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

Report of the Senior Independent Advisors:
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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 p**rinciples, 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.