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

GLOBAL LEARNING AND EVIDENCE EXCHANGE
M A R K E T S Y S T E M S

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Evolution: From Value Chains to Market Systems

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Evolution from Value Chains to Market Systems

Structure

- actors
- functions
- boundaries

Dynamics

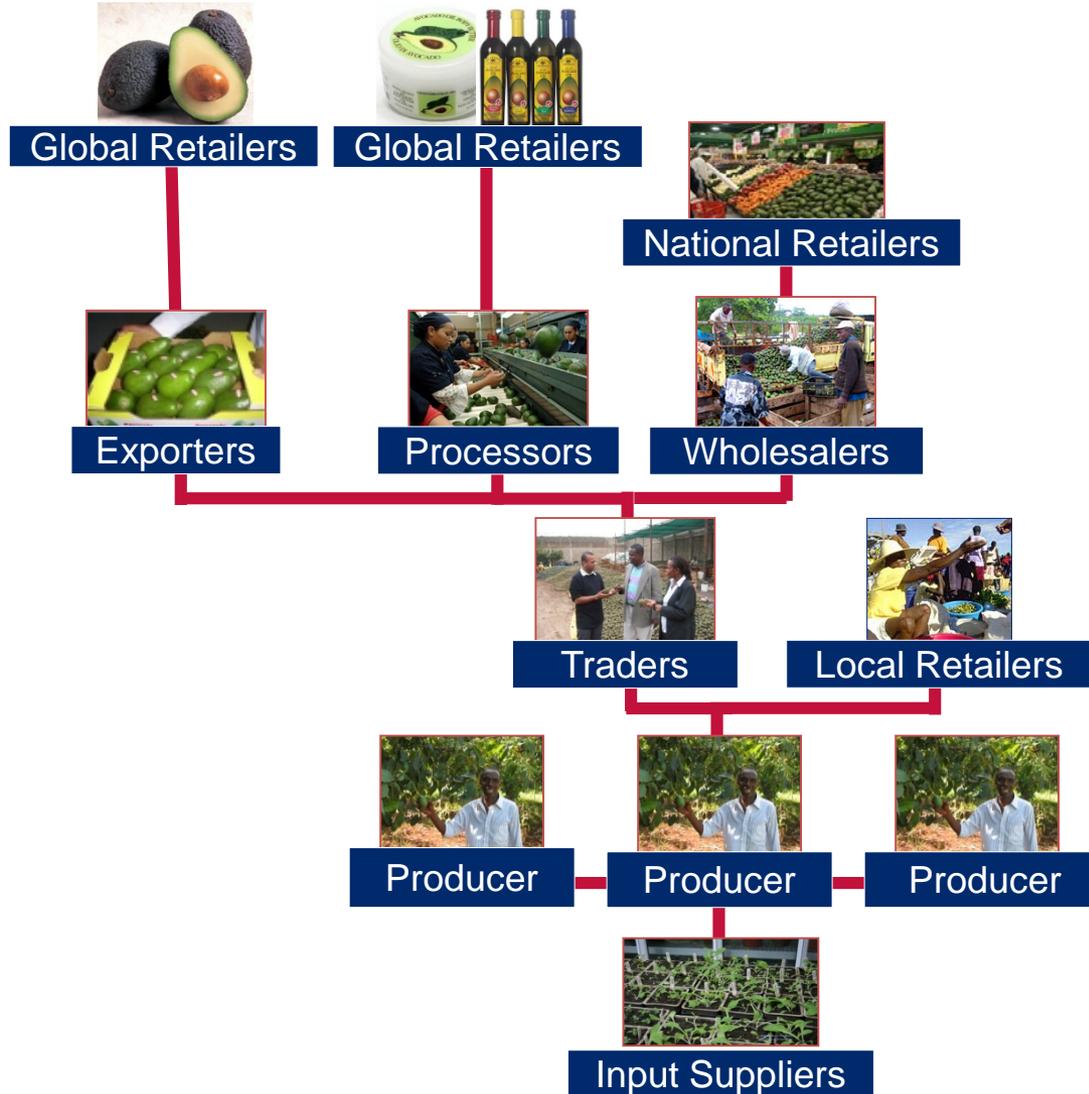
- behaviors
- change process



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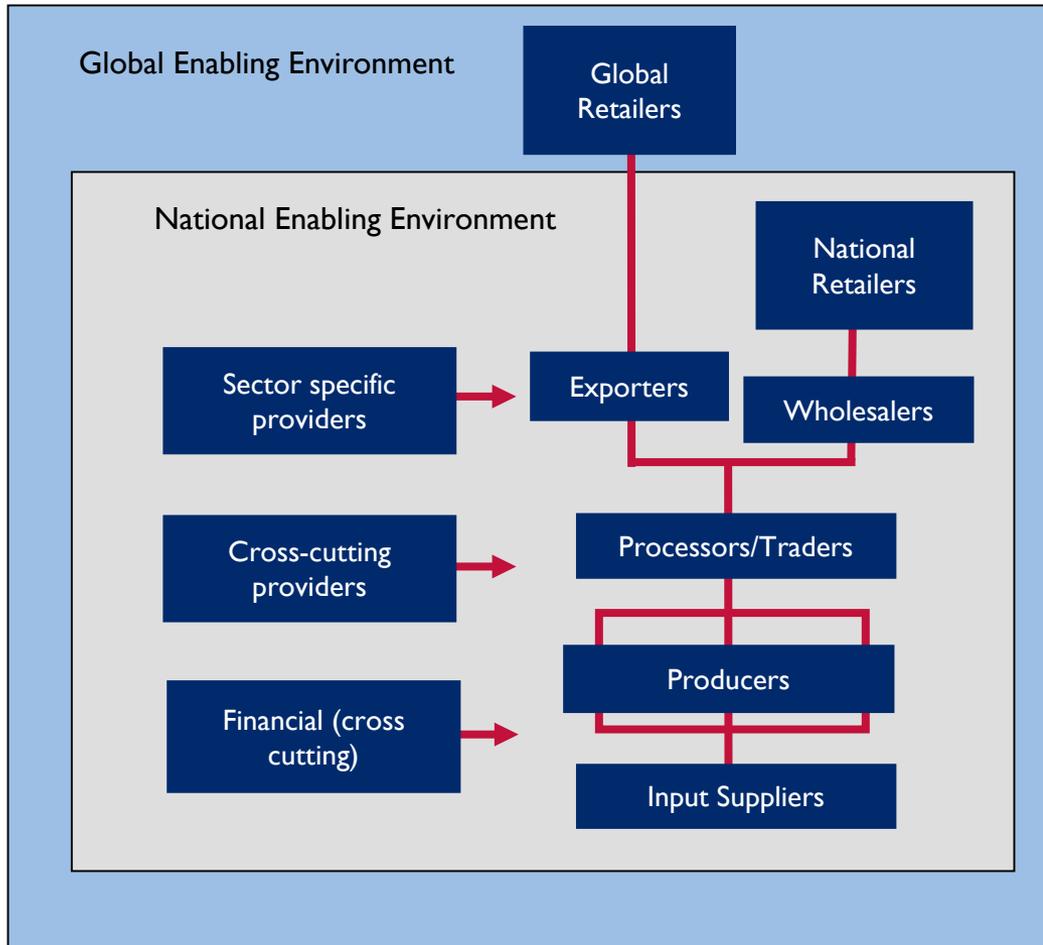
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Structure – Farm to Market?





Structure – Value Chain Framework

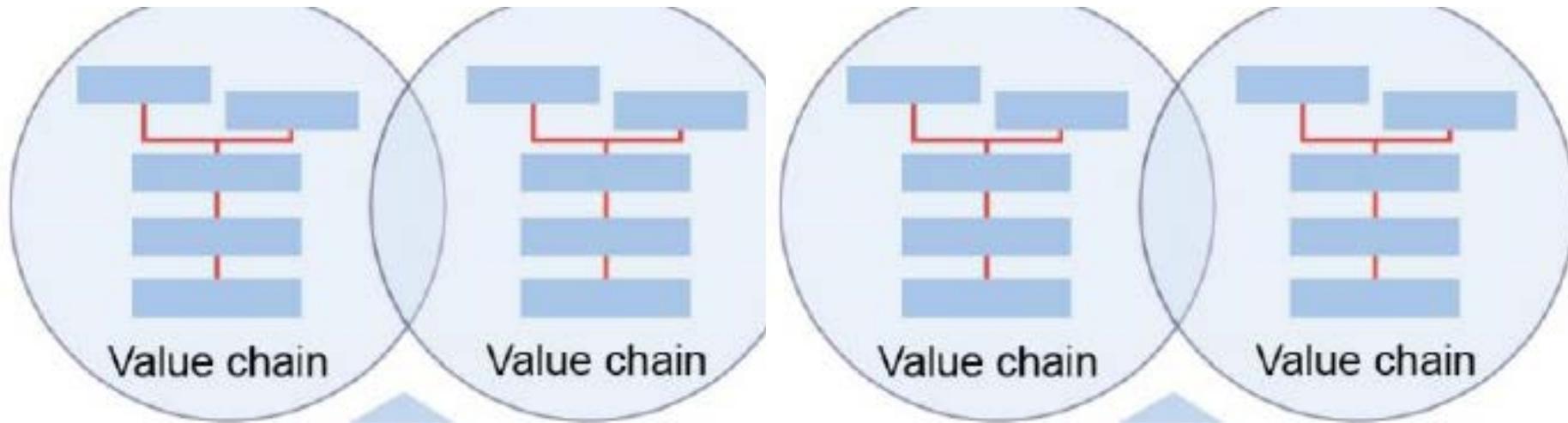


1. End Markets
2. Actors vertically linked
3. Actors horizontally linkages
4. Supporting Markets
5. Enabling Environment



Structure – Market System

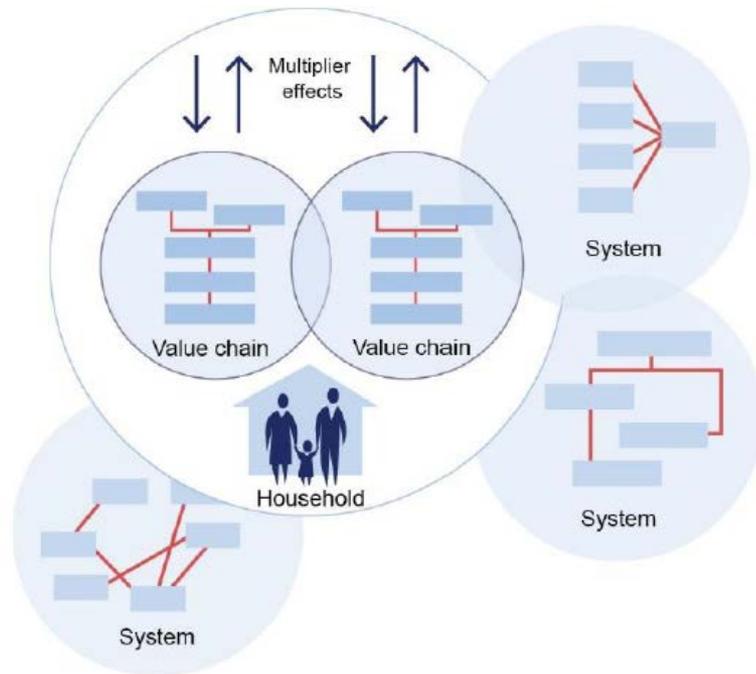
Inter-connected value chains



- 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

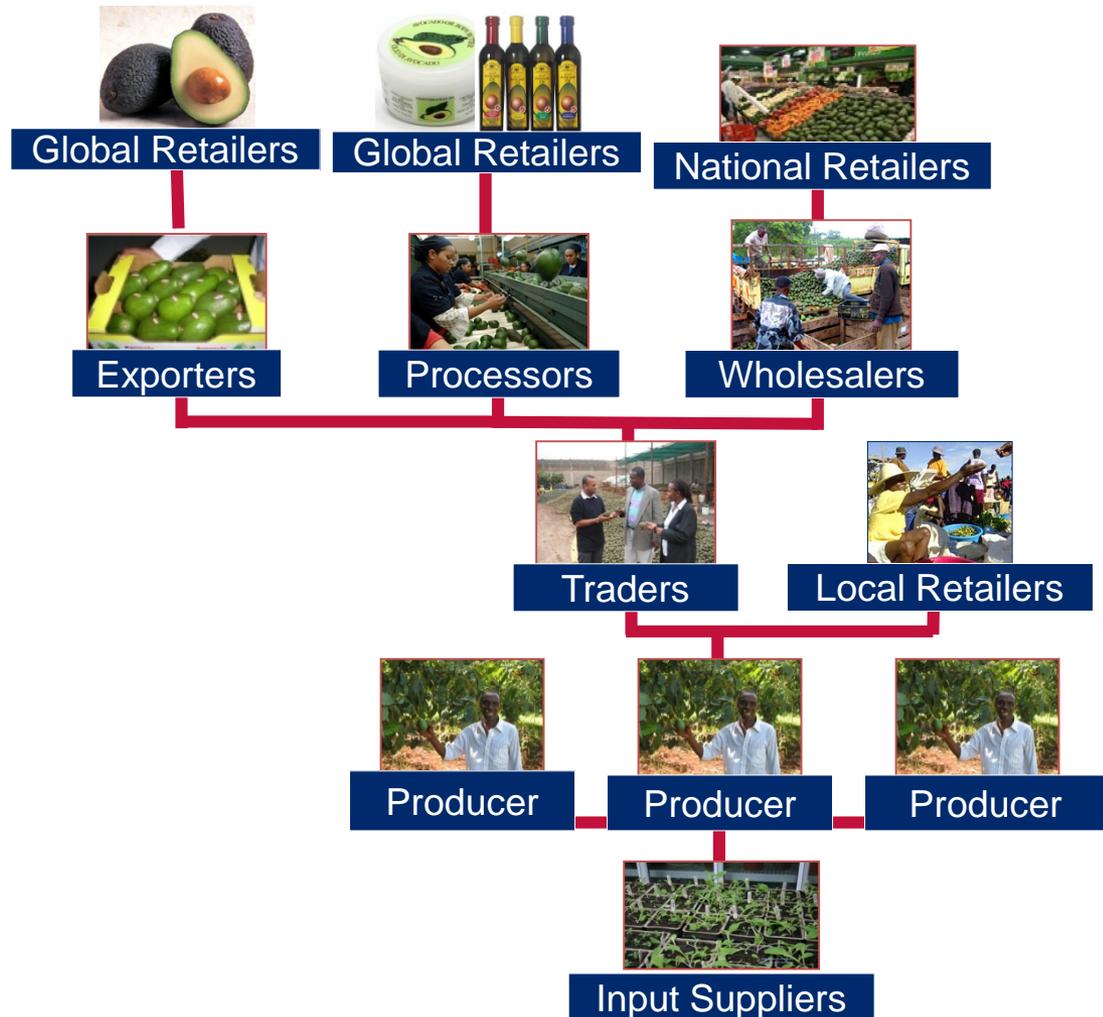
Inclusion – gender, youth,
vulnerable groups



Dynamics – Farm to Market?

Linkages to:

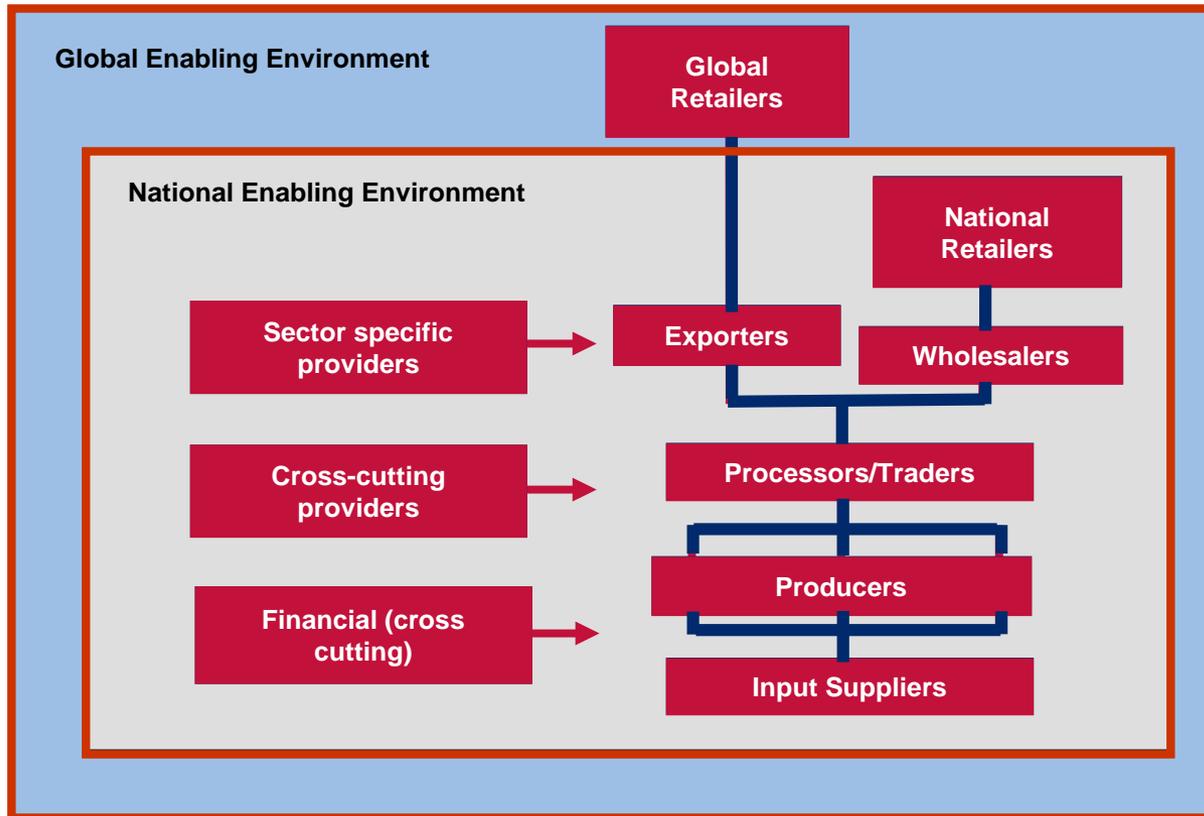
- markets
- inputs
- finance
- new technologies





Dynamics – Value Chain Framework

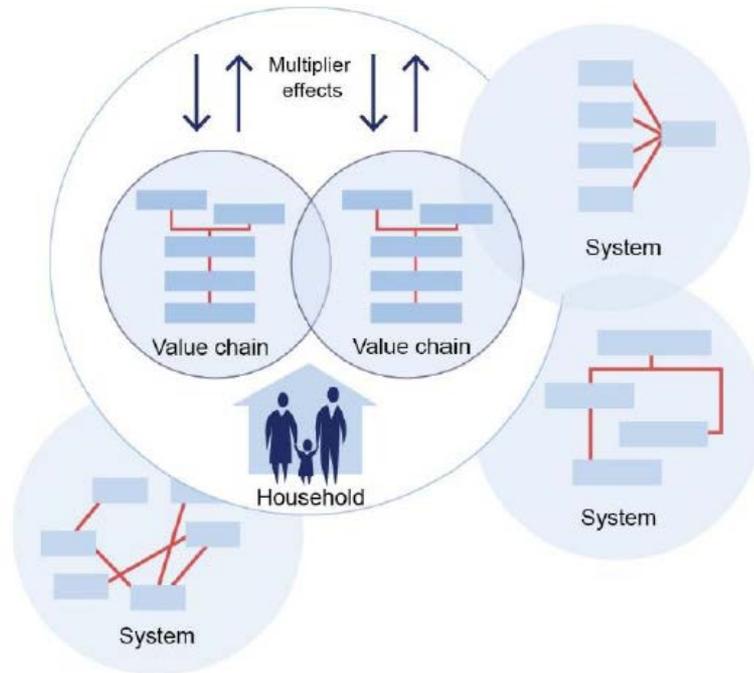
... governance, relationships, and upgrading





Dynamics: A Market Systemic Approach

competitive, resilient and inclusive market systems



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



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Questions?

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FSSC
FOOD SECURITY
SERVICE CENTER



What makes up a market systems activity?

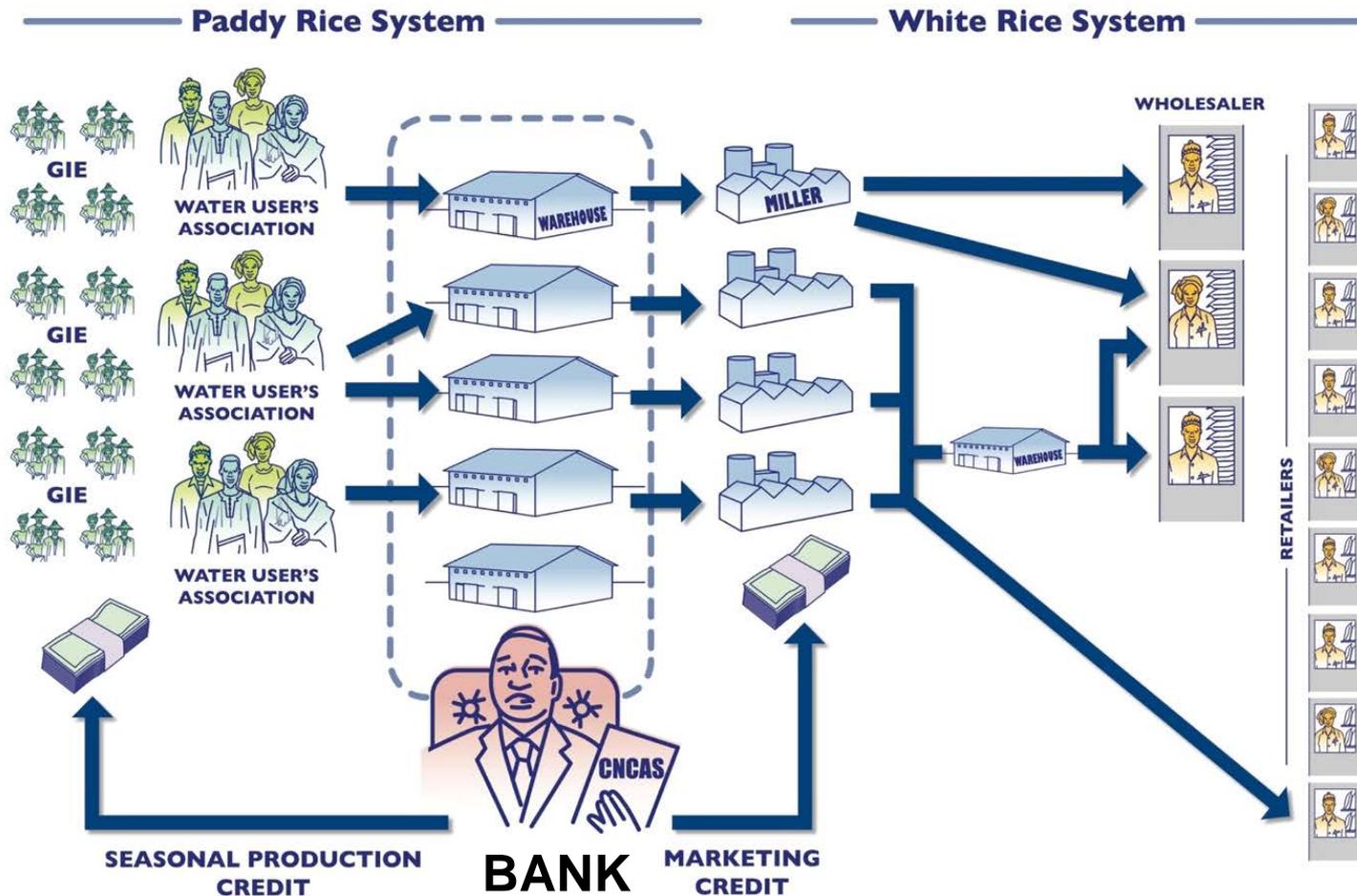
- Designate a note-taker
- Synthesize the advantages and challenges of the feature assigned to your table
- Be ready to provide a one-minute read out with the main advantage and challenge discussed



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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-imbusement 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

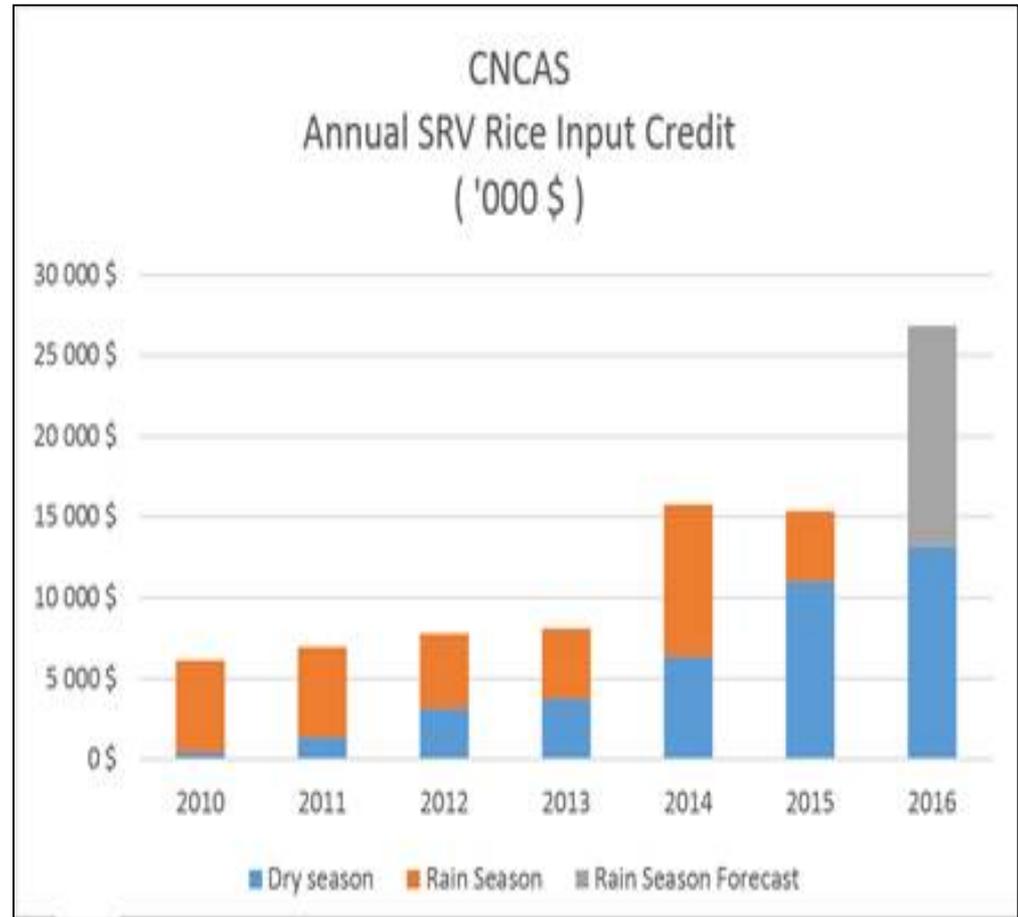


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RESULTS

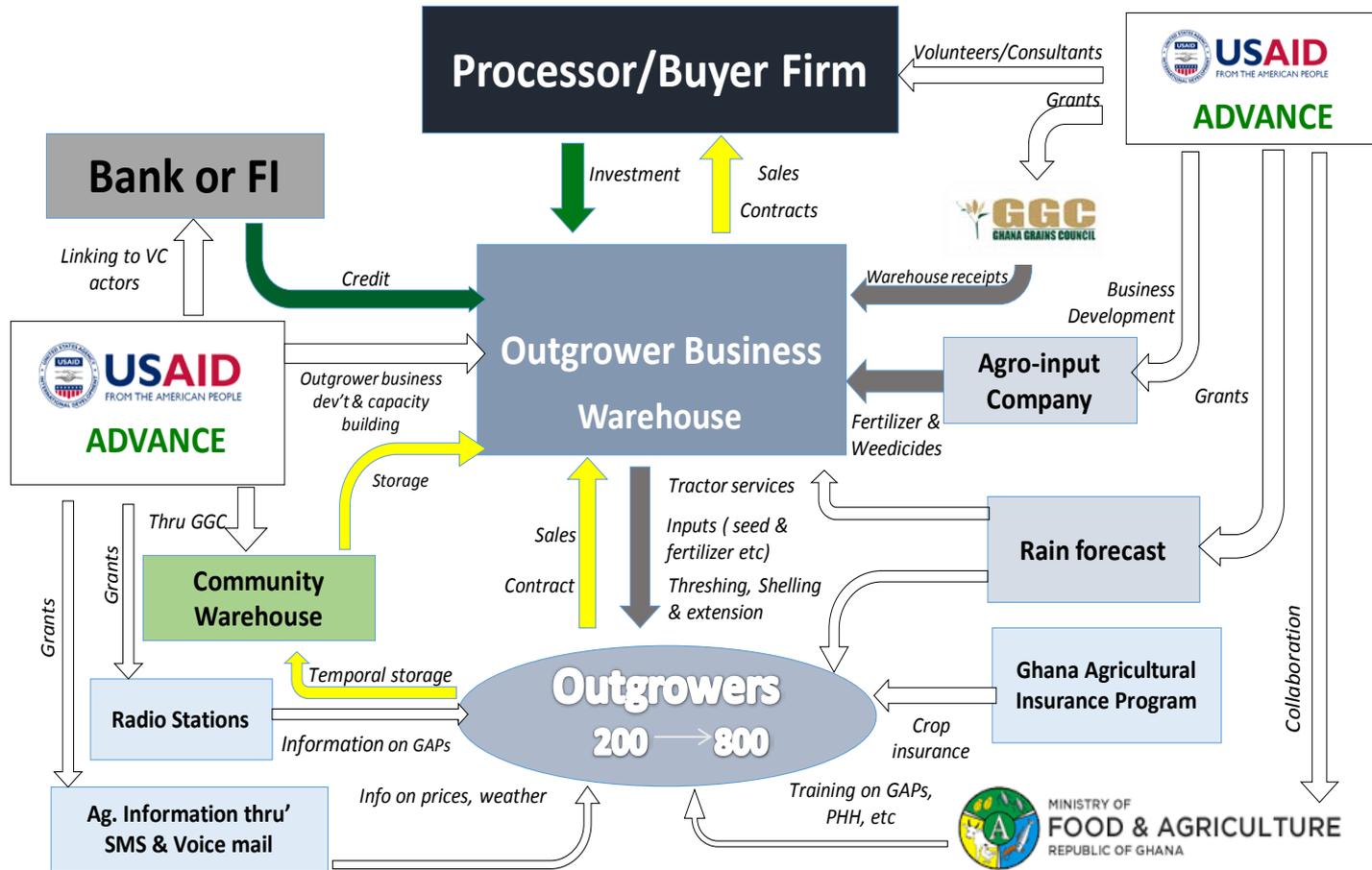




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Outgrower Business Model



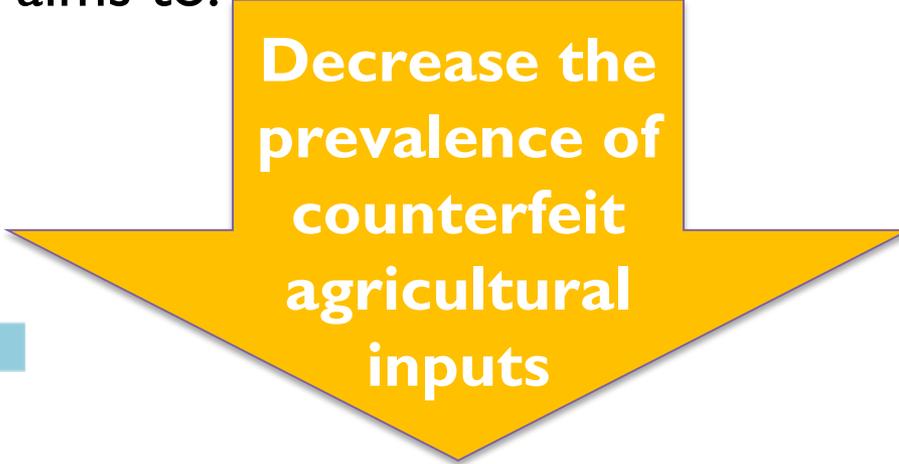


PROBLEM: Uganda has some of the lowest fertilizer application and improved seed usage rates in Sub-Saharan Africa.

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



AgVerify



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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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