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Meeting the Challenges of Value Chain Development

A Learning Event

Value Chain Investments and Improved Food Security Outcomes: Natural Partners or Arranged Marriage?

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Roadmap for presentation

- What can past research tell us about:
 - Requirements for improved food security outcomes?
 - Comparative advantage and limits of VC approaches in relation to these outcomes?
 - Complementary investments needed to broaden and ensure sustainability of VC and FS outcomes?
- Implications for program design – arranged marriages have better outcomes!



Dimensions of improved food security

- Increased availability
- Increased access
 - Physical, Economic, Intra-household
- Increased utilization
 - Dietary quality (diversity), food safety
 - Sanitation and health
- Increased stability (predictability)

Gender is a crucial cross-cutting element



Comparative advantages of VC

- Engages the private sector to increase productivity, broaden participation and raise incomes of participants (sustainability)
- With urbanization and income growth the post-farm value added has the potential to grow much faster than farm-level value added (growth enhancing)
- Impacts on food security outcomes for both VC participants (direct effects) and non-participants (indirect effects)



Direct vs. indirect benefits

Direct benefits (accrue to VC participants)

- Increased production (availability)
- Increased incomes (access)

Indirect benefits (accrue to non-participants as well)

- Access to inputs/technology (availability)
- Lower prices of food (access)
- Employment (income multiplier) effects (access)
- Food quality/ safety innovations (utilization)
- Services financed out of VC profits (utilization)

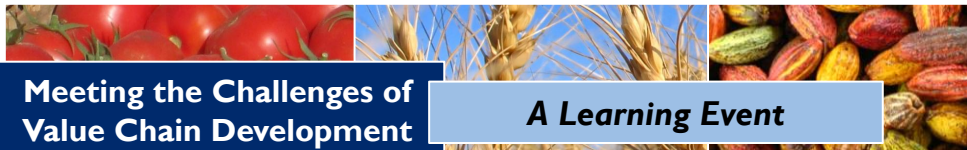
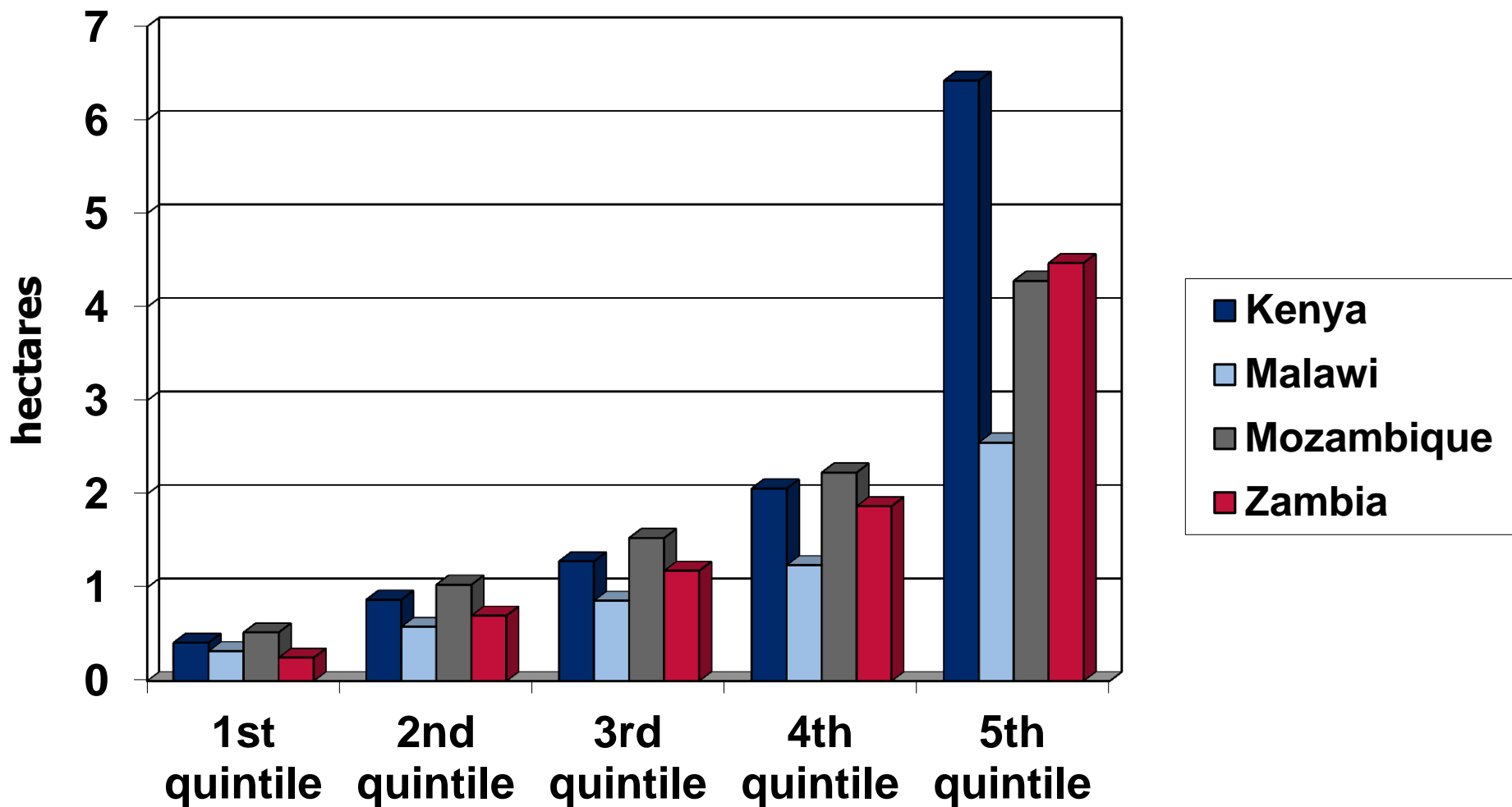


Limits to food security outcomes

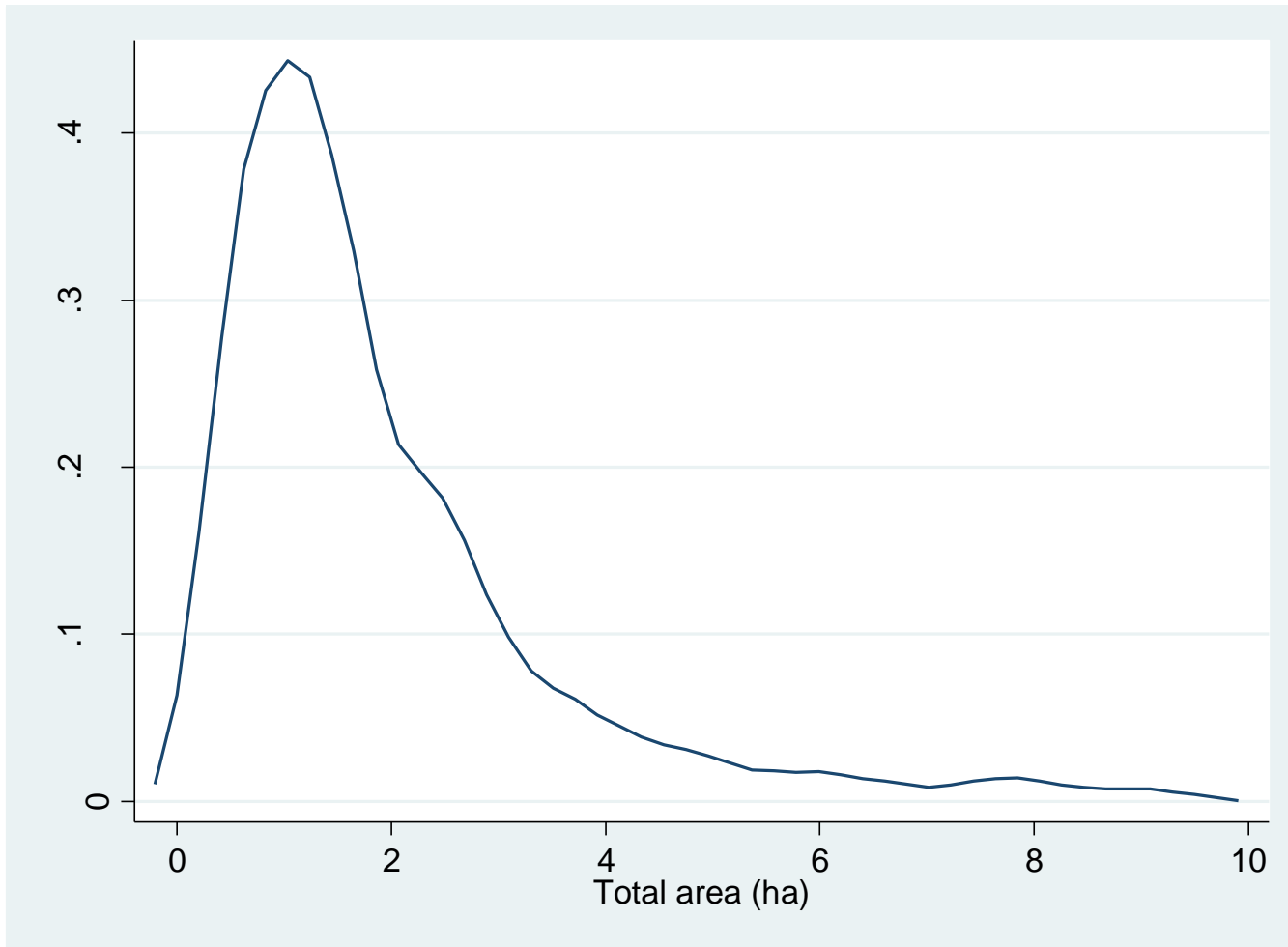
- Most rural households are too asset poor to obtain **direct** benefits from crop production value chain investment
- Only a small proportion of households have sufficient land and other resources to participate in food value chains as net sellers
- Even fewer households can take part in non-food value chains requiring purchased inputs



Smallholder landholdings in ESA



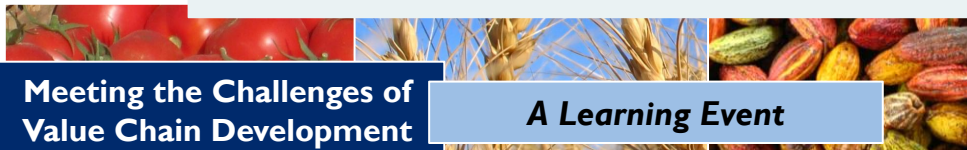
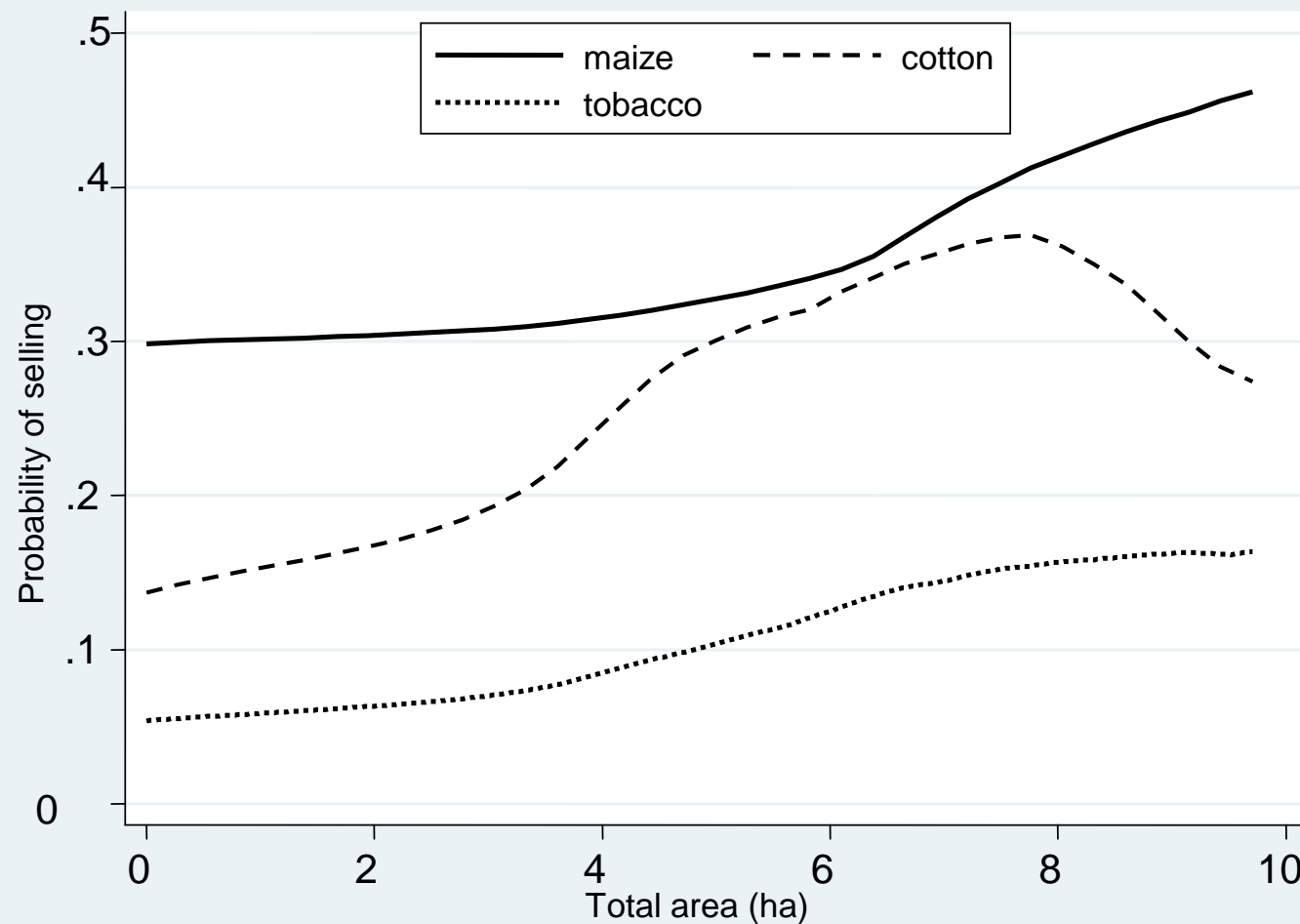
Mozambique: Distribution of cultivated land area



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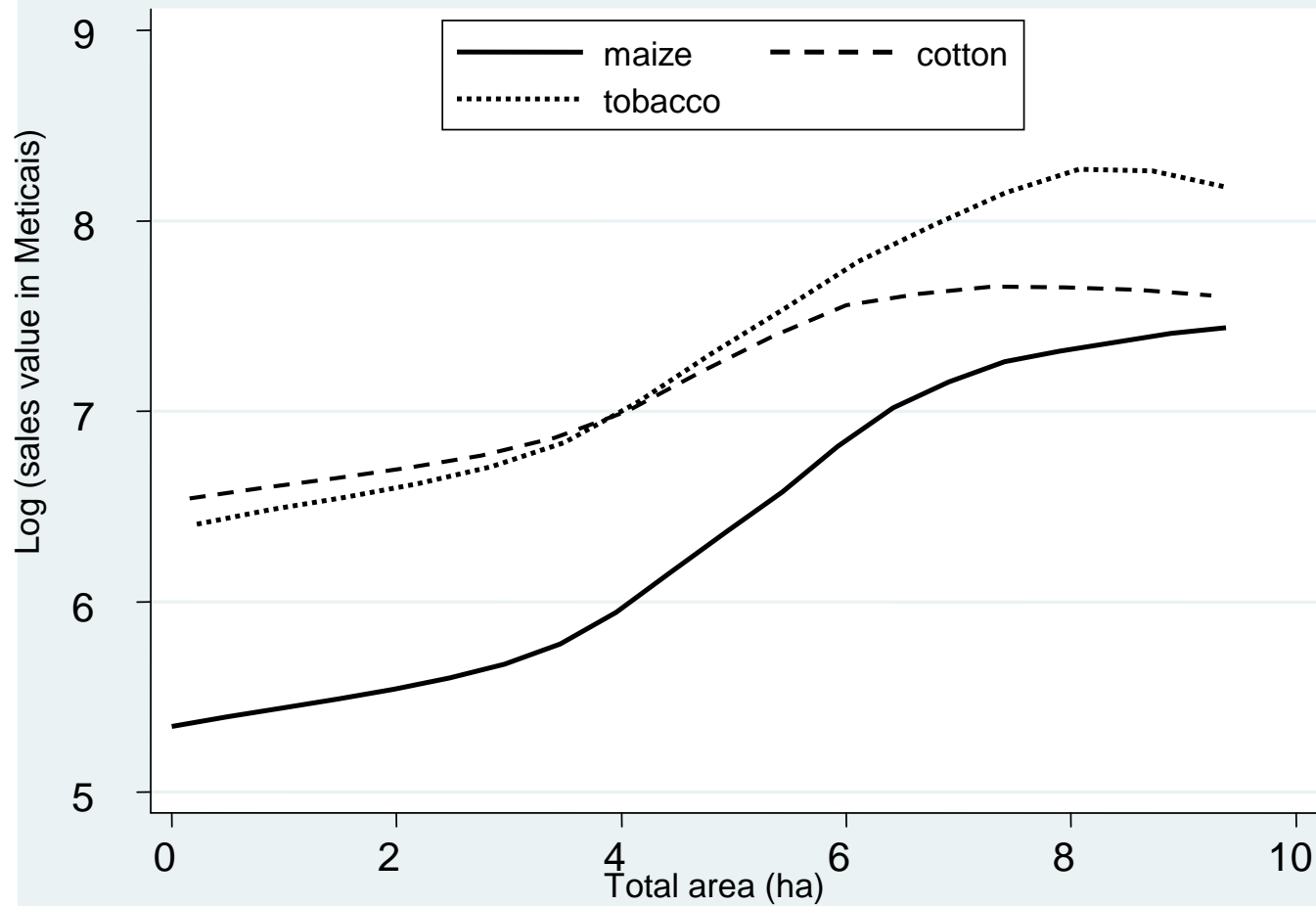
Mozambique: market participation and land holding



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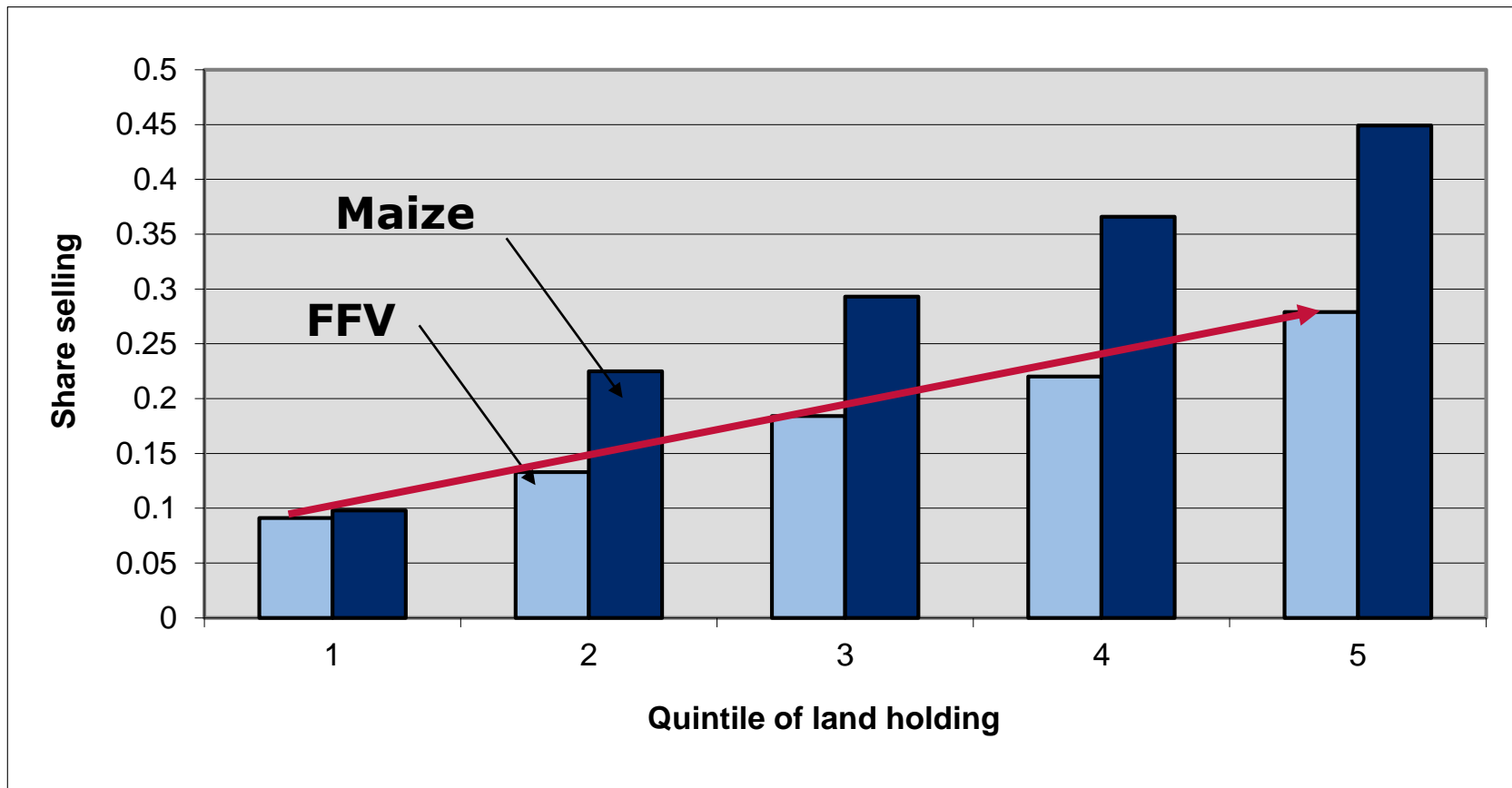
Mozambique: sales and land holdings



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Market participation in Zambia



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Complementary investments – household level

- Assets/services to raise labor productivity
- Increasing food crop productivity and diversity
 - Improved varieties
 - Conservation farming
- Nutrition education related to local agricultural context
- Assets/income earning activities for women



Complementary investments – food system level

- Re-engineering tertiary agricultural education to meet needs of private sector
 - Food technology
 - Agribusiness/finance
- Continued investment in agricultural technology and information dissemination (source of continued VC growth)
- Investment in local food and agricultural policy analysis and engagement capacity



Takeaways

- Value chain investments are a powerful tool for private-sector driven growth
- Indirect benefits at least as important for improved food security outcomes as direct benefits
- Complementary household investments need to be coordinated with VC investments
- Continued investment in future growth drivers: improved technology, human capital, organizational capital, governance





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