

Impacts of MSD Programs: The Case of InovAgro

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Introduction

Using a Market System Development (MSD) approach, the InovAgro project – funded by the Swiss Agency for Development and Cooperation (SDC) and implemented by Development Alternative Initiatives (DAI) Europe in partnership with COWI Mozambique – aims at increasing incomes and economic security for poor men and women smallholder farmers in Northern Mozambique through improved agricultural productivity and enhanced connectedness to market systems of selected high-potential value chains, focused on five value chains (maize, soya beans, groundnuts, sesame, and pigeon peas).

Key Take-Aways

- InovAgro interventions increase farmers' use of yield-enhancing agricultural inputs.
- InovAgro interventions improve the number of non-InovAgro facilitated or sponsored value chain interventions.
- The InovAgro MSD program has more sustainable impact than non-MSD programs.
- The InovAgro project benefited large numbers of smallholder farmers beyond the project's direct sphere of influence and intended beneficiaries.
- The combination approach of using agro-dealers, lead farmers and demonstration plots appears to be necessary to achieve long-term positive effects.

In 2014, SDC in collaboration with the International Food Policy Research Institute (IFPRI) launched a scientific impact evaluation of the development intervention “Innovation for Agribusiness” on households and markets. The impact evaluation study was conducted by IFPRI, employing three rounds of household-level panel data (2015 baseline survey, 2017 midline survey, and 2019 endline survey); Key Informant Interviews (KIIs) and Focus Group Discussion (FGD) with local stakeholders, including market actors and local authorities, were complemented with two rounds of geo-spatial data (2017 and 2019). Geo-spatial data enabled the study team to categorize all sampled households into four groups: (1) MSD beneficiary – InovAgro facilitated; (2) MSD beneficiary – Non-InovAgro facilitated; (3) Non-MSD beneficiary; and (4) non-beneficiary (control households).

Key Findings

Comparing the time before and after the launch of the InovAgro project, the findings reveal a significant percentage increase in the number of non-InovAgro facilitated or sponsored value chain interventions in the study areas

(districts of Molumbo and Alto Molocue in Zambezia province). These results indicate the facilitative role InovAgro has played in bringing more MSD value chain interventions into the system (i.e., crowding-in effects). As a result, due to such overall market (systemic) effects of InovAgro, MSD effects (impacts) and InovAgro effects (impacts) are, hereafter, used interchangeably.

With regard to the sustainability effect of InovAgro interventions, results show that the InovAgro MSD program is more sustainable than non-MSD programs. The proportion of households that continue to use modern farm practices was significantly larger for households treated or exposed to the InovAgro MSD program compared to those that are treated or exposed to non-MSD programs. More interestingly, the result is more robust and consistent for two InovAgro value chain crops (soya beans and pigeon peas). The finding remains robust regardless of the type of value chain interventions (agro-dealer, lead farmer and demonstration plot). This result reinforces the skepticism around non-MSD programs which focus on free or subsidized direct delivery of services that are prone to dropouts as soon as such supports are withdrawn.

The findings also support the hypothesis that the InovAgro project benefited a large number of smallholder farmers beyond the project's direct sphere of influence and intended beneficiaries. Regardless of the proxy variables used to capture adoption of modern farm practices, the result is more robust and consistent for those beneficiaries with access to a lead farmer as a value chain intervention, compared to those who are benefited by access to agro-dealers and demonstration plots. This is perhaps not surprising given the role social capital can play in magnifying the potential spillover benefits where lead farmers have better comparative advantages compared to those of agro-dealers or access only to a demonstration plot.

With regard to the unintended effects of InovAgro interventions, our findings revealed a negative unintended effect of both MSD and non-MSD programs on households' crop diversification. This is expected since these programs encouraged smallholder farmers to specialize rather than diversify. Our results also show that MSD interventions increase household income diversification and migration while non-MSD interventions decrease household income diversification and migration. Also, despite the support provided to farmers to improve access to land titles provided by the InovAgro project, which resulted in 1,477 land titles in 2020 alone (38% for women), our surveys show a negative short-term effect of the project on access to and control over land by youth, indicating that a more commercialized agricultural practice (due to intensive MSD interventions) may not always guarantee a favorable outcome for this group, since more profitability in agriculture could mean exclusive control of resources (such as land) by the head of the household. Without deliberate measures to mainstream youth issues into the designing and implementation of similar programs like InovAgro, such negative effects of the program on youth land rights can undermine the full potential of MSD programs in generating desirable outcomes for all.

Conclusion and policy implications

Overall, the study provides evidence in support of the project's having a systemic market-level effect, benefitting large numbers of smallholder farmers beyond the program's direct sphere of influence, as well as sustainable long-term effects on households' adoption of good agricultural practices and access to input and output market information, as compared to non-MSD programs. Further, one key takeaway from our findings is that a more intense, combination approach of using agro-dealers, lead farmers and demonstration plots appears to be necessary to achieve long-term positive effects on the overall welfare of households.

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ACKNOWLEDGEMENTS

This work is part of the CGIAR Research Program on Policies, Institutions, and Markets (PIM) led by the International Food Policy Research Institute (IFPRI). Funding support for this study was provided by the Swiss Agency for Development and Cooperation (SDC). This paper has not gone through IFPRI's standard peer-review procedure. The opinions expressed here belong to the authors, and do not necessarily reflect those of SDC, PIM, IFPRI, UEM or the CGIAR.

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