



---

# UNDP AFRICAN FACILITY FOR INCLUSIVE MARKETS (AFIM): REGIONAL PROJECT MID-TERM EVALUATION (MTE)

Australia  
Kenya  
Malawi  
Mauritius  
South Africa  
Tanzania  
Uganda  
United Kingdom  
Zimbabwe

January 2013

John McGrath, Andrew Parker, Taryn Campbell

# CONTENTS

.....	1
Contents .....	2
Acronyms & Abbreviations .....	6
1 Executive Summary .....	8
1.1 Findings .....	8
1.1.1 Impact of AFIM .....	8
1.1.2 Influencing Regional Institutions .....	8
1.1.3 Fostering Partnerships .....	9
1.1.4 Bringing Regional Support to UNDP Country Offices .....	9
1.1.5 Direct Value Chain Projects.....	9
1.1.6 Conclusion.....	10
1.2 Recommendations .....	11
1.2.1 Core Recommendations .....	11
1.2.2 Further Recommendations .....	12
1.3 Lesson Learned.....	12
2 Introduction.....	13
3 The Rationale For Inclusive Market Development (IMD) .....	15
3.1 Inclusive Markets .....	15
3.2 IMD Impact.....	16
4 Findings & Review Outcomes .....	18
4.1 AFIM is respected and in demand.....	18
4.2 AFIM can play a useful role in IMD .....	18
4.3 AFIM needs to be better resourced to bring more services to Country Offices .....	19
4.4 Adequate Access to Finance Assistance Remains Weak in IMD .....	19
4.5 Donor-Speak is Useful to Practitioners but may not Attract the Private Sector Players .....	20
4.6 Project Facilitation Platforms lead to real opportunities: they are not ‘just’ talking shops .....	20
4.7 AFIM as UNDP Has Power to ‘Convene’ The Right Players .....	21
4.8 Balance of Value Chain vs Horizontal Support vs Regionalisation .....	21
4.9 Micro-Grant / Catalytic Fund Popular but Insufficient.....	22
4.10 Location of the AFIM team.....	22
4.11 Francophone vs Anglophone Engagement .....	22
4.12 AFIM could benefit from a Champion / Advisory Support of its own .....	23
5 Results .....	24
5.1 Note on Methodology.....	24
5.1.1 Measurable Outputs .....	24

5.2	Monitoring and Evaluation.....	25
5.2.1	General Comments.....	25
5.2.2	Stakeholder Consultation .....	25
5.2.3	Stakeholder Mapping.....	26
5.3	Are the Results achieved or on track?.....	26
5.3.1	Gap in Results .....	27
5.4	Has the project created or is it leading to impact? .....	28
5.5	Relevance and attainability of the objectives .....	28
5.6	The usefulness of results and outcomes.....	28
5.6.1	Mapping the Results .....	28
5.7	Likelihood of sustainability of results and benefits.....	29
5.8	Problems & Challenges in Implementation.....	30
5.9	Alliance with Other Partners (including Institutional Capacity Development) .....	30
5.10	Opportunities for Faster Delivery and Greater Impact .....	30
6	Value Matrix .....	32
6.1	Strategic Areas of Focus.....	42
6.2	Sustainable Ownership of AFIM activities.....	42
6.3	Further Areas Requiring Focus.....	43
6.4	Focusing on Agriculture.....	43
7	Country Office Support: An Operationalised Framework.....	44
7.1	Service Offer to COs .....	44
7.1.1	Focusing on Specific Countries .....	45
7.2	‘Supplier Development Programme’: UNDP SDPs Applied to Africa .....	46
8	Projects.....	48
8.1	Africa Harvest & Sorghum Value Chain, East Africa.....	48
8.1.1	Complementarity with IFAD .....	49
8.2	Onion Value Chain.....	49
8.3	Mango Value Chain (Approved January 2013).....	50
8.4	Dairy Value Chain .....	50
8.4.1	Scope for ‘Public Good’ research in the Dairy Value Chain .....	51
8.5	Soybean Concept Note (at proposal stage).....	51
8.5.1	Sustainability in the Soybean Programme.....	52
9	Regional Value Chains versus Regional Policy-Making.....	53
9.1	Winners in a Regional Approach .....	54
9.2	Case Study: Groundnuts in Southern and East Africa .....	54
9.3	Proximity of AFIM compared to HQ, and Branding.....	55
10	Fostering Public Private Policy Dialogues: Agribusiness Forum 2011.....	57

10.1.1	Partnership .....	57
10.1.2	Efficiency .....	58
10.1.3	Drawbacks .....	58
10.1.4	Outputs.....	58
11	Publications .....	59
11.1	Impact of Publications.....	59
11.1.1	Inclusive Business Finance Field Guide.....	59
11.2	Roles and Opportunities for the Private Sector in Africa’s Agro-Food Industry .....	60
11.3	Limitations to AFIM Publications .....	62
11.4	Case Study Review .....	63
11.4.1	Note on Case Studies.....	63
12	Relevance .....	64
12.1.1	AFIM’s regional relevance .....	64
13	Efficiency .....	67
14	Effectiveness.....	68
15	Appropriateness .....	69
15.1	Appropriate PSD Interventions .....	69
15.2	AFIM’s focus at a convenor level .....	69
15.3	AFIM Addressing Gaps In Horizontal Knowledge or Capacity.....	70
15.4	AFIM as a Grant Funder .....	70
16	Impact.....	71
16.1	Impact Summary .....	72
17	Sustainability .....	73
17.1	The Enduring Results of AFIM’s Activities .....	73
17.2	AFIM - Beyond the MDGs.....	73
17.3	Institutionalising Success in other Regional and National Bodies.....	75
18	Conclusions.....	76
19	Recommendations.....	78
19.1	General Recommendations.....	78
19.2	Specific Recommendations .....	78
19.2.1	UNDP Country Office Support: .....	78
19.2.2	Partnership: .....	79
19.2.3	Exit / Sustainability Strategy.....	79
19.2.4	Matrix Summary of Specific Recommendations .....	80
20	Lessons Learned .....	82
21	Appendix.....	83
21.1.1	Stakeholder Map .....	83

22	IMPACT: Further Points .....	84
22.1	Quantitative data collection sample in an Inclusive Market model.....	84
22.2	Qualitative verification in an Inclusive Market model .....	85
23	Policy Recommendation Framework.....	86
23.1	AFIM’s view of UNDP’s role within the Policy Framework.....	87
24	List of Respondents .....	88
25	List of Diagrams .....	91

## ACRONYMS & ABBREVIATIONS

AfDB	The African Development Bank
AFIM	African Facility for Inclusive Markets
ASNAPP	Agribusiness in Sustainable Natural African Plant Products
AU	African Union
BCtA	Business Call to Action
BIDCO	BIDCO-OIL
CAADP	Comprehensive Africa Agriculture Development Programme
CAPAD	Confederation des Associations des Producteurs Agricoles pour le Developpement
CD-PGA	Capacity Development for Pro-poor Growth and Accountability
CO	UNDP Country Office
COMESA	Common Market for East and Southern Africa
DCED	Donor Committee for Enterprise Development
DFI	Development Finance Institution
DFID	Department for International Development
DP	Donor Partner
EAC	East African Community
EADD	East Africa Dairy Development
ECOWAS	The Economic Community of West African States
EMRC	EMRC
EPAs	Economic Partnership Agreements
FAO	Food and Agricultural Organisation of the United Nations
GIM	Growing Inclusive Markets
GSB	Growing Sustainable Business
IFAD	International Fund for Agricultural Development

IMD	Inclusive Market Development
ISEAL	International Social and Environmental Accreditation Labelling Alliance
ITC	International Trade Centre
MDG	Millennium Development Goal
M &E	Monitoring and Evaluation
MSME	Micro, Small and Medium Enterprises
MTE	Mid-Term Evaluation
NEPAD	New Partnership for Africa's Development
NTB	Non-Tariff Barrier
NTM	Non-Tariff Measure
PFP	Project Facilitation Platform
PSD	Private Sector Development
REC	Regional Economic Community
RBA	UNDP Regional Bureau for Africa
SADC	Southern African Development
SDP	Supplier Development Programme
TA	Technical Assistance
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNIDO	United National Industrial Development Organisation
VC	Value Chain
VCA	Value Chain Approach
WTO	World Trade Organisation

# 1 EXECUTIVE SUMMARY

The African Facility for Inclusive Markets (AFIM) project is a UNDP initiative which was set up late 2010 that aims to increase the private sector related capacity of regional institutions and governments in Africa; foster partnerships for IMD; strengthen programmes at regional and country levels; and improve access to finance for small producers and Micro, Small and Medium Enterprises (MSMEs) across the continent. Towards the end of 2012 a Mid-Term Evaluation of the AFIM was conducted in order to assess whether AFIM is on track in achieving its objectives, document lessons learned and provide recommendations on ways forward for AFIM. The evaluation revealed that AFIM provides high value through the delivery of a wide range of outputs that promote Inclusive Market Development (IMD) in Africa. It meets or exceeds expectations in delivering relevant, efficient, effective, and sustainable results. The evaluation process has demonstrated that AFIM's work is respected and appreciated among partners, meets a need, and above all is translating into wider changes in Private Sector Development (PSD) activities at a regional and country level.

However, it is also apparent that the successful delivery of activity masks a distinct shortfall in resources to meet AFIM's full potential. Requests, particularly from Country Offices (COs), indicate a high and unfulfilled demand for more AFIM support, far from any wariness about a regional office overlapping with national objectives.

The nature of the roles of AFIM – its current delivery, its impact, potential future focus, and potential to offer a more complete service – is explored in depth in this report.

The core findings, recommendations and lessons learnt from the evaluation process are summarized below:

## 1.1 FINDINGS

### 1.1.1 IMPACT OF AFIM

Following conversations with key staff, it became clear that the internal focus in the United Nations Development Programme (UNDP) in evaluating AFIM's delivery to date has placed too much emphasis on direct impact through the catalytic fund component. This significantly undervalues the strategic importance that AFIM can have with partners and in supporting UNDP COs. A full summary of impact can be found in a Value Matrix in Section 7.

Some of these impacts are quantifiable, and insofar as programmes are underway, have been recorded by AFIM, its partners and the evaluation team. However, a concern in this evaluation has been that an over-application of a results-based approach risks an *under*-valuation of AFIM's work in transformational change of the work of RECs, UNDP COs and other partners (pan-African initiatives, UN organs, National Governments, etc).

### 1.1.2 INFLUENCING REGIONAL INSTITUTIONS

A key output for AFIM was to help build the capacity of regional organizations, governments, and other stakeholders to support inclusive market development in the region (in order to foster a conducive policy and regulatory environment). AFIM has succeeded in this regard.



UNDP is not the default organisation to lead PSD, but its Growing Sustainable Business (GSB) history and AFIM's positioning allow it to combine PSD credentials that AFIM enjoys with the trust and neutrality of the wider UNDP body. It can and should continue to influence other bodies.

The Economic Community of West African States (ECOWAS), for example, is taking over AFIM's Project Facilitation Platform in 2013 following recognition of their value. Comprehensive Africa Agriculture Development Programme (CAADP) noted AFIM's support in adapting unwieldy national investment plans and adapting them into private sector-friendly investment portfolios. All respondents noted the value of having a body like AFIM being able to discuss value chain and PSD work at a regional level. The RECs and pan-African institutions are taking a long-term approach to this work and expect and welcome AFIM to do the same. This requires a balance between handing over functions to other bodies and not withdrawing support.

### 1.1.3 FOSTERING PARTNERSHIPS

The AFIM partnership with EMRC to promote the agenda of IMD in agriculture through the Agribusiness Forum has been a successful as well as an efficient and strategically astute approach.

AFIM has worked effectively with value chain promoters, private sector firms, RECs and other African institutions, consultants, national governments and other UN bodies. AFIM's success relies to a large extent on the neutrality of UNDP and the trust placed in its awareness of development needs.

The development community is, as a whole, failing to address the problem of gaps in access to finance: AFIM's effort begins to address this but far more input is required, despite the excellent information in the Inclusive Business Finance document which lays out inclusive finance options. AFIM should consider (in partnership perhaps with United Nations Capital Development Fund (UNCDF)) leveraging a partner to really tackle this issue.

AFIM's publications are excellent, and being distributed widely through the UN Teamworks system, Wikipedia links and other methods. However, AFIM could work further with Department for International Development's (DFID) Business Innovation Facility (BIF), and even become the Africa chapter of the Business Call to Action, in order to fully develop their influence across IMD.

### 1.1.4 BRINGING REGIONAL SUPPORT TO UNDP COUNTRY OFFICES

While AFIM is very outward facing, it is abundantly clear that there is unmet potential in how it may support the UNDP COs by providing an operationalised regional support structure. The AFIM team, even with very limited engagements, have transmitted their agenda and capability through to CO focal points. Their pan-African reach, and ability to engage with national offices and regional bodies simultaneously, shows a large funding and capacity gap. With more support, COs could more successfully translate the input (regional, collective intellectual and strategic support) from AFIM into national policies and multi-million dollar programmes.

### 1.1.5 DIRECT VALUE CHAIN PROJECTS

AFIM's catalytic funding / micro-grant projects are now underway. Already up to 5,000 farmers are benefitting from support in inputs for improving productivity and market access. AFIM has identified

clear but surmountable barriers in markets through its value chain partners, and the opportunities for fulfilling unmet demand, particularly in sorghum (underway) and soybean (due to begin in early 2013), are highly promising: successful pilot programmes could catalyse vast programmes reaching 100,000s of smallholder farmers, and tens of millions of dollars in increased farmer income, in the future. However, the grants remain small and the scale limits early success.

The evaluators found the AFIM project to be relevant to the challenges facing Africa today. It is a much-needed and appropriate UNDP nexus between the public and private sectors in agreeing on a common agenda for Inclusive Market Development. Every shortcoming identified (with the exception of small points for improvement) was one of capacity rather than capability or competence.

Capitalising on the potential of the project would require a far higher budget either for AFIM itself or for its work within partner organisations.

#### 1.1.6 CONCLUSION

There is a clear conclusion emanating from the positive and negative points identified in this evaluation: there is considerable potential in AFIM's work. While AFIM is on track to meet its set goals, UNDP should scale up many of its activities, offer more focused services to COs, and consider the viability of expanding into other key sectors in addition to agriculture through its own unit or by receiving more funded support to develop capacity in partners.

- Strategically, AFIM is providing an inclusive model of development during a period of change and private sector growth in Africa.
- AFIM's focus in agriculture has been appropriate. Its impact is potentially very large in reaching the poorest members of African societies.
- AFIM has a superb network of partners with whom it should explore who should take on which successful strands of its work long-term, without losing momentum. Donor fatigue in the private sector is a real barrier to future development work owing to the transient nature of donor interventions. AFIM should therefore be seen as a permanent fixture rather than a transient donor project.

## 1.2 RECOMMENDATIONS

### 1.2.1 CORE RECOMMENDATIONS

Three key recommendations are highlighted in summary.

ISSUE	RECOMMENDATION	RISK / QUALIFICATION	JUSTIFICATION
There is a high demand for AFIM support to UNDP COs that is currently being unmet solely due to resource constraints. The potential exists for establishing an operationalised regional support structure.	<i>Operationalise and scale-up services to Country Offices for an effective UNDP IMD programme across Africa.</i>	Feasibility subject to additional budget being available. COs require AFIM's support, and the current lack of regional body weakens the overall ability of UNDP to deliver in PSD.	Ability to significantly influence countries with weaker PSD frameworks; allow a platform for stronger PSD countries to move 'to the next level' in regional IMD, generating larger development impacts.
AFIM has succeeded in helping build the capacity of regional organizations, governments, and other stakeholders to support inclusive market development in the region. All respondents noted the value of having a body like AFIM being able to discuss value chain and PSD work at a regional level.	<i>Continue to encourage RECs to lead PFPs in Sub-Regions, but AFIM should stay in a support role.</i>	Risk of PFPs stalling without continued input from AFIM team, but otherwise RECs should take on this dialogue role.	RECs are seeking \$billions of transformational change in Value Chains and should do it through an AFIM-style IMD lens rather than solely a trade one. Trade initiatives took 20 years to be embedded – but AFIM can effect change in IMD in a shorter time.
Access to finance remains a challenge to producers and MSMEs. The development community as a whole is failing to adequately address the gaps in	<i>Kick-start a comprehensive and convincing solution to access-to-finance gaps for MSMEs.</i>	Difficult proposition, but current efforts are insufficient. Success would depend on large UNDP investment or AFIM leveraging a partner by linking IB/IMD to finance	Gaps in Micro, Small and Medium Enterprises (MSME) finance are intolerable for Africa – AFIM's current offering is valuable, but more must be done. AFIM knows how to promote this agenda but resources do not meet

access to finance.

more effectively.

aspirations.

### 1.2.2 FURTHER RECOMMENDATIONS

- UNDP should be confident that AFIM embodies its trusted advisor role with governments, institutions and other organisations. It should give AFIM space and resources to grow and fulfil its considerable potential.
- AFIM should maintain a pan-African reach: narrowing down to a sub-region would be a retrograde step.
- AFIM should consider how it engages with multiple groups of stakeholders, and could develop a regional Private Sector Engagement Strategy.
- AFIM should have an Advisory Board supporting its work to assist the strategic direction of their work – Inclusive Market Development can and should be an essential pillar of UNDP for the future, and an informed Board would be an asset in demonstrating AFIM’s value and future direction.
- AFIM should maintain a focus on agriculture and related agribusiness unless additional funding can be added to grow its reach into new sectors.

### 1.3 LESSON LEARNED

- IMD Thought leadership is highly relevant and timely for Africa and contributing to transformational change of the work of African institutions (e.g. AUC, RECs)
- Passionate project leadership and have been critical to influence and build partnerships with key institutions and organisations
- Inclusive partnership approach with public and private sector actors (from global, regional and national level) leverages UNDP convening power well
- ‘Goal-driven’ combination of vertical policy work (upstream and downstream) and horizontal project facilitation (convening and value chain stakeholders) complement each other and should not be over-simplified
- Project Facilitation platform are an innovative way to bring together public and private sectors to discuss policy issues around specific value chain projects – they are not just a ‘talking-shop’ but are yielding tangible results and systemic change
- Continued realistic planning is required balancing ambition vs. operational delivery requirements vs. resource constraints
- AFIM is a highly successful innovation in translating UNDP global private sector strategy and Regional Bureaus programmatic activities into transformational change with real impacts
- AFIM is currently UNDP’s only regional private sector project and should be replicated in other regions

## 2 INTRODUCTION

The AFIM, a United Nations Development Programme (UNDP) initiative, is a three-year regional private sector project focusing on sub-Saharan Africa<sup>1</sup>. Established towards the end of 2010 and operationalised in 2011, AFIM is working towards reducing poverty and accelerating progress towards the Millennium Development Goals (MDGs) by supporting pro-poor economic growth and IMD across the continent. AFIM's strategy seeks to provide low-income individuals with the tools and resources needed to lift themselves out of poverty through focusing on private sector initiatives at both a regional and country level. The project sees low-income individuals as potential customers, employees, producers, entrepreneurs and distributors within economies and as such AFIM's activities are geared at including low-income people into value chains.

AFIM falls within the "Poverty Reduction and Achievement of the MDGs" focus area of the UNDP Regional Programme Document for Africa (2008-2011). It is therefore in full alignment with UNDP's MDG Breakthrough Strategy and aims to deepen UNDP's support for pro-poor private sector and inclusive market development in Africa as a means to contribute to poverty reduction through employment creation, income generation and overall economic development across the continent. It translates the UNDP Private Sector Strategy and the Regional Bureau for Africa (RBA's) Capacity Development for Pro-poor Growth and Accountability (CD-PGA) framework into a concrete set of support activities, recognizing the role of markets and the private sector as absolutely central to achieve not only poverty reduction but also environmental sustainability, post-conflict recovery and gender equality. As such, and through its main focus on MDG 1, the project is expected to have positive effects on several MDGs. As part of the UNDP's RBA, the AFIM builds on the work of regional and national private sector initiatives in over 30 African countries.

AFIM contributes towards the Regional Programme Outcomes, as outlined in the project document:

1. Conducive policy and regulatory environment for private sector growth and participation
2. Diversified private sector including Small and Medium Entrepreneurs

The specific expected outputs of programme implementation are:

1. Increased capacity of regional organisations, governments, and other stakeholders to support inclusive market development in the region
2. Inclusive market development initiatives at sub-regional and country levels developed and supported
3. Alliance of partners for African inclusive market development established
4. Improved access to finance for small producers and enterprises facilitated

AFIM funding mainly comes from UNDP RBA, providing \$3,000,000 and UNDP Partnerships Bureau/Bureau for External Relations and Advocacy providing \$780,000 in in-kind contributions. In 2012, Japan supplied a further \$1,000,000 of funding focusing on building the capacity of the

---

<sup>1</sup> Imani Development's understanding of the project background and rationale is based on the Request for Proposals (RFP) to conduct African Facility for Inclusive Markets (AFIM) Regional Project Mid-term Evaluation (MTE), published by the UNDP on the 9<sup>th</sup> of August 2012.

Regional Economic Commissions (RECs). Over the time period under review the project comprised of four staff members, including support staff, based in the UNDP Regional Service Centre in Johannesburg, South Africa.

Imani Development was contracted by UNDP to carry out the Mid-Term Evaluation (MTE) of AFIM. The period evaluated began at the start of November 2010 and was scheduled to conclude in October 2012, although this period was extended to December 2012 in line with delivery of the MTE, and the geographic coverage of the review was sub-Saharan Africa, more specifically target RECs (ECOWAS and EAC) and focus AFIM Countries (South Africa, Kenya, Malawi, Nigeria, Angola, Burkina Faso etc.) This final report documents the analysis and findings of the MTE and presents lessons learned and practical recommendations on ways forward for the AFIM.

### 3 THE RATIONALE FOR INCLUSIVE MARKET DEVELOPMENT (IMD)

In the drive to end extreme poverty and hunger (MDG1), UNDP has sought to make economic development a reality for the very poorest in society. Many social, health and education initiatives play a role in endowing people with ‘capabilities’<sup>2</sup> or freedoms to live valuable lives. Sustainable economic development should be characterised by ongoing, productive, and sufficiently competitive or viable forms of economic activity in order to propagate and sustain these capabilities (these ‘freedoms’) over the constraints of poverty. In Africa, the majority of people who find themselves facing this challenge most acutely are *private sector smallholder farmers*. There is a link, either direct or indirect, between every person experiencing poverty and private sector production<sup>3</sup>, especially in agriculture, across Africa.

In many countries around the world, this linkage has ultimately been a largely positive, transformational one in eradicating extreme poverty, sustaining households in staple and market crops. Where such linkages have been negative, the problems can stem from unequal bargaining, an inadequate business-enabling environment, poor access to market information, or lack of access to investment, resulting in dysfunctional and sub-optimal markets. Inclusive markets that address or overcome these shortcomings have the power to rapidly improve the economic fortunes of the poor.

Other systemic problems must also be tackled (for example under-investment in education, health, infrastructure, tackling weak or inefficient institutions): yet this evaluation found unanimity in the recognition that inclusive market development was essential as part of a poverty alleviation framework. AFIM notes that according to McKinsey, the African Agricultural sector could move from being valued at \$280 billion today to upwards of \$880 billion in less than 20 years<sup>4</sup>. It is critical that such potential is translated into meaningful improvements in the lives of Africa’s farmers.

#### 3.1 INCLUSIVE MARKETS

The AFIM project document defines inclusive markets as follows:

‘Inclusive Markets’ are defined broadly as ‘markets that result in expanded choice and opportunity for the poor and produce outcomes that benefit the poor.’ Inclusive Markets include the poor on the demand side as clients and customers and on the supply side as employees, producers and business owners at various points along value chains. [...]

The project recognizes that markets comprise complex ‘business eco-systems’ that may include many types of producers and enterprises and their inter-linkages. In particular, developing Inclusive Markets in Africa entails enabling, empowering and supporting indigenous smallholder farmers, micro, small and medium enterprises (MSMEs). In addition

---

<sup>2</sup> Pg.4, Sen, ‘Development as Capability Expansion’. Sen notes that ‘Capability reflects a person’s freedom to choose between different ways of living.

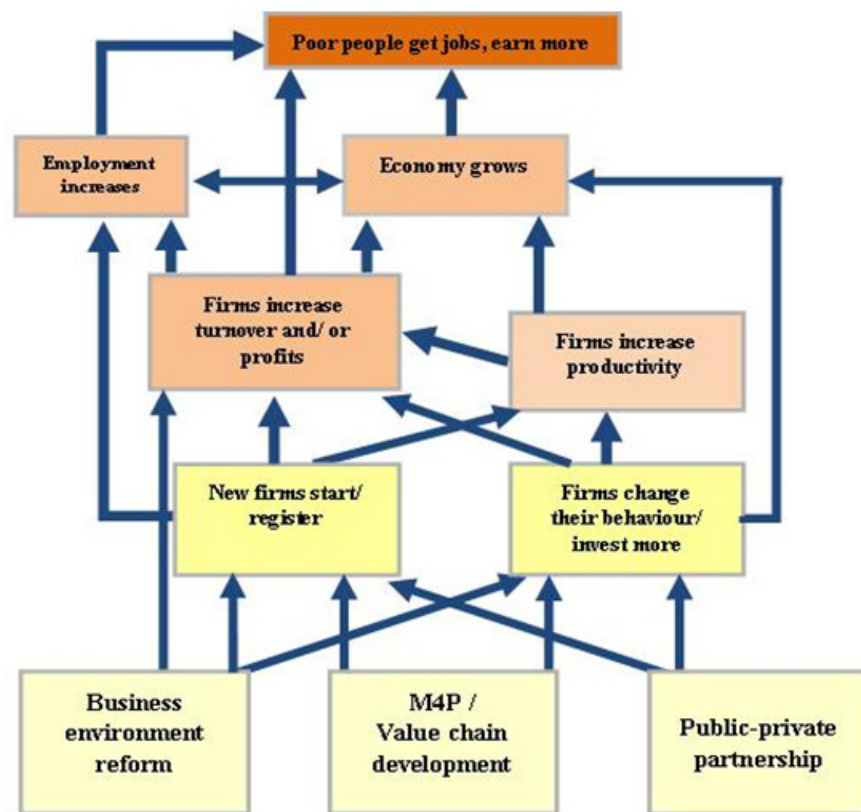
<sup>3</sup> Private production includes smallholder farmers, informal traders, farmer associations, women’s groups, cooperatives, youths, micro-entrepreneurs, job seekers, workers, micro, small and medium enterprises and large businesses, whether foreign or domestically owned. This covers provision of goods and services that are produced and consumed with some degree of choice and independence, and provision is not guaranteed.

<sup>4</sup> McKinsey, ‘Lions on the Move’, 2010

to enterprises, functioning market systems also require consumers that wish to buy products and services and have the means to do so, market infrastructure and services such as communications, transport and accounting services, and an appropriate policy and institutional environment that establishes and maintains the 'rules' of the market operation.'

This definition of inclusive markets is judged to be well-informed as it recognises the opportunity offered to the poor through markets, along with the weaknesses in current market activities. The project document continues to give a good explanation of the value chain approach, which broadly seeks to overcome barriers along the value chain of a commodity. The approach has been useful in taking forward IMD objectives with partners, both for those partners with the least capacity and track record of this approach in their respective countries or regions, and those who are more familiar with its application.

### 3.2 IMD IMPACT



DCED Schematic, <http://www.enterprise-development.org/page/evidenceframework>

The above schematic outlines the direct impacts stemming from indirect interventions such as AFIM, and was cited by the team as a basic framework to judge results.

However, the evaluators contend that there are a number of linkages that should be added to give an adequate picture of AFIM's project linkages. Additional to the DCED schematic should be:



- **Replicability / demonstration effect**<sup>5</sup>: one firm's or one value chain's actions can be a catalyst for other value chains, bringing about cultural change.
- **Public-Private Dialogue & Collaboration**: business environment reform is not one-way. Collaborative IMD activities should feed *back* to governments to change the business environment through improved dialogue.
- **Wider benefits for the poor**: poor producers and consumers may gain jobs and earn more, but equally there can be benefits in terms of gender balance, climate resilience, access to previously unattainable goods and services (including financial services), inputs to improve productivity. Measuring these changes may be difficult but they are important to include in a model outlining development benefits.

The strategic linkages of an AFIM project are not fully captured here, and this has a significant influence on how the project should be evaluated – this is discussed in more detail in Section 6.

---

<sup>5</sup> See AFIM value addition to inclusive market development diagram, section 6.6.1

## 4 FINDINGS & REVIEW OUTCOMES

The evaluation team, from a starting point of relative familiarity with the challenges and potential of Inclusive Market and Inclusive Business Development, primarily in Africa, undertook the following activities:

- met with the AFIM team at the inception of the evaluation
- reviewed a wide range of internal AFIM reports and documentation, AFIM and GIM publications, publications from other relevant programmes
- conducted extensive consultation and interviews across RECs, private sector companies, UNDP Country Office Private Sector Focal Points, Value Chain Promoters and consultants.
- presented initial findings to the AFIM and wider UNDP team and conducted further consultation and research to address outstanding questions prior to submitting the report.

Farmer groups were not directly interviewed, but the evaluators recognise that the direct AFIM activities have just commenced and therefore the views of participating groups would not likely have been appropriate at this early stage. However, the evaluators have drawn on their extensive engagement with farmers on similar IMD activities to take an informed view of the likelihood of impact at the farmer level.

As a result of the review activities, we wish to report the following findings:

### 4.1 AFIM IS RESPECTED AND IN DEMAND

AFIM's services are met with a consistent and high level of appreciation and respect among almost all respondents. If anything, there is a frustration that the level of engagement that the AFIM team can offer is inadequate in relation to the demand for their services. The utility it can bring to its different constituents (RECs, Country Office PSD focal points, private sector companies) is potentially high, but many are left feeling underserved. This is a *capacity, not capability*, issue in the AFIM team's ability to deliver, particularly with COs (for a list of services required please see Section 8.1).

### 4.2 AFIM CAN PLAY A USEFUL ROLE IN IMD

Respondents noted that AFIM is playing a number of significant roles in the development of IMD. The questions raised by the positive nature of responses are:

- Which roles can AFIM fulfil under current capacity?
- Which roles could AFIM fulfil if it had larger capacity?
- Can AFIM successfully influence change and transmit leadership to partners such as RECs, rather than grow in functions itself?
- Can AFIM further harness the programme capacity and/or aims of other UN bodies (IFAD, FAO, UNIDO, UNCDF) who may welcome engagement in the unique niche AFIM occupies?

### 4.3 AFIM NEEDS TO BE BETTER RESOURCED TO BRING MORE SERVICES TO COUNTRY OFFICES

At the design stage of the AFIM project, it appears that consideration was given to ensure that its activities were sufficiently targeted at providing a useful role for private sector companies and RECs as well as the Country Offices. In other words that it should not be an insular UNDP model. This has been demonstrated to have some success: it is appreciated across West and East African regions (though there is still development for better engagement in Southern Africa). Private sector companies also reported a degree of donor fatigue where they are continually target by Donor Partners (DPs) for various private sectors initiatives with very few down the line impacts and large time commitment. This is not focused directly at AFIM, who were well regarded, but there is perhaps still some work to be done to more effectively engage companies and ensure better Monitoring and Evaluation (M&E) during and after the engagement.

However, for UNDP *there is a clear need and demand for AFIM providing a more comprehensive, operationalized support programme for Country Offices*. CO representatives cited clear linkages between regional support and what they can deliver on the ground. There is a large area of knowledge and experience-sharing potential that AFIM is only partly able to fill. Publications, support from AFIM to COs seeking to influence policy, potential to operate with other countries on value chains, growing the potential for catalytic funds within countries: all such services were appreciated but COs noted that often AFIM are simply unable to assist as desired due to capacity constraints.

The 'service offer' to COs has already been drafted by the AFIM team and is likely to be cost-effective against its ability to give COs more leverage from a regional body (see Section 8.1).

### 4.4 ADEQUATE ACCESS TO FINANCE ASSISTANCE REMAINS WEAK IN IMD

The Inclusive Business Finance Field Guide has been well received, albeit with some comments that localising the document further to a country-specific level would be beneficial. Nevertheless, there are many specific links in the document, and it covers an array of very useful models and information that are a base upon which more extensive localising of information could be carried out. The models are a wealth of useful concepts and information with which to develop particular programmes. The design of a Malawi Inward Investment concept note, for example, has been based on this document.

A number of respondents appealed that access to finance should go deeper than the publications and initial meetings. It is recognised that this is where AFIM may benefit from closer ties with UNCDF, considering that it may not be able to fulfil a finance role among many others. Nonetheless, the MSME sector is under-supported by the financial inclusion movement (AFIM's *Inclusive Business Finance Field Guide* identifies the missing middle as those between 1 and 100 employees, and estimates that 40-59% of Sub-Saharan SMEs have neither a loan nor an overdraft<sup>6</sup>): yet AFIM has made a clear impact in thinking for COs and other practitioners alike. AFIM's field guide puts in crystal clear terms the problems and solutions to inclusive finance, but will require or need to

---

<sup>6</sup> Pg. 7, *AFIM Inclusive Business Finance Field Guide*

leverage far more resource to see this implemented. The Inclusive Business Finance typology has been developed by AFIM and also published in Wikipedia for open access to information.

#### 4.5 DONOR-SPEAK IS USEFUL TO PRACTITIONERS BUT MAY NOT ATTRACT THE PRIVATE SECTOR PLAYERS

Private sector companies reported, as is often the case, a difficulty in engaging with development practitioners in terms of process, compliance with expectations, and relatively modest resource opportunities in comparison with time of engagement.

AFIM has recognised the different modes of engagement with the private sector, and as one team member suggested 'it is a bridge-building process getting the *public sector* engaged with the private, as much as vice versa'. By this he meant that much of the development and public spheres must continue to learn how to operate in private sector activities. AFIM has made headway on this, noting involvement with New Partnership for Africa's Development (NEPAD) and CAADP on technical workshops where National Investment Plans can be reduced from say 100 pages to a 10 page summary for private sector audiences.

AFIM's challenge in this area is common to other development partners. Often the criticism is an unfair one, since companies are naturally impatient for progress in matters that, admittedly, may well be unduly delayed or failing due to development process; but equally the problems may be immensely complex to solve and rightly involve multi-stakeholder management (for example, supply of electricity in a growing economy with poor infrastructure).

AFIM's attention to considering private sector business actors has been evident. One issue of particular note in stressing that the very large companies (such as Coca Cola and East African Breweries) may have the attraction of volume demands, but it should be noted that smaller players (often large national processors which have capacity and economies of scale at a local level – for example BIDCO in the AFIM East Africa soybean proposal, or RAB Processors in Malawi) may be better able to engage in some value chains that suffer from development challenges. 'Some medium level processors may be happy to buy 50MT of product rather than a big company being unhappy at 1000MT'. This is a relevant reminder that the private sector is by no means uniform and strategic thinking through VC training on appropriate target partners can impact on success rates.

#### 4.6 PROJECT FACILITATION PLATFORMS LEAD TO REAL OPPORTUNITIES: THEY ARE NOT 'JUST' TALKING SHOPS

There is evidence from respondents that the East and West Africa Weeks, with training in the PFPs and engagement with business and government/multilateral partners, can yield significant opportunities. For example:

- At a *policy level*, COs have built on valuable learning from their training and as a result have implemented country-level policy changes and initiating Public Private Dialogue platforms.

- At a *practical level*, real projects have developed from these weeks. From sorghum and soybean in East Africa, to cassava, onions and mango in West Africa, the genesis, design or implementation of these value chain programmes have been linked to interactions in these week-long engagements.

See the Value Matrix in Section 7 for changes evident through PFPs.

#### 4.7 AFIM AS UNDP HAS POWER TO ‘CONVENE’ THE RIGHT PLAYERS

AFIM has had considerable success in ‘convening’ the right players in IMD in a way that others have not. UNDP is not usually recognised as a solely private sector-interest body, which has worked in its favour by assuring partners it is sufficiently aware of multi-lateral politics, public sector culture and responsibilities, and poverty alleviation challenges. UNDP, by its nature, is a multinational/multifunctional representation body which places it in the unique position of being able to influence change without being seen to be driving a particular national agenda. While the PS companies could perhaps benefit from more assurance that the initiative is worth investing their time, they seem assured that the AFIM team are credible interlocutors especially now that AFIM is building up a track record in this domain.

One respondent suggested that AFIM could and should be the African Chapter leader in the Business Call to Action. This suggestion should be taken up if capacity and resource can be found.

Convening diverse groups has its risks. For example, different actors may have different roles to play in IMD and also have different levels of understanding on conceptual issues, i.e. some are ‘further ahead than others’ on their IMD journey. However, it was evident that UNDP COs from countries with both weak and strong capacity in PSD / IMD all found value in this diversity. Those less familiar with PSD and value chain activities saw the potential for their country activities, and those more familiar saw the opportunity to raise the bar through regionalising their activities and / or influencing RECs.

#### 4.8 BALANCE OF VALUE CHAIN VS HORIZONTAL SUPPORT VS REGIONALISATION

AFIM has a mix of engagement discourses woven together by the competence of the extended team (the core team plus long and short term consultants).

Do these different modes of engagement *fit together*? The impression from respondents was that they are complementary, but this may not be the case should the AFIM staff team change: the potential for lack of clarity on AFIM’s role is real and should be countered with a clear schematic to outline how its parallel, perpendicular, and multi-dimensional platforms form a whole.

More particularly, it is proposed that AFIM would be well-placed to develop a Regional Private Sector Engagement Strategy since it is uniquely positioned to draw on the right expertise across Africa.

#### 4.9 MICRO-GRANT / CATALYTIC FUND POPULAR BUT INSUFFICIENT

Attention was paid in the evaluation regarding whether the role of the catalytic fund was a potential anomaly for a regional convenor / facilitation platform such as AFIM to be operating. Running a catalytic funding programme is quite a different proposition to organising discussion forums which are concerned with embedding policy approaches.

Nevertheless, it is agreed by almost all respondents that it is essential that AFIM *'brings this fund to the table'*, for three reasons:

1. *Companies are needed to provide unique and relevant insight and action on inclusive market projects, but they must see a commercial opportunity to justify spending time on IMD initiatives, which can be time-consuming.* The catalytic funding is very useful to ensure that practical project support is a feasible outcome and in order to bring the right people together.
2. *AFIM needs to stay involved in the practical challenges of IMD – there is no better way to inform policy (as evidenced in training and good case study material) than by being able to cite clear and relevant experience.*
3. *The potential for learning how regional approaches can improve country objectives is real.* There is a demand for catalytic funding to be increased at a country level, but while regional projects have their risks, they may also break the limitations of single-country constraints and silo mentality, which trade policy has long recognised but to date failed to address by going further into an IMD approach. The Kenya UNDP CO, for example, recognised the potential of having a regional or supra-national body like AFIM to manage engagements with the East African Community (EAC), whose whole ethos is to integrate regional markets, and yet the current regional integration language is the discourse of trade policy rather than PSD/IMD. The EAC representative in turn recognised the potential of regional value chain and industry / sectoral approaches yet currently AFIM, with constrained resources, is limited in being able to push through this agenda on behalf of the national COs.

#### 4.10 LOCATION OF THE AFIM TEAM

Views were mixed about the location of the AFIM team moving to Addis Ababa, though it was not a focus of discussion. Some felt its location offers less reach than Johannesburg, while others such as the Africa Union welcome the team's move to be nearby. The Ethiopia CO PSD focal point noted that Ethiopia has a very distinct PSD environment and as such may influence AFIM's outlook but will otherwise be a healthy reminder of the variety of approaches and constraints faced by the private sector in specific national contexts. Cognisance also needs to be taken of specific differences between the various regional bodies (COMESA, EAC, ECOWAS, and SADC).

In the long term the issue of location should be reviewed since a programme requiring pan-African coverage would perhaps more naturally be placed in Johannesburg, Accra, Lagos, Lusaka or Nairobi.

#### 4.11 FRANCOPHONE VS ANGLOPHONE ENGAGEMENT

Francophone respondents seemed to be gaining from AFIM activities, and while limited consultation was undertaken on language barriers, feedback from the West Africa AFIM Week was given in

French, and Francophone respondents did not feel that some documents being available only in English was unduly inhibiting.

#### 4.12 AFIM COULD BENEFIT FROM A CHAMPION / ADVISORY SUPPORT OF ITS OWN

AFIM's position in the development sector is currently strong by the relative respect that it enjoys, but this is not necessarily assured. The AFIM mandate should be strengthened so that it is clear what AFIM's position is and may be in the future.

It could, equally, benefit from a 'higher authority' endowing it with advisory support, including champions and advisors from the private sector. This would have the added benefit of allowing the private sector to see the potential in having UNDP provide complex coordination roles that are not always acknowledged as necessary at a firm-level.

This could be done in one of two ways:

- 1) AFIM's Project Board has not been implemented as planned in the original Project Document. This operational board could be expanded to include an advisory capacity
- 2) An Advisory Board could be created to fulfil AFIM's aim to create an AFIM Alliance. It may be that extending the remit and objectives of the GIM Board may achieve this.

Either option may provide a workable solution, but from consultation the evaluators suggest that the second option, an Advisory Board that can champion the objectives of AFIM and support its strategic development, should be considered. It should have sufficient reach (either through member representation or networks) to draw upon the regional bodies and initiatives (e.g. NEPAD) and assist in embedding the IMD approach across Africa.

## 5 RESULTS

### 5.1 NOTE ON METHODOLOGY

At the outset of this evaluation, it was noted that because the catalytic funding components of the project were only just starting in late 2012, it may not be possible to ascertain and articulate direct benefits from the project at the mid-term stage. The evaluators were cognisant of the challenges faced in Inclusive Business (IB) and IMD work, and took the approach that a) this constraint should be acknowledged, but b) that need not inhibit meaningful evaluation of activities.

Following extensive stakeholder consultation, it *has* been possible to see direct and indirect results of AFIM activities at 1) strategic, 2) national programmatic and 3) practical value chain levels. Every effort has gone into doing justice to and documenting these promising findings.

However, the evaluators wish to make clear that the request by UNDP HQ for hard or fully substantiated evidence, based on reporting that must go *beyond* stakeholder feedback, risks the creation of a limited, reductive and even facile understanding of the AFIM project. The project seeks to initiate the *institutional transformation* of regional and national bodies in their approach to inclusive market development. This is not fully accounted for in the basic numbers within current practical value chain engagements, nor within the project log frame indicators.

#### 5.1.1 MEASURABLE OUTPUTS

In a logical framework, while the *outcomes* of a project may rely on a wide range of activities beyond the control of a project, the *outputs* of a project should be identifiable.

As stated:

“The main Outcomes of the project, as defined in the project document are:

1. Conducive policy and regulatory environment for private sector growth and participation
2. Diversified private sector including Small and Medium Entrepreneurs

The expected Outputs are:

1. Increased capacity of regional organizations, governments, and other stakeholders to support inclusive market development in the region
2. Inclusive market development initiatives at sub-regional and country levels developed and supported
3. Alliance of partners for African inclusive market development established
4. Improved access to finance for small producers and enterprises facilitated.”



It is evident to the evaluators that each of these outputs can be demonstrated, but not simply or solely by direct impact on beneficiaries. It is a misapplication of evaluation methodology to expect these outputs to be solely impact-focused. As one pan-African organisation's Director noted when questioned about measuring impact of strategic programmes:



This respondent felt there is a danger of neglecting long term institutional change because of an over-focus on results. The evaluators would agree with this assessment and would appeal for a far less results-focused methodology for evaluating the AFIM project and suggest that the linkages should be better modelled than they currently are. For example, there was not a diagram available that adequately described the transmission mechanisms between AFIM inputs and systemic change. This is achievable and could build on aspects of this report such as the value matrix (see page 33).

## 5.2 MONITORING AND EVALUATION

The reporting of the AFIM work is contextualised and sufficiently detailed in its information. The evaluation process, including this analysis and reporting process, confirms that appropriate attention is being paid to the effectiveness of the AFIM project.

However, it is, if anything, subject to high demands for demonstration of impact that may, conversely and for the reasons above, detract from its ability to achieve strategic change in the IMD policy space especially in the time given. One could benchmark IMD against the slow progress of regional (trade) integration initiatives. The Southern African Development Community (SADC) for instance has over 20 years of history and is still only making progress towards increased integration. Therefore any review has to be placed in the context of the political economy and economic development, notwithstanding the rapidly changing influences from external markets and players.

### 5.2.1 GENERAL COMMENTS

The evaluators would appeal for more flexibility from colleagues to allow AFIM to mature as a project. While every effort has been made to fully demonstrate results, this evaluation should not seek to replicate the reporting against outputs that is recorded in the project's monitoring systems, and reference should be made where possible to the ongoing project monitoring documentation. The final review will be better placed to do this.

### 5.2.2 STAKEHOLDER CONSULTATION

It cannot be stressed enough that for strategic projects like AFIM, stakeholder feedback is not merely anecdotal but rather is the voice of professionals across Africa who may either embrace or resist AFIM's attempts at change depending on how convincing they find the activities.

Given the complex nature of the delivery of AFIM objectives, often at a strategic level, the evaluators placed a strong emphasis on consulting a wide range of stakeholders. Even then, with over 30 UNDP Country Office focal points (up to 20 receiving direct support), RECs, other development bodies, value chain promoters, other UNDP departments and headquarters, and private sector companies, it was only possible to cover most but not all of the immediate groups concerned.

Stakeholder views are not merely commentary: while it has its limitations, stakeholder feedback can offer the most frank, up-to-date and often the most relevant information required to weigh up the value of any given activity. It also offers an understanding of whether partners and participants understand or are fully internalising the messages that AFIM is seeking to promote. Often these are not messages that can be appropriately aggregated in analysis, but are essential in assessing what lifespan the activities have beyond fixed outputs.

The evaluation opted to cover as wide a group of stakeholders as possible, and therefore in-country, face-to-face interviews were limited. While this would have allowed for a fuller and more effective review process, it is judged that the breadth of consultation was preferable and did not markedly limit (and rather increased) the information gathered.

### 5.2.3 STAKEHOLDER MAPPING

A stakeholder map was developed to test in consultation how AFIM was understood to relate to other partners and relevant actors, and to ensure that the correct respondents were sought. The extensive commentary, informational input, and varied perspectives of stakeholders are summarised and quoted within the whole body of this report rather than summarised here.

A stakeholder map was drafted to illustrate the extent of the different agencies and actors in AFIM's sphere of influence. Most respondents agreed with this mapping and suggestions or modifications were invited (for further analysis, see appendix 22.1.1).

## 5.3 ARE THE RESULTS ACHIEVED OR ON TRACK?

The AFIM activities are on track as captured in the quarterly reports (example below) with each of the goals of AFIM being delivered in some form in the initial 2 years.

**PRIVATE SECTOR AND INCLUSIVE MARKET DEVELOPMENT FOR POVERTY REDUCTION IN AFRICA  
AFRICAN FACILITY FOR INCLUSIVE MARKETS (AFIM)**

**2011 Q4 REPORT**

disseminated to approximately 60 people during the AFIM Week. The four IMD tools were translated into French for the francophone Africa.									
All these activities build up for more and improved IMD initiatives at sub-regional and country levels. Output 2.1 is well on track and it is likely to be achieved during the project period.									
<b>Output 2.2:</b> Alliance of partners for African inclusive market development established  <b>Baseline:</b> Coordinated and concerted support at regional level for private sector and inclusive market development in Africa has been limited.  Limited visibility at regional and international level of pioneering African corporations and entrepreneurs engaged in innovative inclusive market development.  <b>Indicators:</b> 1. Cross-sector partnership alliance to support the Africa Facility for Inclusive Markets established 2. Increase in resources available for the facility 3. Number of African companies signed up to the Business Call to Action	<b>2.2.1 Key Activities:</b> Relevant national regional and international partners mobilized to join and support the facility.  <b>Actions:</b> - Consultations and dialogues with relevant partner organizations involved in private sector and inclusive market development in Africa (regional organizations, governments, regional private sector organizations, multilateral and bilateral development partners, NGOs, foundations, investor etc.) -Build relationships with and facilitate linkages to private sector firms at regional and international level -Reach out and build partnerships with African agriculture and agribusiness initiatives for poverty reduction			UNDP RBA/PB Partners	UNDP	Awareness Raising	20,000 10,000	15,000.00  16,700.00	Q1: Outreach to partners (AU, UNECA, FAO, UNIDO, ILO, Think Tanks, NGOs, Academia, Private Sector)  Consultations with the COs: - Ethiopia  Representation in regional / international fora.  Preparation and printing of PR materials and the AFIM website  Q2: Missions to RECs (EAC, COMESA, SADC) and AfDB to map potential partnership options, outreach to potential partners.  Q3: Mission to ECOWAS Relationship building with the RECs, UN Agencies, (e.g. ILO WEDGE), Consultations with the Green Commodity Facility, Global Compact and BCtA.

11

Extract, AFIM 2011 Report

During the course of the evaluation, a summary of progress on catalytic fund value chain programmes was made available in the form of a presentation.

AFIM's quarterly report outputs have been reviewed and verified through: documented evidence (for example planned and reported delivery of publications); feedback (written and verbal interviews) on AFIM Weeks; progress with RECs; and updates on progress on catalytic funded programmes from partners (written reports and interview feedback). However, as the above caption demonstrates, while reporting is rich in data, it could be clearer how this translates into global progress against targets.

### 5.3.1 GAP IN RESULTS

The area of access to finance could benefit from more direct input: in the case of the soybean programme (which is currently in development) the private sector partner BIDCO praised AFIM's assistance in matching a source of finance (a bank) to smallholder farmers from whom they sought to buy all possible volumes produced. However, this illustrates a significant gap in the development arena and AFIM should consider that the most effective step may be to lobby a dedicated partner (UNCDF, AfDB or other) to develop a programme that can close this gap.

#### **To this end, AFIM should:**

- **Identify DFI partners with the capability of designing a comprehensive access to finance programme** which will penetrate the underserved MSME sector, based on the *AFIM Inclusive Business Finance Field Guide*.
- **Serve as a link point between ‘access to finance’ and IMD.** The two development concepts are still insufficiently integrated, yet AFIM is in a position to span both concepts.
- AFIM’s quarterly, then annually aggregated, reporting is appropriately detailed in content, though a summary spreadsheet of budget spend would be easier to track than in the current reporting framework. For example, in the 2011 report (see extract above), the budget vs actual spending are listed side-by-side but the format does not easily allow for comparison by section.

#### **5.4 HAS THE PROJECT CREATED OR IS IT LEADING TO IMPACT?**

The evaluation found evidence of impact at the strategic, programme and practical project levels (see value matrix, section 7). Direct impact on the ground is only now becoming evident due to the timing of implementation of catalytic funded projects. However, while these catalytic funded projects appear to promise significant impact for particular beneficiaries, this may be small compared to the multiple and pan-African impact that will result from AFIM’s more indirect influence through regional organs, UNDP Country Offices and other value chain practitioners.

#### **5.5 RELEVANCE AND ATTAINABILITY OF THE OBJECTIVES**

Respondents consistently stated that AFIM’s activities were highly relevant, from regional bodies citing their value in ‘transformational change’ to UNDP COs citing publications and assistance in particular value chains. No area was notably seen as irrelevant or ineffective to the overall objectives and mission of UNDP.

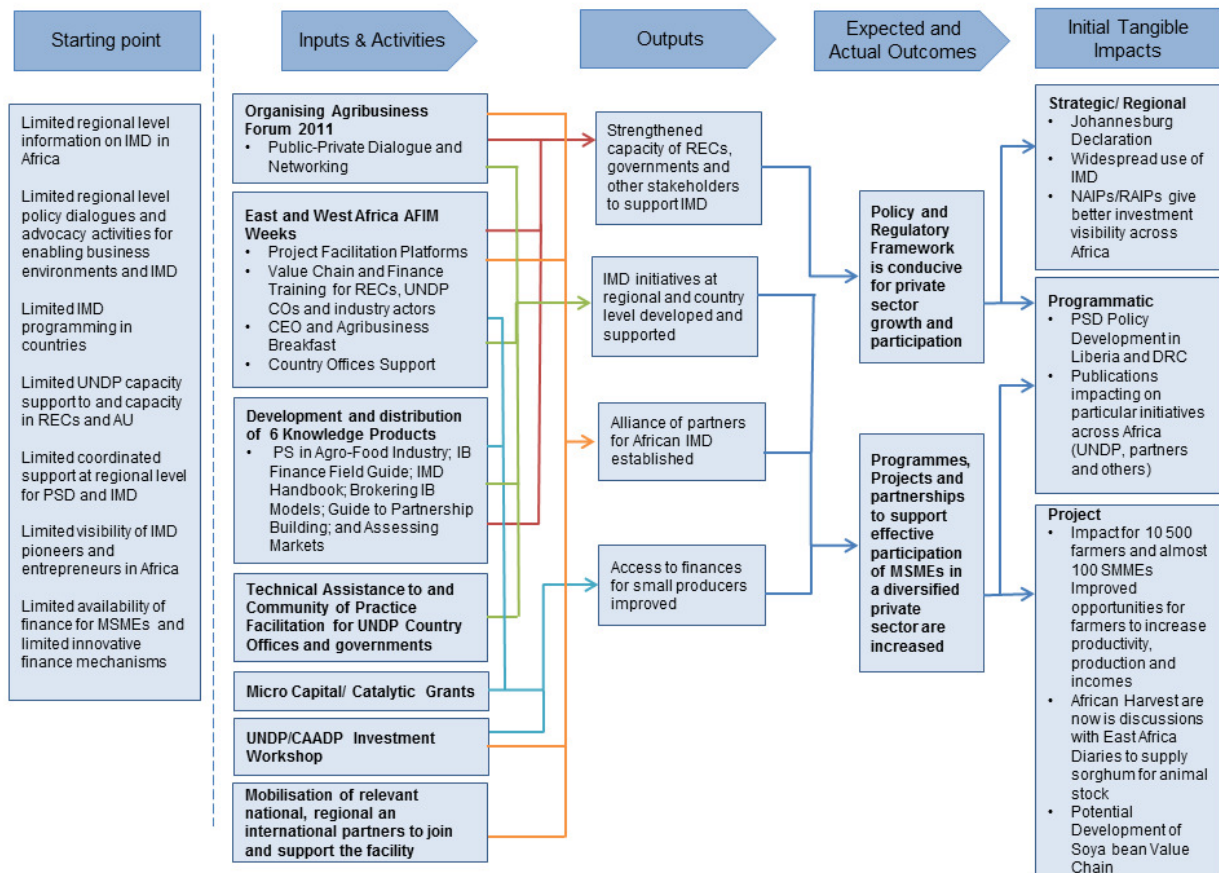
The objectives were seen as attainable, although there was some scepticism about the ability of AFIM to influence the large RECs in implementing systemic change. However, the fact that ECOWAS, for example, is now taking on the PFP approach itself in 2013, with AFIM supporting it, rather than letting AFIM lead directly suggests that there is change being embedded in other organisations.

#### **5.6 THE USEFULNESS OF RESULTS AND OUTCOMES**

##### **5.6.1 MAPPING THE RESULTS**

The results of specific value chain projects have been taken as the focal point for demonstrating ‘real’ results for UNDP. It should be noted that these immediate impacts, while welcome, do not reflect the level of institutional change and replicability that should be the focus of the AFIM evaluation. The wider range of impacts can be mapped as follows (developed in detail in the Value Matrix in Section 7):

## Results Chain for AFIM Activities



UNDP-AFIM Results Chain, Imani Development, 2012

In the above results chain, the intention of running catalytic projects is to achieve direct results (Project Impact), but also to feed lessons horizontally into other projects (Programmatic Impact), and up into higher regional and strategic activities (top right). The onion value chain in West Africa illustrates how a relatively modest investment of \$150,000 in a value chain *should* catalyse similar implementation in other value chains as well as the additionality for direct beneficiaries. These other value chains should benefit from partner programmes initiated by other bodies such as ECOWAS, EAC, AfDB, UNDP Country Offices (though they cannot as easily operate across a region).

### 5.7 LIKELIHOOD OF SUSTAINABILITY OF RESULTS AND BENEFITS

The transmission of AFIM's wider activities into sustainable results and benefits looks likely. For example, RECs reported long-term embedding of AFIM activities into their own. ECOWAS is now taking over as lead of the PFP meetings from AFIM, which will continue in a supporting role, and EAC are seeking AFIM input into establishment of a regional industry centre where agricultural value chains shall be benchmarked, promoted and advanced.

UNDP offices report the embedding of PSD, IMD and, in particular, Value Chain approach strategies into national policies. Full coverage of the effects of these developments across every country has

not been possible, but interviews demonstrate that its impact on national policies is evident (one is for a roadmap to 2030).

'AFIM has played a very big – pivotal – role' – UNDP PSD focal point

## 5.8 PROBLEMS & CHALLENGES IN IMPLEMENTATION

The problems and challenges of implementation may be summarised as follows:

1. Overstretched resources
2. Significant gap in donor partners' ability to address the access to finance question: AFIM's contribution is valuable but still falls short of a comprehensive solution.
3. Disparity in level of awareness of IMD / PSD concepts across countries
4. Difficulty in working at a regional level when much funding currently goes into country silos
5. Donor fatigue / lack of buy-in from PS Sector if not developed properly as a programme

None of these (potentially significant) challenges indicated underperformance on the part of AFIM or suggested a shift away from any particular activity: however, either AFIM should grow in capacity to better fill some of these gaps, or it should continue to lobby partners to address them.

## 5.9 ALLIANCE WITH OTHER PARTNERS (INCLUDING INSTITUTIONAL CAPACITY DEVELOPMENT)

ECOWAS and EAC both showed evidence of taking on Public Private Dialogue approaches (through the PFP or other) based on initiative from AFIM. ECOWAS will be leading the PFP in 2013 after AFIM's initiation of the platform.

CAADP's partnership in developing private sector-appropriate National Agricultural Investment Plan portfolios is a significant step, and AFIM should seek to work further with CAADP to ensure that full use of this initiative is made at a country level. The UNDP COs should enthusiastically embrace this work, though it is dependent on a good grasp of access to finance systems, which are perhaps still lacking in the development sphere. It is not clear whether UNCDF can meet all of these requirements in finance but other organisations such as AfDB, DFID's CDC Group, and the IFC also have potential in this regard. Suffice it to note that the problem is larger than all their inputs thus far.

## 5.10 OPPORTUNITIES FOR FASTER DELIVERY AND GREATER IMPACT

There is evidence that the institutional change that AFIM seeks to initiate is underway, with transition of leadership of, for example, the PFP system to regional organs. It has demonstrated that, once underway, there is scope for relatively quick impact through catalytic micro-grant funding. One respondent noted that in fact agricultural transformation can take place in one season – this point is well made.

Availability of publications through Wikipedia, Teamworks and associated email alerts is welcome, and seems to be assisting in reaching practitioners. Further investigation into other effective distribution of publications to an even wider audience mechanisms should be undertaken, possibility of partnering with, the Business Innovation Facility's Hub<sup>7</sup> (which has already partnered with Sweden's Innovation against Poverty). The Hub has over 2000 registered members.

Business Call to Action's open approach to all those interested in inclusive business may suggest a strong partnership is possible.

---

<sup>7</sup> <http://businessinnovationfacility.org/>

## 6 VALUE MATRIX

Most of the latest AFIM delivery and results are recorded in the quarterly and annually aggregated reporting framework. Additionally, results from value chain programmes are discussed in detail within the following AFIM presentation.

### Accelerating commercialization and regional trade in sorghum ( East Africa)

	Outputs as at Dec 2012
Early Outputs	<ul style="list-style-type: none"> <li>• 10,000 kg of certified improved sorghum seeds supplied</li> <li>• 1,575 farmers trained on good agricultural practices</li> <li>• 2,000 acres planted in Kenya; Planting in Tanzania set in December</li> <li>• 1,000 tons sorghum expected in February</li> <li>• More farmers at the bottom of the pyramid now participate in profitable value chain activity</li> </ul>
Intermediate Results	<ul style="list-style-type: none"> <li>• 3 Aggregators identified to buy produce from farmers</li> <li>• Unga Farm Care Limited signed contract to purchase over 10,000 tons from farmer</li> </ul>
Value added by AFIM	<ul style="list-style-type: none"> <li>• Bridged funding gap</li> <li>• Provides avenue to facilitate value chain linkages</li> <li>• Provide opportunities for farmers to increase production, productivity and income levels</li> <li>• Widens project scope to benefit regional value actors</li> <li>• Provided technical support for effective project management, monitoring and control</li> </ul>

### Sahelian Onion Productivity and Market Enhancement Project

	Outputs as at Dec 2012
Early Outputs	<ul style="list-style-type: none"> <li>• 1,200 farmers sensitized and prepared for training</li> <li>• 1,200 acres prepared for planting</li> <li>• Improved planting materials secured for farmers</li> <li>• \$300,000 expected to be generated from current cultivation</li> <li>• Vulnerable producers reaping from staggering sales with higher prices</li> </ul>
Intermediate Results	<ul style="list-style-type: none"> <li>• 14 Trainers from 4 institutions trained on good agricultural practices</li> <li>• 3 Aggregators identified to buy produce from farmers</li> <li>• Training posters and materials developed for regional use</li> <li>• Onion Training Manual (first of its kind) developed for regional use</li> </ul>
Value added by AFIM	<ul style="list-style-type: none"> <li>• Project benefits wider producers</li> <li>• Provides platform for exchange of technical and market information across countries</li> <li>• Provide better project visibility and leveraging opportunities</li> <li>• Improves farmers income and gives them the opportunity to participate in better price season</li> <li>• Provide technical support for effective project management, monitoring and control</li> </ul>



The Value Matrix below aims to illustrate the value of AFIM inputs through qualitative and quantitative analysis. **Note that many further engagements with RECs and COs are not exhaustively captured here, giving an illustrative but partial picture.** It clearly demonstrates the ‘value-added’ of AFIM activities and brings to light areas where AFIM could potentially improve resource allocation. One can identify:

- 1) the high level of direct and strategic impacts that are underway and possible through the AFIM project’s activities
- 2) evidence of partnerships with other UN organs, RECs, companies, and NGOs.
- 3) direct impact on the activities of COs in an effective manner that is welcomed by COs rather than perceived as clashing with their activities.

Impact Level	AFIM Inputs	Area of Value	Key Partnerships	Results	Reported attribution to AFIM activities	Cost/Benefit or efficiency metric
<b>REGIONAL AND STRATEGIC IMPACT</b>	<b>Agribusiness Forums, 2011 &amp; 2012</b>	Platform for direct agribusiness / farmer transactions to take place and for public private policy dialogues.	EMRC: provided AFIM with door into Private Sector trading and new business space; AFIM provided EMRC with publications, inclusive business credibility and scope for projects and in-country reach across Africa.	<p>Multiple new business deals and linkages made at forum (some directly through the UNDP forum dialogues, some indirectly through AFIM financial and reputational backing of Forum). In particular AFIM have helped embed the forum in Africa from Europe, furthering its growth as a platform for agribusiness.</p> <p>Regular citation of the Agribusiness Forum as influencing the perception of IMD across practitioners inside and out of UNDP.</p> <p>The Johannesburg Declaration (at the 2011 Forum) is cited as a valuable step towards a unified approach to IMD in Africa. However, it is recommended that the direct and indirect impacts of this declaration are evaluated more fully</p> <p>In addition to the Johannesburg forum, others such as the 2012 Youth Forum address a topic of pressing interest for Africa.</p> <p>Further information on results is available from the AFIM team.</p>	Medium (indirect relationship between forum activities and UNDP AFIM)	<p>Cited by EMRC as efficient use of funds and welcomed input from UNDP despite the relatively modest financial contribution (at under \$150,000), generating an estimated magnitude of \$millions of new contracts and influence across practitioners.</p> <p>NB: the Johannesburg</p>

						Declaration should be further researched to understand cost/benefit metric further.
<b>CAADP support: National Investment Plans, training and workshops</b>	CAADP seek to adapt unwieldy National Investment Plans into investment portfolios for the private sector.	CAADP, National Governments	<p>National Investment Plans being transformed into investor-ready portfolios by country. Seen to be relevant to Private Sector and being supported in implementation by RECs and COs.</p> <p>One CO noted: 'CO has supported a donor roundtable along with other development partners: the National Agricultural Investment Programme which is the local CAADP version and will continue to support such initiatives, particularly encouragement of the private sector in agriculture (value addition –production, processing, packaging and marketing).'</p> <p>One Nigerian entrepreneur looking for investments noted a 'lack of bankable projects' as a barrier. The NAIP approach should help address this shortcoming, though results will not always be clearly attributable to AFIM as an initiator.</p>	Medium	<p>Potentially highly cost-effective – a single investment per country could justify the cost of conversion of plans into investment portfolios (evaluators note that good portfolios are often a serious omission in attracting high magnitude (\$millions) of investment.)</p> <p><b>Metric: evidence of investments attracted versus (low) cost of adapting strategy.</b></p>	
<b>East Africa AFIM Week</b>	Project Facilitation Platform and training across Public, Development Practitioner and Private Sector representatives; CO 'community of practice' and	EAC, UNDP Country Offices, Value Chain Promoters, Private Sector	<p>UNDP Country Officers, govt officials, RECs representatives and Private Sector trained in the value chain approach (including value chain finance) and on the importance of Public Private Dialogue.</p> <p>Kenya initiated value chain programmes with new links made through the AFIM week dialogue.</p>	Essential	<p>Change through supporting COs initiate national programmes</p> <p><b>Magnitude of benefit: for example Malawi = \$multi-million PSD programme</b></p>	

<b>NATIONAL &amp;</b>		clinics.				<b>championed by CO supported by AFIM; similar example in Kenya of around \$1m)</b>
	<b>West Africa AFIM Week</b>	Project Facilitation Platform and training across Public, Development Practitioner and Private Sector representatives; CO 'community of practice' and clinics.	ECOWAS, UNDP Country Offices, Value Chain Promoters, Private Sector	<p>UNDP Country Officers, govt officials, RECs representatives and Private Sector trained in the value chain approach (including value chain finance) and on the importance of Public Private Dialogue.</p> <p>Impact demonstrated at programme level and practical implementation.</p> <p>Commitment from ECOWAS to take over lead of the PFP for 2013.</p> <p>National Programmes in at least 2 countries (Liberia and DRC) have been changed and initiated as a result.</p> <p>Cassava value chain programme initiated across 3 W African countries, working with Private Sector.</p> <p>UNDP-Cameroon Country office has requested for similar training in the first quarter of 2013</p> <p>UNDP-Nigeria Country office has requested for training in market assessment and linkages for Nigeria in 2013</p> <hr/> <p>The Food for Enterprise Development Project (FED), a USAID funded project in Liberia is also requesting for similar training in Liberia.</p> <p>Nestle started discussions with DRC CO.</p> <p>Regional Value Chain promotion underway or initiated in cassava, onion, mango.</p>	Essential	Changes in design of \$multi-million national programmes (Liberia, DRC).
	<b>Publications</b>	Catalytic publications that seek to inform and influence initiatives across Africa.		<p>Confirmation of wide usage among Country Offices, partners (CAADP, EAC), practitioners (value chain promoters and others unrelated to AFIM), Private Sector.</p> <p>Requests (e.g. Gambia, Ethiopia, Liberia, Kenya) for further development of regional principles into country-specific application (within their remit in addition to AFIM's regional view)</p>	Medium	<b>Measure: multiple citations of using the literature in practical activities.</b>

<b>Technical Assistance to UNDP Country Offices and Governments</b>	Supporting UNDP COs and in turn national governments through training and embedding of Inclusive Market engagement methodology.	Country Offices (around 30-34 with approx. 20 COs receiving direct support)	Repeated reference to AFIM services as in demand but insufficient compared to meet potential.  Comments from COs: <ul style="list-style-type: none"> <li>• AFIM's approach is 'fundamental for a new direction for UNDP'</li> <li>• 'Please highlight again that they've been really helpful.'</li> <li>• 'I strongly recommend the programme to other CO's; by the way I placed it on the Teamworks [UNDP website] and a colleague from Mozambique thought it was an open programme and wanted to participate.'</li> </ul>	High- Essential	Multiple citations from COs noting influences from AFIM being translated into changes in national policies, their value chain work, or outlook for future projects.  <b>Available value metric: multiple specific requests for more AFIM support.</b>
<b>EXAMPLE countries with 'lower capability' or greater constraints in PSD/IMD:</b>					
<b>COs</b>	<i>Liberia</i>	CO, Govt of Liberia, (World Bank?)	\$5-10m programme (estimated) as part of national economic development strategy. Country office assisted in development of the PSD pillar following the direct, attributed influence of training in the AFIM West Africa week.	High	<b>Proposed catalysed activity = \$5-10m</b>
	<i>DRC</i>	CO, DRC Ministry	Incorporation of value chain methodology into DRC PSD programme.	High	
	<i>Malawi</i>	CO, World Bank, DFID, EU	Creation of a new PSD programme for Malawi, including \$6 to 7m of programme capacity.	Medium-High	<b>Metric: qualitative judgement of support to creation of CO's influence on large PSD programme.</b>
	<i>Burundi</i>	CO, EAC	No immediate impact, but potential for strategic development of PSD in a post-conflict country which seeks to move from crisis management to sustainable development. Require consultants to draw down upon – developing a commodity exchange programme supporting 6,700 farmers joining CAPAD association which provides access to finance and markets for 24,000 farmers.  CAPAD part of the East African Farmers Federation (EAFF).	Low to date	Not yet in progress: potential to provide support in future to programme supporting up to 30,000 farmers.

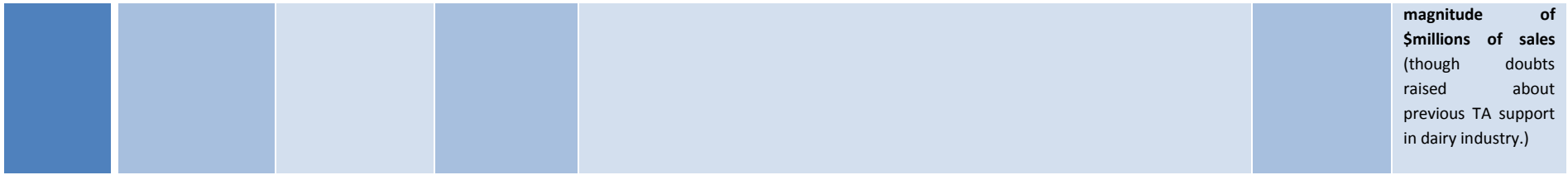
<b>DIRECT, BENEFIICIARY-TARGETED VALUE CHAIN</b>	<b>EXAMPLE countries with 'higher' capacity' or lower constraints in PSD/IMD:</b>					
		<i>Nigeria</i>	NFIM	<p>Attended West Africa Week and positive about potential (suggested as largely unmet due to capacity constraints) of AFIM interactions.</p> <p>Interest in Nigeria taking the lead for such activities in W Africa (taken as indication of enthusiasm for AFIM potential).</p>	Low to date	<p>Possible indirect benefit in future through improved regional value chains.</p>
		<i>Kenya</i>	CO, various	<p>UNDP Kenya has benefited from AFIM support in implementing catalytic fund and adding region dimensions to pipeline projects. Regional perspective considered highly relevant on EAC area value chains.</p> <p>UNDP Kenya transformed its poverty reduction unit through the strategic input from AFIM.</p> <p>Further observations following interaction with AFIM:</p> <ol style="list-style-type: none"> <li>1) knowledge products very useful (e.g. publications)</li> <li>2) Community of Practice (or support to COs in a more 'corporate', cohesive approach) and cooperation gained through the AFIM week also cited as very important.</li> <li>3) AFIM's 'private sector driven mentality' in developing the IMD movement</li> </ol>	High	<p>See results on sorghum and dairy value chains below.</p> <p>Changes in approach and structure of Inclusive Growth unit as a result of AFIM advisory support.</p> <p><b>Magnitude of approx. \$1m budget (influenced by AFIM support and input).</b></p>
<b>Micro-Grant / Catalytic funding for regional value chains</b>						
	<b>Projects</b>	Sorghum Value Chain ( <b>underway</b> )	Africa Harvest, IFAD (complementing IFAD food security programme), buyers (Unga Farm etc).	Extract from AFIM Sorghum Report, December 2012:	High	<p>Direct benefit: 2000 farmers. Long term benefit: improvement towards an additional 72,000 MT / \$26m shortfall in supply for one buyer alone. Unga Farm Care Limited signed contract to purchase over 10,000 tons from</p>

				<ul style="list-style-type: none"> <li>✦ 575 (57.5%) target beneficiaries/farmers (for the first year) willing to set aside a minimum of 1 ha (2.5acres) for Sorghum production, identified and registered during the first production season in Kenya. The target for the first season was 500 farmers and this has been achieved</li> <li>✦ Farmers (in Kenya) supplied with 7600kgs of Certified and improved Gadam Sorghum seed.</li> <li>✦ Over 2000 acres (800 ha) of Sorghum established in Kenya during the October to December production season.</li> <li>✦ In Tanzania, the target was 500 farmers and so far 1000 farmers each planting 1 ha (3 acres) have been identified in Serengeti district of Mara region and facilitated with 2000kgs of certified Maccia Sorghum seeds by Dunia Trust Limited. Planting will take place in December 2012.</li> <li>✦ 3 Aggregators have so far been identified (1 in Kenya and 2 in Tanzania) and engaged to provide much needed support for adopting farmers with linkage to established markets for high quality Sorghum grain; Malting and Relief food.</li> <li>✦ Opportunities for enhancing the capacity of aggregators have been identified and shall be addressed in the coming months to enhance their ability to fully exploit their potential and catalyze improvements in the value chain. These include: Capacity building- in agronomy, for their staff, Capacity building of farmers to improve productivity and quality of grain, limited number of grain aggregation centers and access to funding.</li> </ul>		farmer
	Onion Value Chain (underway)	ASNAPP, ECOWAS	<p>Programme underway with training and regional trade work (Ghana and Burkina Faso), with aim of expansion to Mali, Niger and Benin.</p> <p>Storage and productivity within the onion value chain can be improved across the region, and disparities between countries are being compared and addressed.</p> <p>Training guide developed (AFIM funded).</p> <ul style="list-style-type: none"> <li>• 1,200 farmers sensitized and prepared for training</li> <li>• 1,200 acres prepared for planting</li> <li>• Improved planting materials secured for farmers</li> <li>• \$300,000 expected to be generated from current cultivation</li> </ul> <p>Training and storage work underway (end of 2012).</p>	High	<p>2500 farmers expected to benefit (1200 from Ghana, 1300 from Burkina Faso).</p> <p>Wider impact: ASNAPP note that the true impact of the project will be in spreading the learning and activities across the West Africa region wider than the 2 pilot countries.</p> <p><b>Initial number of beneficiaries = 2500 farmers, with potential for multiples of this if it becomes a wider catalysed programme.</b></p>	

						<b>Product value = \$300,000 (expected)</b>
	Mango Value Chain (not yet fully underway)	ECOWAS, ITC	<p>Anticipated:</p> <p>\$1m additional sales, 2000 farmers targeted. Focus placed on women farmers who expect to gain. Up to 80 lead firms / enterprises to benefit, creating up to 300 jobs.</p> <p>Citing of example benefits of integrated approach: understanding national policies on e.g. fruit fly management across participating countries, potentially crucial for eradication of pests.</p>	High	<p>Total cost of programme (\$205k, of which \$150k from AFIM, \$30k from ECOWAS, \$25k from ITC).</p> <p><b>Impact: 2000 farmers targeted for direct benefit. Up to \$20m / 20,000 MT of industry value across 4 countries to benefit indirectly.</b></p>	
	Soya Value Chain (not yet underway)	BIDCO, Africa Harvest, UNIDO, Govt Ministries UNDP CO, Monsanto, Equity Bank	<p>Target additional 2,000 MT per annum. AFIM requested to provide development support to work with soya value chain producers to meet shortfalls in demand.</p> <p>AFIM requested to support linkages between farmer groups, BIDCO and other buyers, <i>and banking services for loans for inputs</i>. BIDCO can offer guaranteed purchases to act as a loan guarantee, and Equity Bank may then loan funds against that guarantee. This model is highly replicable.</p> <p>Extract from AFIM results summary:</p>	Medium-High (high potential impact but yet to be fulfilled)	<p>Projected initial increases of at least 2,000 MT @ \$1,688/MT (2011 prices).</p> <p><b>Proposed Catalysed Activity = \$3.3m</b></p> <p><b>Further benefit anticipated: Ksh 875m (or \$10m) additional sales across 100,000 farmers, increasing income by 25%, creating 100 SMEs and thousands of new jobs (final job creation figure should be seen as subject to</b></p>	

				<p style="text-align: center;"><b>East Africa Regional Value Chain Project on Soybean</b></p> <table border="1"> <thead> <tr> <th>Institution</th> <th>Extended Impact</th> </tr> </thead> <tbody> <tr> <td>UNDP-Kenya Support</td> <td> <ul style="list-style-type: none"> <li>UNDP-Kenya readiness to provide initial funding to support regional value chain studies on soybean to provide input for the development of regional value chain development plan</li> <li>UNDP-Kenya office</li> </ul> </td> </tr> <tr> <td>East Africa Community Interest</td> <td> <ul style="list-style-type: none"> <li>East Africa Community has interest in participating in the regional value chain project and provide in-kind and help raise funding for implementation</li> </ul> </td> </tr> <tr> <td>BIDCO and Other partners</td> <td> <ul style="list-style-type: none"> <li>BIDCO expresses keen interest in partnering with the project so as to obtain the needed raw materials in quality, quantity and consistency</li> <li>Other Private Processing Companies in Kenya alone including East Africa Breweries, Soy Afrik ready to purchase over 150,000 tons per annum (current production &lt;2,000 tons)</li> </ul> </td> </tr> <tr> <td>East Africa Grain Council</td> <td> <ul style="list-style-type: none"> <li>Eastern Africa Grain Council (EAGC) is has piloted aggregator models and works with several value chain actors who are willing and ready to collaborate in regional soybean value chain project</li> </ul> </td> </tr> </tbody> </table>	Institution	Extended Impact	UNDP-Kenya Support	<ul style="list-style-type: none"> <li>UNDP-Kenya readiness to provide initial funding to support regional value chain studies on soybean to provide input for the development of regional value chain development plan</li> <li>UNDP-Kenya office</li> </ul>	East Africa Community Interest	<ul style="list-style-type: none"> <li>East Africa Community has interest in participating in the regional value chain project and provide in-kind and help raise funding for implementation</li> </ul>	BIDCO and Other partners	<ul style="list-style-type: none"> <li>BIDCO expresses keen interest in partnering with the project so as to obtain the needed raw materials in quality, quantity and consistency</li> <li>Other Private Processing Companies in Kenya alone including East Africa Breweries, Soy Afrik ready to purchase over 150,000 tons per annum (current production &lt;2,000 tons)</li> </ul>	East Africa Grain Council	<ul style="list-style-type: none"> <li>Eastern Africa Grain Council (EAGC) is has piloted aggregator models and works with several value chain actors who are willing and ready to collaborate in regional soybean value chain project</li> </ul>		definition).
Institution	Extended Impact															
UNDP-Kenya Support	<ul style="list-style-type: none"> <li>UNDP-Kenya readiness to provide initial funding to support regional value chain studies on soybean to provide input for the development of regional value chain development plan</li> <li>UNDP-Kenya office</li> </ul>															
East Africa Community Interest	<ul style="list-style-type: none"> <li>East Africa Community has interest in participating in the regional value chain project and provide in-kind and help raise funding for implementation</li> </ul>															
BIDCO and Other partners	<ul style="list-style-type: none"> <li>BIDCO expresses keen interest in partnering with the project so as to obtain the needed raw materials in quality, quantity and consistency</li> <li>Other Private Processing Companies in Kenya alone including East Africa Breweries, Soy Afrik ready to purchase over 150,000 tons per annum (current production &lt;2,000 tons)</li> </ul>															
East Africa Grain Council	<ul style="list-style-type: none"> <li>Eastern Africa Grain Council (EAGC) is has piloted aggregator models and works with several value chain actors who are willing and ready to collaborate in regional soybean value chain project</li> </ul>															
		Dairy Value Chain (not yet underway)	EADD, Tetrapak	Vision for regionalization of dairy market is the goal, but currently unrealised. Estimated at up to 10bn litres of milk with insufficient market development.	Not yet underway	<p>Possible linkages with soybean value chain.</p> <p>Pilot phase = smaller number in AFIM pilot (\$150,000), but targeting 410,000 farmers (2-3 million householders) in catalysed, partner-supported phase; and doubling dairy output over 10 years.</p> <p><b>Future metric:</b>  <b>numbers of farmers benefiting x increase in income = total benefit, possibly of</b></p>										





## 6.1 STRATEGIC AREAS OF FOCUS

AFIM's objectives have been found to be coherent, though operating at different levels of intervention.

Limited resources and a high demand for AFIM activities require an efficient allocation of resources and focus. However, it is not demonstrated that a focusing and a narrowing down of AFIM activities will be more valuable than spreading resources more widely and addressing, even if inadequately or partially, meeting needs among partners.

AFIM should if anything scale up rather than narrow down, but long term there are opportunities to apportion different activities into other partners' activities, giving those partners the appropriate role for their institution. It is likely that UNDP's neutrality, coverage and insight will continue to be beneficial for long term sustainability.

## 6.2 SUSTAINABLE OWNERSHIP OF AFIM ACTIVITIES

Area of Focus	Preferred future vehicle to deliver in this area	Continued need for AFIM support?
PFPs and Public Private Dialogues	RECs, Pan-African bodies (e.g. CAADP)	Yes (2 to 3 years minimum)
Access to finance	UNCDF or DFI vehicle (through IFC, AfDB or other) at far larger scale, possibly led by a well-funded AFIM programme as coordinator.	Yes (3 to 5 years minimum)
Regional Value Chains	RECs, Pan-African bodies (e.g. CAADP)	Yes (possible handover within 1-2 years)
Publications	AFIM, other platforms such as BIF / BCtA	Yes (3 to 5 years minimum)
CO Support	UNDP/AFIM	Yes (AFIM-led, 5 to 10 years)
Supplier Development Programme (proposed)	Multi-UN-agency (e.g. FAO, UNIDO, IFAD, wider UNDP) led by AFIM	Yes, (AFIM-led, 5 to 10 years)

One strategic area being addressed by AFIM is access to finance. Access to finance faces large gaps in both financing and technical assistance across the donor / development practitioner level, not just for AFIM.

Given that the impact and value-added of AFIM activities cannot be accurately measured at such an early stage of project implementation, it is recommended that AFIM continue to focus on all identified strategic areas for the remaining year of programme delivery.

### 6.3 FURTHER AREAS REQUIRING FOCUS

The scope of AFIM is already sufficiently challenging compared to the size of project, but two further areas of focus are recommended:

- 1) **women as beneficiaries for positive household impact** – the pro-women dimension of focusing on smallholder household crops could be highlighted more clearly.
- 2) **considering climate change and potential mitigation and adaptation strategies:** the UNDP's Green Commodities Facility could benefit significantly from support from AFIM (cited at CO and UNDP management level).

The value chains selected under the catalytic fund are considered to be appropriate in that they are likely to have a gender bias in favour of women: most estimates would put women's contribution to smallholder farming at minimum 70% - this was reflected in membership of the Confederation des Associations des Producteurs Agricoles pour le Developpement (CAPAD) cooperative in Burundi<sup>8</sup>. However, clearer evidence of this greater impact on women would be welcome as the reporting progresses through the project.

By focusing on the agro-food sector it may be reliably expected that a positive gender bias will be achieved, and in light of this, other criteria such as 'likelihood of success' and 'project design' should take prominence to ensure maximum impact.

### 6.4 FOCUSING ON AGRICULTURE

Although AFIM picked the right forum to engage with the agribusiness sector, is AFIM sure that agro-food / agribusiness is the correct target sector for its programme?

Respondents almost universally agreed that Africa's future in agriculture is of utmost importance, from either a food security or an economic income growth point of view. Value-added, export-led agriculture is a key pillar to the development of most countries in Africa. Agriculture accounts for 30-40% of Africa's total GDP and almost 60% of the continent's total export earnings. Agricultural growth rates in Africa have increased marginally from around 2.4% a year in 1980–89 to 3.3 % a year since 2000.<sup>9</sup> Approximately 65% of Africans rely on agriculture as their primary source of livelihood and small scale farmers produce more than 90% of Africa's production. Given the proportion of the African population engaged in farming or agro-related activities, it is the view of the evaluators that it is an appropriate focus for UNDP's mission on MDG1. One or two respondents suggested that there is a missed opportunity in not looking at extractive industries and ICT, both of which are, it is agreed, important to the pan-African economy. However, the scope of AFIM's engagement given its capacity constraints is broad enough, and the embedding of relevant themes and concepts in agriculture appear relevant to their pan-African constituents.

<sup>8</sup> 'Les femmes représentent au sein de CAPAD plus de 70% des membres'. *Presentation du CAPAD*, via UNDP focal point, Burundi

<sup>9</sup> <http://www.ifpri.org/publication/agriculture-s-critical-role-africa-s-development>

## 7 COUNTRY OFFICE SUPPORT: AN OPERATIONALISED FRAMEWORK

'We have a private sector development strategy. UNDP country offices now have direction to be able to develop inclusive market projects. AFIM brings technical expertise on how to operationalise this strategy, on how IMD programmes can be designed, implemented etc. There is need for AFIM to do more of this, other than just providing literature. For instance, providing pool of experts who can help in these areas, facilitating linking us up with other platforms, e.g. UN system has value chain programme (not at UNDP), e.g. ILO, UNCTAD etc. AFIM can serve as contact point. Teamworks helps, but need stronger focal point, either directly or through Teamworks.'

Country Office Focal Point, East Africa

### 7.1 SERVICE OFFER TO COS

The AFIM team is seen positively by COs as a resource, rather than a duplication, of national programme work. It has been regularly cited as supportive or instrumental in initiating change at a country level, and where it has not had an impact there is evidence of strong potential.

In a recent questionnaire, the level of demand for training by theme was assessed:



AFIM Country Office questionnaire

The AFIM team have disseminated a 'Service Offer' to COs, across three areas:

- 1) Technical Assistance

- 2) Knowledge Development, Sharing and Dissemination of Best Practices
- 3) Partnership Building and Resource Mobilization Support

From the COs' point of view, the 'demand' for services may be summarised as follows (quoting CO feedback):

- **Community of Practice** / *CO knowledge-sharing sessions were seen as highly prized, but too seldom. Let COs be a part of a wider team! Could it be possible to have webinars and/or face-to-face support?*
- **Help-desk / advisory support** *on specific IMD problems.*
- **More direct support on initiatives** – *current support is very welcome but not sufficient.*
- **Be a knowledge-hub** *for the multitude of information required for COs to digest and integrate into their everyday activities.*
- **Support the development of policy** *at a national level: they are able to initiate and influence policy, but AFIM does not have the capacity to act as a peer reviewer.*
- **Provide a 'draw-down' service of pre-qualified consultants and specialists** *(this has been possible in similar UN programmes such as the Supplier Development Programme in Latin America, and disaster relief).*
- **Request more time from the AFIM team to initiate the strategic development of national PSD programmes**
- **Continue to provide knowledge materials and training in, inter alia:**
  - *Warehouse receipt systems*
  - *Access to finance for MSMEs (continuing initial support – see below)*
- **Continue to provide regional Project Facilitation Platforms:**
  - *COs largely appreciated the opportunity to pull together the correct government, private and REC decision-makers*
  - *Training in models such as the 'aggregator model' (empowering aggregating agents) and commercial farmer ('outgrower') models had applicability and relevance and potential for attendees, and strong potential for sustainable legacy on the ground.*

'It would also be helpful to publish and circulate IM programme implementation guides for COs that establish a programme. AFIM should play a more central role for directing the CO programmes and for monitoring development and progress. It would also be useful to establish an African CO Network for IM'.

Country Office Focal Point, West Africa

### 7.1.1 FOCUSING ON SPECIFIC COUNTRIES

The Africa Union noted an interest in focusing on post-conflict countries, and evidence from Liberia and Burundi (who both identified themselves as such) shows that such countries want to move from crisis management towards sustainable development. An initial finding was a general trend that the weaker the country's institutional network, the stronger the influence AFIM may have in influencing national policies. Burundi showed interest but was unable to put forward a proposal – instead they would prefer more options around the draw-down of VC specialists who have delivered effectively in

the region so that the CO can transfer knowledge in national programmes as Burundi moves from post-conflict to market development.

However, in discussions with UNDP Kenya it became apparent that even in such countries that are familiar with the IMD approach, AFIM was able to assist COs to be more effective in influencing policy at a national level, and furthermore rise above national silos to influence regional bodies. One CO noted that without AFIM there is no clear way to coordinate and manage VC programmes which span more than one country.

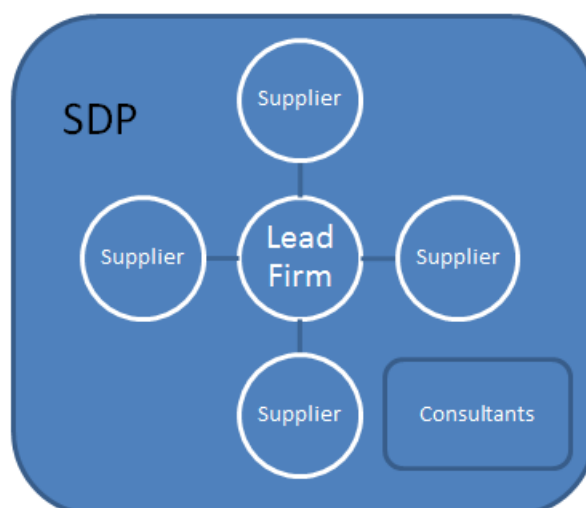
A key concern in suggesting a ‘narrowing down’ of AFIM services to a single region or sub-group is that it will provide partial or patchy services instead of thinly spread but effective services. Leaving countries with no provision of services is arguably worse, considering the broad alliance-building process currently underway, than providing a limited service. Weaker countries can also learn from more established PSD / IMD initiatives in other countries (e.g. the Ghana office provides support to other countries in the region).

**The evaluators do not recommend, therefore, that a narrowing down to a single region or sub-group is appropriate.**

## 7.2 ‘SUPPLIER DEVELOPMENT PROGRAMME’: UNDP SDPs APPLIED TO AFRICA

A Supplier Development Programme (SDP) is being drafted by AFIM to operationalise a UNDP CO-led engagement between ‘Lead Firms’ and farmer associations. By providing medium-term technical assistance, it will link large firms with significant demand with smallholder farmers as follows:

**Lead firms and suppliers in an SDP**



Source: SDP concept note, AFIM, 2012

This model has been successful for UNDP in Latin America and the evaluators recognise a role for it in delivering at a regional level for AFIM and at a national level for COs. It echoes the contract farming model increasingly offered across Africa from Asian countries, and recognises the trend

towards direct, sustainable supply chains noted by the International Social and Environmental Accreditation and Labeling Alliance (ISEAL) and other organisations. It can reduce risk and improve the likelihood of the financing of inputs.

The concept note states that it offers:

- ‘business focused solutions to help development value chains in a holistic manner; and
- a comprehensive programme format for inclusive business projects.’

This type of practical programme model would sit well under the current AFIM design and provide clear integration with CO priorities. The SDP design has been effective in Mexico and holds promise as a model for Africa. UNDP Kenya, for example, is keen to develop a SDP to further its inclusive market work.

However, it should be noted that such types of programme should not detract from the strategic, regional work undertaken by AFIM with RECs. The strategic progress AFIM offers should spin out such company/value chain-level activities, but not to the detriment of regional institutional change.

## 8 PROJECTS

Only recently have specific VC projects begun their activities, but initial findings from the delivering consultants show promise. A summary of impact can be found in the Value Matrix (Section 7).

### 8.1 AFRICA HARVEST & SORGHUM VALUE CHAIN, EAST AFRICA

<i>Summary</i>	<i>VC project to assist 1,000 households in East Africa to produce sorghum to meet demand in the regional market, with a view to catalysing a larger programme. Builds on larger IFAD food security programme across 20,000 farmers.</i>
----------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Africa Harvest are a leader in the sorghum value chain in East Africa but are a good example of a partner that has absorbed a variety of AFIM's services, typifying how the different AFIM modalities can provide a holistic approach to IMD:

- Africa Harvest is working on an IFAD project supporting 20,000 households to gain food security through growing sorghum. Through the AFIM catalytic funding, a proportion of capable households (1000 families) have been selected as having the capacity to go further into trading surplus sorghum for increased income. This income is expected to assist increases in productivity through, for instance, purchasing seed and fertiliser, and buying animal stock. 'Let those who can ... TRADE!'
- During the East Africa Week, Africa Harvest learnt about the Dairy value chain and are now in discussions with East Africa Dairies to supply sorghum for animal stock. This and other similar comments counteract another respondent's suggestion that there may be little value in learning about other value chains at a training week.
- This has precipitated discussions on developing the soya value chain with other stakeholders. Africa Harvest has become the service provider for such strategies.
- Africa Harvest met Jennifer Gache of EAC during the East Africa Week, and they are now in discussions about future work and trade projects.
- Following the East Africa Week, Africa Harvest benefited from training on the 'aggregator model'. This training helped crystallise their thinking and promote the concept.
- They found the Inclusive Business Finance Field Guide useful, but would like to have more interaction through Teamworks. They appreciate the online updates and email circulars from Tiina (the evaluators have joined Teamworks and received a useful IFC document relevant to IM/IB work).
- They are aware of the Johannesburg Declaration and consider it a useful step.

*Drawbacks:* capacity for AFIM to engage more regularly was missed, for example having a regular meeting every 6 months – it should be 'living and growing'. The grant was too small to make as big an impact as desired – 'but big things grow from small starts'. Online activities could be developed further.



### 8.1.1 COMPLEMENTARITY WITH IFAD

Africa Harvest noted their work with IFAD illustrates their commitment to food security, and had found that while farmers are private sector operators, their food needs come first. This caused some misunderstanding with East African Breweries who, in looking at the possibility of sourcing sorghum through working with farmers, expected that all output may be supplied to them. Care should be taken, then, that contractual arrangements in PSD are made clear and that development goals are maintained.

Does this imply that IMD can be at odds with MDG1? Feedback suggests emphatically not: it can be a demonstration model for those who can build their capacity and improve productivity, and ultimately create surplus that will further progress towards MDG1.

The potential for improvement, however, is evident. The recent sorghum value chain report notes, for example, that the shortfall in demand for one sorghum buyer (Unga Farm Care Limited) of 200 MT per day, equates to 72,000 MT or \$26m per year.

## 8.2 ONION VALUE CHAIN

<i>Summary</i>	VC programme to improve productivity and access to inputs in the onion value chain across 3 West African Countries with a view to developing a larger regional programme.
----------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------

AFIM have in West Africa provided a micro-grant facility for ASNAPP, a ‘value chain promoter’ in Ghana and Burkina Faso, reaching out long term across the regional market to Mali, Niger and Benin. ASNAPP were able to gain assistance from AFIM in the following ways:

- **Practical activities through the micro-grant facility.** While the funds are small (‘we can only do a tenth of what is asked for from partners’), and time-limited, they ‘at least set the foundation for improving’ the following:
  - Storage
  - Training
  - Access to micro-finance
- These interventions demonstrate **PRACTICAL VC TRANSFORMATION**
- **Policy awareness.** The Government of Ghana provides access to farm finance during certain times of the year when it is not suitable to onion farmers. This type of policy is a barrier to value chain development. Benefit: **INDUSTRY-SPECIFIC POLICY CHANGE**
- **Knowledge sharing in the West Africa Week.** The Project Facilitation Platform is considered a good forum to raise problem issues with the relevant Ministries (though another respondent noted it is unclear if some messages get across to partners!), discuss challenges and meet others in the value chain. Action: **CONVENING SUPPORT**
- Pilot project leading to scale-up – demonstration effect. **INDUSTRY-SPECIFIC VC TRANSFORMATION**
- Follow-on: long term vision of what may come after the intervention. **PRACTICAL VC TRANSFORMATION**
- Access to literature. **IMPROVED DECISION-MAKING, IMPROVED KNOWLEDGE**

### 8.3 MANGO VALUE CHAIN (APPROVED JANUARY 2013)

<b>Summary</b>	<b>VC programme to improve productivity, quality control and market access for mango value chain in West Africa.</b>
----------------	----------------------------------------------------------------------------------------------------------------------

The mango value chain work has not yet commenced in full, but promises to deliver for an appropriate number of beneficiaries, and is distinctly benefiting from a regional approach. It is in partnership with ECOWAS, which suggests good partnership opportunities for embedding further project work within ECOWAS in future.

It further partners with the International Trade Centre (ITC), international Private Sector partners and national investment and export promotion agencies.

The beneficiaries are cited in terms of end beneficiaries but also important link businesses in the value chain. It is encouraging to see that attention has been paid to this meso-tier of value chain actors in the programme design. Up to 80 lead firms / enterprises are expected to benefit, creating up to 300 jobs.

Anticipated benefits are \$1m additional sales, with 2000 farmers directly targeted for participation. Focus has been placed on women farmers who expect to gain the most, in line with AFIM’s wider gender impact consistent with their focus to date on agriculture.

Citing of further benefits of integrated approach include the understanding of national policies on e.g. fruit fly management across participating countries, potentially crucial for eradication of pests. This type of higher-level issue that may be addressed through a regional approach is also reflected in the dairy and onion value chains.

### 8.4 DAIRY VALUE CHAIN

<b>Summary</b>	<b>VC programme to assist extension services and bulking techniques to meet significant supply shortages / unmet demand for milk in Kenya and East Africa.</b>
----------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------

Representatives of both the East Africa Dairy Development (EADD) organisation, and Tetrapak, attended the East Africa Week workshop. One message was that Kenya should and could be capable of becoming the ‘New Zealand’ of African milk production to fulfil the supply shortages in the region. New Zealand produces 19bn litres (cited as annual), while Kenya has an estimated production of 5bn litres, this could be as high as 10bn litres. Why can’t Kenya export across the continent to supply other countries? There is a legacy of poor quality, poor distribution, no records, poor quality control – can donors tackle issues like that?

These issues would need to be mapped if the IMD intervention is to be effective: and it should be noted that there are countless barriers to fully enabling the industry. AFIM’s contribution may well assist by providing link from Kenya into the rest of the region (and even into West Africa). Some scepticism from Tetrapak was voiced over how effective previous value chain development work has been, but they are still willing to explore what can be done next. EADD are seeking a micro-grant for

work in Uganda and Kenya from the AFIM catalytic fund, but the desired \$150,000, while valuable, will be limited due to scale.

There was a query over whether the other East Africa Week activities were relevant to the dairy value chain actors. One key link made was with Africa Harvest who may supply animal feed.

#### 8.4.1 SCOPE FOR ‘PUBLIC GOOD’ RESEARCH IN THE DAIRY VALUE CHAIN

One dairy value chain company respondent cited the need for research on lactose-intolerance in East African populations being required. Such a ‘public good’ document would benefit all relevant dairy stakeholders and enhance the development of the dairy VC. This issue would require input from the private sector, health and nutrition agencies and specialists, Universities, etc.

As a general point raised by this insight, a judgement must be made by AFIM (as the convenor of discussions) regarding who should be present in value chain discussions (i.e. who is relevant and who is capable of addressing issues), otherwise problems may be identified but not solved. Ideally there will be a consultation framework resulting in clear policy and strategy recommendations which can give a clear demonstration to all parties what the objectives are of engagement with a donor, and who will be following up on each process emanating from it. Stakeholder mapping is crucial in such discussions.

### 8.5 SOYBEAN CONCEPT NOTE (AT PROPOSAL STAGE)

<b>Summary</b>	<b>Increased supply of soybean across Uganda and Kenya through improved access to finance, inputs and technical assistance. Supported by major buyers facing large shortfalls in supply.</b>
----------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The nascent Soybean Value Chain Development Programme holds significant potential, though it is not yet fully approved and underway. Of the \$4.25m cost of a full programme, \$1.25m is already committed. AFIM’s catalytic fund is an initial pilot to realise the full programme: it is not clear that this will go ahead but is an example of promising pipeline projects that may be picked up by AFIM or other donors.

It is instructive in highlighting the value of IMD / VC support. There is a huge shortfall in supply of soybean in East Africa, estimated at least 150,000 MT while Kenya produces only 2,000 MT. The modest aim of doubling that volume to 4,000 MT would yield around \$3m (against an AFIM investment of \$150,000) while a full programme would potentially yield tens of millions of dollars in increased revenue for farmers (estimates are still under discussion).

BIDCO, in an effort to source as much soybean product as possible from Kenya, Uganda and the region, is offering a purchase guarantee with which farmers could attain loans from a financing institution. AFIM has assisted in making these links for the programme to succeed.

### 8.5.1 SUSTAINABILITY IN THE SOYBEAN PROGRAMME

While there remain challenges and scope for excessive optimism in the soybean project, it is clear that it offers:

- transformational change for an industry, with millions of dollars of additional income as the prize
- *sustainable* incomes for smallholder farmers (it is particularly pro-women, as primary growers) – the scale of the shortfall in supply, against current prices, means that the market prize is not merely speculative but is tangible
- access to finance that will lead to wealth creation which was otherwise unattainable
- an ‘inclusive’ deal where there are up-front promises to farmers rather than them bearing excessive risk.

## 9 REGIONAL VALUE CHAINS VERSUS REGIONAL POLICY-MAKING

The AFIM regional approach is distinctive in its realisation that many challenges for inclusive markets lie at a regional level, both on aspects of policy, PSD, and value chain development. Regional bodies face the difficulty of balancing economic growth and the political economy of the various member states while trying to ensure the growth of the private sector. Regional bodies have been rather trade-focused when they could (as with AFIM) provide far more support beyond trade into the wider PSD arena. One of the key issues facing economic development in sub-Saharan Africa has been the issue of PSD being seen as a sub-set of international and regional trade and not seeing trade as the subset of PSD. This has sometimes resulted in skewed policy development, and AFIM would be ideal in pioneering a change of approach from Regional Trade to Regional Private Sector Development.

'Regional integration [in Value Chain work within the EAC] is so fundamental we cannot ignore it [... yet] in regional projects questions start about who does what and who is responsible. A supra-national structure [like AFIM] is necessary.

Establishing IMD in the regional context is complicated by the often conflicting trade agreements and integration agreements. In Southern and East Africa for example a country like Tanzania is signatory to SADC and is also part of the EAC but is not part of COMESA, whereas Kenya their main trading partner is part of COMESA and not part of SADC. This creates certain political economies, which have to be carefully mapped before the IMD initiatives are formulated. Regional bodies including COMESA and SADC do not effectively take into account the realities of national economic development. In 2008 three large regional blocs made the first steps in establishing a Free Trade Agreement (FTA) between them – the COMESA-SADC-EAC Tripartite Free Trade Area which should improve trade flows between these blocs. If IMD interventions are to increase their effectiveness then development should be designed from a bottom up approach starting with the economic reality at national level and then moving up to the regional markets and equipping regional bodies to facilitate these processes. Conversely the national stakeholders require accurate market and economic information on trading and investing regionally. It is in this space where AFIM can be most effective. Although AFM has a regional mandate, intimate knowledge of the productive economy at national level is critical to the sustain success of growing inclusive markets.

This knowledge of barriers and markets has been demonstrated by respondents – they demonstrated that AFIM's consultants had knowledge of productivity levels across the regional value chain (for example onion output per hectare in Niger vs Burkina Faso vs Ghana) but also the trade barriers faced in regional trade. Similarly, knowledge of pest control regimes in one West African country is essential for tackling fruit fly control in its neighbouring country. Such in-depth knowledge was clear and demonstrated the value of thinking in a regional way.

However, refinement and improvement is still possible. For example, while Liberia is included as a participant in the cassava value chain project along with Nigeria and Benin, its more natural regional partners are the Mano River Union states (Guinea, Sierra Leone and Cote d'Ivoire).

## 9.1 WINNERS IN A REGIONAL APPROACH

The impact of a regional approach can vary in impact between countries, and it was initially evident that it is the countries with the lowest levels of development and the least capacity who may benefit the most. Liberia and DRC, with limited PSD representation at the CO level, demonstrated clear and compelling benefits from having AFIM support.

- *Liberia*: the PS focal point attributed the development of a PSD programme and strategy ('Agenda for Transformation': potentially \$5-10m in magnitude) in Liberia directly to the support and training provided by AFIM. The training provided guidance and examples of a Value Chain approach, and in discussion the documents were listed and cited as well used. There was a request for further catalytic funding which is seen as having wider potential to implement change. The linkages between AFIM input and resulting changes in policy and on-the-ground activity is clear.
- *DRC*: the PS focal point benefited significantly from the knowledge transfer in the West Africa Week and translated this learning directly into support to the government and development of a PSD strategy for the DRC.

Many of the approaches that are more common in larger economies and hubs like Nigeria or Kenya are absent in DRC and other less developed countries. AFIM operating at a regional level has broken real ground in spreading development concepts for direct inclusion in country strategies.

Nevertheless, results from more established IMD environments like Kenya have also demonstrated that AFIM can take such familiarity in-country and raise it to the regional level, as with sorghum and the planned soybean initiatives. There are, therefore, distinct advantages now apparent in both 'weak' and 'strong' IMD environments.

Countries in Southern Africa (such as Lesotho) may be missing out currently due to the slower genesis of engagement compared to West and East Africa work. While this has been part of a staged approach, it is akin to a baseline comparator illustrating that a lack of AFIM engagement is indeed missed by the PS focal points and may strengthen the argument that piloting AFIM across Africa, rather than just in one region, is well-founded given the demand. The AFIM team are aware of this differential in timing between the South and the West/East African engagements and further corrective measures are not necessary.

The regional approach, far from cutting across country-level activities, seems to very much build on them, giving further intellectual input through general work, provide larger markets, and bypass national limitations. There remain complexities in the approach. Below is a case study demonstrating how regional value chains and regional policy-making can link together and occasionally the practicalities can frustrate policy intentions.

## 9.2 CASE STUDY: GROUNDNUTS IN SOUTHERN AND EAST AFRICA

The barriers to effectively manage aflatoxins in groundnuts lie at a regional level, since there is informal cross-border trade for high-risk products, and common problems on lack of control in storage and processing practices across the East African region. The problems of one country's poor

crop management have an impact on its neighbours; and yet there is significant potential to improve. CAADP, the USAID Southern Africa Trade Hub (SATH) and DFID are all endeavouring to improve the management processes from the farmer's picking of the crop through to export.

The potential and rationale for a regional inclusive market approach to groundnuts is clear: but many engagement strategies remain at a national level, not always for the best of reasons – good reasons may be: local knowledge, national business enabling environment constraints, capacity building within government ministries; but it may often be that a partner programme operates in one country and not another.

Nonetheless, the groundnut development programme demonstrates that both regional policy-making and value chain development can go hand-in-hand in addressing constraints. It also highlights the linkages between trade barriers, which receive much attention in addressing market access barriers, and private sector / agricultural constraints: trade policy ends up back in the house or field of the farmer picking the crop and storing it. But this local problem can be prevalent across neighbouring countries and tarnish the whole region (as with fruit fly control in the mango value chain).

In AFIM's portfolio, the onion value chain in West Africa is being supported through a micro-grant to improve market linkages – first in Ghana and Burkina Faso, but it is hoped that it will extend across the region due to the often superficial boundaries between countries. Yet policy-making can interrupt trade between countries: one respondent voiced the common lament that it is easier for Senegal, for example, to buy goods from Europe than it is to buy from other West African countries. This frustration is explored further in *'The Roles and Opportunities for the Private Sector in Africa's Agro-Food Industry'*.

Can AFIM's inputs change any of these constraints and unlock potential in markets? The current mix of catalytic fund / micro-grant along with platform discussions suggests that in fact it can assist with tackling some of these problems, though in proportion to its funds which are modest in comparison to the size of the problems it faces.

The regional approach implies, too, that it can serve multiple Country Offices who face common problems such as lack of publications/materials to support their case, funding for projects, and region-level challenges that cannot be addressed by just one country. Again, AFIM appears to be stimulating demand from COs in this respect (i.e. there is demand for this from UNDP COs) but delivery is constrained in proportion to its funding. AFIM is also in the unique position to be able to coordinate partnership with other development partners at both national and regional level and bring a level of cohesiveness to IM interventions.

### 9.3 PROXIMITY OF AFIM COMPARED TO HQ, AND BRANDING

There is an understanding that AFIM is based at a Regional Service Centre level to shorten the distance between HQ and Country Office support. This seems well founded in that there is a hope and an expectation of support from AFIM as a 'nearby' and relevant support tool.

Tomas Sales in particular is often cited as the visible face of AFIM, and the team is well known – but it is often in the context that they are ‘unable to do X’ due to capacity! The team should if possible be broadened and either regionalised or departmentalised according to function.

In response to a query from the wider UNDP team, we asked stakeholders whether they viewed AFIM as distinct, or recognisably part of, UNDP. It is our impression that: AFIM is fairly strongly associated with the rest of the UNDP organisation; and that it draws on the established name to deliver work that often demands the UNDP’s relative neutrality and collaborative approach. The UNDP brand is prominent on documentation, and also in partners’ project documents. For example, EADD have posted on their blog the intention to work with UNDP - Africa Facility for Inclusive Markets.

**September 5, 2012** **UNDP– Africa Facility for Inclusive Markets to partner with EADD**  
 Posted by EADD under [Animal Breeding](#), [Animal Feeding](#), [Animal Health](#), [appropriate technology](#), [Article](#), [Kenya](#), [Uganda](#)  
[1 Comment](#)

---

The United Nations Development Programme – Africa Facility for Inclusive Markets (UNDP-AFIM) has declared its interest to support EADD Project. Discussions are underway to provide USD 150 000 grant to pilot test innovative cooperative driven advisory/extension services programs that demonstrate the benefits and value of collaborating with other value chain actors like processors , input suppliers, banks, public extension programs.



10

<sup>10</sup> [http://eadairy.wordpress.com/2012/09/05/undp-africa-facility-for-inclusive-markets-to-partner-with-eadd/?utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+eaddnews+%28EADD+news%29](http://eadairy.wordpress.com/2012/09/05/undp-africa-facility-for-inclusive-markets-to-partner-with-eadd/?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+eaddnews+%28EADD+news%29)



## 10 FOSTERING PUBLIC PRIVATE POLICY DIALOGUES: AGRIBUSINESS FORUM 2011



### → United Nations Development Programme's (UNDP) Goals and mission

The United Nations Development Programme (UNDP) is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. UNDP partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone. On the ground in 177 countries and territories, UNDP offers global perspective and local insight to help empower lives and build resilient nations. UNDP's regional project, African Facility for Inclusive Markets (AFIM), is working to reduce poverty and accelerate progress towards the Millennium Development Goals (MDGs) by supporting pro-poor economic growth and inclusive market development (IMD) across Sub-Saharan Africa. AFIM's strategy seeks to provide low-income people with the tools and resources to lift themselves out of poverty through private sector initiatives at the regional and country levels.

### → FAO Goals and mission

The Food and Agriculture Organisation of the United Nations leads international efforts to defeat hunger. Serving both developed and developing countries, FAO acts as a neutral forum where all nations meet as equals to negotiate agreements and debate policy. FAO is also a source of knowledge and information. FAO helps developing countries and countries in transition modernize and improve agriculture, forestry and fisheries practices and ensure good nutrition for all. Since its founding in 1945, the FAO has focused special attention on developing rural areas, home to 70 percent of the world's poor and hungry people.

### → Bababank Foundation Goals and mission

### FORUM AGENDA - (PROGRAMME)

Day I 16 October 2011, Sunday	
09h00	REGISTRATION THROUGHOUT THE DAY
14h00	PRECONFERENCE WORKSHOP: How to present your Project in order to obtain financing • Arthur Levi, Consultant, EMRC - Belgium
16h00	PRESENTATION OF DELEGATES
17h15	ICEBREAKING EVENT VISIT TO THE SABMILLER MUSEUM
Day II 17 October 2011, Monday	
09h00	OFFICIAL OPENING "AGRIBUSINESS FORUM 2011" • Idit Miller, MD & Vice President, EMRC International - Belgium • Pierre Malthijssen, President, EMRC International - Belgium • Ernest Fausther, Officer in Charge designated, UNDP Regional Service Centre for East and Southern Africa - South Africa • Lot Mlilo, Deputy County Representative, FAO - South Africa
10h00	KEY NOTE ADDRESS • Morgan Richard Tsvangirai, Prime Minister - Zimbabwe
10h15	SESSION I: GENERAL OVERVIEW OF THE AGRI-FOOD SECTOR IN AFRICA • Research and Development • From Small Scale farmers to Large Scale / Commercial • Regional Markets

Sample of the Agribusiness Forum 2011 Report, [English], pp. 10-11

The AFIM's activities around the Agribusiness Forum in Johannesburg in October 2011 were the centrepiece of the project's first year, and should be assessed as an indicator of how AFIM may engage at a multi-stakeholder, regional level.

### 10.1.1 PARTNERSHIP

The Forum meeting was organised in collaboration with NGOs and other partners. This was deemed to be effective for a number of reasons:

- **AFIM efficiency:** the Forum was organised along with other partners. The AFIM team, being relatively free of the logistical burden of organising the conference, felt that their input was maximised by being able to focus on their core remit rather than organisational challenges.
- **Cost saving:** the Forum was able to draw together a group of actors in agribusiness who would otherwise be excessively costly to fund for a meeting
- **Time effectiveness:** for the same reason, it aids UNDP's credibility in the sector to be using unfunded business-people's time effectively, and be seen to be working with private sector partners.

### 10.1.2 EFFICIENCY

The evaluators note that taking advantage of the Agribusiness Forum event, building on its logistical base, and drawing together the NGO, donor and private sector partners to draft and sign the Johannesburg Declaration, was an efficient approach.

### 10.1.3 DRAWBACKS

There appear to be few drawbacks in working with others in a collaborative forum setting. However, there can be some challenges in inclusive market development:

***Appropriateness of attendees:*** the Forum would involve many agribusiness companies which may seek to gain legitimacy through association with UNDP. A focus should be maintained on how viable business models can achieve *inclusivity* from a development perspective rather than corporations seeking to gain strategic or commercial advantage through engagement. The non-UNDP-focused nature of the event goes a long way to positioning UNDP in the field of businesses rather than attracting businesses to gain advantage through association with UNDP. This is a suitable approach.

***Limitation in influence over topics covered:*** the UNDP would be limited in being able to frame the full agenda for the meeting and directing the debate in as complete a way as it could as sole organiser.

*However*, it is important to note that these drawbacks are subject to challenge. The nature of Private Sector Development means that a donor dominant presence can be counter-productive, and it is therefore better to be seen 'coming to where business is' rather than convening a UNDP-led meeting. It is also in the UNDP's interests to be seen to be time-efficient, collaborative and open-minded to new partnerships. These partnerships may be sought with the end goal of transforming previously sub-optimal business relationships. If AFIM is to be effective, the UNDP should embrace this diversity and partnership as it has done so thus far. To have a solely UNDP-led set of activities would be less effective than signalling this collaborative approach.

One respondent noted that 'you can get lost in an event like that': i.e. there is a lack of focus on just the objectives of IMD, and AFIM are only one representative among many. However, this gives a realistic impression of the range of influences and thinking in the agribusiness sphere.

### 10.1.4 OUTPUTS

- The Johannesburg Declaration: the declaration marks a significant achievement in gaining consensus among private and public sector (and development institution) partners. This should not be underestimated in the drive for influence in a period of profound change in Africa's economic development. Nevertheless, it would be appropriate if AFIM followed up with signatories before the end of their project to ensure its impact is understood.
- A number of development practitioners cited the Agribusiness Forum as an inspiration and driver for their activities on the ground back in-country.

## 11 PUBLICATIONS

AFIM has commissioned and published what it has identified as key documents which, as a regional-level project, are valuable across many African countries, for both donor practitioners and private sector (though mainly the former). The evaluators have reviewed these publications built on extensive fieldwork in inclusive business and value chain development across Africa.

The publications were found to have the following common features:

- Their scope is relevant. In particular, the Inclusive Business Finance Field Guide seeks to address a significant shortfall in donor/private sector engagement.
- The extensive citing of case studies and examples of good practice.
- Clear modelling frameworks which seek to explain how inclusive market development is valid, effective and may achieve pro-poor impact, particularly in relation to the MDGs (and in turn in particular MDG 1).
- Providing clear modalities for operating projects and interventions in the Inclusive Market spheres.

### 11.1 IMPACT OF PUBLICATIONS

If anything, the appropriateness of publications in seeking to address shortfalls in knowledge in IMD leads to a further question: are enough practitioners reading the works? And if so, is this evident to AFIM?

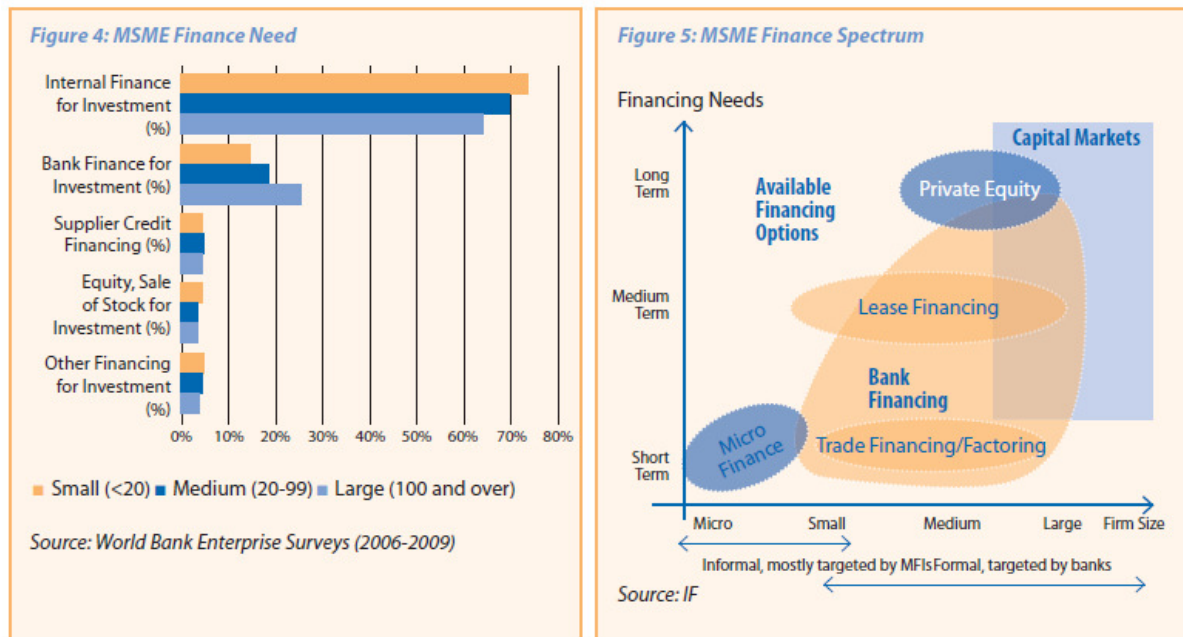
The AFIM team demonstrated their efforts to spread awareness of documentation as widely as possible, and this is applauded. However, working further with partners such as the Business Innovation Facility Hub, it is hoped that their influence in taking an inclusive *market* approach can add a higher dimension to other programmes that are focusing on individual businesses and value chains.

#### 11.1.1 INCLUSIVE BUSINESS FINANCE FIELD GUIDE

One of the key documents published by AFIM aims to meet its goal of improving access to finance for small farmers and MSMEs. Will it work? Is it useful?

The evaluators have experience in the field of access to finance for small businesses, and prior to the evaluation were already aware of this document, and cited it in their work on the basis that it gave well-developed explanations, both written and diagrammatic, to assist the development of appropriate inclusive business finance mechanisms. It is evident too, to the evaluators, that such material is usually limited in its accessibility. UNDP is seen as a trusted source and one which is sufficiently aware of PSD, and with sufficient focus on poverty alleviation, it is a credible document from which to draw references. It is therefore relatively accessible (and even posted via Wikipedia).

### 11.1.1.1 SAMPLE EXTRACT FROM INCLUSIVE BUSINESS FINANCE FIELD GUIDE<sup>11</sup>



Such a document may be highly influential in lobbying, training MSMEs in targeting and setting expectations, and helping identify the *appropriate* financiers. It is noted that, at the end of the guide, there is a list of development finance institutions (DFIs) and other financiers, with *detailed information* about what sectors they finance, with what interests. While signposting to financiers is often not enough, this information goes a long way towards giving all the information necessary to meet the right partner.

However, it is, inevitably, very challenging to map such impacts. The distribution of materials by online pdf as well as hard copies makes it virtually impossible to track readership, then equally difficult to identify, over years, what influences track through to successful access to finance.

What can be said, however, is that it is considered to be a relevant document meeting a notable gap in knowledge.

## 11.2 ROLES AND OPPORTUNITIES FOR THE PRIVATE SECTOR IN AFRICA’S AGRO-FOOD INDUSTRY

AFIM’s publication *‘The Roles and Opportunities for the Private Sector in Africa’s Agro-Food Industry’* makes note of such concerns as stated by the private sector, that for example it is easier to trade with Europe than across West Africa. The PSD opportunities (not just trade) are huge, and the magnitude of the task is not lost on ECOWAS.

<sup>11</sup> Pg 8



Front cover, AFIM 'Roles and Opportunities' document, 2012

The document sets out, for example, the clear case for, and demand for, Inclusive Market Development (IMD) in West Africa:

*'ECOWAS Commission Report 2009 indicates that twelve (12) selected West African countries will require \$4.58 billion investment to develop value chains. UNDP AFIM should ensure Inclusive Market Development (IMD) of National Agricultural Investment Plans (NAIPs) and Regional Agricultural Investment Plans (RAIPs); Develop platforms to champion and mobilize private sector for effective engagement; Facilitate dissemination of investment opportunities within the National and Regional Investment Plans; and Promote successful inclusive market development models within the investment plans. In addition, AFIM-UNDP should support regional value chains capacity building for public and private sector.'*

*Value chain development has become one of the best strategies public sectors employ to engage and attract private investment in the agribusiness sector. ABSA Bank, for example, considers the level of value chain development as one of the critical considerations for agribusiness financing. Similarly, Johannesburg Stock Exchange highly recommends value chain capacity development of public sector to enhance sustainability of commodity exchanges. The recommendations were not dissimilar from large-scale agro-processing firms such as BIDCO, Nestle, Coca-Cola, ETALON and DanGote.'*

*Pg IV, 'The Roles and Opportunities for the Private Sector in Africa's Agro-Food Industry', 2012*

This outline of regional policy-making articulates well the potential for regional inclusive market development, but equally the degree of complexity in implementation of plans.

### 11.3 LIMITATIONS TO AFIM PUBLICATIONS

The field guide exemplifies the high quality of research and thinking that is evident in the UNDP publications. Their utility, however, can only go so far, given that the content cannot be unlimited.

The limitations cited in feedback were as follows:

- 1. The documentation is still globally focused and may not fully reflect country-specific problems.** This is inevitable, but it was noted that some problems, such as country-specific capital flow constraints, lack of investment vehicles, high cost of borrowing, business ownership constraints, are not tackled. Suffice it to say, then, that documents such as the guide are valuable but will ultimately need to be accompanied by Country-level analysis or further interpretation.
- 2. Direct, company-oriented relevance is limited compared to donor-think.** The information is highly relevant to donors or Value Chain support practitioners, but participating companies may wish to have live, immediate links to investment funds, potential sub-contractors, Government bureaux and so on. This is a different type of proposition and one which, again, would build on the global and regional perspectives of the documents but drill much deeper into immediate links and points.

There are by far more positive points of note. Regional common problems can be categorised, and understanding spread. For example, a West African entrepreneur noted AFIM's recognition of the common problem of bulking smallholder produce and taking it to scale. This is a common challenge across all African countries, and can be meaningfully modelled and discussed regionally.

A website or online hub may be more valuable in doing this type of knowledge exchange. One respondent noted that if the quality of the information is high, it is for nothing unless it is truly accessible. The evaluators note that they were aware of documentation as practitioners in Malawi, which suggests that the development field are gaining exposure to such information, but it is not clear whether other media can be utilised to better effect. The DFID Inclusive Business Programme has developed a BIF Practitioner Hub, which is also crowded in the SIDA Innovations Against Poverty programme. While it has some similarities to the Growing Inclusive Markets site, it may offer practical inspiration in creating a Facebook-style interactive site that is more accessible than the Teamworks space. From humble beginnings the site is now well-visited with a remarkable spread of entrepreneurs, businesses and practitioners sharing ideas. Such a site would be suited to the AFIM work and may welcome AFIM's partnership. This could be backed up with a Twitter feed that would make all stakeholders aware of current and upcoming publications. Future publications would also benefit from online discussions groups through a hub, Facebook and Twitter facility.

## 11.4 CASE STUDY REVIEW

There is a burgeoning wealth of case study literature emerging from the inclusive business and inclusive market development sector, documenting the successes and challenges (and failures) of initiatives across the globe. Case studies can be a valuable research tool to enable a detailed understanding of a situation; the implementation of solutions; what might become important to look at more extensively in future research project design or programming; and for building knowledge in an area. However, for companies and practitioners they can fail to give clear direction for replicating in other contexts and value chains. This is regrettable since AFIM has in workshop contexts striven to embed transferable models (such as the ‘aggregator model’) to other practitioners.

In addition to their own publications, the AFIM work (for example *‘Inclusive Business Finance Field Guide’* and *‘The Roles and Opportunities of the Private Sector in Africa’s Agro-Food Industry’*) builds on the wider set of key documents that draw on GIM IB/IMD case studies including the *‘Inclusive Markets Development: Handbook’*, among others.

It was noted from discussion that UNDP collectively appreciate this issue, and are in the process of creating 25 in-depth studies as more comprehensive examples.

### 11.4.1 NOTE ON CASE STUDIES

- Case studies in AFIM and other literature are plentiful, but the choice can be ‘an inch thick and a mile wide’.
- It is noted and welcomed that AFIM is finalising the ‘Africa Inclusive Business and Supporting Ecosystems’ report which uses up to 25 ‘deep dive’ examples to give more detail in how businesses can engage with IMD initiatives.

## 12 RELEVANCE

Relevance	Are the objectives still relevant? What is the value of the project in relation to other priority needs and efforts? Is the problem addressed still a major problem?	<p><b><i>Relevance of AFIM work is a priority, in particular in the following ways:</i></b></p> <ol style="list-style-type: none"> <li><b><i>1) Contribution towards MDGs, in particular MDG 1 (see appendix), to demonstrate relevance for and within UNDP's mission to reduce poverty and accelerate progress towards the Millennium Development Goals (see appendix);</i></b></li> <li><b><i>2) Relevance of UNDP as implementing and facilitating organisation for other partners seeking to address the problem.</i></b></li> <li><b><i>3) Relevance of regional-level activities in addressing the problem</i></b></li> </ol>
-----------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

AFIM activities have been found to be highly relevant.

Respondents were asked explicitly whether they felt AFIM's activities were relevant to UNDP's mission, which was met with unanimous agreement.

The relevance of UNDP as the implementing partner was welcomed by the majority of respondents, although it was noted by some that UNDP was not traditionally seen as a distinctly Private Sector orientated partner. This feedback was to some extent surprising given the history of the Growing Sustainable Business programme led by UNDP, and AFIM's positive reputation could act as a vanguard for other UNDP departments, and indeed other UN organs.

The evaluators noted the corollary to this which is that UNDP is seen as a partner who can 'convene the right people', and who understands Government, policy, poverty alleviation and private sector sufficiently well to have the mandate to take up AFIM's strategic position. The AFIM team's credentials as individuals were not a cause for any explicit concern, particularly Tomas Sales being well-known and regarded across the region as having the relevant experience and expertise, which has helped the wider team make rapid progress in positioning the project with partners.

*Discussion Point: Is AFIM the right project to help UNDP tackle MDG 1 – through, for example, assisting employment and economic development? Why?*

The work of AFIM has largely been found to be highly relevant to the challenges within Private Sector Development, inclusive pro-poor growth, and in turn the MDG1 overarching UNDP goal. Respondents agreed unequivocally that AFIM's work is consistent with and should be part of the UNDP mission on MDG1 along with other measures.

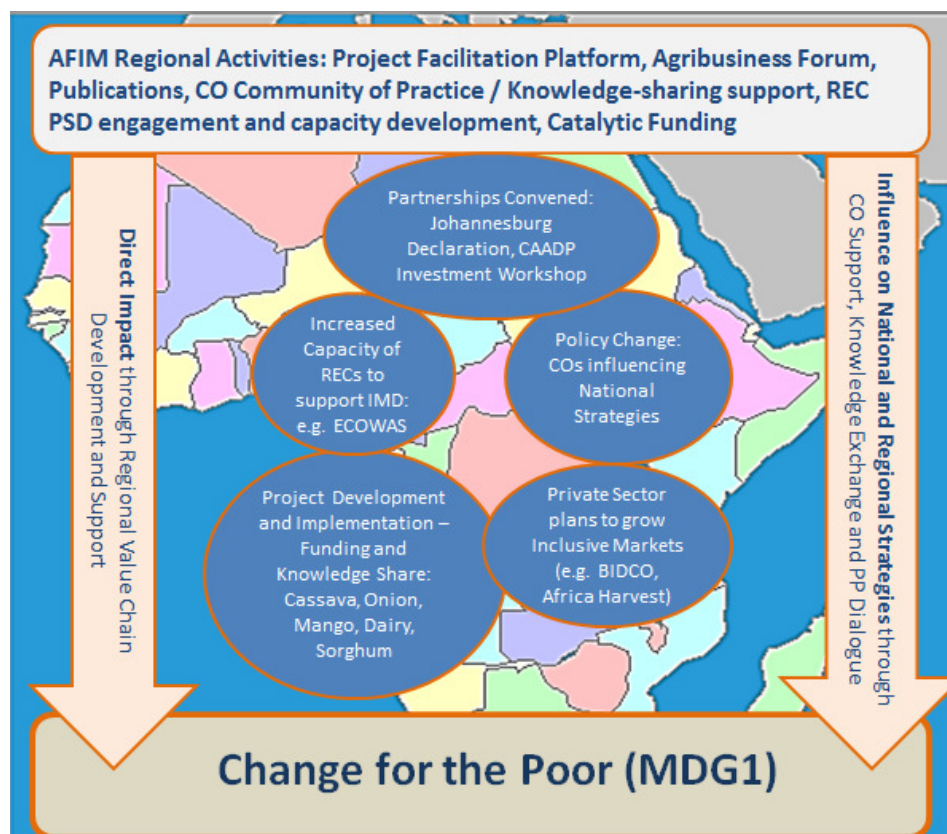
### 12.1.1 AFIM'S REGIONAL RELEVANCE

The regional focus of AFIM's work was accepted as relevant and additional to what can be achieved at a 'country-only' level, though part of its regional utility has been clearly demonstrated in particular by maximising country-level work and filling gaps in capacity at the CO level as



demonstrated in previous examples. For RECs, which have long experience in regional trade issues, there was little if any indication that AFIM’s IMD approach had nothing to add. EAC and ECOWAS (SADC work being slower to get underway) both cited aspirations for their regions which AFIM can assist in realising (in EAC, a regional industrial strategy, and in ECOWAS, regional value chains and NAIPs).

Finally, one comment stands out: that donor development programmes should ‘lift their sights’ out of small-scale micro engagement to tackle the big challenges of development such as infrastructure and overcoming the constraints to long term economic development. AFIM may be well placed to leverage other bodies to see the potential in improving the business-enabling environment and facilitating regional PSD including trade.



Imani Development, 2012

There is a case for AFIM to ensure that it works with these organisations to map barriers to IM growth and manage these regional non-tariff barriers (NTB) and non- tariff measures (NTM) and any other PSD constraints: if necessary consulting / partnering with WTO, ITC, and Ministries of Trade for instance. This will guide AFIM’s facilitation role with all those stakeholders working to remove NTBs / NTMs nationally and regionally, and to allow them to lobby with such bodies as the EU where EPAs affect certain markets and regional trade secretariats (for example in COMESA, ECOWAS and SADC).

The question is – how does that value chain grow in the region? AFIM’s efforts are a modest, yet effective push in the correct direction, through direct catalytic funding and Public-Private dialogue that is seen as a ‘very good platform [that] needs tweaked’. The respondent noted that so far

outcomes have been poor, but the impetus to support PS development here is pressing. AFIM has through their catalytic funding, PPD and neutral position in the development world acted as a relevant and effective catalyst for change.

## 13 EFFICIENCY

<b>Efficiency</b>	<b>Are the effects being achieved at an acceptable cost, compare with alternative approaches to accomplishing the same objectives?</b>	<i>Efficiency is understood to be possible to evaluate based on current reporting data demonstrating spend in proportion to activities in each project area. Further financial reports may be available. The activities undertaken have been further evaluated based on their effectiveness in comparison to alternative inputs.</i>
-------------------	----------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The work of AFIM has largely been found to be efficient:

- Selecting to organise the Agribusiness Forum with EMRC was much more cost-effective than going for it alone, not just in terms of efficiency for UNDP, but also for partners and the private sector who may not be funded to attend meetings.
- Publications are found to be cost effective. Publications are pertinent to a vast range of Inclusive Market practitioners and as such it is highly likely that the benefit to the wide-range of stakeholders will far outweigh the cost of publication. Therefore the publications should compare favourably against other UNDP inputs. They have helped develop conceptual thinking around IMD in Africa.
- AFIM has, given its budgets, efficiently mobilised other key stakeholders especially at the forums: partners such as EMRC praised their cost-effective (if financially relatively modest) support for the Agribusiness Forum; Africa Harvest noted AFIM's sorghum programme as adding to a larger IFAD food security programme (where linkages had already been started); partners such as ECOWAS now picking up the mantle for PFP discussions in 2013.
- UNCDF, IFAD, UNIDO and FAO have been identified as potential partners who may be able to partner with AFIM activities, and demonstrated the potential for AFIM to effectively leverage other UN agencies in a developmentally impactful way. A host of trade-related bodies (ITC, WTO, UNCTAD) may be of equal importance in moving forward with regional value chains and IMD activities.
- It is delivering a large amount of influence and change across a wide range of activities on an extremely modest budget.

## 14 EFFECTIVENESS

Effectiveness	Is the project achieving satisfactory progress toward its stated objectives?	<i>Evaluators are confident that effectiveness can be demonstrated with available information and proposed consultation methods. However, effectiveness will also depend on impact assessment which may be limited at MTE stage (see Impact, below)</i>
---------------	------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The work of AFIM has been effective in most cases. Where it has been most effective, it has drawn on the distinct reach and talents of UNDP.

AFIM’s quarterly report outputs have been reviewed and verified and it is clear that AFIM’s objectives and targets are being met. It has demonstrated it is on track in its roles as, *inter alia*: a convenor of relevant forums; identification and commissioning of relevant publications; serving (though only partially due to capacity limitations rather than efficiency) CO interests in regional and national inclusive market development; identifying and enacting regional value chain programmes that will have high impact; transferring skills and ownership of different IMD activities to partners when appropriate.

AFIM has effectively used its neutral role by acting as a ‘convenor’ of relevant stakeholders. It has:

- demonstrated credible experience in both the PSD and IMD arena;
- used its wide network of contacts to leverage impact;
- used its limited resources to attract businesses with the promise of tangible projects;
- training for other UNDP Country Office staff; and
- aligned with REC’s and other regional bodies’ aspirations.

It has largely been able to meet these requirements.

To be effective in practical translation of activities to the wider policy debate and then on to the ground, it has engaged on:

- 1) *Strategy and Policy*: Translated its conceptual and technical agenda into tools for others to use for change in their respective institutions (Liberia and DRC)
- 2) *Practicality*: initiated (but not yet completed) at mid-term projects which are satisfactorily scoped and have distinctly regional elements which provide additionality to country level activities –gains that are already underway, for example in onion and sorghum value chains.
- 3) *Future potential*: it has initiated discussions between large private sector companies to improve output and reach new regional markets which were otherwise not apparent. For example, the potential in the soybean value chain is huge – \$millions of improved income for farmers through interventions *dependent on the particular type of approach AFIM is taking.*

## 15 APPROPRIATENESS

<b>Appropriateness</b>	<b>Is the project the appropriate solution to the problem?</b>	<b><i>Appropriateness, linked to relevance, is seen as a priority, in particular:</i></b> <ol style="list-style-type: none"> <li><b><i>1) The appropriateness of UNDP as the delivery/facilitating organisation in respect of its strategic position as a UN body and international coverage.</i></b></li> <li><b><i>2) Regional scope as the correct level of intervention</i></b></li> <li><b><i>3) Establishing collaborative partnerships to achieve leverage</i></b></li> </ol>
------------------------	----------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The work of AFIM has been seen to be highly appropriate for poverty alleviation.

### 15.1 APPROPRIATE PSD INTERVENTIONS

The development case for interventions in private sector activity should be sufficiently clear by 2012, following the preceding years of genesis of well-reasoned modelling, case studies and (though less clear than would be desirable) impact evidence. There was consensus among stakeholders that IMD activities are of value and appropriate as a tool to tackle extreme poverty when complemented by other programmes. Although, it was evident that questions remain on how to balance PSD/IMD interests with other programmes, and acceptance varies country-by-country.

However, PSD and inclusive market development remains a very wide discipline. AFIM's UNDP role as a 'convenor' of parties, as a supporter of government Ministries and Parastatals, and as an active development practitioner through its micro-grants and CO support work, has in theory the majority of an economy to engage (that is, the privately transacted economy, aside from NGOs, donors and governments themselves). AFIM on first sight appears to focus on donors and government bodies, but this is considered appropriate because those partners in turn have such impact on the private economy. The AFIM approach is therefore considered highly appropriate.

### 15.2 AFIM'S FOCUS AT A CONVENOR LEVEL

UNDP is gaining the reputation of being a 'convenor' or a 'public-private facilitator': an organisation that has a fairly special position in being able to 'get the right people in the room'. The evaluators solicited feedback from different types of stakeholder involved in such meetings called AFIM 'Project Facilitation Platforms'. On the whole responses were positive, confirming the rationale for AFIM to convene such meetings based on their UNDP mandate.

Discussions with the wider AFIM team (including consultants and specialists) confirm that these lessons from earlier forums have been largely internalised in their processes. It is clear that AFIM has sought to:

- **provide information on cross-cutting, horizontal private sector issues** (to use the example above, it has sought to address shortcomings in access to finance for different industries)
- **provide industry- and value chain-specific focus in workshops.** Some respondents noted that mixed groups, in terms of awareness of the IMD approach, and mixed industry or value chain workshops, were less effective. The AFIM consultant (M. Sudarkasa) was cognisant of the potential problems with this, but it was considered appropriate to the budget and number of engagements. It should be added that others (particularly COs) gained much from hearing about a variety of industry and value chain examples.

Group facilitated by AFIMs workshops provide a non-threatening environment in which industry related problems can be addressed. As AFIM is a UNDP organisation it has no national, sector or industry specific agenda and is, therefore a non-partisan facilitator. RECs, private sector companies, COs (who could easily, one assumes, have disliked interference from a regional UNDP unit), VC promoters all appreciated AFIM as playing a facilitating role, using the UNDP core neutrality but adding convincing PSD credentials through the team's reputation.

*Should AFIM continue in this role? Yes, this is the key role which AFIM has been identified with and where it has UNDP-linked 'authority' to bring together key actors. Even with the handing over of leadership to RECs, UNDP's recognised role as a trusted advisor to public bodies should remain.*

### 15.3 AFIM ADDRESSING GAPS IN HORIZONTAL KNOWLEDGE OR CAPACITY

AFIM provides publications which cut across many industries, for example inclusive finance, the Roles and Opportunities document (which gives relevant advice across many value chains) and recently (December 2012 / January 2013) the Inclusive Business Guide. This spread of knowledge is well received and respected, but if anything it highlights the potential and demand for wider knowledge-sharing. AFIM additionally (and perhaps even more significantly) provides knowledge and support through workshops and support for COs, particularly when a CO asks for AFIM's advice to influence specific policy/programmes.

*Should AFIM continue in this role? Yes, but it should note where its scope can bring in other UN family partners or other agencies. It should also widen the mode of distribution of these publications to ensure wider coverage.*

### 15.4 AFIM AS A GRANT FUNDER

The AFIM micro-grant fund was positively received, but too limited in size. One respondent noted that while it was welcome, it was only sufficient to do a small amount of a desired project, and only over 1 year which was considered a very short timeframe. The small grants were appropriate in that they got the private sector to undertake activities that they were reluctant to, which had direct impacts on the way they interacted in the value chain. This can be seen in particular in the onion value chain where actors are disparate across countries, yet benefits are clear when analysing at a regional level (for example there are huge disparities in productivity between nearby countries).

*Should AFIM continue in this role? Yes, it should bring this ‘offering’ to the Country Office PS focal points with whom it engages to maintain relevance and direct PS linkages and credibility. This offering should be leveraged by partnering with other such developing funding at CO level and regional.*

## 16 IMPACT

<b>Impact</b>	<b>What difference has the project made to beneficiaries? What are the social, economic, technical, environmental, and other effects on individuals, communities, and institutions – either short-medium-, or long-term; intended or unintended; positive and negative; on a micro – or macro – level? Is there evidence that the project will make a difference to the beneficiaries?</b>	<i>Impact is understood to be of importance; but recognising the short time period under evaluation, and that many activities initiated during that period have not yet come to fruition of impact, the evaluators will endeavour to demonstrate impact within these constraints.</i>
---------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Exceeding the expectations at the inception of this evaluation, the impact of AFIM work has been partially and positively demonstrated at the mid-term stage (see Section 7, Value Matrix). Its impact can be modelled and mapped; it can be illustrated through feedback; and it can be asserted through principle (on the basis that documents such as the Inclusive Business Finance Guide can be judged on likelihood of impact on other practitioners).

The micro-grant projects, which will offer quantitative results (beneficiaries, income, etc.) will take time to demonstrate full impact, and even then such quantitative results will not adequately capture the full potential of working at a regional level on inclusive market development.

This challenge on demonstrating impact is not unique to UNDP – other Inclusive Business projects which have *direct* impact through grant schemes face the same challenge, mostly due to a) long lead times and b) a difficulty in establishing the counterfactual. The latter necessarily relies on subjective consultation to establish whether the companies and other VC players perceive the project to have been reliant on the grant, or delivered better as a result of funding.

***In the final analysis, the counterfactual must still be considered, and so QUALITATIVE feedback was, due to the early stages of the project, still required to demonstrate appropriate attribution of success to donor and PS inputs.***

## 16.1 IMPACT SUMMARY

The AFIM Project has initiated the following impacts:

- **Strategic change:** AFIM has initiated verifiable strategic change with RECs and pan-African bodies through NAIPs and embedding PFPs, influencing bodies like ECOWAS which seek to attract almost \$5bn in investment in value chains. Private Sector respondents acknowledge the benefit AFIM can have in addressing high level problems.
- **National / Programmatic change:** Provided support to COs in designing multi-million dollar national programmes which will impact on thousands of producers in each country. There has been evidence of use of publications by practitioners and COs.
- **Practical / Direct Impact:** Catalytic fund value chain projects assisting approximately 9000 farmers to date, but with *far higher* potential impact in future. Expected catalysing of the soya value chain based on reasonable assumptions would give a 20:1 return on AFIM's grant – and the same multiplier could probably be achieved again if further investment were available.



## 17 SUSTAINABILITY

<b>Sustainability</b>	<b>Are the benefits from the project likely to continue after donor funding, or after a special effort such as a campaign ends? Do the beneficiaries accept the project, are they willing to continue, and is the host institution developing the capacity and motivation to administer it? Can the activity become self-sustaining financially? Will the results continue after the project funding?</b>	<i>It is early to establish how activities to date will inform future sustainability in this field, but the evaluators will make recommendations to ensure that the appropriate sustainability plan is evident and achievable within the AFIM activities.</i>
-----------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

### 17.1 THE ENDURING RESULTS OF AFIM'S ACTIVITIES

AFIM's activities to date will have a sustainable legacy.

- Its publications stand as relevant resources, though continued distribution should be considered at each AFIM event and those of partners.
- AFIM's value chain programme will, by the very nature of their catalytic function, promise to be successful, thoughtfully designed and likely to provide long term benefits through ongoing sales of agricultural products. The evaluators have seen ongoing sales and benefit from other value chain programmes facing higher risks and conclude that AFIM's programmes have every likelihood of sustainability into the future. It is in the interests of all those Private Sector and farmer groups participating to see sales continue after the funding ends.

The strategic regional and national activities that seek to inform and influence the agenda of RECs and COs have already made a long term impact: but AFIM's support in this regard should be far longer than the current project end date (September 2013). The risk of a lack of AFIM input for COs is of serious concern. It is already seen as inadequately funded compared to the demand and potential impact – COs could benefit considerably from ongoing AFIM input and there do not appear to be adequate alternative structures in the event of its absence.

### 17.2 AFIM - BEYOND THE MDGS

Sustainability is AFIM's greatest potential strength, in that it is concerned with influencing the African region's vision and ability to create Inclusive Markets in the future. Africa is going through an unprecedented growth and development revolution, and UNDP should and can be a leader in supporting inclusive market development in this process. The consequences of Africa's business model and investment decisions will endure for the next Century, just as colonial economic structures impacted Africa for good and bad in the last century and continue to this day. For this reason it is imperative that attention is paid to productive, meritocratic and inclusive economic development for Africa, since what happens now *will* endure – it can be sustainably bad as well as sustainably good. Ultimately the relevant agent for such activity, in terms of UNDP mission on

MDG1, is the rural farmer and other private operators, and his/her children whose future will depend on those farming and agriculture opportunities.

More elaboration on this point could be given, but this central, pressing reason for engagement remains the key focus of the sustainable legacy AFIM will lead.

The effects of climate change remain uncertain for Africa, but the risks appear to be high, particularly for East Africa. The long legacy of under-investment in agriculture-focused programmes and agribusiness activities must be reversed in order to counter those risks. AFIM's activities make significant steps to making this possible.

In the arena of investment in African business, there is an infinite amount to do in influencing and improving current affairs. AFIM is constrained by a relatively modest budget and therefore has to, out of necessity; focus on its unique position as an international influencer and facilitator. AFIM has identified key gaps in the regional and Africa-wide private sector development processes one of which is the enhancement of inclusive markets. The processes it has been involved with to date have created a strong base for sustainability. This is corroborated by:

- Multiple new business deals and linkages made at forum (not attributable directly, but indirectly, through AFIM financial and reputational backing of Forum). In particular AFIM have helped embed the forum in Africa from Europe, furthering its growth as a platform for agribusiness and therefore enhancing the platform the improved sustainability for IMD.
- The Johannesburg Declaration (at the 2011 Forum) is cited as a valuable step towards a unified approach to IMD and is now embedded in the development process.
- National Investment Plans have been transformed into investor-ready portfolios by country (Liberia and DRC).
- UNDP Country Officers trained in the value chain approach and on the importance of Public Private Dialogue. This is imbedding private sector thinking at UNDP CO level
- Increase market networks established through the East and West African

Given AFIM's current capacity constraints, almost any of the critique posed by partners can be routed back to a need for more investment in the AFIM institutional space.

As one Country Officer stated:

*'Inclusive Markets Development is a relatively recent concept but given recent economic growth in some countries and the need to make this sustainable by reaching out to and ensuring the inclusion of specific groups like youth, women and rural poor – **we are looking to AFIM to lead the way as they have been doing for exploring workable solutions to address these issues** and help build much needed linkages with big business and key drivers of market development.'*

UNDP PSD focal point, 2012

The micro-grant projects run by AFIM are welcomed by all, though the legacy of such projects should ultimately sit with the COs in a more coherent structure. However the projects themselves demonstrate strong potential to catalyse sustainable future growth that is embedded in other value chain actors, and in particular companies *whose interests are to sustain those benefits developed in*

*the grant-funded projects. The success to date of the micro grants show that sustainability can be increased by well-targeted catalytic interventions in the private sector that may not have been undertaken if the grant had not been available.*

### 17.3 INSTITUTIONALISING SUCCESS IN OTHER REGIONAL AND NATIONAL BODIES

The future and sustainability of AFIM activities is not focused internally: already, the Project Facilitation Platform is being taken up by, and integrated into, regional bodies such as ECOWAS. The first year of PFP engagement was led by AFIM, and in 2013 ECOWAS will be leading the programme with AFIM in support. In this way we can see the AFIM initiatives being sustainably embedded with appropriate partners.

The long-term sustainability of AFIM work from a UNDP viewpoint suggests a need for a coherent framework for Inclusive Markets, along the lines of the GSB Country Office network with regional service support provision from AFIM.

AFIM should seriously consider that a fully enabled AFIM programme would be valuable for the future of African PSD, but should it be short term it could do more harm than good by adding to the arena but working to a short-term donor-style programme. Markets take time to develop.

Finally, the evaluators note that scepticism about the ability to influence supply chains should be kept in check. Previously, market development relied on large-scale market clearance, but for even the very large buyers this is no longer the case. Organisations like ISEAL highlight that sustainable supply chains are being sought to counteract the failure in ability to supply unmet demand: the classic case is large buyers like Nestle seeking reliable supplies of cocoa in West Africa. Where a sceptic may ask whether there is really a role for development organisations in markets, the evaluators note from experience that there *is* a pressing need to assist companies to engage with smallholders, and that there *is* a role for development institutions to facilitate those links in a way that supports pro-poor interests.

## 18 CONCLUSIONS

The core conclusions reached by Imani are documented below. Based on these conclusions, recommendations have been developed which are explored in the subsequent chapter.

- 1) **Relevance:** AFIM's IMD / Value Chain approach is an essential ingredient for poverty alleviation in Africa. It should be welcomed by UNDP as a seminal project to learn how it can add value to Africa's institutions, UNDP Country Offices and most importantly Africa's majority, poor, Private Sector, farmers. Outside of agriculture, its model may also be valuable in other sectors.
- 2) **Scale of Project:** AFIM is under-powered in delivering its scope, and by consequence more funding should be considered to fulfil not just the evident potential but the current remit. It is not *de rigueur* to call for increased funding in an evaluation, not least a mid-term evaluation. However, it should be said that in the opinion of the evaluators, attention should be given to how AFIM's regional impact might be expanded to more holistically service the region's wider IMD activity, to further develop from the GSB framework into a comprehensive IMD programme. UNDP's position and almost universal African coverage would suggest it is appropriate for it to lead this charge and draw upon UNCDF and IFAD partners as well as its own officers, within the principles of the UN Development Assistance Framework.
- 3) **Strategic Value:** UNDP must accept the strategic value of AFIM's work in addition to direct and immediate impacts, for the good of international development and the effective delivery of Country Offices. The DCED schematic outlining IMD linkages is insufficient in outlining AFIM's influences. An Advisory Board to support the development of AFIM activities as they currently are, and champion the strategic value of their work, would be useful and should be in place.
- 4) **Stakeholders:** AFIM has a mix of company-facing and donor/practitioner-facing activities: this is valuable and bold in bringing together the private and institutional partners, but will necessarily fail to please all of the people all of the time.
- 5) **Publications:** The quality of publications is very high – they are relevant, appropriate and indirectly impactful through their influence, but they are not exhaustive. They are often the over-arching principles under which more country-level modelling, contacts and 'deep-dive' case studies are required. Efforts to distribute the documents are valuable but every effort should be taken to ensure dissemination particularly across UN organs, especially UNDP, and other inclusive business and market initiatives.
- 6) **Finance:** Access to finance for MSMEs is still poor, and much more should be done. The AFIM team recognise this, but more should be done through additional resources, a refocusing of finance within deliverables, or by reference to more comprehensive input from another party such as IFC or UNCDF.
- 7) **Country Office support:** AFIM should bring more to the table when dealing with Country Offices – their inputs are very welcome but currently too limited. They are enticing rather than satisfying the demands of COs, which indicates high potential value that is unfulfilled. This appears to be largely based on scale rather than quality of engagements. This ties back into conclusion two that in order to fulfil this demand, AFIM needs to have increased resources at their disposal.

- 8) **Fostering partnership and dialogue:** AFIM has been repeatedly and consistently praised in its power to bring together the right partners. This should be encouraged. However, despite positive take-up from RECs there are occasionally mixed views in whether it currently has the power to '*really change*' the big partners, be they institutions, regional bodies, or large companies. More follow-up would be valuable.
- 9) **Impact:** AFIM is right to highlight that impact from projects initiated over this period will not yet be apparent. The evaluators have tested this shared view and find it remains valid. Nevertheless, there *is* evidence of impact in changing long-term thinking, policy approaches, nascent Private Sector programmes being developed, and clearly new types of projects being developed, all of which are being directly attributed to AFIM input. Much of this is only just becoming apparent. However, the problem is not simply one of timing, but of the ability to demonstrate impact when it does occur. This deserves much attention. This report suggests some models for establishing impact, and examples of how quantitative and subjective assessments have been brought together in similar work. PFP and training weeks should equally be followed up properly to ensure that the multitude of impacts are being captured and recorded (as they are here).
- 10) **Areas of focus:** the AFIM project would *not* benefit from a narrowing down into particular areas of focus, for example by focusing on one sub-Saharan African region, or cutting out any particular activity. All activities had merit and the project, while operating different and apparently multi-level activities (for example regional dialogue platforms and small grants), they are necessary for AFIM to be meaningful at a strategic and a practical level. AFIM could focus more or rather give slightly more prominence to its gender impact (high through its focus on smallholder crops) and supporting pro-market climate initiatives such as the Green Commodities Facility.
- 11) **Other Sectors:** AFIM's model may be applicable to other sectors aside from agriculture and agro-processing. Extension of AFIM's role into e.g. extractives or manufacturing may have merit (particularly with links to EAC's industrial unit) but the evaluators suggest this should only be done with additional funding rather than dilute the work in agriculture and related vertical industries.
- 12) **Sustainability:** Evidence of the institutionalisation of IMD mindsets on a regional and country has already occurred, giving credibility to the sustainability of the AFIM programme. Nevertheless, it is important that AFIM produce a strategy for the next phase of the programme that ensuring that the actions and activities are sustainable beyond the life of the project. It is urgent for AFIM to produce a strategy for its next steps/phase and to ensure its actions/activities are sustainable beyond the life time of the project (which for now is set to end this year, unless resources are found).

## 19 RECOMMENDATIONS

Imani recommends that AFIM considers the following model to provide a vision of where it can and should contribute to Inclusive Market Development.

### 19.1 GENERAL RECOMMENDATIONS

- UNDP should recognise AFIM as highly consistent with its poverty alleviation aims and should protect and if possible extend it as a positive role model for economic development in Africa. UNDP should not focus just on the direct impacts but on the wider strategic impact of AFIM's work (Conclusion 1).
- AFIM should be given significantly more resource to deliver on its remit, and to fulfil evident potential. They are well placed to influence the conceptual development of how the Private Sector can be engaged by the development community. This will have a degree of influence over economic forces which will last for generations. (Conclusion 2)
- If AFIM cannot be scaled up, it should continue to be 'spread thin' as an alternative to focusing on one REC or region. It is sub-optimal to be spread too thin, but in a similar vein, so is giving little or no coverage to the rest of Africa by focusing on just one area. It should not be 'narrowed down' to the exclusion of any of its current services. (Conclusion 10)
- AFIM's work would have applicability in other sectors than agriculture, but the case for diversifying into other sectors appears convincing only with additional funds and capacity, otherwise it will dilute the work in agriculture which is a priority sector. (Conclusion 11)
- AFIM should consider the limitations of having multiple core constituents of practitioners and private companies, perhaps by having a solely PS focused workshop on how to engage with public bodies and donors. AFIM could additionally create Private Sector Engagement strategies, subject to sufficient resources. (Conclusion 8)
- The effort to provide case study evidence in documents is admirable but a 'deep dive' into a few studies and the localising of publications to country-specific level, will increase their value as concepts and applicability will be drilled into the mind of every participant. This is understood by the AFIM team and progress is being made in this regard. (Conclusion 5)

### 19.2 SPECIFIC RECOMMENDATIONS

#### 19.2.1 UNDP COUNTRY OFFICE SUPPORT:

- Options should be explored to develop AFIM from an inadequately partial to a more comprehensive, operationalised support system for COs. It is clear that a much more comprehensive service is demanded by Country Offices. (Conclusion 7)
- Implementation, as far as funding allows, of the 'service offer' to Country Offices is very welcome but the full demand for such services remains unmet due to lack of resource. Particular focus should be given to:
  - AFIM team support in embedding IMD practice into national government strategies.
  - More interaction as a Community of Practice – sharing between the strong and the weaker capacity focal points will strengthen the work across the region and reduce isolation in each country.
  - Provide a pre-qualified roster of experts from which COs can draw down expertise.

- The Supplier Development Programme would be a good way of combining lessons from the separate work of AFIM, COs and previously in the GSB programme to formalise a catalytic Value Chain programme for the future. (Conclusion 7)

#### 19.2.2 PARTNERSHIP:

- Continue to embed PFPs within the regional bodies, but AFIM will likely continue to be necessary in a supporting role for these platforms into the future. (Conclusion 8)
- Continue to spread awareness of publications through Teamworks, the BIF Hub, BCtA and other methods to partners and *particularly* other UN organs and internally in UNDP. One respondent suggested that AFIM could and should be the African Chapter leader in the Business Call to Action. This suggestion should be taken up if capacity and resource can be found. (Conclusion 5)
- Continue to use the Agribusiness Forum as an appropriate meeting space for engaging the private sector and conducting policy dialogues (and when possible identifying future projects. (Conclusions 8 & 11)
- Build better links with access-to-finance bodies that have more capacity to make use of the admirable information provided by AFIM to date. (Conclusion 6)
- Get qualitative, and if possible quantitative information from signatories on the Johannesburg Declaration before the end of the project (Conclusion 9)

#### 19.2.3 EXIT / SUSTAINABILITY STRATEGY

- AFIM should hand over successful models to appropriate partners, but should not fully exit any activities – to do so would reinforce private sector donor fatigue and perceive such an act as donor-driven.
- AFIM should plan a development strategy across the following dimensions of its work:
  - *UNDP CO support:* AFIM's functions should not be withdrawn, but rather further developed in line with the proposed service offer from AFIM.
  - *Regional PFPs:* Project Facilitation Platforms should continue to develop public/private dialogue. AFIM should encourage (as it has done already) RECs to take up this role, but ongoing support is likely to be required to ensure the RECs are able to capitalise on success thus far.
  - *Catalytic Funding:* AFIM is able to support regional IMD programmes in a way many donors do not. It is valuable for AFIM to fulfil this role and should continue to do so if funding allows, especially if it is continuing to engage with COs and external bodies.
- An Advisory Board should be created to fulfil AFIM's aim to create an AFIM Alliance and further its strategic development. It may be that extending the remit and objectives of the GIM Board can achieve this. (Conclusion 3)
- AFIM should develop a sustainability strategy that maps out its next steps, making sure that the activities and actions are sustainable beyond the life time of the project. This should include strategy for handing over successful activities to partners as well as maintaining an AFIM presence in the IMD space in Africa.

It is stressed again that AFIM's work should be seen to give continuity past the initial 3 year phase otherwise the Private Sector's scepticism of Public bodies in this strategic space will be reinforced.

#### 19.2.4 MATRIX SUMMARY OF SPECIFIC RECOMMENDATIONS

ISSUE	RECOMMENDATION	RISK / QUALIFICATION	JUSTIFICATION
<p>There is a high demand for AFIM support to UNDP COs that is currently being unmet. The potential exist for establishing an operationalised regional support structure.</p>	<p><i>Operationalise and scale-up services to Country Offices for an effective UNDP IMD programme across Africa.</i></p>	<p>Feasibility subject to additional budget being available. COs require AFIM’s support, and the current lack of regional body weakens the overall ability of UNDP to deliver in PSD.</p>	<p>Ability to significantly influence countries with weaker PSD frameworks; allow a platform for stronger PSD countries to move ‘to the next level’ in regional IMD, generating larger development impacts.</p>
<p>AFIM has succeeded in helping build the capacity of regional organizations, governments, and other stakeholders to support inclusive market development in the region. All respondents noted the value of having a body like AFIM being able to discuss value chain and PSD work at a regional level.</p>	<p><i>Continue to encourage RECs to lead PFPs in Sub-Regions, but AFIM should stay in a support role.</i></p>	<p>Risk of PFPs stalling without continued input from AFIM team, but otherwise RECs should take on this dialogue role.</p>	<p>RECs are seeking \$billions of transformational change in Value Chains and should do it through an AFIM-style IMD lens rather than solely a trade one. Trade initiatives took 20 years to be embedded – but AFIM can effect change in IMD in a shorter time.</p>
<p>Access to finance remains a challenge to producers and MSMEs. The development community as a whole is failing to adequately address the gaps in</p>	<p><i>Kick-start a comprehensive and convincing solution to access-to-finance gaps for MSMEs.</i></p>	<p>Difficult proposition, but current efforts are insufficient. Success would depend on large UNDP investment or AFIM leveraging</p>	<p>Gaps in Micro, Small and Medium Enterprises (MSME) finance are intolerable for Africa – AFIM’s current offering is valuable, but more must be done. AFIM knows how to promote this</p>



access to finance.

a partner by linking  
IB/IMD to finance  
more effectively.

agenda but resources do  
not meet aspirations.

## 20 LESSONS LEARNED

There are a number of lessons that can be gleaned out for the last two years of AFIM implementation, identified by both the evaluators and the AFIM team. The AFIM team has demonstrated awareness of challenges in work to date, and sought to address them. Often during the evaluation, when any possible shortcomings have been highlighted, the team has provided evidence of plans underway to improve and address shortfalls.

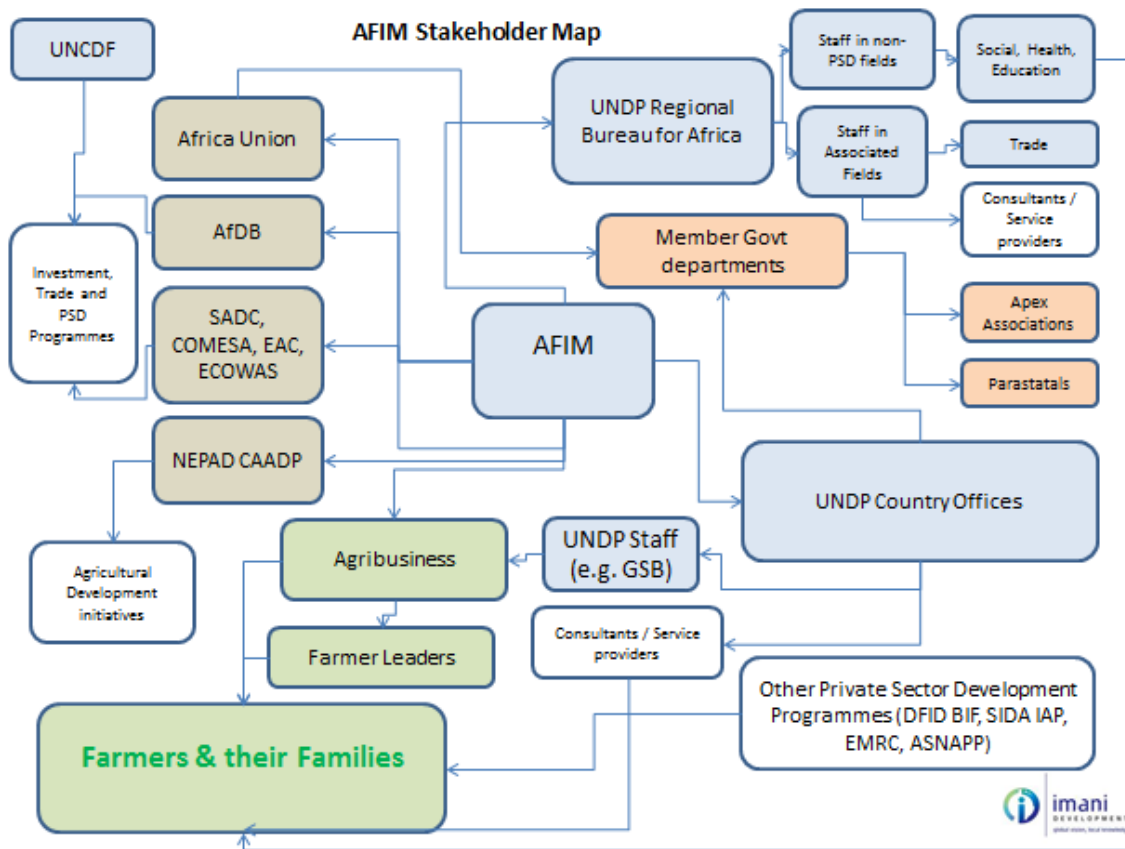
The evaluators are confident that on a process point, the AFIM team is not disconnected to shortcomings in delivery, and has the mechanisms in place to pick them up in future.

Key lessons learnt and action points are covered in the conclusions and recommendations sections. For emphasis, core lessons are highlighted below:

- AFIM's focus on one sector, agriculture, and tackling it intensively as opposed to focusing lightly on a number of sectors was the correct choice. This point is highlighted in the conclusion and recommendations in which the evaluators recommend that while other sectors have huge potential but without additional funds and capacity, focus should remain on agriculture which is a priority sector.
- IMD thought leadership is highly relevant and timely for Africa and contributing to transformational change of the work of African institutions (e.g. AUC, RECs). This is particularly evident in lower capacity countries e.g. National Programmes in Liberia and DRC at least 2 have been changed and initiated as a result. COs in higher capacity countries, too, demonstrated an appreciation of the potential of AFIM to assist them at a regional level and with advice and support.
- Committed and credible project leadership and a team with the critical ability to influence other stakeholders have been crucial in building key partnerships and driving change in IMD thinking across the continent.
- AFIM's activities have a mix of direct results measurement on the one hand, and transformational change on the other. An inclusive partnership approach with public and private sector actors (from global, regional and national level) leverages UNDP convening power well.
- Project Facilitation platform are an effective way to bring together public and private sectors to discuss policy issues around specific value chain projects (facilitation action vs. 'talk-shop').
- Key partnerships, such as the partnership with EMRC for the Agribusiness Forum, are highly efficient in enabling UNDP and AFIM influence despite a limited budget. Similar initiatives should be fostered in future AFIM activities.
- Continued realistic planning required balancing ambition and operational delivery requirements and resource constraints. In most cases, the AFIM team managed to achieve efficiency in this regard.
- AFIM is highly successful innovation in terms of translating into results UNDP global private sector strategy and Regional Bureaus programmatic activities.
- AFIM as UNDP's regional private sector project is highly complementary to effective national work, and as the only regional private sector project should certainly be retained in Africa with a pan-African focus, and may be applicable in other regions.

## 21 APPENDIX

### 21.1.1 STAKEHOLDER MAP



From the top left, we have the multilateral institutions that AFIM seeks to support and influence in embedding Inclusive Market concepts and activities.

In the top right, UNDP Regional Bureau, though one may add the BERA HQ to this UNDP area, along with other large bodies such as IFAD and FAO. These were cited as potential partners with significant potential to draw on AFIM’s contacts and approach to maximise impact. Other UNDP departments and initiatives are understandably keen to deliver on the UNDP mission and as such must be aware of and part of the IMD journey.

In the bottom left, ‘Farmers & their Families’ – this inclusion was welcomed by most, though with one comment that it is too simplistic a description of that section of society. The evaluators refer to Chapter 4 of this report for an elaboration on the concept of how farmers may interact as members of the private sector. Linked to farmers we have agribusiness and ‘farmer leaders’, covering both market agents and aggregators such as associations. Agribusinesses, as evidenced by various IMD initiatives, now view *direct linkages* with farmers as critical due to the challenges of relying on the market for reliable sourcing.

In the centre and bottom right, the Country Offices and other development partner initiatives. This section of stakeholders may be more aware of the potential, the ideals and the methodology of AFIM, though this is not always the case: for example, some COs may be coming to this methodology for the first time. Often these are the countries with most to gain from AFIM support. Other bodies such as EMRC as partners, and those programmes such as DFID’s Business Innovation Facility, should be seen as fertile ground to test, adapt and improve the offering and identify areas for collaboration.

## 22 IMPACT: FURTHER POINTS

In the DFID Business Innovation Facility, the Afri-Nut groundnut processing company (set up to be co-owned by private sector, farmer association and patient donor capital) sought to balance donor M&E requirements with integrated Private Sector operational KPIs. This is critical to ensure that what is being measured is appropriate, feasible and viable ongoing. Here is a sample of the traffic-light coloured KPIs that were considered:

### 22.1 QUANTITATIVE DATA COLLECTION SAMPLE IN AN INCLUSIVE MARKET MODEL

<b>Category 5: Are farmers benefitting from Afri-Nut?</b>	
<b>Green &amp; Amber i.e. feasible</b>	<b>Red - would require investment</b>
Total volume GN purchased from smallholders (mt p.a.)	No. of smallholder farmers selling to Afri-Nut (total number p.a.)
Total groundnut revenue paid to smallholders, US\$ p.a.)	No. of women smallholders selling GN to Afri-Nut (no. p.a.)
Purchases from smallholders as % of total purchases (by volume), % - All AfriNut purchases - Nasfam sales to AfriNut - ExAgris sales to Afrinut - Other purchases by AfriNut	Women as % of all farmers selling - All AfriNut purchases - Nasfam sales to AfriNut - ExAgris sales to Afrinut - Other purchases by AfriNut
Afri-Nut price paid to farmers - Average for the season (Kwacha/kg) - As % of Govt Minimum price - Annualised % increased since 2010	Average kg per farmer (kg p supplier, avg)
No. of Nasfam associations accessing FairTrade premium price No. of projects supported with FairTrade premium	Farmer acquisition/ attrition within Nasfam and ExAgris.
Qualitative indicators – via partners, external sources, or one-off assessments?	
Shift to high yield varieties? Trend in smallholder yields?	
Flow of market information back to Nasfam and other farmers.	
Gains/costs to farm households as consumers of groundnuts: safety levels, aflatoxin awareness, or increased home consumption of low quality GN	
See Section 3 for further discussion	

The AfriNut KPI framework illustrates the potential overlap between company and development metrics. Quantifiable impact may be evident and measurable (and expected later in AFIM’s term when evaluating its catalytic funding) but not without careful assessment of what’s needed for the company and for the development partner so that analysis is succinct and minimises any additional

burden on the implementing company. This will ensure maintained buy-in from the private sector, while a project full of red tape and conditions can make Technical Assistance more trouble than it is worth.

## 22.2 QUALITATIVE VERIFICATION IN AN INCLUSIVE MARKET MODEL



### Additionality

At time of application (N=30), nearly all (23) applicants consider the prospect of BIF support as core to the progression of their business/ business model. Four consider BIF input as fundamental.

The table below categorises BIF additionality based on feedback received at completion of BIF support.

*... "without some level of support from BIF, our growth and impact will be seriously constraint" - AACE, application*

*... "without any kind of help it will be quiet impossible to run the project at a big scale" Pabna Meat, application*

	FUNDAMENTAL	CORE TO BUSINESS	USEFUL
	...would not happen without BIF. Might not have gone ahead with BIF input"	...would be less commercially sustainable, more risky, and/or less able to scale, due to lower quality design and implementation.	Would still be on track but just not so good, not so comprehensive
Company Feedback		i-school, AACE, AGORA, Malawi Mangoes  ... "without BIF support we would not have been able to develop our marketing strategy and establish strong ties with farmer cooperative groups" – AACE, progress report	Afrinut
Service Provider Feedback	AGORA, Microloan, Sylva Foods, JITA  "BIF were responsible for turning an initial idea into a full project, and I don't believe that the project would have been set up without that." - AGORA	AACE, i-school, AGORA, Malawi Mangoes, ERAS  "Facility support was able to keep the engagement focused on the higher level questions and considerations, which was highly important for the project." - AACE	

In summary, the nature of impact evaluation in Inclusive Market and Inclusive Business work remains challenging, but there *are* convincing results that are evident from projects: the initial feedback from AFIM's catalytic funding (see the Value Matrix in main document) reflects this.

## 23 POLICY RECOMMENDATION FRAMEWORK

**Figure 15 Sample Policy Recommendations Framework**

	Public Sector	Private Sector
Economy Wide	<ul style="list-style-type: none"> <li>• Reduce VAT Redemption delays</li> <li>• Risk-based system for profiling tax payers, backed by an effective post-refund audit system</li> <li>• Review and/or revise Investment Code to ensure level playing field between SME and large firms</li> <li>• Improve land registries; clarify titling/leasing or user rights</li> </ul>	<ul style="list-style-type: none"> <li>• Private power provision to rationalize cost and/or enhance performance</li> <li>• Private water and sanitation</li> <li>• Privatize air/sea ports</li> </ul>
Industry Specific	<ul style="list-style-type: none"> <li>• Remove tariff distortions on main imported inputs for the sector</li> <li>• Reduce barriers to Import Licenses for key actors in the sector</li> <li>• Improve enforcement of product standards</li> <li>• Policy for attracting FDI (e.g., hotels)</li> </ul>	<ul style="list-style-type: none"> <li>• Shop floor management enhancements to increase productivity</li> <li>• Diversification of products and/or markets;</li> <li>• Improve capacity of suppliers, infrastructure for sourcing to improve backward linkages</li> <li>• Promotion for attracting FDI in for e.g. hotels, tourism products</li> </ul>

Source: Uma Subramanian (2007).

Pg 36, IFC Value Chain Manual, 2007

IFC illustrates the challenge in narrowing down PSD support activities from the variety of intervention options. Their framework covers:

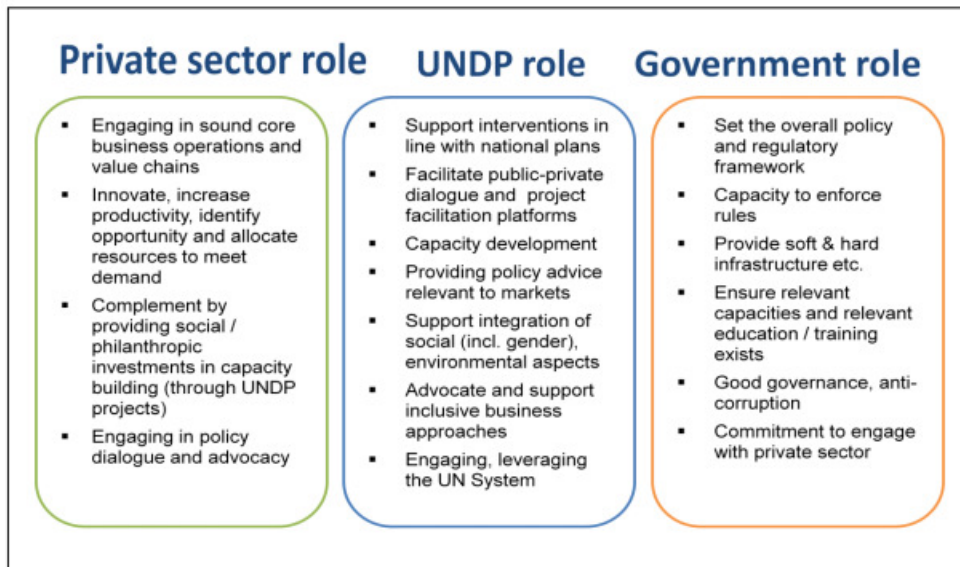
- 1) the **macroeconomic framework**: companies are market-takers in, for example, exchange rates, tax, monetary policy, infrastructure); to –
- 2) the general **business enabling environment (horizontal, common problems)**: investment climate, corporation tax, registering a company, labour laws; to –
- 3) **industry specific value chain (vertical integration)** issues (aflatoxin contamination in groundnuts, bacteria count in raw milk, farmer pricing strategies, availability of supply); to –
- 4) **household / farm economics** (impact of private sector policies on gender roles and outputs, health, productivity, transmission of income to welfare improving goods and services such as education, tools, etc.)

As Subramanian notes above, these considerations will all impact on private sector-related poverty alleviation. It is therefore for AFIM to identify, from the multitude of opportunities, the relevant wins for a given value chain or industry.

However, this process should be based on consultation and not be over-prescriptive – it may be that the private sector players have clear, pressing and urgent gaps in provision of ‘public goods’ for the industry, such as research relevant to all players.

### 23.1 AFIM'S VIEW OF UNDP'S ROLE WITHIN THE POLICY FRAMEWORK

In the East Africa Sub-Regional AFIM Week Report, AFIM notes the following roles for UNDP, government and the private sector:



12

<sup>12</sup> Pg 23, East Africa Sub-Regional AFIM Week Report, 2012

## 24 LIST OF RESPONDENTS

### Mid-Term Evaluation Consultation (excluding core AFIM team)

Organisation	Name	Title	E-mail	Telephone
UNDP RSC	Gerd Trogemann	Manager, UNDP RSC	<a href="mailto:gerd.trogemann@undp.org">gerd.trogemann@undp.org</a>	+27116035000
UNDP RSC	Backson Sibanda	M&E Advisor	<a href="mailto:backson.sibanda@undp.org">backson.sibanda@undp.org</a>	+27116035051
UNDP RSC	Ernest Fausther	Advisor	<a href="mailto:ernest.fausther@undp.org">ernest.fausther@undp.org</a>	+27116035070
UNDP RSC	Domingos Mazivila	MDG Policy Specialist	<a href="mailto:domingos.mazivila@undp.org">domingos.mazivila@undp.org</a>	+27116035088
UNCDF	Issa Barro		<a href="mailto:Issa.barro@uncdf.org">Issa.barro@uncdf.org</a>	
UNDP HQ / BERA	Casper Sonesson	Deputy Director	<a href="mailto:casper.sonesson@undp.org">casper.sonesson@undp.org</a>	+12129063612
UNDP HQ / RBA	Ayodele Odusola		<a href="mailto:ayodele.odusola@undp.org">ayodele.odusola@undp.org</a>	
UNDP HQ / RBA	Vinetta Robinson		<a href="mailto:vinetta.robinson@undp.org">vinetta.robinson@undp.org</a>	
UNDP HQ / TICAD Unit	Shigeki Komatsubara		<a href="mailto:shigeki.komatsubara@undp.org">shigeki.komatsubara@undp.org</a>	
UNDP HQ	Leonor		<a href="mailto:Valeiras-Taboada@undp.org">Valeiras-Taboada@undp.org</a>	
UNDP Angola	Roque Goncalves	GSB Project Manager	<a href="mailto:anastacio.goncalves@undp.org">anastacio.goncalves@undp.org</a>	+244923649264
UNDP DRC	Stéphane Amani	Advisor	<a href="mailto:stephane.amani@undp.org">stephane.amani@undp.org</a>	+243816492223
UNDP Burundi	Craig Castro		<a href="mailto:craig.castro@undp.org">craig.castro@undp.org</a>	
UNDP Burundi	Elfrida Kaneza		<a href="mailto:elfrida.kaneza@undp.org">elfrida.kaneza@undp.org</a>	
UNDP Cote d'Ivoire	Emma Ngouan-Anoh		<a href="mailto:emma.ngouan-anoh@undp.org">emma.ngouan-anoh@undp.org</a>	
UNDP Ethiopia	Omer Bomba		<a href="mailto:omer.bomba@undp.org">omer.bomba@undp.org</a>	
UNDP Gambia	Abdou B. Touray	Programme Specialist	<a href="mailto:abdou.touray@undp.org">abdou.touray@undp.org</a>	
UNDP Ghana	Christy Banya		<a href="mailto:christy.banya@undp.org">christy.banya@undp.org</a>	
UNDP Kenya	Carolin Averbeck	Inclusive Economic Growth & Social Development Unit	<a href="mailto:Carolin.Averbeck@undp.org">Carolin.Averbeck@undp.org</a>	+254 708 2812 99
UNDP	Alka Bhatia	Head of	<a href="mailto:alka.bhatia@undp.org">alka.bhatia@undp.org</a>	+26622313790



Lesotho		Strategy and Policy Unit and Economics Advisor	<a href="#">rg</a>	
UNDP Liberia	Wellington Jah	Programme Officer	<a href="mailto:wellington.jah@undp.org">wellington.jah@undp.org</a>	+2316384297
UNDP Malawi	Cinzia Tecce	PSD Technical Specialist	<a href="mailto:cinzia.tecce@undp.org">cinzia.tecce@undp.org</a>	+265999504275
UNDP Mozambique	Gabriel Dava		<a href="mailto:gabriel.dava@undp.org">gabriel.dava@undp.org</a>	
UNDP Nigeria	Mojisola Akpojiyovbi	Project Coordinator - Nigeria Facilities for Inclusive Markets	<a href="mailto:mojisola.akpojiyovbi@undp.org">mojisola.akpojiyovbi@undp.org</a>	
UNDP South Africa	Letsholo Mojanaga	National Economist	<a href="mailto:letsholo.mojanaga@undp.org">letsholo.mojanaga@undp.org</a>	+27718608950
UNDP Uganda	Wilson Kwamya		<a href="mailto:wilson.kwamya@undp.org">wilson.kwamya@undp.org</a>	
AfDB	Issa Faye	Manager Development Research Division	<a href="mailto:I.FAYE@AFDB.ORG">I.FAYE@AFDB.ORG</a>	
EAC	Jennifer Gache	Senior Industrial Engineer, Industrial Development Section	<a href="mailto:gache@eachq.org">gache@eachq.org</a>	+255768286073
ECOWAS / ITC	Philippe Tokpanou		<a href="mailto:ptokpanou@hotmail.fr">ptokpanou@hotmail.fr</a>	<b>+234 706 707 5571</b>
AUC	Janet Edeme	Head, Rural Economy Division, Department of Rural Economy and Agriculture	<a href="mailto:EdemeJ@africa-union.org">EdemeJ@africa-union.org</a>	+251115517700
AUC	Djamel Ghrib Safiatou	Head of Division Priv. Sect. Investment & Resource Mobilization	<a href="mailto:DjamelG@africa-union.org">DjamelG@africa-union.org</a>	
Africa Harvest	Florence Wambugu		<a href="mailto:fwambugu@afriharvest.org">fwambugu@afriharvest.org</a>	
ASNAPP – Onion project	Juliana Asante-Dartey		<a href="mailto:julie@asnapp.org">julie@asnapp.org</a>	
EMRC	Idit Miller	Managing Director	<a href="mailto:IM@emrc.be">IM@emrc.be</a>	

CAADP	Martin Bwalya		<a href="mailto:bwalyam@nepad.org">bwalyam@nepad.org</a>	+27834610089
PanAAC	Lucy Muchoki	CEO	<a href="mailto:lmuchoki@panaac.org">lmuchoki@panaac.org</a>	
TechnoServe	Fred Ogana	Country Director Kenya	<a href="mailto:fogana@tns.org">fogana@tns.org</a>	
Ashley Insight	Caroline Ashley	Director	<a href="mailto:caroline@carolineashley.net">caroline@carolineashley.net</a>	
Southern Africa Trust	Ulrich Klins	Coordinator for research and development: B4D Pathfinder	<a href="mailto:uklins@southernafricatrust.org">uklins@southernafricatrust.org</a>	
BIDCO	Dileswar Pradhan	Senior Manager	<a href="mailto:dileswar.pradhan@bidco-oil.com">dileswar.pradhan@bidco-oil.com</a>	
Tetrapak	Kelly Boucher		<a href="mailto:Kelly.Boucher@tetrapak.com">Kelly.Boucher@tetrapak.com</a>	
	Michael Sudarkasa	AFIM Consultant	<a href="mailto:michael.sudarkasa@undp.org">michael.sudarkasa@undp.org</a>	
	Dan Acquaye	AFIM Consultant	<a href="mailto:dacquaye@gmail.com">dacquaye@gmail.com</a>	

## 25 LIST OF DIAGRAMS

Table One: Overview of AFIM Impact on a Strategic, Programmatic and Practical Level

Table Two: Overview of Key Recommendations

Diagram One: Mapping Inclusive Market Development Direct Impact through Indirect Interventions

Image One: Extract of AFIM Annual Report 2011

Diagram Two: Results Chain Map of AFIM Activities

Image Two: IMPACT Report on Projects, Value Chain Training and Project Facilitation Platforms

Table Three: AFIM Value Matrix

Table Four: Sustainable Ownership of AFIM Activities

Diagram Four: AFIM Country Office questionnaire – Knowledge Level and Training Requested

Diagram Five: Lead Firms and Suppliers in a Supplier Development Programme

Image Three: Blog Post on EADD and UNDP - Africa Facility for Inclusive Markets Collaboration

Image Four: Extract from Agribusiness Forum 2011 Report

Image Five: Extract from Inclusive Business Finance Field Guide

Image Six: Front cover, AFIM 'Roles and Opportunities' document

Diagram Six: AFIM Modalities

Table Five: Overview of Key Recommendations