Strengthening Agricultural Value Chains to Feed Africa

Executive Summary

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Introduction and Evaluation Purpose/Scope

This document presents key findings and lessons from the evaluation of a cluster of nine agricultural value chain interventions by the African Development Bank (AfDB or “the Bank”) over the period 2005–2016. The nine case studies were conducted as inputs to the formative evaluation titled “AfDB Support for Agricultural Value Chains Development: Lessons for the Feed Africa Strategy,” which was completed in December 2017.

The Agricultural Value Chain Development (AVCD) approach is key to the Bank’s Feed Africa Strategy (2016–2025). The Bank has increasingly been moving towards AVCD in its agricultural sector portfolio.

The purpose of this cluster evaluation is two-fold: a) to assess the performance of the Bank’s project approaches in relation to AVCD with respect to relevance, effectiveness, inclusiveness and sustainability; and b) to provide key lessons that can be applied for designing new AVCD interventions and improving ongoing ones.

Project Cluster Performance

Relevance

The projects maintained high relevance to Member Countries and Bank strategies as well as the needs of the target population. However, there have been several limitations in the analysis and design of AVCD approaches.

Despite having been implemented before the Feed Africa Strategy, the case study projects have demonstrated relevance for AVCD due to the Bank’s approach to strengthening commercial agriculture. The overall approach is largely appropriate and well-aligned with the Bank’s country strategies and programs but the analyses of both the policy environment and specific value chain operations are inadequate across all studied interventions.

Country commodity strategies provide an important framework for AVCD and could be more closely aligned with interventions. Case studies findings show that interventions are not always designed to have the appropriate scope and scale suited to the needs of the value chain (VC). In particular, activities were not sufficiently targeted to the most pertinent needs, and interventions are often of too short a duration to influence VC dynamics.

Effectiveness

The Bank’s VC-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.

Each case study exhibited positive results in relation to commercialization of agriculture for smallholder producers. While positive results included improvements in yields, productivity, income, job creation and diversification of products, achievements in value addition were less evident. The case studies highlighted the value of working over a prolonged period in one sector with multiple intervention points in a systematic way to achieve greater results compared with what is possible in shorter-term interventions.

The Bank is supporting some enablers identified for successful AVCD but generally does not provide a
full package of support for the targeted commodities in ways that would achieve the intended objectives. Packaging can be achieved by working with partners but incomplete support impedes results.

**Availability of appropriate infrastructure & information and communication technology (ICT).** Historically the Bank has been focusing on infrastructure and contributing to AVCD, yet the infrastructure created was not always effective in addressing the priority needs of VC actors. The use of ICT, particularly to improve provision of market information, is an area that requires strengthening.

**Partnerships and linkages in a VC.** In the most successful cases, partnerships between producers and private sector actors were forged, as in dairy in Rwanda and cocoa in Côte d’Ivoire. However, institutional strengthening and partnerships were consistently weak in all cases studied, adversely affecting achievement of VC outcomes.

**Conducive regulatory environment.** Only three of the nine country case studies (Morocco, Rwanda and Uganda) were found to have supported conducive policies and regulations. In others, enforcement of regulations and development of quality standards and norms would have strengthened performance.

**Access to appropriate business support.** There were interventions that provided support to increase the access of VC actors to appropriate business support (e.g. Rwanda, Kenya and Mozambique), although as a whole, this support over the cluster, was inadequate.

**Access to finance.** The Bank’s support to facilitate access to finance was evident, involving a variety of financial intermediation support. Where access to finance was improved, positive VC results were achieved.

**Inclusiveness**

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

Seven of the nine interventions included some design elements (quotas) to ensure the participation of women, and in a few cases, youth. Indicators and appropriate data to measure inclusiveness were not usually present in the interventions and evidence was not found to support quotas and participation rates in order to guarantee equitable distribution of benefits among all VC actors.

**Sustainability**

Sustainability of benefits from AVCD interventions is difficult to assess and receives insufficient attention.

Each case study raised the concern that sustainability of the Bank’s interventions was not given sufficient attention from design to exit strategy. Sustainability measures were not included in monitoring and evaluation data.

Overall, sustainability of investment results is assessed as unlikely due to insufficient planning for institutional mechanisms to support ongoing operations beyond project implementation.

Facility maintenance, capacity building, as well as institutional and sociocultural sustainability, were considered as an area for improvement across the case studies.

Environmental issues and green growth are not addressed sufficiently as systematic concerns across interventions.
Key Issues and Lessons Learnt

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. Lessons learnt from the 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 VC analysis guides implementation and responsiveness to changes in markets and contexts.

- Interventions are relevant and effective when supported by sound VC analysis and design is specific to local contexts. During implementation, flexibility to respond to any opportunities or risks arising from changes in contexts and markets enables the intervention to achieve desired outcomes.

- Each VC case study operated in different ways and needed specifically designed infrastructure and processes. For example, the design of facilities for slaughterhouses in DRC is very different from cashew processing centers in Zambia or fish processing facilities in Uganda.

- AVCD analysis includes a viability assessment in terms of profits but other values also need to be considered in the analysis to test the feasibility of interventions, such as improved resource bases – allowing diversification, efficiency improvements, stronger inclusion in the value chain, safer work practices for value chain actors or bringing a new product to market in line with market demand (e.g. cocoa in Côte d’Ivoire or cashew nuts in Zambia).

- Implementation of interventions must respond to market signals, and original analyses need to be regularly reviewed to assess if they are still relevant. For example, in Zambia project plans had been to invest in large scale processing facilities, but during implementation, it was identified that multiple, smaller facilities might be more effective.

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.

- If VC interventions do not ensure added value along the chain for as many actors as possible, improvement in one link of the chain may not be supported by others, resulting in inefficiencies and net loss. A systematic VC analysis (see Lesson 1) will clearly identify where interventions can strengthen benefits across the whole value chain for all VC actors.

- A profitability focus involves technical innovation in production, processing and marketing. This involves moving beyond a focus on product and processing yields to consideration for distribution mechanisms and market information efficiencies, pricing, packaging, quality and consumer feedback mechanisms to improve responsiveness to market demand. This helps to achieve real profits for targeted value chain actors including producers and processors.

Appropriate scope and scale

Lesson 3: Experience from the case studies shows that 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 VC actors chosen for support, the scale of activities responsive to the market demand, and sequencing of activities.
VCs need specific timeframes for investments. Rice in Mozambique depended on investment in irrigation but also needed to consider credit for land preparation and technical support to increase yields. If either of these inputs had not been available, results would not have been as robust.

In the Uganda fisheries sector, a longer timeframe for the current project would be necessary to address complex governance responsibilities to ensure better resource protection as well as growth of the sector.

There was a difference in scope and scale when the intervention focused on an independent value chain such as cocoa in Côte d’Ivoire (which is a single commodity approach) and tomato farming in Kenya which was strongly linked to other intensive horticulture production and needed strong market-related responsiveness.

The necessary chronology of effects is often not adequately taken into account in project planning; e.g. in Liberia where the production focus from the commencement of the project led to increased production, but market support was not sufficiently developed to absorb the increased supply.

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.

The case studies identified that quotas for target groups are common but were not followed by adequate strategies for inclusion. For instance, although 50% women participation was targeted in Uganda, the case study found that women were largely ‘invisible’ to policy makers in prioritizing fishery sector development and further, that considerations regarding their role in marketing of certain fish varieties were not considered in the support.

Benefits for vulnerable groups were not assured. In DRC, the meat value chain offers limited opportunities for poor households because they are more likely to be engaged in poultry and small ruminant farming and less likely to benefit from support largely provided to beef producers.

Deliberate targeting helped achievement of positive results, for example as in Rwanda’s provision of one cow per poor family intervention.

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.

Sustainability of infrastructure such as irrigation systems was an issue (i.e. Kenya, Morocco) due to unclear responsibilities and lack of resources for maintenance; similarly, rural access via road maintenance was not guaranteed (i.e. Zambia), and fish landing site management modalities were not clearly pre-established before the sites were built in Uganda. Without clear management arrangements and implementing partners willing to resource and support, sustainability of investments is at risk.

The environment should be given importance as the key resource in AVCD and more focus given to green growth opportunities, as well as sustainable agriculture and environmental protection. In Uganda concerns about the sustainability of fishery resources raise concerns about overall sustainability of project support.

In Kenya, the case study found that the sustainability of impacts on the AVCD are
expected to be unlikely since there is little attention for aspects such as involvement of the private sector and access to finance. As a result, many exporters and traders are no longer involved in business transactions with farmers and households, and benefits from the project have been lost.

In Rwanda, the engagement of producers and commercial operators along the chain and the sustained support at all links of the chain has resulted in a spread of benefits across VC actors. Building capacity of producers’ organizations, introducing standards and guidelines has contributed to the likelihood of sustainability.
About this evaluation

The Independent Development Evaluation of the African Development Bank Group (AfDB) conducted an evaluation of a cluster of nine agricultural value chain interventions of the Bank over the period of 2005–2016. The nine case studies were conducted as inputs to the formative evaluation titled “AfDB Support for Agricultural Value Chains Development: Lessons for the Feed Africa Strategy,” which was completed in December 2017. The purpose of this cluster evaluation is two-fold: a) to assess the performance of the Bank’s project approaches in relation to Agricultural Value Chain Development with respect to relevance, effectiveness, inclusiveness and sustainability; and b) to provide key lessons that can be applied for designing new and improving ongoing Agricultural Value Chain Development interventions.