META-EVALUATION OF PRIVATE SECTOR INTERVENTIONS IN AGROBUSINESS:
SUMMARY OF MAIN FINDINGS

The International Finance Corporation (IFC) has made agribusiness a priority because of its potential for broad development impact and especially strong role in poverty reduction. As part of the Development Impact Department’s evaluation strategy to increase learning and use of evaluations to identify what works and what does not, a series of meta-evaluations in strategic areas of IFC are being conducted. Although IFC is a leading provider of Access to Finance (A2F) programs to the private sector in developing countries, no quality impact evaluation has been conducted by IFC to measure its effect on provision of A2F in agribusiness. Similarly, not enough quality impact evaluations of Farmer/Business Training have been conducted by IFC. This study attempts to report on the activities in these two areas most likely to have the greatest returns, to inform

MAIN FINDINGS

- Successful projects address farmer constraints along the whole value chain. This can include providing training on good farming practices and management skills; informing about post-harvest techniques and marketing; offering access to grants or credit; and facilitating the organization of farmers to help them secure better prices with suppliers while ensuring that their produce meets required standards. For example, most of the successful training programs provide training alongside other interventions (such as provision of credit or grants in the form of in-kind inputs and equipment/infrastructure) to enable farmers adopt the technology being taught.

- Decentralized approaches to extension have some promise but most of them face financial sustainability problems. This suggests that scaling up these activities is most likely unsustainable, especially when donors pull out.

- Traditional top-down approaches to providing extension/farmer training generally did not work. In particular, the Train and Visit (T&V) model that was supported by the World Bank between 1975 and 1995 failed, partly because it did not tailor the training to farmers’ needs; it was a “one-size-fits-all” model.

- There is generally no evidence of trickle down/diffusion effects of training interventions especially with Farmer Field Schools.

- A2F interventions generally produce positive impact on agricultural outcomes such as adoption of technologies being promoted and resulting increases in production, productivity, and/or farm income and profits, especially when combined with training.

- Farmer/Business Training evaluations disclose positive impact on adoption of technologies being promoted but mixed results on increases in production, productivity, farm income, and profits. In most of the evaluations, the results are positive only for some groups of beneficiaries.

- Relatively few evaluations show positive impacts on livelihood of farmers or their households (that is, on per capita consumption and poverty measures). Of the few access to finance evaluations that show positive impacts on well-being, timing and methodology seem to be playing a role. That is, the evaluations conducted over a long horizon (5 years and above) and those using panel data estimations show positive impacts on well-being of farmers.

- Information and Communication Technology (ICT)-based models show promise as successful means of providing market information. Examples include the eChoupal village internet kiosk project in India and use of cell phones to provide information on prices to farmers in India and Niger.
IFC agribusiness strategy and product design.

This study is the second in a series. It synthesizes 66 studies culled from an original sample of 851 evaluations. Forty-four were impact evaluations and 22 meta-evaluations, or reviews/other studies, based on previous studies conducted between 2000 and 2012 of private sector interventions in A2F and Farmer/Business Training. The first meta-evaluation analyzed job creation effects of private sector interventions. This note summarizes the findings from the latest meta-evaluation of A2F and Farmer/Business Training in Agribusiness.

The meta-evaluation sought to answer four questions:

• What is the evidence for the impact of A2F and Farmer/Business Training interventions on agribusiness indicators and farmers’ welfare?

• What impact pathways were followed by these A2F and Farmer/Business Training interventions?

• What methodologies and approaches have been used to conduct the evaluations? Were they properly applied?

• What lessons and findings can inform IFC?

ACCESS TO FINANCE

Access to finance is one of the main obstacles for private business growth in developing countries, and micro, small, and medium-size enterprises (MSMEs) suffer particularly from these constraints. To address some of the financial obstacles, various interventions are aimed at improving access to credit. Lack of access to credit prevents farmers from obtaining the necessary inputs and capital to venture into business farming, forcing them to remain as subsistence farmers. Research shows that improving access to finance and developing sustainable financial institutions can help firms, especially small ones, grow in terms of sales, revenues, and operations.

As part of this study, activities that really matter and have the highest potential to benefit the poor and marginalized groups are identified and will help to re-evaluate and reshape IFC’s strategies to boost agricultural productivity through agribusiness and food security interventions.

This study reviewed 17 evaluations of the impact of credit and insurance on: adoption of technology; farm sales, profits and income; household income; and, ultimately, measures of household welfare. They came from 8 countries in Africa, 8 countries in Asia and 1 country in MENA.

Overall, A2F interventions by IFC generally produce positive impact on agricultural outcomes such as adoption of technologies being promoted and resulting increases in production, productivity, and farm income and profits. However, a significant portion of the positive impact on these factors is mixed — positive in some value chains or for some groups of beneficiaries, but showing no impact for other value chains.

FARMER AND BUSINESS TRAINING

An agricultural production function typically incorporates conventional inputs such as capital, land, and labor as well as the productivity of these inputs, which depends on factors such as education of the labor, stock of technical knowledge that can enhance the productivity of labor, quality of the land, and weather variables. Farmer and business training and advisory services aim to increase farmers’ productivity and income with the ultimate goal of moving the farmer out of poverty.

IFC contributes to development of an “embedded services” approach in which companies combine extension, the most common type of intervention in the private sector, with contract farming to assist farmers to achieve quality standards. It also offers fee-for-service and privatized extension, Farmer Field Schools, and online models as forms of intervention seeking

Box 1. The challenges of evaluating agribusiness intervention programs

Absence of IFC evaluations. Not enough farmer/business training evaluations have been conducted to measure their impact. Furthermore, no quality impact evaluation has been conducted by IFC to measure its impact in provision of A2F in agribusiness. When available, IFC evaluation products are not yet accessible on the web to contribute to global knowledge on impact evaluations.

Need for lengthy experimental methodology. RCTs may not be suitable for measuring welfare impacts from IFC A2F and farmer/business training products, as they gauge immediate and intermediate outcomes. Most RCTs measure project impacts over 1-2 years, a period that is not long enough to show long term impacts. RCTs need to be carried out over five years or more, a period that might be too long for an RCT experiment.

Project monitoring data can overestimate success. Data from Millennium Challenge Corporation evaluations show that monitoring data tends to overestimate the impact of projects compared to impact evaluation evidence. IFC’s Development Outcome Tracking System and its Advisory Services Operational Portal must be complemented with impact evaluation evidence to provide a balanced and realistic view of IFC Advisory and Investment Services’ outcomes.
to improve yields or farm income. Easing access to technologically enhanced inputs and promoting farmer knowledge through advisory services had the highest share of positive impact in the studies reviewed.

Most of the 27 evaluations reviewed in the Farmer/Business Training area were able to show positive impact on adoption of technology and measures of agricultural production; however, few were able to show positive impact on farmer welfare. Of the 27, 10 were from seven African countries, eight from seven countries in Latin America & the Caribbean, eight from Asia, and one from Europe & Central Asia.

Successful training programs give training alongside other interventions, such as provision of credit or grants in the form of in-kind input and equipment or infrastructure. Successful projects addressed farmer constraints all along the value chain. Evaluations in this area also showed that traditional top-down approaches to provision of extension and farmer training generally do not work.

**DATA AND METHODOLOGY**

For the A2F evaluations review, none of the 17 studies was from IFC. Nine used quasi-experimental methods, primarily propensity score matching, instrumental variable estimation, and other regression analyses. About half used Randomized Control Trials (RCTs), which show how program participation in the shorter term leads to outcomes and impact on participants.

In the Farmer/Business area, few evaluations used RCTs. Most used quasi-experimental methods; six used experimental methods, mainly randomized roll-out/phase-in trials.

**IMPLICATIONS OF EVALUATION FINDINGS**

**IFC training interventions need to be complemented with access to credit and access to market interventions for maximum effects.** Well-meaning interventions that failed to provide credit/market access failed to produce desirable impacts. This result also implies that joint IFC Investment and Advisory services are more likely to produce better results. IFC farmer/business training interventions need to continue ensuring access to credit as a complementary part to the training (IFC 2008).

**IFC needs to examine long-term sustainability of its farmer/business training interventions after project closure.** Experience with previous extension models show that lack of financial sustainability is one of the main causes of lack of scalability of extension programs. Similarly, most IFC advisory services provide funding for the training with minimal financial contribution from the anchor/lead firm let alone farmers being trained. This means that IFC’s training impact may not be scalable or sustainable after IFC’s project closes. Improving sustainability of IFC training projects may entail increasing financial contribution paid by farmers and lead firms to the training projects.

**IFC farmer and business training interventions need to be tailored to farmers’ needs to avoid the pitfalls of the T&V model.** This may entail reducing numbers trained to ensure targeted but more effective training, but may conflict with IFC’s goal of increasing “reach”.

**IFC’s use of mass media to diffuse knowledge gained through successful training interventions may not be effective unless the media broadcasts are serving other purposes, say to improve visibility of IFC’s work.** There is no evidence of trickle down/diffusion effects of training interventions, especially with Farmer Field Schools (FFSs) that are very intensive and designed to enable trained farmers diffuse the training to their neighbors.

**IFC can play an important role in promoting micro-insurance products.** Several impact evaluations show positive impacts of micro-insurance on agricultural outcomes. The evaluation evidence can inform IFC’s design, implementation, and evaluation of micro-insurance products. IFC’s efforts to increase its micro-finance portfolio are a welcome development that can help improve uptake of these products and hence contribute to improving agribusiness outcomes.

**IFC needs to continue development of ICT-based training models.** Impact evaluation evidence shows that these have been effective in providing market information and increasing farmers’ profits. The e-Choupal, n-Logue, and cellphone examples are particularly insightful for IFC’s development of the Africa Village phone program and the SME tool kit.

**IFC needs to increase its efforts to conduct impact evaluations in A2F and farmer/business training sectors.** While results of the meta-evaluation are relevant for IFC’s management, they do not necessarily imply IFC’s effectiveness in similar interventions. For accountability purposes, IFC still needs to do impact evaluations of its work. IFC also needs to improve quality and visibility of its impact evaluations. Physical presence of evaluation team in the country being evaluated will ensure that evaluation design and implementation is not compromised.

Results comparing project monitoring data to impact evaluation results for five MCC training projects showed that monitoring data tends to over-estimate success of projects. **This means that IFC’s DOTS and ASOP monitoring systems have to be complemented with impact evaluation evidence to provide a balanced/more realistic view of the impact of IFC advisory and investment services.**
EVALUATIONS REVIEWED

ACCESS TO FINANCE (17)

- Indian Social Banking Experiment (2005)
- Northern Ethiopia Microfinance (2011)
- Impact of Credit on Thai Village Economies (2009)
- Rural Morocco Microcredit (2011)
- Bangladesh Microfinance (2005)
- Bangladesh Microcredit and Self-Employment Profits (2011)
- Participation in Microcredit in Bangladesh (2011)
- Thai Village-Level Microfinance Institutions (2005)
- Malawi Credit Market Consequences of Improved Personal Identification (2012)
- Kenya Export Crop Adoption (2008)
- Malawi Burley Tobacco Clubs (2008)
- Pakistan Microfinance and Millennium Development Goals (2008)
- Malawi Insurance, Credit and Technology Adoption (2009)
- Ghana Agricultural Decisions After Relaxing Credit Constraints (2012)
- Ghana Crop Price-Indemnified Farmer Loans (2011)
- Ethiopia Impact of Weather Shocks and Insurance on Risky Investment (2010)

FARMER/BUSINESS TRAINING (11, published after 2009 Independent Evaluation Group [IEG] meta-evaluation)

- Zimbabwe Ruti Irrigation Project Effectiveness (2012)
- Ghana MIDA FBO Training (2012)

OTHER EXTENSION INTERVENTIONS (16, analyzed in the 2011 IEG meta-evaluation)

- Uganda NAADS Program (2008)
- Uganda Organic Contract Farming (2009)
- Argentina Grape Production Extension Services (2008)
- Peru Irrigation Project (2011)
- Ethiopia Agricultural Extension and Roads Program (2008)
- Indonesia Farmer Field Schools (2004)
- Indonesia Pest Management Training in Farmer Field Schools (2004)
- Peru Potato Farmer Field School (2004)
- India Market Information Extension Program (2007)
- India Market Information Program (2007)
- Uruguay Technology Adoption Program (2008)
- Thailand Farmer Field Schools (2006)
- Philippines Farmer Field Schools (2002)
- Cote d’Ivoire Agricultural Extension Services (2003)

About the Results Measurement Network: IFC’s Results Measurement Network is a global network of approximately 100 professional results measurement staff from Advisory and Investment Services. It covers all IFC regions, industries and Advisory business lines, in addition to staff in the Development Impact Department based in Washington DC. The Results Measurement Network seeks to improve IFC’s development impact by setting standards and ensuring consistency in results measurement. The network also works to ensure that results continuously inform strategy, operations, and incentives.

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