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# Linking Producers to Markets: Lessons Learned from USAID's Experience Agriculture Value Chain Development



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# USAID Agriculture Strategy

## *Linking Producers to Markets*

USAID STRATEGY



U.S. Agency for International Development  
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# Bilateral Example - UGANDA

## Agricultural Productivity Enhancement Program





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## Producer Organizations are Key

### Challenges:

- poor managerial skills required to manage large input supply and bulk marketing activities.
- Poor infrastructure—high transaction costs
- Lack of access to credit and market/technical information
- Lack of common voice to engage on policy issues
- Lack of a commercial orientation –farming as a family business
- Lack of access to markets



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# Training, Capacity Building, Governance Essential

## APEP Interventions

- Trained 20 individuals as Producer Organization Trainers (POT).
- POTs have formed 291 POs focused on cotton, coffee, maize, sunflower, sesame, barley, rice and matooke bananas.
- Training to help access and use technology, access credit and financial management.
- Training in bulk marketing and bulk input supply



Site coordinator explains  
benefits of IPM for upland  
rice



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# Producer Organizations

## APEP Interventions

- Access to new production technologies, better access to local and regional markets, improved access to inputs and rural credit
- Depot committees (DC) increase the volume of crop being consolidated at a central pick up point.
- As of September 2006, APEP POs have achieved a great amount of success -- additional sales of \$35 million



Increased farmer incomes through increased production and marketing of agricultural products



## Regional Example – The Regional Agricultural Trade Expansion Support (RATES) Program

RATES is designed to increase the value and volume of agricultural trade in East and Southern Africa. RATES currently supports activities in four sectors: specialty **coffee**, **maize**, **cotton** and **textiles** and **dairy**.

RATES works with regional and national-level trade organizations, private companies, and entrepreneurs to remove barriers to trade

To date, Regional trade has increased by 58% in the RATES supported commodities.



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# **RATES – Lessons Learned**

- **Narrow commodity focus**
- **Narrow geographic focus**
- **Know starting point--baseline**
- **Know value chains—key issues/constraints**
- **Know key private sector and public sector players- Know partners**



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# **RATES – Lessons Learned**

- **Not all commodities require a separate association**
- **Full value-chain membership seems to work better than single segments—holistic approach**
- **Commodity industry stakeholders must “prove commitment through active participation**
- **Regional associations are expensive to run. National trade and business associations more cost effective- start national- move to regional- end result**



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## **RATES – Lessons Learned – Regional Associations do Add Value**

- **Public and Private Partnerships (PPPs): Dairy, Coffee, Cotton and Grains all have working MOU's with COMESA for the purpose of resolving barriers to trade.**
- **Successful in addressing policy initiatives including harmonization of standards, SPS protocols, simplifying trade and customs.**
- **Some other lessons learned for value chain work:**
  - **Design programs benefit to all segments.**
  - **Policy initiatives cannot benefit one chain segment to the detriment of another**
  - **Start with the “easy to solve” constraints**
  - **Realistic Time expectations—10 years**
  - **Role of women in production , finance, governance critical**



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# Priorities I Suppose....

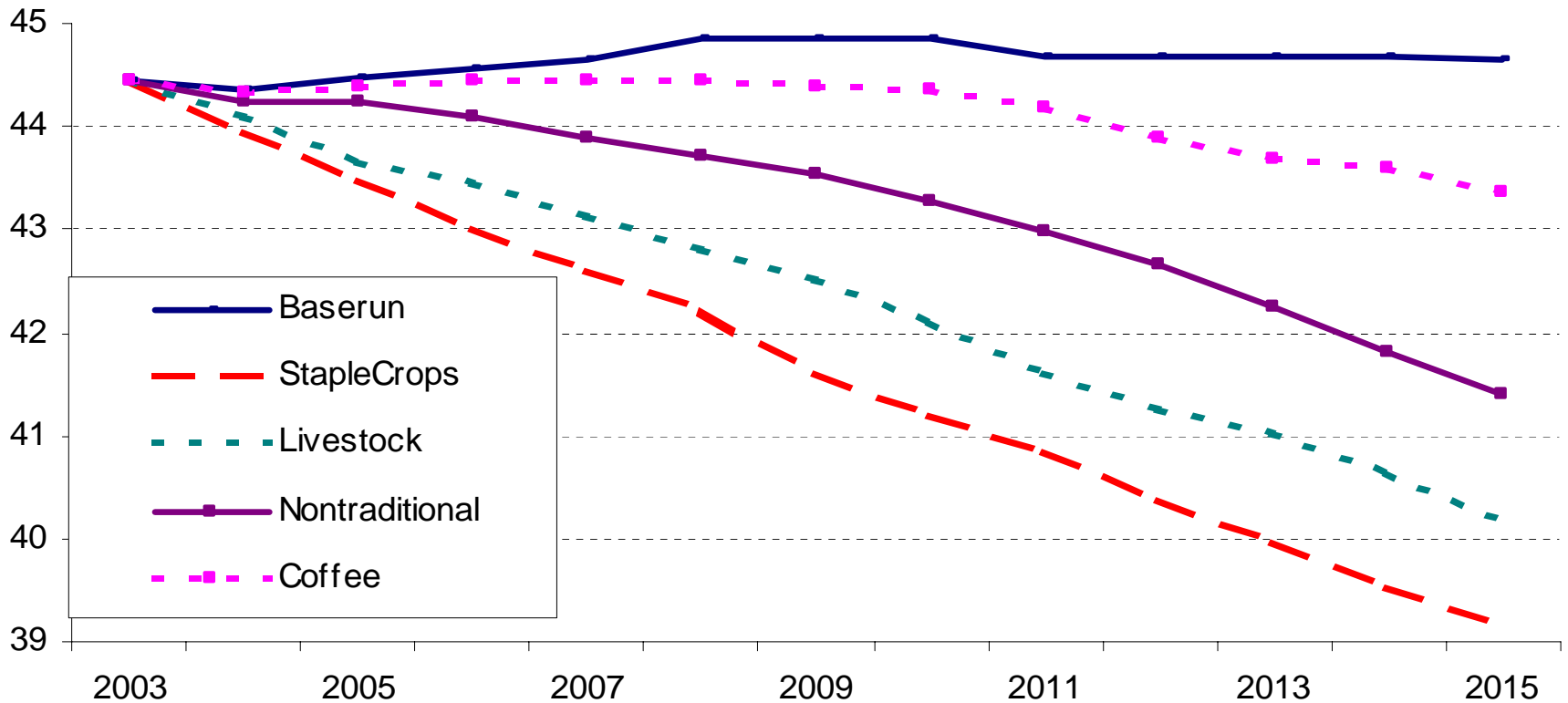




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# Choice of sub-sector investments matters in influencing growth and poverty reduction

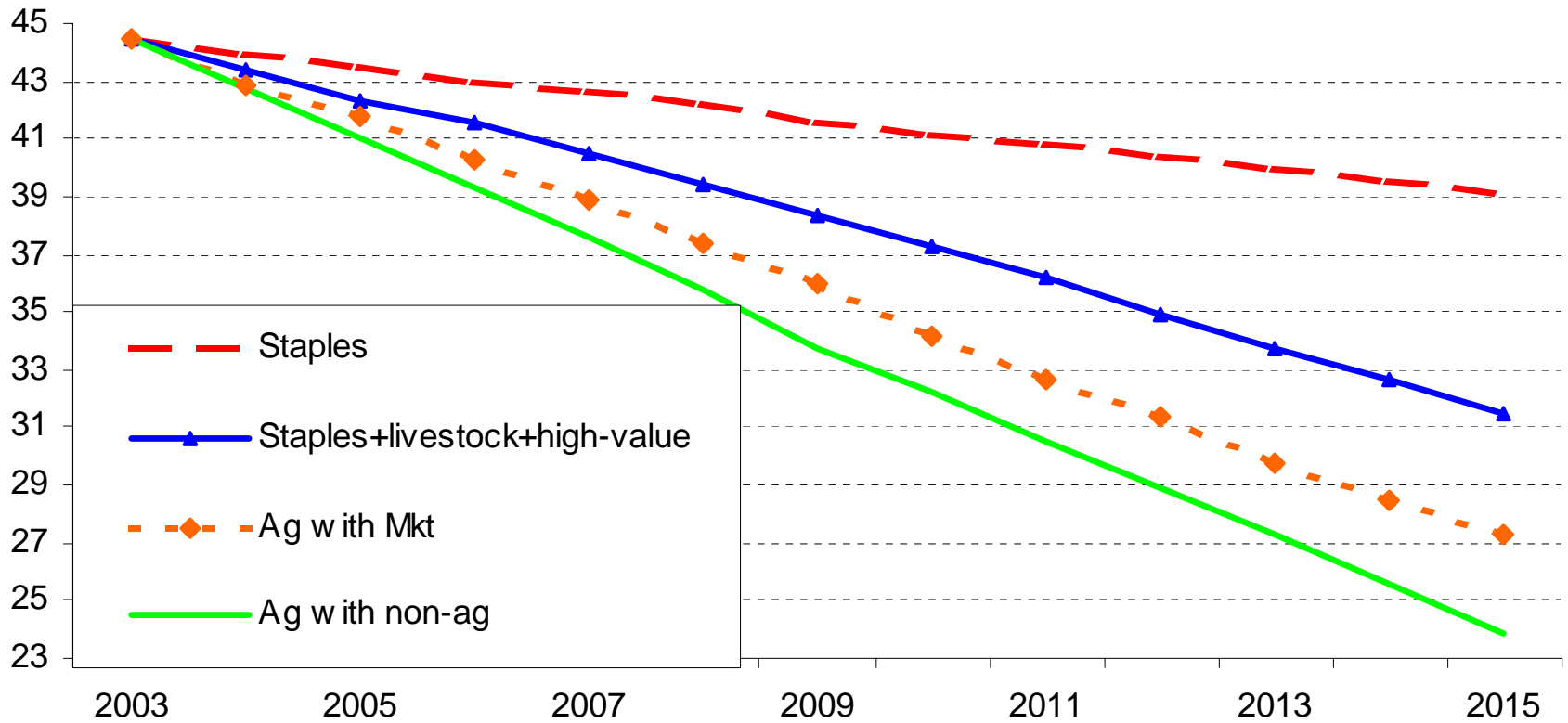
**National poverty ratio (%)**  
under different agricultural growth scenarios





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## National poverty ratio (%) under different growth scenarios





# Helping to Set Priorities - Commitment to CAADP

- To accelerate the CAADP strategy, (USAID) has aligned the US Presidential Initiative to End Hunger in Africa in support of this African vision of transformation and economic growth
- Support Regional - Economic (COMESA, ECOWAS) and Technical Organizations (ASARECA, CORAF)
- Build Capacity to Facilitate Public / Private Partnerships-GDAs
- Support and draw on guidance from Expert Reference Groups
- Support Individual Country Process / Programs-Roundtables
- Facilitate more private sector involvement and development of PPPs
- Strengthen Strategic Analysis Knowledge Support Systems (SAKSS)



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# Priorities for This Year in Collaboration with Partners



Getting Regional Staple Food Markets  
to Work

Developing Seed and Fertilizer Alliance  
in West and East Africa

Continuing our Work at the Country  
and Regional Level to Link Producers  
to Markets

Using Food Aid Resources Creatively  
to Link Vulnerable Populations to  
Markets

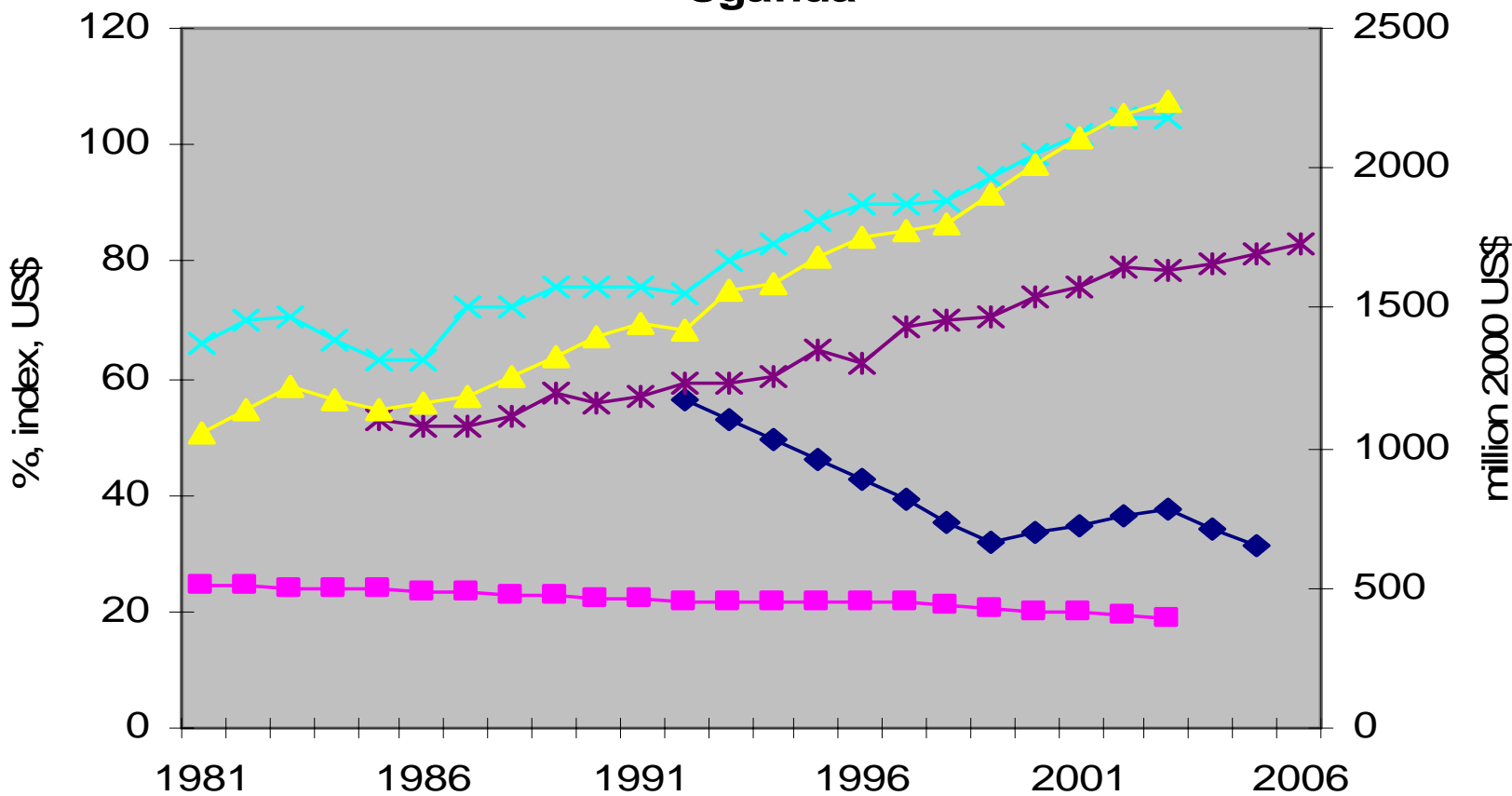
Promoting Excellence in S&T



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# Signs of Transformation

## Uganda

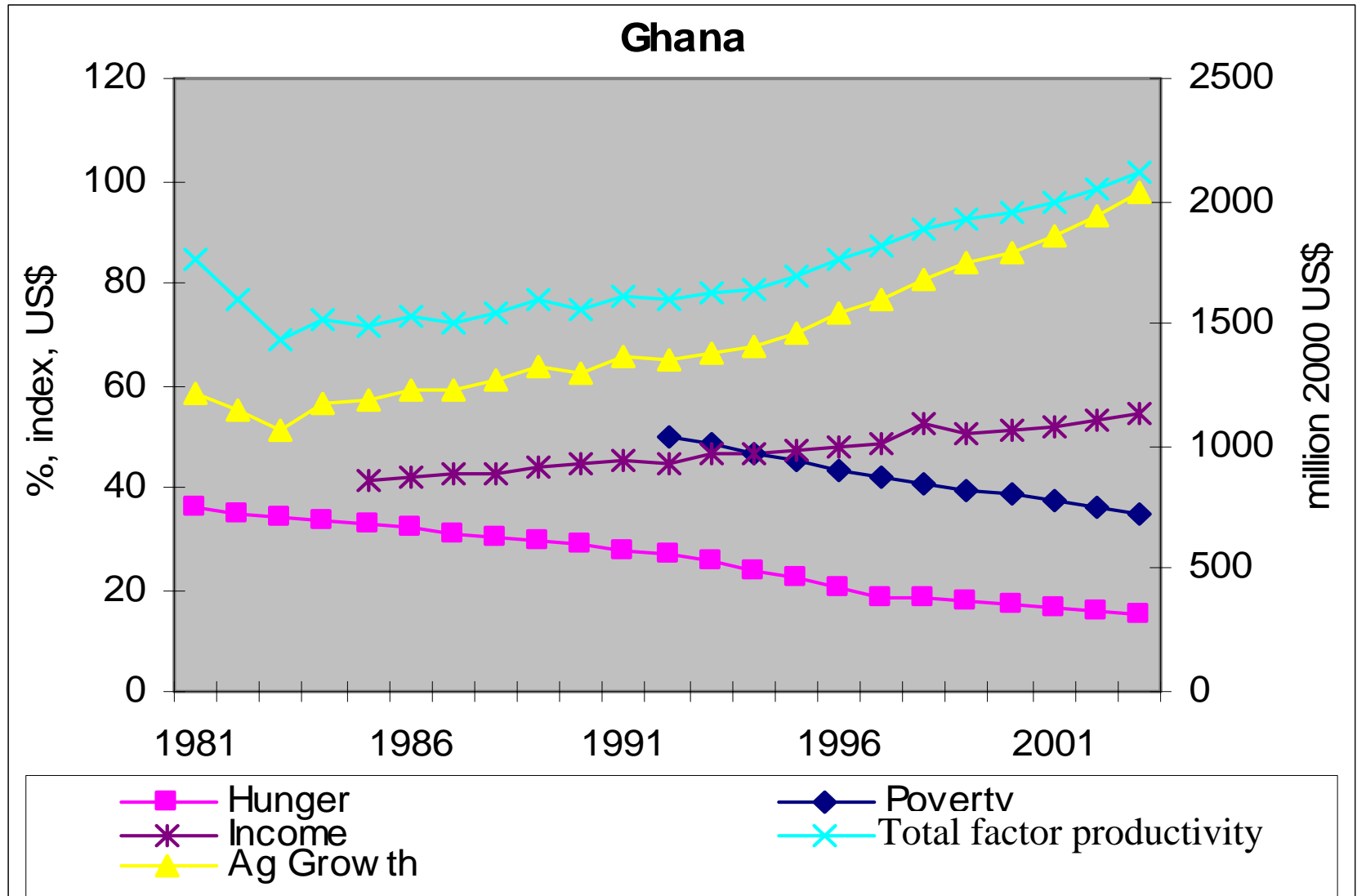


- Hunger
- ◆ Poverty
- \* Income
- × Total factor productivity
- ▲ Ag Growth



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# Signs of Transformation





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*Thank You!*

