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AgDevCo and transformational impact in Africa's agricultural sector



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How does AgDevCo conceptualise its wider impact on the agricultural sector?

A year ago I moved from working in Monitoring, Evaluation and Learning (MEL) for market systems development (MSD) programmes to working for an impact investor.

I was not surprised to see that AgDevCo considers the effects of their investments beyond the investee and direct beneficiaries. This is recommended by a lot of industry 'best practice', including GIIN and the [IFC](#). But what did surprise me was the way it does this. Having worked in MSD programming for five years, imagine my shock when I realised AgDevCo does not define transformational change using a [doughnut](#).

So how does AgDevCo conceptualise its wider impact on the agricultural sector? We look at things more in line with the ODI definition of transformational change as "shifting labour and other resources from lower-to higher-productivity activities, facilitating labour productivity growth over a sustained period [...resulting in...] more diversified and complex productive activities."

We worked with a fantastic team at IPE Tripleline to revise our definition of transformational change this last year. For us, transformational change means *wider knock-on effects in markets and rural communities* as a result of changes for AgDevCo investees and the smallholders that they work with.

These effects can include (but are not limited to) economic spill-over activity into under-developed communities, behavioural changes of other market actors, and

sustained increases in economic activity along value chains. This definition is based on the types of changes most common in the impact thesis of our investments.

We don't just use the MSD definition used by BEAM and Springfield because, as impact investors, our mode of operation is very different to MSD interventions. However, AgDevCo's definition does have the following similarities to MSD definitions. It:

- › aims to reduce poverty
- › focuses on transforming economic systems and industries
- › focuses on replication and attracting actors to a certain business model or sector
- › looks at new connections, networks, relationships, transactions
- › aims to create impact at scale in a sustainable way based on the genuine incentives and capabilities of permanent players in the market

So, not surprisingly, we faced similar challenges to measuring MSD when we tried to measure our transformational change.

Both MSD and transformational change are emergent, so attribution is not straightforward. They also take a long time, so we needed to try find early signs of transformational change to measure in the short-term.

Our approach included an investment portfolio analysis and two deep dive case studies. The portfolio analysis was based on interviews with AgDevCo investment leads and a desk review. The two case studies used a mixed methods approach centred on hybrid network analysis.

Network analysis involves measuring and graphically representing flows (represented as edges) between connected actors (represented as nodes). Network analysis is, therefore, especially useful for understanding how links between actors evolve over time. We mapped a 'before' and 'after' picture, which allowed us to assess how things changed over time. See the full results and details from these case studies:



Transforming communities in Northern Malawi

Case study analysing the transformational impact of AgDevCo's investment in Tropha - a commercial macadamia, chilli and paprika farmer in Malawi



Stimulating the potato value chain in

Zambia

Case study of how AgDevCo's investment has contributed to the expansion of the value chain and encouraged commercial farming in Zambia

I believe that Development Finance Institutions (DFIs) and impact investors should focus on investments capable of kick-starting this type of transformational change because this is how to create sustained impact at scale. This makes it even more important to capture the lessons and results from investing to transform economies.

So, we need solutions to measuring and defining changes to economies, markets or industries that fit with how impact investors operate. With these case studies, AgDevCo is taking steps to find these solutions.