

IFAD'S ENGAGEMENT IN PRO-POOR VALUE CHAIN DEVELOPMENT

Independent Office of Evaluation



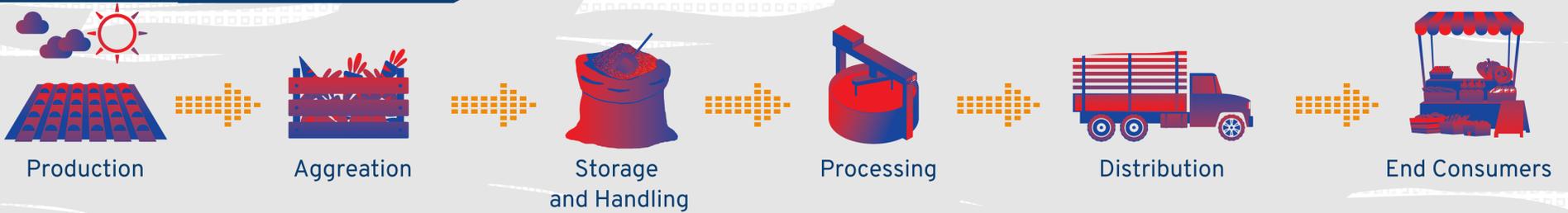
CORPORATE-LEVEL EVALUATION



What is value chain and how does it work?

A conceptual scheme of value chain system

Core value chain

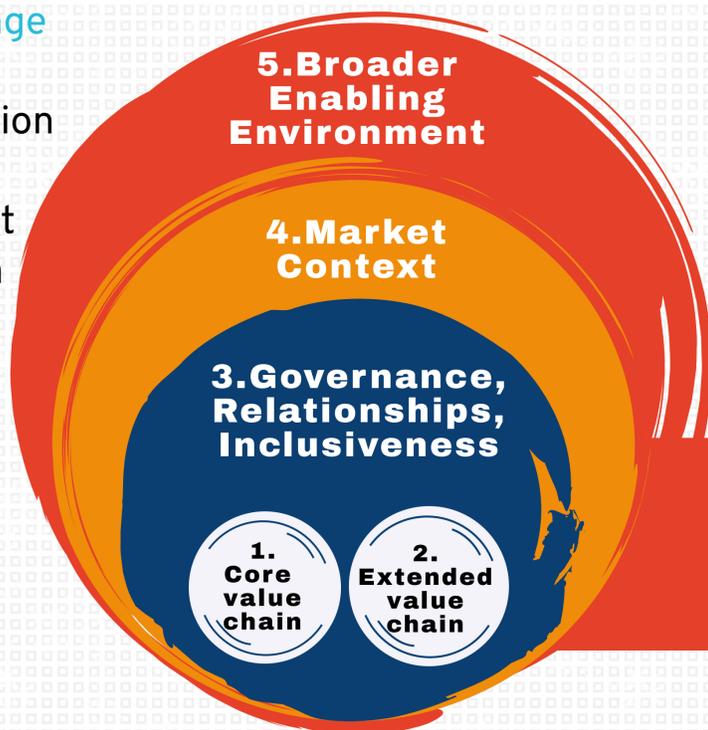


Extended value chain

A value chain is the full range of activities

- including design, production and distribution - required to bring a product or service from conception to its final market destination.

A pro-poor value chain development intervention promotes inclusiveness and empowerment of poor people in a value chain.



Enabling Elements:

- Economic/Financial
- Infrastructure
- Policies, regulations norms and standards
- Sociocultural
- Natural resources, Climate change

**Viability
Inclusiveness
Sustainability**

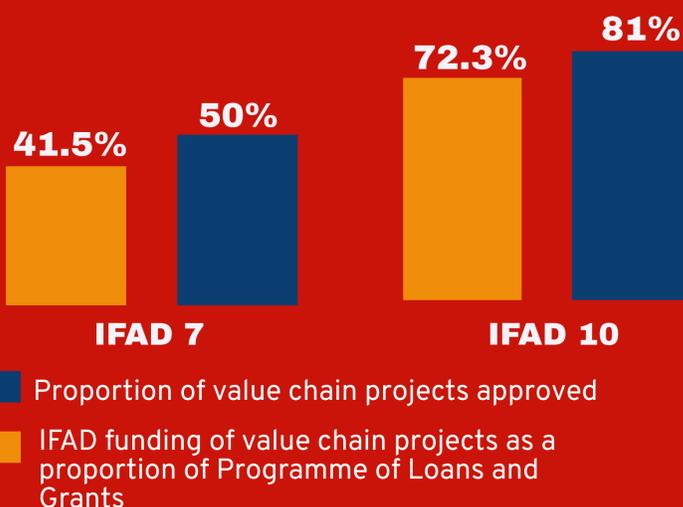
Portfolio

Evolution of the portfolio of value chains and of corporate support from 2007 to 2018

Out of **367** projects approved

62.1 per cent were value chain relevant

IFAD's portfolio has seen an increase in value chain-relevant projects over the last 10 years

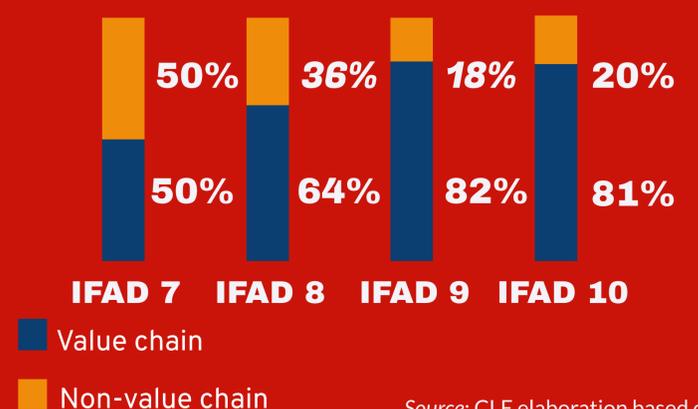


In terms of volume of investments, out of the total

US\$10.2 billion approved,

68 per cent was for value-chain-relevant projects. (US\$6.96 billion)

Volume of IFAD loans and country grants, by Replenishment period



Source: CLE elaboration based on Flex Cube and GRIPS (2019)

Key Findings:

Despite the size of its investments, IFAD has no corporate strategy on value chain development.



Supporting more farmers and agribusinesses did not always bring trickle-down effects to poorer groups



Overall, projects have provided basic financial services to producers. Yet, they were less successful in securing finance for small and medium enterprises and producer organizations.



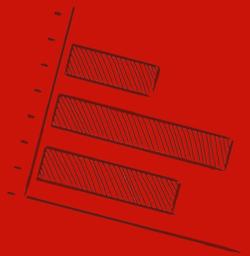
The value chain approach was relatively new to IFAD and little attention was given to improving the skills and competences of government staff responsible for managing IFAD-funded projects.



Some areas still deserve improvement - for example, few project designs were supported by market intelligence to guide the choice of commodities and establish priorities.



The highest results were achieved when the Government and IFAD built long-term operational experience, when they strengthened value chain governance and provided technical assistance.



Main Recommendations

1 Prepare a corporate strategy for IFAD's support to value chain development.



Promote outreach to poor and very poor groups. Project designs should lay out a theory of change explaining how benefits will reach very poor groups (including through wage employment generation), and identify the major barriers and how to overcome them.

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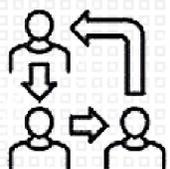
3 Promote inclusive value chain governance and policy and regulatory environment, by establishing or strengthening multi-stakeholder platforms and inter professional associations that provide small producers and other value chain stakeholders with information on prices and markets.



Sharpen approaches to value chain financing. IFAD needs to collaborate with organizations and impact investors with a proven record in this area.

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5 IFAD should partner with organizations that have strong value chain expertise.



Develop the capacity of project management teams and IFAD staff to work on pro-poor value chain development projects.

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Independent office of evaluation

Investing in rural people

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