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The U.S. Government's Global Hunger & Food Security Initiative

GLOBAL LEARNING AND EVIDENCE EXCHANGE

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JUNE 5–10, 2017 // DAKAR, SENEGAL

Opening Plenary



## WELCOME TO THE AFRICA MARKET SYSTEMS GLOBAL LEARNING & EVIDENCE EXCHANGE!

**Please introduce yourself at your table**

- **Name, job title**
- **Organization**
- **Country** in which you work
- **One question or challenge you have related to market systems** that you would like answered by the end of the week



Write your question on a “question/solution” paper.

When you find a good answer or a promising solution, write it on the question/solution paper. Post it on the learning wall to share what you learned.



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## LISA FRANCHETT

- Mission Director  
USAID Mission  
Dakar, Senegal





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## BETH DUNFORD

- Assistant to the Administrator  
Deputy Coordinator for  
Development for Feed the Future  
USAID/Bureau for Food Security (BFS)  
Washington, DC USA





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## PAM FESSENDEN

- Director  
Office of Market &  
Partnership Innovations  
USAID Bureau for Food  
Security (BFS)  
Washington, DC USA





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## TRACY McCRACKEN

- Agricultural Resource Advisor  
Office of Capacity Building &  
Development  
US Department of Agriculture  
(USDA)  
Kenya





## AFRICA MARKET SYSTEMS GLEE OBJECTIVES

As a result of participation in the GLEE, participants will:

- Be better able to **promote & increase the use of highly catalytic market-led approaches** to achieve GFSS objectives.
- Better **design & implement market-based programs** in Missions & Washington.
- **Share & learn from successes and challenges in the field**, while improving understanding of approaches & tools to identify opportunities to catalyze inclusive, agriculture-led economic growth through market-based solutions and partnerships. These findings will be captured and shared with interested parties unable to attend the GLEE.
- **Understand and access support** as appropriate provided to Missions by BFS and other central operating units through TA and centrally-managed mechanisms. BFS will also gain a better understanding of what's needed by the missions.



## MARKET SYSTEMS GLEE THEMES



- Market Systems
- Finance
- Risk Management & Resilience
- Regional Trade



## AFRICA MARKET SYSTEMS GLEE AGENDA

### Monday

- Opening plenary
- Ag Transformation
- Market Systems Programming
- From Concepts to Programs
- Closing Plenary
- **USG Internal Meeting**

### Tuesday

- Opening Plenary
- Inclusion
- Markets for Good Nutrition
- Partnering for Impact
- Monitoring, Market Systems & the GFSS
- Closing Plenary

### Wednesday

- Opening Plenary
- Facilitating Capital Flows in Agri-Food Systems
- Tools for Enabling Ag Finance
- Index Insurance for Ag Risk Management
- Resilience & Risk Management Strategies
- Closing Plenary
- **Fall Armyworm dinner**

### Thursday

- Opening Plenary
- How Does an Enabling Environment Impact the Seed Sector?
- Addressing Food Safety
- Leveraging Regional Trade Investments
- Closing Plenary
- USG Internal Meeting
- **Senegal Field Trip Dinner & Panel**

**Friday & Saturday: Field Trip to St. Louis**



## GUIDELINES TO SUPPORT LEARNING & EXCHANGE

- Be present.
- Everyone needs to be on time. Speakers please stick to the time allotted.
- Active & balanced participation.
- Listen.
- Respect diverse views and learning styles. Be curious and open to new ideas.
- Share your experiences, successes, failures, challenges & questions. You can post these on our “Learning Wall” using plain colored paper/markers.
- Use reflection pages in your program to note your key take-aways and questions.
- Have fun 😊
- Cell phones on silent. If you need to take a call, please leave the room.
- USG staff: remember to sign in each morning and afternoon at the registration table to ensure that you get your CLPs.



## THE KDAD TEAM IS HERE TO HELP...

Name	Roles & Responsibilities
<b>Angela Villanueva</b>	Logistics (travel, hotel, food, admin/finance issues)
<b>Chrissy Burbank</b>	General coordination & KM issues (presentations/handouts, session materials), mic runner
<b>Justin Temple</b>	Timekeeper & general admin tasks, documentation
<b>Katie Morgan</b>	Communications: upload presentations and resources to Agrilinks, manage presentation projection, email communications to participants, mic runner
<b>Kristen Reardon</b>	Videography
<b>Lisa Howard-Grabman</b>	General GLEE facilitation, assistance with session design & prep, documentation of GLEE outputs



## ANNOUNCEMENTS

- Be sure to read the **security briefing** handout.
- Restrooms in the lobby on the right across from the bar.



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# Agri-Food Systems Transformations and Food Security

James F Oehmke, Dave Tschirley  
Abdoulaye Dia

The views expressed are those of the author and do not necessarily represent the views of the United States Agency for International Development.



## Takeaways

- The vision of agricultural transformation is in the eye of the beholder
  - ‘Transformation’ takes complex forms
  - and affects many systems
- There are multiple drivers and measures of transformation
  - Including policy levers as drivers,
  - and different drivers affect different systems differently
- Why can't we get there the old fashioned way—driven by on-farm technical change?
  - On-farm technical change is still a key component
  - But not sufficient to catalyze
  - Increasing importance of value chains and market systems





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## What are we transforming?

From subsistence agriculture to something with higher incomes, more and better food...

But to what, and how?





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## Transforming Grain Production





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## Transforming Rural Communities





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# Preserving Biodiversity





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## Transforming Ecologies





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## Planned 'green' urban communities in rural areas

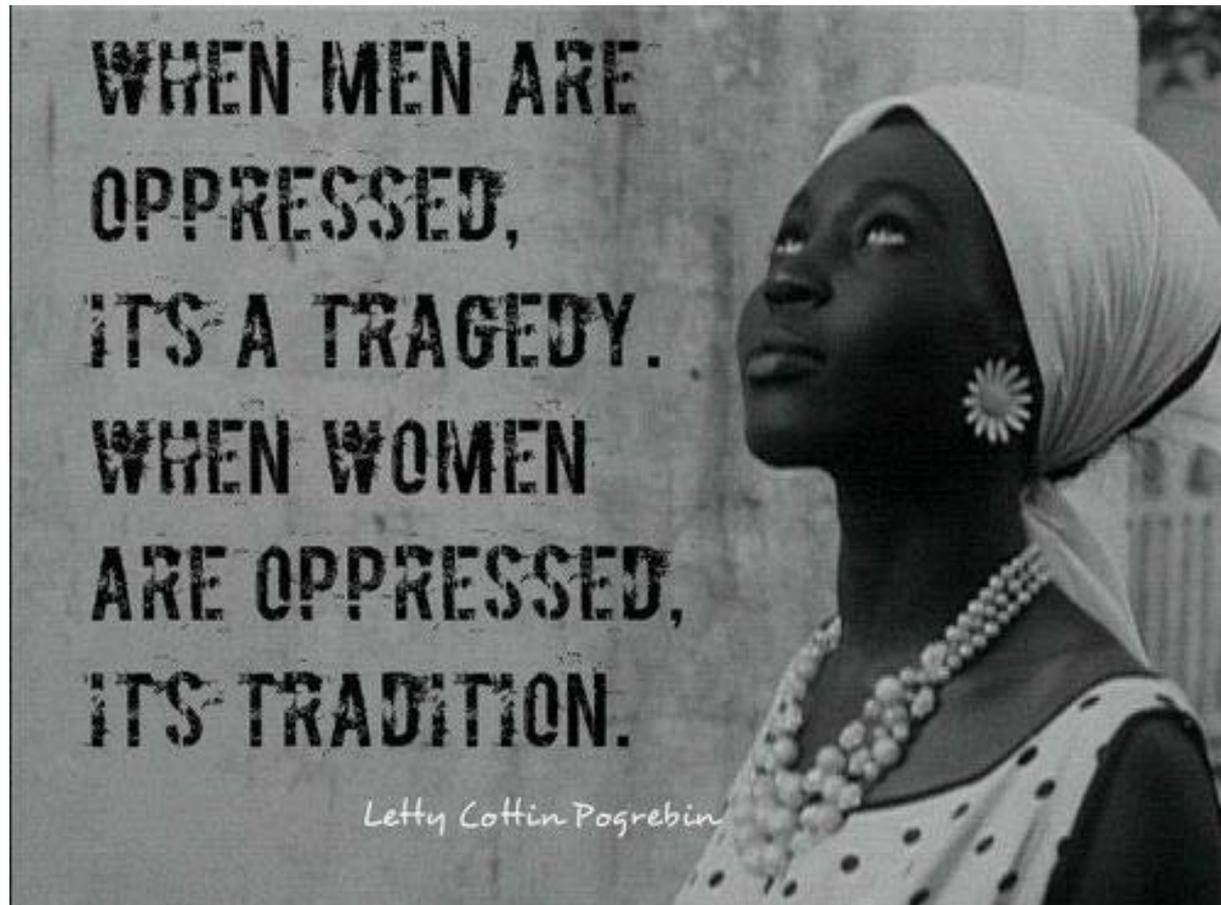




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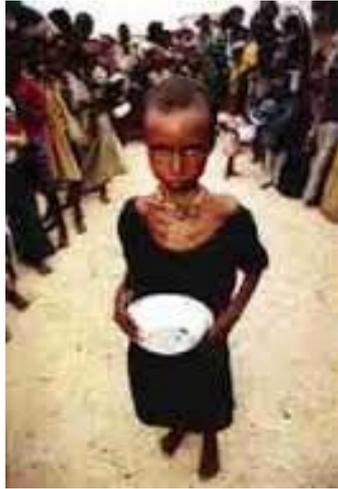
# Transforming Rural Social Systems





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Transforming Nutrition?  
Not all bowls are equal



© Reuters



## Transforming Employment Systems





## And many more transformations

- Behavioral systems
- Migration patterns and system
- Rural market systems
- Rural food systems employment
- Rural service employment
- Non-commodity rural economies



There are multiple drivers, policy levers, and indicators



## TOP-LINE GOALS



**Brazil**—world's 3d largest agricultural exporter and 8th largest economy

- 1992/94-2012/14 Food production up 125%
- Poverty 3.7% (2014)
- Stunting 7.1% (2007)
- Underweight 2.2% (2007)

**Niger**—reclaimed 5,000,000 ha, 1/3 of arable land

- Food production up 158%, 1992/4-2012/14
- Poverty: ↓35.7 ppt (1994-2014)
- Stunting ↓11.2 ppt (2000-2014)
- Underweight ↓5.7 ppt (2000-2014)

Which country has an exemplary transformation that can be a model for your Feed the Future country?

- 2017 resurgence of deforestation
- 7% of global agricultural GHG emissions
- Ranks last on UNDP's 2015 Human Development Index



## Takeaways

- ‘Transformation’ takes complex forms
  - and affects many systems
- There are multiple drivers and measures of transformation
  - including policy levers as drivers,
  - and different drivers affect different **systems** differently
  - The ‘optimal’ transformation and policy drivers is very country and context dependent.



## Small Group Activity: Critical characteristics of agricultural transformation

- Discuss & identify:
  - **2-3 critical facets of agricultural transformation that are priorities for your countries**
  - **2-3 ways that USAID can help promote agricultural transformation**
- Identify a notetaker and be prepared to share highlights of your discussion.

**10 Minutes**



## How do we get there? Trends and Opportunities

- Green Revolution pattern:
  - via research and technology driven increases in farm productivity, e.g. research to develop semi-dwarf rice.
  - Accompanied by manufacturing-led urban jobs growth
  - Capturing urban agglomeration economies
- But today's transformations will be different



## Today's Transformations Will Be Different

- Declining terms of agricultural trade
- Demographics
- De-industrialization
- Global climate change
- Lengthening food supply chains & dietary change

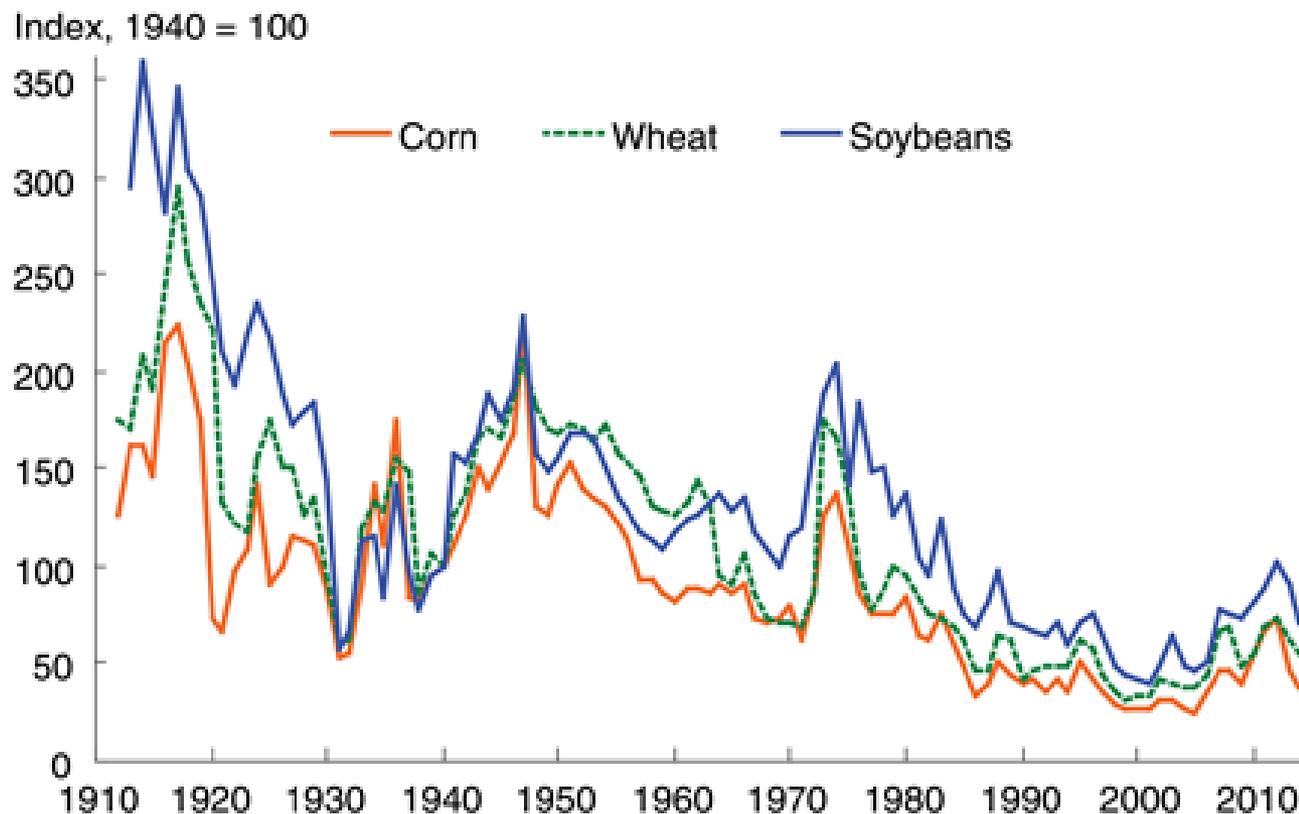


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## Difference: Declining agricultural terms of trade

**Inflation-adjusted corn, wheat, and soybean prices, 1912-2014**

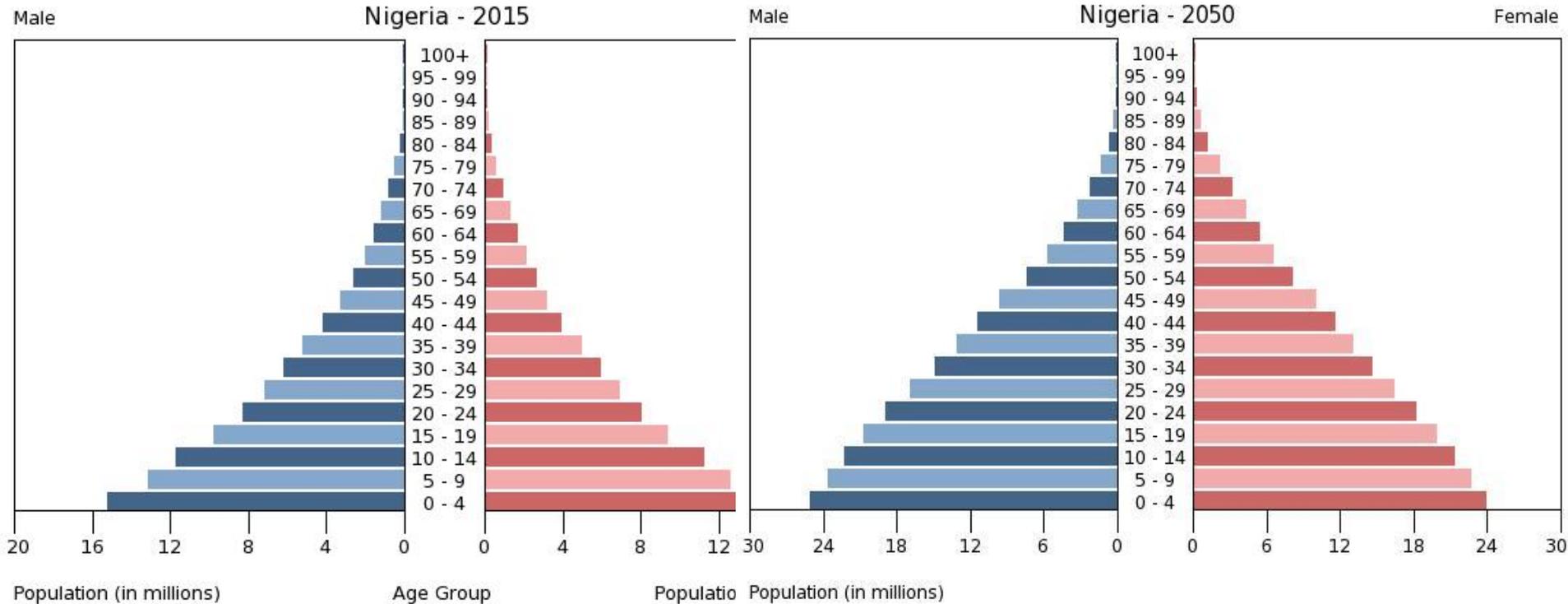


Source: USDA, Economic Research Service calculations using data from USDA, National Agricultural Statistics Service and U.S. Department of Labor, Bureau of Labor Statistics.



## Difference: Demographics

### Demographics: Nigeria 2015 and 2050





## Difference: Deindustrialization

- Deindustrialization
  - 2015 Chinese cell-phone manufacturing technology reduces work force by up to 90%





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## Difference: Lengthening food supply chains

- Food is becoming more purchased: about 50% of food by value in rural Africa to 70% in Asia
- Food is becoming more perishable: 50 to 70% of dietary costs. Meats, dairy, fruit & vegetables.
- Food is becoming more processed, >50%





## Difference: Importance of food markets

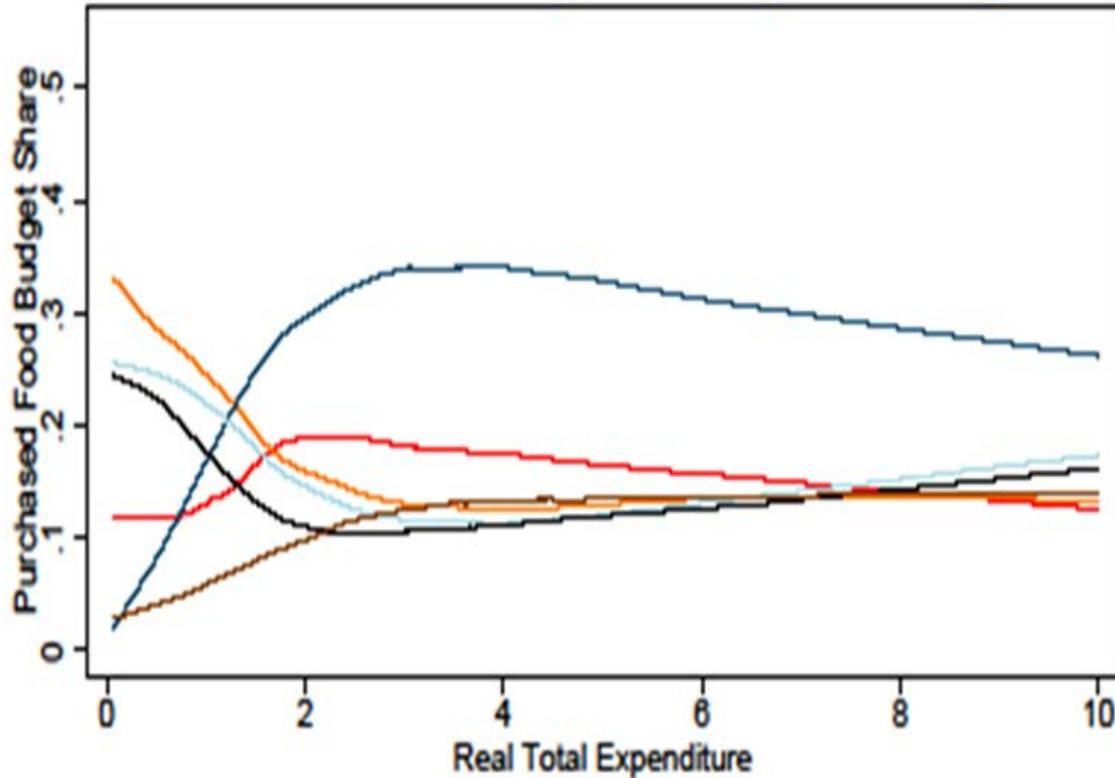
- Happening earlier and more quickly
- Increased importance of small food markets servicing rural smallholders
  - Where markets work, dietary change at poverty level incomes (Tschirley, Reardon et al ESA)
  - Where markets don't work, lack of change at above-poverty incomes (Weatherspoon et al Rwanda)



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## ESA Purchased Food Budget Share by Processing Levels



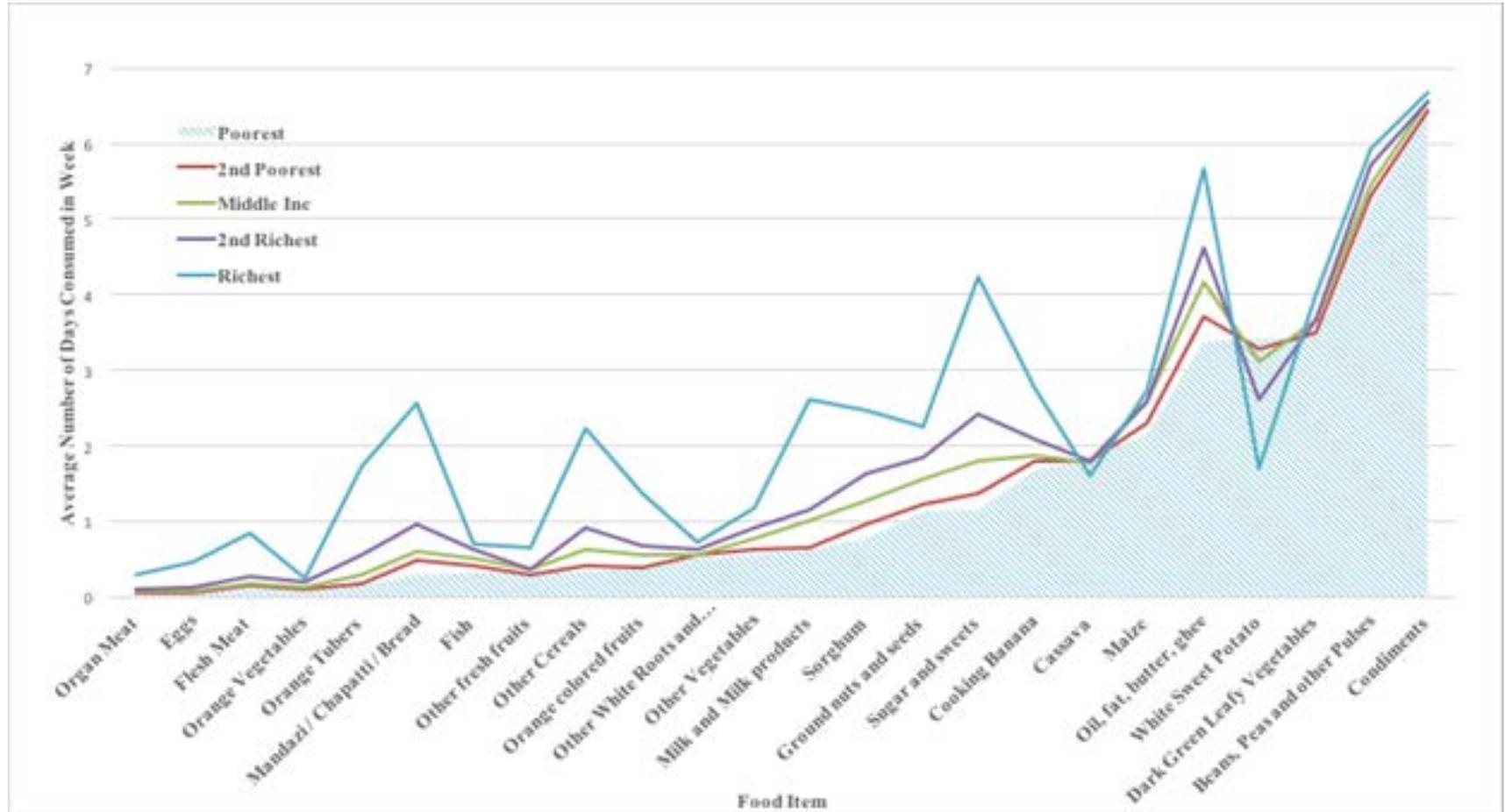
- Unprocessed non-perishable
- High processed non-perishable
- Low processed
- High processed perishable
- Unprocessed
- perishable

Source: Author calculations from LSMS data sets



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Average Number of Days/Week a Food Item is Consumed by Household Income Group

Source: Weatherspoon et al 2017.



## Difference: Where value is created

- Africa: farm value is 40% of retail food cost
- S. Africa wheat 13-18% of retail bread cost
- Yet debate on Ag Research is 90% on-farm



## Difference: Importance of secondary, tertiary cities

- 60% of urban pop. in 2<sup>nd</sup>, 3<sup>rd</sup> cities
- Critical points in rural-rural, rural-urban and urban-rural food flows
- Employment and growth centers
- Sustainable escape from rural poverty



## Then what path to take?

- On-farm productivity
- Value chain productivity
- Rural job creation (food and non-food)
- Rural preparation for migration to city
- Development of rural towns and small cities
- Develop food market systems plus a broader set of rural goods and market services to support urban and rural growth



## Takeaways

- ‘Transformation’ takes complex forms
  - and affects many systems
- There are multiple drivers and measures of transformation
  - Including policy levers as drivers,
  - and different drivers affect different systems differently
- **We can’t get there the old fashioned way, but we can get there**
  - Better on-farm / off-farm balance
  - Market systems



## Small Group Activity: Critical characteristics of agricultural transformation

- Discuss & respond to these questions for your assigned trend:
  - **How do particular trends generate opportunities for us to further promote ag transformation?**
  - **How do particular trends generate risks that we can affect what we do?**
- Identify a notetaker and note your responses on flipchart paper. Be prepared to share highlights of your discussion.

**15 Minutes**



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## BREAK

Please be back  
by  
**10:45**



## MARKET SYSTEMS AGENDA

### **Goals for the rest of the day**

1. Clarify concepts: value chain to market systems
2. Explore what these concepts look like in practice
3. Discuss how to operationalize the concepts
4. Explore approaches to addressing the challenges



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**Evolution: from value chains to  
market systems**

Raquel Gomes, Jeanne Downing, Laura Gonzalez, Apell Oceng



## Evolution from Value Chains to Market Systems

### **Structure**

- actors
- functions
- boundaries

### **Dynamics**

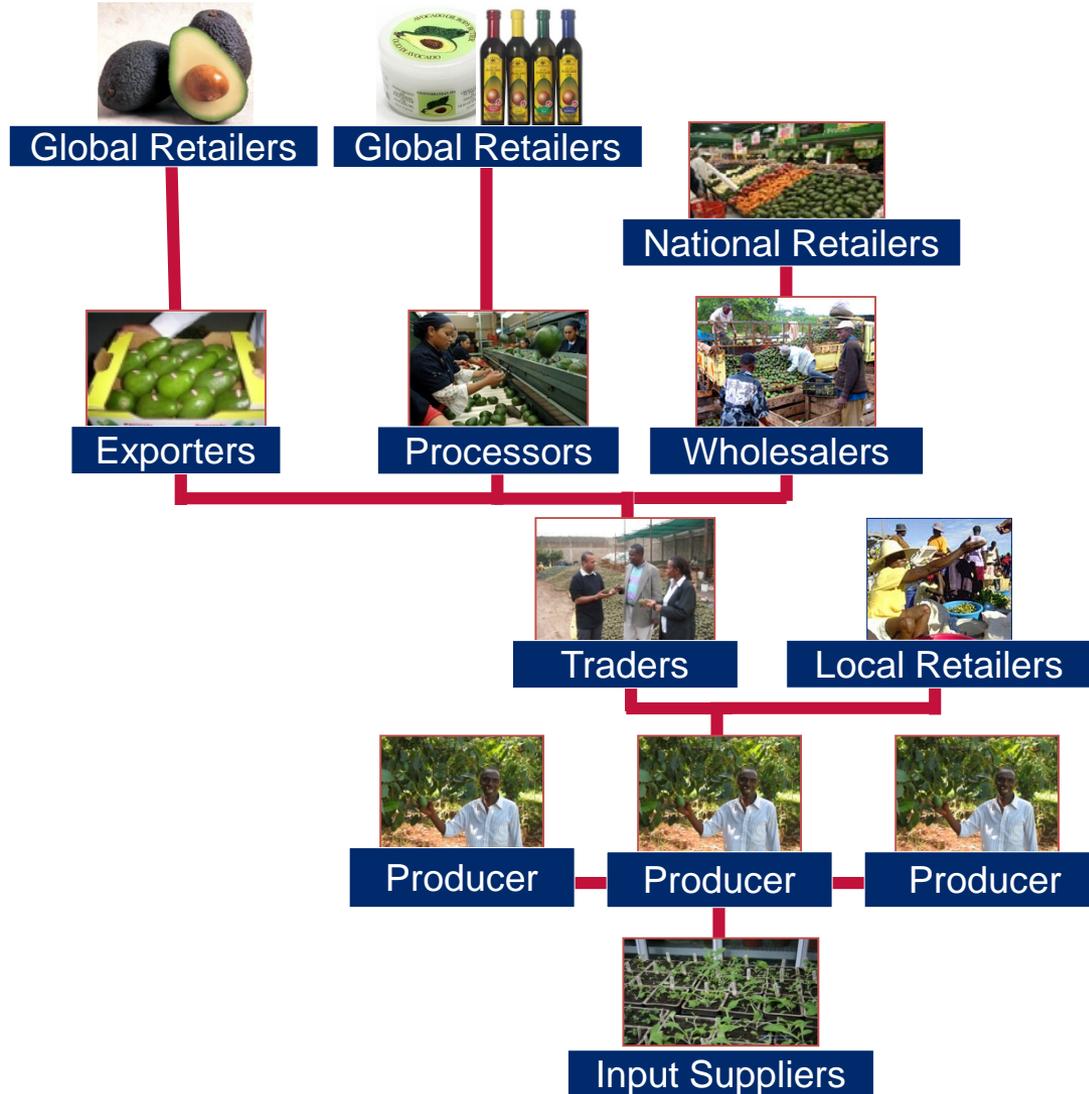
- behaviors
- change process



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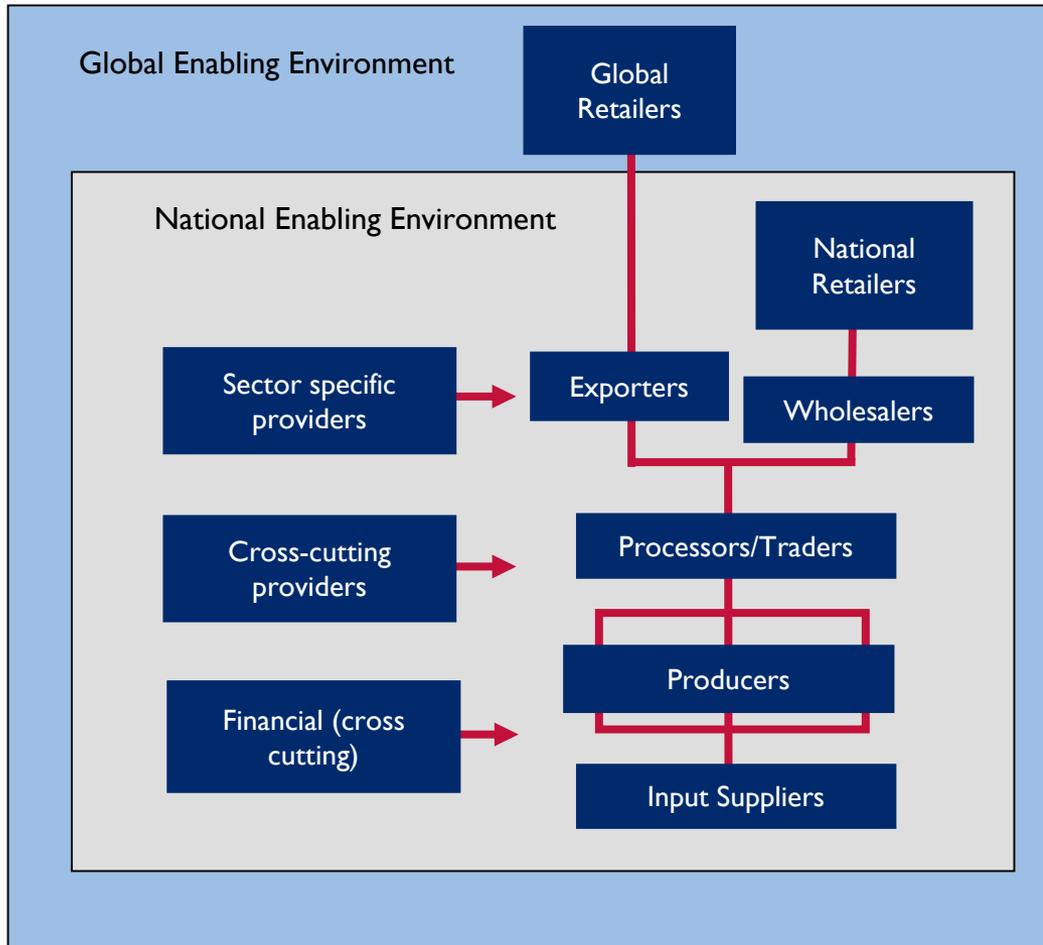
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## Structure – Farm to Market?





## Structure – Value Chain Framework

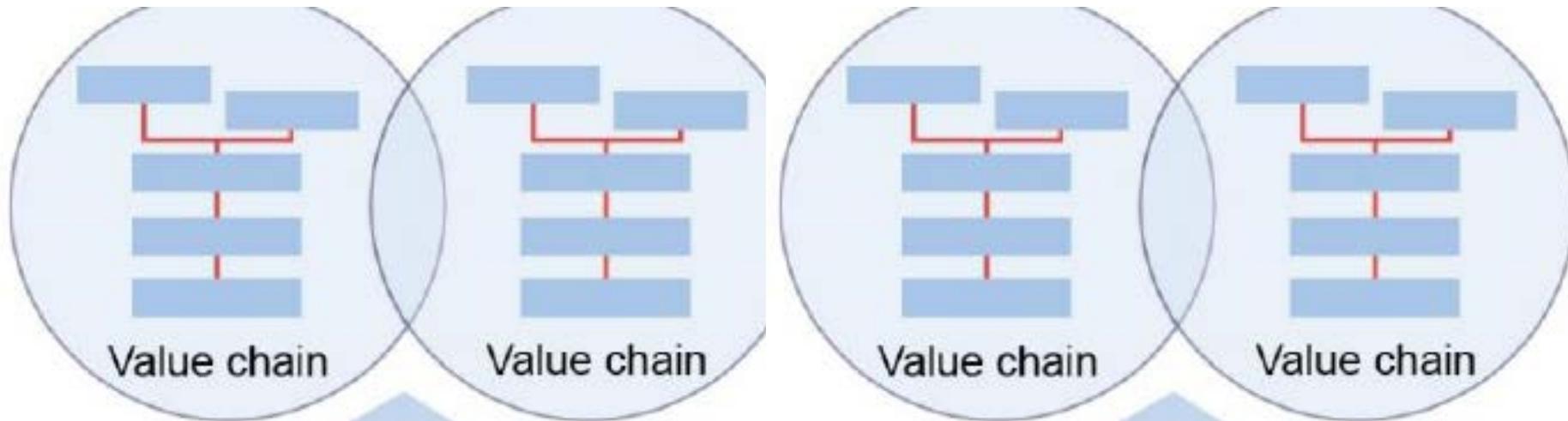


1. End Markets
2. Actors vertically linked
3. Actors horizontally linkages
4. Supporting Markets
5. Enabling Environment



## Structure – Market System

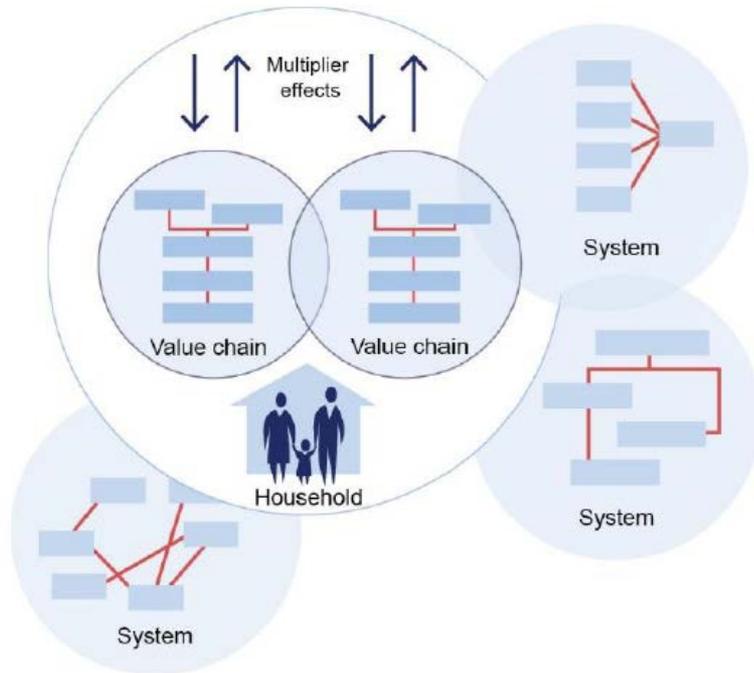
Inter-connected value chains



- Inter-connected by a theory of change,
- Inter-connected value chains
- Inter-connected by cross-market functions:
  - shared input supply systems or service providers



## Structure: Increasingly Complex System



### **Adding:**

Nutrition – health system

Climate variability

Resilience

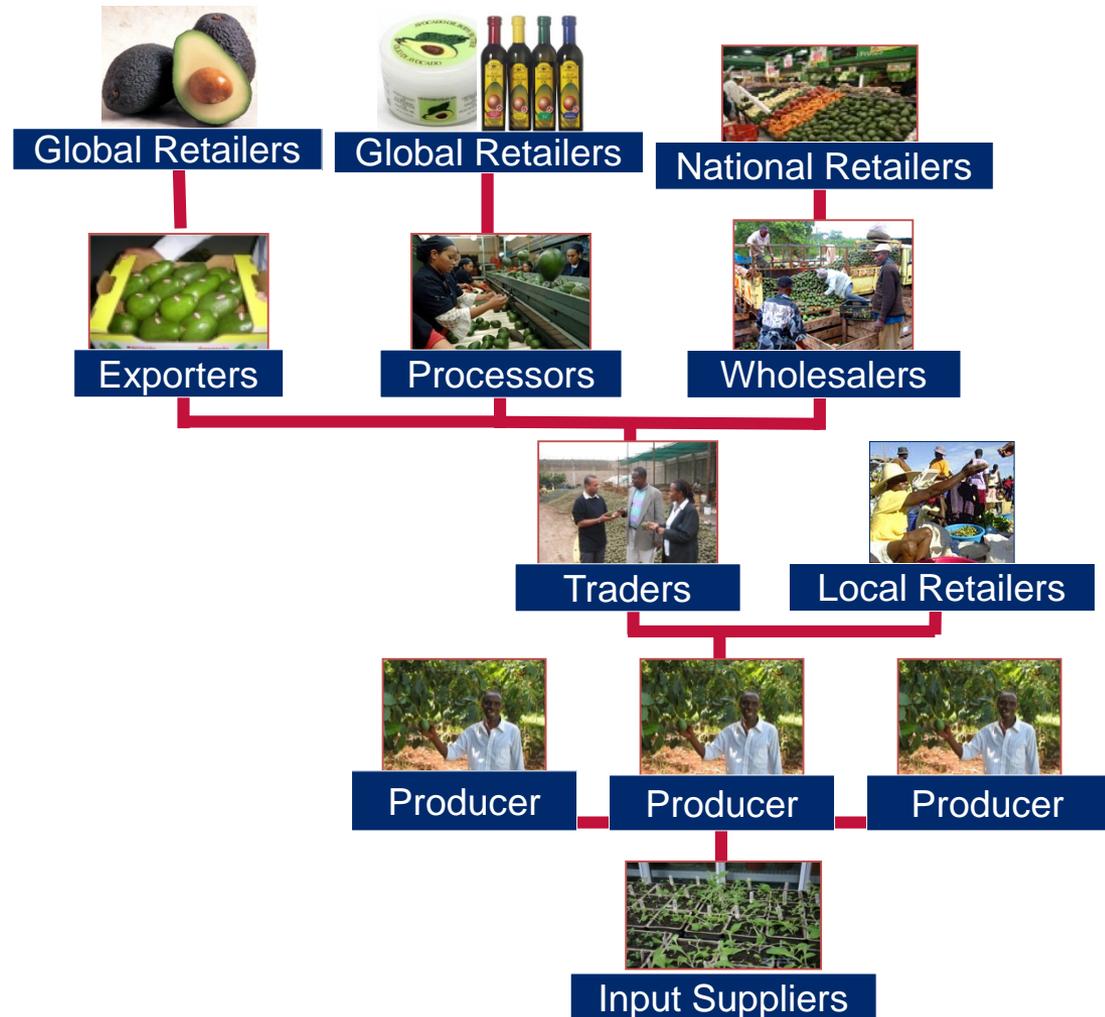
Inclusion – gender, youth,  
vulnerable groups



## Dynamics – Farm to Market?

### Linkages to:

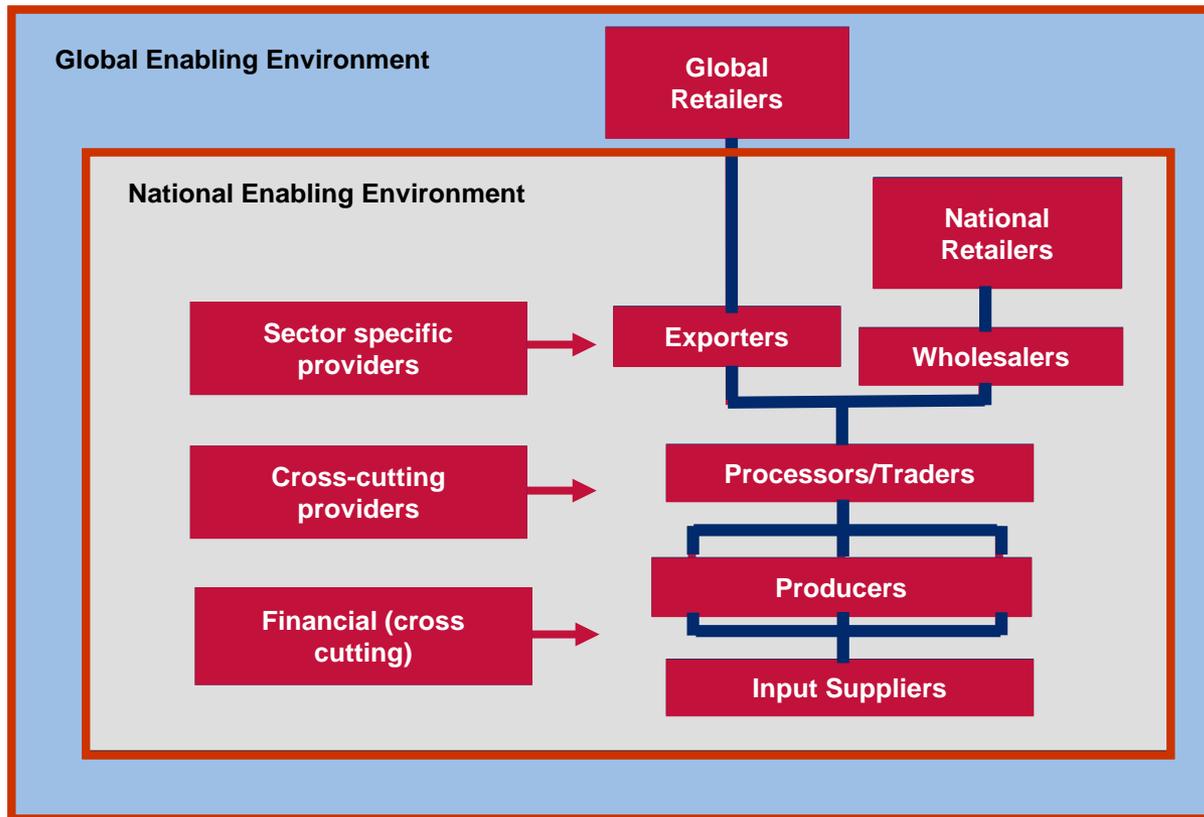
- markets
- inputs
- finance
- new technologies





## Dynamics – Value Chain Framework

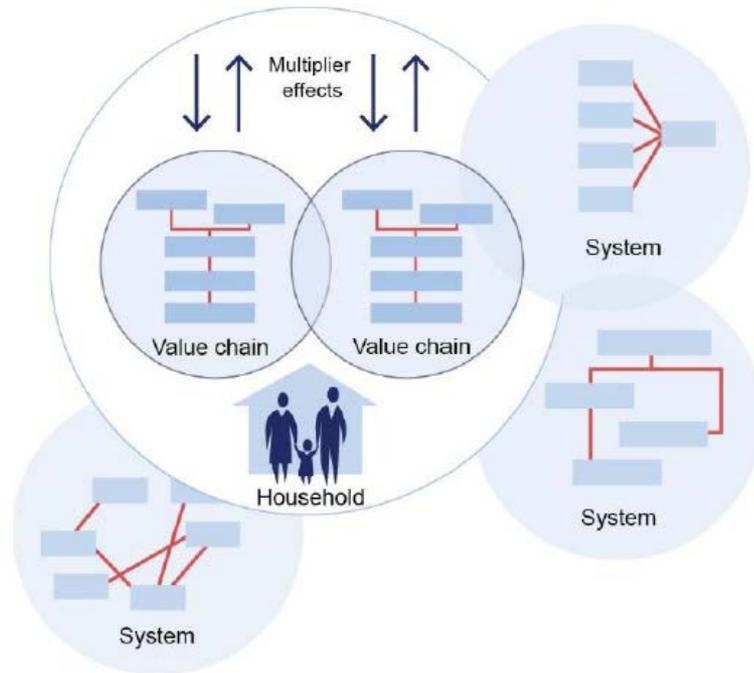
... governance, relationships, and upgrading





## Dynamics: A Market Systemic Approach

*competitive, resilient and inclusive market systems*



- Facilitation
- Inter-connectedness
- Scaling
- Resilience/competitiveness



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## Questions?

Jeanne Downing  
Social Impact,  
Food Security Service Center  
[bjdowning8@gmail.com](mailto:bjdowning8@gmail.com)



**FSSC**  
FOOD SECURITY  
SERVICE CENTER



## What makes up a market systems activity?

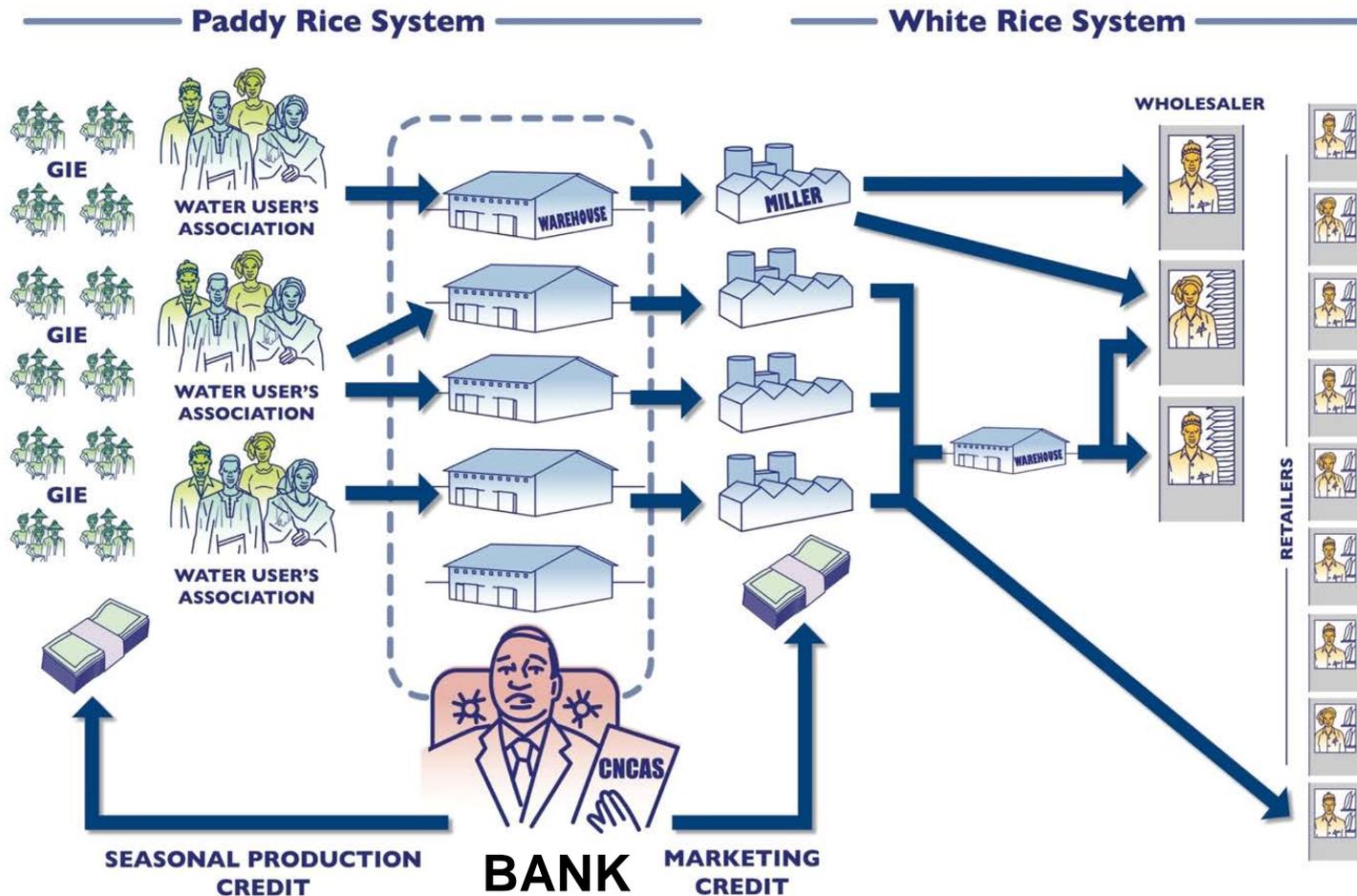
- Designate a note-taker
- Synthesize the advantages and challenges of the feature assigned to your table
- Be ready to provide a one-minute read out with the main advantage and challenge discussed



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## Senegal Rice Interlocking credit mechanisms





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## KEY PROBLEM:

Secure/scale a sustainable 3-way contract system

**FARMER:** Faster season-to-season loan repayment

**RICE MILL:** Consolidated, reliable supply of quality rice at a competitive price

**BANK:** Secured loan re-imbursment at the farmer and miller level and accelerating of season to season volume



## Addressing the problem: ONE SEASON AT A TIME

- Getting the wheel turning
- Enforcing the contract
- Maximizing conformity
- Ensuring predictable supply
- Introducing crop insurance
- Accelerating harvest
- Improving collateral monitoring

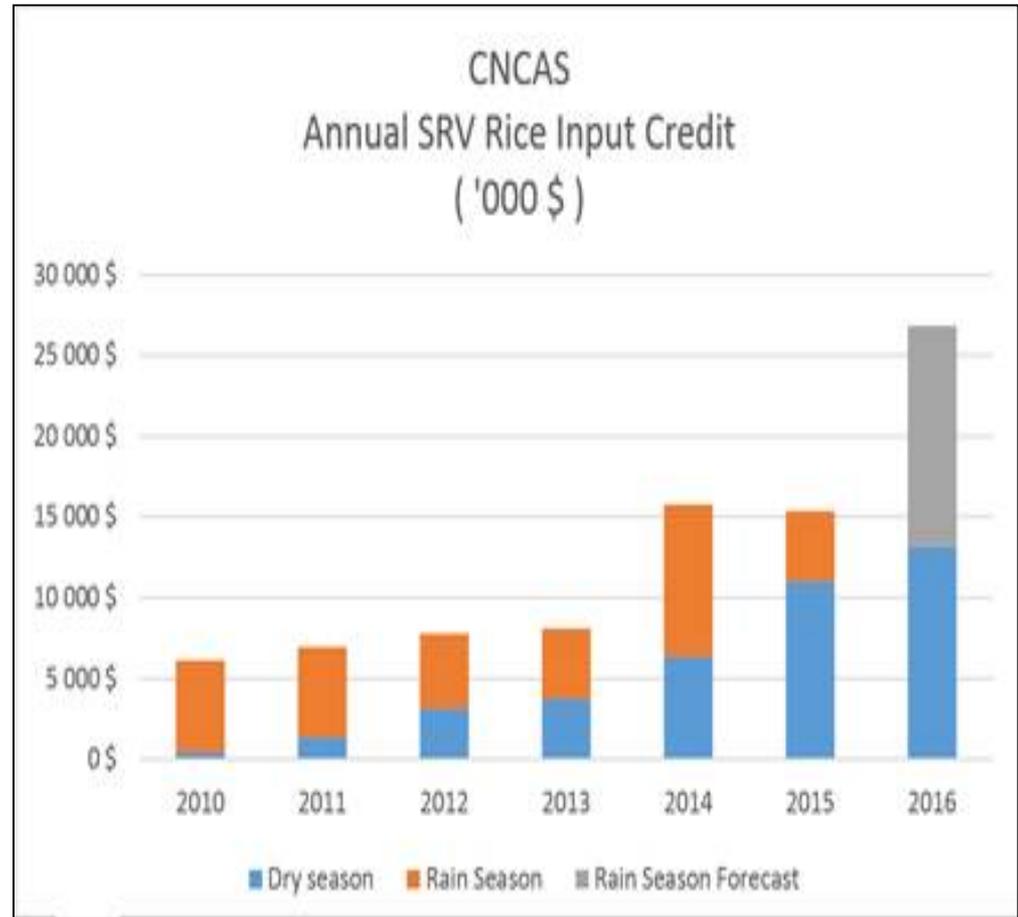


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## RESULTS

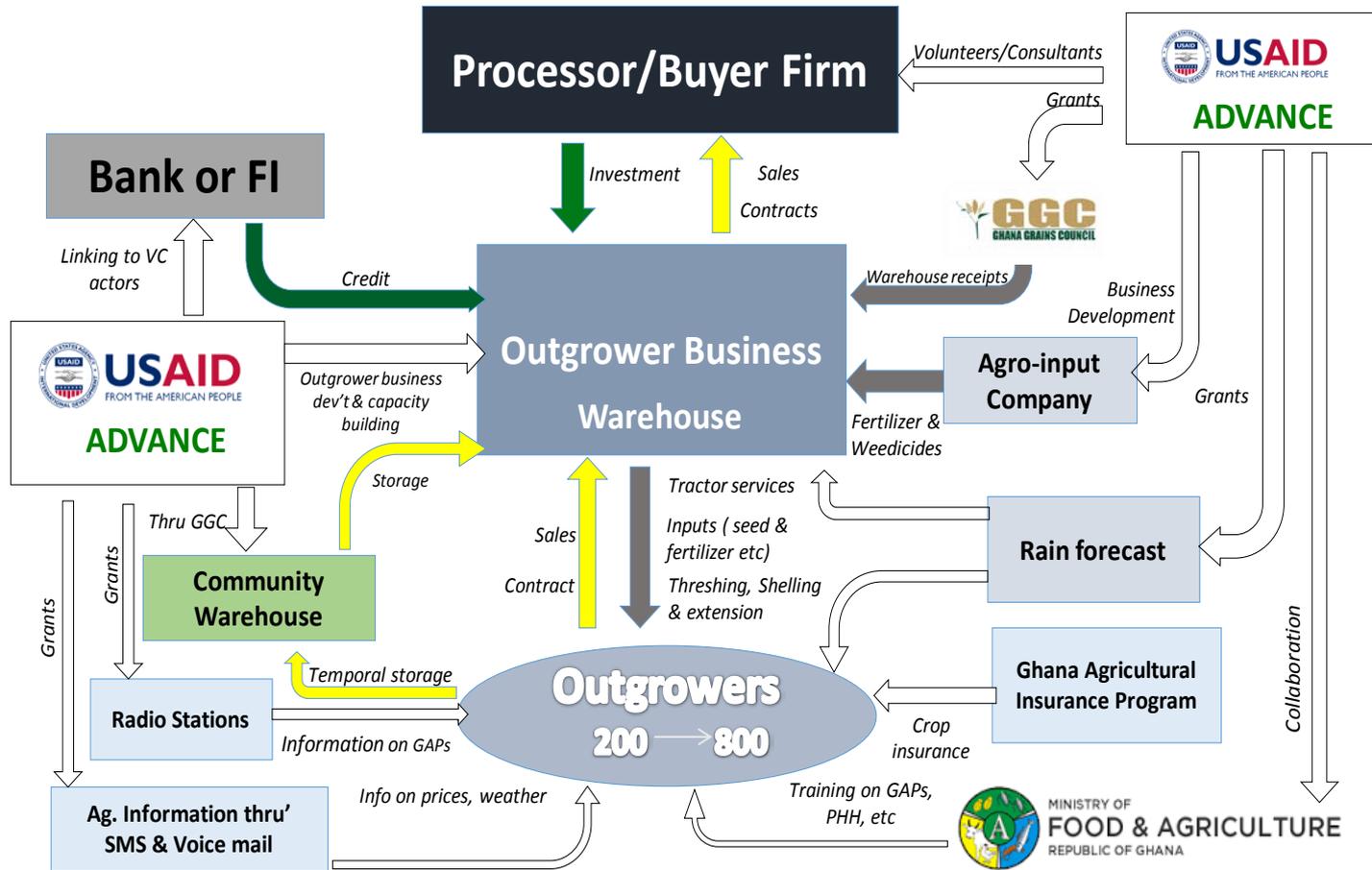




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## Outgrower Business Model





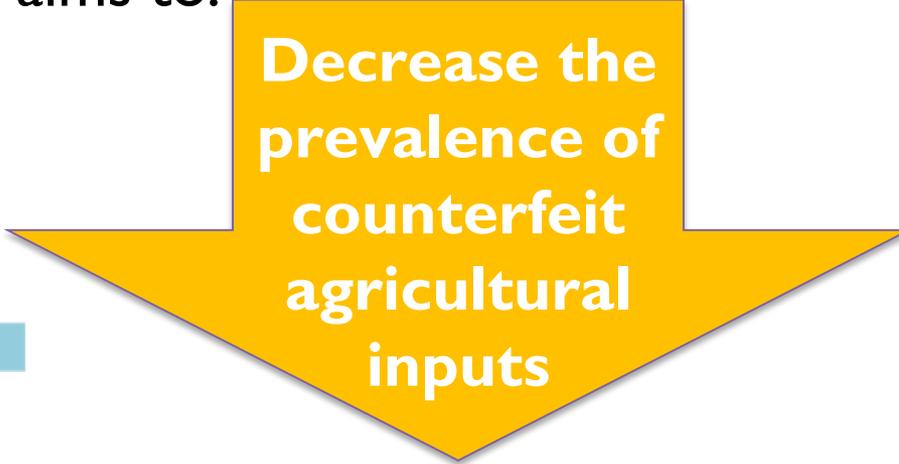


**PROBLEM:** Uganda has some of the lowest fertilizer application and improved seed usage rates in Sub-Saharan Africa.

FtF Ag-Inputs aims to:



Increase the availability of high quality agricultural inputs



Decrease the prevalence of counterfeit agricultural inputs



Working in **collaboration** with businesses & stakeholders in the supply chain



Using a **market systems facilitation** approach, combined with regular **CLA**



## Findings of the Strategic Assessment

Change the rules of the game so sanctions for bad behaviour outweigh the benefits



Bad businesses exit the market, reducing counterfeits and improving competitive environment



Stronger incentives to invest in quality and service

~~Market pressures will reward quality players and sanction counterfeiters/less credible agro-inputs~~

In the current market environment, there is *insufficient*

**Anti-counterfeit Mobilization, E-verification, Seed Certification, Access To Finance, Compliance, Spray Service Provision, Distribution**



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## Strengthening the Role of the Private Sector in Seed Quality Management in Uganda

- Helping Uganda meet COMESA harmonized standards
- Joint Venture between Chemiphar, UgoCert and Heartland Global
- Voluntary Quality Verification – aiming for Accreditation with Government





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## Addressing the Problem with a Multifaceted Approach

Online Application

## E-verification

## Capacity building

## Public Education

Enhanced Transparency

## Multi-donor

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DIAL \*114\*2\*[ABOVE CODE]#



## LUNCHTIME REFLECTION

- Take a **look at the scenario handout** for our session after lunch on “Moving from Concepts to Programs”.
- **Select one scenario** you would most like to work on. **Select a second choice**, too.
- When you come back from lunch, **sit at a table labeled with your preferred scenario**. If all the chairs at the tables for that scenario are already filled, choose another scenario.





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## LUNCH BREAK



**Please be back by  
2:00 pm.**

**Prayer room:** Go to break area. Go outside by pool and turn left. Walk to Ibis building and turn right. Prayer room is at the end on the left.



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# Market Systems Programming: Concepts, Approaches, and Evidence



## KEY QUESTIONS

- 1) What kinds of **contracting mechanisms** have you used?
- 2) How have you managed **adaptive management in practice**?
- 3) What are examples of intentional **layering of activities**?
- 4) **What have you learned** and what would you do differently going forward?



## Small Group Activity: Challenges of Contracting & Implementing Market Systems Programming

- Designate a note-taker.
- Discuss how you'd approach the particular challenge assigned to your table.
- Consider several possible solutions and capture these in your flipcharts.
- Note taker, please write your challenge clearly on top of the page and note each of the solutions mentioned, including any practical examples that illustrate these solutions in practice.
- Be ready to provide a one-minute read out of a solution the group finds most compelling.

**20 Minutes**



## CLOSING PLENARY

### **Table Activity:** *Extra! Extra! Daily News*

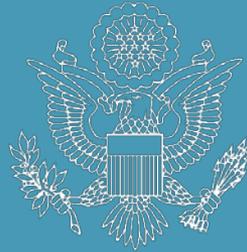
- Individually, complete an “Exit Ticket”.
- Share your key take-aways at your table.
- Generate the front page of a newspaper on flipchart paper using markers. Include headlines and key bullet points that provide a summary of the day with key take-aways, interesting facts or happenings and memorable quotes you would like to share with your colleagues back home.





## ANNOUNCEMENTS

1. Please submit your “Exit Tickets” to Chrissy & Katie as you exit the room.
2. There will be an internal USG meeting with Beth Dunford at 4:15 pm here in this room.
3. Debrief with session leads of today’s sessions here immediately following the USG internal meeting with Chrissy. Prep meeting with tomorrow’s presenters also at that time here with Lisa.
4. The **Fall Armyworm meeting** has been rescheduled for Thursday afternoon at 4:00 pm after the internal USG meeting.
5. We start **tomorrow morning at 8:00 am** in this room. Please be on time. Have a great evening!



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