International Labour Organization

Evaluation Office

i-eval Discovery

Building Capacity for Social Risk and Impact Management in Agricultural Finance in Africa (Phase 4)

QUICK FACTS

Countries: ***Global***

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Administrative Office: ILO Sustainable Enterprises Department / Social Finance Unit

Technical Office: ILO Sustainable Enterprises Department / Social Finance Unit

Evaluation manager: Mokther Hossain

Evaluation consultant(s): Dr. Edwin Ochieng Okul, PhD

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BACKGROUND & CONTEXT	
Summary of the project purpose, logic and structure	The project "Building Capacity for Social Risk and Impact Management in Agricultural Finance in Africa (Phase 4)" is a collaboration between the International Labour Organization (ILO) and the Africa Agriculture and Trade Investment Fund (AATIF). It aims to enhance sustainability in agricultural finance by equipping financial institutions and agribusinesses with tools for social and environmental risk management. Since its inception in 2012, the project has gone through four phases, with Phase 4 (2021-2025) focusing on expanding outreach within the financial industry and improving sustainable investment practices. The project integrates principles of impact investing, ESG frameworks, and sustainable finance while aligning with SDG 8 (Decent Work and Economic Growth) and the ILO's Decent Work Country Programmes (DWCPs) across participating countries.
Present situation of the project	The project has successfully provided technical assistance, capacity-building, and policy development support to financial institutions across Africa. Key achievements include the integration of Social and Environmental Management Systems (SEMS), sustainability dashboards, and GHG mapping tools within partner institutions. The project also facilitated gender-sensitive financial solutions, increasing women's access to sustainable finance products. However, challenges remain in ensuring long-term adoption, institutional capacity, and scalability.
Purpose, scope and clients of the evaluation	The final evaluation was conducted to assess the project's relevance, effectiveness, coherence, efficiency, sustainability, and impact orientation. The primary clients of this evaluation include the ILO Social Finance Unit, the AATIF Board of Directors, investment advisors, partner institutions, and regional stakeholders. The evaluation provides recommendations for future impact finance initiatives and sustainability integration strategies.
Methodology of evaluation	The evaluation employed a participatory and mixed-methods approach, ensuring alignment with the ILO Evaluation Policy Guidelines and OECD-DAC standards. This methodology combined multiple data sources to provide a well-rounded and evidence-based assessment of the project's effectiveness, relevance, and sustainability. A desk review was conducted to analyze project documents, impact reports, and relevant policy frameworks, providing a foundational understanding of the project's scope and objectives. Key Informant Interviews (KIIs) were carried out with ILO staff, AATIF Board Members, financial institutions, and agribusiness representatives, capturing firsthand perspectives on project implementation, challenges, and successes. This ensured enhanced credibility and validation of findings, allowing for triangulation of data and verification of preliminary insights through participatory discussions. Thematic coding and qualitative data analysis were performed using NVivo software, enabling systematic organization and interpretation of qualitative responses.
MAIN FINDINGS & CONCLUSIONS	Relevance and validity of design: The project was able to respond effectively to the evolving African agricultural finance sector's needs by integrating capacity building, social-environmental risk management, and sustainable finance objectives. Its transition from advisory compliance-focused to sustainability-focused, with the addition of climate risk analysis and impact investments, evidenced responsiveness to regulation and environment. Besides that, learning from earlier stages, such as social risk management and gender equality, was incorporated in a way that the project facilitated both the short-term and long-term agendas of stakeholders. Coherence: The project maintained strong alignment with its Theory of Change, emphasizing sustainability at multiple levels. However, there is room for improvement in monitoring and evaluating long-term social and environmental impacts. The project successfully utilized structured risk assessments, environmental due diligence, and partnerships to mitigate key risks. By coordinating with a stakeholder like UNEP and aligning with frameworks such as Kenya's Sustainable Finance Initiative (SFI), the project reduced duplication and created synergies with

regional sustainability initiatives. While these efforts enhanced coherence, standardizing tools and strengthening stakeholder communication could further improve internal consistency.

Effectiveness: The project demonstrated significant progress through the adoption of sustainability tools, including GHG mapping, sustainability dashboards, and Social and Environmental Management Systems (SEMS) by institutions such as Sterling Bank and African Milling Limited (AML). Key achievements included improved farmer livelihoods, increased environmental compliance awareness, and stronger institutional sustainability practices. Challenges such as limited resources and varying institutional capacities were mitigated through stakeholder engagement and participatory capacity-building initiatives, ensuring broad adoption of sustainable finance practices.

Efficiency: The project effectively managed resources, though high demand for technical assistance occasionally strained human resources, leading to delays. Collaboration with UNEP and other institutional partners optimized resource use, aligning agricultural finance with sustainability goals. However, underutilization of technical tools due to varying institutional readiness highlighted the need for improved planning and targeted training efforts to ensure consistency in implementing sustainability frameworks like SEMS and sustainability dashboards.

Impact Orientation & Sustainability: The project catalyzed systemic and institutional change, evidenced by the adoption of SEMS by AML and NSIA Banque, expanded market access for smallholder farmers, and gender-inclusive financial products. These changes supported environmental sustainability and social equity while embedding sustainability into core institutional policies. However, the absence of a dedicated gender strategy limited the ability to systematically measure gender-related impacts. Formalizing sustainability criteria in institutional policies and providing ongoing technical support will be crucial for maintaining long-term impact.

Cross-Cutting Themes

The project promoted knowledge transfer through interactive workshops and tailored advisory services, fostering self-sustaining institutional growth. Gender integration efforts included developing gender-sensitive financial metrics, creating tailored financial products for women, and encouraging equal participation in training programs. While a standalone gender strategy was lacking, these initiatives laid the groundwork for inclusive finance practices. Adapting project outputs to local legal and cultural frameworks also improved relevance, but further engagement of local stakeholders during the design phase could enhance effectiveness and sustainability.

RECOMMENDATIONS, LESSONS LEARNED AND GOOD PRACTICES

Main Recommendations from Findings & Conclusions

Relevance and Validity of Design

1. Organize regular stakeholder consultations and workshops to align project design with evolving stakeholder needs (strengthen iterative nature of project management)

Effectiveness

2.1 Incentivize partner institutions to invest in real-time sustainability metrics tracking technology, with implementation and usage training provided.

2.2 Provide targeted support for underperforming institutions.

	Efficiency 3 Conduct a detailed resource evaluation to identify areas of over- or under-utilization. Redistribute human and financial resources to address high-demand areas without compromising overall efficiency. Impact Orientation and Sustainability 4.1 Enhance the institutionalization of policies that integrate sustainability criteria. 4.2 Provide capacity-building sessions Cross-Cutting Themes and Additional Considerations 5. Develop comprehensive gender strategies.
Main lessons learned and good practices	Lessons Learned 1. **Sustainability must be a core investment criterion:** Ensuring sustainability in investment decisions enhances long-term financial viability, mitigates risks, and aligns with global ESG standards. 2. **Tailored technical assistance enhances knowledge transfer:** Customized training and support help institutions internalize sustainability practices effectively, ensuring long-term adoption and impact. 3. **Strategic partnerships amplify project impact:** Collaborating with industry leaders and sustainability organizations enhances resource efficiency, knowledge sharing, and policy alignment. 4. **Cultural responsiveness improves implementation effectiveness:** Adapting project approaches to local norms and regulations increases acceptance, relevance, and effectiveness of sustainability initiatives. 5. **Gender integration requires a structured approach:** A dedicated gender strategy with measurable targets ensures that financial services and sustainability programs are inclusive and equitable. Good Practices 1. **Integration of SEMS and sustainability dashboards into financial institutions:** Embedding structured sustainability management systems improves risk assessment, compliance, and environmental accountability. 2. **Tailored technical assistance for impact finance capacity building:** Providing sector-specific guidance enhances institutional capacity to implement and sustain sustainable finance practices. 3. **Leveraging partnerships with UNEP and regional ESG bodies for resource optimization:** Collaborations with global and regional sustainability organizations improve policy coherence and access to specialized expertise.