Learning event on evaluating the support to pro-poor value chain development

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Current IFAD experience

IFAD VC approach

- VC approach has gained prominence in IFAD portfolio
  - > 70% of projects in volume and value

- Working mostly with governments and focusing mostly on small producers through:
  - Increase in productivity & surplus production
  - Improvements in quality & standards
  - Aggregation & support to farmer organizations
  - Small-scale infrastructure and other improved public services
  - Financing VC actors – mostly through matching grants
  - Brokering and linking farmers to markets
  - Partnerships with private sector, 4P
  - Multi-stakeholder platforms

- Indirect support through grants and supplementary funded initiatives
- IFAD-niche : focus on people not commodities
Current IFAD experience: knowledge products
VC approach has been one of the major vehicles for IFAD’s partnerships with private sector and crowding-in private investments (e.g. 4P);

VC approach can be useful to increase poor people’s benefits from market participation but it is not a panacea!

VC approach presents multiple entry points for support -- not only at primary production, but also input provision, processing, transport, marketing, etc.

There are many opportunities to integrate corporate commitments (gender, youth, nutrition, climate change) through VCs
  • e.g. VCs that are nutrition-sensitive, or produced/marketed by poor women.
IFAD portfolio of VC projects 2010-2018

196 (73%) VC projects

170 Private Sector Partner

118 Projects with 4P elements

40 Full-fledged 4P projects

VC projects that do involve a PS partner but only for consultation, informal market linkages etc.

VC projects that systematically link beneficiaries with PS partners but without fully formalizing common goals and responsibilities within this relationship

VC projects that feature a full-fledged 4P
Lessons learned: What has worked?

- Good diagnostic and market analysis
- Strong PMU and/or local service providers that have capacity
- Working with existing farmer organizations more effective/efficient
- Multi-stakeholder platforms – very good for VC governance and inclusivity
- Trust building is a pre-condition (IFAD “honest broker” function)
- Improving public infrastructure as incentive for private sector investments in rural areas
- Strong monitoring and auditing to ensure that the partnership is and remains equitable
Challenges

- Tensions between targeting the poorest and commercial viability of VC approach;
- Limited implementation capacity and experience of governments in VC development;
- Reluctance of governments to borrow money for private sector activities or for technical assistance against limited VC finance tools & instruments in IFAD to directly finance VC actors
- Market information systems are often poorly funded and not sustainable post-project (e.g. Honduras PROMECOM and Kenya SHoMaP)
- Difficulty to align working rhythms between public and private sector
- Tracking results delivered by VC projects has not been necessarily reflecting what is being achieved on the ground;
- KM products access and use did not meet expected ambition;
Building on IFAD experience and IOE recommendations

- With the new PSS approved and the ABC Fund, IFAD will be able to provide financial products to directly finance VC actors (e.g. ABC Fund or other) and complement government efforts;
- ICT4D strategy will support the development of innovative and more sustainable market information systems and access to markets;
- Targeting guidelines—there are many entry points to involve the poorest (e.g. job creation, specific crops) that should be facilitated by IFAD ongoing targeting efforts;
- IFAD will keep promoting multi-stakeholder platforms to improve VC governance and scale up policy engagement;
- KM products are being reviewed; move towards food systems approach?

- What is next?
  - Take on-board IOE – CLE recommendations
    - Prepare concrete, tangible, and user-friendly engagement tools to support operational staff working on VC development projects
    - Start developing financial products and other activities under PSS