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Investing in rural people

Independent Office of Evaluation



Evaluating IFAD's Engagement in pro-poor Value Chain Development

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Contents

Methodological aspects

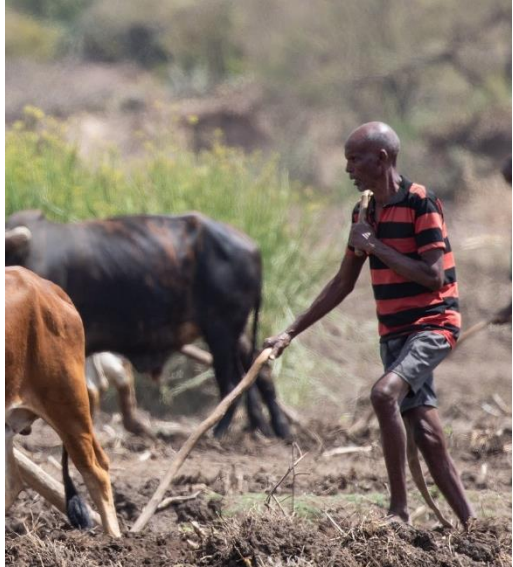
**Excerpted findings on IFAD's
organizational capacity to operate on VC**

**Overview of value chain support and
selected findings**

Recommendations

Evaluation follow-up

Inter alia, informed IFAD operational guidelines on pro-poor value chains (2020) and IFAD's revised targeting policy (2023)



Conceptual framework used in IFAD Evaluation Manual (2022) and recent IOE project / country-level evaluations

Evaluation timeframe was from 2007 to 2018

1. Organizational analysis: IFAD's readiness to deliver on value chain development
2. Strategic and operational analysis: relevance to IFAD mandate and results
 - ✓ Review of 77 projects in 29 countries, with 12 dedicated country missions
 - ✓ Interviews: IFAD; governmental, non-governmental, international organizations, private sector, farmers organizations
 - ✓ E-survey of IFAD staff and managers of IFAD-funded projects (government)

Value chains as complex multi-layered systems

5. Broader Enabling Environment

4. Market Context (domestic/international)

3. Governance, Relationships, Inclusiveness

1. Core Value Chain



2. Extended Value Chain



ENABLING ELEMENTS

Economic/Financial

Infrastructure

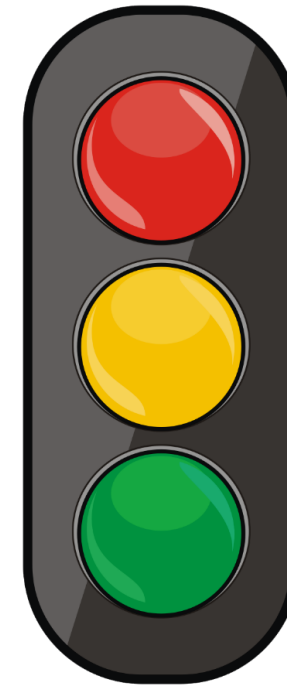
Policies, regulations
norms and standards

Sociocultural

Natural Resources,
Climate Change

Viability
Inclusiveness
Sustainability

- **No corporate strategy / official guidance document** on pro-poor value chain development for conceptual clarity and guidance
- The evaluation had to come up with operational definition to identify projects that included elements of value chain development.
 - Required two independent rounds of review of 370 project designs
 - Traffic light system



Not value chain-relevant

Ancillary

Value chain-relevant

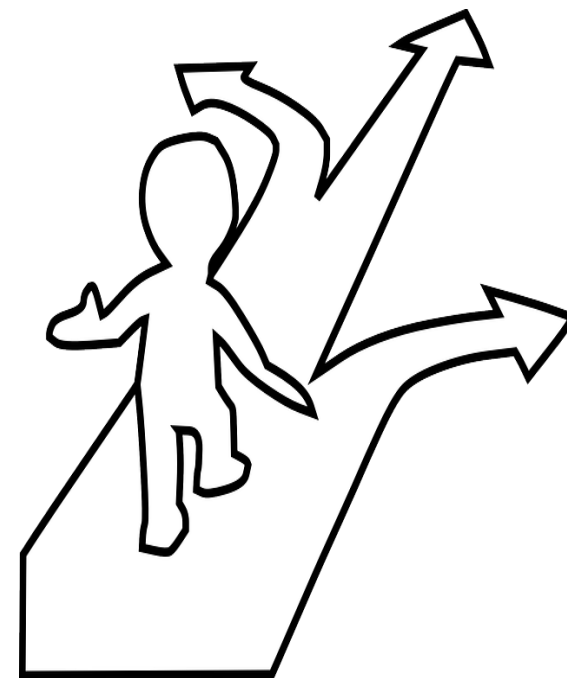
- Though existing before, value chain components gained prominence since IFAD7 Replenishment (2007-2009)

	IFAD7 (2007-2010)	IFAD10 (2016-2018)
Proportion of value chain projects approved (incl. ancillary)	41.5%	72.3%
IFAD funding of value chain projects as a proportion of POLG	50%	81%

- Staff 'encouraged' to include value chain in new projects ('thou shalt design a value chain project')
- Some brochures, case study briefs on value chain only from 2012: basic introduction, missing common conceptual framework

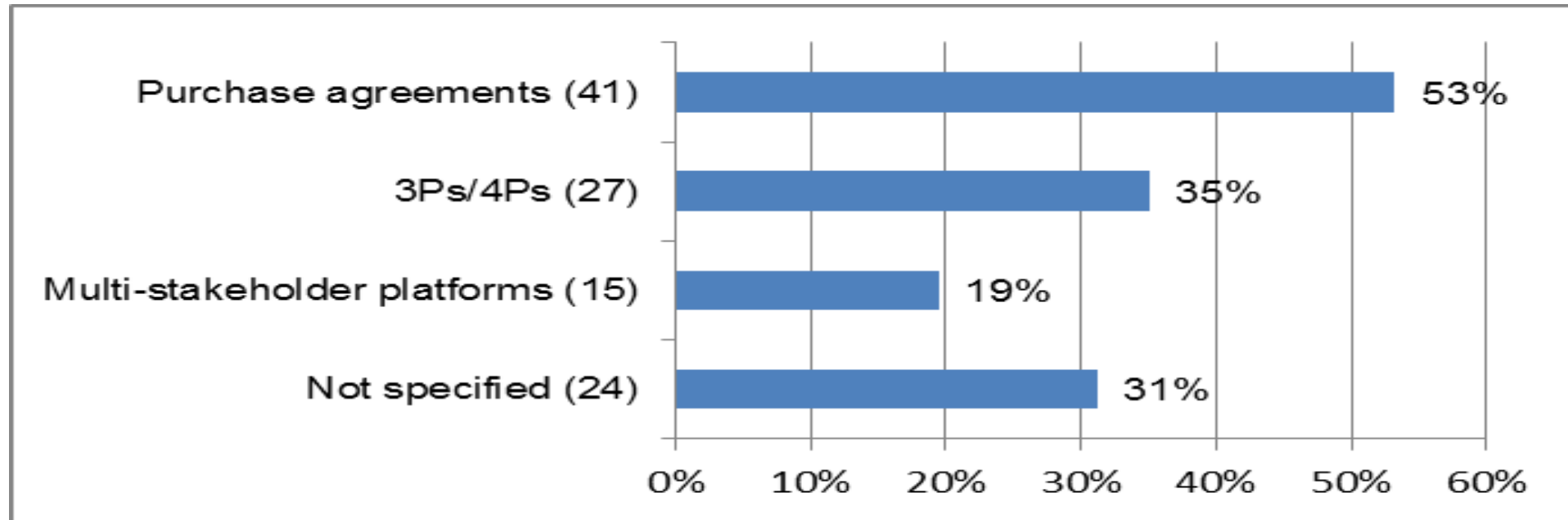
IFAD's organizational capacity on the topic of value chain development

- ❑ **No specific guidelines** for project design nor for ex ante quality assurance
- ❑ **Confusion** among staff, amplified by regional, country diversity (evident during interviews!): what does it mean to intervene on a value chain? How to reconcile with pro-poor IFAD mandate?
- ❑ **No systematic training** of IFAD staff and government cadres responsible for project implementation (IFAD mainly works with public sector)
 - E-survey, IFAD staff more self-critical than gov cadres on their competencies ('know what they do not know')
- ❑ But there were some **valid grant initiatives** providing technical expertise and private sector networking



Approaches for value chain development

Value chain segments / aspects	Number of project observations (n=77)	Perc. Project observations	
Product and process upgrading	75	97.4%	} Derivative of traditional approach
Horizontal linkages between producers	67	87.0%	
Vertical linkages between producers and buyers or processors	61	79.2%	← Mix: derivative and new
Governance mechanisms	51	66.2%	} New elements
Enabling policy environment	28	36.3%	
Market information systems	11	14.3%	



- Mostly buyer-driven arrangements. Helped secure markets and revenues but did not substantially alter the value chain governance. Small producers continued in weak bargaining position.
- More far-reaching effects when projects addressed the governance of (e.g., Multi-stakeholder platforms)

- Projects have taken into account primary **production and infrastructure-related risks**
- **Less focus on market and price risks** (e.g., raspberry value chain in Bosnia and Herzegovina): no market intelligence to anticipate the price crash risks
- **Policy risks addressed by a minority of projects** (some positive exceptions in Sudan and Kenya)
 - Regulation, verification of product standards, labelling, and food safety, becoming a priority



Factors promoting outreach

- Commodities requiring intensive, unskilled labour inputs (vs. land, capital requirements)
- Enforcing pro-poor requirements for agribusinesses as a condition to obtain project support
- Community-based ground-work combined with linkages with processors and traders

Less successful when

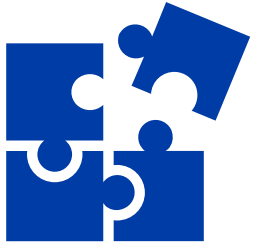
- Agribusinesses were left to select the small-scale producers and de-linked from other project components
- Trickle-down effects from supporting agribusinesses were assumed rather than explicitly supported

Classification of case studies

Pro-poor
→

		Low pro-poor outcomes	Medium pro-poor outcomes	High pro-poor outcomes
Value chain maturity ↑	Advanced value chain development	3%	10%	10% IFAD's long experience and multi-stakeholder platforms
	Intermediate value chain development	10%	19%	12%
	Incipient value chain development	20% No articulated value chain design, implementation did not go beyond production	15%	0%

Conclusions



Major increase in value chain component in IFAD's portfolio. No structured organizational approach and guidance



The matter of skills and competency at IFAD and in the countries (government, project teams) received limited attention



Generally 'trial and error', uneven results but a number of promising cases



Most value chains reviewed were at incipient / intermediate level of development; a few were at an advanced stage



Best established cases of VC maturity and poverty reduction linked to: (i) long-term engagement in the area; (ii) progress with inclusive VC governance; (iii) specialized hands-on technical assistance connected to private sector

Recommendations were comprehensive, given VC scope in the IFAD portfolio and importance for rural transformation

Management response was piece-meal. Agreed with most recommendations but no corporate strategy

New senior and middle managers: learning curve

Competing for attention (2018-2019): new decentralization phase: posts abolished in HQ and transferred to countries

→ Small HQ technical team dealing with VC dispersed

In the end follow-up consisted of new technical guidelines +input to selected IFAD policies

An (indirect?) effect: more caution with VC in design

Maybe follow-up IOE work from 2026 (evaluation synthesis?)

Key recommendations

- A. Corporate strategy for pro-poor value-chain development
- B. *Programmatic approach* (long-term engagement) to foster outreach to poor and very poor groups and gender equality.
- C. Promote inclusive value chain governance and policy and regulatory environment
- D. Strengthen partnerships for technical support throughout the project cycle.
- F. Capacity development for project management teams and for IFAD staff