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## **Smallholders in Value Chains: Evidence on Scale, Productivity, and Benefits**



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## **Elizabeth Dunn**

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Dr. Elizabeth Dunn is the founder and president of Impact LLC, a social science research firm dedicated to improving the impacts of development interventions for microentrepreneurs, small farmers and low-income households. She has collaborated closely with ACDI/VOCA since the beginning of the AMAP Project, helping to design field research, provide training and conduct evaluations. Her clients include multilateral development agencies, international NGOs, host governments, and corporations. With a PhD in Agricultural Economics from the University of Wisconsin, Dr. Dunn has more than 20 years of professional research experience in developing countries.



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# Smallholders in Value Chains: Evidence on Scale, Productivity, and Benefits



Photo credits: ACDI/VOCA

Dr. Elizabeth Dunn

# Smallholders in Agricultural Value Chains

“

*There is broad consensus that reducing global poverty and hunger requires accelerating growth in the agriculture sector... Feed the Future seeks to unleash the proven potential of small-scale agricultural producers to deliver results on a large scale.*

*[www.feedthefuture.gov/approach](http://www.feedthefuture.gov/approach)*

”

# Smallholders in Agricultural Value Chains

**Scale**

How many SHs are reached?

**Productivity**

Do SHs adopt new practices?

**Benefits**

What happens to profits and incomes?

**What factors affect SH decision making  
and behavior change?**

# Smallholders in Agricultural Value Chains

## FIELD Report No. 18: Smallholders and Inclusive Growth in Agricultural Value Chains

Produced in collaboration with the  
FIELD-Support LWA



# Agenda

- Background
  - Cases reviewed
  - SH decision context
- Evidence
  - Scale
  - Productivity
  - Benefits

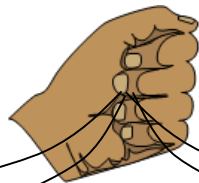


# Cases: 12 Agricultural Value Chains





# Smallholder Decision Context



## Opportunities

- PULL factors, demand-driven
- Include business enabling environment (BEE)

*Is it worth it?*

*Is it better than my next best alternative?*

## Capabilities

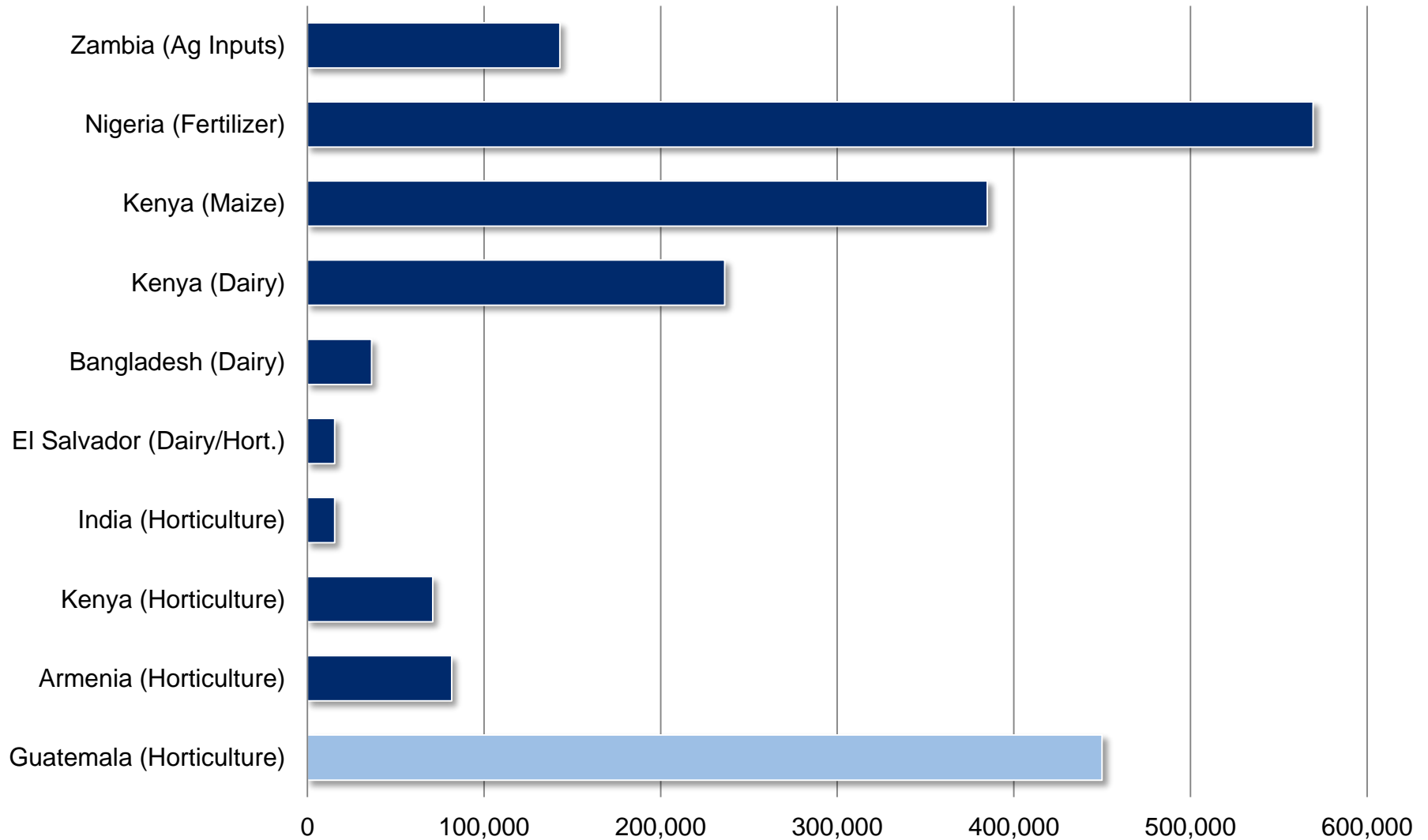
- PUSH factors, supply-driven
- Include risk, information and awareness

*Can I do it?*

*Do I have resources, knowledge and skills?*



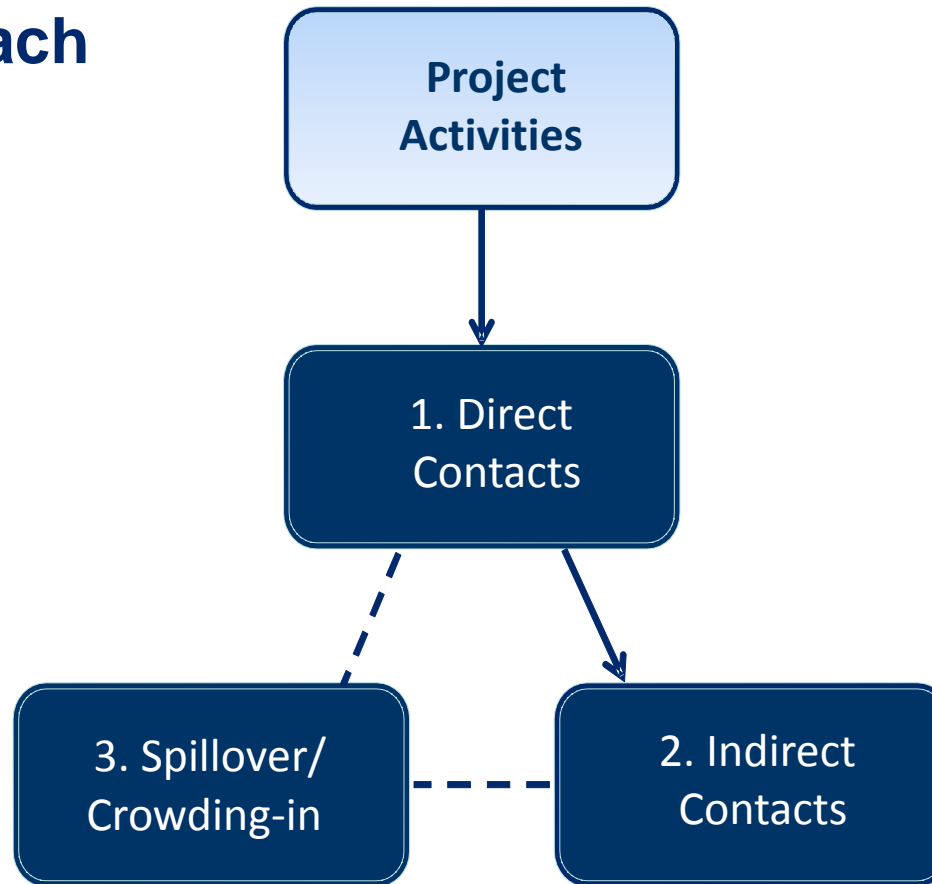
# Evidence on Scale: Outreach to Smallholders



# Defining Scale as Project Outreach

## Types of Outreach

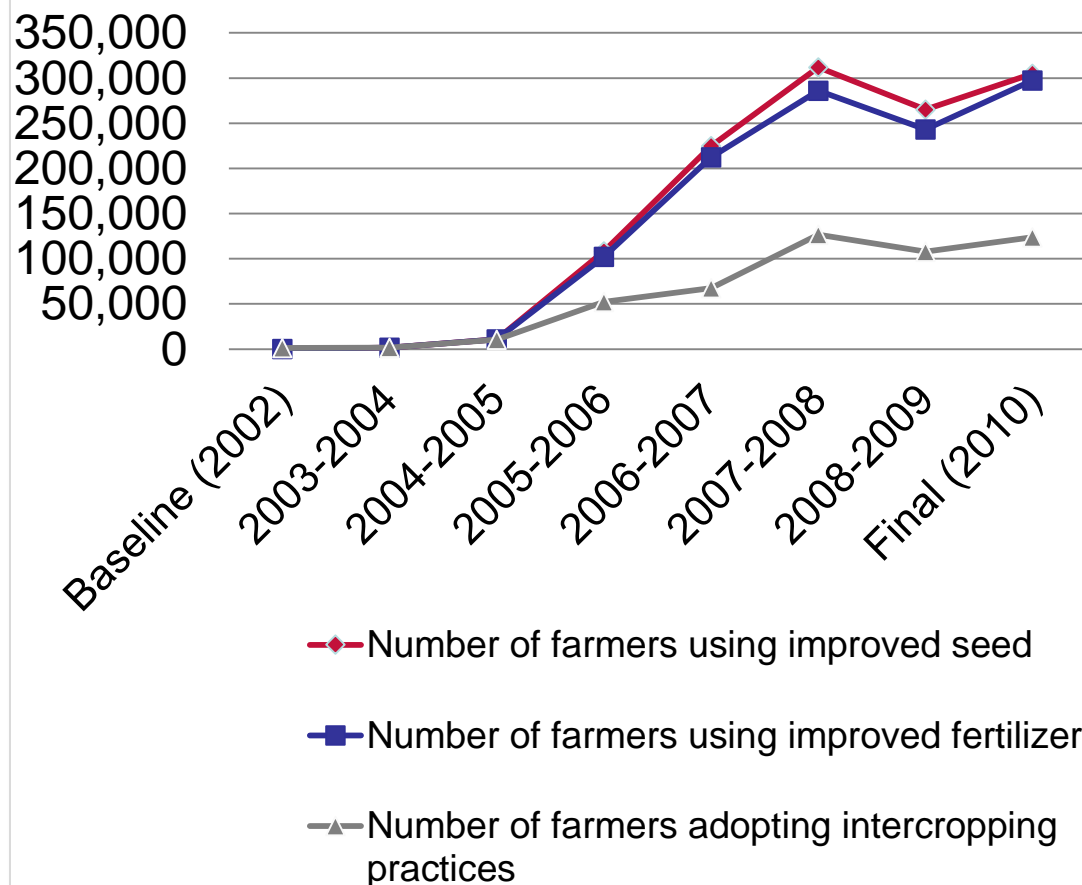
1. Direct
2. Indirect
3. Spillover



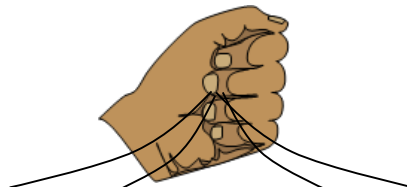
# Evidence on Scale over Time



## KMDP Outreach Over Time



# Conditions for SH Participation

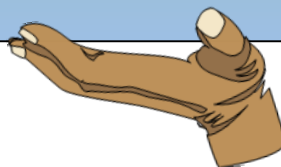


## Opportunities

- Buyers purchase in local area
- Quality, low-cost inputs available at scale
- BEE permits market access

## Capabilities

- Sufficient resources: land, labor, capital
- Immediate food security needs met
- Awareness of opportunity, info to assess



# Defining Productivity Growth as Upgrading

**Upgrading adds value by improving efficiency and/or product quality**

## **Upgrading examples:**

- New crop varieties and genetic materials
- New techniques and input packages
- New levels of food safety and quality

# Evidence on Productivity



Kenya dairy

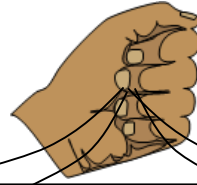


Zambia ag inputs



Nigeria fertilizer

# Conditions for SH Upgrading



## Opportunities

- Buyers pay premium for higher quality
- Buyers offer attractive payment terms
- BEE provides cost-reducing infrastructure

## Capabilities

- SH have technical knowledge and skills
- SH can finance ST and LT investment
- SH can manage information and risks





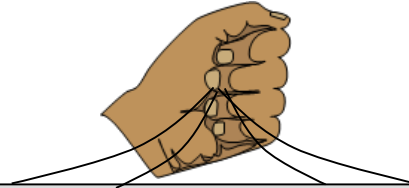
# Evidence on SH Benefits

## Benefits are defined as farm profits and HH income

- Some evidence of higher farm profits
  - 5 of 10 cases
- Little or no evidence for higher HH income
  - Cross-country study found impacts on poverty rates
  - Impact evaluations show higher profits but not income
  - Consistent with MCC findings
- Findings raise issues
  - Evaluation methods
  - Impact pathways



# Conditions for SH Benefits



## Opportunities

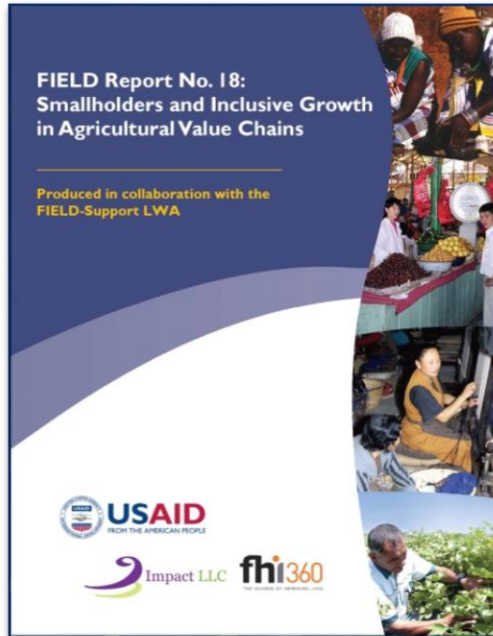
- BEE supports standards, transparency, market information, horizontal linkages, good governance
- Few farmers meet buyers' specifications
- SH have market alternatives (buyers aware)

## Capabilities

- Information on prices and markets
- Knowledge of end market requirements
- Horizontal linkages for bargaining power



# Summary of Evidence



“

*Large scale can be achieved through indirect contact.*

”

“

*Productivity gains are heavily dependent on market incentives.*

”

“

*Even when enterprise and farm profits increase, household income may not change.*

”



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# THANK YOU

## QUESTIONS?



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**May 1:**  
Market Facilitation

**May 29:**  
Workforce  
Development and  
Inclusive Markets

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