

**Deep Dive**

# Farm to Market Alliance (FtMA)

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**Evidence for MS Platforms**

enhancing the effectiveness of  
multi-stakeholder platforms in agrifood

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# 1

## Introduction

### Background to Research Program

This deep dive with the Farm to Market Alliance (FtMA) was carried out as part of a two-year action research program. The ‘Evidence for Multi-stakeholder Platforms’ program reflects on how effectively multi-stakeholder platforms (MSPs) contribute to sustainable solutions to agrifood issues, and on identifying more appropriate approaches for assessing such effectiveness.

#### Deep dives were the second of three steps in the research program:

- 1. Structured scans:** mapping and categorizing of the ‘universe’ of MSPs and the connections between them.
- 2. Deep dives:** working with selected MSPs to jointly research how a platform’s intentions are reflected in its activities, leading through direct and indirect outcomes to impact, in relation to a platform’s theory of change.
- 3. Designing an assessment process:** developing a generic, MSP appropriate approach to assessing effectiveness. The purpose of each deep dive was to explore the reality for each MSP of assessing and communicating their own effectiveness, and the potential for more appropriate approaches to be developed. Four deep dives with MSPs working at different scales, with different purposes and at different stages of maturity made it possible to identify common needs they have to demonstrate their effectiveness, and common lessons about how change is being achieved.

The background to the research program is the increasing effort over the past 10-15 years that has gone into collaborative action through MSPs to tackle the complex challenges that the food and agriculture sector faces. There is a matching need to say something about how these platforms contribute to inclusive and sustainable development, and to design better ways of assessing a platform’s effectiveness.

#### We hope with this work to:

- help platforms credibly assess their contribution, leading to their improved effectiveness;
- identify appropriate and plausible evidence and new approaches to assessing the effectiveness of MSPs;
- support decision-makers with choices on strategic support for MSPs.

More on our methodology and initial findings from our quick scans can be found on our website: <http://msplatforms.org/>

## Background to Deep Dive

This collaborative ‘deep dive’ between FtMA and the Institute of Development Studies (IDS) started in September 2017, focusing on FtMA activities in Tanzania. The aim was to explore how relevant, credible evidence can be identified and used to understand the effectiveness of FtMA against its own theory of change, in order to both improve its strategy and strengthen its evidence base. The main audience of this document includes FtMA participants and funders, both globally and in Tanzania. It is also intended to provide more general lessons about how the evidence base to understand and demonstrate the effectiveness of multi-stakeholder platforms can be improved overall.

FtMA was launched by a consortium of 8 international companies and other organisations at the World Economic Forum in 2016. It builds on a previous WFP initiative, Purchase for Progress (P4P), which supported small-scale farmers to be included within WFP’s procurement. FtMA arose from the realization that farmers need more stable market access than an intermittent buyer like WFP could offer, and FtMA’s vision is to catalyse transformative change in food crop markets through the inclusion of smallholder farmers in formal value chains. In 2017, FtMA reviewed its business model, governance and operating principles in line with this vision.

For FtMA, the deep dive was an opportunity to strengthen alignment between its evaluation framework and its strategy, and to help identify and understand the factors that contribute to platform success. It has been produced by mapping available qualitative

and quantitative evidence against FtMA’s results frame, which sets out how FtMA direct activities and outputs are expected to bring about the desired chain of results. Based on this mapping, the document sketches an initial ‘contribution story’ for FtMA: what results have been achieved and how did FtMA contribute to these results? The final section explores what we know from the available evidence about FtMA’s trajectory towards intended longer-term impacts, and what further information might be needed. **The focus of this document is FtMA in Tanzania**, although the analysis could be replicated in other FtMA countries.

### The document is structured as follows:

- **Platform overview** – basic data regarding FtMA and its evolution
- **Theory of change** – what is the change FtMA aspires to, and how are FtMA activities intended to support this change?
- **Available data** – information on evidence and data collected so far
- **Contribution story** – what are the observed results so far, and what has contributed to these results?
- **Learning and recommendations** – what have we learned about FtMA contribution to Indonesia’s nutritional outcomes, and how can SUN Indonesia continue to assess the role it is playing in future?
- **Conclusion** – summarising the findings of the deep dive

## 2

# Platform Overview

The Farm to Market Alliance (FtMA) (formerly the Patient Procurement Platform) was initiated in 2015 by the United Nations World Food Programme (WFP), in partnership with Grow Africa and Rabobank. In early 2016, it evolved to become a consortium of eight organisations: Alliance for a Green Revolution in Africa (AGRA), Bayer AG, Grow Africa, International Finance Corporation (IFC), Rabobank, Syngenta Crop Protection AG, WFP and Yara International ASA. The platform is committed to empower 1,500,000 farmers in 10 countries by 2022, and currently operates in Rwanda, Tanzania, Zambia and Kenya, with the focus crop differing for each nation.

### **Initiated:** 2015

**Vision:** Sustainable transformation of food market crops through the inclusion of smallholder farmers in formal value chains, so that markets are more efficient, resilient and profitable for all stakeholders, and incentivise investment and productivity

**Crop:** Maize, sorghum, beans, groundnuts, soybeans and other staple crops

**Active countries:** Rwanda, Tanzania, Zambia, Kenya

**Participants:** International fertilizer and agribusiness companies (Bayer AG, Syngenta Crop Protection AG, Yara International ASA), international organizations (United Nations World Food Programme, Alliance for a Green Revolution in Africa, International Finance Corporation, Rabobank), other platforms (Grow Africa), and local members of the value chain (banks, millers, seed companies, CSOs supporting farmer capacity building and organisation).

**Funders:** USAID, DFID, Rockefeller Foundation, and GAFSP; as well as in kind and cash support from members and others such as Mastercard Foundation and MercyCorps

**Governance:** Eight founding members meet twice a year; WFP houses core team. At national level, there is a shell team on the ground in each country, and some of the founding partners are also present and active. There is no high level political framework.

### **Platform evolution**

FtMA is at a foundational stage in its evolution, having been launched at the World Economic Forum in 2016. WFP has been the launch pad, building on their previous work through Purchase for Progress (P4P), which supported small-scale farmers to be included within WFP's sourcing. However, the realization that WFP was only ever an intermittent buyers for these farmers, and that farmers needed stronger and more stable market access, led to the founding of FtMA. Given these origins through P4P, FtMA has followed a more bottom up route than many platforms, meaning that its work with local value chains and value chain participants is relatively advanced, but without any high level framework or government involvement at this stage, and very limited secretariat capacity or resources at either country or global level.

## 3

# Theory of Change

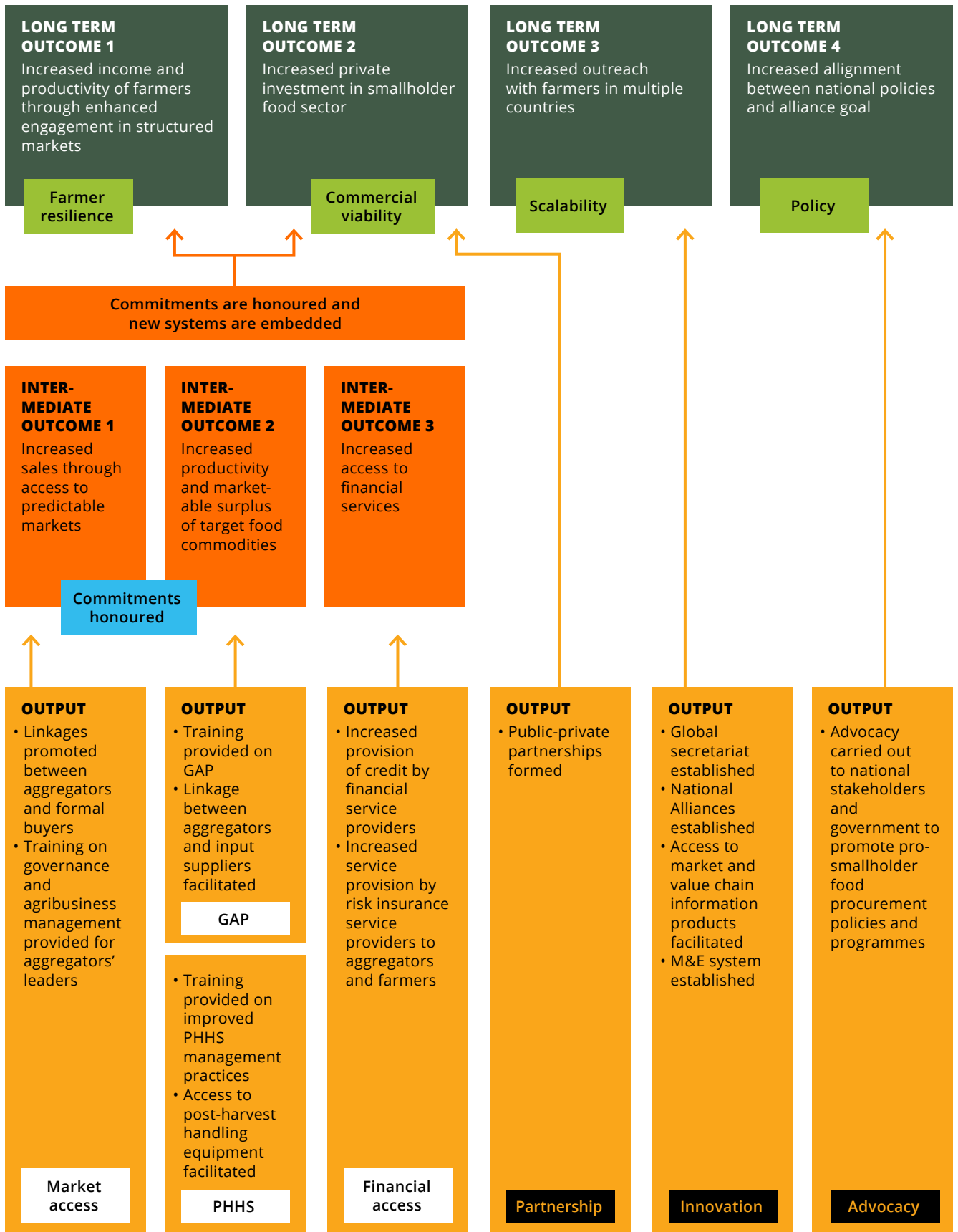
FtMA's intended pathway to achieve transformative change in food crop markets is set out in its 'results frame' (Figure 1), which shows the cause-effect logic of how FtMA's strategy will result in the intended impacts. The strategy foresees building the resilience of smallholder farmers and commercial viability for private sector partners (input suppliers, financial services suppliers and aggregators and buyers), alongside fostering supportive policy changes and scaling of the initiative (more farmers in more countries) as key long-term outcomes towards this goal.

FtMA employs a value chain approach to deliver its strategy, working through four strategic pathways to provide smallholder farmers with access to: predictable markets ("market access"), farming inputs ("GAP"), effective post-harvest and other agricultural technologies ("PHHS") and finance ("financial access").

Central to the FtMA theory of change is helping farmers conclude contracts with buyers prior to planting their crops. This assurance of a market for their produce is intended to help farmers obtain bank loans or other financial services, which they can then use to buy better seeds, fertilizer, and other agricultural inputs, so as to plant more and sell more after harvest. These changes support farmers to become more resilient through greater advance planning and assured sales

Figure 1: Farm to Market Alliance Results Frame

**IMPACT: MAKING MARKETS WORK BETTER FOR SMALLHOLDER FARMERS**



# 4

## Available data

This section reviews FtMA's approach to collecting evidence to understand platform results and effectiveness.

### Data already collected by platform

FtMA collects quarterly monitoring data for all countries, and has been collecting data for Tanzania since the 2015. **Data corresponds primarily to the output level in the results frame** (Figure 1), while also shedding some light on intermediate outcomes.

#### Current indicators include:

##### 1. Market access

- Number of farmers involved, along with the number of aggregators (i.e. farmers' organisations) involved and trained; with gender disaggregation
- Number of partner buyers (offtakers)
- Farmers and aggregators supported with market access; including number of contracts signed, and volume of crop committed and delivered; with gender disaggregation

##### 2. GAP and post-harvest support

- Number of farmers trained (agronomy, input use, post-harvest)
- No. of input supplier partner
- Improved seeds/fertilizer/crop protection purchased by farmers

##### 3. Financial access

- No of financial Institutions offering loans (input and output); farmers and aggregators with loans; disaggregated by gender
- Finance value and repayment rate
- Farmers and aggregators with crop loss insurance; disaggregated by gender

This monitoring data is primarily collected by NGOs involved in the alliance, who interview the management of farmers' organisations quarterly. In some cases, this data is cross-checked with information from other participating institutions (banks, input providers, buyers, etc). The data is aggregated and reported by technical staff in country.

In addition, some data is also available on the output titled 'innovation', which relates to the development of FtMA as a platform. This includes information on: establishment of global secretariat and national alliances, facilitation of access to market and value chain information products, establishment of M&E system.

### Data currently not collected

Output data is not available on partnerships and advocacy, as FtMA is not yet making progress in these areas of the strategy. No information is available on intermediate and long term outcomes across the results frame, despite donor requests for information in these areas. A new results framework will be rolled out from 2019 which responds more clearly to these points. However, FtMA envisages measuring longer-term outcomes only at the end of the project period.

Finally, while the monitoring data collected by FtMA provides understanding of changes in farmers' access to markets and to supporting products and services like inputs and finance, neither the results frame nor the monitoring data capture FtMA activities in a systematic way. As a result, we do not get a clear picture of the specific(s) role that FtMA has played in contributing to these outcomes (although a role may be implied).



# 5

## Contribution story: Tanzania

### Background

The contribution story explores the cause-effect linkages between different levels in the results frame, and seeks to understand through these different layers of cause-effect the contribution that FtMA is making to intended outcomes in Tanzania. While a contribution story does not offer ‘proof’ of impact, it is intended to provide evidence and a line of reasoning to understand and communicate plausible contribution of FtMA to change, including longer-term changes where FtMA is only likely to be one factor amongst many. It can be used as the basis for self-reflection and discussion by partners and participants regarding FtMA’s strategy and theory of change, and may point to areas of the strategy which need revision, or where more evidence is needed.

#### Sources of information for the contribution story were

- Available monitoring data for Tanzania. The specific data collected by FtMA which is integrated into the contribution story was accurate as of 2nd quarter 2018.
- Data from fieldwork conducted by Dalberg in 2016, which gathered stakeholder (including farmer) perspectives on FtMA
- Seven interviews with a selection of NGOs, buyers, input suppliers and financiers active in FtMA in Tanzania, to identify observed changes and explore what may have contributed to them
- FtMA participation in a workshop with other multi-stakeholder platforms as part of this research

#### Developing the contribution story for Tanzania has involved

- Identifying changes (whether intended in the FtMA theory of change or unexpected results), based on available data and stakeholder observations
- Identifying stakeholder perspectives on what has contributed to change (including but not limited to FtMA activities)
- Taking into account counter-factuals or alternative explanations wherever possible, in order to strengthen understanding of the nature of FtMA’s contribution, e.g.
  - Comparisons with baseline to identify changes
  - Comparisons with others (e.g. situation of farmers not involved in FtMA)
  - Exploring and either acknowledging or ruling out other explanations
  - Tracing linkages between specific activities/ outputs and behavioural changes

Given that FtMA is relatively new, the focus in the contribution story is on understanding the cause-effect linkages between platform activities, outputs and intermediate outcomes in Tanzania (but not longer-term outcomes). Intended intermediate outcomes in the results frame are:

- Increased access to financial services through increased credit and insurance provision
- Increased productivity and marketable surplus through training, credit provision, farmer aggregation and linkage to input suppliers
- Increased sales through smallholder farmer access to predictable markets

## FtMA contribution story: Summary

FtMA aims to transform food market crops through inclusion of smallholders in formal value chains, with markets that are more efficient, resilient and profitable for all stakeholders, and which incentivise investment and productivity. FtMA in Tanzania was started three years ago, and focuses on smallholder maize production, primarily for domestic use (maize flour, animal feed). The number of farmers organisations involved has risen from 29 in 2015/16 to 211 today; the number of buyers has risen from 4 to 5. In 2018, FtMA is supporting 42,000 maize farmers.

In these first three years, increased availability of finance for smallholders is the key change reported, with new financing mechanisms and products, e.g. contract farming and crop loss insurance. From what consensus agrees was a very low amount before FtMA started, From what consensus agrees was a very low level before FtMA started, 16% of farmers currently active with FtMA have access to formal input loans worth an average of US\$332 per person. However, challenges remain with repayment issues by farmers and the failure of local finance providers to apply differential interest rates to farmer organisations (FOs). Lack of access to capital among off-takers is another constraint, affecting their capacity to buy maize in a timely manner.

FtMA has enabled farmers to sell more product through predictable markets, with the introduction of forward delivery contracts (FDCs) and support for FOs to sell and buy collectively. The number of FDCs between FOs and buyers reached 99 in 2016/17. In response to the changes, one buyer reported investing in transport and logistics to collect maize from farmers (rather than traders coming to them), and benefitting from these new arrangements in terms of quality improvement. Providers of improved inputs made new investments in extension staff to support smallholder maize farmers. In 2016/17, 72 percent of farmers who were trained on input use received semi-structured training by partner input companies or agro-dealers. FtMA has supported access to improved inputs by enabling farmer access to input finance and aggregating farmers to receive training.

Farmers report welcoming higher quality inputs, although some perceive low yields to be the result of lack of choice of inputs and poor suitability of available inputs for their plot. Farmers express a need for greater support to increase yields and improve quality. Farmers also want greater freedom to sell when prices are better or at different times of the year (even when the contract is not in place). There is still relatively low follow-through on contract commitments. In 2016/17, 13,000 MT of maize was committed through FDCs, 15,000 MT was aggregated and only 8,300 (55%) was sold to FtMA partners. Still, there has been considerable improvement since 2015/6 when only 15% of maize committed was delivered.

Broader aspects of the FtMA results frame, i.e. related to partnership or to advocacy with the government are not yet addressed.

## **FtMA contribution story**

FtMA aims to transform food market crops through inclusion of smallholders in formal value chains, with markets that are more efficient, resilient and profitable for all stakeholders, and which incentivise investment and productivity. FtMA in Tanzania, which started in 2015/16, focuses on smallholder maize production for domestic use (milling into maize flour and use for animal feed), although some is also exported regionally.

### **Increased access to financial services through increased credit and insurance provision**

When asked what has changed in the maize value chain in Tanzania, several interviewees highlighted increased availability of finance for smallholder maize farmers as the “main change”. Traditionally, financial institutions (FIs) in Tanzania do not lend to smallholder farmers. FtMA partners have introduced new financing mechanisms and financial products, including new contract farming arrangements. From what consensus agrees was a very low level before FtMA started, in 2017/18 there were 74 farmers organisations (FOs) or 6,800 farmers (16% of those active with FtMA currently) with access to formal input loans, worth an average of US\$332 per person. 25% of those with formal input loans are women. The majority of the loans (76%) are from financial institutions, with the rest via partner input companies of which three are FtMA global partners

FtMA is also facilitating the development of crop loss insurance, including innovating with insurance products. The appetite for such insurance is reported to be significant, with farmers concerned that the cost of their investment in new input packages is high and that they may not be able to pay off their loans if there are weather or disease-related disasters (e.g. such as the drought in 2016/17). In the 2017/2018 season, 65 FOs out of 211 have insurance (31%), reaching 6,400 farmers, 25% of whom are women. Again, this result is against a very low or zero baseline.

While FtMA is widely seen to contribute to improved access to finance, finance is also the biggest ongoing challenge according to some stakeholders, with “hiccups” in terms of repayment, alongside the successes. Although financial institutions have reportedly increased their capacity to differentiate risk between FOs, this has not yet led to differential interest rates applied to FO loans. These issues with finance and repayments were put down to teething problems by some stakeholders.

### **Increased productivity and marketable surplus through training, credit provision, farmer aggregation and linkage to input suppliers**

In order to support improved productivity, FtMA has linked branded input suppliers (as a source of inputs as well as training) to smallholder FOs. In the current season (2017/2018), four input supply partners are involved with FtMA, with farmers purchasing 211 MT of improved seeds; 3,190 MT of fertilizer and 16 MT of crop protection products. Some farmers report that inputs sourced through FtMA are of higher quality than those sourced through independent agrovets, although others report inconsistencies in quality of products. Some farmers also report low yields due to lack of choice of inputs, and poor

suitability of available inputs for their plot. Other causes that may have negatively affected productivity include particularly the drought in 2016/17. Farmers with the smallest holdings (less than 1 acre) were largely excluded from participation due to a 2-acre minimum input credit value needed for input loans to be viable.

Although in principle, input companies have a commercial interest in smallholder farmers even without FtMA (not only for maize but for other crops they grow), the platform has clearly contributed to greater investment by these companies. Prior to FtMA involvement, input providers report that they prioritised larger farmers and cash crops/horticulture over smallholders and maize. Smallholders were more likely to choose generic inputs, which cost less but are not supported with training and extension services. FtMA has supported linkages by removing barriers: aggregating farmers to receive training and supporting farmer access to finance. In response, several of the input companies report making new investments in the smallholder segment with significant growth in both volume and footprint (area covered). According to one company, FtMA has made the difference in ensuring they focus on smallholders, rather than spending the majority of their resources on cash crop/horticulture farmers. Input companies have also invested specifically in extension staff that support smallholder farmers. For example, one input supplier reports that the number of agronomists it hires increased from 9 to 15 (67% increase) due to FtMA; another reported a new internship scheme with 10 intern agronomists to support FtMA. During recent GAP training, input companies provided 30 trainers/agronomists.

These investments in agronomy by input companies are not explicitly set out in the FtMA theory of change (although in more general terms, increased private investments in smallholder food sector is one of the intended outcomes). However, the companies explained that post sales training and service is important to ensure appropriate use of products, better yields and ensure farmers' ability to repay loans, especially given the higher cost of branded inputs. In 2016/17, 12,000 out of 16,700 farmers who were trained on input use (i.e. 72 percent) received semi-structured training by partner input companies or agro-dealers. 28 percent received formal GAP training through field partners of WFP and AGRA. From 2017/18, these efforts are being more strongly coordinated, with more staff from input companies joining WFP/FtMA-coordinated training as resource personnel.

Beyond input companies, farmers express a need for more support to understand what agricultural practices help increase their yields and improve quality. Yet government extension services remain weak and farmers complain about quality. Extension officers are overwhelmed at a ratio of 1:300 with infrequent visits to respond to farmers' challenges from season to season. Government extension is not addressed by FtMA, although WFP directly coordinates with local government officials on GAP training. In addition, 49,000 farmers were trained on post-harvest activities in 2016/17. Post-harvest handling and storage equipment (silos, hermetic bags, tarpaulins) is being purchased by farmers. Farmers acquired storage capacity of 330 MT in siloes and 6,900 MT for hermetic bags. No progress has yet been made on business training for FOs or farm management training for farmers; although there are plans to train up to 250 FOs from this year onwards.

### Increased sales through smallholder farmer access to predictable markets

In relation to the target of increased sales through farmer access to predictable markets, linkages have been built between FOs and formal buyers. Alongside finance, interviewees highlighted this as a key change in Tanzania; that for many FOs, setting sales contracts before planting, producing maize and then delivering to offtakers is a new idea. Reportedly, before FtMA started, while FOs existed, farmers were not selling and buying collectively or able to negotiate prices. Each went on their own to market and to buy inputs. Over the three years of operation, there has been an upward trajectory in terms of the number of FOs involved with FtMA (rising from 29 in 2015/16 to 211 today), the number of offtakers (from 4 to 12 in 2016/17) and the number of forward delivery contracts (FDCs) between them (from 28 in 2015/16 to 99 in 2016/17). Thirty-five percent of farmers with FDCs are women.

Generally speaking, there is a sense among stakeholders that these market linkages are being strengthened. For example, one buyer reported sourcing nearly 40 percent of maize it purchased through FtMA last year, with investments in transport and logistics to collect maize from farmers (rather than traders coming to them). There is some evidence that the buyer is also seeing better quality following FtMA interventions. This year, for example, the buyer only rejected one consignment from a village based on quality (meaning a frequency of less than 5%). Previously when purchasing from private traders the frequency of rejection was 20-30%. For farmers, prices and predictability of markets have improved, although the system is not yet meeting farmers' needs year round. Market prices vary season to season, and FDCs are only available for one season in a year, limiting farmers' selling time. Most farmers want the freedom to sell when the prices are better and need to sell throughout the year even when the contract is not in place, especially during low seasons; and therefore engage in side selling to brokers. Side selling is also common due to farmers' sometime urgent need for liquidity. Buyers too face challenges. One reported that a lack of access to capital can mean that they have to buy smaller amounts of maize continuously through the year (i.e. not through FtMA). This combination of factors may explain why follow through on contract commitments is relatively low. In 2016/17, while 13,000 MT of maize was committed through FDCs, 15,000 MT was aggregated and only 8,300 was sold to FtMA partners. Still, there has been considerable improvement since 2015/6 when 15,500 MT was committed and 2,400 MT delivered, with the rest sold to non-FtMA partners.

### Other intended outputs

The FtMA results frame includes three output areas which deal with how the alliance intends to support longer term systemic change and replication of the model - beyond direct benefits for farmers (and beyond Tanzania). These include:

1. Formation of public-private partnerships (PPPs)
2. Advocacy to promote pro-smallholder procurement and programmes
3. Development of FtMA model ('innovation')

However, no progress was identified on PPPs formed or advocacy with national stakeholders and governments, nor were these areas mentioned in any of the interviews.

The third output area ('innovation') refers to the development of the FtMA model including the global secretariat, national alliances, market and value chain information products and monitoring and evaluation system. So far FtMA has reached four countries<sup>1</sup>, with 142,000 farmers (target = 1.5 million) and an M&E system intended to capture last-mile data for analysis and reporting. A revised governance and structure for FtMA has now been proposed, including a more executive global secretariat (to enable expansion to more countries) and stronger national alliances coordinating country activities. One particular issue that was cited in some interviews, however, is FtMA's business model, and the question of how FtMA will be able to sustain itself financially and grow in future. While there is some thinking going on in this area, it is absent from the current strategy as laid out in the results frame.

*1] The others are Kenya, Rwanda and Zambia.*

## 6

# Learning and recommendations

The FtMA contribution story in Tanzania provides a snapshot of FtMA effectiveness so far. It points to the role that FtMA has played in bringing financial and market innovations (e.g. FDCs) that are new to the context of smallholder maize farmers, and enabling new investments by value chain partners (e.g. in agronomists, logistics) by creating linkages and addressing constraints (e.g. access to finance). Farmers access improved inputs and training, and sell more product through predictable markets, although not all farmer needs are met, with farmers expressing a desire for more flexibility (e.g. when they sell) and choice (e.g. of inputs), and a greater need for training. Off-taker finance is a significant constraint, as is the willingness of financial institutions to use more innovative financing mechanisms (e.g. differentiating FOs based on risk). Broader aspects of the FtMA theory of change, which involve partnership or advocacy with the government are not yet addressed.

By reflecting on and analysing this contribution story, FtMA can strengthen its strategy and evaluation framework, by making sense of progress so far and identifying weaknesses or gaps to be addressed, as well as areas where more information is needed. General questions for FtMA partners and participants to reflect on in response to this contribution story are:

- Which elements of this contribution story ring true? Where does the picture feel distorted or incomplete?
- Is there evidence currently available that would address gaps or distortions? What additional evidence would be desirable to gather in future?
- What is FtMA doing well that could be ramped up? Which results are not being achieved?
- Do these findings point to elements of FtMA's strategy and results frame that need to change? If so, which elements?

Note that the current results framework did not specify FtMA activities (globally or in country), and how they are intended to contribute to outputs. FtMA activities in Tanzania that were identified through the contribution story are:

In addition, some specific questions regarding the contribution story and information currently available are:

- How does FtMA best interpret the gender disaggregated information? For example, if 25% of those with formal input loans are women in Tanzania, is this result sufficient? (There is no gender target.)
- Is the level of uptake of inputs, finance, insurance sufficient to achieve longer-term outcomes?
- What explains the gaps between FDCs signed, crops aggregated and produce sold, and what more could FtMA do to address these gaps?
- Bringing together off-takers, farmers' organisations, input suppliers and banks
- FtMA support (though local NGOs) for mobilisation of farmers and development of their collective marketing
- Coordinating GAP training
- IFC financing (guarantee) and advisory to banks, and FtMA support for innovation in financial products
- Addressing trust issues (e.g. through co-signing contracts between FOs and buyers)
- Mobilising resources (financial and advisory support) from international donors and companies

## Trajectory towards system transformation

Although the contribution story sheds light on intermediate outcomes (e.g. level of sales through FtMA market channels or access to financial services), little or no evidence is available for the longer-term results. This is a realistic situation for a platform at an early stage of development. However, stakeholders and donors still want to understand whether resources invested in FtMA are likely to deliver the ultimate impacts, and the platform needs to understand whether it is on course or needs to strategically change tack.

The issue is to assess FtMA's trajectory beyond what we can immediately observe or measure: will system transformation ultimately be achieved? To address this question, the challenge is to understand whether the context is evolving as expected, creating the conditions for longer-term outcomes. To do so, platforms need to examine causal assumptions in their strategy. These are assumptions about changes in actors, behaviours and dynamics that support the link from outputs to intermediate and longer-term outcomes. Qualitative information can be used to provide insights on these dynamics, which are often difficult to quantify. FtMA's results chain does not make key causal assumption in their strategy explicit. However, through the interviews and other discussions during the development of the contribution story, five assumptions emerged which have strategic implications. These five assumptions are explored below.

### **Assumption 1:**

#### **Commitments from buyers catalyse investment by others (other buyers and other value chain actors)**

The initial assumption behind the FtMA model was that demand (or rather the lack of it) was the key constraint, and that new commitments by offtakers would drive new investments by farmers and others. In fact, however, the new value chain arrangements seem to push change from the supply side (finance, inputs, aggregation), which then pulls in buyers. FtMA's current observation is that visibility of demand for smallholder farmer maize is the bottleneck, though latent demand is there. This demand stayed latent due to the lack of supply of quality aggregated maize, which was only previously possible to be brought to final buyers via middlemen. Change requires a solid supply base (aggregated quality produce), buyer awareness that such supply is available and linkages between farmers and buyers. These are being supported by FtMA.

### **Assumption 2:**

#### **As the interest and capacity of national actors increase, new systems will be embedded**

While national stakeholders (input companies, banks and offtakers, NGOs) are clearly engaged, the systems created in Tanzania are currently reliant on the ongoing involvement of FtMA, creating risks for long-term sustainability. Extension services are a case in point. GAP training is directly coordinated by WFP, but this is not a role that WFP can play long term. Significant support does come from input suppliers, but it is unlikely to cover all farmer needs. Long term, FtMA's roles need to either be absorbed by local actors (e.g. within the government or private providers). Or FtMA could become a self-sustaining entity that facilitates value chain functioning, governed and financed by local actors.



**Assumption 3:****A strong value proposition sustains private investment in the smallholder food sector**

Through FtMA, buyers and input suppliers have been investing into the smallholder maize value chain, through taking on new technical staff and investing in transport and logistics. These investments suggest that the value proposition is sufficiently strong for them. While the input suppliers interviewed report that they have not yet broken even, they anticipate doing so in the short term and see significant future potential to work with these farmers in maize as well as other crops.

From the perspective of farmers, they report both benefits and reservations regarding the new model. Farmers appear to be benefitting from improved inputs, training, predictable markets, and higher prices. At the same time not all farmer needs (e.g. flexibility, choice, training) are met. There are many examples (e.g. in programmes in other countries) in which farmers have exited contract farming arrangements if they do not perceive sufficient benefit, so achieving impact will rely on enough farmers ultimately seeing a clear value proposition.

Unlike some other countries where FtMA is present, in Tanzania, FtMA's government engagement is weak. The challenge may also be how to also ensure the value proposition to government (e.g. through alignment with government policy objectives?).

**Assumption 4:****When shocks occur, the model is able to adapt and endure**

One example of resilience referenced in the interviews is that the maize value chains supported by FtMA in Tanzania remained viable in the face of the government export ban in 2017. The diversity of buyers meant that while exporters were negatively affected and would have been unable to sell the maize they purchased, the other buyers involved in FtMA were able to step in and purchase their share. The question is - are there other examples of shocks that have affected the maize value chain, and whether and how the FtMA model proved resilient? And what can be learned from these for future strategy? For example, the drought in 2016/17 was mentioned as negatively affecting yields, and there were insurance pay-outs to a small segment of eligible farmers. Has the introduction of crop loss insurance through FtMA supported resilience, and if so, how?

**Assumption 5:****Commercial viability is sustained**

No specific information on commercial viability was identified (e.g. have any participants dropped out for lack of commercial viability?). However, it was clear from different interviewees that this is a key factor driving the success of the FtMA model. Some relevant areas of FtMA work include providing training to FOs on cash flow management and sound business planning, which supports commercial viability and helps them pay farmers promptly (supporting farmer viability). In addition, at the end of year 1, the need for greater availability of off-taker finance was recognized, and this is a work in progress, which could also strengthen commercial viability in the value chain.

# 7

## Conclusion

This deep dive has provided a snapshot of FtMA's contribution to sustainable transformation of food market crops in Tanzania, in order to help FtMA strengthen its strategy and evaluation framework, and to understand the factors that contribute to platform success. It identifies some significant results achieved by FtMA in terms of access to finance, increased sales through predictable markets, and access to improved inputs and training, and the role that FtMA has played in supporting these changes. It also points to a number of constraints, in areas such as off-taker finance and engagement with the government. In addition, the points for reflection in the final section are intended to support FtMA and its partners and stakeholders to use the contribution story in monitoring and communicating progress beyond quarterly outputs and towards system transformation.

Understandably, the complexity of the changes that FtMA is trying to facilitate has so far concentrated minds on tackling achieving the core outputs (market access, inputs, post-harvest and finance), and the current results frame and evidence base provide detailed information in these areas. However, there is limited visibility of either FtMA's contribution to intermediate outcomes, or whether achievements so far put FtMA on track to enable longer term impacts.

### Gaps include

1. information on FtMA activities that support the outputs;
2. progress on the partnership, innovation and advocacy pathways and how these could be implemented and tracked, and
3. key causal assumptions linking levels in the results frame, and how changes are to be institutionalised. By addressing these gap, including tracking and reviewing the validity of key assumptions, FtMA would be in a stronger position to communicate, evaluate and adapt its strategy (and results frame and indicators) as knowledge or context evolves.

# Colophon

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