

LESSONS LEARNED: Systematic Review of Private Sector Interventions in Agribusiness

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Project Summary

This study synthesizes evaluations of private sector interventions in two agribusiness-related sectors: access to finance (A2F) and Farmer/Business Training (FBT). The report comprises 66 evaluations: 17 A2F evaluations, 27 FBT evaluations and 22 other meta-evaluations and reviews/studies that provide information of what we know from previous studies.

What Triggered This Evaluation and Why

This report was commissioned as part of CDI Department's ongoing series of systematic reviews.

What IFC expected

The meta-evaluation's overarching goal is to learn what work and what does not work in private sector interventions in agribusiness. The study intends to answer the following questions:

- i) What is the evidence for the impact of A2F and FBT interventions on Agribusiness indicators?;
- ii) What impact pathways were followed by these A2F and FBT interventions?;
- iii) What methodologies/approaches have been used to conduct the evaluations? Were they properly applied?;
- iv) What lessons and findings can inform IFC?

What happened and why

The meta-evaluation found:

Impact on agribusiness indicators: Both A2F and FBT interventions generally produce positive impacts on adoption of technologies but mixed results on increases in production, productivity, farm income, and profits. Although A2F show better positive impacts on live hood of farmers and/or their household than FBT, few evaluations actually present positive impacts on farmers' per capita consumption and poverty.

Impact pathways: Two barriers limit farmers' adoption of agricultural technology: i) failure of financial institutions to provide credit due to market imperfections (e.g. lender's inability to force payment if the borrower does not have collateral); and, ii) uncertainties from weather, animal diseases, and crop price fluctuations. Therefore, a combination of insurance and credit should enable farmers to adopt agricultural technology to increase production and yields. Providing physical and financial assets alongside knowledge and skills is a formula for successful programs.

Methodologies used to conduct evaluations: The meta-evaluation identified the following shortcomings:

- Not enough quality impact evaluations of farmer/business training have been conducted by IFC;

- A majority of studies evaluating impacts of microcredit on poverty do not control appropriately for placement and selection bias, thus misleading policy makers;
- Timing and methodology play an important role on showing positive impacts on well-being (experimental evaluations may need to be carried out over 5+ years);
- Project monitoring data tends to over-estimate success of a project compared to impact evaluation results;
- Prioritizing on number of farmers reach may compromise quality of training and may not produce the desired results;
- Quality of evaluation can be compromised if the evaluation design does not engage all stakeholder (evaluators, implementers and farmers) and/or if it does not align incentives among them. For instance, an implementer who does not take ownership of the evaluation and faces difficulties may compromise the integrity of the evaluation;
- Quasi-experimental designs can be used to measure impact when RCTs are not feasible.

Lessons Learned

- A combination of training and credit for the trained farmers is becoming a standard way of ensuring successful private sector interventions in agribusiness.
- Traditional top-down approaches and one-size-fits-all models to provide knowledge in agricultural practices (e.g. Train and Visit supported by the World Bank) do not work because they do not tailor the training to farmers needs.
- Fee-for-service training models, where farmers pay for the training and determine the type of information that is priority to them, are expected to produce higher impact than free or public systems. Trainings depending heavily on donor funding are not suitable for sustainable scale up. The training is sustainable when the farmer and the company providing the training share the resulting benefits.
- There is no evidence of trickle down/diffusion effect of training interventions; in particular with Farmer Field Schools designed to enable trained farmers diffuse the training to their neighbors.
- Successful projects address farmer constraints along the whole value chain; from providing training on farming practices and management skills, to training on post-harvest techniques and marketing skills to help farmers meet required standards and access better prices.
- Information and Communications Technology (ICT)-based models show promise as successful means of providing market information which enables farmers to increase prices, reduce costs, increase production, and increase profits after cutting out the middle man.

- Demand for indexed micro-insurance products is low and pilot studies have not been scaled up. Reasons include lack of farmers' knowledge about the intervention and lack of trust of the borrower towards the insurance provider.