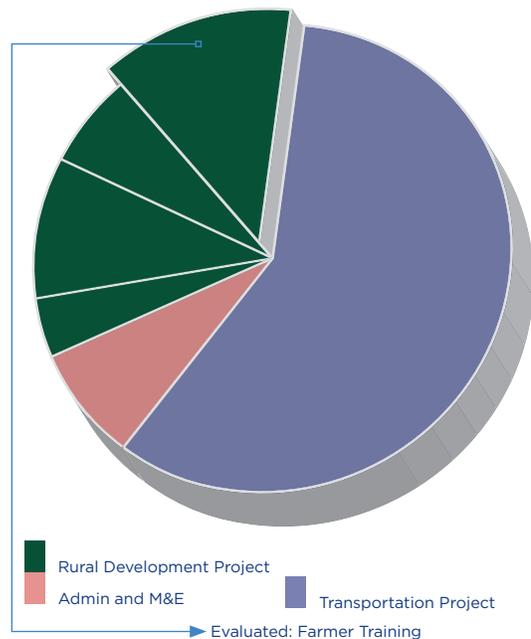


# Measuring Results of the Honduras Farmer Training and Development Activity

## In Context

The MCC compact with Honduras was a five-year investment (2005-2010) of \$205 million in two projects: transportation and rural development. The Rural Development Project included four activities: (i) farmer training and development, (ii) farmer access to credit, (iii) farm to market roads, and (iv) agricultural public goods grant facility. The \$26.5 million Farmer Training and Development Activity (FTDA) is the subject of both the results described here and an independent impact evaluation released by MCC in October 2012. This activity represents 13 percent of the total compact. Other components of the compact are the subject of forthcoming independent evaluations.



## Program Logic

The Rural Development Project sought to improve the business skills, productivity, market access, and risk management practices of producers who operate small- and medium-size farms. This aimed to result in higher incomes for the targeted farmers, their employees and their communities and strengthen the capacity of those enterprises servicing horticultural production and trade. FTDA included on-going training and technical assistance, including financial support and extension services in commercial horticulture production and marketing.

Inputs	Outputs	Immediate Outcomes	Intermediate Outcomes	Ultimate Impacts
MCC funds the design and implementation of the Farmer Training and Development Activity (FTDA), including small grants to farms	Increase in farmer knowledge of the production and marketing of high-value horticultural crops	Adoption of good agricultural practices and shifting resources to production of high value horticulture; improvements in market linkages	Increases in aggregate farmer income	Reductions in rural poverty rate and increases in farmer household income and expenditures

There were several key assumptions underlying the Farmer Training and Development program logic during the design of the investment:

- ★ Farmer training and small grants to farms will increase business skills and agricultural capacity of farmers and input providers.
- ★ The content and duration of technical training assistance and small grants to farms are sufficient to trigger behavior change.
- ★ Farmers have necessary access to credit through existing structures or through the Farmer Access to Credit Activity financed through the compact.
- ★ The key constraint for farmers is lack of knowledge and skills on production and marketing of high-value horticulture.
- ★ Adoption of good agricultural practices leads to an increase in farm productivity.
- ★ Increases in farm productivity lead to increases in farm income, which in turn leads to increases in overall household income.

## Impact Evaluation Questions

The impact evaluation was designed to answer the following questions:

- ★ Does the FTDA intervention increase productivity of program participants?
- ★ Does the FTDA intervention increase household income of program participants?

## Measuring Results

MCC uses multiple sources to measure results. Monitoring data is used during compact implementation. Independent evaluations are generally completed post-compact. Monitoring data is typically generated by the program implementers and specifically covers the treatment” group of farmers who received training under the compact. However, monitoring data is limited in that it cannot tell us what these farmers would have done in the absence of the MCC-financed training. For example, when implementers report that farmers have exceeded targets around the adoption of new techniques, we do not know if these farmers adopted because of the training or would have adopted without the training. This is why MCC invests in independent impact evaluations, which estimate a counterfactual to assess what would have happened in the absence of the investment.

## Monitoring Results

The following table summarizes performance on output and outcome indicators specific to the evaluated activity:

Indicators	Level	Actual Achieved	Target	Percent Complete
Total number of recruited farmers receiving technical assistance	Output	7264	8255	88.0%
Number of technical assistance visits to program farmers	Output	158,945	61,600	258.0%
# of program farmers harvesting high-value horticulture crops	Outcome	6029	6000	100.5%

Indicators	Level	Actual Achieved	Target	Percent Complete
# of hectares harvesting high-value horticulture crops	Outcome	9287	8400	110.6%
# of business plans prepared by program farmers with assistance from the implementing entity	Outcome	16,119	6960	231.6%
Total value of net sales (millions USD)	Outcome	75.5	N/A	
Total value of gross sales (millions USD)	Outcome	153.0	N/A	
Total value of gross export sales (millions USD)	Outcome	54.6	N/A	
Total value of gross local sales (millions USD)	Outcome	98.5	N/A	

The average completion rate of output and outcome targets is 158 percent, and the number of indicators where targets were met or exceeded is four out of five, and four had no targets set.

## Impact Evaluation Results

Although most output and outcome targets for the FTDA were met or exceeded, the independent evaluation is unable to estimate causal impacts of the investment on outcomes because the evaluation team could not identify a valid counterfactual as a basis for estimating the results of this activity. The evaluation report clearly documents that the treatment and control groups of farmers had substantially different characteristics, making it impossible to use the control group as a valid counterfactual in the evaluation. The evaluation report makes a compelling case for the use of an alternative evaluation approach, because a counterfactual could not be established. This approach estimated a statistically significant \$600 impact on annual crop incomes of participants; however, MCC does not believe that this estimate is credible enough to claim a positive impact.

Evaluator: NORC at the University of Chicago	
Methodology	Failed randomized control trial
Evaluation Period	12-36 months
Adoption	Causal impacts not estimated because no credible counterfactual established
Farm Income	Causal impacts not estimated because no credible counterfactual established
Household Income	Causal impacts not estimated because no credible counterfactual established

## Lessons Learned

MCC released impact evaluations from farmer training activities in five countries in October 2012. Looking across these five, and informed by lessons about impact evaluations in agriculture more broadly, MCC has identified a set of common lessons<sup>1</sup>. The lessons as illustrated by the Honduras case are:

- ★ **Always return to the program logic.** The intended goal of the activity, and who it will target, must be clearly defined at the beginning. When possible, clear selection criteria for the farmers should be defined during project design, not throughout implementation. In Honduras, the continuous adaptation of the selection criteria by the implementer in the field to identify farmers for the training did not allow for a clear, defined criteria that could be replicated, resulting in the inability to estimate the counterfactual.
- ★ **Work together and align incentives.** It is almost impossible to have a successful evaluation if program implementers and evaluators are not working in lock-step. This requires aligning incentives between the two. Contracting the evaluator must coincide with contracting the program implementers. There must be absolute understanding and contractual commitment by the implementing entity to cooperate with the evaluator and vice versa. In Honduras, the implementer was contracted two years before the evaluator, which resulted in the implementer's contract not including specific responsibilities regarding collaboration with the evaluator. In addition, the implementer was committed to delivering training 6,000 farmers and increasing average income by \$2,000. Therefore, the implementer's incentive was to continue revising the selection criteria to find successful program participants, not align with the evaluation design.

## Next Steps

MCC has no immediate plans for further evaluation work on the Honduras Farmer Training and Development Activity.

<sup>1</sup> Issue Brief: MCC's First Impact Evaluations: Farmer Training in Five Countries. October 2012. <http://www.mcc.gov/documents/reports/issuebrief-2012002119501-ag-impact-evals.pdf>

Principles into Practice: Impact Evaluations of Agriculture Projects. October 2012.  
<http://www.mcc.gov/documents/reports/paper-2012001116901-principles-impact-evaluations.pdf>