FIELD Day Briefing

FIELD Day was held in Arlington, Virginia on November 3, 2009

Addressing Food Security: What Are the Approaches?

USAID representatives Brinton Bohling and Jeanne Downing, ACDI-VOCA representative Ruth Campbell, and Mariko Scavone with Save the Children presented at this session.

Jeanne Downing presented a briefing on her report on "The Rice Value Chain and Food Security". Questions raised included: 1.) What are the constraints to improve competitiveness? and 2.) What are the strategies per countries and in the region of West Africa? One of the main concerns with regional food security in West Africa, using rice as an example, is that production has recently increased by threefold yet consumption has increased fivefold. This is due to increased population resulting from an increasing birth rate. Farmers in the region are also extending cultivation into lower yielding potential land. This is known as extensivacation. Similar zero-change in yield has recently occurred in Kenyan maize production. West Africa relies on import for ½ the demand (roughly six million metric tons of rice). Rice prices tripled in four months (2008) during the world food crisis. The systematic mismatch between supply and demand was a main reason. Political decisions from Asian Governments were also cited. Almost every African Government has policies in place which rely heavily on subsidies. The global increases in rice and cereal production have come from the developed world. In answer to the question, "Why wasn't production in Africa increased?" a leading cause has been the overemphasis on production while ignoring the value chain and its market components.

Ruth Campbell spoke on "Increasing Food Security through Competiveness, Productivity and Trade". One of the concerns at the outset of the outset of their research was the potential for tension between two objectives: 1.) Increase in the competitiveness of rice will therefore drive down the price to benefit poor consumers and 2.) Assist poor smallholder producers of rice in order to get a good price, capture more market share, and not get squeezed out by larger firms. Governments in West Africa as well as donors shared this concern. Despite some mistrust by the private sector, the research into rice found, that these two objectives were complementary rather than contradictory.
First, to reach scale, larger-scale firms are dependent on small-scale suppliers. Some industrial mills and rice importers starting to invest in their own production, but for the foreseeable future, they need smallholder to produce quality paddy in large volumes they need to be profitable. Therefore they have incentives to help smallholders become more productive and efficient. Second, the development of a competitive rice industry has the potential to increase the competitiveness of agriculture as a whole. There is a need for commercial input supplier networks – products and services, and technical assistance as well as improvements in the enabling environment (improving land tenure, reducing government interference in pricing, investments in roads and electricity). Also a commercial orientation among smallholders must be developed, along with a building of trust between smallholders and private sector firms. Even as price of rice drops, and smallholders in some areas get squeezed out, they can apply these benefits to other more remunerative crops.

Governments and donors need to work together to increase rice VC competitiveness to compete with imported rice and therefore to protect against price volatility in the world market. A mismatch between supply and demand should be avoided. This will help preserve foreign exchange and create jobs,

particularly in rural areas. Development actors need to help government policy to shift to a more market-based approach to food security, attract the necessary investments in upgrading by market-oriented farmers and large processing firms. For this to occur what is needed are a stable policy environment, public investments in infrastructure (primary irrigation, roads, power, etc.) and secured access to resources (most notably clear land titles). Governments in the region are going to take some convincing that letting the private sector operate without continual interference can positively impact food security. Trust between all value chain stakeholders so that mutually beneficial business models emerge is an absolute necessity.

Mariko Scavone from Save the Children-Bolivia presented its value chain experience "From Food Security to Value Chains". The presentation examined transitioning from a large food security program to a market-link focus. Save the Children's (SC) value chain work began under the multi-million dollar, Title II Food Security program (2002-2008). During the first years of Title II SC focused on training in production techniques and natural resource management and building infrastructure such as irrigation.
SC gained deep knowledge of community institutions, leaders, and practices, and developed expertise in mobilizing resources to work directly with rural communities. SC's Country Director, Gary Shaye, described this model as "leaving a large footprint on the communities." In 2004, SC made a strategic change and began contextualizing improvements in primary production within value chains. In the years that followed SC made investments in 14 value chains and facilitated the sale of nearly $1 million in fresh produce and milk. As a result, income increased an average of 307% in program intervention areas. This fundamental change in strategy was accompanied by programmatic changes as well.

After four years of working in value chains, the SC team observed that their entire vision of the beneficiary had changed from "the traditional vision of the farmer as a passive actor and an object of compassion" to "an economic actor that takes an active role in determining his/her own development."
SC identified two value chains- fresh fruit and milk- each with strong market potential and scope (potential to reach a great number of beneficiaries). However, unlike previous interventions in which SC was directly involved in solving value chain bottle necks, SC knew that value chain actors themselves needed to work in closer collaboration.

In order to grow the demand for improved quality produce, SC contracted companies to organize producer fairs and design a logo for products (in close coordination with producers).They also recognized the need to facilitate the relationship between value chain actors so that their needs are met through mutual cooperation. The Sustained Market Access project aims to connect selected producers with selected buyers because not every producer is ready to enter every market, and not every formal buyer is ready to make investments in a long-term relationship with producers. In the milk value chain SC targeted low production as a bottleneck. Instead of working with every milk producer in the intervention zone, SC selected "model producers" to pilot a new type of nutritional feed for one month. The model producer program relied on producers to show the benefits of using feed to their neighbors. In addition, SC worked closely with the supply company so that they could take over the program and scale it up once SC exited. As each value chain progressed in meeting market demands, actors saw a greater need to collaborate and work together. As the value chain matured, the need for credit also grew. Until producers could show a secure buyer, many of them were not eligible for micro-loans.

SC helped design a financing model where producers sold to a diary. The diary then retained a portion of the sales, and made loan payments on behalf of the producers. In addition to giving producers access to credit, the financing also helped a local microfinance reverse its negative portfolio and develop new loan technology. Save the Children's experience between 2002 and 2009 is noteworthy because it

encompasses changes in strategy and activities that make a strong platform for learning regarding the transition from a heavy-handed implementing agency, to a facilitator in the value chain approach.