FoodTrade East and Southern Africa Final Evaluation
Key findings, lessons and recommendations

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Background

This brief provides an overview of the FoodTrade East and Southern Africa (FTESA) programme and summarises the final evaluation's findings, lessons and recommendations[2].

FTESA was a five-year (2013–2018) regional programme funded by the Department for International Development (DFID) UK (£35 million) that supported food staples market development and trade by tackling market failures. A Programme Management Unit (PMU) managed and supported programme implementation. FTESA funded interventions by awarding grants (22 in total) to the private sector via a challenge fund mechanism and to non-commercial organisations via a development fund. FTESA's programme operations and grant coverage focused largely on five countries (Kenya, Rwanda, Tanzania, Uganda and Zambia).

FTESA sought to address a wide range of **challenges**:

- **Significant post-harvest losses and inadequate storage and aggregation systems:** this is largely due to a lack of access to good quality storage and aggregation systems, limited understanding of the benefits of improving quality and aggregating produce, and lack of skills and capital to improve quality. It leads many farmers to sell small quantities at the farm-gate at low prices.
- **Limited access to capital** reduces the ability of farmers to store and defer sales until prices rise; and compromises investment in more productive farming (e.g. improved inputs).
- **Limited access to improved inputs and advice on good agricultural practices** hampers productivity and the quantity and quality of production.
- **Lack of access to markets:** small-scale production, limited aggregation and the disparate nature of smallholder farmers increases transaction costs for buyers and sellers. This reduces access to buyers willing to compete for higher quantities and quality and limits the bargaining power of farmers who act as price takers.
- **Lack of information and transparency**, particularly on prices, leads to uncertainty and reduces the ability of farmers to make informed decisions on when, where and who to sell to, leading to market inefficiency.
- **Government interference** leads to unpredictable markets, creating distortions and reducing the incentive to invest in improved practices. Moreover, trade barriers curtail greater regional integration, including reducing the potential gains of moving produce from surplus to deficit areas.

FTESA aimed to catalyse lasting changes that enable efficient trade in staple foods across the region and contribute to price and market stability.

1. This brief is one of two that summarises the key findings, lessons and recommendations from the 2018 final evaluation. Jessica Rust-Smith, Liz Turner and Talar Bogosyan prepared this brief on behalf of Itad (an international M&E consultancy based in the UK; www.itad.com)

2. The full evaluation report, and background reports, are available from DFID. Itad (2018) FTESA Final Evaluation.

Source: Itad Ltd

The evaluation

During 2018, the FTESA Evaluation Management Unit (EMU) undertook an independent final evaluation of the programme. The final evaluation was summative and theory-based. The objectives of the evaluation were: (i) to generate information on performance and provide for accountability for funds spent by assessing whether the programme brought about the changes expected; and (ii) to provide lessons and recommendations for similar programmes by exploring how and why some interventions were successful and others not. The intended audience for the evaluation is DFID and partners including organisations implementing similar programmes. The evaluation applied a modular design with five components (e.g. case synthesis, portfolio review) as depicted above. Together these components examined:

- 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 market actors and their interactions with FTESA-funded interventions.

Main findings, lessons and recommendations

Portfolio inter-linkages and complementarities

Grantees were able to increase the impact of their interventions by tapping into support provided through other grants, often combining interventions at different points along the value chain. However, complementarities fell short of expectations.

The PMU focused on building inter-linkages across the portfolio around the EAGC grant, especially warehouse certification and the electronic trading platform (G-Soko). The intervention logic was that several different FTESA-funded grantees would trade via the platform, creating a group of early adopters. However, G-Soko failed to take off successfully and demonstrate consistent results, which significantly reduced the opportunity for synergies across FTESA's portfolio.

Lessons Award-based mechanisms, by design, can limit the ability to directly build in strong inter-linkages and complementarities across the portfolio.

Recommendations DFID should ensure that the design of future portfolio-approach programmes, which rely on inter-linkages and complementarities to generate expected results, includes more active hands-on support from PMUs (or similar) in designing projects when needed. This requires a greater investment in technical assistance.

It also requires mechanisms to generate real-time learning and foster coordination and collaboration between implementing partners. This may require alternative models to award-based mechanisms, with PMUs taking a more active role in shaping and designing the portfolio of projects to improve coherence and complementarities through active and ongoing learning.

Improved post-harvest markets

FTESA achieved mixed success in improving storage and aggregation, market information, value-chain coordination, credit, and standards and grades. Delays in implementation hampered progress and the programme's timeframes were often too short for results to transpire at scale. This was particularly the case where the success of interventions was reliant on the completion of other activities (e.g. a warehouse receipt system requires the warehouse to be in place to the required standards first).

Several of the grants helped farmers to reduce post-harvest losses, increase volumes and quality of produce stored and aggregated, and strengthened farmers' position in the market. But the results fell short of expectations. Access to finance remains a major challenge, with considerable institutional barriers existing in the financial markets, where in many cases banks remain risk averse about lending to smallholder farmers, with the existence of collateral alone not enough to engender confidence.

Lessons[3] While collateral can help farmers to access credit (one of the original programme assumptions), the experience across the grants shows a wider range of conditions necessary to improve the bankability of smallholder farmers and their access to credit, including: (i) lending to a registered farmer-based organisation (not individuals) that can provide a group guarantee; (ii) trusted suppliers providing inputs and evidence of good quality training conducted; (iii) farmer-based organisations' exposure to formal sales demonstrated through contracts with buyers; (iv) evidence of high loan repayment rates.

Recommendations Similar programmes should take a more comprehensive, multi-faceted approach to improving access to finance, focusing on improving the credit worthiness of farmers.

Availability and use of inputs and application of good agricultural practices

Training to support good agricultural practices, combined with use of improved inputs, led to positive results across several cases. Although there was some success in increasing supplies of inputs and training farmers, numbers achieved were lower than expected. Where farmers have applied good agricultural practices and used improved inputs, productivity and quality have improved. There is strong evidence across our case studies that farmers are willing to adopt new/improved inputs and practices where the benefits are clear (demonstration effects and proof of concept), are in line with farmers' own risk appetite, and are promoted by known and respected institutions[4].

Bringing smallholder farmers into structured regional markets

Increased smallholder farmer participation in structured regional markets was a central focus for FTESA. Most grantees worked with smallholder farmers with existing or potential tradeable surpluses. Several of the grants helped smallholder farmers improve yields, production and quality, as well as store and aggregate greater volumes, making them 'market-ready' and able to sell to a wider range of buyers.

Women accounted for approximately 40% of participants: some grantees (e.g. Kilimo and Farm Africa) targeted marginalised groups, including women; and companies such as Shalem specifically targeted women as part of their business plan. Data limitations restricted the ability of the evaluation to conduct a detailed analysis of differential gender impact.

Systemic change in national and regional staple food markets

There is anecdotal evidence in some cases that FTESA has generated systemic change. Examples include behaviour change by smallholder farmers (e.g. adoption of new methods and some copying by others) and buyers offering better prices. Some grantees did not provide support for long enough to deliver a 'critical mass' of consistent success required to build buy-in for the intervention and encourage others to crowd in. Where farmers have adopted new ways of doing business and have accessed new markets, in many cases there was an over-reliance on support from grantees for inputs, services and market access, limiting sustainability and impact in the future.

Lessons Systemic changes are only likely to continue and spread in the longer term if: (i) benefits from additional effort materialise and endure (i.e. better markets); (ii) there are mechanisms for continual updating of knowledge and learning to ensure better practices continue and can adapt to the external environment (e.g. new technologies, new threats) alongside consistent positive demonstration effects that lead to wider adoption rates; and, (iii) the market provides supporting functions, such as access to credit. The main lesson learned from the grants is the need to crowd in commercial players to provide services and markets which are not dependent on external funding (i.e. creating the right commercial incentives).

Recommendations Systemic change requires longer periods of intervention support for demonstration effects to transpire. DFID should consider whether they can develop similar future programmes with a longer timespan to give adequate time for systemic change to materialise.

3. Learning brief 2 includes additional lessons and recommendations concerning post-harvest markets and systemic change.

4. Such as grantees, research institutions, input suppliers, and local community-based organisations.

Benefits to consumers

Given the limited scale of most of the interventions (including geographical reach with several projects having limited footprint across the region), the programme has not generated the substantial volumes required to pass through the market and lead to price smoothing at a regional level, partly due to the under-performance of G-Soko. While there is no systematic reporting on the benefits to the end consumer (i.e. availability of staple foods at affordable, more stable prices), there is anecdotal evidence that grantees are producing improved-quality and value-added products.

Reform to food trade policies and regulations

FTESA's policy influencing efforts were most successful in contributing to the removal of export bans, and they set processes in motion. However, the intended results of most policy influencing efforts are yet to materialise. This is partly due to drawn out political and bureaucratic processes outside of the control of the programme. Where FTESA's efforts contributed to policy and regulatory reform, there remain significant risks of policy reversal.

There is strong evidence that taking an evidence-based approach and working through local established partners (embedded in the local context) were critical factors for successful influencing of policies and regulations. Each policy issue required a combination of activities that interact and build on each other. Examples include producing technical analyses that fed into position papers by key partners, were shared with policy-makers, and presented and discussed in public-private dialogues.

Lessons Policy and regulatory issues affecting the food market require constant attention and engagement due to the presence of vested interests, wanting to keep the status quo.

Recommendations Similar programmes should ensure that they work with local partners who have the incentive and therefore motivation to continue policy influencing engagements and activities.

FTESA's Value for Money (VfM)

Smallholder engagement costs (efficiency) increased between 2016 and 2018, although they remain within the range of other comparable programmes. Portfolio leverage rates (efficiency) have improved over time and are higher than similar programmes.

The volume of sales contributed per beneficiary farmer (effectiveness) increased between 2016 and 2018. This is largely due to implementation maturing, with results transpiring further along the results chain, as well as the addition of new grants in 2016 that generated substantial sales volumes (e.g. Farm Africa and WFP).

The cost of female outreach (equity) was significantly higher than overall reach. While this metric is within the range of other comparable programmes, it suggests that achieving equity is a cost driver.

The PMU was slow to develop VfM indicators and there was no evidence to suggest that the PMU was using VfM data to feed into ongoing analysis and learning by programme teams.

Lessons The existing VfM metrics are suitable for the assessment but we were unable to find comparable indicators on effectiveness across DFID programmes, which suggests that in future there needs to be more careful selection of appropriate indicators that allow for comparison (e.g. jobs created, etc.). Moreover, future programmes need to assign targets to indicators to track progress and provide incentives to achieve these, as we recommended in the mid-term evaluation.

Recommendations At the outset, programmes need complete VfM frameworks with metrics that: are comparable with similar programmes; provide adequate coverage of equity; align to the logframe and targets; and outline clear definitions and plans on how and who will collect and analyse data. Such plans need consistent implementation and should feed into ongoing learning and decision-making by programme teams.

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