



USAID
FROM THE AMERICAN PEOPLE

Meeting the Challenges of Value Chain Development

A Learning Event

February 7-8, 2012 | Washington, DC

INTEGRATING FOOD SECURITY & NUTRITION

PRESENTERS

Bronwyn Irwin, ACDI/VOCA
Ben Fowler, Ben Fowler Consulting
Duncan Boughton, Michigan State University
Sophi Walker, ACDI/VOCA
Jeff Dykstra, Partners in Food Solutions
Eric Derks, ARD

I. Introduction to the issue (Bronwyn Irwin and Ben Fowler)

In the past, value chain programs focused on increasing incomes of productive populations, while there were separate programs aimed at increasing the food security of vulnerable populations. Now we are being asked to integrate these activities into one project. Bronwyn Irwin provided an introduction to the session, emphasizing that there is added value to integrating food security into value chain (VC) programs. The VC has several added benefits: Taking a **systemic approach** helps identify underlying causes; ensuring the **incentives** are in place to achieve desired behavior is sustainable; seeking market-driven interventions creates **sustainable impact**; **leveraging** the investment of VC actors enables scaling up, especially compared to directly providing services to beneficiaries. There are some challenges to integrating food security in the value chain. These include **geographic targeting** to balance the areas with greatest potential and the areas of highest food insecurity; integrating food security into the **value chain selection** process; **reaching the food insecure** given that most value chain programs generally allow for self-selection for participation; and balancing **competitiveness** with the food security objectives.



USAID
FROM THE AMERICAN PEOPLE

Ben Fowler then gave an overview of emerging best practices. During the value chain selection process, conduct an **upfront analysis** to understand the food security context, including whether the key issue is availability, access or utilization. **Understand vulnerability** through identification of whether the issue is seasonal or chronic food security. **Support diversification**: look for VCs that can extend income generation across the year and a set of crops, some of which can increase incomes and some of which can improve food security. **Cost reduction** can create similar benefits to increased income, particularly if it falls during lean periods (such as when food purchases are needed). VC programs that work in staple foods often focus on increasing volume and quality but decreasing cost (through improved on-farm and market efficiency).

While conducting the value chain analysis, Fowler recommended to keep in mind that women are key to instituting behavior change for improved nutrition because of their role in household food selection and production. Similarly, there is a need to identify roles for women in the value chain (production, marketing, processing) because increasing women's incomes has a disproportionate effect on household food security compared to increasing men's incomes. Understand effects of **price impacts** on different groups. **Mapping nutritional impacts**, including variety selection, processing and post-harvest handling practices, will influence the ultimate nutrition of food products. During design and implementation, assess the needed skill sets and potential risks of value chain programming on food security such as food safety standards and gender. Look for complementary programming. Other programming (e.g. social transfers, financial services) can fill in gaps left by the value chain approach to support integration of the very food insecure into promising value chains.

Lastly, it is important to build in food security indicators: many projects do not and thus cannot monitor or report on their impact. It's important to incorporate consumption indicators as well as income-related indicators to capture the full benefits of VC programming. VC projects need to build in food security indicators along with VC/growth indicators, ideally at the household level. **The VC approach to food security can do a lot, but obviously not everything.**

II. What past research can tell us (Duncan Boughton)

Duncan Boughton, of Michigan State University, defined the dimensions of improved food security as:

- Increased availability (necessary but not sufficient)
- Increased access (physical; economic; intra-household)
- Increased utilization (dietary quality; safety; sanitation and health)
- Increased stability (predictability)

Boughton discussed the comparative advantages of using a VC approach, which include: the ability to engage the private sector to increase productivity; broaden participation and increase incomes of beneficiaries. Direct benefits may include increased incomes and increased productivity. Indirect benefits accrue to non-participants as well and may include access to inputs/technology; lower prices of food; employment (income-multiplier affects); food quality/safety innovations (utilization); services finance out of VC profits (utilization). **Indirect benefits are just as important as direct benefits but they are harder to measure.**



USAID
FROM THE AMERICAN PEOPLE

The data shows that most of the agricultural growth occurs after the farm, and the land “threshold” for beginning to benefit from participation in a VC program begins around 3.5-4 ha. Despite the direct/indirect benefits, most rural households are too asset poor to obtain direct benefits from crop production; only a small proportion of households have sufficient land and other resources to participate in food value chains as net sellers; and even fewer households can take part in non-food value chains requiring purchased inputs.

In conclusion, Boughton said that value chain investments are a powerful tool for private-sector driven growth, as they unlock the potential of actors through innovation. Furthermore, complementary household investments need to be coordinated with VC investments, and there needs to be continued investment in future growth drivers like improved technology, human capital, organizational capital, and governance.

III. Panels

The session then drew on the experiences of three implementers in integrating food security and value chain programs. Sophie Walker first discussed the **Market Linkages Initiative (MLI)** in Malawi. Two premises behind the project that relate to the overall food security situation are:

1. Farmers will not respond and increase production unless they feel they have a reliable connection to the market
2. The private sector provides the opportunity to build sustainable systems with feedback mechanisms that reward the private sector

The program has changed the way many traders perceived farmers – many farmers had no knowledge that within 3-5 km from where they live there was a permanent buying station that was offering up to 50% higher prices than the itinerant trader. However, the awareness days attended to by the trader made it perfectly clear that the trader would only accept grain that meets consumption needs of other markets – and what was acceptable was clearly described. The higher prices made farmers want to deliver, but also the fear of rejects provided the incentive to improve the condition of the grain. **Tools of trade**, like the use of scales and moisture meters, led to improved transparency and thus improved satisfaction of doing business. This helps both sides feel less exposed, and negotiate based on fact rather than ‘feeling.’

Eric Derks then discussed the LEAD program in Uganda, which aims to use a market system facilitative approach to increase maize production and market potential through improved quality. When using this approach, it is important to **self-select early adopters** and continuously evaluate program and impacts. Promising leverage points are tied to norms and rules, and **leverage points have lots of hands involved**, requiring a holistic perspective.

Lastly, Jeff Dykstra gave an overview of Partners in Food Solutions, which takes a multi-sector approach to improving the food processing sector. Improving the profitability and competitiveness will drive increasing volumes of nutritious food processed and marketed to local populations. This will increase the value of incremental sales of assisted processors and create jobs. Challenges that remain include problems with



information gathering and the reliability of data; infrastructure constraints; and a need for broader consumer awareness around nutrition and lack of institutional support for food processing.

Dykstra discussed the key lessons learned to date, which have been: Support to dynamic processors is key, but for scale, and broader sector-level impacts, it is important to build the capacity of other actors in the ecosystem. Focusing on supporting processors to produce and market products with growing or stable demand – lots of processors are chasing unsustainable businesses. There is a need to build consumer demand for quality food products and nutrition in order to provide sustainable incentives to processors. While the provision of technical assistance is critical, there is also a need for finance so processors can upgrade.

IV. Q+A

1. The missing component of this presentation was a discussion of the Food for Peace Programs and the integration of nutrition into VC/FS programs.

A: There are a few main points to take away:

- Although the panel did not directly speak about nutrition, it was implied that the programs that were discussed did include a nutrition element. *Nutrition is an indirect benefit of effective food security programs.*
- Nutrition aspects are especially relevant in the value chain selection process, as we must select those commodities that are economically viable and increase food availability and consumption.
- Programs are not going to directly address all components. We need to make choices in the target outcomes we want out of a program that will affect our designed interventions.

2. The food security plan in Mali that Duncan alluded to in his presentation is a valuable tool. Can you describe it in a bit more detail?

A: Michigan State University worked with the Food Security Commission in Mali to identify 166 communes that were vulnerable to droughts. First they worked with local NGO's and rural populations and asked them to document the challenges they faced in enhancing their food security. Stakeholder workshops were then held to review challenges and it was determined that introducing a cereal bank would increase access to foods needed for a diversified diet. *These plans are only a starting point in the commune's path towards enhanced food security.*

3. One participant commented:

- The pyramid shown by Sophie should have resembled more of an hourglass of the informal channels of distribution to consumers and indirect benefits that smallholders gain from being exposed to FS programs. The focus needs to look beyond simply productivity and also include market distribution channels if they are to be effective.



USAID
FROM THE AMERICAN PEOPLE

- Be careful of the term “can’t.” It is not that smallholders can’t participate effectively with land holdings of less than 1 HA; it is more of a matter that they are asset poor. We should not preclude the capability of smallholders to expand production; rather they need to be provided with the resources with which to make this a possibility.

To note: the context for this is that the MSU data shows increasingly small land holding of the large majority of producers, and at the same time, the vast majority of marketed production comes from the very few large producers. In agricultural transformation, one expects that those who are most competitive will continue in production, while others who are not competitive will do better by taking jobs off-farm or as farm labor. *Consumers cannot afford the costs of farmers with less than 2 hectares of land producing their staple foods.*

Other takeaways:

- Donors and practitioners need to look for opportunities for enhancing or linking into nutrition-supporting activities and messages for VC projects.
- It was noted that VC projects are generally under the purview of ministries of agriculture, that often equate food security with availability of staple foods, so there is a need to sensitize ministries on the full range of activities needed to achieve food security.
- In addition to the mentioned complementary activities, finance products such as micro insurance can help provide certain “safety nets” and decrease food insecurity.

This event was hosted by USAID with funding from the Accelerated Microenterprise Advancement Project (AMAP) Knowledge and Practice II task order, implemented by ACDI/VOCA.