



FoodTrade East and Southern Africa
DFID

MID-TERM EVALUATION

FINAL REPORT

Date: 3rd February 2017

Submitted by Itad

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Report

MID-TERM EVALUATION

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Acronyms

AAER	Adopt-Adapt-Expand-Respond
ACR	Administrative Cost Ratio
ACTESA	Alliance for Commodity Trade in East and Southern Africa
AgDevCo	Agricultural Development Company
CF	Challenge Fund
COMESA	Common Market for Eastern and Southern Africa
CS	Case Study
CTOC	Common Theory of Change
DF	Development Fund
DFID	Department for International Development (UK)
EAC	East African Community
EAGC	East African Grain Council
EATIH	East Africa Trade Hub
EBW	Early Bird Window
EMU	Evaluation Management Unit
ENAS	Ets Nkubili Alfred & Sons
EQ	Evaluation Question
ESA	East and Southern Africa
FAOSTAT	Statistics Division of the Food and Agriculture Organization of the United Nations
FBO	Farmer Based Organisation
FMCR	Fund Management Cost Ratio
FO	Farmer Organisation
FTESA	FoodTrade East and Southern Africa
GAP	Good Agricultural Practices
GBP	Great Britain Pound
GEN	General
GR	Grant
GRN	Goods Received Note
Gsoko	Grain soko (market)
IOA	Institutional and Organisational Assessment
JITP	Joseph Initiative Technology Platform
KPD	Kaderes Peasants Development PLC
M&E	Monitoring and evaluation
M4P	Making Markets Work for the Poor

MMM	Mount Meru Millers
MRM	Monitoring and results measurement
MT	Metric tonne
MTE	Mid-term evaluation
NSGR	National Strategic Grain Reserve
OR	Organisational Review
P4P	Purchase for Progress
PASS	Private Agricultural Sector Support
PHH	Post-Harvest Handling
PHL	Post-harvest loss
PICS	Purdue Improved Crop Storage
PMU	Programme Management Unit
PPP	Patient Procurement Platform
PR	Portfolio Review
QDS	Quality Declared Seed
QS	Quantitative Study
RATIN	Regional Agricultural Trade Intelligence Network
RUDI	Rural Urban Development Initiatives
SHF	Smallholder farmer
SHIBECO	Southern Highlands Beans Consortium
SIDA	Swedish International Development Cooperation Agency
SP	Service provider
TMEA	TradeMark East Africa
ToC	Theory of Change
ToR	Terms of Reference
TS	Thematic Study
USAID	United States Agency for International Development
USD	US dollar
VAC	Village Aggregation Centres
VC	Virtual City
VFM	Value for money
VSL	Victoria Seeds Ltd
WFP	World Food Programme
WRS	Warehouse Receipt System

Executive summary

The Programme and Context

FoodTrade East and Southern Africa (FTESA) is a five-year (2013-2018) regional programme funded by DFID UK (£36 million) to support food staples market development and trade by tackling market failures. FTESA aims to catalyse lasting changes that enable efficient trade in staple foods across the region to improve the lives of farmers, suppliers, service providers, traders, retailers, and consumers, contributing to price and market stability for staple foods in the region. FTESA aims to invest in systems that allow small-scale farmers to access regional grain markets. The programme works with the private sector and relevant institutions to tackle a constraining set of market failures in the following areas:

- **Output 1:** Improved post-harvest markets (storage and aggregation; market information; value chain coordination; warehouse receipt and supplier credit; grades and standards)
- **Output 2:** Improved input markets (including seeds and fertilisers)
- **Output 3:** Improved trade environment and reduced uncertainty

FTESA intended programme scope includes nine countries across East and Southern Africa. Up to now, the programme's operations and grant coverage focus largely on four countries in East Africa (Kenya, Rwanda, Tanzania and Uganda) and one in Southern Africa (Zambia). However, FTESA is currently working with DFID to provide more support in Southern Africa given the current food crisis in the region. The countries where FTESA operates are characterised by a range of challenges affecting staple food markets including:

- Limited productivity and production arising from low input-low output production systems and fragmented production units
- Informal nature of value chains, high transaction costs and limited value addition opportunities for smallholders
- Low incentives for quality and lack of harmonised standards resulting in poor quality
- Burdensome regulation and unpredictable government policies
- High costs due, for example, to poor infrastructure
- Inadequate storage and insufficient hard assets among producers/traders limiting access to finance
- Lack of market information

A Programme Management Unit (PMU), contracted to DAI, is responsible for managing and supporting programme implementation. The PMU's main expected roles are:

- **Grants management** awarding and managing the two main funding mechanisms, the Challenge Fund (CF) and Development Fund (DF)
- **Technical resource** i.e. serve as a leading centre of thinking, providing technical assistance and learning (including M&E)
- **Broker** i.e. brokering relationships around achievable policy and regulatory change ('policy influencing')

The Evaluation

During Q3 2016, the Evaluation Management Unit (EMU), managed by Itad UK, undertook the independent Mid-term Evaluation (MTE) of FTESA. The MTE is formative and theory-based and its purpose is to focus on **progress to date** and **lesson learning**. The **intended audience** of the MTE is DFID, the Steering Committee, the PMU and implementing partners. For DFID the MTE is an important tool to: **re-focus** the key delivery priorities for the last 18 months; **fine-tune** expected project results; **inform** DFID's thinking on possible options beyond

the current end date; **inform lessons** for similar programmes (e.g. West Africa Food Markets, WAFM); and, **inform a refresh** of the independent evaluation priorities based on the agreed programme priorities.

The MTE considers the change processes identified in the overall Theory of Change (ToC), and the more detailed theories for each output area, and the extent to which interventions have affected these change processes or may do so in future. We apply a modular evaluation design that responds to the evaluation questions:

1. **Organisational Review** exploring the role of the PMU and its performance
2. **Thematic Study** examining FTESA's progress towards fostering a more structured food market, centred on the Gsoko platform and its complementary grants
3. **Baseline Case Evaluation Synthesis** exploring the underlying theories behind a purposeful sample of grants
4. **Portfolio Review** drawing on secondary information across the full portfolio of grants against the evaluation questions
5. **A VFM Assessment** exploring the VFM of the programme

Together these examine:

- **Different levels of the FTESA programme** exploring individual grants, inter-connected and complementary grants and the overall grant portfolio.
- **Different levels in the market system** exploring the **role of different market actors** and their **interactions with FTESA-funded interventions**.
- How the **PMU works and interacts** with the different levels of the **programme** and the **market system**.

Main Findings, Conclusions and Recommendations

The following outlines the main findings, conclusions and recommendations of the MTE, grouped and sequenced according to the evaluation questions.

Overall portfolio: grant complementarity

Main findings: There is evidence of complementarity among FTESA grantees, especially around the Gsoko system and complementary grants. Gsoko sits in a constellation of grants designed (to a greater or lesser degree) to complement one another, thereby contributing to each other's success. Many of the complementary grants intend to build smallholder farmer capacity to produce crops at sufficient volumes and quality to enter the Gsoko platform, contributing to larger volumes on the platform, thus improving the platform's viability. In turn, the expectation is that the platform will provide farmers a link to the regional market, improving the sustainable benefit of the grantees efforts.

While the PMU intends to leverage complementarities between grantees, including connecting them with the Gsoko platform, many intended complementarities are slow to develop, often owing to implementation delays. In general, according to grantees surveyed, the PMU scores relatively low on connecting grantees.

Conclusions: Complementarity between grantees is promising in design and intentions. However, the PMU and partners are not leveraging potential complementarities fully. There is significant untapped potential especially around the Gsoko system.

Recommendations: FTESA should continue expanding coordination efforts across grantees through connecting individual grants, working to achieve the potential for complementarity built into its portfolio (e.g. connecting grantees with Gsoko; connecting grantees providing inputs or storage facilities with other grantees; connecting grantees with other grantees who have established connections to buyers; etc.), including periodic meetings between grantees to share lessons and encourage connections. Ensuring grantees are communicating sufficiently has the potential to foster successful collaboration. With senior management and DFID (from time-to-time) participating in these meetings, they should also help in creating greater management awareness of operational challenges.

To achieve the potential portfolio complementarity given current resources and time left, this may require FTESA to restrict its remaining activities to the support of existing grantees including focusing efforts on a subset (cluster) of grants that are most likely to deliver the programme's objectives and priorities over the remaining 18 months. Also, coordination efforts require resources and may necessitate reallocation of existing resources from other activities, in agreement with DFID.

Market level change: systemic change and sustainability

Main findings: Few grantees explicitly discuss the wider market systems change they intend to make. However, several of the interventions (especially Gsoko, and others such as Kilimo, Raphael and Farm Africa) have the potential to generate systemic change by bringing together farmers and traders in more structured relationships, including through formal contracts that encourage farmers to avoid existing arrangements where farmers typically accept low prices from traders at the farmgate. FTESA is testing a range of different models to see which models work well, and which ones less so, which also helps to diversify and therefore reduce the potential risks of over-reliance on Gsoko.

The main systemic change centres on norms around grain trading, owing to increased transparency in regional grain markets, with reduced transaction costs for long-distance purchases, and greater trust by market actors in the quality of products and the likelihood of prompt payment. The main change in norms is increased trust. Other important systemic changes include farmer willingness to invest in improved inputs and adopt better post-harvest handling behaviours and greater willingness by smallholder farmers to wait for higher prices later in the season rather than making immediate sales for cash. These speak to changes in the underlying norms around investing money and effort into agricultural production at the smallholder level.

Conclusions: Gsoko and its complementary grants are likely, if successful and sustained over time, to generate significant systemic changes to the way grains are grown, harvested and traded in the region. This depends on several factors including changing farmer behaviour and building trust in the Gsoko system, leading to farmers and traders delivering sufficient throughput. This requires Gsoko and trading relations between buyers and sellers to perform successfully and consistently. This applies not only to Gsoko but other grantees attempting to crowd-in other farmers. Moreover, systemic change takes time to materialise and develop. For many of the grants, demonstration effects (including peer effects from early adopters) are potentially very powerful in effecting change in farmer behaviour, trust and confidence, but take time and resources to emerge.

Despite its potential, the Gsoko system currently faces significant implementation challenges. Gsoko is slow to begin operating and likely needs much more time to reach viability before it can operate without donor support. Opportunities for complementarity have been lost due to delays, with the result that many grantees are moving forward with more typical market linkage activities. The Gsoko effort seems to be under-resourced, lacking sufficient (and appropriately qualified) staff to oversee its rollout, with limited attention to developing a commercially sustainable model in the future. Moreover, FTESA's and EAGC's intention to rapidly roll Gsoko out on a large scale with multiple grantees and other traders increases the possibility of Gsoko's underperformance (e.g. lack of system readiness, poor capacity by new users to functionally manage the system) and presents a large implementation risk.

Recommendations: FTESA and Gsoko should consider rolling out the platform with a small number of partners, working out unanticipated problems and building the platform's functionality, before attempting to roll it out on a large scale as they are doing now. Undertaking a phased rollout will allow the EAGC and Virtual City to work out any bugs and other challenges prior to rolling the platform out on a large scale. Through proving successful use, it will then be easier to expand relatively quickly. Gsoko needs to be guided by a cadre of knowledgeable staff that can closely watch its adoption, identify issues as they emerge, define them correctly, communicate them to the people who can fix them, then watch to see if the fixes work. DFID, FTESA and EAGC should re-evaluate the existing staffing structure and resource allocation for Gsoko to find ways to bring in more people with experience rolling out technology platforms, and consider extending the period of performance under the current contract (by one or two years) to ensure that sufficient time remains to put Gsoko on viable footing. Moreover, both the PMU and the funders of Gsoko (DFID, USAID) need to come

together to communicate their concerns regarding implementation which may undermine its potential success. It may not be feasible to expect Gsoko and its complementary grants to demonstrate sustainable success in the time FTESA has remaining under its contract. While focusing significant efforts on fuelling Gsoko's success for the remainder of the contract has significant merit, and is a key recommendation of this report, alternative means of achieving similar objectives should be maintained (e.g. other models that connect buyers and sellers without the need of the Gsoko electronic trading platform) but efforts by the PMU and DFID should focus on Gsoko first-and-foremost.

For other grantees, in order to be successful and crowd-in additional farmers, implementation models should focus on building trust, increasing farmer confidence and use of the intervention(s), fostering changes in behaviour, including encouraging other farmers to join through demonstration effects. For example, providing market information in ways that engender trust, providing transparency on pricing mechanisms related to quality and higher prices, and paying farmers in a timely manner.

The programme's interaction with different individuals and groups (smallholder farmers, women and consumers)

Smallholder farmers

Findings: Smallholder farmers are the intended main beneficiaries of the majority of grants. While it may be too early to demonstrate this is the case, there is significant potential to bring smallholders into the structured grain market (including Gsoko) through FTESA interventions. This includes through village aggregation centres and farmer organisations involved in contract farming that aim to collect and aggregate smaller quantities of sufficient quality, including support on 'good agricultural practices' and 'post-harvest handling' to enable farmers to grow more and better quality, increasing storage, sales and incomes. However, the effectiveness of the use and uptake of these services (and the benefits generated) remains largely unproven. Poorer smallholder farmers may struggle to produce at sufficient volume (i.e. tradeable surpluses) and quality to take advantage of the opportunities. However, the intended programme beneficiaries are not the 'poorest of the poor' but those farmers with an existing tradeable surplus, or the potential to generate such a surplus, and who can increase that surplus.

Conclusions: Increased smallholder farmer participation in structured regional markets is a central focus for FTESA and the design of the majority of interventions target smallholder farmers. However, at this stage of implementation, the degree to which they are actually benefiting is largely unproven.

Recommendations: Given the possible differentiated benefit of smallholder participation, the programme should dedicate adequate resources to rigorous beneficiary profiling to understand the depth of its impact. Grantees should identify which segment of smallholder farmers are the intended beneficiaries, bringing in new farmers to existing groups, and targeting aggregation centres that link remoter areas. The PMU should work with both the grantees and the EMU to explore further the likely and actual benefit for smallholder farmers. In addition, FTESA and grantees should give more attention to building trust (and awareness) to attract increased throughput from smallholder farmers, as well as to the potential challenges faced by some smallholder farmers who may find it difficult to reach the standards required.

Gender

Findings: Gender is largely absent from grantee strategies and, when mentioned, it focuses on women participating via membership to women-only collectives. In grantee results, many of the grantees report on gender-disaggregated data, however women appear to be under-represented with men benefiting disproportionately. There are no significant attempts to consider gender dynamics in the rollout of many of the interventions, including Gsoko. However, FTESA is recruiting a Gender Advisor to help mainstream gender in existing operations.

Conclusions: While there are attempts to consider gender in design and reporting, FTESA grants do not demonstrate meaningful consideration of gender. By largely ignoring gender dynamics, the programme may

inadvertently play into them. The lack of a sharp gendered lens means that access for smallholders (especially female smallholders) will be under the terms of local gender norms, possibly further entrenching them. For Gsoko, there are likely to be gendered access issues as it rolls out to more warehouses, village aggregation centres and farmer groups. The new Gender Advisor will have a large task and most likely too little time to provide full support across the whole grant portfolio.

Recommendations: The new advisor should prioritise his/her work on high priority areas, for example, Gsoko and its complementary grants, including understanding further how women participate in the interventions and how this could be improved, identifying examples where the integration of women is considered successful and exploring what might be learnt for other interventions, sharing lessons with other grantees. As Gsoko builds momentum and establishes new behavioural norms around grain trade in the region, FTESA should work with the EAGC to mitigate the degree to which those norms entrench existing gender disparities and power dynamics. Given the importance accorded to gender issues by DFID, and the fact that the gender expert only commenced work recently, DFID need to make their expectations clear now on what they expect and guide the PMU by sharing lessons learnt from similar DFID programmes (through for instance DFID gender specialists) on what works well in order that the expert can ‘hit-the-ground-running’ and the programme can quickly start incorporating gender issues in programme implementation (above-and-beyond disaggregating results by gender).

Consumers

Findings: Grantees focus on the potential health benefits to consumers rather than price effects. The consumer benefits include improved health owing to reduced contaminants. Some do mention the potential for smoother prices due to arbitrage between surplus and deficit areas, and storage between harvest and hunger seasons. However, there is limited evidence at this stage of implementation.

Conclusions: FTESA has the potential to deliver health benefits through improved quality. Benefits to consumers in terms of smoother prices will require interventions to handle significant volumes for this to be a credible benefit, especially at the regional level. Smoother region-wide prices (i.e. East and/or Southern Africa) are unlikely to materialise given the current scale of the programme and the remaining timeframe. However, there may be localised examples due to the programme (e.g. where the programme facilitates movement of produce from surplus to deficit areas; storage between harvest and hunger seasons).

Recommendations: The programme should revise its likely region-wide impact to manage expectations of what it can realistically achieve in terms of smoother region-wide prices in the next 18 months, and focus results measurement at an appropriate level. For instance, the programme could track more localised examples of arbitrage between surplus and deficit areas and storage between harvest and hunger seasons, and any effects on local prices. Such examples can help demonstrate the programme’s impact, informing any scale up and/or extension. DFID needs to work closely with the PMU in developing alternative indicators.

Progress to date towards outputs and outcomes, and enabling and constraining factors

Outputs 1 and 2

Findings: Overall, the combination of support and services along the value chain appear relevant and appropriate for addressing the needs of smallholder farmers. Most of the grantees have made good progress in signing up smallholder farmers – in many cases combining the use of existing structures and channels – and in rolling out training quickly following registration. However, grantees and beneficiaries experience a number of implementation challenges. Moreover, there is limited evidence at this stage on the qualitative nature of this engagement – for example, adoption of new skills and behaviours.

Progress to date: The majority of grants provide services under output 1, with several grantees building or improving existing warehouses and village aggregation centres to bring farmers into the structured training systems, in some cases around the Gsoko system. Several grantees are providing some form of farmer credit, either directly, through warehouse receipting or in-kind. Interventions on market information lag behind the others, largely due to delays in implementation. A number of grantees expect their interventions to improve

value chain coordination, with several already bringing together buyers and sellers (namely smallholder farmers). Under output 2, several grantees are engaged in the direct sale of inputs to farmers, provision of in-kind inputs and/or linking farmers with input suppliers, as well as input financing. At this stage, there is limited reported information on actual use (and benefits generated) of these services.

Enabling and constraining factors: Grantees and beneficiaries report a number of factors influencing the progress of the interventions and participation by smallholder farmers. Some are under the control of the programme (e.g. operational issues), others the programme may be able to influence (e.g. policy, farmer behaviour), while for others they need to find ways of adapting (e.g. weather). For output 1, these include operational and technical issues relating to implementation (e.g. technology issues, mishandling of equipment), availability of inputs at source, farmer knowledge, attitude and practices, inclement weather, pest and disease, poor infrastructure (roads, electricity), lack of price guarantees and price volatility in markets, exchange rate risk and government interference.

Conclusions: There is significant progress in delivering activities under outputs 1 and 2, providing services to farmers. Given the stage of implementation and quality of reporting, the evidence of subsequent use of services and the impact on productivity, quantities produced, quality, etc. is limited. However, there are examples of farmers selling to buyers and storing produce in warehouses, which require higher quality produce.

Recommendations: Using the findings of the MTE, the PMU should work with grantees to explore the enabling and constraining factors identified and explore how the grantees and the PMU can work together to tackle these further, especially those within the control and influence of the programme. In addition, the PMU should work with the grantees to explore how they can better monitor the use of the services provided, including whether or not registration translates into effective use (e.g. increased production through improved yields, better prices received, etc.), and exploring with the EMU how these changes will be evaluated at the final evaluation.

Outcomes and impact

Findings: At this stage, there is limited evidence of impact on production levels and trade at the grant level. However, there are several examples where farmers have made sales and grantees are receiving higher volumes in warehouse and Village Aggregation Centres (VACs). Through interventions to encourage and facilitate the production of better quality produce and bulking, the assumption is that farmers will receive better prices (not selling to middlemen). At present, there are a few recorded examples of farmers receiving better prices.

FTESA's current impact and outcome statements and indicators go beyond individual projects, anticipating that the **programme as a whole** will stabilise prices and reduce price differences between hungry and harvest seasons and deficit and surplus areas at the **regional level**, benefiting both producers and consumers, as well as increasing regional trade across all countries. Given the stage of implementation, there is limited evidence of a region-wide impact in terms of production, food availability, price stability and trade.

Conclusions: The potential of the programme to deliver the region-wide changes originally anticipated is limited at the current outcome and impact levels. While the interventions may contribute to production, trade, price stability, etc., given the current scope of these interventions and remaining timeframe, the interventions are unlikely to have reached sufficient scale effects at the regional level and the impact is likely to be more localised. The successful rolling out of the Gsoko platform, working with complementary grants, is likely to have the most potential in generating any significant scale effects and region-wide impact.

Recommendations: The programme should revise its likely region-wide impact to manage expectations of what it can realistically achieve in the remaining time, focusing results measurement at an appropriate level. For instance, the programme could track more localised examples of changes in production, trade, prices, etc. Such examples can help demonstrate the programme's impact, informing any scale up and/or extension. In addition, we recommend revisiting the CToC based on the scope of the programme, drawing on the theory

development work already undertaken at the grant level, and any strategy refresh/reprioritisation for the remaining time under the current contract.

PMU performance

Findings: FTESA fills a niche by focusing on staple food markets and trade systems with the potential to work with grantees and technical expertise to broker policy change. However, it faces coordination challenges with some other programmes, despite initiating significant efforts to coordinate the activities of different (external) organisations working in the same field. While stakeholders recognise the relevance of the expected roles of the PMU (broker, technical resource and grants management) given FTESA objectives, there are differences in opinions of programme implementers on what should be the focus of the PMU. In addition, there are unexploited potential complementarities between the different roles of the PMU.

Capacity, motivation, external environment: Leadership and technical capacity have strongly improved. Frequent changes in staff in the first couple of years did not help maintain a consistent organisational mission and culture that matched with DFID's objectives. Earlier high staff turnover limited organisational learning. The M&E system has not generated the information required to assess adequately the outputs and outcomes achieved (with monitoring often limited to, for instance, number of farmers signed up and trained). Despite recent improvements, there are concerns that gaps in M&E may remain. The PMU recently proposed to revise output indicators to indicators at a lower level of the results chain, reducing the potential usefulness of the M&E system to capture progress and feed into lesson learning and ongoing programme improvement. In addition, the lack of quantitative baseline data for some of the grants restricts the ability to measure impact across the portfolio at final evaluation. There also remain issues with the governance structure of the programme (e.g. entity of operations, contracting arrangements). The contracting model (milestone payment approach) may have contributed negatively to organisational performance.

Different roles:

- *Grant manager:* To date, the PMU has been most effective in grants management. A robust grant application and management system has been set up and grantees are generally very appreciative of the support they receive from the PMU.
- *Broker:* The PMU leads on activities under output 3 through its influencing strategy, working with partners and a few of the grantees, as well as DFID offices. The work to implement the strategy began in 2015. The PMU has made progress through its partners, identifying and working on key policy and regulatory issues linked to the constraints mentioned under the outputs of the programme, but there is limited evidence to draw on regarding the effectiveness of the PMU's broker role. Several of those interviewed suggested releasing greater technical capacity for the PMU to perform the broker role. While DFID acknowledge that so far most engagement is with the DFID Zambia office with limited engagement with other country offices.
- *Technical resource:* Despite recognition of the strength of the technical staff, there is limited evidence to suggest that the PMU currently is a 'go to' technical resource in the area of food markets and trade. At present, it is not clear whether the intended Knowledge Hub will be a useful contribution in this area.

Conclusions: The original goals for the PMU across the three different roles were very ambitious. For instance, supporting reform to entrenched policies was an ambitious objective for an entirely new five-year programme (rather than an established, recognised organisation). Given the PMU's workload across its three roles, and gaps in complementarities across the portfolio (especially around Gsoko) that require addressing, limited time remains for the PMU to implement all of its roles and responsibilities adequately. Given FTESA is a relatively new player, and the PMU has only recently 'found its feet' with 18 months left under the current programme, the extent to which it can effectively deliver fully on the broker role may be constrained. In addition, more work needs to be done (both on the part of the PMU and EMU) to ensure the M&E system generates useful information that feeds into ongoing programme implementation and the final evaluation.

Recommendations: The most important overall recommendation for the PMU and DFID (and the overall programme) is to carefully reassess the priorities for FTESA for the next 18 months and develop a strategic direction shared by all those involved. **The PMU should consolidate areas of work, focusing on areas where**

results can be maximised (and achieved) in the remaining timeframe. Given limited resources, the importance of prioritisation (in terms of PMU roles, staff inputs, activities, etc.) and leveraging partners (e.g. in the broker role) is paramount. With all grant rounds completed this year, and a next 'phase' of implementation about to start, more attention should be given to **delivering the grant complementarity, followed by how best to deliver the broker role effectively, all informed by stronger and targeted M&E and lesson learning processes and the technical resource function, driven by senior management:**

- Dedicating adequate human and financial resources to ensure that grantees aggregating produce can functionally access the Gsoko system, and thereby promoting the platform's success, along with ensuring other grant complementarity, should be FTESA's highest priority in the time remaining under its contract in order to achieve the potential results the grant portfolio (particularly around Gsoko) can generate.
- By working more closely with other more established actors on policy and regulatory issues and leveraging collective resources to tackle some of the policy and regulatory constraints that may undermine the programme's effectiveness and impact, this will help avoid some of the potential trade-offs that may need to be made (given limited resources) between the PMU's different roles.
- Any gaps in coordination with external partners may now require higher levels of involvement (e.g. DFID). In particular, while the PMU has made significant efforts to encourage collaboration and coordination with TMEA, if this does not improve collaboration and the risk of overlaps persist, then DFID should intervene directly with TMEA and/or through the DFID Lead Adviser for TMEA.
- DFID should also support the PMU in its engagement with DFID country offices, beyond DFID Zambia, identifying areas of mutual interest and entry points.
- DFID should consider revising the logframe indicators (outcome and impact levels) to reflect the scope and realistic influence the programme can have at a regional level within the timeframe remaining.
- DFID should review the milestone approach to payments in any future contract, comparing with other similar programmes, to ensure any new arrangements provide appropriate incentives to deliver effectively against all objectives of the programme, avoiding any skewing of prioritisation.
- The PMU should focus on ensuring that the M&E system generates useful data for programme management and lesson learning on an ongoing basis, including consistent data across relevant grantees (e.g. on production, sales and prices farmers receive due to the interventions) going beyond reporting on activities so that useful information can inform programme management on a regular basis. The grantees should receive adequate guidance and feedback to ensure quality and consistency of MRM systems and reporting.
- The PMU, EMU and DFID should explore how the M&E system can generate useful data to measure the change the programme seeks to deliver, including how the EMU will measure impact at the final evaluation. Moreover, the PMU and EMU should explore what data is useful and for what purpose, when to collect it and who is best placed to do so (grantee, PMU and EMU), before agreeing any revisions to data collection roles and responsibilities. In addition, the EMU, PMU and DFID need to agree how best to share information emerging from the evaluation with grantees to maximise its usefulness and learning.
- The PMU should target the technical resource function to support the delivery of the priorities (e.g. Gsoko, broker / policy influencing, etc.) identified and agreed for the remaining 18 months.

Efficiency and Value for Money

Findings: The programme follows economical practices and processes, yet its economy figures are not as strong as similar programmes. FTESA has surpassed its efficiency target in terms of leveraging investment from grantees. There are no metrics and hence data on cost-effectiveness. The programme has not yet disaggregated VFM indicators to different components of the programme, which limits its capacity to generate comparative insights between, for example, the CF and DF. The PMU only recently started to collect VFM data. Hence, VFM data is not feeding into programme management decision. In addition, some VFM targets for tracking progress are missing.

Conclusions: The current VFM framework still requires work to make it robust and comprehensive. Comparing VFM figures with other programmes is useful, but FTESA lacks targets for its economy and equity indicators to better interpret its own performance and learn more about its effectiveness. Like many other programmes, FTESA has placed more emphasis on assessing the economy and efficiency dimensions. Once the programme has further developed its VFM system, and outcomes begin to emerge, the project should be able to review performance against effectiveness indicators.

Recommendations: Working closely with DFID, the PMU and DAI need to develop further the VFM system, including additional indicators and disaggregating these to different programme segments where feasible, ideally aligned to the logframe. It should consider using the same indicators as similar programmes (e.g. WAFM, AECF, AgDevCo) to help benchmark FTESA's performance, with DFID assisting the PMU in accessing this information which is not always publicly available through published DFID Annual Reviews. In addition to external benchmarking, FTESA should set its own targets, based on the logframe and contract with DFID. There should be more attention on using VFM data for learning and programme improvements, not restricted to reporting to DFID. FTESA senior management should play an active role in using the VFM system as a decision-making and programme improvement tool.

What are the lessons for the next FTESA and other similar programmes?

At this stage, it is difficult to answer this question fully as the programme has been slow to start up and there is limited time left. We highlight the main lessons for FTESA and similar programmes, as well as broader lessons learned applicable beyond market development programmes which can usefully feed into DFID's designs of future programmes:

1. Attempting to achieve **market level changes through a five-year programme that provides awards** in the hope that **promising interventions surface requires time to experiment and learn** before promising interventions can be identified and scaled-up. The award modality is a useful way of generating innovations but it can take years in some cases to reach a point where interventions that 'show promise' emerge. Such funds typically encounter difficulties fostering systemic change not only because of the **short timelines of their programmes** (this challenge is common to many programmes), but also because **creating systemic change usually requires ongoing programme support for piloting, learning, iterating and then expanding new product and service offerings, or new ways of working**. One-off grant structures only have the ability to pilot potentially systemic impactful innovations, but not fuel their expansion without additional support. Moreover, there are several other contributing factors related to the programme context, often outside the control of the programme. FTESA appears to have similar challenges, and attempts to address this by using successive rounds of grant awards to complement earlier grants, connecting and complementing DF grants with CF grants, combined with the broker role.
2. Given the experience of FTESA, with limited grantee-to-grantee collaboration, DFID should ensure that future **portfolio-approach programmes are designed with sufficient resources and mechanisms up-front that ensure that PMUs (or similar) foster coordination and collaboration between implementing partners /grantees** from the start.
3. **Consistent demonstration effects** can be very powerful in effecting change in farmer confidence and trust in the intervention and the mechanisms that trigger behavioural change, including peer-effects particularly from early adopters. Results do not emerge in a 'lumpy' manner after a training session but via a snowball effect, that gathers momentum over time. It needs time and resources to emerge, learn and trickle through.
4. FTESA attempts to cover a **broad range of roles** (broker, grant manager and technical resource). If well executed with sufficient time and resources, combining these roles has the potential to improve the success of a market development programme. However, future market development programmes should consider what is feasible given the available resources and timeline, and explore **leveraging stronger partnership approaches based on better cooperation with others** already doing similar work.

5. For DFID, the experience of setting up the FTESA PMU provides lessons for future programmes with similar implementation modes. For instance, the PMU's experience highlights the importance of **getting the balance right between prioritising grant management and disbursing funds whilst ensuring simultaneously that the institution can deliver broader complementarity functions** related to other roles (e.g. broker, technical), and ensuring each role is **adequately resourced**. It may be more effective to allocate a larger proportion of funds to technical assistance and reducing the amount spent on grants and grant management. Also, where there are **different types of targeted grantee** (e.g. NGOs vs. private sector) with **varied exposure to development programmes** and **very different business models**, the PMU and DFID should consider **devoting additional resources to private sector actors** (e.g. for capacity building support on M&E, whether through additional budget direct to private sector grantees or to the PMU for extra support). This would promote greater accountability and reduce the challenges faced where CF grantees push back on detailed monitoring reporting due to capacity constraints, and would justify requirements in contracts to provide more detailed monitoring data. Furthermore, contracts should explicitly require the provision of commercially-sensitive data (where useful and within reason). Also, DFID should be more persistent in requiring this data as a condition of each grant, with resources held back if commitments are not kept.
6. For a programme attempting to achieve systemic change goals, the **importance of having the right staff and high staff retention** is important. If FTESA were a fund with little interest in facilitating systemic change, the staffing may have been adequate. However, given its goals of systemic change and achieving these through strong complementarity between grantee activities (many of whom have little experience of working together) and other FTESA roles, it needs a higher level of staff with a more diverse set of competencies and higher staff retention rates to facilitate learning.
7. DFID should consider whether they can develop **similar future programmes with a longer timespan** (e.g. 8 years, with break clauses included to protect DFID in case of poor performance by the implementers) on the basis that a) from experience, it takes time to establish well-functioning PMUs from scratch, and b) systemic change goals take time to materialise.
8. Other important lessons learned from the implementation of FTESA that are not peculiar to market development programmes and are relevant for DFID programming include the following:
 - Establishing **realistic ambitions** and a **common understanding** of objectives and how to achieve these across programme implementers and funders early on, as well as designing appropriate and effective governance and contracting arrangements.
 - Establishing a **realistic and fully-resourced M&E system** from the start based on a common understanding of what data is **useful**, how it will be **used and when**, and **who is best placed to collect it**, but **allowing for flexibility to adapt** the M&E system as the nature of the portfolio develops and the programme evolves, with ongoing collaboration between DFID, the implementer and evaluator, as well as any additional monitoring contractor (if applicable). For instance, ensuring clear expectations and agreements on data needed for accountability versus learning purposes.

1. Introduction¹

During Q3 2016, the Evaluation Management Unit (EMU), managed by Itad UK, undertook an independent Mid-term Evaluation (MTE) of the FoodTrade East and Southern Africa (FTESA) programme managed by the Programme Management Unit (PMU) set up by DAI and funded by the Department for International Development (DFID) UK.

1.1. Purpose, scope and audience

The MTE is formative and theory-based (with some summative elements) and its purpose is to focus on **progress to date** and **lesson learning**. The **intended audience** of the MTE is DFID, the Steering Committee, the PMU and implementing partners. The MTE intends to provide **learning** for both DFID and the PMU, including recommendations for improvements in programme performance to inform programme decision-making.

Given the FTESA programme has allocated its resources and staff are working with partners and grantees to deliver the programme, for DFID the MTE is an important tool to inform the following processes:

- i. **Re-focus** the key delivery priorities for the last 18 months of the programme.
- ii. **Fine-tune** the expected project results based on the findings of the MTE and agreed priorities for last 18 months.²
- iii. **Inform** DFID's thinking on possible options beyond the current end date of the programme.³
- iv. **Inform lessons** for similar programmes; in particular FTESA's sister programme (West Africa Food Markets, WAFM).
- v. **Inform a refresh** of the independent evaluation priorities based on the agreed priorities for the last 18 months of the project and process (iii) above.

The theory-based approach provides some preliminary evidence (where available) of 'proof of concept' – i.e. whether the underlying theories behind such programmes are likely to hold true. The MTE considers the change processes identified in the overall Theory of Change (ToC), and the more detailed theories for each output area, and the extent to which interventions have affected these change processes (where possible) or may do so in future.

In order to ensure that the evaluation is **useful**, and therefore **used** by the intended audience, the EMU engaged with both the PMU and DFID (without compromising independence of the evaluation) in developing the MTE ToR (mini-design document) and during the MTE fieldwork.

Sufficient time has elapsed to explore effectiveness, while there is enough time left for implementation of recommendations and for changes to deliver improved performance. All recommendations emerge from the findings and conclusions. The MTE will also make recommendations for refinement of future evaluative work.

The MTE also generates **wider learning** for DFID on market development programmes including informing potential decisions on scaling up and/or rolling out similar programmes.

Communications: The team will present the MTE report to DFID and the PMU at the end of October during a workshop (21 October), having shared earlier drafts of the various reports for comments. The workshop will provide an opportunity to discuss findings, conclusions and recommendations, with the aim of co-creating the

¹ The report was prepared by Liz Turner (Team Leader) with inputs from Phil Compennolle (Organisational Review), Tim Sparkman (Thematic Study), Jen Leavy (Baseline Synthesis), Shovan Chakraborty (VfM Assessment), Jessica Rust Smith (Portfolio review) and Andreas Kees (Online Stakeholder Survey).

² Captured through a logframe update as part of the November annual review.

³ As part of the Annual Review process, DFID will set out options, with a decision expected by March 2017.

final recommendations with the PMU and DFID. The workshop will also provide an opportunity to explore options for the design of the final evaluation.

1.2. Structure of the report

The report is organised in seven sections:

- **Section 1** provides the **evaluation purpose, scope and audience**
- **Section 2** presents the **programme background, Common Theory of Change (CToC) and results areas**
- **Section 3** outlines the evaluation **approach and data collection methods**
- **Section 4** presents a brief **analysis of the portfolio** of grants
- **Section 5** presents a brief overview of the programme context
- **Section 6** presents the **findings**
- **Section 7** provides **conclusions, recommendations and lessons learned**

2. Programme background and theory of change

2.1. Background

FTESA is a five-year (2013-2018) regional programme funded by DFID UK (£36 million) to support food staples market development and trade by tackling market failures. It plans to operate in nine countries (Burundi, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe). Up to now, the programme's operations and grant coverage focus largely on four countries in East Africa (Kenya, Rwanda, Tanzania and Uganda) and one in Southern Africa (Zambia). However, FTESA is currently working with DFID to provide more support in Southern Africa given the current food crisis in the region. The programme focuses on maize, rice, legumes and soya.

The programme aims to get more people trading in regional staple food markets. FTESA's vision is to unlock trade across borders and across the region to get more food to more people at an affordable and consistent price. FTESA's **mission** is to catalyse lasting changes that enable efficient trade in staple foods across the region to improve the lives of farmers, suppliers, service providers, traders, retailers, and consumers. Its overall **impact** is to contribute to price and market stability for staple foods in the region.⁴

FTESA identifies and addresses major market and government failures that hinder staple food trade and limit farmers' capacity to produce and market more staple food (see section 5 and Annex 5). The programme facilitates/assists interventions that achieve FTESA's overall **outcome**: "more staple food traded and more people benefiting from participation in national and cross-border (staple food) value chains".⁵

The programme works with the private sector and relevant institutions to innovate in areas such as improved storage, inputs and service markets, information and coordination mechanisms, and policy and regulation. FTESA aims to invest in systems that allow small-scale farmers to access regional grain markets. Using "the 'making markets work for the poor' (M4P) approach", FTESA looks at the region as "potentially one market system, and facilitates changes within the sub-market systems to contribute to the overall effective functioning of the entire ESA staple food market system. Put simply, FTESA will take a systemic approach to addressing intra-regional trade challenges in ESA".⁶

FTESA aims to improve functioning of national and regional staple food market systems by:

- Increasing production and trade in staple foods by addressing market imperfections and stimulating innovation in the region.
- Improving market access for producers (including smallholders) and suppliers within staples value chains and linking producers and suppliers to a wider customer base in domestic and regional markets.
- Generating benefits for households and consumers by making staple foods more widely available at affordable, more stable prices.
- Promoting specific policy and regulatory changes (deemed realistic/achievable and necessary for the functioning of staple food market).

A Programme Management Unit (PMU), contracted to DAI, is responsible for managing and supporting programme implementation. As discussed in detail in the Organisational Review (OR) and summarised in section 6.6, the PMU's main expected roles are:

- **Grants management** awarding and managing the two main funding mechanisms, the Challenge Fund (CF) and Development Fund (DF).⁷

⁴ <http://foodtradeesa.com>

⁵ <http://foodtradeesa.com>

⁶ <http://foodtradeesa.com>

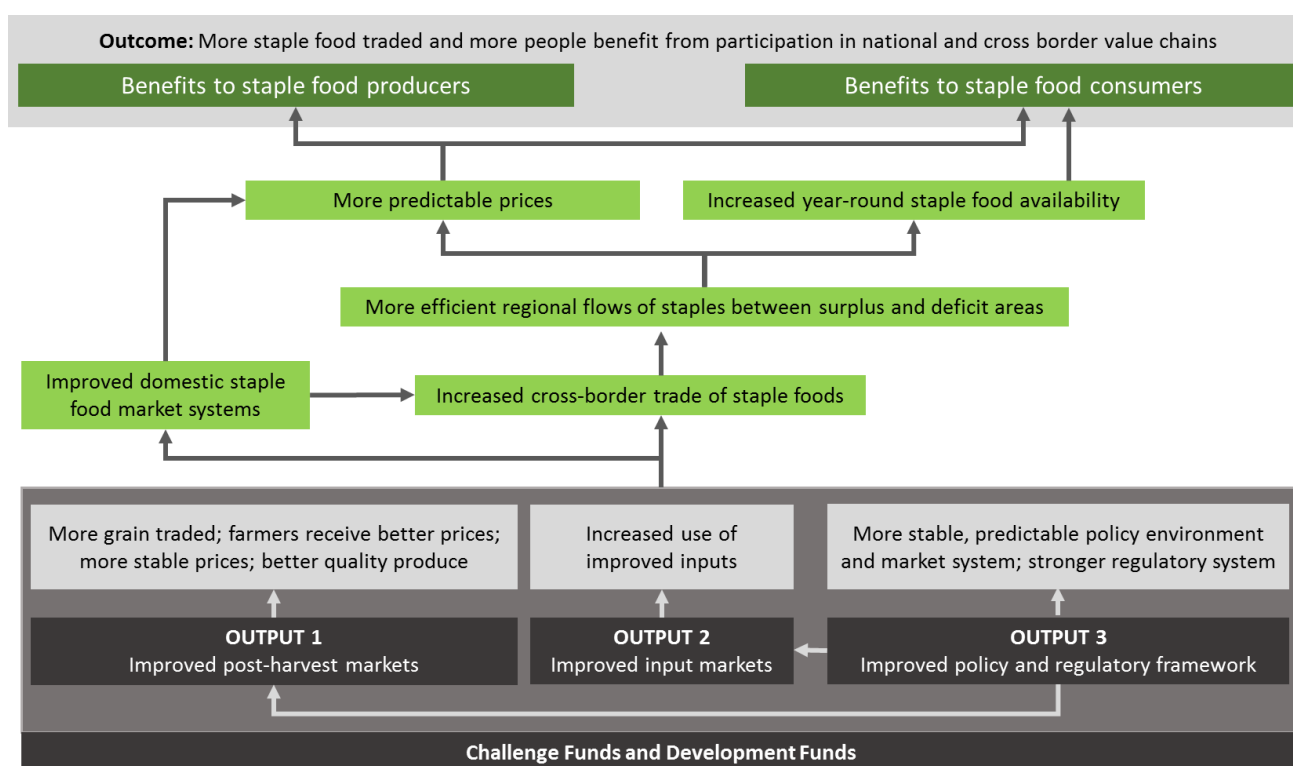
⁷ Grant selection, due diligence, contracting, management, monitoring, etc.

- **Technical resource** i.e. serve as a leading centre of thinking, providing technical assistance, learning (including M&E).
- **Broker** i.e. brokering relationships around achievable policy and regulatory change (often also referred to in interviews and documents as ‘influencing’).

2.2. Theory of Change

Figure 1 presents the FTESA Common Theory of Change (CToC), developed collaboratively by the PMU, EMU and DFID. The CToC and more detailed output ToCs (Annex 6) illustrate the intended pathways between interventions, outputs and the programme outcome. Underlying these ToCs is a range of causal pathways within and between outputs. In section 6, we present the underlying more detailed theories behind the programme, linked to the CToC, drawing on theory development work at the grant level conducted as part of the baseline case synthesis. These theories relate to particular questions and hypotheses in the evaluation matrix. Not all evaluation questions explicitly relate to this CToC.

Figure 1: Common Theory of Change



2.2.1 Impact and outcomes

As stated in the logframe, the **goal (impact)** of the FTESA programme is: *improved functioning of national and regional staple food market systems*. The **overall outcome** of the FTESA programme is: *more staple food traded and more people benefit from participation in national and cross border value chains*.

Impact indicators

1. Percentage differential between hungry and harvest season prices for key food staples (maize in key markets and rice in Tanzania)
2. (a) Number of consumer households in areas with more stable intra-annual food prices; (b) Number of individuals benefitting from more stable intra-annual food prices (includes all household members of consumer households)
3. Number of pro-market policies and/or practices introduced in food and inputs markets

Outcome indicators

1. Volume of regional food trade between programme countries (bilateral food trade between all nine countries of focus, additional trade above existing trend): maize and rice
2. Net additional farm gate price received by FTESA beneficiaries relative to local comparator
3. Volume of staple food sold by FTESA farmer beneficiaries
4. (a) Number of additional male and female farmers benefiting from national and cross border value chains; (b) Number of additional individuals benefiting from national and cross border value chains

2.2.2 Outputs

In order to achieve the above outcomes and impact, FTESA targets constraining sets of market failures in the following areas:

- **Output 1:** Improved post-harvest markets (storage and aggregation; market information; value chain coordination; warehouse receipt and supplier credit; grades and standards).
- **Output 2:** Improved input markets (including seeds and fertilisers).
- **Output 3:** Improved trade environment and reduced uncertainty.

Output 1 indicators

1. Number of male/female farmers accessing new/improved storage/aggregation services/facilities as a result of FTESA
2. Number of male/female farmers accessing improved market information system as a result of FTESA
3. Number of male/female farmers accessing improved value chain co-ordination (e.g. application of grade and standard to their products, improved logistic and virtual market place) as a result of FTESA
4. Number of male/female farmers accessing warehouse receipt and supplier credit as a results of FTESA
5. Number of private sector entities that adopt common grade and standard as a result of FTESA

Output 2 indicators

1. Volume of new or improved inputs traded by programme partners (Metric Ton) as a result of FTESA
2. Number of male and female farmers using improved inputs as a result of the activities of programme beneficiary input suppliers

Output 3 indicators

1. Number of achievable regulatory and policy changes identified for which a dedicated influencing strategy is developed
2. Number of achievable regulatory and policy changes for which a dedicated influencing strategy is being implemented
3. Number of identified regulatory or policy changes for which public-private dialogue platform functioning as outlined in each influencing strategy

As illustrated in figure 1, FTESA's CToC concentrates on the programmatic outputs, outcomes and impact, with very little detail on what to expect from the PMU. Similarly, the logframe does not include performance indicators at input or activity level. For the purpose of the MTE (especially the OR), we extracted the expected roles of the PMU from the FTESA DFID Business Case and the PMU ToR.

3. Evaluation approach and methodology

This section outlines the updated evaluation questions, approach/design, modules, data collection methods, and approach to analysis and synthesis. It also includes a section on qualifications and limitations. The following structure/sequence guides the MTE.

Figure 2: Evaluation structure/sequence



3.1. Evaluation questions

During April and May 2016, the team updated the original evaluation questions based on feedback from DFID (Box 1). Annex 1 presents the evaluation matrix. The questions provide similar coverage to the original evaluation questions, with some questions revised, others grouped differently, and a few additional questions added. The evaluation matrix shows how the revised evaluation questions map on to the original questions. Detailed hypotheses, indicators and the approach to assessment are included in the revised evaluation matrix, along with the relevant evaluation criteria/consideration⁸. We revised and refined hypotheses, drawing on the theory development work undertaken as part of the baseline across a sample of grants.

Box 1: Revised evaluation questions

Portfolio-level (complementarity)

1. To what extent is FTESA a collection of individual interventions or a coherent portfolio?

- To what extent are potential synergies/complementarities across grants, and with other programmes, being leveraged?
- Will the combination of the interventions deliver results in excess of its component parts?

Market-level (systemic change/ sustainability)

2. What is the potential to generate systemic change?

- What type of systemic change seems likely to result from FTESA?
- What are the likely mechanisms for the spread of behaviour changes across networks of actors?
- Which actors are pivotal to the spread of new behaviours?

Individual/farmer/consumer level

3. To what extent (and how) is FTESA bringing in (or facilitating) smallholder farmers in structured regional markets?

- What forms will increased smallholder farmer participation in markets take?

⁸ Criteria/considerations: relevance, effectiveness, efficiency, synergies, sustainability, replicability, cross-cutting and governance

- b. What benefit would increased participation offer smallholder farmers?
- c. What is the likely differentiated benefit to smallholder farmers?
- 4. To what extent is gender a focus of the programme?**
 - a. Is gender meaningfully included in the sales/service strategies of the grantees?
- 5. To what extent do FTESA grants indicate a likelihood of benefitting consumers?**
 - a. What are the likely benefits?
 - b. What are the mechanisms for creating those benefits?

Producer/farmer/trader/firm level

- 6. Under what conditions have FTESA interventions improved trade support systems ?**
- 7. What are the enabling/constraining factors affecting the achievement of expected results?**
- 8. To what extent have improved trade support systems increased production and trade?**

Producer/farmer/trader/firm level

- 9. Under what conditions have FTESA interventions improved availability and use of inputs (seeds and fertiliser)?**
- 10. What are the enabling/constraining factors affecting the achievement of expected results?**
- 11. To what extent has improved availability and use of inputs (seeds and fertiliser) increased production and trade?**

Regulatory/policy level

- 12. What approaches to supporting reform to entrenched policies (related to staple food production and trade in East and Southern Africa) can contribute to lasting change?**

Organisational level

- 13. To what extent is the FTESA programme (PMU) performing optimally?**
 - a. Has the PMU maintained its relevance?
 - b. How effective is the PMU in delivering the expected outputs through its activities?
 - c. How efficient is the PMU in delivering the expected outputs through its activities?
- 14. Does FTESA offer Value for Money in the results it achieves, compared with possible alternatives?**

3.2. Approach

The MTE is a **formative evaluation**, following a **mixed-methods theory-based approach** that allows for multiple lines of enquiry:

- A **formative evaluation** takes place during programme implementation. This evaluation explores the strengths and weaknesses of the programme design and implementation, progress to date, and outlines lessons and recommendations for improvements. It also provides a foundation for the final (summative) evaluation. The evaluation explores whether programme implementation is in line with design, and the consequences of this, in order to feed into learning on programme improvements.
- A **theory-based approach** allows the exploration of the underlying theories behind the programme. Theory-based evaluations have two components: **conceptual and empirical**.⁹ Conceptually, theory-based evaluations explore the theory behind the programme; empirically, theory-based evaluations explore how programmes cause intended or observed outcomes. The value of such an approach is in generating knowledge – not only knowing that a programme is effective (that a causal relationship exists between A and B) but also explaining the programmes underlying causal mechanisms (i.e. how A causes B). As this is a MTE and given some of the interventions have only recently commenced (see section 4), we focus on the

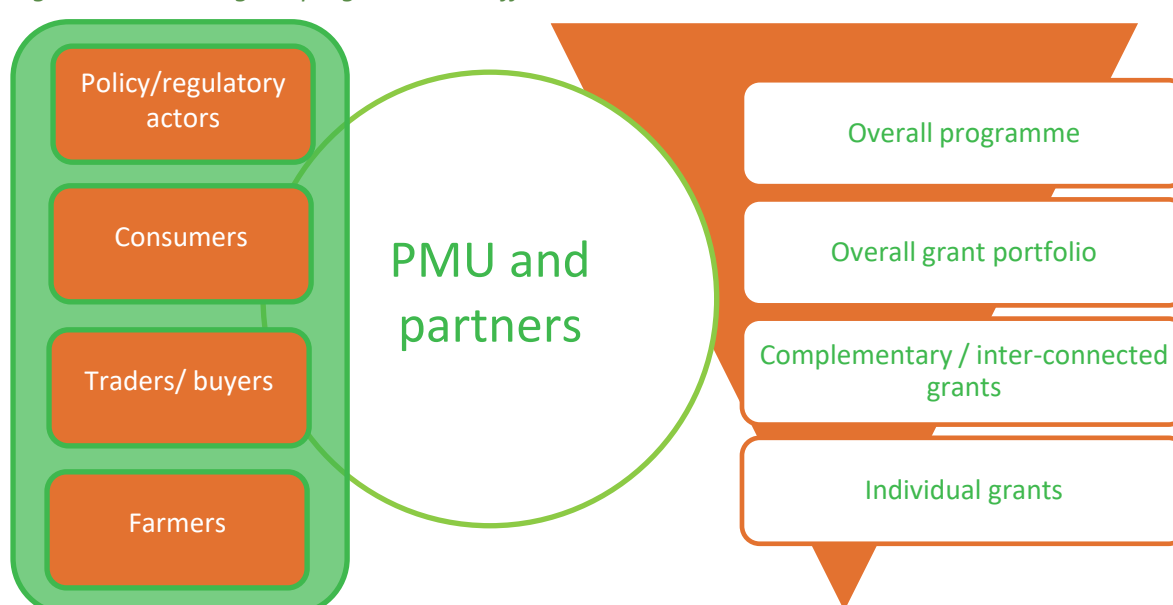
⁹ Rogers et al. (2000)

conceptual component, exploring the theories emerging so far and the likelihood that the programme will cause intended results, and the enabling and constraining factors behind such changes.

We apply a modular evaluation design that responds to the evaluation questions. The MTE is comprised of different 'modules', summarised in section 3.3. Together the modules explore:

- **Different levels of the FTESA programme:** exploring individual grants, inter-connected and complementary grants, the overall grant portfolio, and the overall programme.
- **Different levels in the market system:** exploring the **role of different actors** (farmers, traders, buyers, consumers, policy and regulatory actors) and the **interactions between FTESA-funded interventions and these actors**.
- How the **PMU works and interacts with the different levels of the programme and the market system** (grant management, broker role and technical resource).

Figure 3: Evaluating the programme at different levels



3.3. Evaluation modules

After reviewing the original evaluation design (original ToR and EMU Inception Report) and its usefulness (including whether it addresses the needs of the client), the team identified gaps: absence of any portfolio-wide assessment at mid-term or final; data collection at mid-term limited to an organisational review only; and, no provision to assess the complementarity and synergies across the portfolio. This led to the addition of components 2 and 4 below. Working closely with DFID, as mentioned in section 1.1, we revised the ToR, producing a 'mini-design' document in May 2016.¹⁰

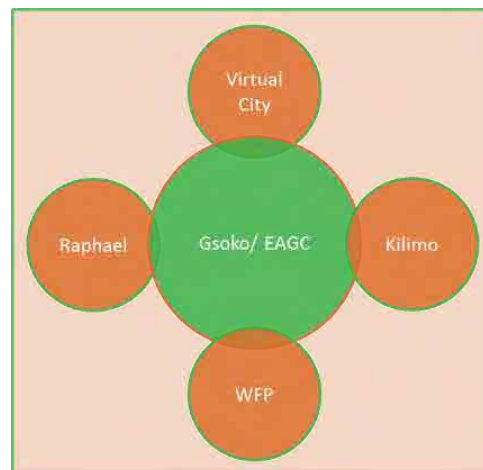
The evaluation matrix identifies the evaluation modules used to answer each evaluation question. We briefly describe each module below:¹¹

¹⁰ See MTE ToR / mini design document. The portfolio review and thematic study replaces some of the baseline work originally envisaged.

¹¹ See MTE ToR / mini design document for further details.

1. The **Organisational Review (OR)** explores the role of the PMU and its performance. It focuses on evaluation questions 12-13, with some inputs into 4. The purpose of the OR is to assess whether the PMU is using resources, location and other inputs to undertake the different activities of the PMU effectively (i.e. in combination contribute to the expected results of the programme) and come up with lessons learnt and suggestions for course correction. The OR evaluates the PMU's organisational **performance** by assessing the organisation's **capacity, motivation** and the way in which it interacts with the **external environment**.¹² In June 2016, the team conducted fieldwork and submitted the OR Report in August as a standalone document. The findings, conclusions and recommendations are a key input into the MTE Report.
2. The **Thematic Study (TS)** examines FTESA's progress towards fostering a more structured food market, centred on the Gsoko platform (funded by FTESA through its grant to the EAGC). It explores the underlying theory behind Gsoko and complementary grants using system-level frameworks that examine the behaviours in a market system.¹³ It explores purposeful and unintended collaboration, the awareness each grantee demonstrates of other grantee activities, and grantee understanding of how they might collaborate with (or otherwise take advantage of) the Gsoko platform and FTESA's efforts to promote coordination. It focuses on evaluation questions 1-5, but also provides some inputs into 6-11. The TS covers five purposefully sampled grants (Figure 4 and Box 2).¹⁴ In July 2016, the team conducted fieldwork and submitted the TS Report in September as a standalone document. The findings, conclusions and recommendations are a key input into the MTE Report.
3. The **Baseline Case Evaluation Synthesis (CS)** explores the underlying theories for a purposeful sample (Box 2) of grants (adopting a realist evaluation approach¹⁵) for further testing in later stages of the evaluation, and explores early findings about how and why the programme works (and does not work). It focuses on evaluation questions 6-11, but also provides some inputs into 3-5. From August 2015 to May 2016, the team conducted fieldwork for each of the case studies and submitted the CS Report in July as a standalone document, shared with both DFID and the PMU. The findings, conclusions and recommendations are a key input into the MTE Report. Next steps include presenting the findings to the grantees during the next grantee learning and knowledge sharing event the PMU is setting up quarterly. The EMU suggests focusing on generalizable findings, conclusions and recommendations across the grants (rather than signalling out specific grants) to aid lesson learning across the portfolio.

Figure 4: Thematic Study complementary grants



¹² We apply the **Institutional and Organisational Assessment (IOA) model** (International Development Resource Centre [IDRC] and Universalialia). See OR Report and ToR/mini-design document for further details on the methodology.

¹³ We use **system-level frameworks** for exploring the presence of systemic change. This includes the Adopt, Adapt, Expand, Respond (AAER) framework, which examines the behaviours of actors in a market system to identify the degree to which they have adopted behaviours, adapted behaviours to suit their own purposes, or crowded in to a new market segment by exhibiting behaviours they observed. Respond refers to other types of changes in the environment (e.g. regulatory) that may occur due to other changes in agent behaviour. The AAER misses behaviours that occur above the agent level so we also draw on other system-level frameworks. See TS Report and ToR/mini-design document for further details.

¹⁴ Originally, we planned to cover four grants linked to the Gsoko system (Gsoko/EAGC, Virtual City, Esoko and WFP). However, after mapping all of the grants to the Gsoko system during June 2016, liaising with the PMU, we added Raphael and Kilimo given their connections with Gsoko and activity at the fieldwork sites.

¹⁵ **Realist evaluation** is a type of theory-based evaluation which begins by clarifying the 'programme theory' (how the programme expects to effect change), the mechanisms that are likely to operate, the contexts in which they might operate, and the outcomes that will be observed if they operate as expected. Realist approaches assume that nothing works everywhere for everyone – i.e. context makes a big difference to programme outcomes. Westhorp (2014) Realist Impact Evaluation: An Introduction.

4. The **Portfolio Review** (PR) attempts to answer as many evaluation questions as possible across the full portfolio of grants (19) drawing on secondary information including monitoring data and reporting prepared by the PMU and grantees. The findings are a key input into the MTE analysis and synthesis.
5. **VFM Assessment:** The VFM Assessment explores the VFM of the programme by exploring the metrics established and data collected by the PMU (on economy and efficiency), as well as providing guidance on metrics and data not yet collected (on cost-effectiveness and equity). It focuses on evaluation question 14, and provides some inputs into 13. The findings, conclusions and recommendations are a key input into the MTE Report.

Box 2: Sampling strategy

Baseline case studies: We selected a purposive sample of grant-funded interventions based on a long list of criteria (as outlined in the EMU's inception report), consulting with the PMU. The following criteria proved most critical:

- Interventions where we could identify and locate farmers (direct beneficiaries of the programme) for interview.
- Where several interventions could be identified that were sufficiently similar (homogenous) to enable the exploration and testing of programme theories across several interventions in order to enable robust cross-case comparison.
- Interventions that represent a significant proportion of investment and reflect the geographical spread of the overall portfolio, as well as different business models.
- Interventions that enable the exploration of particular lines of enquiry emerging during the course of the programme.
- Balance between DF and CF grants.

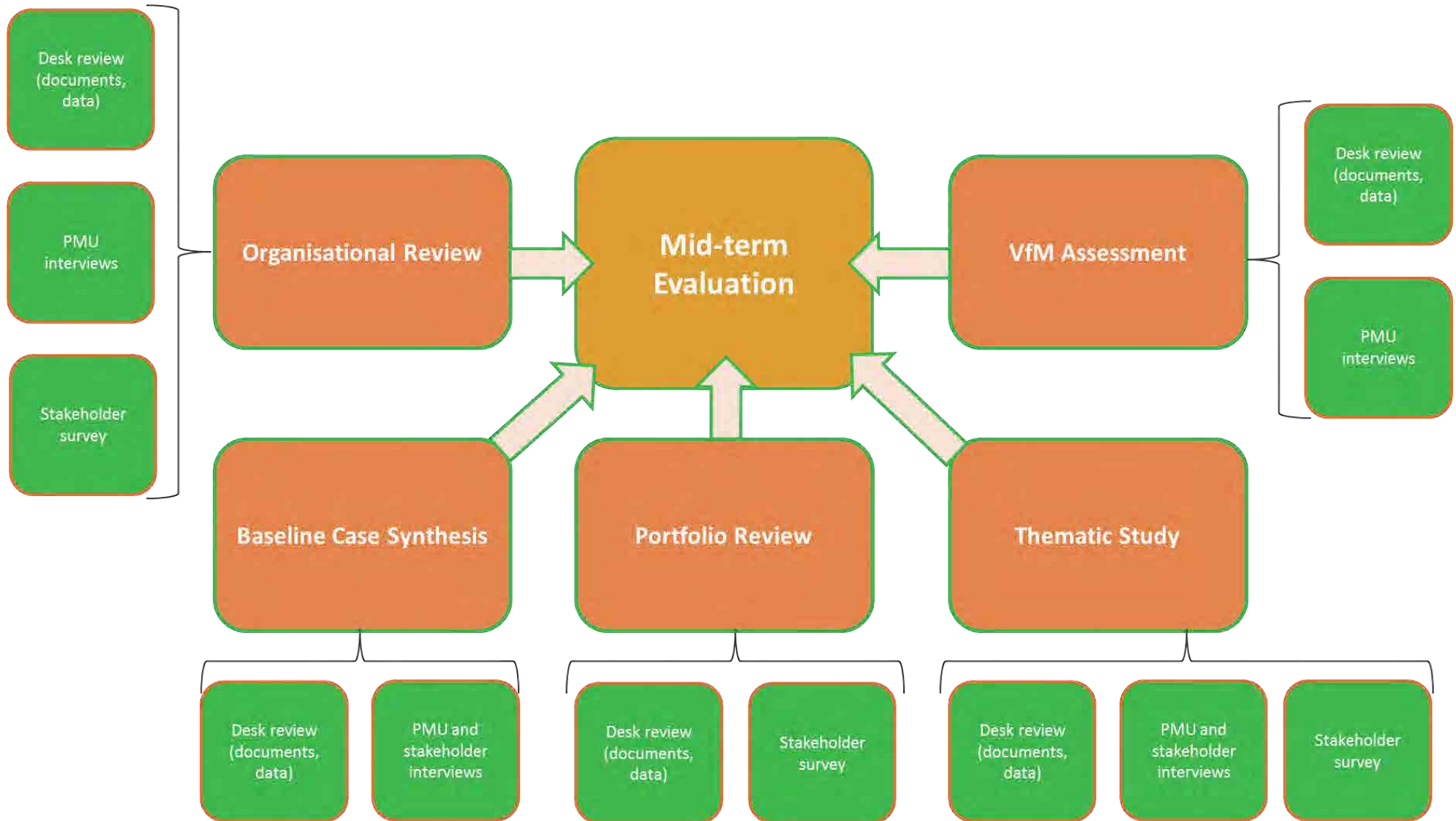
Thematic Study: In consultation with DFID and the PMU, we identified those grants with linkages to the Gsoko system (intended, in design and/or in practice). We mapped the physical locations of the grants to identify sites where we could speak with as many actors as practically possible (given logistical considerations) and cover the most grants with potential/actual links to Gsoko.

Overall coverage: The team covered 11 out of 19 grants, amounting to nearly 80% of the total grant portfolio value.

Relationship between the modules:

- The TS, CS and PR together explore questions at different levels in the market. The scope of the PR is wide (covering all grants/interventions) but the analysis is less detailed (more shallow, and reliant on secondary data) than the TS and CS (which cover a purposeful sample of grants/interventions). The focus of the CS is at the farmer level, whereas the TS (whilst also exploring the farmer level) explores higher levels of the market (i.e. relationships with traders, buyers, etc.) in more detail.
- Both the TS and PR explore individual grants and the complementarity of grants. Again, the scope of the PR is wide and shallow while the TS explores in more detail the degree to which a sub-set of grants are complementary and capable of fostering a larger impact owing to their mutual benefit. The TS focuses on the Gsoko system, which intends to act as a lynchpin for fostering a more structured regional market in staples.
- The performance of the PMU is at the centre of the OR and VFM Assessment. In addition to the PMU's grant management role, it explores the other intended functions of the PMU (broker, technical resource, etc.).

Figure 5: Modular evaluation design



3.4. Data collection methods

The evaluation matrix guided the data collection by the team and helped to ensure that the team followed a coherent and comprehensive approach to answering the evaluation questions. The team developed data collection tools (e.g. semi-structured interview and document/data review guides) for each of the evaluation modules based on the matrix, and gathered evidence against the questions and indicators in the matrix.

Each evaluation module combined secondary and primary data, including systematic document and data review and key informant interviews. The use of different evaluation modules and several data collection tools has helped mitigate against methodological biases, and allowed triangulation of findings across different sources.

3.4.1 Secondary data collection

Documentation review

The lead expert for each module undertook a systematic documentation and data review exploring a range of relevant programme and grant-specific documents. To ensure consistency and a degree of standardisation, each lead expert developed a template for the document review derived from the evaluation matrix, and recorded findings against the relevant evaluation questions (see Annex 3).

3.4.2 Primary data collection

Key informant interviews

The lead expert for each module developed interview guides and templates based on the evaluation questions. The guides ensure a systematic coverage of questions across interviews, whilst retaining flexibility to explore only relevant questions for particular stakeholders and pursuing unforeseen avenues of enquiry. The guides help ensure that data collection is relevant, consistent and comparable. After the first few interviews, the lead expert reviewed the questions and made any necessary revisions based on any issues emerging when using the tools.

We selected interviewees based on the purpose of each evaluation module and the questions, attempting to ensure as broad range of stakeholders as possible given the available time and resources. We consulted with both the PMU and DFID to identify the initial lists and contacted most interviews directly. The PMU assisted in making initial contacts and in the case of the thematic study worked with grantees to organise the site visits in close consultation with the evaluation team. Working with the PMU and grantees, we identified a range of stakeholders and sites and chose particular groups/actors to meet in order to reduce any bias if the PMU or grantees solely made the selection.

For the case studies, a detailed design document outlined the protocols for all interviews. During all interviews across the modules, the team interviewing stakeholders introduced themselves and outlined the purpose of the meeting and its likely duration. The team emphasised that the evaluation is an independent undertaking (by Itad, a UK-based consultancy company hired by the funder, DFID) to help both the PMU and DFID understand how the programme is working (or not), stressing that “everything you tell us will be confidential, and your name will not be used in any of our reports”.

- **Thematic study:** During July 2016, we carried out 22 in-person and telephone interviews with individuals (PMU, grantees, partners and market actors) as well as group discussions (with farmer groups) using the semi-structured interview guide attached to the TS Report. The team spent:
 - One week in **Kenya** meeting stakeholders in Nairobi and visiting project sites in Eldoret interviewing warehouse staff and farmer groups. The team held discussions with three farmer groups that managed small warehouses, including more than 60 people.
 - One week in **Tanzania** meeting stakeholders in Dar es Salaam and visiting project sites in Mbeya, interviewing warehouse staff and farmer groups. The team met with three farmer

groups, one of which included more than 80 members. The team also met with commodity traders.

- **Organisational Review:** During June 2016, we carried out 30 in-person and telephone interviews with individuals and groups (PMU, grantees, partners and market actors) using the semi-structured interview guide attached to the OR Report.
- **Baseline case studies:** From August 2015 to May 2016, we carried out more than 70 in-person and telephone interviews as well as group discussions with more than 250 farmers across the seven case studies using the case study design document. The case studies covered the following grants: EAGC, Joseph, Kaderes, Kilimo Trust, Mount Meru, Victoria Seeds (VSL) and Virtual City.
- **VfM Assessment:** We carried out consultations (by phone) with PMU staff (six) and DAI UK (one).

Both the lead expert for the module and the overall TL participated in the fieldwork for the OR and TS, allowing the opportunity to check understanding between team members and avoid any misinterpretation of the data gathered. As with the document review, we recorded the findings from each interview against the relevant evaluation questions for each module (see Annex 3).

Table 1: Summary of key informant interviews

	PMU	FTESA partners	FTESA grantees	FTESA beneficiaries	External
Organisational Review	All staff (management, technical, M&E, administrative, etc.)	Senior staff of FTESA partner organisations			Senior staff of donors, experts, similar organisations
Thematic Study	Senior management and technical staff	Senior staff of FTESA partner organisations	Managers, technical and operational staff	e.g. farmers, warehouse operators, etc. accessing FTESA-funded services	Senior staff of traders, warehouse operators, etc. (not directly involved in FTESA)
Baseline Case Studies and Synthesis	Senior management, technical staff and/or M&E staff		Managers, technical and operational staff	e.g. farmers, warehouse operators, etc. accessing FTESA-funded services	Senior staff of traders, input suppliers, etc. (not directly involved in FTESA)
VFM Assessment	Senior management and M&E staff				

Throughout the course of the evaluation, we were able to consult with the majority of PMU staff and a broad range of grantees and other stakeholders including farmers. All interviewees actively engaged in the process.

Online surveys and questionnaires

We conducted an online stakeholder survey (June-July 2016) sent to the 19 grantees to allow them to provide anonymous responses to questions related to the evaluation matrix. The EMU Team Leader, OR Lead Expert, TS Lead Expert and PR Lead Expert worked together to develop the questions. The questions covered: grantee understanding of the FTESA programme; the output, sub-output and results areas covered by grants; grant beneficiaries; gender and poverty focus; policy reforms relevant to grantee operations; sources of alternative finance; interactions with other actors; and grantee perceptions on the PMU's operations (effectiveness and efficiency). The online survey provided information and analysis that fed into the evaluation modules and, in some cases, filled in gaps in data collection across the modules. We used an online survey tool

(www.surveymonkey.com) which is user-friendly and supports real-time analysis, including cross-tabulation. Of the 19 grantees, 15 responded, with two responses incomplete.

The survey included six open-ended questions while the remaining questions (26) were either multiple choice or required the input of a single number or date. Several of the questions offered the option to add additional comments. We sent email invitations to complete the online survey and sent frequent reminders.

3.5. Analysis and synthesis

3.5.1 Analysis

The lead expert for each module analysed information and presented findings using the evidence assessment frameworks (Annex 4), triangulating findings across the data collection methods, and assessing the quality of evidence.

Content analysis and thematic coding were the main analytical tools employed to undertake qualitative analysis across data sources, allowing the team to reduce large amounts of textual content into manageable data relevant to the evaluation questions. The following steps were undertaken:

- For each module, the lead expert read the material generated by the data collection tools to identify certain trends, themes and patterns emerging from the data, as well flag diverging views and opposing trends that might require further data collection.¹⁶
- Text was broken down into categories and coded according to the evaluation questions. This combined deductive and inductive approaches allowing the team to evolve the categorisation and coding as trends, themes and patterns became clearer.
- In a coding table, each column is a unit (e.g. grant) of data collected and each row is a dimension (e.g. theme) analysed according to the evaluation questions.
- The lead expert analysed particular occurrences of trends, themes and patterns, including similarities and differences in the text, to generate insights and inferences.¹⁷

3.5.2 Synthesis

Once each expert produced their reports, the team discussed the emerging findings at the synthesis level. This approach helps ensure that evidence from the different levels feed into the overall findings, conclusions and recommendations. To guide a systematic approach to synthesis, the Team Leader reviewed the evidence from the reports against each evaluation question. In some cases, only one report provided evidence to answer the evaluation question (e.g. on VFM). However, for others, more than one report fed into answering the evaluation question. The Team Leader triangulated and synthesised the findings as follows:

- Extracted the findings from each evaluation module, alongside reviewing the quality of the evidence gathered.
- In some cases, crosschecked findings with data collected to check interpretation and ensure rigour and completeness.
- Assembled findings from the analysis and compiled these against the evaluation questions.
- Analysed assembled findings, extracting key trends, themes and patterns.
- Tracked back to ensure the logical source of the trends, themes, and patterns from the evidence.
- After verifying trends, themes, and patterns, drew these together in narrative form.

¹⁶ Trends, themes and patterns inductively reveal themselves to the researchers in the data's interaction with the empirical tools.

¹⁷ http://betterevaluation.org/evaluation-options/content_analysis

- Once the findings were synthesised in narrative form, drew out conclusions, again tracking back to ensure that conclusions are logically derived from the findings, and agreed by the team.
- Distilling key conclusions, lessons and recommendations.

The Team Leader led the synthesis stage across the modules. To avoid potential bias associated with one team member undertaking the synthesis and interpreting the findings, each lead expert reviewed the MTE report and highlighted any points of digression. The synthesised interpretation forms the basis for the main findings, conclusions, recommendations and lessons learned in this report.

3.6. Qualifications and limitations

Qualifications: As mentioned earlier, after reviewing the original evaluation design and its usefulness in consultation with DFID (including whether it addresses need), the team identified gaps: absence of any portfolio-wide assessment at mid-term or final; data collection at mid-term limited to an organisational review only; and, no provision to assess complementarities and synergies across the portfolio. This led to the addition of the TS and PR.

Some of the limitations faced include:

- **Results reporting:** While the grantees provide regular reporting to the PMU, there is a lack of consistent reporting across grantees against the overall results framework (i.e. the logframe) (see section 6.6, Annex 10, and the OR Report). Hence, it is difficult to compile and compare results across the portfolio and present an overview of results. Nevertheless, the portfolio review extracted information against the output and outcome indicators, going through each grantee's quarterly reports, as well as reviewing design documents.
- **Level of reporting:** Most of the reporting is on grantees activities (e.g. warehouses built) and farmers' registered, but little measurement of actual use of services (and any early results of change resulting, e.g. increased yields). However, there are examples, for instance, of volumes delivered to warehouses. It is not clear whether these increased volumes are a result of increased production as well as increased storage. There is very little recorded quantifiable information on prices farmers receive from grantees who directly purchase produce.
- **Stage of implementation of grants:** Some of the grants started recently, with therefore limited evidence on progress and performance to date.
- **Strength of evidence:** While the case studies and TS interviewed beneficiaries, including farmers, in some cases there is an over-reliance on information from grantees and the PMU partly due to the stage of implementation of some of the grants but also resource constraints (for instance, the team were unable to visit more than two regions for the TS). This introduces potential bias in some of the findings, which we attempt to reduce through triangulation of data sources.
- **Newly restructured PMU and new staff:** The PMU has undergone substantial changes in structure and staffing since its start in 2013, including frequent changes in leadership (three team leaders in three years) and high staff turnover (within the PMU as well as the implementing partner DAI Europe Ltd). The PMU established a new organisational structure in 2015 and moved to Nairobi in 2016. Recruitment is ongoing for several positions. As a result, information on the organisation's history is limited.
- **Triangulation and synthesis:** The ability to triangulate and synthesise effectively across a range of data tools and levels was constrained by the presence of some gaps in information. In some cases, the team relies on presenting examples within the narrative to substantiate findings.
- **Lack of VFM measures, data and analysis:** The lack of VFM data restricted the evaluation team's ability to undertake a robust assessment of VFM. However, the team worked with the PMU to establish the first set of VFM metrics and data and conducted a partial assessment, including advising on additional metrics to be established.

4. Grant portfolio

This section provides a snapshot of the overall portfolio of grants based on the Portfolio Review Report.

4.1. Grants, type, round and budgets

The total portfolio includes 14 CF and 6 DF grants, with one CF and one DF grant cancelled (Table 2).¹⁸ By June 2016, the PMU completed three CF rounds. The fourth and last round is currently being finalised (soyabean). The available CF and DF budget is now committed. Given the different timing of the rounds, the grants are at different stages of implementation, with some just starting.

Between 2013 and 2015, the following received awards under the CF:

- 2013 Round 1 (Early Bird Window, EBW): three grants awarded, over £2.3m in total
- 2014 Round 2 (inputs and related services including credit): six grants awarded, over £4.2m in total
- 2015 Round 3 (storage and aggregation): five grants awarded, over £1.6m in total

Between 2014 and 2016, the following received awards under the DF:

- 2014: EAGC (£4.2m¹⁹) and ACTESA (£1.2m)
- 2015: Kilimo (£1.3m) and WFP (£3.8m)
- 2016: Farm Africa NGO Consortium (£3m)

Table 2. Overview of CF and DF grants by funding window

	Grant	Round	Year	CF / DF	Total budget (£)
1	Esoko	EBW	2014	CF	716,388
2	Mount Meru	EBW	2014	CF	999,952
3	Virtual City	EBW	2014	CF	623,618
4	Joseph Initiative	round 2	2014	CF	981,311
5	Kaderes	round 2	2014	CF	450,000
6	Victoria Seeds (cancelled)	round 2	2014	CF	835,793
7	ENAS	round 2	2014	CF	955,634
8	Pee Pee	round 2	2014	CF	500,000
9	Afritec	round 2	2014	CF	500,000
10	Musoma Food Co. Ltd (Tanzania)	round 3	2015	CF	329,452
11	Yak Fair Trade (Rwanda)	round 3	2015	CF	542,153
12	Sosoma Industries Ltd (Rwanda)	round 3	2015	CF	103,462
13	Shalem Investment (Kenya)	round 3	2015	CF	250,034
14	Raphael Group Ltd (Tanzania)	round 3	2015	CF	444,351
15	Technoserve (cancelled)	n/a	2014	DF	280,000
16	Actesa	n/a	2014	DF	1,200,940
17	EAGC/Gsoko	n/a	2014	DF	4,247,509
18	Kilimo Trust (based in Uganda)	n/a	2015	DF	1,300,242
19	WFP – PPP	n/a	2015	DF	3,772,760
20	Farm Africa	n/a	2016	DF	3,002,040
					22,034,947

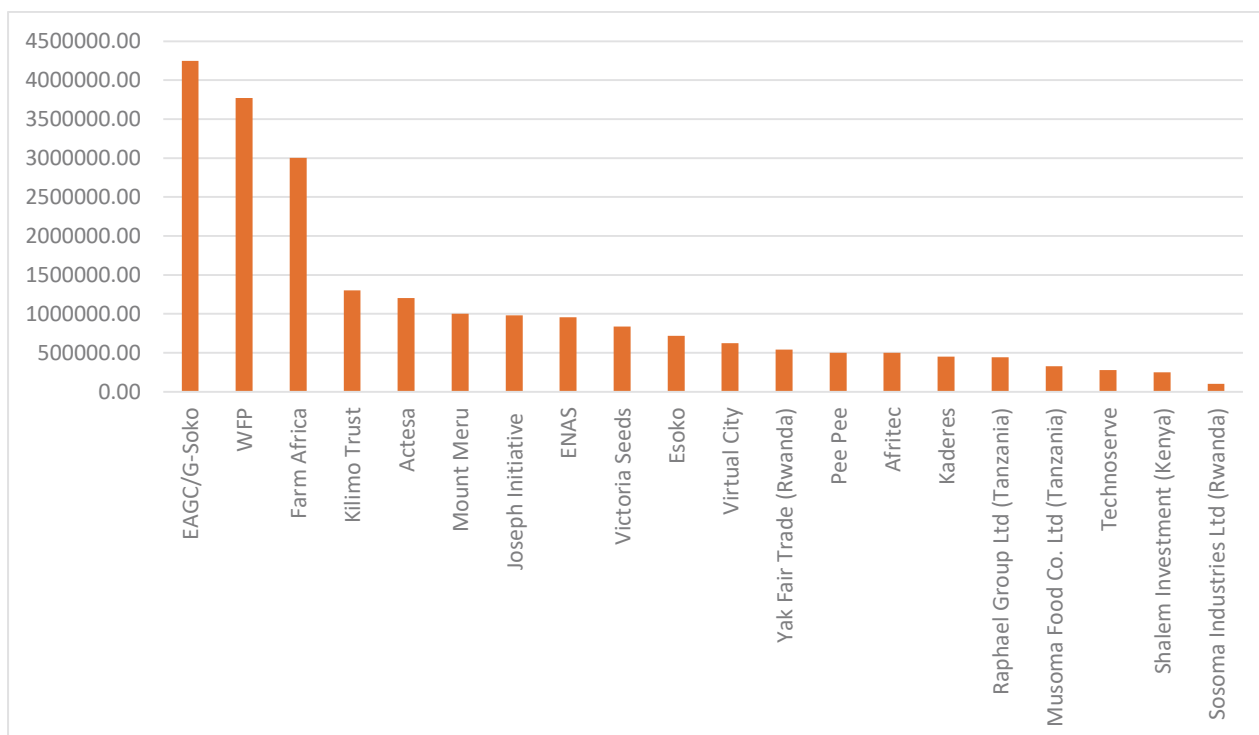
¹⁸ The MTE covers 19 grants including one recently cancelled CF grant.

¹⁹ Grants were given in two phases

4.2. Grant size and length

The DF grants comprise 63% of the total value of grants while the CF accounts for 37%. The individual budgets for DF grants are much larger (£1.2 to £4.2m) than the CF grant budgets (ranging from £0.1m to up to £1m, average grant amount = £0.6m).

Figure 6: FTESA grants by size (GBP)



The average length of grants is 2.3 years:

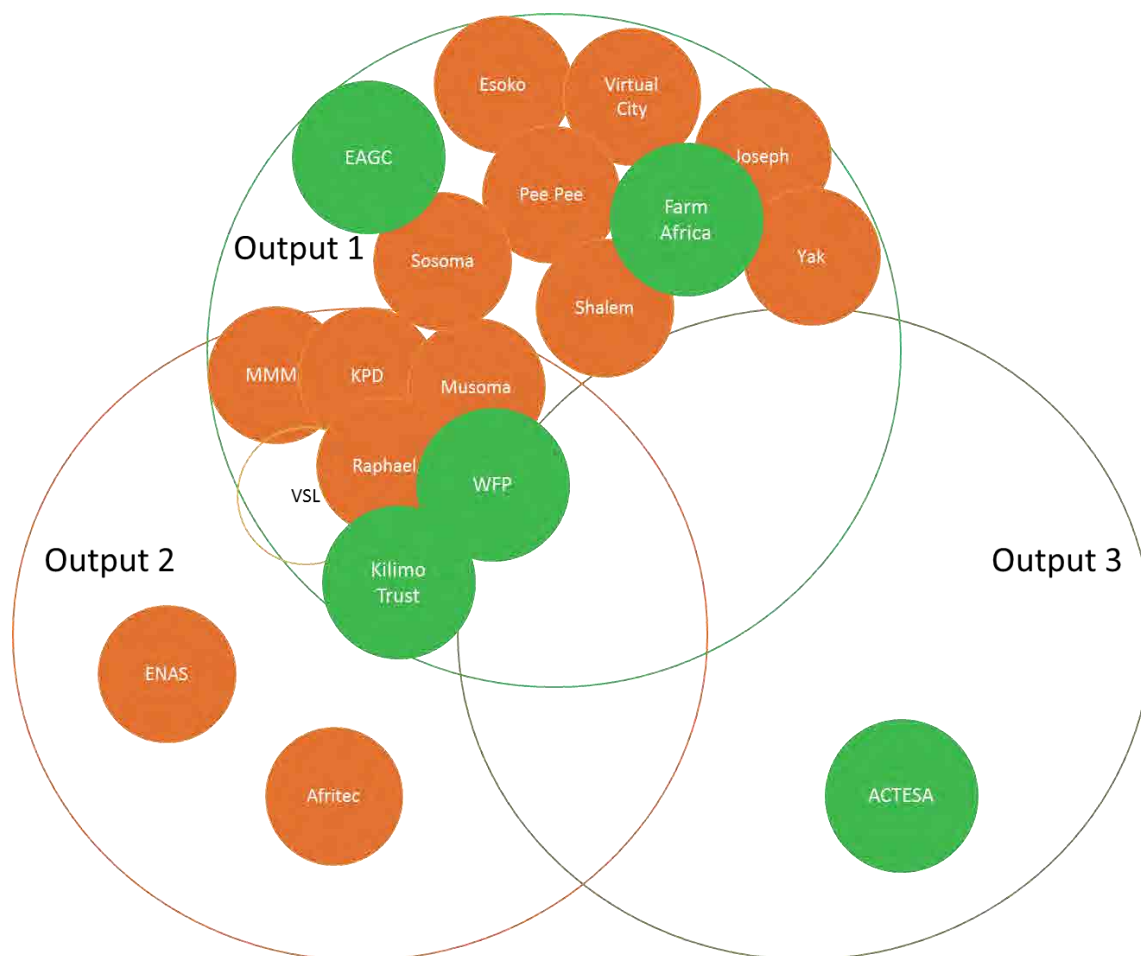
- 2 years for DF grants
- 2.9 years for EBW CF grants
- 3 years for Round 2 CF grants
- 1.6 years for Round 3 CF grants
- The longest grant is Mount Meru (3.4 years) and the shortest is Sosoma (only 1 year)

4.3. Grants by output and sub-output

As illustrated by Figure 7, a grant can cover more than one of FTESA's three output areas:

- Output 1: 16 grants
- Output 2: Nine grants
- Output 1 only: Nine grants
- Output 2 only: Two grants
- Output 3 only: One grant
- Both Output 1 and Output 2: Seven grants

Figure 7: Grants by output area



Annex 8 shows grants according to sub-outputs²⁰, summarised in table 3 below:

Table 3: Number of grants according to output and sub-output

#	Sub-output	No. of grants
1.1	Storage and aggregation	14
1.2	Market information	5
1.3	Value chain coordination	7
1.4	Warehouse receipt and credit	8
1.5	EAGC certified warehouses	1
2.1	Inputs (volumes)	6
2.2	Inputs (use)	9
3	Policy and regulation	1

Table 3 shows that nearly 75% of grants (14) are involved in storage and aggregation activities (output 1.1), while nearly 50% (9) are involved in facilitating input use (output 2). Policy and regulation (output 3),

²⁰ According to PMU reporting

warehouse certification (output 1.5) and market information (output 1.2) have the fewest grantees involved. The PMU itself is carrying out most of the activities under output 3 working closely with partners (e.g. Africa Practice), in some cases working with grantees. There is only one grantee (EAGC) under 1.5 since this activity covers certification of warehouses by the EAGC (who have the official mandate to certify warehouses).

4.4. Geographic areas

As mentioned, FTESA intended programme scope includes nine countries across East and Southern Africa.²¹ Up to now, the programme's operations and grant coverage focus largely on four countries in East Africa (Kenya, Rwanda, Tanzania and Uganda) and one in Southern Africa (Zambia) (see Annex 9 for a table on geographical coverages of the different grants). FTESA is currently working with DFID to provide more support in Southern Africa given the current food crisis in the region. Tanzania is the country with the greatest grant coverage/activity, followed by Kenya. **ACTESA** has the broadest reach given its involvement in COMESA-wide regulations, though it is not directly implementing activities in all of these countries, while **Raphael** and **Musoma** have the narrowest (operating in Tanzania only).

²¹ Burundi, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda, Zambia, Zimbabwe

5. Programme context

The countries where FTESA operates are characterised by a range of challenges affecting the staple food market. Drawing on the baseline case studies, these include: limited productivity and production arising from low input-low output production systems and fragmented production units; weak extension services; limited value addition opportunities for smallholders; no incentives for quality and lack of harmonised standards resulting in poor quality; red tape and unpredictable government policies; high costs (due, for example, to poor infrastructure); inadequate storage; insufficient hard assets among producers/traders limiting access to finance; informal/transactional nature of value chains resulting in higher costs; and, lack of information. The box below provides a longer list of constraints faced across the region. Annex 5 provides a snapshot of the country context for the main countries currently receiving support under FTESA, including recent events (such as El Nino).

Box 3: Summary of underlying challenges facing the food staples market in East and Southern Africa

- Lack of **information and transparency on prices**, leads to uncertainty and risk, limits bargaining power, reduces ability to make informed decisions on when/where to sell/buy leading to poor decisions, discourages investment in storage, hinders flows from surplus to deficit areas, leading to market inefficiency
- Poor or non-existent **bargaining/negotiation power** of smallholder farmers leading them to be price takers
- Low **trader engagement** in staple value chains reduces potential information sharing, coordination and creation of systems/mechanisms that allow for sharing of risks, costs and gains among actors along the chain
- **Government interference** in marketing leads to unpredictability, creates distortions that either inflate or depress prices away from market levels creating both supply and demand disincentives in the market
- Lack of national **standards and grades**, reducing the potential for regional/global trade
- Shortage of good quality, well-managed **storage**
- Lack of functioning **inventory credit and/or WRS**, limiting opportunities to use stocks as collateral
- On farm **post-harvest grain losses** and sub-optimal prices due to poor management of existing storage and limited storage options, discouraging retention of stocks within and between harvests
- Private **storage and collateral systems** crowded out by government involvement
- Limited use of **stocks as collateral**, reduce incentives and resources for investment in more productive farming
- Lack of access to **credit** limits farmers' ability to purchase improved farm inputs
- **Market systems for inputs and services** (seeds, chemicals, transport, mechanised services, insurance and finance) serve farmers poorly - private sector participation hampered by government intervention and the disparate nature of smallholders and their low levels of resources
- Lack of **market-demanded seed varieties** which affects the quantity and quality of production
- Lack of **market access**, and price and quantity guarantees
- **Small-scale production** and challenges of **aggregation**, increasing transaction costs for buyers and sellers
- Lack of access to **mechanisation services** by smallholder farmers, affecting ability to produce to scale and meet growing demand
- Lack of good quality and sufficient **extension services**, limiting farmers' knowledge and skill acquisition
- Lack of proper **agri-business skills** training, perpetuating the subsistence mentality of production amongst smallholder farmers
- Lack of **value addition** opportunities, forcing farmers to sell produce at sub optimal prices in raw form

6. Findings

This section provides the findings of the evaluation, drawing on the individual evaluation modules and synthesising findings across these modules. The sub-section structure reflects the order of the evaluation questions in the evaluation matrix. It begins by looking at the **overall portfolio and complementarity** (section 6.1) and **market level change** (section 6.2). Section 6.3 explores the **programme's interaction with different groups** (smallholder farmers, women, consumers). Section 6.4 and 6.5 explore **progress to date** according to outputs and outcomes, exploring the **enabling and constraining factors/conditions** that influence the operation of the programme (implementation of activities) and the change the programme seeks to achieve (according to the underlying theories). Section 6.6 focuses on the **organisational performance of the PMU and VFM**.

6.1. Portfolio level: grant and programme complementarity

EQ1. To what extent is FTESA a collection of individual interventions or a coherent portfolio?

- a. To what extent are potential synergies/complementarities across grants, and with other programmes, being leveraged?
- b. Will the combination of the interventions deliver results in excess of its component parts?

Main findings: There is evidence of complementarity among FTESA grantees. However, there is significant untapped potential especially around the Gsoko system. The PMU scores relatively low on connecting grantees, and leveraging complementarities. While the PMU intends to leverage complementarities, many intended complementarities are slow to develop.

In this section, we explore whether the programme is likely to produce results in excess of its component parts through the **combination of grants**, through the **PMU's role as grant manager and 'policy broker'**, and **working with other development programmes**. We seek to understand whether the programme is taking advantage of intended and unintended synergies and complementarities between FTESA grantees and between the different roles of the PMU, and between FTESA and other development programmes.

Synergies between grants

The proposed complementarity of grants funded by FTESA is at the core of the programme's strategy. The opportunity to fund several complementary grants designed to support each other's success offers the possibility of observing systemic change by means of the complementarity of piloted interventions. Complementarity centres on the Gsoko platform – many of the CF and DF grants intend to feed grains onto that platform (Figure 8). At the same time, some of the grants intend to prepare farmer groups to meet the standards required by Gsoko, enabling them to store and sell on the platform.²²

The combination of several FTESA grants is likely to lead to greater results, particularly around Gsoko. However, in numerous instances no one has established a functional level of detail about the form, timing, and resources required to collaborate purposefully. Planned collaboration between grantees appears partial and slow to occur.

²² As the issue of complementarity is crucial to the FTESA portfolio's broader success, it is the focal point of the Thematic Study.

Box 4: Gsoko trading platform and underlying theory

Gsoko is a digital platform that aims to centralise trade in grains by linking different market actors (including buyers and sellers as well as other players) in staple foods trade in Eastern Africa:

- *Through the application of quality standards and warehouse stock visibility, Gsoko will facilitate regional grain trade between sellers and buyers, relying on the platform's intake quality control to maintain a standardised quality of commodity traded. Standardised quality (or grain fungibility) will provide buyers with the confidence to buy grain on the platform without additional inspections, making it faster and cheaper for buyers to move significant stocks of grain around the region.*
- *The platform will receive offers and bids, matching buyers with sellers on the platform so that a price can be determined or discovered online. Once parties agree on offers, the platform acts as a transactional clearing house with banks, agro-dealers, buyer and seller entering into a tripartite contract enforceable using the law of contract.*
- *The platform will provide traceability to the source of produce, issuing warehouse receipts to traders, farmer groups and farmers that they can use to access inputs and finance.*
- *If its use is widespread and successful across the region, it could have a large impact on regional grain quality and price stability through substantially reducing transaction costs.*

Within the group of grantees, **five** out of the twelve survey respondents state they interact with other grantees (EAGC, Kaderes, Kilimo, Raphael and Sosoma). The PMU scores relatively low on actively linking grantees with each other (see Figure 12 in section 6.6.2), with the majority of grantees (8 out of 13) disagreeing or strongly disagreeing with the statements that the PMU is proactive in connecting grantees and proactive in sharing relevant learning from other grantees. Two grantees mention that there is no connection and coordination with other grantees, while one mentions the need for coordination meetings and clear linkages to avoid duplication of effort. The PMU staff is aware of this need but there is no budget provision for such meetings.²³

The Portfolio Review provides a few examples of interconnectivity around certain projects, especially Gsoko. The connections range from current and demonstrable (e.g. a contract or MoU), discussions around partnerships, or intentions stated in the design to collaborate with other FTESA-funded projects. There are early signs of relationships that could lead to results in excess of component parts, for example:

- There is a concentration of connections to the **EAGC** through certification of warehouses. The certification process is occurring in conjunction with connecting these warehouses to the **Gsoko** system.
- In addition to the EAGC and Virtual City who run the Gsoko platform, **four grantees (Farm Africa, Kilimo, Shalem and WFP)** make explicit reference to linkages with the Gsoko system (and EAGC-certified warehouses) in the documents.
- **Kilimo** is working with **Kaderes** to form farmer consortia (led by Kaderes) and link with local seed multiplication companies so that Kaderes farmers can access improved seeds and training and export better quality beans across the region. Kaderes has made sales to **WFP** and are expecting more contracts. These two relationships (Kilimo-Kaderes; Kaderes-WFP) may be mutually reinforcing and beneficial for both grantees and the bean trade more generally.
- **Kilimo** has also facilitated the formation of the Southern Highlands Beans Consortium (SHIBECO), with **Raphael** as the lead firm, where FBOs (e.g. Zinduka Women's Group) are supplying sugar bean (60MT Uyole 03) to Raphael including quality declared seed (QDS).
- **ACTESA** works with the **EAGC** but the nature of their work (harmonising seeds regulations across the region) suggests they would not have direct connections with FTESA grantees. Nevertheless, the impact of

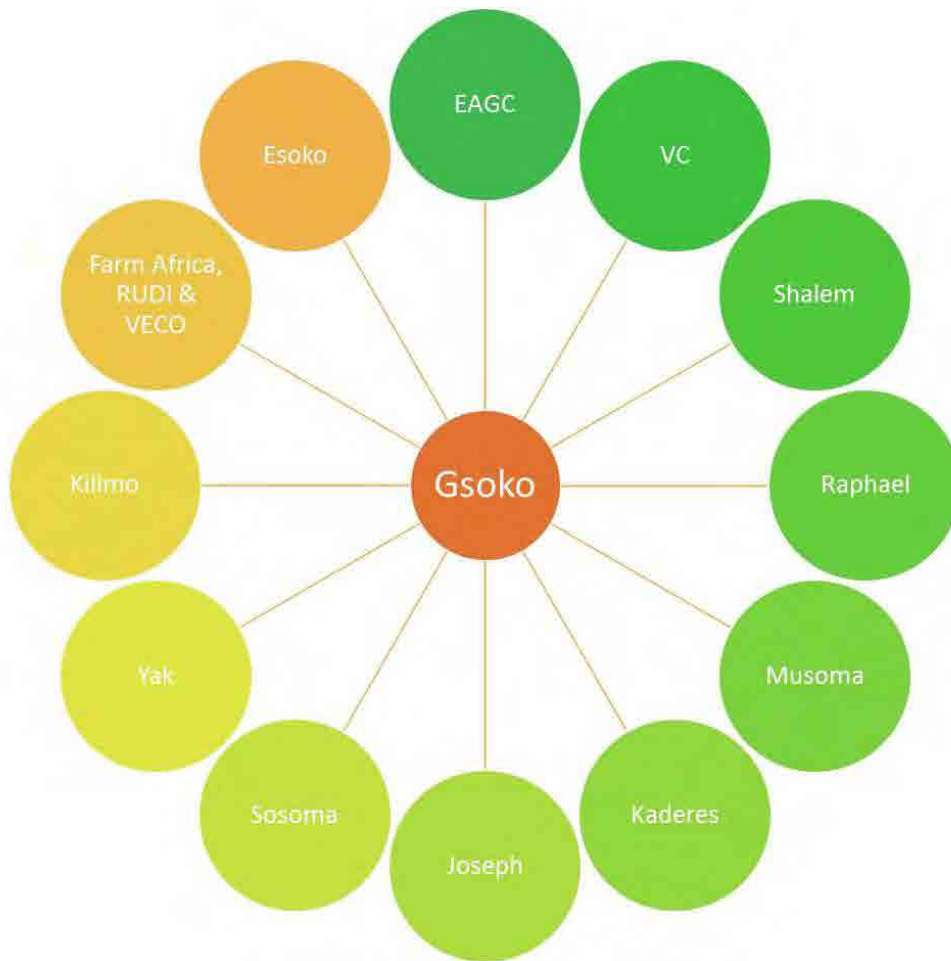
²³ OR interviews (internal) [internal = PMU and/or DFID]

their work, if successful, has significant potential benefits across grantees looking for seed of good and consistent quality.

- With the cancellation of the grant to **VSL**, there are limited connections between input suppliers and other grantees who could use (or supply) inputs.

As mentioned, FTESA is aiming to connect an ambitious number of grantees to the Gsoko system (Figure 8). The EAGC holds the most connections with other grantees, however we might expect to see more, given the stated purpose of Gsoko is to serve as a trading platform for the whole region. FTESA is intending on making more connections as the trading platform becomes operational. There are some inconsistencies between different sources (documents, interviews with grantees and FTESA staff) on the extent of existing linkages to the Gsoko platform.

Figure 8: Intended linkages between grantees and Gsoko



Some grantees were encouraged to work with Gsoko by the PMU after receiving their grant, since Gsoko did not exist at the time of their grant award. The FTESA PMU played a role in developing linkages for some of the recent grants. For example, the PMU played a large role in guiding the **Farm Africa consortium** grant design, encouraging the three consortium partners to apply for one joint grant linked to the Gsoko platform after each organisation registered their interest separately.²⁴ However, the process of helping warehouse managers affiliated with the consortium’s three partners to adopt the Gsoko technology has been slow and parties are unable to use the system for the current harvest year in Tanzania, attributed by one interviewee to delays on

²⁴ TS interview (grantee)

the part of the EAGC. The consortium is “facilitating sales through other mechanisms”, allowing them to continue to work as per the grant agreement without Gsoko.²⁵

Kilimo is planning to work with Gsoko but so far has held only one meeting with EAGC “to see what we can do.”²⁶ As for enlisting farmers onto the Gsoko platform, Kilimo staff stated that their programme had already linked smallholder farmers to traders with supply contracts, “so our model would not really work well with Gsoko.”²⁷ However, those traders (including Raphael Group – see below) could feasibly use the platform.

The EAGC seems to play a minimal role in giving input into potential collaboration opportunities: “we don’t know who gets other grants and are not involved in that process.” However, the EAGC staff could give examples of collaboration after an award, citing Shalem and the Farm Africa consortium.²⁸ There are gaps in the FTESA process when it comes to intentionally designing complementarity into the portfolio. According to members of the Investment Committee, “complementarity isn’t considered when evaluating a grant application” with each grant “considered standalone” and no mention of Gsoko.²⁹

It is difficult for FTESA to be aware of all existing relationships and their potential for added complementarity. **Raphael Group**, a private grain trader that is also a FTESA grantee, provides an interesting case. Raphael’s grant calls for it to set up “a centralized marketing centre for highly demanded bean varieties grown in the Southern Highlands region” of Tanzania.³⁰ Before receiving a grant from FTESA, it already worked with Kilimo as a buyer on the BEST programme, which also receives a FTESA grant. Raphael also buys from farmers working under the Farm Africa consortium.³¹ There was no intention by FTESA to create the linkages since these already existed. These partnerships are probably a consequence of working in a particular region in which there is great potential for increased production and marketing but few private actors in FTESA’s operating environment strong enough to move significant volumes of commodities. The value this network of relationships brings to FTESA is in bringing them onto the Gsoko platform allowing for commodity aggregation and sales under three separate grants (Kilimo, Farm Africa Consortium and Raphael). At the time of the MTE fieldwork, Raphael had only just begun the process of learning about the Gsoko system – it was not using any of Gsoko’s features yet, including warehouse inventory management.³² The EAGC and Raphael had not fixed operational issues, such as the weighing equipment required to record Raphael’s large throughput without creating an unworkable choke point in the process (and who would pay for it), around Gsoko’s use.³³ As with the Farm Africa consortium, Raphael are unlikely to be able to use the Gsoko system this season.

While there is evidence of complementarity among FTESA grantees, there are delays and gaps in awareness of the operating schedules and modalities of the partners with whom they should be working. There are also inconsistencies (between FTESA and grantees) over partnerships already established, those in the planning stage (by both parties) or those that are intended on the part of FTESA but not necessarily communicated to grantees. This may be partly due to capacity constraints at both FTESA and the EAGC,³⁴ but such challenges may risk FTESA’s ability to leverage opportunities for complementarity.

²⁵ TS interview (grantee)

²⁶ TS interview (grantee)

²⁷ TS interview (grantee)

²⁸ TS interview (grantee)

²⁹ TS interview (partner)

³⁰ FTESA Grant Agreement (Raphael Group)

³¹ TS interview (grantee)

³² TS interview (grantee)

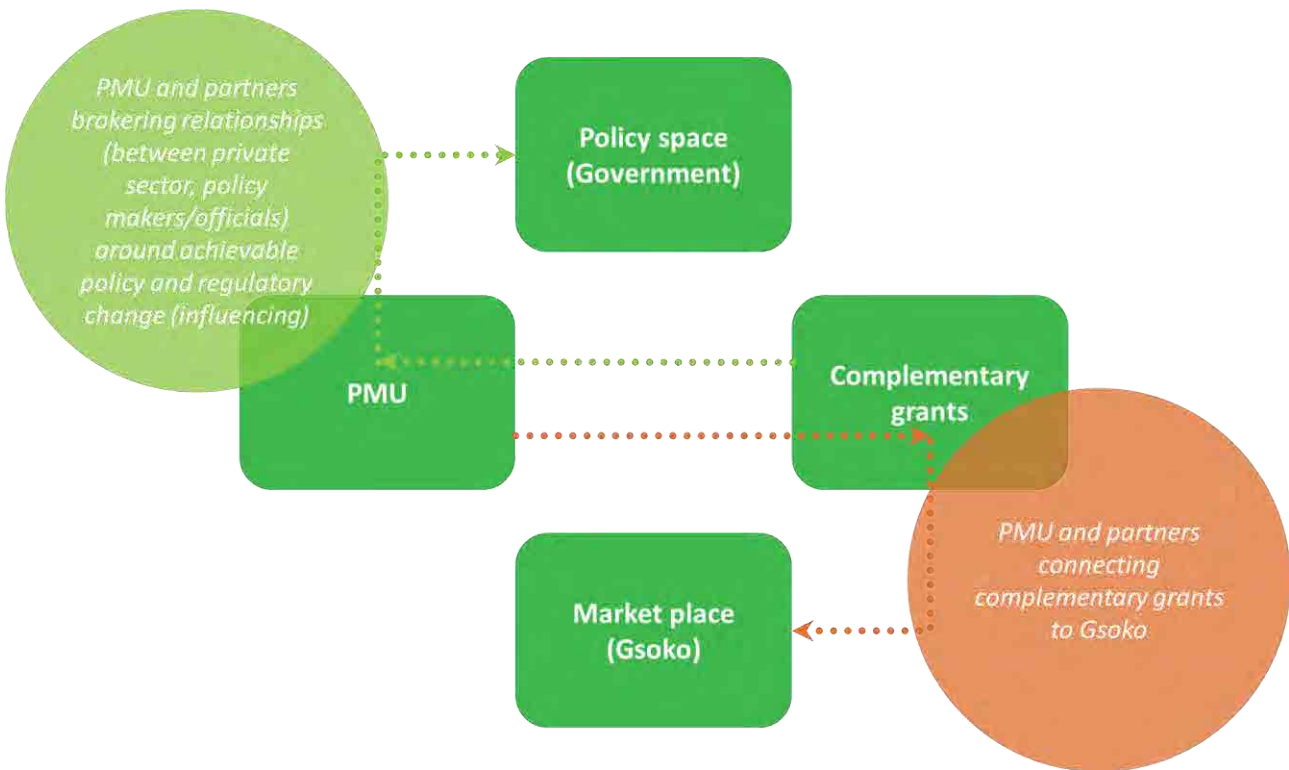
³³ TS interview (grantee)

³⁴ TS interview (grantee + external)

Synergies between grants and the PMU broker role

In terms of **complementarities between grants and the PMU’s other roles** (e.g. broker role and policy influencing, see Figure 9), the grant component has the potential to leverage FTESA’s broker role and vice versa.³⁵ Each CF round provides an opportunity to introduce new ideas or topics in the field of staple food trade. FTESA receives high-level attention by supporting the private sector, and the private sector actors with whom FTESA works could be a potentially strong voice in policy discussions. There are examples of where the PMU has identified policy constraints that potentially undermine the achievement of the programme’s objectives (see sections 6.4.4 and 6.6 for further discussion of the PMU’s broker role). For instance, the EAGC and FTESA report that the recent Kenya Warehouse Bill 2016³⁶ is “in conflict with grain trade liberalisation policy” and the “government role [is] too prominent”.³⁷ Both DFID and the PMU reported the potential of the bill to undermine the Gsoko model. The PMU, EAGC and Policy Advisory Forum members contributed to the debate on its formulation and enactment, attempting to ensure the reforms are ‘private sector friendly’. Other examples include discussions with Kenyan and Zambian government agencies on the importance of seed harmonisation and engaging officials in Tanzania in the soybean sector to reduce the challenges faced by seed importers (see sections 6.4.4 and 6.6). However, at present, it is unclear the extent to which these initiatives have contributed to changes in policies and regulations.

Figure 9: Combining grant complementarity and policy influence around Gsoko



³⁵ OR interviews (internal + partners)

³⁶ WRS bill seeks to provide a legal framework for the development and regulation of WRS for agricultural commodities to address marketing challenges associated with cereals and grain subsectors in Kenya.

³⁷ FTESA (2016c) FTESA Annual Report

Synergies with other programmes

Three additional opportunities for complementarity or coordination are worth mentioning: the WFP's PPP³⁸, the USAID-funded East Africa Trade Hub (EATIH – also implemented by DAI), and the Trademark East Africa (TMEA) programme (funded by DFID as well as other donors):

- **WFP:** The WFP's PPP (also supported by FTESA) is almost the mirror image of the Gsoko platform – it calls for forward contracts that guarantee a price floor, intending to incentivise increased production for the WFP's guaranteed market. It is the latest generation of the WFP's similarly designed Purchase for Progress (P4P) programme, which encountered side-selling challenges. The PPP attempts to avoid P4P's side-selling problem by buying through traders (including several FTESA grantees) and establishing a price floor with the potential for a higher price depending on market conditions at the time of sale. However, since that same feature was part of P4P, it is unclear whether PPP will be able to avoid P4P's side-selling challenges. It is possible for PPP buyers to adopt and use the Gsoko system. After meeting their contracted volume under PPP, farmers can sell on Gsoko's platform without a price floor.

The WFP intends to scale-up the PPP project “for integration into Gsoko at a later stage” (phase 2, 2017/18). However, the MTE fieldwork found limited evidence that the EAGC and WFP are making progress in working toward this collaboration. Challenges to leveraging Gsoko and PPP complementarity may be partly due to unwillingness by EAGC and WFP to work with each other. The EAGC expressed a concern that the PPP goes against 15 years of progress because it lacks a price discovery mechanism.³⁹ WFP representatives, on the other hand, expressed willingness to use the Gsoko platform “if it were operationally feasible”, but had too little familiarity with Gsoko to say how the partnership with EAGC might work.⁴⁰ Implementation challenges (both grants are currently working behind schedule) are likely to make leveraging complementarity difficult. At present, the integration of the WFP PPP into Gsoko may be ambitious by the end of the FTESA programme (2018).

- **TMEA:** Broadly put, FTESA focuses on creating linkages along the food staples value chain to enable farmers to gain better market access and sell more and better quality produce, attaining better prices, and increasing trade across the ESA region. FTESA leads on a very politically sensitive market (staple foods), whereas TMEA is sector-neutral and much broader. TMEA focuses on reducing the time and costs of trade through improving infrastructure, logistics, standards, NTBs and policy/regulatory issues. There are opportunities for complementarity – for example, TMEA's investments in infrastructure and logistics have the potential to reinforce FTESA's investments in better storage and aggregation – which could potentially deliver impact ‘greater than the sum of parts’. However, there is also potential overlap – for example, on grades and standards, and value chains.

There are challenges with the relationship between FTESA and TMEA (discussed further in section 6.6). Both sides express willingness to collaborate and share a common board member, however there is limited evidence of collaboration in practice.⁴¹ Despite being well into implementation, the two programmes are still at the stage of figuring out how they will work together. According to one interviewee, “figuring out who has greater competency in what is a good idea”. This indicates that collaboration has yet to move beyond discussions on collaborating in principle.

- **EATIH:** Lastly, EATIH offers a significant opportunity for future collaboration. EATIH supports investments in agribusiness, trade promotion, and trade policy and regulatory reform, with potential complementarity as well as overlap with FTESA (as well as TMEA). During interviews, the EATIH was not familiar with FTESA grants other than Gsoko; however, the two programmes are already working together. For example, EATIH is planning to field a financial services specialist to help FTESA design ways in which companies managing

³⁸ Contracted by DFID directly using FTESA funding

³⁹ TS interview (grantee)

⁴⁰ TS interview (grantee)

⁴¹ TS interview (internal + external)

Gsoko-affiliated warehouses can obtain loans to improve warehouses so they can reach certification standards required to gain entrance to the Gsoko platform. EATIH staff also suggested providing policy support to FTESA as needed, perhaps making the need for policy influence less a priority for FTESA.

6.2. Market level: systemic change and sustainability

EQ2. What is the potential to generate systemic change?

- a. What type of systemic change seems likely to result from FTESA?
- b. What are the likely mechanisms for the spread of behaviour changes across networks of actors?
- c. Which actors are pivotal to the spread of new behaviours?

Main findings: A few of the grantees discuss the wider market systems change they intend to make. Grants such as Gsoko and its complementary grants have the potential to generate significant systemic changes to the way grains are grown, harvested and traded in the region, but face implementation challenges.

Simply put, “systemic change” concerns changes in underlying norms of behaviour that influence individual behaviours. Norms are common beliefs that are culturally specific, with large distinctions in norms of behaviour even across localities with similar rules structures (for example, consider differences in traffic behaviour in a small rural town versus a large, congested city). Norms are also constantly changing, so the term “systemic change” can be misinterpreted to imply something rare and fundamental. The purpose of a systems-focused programme is to change norms in a desired direction – usually to foster more sustainable, inclusive economic growth.

Attempting to achieve market level changes through a five-year programme that provides awards in the hope that promising interventions surface requires time to experiment and learn before promising interventions can be identified and scaled-up. The award modality is a useful way of generating innovations but it can take years in some cases to reach a point where interventions that ‘show promise’ emerge. Such funds typically encounter difficulties fostering systemic change not only because of the short timelines of their programmes (this challenge is common to many programmes), but also because creating systemic change usually requires ongoing programme support for piloting, learning, iterating and then expanding new product and service offerings, or new ways of working. One-off grant structures only have the ability to pilot potentially systemic impactful innovations, but not fuel their expansion without additional support. Moreover, there are several other contributing factors related to the programme context, often outside the control of the programme. FTESA appears to have similar challenges, and attempts to address this by using successive rounds of grant awards to complement earlier grants, connecting and complementing DF grants with CF grants, combined with the broker role.

In this section, we focus mainly on Gsoko given its potential to generate systemic change. Gsoko has the potential to create a significant and durable change in existing norms of behaviour around grain production, storage and sale. Its potential is transformational, as it could create a level of trust among actors and an ease of trade across long distances that is not present in the current dynamic of grain trade in East and Southern Africa. One of the members of the Investment Committee called the platform’s potential success “huge” saying that the ability to “aggregate across countries, view online and ship” would alter competitive norms in grain trade in the region and cause a wave of efficiency-inducing consolidation among aggregators. EATIH argued that the platform could cause a fundamental change in income distribution in the grain market, with farmers earning much higher margins and traders compensating for reduced margins with increased throughput. Numerous grantees argued that farmers would aggregate more as they developed greater trust that bulking, as well as producing better quality produce, would help them sell with more profit.

Under current norms, most smallholder farmers prefer quick sales during harvest season for immediate cash payments.⁴² Few buyers offer a premium for improved quality, so the incentive for farmers is to minimise costs as much as possible by producing low quality grains.⁴³ Easily adulterated weighing scales have led to enduring mistrust between buyers and sellers, so that competition takes place vertically between trading partners in a zero-sum competition. Meanwhile, there is little horizontal competition (between traders vying for supply from a set of producers, for example) to provide better services to farmers – the race is only to lock up supply as quickly as possible.⁴⁴ Some of the interviewees mentioned that traders moving grains across borders frequently receive low quality product from sellers, and buyers often fail to make complete payments. Gsoko has the potential to create full transparency in this market such that it would be nearly impossible to cheat anyone (on the platform) – the resulting trust and ease of transaction could, over time, benefit everyone from farmers to traders to consumers.

6.2.1 Types of systemic change

Therefore, to answer the **first sub-question**, there are several types of **systemic change** possible due to Gsoko, **if successfully implemented**. Traders would change their buying practices, becoming more willing to offer a premium for higher quality grain because they will be able to access regional buyers willing to compensate for quality. Traders would also improve their own fulfilment processes, as they find it easier to evaluate exactly how much grain they are capable of aggregating across a network of Gsoko-linked village aggregation centres (VACs), increasing certainty across the value chain.⁴⁵ The incentive for farmers would be to increase investments in production and post-harvest preservation as they consistently receive higher margins for producing good quality grains.⁴⁶ Farmers would also change their preferences for quick cash payments at the harvest season, as they become convinced that storing grains brings higher sales well after the harvest season, and that Gsoko's other services – namely vouchers for agricultural inputs, healthcare and school fees, as well as financing based on warehouse receipts – enable them to wait for prices to rise. Farmer groups also frequently mentioned that Gsoko's digital weigh scales inspired much strong belief by farmers that they were trading on fair terms.⁴⁷

Other grants: A few of the grantees anticipate that the new services/products they introduce will lead to systemic change as described in the model **Adopt-Adapt-Expand-Respond (AAER)**⁴⁸. **Kilimo** makes reference to this in their grant proposal stating that 'inadequate tools, processes and persistence in building and supporting the strengthening of business linkages along the value chains... leads to failure or inadequate **crowding-in** of key business operators, service providers, and other actors to ensure partnerships for end-to-end value chains'. Four grantees reference **exit strategies or a period of phasing out**, indicating consideration they have given to issues of sustainability. The **EAGC** says it will pursue a 'gradual reduction of project activities [and] use local organisations to sustain [the] programme' in their grant agreement, and other grantees (**Kilimo, WFP, Farm Africa**) indicate that private sector actors will take over when they exit.

FTESA was originally designed as an M4P programme however references to factors that lead to systemic change are largely absent in the grantee documents, evidenced by a review of the grantees' results chains. All (but one) of the results chains have a tier for 'market systems change' where one would expect to see how the grantees will create change in the wider market systems in which they operate. However, the majority of results chains do not include changes by other market actors, including those not directly targeted by the interventions. In many cases, there is no suggestion as to how farmers **not directly targeted** by the

⁴² TS interview (beneficiary)

⁴³ TS interview (beneficiary)

⁴⁴ TS interview (beneficiary)

⁴⁵ TS interview (beneficiary)

⁴⁶ TS interview (grantee)

⁴⁷ TS interview (beneficiary)

⁴⁸ Daniel Nippard, Rob Hitchins and David Elliott, 'Adopt-Adapt-Expand-Respond: a framework for managing and measuring systemic change processes' (Springfield Centre, 2014).

intervention might change their behaviour, nor how other market actors (e.g. traders, service providers) might also change their behaviour in the market system. This indicates that grantees may have misunderstood the concept of ‘market systems change’ and how to achieve it.

6.2.2 Mechanisms to spread behaviour change and pivotal actors

The **second sub-question** deals with the mechanism for spreading behaviour across networks of traders and farmers. The **third sub-question** seeks to identify actors that are pivotal to the spread of new behaviours. For Gsoko, the mechanism appears to be a **precursor network of early adopting traders**, such as Raphael, **linked to groups of farmers managing VACs**. Small-scale farmers are highly risk averse and require consistent demonstrations before most of them become willing to adopt a new technology, production method, or other farm-related innovation – no matter how much financial sense it may make.⁴⁹ Gsoko’s precursor network of traders and village aggregation centres will need to demonstrate consistent performance in order for the spread of behaviour to larger networks of traders and farmers to be enduring.⁵⁰ This will take time and require close attention from EAGC, Virtual City and FTESA.

In the direct sense, traders and farmers (i.e. the platform’s users) are directly responsible for spreading influence toward the systemic changes that entail Gsoko’s success. They make up the precursor network. However, the NGOs that implement DF grants appear to be essential as well, as they reduce the costs traders face in linking to viable farmer groups, not to mention the costs of building farmers’ capacities to provide high quality grain.⁵¹ The system will need to show that it can wean itself off this kind of support if it is to be viable without continual donor support.

Other grants: Several of the grantees noted the important role of other actors including **traders** in enabling systemic market change. Traders/buyers are key actors in effecting behaviour change in farmers, where they reward farmers with higher prices for improved quality and quantity of produce, and subsequently other farmers (not directly targeted) adopt this new behaviour in an effort to secure the same rewards. In many cases, it may be too early to tell if the interventions will lead to such changes, however there are indications of potential systemic change in the design and implementation of the interventions. For example:

- **WFP** is working with **large off-takers** who will sign contracts with FBOs specifying the volumes each buyer will purchase. **WFP** anticipates that this will incentivise farmers to increase production and organise aggregation activities, leading to changes in farmer behaviour and others joining the FBOs and copying.
- **Kaderes** reports that their partnership with **Kilimo** has linked them with commodity **traders and big buyers** in the region, allowing Kaderes and their farmers to understand the buyer and their needs.
- **Shalem** has recruited **aggregators** who have already procured grain and **Shalem** expects that ‘as soon as we have the grading equipment in place ...many farmers will consider Shalem the most preferred market’.
- **Kilimo** is working with eight market off takers. They report improved quality and higher prices for some of the farmers. The assumption is that other farmers will observe these benefits leading them to join Kilimo’s consortia model and/or improve quality of their produce.
- **Joseph** is engaging smaller traders (so-called middlemen) in more formal and structured business practices, which has led to traders purchasing better quality for higher prices, improving the relationship between farmers and traders.

Many of the grantees were dismissive of so-called middlemen (smaller traders) who offer low prices with no premium for quality. Many of the grantees suggest precluding them from their networks (e.g. Virtual City, Shalem) while others are attempting to incorporate them in a different way by formalising their engagements

⁴⁹ TS interview (beneficiary)

⁵⁰ TS interviews (partners)

⁵¹ TS interview (beneficiary)

(Joseph, as mentioned above). Joseph is the only grantee that appears to be considering the potential ‘displacement’ that may result from systemic change.

Grantees highlight other pivotal **supporting functions** in the food market and trade system. For example, half of the grantees highlight the **importance of involving financial institutions** in their interventions. For example, both WFP and Joseph note ways they intend to on-board financial institutions to facilitate lending to FBOs and farmers; and, Virtual City is working with financial institutions to recognise its voucher system and provide finance to holders of agro-vouchers.

Lastly, **government actors and trade associations** have an important role to play in changing the ‘rules and norms’ in the market system. For example, EAGC is working with bureaus of standards across the region, while ACTESA is working closely with government ministries and national seed associations to achieve seed trade harmonisation, and the PMU is working on policy influencing through its partnership with Africa Practice.

6.2.3 Challenges to success

Someone has to continue to bear the significant cost of setting up the Gsoko system, itself, and training VACs and warehouse managers to use the system. Currently, FTESA is Gsoko’s main funder and allowed the building of the system in the first place.⁵² This presents a problem to long-term viability unless EAGC can develop a convincing plan for the platform’s financial viability as an independent entity.⁵³ Virtual City representatives said it would be possible to charge a small margin on top of every trade on the platform, but neither EAGC nor Virtual City presented a concrete plan under which Gsoko would financially support itself. FTESA representatives said they would like to see the platform hived off from EAGC and managed as a separate, commercially focused entity. Ultimately, they said, it would be beneficial for Gsoko to link directly into the Nairobi Stock Exchange, allowing for a higher volume of commodity trade and use of more sophisticated trading instruments.⁵⁴

“The only challenge is timing. I’m very positive about [Gsoko] and wanted to start by now. But we’ll have to see how EAGC can make the process faster. We stuck our neck out and told farmers about this new thing – buyers can see your produce from where they are, can buy without coming. They just need to feel assured of quality. And they like that no produce is taken out of the warehouse without money coming to the bank. The government is also excited about this. We think Gsoko will solve the linkage problem. And if it doesn’t, we’re in big trouble”. Interviewee.

Lastly, while Gsoko has the potential to foster major changes in the way grain is produced, stored and traded around East and Southern Africa, it also faces challenges, as mentioned in the complementarity section above. Aside from EAGC’s capacity, the ability of VACs to operate the platform is a significant source of concern.⁵⁵ The associated costs of training and “handholding” warehouse and VAC staff is also a problem.⁵⁶ Another problem is the lack of additional funds for equipping dozens of VACs with mobile devices, printers and electronic scales (about USD 1200 per VAC), as the VACs were not originally included in Gsoko’s design. The existing state of warehouses and the investment required to get them up to Gsoko’s standards is an additional problem, as is the fact that the Gsoko system has not actually gone live yet – it only services as a transparent warehouse management system so far. The trade functionality central to the system’s basic offer has yet to go live.⁵⁷

⁵² TS interview (grantee)

⁵³ TS interview (internal)

⁵⁴ TS interview (internal)

⁵⁵ TS interviews (grantee, external + beneficiary)

⁵⁶ TS interview (grantee)

⁵⁷ TS interview (internal + grantee)

Gsoko will need to go through a process of continual improvement during roll out. However, there are doubts on whether FTESA, EAGC and Virtual City are currently sufficiently equipped to guide that process.⁵⁸ A technology platform like Gsoko is likely to face unpredictable challenges (e.g. from user interface issues to software bugs) that need to be corrected as they are discovered – it is very difficult to ferret out every problem before going live.⁵⁹ For this to happen, Gsoko needs to be guided by a cadre of knowledgeable staff that can closely watch its adoption, identify issues as they emerge, define them correctly, communicate them to the people who can fix them, then watch to see if the fixes work.⁶⁰ In Tanzania, where Raphael alone could pull more than 10,000 farmers onto the platform, FTESA has one fulltime staff member working across all grants, EAGC has two fulltime staff members responsible for Gsoko (neither are in the Southern Highlands, where Raphael works) and Virtual City has no fulltime staff.⁶¹ Moreover, all three of the staff members mentioned have backgrounds in agricultural development and no experience with developing or rolling out technology platforms. They may be quite capable in their areas of expertise, but they are few and inappropriately matched to manage Gsoko’s rollout successfully. One of the greatest threats to Gsoko is delays in execution due to a lack of the right human resources to make it successful, which diminishes the likelihood that Gsoko will achieve its potential for fostering systemic change in regional grain markets.

6.3. Individual and group level: smallholder farmers, gender and consumers

This section answers the evaluation questions related to the programme’s interaction and intended results pertaining to particular groups (smallholder farmers, women and consumers).

6.3.1 Smallholder farmers

EQ3. To what extent (and how) is FTESA bringing in (or facilitating) smallholder farmers in structured regional markets?

- a. What forms will increased smallholder farmer participation in markets take?
- b. What benefit would increased participation offer smallholder farmers?
- c. What is the likely differentiated benefit to smallholder farmers?

Main findings: Increased smallholder farmer participation in structured regional markets is a central focus for FTESA. More than half of the grantees explicitly state that they intend to work with smallholder farmers, who are the intended main beneficiaries of the vast majority of grants. While it may be too early to demonstrate this is the case, there is significant potential to bring smallholders into the structured grain market (including through Gsoko) through FTESA interventions, especially VACs and FBOs involved in contract farming.

Findings from the various evaluation components show that the involvement of smallholder farmers is central to the programme. The **first sub-question** explores the ways in which smallholder farmers participate in the programme, including structured grain markets. The **second sub-question** seeks to understand whether increased participation would produce any greater benefit for smallholder farmers and, if so, what? More nuanced, the **third sub-question** seeks to understand whether different farmers (particularly in terms of varying capacities and wealth/asset levels) would receive distinct benefits because of their differences.

⁵⁸ TS interview (grantee)

⁵⁹ For example, during a demonstration of the system by one of the grantees to the MTE team, the grantee discovered a bug in the system.

⁶⁰ TS interview (grantee)

⁶¹ TS interview (grantee)

(a) Forms of smallholder participation

Increased smallholder farmer participation in structured regional markets is a central focus for FTESA. Its support to grantees aims to improve farmer performance and market access, and covers a wide range of interventions from farmer training on improved cultivation, grades and standards to directly linking smallholder farmers with large-scale buyers. More than half of the grantees explicitly state that they intend to work with smallholder farmers, with DF grantees more likely to work with farmers ‘not immediately of interest to private sector companies’.

Eight of 15 respondents to the online survey think that smallholder farmers are included in the overall goals and objectives of the FTESA programme. Figure 10 shows the most frequently cited key words. When asked “who are the main beneficiaries of your FTESA-funded project”, 14 out of 15 respondents state smallholder farmers. Related, 13 out of 14 grantees take into account the poverty of market actors (e.g. smallholder farmers) they work with (eight fully, five somewhat), with seven making explicit reference to targeting services to help poorer smallholder farmers (often through existing farmer groups, or mobilising new ones) and three stating that they collect baseline information on farmer incomes.

Figure 10: FTESA goals and objectives

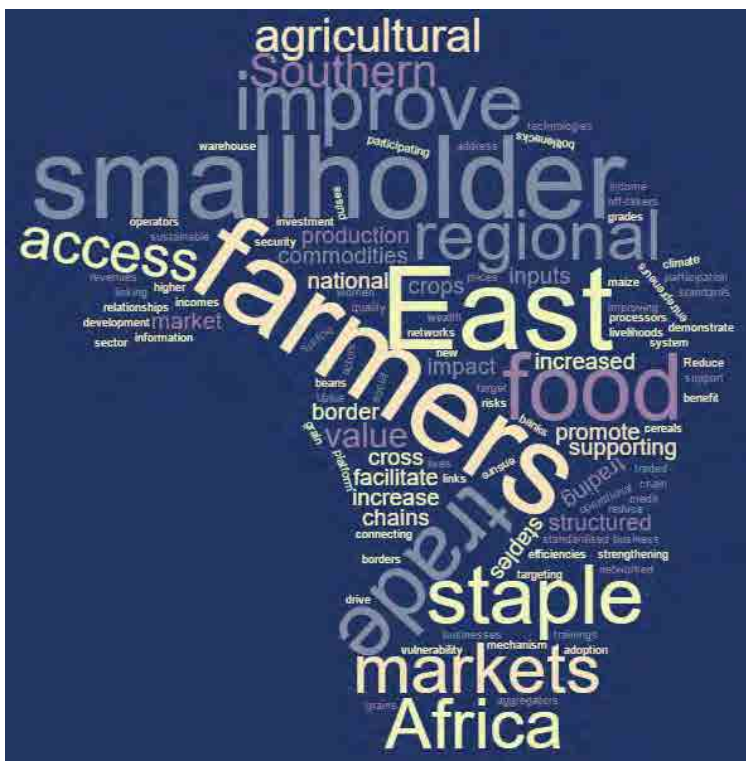
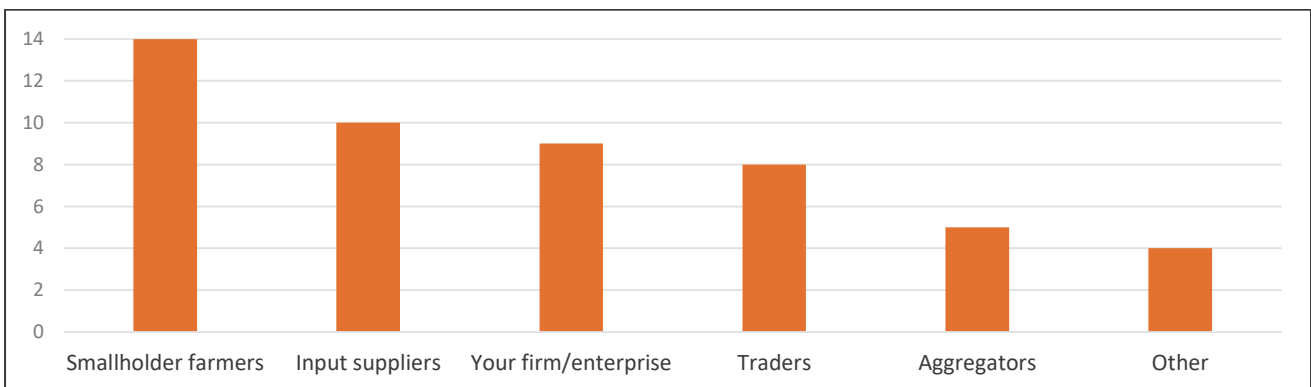


Figure 11: Who are the main beneficiaries of your FTESA-funded project?



In the proposals and quarterly reports, the vast majority of grantees discuss how the design and implementation of their interventions accommodate the needs of **smallholder farmers**. Many smallholder farmers are in remote areas far from warehouses that in any case usually have minimum delivery quantities that smallholders cannot attain. **Landholding size** comes up as a characteristic that affects access to grantee interventions, with some of the grantees requiring farmer participants to have a minimum of acreage unless accessed through farmer groups. Many do not have the capacity to produce the volumes and quality required in the market. FTESA is aware of the challenge of reaching remote or low capacity smallholder farmers, a central finding of the programme's recent poverty assessment.⁶²

Several grantees are facilitating **smallholders to store or sell to warehouses**, encouraging smallholders to organise the process of **aggregation** of their own produce through, for example, rehabilitated collection centres or newly constructed aggregation centres. Several of the grantees are providing support to smaller village-based aggregation centres (VACs) (Musoma, Joseph, Raphael, EAGC and Virtual City) and/or working with existing or new farmer based organisations (FBOs) including cooperatives to bulk produce and improve standards (Farm Africa, Yak, Sosoma, Kilimo, WFP and Shalem), enabling them to store and sell on the Gsoko platform. Given concerns that minimum delivery quantities would preclude smallholder farmers from benefiting from warehouses, the EAGC revised their project design to include VACs.

The most significant trend amongst FTESA grantees is the introduction of some form of contract farming⁶³ in sourcing crops from smallholder farmers. Ten grantees are involved with some form of contract farming working with existing FBOs, with one grantee mobilising farmers into groups itself, on the assumption that groups will encourage bulking of produce and collective marketing.

Other examples include catering to smallholder farmers by making inputs available in smaller packages and providing small-scale improved (air and watertight) on-farm storage solutions.

(b) Benefits of increased smallholder participation

Across the grants, **farmer training** is the main form of direct support to facilitate farmers' participation in grain markets. At least eight of the grantees offer training in **GAP** and **PHH**, which is typically value chain specific (e.g. soybean) and includes improving farmers understanding of **grades and standards**.⁶⁴ Several grantees report training thousands of farmers with some reporting positive results in terms of adoption of GAP and PHH techniques. Moreover, the provision of **VACs** and other aggregation facilities allows smallholder farmers to aggregate sufficient quantities to reach minimum delivery quantities for warehouses and bulk quantities for buyers, allowing greater market access for smallholder farmers.

More than 50% of the grants seek to increase smallholder farmers' **access to inputs and credit**, through various different means. These include providing a platform to access inputs; provision of loans specifically to acquire inputs; access to improved seed and more affordable fertiliser. Some results are already materialising, for example, grain depositors accessing loans through warehouse receipt financing.

A few of the grantees give evidence that their intervention is contributing to **better prices** for farmers, including farmers negotiating better prices. Several grantees demonstrate how their facilitation has **secured a market** for farmers, including in some cases cross-border deals. The pricing models vary according to grantees, with some offering guaranteed minimum prices and others offering differential pricing based on produce quality.

Assuming successful integration of the Gsoko system into warehouse management systems and better cultivation and harvesting practices by smallholder farmers due to training, the expectation is that participating smallholder farmers will be able to increase production and quality, store their grains and borrow

⁶² FTESA (2016a)

⁶³ The term 'outgrower scheme' is typically synonymous with 'contract farming' in Eastern and Southern Africa.

⁶⁴ PMU quarterly reports

against the value of the grain. This will enable them to ride prices beyond the harvest season and achieve higher prices and income. In addition, they will also have the option of accessing vouchers for healthcare and education services (again based on the value of the commodity stored). When they decide to sell, the farmers should be able to auction their grains to the highest bidder on the Gsoko platform, enabling them to access a large number of potential buyers and receive a higher price through Gsoko's price discovery mechanism. In addition, some farmer groups (particularly those operating VACs) will be able to act as intermediaries, buying grains from nearby farmers and selling them onto the Gsoko platform.

There is some evidence that the process of incorporating smallholders into more structured markets through Gsoko is gaining traction. In June 2016, the EAGC stated that 1,037 farmers had registered with the Gsoko platform, while its partners were training an additional 11,099 farmers that could be on-boarded soon. The potential for large increases in farmer participation lies in working with more partners with contract farming arrangements who are expanding their membership. For example, one of the grantees had expanded its contracting farming arrangement to 12,000 farmers in the 2015/16 season, from 500 farmers in 2011/12, helped by FTESA's support, although they are not yet using Gsoko.

The greater benefit farmers will receive from increased participation in structured markets is principally higher income. If it is successful, Gsoko stands to create substantial benefits for smallholder farmers by offering premiums for high quality grain and more predictable and lower cost access to a large number of buyers.⁶⁵ Currently, traders typically buy at the farmgate for low prices, with no premium paid for quality.⁶⁶ Primarily, Gsoko enables farmers to ride seasonal price swings and collect premiums for high quality grain, while the benefit offered by credit, access to inputs, school fees and healthcare is secondary.⁶⁷

(c) Differentiated benefits to smallholders

It is likely that there will be a strong differentiated benefit for smallholder farmers based on their existing capacities. That is to say, poorer farmers will have a harder time accessing the warehouse management systems, including the Gsoko platform, and reaping the benefits of warehouse receipts and delayed sales.⁶⁸ All farmers face strong cash pressures around harvest time. Poorer farmers face more pressure, and have less ability to set aside a block of their (relatively small) production volume to sell at a higher price later. Using warehouse receipts, farmers can only borrow up to a certain percent of the value of the stored commodity, reducing the amount of financing available to poor farmers storing a small volume to meet immediate household cash needs. It is likely that most of the grantees will struggle to benefit the very poor because entering more structured markets requires that a farmer is willing and able to produce more (i.e. tradeable surplus) of a better crop.⁶⁹

Nevertheless, while the programme is set up to support smallholder farmers, the intended beneficiaries are not the 'poorest of the poor' but those farmers with an existing tradeable surplus, or the potential to generate such a surplus, and who can increase that surplus.⁷⁰ According to a recent study commissioned by FTESA, "the main beneficiaries are likely to be smallholders producing a surplus that are members of a functioning farmers group or an organised out-growers scheme".⁷¹ The PMU, EMU and grantees have conducted surveys for some of the grants, generating information on a sample of beneficiaries. For example, Virtual City recently profiled

⁶⁵ TS interview (beneficiary)

⁶⁶ TS interview (beneficiary)

⁶⁷ TS interview (beneficiary)

⁶⁸ TS interview (beneficiary)

⁶⁹ TS interviews (internal + grantee)

⁷⁰ TS interview (internal)

⁷¹ FTESA (2016a)

VAC users linked to the Gsoko system⁷², while the EMU conducted baseline surveys of a sample of beneficiaries for two grants with 29% and 35% of survey respondents describing themselves as poor.⁷³

6.3.2 Gender

EQ4. To what extent is gender a focus of the programme?

a. Is gender meaningfully included in the sales/service strategies of the grantees?

Main findings: Gender is largely absent from grantee strategies and, when mentioned, it focuses on women participating via membership to women-only collectives. In grantee results, many of the grantees report on gender-disaggregated data, however women appear to be under-represented with men benefiting disproportionately.

Findings from the various evaluation components show that gender has received relatively limited attention to date in the FTESA programme. According to the Organisational Review, those directly involved in the programme agree that gender has received limited attention. However, gender was mentioned in the DFID Business Case as a key consideration for the programme: *'the complexity of the gender and social issues across ESA means that there is a need for differing strategies and interventions that take account of the specific gender and social environment in which they are to be deployed'*. The DFID Business Case also committed to monitoring *'how many women and how many men benefit from its interventions'*.⁷⁴

During the Thematic Study fieldwork, the most any of the grantees claimed regarding gender awareness was an intention to disaggregate results by gender⁷⁵ and some explicit targeting of women's farmer groups.⁷⁶ Men are proving quicker to take advantage of opportunities such as WRS. In one case, nearly half of WRS users in a farmer group were men, whereas women constituted 80 percent of the group's members. This group said that in some households men prefer to sell quickly. If women had more agency, they said, women would store more.⁷⁷ Similar examples emerged from the case studies, where women tend to plan more and give greater consideration than men to future consumption/expenditure in their decision-making.

The Portfolio Review also points out that most grantee strategies are missing a meaningful treatment of gender. Grant proposals are assessed according to the extent they consider gender. Only four grantees mention benefits for women in particular as an objective of the project, discussing the importance of women's economic empowerment. Where mentioned, the integration of women as producers often centres on **targeting women through, for example, women-only collectives and other farmer-based organisations**. Others commit to providing training to women (e.g. female cross-border trade associations). The most reoccurring mention of gender in the application forms is the answer to **how many jobs the project will create for women** (as a percentage of all jobs), ranging from 14% to 70%. In most cases, there are no descriptions of how to achieve this ratio and the nature/type of jobs. In the couple of instances where there is an explanation, it appears that these women will work in **supporting roles**, such as cooking, 'selling soft drinks', other 'light assignments' and 'incidental jobs' or part-time work to sort and winnow beans.

When reviewing the most recent quarterly reports, few grantees report on efforts specifically focused on gender-related objectives ('gender mainstreaming for farmers' training). However, at least eight grantees report on **gender disaggregated data**. For these grants, men dominate beneficiaries. When looking across the

⁷² At the time of the evaluation, the team had access to the tools but not the data. The EMU intends to follow up with the PMU to explore the data and emerging analysis.

⁷³ Poor = 'destitute', 'never quite have enough' or 'poor' (compared to 'rich', 'comfortable' or 'can manage to get by')

⁷⁴ DFID (undated)

⁷⁵ TS interview (grantees)

⁷⁶ TS interview (beneficiary)

⁷⁷ TS interviews (grantee + beneficiary)

reported indicators (e.g. number of farmers benefiting from the project; number of farmers trained in GAP; number of farmers supplying the project), the highest representation of women was 50% and the lowest 7%.

Of the respondents to the grantee survey, eight out of twelve state they take gender of market actors (e.g. traders, farmers, input suppliers) they work with ‘somewhat’ into account, and the rest do so ‘fully’. Examples include:

- One grantee has women employees in all farm demo groups tasked with communicating with women on each farm visit, and nearly 50% of lead farmers are women who are also training to be agents for the company.
- One grantee indicates that their ambition is gender inclusivity in all activities, while another grantee states that they prioritise women in particular areas where they consider they have a comparative advantage. Another directly involves women in implementing their project (e.g. training; working at call centres; as enumeration agents) who are better able to assist female farmers.
- One grantee directly supports women-led farmer groups or women-owned/managed warehouses, and two respondents have a “*women-clause*” or “*women policy*” which intends to ensure that a certain percentage of beneficiaries are women.⁷⁸ One grantee has chosen to enter partnerships with particular cooperatives because they have a high representation of women.
- One grantee considers gender with respect to smallholder farmers, attempting to convince husbands to allow their wives to participate in production and marketing of produce on the basis that they are the ones responsible for looking after the family.

FTESA’s Poverty Assessment found “limited mainstreaming of gender across the programme and interventions”⁷⁹. The report is considered an ‘eye opener’ with regard to the potential role of gender in the programme. It has led to the PMU investing more resources into addressing gender, with a gender expert joining the team shortly. The ToR for the expert is ambitious, ranging from studies, documenting activities, and guiding grantees towards engaging women in their projects.⁸⁰

6.3.3 Consumers

EQ5. To what extent do FTESA grants indicate a likelihood of benefitting consumers?

- a. What are the likely benefits?
- b. What are the mechanisms for creating those benefits?

Main findings: Grantees put very little focus on better prices for consumers instead focusing on the potential health benefits to consumers.

The hypothesis underlying the evaluation question is that FTESA interventions will contribute to more stable prices and food availability for consumers. In design, FTESA seeks to improve market performance on behalf of consumers as much as for smallholder farmers. Often programmes restrict themselves to supporting suppliers of food. The programme’s first two impact indicators deal with consumer prices: the first looking at the difference between hungry and harvest season prices, and the second looking at the number of (consuming) households in areas where prices are stable.⁸¹

⁷⁸ ‘Our project has 30%-women clause. The clause intends to ensure that 30% of the contracted farmers are at least women. Therefore, in every training with give out to farmers, a least 30% of the beneficiaries have to be women. Likewise, we make sure that the 30% of the produce sold to us from the contracted farmers come from women owned farms.’

⁷⁹ FTESA (2016a)

⁸⁰ FTESA (2016b)

⁸¹ DFID FTESA Logframe

Given the Gsoko platform's requirement that grain in the system is fungible (i.e. of standardised quality), the most commonly cited benefit the platform stands to provide consumers is improved quality.⁸² Improved quality of grain is important in East and Southern Africa because of the prevalence of contaminants, such as aflatoxin, in many grains (particularly maize and groundnuts), which cause long-term organ damage in humans (and occasional death, in cases of acute exposure). Improving the quality of grain in markets is a credible benefit, by allowing only the trade of high quality grain on the platform.

The second benefit Gsoko could provide consumers is price smoothing.⁸³ By reducing the costs of trading across regional markets, Gsoko should provide a mechanism for moving grain from surplus to deficit areas. The easier movement of grain in response to higher demand should have an impact on prices in high demand areas. Of course, both the quality and price smoothing benefits require that Gsoko play a very large role in grain trade around the region – it must efficiently handle enough throughput for its cheaper grain to affect prices. At present, Gsoko is only providing a high tech inventory management system in a few warehouses and is not yet providing a price discovery mechanism for moving large quantities of grain across the region. Therefore, its potential benefit to consumers through price smoothing may take a long time to come to fruition. Moreover, it will be difficult to attribute price smoothing to Gsoko. As FTESA's poverty assessment points out, "[I]t is not possible to measure or attribute changes in prices and trade volumes to FTESA interventions as there are many other factors in play that impact on trade volumes and consumer prices."⁸⁴

Other grants: Seven of the grantees make explicit reference to how consumers will benefit from their interventions. With the exception of one grantee, these are all objectives rather than reported results. The grantees focus on the health benefits to consumers, rather than prices or availability. These include producing fortified products; producing 'innovative nutritious products' targeting vulnerable populations; improving grain standards and reducing levels of toxins; and, using technologies that protect consumers from harmful chemicals in food grain. There are very few mentions to the potential effects of interventions on producers (smallholder farmers) as consumers.

Few of the grantee documents explicitly refer to benefits of more stable or reduced consumer prices, perhaps highlighting that the impact of interventions on consumer prices is not a principal concern for those designing and implementing interventions. One grantee refers to **more stable** prices for consumers; one makes specific mention of **reduced price** to consumers. One grantee provides an estimate of numbers of consumers who will benefit from **increased volumes**, while the majority of grantees mention increased volumes but do not explicitly link this to consumer prices.

6.4. Outputs: progress so far and enabling/constraining factors⁸⁵

Main findings: Overall, the combination of support and services along the value chain appear relevant and appropriate for addressing the needs of smallholder farmers. Most of the grantees have made good progress in signing up smallholder farmers – in many cases combining the use of existing structures and channels – and in rolling out training quickly following registration. However, grantees and beneficiaries experienced a number of implementation challenges. Moreover, there is limited evidence at this stage on the qualitative nature of this engagement – e.g. adoption of new skills and behaviours.

⁸² TS interview (internal + grantee + external)

⁸³ TS interview (internal + grantee)

⁸⁴ FTESA (2016a)

⁸⁵ Unless otherwise stated: the **status of implementation and cited results** are from grantee quarterly reports (**up to end of Q1 2016**, for which reports were available); **enabling and constraining factors** draw on the baseline synthesis report and the thematic study as well the grantee quarterly reports and other grantee documents (e.g. applications)

6.4.1 Output 1: improved post-harvest market

EQ6. Under what conditions have FTESA interventions improved trade support systems?

EQ7. What are the enabling/constraining factors affecting the achievement of expected results?

The underlying theories leading to change for the interventions under output 1 are as follows:⁸⁶

Storage and aggregation: Greater market transparency and price discovery through online trading platforms (connecting warehouses and VACs) linking buyers and sellers has the potential to reduce collusion, reduce transaction costs, increase price predictability, and lead to prices that more closely reflect the underlying fundamentals in the market. Improving equipment and certification of storage facilities improves quality and reduces the potential for fraud (e.g. through use of digital rather than manual scales) thereby increasing farmer and buyer confidence in storage facilities, increasing throughput to the benefit of both. Access to good quality storage and aggregation facilities incentivises farmers to increase production to sell to the warehouse, leading to greater volumes, sales and higher incomes for farmers. Increased bulking of improved quality produce leads to greater market access and sales, as well as lower transaction costs associated with individualised deliveries, leading to increases in farmer incomes.

Credit: Access to credit provided by warehouse receipt systems incentivises many of the farmers to join the project, use warehouses, etc. providing more options for financing production, leading to increased productivity. In addition, by providing partial advance payments, this reduces the pressure for side selling at a lower price.

Market information: Better access to market information may reduce risk and increase transparency in transactions, increase farmer confidence and enable farmers to make informed decisions on production, when to sell or store, etc., improving market efficiency, leading to better (higher and more stable) prices, and raising and smoothing incomes. It may also provide information that will help farmers negotiate and receive better prices from traders, reducing the margin of traders but increasing that of farmers.

Value chain coordination: When interventions strengthen the linkages in the value chain (including upgrading and processing), this may increase farmers' confidence in the value chain and motivate them to increase investments in production techniques, thereby increasing productivity. By implementing consistent standards and grades in storage facilities, the quality of grain will be higher, engendering trust in both suppliers (farmers, traders) and buyers (millers, processors), leading to higher stocks of quality grain deposited and more sales at better prices.

(a) Status of implementation and results achieved

Main findings: The majority of grants provide services under output 1, with several grantees building or improving existing warehouses and VACs to bring farmers into the structured training systems, in some cases around Gsoko. Several grantees are providing some form of farmer credit, either directly, through WRS or in-kind. Interventions on market information lag behind the others, largely due to delays in implementation. A number of grantees expect their interventions to improve value chain coordination, with several already bringing together buyers and sellers (namely smallholder farmers). At this stage, there is limited reported information on actual use and uptake (and benefits generated) of these services.

Access to improved storage and aggregation: Nearly three-quarters of grantees are pursuing interventions in the area of storage and aggregation. The majority are using some form of centralised warehouse or processing facility, several are using VACs and some are using both central warehouses and VACs in a 'hub and spokes'

⁸⁶ These theories were developed as part of the baseline case studies for further testing at mid-term and final evaluations.

arrangement. One grantee is enabling improved on-farm storage (at the individual farmer level) through the sale of PICS bags. Some are already offering these services, while others are preparing.

The following summarises some of the storage and aggregation activities:

- **EAGC** is inspecting warehouses in East Africa, certifying 30 so far, and has identified and equipped nearly 100 aggregation centres.
- **Shalem** has rented three warehouses (two EAGC certified) each with a capacity of 300MT and identified 20 collection centres to benefit from quality improvement equipment.
- **Joseph Initiative** has set up its processing facility for sourcing grain and built 10 additional 'Joseph Centres' (VACs).
- **Farm Africa, Kilimo, and WFP** have all facilitated linkages between farmer organisations and **EAGC**-certified warehouses.
- Two grantees have experienced delays in establishing storage facilities (**Mount Meru** and **Kaderes**) partly due to inclement weather conditions, and **Kaderes** has delayed construction of VACs largely due to cost over-runs on the warehouse construction.
- Two of the recent grantees intend to use warehouses: **Yak** is constructing a warehouse and milling plant while **Sosoma** is planning to begin construction of two warehouses in Q3 2016.
- **Raphael** Group has started construction of 10 village warehouses to store beans.
- **Musoma** is inspecting and rehabilitating VACs to meet required standards.
- **Pee Pee** sold nearly 40,000 PIC bags in Q1 2016, exporting 8%.

There are several examples of increased volumes (and values) of produce from farmers delivered to warehouses and VACs (e.g. EAGC, Joseph, Kaderes, Kilimo, Shalem). There are few examples explicitly reported of improved quality produce. However, increased deposits accepted at certified warehouses – where produce has to adhere to quality standards – would imply quality standards are improving.

The PMU reports against the relevant logframe indicator (*1.1. no. of male/female farmers accessing new and/or improved storage and/or aggregation services/facilities as a result of FTESA*). When comparing the data with those reported in the grantee quarterly reports, the grantee data (where traceable) appears to be reporting the following results against this indicator: number of farmers registered/recruited in the project; number of farmers engaged in beans trade; number of farmers mobilised into groups; number of farmers supplying the grantee; and, number of farmers trained. The PMU also reports one result against logframe indicator 1.5 (number of private sector entities that adopt common grade and standards): number of warehouses certified (by EAGC).

Access to warehouse receipts and credit: To some extent, we discuss access to credit in section 6.3.1 ('benefits of increased smallholder participation', one of which was increased access to credit). Several grants intend to improve access to credit through WRS or similar systems (e.g. **EAGC, Virtual City, Kaderes**). **Virtual City's** AgroVoucher system will provide data on produce delivery and payments to banks and other service providers who can then assess risk, identify collateral value, and disburse micro-loans. Given delays in warehouse construction, **Kaderes** has not yet established the WRS. **Shalem** is facilitating access to credit, by training aggregators on how to access credit and collaborating with micro-credit facilities. Other grantees supporting better access to credit include **Joseph, VSL, Mount Meru and WFP**. Several of the grantees report increased access to credit through warehouse receipt financing and loans (e.g. **EAGC, Joseph, Virtual City**) and increased access to in-kind credit in the form of inputs (**Mount Meru, VSL**).

The PMU reports against the relevant logframe indicator (*1.4. no. of male/female farmers accessing warehouse receipt and supplier credit as a result of FTESA*). When comparing the data with those reported in the grantee quarterly reports, the grantee data (where traceable) appears to be reporting the following results against this indicator: number of farmers signed up to outgrowers scheme; farmer loans; number of farmers receiving seed (in-kind credit); number of farmers registered under Gsoko).

Access to improved market information: Among the FTESA grantees, there are five supporting interventions related to market information systems:

- **Esoko** aims to identify resellers of Esoko's market information systems in six countries, providing greater access to market information for farmers. To date, Esoko has not been able to identify any qualified resellers in all six markets, which has led to significant delays in achieving the objectives of the project.
- **EAGC's** Regional Agricultural Trade Intelligence Network (RATIN) provides market and price information available to farmers, traders and other stakeholders, receiving 55,931 visits. Plans include providing real-time information and forecasts.
- The **Joseph** Initiative Technology Platform (JITP) – a mobile application providing 'real-time transparency to cash payments, procurement and suppliers along the supply chain' – has over 6,000 farmers registered and reports sales tracked through the platform. In Q1 2016, they tracked GBP 407,885 including 2,486MT of purchases through JITP.
- **Kilimo** is planning on gathering, analysing and providing market information to users through an online platform.
- **Farm Africa** is in the early stages of implementation. They plan to support farmers to access market information (e.g. prices available for commodities at different times and in different locations, and past, present and predicted future trends) to enable farmers to make informed decisions on when and how to sell their produce. They plan to develop and install market information systems for FBOs with links to the Gsoko platform and other market systems.

Overall results under this sub-output are below target due to severe delays in implementing Esoko, the main grant providing market information, and delays in operationalising the Gsoko trading platform. The EAGC is ahead of its targets for RATIN users; however, how the data is used cannot be determined, and its linkages to Gsoko are unclear. Joseph has fully deployed JITP across the business, contributing to improved formality of business practices and transparency across the value chain according to Joseph. Other grants are in the early stages of providing market information.

The PMU reports against the relevant logframe indicator (*1.2. no. of male/female farmers accessing improved information system as a result of FTESA*). When comparing the data with those reported in the grantee quarterly reports, the grantee data (where traceable) appears to be reporting the following results against this indicator: number of farmers registered to market information systems; number of individuals receiving market information; and, number of farmers negotiating better prices (Esoko is not included given no achievements so far).

Access to improved value chain coordination: The most recent PMU Annual Report (2016) reports that seven grantees (EAGC, Kilimo, Farm Africa Joseph Initiative, Kaderes, Musoma and Shalem) expect to contribute to improved value chain coordination (e.g. application of grades and standards, improved logistic and virtual market place). This sub-output has significant overlaps with other sub-outputs, especially sub-output 1.1. As with output 1.1., the PMU's reporting under this sub-output focuses on farmers registered/engaged in projects, farmers mobilised into groups and training (e.g. in GAP). However, we also include examples of projects developing linkages along the value chain (e.g. linking buyers and sellers):

- **EAGC** has trained nearly 12,000 farmers on PHH (which includes grades and standards). The **EAGC** continues to run the Gsoko Trade Notification (before the full Gsoko system is up-and-running), where buyers and sellers send inquiries to buy or offers to sell, recording 123,094 MT during Q1 2016.
- **Kilimo** is creating clusters of market actors grouped around a lead firm (15 identified at end Q1 2016, including two FTESA grantees, Raphael and Kaderes) and has engaged over 28,000 farmers so far.
- **Joseph** has trained 2,822 farmers on PHH and 650 in agricultural extension services, registering over 6,000 farmers in the JITP, with more than 8,500 farmers supplying Joseph.

- **Kaderes** has registered and trained 5,200 farmers in GAP with the aim of increasing yields in the Q3 2016 harvest. **Musoma** have engaged 2,800 farmers, providing training in PHH and GAP, with the aim of increasing yields.
- **Farm Africa** plans to support farmers to build their commercial capacity and access new markets for their produce, facilitating linkages to buyers and traders in national and regional markets, including linking farmers with EAGC certified warehouses (where they are in the catchment area) and the Gsoko system. They plan to train farmers on PHH, markets and Gsoko, building on earlier projects providing GAP training. Given the project recently started, it is too early to report on results.
- In the first 3 months, **Shalem** has registered 12,050 farmers, trained 410 group leaders, formed 153 farmer groups, and procured grain from farmers and aggregators, as well as signed a contract to supply BIDCO Africa with soya and sunflower. Shalem is also working with EAGC on warehouse management, grades and standards training.

A good indication of improved value chain coordination is the extent to which buyers are purchasing increased volumes either directly or through certified warehouses. There are several examples of increased volumes (and values) of produce from farmers sold to buyers. Grantees reporting on purchases and onward sales include Kaderes, Kilimo, Joseph, Raphael and Shalem, with a few reporting on commitments to purchase grain (e.g. WFP, Musoma, Farm Africa).

The PMU reports against the relevant logframe indicator (*1.3. no. of male/female farmers accessing improved value chain coordination⁸⁷ as a result of FTESA*). When comparing the data with those reported in the grantee quarterly reports, the grantee data (where traceable) appears to be reporting the following results against this indicator: number of farmers registered in the project; number of farmers engaged in beans trade; number of farmers trained; and, number of farmers applying GAP and improved inputs.

(b) Enabling and constraining factors

Main findings: Grantees and beneficiaries report a number of factors influencing the progress of the interventions and participation by smallholder farmers. Some are under the control of the programme while others the programme may be able to influence and others they need to find ways of adapting. These include operational and technical issues relating to implementation (e.g. technology issues, mishandling of equipment), farmer knowledge, attitude and practices, inclement weather, pest and disease, poor infrastructure (roads, electricity), lack of price guarantees and price volatility in markets, exchange rate risk and government interference.

Removing constraints (where possible) may be conditions for success, while the presence of enabling factors may improve the chance of success. Most of the documents reviewed reveal more constraints than enabling factors. This is most likely because grantees have to report on risks regularly – indicating why an intervention might not work – but there is no space devoted to why something *is working* and/or other factors required to make things work better. However, the case study fieldwork provide some examples of both enabling and constraining factors. Some of these are under the control of the programme (e.g. operational issues), some they may be able to influence (e.g. policy - through the PMU's broker role; sideselling - by rolling out and scaling up Gsoko) and for others (e.g. weather) they need to find ways of adapting.

- **Weather and climate, pests and disease:** Many of the grantees note disruptions to planned interventions due to **poor weather**. **Virtual City, VSL, Musoma, WFP** and **Shalem** mentioned that recent rains were affecting farmers' ability to dry their harvest, resulting in PHH and shortfalls in volumes delivered and stored. Poor weather and disease also increase the costs of production (e.g. more weeding and pesticides needed; increased costs of transport) leading to price inflation. It has also affected the construction of

⁸⁷ For example, application of grades and standards to their products, improved logistic and virtual market place

warehouses (e.g. **Kaderes**), **Raphael's** VACs and **Mount Meru's** silo. Bad weather has led to poor road conditions, reducing access to warehouses and VACs by both grantees and farmers, reducing the amounts deposited by farmers. Others flag climate conditions more generally (e.g. El Nino) as a high risk to operations (e.g. **Farm Africa, Shalem**). A few of the grantees raise concerns regarding pests and disease (e.g. **Shalem, Musoma**), made worse by the weather (e.g. excessive rains). For example, **Shalem** highlights that high moisture content coupled with poor PH management increased the risk of aflatoxin and substantially reduced volumes (by 40%) and led to loss of market due to failure to meet buyers quality standards, which they are attempting to address through farmer training and mobile drier units. Upgraded storage facilities aim to mitigate pests and disease for stored product. A few (e.g. **Farm Africa, Kilimo**) highlight the above as risks that have not materialised so far given the stage of implementation.

- **Poor road conditions and long distances** to travel add to production and transportation costs, inflating prices demanded by farm groups, and undermining the movement of grain to storage (**Raphael, Virtual City**).
- **Unreliable power:** Several of the grantees face power outages (e.g. **Pee Pee, EAGC, Virtual City**) which hinder operations (increased costs, loss of produce). For example, Pee Pee could not fulfil a recent order due to power failures. However, Virtual City is using solar panels at warehouses without electricity to enable them to participate in the platform.
- **Operational and technical issues** have hampered implementation for some of the grantees:
 - For example, the **EAGC** and **Virtual City** have faced problems with mishandling of equipment and incompatibility of equipment with applications. Mishandling of equipment, coupled with low levels of literacy, are affecting the utilisation of the system at the farmer level, which the EAGC are attempting to address by using a different model. Also, delivery of bags weighing over 100kg to VACs are causing problems as the EAGC's technology can only handle a maximum weight of 90kg.
 - The development of the Gsoko software is taking longer than expected, delaying the launch of trading operations. Availability of electricity is affecting the installation of the platform, which will also affect its implementation once the trading system is operational.
 - VACs often do not load their mobile phones with internet bundles, which makes it impossible to update and upload data at the Gsoko HQ. It is not clear if this is a financial or capacity constraint on the part of aggregation centre staff.
 - Some of the warehouse operators are slow in addressing non-conformity issues, which EAGC is attempting to address through building awareness of the advantages of the Gsoko system. Many of the certified warehouses are not adhering to EAGC warehouse rules and regulations and the EAGC is developing a warehouse/stock monitoring and verification/surveillance system to increase compliance. The cost of upgrading warehouses and VACs and purchasing PHH equipment is acting as a deterrent especially for FBOs. Inadequate access to finance for warehouses to conduct necessary upgrades is a challenge that FTESA is working with EATIH to help address.
 - **Virtual City** describes a combination of **improper equipment and technophobia** affecting proper integration of the Agrovoucher system at client companies. They highlight that many of the intended users of the technology have inadequate skills to use the technology and require more training than anticipated.
 - Shortage of staff, long distances between many of the sites and poor quality infrastructure and transport reduces the time available to train farmers and warehouse/VAC operators (**Virtual City and Mount Meru**). Grantees are mitigating this by exploring online materials for self-training and increasing the number of on-ground technicians (e.g. **Virtual City**). However, other grantees (e.g. Mount Meru) highlight that farmers lack of access to mobile networks (due to poor reception) and digital technology, such as computers and wifi connections, hampers communication and efficient data collection and staff have to visit remote villages.

- Several grantees report cost over-runs on warehouses and VACs, reducing the number built/rehabilitated. In most cases, poor weather or topographical issues have contributed to increasing costs (e.g. **Raphael, Kaderes**), but also costs were under-budgeted in some cases (e.g. **Raphael**).
- **Conditions attached to interventions:** Some of those interviewed questioned the ability of smallholder farmers to benefit from WRSs. As discussed above, there are often conditions attached to project participation (e.g. minimum quantity requirements) that are potential barriers to participation for smallholder farmers. Hence, the trader or aggregator receives the warehouse receipt (or goods received note) and potentially all of the benefit. However, the VACs aim to overcome this challenge by bulking quantities from smallholder farmers. In addition, grantees such as Virtual City are establishing systems to ensure that traders/aggregators do not capture all of the benefit of the warehouse receipt (e.g. provision of vouchers to farmers whose produce is stored at the warehouse, where stocks are traceable to source).
- **Farmer behaviour:** Several grantees noted how **farmer knowledge, attitudes and practices** have negatively affected the success of their interventions. **EAGC** reported that a **lack of farmer awareness** of the benefits of collective aggregation and marketing has affected their grain aggregation model. During interviews with farmers, trust frequently came up as an important underlying mechanism in most of the projects.
 - Several grantees (**EAGC, Raphael, Kilimo and Virtual City**) report that farmers would rather sell earlier for cash up front and less return, with many farmers unaware of the potential value of their crops. Several grantees report the potential risk of **farmers' side selling (Virtual City, WFP, Kilimo and Shalem)**. Virtual City report “scenarios where 40% of grain hasn't reached the warehouse ...because it has been sold to other consumers before being delivered to the warehouse”. Shalem suggests market actor behaviour is a constraint to entrenching adherence to grades and standards. According to **Shalem**, middlemen are generally not sensitive to differences in quality and encourage side selling by farmers who can sell them lower quality produce (*“farmers were influenced to compromise on the quality of produce and sold off at throw away price to ‘escape’ the need to work to meet the quality standard notwithstanding the challenges associated meeting the standards”*). To produce better quality grain and store grain to sell later, attaining a higher price, farmers require a change in mind-set. This may be attainable through better communication with farmers, training and demonstration effects, but also by encouraging contract farming (where farmers sign and honour contracts) and formation of groups to encourage collective marketing and build capacity of farmers in post-harvest management (**Shalem**).
 - In addition, Gsoko (a new untested system) is facing some resistance from users who are unfamiliar and reluctant to innovate according to **Virtual City**. Again, **EAGC and Virtual City** are working on communicating the benefits to potential users to improve uptake.
 - Lack of familiarity, risk aversion or poor experiences with WRS are negatively affecting farmers' willingness to participate. In some cases, market actors are avoiding using the term WRS given negative connotations. In Tanzania, some of the earlier attempts to establish WRS by government failed. Trust in warehouse systems is low given previous experience with poorly implemented warehouse systems, where late (or non) payment severely dented farmers trust in warehouse systems. Farmers may sell instead at the farm-gate if, for example, the produce is not picked up and payments are late, since most farmers suffer cash-flow problems. According to many of the case study interviews, formal contractual obligations between farmers and market off-takers, where buyers offer contracts ahead of delivery, may help generate trust between seller and buyer, and reduce the possibility of side selling. In addition, some farmers are averse to ‘speculating’.
 - Moreover, given relatively high maize prices over recent years, many farmers do not see the need for storing and WRS. High prices has increased competition among off-takers who are offering higher prices and/or flexible payment terms, increasing the risk of side-selling (**WFP, Shalem**).
 - For **Mount Meru**, the outgrowers discovered the nutritional benefits for soya and chose to consume the crop themselves rather than sell it. This suggests they were producing too low volumes. Moreover, farmers are reluctant to produce a new crop they are not familiar with, despite guarantees from Mount

Meru that they will buy all soya produced. Mount Meru highlights the need to build the trust and confidence of farmers in order for them to change their growing habits.

- **Price guarantees:** Some of the grantees (e.g. Kilimo) highlight that lead firms are unwilling to commit to a price for farmers when there is price volatility in the market. Where they do commit to a price, they typically sign a contract for a **minimum** and/or **maximum** price but do not commit to a **premium**, with some suggesting they may pay a premium later (to be determined) when they sell the produce (e.g. Kaderes) – depending on price received (dependent on quality of produce, market conditions, etc.). However, **Raphael** is offering a fixed minimum and maximum price based on the local market prices, with an addition of a 5% premium during the scarce period.
- **Price volatility:** Few grantees discuss how they will manage price risks beyond storing when prices are low, and moving produce from surplus to deficit areas (a key FTESA objective). However, Joseph plans to diversify into soya trading to mitigate these risks. Others discuss the impact of input price fluctuations which they attempt to mitigate through their contracts with farmers (Sosoma).
- **Competition from other actors** building similar systems may undermine the adoption of the Gsoko system (Virtual City).
- **Access to inputs and finance:** Some of the grantees report shortages of seed in the market (particularly for high-demand commodities such as soya, Shalem and Mount Meru; or rare varieties of beans, Kilimo) leading to high prices that in some cases has delayed operations. Shalem is working with research organisations and seed merchants to see how they can access quality seed at reasonable prices. Raphael faces problems accessing improved seeds (Uyole 03) where demand has outstripped supply and “some farmers who wished to produce this season have failed to do so due to lack of improved seeds (Uyole 03) in the markets”, which Raphael are attempting to overcome by training seed growers on improving multiplication. FTESA, through its policy influencing work, is attempting to address some of these challenges. A few of the grantees (namely those who are not providing finance as part of their intervention) highlighted a lack of access to finance as a constraint to the success of their project. For example, where farmers are unable to purchase fertilisers to grow improved seed varieties, or equipment.
- **Poor distribution networks:** A few grantees report weak distribution networks hampering their ability to reach smallholder farmers (e.g. Pee Pee). Pee Pee is establishing dealers at the zonal level to increase coverage and push bags out to smallholder farmers.
- **Government policy:** Grantees report government policies as both constraints and enablers. The EAGC and FTESA report that the recent Kenya Warehouse Bill 2016⁸⁸ is “in conflict with grain trade liberalisation policy”⁸⁹ and the “government role [is] too prominent”. Both DFID and the PMU reported the potential of the bill to undermine the Gsoko model. However, FTESA, the EAGC and Policy Advisory Forum members contributed to the debate on its formulation and enactment, attempting to ensure the reforms are ‘private sector friendly’. **Yak** reported the positive effect of the Rwandan government’s investments in agriculture (e.g. irrigation) in raising productivity, whereas **Kaderes** and **Pee Pee** report the negative effect of recent government policies on increasing input prices in Tanzania. Also, the EAC (regional) standards are currently under review, delaying **EAGC**’s efforts to produce awareness, communication and promotional materials on grades and standards since some of the standards are likely to change and new ones released by the EAC. **Virtual City** reports potential risks of local government interfering in the project if they feel activities are bypassing their approval. For example, local government misunderstood the EAGC’s role in certifying warehouses and warehouses thought certification by the EAGC removed the need for a government license. Improving communications can help address such misconceptions. Unpredictable policies effecting cross-border trade (e.g. export bans) were cited by several grantees (e.g. **Raphael**) as undermining their

⁸⁸ WRS bill seeks to provide a legal framework for the development and regulation of WRS for agricultural commodities to address marketing challenges associated with cereals and grain subsectors in Kenya.

⁸⁹ FTESA (2016c)

operations and ability to plan sales and movement of goods with examples of goods moving to deficit areas held up at the border (e.g. Malawi).

- **Exchange rate:** **Yak** reports the negative affect on exports of a strong Rwandan franc and **WFP** reports the effect of high volatility of exchange rates in Zambia on off-takers ability to commit to prices and/or quantities through forward contracts early in agricultural cycles. Currency fluctuations have affected the cost of inputs for **Pee Pee** in Tanzania and negatively affected **Shalem's** budget. However, the depreciation of the Ugandan shilling is benefitting **Joseph's** exports (paid in Ksh and USD).
- **Partners:** Both **EAGC** and **Joseph** describe **problems with their financial partners**, although both have appeared to manage these difficulties and maintain their WRS and loan portfolios respectively. **Esoko** reported several constraints in setting up its market information system, including an inability to identify qualified resellers: 'potential candidates are hesitating to take up the franchise due to lack of financial backing' and there is 'lack of availability of competent/skilled resources in the market to manage country rollouts'. Potential resellers need to spend their own money upfront on setting-up data collection teams to collect data for dissemination to farmers, which disincentivises them from joining, according to Esoko. The original business model failed to deliver necessitating changes to the design however progress remains slow.

6.4.2 Output 2: improved input markets

EQ9. Under what conditions have FTESA interventions improved availability and use of inputs (seeds and fertiliser)⁹⁰?

EQ10. What are the enabling/constraining factors affecting the achievement of expected results?

The underlying theories leading to change for the interventions under output 2 are as follows:

By distributing improved quality inputs (seeds and fertiliser) on time, farmers are able to plant on time and in some cases plant more often, leading to higher yields per hectare. Training in GAP both incentivises farmers to use improved inputs, as well as improves farmers' skills in using improved inputs, raising productivity.

(a) Status of implementation and results achieved

Main findings: Several grantees are engaged in the direct sale of inputs to farmers, provision of in-kind inputs and/or linking farmers with input suppliers, as well as input financing. At this stage, there are few reported examples on actual use of inputs.

Several projects aim to increase farmer access to improved inputs, often coupled with training on GAP. A few of the grantees demonstrate increased production and trade of improved seeds, and increased access to inputs by farmers, but there is limited evidence of farmers' use of inputs. Several grantees are engaged in **direct sales of inputs to farmers or provide inputs in-kind** (e.g. **Mount Meru, Joseph Initiative, VSL, ENAS** and **Afritec**). Many of these grantees use an agent network they have established to ensure these inputs reach rural farmers, including **Mount Meru, Joseph Initiative** and **VSL**:

- **Joseph** reported selling seeds, fertilizer and herbicides (2,449,200 UGX, Q1 2016) to farmers to help increase farmer productivity and reported that farmers had adopted use of fertilisers and seeds.
- **VSL** reported supplying farmers with basic seeds (1250kg/50ha) for seed multiplication.
- **Mount Meru** has provided 2,155 farmers with improved soybean seed.

⁹⁰ Output 2 – inputs (seeds and fertiliser)

- **ENAS** expects to sell its readymade NPK fertiliser blends to farmers but production has not yet started.
- **Afritec** (through an existing contract) has supplied 200 farmers in Kenya with varietal and hybrid seed.

Some of the grantees (**EAGC**, **WFP** and **Raphael**) are enabling farmer access to inputs through **input loans and other forms of financing**:

- The **EAGC** is enabling access to inputs through the Agrovoucher system, though its reach appears quite limited. Three input suppliers are using the system, and 21 farmers are accessing inputs through it.
- **WFP**, working with banks and Private Agricultural Sector Support (PASS) in Tanzania, reported helping 53 FBOs in Tanzania and Rwanda access input loans, leading to farmers accessing inputs worth over 750,000USD.
- **Raphael** is distributing seeds (Uyole 03) and fertilisers as input loans to contracted farmers (3,750) through their groups.

Several of the grantees have enabled farmer access to inputs through **facilitating linkages with input companies** (**Kilimo**, **Yak**, **Shalem** and **Raphael**):

- **Kilimo** has established and formalised (through signing MoUs) eleven consortia with 28,329 farmers and over 40 input and other service providers.
- **Shalem** has facilitated farmers' access to certified seeds (2475 farmers) and fertilisers (1172 farmers), either directly distributed by **Shalem** or through seed distribution companies and agrodealers
- **Yak** is planning to collaborate with agro dealers and service providers to distribute seeds and fertiliser but is not yet reporting results.
- **Raphael** linked farmers who received GAP training with agro dealers to access improved inputs (e.g. Yara, Agriseed and ROGIMWA Agrochemicals)

Examples of grantees working with **government institutions** to improve access to seed supplies include **Afritec** who submitted hybrids and varieties to government institutions for registration (in Kenya and Tanzania), while **Shalem** is working closely with organisations in Kenya to explore how to source quality soy seed at reasonable prices.

The PMU reports against the relevant logframe indicators (2.1. *Volume of new or improved inputs traded by programme partners as a result of FTESA*; 2.2. *Number of male/female farmers using improved inputs as a result of the activities of programme beneficiary input suppliers*). When comparing the data with those reported in the grantee quarterly reports, the grantee data (where traceable) appears to be reporting the following results against these indicators: quantity of improved inputs provided to smallholder farmers; volumes of commercially demanded seed available; number of farmers receiving improved seeds; number of farmers registered in the project; number of farmers trained (e.g. in GAP); number of smallholder farmers engaged in trade.

(b) Enabling and constraining factors

Main findings: Grantees and beneficiaries report a number of factors influencing the progress of the interventions and participation by smallholder farmers. Some are under the control of the programme while others the programme may be able to influence and others they need to find ways of adapting. The most commonly reported constraints to improving access to inputs are of a political nature, followed by inclement weather, farmer behaviour, and availability of inputs at source.

Given many of the grantees involved in output 2 are also delivering activities under output 1 (e.g. Mount Meru, VSL), many of these factors are applicable to both outputs and discussed in section 6.4.1. Hence, rather than repeat in detail, we summarise these here and add any new factors mentioned by those grantees that exclusively focus on output 2 (i.e. ENAS and Afritec) and any other factors that are specific to input markets.

In summary, those factors cited that affect the production and use of seeds and fertiliser include government policy, the impact of inclement weather and disease brought on by excessive rainfall on efforts to multiply seeds (VSL, Afritec) affecting volumes and quality, and farmer behaviour.

- **Afritec** reports problems with the slow pace of government decision-making in registering new seed varieties (especially in Uganda) stating ‘none of these products have reached the end of the registration process, but several should soon’. **Mount Meru** also highlight the lack of sufficient registered soya-planting seeds in Tanzania, partly due to lack of efforts in the past to promote soya cultivation, making it extremely difficult to purchase registered seed.
- **ENAS** anticipates that the lack of harmonisation of input policies across ESA will be an obstacle to fertiliser trade but note a positive policy direction in Uganda where “the government has launched the National Fertiliser Sub-sector Strategy (NFS) which is aimed at ensuring that Uganda increases the use of fertilisers in agricultural production”.
- Both **Shalem** and **Raphael** cite the lack of available and affordable improved seed as a barrier to its use by smallholders (as discussed in section 6.4.1), which the projects are attempting to address.
- **Mount Meru** cites demand-side constraints to the use of quality inputs. Farmers’ own understanding and behaviours are barriers to the use of improved inputs (e.g. soya) (as discussed in section 6.4.1). **Kilimo** face resistance from some farmers who previously worked with projects that provide free inputs.

6.4.3 Output 3: improved policy and regulatory environment

The underlying theories leading to change for the interventions under output 3 are as follows:

By influencing ‘good enough’ policy and regulatory change to address market imperfections due to policy and regulation, this reduces the constraints hindering the achievement of results under outputs 1 and 2, as well as facilitates wider market change.

(a) Status of implementation and results achieved

Main findings: ACTESA is the grantee whose sole purpose is to achieve improved seed policy and regulatory frameworks, and it is already showing early results in facilitating policy change.

Only one grantee (ACTESA) is delivering specific activities under this output. The PMU and partners (such as Africa Practice and the Policy Advisory Forum) are delivering most of the activities under its influencing strategy, which we discuss further under sections 6.4.4 and 6.6.

ACTESA aims to align national seed laws and regulations with **COMESA’s harmonised seed regulations** to encourage private seed companies to trade across borders, increasing the supply of improved seeds to farmers. Domestication of regulations has commenced in seven countries, with four adopting the new regulations and the other three in the process. In addition, a COMESA variety catalogue has been developed and launched where companies can register varieties.

The PMU does not report against the relevant logframe indicators under output 3 and instead reports the ‘no. of pro-market policies and/or practices introduced in food and inputs markets’.

(b) Enabling and constraining factors

ACTESA reports a number of **enabling/constraining factors** in achieving its objectives. According to ACTESA, **political commitment** has played a significant role in facilitating the domestication of regional regulations. For example, the commitment by Heads of State in each target country to implement harmonised seed regulations in 2014 coupled with the endorsement at the Ministerial level at the COMESA Council of Ministers in 2015. In addition, most of the COMESA targeted countries do not require parliamentary approval to align national seed regulations. However, in some cases national seed acts are requiring approval, delaying the gazetting of seed laws and regulations (e.g. Zambia and Rwanda).

6.4.4 Policy reform

EQ12. What approaches to supporting reform to entrenched policies (related to staple food production and trade in East and Southern Africa) can contribute to lasting change?

As above, the underlying theories leading to change for the interventions under output 3 are as follows:

By influencing ‘good enough’ policy and regulatory change to address market imperfections due to policy and regulation, this reduces the constraints hindering the achievement of results under outputs 1 and 2, as well as facilitates wider market change.

Main findings: Few grantees report on engagement with policy-makers, however the PMU is engaged in activities through its influencing strategy and works with a few of the grantees. The work to implement the strategy began in 2015. Supporting reform to entrenched policies is an ambitious objective for the programme, given the PMU’s workload across the three roles (grant manager, broker and technical resource). However, the PMU has made progress through its partners working on key policy reforms linked to the constraints mentioned under the outputs of the programme. Given FTESA is a relatively new player, and the PMU has only recently ‘found its feet’ with only 18 months left under the current programme, the extent to which it can deliver change at this level may be limited. There are several other more established actors working in this field (e.g. EATIH) who may have more resources and could work in closer partnership with FTESA to tackle some of the policy and regulatory constraints that may undermine the programme’s effectiveness and impact. Given limited resources, the importance of leveraging partners in this role and prioritisation is paramount.

In this section, we highlight some of the main activities conducted under the PMU’s Influencing Strategy (discussed further in section 6.6). The strategy has three pillars: (a) supporting structured markets development (Gsoko); (b) improving regional seed markets; and, (c) strengthening the soybean value chain. The pillars “aim to unlock trade in grains, regional seed markets, and also enhance the incomes of smallholder farmers in the soybean sector”.⁹¹ The PMU has identified policy and regulatory constraints which are of direct relevance (e.g. to Gsoko and the programme’s efforts to unlock the potential in the seeds market) and potentially undermine the achievement of the programme’s objectives. The PMU identified, and is working with, partners (Africa Practice, Policy Advisory Committee) that both gather intelligence on issues relevant to the programme and who have the potential to influence policy change and/or identify influencers the programme can work with, prioritising key markets (Kenya, Uganda, Tanzania and Zambia) where the programme operates. There are several examples of intelligence gathered, including export bans imposed by government in southern Africa due to the effects of El Nino.

The PMU initiates consultations with government actors, including informal meetings between ‘influencers’ and key government actors as well as meetings that aim to facilitate learning between private sector actors and government officials on important issues that affect the staples food market and trade (Public Policy Dialogues, PPDs).⁹² The PPDs involve both partners (e.g. Africa Practice) and grantees (e.g. EAGC and ACTESA).

The PMU works with grantees who are on the receiving end of policy constraints (e.g. EAGC) and consequently able to flag to the PMU (e.g. during visits by PMU staff or other communications) and partners the challenges they face. Evidence of grantees (apart from EAGC and ACTESA) channelling information to the PMU on the

⁹¹ FTESA (2016c)

⁹² These include Soybean Policy Action Group (TZ); Seed Harmonisation Platform (seven COMESA countries); EAGC Grades and Standards Platform; Rice Trade Platform; Tanzania Commodity Exchange Initiative; Regional Trade Policy Platform. Source: FTESA (2016c).

policy and regulatory constraints they face appear limited, apart from the constraints and risks highlighted in the quarterly reports and discussed earlier. Moreover, according to the survey results, nine out of twelve respondents state that they are not aware of any current or planned reforms to government policy that might affect their project or of FTESA involvement therein.

In some cases, the grantees may also have the potential to play an ‘influencing role’. There are only a few examples of grantees playing a direct role in the influencing strategy (e.g. EAGC and ACTESA). However, this may be due to limited evidence available to the MTE team.

There are few cited examples of how the intelligence gathering and influencing activities has led to change, except for the Kenya Warehouse Bill (again, perhaps due to limited information provided to the MTE team). Given FTESA is a relatively new player, and the PMU has only just ‘found its feet’ with only 18 months left under the current programme, the extent to which it can deliver change at this level may be limited. There are several other more established actors working in this field (e.g. EATIH) who may have more resources and could work in closer partnership with FTESA to tackle some of the policy and regulatory constraints that may undermine the FTESA’s effectiveness and impact.

6.5. Outcomes and impact

EQ8. To what extent have improved trade support systems increased production and trade?

EQ11. To what extent has improved availability and use of inputs (seeds and fertiliser) increased production and trade?

Main findings: At this stage, there is limited evidence of impact on production and trade. However, there are a number of examples where farmers have made sales and grantees are receiving higher volumes in warehouse and VACs. There are a few examples of farmers receiving better prices. Through interventions to encourage and facilitate the production of better quality produce and bulking, the assumption is that farmers will receive better prices (not selling to middlemen). The potential of the programme to deliver substantial scale effects and change across the region (in terms of food availability, price stability, trade) within the remaining time is limited, dependent on the successful rolling out of Gsoko.

Individual grants: Here we explore whether or not there is evidence that **individual grants** have led to increasing volumes (stored/delivered) and sales, and whether or not there is evidence of farmers increasing production (increasing productivity/yields), receiving better prices, leading to increasing incomes.

During the baseline case studies, the vast majority of smallholder farmers identified increased income as their primary need, dependent on increasing productivity and yields and making farming more commercially viable. In most cases, the main constraint to increasing incomes is market access as well as low prices. The ‘packaging’ of activities under each grant to deal with market imperfections (e.g. lack of reliable markets for inputs and outputs; uncompetitive/fluctuating prices) and improve farmer productivity, suggests the FTESA interventions are highly relevant to farmers. At this stage, there is limited evidence to suggest that one type of intervention compared to another (e.g. storage vs. credit) will yield better results for farmers however there are examples of the complementarity of activities.

- **Volumes and sales:** As discussed above, there are several examples of increased volumes (and values) of produce from farmers delivered to VACs and warehouses (e.g. **EAGC, Virtual City**) and/or purchases (e.g. **Joseph, Kaderes, Kilimo, Shalem**). Grantees report on deposits and sales, and a few report on commitments to purchase grain (e.g. **Musoma, WFP**).
- **Productivity:** There are relatively few examples reported of increasing yields and production at the farmer level, partly due to lack of measurement and reporting and in some cases due to the stage of

implementation (and crop cycle) (e.g. **Musoma, Kaderes, Yak**). **Raphael** reported farmers increasing their yields⁹³ due to increased access to improved inputs and farmer training, as did **VSL** and **Joseph**.

- **Prices:** There is limited evidence on prices received by farmers (examples include Joseph where the grantee also purchases produce), partly due to the stage of implementation of some of the grants but also sensitivities in sharing commercial data. However, almost all of the grantees supporting improvements in quality state that their interventions will lead to better prices for farmers.⁹⁴ In addition, the opportunity to aggregate produce provides better market access to sell to bigger buyers for higher prices, as well as the opportunity to store produce for sale later at a higher price.⁹⁵ The underlying assumptions are that: farmers will raise the quality of their produce rather than produce lower quality for sale immediately after harvest to middlemen to satisfy cash flow needs; where farmers do produce higher quality produce, they will not be tempted to sell to middlemen for lower prices; and/or, that farmers are willing to store/aggregate their produce. For Gsoko in particular, price transparency through the market clearing mechanism (as discussed in sections 6.1 and 6.2), if successful, will bring farmer prices closer in line with underlying market prices, assuming there is sufficient throughput in the system.

However, for some of the interventions it is difficult to see how the transactional arrangements will allow farmers to benefit from market fluctuations in supply and demand – i.e. take advantage of higher prices in deficit areas and/or during shortages (one of the main aims of the programme). Some grantees plan to offer farmers a fixed price at the point of deposit, where the main benefit to producers is the guaranteed market and the promise of a higher price compared to prices offered by local traders at harvest time, rather than receiving a higher price at point of sale⁹⁶ in a deficit area or during shortages.

- **Incomes:** There are very few recorded examples of increasing farmer incomes. In many cases, there is an assumption that by farmers increasing productivity and production levels, and grantees (and others) purchasing grain from farmers (often at a higher price), this will lead to increased farmer incomes.
- **Trade:** There are few recorded examples of cross-border trade (e.g. **Kilimo, Raphael, Joseph**) at this stage but several of the grantees are involved in cross-border trade, have a contract in place to export produce (e.g. **Farm Africa**) or mention intentions to sell across the region (e.g. **Kaderes**).

Overall programme: Above we discuss evidence of the (largely potential) impact of individual grants on production, sales, prices and trade within the context of the individual projects. However, FTESA's current impact and outcome statements and indicators go beyond individual projects, anticipating that the **programme as a whole** will stabilise prices and reduce price differences between hungry and harvest seasons and deficit and surplus areas at the regional level (nine countries), benefiting both producers and consumers. Similarly, the programme aims to increase regional trade across all countries, 5% above trend according to the indicator. While the interventions may contribute to these indicators, given the stage of implementation and more importantly the scope of these interventions, the impact is likely to be more localised within the remaining time of the programme as interventions are unlikely to have reached sufficient scale effects. As discussed in sections 6.1 and 6.2, the successful rolling out of the Gsoko platform, working with complementary grants, is likely to have the most potential in generating any substantial scale effects and region-wide impact. Nevertheless, given its current stage of implementation, such effects are likely to only begin emerging towards the end of the FTESA programme (April 2018).

⁹³ From 0.3MT/acre to 1MT/acre.

⁹⁴ E.g. EAGC, Joseph, Kaderes, Musoma, Raphael, Shalem, Sosoma, Virtual City, Yak

⁹⁵ E.g. EAGC, Sosoma, Virtual City

⁹⁶ E.g. when a miller buys from a warehouse/trader

6.6. Organisational level: PMU performance

This section answers those evaluation questions exploring the performance of the PMU in delivering the FTESA programme. It draws on the OR Report and VFM Assessment, as well as the Portfolio Review.

EQ13. To what extent is the FTESA programme (PMU) performing optimally?

- a. Has PMU maintained its relevance?
- b. How effective is the PMU in delivering the expected outputs through its activities?

6.6.1 Relevance

(a) Relevance given PMU objectives

Main findings: While stakeholders recognise the relevance of the expected roles of the PMU (broker, technical resource and grants management) given FTESA objectives, interviews with those directly involved with the PMU provide evidence of a difference in opinions of programme implementers on what should be the focus of the PMU.

As discussed earlier, the ToC for FTESA concentrates on the programmatic outputs, outcomes and impact with very little detail on what to expect from the PMU. Background documents on the FTESA programme, such as the PMU ToR and DFID Business Case, do provide some insight in the original expectations for the PMU.⁹⁷ Based on these documents, the main expected interlinked roles of the PMU seem to be:

1. **Broker** i.e. brokering relationships around achievable policy and regulatory change (often also referred to in interviews and documents as 'influencing').
2. **Technical resource** i.e. serve as a leading centre of thinking, providing technical assistance, learning (including M&E).
3. **Grants management** for CF and DF.

Different stakeholders recognise the potential importance and relevance of these three PMU roles given the overall objectives of the programme.⁹⁸ However, interviews with those directly involved with the PMU provide evidence of a discrepancy between different stakeholders' opinions on what should be the focus of the PMU.⁹⁹ This relates to the assumptions about the way in which the different roles of the PMU contribute to FTESA outcomes. In short, without doing justice to the nuances in this discussion, two opinions of the PMU's focus prevail:

- The PMU is **first-and-foremost a fund manager** focusing on awarding and managing CF and DF grants (grant management, M&E, interaction with grantees).
- The PMU is a **broker for change** in the staple food markets and trade system, through less tangible policy influencing activities, including through the grants (e.g. input from grantees on barriers in the system) but also through extra influencing efforts (e.g. using networks to pursue policy issues).

Due to frequent changes in programme management in the first couple of years and the lack of clear and explicit specification of the expectations for the PMU (e.g. priorities), it was hard to maintain a consistent organisational direction that matches with DFID's objectives for programme implementation.¹⁰⁰

⁹⁷ DFID (undated). DFID (2012).

⁹⁸ OR interviews (internal + external)

⁹⁹ OR interviews (internal + partners)

¹⁰⁰ OR interviews (internal). The absence of DFID and the PMU Team Leader at the strategic team meeting in Q1 2016 compounded the lack of clear, explicit and mutually agreed prioritisation.

Given the delays in the establishment of the programme, it is unlikely that all objectives will be attainable during the current lifetime of the programme. Therefore, prioritisation of future activities is required (including new opportunities e.g. in Southern Africa). This also includes prioritising the different roles (and their combination).

(b) Relevance given external environment

Main findings: While other organisations are active in the same area, FTESA fills a niche by focusing on staple food markets and trade systems, potentially working with grantees and technical expertise to broker policy change. Coordination between actors remains a point of attention (in particular with TMEA).

All those interviewed agree that the activities of the PMU are appropriate given the external environment. There is also agreement that no other organisation in the region focuses on staple food markets and trade systems in the way that FTESA does, combining grants with brokering policy changes.¹⁰¹ However, there are other organisations involved with specific aspects of staple food trade. The main donor-funded organisations are TMEA and USAID's EATIH. The OR Report provides a short summary of the overlapping programme areas of these organisations, based on a coordination exercise initiated by FTESA.¹⁰² Avoiding overlap and generating synergies depends on all parties involved, and not solely FTESA that focuses on a relatively clearly defined niche. Section 6.6.2 assesses the way in which this environment affects the PMU's performance. There are challenges in this area, in particular between FTESA and TMEA. In addition, there are regional and national organisations active in the area of staple food trade, some of which are programme partners of FTESA, such as the regional bodies EAGC and ACTESA.

6.6.2 Effectiveness

This section describes the achievements of the PMU with regard to its different, interlinked, roles (as described above), and the determinants of success (and challenges), concentrating on aspects of the organisation's capacity, motivation and external environment.

(a) Broker role

Main findings: The broker role is an ambitious goal for an entirely new five-year programme (rather than an established, recognised organisation). After a slow start, some interesting policy interventions were made by the PMU (in close cooperation with Africa Practice, members of the Policy Advisory Committees, and grantees), though overall the effectiveness of the PMU's broker role needs to be tested. Several of those interviewed highlight the need to release greater technical capacity for the PMU to perform the broker role.

According to the PMU ToR, an important task was '*proactively brokering relationships between private sector stakeholders, policy makers and relevant officials around achievable policy and regulatory change*'.¹⁰³ However, this area of work was slow to start up due to difficulties with developing a strategy for the broker role ('influencing strategy') and an initial focus on the grant component of the programme (during which the focus was on relationship building with private sector actors).¹⁰⁴

The partnership with Africa Practice intends to facilitate the broker role of the PMU (as well as providing support with communications).¹⁰⁵ Several of those interviewed consider the instalment of the Policy Advisory

¹⁰¹ OR interviews (internal + external + partners). In 2014, Africa Practice conducted an extensive stakeholder mapping for the PMU, identifying and exploring influential stakeholders in staple food trade in Kenya, Tanzania and Uganda.

¹⁰² As described in the TMEA, FoodTrade and EATIH programme harmonisation plan/matrix (August 2015). Areas for cooperation between TMEA and FTESA are also described in FTESA Pilot Year Strategy 2014.

¹⁰³ DFID (2012)

¹⁰⁴ OR interviews (internal + partners). Also noted in DFID 2013 and 2014 Annual Reviews

¹⁰⁵ For example, support with press releases and special events (e.g. Soy Beans Conference in Zambia), support to communications of grantees (e.g. EAGC)

Committees (with support from Africa Practice) as another useful step ahead for the broker role. Its members in Kenya, Tanzania and Zambia provide information and advice on influencing strategies and have the potential to be brokers themselves.¹⁰⁶ These committees are too recent to assess their effectiveness, but given the calibre of the members, there is potential at least to gain useful information on both policy development and practice at national level.¹⁰⁷

The implementation of the broker role really only started in 2015. The PMU describes its strategy as ‘quiet diplomacy’, ‘addressing sensitive issues through personal relationships and influential third parties’.¹⁰⁸ The DFID 2015 Annual Review noted that the team had succeeded in some ‘nimble, opportunistic reactive interventions including following leads from private companies engaged in the programme’ (e.g. soy production and trade, warehouse certification and rice certification).¹⁰⁹ However, engagement with DFID country offices is low, with most collaboration in Zambia where the DFID advisor is part of the Policy Advisory Committee.¹¹⁰ While technical staff engage on policy matters, to date they have been more involved with the grants management.¹¹¹ There may be potential to engage former Investment Committee members more actively as champions for FTESA and its policy concerns.¹¹²

(b) Technical resource

Main findings: The PMU has yet to establish itself as a technical resource in the area of food markets and trade, despite recognition of the strength of the technical staff by those interviewed. The value-added of the PMU’s work in this area (for the FTESA programme and others involved in food markets and trade) may require more thought.

The DFID Business Case and PMU ToR stresses the PMU’s role as a technical resource (*‘centre of thinking’*), also highlighted in the PMU’s communication strategy.¹¹³ However, in practice this area of work has not yet come to fruition, though many of those interviewed appreciate the technical capacity of the PMU. For example, all of the respondents to the survey agree that the PMU is knowledgeable about food trade related issues (figure 12). In 2015, a partnership with ReNapri was set up with the intention to collaborate on a Knowledge Hub for food staple markets information. Once the FTESA Knowledge Manager is in place, they will work on developing the Knowledge Hub.¹¹⁴ Key issues raised include accessibility for different types of stakeholders; inclusion of FTESA specific information (e.g. about grantees); need for a mix of information and types of publication; governance and trust in quality of information.¹¹⁵ Several of those interviewed mentioned the risk that the Knowledge Hub may overlap with existing initiatives providing similar information.¹¹⁶ How the Knowledge Hub will contribute to FTESA objectives is not yet clear.

¹⁰⁶ OR interviews (partners). Policy Advisory Committees described in FTESA (2015b).

¹⁰⁷ OR interviews (internal + partners)

¹⁰⁸ FTESA (2015a)

¹⁰⁹ DFID (2014) + OR interviews (internal + partners).

¹¹⁰ OR interviews (internal)

¹¹¹ OR interviews (internal). Time allocation and effectiveness not assessed.

¹¹² OR interviews (partners)

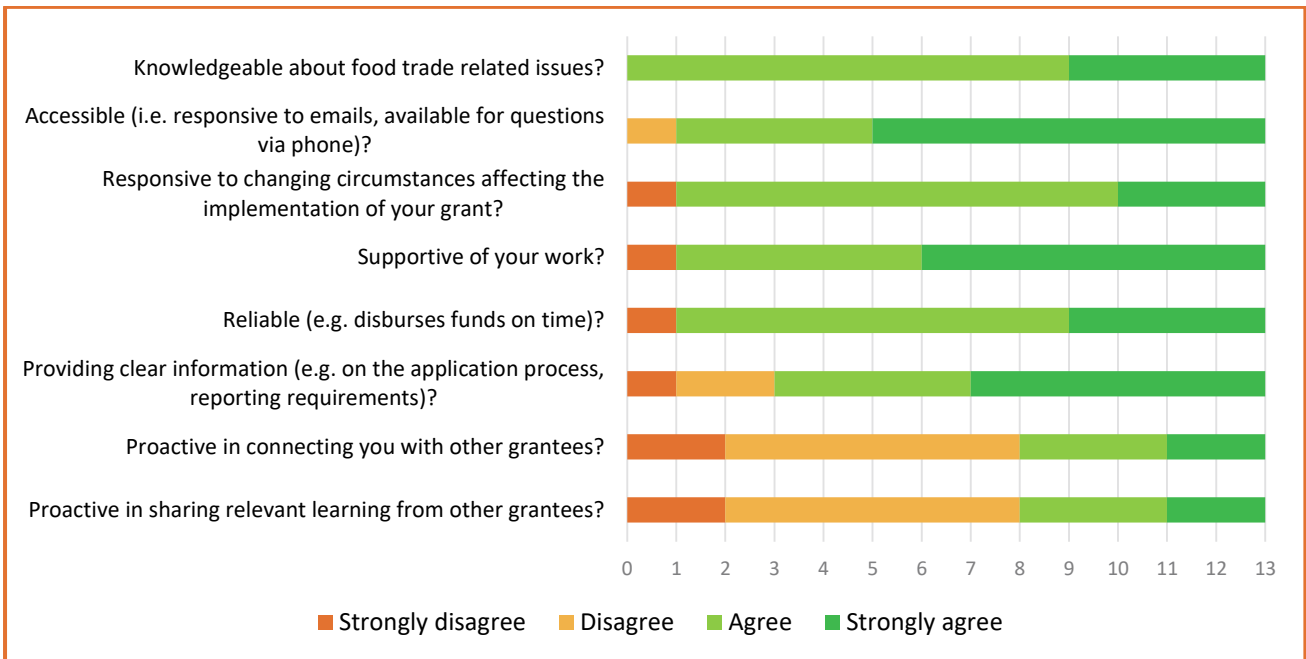
¹¹³ DFID (undated). DFID (2012).

¹¹⁴ Based on an early concept note developed by the PMU.

¹¹⁵ OR interviews (internal + partners)

¹¹⁶ OR interviews (internal + partners + external)

Figure 12: Do you consider FTESA PMU to be....?



(c) Grants manager

Main findings: To date, the PMU has been most effective in grants management. A robust grant application and management system has been set up (perhaps somewhat overloaded with regard to reporting requirements). Grantees are generally very appreciative of the PMU.

Grants management is the area in which the PMU is most recognised. At the beginning, the EBW intended to test the private sector’s interest in a food trade CF and was the first output that met DFID’s expectations (and the only one in the first year).¹¹⁷ According to DFID at that time, the application process was rigorous and well organised and provided lessons for future windows.¹¹⁸ However, with hindsight, the PMU considers that the selection process was rushed with insufficient attention to programmatic due diligence.¹¹⁹

The Investment Committee is involved in the selection of grants and presented with a shortlist of applications that have already received due diligence visits. This process has improved over the years (e.g. preparation time, review documents, clarity on purpose of selection, independence).¹²⁰ There is potential to improve the engagement of the Investment Committee (e.g. informing members of new calls, providing feedback on the selection and progress of the grants).¹²¹

Most grantees engage with the PMU once or twice a month. Ten out of twelve grantees surveyed called the relationship with the PMU either excellent (5) or good (5). As figure 12 illustrates, the grantees themselves are generally appreciative of the PMU’s grants management, with a few exceptions. Twelve¹²² of 13 state that the PMU is (a) accessible, (b) reliable, (c) supportive of their work, and (d) responsive to changing circumstances affecting the implementation of their grant. Ten out of 13 state that the PMU provides clear

¹¹⁷ Score A: ‘output met expectations’. DFID (2013).

¹¹⁸ DFID (2013).

¹¹⁹ OR interviews (internal). The Investment Committee has at times in its meetings questioned the robustness of the KPMG due diligence in early challenge fund rounds and sent back proposals for further investigation.

¹²⁰ OR interviews (internal)

¹²¹ The Investment Committee would benefit from more insight into the programme and its objectives (e.g. possible synergies between grants, priorities, etc.). OR interviews (partners).

¹²² Strongly agree or agree.

information (e.g. on applications, reporting, etc.). On the other hand, the majority of grantees (8 out of 13) disagree or strongly disagree with the statements that (a) the PMU is proactive in connecting grantees and (b) proactive in sharing relevant learning from other grantees (discussed in further detail in sections 6.1).

(d) Determinants of success and challenges

The OR identified some of the underlying factors that contribute to the achievements of the PMU according to three main categories (see OR report for further details): **capacity** and **motivation** of the organisation, and **external environment**.

Capacity¹²³

Main findings: Leadership and technical capacity have strongly improved. There are concerns that gaps in M&E may remain, despite the recruitment of new staff and revised M&E framework. Organisational learning has been limited due to the relocation and staff changes. Despite this and other hurdles, the consensus is that relocation to Nairobi is a very good move. The majority consider that the PMU is now 'set to sail', finally having a large enough and appropriately qualified team required to fulfil most of its tasks.

Technical expertise: Many of the earlier delays in start-up and PMU achievements were due to the lack of good quality senior leadership, technical expertise and programme management.¹²⁴ Since 2015, leadership and technical capacity have significantly improved.¹²⁵ However, with regard to the broker role of the PMU, several interviewees noted that senior leadership and technical staff have to date been heavily involved with grant or overall PMU management, and have limited time to deliver this role.¹²⁶

Grant and project management: The PMU has well established grant management skills since the relocation to Nairobi, working closely with KPMG who second staff to the PMU and perform grantee due diligence.¹²⁷ The online grant application and scoring system has worked relatively well for all four CF rounds. Financial management and forecasting by the PMU, in close cooperation with DAI HQ, has improved over time.¹²⁸ The operations team is currently working on further improving internal systems and procedures.

There is scope for further improving the grant financial management system.¹²⁹ For example, the use of dual systems creates inefficiencies (e.g. causes disbursement delays, limited insight of the PMU in budget allocations). According to several of those directly involved,¹³⁰ the financial reporting system might benefit from simplification (e.g. adjusting reporting requirements according to grant risks, bi-annual reporting rather than quarterly).¹³¹

Learning and M&E: The one M&E officer in the PMU left the team in March 2016 and the PMU recruited four new M&E experts who started between May and July 2016. The new team immediately set out to simplify the grantee M&E framework, seeking grantee opinions on the newly proposed framework. They also worked with DAI Europe on developing a proposal for revising the FTESA logframe.¹³²

¹²³ The VFM Assessment explores financial resources.

¹²⁴ OR interviews (internal) + DFID (2013).

¹²⁵ OR interviews (internal + partner + external)

¹²⁶ OR interviews (internal + partner)

¹²⁷ DFID (2013, 2014). OR interviews (internal + partners).

¹²⁸ This led to the replacement of monthly financial meetings between DFID and DAI HQ with reporting by email. DFID (2014, 2015).

¹²⁹ OR interviews (internal).

¹³⁰ PMU, DAI, KPMG, DFID.

¹³¹ Those interviewed compared the FTESA set up to requirements of other donors (e.g. SIDA, Gates) and other DFID projects (different reasons are given for the elaborate system, ranging from donor requirements to cautiousness).

¹³² The proposed new M&E framework, including new reporting formats, links to a new logframe proposed by the PMU/DAI. OR interviews (internal).

Besides the PMU, DFID engaged the EMU to evaluate the programme (baseline, midterm and final).¹³³ During the early stages of implementation, there was confusion on respective roles¹³⁴ and the division of labour, which led to a clearer articulation of roles and responsibilities in the MRM manual. The work of the EMU is additional to that of the PMU. Moreover, some of the grantees also undertake their own M&E activities (Farm Africa, Kilimo, EAGC/Gsoko), which has the potential to provide useful information for FTESA.

Annex 10 provides an update on the M&E system as well as a review by the evaluation team. The headline findings from the review is that the programme has made significant progress in simplifying the M&E system, making it clearer for grantees to understand and implement. However, it is not clear the extent to which existing grantees are required to adopt the new guidelines. Furthermore, revisions to the output indicators (to indicators at a lower level of the results chain) and a focus on grantee reporting at this level, reduces the potential usefulness of the grantee M&E system to capture progress and feed into lesson learning and ongoing programme improvement. Also, the lack of quantitative baseline data (surveys of the last wave of grantees funded by FTESA and undertaken by grantees; and two surveys employing quasi-experimental methods undertaken by the EMU and only delivered recently), restricts the ability to measure impact across the portfolio at final evaluation.

With regard to learning, there are no formal systems for internal learning, apart from technical team meetings. There are informal exchanges between staff that contribute to internal learning. There are indications that some of the staff could benefit from more awareness of what the FTESA programme is doing and funding.¹³⁵ Given that the PMU staff interviewed (including DAI) were all relatively new to the organisation, there were few examples of organisational learning (except with regard to grants management).

Infrastructure: According to most of those interviewed for the OR, the PMU is now 'set to sail', finally having a large enough and appropriately qualified team required to fulfil most of its tasks.¹³⁶ In 2016, additional resources to fund the expansion of the team were agreed and sourced from the DF TA budget.¹³⁷ The expansion of capacity of the PMU has focused on grant management, M&E and knowledge management.

Moreover, in addition to KPMG, the PMU can draw on the capacity of its partners Africa Practice and ReNapri. For both of these partnerships, the quality of work is very important given that FTESA relies on up-to-date intelligence and market information for implementation (especially the broker role). However, to date, the quality has varied.¹³⁸

All interviewees stated that the relocation of the PMU to Kenya, with representation in Zambia and Tanzania, was a good decision.¹³⁹ Several challenges associated with relocation and decentralisation remain.¹⁴⁰

¹³³ Other activities include reviewing FTESA data in annual reports, and ad hoc support with M&E (e.g. theory of change workshop).

¹³⁴ DFID (2013). FTESA (2014a) Annex 9. This also includes the quantitative baseline studies conducted by Reading University in preparation for statistical impact assessment as part of the final evaluation. At times, the EMU has provided extra capacity to the PMU (e.g. for the development of the theory of change and accompanying logframe)

¹³⁵ OR interviews (internal). All staff receive daily updates from Africa Practice.

¹³⁶ OR interviews (internal + partners)

¹³⁷ This includes the following: two M&E Officers, one Knowledge Management Officer, one Gender Specialist, one Compliance Officer and extra office support. OR interviews (internal). FTESA (2016b).

¹³⁸ OR interviews (internal + partners)

¹³⁹ Nairobi hosts several relevant regional bodies active in food trade, as well as donor organisations. At the same time, travel in the region is easier from Nairobi compared to Dar es Salaam, which should facilitate relationship building. Moreover, according to many of those interviewed, it is easier to find the required staff capacity (expertise, skills, quality, etc.) in Kenya. OR interviews (internal + partners + external)

¹⁴⁰ For example, the Team Leader does not have a Kenya work permit, there are problems with the payment of pensions and taxes for staff in other countries where FTESA is present, and relocation and staff limitations were a significant burden on the team leader.

Motivation

Main findings: Trust in the PMU has grown. Earlier frequent changes in the programme's management hindered the development of a consistent organisational strategy in line with DFID's objectives. The current team leader is thought to have a positive impact on the organisation's motivation. There remain issues with the governance structure of the programme (e.g. entity of operations, contracting arrangements).

History: The history of the PMU includes several frustrations among different stakeholders closely involved (PMU, DFID, DAI). However, there is now clearly more trust in the PMU, evidenced among others by more delegated responsibilities (e.g. from DFID to the Team Leader).¹⁴¹

Mission: As discussed above, frequent changes in the programme's management has hindered the development of a consistent organisational strategy in line with DFID's objectives. Related to its mission, the sustainability of FTESA frequently came up in interviews, particularly after 2018. Interviews mentioned continuity as important for any efforts to engage in the policy field.¹⁴²

Culture and incentives: The PMU in its current set-up is possibly too new to have developed a fully established organisational culture (e.g. effective incentive systems). However, most of those interviewed agree that the current PMU Team Leader has had an immediate positive impact on the programme.¹⁴³ Another aspect of PMU culture that affects its performance is the way in which the team, covering different locations and secondments, acts as one. In Tanzania, for example, the three core staff, despite working in different locations in Dar, felt part of a team. Similarly, the KPMG-seconded staff feel part of the PMU team. For those outside of Nairobi, frequent digital contact contributes to their inclusion in the team, including virtual attendance at the regular team meetings. In Nairobi, joint lunches encourage the informal exchange of information and supports team building.¹⁴⁴

Governance: Several interviewees discussed the potential impact of the programme's set up and governance, especially the entity of operations. FTESA is not a legally registered entity, nor is it part of a bilateral agreement. Its identity is as a five-year UK government-funded regional programme managed by DAI Europe. Some interviewees believe this has hindered operations in Kenya, despite the transitional arrangements made with AGRA as a host for FTESA. Some of the main challenges raised include lack of legal protection, difficulties with work permits, and limited political cover.¹⁴⁵

There are some indications that the contracting arrangements (DAI-DFID) may have contributed negatively to organisational performance. For example, the milestone contract appears to have had an impact on the prioritisation by the PMU and DAI, discouraging investments by DAI and leading to a focus on attainable milestones rather than those 'harder to achieve' milestones (e.g. those related to the PMU's broker role).¹⁴⁶

External environment

Main findings: The PMU has made significant efforts to coordinate the activities of different organisations working in the same field. Gaps in coordination may now require higher levels of donor involvement (e.g. DFID). There remains room for improvement with regard to external communications and marketing of FTESA.

¹⁴¹ OR interviews (internal). The relationship between DAI and DFID seems less close.

¹⁴² OR interviews (internal + partners + external). There are, however, examples of other actors in the food trade area that have changed names after each tender period without major consequences for their position (e.g. EATIH)

¹⁴³ OR interviews (internal + partners). DFID (2014, 2015).

¹⁴⁴ OR interviews (internal)

¹⁴⁵ Discussed in the SC in October 2015 – decided to stall decision making until after the MTE (which was delayed).

¹⁴⁶ OR interviews (internal)

As described above, FTESA fills a specific niche. Its approach is unique, combining a grant maker with a broker role to obtain policy change. There are opportunities to work with other organisations, for example, by each organisation identifying their comparative advantage and working together to deliver larger combined results.¹⁴⁷ There is also scope to work in closer cooperation with DFID country offices, which requires motivation and effort from both sides.¹⁴⁸

Each year, the DFID Annual Review process has recommended better coordination with TMEA and EATIH (see above). Recently, the PMU made significant efforts to coordinate the activities of different organisations working in this field, acknowledged by a number of those interviewed.¹⁴⁹ For example, FTESA was instrumental in coordinating the donors funding the EAGC, leading to the reallocation of funds to avoid duplication. However, overlap remains with TMEA and those closely involved have suggested that efforts to improve coordination may now require higher levels of donor involvement (e.g. DFID), rather than relying on the programmes themselves.¹⁵⁰

The PMU's external communications may affect the organisational performance. From the interviews with external informants, FTESA is not that well known yet in the field.¹⁵¹ Key external actors are insufficiently aware of its activities and approach. At times, DFID and DAI are more visible as actors in the food markets and trade arena than FTESA itself.¹⁵² This is likely to affect the broker role the programme can play.¹⁵³

6.6.3 Efficiency and Value for Money

EQ13c. To what extent is the FTESA programme (PMU) performing optimally: how efficient is the PMU in delivering the expected outputs through its activities?

EQ14. Does FTESA offer Value for Money in the results it achieves, compared with possible alternatives?

Main findings: The programme follows economical practices and processes, yet its economy figures are not as strong as similar programmes. FTESA has surpassed its efficiency target in terms of leveraging investment from grantees. There are no metrics and hence data on cost-effectiveness. The PMU only recently started to collect VFM data. Hence, VFM data is not feeding into programme management decision. There are no VFM targets for tracking progress.

In this section, we explore the efficiency of the programme and VFM. It draws heavily on the VFM Assessment Report and some information from the OR Report. The VFM metrics are those agreed in DFID's 2015 Annual Review.

¹⁴⁷ For example, as recommended in the DFID 2015 Annual Review.

¹⁴⁸ OR interviews (internal)

¹⁴⁹ OR interviews (internal + external)

¹⁵⁰ OR interviews (internal + partners + external). Discussed in the SC in February 2016 (with respect to Rwanda aggregation project).

¹⁵¹ OR interviews (external)

¹⁵² The PMU use @dai.org rather than FTESA for their emails. This is a legacy from when the PMU used the DAI SA server.

¹⁵³ OR interviews (partners + external)

Table 4: VFM metrics

VFM aspect	Evaluation sub-question	VFM metrics ¹⁵⁴
Economy	Is the programme economical in terms of the cost of the resources used?	Fund management cost ratio
		Administrative cost ratio
Efficiency	Does the programme maximise efficiency (i.e. outputs achieved for a given input)?	Portfolio-wide leverage ratio
		Smallholder engagement rate
Cost-Effectiveness	Is the programme the most cost-effective way of addressing the constraints and achieving expected results?	Employment generation ratio

We were unable to measure the employment generation ratio (cost-effectiveness) as the PMU is not able to generate data on this metric at present. We report figures for the other four below. Additionally, the programme has introduced a new equity indicator.

Economy

This section describes the broad overarching approaches adopted by the programme to build cost conscious behaviour into various programme components. It also evaluates the specific quantitative VFM metrics the programme is currently measuring to determine whether procurement of inputs demonstrated economy.

The PMU collects and analyses the overall picture of disbursements and organises costs under three major budget lines: management cost, development funds and challenge funds. Across the programme, there are examples of economy in procurement and agreements with respect to disbursing funds, hiring staff and managing operations. For example, CF applicants go through a competitive selection process. The PMU uses an online application system to help maximise the number of applications. After going through a technical evaluation, the investment committee assesses the applications, and the PMU then visits the short-listed applicants. At each step, discussions take place on the budget, scrutinising proposed budget lines to ensure the project is economical. In the case of the DF, there is no competitive process but the PMU works with potential partners to develop proposals, work plans and budget. While doing so, the programme gives particular efforts to ensure the budget is reasonable.

Since 2015, with a new team leader and operations manager on-board, the PMU has done the following to reduce its own operational costs:

- Programme staff organising their own travel as opposed to using a travel agency
- Using fixed-cost phone contracts
- Reducing per diems
- Adopting a leaner programme maintenance structure (e.g. no HR, no fixed contract for cleaning)
- Adopting a register for the use of stationary

Furthermore, FTESA accesses prequalified vendors for procurements by leveraging its informal connections with another DAI-contracted programme (EATIH). They share quotations to reduce the costs of medical aid, car hires and furniture, etc. Overall, the programme is making 'cost conscious' efforts across several dimensions.

To increase the pace of programme implementation, the programme has set aside just over 1 million GBP from the DF budget to fund nine additional temporary staff advisory positions¹⁵⁵ for two years. Due to the

¹⁵⁴ The indicators/metrics are from DFID's 2015 Annual Review

¹⁵⁵ 4 M&E officers, 1 Partnership Development Officer (for WFP), 1 Knowledge Management Officer, 1 Gender Expert, 1 Compliance Associate, 1 Operations Officer, 1 Policy Officer. £344,700 approved by SC in October 2015 and £656,700 approved in June 2016.

nature of this budget line, it would be ideal to use this only for hiring staff relevant to programme activities. While this has an impact on the economy of the programme, by doing so, the programme effectively trades a degree of economy for improved efficiency and effectiveness (assuming the staff members can meaningfully help the programme do better in achieving its outputs and outcomes). Further development of the VFM system will enable the programme to analyse whether this holds true over time.

Fund Management Cost Ratio (FMCR)

This indicator reflects the ratio of fund management cost to the total cost of the programme. Fund management costs includes (mostly) salaries and some overheads. FTESA includes 90% of total invoiced management fees in the calculation of this ratio, reflecting the percentage of staff time devoted to fund management (UK home office costs account for 6% of the management fee). At the end of Q1 2016, the FMCR was 29% (£3.39 million, compared to the total programme cost of £11.83 million). This is higher than some other similar DFID programmes. For example:

- **Economic Empowerment of the Poor Programme:** management costs account for 22% of total costs.
- **Africa Enterprise Challenge Fund (AECF):** AECF: management costs are 16% of total costs. However, AECF incurs an additional 4% of management costs through AGRA¹⁵⁶.
- **Agricultural Development Company (AgDevCo):** management costs are lower than AECF.¹⁵⁷

While there is scope for improvement in FTESA's economy performance, the 29% ratio is not far above the 12-24% range cited as typical for CFs.¹⁵⁸ DAI UK indicated that it plans to establish a target for this indicator soon after the MTE.

Administrative Cost Ratio (ACR)

This indicator reflects the ratio of administrative cost to the total cost of the programme. Administrative costs includes total invoiced management fees, which include the fund management costs and other costs¹⁵⁹ (e.g. accounting, auditing, legal fees, occupancy costs, office supplies, admin staff, etc.).

At the end of Q1 2016, the ACR was 32% (£3.76 million, compared to the total programme cost of £11.83 million). This is higher than some other similar DFID programmes. For example, AgDevCo's administrative costs were 18.9% of committed funds in 2013 and 10.9% in 2014¹⁶⁰. There is scope for improvement in this indicator. Again, DAI UK plans to establish a target soon after the MTE so that they can understand whether FTESA's performance is on track.

Efficiency

Two efficiency indicators identified by FTESA in 2015 include Leverage Ratio and Smallholder Engagement Rate. Before evaluating the indicators, the EMU worked with the new M&E team to clarify the definitions.

Leverage Ratio

This indicator calculates the ratio of private sector investment to the investment provided by the programme. At the end of Q1 2016, FTESA disbursed¹⁶¹ £3,804,945 of funds under the CF, and private sector grantees matched these with £5,783,474 investment (own funds and third parties). This gives a ratio of 1:1.52. The FTESA grant team measure the amount of private sector investment based on discussions with the grantees

¹⁵⁶ Source: AECF Annual Review 2014

¹⁵⁷ Source: AgDevCo Annual Review 2015

¹⁵⁸ Irwin and Porteous (2005)

¹⁵⁹ Other costs include accounting, auditing, legal fees, occupancy costs (e.g. rent, utilities, insurance, taxes, maintenance), general liability insurance protecting the organisation, depreciation on equipment, office supplies, general and administrative salaries, and wages incurred for common or joint objectives and not necessarily linked with a particular programme activity.

¹⁶⁰ Source: AgDevCo Annual Review 2015

¹⁶¹ The figures are actual, and not committed

and document review. The ratio is not as high as AECF¹⁶² (1:2.45) but it is higher than its target of 1:1.04.¹⁶³ This ratio does not apply to the DF, as these are not matching grants.

Smallholder Engagement Rate

The PMU defines this indicator as ‘the required grant for every farmer trained with knowledge about how to access and use improved inputs’. At end of Q1 2016, FTESA disbursed funds (both CF and DF) worth £8 million. In the same period, 168,913 small farmers were engaged by the programme, which makes its smallholder engagement rate £47.74. However, farmers are not all trained equally on ‘how to access and use improved inputs’. In addition, FTESA funds a range of training across outputs 1 and 2 (e.g. on post-harvest loss, application of grades and standards, etc.) and not just training on input use (output 2).

Equity

FTESA did not identify specific equity indicators before the MTE. The PMU team developed the indicator ‘% of females among smallholders that have registered to use the Gsoko System’. To date, 31% (324 out of 1037) of registered smallholder farmers are female. The rationale for using this indicator is that the majority of activities under the CF and DF directly or indirectly contribute to the Gsoko system. Therefore, this indicator may give an indication of the equity performance of the programme as a whole. However, as discussed in earlier sections of this report, while there is significant potential to link grantees (and farmers) to the Gsoko system, the extent to which this is happening is low at present, particularly when compared to the 168,913 small farmers reportedly engaged by the FTESA programme.

Table 5: VFM data

Indicator	Achievement	Explanation
Economy		
Fund Management Cost Ratio (FMCR)	29%	29% of total programme cost (£11.83 mil, as of 31st March) went into fund management
Administrative Cost Ratio (ACR)	32%	32% of total programme cost (£11.83 mil, as of 31st March) went into administrative purposes (this is equivalent to DFID’s input into management fees of the programme)
Efficiency		
Leverage Ratio	1:1.52	For every £1 of CF disbursed by FTESA, the private sector grantees have invested £1.52
Smallholder Engagement Rate	£47.74	£47.74 of DF or CF is required to have one farmer trained with knowledge about how to access and use improved inputs
Equity		
% Female registration	31%	31% of smallholder farmers registered to Gsoko are female

¹⁶² Source: AECF Annual Review 2014

¹⁶³ By design, FTESA is expected to provide a maximum of 49% of the total investment cost - that can be matched with 51% investment by challenge fund applicants. This implies the leverage ratio should be 1:1.04 or higher.

Further metrics

During data collection, the EMU and PMU discussed making the VFM system more robust and useful for decision-making in the programme, and gave advice on how to disaggregate indicators for each fund. The metrics the PMU has reported to-date are a useful start but should be complemented with additional efficiency and effectiveness indicators (which are disaggregated as necessary) in order to provide adequate and relevant information for decision-making purposes. The number of indicators should be manageable to avoid VFM measurement and analysis taking up excessive resources. The PMU are planning to add some new (stage 2) indicators, particularly to measure efficiency and effectiveness, and have tentative plans to add one further efficiency indicator (ratio of 'total tonnage of warehouse constructed or refurbished' to 'the programme cost required for construction or refurbishing'). The timing of measurement of this new indicator will be an important consideration since the costs of constructing or refurbishing warehouses typically climb quickly at the beginning of a programme while accurate data on installed capacity lags behind. FTESA is currently assessing how to measure this indicator including, for instance, whether to use an estimated projection of warehouse tonnage or to wait for the actual warehouse tonnage. Given the emphasis of FTESA on bulking, aggregating and storing, this indicator appears very relevant. However, the link to the logframe is not clear (maybe outcome indicator 3 on volume sold by FTESA beneficiaries, which could also take into account volumes stored?).¹⁶⁴

Overall assessment

There was no VFM data or analysis to inform management decisions in the early years. During July-August 2016, DAI and the PMU worked with the EMU on developing VFM metrics and collecting data. Overall, based on the available data, FTESA is relatively **efficient**. FTESA has surpassed its efficiency target in terms of leveraging investment from grantees. It has taken steps to ensure it is **economical**, but its economy figures are not as strong as similar programmes. The current VFM framework still requires work to make it robust and comprehensive. Comparing VFM figures with other programmes is useful, but FTESA needs to develop targets for its economy and equity indicators to better interpret its own performance and learn more about its effectiveness. The programme has not yet disaggregated VFM indicators to different components of the programme, which limits its capacity to generate comparative insights between, for example, the CF and DF. Like many other programmes, FTESA has placed more emphasis on assessing the economy and efficiency dimensions. Once the programme has further developed its VFM system, and outcomes begin to emerge, the project should be able to review performance against effectiveness indicators.

¹⁶⁴ Some farmers sell to warehouses, others store. Some sell to buyers who then store in warehouses.

7. Conclusions, recommendations and lessons learned

7.1. Conclusions and recommendations

The following outlines the main conclusions and recommendations of the MTE, grouped and sequenced according to the evaluation questions.

Overall portfolio: grant complementarity

Conclusions: Complementarity between grantees is promising in design and intentions. However, the PMU and partners are not leveraging potential complementarities fully. There is significant untapped potential especially around the Gsoko system.

Recommendations: FTESA should continue expanding coordination efforts across grantees through connecting individual grants, working to achieve the potential for complementarity built into its portfolio (e.g. connecting grantees with Gsoko; connecting grantees providing inputs or storage facilities with other grantees; connecting grantees with other grantees who have established connections to buyers; etc.), including periodic meetings between grantees to share lessons and encourage connections. Ensuring grantees are communicating sufficiently has the potential to foster successful collaboration. With senior management and DFID (from time-to-time) participating in these meetings, they should also help in creating greater management awareness of operational challenges.

To achieve the potential portfolio complementarity given current resources and time left, this may require FTESA to restrict its remaining activities to the support of existing grantees including focusing efforts on a subset (cluster) of grants that are most likely to deliver the programme's objectives and priorities over the remaining 18 months. Also, coordination efforts require resources and may necessitate reallocation of existing resources from other activities, in agreement with DFID.

Market level change: systemic change and sustainability

Conclusions: Gsoko and its complementary grants are likely, if successful and sustained over time, to generate significant systemic changes to the way grains are grown, harvested and traded in the region. This depends on several factors including changing farmer behaviour and building trust in the Gsoko system, leading to farmers and traders delivering sufficient throughput. This requires Gsoko and trading relations between buyers and sellers to perform successfully and consistently. This applies not only to Gsoko but other grantees attempting to crowd-in other farmers. Moreover, systemic change takes time to materialise and develop. For many of the grants, demonstration effects (including peer effects from early adopters) are potentially very powerful in effecting change in farmer behaviour, trust and confidence, but take time and resources to emerge.

Despite its potential, the Gsoko system currently faces significant implementation challenges. Gsoko is slow to begin operating and likely needs much more time to reach viability before it can operate without donor support. Opportunities for complementarity have been lost due to delays, with the result that many grantees are moving forward with more typical market linkage activities. The Gsoko effort seems to be under-resourced, lacking sufficient (and appropriately qualified) staff to oversee its rollout, with limited attention to developing a commercially sustainable model in the future. Moreover, FTESA's and EAGC's intention to rapidly roll Gsoko out on a large scale with multiple grantees and other traders increases the possibility of Gsoko's underperformance (e.g. lack of system readiness, poor capacity by new users to functionally manage the system) and presents a large implementation risk.

Recommendations: FTESA and Gsoko should consider rolling out the platform with a small number of partners, working out unanticipated problems and building the platform's functionality, before attempting to roll it out on a large scale as they are doing now. Undertaking a phased rollout will allow the EAGC and Virtual City to work out any bugs and other challenges prior to rolling the platform out on a large scale. Through proving successful use, it will then be easier to expand relatively quickly. Gsoko needs to be guided by a cadre of knowledgeable staff that can closely watch its adoption, identify issues as they emerge, define them

correctly, communicate them to the people who can fix them, then watch to see if the fixes work. DFID, FTESA and EAGC should re-evaluate the existing staffing structure and resource allocation for Gsoko to find ways to bring in more people with experience rolling out technology platforms, and consider extending the period of performance under the current contract (by one or two years) to ensure that sufficient time remains to put Gsoko on viable footing. Moreover, both the PMU and the funders of Gsoko (DFID, USAID) need to come together to communicate their concerns regarding implementation which may undermine its potential success. It may not be feasible to expect Gsoko and its complementary grants to demonstrate sustainable success in the time FTESA has remaining under its contract. While focusing significant efforts on fuelling Gsoko's success for the remainder of the contract has significant merit, and is a key recommendation of this report, alternative means of achieving similar objectives should be maintained (e.g. other models that connect buyers and sellers without the need of the Gsoko electronic trading platform) but efforts by the PMU and DFID should focus on Gsoko first-and-foremost.

For other grantees, in order to be successful and crowd-in additional farmers, implementation models should focus on building trust, increasing farmer confidence and use of the intervention(s), fostering changes in behaviour, including encouraging other farmers to join through demonstration effects. For example, providing market information in ways that engender trust, providing transparency on pricing mechanisms related to quality and higher prices, and paying farmers in a timely manner.

The programme's interaction with different individuals and groups (smallholder farmers, women and consumers)

Smallholder farmers

Conclusions: Increased smallholder farmer participation in structured regional markets is a central focus for FTESA and the design of the majority of interventions target smallholder farmers. However, at this stage of implementation, the degree to which they are actually benefiting is largely unproven.

Recommendations: Given the possible differentiated benefit of smallholder participation, the programme should dedicate adequate resources to rigorous beneficiary profiling to understand the depth of its impact. Grantees should identify which segment of smallholder farmers are the intended beneficiaries, bringing in new farmers to existing groups, and targeting aggregation centres that link remoter areas. The PMU should work with both the grantees and the EMU to explore further the likely and actual benefit for smallholder farmers. In addition, FTESA and grantees should give more attention to building trust (and awareness) to attract increased throughput from smallholder farmers, as well as to the potential challenges faced by some smallholder farmers who may find it difficult to reach the standards required.

Gender

Conclusions: While there are attempts to consider gender in design and reporting, FTESA grants do not demonstrate meaningful consideration of gender. By largely ignoring gender dynamics, the programme may inadvertently play into them. The lack of a sharp gendered lens means that access for smallholders (especially female smallholders) will be under the terms of local gender norms, possibly further entrenching them. For Gsoko, there are likely to be gendered access issues as it rolls out to more warehouses, village aggregation centres and farmer groups. The new Gender Advisor will have a large task and most likely too little time to provide full support across the whole grant portfolio.

Recommendations: The new advisor should prioritise his/her work on high priority areas, for example, Gsoko and its complementary grants, including understanding further how women participate in the interventions and how this could be improved, identifying examples where the integration of women is considered successful and exploring what might be learnt for other interventions, sharing lessons with other grantees. As Gsoko builds momentum and establishes new behavioural norms around grain trade in the region, FTESA should work with the EAGC to mitigate the degree to which those norms entrench existing gender disparities and power dynamics. Given the importance accorded to gender issues by DFID, and the fact that the gender expert only commenced work recently, DFID need to make their expectations clear now on what they expect and guide the PMU by sharing lessons learnt from similar DFID programmes (through for instance DFID gender

specialists) on what works well in order that the expert can ‘hit-the-ground-running’ and the programme can quickly start incorporating gender issues in programme implementation (above-and-beyond disaggregating results by gender).

Consumers

Conclusions: FTESA has the potential to deliver health benefits through improved quality. Benefits to consumers in terms of smoother prices will require interventions to handle significant volumes for this to be a credible benefit, especially at the regional level. Smoother region-wide prices (i.e. East and/or Southern Africa) are unlikely to materialise given the current scale of the programme and the remaining timeframe. However, there may be localised examples due to the programme (e.g. where the programme facilitates movement of produce from surplus to deficit areas; storage between harvest and hunger seasons).

Recommendations: The programme should revise its likely region-wide impact to manage expectations of what it can realistically achieve in terms of smoother region-wide prices in the next 18 months, and focus results measurement at an appropriate level. For instance, the programme could track more localised examples of arbitrage between surplus and deficit areas and storage between harvest and hunger seasons, and any effects on local prices. Such examples can help demonstrate the programme’s impact, informing any scale up and/or extension. DFID needs to work closely with the PMU in developing alternative indicators.

Progress to date towards outputs and outcomes, and enabling and constraining factors

Outputs 1 and 2

Conclusions: There is significant progress in delivering activities under outputs 1 and 2, providing services to farmers. Given the stage of implementation and quality of reporting, the evidence of subsequent use of services and the impact on productivity, quantities produced, quality, etc. is limited. However, there are examples of farmers selling to buyers and storing produce in warehouses, which require higher quality produce.

Recommendations: Using the findings of the MTE, the PMU should work with grantees to explore the enabling and constraining factors identified and explore how the grantees and the PMU can work together to tackle these further, especially those within the control and influence of the programme. In addition, the PMU should work with the grantees to explore how they can better monitor the use of the services provided, including whether or not registration translates into effective use (e.g. increased production through improved yields, better prices received, etc.), and exploring with the EMU how these changes will be evaluated at the final evaluation.

Outcomes and impact

Conclusions: The potential of the programme to deliver the region-wide changes originally anticipated is limited at the current outcome and impact levels. While the interventions may contribute to production, trade, price stability, etc., given the current scope of these interventions and remaining timeframe, the interventions are unlikely to have reached sufficient scale effects at the regional level and the impact is likely to be more localised. The successful rolling out of the Gsoko platform, working with complementary grants, is likely to have the most potential in generating any significant scale effects and region-wide impact.

Recommendations: The programme should revise its likely region-wide impact to manage expectations of what it can realistically achieve in the remaining time, focusing results measurement at an appropriate level. For instance, the programme could track more localised examples of changes in production, trade, prices, etc. Such examples can help demonstrate the programme’s impact, informing any scale up and/or extension. In addition, we recommend revisiting the CToC based on the scope of the programme, drawing on the theory development work already undertaken at the grant level, and any strategy refresh/reprioritisation for the remaining time under the current contract.

PMU performance

Conclusions: The original goals for the PMU across the three different roles were very ambitious. For instance, supporting reform to entrenched policies was an ambitious objective for an entirely new five-year programme (rather than an established, recognised organisation). Given the PMU's workload across its three roles, and gaps in complementarities across the portfolio (especially around Gsoko) that require addressing, limited time remains for the PMU to implement all of its roles and responsibilities adequately. Given FTESA is a relatively new player, and the PMU has only recently 'found its feet' with 18 months left under the current programme, the extent to which it can effectively deliver fully on the broker role may be constrained. In addition, more work needs to be done (both on the part of the PMU and EMU) to ensure the M&E system generates useful information that feeds into ongoing programme implementation and the final evaluation.

Recommendations: The most important overall recommendation for the PMU and DFID (and the overall programme) is to carefully reassess the priorities for FTESA for the next 18 months and develop a strategic direction shared by all those involved. **The PMU should consolidate areas of work, focusing on areas where results can be maximised (and achieved) in the remaining timeframe.** Given limited resources, the importance of prioritisation (in terms of PMU roles, staff inputs, activities, etc.) and leveraging partners (e.g. in the broker role) is paramount. With all grant rounds completed this year, and a next 'phase' of implementation about to start, more attention should be given to **delivering the grant complementarity, followed by how best to deliver the broker role effectively, all informed by stronger and targeted M&E and lesson learning processes and the technical resource function, driven by senior management:**

- Dedicating adequate human and financial resources to ensure that grantees aggregating produce can functionally access the Gsoko system, and thereby promoting the platform's success, along with ensuring other grant complementarity, should be FTESA's highest priority in the time remaining under its contract in order to achieve the potential results the grant portfolio (particularly around Gsoko) can generate.
- By working more closely with other more established actors on policy and regulatory issues and leveraging collective resources to tackle some of the policy and regulatory constraints that may undermine the programme's effectiveness and impact, this will help avoid some of the potential trade-offs that may need to be made (given limited resources) between the PMU's different roles.
- Any gaps in coordination with external partners may now require higher levels of involvement (e.g. DFID). In particular, while the PMU has made significant efforts to encourage collaboration and coordination with TMEA, if this does not improve collaboration and the risk of overlaps persist, then DFID should intervene directly with TMEA and/or through the DFID Lead Adviser for TMEA.
- DFID should also support the PMU in its engagement with DFID country offices, beyond DFID Zambia, identifying areas of mutual interest and entry points.
- DFID should consider revising the logframe indicators (outcome and impact levels) to reflect the scope and realistic influence the programme can have at a regional level within the timeframe remaining.
- DFID should review the milestone approach to payments in any future contract, comparing with other similar programmes, to ensure any new arrangements provide appropriate incentives to deliver effectively against all objectives of the programme, avoiding any skewing of prioritisation.
- The PMU should focus on ensuring that the M&E system generates useful data for programme management and lesson learning on an ongoing basis, including consistent data across relevant grantees (e.g. on production, sales and prices farmers receive due to the interventions) going beyond reporting on activities so that useful information can inform programme management on a regular basis. The grantees should receive adequate guidance and feedback to ensure quality and consistency of MRM systems and reporting.
- The PMU, EMU and DFID should explore how the M&E system can generate useful data to measure the change the programme seeks to deliver, including how the EMU will measure impact at the final evaluation. Moreover, the PMU and EMU should explore what data is useful and for what purpose, when to collect it and who is best placed to do so (grantee, PMU and EMU), before agreeing any revisions to data collection roles and responsibilities. In addition, the EMU, PMU and DFID need to agree how best to share information emerging from the evaluation with grantees to maximise its usefulness and learning.

- The PMU should target the technical resource function to support the delivery of the priorities (e.g. Gsoko, broker / policy influencing, etc.) identified and agreed for the remaining 18 months.

Efficiency and Value for Money

Conclusions: The current VFM framework still requires work to make it robust and comprehensive. Comparing VFM figures with other programmes is useful, but FTESA lacks targets for its economy and equity indicators to better interpret its own performance and learn more about its effectiveness. Like many other programmes, FTESA has placed more emphasis on assessing the economy and efficiency dimensions. Once the programme has further developed its VFM system, and outcomes begin to emerge, the project should be able to review performance against effectiveness indicators.

Recommendations: Working closely with DFID, the PMU and DAI need to develop further the VFM system, including additional indicators and disaggregating these to different programme segments where feasible, ideally aligned to the logframe. It should consider using the same indicators as similar programmes (e.g. WAFM, AECF, AgDevCo) to help benchmark FTESA's performance, with DFID assisting the PMU in accessing this information which is not always publicly available through published DFID Annual Reviews. In addition to external benchmarking, FTESA should set its own targets, based on the logframe and contract with DFID. There should be more attention on using VFM data for learning and programme improvements, not restricted to reporting to DFID. FTESA senior management should play an active role in using the VFM system as a decision-making and programme improvement tool.

7.2. What are the lessons for the next FTESA and other similar programmes?

At this stage, it is difficult to answer this question fully as the programme has been slow to start up and there is limited time left. We highlight the main lessons for FTESA and similar programmes, as well as broader lessons learned applicable beyond market development programmes which can usefully feed into DFID's designs of future programmes:

1. Attempting to achieve **market level changes through a five-year programme that provides awards** in the hope that **promising interventions surface requires time to experiment and learn** before promising interventions can be identified and scaled-up. The award modality is a useful way of generating innovations but it can take years in some cases to reach a point where interventions that 'show promise' emerge. Such funds typically encounter difficulties fostering systemic change not only because of the **short timelines of their programmes** (this challenge is common to many programmes), but also because **creating systemic change usually requires ongoing programme support for piloting, learning, iterating and then expanding new product and service offerings, or new ways of working**. One-off grant structures only have the ability to pilot potentially systemic impactful innovations, but not fuel their expansion without additional support. Moreover, there are several other contributing factors related to the programme context, often outside the control of the programme. FTESA appears to have similar challenges, and attempts to address this by using successive rounds of grant awards to complement earlier grants, connecting and complementing DF grants with CF grants, combined with the broker role.
2. Given the experience of FTESA, with limited grantee-to-grantee collaboration, DFID should ensure that future **portfolio-approach programmes are designed with sufficient resources and mechanisms up-front that ensure that PMUs (or similar) foster coordination and collaboration between implementing partners /grantees** from the start.
3. **Consistent demonstration effects** can be very powerful in effecting change in farmer confidence and trust in the intervention and the mechanisms that trigger behavioural change, including peer-effects particularly from early adopters. Results do not emerge in a 'lumpy' manner after a training session but via a snowball effect, that gathers momentum over time. It needs time and resources to emerge, learn and trickle through.
4. FTESA attempts to cover a **broad range of roles** (broker, grant manager and technical resource). If well executed with sufficient time and resources, combining these roles has the potential to improve the success of a market development programme. However, future market development programmes should

consider what is feasible given the available resources and timeline, and explore **leveraging stronger partnership approaches based on better cooperation with others** already doing similar work.

5. For DFID, the experience of setting up the FTESA PMU provides lessons for future programmes with similar implementation modes. For instance, the PMU's experience highlights the importance of **getting the balance right between prioritising grant management and disbursing funds whilst ensuring simultaneously that the institution can deliver broader complementarity functions** related to other roles (e.g. broker, technical), and ensuring each role is **adequately resourced**. It may be more effective to allocate a larger proportion of funds to technical assistance and reducing the amount spent on grants and grant management. Also, where there are **different types of targeted grantee** (e.g. NGOs vs. private sector) with **varied exposure to development programmes** and **very different business models**, the PMU and DFID should consider **devoting additional resources to private sector actors** (e.g. for capacity building support on M&E, whether through additional budget direct to private sector grantees or to the PMU for extra support). This would promote greater accountability and reduce the challenges faced where CF grantees push back on detailed monitoring reporting due to capacity constraints, and would justify requirements in contracts to provide more detailed monitoring data. Furthermore, contracts should explicitly require the provision of commercially-sensitive data (where useful and within reason). Also, DFID should be more persistent in requiring this data as a condition of each grant, with resources held back if commitments are not kept.
6. For a programme attempting to achieve systemic change goals, the **importance of having the right staff and high staff retention** is important. If FTESA were a fund with little interest in facilitating systemic change, the staffing may have been adequate. However, given its goals of systemic change and achieving these through strong complementarity between grantee activities (many of whom have little experience of working together) and other FTESA roles, it needs a higher level of staff with a more diverse set of competencies and higher staff retention rates to facilitate learning.
7. DFID should consider whether they can develop **similar future programmes with a longer timespan** (e.g. 8 years, with break clauses included to protect DFID in case of poor performance by the implementers) on the basis that a) from experience, it takes time to establish well-functioning PMUs from scratch, and b) systemic change goals take time to materialise.
8. Other important lessons learned from the implementation of FTESA that are not peculiar to market development programmes and are relevant for DFID programming include the following:
 - Establishing **realistic ambitions** and a **common understanding** of objectives and how to achieve these across programme implementers and funders early on, as well as designing appropriate and effective governance and contracting arrangements.
 - Establishing a **realistic and fully-resourced M&E system** from the start based on a common understanding of what data is **useful**, how it will be **used and when**, and **who is best placed to collect it**, but **allowing for flexibility to adapt** the M&E system as the nature of the portfolio develops and the programme evolves, with ongoing collaboration between DFID, the implementer and evaluator, as well as any additional monitoring contractor (if applicable). For instance, ensuring clear expectations and agreements on data needed for accountability versus learning purposes.