Ministry of Foreign Affairs of Denmark
DANIDA | INTERNATIONAL DEVELOPMENT COOPERATION

EVALUATION OF DANIDA SUPPORT TO VALUE CHAIN DEVELOPMENT

Synthesis Report

Evaluation

March 2016

Evaluation of Danida Support to Value Chain Development

Synthesis Report

ORBICON

WAGENINGEN UR
For quality of life

March 2016

Production: Evaluation Department, Ministry of Foreign Affairs of Denmark
March 2016
Cover: Jørgen Schytte/Danida
Graphic Production: Datagraf Communications A/S

ISBN: PDF: 978-87-7087-943-9
ISBN: HTML: 978-87-7087-944-6

This report can be downloaded through the homepage of the Ministry of Foreign Affairs www.um.dk or directly from the homepage of the Evaluation Department http://evaluation.um.dk.

Contact: eval@um.dk

Contents

The following separate annexes to the report can be downloaded from http://evaluation.um.dk:

List of Abbreviations

aBi	Agribusiness
AGRA	Alliance for a Green Revolution in Africa
ASPS	Agriculture Sector Programme Support
F&B	Fruit end Berry
FGD	Focus Group Discussion
GAP	Good Agricultural Practices
GIZ	Gesellschaft für Internationale Zusammenarbeit
M4P	Making Markets Work Better for the Poor
MESPT	Micro-Enterprise Support Programme Trust
MIS	Management Information Systems
MFA	Ministry of Foreign Affairs
NRM	Natural Resource Management
PREMACA	Regional Environmental Programme in Central America
R&D	Research and Development
SME	Small- and Medium-sized Enterprise
SNV	Netherlands Development Organisation
TA	Technical Assistance
ToC	Theory of Change
ToR	Terms of Reference
VCD	Value Chain Development

Acknowledgement

The evaluation team would like to acknowledge the many individuals who have contributed with their time, knowledge and views in support of this evaluation.

In particular we would like to thank the large number key stakeholders in Denmark, Burkina Faso, Kenya, Serbia, Uganda and Ukraine, who have contributed with valuable inputs to the evaluation process through their participation in surveys, meetings, interviews and site visits.

We also wish to thank the members of the Evaluation Reference Group, for lively discussions and constructive comments to our draft reports.

Executive Summary

Introduction and approach

The purpose of this evaluation is to contribute to improving the design and implementation of Danida's bilateral programme cooperation under inclusive green growth and employment for future support to **value chain development (VCD)**. VCD interventions aim at establishing mutually beneficial links and incentives between smallholders and other value chain actors (such as processors, exporters and retailers) that interact for production and marketing of a given product. The design of VCD interventions is often based on a careful analysis of the business context, actors in the chain, and the relationships between chain actors.

Danida has supported VCD in different forms since 2002. A total of approximately DKK 1.3 billion was allocated for VCD specific interventions in the period from 2002 to 2012. The VCD portfolio includes a large diversity of interventions, some with a small VCD element and others with a more significant VCD element. These interventions often constitute components or sub-components of wider sector programmes. The evaluation has focused on Danida VCD interventions within 11 different countries, which include some elements of a VCD approach.

Data collection and analysis has been based on a mixed-methods approach, combining quantitative data analysis with qualitative methods. Three primary case countries (Burkina Faso, Serbia and Uganda) were selected for in-depth assessment, which included comprehensive quantitative and qualitative in-country data collection. Two secondary case countries (Kenya and Ukraine) were furthermore visited for additional data collection. The assessment of the remaining six interventions (in Albania, Ghana, Mozambique, Zimbabwe, Tanzania, Central America) was based on documents, existing impact studies and interviews with Ministry of Foreign Affairs (MFA) staff. The evaluation findings build to a large extent on the findings from the five case country studies.

The "5Capitals framework" was used to structure the assessment of the five case country VCD interventions. It involved assessing the effect of the intervention in relation to five types of assets (natural, human, social, physical and financial capital assets) considered of critical importance for small- and medium-sized enterprises and farming households. The evaluation was undertaken in the period from January 2015 to February 2016.

Main findings from the evaluation

The Value Chain Approach: Based on established assessment criteria[1], the evaluation finds that the interventions in the Neighbourhood countries (Serbia, Albania and Ukraine) in general present the most developed VCD approach. The VCD interventions in African countries like Uganda and Kenya, are also relatively well-developed from a VCD perspective, within some of the supported chains. At the other side of the spectrum, the supported interventions within most of the chains in a country like Burkina Faso have less strong VCD characteristics. It is important to note, that the various interventions covered by this evaluation are implemented in sectors/sub-sectors that represent different levels of “maturity” (preparedness) for VCD interventions. In case of low maturity (e.g. in relation to most of the chains in Burkina Faso) it would not have been appropriate to implement a pure VCD approach given that the conditions in the sector/sub-sectors would not be fully supportive to the VCD approach. In these cases, elements from the VCD approach combined with elements from other development approaches could be a more effective intervention model.

Achievements: The impact assessments/surveys in Uganda, Serbia and Albania all showed significant increases in employment, income and production after two-three years of Danida supported VCD interventions. Monitoring data from Kenya also indicated significant employment effects from the VCD interventions. In Ukraine, income and production increased for a limited number of beneficiaries, while increase in employment was negligible (because of mechanization). Data from Ghana and Burkina Faso did not indicate any notable short-term effects in terms of employment and income.

In those cases where employment effects were significant, the effects were much larger at the farming level than at the processing level. This is partly reflecting that Danida VCD support has been focused at the production level. It is also notable that the employment effects have mainly been in terms of unskilled labour in primary production (mainly women). An increased investment in equipment (e.g. for sorting) could in the medium-term result in a cut back of the newly employed labour. In this case women, who have benefitted most from the employment generation, would be particularly vulnerable to a cut-back in employment.

The analysis based on the 5Capitals framework shows that the Danida supported VCD interventions have contributed to improvements in the asset bases of the primary beneficiaries (mainly farming households). However, in most countries there are still critical issues to deal with before the asset bases become sufficiently robust to ensure future benefits for the beneficiaries from participation in VCD interventions:

- **Natural Capital**: The Danida supported VCD interventions have contributed in some cases to adoption of more environment friendly production techniques (e.g. in relation to farmers’ use of fertilizers and chemicals), which are favourable to the

1 The evaluation has used five specific criteria to analyse and score the value chain approach of the Danida supported VCD interventions: i) the extent to which the interventions are *based on a proper value chain analysis*; ii) the extent to which *sector/sub-sector wide challenges* are clearly identified and reflected in the interventions; iii) the extent to which *identification of bottlenecks and opportunities* have taken place; iv) the extent to which the VCD interventions present a *market focus*; and v) the extent to which considerations on *beneficiary/value chain actor segmentation* is considered.

natural capital asset base. At the same time, the VCD interventions have not to any larger extent addressed the risk of soil degradation, soil erosion, and water scarcity from the activities supported.

- **Human Capital**: The Danida supported VCD interventions have contributed to improvements in the human capacity asset base, mainly in terms of improved technical agricultural production skills and food security within poor farming households.

- **Social Capital**: Support has been provided through the VCD interventions for establishing of solid foundations for horizontal and vertical linkages in the value chains. This support has aimed at ensuring mutual benefits and improved relationships among the value chain players. The evaluation findings show however, that the Danida supported VCD interventions have only to a limited extent contributed to improvements in the relationships between value chain key players, both in terms of vertical and horizontal linkages.

- **Physical Capital**: The Danida supported VCD interventions have contributed to improvements in the physical capacities and facilities for production and processing in the supported chains (new equipment, machinery, storage capacity, cooling facilities etc.). In the south of Serbia, it was estimated that the production and processing capacities for fruit and berries had increased 20-30% due to the Danida supported VCD interventions. Despite these efforts, lack of sufficient and proper equipment for storage and processing continue to be a key obstacle for development of the value chains within supported chains in most of the countries.

- **Financial Capital**: The Danida supported VCD interventions have contributed to an improved financial capital asset base for targeted farming households and SMEs in the short term, mainly through provision of grants and loans and through increased income from production sale. However, the medium- to long-term foundation for further developing this asset base has not been established yet.

Cost-efficiency: The cost calculations do not provide evidence that some type of VCD interventions should be more expensive to run (administratively and technically) than others. Some VCD interventions that have worked through close partnerships with national government systems (e.g. Burkina Faso and Serbia) have suffered from serious delays in implementation.

Public sector involvement: The evaluation findings show that when national governments have played a key role in relation to the implementation of the VCD interventions, this has often created issues with effectiveness and sustainability. Frequent reorganisations and changes in directions within government institutions, combined with low capacities and disincentives, have not been optimal conditions to support building of trust and business development in the supported value chains.

Results-orientation: There is in general a strong result-orientation in the Danida VCD supported interventions. However, focus is more on short-term results than on indicators important for the medium- to long-term impact of the supported interventions. VCD interventions should have a medium- to long-term development perspective[2].

Green Growth and Human Rights: Only the most recent VCD interventions (which were not part of the sample for this evaluation) were formulated within Danida's new strategic framework on Green Growth and Human Rights Based Approaches. It is therefore not surprising, that the evaluation findings show limited achievements within these areas. In terms of the human rights area, mainly gender and women concerns had been addressed in the Danida supported VCD interventions. In Burkina Faso and Ghana, women benefitted from particular focus on female dominated chains; in Uganda and Kenya, the VCD interventions have included particular gender components; and in Ukraine and Serbia women had an important role in relation to bookkeeping and financial management related to the VCD activities.

Conclusions

The evaluation findings have been used to formulate the following **overall conclusions**:

Conclusion 1: Danida has been using a large variety of VCD approaches and elements in its support to VCD interventions across countries and regions. **A flexible approach to VCD development has been relevant and useful**, given the rather different contexts and stages of market development within the supported countries. However, the supported interventions are only to a limited extent based on proper VCD analysis. In particular, in the past **the Danida supported VCD interventions have tended to be too production-oriented even in countries, where a more explicit focus on market mechanisms and sector-wide development issues would have been preferable from a VCD perspective**. More recently formulated Danida VCD interventions are to a larger extent taking these perspectives into consideration.

Conclusion 2: Based on the established target indicators for the main beneficiary groups (farming households/SMEs), the **effectiveness of the Danida supported VCD interventions has in general been high.** Tailor-made packages of technical assistance combined with access to finance proved to be effective means of support to targeted farming households and SME's in order to raise production levels, income and employment significantly within two-three year periods. This has happened, despite the fact that the supported VCD interventions have only to a limited extent focused on strategic development of marketing and markets for the production increases, which indicates that there have been "low hanging fruits" in terms of an immediate demand and buyers available for the produce.

Conclusion 3: In general, **the evaluation does not find that the supported VCD interventions have provided the foundation for a sustainable and more widespread medium- to long-term growth and sector development in relation to the supported**

2 Reference should here be made to the Guidelines to the DCED Standard for Results Measurement which specifies eight elements of a successful results measurement system, including "Defining Indicators of Change" and "Capturing Wider Change in the System or Market" which are of particular relevance to VCD result orientation. This further links to the need and usefulness of having well-developed Theories of Change in place for the VCD interventions.

chains. In most of the targeted value chains, a number of important obstacles and challenges still need to be addressed, in particular at the sector/sub-sector levels. In some cases, the time horizon for the VCD interventions has been too short to expect any fundamental systemic changes, in other cases the design of the VCD interventions has been too focused on short-term production issues (push) without a clear strategic approach to address structural and systemic issues at the sector/sub-sector level.

Recommendations

The recommendations are grouped into two categories: a) **Strategic Recommendations** for Danida management and b) **Operational Recommendations** for Danish MFA operational units (embassies and offices in the Danish MFA).

Strategic Recommendation 1: Based on the specific context, it is recommended that **Danida will continue to consider VCD as a possible approach for support to private sector-led and inclusive green growth in partner countries.** However, the level of ”maturity” of the supported sectors/sub-sectors should be used to determine the appropriateness of using a “pure” VCD approach or a combination with other development approaches.

Strategic Recommendation 2: When use of a VCD approach is found appropriate, it is recommended that Danida will **use a more strategic and coherent approach to planning of VCD interventions, based on proper value chain analysis to identify relevant and critical market development issues** in the particular sector/sub-sector. This should include reference to a set of minimum criteria related to application of a VCD approach (criteria for conducting of value chain analysis and chain selection)[3] to be applied across different countries and regions. However, flexibility is needed, as value chains for export and non-export chains will need different approaches (for export, certification becomes an issue, e.g. Global GAP and organic certification). Likewise, difference in contextual factors will require use of different VCD approaches across countries.

Strategic Recommendation 3: In countries where Danida in the future will still have capacity and resources to design and manage implementation of VCD interventions, it is recommended that selection of national implementing partners will be based on **a more comprehensive and strategic assessment of the capacities and incentives of the potential partners to perform the role as VCD implementing partners**. This assessment should include consideration on public-private sector relationships, as well as of relationships between the national, regional and local levels (including potentials for upscaling and linking to sector policy development).

Strategic Recommendation 4: In countries where Danida will enter into a **transitional relationship** (moving from aid to commercial relations) in the near future, it is recommended that Danida will put specific efforts and resources into developing of **Partnerships** (public-private, private-private, public-public) in relation to VCD interventions. Such partnerships, building on **Danidas long-term working relationships with national counterparts**, may be useful to promote public or private sector investments in

3 The GIZ Guidelines for Value Chain selection could serve as inspiration.

areas, which are currently considered major bottlenecks to VCD. The planning of these partnerships should include an assessment of relevant Danish key competencies, business opportunities and interest in relation to selected sectors/sub-sectors. It should also include a consideration of the possible need for additional support instruments to make synergies and linkages from VCD interventions to Danish commerce effective.

Operational Recommendation 1 (Design of VCD Interventions): In connection with preparation of new programmes with VCD elements included, it is recommended that the operational units of the Danish MFA will: i) more explicitly identify weak links in the value chains and prioritise more clearly which links to focus on during the VCD interventions; ii) increase contribution to solving sector-wide challenges through a more strategic focus on building of "critical masses" to become influential ; iii) more explicitly focus on the "market pull" dimension as a key characteristics of VCD interventions (linkages from market to primary production); iv) more sharply segment the agricultural households/enterprises in terms of VCD support (e.g. smallholders vs. corporate farms)

Operational Recommendation 2: It is recommended that the operational units of the Danish MFA will: i) facilitate development of robust Theories of Change (ToCs) with key stakeholders during the preparation stage, to establish a common framework and understanding on how the supported interventions are expected to lead to progress and results in the short, medium and longer term; ii) give more importance to inclusion and monitoring of relevant marketing and business development (pull) targets/indicators in the VCD interventions, iii) more critically consider the relevance of indicators established for poverty reduction in the programmes; iv) encourage and ensure capacity for self-monitoring of progress indicators by national implementing partners (based on relative simple and basic indicator framework).

Operational Recommendation 3 (Public sector engagement and models for extension services): It is recommended that the operational units of the Danish MFA will: i) carefully consider the modality for the working relationship with governmental institutions in VCD, based on the specific context. (e.g. more "punctual" working relation to solve a particular identified bottleneck in a value chain or strengthen very specific capacities in a ministry or public institution) rather than as an implementer of the VCD interventions); ii) look for innovative models for sustainable extension systems (e.g. models building on mutual incentives among farmers and input suppliers/buyers in the chains) to be tested as part of the VCD interventions as a supplement/replacement to the government extension system that rarely supports VCD in any of the countries.

Operational Recommendation 4 (Green Growth and Human Rights Based Approaches): It is recommended that operational units of the Danish MFA, **mainly through partnership modalities**, will assess the possibility to: i) link VCD support to initiatives that support (provide incentives for) investments in energy efficiency and renewable energy in the industry (processing and storage); ii) link VCD support to initiatives that support more efficient and greener transport solutions to producers and buyers; iv) continue and upscale, also across countries, some of the good gender/women empowerment initiatives (such as the "Farming as a Family Business" from Uganda) to continuously contribute to a more equal distribution of responsibilities between men and women in commercial farm management within the supported chains; iv) handle the issue of youth more strategically and with special treatment in the VCD interventions, as it has been (successfully) done with gender/women empowerment issues.

1 Introduction

1.1 Objectives, scope and focus

Danida has supported Value Chain Development (VCD) in different forms since 2002. A total of approximate DKK 1.3 billion has been allocated for VCD specific interventions in the period 2002 to 2012. In order to assess the Danida VCD support in this period and to provide recommendations for the future, Danida's evaluation department (EVAL) has commissioned Orbicon A/S and Wageningen UR to undertake an external evaluation[4].

The purpose of the evaluation is to contribute to improving the design and implementation of Danida's bilateral programme cooperation under inclusive green growth and employment by documenting results and experience and providing recommendations for future support to VCD. The evaluation will hence primarily focus on the learning aspects, thereby providing an opportunity to enhance Danida's capability in the area of VCD support. The evaluation will aim at the following outcomes:

- An enhanced understanding in Danida in regard to what value chain approach can contribute with and how VCD interventions should be designed in order to contribute to inclusive economic development and green growth.

- A better understanding of the context in which a value chain approach would be most appropriate in future Danida programmes.

- Guidance to Danida with respect to future policy and programme design in relation to VCD.

The Terms of Reference (ToR) for this evaluation suggest that a broad definition of VCD will be applied. The VCD portfolio includes a large diversity of interventions, some with small and others with more significant VCD elements. These interventions, which often constitute components or sub-components of wider sector programmes and linkages to other programme components (e.g. components with a focus on financial services, business environment, infrastructure or vocational training), may be more or less explicit in the programme design.

In the Danida intervention portfolio covered by this evaluation are included only interventions that are assessed to contribute directly to development of a value chain[5]. This means for example that the intervention should not only have a direct impact on the supported enterprise or group of farmers, but should also have an (indirect) impact on other players in the value chains.

4 The evaluation team from Orbicon-Wageningen comprises: Mr. Carsten Schwensen (Team Leader), Mrs. Monika Sopov and Mr. Bo van Elzakker.

5 This is in accordance to the suggestion from the Background Paper to the evaluation.

Following this definition for VCD interventions, the evaluation has focused on Danida VCD interventions within 11 countries: Burkina Faso, Ghana, Kenya, Mozambique, Tanzania, Uganda, Zimbabwe, Central America (Regional Programme, covering Honduras and Guatemala), Albania, Serbia and Ukraine. These countries have been selected from originally 24 identified countries with VCD interventions in order to include a more limited and diversified portfolio which reflects the geographic balance of the overall portfolio[6]. The evaluation has involved desk work in relation to the VCD interventions in all these 11 countries as well as fieldwork in five selected case countries: Three primary case countries (Serbia, Uganda and Burkina Faso) and two secondary case countries (Ukraine and Kenya).

This evaluation report builds to a large extent on the findings from the five case country studies.

6 This is following the suggestion from the ToR.

2 Danida to Value Chain Development

2.1 Overall characteristics of value chain development, approach and analysis

The value chain concept has been used for more than two decades and refers to the linkages between individuals or enterprises needed to move a product or service from production to consumption, along with related inputs and technical, business and financial services. VCD goes a step further by focusing on intentional efforts to build win-win relationships between two or more chain actors (producers, distributors, processors, wholesalers, retailers).

The reasons for engaging in VCD are manifold and vary according to the interests, motives and goals of the stakeholders. Strengthening mutually beneficial business relationships is a shared goal of most VCD initiatives that requires improved interactions among the chain actors, often facilitated by interventions from outside of the chain in the form of technical, business and financial services. The stronger the resulting win-win outcomes, the more likely the business relationships are to endure and thrive over time.

In the literature there are many different definitions of the term "value chain". For the purpose of the evaluation, the following definition is used*: The value chain describes the full range of activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services) and delivery to the market.*

Value Chain Approach
For the purpose of this evaluation, the "level" of value chain approach in Danida programming is defined as the extent to which the interventions include the following five elements:

1. Value Chain Analysis (see further definition below of this concept)

2. Consideration of sector/sub-sector-wide challenges

3. Identification of bottlenecks and opportunities

4. Focus on the market and the demand-side of the product (market-pull)

5. Segmentation of beneficiaries (farming households/SMEs)

These five elements are further explained in Section 4.2, where the evaluation has created a VCD "profile" and scoring for all 11 VCD interventions covered by this evaluation, based on an assessment of the five elements.

In addition to the value chain approach, there are other approaches to private sector development, such as Making Markets Work Better for the Poor (M4P), Small- and Medium-Sized Enterprise (SME) and micro-enterprise development and business environment reform. The M4P approach is the combination of different tools and multi-stakeholder processes, including value chain analysis and development with a poverty reduction focus to enhance performance of market systems. A M4P framework can ensure the consistency of various approaches to the objective of poverty reduction. Approaches are not mutually exclusive, but can strengthen each other when implemented in an appropriate combination (for comparison of different approaches, see Annex 2).

Value Chain Analysis
The evaluation will focus on four particular key aspects of value-chain analysis as they are described by Kaplinsky and Morris[7]:

1. A value-chain analysis **systematically maps the actors** participating in the production, distribution, marketing, and sales of a particular product (or products). This mapping assesses the characteristics of the key actors [in the value chains, the opportunities as well as the bottlenecks that need to be addressed to bring a product to a specific market.

2. A value-chain analysis can play a key role in **identifying the distribution of benefits of actors in the chain**. It is possible to determine who benefits from participation in the chain and which actors could benefit from increased support or organisation. This is particularly important in the context of developing countries (and agriculture in particular), given concerns that the poor in particular are vulnerable to the process of globalisation[. One can supplement this analysis by determining the nature of participation within the chain to understand the characteristics of its participants.

3. A value-chain analysis can be used to **build the chains** and later on to **examine the role of upgrading within the chain**. Upgrading can involve improvements in quality and product design or diversification in the product lines served, allowing producers to gain higher value. The structure of regulations, entry barriers, trade restrictions, and standards can further shape and influence the environment in which upgrading can take place.

4. A value-chain analysis **highlights the role of governance** in the value-chain, which can be internal or external. Governance within a value-chain refers to the structure of trade relationships and coordination mechanisms that exist between actors in the value-chain. Governance ensures that interactions between chain participants are organised, rather than being simply random. External governance is important from a policy perspective by identifying the institutional arrangements that may need to be targeted to improve capabilities in the value chain and increase value-added in the sector.

7 Source: Kaplinsky, R. and M. Morris (2001) A Handbook for Value Chain Research, Prepared for the International Development Research Centre (IDRC), p. 4-6.

2.2 Value chain development in Danida programming

In the Danida Development Strategy from May 2010, "Growth and Employment" becomes one of four main pillars of Danish Development Cooperation and the value chain approach is indicated as an important element of Danish support to this area. This is subsequently elaborated in the "Strategic Framework for Growth and Employment" (2011-2015), where it is indicated that the overriding purpose of Danida value chain support is to "*promote better linkage between primary agriculture, processing and manufacturing enterprises, service enterprises on both input and output sides, microcredit providers, banks and the public sector*".

Within the overall objective of poverty reduction through growth and employment, the goal is to increase the supply of quality products to both the international and the regional markets and especially to the home market. It is furthermore emphasised, that the fact that the analysis involves the entire value chain does not necessarily mean that Danida must support each link in the chain directly, but should rather focus on specific constraints or opportunities in the value chain.

More recently, the focus on green growth has been enhanced[8] whereby supporting inclusive green growth in value chains should aim at delivering both growth and a high degree of resource efficiency. With the new Act for international development cooperation from January 2013, promotion of human rights has been included as an overall objective of Danish development cooperation, together with poverty reduction[9].

The 11 VCD interventions covered by the evaluation are very different in terms of background, size, with smaller and larger VCD interventions of varying complexity, with different implementation modalities etc. Of the 11 VCD interventions included in this evaluation, the programmes/projects in Albania, Central America, Serbia and Ukraine are small (up to DKK 40 million). The larger programmes in the other countries are in most cases build on a longer history of Danida interventions in these countries. Except for the projects in the Neighbourhood countries (Serbia, Albania and Ukraine), all VCD interventions are longer term involvements (five years or more).

In order to evaluate the 11 VCD country interventions, it is important to understand the different timing of the interventions to be evaluated, not least in view of a more explicit strategic focus in Danida on VCD from 2010. Figure 2.1 illustrates the difference in timing of the VCD interventions covered by the evaluation. As shown in the illustration, most of the VCD interventions have started implementation before or around 2010 and some countries have experiences with VCD programmes implemented both before and after 2010.

8 Strategic Framework for Natural Resources, Energy and Climate Change: A Greener World for All, 2013, and Danida Green Growth Guidance Note, 2014.

9 Human Rights Based Approach Guidance Note, 2013.

Figure 2.1: Timeline of Danida VCD interventions

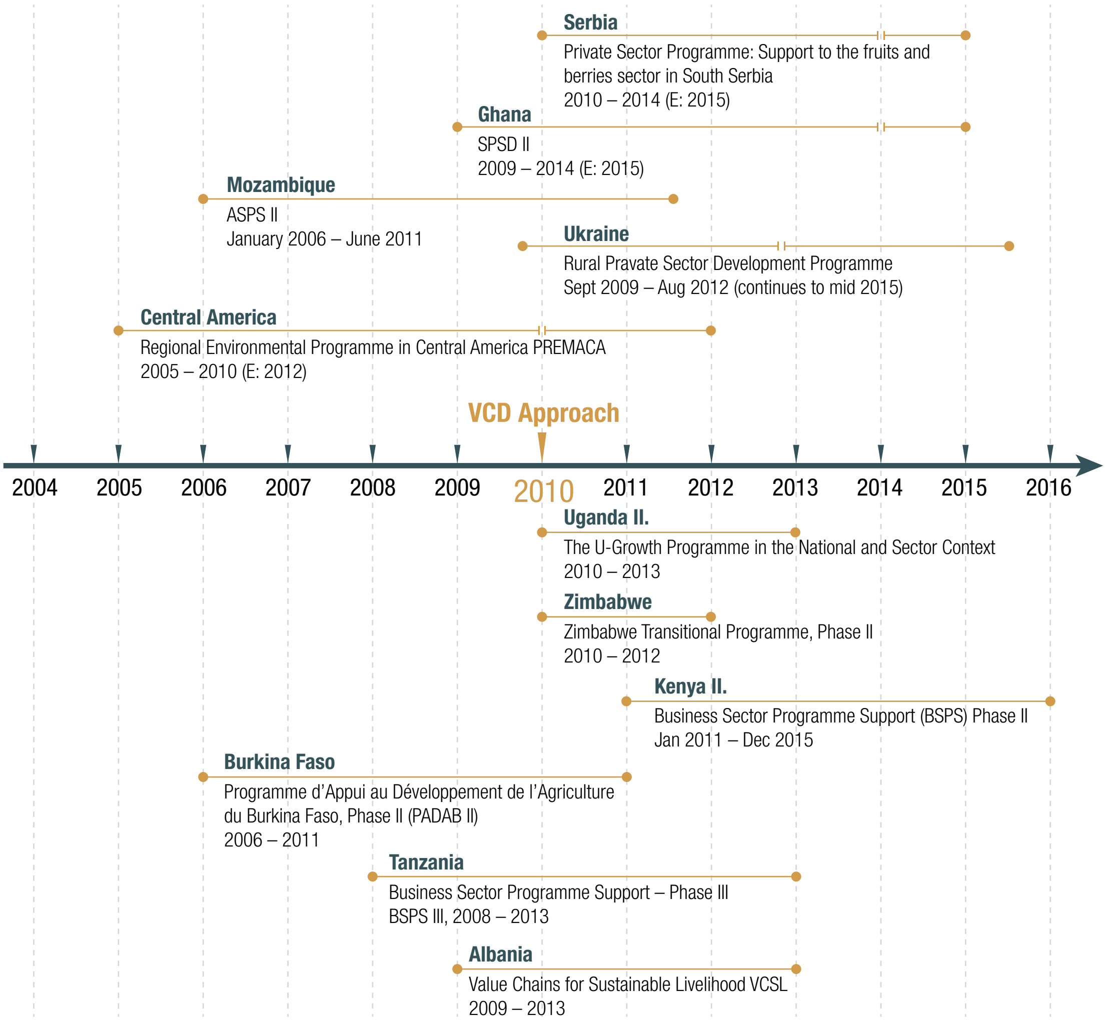


Table 2.1 below includes a short summary of the characteristics the 11 VCD interventions covered by the evaluation.

Country, title of intervention, year, budget (DKK), implementing partner	Brief description of the VCD interventions
Albania (Value Chains for Sustainable Livelihood, 2009-2013) 30 million (Technical Assistance (TA) + matching grant) Netherlands Development Organisation (SNV)	Assisting value chain actors to develop selected chains (dried herbs & spices, fresh apples and sheep dairy) in the Northeast mountainous part of the country with the intention to stop migration by generating worthwhile farming activities (income and employment). The major part of the funding was spent on value chain activities, a small part on sector policy making.
Burkina Faso (Programme d'Appui au Développement de l'Agriculture du Burkina Faso, Phase II, 2006-2013) 179.6 million (TA + grant) Ministry of Agriculture	The majority of funding goes to building the capacity of (decentralised) local Ministry of Agriculture offices (technical services) which were to support value chain actors, originally with (later without) private sector service providers. The interventions were implemented in three out of the 12 regions in the country. Originally, grants were provided to all kinds of value chains, however priority value chains were beef, smoked fish, poultry, cowpea, shea nuts, gum Arabica and firewood. The interventions worked with a new structure, Regional Agriculture Chambers, which was the liaison between the private sector (farmers and processors) and the public funds.
Central America (Regional Environmental Programme in Central America PREMACA, 2005-2010) 40 million (TA (incl. facilitation of access to finance) Exporter associations	Specific focus on support to farmer groups/private enterprises to manage the natural resources in a sustainable way and to create employment among disadvantaged groups, through certification and mainly export marketing. Implementing agencies were private sector exporter associations through their own programmes, approaches, strategies, supported by Danida. The interventions included a wide variety of value chains including coffee, cocoa, tea, honey, timber, herbs, spices, nuts, fruits, eco and ethno tourism. Exporters were the driver and export markets the pull factor. The value chains were built from the exporters upstream.
Ghana (Support to Private Sector Development (SPSD) II, 2009-2014) 89.5 million (TA) Alliance for a Green Revolution in Africa (AGRA)	The intention was to work on access to commercial finance, improving entrepreneurial and technical skills of SME agribusinesses and farmers, strengthening the linkages across agricultural value chains and developing capacities of banks in agri-lending. This is complemented by skills development through vocational training and by wholesale financing to ensure that rural banks have lending capacity. The overall objective of the interventions was to strengthen income and employment opportunities in rural areas, by increasing agricultural productivity. The targeted area was Northern Ghana. The supported value chains were rice, maize and soybeans; later groundnut is added to attract more female participation.

Country, title of intervention, year, budget (DKK), implementing partner	Brief description of the VCD interventions
Kenya (Business Sector Programme Support, Phase II, 2011-2015) 125 million (TA + matching grants; loan guarantee) Micro Enterprise Support Programme Trust (MESPT)	The support included a mix of financial and technical assistance. A major objective was to build the capacity of MESPT at the same time as the programme was implemented. The supported commodities included potato, sunflower, export vegetables, mango, passion fruit, macadamia, the poultry and the dairy sector besides coconuts, cashew, moringa and aloe vera. Where possible, there was inclusion of green technologies (e.g. vegetable producers had access to solar powered irrigation and dairy farmers to biogas. Implementation was all over the country.
Mozambique (Agriculture Sector Programme Support, Phase II, 2006-2011) 99.7 million (TA + matching grant, loan guarantee) Unit established under the Danish embassy	The focus was on cash crops (not staple foods), like sesame, soya, potatoes, peanuts, and mushrooms. The target groups were the middle to top segment of (groups of) small-scale farmers and commercial farmers, service providers and SMEs with potential to operate in the market. Particular focus was to work with 300 Farmer Marketing Associations (56% of funding) and to support Rural Finance and Agri-Business Development. Formally the programme was under the Ministry of Agriculture but the implementation was responsibility of the Danish Embassy. Value chain building activities were outsourced to service providers (mostly international NGOs). The component was implemented in three districts. The interventions were stopped due to fraud, and preparation for a next phase was abandoned.
Serbia (Private Sector Programme: Support to the fruits and berries sector in South Serbia, 2010-2014 (extended to 2016)) 40 million (TA + matching grants, loan guarantee) Secretariat (overseen by Ministry of Agriculture, Forestry and Water Management)	Clear focus in terms of product chain (fruit and berries). Includes a mix of technical and financial support (matching grants). Implemented in one particular region of Serbia (South of Serbia). The programme has intended embedding the interventions in the national context (connecting to government initiatives). Obviously, for Serbia there is been a clear sense of urgency due to its accession to the EU: producers have to comply with very high standards.
Tanzania (Business Sector Programme Support – Phase III, 2008-2013) 44.2 million (TA + matching grant) Consultancy company	Overall focus was on development of SMEs: development of capacities of service providers to support SMEs, provision of access to finance and technology of SMEs, provision of matching grants to SMEs and support to their marketing strategies. In addition, support to building and institutionalisation of branch offices as knowledge centre with in-house expertise and capacity for supporting the development of food processing and marketing SMEs in a sustainable manner. Originally, focus was on food products but from 2011 focus has been on six commodities.

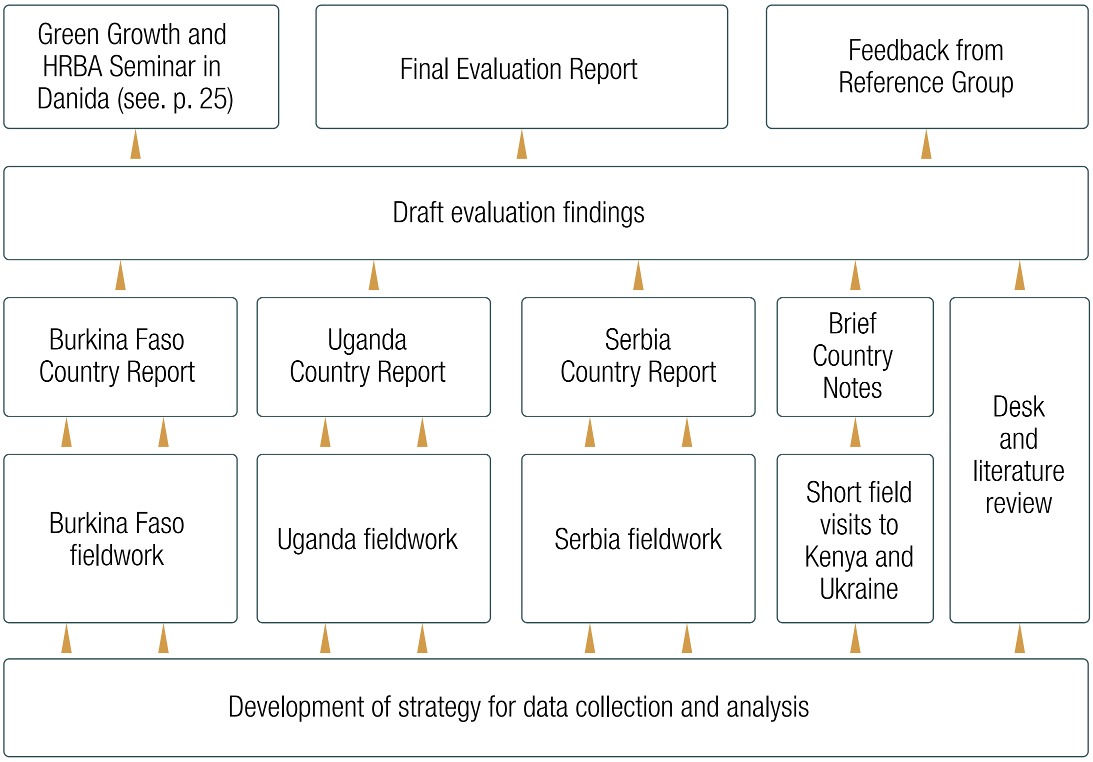
Country, title of intervention, year, budget (DKK), implementing partner	Brief description of the VCD interventions
Uganda (U-Growth Programme, 2010-2013) 38.7 million (TA + matching grants) Abi Trust	Included three sub-components with focus on: i) VCD and improved performance of value chains and actors; ii) expansion of financial services supporting agribusiness, including increased availability of financial services through wider and deeper delivery mechanisms; and iii) trade-related sanitary and phytosanitary and quality management: Increased trade opportunities through improved enterprise-level supply side management in the area of standards and quality management. The supported chains were: a) coffee, b) oil seeds (sunflower, sesame, groundnuts and shea butter), c) fruit and horticulture, d) pulses (beans, soya beans, cowpeas, field peas, chickpeas, lentils) and maize. The component was managed by the Agribusiness Initiative Trust (aBi Trust), which was set up by the governments of Uganda and Denmark to support agribusiness initiatives in the country.
Ukraine (Rural Private Sector Development Programme, 2010-2012 (extended to 2015)) 40 million (TA + matching grant) Consultancy company	Focus has been on two value chains (dairy and fruits & vegetables). The interventions were to benefit 30 dairy farmers and 38 fruit and vegetable producers, demonstrating how a family farming sector can be developed in the country. Support included a mix of stakeholder forums, training, study tours, matching grants, newsletters. The value chain actors were the main beneficiaries, the service providers were coming second.
Zimbabwe (Support to Agro-Based Value Chains, 2010-2012) 90 million (TA + insurance schemes, credit facility, voucher system) SNV	This sub-component had the objective 'to create and re-instate sustainable commercial input and output marketing channels and services' throughout all eight rural provinces in Zimbabwe. The sub-component had no commodity focus. The direct target groups were the various actors in the value chains: agro-input suppliers, produce marketing agents etc. The indirect target group was smallholder farmers (100,000 households) who were to benefit from re-established local access to input- and output-marketing channels (vouchers) and from capacity building activities and practices via provision of agricultural extension.

3 Evaluation Methodology and Approach

3.1 Analytical framework

The overall approach applied by the evaluation to data collection and analysis has been theory-based, using a mixed-methods approach, combining quantitative data analysis with qualitative methods. An Evaluation Matrix was used to guide the data collection and analysis process. The overall analytical framework is illustrated in Figure 3.1.

Figure 3.1: Overall analytical framework



Below, key elements in the framework are further explained.

3.2 Approach for assessment of impact and outcomes

An evaluation of outcomes and impacts from VCD interventions calls for *a holistic and systemic approach* to capture higher-level effects generated through improved relationships between the involved actors. Improved business relations are expected to provide smallholders with higher income benefits, improved access to critical services for production, and more stable market relationships. Of particular importance in this context are the relationships between the smallholders and the enterprises with which they interact directly. These smallholder-linked enterprises have a crucial role in linking smallholders to the market.

Assessment of outcomes – use of the 5Capitals approach
The "5Capitals – A Tool for Assessing the Poverty Impacts of Value Chain Development"[10] (in the following just referred to as "5Capitals") provides a useful approach for assessment of outcomes from the Danida supported VCD interventions, including the strength and weaknesses of the different links in the Theory of Change (ToC). The core of 5Capitals is an asset-based approach, where observed changes in farming household/business assets resulting from VCD interventions are used as indicators for an assessment of the robustness of any possible indications of impact from the VCD interventions (see below). In this way, the 5Capitals approach provides a useful framework to understand critical development issues in relation to value chain interventions. The 5Capitals approach also provides a useful framework for understanding the role of market, political and institutional factors in facilitating or hindering favourable outcomes.

5Capitals' strong focus on smallholders and smallholder-linked enterprises together with its broader development and context perspective, makes it a particular useful approach for outcome/impact assessment of Danida supported VCD interventions, which in general have these same characteristics. Given the 5Capitals' requirement to data availability, it has been possible for the evaluation to make this assessment mainly in relation to the primary case countries. Other countries have been included in the 5Capitals discussions on topics where relevant data have been available. Figure 3.2 illustrates the application of the 5Capitals approach within the ToC framework for Danida VCD interventions.

Assessment of impact
The evaluation has used a combination of own data collection and existing impact/evaluation studies to assess indications of possible impact from the Danida supported VCD interventions (see further description of tools and instruments for impact assessment below). For the case countries, ToCs have been established to better understand the way the VCD interventions were supposed to work within the particular country context.

3.3 Tools and instruments for collection of data and information

Various tools and instrument have been applied by the evaluation for collection of data and information:

Case country selection and visits: Two-week fieldwork missions were carried out to three primary case countries (Uganda, Burkina Faso and Serbia). In addition, three-four days visits were undertaken to two secondary case countries (Kenya and Ukraine), including brief visits to the field. The primary and secondary case countries were selected with the overall intention to maximise the potential for **transfer of VCD learning/ experience within and across different countries and regions.** The selected sample covered **different geographical regions and countries** and **different types of VCD interventions** (in terms of value chains, implementation approaches, implementing partners etc.). Furthermore, it was the intention that the secondary case countries should complement the primary case countries.

10 Tropical Agricultural Research and Higher Education Center, CATIE, 2012.

Review of background documentation and literature: The evaluation has done a careful review of documentation during the evaluation process. Literature has been used to add additional value and perspective to the evaluation. Recent external evaluation and impact studies have been available for some of the VCD interventions covered by this evaluation[11]. These studies have been of particular importance for the evaluation and have complemented the findings from the evaluation.

Field Surveys: The evaluation implemented a comprehensive field survey in Serbia during August-September 2015, covering a total of 400 farming households and enterprises. The evaluation developed questionnaire and sampling strategy for the field survey. The aim of this survey was to collect data at outcome and impact level in view of the 5Capitals approach and the ToC developed for the Danida supported VCD interventions in Serbia. In Burkina Faso, an Impact Survey, based on a large number of FGDs, was carried out during September 2015.

Key Stakeholder Interviews: Key stakeholder interviews were conducted to obtain qualitative findings on most of the evaluation issues. These interviews have been an extended one-on-one exchange with individuals who somehow have had a unique position in relation to the Danida supported VCD interventions. Semi-structured interview guides were used to guide the interviews, in order to make sure that information was gathered in a consistent manner, covering all relevant evaluation areas. The key stakeholder interviews were mainly carried out in the primary and secondary case countries as well as in Denmark with Danida staff and VCD resource persons.

Focus Group Discussions: Focus Group Discussions (FGDs) have been a key instrument in the qualitative approach. The FGD's were implemented at two different levels:

For *primary* case countries (Burkina Faso, Uganda and Serbia), FGD's were carried out with groups of beneficiaries (direct/indirect) and non-beneficiaries within the Danida VCD geographical interventions areas. In Serbia and Uganda, the FGDs were used as an important complementary instrument to validate findings from analysis of data from the field survey (Serbia) and from the existing impact assessment data base (Uganda). The FGDs were also used to explain causalities and detect any unintended outcome/impact from the VCD interventions, which may not initially have been captured by the data analysis. In the case of Burkina Faso, the focus of the FGD's was on capturing of potential outcomes (mainly) and indications of impact from the Danida supported VCD interventions.

The selection of intervention areas for the FGDs within each of the case countries was done with a particular view to optimize the learning potential. The *criteria* for selection of suitable areas for FGDs within each case country were based on a wish to represent: different agro-ecological zones and socio-economic conditions; different value chains; direct as well as indirect beneficiaries (possible wider effects); and non-beneficiaries (control). In the end, practicality of travel and logistics also became a determining factor.

11 Uganda, Ukraine, Albania and Ghana.

For both *primary and secondary* case countries, FGD's were carried out with groups of key stakeholders to provide context and depth to the VCD interventions and to capture views and opinions from a larger group of stakeholders. Semi-structured 'checklists' were used for the FGDs with different stakeholder groups to ensure that similar type of data and information would be collected from the FGD sessions. The evaluation aimed at selecting a diversified sample of beneficiaries for the FGDs, including beneficiaries from different geographical locations, different social and cultural groups, farmers, businessmen etc. depending on the characteristic of the VCD intervention.

Project site visits: Visits were organised to selected project sites in the three primary case countries. The purpose of the site visits was to provide the evaluation with a first-hand impression of some of the visible results from the VCD interventions. The site visits were mainly planned within the same areas as the FGD's (see above).

3.4 Data analysis

Different VCD approaches and modalities have been applied in Danida programmes across regions and countries. As a consequence of this, the processing of data and information has been undertaken separately for the three primary case countries as well as for the secondary case countries and the non-case countries (as illustrated in Figure 3.1). Three different levels of sub-analysis have therefore been possible for the 11 selected VCD interventions:

- **Level 1 – Burkina Faso, Uganda and Serbia**: A relatively comprehensive analysis (including Country Studies) based on quantitative data set (Uganda and Serbia) and qualitative impact assessment (Burkina Faso), combined with complementary qualitative fieldwork, document review and supplementary interviews with key stakeholders.

- **Level 2 – Kenya and Ukraine**: A more narrow analysis of a few selected elements, based on conducting a few FGDs, interviews with key stakeholders and a document review.

- **Level 3 – Ghana, Mozambique, Zimbabwe, Tanzania, Albania and Central America:** No real analysis have been carried out for these countries but information from document review and a few key stakeholder interviews have been used as input to substantiate discussions in the report.

Preliminary key findings were drawn from the various sub-analyses and data triangulation was used to verify these findings from different sources and methods. Feedback from a presentation made at a Green Growth and Human Rights Based Approach Seminar in Danida in early November 2015 was used to increase the credibility and robustness of this analysis. Finally, conclusions have been drawn from the key findings, leading to formulation of strategic and operational recommendations.

3.5 Limitations

The evaluation has attempted to "disaggregate" value chain elements from other elements in the interventions, given the large diversity of interventions covered by this evaluation, some with a small VCD element and others with a more significant VCD element. In most cases, it has not been fully clear from the programme interventions how this delineation should be done, but it has been based on a judgement by the evaluation.

Even within the primary case countries, the time and resources has not allowed the evaluation to study all supported value chains in depth. Instead, a few value chains have been selected based on some overall selection criteria and initial discussions with programme key stakeholders.

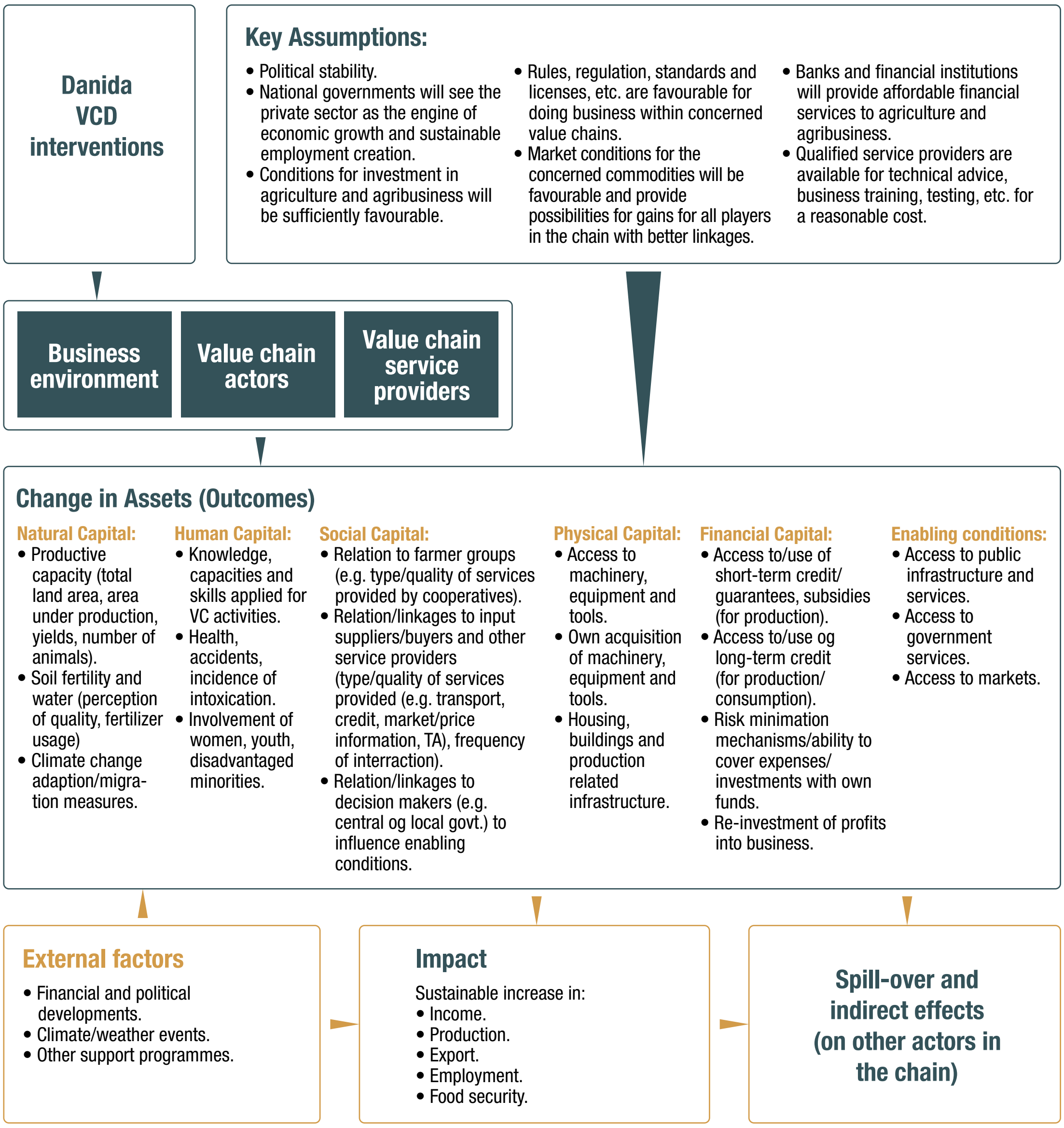
In this report, the evaluation is using existing impact and evaluation studies in the discussion of the findings. It is important to note that the methodology and depth differ across these studies and the findings do not all have the same robustness.

Political unrest in Burkina Faso disrupted the evaluation fieldwork. Activities continued but with less FGD participants as planned, as people stayed at home, or went to rallies. The number of stakeholder interviews was limited but the key stakeholders have had the chance to comment on the draft impact survey and country study.

3.6 Theory of Change

The evaluation has constructed ToC's for the VCD interventions in the primary and secondary case countries. The ToC's illustrate how the different elements in the VCD interventions have been expected to complement each other and lead to the final outcomes/impact, based on a number of key assumptions and interactions on the road. The ToC's have been used to guide the collection of data and information within the case countries (e.g. testing of key assumptions and linkages). In addition, the ToC's were validated and further detailed during the visits to the case countries.

Figure 3.2: Danida VCD interventions in the context of the 5Capitals approach (smallholders)



Based on the country ToCs, the evaluation has established an overall ToC for the Danida supported VCD interventions (Figure 3.2). The overall ToC illustrates how the 5Capitals elements are part of the ToC framework. It also illustrates how the Danida supported VCD interventions have been implemented through an overall three-pronged strategy to enhance value chain performance:

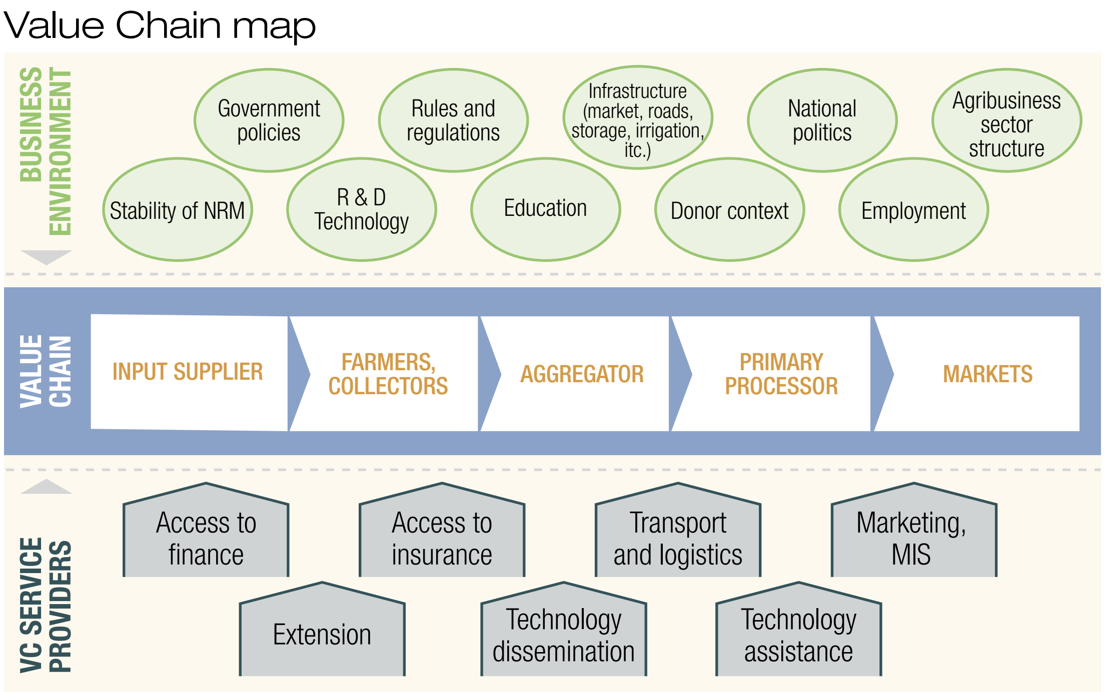
Business environment: Support has been provided to collaborate with government organisations to set and improve standards (Uganda), conduct dialogue with government to remove trade barriers (Kenya). The agribusiness sector structure is also included under business environment to indicate the maturity of the sub-sector: is it fragmented mostly with spot-market transactions, or does the subsector consists of more organised, integrated chains?

Value chain actors: Provision of TA to solve bottlenecks of different value chain actors. In value chains that are less mature, the vast majority, if not all, beneficiaries are small-holder farmers (e.g. Burkina Faso). In more mature value chains (e.g. Serbia, Uganda, Central America and Albania), other chain actors such as processors and exporters have also benefitted from the Danida supported VCD interventions.

Value chain service providers: Support has been provided to build capacity of the value chain service providers and link them to private sector value chain actors. This has been the case in e.g. Ukraine and Albania.

The three layers are visualised in Figure 3.3.

Figure 3.3. Three layers in the wider value chain



In Chapter 4 the various elements of the ToC and the wider value chain will be unpacked and discussed more in detail.

4 Evaluation Findings

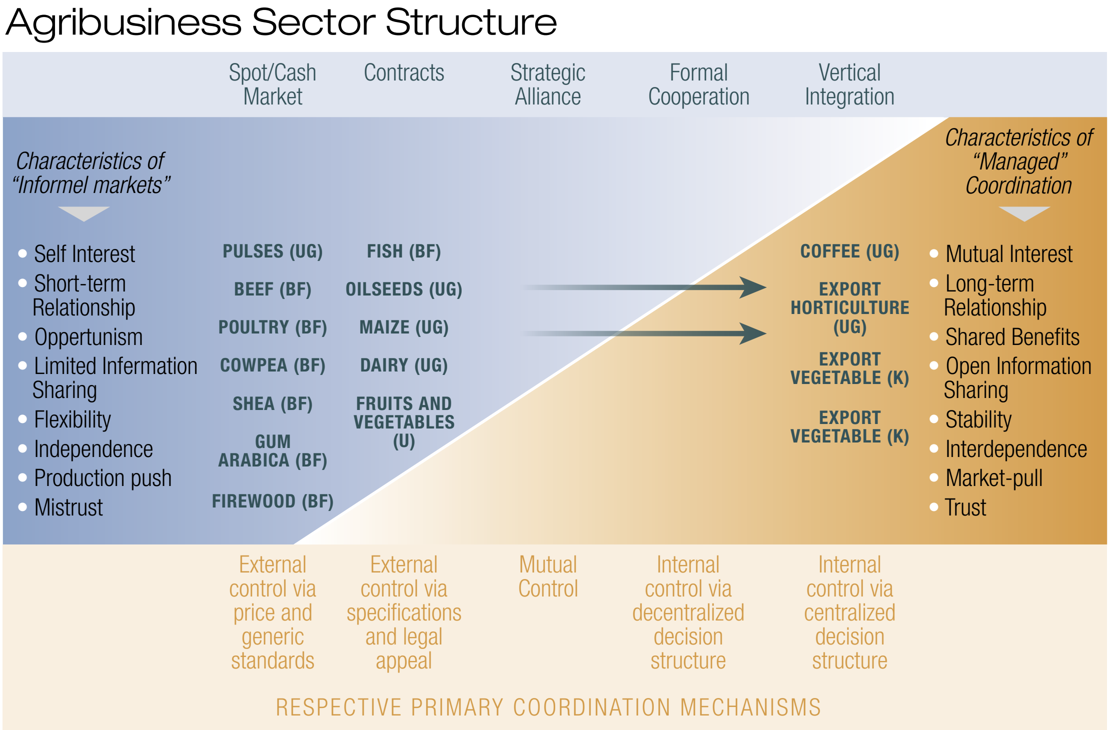
This chapter presents the key findings from the evaluation. The chapter is organised in the following way:

- A discussion and analysis of the maturity (and thus VCD "preparedness") of the supported value chains.
- A discussion and assessment of the Danida supported VCD interventions in terms of value chain approach and value chain analysis.
- An assessment of the main achievements from the interventions in terms of outputs, outcomes, impact and sustainability.
- The implications from engagement of public sector institutions on the VCD interventions.
- A discussion of the level of results orientation, flexibility and risk mitigation in the supported VCD interventions.
- A cost comparison across the VCD interventions.
- A discussion of the supported VCD interventions in view of Danidas strategic focus on Green Growth and Human Rights Based Approaches.

Maturity of the supported value chains

The various VCD interventions covered by this evaluation are implemented in sectors/sub-sectors that represents different levels of maturity and "preparedness" for VCD interventions. These different levels of maturity can be illustrated in a continuum (Figure 4.1) representing a variety of integration forms from spot market transactions to full vertical integration where the diagonal line represents the mix of invisible-hand and managed coordination characteristics found in each of the five alternative strategies for vertical coordination. Vertical integration is not so much defined by single ownership as it is defined by centralised control along certain parameters.

Figure 4.1: Agri-Business structure for selected value chains



In Burkina Faso, where spot market transactions dominated when the programme started, the focus was on increasing production rather than on food safety and quality issues. In Uganda, a shift can be seen over time towards more stringent product quality and safety. The more stringent the requirements are the more will be needed to intervene on sector level[12]. One of the bottlenecks in some of the value chains in Uganda was the overwhelming amount of fake or low quality products (e.g. seeds and fertilizers) traded on the market. aBi Trust clearly saw the opportunity to step in and offer support in this area working with the Uganda National Bureau of Standards. In Serbia, companies face similar challenges to those involved with export horticulture in Uganda and Kenya. They need to comply with EU regulations to access markets, and those who sell fresh produce to the EU market also have to comply with global Good Agricultural Practices (GAP). If there is a rejection from the EU, challenges must be solved on sector level, not in individual chains.

Obviously, on the far left of the figure where spot market transactions dominate, value chains are non-existent, or very short (producing for the local market). Value chain interventions in terms of linking smallholders to the next actor in the chain would be less successful, as those actors are not permanently present.

Where value chains are less fragmented, nucleus farm outgrower schemes could be supported to include more smallholders. Organising distribution of input supply becomes key in this stage, and Danida clearly recognised this, and tried to contribute to solving

12 A sector can have several value chains: for example the soy sector might have the following value chains: edible oil, feed, nutritious food and milk value chains. It could be some issues need solution at value chain level (e.g. low import or high export tariff on feed), other issues might need solution on sector level: seed multiplication.

this issue in Zimbabwe. In case of highly integrated chains, usually focusing on export, Danida's role proved to be not only linking smallholders to VCs, but solving sector-wide issues mostly related to sanitary and phytosanitary issues.

Thus, moving from left to right in the figure, Danida would have the opportunity to fulfil a more extended role, in absence of other suitable actors, to intervene on sector level and contribute to solving sector-wide issues such as quality standards, cold chain and store, transport and logistics, extension services, etc. In numerous occasions, this has been part of the VCD interventions already in the design phase for example setting up centres of excellence and supporting solving of storage capacity on sector level (Serbia), and contributing to the development of quality standards (Uganda). In other cases, the VCD interventions were flexible enough to solve sectoral issues as they popped up, such as establishing an association of service providers (Kenya), and liaising with governments to solve export related issues (e.g. Kenya and Uganda).

The key question, however is what the level of Danida ambition and capacity will be to pursue this strategy further if the opportunity presents itself, and to take on a more prominent role (such as convener in Uganda in U-Growth II) if there is no other competent party to do so, to achieve systemic, sector wide changes. This would require not only support to value chain actors but also analytical capacity and flexibility to address cross-cutting issues.

4.1 Scoring the Value Chain Approach

As mentioned in Section 2.1, the evaluation has used five specific criteria to analyse and score the value chain approach of Danida supported VCD interventions:

1. **Value Chain Analysis**: To what extent are the programme component/sub-component interventions based on a proper value chain analysis?

2. **Sector/sub-sector wide challenges**. To what extent have sector/sub-sector wide challenges been clearly identified and reflected in the programme component/sub-component interventions? Often there are many issues that cannot be solved within the value chain but require the effort of/for the whole (sub) sector. However, if they are not dealt with, this can obstruct the development of the chains, e.g. lack of quality standards, excessive regulation, high export tax on finished product, high import tax of raw materials, etc.

3. **Identification of bottlenecks and opportunities**. To what extent do the component/sub-component interventions address identified key challenges and opportunities for all actors in the vertical/horizontal value chain with clear identification of where Danida will intervene and why, and where it will not intervene and why not (e.g. other actors might already be working on the issue)?

4. **Market-pull:** To what extent do the component/sub-component interventions present a market focus? Are there considerations on how consumer and customer preferences are changing? Where are the opportunities, linkages? How does information flow upstream to ensure product flowing downstream according to market specification? Only through this kind of approach and analysis is it possible to identify strategies for market pull interventions.

5. **Segmentation of beneficiaries:** To what extent do the component/sub-component interventions include considerations on segmentation within the group of benefitting farming households? E.g. is there any consideration on segmentation based on ambition level and development; in terms of potential learning curve and existing assets?

In order to create a "VCD profile" for all 11 VCD interventions covered by this evaluation, the evaluation has scored each intervention (High (green), Medium (yellow), Low (red)) according to the five above VCD criteria (Figure 4.2). It is a rough scoring as the countries and VCD interventions are often quite different. The scores are based on information available in the programme documents, interviews and field visits. The table clearly illustrates the large variation of use and success of VCD elements in Danida supported VCD interventions.

Below the evaluation's assessment of the five criteria is further discussed.

Figure 4.2: Scoring according to VCD criteria

	1. Value Chain Analysis	2. Sector/ sub-sector wide challenges	3. Market-pull	4. Bottlenecks and opportunities	5. Segmentation beneficiaries	Overall score	Comments
Serbia	green	yellow	yellow	green	yellow	green	In-depth value chain analyses were implemented in several chains. All key programme elements contributing to VCD are present. Chains are targeting market penetration in the domestic market, and market development in the EU market. Programme is targeting mostly individual businesses but not solving sector level challenges except for increase storage place.
Ukraine	green	yellow	green	yellow	yellow	green	Value chain analysis done. Addressed sector wide challenges to some extent with national impact. Had some focus on addressing value chain bottlenecks and market opportunities. Strong focus on market pull, private sector needs. Pragmatic approach, able to overcome political and market crises. Focus is on family farmers and SME agri-entrepreneurs. Longer term exposure of beneficiaries to TA, information exchange.
Albania	green	green	yellow	yellow	yellow	green	Value chain analysis done. Departs from dependency on government services to private sector. Focus strongly on constraints in the value chains. Market-pull in mind, although not fully identified. Focus on medium-scale processors that are supplied by small producers. First processing capacity, then market linkages, then primary production.
Central America	red	yellow	green	yellow	green	yellow	No indication of value chain analysis. It is specific market opportunities based, all kinds of products. Sets examples (environment, quality, indigenous peoples) and that way might have some sector wide impact. Some focus on addressing bottlenecks in upstream value chains by lead firms (exporters). Lead firms trained. Strong market-pull and linkages focus.

	1. Value Chain Analysis	2. Sector/ sub-sector wide challenges	3. Market-pull	4. Bottlenecks and opportunities	5. Segmentation beneficiaries	Overall score	Comments
Uganda							Value chain analysis (some done by others) used to conceptualise the programme, but not clear how it is used. There is some sub-sector thinking, but bias towards subsistence farming production. Some bottlenecks identified, but not clear how prioritisation/ selection has been done. Relatively strong focus on (subsistence) production issues compared to market pull, although there are initiatives to work with large companies. Not that coherent in Phase 1, but improvements in Phase 2. Little considerations on beneficiary segmentation.
Kenya							No indication of value chain analysis. All type of chains (crops and animals) were possible. Some reference to sub-sector wide challenges and bottlenecks/opportunities in the supported chains. Phase 1 indicated limited VCD thinking, but seems to have improved in Phase 2, where the sub-sector approach is stronger. Main focus on primary production. Include consideration on market access, new and non-traditional markets, but does not really identify them clearly. No indication of beneficiary segmentation.
Mozambique							Based on some value chain analysis. Switches from food security to cash crops. Intention of sector-wide thinking but difficult to jump from regional programme to national level. Mix of work on producer organisation, TA and rural finance. Some concept of trade corridors. Market pull not identified and addressed (buyers not interested to work with what is set up for them). No segmentation.
Ghana							Not fully clear to what extent the programme is based on value chain analysis and sector wide challenges (e.g. road network, extension service). Very production oriented, focus on subsistence moving towards commercial farming, i.e. use of farm inputs. Clear focus on bottlenecks. Include access to finance, capacity building and production increase. Almost no linkage with markets.
Zimbabwe					NA		No specific chains are identified. Trying to solve a specific sub-sector issue (input supply, insufficient access and availability of farmers to input) but no sector wide focus. One bottleneck identified in the area of plant production and targeted. The Limited product range for agro dealers and quantities for sale.
Tanzania							Intervention does not seem to be based on value chain analysis. Chains were selected during the implementation but there is no clear sub-sector perspective. Food processing is identified as an opportunity, but no market studies have been found, based on which chains were identified. There seems to be no clear beneficiary segmentation.
Burkina Faso							Value chain studies were finished halfway through programme implementation but not used. The programme focused on increase of production and processing capacity, not on linkages or market demand. Fails to identify/address the absence of capacity of (semi) government and private sector service providers to deliver training of beneficiaries. There is no segmentation among beneficiaries.

Based on the evaluation's assessment, the VCD interventions in the Neighbourhood countries in general score highest on their VCD approach. Essentially, the VCD interventions in these countries represent the most coherent VCD thinking. The VCD interventions in African countries like Uganda and Kenya, are also relatively well-developed from a VCD perspective, at least within some of the supported chains. These findings are well in line with the observations from Figure 4.1, where the supported chains from the above-mentioned countries are those located to the right in the continuum representing the highest level of VCD maturity.

On the other side of the spectrum is Burkina Faso. The Danida supported VCD interventions in Burkina Faso are scoring low on most of the five criteria applied. When looking at the vertical continuum (Figure 4.1), it is seen that the supported value chains in Burkina Faso are all located to the left i.e. with low VCD maturity. In this case, it would not have been appropriate to implement a pure VCD intervention given that the conditions in the country would not be supportive. Instead, elements from the VCD approach combined with elements from other approaches could be a more effective intervention model.

These findings underline the importance of the *country context dimension* when designing VCD interventions properly. Below is presented a further discussion of the various elements included in the scoring of the VCD approach.

Value chain analysis

Value chain analyses that should be the base for VCD interventions show very diverse quality across the countries. Besides, in some countries, there is a disconnect between findings of the value chain analysis and designing/implementing interventions. The evaluation found great variations in the quality of value chain analyses carried out. The most developed and well-defined value chain analyses have been done in relation to the relatively smaller and geographically delimited VCD interventions in the Neighbourhood countries. In the countries in Africa, the evaluation found a more mixed picture. E.g. in Uganda, the evaluation found that while for example the soy chain analysis was of high quality, there were other value chain analyses of poor quality. In Burkina Faso, value chain analyses were made, with recommendation of approaches to interventions, but they were not used.

One of the key weaknesses of the value chain analyses reviewed by the evaluation was a (too) strong focus on primary production and limited assessment of market potentials and required linkages of the different products.

A minimum set of requirements to value chain selection for intervention across the countries is missing. In some countries (e.g. Burkina Faso, Kenya and Uganda) specific lists of criteria were developed to facilitate chain selection. There are however great variations in the way these criteria are applied across the countries. While it is true that the context of the countries are quite different and should allow for flexibility in relation to chain selection, it would be useful and relatively easy to provide a set of minimum criteria to assist the Danish embassies on how to select the value chains to focus on, based on some of the existing guidelines in this area[13].

13 E.g. the GIZ Guidelines for value chain selection could serve as inspiration.

In the more recent VCD intervention phases, there has become an increasing focus on the market potentials of the selected chains as well as a tendency to decrease the number of chains supported in the VCD interventions. This is the case e.g. in Uganda and in Kenya. This has allowed for developing and implementation of more focussed VCD interventions over time.

Identification of sector-wide challenges
In general, the VCD interventions covered by this evaluation did not have a strong focus on sector/sub-sector wide challenges. The best examples are again from the Neighbourhood countries. The VCD interventions in Albania included a good cooperation and involvement of both government and private sector stakeholders to identify key challenges within the supported sub-sectors. In Serbia, the value chain analysis for southern Serbia revealed that one of main challenges for VCD was the lack of cold storage. This inhibited processors and exporters in moving large volume of berries for which there seemed to be a demand. By the matching fund financial instruments from the Fruit and Berries (F&B) Programme, storage capacity has now been substantially increased in the supported region.

The VCD interventions in Ukraine were boldly addressing the regulatory environment (bureaucracy) of the sector. The VCD interventions in Uganda and Kenya have also made some steps towards reacting to sector-wide challenges, mostly in the area of developing standards (Uganda), and supporting vegetable exporters in complying with EU regulations (Kenya and Uganda).

Product push vs. market-pull VCD strategy
In many countries, Danida VCD interventions have a strong product-push characteristic and not sufficient market-pull through downstream linkages. Despite the fact that the countries covered by this evaluation are facing different levels of market development and preparedness for VCD interventions (Figure 4.1), most of the Danida supported VCD interventions have included a major focus on "market push", focusing mainly on production, assuming that the market is/will be there, but failing to link with those markets. In Serbia, market opportunities were identified but the programme assumed that buyers would be lining up for the produce. The challenge for the producers in that case is not only to identify the buyers, but to develop long-term relationships along the value chains.

The evaluation noted that some development has taken place over time, where the more recently formulated VCD interventions (including newer phases) include a more explicit pull thinking. The recently developed new strategy[14] for aBi Trust in Uganda presents the best example of strategic thinking on how to link smallholders most effectively to buyers (lead firms).

Identification of bottlenecks and opportunities
To reflect on how well the bottlenecks and opportunities have been identified and acted upon, the evaluation used the wider value chain map from Figure 3.3.

14 Approved by the Board in late 2015.

Layer 1: Business environment
The evaluation found that the following factors were systematically influencing the effectiveness of the VCD interventions:

Governments creating an enabling environment: In many countries, regulations have not been supportive and the national government's readiness and capacity to facilitate the processes in the supported value chains has been low. The evaluation found that support to public-private dialogue and the enabling environment are topics that are less well covered in the Danida supported VCD interventions. These elements are nevertheless fundamental for improving the performance of the (sub)sectors.

Capacities of competent authorities: Even if governments manage to develop standards for food safety across the value chains, it remains an enormous challenge to enforce standards. This often leads to fake seed, fertilizer, chemicals, off grade or pesticide contaminated produce reaching the market, etc. hampering development of the subsector. In Uganda, aBi Trust has collaborated with the Uganda National Bureau of Standards to develop standards for different value chains. However, implementation, monitoring and enforcement of those standards remain a challenge hampering the development of the subsector.

Road networks and logistics: Lack of efficient transportation links and substandard roads decrease farmers' margins by increasing the cost of inputs and reducing their accessibility to their product market. The current state of the road networks in most of the countries evaluated is in dire straits (including some Neighbourhood countries) and a scaling-up of investment is needed to confront the problem. High transportation costs prevent price equalisation of traded agricultural commodities, which induces shortages in some regions and surpluses in others that are separated by short distances. In relation to road networks and logistics, it is questionable that some of the programme interventions are distributed over vast areas. VCD is much about more efficient access to markets and the road network and transport systems play a crucial role. The trade corridor thinking in Mozambique represented an interesting approach. There were similar intentions in Burkina Faso when the programme started, but in effect the programme was spread thin and wide.

Layer 2: Value chain actors
The VCD interventions in Ukraine, Serbia, Kenya and Uganda offered opportunity to participate in international study tours, sometimes visits to trade fairs which were good for eye opening and networking. However, often these opportunities did not lead to building of longer-term supplier-buyer relationships.

The need for "after-care" has not been sufficiently addressed in most of the VCD interventions. Support to companies has focused mainly on signing of the first deal with a customer, not on making sure that customers will sign subsequent deals. Experience shows that it may be a trajectory of two-three years before more solid trade relationships have developed.

Layer 3: Value chain service providers
While Danida has supported capacity strengthening of various types of value chain service providers through the VCD interventions, there are some areas that still present major challenges in the systems: the need to identify tailored financial products for

different segments of producers and processors; financially sustainable extension services; and market information systems.

Access to finance: Although financial components/sub-components are included as part of the Danida-supported VCD interventions, sufficient response to financial needs of beneficiaries is still a concern in most VCD interventions. As farmers' production develop to include more higher-value crops for sale on contract or other linked arrangements through tight value chains, their need for specialized financial tools increase. Access to finance should be coupled with ability to manage finance on farm and even family level.

Extension services: Poor public extension services is clearly a challenge in many of the countries where Danida VCD interventions have been operating (e.g. Burkina Faso, Uganda, Serbia and Ukraine). In some cases, the VCD interventions have therefore temporarily supported use of business service providers to compensate for the lack of public extension services (e.g. Ukraine and Serbia). In Kenya, the VCD interventions have particularly supported an association of business service providers. However, in general the evaluation did not find that the design and implementation of the VCD interventions has sufficiently reflected how the risk of poor public extension could be effectively mitigated in a financially sustainable manner.

Market information system[15]: With few exceptions, the evaluation did not come across strategic thinking on how Danida could support setting up financially viable market information systems serving different segments of chain actors or how it could improve on the existing ones in the countries with VCD interventions. One exemption was found in Uganda, where aBi financially supports a company providing market information services, among others, to the beneficiaries. The company providing market information is not yet financially sustainable; it still needs continuous injection of funding. Along with the price information should be included information on the requirements of the market at that point, for example in terms of volumes, or market analyses for different produces for the more entrepreneurial farmers.

Segmentation

Segmentation of beneficiating farming households has taken place only to a limited extent in the Danida supported VCD interventions. The evaluation came across only few attempts in the different VCD interventions to segment the beneficiating farming households (smallholders) strategically. Most often, the segments were either not identified properly, or not targeted with appropriate interventions. In connection with smallholders: three different segments can be differentiated: non-organised smallholders (subsistence farmers with little production for the market); commercial smallholders in loose value chains (significant cash crop production); and commercial smallholders in tight value chains (mainly or only market production).

The different smallholder segments require very different interventions in relation to their competencies, asset base and motivation. For example, the poorest farmers are not

15 The evaluation does want to acknowledge what has already been done: radio and TV programmes in Kenya, Ghana, MIS system in Uganda. While these efforts are definitely valuable, they are not financially sustainable, and do not address different smallholder segments with different packages of information. For some, price information is enough.

used to handle money as credit or loan schemes. Providing them with money does not necessarily solve their problems, it could make their problem even bigger.

4.2 Achievements

Below is presented the evaluation's assessment of main achievements from the Danida supported VCD interventions mainly within the five primary and secondary case countries. The section is divided into three different levels of achievements: The *impact level*, the *outcome level* (5Capitals) and the *output level*.

The impact level
This sub-section builds on survey data collected by the evaluation as well as existing impact and evaluation studies, validated through the evaluation process[16].

The impact assessments/surveys in Uganda, Serbia and Albania[17] all came to the conclusion that **significant impacts (employment, production, income) had been generated from two-three years of Danida supported VCD interventions.** Monitoring data from Kenya also indicate significant employment effects from these VCD interventions. In addition, statistical data from Serbia indicates that the F&B Programme support has contributed to a notable increase in export volumes for frozen and processed fruit, which are important products for the export sector in Serbia.

On the contrary, the independent "Evaluation Study" (2015) in Ghana and the evaluation's own impact assessment in Burkina Faso did not indicate any significant short-term effects in terms of employment, income and production from the Danida supported VCD. The farmers and their families continue to do the work themselves; there has been a slight increase in income which has been spent on the family, not on production. In Ukraine, income and production increased for a limited number of beneficiaries, while increase in employment was negligible because of mechanization.

The analysis of the survey data combined with information provided through the farmer FGDs and the key stakeholder interviews carried out provided further explanations to the different findings across countries. In most countries, **the mix of targeted technical, production-related training with grants or access to inputs had been an important factor.**

In those cases where employment effects were significant, it is notable that these effects are larger at the farming level that at the processing level. This is not surprising, however, since most VCD support has been focused at the production level. The exception is Albania where focus was more on addressing the processing bottlenecks. It is also notable that the employment effects are mainly in terms of (un)skilled labour in primary production. In Uganda, Kenya, Ukraine and Serbia, the producers and processors were aware of the possibilities for investing in equipment (e.g. for sorting) which could in the medium

16 Uganda: Impact Assessment of aBi Trust Interventions (2014); Serbia: The evaluation teams own comprehensive survey of 400 HHs; Ghana: Evaluation Study (2015), Ukraine: (Impact Study (2015); Albania: Promali Impact Survey Report (2013); Burkina Faso: The evaluation's own Impact Survey (FGDs).

17 It must be noted that the three studies have used different survey methodology.

term result in a cut back of the newly employed labour. In particular women, who have benefitted most from the employment generation, will be vulnerable to such cut-back in employment. Both farmers and processors tend to need technically skilled labour (pesticide sprayers, tractor and machine operators) rather than unskilled labour.

The target indicators in Serbia, Uganda, Kenya as well as in Central America (PREMACA) included annual employment targets. Although this reflects the high focus from Danida on employment generation it also runs the risk that employment numbers will be artificially "boosted" for some (short) time by unsustainable production increases. This even tends to become less labour-intensive when primary producers and processors start to reinvest their profit into new machinery and equipment, which may replace some of the unskilled labour. In this case, the employment generation may be done at the cost of the medium- to long-term impact.

In these cases where key targets (indicators) from VCD interventions have focused on short-term boosting of production, income and employment figures at the primary production level (push), there has been a tendency that strategic market development interventions (pull) has received less attention during programme implementation. This becomes even more the case when programme implementation gets delayed (which has often been the case) and the programme managers have to "deliver" even faster on the target indicators and there is no time to go the last mile (marketing).

In a few cases, impact has been achieved through work with government institutions. In Ukraine, the Facilitating Office invested in a report on the Regulatory Environment, which contributed to the regulatory reform process that started in 2015.

Spill-over/wider effects

The evaluation did not find evidence of larger wider impacts from the VCD interventions, in terms of spill-over to other chains or other VCD stakeholders than those supported by the interventions. There were a few examples, such as e.g. private input dealers in Serbia that had benefited from the significant higher activity level and production in the F&B sector.

The explanation for the limited spill-overs may be explained by the nature of the implemented VCD interventions. As discussed previously in this report, the Danida supported VCD interventions have only to a limited extent reflected sector-wide dimensions and focused on integration and synergies across the supported chains. Also, the option to use successful farmers and processors as venues for excursion and peer to peer exchange has not been explored in the programmes.

Spill-over effects in terms of farmer-to-farmer relations have taken place in relation to the study tours and training events organised by the programmes, mainly in relation to transfer of knowledge (e.g. on new production techniques). To a very small extent farmers started to let neighbouring farmers use their equipment (e.g. potato harvesters in Ukraine). The idea of sharing equipment has not been explicitly promoted in the programmes.

The Outcome (5Capitals) level

The sustainability of the above-mentioned increases in employment and production levels will largely depend on whether the foundation (the outcome level) for the medium to long-term development is being established through the VCD interventions (see also the ToC, Figure 3.2). As discussed in the methodology section, the evaluation finds that the “5Capitals” approach provides a useful analytical tool for this assessment, as it focuses on the asset base for farming households/SMEs.

The evaluation findings across the countries show that the Danida supported VCD interventions have contributed to important improvements in the asset bases of the beneficiaries, However, in most countries there are still critical issues to deal with before the asset bases become sufficiently robust to ensure future benefits for the beneficiaries from participation in VCD interventions. Below is presented the more detailed findings within each of the “5Capitals” asset categories.

Natural Capital
The evaluation findings show that the Danida supported VCD interventions have contributed in some cases to adoption of more environment friendly production techniques (e.g. in relation to farmers’ use of fertilizers and chemicals) which are favourable to the natural capital asset base. At the same time, the VCD interventions have not to any larger extent addressed the risk of soil degradation, soil erosion, and water scarcity from the activities supported.

Survey data from Uganda and Serbia showed high farmer adoption rates of new production techniques based on reduced use of fertilizer and chemicals. The farmer FGDs confirmed that potential cost and productivity incentives had encouraged farmers to adopt the new production techniques. According to the farmers, the training provided through the VCD interventions has contributed importantly to the adoption of the new techniques. In addition, in Serbia the farmers emphasized an increasing direct engagement by input dealers and buyers with the farmers to include more targeted advice on use of fertilizers and chemicals in a few cases (PREMACA and one value chain in Albania), the Danida interventions supported organic farming.

Despite the improved use of fertilizers and chemicals in some countries, the evaluation found that the Danida supported VCD interventions had at the same time contributed to a larger pressure on the natural resource base:

In Ukraine, some apple producers were overusing pesticides. They were, however, under pressure from the local supermarket chain, requiring Global GAP certification, to reduce its use.

From the farmer FGDs in Uganda it was found that farmers had been encouraged to include more land for their agricultural production. In many cases, the additional land area had been taken from forestry areas and trees have been cut down. This happened e.g. in relation to the production increases in the beans and horticulture (hot pepper) value chains. According to the farmers, massive cut down of trees in some areas had contributed to increased soil erosion.

In Burkina Faso, there were indications that the Danida supported VCD interventions had led to increased pressure on land, shorter fallow periods, land degradation around the villages where zero-grazing beef were kept. At the same time, the zero-grazed beef produced manure, which was highly valued as fertiliser in farming. Even when the fish smoking women provide nets with correct mesh size to their suppliers, there is a concern about overfishing. In Ghana, NGOs operating in the same region were concerned that the focus of contract ploughing and increased use of fertilisers and herbicides on a few crops would lead to land degradation. Practices like crop rotation, use of animal manure or conservation farming were basically ignored.

In the south of Serbia, the large F&B production increases over a relatively short time period have led to scarcity of water. In the farmer FGDs this issue was raised as a big concern among the farmers. Some farmers have applied and obtained funding for irrigation systems through the F&B matching grant scheme. On the other hand, the F&B Programme considered investments in drilling of boreholes to be part of public infrastructure investments and thus not their responsibility.

It is evident from the VCD programme documents that these effects on the natural resource capital have not been fully captured in the design, or monitoring of the VCD interventions. None of the evaluated programmes had a clear strategy on how to deal with these challenges to the natural capital base, even when there is heavy government involvement (e.g. Burkina Faso and Serbia) in the interventions.

In addition, in the farmer FGDs in Uganda, Serbia and Burkina Faso, it was emphasised that the above-mentioned challenges to the natural resource capital base were further exacerbated by climate changes. Changes in rain patterns, rain intensity, drought and more extreme temperatures were critical factors in all VCD countries.

Human Capital

The evaluation findings show that the Danida supported VCD interventions have contributed to improvements in the human capacity asset base, mainly in terms of improved technical agricultural production skills and food security within poor farming households. However, limited improvements have been made in the asset base to ensure resilience in the medium- to longer-term perspective.

Food security has been an issue in the VCD interventions in Africa only. The farmer FGDs showed that progress had been made among beneficiary farming households. They experienced less food shortage after the VCD support than they did before. This was in particular the case in Kenya and Uganda and to some extent also in Burkina Faso. The adversaries of weather were considered the greatest threat to food security.

Survey data from both Uganda and Serbia show high adoption rates of new technical agricultural practices, promoted through the Danida supported VCD interventions. The effects and perceived usefulness of training activities depended largely on the immediate ability for the farmers to apply their skills in practice. This finding is a reflection of the more explicit focus on support to production than on marketing in the design of the VCD supported interventions. In Serbia, the data also showed that the effect from the technical training was positively correlated with provision of grants for buying of equipment. The farmer FGDs in Uganda and Serbia revealed that training in holistic farm and business management [18]would be needed for improved resilience.

18 Through the VCD support, farmers have been supported within generally 1-2 kinds of produce. However, some of the farmers are eager to move beyond being dependent on 1-2 value chains, and want to have a portfolio of produce that could go to market, as a risk mitigation strategy. They require training on how to run the entire farm as a business, not just 1-2 crops.

The evaluation findings also showed that low capacity of the selected Implementing Partners has seriously limited the possibility to improve the human capital asset base among the farmers. In Uganda, a number of new, supported Implementing Partners (Farmer Organisations and SMEs) did not deliver the expected capacity building of the beneficiaries. Due to the relative large number of Implementing Partners involved, is was not possible for the aBi Trust Office to monitor the partners very closely, and low capacity of some Implementing Partners was therefore only detected after several months of operations[19].

In both Burkina Faso and Serbia, the government institutions did not deliver the training and advisory services they were supposed to deliver. In Serbia, the F&B Programme contracted instead a network of local consultants and seconded staff to take over the advisory role from the public institutions and to support the handling of the grant scheme. The involvement and hands-on training of staff from the Directorate for Agrarian Payments was emphasised by government partners as a very important learning and good preparation for the EU grant management. In Burkina Faso, farmer and processor visits were subcontracted to private and semi-public service providers. However, most beneficiary farmers did not recall any visits from these service providers.

Social Capital
The evaluation findings show that the Danida supported VCD interventions only to a limited extent have contributed to improvements in the social capital asset base for the value chain key players, both in terms of vertical and horizontal linkages.

Support has been provided through the VCD interventions for establishing of solid foundations for horizontal and vertical linkages in the value chains. This support has aimed at ensuring mutual benefits and improved relationships among the value chain players.

At the *horizontal integration* level, the support to establishing and strengthening of cooperatives and farmer associations has not been effective from a VCD perspective. In Uganda this support has been a continuation of support provided through former agricultural sector programme support funded by Danida. From the FGDs, the evaluation found that many of the supported farmer groups and cooperatives were lacking managerial skills and entrepreneurial attitude, and there is little in place to generate this among the members. The cooperatives are still highly dependent on donor support. Many groups are not well-functioning, including those on the saving schemes. In Ghana, the programme worked with more than 600 Farmer Based Organisations mainly on input provision and training in GAP. The “Evaluation Study” (2015) from Ghana states that only one FBO (out of the 32 sampled) managed to bulk one container of product to market directly to a processor/packer.

At the *vertical integration* level**,** the linking of local producers and processors to export markets has been most effective in the case of Central America (PREMACA). In the other countries, linkages to export markets have mainly been established by individuals, entrepreneurs, taking opportunities from e.g. trade fairs, study tours or even by internet

19 This limitation has been acknowledged in aBi’s new strategy, which now focuses on fewer, but larger Implementing Partners.

browsing. The main reason for this is the design of the VCD interventions: none of the VCD interventions with an export promotion focus[20] (mainly Serbia, Uganda, Kenya and Tanzania) have had a strategic approach to identify and approach market brokers (often larger national or international private companies) that could be linked more directly to the producers to guide on production requirements and market opportunities (building on mutual incentives). In Uganda, the evaluation came across a few good examples of this kind of cooperation from the coffee sector and PREMACA also provides interesting experiences with this type of approach. Quality concerns and certification often instigate such cooperation. In Serbia and Ukraine, fruit and vegetable producers are now able to market directly to for example supermarkets.

In Ukraine, the fruit and vegetable platform, located at the oblast capital, where suppliers and buyers meet, and all kinds of meetings and trainings were held, was instrumental in initiating relationships, (sub)sector wide. This was a good way for building capacity and relations, particularly for this (sub)sector. Such platforms at central market places were not seen in other countries.

In the fruit and vegetable chains in Kenya, Albania, Serbia and Ukraine, the information from the survey data, farmer FGDs and key stakeholder interviews showed that the Danida supported VCD interventions had contributed to building more trust in the relationships between buyers and sellers in the supported value chains. However, with the exception of Ukraine and in cases of certification, the evaluation did not find that the bargaining power among small farmers (getting better prices and deals, and more security for markets for their products) had increased. The basic commercial relationship between buyers and sellers and the mechanisms for buying/selling of the products had not changed radically within most Danida supported VCD countries. Small farmers are still to a large extent selling their production to local collectors (payment on receipt) and their price bargaining position has not changed. The limited capacity for cold storage and processing within most VCD countries are also affecting the farmers' bargaining position.

In Serbia, and initially Ukraine, the establishment of farmer cooperatives was a major element in the design of the VCD interventions to strengthen horizontal linkages among the farmers to allow vertical integration in the value chains. Despite strong and continuous efforts from the F&B Programme Office in Serbia, it was, however, difficult to convince producers of the benefits from group formation and associations. The FGDs revealed that this resistance was based on a high level of mistrust and individualistic behaviour, partly based on the historical context, together with lack of support from the Government of Serbia to establishing of cooperatives.

The top-down cooperative approach must therefore be considered a design failure in these interventions. In Serbia it took long for the programme implementers to realise that they would possibly not succeed with the cooperative model. Other models for organising/associating farmers were not explored, despite the fact that farmers in these countries agree that collective actions are highly needed to be able to progress and access markets in the future. Getting farmers into cooperatives is not the only way of organising farmers for the market.

20 In the VCD interventions in Burkina Faso, Ghana, Ukraine, Zimbabwe and Mozambique export was not an issue, and in Albania only for one of the three supported VCs.

The evaluation did not find cases where any groups (ethnics, minorities etc.) had been socially excluded on purpose from participating in the VCD interventions. However, in those cases where the grant approach was based on co-financing this may have excluded some farming households/SMEs from participation. On the contrary, the absence of a literacy requirement led in Burkina Faso to the inclusion of many beneficiaries that did not have the skills to manage their business. In Serbia, the evaluation found that despite particular strong attempts from the F&B Programme Office, it had not been possible to include ethnic Albanians into the grant scheme. In this case the reason was resistance among the ethnic Albanians to become registered in the Serbian governmental system.

Physical Capital

The evaluation findings show that the Danida supported VCD interventions have contributed to important improvements in the physical capital asset base for VCD. However, lack of sufficient and proper equipment for storage and processing keep being a key obstacle for development of the value chains within most of the VCD countries.

In VCD countries like Serbia, Ukraine, Albania and Burkina Faso the VCD interventions have contributed to an improved physical capital stock at the farming household/SME level.

According to the farmer FGDs in Serbia, the F&B Programme has contributed significantly to a substantial improvement in capacities of the processing facilities, especially cold storages, since 2012. The initial value chain analysis carried out by the F&B Programme clearly identified lack of cold storage as a key bottleneck in the sector, and the programme was geared to find a solution to that challenge. Processors in the south of Serbia estimated that through the support from the F&B Programme the capacities for F&B production and processing have increased by 20-30% in terms of plantation expansion, new equipment and machinery, cold storage and drying facilities. The overall impression of the FGD participants was that this particularly type of support had been very important for the VCD and provided a good foundation for further development of the sector in the region. Adequate storage and processing capacities are crucial for maintaining the value in the F&B value chains, in particular for the export market where Serbia is an important player.

In both Serbia and Burkina Faso, farming households/SMEs applied for grants to finance production and to some extent processing related equipment. In Serbia, the equipment has been supplemented by technical training, in Burkina Faso not. As mentioned above ("Human Capital") the mix of these two elements has been an effective means to generate short-term increases in production levels.

Despite the above-mentioned improvements in the physical capital stock, the boost in production levels has increased the pressure on already scarce storage and processing capacities in many countries. Most of the Danida supported VCD interventions have not sufficiently addressed this demand during the planning and design stage[21]. Insufficient capacities for storage and processing remain therefore as a key bottleneck within most

21 Exceptions are Serbia, Ukraine and Albania, where the main intervention was in the step of storage and processing.

of the countries. A simple increase of production without organised offtake may lead to once more lower prices at the time of harvesting, and higher losses during 'storage'.

The majority of the poor farmers cannot invest in storage facilities as an individual entity. In some isolated cases in Uganda, cooperatives have managed to invest in common storage facilities, which have helped them to obtain better prices for their production. In Serbia, where the cooperative model has not worked, the larger storage and processing companies in the districts/regions are buying the production directly from the farmers. In Burkina Faso, cowpea farmers were provided with triple layer bags. This was successful but farmers did not have enough space to store the bags and the programme did not fund small storages.

In both Uganda and Serbia, the evaluation found that the continued pressure on storage and processing capacity had shifted the VCD intervention focus from support to SMEs towards support to larger companies who have the transport and storage capacity to take off the produce. This approach may help to increase the physical capital asset base. To take opportunity of the large companies potentials in the value chains, this may require that the VCD interventions work with these large companies not just for single investments but more fundamentally and for a longer period, to establish linkages and mutual incentives and opportunities towards the farming households/SMEs. This is to some extent happening in Serbia, where some of the same companies have received financial support in successive Call for Applications. Such type of differentiated support will reflect that different players in the value chain require different kind of attention to develop the capacities and opportunities for the (sub)sector as a whole.

Financial Capital

The evaluation findings show that the Danida supported VCD interventions have contributed to an improved financial capital asset base for targeted farming households and SMEs in the short term, mainly through provision of grants and loans and through increased income from production sale. However, the medium- to long-term foundation for further developing this asset base has not been established yet.

In general, it has been a challenge to "break through" the walls (build of unfamiliarity, track records, mistrust and high risk related to agricultural interventions) between financial service providers and small agricultural producers/SMEs. Alternative relationship "models" for provision of financial services to these segments in the chains, building more fundamentally on trust, opportunities and common incentives, may need to be considered for the future. For example in Ghana, a non-traditional rural bank, Sinapi Aba, is providing agri-lending to farmers. In Ukraine, a more farmer oriented cooperative union is active among the traditional banks and provides finance to larger companies.

The evaluation findings indicated that despite the financial support provided to beneficiary farmers/SMEs as part of the VCD interventions, many of the beneficiaries would have difficulties maintaining their improved financial capital asset base in the medium to long-term perspective.

Regressive financial support seemed to be successful with SMEs in Kenya. Interested SMEs could secure financial support from MESPT for GAP certification: For initial certification 100% financing was offered by MESPT. In year two that changed to cost sharing: 75% MESPT – 25% company financing. In year three, cost sharing was 50%

MESPT – 50% SMEs. In addition, SMEs could receive regressive financing for providing technical assistance to farmers. Through the support of MESPT, SMEs managed to get energy consultants to look at their operations, and propose ways of improvement. SMEs followed up on those recommendations with support from MESPT (cost sharing). This has helped to bring overall energy costs down while at the same time enabling SMEs to become more environmentally conscious in their operations. One of the key success factors for export horticulture is the presence of cold chains. By installing cold storage with MESPT financing, SMEs could reduce waste and preserve the quality of produce.

Access to financial capital therefore also remains a critical issue for the agribusiness sector not only for the smaller producers and processors but also for larger business operators to expand their businesses to create demand for the produce of smaller farmers and SME's (see also section on "Physical Capital" above). Besides, aBi in Uganda (through aBi Finance), none of the supported VCD interventions have had the resources and capacity to effectively deal with the situation of these large companies. aBi did not during Phase 1 (2010-2013) work explicitly with this segment of larger companies, but has in Phase 2 moved more into this area. Other donors like USAid, DfID and GIZ already for a long time use strong economic players to create demand for smallholder produce as an engine for growth.

The Output level

The output indicators in the programme documents have a strong focus on tangible numbers, which are generally easier to report on than quality indicators and perceptions. The typical target indicators for the Danida supported VCD interventions include "number of people trained", "number of grants approved", "number of training events/ study tours organised" etc.. The VCD interventions in Kenya, Ukraine and Central America are exceptions from this, as they do also include relatively well-defined target indicators for market development elements.

Table 4.1 presents the level of achievements of output targets in the five primary and secondary case countries. The evaluation has used the "best available" data source for these assessments combined with own data collection.

Table 4.1: Level of achievements – Output level

Country	Level of target achievements	Main document source (report) used
Burkina Faso	Less Satisfactory	PCR 2014
Serbia	Satisfactory	Semi-Annual Report (January-June) 2015
Ukraine	Satisfactory	PCR 2015
Uganda	Satisfactory	Annual Report 2014
Kenya	Satisfactory	Annual Report 2014

It is not surprising that output level targets are achieved at a "satisfactory" level for most of the interventions, since a number of the initial output indicators have been revised during the implementation period to better "fit" the reality of the interventions. The satisfaction rates above are based on the target indicators used at the time of reporting, which may not necessarily be identical to the target indicators from the original programme documents.

From a VCD perspective the *choice* of output indicators is more important than the target values, since this will determine the focus of the implementation process. For instance, in cases where output indicators have a focus on production-oriented targets, the risk is that more qualitatively market development aspects receive less attention during implementation. A good example of this is the case of Serbia. The programme design has a very clear VCD perspective and focus, with a good balance between production issues and market development aspects. An initial delay in the implementation of the grant scheme affected however the grant approval targets (and disbursement figures) during the first years of programme implementation. When the grant scheme finally came up running, main attention came on approval of a sufficient large number of grants to catch up with the grant approval (and disbursement) targets. This was to some extent done at the cost of market development aspects.

It is important to note that the accuracy of the data collected for progress reporting often suffers from lack of accuracy and quality. For instance, in Uganda it is the responsibility of the implementing partners to report back to aBi Trust on output indicators. The experience shows that many of the partners do simply not have the capacity to make this reporting in a qualified way or they tend to over report to satisfy expectations from the programme management.

4.3 Engagement of the public sector

The main role of the public sector in VCD interventions is to create the enabling environment in which the private sector can function. This includes the regulatory framework, policy-making, taxation and infrastructure like roads, energy and water. The public sector also provides different services like extension, approval of pesticides, quality control, land registration, permits and licenses, laboratories, research and seed supply.

While some of the Danida supported VCD interventions have worked closely with national government institutions and its services, other interventions have had very limited public sector involvement. Table 4.2 below is made after reviewing the VCD component documentation.

Table 4.2. Government/ministries/services engagement in the VCD component[22].

Country	Policy making	Policy implementation	Program implementation	Public-Private dialogue	Extension service
Albania	X			X	
Burkina Faso		XXX	XXX		XXX
Central America		X			
Ghana		X			XX (originally)
Kenya			X		XX
Mozambique		XX	XX		
Serbia			XX		XX (originally)
Tanzania				X	
Uganda	X	X	X		
Ukraine	X			X	
Zimbabwe			X		

X = limited - XXX = high

The evaluation findings show that when national governments have played a key role in relation to the implementation of the VCD interventions, this has often created inefficiencies. Frequent reorganisations and changes in directions within government institutions, combined with low capacities and disincentives, have not been optimal conditions to support building of trust and business development in the supported value chains.

The implementation of a decentralisation process of the Ministry of Agriculture in Burkina Faso and reorganisations within the Ministry of Agriculture in Serbia took place at the same time as they were to support implementation of the VCD interventions. In both countries, this caused serious delays and shortcomings in the implementation,

22 Explanation to the table:
- Policy making: there is an activity within the VCD component of the program engaging with local, mainly central government to develop VCD enabling agriculture, private sector or rural development policies.
- Policy implementation: the VCD component is intentionally formulated to implement government policy. It may include that the component uses indicators from government policy.
- Program implementation: the Ministry of Agriculture, or a subunit under its authority, implements the program. Trust funds in which Ministry of Agriculture has a say are included.
- PP dialogue: there is an activity to analyse bottlenecks in the enabling environment and to discuss these with authorities to improve the sector wide enabling environment.
- Extension service: the training of component target group was done by MinAgri extension staff.

partly due to insufficient capacity within key governmental institutions to implement the VCD activities as planned.

In Serbia, the F&B Programme contracted local consultants and seconded staff to compensate for insufficient staff resources within key public sector institutions. Although this contributed to increased effectiveness, it also questions the sustainability of the interventions. The data collected by the evaluation through the survey in Serbia confirmed a large mistrust among farmers and SMEs to government, its institutions and agricultural policy.

The findings from Serbia also showed, however, that through perseverance, the F&B Programme gradually achieved to increase the involvement of the Ministry of Agriculture in planning and implementation of F&B Programme activities and to build up key capacities within governmental institutions. In particular, the Directorate for Agrarian Payment has been through a valuable learning process before its future handling of the European Commissions' Instrument for Pre-Accession Assistance in Rural Development grants.

The farmer FGDs in Burkina Faso revealed a frustration among the farmers that they had not received training as planned and required to make their investment work. There were no indications that this relationship did improve during the implementation period.

The farmer FGDs in Uganda, Serbia and Burkina Faso underlined that the level and quality of public extension services is very low and that only limited improvements have taken place during the period of VCD interventions. In Uganda, district farmer organisations have been provided with inputs and training from aBi to compensate a weak and insufficient national extension system. In Burkina Faso, the extension workers did not provide the training to grant holders (farmers) as planned. The Evaluation Study (2015) from Ghana pointed to similar challenges. In Ghana, the Ministry of Agriculture was expected to provide extension services to producer organisations; however, this did not materialise due to lack of staff and resources (e.g. for transport) and the programme had to look for other ways to deliver information to the farmers, like radio messaging, which was successful.

It was mainly in Kenya that the evaluation found that the role and performance of local government offices was appreciated by other VCD actors. In Kenya, the MESPT involved local government offices to provide extension service, mobilize farmers, collect data etc. Local government officers have been eager to collaborate with MESPT, although they have limited resources like in most other countries. Also in Albania, it was found to be easier to build relations and subsequently trust and cooperation with local governments than with central government agencies, partly since the programme was working outside the government systems on a few value chains in selected parts of the country.

Despite the serious challenges with public extension systems across the VCD countries, there has been limited consideration of (piloting) new, alternative extension models through the Danida supported VCD interventions. The use of private sector experts/local consultants was successful in Serbia, Ukraine and Albania in the short term but its sustainability is questioned.

In several of the VCD countries, the Danida supported VCD interventions are hampered by insufficient policy frameworks. In Serbia, the new law on cooperatives has for several years waited for approval. Strong efforts by the F&B Programme to encourage establishing of farmer cooperatives have suffered from this. In Uganda, aBi has supported development of standards through the Uganda National Bureau of Standards. However, even when standards have been introduced, the government inspection services are too weak to enforce them.

The VCD intervention implemented with the least involvement from government institutions was the PREMACA programme in Central America (Nicaragua and Honduras). The design of PREMACA was in support of national policies in the two countries and coordination sought with government programmes (e.g. the "National Competitiveness Programme" and the "Centre for Clean Production"). However, PREMACA is implemented by the private sector actors themselves and the Ministry of Environment and Natural Resources is the only state body participating as observer in the Comité Directivo. Also the VCD interventions in Ukraine were implemented successfully with little government involvement.

4.4 Comparison of VCD implementation costs across countries

Table 4.3 provides an overview of the implementation costs of Danida supported VCD interventions. This cost assessment uses a broad definition of "implementation costs"[23], including costs for long-term and short-term TA, support staff salary, management fees, operational costs, costs for review, audits and M&E, office rent and expenditures for office equipment.

The information used for these cost calculations has been extracted from programme budgets that are not uniform across the VCD interventions. This means that the cost calculations do not necessarily include similar cost items for all VCD interventions, although the evaluation has endeavoured to make the calculations as comparable as possible.

23 It has not been possible for the evaluation team to undertake a more detailed break-down of these budgets for comparison purpose.

Table 4.3: VCD implementation costs

	Total VCD component budget (million DKK)	Implementation costs (million DKK)	Implementation costs (% of total VCD component budget)
Albania[24]	37.25	13.5	36%
Serbia[25]	40	9.8	25%
Ukraine[26]	25.8	8.8	34%
Uganda[27]	38.75[28]	14.1	36%
Kenya[29]	125	42	34%
Burkina Faso[30]	179.6	49	27%
Mozambique[31]	74.3	23.2	31%

As seen from the table, the implementation costs range from 25% (Serbia) up to 36% (Albania and Uganda) across the different VCD interventions. In the African countries, the implementation costs range between 27% and 36% and in the Neighbourhood countries, the costs range between 25% and 36%.

It is not possible from these implementation cost calculations to draw any firm conclusions. The cost calculations do not e.g. support a hypothesis that the relatively smaller VCD interventions in the Neighbourhood region would have relative higher implementation costs compared to larger VCD interventions (components of larger programmes) in African countries. One observation of interest to note is that the VCD interventions with the largest involvement from government institutions (Burkina Faso and Serbia) are also those with the relatively lowest implementation costs.

In view of this, it is important to emphasise that the implementation cost calculations do allow only for *an indicative comparison of implementation costs across VCD interventions* as well as for an *indication of the implementation cost level/range* for these types of programme activities.

24 Budget including DKK 7.25 million from SNV. Costs include seconded SNV staff, support staff, costs for programme administration and reporting.
25 Include long-term TA, office staff, equipment and supply, reviews.
26 Include TA from a consultancy firm.
27 Include long and short-term TA and relative share of costs for office staff, rental, equipment.
28 VCD Sub-Component.
29 Include long-term TA, management fee, support staff, operational costs, travel, rental.
30 Include long-term TA, costs for regional and local administrative support, relative part of overall programme cost for reviews, audits, DK embassy liaison unit.
31 Include operational costs.

4.5 Result orientation, risk mitigation and flexibility

Result-orientation

There is in general a strong result-orientation in the Danida VCD supported interventions. However, focus is more on short-term results than on indicators important for the medium- to long-term impact of the supported interventions. VCD interventions should have a medium- to long-term development perspective. Reference should here be made to the Guidelines to the DCED Standard for Results Measurement which specifies eight elements of a successful results measurement system, including "Defining Indicators of Change" and "Capturing Wider Change in the System or Market"[32], which are of particular relevance to VCD result orientation. This further links to the need and usefulness of having well-developed ToCs in place for the VCD interventions[33].

Risk mitigation

As a tool for better project management (and better VCD), risk management is not really used in the VCD interventions. Relevant risks to programme implementation might be identified and analysed in the programme documents and reported on in the annual reports. However, effective risk management has rarely been identified in relation to the VCD interventions.

Another risk issue is related to the VCD interventions willingness to take risks and pilot innovative and structural investments/activities that could have strategic importance for other key players in the chains. This risk taking willingness has been low. The Danida VCD interventions tend to stay within the "comfort zone" of traditional development work ("increase of production of X"). Likewise, at the farming level, a holistic approach to farm and risk management has not been developed to support the farmers in spreading their risks over more than one single (supported) commodity.

Flexibility

Compared to support from other development partners, the national key stakeholders in the partner countries find that Danida's support to VCD interventions has been relatively flexible. It has been possible to modify the planned interventions, in accordance to changes in external circumstances or changed priorities. Due to a strong market dimension, value chain interventions are particularly dependent on flexibility in the implementation design to become effective.

At the same time, the evaluation finds that in some cases the evaluated VCD interventions would have benefitted from faster decision-making and adjustments to the approach. This was the case e.g. in Serbia, where alternatives to the cooperative thinking could have been introduced long time ago. Significant delays to get the Access to Finance components of the ground in Ukraine could also have called for faster decisions to redirect this funding to other activities.

32 The other six elements are: 1) Articulating the Results Chain; 3) Measuring Changes in Indicators; 4) Estimating Attributable Changes; 6) Tracking Programme Costs; 7) Reporting Results; and 8) Managing the System for Results Measurement.

33 It has not been a requirement by Danida to develop ToCs for the VCD interventions covered by this evaluation.

4.6 Green Growth and Human Rights Based Approach

It is important to remember that the VCD interventions covered by this evaluation were all formulated between 2005 and 2009. Danida's strategies about Green Growth and Human Rights Based Approaches (HBRA) only came out after the VCD interventions had been approved.

All the evaluated VCD interventions have elements of Green Growth and a Human Rights Based Approach, often as obligatory crosscutting themes, like environment, gender or employment. There is an awareness of the general Green Growth and Human Rights Based Approch themes. Value chains have a variety of environmental and social consequences, both possible and negative, which are not all always easy to predict.

Green Growth
The evaluation findings showed large potentials for more strategic Green Growth thinking in the Danida supported VCD interventions. Implementation of *energy efficiency measures and use of renewable energy* has not been a strategic focus in any of the VCD interventions, and only implemented in a few cases as part of the VCD interventions (mainly in Kenya). The focus on expanding storage and processing facilities in most of the VCD programmes makes the energy issue even more critical. In Kenya, the evaluation interviewed owners of warehouses (SMEs) where energy audits had been undertaken for processes like lighting, cold storage, etc. The audits provided recommendations on how the pack houses could save money, while not having a negative impact on the operations. The SMEs were eager to implement the recommendations (e.g. change bulbs, find better tariffs, adjust size of cold room, etc.) as this would result in lowering of their expenses. However, most of these measures would require an initial investment that would require access to finance.

The evaluation came across similar findings in Uganda, where aBi is already applying green growth thinking to some extent in its current practice: promotion of good agricultural practices and climate smart agriculture (shade trees, soil management and proper waste disposal, some environment friendly technologies e.g. coffee eco-pulpers, electricity saving and waste heat recovery systems). It is recognised that more work is needed in this area: more options for green approaches and technologies that optimise resource usage and reduce negative environmental impacts while helping to improve incomes and business performance need to be identified and supported. This would require more integrated thinking around business development, advisory service and innovative, tailor-made financial instruments (like e.g. in Kenya). In Serbia, the evaluation found that processors who wanted to invest in renewable energy sources (e.g. solar panels) would have to go through a bureaucratic process to obtain an approval from the government. This constituted an important barrier for the processors for investments into renewable energy.

In relation to the energy discussion, the whole issue of *the transport sector* (e.g. logistics) and how to contribute to more efficient transport systems as part of the VCD interventions also seems to be a particular important topic in all countries. The evaluation did not come across any attempts in the Danida supported VCD interventions to work strategically with transport sector greening e.g. through partnerships with other programmes/institutions supporting this area.

PREMACA in Central America provides the best example of a VCD intervention that has included Green Growth elements with focus on *certified products*, mostly organic, which could be seen as a top People-Planet-Profit type of value chains. These value chains have been worth developing because there has been a growing market with attractive prices, and because there were enough lead firms/exporters who were organised in a sector organisation, eager to take on this market development. It should also be noted that PREMACA was implemented as part of a Regional Environmental Programme, and this has provided a different context compared to e.g. the VCD interventions in Africa, which mostly have been developed from former agricultural sector programme support. PREMACA has successfully supported value chains that involved groups of disadvantaged citizens, for example indigenous peoples living in forests, who could now for example profitably harvest certified nuts.

In Kenya, the evaluation also found emerging elements of Green Growth thinking in relation to certification. Interviewed vegetable farmers reported less use of chemicals as a result of quality improvements and training programmes leading to Global GAP certification. The farmers only buy chemicals that are approved, and use them in the right manner, so that the environment is not polluted and their health is not adversely affected. Empty pesticide containers are recycled.

Human Rights Based Approach

The evaluation findings showed that mainly gender and women concerns had been addressed as human rights elements in the Danida supported VCD interventions. In the VCD interventions evaluated, the Human Rights Based Approach is limited to mainly gender equality and empowerment. Not all programmes had a specific gender strategy and none of the programmes had a specific youth engagement strategy. The VCD interventions have only paid little attention to education, working conditions, health and equal pay.

In Uganda, "Farming as a Family Business"[34] within the "Gender for Growth (G4G)" component was one of the most important and successful elements of these interventions and an upscaling of this concept could potentially lead to more equal distribution of responsibilities between men and women in commercial farm management within the supported chains.

In Ghana, the Danida VCD interventions originally featured three male dominated crops: maize, rice and soy. Very few women participated. It was only when the fourth, a female dominated crop was added that the programme reached the rural women. Female participation quickly rose to 39%.

In Burkina Faso there was a certain preference to involve women, in particular women groups for processing. This approach was successful in engaging a high number of women. Fish smoking is a women group activity. Better equipment did not only result in healthier working conditions and lower cost of firewood, it doubled or tripled their income. In one FGD, the women said that now they could pay the children helping them. Elsewhere, in the villages, beneficiaries stated that they could manage to do all

34 "Farming as a Family Business" focuses on improving outcomes at the farm in the value chains through more equal distribution of gender roles and responsibilities in farm management and through customizing GAP.

work with family labour. That included children, outside school hours. They were not likely to be paid.

In Ukraine, women were doing the bookkeeping. As financial management is weak, they played a critical role in sustaining the businesses they worked for. The programme organised the AgroLady course for women managers in agri-enterprises. This gave the participating women a boost in self-confidence and a lot of positive image of women working in agriculture. Different value chain actors complained about the difficulty of finding skilled, motivated labour or staff in the countryside.

In Serbia, women and youth were identified as beneficiaries and needed to have extra attention of the programme. In reality, this approach boiled down to putting the name of the wife on the application as beneficiary to ensure positive evaluation of the submitted proposals.

In Kenya, there is also a clear gender component in the VCD. The interviewed beneficiaries indicated that there is substantial change in the position of women receiving MESPT support. Their lifestyle has completely changed: they have managed to improve their diet and that of the family and they never go hungry. They dress better than before. Some of the women mentioned that they invested part of their income in buying goats, sheep or cows. They considered this a very good opportunity to spread risks across different produce. Women also felt more empowered as they can run their own farm, harvest their own produce, sell harvest themselves, and keep the money.

5 Conclusions and Recommendations

5.1 Conclusions

The evaluation findings have been used to formulate the following **main conclusions**:

Main Conclusion 1: Danida has been using a large variety of VCD approaches and elements in its support to VCD interventions across countries and regions. **A flexible approach to VCD development has been relevant and useful** given the rather different contexts and stages of market development within the supported countries. However, the supported interventions are only to a limited extent based on proper VCD analysis. In particular, in the past **the Danida supported VCD interventions have tended to be too production-oriented even in countries, where a more explicit focus on market mechanisms and sector-wide development issues would have been preferable from a VCD perspective**. More recently formulated Danida VCD interventions are to a larger extent taking these perspectives into consideration.

Main Conclusion 2: Based on the established target indicators for the main beneficiary groups (farming households/SMEs), the **effectiveness of the Danida supported VCD interventions has in general been high.** Tailor-made packages of technical assistance combined with access to finance proved to be effective means of support to targeted farming households and SME's in order to raise production levels, income and employment significantly within two-three year periods. This has happened, despite the fact that the supported VCD interventions have only to a limited extent focused on strategic development of marketing and markets for the production increases, which indicates that there have been "low hanging fruits" in terms of an immediate demand and buyers available for the produce.

Main Conclusion 3: In general, **the evaluation does not find that the supported VCD interventions have provided the foundation for a sustainable and more widespread medium- to long-term growth and sector development in relation to the supported chains.** In most of the targeted value chains, a number of important obstacles and challenges still need to be addressed, in particular at the sector/sub-sector levels. In some cases, the time horizon for the VCD interventions has been too short to expect any fundamental systemic changes, in other cases the design of the VCD interventions has been too focused on short-term production issues (push) without a clear strategic approach to address structural and systemic issues at the sector/sub-sector level.

The following **specific conclusions** have been formulated based on the evaluation findings:

Specific Conclusion 1 (on design of VCD approach and interventions):
Value Chain Analysis: Value chain or market access analyses that should be the base for VCD interventions show very diverse quality across the countries. There is a disconnect between findings of value chain analysis and designing/implementing interventions in some countries. A set of minimum criteria to value chain selection for intervention across the countries is missing which lead to "re-inventing of the wheel", e.g. when it comes to procedures for value chain selection.

Sector-wide issues: Some of the Danida supported VC interventions include elements that go beyond the value chains to the sector level, laying the foundation for achieving more systemic changes of benefit for the wider chain. However, **most VCD interventions do not present a strategic approach to address sector-wide issues or have sector-wide impact** (except for the new strategy for aBi trust in Uganda and, to some extent, some export value chains in Kenya and Serbia).

Segmentation (of farmers/SMEs): **Segmentation of beneficiary farmers/SMEs has taken place only to a limited degree and only in some of the VCD interventions**. In none of the Danida supported VCD interventions is segmentation/prioritisation of farming households/SMEs done to distinguish between incentives for commercial farmers and subsistence farmers. Likewise, there have been few attempts to diversify/adapt VCD approaches and strategies accordingly. The evaluation findings clearly show very different incentives, motivations and entrepreneurial attitude among farmers to join the value chain processes. This would call for more focus on segmentation issues.

Specific Conclusion 2 (M&E): While the Danida supported VCD interventions in general have included a strong short-term result-orientation, this has not been the case for the medium- to longer-term perspective. This aspect is of particular relevance to VCD interventions, which usually need to be considered from a medium to long-term development perspective. In addition to this, none of the VCD interventions discusses and quantifies **poverty levels** and to what extent the VCDs could be expected to contribute to poverty alleviation even when that is usually the overall objective of the programme.

Specific Conclusion 3 (public sector): The involvement of ministries and public sector institutions in the VCD interventions has often created inefficiencies in implementation.

The evaluation findings showed that in most of the Danida supported VCD interventions it was difficult for public sector institutions to interact and work constructively with value chain actors (farmers, processors, NGOs; the private sector as such). Ministries and public institutions have had issues with performance due to lack of capacities and/or reorganisations. Alternative and innovative models for extension systems to supplement the government extension systems (e.g. models building on mutual incentives among farmers and input suppliers/buyers in the chains) have not yet been tested in a systematic way as part of the VCD interventions, even though they are increasingly important for private sector operated value chains.

Specific Conclusion 4 (Green Growth): Although the evaluated VCD interventions only provided few good examples of green elements, the evaluation found a high future potential for Green Growth in relation to VCD interventions within the partner countries. Beside PREMACA, none of the Danida supported VCD interventions covered by this evaluation have been particular strong on "greening" issues (environmental, natural resource management climate change, energy). Green growth elements have mostly been introduced as add-on to existing programme activities (e.g. additional score in grant schemes) and have mainly been related to more basic environmental and social improvements, not a "jump" to green value chains. The Green Growth focus comes out stronger in more recently formulated VCD intervention phases (e.g. in Uganda).

Specific Conclusion 5 (Human Rights Based Approaches): In the VCD interventions evaluated, the human rights based elements have mainly been related to gender equality and women empowerment issues, in which areas the evaluation found a number of positive results and experiences (e.g. value chains selected from a specific gender/women perspective and generation of employment for women). Other human rights areas like youth and labour issues have not been strategically addressed in the VCD interventions.

5.2 Recommendations

The recommendations are grouped into two categories: a) **Strategic Recommendations** for Danida management and b) **Operational Recommendations** for Danish MFA operational units (embassies and offices in the Danish MFA).

Strategic Recommendation 1: Based on the specific context, it is recommended that **Danida will continue to consider VCD as a possible approach for support to private sector-led and inclusive green growth in partner countries.** However, the level of "maturity" of the supported sectors/sub-sectors should be used to determine the appropriateness of using a "pure" VCD approach or a combination with other development approaches.

Strategic Recommendation 2: When use of a VCD approach is found appropriate, it is recommended that Danida will **use a more strategic and coherent approach to planning of VCD interventions, based on proper value chain analysis to identify relevant and critical market development issues** in the particular sector/sub-sector. This should include reference to a set of minimum criteria related to application of a VCD approach (criteria for conducting of value chain analysis and chain selection)[35] to be applied across different countries and regions. However, flexibility is needed, as value chains for export and non-export chains will need different approaches (for export, certification becomes an issue, e.g. global GAP and organic certification). Likewise, difference in contextual factors will require use of different VCD approaches across countries.

Strategic Recommendation 3: In countries where Danida in the future will still have capacity and resources to design and manage implementation of VCD interventions, it is recommended that selection of national implementing partners will be based on **a more comprehensive and strategic assessment of the capacities and incentives of the potential partners to perform the role as VCD implementing partners**. This assessment should include consideration on public-private sector relationships, as well as of relationships between the national, regional and local levels (including potentials for upscaling and linking to sector policy development).

Strategic Recommendation 4: In countries where Danida will enter into a **transitional relationship** (moving from aid to commercial relations) in the near future, it is recommended that Danida will put specific efforts and resources into developing of **Partnerships** (public-private, private-private, public-public) in relation to VCD interventions. Such partnerships, **building on Danidas long-term working relationships with**

35 The GIZ Guidelines for Value Chain selection could serve as inspiration.

national counterparts, may be useful to promote public or private sector investments in areas, which are currently considered major bottlenecks to VCD. The planning of these partnerships should include an assessment of relevant Danish key competencies, business opportunities and interest in relation to selected sectors/sub-sectors. It should also include a consideration of the possible need for additional support instruments to make synergies and linkages from VCD interventions to Danish commerce effective.

Operational Recommendation 1 (Design of VCD interventions): In connection with preparation of new programmes with VCD elements included, it is recommended that the operational units of the Danish MFA will: i) more explicitly identify weak links in the value chains and prioritise more clearly which links to focus on during the VCD interventions; ii) increase contribution to solving sector-wide challenges through a more strategic focus on building of "critical masses" to become influential ; iii) more explicitly focus on the "market pull" dimension as a key characteristics of VCD interventions (linkages from market to primary production); and iv) more sharply segment the agricultural households/enterprises in terms of VCD support (e.g. smallholders vs. corporate farms)

Operational Recommendation 2: It is recommended that the operational units of the Danish MFA will: i) facilitate development of robust ToCs with key stakeholders during the preparation stage, to establish a common framework and understanding on how the supported interventions are expected to lead to progress and results in the short, medium and longer term; ii) give more importance to inclusion and monitoring of relevant marketing and business development (pull) targets/indicators in the VCD interventions, iii) more critically consider the relevance of indicators established for poverty reduction in the programmes; iv) encourage and ensure capacity for self-monitoring of progress indicators by national implementing partners (based on relative simple and basic indicator framework).

Operational Recommendation 3 (Public sector engagement and models for extension services): It is recommended that the operational units of the Danish MFA will: i) carefully consider the modality for the working relationship with governmental institutions in VCD, based on the specific context. (e.g. more "punctual" working relation to solve a particular identified bottleneck in a value chain or strengthen very specific capacities in a ministry or public institution) rather than as an implementer of the VCD interventions); and ii) look for innovative models for sustainable extension systems (e.g. models building on mutual incentives among farmers and input suppliers/buyers in the chains) to be tested as part of the VCD interventions as a supplement/replacement to the government extension system that rarely supports VCD in any of the countries.

Operational Recommendation 4 (Green Growth and Human Rights Based Approaches): It is recommended that operational units of the Danish MFA, **mainly through Partnership modalities**, will assess the possibility to: i) link VCD support to initiatives that support (provide incentives for) investments in energy efficiency and renewable energy in the industry (processing and storage); ii) link VCD support to initiatives that support more efficient and greener transport solutions to producers and buyers; iii) continue to upscale, also across countries, some of the good gender/women empowerment initiatives (such as the "Farming as a Family Business" from Uganda) to continuously contribute to a more equal distribution of responsibilities between men and women in commercial farm management within the supported chains; iv) handle the issue of youth more strategically and with special treatment in the VCD interventions, as it has been (successfully) done with gender/women empowerment issues.

Ministry of Foreign Affairs of Denmark
DANIDA | INTERNATIONAL DEVELOPMENT COOPERATION

2 Asiatisk Plads
DK-1448 Copenhagen K
Denmark

Tel +45 33 92 00 00
Fax +45 32 54 05 33
um@um.dk
www.um.dk

EVALUATION OF DANIDA SUPPORT TO VALUE CHAIN DEVELOPMENT

ISBN: PDF: 978-87-7087-943-9
ISBN: HTML: 978-87-7087-944-6