



Investing in rural people



Stocktake of IFAD value chain projects in the **Near East, North Africa, Europe and Central Asia** region

SUSTAINABLE PRODUCTION, MARKETS AND INSTITUTIONS DIVISION





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Stocktake of IFAD value chain projects in the **Near East, North Africa, Europe and Central Asia** region

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## **AUTHORS**

JESSIKA KLUTH, Consultant

NADHEM MTIMET, Senior Technical Specialist Rural Finance, Markets and Value Chains

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# ACRONYMS

<b>4P</b>	public–private–producer partnership
<b>AMMAR</b>	Agriculture Modernization, Market Access and Resilience Project
<b>ARIS</b>	Kyrgyz Community Development and Investment Agency
<b>ATMP</b>	Access to Markets Project
<b>DVCDP</b>	Dairy Value Chains Development Programme
<b>EOF</b>	Economic Opportunities Fund
<b>EOP</b>	Economic Opportunities Programme
<b>FA</b>	Fruit Armenia
<b>GTWDP</b>	Goksu Taseli Watershed Development Project
<b>HSP</b>	Horticultural Support Project
<b>IOE</b>	Independent Office of Evaluation
<b>IA</b>	impact assessment
<b>IRECR</b>	Inclusive Rural Economic and Climate Resilience Programme
<b>IRFSP</b>	Infrastructure and Rural Finance Support Programme
<b>LMDP I</b>	Livestock and Market Development Programme
<b>LMDP II</b>	Livestock and Market Development Programme - Phase II
<b>LMRP</b>	Livestock Marketing and Resilience Programme
<b>LPDP I</b>	Livestock and Pasture Development Project
<b>LPDP II</b>	Livestock and Pasture Development Project - Phase II
<b>M&amp;E</b>	monitoring and evaluation
<b>MSME</b>	micro, small and medium enterprise
<b>MSP</b>	multi-stakeholder platform
<b>MTR</b>	midterm review
<b>NEN</b>	Near East, North Africa and Europe
<b>PCR</b>	project completion report
<b>PCRv</b>	project completion report validation
<b>PDFAZMH</b>	Agricultural Value Chain Development Project in the Mountain Zones of Al-Haouz Province
<b>PDFAZMT</b>	Agricultural Value Chain Development Programme in the Mountain Zones of Taza Province

<b>PDR</b>	project design report
<b>PDRMA</b>	Atlas Mountains Rural Development Project
<b>PDRZM</b>	Rural Development Programme in the Mountain Zones - Phase I
<b>PMI</b>	Sustainable Production, Markets and Institutions Division
<b>PMU</b>	project management unit
<b>PO</b>	producer organization
<b>PPE</b>	project performance evaluation
<b>PPP</b>	public–private partnership
<b>PRAREV-PECHE</b>	Programme to Reduce Vulnerability in Coastal Fishing Areas
<b>PRIME</b>	Promotion of Rural Incomes through Market Enhancement Project
<b>PRODEFIL</b>	Agropastoral Value Chains Project in the Governorate of Médenine
<b>PROFITS-Siliana</b>	Siliana Territorial Development Value Chain Promotion Project
<b>PS</b>	private sector
<b>RACP</b>	Rural Asset Creation Programme
<b>RBDP</b>	Rural Business Development Project
<b>RCDP</b>	Rural Competitiveness Development Programme
<b>RCTP</b>	Rural Clustering and Transformation Project
<b>REGEP</b>	Rural Economic Growth and Employment Project
<b>RFSADP</b>	Rural Financial Services and Agribusiness Development Project
<b>RIA</b>	Research and Impact Assessment Division
<b>RRP</b>	Rural Resilience Project
<b>SAIL</b>	Sustainable Agriculture Investments and Livelihoods Project
<b>SDP</b>	Seed Development Project
<b>SMR</b>	Supervision Mission Report

# ABSTRACT

The current study is a stocktaking exercise reviewing IFAD-funded Value Chain (VC) projects in the Near East, North Africa and Europe (NEN) region approved by IFAD's Executive Board between 2010 and 2021.

This report is the final result of the stocktaking exercise. It is structured as follows: Section 2 introduces the concepts of value chains, value chain development, private sector engagement and value chain financing in the context of IFAD projects. Section 3 describes the quantitative and qualitative methods followed. Sections 4 and 5 provide quantitative descriptions of the value chain project portfolio in the NEN region. Section 6 discusses the results of the qualitative review of project documents. Finally, section 7 presents key lessons learned and recommendations.

## KEY ISSUES

The report highlights the following key issues:

- Most of the projects follow a VC approach targeting different actors (producers, traders, processors, retailers, inputs and service providers, etc.). However, IFAD-implemented projects were **more successful in enhancing production activities**, while half of them did not succeed when intervening in the downstream activities (processing, marketing, etc.).
- Despite the growing focus on **building partnerships with the private sector**, there are still insufficiencies related to the mapping of potential partners, as well as the analysis of the legal, institutional and policy frameworks underlying such partnerships.
- IFAD beneficiaries are often constrained by the **lack of financial resources**, especially access to working capital. In addition, the rural finance and VC development components in the projects are often delinked. Only a few projects provide farmers with the required business and financial education. In addition, matching grants are not sufficient to fully meet the beneficiaries' financing needs.

- The reviewed projects tend to **neglect building governance, business, and management skills of producer organisations (POs)**. Moreover, weak POs can be highly vulnerable to elite capture.
- Many issues are rooted in or exacerbated by **two common project design flaws: overambitious intentions and unverified assumptions**. In the NEN region, in particular, conflicts and fragility represent an additional layer of complication.

## RECOMMENDATIONS

The study provides the following recommendations:

- Place a **stronger emphasis on the development of downstream segments**, such as the processing and marketing stages. Holistic VC development also rests upon strong synergies between the project components.
- **Challenges in partnering with the private sector call for a more strategic approach**. Potential partners should be identified, contacted and taken on board as early as possible (design stage). Multi-stakeholder platforms (MSPs) have proven to be suitable vehicles to foster win-win collaboration between smallholder farmers and private businesses.
- **Financial products supported through VC projects need to be tailored** to the needs of poor smallholder farmers, agri-MSMEs and other target groups. Broadening the financial toolbox is advisable, by combining financing mechanisms, such as matching grants tied to loans, or the use of VC-financing mechanisms like input credit from private sector partners.
- **POs require more comprehensive support** to become equal and empowered business partners in the market. To this end, projects must continuously assess POs' capacity-building needs and adapt business development curricula accordingly. Since it can take several years to capacitate POs, projects should opt for working with existing groups whenever possible.
- **Flexibility during implementation is crucial** to course correct and adapt to changing circumstances. This lesson is particularly valid in the NEN region, where several countries face conflicts and fragility.

# 1. INTRODUCTION

The inclusion of value chain development activities in IFAD's portfolio has steadily increased in recent years. In 1999, value chain projects constituted only 3 per cent of IFAD's project portfolio. By 2009, the figure had climbed to 46 per cent and in 2019, it reached 80 per cent. In late 2021, the Near East, North Africa and Europe (NEN) regional desk for Rural Finance, Markets and Value Chains of Sustainable Production, Markets and Institutions Division (PMI) commissioned a stocktake that would systematically review the nature and performance of IFAD's value chain development project portfolio in the NEN region.

This report is the final result of the stocktaking exercise. It is structured as follows: Section 2 introduces the concepts of value chains, value chain development, private sector engagement and value chain financing in the context of IFAD projects. Section 3 describes the quantitative and qualitative methods followed. Sections 4 and 5 provide quantitative descriptions of the value chain project portfolio in the NEN region. Section 6 discusses the results of the qualitative review of project documents. Finally, section 7 presents key lessons learned and recommendations.

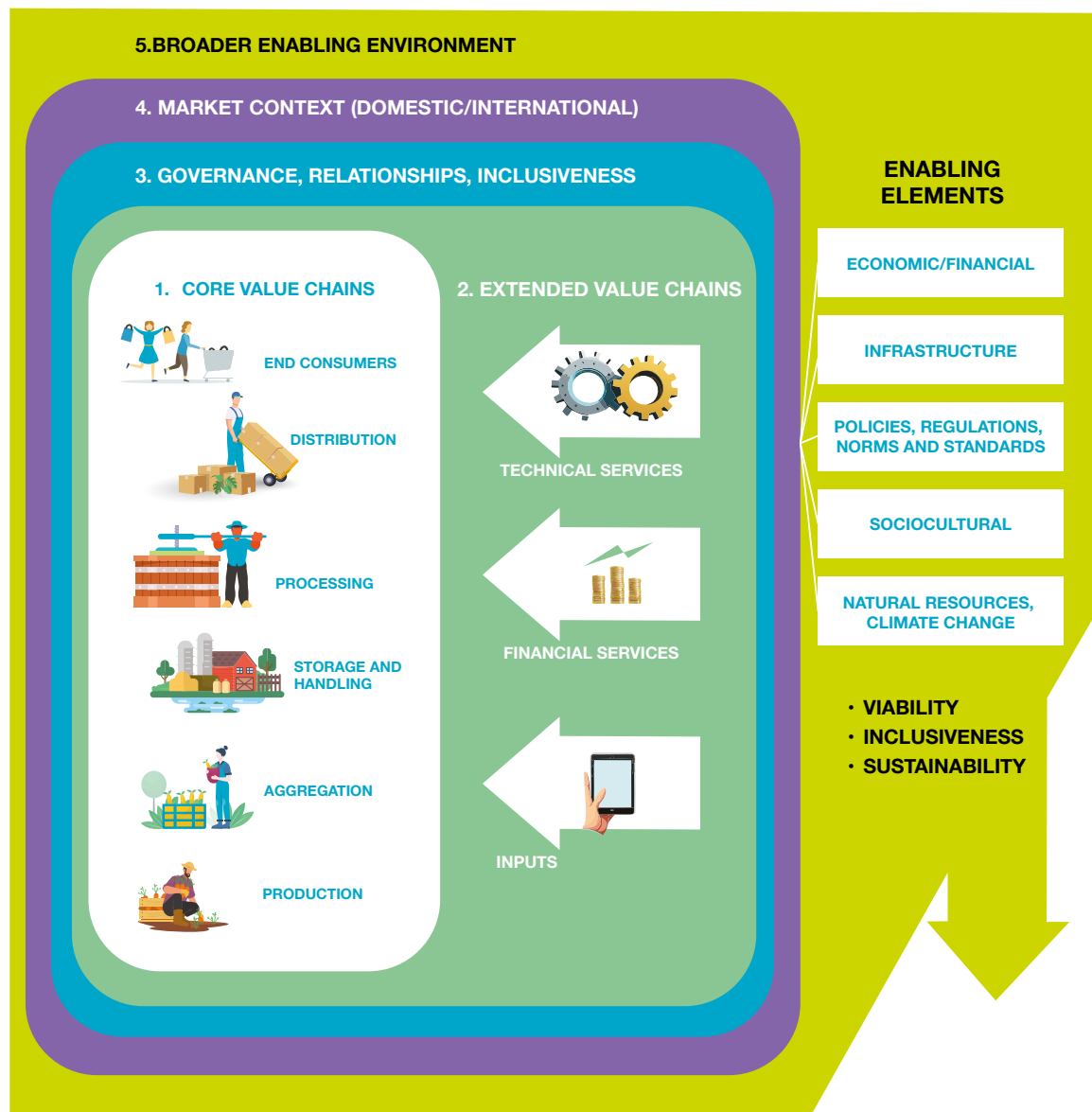
## 2. CONCEPTUAL FRAMEWORKS

### VALUE CHAINS AND VALUE CHAIN DEVELOPMENT

A value chain is a vertical alliance of actors collaborating in varying degrees over the range of activities required to bring a product from the initial input supply stage, through the various phases of production, to its final market destination. The expression "farm-to-fork" is often used to describe food value chains. This notion implies that a food product moves downstream in the chain from where farmers grow and harvest it, through processing and marketing, and on to the final stage of consumers. Intermediaries involved in this process include producers' organizations (POs), processors, transporters, wholesalers and retailers. As illustrated in figure 1, value chains are set within a policy and regulatory environment that influences their development. Moreover, service provision is required at multiple stages of the chain.

In terms of the design of agricultural development projects, a value chain approach is based on a comprehensive look at the entire commodity chain, from producers to end-market consumers. Inherent in the value chain approach is acknowledging that there are numerous stakeholders in the chain apart from the poor smallholder producers who represent IFAD's target groups, and that they are all interrelated. The traditional entry point for IFAD projects is at the primary production level and activities aim at building the capacity of smallholder producers to gain access to markets and engage in business relationships along the value chain. However, selectively strengthening downstream value chain functions may have more impact on the overall value chain performance and IFAD's target groups than focusing exclusively on primary production. For example, investments in storage or processing capacities could enable a local processor or farmers' cooperative to buy larger quantities of products from producers.

FIGURE 1. THE VALUE CHAIN SYSTEM

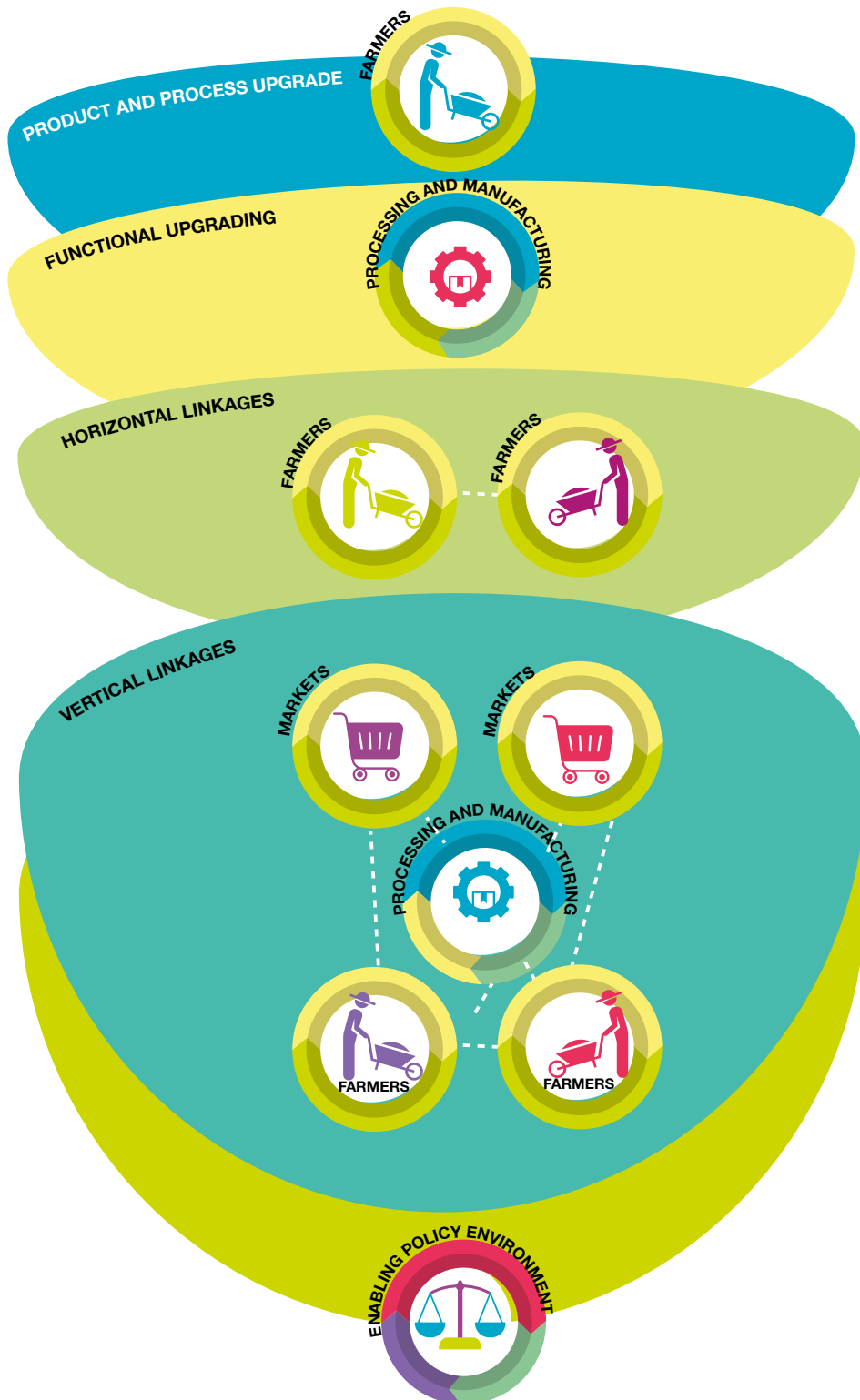


Source: IFAD IOE, Corporate-level Evaluation- IFAD's engagement in pro-poor value chain development (2019).

Thus, value chain development projects seek to intervene at several nodes of the value chain. The different types of interventions can be broadly classified into five value chain upgrading strategies, which are illustrated in figure 2.

- Product and process upgrading refers to interventions that aim at “doing things better and/or bigger”. This may include enhancing the efficiency of production processes by using better inputs and equipment or reducing costs, thereby leading to greater margins or higher productivity (e.g. higher yields) and, hence, larger volumes of produce sold. Upgrading can also encompass product quality development to comply with buyer requirements for quality, certification, food safety, traceability, packaging, etc.

FIGURE 2. VALUE CHAIN UPGRADING STRATEGIES



Source: Adapted from: IFAD, "Operational Guidelines on IFAD'S Engagement in Pro-poor Value Chain Development", 2020.  
 IFAD, "Stocktaking of IFAD's Value Chain Portfolio. January 2010 – December 2021", 2022.

- Functional upgrading encompasses interventions that aim at moving particular actors of the target groups along the value chain towards higher value-added activities. This is often achieved in partnership with other value chain actors who already perform the respective function. In the case of smallholder farmers, functional upgrading could be bulking, transporting, post-harvest processing or marketing activities.
- Horizontal linkages seek to improve coordination among actors at the same value chain segment/node, for example among farmers. They usually involve the formal organization of beneficiaries, such as in farmer groups or cooperatives.
- Vertical linkages drive better cooperation among actors from different value chain segments, for example farmers and processors, and thereby facilitate market access. Suitable interventions include the creation of multi-stakeholder platforms, the promotion of formal contracts and the improvement of access to market information. Moreover, activities may entail the exploration of new or alternative markets, such as fair trade, as well as innovative marketing channels, such as online platforms.
- Enabling policy environment encompasses initiatives that include research and/or advocacy to influence macro and meso level factors, such as government regulations, import licenses, informal norms, taxation/tariffs, industry standards or land tenure.<sup>1</sup>

## PRIVATE SECTOR COOPERATION AND THE 4P APPROACH

The rationale to include as many relevant stakeholders as possible in value chain development projects implies the importance of actively engaging the private sector. Private companies, mainly micro, small and medium enterprises (MSMEs), play a crucial role in selling inputs to small-scale producers, buying their commodities and adding value to their products. The private sector also provides vital financial services, technology, know-how and information. IFAD has long been supporting partnerships with private entities through so-called public-private partnerships (PPPs). However, there was a need to acknowledge that these arrangements bear significant asymmetries of power to the disadvantage of small-scale producers, who are typically not well equipped to negotiate with both public and private actors. Consequently, the concept has been refined, resulting in the public-private-producer partnership (4P) model.

A 4P arrangement ensures that small-scale producers are respected partners and not relegated to the receiving end of PPPs. As such, 4Ps involve cooperation between a government, private business agents and small-scale producers, who agree to work together to reach a common goal or carry out a specific task. Hence, while jointly assuming risks and responsibilities, the parties also share benefits, resources and competences. The private sector actors are identified

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<sup>1</sup> For more information on VC development strategies, refer to IFAD's *Sustainable inclusion of smallholders in agricultural value chains' toolkit*, 2014.



during either project design or implementation. Business plans, which include a vision of the partnership and define the roles and responsibilities of each partner, are written jointly by the project beneficiaries and the private sector partner. The public partners, i.e. the IFAD project and/or national institutions, support the partnership through brokering functions, funding and the provision of public goods.

4Ps thus ensure transparency, fairness and accountability in decision-making, price-setting mechanisms, cost and risk-sharing arrangements, enforcement of contracts, regulatory issues, payment modalities, ownership and coordination. 4Ps also pay close attention to local communities' tenure rights, the role of women and environmental issues. While there is no "one size fits all" 4P intervention, projects usually place a strong focus on vertical linkages and may entail mechanisms such as supplier agreements, out-grower schemes, joint ventures between producer organizations and agribusinesses, collective value chain planning through multi-stakeholder platforms or improved coordination through electronic or online systems.

## VALUE CHAIN FINANCE

Official development assistance is insufficient to achieve SDG 2 by 2030. The Ceres2030 report of 2020 found that while donors currently spend US\$12 billion per year on food security and nutrition, an additional US\$14 billion would be needed per year to end hunger and double the incomes of small-scale producers by 2030.<sup>2</sup> This figure underscores the imperative for a stronger role of the private sector in the development of agricultural value chains. However, leveraging conventional agricultural finance from financial institutions will not suffice either, as these institutions are often hesitant to engage with the agricultural sector in general, and with small-scale producers in particular.

Agricultural value chain finance is an innovative yet proven approach that can help meet the growing investment needs of the agricultural sector. The term value chain finance refers to the flow of funds to and among the various links within a value chain. Such mechanisms address the needs and constraints of those involved in that chain, for example related to obtaining financing, securing sales, procuring products, reducing risk and/or improving efficiency within the chain. It refers to both internal and external forms of finance:

- Internal value chain finance is financing that takes place within the value chain, such as a supplier providing credit to a farmer or a lead firm advancing funds to a market intermediary.
- External value chain finance is financing from outside the chain made possible by value chain relationships and mechanisms, for example a bank issuing a loan to a farmer based on a contract with a trusted buyer or a warehouse receipt from a recognized storage facility.<sup>3</sup>

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<sup>2</sup> Laborde D., Parent, M. and Smaller, C. *Ceres, 2030 Report: Ending Hunger, Increasing Incomes, and Protecting the Climate: What would it cost donors?* (Winnipeg: The International Institute for Sustainable Development, 2020)

<sup>3</sup> IFAD. *Agricultural value chain finance strategy and design - Technical Note* (Rome: IFAD, 2012)

This definition of value chain finance does not include conventional agricultural financing from financial institutions, such as banks and credit unions, to value chain actors unless there is a direct link with the value chain as noted above. Through its value chain project portfolio, IFAD aims at promoting value chain financing mechanism in contexts where conventional rural finance instruments are difficult to implement, e.g. due to the absence of formal financial institutions or their unwillingness to work with smallholder farmers.

### 3. METHODOLOGY

The report starts with a brief overview on the value chain project portfolio in the NEN region, covering all projects approved between 2010 and 2021. This section relies on data taken from the PMI value chain project database and provides information on the number of value chain projects and the allocated budget, as well as on private sector cofinancing and collaboration.

The remainder of the report is based on a desk review of the project documents of 30 value chain projects in the NEN region. The selected projects were approved in 2010 or later and were either completed (14 projects) or passed the midterm review (16 projects) in November 2021. For each project, the following documents were reviewed: project design report (PDR), midterm review (MTR) and either the latest supervision report (for ongoing projects)<sup>4</sup> or the project completion report (PCR). Furthermore, if available, impact assessments conducted by Research and Impact Assessment Division (RIA) or Independent Office of Evaluation (IOE), as well as project performance evaluations or project completion report (PCR) reviews carried out by IOE that were taken into consideration. Figure 3 provides an overview of the sampled projects and appendix 1 lists the documents reviewed. All data was collected between November 2021 and February 2022.

The classification of value chain projects follows the definition of PMI's value chain database and stocktaking report. According to these resources, projects follow a value chain approach if their design features several of the value chain upgrading strategies and goes beyond mere production and productivity enhancement. This definition covers a wide range of projects – from full-fledged value chain projects to projects that incorporate a value chain approach in only some aspects of the intervention.

The data collected through the PMI stocktake directly feeds into this report. However, the present review goes beyond the existing stocktake by considering the various phases of project implementation, rather than only the design stage. Therefore, the research enables the assessment of whether the projects followed the value chain approach as planned. Furthermore, it sheds light on the activities that are commonly implemented, on what has worked and what has not, on challenges and success factors, and on recommendations that can be derived for future project endeavours.

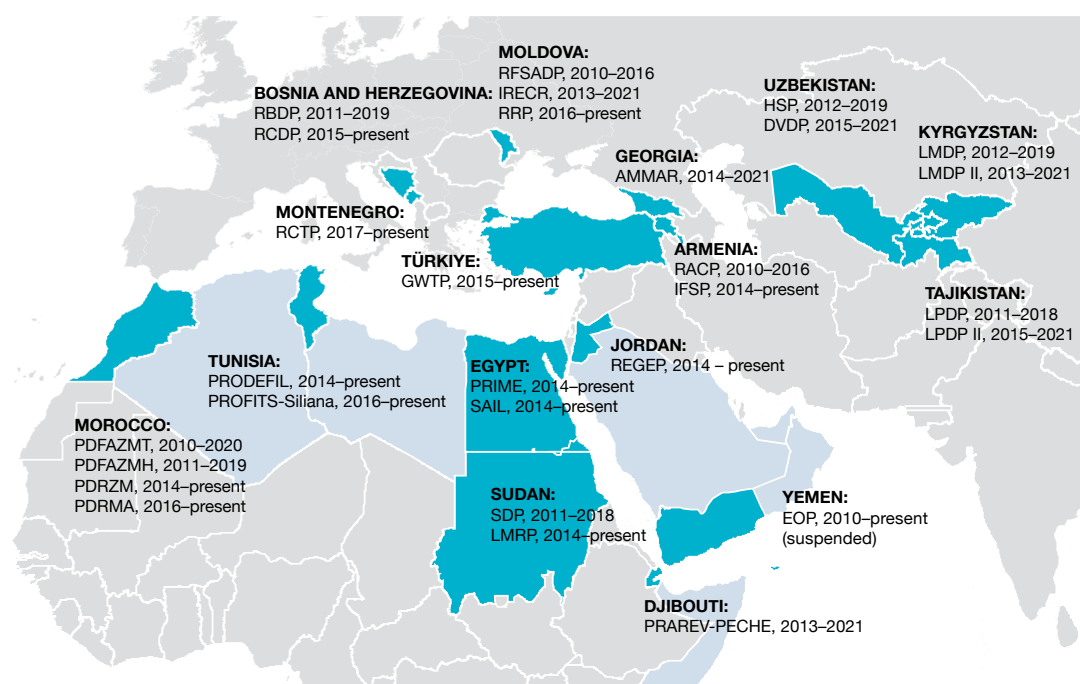
Several Microsoft Excel sheets synthesize the information from the various project documents

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<sup>4</sup> In a few cases, where the MTR was the latest available report, no further documents were reviewed.

that were reviewed. First, for each project, a variety of indicators were extracted from the PMI value chain database. Another more in-depth review of the PDRs provided further details on the existing indicators and added some missing information (e.g. on value chain finance and matching grants). Subsequently, the review of the MTRs, supervision mission reports/PCRs and supplementary documents verified to what extent the projects succeeded in implementing the activities stipulated at design. Appendix 2 provides a list of the indicators that were used for data collection, along with explanations. After this qualitative review, the information was translated into several quantitative indicators, which are listed and described in appendix 3. Furthermore, data on appraised and current costs was collected from Oracle Business Intelligence and information on actual disbursement was extracted from the PCRs. Lastly, project ratings were obtained from IFAD's Operational Results Management System.

FIGURE 3. **PROJECTS SAMPLE**



Source: Authors' own elaboration.

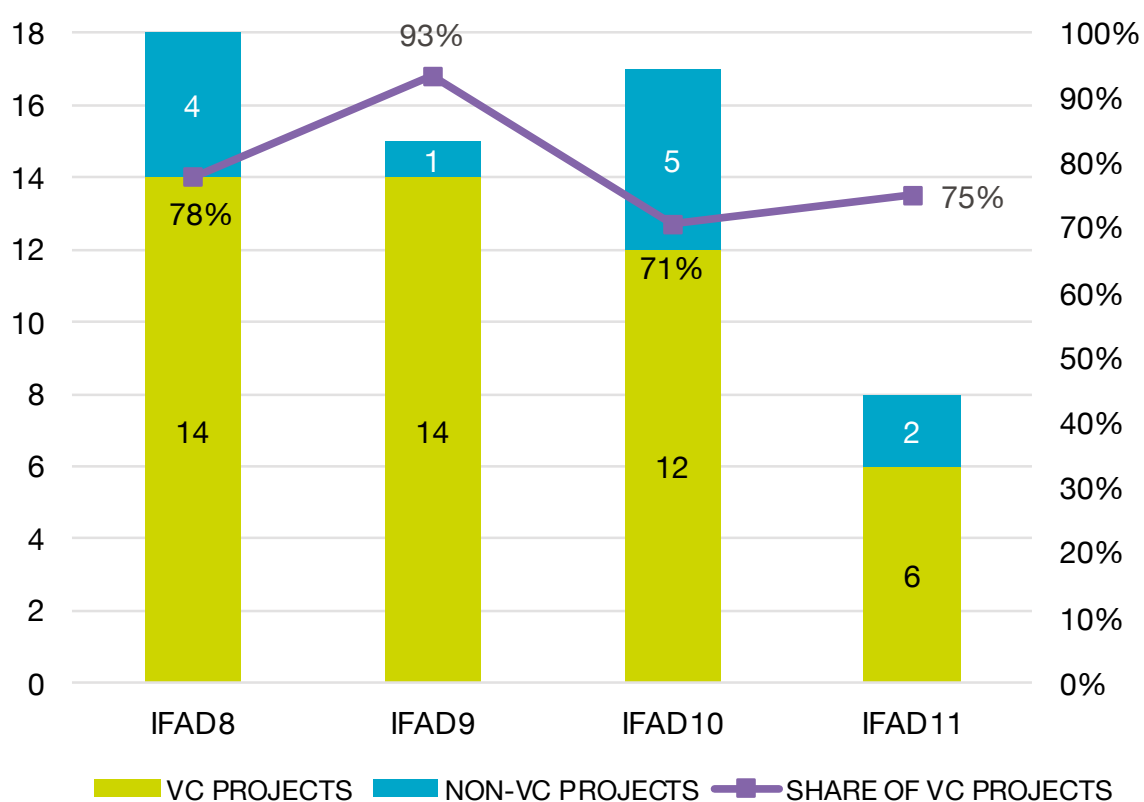
## 4. OVERVIEW OF THE NEN VALUE CHAIN PROJECT PORTFOLIO, 2010 TO 2021

Between 2010 and 2021, IFAD approved a total of 58 projects in the NEN region. According to the PMI value chain project database, 46 of these projects, or 79 per cent of the portfolio, followed a value chain approach. This share is slightly higher than the global average of 74 per cent. The bars in figure 4 show the number of projects approved in each replenishment cycle, separated by value chain and non-value chain projects. From IFAD8 through IFAD10,

the NEN value chain project portfolio comprised 12 to 14 projects per cycle. This number dropped significantly during IFADF11, when only six value chain projects were approved. Nevertheless, the share of value chain projects has been above 70 per cent throughout time, as illustrated by the red line in the figure.

The total budget pledged to value chain projects in the NEN region in the time period considered amounts to about US\$2.4 billion. As figure 5 shows, the budget per replenishment period was rather stable at about US\$600 million. Notwithstanding, the average budget per value chain project increased steadily from US\$40 million during IFAD8 to US\$65 million during IFAD10. In IFAD11, the average budget even soared to US\$100 million. However, this increase is driven by the approval of one very large project, STAR in Egypt, which had a total budget of US\$270 million at design. This amount accounts for almost half of the total value chain project budget of the IFAD11 replenishment period.

FIGURE 4. APPROVAL OF VC AND NON-VC PROJECTS, IFAD8 TO IFAD10



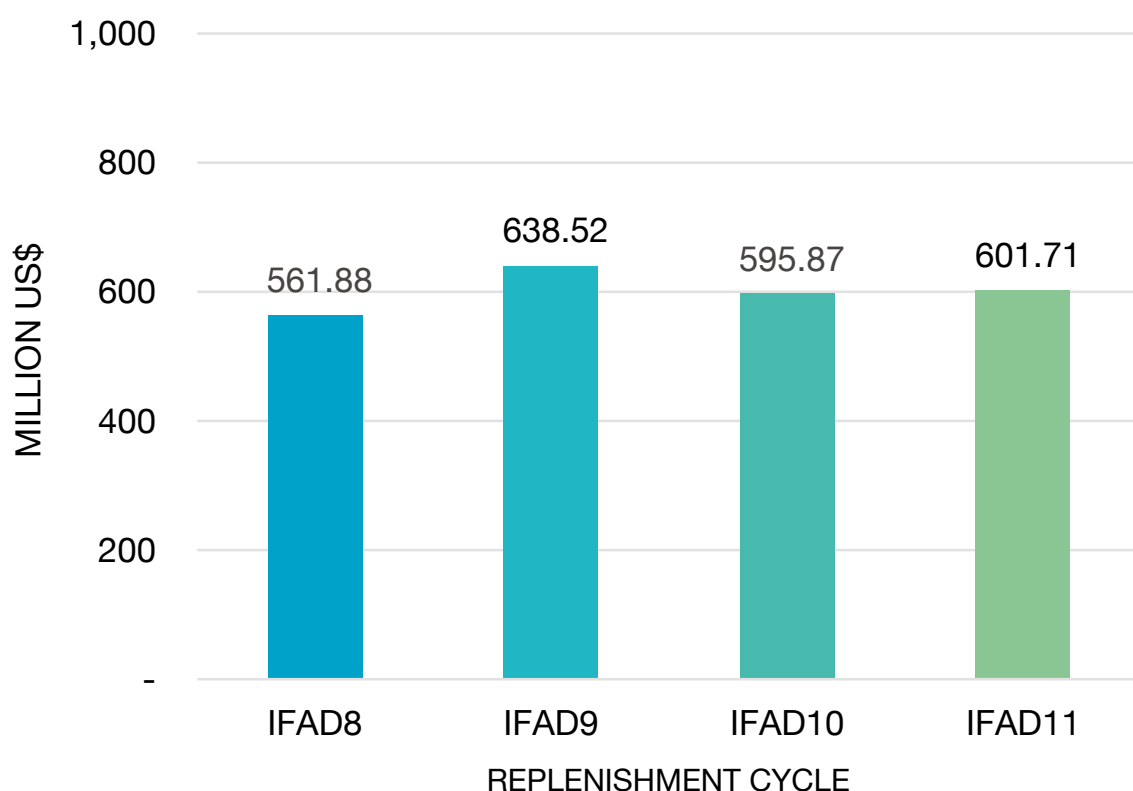
Source: Authors' own elaboration.

Private sector partners have been actively involved in the NEN value chain project portfolio. At the design stage, projects targeted private sector contributions amounting to about 6.7 per cent of the total value chain project costs, which is higher than the global average of 4.9 per cent. Furthermore, as illustrated in the left-hand panel of figure 6, the design documents of the vast majority of value chain projects (93 per cent) stipulated for some extent of collaboration with the private sector.

The right-hand panel of the figure shows how the intensity of private sector collaboration developed over time. During IFAD8 and IFAD9, at least half of the projects included no or only limited cooperation in their design documents. This figure was down to 25 per cent during IFAD10, and during IFAD11 all projects aimed for systematic or in-depth collaboration.

At the time of data collection, completion ratings were available for 19 of the 58 projects approved in 2010 or later – 16 of them are value chain projects and three are non-value chain projects.<sup>5</sup> Figure 7 compares the completion ratings of the two project groups in terms of overall project achievement and rural poverty impact. On average, all ratings range between 4.0 and 4.5, which translates to the classification as “moderately satisfactory”. Value chain projects have a slightly higher average value for both indicators. However, this finding is not very meaningful, given that only three non-value chain projects are considered.

FIGURE 5. VALUE CHAIN PROJECT BUDGETS BY REPLENISHMENT CYCLES



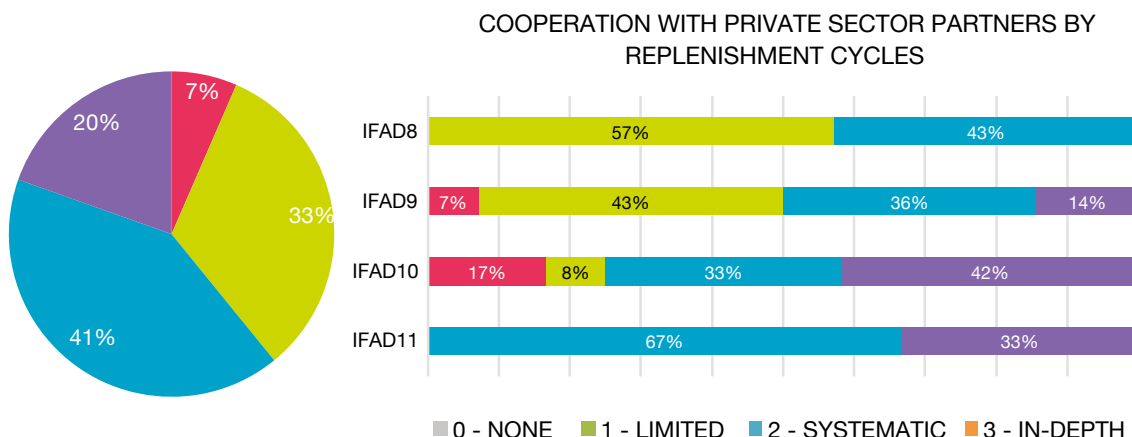
Source: Authors' own elaboration.

The sample size increases to 53 projects – 41 value chain projects and 12 non-value chain projects – when inspecting the performance ratings provided in the latest supervision reports of all projects approved in 2010 or later.<sup>6</sup> While the ratings of value chain projects are still

<sup>5</sup> In total, 23 projects have been completed but no completion rating data is available for four of them.

<sup>6</sup> Five of the 58 projects approved in 2010 or later do not have performance ratings, either because no supervision missions have taken place so far (PRODER-Taza, Morocco, 2019), or because the projects have not yet entered into force (HALEPP, Lebanon, 2017); STAR, Egypt (2017); RRPCP, Kyrgyzstan (2021); CASP+, Tajikistan (2021).

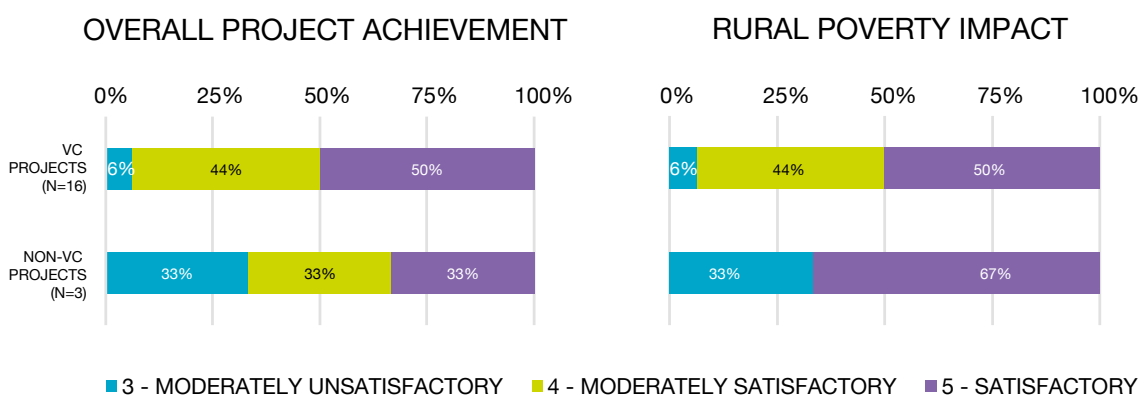
FIGURE 6. PRIVATE SECTOR COOPERATION IN VALUE CHAIN PROJECTS BY DESIGN



Source: Authors' own elaboration.

Note: Private sector cooperation implies market-based collaboration with agribusinesses (of any size and kind), regardless of whether these partners provide co-financing. It does not include collaboration with financial institutions.

FIGURE 7. COMPLETION RATINGS OF VC AND NON-VC PROJECTS

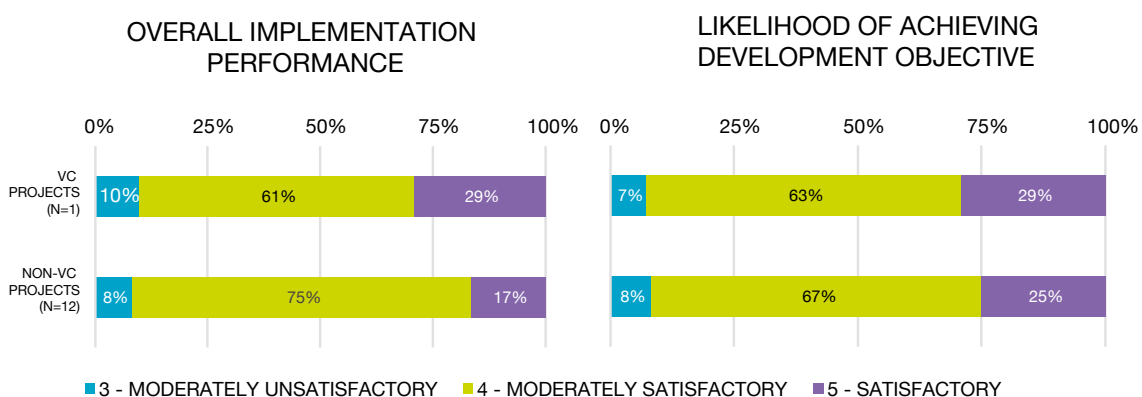


Source: Authors' own elaboration.

slightly higher than those of non-value chain projects, the differences are now even smaller (see figure 8. Performance ratings of vC and non-vC projects). Again, all average ratings rank within the range of a “moderately satisfactory” performance.<sup>7</sup>

<sup>7</sup> Due to the low number of non-value chain projects in the samples and the small size of the rating differentials, it is not possible to infer reasons for the differences in performance between value chain and non-value chain projects.

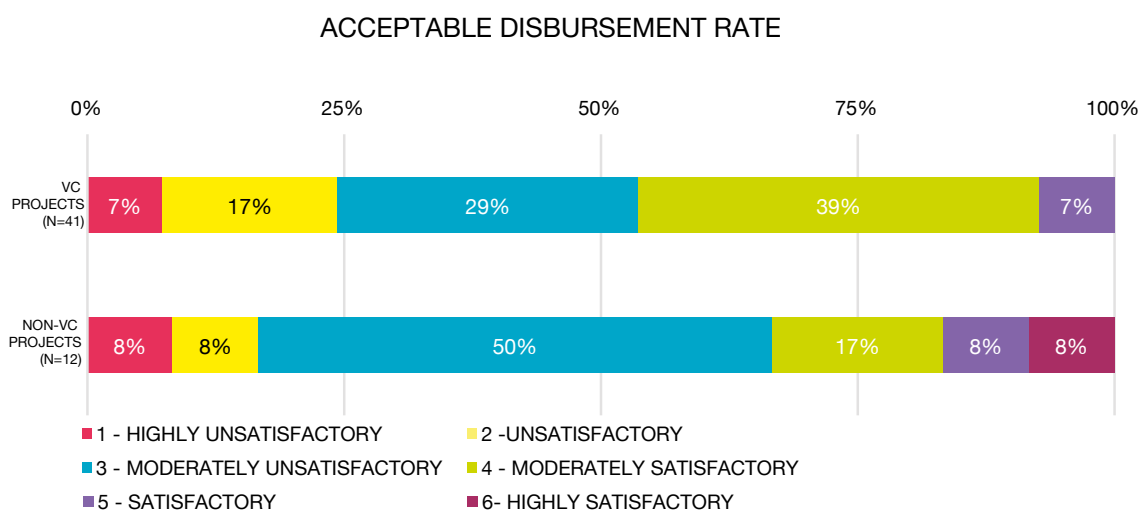
FIGURE 8. **PERFORMANCE RATINGS OF VC AND NON-VC PROJECTS**



Source: Authors' own elaboration.

In contrast, the average ratings for the disbursement rate are “moderately unsatisfactory” for both value chain and non-value chain projects. Value chain projects have a slightly lower score than non-value chain projects (see figure 9).

FIGURE 9. **DISBURSEMENT RATE RATINGS OF VC AND NON-VC PROJECTS**



Source: Authors' own elaboration.

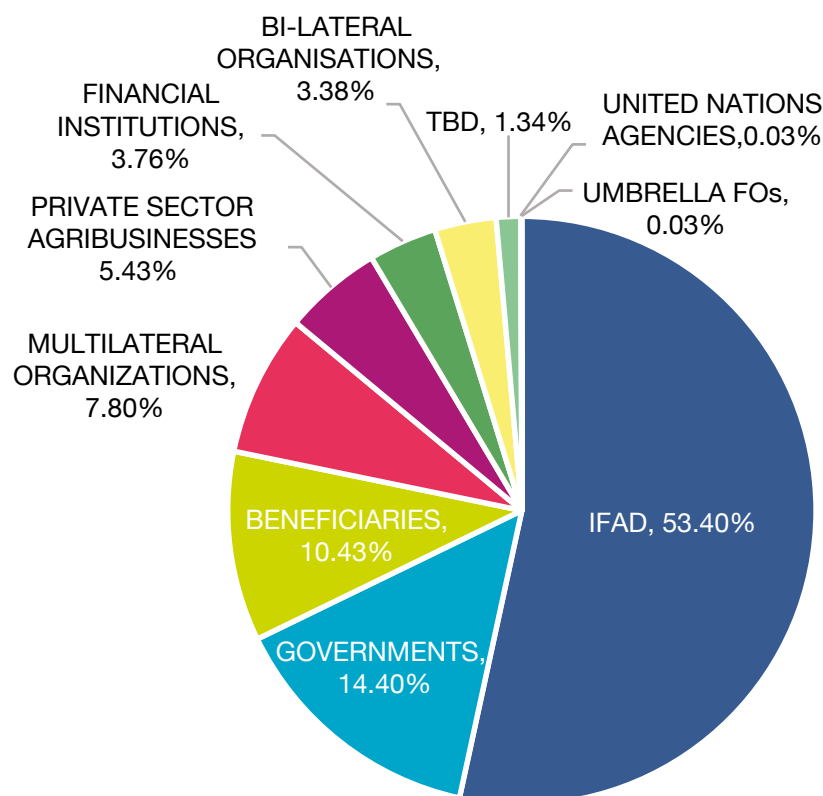
## 5. QUANTITATIVE DESCRIPTION OF SELECTED VALUE CHAIN PROJECTS

### PROJECT FINANCING

Taken together, the 30 projects under review represent a budget of US\$1.27 billion (at design). As figure 10 illustrates, IFAD is by far the most important financier, providing 53 per cent of the total project costs (US\$676 million). Governments and beneficiaries follow with 14 per cent (US\$182 million) and US\$10 per cent (132 million), respectively. Private

sector agribusinesses are the fourth most important group of cofinanciers, providing around 5 per cent of the total costs (US\$68.7 million). Financial institutions rank fifth (US\$47.6 million; 3.76 per cent).

FIGURE 10. **FINANCIERS OF VALUE CHAIN PROJECTS**

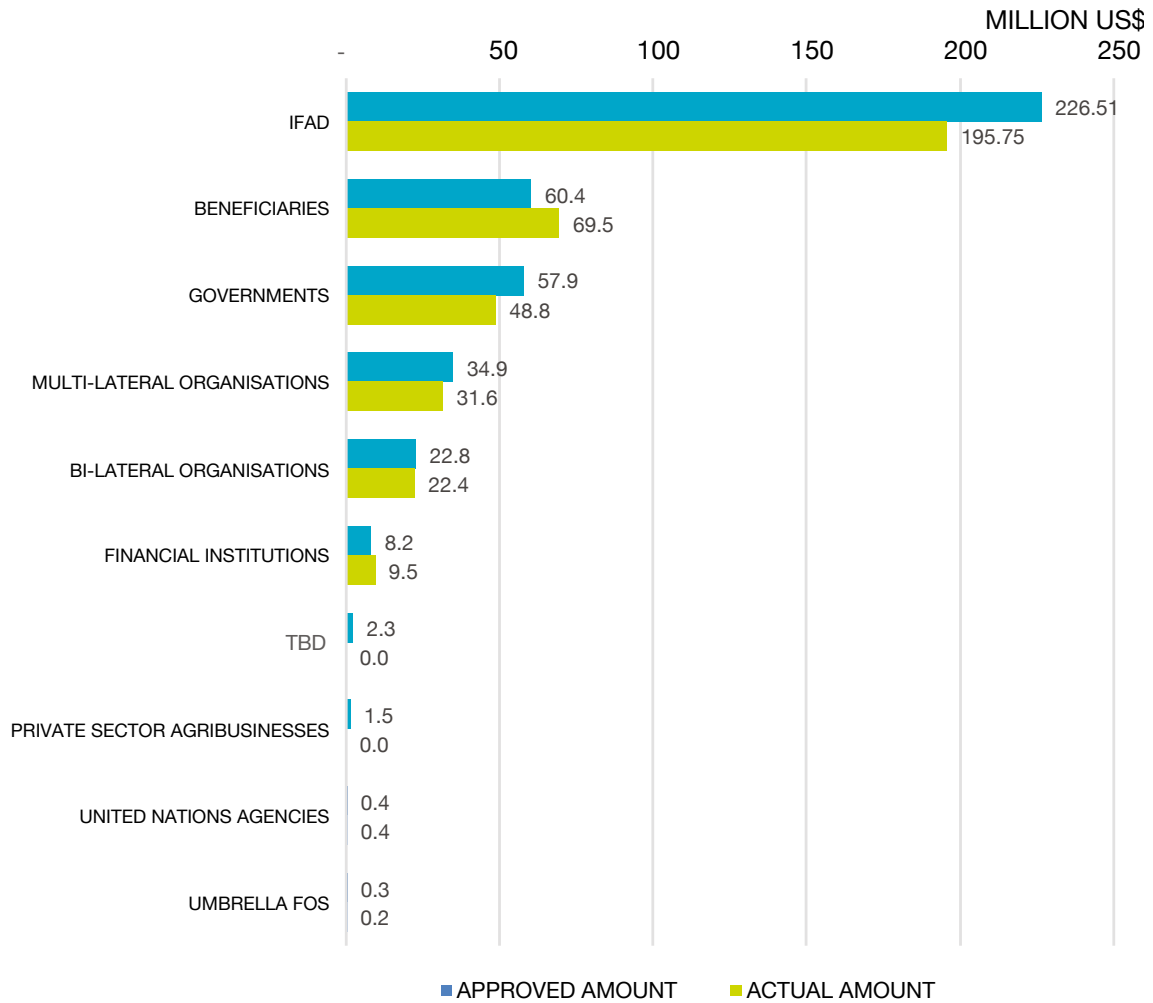


Source: Authors' own elaboration.

For the 14 completed projects, it is possible to compare the approved funding with actual disbursement. In total, actual disbursement fell short of the approved amount by about US\$37 million, equivalent to a disbursement rate of 91 per cent. This discrepancy is due to most financiers having contributed slightly fewer funds than anticipated at design. Only beneficiaries, participating financial institutions and partner UN organizations provided more funding than set out at design (see figure 11). Financial contributions from private sector agribusinesses were not formally realized, as discussed in following sections. However, it is worth noting that projects' tracking of cofinanciers' contributions is not always very precise and some contributions, e.g. those of governments or private sector partners, tend to be underestimated.



FIGURE 11. **APPROVED VS. ACTUAL CO-FINANCING BY FINANCIER, COMPLETED PROJECTS ONLY**

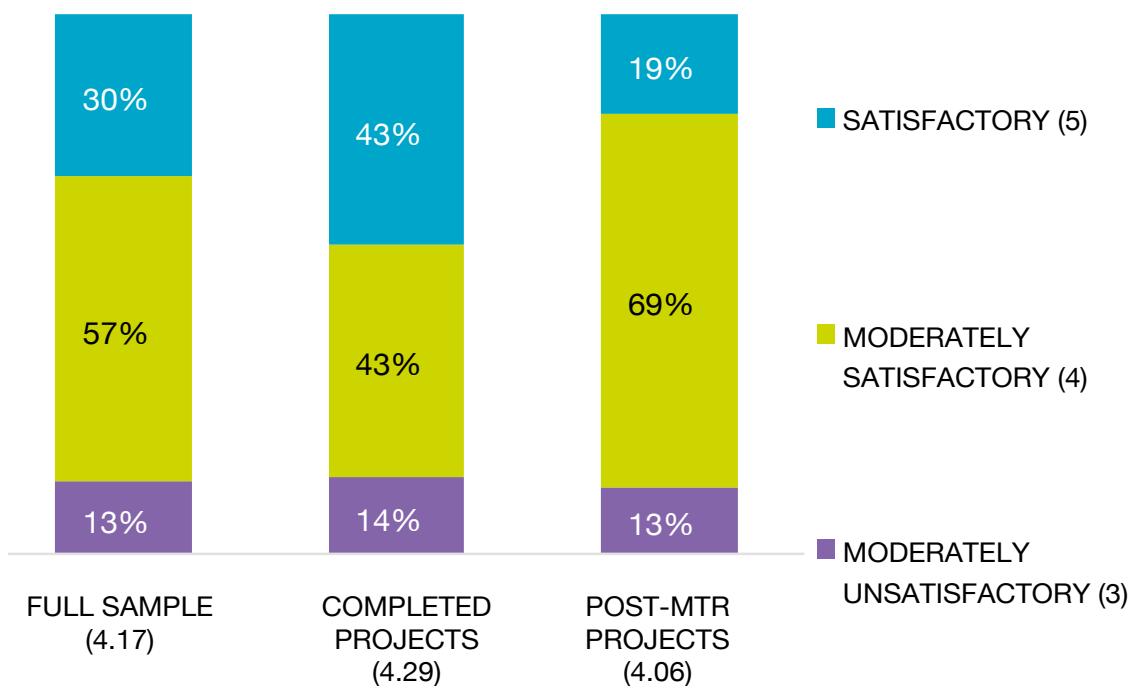


Source: Authors' own elaboration.

## PROJECT PERFORMANCE

Overall, the value chain projects in the NEN region have been performing well. 87 per cent of the sample was rated as moderately satisfactory or satisfactory in terms of overall project achievement (completed projects) or overall implementation progress (ongoing projects). The remaining projects were rated as moderately unsatisfactory, while there is not a single project with an overall rating of unsatisfactory or worse. Figure 12 illustrates these findings.

On average, completed projects performed slightly better than ongoing projects, though the difference is minimal. Moreover, it is worth noting that ongoing projects still have a scope to improve their ratings.

FIGURE 12. RATINGS OF OVERALL PROJECT ACHIEVEMENT/  
OVERALL IMPLEMENTATION PROGRESS

Source: Authors' own elaboration.

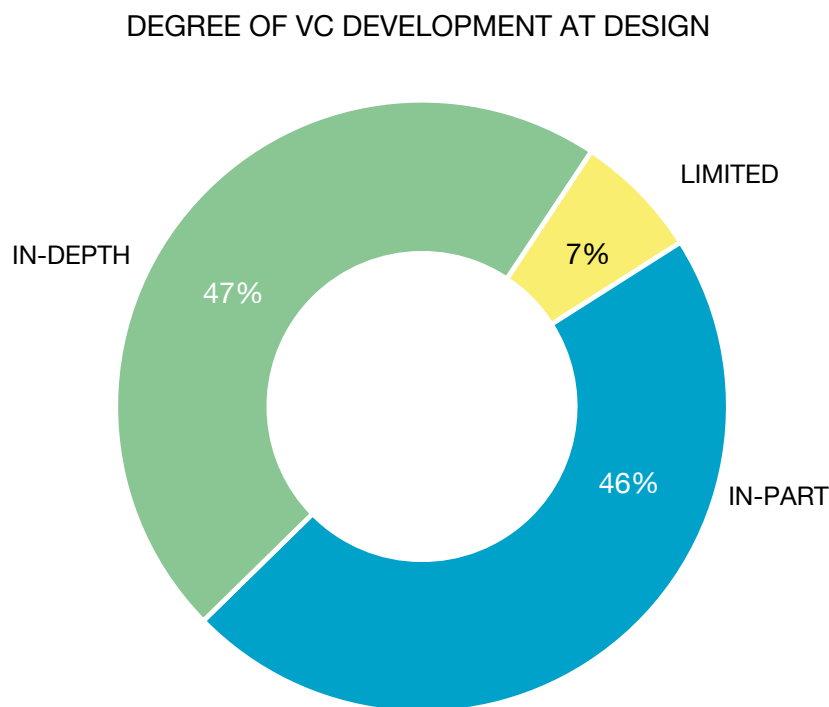
Note: Figures in brackets represent average ratings.

## DEGREE OF VALUE CHAIN DEVELOPMENT AND SHARE OF VALUE CHAIN FUNDS

The reviewed projects aimed at developing value chains to varying degrees (see box 1 for definitions). As figure 13 shows, nearly half of the projects stipulated in-depth value chain development in their design documents and a similar share of projects planned to develop value chains in-part. In contrast, only 7 per cent of the project designs made limited provisions for value chain development.

Twelve of the 14 completed projects implemented value chain development activities to the same extent as that set out in the design report. The remaining two projects planned for in-depth value chain development but ended up only partially developing value chains. First, RACP in Armenia aimed at developing several fruit and nut value chains by setting up Fruit Armenia (FA), a joint stock . However, the project never succeeded in turning FA from a state-owned enterprise to a privatized, profit-oriented company. Consequently, few of the project objectives related to value chain development were met. Second, RFSADP in Moldova designed a very ambitious value chain development component but allocated only 5 per cent of the budget to it. Due to this low funding allocation, the project missed several of its targets, such as developing a commodity exchange or a large-scale contract farming program.

FIGURE 13. **DEGREE OF VALUE CHAIN DEVELOPMENT AS STIPULATED IN PROJECT DESIGN REPORTS**



Source: Authors' own elaboration.

Project focus on value chain development can also be assessed in terms of budget allocation. At design stage, the 30 reviewed projects allocated about US\$629 million to value chain development components.<sup>8</sup> This amount is equivalent to 50 per cent of the total budget (see figure 14, left panel). Overall, the budget share of value chain development components varies widely – from 3.1 per cent for LMDP II in Kyrgyzstan to the entire project budget for PRODEFIL in Tunisia.

Panel (a) of figure 14 also indicates that the budget allocated to value chain development has been rising over time in both absolute and relative terms. The completed projects, which were approved between 2010 and 2015, allocated an average of 36 per cent of the budget to value chain development at design. In contrast, the figure stands at 56 per cent for the projects that passed MTR, which were predominantly approved in 2014 or later. As panel (b) of figure 14 shows, actual allocation of funds to value chain components fell short of the amount allocated at design by US\$22 million, which translates to only 2 percentage points.

<sup>8</sup> This is an overestimation since value chain development components frequently include also other activities, such as rural finance or infrastructure.

**BOX 1.****CATEGORIZATION OF DEGREE OF VALUE CHAIN DEVELOPMENT**

**Limited:** addressing only few segments of the value chain (e.g. mainly producers and producer groups) and implementing basic value chain development activities (e.g. formation of informal groups, simple marketing activities)

**In part:** addressing several segments of the value chain (e.g. producers and buyers) and implementing value chain development activities of medium complexity (e.g. multi-stakeholder platforms, sporadic contractual linkages)

**In-depth:** full-fledged value chain approach, addressing all segments of the value chain and implementing complex VC development activities (e.g. 4Ps, systematic contractual linkages)

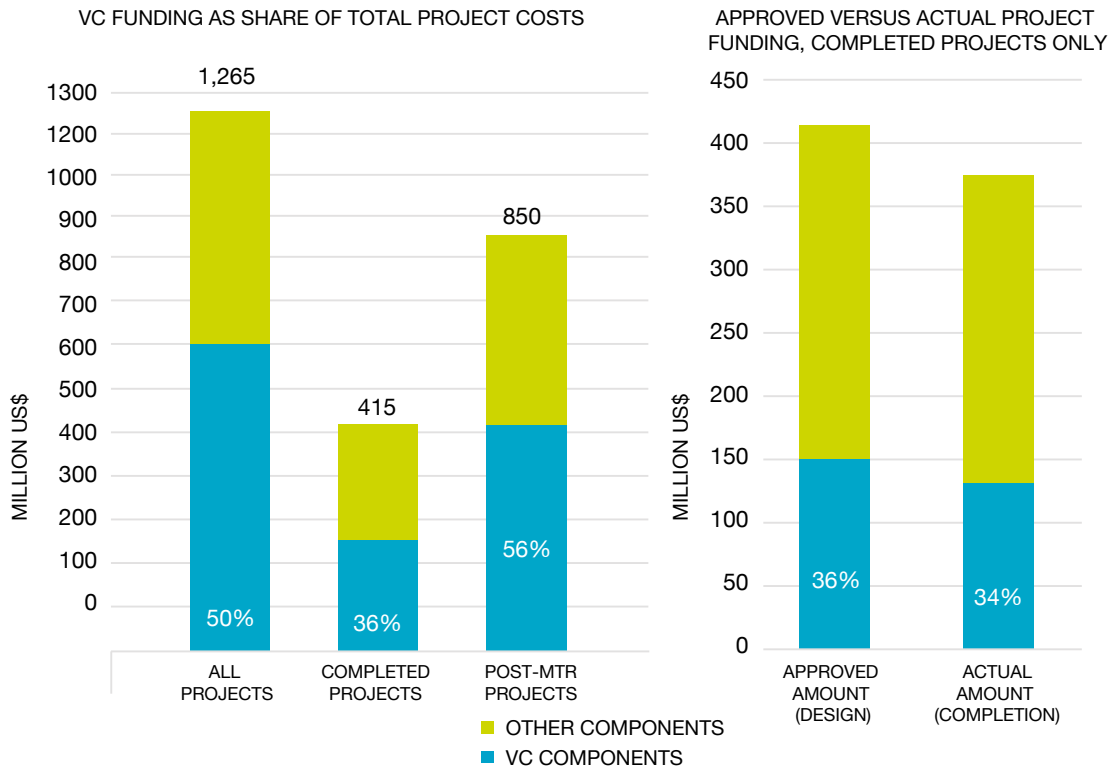
## PRIVATE SECTOR INVOLVEMENT AND COFINANCING

Collaboration with private sector partners is mentioned to varying degrees in the project design documents (see box 2). Only one project, PRAREV-PECHE in Djibouti, did not include collaboration with private sector partners at design. Slightly more than half of the projects (54 per cent) stipulated for systematic private sector collaboration, while limited and in-depth cooperation were mentioned for about 20 per cent of the projects, respectively (see figure 15).

Figure 16 shows the types of private sector partners that projects aim to engage with according to the design documents. The most mentioned group is retailing and trading companies, which range from local traders to supermarkets and exporters. Twenty-three projects (77 per cent of the sample) aim at establishing partnerships with such actors. Moreover, 16 projects, or 53 per cent of the sample, aim at linking beneficiaries to processing companies. These findings are worth noting since retailers, traders and processors usually require that their suppliers adhere to tight quantity and quality standards. These requirements are not always easy to meet for smallholder producers. The third group of partners are input providers (10 projects or 33 per cent). Finally, some projects only mention that they aim to partner with agribusinesses, without specifying the type of company any further.

However, 6 of the 14 completed projects ended up having less collaboration with the private sector than anticipated. Four of these projects did not collaborate with private sector partners at all: RACP in Armenia, as mentioned in the previous section, did not succeed in handing over the newly established enterprise to the private sector; PDFAZMT and PDFAZMH in Morocco faced delays in the development of the downstream value chain segments, and this led to a lack of time to facilitate linkages with the private sector; and LPDP II in Tajikistan encountered insufficient demand for the business development services it offered to private

FIGURE 14. **FUNDING ALLOCATED TO VALUE CHAIN COMPONENTS**



Source: Authors' own elaboration.

entrepreneurs. Furthermore, two projects cooperated with the private sector only to a limited extent, even though the design stipulated for systematic cooperation. As mentioned in the previous section, RFSADP in Moldova implemented value chain development activities to a much more limited extent than originally planned. Consequently, private sector partners were also less involved.

HSP in Uzbekistan met a similar fate. It was assumed at design stage that agro-firms were already well-linked with smallholders and, thus, the project envisaged engaging the private sector through contract farming, technology transfer, produce handling and marketing support. However, it turned out that these linkages were rather weak, thereby impeding the implementation of the planned activities. The opposite case, i.e. more collaboration than anticipated, was not recorded for any of the projects.

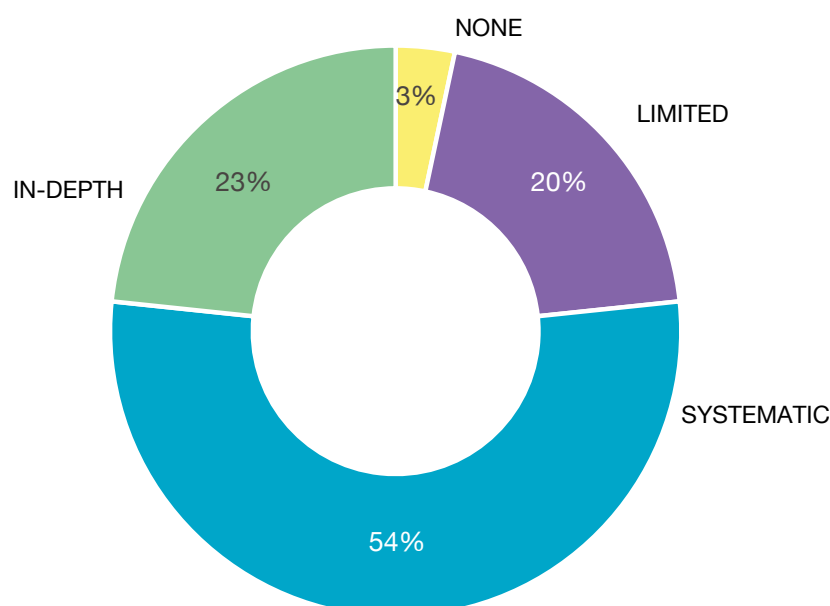
Private sector agribusinesses are the fifth most important group of financiers of the projects under review (see also the section on project financing). At design, it was estimated that these partners would contribute about US\$68.7 million, or 5.4 per cent of the total budget. However, these contributions accrue to only five of the 30 projects (table 1). In turn, two of these projects (both ongoing) stand out with very private sector contributions in both absolute and relative terms. LMRP in Sudan aims at establishing several 4Ps in the livestock sector, and private sector partners are supposed to cofinance various facilities and infrastructure. RCDP in Bosnia and Herzegovina was designed with a similar arrangement in the horticulture sector.

TABLE 1. PRIVATE SECTOR FINANCIAL CONTRIBUTIONS AT DESIGN

Project and country	Project status	Appraised private sector contribution (design)	
		Absolute (US\$)	Share of total costs
SDP, Sudan	Completed	1,399,662	8.0 %
LMDP, Kyrgyzstan	Completed	87,500	0.3 %
LMRP, Sudan	Post-MTR	36,800,000	30.9 %
RCDP, BiH	Post-MTR	29,720,000	48.4 %
RCTP, Montenegro	Post-MTR	660,199	4.6 %

FIGURE 15. DEGREE OF PRIVATE SECTOR INVOLVEMENT AS STIPULATED IN PROJECT DESIGN REPORTS

## DEGREE OF PRIVATE SECTOR INVOLVEMENT AT DESIGN



Source: Authors' own elaboration.

Again, comparing approved amounts to actual disbursement is only possible for completed projects. As it turns out, none of the private sector contributions materialized. LMDP in Kyrgyzstan does not seem to have received the amount pledged by the national Vet Chamber. For SDP in Sudan, in contrast, the 4P companies provided direct support to the beneficiaries through inputs, extension services and demonstrations plots, which were not recorded as project costs. As for the post-MTR projects, the agribusiness partners of RCDP in Bosnia and Herzegovina, and RCTP in Montenegro, had already started disbursing at the time of data collection. In contrast, disbursement was yet to start for LMRP in Sudan.

However, it is likely that the officially recorded figures for private sector cofinancing underestimate the true contributions. As the example of SDP in Sudan shows, projects do not always account for the support provided by private partners through 4Ps or contract farming schemes. The same was the case for PRIME in Egypt and GWTP in Türkiye. Both

## BOX 2.

### CATEGORIZATION OF PS INVOLVEMENT

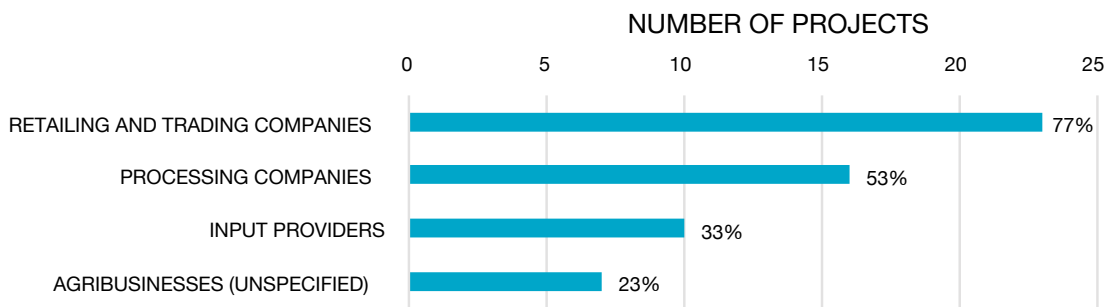
**None:** no cooperation with the private sector

**Limited:** some cooperation, such as consultation, limited/informal market linkages

**Systematic:** elements of a 4P, coordination among beneficiaries and PS but without a formal 4P relationship (e.g. supplier agreements without risk/benefit sharing mechanism, no clear division of roles and responsibilities)

**In-depth:** full-fledged 4P, private agribusinesses become project partners for direct linkages with the target groups, mostly as buyers of agricultural produce and providers of financial and technical support

FIGURE 16. TYPES OF PRIVATE SECTOR PARTNERS



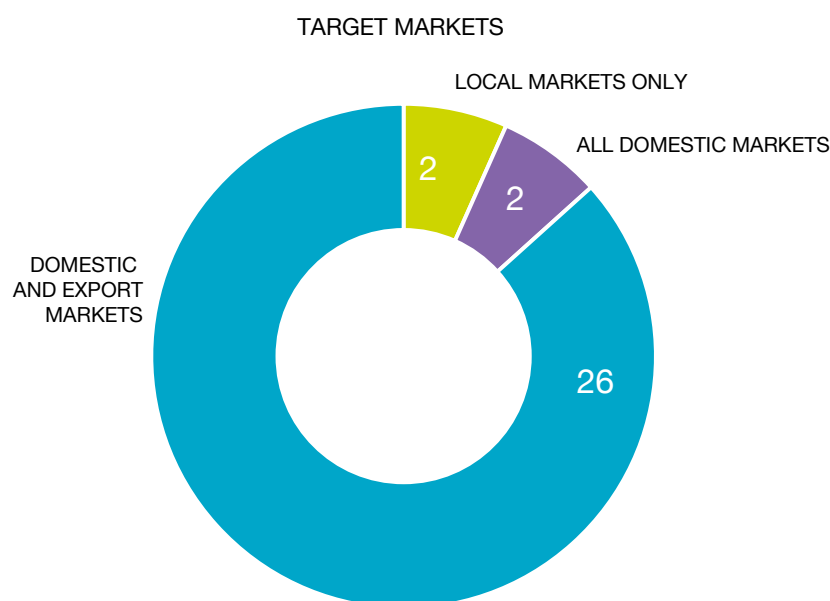
Source: Authors' own elaboration.

projects explicitly mentioned technical, financial or in-kind contributions from the private buyers, but none of them has official records of private sector cofinancing. Similarly, LMDP II in Kyrgyzstan and RBDP in Bosnia and Herzegovina developed matching grant schemes to which private sector partners contributed 17 per cent and 5 per cent, respectively, but these contributions do not appear as project cofinancing in the documents.

## TARGET MARKETS

Two projects (LPDP and LPDP II in Tajikistan) focus on local markets only while another two (SDP in Sudan and PRAREV-PECHE in Djibouti) target all domestic markets. The remaining 26 projects aim at linking the target groups to both domestic and export markets (see figure 17).

FIGURE 17. TARGET MARKETS OF VALUE CHAIN PROJECTS



Source: Authors' own elaboration.

Notes: The term "local markets" refers to village markets, while "domestic markets" includes urban markets, e.g. national supermarket chains. "Export markets" are foreign markets, e.g. regional or international wholesalers.

## COMMODITIES

The value chain projects in the NEN region put a clear focus on conventional commodities, i.e. crops and livestock. As depicted in figure 18, 87 per cent of all value chain projects support crops and 80 per cent support livestock value chains. In contrast, only 13 per cent and 3 per cent of the NEN value chain projects target fisheries and forest products, respectively.

While the projects support a variety of different crops, there is a clear emphasis on horticulture. Twenty-three projects engage in fruit and nut value chains (77 per cent) and 18 projects in vegetable value chains (60 per cent). Another important crop group in the NEN region is spices and aromatic plants, which are supported by twelve projects (40 per cent). These figures are considerably higher than the averages of all regions, which amount to 47 per cent for fruits and nuts, 46 per cent for vegetables and 13 per cent for spices and aromatic plants<sup>9</sup>. All other crop groups are supported by no more than seven projects (see figure 19).

<sup>9</sup> Global value chain stocktake, IFAD PMI (2022). Note that these figures are based on the design reports only, while the figures provided for the NEN project sample consider both the design and implementation stages.



FIGURE 18. **COMMODITIES SUPPORTED BY VALUE CHAIN PROJECTS**

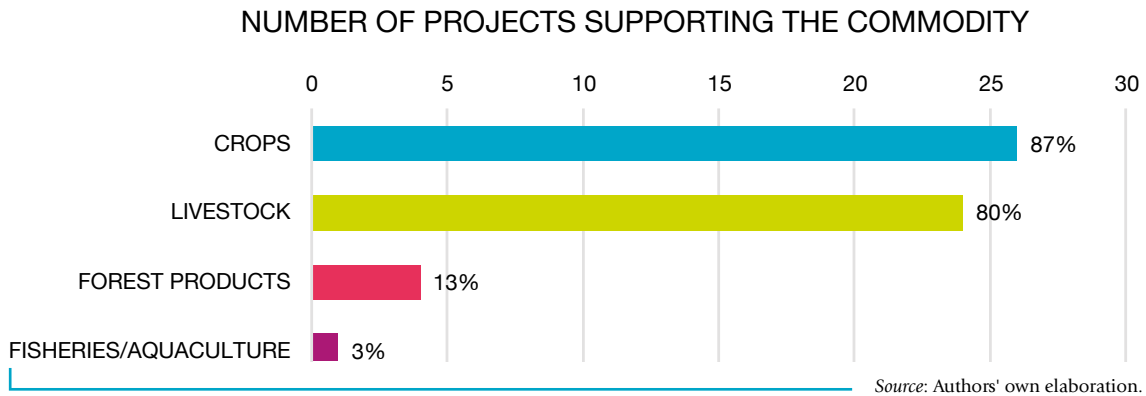
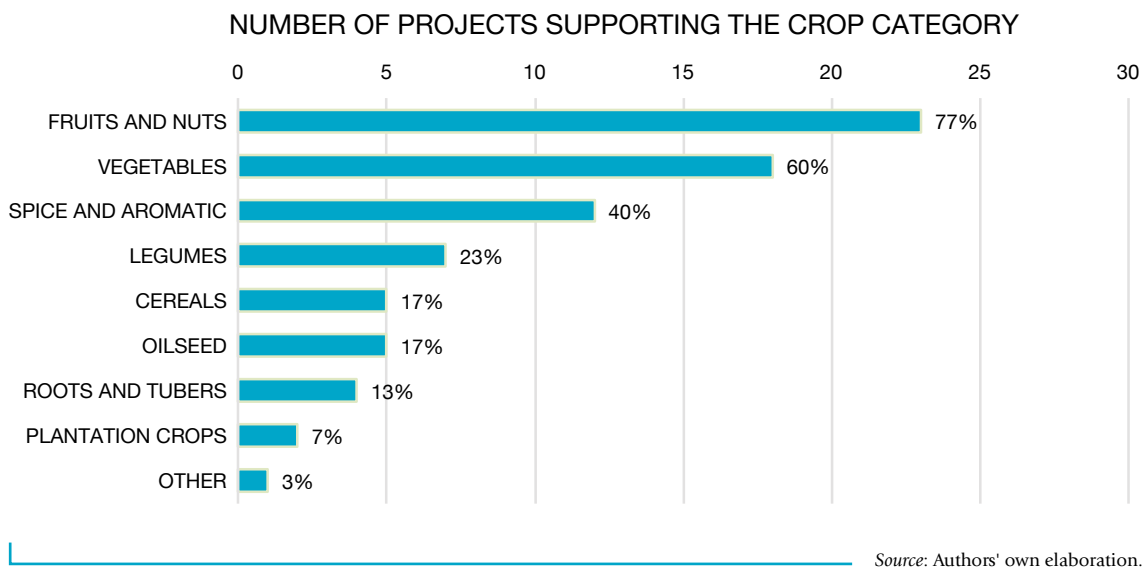


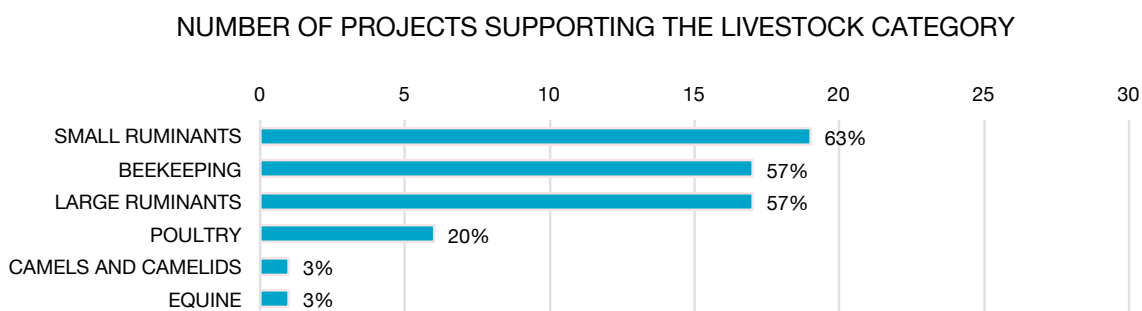
FIGURE 19. **CROP TYPES SUPPORTED BY VALUE CHAIN PROJECTS**



In terms of livestock, most projects support small ruminants (19 projects or 63 per cent), followed by beekeeping and large ruminants (17 projects or 57 per cent). These figures are again higher than the global averages, which amount to 20 per cent, 11 per cent and 24 per cent, respectively.<sup>10</sup> In contrast, poultry, camelids and horses only play a secondary role (see figure 20).

<sup>10</sup> Note that these figures are based on the design reports only, while the figures provided for the NEN project sample consider both the design and implementation stages.

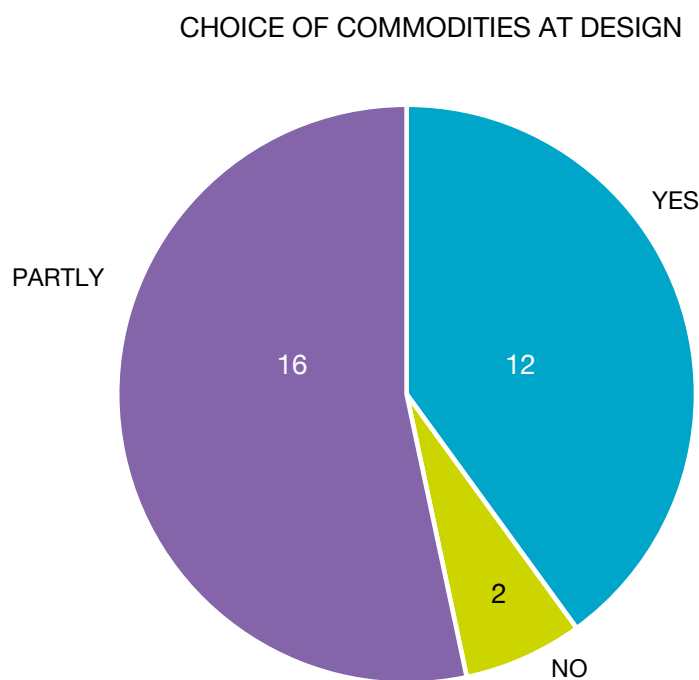
FIGURE 20. LIVESTOCK TYPES SUPPORTED BY VALUE CHAIN PROJECTS



Source: Authors' own elaboration.

As shown in figure 21, more than a third of the projects determined the commodities that are to be supported already at the design stage. In most cases, the design documents specified particular commodity species, rather than broad commodity categories (e.g. “tomatoes” rather than “vegetables”). Most other projects partly pre-identified commodities following one of two possible approaches: (i) determining a few value chains at design and leaving the identification of further commodities to the beginning of the implementation phase; or (ii) determining the commodity groups or drawing up a longer list of potential commodities at design and selecting the most suitable ones at project start. Only two projects left the identification of the targeted commodities entirely to the implementation phase.

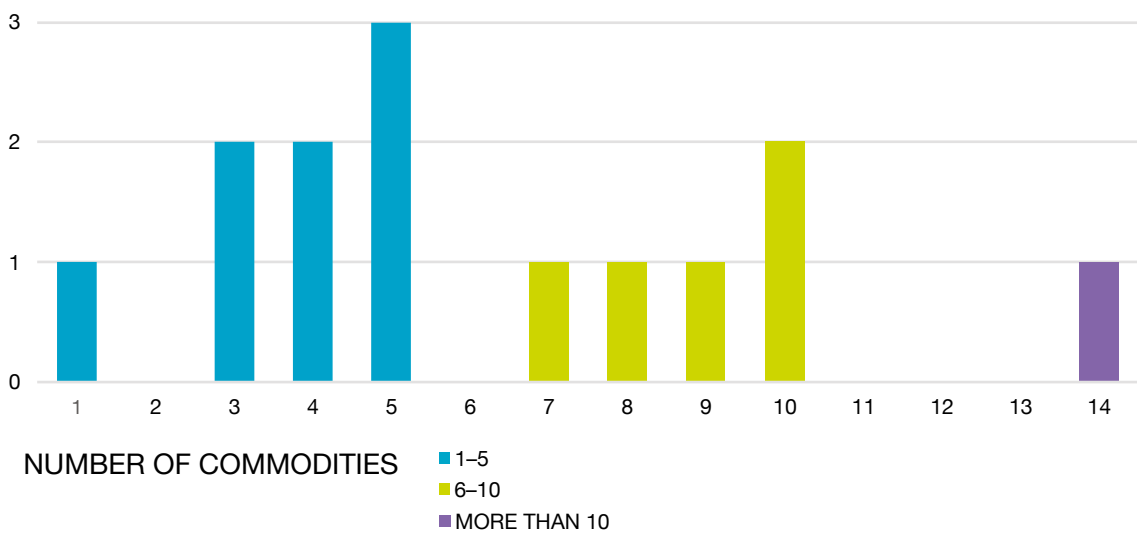
FIGURE 21. CHOICE OF TARGETED COMMODITIES AT DESIGN



Source: Authors' own elaboration.

Fourteen of the 30 value chain projects selected specific commodity species to be supported, either at design or during implementation. Most of them (eight projects), selected one to five commodities (see figure 22). Notably, just one project targeted only one or more than ten commodities, respectively. Projects that allow for more flexibility tend to support more than ten commodities.

FIGURE 22. **NUMBER OF COMMODITIES SUPPORTED BY VC PROJECTS**



Source: Authors' own elaboration.

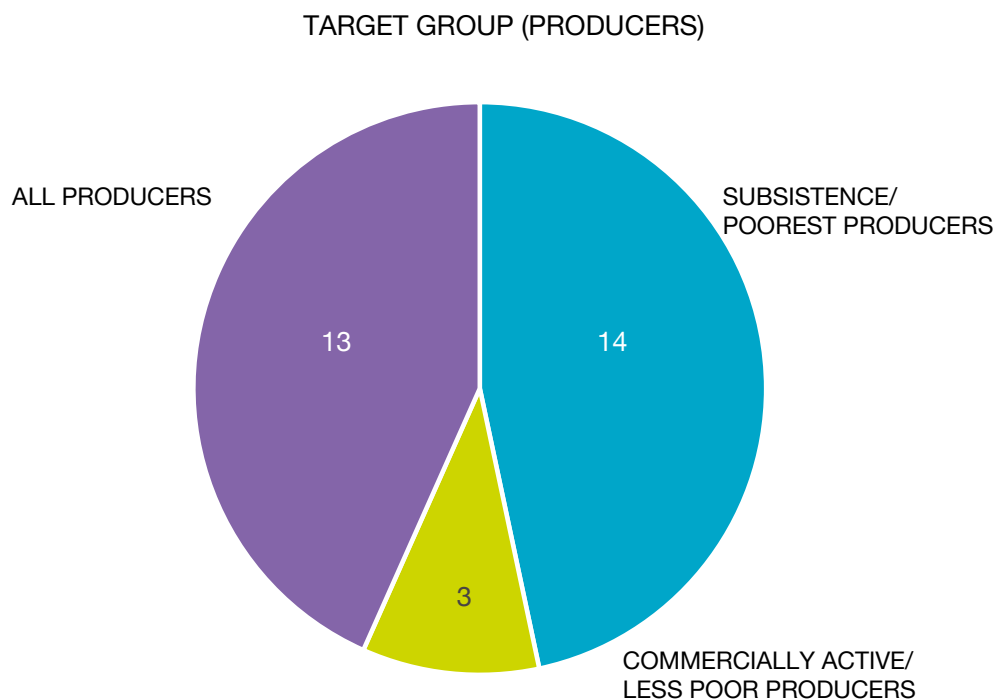
The remaining 16 projects, in contrast, followed a more flexible approach by allowing producers to choose commodities from specified commodity groups. For example, many projects stipulated support for fruit and/or vegetable production but left the choice of species (e.g. strawberries or tomatoes) at the producers' own discretion.

## TARGET GROUPS

Small-scale agricultural producers are the primary target group of all IFAD projects. The value chain projects in the NEN region target two groups of smallholders. The first group are subsistence producers, who are usually among the poorest population groups. Value chain projects typically aim at enabling them to produce and market a surplus. The second group are producers who are already commercially active, including semi-subsistence producers.

The projects under review place a clear emphasis on subsistence producers. Fourteen projects – almost half of the sample – target exclusively this first group, while another 13 projects target both subsistence and commercially active farmers. Only three projects focus exclusively on commercially active producers (see figure 23).

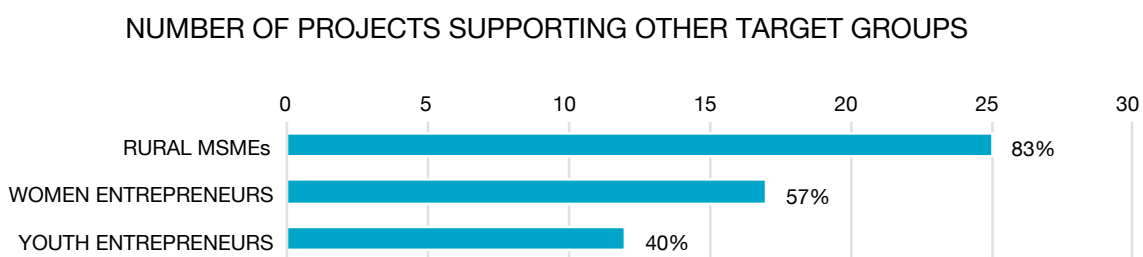
FIGURE 23. **PRODUCER TYPES TARGETED BY VALUE CHAIN PROJECTS**



Source: Authors' own elaboration.

In line with the recognition that a value chain approach implies entering the value chain at different points, the projects also target actors other than producers. Specifically, 83 per cent of the full project sample target rural MSMEs (see figure 24). Several projects put a particular focus on women and youth, by providing special support to MSMEs or collective enterprises run by these groups. Many of the supported enterprises are involved in post-harvest stages, such as production, collection, processing, transportation, wholesaling or retailing.

FIGURE 24. **OTHER TARGET GROUPS SUPPORTED BY VALUE CHAIN PROJECTS**

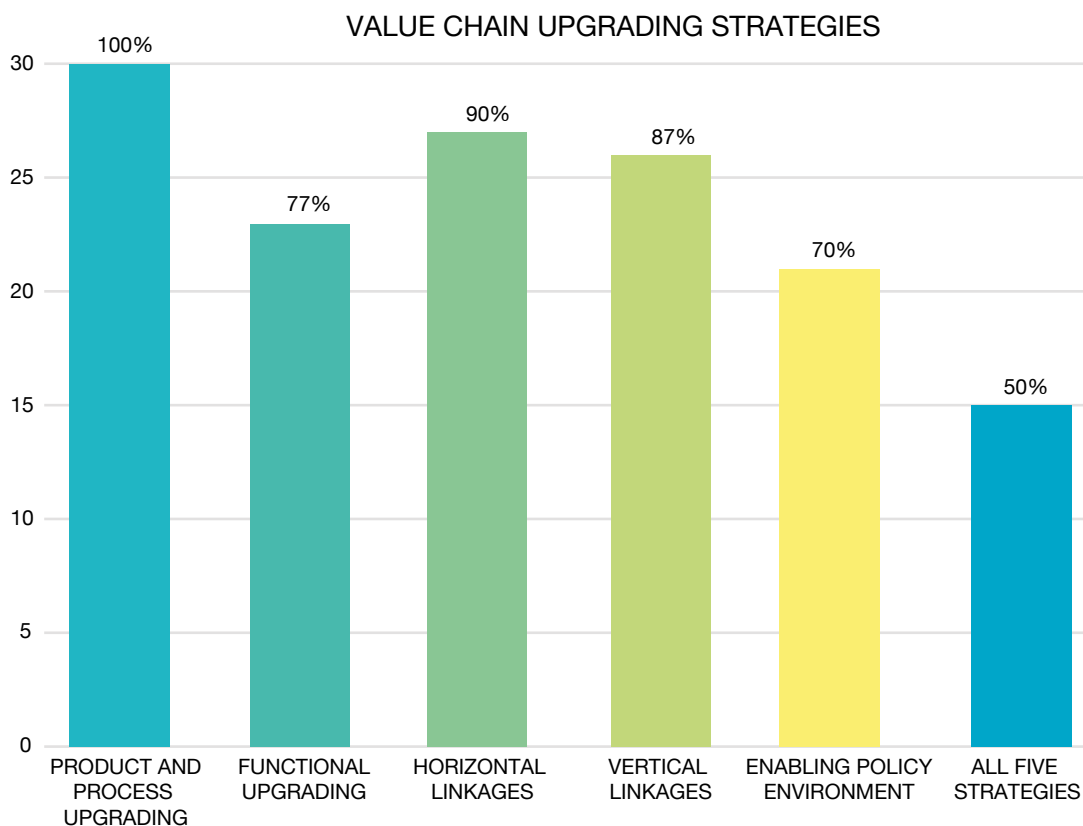


Source: Authors' own elaboration.

## UPGRADING STRATEGIES

All projects under review implement product and process upgrading activities. In the second place, horizontal and vertical linkage strategies are both pursued by 26 projects, or 87 per cent of the sample. Functional upgrading and enabling policy environment are slightly less important, with 23 and 21 projects (77 per cent and 70 per cent of the sample), respectively. Overall, almost half of the projects implement activities falling under all five upgrading strategies (see figure 25).

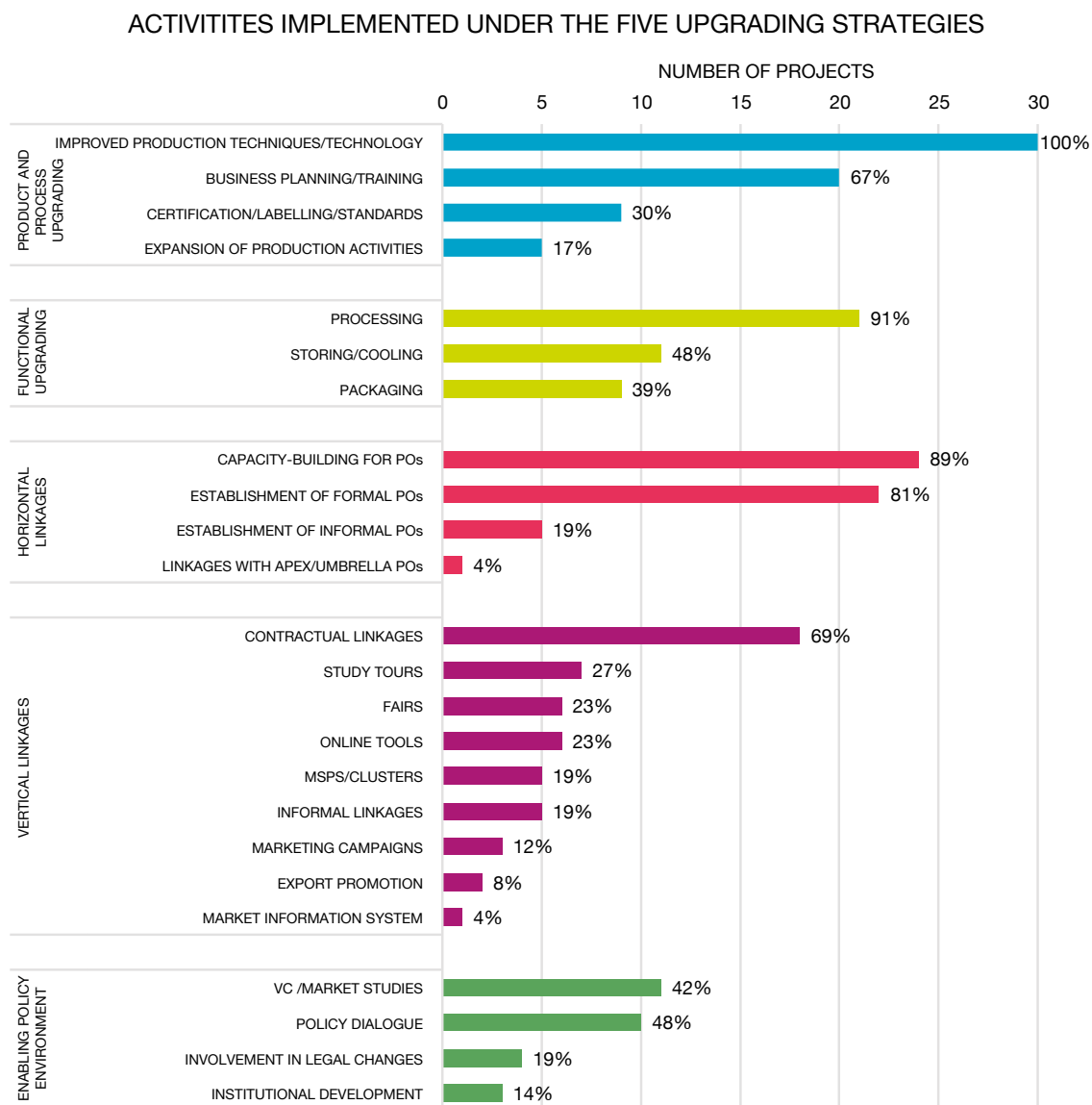
FIGURE 25. **UPGRADING STRATEGIES IMPLEMENTED THROUGH VC PROJECTS**



Source: Authors' own elaboration.

Figure 26 shows the most common activities implemented under the respective upgrading strategies.

FIGURE 26. **ACTIVITIES IMPLEMENTED UNDER THE VALUE CHAIN UPGRADING STRATEGIES**

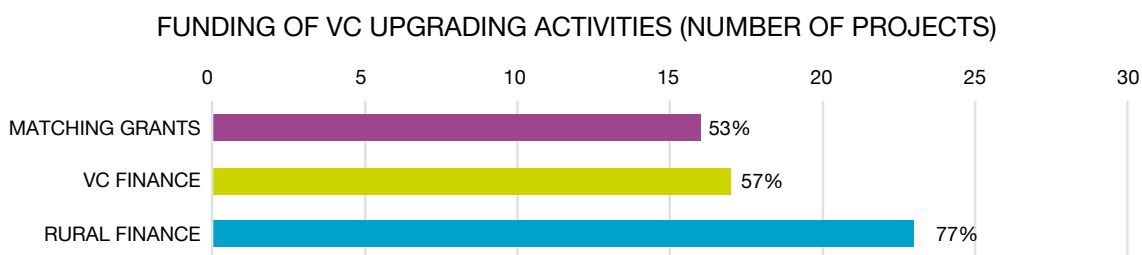


Source: Authors' own elaboration.  
 Note: \*PO = producer organization

## FINANCING ACTIVITIES

Half of the reviewed projects implemented or are implementing value chain finance activities or matching grants. In contrast, conventional rural finance activities, such as linking beneficiaries to financial institutions, are more common and realized in 77 per cent of the projects (see figure 27).

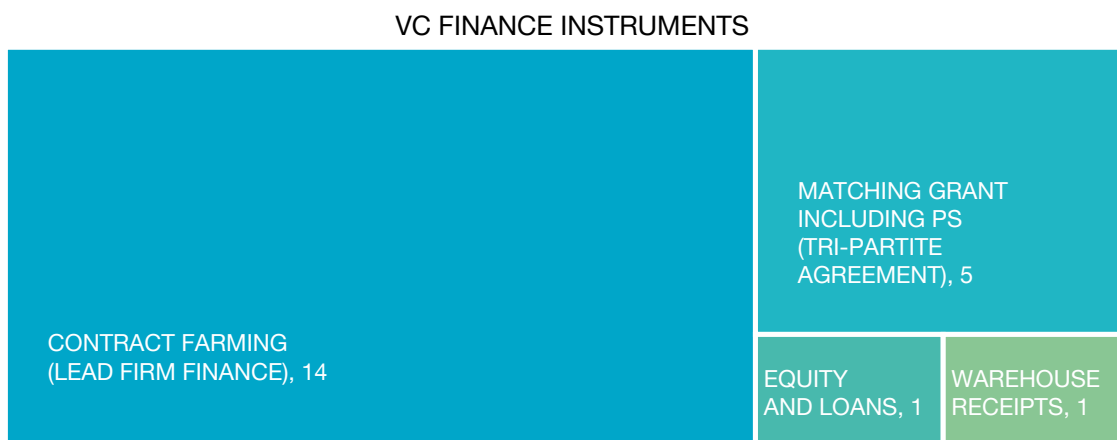
FIGURE 27. **FINANCING ACTIVITIES DURING PROJECT IMPLEMENTATION**



Source: Authors' own elaboration.

Figure 28 displays the variety of instruments implemented within the category of value chain finance. Contract farming arrangements are by far the most common financing mechanism, followed by matching grant schemes that include a private sector partner (so-called tri-partite agreements). Both instruments are comparatively simple and straightforward to implement. Other, more complicated mechanisms, such as warehouse receipts or investments into a fund that provides equity and loan financing to agribusinesses, are only implemented in individual projects.<sup>11</sup>

FIGURE 28. **VALUE CHAIN FINANCE MECHANISMS IMPLEMENTED**



Source: Authors' own elaboration.

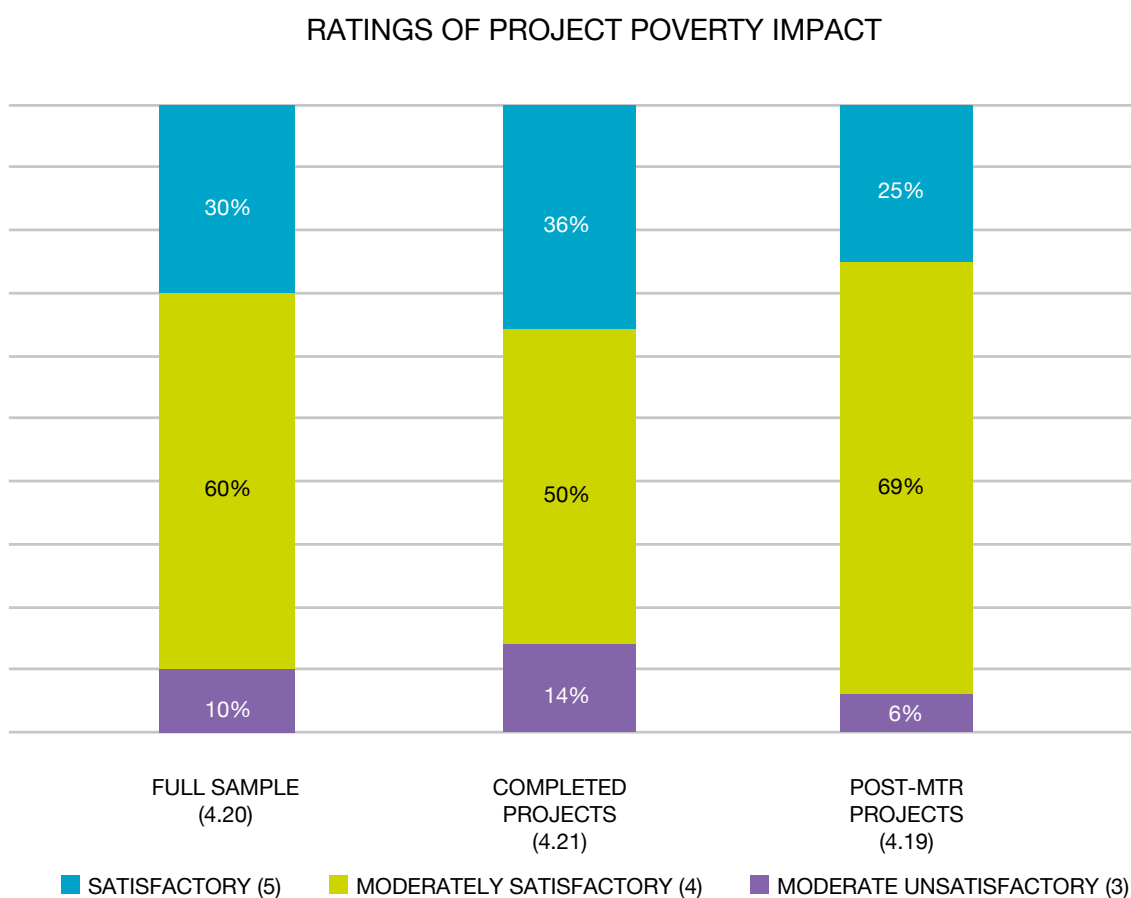
<sup>11</sup> It is important not to equate value chain financing activities with project co-financing contributions from the private sector. The only mechanism which clearly entails such contributions is a matching grant. For contract farming, contributions from the private buyer are not necessarily financial, but may be in-kind or in the form of technical assistance. In turn, equity fund financing counts as contributions from financial institutions, not from private sector agribusinesses.

## IMPACT

The value chain projects in the NEN region have generally had a positive impact. Ninety per cent of the sample was rated as moderately satisfactory or satisfactory in terms of poverty impact (completed projects) or the likelihood of achieving their development objective (ongoing projects). The remaining projects were rated as moderately unsatisfactory, while there is not a single project with an overall rating of unsatisfactory or worse. Figure 29 illustrates these findings.

On average, as for to the overall performance ratings, completed projects performed slightly better than post-MTR projects, though the difference is again minimal. Moreover, the distribution of ratings varies quite substantially between the two groups of projects. Post-MTR projects are more often rated as “moderately satisfactory” and less frequently as “moderately unsatisfactory” and “satisfactory”, compared to completed projects (see figure 29).

FIGURE 29. **RATINGS OF PROJECT POVERTY IMPACT (COMPLETED VC PROJECTS) OR LIKELIHOOD OF ACHIEVING DEVELOPMENT OBJECTIVE (POST-MTR VC PROJECTS)**



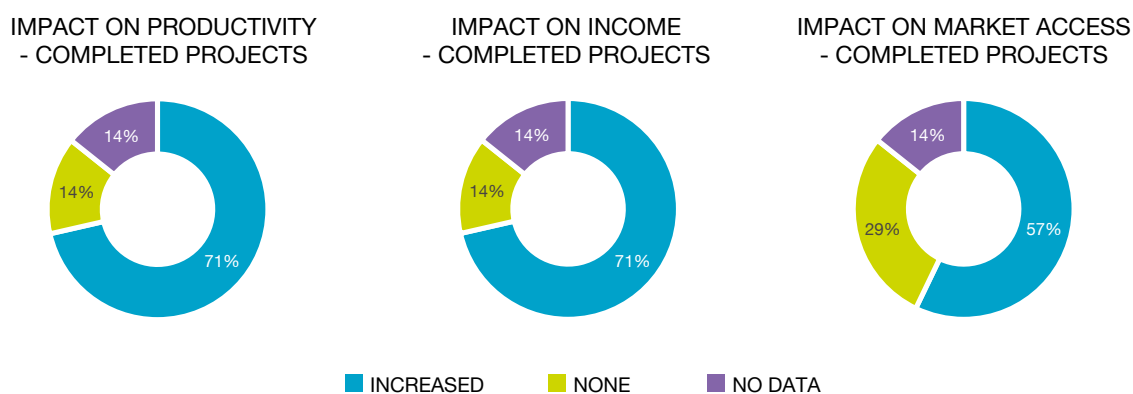
Source: Authors' own elaboration.

Note: Figures in brackets are the average ratings.



As shown in figure 30, 71 per cent of the completed projects succeeded in increasing productivity and incomes of the target groups. A small share of 14 per cent did not have an impact on these indicators, while negative impacts were not detected at all. The results in terms of market access are slightly less promising. Only 57 per cent of the projects recorded improvements, whereas 29 per cent did not have a demonstrated impact in this regard. Generally speaking, data availability is an issue as 14 per cent of the sample did not have sufficient data to estimate their impact.

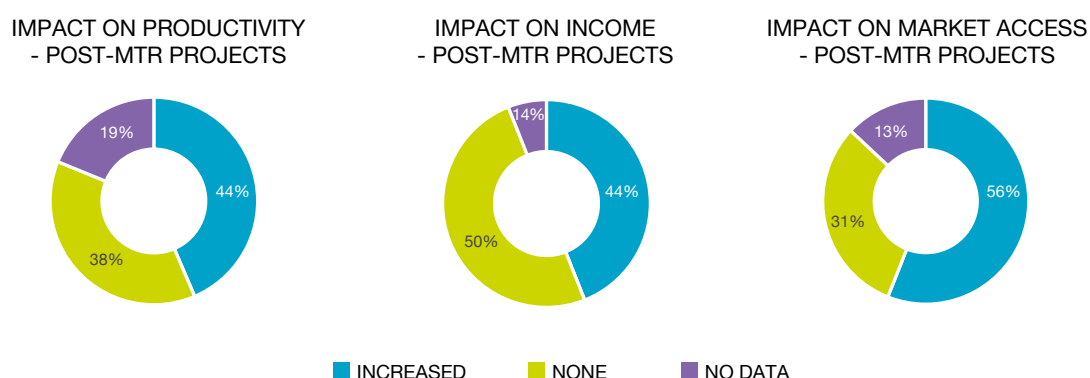
FIGURE 30. **IMPACT – COMPLETED PROJECTS**



Source: Authors' own elaboration.

For ongoing projects, data is understandably even more scarce. However, the emerging findings indicate mostly positive impacts as well (see figure 31). Moreover, the share of projects that led to improved market access is already almost as high as for the completed projects. This finding may indicate an improving trend for the indicator.

FIGURE 31. **IMPACT – POST-MTR PROJECTS**



Source: Authors' own elaboration.

## 6. QUALITATIVE ANALYSIS OF SELECTED VALUE CHAIN PROJECTS - COMMON CHALLENGES AND SUCCESS FACTORS

### KEY ISSUE #1 HEAVY FOCUS ON PRODUCTION

In line with the value chain approach, most of the analysed projects aim at working simultaneously on several nodes of the value chain. However, **while production enhancement activities (“the upstream”) tend to be successful, about half of the projects fail to comprehensively intervene in the subsequent value chain segments (“the downstream”).** Downstream activities, such as processing and marketing, are often delayed or implemented in a piecemeal fashion without the required support and coordination. Similarly, projects that provide financing for a range of value chain upgrading activities end up disbursing most funds for upgrading production. For example, the grant programme of AMMAR in Georgia invested 98 per cent of the funds into improved production, and only 2 per cent into activities for strengthening processing and marketing activities. For RCTP in Montenegro, the figures stood at 95 per cent and 5 per cent at MTR, and RFSADP in Moldova disbursed 81 per cent of its loan programme in the field of production.

A variety of factors cause the heavy production focus of value chain projects. Some projects, such as RFSADP in Moldova and HSP in Uzbekistan, designed ambitious value chain development components but allocated only 5 per cent or less of the budget to them. In contrast, other projects put a limited focus on strengthening the downstream by design. For example, LMDP I and II in Kyrgyzstan aimed at working with groups of livestock producers on a limited scale, strengthening their capacities to aggregate and process milk for the market. Moreover, LMDP I explicitly did not consider market access a priority for the target group. Such a minimal focus is not necessarily problematic as it may simply reflect the most pressing needs of the project area. However, the LMDP II completion report notes that the limited emphasis on the value chain development component led to a lack of rigour in its design and, consequently, to limited effectiveness compared to the other components. Indeed, upon completion, market access had deteriorated for some beneficiaries of LMDP II, while for LMDP I the impact remained unclear. In other cases, value chain development is explicitly mentioned in the names of projects (e.g. “Agricultural Value Chain Development Programme in the Mountain Zones of Taza Province”, PDFAZMT, Morocco), or in the names of components (e.g. “Component 2: Promotion of Fishing Value Chains”, PRAREV-PECHE, Djibouti), but the activities centre on improving production and completely disregard post-harvest activities and market linkages.

These design issues inevitably have repercussions on project implementation. First and foremost, the value chain projects neglect to strengthen the capacities of farmers and their organizations to process and market their output. Even if such activities are stipulated at design, the overall delays in developing the downstream often leave limited time to conduct

necessary trainings, e.g. on the use and management of processing facilities. Similarly, limited attention is paid to the development of business plans, feasibility studies or grant proposals, thereby leading to documents of poor quality. Referring to the example of AMMAR in Georgia, the main reason for the small number of grants in the post-harvest window was the low quality of proposals. In turn, these deficiencies were rooted in a lack of adequate support of applicants. Insufficient planning and coordination can also lead to market barriers remaining unidentified and unaddressed, as was the case for LPDP II in Tajikistan.

**Another complicating factor of many value chain projects is the lack of expertise of the project management units (PMUs).** PMUs are usually hosted in the ministries of agriculture and, hence, composed of public sector officials. This is the case for SAIL in Egypt, where the PMU does not have the necessary capacity to support the preparation of business plans for the marketing associations set up by the project. Moreover, PMUs tend to have considerable capacity gaps in terms of working with private sector partners, and, therefore, they do not sufficiently capitalize on the experience of private companies in the processing and marketing sectors.

**A sizeable share of the completed value chain projects was only able to reach its targets after one or even several extensions.** Thus, **project designs easily underestimate the complexity of value chain development and the extent of support required.** Such support is particularly vital in countries that are not yet familiar with the value chain approach and where markets and support services are underdeveloped. If the PMU is not sufficiently set up for this task, service providers can step in to assist. This decision was taken for SAIL in Egypt. The PMU hired an agribusiness specialist to build the capacities of the marketing associations and to link them to local and export markets. In addition, a recent collaboration with the GIZ Agricultural Innovation Project aims at further improving the market access of marketing associations and producers. RCTP in Montenegro has also made very good experiences with hiring local support teams, so-called agribusiness centres. Another approach is to establish local advisory services as part of the project (see box 3 for an example).

## KEY ISSUE #2 PRIVATE SECTOR PARTNERSHIPS

Partnerships with private sector companies offer **valuable opportunities for linking project beneficiaries to markets, technology, finance, services and innovation.** The value chain projects in the NEN region recognize the important role of these partnerships. Accordingly, the portfolio entails collaboration with agribusinesses of different sizes and functions. For example, a milk cooperative supported by PDRZM in Morocco signed a commercial contract with the multinational enterprise Danone. In contrast, PRODEFIL in Tunisia focuses on contractually linking producers with local MSMEs and service providers. Partnership models range from loose informal agreements (e.g. PDEAZMH in Morocco), over contract farming schemes (e.g. RFSADP in Moldova) to full-fledged 4Ps (e.g. SDP in Sudan).<sup>12</sup>

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<sup>12</sup> See the NEN Private Sector Stocktake for a more comprehensive analysis of the types of PS partnerships.

Nevertheless, the analysis of the project documents reveals several challenges and scope for improving the approach to private sector partnerships. The most common weaknesses are **insufficient mapping of potential partners, including exploration of their interest in collaboration**, as well as **insufficient analysis of the legal, institutional and policy frameworks underlying such partnerships**. Ideally, these exercises should be conducted at design. Several projects failed to do so as it was assumed that identifying suitable agribusiness partners would not pose a challenge. For example, LPDP I and II in Tajikistan offered business development services to private companies in the livestock sector, with the goal to enable them to procure their supply from the project beneficiaries. However, demand for these services was virtually inexistent because the commercial orientation of the sector remains low. A better approach was taken under PRIME, Egypt. The project developed a “market opportunity bank” listing 29 crop buyers with an interest in direct sourcing from beneficiaries. At the time of data collection, this effort had already resulted in eleven supply contracts.

Another obstacle, which is closely linked to the projects’ heavy focus on production, is a **lack of support provided to farmers and their organizations**. As a result, many of them are not set up to meet companies’ requirements in terms of volume and quality and are generally not seen as professional business partners. Under SAIL, Egypt, several potential supply contracts did not materialize due to such issues. In contrast, RCTP in Montenegro focused on developing small producers’ capacities from the onset and has so far been very successful in linking them to the market.

### BOX 3.

#### **SPOTLIGHT: AGRICULTURAL VALUE CHAIN DEVELOPMENT PROJECT IN THE MOUNTAIN ZONES OF AL-HAOUZ PROVINCE (PDFAZMH), MOROCCO**

Owing to a two-year extension, this project succeeded in implementing most of the downstream activities stipulated at design. It set up eight valorization units for the packaging of apples, production of apple vinegar and processing of olive oil. One of the success factors was that these facilities were relatively small and therefore manageable by cooperatives. Other strengths were the professional organization and capacity-building of the cooperatives. In particular, the promotion of local business teams consisting of young people from the communities was a wise choice. The youth received targeted training, which enabled them to respond to the need for local support and advisory. Their services resulted in strong synergies between valorization units requiring a secure supply of quality products and farmers seeking remunerative outlets for their harvest. In terms of market access, the project supported promotional campaigns for the output of the valorization units and producers’ participation in fairs and competitions. One of the olive oil brands even received a bronze medal at an international competition in Athens. Nevertheless, the late start-up of the cooperatives was posing a risk to the sustainability of the project’s achievements. At completion, the groups still had weak managerial and organizational capacities and their members lacked experience in new technical fields.

Other projects provide **too little assistance to potential private partners**. Particularly in the context of an underdeveloped private sector, businesses may require supplementary advisory support to be able to work with the project target groups. ATMP in Kyrgyzstan drew this lesson in the face of problems in finding suitable candidates for their agribusiness grants. Moreover, financial support to private partners can be essential. This is particularly true for MSMEs that started up only recently, but also larger companies may need additional incentives to see a business case in working with small farmers. For example, when facing difficulties in making its private sector activities take off, LMRP in Sudan recommended to consider grant payments to private agribusinesses, additionally to the tax incentives provided by design.

As mentioned earlier, **PMU expertise in working with the private sector is indispensable for successful partnerships, but it is rarely considered a priority**. Moreover, **political and economic circumstances can complicate the transfer of responsibility to private sector partners**. In fact, two of the reviewed projects recognized the importance of tapping into private sector expertise and stipulated participation of private partners in project management. Unfortunately, the implementation was problematic and failed in both cases. First, EOP in Yemen established the Economic Opportunities Fund (EOF) upon project start-up to act as its implementing agency. The EOF's board of directors was supposed to include private sector representatives, but was ultimately dominated by public officials. Other dysfunctional aspects included a high staff turnover and inadequacy of staff skills. These problems were mainly rooted in political interference and overall instability in the country. Eventually, it was agreed at MTR that the EOF would no longer have an executive role in the project. Second, RACP in Armenia followed a similar model. The project set up the joint stock company Fruit Armenia (FA) as a vehicle for implementing the value chain development component. While initially 100 per cent government-owned, FA was supposed to transition to fully privatized by selling shares to contracted farmers and private investors. However, FA remained a public company until the end of the project, inter alia due to the underdeveloped nature of the Armenian investment market. Consequently, the board was composed mainly of civil servants and an entrepreneurial spirit could never develop.

Another lesson drawn from RACP in Armenia is that **projects should not be implemented by two separate entities**. Specifically, the project suffered from a **lack of synergies** between the value chain development component, implemented by FA, and the remaining components, implemented by the PMU. ATMP in Kyrgyzstan met a similar fate. This project is implemented jointly by the PMU and a public-sector community development agency (ARIS). At the time of data collection, coordination between the two agencies was weak. Consequently, agribusinesses applying for the grant scheme (managed by ARIS) could not benefit from capacity-building activities (managed by the PMU). These circumstances resulted in poor quality of grant proposals.<sup>13</sup>

Even when linkages between the target groups and private buyers are initially successful,

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<sup>13</sup> LMDP I and II were implemented by the same two agencies, but much more successfully. It appears that during these projects, the coordination and responsibility sharing among the PMU and ARIS was much clearer. ARIS was solely responsible for the value chain development activities, which were somewhat detached from the rest of the project and a lot less comprehensive compared to those of ATMP.

**mistrust among the parties can lead to contract breaches**, as was the case for RFSADP in Moldova. Therefore, continuous nurturing of a good relationship is vital for sustainable win-win collaboration. RCTP in Montenegro has been very successful in fostering trust between beneficiaries and private buyers through regular meetings on multi-stakeholder platforms (MSPs) (see box 5). Indeed, such platforms have proven to be effective vehicles for building lasting partnerships.

However, **setting up and maintaining MSPs requires a lot of time and considerable external support, both financially and non-financially**. While several of the value chain projects aimed at setting up MSPs, many of them faced delays in developing concepts, as well as in identifying and on-boarding stakeholders. RCDP in Bosnia and Herzegovina drew the conclusion that MSPs develop much faster if they are coordinated by paid, full-time platform managers. These persons should be identified as early as possible to allow for sufficient time to consolidate the platforms. Yet, once established, the sustainability of MSPs crucially hinges on the availability of long-term funding. DVCDDP in Uzbekistan is facing this challenge, as both the private and the public sector partners are reluctant to pledge resources. Moreover, MSPs are more likely to persist over time if they are included into the frameworks of local institutions, either public or private.

#### **BOX 4.**

##### **SPOTLIGHT: SEED DEVELOPMENT PROJECT (SDP), SUDAN**

The project produced and marketed certified seeds based on a 4P model involving private seed companies, farmers and public extension services. Initially, SDP could not spark the private sector's interest because the project's offer was not attractive enough. Companies were deterred by the fact that two out of the four chosen crop species were self-pollinating, by the restriction to use a specific type of seeds, and by the purchase guarantee that SDP granted to targeted seed producers. However, after a design revision at MTR, three successful 4Ps were established. Moreover, the private partners continued their support to the target group even after the project ended. Thus, the 4P model ended up being a success story despite the difficult conditions of the project area.

## **KEY ISSUE #3 ACCESS TO FINANCE**

Poor smallholder farmers generally face constraints to accessing formal financing sources, such as bank loans. Even though financial inclusion is an objective of many of the reviewed projects, **beneficiaries of the value chain development activities often remain constrained by a lack of financial resources**, including working capital. For example, while the projects provide farmers and their organizations with assets for improved production or processing,

further financing may be needed to increase or expand operations. Moreover, access to alternative funding sources is crucial to sustain the project achievements over time. For instance, LMDP II in Kyrgyzstan identified missed opportunities in terms of ensuring a long-term impact of the business plan development activities. At project completion, supported farmers were not linked to financial institutions, government programmes or other IFAD projects.

Several projects include rural finance components and could, in theory, capitalize on “low-hanging fruits” regarding the linkage between financing sources and beneficiaries of value chain upgrading activities. However, the **rural finance and value chain development components are often completely delinked**. For example, many beneficiaries of the value chain development components of ATMP in Kyrgyzstan, PRIME in Egypt and REGEP in Jordan, were not even aware of the possibility to obtain loans through the projects’ respective rural finance components. Similarly, **few projects provide farmers with much-needed business and financial education**, even though such support could easily be linked to the development of business plans or grant proposals. Thus, even if beneficiaries are aware of existing possibilities to access finance, their lack of business skills compromises their capacity to understand financial products, request loans or comply with bank documentation requirements.

At the same time, not all partnering financial institutions can work with the projects’ beneficiaries. Therefore, some projects avoid working with formal financial institutions in the first place and focus on matching grant schemes instead. However, several projects pointed out that **matching grants are not sufficient to fully meet the beneficiaries’ financing needs**. These schemes typically provide only one-off payments that are tied to a host of conditions, e.g. in terms of eligible expenses or investment ceilings. Consequently, RFSADP in Moldova, GWTP in Türkiye and RCTP in Montenegro recommended tying the matching grants to loans. Such a mechanism would also make it easier for beneficiaries to meet their cash contributions to the grants. Moreover, additional loans could facilitate concomitant or follow-up investments for other assets and working capital.

Besides, the **matching grant facilities offered by the projects are not always attractive to the target groups**. AMMAR in Georgia and RRP in Moldova developed schemes that were less appealing than those offered by other development agencies. In the case of ATMP in Kyrgyzstan, overly complicated application procedures as well as week-long delays in approval and disbursement are deterring many potential beneficiaries. In contrast, under RCTP in Montenegro, procedures are straightforward, and beneficiaries receive substantial support both during and after the application process. Consequently, many producers have accumulated sufficient productive assets to become eligible for public funding programmes from which they were previously excluded.

Some **projects transformed their matching grant schemes into value chain finance mechanisms by including private sector partners as cofinanciers**. These tri-partite agreements typically serve as funding for post-harvest infrastructure. Accordingly, LMDP I and II in Kyrgyzstan and RCTP in Montenegro established milk collection centres, which linked dairy farmers to the partnering milk processing companies. Moreover, RBDP and

**BOX 5.****SPOTLIGHT: RURAL CLUSTERING AND TRANSFORMATION PROJECT (RCTP), MONTENEGRO**

RCTP established commodity-based cluster platforms involving producers, local agribusinesses and municipal institutions. Platforms were only set up after the following conditions were verified: (i) sufficient market demand for the targeted products; (ii) suitable conditions for developing competitive, profitable and sustainable production; (iii) interest of local farmers and SMEs to develop and increase production; and (iv) interest of local agribusinesses to develop partnerships. The cluster meetings create a space for engagement and dialogue, thereby helping to build trust and deepen networks among farmers and agribusinesses. During meetings, PMU members act as brokers among the different stakeholders, while always ensuring that the interests of the project beneficiaries remain a priority.

Following this approach, the project managed to initiate and revive several local partnerships. Proactive private companies are critical drivers of the success and sustainability of the alliances. One example is a 4P in the dairy sector, whereby local dairy company Montebianco collects milk from 30 farmers, while also covering the running costs of the partnership. The municipality supported the company by providing premises and a vehicle to reach remote producers, and RCTP improved the milk cooling facilities.

RCDP in Bosnia and Herzegovina included private sector partners in the cofinancing of so-called starter packages (see box 6). Overall, these tri-partite agreements were implemented quite successfully.

The second value chain finance mechanism commonly chosen by projects is contract farming. Usually, these arrangements entail that the private sector partner provides some financial or in-kind support to the producers, such as for inputs, equipment or technical assistance. However, **half of the projects that supported contract farming were falling short of the targeted number of contractual linkages.** The reasons for this backlog relate to the general challenges in partnering with the private sector (discussed in the previous section). However, it is worth noting that **more successful contract farming schemes feature stronger commitments and responsibilities on the parts of the private partners.** For example, under RBDP and RCDP in Bosnia and Herzegovina, as well as under RCTP in Montenegro, agribusinesses were financially involved through the tri-partite agreements described earlier. Similarly, the partner companies of SDP made sizable in-kind contributions and through technical assistance. In some cases, these roles were already anticipated at design.

Lastly, ATMP in Kyrgyzstan is the only one of the reviewed projects that embarked on the development of a different, more complex value chain financing scheme. Under its component for innovative financial products, the project recently approved a grant proposal for the establishment of warehouse receipts and a warehouse register. However, implementation of this activity is yet to start.



## KEY ISSUE #4 PRODUCER ORGANIZATIONS

Building the capacities of POs is crucial for ensuring that project achievements persist in the long run. In many cases, POs are supposed to assume the full responsibility of the project-supported value chain upgrading activities after project closure. Such activities can be the collection or processing of produce, as well as the provision of other services to members. In order to be able to sustain themselves without project support, **POs must have suitable governance structures and their leaders must be in command of business and management skills. However, the reviewed projects tend to neglect building these capacities.**

Some projects provide relevant training, but only in a piecemeal fashion, while others do not build the POs' management and business skills at all. Accordingly, business plans and grant proposals supported by the projects often do not comprise capacity-building plans. Consequently, capacity-building needs are not assessed throughout the project life, so that deficits cannot be made up for. These issues arise even in projects that are otherwise very successful, such as RBDP and RCDP in Bosnia and Herzegovina.

The capacity gaps of POs are also often related to delays in other project activities. For example, the late establishment of processing units under PDFAZMH and PDFAZMT in Morocco left little to no time for investment in the soft skills of the POs, which were supposed to manage the facilities. At the same time, in-depth training of POs can take very long, especially for newly established groups. Indeed, several completed projects pointed out that their duration was too short to form, structure and enable POs, while also working on other nodes of the value chain (e.g. PDFAZMH in Morocco and AMMAR in Georgia).

Consequently, many POs remain unable to manage their finances, set up business plans, broker market linkages or attract investors. In other words, these POs cannot play the role of equal and empowered business partners in the market. Moreover, **weak POs can be highly vulnerable to elite capture**, a problem that was identified during ATMP in Kyrgyzstan.

**In Eastern Europe and Central Asia, a culture of distrust among farmers is adding another layer of complication to the organization of producers.** For RACP in Armenia, one of the reasons why FA was not very successful in establishing contract farming was that farmers were supposed to work together and consolidate their land – but not willing to do so. However, most of the projects have found ways to work with farmer groups regardless. RFSADP in Moldova organized farmers in loose groups around a lead farmer, without requiring them to legally register. IRECR, another project in Moldova, left the organizational form of the group up to the members themselves, and AMMAR in Georgia worked with existing groups of friends, neighbours and family members.

## KEY ISSUE #5 TARGETING

IFAD value chain projects aim at including and empowering poor people in value chains. However, eight of the reviewed projects reported problems regarding the pro-poor approach

**BOX 6.****SPOTLIGHT: RURAL BUSINESS DEVELOPMENT PROJECT (RBDP) AND RURAL COMPETITIVENESS DEVELOPMENT PROJECT (RCDP), BOSNIA AND HERZEGOVINA**

The two projects apply a starter package approach. A starter package is the investment required by a target household to produce the quantity and quality required for developing a commercial linkage with a private buyer. The size of this investment is determined through a business plan, which is developed jointly by the farmers and the buyer. A starter package can include, for example, the costs of planting materials, machinery services such as ploughing, or labour costs in the different stages of crop production. Starter packages are cofinanced through tri-partite agreements including the farmers, the private buyer and a matching grant contribution by the IFAD project. In addition, many buyers pre-finance the producers' contribution to the investment, and are repaid in kind upon harvest time.

In the business plans, the parties also agree on the details of the commercial relationship, such as the quantity and quality to be provided by the farmers and the prices to be paid by the buyer. Moreover, the buyers typically provide technical assistance and advisory services.

The starter package approach has proven instrumental in providing timely finance to small farmers. Furthermore, the cofinancing culture triggered between producers and buyers has resulted in subsequent cofinancing partnerships even without participation of the projects.

to value chain development. The most common issue is that matching grant schemes and loan programmes are not adapted to the needs and capacities of the target group. Several projects set the **beneficiary contributions to matching grants too high**, while another project supported **loan sizes that were out of the typical range requested by poor smallholders**. It is worth noting, however, that some of the projects identified the problems at MTR and took necessary course corrections. For example, GWTP in Türkiye revised the percentage of the required beneficiary contribution to matching grants and established a separate matching grant programme for extremely poor households.

Besides financing mechanisms, the **choice of commodities supported by the projects can determine whether pro-poor targeting is effective or not**. In the case of RACP in Armenia, the PCR concludes that supporting cherries was not an optimal choice because these fruits perish quickly and are therefore very demanding in terms of storage and transportation. Similarly, both PDFAZMH and PDFAZMT in Morocco were only partly successful in developing the meat value chain because the targeted farmers live in mountain areas and usually own just a few small ruminants. RCTP in Montenegro took a course correction at MTR. The project originally intended to support cheese production, but it turned out that this activity benefitted mainly better-off producers. Thus, the focus was switched to milk.

These four examples also illustrate the **targeting trade-off that all IFAD value chain projects face**. **On the one hand, IFAD aims at supporting the poorest, most marginalized population groups. On the other hand, value chain projects are supposed to follow a**

**market-driven approach that requires working with farmers who can realistically be enabled to produce a marketable surplus.** The four previously mentioned projects did not successfully integrate their beneficiaries into the respective value chains because of prevailing investment gaps, for example in terms of storage and transport infrastructure, livestock ownership or processing equipment. It seems that these gaps were too high to be filled by the projects, thereby indicating that the capacity of the targeted producers was still very low. However, in theory, the value chain approach suggests that projects should undertake such investment to bridge the gap between the beneficiaries and other value chain actors.

To ensure that a project meets its development objectives, **the concept and implications of the pro-poor approach must be clearly understood not only by the PMU, but also by contracted service providers and private sector partners. Not all projects succeeded in this regard.** For example, a service provider hired by LMRP in Sudan did not consider the potential impact on poor smallholders when choosing private partners for the 4Ps and drawing up feasibility studies. Similarly, the business partnerships developed under ATMP in Kyrgyzstan centre on the demands of the private buyers, while overlooking the needs and benefits of POs. To avoid such situations, projects must not only set up clear eligibility criteria for private sector partners, but also ensure that these criteria are applied.

In addition to targeting the poor, IFAD projects seek to be gender transformative. Indeed, the value chain projects in the NEN region offer opportunities for female empowerment.

## **BOX 7.**

### **SPOTLIGHT: ACCESS TO MARKETS PROJECT (ATMP), KYRGYZSTAN**

Many of the POs that the project works with are pre-existing groups that have already nurtured a sense of working together, are linked to buyers and motivated to become legally registered. Through social mobilization activities, these groups have developed long-term visions beyond the project timeline. In contrast, most of the newly formed groups are fragile and have agreed to come together only for the prospect of obtaining grants. This is a risky scheme because these groups usually lack alternative plans to operate together in the long run.

**Processing and marketing activities are seen as particularly suitable for women.** In fact, 11 projects provided targeted support to women in the fields of processing and marketing (see box 8). Against this backdrop, it is more **problematic that the projects tend to put a smaller focus on these downstream segments of the value chains.**

## KEY ISSUE #6 CHOICE OF COMMODITIES

Only IRECR and RRP, both in Moldova, left the choice of commodities completely open at design. While this is not an optimal approach, it does not seem to have inhibited the progress of the two projects, which are anyway focused on rural finance, rather than value chain development. All remaining projects at least partly identified the target commodities at design. Regarding the timing of this choice, a trade-off arises between determining all value chains already at design and finalizing the selection only at the beginning of implementation. Theoretically, determining all commodities at design facilitates a quick project initiation. However, there may not be enough time and resources to carry out in-depth value chain studies during the design period. Consequently, the selected commodities can turn out to be less appropriate than anticipated, for example in terms of their suitability for poor smallholders (see previous section). Delaying the final selection of commodities to the implementation period, in contrast, leads to slower project start-up but allows more time for conducting analyses. However, even projects that select the commodities during implementation often face issues relating to insufficient prior value chain analysis. AMMAR in Georgia, for example, drew up a list of commodities at design and selected nine of them during implementation. One of the chosen value chains was kiwifruit, but it had to be dropped again because too few producers were interested in its production. Consequently, other commodities were added but too little time was left to embark on a comprehensive value chain development approach for them. Thus, **rather than the timing of the commodity selection, the most decisive factor is that sufficient time and resources are dedicated to in-depth value chain studies.**

**While some projects determine specific plant or animal species to be supported, others leave leeway to producers in deciding on the cultivated commodities. However, no systematic pattern arises in terms of project success.** Of the nine projects with an overall achievement rating of “satisfactory (5)”, five selected specific commodities while four pursued a more flexible approach. Similarly, for the five projects with a value chain achievement rating of “satisfactory (5)”, the figures stand at three and two projects, respectively.<sup>14</sup> Comparing RCTP in Montenegro and RCDP in Bosnia and Herzegovina further illustrates this point. These two projects are similar inasmuch as they both established cluster-based MSPs, support producers through matching grant schemes and engage private agribusinesses through tri-partite agreements. Moreover, they are both among the most successful projects of the sample. However, the RCTP design specifically determined that the project should target the cultivation of berries and potato, as well as the rearing of cattle, sheep and goats. RCDP, in contrast, only stipulated that the targeted commodities should be horticultural and non-timber forest products, while the final choice of plant species lay with the beneficiaries. **Finally, projects are supporting varying numbers of target commodities. However, this choice does not seem to be a determining factor of project success either.** As such, the

<sup>14</sup> Projects with a flexible approach to choosing commodities have a slightly better average performance. At the same time, projects that choose specific commodities are more likely to have the best or the worst rating. However, the sample size is too small to make any inferences based on these results.

## BOX 8.

### SPOTLIGHT: AGROPASTORAL VALUE CHAINS PROJECT IN THE GOVERNORATE OF MÉDENINE (PRODEFIL), TUNISIA

This project, which won the IFAD Gender Award in 2021, supports several groups composed entirely of women. One of the groups markets home-made products such as dried figs, fig concentrate and couscous. Another organization, which is active in the production and processing of medicinal and aromatic plants, even won a presidential prize. Moreover, several women-specific subprojects supported activities that are traditionally carried out by men, such as camel breeding, greenhouse farming and carpentry.

review identified successful projects that target few value chains (e.g. PDFAZMH in Morocco – three value chains, SDP in Sudan – four value chains and RCTP in Montenegro – five value chains) along with successful projects that target a larger number of value chains (e.g. PRODEFIL in Tunisia – 14 value chains, RBBDP and RCDP in Bosnia and Herzegovina – unspecified, but certainly over 10 value chains). Crucially, targeting more commodities is more viable if synergies exist between the different value chains (see box 10).

The experiences of EOP in Yemen and GWTP in Türkiye illustrate that there is no one-size-fits-all approach to choosing the number of target commodities. EOP aimed at targeting the coffee and honey value chains, as well as a few horticultural commodities (initially tomato, cucumber, pepper, green beans). However, horticulture was dropped at MTR due to the difficult political and social context in the country, which prevented the project from focusing on more than two value chains. In contrast, GWTP in Türkiye initially targeted only four commodities but the MTR revealed that this number was too small for the project, which covered a large geographical area with varying ecological conditions. Consequently, further commodities were approved for support.

Hence, the number of target commodities and the modalities of selecting them are secondary factors in determining project success. Instead, **the target commodities' suitability with the economic, social, political and ecological context is most important.** Moreover, **the institutional capacity of the PMUs, especially their familiarity with value chain approach, crucially determines how many value chains/commodities a project can manage.**

## KEY ISSUE #7 POLICY ENGAGEMENT

**The performance of the reviewed projects in terms of policy engagement is mixed.** Indeed, some of the key issues addressed earlier are partly rooted in an unfavourable policy environment. For example, the MTR of REGEP in Jordan noted the absence of a legal framework for contract farming as a challenge. Similarly, HSP in Uzbekistan targeted horticulture export markets but paid little attention to regulatory constraints, such as export

**BOX 9.****SPOTLIGHT: LIVESTOCK MARKETING AND RESILIENCE PROGRAMME (LMRP), SUDAN**

The project targets pastoralist and agropastoralist households. In order to determine the target commodities, it applied a combination of different approaches. On one hand, LMRP aims at developing the sheep, goat and cattle value chains (live animal, hides and skins, as well as meat), and these livestock commodities were specifically determined at design. On the other hand, the project design stipulated support for any crop grown by agropastoralists, including, but not limited to sorghum, groundnut and gum Arabic. Hence, the project ended up supporting a relatively large number of commodities. In doing so, LMRP can reap synergies between livestock and crop production, such as the use of residues and by-products.

rules. Other projects, however, have been quite successful on the policy front. It seems that **IFAD projects are particularly well-vested for the introduction of new project concepts and partnership models** (see box 10).

**KEY ISSUE #8 DIGITIZATION**

The topic of digitization has only recently gained impetus in IFAD value chain projects. Since all projects reviewed for this report were approved before 2018, only few lessons could be expected in this regard. Nevertheless, it is worth noting that **eight projects supported online tools for the marketing of beneficiaries' produce**. Four of these platforms were even developed through the respective IFAD projects (see box 11). Such online sales have proven their worth particularly during the COVID-19 pandemic when physical markets were closed and face-to-face interactions were restricted.

The pandemic also affected the possibility of projects to deliver training to beneficiaries and, therefore, many capacity-building activities were delayed. Switching to digital training formats could have alleviated this issue. However, few projects tried digital training, mostly because beneficiaries lacked the requisite equipment and literacy.

**KEY ISSUE #9 MONITORING AND EVALUATION**

**The monitoring and evaluation (M&E) systems did not function properly for about half of the reviewed projects.** The project documents tend to focus on narrative descriptions of the achievement levels, rather than on quantifiable results. This problem prevails particularly at MTR and despite repeated recommendations, some projects do not make necessary improvements throughout their entire lifespan. Consequently, **projects face difficulties in obtaining all the data needed to accurately track progress and results, and to assess**

**project impact.** While this problem is not specific to the value chain development activities, it renders the assessment of the success of the value chain approach difficult.

Crucially, **data on productivity, engagement with producer groups and market access is often recorded incorrectly, partially or not at all.** For LMDP I in Kyrgyzstan, the outcome survey covered only the components that were not relevant to value chain development. The completion mission of LMDP II found contradictions among the logical framework and the results of the outcome survey for the indicators on agricultural productivity. Therefore, conclusions were based on a triangulation of data from other sources, such as the IFAD impact assessment, supervision reports, national statistics and stakeholder interactions. According to IOE's PCR validation exercise of SDP in Sudan, the document reported engagement with 17 producer groups even though 11 of them had dropped out by project completion.

Finally, REGEP in Jordan and HSP in Uzbekistan supported contract farming but kept no records of these partnerships, thereby making it difficult to assess their contribution to the projects' objectives. Lastly, **the lack of quality data complicates the assessment of project targeting.** IRFSP in Armenia, for instance, is not systematically tracking and reporting the socio-economic profiles of the beneficiaries, thereby increasing the risk of elite capture.

## KEY ISSUE #10 PROJECT DESIGN

Many of the previously mentioned issues are rooted in or exacerbated by **two common project design flaws: overambitious intentions and unverified assumptions.** Since the value chain approach rests upon the consideration of all value chain segments ("from farm

### BOX 10.

#### **SPOTLIGHT: RURAL BUSINESS DEVELOPMENT PROJECT (RBDP) AND RURAL COMPETITIVENESS DEVELOPMENT PROJECT (RCDP), BOSNIA AND HERZEGOVINA**

The projects piloted the business plan approach and the development of value chain cluster platforms in Bosnia and Herzegovina. They also supported the implementation of government policies and produced evidence from the field to inform decision makers about the potentials for better inclusion of smallholder farmers in value chains. Consequently, the government started adopting a more business-driven approach to value chain development, established cluster platforms for policy engagement independent of the projects and shifted the focus of agricultural policies on strengthening commercialization.

to fork"), project designs are inevitably complex and encompass numerous interlinked activities and implementation partners. At the same time, more complex projects require a

larger number of assumptions to be fulfilled. Several of the reviewed projects face challenges in one or both these regards.

**IFAD projects generally operate under constrained conditions, e.g. in terms of market development or institutional capacities. In the NEN region in particular, conflicts and fragility represent an additional layer of complication.** Seven out of the 16 countries in the review sample have been on the World Bank's Harmonized List of Fragile and Conflict-affected Situations for at least one year between 2010 and 2022.<sup>15</sup> **Under such circumstances, not all value chain upgrading activities are feasible, particularly if they entail extensive involvement of private sector partners.** According to the MTR of EOP in Yemen, the creation of a private sector-led institution as an implementing partner was unrealistic given the political situation (and further impeded by the outbreak of the civil war). In the case of LMRP in Sudan, the absence of a sound legal, policy and institutional framework, coupled with a lack of capacity in ministries, trade associations and private sector companies is impeding the implementation of 4Ps. The project design estimated

### **BOX 11.**

#### **SPOTLIGHT: PROMOTION OF RURAL INCOMES THROUGH MARKET ENHANCEMENT PROJECT (PRIME), EGYPT**

The project developed the e-marketing platform and associated mobile app SHARI. This tool enables small-scale farmers to market their produce online, linking them to both wholesale markets and consumers. The online sales have proven to be efficient and profitable for the producers and allowed them to keep selling despite the COVID-19 pandemic. SHARI helps both farmers and buyers find the most reliable counterparts. Upon completion of a deal, both parties evaluate each other through a five-star rating system, just like on any other shopping app. Search results automatically display the highest-ranking sellers first, thereby encouraging good-faith transactions. The app also helps consumers find the most convenient price by allowing for comparisons between selected products.

contributions from private agribusinesses and financial institutions amounting to US\$36 million and US\$21 million, respectively. However, it turned out that these figures were far too ambitious considering the Sudanese context.

**An overambitious design is particularly problematic if the value chain approach is an innovation to the project context.** Along these lines, the PCR of RACP in Armenia concludes that "the programme design was definitely innovative, but innovation is not a virtue by itself." In such a situation, PMUs are often still unfamiliar with the value chain approach and therefore lack the capacity to implement very complex value chain projects (see box 13 below for an example). Moreover, successful value chain development crucially

<sup>15</sup> IFAD uses this list to classify countries. The countries are: Armenia, Bosnia and Herzegovina, Djibouti, Georgia, Sudan, Tajikistan and Yemen.



hinges on sufficient resources not only in terms of financing, but also in terms of time. For instance, the PCR of AMMAR in Georgia concludes that the minimum project duration for value chain projects should be five years. For PDFAZMH in Morocco, however, the intended five years were too short as well. Against this backdrop, it is commendable that most recently approved projects have an intended duration of six or seven years. Moreover, some projects circumvent time constraints by opting for a phased approach consisting of at least two projects.

**An overambitious design is closely linked to a failure to verify the assumptions on which it is based. Thus, insufficient preparatory analysis and stakeholder consultations during design can lead to the choice of activities and/or commodities that are not suitable for the project target group (see also key issues 5 and 6). Similarly, these shortcomings can result in limited engagement of intended partners, such as the private sector (see also key issue 2). For example, RACP in Armenia failed to recognize the scarce interest of the targeted producers in investing into new production technologies and aggregating their**

## **BOX 12.**

### **SPOTLIGHT: RURAL RESILIENCE PROJECT (RRP), MOLDOVA**

A team of two qualified M&E specialists collects data for each component and activity in separate Microsoft Excel sheets. This information is used to generate reports and monitoring tools and to update the project logframe. The captured data is disaggregated by sex and age group for every activity. Moreover, the project has adopted a programme to manage geo-data. A beneficiary database records information on each beneficiary, such as socio-economic characteristics and the type of support received from the project. This information is valuable for the characterization of the project target groups and will also serve as a basis for the upcoming impact evaluation. Beneficiaries provide the data in a participatory way as part of their application for programme support.

land. Moreover, the design did not diagnose the absence of suitable private sector partners in the national market.

In order to alleviate problems related to design flaws, **projects need room for a certain extent of flexibility to allow for course corrections.** RFSADP in Moldova, for example, faced challenges in establishing a contract farming scheme with agribusinesses. Consequently, the project switched to organizing poorer producers around a wealthier lead farmer, who would invest their own resources in post-harvest technologies and handle the marketing of the aggregated produce. For LMRP in Sudan, on the other hand, the PMU's blind adherence to the design document has so far prevented any meaningful response to the challenges related to the 4Ps. Thus, **PMUs must be able to take corrective measures in the first place.**

**Flexibility also enables projects to react to unforeseen changes in circumstances. Since**

value chains are dynamic and subject to a host of external influences, value chain projects are likely to be subject to such changes. For example, during the implementation of LMDP I and II in Kyrgyzstan, Kazakhstan placed an import ban on dairy products that did not adhere to newly introduced food safety requirements, leading to a 40 per cent decrease in

### BOX 13.

#### SPOTLIGHT: DAIRY VALUE CHAIN DEVELOPMENT PROGRAMME (DVCDP), UZBEKISTAN

The project is based on a comprehensive value chain approach including complementary and interlinked upgrading activities that address several nodes of the dairy value chain: production, produce aggregation, processing, market linkages, access to services and finance, as well as institutional support and value chain governance. During implementation, however, the inexperienced PMU did not succeed in planning and implementing activities related to MSPs and strategic value chain investment plans but focused only on the provision of credit. The MTR concluded that even though the project design was “excellent,” it is premature in the context of Uzbekistan. DVCDP is IFAD’s first investment in the dairy sector, and only the second project in the country. Moreover, in addition to value chain development, the project introduced a research-driven approach. Taken together, the design became too complex for the PMU to handle and the value chain development activities ended up being only partially implemented.

milk procured from Kyrgyz farmers. Consequently, the targets for milk collection centres were scaled down to allow for a diversification of investments, including in other sectors.

**Taking a participatory approach that involves project beneficiaries is vital to recognize design flaws early, or to avoid them in the first place.** In fact, several of the most successful value chain projects, such as PDFAZMH in Morocco, SDP in Sudan, PRODEFIL in Tunisia, RCTP in Montenegro and RCDP in Bosnia and Herzegovina, have been praised for their inclusion of beneficiaries in the design process and/or the strategic planning of value chain upgrading activities. **Other enabling factors are strong partnerships with private sector stakeholders, as well as with subnational governance bodies.** Indeed, the PMUs of RCTP in Montenegro, PRODEFIL in Tunisia and PRAREV-PECHE in Djibouti have been among the most effective due to the support received from regional and municipal authorities.

## 7. KEY LESSONS LEARNED AND RECOMMENDATIONS

1. Value chain projects in the NEN region still face challenges in embarking on a full-fledged value chain approach. Even if projects entail comprehensive value chain development components or activities by design, the focus during implementation tends to be on the production stage. Thus, future projects should put a stronger

emphasis on the development of downstream segments, such as the processing and marketing stages. Relevant upgrading activities include both hard investments, e.g. equipment and facilities, as well as soft investments, such as capacity-building for producers and their organizations. Holistic value chain development also rests upon strong synergies between the project components. Furthermore, the types and the number of target commodities should reflect the agricultural and economic context, potential synergies between the various value chains, as well as PMU capacities.

- 2. At the same time, project designs tend to set overambitious targets and devise overly complex activities given a country's economic, social and political situation, as well as the prevalence of fragility and conflict.** A realistic project design must account for all these factors. Equally important is the allocation of a sufficiently high budget share to the value chain development components or activities. Moreover, the design should not underestimate the time required to develop value chains and consolidate achievements. Therefore, projects should not shy away from extensions or from applying a phased approach, particularly if value chain development is an innovative concept to the project area or sector.
- 3. Value chain projects rest upon a multitude of assumptions but projects do not always verify whether these assumptions apply.** Preparatory work must include value chain studies, market analyses, stakeholder mappings, assessments of the legal, institutional and policy framework, analysis of the target groups' needs and livelihoods and, if applicable, analysis of conflicts. Such thorough preparation ensures that the selected activities are appropriate for the intended beneficiaries and feasible given the project context. Moreover, it guarantees that target commodities are suitable and that all intended partners are on board. A thorough understanding of the value chain, its stakeholders and prevailing challenges from the beginning is particularly important for projects aiming at partnerships with the private sector.
- 4. Challenges in partnering with the private sector call for a more strategic approach.** Potential partners should be identified, contacted and taken on board as early as possible, potentially already at design stage. Within partnerships, projects can benefit from placing more responsibility on the private sector counterparts, e.g. through financial or in-kind contributions. Such in-depth collaboration hinges on the willingness of private partners to share risks without passing additional costs to the small-scale producers. In turn, successful partnerships between poor smallholders and private buyers require long-term commitment based on mutual trust, as well as a win-win business case. Value chain projects should broker both elements. In fact, MSPs have proven to be suitable vehicles to foster win-win collaboration, but they require extensive external support to be set up and gain momentum. Moreover, partnerships hinge on a certain extent of development of the private agribusiness sector.
- 5. Beneficiaries of value chain development activities remain restrained by a lack of access to suitable and sustainable financing sources.** Financial products supported through value chain projects need to be tailored to the needs of poor smallholder farmers,

agri-MSMEs and other target groups. Moreover, projects must ensure that financing sources remain accessible after the project closes. In order to do so, a broadening of the financial toolbox is advisable, particularly in terms of going beyond matching grant schemes. Combinations of financing mechanisms, such as matching grants tied to loans, should be considered more frequently. Moreover, value chain financing mechanisms, like input credit from private sector partners, alleviate collateral requirements and typically allow for the flexibility required by smallholder farmers. However, the implementation of these mechanisms remains challenging and subject to sound private sector partnerships.

- 6. Producer organizations require more comprehensive support to become equal and empowered business partners in the market.** In order to preserve achievements in the long run, projects must ensure POs' institutional sustainability by building the required business and management capacities and by fostering good governance structures. To this end, projects must continuously assess POs' capacity-building needs and adapt business development curricula accordingly. These curricula should be structured around a consistent approach which packages and segments capacity-building around specific evolutionary stages of POs. The aim should be for POs to be able to directly access finance. Since it can take several years to build the capacities of POs, projects should opt for working with existing groups whenever possible. Furthermore, especially in Eastern Europe and Central Europe, flexibility regarding the form of organization is crucial.
- 7. Projects need to avoid losing track of their intended target group by adhering to the pro-poor approach throughout the project lifetime.** The choice of project activities and target commodities must account for the needs and opportunities of the intended beneficiaries, particularly with regards to women. For this purpose, the PMU and all project partners, including service providers and private sector partners, must be familiar with the concept and implications of pro-poor value chain development. Furthermore, projects should continuously verify the effectiveness of the targeting strategy
- 8. A participatory approach and strong partnerships with local value chain stakeholders help address many of the identified challenges.** Value chain projects should aim at becoming integrated into the local political, economic and social frameworks, with strong ownership by beneficiaries and public and private implementation partners. Moreover, future projects should leverage IFAD's comparative advantage in introducing new project concepts and partnership models to reap more opportunities for policy engagement.

**9. Finally, flexibility during implementation is crucial to take course corrections and to adapt to changing circumstances. This lesson is particularly valid in the NEN region, where many countries are subject to conflicts and fragility. Underlying enabling factors for this and most of the previous recommendations are an appropriately capacitated PMU and a complete and functional M&E system.** Project designs should include an assessment of the expertise that will be required within the PMU, such as in terms of developing downstream segments of the value chains or working with the private sector. If need be, hiring external experts, such as local or international consultants or service providers, can compensate for prevailing capacity gaps. In turn, M&E systems should provide quality data that enable PMUs to constantly evaluate project progress and to generate of feedback from beneficiaries and partners.

## APPENDIX 1: DOCUMENTS REVIEWED

Country	Project name and abbreviation	Documents reviewed
Yemen	Economic Opportunities Programme (EOP)	PDR (2010) MTR (2014)
Armenia	Rural Asset Creation Programme (RACP)	PDR (2011) MTR (2015) PCR (2017) IOE PCR (2018)
Morocco	Agricultural Value Chain Development Programme in the Mountain Zones of Taza Province (PDFAZMT)	PDR (2010) MTR (2016) PCR (2021)
Moldova	Rural Financial Services and Agribusiness Development Project (RFSADP)	PDR (2013) MTR (2014) PCR (2017) IOE PPE (2019)
Tajikistan	Livestock and Pasture Development Project (LPDP I)	PDR (2011) MTR (2015) PCR (2020) RIA IA (2018)
Morocco	Agricultural Value Chain Development Project in the Mountain Zones of Al-Haouz Province (PDFAZMH)	PDR (2011) MTR (2016) PCR (2019) IOE PCR (2020)
Egypt	Promotion of Rural Incomes through Market Enhancement Project (PRIME)	PDR (2011) MTR (2017) ISMR (2021) SMR (2021)
Bosnia and Herzegovina	Rural Business Development Project (RBDP)	PDR (2011) MTR (2018) PCR (2019) IOE PCR (2020)
Sudan	Seed Development Project (SDP)	PDR (2012) MTR (2014) PCR (2018) IOE PCR (2020)
Uzbekistan	Horticultural Support Project (HSP)	PDR (2012) MTR (2017) PCR (2020) IOE PPE (2021)

Country	Project name and abbreviation	Documents reviewed
Kyrgyzstan	Livestock and Market Development Programme (LMDP I)	PDR (2012) MTR (2017) PCR (2020) IOE PCRV (2020)
Moldova	Inclusive Rural Economic and Climate Resilience Programme (IRECR)	PDR (2013) MTR (2017) PCR (2021)
Kyrgyzstan	Livestock and Market Development Programme II (LMDP II)	PDR (2013) MTR (2017) PCR (2022) RIA IA (2022)
Djibouti	Programme to Reduce Vulnerability in Coastal Fishing Areas (PRAREV-PECHE)	PDR (2014) MTR (2017) PCR (2022) IOE IA (2022)
Tunisia	Agropastoral Value Chains Project in the Governorate of Médenine (PRODEFIL)	PDR (2014) MTR (2028) SMR (2021)
Georgia	Agriculture Modernization, Market Access and Resilience Project (AMMAR)	PDR (2014) MTR (2018) PCR (2021) IOE PCRV (2022)
Morocco	Rural Development Programme in the Mountain Zones - Phase I (PDRZM)	PDR (2014) MTR (2017) SMR (2021) ISMR (2021)
Armenia	Infrastructure and Rural Finance Support Programme (IRFSP)	PDR (2014) MTR (2018) SMR (2021)
Jordan	Rural Economic Growth and Employment Project (REGEP)	PDR (2014) MTR (2018) ISMR (2021) SMR (2021)
Sudan	Livestock Marketing and Resilience Programme (LMRP)	PDR (2015) MTR (2020) SMR (2021)
Egypt	Sustainable Agriculture Investments and Livelihoods Project (SAIL)	PDR (2014) MTR (2019) SMR (2021) ISMR (2021)

Country	Project name and abbreviation	Documents reviewed
Uzbekistan	Dairy Value Chains Development Program (DVCDP)	PDR (2015) MTR (2021)
Bosnia and Herzegovina	Rural Competitiveness Development Programme (RCDP)	PDR (2015) MTR (2020) SMR (2021)
Türkiye	Goksu Taseli Watershed Development Project (GTWDP)	PDR (2016) MTR (2019) SMR (2021)
Tajikistan	Livestock and Pasture Development Project II (LPDP II)	PDR (2015) MTR (2019) PCR (2022) IA RIA (2022)
Morocco	Atlas Mountains Rural Development Project (PDRMA)	PDR (2016) MTR (2020) SMR (2021)
Moldova	Rural Resilience Project (RRP)	PDR (2016) MTR (2020) SMR (2021)
Tunisia	Siliana Territorial Development Value Chain Promotion Project (PROFITS-Siliana)	PDR (2016) MTR (2020) SMR (2021)
Kyrgyzstan	Access to Markets Project (ATMP)	PDR (2016) MTR (2021)
Montenegro	Rural Clustering and Transformation Project (RCTP)	PDR (2017) MTR (2020) SMR (2021)

Note: IOE IA = IOE Impact Assessment, IOE PCR/V = IOE Project Completion Report Validation, IOE PPE = IOE Project Performance Evaluation, ISMR = Implementation Support Mission Report, MTR = Midterm Review, RIA IA = RIA Impact Assessment, PDR = Project Design Report, SMR = Supervision Mission Report



## APPENDIX 2: INDICATORS FOR INDIVIDUAL (QUALITATIVE) PROJECT REVIEWS

Indicator	Definition	Values/Examples
Project ID	The official 10-digit project ID as reported in GRIPS	e.g. 1100001439
Date of approval	The day on which the project was approved by the Executive Board (EB), either in a board session or through the lapse of time procedure	dd/mm/yyyy
Year of MTR	Year in which the MTR report was finalized	yyyy
Project name, abbreviation	The official project name and abbreviation as reported in Oracle Business Intelligence	e.g. Commodity Value-Chain Development Support Project, PADFA
Country	Project country	
Private sector engagement	Indicates whether the project involves a private sector (PS) partner and if so, to what extent	0: No PS cooperation 1: Limited PS cooperation – such as consultation, limited/informal market linkages 2: Systematic PS cooperation/elements of a 4P – coordination among the beneficiaries and PS, such as supplier agreements, but without a formal 4P relationship (i.e. no risk/benefit sharing mechanism, no clear division of roles and responsibilities) 3: In-depth PS cooperation/full-fledged 4P – formalized 4P, usually when it is explicitly mentioned in the PDR
Comment	General comment/description of the project	
Commodity	Sub-sectors/Commodities supported by the project	e.g. Cash crops, Staple crops, Fishery, Livestock, Horticulture
Total number of beneficiaries	All the direct beneficiaries (individuals, not households) of the project as mentioned in the PDR. When the PDR did not report the number of individuals, the figure was taken from ORMS (Log Frame, Outreach)	
Target group/ beneficiaries	Type of beneficiaries targeted by the project	e.g. smallholder farmers, rural MSMEs, youth, women
Total cost (US\$ million)	Amount of the total project cost according to the PDR	
IFAD cost (US\$ million)	Contribution of IFAD (loans, grants and funds from ASAP, Spanish Trust Fund for Food security, etc.)	
Private sector financing (US\$ million)	Contribution of PS partners, including local private enterprises and domestic financial institutions.	
Additional IFAD funding	Information whether and when the EB approved to provide additional funds to the project, and if so, when.	e.g. Yes 01/01/2018 If there was no additional financing allocated (yet), the cell is left blank
Cost per component	Costs incurred in the single components as reported by the PDR	
Implementing agency	The lead implementing agency and additional/specialized partners for value chain related activities, when available	e.g. Ministry of Agriculture, implementation through local NGOs
Components with value chain development	Components that include value chain upgrading activities	

Indicator	Definition	Values/Examples
Value chain General Comment	Brief summary of the value chain approach adopted by the project, often taken from the PDR or IFAD's website	e.g. The project aims to develop and consolidate pro-poor value chain by strengthening the social fabric, developing economic organizations that formulate business plans that consolidate and improve their access to markets. Studies of the selected value chain will be carried out to further define the strategy.
Value chain entry point	The main value chain actor targeted by the project and through which the value chain development (VCD) strategy is implemented.	e.g. individual farmers, farmer organizations, rural MSMEs, agribusinesses
Type of PS actors involved	Private sector value chain actors involved in upgrading the value chain according to the PDR.	e.g. buyers, processors, traders, exporters, wholesalers, supermarkets, restaurants
Type of market	The type of market in which the project beneficiaries sell or are supposed to sell their products	Local: e.g. village markets National: e.g. national supermarket chains Export: e.g. international wholesalers
VC finance instruments	Description of value chain finance instruments planned/implemented	e.g. contract farming schemes, tri-partite agreements
Rural finance instruments	Description of rural finance instruments planned/implemented	e.g. linkages between beneficiaries and financial institutions, microfinance, micro insurance
Matching grants	Description of matching grant schemes planned/implemented	e.g. matching grants for improved production, post-harvest investments
VC Components: Product & Process Upgrading	Description of activities planned/implemented.  "Doing things better and/or bigger" at the production stage through enhancement of productivity, efficiency and quality	e.g. Provision of better inputs, Reduction of production costs, Enhancement of production technologies, Business training and TA, Reduction of farming risks, Support in drawing up business plans, Financing of business plans, Product certification, Brand creation
VC Components: Functional Upgrading	Description of activities planned/implemented.  VC actors move up the chain and take on new, value-adding functions	e.g. Provision of facilities, machinery, equipment, training and TA to enter into new activities, such as bulking, packaging, transporting, grading, processing, marketing
VC Components: Horizontal Linkages	Description of activities planned/implemented.  Improved coordination among actors within the same value chain segment, such as farmer organizations, marketing groups or service provider groups	e.g. Establishment of new farmer organizations and cooperatives, Financial support, business training and TA to organizations, Farmer Field Schools, Farmer-to-farmer extension, Linkages to service providers
Value chain components: vertical linkages	Description of activities planned/implemented.  Improved coordination among actors from different value chain segments, new market channels and access to market information	e.g. General fostering of partnerships, cooperation and mutual trust, 4Ps, Contractual agreements such as supply contracts or out-grower schemes, Joint ventures, multi-stakeholder platforms, fairs, online platforms, etc. New or better market information systems, VC clusters
Value chain components: enabling policy environment	Description of activities planned/implemented.  Creation/support of a conducive business and market environment regarding policies on issues such as competition, trade, business regulations, finance, transport, infrastructure, product standards, subsidies, labour, land tenure, R&D	e.g. Capacity-building of public institutions, Engagement with legislators, Policy research, VCD studies, Policy dialogue, Policy implementation support, Legal registration of companies

## APPENDIX 3: INDICATORS IN THE (QUANTITATIVE) DATABASE

VARIABLE	DEFINITION	VALUES
ID	Project identifier	14 for completed projects; M1 to M16 for post-MTR projects
Region	Region within NEN	MENA (Middle East and North Africa) or CEEA (Central Europe and Eastern Asia)
Country	Country	
Approval year	Year of EB approval	
Project	Project abbreviation	
Status	Project status	F = finalized; M = post-MTR
Overall project achievement	Official rating from ORMS/PCR	0 to 6
Poverty impact	Official rating from ORMS/PCR	1 to 6
Value for money	Official rating from ORMS/PCR	1 to 6
Value chain achievement	Rating of achievement of the value chain activities, as compared to the overall project; self-assessment	1 to 6
Degree of VCD at design	Comprehensiveness of the project's value chain approach as stipulated at design	1 - limited: addressing only few segments of the value chain (e.g. mainly producers and producer groups) and implementing basic VCD activities (e.g. formation of informal groups, simple marketing activities) 2 - in part: addressing several segments of the value chain (e.g. producers and buyers) and implementing VCD activities of medium complexity (e.g. multi-stakeholder platforms, sporadic contractual linkages)
Degree of VCD during implementation	Comprehensiveness of the project's value chain approach as observed during implementation	3 - in-depth: full-fledged value chain approach, addressing all segments of the value chain and implementing complex VCD activities (e.g. 4Ps, systematic contractual linkages)
PS involvement at design	Extent to which the project design stipulates involvement of and partnership with the private sector (PS) in value chain development activities	0 - none: no cooperation with the private sector 1 - limited: some cooperation, such as consultation, limited/informal market linkages 2 - systematic: elements of a 4P, coordination among beneficiaries and PS but without a formal 4P relationship (e.g. supplier agreements without risk/benefit)
PS involvement during implementation	Extent to which the private sector is involved and partnered with during implementation	Sharing mechanism, no clear division of roles and responsibilities) 3 - in-depth: full-fledged 4P The private sector is defined as private, for-profit companies that who become project partners for direct linkages with the target groups, mostly as buyers of agricultural produce and providers of financial and technical support (i.e. it does not entail banks/financial institutions).
Types of PS actors	Types of PS agribusinesses involved in the project during implementation	Value chain stages actors: inputs, marketing, processing, production, research and development and extension, not specified  Support services related actors: finance, packaging, transport, not specified, other support services  Agribusinesses  None

VARIABLE	DEFINITION	VALUES
Target markets at design	The types of markets where the target commodities are to be sold.	Local - village markets Domestic - urban markets, e.g. national supermarket chains Export - foreign markets, e.g. regional or international wholesalers
Types of value chains supported	Commodity categories supported by the project, in line with the GRIPS project "flags"	Crops: legumes; Crops: vegetables; Crops: cereals; Crops: fruit and nuts; Crops: spice and aromatic; Crops: roots and tubers; Crops: plantation crops; Crops: sugar; Crops: oilseed; Crops: other; Livestock: camels and camelids; Livestock: poultry; Livestock: large ruminants; Livestock: small ruminants; Livestock: swine; Livestock: equine; Livestock: beekeeping; Livestock: other; Fisheries/aquaculture; Forest products
Narrow versus broad value chains supported	The extent of flexibility the project left to producers in choosing the commodities	Narrow: specific plant or animal species were determined (e.g. peach, sheep) Broad: commodity types were determined (e.g. horticulture, small ruminants)
Number of value chains supported	Number of value chains supported, if the selection was narrow	1 to 14
Prior choice of value chains	Were the supported value chains selected at design stage?	Yes; No; Partly (i.e. some value chains were chosen at design and others during implementation, or a list of potential value chains was developed at design, but final selection was made during implementation)
Number of strategies at design	Number of value chain upgrading strategies entailed in the value chain approach stipulated at design	1 to 5
P&P upgrading at design	Intention to implement P&P upgrading activities	1 (yes) or 0 (no)
Functional upgrading at design	Intention to implement functional upgrading activities	1 (yes) or 0 (no)
Horizontal linkages at design	Intention to implement activities for horizontal linkages	1 (yes) or 0 (no)
Vertical linkages at design	Intention to implement activities for vertical linkages	1 (yes) or 0 (no)
Enabling policy environment at design	Intention to implement activities for enabling policy environment	1 (yes) or 0 (no)
Number of strategies implemented	Number of value chain upgrading strategies actually implemented	1 to 5
P&P upgrading implemented	Implementation of P&P upgrading activities	1 (yes) or 0 (no)
Functional upgrading implemented	Implementation of functional upgrading activities	1 (yes) or 0 (no)
Horizontal linkages implemented	Implementation of activities for horizontal linkages	1 (yes) or 0 (no)
Vertical linkages implemented	Implementation of activities for vertical linkages	1 (yes) or 0 (no)
Enabling policy environment implemented	Implementation of activities for enabling policy environment	1 (yes) or 0 (no)
P&P upgrading category	Type(s) of activities implemented for P&P upgrading	Improved production techniques/technology; Expansion of production activities; Certification/labelling/standards; Business planning/training; None










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International Fund for Agricultural Development  
Via Paolo di Dono, 44 - 00142 Rome, Italy  
Tel: +39 06 54591 - Fax: +39 06 5043463  
Email: [ifad@ifad.org](mailto:ifad@ifad.org)  
[www.ifad.org](http://www.ifad.org)

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