The African Development Bank’s Support for Agricultural Value Chains Development: Lessons for the “Feed Africa” Strategy

Background

Agriculture is considered the mainstay of the economy of most African countries, contributing a major share of Gross Domestic Product (GDP), rural employment and income, and export earnings on the continent. While GDP overall has been increasing in Africa, the growth of the agriculture sector has slowed in recent years, signaling low productivity growth and limited value addition in the sector. In addition, despite the importance of agriculture for the continent’s economy, Africa strongly lags behind other regions in terms of food production (Figure 1) and remains a net importer of food. With the food price crisis in 2008, a new attention for agricultural value chains development has been generated among development partners, including the African Development Bank.

What Did IDEV Evaluate?

In 2017, the Independent Development Evaluation (IDEV) evaluated the support of the African Development Bank (AfDB or “the Bank”) to Agricultural Value Chains Development (AVCD). The exercise consisted of both a project cluster and a thematic evaluation. The thematic evaluation assessed the agricultural portfolio of the Bank during the period 2005–2016, which amounted to around UA 3.1 billion (USD 4.2 billion). It provides recommendations to strengthen the Bank’s overall approach to AVCD for its “Feed Africa” strategy, aimed at transforming agriculture in Africa. The project cluster evaluation, for its part, is focused on the project level and provides key findings and lessons learned from nine case studies that can inform the design and implementation of AVCD interventions.
What Did IDEV Find?

Thematic Evaluation

The overall question examined was “Has the Bank applied good practice standards in AVCD?” The evaluation identified 5 fundamentals and 5 key enablers that characterize successful AVCD, based on current knowledge and the Bank’s practice. The five fundamentals (critical factors for all Bank value chain interventions) are: (i) analyze the full value chain; (ii) strategize for inclusiveness; (iii) remain responsive to market changes; (iv) think profitability with value addition; and (v) plan for sustained impact. The five enablers (other key elements that need to be present in relation to the needs of specific value chains to enable commercialization) are: (i) availability of appropriate infrastructure and ICT; (ii) conducive policy and regulatory environment; (iii) availability of appropriate business support; (iv) access to finance; and (v) private sector participation and linkages between value chain actors. To generate relevant lessons, the Bank’s support was assessed in relation to these fundamentals and enablers.

In summary, the thematic evaluation found that:

- Most of the fundamentals for AVCD are evident throughout the Bank’s interventions to some extent. However, all will require strengthening to achieve the intended outcomes of the “Feed Africa” Strategy via an AVCD approach.
- Although the Bank strategies demonstrated overarching intentions towards inclusiveness in AVCD, it is largely driven by pressure to attain quotas of young people and women in project interventions.
- With respect to key enablers for AVCD, the assessment shows that the most effective support is in relation to infrastructure and in appropriate financing where it has been supported.
- Sustainability is uncertain, with insufficient ownership and limited functionality of facilities delivered constituting the main constraints.

Cluster Evaluation

Relevance: The case study projects were very relevant for the member countries and well aligned with Bank strategies as well as the needs of the target population. However, there were several limitations in the analysis and design of AVCD approaches.

Effectiveness: The Bank’s value chain-related interventions are generally effective in achieving their stated objectives of increasing production or physical access to markets, but they are not consistent in achieving overall AVCD results.

Inclusiveness: AVCD interventions in all case studies have incorporated some design elements to address inclusiveness, but in practice, equitable distribution of benefits among all value chain actors is not achieved.

Sustainability: Sustainability of benefits from AVCD interventions is difficult to assess and receives insufficient attention from design to exit strategy. Overall, sustainability of investment results is assessed as unlikely due to insufficient planning for institutional mechanisms to support ongoing operations beyond project implementation.

What Lessons Did IDEV Draw from the Cluster Evaluation?

The Bank’s focus on AVCD is emergent and yet to mature. The case studies demonstrate substantial potential for strengthening the AVCD approach within the Bank’s strategies and operations. Five key lessons from this evaluation could help guide and consolidate this process.
Comprehensive AVCD analysis in project design and its subsequent adaptation during implementation is critical.

**Lesson 1:** Insufficient analysis in AVCD project designs constrains achievement of outcomes and impact, while comprehensive value chain analysis guides implementation and responsiveness to changes in markets and contexts.

**Profitability focus is essential throughout the entire value chain.**

**Lesson 2:** AVCD interventions that focus heavily on increases in commodity production without sufficiently considering the efficiency of the production system and the value chain as a whole, will incur net financial and economic losses.

**Appropriate scope and scale.**

**Lesson 3:** Effective AVCD interventions require realistic planning that takes into account appropriateness of scope in terms of the time required for contributory activities to mature, the value chain actors chosen for support, the scale of activities responsive to the market demand, and sequencing of activities.

**Ensuring inclusiveness in AVCD.**

**Lesson 4:** Deliberate, concerted and targeted efforts at all stages of AVCD design and implementation are essential to ensure inclusiveness. Processes that ensure participation, and mechanisms for equitable benefit sharing, enable meaningful inclusiveness.

**Sustaining the benefits of AVCD interventions.**

**Lesson 5:** Sustained benefit from AVCD interventions requires a comprehensive package of support that ensures partnerships with the private sector, the government and other development actors.

**What Did IDEV Recommend?**

The evaluation proposes six overarching recommendations, supported by indicative actions, to strengthen the Bank’s approach to AVCD for the “Feed Africa” Strategy.

1. **Build a coherent and consistent approach to AVCD across Bank operations.**
2. **Build AVCD analytical and implementation capabilities.**
3. **Focus AVCD interventions on adding value and achieving sustainable impact.**
4. **Work with partners, especially the private sector, to strengthen strategic and operational approaches to AVCD.**
5. **Take affirmative actions to ensure inclusiveness.**
6. **Strengthen policy dialogue to enhance a conducive AVCD environment.**

**What was the Methodological Approach?**

For the two evaluations, the following methodology was followed.

**Cluster evaluation**

A cluster evaluation methodology comprised the review of the nine country case study reports. It was also informed by a case study synthesis report, as well as the main AVCD evaluation report. The latter synthesized the literature and portfolio review in addition to the case studies, and provides an assessment of performance of the Bank’s support to AVCD in relation to evaluation criteria of relevance, effectiveness, sustainability and inclusiveness.

**Thematic evaluation**

The evaluation was designed as formative to generate lessons that can be applied to improve implementation of ongoing and the design of new interventions in value chain development. The evaluation used a theory-based approach which allows testing and exploring pathways by which results are achieved, assessing the Bank’s support for AVCD in relation to value chain theory, built on the current knowledge and evidence. The evaluation approach also drew from realist evaluation, which acknowledges that the same theories do not necessarily generate the same results in different locations, in unique contexts, with varied stakeholders and in different timeframes.

Findings of this evaluation were generated by triangulating information from multiple lines of evidence from a series of background works, which included: literature review, portfolio review, review of Bank policies and strategies, the country case studies, key informant interviews and focus group discussions.
What did Management Respond?

Management welcomes the IDEV report. As the Bank begins implementing the “Feed Africa” Strategy for Agricultural Transformation in Africa (2016–2025), this evaluation provides a timely assessment of the relevance, effectiveness and sustainability of the agricultural value chains development approaches used in Bank operations from 2005 to 2016. It also assesses performance related to the cross-cutting themes of capacity development, gender equality, youth empowerment, climate change and environmental sustainability. Overall, Management agrees with the findings and recommendations of the evaluation, particularly the importance of adopting a market-oriented and increased productivity approach to agricultural value chain development, conducting full value chain analysis to inform the design of operations and ensuring the inclusiveness and sustainability of interventions. Several issues raised by the evaluation either have been or are being addressed in the new operations under the “Feed Africa” Strategy. As a whole the evaluation provides useful lessons and opportunities for the Bank to improve its operations in the agriculture sector. As the Bank rolls out the Technologies for Africa Agricultural Transformation framework across the continent, lessons distilled from the IDEV evaluation, especially on the role of policy in the development of value added chains is being pursued with vigor.