



Session IV

NUS Value Chains

S. Padulosi



RESEARCH PROGRAM ON
Climate Change,
Agriculture and
Food Security



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Recap on Roles of Value Chains

- VC main avenue to support sustainable conservation (*“use or lose it”*)
- VC essential to encourage and sustain resilient and nutritious production and food systems
- VC help income generations by stakeholder groups for improving their livelihood (our focus to leverage untapped potentials of NUS)
- VC at Local, national or international: choice to influence distribution of benefits across stakeholder groups
- Importance of gender-sensitive work in VC development

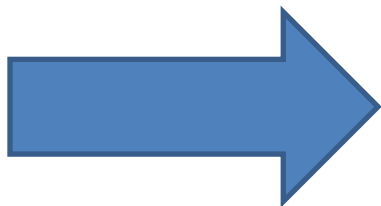
Definitions

Value Chain

A value chain is a vertical alliance or strategic network between a number of independent enterprises focused on satisfying the demand of the final consumer.

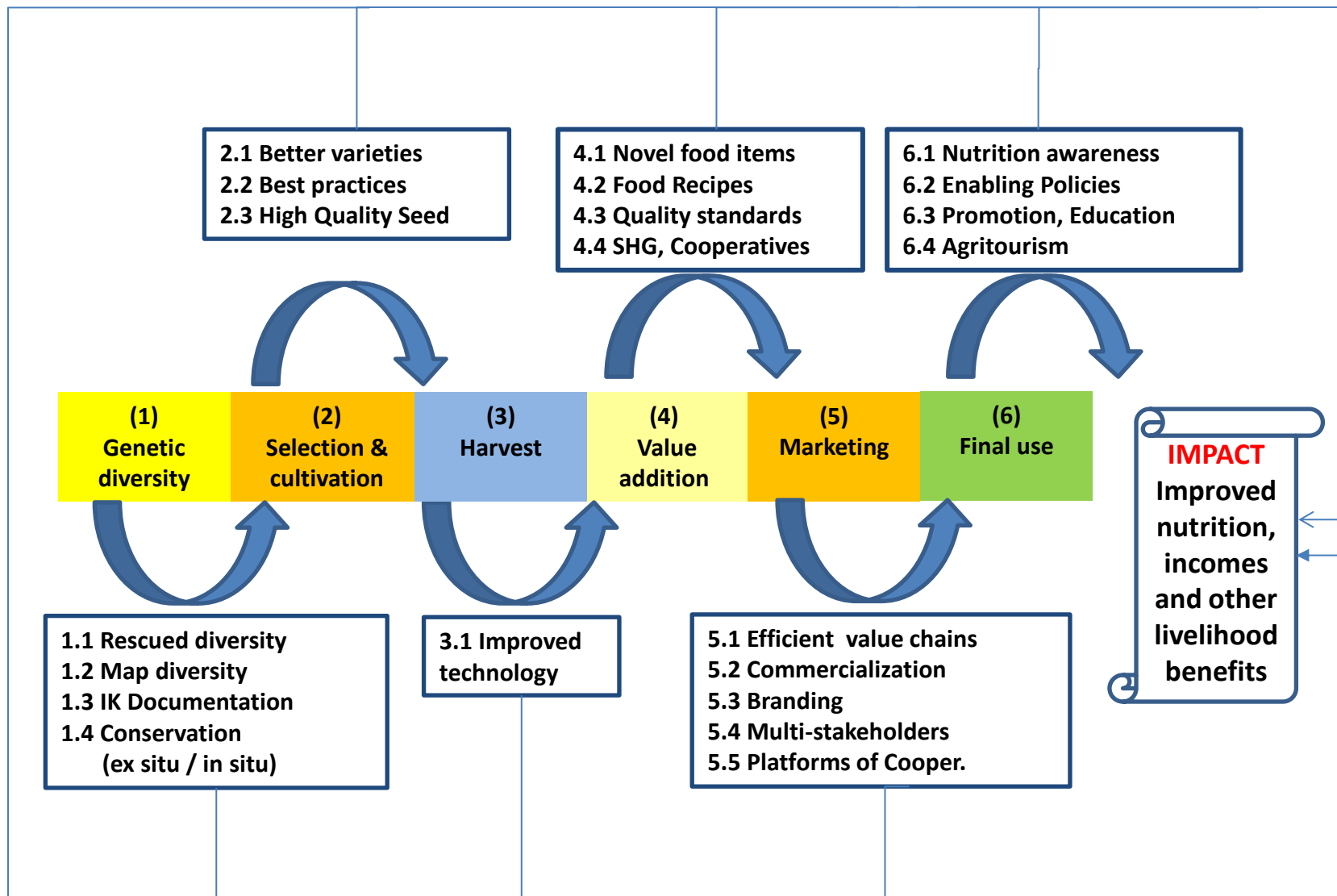
Value Chain Development

Set of interventions by chain actors (buyers, processors, smallholders) and/or service providers (government agencies, NGOs, consultants, projects) to generate higher value added and create win-win relationships among several chain actors (Donovan & Stoian 2012)



**Pro-poor value chain development
has a special focus on smallholders**

Holistic value chain approach



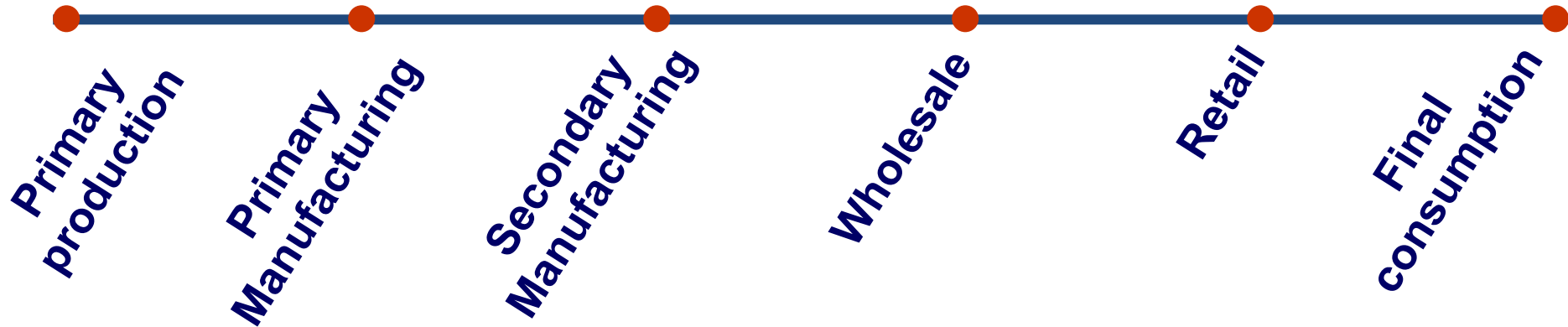
Value Chain Network

Input providers
Service Providers

Value Chain Network

Input providers

Seeds, fertilizers, agrochemicals, machinery, equipment, packaging



Value Chain Network

Service providers

Technical services

- ◆ Production and processing technologies
- ◆ Post-harvest treatments
- ◆ Storage
- ◆ Conservation strategies

Business services

- ◆ Market intelligence
- ◆ Marketing
- ◆ Business organization
- ◆ Business planning
- ◆ Administration
- ◆ Transport

Financial services

- ◆ Advance payments
- ◆ Credits
- ◆ Savings
- ◆ Insurances
- ◆ Seed funds
- ◆ Grants/Donations

NATURAL CAPITAL

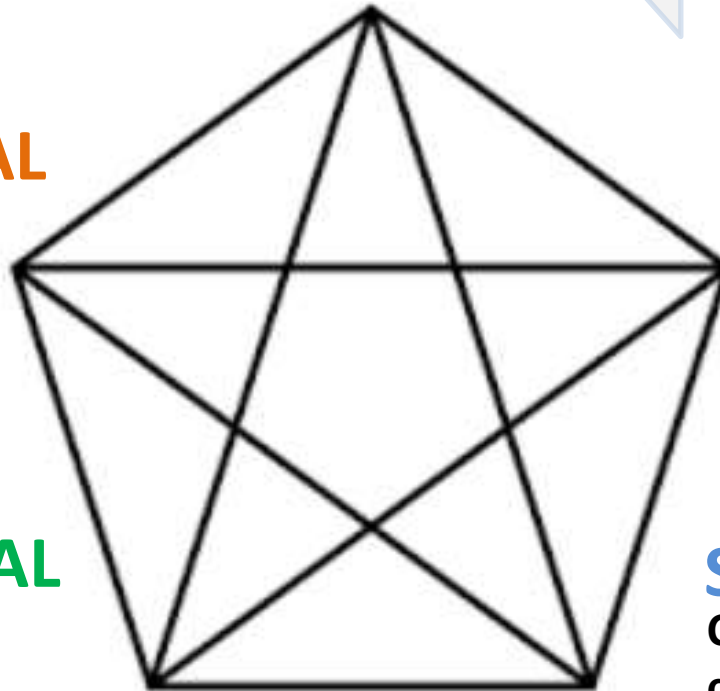
Improved Varieties, quality seed, soil fertility, water quality/ quantity

HUMAN CAPITAL

Knowledge on best practices
Skills in VC activities
Health, labor safety

SOCIAL CAPITAL

Community networks (e.g. custodian farmers), women associations, producers associations
SHG, Clubs, Cooperatives



FINANCIAL CAPITAL

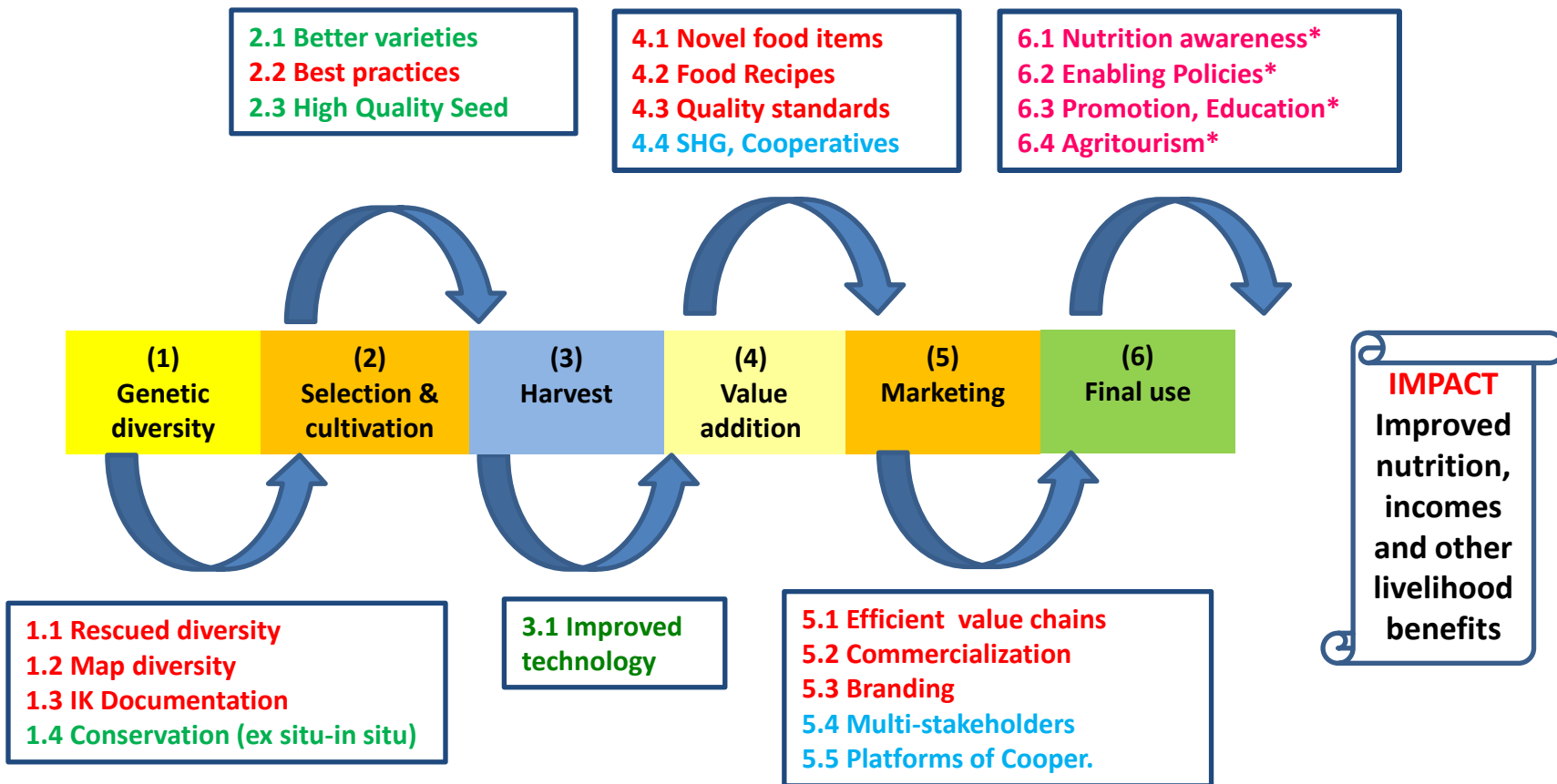
Credit
Working capital
Investment capacity

PHYSICAL CAPITAL

Cultivating tools
Processing machines
Warehouse for storing
Community seed banks
Weather stations
Info network marketing

Enabling Conditions (supportive policies, nutrition

awareness campaigns, education, cooperation with Large Programs)



PHYSICAL CAPITAL
HUMAN CAPITAL
SOCIAL CAPITAL

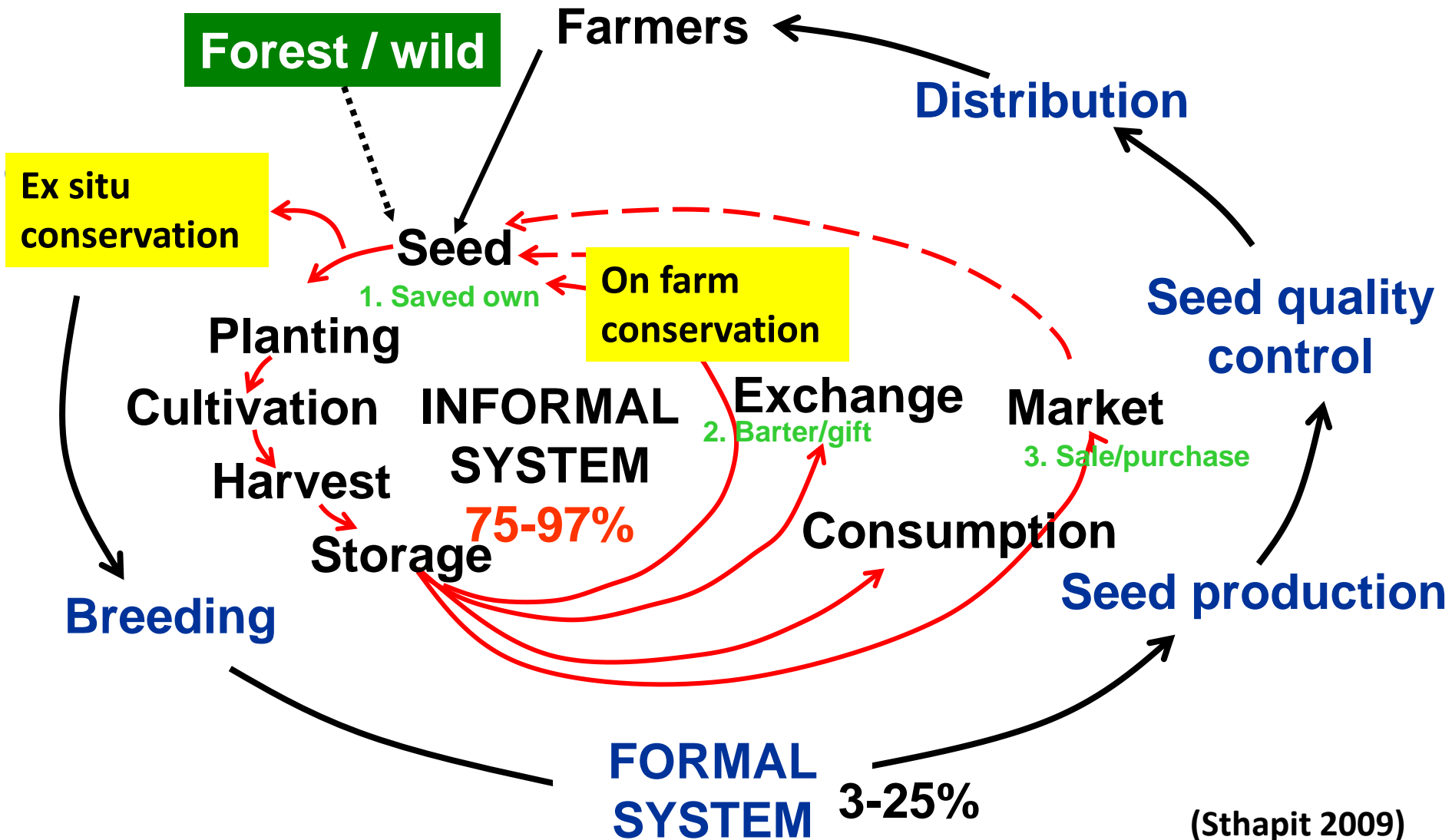
FINANCIAL CAPITAL
NATURAL CAPITAL
Enabling Conditions*

Strengthening the capacities of farmers and other value chain actors represents an important part of the overall strategy to reinforce their 5C assets and hence their livelihood resilience through a NUS-focus programme.

How well understood
is the seed system in
target crops?



On-farm conservation-management: adapt, evolve and buffer



(Sthapit 2009)

How well
understood is the
market of target
crops?



Rapid Market Appraisal

Rapid Market Appraisal to provide answers to key questions:

1. What are the existing market channels and latest changes (price levels and volumes per market channel)?
2. How large is the potential market demand in terms of buyers or volume – is there shortage or oversupply?
3. Why would customers prefer this product above competitors – what are the competing products and your unique selling propositions (USP)?
4. What are the best locations or type of shops to sell the product and why?
5. How to improve the quality of the product or packaging or lower the costs by using specific technologies, materials or follow certain standards?

Rapid Market Appraisal

Rapid Market Appraisal includes key information:

1. Price levels
2. Consumption levels
3. Number of potential consumers per segment or group
4. Latest market trends (organic, fairtrade, supermarket channel, fresh)
5. Aspects that customers prefer most (health, nutrition, package, brands)
6. Major constraints

How well mapped
is the value chain
of target crops?



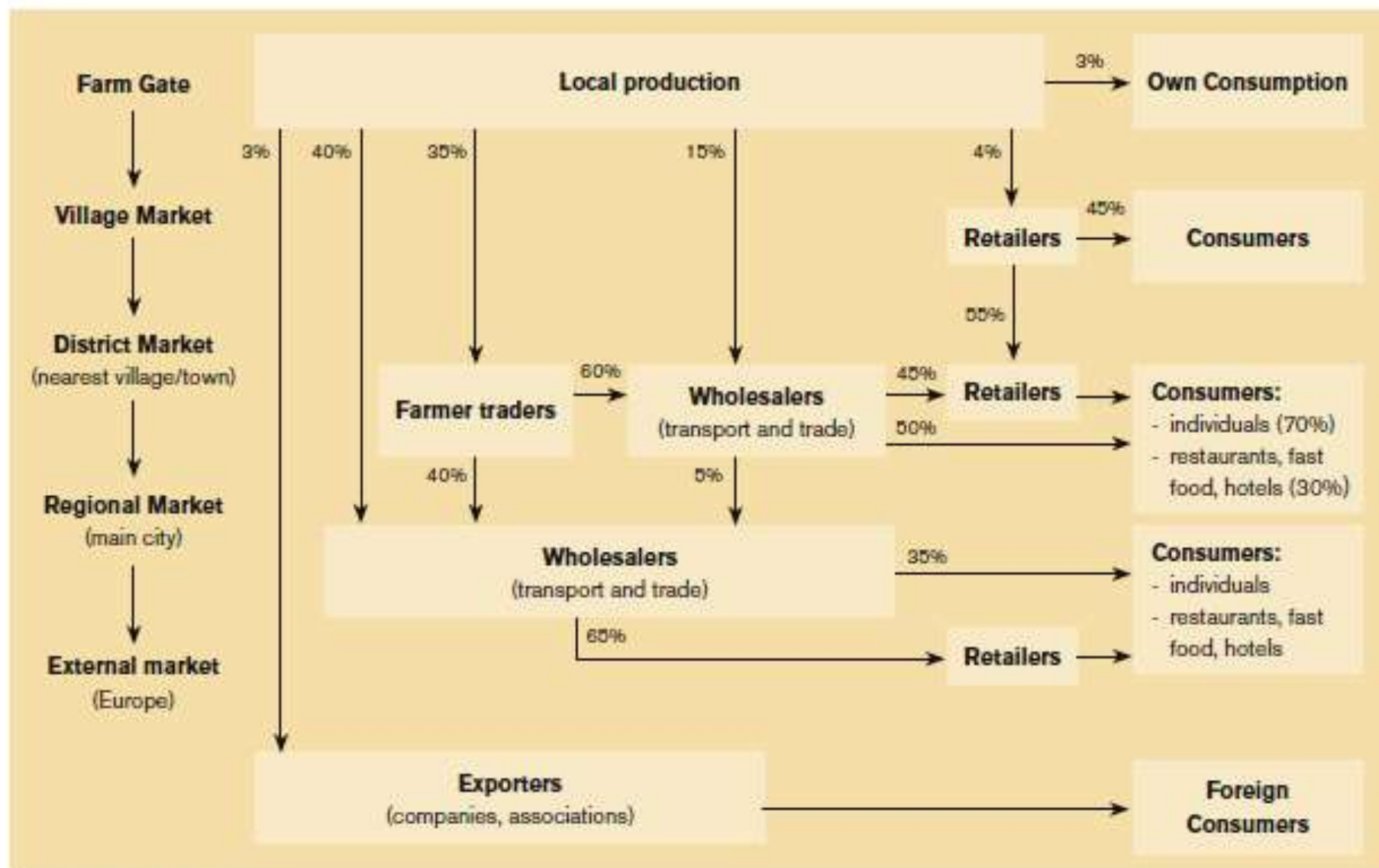
Basic questions to guide the drawing of VC map

1. How does the product 'travel from farm to fork'?
2. To whom do you sell your products? which different type of actors exists?
3. What are the different market linkages (channels) from prod. to consumers?
4. What are the functions or activities of different type of actors?
5. Where does the product (or service) geographically originate from and where does it go – what are the main trade or processing locations?
6. What is the volume of products per channel - what is the number of actors?
7. What is the price at various levels within the VC / what the margins?
8. What type of services (e.g. finance) or add. inputs are feeding into the VC?

Basic questions to guide the drawing of VC map

1. Which role or position do the poor/women have in the value chain?
2. What are the key constraints at various levels / what potential solutions?
3. What are the advantages of certain channels?
4. What are power positions within the VC and how to overcome them?
5. Which policies (e.g. tax), labels (e.g. organic, fair trade) or regulations (e.g. HACCP, GAP) is part of or affecting the value chain?
6. How does information and knowledge flow through the value chain?
7. What were the major changes last years in the value chain?

Figure 6. Garden Egg market channels and market shares (Ghana)



Source: Homa et al. (2007)

How complementary the interventions insofar?

General VCD

1. Village seed bank, PVS, quality seed production, seed storage, seed supply to farmers, processing equipment **(Q: all community based? involvement of private sector? What trade off in selling raw produce vs processed?)**
2. Best agricultural practices **(Q: how relevant? how effective?)**
3. Improved food recipes **(Q: how relevant? Involvement of private sector?)**
4. Public awareness activities to promote consumption of target crops **(Q: tap consumers' interest on nutritious- healthy - traditional foods- e.g. Namakkal Restaurants?)**

Collective action (horizontal cooperation)

1. Capacity building of producers groups (**Q: coverage, relevance?**)
2. Facilitation of producer groups to ensure quality and regular supply (**Q: coverage, relevance, private sector involved?**)
3. Promotion among traders, other users, groups;
4. Integration of small farmers into a robust and reliable network of producers (establishment or strengthening of cooperatives)
5. What needs, challenges encountered?
6. Was gender well catered for?

Market linkages (vertical linkages)

1. How many market channels/traders have been explored/pursued?
2. How well connected are the various sectors of the VC?
3. Which facilitation of direct linkages have taken place (e.g. with shops, restaurants)?
4. Tapping local, national and export markets **(Q: what the strategy? e.g for exporting fonio to other countries?)**