



ANNUAL LEARNING REPORT

2021/22



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INTRODUCTION

In [AMEA's Annual Learning Report 2020/21](#), we asked about the value of regular, standardized assessments of Farmer Organisations¹, how this assessment process linked to the capacities developed, and how quickly these capacities could be improved. We also examined whether this improved "professionalism" led to improved outcomes in the value chain and identified the other factors that affected outcomes. Finally, we looked at the growing use of ICT which had been spurred on by the restrictions placed upon us by the COVID-19 pandemic. There were limitations regarding the learning process. For example, the case studies focused on a narrow set of AMEA tools (SCOPE/ALP) and it was challenging to obtain business data, which was considered sensitive by partners.

The 2021/22 case studies build on this work by expanding the variety of approaches examined, including some non-AMEA approaches²; and diving deeper into the available data. The lessons learned also draw from the eleven (11) Tool Improvement Facility (TIF) projects, of which some are experimenting with approaches that could drive down cost and increase the potential of scaling the approaches promoted. In 2021/22, we also identified that there was a specific challenge within the AMEA network related to access to finance and therefore the purpose of this year's report reflects this.

PURPOSE

In response to this challenge, AMEA's Access to Finance Working Group developed a scope of work that could contribute to the knowledge on access to finance in the development sector. This scope had two levels:

- 1** Identifying and disseminating lessons about how to increase the levels of professionalism of farmer organizations (FOs) so they are seen as a reliable customer for Finance Service Providers (FSPs).
- 2** Supporting the development of a common understanding of what bankable means that enables FSPs to have a more cost-effective way of finding new FO/farmer clients; and for farmers/FOs to have a more cost-effective way of acquiring finance.

GRADUATION

BRIDGING

The Toolbox and Access to Finance Working Groups then developed the following questions which provided a framing for the case studies:

- **Have technical assistance (TA) and Business Development Service (BDS) support to farmers and FOs enabled access finance?**
- **What are the most promising initiatives in supporting farmer and FO access to finance and development of a financial track record?**
- **Would a database of FO capacities be useful to governments and value chain actors?**
- **What is an efficient and effective approach for the delivery of segmented, targeted capacity development for the improvement of farmer and FO access to finance?**

¹ The term Farmer Organizations (FOs) in this Report covers the full range of Farmer Organizations, Producer Organizations, Cooperatives and Agri-SMEs that provide opportunities for farmers to earn a better income.

² AMEA approaches are those included in the peer reviewed AMEA Toolbox

CASE STUDIES

The Annual Learning Report is focused on the learning obtained from the 2021/22 case studies but also builds on the previous three case studies. These seven case studies are shown below and are available on the [AMEA website](#).

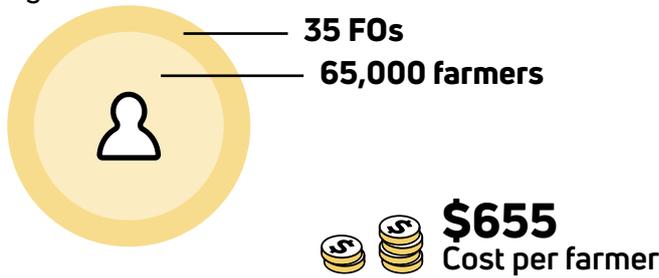
2020 CASE STUDIES	COUNTRIES	IMPLEMENTERS	TOOLS USED	FINANCING
Private sector-led models for professionalizing farmers and their organizations	Cameroon and Côte d'Ivoire	IFC, Cargill, Olam, Telcar	ALP and SCOPE Basic	IFC, Olam, Cargill, and Telcar
Strengthening Local Malt Barley Supply Chains	Ethiopia	IFC, Heineken, Precise Consult, EUCORD	ALP and SCOPE Basic	US\$1.1M / 2 years. IFC and Heineken
Blended Learning using AMEA Tools	Kenya	Africa Turnaround Ltd. (ATL)	ALP, SCOPE Basic, and SCOPE Pro	Part of a US\$30m / 4 year project Mastercard Foundation and KCB group ³
2021 CASE STUDIES	COUNTRIES	IMPLEMENTERS	TOOLS USED	FINANCING
Strengthening African Rural Smallholders (STARS) program – ICCO STARS	Rwanda and Senegal	ICCO/Cordaid	SCOPE Basic, Kobo, Cooperative Assessment Matrix (CAM), A-CAT	US\$18m / 5 years Mastercard Foundation
Consortium Approach to Value Chain Development	Rwanda, Uganda, Kenya	Kilimo Trust	KTCA2VCD	US\$1.4m / 3 years AGRA
Adaptation of ALP and SCOPE tools for RuSACCOs	Ethiopia	A Glimmer of Hope, Self-Help Africa, ORDA	SCOPE Basic and ALP adapted	US\$15m / 4-5 years Mastercard Foundation and KCB group
Private Sector Driven Farmer Organizations Development Strategies within the Cocoa Sector	Côte d'Ivoire	IFC, IDH, CNFA, SOCODEVI, CCC	SCOPE Basic, SCOPE Pro, ALP, SDM, etc	IFC as above IDH FCIP Euro6.4m / 4 years Dutch Govt/CCC CNFA MOCA US\$14.6 m / 4 years USAID

OUTCOMES

The outcomes of these projects are summarized below. We have arranged the projects based on the case study type to enable comparisons to be made. The first two focus more on adaptation processes for tools and less on outcomes such as access to finance. The last three are connected either through geography (West Africa) or the AMEA members approach (IFC).

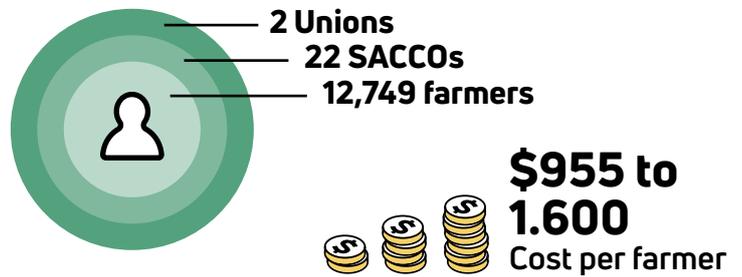
Ideally we would also compare outcomes in terms of farmer income and Farmer Organization profitability. However, in most cases farmer income was not measured directly and the proxy measures do not allow for a comparison between projects. The reason for this was highlighted by Kilimo Trust in terms of the cost of obtaining this type of information, which would normally be captured through a large survey process. Farmer Organization profitability would be easier to measure and report but in the majority of cases this data was not available. There is a reliance therefore on other measures of FO performance, such as assessment reports.

Blended Learning using
AMEA Tools
ATL, Kenya



Adaptation of ALP and SCOPE tools
for RuSACCOs

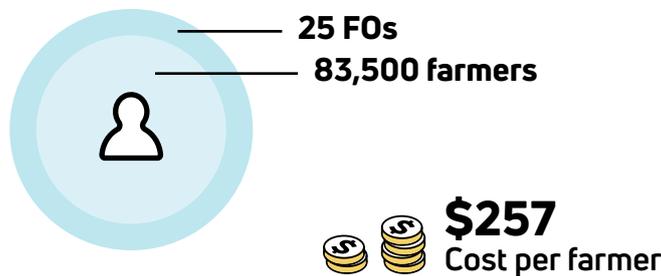
Glimmer, Ethiopia



STARS

ICCO, Rwanda/Senegal

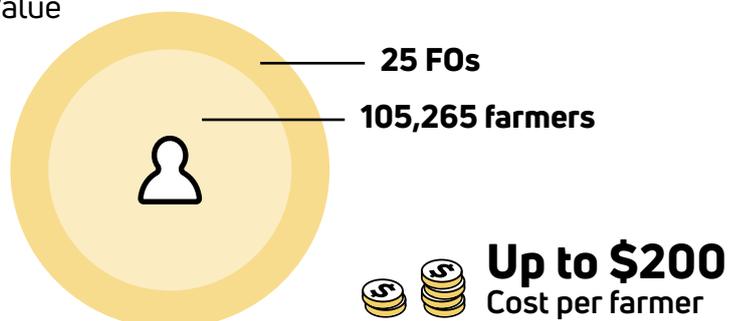
Finance mobilized:
Approx. US\$ 1m
For 62,140 farmers



Consortium Approach to Value
Chain Development

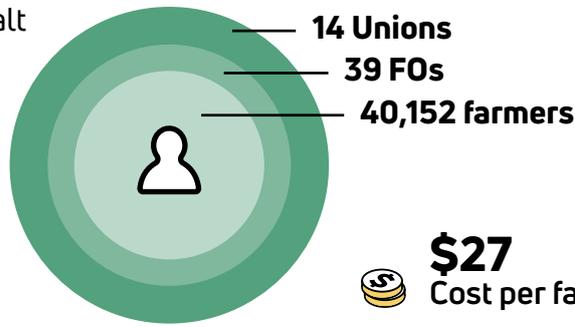
Kilimo Trust, East Africa

Finance mobilized:
US\$ 1.65m
For 23,562 farmers



Strengthening Local Malt
Barley Supply Chains

IFC, Ethiopia

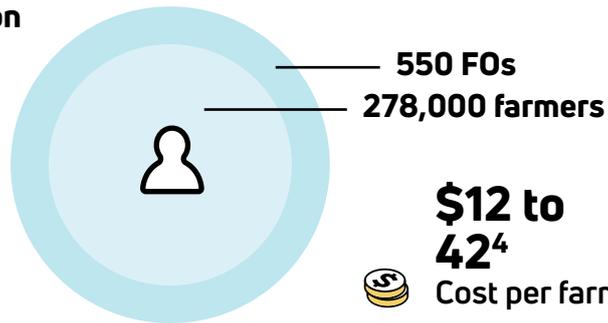


Finance mobilized:
US\$ 8.8m
For 29,000 farmers

\$27
Cost per farmer

Smallholder Agriculture Program

IFC, Ivory Coast/Cameroon

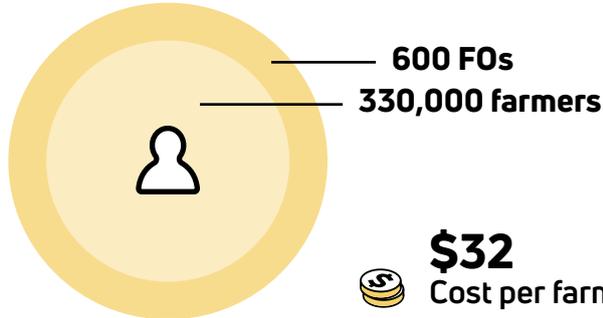


Finance mobilized:
US\$ 4,000
For 93 FOs (over
60,000 farmers)

**\$12 to
42⁴**
Cost per farmer

FCIP

IDH, Côte d'Ivoire

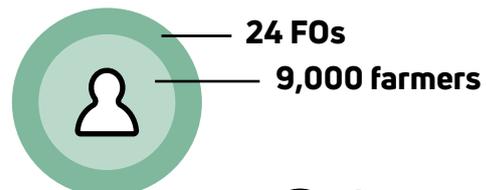


Finance mobilized:
Euro 263 m

\$32
Cost per farmer

MOCA

CNFA, Côte d'Ivoire



Finance mobilized:
Not known
For 3,500 farmers

\$1622
Cost per farmer

We attempted to collect information on % of women farmers engaged in the projects but this was not possible for many of the projects and AMEA encourages members to systematically collect this data and have it available for benchmarking.

LESSONS LEARNED

Our collective knowledge from the seven case studies to date, informed by the 11 Tool Improvement Projects and AMEA dialogues are as follows:

1 The larger scale programs are using a form of Market Systems Development approach

Arguably the MSD approach has been applied in most AMEA members' programmes studied in these case studies. Of the many attributes of MSD approaches, a relevant one for current AMEA Network discussions is that these programmes have facilitated change within what we could call **Agribusiness Clusters. The agribusiness clusters have been developed in different ways based on the starting point.** For example, IFC starts with the Lead or Anchor firm which has its preferred areas of sourcing. Kilimo Trust has a similar approach informed by off-takers preferred areas of sourcing, which are likely to match key production areas and the presence of farmer organizations. As for IDH, FCIP used a Challenge Fund to simultaneously partner with agribusinesses and financial institutions interested in working with cocoa cooperatives in Côte d'Ivoire.

In contrast, Cordaid started from Farmer Organizations (FOs) who were selected for their growth potential (i.e. SCOPE Basic scores of between 2 and 4). Cordaid also ensured that there was a balance of geographies and crop types in which to test Business Services and Business Development Services packages. Once FOs were selected, Cordaid supported linkages to input providers, off-takers, and financial services. A Glimmer of Hope also started from the grassroots level but in this case with Rural Savings And Credit Cooperatives (RuSACCOs).

It therefore appears there are two key differences in overall design:

- The entry point for developing the agribusiness cluster: Should we start with the off-taker, financial service provider or the FO as they are all in the market system and are all private sector actors? It is interesting to note that IDH started with 4 off-takers and 7 FSPs which arguably has been very successful.
- How the program aims to scale: through the replication in the market system or through public subsidy or (as is more likely) a combination of both.

We will attempt to assess these differences through the more detailed lessons below.

2 FO selection should be based on growth potential, but must include a strategy to bring in farmers currently registered under weaker FOs

The Côte d'Ivoire case study provides a good insight into the cooperative landscape in the cocoa sector, which may also be recognisable in many other countries and value chains. More than 3,500 cooperatives are registered with about 2,000 supported by Le Conseil du Café Cacao. However, only 700-900 of these handle 85-90% of the cocoa trade. Our case study looked at large programs (IFC, IDH) and smaller ones (CNFA). Together they reached approx. 600 cooperatives which are likely to have been selected from the 700-900 segment.

It is presumably FOs with growth potential that will be preferred by off-takers and financial service providers who take on risk when they partner with FOs. It is also likely that this will be the preference of AMEA members who want to show a high return of investment to their donors and supporters. **We therefore need a way to understand growth potential.** In these programs, growth potential appears to mean FOs that score between 2.5 and 3.5 (SCOPE Basic assessment) and whose capacities can be improved to 3.5 to 4.5 through modest investments. However, the

The Market Systems Development (MSD) approach works with economic or political actors to bring about **lasting changes in incentives, rules, norms or supporting functions within markets**, and so ultimately improve the terms of participation for poor people. The approach requires a **clear vision of how things could work better for large numbers of people without continued external intervention in future.** MSD programme tactics are thus geared to facilitate and uphold long-term changes. They consciously try to **avoid activities that merely create temporary shifts in incentives or behaviors**⁵.

selection of FOs was also determined by other considerations related to leadership and financial management which are not reflected in the SCOPEinsight scores.

If we look beyond the West African case study, this approach of targeting the “stronger” enterprises (whether FOs, Cooperatives or Agri-SMEs) appears prevalent. It could therefore be argued that these programs, with the exception of A Glimmer of Hope, did not address the weakest institutions; and **scaling an approach that targets the strongest has significant limitations**. However it could also be argued that these programs are creating a market pull for poor farmers and weak FOs. For example, investments in stronger FOs could stimulate other FOs to reform their leadership/management or stronger FOs may be able to build capacity of the weaker ones by bringing them into their supply chain. These are

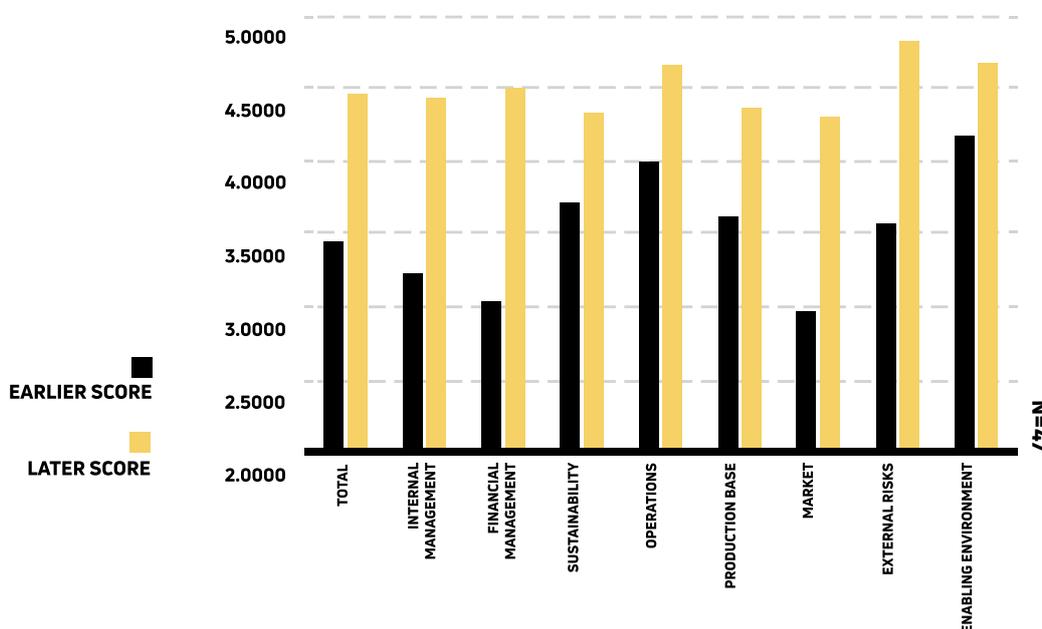
potential ways in which impact can be achieved beyond direct beneficiaries, however in the absence of a convincing theory of change this question is not conclusively answered by the case studies. It is therefore recommended that future programs have a clearly articulated strategy on inclusion. This could lead to:

- Collaborations with more subsidy-driven programs that target the poorest and weakest
- Strategies to enable farmers to access stronger FOs, either indirectly through their own FO or directly by allowing them to change their membership to another FO
- Regulatory bodies finding ways to support farmers and other market actors to identify capable FOs e.g. databases (which we discuss in lesson 4)

3 FO growth plateau and vulnerability to leadership change

A key finding from the West Africa case study and previous work in 2020 is that when FOs are first exposed to the ALP training and coaching, linked to the assessments, they engage very strongly. The graph below shows the progress of a cohort of 47 cocoa cooperatives (ALP trainees), assessed before and after the training and coaching (SCOPE Basic 1.3.0), over a period of 12-24 months. Note particularly the apparent gains made in internal management and financial management, both of which are considered important by FSPs (with internal management reported by some as especially difficult to assess).

However, when FOs are assessed more than twice, the picture is less clear. The Côte d’Ivoire data suggests that there is more variability in performance at that stage and a significant number in that study (19/45) seem to have regressed in the 3rd assessment.



The case study explores a number of possible reasons for this – including changes in key personnel and instability in some of the FOs. Perhaps, as in the Glimmer case study, there may be a need for additional training/coaching to develop more advanced capacities. This should be examined further in terms of dynamic segmenting/assessment which allows for an adaptation of the approach after each capacity building initiative. **We should not be blindly building capacities unless there is a clear business and personal incentive to use the new skills.**

In addition, all of the case studies noted that leadership and staff capacities are crucial for the development of FOs and a significant challenge is leadership transition and staff turnover. It is clear that support to FOs must take this into account, which could include a strategy for building capacities across a broader range of FO leaders and staff. Global evidence strongly indicates that this strategy should include high potential women and youth¹.

4 Efforts to use data to support market linkages and access to finance still have questions to answer

In order to generate lessons about how to scale approaches that enable FOs to access finance, we also explored the potential of national FO/Cooperative databases that could enable targeted and coordinated support. Our case studies show that **it has been difficult to create credible databases** for various reasons, including technology and capacity constraints and ethical and privacy concerns.

As the West Africa case study notes, even the more capable FOs are relatively weak and fragile. This often means that it is the off-takers and financial service providers who have the most credible data on FOs, and this data is part of their competitive edge and thus remains protected. FOs therefore often have their data extracted, rather than owning and using data for business development. However, the case studies show efforts to promote new approaches for systematic data collection and use.

STARS supported financial service providers (FSPs) to use an Agricultural Credit Assessment Tool (ACAT), which equips non-agricultural credit staff to assess finance risk in select agricultural value chains. ACAT works best when FOs have credible data to provide to FSPs. This was partially addressed by the introduction of a Harvest Tracking Tool. In addition, IFC, IDH, Cordaid, and Glimmer all used SCOPEinsight tools which enabled FOs and RuSACCOs to plan their next phase of development. However, there was very little evidence of this data being owned by the FOs or used by the FOs to secure new markets or finance. **The data appears to be used primarily for determining training needs and monitoring FO development.** The reasons for this are:

- The cost of the process (time and money) which means a sampling approach has been adopted in some cases instead
- Concerns about the credibility of the assessment data (although this could be expected to be controlled by the users of the tool)
- The data only providing a partial picture of bankability and not being used to its full potential by farmer organizations and financial service providers

These concerns are shared by users as well as market actors, which explains the lack of optimism about the potential value of a public database in the West Africa case study. In that case, the consultants recommended a debate to achieve a stakeholders' consensus view on any database's purpose. Moreover, the design of such database should consider:

- Balancing trade-offs between practicality (of data collection) and utility (what would be its added value?)
- Developing mechanisms to assure that data are accurate and up to date
- Addressing data privacy concerns
- Identifying a sustainable funding model
- Identifying how it should be managed, in order to be most effective
- Establishing who should govern it, manage it and who should have access to it.

AMEA's Tool Improvement Facility projects in Uganda and Ethiopia are aiming to provide some of these answers. These projects have used a type of AGRI-GRADE⁶ approach, which is aiming to support segmentation of the FO market and the delivery of best-in-class approaches to enable FOs to graduate from one development phase to another.

AMEA also expects to learn more about the potential of bankability metrics⁷ from the AGRA pilot (results due in Q3 2022). We encourage members to incorporate this testing of new approaches with FSPs and agri-SMEs.

5 Agribusiness Clusters require a range of FSP partners who provide financing across the value chain

The case studies highlight the range of financing needs such as:

- Social loans that create conditions for farmers to invest
- Trade finance to enable FOs to aggregate
- Input finance to enable essential, accredited inputs to be delivered at the best price
- Logistics finance such as the truck leasing scheme
- Plantation finance to allow for rehabilitation of old plantations
- Investment finance which allows for upgrading of processing

Value chain financing is an often used phrase but rarely seen in a coordinated way in practice, yet this is clearly what is needed to break through significant constraints to value creation.

Programs should therefore be looking at the range of FSPs that can deliver this financing. This will include rural savings institutions (VSLAs and SACCOs), micro-financing institutions (MFIs), Commercial Banks, Leasing Companies, Development Banks as well as the large trading companies.

The case studies highlighted successes with specific FSP or financial services (MFIs in Rwanda/Senegal, new loan/leasing products in Côte d'Ivoire, RuSACCOs in Ethiopia). These initiatives also appear to have significant potential for scaling through use of new tools such as ACAT

and market actors following the lead of others introducing new products.

In future research and case studies, it would be interesting to see how these different financial services complemented each other and how the delivery of a package of financial services could be improved. This package is likely to include insurance products and/or repayment guarantee mechanisms at farmer, FO, and household level. Kilimo Trust and ICCO/Cordaid case studies, for example, provide evidence of successful approaches to support uptake of insurance.



6 Measuring impact and Return on Investment

AMEA provides a platform for members and partners to share the most effective approaches for inclusive agricultural growth that can enable farmers to earn a living income. A common challenge is to produce data that can provide a reasonable degree of confidence about what is working and what is not working. AMEA worked closely with case study owners to extract and analyse this type of data and there have been some useful insights as a result of this deep dive. However, significant challenges remain, such as:

- **Extracting the data from projects remains time intensive and challenging.** For example, in the West Africa case study it took almost two months to obtain a partial dataset.
- **The datasets are difficult to analyze as there are significant differences in the type and definition of data points.** This is especially the case between projects but there were also challenges created by the evolution of data tools within one project.
- **Outcome data is expensive to collect** as it often involves a large household survey which becomes even more complex and expensive if a random controlled trial approach is undertaken.
- **These challenges lead to a reasonably high (and perhaps uncomfortable) reliance on qualitative data.** For Business Services, such as Farmer Field Schools and farm sprayers, we can be assured that the approach is valued and replicable when it continues without external support. However, for Business Development Services, such as consortia facilitation, how do we know whether \$100,000 invested over 18 months is a good investment and is something we should promote for further public investment?

AMEA argues that in order for us to be able to understand and learn from our programs that combine Business Services and Business Development Services we need to do the following:

- **Future programs should use integrated approaches or complement existing initiatives.** This means that in every initiative there should be some form of cluster formation, inclusive business model development, assessment and training/coaching/secondment.
- **There is a need for more harmonized data generation.** This would then allow for deeper insights. This could for example be led by a key agency in a country which has sufficient trust and mandate. Project approval could become dependent on a collaborative data commitment.
- **There is a need also for a common approach to relating the input and output data to outcomes.** It clearly does not make any sense for each project to do this, therefore this will need to be led by an agency, knowledge institution, or group which has the appropriate mandate. Perhaps this is something that could be looked at by a development partner such as intergovernmental organizations (e.g. IFAD, FAO, UNDP)?
- Technical solutions will not be sufficient. **We also need to create a culture of wanting to provide this data, even when the project has not been successful.** We learn as much from failures as from successes.



OVERALL CONCLUSIONS AND RECOMMENDATIONS

We often hear about a US\$160bn financing gap for agri-SMEs⁸. This could lead us to think that the problem is primarily with the financial sector and its inability to find ways to deliver finance. In response, we see new Impact Funds being frequently launched when current Impact Funds struggle to create the pipeline demanded by their business model. The problem is clearly not just related to financial services. **At least half of the problem is the pipeline** and the TA that comes with Impact Funds rarely reaches down to FOs which are essential for delivering inclusive growth.

So how do we generate the pipeline?

We should invest in proven approaches which have potential for scaling. We should invest in the development of more harmonized data which allows us to understand, compare, learn, and improve.

In terms of proven approaches the 2021/22 case studies have shown that **formation of the agribusiness cluster is critical** and the matchmaking process of potential partners requires excellent facilitation skills and a good understanding of the interests and strengths of each organization. **This includes bringing a range of FSPs onboard at the start and working with them to address their own constraints.** This can be done through matchmaking processes which are increasingly being facilitated by digital platforms, however it should be noted that most deals still require significant face-to-face relationship building.

The agribusiness cluster also potentially provides an opportunity for coordination and collaboration between different public, private, financial and NGO sector agencies. For example many projects run their own diagnostics around agribusiness clusters (market systems, value chain, SME, input retailer, FO, farmer) when these diagnostics have been run many times previously. In theory, a Government agency such as Conseil du Café-Cacao could play an important role to coordinate action and stimulate collaboration.

It could also be argued that **one agribusiness cluster facilitator could serve various projects.** For example in the Kilimo Trust case study, if the cluster facilitator had the mandate to provide

support to all projects operating in the relevant geography or value chains then this could increase the cost-effectiveness of the approach. This approach would only work if there were a structure to support the facilitator and the facilitator was respected (e.g. Government).

Imagine if we could agree on a few approaches which we can test at scale rather than the current situation where many fragmented projects are unable to scale their approaches. This would also mean that we would pay more attention to the division of roles and the investments needed to build the specialized roles that are undoubtedly required. This specialization would also take into account the **different strategies to deliver Business Services and Business Development Services.** If we can reach a certain scale this will also allow us to test the assumptions around economies of scale and potential for accelerated development as the spill-over effect is magnified.

Euro 150bn a year is invested in Europe's SME sector. It is clear in Europe and in AMEA's Network that smart subsidies are needed for BDS. However, we need to change the way in which we do things so we can better understand the return on that investment. The case studies provide insights but our ability to calculate and compare the return on investment, including whether bankability was created, remains a significant challenge. AMEA is therefore investing in the following process in 2022 and 2023:

- Collaborating with Agriterra and AGRA on research into at least 15 case studies to deepen our understanding of what is working and potential for scalability. This could be used to examine initiatives which have different entry points e.g. lead firm vs FO.
- Launch our BDS Call to Action to stimulate greater attention to investing in Sustainable and Scalable BDS (and Business Services)
- Supporting National BDS Roadmaps in at least three countries
- Supporting dialogue to examine learning from case studies, research and AMEA's Tool Improvement Facility projects

Together we can create a better system.

#No-more-reinventing-the-wheel

ACKNOWLEDGEMENTS

AMEA needs committed members and partners who are willing to share their approaches and learning. We want to thank the following people and organizations for their support on the case studies and annual learning report.

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