que l'apprentissage de l'écriture, de la lecture, du calcul et des notions financières de base constitue un facteur déterminant pour la participation des producteurs pauvres aux filières. La politique du FIDA concernant l'égalité des sexes fait également de l'alphabétisation l'un des leviers à utiliser pour accroître la confiance en soi.

27. **Les organisations de producteurs** ont bénéficié d'une formation portant sur la gestion des finances et des stocks d'entrepôt, la commercialisation et l'élaboration de plans d'activités. Les résultats ont été inégaux. La durée de l'appui fourni aux organisations de producteurs a joué un rôle déterminant, notamment lorsque les compétences de base au début du projet étaient faibles et que les taux d'analphabétisme étaient élevés. Les organisations de producteurs qui ont bénéficié d'un soutien pendant (au moins) deux cycles de projet (c'est-à-dire sur un horizon de 10 à 15 ans) ont affiché une bien plus grande capacité de gestion d'entreprise (par exemple en El Salvador et au Rwanda).

28. **Le renforcement des capacités du personnel de projet n'a pas été systématiquement pris en compte.** Les spécialistes des filières ou de la commercialisation n'ont été que rarement prévus dans les unités de gestion de projet, et, lorsqu'ils ont été embauchés, ils ont intégré la mission en cours de route et étaient dotés d'attributions floues. La plupart des chefs de projet avaient une connaissance limitée du concept de développement des filières. Les spécialistes des filières recrutés dans le cadre des missions de supervision ont apporté au personnel du projet un certain soutien, bien que de courte durée. Dans certains cas, les chargés de programme de pays du FIDA ont facilité la collaboration avec des prestataires d'assistance technique bilatérale (par exemple, le programme de coopération belge et le Ministère britannique du développement international au Viet Nam; l'Agence des États-Unis pour le développement international et l'Agence allemande de coopération internationale au Ghana); dans quelques cas, les dons régionaux (par exemple, ceux octroyés à l'Organisation néerlandaise de développement et à Helvetas) ont ouvert la voie à des initiatives plus systématiques. Dans l'ensemble, toutefois, il n'existait aucune stratégie de renforcement des capacités permettant de coordonner les initiatives d'assistance technique et de les synchroniser avec les activités des projets.

Services financiers

29. Dans l'ensemble, les projets menés ont permis de fournir des services financiers de base aux producteurs par l'intermédiaire de groupes locaux informels et de certaines institutions de microfinance. Toutefois, les projets évalués ont le plus souvent privilégié la **prestation de services classiques de finance rurale**, plutôt que de recourir à des instruments propres au financement des filières. Les instruments suivants ont été les plus courants: i) la facilitation des liens entre les institutions financières formelles et informelles; ii) les prêts accordés par les institutions de finance rurale aux petits producteurs (généralement, des financements à court terme pour l'achat d'intrants); iii) les dons de contrepartie destinés aux petits producteurs en vue de la réduction du montant total emprunté; iv) les dons octroyés aux agrégateurs, aux transformateurs et aux grossistes pour compenser les coûts et encourager l'établissement de partenariats avec les petits producteurs et leurs associations.

30. Le financement des petites et moyennes entreprises, des coopératives et des organisations de producteurs a produit des résultats, au mieux, mitigés. Ces organisations n'ont pas été capables de proposer rapidement des liquidités à leurs membres, ce qui a favorisé la pratique de la vente parallèle et, parfois, rendu difficile l'exécution des contrats d'achat conclus avec les acheteurs. Cette situation tenait en partie au fait que les banques étaient peu familiarisées avec les systèmes de financement de l'entrepreneuriat agricole, d'où leur réticence à l'octroi de prêts agricoles. Du côté des emprunteurs, les coopératives et les organisations de producteurs ont dégagé des marges de profit faibles et n'ont pas pu se permettre les taux d'intérêt en vigueur.

31. Le FIDA expérimente actuellement de nouveaux instruments destinés directement aux parties prenantes des filières relevant de la catégorie intermédiaire inférieure (prêts non souverains et fonds d'investissement en actions, par exemple). Ces initiatives n'en sont qu'à leurs débuts et le seuil de rentabilité reste à déterminer.

Évolution de la gouvernance des filières

32. De nombreuses filières soutenues dans le cadre des projets du FIDA peuvent être qualifiées de **filières menées par les acheteurs**. Ainsi, les fournisseurs se conforment aux paramètres établis par la demande, notamment à des exigences strictes en matière de qualité, de quantité, de délai de livraison et de respect des normes sanitaires et phytosanitaires. Les accords établis ont permis aux petits producteurs d'acquérir des connaissances et des ressources, et d'accéder à des marchés et à des revenus plus sûrs, mais ils n'ont pas radicalement modifié le

mode de gouvernance des filières, dans la mesure où les producteurs n'ont pas gagné en force de négociation face aux entreprises agricoles.

33. Sur le plan de l'évolution des modes de gouvernance, **les résultats ont été plus probants lorsque des plateformes multipartites efficaces ont été mises sur pied** (par exemple, au Népal, au Niger, au Sénégal et, en partie, au Ghana et en Ouganda). Ces plateformes ont ouvert un espace de dialogue et de coordination sur de nombreuses questions telles que l'approvisionnement en intrants, l'infrastructure de marché, le niveau des prix, l'information sur le marché et la résolution des litiges. Ainsi, la gouvernance fondée sur le marché a cédé la place à un mode de gouvernance plus relationnel.

34. Les données relatives à la **répartition de la valeur** dans les filières sont fragmentaires, mais il semble que la répartition était plus stable et équitable lorsque: i) des efforts ont été faits pour promouvoir le dialogue et la confiance entre les parties prenantes; ii) les organisations de producteurs étaient habilitées à négocier les conditions d'échange; iii) la concurrence était vive entre les acheteurs; iv) les marchés de niche étaient privilégiés; v) les acheteurs défendaient des conditions commerciales équitables.

Gestion des risques

35. Les projets ont permis d'aider les petits producteurs et les autres acteurs des filières à gérer les **risques liés à la production** en les formant aux techniques agronomiques améliorées et à la lutte contre les parasites et les maladies. Les risques de logistique et d'infrastructure ont été gérés par la construction ou la restauration de routes et de ponts situés dans des régions rurales.

36. Dans la plupart des projets, **peu d'attention a été portée aux risques de marché et de prix**. La filière de la framboise en Bosnie-Herzégovine illustre l'incapacité d'utiliser les informations du marché pour anticiper la chute des prix due à une offre excédentaire. Au Mozambique, l'un des risques négligés a été le manque de volonté des entrepreneurs de participer aux projets et aux organisations de producteurs selon des relations contractuelles équitables.

37. **Seule une minorité de projets a abordé les enjeux et les risques liés aux politiques et à l'absence d'un environnement porteur.** Des exceptions ont toutefois été observées, notamment au Soudan (gomme arabique), où le projet de cofinancement mené avec la Banque mondiale a permis de transformer l'autorité nationale chargée de la passation des marchés, qui exerçait une pression à la baisse sur les prix à la production, en une véritable autorité de réglementation, et d'ouvrir le marché aux commerçants privés, d'où une hausse des prix. Au Kenya, deux des projets menés ont porté sur la réglementation du sous-secteur de l'horticulture et sur les politiques applicables au sous-secteur des produits laitiers. Les services réglementaires tels que les contrôles vétérinaires et phytosanitaires ont rarement été pris en compte. La réglementation et la vérification des normes de produits, de l'étiquetage et de la sécurité sanitaires des aliments deviendront probablement des sujets prioritaires à l'avenir, et ce, y compris dans les marchés intérieurs des pays en développement.

VI. Ciblage et portée

38. L'ENI a permis d'analyser les stratégies utilisées pour atteindre les groupes cibles. Les stratégies de ciblage géographique ont généralement porté sur des régions ou des districts moins développés ou exposés à l'insécurité alimentaire. Cette façon de procéder peut parfois poser problème dans la mesure où les filières ne se cantonnent pas à l'intérieur des frontières administratives. Au Viet Nam, par exemple, il n'a pas été possible d'assurer l'articulation entre les éleveurs de crevettes de la province de Ben Tre et les transformateurs, ces derniers étant situés dans une province non couverte par le projet. Les projets récents ont privilégié une approche par groupes, qui consiste à regrouper des municipalités

pauvres et des municipalités plus riches situées dans des zones géographiques bénéficiant d'un avantage comparatif sur les marchés. Cette stratégie s'avère judicieuse lorsqu'elle est combinée à un processus d'identification des producteurs pauvres.

39. Une des stratégies de ciblage propres aux projets de développement des filières consistait à **sélectionner des filières en fonction des avantages probables pour les producteurs les plus pauvres** et les autres populations cibles. Dans certains cas, la sélection a été faite sur la base d'une analyse des terres, du bétail ou des capitaux nécessaires à la production, comme en Bosnie-Herzégovine, où les filières des framboises et des cornichons ont été sélectionnées en raison de la très petite superficie des parcelles nécessaires à la production. Dans d'autres cas, comme au Sénégal et au Viet Nam, la sélection s'est déroulée selon un processus participatif.

40. La plupart des projets ont favorisé **l'inclusion de populations rurales présentant différents niveaux de pauvreté**, à savoir les ménages ruraux très pauvres, pauvres et plus aisés. Cette démarche, pour autant qu'elle n'entraîne pas de préjudices systématiques à l'encontre des pauvres, a constitué un choix raisonnable, dans la mesure où le développement des filières implique la collaboration de multiples parties prenantes aux compétences et aux rôles variés. Toutefois, il s'avère qu'environ 24% des projets examinés ont échoué à atteindre les ménages pauvres et très pauvres, que 36% y sont parvenus et que, dans les 40% restants, les informations étaient peu concluantes ou il était trop tôt pour se prononcer.

41. De manière générale, les **facteurs ayant contribué au ciblage efficace des petits producteurs plus pauvres** sont les suivants: i) la sélection de produits de base nécessitant des investissements peu élevés en terres ou en capitaux et une main-d'œuvre intensive et non qualifiée; ii) l'application, par les entreprises agricoles, de politiques en faveur des pauvres comme condition préalable au soutien du FIDA; iii) la réalisation d'un travail de préparation et la mobilisation des groupes de producteurs à l'échelon local, en complément d'autres activités; iv) les interventions menées antérieurement dans la région, qui ont permis d'établir la base productive, d'accumuler des connaissances locales et d'articuler une approche participative en matière de conception et d'exécution.

42. **Le ciblage a souvent été insuffisant lorsque les opérateurs privés se sont chargés de sélectionner les petits producteurs** bénéficiaires des projets, et aucun lien n'a été clairement établi avec d'autres composantes du projet, comme le développement communautaire et l'amélioration de la production. Par ailleurs, des **hypothèses** ont été formulées sur le fait que le soutien apporté aux entreprises et aux exploitants agricoles plus compétitifs avait des **retombées** sur les groupes les plus pauvres. Ces retombées étaient plus probables en présence des facteurs suivants: i) une hausse sensible de la demande à l'égard des produits de petits exploitants et une augmentation conséquente des prix à la production (par exemple, dans l'industrie de transformation de la noix de coco au Viet Nam); ii) une demande importante en main-d'œuvre non qualifiée ou semi-qualifiée (par exemple en El Salvador, au Honduras et au Rwanda). Cependant, dans la plupart des cas, ces hypothèses n'ont pas été vérifiées.

43. La plupart des projets prévoyaient **l'intégration de la problématique femmes-hommes, mais peu de mesures concrètes ont été entreprises.** Le leadership et les capacités des équipes de gestion de projet dans le domaine de l'égalité femmes-hommes se sont parfois avérés insuffisants. Les résultats en termes d'avantages pour les femmes ont été meilleurs lorsque les projets sélectionnés visaient des filières comptant de nombreuses femmes productrices ou transformatrices (cultures vivrières, élevage de petits ruminants, production artisanale, transformation alimentaire). Il en va de même pour les projets

prévoyant l'application de **mesures de discrimination positive**, telles que la mise en place de quotas de femmes dans les organisations de producteurs et l'instauration d'un dialogue avec les acteurs des filières pour faciliter l'inclusion. Néanmoins, dans la plupart des projets, les causes structurelles des inégalités entre les sexes n'ont pas été traitées de manière adéquate, notamment sur le plan des normes sociales et de la répartition des ressources économiques à tous les échelons des filières.

44. **La mobilisation des jeunes** s'est imposée comme un domaine d'intérêt dans les projets les plus récents. À cet égard, il s'est avéré utile de sélectionner des filières qui comptaient déjà un grand nombre de jeunes et de transversaliser le thème de l'inclusion des jeunes dans toutes les activités du projet. Dans certains cas, le manque d'accès à la terre et à d'autres actifs a entravé la participation des jeunes. En règle générale, **peu d'investissements ont été consacrés à la formation professionnelle liée aux besoins des filières**. Au Viet Nam, par exemple, le secteur agroalimentaire en pleine croissance était confronté à une pénurie de compétences, mais les centres de formation professionnelle ne proposaient pas le type de formation approprié. Cependant, les études disponibles prévoient que la plupart des possibilités d'emploi pour les travailleurs ruraux sous-employés se concentreront à l'avenir dans les industries manufacturières ou de services en lien avec l'agriculture (transformation alimentaire et agro-industrielle, agrologistique, distribution alimentaire, etc.). Il s'agit, pour le FIDA, d'une perspective stratégique à exploiter à long terme dans plusieurs pays.

VII. Évolution des revenus, des avoirs et de la sécurité alimentaire des pauvres

45. Malgré les écarts importants observés entre les pays et les projets, l'ENI a permis de constater que la productivité avait été améliorée dans de nombreux cas, parallèlement à l'amélioration de l'accès aux marchés, à l'accélération de la commercialisation, à la hausse des prix à la production et à la diversification des produits commercialisés. Ces résultats ont pu entraîner une hausse des revenus des petits producteurs, même si celle-ci a été d'ampleur variable et que des données précises font souvent défaut.

46. **La participation aux filières a bénéficié aux pauvres par le biais des mécanismes suivants:** i) l'amélioration des caractéristiques des produits (par exemple, fruits de plus gros calibre et de meilleure apparence au Maroc) ou la réorientation vers des productions de qualité supérieure (comme les fruits et légumes en Chine), d'où une augmentation des profits pour les agriculteurs; ii) les mécanismes de prix, à savoir par exemple les accords préalables sur un *prix fixe* pour réduire les risques de fluctuation des prix qui pèsent sur les producteurs, ou encore la fixation d'un *surprix* lié aux caractéristiques du produit (comme dans le cas des noix de coco issues de l'agriculture biologique au Viet Nam); iii) le renforcement de la capacité des producteurs à négocier les prix de la production et l'accroissement des économies d'échelle pour les producteurs grâce à l'établissement de liens horizontaux (par exemple au Honduras et en El Salvador); iv) la création de valeur ajoutée grâce à la modernisation fonctionnelle (notamment par la transformation ou par la réduction du rôle des intermédiaires); v) la création d'emplois: malgré le caractère globalement limité des données factuelles, il a été constaté dans certaines filières, comme le café, l'horticulture et les produits laitiers (par exemple, en Bosnie-Herzégovine, en El Salvador, au Honduras et au Rwanda), que la main-d'œuvre salariée a augmenté dans les organisations de producteurs et les entreprises agricoles grâce aux projets soutenus par le FIDA.

47. Les retombées sur la sécurité alimentaire sont plus complexes à identifier. Dans les projets axés sur le développement des filières des cultures vivrières et des produits de la pêche sur les marchés locaux et nationaux, la sécurité alimentaire a été

améliorée soit grâce à l'augmentation des revenus, soit par la réduction des pertes après récolte.

48. **Sur le plan de la durabilité, les perspectives ont été très variables.** La durabilité économique et financière était meilleure lorsque les filières avaient été sélectionnées à l'issue d'une analyse de marché solide et que les producteurs et les transformateurs avaient accès à des services financiers abordables. La durabilité institutionnelle s'est accrue grâce à la détermination et à l'esprit d'initiative des décideurs politiques, ainsi qu'aux efforts intenses menés sur le long terme à l'égard du renforcement des capacités dans les coopératives et les organisations de producteurs. Enfin, la durabilité sociale a été renforcée par la mise sur pied de plateformes multipartites performantes et par l'engagement des entreprises en faveur d'une responsabilité sociale forte et d'une répartition équitable des avantages.

VIII. Aperçu des principales constatations

49. Dans le cadre de l'ENI, les deux tiers des 77 projets analysés ont été classés selon deux indicateurs de résultats principaux: i) le niveau de développement des filières (débutant, intermédiaire, avancé); ii) les résultats en faveur des pauvres (faibles, moyens, bons). La classification établie est illustrée dans le tableau 2. Le niveau de développement des filières était embryonnaire dans 35% des cas, intermédiaire dans 41% des cas et avancé dans 23% des cas. Les résultats en faveur des pauvres étaient faibles dans 33% des cas, moyens dans 44% des cas et bons dans 22% des cas.

50. Dans 20% des projets, les filières en étaient au premier stade de développement et ont produit peu de résultats favorables aux pauvres parce qu'une structure clairement définie faisait défaut et que l'exécution avait simplement consisté à soutenir la production. Dans le même temps, 10% des projets, soit une proportion petite mais significative, ont permis de porter les filières concernées à un niveau de développement avancé et d'obtenir de bons résultats en faveur des pauvres. Ces projets avaient en commun le fait que le FIDA possédait une grande expérience dans la zone d'intervention et avait soutenu des plateformes multipartites et des associations interprofessionnelles.

Tableau 2
Classement des projets et des filières par niveau de développement et par résultats en faveur des pauvres
(Pourcentage d'observations)

	Faibles résultats en faveur des pauvres	*Résultats moyens en faveur des pauvres*	*Bons résultats en faveur des pauvres*
Stade de développement avancé des filières	3	10	10
Stade de développement intermédiaire des filières	10	19	12
Premier stade de développement des filières	20	15	0

Source: ENI (2019).

IX. Conclusions

51. **Les investissements du FIDA en faveur du développement des filières ont fini par représenter la plus grande part du portefeuille dès FIDA10.** Toutefois, ce virage important s'est fait sans la mise en place d'un cadre conceptuel commun et, au vu de sa complexité intrinsèque, n'a pas été pleinement compris. Les interventions en faveur du développement des filières nécessitent, d'une part, un approfondissement du niveau d'analyse pendant la conception et, d'autre part, une bonne capacité de réaction et d'adaptation durant l'exécution grâce à un mécanisme de retour d'information rapide. Aucune initiative cohérente n'a été mise

en place au niveau du FIDA ou à l'échelle régionale pour établir des partenariats avec des organismes spécialisés internationaux ou d'autres sources d'expertise.

52. **Le problème du manque de compétences et de capacités en matière de développement des filières, tant au sein du FIDA qu'à l'extérieur, a été négligé.** Les capacités techniques du FIDA ont été fortement sollicitées en raison de la croissance rapide du portefeuille de projets de développement des filières; trop peu d'attention a été accordée aux besoins de formation des chefs de projet et du personnel du FIDA, et à la possession des aptitudes et compétences pertinentes par les équipes d'exécution des projets.

53. **La conception des projets a considérablement évolué, mais des lacunes subsistent en matière d'analyse.** Lors de la conception, les informations sur le marché ont été rarement utilisées pour déterminer quels produits de base et échelons des filières devaient être traités en priorité afin d'obtenir des résultats en faveur des pauvres. Les projets menés n'ont guère abordé la question des systèmes d'information sur le marché et, lorsqu'ils prévoyaient la mise en place de tels systèmes, ils n'ont pas su faire face aux problèmes d'exécution. Une attention insuffisante a été accordée aux technologies de l'information et des communications qui auraient pu réduire les coûts de transaction, améliorer la transparence et aider les petits producteurs à suivre les tendances du marché et à prendre des décisions en conséquence.

54. **Ce sont dans l'ensemble des instruments classiques de finance rurale qui ont été mis au point, et non des produits financiers destinés spécifiquement aux filières**, qui auraient pourtant permis de mobiliser des ressources financières et d'avoir un effet multiplicateur sur le ciblage des ruraux pauvres. Cela explique pourquoi les résultats ont été limités pour ce qui est d'aider efficacement les parties prenantes pauvres à participer aux filières.

55. Dans l'ensemble, les données recueillies semblent indiquer qu'**il est possible d'atteindre les ménages et les groupes pauvres et très pauvres en recourant à des approches axées sur les filières**, mais que ce travail nécessite une attention particulière. Les groupes les plus pauvres ne sont pas toujours restés au cœur des préoccupations, principalement en raison du manque d'attention portée aux obstacles à l'entrée des producteurs pauvres.

56. **L'appui soutenu du FIDA et l'attention portée aux questions de gouvernance sont allés de pair avec une amélioration des résultats.** La plupart des filières ont été classées en "phase de développement intermédiaire" ou "moyennes" sur le plan des résultats en faveur des pauvres. Les projets qui ont permis de développer des filières de pointe et d'obtenir de solides résultats en faveur des pauvres ont été ceux qui ont mis à profit l'expérience préalable du FIDA et qui ont favorisé la création de plateformes multipartites et d'associations interprofessionnelles.

X. Recommandations

Recommandation 1

57. **Élaborer une stratégie institutionnelle à l'appui du développement des filières.** Cette stratégie devrait s'articuler avec les autres politiques opérationnelles pertinentes du FIDA, prévoir un cadre conceptuel axé sur le développement de filières favorables aux pauvres et préciser les objectifs généraux du FIDA, ses principes d'action et les ressources nécessaires.

Recommandation 2

58. **Fonder le développement des filières sur une approche programmatique.** Le développement des filières exige un engagement sur le long terme et un soutien en plusieurs phases. Lors de la conception des projets, il convient d'évaluer systématiquement le degré de préparation au soutien des filières, en tenant compte du contexte local et des expériences précédentes des pouvoirs publics, du

FIDA et des autres partenaires. Ce travail doit servir de base à la définition des priorités et des approches en matière de consolidation des filières.

Recommandation 3

59. **Promouvoir l'action en direction des groupes pauvres et très pauvres et favoriser l'égalité femmes-hommes.** Lors de la conception des projets, il convient de définir une théorie du changement qui présente les avantages dont bénéficieront les groupes très pauvres (notamment par la création d'emplois salariés) et qui expose les principaux obstacles et les moyens de les surmonter.

60. Il est nécessaire, au stade de la conception, d'élaborer une analyse de la problématique femmes-hommes dans les filières proposées, en veillant à préciser les stratégies et les actions en faveur de l'égalité femmes-hommes ainsi que les mesures de discrimination positive destinées à permettre aux femmes d'assumer de nouvelles fonctions.

Recommandation 4

61. **Encourager le caractère inclusif de la gouvernance des filières et de l'environnement politique et réglementaire** en créant ou en consolidant des plateformes multipartites et des associations interprofessionnelles qui permettent aux petits producteurs et aux autres acteurs des filières: i) de disposer d'informations sur les prix et les marchés; ii) d'avoir accès à un mécanisme de règlement des litiges; iii) de faire entendre leur voix lors des discussions sur les politiques et le système réglementaire.

Recommandation 5

62. **Consolider les partenariats pour améliorer la connaissance du marché tout au long du cycle des projets.** Le FIDA devrait systématiquement collaborer avec des organisations ayant une solide connaissance des filières afin que les projets reposent sur une analyse approfondie de la structure des marchés de produits de base, de l'offre et de la demande, du niveau et de la volatilité des prix, et des obstacles rencontrés par les petits producteurs.

Recommandation 6

63. **Affiner les approches en matière de financement des filières.** Le FIDA doit collaborer avec des organisations et des investisseurs à impact qui ont fait leurs preuves dans ce domaine. Un plan d'action portant spécifiquement sur le financement des filières pourrait être établi sur la base d'une analyse des expériences menées dans les États membres emprunteurs et non emprunteurs.

Recommandation 7

64. **Renforcer les capacités des équipes de gestion de projet et du personnel du FIDA** comme suit: i) en établissant des partenariats de formation avec des prestataires de services et des organismes internationaux spécialisés; ii) en créant un dispositif de mentorat entre les équipes de gestion de projet; iii) en mettant sur pied une plateforme Web permettant de mettre en commun les savoirs et de constituer un référentiel de compétences; iv) en ajustant les conditions à remplir par les équipes de gestion de projet et certains membres du personnel technique ou opérationnel du FIDA.

Réponse de la direction du FIDA à l'évaluation au niveau de l'institution de la contribution du FIDA au développement de filières favorables aux pauvres

1. La direction accueille avec satisfaction ce rapport exhaustif, documenté et bien rédigé sur le développement des filières, domaine central des opérations du FIDA. Elle se réjouit de constater que les résultats des activités du FIDA dans ce domaine sont pour la plupart satisfaisants, ce que viennent également confirmer les retours très positifs de l'enquête en ligne. Les constatations témoignent aussi de la pertinence de l'appui technique du FIDA au développement des filières et soulignent l'utilité des boîtes à outils techniques et des documents d'orientation élaborés sur ce thème. La direction estime que les enseignements tirés de cette évaluation majeure renforceront le travail considérable entrepris par le FIDA dans le domaine du développement des filières.

2. L'analyse est dans l'ensemble solide et repose sur un diagnostic minutieux, mais la direction tient à souligner la difficulté inhérente qu'il y a à catégoriser et à compiler des projets d'appui au développement des filières dont l'approche utilisée est d'intensité variable. De même, les constatations et les conclusions peuvent dépendre en grande partie de la dynamique changeante du marché et du contexte propre au pays et au projet. La plupart des problèmes soulevés par l'ENI sont communs à d'autres organisations de développement œuvrant dans le domaine du développement des filières. Par exemple, la tension entre le ciblage des groupes les plus pauvres et la faisabilité des interventions constitue un défi rencontré par toutes les parties prenantes des projets de développement des filières.

Recommandations

3. La direction est partiellement ou complètement d'accord avec les recommandations formulées, à l'exception de la première. La plupart des recommandations sont déjà en cours de mise en œuvre dans le cadre d'initiatives, de stratégies et d'actions lancées à l'initiative de la direction. Les réponses détaillées de la direction à chacune des recommandations sont présentées ci-après.

4. **Recommandation 1. Élaborer une stratégie institutionnelle à l'appui du développement des filières.** Cette stratégie devrait s'articuler avec les autres politiques opérationnelles pertinentes du FIDA, prévoir un cadre conceptuel axé sur le développement de filières favorables aux pauvres et préciser les objectifs généraux du FIDA, ses principes d'action et les ressources nécessaires.

   La direction n'est pas d'accord. Elle estime que cette recommandation n'est pas entièrement corroborée par les constatations et conclusions de l'ENI, notamment au vu des résultats positifs de l'enquête en ligne. Les constatations et les conclusions du rapport ne semblent pas étayer de façon substantielle la nécessité d'élaborer une telle stratégie, pas plus qu'elles n'indiquent quelle lacune la stratégie proposée viendrait combler. En revanche, d'autres activités interdépendantes en
   cours –notamment la révision de la stratégie de collaboration avec le secteur privé, l'élaboration d'un cadre de partenariat, la mise à jour des directives de ciblage et la mise sur pied d'une stratégie de TICpD (qui sera soumise au Conseil d'administration en 2019) – apportent une réponse à l'ensemble des lacunes relevées dans l'ENI (par exemple, la recommandation n° 6 est déjà partiellement mise en œuvre grâce à la stratégie révisée de collaboration avec le secteur privé et au Fonds d'investissement pour l'entrepreneuriat agricole). Le développement des filières est un thème technique transversal qui nécessite des orientations techniques et opérationnelles, déjà précisées dans la boîte à outils mise au point par le FIDA. Le FIDA doit continuer à diffuser ces documents et à fournir un appui technique au personnel opérationnel sur le terrain. À cette fin, des membres du personnel chevronnés de la Division production durable, marchés et institutions

(PMI) sont actuellement détachés dans les pôles régionaux. Il faut également souligner que les autres institutions financières internationales et les banques multilatérales de développement n'ont pas élaboré de stratégie en matière de développement des filières, mais uniquement des documents d'orientation ou des rapports d'évaluation ou de bilan de l'expérience, semblables à la boîte à outils du FIDA et à l'ENI. En outre, un cadre conceptuel axé sur le développement de filières favorables aux pauvres devrait tenir compte du contexte de chaque pays, des spécificités des produits et de la dynamique du marché. La direction est d'avis que, compte tenu des constatations et conclusions de l'évaluation, il convient d'utiliser les ressources pour améliorer l'application des stratégies et politiques existantes au niveau opérationnel et dans les bureaux de pays, plutôt que pour élaborer de nouvelles stratégies institutionnelles.

5. **Recommandation 2. Fonder le développement des filières sur une approche programmatique.** Le développement des filières exige un engagement sur le long terme et un soutien en plusieurs phases. Lors de la conception des projets, il convient d'évaluer systématiquement le degré de préparation au soutien des filières, en tenant compte du contexte local et des expériences précédentes des pouvoirs publics, du FIDA et des autres partenaires. Ce travail doit servir de base à la définition des priorités et des approches en matière de consolidation des filières.

Recommandation partiellement acceptée. La direction reconnaît que le développement des filières requiert une approche adaptée au contexte, ce qui implique de fournir un appui différencié aux niveaux national et régional. Dans l'ensemble, le FIDA adopte une approche programmatique au niveau des pays, conformément au cadre de transition approuvé par le Conseil d'administration, mais la direction estime que cela peut ne pas être pertinent dans le cas des interventions d'appui au développement des filières. Dans certains pays, le développement des filières est désormais une thématique classique de l'exécution des projets, et les capacités existent déjà pour redoubler d'efforts en ce sens. Dans pareils cas, il n'est pas nécessaire de mettre en place une approche en plusieurs étapes. En revanche, dans les pays où les capacités sont encore limitées, où les enjeux de développement des filières ne sont pas encore bien compris et où de nombreuses contraintes sont rencontrées durant l'exécution, une approche progressive peut s'avérer plus appropriée, bien qu'elle doive évidemment être adaptée au contexte. Étant donné que le FIDA s'efforce de diversifier ses instruments pour contribuer plus efficacement à la réalisation des objectifs de développement durable 1 et 2, il y a lieu de privilégier, par exemple, des ensembles personnalisés de crédits, prêts ou dons axés sur des politiques ou des résultats et destinés aux pouvoirs publics et aux ONG, et de soutenir directement les acteurs des filières grâce à de nouveaux produits financiers ciblant le secteur privé, plutôt que par des approches progressives traditionnelles qui mettent du temps à porter leurs fruits.

6. **Recommandation 3. Promouvoir l'action en direction des groupes pauvres et très pauvres et favoriser l'égalité femmes-hommes.** Lors de la conception des projets, il convient de définir une théorie du changement qui présente les avantages dont bénéficieront les groupes très pauvres (notamment par la création d'emplois salariés) et qui expose les principaux obstacles et les moyens de les surmonter.

7. Il est nécessaire, au stade de la conception, d'élaborer une analyse de la problématique femmes-hommes dans les filières proposées, en veillant à préciser les stratégies et les actions en faveur de l'égalité femmes-hommes ainsi que les mesures de discrimination positive destinées à permettre aux femmes d'assumer de nouvelles fonctions.

Recommandation acceptée. Tous les projets du FIDA doivent désormais s'appuyer sur une théorie du changement. La direction convient également qu'il

importe de préciser comment les activités et les interventions d'appui au développement des filières permettront d'atteindre chaque catégorie de groupes pauvres, y compris les femmes et les jeunes. Il faut toutefois souligner qu'il peut exister un tiraillement entre la volonté d'atteindre les groupes les plus pauvres et la réalisation d'une intervention réaliste et durable, qui implique le respect de certaines normes commerciales et d'un bon accès aux infrastructures. En effet, une intervention d'appui au développement des filières n'est pas toujours l'intervention la plus appropriée ou la plus pertinente pour atteindre les groupes les plus pauvres. Le cas échéant, les équipes de conception de projet doivent être en mesure de mener les analyses nécessaires et se concentrer en conséquence sur d'autres activités destinées aux plus pauvres (développement communautaire, renforcement des capacités et formation, amélioration de la nutrition et des moyens d'existence, etc.). En parallèle, les mécanismes d'examen de la qualité du FIDA (tels que le Comité chargé des stratégies opérationnelles et de l'orientation des politiques, les réunions d'examen de la conception et le Groupe assurance qualité) contribuent également à l'évaluation de la conception des projets et à la bonne prise en compte des aspects liés au ciblage.

8. **Recommandation 4. Encourager le caractère inclusif de la gouvernance des filières et de l'environnement politique et réglementaire** en créant ou en consolidant des plateformes multipartites et des associations interprofessionnelles qui permettent aux petits producteurs et aux autres acteurs des filières: i) de disposer d'informations sur les prix et les marchés; ii) d'avoir accès à un mécanisme de règlement des litiges; iii) de faire entendre leur voix lors des discussions sur les politiques et le système réglementaire.

   Recommandation acceptée. La direction souscrit pleinement à cette recommandation, car elle a également constaté que les plateformes multipartites jouaient un rôle majeur dans la promotion de filières inclusives et constituaient un excellent moyen de forger des partenariats avec le secteur privé et d'autres parties prenantes. La quasi-totalité des nouveaux projets du FIDA comportant une forte composante de développement des filières implique, selon le cas, la création ou le renforcement de plateformes multipartites. Les équipes de conception de projet et le processus d'examen de la qualité du FIDA veilleront à conserver cette orientation dans les futurs projets de développement des filières.

9. **Recommandation 5. Consolider les partenariats pour améliorer la connaissance du marché tout au long du cycle des projets.** Le FIDA devrait systématiquement collaborer avec des organisations ayant une solide connaissance des filières afin que les projets reposent sur une analyse approfondie de la structure des marchés de produits de base, de l'offre et de la demande, du niveau et de la volatilité des prix, et des obstacles rencontrés par les petits producteurs.

   Recommandation acceptée. La direction accepte cette recommandation; toutefois, son application pourrait pâtir de certaines limites: a) les organisations et partenaires spécialisés dans le développement des filières ne sont pas présents dans tous les pays d'intervention du FIDA, si bien que des experts internationaux pourraient être nécessaires pour assurer le transfert des compétences; b) travailler en partenariat avec des organisations spécialisées implique souvent de les embaucher en tant que prestataires de services ou bénéficiaires de dons, mais les ressources ne sont pas toujours disponibles à cette fin. Ainsi, même si la direction accepte la recommandation consistant à consolider ces partenariats, elle tient à rappeler le caractère limité des ressources potentielles.

10. **Recommandation 6. Affiner les approches en matière de financement des filières.** Le FIDA doit collaborer avec des organisations et des investisseurs à impact qui ont fait leurs preuves dans ce domaine. Un plan d'action portant spécifiquement sur le financement des filières pourrait être établi sur la base d'une

analyse des expériences menées dans les États membres emprunteurs et non emprunteurs.

Recommandation partiellement acceptée. L'utilisation limitée d'instruments propres au financement des filières tient principalement au fait que ces instruments sont généralement l'apanage du secteur privé. Les pouvoirs publics sont réticents à utiliser les ressources des projets pour financer les acteurs des filières, et le FIDA n'a jusqu'à présent pas été en mesure de financer directement le secteur privé. L'une des raisons de la création du Fonds d'investissement pour l'entrepreneuriat agricole était de pallier le manque de financement du "chaînon manquant". Dans sa stratégie pour la collaboration avec le secteur privé, le FIDA prévoit d'intensifier la collaboration avec les investisseurs à impact, les intermédiaires financiers et d'autres partenaires de développement capables de financer les filières.
Cette collaboration doit reposer sur un examen de l'offre et de la demande en matière de financement des filières sur les marchés concernés. Un plan d'action couvrant différents pays aurait un caractère trop général et deviendrait rapidement obsolète compte tenu de l'évolution rapide des tendances du marché et de la dynamique financière. L'examen en question est plus efficace s'il est mené au niveau des pays, dans un délai précis et dans le cadre de projets et d'initiatives spécifiques.

11. **Recommandation 7. Renforcer les capacités des équipes de gestion de projet et du personnel du FIDA** comme suit: i) en établissant des partenariats de formation avec des prestataires de services et des organismes internationaux spécialisés; ii) en créant un dispositif de mentorat entre les équipes de gestion de projet; iii) en mettant sur pied une plateforme Web permettant de mettre en commun les savoirs et de constituer un référentiel de compétences; iv) en ajustant les conditions à remplir par les équipes de gestion de projet et certains membres du personnel technique ou opérationnel du FIDA.

Recommandation acceptée. La direction souscrit à la constatation selon laquelle le renforcement des capacités (y compris par la formation, le mentorat par les pairs et des plateformes d'apprentissage en ligne) du personnel du FIDA et des équipes de gestion de projet est d'une grande utilité et doit se poursuivre, dans le respect toutefois des ressources limitées. La formation du personnel du FIDA prévue dans le cadre de l'Académie des opérations pourrait comprendre un module sur le développement des filières, option qui serait moins onéreuse. Il importe tout aussi, voire davantage, que les unités d'exécution des projets comprennent du personnel possédant une expertise préalable dans les domaines du développement des filières et de la collaboration avec le secteur privé. Les équipes de pays et leurs interlocuteurs au sein des pouvoirs publics sont actuellement sensibilisés au fait que ces compétences sont nécessaires lors de la conception et de l'exécution pour garantir la bonne marche des projets de développement des filières.

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Abbreviations and acronyms

APR	Asia and Pacific Division of IFAD
ARRI	Annual Report on Results and Impact of IFAD Operations
COSOP	Country strategic opportunities paper/programme
CPM	Country programme manager
CSPE	Country strategy and programme evaluation
CSR	Corporate Social Responsibility
ENRM	Environment and Natural Resource Management
ESA	East and Southern Africa Division of IFAD
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FFS	Farmer Field School
4Ps	producers-private-public partnership
IED-AsDB	Independent Evaluation Department of AsDB
IOE	Independent Office of Evaluation of IFAD
LAC	Latin America and the Caribbean Division of IFAD
MTR	Mid-term Review
NEN	Near East North Africa & Europe Division of IFAD
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OPR	Operational Policy and Results Division of IFAD
PBAS	Performance-Based Allocation System
PIU	Project implementation unit
PMC	Project management cost
PMD	Programme Management Department of IFAD
PMI	Sustainable Production, Markets and Institutions Division of IFAD
PMI/RME	Rural Market and Enterprises desk team in IFAD PMI
PPP	Private-public partnership
PoLG	Programme of Loans and Grants
PTA	Policy and Technical Advisory Division of IFAD
QA	Quality Assurance mechanism of IFAD projects
QE	Quality Enhancement mechanism of IFAD projects
RIA	Research and Impact Assessment Division
SKD	Strategy and Knowledge Department of IFAD
SNV	Netherlands Development Organisation
UNDP	United Nations Development Programme
WB	World Bank
WCA	West and Central Africa Division of IFAD
WFP	World Food Programme

Country, titles and acronyms of the in-depth reviewed projects are in Annex I

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

I. Background

A. Introduction

1. In December 2017, the Executive Board of IFAD approved the conduct of a corporate-level evaluation (CLE) on IFAD's engagement in pro-poor value chain development by the Independent Office of Evaluation of IFAD (IOE). The evaluation was undertaken within the overall framework of the revised Evaluation Policy (2011) and followed the broad methodological fundamentals set out in the second edition of the 2015 IFAD Evaluation Manual.

2. The overarching purpose of the CLE was to (i) assess IFAD's performance in supporting pro-poor value chain development; (ii) asses to what extent the latter contributed to achieve IFAD's mandate of rural poverty reduction, and inclusive and sustainable rural development; and (iii) to identify alternatives and options for improvement and providing recommendations to enhance IFAD's approach to value chain development as a means to rural development and poverty reduction.

3. **Why the value chain topic**. During the past century, traditional food systems characterized by localized and small-scale production, processing and trade and involving spot transactions between buyers and sellers, have been increasingly replaced by larger-scale processing, wholesale and logistics operations serving retailers, food service operators chains and large markets through coordinated value chains. The scale and scope of this transformation accelerated in the 1980s and 1990s as a result of wider processes of globalization, privatization and liberalization, which prompted massive domestic and foreign direct investment in food processing and retail in developing regions.[1]

4. While the vast majority of food produced is still consumed domestically and involves traditional markets and small and medium size enterprises, the market share of large agribusinesses and retail chains is growing rapidly in most parts of the developing world. At the same time, international analyses indicate that small-scale producers (including farmers but also small processors and micro-entrepreneurs) are responsible for a high percentage of food production worldwide but receive a disproportionately low share of its market value.[2]

5. Governments, development agencies and donors have responded to these trends through a range of approaches in order to support inclusive[3] and socially and environmentally responsible value chains.[4] At the same time, large firms have adopted sustainability policies, strategies and targets, often in response to pressure from civil society and investors, but also as a way to ensure future supply in a context of a rapidly changing climate and ageing farmer population.

6. The 2030 Agenda for Sustainable Development has added impetus to these efforts. While the Sustainable Development Goal - SDG 1 (end poverty in all its forms and everywhere) and SDG 2 (zero hunger) provide broader coverage, others are more

[1] Reardon, T. and Timmer, C.P. (2012), The Economics of the Food System Revolution, *Annual Review of Resource Economics*, 4:225–125.
[2] In 2013, it was estimated that up to 80 per cent of food in Asia and sub-Saharan Africa was produced by smallholder farmers. From Arias P, David Hallam, Ekaterina Krivonos, and Jamie Morrison, *Smallholder integration in changing food markets*, Food and Agriculture Organization of the United Nations (FAO), 2013.
[3] Typically meaning inclusive of small-scale and poorer producers, but also relating to the inclusion of women, youth, minority groups and indigenous peoples.
[4] These include: support for small-scale farmers and micro-entrepreneurs to overcome resource constraints and to meet market demands; collaboration with the private sector to develop value chains where poorer farmers, micro-entrepreneurs and workers can participate into; initiatives aimed at promoting workers' rights and living wages, and multi-stakeholder platforms and sustainability standards initiatives to stimulate joint problem solving among value chain actors in particular sub-sectors.

specific such as SDG 8 (decent work and economic growth), SDG 12 (responsible production and consumption) and SDG 17 (partnerships), with a host of new multi-stakeholder initiatives being set up to promote public-private collaboration.[5] The focus of the Agenda 2030 and the Sustainable Development Goals on "no one left behind" raises the issue of inclusiveness, i.e., ability of poor producers and other marginalized groups to participate in value chains, and the possibility to share benefits of value addition across all the stakeholders, without increasing inequality.[6]

7. In the wake of this trend, IFAD's interest and commitment to developing or improving pro-poor value chains have grown significantly since the mid-2000s. While projects promoting value chain development existed earlier, the IFAD Strategic Framework for 2007-2010 was one of the first corporate documents to raise attention on the topic.

8. In the mid-2000s, working on agricultural value chain development was relatively new for the Fund. At that time, independent evaluations found that IFAD-supported projects had mostly focused on raising production and productivity but dedicated insufficient attention to the post-harvest or post-production phases, which compromised the profitability of many economic activities and enterprises and hence threatened the sustainability of benefits (e.g., Annual Report on Results and Impact of IFAD Operations, ARRI 2009).

9. Given IFAD's mandate of rural poverty alleviation, the following assumptions on value chain development have been formulated, explicit or implicit, throughout IFAD's strategic frameworks, country strategies and project designs: (i) by promoting enhanced participation in value chains, small-scale producers may be able to capture a higher degree of the value added; (ii) since value chain development involves private capital investments, agricultural and rural development can become less dependent on public and donor funding, thus enhancing the sustainability prospects of development interventions and creating opportunities for scaling up by catalysing private investments.

10. At the same time, members of IFAD's governing bodies, as well as managers and staff have questioned to what extent and under what conditions value chain approaches are suitable for poor and very poor producers that constitute IFAD's traditional target groups. Individual evaluations and, most recently, the 2018 ARRI have raised similar issues.

11. In the light of the above, and considering that IFAD has now over a decade of experience in designing and supporting the implementation of this type of project, an evaluation of IFAD's work on value chain development appeared timely. This CLE reviews to what extent the focus on value chains has contributed to further IFAD's mandate by enhancing economic impact and sustainability of benefits. It also assesses to what extent, and under what conditions, focus on value chain development has been consistent with support to very poor areas and groups. Furthermore, it ascertains to what extent the corporate processes and resources have been adapted to take into account the required changes when moving from an almost exclusive focus on production and productivity to the broader post-production phases.

12. The report is organized as follows. The next session of this chapter provides an operational definition of value chain, a brief overview of findings from assessments conducted by other organizations on the same topics, a conceptual framework on value chains and a description of the methodology followed. Chapter II provides

[5] See, for example R. Kaplinsky (2016), Inclusive and Sustainable Growth: The SDG Value Chains Nexus. International Centre for Trade and Sustainable Development.

[6] A recent IFPRI publication notes that the relation of value chain development to poverty reduction is still the subject of many controversies: both advocates and sceptics typically tend to base their arguments on limited evidence. Stoian, D., J.Donovan, J. Fisk, M. Muldoon (2016): "Value Chain Development for Rural Poverty Reduction: A Reality Check and a Warning", in Devaux, A., M. Torero, J. Donovan and D. Horton, *Innovation for Inclusive Value Chains*, IFPRI, Washington DC, USA.

descriptive data on loans and grants of relevance to the evaluation topic and reviews IFAD corporate strategies and processes of importance to value chains. Chapter III analyses design features of projects supporting value chains. Chapter IV is dedicated to operational performance and results, while chapter V analyzes outreach, impacts and sustainability. Chapter VI provides the main conclusions and recommendations.

B. Towards a definition of value chain

13. There are several definitions of value chain and organizations tend to develop their own around the generally accepted concept that a value chain encompasses *"the full range of value-adding activities required to bring a product or service through the different phases of production, including procurement of raw materials and other inputs, assembly, physical transformation, acquisition of required services such as transport or cooling, and ultimately response to consumer demand"*.[7]

14. Although IFAD has no corporate definition of pro-poor value chain, the concept was outlined first in the 2011-2015 Strategic Framework and further articulated in the 2014 IFAD 'Commodity value chain development teaser', as follows: "*a vertical alliance of enterprises collaborating to varying degrees along the range of activities required to bring a product from the initial input supply stage, through the various phases of production, to its final market destination*". [8]

15. Also, an earlier internal 2010 paper had stated that: *"A pro-poor value-chain intervention develops approaches to include the poor in the chains with a view to increasing their incomes, primarily through improvement in farm gate prices and addressing constraints in a coordinated manner. As IFAD's target groups usually have the least power of all the actors in any value chain, the challenge is to design and implement interventions that can empower them and improve their position in a sustainable manner*".[9] Drawing from the above, the CLE adopted two complementary operational definitions. A more detailed conceptualization of what a value chain system implies is provided further below in this chapter.

- A value chain is defined as a set of stakeholders and enterprises[10] collaborating to varying degrees along the range of activities required to bring a product from the initial input supply stage, through the various phases of production, to its final market destination.
- A pro-poor value chain development intervention is an initiative that promotes inclusiveness and empowerment of poor people in the chain(s), with a view to improve their livelihoods in a sustainable manner, by taking advantage of opportunities and addressing constraints in a coordinated manner.

C. Review of the experience of other organizations

16. **Cross-cutting lessons and recommendations from other organizations relevant to IFAD-supported value chain projects**. A few comprehensive evaluations of the work of international development organizations in support of value chain approaches have been conducted so far. While the mandate and business model of these organizations may differ from IFAD's, their experiences

[7] Kaplinsky, R and Morris, M., A Handbook for value chain Research. Brighton: Institute of development studies, University of Sussex, 2002, in World Bank, Building Competitiveness in Africa's Agriculture, Washington, 2010.
[8] These are similar to definitions provided elsewhere, for example in Kaplinsky and Morris 2002, op.cit. The term "value chain" is credited to the business strategist Michael Porter (M.E. Porter, Competitive Advantage: Creating and Sustaining Superior Performance) and has been widely adopted in business and development circles.
[9] IFAD, Pro-Poor Rural Value-Chain Development, Thematic Study, 2010.
[10] The term 'enterprise' is here understood in the generic economic notion of a production unit, irrespective of the type of economic activity and belonging to the formal/informal economy (a farm can be considered as an enterprise).

provide relevant insights. This section will discuss prominent cross-cutting lessons and recommendations of selected multilateral partner organizations.[11]

17. Overall, the evaluations found that the promotion of value chains can contribute to the reduction of poverty through gains in productivity, quality enhancement and marketing. However, while the evaluated projects were generally effective in increasing production or enabling physical access to markets, they were less so in transformation and value addition. The evaluations shared key lessons on: design and analysis, targeting and gender, data collection, partnership among value chain stakeholders, sustainability and enabling environment.

18. **Design and analysis**. The evaluations agreed that interventions tended to be more relevant and effective when supported by a sound value chain analysis. The German Institute for Development Evaluation (DEVAL) warned in its 2016 evaluation titled "Agricultural value chains" against promoting an excessive number of value chains with a single intervention. The number of chains should be adjusted to the partners' and the projects' capacities. When selecting the chains, the broad-scale impacts, the related risks, and contribution to food security and profit should be weighed up against each other.

19. The 2012 Independent *Evaluation Knowledge Study of the Asian Development Bank's support for agriculture value chain development* found that the evaluated project designs had been primarily production-driven. In its 2018 cluster evaluation report "Strengthening agricultural value chains to feed Africa" the Independent Development Evaluation of the African Development Bank (IDEV) added that interventions which heavily focus on increases in production volumes without sufficiently analyzing the efficiency of the production system, and the value chain as a whole, may generate financial losses. It recommended conducting analysis of the marketing stages of value chains, such as distribution mechanisms and market information, pricing, packaging, quality and consumer feedback mechanisms.

20. **Targeting and gender**. An evaluation commissioned by DANIDA emphasized the need for capacity assessments in the country case study in Serbia (2016). Large increases in production levels in a short time frame could put strain on the capacity of producers, storage operators and processors. Not all target groups were able to deal with this.

21. DEVAL (2016) pointed to the importance of differentiated target-group analysis in order to arrive at a realistic assessment of the target group structure and the actors that can or cannot be reached. According to their findings, the inclusion of women was often not tailored to the cultural or economic realities due to the lack of sound gender analysis. The IDEV's cluster evaluation report (2018) found that quotas for target groups were common but usually not followed by adequate strategies for inclusion. Women and vulnerable group were often still "invisible" and their benefits not assured. Deliberate and targeted efforts at all stages of design and implementation were essential and helped achieve positive results.

22. **Data**. The lack of value chain-specific data and the difficulty to trace the impacts achieved was highlighted as an impediment in a number of evaluation reports. To strengthen institutional learning and to improve results-orientation, DEVAL (2016) pointed to the need to establish both a value-chain-specific reporting system and a value-chain-adapted monitoring and evaluation system. Value chain promotion was one element of a larger programme but reporting and monitoring were done only at the overall project level and not specifically for value chain activities. DANIDA (2010) also recommended introducing value chain-specific reporting.

[11] Danish International Development Agency (DANIDA), World Bank (WB), Independent Evaluation Department of the Asian Development Bank (IED), Independent Development Evaluation of the African Development Bank (IDEV) and the German Institute for Development Evaluation (DEVAL).

23. **Partnership among value chain stakeholders.** According to the findings (2012) of the Independent Evaluation Department of the Asian Development Bank (IED), effective partnerships and linkages were key elements to effective value chain development. From their case studies, most projects successfully supported the formation and development of farmer organizations for establishing or strengthening networks and improving connections between markets and participants. However, this was often limited to the linking of producer organizations to processors. Support to other key aspects of value chain development, such as direct marketing, quality standards and value chain finance, was addressed less frequently.

24. According to DANIDA's findings (2010), the strength of business relations and the degree of cohesion among actors depended to a large extent on the clarity of the roles, particularly between the government, the private sector and extension services. It was found that more than one project cycle was required to build trust and drive changes in the relationships between farmers, market players and institutional actors, including creating more balanced bargaining power. IED-AsDB (2012) recognized the lack of clarity over the respective roles of the government and the private sector as a key constraint to increasing private sector participation.

25. **Enabling environment.** IED (2012) saw the improvement of the enabling environment, through policies, regulations and supporting institutions, as a prerequisite for value chain development. For this, it advocated an integrated policy approach rather than fragmented policy interventions.

26. All the evaluations highlighted that access to finance was crucial for value chain producers and processors. According to DANIDA (2016), access to finance remained a critical issue for the agribusinesses and smallholder farmers often did not have access to established financial systems. It also underlined that many farmers within the supported groups and cooperatives lacked managerial skill, entrepreneurial attitude and access to timely market information.

27. **In sum**, the evaluations and reviews conducted by other organizations highlighted the importance of realistic design (commensurate to the implementation capacity on the ground) and differentiated targeting. Some of these evaluations found that approaches to link producers to value chain were quite basic and little was done to improve the inclusiveness of value chain governance. The enabling environment and value chain financing were not addressed consistently.

D. A conceptual framework for value chain systems

28. The literature on value chains and value chain development is vast. Among the many contributions, some are particularly relevant to IFAD's mandate such as the DFID methodological work on "Making Markets Work for the Poor", FAO's work on sustainable Value Chains, USAID's Global Food Security Strategy as well as GIZ's methodological guidance on sustainable value chain development.[12] In spite of the differences, they all tend to approach value chains through a systems analysis, articulating the relationships between different stakeholders around a product, its markets and the stakeholders, from the raw material to the final consumers. The boundary of the system can be set horizontally (i.e. products and sub-products considered) or vertically (e.g., for an export product the boundary can be set at the national border rather than at the level of the final consumers abroad).

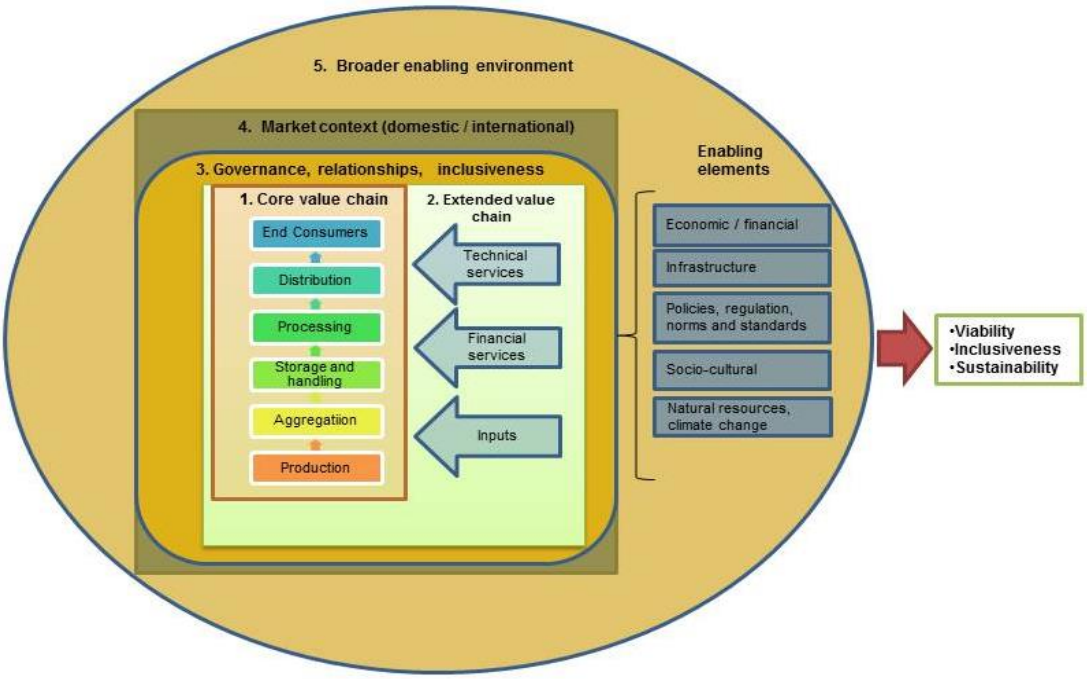
[12] M4P (2008) Making Value Chains Work Better for the Poor. A Toolkit for Practitioners of Value Chain Analysis, Making Markets Work for the Poor Project, UK Department for International Development. Agricultural Development International: Phnom Penh, Cambodia. FAO (2014) Developing Sustainable Value Food Value Chains – Guiding Principles, Rome. USAID (2014), A Framework for Inclusive Market System Development, https://www.marketlinks.org/sites/marketlinks.org/files/resource/files/Market_Systems_Framework.pdf Springer-Heinze, Andreas, 2018: ValueLinks 2.0. Manual on Sustainable Value Chain Development, GIZ Eschborn, 2 volumes. Another interesting reading containing synthesis of experience of the Agence française de développement is: Biénabé, E., A. Rival, D. Loeillet, Eds. (2016), Développement durable et filières tropicales, CIRAD-AFD, Paris.

29. A value chain system can be broken down into a layered set of constituent parts (figure 1). The **first layer** is the core value chain (sometimes called supply chain), comprising a series of functions (six for simplicity in this scheme, but fewer or more depending on the commodity and market), from production to aggregation, storage and handling, processing and distribution, to the end-consumers.

30. Central to the notion of value chain is not just the sequencing of functions but also the generation of **added value** for all the stakeholders: (i) wages and salaries; (ii) net profits for enterprises at all levels (e.g., farms, producer organizations, micro, small, medium and large processing units, transport providers and retailers); (iii) tax revenues for governmental entities; (iv) surplus for end consumers; [13] (v) net positive externalities on the broader environment (i.e. positive externalities, such as spill-over effects to other industries, or negative ones, such as depletion of natural resources or air pollution).

31. The above implies that the rural poor can benefit from value chain participation through different pathways, as they can be producers, workers, micro-entrepreneurs, or engaged in processing, or consumers. They may take on multiple roles in a value chain, such as cultivating produce on their own farm, engaging in micro-processing and working as seasonal labour on larger farms. Moreover, value chains are diverse and opportunities for poor people to engage vary widely. They may face different 'barriers to entry', depending for example on the nature of a product and its production, sectoral regulations, level and volatility of prices and other characteristics. Barriers to entry may also depend on the welfare and living conditions of the poor (e.g., access to basic services, roads) affecting land and labour productivity and competitiveness.

Figure 1
A Conceptual Scheme of Value Chain System



Source: CLE adaptation from FAO (2014), with inputs from GIZ (2018), USAID (2014).

32. **Extended value chain**. Close to the core value chain are a number of **providers** that form a broader value chain aggregate (level 2 in Figure 1) and who may or may not be members of the core chain: (i) providers of inputs, such as seeds or fertilizers; (ii) providers of financial services (such as loans, insurance and money

[13] Consumer surplus is an economic concept and consists of the difference between what the consumer would be willing to pay for a given quantity of a product and the actual monetary outlay necessary to purchase the same.

transfer services); and (iii) providers of non-financial services, such as technical support for equipment installation and maintenance, agricultural extension, market information and advisory services. For rural poor producers, processors and micro-entrepreneurs, access to these inputs and services can be crucial.

33. A value chain has a **governance** system (level 3 in Figure 1) which refers to how business linkages are structured along the chain and to the relationships among the stakeholders, including buyers, sellers, service providers and regulatory institutions. Value chain governance has been categorized in the literature on a spectrum from: (i) only short-term, transactional relationships between buyers and sellers; through (ii) 'relational' governance which is a network-style governance, often based on mutual reliance, reputation, and social and spatial proximity; to (iii) 'hierarchical' governance where all or most functions in the value chain are performed by one firm.[14] This categorization is mostly relevant for buyer-driven value chains in which lead firms exert a high degree of control over the chain. In local and national markets, other forms of governance may be more influential, including the formal legal framework, the regulatory bodies and informal networks which derive from the social and cultural context of the value chain.[15]

34. Governance is important for the inclusion of the poor, given that one of their most frequent problems is their weak power and 'voice' in the chain. Strengthening their representation and bargaining power can be a decisive factor in improving the economic and non-economic benefits they receive, such as through building the capacity of small producers to negotiate the terms of trade with buyers, or enabling workers in processing plants to negotiate wages through trade unions. Also, poor producers typically lack knowledge and information on prices and other market conditions, which leads to many forms of unfair treatment.

35. A value chain is also part of a **market** (level 4) which is characterized by the interaction of supply and demand (local, national or international) by a set of regulations and by the level of competition between stakeholders or varying degree of monopolistic power.

36. The **enabling environment** (level 5) determines to what extent a value chain is favouring the three flows , commodity, money and information in a viable manner in the short-term, sustainable in the long-run and generates equitable outcomes for its stakeholders. For simplicity, the following key elements of an enabling environment can be highlighted:

- the economic element which relates to the profitability of enterprises along the chain, the capacity of public agencies to finance the provision of certain services (such as extension services and the enforcement of phytosanitary standards), the level of competition between actors and the growth trends;
- The financial element refers to the ease by which the money flows from one end to the other of the value chain.
- the infrastructural element, which refers to the availability and cost of logistics for the transportation and distribution of the commodities from its early stage to the consumers (roads, railways, airports, navigable canals), power generation, and water availability, key elements for food processing.
- the normative and policy environment, which refers to public and private norms and regulations that define rights and obligations and the agencies and practices that enforce them, such as fiscal and monetary policy, sectoral policies, tax regimes, labour regulations. These also affect the poor's participation and the way they benefit. There are also risks of exclusion due to the need to meet standards related to food safety, control of plant

[14] Gereffi, G., Humphreys, J. and Sturgeon, T. (2005), The governance of global value chains, *Review of International Political Economy*, Vol. 12 (1): 78-104.
[15] Drawing on Springer-Heinze (2018), op. cit.

diseases, environmental sustainability, and respect for human rights and decent work.[16]

- the environmental element, such as the quality of air, water, soil fertility and nutrients, preservation of vegetative and forest cover and of wild species, biodiversity, as well as climate change and capacity to adapt;
- the social element comprising consumer preferences, as well as traditional and ethnic practices regarding production and consumption, gender relationships, as well as attitudes and distribution of resources and prerogatives between different strata and groups; trust and partnership among different categories of stakeholders; perceived fairness of contractual arrangements for all direct stakeholders.

37. Key conditions for economic sustainability of a value chain (e.g., GIZ 2018 and FAO 2014) require that the added value generated by the value chain be not lower than the prior situation for all value chain stakeholders (producers, workers, tax revenues for governments, value for money for consumers) and that all actors be fairly remunerated. Natural environment sustainability requires that value chains do not cause the permanent depletion of resources. Social sustainability is connected to issues such as: (i) satisfaction of specific needs by ethnic groups and by gender; (ii) the livelihood level of smaller producers and the change in their level of economic or other benefits (e.g. quality of nutrition); (iii) remuneration and working conditions for workers. Social sustainability is not just a 'desirable outcome' from a welfare perspective but also a condition for a value chain to function in the long run. Connected to social sustainability is also inclusiveness which relates to the degree of stakeholder participation in decision making and the redistribution of value added either through market and contractual mechanisms, through taxation or through the use of private profits for social purposes (e.g. education, health services, care for the elderly, the disabled).

38. This brief discussion has highlighted the number and inter-relatedness of factors that help shape not only the viability and sustainability of a value chain but also the opportunities for inclusion of the poor. Development interventions are to address the bottlenecks identified in one of the three flows characterizing one value chain: commodity, money and information. Awareness of these factors allows assessing project feasibility and establishing priorities for action.

E. A representation of IFAD's support to pro-poor value chain development

39. A representation of IFAD's support to value chains is illustrated in figure 2. Reading horizontally, the first sector (1) of the figure represents **IFAD as an organization** supporting pro-poor value chain interventions. A number of resources and instruments need to be in place: (i) policies strategic directions (corporate and country-level) and operational guidance; (ii) human resources with skills to translate strategy and guidance into action; (iii) financial resources and instruments (e.g. loans, grants); (iv) systems for data collection and analysis to assess progress and results on a regular basis; (v) feedback tools and processes to learn, introduce changes during implementation, and prepare future operations.

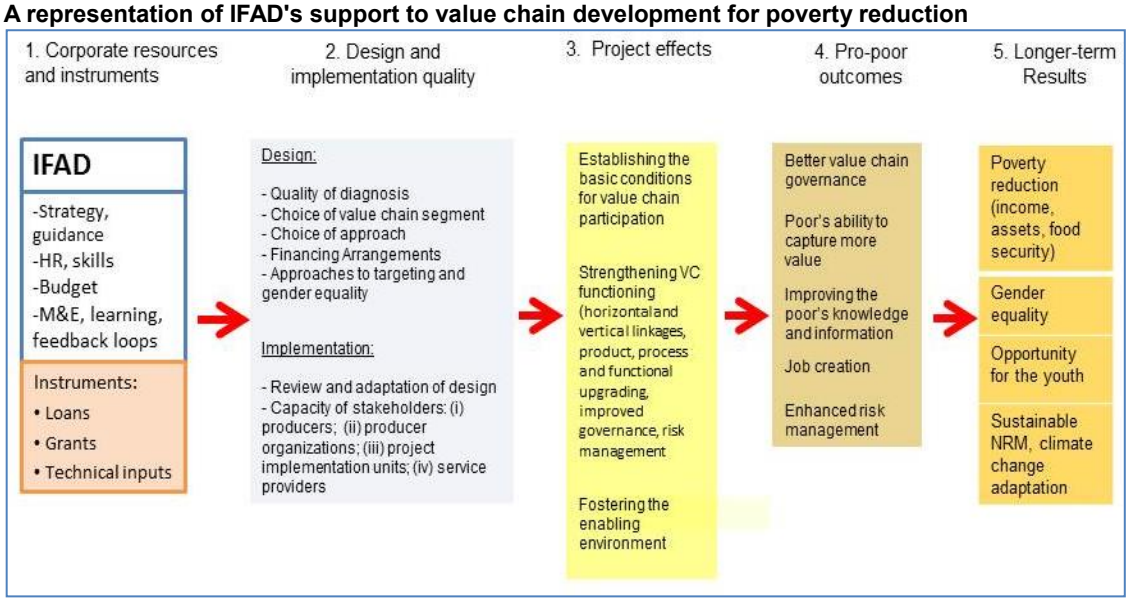
40. Moving to the right, the next sector (2) of the figure represents key elements of **project design and implementation quality**. Ingredients to design quality include ex-ante diagnostics, establishing priorities on what value chain segments to focus on, and with what approaches, how to finance the value chain and how to

[16] While standards have been associated with a range of positive economic, social and environmental effects, compliance can be challenging for poorer producers, and can lead to segmentation of the labour force with a cadre of core skilled workers given permanent employment and full labour rights, while the remaining tasks are outsourced to informal enterprises and casual labour. See Kaplinsky, R. and Morris, M. (2017), *How Regulation and Standards Can Support Social and Environmental Dynamics in Global Value Chains.* Geneva: International Centre for Trade and Sustainable Development (ICTSD).

target the poor and to promote gender equality. Implementation support includes the timely review and modification of design arrangement, the support to capacity development of key stakeholders (e.g., producers and their organizations, project implementation units and service providers).

41. The third sector (3) represents three broad clusters of project effects: (i) establishing the basic conditions for small-scale producers to participate in value chains (e.g. improving production and productivity, community mobilisation, basic services); (ii) upgrading the value chain itself (Table 1 presents some approaches outlined in IFAD documents, such as product, process and functional upgrading, strengthening horizontal and vertical linkages); (iii) creating an enabling environment (infrastructure, policy dialogue, institutional strengthening, environmental sustainability, social sustainability).

Figure 2
A representation of IFAD's support to value chain development for poverty reduction



Source: CLE Elaboration (2019)

Table 1
Examples of IFAD Approaches to Value Chain Upgrading

Approach	*Description*
Product and process upgrading	Product upgrading is the improvement of quality and/or quantity of production (production techniques, /higher value products). Process upgrading is the improvement of efficiency of the production process, access to new technologies, better organisation to reduce production costs, certification, food safety or traceability
Functional upgrading	Adding new functions and activities to the target group (e.g. producers and their associations), such as processing, storage, packaging, to capture more value.
Strengthening horizontal linkages	Improving linkages among stakeholders at the same functional level of the value chain (e.g., creation of cooperatives, federations, capacity building of producer organisations) to improve their bargaining power to buy their inputs and/or to sell there outputs
Strengthening vertical linkages	Improving linkages among stakeholders at different functional levels of the value chain. This may include, for example, promoting formal/stable types of contracting, access to market information, multi-stakeholder platforms, improving physical access to markets

Source: IFAD (2017). Stocktaking of IFAD's Value Chain Portfolio. Mimeo, PTA-RME Desk.

42. The fourth sector (4) provides examples of pro-poor-outcomes such as: (i) better value chain governance (relationships, trust, bargaining power, transparency); (ii) the poor's ability to capture more value from the chain, for example either through an increase in farm-gate price of products or by functional upgrade; (iii) improving the poor's knowledge and information (e.g., about current prices paid for by the end-consumer, about the demand for certain commodities and

traits); (iv) enhancing risk management (e.g., related to price fluctuation or post-harvest loss); (v) and opportunities for employment generation.

43. The fifth sector (5) represents longer-term results, such as poverty reduction effects, using the domains that have high priority in IFAD's mandate (e.g., increasing incomes and net assets, food security, nutrition, gender equality and women's empowerment). In addition, long-term effects on the environment and natural resources and climate change adaptation are important factors for both value chain sustainability and for the poor's livelihoods.

F. Methodology

44. **The overarching questions** of this CLE originated from a first round of meetings within IFAD and a preliminary analysis of the issues at stake, and were defined as follows:

    (i) Was the IFAD approach to pro-poor value chain development an effective way to sustainably reduce rural poverty? To what extent, under what conditions and for whom?
    (ii) To what extent were IFAD's organizational set-up and instruments conducive to design and support effective pro-poor value chains?

45. The **time frame** for this evaluation was set from 2007 until December 2018, so as to be synchronized with the approval of the Strategic Framework of IFAD for 2007-2010, when the value chain notion emerged more clearly, and to capture the most recent examples of value chain-relevant project designs.

46. **Criteria**. The CLE adopted the following criteria: relevance, effectiveness, efficiency, impact and sustainability. In addition, based on the analysis, the evaluation proposes two synthetic domains to map projects and value chain: degree of value chain development and pro-poor outcomes. This is presented in chapter v.

47. In addition, in consideration of their strategic priority for IFAD and of their relevance to value chain development (as also acknowledged in the Strategic Framework 2016-2025), the following specific thematic areas were analysed: gender equality and women's empowerment, nutrition, youth, natural resource management and climate change adaptation. The CLE acknowledges that some of these have become prominent in IFAD's agenda only recently. The CLE team developed an evaluation matrix (see Annex III) that included sub-questions for the evaluation criteria, as well as the sources of information. The evaluation matrix and the sub-questions guided the development of the various evaluation tools, including the checklists for the interviews (see Annex III), the e-survey for IFAD staff and project managers (see Annex IV); the classification of value chain relevant projects; and the selection of the countries for visits and desk-reviews. The evidence eventually canvassed was again cross-checked against the sub-questions at the end of the data-gathering phase.

A. *Data collection and analysis*

48. **Assessment of IFAD value chain strategic documents and knowledge products**. This included: (i) IFAD Strategic Frameworks, Replenishment reports and other strategies and policy documents, with respect to the extent of integration of the commitment to value chain development and the theoretical framework underpinning IFAD's interventions in this domain;(ii) all COSOPs approved since 2007 in countries where value chain-relevant projects were approved, to identify references and programmatic commitments to value chain development; and (iii) knowledge products relevant to value chain development.

49. **Analysis of available data and documentation on the value chain portfolio**. Data were extracted: (i) from the operational data bases (Grants and Investment Projects Systems - GRIPS, Flex cube, ORMS) on the financial aspects and key project milestones (e.g., approval, entry into force, first disbursement, original and

actual completion and closure); (ii) from IFAD Management self-assessment ratings; (iii) from IFAD documentation on project design, supervision, implementation support and completion reports; (iv) from the ARRI database.

50. **Review of IFAD-funded operations supporting value chains.** One of the initial tasks was to classify projects according to their 'value chain-relevance'. The former Policy and Technical Advisory Division of IFAD had developed a database of projects considered as relevant for value chain development, covering the cohorts of approval 2012-2017. The CLE reviewed this database but conducted its classification independently. At the same time, the CLE decided to adopt the same terminology developed by PTA/RME with regards to the characteristics of value chains (e.g. horizontal and vertical integration), for the sake of consistency.

51. For practical purposes, the first level of classification was based on project design.[17] A project was considered 'value chain-relevant' when in its design: (i) there was a broad consideration of the input-aggregation-processing-distribution functions and of the partners involved (even if only one or few functions of the value chain were addressed); and (ii) the market was the main pulling factor in the design. Some projects that adhered to the above concepts without investing directly in value chains were classified as 'ancillary' interventions, for example projects specialized in rural finance that were expected to synergize with projects supporting value chains.

52. The classification followed a traffic light system: (i) green, when there was a clear-cut value chain approach; (ii) yellow, when the project was considered as 'ancillary'; and (iii) red, when the project did not include a value chain perspective. The 'green' and ancillary projects were analysed more in depth to establish a more detailed profile of their approaches and components (See Annex I). In total, approximately twenty project features were identified based on the evaluation questions and on the CLE team internal discussions and each project was accordingly coded. These include, for example, the type of target population, governance systems, commodities and value chain development approaches.

53. In addition to loans, the team also obtained a list of grants approved by IFAD in the period 2007-2018. Given the smaller grant size and lower availability of information on the same, grant-funded activities on value chains were discussed with IFAD staff and a number of grants were reviewed in association with country desk studies or field visits but not at the same level of detail as for loans.

54. During the preparatory phase, it clearly emerged that IFAD's approach to value chain development had progressed over time, evolving from one project into the next. In addition, it was clear that the country context, including national policies and IFAD country strategies (COSOPs), had contributed to shaping the approach to value chain development. Accordingly, the CLE decided to choose countries as its unit of analysis, by taking into account, in addition to the number and design profile of value chain relevant-projects, characteristics such as country income status (upper-middle, lower-middle and low-income countries), situations of fragility and other factors (e.g., policies, trade agreements, agro-ecological areas) of relevance to value chain development. Although no strict condition was set on regional balance, some consideration was given to regions and sub-regions, so as to capture geographical and political factors that could have a bearing on value chain development. Throughout the process, information was validated through interviews with IFAD staff.

[17] The classification followed a two-stage process involving two reviewers (the second was always the same to ensure consistency). In case of differing views, arbitration was done by the team. Discussions were held with staff from regional and technical advisory divisions of IFAD to better familiarize with the IFAD portfolio but the evaluation team took the final decisions on classification. A classification based on design may lead to errors to the extent that the design was not clear or the same was changed during implementation. When the team completes the review of the selected case studies (77 projects), it reclassified only 14 per cent of these. The cases where a project category changed across different levels of value chain-relevance (red, yellow or green) were similar in numbers to those where the change took the opposite direction. Eventually, the number of green, yellow and red projects changed only slightly.

55. Based on the available resources, the **modality** of the analysis of the selected countries and projects was decided. This also took into consideration the availability of previous information, including evaluations, impact assessments conducted by RIA[18] or other data gathering exercises. Three modalities were implemented: (i) country visit by the CLE team; (ii) country desk review by the CLE team; and (iii) drawing information from recent or on-going IOE evaluations.

56. Eventually this resulted in a review of 29 countries and 77 projects within these countries. The regional distribution of countries was APR 24 per cent, ESA 14 per cent, LAC 17 per cent, NEN 21 per cent and WCA 24 per cent. The review included:

- Eleven CLE country visits: Bosnia and Herzegovina, El Salvador, Honduras, Mauritania, Moldova, Morocco, Nepal, Niger, Rwanda, Senegal and Viet Nam;
- Twelve desk reviews (supported by interviews with IFAD and project staff): Bangladesh, Brazil, Cambodia, Cameroon, China, Ghana, Indonesia, Mozambique, Nicaragua, São Tomé and Príncipe, Sudan and Uganda;
- Six countries through on-going or recent IOE evaluations: Burkina Faso (CSPE), Georgia (CSPE, Impact Evaluation), Kenya (CSPE, Impact Evaluation), Sri Lanka and Tunisia (CSPE) and Guyana (Project Performance Evaluation).

57. **Information from other evaluations.** In addition, past evaluations (e.g., the 2016 Evaluation Synthesis on market access, the 2018 Evaluation Synthesis on Partnerships and the Evaluation Synthesis on Aquatic resources, the 2011 CLE on the Private Sector Policy) and ongoing ones (e.g., the Evaluation Synthesis on Rural Finance) were reviewed as well.

58. **Management Self-assessments**. Management carried out a self-assessment based on a check-list prepared by IOE informed by the evaluation matrix, and presented its results at a workshop in late June 2018. Key topics were: Management and staff's perceptions on corporate organizational aspects, available instruments for supporting pro-poor value chain development, specific on-going corporate initiatives and emerging results.

59. **Key informant interviews**. The evaluation carried out interviews with IFAD Managers and staff at different levels and locations, at Headquarters and in country offices. Interviews were also held with representatives from governmental and non-governmental organizations, international organizations[19], private sector organizations, famers' organizations and civil society organizations (see Annex V for the list of People Met).

60. An **electronic survey** was developed to canvass knowledge, views and experience of IFAD managers, operational staff, and managers of IFAD-funded projects about IFAD's work on value chain development (See Annex IV). The survey was administered between July and September 2018, and responses were anonymous. The total survey population included 480 potential respondents, of these 242 were IFAD professional staff and 238 were project managers. Including partial responses, the response rate was 33 per cent for IFAD staff, 55 per cent for project managers and 44 per cent overall.[20] Findings were disaggregated by blocks of respondents (e.g. IFAD staff vs. project managers).

61. **Review of partnerships with peer organizations and the private sector.** This included the partnerships established by IFAD at the corporate level (e.g. Unilever,

[18] Three Impact assessment conducted by RIA were available for projects in the CLE population in Ghana, Kenya and China. An Impact evaluation conducted by IOE was available for an additional project in Kenya, as well as in Georgia (the latter one was classified as a 'yellow-case' project). Several projects had surveys conducted under the framework of IFAD's Result and Impact Management System.

[19] The evaluation team also interviewed representatives of the UN Interagency working group on value chains

[20] Although the survey was extended until late September 2018, the re-assignment process that was concluded in July may have affected responses from IFAD staff.

Mars, Intel) as well as at the country and project level (e.g. SNV, USAID, GIZ), as could be assessed by the evaluation through its country case studies.

62. **Analysis of relevant experience in partner organizations**. The CLE collected information on value chain development work from other organizations (World Bank, Agence Française de Développement, African Development Bank, Asian Development Bank, DANIDA, FAO, the German Corporation for International Cooperation - GIZ, SNV Netherlands Development Organization, United States Agency for International Development - USAID). Existing reports and evaluations have been reviewed and interviews have been conducted on a selective basis; this exercise was assisted by NVIVO™ software.

B. *Constraints*

63. In most cases, documentation on project implementation (e.g., supervision, mid-term review) contained little information that was pertinent to the project value chain elements. Overall, information was fragmented and data were available on some value chain functions only (and in the case of private operators, information on costs and revenues was not easily disclosed) or not sufficiently granular (e.g., by commodity). Some information gaps could be filled through the CLE country visit, and through on-going or past evaluations but evidence was patchy overall. A similar challenge was found in past evaluations, where the value chain aspects had not been analysed in detailed.

64. Similar to the case of other organizations (DANIDA 2010; DEVAL 2016), value chain-specific data was relatively scarce. Only for five projects did the evaluation find data analysed through rigorous methods (e.g., surveys done by RIA-SKD or IOE, including treatment and comparison groups and dealing explicitly with sampling bias). Given the multi-component nature of IFAD's projects, even in those cases it was challenging to differentiate the effects due to value chain development, from the effects of the overall project support (e.g., rural roads, irrigation, extension components).

65. Many interventions were still on-going (70 per cent), and in 18 per cent of the cases, a Mid-term Review had not taken place yet. This meant that, for a number of projects, no solid evidence was yet available about the results.

G. Evaluation process

66. The CLE started in January 2018. An approach paper was prepared and peer-reviewed within IOE, discussed with the Evaluation Committee in its March 2018 session and thereafter finalized. Two inception workshops were held in IOE in February and March 2018, in order to further develop and refine the conceptual framework of the evaluation, the categorization of value chain intervention, the criteria for selecting country and project reviews (based on the CLE main questions) and the scope for country visits and desk reviews.

67. Country visits and desk reviews were conducted between May and early October 2018. The team held two stocktaking meetings in Rome, in mid-June and mid-October 2018 which were also an opportunity to conduct interviews at IFAD and FAO. The draft report was peer reviewed in IOE in February 2019 and shared with Management in February 2019 for its written comments. Based on these, the report was revised and finalized and an audit trail produced on the comments. Management provided its written response to the evaluation recommendations. Together with the main report, these were discussed with the Evaluation Committee in June 2019 and with the Board in September 2019. In addition to the main report, an evaluation profile[21] and an infographic were prepared. A podcast on interviews with project beneficiaries was produced based on a country mission.

[21] *Profiles* are among the key IOE communication products, produced at the end of the evaluation once the report has been finalized. The Profile will contain a summary of the main evaluation findings and recommendations.

Key points

- During the past decades, traditional food systems have been increasingly replaced by larger-scale processing, wholesale and logistics operations serving retailers, food service operators and large markets through coordinated value chains.
- Governments, development agencies and donors have supported the development of inclusive and socially and environmentally responsible value chains. At IFAD, as in other international organizations, the expectation was that by helping small-scale producers access value chains, the latter would capture a higher degree of the value added and become less dependent on public and donor funding. The focus of the Agenda 2030 and the Sustainable Development Goals on "no one left behind" has raised the issue of the inclusiveness of value chains.
- Drawing from the literature, this CLE proposes a conceptualization of value chain that includes: (i) a core value chain; (ii) the governance; (iii) an extended value chain (comprising providers of various types of goods and services); and (iv) the enabling environment.
- The CLE articulates IFAD's support to pro-poor value chains along these key elements: (i) IFAD's organizational structure, strategy and capacity; (ii) project design and implementation quality; (iii) project effects; (iv) pro-poor outcomes; and (v) long-term impacts.
- The time frame for the CLE is January 2007 to December 2018. The CLE conducted: (i) an assessment of IFAD value chain strategic documents and knowledge products; (ii) analysis of PMD and IOE data and documentation on the value chain portfolio; (iii) a close review of 77 loan-funded projects in 29 countries; (iv) a review of evaluations of other international organizations; (v) past IOE evaluations; (vi) a self-assessment workshop organized with IFAD's Management; (vii) key informant interviews with IFAD managers and staff and with other organizations; (viii) an e-survey of IFAD operational staff and project managers; (ix) a review of partnerships with peer organizations and the private sector.
- Constraints faced by this evaluation were due to fragmented information and limited rigorous data on results. Many projects were still at an early implementation stage and little could be said of their effects.

II. Corporate strategies and processes and the portfolio supporting value chains

68. This chapter begins with a review of IFAD's portfolio supporting value chains. It then analyses the level and modalities of integration of the concept of value chain development, and its operationalization at the corporate level, including a review of IFAD's strategic frameworks and corporate policies and strategies, of human resource issues and of knowledge products. Most of the analysis and discussion in this chapter relates to the criterion of efficiency, notably how IFAD's organizational structure, human resources, expertise and budgets have been used to support design and implementation of the evaluated interventions.

A. Overview of the IFAD portfolio on value chains

69. Between 2007 and 2018, IFAD's Executive Board approved 367 projects. Of these, this CLE classified 228 projects, or 62.1 per cent as *value chain-relevant* (table 2); 18 projects, or 4.9 per cent as *ancillary;* and 121 as not relevant to value chains or 33 per cent (definitions in Chapter I). Within each IFAD regional division, the proportion of value chain relevant projects ranged from slightly over half to two thirds of the projects approved during the period under analysis (table 2).

Table 2
Number of Projects approved by IFAD's Executive Board (2007-2018)

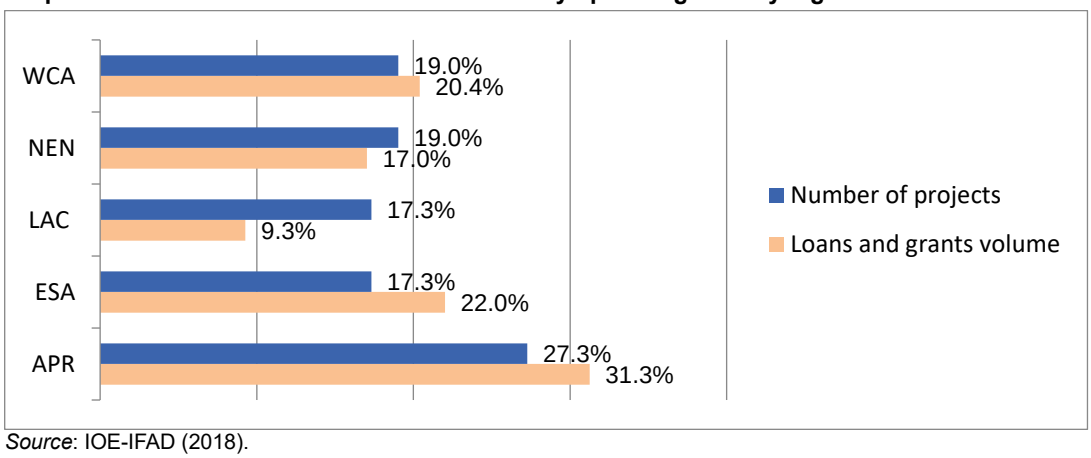
Region	*Value Chain*	*Ancillary*	*Non-Value Chain*	*Sum*	*% value chain within region*
APR (Asia and the Pacific)	62	2	31	95	65%
ESA (East and Southern Africa)	39	7	24	70	56%
LAC (Latin America and the Caribbean)	40	1	20	61	66%
NEN (Near East, North Africa and Eastern Europe)	44	2	22	68	65%
WCA (West and Central Africa)	43	6	24	73	59%
Grand total (%)	228 (62%)	18 (5%)	121 (33%)	367 (100%)	62%

Source: IOE-IFAD.

70. When considering the proportion of value chain-relevant projects of each division out of the total IFAD portfolio (figure 3), in terms of number of projects approved, the largest share, 27.2 per cent, was in the Asia and Pacific region (APR). In the other divisions, the share was very similar: 19.3 per cent in the Near East, North Africa and Europe region (NEN), 18.9 per cent in the West and Central Africa (WCA), 17.5 per cent in the Latin America and the Caribbean (LAC) and 17.1 per cent in the East and South Africa (ESA).

71. In terms of volume of investments (loans and country-specific grants, ASAP funds), out of total US$10.2 billion approved, 68 per cent (US$6.96 billion) was for value chain-relevant projects. Differences between regions were wider (Figure 3): APR has been the largest recipient of IFAD-funds channelled through value chain projects (figure 3), amounting to US$2.18 billion (31.3 per cent), while LAC has been the region with the smallest allocation, US$0.61 billion (9.3 per cent). In between lay ESA, WCA and NEN (22, 20.4 and 17 per cent respectively). This is to some extent related to the allocation of funds to the relevant countries according to the Performance-based Allocation System adopted by IFAD.

Figure 3
Proportion of IFAD value chain loans and country-specific grants by regional division



Source: IOE-IFAD (2018).

72. **Over the past ten years, IFAD's operations have shifted significantly towards value chain development approaches**. Looking at the number of projects approved, a comparison of the replenishment periods is presented in figure 4, which shows an incremental tendency in the percentage of value chain projects approved from 41.5 per cent in IFAD 7 (2007-2009) to 56.6 per cent in IFAD 8 (2010-2012), and 80.2 per cent in IFAD 9 (2013-2015). IFAD 10 (2016-2018) marks a decrease of 8 percentage points in value chain projects approved compared to the previous replenishment period. Similarly, in terms of volume of financing, the proportion of IFAD funds dedicated to value chain interventions increased from IFAD 7 to IFAD 9 and only slightly decreased in IFAD 10. The most significant increase took place in IFAD 9 (figure 5).

Figure 4
Number of projects approved, by Replenishment period

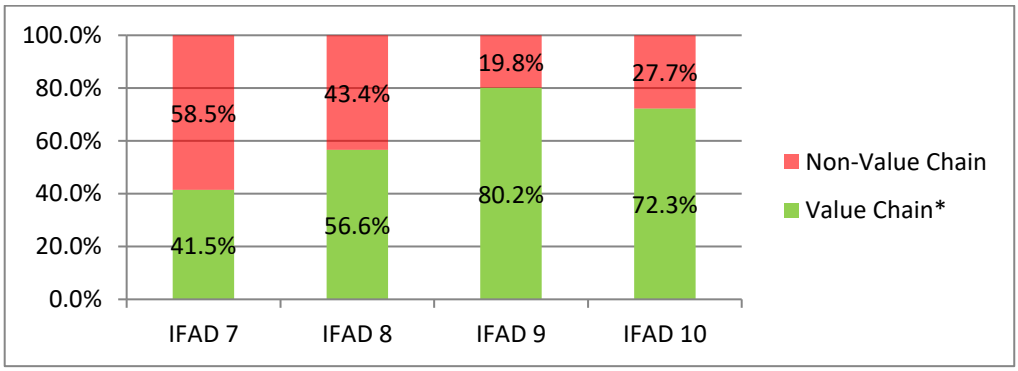
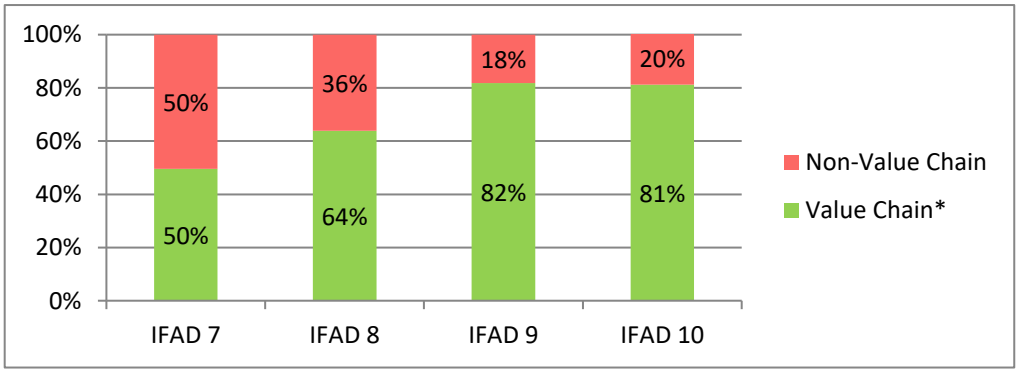


Figure 5
Volume of IFAD loans and country grants by Replenishment period



* Ancillary projects included

Source of figures 4 and 5 above: CLE elaboration based on Flex Cube and GRIPS (2019).

73. **The importance and centrality of value chain development varied between projects.** The CLE team made a sub-classification along a three-point scale of intensity of value chain focus (low, medium and high).[22] Low-focus projects were 21 per cent of the total value chain projects, while medium-focus and focus 43 and 36 per cent respectively.[23]

74. **The average project cost for value chain projects has been higher than for non-value chain projects** (US$ 63.2 million vs 53.4 million, table 3) and this difference was nearly significant. This was due to IFAD's loans on average slightly higher and, more importantly, larger average allocations by governments and beneficiaries financing for value chain projects. Conversely, the average external co-financing was only slightly lower and not significant.

Table 3
Average financing for value chain and for non-value chain projects

	Value Chain Projects (US$ millions)	*Non-value chain projects (US$ millions)*	*Significance of difference*
Average project cost	63.2	53.4	Significant at 5% in a one-tailed test
Average IFAD contribution	28.4	24.7	Significant at 5% in a one-tailed test
Average government and beneficiaries financing	21.6	12.0	Significant at 5%
Average external co-financing	13.2	13.8	Not significant

Source: IOE-IFAD (2018).

75. **The top five institutions co-financing** value chain development projects in the last ten years have been: (i) the Asian Development Bank-ADB (US$ 751.3 million)[24], (ii) the International Development Association-IDA (US$ 501.7 million), (iii) the OPEC Fund for International Development-OFID (US$ 352.6 million), (iv) the African Development Fund-AFDB (US$ 252.3 million), and (v) Spanish Food Security Co-financing Facility Trust Fund (US$ 176.9 million). In total, 56 projects from 38 countries[25] have benefited from these funds, of which Indonesia, Bangladesh, Ghana, Uganda and Madagascar have been the top five recipients (in decreasing order).

76. Co-financing was not always linked directly to value chain development but connected in several ways (e.g., irrigation, road construction). Co-financing was found of particular importance when it supported policy dialogue as it happened in the collaboration with the World Bank in Sudan or allowed addressing natural resource management and climate change adaptation as it happened with GEF (e.g. Cambodia, Viet Nam).

77. **Grants.** Besides loan-component grants (which are part of loan-funded projects), The CLE identified 42 grants as relevant to the topic of value chains.[26] Of these, six were country specific and the remaining 36 were global and regional. These grants were worth US$ 49.84 million, had 35 different recipients and were approved over

[22] In low-intensity projects, value chain development was one of the stated objectives but interventions dedicated most resources to local development, the improvement of primary production and of physical access to markets: value chain aspects were typically to be addressed at a later implementation stage. In medium-intensity projects, value chain development was one of the main objectives and, typically, received similar 'weight' to other components. Projects with high value chain focus dedicated to this domain the larger part of components and financial resources, although primary production aspects and other components were not necessarily excluded.
[23] The classification of intensity was first done on the full population of value chain projects (based on design) and later validated in the 77 projects closely reviewed. While the latter figures are presented here, proportions were very similar in the two exercises and differences statistically insignificant.
[24] The high percentage is mainly due to the US$ 600 million co-financed by AsDB for the IPDMIP project in Indonesia.
[25] APR= 8; ESA=9; LAC=7; NEN=3; WCA=11
[26] These grants were extracted from GRIPS database and selected based on their topic statement, after validation with the regional divisions, and with the value chains desk of the former Policy and Technical Advisory Division in IFAD.

the period of 2009-18. Among these 8 were sponsored by the APR, 13 by ESA, 6 by LAC, 2 by NEN, 12 by the former Policy and Technical Advisory and 1 by WCA. Table 4 shows the sub-thematic focus of the value chain-relevant grants.

Table 4
Grants relevant to value chain development

Sub-thematic focus	*Number*	*Percentage**
Markets and Value Chain Integration	16	38%
Access to agricultural technology and production services	13	31%
Financial Services	4	10%
Institutions and policies	4	10%
Climate change adaptation	3	7%
Vocational training and skills	3	7%
Rural organizations	2	5%
Rural enterprise and non-farm employment	1	2%
Total	42	

*The sum does not add up to 100 because some grants have multiple objectives.
Source: GRIPS (2018).

78. Grants were used for three broad purposes (non-mutually exclusive): (i) piloting initiatives on the ground; (ii) national level capacity building; and (iii) knowledge management and policy work.

79. **Piloting initiatives.** Grants have piloted specific activities on the ground, within existing projects. These range from the piloting of the Public Private and Producers Partnership approach (4Ps) in Viet Nam, Uganda, El Salvador, Senegal and Mozambique, all implemented by SNV, to piloting the formation of multi-stakeholder platforms in Uganda (also implemented by SNV, trying to set up a multi-stakeholder platform for the oil-seed sector). Most of the activities under the umbrella of 4Ps pertained to the establishment and strengthening of producer organizations (POs) and to linking these with markets. In Moldova, Armenia, Georgia and Kazakhstan a grant to Agro-Inform helped create and develop cooperatives involved in horticulture.

80. **National and project level capacity building.** Grants supported capacity building through training on value chain development, business plans and establishment of collective institutions such as cooperatives. In addition, some grants supported training of project staff at the national level; this ranged from the use of GIS for project design and implementation (Senegal), to using climate data in policy making (Honduras), to training of national institutions on value chains methodologies in APR.

81. **Knowledge transfer.** Some grants worked on knowledge transfer, such as exchanges between projects, for example, grants to PROCASUR and SNV have facilitated regional learning visits in value chain projects in selected countries in Near East and North Africa and West and Central Africa (one example found in Senegal with an exchange with Colombia) and Latin America.

B. Corporate level strategies and policies

82. **IFAD Strategic Frameworks and Replenishment consultation reports**. During the CLE time-span, IFAD issued three strategic frameworks, for the periods 2007-2010, 2011-2015 and 2016-2025. As to be expected, the stated overarching goals and strategic objectives **evolved over time**, which also **led to adjustments in the way the corporate vision addressed value chain development**.

83. In 2007-2010, the strategic frameworks had a predominant focus on sustainable agriculture and rural development and the analysis of value chains was considered a useful tool to improve the access to markets for poor rural producers. Value chain approaches were not yet explicitly at the centre of IFAD's work. In the 2011-2015 SF, emphasis shifted towards identifying opportunities for incomes, improving access to services and influencing policies and institutional environments. The strategic framework brought attention to the need for value chains to be 'pro-poor', including concerns about the gender neutrality of value chain development. In parallel, the ninth Replenishment consultation report in 2012 stressed that value chains were the future of small-scale agriculture, which should be driven by markets, through partnerships with the private sector and supported by policy dialogue.

84. The current strategic framework, 2016-2025, raises the importance of access to markets at the level of strategic objective, while merging elements from the previous frameworks. This leads to a renewed emphasis on primary production, complemented by attention to climate change, and to enhancing the benefits for small-scale producers when they seek access to markets. The 4P model is proposed as one of IFAD's trademarks, while raising attention to the importance for value chains to be environmentally sustainable.

85. In 2015, the tenth Replenishment consultation report acknowledged that value chain development and engagement with the private sector were important features of IFAD's operations, but had to be complemented by adaptation to climate change, improved nutritional impacts, gender equality and women's empowerment. In 2018, the eleventh Replenishment consultation report considered that value chain development as an acquired approach of IFAD, which nonetheless required fine-tuning by: (i) revisiting the relationship with the private sector, to achieve purposeful partnerships; (ii) introducing attention to food quality and reduction of food losses and waste; and (iii) raising sustainability and inclusiveness through targeting the "extremely poor people who have the potential to take advantage of improved access to assets and opportunities".

86. **IFAD has no corporate strategy or policy on value chain development**. Despite the importance of value chain approaches in IFAD's vision and portfolio over the period 2007-2018, the Fund did not consider it necessary to develop a dedicated corporate strategy, or an overall guidance document.

87. The Rural Market and Enterprises team in the Sustainable Production, Markets and Institutions Division (PMI/RME),[27] responsible for providing technical advice also on value chain development, sought to provide some form of guidance. In their view, value chain development should be one of the means to achieve the overarching goal of reducing rural poverty. Their vision included: (i) focus on people and not on commodities; (ii) identification of multiple entry points, not just through primary production; (iii) identification of partnerships with the private sector, and of win-win opportunities; and (iv) the need to tailor the value chain approach to the specific context.[28]

88. **The absence of a more structured corporate approach on pro-poor value chain development had implications on the clarity of the concept within the organization**. As discussed throughout the report, the variety of country and project contexts, and a certain 'fashion' effect, all have contributed to a disparity of interpretations within IFAD and to some departures from the 'vision' developed by the PMI/RME team. Interestingly, the overwhelming majority of the respondents to the CLE e-survey (83.3 per cent) agreed with the statement '*IFAD has a clear vision*

[27] Until mid-2018, the Rural Market and Enterprise desk team was part of the Policy and Technical Advisory Division, which was dismantled, and the team was integrated in the Sustainable Production, Markets and Institutions Division (PMI). The report will henceforth use the acronym PMI/RME for ease of reference.
[28] Source: CLE Management self-assessment workshop (June 2018).

of how value chain development contributes to rural poverty reduction'. However, differences in views and interpretations also emerged during the CLE interviews and throughout the country review. Several senior managers mentioned that the on-going focus on value chain could lead to drifting away from the organization's original mandate. Many staff members expressed concern about the actual relevance and contribution of IFAD value chain approaches to reducing rural poverty. At the same time, some staff members believe that the Fund's value chain approach should become more holistic and address the entire value chain. Others deem that the value chain approach is being overloaded with the demand to be gender-sensitive, nutrition-sensitive, climate-change sensitive, while not all value chain interventions can adequately address all issues.

89. **Other IFAD policies and strategies**. Over the CLE time-span, IFAD issued several policies and strategies addressing a wide range of topics. The extent to which value chain development was taken into account and/or cross-referenced in these was very variable, as to be expected, considering the different moments in time when these vision documents were developed and approved.

90. **The 2012 Partnership Strategy** explicitly referred to value chain development.[29] Value chains are also mentioned in a document presented by IFAD at the Third Session of the Eleventh Consultation on IFAD's Replenishment "Leveraging Partnerships for Country-level impact and global engagement" (September 2017), mainly in the context of 4Ps.

91. **At the corporate level, Memoranda of Understanding** (MoU) were developed and signed, with Intel, MARS and Unilever and with Ali Baba (China).[30] In parallel, IFAD has established a due diligence process to be followed before entering partnerships with private sector actors. In the cases of MARS and Unilever, the MoU commit the heads of each company and IFAD to improve the conditions of small-scale producers through value chain development. Action was to follow at country level, as for example happened with MARS in Indonesia and was planned in Nigeria with Unilever. The MoU with Intel foresaw collaboration in Cambodia in providing technical assistance to small-scale producers through IT technology. Reportedly, the lack of interest of producers to pay for the services prevented progress.

92. Despite the absence of systematic monitoring**, anecdotal evidence shows that several agreements were struck with larger companies, including multinational companies at the country level**, as was the case in Senegal with the national Alif Group and Nestlé and in São Tomé and Príncipe with Raimondi/Kaoka. Overall, collaboration at the country level appears to be more effective because the terms of the agreements are grounded around specific circumstances and context and stakeholders are directly involved in the negotiations. This suggests that corporate-level MoUs may be useful in developing an image for IFAD but identification and development of concrete opportunities for collaboration requires attention and action at country level.

93. Throughout the evaluated period **clear approaches have not been formulated to obtaining technical support for project design and implementation on the topic of value chains**. While some flexibility is needed of course, the choice has been mostly left to country programme managers. Sometimes this has led to useful collaboration with other agencies (e.g. bilateral cooperation, NGOs) but it has remained largely and individual effort. At least at the regional level, this could have

[29] *"IFAD is committed to: engaging private sector actors more systematically in country- and project-level programming to raise their pro-poor and sustainable investments in rural areas; using its engagement in policy dialogue to promote a more conducive rural business environment that enables the smallholders and the rural poor to get better access to markets and value chains"*.

[30] With INTEL, the focus is on INTEL providing access to smallholders to ICT services relevant to agricultural and rural development, including extension and marketing. With MARS, focus was on improving producers' access to marketing, capacity development and advocacy. With UNILEVER, focus was both at the strategic and policy level, i.e. pursuing global issues that are a priority for both parties, e.g. food waste and youth, and at the operational level, by improving producers' participation in sustainable commodity sourcing projects.

been coordinated more clearly and earlier on. Examples of valid cooperation on capacity building are discussed further below in this report, some of them through grant financing. However, the level of synergy and timeline adjustment with other lending operations has been uneven.

94. The **Private Sector Strategy**, also issued by IFAD in 2012, aims at reducing rural poverty by deepening the Organization's engagement with the 'corporate private sector' identified in the for-profit businesses or companies that are not owned or operated by the government.[31] It proposes three measures to deepen the engagement with the private sector: (a) strengthen IFAD's country strategic opportunities programmes (COSOPs), project loans and grants, partnerships, and policy dialogue as related to rural pro-poor private-sector development; (b) build the capacity and knowledge of IFAD and its staff in engaging with the private sector and establishing partnerships; and (c) explore options for IFAD to better support small- and medium-sized enterprises (SMEs) in developing countries.

95. Among the three measures, **capacity building for government staff and project staff is not explicitly considered**, although governments are responsible for project implementation. At the country level, evidence available suggests that Project Implementing Units were often at a loss with regards to striking the balance between value chain development and pro-poor approaches, as further discussed in this report.

96. **Other policies and strategies did not include explicit reference to value chain** development, in some cases due to their earlier approval, such as the Knowledge Management strategy in 2007, the Targeting policy in 2008, the Climate Change strategy in 2010, the Environment and Natural Resource Management (ENRM) policy in 2012, the Policy for grants financing in 2015.[32] Nevertheless, the ENRM policy noted that market entry may come at the cost of widespread conversion of landscapes to mono-cropping, thus reducing resilience to environmental hazards. Further, the Targeting Policy stated that IFAD should strive to proactively reach the extreme poor, those with fewer assets (e.g. minorities, indigenous peoples) and women, and that if targeting approaches can include the better off, a clear rationale and monitoring are required to prevent elite capture. It was expected that value chain-relevant projects would comply with all corporate policies and strategies, as appropriate, like any other IFAD intervention.

97. Three other policies and one action plan, namely the Engagement with Indigenous Peoples Policy in 2009, the Rural Finance Policy in 2009, the Gender equality and women's empowerment policy in 2012 and the Mainstreaming Nutrition-Sensitive Agriculture Action Plan 2016-2018 issued in 2015, all include specific references to value chain development that are discussed further below in this report.

98. **In synthesis**, over the past decade IFAD has shifted from an initial attention to the concept of value chain, to its increased adoption in corporate agenda and in the portfolio. Value chain development is a well-acknowledged element of the corporate approach. However, the issue of the capacity of IFAD staff and of Government agencies to engage in value chain development was not acknowledged well in the early days.

[31] The Private Sector Strategy establishes several principles of engagement. The most relevant to value chain development are: (a) the interests and needs of small farmers and poor rural producers as a driver for the partnerships; and (b) transparency and clear and agreed responsibilities and accountability by all partners, as well as the integrity, independence and neutrality of IFAD. IFAD's role in value chain development is described as that of an honest broker and facilitator of public-private partnerships (PPPs).

[32] In December 2018, the Executive Board of IFAD approved a Strategy and Action Plan on Environment and Climate Change 2019-2025 which mentions value chains, In 2015 IFAD also introduced the first Social, Environmental and Climate Assessment Procedures which present references to value chain.

C. Integration of value chain issues in the COSOPs

99. The IFAD country strategy and opportunity programme (COSOP) is jointly agreed with the national government for a period of 5-6 years. The extent to which COSOPs have included references to value chains and the extent to which this changed over time are indicators of how IFAD had integrated value chain approaches in its strategies and plans at country level.

100. **Some gaps in COSOP coverage of value chains**. In 85 countries among the 96 countries borrowing from IFAD for value chain-relevant projects from 2007 to 2018, a total of 123 COSOPs and Country Strategy Notes[33] were approved (i.e., some countries had more than one COSOP). In 62 countries, there were 84 COSOPs (68.3 per cent of total COSOPs) discussing value chain development in both context analysis and at the programmatic level. Thus, some 30 per cent of the COSOPs in countries where value chain relevant projects were approved had no reference to value chain development.

101. **The level of attention of COSOPs to value chains increased after 2010**. Among the COSOPs that included references in the context analysis or at the programmatic level, it took over fourteen years, between 1997 and 2010, to approve nearly half of the COSOPs but afterwards pace accelerated: the remaining half was approved over 8 years, between 2011 and 2018, a much shorter period. IFAD at country level often adopted a step-wise approach, first focusing on primary production, followed by access to markets and finally value chain development.

102. Given their scope and format and given the limited resources available for preparation, COSOPs cannot be expected to provide technical guidance to value chain work (the latter is done at project design). However, based on past experience or the analysis of the country context they can identify commodity categories for future operations, pinpoint policy issues, institutional constraints, and options to deal with these (e.g., scouting experience and knowledge of other partners, selecting partners with appropriate technical experience, engaging in policy dialogue). For instance, COSOPs such as the one for Mauritania (2007) or Morocco (2008) were prepared when there was little portfolio experience on value chain support. These COSOPs have the merit of linking logically, value chain development with concern for the poorer groups and with sustainable natural resource management (Morocco). However, they show less familiarity with the partners to be involved and the potential risks. In contrast, the COSOPs prepared for Senegal (2010; as well as the Country Strategy Note for 2017-2018) as well as for Ghana (2012) were based on previous hands-on experience in the country. They show better awareness of opportunities but also constraints, such as weak capacity of governments and project management staff.

103. According to IFAD staff, there was an increase in demand for value chain-relevant projects in the borrowing countries during the evaluation period. There was also pressure from IFAD to label COSOPs and projects as 'supporting value chains'. However, the successful integration of value chain development approaches in IFAD's country programmes required some changes in conceptual frameworks, capacity to identify, and interact with new stakeholders (private enterprises) in addition to new knowledge (e.g., on markets, standards and consumers' demand), whereas, initially, there was little clarity on how this could be done.

[33] A country strategy notes is used at times for shorter periods of time, or when a full COSOP is not justified by the financial allocation to a given country.

D. Human resources and corporate procedures for value chain development

D.1 Human Resources

104. The CLE reviewed the technical human resources in place during the evaluation period that could help country programme managers design and support implementation of value chain-relevant projects. Until mid-2018, IFAD had three specialists (two at P5 and one at P4 level) in PMI/RME located at the Organization's headquarters, who, in the broader context of their work on rural markets and enterprises, also held responsibility on value chain topics. In addition to responsibilities at the normative level and to direct engagement in project design, that team also spent time on project supervision and implementation.

105. As of late 2018, the IFAD corporate reassignment process led to a reduction in the team size, with only two lead technical specialists (P5 level) working on value chain development, one posted in the Peru IFAD sub-regional office and one in headquarters. A third position was vacant at the time of writing this report and there was no information about other positions planned elsewhere. Although value chain-related projects in the Southern America region may benefit from closer technical support through the Peru hub,[34] all other value chain-relevant projects in all other regions and countries will be under the technical oversight of only two staff members.

106. In addition to the PMI/RME staff, staff in the Partnership and Resource Mobilization Office, currently part of the External Relations and Governance Department, has been contributing to value chain-related work at the corporate level through the development and follow-up of the MoUs signed between IFAD and private sector companies, as mentioned in the previous sub-section.

107. Overall, and taking into account the CLE review of the case studies, **the in-house expertise available before the 2018 reassignment was stretched, given the size of the value chain-relevant portfolio.** The new staff distribution foresees that the technical specialists assigned to the regional hubs will also have broader, "generalist" tasks in the design and supervision of a wide range of projects in the relevant countries. Although it is too early to make any assessment, significant gaps in the provision of specialised in-house expertise are likely to arise.

108. *Prima facie*, the above is not surprising, given that IFAD has had few full-time technical specialists in its staff across the thematic areas. The specific issues for value chain work are that: it requires different types of knowledge, including of national and international market dynamics and opportunities, of private business practices, that were not typical of the traditional expertise of staff.

109. As was previously the case, and similar to other thematic areas, consultants will continue to be heavily relied upon. In turn this requires staff members (e.g., country programme managers) with substantive confidence with the subject to select competent consultants, supervise them and ensure continuity of institutional learning. This requires some 'investment' in capacity building for non-technical staff (e.g., CPM and programme officers). IFAD has prepared technical knowledge products (discussed further below).[35] However, there have been few training programmes on value chain development which was not treated in the induction programme for new staff, although there are plans to do so.

[34] The hub in Peru is responsible for Argentina, Bolivia, Colombia, Ecuador, Paraguay, Uruguay and Venezuela.

[35] Also part of value chain-related knowledge management, albeit through a different approach, is PMI/RME participation in the United Nations Working Group on Value Chain Development, established in 2011 by 7 UN agencies, namely ILO, ITC, UNDP, FAO, IFAD, UNIDO and WFP. The group commissioned a study to assess the respective potential and challenges, and the way forward. The report conclusions were that the seven agencies should better differentiate their respective added-values. The group, currently co-chaired by ILO and ITC, in practice remained an informal platform to exchange respective experiences in value chain development.

110. To some extent, an overarching agreement with the FAO Investment Centre (TCI) enables access to experts as members of design, supervision completion teams. However, the availability of specialised consultants with strong specific knowledge of IFAD was an often-heard challenge as their time has to be booked very early in advance, and this was not always feasible.

111. In some cases discussed above and later in the report, IFAD also relied on the technical expertise of international NGOs, through global and regional grants, or contractual agreements within loan-financed projects, to provide technical assistance and/or capacity building opportunities to government and project staff and to project targeted groups. These agreements have provided useful technical inputs, though this emerged more as an ad-hoc opportunistic help than a systematic approach for supporting value chain development.

112. Problems with capacity of staff existed also in the country, in project management teams, as further discussed in this document. In some projects, such as in El Salvador, Rwanda, Mozambique and Senegal, the implementation unit included a full-time value chain specialist, but in many countries technical support was provided through supervision missions. This support was overall appreciated, but not always able (and timely) to effectively address the practical problems encountered in activity delivery on the ground, or to cover all desired thematic areas that value chain development encompasses.

113. **The CLE e-survey found differences in the perceptions of IFAD staff and project managers regarding clarity of IFAD's vision, availability of in-house expertise and training** (Table 5). While overall responses tended to be in the "positive zone", IFAD staff's responses were more cautious. The highest level of agreement from IFAD staff and project managers was on IFAD's having a clear vision on how value chain contributes to poverty reduction. The lowest was on training for staff and consultants on value chain approaches: here IFAD staff moderately disagreed that it was adequate. Elsewhere, IFAD staff only moderately agreed on IFAD having adequate technical expertise and partnering with other organization that have technical expertise, while project managers did not appear to see major issues. IFAD staff respondents provided a 'veiled' critique on the Fund's drawing, imparting, and internalizing technical skills. Instead, project managers did not observe major gaps in the system, which is a reason of concern, given they are in charge of project implementation. Compared with its own observations, the CLE finds these responses as rather optimistic.

Table 5
IFAD staff and project managers' view on clarity of vision and expertise on value chains

Answer Choices	*Average IFAD staff*	*Average Project Managers*	*P Value*
IFAD has a clear vision of how value chain development contributes to rural poverty reduction	4.8 (agree)	5.3 (agree)	0.0002***
IFAD has technical expertise to adequately support its current portfolio of value chain development projects	4.3 (mod. agree)	4.9 (agree)	0.006***
IFAD trains its staff and consultants on pro-poor value chain approaches	**3.5** (mod. disagree)	4.6 (agree)	0.000004***
IFAD partners with other organizations that have value chain expertise	4.4 (mod. agree)	4.9 (agree)	0.03**
IFAD learns from its experience on value chain development	4.5 (mod. agree)	5.1 (agree)	0.0015***
Number of respondents	72	127	

** Difference is significant at 5%; *** Difference is significant at 1%
Ratings: **1= firmly disagree**; 2= disagree; 3= moderately disagree; 4= moderately agree; 5= agree; **6 = firmly agree**.
Source: CLE e-survey (2018).

D.2 Corporate Procedures

Ex-ante quality assurance

114. Corporate procedures for quality enhancement and assurance (QE and QA) adopted until 2018 had no specific items/questions for value chain development interventions. The PMI/RME team made efforts to attend Country Programme Management Teams in the QE.[36] Information available about the QE and QA processes suggests that value chain-relevant projects were treated as any other project, while at the same time IFAD staff acknowledged that the corporate mechanisms were not able yet to ensure harmonized approaches and specialized quality assurance across all projects approved by the Fund. IFAD did develop over time a number of knowledge products aimed at providing guidance on project design (see the dedicated sub-section in this report), but these were not sufficient to compensate for the lack of a critical mass of in-house expertise and for systematic corporate mechanisms to brief and supervise consultants.

115. Interviews with IFAD staff also suggest that there are limitations to the scope for integrating lessons-learnt from other countries and regions into new projects. A number of reasons appeared to play a role in this respect. Among these, CPMs who have the ultimate responsibility for project design, often have to take into account diverging priorities (e.g., of Governments, of their line managers and of IFAD senior management) and not always all technical recommendations were taken into account.

116. The CLE e-survey elicited the view of IFAD staff and project managers on these topics. Responses from IFAD staff tended to be more "self-critical" than those from project managers with significant differences in almost all cases (Table 6). Overall, IFAD staff moderately agreed that IFAD provided adequate guidance on value chain in country strategies. They agreed that IFAD provided adequate guidance at design, although moderately agreed that risk analysis was adequate and that support during implementation was adequate. Notably, with overall budgets available for project design in the range of US$ 100,000-250,000IFAD CPMs tended to consider that an in-depth value chain analysis was beyond the resources and time available for this step.[37] Project managers moderately agreed or agreed to most of these statements.

Table 6
IFAD staff and project managers' view on guidance on value chain development

Answer Choices	*Average IFAD staff*	*Average Project Managers*	*P Value*
IFAD provides adequate guidance for integrating pro-poor value chain approaches in its COSOPs	4.5 (mod. agree)	4.8 (agree)	0.007***
IFAD provides adequate guidance for integrating pro-poor value chain approaches in project design	4.9 (agree)	4.9 (agree)	0.21
Sufficient resources are allocated for pro-poor value chain analysis	**3.7** (mod. disagree)	4.5 (mod. agree)	0.000002***
IFAD-supported value chain project designs adequately address the main risks and constraints	4.4 (mod. agree)	4.5 (mod. agree)	0.04**
IFAD provides quality expertise on pro-poor value chain development during project implementation	4.4 (mod. agree)	4.5 (mod. agree)	0.02**
Number of respondents	72	127	

** Difference is significant at 5%; *** Difference is significant at 1%
Ratings: **1= firmly disagree**; 2= disagree; 3= moderately disagree; 4= moderately agree; 5= agree; **6 = firmly agree**.
Source: CLE e-survey (2018).

'Fixing design' during implementation

[36] During 2018, the IFAD QE and QA mechanisms have been further modified.
[37] Additional US$ 50,000-80,000 is also available for Social, Environmental and Climate Assessment Procedures (SECAP) design.

117. Similar to what happens in many IFAD projects, the **mid-term reviews have often been an opportunity for significant project revision**, for example in Bosnia and Herzegovina RLDP and in Nepal HVAP. Also, the number of value chains addressed was strongly reduced in Mauritania ProLPRAF, whereas in Rwanda PASP the financial mechanism in support of stakeholders was modified in depth to better meet the needs of small-scale producer organizations. **However, the practice of holding these reviews after four of five years of project implementation leaves limited time to implement changes**. Supervision mission can be useful to raise issues but are normally undertaken *'taking the design as constant'*, not questioning the project concept but rather ascertaining implementation compliance with design.

M&E and Impact Assessment

118. The CLE review showed that project-level monitoring and evaluation systems were not focused on relevant outcome-level indicators that could provide insights into the effects of value chain-relevant interventions. For example, **very few projects monitored and recorded effects on employment**, or on youth participation in IFAD-supported value chains.[38] This is similar to the findings of evaluations in other organizations (Chapter I).

119. The IFAD Research and Impact Assessment Division (RIA) in the Strategy and Knowledge Department (SKD) started conducting impact assessments under IFAD9 and, under IFAD10, plans to conduct impact assessments of 15 per cent of IFAD projects.[39] Of the impact assessments completed under IFAD9 and IFAD10, three were on value chain-relevant projects, namely China GIADP, Ghana NRGP and Kenya SDCP. The analytical frameworks were developed on the basis of each projects' theory-of-change, which may or may not have treated value chain development explicitly. As an additional effort towards better insights, RIA is planning to introduce price analysis in its impact assessments.

120. Further impact assessments of projects supporting value chain development will be available in the future. Nevertheless, even if data are systematically collected about the RIMS indicators, value chain development is a complex endeavour, with many stakeholders at different levels and complex interactions. Thus, proper monitoring of the variety of potential cause-effects loops at the different levels might be highly challenging in any case. This may require specific attention and lessons learning, within IFAD and with other organizations that also operate in value chain development, to identify or develop cost-efficient and effective assessment tools for key value chain-relevant parameters.

E. Knowledge products

121. **Awareness and use of knowledge products.** The e-survey results suggest a high level of awareness of IFAD toolkits and guidance documents on value chains among IFAD staff, with 89 per cent of staff aware of them, and of these, 80 per cent finding them useful for their work. In contrast, only 51 per cent of project managers were aware of IFAD's knowledge products on value chains. However, of the project staff who know about them, 89 per cent found them useful, suggesting it is worthwhile taking steps to disseminate the products more widely.

[38] According to Management, lack of data on employment is due to the fact that employment generation was not considered in the past as the main expected outcome of value-chain interventions. The revised RIMS system ("core indicators", see Annex II, Table 4; approved by the Executive Board in 2017) include indicators on employment creation. The core indicators also include a new outcome level indicator on '*Percentage of rural producer organizations engaged in formal partnership, agreements or contracts with public or private entities*', which refers to organizations that participate in value chain. EB 2017/120/R.7/Rev.1 Taking IFAD's Results and Impact Management System (RIMS) to the Next Level, April 2017. On the other hand, Management expects that the availability of data on youth will improve as age-disaggregated data are increasingly collected by IFAD projects.

[39] IFAD Development Effectiveness Framework (2016). https://webapps.ifad.org/members/eb/119/docs/EB-2016-119-R-12.pdf.

122. **Quality of knowledge products.** The CLE team reviewed 11 knowledge products on value chains which were published between 2012 and 2016. They varied in length from 4 to 50 pages, and included 5 How to Do Notes[40], a Technical Note[41], a Teaser, a Lessons Learned note[42], a Scaling Up Note[43] and 2 promotional pamphlets.[44] The recently published guidance on nutrition-sensitive value chains is noted as an example of more detailed, high quality guidance, but since it was launched in late 2018, it could not be included in the in-depth review. Each product was assessed against the following criteria: technical quality and innovation, clarity and user-friendliness, integration of poverty reduction, gender equality and environmental sustainability perspectives.[45]

123. **Technical quality and innovation**. The CLE considers most products adequate on technical quality for an introductory-level briefing. Those with a thematic focus have greater depth and quality. The How To Do Note on 4Ps is particularly strong as it draws on academic research, which enhances the quality and structure of the report. Conversely, some of the other products lack clarity or consistency in the concepts used. In general, the knowledge products appear to **lack a common conceptual framework on value chains** and there is no common visualization which could have helped establish a common ground.

124. **Clarity and user-friendliness.** The products vary from quite poor to relatively good in terms of clarity and user-friendliness. The good performers (e.g. lessons learned note, and How To Do Note on climate change risk assessment) are well structured, use accessible language even for complex issues (e.g. finance strategies), and are easy to follow. The use of diagrams, frameworks and check lists makes products more readable, and case study examples really help to bring concepts to life. Other knowledge products were less clearly structured; some were wordy and sometimes inconsistent.

125. **Integration of poverty reduction perspectives** is integrated in all products but the scope and depth vary. While most differentiate between small-scale producers with different levels of poverty, especially comparing subsistence farmers with more commercialized small-scale producers, there is a tendency to present the differences as universal rather than context-specific, for example in terms of the ability of poorer producers to participate in value chains. The main weakness relates to the inclusion of rural poor who are not farmers: although there are scattered references to micro-enterprises, workers and service providers in value chains, there is little detail or guidance on how to address and work with these groups. In addition, the focus is only on income poverty, to the neglect of other dimensions of poverty such as health, education and empowerment which might drive a somewhat different approach to poverty reduction, even within a value chain development context.

126. **Integration of gender equality perspectives** is somewhat weaker than the poverty perspective overall. Stronger knowledge products (e.g., on Livestock value chain analysis and on Climate change risk assessment) have a separate (albeit small) section on gender, in addition to mainstreaming references to gender throughout the document. However, overall the analysis lacks nuance, and typically

[40] Commodity value chain development projects: Sustainable inclusion of smallholders in agricultural value chains (2014); Climate change risk assessment in value chain projects (2015); Public-Private-Producer Partnerships (4Ps) in Agricultural Value Chains (2016); Livestock value chain analysis and project development (2016); How to monitor progress in value chain projects (2016).
[41] Agricultural value chain finance strategy and design (2012).
[42] Commodity value chain development projects: Sustainable inclusion of smallholders in agricultural value chains (2014).
[43] Sustainable inclusion of smallholders in agricultural value chains (2015).
[44] Access to markets: Making value chains work for poor rural people (2012); Public-private-producer partnerships (4Ps) in small ruminant value chain development in India (2015).
[45] There have also been occasional publications such as: IFAD, Institute for Development Studies (IDS). 2015. *Brokering Development: Enabling Factors for Public-Private-Producer Partnerships in Agricultural Value Chains;* Humphrey, J. 2017. *Food safety, trade, standards and the integration of smallholders into value chains.*

does not highlight the marked differences between women (e.g., based on age, marital status, employment status, social groups) and between country and regional contexts.

127. **Integration of environmental sustainability perspective.** This was the least well integrated area across the knowledge products, with the majority either not mentioning the environment or climate change at all, or giving them only minimal attention. For some of the products, such as the promotional pamphlets, this is not particularly problematic. But for others it is an important gap.

128. **To sum up**, most of the knowledge products reviewed are considered to be sufficient for introductory-level briefing and some of good quality. The better ones are thematic, allowing the topic to be explored in depth. More recent products are not necessarily better than older products. Missing is a common framework for describing value chain systems and the principles of a pro-poor approach to value chain development, around which all knowledge products can be framed.

Key points

- Of the projects approved between 2007 and 2018, the CLE classified 228 (62.1 per cent) as value chain-relevant (68 per cent of the value of loans and country-grants and ASAP funding). APR was the largest recipient, LAC the smallest. The percentages increased from IFAD 7 to IFAD 9 and slightly decreased in IFAD 10.
- The importance and centrality of value chain development varied between projects. The CLE classified 21 per cent as low value chain-focus, 43 per cent as medium focus and 36 as high focus.
- IFAD has no dedicated corporate strategy on value chain development. Other thematic strategies or policies are relevant to the topic to a varying extent. Among these, the Private Sector Strategy contemplates capacity building measures for IFAD staff but not for government and project staff, although they are responsible for project implementation.
- The value chain topic was complex and new to many IFAD staff. As in other thematic areas, internal technical expertise was stretched to support the value chain-relevant portfolio. CPMs have been front-line in design and implementation support but received little training. The absence of a more systematic corporate approach to value chain development has contributed to disparity of interpretations on the implications of pro-poor value development.
- QE/QA processes did not include specific value-chain checklists. Mid-term reviews have been an opportunity for significant project revision but holding these reviews after four of five years of project implementation left limited time to make changes.
- IFAD has produced a large number toolkits and guidance documents on value chains. Most of the operational IFAD staff members are aware of these toolkits but only half of project managers are. This CLE found most of the knowledge products to be rather adequate as a primer introduction. Missing is a common framework for describing value chain systems and the principles of a pro-poor approach to value chain development.
- E-survey findings show that IFAD staff members are more 'critical' than project managers in assessing IFAD's training, capacity building and resources allocated for analysis of value-chain relevant projects.

III. Relevance of project design

129. This chapter reviews the relevance of project design, including the analysis undertaken and the realism of the objectives. As a part of the design relevance are considered the approaches taken to develop value chains and to provide financial services. The approaches to targeting and gender equality are also reviewed as an element of relevance.

130. **An important change in project design focus.** It is important to acknowledge the changes that have been gradually taking place in the scope of project design. The vast majority of project designed until the early 2000 had almost exclusive focus on basic needs, community development and production improvements. From the mid-2000 project designs have increasingly given attention to post-harvest and post-production functions (e.g., aggregation, processing, and marketing), although they tended to remain multi-component interventions. This is a remarkable change which posed challenges to IFAD at the corporate level, in terms of its capacity to provide strategic and technical guidance to staff. It challenged staff in internalizing the concept of value chains while adhering to poverty alleviation objectives. This chapter explores, more closely, key design features as well as opportunities and challenges faced.

A. Quality of project design

131. **Challenges from complexity.** Value chain-relevant projects tend to have more complex designs than traditional ones.[46] This is due to the broad and diverse range of conditions that need to be in place for value chains to be viable, inclusive and sustainable (see Chapter I). These include, among others: productivity and production quality that meets market demand; trust and collaboration among different categories of stakeholders; fair contractual agreements for all value chain stakeholders (especially small-scale producers and their organizations); financial resources accessible at affordable cost to all stakeholders.

132. It is challenging for a single project to address all of them. In addition, the project implementation units require in-depth understanding of how value chains can be developed and need to have access to, and expertise on, a variety of topics, in addition to being able to operate simultaneously at different levels.

133. The analysis of project design quality is articulated among the following dimensions: (i) appropriateness of the value chain approach and realism of the time frame; (ii) selection and number of value chains; and (iii) quality of value chain analysis.

134. Appropriateness of the value chain approach largely depends on the local context. In areas that are geographically remote from the main road networks, where primary production involves low-yields, hygiene conditions are precarious and nutrition security weak, it may be premature to adopt a value chain approach.[47] In such context, projects aiming at improving basic services (e.g., potable water, feeder roads, and sanitation), enhancing productivity and strengthening grassroots organization may be more appropriate to lay the foundation for later supporting access to markets and integration with value chains.

135. Historically, IFAD at the country level often adopted a step-by-step process, by focusing first on primary production, followed by access to markets and finally value chain development. However, **the level of preparedness for a value chain approach and the appropriateness for the project context have not been systematically assessed in the design documents**. This may have to do in part

[46] This was also noted in a recent IOE evaluation synthesis: IFAD's support to livelihoods involving aquatic resources from small-scale fisheries, small-scale aquaculture and coastal zones, Evaluation Synthesis, 2018) and largely confirmed by IFAD staff at different levels.
[47] This is acknowledged in the 2014 "How to Do" Note on Commodity Value Chain Development Projects. https://www.ifad.org/en/web/knowledge/publication/asset/39402428.

with the absence of a common clear notion or framework of reference on pro-poor value chains at IFAD and in part with the perceived pressure to add the 'value chain label' to project design.

136. In addition, projects designs **often do not question the realism of the time frame proposed**: whether the time allotted to implementation of a single project will be sufficient, for example, to strengthen producer' association, build trust with aggregators and set up market information systems. As observed in several cases (e.g., Brazil, Morocco, Rwanda, Niger), this may in fact require sequencing the interventions through several project phases.

137. **Timing of the selection of value chains**. In most projects, the value chains were identified at project design stage, typically through discussions between IFAD and the government, sometimes informed by a participatory validation with the targeted communities and producers as in Bosnia and Herzegovina, Brazil, Guyana, Morocco and Senegal or in Uganda (focus on palm oil). The alternative approach was to embrace at design a wide range of possible value chains in which to intervene and postpone the selection to the implementation (somehow consistent with the PMI/RME tenet of prioritizing people over commodities). The CLE found the latter approach to be a viable option as long as clear selection principles were established and capable national agencies and specialists were in place.

138. In Viet Nam-TNSP, for instance, the design left flexibility of choice of value chains which were later identified at implementation through an iterative process between three levels of local government: (i) provincial (strategic investment plans); (ii) district (value chain action plans); (iii) commune (market-oriented socio economic development plans). This reflects the peculiarity of governance structure and policies in Viet Nam, which cannot be generalized to other countries.

139. In the case of Niger-PASADEM, the focus of the design was not on supporting specific commodities but on developing a network of agricultural markets and complementary service infrastructure: a network of rural satellite collection centres connected by improved roads to five major secondary wholesale markets, all equipped with warehouses, trading floors, loading platforms and spaces for farming service providers. This service infrastructure was expected to stimulate the emergence of economic development clusters around the main commodities of the region. Design attention was thus on stimulating growth of transactions around market and service infrastructure, rather than around specific value chains, which were broadly identified as cereals and staple food-crops (millet, sorghum, cowpeas), higher value products such as fresh fruits and vegetables, along with export commodities such as sesame and tiger nut.

140. **Number of commodities**. Under both approaches, the number of value chains selected could be low or high. As noted in Chapter I, evaluations of other organization showed that a high number of value chains could overload implementation. The large majority of value chain-relevant projects addressed several commodity clusters (a single cluster could easily comprise up to four commodities).[48] On average, project design considered 3.3 commodity clusters (from a minimum of 1 cluster to a maximum of 8) and 62 per cent of project designs included over three clusters. Different commodities often require different approaches, given variations in product characteristics (e.g. bulkiness, perishability, storage and processing requirements), different market structures and value chain governance, as well as different starting points for value chain development.

[48] In project designs, commodities were not always precisely identified. In its database of the 77 project reviews, this CLE considered these clusters: (i) Grains, pulses and tubers; (ii) Livestock and poultry; (iii) Aquatic products; (iv) Horticultural products, tree crops and spices ; (v) dairy, eggs; (vi) Animal products (honey, wool, silk), hides and skins; (vii) non-wood forest products; (viii) Coffee, tea, cocoa, cotton, rubber, oil, sugar.

141. Overall evidence suggests that:

(i) there are benefits from combining a bottom up process (i.e. 'starting from people') with some limit to the number of commodities. This was easier to do for projects that were built upon a previous intervention (e.g., Rwanda PRICE, Senegal PAFA/E and São Tomé and Príncipe PAPAC);

(ii) when project designs included too broad commodity options, without clear principles for narrowing down, this often happened because the Government and IFAD did not know the local context well; and / or because it was too early to embark on a fully-fledged value chain approach (e.g., Brazil, Mauritania, Mozambique);

(iii) additional burden is placed on the project management units when the range of commodities is too broad, often causing delays (e.g., Bangladesh, Mauritania).

142. A finding of the CLE review was that **very few project designs included plans for, or were informed by, a structured form of market intelligence**, for example: (i) information on market characteristics (e.g. presence of monopoly / monopsony); (ii) growth of demand and consumer orientations; (iii) level of prices and their variability; (iv) initial investments / costs (including for meeting certification standards) that small-scale will have to bear; (v) identification of the functions in the value chain on which the project should concentrate.

143. At the same time, a few successful cases of value chain analysis existed. For example the design of Rwanda PASP correctly identified and addressed two key factors for developing staple crops value chains benefitting very poor producers: (i) post-harvest handling and (ii) cooperative capacity development. In Senegal, an in-depth participatory process led to the selection of women's crops and approaches to engage with youth, and to the development of highly inclusive value chains. Not surprisingly, these project designs were based on **previous experience** in a given area and on specific commodities. IFAD and the Government had both helped improve local production systems and acquired knowledge of the area and of the target groups that could then be capitalized upon through a value chain approach.

144. While value chain analysis done at design was important, **it was essential to update the analysis during project start up and implementation**, including filling gaps in the original analysis and validating assumptions. Validating value chain analysis is particularly important when there is a substantial delay between design and implementation, as market conditions and opportunities could change rapidly. This called for capacity to regularly review and amend the design, if necessary, rather than waiting four years for a mid-term review.

B. Approaches to value chain development

145. Table 7 gives an overview of the proportion of project designs that adopted different approaches to value chain strengthening. **Product and process upgrading was the most common approach**, included in almost all (97 per cent) of the projects. It typically involved providing technical assistance and extension services at producer level, plus (subsidized) improved seeds, inputs, equipment and/or irrigation systems. It could also involve grants for communities, producer organizations, micro-enterprises and SMEs to acquire infrastructure and machinery for production, collection, storage and processing. Production upgrading is close to IFAD's traditional production focus.

146. The creation of **horizontal linkages between small-scale producers and other target groups was the second most common area of activity**, undertaken in 87 per cent of projects. Activities in this area included group formation, support to legalization processes, organizational strengthening and capacity building. The latter covered a range of topics including governance, administration of funds and financial literacy, business planning and management, marketing and

commercialization. This is an area closer to IFAD's traditional emphasis on community mobilization and interest group set-up. Yet, some projects **struggled with ensuring adequate technical assistance on the more business-related topics**, either due to a lack of capacity within the project implementation unit and partner organizations (e.g., Indonesia SOLID and Mauritania ProLPRAF) or because there were difficulties in contracting these services (e.g. Honduras PROMECOM and Emprende Sur).

Table 7
Number and percentage of reviewed projects which included different aspects of value chain strengthening in design (n=77)

Value chain segments	*Addressed*		*Not addressed*		*Not applicable*	
	Number	**%**	**Number**	**%**	**Number**	**%**
Product and process upgrading	75	97.4%	1	1.3%	1	1.3%
Horizontal linkages	67	87.0%	8	10.4%	2	2.6%
Vertical linkages	61	79.2%	14	18.2%	2	2.6%
Governance mechanisms	51	66.2%	24	31.1%	2	2.6%
Marketing & consumer issues	46	60.0%	28	36.3%	3	3.8%
Functional upgrading	44	57.1%	32	41.6%	1	1.3%
Enabling policy environment	28	36.3%	49	63.6%	0	0.0%
Market information systems	11	14.3%	66	85.7%	0	0.0%

Note: Percentages sum up to 100 horizontally but not vertically as multiple options were allowed.
Source: IFAD data elaborated by IOE.

147. In addition, the majority of projects (79.2 per cent) aimed to strengthen **vertical linkages** between producers and buyers (traders, processors, distributors, wholesalers, retailers, exporters). Approaches included:

(i) investment in market infrastructure to enable direct linkages between producers and buyers and more efficient marketing, such as secondary wholesale markets and satellite collection centres in Niger; commodity collection and marketing centres in Bangladesh;
(ii) out-grower schemes and contract farming in which farmers produce specific types of raw material and buyers typically providing resources and/or services to farmers (e.g. inputs, training, transport); e.g., in Sri Lanka, horticulture in Bosnia and Herzegovina, and ornamental leaves and coconuts in Viet Nam AMD;
(iii) linking producers with public procurement programmes, for example school feeding or food delivery to poor households in Brazil, and a school milk programme in El Salvador;
(iv) enabling producers and entrepreneurs to participate in trade fairs and other marketing events to meet potential buyers (e.g., Honduras Emprende Sur, Morocco PDFAZMH and PDFAZMT);
(v) linking cooperatives to international buyers in niche markets; e.g., PAPAC in São Tomé and Príncipe supported the development of contractual agreements among coffee, cocoa and pepper cooperatives with fair trade, organic and biodynamic buyers in Europe.

148. Strengthening vertical linkages is an important element of value chain development and it is a concern that over 20 per cent of projects did not address it. This happened in projects with low value chain focus, where the marketing aspects had not been well thought through (e.g., Brazil, Cambodia-Tonle Sap, and China-GIADP and HARIIP) but this was occasionally also true of projects with a stronger focus on value chains, such as Kenya SHoMaP and Morocco PDFAZMT.

149. **Functional upgrading** (i.e., adding new functions and activities to the target group; see Chapter I, Table 1) occurred in 57.1 per cent of projects. One of the strongest examples of this was Rwanda PRICE, which supported the establishment, staffing and capacity building of a union of cooperatives processing coffee for export. As can be noticed, many projects missed functional upgrading as an opportunity for producers to capture more value. For example, Mozambique PROMER relied on intermediaries (traders) and agribusinesses for adding value and did not attempt to develop the capacity of producers or community members to get involved in anything other than production of raw materials.

150. **Marketing and consumer issues** were taken into account only in 60 per cent of project designs. This ranged from simply selecting value chains with strong market demand to tailored support enabling producers to meet buyer standards for quality and food safety (e.g. Rwanda PRICE and PASP, Senegal PAFA/E). A few projects supported producers to meet the requirements of **international certification standards** for high value markets (e.g. coffee and cashew in Honduras Emprende Sur; coffee in Rwanda PRICE), but overall this was not a major focus. Compliance with international standards is often challenging for poorer small producers; recognizing this, *Amanecer Rural* in El Salvador partnered with a university to develop a less demanding organic certification scheme for national markets, to enable producers to take advantage of the growing interest in chemical-free food among the local population. Similarly, São Tomé and Príncipe PAPAC supported the development of a Protected Geographical Indication certification scheme for export crops. These locally developed schemes may be more suited to the reality of small-scale producers than many international schemes, but had not progressed sufficiently at the time of the evaluation to draw conclusions.

151. **Market information systems were more the exception than the rule in project design**. They were planned for 11 projects in 8 countries (14.3 per cent).[49] These systems are important for enhancing transparency, helping producers take informed decisions about when and where to sell their produce and to manage price and market risks. For example, Mozambique PROMER and Cambodia Tonle Sap worked with community radio stations to broadcast information on price, type of products, quantities and locations important to producers and traders, and Niger PASADEM fed local market price information to the national market information system run by the Ministry of Trade, Industry and Marketing. The Niger example shows the importance of: (i) market information system to foster the flow of information between value chain stakeholders and drive changes in the mentality of some of them (notably the traders) and build better trust; (ii) ensuring the institutionalization and funding sources for market information systems so that they are not over-dependent on project funding.

152. The failure to include provisions for market information systems in the value chain design was a gap in 86 per cent of projects, for example in Mauritania ProLPRAF and Uganda VODP and NODP. There were also projects where attempts to set up such systems failed or did not continue after project completion, due to a combination of lack of expertise, lack of funding, lack of ownership by public agencies (national or local). In Honduras PROMECOM initial progress in developing market information to producers was not sustained when the project ended. Plans in Emprende Sur to set up a market intelligence system, including a small unit across the border with El Salvador, were apparently dropped. Similarly, in Kenya, SHoMaP planned support for mobile phone text message and radio-based systems was not pursued, an online price information system that received funds was not being used by farmers, and bulletin boards in rural markets were not updated after the project ended. This is not just a problem for IFAD: in Bosnia and Herzegovina, there had been several attempts by other agencies to set up market information

[49] Cambodia Tonle Sap, Cameroon PADFA, China DAPRP, Honduras PROMECOM and Emprende Sur, Kenya SHoMaP and KCEP-CRAL, Mozambique PROMER, Niger PASADEM and ProDAF, Uganda PRELNOR.

systems, but all had failed, because they were dependent on project funding. Institutionalization appears to be a key factor for effectiveness. [50]

C. Value chain governance and private sector partnerships

153. In two thirds of the projects reviewed, some forms of value chain governance mechanisms were promoted, such as: (i) purchase agreements between producers and buyers; (ii) Public-Private Partnerships (PPPs) or Public-Private-Producer Partnerships (4Ps); or (iii) Multi-Stakeholder Platforms. A description of each mechanism is provided below. In 27 out of 77 projects (35 per cent) more than one governance mechanism was foreseen. **Purchase agreements were the most common form of governance**, involving 53 per cent of projects, while 35 per cent promoted PPP or 4P arrangements (Figure 6). Multi-Stakeholder Platforms were established or supported in 19 per cent of projects. **However, for a third of projects, the form of governance was unclear or not specified at design**.

154. **Purchase agreements** can range from fully defined contracts specifying the quantity, quality and price of goods to be purchased and the terms of trade (timing, delivery, payment terms), to relatively loose or informal agreements which establish a commitment to purchase a particular type of product and the basic terms, but do not specify volumes or prices. For some projects, this meant facilitating agreements between producer groups and buyers, such as between rice seed producers and millers in Cambodia Tonle Sap, and between enterprise groups in coastal communities and a range of buyers of marine products in Indonesia CCDP. In others, individual farmers received inputs on credit from agro-processors or cooperatives at the start of the season under a contract which required them to deliver at least enough of their production at the time of harvest to cover the cost of the inputs (e.g. Bosnia and Herzegovina RLDP and RBDP, Ghana NRGP, Sri Lanka NaDEP, Viet Nam TNSP and AMD). Other projects enabled producer organizations to better supply clients according to precise requirements for quality and delivery (e.g. coffee, cocoa, cashew and horticulture cooperatives in El Salvador and Honduras, coconuts and ornamental leaves in Vietnam).

155. **Public-private partnerships (PPPs)** are agreements between one or more government agencies and one or more private sector actors to cooperate around a common goal or activity. PPPs can be distinguished from other relationships between public and private sectors by the joint assumption of risks and responsibilities, and sharing of resources and competencies.[51] These types of partnerships have been used to stimulate private sector investment in small-scale agriculture, including through joint ventures and contractual arrangements between businesses and producer organizations.

156. In 2014, IFAD began using the term **public-private-producer partnerships (4Ps)** in its knowledge products to communicate the role of small-scale producers in these arrangements, and IFAD's intent to ensure they are respected partners and not relegated to the receiving end of PPPs.[52] This includes open acknowledgement of the frequent power asymmetries between producers and public and private

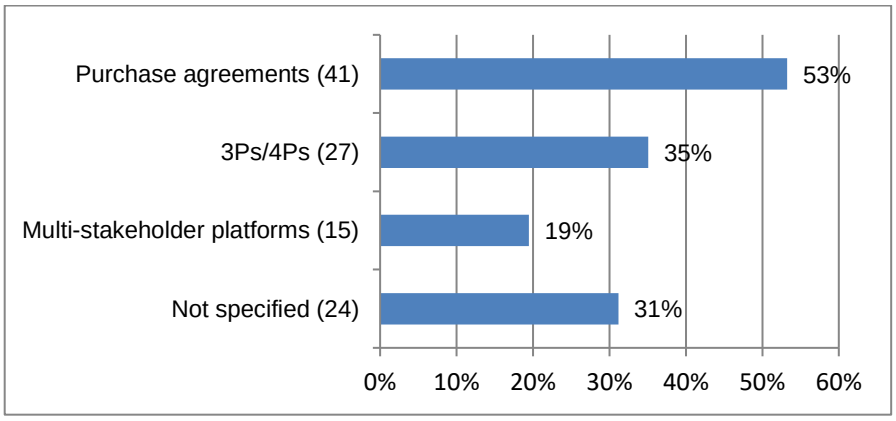
[50] The most convincing case of MIS we encountered was in Niger: the "Système d'Information de Marchés Agricoles" covers all the major markets in Niger. It collects the price the quantities and the qualities of various commodities, grains, pulses, fruits and veg mainly. It is an institution with its legal status setup by law, with a budget funded by the Ministry of Trade (out of fees paid for by market operators). The overall system is linked to the Réseau de Système d'Information de Marché en Afrique de l'Ouest which covers West African countries: from Niger, Mali, Nigeria, Burkina Fasso, Guinea, Guinea Bisau, Senegal Gambia and Mauritania. It took almost 30 years to setup the system but is now well imbedded in the concerned trading communities. The sustainability of the system is largely due to its institutionalisation: it is a public service. The private sector is a major contributor to the system: there is a small transaction fee levied on the traded commodities which renders the system viable. When both farmers and traders are contributing they take ownership of the system. The CLE noted the change in the mentalities this system did introduce. It reduced the past incentives f traders to be secretive on trading information and exploiting market knowledge over the farmers in order to reduce purchase prices. It has helped build better trust between traders and farmers.

[51] OECD, 2008, cited in Thorpe, J. and Maestre, M., 2015, Brokering Development: Enabling factors for public-private-producer partnerships in agricultural value chains, IFAD and IDS: Rome (p.8).

[52] Ibid, p.2.

actors. In practice, the types of partnerships formed did not differ substantially between PPPs in projects designed before 2014, and 4Ps in projects thereafter, and the terms are often used interchangeably.[53]

Figure 6
Governance mechanisms used in the projects reviewed in depth (n=77)



Source: IFAD data elaborated by IOE.

157. **PPPs/4Ps were often important for motivating the private sector to engage with poorer producers and with the public sector**, as well as facilitating improved flow of products, finance and information in value chains. They fulfilled a variety of purposes, such as facilitating access to production credit through tripartite arrangements between agribusinesses, banks and producers (Sri Lanka NADeP, Uganda VODP), joint financing by the project, local government and agribusinesses of seedlings, securing markets and training for producers from supermarkets (El Salvador Amanacer Rural), and strengthening agribusiness capacity and partnerships with producers (Nepal HVIP and ISFP).

158. However, **in many instances, the quality of consultation with the private sector during project design was unclear**. In Cameroon, Honduras, Morocco, linkages with the private sector had been planned but did not materialize, usually because of unrealistic design expectations (coupled with delays at implementation). In Rwanda, PASP struggled to find private entrepreneurs in cereals willing to buy from producer organizations rather than individuals, as they apparently did not trust them and perhaps also feared a loss of bargaining power. In Sudan SDP the design proposed a PPP for private sector companies to produce certified seeds through contract faming with Seed Growers Groups, but the terms of the proposal were unacceptable to any private seed company in the country, because of the request for binding contracts with local producers and a wrong assumption about the potential seed market.[54]

159. Many **projects did not address the fundamental questions on the incentives for private entrepreneurs** to collaborate with the project and the obstacles that they could face, such as: (a) the size of the initial investment required (training, machinery) and the recurrent expenses;(b) the level of revenues, the profitability margin and risk involved; (c) the size of the market and level of competition; (d) legal issues (e.g. property rights). This requires engaging with representatives of the private sector, such as industry bodies or individual businesses which was not done systematically.

[53] For example, the 2013 summary of IFAD's experience with PPPs (IFAD, 2013, IFAD and public-private partnerships: Selected project experiences, IFAD: Rome) refers to the Northern Rural Growth Programme (NRGP) in Ghana which established contract farming between farmers' groups and aggregators and processors. The same example was subsequently used as one of four case studies in a 2015 analysis of 4Ps: Thorpe and Maestre, 2015, op cit.
[54] Two of the targeted crops, sesame and groundnut, are self-pollinating which makes renovation of the seed pool necessary only every ten years or so.

160. Fifteen projects in 10 countries[55] (19 per cent) set out to form **multi-stakeholder platforms**. A multi-stakeholder platform is a forum which brings together a range of actors linked to a value chain to develop dialogue between them, with the aim of improving communication, trust and mutual understanding, and in some cases also to establish commercial relationships. The **experience with multi-stakeholder platforms was mixed due to design methodology and contextual factors**. Example of better established platforms were as follows:

(i) Niger PASADEM grouped all stakeholders of a given market in a 'Hadin Gwiwa', a traditional institution for joint decision making among different interest groups (farmers, traders, wholesalers, traditional and government authorities, etc.); the Hadin Gwiwa jointly planned and designed the market facilities to ensure local acceptance and stronger ownership; the secondary wholesale markets are managed by an Economic Interest Group, comprised of elected representatives of all market stakeholders, and the rural assembly markets are managed by the farmer unions;

(ii) Senegal PAFA and PAFA-E established three multi-stakeholder platforms in food crop value chains, with a view to supporting their evolution into inter-professional agricultural associations which formally represent the interests of the value chain towards the Government under Senegalese law;

(iii) Ghana NRGP formed 57 District Value Chain Committees with representatives from the district agricultural development unit, farmer-based organizations, entrepreneurs (wholesalers, processors), rural banks and facilitating agencies. They enabled better information on prices and market trends (notably for maize). Sixty per cent of the committees formed were functional at completion; and

(iv) A predecessor to AMD in Viet Nam supported the establishment of the Coconut Association in Ben Tre Province, an inter-professional association of producers, processors and traders of coconuts which is now considered a point of reference for industry standards and, if required, a venue for dispute resolution, though a limitation is that it can only act within the province.

161. Platforms appeared to function well where there was a tradition of dialogue between stakeholders, such as in Niger and Senegal, but the role of projects in enabling all actors to participate actively was equally important. In both Cameroon PADFA and Mauritania ProLPRAF there was little progress in establishing multi-stakeholder platforms due to over-ambitious design, lack of capacity in project implementation teams, but contextual issues were important (in the case of Mauritania, tensions along ethnic lines undermine dialogue, while Cameroon suffers from weak governance and insecurity). In the case of Honduras, the three IFAD projects reviewed did not engage substantially with the multi-stakeholder roundtables already established by PRONAGRO (the national programme for the development of the agro-food sector coordinated by the Ministry of Agriculture). Many of these roundtables were in value chains covered by the projects, and for the most part appeared to be functioning well. This seems to be a blind spot in the design of the projects, even though they acknowledged PRONAGRO.

D. Financing Value Chain Development

162. **Conventional rural finance vs. financing a value chain**. Conventional rural finance refers to providing financial services through formal, semi-formal and informal institutions to fund the rural sector in a horizontal approach. Instead, value chain finance[56] refers to a vertical approach which supports, within a specific value chain, the relevant stakeholders by: (i) tailoring financial products to suit the needs of the participants in the chain; (ii) using value chain linkages and knowledge of the

[55] RCDP in BiH, PADEE in Cambodia, PADFA in Cameroon, NRGP and GASIP in Ghana, ProLPRAF in Mauritania, PROSUL in Mozambique, HVAP and ISFP in Nepal, PASADEM and ProDAF in Niger, PAFA, PAFA-E and PADAER in Senegal, PRELNOR in Uganda.

[56] IFAD Technical Note on Agricultural value chain finance strategy and design (AVCF) published in 2012.

chain to mitigate risks to the chain stakeholders and its partners; and (iii) through embedded finance involving successive layers of stakeholders in the value chain, providing a large (credit) increase effect. In value chain finance, financial services can be provided by financial institutions as well as by value chain members (e.g., a processor providing credit to a farmer as a part of a contract-farming scheme).

163. Within the projects reviewed, **most of the envisaged instruments to support rural finance were conventional ones rather than instruments specific to value chain finance**. The most common instruments are presented below.

164. There have been non-financial instruments to facilitate financial services. From the 'demand side', this consisted mainly of training smallholder farmers and small rural entrepreneurs and assisting them in building their creditworthiness in order to make potential clients more "bankable" (e.g., in El Salvador, Honduras, Senegal, Vietnam and Uganda). From the 'supply-side', technical assistance was provided to financial institutions in order to analyse the needs of small-scale producers, familiarize with the tools developed by the microfinance industry and serve rural clients in a cost-efficient manner and control credit risk, making financial institutions more "farmable" (e.g., in El Salvador, Ghana and Niger).

165. As to financial instruments, these have typically consisted of the following:[57]

(v) *Linkage facilitation*: fostering collaboration between formal financial institutions, (such as banks or financial cooperative) and village-level credit and saving associations (e.g., Honduras, Moldova, Niger and Uganda).[58] This was mainly for very small short-term credit to help purchase inputs.

(vi) *Credit provided by rural finance institutions to small-scale producers*, *generally* short-term, to purchase inputs (and less frequently to finance processors' or wholesalers' purchase of raw produce).

(vii) *Matching grants* (i.e., subsidies) provided to small-scale producers to reduce the size of the total amount borrowed, thus reducing risks for both borrowers *and* lenders. This was typically (but not exclusively) for improving equipment or machinery. In Ghana NRGP, for instance, borrowers would contribute 10 per cent to the investment out of their own resources, the matching grant would contribute to 30 per cent and then a loan taken from a financial institution would cover 60 per cent of the investment.

(viii) *Matching grants* were sometimes provided to aggregators, processors or *wholesalers* as an incentive to partner with small producers and their associations, notably to partially offset costs and reduce the perceived risks (e.g., Ghana, Moldova, Rwanda, and Viet Nam).

166. As will be explained in the next chapter, other financial products are emerging but most are at the concept development or piloting stage. Compared to the evolution of other features of project design, value chain financing appears to have lagged behind. Part of the reason may be that many value chains are still incipient and that rural finance at IFAD has traditionally focused on the end-beneficiaries. But in part this may have to do with lack of familiarity with alternative options and lack of partnership with specialised agencies or impact investors.

[57] In addition to the most common instruments, the CLE came across with a guarantee fund scheme in Senegal, funded by the West African Development Bank, in the context of a project cofinanced with IFAD (PROMER II). The fund was meant to reduce credit risk and encourage the financing of small and medium enterprises. The scheme was closed in 2016. Relatively few small and medium enterprises received financing through this scheme.

[58] In many cases, before the project, the sources of credit were informal groups, relatives or moneylenders.

Key points

- Overall, this CLE acknowledges the increased attention in IFAD's project to value chain aspects beyond production in the mid-2000s. This change, albeit incremental, was an important achievement and occurred in a relatively short period.
- While several value-chain projects were derivatives from traditional production-focused ones, most project designs did not discuss explicitly value chain preparedness and do not question the realism of time frame of implementation. Few project designs were informed by structured 'market intelligence' to guide the identification of the commodities and their relevance to poverty reduction.
- Product and process upgrading as well as strengthening horizontal linkages were the most common areas of project intervention, also because these approaches were closer to those adopted in 'traditional' IFAD projects. Establishing or strengthening vertical linkages between producers and buyers was common but one project out of five missed this approach.
- Functional upgrading, which helps producer capture more value, as well as marketing and consumer issues were taken into account in a smaller majority of projects. The above may both reflect the time required to strengthen the production function before addressing other value chain functions, as well as some uncertainty on how to optimize small producers' benefits.
- Two projects out of three tried to address governance mechanisms: (i) purchase agreements were the most common (one project out of two); followed by (ii) PPPs/4Ps (one project out of three) which helped motivate the private sector to engage with poorer producers and with the public sector; and (iii) multi-stakeholder platforms (one project out of five). Many projects designs did not assess the incentives of private entrepreneurs to participate.
- Most rural finance instruments envisaged by the projects were conventional ones rather than value chain-specific instruments. Financial services have not kept pace with other value chain aspects. This may be due to a mix of incipient value chain status and lack of clarity on the available options.

E. Targeting Approaches

167. The CLE team analysed the approach to targeting in the 77 assessed projects, including the strategies and measures used to reach target groups (the actual outreach is discussed in the next chapter). Other evaluations conducted by other evaluations on the value chain topic (e.g., DEVAL, 2016) have highlighted the importance of differentiated target group analysis (chapter I).

168. IFAD's targeting policy defines the core target group as rural people living in poverty and experiencing food insecurity in developing countries, and who are able to take advantage of the opportunities to be offered (sometimes referred to as the "productive poor" or "active poor"). It recognizes that this encompasses diverse populations, from people with very low incomes or a lack of land and other assets, to those marginalized by their gender, ethnicity or location. In some countries, IFAD works with groups classed as "extreme poor", while in others the extreme poor are considered beyond its reach and more appropriate for targeting by humanitarian organizations. IFAD projects therefore define their target populations in accordance with the socio-economic context and project documents and evaluations reflect this in their analysis of targeting and outreach.

169. The CLE team used the same approach in conducting its own analysis, **differentiating between very poor, poor and better-off rural populations in line with country and project contexts, using a multi-dimensional definition of poverty**. In a few cases project documents provided information on target groups using income-based measures and survey data, but most often asset-based indicators (e.g. land operated or livestock owned) or other relevant characteristics

of poor and disadvantaged groups were used (e.g. subsistence farmers, asset-less, women, indigenous and minority groups, illiterate, HIV/AIDs affected or disabled, remote).

170. This CLE also noted that IFAD's targeting policy recognizes that **better-off people sometimes need to be included** – because of economic and market interdependencies, to avoid conflict, or to engage them as leaders and innovators. In such cases, the policy requires that the rationale and justification be provided and the risks of excessive benefit capture are monitored. This is particularly relevant to value chains, due to the interdependency between stakeholders.

171. **Targeting strategies.** IFAD's targeting policy suggests selecting from the following measures:

(i) *Geographical targeting*, to focus on areas with high concentrations of poor people or high poverty rates;

(ii) *Enabling measures* to create and sustain a policy and operational environment favourable to poverty targeting;

(iii) *Empowerment and capacity building measures* to enable active participation of people with less voice and power;

(iv) *Self-targeting* through provision of services that respond specifically to the priorities, assets and labour capacity of target groups;

(v) *Direct targeting* using eligibility criteria to identify specific individuals or households from target groups.

172. Geographical targeting strategies were frequently used, typically focusing on poorer, less developed or food insecure regions or districts, or on areas with a high concentration of indigenous peoples. This **geographical approach was sometimes problematic for value chain development, as value chains are not bound by administrative borders**. For instance, in Viet Nam shrimp farmers in the project area (Ben Tré province) could not be linked directly to processors because the only existing processor was in another province not supported by an IFAD project. In Bosnia and Herzegovina the most recent projects have switched from only targeting poor municipalities to using a **cluster approach** which groups poor municipalities with wealthier ones in geographical areas offering comparative advantages in markets from an agro-ecological perspective (e.g. for collection of non-timber forest products, or production of horticultural crops at different times of the year from competitor countries). So long as this is used in combination with strategies to identify poor producers in these areas, this is a sensible strategy for the development of competitive value chains.

173. The areas selected for projects sometimes also reflected governments' need to ensure that successive projects, or projects implemented by different agencies, were spread across different areas of the country. While this is rational from an equity and political perspective, it challenges a long-term approach to value chain development. Some of the most successful projects were in countries where the same producer organizations and value chains had been supported over the course of 10 to 20 years. Conversely, a common limitation to project effectiveness was insufficient time to build the capacity of producer organizations to run viable businesses.

174. A more general issue with the way regions are selected for projects is the **failure to cooperate with neighbouring countries on value chains involving cross-border trade**. Although there are several projects which facilitated cross-border trade (e.g. Honduras beans, Nepal off season vegetables, Niger cereals), there are no examples of coordination between IFAD projects to deal with constraints to efficient and pro-poor functioning of value chains on both sides of the border. Given the pivotal role that cross-border trade plays in many of the regions where IFAD

works, and in the livelihoods of many target populations, this is considered a missed opportunity.

175. An alternative targeting strategy, unique to value chain projects, is the **selection of value chains on the basis of how likely they are to bring benefits to poorer producers and other target populations**. In some cases, this was linked to analysis of the land, livestock or capital required for production, such as in Bosnia and Herzegovina where the raspberry and gherkin value chains were selected as these crops can be produced on very small plots of land. In other cases, it was through a participatory selection process, such as in Senegal and Viet Nam. An alternative strategy, used in both Honduras and El Salvador and in part in Nicaragua-PROCAVAL, was to include a range of value chains, some of which involved poorer and subsistence farmers (e.g. beans, maize), while others were populated by more commercialized farmers (e.g. speciality coffee, fair trade and organic certified cashew).

176. **Self-targeting** relies on participants to 'opt in' (or 'opt out of') project interventions, according to their needs and interests, rather than having interventions foisted upon them. However, in value chain development projects self-targeting can mean that private enterprises or organizations of better-off small-scale farmers submit business plans for investment either as a pure grant or a matching grant (e.g. Bosnia and Herzegovina, El Salvador, Honduras, Rwanda PASP, Sri Lanka NADeP, Viet Nam,). As per IFAD's targeting policy, this makes it **necessary to use enabling measures to avoid elite capture and ensure IFAD's priority groups are reached and this was not done consistently**. When enabling measures were devised, they took various forms in the assessed projects, but often involved a process for approving grants for investment (for producer organizations and private sector organizations) which included criteria around how priority groups would benefit from the investment, and at what scale. In Viet Nam this was a competitive process with enterprises required to submit a business plan specifying what type of producers would be involved, why they were poor, and stipulating how many would benefit and how. In Kenya, PROFIT's targeting strategy included establishing partnerships with organisations already operating in target areas and targeting vulnerable groups, linking social protection to microfinance, and supporting rural Savings and Credit Co-operative Organisations.

177. In some countries the risk of elite capture was also mitigated by **empowerment or capacity building measures**. This particularly concerned Honduras and El Salvador, where producer organizations were assisted to formalize and acquire legal status, as a minimum requirement for receiving grants, and to develop business/investment plans. However, enabling and empowerment measures were not always in place, or implemented well.

178. **Direct targeting** was often used in combination with other targeting strategies to identify specific target groups, such as poorer producers or households. For example, in Morocco the targeting strategy consisted of several steps: (i) the selection of areas that are poor and remote; (ii) the selection of 'communes' that are known to be poor, using an extensive poverty mapping exercise done by the government with technical assistance from the World Bank; (iii) within the communes, a selection of groups of poor people, typically applying a ceiling on the size of operated land (e.g. no more than 5 ha for olive production, 1ha for apples).[59]

[59] Targeting principles in these projects in Morocco were well established in the case of fruit trees. Instead, in the case of small ruminants (sheep and goat), there was a minimum (rather than maximum) size of livestock heads for farmers to receive support from the Association Nationale Ovine et Caprine . This principle can result in regressive targeting (i.e., excluding the very poor).

179. **There was an inconsistent approach to inclusion of private sector operators as a target group in project designs**. SMEs and agribusinesses were included as a target group in many designs, but others did not name them even when they played a central role in the project. This varied between projects in the same country – for example, in Bosnia and Herzegovina the design report for RLDP had rural entrepreneurs and SMEs as target groups, but in the designs for RBDP and RCDP they were named only as stakeholders. This may suggest a lack of clarity on whether projects should include as target groups all groups which project benefits will extend to, or only the groups which IFAD ultimately seeks to assist, as per its mandate. It may be related to the contested nature of channelling some project benefits to non-poor groups, even when this is justified by the need to engage with the private sector for the development of pro-poor value chains

180. **Targeting strategies or project designs were sometimes improved after MTRs identified targeting issues**. For example, in Rwanda PASP the introduction of a cost-share model requiring recipients of matching grants to first obtain and pay off a loan from a financial institution meant that the grants were mainly channelled to the private sector. After this was picked up at the MTR, the design was changed to a 4Ps model which enabled more inclusive targeting. In Bosnia and Herzegovina RLDP, the MTR identified insufficient attention to targeting. A pilot project was then carried out in which Oxfam Italia developed an iterative targeting approach to identify candidates for starter packages which collated information from municipalities (social services), producer organizations, community leaders and household surveys, with follow up monitoring during implementation.[60]

F. Gender equality and value chain at the design stage

181. The CLE analysed the extent to which the project designs integrated the three objectives of IFAD's 2012 Gender Equality and Women's Empowerment policy.[61] Most projects planned a **gender mainstreaming approach, almost always with targets for women's participation** in project activities. The planned approach usually involved at least some of the following: hiring gender specialists, building the capacity of project implementation teams and government agencies, conducting gender analysis, developing gender action plans and strategies, and gender-sensitive monitoring and evaluation. **However, many did not set out concrete measures for how to reach women**. For example, Georgia ASP had a minimum target of 30 percent for women in all categories of project investments, but did not set out modalities for ensuring women's participation and representation in local groups and organizations, or include gender-related criteria in the selection of community infrastructure proposals or enterprises. As a result, the project failed to achieve changes in gender inequality.

182. In other projects, women were targeted for specific project activities and benefits, such as group mobilization and organizational strengthening, micro-enterprise development, leadership and literacy training, vocational training and employment, finance and technology. There were also some projects where **'women-prevalent' value chains** (e.g. food crops, small ruminants, artisan products) **or functions in the value chains** (e.g. agro-processing) were selected as way to channel benefits to women. This is considered by the CLE as an effective strategy for ensuring that project benefits reach women, particularly when it related to the entirety of value chains selected, as was the case in Burkina Faso PASPRU and Senegal PAFA/E (see Box 1).

[60] Even using all these sources of information to target poor households, field officers subsequently encountered cases of non-poor households being included during the first round of monitoring. This led to more emphasis on follow up monitoring during the second planting season.

[61] These were to: (i) promote economic empowerment to enable rural women and men to have equal opportunity to participate in, and benefit from, profitable economic activities; (ii) enable women and men to have equal voice and influence in rural institutions and organizations; (iii) achieve a more equitable balance in workloads and in the sharing of economic and social benefits between women and men.

Box 1
Supporting women's empowerment through value chain design

PASPRU in Burkina Faso was focused on supporting and promoting processing of commodities, which is traditionally women's work. This resulted in 82 per cent of the participating micro-enterprises being women-managed. Women also constituted the majority of participants in training provided by the project, and the majority of beneficiaries of newly created jobs.

In Senegal PAFA/E value chains were selected on the basis of either being crops which women traditionally cultivate (bissap, niébé) or food crops on which women have some control. Approximately 60 per cent of PAFA/E participants are women and in processing they represent close to 100 per cent. As a result of the project, women are being economically empowered through producing more or engaging in processing as members of associations or employees. As a result, they have gained respect within the household and the community. Furthermore, a number of cooperatives, unions and multi-stakeholder platforms involved in the project have women in leadership positions, and all but one processing enterprises are led by women.

Source: CLE country case studies and CSPE Burkina Faso (2018).

183. Most project designs did not include strategic actions to address **household gender relations**, **gender based violence** and gender inequalities in **access to land**, all of which can be critical issues for women's involvement in value chains. Exceptions included projects which aimed to use household methodologies such as the Gender Action Learning System (Ghana REP III and GASIP, Kenya KCEP-CRAL, Mozambique PROSUL). There were also a few projects which worked with traditional leaders and landlords to enable women to access land for production (Ghana NRGP, Senegal PAFA/E).

Key points

- Geographical targeting was challenging for value chain development, as value chains are not bound by administrative borders. Some recent projects have switched to using a cluster approach which groups poor municipalities with wealthier ones in geographical areas / corridors that offer comparative advantages. Unique to value chain projects was the selection of commodities on the basis of how likely they are to bring benefits to poorer producers and other target populations. In the best cases, this was linked to analysis of the land, livestock or capital required for participation.
- Self-targeting, in value chain development can mean private enterprises or organizations of better-off farmers submitting business plans for investment. This makes it necessary to use enabling measures to avoid excessive elite capture and ensure IFAD's priority groups are reached. This was not done consistently; however, the CLE documented examples of valid measures.
- Direct targeting existed in many projects to reach specific groups, but the criteria used were not always appropriate for the context. Targeting strategies were sometimes improved after MTRs.
- Most projects planned gender mainstreaming but the weakness was in setting out specific measures for how to reach women. Few project designs included strategic action to address household gender relations, gender based violence and gender inequalities in access to land.

IV. Operational performance and effectiveness of projects

184. This chapter is dedicated to the effectiveness of the value chain-relevant projects. The chapter first presents an analysis of institutional data on project performance drawn from both self-evaluation and independent evaluation sources. It then reviews specific areas of effectiveness, such as capacity building, rural financial services, as well as effects on value chain governance, risk management and the enabling environment.

A. Overview of institutional data on implementation performance

185. Time to project start-up is conventionally used in many evaluations as an indicator of project efficiency. **On average, there were only minor differences in start-up time between value chain and non-value chain projects**. Between 2007 and 2017, the average lag-time from *approval to entry into force* has been slightly longer (by approximately one month) for value chain-relevant projects than for other projects (table 8) and this difference is not statistically significant. Conversely, the average lag-time from entry into force to first disbursement has been shorter by approximately two months for value chain-relevant projects (significant). This suggests that including a component on value chain development made little difference for project start-up.

Table 8
Average lags for VC and Non-VC projects (months)

	VC projects	*Non-VC projects*	*Δ significance (at 5%)*
Average-from approval to entry into force (months)	7.64 (190)	6.33 (102)	Not significant
Average-from entry into force to first disbursement (months)	8.64 (190)	10.42 (102)	Significant
Number of observations			

Source: Prepared by IOE.

186. Delays at project start-up and during implementation are frequent challenges for IFAD projects, as highlighted in past editions of the ARRI and they are not specific to value chain projects. However, **the CLE identified cases in which the cause of slow start-up was limited understanding of how to operationalize value chain approaches**, for example the YARIP project in China, PROSUL in Mozambique and HVAP in Nepal. Demand and market-driven approaches were not clearly articulated in the project design, nor was training provided to the respective implementation team. The implementation efficiency of a value chain project considerably relies on the capacity of project management teams to 'visualize' and operationalize what the implementation of an inclusive value chain approach entails. In Bosnia and Herzegovina and El Salvador, the implementation of the value chain approach has improved as a result of sequenced projects that have built more experienced management teams and collaboration with all stakeholder groups. At the same time, Bosnia and Herzegovina also provided examples where efficiency in project management was stymied by the lack of centralized management and oversight.

187. High turnover of key project staff (e.g., Ghana and Honduras) also presented challenges for the development of value chain projects. In the case of NRGP in Ghana, the absence of a value chain specialist in the project team for nearly two years contributed to the slow implementation of value chains commodity windows. In order to palliate to this situation and provide technical guidance to the project team, IFAD sought support from former technical advisors of GIZ, USAID and SNV.

188. A detailed set of indicators of implementation performance is rated annually for on-going projects, through the **self-assessment system of IFAD** under the Programme Management Department, which draws evidence through project supervision missions.[62]

189. The entire set of data is presented in Annex II, table 1. Data on project management and financial management shows that differences between value chain-relevant and other projects were small and mostly not significant. Differences were close to significant only in the case of "value for money" (the average for value-chain projects was lower)[63] and "procurement" (the average for value-chain projects was higher). As can be noted, the "acceptable disbursement rate", often used in evaluations as a proxy for implementation pace, received low ratings for both value chain and non-value chain relevant projects. Similarly, the "Coherence between annual work programme and budget and implementation" and "Performance of the M&E system" are rated in the moderately unsatisfactory zone.

190. Thus, according to PMD self-assessment data, from an implementation and project management point of view, **value chain-relevant projects appear to perform at the same level as other projects and suffer from the same delays in implementation**. In both cases, ratings are comprised in a rather narrow band between 3.5 and 4.3 (moderately unsatisfactory to moderately satisfactory).

191. While implementation delays affected all projects in similar ways, for value chain-relevant projects, one of the most immediate **negative consequences of belated start-up or implementation delays was the limited time available to develop value chain components** in order to catch up with the scheduled completion date. The concentration of investments over a shorter time period was a challenge to timely coordination of project components around the value chain approach. For example, in several cases, including Brazil, Bosnia and Herzegovina, Honduras, Mauritania, Morocco and Sri Lanka, rushing project during their last years of implementation affected the quality of technical assistance provided to producer organizations and precision of targeting.

192. **Review of IOE ratings. No outstanding differences in the performance of value chain-relevant projects evaluated so far.** The CLE reviewed ratings from project-level evaluations (PCRVs, PPEs, and Impact Evaluations) for projects that have been approved since 2007. Mean differences have been compared between value chain-relevant and other projects.[64] Averages are shown in Annex II table 3. As can be noted, for nine criteria (namely effectiveness, efficiency, sustainability, rural poverty impact, innovation, scaling up, adaptation to climate change, project performance and project overall achievement) average ratings were slightly higher for value chain projects, but the difference was not significant except for effectiveness and efficiency where it was only nearly significant. For other criteria (relevance, gender equality, environment and natural resources, IFAD and Government performance) the opposite was true, and differences were only nearly significant for relevance.

[62] There are 27 performance indicators that cover areas such as: (i) development effectiveness and development focus; (ii) sustainability and scaling-up; (iii) project management; (iv) financial management and execution; and (v) key supervision and implementation support indicators. In this section, categories (iii) and (iv) , the most pertinent to implementation efficiency, are reviewed and average ratings for value chain-relevant projects are tested against those for other projects.

[63] The definition of PMD of value for money is the following: "a measure of quality that assesses the monetary cost of the resources against the quality and/or the (economic, social and environmental) benefits of those resources used to achieve the project goal. Therefore, the VfM is not simply about reducing costs or cutting budgets, but using evaluative reasoning to think carefully about maximizing impact for the lowest cost possible, to ensure that investments in project activities make best use of resources. In supervision, this rating measures how economically project resources and inputs are converted into results. The analysis assesses the cost ratio of inputs / outputs (costs efficiency) in the early stage of a project, before MTR. The focus of analysis shifts to inputs / outcomes cost ratio (costs effectiveness) from MTR onwards."

[64] As of December 2018, there were 27 value chain projects and 35 non-value chain projects approved since 2007 with evaluation ratings available.

193. The following considerations need to be kept in mind. First, the sample size is still small. Second, projects belong to the early generations, where there was arguably less awareness and experience on the value chain topic. Third, and more importantly, evaluations have assessed the full project 'package' rather than the value chain portion of the project. Thus, the assessment of value chain components was conflated with the entire project assessment.

B. Specific outcome areas

B.1 Capacity Development

194. Among the many capacity development initiatives of projects, the CLE identified activities dedicated to: (i) small-scale producers; (ii) producer organizations; and (iii) government staff and project managers.

195. **For small producers and microenterprises.** Most projects included capacity building on production and post-harvest handling for small-scale producers as a part of product and process upgrading. As noted, this can be considered as derivative from traditional production focus and an initial step towards value chain development. One area of weakness was **the absence of functional literacy and numeracy classes for small-scale producers**, even when these were foreseen in the design, despite the fact that the 2012 IFAD gender policy includes literacy among the necessary tools to increase self-confidence and that literacy, numeracy and financial literacy enables poor small-scale producers to profitably engage in value chains. One exception was the Morocco PDFAZMT where functional literacy and numeracy classes were provided to women and were highly appreciated.

196. **For organizations of producers.** This consisted of training on financial management and management of warehouses stocks, negotiation, marketing, Business Plan development, leadership. This was provided by the project or national services directly or by external specialists through collaboration with international organizations and NGOs as in Bosnia and Herzegovina, Ghana, São Tomé and Príncipe and Viet Nam.[65] In some cases, regional or global grants were mobilized, such as in the case of the Dutch NGO SNV to develop and test 4Ps brokering mechanisms in El Salvador, Mozambique, Senegal, Uganda and Vietnam (Box 2).[66] Other regional grants of interest were allocated to the National Federation of Agricultural Producers from Moldova (Agro-inform)[67] to establish and support horticulture cooperatives in Armenia, Georgia, Kazakhstan and Moldova; and to Oxfam Italia in Bosnia and Herzegovina.[68] Effectiveness was mixed, as expected, given the different contexts, but also the different levels of synergy and synchronization between loan and grant initiatives.

[65] Example of cooperation with bilateral organizations included: Agence Française de Développement, the Belgian Cooperation, the UK Department for International Development, the German Gesellschaft fur Internationale Zusammenarbeitung and the US Agency for International Development

[66] SNV also contributed as a Service Provider to other IFAD value chain-relevant projects, for example in Cambodia PADEE and in Nepal HVAP.

[67] The Agro-inform grant supported new cooperatives establishment and strengthening in the four countries through the analysis and identification of potential value chains, training of members; exchange of experiences and study visits, financial and fiscal consultancy.

[68] In Bosnia and Herzegovina, the grant through Oxfam led to the uptake by RLDP of the LINK methodology for inclusive value chain development approach.

Box 2
SNV Grant Activities

The SNV grant supported the establishment of 4Ps and worked with government and project staff and with producer organizations. The following activities were observed by this CLE:

(i) in El Salvador Amanecer Rural, the grant supported four producer organizations by establishing 4Ps agreements for the staple crops, dairy, coffee and aquaculture value chains, which showed the potential for long-term agreements with other value chain stakeholders;

(ii) in Mozambique PROMER, the grant mainly focused on capacity development for project staff and beneficiaries;

(iii) in Senegal, the grant supported the development of business plans for micro-enterprises and for one small enterprise, which enabled progress in the staple crops value chains supported through PAFA/E;

(iv) in Uganda, the grant helped brokering the development of a 4P among stakeholders in the sesame value chain in the West Nile region; and

(v) in Viet Nam, the grant supported the development of business plans, some of which led to linkages between organic coconut producers and a company specialized in processing and exporting coconut milk in Ben Tré Province.

Source: CLE Elaboration (2019)

197. Also in the absence of specific grants, capacity building activities led to diverse results. In El Salvador, Rwanda and São Tomé and Príncipe, cooperatives supported by IFAD projects obtained a range of certifications for their produce, including Fairtrade, Organic and Rainforest Alliance. This suggests that capacity building efforts in these cases were effective. In the case of Kenya SHoMAP and in all the projects reviewed in Morocco, the capacity building needs assessment had under-estimated the challenges for producer organizations to develop sufficient capacity to engage in profitable processing or marketing activities. In Morocco, processing cooperatives (e.g., olives, almonds, milk) were set up towards project completion and the availability of technical specialists (e.g., in marketing) was limited.

198. Indeed, a key success factor was the **duration of the support provided to the producer organizations**, in particular when the basic competences and skills were low and illiteracy rates high among members. The producer organizations that were supported for two (or more) project cycles (i.e., a horizon of 10-15 years), showed significantly better capacities to run their businesses, as was the case in El Salvador for the dairy value chain and in Rwanda PRICE for the coffee and tea value chains.

199. **Capacity building for project staff is crucial** although it was somehow missed out in the IFAD's private sector strategy of 2012. Already in 2012, the Country Programme Evaluation in Ghana had warned about the disconnect between the 2006 COSOP focus on value chain development and the different skill sets of project staff, who had spent most of their career in 'traditional' productivity improvement projects and had little familiarity with private sector business.

200. Across the CLE case studies, a frequent observation was that **capacity of project staff had not been addressed systematically** and had been left to the initiative of country programme managers. Project staff received technical advice from IFAD consultants during supervision missions (when value chain specialists participated in these). These inputs were useful but of short duration. In some cases, the individual networking skills of country programme managers helped forge collaboration with bilateral technical assistance (e.g., Belgian cooperation and DFID in Viet Nam; USAID and GIZ in Ghana).

201. Value chain technical or marketing specialists were sometimes foreseen in project management units but in several cases they were hired late, or with unclear terms of reference (e.g., Moldova, Ghana, Morocco, and China) or simply not hired.

202. A few cases of more systematic efforts have emerged with the SNV global grant on 4Ps already discussed. APR designed the 'Scaling Up of Pro-poor Value Chain Programmes' grant, with inputs from PMI/RME, currently under implementation by Helvetas/Hivos in seven countries (Bangladesh, China, India, Indonesia, Laos, Myanmar and Viet Nam). This is based on a 'training of trainer' approach. Helvetas first trains national research and organization institutions. The latter then train project staff on value chain approaches. This is an important initiative. However, in Viet Nam, the programme had not (yet) provided support to project management teams at the time of the CLE visit.[69] The CLE could not assess the experience in other countries and acknowledges that this may also be due to the early implementation stage.

203. The Viet Nam – TNSP was one of the few projects that had clearly identified the lack of local government's staff familiarity with market-oriented development as a constraint. An agreement was made with the Trade Promotion and Industrial Extension Center under the Department of Industry and Trade. This entailed a set of training programmes for provincial and district staff and preparation of operational manuals, and resulted in the issuance and implementation of agribusiness incentive policies, provincial action plans and one-stop-shop enterprise services, and commodity workshops at the district level to link farmer groups with value chain enterprises.

204. Other forms of sensitization and dissemination of experience were: (i) peer to peer visits by a former project director in Senegal to other projects in Mauritania and Madagascar; (ii) discussion sessions during the regional portfolio workshop (e.g., WCA-Mauritania in 2018 and APR-Indonesia in 2015); (iii) activities tied to the PROCASUR grants that promote South-South cooperation and can, if there is demand, be dedicated to value chain (some examples were found in Senegal). Continuity, as opposed to having a one-off initiative appeared to be crucial for effectiveness.

205. **In short**, there was a widespread skill gap, and strong demand for capacity building from project staff members. The instruments and partnership opportunities to improve capacity exist but in many cases have not been set out in a coordinated and systematic manner and sometimes not well synchronized with project activities.

206. **Few cases have been observed of initiatives dedicated to building the capacity of local small-scale service providers**.[70] Provision on a routine basis of inputs and services such as equipment maintenance, advice on the use of inputs, and marketing services is in high need among small producers, micro and small enterprises and producers' organizations. While projects may subsidize the provision of these types of services for a limited period, these need to be available on a permanent basis, ideally on a cost recovery basis. For many young farmers and small entrepreneurs in rural areas, this may be a source of business. However, this aspect has not been a focus item in most projects visited. One of the few exceptions was the model of "groupes / cooperatives de métier" in Morocco -Al Haouz (PDFAZMH). Here the project organized and trained groups of youth, often suffering from precarious access to land, to form service cooperatives helping medium and larger farmers manage fruit trees (e.g. pruning, trimming, thinning) and helping with harvest. These were found to be profitable activities for the cooperatives, while increases in the yield and quality of crops were also reported.[71]

[69] While trainers were formed in the Center for Agrarian Systems Research and Development, no provision had yet been made on when, where and how they would provide training to project staff (this would also require allocating budget from the provincial governments).
[70] The importance of service providers for value chain development is highlighted in the conceptual scheme in Figure 1.
[71] In the PDFAZMH (Al Haouz) project in Morocco, the Provincial Directorate for Agriculture helped the groupes de métier with training and marketing activities. In another project in the Taza province, a small group of women was also

207. **Perception of IFAD staff and project managers**. The CLE e-survey included questions on the perceptions about capacity development support to government staff, project staff and service providers (Table 9). Similar to the patterns already observed, project staff gave positive responses: they agreed that IFAD provided adequate support to build the capacity of government and project teams. IFAD staff members were less convinced (their ratings were significantly lower).

Table 9
IFAD and project staff perceptions on the support provided by IFAD to building capacity on pro-poor value chain approaches

	Average IFAD staff	*Average Project staff*	*P value*
IFAD provides adequate support to the capacity of governments on pro-poor value chain development ***	3.9 (moderately agree)	4.7 (agree)	0.0001***
IFAD provides adequate support to the capacity of project management units on pro-poor value chain development ***	4.1 (moderately agree)	4.7 (agree)	0.001***
IFAD provides adequate support to the capacity of service providers on pro-poor value chain development **	3.7 (moderately disagree)	4.3 (agree)	0.03**
Number of respondents	**71**	**125**	

** Difference is significant at 5%; *** Difference is significant at 1%
Ratings: **1= firmly disagree**; 2= disagree; 3= moderately disagree; 4= moderately agree; 5= agree; **6 = firmly agree**.
Source: CLE e-survey (2018).

208. Despite these positive responses, **this CLE found considerable room for improving support to the capacity of producer organizations, project staff and local service providers.** Few projects fully acknowledged the need for capacity building of government staff and set out to address the issue in a coordinated manner.

B.2 Rural Finance Support to Value Chains

209. According to the CLE country case studies, **community-level informal groups, savings and credit cooperatives and some microfinance institutions were the most prevalent source of credit and savings services**. In some cases, as in Cambodia, they were assisted by mobile field agents to support record keeping and accounting. Grassroots savings and credit groups were functional even when other more formal rural finance channels had not been performing, such as in Mozambique where the establishment of Accumulative Savings and Credit Associations (ASCAs) allowed small-scale producers to access financial services even where formal financial institutions were not reaching them. Traditional microfinance loans were also offered to micro-enterprises by microfinance institutions, refinanced by IFAD loans (such as in Bangladesh via PKSF a second-tier public sector financial institution) or by provincial government financial institutions, such as the Women's Development Funds in Viet Nam. The main limitations were that: (i) loans were very small in size and only allowed the financing of short-term capital for simple productive activities (e.g., poultry or stocks for small shops);(ii) loan portfolio growth was slow; (iii) these schemes relied on the support of project subsidies, threatening the sustainability of benefits.

210. In some cases, it was expected that a project working on value chain development would receive support by another IFAD-funded 'ancillary' project specialising in rural finance services. Despite good intentions, **synergy with 'ancillary' rural finance projects rarely materialized**. In Ghana, RAFIP (a specialised rural finance national programme) provided training to a number of rural finance institutions but did little to help them introduce new products for agriculture financing and to increase their portfolio in more marginal rural areas (beyond the

trained in agricultural service techniques but did not receive support to marketing and advertising and was not functional.

cocoa production zones). Similarly, in Mozambique RFSP (a rural finance programme) ran into performance problems and could not support the other projects in the portfolio. In Cameroon, the specialized rural finance programme PADMIR did not link with other projects, as expected at design.

211. **The experience in financing small and medium enterprises and cooperatives and producer organizations was mixed at best.** This comprised the provision of: (i) short-term loans to small and medium enterprises and cooperatives so that they could purchase produce from farmers (e.g., for processing); or (ii) medium / long-term loans for investments, such as for upgrading of machinery and factory infrastructure.

212. One of the better performing examples was in Moldova RFSADP where both the above products were offered. In particular short-term capital, coupled with grants, was provided to young entrepreneurs for start-up enterprises. Medium-term-credit was provided to existing small and medium enterprises. In order to facilitate this, IFAD projects provided subsidised credit lines to the participating banks which depended on IFAD's funding, as they could not finance medium- and long-term credit from other sources (due to national policies on the maturity of their liabilities). This threatened these schemes after project closure.

213. In many other cases, financing of small and medium enterprises and cooperatives was problematic. In Rwanda, producer cooperatives were struggling to obtain access to affordable medium- and long-term credit from commercial banks, financial institutions and savings and credit cooperatives, which all charged an annual interest rate in the range of 15-21 per cent (in local currency), too high for the project-supported cooperatives.[72]

214. The limited access of producer organizations and cooperatives to working capital was a serious constraint. When these organizations could not offer prompt cash payment to their members, this created strong incentives for side-selling. In turn, this meant that the cooperatives could not meet buyer requirements for volumes, or could only use a fraction of their plant capacity and incurred losses. The following factors were observed: (i) from the lender's 'supply-side', part of the problem was the risk-aversion of banks in dealing with agricultural credit, thus placing onerous administrative requirements and not investing in outreach in rural areas;[73] (ii) from the 'demand-side', there were often problems with small profit margins when cooperatives and producer organizations were not mastering production and marketing processes; (iii) there were common problems of lack of information on both the lender and borrower's side and projects were not addressing these gaps systematically.

215. **Matching grants were a widespread instrument with variable track record**. In the case of matching grants for end-borrowers, a recurrent flaw in this scheme (e.g. Ghana, Rwanda) appeared when the grant was released by a different entity than the bank providing the loan. When the borrower had to first obtain a loan and then apply for a grant, there was a risk that the grant would not be approved or approved with considerable delay. In such case, the investment could not be completed but the loan had to be repaid, causing problems in meeting the loan instalments. The situation was solved in some cases by reversing the sequence (i.e., first the grant, then the loan).

[72] Interest rates depend on the cost of providing loans, monetary policies, inflation, perceived lending risks, level of competition and, of course, the level of demand for borrowing. Considering interest rates as 'high' or 'low' depends, inter alia, on the profitability margins of the economic activity which the loans are supporting. If margins are 'sufficiently high', then a high interest rate may be affordable. Many cooperatives or producer organizations had thin profit margins.

[73] For example, in El Salvador, producer organizations could access loans from banks for certain cash crops linked to exports (such as coffee). However, for other agricultural products, producer organizations struggled with interest rates (even rates of 9-10 per cent for short term loans in local currency were considered high) and even more so with heavy administrative and collateral requirements.

216. Grants were also approved to encourage entrepreneurs to partner with small-scale producers. In Viet Nam these grants were assigned through a competitive process and, inter alia, applicants were to prove in what way the partnership would be beneficial to poor producers and how many of these would participate. In addition to project authorities, IFAD's country office was also engaged in reviewing the applications. This CLE found that this type of conditionality helped maintain poverty focus. In other cases, less rigorous application of assignment criteria for matching grant led to more limited uptake by entrepreneurs and mis-targeting (e.g., Mozambique, Sri Lanka-NaDEP).

217. **Financial agreements between value chain stakeholders have been observed,** sometimes facilitated by IFAD-funded projects. In Bosnia and Herzegovina, financing agreements for inputs existed between producers and buyers of several commodities (e.g., berries, gherkins and greenhouse vegetables), as part of contract farming arrangements. Similarly, in São Tomé and Príncipe, cocoa cooperatives received pre-financing for organic fertilizers through an agreement with buyers for the export market. In Viet Nam, fertilizers and pesticides for maize and for the production of ornamental leaves were pre-paid to farmers by entrepreneurs and their cost was embedded in the agreed price paid for the final produce.

218. In Ghana, NRGP promoted the cashless credit system (maize value chain).[74] This system was to improve the transparency of financial transactions between input dealers, farmers and buyers. It required all parties to hold accounts in the same rural bank. When the bank provided credit to farmers for the purchase of inputs, the loan proceeding was deposited on the bank account of input dealers. When farmers sold their produce, funds would be transferred from the buyers' bank account to the farmers'. Reportedly this encouraged twenty-four rural banks, previously reluctant to lend to smallholder farmers, to finance these simple upstream and downstream transactions.

219. During country visits and documentation review, the CLE found other forms of financial tools that were **more directly linked to value chain development. Some were at an early stage of piloting and some of these were not part of IFAD-funded projects**. These were:

- *Warehouse receipts* / inventory credit ("warrantage") where the commodity stored by producers in a warehouse is used as collateral in order to obtain a loan. This enables farmers to wait before selling their produce rather than doing so immediately after harvest when prices are low. This was observed in Niger (World Bank funding) outside the IFAD portfolio. Initial proposals to introduce warehouse receipts through IFAD-funded projects were reported also in Cameroun and possibly Senegal. However, this still exposed farmers to price risks, particularly in the case of a bumper harvest or low international prices.
- *Micro-factoring*, whereby an enterprise (e.g., a wholesaler) sells its rights to account receivables to another entity (typically, a financial institution) at a discount factor, in exchange for immediate payment. Micro-factoring was piloted in El Salvador by an IFAD-funded project. If it performs well, it would eliminate the 30-day delay that buyers take to pay to farmers.
- *Micro-leasing* to facilitate the acquisition of equipment for an entrepreneur or a cooperative (e.g. a processing machine). The indirect but important

[74] Another example, outside IFAD-funded projects was in Honduras, where a public-private initiative known as 'Honduras Recursos Para Mi Tierra' involves one of the two main supermarkets, a private bank and a foundation in a scheme to provide working capital to horticulture producers on the basis of guaranteed purchases by the supermarket and technical assistance from the foundation.

advantage for small-scale producers is that demand for their produce would increase. Initial pilots were reported for Ghana and El Salvador.[75]

220. Examples of **advanced forms of financing within the value chain were observed largely outside the IFAD portfolio**. These (commodity levy and embedded financing) are briefly presented in Box 3 as an example of what could be pursued in the future.

Box 3
Value chain financing examples recorded by the CLE outside IFAD projects

- *Commodity levy* paid for by members of rain-fed rice inter-professional value chain association in Senegal to provide funding for activities such as agronomic research and technical assistance to farmers, the regulatory board for the establishment of rules and regulations within the chains well as a dispute mitigation process and the market information system.
- *Embedded finance credit scheme*. By this scheme, banking institutions provide loans to distributors and retailers, the latter refinance wholesalers who in turn refinance producer organizations. A loan to a retailing company thus has a 'multiplier cascading effect' on financing upstream value chain stakeholders. An initial experience of this type was in Senegal: the *Union des Institutions Mutualistes Communautaires d'Epargne et de Crédit* in cooperation with Rabobank had shifted to financing input suppliers and manufacturers which in turn finance organizations of producers of commodities such as tomatoes, onion and niébé. This was not an IFAD-led initiative although the Union received support from a guarantee fund set by the West African Development Bank in a project cofinanced with IFAD (PROMER II).

Source: CLE country visit (2018).

221. While IFAD loans are approved for governments and only through governments IFAD has traditionally supported small and medium enterprises, **new instruments are now being tested to serve directly the lower-middle tier of value chain stakeholders**. These initiatives respond to real needs but are at an infant stage of implementation and the prospects for breaking even are still to be demonstrated.[76] The CLE on IFAD's financial architecture (2018) noted that before engaging directly in quasi-retail lending, IFAD could opt for partnering with and learning from the experience of impact investors and from specialised international agencies, such as the Netherlands Development Finance Company which lends exclusively to non-sovereign entities and is striving to reach middle-lower segment of the finance market, including agricultural value chains.

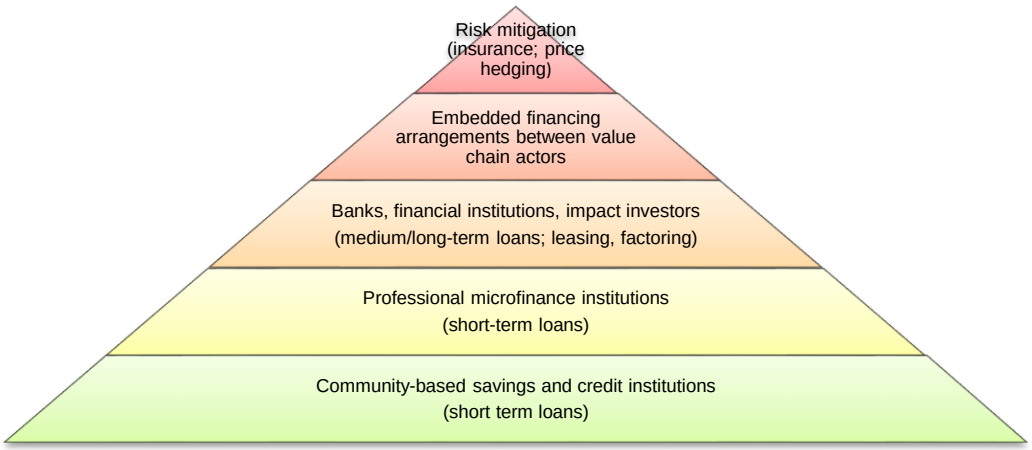
- *Non-sovereign lending*. IFAD has promoted the establishment of a new company, the Agribusiness Capital Fund, with supplementary funding from the European Union and Luxembourg, expected to become operational in 2019. The company will provide wholesale loans to microfinance institutions as well as retail credit to individual enterprises in developing countries. IFAD will have a seat in the Board: it will be a first case of (indirect) IFAD support to non-sovereign lending.
- *Equity investment fund*. The Small and Medium Agribusiness Development Fund in Uganda is financed by the European Union and supervised by IFAD. It provides a mix of capital and debt funding to small and medium agribusinesses. Operations started in 2017; as of November 2018, five companies (processing moringa, eggs, coffee, soy and a laboratory and

[75] Past evaluations in Georgia found limited demand for this product, also due to competition from subsidies for agricultural machinery provided by other development programmes.
[76] A survey of impact investors carried out in September 2017 in the context of the CLE on IFAD's Financial Architecture found that impact investors had non-performing loans ranging between 3 and 36 per cent. Of the 12 impact investors interviewed, only two were making a small profit. The others incurred losses. Investing solely in agriculture was not deemed to be financially sustainable as revenues were not covering costs. Losses were related to weather, poor corporate governance and weak management. Few of the clients produced reliable monthly/quarterly reports or financial statements.

inspection company) received support and were expected to create linkages with 4,700 farmers and generate 230 jobs. The experience is still at the beginning and it is not clear whether these farmers are also end-clients of projects funded via IFAD sovereign loans.

222. **In sum**, as represented in Figure 7, the CLE predominantly observed traditional rural finance approaches mostly focusing on primary producers (bottom of the pyramid). It came across examples of more advanced rural value chain-focused financial instruments, mostly at the pilot stage, and not always IFAD-funded. Financing constraints to producer organizations and companies had the effect of reducing demand for small producer's goods.

Figure 7
Range of financial instruments observed



Source: CLE Elaboration (2019).

C. Value chain performance

C.1 Governance and pro-poor outcomes

223. As briefly presented in chapter I, the concept of value chain governance is about the norms and rules for business interactions and how to deal with other issues of common concern, such as those relating to sustainability, and who has the power and the ability to exert control in the chain.[77]

224. Many of the value chains supported by IFAD projects can be characterized as **buyer-driven value chains**.[78] In these, suppliers work to the parameters set by 'lead firms', which may include strict requirements for quality, quantity, delivery and terms of payment (with penalties for non-compliance), as well as standards relating to sanitary and phytosanitary controls and the social and environmental conditions under which goods are produced.

225. The assessed IFAD-supported projects involved buyer-driven chains in Bosnia and Herzegovina, El Salvador, Georgia, Honduras, Moldova, Rwanda, São Tomé and Príncipe, Sri Lanka and Viet Nam. For these chains, the perspectives of end-buyers and other dominant value chain stakeholders were critical for determining how the chain was governed, including which producers participated and the benefits associated with participation. Agribusinesses often had a strategic interest in long-

[77] Summarized from GIZ's manual on value chain development: Springer-Heinze, A. (2018), *ValueLinks 2.0. Manual on Sustainable Value Chain Development*, GIZ Eschborn, 2 volumes, and the USAID-funded MarketLinks website: https://www.marketlinks.org/good-practice-center/value-chain-wiki/value-chain-governance-overview.
[78] See: Reardon, T. (2011), 'The global rise and impact of supermarkets: an international perspective,' Conference paper for: The Supermarket Revolution in Food: Good, Bad or Ugly for the World's Farmers, Consumers and Retailers?, Crawford Fund for International Agricultural Research, Canberra, Australia, 14-16 August 2011; Nair, R. and Dube, S. (2017), Growth and Strategies of Large, Lead Firms-Supermarkets, CCRED Working Paper No. 8/2017; Barrientos, S., Knorringa, P., Evers, B., Visser, M., & Opondo, M. (2016), Shifting regional dynamics of global value chains: Implications for economic and social upgrading in African horticulture. *Environment and Planning A: Economy and Space*, *48*(7), 1266–1283.

term sourcing from the same small-scale producers, particularly once they had invested in building the capacity of producers to meet market requirements, and where there was competition for supply.

226. For example, in export horticulture (berries, gherkins) value chains in Bosnia and Herzegovina, agribusinesses[79] formed long-term relationships with producers in order to have a consistent supply of produce which met the requirements of buyers in European markets. 4P arrangements introduced by the projects enabled more small-scale producers to be part of these chains, including poorer producers once targeting strategies were improved. **This brought benefits in terms of access to knowledge and resources, and more secure markets and income, but did not substantially alter the way the chain was governed** since contract farming was already common, producers continued to have a weak bargaining position relative to agribusinesses, and buyers in end-markets still set the standards for market entry.

227. In NADeP in Sri Lanka, the opportunity to achieve productivity and quality improvements was an important motivating factor for agribusinesses to engage in 4P arrangements with farmers. However, this did not substantially change the contractual arrangements in the chain, particularly since agribusinesses mostly selected their existing suppliers to participate.

228. Unsurprisingly, **value chains involving 'ethical markets' exhibited more collaborative forms of governance** between producers and buyers. This was mostly down to the way buyers conducted their business in principle, but in the case of fair-trade certification was also codified in standards which establish rules for the terms of trade, including requirements for buyers to provide suppliers with finance, and minimum prices to protect against market volatility. In Rwanda and São Tomé and Príncipe, IFAD-supported projects played a fundamental role in establishing these value chains and had a direct influence on how they were governed, including through use of PPP/4P agreements. For fair trade and organic certified producer organizations in El Salvador and Honduras, grants and technical support provided by projects improved their position in these markets but did not directly affect the form of governance.

229. **In more market-driven chains, some IFAD-supported projects have enhanced producers' ability to negotiate with buyers**. NATP in Bangladesh, for example, has achieved this by investing in collection and marketing centres which are spaces where producers and traders now meet and negotiate: reportedly, this has brought prices which are 10 to 15 per cent higher that they would otherwise have received. Emprende Sur in Honduras and Rwanda PASP had some success in organising maize and bean producers and enabling them to collect and store their crop so that it can be sold when prices are higher, rather than straight after harvest when they reach a seasonal low point. More generally, **enabling producers to sell directly to processors and distributors rather than through intermediaries** was a key strategy used in both Honduras and El Salvador to improve the position of producers in the value chain. Unfortunately, as mentioned earlier, achievements in this area were sometimes undermined by producer organizations' inability to pay member-producers immediately.

230. **More far-reaching results** in terms of changes in governance were found in the projects **where multi-stakeholder platforms have been established and worked well**, namely Nepal HVAP and IFSP, Niger PASADEM and Senegal PAFA/E and, to some extent, Ghana NRGP. These projects mostly involved relatively short value chains for local, national or cross-border markets in which market requirements were less demanding, but small-scale producers were previously

[79] In the case of Bosnia and Herzegovina this includes most agricultural cooperatives, as they are usually formed by a small number of producers or entrepreneurs (by law the minimum requirement is five people) who buy from a network of 'cooperants', i.e. individual farmers.

excluded or disadvantaged by a lack of access to infrastructure, information, knowledge and resources, as well as asymmetries in power with buyers. The platforms have created linkages between producers and other value chain stakeholders and opened up space for dialogue and coordination around input supply, market infrastructure, market information and dispute resolution. In the case of Nepal, the platforms also dealt with price-setting, with reportedly positive results for farmers: in 2018 cereal seed farmers involved in IFSP were able to negotiate rates closer to the reference rate of the national seed company than in the surrounding districts. This represents a shift from **market-based governance to more relational governance**. This shift was complemented by project interventions and PPP/4P agreements which strengthened the vertical linkages, addressed barriers to inclusion for poorer producers, and enabled improvements in productivity and efficiency.

231. However, it is **unclear to what extent these platforms and partnerships have built trust and mitigated the power dynamics** which are derived from the economic, social and cultural systems in which the value chains are embedded, particularly since producers are mostly still just providers of raw materials. Although building on existing institutions is important for acceptability and sustainability, platforms and partnerships can also reinforce existing forms of inequality unless adequate measures are taken to tackle them. Even in Senegal PAFA/E, which had a fully participatory design and was considered one of the most successful projects, the evaluation found risks of producers or buyers not respecting their contractual obligations, and the management of the incipient inter-professional associations was still quite weak. As noted previously, several other projects have faced challenges with multi-stakeholder platforms in contexts where social hierarchies are strong or tensions exist (e.g. Bosnia and Herzegovina, Cameroon, Mauritania and Nepal). For IFAD to have a sustainable, pro-poor impact on value chain governance through platforms and other governance mechanisms, it is important that projects more explicitly analyse and deal with the power dynamics involved.

232. In Sudan Gum Arabic and Uganda VODP **new governance systems were established** for the gum Arabic and palm oil value chains, respectively. In Sudan, producer groups received technical assistance to improve their production and primary processing capacity as well as on marketing and financial management skills in the context of the newly liberalized market (which project-led policy dialogue had brought about), and competition between buyers pushed farm-gate prices up (e.g. from 510 SDG per kantar in 2012 to 700 SDG per kantar in 2013). However, there is no information on whether producers were enabled to negotiate with buyers, nor on their level of involvement in the new Gum Arabic Board.

233. In Uganda VODP an oil palm value chain was developed in the south of the country in partnership with BIDCO, a private investor. This involved setting up two new institutions: the Kalangala Oil Palm Growers Trust (KOPGT), which is responsible for providing inputs, technical assistance and marketing services to farmers using an out-grower model, and the Kalangala Oil Palm Growers Association (KOPGA), which is the representative body for farmers. A consensus has emerged on the need to strengthen the farmers' ownership of KOPGT, while preserving its high-quality professional management, although the way to implement this is not yet clear.

C.2 Innovative solutions to value chain performance

234. **Multi-stakeholder platforms and PPPs/4Ps were examples of institutional innovations.** The conceptual scheme of value chain systems presented in chapter I stressed the importance of flows of information, financial resources and goods among the different segments and stakeholders in a value chain. Platforms and PPPs/4Ps can facilitate these exchanges. In a more 'mature' value chain environment, they can evolve towards 'inter-professional' associations with delegated authority to represent and regulate the sub-sector.

235. Many of the innovations observed by the CLE related to production improvement. Those that were related to value chain development can be categorized as follows:

    (a) **The introduction of value chains for non-traditional** (or newly introduced) **products**, such as in China-GIADP, Rwanda and Viet Nam; also new ways of marketing traditional products were developed, for example in Morocco with the piloting of e-commerce of sheep for the Eid al-Adha festivity; and in addition to improvements in the quality of produce that led to various certifications, IFAD also supported in El Salvador the development of a participatory organic certification scheme.

    (b) **Support to production and processing**. For example: (i) in Ghana, the Rural Technology Facilities in Ghana, which are public extension centres for technology for micro and small enterprises (cooking, crushing, other type of transformation); and (ii) in Rwanda, post-harvest handling techniques and equipment, e.g. the solar bubble dryers and tarpaulins.

    (c) **Support to business plan development and marketing.** This included: in Indonesia, the establishment of district-level infrastructure for market access, such as processing and storage centres, that were managed by community institutions and cooperatives in some cases; and the creation of WhatsApp groups for monitoring market prices; (ii) in Niger, the establishment of Economic Development Clusters; and (iii) in Rwanda, the establishment of a union of cooperatives for direct coffee marketing on the international market.

236. Overall, the reviewed projects were generally making efforts to introduce new organizational approaches, and sometimes technology, for value chain development. However, the CLE noted that projects made **little progress overall at introducing innovations such as market information systems and more in general information and communication technology,** which could significantly help in enhancing transparency and fairness of transactions, such as following the price trends, and making decisions on which crops to plant, when to sell them and on what markets. Of the eleven attempts observed (out of 77 projects) to introduce market information systems, about half failed or could not be continued after project closure.

C.3 Distribution of value

237. Out of the 77 projects reviewed, for 32 **there were indications that small-scale producers have been able to capture more value from value chains**, although information and data were fragmented. This happened **through various mechanisms**: (i) supporting them to improve productivity and quality and to add value through post-harvest processing; (ii) building their capacity to market collectively rather than individually; (iii) helping them switch to higher value products; (iv) linking them more directly to buyers; (v) and creating multi-stakeholder platforms for dialogue and price setting. In Nepal HVAP, for instance, the construction of goat collection centres decreased the costs for traders and increased the farmers' selling price by 25 per cent. Box 4 further illustrates a case of value addition in El Salvador.

Box 4
Value addition in the cashew value chain in El Salvador

APRAINORES is an association of producers growing, processing and commercializing cashew to Fairtrade-organic markets in France and the USA. The IFAD-funded project Amanecer Rural has provided support through investments in technology (solar panels), equipment (a machine to process cashews) and agricultural production (trees and technical assistance). As a result of these, production volumes grew by 20 per cent, with the number of members increasing from 52 to 80 (45 per cent women), and processing costs were reduced by 10 per cent. The processing plant provides 66 permanent jobs for people in the area, 80 per cent of which are held by women. The project Amanecer Rural has also enabled APRAINORES to lend money to a Women's Committee to start a small shop, bakery and cheese production enterprise, and to a Youth Committee to set up a tree nursery and organic fertilizer plant (proving work for 8 young people). The association received technical assistance to develop a strategic plan and to implement recommendations from auditors, achieving certification standards. As part of the strategic plan, they are in the process of diversifying into cocoa and dried fruits and developing local markets for packaged products.

Source: CLE country visit (2018).

238. Another approach to enabling producers to capture greater value in the chain was to support the **development of cooperative unions,** a form of vertical integration. This has occurred in four of the assessed projects: PRODEMOR CENTRAL and Amanecer Rural in El Salvador, PRICE in Rwanda, and PAFA/E in Senegal.[80] For example, in El Salvador a cooperative union 'Ganadera del Norte' was formed in 2010 by 16 dairy producer associations, in order to be able to sell their milk collectively. IFAD-support projects have provided funding for infrastructure and improvements in production. Ninety percent of their milk goes to the government's Glass of Milk programme for schools, which provides them with a stable price year-round which is higher than they can achieve individually (US$ 0.43 per bottle, compared to between US$ 0.15 and US$ 0.40 per bottle on informal markets, depending on the season).

239. In Rwanda, PRICE established a union of cooperatives for coffee marketing that decreased the income otherwise "lost" to intermediaries and enabled access to certifications for speciality coffee which pay premiums specifically intended for farmers (e.g. Fairtrade certification). This kind of support was not possible for the tea value chain because exports remained mainly directed to Mombasa auctions, where quality and certifications do not allow premium price and a better share in the value distribution for small-scale producers. Instead PRICE planned to provide matching grants for tea growers' cooperatives to buy equity shares in a tea factory, representing another form of vertical integration for producer organizations, though this had not yet happened at the time of the CLE visit.[81]

240. However, there was a **lack of solid, multi-year data on the costs, benefits and risks associated with different markets and marketing arrangements**. In Bosnia and Herzegovina RLDP, for example, contract farming was initially very profitable for raspberry producers, with prices reaching a peak of BAM 3.50 per kg in 2015. However, the high price was driven by low production in Poland that year, due to drought. In 2016 the price dropped by about 20 per cent, as production began to outstrip demand in the region, and then in 2017 it dropped to just BAM 1.50 per kg as buyers were still sitting on stocks of frozen raspberries from the previous year. Many farmers did not even bother harvesting their crop, as it was not worth the cost of paying seasonal labour to do so.

[80] A cooperative union for honey production and packaging was also planned in Morocco- PDFAZMT.
[81] A predecessor project of PRICE had provided funds for two cooperatives to obtain equity shares in tea factories, 15% and 5% respectively. At the time of this CLE country mission, under PRICE, negotiations were on-going for a cooperative to get equity shares in the related factory.

241. **In terms of the *distribution* of value within the value chain**, this is difficult to determine, due to the absence of data on value accrued at different nodes of the value chain. These data are notoriously difficult to obtain, due to the reluctance of the private sector to share commercially sensitive information. The evidence suggests that **more stable and equitable distribution of value is associated with factors such as**: (i) a high level of effort being invested in developing dialogue and trust between value chain stakeholders (Senegal, Niger, Viet Nam); (ii) empowering producer organizations to control value (Rwanda); (iii) increased competition between buyers for the supply of the targeted produce (Sudan Gum Arabic); (iv) focusing on niche markets and/or products for which the country/region has a comparative advantage (non-timber forest products and traditional dairy products in Bosnia and Herzegovina); (v) selling to buyers with a strong commitment to fair terms of trade (Rwanda PRICE, São Tomé and Príncipe).

242. Overall though, the degree to which producers involved in IFAD-supported projects are able to negotiate the terms of trade varied greatly, and in many instances, producers were still principally involved in the production of raw materials with high levels of risk and few opportunities to negotiate prices. In Viet Nam, for instance, contract farming has provided more transparent, higher and more predictable price conditions to producers (e.g., maize, coconut and tea), but this was largely because enterprises needed to secure large quantities of produce and thus offered better price conditions compared to traditional local traders. Thus far the project has not led to the formation of broader and stronger associations of producers which could help smallholder farmers capture a larger proportion of the value of the final product. Even when producers are organized and selling collectively to higher value markets, profit margins may be squeezed due to shifts in global or regional supply which causes prices to drop (e.g., Bosnia and Herzegovina).

D. The enabling policy and regulatory environment

243. As noted, a minority of projects explicitly addressed regulatory issues. **Three projects had a significant focus** on this, namely:

    (a) Gum Arabic in Sudan was a policy-focused project co-financed with the World Bank, which addressed the previous monopolistic purchasing board authority which was depressing farm-gate prices for gum Arabic. The latter was turned into a regulatory authority and the market was opened to private traders, which, reportedly, led to an increase in farm-gate prices.

    (b) In Kenya, SHoMAP enabled the development of a National Horticultural Policy for improved regulation of the horticulture sub-sector; while the dedicated policy component in SDCP contributed to the preparation of various national policies, bills and strategies related to the dairy sub-sector,[82] as well as support for relevant institutions such as the Dairy Training Institute, Kenya Dairy Board, and the Department of Veterinary Services.

244. Other contributions to the establishment of an enabling environment include: the development of a national plan for the cashew sub-sector in Honduras Emprende Sur; establishing value chain directorates in the Ministries of Agriculture and Livestock in Mauritania ProLPRAF; incipient institutions for the regulation of value chains for staple crops in Senegal PAFA/E; and governance and institutional frameworks for the oil palm sub-sector in Uganda VODP 2.

245. A few projects that intended working on the enabling environment did not progress well or lead to sustainable outcomes. In Cambodia Tonle Sap, for example, policy review was a stated objective, but project documents make no mention of

[82] Dairy Industry Policy and Bill, both of which were approved by the Cabinet; draft Livestock Feedstuff Policy and Bill which is with the Attorney General for submission to parliament; Strategic Plan for Central Artificial Insemination Station (CAIS); Animal Breeding Policy and Bill with the policy finalised while the bill is being prepared.

achievements in this area, while in Honduras PROMECOM made some advances in building local government capacity to certify producer organizations as environmental service providers and to run market information systems, but these services were not sustained after the project ended. Whether this is more related to design issues than implementation issues is unclear.

246. Attention to regulatory services such as **veterinary and phytosanitary control**, quality control, certification and food safety issues was a missing element in the Cambodia portfolio, and similarly, inadequate attention to policy and regulatory issues was detected in Honduras and in Bosnia and Herzegovina RLDP and RBDP, although in the latter case this was largely due to the challenging governance system and the absence of a state level Ministry of Agriculture. Regulation on and verification of product standards, labelling, and food safety is likely to become increasingly important in the future for domestic markets of developing countries.

E. Risk Management

247. Typical risks in agricultural value chains can be classified as follows:[83]

(a) **Production-related risks**, including weather-related risks, climate change, natural disasters, and biological and environmental risks, such as pests and diseases;
(b) **Market-related risks**, such as changes in supply and demand that affect input and output prices, and changes in market requirements;
(c) **Logistical and infrastructural risks**, such as changes in transportation, communication and energy costs, or degraded infrastructure;
(d) **Management and operational risks**, including poor quality control, forecasting and planning errors, and poor financial management; and
(e) **Public policy, institutional and political risks**, including changes to monetary, fiscal or trade policy, or political instability and insecurity.

248. There are a number of ways in which IFAD-supported projects have sought to enable small-scale producers and other value chain stakeholders to manage some of these risks, although this was not always the motivation behind the respective project activities. Examples include:

(a) Training producers on good agricultural practices, control of pests and diseases, and climate-smart agriculture to help control production-related risks, e.g., in Morocco producers were trained to reduce water losses by lining traditional earth canals with cement to reduce the risk of soil erosion either by terracing or by planting trees, and to plant varieties of olive trees or almond trees that tolerate low rainfall or cold weather;[84]
(b) Constructing storage facilities, such as village granaries, market warehouses to manage supply and protect against price risks, e.g. Niger PASADEM;
(c) Constructing or rehabilitating rural roads and bridges which improve handling and protect against risks to supply due to extreme weather (both production-related and infrastructural risk), e.g. in Honduras Emprende Sur partnered with the National Coffee Fund (which is funded through a tax on coffee) to construct tertiary rural roads in areas where coffee farmers were being supported by the project, which has improved the quantity and quality of coffee reaching markets and reduced waste; meanwhile, also in Honduras, PRO-LENCA has mapped out the 150 producer organizations which it supports and is using this to identify which roads should be prioritised for rehabilitation or reconstruction; and

[83] Adapted from Springer-Heinze (2018), op cit.
[84] Interestingly, in Morocco, tree varieties were selected for environmental resilience although less consideration was given to the price of the varieties of olives or fruits.

(d) Facilitating purchase agreements between producers and buyers to reduce market-related risks on both sides, including contract farming.

249. Another strategy which has helped some producer organizations manage market and price risks is to focus on specific **niche export markets** that are characterized by lower price volatility. For example, the mid-term review of São Tomé and Príncipe PAPAC reported that when international market prices fall, the FOB price received by participating cooperatives does not fall to the same extent, which increases the resilience of their enterprises. In spite of this, a Fairtrade-organic certified coffee cooperative in Honduras reported that the recent sharp drop in world coffee prices was having a damaging effect on the business, as even high-quality speciality markets use the New York C price as their reference price (with premiums for quality and certification added). One of the ways in which it was managing this price risk, and maximising the value of lower grade coffees, was to expand sales of roasted and branded coffee on the domestic market.

250. However, overall there was **relatively little focus on market and price risks**. The raspberry value chain in Bosnia and Herzegovina is an example of the failure to use market intelligence to anticipate the price crash due to over-supply. In Moldova RFSADP there was insufficient risk-sharing in the supported value chains, with purchase agreements between producers and buyers only implemented in a rudimentary manner and prices still mostly based on spot transactions. Similarly, in Mozambique a commonly disregarded risk was the interest and commitment of the private sector to seriously engage with the projects and producer organizations through fair contractual relations. The mitigating factor identified - matching funds for traders and agri-businesses was not particularly effective, nor sustainable.

251. While many projects have directly or indirectly set out to address production-related risks and management and operational risks through support for production and organizational strengthening, the **weakness of producer organizations was often recognized, but capacity building efforts did not sufficiently improve their management capacity** (e.g. Brazil, China GIADP and HARIIP, El Salvador, Honduras, Morocco).

252. Small-scale producers are typically exposed to **weather-related risks** while all value chain stakeholders are exposed to the risk of wide market price fluctuations. **The CLE came across few examples of instruments for risk mitigation. Some of these are being piloted or formulated:**

- *Climate insurance*. This relates to crop-insurance schemes in the case of rainfall failure/drought and contributes to reducing risks for small-scale producers. Payments to farmers are linked to specific events, as stipulated in the contract. Remote sensing technology allows verifying weather events with increasing degree of precision. The CLE observed a project in Senegal (PADAER) that promoted the access of small-scale producers to a national crop-insurance scheme. Pilot initiatives are also on-going in Kenya (PROFIT).[85] Likewise, some 4Ps in Sri Lanka NADeP introduced crop insurance which covers climate-related events as well as other sources of damage to crops (e.g., by elephants).
- *Commodity Price Hedging*. Known as *Climate and Commodity Hedging to Enable Transformation* (or CACHET), this is an IFAD pilot initiative still under elaboration. The main objective is to secure the revenues of the small-scale producers against major adverse price fluctuations. It consists of using financial derivative products to 'lock-in' floor prices for farmers above break-even point and will involve larger cooperatives in the roll-out phase. Price hedging is already used by larger operators in developed and developing countries for tradable commodities (in the United States, the Chicago Mercantile Exchange Group has been a pioneer institution). The feasibility of

[85] Through grants, IFAD has also supported weather index insurance pilots in China, Ethiopia and Mongolia.

this initiative is still under review. The roll out is planned in Nigeria (cocoa) and Senegal (maize), starting in 2019.

Key points

- The CLE found minor differences in implementation performance between value chain-relevant projects and other projects. Similarly, there were minor differences in the average IOE ratings available. Value chain-relevant projects, as all projects, suffered from implementation delays but the specific value chain components were the mostly affected in case of delays.
- There are gaps between the need and provision of capacity building. This is true for producer organizations as well as for project staff. Several initiatives have emerged and mostly thanks to ingenuous solutions devised by CPM, but not yet in a coordinated manner. The need for capacity building to establish and strengthen local service providers was largely overlooked.
- Projects have been overall effective at providing basic financial services to producers through community-level informal groups and some microfinance institutions. The experience in financing small and medium enterprises and cooperatives was mixed, with negative consequences for the demand of small producers' output. The expected synergies between 'specialised' rural finance projects and value chain-relevant projects in the same country rarely materialized.
- PPP/4P arrangements enabled small-scale producers to be engaged, mostly in buyer-driven value chains. This brought about more secure markets and income but did not substantially alter governance. Value chains involving ethical markets exhibited more collaborative forms of governance between producers and buyers.
- When multi-stakeholder platforms had been established and working well, this brought about more significant changes in value chain governance. This was a shift from market-based to more relational governance.
- Evidence on the 'distribution of value' within value chains was fragmented but the distribution appeared to be more stable and equitable when: (i) efforts were invested in developing dialogue and trust between stakeholders; (ii) producer organizations were empowered to negotiate exchange conditions; (iii) competition was high between buyers; (iv) focus was on niche markets; (v) buyers had commitment to fair terms of trade.
- There are few examples of major changes made to the enabling environment. One of this was the liberalization of gum Arabic market in Sudan, in collaboration with the World Bank. Few projects dealt with quality and food safety regulation.
- Projects mostly worked on production and management related operational risks but little on value chain specific risks (e.g. prices, capacity of producer organizations). Financial products to deal with weather and price-related risks were found in a few projects or at the concept development stage.

V. Outreach, impacts and sustainability

253. This chapter presents a review of the actual outreach of the projects to different categories of beneficiaries, as it could be ascertained through field visits and desk reviews. Next, it examines the available evidence on impact on income and food security and the mechanisms that contributed to such changes. Thereafter the chapter discusses the main dimensions of sustainability and the key proximate factors. Finally, based on the findings of this report, it presents a classification of value chains, according to the level of development and pro-poor outcomes.

A. Outreach: poverty, gender, youth, indigenous groups

A.1 Reaching different groups

254. This section is about actual outreach in the 77 reviewed projects and their sub-components. Outreach was diverse within individual projects as they typically worked with groups of end-users that had different characteristics (e.g. the same projects may support small-scale producers, small and medium enterprises, women and indigenous groups). Almost all projects (99 per cent) had **individual, small-scale producers as part of their outreach group**, including farmers, fishers and fish-mongers, collectors of non-timber forest products and artisans.[86] In addition, the vast majority (91 per cent) worked with **producer organizations as a strategy both for reaching target populations and for strengthening value chains**.[87] Various types of producer organizations were involved, from self-help groups and community interest groups, to farmer-based organizations, cooperatives and other collective enterprises.

255. About a third of projects (34 per cent) worked with **microenterprises** as a channel for reaching the rural poor, alongside small-scale producers. Entire **communities** were reached in 35 per cent of projects, such as Viet Nam TNSP which facilitated linkages between rural communes and processors or traders and Indonesia CCDP which mobilized coastal communities into enterprise groups and supported them to access markets. Meanwhile, **agribusinesses** (small and medium size private enterprises) directly received support in 45 per cent of projects, for instance through PPP/4P arrangements, grants and matching grants for infrastructure and technology, or access to financial services.

256. The majority of projects allowed for **the inclusion of rural populations with different levels of poverty,** such as very poor, poor and better-off rural households. Provided that it does not create systematic anti-poverty bias, this is a positive fact in that value chain development entails working with various stakeholders that have different skills and roles.[88]

257. Overall, available evidence suggests that some 36 per cent of the projects reviewed were effective in reaching poor and very poor households, while some 24 per cent were less effective in doing so either due to the design or implementation issues. For the remaining 40 per cent it was too early to assess or information was not conclusive. When projects were effective in targeting poor and very poor households and groups, **factors contributing to good outreach** included:

(a) Selection of products requiring little land or capital investment and involving intensive, unskilled labour inputs (e.g., Viet Nam AMD, coconut and ornamental plants);

[86] The only exception was an ancillary rural finance project in Ghana, working with financial institutions and microenterprises for financial services.
[87] Percentages do not add to 100, as the outreach of the same project may include different categories.
[88] Interestingly, a similar assessment came through the e-survey of IFAD staff and project managers (details in Annex IV). IFAD staff and managers believed that benefits from value chain interventions were widely diffused and would accrue overall on a poor population but may be less pronounced on the very poor (notably according to IFAD staff). Respondents also believed that some better off rural people and small and medium entrepreneurs had benefited to a large extent from projects while the majority propended for slight positive effects. Fewer thought that larger enterprises had benefited to a large extent.

(b) Using simple, verifiable, contextually appropriate criteria, such as a cap on land or livestock, and/or robust socio-economic household survey data to identify poor households (e.g. Morocco PDFAZMH, PDFAZMT in the case of fruit trees; Rwanda PASP-milk);
(c) Stipulation of pro-poor requirements for agribusinesses as a condition to obtain IFAD project support (e.g., Viet Nam AMD, TNSP); and verification that these requirements are met;
(d) Community-based ground work and mobilization of producer groups (e.g., Senegal PAFA/E, Indonesia CCDP);
(e) Previous work in the same area establishing the productive base and local knowledge, and participatory approach to design and implementation (e.g., Senegal PAFA/E, São Tomé PAPAC-export crops, Rwanda PRICE-coffee).

258. However, **some projects were less successful at ensuring that poorer small-scale producers benefitted** alongside better-off or more skilled small-scale producers. The reasons varied but the common denominator was that these projects focused on producers that were **already able to supply markets or were part of producer-buyer arrangements**. While this had advantages for implementation (as projects could proceed expeditiously), projects missed an opportunity to more decisively broaden the benefits to other small producers.

259. For example, in Nepal HVAP the focus on pre-existing producer organizations was built into the design, as the aim was to target producer organizations which already had the capacity to supply the qualities and quantities required by agribusinesses. Combined with limited project support for production enhancement, this meant that for the value chains with higher and faster returns (goats and off-season vegetables) limited efforts were made to include poorer households. Only one commodity value chain (timur) out of seven was specifically targeting the poorer households.

260. Another case was in Moldova RFSADP where different targeting approaches were supposed to be applied, but the project ended up mainly relying on self-targeting with an explicit focus on the more entrepreneurial and better skilled farmers, using demand-driven procedures which inevitably favoured those that were more responsive and better prepared and connected. Self-targeting, without explicit measures to help poor farmers, was also associated with some elite capture by better-off small-scale producers in Cameroon and Mauritania.

261. There were also a few projects in which **agribusinesses** were the entry point for value chain development interventions and the gateway to small-scale producers. The CLE found that **some of these projects did not take sufficient measures to ensure poorer small-scale producers were included.** In Sri Lanka NADeP, for example, the selection of farmers done by agribusinesses, which paid little attention to targeting criteria, and at least one company mentioned selecting better resourced farmers for participation. Similarly, the impact evaluation of Georgia ASP found that, while the project was effective in attracting new investments in rural enterprises, the scale was much lower than predicted (only 15 enterprises) and investments tended to strengthen existing linkages between agribusinesses and farmers rather than create new ones.

262. **In general, weak targeting occurred when private operators were left to select the small producers** from which they would buy, **and there was no clear linkage with other project components on community development and production enhancement**. Private operators had incentives to continue working with the same suppliers as before (usually less poor), thus reducing information and transaction costs, rather than involving new producers (their preparation requires time and investments, but this can be initially subsidized by projects). Instead, when both traditional community development activities were coupled with

initiatives to engage private entrepreneurs (as in Viet Nam or in Senegal) pro-poor focus was not lost.

263. There were also some **assumptions about trickle-down effects** to poorer groups from supporting more entrepreneurial farmers and agribusinesses which were **not adequately validated**. Trickle-down type of effects could occur when there was: (i) a sizeable increase in the demand for products from a large number of small producers (in the dozens or hundreds, not just a few farmers) and a significant increase in farm-gate prices (e.g., Viet Nam coconut processing); and/or (ii) sizeable effects on the demand for unskilled or semi-skilled labour, so that a lower level of formal education does not act as a discriminating factor (some cases observed in El Salvador, Honduras dairy cooperatives and Rwanda coffee processing). Instead there was no evidence that these conditions were holding in Georgia and in Bosnia and Herzegovina (RLDP and RBDP).

264. **People with no or few assets**, including the landless and quasi-landless, were reached in 22 per cent of projects, usually with the aim of supporting them to develop microenterprises and/or to access employment through vocational training and creation of jobs linked to value chains. For example, in both Honduras and El Salvador, projects assisted traditional weavers and other artisans (typically women) to develop their microenterprises and access markets (see Box 5), including people with disability. In Viet Nam AMD a small enterprise dealing with ornamental leaves received project support. This enterprise works through own production as well as through an out-grower scheme with hundreds of small producers. Producing ornamental leaves is labour-intensive but not land-intensive. In fact, plants can be grown using a few square metres of land around a dwelling, making it ideal for poor, landless people. It can be taken as a part-time activity thus creating an additional income stream.

Box 5
Supporting artisans and disabled youth in Honduras

Centro Integral Misión de Amor (CIMA) in Honduras was set up to provide disabled youth with livelihood opportunities. The 18 young people, who are deaf or have other disabilities, have been taught to weave on traditional looms and to sew the cloth into clothes and accessories. Through PRO-LENCA they have received specialist training in sewing, management, marketing and procurement, as well as grants for building improvements and machinery. Since the cost and supply of thread is a problem for several of the artisan enterprises involved in PRO-LENCA, the project is seeking to help them collectively source raw materials from Guatemala. PRO-LENCA is also discussing with local authorities the possibility of setting up an artisans' market where the groups can sell their products to tourists.

Source: CLE Country Visit (2018).

265. **In sum**, the projects reviewed by this CLE have engaged a plurality of actors, in line with a value chain development approach and have included populations with different levels of poverty. This CLE finds that it has been possible to reach poor and very poor small-scale producers through projects promoting value chain approaches and identifies a set of factors that supported these positive outcomes. Conversely, when projects did not have strong focus on poor and very poor producers, a common problem was that they supported producers already well connected to markets or engaged in producer-buyer arrangements rather than broadening the coverage to additional small-scale producers.

A.2 Gender

266. Women were in the outreach of all projects. However, **leadership and capacity on gender equality within the project management teams was in some cases weak** and/or gender-related activities were sidelined in favour of other project activities. Progress was limited by: (i) a lack of expertise in project implementation units; (ii) activities focused on women separated from value chain development

activities and therefore frequently sidelined; (iii) gender not given sufficient priority and resources by the project steering committee, project director and by IFAD. The lack of alignment of gender-related activities with value chain development activities was an issue in Bangladesh FEDEC and PACE, Bosnia and Herzegovina, Brazil, Cameroon, China DAPRP, and Niger.

267. **In a number of projects, women constituted the majority of participants**, including Burkina Faso PASPRU (82 per cent), Nepal ISFP (77 per cent), Mauritania ProLPRAF (70 per cent), Nepal HVAP (64 per cent), Senegal PAFA/E (60 per cent), Indonesia SOLID (53 per cent), and El Salvador PRODEMOR CENTRAL (52 per cent). Projects mainly targeting savings and credit groups and micro-entrepreneurs, such as Bangladesh FEDEC and Cambodia PADEE, also had a majority of women participating.

268. **Variation in women's participation rates by value chain was generally linked to pre-existing norms for women's and men's roles** and the gendered distribution of resources within households. The participation rates for women in El Salvador PRODEMOR CENTRAL-Extension and Amanecer Rural were 24 per cent for dairy and 27 per cent for coffee, compared to 41 per cent for aquaculture and 71 per cent for artisan products, reflecting the fact that dairy, coffee and horticulture require a higher asset base and/or capital outlay. This highlights the importance of value chain selection for gender outcomes. For instance, when the government of Mozambique decided to shift the focus of PROSUL's red meat value chain from small ruminants to cattle, this greatly reduced the opportunities for women to benefit from the project. In contrast, although CCDP in Indonesia faced the challenge of capture fishing groups being dominated by men, the wide variety of activities undertaken by the project enabled women to participate in larger numbers elsewhere, such as in the processing (86 per cent) and savings groups (90 per cent).

269. It was useful when projects applied **affirmative action**, such as quotas for women's participation in producer organizations and engagement with value chain stakeholders to facilitate inclusion. For example, in Honduras (Box 6) and El Salvador, project gender specialists used IFAD's *Closing the Gaps* methodology with producer organizations. In El Salvador producer organizations were required to sign letters of agreement to address gender inequalities prior to receiving project funding, with 71 per cent of organisations involved in PRODEMOR CENTRAL reducing the gap between men and women in membership and leadership positions. In Guyana-READ all rural organizations sending matching grant proposals had to identify affirmative actions towards social and gender equity, and 7 of the 46 groups supported were all-women organizations. However, there is a continued need to ensure changes made to achieve the quotas requirements are not superficial (e.g., producer organizations registering the wives and daughters of male members) and appointing women as board members in a tokenistic way.

Box 6
Closing the gender gap in Honduras

IFAD-supported projects in Honduras have used the 'Closing the Gaps' methodology with producer organizations, engaging them in participatory analysis of gender inequalities and development of affirmative action to address them. For example, as part of its agreement with Emprende Sur, the coffee cooperative COCOSAN relaxed its membership rules to allow people without coffee bushes currently in production to join, leading to 43 new members, most of whom are women and youth. The project then funded these new members to start producing coffee. COCOSAN also has a women-only line of coffee which is being sold to the USA via two roasters, with Whole Foods in the USA, one of the end markets, and market demand is apparently growing. This coffee garners a US$ 20 premium on top of the US$ 300 per quintal price, which goes directly to women producers, equating to US$ 16,720 additional income in the 2017/2018 season. While not initiated by Emprende Sur, the expansion of production which is being funded by the project should allow more women to benefit from this scheme.

Source: CLE country visit (2018).

270. With regard to results, **it is important to distinguish between women's participation in project activities and substantive change in gender relations** and women's empowerment. Unfortunately, evidence which went beyond participation was quite rare - for around half of the assessed projects it was either too early to say what the impact would be, or there was little basis on which conclusions about impacts could be drawn. Six projects (8 per cent of the total) were considered weak on gender, either due to lack of analysis (Georgia ASP, Moldova RFSADP) or poor implementation (Bosnia and Herzegovina RLDP and RBDP). For the remaining projects (approximately 40 per cent) there were generally positive results, but with limitations in terms of the depth of evidence or the extent of change. The impacts are summarized below against IFAD's strategic objectives for gender equality and women's empowerment:

(a) **Economic empowerment** – This was the area with most widespread impact, typically as a result of direct participation in project activities. Impacts included: improved access to productive infrastructure and resources, including microfinance; increased production volumes and quality, and improvements in income; new or improved opportunities to earn income, including through waged employment and enhanced mobility. However, there was a lack of data on how incomes have changed over time, and whether women retain (more) control over their incomes.

(b) **Equal voice and influence** – This was the second most common area of impact, mainly linked to women's increased membership in and leadership of rural organizations, as well as strengthening of women-led organizations and enterprises. There was also some evidence of increased status for women in their communities, such as in Senegal PAFA/E where women's increased income brought them respect in their households and communities, and three women community facilitators were elected to local councils as a result of exposure through the project. However, it was not usually clear how this had affected the decisions taken and the distribution of resources within rural organizations and institutions.

(c) **Equitable balance in workloads and benefits –** This was the area with least evidence of impact, particularly related to the distribution of work. While women's workloads may have been reduced by the introduction of technology in some projects, this was not tracked and in at least one project women complained of increased work without commensurate benefits (Viet Nam 3PAD). There were, however, a few projects which had evidence of an improved balance between men and women in household decision-making (Guyana READ, Honduras PROMECOM, Kenya SHoMAP,

Uganda ATAAS, Viet Nam TNSP), although for Honduras this did not apply to decisions around economic activities.

271. There are some assumptions that participating in value chains automatically benefits women, and most projects are still **not adequately dealing with structural causes of gender inequalities at all levels of the value chain**, including norms and attitudes around women's and men's roles, distribution of economic resources within households and markets, and illiteracy and lack of appropriate skills.

A.3 Youth

272. Youth were in the outreach in 62 per cent of the assessed projects; this has increased over time, with 83 per cent of projects approved in 2014 to 2016 including youth, compared to 39 per cent of projects approved in 2007 to 2009. However, there was no substantive information on results for around half of these projects. This is partly because youth inclusion is a relatively recent priority for IFAD and most of the projects which target youth became effective in the latter half of the evaluation period, but it is also because monitoring and evaluation in this area were particularly weak.

273. Project have featured the following strategies for reaching young people:

(a) Grants or matching grants, technical assistance *for youth-led organizations and enterprises* (BiH RBDP, Cameroon AEP, Ghana REP III and GASIP, Honduras, Kenya SDCP, Moldova, Morocco, Rwanda PASP, Senegal, Sudan SDP, Tunisia PRODEFIL, Uganda PRELNOR, Viet Nam AMD);
(b) *Targets and quotas* for increasing the proportion of youth among members and leaders of producer organizations (El Salvador, Ghana GASIP, Honduras, Kenya KCEP and SDCP);
(c) *Promotion of value chains which young people were engaged in*, or interested in (Burkina Faso PASPRU, Cameroon PADFA, Ghana GASIP, Senegal PAFA/E);
(d) *Facilitation* of *access to finance* (Ghana REP III and GASIP, Moldova, Sri Lanka NADeP); and
(e) *Vocational training and apprenticeship*, including skills required for value *chains* (Bosnia and Herzegovina, El Salvador, Honduras, and Senegal).

274. The more favourable **results** were observed in: (i) Moldova where grants, loans and technical assistance for young entrepreneurs increased the profitability and resilience of their businesses; (ii) Senegal PAFA/E where young women benefitted from training on food processing and more general support for value chain development; (iii) Sudan SDP where 75% of contract farmers were youth.

275. More generally, it appears that an effective strategy for reaching large numbers of young people was to select value chains in which youth were already engaged and mainstreaming youth inclusion across all project activities. In other cases, **lack of access to land and other assets** was a barrier to young people's involvement in producer organizations, or to accessing matching grants. Combined with **leadership positions being the preserve of older people**, and the **reluctance of some young people to get involved in agriculture** due to low returns and/or status, this meant that it was sometimes difficult for projects to achieve their targets for youth inclusion. In Honduras, for instance, PROMECOM achieved a 12 per cent participation rate for young people overall, just under its target of 15 per cent, but Emprende Sur reported difficulties in significantly increasing the percentage of youth among producer organization members from the current rate of around 5 per cent. As an innovative strategy to address the barriers to participation, Senegal PAFA/E was engaging with the local development, cultural

and sport associations to reach young people, as groups can more easily access land than individuals.[89]

276. There were a couple of examples of **youth-led enterprises which were established to provide services** to the value chains supported by projects, such as manufacturing and supplying protective equipment to honey producers in Honduras, and providing agricultural services (pruning, harvesting) to farmers in Morocco. Also, the recently started Rwanda RDDP aims at developing a network of young people collecting milk by motorbike from the most isolated households and transport it to the milk collection centres for processing. But these were isolated cases, and this approach has not yet been widely adopted in IFAD's value chain portfolio as a route to both youth inclusion and value chain strengthening as the capacity building of local service providers has received little attention in general.[90]

277. In some countries youth were potentially benefitting most from job creation, but as mentioned, there were few data to prove this. While there were a few examples of training for young people, in general there was **little investment in vocational training linked to value chain requirements**. In Viet Nam, for instance, there is a skills shortage in the growing agro-food industry, but vocational training centres currently do not offer the right training and IFAD-funded projects have not yet stepped in to fill this gap. As noted during the Viet Nam field visits, vocational training institutes in the Provinces of Tuyen Quang and Ha Giang do not have special programmes on agri-food industry and there was no plan to create a special curriculum in this domain. However, a World Bank Study (2017), *Shaping Vietnam's Agriculture and Food System to Deliver Jobs*, concluded that many of the future work opportunities for today's underemployed rural workers may occur in manufacturing or service industries closely affiliated with agriculture, in food and agro-industrial processing, in agro-logistics, and the broad range of formal and informal food distribution services. For IFAD, this is a strategic long term development activity to be developed to ensure necessary skilled human resources for the agri-food industry to flourish.

A.4 Indigenous groups

Indigenous groups were reached in 17 per cent of the 77 assessed projects. They were in LAC (El Salvador, Guyana, Honduras, and Nicaragua) or APR (China, Nepal and Viet Nam). In general, there was **little information available** on the outcome of reaching indigenous groups, **particularly in terms of addressing their specific needs and interests**.[91] For example in Guyana READ, where Amerindians represent around 11 per cent of the population and have a poverty rate of 70 per cent. While the presence of Amerindian communities was a criterion for geographical targeting, no monitoring was done to record outreach to these groups. In Nepal *Janajati* indigenous people were among the poor and disadvantaged groups targeted by HVAP and IFSP. HVAP had a 25 per cent inclusion target for *janajatis* and *dalits* combined (commensurate to their share of the population in the project area), and the MTR indicated that it was on track to achieve this. However, there was no separate monitoring. The fact that gender and social inclusion were not managed as an integral part of value chain activities raised some concerns around the sustainability of poverty reduction for these groups.[92]

[89] These associations are ubiquitous in Senegal and are aggregation points for youth to engage in local development, income generating activities, as well as sports and recreation.
[90] The CLE team is aware that IFAD is financing new projects which on developing the skills and competences of youth to engage in agriculture-related businesses, including in Cameroon and Indonesia. However, these were not classified as 'value chain relevant' as they did not have specific value chain focus.
[91] In Viet Nam, all IFAD-funded projects have an indicator on indigenous people participation. In Nepal, projects collect and analyse the disaggregated data by sex and ethnicity.
[92] In 2017, IFAD also approved the large grant "Empowering Indigenous Youth and Their Communities to Defend and Promote Their Food Heritage", to be implemented by Slow Food International. The grant aims at developing or strengthening ten Presidia managed by indigenous groups in Argentina, Brazil, Colombia, Ecuador, Kenya and Mexico. A Slow Food Presidium is a value chain of a locally traditional produce, either crop, animal breed or food, that can

278. A more **positive example is PROMECOM in Honduras**, where 21 per cent of the households reached were of Tolupan ethnicity. This was facilitated by reaching an agreement with the Yoro Federation of Xicaques Indigenous Tribes (FETRIXY) to represent member organizations and help them access project funds. For the more recent project PRO-LENCA, there was initially some tension with the leaders of Lenca groups, as they mistakenly interpreted the name of the project to mean that it was intended exclusively for Lenca peoples, rather than just being in areas with predominantly Lenca populations. However, after several months of negotiation, the indigenous leaders agreed to sit on project committees for approving investments and overall supervision of the project.

279. **Viet Nam has also had some success** in reaching ethnic minorities in the north of the country (3PAD, TNSP and CPRP). In CPRP the majority of the population in the project area comes from 'minority' ethnic groups, and the participation of the poor and near poor was over 50 per cent across all project activities, including PPPs for value chain development. 3PAD was in a majority ethnic group area, but initially focused on the Tay communities in the lowlands who were less poor than the Dao and Hmong communities in more remote areas. Following recommendations of the MTR, the project revised the manuals and approach to expand to upland poor villages with poverty rates of more than 50 per cent, though language, culture and context barriers constrained the level of impact that could be achieved.

B. Changes in incomes, assets and food security for the poor

280. Previous sections have reviewed the project contributions to the policy and regulatory environment and to the value chain structure and governance. Institutional and policy issues have been discussed as well. The question is how these in turn facilitated impacts on such domains as incomes, assets and food security.

281. The assessment of these domains is a challenging task, given: (i) the diversity in the stage of implementation of projects (many still on-going, at the initial phase or with implementation delays); (ii) the varying level of project performance, notably on the value chain components; (iii) the limited number of assessments based on surveys that tried to extract a representative sample, estimated difference between a treatment and a comparison sub-sample and controlled for sampling bias; (iv) the problems in disentangling effects of investment in value chain as opposed to investments in other project components (such as for example, irrigation, extension or transportation infrastructure); and (v) the lack of longitudinal data, covering several years, thus taking into account price fluctuations.

282. Three impact assessment conducted by RIA and two impact evaluations carried out by IOE were available for projects that belong to the time frame of this CLE (Box 7 presents a brief summary of findings). **Four out five found overall positive impacts on incomes and assets** (China, Ghana, Kenya SDCP and SHoMAP) although two cas**t some doubt on the possibility to attribute changes to work done on value chain development** (Ghana and Kenya ShoMAP) but this seemed to be a problem in all cases. Future impact assessments are likely to run into the same problem.

significantly contribute to the improvement of food security, food sovereignty and incomes of the participating producers. All ten sub-projects pay significant attention to gender equality and women's empowerment. In 2020, at project completion, Slow Food will produce four case studies analyzing results and challenges, taking also into account the results of a 50-sustainability indicators survey carried out at project inception and end.

Box 7
Selected findings from Impact Assessments and Impact Evaluations

China GIADP was initially designed as an agricultural development and infrastructure project but also included institutional support and value-adding facilities, such as processing, storage or packaging, and local market infrastructure building. Its Impact Assessment showed that households in poorer counties experienced significant increase in crop yields and revenues, in particular fruit crops (especially among those receiving a combination of agricultural support and infrastructure interventions). The value of fruit crops produced significantly increased by 29.1%. Increases were recorded in assets ownership, specifically in durable assets. In addition, the assessment found positive impacts on poverty dynamics: treated households were more likely to move out of poverty.

According to the impact assessment of Ghana NRGP, there were positive effects on the: (i) total household asset index; (ii) several household livestock indexes; (iii) indexes of crop diversification; (iv) total annual agricultural revenues. The assessment noted positive changes on both the 40th and 60th percentile poverty lines, suggesting that positive effects were spread to poorer households. The assessment concluded that the infrastructure improvement component (roads and irrigation) may have been the main factor but did not exclude the role played by better access to markets.

The impact assessment of Kenya SDCP showed significant although not dramatic increases (in the range of +1 to +8 %) in the adoption of improved cattle feeding practices (zero grazing, concentrate feeds, mineral supplements), higher access to animal vaccination and curative treatments (in the range of +12 to +26 %). The most important effect impacts were on the number of cattle owned (+50 %). The increase in quantity of milk sold, though significant was not impressive (in the order of +8%, probably due to self-consumption). Farm-gate prices for project participants were reported to be 31% higher compared to control observations, leading to an increase in the value of milk sold.

The IOE impact evaluation Kenya SHoMAP showed positive and statistically significant differences for beneficiaries in: (i) crop yields (banana, sweet potato); (ii) agricultural incomes. Although the respective effects could not be entirely disentangled, the evaluation argued that impacts were mostly tied to training on better agricultural practices (seeds, planting materials, soil preparation, certified fertilisers, and crop rotation) and training provided to input stockists. Expectations that stockist would pass-on some of the gains from increased sales of the inputs to the farmers (through reduced prices or discounts) were not confirmed. Other forms of value chain support (infrastructure, horizontal linkages) were not effectively implemented.

The Georgia ASP was mainly about infrastructure (irrigation, bridges) and production development. Some interventions, such as leasing, were expected to promote value chain development but their uptake was limited. The IOE impact evaluation found that impacts on incomes and assets were overall limited (mainly due to flaws in the irrigation component), but with traces of incomes increases linked with transportation infrastructure and the introduction of leasing products (in spite of its low uptake).

Source: CLE summary of RIA Impact Assessments and an IOE Evaluation (2019).

283. In general, information available from the CLE review shows improvements in productivity, production, access to markets, level of farm-gate prices, with an increase in the marketed quantities of produce, improvement in the timing of marketing and diversification of marketed products. These have the potential to drive an increase in revenues of small-scale producers, although data are often missing on the changes in production costs which are essential to estimate profit changes. While some information in asset change is available from impact assessments and evaluation (Box 7), overall data were scarce.

B.1.Pathways to increases in incomes

284. It is useful to map the mechanisms through which value chain participation benefitted the poor, according to what could be observed. This is portrayed in Figure 8. Projects generated effects on the **production and productivity** side.

Examples have been documented in Morocco, where, in order to sell on nearby city markets, tree fruit varieties (such as apples or cherries) needed to be selected and managed so that they improve size, calibre and appearance, thus attaining higher grading. In China, high-value crops would start replacing paddy fields. If unit production costs do not increase more than proportionally and prices do not fall, these changes can be expected to lead to profits increase for farmers. Improvements in production and productivity can affect incomes directly or through prices mechanisms.

285. **Price mechanisms** are key elements for income increase. They were often the results of vertical linkages and purchase agreements, such as:

(a) *ex ante agreement on a fixed pric*e to reduce risks of price fluctuation for producers. For example in Viet Nam-ADM an out-grower scheme for ornamental leaves producers set a price of 500 Dong/ cutting if collected at the farmers' place; 550 Dong / cutting if they deliver at an agreed collection centre; and 600 Dong/ cutting if they deliver at the buying entrepreneur's site. This would avoid risks and transaction costs linked to repeat spot negotiations. Ornamental leave production was introduced by a local entrepreneur and provided an additional income stream for landless and quasi-landless producers, doubling monthly incomes.

(b) *price premium* linked to product characteristics, such as organically grown coconuts for which an exporting enterprise in Ben Tré province (Viet Nam) paid +5 to 10% premium price compared to the prevailing market prices (farmers were already producing organic by default). Similar experiences were observed when partnership had been developed with private enterprises with a commitment to Corporate Social Responsibility, for example in El *Salvador*, Honduras, Rwanda and São Tomé and Príncipe. In Rwanda, in 2017 the average price for exported coffee from the country was US$3.26/kg, but the PRICE supported cooperatives in the Western province exported their fair trade coffee at an average price of US$5.0/kg. Premium prices for the high quality produce provided some buffer against fluctuations of international prices.

286. **Employment generation** mechanisms. These are often classified as "indirect effects" of value chain intervention (for poverty reduction, the dichotomy between direct and indirect is immaterial: what counts is the size of the effect). Employment generation is not only from medium and large enterprises. Micro enterprises and smallholder farmers employ external (non-family) labour, albeit often for short duration or part-time. As previously noted, one of the conditions for pro-poor effects is that the production of commodities be labour intensive and require unskilled or low-skilled labour (i.e., without educational barriers for the poor). **Evidence on employment generation is limited** (e.g., number of persons, additionality, full-time/ part-time, permanent / seasonal) as further explained below. Multiplier effects (e.g. through transportation, storage, conditioning, processing) remain unaccounted for in impact studies and evaluations.

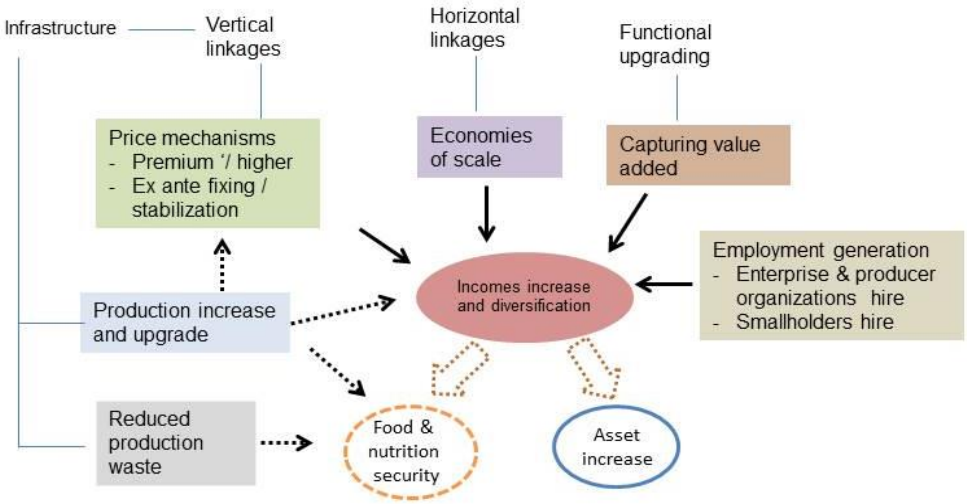
287. A study carried out for Moldova RFSADP concluded that through project support for contract farming, SMEs, young entrepreneurs and microenterprises, 2,034 permanent jobs had been created, exceeding the target of 1,500. Of these jobs, 1,112 related to the 445 young entrepreneurs involved in the project, each of whom were assumed to have created 2.5 jobs. However, the IOE survey carried out as part of the PPE found that while 77 per cent of investments had indeed yielded new jobs, these were mainly seasonal jobs for SMEs, and only 17 per cent of young entrepreneurs reported an increase in employment. It is not clear how many full-time equivalent jobs were created in reality.

288. In several countries (e.g. Bosnia and Herzegovina, El Salvador, Honduras, Rwanda) there were some value chains, such as coffee, horticulture and dairy, which

involved significant amounts of waged labour at farm level and in producer organizations and agribusinesses, and there was anecdotal evidence that they were employing more workers as a result of IFAD-supported projects. Indeed, the internal impact study carried out by PROMECOM in Honduras found that for the 30 producer organizations sampled, the number of permanent workers had risen from 97 to 371 between 2010 and 2017, and the number of temporary workers from 43 to 399 (based on recall). However, there is no information on the poverty status, gender or age of workers, or the quality of work (e.g. wages, access to legislated benefits, conditions of work). Likewise, in Rwanda PRICE development of the coffee and tea sectors has generated low-skilled temporary jobs, but the absence of precise recruitment criteria and relevant monitoring meant that it was not possible to know whether members of poorer families have easier access to these jobs.

289. **Better negotiation capacity power for output prices and some economies of scale could be results of horizontal linkages** (sometimes these were also accompanied by functional upgrading). Examples have been documented in Honduras - Emprende Sur project, whereby producers' groups could negotiate annual contracts with a minimum price guarantee for melons, with the price varying from US$ 4 to US$ 6 per crate (against informal market prices of US$ 3 per crate). In El Salvador, income increase was also made possible by savings through the bulk purchase of feed (economies of scale).

Figure 8
Mechanisms through which value chain participation benefited the small-scale producers



Source: CLE elaboration (2019).

290. **Functional upgrading** was also a way to capture added value (e.g., through processing and reducing the role of middlemen).[93] Several examples of these were observed in **milk value chains**, when efficient collection systems for milk were established and quality standards were improved through adequate capacity building efforts and equipment. This was in conjunction with increasing demand for daily products unmatched by national supply (this helped make dairy cattle profitable at small scale). This was the case in Bosnia and Herzegovina, El Salvador and Rwanda. In the latter two countries, additional enabling factors were the national governments' programmes aimed at increasing milk consumption. In Rwanda PASP, Milk Collection Centres could pay producers 80 per cent above the average price offered by intermediaries.

291. Findings on milk value chains were more uneven in a country-level evaluation in Sri Lanka. An IOE survey of 150 farmers (NADeP) suggested that farmers were able to

[93] To be noted: informal buyers and middlemen did not necessarily disappear. The latter would accept to buy products that did not conform to higher standards established by processors or supermarkets. For this reason, smallholder farmers were not eager to severe exchanges with them.

upgrade their traditional cows to cross-bred and higher-yield breeds and their open rearing system to semi-intensive rearing system (grazed during the day and fed with grass during the night) time. Also, farmers were provided with equipment (grass cutters, choppers, milking cans, other equipment and cattle shed) and training on hygiene in milking, on book keeping and silage making; in addition, chilling centers facilities were equipped and turned to farmer organizations. However, evidence on an increase in milk productivity and net income was mixed, perhaps reflecting a relatively early stage of project undertaking.

292. Anecdotal evidence showed that incomes of small-scale producers tended to improve when producer organizations (associations, cooperatives, common interest groups) were strengthened and given control of handling, processing and marketing (again, through prices). This was the case in Bangladesh, China, El Salvador, Niger, Senegal and Rwanda PASP. In Rwanda, cooperatives supported could sell maize at US$ 340/ton, more than double the average price paid by intermediaries (US$ 153/ton): although the cooperatives retained a small share of the paid amounts, a large share of the higher returns reached the members. In Senegal, small-scale producer organizations and their members benefitted thanks to the development of processing micro-enterprises and to the establishment of contractual links with private sector actors through multi-stakeholder platforms. As noted, one of the main constrains to functional upgrade of cooperatives and producer organizations was limited access to rural finance as they lacked liquidity to purchase the primary produce of their members (unless the latter accepted to sell 'on credit').

293. **Infrastructure** (transportation and storage) was often a key element in supporting the creation of linkages (horizontal, vertical), functional upgrading. It was instrumental to productivity increase (irrigation) and production upgrading. It was also instrumental to post-harvest storage and reduction of losses (see also the next section). In Niger PASADEM, the creation of a network of satellite collection centres, improved roads and secondary wholesale markets with complementary infrastructure for farming service providers paved the way to creating economic corridors and clusters.

B.2.Food and nutrition security

294. While plausible causal linkages can be inferred between certain value chain-enabled mechanisms and income generation, linkages with food security are less evident, as signalled by the dotted lines and arrows in Figure 8. **Income increase can lead to better food security if part of the additional income is used for purchasing more or higher-quality food. But alternative pathways exist as well**, such as auto-consumption and better post-production conservation of food products. In addition, nutrition outcomes are also tied to health status.

295. Data available through the CLE case studies suggest that projects that developed value chains for staple crops and for fisheries products for local and national markets led to food security improvements either through income increase, or through production and productivity improvements (this may or may not be related to value chain development), and/or by reducing harvest-related and post-harvest losses. This was the case in most countries and many projects (Bangladesh, Cameroon, China, El Salvador, Honduras, Indonesia, Mauritania, Mozambique, Niger, Rwanda PASP, and Senegal). Also, some evidence of lean periods being reduced or eliminated was recorded in Mauritania, Niger, São Tomé and Príncipe and in Senegal. It is to be noted that for few projects quantitative data are available on food security and they are mostly perception data rather than anthropometric indicators.

296. Regarding the available impact assessments and evaluations, in Kenya, the SHoMAP impact evaluation found that project-supported households (as compared with 'control' ones) experienced an increase in indicators of food security and diet

diversity (including women-headed households). In the same country, the SDCP impact assessment found that households with projects were slightly increasing consumption of food with higher content in animal (read meat, milk) and vegetal proteins (legumes such as beans lentils, peas and nuts) while slightly decreasing consumption of starch-rich food (tubers) and fruits, and marginally increasing consumption of coffee, tea and condiments.

297. As for Ghana NRGP, however, there was no significant change in food security indicators (months of food insecurity, number of meals per day, diet diversity) as compared to the control sample. Also in Georgia-ASP, there was no indication of significant food security increases.

298. The impact assessment of China GIADP estimated a higher dietary diversity score for households exposed to agricultural development interventions. Instead, households exposed to infrastructure interventions exhibited a lower dietary diversity score. The assessment could not completely explain these latter findings but noted that villages in the control group had also received infrastructure investment which could have had confounding effects.

299. It is sometimes argued that value chain participation can lead to the following **food security threats**: (i) farmers may specialize their production on fewer high-value crops and reduce their ability to rely on their own production of staple food; (ii) farmers may sell to the markets almost all their production of highly nutritious products (e.g., milk) and consume lower quality and far less nutritious food. The CLE did not find reports or record any observation where this was manifest, for farmers in most cases did not appear to engage in mono-cropping or reduce crop diversification (it was most often the opposite case). However, mono-cropping risk appeared in two cases:

- Rwanda (PRICE) for high-altitude tea producers: two hectares was the minimum surface that could support a household on its own and farmers with smaller tea-plots required access to land at lower altitudes to complement their food and income. This was challenging, given strong demographic pressure on land.
- Uganda VODP, although its extent has not been substantiated so far.[94]

300. **Nutrition**. In 2015, IFAD approved its first Nutrition Action Plan 2016-2018, with the objective of increasing "the nutritional impact of the Fund's investments and of its advocacy and policy engagement at global and national levels".[95] Hence, the integration of a nutritional perspective in IFAD's projects is a recent feature, as confirmed by the finding that across all the value-chain relevant projects, 30.5 per cent did include references to nutrition. Among these, 73.3 per cent were approved from 2015 onward. Thus, only a few projects could offer any evidence.

301. Among these, positive steps were found in El Salvador, where the request to IFAD to align its projects with the government Family Farming Plan led to integrating food security and nutrition concerns in the selection of the value chains. Different though still positive results were also found in Niger and Senegal, where the food-crops value chain produced fortified food for children, including pre-cooked flours

[94] The 2017 Uganda VOPD supervision mission noted that expansion of oil palm cultivation on Bugala Island could entail the risk of gradually evolving towards oil palm monoculture. The proposed mitigation measures to offset this risk were among others the support to small holder farmers to develop vegetable crop production as well as some animal husbandry activities.

[95] The Action Plan expected outcomes are: (i) nutrition-sensitive projects shape agriculture and food systems in ways that contribute to nutritious diets; (ii) projects promote behaviour-changing communications to improve food choices and related preparation and post-harvest practices; (iii) projects promote the equality and empowerment of women in ways that help them improve nutrition for themselves, their children and their families; and (iv) activities in policy engagement, advocacy and partnerships, as well as research and knowledge management, contribute to better governance, a supportive enabling environment for projects and more effective projects.

and biscuits. In addition, capacity development on broader nutritional issues was provided to producers and mothers in the communities of intervention.[96]

302. According to IFAD's Management, an important factor in improving nutritional outcomes is through awareness raising and education (especially of women) through behaviour change communication and campaigns, which value chain projects have sought to include more recently. Although far too early to draw any conclusion, the CLE notes that usually the introduction of more nutritious crops, e.g. vegetables, is not sufficient on its own to lead to improvements in the nutritional status of all members of producing households. Animal proteins (meat, eggs, milk, and fish), micro-nutrients (e.g., iron, zinc, folate, vitamins) as well as hygiene and health status play an important role.[97] Value chain development can contribute to this but is not sufficient. [98]

Key points

- Overall the case studies show that it is possible to reach poor and very poor households and groups with a value chain approach, although not all projects managed to do so effectively. Those that did were enabled by: (i) selecting commodities that required little land or capital investment and involved intensive, unskilled labour inputs;(ii) stipulation of pro-poor conditions for agribusinesses to obtain IFAD project support; (iv) community-based ground work and mobilization of producer groups; and (v) previous work in the same area establishing the productive base and local knowledge.
- In some cases, agribusinesses were the entry point for value chain development interventions. Some of these did not take sufficient measures to ensure that poorer small-scale producers were included. This happened when private entrepreneurs were left to select the small producers from which they would buy and this was de-linked from other community development and production enhancement activities.
- In a number of projects, women were the majority of participants, although this often depended on pre-existing gender roles. There is some evidence of women's economic empowerment through access to resources and income generation, as well as of improved participation in the leading bodies of grassroots organizations (though not necessarily decision-making). The least evidence is on equitable balance between women and men in workloads and benefits.
- For many projects, there is little evidence on the results on the youth. There was little investment in vocational training in agricultural produce processing linked to value chain development, while opportunities for underemployed rural workers may occur in manufacturing or service industries closely affiliated with agriculture, in food and agro-industrial processing, and in agro-logistics.
- In the majority of cases reviewed, there are indications that mechanisms are in place that could potentially generate positive changes for small producers' households. These mechanisms included: (i) improved yields and quality of production (or shift to higher value commodities); (ii) vertical linkages leading to changes in pricing mechanisms; (iii) horizontal linkages, leading to some scale economies; (iv) functional upgrading, helping small producers capture more value; (v) infrastructure reducing transportation and storage costs and post-harvest waste; and (vi) employment generation (although data on this are not well established).

[96] Other projects, for example China HARIIP and in El Salvador, Mauritania and Mozambique, provided nutritional education to participants, but the links with value chain development, if any, were not made explicit.
[97] Humphrey J H, Child under-nutrition, tropical enteropathy, toilets, and handwashing; Lancet (2009).
[98]Food quality and safety are also highly relevant to nutrition. IFAD started addressing these issues in one of its research publications, which recognizes the importance of small-scale producer organizations as a means to introduce compliance with food safety standards and '*collective commitments to good agricultural practices*'. However, attention to food safety standards and the related regulation and enforcement were not central to IFAD-funded projects. See IFAD Research series-Food Safety, trade, standards and value chains, 2017.

C. Sustainability

303. Taking into account the conceptual framework of chapter I, this evaluation identified questions on the sustainability of benefits from value chain-relevant interventions that related to the following domains: (i) economic and financial; (ii) institutional; (iii) social; (iv) environmental; and (v) resilience to climate change.

C.1.Economic and financial sustainability

304. The economic and financial sustainability of a value chain indicates the likelihood that actual and anticipated economic results will be sufficient to fairly remunerate the work and investments of all stakeholders, that the financial flow generated will be sufficient to keep the value chain operational and that both features will be resilient to risks.

305. In many value chains, **the identification of a commodity for which a strong demand existed and the development of the capacity of producer organizations** to meet such demand in quantity and quality, appeared to be the key fundamental combination favouring sustainability. Anecdotal evidence of successful examples was found in China, El Salvador, Honduras, São Tomé and Príncipe, and Viet Nam, for a variety of value chains.

306. In addition, in Bosnia and Herzegovina, dairy, non-timber forest products and medicinal and aromatic plants appeared to be more sustainable in economic and financial terms than other products, e.g. raspberries, either because of comparative advantage in production or strong niche markets (e.g. cheese in the case of dairy). In Rwanda, a simple cost/benefit analysis indicated good levels of economic and financial sustainability for the specialty coffee, tea and milk value chains. This however did not prevent some specialty coffee-producing cooperatives from failing, due to weak management and volatile prices, and the conventional coffee-producing cooperatives faced challenges in this respect due to the lower prices for their production. In Viet Nam, as far as it could be ascertained during field visits, for all products (maize, tea, oranges, shrimps, coconut, ornamental leaves), both primary producers and processing companies or cooperatives were able to cover production costs, remunerate labour and make some profit; no information was available on other functions of the value chains.

307. On the other hand, the **lack of a market intelligence support** in terms of robust analysis and understanding of market dynamics led to low profitability. This included: (i) the raspberry value chain in Bosnia and Herzegovina, where market saturation led to a dramatic fall in returns for producers and aggregators; (ii) the horticulture value chain in Georgia AMMAR was not supported by an economic and financial analysis of the proposed technological innovations; (iii) most value chains in Guyana, where only national markets were targeted and led to very few producer groups being operational one year after project end; (iv) horticulture in Mauritania, where imports from neighbouring countries and traders' interests stifled local production; and (v) carrot seeds in Nepal HVAP, where between project design and implementation the Bangladesh market demand had been met by Bangladeshi seed-producers; (vi) sericulture in Rwanda PRICE which has so far shown poor prospects of gross margins.

308. A second major factor affecting the economic and financial sustainability of value chains was **access to financing at an affordable cost**. The consequences of this challenge on value chain sustainability were visible in most cases. For example, in El Salvador and Morocco, the lack of working capital for producer organisations and cooperatives meant that their members might opt to side-sell to intermediaries (who paid them immediately), which undermined the viability of the organizations.

309. The **establishment of partnership agreements among stakeholders** also contributes to the economic and financial sustainability of value chains as it can contribute to a fairer distribution of costs, benefits and risks along the value chain.

To mention a few, positive examples were found in Niger, Rwanda PRICE, Senegal, and São Tomé and Príncipe for the export crops, whereas the absence of partnership agreements undermined value chain development in Brazil, Kenya SHoMAP and SDCP, São Tomé and Príncipe for animal production value chains. The absence of links with the private sector in many other cases was largely due to an under-estimation of the importance of these partnerships, and of the challenge in establishing them, in particular when producer organizations and micro-enterprises were geographically isolated and very small in size.[99]

310. Thus, perspectives for the economic and financial sustainability of the value chains supported through IFAD's projects were quite varied, ranging from very positive to very low. The key factors within IFAD's control are adequate market intelligence and diagnosis of the profitability of enterprises at the time of selecting value chains that can benefit poor small-scale producers (as well as during implementation); securing access to affordable rural financial services; and establishing partnership agreements among stakeholders.

C.2.Institutional sustainability

311. Institutional sustainability refers to the likelihood that progress made, and achievements attained, in the development of organizations and institutions and of their capacities, will be sustained over time.

312. One of the proxy indicators used to assess the institutional sustainability at the governmental level was the sense of **ownership and commitments that senior government staff expressed for value chain approaches as a model to be pursued** for poverty alleviation and rural development. This was the case, for instance, in China YARIP and HARIIP at the county and township level, in Rwanda and Senegal at the senior level in the Ministry of Agriculture and in Viet Nam at national and local government levels.

313. In Niger, the Ministry of Agriculture, the Ministry of Planning and the High Commissioner for the programme "Nigériens Nourissent les Nigériens" were committed to ensure the sustainability of the work carried out to establish economic development clusters. In Mauritania, both the Ministry of Agriculture and the Ministry of Livestock established value chain departments in their organizations. In other cases, projects triggered improvements to the policy environment that led to positive impacts for value chain development, as was the case in Sudan Gum Arabic with price and market liberalization and in São Tomé and Príncipe with a national bill on certification.

314. In Brazil, the situation of institutional sustainability was more ambiguous. On the one hand, state governments committed to maintain financial support to small-scale processing enterprises even after project closure. In addition, they tried to link these enterprises with large public procurement programmes, such as the Food Acquisition Programme (Programa de Aquisição de Alimentos) and the National School Feeding Programme (Programa Nacional de Alimentação Escolar). On the other hand, the public sector could 'crowd out' attention to market analysis.[100] In addition, social programme and the ensuing procurement programmes were tied to electoral cycles, leading to a 'political risk'.

315. **At the level of the organizations that represent the poor** and small-scale rural producers, the main path to strengthen their institutional sustainability has been the **development of their organizational and managerial competences**, and

[99] In other cases, value chains supported by IFAD's projects appeared to be at risk with regards to economic and financial sustainability due to broader factors beyond projects' control. In Cameroon, road insecurity prevented safe transport of the onion harvest to the large urban markets in the Southern provinces of the country.

[100] Regarding the conduct of market analysis, the country office of Brazil was aware of these risks and tried to introduce better guidance for elaborating productive investment plans and business plans for project design consultants and project management teams, in collaboration with the Inter-American Institute for Cooperation on Agriculture and the Spanish Agency for International Development Co-operation. However, the institutional sustainability requires a different arrangement in terms of partnerships in project implementation.

the leadership skills of their senior members. Indirect evidence of the effects of IFAD's projects and of the likely sustainability of many producer organizations was the growing size of their membership and the expansion of their range of business activities. Some examples of this successful path were found in Bangladesh in the Common Interest Groups that joined into larger producer organizations; in Indonesia, where CCDP village groups turned into local micro and small enterprises; and in the associations and cooperatives in Bosnia and Herzegovina, El Salvador, Honduras, Sao Tomé and Príncipe, Senegal and Rwanda, where producer organizations are growing into small enterprises.

316. **However, long-term perspectives were uneven**, also because multiple factors can affect the sustainability of producer organizations. For example, in Cameroon, the new cooperative law induced the Government to stop supporting the Common Interest Groups initially supported by the projects in favour of newly-created cooperatives, whose capacity had to be built virtually from scratch; whereas in Indonesia SOLID, confusion at the project level about roles and responsibilities of self-help groups and federations undermined their viability. In many cases, sustainability of producer organizations was undermined by the limited capacity of managers and governance issues.

317. Drawing from the available evidence (El Salvador, Honduras, Morocco, Rwanda), the following **factors seem to be important in determining the chances of survival of cooperatives and producer organizations**:

(a) Prolonged support (it could take more than a decade);
(b) Size of the organizations. Processing cooperatives needed to ensure economies of scale. Successful cooperatives with 500 or more members (e.g., coffee Rwanda) compared with cooperatives of 20-30 members facing serious viability challenges as they produced too little to cover their operating costs (e.g. milk, olive and almonds processing in Morocco where plant capacity utilization was often as low as 10-20 per cent);[101]
(c) Quality and commitment of leadership. Many producer organizations need to hire experienced managers to organize the production processes, the supply chain, and to find buyers. This is essential when members have limited experience / low literacy and entails additional costs which may be easier to absorb for larger cooperatives (see point above);
(d) Strong marketing strategy and business plans, to be prepared at the beginning, not when the project is about to close down.

318. **In synthesis**, key factors that emerged as contributing to institutional sustainability in the context of value chain development were not significantly different from what is effective for other sectors: senior level commitment and leadership, extensive and long-term capacity building at all levels. IFAD projects showed mixed attention to this aspect, and results were accordingly variable.

C.3.Social sustainability

319. Social sustainability in value chain development refers to the likelihood of strong stakeholder engagement, inclusion and ownership for the value chains, especially of vulnerable groups, as well as to the modality of interaction and negotiation among stakeholders, for example the multi-stakeholder platforms established to enable dialogue and coordination among actors.

320. **Multi-stakeholder platforms** offer the opportunity to all actors to: (i) develop trust among themselves, which is one of the pillars for making business together; (ii) coordinate a number of common activities (e.g. produce bulking, transportation, processing) and ensure flow of information and financial resources between the value chain stakeholders; (iii) resolve disputes and controversies; (iv) set and apply

[101] In some countries and value chains the cooperatives could be small and still viable. This generally involved better off producers who sometimes also sourced from a network of non-member farmers (e.g. Bosnia and Herzegovina cooperatives; some dairy cooperativess in Honduras and El Salvador) .

industry standards and good practices; and (v) constitute a reference interlocutor for the government on all questions relating to the said value chain.

321. As mentioned, **solid multi-stakeholder platform were built upon locally accepted norms and behaviours**. Positive examples of this approach were found in Niger, where the management of secondary wholesale markets was delegated to Economic Interest Groups representing the stakeholders operating on the markets. In Uganda, the seed oil multi-stakeholder platforms offered space for dialogue among all stakeholders.

322. In Senegal, the national legislation defines a model for the 'inter-professional commodity organizations', out of a solidly rooted tradition of dialogue among social groups and of decades of experience with cash crop value chains. IFAD-funded projects extended this to the staple food crop value chains, offering opportunities to those who had an entrepreneurial vision, in a social context where self-promotion is accepted and valued for people of all backgrounds.

323. At the same time, the CLE also found less robust cases: for example, only some of the established Value Chain Working Groups in Mauritania were active at project completion. In Nepal HVAP, a coordination mechanism among producer organizations and private sector actors was established for each value chain and effectively facilitated the development of business links. However, in the absence of long-term arrangements for sustained collaboration, interactions among stakeholders slowed down notably at project end.

324. Positive results in terms of social sustainability were also found when producer organizations engaged with private companies that had a strong commitment towards **corporate social responsibility and decisions made by some producer organizations to provide additional benefits to their members and communities** beyond incomes and jobs. These included: (i) Honduras, where some producer organizations, in particular those involved in Fairtrade, took steps to improve employment terms and conditions, including training of the youth, installing air conditioning in processing plants, and involving women in gender committees; (ii) Rwanda, where an all-women cooperative including widows of genocide victims and wives of perpetrators in prison was established, offering an opportunity to members who suffered from social ostracism to re-build livelihoods and re-integrate in their communities; (iii) São Tomé and Príncipe, where the cocoa exporting cooperatives started investing in social infrastructures such as bridges and children nurseries and in social initiatives (medicines, funerals), thus passing on their benefits on to others in the communities; and (iv) Uganda with the access to internet, permanent landing structures to the islands inland roads.

325. On a less positive note, **the CLE found virtually no evidence of 'decent work' principles integrated in value chain-relevant** projects. The only case where attention was given to improving working conditions for labourers was in Honduras and in general, it was not clear in a number of countries whether IFAD-supported cooperatives and private sector actors complied with the national standards for minimum wage or other workers' entitlements. This was recognized by some interlocutors among senior managers and technical experts in IFAD as an issue of concern, whereas others considered it to be beyond IFAD's mandate.[102]

326. **In synthesis**, when value chain-relevant projects established multi-stakeholder platforms and their management mechanisms by building upon traditional social and cultural mechanisms, and national policies whenever these are in place, stronger and longer-term engagement and sense of ownership for the endeavour among stakeholders were more likely. Another key factor was the commitment of all the parties to corporate social responsibility and to fair distribution of benefits

[102] IFAD Management noted that applying the decent work agenda in agriculture and in rural areas where employment is much more informal, part time/seasonal, or relies on family or community labour, is challenging and difficult to monitor. The CLE acknowledges this but considers that the aspect is important and not to be disregarded.

and inclusion of more vulnerable people or groups. IFAD so far has dedicated little attention to fostering compliance with 'decent work' principles, which is a gap, considering the prominence of this issue for the Sustainable Development Goals.

C.4.Sustainable Natural Resources Management

327. In 2011, IFAD approved its **Environment and Natural Resources Management Policy**, with the purpose of integrating the sustainable management of natural assets across the funded projects. The Policy includes ten core principles to guide IFAD's interventions, among which are some that have direct bearing on value chain development.[103] The CLE review indicates that, in line with the Policy, value chain-relevant projects gave increasing attention to sustainable natural resources management, with 80 per cent of the projects including explicit references in the design and implementing related activities. Of these, 68 per cent were approved from 2012 (one year after the policy approval) onward.[104] Treatment of natural resource aspects was not always central to the value chain interventions but the natural resource angle was broadly taken into consideration.

328. **Most projects addressed natural resource management through capacity building and technical assistance** aimed at the adoption of improved practices for soil and water conservation, reforestation and more sustainable cropping practices, e.g. intercropping, use of manure and proper management of chemical inputs.[105] Just over half of the projects that included provisions for natural resources management at design level, achieved positive results according to the available evidence. Instead, for approximately 15 per cent, either results were not achieved, or they were mixed. For all others, no information was available or it was too early in the project's life.

329. Making allowance for the complexity of measuring the effects on the natural resources base of these initiatives, the CLE found some anecdotal evidence of positive results, for example:

- In Honduras, PROMECOM led to a substantial increase in the percentage of producer organization, rural enterprises and households that apply environment and climate friendly practices, such as water and waste management;
- In China, the development of cash crop value chains that require less water than rice has led to reduced demand for irrigation water;
- In Indonesia, CCDP addressed value chain development of aquatic fish and non-fish resources, by diversifying catch to avoid overfishing of specific species and depletion of the coastal natural resources.

330. Among the factors contributing to the adoption of sustainable environmental practices the CLE found that mandatory Environmental Impact Assessments in business plans have been a successful tool, as happened in El Salvador, Honduras and Kenya SHoMAP.

331. Also, in those projects that supported **value chains of Non-Timber Forest Products and of organically-grown products** for niche markets, in particular

[103] The relevant principles are: n.1, that commits IFAD to promote "scaled-up investment in multiple-benefit approaches for sustainable agricultural intensification", which entails the identification and promotion of "locally adapted, pro-poor, sustainable agricultural intensification techniques that recognize the complexity of people's interaction with landscapes; n. 2, that commits IFAD to recognizing the "importance of maintaining the health of natural assets – or where possible explicitly measured, so that management of the natural environment and its well-being are appropriately costed over time"; n. 4, whereby IFAD should promote greater attention to risk and resilience in order to manage environment and natural resource-related shocks; and n. 5, which makes explicit reference to the need to engage in value chains to drive green growth, taking opportunities of the intentions of major global food purchasers to pursue sustainable-agriculture purchasing standards to link poor rural people, who in many cases are already practising low-input production techniques, to national and international markets.

[104] These values refer to all the value chain-relevant projects approved by IFAD between 2007 and 2018, regardless of the CLE direct assessment.

[105] Support to irrigation development and to rain water harvesting is discussed in the sub-section on Resilience to climate change.

specialty coffee, tea, spices, mushrooms, medicinal and aromatic plants, results have been beneficial in terms of stronger environmental sustainability and improved natural resources management.[106] Among many examples, in Rwanda coffee trees were beneficial as they could be planted on steep slopes at a lower investment cost than other crops and contribute to soil protection and conservation through deep roots, also in the absence of terracing, and maintain endemic vegetation that requires tree canopy to grow.

332. In a number of other cases, including Nepal, Rwanda, São Tomé and Príncipe, the achievement of **certifications such as Organic and Rainforest Alliance** by several producer organizations supported through IFAD value chain-relevant projects, confirms the good levels of adoption of environmentally sustainable practices. And El Salvador Prodemor Central led to changes in cultural behaviours that were causing damage to the environment by emphasizing use of organic products, instead of synthetic fertilizers and pesticide, and promoting the initial development of a national pro-poor organic certification mechanism.

333. However, in Moldova, Senegal and in Sudan ISFP, alongside the introduction of some positive environmental practices, the push to increase productivity and production for marketing and value chain development has led to highly intensive use of chemical inputs, including fertilizers, pesticides and herbicides. A similar risk emerged in Nepal, where the focus of both HVAP and ISFP on the goat value chain leading to the growth of herd sizes can potentially be detrimental to the already fragile mountainous and hilly landscapes, despite the projects' efforts to introduce stall feeding.

334. Other environmentally sustainable practices introduced through value chain-relevant projects included **renewable energy sources**, mostly but not exclusively for post-harvest and processing. These included: processing equipment in Burkina Faso and El Salvador; solar energy panels to power rural buildings and water pumps in Bosnia and Herzegovina and Senegal; and drying equipment in Rwanda PASP. However, Viet Nam AMD in the Mekong Delta, while supporting the development of shrimp farming, did not consider the significant energy inputs required to oxygenate water and to operate pumps for water quality regulation.

335. With regards to the **use of resources for and impacts of produce handling and processing**, one positive record was found in China, about an improvement in the drying technology that reduced the demand for fuel wood. However, the CLE also found that projects tended to give limited attention to environmental sustainability when establishing processing plants as part of value chain development. This led to: an excessive use of water and firewood in Cameroon, and an increase of waste, for which no mitigating measures have been introduced; and food safety issues and excessive water extraction in São Tomé and Príncipe for the pepper processing plant, although a water treatment plant is being funded as a mitigating measure.

336. **Projects do not yet appear to have played a pivotal role in promoting discussion on environmental policies or industry standards**. As an example, the CSPE in Cambodia underlines the importance of setting standards for green and organic product certification and noted that IFAD-funded projects had not yet significantly engaged in the discussion. Similarly, in Viet Nam, while in some commodities (e.g., tea) projects seemed to follow Good Agricultural Practices, in others (e.g., freshwater aquaculture), there was no awareness of risks of health hazard, chemical pollution and indigenous fish stock preservation.

337. **In synthesis**, overall IFAD's value chain-relevant projects have subscribed to more sustainable natural resources management practices but uneven attention was devoted to: (i) the identification and support of alternative, greener practices and certification mechanisms in agricultural production and processing, to reduce both

[106] These represent 21 per cent of all assessed projects.

input costs and environmental costs; and (ii) the engagement in policy or industry standard discussion.

C.5.Resilience and adaptation to climate change

338. In 2010, IFAD issued a **Climate Change Strategy** to foster a 'climate-smart' Organization and to help ensure that IFAD's core programmes, policies and activities systematically integrate climate change, together with other risks and themes. Developing the resilience of small-scale and poor producers to climate change is one of the three pillars of the strategy, along with taking advantage of mitigation funding opportunities and contributing to a dialogue on climate change, agriculture and food security.

339. The CLE profiling exercise indicates that, in line with the Policy, value chain-relevant projects gave increasing attention to climate change adaptation, with 72 per cent of the projects including explicit references in the design and implementing related activities, and 81.4 per cent of these were approved from 2011 (one year after the strategy promulgation) onward.[107]

340. An approach to adaptation was the introduction and diffusion of climate-resilient crops and varieties, as well as livestock breeds. These included: high-value crops with lower demand for water in China; drought- and cold-tolerant (depending on elevation) olive and almond tree varieties in Morocco[108]; resilient Sichuan pepper (timur) and cross-bred goats of imported boer goats with local breeds in Nepal; cereals with shorter growing cycles in Niger and Senegal.

341. Over the period under evaluation, the **IFAD Adaptation for Smallholder Agriculture Programme (ASAP), the Global Environment Facility (GEF) and the Green Climate Fund** contributed financial resources to 28, 13 and 3 value chain-relevant projects respectively, and to an additional five that received funds from both ASAP and the GEF. Typically, the purpose of the additional funds was to integrate climate change adaptation measures into the primary production and post-harvest steps of the value chains. For example:

- in Mozambique PROSUL, ASAP funds contributed to identify and finance the digging and equipment of solar-powered water boreholes for human and livestock consumption, and other equipment for more resilient horticulture and cassava production;
- in Rwanda PASP, ASAP funds represented additional subsidy to matching grants for climate-resilient storages, with proper ventilation to face increasing temperatures; rain water harvesting; solar energy for equipment such as driers; a meteorological information system for agriculture through mobile phones; within the project, moreover, business plans were approved only after a climate-change resilience screening;
- in Viet Nam AMD, the project worked on monitoring and containing through dykes and dams the effects of salinization on inland waters and therefore negative impacts on cropping patterns. In addition, it turned a problem into an economic opportunity: salinization of water slightly reduced the yield of coconut plantation but allowed for shrimp farming in the irrigation canals. ASAP funding in another project in Viet Nam, 3PAD, contributed to crop diversification from rice to maize and afforestation activities. In Viet Nam, access to ASAP made the difference, as shown by the fact that projects without ASAP funding (TNSP and CPRP) did not have clear climate-resilient elements in their design or implementation.

[107] These values refer to all the value chain-relevant projects approved by IFAD between 2007 and 2018, regardless of the CLE direct assessment.
[108] In Morocco PDFAZMH, the selection of olive and almond varieties was informed by climate consideration but uneven attention was paid to consumer preference and market prices, which are essential for economic viability.

342. Similar, to natural resource management, a number of positive cases of climate sensitive choices of product or techniques were observed. To a large extent, this was a result of broader compliance with IFAD's Climate Change Strategy. In some cases, climate change considerations were integrated with value chain design and in many cases a crucial factor was the availability of funding from ASAP and GEF.

343. **Perceptions of IFAD staff and project managers on key results**. Table 10 presents the perceptions of IFAD staff and project managers on the main results areas of the projects. Project managers almost uniformly agreed that projects had made improvements across all the domains (their average ratings were high, ranging from 4.8 to 5.3). Similar to other e-survey findings, IFAD staff were more cautious in their responses: there was more variation (from 4.1 to 5.0) in their average ratings and these were significantly lower than those of project managers. IFAD staff were most convinced about improvement of capacity of producer organizations and income for households and food and nutrition. They were less satisfied with results on rural women's status, opportunities for the youth and least with results on sustainable natural resource management and climate change.

Table 10
IFAD Staff and Project Managers' perception on key value chain project results

	Average IFAD staff	*Average Project managers*	*P value*
Better capacity of producer organizations regarding the quality of production	5.0 (agree)	5.1 (agree)	0.200
Better capacity of producer organizations on processing and marketing aspects	4.7 (agree)	5.0 (agree)	0.202
Better capacity of producer organizations on planning, management and negotiation	4.6 (agree)	4.8 (agree)	0.39
Increase in assets and incomes of the rural poor	4.9 (agree)	5.3 (agree)	0.03**
Improv. in food & nutrition security of the rural poor	4.6 (agree)	5.1 (agree)	0.002***
Improvement in poor rural women's status and decision-making power	4.5 (mod. agree)	5.0 (agree)	0.02**
Improvement in economic opportunities for the youth	4.2 (mod. agree)	4.9 (agree)	0.016**
Sustainable management of natural resources	4.1 (mod. agree)	4.9 (agree)	0.0004***
Resilience of poor rural producers to climate change	4.1 (mod. agree)	4.8 (agree)	0.008***
Number of observations	62	121	

** Difference is significant at 5%; *** Difference is significant at 1%
Ratings: **1= firmly disagree**; 2= disagree; 3= moderately disagree; 4= moderately agree; 5= agree; **6 = firmly agree**.
Source: CLE e-survey (2018).

D. Mapping of the main findings: an overview

344. This section provides a synoptic view of the assessment of the main achievements of interventions supporting value chain. In order to do so, the CLE introduced two main criteria: (i) level of development of value chains, and (ii) degree of pro-poor outcomes of value chain development. This analysis was possible for about two thirds of projects reviewed by this evaluation (47 out of 77 projects). This classification needs to be taken with caution, given: (i) the fragmented status of information available; (ii) the different stage of project implementation (some closed, some still on-going); (iii) the fact that the value chains observed by this CLE had a range of starting points prior to IFAD interventions and the level of value chain advancements cannot be fully attributed to IFAD-funded projects; and

(iv) within the same projects there may be several value chains, which in some cases have been classified differently.

345. **Level of development of value chains.** Project value chains were categorized on a three-point scale, as having an incipient, intermediate or advanced level of development. The classification follows the conceptualization of value chain presented in chapter I. Incipient value chains were defined as those that involve the primary steps of mobilizing small-scale producers, providing training on productivity and quality, improving access to inputs and production credit, and building feeder roads and simple market infrastructure for improved market access (see Table 3, Annex II for further details). At the intermediate level, the focus was on organizational strengthening and functional upgrading for producer organizations, incipient development of vertical linkages, financial resources for value chain infrastructure and technology, such as warehouses, cold stores and processing machinery, and organized marketing of products. Advanced value chains involved a higher level of product, process and functional upgrading, such as through certification or branding, more specialized technical assistance and capacity building, including on financial literacy and business management, finance for investment and working capital, development of purchase agreements with buyers, some form of risk management and market information systems, and structured dialogue among value chain stakeholders, including government bodies, for example through multi-stakeholder platforms.

346. Projects (or specific value chains within projects) were categorized according to which of these three levels they most closely fitted with, knowing that the process of value chain development does not always proceed in the order just described and there are differences between value chains.

347. **Degree of pro-poor outcomes.** In line with the definition provided in chapter I and findings in previous chapters, four criteria were used for categorizing the degree of pro-poor outcomes: (i) inclusiveness (i.e. degree of actual poverty outreach), (ii) empowerment of people and groups, (iii) size of benefits for the poor (e.g., income, food security); and (iv) perspectives for sustainability of benefits for the poor. Value chains considered strong on all of these criteria were categorized as 'high' in pro-poor outcome. Value chains strong on only two criteria, or for which performance was reasonably good across all four criteria, were rated as 'medium' on pro-poor approach. Finally, value chains with poor performance on most criteria were categorized as 'low' on pro-poor outcomes.

348. Table 11 shows the categorization along the two dimensions of value chain development and pro-poor outcomes. While, for simplicity the classification uses country names and project acronyms, this refers to the project value chain elements (a project may have a high level of performance overall but not on the value chain components and vice-versa). Each 'dot' represents either the entire set of value chains supported by a project or a sub-set of these. Some projects may appear more than once in the classification and every time they appear, it is for a different sub-set of value chains.

349. **Looking at the level of value chain development, the most prevalent category is the intermediate, followed by the incipient and then the advanced**, showing that a large number of value chains reviewed by this CLE are still at a relatively early stage of development. The proportion of value chain having reached a relatively advanced stage of development was circa 24 per cent of the table entries (number of 'dots') in the table, while intermediate represent 40 per cent and the incipient 36 per cent. As noted, the level of value chain development cannot be simply attributed to IFAD-funded projects: it also depends on the situation at the start-up point.

350. **Regarding the categorization of pro-poor outcomes, again the most prevalent are the medium and low followed by the high level**. The high level represents about 22 per cent of all classified in the table, the medium represented 44 per cent and the low pro-poor outcomes 34 percent.

351. The cases where the categorization was at least medium or high on both on the stage of value chain development and pro-poor outcomes represented 51 per cent of all cases in the table. Those in which both dimensions were rated as high represented 10 per cent. The combinations of the two criteria are briefly reviewed below. An important *caveat* is that correlation needs to be treated with attention, because the causal chain is complex and involves local traditions, culture, public policies and the situation before the project start-up, as well as market conditions which are subject to changes.

352. In table 11 and in the overall report findings, **no strong pattern has emerged regarding the different type of commodities** (e.g., cash-crops vs staple crops; perishable vs non-perishable) in terms of stage of value chain development or in terms of pro-poor outcomes. The CLE has found some evidence that in projects focusing on niche value chains (e.g. specialty coffee or cocoa, or organic products) and to some extent dairy, small producers benefited from higher and less variable prices. It also found some evidence that labour-intensive products and production processes facilitated outreach to very poor groups. However, there were also exceptions to the above, as well as successful cases of projects supporting traditional food products. The above may be *prima facie* counter-intuitive. A possible way to explain these findings is that other factors played a stronger role than the type of commodities. These factors had to do with: (i) the project implementation performance (when project implementation was slow, the value chain components suffered most, no matter the type of commodity); and (ii) the situation prevailing before the project started (e.g., in some cases, the commodity chain may have been a long and complex one but it was already well established before the project started and the project's role was to ensure that small producers are better connected with an existing chain, rather than establishing a new chain).

353. Value chains with **low pro-poor outcomes were concentrated within incipient and intermediate value chain development cases** (G and D sectors in Table 11), with only two cases in advanced value chain (A). Instead, the medium pro-poor outcome sub-category was more evenly distributed between value chain development sub-categories (B, E, and H). **Highly pro-poor value chain were concentrated between the advanced and intermediate value chains** (C and F), with no observation in the cell for incipient value chains (i) .

354. Bearing in mind the above qualifications, these findings are consistent with the conceptualization of value chains proposed in chapter I and with other findings that have emerged in the report. The cell corresponding to incipient value chain and low degree of pro-poor outcomes (G) shows that about a fifth of project / value chains classified were not successful, either in developing in value chain or in benefiting poor people. Many of these projects were indeed challenging as they had to break the ground on value chain development. In addition, they did not feature a well-defined value chain approach. They sometimes fell short of implementing post-production phases or only started dealing with them just before completion, without sufficient attention to crucial aspects such as governance (e.g., Sri Lanka) or the presence of monopsony conditions (e.g., Mozambique-PROSUL). A similar context prevailed when value chain development was classified as incipient but outcomes were assessed as medium pro-poor (H). Here, however, more attention was devoted to the outreach to poor and very poor producers.

355. The cases where **outcomes were low pro-poor but value chains were at an intermediate or advanced status** (A and D) generally corresponded to commodities for which markets may have been relatively well developed and where

a number of actors existed in different functions (e.g., production, aggregation, transformation, domestic sales or export) but had a **weakly developed governance system**. The flow of payments, financing and information between different functions and actors was not effective. In the case of Bosnia and Herzegovina there was a risk of élite capture: members of producer cooperatives were mostly not poor farmers and projects did not pay sufficient attention to this.

356. The cases **where value chains were at an intermediate level of development and the pro-poor outcomes were medium** (cell E) corresponded to situations where contractual relationships between producers and processors or retail companies were not well developed before receiving project support. On the other hand, projects did rather careful targeting or had a robust production development or infrastructure (including physical market space) component and strengthened vertical linkages with some form of purchase agreements. In all these cases, however, projects **paid little attention to establishing multi-stakeholder platforms**, with the exception of Ghana where, anyway, these platforms functioned only at the district level. Another limitation was the short duration of projects relative to the time required to develop collective enterprise managed by a cooperative or producers' associations (e.g. Honduras PROMECOM and Emprende Sur, Morocco PDFAZMH and PDFAZMT) which meant many of them were not viable at the time of project closure.

Table 11
Mapping of value chains by level of development and pro-poor outcomes

	Degree of pro-poor outcomes		
	Low: *Poor performance on most criteria*	**Medium:** *Reasonable performance on four criteria or good on two*	**High:** *Good performance on four criteria*
Advanced Value chain dev.	**A** ▪ BiH RLDP ▪ BiH RBDP	**B** ▪ El Salvador Prodemor Central, POs A+B[110] ▪ El Salvador Amanecer Rural, POs A+B[111] ▪ Honduras Emprende Sur, POs A+B ▪ Nepal HVAP-Apples, Goats, Off Season Vegetable ▪ Nepal ISFP-goats ▪ Rwanda PRICE-tea	**C** ▪ Rwanda PRICE-Coffee ▪ Rwanda PASP-milk ▪ Sao Tomé PAPAC-export crops ▪ Senegal PAFA/E ▪ Nepal HVAP-Timu; ▪ Indonesia CCDP (fishery)
Intermediate value chain dev.	**D** ▪ Cameroon PADFA; ▪ China DAPRP; ▪ Guyana READ; ▪ Kenya SDCP ▪ Moldova RFSADP table grapes ▪ Mozambique PROMER	**E** ▪ Bangladesh PACE ▪ Bangladesh FEDEC ▪ El Salvador Prodemor Central, POs C+D ▪ El Salvador Amanecer Rural, POs C+D ▪ Honduras Emprende Sur- POs C+D ▪ Honduras PROMECOM -all value chains, all POs ▪ Ghana NRGP-maize, sorghum, soybeans ▪ Viet Nam TNSP-Tea; Orange ▪ Rwanda PRICE-sericulture ▪ Morocco PDFAZMH – apples, dairy, olives ▪ Morocco PDFAZMT-Olives, Almonds	**F** ▪ Niger PASADEM ▪ Niger ProDAF ▪ Rwanda PASP-maize ▪ Senegal PADAER ▪ Uganda VODP ▪ Uganda PRELNOR ▪ Vietnam AMD Ben Tre-Ornamental leaves, coconut
Incipient Value chain dev.	**G** ▪ Burkina Faso PASPRU ▪ China HARIIP ▪ China, YARIP; ▪ Georgia AMMAR ▪ Mauritania ProLPRAF ▪ Moldova RFSADP-fruits, vegetables, dairy, honey ▪ Morocco: PDFAZMH - sheep and goat ▪ Morocco PDFAZMT-Sheep, Goats ▪ Mozambique PROSUL ▪ Sri Lanka NADeP ▪ Sudan SDP ▪ Indonesia SOLID	**H** ▪ Bangladesh NATP 1 ▪ Bangladesh NATP 2; ▪ Cambodia Tonle Sap; ▪ China GIADP ▪ Kenya SHoMAP ▪ Nepal HVAP Vegetable seeds ▪ Nepal ISFP-Vegetable Seeds; ▪ Viet Nam AMD Ben Tre-Shrimp; ▪ Sudan Gum Arabic	**I** -void-

Source: CLE elaboration (2019).

357. A further interesting combination occurred **when the value chain development was at an intermediate level and the degree of pro-poverty was high or vice versa**. In the former case (F), projects worked both on strengthening existing business relationships and networks between value chain stakeholders, while also supporting the local social capital. There was some initial organization of producers (although stakeholder platforms were not yet fully developed) and focus was kept on very poor producers and women, including quasi-landless groups (e.g. Viet Nam, ornamental leaves). In the latter case (B), **multi stakeholder platforms and inter-professional associations had emerged but were not yet sustainable** financially or institutionally. Moreover, projects had not paid full attention to preparing very poor producers to value chain participation. In Nepal HVAP, preference had been given to farmers that were already involved in the supply chain of fruits and vegetables.

358. Finally, the combination of advanced **value chains and high pro-poor outcomes** (cell C) is marked by situations where IFAD had a **long intervention history** (notable are the examples of Rwanda, Senegal and Sao Tomé) and where, after working on enhancing basic conditions and productivity (agricultural and non-agricultural activities), projects had also worked on reinforcing multi-stakeholder platforms and inter-professional associations. This marked a **shift from buyer-**

driven or market-based governance towards forms of more relational governance. The long-term engagement starting from the bottom and progressively moving up the level of sophistication and functions in a value chain guaranteed continuous focus on poor groups. In addition, IFAD and the Government had time to accumulated knowledge of the project area, its poverty situation, as well as business development opportunities. In some of these cases, the normative and regulatory environment on value chains had evolved as well.

Key points

- Sustainability varied widely. Economic and financial sustainability was higher when the choice of value chain was made based on sound market analysis and when producers and processors accessed affordable financial services. Institutional sustainability was bolstered by commitment and leadership at the senior policy-making level and by intensive capacity building of cooperatives and producer organizations. Social sustainability was enhanced when there were well-functioning multi-stakeholder platforms and commitment to corporate social responsibility.
- Overall IFAD's value chain-relevant projects have contributed to more sustainable natural resource management and to the generation of positive environmental impacts. Yet, uneven attention was devoted to: (i) supporting alternative, greener practices; and (ii) engaging in industry standard discussions. Inclusion of climate change adaptation measures was more likely to be integrated in the value chain selection when financing via ASAP and GEF was available.
- The CLE mapped projects and value chains in relation to: (i) the level of development of value chains, and (ii) the degree to which value chains were generating pro- poor outcomes. Performance in these two dimensions depended on the starting point before IFAD-funded interventions as well as on the performance and implementation stage of the projects. The CLE did not observe clear commodity-related patterns, except some evidence that projects supporting some niche products and to some extent dairy products were supported by less variable prices. It also found that focus on labour intensive products and processes could help outreach to poor and very poor groups.
- Most of the value chain interventions were classified as at an intermediate development stage (41%), followed by incipient (36%) and advanced (23%). Similarly in terms of pro-poor outcomes, most of the cases were classified as medium (44%), followed by low (34%), and high (22%). About 20% were low on both and 10% were high on both.
- The combination of advanced value chains and high pro-poor outcomes occurred where IFAD had prior intervention experience and where projects had worked on reinforcing multi-stakeholder platforms and inter-professional associations. This long-term engagement starting from the bottom and progressively moving up the level of sophistication and functions in a value chain supported focus on poor groups.

VI. Conclusions and recommendations

E. Conclusions

359. **IFAD's value chain-relevant projects have expanded in number to dominate the portfolio by IFAD 10**. Between IFAD7 (2007-2009) and IFAD 10 (2016-2018), the proportion of value chain-relevant projects approved increased from 41.5 per cent (50 per cent of the Programme of loans and Grants) to 72.3 per cent (80 per cent of the PoLG). While the centrality of value chain development varied between projects and many projects continued to support primary production, the above trends entailed an important shift in IFAD's project portfolio.

360. **The transition towards value chain approaches was remarkable but occurred without a shared conceptual framework and its complexity was not fully appreciated**. The concept of value chain development was relatively new to IFAD. No corporate strategy was prepared to clarify what is meant by value chain development, through what pathways could small producers and the rural poor capture more value from the chain, and how IFAD's targeting approach should evolve. The first knowledge products were issued in 2012 only. The absence of a more coherent corporate approach to value chain development and the heterogeneous situations on the ground led to inconsistent interpretations.

361. **IFAD technical advisors have been stretched to support a rapidly growing value chain-relevant portfolio.** Value chain interventions need a deeper level of analysis at design, and capacity to respond and re-adapt during implementation through a swift feedback loop. There was no coherent corporate or regional initiative to partner with international technical agencies or other sources of expertise. Few staff members had experience in value chain and familiarity working with the private sector which had become a vital partner. Country teams heavily relied on consultants. Mid-term reviews helped revise project design but, given that they were conducted after four of five years of project implementation, the time left to make changes before project completion was limited.

362. **The matter of capacity of project managers and project technical staff received limited attention**. Project units, under the responsibility of the borrowing government, are responsible for project implementation. Many project staff members had a track record on 'traditional' production-oriented projects but no familiarity with the notion of value chain, marketing, and no private sector experience. They were overwhelmed with additional tasks and objectives. As documented through the CLE, it is a matter of concern that project staff members did not acknowledge these issues.

363. **Project design has evolved notably. Yet there are analytical gaps and critical elements for value chain success are missing**. In the best cases, design of value chain-relevant projects emerged from previous projects that had tackled poor people's basic needs and low productivity. These had reduced local production constraints and provided the Government and IFAD with some knowledge of the project area and its potential for value chain development.

364. While the CLE found cases of sound design, many suffered from analytical gaps. Most did not question explicitly whether the conditions were in place for applying a value chain approach, as opposed to focusing on other needs and upgrading production. Designs did not discuss the realism of the proposed time frame: it often requires more than a single project phase to address a given value chain function. Moreover, few designs were based on some form of 'market intelligence' to guide the choice of commodities and the functions of the value chain to be prioritized in order to optimize pro-poor outcomes.

365. **Most projects included a mix of production and process upgrading, some considered governance issues. Few paid attention to policy and regulatory systems and to information and communication technology.** Product upgrading and strengthening of horizontal linkages (i.e., strengthening producer organizations) were the most common approaches to value chain development. They were close to the 'traditional' features of IFAD project design. Policy issues and market information systems were addressed in a minority of cases. The above may both reflect the time required to strengthen the production function before addressing other value chain functions, as well as some lack of clarity on pathways and priorities for optimizing benefits for the rural poor.

366. The CLE identified the importance of value chain governance for pro-poor outcomes. Two thirds of the projects addressed governance issues, mostly through purchase agreements and 4P types of arrangements. More far-reaching results occurred when projects had supported multi-stakeholder platforms and these were operational. They have built trust between producers and other value chain stakeholders and opened up space for dialogue and coordination around input supply, market infrastructure, market information and dispute resolution. However, they were often dependent on project support.

367. Few projects focused on market information systems and those that tried to establish them, faced hardship during implementation. This is a gap: the flow of information between value chain stakeholders is important and even more so is to enhance transparency of information at all levels. There was also little emphasis on information and communication technology which can reduce transaction costs and enhance transparency and fairness of transactions and help small producers follow market trends and make decisions accordingly.

368. **Most rural finance instruments envisaged by the projects were conventional ones** (e.g., linkage of banks with village-level groups, credit lines, matching grants) **rather than value chain-specific**. Most projects have provided basic financial services to producers, grassroots groups and microenterprises. However, small and medium enterprises and cooperatives had limited access to finance at an affordable price. This generated cash flow problems and constrained their capacity to procure produce from small producers, who resorted to side-selling. The CLE noted recent IFAD attention to non-sovereign loans but found limited efforts to partner with impact investors and specialized agencies.

369. Overall, evidence suggests that **it is possible to reach out to poor and very poor small-scale producers through value chain approaches but this requires specific attention**. Most projects included beneficiaries with different levels of poverty. This was a positive fact, given that value chain development entails working with stakeholders with diverse skills and roles (e.g. producers, processors, workers, service providers). Moreover, producer organizations require the volumes, skills and networks of better off producers to meet market requirements. However, a focus on poorer groups was not always maintained. This was due to insufficient attention given to barriers to entry faced by poorer producers, for example: (i) minimum size of land or capital investment for certain commodities; (ii) need to improve production, productivity and product characteristics (e.g., calibre, appearance) to achieve market grade; (iii) the tendency of agribusiness to continue working with the same producers and reluctance to engage with scattered producers; and (iv) limited information available to small producers on markets, price formation and trends.

370. The degree of women's participation in projects depended largely on the value chains selected and whether or not affirmative action measures were in place (e.g., quotas). In a number of projects, women were the majority of participants (e.g., food crops, food processing). Where women were directly involved in project activities, there is some evidence of economic empowerment through access to

resources and income generation, as well as of more participation in the governing bodies of grassroots organizations. There is least evidence on achieving an equitable balance between women and men in workloads and benefits.

371. Although nearly two thirds of projects reached young people, there is little evidence on the results achieved. Barriers to youth involvement in value chains included lack of access to land and other resources, and a little investment in vocational training linked to value chain development. Opportunities for rural youth employment are likely to occur in processing or service industries closely affiliated with agriculture. Few projects have focused on these so far.

372. **There is clearly potential for value chain projects to deliver impact on poverty although better evidence is needed.** While evidence is fragmented, there is an indication that mechanisms are in place that can generate positive changes in incomes and assets of the rural poor through a combination of: (i) improved yields and quality of products and shift to higher-value commodities; (ii) higher or more stable prices; (iii) capturing more value through functional upgrading and reducing (although not eliminating) the role of the middlemen; (iv) reducing storage costs and post-production waste; and (v) employment generation (although this is not well documented overall). Some effects on food security were observed but there is less evidence and there are challenges to attribution.

373. **Prospects for the sustainability of benefits were uneven**. Explanatory factors related to: (i) economic factors, such as economic analysis and market intelligence support at the time of selecting value chains and securing access to affordable rural financial services; (ii) institutional factors, such as intensive capacity building at all levels; (iii) social factors, such as ownership and trust among the main stakeholders which could be promoted by supporting multi-stakeholder platforms, introducing principles of corporate social responsibility and of 'decent work'.

374. **Long-term IFAD support and attention to governance issues were associated with stronger performance.** The CLE made a classification according to: (i) the level of development of value chains, and (ii) the degree to which value chains were generating pro- poor outcomes. Most of the value chain interventions were classified as at an intermediate development stage or as medium pro-poor performance outcomes. There were no clear patterns related to the types of commodities. All the rest being equal, the combination of advanced value chains and high pro-poor outcomes occurred where IFAD had prior intervention experience and where projects had worked on reinforcing multi- stakeholder platforms and inter-professional associations.

F. Recommendations

375. **Recommendation 1. Prepare a corporate strategy for IFAD's support to value-chain development.** The strategy should harmonize with other relevant operational policies of IFAD (e.g., private sector strategy, targeting, natural resource management, climate change adaptation). It should lay out a common conceptual framework for pro-poor value chain development, and clarify IFAD's overall objectives and principles of engagement. It should establish the institutional arrangements, human and financial resources required. Key thematic elements of the strategy are presented below.

376. **Recommendation 2. Adopt a 'programmatic' approach to value chain development**. Value chain development requires long-term engagement and multiple-phase support. Project designs should systematically assess the degree of preparedness for value chain support, taking into account the local context and previous experience of the Government, IFAD and other partners. The assessment would help focus on the priorities for value chain strengthening. If the preparedness assessment so concludes, a more traditional project approach (e.g., community

development, basic need, production upgrading) may be a justifiable entry point to pave the way to value chain development in the future.

377. **Recommendation 3. Promote outreach to poor and very poor groups and gender equality**. Project designs should lay out a theory of change explaining how benefits will reach very poor producers (directly and indirectly, including through wage employment generation), identify the major barriers and how to overcome them. Good practices recorded in this CLE may be considered, such as: (i) developing territorial economic corridors and clusters to enhance value-addition and access to markets; (ii) focus on commodities and production processes that are intensive in low-skilled labour input; (iii) stipulate and enforce pro-poor conditionality for supporting agribusiness; (iv) continue investing on technical package to improve productivity and product quality; (v) invest in vocational training for the youth and support them in creating service-provider enterprises linked to value chains; (vi) invest in information and communication technology to reduce transaction costs and enhance transparency.

378. Ensure project designs include gender analysis for the proposed value chains and specify the strategies and measures for promoting gender equality, such as support for commodities and value chain functions which women are heavily involved in, and affirmative action to enable them to take on new roles in male-dominated chains. As well as meeting women's practical needs for income generation, projects should pay attention to structural causes of inequality, including inadequate representation of women in decision-making bodies, social norms related to women's and men's roles and entitlements, and illiteracy.

379. **Recommendation 4. Promote inclusive value chain governance as well as policy and regulatory environment.** Projects should aim at establishing, or strengthening, inclusive multi-stakeholder platforms and inter-professional associations that provide small-scale producers and other value chain stakeholders with: (i) information on prices and markets; (ii) a venue for dispute resolution; and (iii) voice in discussing the policy and regulatory system (e.g., standards, certification, labelling) and its enforcement. IFAD and partners can learn from the experience of well-established inter-professional associations including from non-borrowing countries.

380. **Recommendation 5. Strengthen partnerships to enhance market intelligence throughout the project cycle**. IFAD should collaborate more regularly with international organizations, national technical agencies, think-tanks, NGOs and others with strong value chain expertise. These partnerships could help build a platform to capitalize on mutual experiences and ensure that the entire project cycle is based on sound analysis of commodity markets and constraints faced by small-scale producers.

381. **Recommendation 6. Sharpen the approaches to financing value chains in partnership with organizations that have demonstrated experience**. IFAD needs to move beyond the traditional financing of small-scale producers and address decisively value chain financing, particularly for financing enterprises and cooperatives that process and market the produce. IFAD needs to cooperate with organizations with proven record in this area, such as impact investors and specialized development organizations. A specific action plan would help establish priorities and could draw from a review of value chain financing experiences in both borrowing and non-borrowing member countries.

382. **Recommendation 7. Develop the capacity of project management teams and of IFAD staff**. This could include a combination of: (i) partnerships for capacity building with specialised international agencies and service providers, including training programmes for project managers and IFAD staff; (ii) institutionalized peer-mentoring between project management teams; (iii) a web-based platform to exchange information on value chains and food systems and

establish a reference pool of expertise; and (iv) adjusting the requirements for the recruitment of project management teams, and for certain IFAD staff profiles, so as to include experience in value chain development and in the private sector.

Project Classification

Table 1
CLE Classification of projects approved (2007-2018)

Type of intervention	*Division*	*Country*	*Project*	*Approval year*
Value Chain	APR	Afghanistan	Community Livestock and Agriculture Project, CLAP	2012
Value Chain	APR	Afghanistan	Support to National Priority Programme 2 , SNaPP2 - AF	2015
Value Chain	APR	Bangladesh	National Agricultural Technology Project, NATP	2007
Value Chain	APR	Bangladesh	Finance for Enterprise Development and Employment Creation Project, FEDEC	2007
Value Chain	APR	Bangladesh	Promoting Agricultural Commercialization and Enterprises (PACE) Project, PACE	2014
Value Chain	APR	Bangladesh	National Agricultural Technology Project 2, NATP 2	2015
Value Chain	APR	Bangladesh	Smallholder Agricultural Competitiveness Project - SACP	2018
Value Chain	APR	Bhutan	Market Access and Growth Intensification Project , MAGIP	2010
Value Chain	APR	Bhutan	Commercial Agriculture and Resilient Livelihoods Enhancement Programme, CARLEP	2015
Value Chain	APR	Cambodia	Tonle Sap Poverty Reduction and Smallholder Development Project, TSPRSDP	2009
Value Chain	APR	Cambodia	Accelerating Inclusive Markets for Smallholders, AIMS	2016
Value Chain	APR	China	Dabieshan Area Poverty Reduction Programme, DAPRP	2008
Value Chain	APR	China	Guangxi Integrated Agricultural Development Project, GIADP	2011
Value Chain	APR	China	Hunan Agricultural and Rural Infrastructure Improvement Project, HARIIP	2012
Value Chain	APR	China	Yunnan Agricultural and Rural Improvement Project, YARIP	2012
Value Chain	APR	China	Shiyan Smallholder Agribusiness Development Project, SSADeP	2013
Value Chain	APR	China	Jiangxi Mountainous Area Agribusiness Promotion Project, JiMAAPP	2014
Value Chain	APR	China	Qinghai Liupan Mountain Area Poverty Reduction Project, MAPRP	2015
Value Chain	APR	China	Innovative Poverty Reduction Programme: Specialized Agribusiness Development in Sichuan and Ningxia - IPRAD-SN	2018
Value Chain	APR	China	Sustaining Poverty Reduction through Agribusiness Development in South Shaanxi Sustaining Poverty Reduction through Agribusiness Development in South Shaanxi Project - SPRAD-SS	2018
Value Chain	APR	Fiji	Fiji Agricultural Partnerships Project , FAPP	2015
Value Chain	APR	India	Mitigating Poverty in Western Rajasthan, MPOWER	2008
Value Chain	APR	India	Convergence of Agricultural Interventions in Maharashtra's distressed districts, C-AIM	2009
Value Chain	APR	India	Integrated Livelihood Support Project, ILSP	2011
Value Chain	APR	India	Meghalaya: Livelihoods and Access to Markets Project, LAMP	2014
Value Chain	APR	India	Fostering Climate Resilient Upland Farming Systems in the Northeast, FOCUS	2017
Value Chain	APR	Indonesia	Smallholder Livelihood Development Project in Eastern Indonesia, SOLID	2011
Value Chain	APR	Indonesia	Coastal Community Development Project, CCDP	2012
Value Chain	APR	Indonesia	Integrated Participatory Development and Management of Irrigation Project , IPDMIP	2015
Value Chain	APR	Indonesia	Rural Empowerment and Agricultural Development Programme Scaling-up Initiative, READSI	2017
Value Chain	APR	Indonesia	Youth Entrepreneurship and Employment Support Services (YESS) Project	2018
Value Chain	APR	Laos	Community-Based Food Security and Economic Opportunities Programme , SSSJ	2011
Value Chain	APR	Laos	Southern Laos Food and Nutrition Security and Market Linkages Programme, FNML	2013

Type of intervention	*Division*	*Country*	*Project*	*Approval year*
Value Chain	APR	Maldives	Fisheries and Agriculture Diversification Programme, FADiP	2007
Value Chain	APR	Maldives	Mariculture Enterprise Development Project, MEDEP	2012
Value Chain	APR	Mongolia	Project for Market and Pasture Management Development, PMPMD	2011
Value Chain	APR	Myanmar	Fostering Agricultural Revitalization in Myanmar, FARM	2014
Value Chain	APR	Myanmar	Eastern States Agribusiness Project, ESAP	2015
Value Chain	APR	Myanmar	Western States Agribusiness Project, WSAP	2018
Value Chain	APR	Nepal	High Value Agriculture Project in Hill and Mountain Areas, HVAP	2009
Value Chain	APR	Nepal	Improved Seeds for Farmers Programme, Biu-Bijan	2012
Value Chain	APR	Nepal	Rural Enterprises and Remittances Project Samriddhi, RERP	2015
Value Chain	APR	Nepal	Agriculture Sector Development Programme, ASDP	2017
Value Chain	APR	Pakistan	Livestock and Access to Markets Project, LAMP	2013
Value Chain	APR	Pakistan	Economic Transformation Initiative Gilgit-Baltistan, ETIGB	2015
Value Chain	APR	Papua New Guinea	Productive Partnerships in Agriculture Project, PPAP	2010
Value Chain	APR	Papua New Guinea	Markets for Village Farmers, MVF	2017
Value Chain	APR	Philippines	Second Cordillera Highland Agricultural Resource Management Project, CHARM II	2008
Value Chain	APR	Philippines	Fisheries, Coastal Resources and Livelihood Project, FishCORAL	2015
Value Chain	APR	Philippines	Convergence on Value Chain Enhancement for Rural Growth and Empowerment, CONVERGE	2015
Value Chain	APR	Philippines	Rural Agroenterprise Partnerships for Inclusive Development and Growth Project - PH-RAPID	2018
Value Chain	APR	Solomon Islands	Rural Development Programme II, RDP 2	2015
Value Chain	APR	Sri Lanka	National Agribusiness Development Programme, NADeP	2009
Value Chain	APR	Sri Lanka	Iranamadu Irrigation Development Project, IIDP	2011
Value Chain	APR	Sri Lanka	Smallholder Tea and Rubber Revitalization Project, STaRR	2015
Value Chain	APR	Sri Lanka	Smallholder Agribusiness Partnerships Programme, SAP	2017
Value Chain	APR	Viet Nam	Pro-Poor Partnerships for Agro-forestry Development, 3PAD	2008
Value Chain	APR	Viet Nam	Sustainable Economic Empowerment of Ethnic Minorities in Dak Nong Province, 3EM	2010
Value Chain	APR	Viet Nam	Tam Nong Support Project, TNSP	2010
Value Chain	APR	Viet Nam	Sustainable Rural Development for the Poor Project in Ha Tinh and Quang Binh Provinces, SRDP	2013
Value Chain	APR	Viet Nam	Adaptation to Climate Change in the Mekong Delta in Ben Tre and Tra Vinh Provinces, AMD	2013
Value Chain	APR	Viet Nam	Ha Giang: Commodity-oriented poverty reduction programme, CPRP	2014
Value Chain	APR	Viet Nam	Commercial Smallholder Support Project in Bắc Kan and Cao Bằng, CSSP	2016
Value Chain	ESA	Angola	Artisanal Fisheries and Aquaculture Project, AFAP	2015
Value Chain	ESA	Angola	Smallholder Agriculture Development and Commercialization Project in Cuanza Sul and Huila Provinces, SADCP-C&H/SAMAP	2017
Value Chain	ESA	Burundi	Projet de reconstruction du sous-secteur de l'élevage, PRSE	2007
Value Chain	ESA	Burundi	Projet d'Appui à l'Intensification et à la Valorisaton Agricole, PAIVA	2009
Value Chain	ESA	Burundi	Programme de Développment des Filières, Composante Jeunes Ruraux, PRODEFI	2010
Value Chain	ESA	Burundi	Programme national pour la sécurité alimentaire et le développement rural de l'Imbo et du Moso , PNSADR-IM	2014
Value Chain	ESA	Burundi	Programme de Développment des Filière Phase IIs, PRODEFI-II	2015
Value Chain	ESA	Burundi	Projet d'Appui à l'Inclusion Financière Agricole et Rurale du Burundi , PAIFAR	2018

Type of intervention	*Division*	*Country*	*Project*	*Approval year*
Value Chain	ESA	Eritrea	Fisheries Development Project, FDP	2010
Value Chain	ESA	Eritrea	Fisheries Resources Management Programme, FReMP	2016
Value Chain	ESA	Ethiopia	Participatory Small-scale Irrigation Development Programme II, PASIDP-II	2016
Value Chain	ESA	Kenya	Smallholder Horticulture Marketing Programme, SHMP	2007
Value Chain	ESA	Kenya	Kenya Cereal Enhancement Programme and ASALs - Climate Resilient Agricultural Livelihoods Window, KCEP-CRAL	2015
Value Chain	ESA	Kenya	Smallholder Dairy Commercialization Programme	2015
Value Chain	ESA	Kenya	Aquaculture business development project, ABDP	2017
Value Chain	ESA	Lesotho	Wool and Mohair Promotion Project, WAMPP	2014
Value Chain	ESA	Madagascar	Programme de Soutien aux Pôles de Micro-Entreprises Rurales et aux Economies Régionales de Madagascar, PROSPERER	2007
Value Chain	ESA	Madagascar	Projet de renforcement des organisations professionnelles et services agricoles , AROPA	2008
Value Chain	ESA	Madagascar	Programme de développement des filières agricoles inclusives, DEFIS	2017
Value Chain	ESA	Malawi	Rural Livelihoods and Economic Enhancement Programme, RLEEP	2007
Value Chain	ESA	Malawi	Programme for Rural Irrigation Development (PRIDE) and Enhancing the Resilience of Agro-ecological Systems Project ERASP (Global Environment Facility - Integrated Approach Pilot)	2015
Value Chain	ESA	Mauritius	Marine and Agricultural Resources Support Programme, MARS	2008
Value Chain	ESA	Mozambique	Rural Markets Promotion Programme, PROMER	2008
Value Chain	ESA	Mozambique	Artisanal Fisheries Promotion Project, ProPesca	2010
Value Chain	ESA	Mozambique	Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors, PROSUL	2012
Value Chain	ESA	Rwanda	Kirehe Community-Based Watershed Management Project, KWAMP	2008
Value Chain	ESA	Rwanda	Project for Rural Income through Exports, PRICE	2011
Value Chain	ESA	Rwanda	Climate Resilient Post-Harvest and Agribusiness Support Project (PASP) including blended Adaptation for Smallholder Agriculture Programme Grant 540a_(ASAP)	2013
Value Chain	ESA	Rwanda	Rwanda Dairy Development Project, RDDP	2016
Value Chain	ESA	Seychelles	Competitive Local Innovations for Small-Scale Agriculture Project, CLISSA	2013
Value Chain	ESA	Swaziland	Smallholder Market-led Project and Climate-Smart Agriculture for Resilient Livelihoods, SMLP-CSARL	2015
Value Chain	ESA	Swaziland/ Eswatini	Financial Inclusion and Cluster Development, FINCLUDE	2018
Value Chain	ESA	Tanzania	Marketing Infrastructure, Value Addition and Rural Finance Support Programme, MIVARF	2010
Value Chain	ESA	Tanzania	Bagamoyo Sugar Infrastructure and Sustainable Community Development Programme, BASIC	2015
Value Chain	ESA	Uganda	Vegetable Oil Development Programme 2, VODP 2	2010
Value Chain	ESA	Uganda	Project for the Restoration of Livelihoods in the Northern Region, PRELNOR	2014
Value Chain	ESA	Uganda	National Oil Palm Project - NOPP	2018
Value Chain	ESA	Zambia	Smallholder Agribusiness Promotion Programme , SAPP	2009
Value Chain	ESA	Zambia	Enhanced Smallholder Agribusiness Promotion Programme , E-SAPP	2016
Value Chain	ESA	Zimbabwe	Smallholder Irrigation Revitalization Programme, SIRP	2016
Value Chain	LAC	Argentina	Programa de Desarrollo Rural Incluyente, PRODERI	2011
Value Chain	LAC	Argentina	Programa de Inserción Económica de los Productores Familiares del Norte Argentino, PROCANOR	2015
Value Chain	LAC	Argentina	Programa de Desarrollo de las Cadenas Caprinas, PRODECCA	2016
Value Chain	LAC	Belize	Resilient Rural Belize, Be-Resilient	2018

Type of intervention	*Division*	*Country*	*Project*	*Approval year*
Value Chain	LAC	Bolivia	Programa de Fortalecimiento Integral del Complejo Camélidos en el Altiplano, PRO-CAMELIDOS	2015
Value Chain	LAC	Bolivia	Fortalecimiento de Complejos Productivo de Granos Andinos y Frutos Amazónicos en Comercialización y Transformación, ASOCIOS	2017
Value Chain	LAC	Brazil	Semi-arid Sustainable Development Project, Viva o Semi-Árido	2009
Value Chain	LAC	Brazil	Cariri and Serido Sustainable Development Project, PROCASE	2009
Value Chain	LAC	Brazil	Dom Tavora	2012
Value Chain	LAC	Brazil	Paulo Freire Project	2012
Value Chain	LAC	Brazil	Dom Helder Camara	2013
Value Chain	LAC	Brazil	Pro-semi-arid Project	2013
Value Chain	LAC	Brazil	Maranhão Rural Poverty Alleviation Project, MARPA	2016
Value Chain	LAC	Brazil	Sustainable Rural Development Project in the Pernambuco Territories of Zona da Mata and Agreste, PE-PRODUZ	2018
Value Chain	LAC	Cuba	Proyecto de Desarrollo Cooperativo Ganadero en la Región Centro-Oriental, PRODEGAN	2016
Value Chain	LAC	Dominican Republic	Development Project for Rural Poor Economic Organizations of the Border Region, PRORURAL OESTE	2009
Value Chain	LAC	Dominican Republic	Rural Economic Development Project in the Central and Eastern Provinces, PRORURAL Centro y Este	2010
Value Chain	LAC	Dominican Republic	Proyecto de Inclusión Productiva y Resiliencia de las Familias Rurales Pobres, PRORURAL Inclusivo	2017
Value Chain	LAC	Ecuador	Proyecto de Fortalecimiento de los Actores Rurales de la Economía Popular y Solidaria, FAREPS	2015
Value Chain	LAC	Ecuador	Programa Dinamizador de Alianzas Inclusivas en Cadenas de Valor, DINAMINGA	2016
Value Chain	LAC	El Salvador	Proyecto de Desarrollo y Modernización Rural para la Región Central y Para-Central, PRODEMOR-CENTRAL	2007
Value Chain	LAC	El Salvador	Programa de Competitividad Territorial Rural, Amanecer Rural	2010
Value Chain	LAC	El Salvador	Programa Nacional de Transformación Económica Rural para el Buen Vivir, Rural Adelante	2015
Value Chain	LAC	El Salvador	Programa Nacional de Transformación Económica Rural para el Buen Vivir, Rural Adelante II	2016
Value Chain	LAC	Guatemala	Programa de desarrollo rural sustentable para la region Norte, PRODENORTE	2008
Value Chain	LAC	Guyana	Rural Enterprise and Agricultural Development Project, READ	2007
Value Chain	LAC	Guyana	Hinterland Project	2016
Value Chain	LAC	Haiti	Projet de développement de la petite irrigation et de l'accès aux marchés dans les Nippes et la région goâvienne, PPI 3	2012
Value Chain	LAC	Haiti	Agricultural and agro-forestry technological innovation programme, PITAG	2018
Value Chain	LAC	Honduras	Mejorando la competitividad de la economia rural en Yoro, PROMECOM	2007
Value Chain	LAC	Honduras	Programa de Desarrollo Rural Sostenible para la Región Centro-Sur, Emprende Sur	2010
Value Chain	LAC	Honduras	Proyecto para la competitividad y el desarrollo rural sostenible en la zona Norte, Horizonte, transferred to Pro-Lenca	2011
Value Chain	LAC	Honduras	Proyecto de Competitividad y Desarrollo Sostenible del Corredor Fronterizo Sur Occidental, PRO-LENCA	2013
Value Chain	LAC	Honduras	Proyecto de inclusión económica y social de pequeños productores rurales en la región noreste de Honduras; PROINORTE	2018
Value Chain	LAC	Nicaragua	Proyecto de Apoyo para la Integración de los Pequeños Productores en las Cadenas de Valor y para el Acceso a los Mercados, PROCAVAL	2007
Value Chain	LAC	Nicaragua	Programa de Desarrollo Rural en la Costa Caribe de Nicaragua, NICARIBE	2010
Value Chain	LAC	Nicaragua	Proyecto de Inclusión Productiva Rural, NICADAPTA	2013

Type of intervention	*Division*	*Country*	*Project*	*Approval year*
Value Chain	LAC	Paraguay	Proyecto Paraguay Inclusivo, PPI	2012
Value Chain	LAC	Paraguay	Proyecto Mejoramiento de la Agricultura Familiar Campesina e Indígena en Departamentos de la Región Oriental del Paraguay - PROMAFI	2015
Value Chain	LAC	Peru	Proyecto de Mejoramiento de los Servicios Públicos para el Desarrollo Territorial Sostenible en el Área de Influencia de los Ríos Apurímac, Ene y Mantaro, PDTS	2016
Value Chain	LAC	Uruguay	Proyecto Piloto de Inclusión Rural, PPIR	2014
Value Chain	NEN	Armenia	Infrastructure and Rural Finance Support Programme, IRFSP	2014
Value Chain	NEN	Azerbaijan	Livestock Productivity and Marketing Improvement Programme, LPMIP	2017
Value Chain	NEN	Bosnia and Herzegovina	Rural Livelihoods Development Project, RLDP	2008
Value Chain	NEN	Bosnia and Herzegovina	Rural Business Development Project, RBDP	2011
Value Chain	NEN	Bosnia and Herzegovina	Rural Competitiveness Development Project , RCDP	2015
Value Chain	NEN	Bosnia and Herzegovina	Rural Enterprises and Agricultural Development Project, READP	2018
Value Chain	NEN	Djibouti	Programme d'appui à la réduction de la vulnérabilité dans les zones de pêches côtières, PRAREV-PECHE	2013
Value Chain	NEN	Egypt	Promotion of Rural Incomes through Market Enhancement, PRIME	2011
Value Chain	NEN	Egypt	Integrated Management and Innovation in Rural Settlements in Egypt, SCCF/SAIL	2014
Value Chain	NEN	Georgia	Agricultural Support Project, ASP	2009
Value Chain	NEN	Georgia	Agriculture Modernization, Market Access and Resilience, AMMAR; Enhancing Resilience of Agriculture Sector In Georgia, ERASIG	2014
Value Chain	NEN	Georgia	Dairy Modernisation and Market Access Programme, DiMMA	2018
Value Chain	NEN	Jordan	Rural Economic Growth and Employment, REGEP	2014
Value Chain	NEN	Kyrgyzstan	Livestock and Market Development Programme, LMDP	2012
Value Chain	NEN	Kyrgyzstan	Livestock and Market Development Programme II, LMDP II	2013
Value Chain	NEN	Kyrgyzstan	Access to Markets Project, ATMP	2016
Value Chain	NEN	Lebanon	Harmonised Actions for Livestock Enhanced Production and Processing, HALEPP	2017
Value Chain	NEN	Moldova	Rural Financial Services and Marketing Programme, RFSMP	2008
Value Chain	NEN	Moldova	Rural Financial Services and Agribusiness Development Project, RFSADP	2010
Value Chain	NEN	Moldova	Inclusive Rural Economic and Climate Resilience, IRECR	2013
Value Chain	NEN	Moldova	Rural Resilience Project, RRP	2016
Value Chain	NEN	Montenegro	Rural Clustering and Transformation Project, RCTP	2017
Value Chain	NEN	Morocco	Programme de développement des filières agricoles dans les zones montagneuses de la Province de Taza, PDFAZMT	2010
Value Chain	NEN	Morocco	Programme de développement des filières agricoles dans les zones montagneuses de la Province d'Al Haouz, PDFAZMH	2011
Value Chain	NEN	Morocco	Programme de développement rural des zones de montagne, PDRZM	2014
Value Chain	NEN	Morocco	Projet de développement rural des montagnes de l'Atlas, PDRMA	2016
Value Chain	NEN	Palestine	Resilient Land & Resource Management Project, RLRM	2018
Value Chain	NEN	Sudan	Revitalizing the Sudan Gum Arabic Production and Marketing Project, Gum Arabic	2009
Value Chain	NEN	Sudan	Seed Development Project, SDP	2011
Value Chain	NEN	Sudan	Livestock marketing and resilience programme, LMRP and Livestock and Rangeland Resilience Project	2014
Value Chain	NEN	Sudan	Integrated Agriculture and Marketing Development, IAMDP	2017
Value Chain	NEN	Syrian Arab Republic	Integrated Livestock Development Project, ILDP	2010

Type of intervention	*Division*	*Country*	*Project*	*Approval year*
Value Chain	NEN	Tajikistan	Livestock and Pasture Development Project, LPDP	2011
Value Chain	NEN	Tajikistan	Livestock & Pasture Development Project II, LPDII	2015
Value Chain	NEN	Tunisia	Projet de développement agro-pastoral et des filières associées dans le gouvernorat de Médenine, PRODEFIL	2014
Value Chain	NEN	Tunisia	Projet de promotion des filières pour le développement territorial de Siliana, PROFITS-Siliana	2016
Value Chain	NEN	Turkey	Göksu-Taşeli Watershed Development Project , GTWDP	2015
Value Chain	NEN	Turkey	Uplands Rural Development Programme, URDP	2017
Value Chain	NEN	Uzbekistan	Horticultural Support Project, HSP	2012
Value Chain	NEN	Uzbekistan	Dairy Value Chains Development Programme	2015
Value Chain	NEN	Uzbekistan	Agriculture Diversification and Modernization Project, ADMP	2017
Value Chain	NEN	Yemen	Economic Opportunities Programme, EOP	2010
Value Chain	NEN	Yemen	Fisheries Investment Programme (FIP)	2010
Value Chain	NEN	Yemen	YEMENINVEST – Rural Employment Programme, YIREP	2011
Value Chain	WCA	Benin	Projet d'appui à la croissance économique rurale, PACER	2009
Value Chain	WCA	Benin	Projet d'appui au développement du maraîchage, PADMAR	2015
Value Chain	WCA	Benin	Agricultural Development and Market Access Support Project - PADAAM	2018
Value Chain	WCA	Burkina Faso	Programme d'appui et de promotion du secteur privé en milieu rural, PASPRU	2009
Value Chain	WCA	Burkina Faso	Projet d'appui à la promotion des filières agricoles, PAPFA	2017
Value Chain	WCA	Cameroon	Projet d'appui au développement des filières pour les produits de base, PADFA	2010
Value Chain	WCA	Central African Republic	Projet de relance de la production agropastorale dans les savanes, PREPAS	2018
Value Chain	WCA	Chad	Strengthening Productivity and Resilience of Agropastoral Family Farms Project - RePER	2018
Value Chain	WCA	Congo, Republic of	Agricultural Value Chains Development Programme, PADEF	2011
Value Chain	WCA	Congo, Republic of	Projet de développement de la pêche et de l'aquaculture continentales, PD-PAC	2015
Value Chain	WCA	Cote D'Ivoire	Projet d'Appui à la Production Agricole et à la Commercialisation, PROPACOM	2011
Value Chain	WCA	Cote D'Ivoire	Programme d'appui à la production agricole et à la commercialisation Extension Ouest, PROPACOM/WNW	2014
Value Chain	WCA	Cote D'Ivoire	Projet d'Appui au Développement des filières Agricoles , PADFA	2017
Value Chain	WCA	DR Congo	Projet d'Appui au Secteur Agricole dans la Province du Nord Kivu, PASA-NK	2015
Value Chain	WCA	Gabon	Projet de Développement Agricole et Rural, PDAR	2007
Value Chain	WCA	Gabon	Projet de développement agricole et rural, 2ème phase, PDAR2	2018
Value Chain	WCA	Gambia	Livestock and Horticulture Development Project, LHDP	2009
Value Chain	WCA	Gambia	National Agricultural Land and Water Management Development Project, NEMA	2012
Value Chain	WCA	Ghana	Northern Rural Growth Programme, NRGP	2007
Value Chain	WCA	Ghana	Ghana Agricultural Sector Investment Programme, GASIP	2014
Value Chain	WCA	Guinea	Programme national d'appui aux acteurs des filières agricoles - extension Basse-Guinée et Faranah, PNAAFA - LGF expansion	2013
Value Chain	WCA	Guinea	Family Farming, Resilience and Markets Project in Upper and Middle Guinea - AgriFARM-HMG	2018
Value Chain	WCA	Guinea-Bissau	Projet d'appui au développement économique des régions du Sud, PADES	2015
Value Chain	WCA	Liberia	Smallholder Tree Crop Revitalization Support Project, Tree Crop	2011

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Value Chain	WCA	Liberia	Tree Crop Extension Project, TCEP	2015
Value Chain	WCA	Liberia	Tree Crops Extension Project II, TCEP II	2018
Value Chain	WCA	Mali	Formation professionnelle, insertion et appui à l'entrepreneuriat des jeunes ruraux, FIER	2013
Value Chain	WCA	Mauritania	Programme de Lutte contre la Pauvreté Rurale par l'Appui aux Filières, ProLPRAF	2009
Value Chain	WCA	Mauritania	Projet de Développement de Filières Inclusives, PRODEFI	2016
Value Chain	WCA	Niger	Projet d'Appui à la Sécurité Alimentaire et au Développement dans la région de Maradi, PASADEM	2011
Value Chain	WCA	Niger	Programme de Développement de l'Agriculture Familiale (ProDAF) dans les régions de Maradi, Tahoua et Zinder	2015
Value Chain	WCA	Niger	ProDAF Diffa	2018
Value Chain	WCA	Nigeria	Value Chain Development Programme, VCDP	2012
Value Chain	WCA	Nigeria	Climate Change Adaptation and Agribusiness Support Programme (CASP) in the Savannah Belt of Nigeria	2013
Value Chain	WCA	Nigeria	Livelihood Improvement Family Enterprises Project in the Niger Delta of Nigeria , LIFE-ND	2017
Value Chain	WCA	Sao Tome and Principe	Projet d'Appui à la Petite Agriculture Commerciale, PAPAC	2014
Value Chain	WCA	Senegal	Projet d'appui aux filières agricoles, PAFA	2008
Value Chain	WCA	Senegal	Programme d'appui du développement agricole et à l'entrepreneuriat rural, PADAER	2011
Value Chain	WCA	Senegal	Projet d'appui aux filières agricoles-Extension, PAFA-E	2013
Value Chain	WCA	Senegal	Support to Agricultural Development and Rural Entrepreneurship Programme – Phase II - PADAER II	2018
Value Chain	WCA	Sierra Leone	Smallholder Commercialization Programme, SCP	2011
Value Chain	WCA	Sierra Leone	Agriculture Value Development Project, AVDP	2018
Value Chain	WCA	Togo	Projet d'appui au développement agricole au Togo, PADAT	2010
Value Chain	WCA	Togo	Projet National de Promotion de l'Entreprenariat Rural, PNPER	2014
Ancillary	APR	Viet Nam	Programme for Development of Market Opportunities for the poor, Cao Bang and Ben Tre Provinces, DBRP	2007
Ancillary	APR	Cambodia	Project for Agricultural Development and Economic Empowerment, PADEE	2012
Ancillary	ESA	Uganda	Agricultural Technology and Agribusiness Advisory Services Project, ATAAS	2010
Ancillary	ESA	Malawi	Financial Access for Rural Markets, Smallholders and Enterprise Programme, FARMSE	2017
Ancillary	ESA	Kenya	Programme for Rural Outreach of Financial Innovations and Technologies, PROFIT	2010
Ancillary	ESA	Burundi	Projet d'Appui à l'Inclusion Financière Agricole et Rurale du Burundi , PAIFAR	2017
Ancillary	ESA	Zambia	Rural Finance Expansion Programme, RUFEP	2013
Ancillary	ESA	Zambia	Smallholder Productivity Promotion Programme , S3P	2011
Ancillary	ESA	Comoros	Value Chain Development Programme, PREFER	2017
Ancillary	LAC	Grenada	Climate Smart Agriculture and Rural Enterprise Programme, SAEP	2017
Ancillary	NEN	Armenia	Farmer Market Access Programme, FMAP	2007
Ancillary	NEN	Albania	Mountains to market programme, MMP	2008
Ancillary	WCA	Mali	Inclusive Finance in Agricultural Value Chain Project - INCLUSIF	2018
Ancillary	WCA	Cameroon	Programme de Promotion de l'Entreprenariat Agropastoral des Jeunes, EA-Jeunes/AEP-Youth	2014
Ancillary	WCA	Mali	Projet d'Amélioration de la Compétitivité Agricole, PAPAM	2010
Ancillary	WCA	Benin	Projet d'Appui à la Promotion des Services Financiers Ruraux Adaptés, PAPSFRA	2012

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Ancillary	WCA	Ghana	Rural and Agricultural Finance Programme, RAFIP	2008
Ancillary	WCA	Ghana	Rural Enterprises Programme, REP-III	2011
Non-Value Chain	APR	Afghanistan	Rural Microfinance and Livestock Support Programme, RMLSP	2009
Non-Value Chain	APR	Bangladesh	Participatory Small-Scale Water Resources Sector Project, PSSWRSP	2009
Non-Value Chain	APR	Bangladesh	Char Development and Settlement Project, CDSP IV	2010
Non-Value Chain	APR	Bangladesh	Haor Infrastructure and Livelihood Improvement Project, HILIP - CALIP	2011
Non-Value Chain	APR	Bangladesh	Coastal Climate Resilient Infrastructure Project, CCRIP	2013
Non-Value Chain	APR	Bangladesh	Promoting Resilience of Vulnerable through Access to Infrastructure, Improved Skills and Information, PROVATI	2017
Non-Value Chain	APR	Cambodia	Rural Livelihoods Improvement in Kratie, Preah Vihear and Ratanakiri	2007
Non-Value Chain	APR	Cambodia	Agriculture Services Programme for Innovation, Resilience and Extension, ASPIRE	2014
Non-Value Chain	APR	China	Inner Mongolia Autonomous Region Rural Advancement Programme, IMARRAP	2007
Non-Value Chain	APR	China	Sichuan Post Earthquake Agricultural Rehabilitation Project, SPEAR	2009
Non-Value Chain	APR	East Timor	Timor-Leste Maize Storage Project, TLMSP	2011
Non-Value Chain	APR	India	Jharkhand Tribal Empowerment and Livelihood Project, JTELP	2012
Non-Value Chain	APR	India	Orisha PTG Empowerment and Livelihoods Improvement Programme, OPELIP	2015
Non-Value Chain	APR	India	Andhra Pradesh: Drought Mitigation Project, APDMP	2016
Non-Value Chain	APR	Indonesia	Village Development Programme , VDP (ex PNPM)	2008
Non-Value Chain	APR	Kiribati	Outer Islands Food and Water Project, OIFWP	2014
Non-Value Chain	APR	Laos	Sustainable Natural Resources Management and Productivity Enhancement Project, SNRMP	2008
Non-Value Chain	APR	Laos	Strategic Support for Food Security and Nutrition Project, SSFSNP - GAFSP	2016
Non-Value Chain	APR	Laos	Northern Smallholder Livestock Commercialization Project: Rural Financial Services Programme, NSLCP-RFSP	2016
Non-Value Chain	APR	Nepal	Poverty Alleviation Fund II, PAF II	2007
Non-Value Chain	APR	Nepal	Adaptation for Smallholders in Hilly Areas, ASHA	2014
Non-Value Chain	APR	Pakistan	Programme for Promoting Sustainable Rural Microfinance, PRISM	2007
Non-Value Chain	APR	Pakistan	Southern Punjab Poverty Alleviation Project, SPPAP	2010
Non-Value Chain	APR	Pakistan	Gwadar-Lasbela Livelihoods Support Project, GLLSP	2011
Non-Value Chain	APR	Pakistan	National Poverty Graduation Programme, NPGP	2017
Non-Value Chain	APR	Philippines	Rapid Food Production Enhancement Programme, RaFPEP	2008
Non-Value Chain	APR	Philippines	Integrated Natural Resources and Environmental Management Project, INREMP	2012
Non-Value Chain	APR	Solomon Islands	Rural Development Programme, RDP	2010

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Non-Value Chain	APR	Tonga	Tonga Rural Innovation Project, TRIP	2012
Non-Value Chain	APR	Tonga	Tonga Rural Innovation Project II, TRIP II	2017
Non-Value Chain	ESA	Angola	Market-Oriented Smallholder Agriculture Project, MOSAP	2007
Non-Value Chain	ESA	Angola	Agricultural Recovery Project, ARP	2017
Non-Value Chain	ESA	Botswana	Agricultural Services Support Programme, ASSP	2010
Non-Value Chain	ESA	Comoros	Programme National de Développement Humain Durable, PNDHD/NPSHD	2007
Non-Value Chain	ESA	Eritrea	National Agriculture Project, NAP	2012
Non-Value Chain	ESA	Ethiopia	Participatory Small-scale Irrigation Development Programme, PASIDP	2007
Non-Value Chain	ESA	Ethiopia	Community-Based Integrated Natural Resource Management in Lake Tana Watershed, CBINRM	2009
Non-Value Chain	ESA	Ethiopia	Pastoral Community Development Project II, PCDP II	2009
Non-Value Chain	ESA	Ethiopia	Rural Financial Programme II, RUFIP II	2011
Non-Value Chain	ESA	Ethiopia	Pastoral Community Development Project III, PCDP III	2013
Non-Value Chain	ESA	Kenya	Upper Tana Catchment Natural Resources Management Project, UTaNRMP	2012
Non-Value Chain	ESA	Lesotho	Rural Finance Intermediation Project, RUFIP	2007
Non-Value Chain	ESA	Lesotho	Lesotho Adaptation of Small-Scale Agricultural Production, LASAP	2011
Non-Value Chain	ESA	Madagascar	Programme de formation professionnelle et d'amélioration de la productivité agricole, FORMAPROD	2012
Non-Value Chain	ESA	Madagascar	Projet d'appui au développement de Menabe et Melaky Phase II , AD2M Phase II	2015
Non-Value Chain	ESA	Malawi	Sustainable Agricultural Production Programme, SAPP	2011
Non-Value Chain	ESA	Mozambique	Rural Enterprise Finance Project - REFP	2018
Non-Value Chain	ESA	South Sudan	Southern Sudan Livelihoods Developmet Project, SSLDP	2008
Non-Value Chain	ESA	Swaziland	Rural Finance and Enterprise Development Programme, RFEDP	2008
Non-Value Chain	ESA	Tanzania	Agricultural Sector Development Programme, ASDP	2008
Non-Value Chain	ESA	Uganda	Community Agricultural Infrastructure Improvement Programme, CAIIP-1	2007
Non-Value Chain	ESA	Uganda	Project for Financial Inclusion in Rural Areas, PROFIRA	2013
Non-Value Chain	ESA	Zambia	Enhanced Smallholder Livestock Investment Programme, E-SLIP	2014
Non-Value Chain	LAC	Belize	Rural Finance Programme, RFP	2008
Non-Value Chain	LAC	Bolivia	Proyecto piloto de fortalecimiento económico-productivo de comunidades y familias en extrema pobreza en Cochabamba, Potosí y Chuquisaca, Plan vida	2009
Non-Value Chain	LAC	Bolivia	Programa de Inclusión Económica para Familias y Comunidades Rurales en Territorios del Altiplano, Tierras Bajas y Valles Inter-Andinos, Fondos ASAP, ACCESOS	2011

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Non-Value Chain	LAC	Colombia	Proyecto de construcción de capacidades empresariales rurales: confianza e oportunidad, TOP	2012
Non-Value Chain	LAC	Cuba	Proyecto de Desarrollo Rural Cooperativo en la Región Oriental, PRODECOR	2013
Non-Value Chain	LAC	Ecuador	Ibarra-San Lorenzo	2009
Non-Value Chain	LAC	Ecuador	Programa del Buen Vivir en Territorios Rurales, BUEN VIVIR	2011
Non-Value Chain	LAC	Grenada	Market Access and Rural Enterprise Development Programme (MAREDP)	2010
Non-Value Chain	LAC	Mexico	Desarrollo Comunitario Forestal en los Estados del Sur (Campeche, Chiapas y Oaxaca), DECOFOS	2009
Non-Value Chain	LAC	Mexico	Proyecto de desarrollo sustentable para las comunidades rurales de zonas semiáridas, PRODEZSA	2012
Non-Value Chain	LAC	Mexico	Proyecto de Inclusión Productiva Rural, PROINPRORURAL	2015
Non-Value Chain	LAC	Mexico	Proyecto Economía Social: Territorio e Inclusión, PROECOSOCIAL	2017
Non-Value Chain	LAC	Nicaragua	Proyecto de Desarrollo Sostenible de las Familias Rurales en el Corredor Seco de Nicaragua , NICAVIDA	2016
Non-Value Chain	LAC	Panama	Participative Development and Rural Modernization Project, PARTICIPA	2008
Non-Value Chain	LAC	Peru	Sustainable Management of the Protected Areas and Forests of the Northern Highlands of Peru, Sierra Norte	2007
Non-Value Chain	LAC	Peru	Fortalecimiento del Desarrollo Rural en Áreas de la Sierra y Selva Alta	2012
Non-Value Chain	LAC	Venezuela	Support project for the Warao ethnic group in the state of the Delta Amacuro, Waraosupport	2008
Non-Value Chain	LAC	Venezuela	Proyecto de Desarrollo Integral y Sustentable para las Zonas Semiáridas, Áridas y en Transición de los Estados de Nueva Esparta y Sucre, PROSANESU	2012
Non-Value Chain	LAC	Venezuela	Proyecto de Desarrollo Rural Sustentable para la Seguridad Alimentaria de las Zonas Semiáridas de los Estados Lara y Falcón, PROSALAFA III	2015
Non-Value Chain	NEN	Armenia	Rural Asset Creation Programme, RACP	2010
Non-Value Chain	NEN	Azerbaijan	Rural Development Project for the Northwest, RDPNW	2007
Non-Value Chain	NEN	Azerbaijan	Integrated Rural Development Project, IRDP	2011
Non-Value Chain	NEN	Djibouti	Programme de mobilisation des Eaux de Surface et de Gestion durable des Terres, PROMES-GDT	2007
Non-Value Chain	NEN	Djibouti	Programme de gestion des eaux et des sols, PROGRES	2016
Non-Value Chain	NEN	Egypt	On-farm Irrigation Development Project in the Old lands, OFIDO	2009
Non-Value Chain	NEN	Egypt	Promoting Resilience in Desert Environments, PRIDE	2017
Non-Value Chain	NEN	Iraq	Smallholder Agriculture Revitalization Project, SARP	2017
Non-Value Chain	NEN	Jordan	Small Ruminants Investment and Graduating Households in Transition, SIGHT	2017
Non-Value Chain	NEN	Kyrgyzstan	Agricultural Investments and Services Project, AISP	2008
Non-Value Chain	NEN	Lebanon	Hilly Area Sustainable Agriculture Development, HASAD	2009
Non-Value Chain	NEN	Morocco	Projet de Développement Rural dans le zones Montagneuse de la province d'Errachidia, PDRME	2007

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Non-Value Chain	NEN	Sudan	Rural Access Project, RAP	2009
Non-Value Chain	NEN	Sudan	Support to Small-Scale Traditional Rain fed Producers in Sinnar State, SUSTAIN-Sinnar	2010
Non-Value Chain	NEN	Syrian Arab Republic	North Eastern Region Rural Development Project, NERRDP	2007
Non-Value Chain	NEN	Tajikistan	Khatlon Livelihoods Support Project, KLSP	2008
Non-Value Chain	NEN	Tajikistan	Community-Based Agricultural Support, CASP	2017
Non-Value Chain	NEN	Tunisia	Programme de développement agro-pastoral et de promotion des initiatives locales du sud-est, PRODESUD II	2012
Non-Value Chain	NEN	Turkey	Ardahan-Kars-Artvin Development Project, AKADP	2009
Non-Value Chain	NEN	Turkey	Murat River Watershed Rehabilitation Project, MRWRP	2012
Non-Value Chain	NEN	Yemen	Rainfed Agriculture and Livestock Project, RALP	2007
Non-Value Chain	NEN	Yemen	Rural Growth Programme, RGP	2013
Non-Value Chain	WCA	Burkina Faso	Projet d'irrigation et de gestion de l'eau à petite échelle, PIGEPE	2007
Non-Value Chain	WCA	Burkina Faso	Projet de gestion participative des ressources naturelles et de développement rural au Nord, Centre-Nord et Est, Projet Neer-Tamba	2012
Non-Value Chain	WCA	Cameroon	Projet d'appui au développement de la microfinance rurale, PADMIR	2008
Non-Value Chain	WCA	Cape Verde	Programme de Promotion des Opportunités Socio-Économiques Rurales, POSER	2012
Non-Value Chain	WCA	Central African Republic	Projet de relance des cultures vivrières et du petit élevage dans les savanes, PREVES	2011
Non-Value Chain	WCA	Chad	Projet d'Hydraulique Pastorale en Zone Sahélienne, PROHYPA	2009
Non-Value Chain	WCA	Chad	Programme d'appui au développement rural dans le Guéra, PADER-G	2010
Non-Value Chain	WCA	Chad	Projet d'amélioration de la résilience des systèmes agricoles au Tchad, PARSAT	2014
Non-Value Chain	WCA	Congo, Republic of	Projet de développement rural dans le départements de la Likouala, du Pool et de la Sangha, PRODER - 3	2008
Non-Value Chain	WCA	Cote D'Ivoire	Projet de Réhabilitation Agricole et de Réduction de la Pauvreté, PRAREP	2009
Non-Value Chain	WCA	DR Congo	Programme Intégré de réhabilitation de l'agriculture dans la Province du Maniéma, PIRAM	2008
Non-Value Chain	WCA	DR Congo	Programme d'Appui aux Pôles d'Approvisionnement de Kinshasa en Produits Vivriers et Maraîchers , PAPAKIN	2012
Non-Value Chain	WCA	Guinea	Village Communities Support Program, Programme d 'Appui aux Communautés Villageoises, PACV II	2007
Non-Value Chain	WCA	Guinea-Bissau	Projet de Réhabilitation Rurale et Développement Communautaire, PRRDC	2007
Non-Value Chain	WCA	Liberia	Agriculture Sector Rehabilitation, ASRP	2009
Non-Value Chain	WCA	Liberia	Rural Community Finance Project, RCFP	2015
Non-Value Chain	WCA	Mali	Programme de Microfinance Rurale, PM	2009
Non-Value Chain	WCA	Mauritania	Projet de Lutte contre la Pauvreté dans l'Aftout Sud et le Karaboro II, PASK II	2011
Non-Value Chain	WCA	Niger	Programme de renforcement institutionnel et de promotion du développement local, PRI-PDL/IRDAR-RCI	2008

Type of intervention	*Division*	*Country*	*Project*	*Approval year*
Non-Value Chain	WCA	Niger	Emergency Food Security and Rural Development Programme, EFSRDP	2010
Non-Value Chain	WCA	Niger	Projet de Petite Irrigation, RUWANMU	2012
Non-Value Chain	WCA	Sierra Leone	Rural Finance & Community Improvement Programme, RFCIP	2007
Non-Value Chain	WCA	Sierra Leone	Rural Finance and Community Improvement Programme – Phase II, RFCIP2	2013

Source: CLE Elaboration (2019).

Table 2
Country, titles and acronyms of the projects reviewed in-depth by the CLE

Country	***Project title***
Bangladesh	National Agricultural Technology Project, NATP
Bangladesh	Finance for Enterprise Development and Employment Creation Project, FEDEC
Bangladesh	Promoting Agricultural Commercialization and Enterprises (PACE) Project, PACE
Bangladesh	National Agricultural Technology Project 2, NATP 2
Bosnia and Herzegovina	Rural Livelihoods Development Project, RLDP
Bosnia and Herzegovina	Rural Competitiveness Development Project , RCDP
Bosnia and Herzegovina	Rural Business Development Project, RBDP
Brazil	Cariri and Serido Sustainable Development Project, PROCASE
Brazil	Semi-arid Sustainable Development Project, Viva o Semi-Árido
Brazil	Dom Tavora
Brazil	Paulo Freire Project
Brazil	Dom Helder Camara
Brazil	Pro-semi-arid Project
Burkina Faso	Programme d'appui et de promotion du secteur privé en milieu rural, PASPRU
Cambodia	Tonle Sap Poverty Reduction and Smallholder Development Project, TSPRSDP
Cambodia	Project for Agricultural Development and Economic Empowerment, PADEE
Cameroon	Projet d'appui au développement des filières pour les produits de base, PADFA
China	Dabieshan Area Poverty Reduction Programme, DAPRP
China	Guangxi Integrated Agricultural Development Project, GIADP
China	Hunan Agricultural and Rural Infrastructure Improvement Project, HARIIP
China	Yunnan Agricultural and Rural Improvement Project, YARIP
China	Shiyan Smallholder Agribusiness Development Project, SSADeP
China	Jiangxi Mountainous Area Agribusiness Promotion Project, JiMAAPP
China	Qinghai Liupan Mountain Area Poverty Reduction Project, MAPRP
El Salvador	Proyecto de Desarrollo y Modernización Rural para la Región Central y Para-Central, PRODEMOR-CENTRAL
El Salvador	Programa de Competitividad Territorial Rural, Amanecer Rural
Georgia	Agricultural Support Project, ASP
Georgia	Agriculture Modernization, Market Access and Resilience, AMMAR; Enhancing Resilience of Agriculture Sector In Georgia, ERASIG
Ghana	Northern Rural Growth Programme, NRGP
Ghana	Rural and Agricultural Finance Programme, RAFIP
Ghana	Rural Enterprises Programme, REP-III

Country	*Project title*
Ghana	Ghana Agricultural Sector Investment Programme, GASIP
Guyana	Rural Enterprise and Agricultural Development Project, READ
Honduras	Mejorando la competitividad de la economia rural en Yoro, PROMECOM
Honduras	Proyecto de Competitividad y Desarrollo Sostenible del Corredor Fronterizo Sur Occidental PRO-LENCA
Honduras	Programa de Desarrollo Rural Sostenible para la Región Centro-Sur, Emprende Sur
Indonesia	Smallholder Livelihood Development Project in Eastern Indonesia, SOLID
Indonesia	Coastal Community Development Project, CCDP
Kenya	Smallholder Horticulture Marketing Programme, SHoMAP
Kenya	Programme for Rural Outreach of Financial Innovations and Technologies, PROFIT
Kenya	Kenya Cereal Enhancement Programme and ASALs - Climate Resilient Agricultural Livelihoods Window, KCEP-CRAL
Kenya	Smallholder Dairy Commercialization Programme
Mauritania	Programme de Lutte contre la Pauvreté Rurale par l'Appui aux Filières, ProLPRAF
Mauritania	Projet de Développement de Filières Inclusives, PRODEFI
Moldova	Rural Financial Services and Agribusiness Development Project, RFSADP
Morocco	Programme de développement des filières agricoles dans les zones montagneuses de la Province de Taza, PDFAZMT
Morocco	Programme de développement des filières agricoles dans les zones montagneuses de la Province d'Al Haouz, PDFAZMH
Morocco	Programme de développement rural des zones de montagne, PDRZM
Mozambique	Rural Markets Promotion Programme, PROMER
Mozambique	Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors, PROSUL
Mozambique	Artisanal Fisheries Promotion Project, ProPesca
Nepal	High Value Agriculture Project in Hill and Mountain Areas, HVAP
Nepal	Improved Seeds for Farmers Programme, Biu-Bijan/ISFP
Nicaragua	Proyecto de Apoyo para la Integración de los Pequeños Productores en las Cadenas de Valor y para el Acceso a los Mercados, PROCAVAL
Nicaragua	Proyecto de Inclusión Productiva Rural, NICADAPTA
Nicaragua	Programa de Desarrollo Rural en la Costa Caribe de Nicaragua, NICARIBE
Niger	Projet d'Appui à la Sécurité Alimentaire et au Développement dans la région de Maradi, PASADEM
Niger	Programme de Développement de l'Agriculture Familiale (ProDAF) dans les régions de Maradi, Tahoua et Zinder
Rwanda	Climate Resilient Post-Harvest and Agribusiness Support Project (PASP) including blended Adaptation for Smallholder Agriculture Programme Grant 540a_(ASAP)
Rwanda	Project for Rural Income through Exports, PRICE
Rwanda	Rwanda Dairy Development Project, RDDP
Sao Tome and Principe	Projet d'Appui à la Petite Agriculture Commerciale, PAPAC
Senegal	Projet d'appui aux filières agricoles, PAFA
Senegal	Programme d'appui au développement agricole et à l'entrepreneuriat rural, PADAER
Senegal	Projet d'appui aux filières agricoles-Extension, PAFA-E
Sri Lanka	National Agribusiness Development Programme, NADeP
Sri Lanka	Iranamadu Irrigation Development Project, IIDP
Sudan	Revitalizing the Sudan Gum Arabic Production and Marketing Project, Gum Arabic
Sudan	Seed Development Project, SDP
Tunisia	Projet de développement agro-pastoral et des filières associées dans le gouvernorat de Médenine, PRODEFIL

Country	***Project title***
Uganda	Agricultural Technology and Agribusiness Advisory Services Project, ATAAS
Uganda	Project for the Restoration of Livelihoods in the Northern Region, PRELNOR
Uganda	Vegetable Oil Development Programme 2, VODP 2
Viet Nam	Adaptation to Climate Change in the Mekong Delta in Ben Tre and Tra Vinh Provinces, AMD
Viet Nam	Pro-Poor Partnerships for Agro-forestry Development, 3PAD
Viet Nam	Tam Nong Support Project, TNSP
Viet Nam	Ha Giang: Commodity-oriented poverty reduction programme, CPRP

Source: CLE Elaboration (2019).

Supporting tables and materials

PMD Project status ratings

Table 1
Project Status Ratings (2018)

	Value Chain (Avg. rating)	Non-Value Chain (Avg. rating)	Significance of difference (at 5%)
Development effectiveness and development focus			
Effectiveness	3.9	4.0	Not Significant
Targeting and Outreach	4.4	4.4	Not Significant
Gender equality & women's participation	4.2	4.5	Significant (one-tail tested)
Agricultural Productivity	4.0	3.9	Not Significant
Nutrition	3.9	4.1	Not Significant
Adaptation to Climate Change	4.0	4.2	Nearly significant (one-tail tested)
Sustainability and scaling-up			
Institutions and Policy Engagement	4.0	4.1	Not Significant
Partnership-building	4.1	4.4	Nearly significant (one-tail tested)
Human and Social Capital and Empowerment	4.1	4.3	Not Significant
Quality of Beneficiary Participation	4.3	4.4	Not Significant
Responsiveness of Service Providers	4.2	4.1	Not Significant
Environment and Natural Resource Management	4.1	4.0	Not Significant
Exit Strategy	3.8	3.9	Not Significant
Potential for Scaling-up	4.3	4.4	Not Significant
Project management			
Quality of Project Management	4.1	4.2	Not Significant
Knowledge Management	3.9	4.1	Not Significant
Value for Money	3.9	4.2	Significant (one-tail tested)
Coherence between AWPB and Implementation	3.6	3.7	Not Significant
Performance of M&E System	3.8	3.8	Not Significant
Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	4.0	4.2	Not Significant
Financial management and execution			
Acceptable Disbursement Rate	3.5	3.4	Not Significant
Quality of Financial Management	4.0	4.0	Not Significant
Counterparts Funds	4.0	4.3	Not Significant
Compliance with Loan Covenants	4.4	4.3	Not Significant
Procurement	4.0	3.8	Significant (one-tail tested)
Key supervision and implementation indicators			
Assessment of the Overall Implementation Performance	4.1	4.2	Not significant
Likelihood of Achieving the Development Objective	4.1	4.2	Not significant

*Significant (at 5% significance)/one-tailed test
** Nearly significant (at 5% significance)/one-tailed test

Source: ORMS-IFAD.

Table 2
Comparison of IOE ratings of value chain and non-value chain projects (number of observations in brackets)

Criteria	*Value Chain*	*Non-Value Chain*	*Significance*
Relevance	4.11 (27)	4.28 (35)	One-tail at 10%
Effectiveness	4.14 (27)	3.85 (35)	One-tail at 5% and at two-tail at 10%
Efficiency	3.9 (27)	3.6 (35)	One-tail at 10%
Sustainability of benefits	3.7 (27)	3.57 (35)	Not Significant
Rural poverty impact	4.03 (26)	3.97 (35)	Not Significant
Innovation	4.26 (27)	4.14 (35)	Not Significant
Scaling up	4.07 (27)	3.94 (35)	Not Significant
Gender equality and women's empowerment	3.88 (27)	4.02 (34)	Not Significant
Environment and NRM	3.84 (26)	3.93 (29)	Not Significant
Adaptation to climate change	3.77 (22)	3.61 (26)	Not Significant
IFAD Performance	4.11 (27)	4.2 (35)	Not Significant
Government	4.03 (27)	4.2 (35)	Not Significant
Project performance	3.99 (26)	3.85 (35)	Not Significant
Overall project achievement	4.07 (27)	3.91 (34)	Not Significant

Ratings: **1 = highly unsatisfactory**; 2 = unsatisfactory; 3= moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory**; 6 = highly satisfactory**

Source: Extracted from the IOE ARRI Database (December 2018).

Table 3
Categorization of the level value chain development

Level of value chain development	*Value chain characteristics and type of project support*
Advanced value chain	• Strengthening vertical linkages • Higher level of product, process and functional upgrading (e.g. certification, branded products, exporting direct) • Specialized technical assistance on production and processing • Financial resources for investment and working capital • Value chain finance system in place • Risk management and market information systems • Commercialization under contract or purchase agreements Multi-Stakeholder Platforms or structured dialogue among stakeholders
Intermediate value chain	• Organizational strengthening • Establishing vertical linkages • Process and functional upgrading • Development of Business Plans and capacity building for financial literacy and business management • Capacity building for harvest/post-harvest practices and infrastructure management • Purchase of inputs through an organized mechanism • Financing for value chain infrastructure and technology (e.g. warehouses, cold stores, processing machinery) Organized marketing of produce
Incipient value chain	• Mobilization of small-scale producers (horizontal linkages) for collective selling • Product upgrading • Capacity building to improve cropping/breeding practices, productivity and quality of produce • Improved input supply • Production credit • Feeder roads and basic infrastructure for market access (e.g. bridges, collection centres) Sales through spot transactions still predominates

Source: IFAD data elaborated by IOE.

Table 4
IFAD Core Indicators, since 2017

Areas of thematic		*No. Title - Output indicators*		*Legend**	*No. Title - Outcome indicators*		*Legend**
Rural producers' organizations		2.1.3 2.1.4	• Number of rural producers' organizations supported *(modified current RIMS 1.4.4 and 1.4.6)* • Number of supported rural producers that are members of a rural producers' organization (modified current RIMS 1.4.5)	SIP, S, Y, Lead, IND SIP, S, Y, Lead, IND	2.2.3 2.2.4 2.2.5	• (Number) Percentage of rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities • (Number) Percentage of supported rural producers' organization members reporting new or improved services provided by their organization • (Number) Percentage of rural producers' organizations reporting an increase in sales	Lead, IND SEC S, Y Lead, IND Lead
Rural infrastructure	2.3	2.1.5 2.1.6	• Number of kilometres of roads constructed, rehabilitated or upgraded *(current RIMS 1.4.2)* • Number of market, processing or storage facilities constructed or rehabilitated *(modified current RIMS 1.4.3, 1.4.7, 1.4.8)*		2.2.6	• (Number) Percentage of persons/households reporting improved physical access to markets, processing and storage facilities	S, Y, Lead, IND, SEC
SO3: Strengthen the environmental sustainability and climate resilience of poor rural people's							
Environmental sustainability and Climate change	2.4, 5.4, 7.2, 13, 13.1-13.3 and 15.1-15.3	3.1.1 3.1.2 3.1.3 3.1.4	• Number of groups supported to sustainably manage natural resources and climate-related risks *(modified current RIMS 1.6.11)* • Number of persons provided with climate information services *(modified current RIMS 1.1.15)* • Number of persons accessing technologies that sequester carbon or reduce greenhouse gas emissions *(modified current RIMS 1.1.18)* • Number of hectares of land brought under climate-resilient management *(modified current RIMS 1.1.17)*	C, SIP, LEAD, IND C, S, Y, IND C, S ,Y, IND C	3.2.1 3.2.2 3.2.3	• Number of tons of greenhouse gas emissions (CO2) avoided and/or sequestered • (Number) Percentage of persons/households reporting adoption of environmentally sustainable and climate-resilient technologies and practices • (Number) Percentage of persons/households reporting a significant reduction in the time spent for collecting water or fuel	C S, Y, Lead, IND S, Y, Lead, IND
Policy (cross-cutting)		Policy 1 Policy	• Number of policy-relevant knowledge products completed • Number of functioning multi-stakeholder platforms supported		Policy 3	• Number of existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment	

Source: IFAD 2017, Taking IFAD's Results and Impact Management System (RIMS) to the Next Level. ***Legend follows:**

SIP	Refers to specific indigenous peoples indicators for IP-relevant projects.	SEC	Means that the reported data should be disaggregated by sector (crop/livestock/forestry/fisheries.
IND	Means that the number of beneficiary indigenous peoples needs to be tracked and reported separately.	P	Means that the reported data should be disaggregated by type of rural finance product.
C	Mandatory indicators for projects which make specific investments to address climate change issues (this includes all projects with Adaptation for Smallholder Agriculture Programme [ASAP] co-financing).	Y	The reported data should be disaggregated by the age status of the beneficiary ("young" or "not young" as per the national definition for youth).
S	The reported data should be disaggregated by the sex of beneficiary (male or female).	Lead	The reported data should be disaggregated by the sex of the head of household, small and medium-sized enterprise owner or group leader (as relevant).

Evaluation matrix

Evaluation criteria	*Evaluation questions*	*Indicators*	*Data sources*
	Overarching questions: Is the IFAD approach to pro-poor value chain development an effective way to sustainably reduce rural poverty? To what extent, under what conditions, and for whom? To what extent are IFAD's organizational set-up and instruments conducive to design and support effective pro-poor value chains?		
	Corollary questions: To what extent has the traditional target group of the Fund, i.e. the rural poor and their households, benefited or continue to benefit from IFAD-supported value chain (VC) interventions, also in comparison to other social and economic actors? To what extent has the IFAD approach to VC development contributed, or continues to contribute, to the achievement of IFAD's mandate and goals, also taking into account the Sustainable Development Goals? What are the key conditions that have to be met for IFAD-supported VC interventions to achieve the stated goals of inclusive development for all, and how widespread are these?		
Relevance	Extent to which IFAD's VC development approach is consistent with the corporate strategic frameworks and other policy objectives and instruments, including in the light of their combined effects. Extent to which IFAD-supported VC approaches are in line with governments' policies and strategies. Extent to which IFAD-supported VC approaches target the needs of the rural poor, particularly disadvantaged or special interest groups (e.g. women, indigenous peoples, youth, landless or quasi-landless people and persons with disabilities). Extent to which poor rural producers participate in the identification of VC products and models, in IFAD-supported VC interventions. Extent to which IFAD-supported VC interventions are based on sound diagnostics and integrate a systematic value chain analysis in project designs. Extent to which knowledge generated from IFAD experience has been taken into consideration by IFAD itself and its partners. Relevance of IFAD's knowledge products to VC development.	Coherence and mutually reinforcing goals. Improvements in the livelihoods of poor participants. Socio-economic characteristics of participants. Producers' ownership of the initiative. Number of VC interventions that integrated a VC analysis. Lessons learned explicitly taken into account in successive projects. Requests received by IFAD for copies of each publication.	IFAD strategic frameworks and policies. Governments' policies in case study countries. Relevant project documents; past and ongoing evaluations. Interviews with IFAD staff, project staff, governments and other stakeholders; e-survey. Case studies; interactions with project participants at national and local level. IFAD knowledge products.

Evaluation criteria	*Evaluation questions*	*Indicators*	*Data sources*
Effectiveness	Extent to which interventions have led to pro-poor functioning of entire VCs or segments thereof. Results and impact, positive and negative, of IFAD-supported VC interventions on the household incomes and assets of participants. Results and impact, positive and negative, of IFAD-supported VC interventions on the food security of participants. Extent to which interventions have changed the capacity and behaviours of key actors in the value chain. Results and impact of IFAD-supported VC interventions on the capacities of participating producers' organizations and of other stakeholders. To what extent have IFAD-supported VC interventions contributed to empowering the organizations of rural producers? To what extent do IFAD-supported VC interventions that engage with private sector actors, including through 4Ps, contribute to improving the incomes and livelihoods of participating poor rural producers? To what extent do IFAD-supported VC interventions engage private sector actors in transparent and fair contractual relationships with poor rural producers? Results of IFAD's efforts in policy dialogue on VC development and normative frameworks at the national level. Use and usefulness of IFAD's knowledge products on VC development.	Number of supported value chain interventions explicitly engaged in improving the livelihoods of poor participating households. Improved incomes, livelihoods and assets of poor households participating in the VCs; increased availability of food throughout the year and elimination of lean periods in poor households participating in the VCs. Management and technical capacity of producers' organizations; capacity of producers' organizations to negotiate beneficial contracts; number of interventions that have led to fair and transparent contractual agreements favourable to poor participating households. Number of pro-poor private-public cooperation initiatives within the universe of partnerships and of supported projects. Examples of VC related policies and strategies linked to IFAD's interventions. Examples of use in IFAD's supported projects.	Relevant project documents; past and ongoing evaluations. Interviews with staff in IFAD, governments, projects and other organizations. Case studies; interactions with project participants and VC actors and stakeholders at national and local level. IFAD knowledge products.
Efficiency	Average implementation performance of VC projects compared with IFAD projects in other domains. The degree to which partnerships have been crafted to exploit comparative strengths, competencies and experience of key actors (e.g. government and public entities, private entrepreneurs; donors and technical assistance organizations, non-government and civil society organizations). Extent to which projects have paid attention to upgrading skills and knowledge of key government and project staff. How IFAD's organizational structure, human resources, expertise and budgets have been used to support design and implementation of the evaluated interventions and how increased decentralization may affect support to VC development.	Comparison between the performance of VC interventions and IFAD's average on selected performance indicators, e.g. time elapsed between implementation milestones, delivery of the portfolio, projects' extension. Resources dedicated to capacity development; quality of the capacity development opportunities. Quality and timeliness of technical support to project teams at agreed milestones and when requested.	Relevant project documents; past and ongoing evaluations. Interviews with staff in IFAD, governments, projects and other organizations; e-survey. IFAD corporate information systems. Case studies; interactions with project participants and VC actors and stakeholders at national and local level.

Evaluation criteria	*Evaluation questions*	*Indicators*	*Data sources*
Sustainability	To what extent have governments assumed ownership and leadership of VC development, including in their policy frameworks? What is the likelihood that the benefits generated by IFAD-supported VC interventions will continue after the completion of planned activities? What is the degree of profitability of interventions and approaches promoted for poor households and other key actors? Extent to which risk-management arrangements were developed to cope with the different types of risk (price, climate). What are the prospects of sustainability for the partnerships developed by IFAD-supported VC interventions? To what extent are the new technologies introduced at the various levels of the pro-poor value chains economically, socially and technically appropriate and sustainable over time?	Degree of support from policy makers, policy and regulatory environment, strategies and programmes. Analysis of cost and revenues for producers and VC actors; resilience to market volatility; long-term economic and financial projections. Number of such arrangements in place. Degree of commitment and mutual trust among actors in the specific VC. Degree of adoption of technological innovations and management processes required to continue activities in the absence of external funding.	Relevant project documents; past and ongoing evaluations. Interviews with staff in IFAD, governments, projects and other organizations. Case studies; interactions with project participants and VC actors and stakeholders at national and local level.
Thematic areas			
Gender equality	To what extent have IFAD-supported VC interventions incorporated an adequate gender equality perspective in project design? To what extent have IFAD-supported VC interventions incorporated an adequate gender equality perspective in project implementation? What were the results of IFAD-supported VC interventions on women's positions in their households, workloads, incomes, food security, and leadership positions in their communities and organizations?	Attention paid to: (i) women's time; (ii) addressing perceived gender-related roles and difference; (iii) skills and training needs. Changes in women's access to assets, income, rural organizations, infrastructure workload.	Relevant project documents; past and ongoing evaluations. Interviews with staff at IFAD, governments, projects and other organizations. Case studies; interactions with project participants and VC actors and stakeholders at national and local level.
Nutrition	To what extent have IFAD-supported VC interventions incorporated an adequate focus on nutrition in project design? To what extent have IFAD-supported VC interventions incorporated an adequate focus on nutrition in project implementation? What were the results of IFAD-supported VC interventions on the nutritional status of rural poor participants and of the members of their households?	Changes in the quantity and quality of food available to household members. Changes in household nutritional resilience to seasonal risks.	Relevant project documents; past and ongoing evaluations. Interviews with staff at IFAD, governments, projects and other organizations. Case studies; interactions with project participants and VC actors and stakeholders at national and local level.
Youth	To what extent have IFAD-supported VC interventions incorporated mechanisms to involve youth as participants, in project design? To what extent have IFAD-supported VC interventions incorporated mechanisms to involve youth as participants, in project implementation? What were the results of IFAD-supported VC interventions in integrating youth?	Changes in young people's attitude and interest in value chain activities. Detectable changes in migration patterns.	Relevant project documents; past and ongoing evaluations. Interviews with staff at IFAD, governments, projects and other organizations. Case studies; interactions with project participants and VC actors and stakeholders at national and local level.

Evaluation criteria	*Evaluation questions*	*Indicators*	*Data sources*
Natural resources management	To what extent were the VC approaches in IFAD-supported projects compatible with principles of sustainable natural resources management? To what extent have IFAD-supported VC interventions incorporated measures for sustainable natural resources management in project design? To what extent have IFAD-supported VC interventions incorporated measures for sustainable natural resources management in project implementation? What were the results of IFAD-supported VC interventions on the natural resource base?	Classification of projects according to Social, Environmental and Climate Assessment Procedures (SECAP) review notes. Examples of management practices and effects on environment as well as on the production base for smallholder farmers.	Relevant project documents; past and ongoing evaluations. Interviews with staff at IFAD, governments, projects and other organizations. Case studies; interactions with project participants and VC actors and stakeholders at national and local level.
Climate change	To what extent were the VC approaches in IFAD-supported projects compatible with the need for climate change adaptation? To what extent have IFAD-supported VC interventions incorporated measures for adaptation to climate change and strengthening producers' resilience in project design? To what extent have IFAD-supported VC interventions incorporated measures for adaptation to climate change and strengthening producers' resilience in project implementation? What were the results of IFAD-supported VC interventions on producers' resilience to climate change?	Classification of projects according to the Social, Environmental and Climate Assessment Procedures Review Notes (SECAP). Examples of climate change adaptation practices. Changes in capacity to cope with climate-related phenomena and risks.	Relevant project documents; past and ongoing evaluations. Interviews with staff at IFAD, governments, projects and other organizations. Case studies; interactions with project participants and VC actors and stakeholders at national and local level.

Source: CLE Elaboration (2019).

Detailed description of the coding of projects and selection of countries

Review of Project Designs

1. As foreseen in the CLE approach paper, the analysis of the entire population of projects approved by IFAD in the period 2007-2017 (later on the exercise was repeated for 2018) started with a two-step screening[109] of the Project Design Reports (PDRs) of the approved projects, to identify those that explicitly included a focus on value chain development at the level of outcomes and outputs.

2. The decision to use the PDRs, rather than other entry points in the projects, allowed the team to capture the evolution in the corporate approach, and in each country, the continuum "production improvement-access to markets-value chain development". In doing so, it emerged that frequently, value chain approaches have been included in project design as a follow up to earlier projects that addressed the first two steps of the continuum.

3. With basis on the definition of value chain included in the approach paper, the CLE team at its first inception workshop agreed on considering a project as 'including a value chain approach' when the PDR showed that:

   (a) Market is the driving factor in the endeavour.

   (b) A broad consideration of the input-production-transportation- processing-storing-packaging-marketing process and of the partners involved, guides the intervention, even if only one or few elements of the value chain are addressed in practice.110

   (c) Projects that supported the systemic vision will be included as 'ancillary' interventions (this is the case for example of a project specialized in rural finance that also supported a value chain system)

4. This led to the identification of 210 value chain relevant projects (green), and 17 ancillary projects (yellow), in 91 different countries, out of a total universe of 341 approved projects. This process was completed after validating the category of each project with the Regional Divisions.

5. The 227 'relevant' and ancillary project design reports were then analysed to identify the profile of each proposed value chain. The rubrics, or features that were selected for the assessment, originated from the evaluation questions as presented in the approach paper, complemented by features that were suggested by members of the CLE team during the two workshops conducted in February and March. The relevance, quality, efficiency and effectiveness of each of these rubrics will be assessed for the selected projects by the CLE team through country visits, past and on-going evaluations and a mix of more in-depth desk review and interviews.[111]

6. The issues used to guide the profiling of PDRs and the respective options were the following:

   (a) Can we observe an evolution, if any, in IFAD's project design, implementation approach and results in any given country with respect to the continuum

[109] The first screening led to the identification of projects that did not have value chain elements in the design (per definition provided in this note), project that had clear value chain elements and project designs that could not be immediately classified. The second screening was done by a different reviewer to add more independence to the review.

[110] Importantly, the "consideration: of value chain element does not imply that a thorough diagnostic of the value chain has been done. In fact, there are cases of project design that have identified the value chain steps but without a diagnostic of "what is the problem / gap" that needs to be addressed from the point of view of the small-scale producers. This aspect will be further treated in the main CLE analysis.

[111] Note that "capacity development" was not included as a separate feature as it was a constant element of all interventions, both for participants and institutions, thus not a discriminating factor in the selection of projects.

"production enhancement-access to markets-value chain development"? Indicators in PDR and IFAD systems:

- dates of project approval, cross-referencing in the Justification section of PDRs. See columns F and G and Remarks in the Excel tables.
- date of project MTR and completion, actual or planned, MTRs and PCRs, field visits.

(b) Are value chain project designs backed by some form of analysis (i.e., identification of a "problem"), what is the quality of the same and related sub-issues? Indicator in PDR: evidence that the value chain project component was informed by a diagnostic or that one was planned as one of the project activities; the option of a planned analysis option was introduced because often not sufficient resources are available for a thorough value chain analysis during THE design phase.

(c) Were financial services foreseen to support the value chain and how did they perform? Indicator in PDR: main actor responsible for making rural financial resources available to participants in the value chains. Options: (1) through the projects; (2) through other organizations; (1, 2) both.

(d) To what extent were project financial resources dedicated to infrastructures and what type? Indicator in PDR: provisions for rural infrastructures. Options (multiple options possible): (1) roads; (2) others; (1, 2) both.

(e) Who was the intended target group of the value chain development, were they reached, can IFAD's supported value-chains be defined as 'pro-poor'? Indicator in PDR: the target group of the project. Options (multiple options possible): (1) individual poor small-scale producers; (2) Producers organizations; (3) Communities; (4) Asset-less people; (5) Women (including female heads of households); (6) Youth; (7) Indigenous populations; (8) private sector operators; or (9) others.

(f) What types of commodity are addressed through the value chains, what are the specific issues in their value chains? How do they affect IFAD's end-clients? Are some more effective in poverty reductions than others? Indicator in PDR: list of value-chain commodities. Options (multiple options possible): (0) not specified; (1) grain/pulses/tubers; (2) livestock and poultry; (3) aquatic products; (4) horticulture products/tree crops/spices; (5) dairy/eggs; (6) animal products (e.g. honey, wool, silk); (7) non-wood forest products; (8) coffee/tea/cocoa /cotton/rubber/hides/skins/oil/sugar; or (9) others.

(g) What type of markets did the project try to establish linkages with? What are the specific issues in accessing these markets? What type of opportunities did they generate for small-scale producers? Indicator in PDR: type of market envisaged in the proposed value chain. Options (multiple options possible): (1) local; (2) national; (3) regional; (4) international; (5) not specified.

(h) Did IFAD facilitate the linkage with Private Sector actors in the value-chain development, with what results for the poorer groups among the stakeholders?[112] Indicator in PDR: engagement with the Private Sector as a stakeholder in the value chain discussed; this did not include the engagement planned with Private Sector Service Providers contributing solely to project implementation, for example for capacity development, input supply disjointed from the value chain, or infrastructure construction. Options: (0) not discussed; (1) discussed.

[112] This rubric should be complemented by the analysis of the category of Private Sector actor. After an initial attempt (about 50 PDRs), it was decided to set it temporarily aside as PDRs tend to be very unclear in this respect and information did not appear reliable. The CLE will analyze the selected projects in this respect and comment on it, based on the available evidence from its tools.

(i) What type of arrangements did IFAD support for the governance of the value chain and what were the consequent benefits and risks for the poorer groups in the value chain? Indicator in PDR: the type of institutional arrangements proposed to enable the development of the value chain. Options (multiple options possible): (0) not specified or unclear; (1) 4Ps; (2) PPP; (3) contract farming; (4) platforms.

(j) What segment/s of the value chain did projects address, and through what type of support? Indicator in PDR: focus of project activities. As multiple segments or entry-points could be addressed, multiple options were included through a yes/no answer:

- product & process upgrading: "doing things better and/or bigger", with activities enhancing the efficiency and quality of the production processes.
- functional upgrading: opportunities provided for stakeholders to engage in new functions, e.g. processing, transporting, and marketing.
- horizontal linkages: strengthen and formalize production and other functions across stakeholders engaging in the same activity, e.g. farmers joining in cooperatives to market their produce.
- vertical linkages: enable, develop and formalize links and relationships among stakeholders at different levels in the value chain, e.g. producers with traders.
- marketing and consumers issues: the project foresees activities aimed at developing market intelligence information systems, labelling, branding.
- enabling environment: the project foresees activities aimed at policy dialogue, development or improvement of legislation, norms and standards, capacity development at the institutional level.

(k) Thematic area nutrition: were there specific activities planned to improve the nutritional level of participants, which ones and with what results? Indicator in PDR: planned activities and outputs; this did not include contributions to 'food and nutrition security' by enhancing production and availability. Options Yes or No.

(l) Thematic area natural resources management and environmental sustainability: were there specific activities planned to improve the management of natural resources and the environmental sustainability at the targeted segment of the value chain; which ones and with what results? Indicator in PDR: planned activities and outputs. Options Yes or No.

(m) Thematic area climate change adaptation: were there specific activities planned to improve the resilience and adaptation to climate change of participants in the value chain; which ones and with what results? Indicator in PDR: planned activities and outputs. Options Yes or No.

(n) Importance of VC activities in PDR; this rubric was introduced at the end of the assessment, based on the observation that the relative importance of value chain in each PDR could differ significantly; it was conducted by the same CLE team member for all PDRs for the sake of uniformity of assessment and 'measured' the relative importance of the value chain element within the project, based on the logframe and the details provided on the value chain itself in the text. Source of information: PDR; Options (1), low; (2) medium; (3) high.

7. Additional information taken into account was:

   (a) the presence of IFAD country office; and country income level as per the World Bank 2017/18 classification.

   (b) extent of available and expected evaluative evidence on each project, from competed and/or on-going IOE evaluations.

8. During the first and second inception workshop, based on the observation that long term investments are necessary to develop value chains, and that IFAD appeared to progressively support projects along the continuum production enhancement-access to markets-value chain development, and that the national context has a strong bearing on the potential for success of a value chain approach, the team had achieved the conclusion that a 'country approach' would be more comprehensive for the CLE, than a 'project approach'. At the same time, it was also suggested that the CLE should take into account: i) the importance of regional and sub-regional common approaches or strategies at IFAD, including knowledge accumulated; ii) the effects, if any, of regional and sub-regional markets and trade agreements; and iii) the existence of some similarities in challenges and features of value chains at the regional and sub-regional level. This led to a ranking of countries within each IFAD regional division.

9. The information thus canvassed led to the development of a country-level scoring, obtained by multiplying the importance level given to value chains in each project (point 'n' above, Column AE) by the number of respective projects in each country. The list of projects in the highest-ranking countries was cross-checked to ensure that features representing the entire variety of value chain profiles supported by IFAD since 2007 would be included.

10. The CLE team also conducted a round of interviews with staff from the five Regional Divisions and the Policy and Technical Advisory Divisions in PMD. Inter alia, this helped validate the above review and isolate some cases of good and poor performance in supporting smallholder farmers' access to value chains.

11. This led to a revised list of potential countries for country-visits by region and sub-region, complementary to the list of countries and projects that will be evaluated through the on-going CSPEs and PPAs. For cost- and time-efficiency purposes, insofar as possible contiguous countries were proposed for the country visits. Finally, the selection of country visits includes a small 'redundancy assumption' which is a good practice in case one or two visits became non-feasible (e.g., due to security reasons or any other emergency consideration).

Country visits

12. The CLE team selected ten countries[113] for country visits and discusses the reasons for selecting each of them here below. It is important to understand that the proposed country visits have been selected jointly with the choice of in-depth desk reviews. The latter include cases where analytical and learning opportunities exist but can be reasonably tapped into with lower investment of resources.

Bosnia and Herzegovina

Key issues addressed: fragile situation, evolution of the portfolio in terms of governance of the value chains; complex value chains in terms of perishability; export markets, different arrangements for rural financial services; lack of other available evaluation evidence.

13. This is a country classified by IFAD as a fragility situation, albeit Upper-Middle Income, which borrowed three loans from IFAD since 2007, all of them focused on value chains, two at a medium level and one at the high level. One project is

[113] One additional country, Moldova, was also visited by one member each of the CLE team.

completed, one close to completion and the third only recently started. None was evaluated so far apart from a PCRV, and there are no immediate plans for other evaluations. Together with Moldova, it ranks second in NEN in terms of in terms of importance of value chain development in the portfolio.

14. The main targeted commodity are berries, highly perishable and requiring particular care in production and handling and offer the opportunity for value adding at the micro-level. The international market was part of the destinations envisaged for production. Over time, projects evolved from planning no governance for the value chain, to contract farming to platforms. Different forms of rural finance arrangements were foreseen, which will allow comparison among models.

El Salvador

Key issues addressed: most projects at advanced level of implementation, opportunity for results; diverse value chain commodities; national and international markets; NRM important; lack of other available evaluation evidence.

15. The entire portfolio of El Salvador with IFAD in the period under evaluation includes four value chain related projects, one of which is completed, one is close to completion and two have not become effective yet although approved in 2015 and 2016 respectively. In three of these, the value chain had medium importance, and in one, a high level of importance.

16. All value chains include dairy and horticulture, in addition to other products. Most focus on production enhancement, but also include horizontal linkages and work to develop an enabling environment. From the view of governance, platforms are a recurrent element.

17. The country portfolio ranks second in LAC after Brazil, in terms of importance of value chains. Including El Salvador in the list of countries to be visited mostly originate in its proximity with Honduras, and both being L-MIC countries; the field visit could be shorter than others, but still bring added value in comparing how in IFAD performs in this domain in two countries in the sub-region.

Honduras

Key issues addressed: most projects at advanced level of implementation, opportunity to assess results; diverse value chain commodities; national and international markets; NRM important; lack of other available evaluation evidence.

18. Honduras, a Lower-Middle Income Country, borrowed three projects from IFAD, out of four, addressing value chain development, at a medium and high level of importance. The projects are either recently completed, in completion or reaching completion, offering the opportunity to capture results to a good extent.

19. Each project tended to target a different set of commodities, ranging from livestock to dairy, horticulture, coffee and non-wood forest products, all both for national and international markets. Natural resources management featured prominently in all projects; in terms of value chains segments focus was mostly on enhancing production, horizontal and vertical linkages.

Mauritania

Key issues addressed: diverse value chain commodities; national and international markets; 4P model for the governance of the value chains; entire value chain addressed; lack of other available evaluation evidence.

20. The country, a Lower-MIC country that bridges between the MENA region and Sub-Saharan Africa also from the view-point of production and trade, has two value chains projects with IFAD, one closed and the second recently started. A third IFAD-supported project does not address value chains.

21. The commodities addressed include livestock, dairy products, oasis products and gum Arabic, thus aimed at local, national and international markets.

22. It is one of the few countries where IFAD has a 4P approach; and the two projects addressed all segments in the value chain.

Morocco

Key issues addressed: evolution of the portfolio and diversity in focus on value chains; isolated target population; diverse value chain commodities mostly for national markets; lack of other available evaluation evidence.

23. The Government of Morocco requested IFAD to concentrate its projects in mountainous and isolated areas, developing production and value chains there. Four projects are on-going, at different stages of progress, two of which highly focused on value chains, one medium and one low. Another on-going project does not address value chain development. No evaluations have been carried out so far.

24. Together with Sudan (which will be review through past evaluative evidence, complemented with Skype interviews), it ranks first in NEN in terms of importance of value chain development in the portfolio and its example could be useful for other countries in the sub-region.

25. Infrastructure investments included roads only in one case, and the international market was envisaged also in one case only. Commodities include livestock, dairy, olives, honey, hence quite diverse.

Nepal

Key issues addressed: evolution of the portfolio, target population, partnership with an NGO as an intermediary, national markets, different arrangements for rural financial services, lack of other available evaluation evidence, mountain areas and remote sites, ethnic minority groups.

26. Nepal has borrowed four loans from IFAD since 2007, all highly focused on value chain development, in addition to two other loans that do not include a value chain approach. Little or no evaluative evidence is available for these (the 2012 CPE was conducted when they were just incipient), and no evaluation is planned (the 2018 PPE will be done on a project without value chain elements). Nepal ranks highest in APR together with Viet Nam, in terms of importance of value chain development in the portfolio.

27. Nepal is a Low-income country, with high rates of poverty. Understanding why the Government decided to borrow for four out of six loans focused on value chain could provide interesting insights in how IFAD operates and is perceived in this domain. Three of the projects are on-going, at different levels of progress, and the fourth was recently approved.

28. One of the value chain projects (High Value Agriculture Project in Hill and Mountain Areas, HVAP) is supported by an international NGO, SNV, in the role of intermediary. The value chains are mostly addressing national markets, along geographical corridors, and include different commodities, among which Non-Wood Forest Products, (this is not a common case in the majority of other countries).

29. The target group includes also migrants and refugees, a specific feature of the country, as well as ethnic minorities in very difficult to reach areas. Also, it will be important to analyse to what extent poor producers are benefitting from the value chain. Different forms of rural finance arrangements were foreseen, which will allow comparison among models.

Niger

Key issues addressed: a value chain development model focused on the development of semi-wholesale markets and on governance mechanisms built on traditional conflict-resolution mechanisms

30. Niger, a Low-income country, was added to the list of the countries to be visited by the CLE during the evaluation, through a suggestion within IOE linked to a project evaluation.

31. The IFAD portfolio in Niger, although at design level largely focused on 'primary production and access to markets' has significantly evolved during implementation towards a model of enhanced market access and value chain development based on the building of semi-wholesale market infrastructures, the development of collection and supply centres and the establishment of multi-stakeholder platforms based on traditional institutions for the management of common goods as governance mechanism.

32. Including Niger thus would allow the CLE to expand its analysis to another, significantly diverse approach implemented by IFAD for value chain development.

Rwanda

Key issues addressed: value chain commodities for national and international markets; integration in global value chains; governance of the value chains.

33. A Low-income country, Rwanda has its entire portfolio with IFAD since 2007, focused on value chains at a high level of importance in three cases, and at a medium level of importance in the fourth (object of an on-going PPA).

34. The 'highly important' value chain projects addressed dairy in two cases, and coffee, tea and silk in another. These are all key commodities, aimed at the national and international markets (the international market element is here the strongest of all countries proposed for field visits). In addition, one of the dairy projects features a 4P approach.

35. Rwanda is the second highest ranking country in ESA region, after Kenya where a CSPE and an IE are on-going, in terms of importance of value chains in the portfolio.

Senegal

Key issues addressed: strong focus of the portfolio on value chains; diverse value chain commodities mostly for national markets; rural financial services all by third party; governance of the value chains; integration of NRM and Climate Change issues in the value chains; lack of other available evaluation evidence.

36. Senegal, a Low-income country, has its entire IFAD portfolio, three projects, addressing livestock and horticulture value chains. One project is completed, two are on-going; when the CPE was carried out in 2014, and the two on-going projects were in their early stages or just started. Also, two of the projects, the Projet d'appui aux filières agricoles and its extension, are considered successful stories by IFAD.

37. Together with Ghana (which will be reviewed through past evaluative evidence and Skype interviews), it ranks first in WCA in terms of importance of value chain development in the portfolio

38. In all projects, rural finance is provided by a third party; and supporting platforms of value chain stakeholders were planned in two projects. Also, for the entire portfolio, sustainable natural resources management and climate change adaptation are important features.

Viet Nam

Key issues addressed: evolution of the portfolio, ancillary project, mixed focus on value chains, target population, open-ended approach to identify the value chains; different arrangements for rural financial services and focus on enabling environment; lack of other available evaluation evidence, indigenous peoples and ethnic minorities.

39. VietNam is a Lower Middle-Income Country, with strong internal differences in access to opportunities and services. The Viet Nam portfolio includes eight value chain relevant projects, of which two completed, one recently started and all others at different levels of progress. One of the projects was classified as ancillary, which will allow the opportunity to assess how collaboration across projects functions in the context of value chains. Limited evaluative evidence available. It ranks highest in APR together with Cambodia, in terms of importance of value chain development in the portfolio.

40. Five of the projects include the private sector in their target group, as well as indigenous groups. These are not common features and the team here will be able to assess how effective IFAD's approach in these cases. The portfolio also offers a mix of low, medium and high focus on value chains, which will enable the team to assess the relative success and challenges at each level of focus.

41. Another peculiar feature is that project designs tend to be 'open-ended' in terms of commodities and only one project identified in the PDR the commodity of the value chain. The CLE would thus have the opportunity to understand whether this approach entails a strategic advantage as argued by some CPMs, or not. Also, half of the projects intended to work at the enabling environment level, which is not highly common. Different forms of rural finance arrangements were foreseen, which will allow comparison among models.

In-depth desk reviews

42. In addition to the country visits, the CLE will rely on a number of country and project in depth desk reviews, addressing those countries and projects where value chain approaches were implemented and for which sufficient evaluative evidence is available from completed evaluations, to develop an informed understanding of issues and results. While these countries do provide useful evidence to address CLE questions, at this stage the team expects that a country visit is likely to provide a lower return on resources invested, given the previous knowledge is already available through independent at a rather detailed level and can be complemented through distance interviews.

43. These country desk reviews will entail: extraction of relevant information from completed evaluations; analysis of project documents such as MTRs, Supervision reports, PCRs; interviews with CPMs, key stakeholders in the country, e.g. Programme Coordinators and Directors; and key partners.

44. The countries and projects selected are listed in detail in Table C and include:

- Bangladesh: largely investment in transportation and storage infrastructure, quite well documented in a CSPE to be complemented via Skype interviews;
- Brazil: investments in processing, already documented by the PPE Gente de Valor and a CSPE. The Brazil portfolio has advanced little in implementation in the past three years;
- Cambodia: examples of involvement of private sector operators both in extension and marketing and specialised niches such as 'green products' that require certification. Documented by recent CSPE;
- Cameroon: attempts, not very successful to link producers of roots and tubers and fresh vegetables to markets, documented by recent CSPE;
- China: opportunity to review past PPEs and also a RIA impact assessment;

- Ghana: contains a proto-value chain projects in roots and tubers plus also attempts to connect farmers to grain and fresh vegetables value chains, not very successful, documented via CPE 2012 led by Fabrizio and recent PPE;
- Indonesia: most interesting aspect is a collaboration with a multinational on coffee extension in a closed project; however, this is partly covered by a CPE and there is also an IFAD learning study done with IDS;
- Mozambique: three out of four loans focused on value chains for different commodities, analysed through a recent CSPE;
- Nicaragua: work done on processing and marketing via cooperatives and including indigenous areas, documented by recent CPE;
- Sudan: work done on Arabic gum, documented via PCRV. The country has issues of security which may impinge on opportunities to visit more recent project areas;
- Uganda: work done on Vegetable Oil Development, long term initiative involving contract farming and establishment of small-scale processing plants managed by producers.

45. Furthermore, the CLE will also assess one project that is one of the earliest experiences in supporting export market value chains and considered a success story by IFAD, namely the Projet d'Appui à la Petite Agriculture Commerciale, PAPAC in São Tomé and Principe (see Table C last row).

On-going evaluations

46. The CLE team will also draw evaluative evidence from the 2018 on-going IOE evaluations, including CSPEs, PPAs and IEs. The CLE team will collaborate with the evaluation managers in identifying key questions and issues about value chain development at the level of the APs for each evaluation. Teams have been asked to provide a short note upon field visits' completion, on the key features of the value chain components in projects and in the country portfolio.

<u>CSPEs</u>

- Burkina Faso
- Kenya
- Sri Lanka
- Tunisia
- Georgia

<u>PPEs</u>

- Guyana
- Moldova
- Sri Lanka

<u>Impact Evaluation</u>

- Kenya

Corporate-level Evaluation on IFAD's Engagement in Pro-poor Value Chain Development
The country visits checklist

47. This check-list is a guide for meetings with country-level stakeholders. It is not a blue-print. Team members should use the checklist as a reference to ensure that the key points are covered, but will need to adapt and, when necessary, be selective according to the specific context and time available for interviews

48. The questions originate from the evaluation matrix (approach paper) and are organised by groups of stakeholders to be met. The criteria each question 'belongs' to is also indicated; however the questions are listed following a possible logic for the discussion. The first question for each group of stakeholders is broad and open ended and may be useful to start the conversation. Each meeting should however start with a brief explanation of the purpose of the evaluation and of the meeting and by ensuring the participants of the confidentiality of the discussion.

49. Each team will have to discuss before the meetings how to share the questions among themselves and who takes notes. Notes from each meeting should be transferred as soon as possible into an electronic format, clearly indicating who was attending, were and when the meeting was held. If interlocutors do not have visiting cards, please take note of first and family name and role. When the meeting is with many people, e.g. in a producers' organization, please take note as well of how many women, men and young were attending, at least roughly.

50. The minutes can be in the form of bullet points, very simple as long as they are intelligible for non-participants. Minutes will be kept within the CLE team only, so they can be truly candid.

51. Once the country visit is completed, the team should synthesise the findings by issue/question, in the field visit template provided separately.

52. It is recommended that the team members review the approach paper, notably the Annex with the matrix of key questions, including the overarching and the corollary questions (Box 1).

Box 1
CLE overarching and corollary questions

Overarching questions:
1) Is the IFAD approach to pro-poor value chain development an effective way to sustainably reduce rural poverty? To what extent, under what conditions and for whom?
2) To what extent are IFAD's organizational set-up and instruments conducive to design and support effective pro-poor value chains?
Corollary questions:
i) To what extent the traditional target group of the Fund, i.e. the rural poor and their households, did and do benefit from IFAD-supported VC interventions, also in comparison to other social and economic actors?
ii) To what extent the IFAD approach to VC development did and do contribute to the achievement of IFAD's mandate and goals, also taking into account the Sustainable Development Goals?
iii) What are the key conditions that have to be met for IFAD-supported VC interventions to achieve the stated goals of inclusive development for all, and how widespread are these?
iv) To what extent is IFAD's business model of loan-financed, Government-owned and led-initiative can best support the development of pro-poor value chains

Source: CLE Elaboration (2019).

53. Box 2 below indicates the main groups of stakeholders in each country. To some extent, meeting programmes will be already done by the time we arrive in the countries, but there is always room for adjustments, additions and cancelling. Groups "a to f" are priority in case of time constraints.

Box 2
Groups of stakeholders at country level

a) IFAD country office
b) Project coordination/implementation unit staff
c) Government staff, central and decentralized levels
d) Producers and processors and their organizations, including women and youth;
e) Private sector entities and other value chain stakeholders engaged with the project
f) Rural Finance institutions collaborating or not with the project
g) Service providers collaborating with the project
h) UN agencies, IFIs, Bilateral development agencies
i) i. Sectoral organizations / chamber of commerce/ commodity board members not engaged with the project

Source: CLE Elaboration (2019).

A. Key issues to discuss with the IFAD CPM and country office

(i) Overview of the importance of the value chain components/projects in the country-portfolio, and their strengths and weaknesses; Any IFAD grant working on value chain?

(ii) Relevance

- government's policies and strategies of importance for value chain; Government's interest and commitment to value chain development;
- What was IFAD's philosophy and approach of intervention
- Quality of design, lessons learn from the past, type of analysis conducted, budget for analytical work at design and implementation
- Engagement with value chain actors
- targeting: who is targeted and how (specially poor groups, women, youth…);

(iii) Effectiveness

- What changed in capacity development of rural producers, of empowerment of individuals and producers' organizations
- What do we know on impact on poverty and what are the main sources
  - Household income and assets
  - Farmer's organizations
  - Nutrition
- What do we know about result disaggregation by gender, youth, and minority groups
- are projects involved in natural resource management, climate change adaptation and what are the key findings on these

(iv) Are projects promoting innovations for value chain development?

- E.g. technology for production or processing, institutional innovations (e.g.,. stakeholder platform, contract farming), rural finance product, risk management (insurance, price hedging)

(v) Efficiency
- Are projects running through delays in value chain development? Why?
- What is the Government capacity to deal with value chains ?
- How is the country office (or, more generally, the country team) supporting implementation? Does it have specialized skills and resources to do so?
- Are the headquarters providing support? Specifically, are IFAD toolkits useful?

(vi) Sustainability
- What are the main threats to sustainability (e.g. for price fluctuation, production, climate, élite capture) and the measures put in place to manage them

(vii) Non-lending activities
- quality of partnerships with: (i) government agencies; (ii) international organizations; (iii) NGOS, civil society organizations; (iv) rural finance institutions; (v) private entrepreneurs and their associations
- Documentation systematization of experiences
- Engagement in policy discussions
- Engagement in South-south cooperation

B. Key issues to discuss with the Project Coordination Unit

Similar as for IFAD staff. Also ask their views about the support received from IFAD.

C. Key issues to discuss with Government staff, central and decentralized levels

- Views on national policies and strategies that relate to value chain
- Views about IFAD's work on value chains and quality of projects. What is special about IFAD? What could be improved?
- Views about other international organizations' work on value chain
- Views on IFAD as a partner and in policy dialogue

D. Key issues to discuss with International Organizations

(i) Overall engagement at country level in value chain development;

(ii) Government's interest and commitment to value chain development;

(iii) How do their projects address value chain development

(iv) What do they see as main results for poor rural producers who engage in value chains in the country, in the interventions of the organization itself

(v) What do they know and think of IFAD-funded projects

(vi) Thematic areas: do their interventions on value chain address in any specific way the following issues: gender equality, integration of youth, nutrition, NRM and climate change adaptation.

E. Key issues to discuss with Producers and processors and their organizations, including women and youth

(i) What has been the work done with the support of the project and what have been the main changes this brought to the community/association/individual;

(ii) Targeting: who are the members of the association; who are the people in the association working with the project; what is their social and economic status in the community; how many women, men and young people are part of the group of participants;

(iii) Effectiveness: what is the overall return/benefit/ of the assistance received (please provide description and numbers)
- Price change

- Produce sold in markets
- Income
- More / better food in the household
- Workload (particularly for women)
- Learning new skills
- Others

(iv) In case of contract farming, describe how it works and your experience with it

(v) Participation and benefit for (i) women; (ii) young people

(vi) Natural resources, climate change adaptation

- Change in use of fertilizers, pesticides, water and soil management
- Change in crop yields
- Management of forests / management of fisheries, fishing gear

(vii) -Sustainability

- Are you making profit? Would you invest more of your equity in these activities?
- If project assistance stopped, what would happen? Do you need any type of support in the long term? On what?

F. Key issues to discuss with Private sector entities and other value chain stakeholders who collaborate with the project

(i) What has been the work done with the support of the project and what have been the main results so far;

(ii) What is their view of the support received by the project?

(iii) What have been the changes in their business and profits through the participation in the project? Can they disclose some examples / figures?

(iv) Has the project introduced new knowledge, skills, technologies

(v) Are they making profits? Do they plan to further invest in these types of activities?

(vi) If project assistance stopped, what would happen? Do they need any type of support in the long term? On what? What are the main risks?

(vii) Do they see any major issue with the environment preservation, pollution?

G. Key issues to discuss with Rural Finance institutions collaborating with the project

(i) Main products offered and main activities. Please provide information on pricing of products (e.g., maturity, interest rates, grace period, collateral required)

(ii) Experience working with the project: positive and negative? What have been the main innovations

(iii) Number and type of clients, is there a solid business case?

(iv) Are the activities profitable? Are you planning to continue with this, further invest on these activities?

(v) Views on the clients: poor people, women, youth. Are they appreciating your products? Are you interested in reaching them?

(vi) What are the main problems, risks, missing elements in the project? What would you change in the project?

H. Key issues to discuss with Service providers collaborating with the project

(vii) Main services offered.

(viii) Experience working with the project: positive and negative? What have been the main innovations

(ix) Number and type of clients, is there a solid business case?

(x) Are the activities profitable? Are you planning to continue with this, further invest on these activities?

(xi) Views on the clients: poor people, women, youth. Are they appreciating your products? Are you interested in reaching them?

(xii) What are the main problems, risks, missing elements in the project? What would you change in the project?

I. Key issues to discuss with Sectoral organizations / chamber of commerce/ commodity board members and Rural Financial institutions that do not engage with the project/s

(i) Overview of their role in the sector;

(ii) Profile of their members;

(iii) What type of relationships do they have with small scale/poor producers;

(iv) Do they collaborate with other development partners and how;

(v) What type of collaboration would they like to have with IFAD if any at all;

(vi) What risk-mitigation measures do they have put in place;

(vii) Any specific norms and standards they follow with respect to NRM and climate change.

54. The review will entail the analysis of the following documents: Project documents including PDRs, MTRs, PCRs or Supervision reports; QA minutes; COSOPs, PPA/Es and CS/PEs, PCRVs.

Electronic Survey

55. The survey's objective was to obtain quantitative and qualitative information from IFAD and Project staff, regarding key pro-poor value chains aspects in IFAD supported projects.

56. The survey population was composed of (i) IFAD professional staff and (ii) directors, coordinators and managers of IFAD-funded project. The survey was distributed in July 2018; and closed in September 2018.

57. The total sample size included 480 participants of which, 242 where IFAD professional staff (33% overall response rate and 26% response rate to all questions), and the other 238 participants were IFAD project managers (56 overall % response rate and 51% response rate to all questions); **the overall response rate was 44% including partial responses and 38% for full responses.**

58. Results compiled in this document show the total survey responses, and the results disaggregated by:

    - IFAD staff: managers and staff members of IFAD
    - Project staff: directors, coordinators and managers of IFAD-funded projects

59. The analysis of the survey responses show that 63% of responses came from project staff and 37% from IFAD staff. Out of the IFAD staff responses, 57% of respondents are based outside of IFAD HQ and the remaining 43% based in HQ.

60. To maintain good practices, a statistical significance test was done[114]. The test served to see if there was any statistically significance difference of the survey responses when divided into subgroups of respondents. * statistically significant at 10%, ** statistically significant at 5% and *** statistically significant at 1%

Results
Descriptive information

Table 1.
What language do you want to use?

Answer Choices	*Response (%)*	*IFAD staff (%)*	*Project staff (%)*
English	70%	76%	66%
Français	17%	16%	18%
Español	10%	8%	11%
Arabic	3%	0%	5%
Answered	222	79	133

[114] Two sample t-test for unequal variances. The statistical software used is STATA: Data Analysis and Statistical Software, version 13.

Source: IOE Pro-poor value chain development questionnaire, 2018.

Table 2.
I am

Answer Choices		*Response (%)*	*IFAD staff (%)*	*Project staff (%)*
A manager/staff member of IFAD		37%	100%	0%
A director / coordinator or manager of an IFAD-funded project		63%	0%	100%
	Answered	212	79	133

Source: IOE Pro-poor value chain development questionnaire, 2018.

Table 3.
Where are you based?

Answer Choices		*Response (%)*	*IFAD staff (%)*	*Project staff (%)*
IFAD Headquarters		43%	43%	NR
Outside Headquarters		57%	57%	NR
	Answered	79	79	-

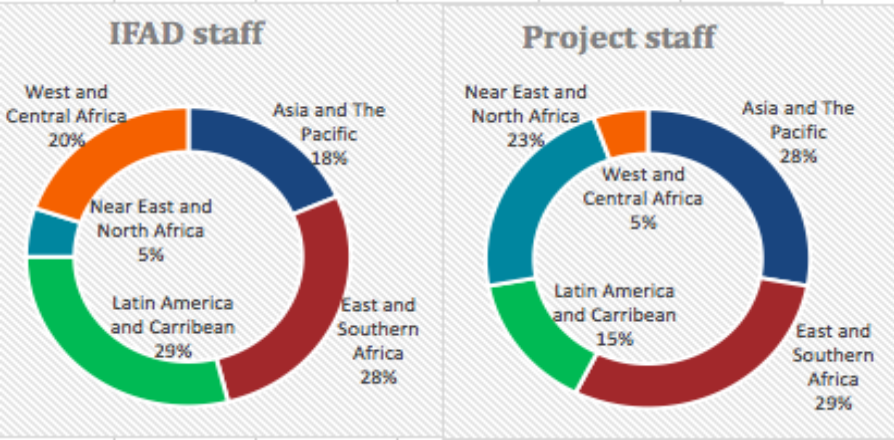
Source: IOE Pro-poor value chain development questionnaire, 2018.

Table 4.
Please indicate which region you are most familiar with in your professional experience with IFAD?

Answer Choices		*Response (%)*	*IFAD staff (%)*	*Project staff (%)*
Asia Pacific		24%	18%	28%
East and Southern Africa		29%	28%	29%
Latin America and Caribbean		20%	29%	15%
Near East and North Africa		16%	5%	22%
West and Central Africa		11%	20%	5%
	Answered	205	76	129

Source: IOE Pro-poor value chain development questionnaire, 2018.

Graph 1.
Regions respondents are most familiar with.



Source: CLE Elaboration from e-survey (2019)

IFAD vision and capacity to work on value chains

Table 5.
To what extent do you agree or disagree with the following statements

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average all*	*Average IFAD staff*	*Average Project staff*
IFAD has a clear vision of how value chain development contributes to rural poverty reduction	1%	3%	4%	10%	43%	40%	2	5.1	4.8	5.3
IFAD has technical expertise to adequately support its current portfolio of value chain development projects	1%	4%	8%	23%	40%	24%	6	4.7	4.3	4.9
IFAD trains its staff and consultants on pro-poor value chain approaches	1%	13%	13%	30%	32%	12%	**24**	4.2	**3.5**	4.6
IFAD partners with other organizations that have value chain expertise	1%	2%	11%	21%	42%	23%	14	4.7	4.4	4.9
IFAD learns from its experience on value chain development	1%	2%	6%	20%	42%	29%	13	4.9	4.5	5.1
							Answered	199	71	128

Source: IOE Pro-poor value chain development questionnaire, 2018.

IFAD Value chain knowledge products

Table 6
I am aware that IFAD has prepared toolkits and guidance documents on value chains

Answer Choices	*Response (%)*	*IFAD staff (%)*	*Project staff (%)*
Yes	65%	89%	51%
No	35%	11%	49%
Answered	199	72	127

Source: IOE Pro-poor value chain development questionnaire, 2018.

Table 7
I have found IFAD toolkits and guidance documents on value chains useful for my work

Answer Choices	*Response (%)*	*IFAD staff (%)*	*Project staff (%)*
Yes	84%	80%	89%
No	16%	20%	11%
Answered	129	64	65

Source: IOE Pro-poor value chain development questionnaire, 2018.

Support to governments, projects and service providers

Table 8.
Please indicate to what extent you agree or disagree with the following statements.

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average*	*Average IFAD staff*	*Average Project staff*
IFAD provides adequate support to the capacity of governments on pro-poor value chain development	1%	5%	14%	32%	31%	17%	10	4.4	3.9	4.7
IFAD provides adequate support to the capacity of project management units on pro-poor value chain development	1%	6%	10%	28%	37%	17%	6	4.5	4.1	4.7
IFAD provides adequate support to the capacity of service providers on pro-poor value chain development	2%	7%	18%	37%	30%	7%	13	4.1	3.7	4.3
							Answered	196	71	125

Source: IOE Pro-poor value chain development questionnaire, 2018.

Table 8.1
Please indicate to what extent you agree or disagree with the following statements. Project staff

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average Project staff*
IFAD provides adequate support to the capacity of governments on pro-poor value chain development	0%	4%	7%	28%	43%	18%	5	4.7
IFAD provides adequate support to the capacity of project management units on pro-poor value chain development	1%	5%	5%	25%	43%	21%	3	4.7
IFAD provides adequate support to the capacity of service providers on pro-poor value chain development	1%	6%	9%	37%	39%	8%	10	4.3
							Answered	125

Source: IOE Pro-poor value chain development questionnaire, 2018.

Table 8.2
Please indicate to what extent you agree or disagree with the following statements. IFAD staff

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average IFAD staff*
IFAD provides adequate support to the capacity of governments on pro-poor value chain development	3%	6%	27%	41%	9%	14%	5	3.9
IFAD provides adequate support to the capacity of project management units on pro-poor value chain development	0%	9%	19%	35%	26%	10%	3	4.1
IFAD provides adequate support to the capacity of service providers on pro-poor value chain development	3%	9%	32%	37%	13%	6%	3	3.7
							Answered	71

Source: IOE Pro-poor value chain development questionnaire, 2018.

Integrating pro-poor value chain approaches in IFAD-supported country strategies and projects

Table 9
Please indicate to what extent you agree or disagree with the following statements

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average*	*Average IFAD staff*	*Average Project staff*
IFAD provides adequate guidance for integrating pro-poor value chain approaches in its country strategies (COSOP)	0%	5%	1%	28%	49%	17%	13	4.7	4.5	4.8
IFAD provides adequate guidance for integrating pro-poor value chain approaches in project design	1%	2%	4%	23%	47%	24%	12	4.9	4.9	4.9
Sufficient resources are allocated for pro-poor value chain analysis	4%	7%	6%	34%	33%	15%	30	4.3	**3.7**	4.5
IFAD-supported value chain project designs adequately address the main risks and constraints	1%	4%	8%	37%	38%	13%	24	4.4	4.4	4.5
IFAD provides quality expertise on pro-poor value chain development during project implementation	1%	6%	7%	33%	36%	17%	23	4.5	4.4	4.5
							Answered	192	67	125

Source: IOE Pro-poor value chain development questionnaire, 2018.

Table 9.1
Please indicate to what extent you agree or disagree with the following statements. Project staff

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average Project staff-*
IFAD provides adequate guidance for integrating pro-poor value chain approaches in its country strategies (COSOP)	0%	3%	0%	25%	54%	18%	5	4.8
IFAD provides adequate guidance for integrating pro-poor value chain approaches in project design	1%	2%	3%	24%	48%	23%	4	4.9
Sufficient resources are allocated for pro-poor value chain analysis	2%	4%	4%	37%	39%	16%	11	4.5
IFAD-supported value chain project designs adequately address the main risks and constraints	1%	4%	8%	34%	41%	12%	11	4.5
IFAD provides quality expertise on pro-poor value chain development during project implementation	1%	3%	7%	35%	37%	17%	10	4.5
							Answered	125

Source: IOE Pro-poor value chain development questionnaire, 2018.

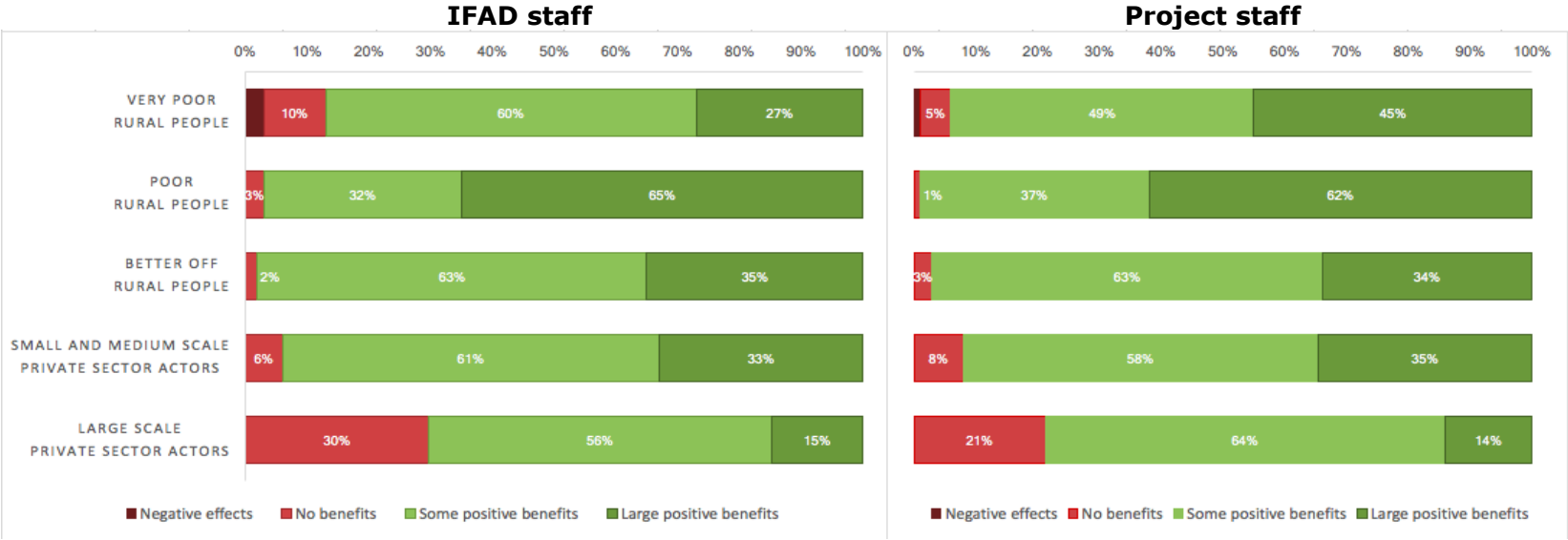
Table 9.2
Please indicate to what extent you agree or disagree with the following statements. IFAD staff

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average IFAD staff*
IFAD provides adequate guidance for integrating pro-poor value chain approaches in its country strategies (COSOP)	0%	8%	3%	35%	38%	15%	7	4.5
IFAD provides adequate guidance for integrating pro-poor value chain approaches in project design	0%	2%	7%	20%	45%	27%	7	4.9
Sufficient resources are allocated for pro-poor value chain analysis	10%	17%	13%	27%	21%	13%	19	**3.7**
IFAD-supported value chain project designs adequately address the main risks and constraints	0%	6%	9%	43%	30%	13%	13	4.4
IFAD provides quality expertise on pro-poor value chain development during project implementation	2%	11%	7%	28%	33%	19%	13	4.4
							Answered	192

Source: IOE Pro-poor value chain development questionnaire, 2018.

Beneficiaries of IFAD-supported value chain projects

The extent to which the below categories of stakeholders benefited from IFAD-funded interventions



Source: CLE Elaboration from e-survey (2019).

Table 10
Please indicate the extent to which the below categories of stakeholders benefited from IFAD-funded interventions, according to your experience.

All responses	*Negative effects*	*No benefits*	*Some positive benefits*	*Large positive benefits*	*Total*
Very Poor Rural People	2%	7%	53%	39%	100%
Poor Rural People	0%	2%	35%	63%	100%
Better Off Rural People	0%	3%	63%	34%	100%
Small and Medium scale private sector actors	0%	7%	59%	34%	100%
Large scale private sector actors	0%	**24%**	61%	15%	100%
Others	0%	4%	75%	21%	100%
IFAD Staff					
Answer Choices	Negative effects	No benefits	Some positive benefits	Large positive benefits	Total
Very Poor Rural People	3%	10%	60%	27%	100%
Poor Rural People	0%	3%	32%	65%	100%
Better Off Rural People	0%	2%	63%	35%	100%
Small and Medium scale private sector actors	0%	6%	61%	33%	100%
Large scale private sector actors	0%	**30%**	56%	15%	100%
Others	0%	6%	67%	28%	100%
Project Managers					
Answer Choices	Negative effects	No benefits	Some positive benefits	Large positive benefits	Total
Very Poor Rural People	1%	5%	49%	45%	100%
Poor Rural People	0%	1%	37%	62%	100%
Better Off Rural People	0%	3%	63%	34%	100%
Small and Medium scale private sector actors	0%	8%	58%	35%	100%
Large scale private sector actors	0%	21%	64%	14%	100%
Others	0%	3%	80%	17%	100%

Source: IOE Pro-poor value chain development questionnaire, 2018.

Approaches and instruments in the IFAD-supported value chains projects

Table 11

Please indicate to what extent you agree or disagree with the following statements. IFAD-supported value chain projects focus on the following approaches or instruments:

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average*	*Average IFAD staff*	*Average Project staff*
Development/revision of public policies of relevance to value chain development	2%	9%	14%	34%	30%	11%	15	4.1	3.7	4.4
Development of market linkages	0%	1%	4%	16%	49%	30%	3	5.0	5.0	5.0
Development of market information systems	0%	6%	6%	36%	37%	16%	9	4.5	4.4	4.6
Development of governance mechanism for the entire value chain	0%	5%	12%	31%	40%	13%	8	4.4	4.2	4.5
Development of contractual relationships between the private sector and poor rural producers	0%	2%	8%	26%	40%	25%	6	4.8	4.8	4.8
Facilitating access of poor rural producers to financial instruments (e.g. micro-loans, matching grants) that enable participation in the value chain	0%	3%	3%	13%	46%	35%	4	5.1	5.0	5.1
Improvement and/or innovation of production techniques	0%	1%	3%	15%	50%	30%	2	5.0	5.1	5.0
Improvement and/or innovation of processing techniques	0%	2%	6%	21%	45%	26%	8	4.9	4.8	4.9
Strengthening of producers' organizations through various tools (including multi-stakeholder platforms)	0%	2%	2%	13%	42%	43%	3	5.2	5.4	5.1
							Answered	184	63	122

Source: IOE Pro-poor value chain development questionnaire, 2018.

Table 11.1
Please indicate to what extent you agree or disagree with the following statements. IFAD-supported value chain projects focus on the following approaches or instruments. Project staff

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average Project staff*
Development/revision of public policies of relevance to value chain development	1%	8%	8%	33%	36%	14%	12	4.4
Development of market linkages	0%	2%	3%	15%	50%	30%	3	5.0
Development of market information systems	0%	5%	4%	37%	37%	17%	7	4.6
Development of governance mechanism for the entire value chain	0%	4%	9%	28%	46%	13%	6	4.5
Development of contractual relationships between the private sector and poor rural producers	0%	3%	7%	26%	42%	23%	5	4.8
Facilitating access of poor rural producers to financial instruments (e.g. micro-loans, matching grants) that enable participation in the value chain	0%	3%	3%	13%	50%	33%	3	5.1
Improvement and/or innovation of production techniques	0%	2%	2%	15%	52%	29%	1	5.0
Improvement and/or innovation of processing techniques	0%	2%	7%	18%	47%	27%	5	4.9
Strengthening of producers' organizations through various tools (including multi-stakeholder platforms)	0%	2%	2%	14%	45%	36%	2	5.1
							Answered	122

Source: IOE Pro-poor value chain development questionnaire, 2018.

Table 11.2
Please indicate to what extent you agree or disagree with the following statements. IFAD-supported value chain projects focus on the following approaches or instruments. IFAD staff

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average IFAD staff*
Development/revision of public policies of relevance to value chain development	3%	12%	25%	36%	17%	7%	3	3.7
Development of market linkages	0%	0%	6%	17%	48%	29%	0	5.0
Development of market information systems	0%	7%	8%	35%	37%	13%	2	4.4
Development of governance mechanism for the entire value chain	0%	5%	18%	37%	28%	12%	1	4.2
Development of contractual relationships between the private sector and poor rural producers	0%	0%	11%	26%	35%	27%	1	4.8
Facilitating access of poor rural producers to financial instruments (e.g. micro-loans, matching grants) that enable participation in the value chain	0%	3%	5%	15%	38%	39%	1	5.0
Improvement and/or innovation of production techniques	0%	0%	5%	16%	47%	32%	1	5.1
Improvement and/or innovation of processing techniques	0%	2%	5%	27%	42%	25%	3	4.8
Strengthening of producers' organizations through various tools (including multi-stakeholder platforms)	0%	0%	2%	10%	34%	55%	1	5.4
							Answered	63

Source: IOE Pro-poor value chain development questionnaire, 2018.

Effectiveness of approaches and instruments in the IFAD-supported value chains projects

Table 12

Please indicate to what extent you agree or disagree with the following statements. The following approaches and instruments have contributed to positive results for poor rural producers

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average*	*Average IFAD staff*	*Average Project staff*
Development/revision of public policies of relevance to value chain development	1%	6%	12%	31%	36%	14%	23	4.4	4.2	4.5
Development of market linkages	0%	2%	3%	18%	45%	31%	7	5.0	5.0	5.0
Development of market information systems	0%	4%	7%	29%	39%	20%	14	4.7	4.7	4.6
Development of governance mechanism for the entire value chain	0%	3%	10%	29%	40%	18%	15	4.6	4.5	4.6
Development of contractual relationships between the private sector and poor rural producers	0%	2%	8%	22%	38%	30%	8	4.8	4.9	4.8
Facilitating access of poor rural producers to financial tools that enable participation in the value chain	0%	1%	3%	23%	41%	32%	7	5.0	5.1	4.9
Improvement and/or innovation of production techniques	0%	1%	1%	18%	51%	29%	9	5.1	5.2	5.0
Improvement and/or innovation of processing techniques	0%	1%	2%	24%	47%	26%	15	4.9	4.9	5.0
Strengthening of producers' organizations	0%	1%	2%	12%	46%	39%	11	5.2	5.3	5.1
							Answered	179	62	118

Source: IOE Pro-poor value chain development questionnaire, 2018.

Table 12.1

Please indicate to what extent you agree or disagree with the following statements. The following approaches and instruments have contributed to positive results for poor rural producers. Project staff

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average Project staff*
Development/revision of public policies of relevance to value chain development	0%	4%	13%	27%	41%	15%	18	4.5
Development of market linkages	0%	3%	2%	18%	50%	28%	6	5.0
Development of market information systems	0%	5%	9%	29%	38%	20%	11	4.6
Development of governance mechanism for the entire value chain	0%	4%	6%	31%	42%	18%	11	4.6
Development of contractual relationships between the private sector and poor rural producers	0%	4%	8%	21%	41%	27%	7	4.8
Facilitating access of poor rural producers to financial tools that enable participation in the value chain	0%	2%	4%	23%	41%	30%	6	4.9
Improvement and/or innovation of production techniques	0%	1%	2%	18%	52%	27%	7	5.0
Improvement and/or innovation of processing techniques	0%	1%	3%	22%	48%	26%	10	5.0
Strengthening of producers' organizations	0%	2%	3%	12%	47%	37%	7	5.1
							Answered	118

Source: IOE Pro-poor value chain development questionnaire, 2018.

Table 12.2
Please indicate to what extent you agree or disagree with the following statements. The following approaches and instruments have contributed to positive results for poor rural producers. IFAD staff

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average IFAD staff*
Development / revision of public policies of relevance to value chain development	3%	12%	25%	36%	17%	7%	5	4.2
Development of market linkages	0%	0%	6%	17%	48%	29%	1	5.0
Development of market information systems	0%	7%	8%	35%	37%	13%	3	4.7
Development of governance mechanism for the entire value chain	0%	5%	18%	37%	28%	12%	4	4.5
Development of contractual relationships between the private sector and poor rural producers	0%	0%	11%	26%	35%	27%	1	4.9
Facilitating access of poor rural producers to financial tools that enable participation in the value chain	0%	3%	5%	15%	38%	39%	1	5.1
Improvement and/or innovation of production techniques	0%	0%	5%	16%	47%	32%	2	5.2
Improvement and/or innovation of processing techniques	0%	2%	5%	27%	42%	25%	5	4.9
Strengthening of producers' organizations	0%	0%	2%	10%	34%	55%	4	5.3
							Answered	62

Source: IOE Pro-poor value chain development questionnaire, 2018.

Results of IFAD-supported pro-poor value chain development projects

Table 13
Please indicate to what extent you agree or disagree with the following statements IFAD-supported value chain projects have contributed to the following:

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average*	*Average IFAD staff*	*Average Project staff*
Improvement in food and nutrition security of the rural poor	0%	1%	4%	26%	41%	29%	10	4.9	4.6	5.1
Increase in assets and incomes of the rural poor	0%	0%	1%	17%	48%	34%	19	5.2	4.9	5.3
Better capacity of producers' organizations regarding the quality of	0%	0%	1%	20%	52%	28%	12	5.1	5.0	5.1
Better capacity of producers' organizations on processing and marketing aspects	0%	1%	1%	27%	46%	25%	12	4.9	4.7	5.0
Better capacity of producers' organizations on planning, management and negotiation	0%	1%	4%	36%	43%	17%	10	4.7	4.6	4.8
Improvement in poor rural women's status and decision-making power	0%	1%	5%	25%	45%	23%	14	4.8	4.5	5.0
Improvement in economic opportunities for young people	1%	1%	5%	30%	47%	16%	14	4.7	4.2	4.9
Sustainable management of natural resources	0%	2%	7%	33%	41%	17%	13	4.7	4.1	4.9
Resilience of poor rural producers to climate change	0%	2%	9%	37%	33%	20%	0	4.6	4.1	4.8
							Answered	183	62	121

Source: IOE Pro-poor value chain development questionnaire, 2018.

Table 13.1
Please indicate to what extent you agree or disagree with the following statements IFAD-supported value chain projects have contributed to the following, Project staff:

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average Project staff*
Improvement in food and nutrition security of the rural poor	0%	0%	2%	19%	45%	34%	6	5.1
Increase in assets and incomes of the rural poor	0%	0%	1%	10%	51%	38%	5	5.3
Better capacity of producers' organizations regarding the quality of	0%	0%	1%	17%	54%	28%	10	5.1
Better capacity of producers' organizations on processing and marketing aspects	0%	1%	1%	20%	50%	28%	8	5.0
Better capacity of producers' organizations on planning, management and negotiation	0%	2%	4%	26%	50%	18%	8	4.8
Improvement in poor rural women's status and decision-making power	0%	1%	3%	23%	44%	30%	6	5.0
Improvement in economic opportunities for young people	0%	1%	1%	23%	54%	21%	10	4.9
Sustainable management of natural resources	0%	1%	3%	25%	49%	23%	8	4.9
Resilience of poor rural producers to climate change	0%	1%	5%	30%	40%	25%	9	4.8
							Answered	121

Source: IOE Pro-poor value chain development questionnaire, 2018.

Table 13.1
Please indicate to what extent you agree or disagree with the following statements IFAD-supported value chain projects have contributed to the following, IFAD staff:

Answer Choices	*Strongly Disagree*	*Disagree*	*Moderately Disagree*	*Moderately Agree*	*Agree*	*Strongly Agree*	*No Opinion*	*Average IFAD staff*
Improvement in food and nutrition security of the rural poor	0%	2%	7%	40%	31%	20%	7	4.6
Increase in assets and incomes of the rural poor	0%	0%	2%	30%	42%	26%	5	4.9
Better capacity of producers' organizations regarding the quality of	0%	0%	0%	25%	47%	28%	9	5.0
Better capacity of producers' organizations on processing and marketing aspects	0%	0%	2%	41%	40%	17%	4	4.7
Better capacity of producers' organizations on planning, management and negotiation	0%	0%	2%	55%	28%	16%	4	4.6
Improvement in poor rural women's status and decision-making power	0%	2%	10%	31%	47%	10%	4	4.5
Improvement in economic opportunities for young people	2%	2%	14%	43%	33%	7%	4	4.2
Sustainable management of natural resources	0%	4%	16%	48%	27%	5%	6	4.1
Resilience of poor rural producers to climate change	0%	3%	17%	50%	21%	9%	4	4.1
							Answered	62

Source: IOE Pro-poor value chain development questionnaire, 2018.

Joint report of the senior external advisers

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Summary

The evaluation is timely. Between 2007 and 2018, projects supporting value chains have come to dominate IFAD's portfolio, reaching 80 per cent of all approvals under IFAD 9. The value chain topic was complex and new to many IFAD staff. Internal technical expertise was stretched to support this expanding portfolio. The portfolio grew without a dedicated corporate strategy or policy; there has been a lack of clarity about the concept within IFAD; an absence of staff capacity building and technical support; and disparities with most other policies and strategies. The exception was clear linkages to IFAD's partnership strategy and processes for working with private sector actors. Considering that by 2050 10 billion people have to be fed, smallholders need to be engaged more effectively in value chains. Relevant agricultural sectors need to be transformed and the private sector must be enhanced if countries are to meet SDGs by 2030 and food demand of 2050. This evaluation report provides valuable lessons learnt both at a strategic level, such as setting up multi-stakeholder platforms, influencing value chain governance to distribute value more equally, engaging the private sector, and managing risk; as well as at an operational level, including aspects of staff competency and capacity building.

Quality of the evaluation

The evaluation design faced challenges that arose from the weak policy framework and limited formal specification of value chain interventions. An effective practical classification was developed which enabled 77 projects to be selected, distributed among 29 countries from all IFAD's regions. The quality of available data was also a constraint.

Project-level monitoring and evaluation systems were not focused on relevant outcome-level indicators that could provide insights into the effects of value chain-relevant interventions. Few projects had existing evaluation findings, as 70 percent of the sample was still under implementation with 18 per cent being evaluated before even a mid-term review. As a result, much of the analysis was dependent on key informant interviews with stakeholders. Only for five projects did the evaluation find data analysed through rigorous methods and even for those it was hard to differentiate the effects arising from value chain development, from the effects of the overall project support. In most cases, documentation on project implementation contained little information that was pertinent to the project value chain elements. Some information gaps could be filled through the CLE country visit, and through on-going or past evaluations but evidence was patchy overall.

Challenging but very effective evaluation process. In the face of these difficulties, the evaluation team developed an appropriate mixed approach, and used the available time effectively to develop and implement evaluation tools, review the existing extensive documentation, interview relevant stakeholders, analyse and synthesize the acquired data and information. Considering the challenges the evaluation team encountered in the projects, the level of analysis is remarkable.

Findings

Incremental adaptation of existing projects: The report raises interesting issues about the way in which a value chain orientation was introduced as an incremental adaptation of production-focused projects. Very few project designs included plans for, or were informed by, a structured form of market intelligence. Analysis of project designs reveals the absence of a common framework for describing value chain systems and the principles of a pro-poor approach to value chain development. This experience has wider

implications for IFAD in coping with new global challenges whilst not losing sight of its core mandate to address rural poverty.

Segmentation of smallholders: Overall, the evidence gathered suggests that it is possible to reach out to poor and very poor households and groups through value chain approaches, but this requires specific attention. A focus on poorer groups was not always maintained, largely owing to insufficient attention given to entry barriers for poorer producers. It is clear from the analysis that reaching the poor cannot be left to the private sector alone. The assumption of "**trickledown effect**" from entrepreneurial farmer and agribusiness to poorer smallholders is wrong.

The evaluation team also analysed the **outreach** of programs in terms of smallholders, appropriately distinguishing between different levels of poverty of rural populations (poor, very poor) and identified a variety of strategies to be implemented depending on the level of poverty: (i) selecting commodities requiring little land or capital investment and involving intensive, unskilled labour inputs; (ii) enforcing pro-poor requirements for agribusinesses as a condition to obtain IFAD project support; (iii) community-based ground work and mobilization of producer groups combined with other activities; (iv) previous work in the same area establishing the productive base and local knowledge, and participatory approach to design and implementation"

Maturity of value chains: The evaluation team rightly pointed out the importance of considering maturity of value chains when developing relevant strategies: The more integrated value chains become the more essential it is to influence policy and regulatory environment, by establishing, or strengthening multi-stakeholder platforms and inter-professional associations that provide small-scale producers and other value chain stakeholders with e.g. proper food safety and quality system within the chain but also at national level.

The report also considers basic **change management** principles, hardly ever taken into account, but vital to developing and implementing change programs. One of the key principles being development of proper incentive systems to engage private sector successfully with smallholders. As the example of Uganda shows, the lack of such system hampers achieving success. Too often, this concept is overlooked in a variety of interventions, expecting that awareness raising and training are sufficient for behavioural change.

Recommendations

The seven recommendations take a holistic view of the structure needed to provide adequate support for value chain investments and in so doing, have a relevance far wider than the value chain part of IFAD's portfolio. New initiatives need a corporate strategy that is harmonized with other policies, have programming guidelines driven by a coherent theory of change, put forward a range of implementation modalities that help programme managers engage with governments and other stakeholders to agree appropriate designs, and bring resources to build staff capacity and provide technical backstopping. Such an extensive prescription suggests a perplexing omission by management to plan for and implement an effective approach to value chain support.

Conclusion

The report will provide a valuable resource for IFAD to deepen and enhance its approach to value chain support. The many findings and lessons draw together information from a range of sources and deserve to be widely read. In view of their importance a shorter text would have helped accessibility by a wider audience.

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