IFAD
Investing in rural people

Independent Office of Evaluation

# Smallholder Access to Markets

EVALUATION SYNTHESIS

November 2016

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# Evaluation Synthesis

**November 2016**
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Photos of activities supported by IFAD-financed projects in the Philippines, Rwanda and Sao Tome

Front cover: Vegetable market in La Trinidad, Benguet, the Philippines; ©IFAD/GMB Akash.

Back cover: Workers spread out fresh tea leaves to ready it for withering at the COTHENK tea factory in Nshili – Kivu area, Rwanda. To reduce the water content from 80 per cent to 60 per cent, the leaves are spread out on wire mesh beds and cool air is blown onto them. This takes 18 hours (left); Organic cocoa collecting station in Monte Forte, 30 km from the capital, Sao Tome. Cocoa beans are checked for proper humidity levels before being sent to France for processing (right). ©IFAD/Susan Beccio

# *Foreword*

*Smallholder farmers are important actors in the world's food production system, as well as in the management of natural resources. The growing demand for food in national and global markets provides opportunities for smallholder farmers to increase their income from greater and more equitable participation in markets. However, there are various challenges that they face, such as lack of access to land and water, inputs, finance, technologies and knowledge, as well as the absence of an enabling policy and institutional environment. IFAD's support to improving access to markets by smallholder farmers has increased over the past decade and it will continue to be an important agenda item for transforming the rural economy and reducing rural poverty.*

*It is in this context that the Independent Office of Evaluation of IFAD (IOE) undertook an evaluation synthesis on smallholder farmers' access to markets. The main objectives of this exercise were to: (i) review and analyse IOE evaluations of relevant IFAD-supported programmes and projects to identify key issues; and (ii) identify lessons learned and make recommendations for enhancing IFAD's approach in this area. The evaluation synthesis was based on a desk review, mainly IOE evaluations conducted between 2005 and 2015, complemented by interviews and a review of external literature.*

*The evaluation synthesis confirms that IFAD's approach and interventions in this area have diversified and improved. IFAD has indeed accumulated experience and institutional knowledge to continue and further enhance its support. Among other factors for effective interventions, the report pointed out the importance of sound and timely market analysis and a market-oriented approach, as well as capacity development of smallholders to interact with markets on better terms for more returns. It also highlighted that interventions should be sufficiently flexible to respond to local contexts and stakeholders' needs, and emerging opportunities. At the same time, attention needs to be given to understanding and mitigating risks that smallholder farmers might face by altering their economic strategies. Lastly, future support deserves more careful reflection on impact pathways from better market access to a common objective of "improved household food security", and effective and timely monitoring of project performance that takes into consideration changing market contexts.*

*I hope that this report's findings, conclusions and recommendations will contribute to further enhancing IFAD's support to improving smallholder farmers' access to markets for a more equitable and sustainable transformation of the rural sector.*

*Oscar A. Garcia*
*Director*
*Independent Office of Evaluation of IFAD*

# Acknowledgements

The preparation of this evaluation synthesis report was led by Louise McDonald, former Evaluation Officer, Independent Office of Evaluation of IFAD (IOE) under the supervision of Ashwani K. Muthoo, former Deputy Director, IOE, and with contributions from Marc de Sousa-Shields, consultant, IOE, and Prashanth Kotturi, consultant and evaluation research analyst, IOE. Loulia Kayali, former Evaluation Assistant, IOE, and Maria Cristina Spagnolo, Evaluation Assistant, IOE, provided administrative support.

IOE thanks IFAD Management and staff for their inputs and comments.

# Contents

# Abbreviations and acronyms

| | |
|---|---|
| CPE | country programme evaluation |
| ESR | evaluation synthesis report |
| IOE | Independent Office of Evaluation of IFAD |
| MBFI | member-based financial institutions |
| NGO | non-governmental organization |
| NRM | natural resource management |
| PPA | project performance assessment |
| PCRV | project completion report validation |
| SAM | smallholder access to markets |
| ToC | Theory of Change |

# Executive summary

## A. Background and context

1. In accordance with the decision by the Executive Board in 2014, the Independent Office of Evaluation of IFAD (IOE) prepared an evaluation synthesis report on IFAD's interventions to support smallholders' access to markets (SAM). This undertaking is an indication of how important smallholders' participation in national and international food markets is to improved incomes and food security.

2. Although they are mostly poor or extremely poor, smallholders produce a substantial portion of the global food supply and are thus important actors in the world's food production systems. Improving the economic and social conditions of smallholders is therefore as vital for their own and their communities' welfare as it is for local, national and global food security. Smallholders also play a key role in enhancing the sustainability of natural resources, the development of rural non-farm economies and the strengthening of rural-urban linkages, in addition to political, economic and social considerations specific to each country. Despite their importance, however, smallholders are largely denied equitable access to the most lucrative marketplaces.

3. Growing national and global food markets represent an opportunity for smallholders. However, such markets can be unpredictable, due in part to the effects of climate change, periodic natural disasters and commodity price volatility. Climate change is expected to lower the availability of water and arable land and reduce biodiversity, exposing smallholders to other more localized environmental challenges at the same time. These threats and challenges are placing increasing strain on already over-burdened governments, which could potentially increase rural outmigration, marginalization, social tension and conflict.

4. Improved access to markets can help smallholders build their assets and incomes. Experience shows that even modest support to smallholders can substantially improve yields from a range of commercial and subsistence crops. The adoption of more sustainable production systems can have a positive impact on soil, water and carbon emissions/sequestration, leading to extensive and potentially remunerable environmental outcomes. Finally, according to a high-level panel of the Committee on World Food Security, if women smallholders had similar access to productive resources to that of men, farm yields would increase by an estimated 20 to 30 per cent, lifting 100 million to 150 million people out of hunger.

5. Growing global demand for food offers opportunities for smallholders to gain more returns from participating in markets. However, smallholder farmers are typically unable to take full advantage of new market developments, since they often lack secure access to land and water, inputs, working capital and asset finance, efficient market connectivity, and real time, impartial market information. They seldom have the means to engage equitably in marketplace bargaining or the capacity to influence the national, regional and global policies affecting them.

6. Access to markets by poor smallholder farmers was identified as a key area of IFAD's support as far back as in 2001, when IFAD's flagship Rural Poverty Report made an explicit reference to this issue. Since then, smallholder access to markets has remained a key element in successive IFAD strategic frameworks. In the past 15 years, institutional knowledge on the topic has grown significantly in IFAD and an increasing number of projects are addressing the issue. Interventions have diversified and evolved, and IFAD has accumulated considerable experience. This evaluation synthesis report is intended to capture the evolution of IFAD's thinking on smallholders' access to markets, along with relevant programme experience and lessons learned.

## B. Evaluation objectives, methodology and process

7. **Objectives and key questions.** The objectives of this evaluation synthesis are to: (i) review and analyse IOE evaluations of IFAD-supported SAM programmes in order to identify factors for success, constraints and opportunities for future engagement; and (ii) identify lessons learned and make recommendations for enhancing IFAD's approach to SAM. The exercise was guided by the overarching question: to what extent have IFAD-financed interventions in smallholder market access met IFAD's institutional objectives for rural poverty reduction? Framed by this overarching question, five key questions are posed to generate specific insights on IFAD's strategic interests and operational practices:

   (i) **Targeting.** For whom has market access been achieved and what has been the nature of smallholder market interaction?

   (ii) **Partnerships/institutions/policy issues.** How have partnership strategies, capacity-building of institutions, and development of government policies affected access to markets?

   (iii) **Infrastructure.** How does infrastructure affect access to markets?

   (iv) **Finance.** How has the financial sector responded to the financial demands and needs of the target group for production and market access?

   (v) **Production, food security and nutrition.** How does the type of product/production and income potential affect SAM, and does SAM translate into greater food security and nutrition for the rural poor (e.g. choice of production type, i.e. commercial versus subsistence production)?

8. Issues of gender equality and the environment (natural resource management and climate change) are of critical importance to rural poverty alleviation, and their role in programmes to support smallholder access to market is also assessed.

9. **Methodology and scope**. This evaluation synthesis report draws on secondary sources, mainly from evaluations conducted by IOE, project completion report validations and – to a limited extent – SAM research literature and studies, both IFAD and external. The purpose of the literature review was to provide guidance and reflection points for the evaluation synthesis, and to develop a theory of change. The review also covered IFAD corporate policies, strategic frameworks, and technical guidance documents.

10. The synthesis reviewed different types of IOE evaluations with SAM-related activities/programmes that were undertaken between 2005 and 2015. After screening, a sample of 39 programmes with substantial SAM content was selected for detailed analysis. The sample covered all regions, although some regions (in particular, East and Southern Africa) had more programmes in the sample than others. The average programme budget in the sample was US$31.9 million. The proportion of programme budget dedicated to SAM ranged between 15 and 85 per cent and the overall average was 50 per cent.

11. Based on best practice and IFAD experience in smallholders' access to markets, common programme characteristics were identified in relation to the five key questions. The sample was reviewed to identify which characteristics were present for each programme. Subsequently, the IOE ratings on relevance, impact and sustainability were compiled for the sampled programmes and average ratings were calculated for different programme characteristics. This exercise was intended to gauge the importance of each characteristic to programme relevance, impact and sustainability.

## C. Main findings

12. **Targeting.** SAM programmes were found to serve the rural poor in almost all instances, often with an express focus on the economically active poor. The most common approach was to target specific geographical areas, and in many cases this was combined with the selection of specific product types or value chains. Smallholder participation in programmes with geographically defined targeting was often based on an implicit process of farmer or entrepreneur self-selection. Programmes that were responsive to specific and local contexts and needs were rated highly on relevance and impact.

13. Programmes frequently targeted the poor in fairly large and diverse areas and populations with heterogeneous needs. Greater achievements were found when flexible intervention activities/tools allowed adaptation to local needs. However, this did not happen in all cases, nor was there much targeted matching of opportunity with needs. Targeting that systemically focused on value chains tended to have more notable outcomes than those that simply focused on supporting production, productivity and sale of specific crops/commodities.

14. **Partnerships, institutions and policy.** Well-defined roles and responsibilities, with adequate incentives crafted to motivate and support smallholder empowerment, capacity development and market access were key to successful programme partnerships. Partners that were "market-knowledgeable" or "market-oriented" tended to have greater impact and relevance, while programmes with public-sector-led interventions were more likely to have lower ratings on relevance, impact and sustainability. In successful cases, programme partnerships had facilitative public-sector support and private-sector profit motivation, particularly where public and other stakeholder institutions were effective, transparent and accountable to smallholders.

15. **Infrastructure.** In a broad sense, the package of infrastructure development elements often defines the effectiveness, impact and sustainability of SAM programmes. The synthesis found a long list of infrastructure support employed, from physical infrastructure related to production (e.g. irrigation and soil retention) and markets (e.g. roads and marketplaces) to intangible infrastructure (e.g. capacity-building for farmers and farmers' groups, market information and enterprise development).

16. While diverse types of infrastructure support were found, there was no particular package that was considered more effective than the others. In fact, relevant interventions were normally developed based on extensive socioeconomic analysis of local contexts and target populations. Programmes achieving positive impacts tended to have benefited from smallholder capacity-building or empowerment activities and physical market-making infrastructure support (feeder roads, in particular). On the other hand, investments in infrastructure development were often beset by challenges with appropriately sequencing programme inputs and activities, which reduced overall programme effectiveness, impact and sustainability, regardless of relevance.

17. **Finance.** Interventions supporting or involving the financial sector were common in SAM programmes. These were diverse in nature and used a broad range of funding sources, but with mixed programmatic outcomes. Where participating financial institutions were established and market-oriented, achievements were often notable. The opposite was found to be the case for most public-sector-driven programmes. When financing was responsive to smallholder needs, particularly via member-based financial organizations, both programme relevance and impact were found to be notable. There was little evidence available to assess if financial products and services were adapted to local needs. This will be an issue of interest as new and innovative financial services (e.g. mobile and agency banking services) begin reaching rural areas.

18. **Food security and nutrition.** In programmes aimed at improving smallholders' access to markets, farmers are often expected to change the way they manage their productive activities to gain more returns from farming. This can involve smallholder farmers' risking what little they have with potentially profound food security implications. However, such risk is seldom recognized in design documents for SAM programmes. While almost all programmes had food security/nutrition objectives, few of these were measurable or based on transparent risk-reward calculations regarding smallholders' food security. Where programmes were likely to have contributed to improved food security, the extent of change and impact was difficult to assess in the absence of specific targets or solid monitoring and evaluation capacity.

19. **Gender equality.** Women's specific constraints and needs were not always sufficiently analysed and incorporated into programme design and planning. However, gender performance was rated highly where: programmes focused on microenterprise development; interventions sought to improve institutional stakeholder responsiveness; and member-based and non-bank financial institutions were responsive to gender-differentiated needs.

20. **Natural resource management.** Natural resource management was infrequently mentioned as a primary programme outcome, and was typically a small part of a broader package of activities when addressed at all. Where included and assessed, impact on the environment and natural resources was generally positive, and very good in several instances. Consistent with evolving SAM thinking and practice, the synthesis found that interventions focused on the nexus between smallholder market access and sustainable natural resources management held substantial promise.

## D. Conclusions

21. Key elements in successful SAM programmes included sound socioeconomic analysis, interventions responsive to specific needs, adequate smallholder capacity development, market analysis and a market-oriented approach, and appropriate sequencing of programme activities. IFAD's support to smallholder market access has evolved to include a range of approaches to improve access, and such development has also been supported by a series of IFAD strategic and policy documents. IFAD SAM programmes primarily target and serve the rural poor, often with a defined focus on the economically active poor. Greater achievements were found when programmes empowered smallholders to overcome market access constraints through a package of incentives and risk management tools.

22. Gender performance in SAM programmes was rated highly when gender was consciously incorporated into the design and implementation and/or when interventions included activities that naturally facilitated women's participation (e.g. microenterprise). However, the specific constraints and needs of women were not always sufficiently analysed and incorporated into programme design and planning. In many cases, SAM programmes did not specify outputs or outcomes in relation to gender.

23. Where SAM programmes paid attention to natural resource management issues, results were often highly rated. However, if and when the programmes included activities concerning the environment and natural resource management issues, many did not define specific, related programmatic outputs and outcomes.

24. Improved access to markets alone does not necessarily lead to improved food security. The extent of the impact of SAM programmes on food security was difficult to estimate due to limited evaluative evidence and non-attributable gains. Few programmes detailed how food security would be improved and there was insufficient reflection on the risks to which smallholders would be exposed by altering traditional economic strategies, notably food production for home consumption.

25. All interventions involved some physical infrastructure development, such as feeder roads. To maximize the benefits of these investments, smallholders also need access to intangible capacity development infrastructure, such as pricing/product information systems. Timely sequencing of infrastructure investments and inputs (tangible and intangible) and appropriate sustainability plans were also found to be important.

26. Where programme partners were more market-oriented, the interventions tended to have greater impact and relevance. When public-sector and international development partners (including IFAD) played a facilitation role (and, occasionally, an active role in ensuring programme governance and management), programme implementation was more likely to be effective. On the other hand, the programmes with public-sector-led interventions tended to have lower ratings on impact, sustainability and relevance.

27. SAM programmes commonly included support for the financial sector. Where financial institutions were commercial and market-oriented, achievements tended to be rated higher. By contrast, when financial services were managed by a programme or the state, performance was uneven, but mostly less satisfactory.

## E. Recommendations

28. This evaluation synthesis has three broad recommendations for IFAD.

29. **Recommendation 1: Invest in improving SAM programme design with due attention to market dynamics.** Successful interventions require solid programme building blocks that not only identify and address market access barriers but also incorporate a sound understanding of market dynamics and market trends, market-knowledgeable partners and market-responsive programme management. IFAD should ensure that the programmes that it finances are – both in design and implementation – based on market-oriented approaches and that its principal public sector partner(s) take on a role to facilitate a sound regulatory regime and operating environment.

30. Careful consideration is needed for appropriately sequencing programme inputs and activities and their timely and effective implementation. IFAD should also pay due attention to incorporating flexibility into programmes to ensure that they respond to market conditions and opportunities as they evolve over time. As a cross-cutting area, natural resource management and the environment should be more systematically integrated into programme designs, beyond a "do no harm" approach.

31. **Recommendation 2: Develop programme activities tailored to the needs of specific groups, taking into consideration the risks that they face.** Tailoring interventions to specific groups – whether they are defined by micro-regions, commodities, production systems, or their resources and capacity – requires in-depth assessment of specific stakeholder needs and, critically, the risks associated with market participation and their expectations in terms of returns. In programme design and implementation, gender-specific constraints and opportunities should also be duly taken into consideration. The specific obstacles faced by women in accessing markets in different contexts should be identified and measures to address them should be incorporated.

32. **Recommendation 3: Ensure that programme monitoring and evaluation systems have well-defined and operational food security, nutrition and market access indicators.** Considering that SAM programmes often involve risks for smallholders in the context of rapidly evolving food markets, effective and timely monitoring of SAM activities, outputs and outcomes is critical to ensure and maintain programme relevance and maximize stakeholder benefits. It is also important to have clear outcome and impact targets and indicators, including for food security and nutrition. Also, the gender perspective should be incorporated

into monitoring and evaluation tools, to reflect men’s and women’s participation in different economic activities and in formal and informal markets, their contractual conditions, where applicable, and access to financial services.

# IFAD Management's response

1. Management is pleased to note that the IFAD portfolio has been shifting increasingly towards more market-driven interventions without losing certain IFAD trademarks such as the involvement and empowerment of local actors. This seems to be validated by the increasing percentage of projects with value chain and public-private-partnership approaches. Moreover, the achievements of market-oriented interventions appear to be increasing.

2. Management is also pleased to note that although smallholder access to market (SAM) interventions must operate with considerable flexibility and timeliness to promptly respond to market signals, the evaluation synthesis report (ESR) confirms that IFAD is getting progressively better at reading, designing and supporting the implementation of SAM programmes.

3. **Methodology**. Management notes that the ESR has included information from external research and sources, drawing on more than 25 external publications, reports and articles. This is a welcome development that enhances an ESR particularly where internal evaluative evidence is not sufficient.

4. However, the scope of the exercise for learning purposes is limited by the ESR methodology, which does not allow for assessment of the causal relationship among variables. The ESR was prepared on the basis of the "materiality analysis" methodology developed by the Global Reporting Initiative (GRI), which has become the global standard for organizational sustainability reporting. However, this methodology does not provide any causal explanation, which is potentially an obstacle to drawing meaningful conclusions from the ESR.

5. **Learning**. Management believes that another gap in the report is its silence on the need for institutional learning within IFAD for programmes of this type, nor is there any reference to the need for country sensitization/learning and the potential benefits for the next generation of market support programmes. In this regard, some countries' experiences would have much to contribute to such institutional learning.

## Recommendations

6. Management takes note of the three recommendations of the ESR. They reflect actions and approaches already ongoing or in place, to which Management is committed. However, Management believes that the recommendations could have been more strategic and have added value beyond the recommendations already contained in the reports on which the ESR is based.

7. Detailed views on each set of recommendation are presented below:

   (a) **Recommendation 1: Invest in improving SAM programme design with due attention to market dynamics.**

   **Agreed**. With the increasing percentage of IFAD-funded projects adopting a value chain approach, the design process has become more rigorous in terms of ex ante analysis (e.g. market assessment, value chain mapping and analysis including institutional, regulatory and environmental issues). Mechanisms have also been set up to facilitate engagement among key public and private actors and to build their capacity during implementation in order to respond to a changing context. In particular, with the public-private-producer partnership mechanism, IFAD is promoting a more direct partnership between private companies and farmers' organizations through the elaboration of business plans and the use of public resources to leverage private investments.

(b) **Recommendation 2: Develop programme activities tailored to the needs of specific groups, taking into consideration the risks that they face.**

**Agreed**. As reflected in IFAD policies and technical notes, understanding the needs and abilities of the target groups and their potential to be sustainably involved in certain market-based dynamics is a key element of IFAD's approach. That is why significant attention is given to less structured local, intermediate and national markets whose entry barriers are typically lower for certain categories of the target group. IFAD is also aware of the need to reconcile commodity-based market-driven approaches with food security and nutritional aspects at the household level, depending on the needs and risks faced by different groups or communities.

(c) **Recommendation 3: Ensure that programme monitoring and evaluation systems have well-defined and operational food security, nutrition and market access indicators.**

**Agreed**. The call for more precise and careful monitoring and evaluation systems is not new and is aligned with ongoing efforts. Management has initiated a series of actions to enhance the self-evaluation system – including provisions to ensure improved logical frameworks with SMARTer[1] output and outcome indicators – that will address this recommendation.

However, while Management agrees with the principle of the recommendation, the point about the need to "distinguish between sources of food security and nutritional improvements (e.g. sources of income and food, nutritional values) as a means to establish programme effectiveness and impact" is not fully clear. Given the lack of clarity, despite the clarifications requested in Management's consolidated comments to the draft ESR, Management cannot agree with the recommended sub-action.

[1] Specific, measurable, attainable, realistic and timely.

# Smallholder Access to Markets
# Evaluation Synthesis

## I. Introduction

1. As decided by the Executive Board in its 113th session (December 2014), the Independent Office of Evaluation of IFAD (IOE) undertook an evaluation synthesis on IFAD's interventions in smallholder access to markets (SAM) looking at the past ten years (2005 to 2015) to identify progress and lessons learned. (See box 1 for the definition of smallholder).

2. Evaluation synthesis reports are knowledge products that aim to enhance the general understanding of a particular topic; synthesis' bring together evidence-based observations from a variety of IOE documents highlighting significant and substantial findings, and in doing so, identify and raise strategic issues for further consideration by IFAD Management and governing bodies. In this way, they facilitate wider use of evaluation findings by identifying and capturing accumulated knowledge and good practices on common themes across a variety of situations and sources. Synthesizing existing evaluation evidence allows ESRs to contribute to learning and improved decision-making processes in an effective way.

3. The SAM synthesis, as a result, focused on highlighting the different contexts and approaches to SAM, the diversity of intervention experiences, lessons learned and practical suggestions for future innovation. The synthesis also sought to identify the contributions of SAM to reduced food insecurity, increased nutrition, incomes/assets and rural poverty reduction.

### A. Background and context

4. The "Agreement Establishing IFAD" was adopted by the United Nations Conference on 13 June 1976 in Rome. Article 2 of this document states: "The objective of the Fund shall be to mobilize additional resources to be made available on concessional terms for agricultural development in developing Member States. In fulfilling this objective the Fund shall provide financing primarily for projects and programmes specifically designed to introduce, expand or improve food production systems and to strengthen related policies and institutions within the framework of national priorities and strategies, taking into consideration: the need to increase food production in the poorest food deficit countries; the potential for increasing food production in other developing countries; and the importance of improving the nutritional level of the poorest populations in developing countries and the conditions of their lives".

5. Since then, IFAD has made amendments to the Agreement Establishing IFAD as global trends in technology, finance, the environment and markets have rapidly and continuously altered the way food is produced, marketed and consumed. IFAD's adaptation to this constant change is reflected in evolving strategic frameworks which strive to address new challenges to and opportunities for meeting its institutional objective of bettering the life of the rural poor.

6. In the 2001 Rural Poverty Report, IFAD identified four key factors for poor smallholders to benefit from rural development including the need for assets, technology, institutional arrangements and access to markets. The report also found smallholders were inadequately equipped to manage the challenges of new technologies and markets.

7. In February 2003, the discussion paper "Promoting Market Access for the Rural Poor in Order to Achieve the Millennium Development Goals " prepared for the Twenty-fifth Session of IFAD's Governing Council noted IFAD's commitment to "the

objective of improving the rural poor's access to markets, and in this context, is seeking ways to:

- Effectively increase the market share of the rural poor and improve the terms in which they participate in markets;
- Achieve greater market access and market development for the rural poor; and
- Effectively improve at national, regional and international levels the rules of trade in favour of the rural poor".

8. The discussion paper set the framework for engaging in SAM within the context of IFAD's Strategic Framework for 2003 to 2006. The paper also reported that "the proportion of projects with a specific 'marketing' component fell from 30 per cent between 1981 and 1985 to only 12 per cent between 1991 and 1995". However, the proportion of projects with objectives or notable components relating to markets, increased from 18 per cent in the period 1991-1995 to 38 per cent in the period 1999-2001. The paper identifies a nascent knowledge base on access to market related themes of finance, information, infrastructure and partnerships.

9. In 2014, the Rural Markets and Enterprises desk of the Policy and Technical Advisory Division at IFAD undertook a stocktaking to identify all projects approved between December 2011 and December 2014 which had value chain components, among which market access is often a defining element. The results showed that of the 86 projects approved during the period, 61 (71 per cent) included some form of smallholder market access activity.

10. The first issues paper prepared on market access by IOE was for the 2009 Annual Report on Results and Impact of IFAD Operations, which identified five general priority areas: understanding value chains; diversify approaches to rural financial services; innovation (new products and approaches for IFAD); work on partnerships and policy; and share knowledge (including lessons learned).

11. The Rural Poverty Report of 2011 found four key market access messages:

- Smallholders need the capacity to identify the costs and benefits of participating in modern and/or traditional, domestic and/or international markets;
- Reducing risk and transaction costs is critical for determining whether or not smallholders can engage profitably in agricultural markets;
- A robust public policy agenda is needed to improve the market environment and the ability of smallholders to engage in it; and
- There is a need for stakeholders (e.g. policymakers, civil society organizations, non-governmental organizations [NGOs], private sector and donors, etc.) to work together in partnership for the development of innovative and sustainable contractual arrangements, through complementary and supportive institutions.

## Why smallholders are important

12. Despite most smallholder households being poor to extremely poor, they still provide a substantial portion of the world's food supply.[1] In Asia and sub-Saharan Africa, for example, smallholders produce about 80 per cent of the regions' food.[2] Many smallholder households are headed by women who suffer disproportionally from poverty and vulnerability, yet they are vital to food production, comprising over 40 per cent of the agricultural labour force in many developing countries. This increases to almost 50 per cent in eastern, south-east Asia and sub-Saharan Africa.[3]

[1] World Development Report, World Bank, at http://siteresources.worldbank.org/INTWDR2008/Resources/2795087-1191440805557/4249101-1191957549239/Brief_AgPovRedctn_web.pdf.
[2] Arias P, David Hallam, Ekaterina Krivonos, and Jamie Morrison, Smallholder integration in changing food markets, Food and Agriculture Organization of the United Nations, Rome, Italy, 2013.
[3] Ibid.

Box 1
**Selected SAM-related definitions**

**Smallholder** farms in developing countries are usually those supporting a single family with a mixture of cash and subsistence crops. There are an estimated 500 million smallholder farms in the world, supporting almost 2.5 billion people. Typically, smallholders are defined as having no more than 2 hectares of farmland at their disposal. The heterogenic nature of markets and smallholder characteristics, however, often requires a more context-specific definition, thus in some countries such as those in Eastern Europe, smallholders might have larger farms and in Asia smaller.

**Markets** are actual or nominal place where forces of demand and supply operate, and where buyers and sellers interact (directly or through intermediaries) to trade goods, services, contracts or instruments, for money or barter. Markets include the mechanisms or means for (i) determining price of the traded item; (ii) communicating the price information; (iii) facilitating deals and transactions; and (iv) effecting distribution. The market for a particular item is made up of existing and potential customers who need it and have the ability and willingness to pay for it.[a]

**Value chains** are made up of the actors (private and public, including service providers) and the sequence of value-adding activities involved in bringing a product from production to the end consumer. In agriculture they can be thought of as a farm-to-fork set of inputs, processes, and flows.[b]

[a] See: http://www.businessdictionary.com/definition/market.html#ixzz3shdy9eMo.

[b] Miller and da Silva, cited in IFAD (2012), Agricultural Value Chain Finance Strategy and Design, Technical Note, Rome, Italy.

13. Smallholders are too important in the world's food production system to continue to suffer from poverty. Improving their economic and social context is not only vital for their own and their communities' welfare, but for local, national and global food security as well. Smallholders are also key actors for the sustainability of natural resources, the development of the rural non-farm economy, the strengthening of rural-urban linkages, besides specific political, economic and social considerations in each country. Despite their importance, smallholders are largely denied access to the most lucrative market places on an equitable basis.

14. Food markets are unstable, and to some extent, unpredictable.[4] This is due in part to the effects of climate change, periodic natural disasters, and commodity price volatility. Climate change is particularly worrisome, as it is not only expected to reduce available arable land, but also water and biodiversity. Not addressing smallholder exposure to impending climate change, other more localized environmental challenges, or excluding them from growing markets, will only push many more into greater poverty. This will place even greater strain on already over-burdened governments at all levels, and will have dramatic impacts on rural communities through outmigration, greater rural marginalization, social tension, urban poverty and conflict.

15. More positively, greater market access and climate change resilience can help smallholders grow assets and incomes assisting them to get out of poverty. Smallholder farms offer substantial potential for production growth. They are often very efficient in terms of production per hectare, and experience shows modest smallholder support can substantially improve yields on a range of commercial and subsistence crops. Sustainably produced food has positive impacts on soil, water, reduced fossil fuel dependency, lower emissions and greater carbon sequestration, contributing extensive, and potentially remunerable environmental impacts. Finally, and not the least in terms of potential returns to supporting smallholders, by some estimates if women smallholders had access to the same productive resources as

[4] IFAD Strategic Framework 2011-2015: Enabling Poor Rural People to Improve Their Food Security and Nutrition, Raise Their Incomes and Strengthen Their Resilience. Rome: IFAD.

men, farm yields could increase by an estimated 20-30 per cent. Improved yields and a more varied diet alone could lift some 100-150 million people out of hunger.[5]

### Smallholder access challenges

16. Growing demand for food clearly represents a substantial opportunity for smallholders to grow assets and income. Yet, for a variety of reasons, smallholders are typically unable to take full advantage of new market developments. They also often lack secure access to land and water, input working capital and asset finance, efficient market connectivity, and real time, impartial market information. They seldom have the means to equitably manage and negotiate marketplace bargaining or the capacity to influence national, regional and global policies affecting them.

17. There is also a broader trend among developing country governments to shift resources from agriculture to other sectors, which has seen agriculture-related investments falling to around 7 per cent of national budgets.[6] Investment is down one third in Africa and more than 60 per cent in Asia and Latin America since 1979.[7] As governments close costly unsustainable agricultural subsidy-driven programmes, they have largely failed to replace them with more effective policies and investments. International development support parallel domestic trends, with aid to agriculture down to 2.9 per cent from 18 per cent in the late 1970s.[8]

18. Private-sector investment in agriculture is also limited, and for smallholders particularly. Commercial bank lending to agriculture averages less than 10 per cent of their loan portfolios, of which smallholders receive virtually nothing. Microfinance provides funding to smallholders, particularly working capital and consumption-related credit, but has not been able to fund substantial rural household asset growth. Both domestic and increasingly international large private-sector agricultural companies are investing in agriculture but often at the expense of smallholders. The consolidation of smallholder lands by large foreign farming corporations, by both legal and by other means, is a growing and potentially alarming trend. These investments have promise, however, in the form of smallholder joint ventures, contracted out growers, and value chain opportunities such as those found in IFAD's Uganda Vegetable Oil Development Programme or the 'Farm Blocks' project in Zambia.[9] This promise is not without challenges as smallholders often lack the capacity and influence to manage the highly formalized market relationships that linking with large business involves.

19. Smallholder farmers need long-term commitments from their own governments and the international community facilitating greater and more equitable support and private-sector investment. What is more, investments must not only lead to greater smallholder income and asset development, but to greater household, community and national food security, and to food production systems which can adapt and respond quickly to changing food markets, local environmental challenges and climate change.

20. It is within this context that the objectives of the synthesis were applied.

## B. Scope of the synthesis

21. IFAD's SAM programming and thinking predates the 2001 Rural Poverty Report (the first to make explicit reference to market access) and the last fifteen years has seen significant growth in institutional knowledge on the topic and a corresponding growth in the number of projects addressing smallholder market access. In order to capture the evolution of its SAM thinking, as well relevant programme

[5] High Level Panel of Experts on Food Security and Nutrition Report (2013) Committee on World Food Security, Policy Roundtable Conclusions (October 2010).
[6] See Food prices: smallholder farmers can be part of the solution, http://www.ifad.org/operations/food/farmer.htm.
[7] Ibid.
[8] Ibid.
[9] Arias P, David Hallam, Ekaterina Krivonos, and Jamie Morrison, Smallholder integration in changing food markets, FAO, Rome, Italy, 2013.

experience, the synthesis focuses primarily on programmes with substantial smallholder market access goals and/or activities. The primary sources are IOE evaluations conducted between 2005 and 2015. Documents reviewed for inclusion included project performance assessments (PPAs), project completion report validations (PCRVs) and, to the extent possible and where additional insights are provided, country programme evaluations (CPEs), and corporate-level evaluations. Relevant evaluations/literature including from other institutions were drawn upon as appropriate, particularly as a means to provide reflection and reference points for SAM interventions.

22. The objectives of this evaluation synthesis are to: (i) review and analyse IOE evaluations of IFAD-supported SAM programmes in order to identify factors for success, constraints and opportunities for future engagement; and (ii) identify lessons learned and make recommendations for enhancing IFAD's approach to SAM. This synthesis is guided by the overarching question: to what extent have IFAD-financed interventions in market access met the institutional objectives of IFAD? To provide more specific insights on IFAD's strategic interests and intervention practice, five key questions are also posed:

    (i) **Targeting:** For whom has market access been achieved and what has been the nature of smallholder market interaction?

    (ii) **Partnerships/institutions/policy issues:** How have partnership strategies, capacity-building of institutions, and development of government policies affected access to markets?[10]

    (iii) **Infrastructure:** How does infrastructure impact access to markets?

    (iv) **Finance:** How has the financial sector (e.g. formal and informal banking, leasing, insurance, private investment, input supplier credit etc.) responded to meet the financial demands and needs of the target group for production and market access?

    (v) **Production, food security and nutrition:** How does the nature and type of product/production and income potential affect SAM and does SAM translate into greater food security and nutrition for the rural poor (e.g. choice of production, commercial versus subsistence production, etc.)?

23. Issues of gender equity and the environment (natural resource management and climate change) are of critical importance to rural poverty alleviation and their role in smallholder access to market programming are also assessed.

## C. Overview of syntheses methodology

24. The synthesis methodology has four interrelated parts.

### Review of SAM literature

25. The synthesis reviewed a limited amount of SAM literature, both internal and external to IFAD, to provide guidance and reflection points for the synthesis. The review included IFAD corporate policies, strategic frameworks, technical guidance documents, as well as studies and research reports.

### Programme sample selection

26. The synthesis selected a sample of 39 programmes for in-depth review drawn from PPAs and PCRVs from between 2005 to 2015. A select number of CPEs and corporate-level evaluations were also reviewed to capture additional institutional

[10] This question bundles institutional and organizational considerations with policy being considered an outcome of government management/prerogative. Partnership/partners are defined as "collaborative relationships between institutional actors that combine their complementary strengths and resources and work together in a transparent, equitable and mutually beneficial way to achieve a common goal or undertake specific tasks. Partners share the risks, responsibilities, resources and benefits of that collaboration. IFAD Partnership Strategy, 2.

and programme knowledge.[11] There were three rounds of reviews in the sample selection process. The first round assessed 150 evaluations searching for specific references to SAM activities/components. Of these, 45 with substantial references to SAM were selected for a second round of analysis. These programmes were assessed to verify if SAM components and activities were substantial enough to merit further review. The analysis was qualitative and quantitative in nature and included the assessment of:

- Stated specific SAM objectives;
- Number of SAM activities;
- Relative size of SAM budget; and
- Degree to which SAM or related activities were judged integral to programme outcome/impact success.

27. A third in-depth analysis of these 45 programmes led to a final selection of 39 programmes to be included in the synthesis sample, or 86.7 per cent of the 45 programmes found to specifically address SAM. Four programmes were not included due to management challenges that dramatically limited substantive programme performance.

## Smallholder and market access analysis and SAM programme typology methodology

28. A number of common programme intervention *characteristics* or approaches (42 in total) were identified in relation to the five key questions derived from the review of SAM in chapter I. section C. and drawing on IOE evaluations, IFAD technical guides and operational experience. For further information, see also chapter II, section E and annex III).

29. Each programme was assessed to see which characteristics were present in the programme. The presence or absence of each characteristic for each programme was entered into a database. IOE evaluation ratings for each programme were also entered into the data base. Once data collection was completed, two exercises were conducted to assess SAM sample programmes. It is important to note that these characteristics are not variables and are not employed in statistical tests of causality or association.

### Programme smallholder and market access

30. The first exercise sought to understand how important each of the 42 characteristics had been to sustainably enhancing smallholder farmers' livelihoods through enhanced access to markets.

31. Two measures were used. The first was the medium to long term effects of the programme on the target population, which was measured by the combined average IOE rating for impact (i.e. household income/asset development, human/social capital development, and food and nutrition) and sustainability. The second was responsiveness to smallholder farmers' needs and consideration of risks related to market access. This was measured by the IOE relevance rating which was used as a proxy indicator. Indeed, part of what the relevance indicator captures is the relevance of an intervention to the target beneficiaries' needs and adequate consideration of economic risks.

[11] A select number of CPEs and corporate-level evaluations were consulted to capture some of IFAD's most recent SAM-related programming experience, but were not included in the formal data analysis of the synthesis. In the case of CPEs, there was some degree of overlap with PCRVs and PPAs with closed programmes, which caused their inclusion to be redundant. Also, CPEs often evaluate ongoing programmes, which makes them difficult to compare to PCRVs and PPAs which are evaluations of completed programmes. For these reasons, CPE programmes were not included in the data analysis. Corporate-level evaluations were consulted on a limited basis only, as their evaluative objective focused on the extent to which a programme contributed to IFAD's work at the country level over time, which is a different evaluative objective from PPAs and PVRCs, which assesses closed programmes.

32. The results of this analysis are shown in a set of graphs as they relate to the key questions. The graphs plot the combined IOE impact and sustainability average rating on the Y axis and IOE relevance ratings on the X axis[12] (see figure 1, paragraph 122 for an example).

**SAM programme typology methodology**

33. The second exercise sought to identify groups of programmes with common characteristics based on the complexity of approaches to SAM.

34. To do this, a typology of programmes was undertaken to group programmes by the common intervention characteristics (i.e. those identified through the process noted in paragraphs 28-29). Additionally, each characteristic was assigned a score indicating its relative complexity. The typology development had three steps:

    (i) Each of the 42 characteristics was assigned a score between 1 (lowest) to 4 (highest) according to its relative complexity;

    (ii) The scores were assigned to each characteristic found present in a given programme. The sum of all characteristics scores is the programme's typology score.

    (iii) The typology scores were then used to categorize programmes as simple, intermediate, or complex. Programmes with a typology score of less than 10 were designated simple; scores of between 11 and 15 were deemed intermediate; and scores of more than 15 were considered complex. It should be emphasized that the categories of simple, intermediate, or complex do not imply an order of importance or potential effectiveness, only that each type has less or more SAM characteristics, and that it is the combination and management of characteristics in a given context that will define potential programme achievements.

35. Further details of the typology approach are provided in chapter III, section E along with the typology findings, while annex III provides information on the scoring of the characteristics.

## D. Evaluation synthesis limitations

36. The mandate of the synthesis allowed for a concise review of SAM literature but one which was limited in scope and detail. A lack of specific and common SAM indicators and quantitative data in IOE documents constrains the statistical rigor of analysis, as do changing IOE document structures and levels of detail. The methodology does not provide statistical causality or associations, and is limited to descriptive indicators. The methodology adopted, however, provides graphic depiction of programme characteristics and programme evaluation rating scores and allows the identification of typologies of SAM programmes.

## E. Structure of the synthesis

37. The synthesis has five chapters: Chapter one is the introduction to synthesis. Chapter two provides an overview and broadly identifies SAM development assistance theory as well as approaches to interventions. The chapter also provides an overview of IFAD's SAM experience in general terms, presenting its strategic relevance to the institution, resulting policies/strategies, and intervention trends over the last ten years. This section concludes with an overview of key questions, why they were selected and, briefly, how they relate to SAM intervention approaches. Chapter three presents the findings of the in-depth assessment of the SAM programme sample. There are five substantive parts to this chapter: (i) a description of the synthesis sample (e.g. type of programme, by year designed, country, region, etc.); (ii) the five key questions based on the findings from the sample analysis; (iii) a discussion on the findings of the themes of gender and

[12] Impact is composed of the combined average rating of: household income/asset development, human/social capital development, and food and nutrition.

natural resource management; (iv) a summary of the findings from sections (ii) and (iii), and identification of the themes emerging from the synthesis; and (v) presentation of a typology of SAM programmes, followed by a short discussion of overall programme performance trends emerging from the analysis. Chapter four identifies lessons learned from the synthesis touching on a range of operational and strategic issues. Chapter five presents the conclusions and recommendations for enhancing IFAD's approach to SAM.

# II. Overview of SAM development theory and practice

38. Sections A, B and C of this chapter provide a review of SAM theory, an overview of SAM intervention challenges and an overview of SAM Theory of Change (ToC), respectively. This is followed by an overview of SAM experience in IFAD as it relates to strategy, policy, and, in more general terms, project intervention experience.

## A. SAM intervention theory

39. For decades, the goal of much rural and agricultural development was to improve yields and increase access to markets through better transportation systems. The logic was straightforward: increased volume and lower transactions costs leads to improved income and reduced poverty.

40. The pathway to poverty reduction, particularly through SAM, has proven to be much more complex as more recent experience has shown. Indeed, over the last 15 years a more systemic approach to smallholder market access has emerged to focus on a variety of constraints to market participation, including the traditional emphasis on infrastructure and yields, but also on other more intangible constraints such as market power dynamics, information asymmetries, farmer and farmer group[13] business capacity, social cohesion and gender dynamics.[14] The recognition that smallholders operate many types of enterprises, some farm and food related, others not, has also given rise to alternative points of market access, from handicraft production, service delivery, food processing, rural tourism, etc.[15]

41. Underlying this fuller concept of smallholder economics is a fairly complex and contextually informed decision-making process rural households use to determine if it is in their interests to produce food for sale, start an enterprise, or otherwise engage in commercial markets. Smallholders, like any economic actor, estimate the interrelated risks and returns (including investment of labour, capital, land and opportunity cost) of any new endeavour, particularly if the initiative requires experience, knowledge, or information they do not feel they already have. This is particularly true when it applies to negotiating in increasingly formalized markets.

42. Further compounding this understanding is the relatively recent recognition that smallholder needs and decision-making is influenced by contextual experience. Smallholders are not the relatively homogeneous group many interventions once assumed. Arias et al, for example, hold that smallholder decision-making is strongly influenced by the economic, social and cultural conditions found in different geographic regions which, in turn, shape real and perceived constraints to market access.[16]

[13] Farmer organizations/groups are defined as a formal or informal (registered or unregistered) membership base collective action institutions serving its members who are rural dwellers that get part or all of their livelihood from agriculture. Definition derived from FAO (2014) Farmers' Organizations in Bangladesh: A Mapping and Capacity Assessment Bangladesh Integrated Agricultural Productivity Project Technical Assistance Component, Rome, Italy, page 1.

[14] See: Canigiani, Eleonora, Taking Stock on IFAD Experience in Market Access Innovation and Opportunities to Favour Market Access for the Rural Poor, IMI Initiative for Mainstreaming Innovation, IFAD, Rome, Italy.

[15] See for example: IFAD, 2004. Rural Enterprise Policy.

[16] P. Arias, D. Hallam, E. Krivonos and J. Morrison (2013), Smallholder integration in changing food markets. FAO, Rome.

Box 2
**SAM context shaping variables**

Many variables work to shape the context in which smallholders determine their decision to produce food for sale or to otherwise enter formal markets. These variables vary in nature by context to their importance and in how they affect decision-making, and can include inter alia: location; access to and productivity of the means of production (quality/amount of land, labour and capital); transaction costs; access to infrastructure for information /technology, transportation, storage/processing; smallholder economic/social influence (as individuals or as farmer groups); and market/governmental institutional relationships purposes.

43. Addressing heterogeneity has led SAM theory and practice to closely consider smallholder economic decision-making, particularly as it relates to risk management. Two key factors appear to effect smallholder decisions to enter markets more formally. The first is whether smallholders believe their investment of capital, land, and labour will yield adequate income from the sale of food and/or improved food supply to satisfy household needs over the short term. The second is whether formal market participation will yield a satisfactory return beyond basic food security. Often lacking the means and information for long-term planning, smallholders logically focus on short-term price considerations. Decisions will also include many non-market access issues such as household consumption needs and preferences, household dependency ratios, access to off-farm employment, and gender issues (e.g. likelihood of increased female economic activity and household influence) etc. In short, smallholder farmers ask themselves if changing their current economic activity will be worth the effort and investment.

44. On the demand side, how markets function and how smallholders may equitably and sustainably benefit from greater access is equally important to understand. Are there inherent information asymmetries and/or capital biases that can be identified and overcome? Are there culturally familiar routes to markets that could be expanded? What is the nature of transaction points and are there transparent and unbiased intermediaries? Are there trusted institutions/people/organizations available to facilitate and manage market access? Do market policies support smallholder business development needs and land rights, or indeed, human rights generally? Is there gender bias? Are there emerging quality and food safety controls to consider?

## B. SAM project intervention challenges

45. Interventions must be tailored to overcome locally defined market access constraints and risk. This raises two broad programming challenges. First, the need to address contextually defined interests and market conditions can complicate SAM interventions if development agents hesitate to focus on one group of rural households over others. Second, the desire to achieve scale can work at cross purposes to addressing heterogeneity as it often encourages generalized intervention approaches.

46. In addition to these broader considerations, SAM programme implementation experience suggests four common more specific implementation challenges.

### Targeting

47. SAM programmes often target a specific population that is geographically defined. Sector (type of food) and thematic (e.g. off-farm enterprise) targeting, and/or beneficiary segmenting (e.g. the landless, women, etc.) is also common and often made in conjunction with geographic targeting.[17] Whatever the target, sector or specificity is used, Amrouk et al argue that programme impact maximization

[17] See for example the different interests and needs identified for women-led microenterprises in Latin America found in IFAD, 2004. Rural Enterprise Policy, page 19.

requires stakeholders – but most critically targeted smallholder group(s) – be deeply involved in programme design.[18] This should include asking if smallholders even wish to engage in commercial food production, or if they prefer some combination of alternatives (e.g. subsistence farming, off-farm enterprise development, paid work or vocational training, etc.).

48. Effective targeting has also involved beneficiary social and economic organizations, particularly at design where information sharing and idea adoption is critical, not only as a means to representative input,[19] but also as a means to balance the voices of other, often more powerful actors such as the private sector, government and international development agencies.[20] Finally, as most interventions involve public goods, policies and financial support, particularly in value chains or sector focused programmes, the question of elite capture needs to be addressed in targeting design.

### Market analysis

49. Poor market analysis and a traditional reliance on existing information over current assessments have often limited SAM programme effectiveness.[21] Experience shows that market analysis should anticipate current and future production and demand trends. It should identify clear points and terms of smallholder market access and related context-specific constraints and risks. The depth and nature of analysis required will vary by target market, both by sector and geography (e.g. local, regional, national or international).[22] Targeting and market analysis are interrelated in this respect, and a clear understanding of both will help define appropriate packages of incentives and risk management tools smallholders require to sustainably access markets.

50. Relevant market analysis is typically not undertaken for three principle reasons. First, governments and international development organizations tend not to have sufficient private-sector experience to assess market functionality, affecting both the perceived need for and required quality of market analysis. Second and conversely, while many market analysts have the capacity and experience to assess markets and related economic development outcomes, few can do so from the perspective of smallholder needs. Third, most programme sponsors are unable to fund in-depth market analysis, particularly of international markets, which requires substantial experience and information to assess.

### Intervention roles and responsibilities

51. Clarity of objectives and clear programme roles and responsibilities for all programme stakeholders is particularly important when public and private sectors closely interact. Experience shows programme sponsors must ensure a clear "market pull" and to avoid "market making".[23] This includes inter alia supporting market-driven activities and actors, avoiding inappropriate stakeholder rent-seeking behaviour, and allowing beneficiaries to choose between competing service/product alternatives. Development and support for institutions advocating for or acting in the interest of smallholders often also play a critical role balancing the needs of programme stakeholders.

[18] The Impact of Commodity Development Projects on Smallholders' Market Access in Developing Countries (Case studies of FAO/CFC Projects) 2013, FAO, Rome.
[19] See IFAD, 2004. Rural Enterprise Policy.
[20] See for example: Thorpe, Jodie and Mar Maestre (2015), Brokering Development Enabling Factors for Public-Private-Producer Partnerships in Agriculture Value Chains, IFAD and Institute for Development Studies.
[21] Arias P, David Hallam, Ekaterina Krivonos, and Jamie Morrison (2013), Smallholder integration in changing food markets, FAO, Rome.
[22] See for example: Keats, Sharada and Steve Wiggins (2013), Leaping and learning, Linking Smallholders to Markets, Agriculture for Impact, Imperial College, London, England.
[23] Thorpe, Jodie and Mar Maestre (2015), Brokering Development Enabling Factors for Public-Private-Producer Partnerships in Agriculture Value Chains, IFAD and Institute for Development Studies.

### Intervention sequencing

52. The order in which programme elements are rolled out is critical in any development programme with interrelated/interdependent components and activities. This is all the more crucial when the private sector is involved, for whom return on time and capital can be measured on a daily basis. Obvious examples include building a private grading centre prior to increasing smallholder productivity or increasing productivity before access roads are complete. Because markets can change rapidly, SAM programming must also be institutionally flexible if it is to serve the needs of the private sector, be it beneficiary microenterprise or large multinationals.

## C. SAM Theory of Change

53. Emerging understanding of SAM theory and intervention experience underlies the ToC found in annex I, figure 1. It hypothesizes that the provision of improved poor rural SAM will positively impact food security, nutrition, and/or household income and assets leading to rural poverty reduction.

54. Inputs at the bottom of the ToC illustrate the institutional basis, beneficiary empowerment focus, and engagement ethos supporting equitable and sustainable SAM interventions. Outputs include those elements or activities required to overcome constraints which will be well-defined if interventions support appropriate inputs. Outcomes will be context specific as well, but in broad terms represent both the tangible and intangible means for smallholder to overcome access constraints and managing risks. These outcomes focus on smallholder households and include skill and capacity development, as well as addressing issues of empowerment, including the ability to equitably interact with relevant institutions.

55. Successful SAM will engender a host of broader social, economic, and environmental impacts which will further improve equality, strengthen institutions, and create local economic multiplier effects. This, in turn, will strengthen social cohesion and economic opportunity at the community impact level. Stronger communities will provide fertile grounds for more market and social opportunity for smallholders and poor non-land holders alike (e.g. labour rights, employment, etc.).

56. Positive impacts at the community level and improved smallholder access will create more private-sector collaboration between all sizes of business, as it will encourage the creation of an enabling policy, regulatory and trade environment which is more positive for smallholders. Well-governed smallholder responsive institutions at the local level will encourage more representative and transparent institutions at the regional and country levels.

57. Each level of the ToC creates conditions for further growth of both smallholder access and broader economic, social and environmental development leading to sustainable poverty reduction and improved food security.

58. The ToC thus hypothesizes smallholders will gain sustainable market access when they are empowered and able to overcome constraints to market access through an appropriate package of incentives and risk management tools. Incentives will include a mix of contextually appropriate infrastructure, knowledge and capacity development, institutional development and policy changes, provided on equitable basis in a sustainable manner. SAM is well supported when transparent, smallholder-accountable institutions and policies advance their interests and where well-sequenced, flexible, locally responsive implementation balances public and private needs while respecting market dynamics.

## D. Overview of IFAD's SAM experience

59. The purpose of this section is to provide a brief review of SAM reflected in IFAD policies and strategies, followed by an overview of IFAD's smallholder access to market programming.[24]

### Overview of IFAD policies and strategies related to SAM

60. As described earlier, global trends in technology, finance, the environment and markets have rapidly and continuously altered the way food is produced, marketed and consumed. This constant change is reflected in IFAD's evolving strategic frameworks, strategies and policies which strive to address new opportunities for meeting its institutional objective of improved livelihoods for the rural poor, including those related to SAM.

61. IFAD's Rural Enterprise Policy (2004) provides guidance on rural enterprise and micro and small enterprise in particular, which is often an important means to greater smallholder market access. The policy identifies the need for market-driven and sustainable access to financial and non-financial business development services (e.g. entrepreneurial and vocational training), supportive government policy, and the need to ensure rural micro and small enterprises are able to participate in civic, public and private-sector arenas on an equitable basis. The policy makes explicit note that women are equally capable as men to operate successful enterprises, but that their needs and interests are not always the same and a targeted approach to their context is required.

62. In 2006, IFAD developed a targeting policy which defines its "target group" as rural people living in poverty and experiencing food insecurity in developing countries. Within this target mandate, IFAD strives to proactively reach extremely poor people with the potential to take advantage of improved access to assets and opportunities for agricultural production and rural income-generating activities. While not limited to this group, the targeting policy recognizes "specific groups of people will take advantage of a development initiative ... and measures aimed at preventing disproportionate benefit capture by other groups." The recognition of qualified and limited acceptance of some elite capture[25] is critical for market access programmes which often require non-poor individuals and non-poor owned business entities to support programme activities targeting the rural poor.

63. Similarly, IFAD's 2007 Innovation Strategy promotes and ensures that innovation is systematically and effectively mainstreamed into IFAD's activities and programmes. Innovation is not only at the heart of improved productivity, but is a critical consideration in rapidly evolving food markets which demand constant product, transportation, packaging and branding innovation. More than this, and more complexly, constant social and institutional innovation is required to empower rural households and farm groups to understand and advance their interests in evolving markets. The Innovation Strategy is a vital means to ensure that IFAD constantly evolves and adapts its smallholder programming along with dynamic market processes and commercially driven partnerships.

64. IFAD's 2009 Rural Finance Policy recognized the availability of low income appropriate financial services as critical to poverty reduction in rural areas and to smallholder market participation. Financial services have proven fundamental to enhancing productivity and market access through facilitating access to capital and financial risk management tools. The policy outlines six guiding principles enabling this: (i) support access to a variety of financial services; (ii) promote a wide range of financial institutions, models and delivery channels; (iii) support demand-driven

[24] The synthesis is primarily limited to IOE documents and neither the sample nor this section draws on all IFAD SAM programming knowledge base.

[25] Elite capture is where programme resources designated for the benefit of a poor population are usurped by individuals with greater economic, political, educational, ethnic-based or other types of power. See also: IFAD (2009), Targeting in Development Practice: An annotated bibliography - Concepts and Theories, Rome, Italy.

and innovative approaches; (iv) encourage – in collaboration with private-sector partners – market-based approaches that strengthen rural financial markets, avoid distortions in the financial sector and leverage IFAD's resources; (v) develop and support long-term strategies focusing on sustainability and poverty outreach; and (vi) participate in policy dialogues that promote an enabling environment for rural finance. These principles are applied at the three levels of the financial sector: at the micro level when working with rural retail financial institutions and their clients; at the meso level, focusing on financial infrastructure, such as second-tier institutions, and technical service providers; and at the macro level, assessing the policy, legislative, regulatory and supervisory environment.

65. The Rural Finance Policy recognizes the challenge of developing innovative financial products and service delivery mechanisms to meet the needs of IFAD's target group. It focuses on "…developing inclusive rural financial systems and fostering innovations to increase the access of poor and marginalized women and men to a wide range of financial services". The policy also recognizes the importance of supporting a host of financial institutional types from commercial banks to informal village credit and savings groups. Particular emphasis is placed on interventions supporting market-driven approaches to sector development which have also proven to be the most sustainable and consumer responsive. As a part of supporting market development, inclusive financial institutions also often require a range of capital funding from various kinds of debt to equity instruments, particularly when rural market expansion is expected of programming.

66. Similarly, IFAD recognized in its Strategic Framework 2011-2015, the need to engage more deeply and constructively with the private sector to create opportunities, catalyse additional financial resources and technology, and to facilitate market access to the benefit its target group. This is complemented by the 2011, IFAD Private-Sector Strategy which seeks to support greater private sector involvement in IFAD programming. The strategy provides fundamental support to a more private sector approach to SAM programming as it recognizes the importance of private enterprise and of understanding the forces and rhythms of markets dynamics. The strategy notes that the challenges of private sector involvement in rural development programmes are not insignificant even as involvement is increasingly important in a variety of contexts. Consistent with SAM literature, the strategy identifies IFAD's role as an "honest broker" and facilitator, bringing target beneficiaries, private sector actors, governments and other programme stakeholders together.

67. The goal of IFAD's 2012 Partnership Strategy is also important as it recognizes that moving more rural people out of poverty requires the "selective use and effective management, of partnerships". The intent of the strategy is to ensure partnerships support equitable outcomes for all project partners, but with a focus on marshalling efforts to benefit the rural poor. The strategy has provided the basis for and guidance to SAM efforts involving all types of partners, but importantly the bringing together of private non-financial and financial sector partners, both large and small. As with the Private Sector Strategy, the Partnership Strategy underscores IFAD's facilitation and oversight role. This role, and that of other key programme partners was identified and defined in a 2015 analysis of public-private-producer partnerships (see box 3)

Box 3
**Private public partnerships**

The Partnership Strategy is complemented by findings taking from IFAD's 2015 public-private-producer partnerships (4Ps) research. The study, undertaken by the Institute of Development Studies (IDS), had the objective of better understanding the benefits of public-private-producer partnerships and how they can contribute to successful smallholder access to agricultural value chains. The report notes that the 4Ps "…involve cooperation between government and business agents, working together to reach a common goal or carry out a specific task, while jointly assuming risks and responsibilities, and sharing resources and competences. Eight enabling considerations for successful 4P smallholder value chain access programming were identified, including: (i) define rationales and underlying assumptions; (ii) ensure a clear market pull; (iii) prioritize farmer ownership of the 4Ps; (iv) align partner incentives and build trust; (v) manage risks through their identification, distribution and mitigation; (vi) build capacity to respond to changes in complex market systems; (vii) take a proactive approach to public accountability and transparency; and (viii) facilitate sustainable market systems.

68. A substantial portion of rural production and on/off-farm rural enterprise is undertaken and or managed by women. IFAD's 2012, Gender and Women's Empowerment Policy highlights the importance of and potential for programming that identifies market access opportunities for women and the means for them to take advantage of those opportunities. The goal of the policy, more specifically, is "To deepen impact and strengthen sustainability of IFAD-supported development initiatives" as women are significant actors in the food production, household food/nutrition security, and natural resource management".[26] A critical policy outcome of the strategy is to enhance the capacity of programme partners to address gender in agriculture and rural development on a conscious, constant and monitored basis. This policy is vital for ensuring smallholder interventions proactively address gender issues at the programming level. This is critical in the private sector where gender and minority exploitation, prejudices, and other detrimental practices can be veiled in arguments of meritocracy.

69. Together, these policies and strategies underscore IFAD's commitment to key elements of SAM programming. They legitimize support of market-oriented interventions and recognize key elements of market dynamics, including the need for private sector in balanced partnership arrangements, while keeping intervention benefits focused primarily on poor rural households with explicit consideration of the needs of women.

## Overview of IFAD SAM programming

70. Over the last ten years approaches to IFAD smallholder programming have been quite diverse, reflecting smallholder programme trends more broadly. In many cases, smallholder access activities have been either a large component of a programme and/or strategically important to programme outcomes. In others, SAM has been more of an "add-on" with modest input support.[27]

71. The great majority of SAM IFAD programming is led by geographical targeting, which typically focuses interventions on a number of states (or equivalents). This targeting approach is more limited in practice and resources are frequently focused on a set of smaller well-defined geographic districts (or equivalent). By contrast, a substantial number of programmes are national in scope, but by design or for lack of resources by default, also focus on more limited target geographical areas in practice.

72. The technical focus of SAM programming ranges from supporting new production techniques, smallholder productivity and transportation infrastructure

[26] World Bank, FAO and IFAD (2009), Gender in Agriculture Sourcebook.
[27] Programmes cited in this section have had various degrees of success and they are referred to for their programmatic characteristics and not necessarily for their performance achievements.

(e.g. irrigation schemes and feeder roads) to more complex agricultural technologies (e.g. production, process, and on/off-farm enterprise management), facilitated access to national and international commodity markets, to support of thematic issues (e.g. land ownership, youth employment and rural finance), or cross-cutting themes (e.g. gender mainstreaming of business development skills). The degree to which the private sector has been involved also varies, but for projects implemented prior to 2005, relatively few substantial private partnerships were been formed.

73. There has been a steady progression towards increasingly more market-driven programming, including greater focus on market access for a single or small number of target areas and/or products as opposed to a broader "any and all" product approach. Most SAM product market efforts have not been addressed in the comprehensive manner required by value chain development, although there is a trend towards more sophisticated product market development. Between 2012 and 2014, an IFAD stocktaking of value chains found 61 of 86 programme designs had some "form" of value chain approach (compared to 5 of 39 in the synthesis sample). This trend complements the traditional and still relevant "asphalt, bricks, and mortar" or physical infrastructure approach to improving market access that often comprises the bulk of SAM programming (e.g. supporting storage facilities, market access roads, etc.).

74. Increasingly, the heart of SAM programmes is knowledge generation and sharing. A host of approaches have been employed: fairly traditional information sharing via public extension services, farmer exchanges and study tours, technical workshops, and producer trade fairs. Other newer approaches have included, for example, provision of systematic and real time digital market information, working with farmer associations and cooperatives to improve market knowledge, rural enterprise capacity development, and formal market transactions capacity development, etc. Private and public sector enterprise development partners are often employed in knowledge broker roles, especially when value chains are targeted.[28] IFAD has also financed a number of grant-based initiatives to support regional knowledge platforms and networks (e.g. the Africa Regional Knowledge Network, Network for Enhanced Market Access by Smallholders) several with the support of other institutions (e.g. the International Labour Organization, United Nations Capital Development Fund and the IFAD micro-insurance promotion in North Africa).

75. IFAD's extensive history of working to develop farmer and farm group/organization social and economic capacity is a notable element in many SAM programmes. IFAD's smallholder capacity development experience reflects a respect for smallholders' specific needs and has included development of skills as basic as literacy and simple accounting to more complex individual and smallholder institutional empowerment, to contract negotiation and export trade management. It has also included the formation and management of a variety of self-help financial and non-financial business services organizations.

76. SAM initiatives have been aimed at influencing critical pro-rural poor policy change. Some actions focused on specific crops or supply chains, or inclusive finance, while some have targeted enhancing market development through the removal of quotas, or other market restrictions unfavourable to smallholder access. A number of these efforts have supported SAM directly or indirectly through cross-border, regional/sub-regional trade and other international policy developments.

77. While the preponderance of partnerships involves public/quasi-public and farmers/farm groups, other types of grassroots, civil society, and NGOs have been involved, as has the private sector. More recently, IFAD programming has begun to

[28] See Thorpe, Jodie and Mar Maestre (2015), Brokering Development Enabling Factors for Public-Private-Producer Partnerships in Agriculture Value Chains, IFAD and Institute for Development Studies, pages 5 and 6, Rome, Italy.

work with large and medium-sized firms involved in value chains. Private sector financial service providers have been supported by IFAD for some time, and they have been both formally and informally integrated into SAM programming. Local private and quasi-private sector enterprise development organizations (some NGOs) have also supported IFAD smallholder programme beneficiaries (e.g. CARE and Catholic Relief Services, village enterprise experts). Other international development organizations are common programme partners often bringing new knowledge and or resources to programmes, and in some limited cases, have taken an active programme role. Smallholder beneficiaries are also often considered formal partners, though in most cases their involvement in programme development and management is quite limited, as is their financial contribution.

78. IFAD has tended to use fairly straightforward loans and grants for the majority of its programme support and it has used mixed mechanisms and instruments in different combinations and to varying degrees. A number of programmes involved substantial national government funding and a few have featured significant collaboration with other international development partners/funders. Again, most programmes have limited beneficiary contributions and state level (or equivalent) funding. A very few have municipal or district government level support. Until recently, very few programmes had substantial private-sector funding support.

79. These partnership arrangements and IFAD's standard loan and grant funding approach in multi-year programmes have limited to some extent SAM programme design, implementation and impact. National governments, for example, have a strong preference for roads or other built infrastructure, when institutional strengthening and capacity-building is often required. Some governments place great focus on yield without a corresponding vision of how to market increased production. The private sector is often unable to wait for programmes to be designed and activated, and programme funding can come with unattractive terms and conditions. Programmes are frequently unable to adapt to evolving market conditions. Finally, the private sector is accustomed to a wider variety of financial mechanisms such as equity, quasi equity, bonds, etc. which could be applied to enhance SAM programme performance and to leverage new funds. These and other challenges can and have been overcome by IFAD programming but are noteworthy here and will be discussed later.

## E. Overview of key questions

80. The overarching question of this synthesis is: to what extent have IFAD-financed interventions in market access met the institutional objectives of IFAD?

81. The answer to this question is necessarily set in the context of evolving SAM intervention experience, including that of IFAD. That is, IFAD's experience is shaped by its own work as much as it is informed by the thought and practice of peer institutions. Indeed, as an institution providing leadership in SAM, IFAD experience reflects intervention advances and innovation as much as other organizations and, in this regard, sets as much as follows innovation and development in the field.

82. In addition to and consistent with the overarching question, five key SAM intervention questions were developed in the synthesis' approach paper. These questions also figure substantially in SAM literature and intervention practice, and are important to IFAD programming generally. They are thus posed to provide specific insights to IFAD's strategic interests and intervention practice, as well as to provide *evidence-based* lessons learned from implementation experience. Gender equity and natural resource management/climate change cut across the key questions and will be addressed separately.

83. The relevance of each key question is discussed in turn below.

84. **Targeting key question:** For whom has market access been achieved and what has been the nature of smallholder market interaction?

85. SAM targeting questions are critical in any effort to increase smallholder participation in formalized/commercialized markets. Broad geographically defined target populations are thought to dilute efforts, while more tightly defined beneficiary groups, targeting populations in more homogeneous micro agro economic regions is believed to improve intervention success. Equally important is the need to identify and understand the specific constrains and risk perceptions of target groups no matter how defined, particularly those of the poorest rural populations, including women, youth, the vulnerable and marginalized. Effective SAM targeting will recognize the heterogenetic nature of smallholder groups, and the observation that "one size does not fit all". These questions are particularly important in the case of market-oriented projects with private sector partnerships/participation, particularly but not exclusive to value chain interventions which are increasingly common and can lead to elite capture of project benefits. In this regard, programming must expect that profit-oriented actors will expect a reasonable profit for their part in an intervention, raising important contracting and monitoring implications.

86. Targeting is thus an essential and critical aspect of development interventions if the people who need support are going to receive support. More than this, however, targeting must also consider if the people in need are able to utilize the support offered in a way that maximizes planned outcomes and impacts in a sustainable way. The utility of a programme is, as result, only as good as these twin targeting goals and this has proven to be a challenging aspect and important question for SAM as it has been with other types of interventions.

87. **Partnerships/institutions/policy issues key question:** How have partnership strategies, capacity-building of institutions and development of government policies affected access to markets?[29]

88. Over the last ten years, IFAD has substantially expanded the range of partners involved in its programming. SAM interventions are no exception and have generally sought out an increasingly diverse range of partners, including more meaningful private sector participation. This has occurred due to five developmental threads.

89. The first thread is the recognition that a range of players are required to integrate smallholders into markets, and that while government has several potential key roles, neither they nor international development agencies seldom have the power to consistently and positively affect markets on a sustainable basis. The second is the rise of interest in value chains, which often requires a range of partner types, each with different capacities, resources and potential roles. Related is the need for all partners to have sufficient vested interest in supporting programme smallholder aims. A third thread is the shifting of governments and international development organizations from the role of implementer to one of enabler and facilitator. The pressure to take on these roles is particularly strong for national governments, whose past "market maker" interventions typically met with unsustainable results.

90. Increasing corporate social and environmental responsibility is a fourth thread. This has seen the private sector, particularly large multinational agricultural and food companies, becoming increasingly interested in sustainable development and actively pursuing smallholder collaborations. Companies are doing this not only as a means to improve their social image, although there is much of this, but as a

[29] This question bundles institutional and organizational considerations, with policy being considered an outcome of government management/activities.

way to secure the volumes and quality of inputs they need to meet international demand.

91. Fifth, beneficiaries – poor farmers, entrepreneurs, households, and famer organizations – are increasingly considered formal implementation partners (implicitly and explicitly). What SAM experience has found is that the more formally farmers and rural entrepreneurs can be functionally integrated into a programme, the more durable and greater the economic, human and social capital gains can be.

92. **Infrastructure key question:** How does infrastructure impact access to markets?

93. As noted in chapter II, section B, provision of infrastructure strategy once focused on the relatively passive provision of roads and bridges. It has since moved to more market access elements beginning with better storage and grading infrastructure, and more recently, to include information and knowledge infrastructure as well as business capacity development.

94. It is important to distinguish between the different elements of infrastructure involved in SAM interventions. First, there is physical production infrastructure, supporting production of food for commercial sale. This can include, for example, access to water, irrigation and soil conservation schemes, as well as natural resource management infrastructure. The second is physical market access infrastructure such as roads, culverts, as well as storage systems, transfer points, etc. Also included in this element are warehousing and grading systems or producer/producer group marketing schemes, etc. Where productivity infrastructure is aimed at increasing incomes through greater yield, quality and diversity of production, physical market facilitation infrastructure primarily aims to decrease transaction costs or improve market price to smallholders.

95. Both types of physical infrastructure are complemented by capacity and institutional support infrastructure which ranges from automated market and weather information systems to knowledge and capacity development, which can include enterprise development and commercialization service providers or educational and social development services/institutions. This type of infrastructure can be aimed at individual farmers and/or their groups – cooperatives, business associations, informal selling groups, credit and savings groups etc. – the formation of which is also a form of infrastructure development. Institutional infrastructure is often required to ensure individual and community rights, access to basic education, health services, etc. Capacity and institutional infrastructure can be temporary or permanent including, for example, the development of sustainable small enterprise capacity development services.

96. Successfully selecting among these infrastructure choices involves a great deal of attention to the targeted smallholder population's needs, constraints and risks if the right package of incentives are to be put in place and access to markets is to be sustainable.

97. **Finance key question:** How has the financial sector (e.g. formal and informal banking, leasing, insurance, private investment, input supplier credit, etc.) responded to meet the financial demands and needs of the target group for production and market access?

98. As already noted, access to a variety of financial instruments can be a vital element in sustainable rural development. Unlike other production and enterprise needs, rural households have reasonably similar sets of financial needs. Their enterprises, both on and off-farm, require different types of financial inputs from working capital credit, asset purchase credit, to bridge loans as well as emergency loans. They use both long and short-term savings vehicles both for general and defined purposes (e.g. investments, loan collateral, to establish loan payment capacity, for school fees, etc.).

Box 4
**Evolving nature of rural finance**

Ironically, barriers to access for the rural poor are falling, due to the very simplest and the most complex methods of service provision. At one end of the spectrum, there are informal membership-based financial services. These are unregulated, unregistered groups of savers who use their savings to lend to one another. There are various methods such as Savings and Internal Lending Communities, Village Savings and Loan Cooperatives as well as various forms of financial cooperatives.

At the other end of the spectrum are rapidly developing mobile bank services, often offered in combination with agency banking that allows businesses to take and give cash to financial service clients on behalf of a financial institution. Most such services still offer basic services, but technologies and regulations are changing quickly to accommodate client needs and to further reduce transaction costs. Together, member-based financial institutions both formal and informal, and mobile banking are working to increasingly link rural economies, and the rural poor to the formal financial system.

99. These needs are commonly known. What is less recognized, however, is that households employ financial services as part of their risk management systems without which commercialization of their production might not be possible.[30] Smallholders will use, for example, formal insurance products where affordable (e.g. funeral insurance, loan payment insurance, health insurance, etc.) but mostly they employ savings and access to credit to smooth income particularly in times of emergencies.

100. The successful scaling up of inclusive financial services in urban centres has yet to be fully replicated in rural areas, although a variety of formal and informal financial institutions/organizations have had some success, particularly in more densely populated rural areas. The choice of institutions and the identification of appropriate products, like SAM programming generally, depends upon the target population's economic needs including savings, credit and insurance geared to on and off-farm economic cycles (e.g. production cycles, remittances seasons, availability of seasonal off-farm employment, etc.). IFAD operating experience supports this conclusion and shows that market segmentation, as a form of targeting, should underpin financial service sector market interventions.

101. As is now well appreciated by most development partners, sustainable access to inclusive finance is almost always best served by market-driven organizations.[31] This includes demand-driven products and services that return a meaningful profit to financial institutions. In rural areas, where transaction costs can be prohibitive for many formal financial service providers, creative interventions can be required such as linking informal savings and credit groups to formal financial institutions, guaranteeing input supplier loans on a temporary basis as a means to establishing smallholder credit worthiness, or working with commercial banks and large private companies involved in value chains. Finance alone, however, is seldom sufficient as a catalyst for SAM even as it is frequently a critical element in SAM programming. How it complements non-financial programming efforts, as a result, is a critical question for SAM interventions.

102. **Production, food security and nutrition key question:** How does the nature and type of product/production and income potential affect SAM and does SAM translate into greater food security and nutrition for the rural poor (e.g. choice of production, commercial versus subsistence production, etc.)?

103. Improved food production, food security and nutrition are a primary goal of IFAD. This requires that SAM interventions not only consider asset and income

[30] See for example: CGAP Focus Note (No. 102, March 2015) Early Insights from Financial Diaries of Smallholder Household.
[31] CGAP Focus Note (No. 85, April 2013) on Segmentation of Smallholder Households: Meeting the Range of Financial Needs in Agricultural Families.

enhancement, but sustainable improvements in household access to sufficient and nutritious food as well. SAM programmes typically ask smallholders to dedicate time, effort and resources to production for commercial sales which can expose them to income and food security risks. The choice of product and production volume, the means to overcome market access constraints, and food security risk management measures are key elements in the smallholder SAM intervention participation calculation, as they are to supporting underwriting future smallholder food security. The mix of subsistence to commercial food production is a key question, one which requires a clearly laid out intervention strategy, including consideration of food security and intervention sustainability.

# III. Synthesis of IOE evaluations

104. This chapter presents the synthesized finding from an assessment of 39 programmes with substantial SAM elements evaluated by IOE between 2005 and 2015. It seeks to answer the overarching key question: To what extent have IFAD-financed smallholder market access interventions met the institutional objectives of IFAD? It also reflects IFAD's evaluated SAM experience against the synthesis' five key questions.

105. This chapter has three sections. The first section reviews the SAM programme sample, presenting a range of descriptive statistics. The second section discusses findings with reference to the five key questions posed by the synthesis, delving more deeply into specific elements of SAM programming as it relates to IFAD's approaches to SAM interventions and experience. The third section presents a SAM typology categorizing each programme as simple, intermediate or complex type. The section identifies and briefly discusses emerging programme performance trends by SAM type.

## A. Sample description

106. The sample of 39 SAM programmes reviewed for the synthesis was drawn from 150 evaluations made by IOE over the last 10 years (see paragraph 26 for sample selection method). In approximately 25 per cent of the sample, SAM was an explicit primary programme objective. In the rest of the sample SAM was not an express objective but an implied obvious objective. For example, in the Ha Tinh Rural Development Project in Viet Nam efforts were made to increase smallholder income primarily through livestock and rice production enhancements, but also through the rehabilitation/construction of 70 marketing centres without formalized smallholder market access objectives. In other cases, such as the Zambia Rural Finance Project, there are no substantive approaches to supporting SAM other than improving access to finance with the objective of increasing farmer productivity and commercial sales. Table 1 shows that the sample's regional representation is largely comparable to the overall IFAD portfolio, with the exception of West and Central Africa and the Near East, North Africa and Europe, where it is underrepresented.

Table 1
**IFAD SAM synthesis sample descriptive statistics**

| | *Number of programmes* | *Percentage of sample* | *IFAD portfolio* |
|---|---|---|---|
| Projects considered | 150 | | |
| Final sample | 39 | | |
| Asia and the Pacific | 4 | 10.3% | 25.0% |
| West and Central Africa | 5 | 12.8% | 21.0% |
| East and Southern Africa | 13 | 33.3% | 19.2% |
| Latin America and the Caribbean | 9 | 23.1% | 18.8% |
| Near East, North Africa and Europe | 8 | 20.5% | 16.1% |

107. The average SAM related programme budget was US$31.9 million (see table 2). The typical SAM programme budget ranges between US$10 and US$20 million with two large programmes of over US$100 million skewing the average upwards. The average IFAD financial contribution (loan and grant) is 54.5 per cent of programme budgets, with a median participation closer to 75 per cent. National governments contributed on average 14.3 per cent of SAM programme budgets, with other

development agencies providing 19.5 per cent (with a two large contributions affecting the average), and beneficiaries 6.0 per cent. While IOE evaluations did not always specify SAM activity budget allocations, the estimated average programme budget dedicated to SAM was around 50 per cent with a range of between 15 to 85 per cent.

Table 2
**SAM programme budgets**

| ***Projects by size*** | *Number of programmes* | *Percentage* |
|---|---|---|
| < US$10 million | 3 | 7.7% |
| US$10 million - 20 million | 7 | 17.9% |
| US$20 million - 50 million | 24 | 61.5% |
| > US$50 million | 5 | 12.8% |
| **Average budget** | **US$31.9 million** | |
| ***Contribution*** | | |
| Average IFAD contribution % | 54.5% | |
| Average government contribution % | 14.3% | |
| Average beneficiary contribution % | 6.0% | |
| Average other contribution % | 19.5% | |
| **SAM % of budget *(estimated)*** | **50.0** | |

## B. Synthesis findings by key question

108. In this section, findings of the SAM sample focused on the five key questions are provided. The analysis seeks to draw out common aspects of programme performance and challenges, reflecting where appropriate on IFAD's institutional objectives and SAM-related policies, strategies and guidance notes. This is followed by a similar analysis for gender and natural resource management/climate change issues.

109. **Targeting.** For whom has market access been achieved and what has been the nature of smallholder market interaction?

110. IFAD has a strong history of targeting the rural poor, and in almost all the programmes in the SAM sample the rural poor, often those among the poorest, are consistently targeted. Many programmes explicitly target the economically active poor, or those able to employ the income and asset development initiatives provided by programmes. This targeting approach is concisely stated and represented in the Ghana REP II programme where the programme targeted rural families living in poverty but paid special attention to the most vulnerable households, focusing on the "entrepreneurial poor" and those with some basic business skills. Others with greater disadvantages were also targeted, including women, the unemployed and underemployed youth.

111. All sample programmes had a broad, geographically defined target population (e.g. national, state, district, etc.). Many also had thematically or technically defined targets such as a specific product type or value chain, but almost always in concert with a geographically defined target (see table 3).

112. The most common strategy was to target a number of geographic areas. In some cases, the areas were quite small such as in the Rural Enterprise Project in Grenada; in others, they were much larger, as in the case of Proyecto de Desarrollo Rural de las Provincias del Noroeste in Argentina. Ten programmes focused on the production and sale of a specific product(s), including, for example,

the roots and tuber programmes in Benin and Cameroon. This approach does not involve value chain analysis/development, but typically focused on increasing yield and some simple form of market enhancements (e.g., feeder roads, local marketplace improvements). Five programmes had a value chain focus including, for example, the Rural Small and Microenterprise Promotion Project II in Rwanda.

Table 3
**Target characteristics**

| | *Number* | *Percentage* |
|---|---|---|
| Product | 10 | 26% |
| Value chain | 5 | 13% |
| Geographic | 23 | 59% |
| Population | 1 | 3% |
| Market | 1 | 3% |
| Locally Responsive | 6 | 15% |

113. It is of note that programme participation with geographically defined targeting was often based on an implicit process of farmer/entrepreneur self-selection. For example, a programme operating over many thousands of square kilometers with a population of one or two million inhabitants cannot offer services to all smallholders, and depended instead on groups of farmers either recruited or volunteering to participate in the programme. Some programmes offered services to any and all in targeted geographic areas such as in the Ha Tinh Rural Development Project in Viet Nam, where literacy and numeracy skills were broadly offered at the community level.

114. Both explicitly and implicitly and to varying degrees, the sample programme targeting experience sought to address the needs of homogeneous populations. There were two notable methods for doing this.

115. The first was to target the needs of smallholders in relatively homogeneous communities. This was the case with the Sofala Bank Artisanal Fisheries Project in Mozambique, which demonstrated how tackling fisheries problems from a community perspective was important, particularly by recognizing fishing communities are complex social and economic entities in which fishing plays an important but not overriding economic role.[32] The Vegetable Oil Development Project in Uganda offered two targeting examples. One component of the programme worked to integrate smallholders into an oil seed value chain on Bugala Island in Lake Victoria. The programme facilitated a partnership between local smallholder farmers and the natural oil company Bidco. A second programme component aimed at introducing flower production for natural seed oils and oil essence manufacture targeted a larger, more dispersed geographic area. This programme was challenged to meet specific farmer interests.

116. The second approach to targeting focused on heterogeneous population but providing implementation mechanisms to meet the specific needs of beneficiaries. This approach was found to be particularly effective where design incorporated implementation structures which encouraged local ownership and empowerment. For example, programmes such as the Ha Tinh Rural Development Project in Viet Nam or the Rural Enterprises Project - Phase II in Ghana both had substantial local organization involvement. Similarly, projects such as the Market Strengthening and Livelihood Diversification in the Southern Highlands Project in Peru, had effective

[32] IOE (2013), Project Completion Report Validation of Sofala Bank Artisanal Fisheries Project Mozambique, IOE, IFAD, Rome, Italy, 17.

locally driven governance with high degrees of institutional transparency. Finally, the Programme for the Economic Development of the Dry Regions in Nicaragua addressed lack of water as a common inter-regional environmental constraint transcending local and institutional differences. This experience found targeting a narrowly defined common challenge is akin to addressing a homogenous contextually defined smallholder need.

117. The sample also offers targeting experiences that impairs programme achievements. For example, in the Zambian Smallholder Enterprise and Marketing Programme, a lack of focus on specific products challenged the programme's ability to serve diverse farmers' needs. The NGO business development service providers contracted by this programme were severely constrained by an overly complex menu of activities that did not necessarily correspond to farmer priorities.[33] In Grenada, a series of challenges led to the dilution of programme resources and an eventual refocus on a single, more homogeneous area.[34] The Sustainable Rural Development Project for the Ngäbe-Buglé Territory and Adjoining Districts in Panama focused on a relatively homogenous population, but did not have a well-defined production focus. This resulted in limited smallholder access to any of the several value chains it targeted.[35] Finally, a strong targeting focus does not necessarily lead to an effective intervention as was the case in the Roots and Tubers Market-Driven Development Programme in Cameroon, which was hindered inter alia by a "weak approach" to supporting value chains.

118. Targeting approaches in the SAM sample was diverse, as defined by four common targeting characteristics. Figure 1 shows among the sampled projects, those with geographically defined SAM targeting were found to have a higher average rating on impact and sustainability than those with targeting driven by production of certain products. Targeted value chain interventions, by contrast, had a higher average rating for relevance but lower for impact and sustainability. The projects which had a targeting approach driven by product(s) and production increases had considerably higher average rating on relevance than impact and sustainability.[36]

[33] IOE (2010), Project Completion Report Validation of Smallholder Enterprise and Marketing Programme Zambia, IOE, IFAD, Rome, Italy, pages 5 and 11.
[34] There was also some need to adapt to the impacts of hurricanes. IOE (2015), Project Completion Report Validation of Rural Finance Programme Grenada, IOE, IFAD, Rome, Italy, 12.
[35] IOE (2013), Project Completion Report Validation of Sustainable Rural Development Project for the Ngäbe-Buglé Territory and Adjoining Districts Panama, IOE, IFAD, Rome, Italy, 40.
[36] Note that positioning of characteristics in figure 1 through 6, does not refer to causality. See paragraphs 30-31 for details of the methodology.

Figure 1
**SAM programme targeting**

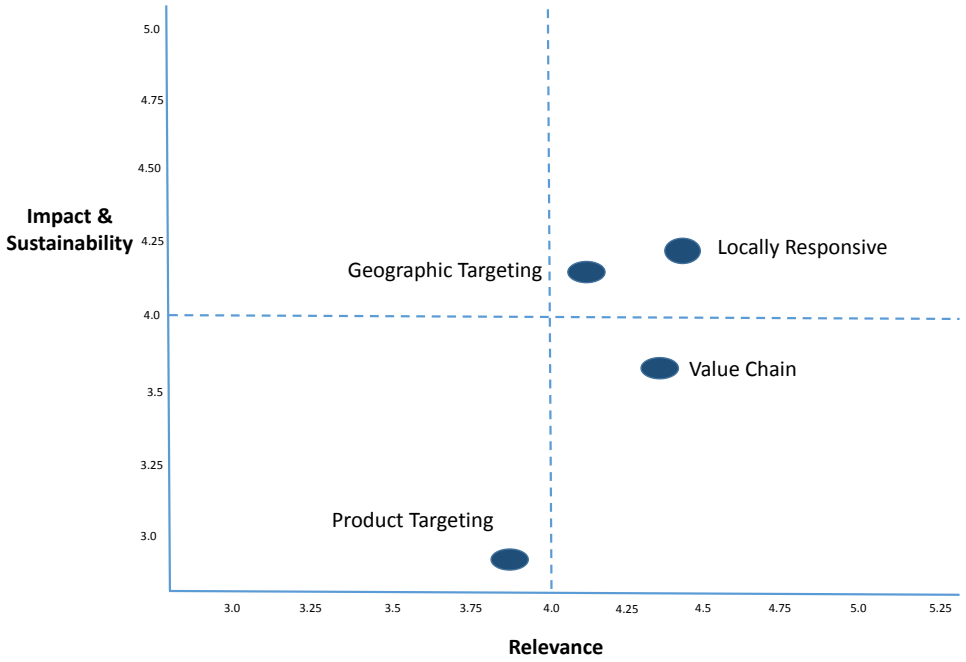



Figure 1 shows on the Y or vertical axis the combined average IOE evaluation rating for Impact (Household Income/Asset development, Human/Social Capital development, and Food and Nutrition) and Sustainability for each Key Question characteristics by programme. On the X axis the figure shows the IOE evaluation rating for Relevance. These ratings are drawn directly from IOE evaluations for each programme. For design rationale see paragraphs 30-31. This method is repeated for figures 1 through 6. Note: characteristics found in fewer than three programmes are not shown unless otherwise stated.

119. Programmes that had locally responsive characteristics were rated highly on both axes, underscoring the importance of programming that seeks to meet the needs of specific populations. In the Armenia Rural Areas Economic Development Programme there was a strong focus on unemployed men and women, rural entrepreneurs, agro processors and traders and non-agricultural small and medium-sized enterprises.[37] The Ha Tihn project did not so much target a specific population as it allowed community groups to tailor benefits to their needs. Demonstrating programme responsiveness can also happen after design as it did in Senegal where the Projet d'Appui aux Filières Agricoles programme focused primarily on value chains for four grains, but moved during implementation to provide support for almost 2,000 women to raise and sell high-quality, packaged chicken meat.[38]

120. Six programmes partnered with medium and large size businesses which were important actors in value chains to which smallholders were to be linked on a sustainable basis. Programming in these cases provided some support to private sector actors but with the intention of improving market access for smallholders. IOE evaluations reported no evidence of systemic elite capture as a result of this targeting approach, and that the majority of non-programme management resources benefited smallholders.

[37] IOE (2011), PCRV of Rural Areas Economic Development Programme Armenia, IFAD, Rome, Italy.
[38] Discussion with Monitoring and Evaluation Manager of Projet d'Appui aux Filières Agricoles (PAFA), November 26, 2015.

Box 5
**Key findings on targeting**

The SAM sample programmes benefited smallholders to varying degrees. Notable targeting observations include:

- Geographical targeting was consistently employed but often had locally responsive and adaptable interventions which met local needs.
- Targeting focused on value chains had higher rated impact and relevance than most of those focused on a specific product and its production.
- Programmes delivering market-oriented activities to target population showed notable market relevance.

121. **Partnerships/institutions/policy issues.** How have partnership strategies, capacity-building of institutions, and development of government policies affected access to markets?

122. Table 4 shows the diversity of SAM programme partnerships. All programmes had the national government as a partner with greater or lesser degrees of active involvement, but with most limited to staffing of the programme management team and involvement in programme governance.

Table 4
**Partnerships characteristics**

| | *Number* | *Percentage* |
|---|---|---|
| Public | 34 | 87% |
| Non-governmental organization | 16 | 41% |
| International development organizations | 3 | 8% |
| Private sector association | 3 | 8% |
| Micro/small private | 6 | 15% |
| Medium private | 3 | 8% |
| Large private | 3 | 8% |
| Farmers/groups/communities | 20 | 51% |

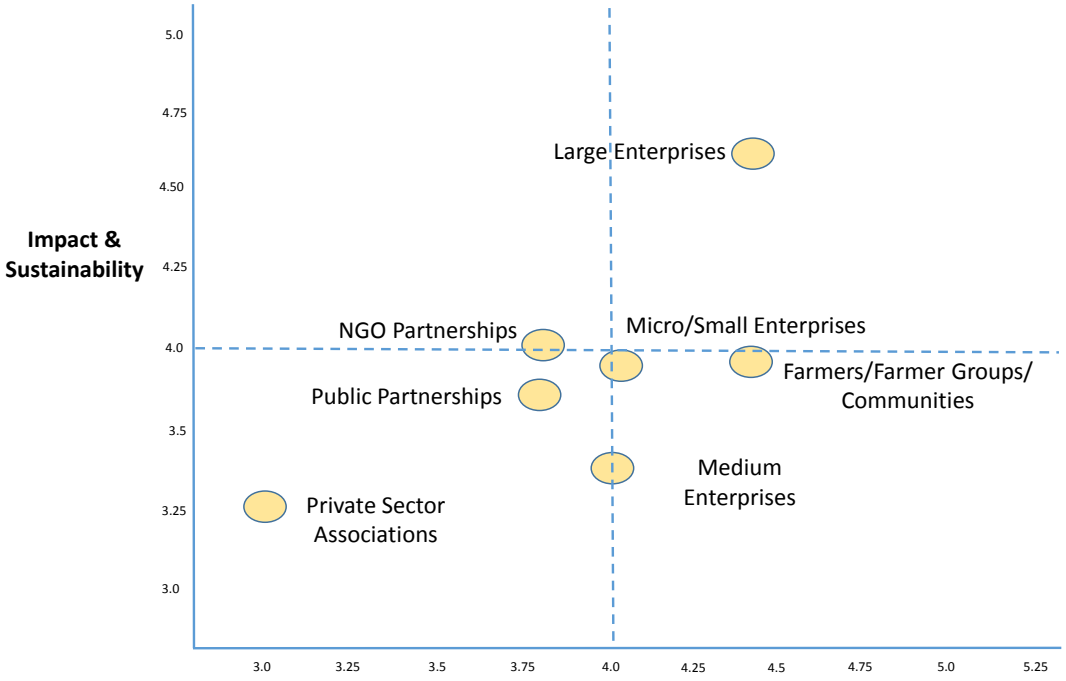
123. The second largest number of partnerships was with local farmers/farm groups, with the terms of partnerships ranging from formal participation to "partnership" through being programme clients or beneficiaries. Similarly, various sizes of enterprises were included as programme partners, some formalized, others not. SAM programming also involved different types of NGOs and civil society organizations, including cooperatives and other types of business associations. Three international development organizations were partners with various levels of active participation.

124. Figure 2 shows the main partner types in the SAM sample as defined by common characteristic approaches. It shows that programmes with large enterprise partners were also found to have the highest average impact and sustainability ratings, while programmes partnering with farmer groups and communities and/or with micro and small enterprises received a similarly high average relevance rating, but scored less on medium and long term impact. Programmes promoting partnerships with private sector associations were found to be the least relevant and obtain the least sustainable impact.

125. Incentives to participate in a SAM project are diverse and usually context specific. Farmers and their groups often seek empowerment, which can come in many forms, from basic life skills development to active participation in programme

management such as in the local resource allocation committees found in several programmes.[39] Farmers as "enterprise" owners can also be quite market-oriented, primarily incentivized by the very tangible outcomes of increased income, as was the case in El Salvador's Programme for Reconstruction and Modernisation, where programme partners were offered market-driven business support or extension services. The opposite was often the case with government extension services, such as in Ethiopia where the government Cooperatives Promotion Department extension staff were reported not to have smallholder-relevant business promotion, management, and marketing know-how.

Figure 2
**SAM programme partnerships**




Box 6
**Partnership diversity**

While it is generally positive that the number and diversity of programme partners has risen over time, there is no simple relationship between the number or type of any particular partner(s) and project achievements. Sometimes managing numerous partners can challenge programme management, as with the Indonesian Participatory Integrated Development in Rainfed Areas programme, where the "complexity of the programme (for example, the need to implement multiple components in situations of limited local capacity) outstripped the government, local organization and NGO project partners' ability to efficiently manage the programme".

126. Programmes with substantial NGO partnerships had mixed ratings, an outcome consistent with their mixed, often non-market-oriented objectives. Many NGOs, for example, wished to strengthen their influence and membership base, while others focused building their own capacity to provide services to target beneficiary groups. Many, like the Regional Agricultural Marketing and Cooperatives Office (RAMCO) in the Agricultural Marketing and Enterprise Promotion Programme in Bhutan, measured success as a function of member or constituent welfare. The evaluation of Mount Kenya East Pilot Project for Natural Resource Management in Kenya

[39] IOE (2013), PCRV of Market Strengthening and Livelihood Diversification in the Southern Highlands Project ,Peru, IFAD, Rome, Italy; IOE (2015), PCRV of Smallholder Cash and Export Crops Development Project Rwanda, IFAD, Rome, Italy; and IOE (2014), PCRV of Improving Market Participation of the Poor, Viet Nam, IFAD, Rome, Italy.

found, for example, that substantial local organization participation supported sustainable outcomes both at the farmer and the government level.[40]

127. Increasingly, IFAD partnerships have involved more smallholder micro and small enterprise, but also medium and even large businesses, particularly related to value chain focused programmes. These partnerships are primarily, though not exclusively, driven by market forces which, when effectively managed, can counter balance and complement public sector partners who tend to be less market-oriented. Larger businesses also typically have a host of resources at their disposal that smallholders and the public sector often lack, such as investment capital, technology, business know-how and direct market access. This was the case in programmes like the Rural Areas Economic Development Programme in Armenia and the Rural Business Development Programme in the Republic of Moldova which worked with small and medium-sized enterprise, and some larger businesses to create better market access through finance and business development support.[41] In these and other programmes with similar partnership approaches, there was a certain amount of "elite" capture, but the overall impact in terms of jobs created, small businesses supported, and local economic development outcomes was significant. In the case of the Uganda Vegetable Oil Development Project, some 800 smallholders were linked to the Bidco Oil Refineries Ltd., a vegetable oil producer generating jobs and substantial economic multiplier effects in the local economy that otherwise would not have been created.[42] A challenge to this programme, and one confronting other, newer IFAD programmes not in the sample, was the shifting interests of the private sector partner originally selected as project developer. Access to flexible capital, such as equity or long-term debt (or quasi equity) would enhance IFAD's ability to attract and influence private company investments and behaviour. This is equally true of inclusive financial institutions which often require equity and quasi equity capital for capital reserve and, particularly germane to IFAD's development goals rural market service expansion.

128. *IFAD and national governments as partners*. IFAD took on several different roles: programme design, loan oversight and sometimes a supervisory role in SAM sample programmes, though it infrequently took a more direct facilitator role as well. Where IFAD took this more active role, for example, to improve governance or, occasionally weighed in directly on struggling programmes, performance tended to see a turn for the better (e.g. Participatory Integrated Development in Rainfed Areas in the Republic of Indonesia and the Umutara Community Resources and Infrastructure Development Project Rwanda).[43]

[40] IOE (2014), PCRV of Mount Kenya East Pilot Project for Natural Resource Management, Kenya, IFAD, Rome, Italy 62.
[41] IOE (2012) Project Performance Assessment of Rural Business Development Programme, Republic of Moldova, IFAD, Rome, Italy and IOE (2011), PCRV of Rural Areas Economic Development Programme, Armenia, IFAD, Rome, Italy.
[42] IOE (2014), PCRV of Vegetable Oil Development Project, Uganda, IFAD, Rome, Italy.
[43] IOE (2011), PCRV of Participatory Integrated Development in Rainfed Area, Indonesia, IFAD, Rome, Italy, 40; and IOE (2013), PCRV of Umutara Community Resources and Infrastructure Development Project, Rwanda, IFAD, Rome, Italy, 57.

Box 7
**Trends in corporate social responsibility**

In a growing number of product sectors such as cacao, tea, coffee, bananas and pineapples, large multinational corporations like Costco, McDonalds, Nestlé, Cargill, Starbucks, or individual brands of large corporations such as Lipton's and Ben and Jerry's are attempting to engage smallholders in a socially responsible manner. To varying degrees, partnerships with companies of this type offer substantial advantages to smallholders, though not without some risk. While evaluated SAM programmes did not include an example of large multinational companies other than the regional firm BIDCO in Uganda, programming more recent than that of the synthesis sample has found that increasingly formalized and contractual relationships involved in such partnerships can be critically important to smallholders. IFAD's collaboration with UNIDROIT to develop "A legal guide to contract farming" is highly relevant as a result.

129. This facilitator/honest broker role is viewed positively by evaluations as was represented in IFAD's performance scores which averaged 4.4 across the SAM sample. There was also notable positive feedback related to IFAD country offices, particularly in cases of complex projects.

130. The IFAD SAM sample also shows that where governments facilitated more than controlled programmes, results tend to be more positive. Governmental programme coordination has been particularly successful when aligned with ongoing public sector decentralization efforts such as in Viet Nam where institution building was seen as "two way" between the central and local levels, leaving in place commune level decision-making and planning capacity.[44] SAM enabling responsibilities vested in local governments or local councils have been effective as well, including example programmes in Peru and Rwanda.[45] Where the opposite is true, or where responsibilities and/or roles are unclear or subverted, partnerships can have negative implications for programme achievement. This was the case in Mexico, where the sample programme fell victim to rapidly changing strategies and substantial funding shifts between the federal and state governments involved in the programme[46] and in the Bolivarian Republic of Venezuela, where government policy and priorities changed dramatically during the course of the programme, altering local partner priorities, incentives and objectives.[47]

131. There were limited examples related to the regulatory environment, however, in those cases where the governments were able to facilitate their regulatory output, objective achievements were impressive. The introduction of new inclusive finance laws in Ethiopia is an example of this. Another example is the enacting of land registry laws and the recognition of indigenous areas in the Sustainable Rural Development Project for the Ngäbe-Buglé Territory and Adjoining Districts programme in Panama.

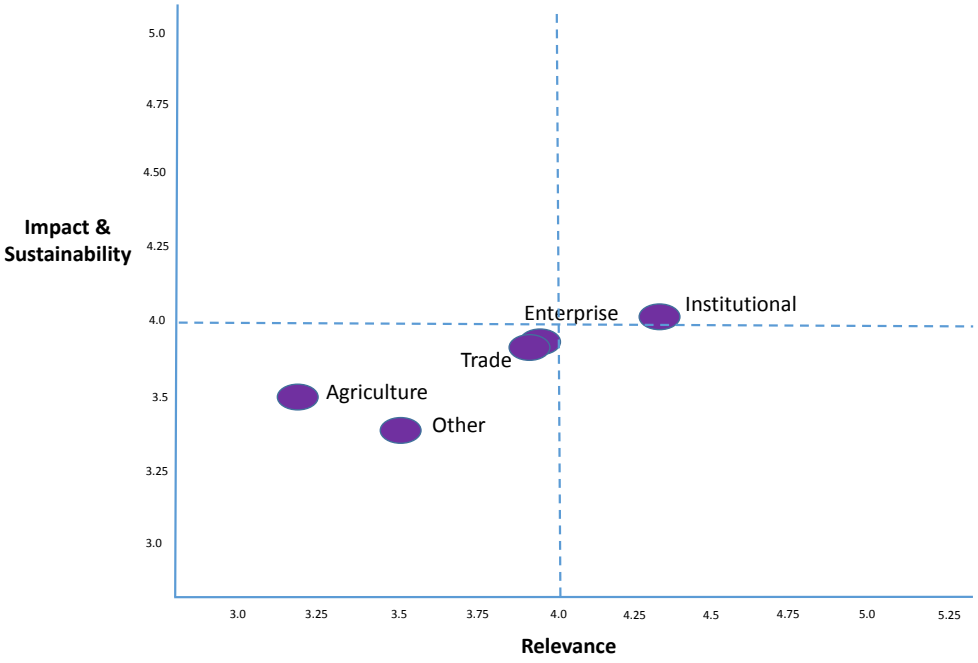
132. *Institutions and policy.* Figure 3 illustrates that support to institutions and policies that are focused on enterprise development and trade have the highest ratings, whereas general agricultural policy has less notable ratings. Most generally, the figure shows that the more market-oriented the institution and policy effort is, the more favourable the ratings. Indeed, formal institution-building, while limited in the SAM sample, have had key contributions to programmatic achievements.

133. Institution-building has been effective in those instances where local needs and risks were addressed, and local actors were empowered within the broader SAM

[44] IOE (2011), PCRV of Ha Tinh Rural Development Project, Viet Nam, IFAD, Rome, Italy, 28 and 31.
[45] IOE (2013), PCRV of Market Strengthening and Livelihood Diversification in the Southern Highlands Project, Peru, IFAD, Rome, Italy; and IOE (2013), PCRVof Umutara Community Resources and Infrastructure Development Project, Rwanda, IFAD, Rome, Italy, 18.
[46] IOE (2011), PCRV of the Rural Development Project for the Rubber Producing Regions of Mexico, IFAD, Rome, Italy, 18.
[47] IOE (2011), PCRV of the Agro-productive Chains Development Project in the Barlovento Region, the Bolivarian Republic of Venezuela, IFAD, Rome, Italy.

programme ecosystem. The aforementioned programme in Panama is a representative example. In this programme, local committees were created and strengthened to work with state government co-implementers, and with shared coordination entities like the Technical Methodological Committee and the Social Human Development Committee. The programme helped seven local committees obtained legal status to improve their offices which brought the physical presence of several state institutions to the local level.[48] Market access outcomes in this case were less notable, but the basis for smallholder empowerment and market access preparedness were put in place.

Figure 3
**SAM policy and institutional development**




134. Programmes with substantial enterprise policy work achievements were on average rated positively for relevance, impact and sustainability. Unfortunately, the sample does not provide much information on trade-related activities as there were only two instances of explicit and direct trade policy work.

[48] IOE (2013), PCRV of the Sustainable Rural Development Project for the Ngäbe-Buglé Territory and Adjoining Districts, Panama, IFAD, Rome, Italy, 21.

Box 8
**Key findings on partnerships, institutions and policy**

- Well-defined roles and responsibilities, with incentives crafted to motivate partners to support smallholders' empowerment, build their capacity and provide access to markets are key to programme partnerships that maximize programme outcomes.
- SAM partnership strategies had mixed results.
- Partnerships promoting flexibility, innovation, knowledge and skills creation and transfer are well-suited to SAM programming.
- Public sector partners facilitating SAM programmes were often effective.
- Where IFAD had to take a more active role, results have been positive.
- Effective private sector partners are willing to take reasonable profits while supporting smallholder development aims (e.g., fair price/return to farmers and a risk adjusted return on private sector investment).
- Much institutional development that took place was found to be relevant and contributing to sustainable impact.
- Policy interventions were few but those related to enterprise and trade were found to be relevant and important to achieve longer term impact.

135. **Infrastructure.** How does infrastructure impact access to markets?

136. As noted in chapter II, section B., provision of infrastructure has evolved from the relatively passive provision of roads and bridges to more proactive forms of market access development such as storage and grading infrastructure and, more recently, through the development of information and knowledge market infrastructure.

137. Like finance, infrastructure alone seldom maximizes smallholder market access. It may appear obvious, but while a road can take a smallholder to market, or a warehouse can safely store excess production, neither necessarily enhances smallholder market access. This is a lesson that IFAD's SAM programming has had difficulty in learning – that while infrastructure is often a prerequisite to market access, only after smallholder production and capacity constraints have been addressed, production risks managed, and the knowledge/capacity to take a fair profit on equitable basis has been developed can sustainable market access truly be created.

138. The sample evidence shows that the infrastructure challenge is not just the identification of what infrastructure is lacking, but how to develop needed infrastructure in a sustainable manner. Implementation questions are indeed insuperable from programme infrastructure design, and will be treated more in chapter IV.

139. By far, the most often encountered infrastructure characteristic in SAM programming was the development and management of market knowledge, typically provided directly to smallholders via public or quasi-private extension services (see table 5). Some knowledge generation interventions included basic literacy or simple accounting skills trainings. In some programmes, capacity-building focused on household/farm financial management. In others, famers or farmer groups were offered product marketing capacity development or, less often, contract development and management skills. Transportation, storage and processing and natural resource management were also relatively common SAM programme infrastructure elements.

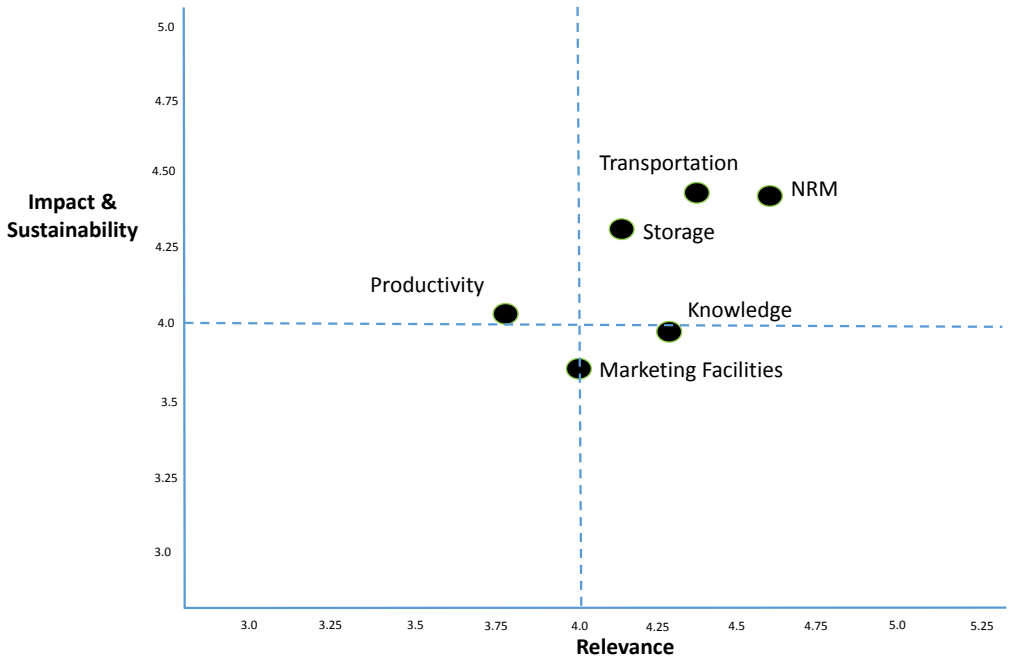
Table 5
**Infrastructure characteristics**

| | *Number* | *Percentage* |
|---|---|---|
| Knowledge | 22 | 56% |
| Transportation | 10 | 26% |
| Productivity | 9 | 23% |
| Market facilitation | 17 | 44% |
| Storage | 5 | 13% |
| Processing | 3 | 8% |
| Natural resource management | 6 | 15% |

140. Figure 4 shows that programmes with a road and/or storage facilities construction or rehabilitation component tend to be more relevant and successful in achieving sustainable impact. Programmes with a market knowledge generation component scored on average equally well on programme relevance. Programmes with natural resource management elements, though few in number, had even a higher average rating on relevance. Roads are the most valued infrastructure characteristic, and in case after case, feeder roads combined with productivity increases and farmer knowledge/empowerment development proved to be the most effective combination of programmatic elements.

141. Clearly, the mix of infrastructure approaches in the sample was quite varied. Some interventions were quite broad in scope, incorporating several physical and capacity/institutional infrastructure elements. For example, the Mozambique Sofala Bank Artisanal Fisheries Project offered a range of infrastructure inputs, from roads, to fish coolers, to community empowerment trainings, to business and market knowledge generation. The programme was highly rated compared to other programmes such as the Roots and Tubers Market-Driven Development Programme in Cameroon which had similar infrastructure elements. The latter programme's achievements were limited due to poor implementation, poor market analysis and the programme's inability to develop local farmer business capacity (among other interrelated challenges), this despite a coherent infrastructure plan.

Figure 4
**SAM programme infrastructure**




Box 9
**A complete package with good results**

"In the United Republic of Tanzania, better prices obtained by many of the (programme) groups is not only due to group bargaining power; the support for market information systems, the warehouse receipt system and the construction of feeder roads and market places also contributed. The warehouse receipt system provides the depositors with liquidity so that they do not have to sell their produce immediately after harvest when prices are lowest…. the system [is now] being implemented in 11 districts."

Rural Financial Services Programme, United Republic of Tanzania Project Performance Assessment

142. Other programmes had more focused infrastructure goals such as the Programme for the Economic Development of the Dry Region in Nicaragua and the Brazilian Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East (Dom Hélder Câmara Project). The latter programme linked local smallholder sales to an established government school lunch programme. Smallholders were also offered basic business capacity development skills and were encouraged to produce a greater diversity of food products for sale at newly constructed and rehabilitated local marketplaces. Together, these programme elements supported increased and more diversified sources of income, addressed farmer production risk, and enhanced producer business knowledge producing notable programme achievements.

143. The SAM programme sample showed infrastructure impacts were also often only as good as other supporting programmatic elements. The Roots and Tubers Development Programme in Benin found that while farmers had improved access to root and tuber market price information and improved market facilitation infrastructure (e.g. roads, warehouses and storage barns), it failed in its socio-economic analysis to recognize farmers had poor access to land, inputs and extension services, making increased production fit for commercialization difficult. This led to tuber and root price fluctuations, which in turn increased farmer risk. Finally, value chain power dynamics were not addressed, leaving smallholders exposed to unpredictable/uncontrollable "market making" actions of powerful

market stakeholders. A similar experience was found in the Yarmouk Agricultural Resources Development Project in Jordan.

144. These examples are not uncommon in the sample, underscoring the implementation challenge of developing, delivering and supporting infrastructure investments. There are many implementation considerations that showed to be important, however three stand out.

145. The first, as noted, is the challenge of designing a package of infrastructure elements providing targeted smallholders access to markets on a sustainable, profitable and food-secure basis. The second is the need to design and implement in rhythm with the market, including the flexibility to adapt to market-driven interests such as competing business opportunities, changing tastes, and macro-economic, political and environmental change affecting market dynamics. The third consideration is programme activity sequencing, or ensuring each infrastructure element is rolled out as required to support the overall programme schedule. In several programmes, production yields grew before roads were built or farmer organizations were formed. In the case of the Roots and Tubers Market-Driven Development Programme in Cameroon, production gains were made before the creation of a consultative forum of farmer organizations, buyers, sellers, agro-industry and financial institutions meant to strengthen the commercialization of the sector.[49]

146. Finally, infrastructure sustainability is a critical and often challenging aspect of SAM programmes. There are several instances of unsatisfactory sustainability ratings in the sample related to infrastructure elements, often due to a lack of resources and/or planning to ensure future maintenance and operational capacities. This was often the case for physical infrastructure and more frequent for capacity and institutional support infrastructure such as business development services, which have proven particularly difficult to maintain on sustainable basis. At the institutional infrastructure level, village and community councils were often not strong enough to support their mandates post-programme, and the same was often true for farmers groups, cooperatives and business associations formed as a part of a programme.

Box 10
**Key findings on infrastructure**

- There is no set combination of infrastructure needs leading to greater SAM achievements, and effective choice of what should be offered is often the outcome of extensive socio and economic analysis of target populations.
- Most IFAD programmes with substantial infrastructure investments were able to enhance sustainable and equitable smallholder market access to some degree.
- SAM programming that supported production, transportation, market access facilitation, knowledge and capacity infrastructure had the highest achievement ratings.
- Infrastructure for transportation, particularly roads, was consistently found in programmes with high relevance and impact/sustainability ratings.
- Implementation sequencing and programme management challenges were experienced by many programmes.
- Infrastructure sustainability challenges were common, particularly for capacity-building infrastructure, but also for productivity, transportation and market access infrastructure.

147. **Finance.** How has the financial sector (e.g. formal and informal banking, leasing, insurance, private investment, input supplier credit, etc.) responded to meet the financial demands and needs of the target group for production and market access?

[49] IOE (2015), PCRV of the Roots and Tubers Market-Driven Development Programme, Cameroon, IFAD, Rome, Italy.

Table 6
**Finance characteristics**

| | *Number* | *Percentage* |
|---|---|---|
| Commercial bank | 5 | 11.4% |
| Non-bank financial institution | 11 | 25.0% |
| Formal-based financial institutions | 5 | 11.4% |
| Informal member-based financial institutions | 7 | 15.9% |
| Guarantee fund | 1 | 2.3% |
| State bank | 2 | 4.5% |
| State fund | 2 | 4.5% |
| Programme fund | 8 | 18.2% |
| Other | 2 | 6.8% |

148. Many SAM sample programmes involved some form of financing and, like many other elements of SAM programming and consistent with IFAD's Rural Finance Policy and experience, have moved progressively towards greater commercial or market-oriented service delivery mechanisms.

149. SAM programmes have included diverse, often multiple types of support to improve access to inclusive or pro poor financial services (table 6). Seven programmes have employed more than two financial service provider types and three used three or more. Non-bank financial institutions (NBFIs), or the classic "microfinance" institution are found in 11 programmes, and informal and formal member-based financial institutions (MBFIs) are found in seven and five programmes respectively. There were eight programme-managed funds.

150. Figure 5 shows formal MBFIs had the highest average rating for relevance, as well as impact and sustainability. These institutions are often small savings and loans groups or financial cooperatives registered with central banks, national cooperative finance apexes, or in some cases, a government agency. The advantage of these institutional types is that they are both highly local in nature, respond to local economic needs, and smallholders are typically members and thus retain some control in the organization. Formal MBFI business models typically have tested governance and management structures, and offer a modest selection of financial services. Informal MBFIs have very simple membership-managed structures with proven operating rules and governance mechanisms. They do not, however, usually report to a financial supervisor and have no external oversight as a result. IFAD operating experience with both formal and informal MBFIs has been quite mixed and finds performance for either type can vary greatly from context to context. Informal MBFIs, for example, can have sustainability challenges and often do not live much longer than programmes supporting them. This experience is echoed in the sample where programmes with informal MBFIs had an average sustainability score of 2.5.

151. In programmes with fairly sophisticated and larger stakeholders such as in Armenia, Republic of Moldova and Azerbaijan, commercial banks have been involved in SAM programmes with notable achievements. A number of SAM programmes have provided smallholders access to the commercial financial sector via apex funds, guarantee funds and NBFIs and MBFIs linked to banks. These efforts have had various degrees of success, most notably in Ethiopia where smallholders have been linked to large market-driven government-owned banks. Very large companies involved in SAM programmes such as Bidco in Uganda, avail themselves of investment and commercial banks. In some few cases, input supply

companies or large corporate buyers provide smallholder credit, though this was less frequent in the sample than it is in more current IFAD programme experience.

152. NBFI performance was mixed. This might be expected given that most NBFIs are urban-based and less familiar with service provision in high transaction cost rural markets. Serving rural markets requires products geared to the financial needs and economic cycles of rural households which are normally different from urban areas. This has challenged many NBFIs in IFAD's operating experience and the SAM sample is no exception (see figure 5). These challenges – or at least the transaction cost challenge – could soon be radically altered; however, as mobile banking technology becomes more commonplace.[50]

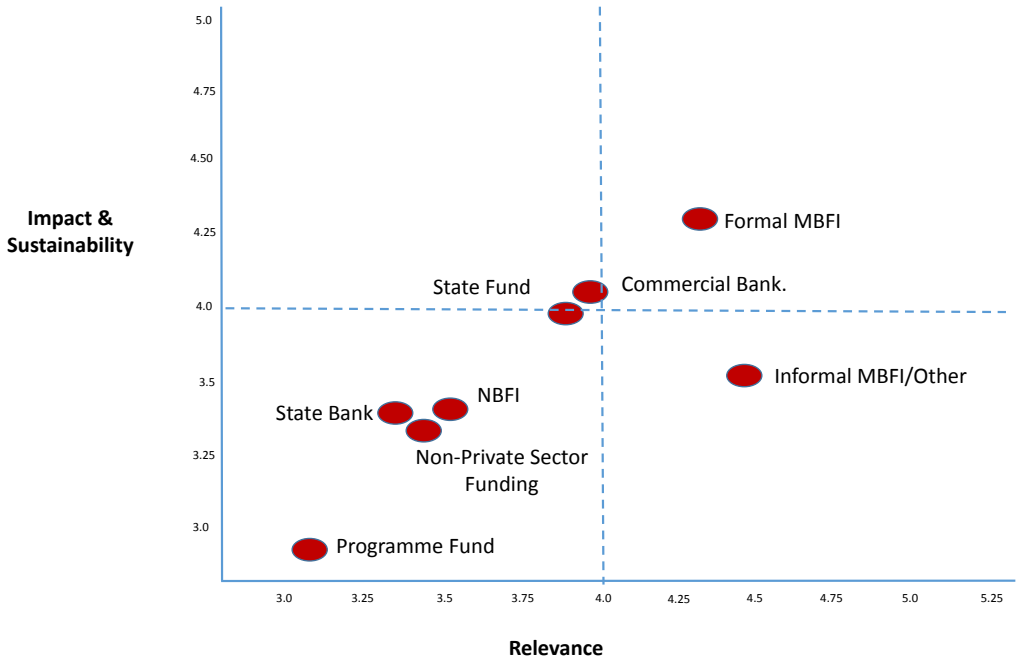
153. SAM programmes have also employed a small number of state banks, state credit funds or have managed their own internal lending schemes. The combined average results for all non-private sector financial funding (i.e. state banks, state-managed funds and programme-managed funds – see figure 5) were found in programmes with mixed but generally lower ratings. Many non-private funds do not have the capacity to manage financial programmes and poor credit decisions are common. This desire to support beneficiary businesses or simply poor credit management often results in granting loans to borrowers whose businesses are not ready for credit.[51]

154. This was the case in the Yarmouk Agricultural Resources Development Project in Jordan where farmers and many women-owned businesses financed by the state bank partner struggled to repay loans due to lack of preparation and or poor storage and market infrastructure support. It is also common that borrowers fail to pay back loans because they believe state or programme funds will not likely demand payment or will not offer loans in the future – both strong disincentives to repayment. These conditions affected several programmes in the sample with implications for market access sustainability. State-led funding is not always ineffective however. In Brazil, a government-run financial service facilitated much smallholder access to capital with substantial impact.[52]

155. Wholesale funds had mixed results. Often managed by the SAM programme or a development bank, this funding approach had more positive achievements when lending to a limited number of financial institutions serving the rural poor and not directly to businesses. While there are only a small number of examples to draw on in the sample, this finding is consistent with IFAD rural finance experience generally. In the Zambia Rural Finance Programme, for example, a programme-managed fund had notable positive effects helping financial institutions increase their rural portfolios. Notably, wholesale funds supporting various types of inclusive financial sector institutions also contribute to stronger inclusive financial sectors supporting poverty reduction more generally. Most inclusive financial institutions need some form of capital, particularly equity capital which wholesale funds are hard pressed to provide. In some cases, they provide long-term debt capital at low interest rates which doubles as equity. Typically, however, government funds have too many or too few restrictions to encourage the kind of financial discipline that contributes to sustainable financial institutions. Decision making processes at most funds are also too slow or cumbersome to meet the needs of institutions.

[50] More recent IFAD programmes have supported this emerging financial sector development in a variety of ways and it is assumed mobile banking in many countries will soon support substantial SAM activities in the near future.
[51] There were only two examples each of state banks and state funds so caution should be exercised in generalizing on the basis of data. Taken as a group (or as an average of the four examples) the importance to either smallholders or the market is still quite low.
[52] IOE (2008), CPE of Brazil, IFAD, Rome, Italy (Dom Hélder Câmara, PROSERTÃO, PROGAVIÃO).

Figure 5
**SAM programme finance**




Box 11
**Key findings on finance**

- The SAM sample programmes' financial support experience largely mirrors IFAD's broader rural finance experience.
- IFAD SAM programming has taken advantage of diverse types of funding sources available with mixed success.
- There were more commercially-oriented financial institutions than non-commercial.
- Informal and formal MBFIs were found in programmes with higher impact and relevance ratings, suggesting that local control is important.
- Non-private funding sources were found in programmes with less impact and relevance.
- There is little evidence to show if financial institutions were able to meet the specific financial and risk management needs of rural smallholders (i.e. via tailored products and services).

156. **Production, food security and nutrition.** How does the nature and type of product/production and income potential affect SAM, and does SAM translate into greater food security and nutrition for the rural poor (e.g. choice of production, commercial versus subsistence production, etc.)?

157. Food security lies at the heart of how the rural poor estimate the risk of devoting limited land, capital, and labour resources to the production of food for commercialization purposes. For many observers, increasing productivity, improving product quality or introducing a new crop seems like a non-decision. For families who regularly experience periods of food shortages, however, the calculation is not so straightforward.

158. Almost all of the evaluated sample of SAM programmes had an explicitly stated goal to improve food security and nutrition. Of the programmes reviewed, however, only three integrated food security into programmatic outcome objectives. In an estimated 50 per cent of programmes, food security was a programmatic outcome even if it was not always specifically stated. Very few

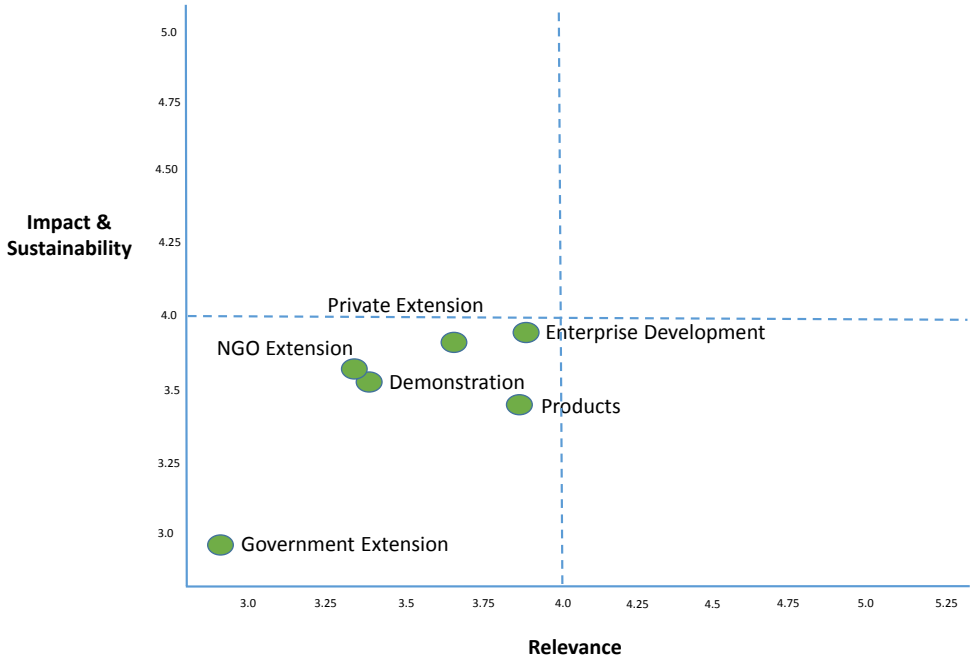
programmes however designed input components or activities to improve food security; fewer yet attempted to assess risks to food security a smallholder might take by greater participation in formal markets (food and non-food).

159. Overall, the sample programmes had a mixed record of food security enhancement leading to an IOE average food security rating of 3.9. This is about the same as household income and asset development and human social capital impact indicators which had a combined average rating of 4.1.

160. The SAM programme sample food security and nutrition impacts varied a great deal. In some cases, improved product/production did not result in greater food security, as was in the case of Azerbaijan, which had relatively high evaluation ratings yet had an unsatisfactory 3.0 on food security. Financial sector projects such those in Tanzania and Ethiopia, similarly score poorly on food security. By contrast, in Mozambique, the Sofala project which had an explicit focus on food security also had noticeable improvements in fish consumption and better all-around access to subsistence food and nutrition, as well as increased income for food purchasing. The Uganda Vegetable Oil Development Project had notable food security achievements with a rating of 6.0, with a 5.3 on overall impact rating and 4.0 for sustainability. Figure 6 shows that the market-driven characteristics had higher smallholders and market functionality programme ratings. Supporting smallholder enterprise and use of private demand-driven extension were found in programmes with some of the highest ratings in the sample. Government extension, by contrast was found in programmes with much lower ratings.

161. Assessing the degree to which enhanced food production actually contributed to improved beneficiary welfare was a notable challenge across the sample programmes. In an estimated 30 per cent of programmes, IOE evaluations noted very poor to non-existent monitoring and evaluation capacity. Where food and nutrition impacts were measured, both were often reported to have improved however. Yet in most cases evaluations reported attribution could not be credited to programme impacts either due to measurement challenges or because exogenous factors were likely to have resulted in measured impacts. More complexly and critical to understanding SAM interventions achievements, while monitoring and evaluation could often identify programmatic challenges, they were frequently unable to isolate specific contributions of different SAM intervention elements.

Figure 6
**SAM Programme focus on production, food security and nutrition**




Box 12
**Key findings on food security**

- Food production and food security was an explicit goal in almost all programmes. Achievements were more positive than negative, but often not attributable to SAM programming.
- Few programmes explicitly designed components to improve food security.
- Few programmes made participant food security risk-reward calculations or developed food security risk management systems.
- Programmes with an enterprise development focus and private extension activities had notably good food security impacts, sustainability and relevance ratings.

## C. Gender equality and natural resource management

### Gender equality

162. Women play significant roles in agricultural production, are often engaged as active entrepreneurs, are responsible for much household management, and can play critical decision-making roles within their communities.

163. Yet despite their importance, women continue to suffer great economic and social inequality, representing an enormous lost opportunity cost to rural development and poverty alleviation efforts. Take for instance the aforementioned evidence suggesting women who run farms suffer a 20-30 per cent yield gap compared to those operated by men. This is not for lack of ability but largely due to "inequalities in accessing productive resources". [53] Closing this gap and expanding on market access opportunity is not just an issue of equality, but a potential opportunity to increase rural household productivity for commercial purposes.

164. The SAM evaluated sample experience supports the observation that women lack resources and empowerment. It also found women perform well in SAM activities

[53] FAO (2011). The State of Food and Agriculture 2010-2011, Women in Agriculture, Closing the gender gap for development.

despite these inequalities, and in several cases, greatly outperform expectations. It also found that while women were almost always considered in SAM programming, seldom were specific activities, processes, or resources devoted to addressing gender equality and the specific needs of women with respect to greater market access.

165. The attention to the specific needs of women was underlined in IFAD's 2006 targeting policy[54] and later expanded upon in IFAD's Gender Policy of 2012 which has three strategic objectives:

- Promote economic empowerment to enable rural women and men to have equal opportunity to participate in, and benefit from, profitable economic activities.
- Enable women and men to have equal voice and influence in rural institutions and organizations.
- Achieve a more equitable balance in workloads and in the sharing of economic and social benefits between women and men.

166. These objectives are cornerstone to maximizing both women's access to markets and, returns to smallholder market access interventions more generally. It is not entirely fair, however, to judge the SAM sample portfolio on the basis of a gender policy published well after the SAM sample programmes were designed. In addition, women's role in SAM is unfortunately not well-charted though it may be safe to assume that what applies more generally to women in rural areas – unequal access to resources, unequal voice in decision-making, disproportionate, workloads on- and off-farm etc. – would apply in any SAM programme context. Indeed, a few sample programmes did seek to address the specific context and needs of women, some acknowledging the issues as noted in the strategic objectives above, either explicitly or implicitly. Only a small number of programmes had specific gender activities and outcome expectations.

167. That there was little comprehensive gender planning in most programmes did not always lead to poor gender performance however. For example, the Rural Enterprises Project - Phase II in Ghana had a 5.0 rating on gender, as did 10 other projects in the sample. In the Rwanda Smallholder Cash and Export Crops Development Project, women-formed high-quality coffee grower cooperatives emerged independently from the programmes work on cooperative organizations.[55] Another programme that had noteworthy gender achievements was the Participatory Rural Development Project in Yemen. The intervention not only supported women empowerment and wellbeing, but also tapped women's capacities to improve community participation as well. At the same time and underscoring the need to explicitly address gender inequality, the programme also had systemic gender biases which had male-led herd extension services favouring male managed herds over those managed by women.

168. When gender was explicitly considered in design, as it was in the Sustainable Rural Development Project for the Ngäbe-Buglé Territory and Adjoining Districts in Panama, notable gender outcomes were often achieved. This programme, for example, employed Women Circles to raise the presence and visibility of women in project activities. The programme also encouraged/empowered women entrepreneurs to start microenterprises though the innovative "The Women Contest" for feasible microenterprise business proposals. Importantly, these initiatives helped to attract the attention of state and donor agencies in the target

[54] IFAD, Targeting: Reaching the Rural Poor.
[55] IOE (2014), PCRV of the Rural Small and Microenterprise Promotion Project - Phase II, Rwanda, IFAD, Rome, Italy, 57.

region, strengthening communities and their institutions to generate broader impacts at the community level (as per the SAM ToC).[56]

169. Overall, however, the sample programmes had mixed results integrating women into markets. While often mentioned as part of a programme's target population, women were rarely the focus of programme elements. Geographic targeted programmes had the best gender IOE ratings averaging a 4.0 compared to 3.5 for the more market-oriented value chain focus. In programmes with extension services, gender ratings were relatively low, ranging from 2.6 for government extension to 3.4 and 3.3 for private and NGO-lead services respectively. Where there was a focus on enterprise development, however, gender performance was rated somewhat higher at 3.8.

170. Programmes with large companies (4.0) and NGOs (3.7) as partners rated higher on gender, but women fared less well (3.5) where farmer/farmer group partnership figured prominently. This compares to a rating of 4.8 for programmes which had specific institutional development activities, many of which had gender equality mandates, suggesting formal institutional settings may provide effective venues for addressing gender issues. Consistent with experience in inclusive finance, gender ratings for programmes featuring informal MBFIs were quite high (4.3), as they were for NBFIs (4.2), which are also often sensitized to the needs of women clients. And finally, women's' participation in programmes with strong natural resource management components rated highly at 4.8.

171. Gender scores for participation in value chain focused programmes were by contrast relatively low. It was not clear from the evidence why this was the case, but IFAD experience suggests that it could be the result of women lacking the capital and time to participate in more formal market relationships. By contrast, and likely for the opposite reason, SAM programmes supporting microenterprises are often found in programmes with high gender ratings. Experience suggest this is because microenterprise require little capital, are often run on a part-time bases, and/or are operated out of a smallholders' home, all conditions which are favourable the context of women. IFAD experience also cautions that while women and microenterprise outcomes can be positive, care needs to be taken to ensure the time and effort dedicated to enterprise activities does not simply add to women's overall household workloads, or preclude them from the comparatively larger potential income value chain activities can generate. The Gente de Valor - Rural Communities Development Project in the Poorest Areas of the State of Bahia (Brazil) programme highlights that in addition to just meeting the needs of women, sequencing of social and market access capacity development was key to positive outcomes. In the context of this programme this meant reducing the amount of repetitive time-consuming work women undertook allowing them to participate in social capital development and empowerment building activities. Once empowered, women were better prepared to access income generation and market knowledge capacity development.[57]

### Natural resource management

172. Natural resource management (NRM) was infrequently addressed as a specific outcome of SAM programming. This does not mean that NRM was not often an element in programmes, it often was. For example, natural resources management was recognized as important in the Sustainable Rural Development Project for the Ngäbe-Buglé Territory and Adjoining Districts in Panama but was not "integrated into an overall intervention strategy of (the project)".[58] Similarly, the Sofala Bank

[56] IOE (2013), RCRV of the Sustainable Rural Development Project for the Ngäbe-Buglé Territory and Adjoining Districts Panama, IFAD, Rome, Italy, 43-45.
[57] IOE (2015) PPA of Gente de Valor - Rural Communities Development Project in the Poorest Areas of the State of Bahia, Brazil, IFAD, Rome, Italy, 78.
[58] IOE (2013), PCRV of the Sustainable Rural Development Project for the Ngäbe-Buglé Territory and Adjoining Districts Panama, IFAD, Rome, Italy, 33.

Artisanal Fisheries Project had substantial NRM impacts as the programme contributed to the establishment of a three-mile-zone for artisanal fishing and regulated industrial fishing, in addition to introducing fisheries resource co-management committees (Government and fishers) at the district and community levels. In the Yemen Dhamar Participatory Rural Development Project, results from simple actions such "educating the people on the improvement of natural resources and environment" lead to notable improvements in drinking water and public health.[59] There are other similar instances where SAM programming had NRM impacts, but as with gender issues, without activities explicitly funding inputs and targeting specific outputs and outcomes, impacts were limited.

173. As NRM was often not rated in SAM projects it is not possible to draw broad performance conclusions other than to suggest that based on anecdotal evidence impacts were likely more significant than observed.

Box 13
**Key findings on gender and NRM findings summary review synthesis**

**Gender equality**

- SAM programmes had gender goals but frequently did not specify outputs or outcomes to support desired outcomes.
- Expanding market access to women offers a promising opportunity to increase household productivity for commercial purposes and poverty reduction.
- Women's market participation has been mixed but was often positive despite inequalities which require targeted, well-sequenced capacity development and empowerment support.

**Natural resource management**

- NRM outcomes were seldom found as specific programme activities in relation to SAM, but where there were specified NRM outputs, programme relevance and longer term impact were often scored high.

## D. Summary of key question findings

174. The assessment of the sample SAM programmes against the five key questions showed that activities were well aligned with what SAM literature identifies as effective SAM practice and reflects a range of IFAD policy, strategy and guidance notes. As a means to further examine key questions findings, the synthesis mapped the programme characteristics found in figures 1 to 6 on a single chart to explore the data for generalizable patterns. Figure 7 shows three broad themes emerged from this exercise.

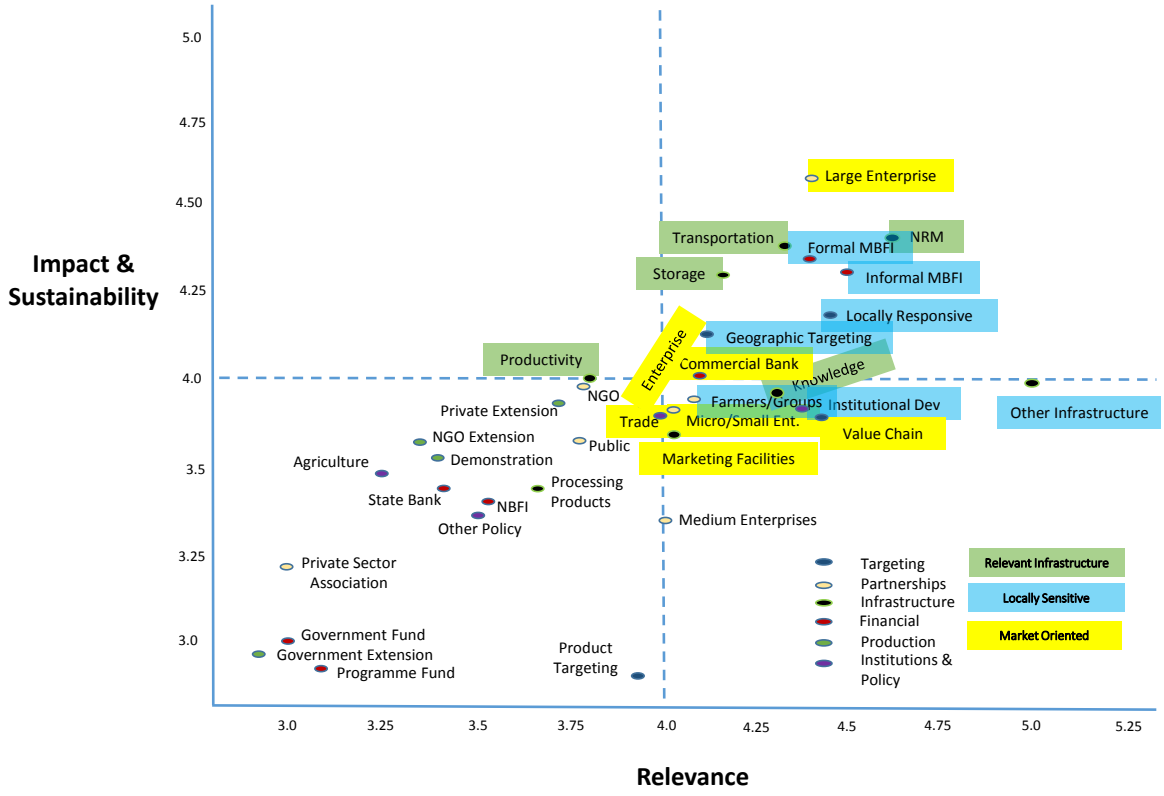
175. The first theme is found in blue highlight and shows a group of distinct programme characteristics which can best be classified as those which are sensitive to local needs and interests. This finding is consistent with both IFAD practice more generally and with good practice theory. It suggests – all programme management challenges held constant - that the more a programme takes into consideration local sensitivities and/or works with locally responsive partners the more relevant it will be to stakeholders and the more likely it will achieve rural poverty impact on a sustainable basis.

176. The second theme is found in yellow and represents market-oriented characteristics. SAM literature and IFAD experience notes a consistent association between market-orientation and positively rated intervention achievements. This does not necessarily hold true for all market-oriented and non-market characteristics, but the pattern is clear across extension services, financial services, and others including an enterprise support approach, market facility infrastructure

[59] IOE (2014), PCRD of the Dhamar Participatory Rural Development Project Yemen, IFAD, Rome, Italy, 33.

etc. Trade and enterprise policy and institution development, were also found to be important to smallholders and market access, whereas agricultural policy change in the sample was not shown to be as important. This finding brings into question the functionality and influence of non-private capital and the potential need for more private sector ready/friendly capital.

Figure 7
**Emerging SAM themes**




177. The final theme is infrastructure (in green) which, traditional as it is, remains exceptionally valued and important in SAM interventions. A range of productivity and market facilitation infrastructure support from roads, to bridges to storage facilities played important roles in many of the most effective SAM sample programmes. Knowledge infrastructure also figured important and, as discussed, consisted of a variety of physical, capacity/institutional development activities from pricing systems to enterprise development institutions. Conversely, there were a number of intervention characteristics not found to be important to smallholders or market functionality, including government extensions services, non-private sector funds, and product targeting without a value chain focus.

## E. SAM typology

178. The synthesis furthered its assessment of the sample by developing a typology of SAM programmes which grouped them on the basis of common characteristics (as opposed to the themes found in section D above).[60]

[60] It should be noted that there have been few attempts to typologize approaches to SAM programme interventions. The most commonly referred to effort was presented by Maximo Torero to IFAD in 2011 and takes a micro-regional definitional approach. This synthesis recognizes the validity of that approach, but for the purposes of this synthesis, such an approach is not practical given the nature of the available resources, and the type of information and data provided by IOE evaluations.

179. To do this, a simple scoring system was developed to assess the complexity of each programme relative to SAM programme characteristics discussed in chapter III, section B. (See box 14 for details).

Table 7
**Programme typology***

| | *Number of programmes* | *Percentage* |
|---|---|---|
| Simple | 6 | 17% |
| Intermediate | 19 | 53% |
| Complex | 13 | 36% |

* Three programmes were not classified

Box 14
**SAM typology method overview**

Each of the 42 characteristics was assigned a score of between 1 (lowest) to 4 (highest) according to its relative complexity. (See 33-35)

The sum total of scores for each characteristics found present in each programme represents the programme's typology score. A typology score of less than 10 is designated as a Simple, between 11 and 15 Intermediate, and more than 15 Complex.

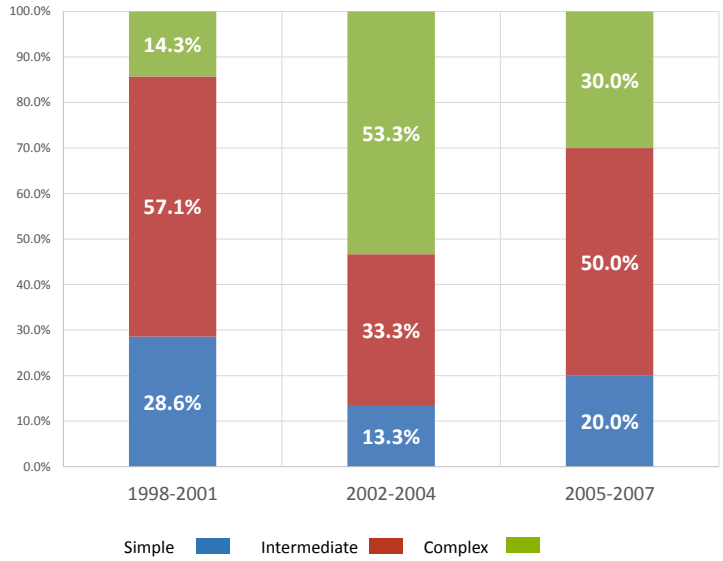
It is important to recall that increasing complexity does not necessarily imply a better intervention. Both the SAM sample and IFAD experience shows simple SAM approaches can be effective and that the potential impact of any programme type is context specific. See annexes iii for more information.

**Example Typology Score Calculation**

| **Programme Characteristic** | **Score** |
|---|---|
| **Target market** | |
| Geographic target | 1 |
| **Production** | |
| Food product focus | 1 |
| **Partnership** | |
| Government | 1 |
| Micro/small businesses | 3 |
| **Finances** | |
| Inclusive financial institution | 2 |
| **Infrastructure** | |
| Transportation | 1 |
| Market development | 2 |
| Knowledge development | 2 |
| **Total Typology Score** | **13** |

180. The synthesis next explored the mix of programme types over time, with the expectation of seeing more Intermediate and Complex programmes as IFAD address a greater variety of issues facing targets beneficiaries. To do this, programme types were divided by date of design over time (i.e. between 1998 and 2005). The data in Figure 8 reflects that sample programmes did indeed become more mixed since 1998 and increasingly more Intermediate and Complex programmes were designed.

Figure 8
**SAM programmes by type (by start date)**

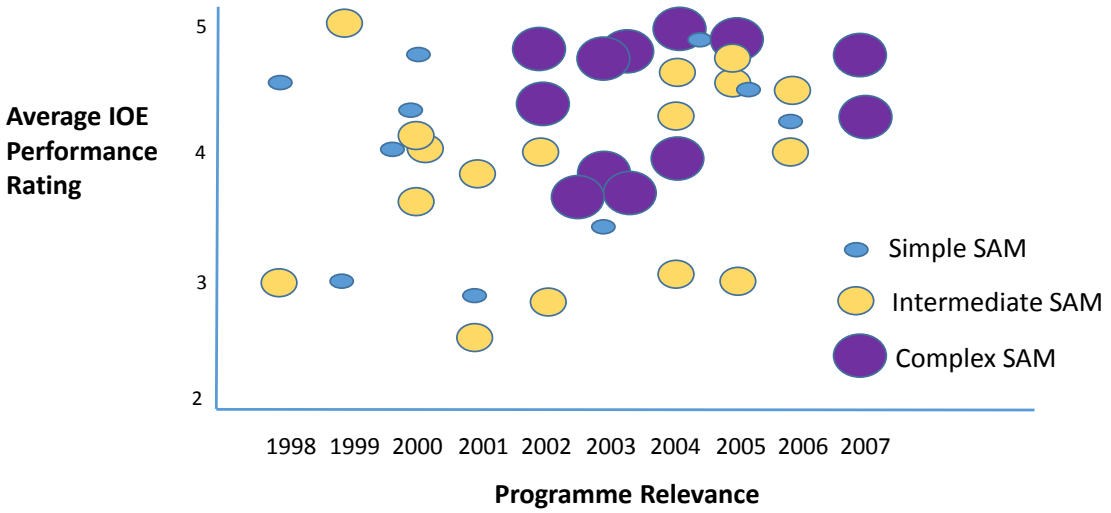



181. The synthesis next asked the question: what has performance of the SAM sample looked like over time? To answer this question, the synthesis plotted programmes by type and by IOE programme evaluation ratings over time.[61] The results are found in figure 9 where "simple" programmes are represented by the smallest circles, "intermediate" by the next largest circles, and "complex" by the largest circles. The X axis tracks programmes by design date and the Y axis plots programmes by overall IOE rating (see paragraphs 33-35 for more details).

182. The information in figure 9 shows that despite myriad challenges and obvious mixed results, as a group IOE SAM sample performance ratings are improving over time even as they have become generally more complex in approach. This increasingly complexity, in concert with incrementally improved performance suggests IFAD has been able to learn from experience across all programme types. This is an important observation in two respects. First, not all contexts demand complex solutions and that complex approaches are not always required. The temptation to make overly complex programme design is a common development hubris. The mix of IFAD programme types suggests that it is able to employ SAM programming in both complex and relatively simple ways to increasingly better effect. Second, the notable performance improvements of Simple and Intermediate programme approaches suggests IFAD has applied learnings not only to more complex programmes but simpler ones as well.

[61] Average score includes Relevance, Efficiency, Effectiveness, Impact (Household Income/Income/Asset development, Human/Social Capital) and Sustainability. While the overall programme score is used because a programme performance achievements are related to its ability to identify and deliver the appropriate package of activities to overcome constraints/risks of market participation.

Figure 9
**SAM programme typology by year (start date)**




Box 15
**Key findings summary**

- IFAD's SAM programming was relatively well aligned with what SAM literature identifies as effective practice. Programming also reflected a range of IFAD policy, strategy and guidance notes.
- IFAD has learned from its SAM interventions over the years.
- IFAD policies, guidance notes, and strategic frameworks have supported improvements in SAM investments.
- Localized, flexible, decision making and smallholder empowerment support were found to be consistently important to smallholders and market functionality.
- Market-oriented actors and activities often led to notable positive intervention achievements.
- Productivity and market facilitation infrastructure, particularly roads, played important roles in many of the most effective SAM projects.
- Non-market oriented actors and activities were often found in programmes rated to have lower impact, sustainability and relevance.

# IV. Lessons learned

183. In addition to addressing the overarching question of how IFAD-financed SAM interventions meet institutional objectives and providing specific insights related to intervention design and implementation, the synthesis sought to identify broader lessons learned. Four lessons are set out below in detail, raising themes which complement and cut across the synthesis' conclusions provided in the next section.

**(i) Different market dynamics and smallholder risks need to be identified and mitigated for in design and implementation of passive and active approaches to market access.**

184. The synthesis observes a distinction between active and passive approaches to SAM programme interventions. *An active approach is one where an intervention seeks to alter the functioning of the market to the benefit of smallholders.* This approach can be as simple as introducing a new product to local food markets or as complex as reorganizing a global value chain. The passive approach, one applied frequently by IFAD, often treats smallholder constraints more generally through empowerment, capacity-building, and productivity support. Some form of physical infrastructure is commonly provided, but with much less direct intervention in the markets themselves. Innovation and adaptation to market dynamics, market entry risk calculations, and business management are left to the smallholder who is assumed better able to meet these challenges on their own (albeit frequently with ongoing access to business and agriculture extension support). The design, implementation, outcome risks and market dynamic effects for these two approaches are often notably different and need specific intervention considerations as a result.

185. In passive approaches, human and social capital gains are often apparent and large, but left to their own entrepreneurial devices, the extent to which smallholders access markets is more likely to be uneven. Igniting entrepreneurial creativity and innovation is the key to this approach without which maximizing the value of other investments in physical infrastructure, policy change or institution building is unlikely. Indeed, the synthesis found many examples of high social and human capital gains in programmes with that only modestly improved access to markets. Programmatic management risks are often lower in passive approaches, with outcome and impact responsibilities transferred to the smallholder whose success lies in tapping into existing market opportunities. Where this happened, programmes with demand-driven, extension/enterprise development services were often found to be effective. Sustainable gains were also more likely to take place where transparent and accountable market mechanisms, institutions and policies worked to support the long-term interests of smallholders, without which evaluations found systemic access to market opportunities was often limited.

186. The active approach has higher overall programme risk as outcomes and impacts are often linked to a single or narrower market intervention. Working more directly with the private sector is common and comes with a different set of smallholder and programmatic risks. Elite capture and/or crowding out the smallholder are real dangers to this approach, underscoring the need for sensitive partnership development and constant attention to market dynamics, particularly as programmes can take several years to become fully operational. Where these elements come together and where programme sponsors take active facilitation roles, substantial agricultural and employment opportunities, economic multipliers and indirect benefits can be created. In these types of programmes, protecting smallholder interests in the short term through contracts and over the long-term with representative institution building is critical, as is constant and expert monitoring and evaluation.

187. A potentially useful consideration for future programme design is to simply be cognizant of the two implied approaches and to consider which to use given the constraints to market access smallholders face.

**(ii) SAM programmes designed to build capacity and empower smallholders and their relevant institutions in transparent and accountable ways can support enduring market access.**

188. Facilitation, not control is a key finding emerging from the synthesis. Where smallholders are given the tools to overcome constraints and manage risks, their long-term sustainable access to markets was often improved. This observation is not new or novel. Yet as simple as it is to observe, it remains a challenge to achieve in many public sector-lead programmes. Partnership selection must work to balance private-public interests in design and implementation, as well as to ensure programmatic capacity to identify and adapt to smallholder needs and market dynamics as a programme evolves.

189. Good programme governance encouraging input from all stakeholders is also required to maintain this balance, but particularly the input of often disempowered smallholders. In this role, the major programme investor, often IFAD, must be willing to bring order to management and governance when it goes awry. Taking such a step seems antithetical to a facilitation role and does have risks, but not taking charge when necessary will almost always result in poorer performance. Finally, in cases where the sustainability of intervention outputs was notable, the facilitation role was transferred to market and institutions/organizations which were smallholder responsive and accountable.

**(iii) IFAD's policy and strategic direction underpin SAM emerging "good" practice programming.**

190. IFAD corporate strategy and policies clearly underpin key supporting elements in SAM programming, and most critically, legitimize support of market-oriented interventions. They recognize to various degrees, key elements of rural/food market intervention dynamics. Tactical SAM programming decisions during programme design and implementation often require more detailed guidance than policy and strategy provides however. Technical notes have been helpful in this regard although guidance from IFAD could be expanded and refined, perhaps in a single document, particularly as it relates to targeting, gender and food security-commercialization risks.

**(iv) SAM programmes take their time to assess and build the capacity to respond to market dynamics.**

191. Markets often move faster than governments, international development organizations and other partners. This is a common refrain in SAM reviews, including this synthesis. It seems paradoxical to note that meeting the rhythm of the market and creating sustainable access often takes a good deal of time. Building and empowering durable and appropriate institutions and smallholder capacities is no simple task as the synthesis shows. The "building blocks" of SAM interventions will vary by context but are typically underpinned by excellent market analysis, good programme management capacity, piloting programmes, and well-defined partnership roles and responsibilities. Once in place, the mandate and capacity to respond to market conditions requires inter alia monitoring and evaluation systems to assess programme performance and market conditions both short and long term. Many of these elements also take some time to develop and require appropriate sequencing and human resource capacity, a challenge unevenly met in SAM programmes.

# V. Conclusions and recommendations

192. Since its establishment, IFAD has consistently focused on reducing rural poverty and food insecurity and support to improve smallholder production has been a major part of its operations. As smallholders adopt new agricultural practices and technologies, household food production would create surpluses beyond sustenance needs, creating opportunities for commercial sales. This has raised questions of market access as many smallholders remained on the peripheries of formal markets, unable to take advantage of growing and increasingly formal food and non-food rural markets on a sustainable and equitable basis.

193. IFAD has long been a pioneer of smallholder market access intervention. This is reflected in its policies and strategic frameworks, and is highlighted by the organization's "learning while doing approach" to engaging new types of SAM interventions and partnerships.

194. Access to markets by poor smallholder farmers has been one of the key areas of IFAD support for rural poverty reduction. In the past fifteen years, IFAD has been supporting an increasing number and proportion of projects intended to address this issue. Some of its earlier programmes were innovative for their time, which were guided by much less than our understanding of SAM today. Over time, interventions have diversified and evolved. IFAD programming has increasingly become more market-oriented. IFAD has accumulated experience and institutional knowledge to work in this area.

195. However, food markets dynamics are moving faster and becoming more formalized than ever. This requires IFAD to become programmatically more flexible and to maintain a focus on the poor rural smallholder, particularly as opportunities emerge for smallholder farmers to access more formal markets and value chains. The prospect for achieving equitable, profitable, and sustainable outcomes would be more promising, if and when SAM programme design and implementation can effectively address ongoing and evolving needs to engage on a range of policy issues, to work with the private sector, to maximize positive environment impacts including issues of climatic change resilience.

## A. Conclusions

196. **Key elements in successful SAM programmes included sound socio-economic analysis, interventions responsive to specific needs, adequate smallholder capacity development, market analysis and market-oriented approach and appropriate sequencing of programme activities.** IFAD's SAM programming has evolved to include a range of approaches to improve smallholder access to markets. The evolution of SAM programme performance was aligned with trends in SAM programming in general and was supported by IFAD's strategic and policy developments. SAM programmes have improved for all typologies of programmes, i.e. simple, intermediate and complex. Common denominators in well performing programmes included, inter alia: meeting specific smallholder production/enterprise needs, being market-oriented, and having well-targeted and sequenced outputs.

197. IFAD SAM programming primarily target and serve the rural poor, often with a defined focus on the economically active poor. While programmes tend to cover large and diverse geographic areas and populations with heterogeneous needs, greater achievements were found when projects empowered smallholders to overcome market access constraints through a package of incentives and risk management tools. Programmes investing in smallholder capacity building to respond to market were found to be more relevant with more sustainable results, suggesting the importance of investing in socio-economic analysis and improved planning and sequencing of project activities.

198. **In many cases, SAM programmes did not specify outputs or outcomes with consideration to gender equality and women's empowerment**. When gender consideration was clearly incorporated in programme design and implementation, there were positive outcomes. Indeed, expanding market access to women offers a substantial opportunity to increase household food security as well as increase incomes from better returns from markets and via non-agricultural enterprise. And yet, women face unique and multiple barriers to access markets, especially formal markets.

199. **Where SAM programming paid attention to natural resource management issues, results were often highly rated**. Programmes that had notable achievements in this area – despite the small sample size – represent opportunities for SAM programmes with potentially positive impact on food production, enterprise development, as well as natural resources. The synthesis found, however, that when programmes included interventions to address the environment and NRM issues, many did not have specific, related programmatic outputs and outcomes.

200. **Improved access to markets alone does not necessarily lead to improved food security.** The extent of SAM programmes' impact on food security was difficult to estimate due to limited evaluative evidence and non-attributable gains. Improved food security was plausibly linked to programming in cases where improved income *and* sustenance food production was a clearly targeted outcome. Yet even in those few cases where sustenance versus commercial production calculations were made at design, **programmes seldom had specific food security and nutrition output to support outcome objectives**. Very few programmes detailed how food security would be improved. Related to this point, there tended to be insufficient reflection on what risks smallholders' would be exposed to by altering traditional economic strategies, which often involve food production for home consumption.

201. **Smallholder access to market information, knowledge and capacity development support is important to enhance and maximise the benefits of physical infrastructure development.** All interventions had some physical infrastructure development, with feeder roads consistently rated the most relevant and important to smallholders and market functionality. Programmes had many institutional and capacity infrastructure development interventions as well, with various degrees of effectiveness. Two challenges are highlighted. First, maximizing physical infrastructure investments - be it roads or marketplace construction – often requires smallholders to also have access to intangible capacity development infrastructure as well, such as pricing/product information systems, enterprise development support, and formal market skills training. The second challenge was the timely sequencing of outputs: when all appropriate infrastructure pieces and inputs (tangible and intangible) are put in place in the right order with an appropriate sustainability plan in place, achievements on smallholder market access were rated higher.

202. **Where programme partners were more "market-oriented", the interventions tended to have greater impact and relevance.** Findings showed that when public sector and international development partners, including IFAD took a facilitative role (and occasionally active role in ensuring programme governance and management), their performance was assessed positively and programme implementation was more likely to be effective. The sample had few explicit institution building activities and policy goals, but when they were effectively employed, there were notable SAM achievements. Where institutions were strong, transparent and accountable to the target group and smallholder farmers, the market access leveraged by programme outcomes appeared more sustainable. On the other hand, the programmes with public sector-led interventions tended to have lower ratings on impact, sustainability and relevance.

203. SAM programmes often and commonly included support for the financial sector. Where financial institutions were commercial and market-oriented, achievements tended to be rated higher. By contrast, when financial services were managed by a programme or the state, performance was uneven, but mostly unsatisfactory.

## B. Recommendations

204. This evaluation synthesis has three broad recommendations for IFAD.

205. **Recommendation 1: Invest in improving SAM programme design with due attention to market dynamics.** Successful interventions would require solid programme building blocks that not only identify and address market access barriers but also incorporate sound understanding of market dynamics and market trends, market-knowledgeable partners, and market responsive programme management. IFAD should ensure that programmes that it finances are – both in design and implementation – based on market-oriented approaches and that its principal public sector partner(s) take on a role to facilitate a sound regulatory regime and operating environment to promote fair and equitable market participation of different actors, including smallholders and the private sector.

206. Careful consideration is needed for appropriately sequencing programme inputs and activities and their timely and effective implementation. IFAD should also pay due attention to incorporating flexibility in programmes to be able to respond to market conditions and opportunities as they evolve over time. As IFAD-financed programmes could take more than a year or two from concept to start up, provision should be made for timely market analysis.

207. As a cross-cutting area, considerations for natural resource management and the environment should be more systematically integrated in programme designs, beyond a "do no harm" approach. In fact, programmes with a more proactive approach to NRM provide opportunities for broad development and stakeholder welfare impact, and they can better incorporate specific programme inputs with measurable outcomes and impacts.

208. **Recommendation 2: Develop programme activities tailored to the needs of specific groups, taking into consideration risks they face.** Tailoring interventions to specific groups – whether they are defined by micro-regions, commodities, or commonly as smallholders' needs - requires in-depth assessment of *specific* stakeholder needs and, critically, their risk and expectation for returns from market participation. This makes "localized" programme input flexibility a must, for as smallholders integrate into markets and new opportunities or challenges inevitably arise, so too will their needs.

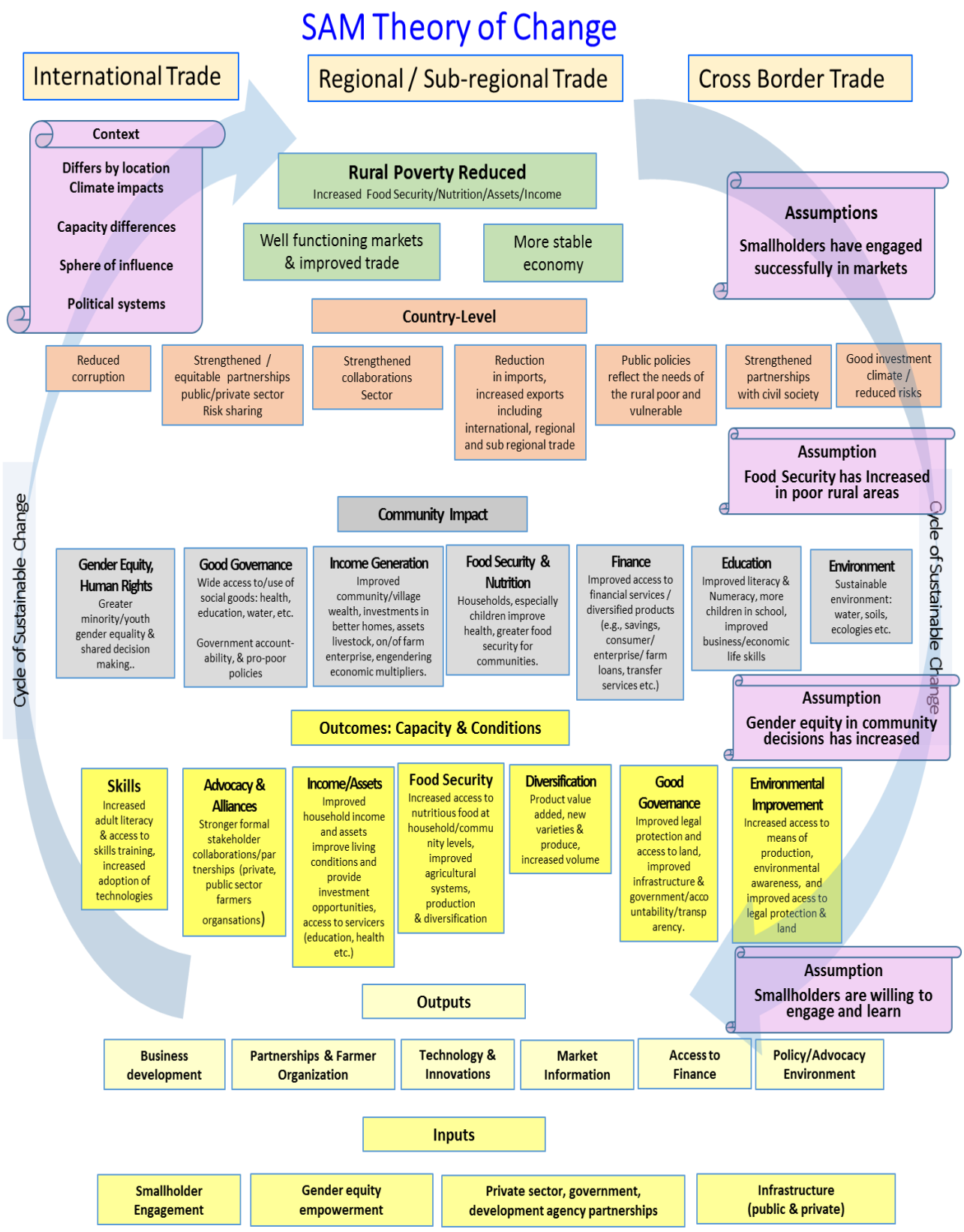
209. In programme design and implementation, gender specific constraints and opportunities should also be duly taken into consideration. Specific barriers to access markets faced by women in different contexts should be identified and measures to address them should be incorporated.

210. **Recommendation 3: Ensure programme monitoring and evaluation systems have well-defined and operational food security, nutrition and market access indicators.** SAM programmes have a number of particular monitoring and evaluation needs. For example, considering that SAM programmes often involve risks for smallholders in the context of rapidly evolving food markets, effective and timely monitoring of SAM activities, outputs and outcomes is critical to maintain programmes' relevance and maximize stakeholder welfares. This is particularly important when stakeholders, in particular smallholders, are investing their capital (land, labour and financial resources) into activities associated with projects/programmes.

211. Equally important is the need to have clear outcome and impact targets and indicators. This aspect has not been sufficiently addressed with regard to food security and nutrition. Such indicators should distinguish between sources of food

security and nutritional improvements (e.g. sources of income and food, nutritional values) as a means to establish programme effectiveness and impact. Also, the gender perspective should be incorporated in monitoring and evaluation tools, for example, in terms of men and women participation in different economic activities, formal and informal markets, contractual relations, access to different financial services.

# Smallholder access to markets: Theory of Change



## Programme sample

### SAM sample programmes

| | *Programme name* | *Country* | *Region* | *Document* |
|---|---|---|---|---|
| 1 | Proyecto de Desarrollo Rural de las Provincias del Noroeste | Argentina | Latin America and the Caribbean | PCRV |
| 2 | Rural Areas Economic Development Programme | Armenia | Near East, North Africa, Europe and Central Asia | PCRV |
| 3 | Rural Areas Economic Development Programme | Armenia | Near East, North Africa, Europe and Central Asia | PPA |
| 4 | North-East Development Project | Azerbaijan | Near East, North Africa, Europe and Central Asia | PPA |
| 5 | Roots and Tubers Development Programme | Benin | West and Central Africa | PPA |
| 6 | Agricultural Marketing and Enterprise Promotion Programme | Bhutan | Asia and the Pacific | PPA |
| 7 | Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East (Dom Hélder Câmara Project) | Brazil | Latin America and the Caribbean | PPA |
| 8 | Projet d'appui aux microentreprises rurales Burkina Faso | Burkina Faso | West and Central Africa | PCRV |
| 9 | Roots and Tubers market-Driven Development Programme | Cameroon | West and Central Africa | PCRV |
| 10 | Programa de Reconstrucción y Modernización | El Salvador | Latin America and the Caribbean | PCRV |
| 11 | Southern Region Cooperatives Development and Credit Programme | Ethiopia | East and Southern Africa | PPA |
| 12 | Rural Development Project | Georgia | Near East, North Africa, Europe and Central Asia | PPA |
| 13 | Rural Enterprises Project - Phase II | Ghana | West and Central Africa | PCRV |
| 14 | Rural Enterprises Project | Ghana | West and Central Africa | PPA |
| 15 | Rural Enterprise Project Grenada | Grenada | Latin America and the Caribbean | PCRV |
| 16 | Participatory Integrated Development in Rainfed Areas in the Republic of Indonesia | Indonesia | Asia and the Pacific | PCRV |
| 17 | Yarmouk Agricultural Resources Development Project | Jordan | Near East, North Africa, Europe and Central Asia | PPA |
| 18 | Mount Kenya East Pilot Project for Natural Resource Management | Kenya | East and Southern Africa | PCRV |
| 19 | Rural Development Project for the Rubber Producing Regions of Mexico | Mexico | Latin America and the Caribbean | PCRV |
| 20 | Rural Business Development Programme | Moldova | Near East, North Africa, Europe and Central Asia | PPA |

## SAM sample programmes

| | *Programme name* | *Country* | *Region* | *Document* |
|---|---|---|---|---|
| 21 | Sofala Bank Artisanal Fisheries Project | Mozambique | East and Southern Africa | PCRV |
| 22 | Livestock and Rangelands Development Project in the Eastern Region | Morocco | Near East, North Africa, Europe and Central Asia | PCRV |
| 23 | Rural Finance Support Programme | Mozambique | East and Southern Africa | PCRV |
| 24 | Programme for the Economic Development of the Dry Region in Nicaragua | Nicaragua | Latin America and the Caribbean | PCRV |
| 25 | Sustainable Rural Development Project for the Ngäbe-Buglé Territory and Adjoining Districts Panama | Panama | Latin America and the Caribbean | PCRV |
| 26 | Market Strengthening and Livelihood Diversification in the Southern Highlands Project Peru | Peru | Latin America and the Caribbean | PCRV |
| 27 | Umutara Community Resources and Infrastructure Development Project | Rwanda | East and Southern Africa | PCRV |
| 28 | Rural Small and Microenterprise Promotion Project - Phase II | Rwanda | East and Southern Africa | PCRV |
| 29 | Smallholder Cash and Export Crops Development Project | Rwanda | East and Southern Africa | PCRV |
| 30 | Agricultural Marketing Systems Development Programme | Tanzania | East and Southern Africa | PPA |
| 31 | Uganda Area-based Agricultural Modernization Programme | Uganda | East and Southern Africa | PCRV |
| 32 | National Agricultural Advisory Services Programme | Uganda | East and Southern Africa | PCRV |
| 33 | Vegetable Oil Development Project | Uganda | East and Southern Africa | PCRV |
| 34 | Agro-productive Chains Development Project in the Barlovento Region Venezuela | Venezuela | Latin America and the Caribbean | PCRV |
| 35 | Project Completion Report Validation of Ha Tinh Rural Development Project Vietnam | Viet Nam | Asia and the Pacific | PCRV |
| 36 | Improving Market Participation of the Poor | Viet Nam | Asia and the Pacific | PCRV |
| 37 | Dhamar Participatory Rural Development Project | Yemen | Near East, North Africa, Europe and Central Asia | PCRV |
| 38 | Smallholder Enterprise and Marketing Programme | Zambia | East and Southern Africa | PCRV |
| 39 | Rural Finance Programme | Zambia | East and Southern Africa | PCRV |

# Typology scoring system

The weighting of the 42 key characteristics was based on findings from the SAM literature review and guided in part by IFAD's operating experience and technical guides. The weightings reflect that the more locally driven and responsive a programme is and the more market-oriented its partners and activities are, the more it can achieve for positive market integrations. The table in this annex provides the actual scores by characteristic. The scores are meant to show relative importance. See paragraphs 33-35 and box 14 for more detail. Please note that not all characteristics are reported on in the main text of the report due to lack of data points (as noted where appropriate).

| **Target market** | |
|---|---|
| Geographic | 1 |
| Population | 2 |
| Product | 2 |
| Market | 2 |
| Value chain | 3 |
| Locally responsive | 2 |
| **Partnership/policy/institution** | |
| Government | 1 |
| NGO | 2 |
| International development organizations | 1 |
| Private sector association | 2 |
| Micro/small businesses | 3 |
| Medium businesses | 3 |
| Large businesses | 3 |
| Farmers/farmer groups | 4 |
| Agriculture related | 1 |
| Enterprise related | 1 |
| Trade related | 1 |
| Institutional development | 1 |
| Other | 1 |

| **Finance** | |
|---|---|
| Commercial banks | 1 |
| Non-bank financial institution | 2 |
| Formal member-based institution | 2 |
| Informal member-based Institution | 2 |
| Guarantee fund | 1 |
| State fund | 1 |
| State bank | 1 |
| Programme fund | 1 |
| **Production, food security and nutrition** | |
| Food product focus | 1 |
| Demonstration | 2 |
| Government extension | 1 |
| Private extension | 2 |
| NGO/local extension | 2 |
| Enterprise development | 2 |

| **Infrastructure** | |
|---|---|
| Transportation | 1 |
| Market development | 2 |
| Knowledge | 3 |
| Productivity | 1 |
| Transport | 1 |
| Storage | 1 |
| Processing | 1 |
| Natural resource management | 1 |
| Other | 1 |

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