Evolution: From Value Chains to Market Systems

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Evolution from Value Chains to Market Systems

**Structure**
- actors
- functions
- boundaries

**Dynamics**
- behaviors
- change process
Structure – Farm to Market?

Global Retailers

Global Retailers

National Retailers

Exporters

Processors

Wholesalers

Traders

Local Retailers

Producer

Producer

Producer

Input Suppliers
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
Linkages to:
• markets
• inputs
• finance
• new technologies

Dynamics – Farm to Market?
Dynamics – Value Chain Framework

... governance, relationships, and upgrading

Global Enabling Environment

National Enabling Environment

- Global Retailers
- Exporters
- Wholesalers
- Processors/Traders
- Producers
- Input Suppliers

- Sector specific providers
- Cross-cutting providers
- Financial (cross cutting)
Dynamics: A Market Systemic Approach

competitive, resilient and inclusive market systems

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

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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
Senegal Rice
Interlocking credit mechanisms
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-imbursement 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
RESULTS

CNCAS
Annual SRV Rice Input Credit
(‘000 $)

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<th>Year</th>
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<th>Rain Season</th>
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Outgrower Business Model

Outgrower Business Development & Capacity Building Through GGC

Processor/Buyer Firm

Investment → Sales Contracts

Outgrower Business Warehouse

Outgrower business development & capacity building

Storage

Sales Contract

Tractor services

Inputs (seed & fertilizer etc)

Threshing, Shelling & extension

Crop insurance

Ghana Agricultural Insurance Program

Rain forecast

Volunteers/Consultants

Grants

Agro-input Company

Fertilizer & Weedicides

Warehouse receipts

Business Development

Grants

ADVANCE

Collaboration

Bank or FI

Credit

Investment

Sales

Linking to VC actors

Outgrower Business

Agro-information thru’ SMS & Voice mail

Radio Stations

Ghana Agricultural

Information on GAPs

Temporal storage

Crop insurance

Training on GAPs, PHH, etc

Ag. Information through Radio Stations

Grants

Community Warehouse

Thru GGC

Grants

Bank or FI

Investment

USAID

Fertilizer & Weedicides

Templeton

Outgrowers

200 → 800

MINISTRY OF FOOD & AGRICULTURE

REPUBLIC OF GHANA

MINISTRY OF FOOD & AGRICULTURE

REPUBLIC OF GHANA
**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 counterfeitters/less credible agro-inputs businesses

In the current market environment, there is insufficient Anti-counterfeit Mobilization, E-verification, Seed Certification, Access To Finance, Compliance, Spray Service Provision, Distribution
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
Addressing the Problem with a Multifaceted Approach

- Online Application
- Multi-donor
- Enhanced Transparency
- Capacity building
- E-verification
- Public Education