

2009 FIELD Day Conference

Market Development Initiatives Promoting Food Security

Moderator / Presenter: Margie Brand (EcoVentures, AED)

Speakers: Paul Guenette (ACDI/VOCA)

Frank Lusby, (Action for Enterprise [AFE])

Tracy Gerstle (CARE)

Market-driven approaches to dealing with the challenges of rising food insecurity are increasingly integrated into development portfolios. Panelists discussed issues such as analyzing systems to identify critical constraints, working through the private sector, designing strategic exit strategies, effective use of subsidies, identification of leverage points and facilitator-driven methodologies. The workshop explored several examples of successful market development programs and strategies and participants talked about the lessons they learned along the way and how the approaches might be replicated in other market contexts to achieve food security objectives.

Market Development Initiatives Promoting Food Security

Paul Guenette's presentation framed the session by noting that the current world food crisis is grim with one billion people (one of three in Africa) malnourished and most spending over 50% of their income on food. The global financial crisis has caused already high food prices to skyrocket and investment funding to wither even as aid for agriculture has decreased, remittances declined and productivity rates dropped. Price volatility in input, fuel and food markets distorts investments in productivity and constrains sustainable development. It has resulted in a decrease in carryover grain stocks from 25% in the 1980s to 15% and the inability of poor farmers to handle risk, uncertainty and shocks. The longer-term factors affecting food security are climate change and population pressures.

Malnutrition is a cultural problem linked to non-income poverty with even the top quintile in many developing countries underweight and anemic. Because it is an undisputable fact that improving nutrition can drive economic growth and reduce poverty, nutrition must become central to development with short-term interventions like promoting breast feeding, maternal ante-natal care, gender training and micronutrients and long-term assistance that fosters good agricultural practices, women's education and pro-nutrition macro-economic and trade policies. Balancing these short and long-term solutions is essential and we need to encourage a commitment to nutrition focused on the non-income aspects of poverty; invests in the critical first two years of infant development; and builds stronger, more capable institutions. Innovative, market-led solutions can leverage agribusiness deals, facilitate access to markets and use incentives to build relationships between value chain stakeholders to overcome the biggest constraints to developing markets and improving nutrition—poor infrastructure, lack of investment and weak institutions.

Facilitating the Development of Outgrowing Operations: A Manual

Frank Lusby of AFE discussed its learning initiative involving the development and dissemination of a manual to help companies and development organizations (DOs) promote mutually beneficial outgrowing operations. Also called contract farming, these operations involve agricultural production carried out under an agreement between a company (the buyer) and farmers that results in greater income for small producers, increases their purchasing power and enables them to improve their family's food security. In addition to AFE, Match Maker Associates and private sector companies in Kenya (East Africa Growers), Tanzania (Multi-Flower Ltd) and India (both Pepsi-Co/India and ITC) as

well as others in Bangladesh contributed to developing case studies and participated in *write-shops* that brought case authors and experienced practitioners together to develop the manual.

The cases showed that the initiatives benefited both producers and companies—producers realized greater incomes through improved access to productivity-enhancing inputs, technical assistance and markets, while companies gained by having reliable supplies of uniform quality products and greater flexibility to adapt to market changes. For their part, development organizations found that their involvement resulted in sustainable impact for the producers who became engaged in long-term commercial relationships with companies and it improved competitiveness of the value chain by helping the companies control their supply base and respond to market requirements. Manual contents include:

- Question Guides
- General Lessons Learned (company perspective)
- Role of the Development Organization
- Intervention Briefs (for DOs)
- Case Studies

The Question Guides present the critical questions and decisions a company must ask and make before engaging in an outgrowing operation. DOs can use them to guide companies in their thinking, decisions and tasks as they provide useful information, strategies and experiences relative to each question. The questions begin by asking companies to consider why they want to start an outgrowing operation and what they expect it to contribute to the company's operations and growth. Others talk about hiring staff, selecting outgrowers and lead farmers, providing TA and credit, determining price, procurement, developing trial and demonstration plots and management information systems.

The manual presents lessons learned from companies with successful outgrowing operations, including those on how to address side selling. It also addresses the role DOs play in facilitating the development of outgrowing operations and provides principles and lessons that can help a DO structure an effective collaboration with targeted companies and maximize the chances of success and sustainable impact – for both companies and producers. The manual advises DOs facilitating outgrowing operations to respect the company's experience and knowledge and not push outgrowing on those that do not need or cannot justify such an operation. DOs should never take on intermediary or negotiation roles and they need to know how important it is to develop a Memorandum of Understanding (MOU) that is appropriate to the situation and environment.

Food Security via Egg Value Chains: The STRIVE Project

The CARE presentation began by sharing recent statistics on child nutrition and poverty in Sierra Leone: in 2006 the country ranked last in the UN HDI, 70% of the population made less than \$1 a day and 50% was undernourished, it had the world's highest child mortality rate and maternal mortality ratio and over 50% of all child mortality was caused by malnutrition. In areas devastated by malnutrition, no other condition contributes more to death and illness in children. However, there is cause for optimism—malnutrition rates have begun improving, with 13% fewer children with low weight for age and 5% fewer with chronic malnutrition / stunting. In addition, WHO experts agree that animal source food such as dairy products are the first and most effective choice to treat moderately malnourished children.

In this context, partners CARE and the AED STRIVE project are implementing a new program to:

- Support development of a competitive local egg industry through increased capacity and industry coordination
- Scale up rural egg production by supporting key market actors and stimulating smallholder egg production

- Promote egg consumption via a media campaign to influence household decision-making and improve child well-being by raising awareness of the nutritional benefits of eggs.

Eggs are a valuable source of protein, the standard against which other proteins are measured, with finely emulsified fat in the yolk that infants can digest easily, a desirable 2 to 1 ratio of unsaturated to saturated fats, essential A, B and D vitamins and minerals such as iron and phosphorus.

Addressing the underlying causes of food insecurity in Sierra Leone is problematical. Many factors contribute to a lack of animal protein—egg/meat consumption is taboo for young children and pregnant women, animal protein is expensive, and production inputs and extension services are unavailable.

Food systems encompass production, processing, distribution, preparation and consumption. The outcomes of these activities contribute to both food security—**availability** (production, distribution, exchange), **access** (affordability, allocation, preference), and **use** (nutritional value, social value, food safety)—and to environmental and other security issues, e.g. income. Interactions between and within biogeophysical and human environments influence both activities and outcomes.

Raising poultry, especially for eggs, is an excellent business opportunity for women and youth as it is relatively portable, small scale and less likely to be taken over by elites, elders or men. Small poultry operations also require low capital investment and production can begin relatively quickly. Though they comprise the biggest population in rural areas, women and youth rarely own land and so have limited economic opportunities. CARE programs with Village Savings & Loans Association (VSLA) networks and farmer field schools (FFS) have significant savings and group members are always looking for investment opportunities. The poultry business is attractive for many reasons.

Existing and new VSLA and FFS groups offer a ready market for paravet marketing campaigns that encourage villagers to start up poultry and egg enterprises and health services. CARE works with communities and paravets to identify local youth who might be interested in collecting eggs for sale to local retailers and others in neighboring districts and in Guinea. Paravets provide services for a fee to VSLA and FFS members and hope to expand their client base to others who start poultry and other small livestock enterprises. To scale these businesses and encourage new ones, CARE is linking VSLA and FFS groups and others to microfinance providers willing to work with the organization on developing a poultry loan product.

To promote positive nutrition outcomes among the target groups and others engaged in poultry production, CARE will develop nutrition messages for paravets, vets and community health workers can disseminate at VSLA trainings. The incentive for paravets to do this is increased revenue. CARE Sierra Leone has been working on maternal and child health and nutrition issues for many years and will provide assistance on how best to craft nutrition messages.