



USAID
FROM THE AMERICAN PEOPLE



**Meeting the Challenges of
Value Chain Development**

A Learning Event

Reaching the Very Poor with Value Chain Development Workshop



USAID
FROM THE AMERICAN PEOPLE

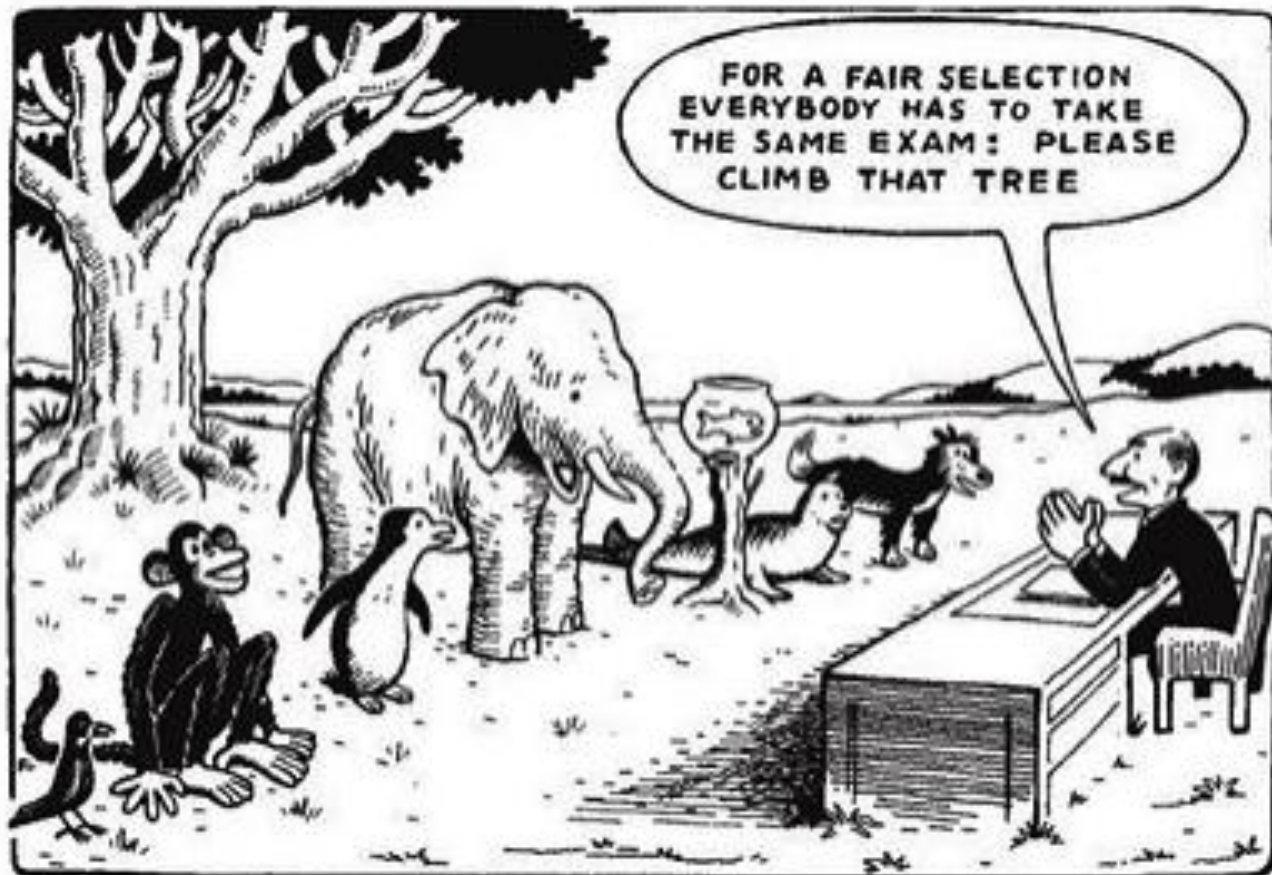


**Meeting the Challenges of
Value Chain Development**

A Learning Event

Value Chain Development & the Very Poor: An Overview

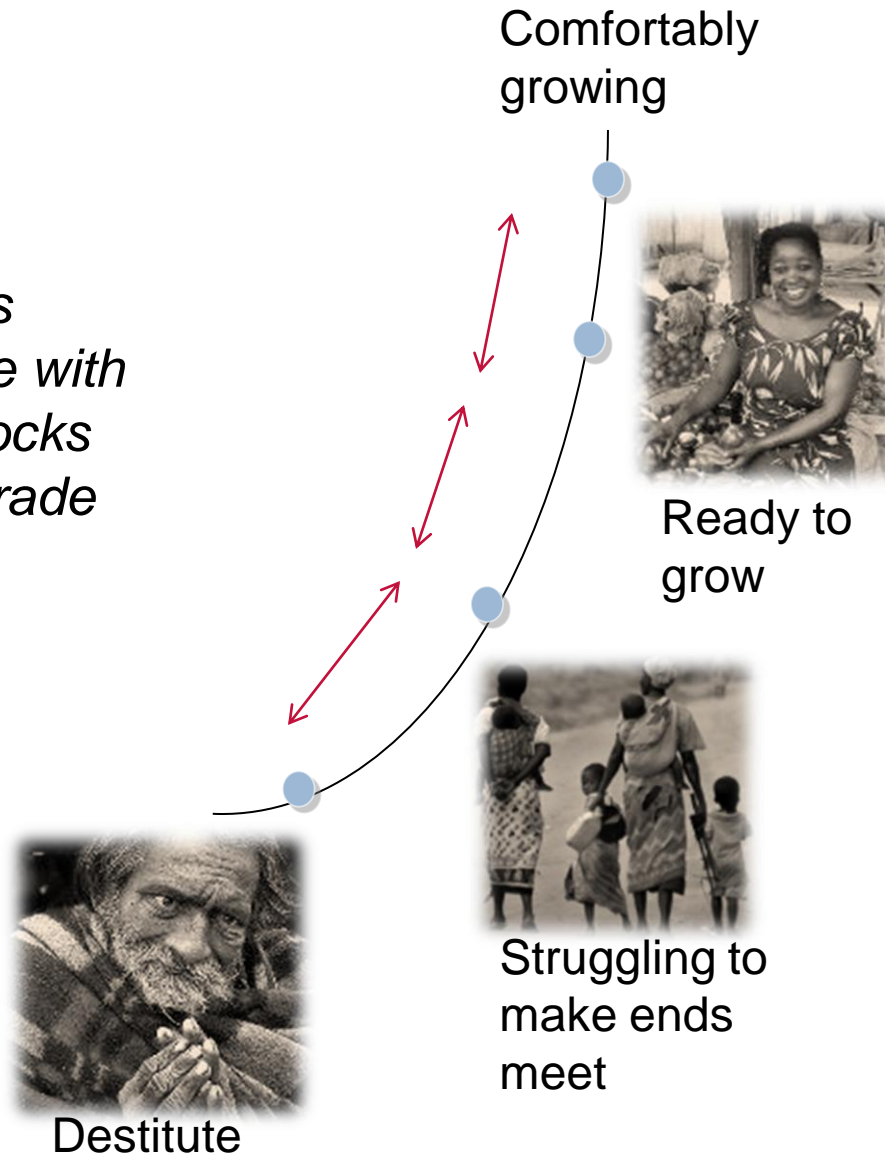
Margie Brand



Why is it important to consider the very poor when strengthening value chains?

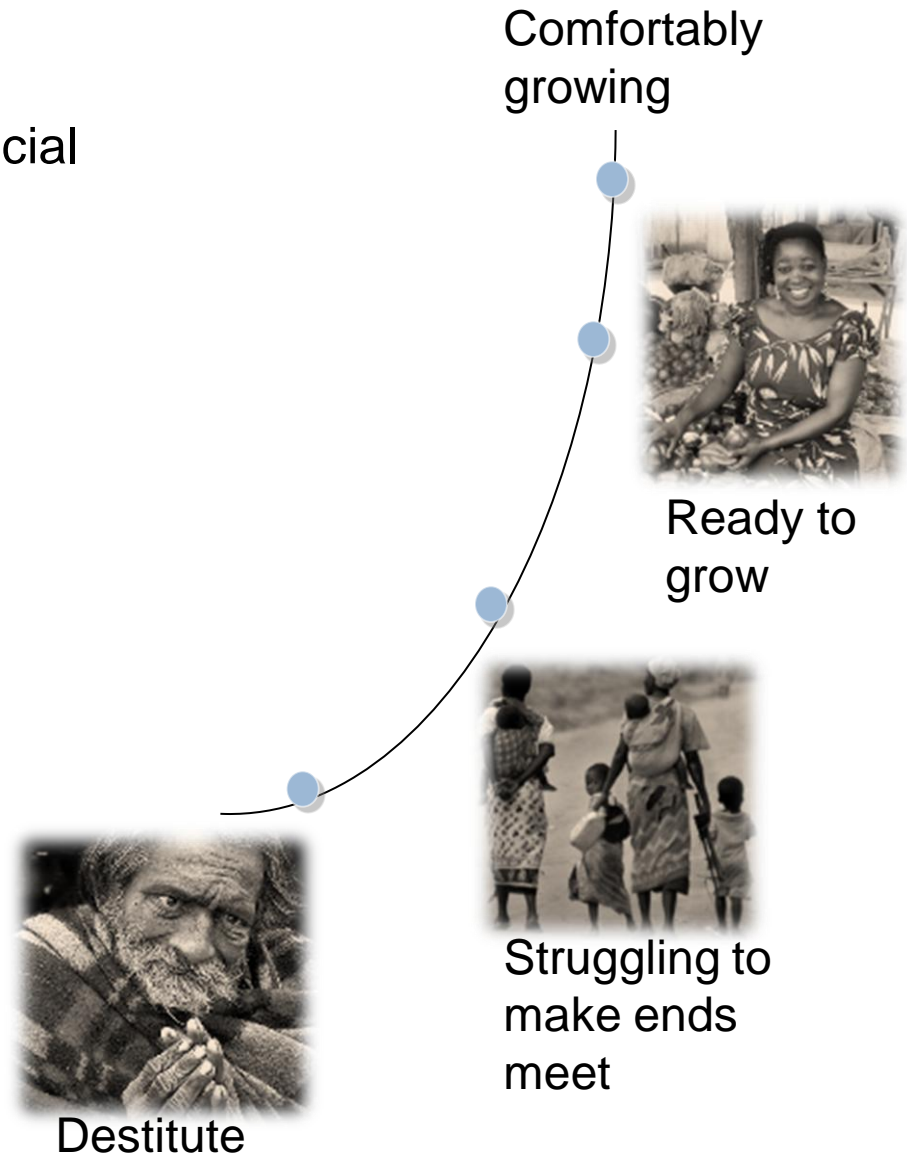
Varying:

- *asset levels*
- *income flows*
- *social networks*
- *abilities to cope with unexpected shocks*
- *abilities to upgrade*



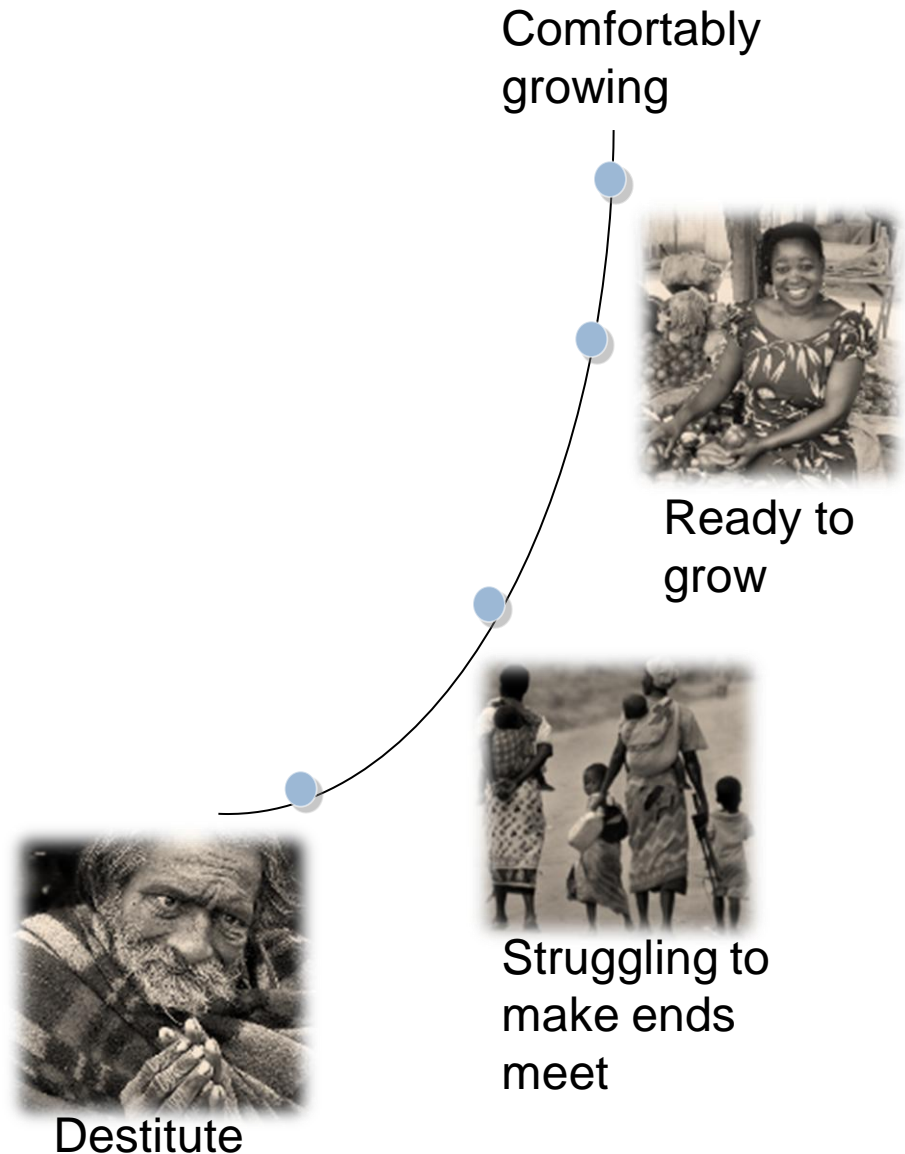
Why is it important to consider the very poor when strengthening value chains?

- We want to use growth to drive a social welfare agenda
- Growth requires social mobility
- Systems need to support upward mobility and provide safety nets for downward mobility
- We need adaptive, robust systems



Why is it important to consider the very poor when strengthening value chains?

- Build safety nets to increase resilience to shocks for actors already in value chains
- Create incentives, preferably market-based, to move vulnerable households up the pathway to area of greater benefit
- Address underlying constraints that prevent the ability to interact more fully with markets



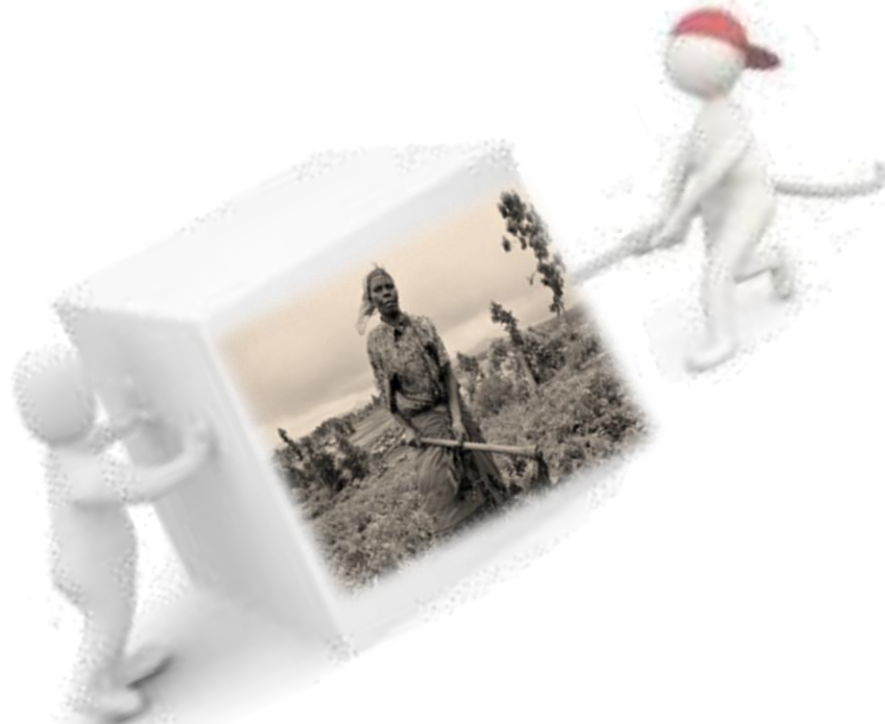
Push & Pull Strategies to support market participation of the very poor

Pull Strategies

*(address sector-wide constraints to upgrading
and create opportunities for participation)*

Support Strategies

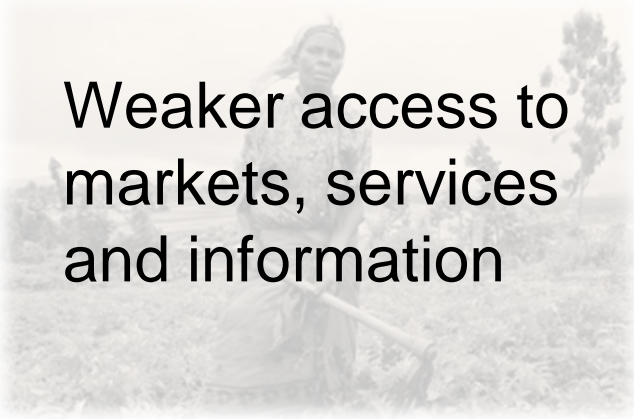
*(strengthen robust
safety net systems)*



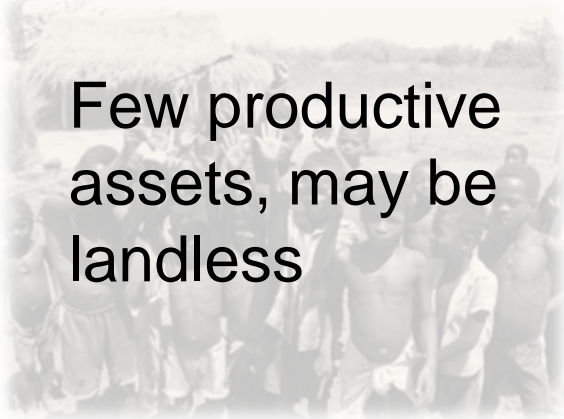
Push Strategies

(address household-level constraints to support market participation)

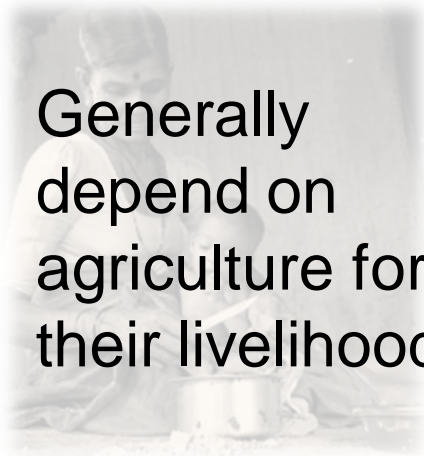
Very poor have challenges in participating in markets



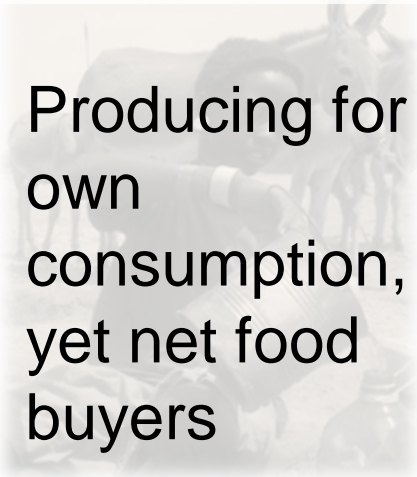
Weaker access to markets, services and information



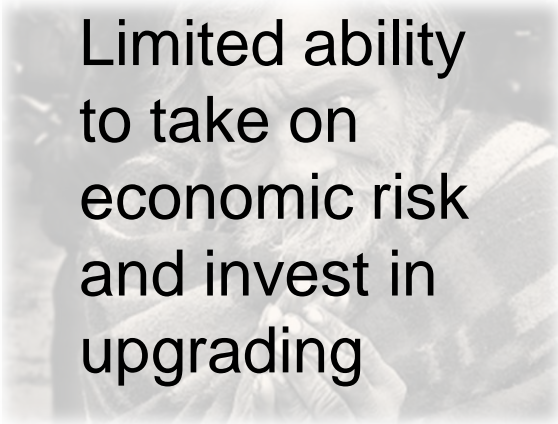
Few productive assets, may be landless



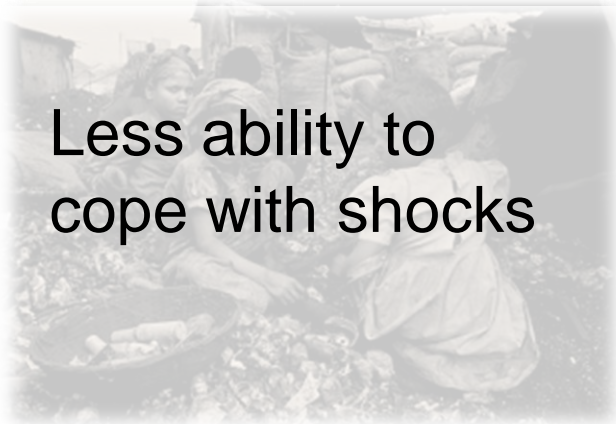
Generally depend on agriculture for their livelihood



Producing for own consumption, yet net food buyers

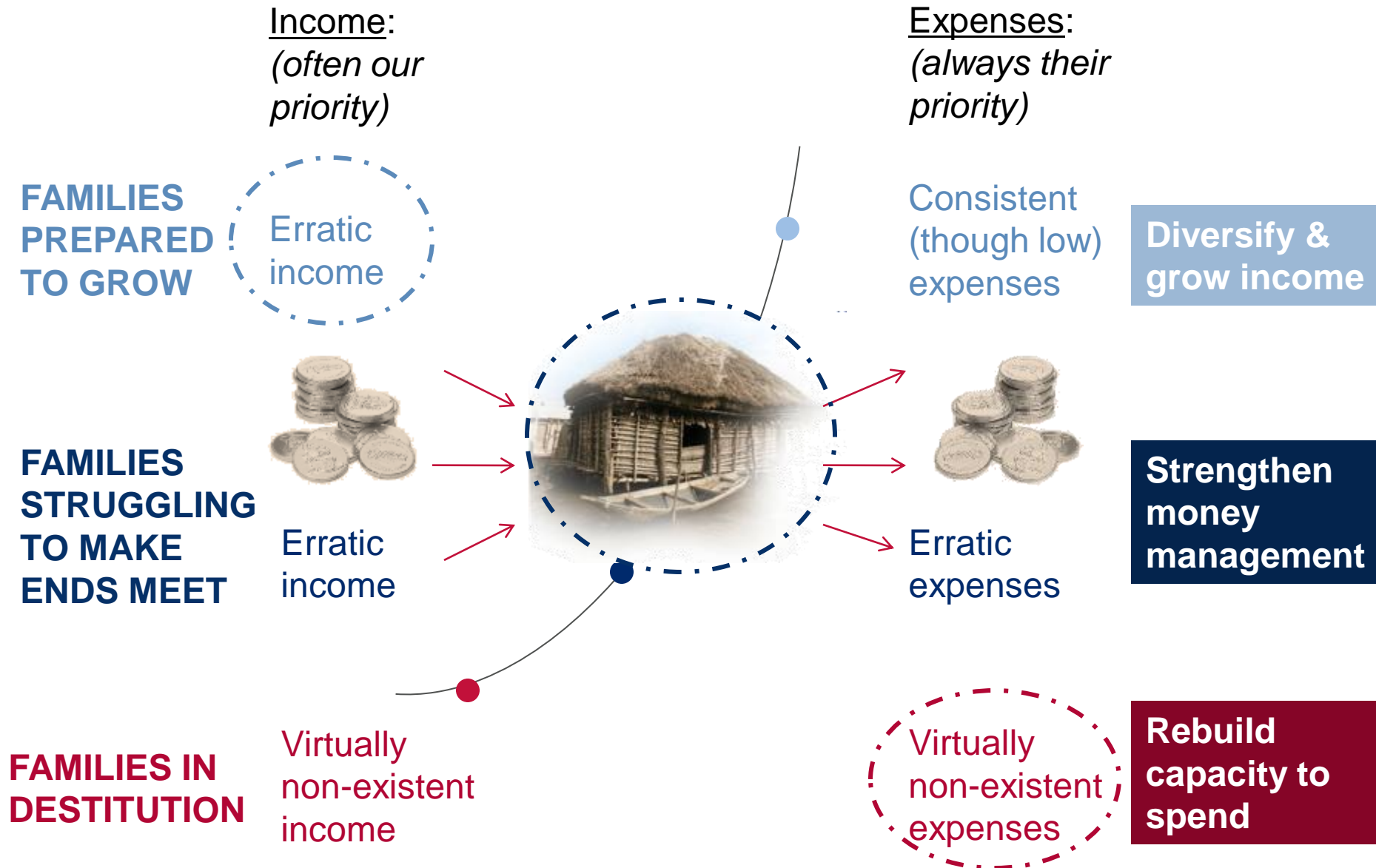


Limited ability to take on economic risk and invest in upgrading



Less ability to cope with shocks

Understanding economics at the family level



Poor households have low tolerance for **RISK**

Prioritize decreasing risk over increasing income or spending

We see as irrational or unexpected behavior – not income-centered

Respond differently to market incentives



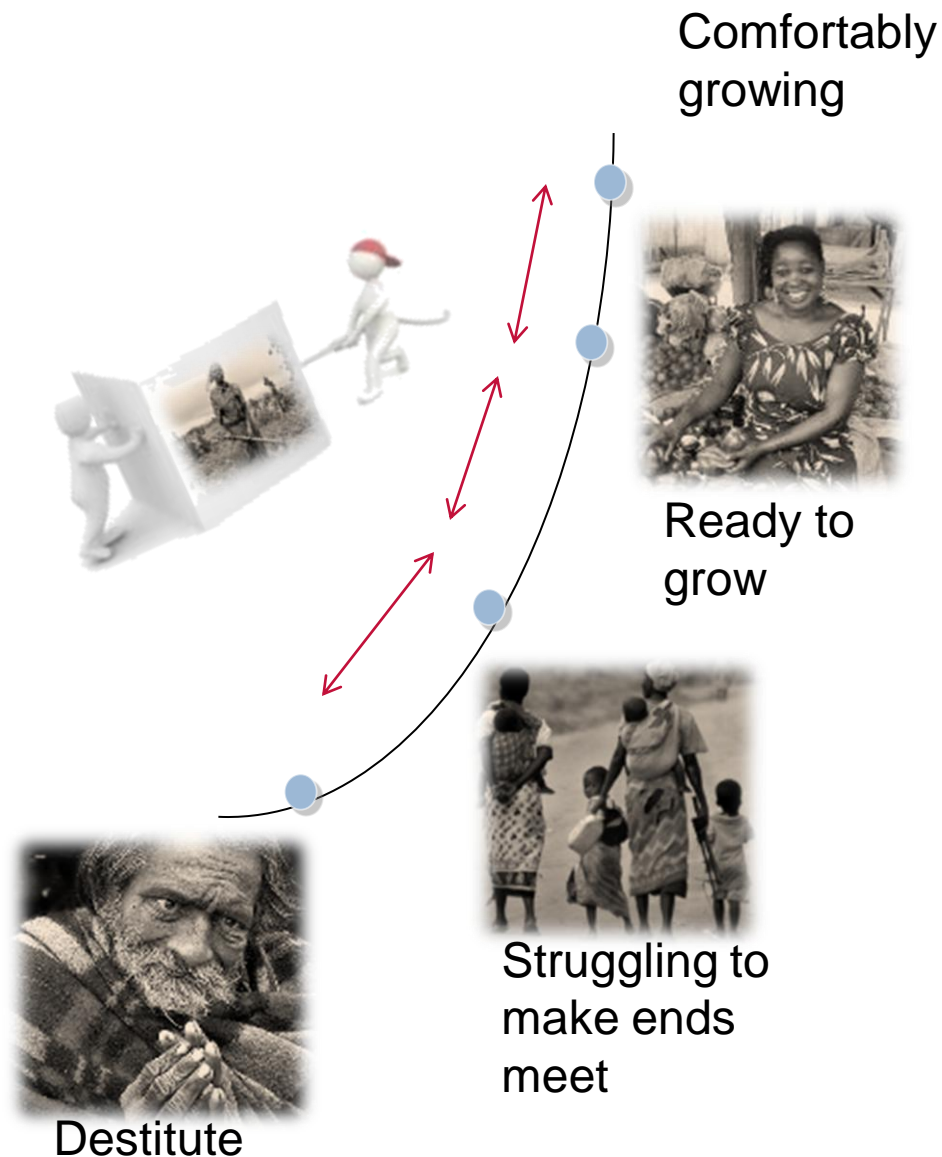
We need to improve capacity to manage risk and build coping strategies in order for engagement in markets and to incentivize upgrading

Value propositions, informal rules, and social capital



Summary

- The very poor often have the capacity to grow given appropriate value propositions
- We want to use growth to drive a social welfare agenda. Growth requires social mobility
- Systems need to support upward mobility and provide safety nets for downward mobility
- Systems need to be adaptive and robust





USAID
FROM THE AMERICAN PEOPLE



Meeting the Challenges of Value Chain Development

A Learning Event

Ethiopia's Food Security Program ***PSNP and HABP: A Case Study***

Presenters

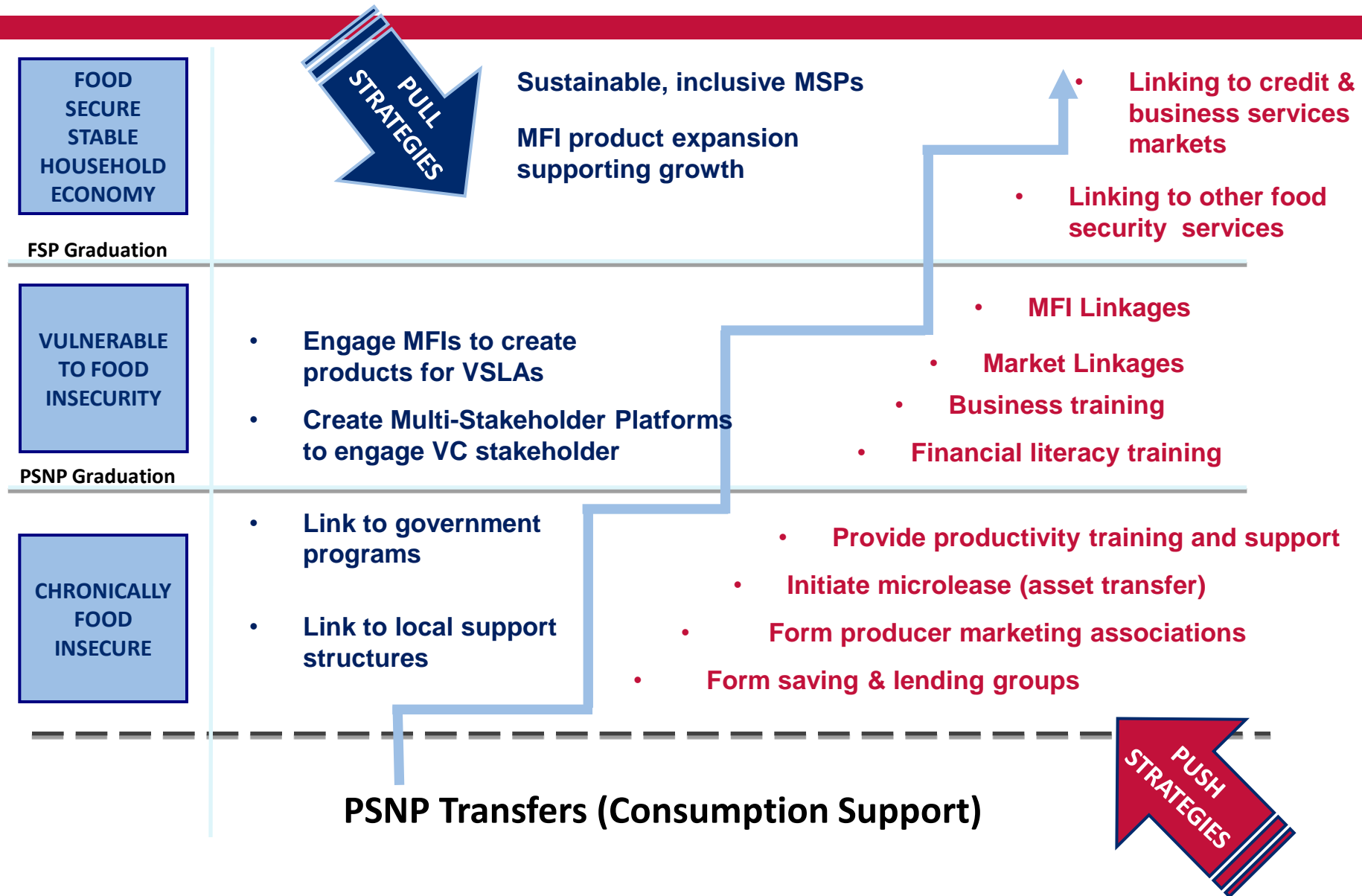
Christian Pennotti, CARE / Stephen McCarthy, ACDI/VOCA

PSNP Plus Project Overview

PROJECT NAME	Productive Safety Net Program Plus Project
PROJECT PERIOD	10/2008 – 12/2011
BENEFICIARIES	47,414 PSNP HHs
TOTAL BUDGET	\$15.9 million
TARGETS	Significant contribution towards graduation of 70% of the targeted beneficiaries. Increase in income, asset accumulation and income diversification.



PSNP Plus Causal Model



Market-Side Push & Pull



**Household
Impacts**

**Value Chain
Analysis
-Validation-**



**Engaging
Government
Programs**

**Monitoring
performance &
Assessing demand**



**Multi-Stakeholder
Platform**

**Value Chain
Intervention
Plan**



Trade Linkages

**Intervention plan
Implementation**



**Producer
Marketing Assoc.
Coordination**

Impacts of Multi-Stakeholder Platforms

- **Increase private and public sector commitment** (Increased transactions & embedded services, research center collaborations, lots of pilots)
- **New enterprises filling VC gaps** (colony multiplication, forage production, service sector)
- **Increased market knowledge** among implementers, P+ and neighboring HHs
- **Providing an avenue to sustainability and exit**



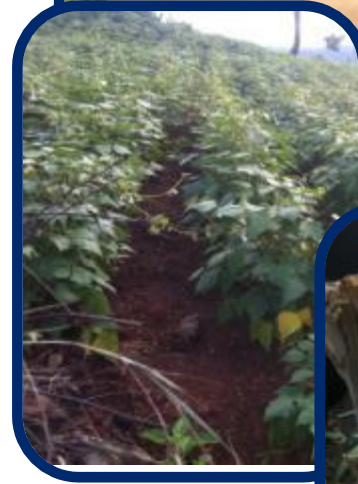
Meeting the Challenges of
Value Chain Development

A Learning Event

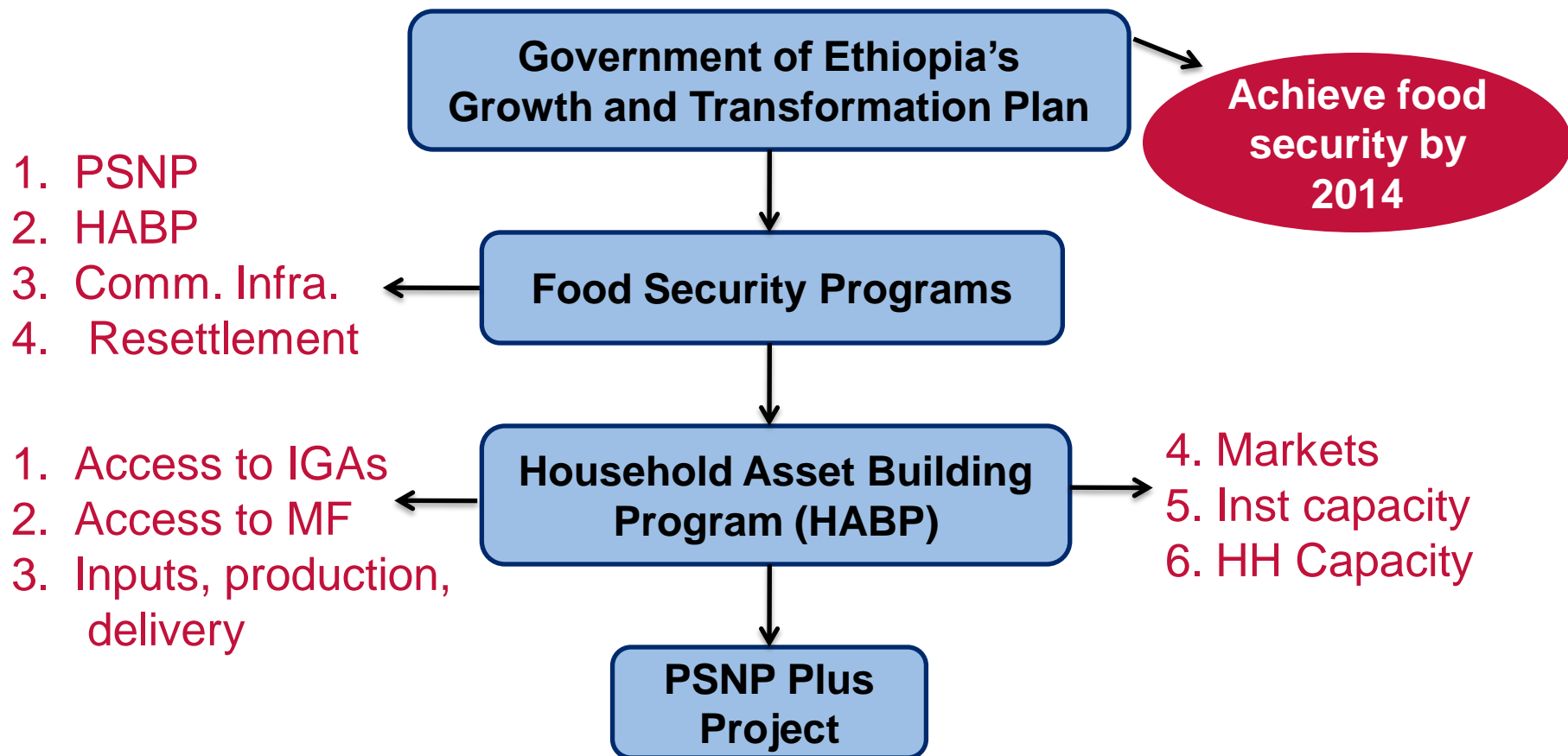
Challenges & Lessons



1. Targeting
2. Aligning
Push & Pull
3. Drought



Food Security Initiatives and The New FSP 2010 - 2014



The Household Asset Building Program: Market Driven But Sensitive

- VC approach that is Sensitive to the dynamics of the very poor
- Integrating Push-Pull, What is the appropriate mix
- Prevention of Backsliding
- Dynamic, incremental steps towards Food Security



Designing a Market Systems Approach in HABP

ACDI/VOCA's work through AMAP

- Tailoring VC training to fit HABP realities
- Conducting a ToT for National and Regional Levels
- Work with GOE/AED to refine materials
- Roll-out training at regional levels



Meeting the Challenges of
Value Chain Development

A Learning Event



HABP's Push

- Household consumption stability
- Risk mitigation
- Asset transfer
- Savings Group formation
- Household level capacity building
- Household Business plan
- Dynamic technical Assistance



Meeting the Challenges of
Value Chain Development

A Learning Event

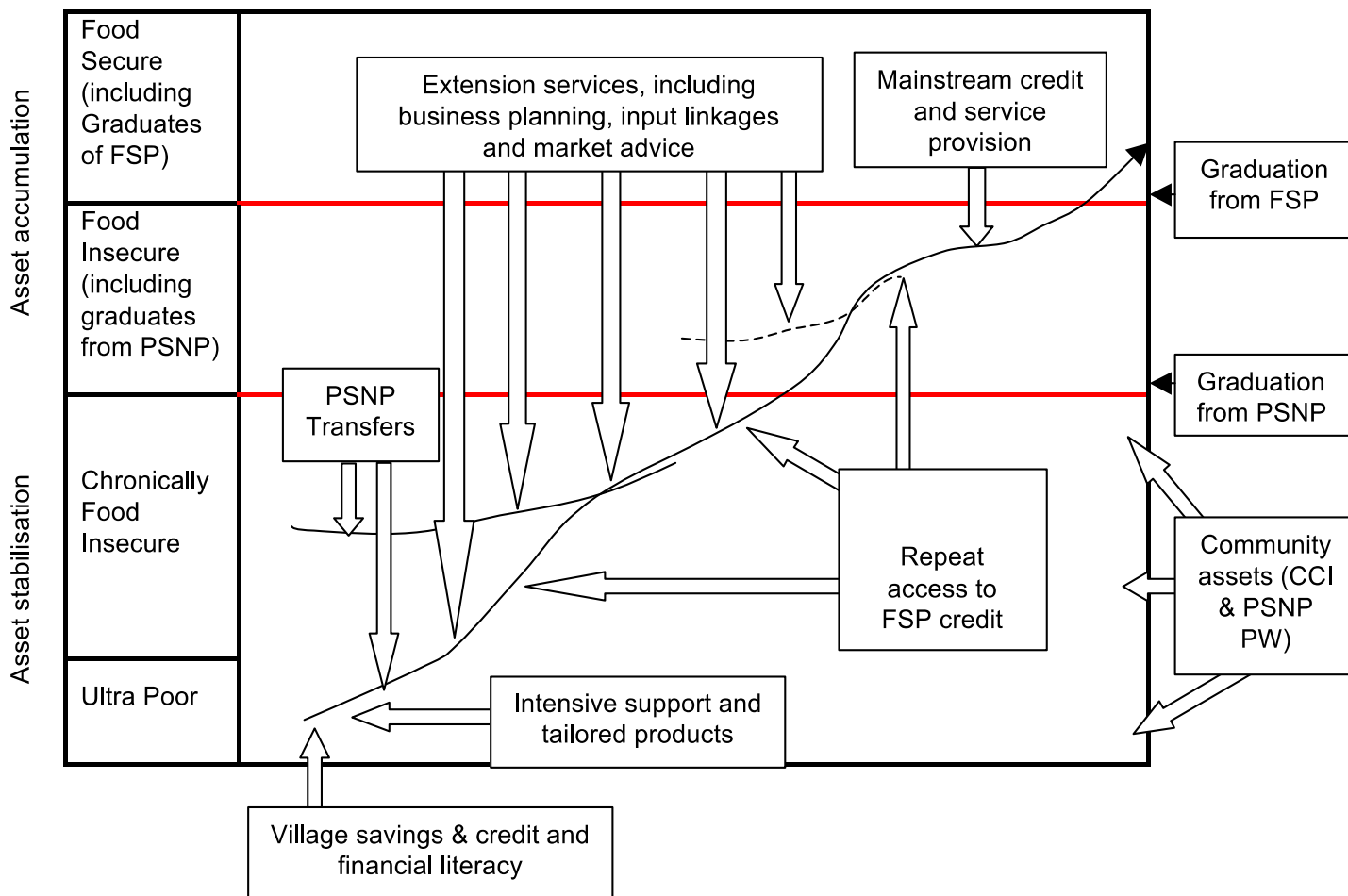
HABP's Pull



- Working in Livelihood clusters
- Targeting appropriate value chains
- Access and availability of finance
- Extension services as mentor/facilitator
- Linkages to sustainable input sourcing, production and delivery systems
- Increased participation in value addition and wage labor markets



Pathways to graduation



Meeting the Challenges of
Value Chain Development

A Learning Event

HABP Roll-Out: Key Challenges

What needs to be watched?

- Graduation profiles based on a set of household characteristics
 - Family consumption patterns, asset stabilization
- Dynamism in implementation
 - Fostering more income dependence on IGA vs. PSNP
 - Action plan for further shocks
- What Works? Why? Scalability?





USAID
FROM THE AMERICAN PEOPLE



Meeting the Challenges of Value Chain Development

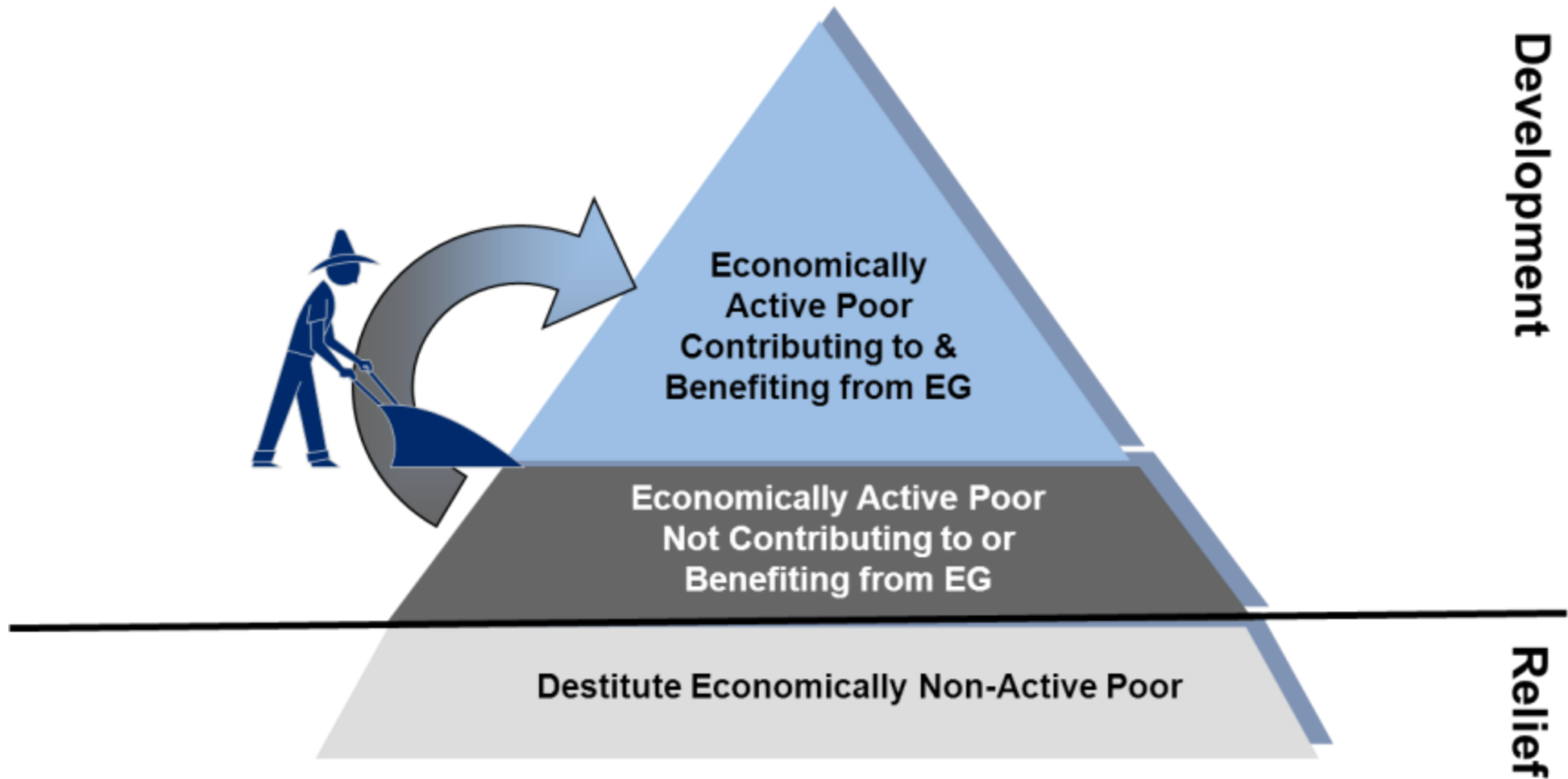
A Learning Event

Donor Panel: Microenterprise Development

Shari Berenbach – Carissa Page
Microenterprise Development Office

Inclusive Markets

Foster Broad Based Economic Growth



Meeting the Challenges of
Value Chain Development

A Learning Event

Inclusive Markets

Breaking down the Stovepipes and Silos

MARKETS



ENTERPRISES



HOUSEHOLDS



Meeting the Challenges of
Value Chain Development

A Learning Event

Frontier I

Do No Harm!



Consumer Protection



Social Performance

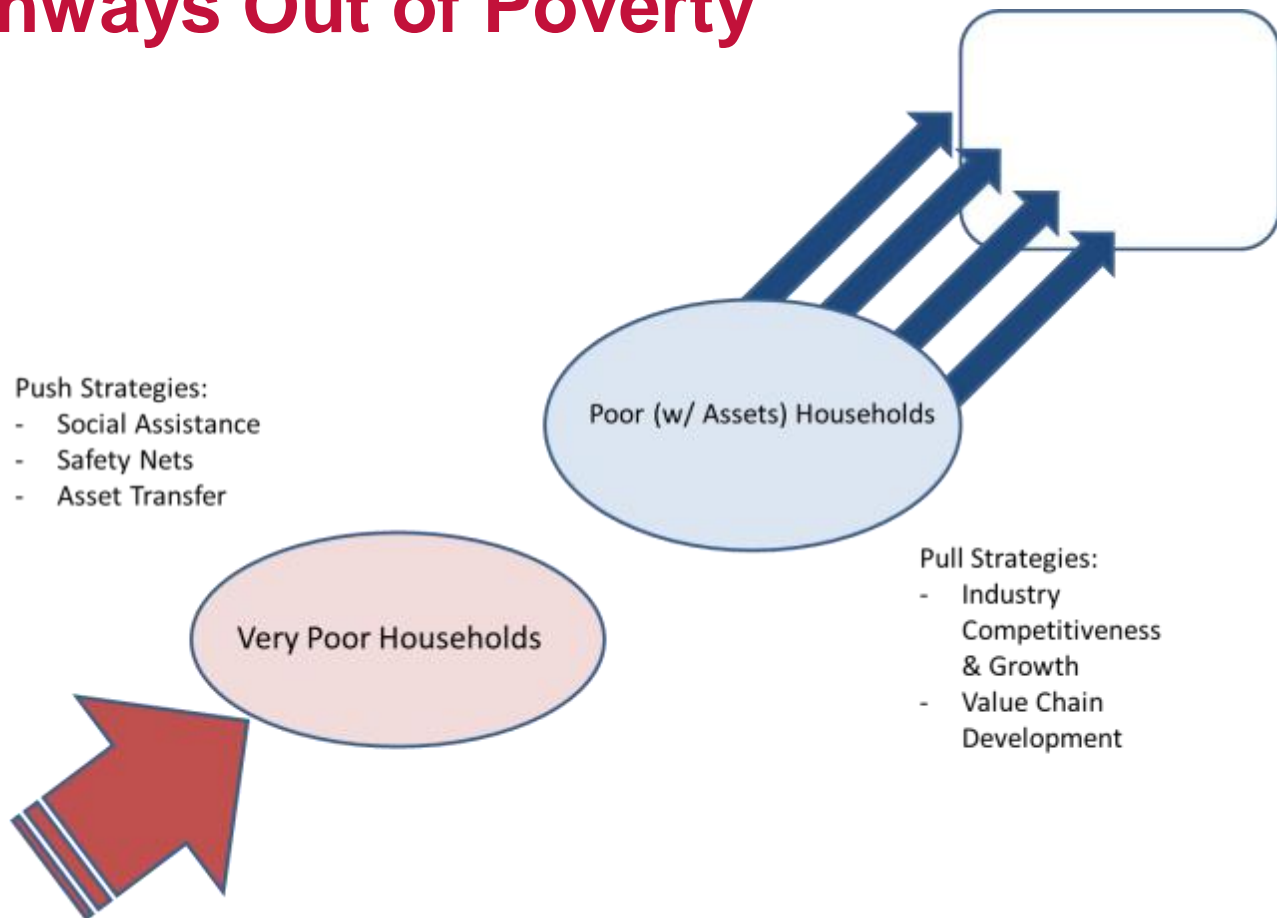


**Meeting the Challenges of
Value Chain Development**

A Learning Event

Frontier II

Pathways Out of Poverty



Frontier III

Rural and Agriculture Finance



*seasonal
cash flow*



climatic risks

Finance Needs:

- ☐ Microcredit for Agriculture
- ☐ Micro-Savings
- ☐ Micro-Insurance



*lumpy
investments*



Meeting the Challenges of
Value Chain Development

A Learning Event



Frontier IV

Mobile Money



M-Pesa in Kenya:*

- ☐ 80% of population
- ☐ 50% of poor
- ☐ 50% higher saving
- ☐ less likely to skip a meal



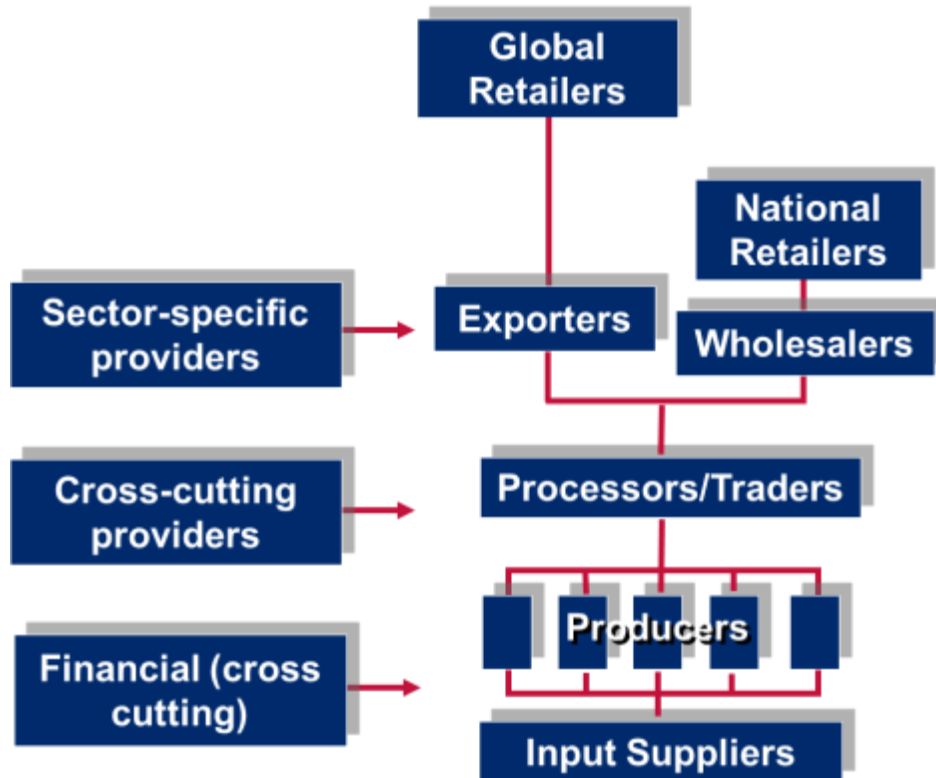
Meeting the Challenges of
Value Chain Development

A Learning Event

*Acc to Georgetown study, Prof. Billy Jack

Frontier V

Linking Smallholders with Small and Growing Businesses



Meeting the Challenges of
Value Chain Development

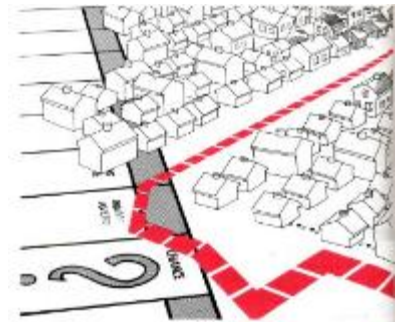
A Learning Event

Looking Forward

Impact Investing



Social Enterprise & Sector Links



Reaching New Markets



Meeting the Challenges of
Value Chain Development

A Learning Event



USAID
FROM THE AMERICAN PEOPLE



**Meeting the Challenges of
Value Chain Development**

A Learning Event

Donor Panel: The Role of PEPFAR

Jason Wolfe, USAID/PEPFAR



Household Economic Strengthening

What is PEPFAR's interest?



Meeting the Challenges of
Value Chain Development

A Learning Event



Growing Emphasis on HES



2007 100+ activities with HES component

2008 236 activities with HES component
99 (42%) were OVC activities

2010 \$28 million attributed to HES

2011 \$46 million planned attribution to HES



Importance of HES for PEPFAR



Necessary

- AIDS is a development issue

Feasible

- Stabilizing of disease

Sustainable

- Empower families to care for children

Cost-effective

- Smart investment

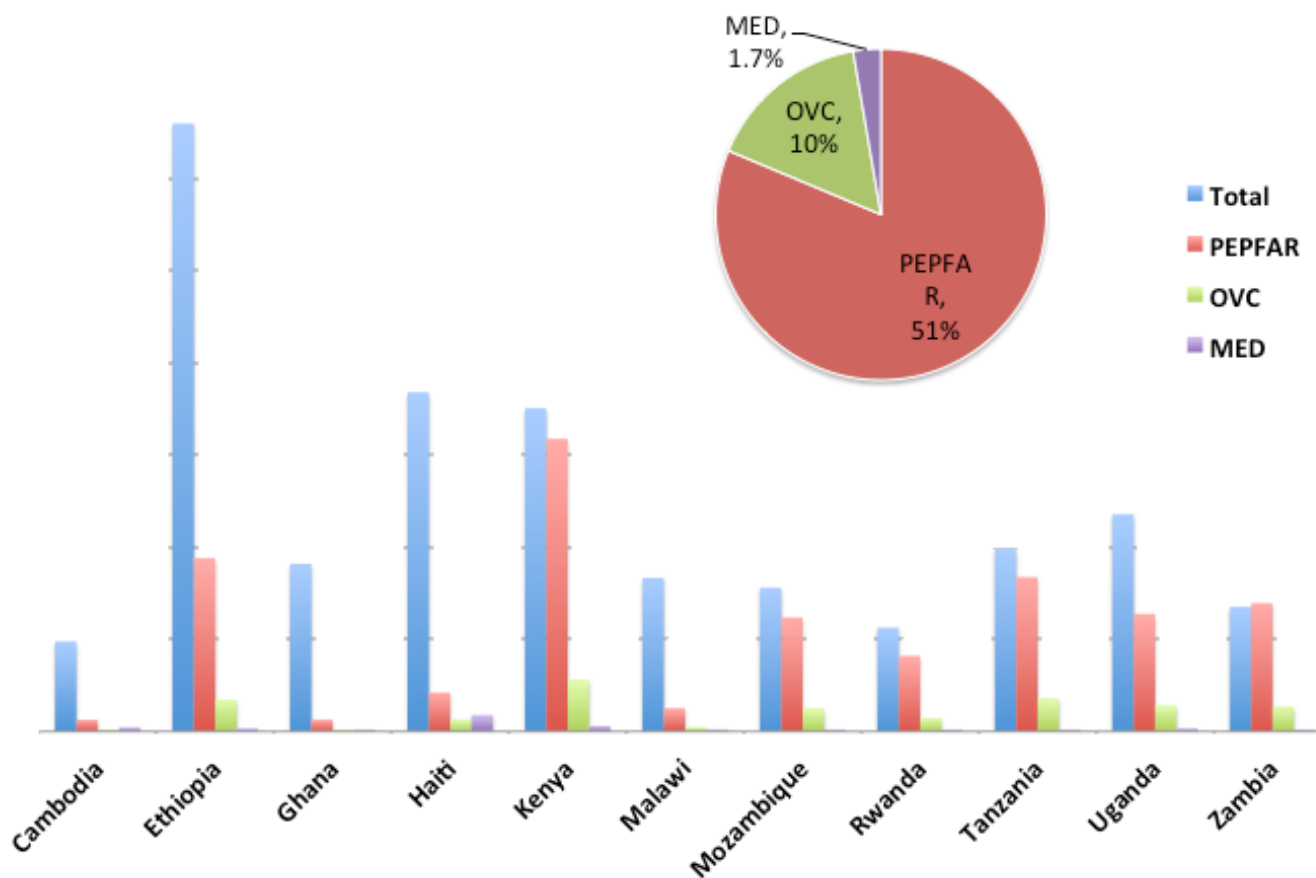


**Meeting the Challenges of
Value Chain Development**

A Learning Event



FY09 USAID Funding in 11 Countries



Meeting the Challenges of
Value Chain Development

A Learning Event



Household Economic Strengthening

Who do we target and why?

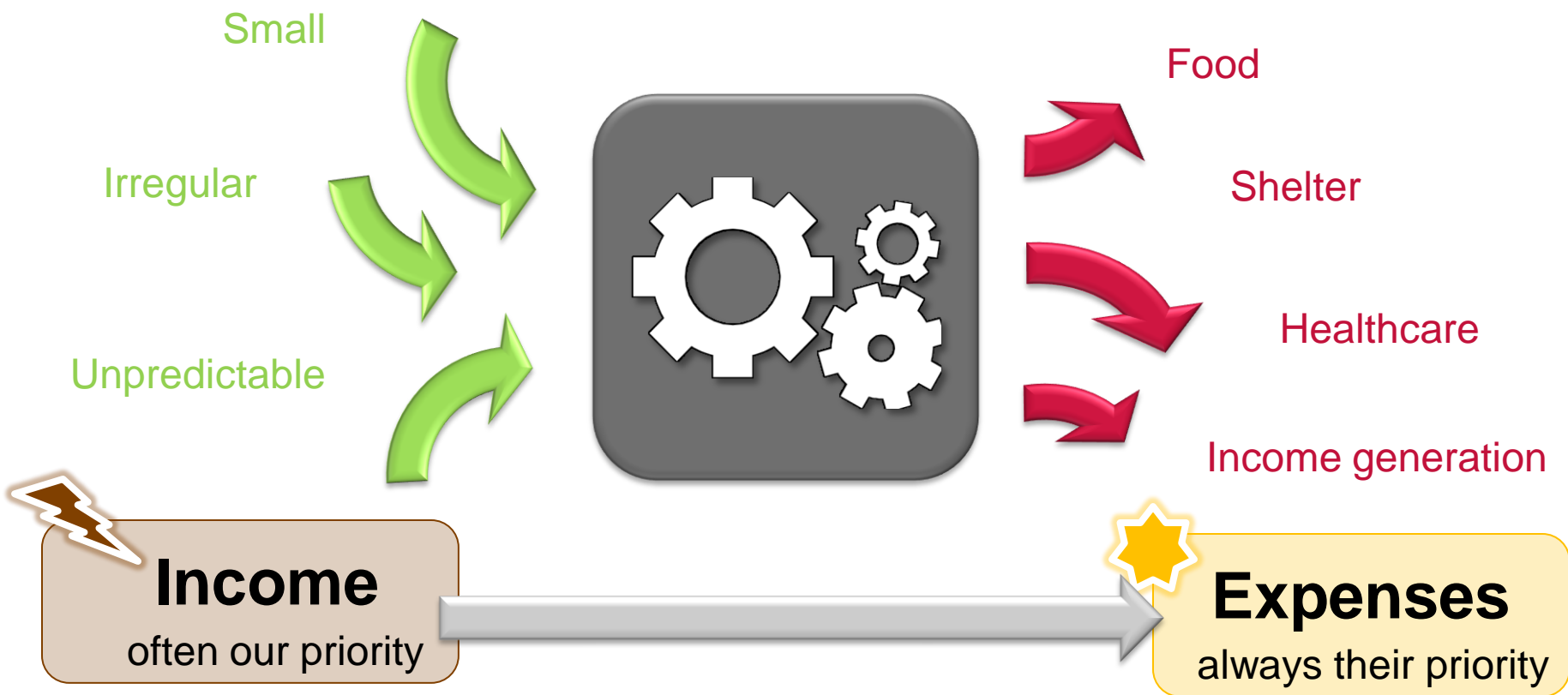


Meeting the Challenges of
Value Chain Development

A Learning Event



Economics at the Family Level



Meeting the Challenges of
Value Chain Development

A Learning Event

Families in Destitution



Provision

Rebuild capacity to spend money :: cash transfers, asset transfers

Invest in safety nets before families get to this point



Meeting the Challenges of
Value Chain Development

A Learning Event

Families Struggling to Make Ends Meet



Protection

Strengthen money management :: savings, credit, storage, financial literacy



Meeting the Challenges of
Value Chain Development

A Learning Event



Families Prepared to Grow



Promotion

Diversify & grow income :: increase productivity for existing IGAs
invest in new, complementary, & low-risk IGAs



Meeting the Challenges of
Value Chain Development

A Learning Event



Household Economic Strengthening

What does this mean for VCD?

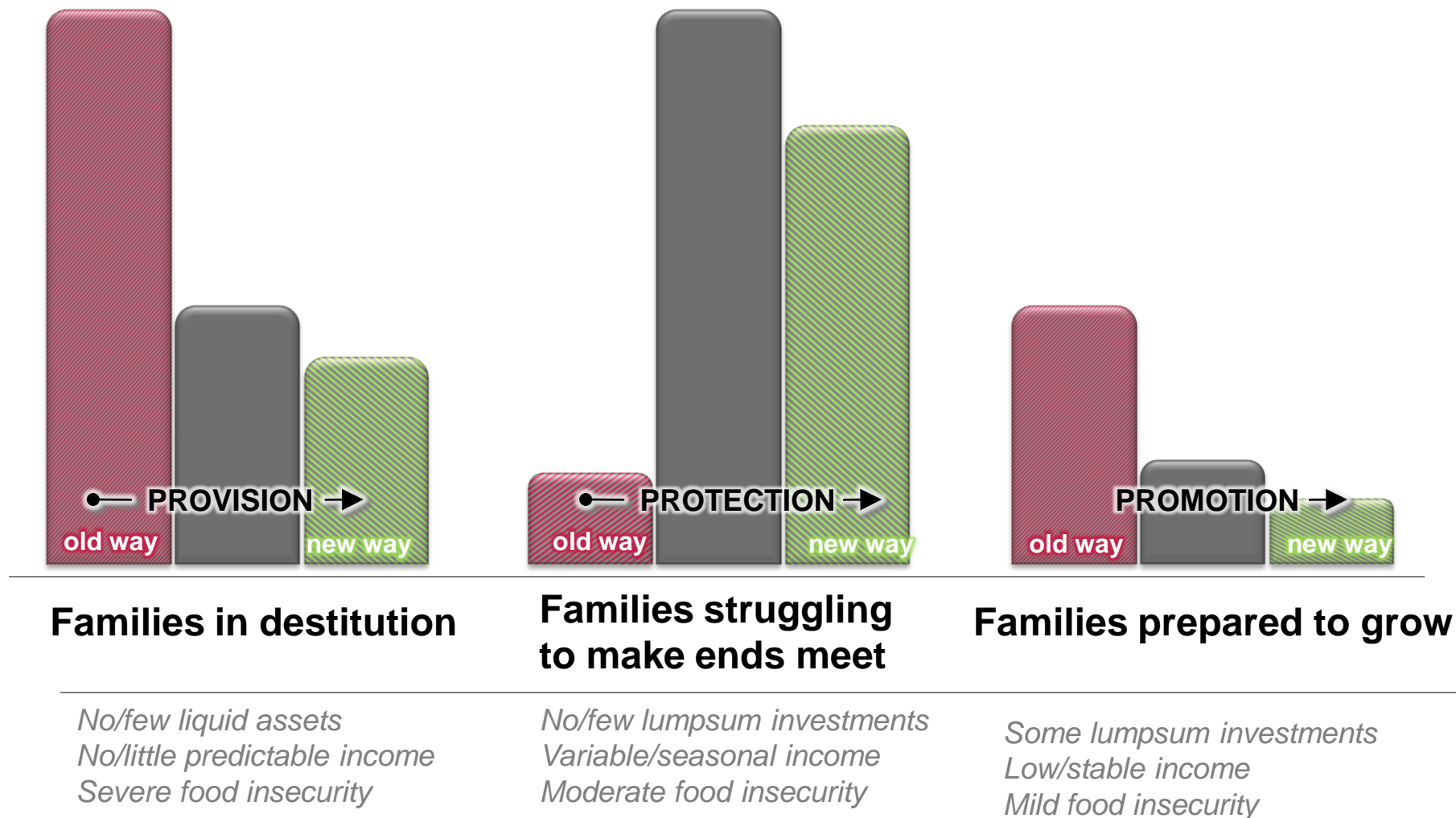


Meeting the Challenges of
Value Chain Development

A Learning Event



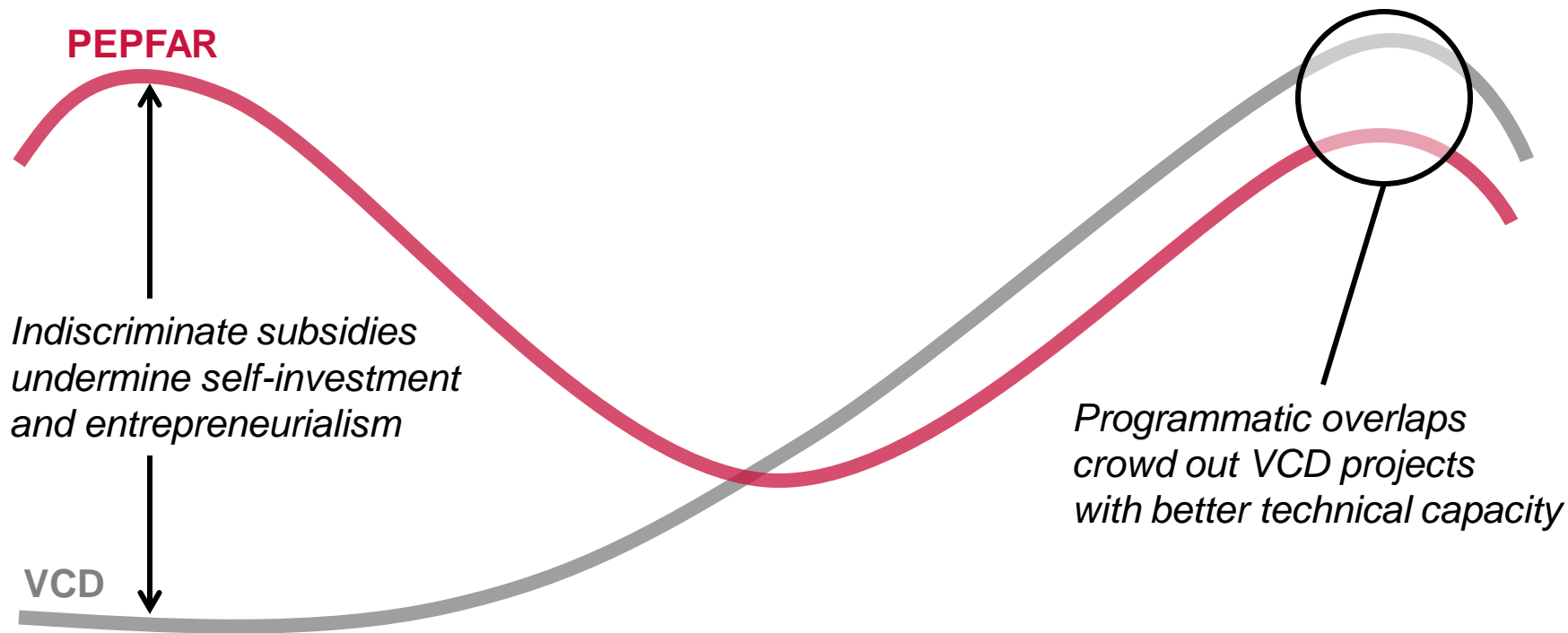
Aligning Interventions to Circumstances



Meeting the Challenges of
Value Chain Development

A Learning Event

The Past: Programmatic Conflict and Crowding Out



Families in destitution

*No/few liquid assets
No/little predictable income
Severe food insecurity*

Families struggling to make ends meet

*No/few lumpsum investments
Variable/seasonal income
Moderate food insecurity*

Families prepared to grow

*Some lumpsum investments
Low/stable income
Mild food insecurity*



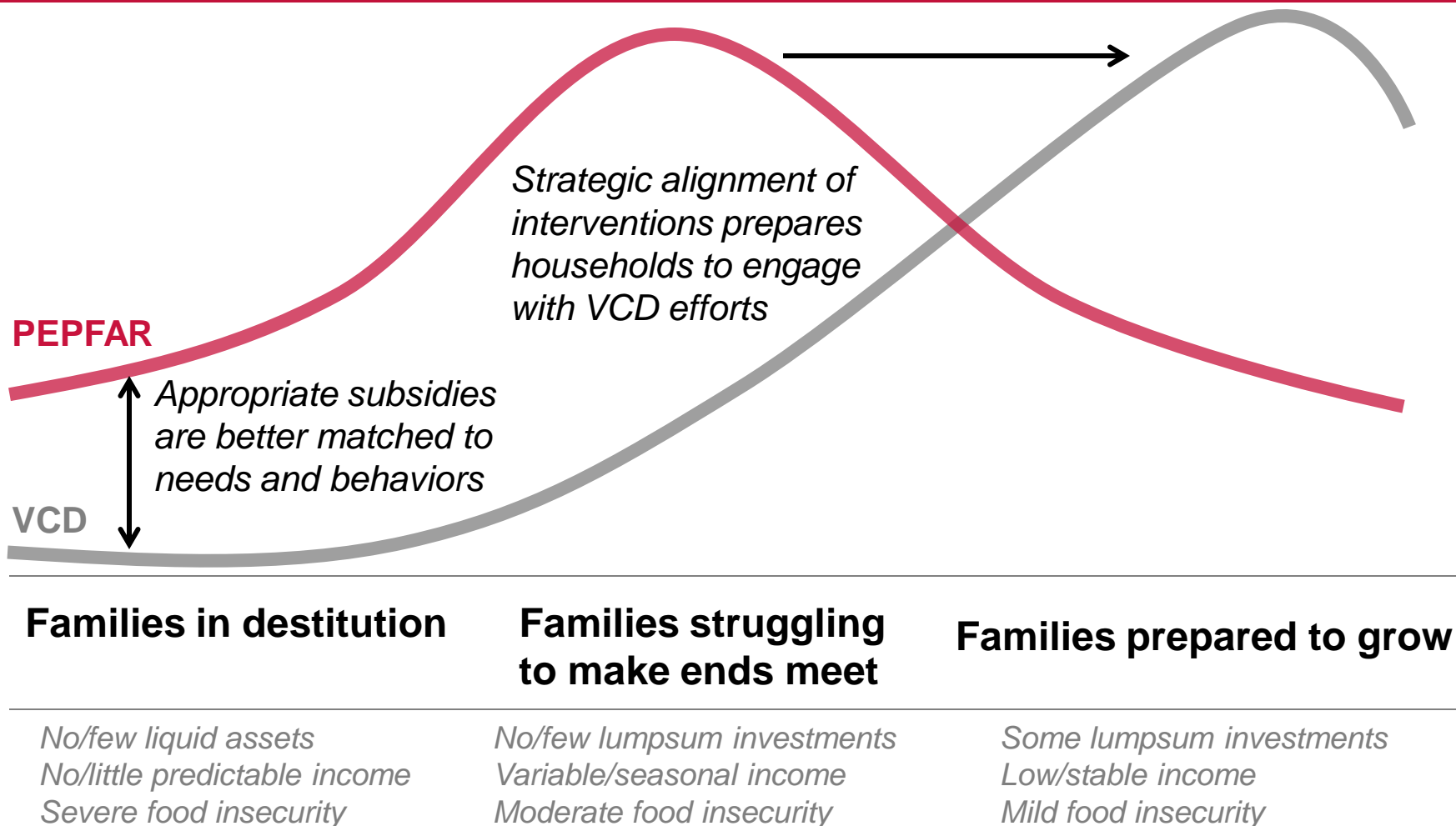
**Meeting the Challenges of
Value Chain Development**

A Learning Event



USAID
FROM THE AMERICAN PEOPLE

The Future: Opportunities for Synergy



Meeting the Challenges of
Value Chain Development

A Learning Event



Breakout Discussions

1: Sequencing

2: Targeting: is it compatible with the VC approach?

3: Reaching the very poor as consumers

4: Psychosocial aspects

5: Analysis and assessment tools

6: Linking with safety net programs

**Select one group; after 20 minutes, rotate to a second group.
Workshop-wide sharing and time for comments will follow.**



**Meeting the Challenges of
Value Chain Development**

A Learning Event





USAID
FROM THE AMERICAN PEOPLE



Meeting the Challenges of Value Chain Development

A Learning Event

[**www.microlinks.kdid.org/vcwiki**](http://www.microlinks.kdid.org/vcwiki)