Strengthening Agricultural Value Chains to Feed Africa

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Purpose and Scope

• Draw lessons for implementation of the Feed Africa Strategy (2016-2025).

• Bank’s interventions in Agricultural sector 2005-2016
Methodology: Sources of evidence

A. Literature review

B. Strategy and Policy Review

C. Nine country case studies
   - Key informant interviews, FGDs
   - Project field visit
Methodology: Analytical framework

**Fundamentals**
- Value Chains Analysis
- Profitability
- Responsivness to market
- Inclusiviness
- Sustained Impact

**Enablers**
- Infrastructure and ICT
- Policy and Regulatory Environment
- Business Support Services
- Access to Finance
- Partnership among VC Actors
Key Evaluation Findings- Value chains analysis

Comprehensive analysis of the specific value chain is crucial for relevance:

- Identification of constraints/bottlenecks,
- Distribution of added value among actors,
- Market analysis,
- Stakeholder mapping, risks and assumptions.

A focus on increasing cashew production but inadequate analysis on how increased production would be absorbed in the markets (Zambia).
Key Evaluation Findings - Focus on profitability, not only on production

- Large proportion of resources dedicated to infrastructure, equipment and inputs in support of production (irrigation, seeds and seedlings) and to a lesser extent on processing and marketing.

- Six of case studies supported value addition (Zambia, Rwanda, DRC, Liberia, Uganda and Mozambique): provision or rehabilitation of market infrastructure, processing unit as well as some training and extension for commercialization.

- FAO (2014) set profitability as one of its guiding principles for upgrading a food value chains.
Key Evaluation Findings - Responsiveness to markets

- Needs for adaptive management in project design that allows projects to be responsive to changes (robust M & E system)

- The country case studies found insufficient M&E to assess the dynamism of a value chain.

- Continuous learning and adaptability is an inherent approach in market dynamics for achieving success in value chain development (World Bank (2010)).

- Linkage of M & E with the theory of change associated with VC support.
Key Evaluation Findings: Inclusiveness


- Bank interventions included some design features though rooms gaps exist in designing strategies for inclusiveness.

- Inclusiveness was not sufficiently budgeted for or integrated into implementation and M&E mechanisms.
Key Evaluation Findings: Sustainability

• Secure ownership of beneficiaries.
• Adequacy of VC analysis and participatory processes.
Already supporting the key AVCD enablers
Key Evaluation Findings: AVCD enablers

Infrastructure and Technology

- Infrastructure itself is a necessary (critical component) but not a sufficient condition to achieve better results in VCD.

- The Bank has made significant investments in a wide variety of infrastructure (as feeder roads, markets, and processing facilities, irrigation).

- Case studies showed that overall these infrastructure components made a positive contribution towards strengthening the enabling environment for AVCD.

- Interventions should give more attention to provision of market information services and using ICT opportunities.
Key Evaluation Findings: AVCD enablers

Policy and Regulatory environment

- Appropriate policies and institutional framework form the bases for the effective functioning of any economic system.
- Support for the development of a conducive regulatory environment was inadequate.
- Progress was achieved in countries supported through budget support (Morocco and Rwanda).
- Sub-Saharan Africa is one of the regions lagging behind in Enable Business in Agriculture (EBA) scores (World Bank report (2017)).
Key Evaluation Findings: AVCD enablers

Business support service

• Need to improve capacity in business-related skills such as process monitoring and management, financial analysis and management and human resource management, as well as technical skills.

• The case studies have confirmed that constraints to VCD arose due to lack of commercial orientation of farmers and public sector partners.

• Strengthening market linkages and networks; building capacity for improved marketing; and promoting different business models that increase value and competitiveness (e.g. contract farming).
Key Evaluation Findings: AVCD enablers

Access to finance

• Access to finance is one of the key requirements for the success of value chain development.

• Range of financial intermediation services already used across the Bank portfolio: MFIs, direct support or through institutional strengthening such as capacity building in credit appraisal, credit management and product development.

• Where access to finance is improved, substantial benefits are achieved

• For instance, in Rwanda, support was provided to dairy cooperatives to access finance to support members. In the DRC, the project liaised with a microfinance institution to increase access to finance in the project area. In Morocco, the project assisted farmers to access agricultural insurance which increased their likelihood of accessing formal credit.
Key Evaluation Findings: AVCD enablers

Partnerships among VC actors

• Collaboration among value chain actors- at the core of a value chain approach.

• Any intervention in AVCD requires stakeholder analysis and transparent and effective partnership management.

• The creation of linkages between stakeholders and the strengthening of networks of VC actors needs more attention.

• Good example in Rwanda where improved coordination and partnerships was realized in support to dairy farmers’ cooperatives.
Key Lessons Learnt

Lesson 1: Comprehensive AVCD analysis at project design and its subsequent adaptation during implementation is critical

- Viability assessment (profits, efficiency improvements, inclusion in the VC, new product to market)

- Market factors and actors change (e.g. export price fluctuations for cashew and cocoa).

- Original analyses need to be regularly reviewed to assess if they are still relevant and respond to market signal.
Lesson 2: Profitability focus is essential throughout the VC.

- A production focus without adequate consideration for the market affects profitability.

- A profitability focus involves technical innovation in production, processing and marketing.
  - efficiency of product distribution and market information;
  - pricing, packaging, quality, and consumer feedback.
Key Lessons Learnt

Lesson 3: Deliberate, concerted and targeted efforts at all stages of VC are essential to ensure inclusiveness.

• Quotas for target groups are common but should be followed by adequate strategies for inclusion.

• Deliberate targeting helped achievement of positive results (e.g. one cow per poor family intervention in Rwanda).
Key Lessons Learnt

Lesson 4: Sustained benefit requires a comprehensive package of support that ensures partnerships with the private sector, government and other development actors.

- Consideration at the design stage to ensure that a comprehensive package of support is available to the selected VC.

- Require a range of strategies applied and tracked during implementation to ensure long term impact of investments.

- The Bank may not directly provide all required support but would need to work with partners.