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

Executive Summary

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IDEV conducts different types of evaluations to achieve its strategic objectives:
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Introduction

The Independent Development Evaluation (IDEV) of the African Development Bank Group (AfDB or the Bank) conducted an evaluation of Bank’s support for agricultural value chains development (AVCD) over the period 2005–2016, with a view to generating lessons and recommendations for supporting the implementation of the Bank’s Feed Africa Strategy. The objectives of the evaluation are to: i) assess the relevance, inclusiveness, effectiveness, and sustainability of the Bank’s support to value chains development; and ii) provide lessons and recommendations for the implementation and design of agricultural value chains interventions associated with the Feed Africa Strategy.

The evaluation is theory-based with a focus on learning. It takes a non-traditional approach in that it does not evaluate specific investments or operations, but rather aims to understand how the Bank’s operations have applied the AVCD theory of change in different contexts. It draws key lessons and proposes recommendations to assist the Bank in future programming.

The evaluation draws evidence from literature review, policy and strategy review, portfolio review and 9 country case studies. The country case studies were selected based on the priorities of the Feed Africa Strategy, regional representation, and balance in a range of target value chains by the Feed Africa Strategy. 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.

Has the Bank Applied the Fundamentals and Delivered Key Enablers in Supporting the Agricultural Value Chains Development?

The Bank has a growing strategic focus and portfolio related to AVCD. The first mention of value chains in the Bank’s strategies are noted in its Ten-Year Strategy (2013–2022).1 There is an increasing use of AVCD terminology in recent country strategies

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and projects. However, the portfolio review found that there were earlier indications of an increasingly commercially oriented and sustainable approach to agricultural development in the Bank’s operations.

To some extent, most of the fundamentals for AVCD are evident throughout the Bank’s interventions. However, all will require strengthening to achieve the intended outcomes of the Feed Africa Strategy via an AVCD approach. In particular, to increase relevance, greater focus could be given to generating a clear approach and guidance on how to incorporate AVCD features in project design, particularly in applying value chain analysis, focusing on responsiveness to markets, and profitability.

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. The portfolio review found that 63% of the reviewed interventions (99 projects out of 160 interventions) within the agriculture portfolio had a design element to address the issue of inclusiveness in terms of gender, youth or other vulnerable groups. However, merely ensuring participation (e.g. by assigning quotas) is not enough to ensure that they benefit proportionally.

The literature review and case studies have demonstrated that without deliberate efforts, interventions are unlikely to be inclusive and have equitably distributed benefits. Therefore, in addition to strengthening efforts in AVCD analysis prior to investment, consideration needs to be given to how these investments will result in benefits to key target groups such as women, young people and other vulnerable groups. It is also necessary to address relations between stakeholders at a political level and particularly the difficult access to production factors (land, capital, water, etc.). The portfolio review found also that recent designs with a VCD approach clearly targeted youth group (e.g. “Agricultural Infrastructure and Youth Agribusiness Project” in Malawi and “Enable Youth Project” in Nigeria).

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. The provision of hard infrastructure is widely accepted as one of the key enablers for AVCD and the Bank provided significant support in this area for increasing production and productivity. In all of the country case studies the Bank invested in irrigation, feeder/access roads, storage/collection centers, and market sheds. The Bank also achieved results by providing access to finance mainly to producers. For example, the Bank supported poor farmers in Rwanda through in-kind provision of improved cow breed.

However, there are gaps in key areas for improvement particularly in partnerships with the private sector, business development support and interventions in the policy and regulatory environment.

Sustainability is uncertain. The literature review highlighted the need to design interventions with sustainability of impact in mind. This requires understanding of the dynamism of market demand and hence a greater focus needs to be placed on resilience of producers and processors to respond to market needs. Another important aspect is the level of ownership and utilization of project outputs.

Insufficient ownership and limited functionality of facilities delivered were found to be constraints to sustainability. In various case studies, infrastructure facilities were not well planned and did not have the full support of the local producers or private sector actors. This led to facilities being underutilized with no clear sustainability mechanism in place (e.g. meat producing facilities in DRC and some milk collection centers (MCC) in Rwanda). Nevertheless, some positive results were seen in incorporating infrastructure maintenance into project facilities to ensure their ongoing use, as seen in the irrigation structures in Mozambique, Morocco and Kenya which will be managed through water users’ associations.

Although environmental impact assessments are conducted during intervention formulation, the case studies found that environmental sustainability of the Bank’s interventions remained a challenge with attention towards green growth, climate change mitigation or adaptation is still limited.

**Recommendations**

The evaluation proposes the following six main recommendations to strengthen the Bank’s approach to AVCD for the Feed Africa Strategy.

**Recommendation 1:** Build a coherent and consistent approach to AVCD across Bank operations.

An explicit AVCD approach, a common terminology, and a consistent set of fundamentals should be adopted within the Bank, and discussed/disseminated within the RMCs so as harmonize dialogues on VC approaches. The fundamentals and enablers proposed by the evaluation can be considered as a starting point. To complement and improve implementation of the Feed Africa Strategy, guidelines and an organization-wide capacity development program could be developed in line with the AVCD approach. There are a number of technical guidelines available for value chain analysis and development prepared by international development organizations, governments, and research institutions. These can form a useful basis for the Bank to develop its own practice for VC analysis. This should involve all Bank departments that play a role in supporting ACVD, with a clear vision on how integration at regional and national levels will occur in the context of specific value chains.

**Recommendation 2:** Build AVCD analytical and implementation capabilities.

Successful interventions in AVCD require that country program and project designs are based on AVC analyses as part of their preparatory activities. This initial analysis should involve identification of the support required for the enabling environment and where interventions are required (by the Bank as well as partners). It will be important to include adequate resourcing in program and project budgets in early implementation to carry out the necessary analysis. At a minimum, this should include farming systems management requirements, technical production requirements for innovation and value addition, market assessment, and participatory stakeholder analysis. It is also important to incorporate processes and resources to allow for review of VC analyses during implementation to identify market dynamics and respond to changing contexts. The analyses need to be well understood and used by project implementers, which would require orientation and capacity development of key value chain actors.

**Recommendation 3:** Focus AVCD interventions on adding value and achieving sustainable impact.

Based on VC analyses conducted, interventions should consider which VC nodes and/or branches can be supported, and in what ways, to achieve greatest impact for the identified target groups. Interventions should add value to base production through technological advances in post-harvest processing, reduction of wastage, improved price advantage for purchase of inputs or sales, and more efficient consolidation and distribution channels, among others. It will also be imperative to track value addition activities based on a systems approach (e.g. in line with production and marketing cycles to allow for adaptability and responsiveness in implementation). Investment in such interventions should reduce costs, increase net profit and reduce risks to achieve greatest impact for identified target groups. Such strategies should also support resilience and versatility in target groups so that AVCD interventions enhance knowledge management and achieve sustained impact.

**Recommendation 4:** Work with partners, especially the private sector, to strengthen strategic and operational approaches to AVCD.

The Bank should work closely with key partners to develop a coherent approach to AVCD. This will
require identification of potential new partners and strengthening of approaches to partnership management in Bank AVCD interventions. Policy interventions will require strong strategic partnerships, often with other major development partners, to build regional influence for change. Often specialist advice will be required to carry out analyses and achieve the required changes in specific commodities. Operational partnerships will be particularly important in ensuring that the enabling factors are in place in areas of AVCD interventions. These may be regional or national partners with necessary experience and resources.

**Recommendation 5: Take affirmative actions to ensure inclusiveness.**

Inclusiveness is already well-covered in policy and design documents but more is required to ensure that inclusiveness results in impact for target populations. The Bank should develop a holistic approach to inclusiveness, which reflect an in-depth understanding of the power relations, bargaining framework and social position of vulnerable groups, and support their inclusion all along the VC. Quotas for inclusion are not enough. Participation in activities by default cannot be assumed to generate impact. The Bank should develop a holistic approach to inclusiveness looking not only at the position and roles of vulnerable populations all along the VC, but also at their capacity to access productive assets (water, capital, knowledge and land), their risk management strategies, level of literacy, capacity to be formally represented and the social norms they are confronted with in their communities and households. Affirmative action is required in AVCD interventions to ensure inclusiveness and wider environmental and social benefits. Analyzing the power relations and social constructions that exist between social groups and acting on such structural aspects of marginalization is necessary to ensure a more inclusive distribution of created wealth and prevent unequal relations from perpetuating themselves. Distribution of the value added across the VC should be analyzed and compared to the position of vulnerable populations in the VC as a key input for developing inclusive strategies. Indeed, understanding how women and men participate in value chain activities, and the way VC benefits are distributed are critical for gender inclusiveness. Field guidelines and tools on how to address inclusiveness should be developed to support operational work.

**Recommendation 6: Strengthen policy dialogue to enhance a conducive AVCD environment.**

A policy component should be included in interventions to assist in enforcing change and support improvements in the AVCD environment. This implies not only developing a policy dialogue with national authorities, but also integrating other VC stakeholders around AVCD. It should go well beyond production and, through a holistic approach, develop improved sectoral policies encompassing land tenure, support services, knowledge systems, capacity building, strengthening of Farmers’ Organizations (FO), coordination of actors along the VC, the establishment of a framework to support producers in meeting quality standards, or support to establishing fair conditions for contract farming to develop. A holistic approach to the strengthening of an AVCD environment is all the more desirable that, though some aspects are specific to a given commodity (norms and standards, fiscal policy), others such as FO strengthening are likely to have knock on effects on the environment of other agricultural commodities. National level work and more localized interventions should be envisaged complementarily. Working at a local level most probably helps dealing with production, processing and local marketing issues whereas working at a national level creates better conditions for working on creating an enabling environment to AVCD in terms of policy issues as well as on institutional issues linked to global VC coordination and market regulation.
About this evaluation

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