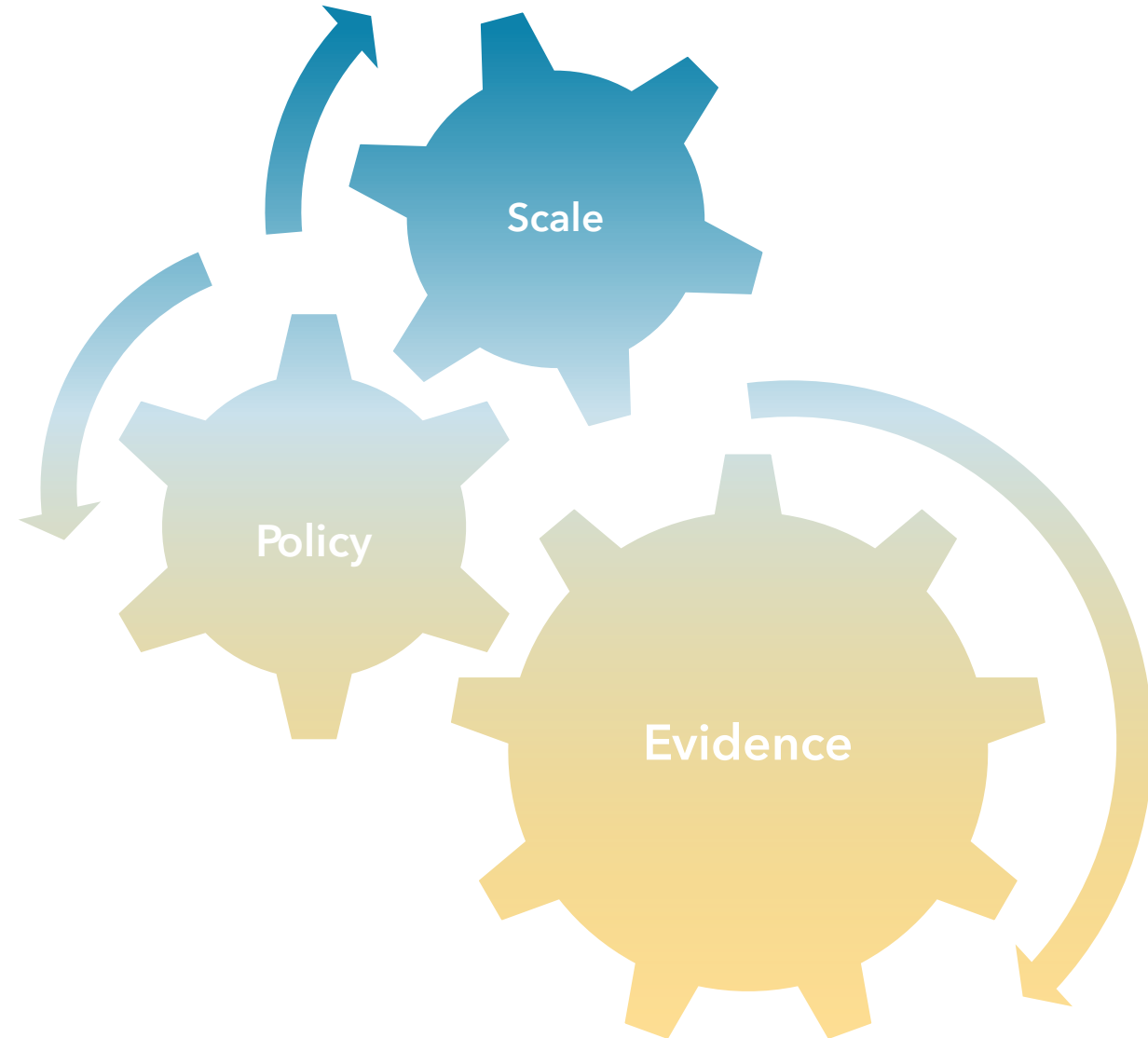
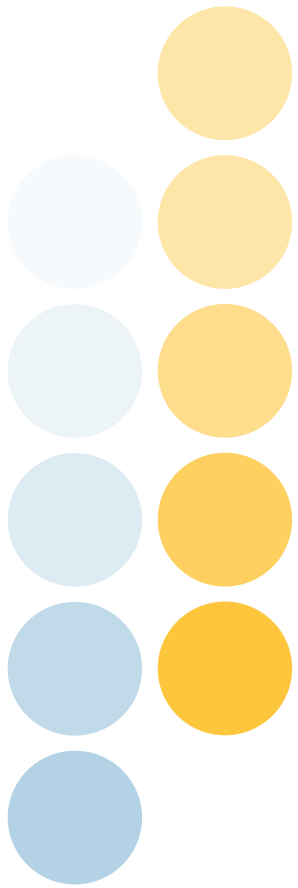


Impact Evaluation Collaborative

Moving Economic
Inclusion to Scale

IE WORKSHOP





Testing how to support smallholder farmers' market access and integration in value chains

Benedetta Lerva

INTRODUCTION

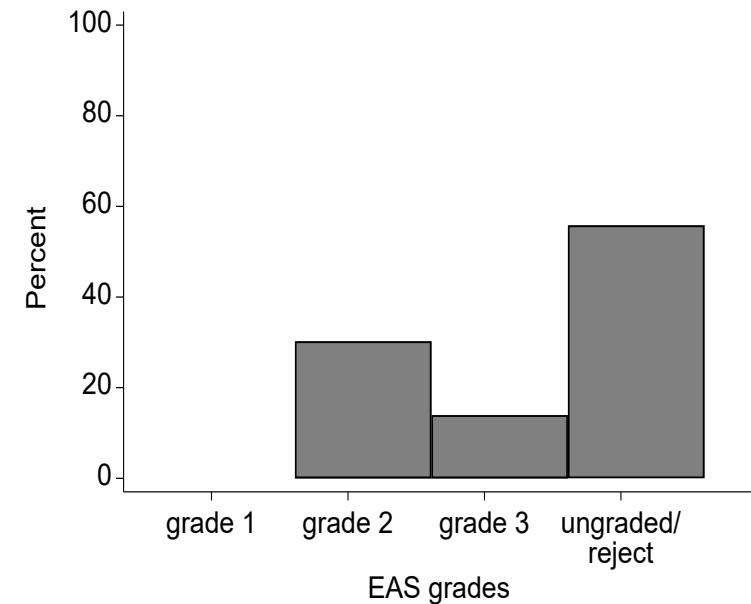
Connecting Farmers to Markets

- 80% of the world's poor live in rural areas
- 65% of poor working adults make a living through agriculture
- Many smallholder farmers are not integrated in quality value chains
 - Low technology use → Low quality → Low prices → Low incomes
- Farmers cannot participate in value chains if their produce is substandard
 - Cannot be sold in supermarkets
 - Cannot be used as input for processed foods
 - Cannot be exported

ZOOMING INTO ONE PROGRAM

How can a program promote quality upgrading?

- Work by Bold, Ghisolfi, Nsonzi, Svensson in Uganda [Forthcoming, AER]
- Look at maize: commonly grown food crop among poorer households
 - Matters for nutrition
 - Matters for rural incomes
- Quality of maize is low in program area
 - Lab tests on samples of maize
 - Use East African Standard (EAS) grades
 - 60% is ungraded - not safe for consumption



ZOOMING INTO ONE PROGRAM

How can a program promote quality upgrading?

Can think of two reasons:

- Farmers do not know how to improve quality of their maize
 - Lack of agricultural extension
- Farmers do not find it profitable to improve quality
 - Lack of demand for high quality maize
- Two RCTS:
 - [Agricultural Extension + Demand Intervention] vs Control
 - Agricultural Extension vs Control

ZOOMING INTO ONE PROGRAM

Details of Interventions

1) [Agricultural Extension + Demand Intervention] vs Control

- Demonstration plot in village
- Meetings with extension agent in demo plot
- Topics: plot preparation, planting, weed/pest management, harvest/post-harvest handling

2) Agricultural Extension vs Control

- Buy only quality maize
- Pay a 15% price premium on village price (5% town price)
- Ensure quality with moisture meter, scale, visual inspection

ZOOMING INTO ONE PROGRAM

Details of Interventions

1) [Agricultural Extension + Demand Intervention] vs Control

- 20 villages, 12 T, 8 C
- 180 households, 104 T, 76 C

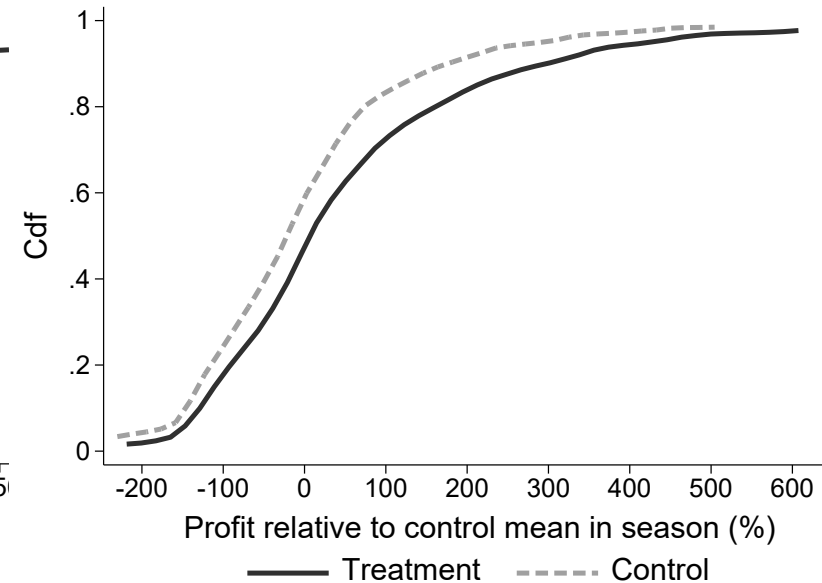
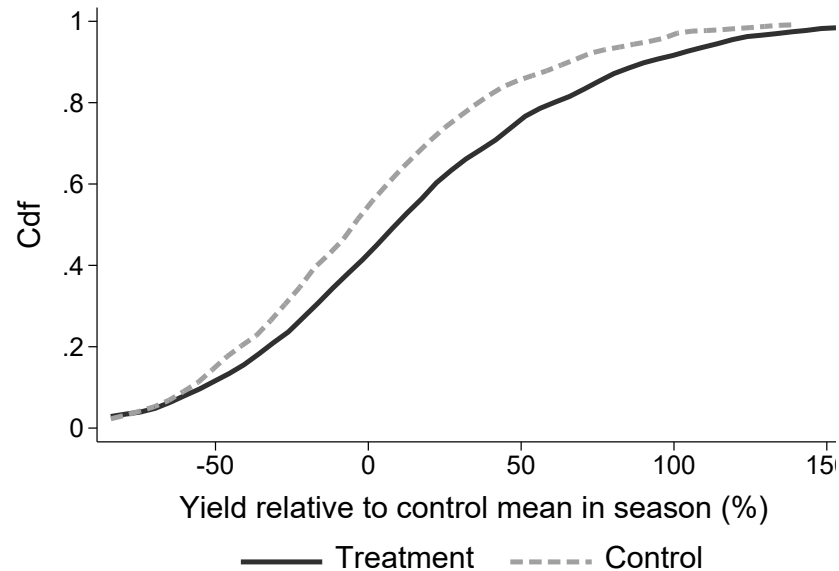
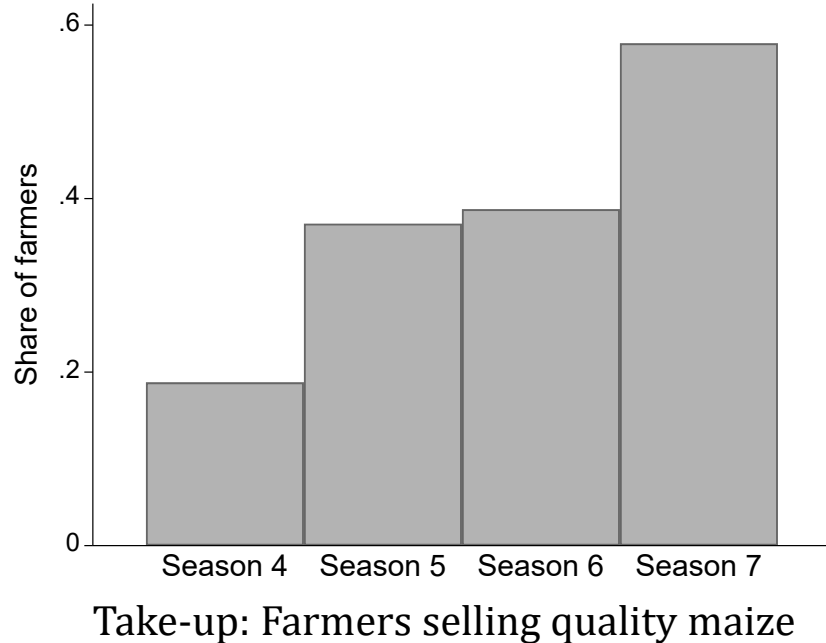
2) Agricultural Extension vs Control

- 18 villages, 9 T, 9 C
- 164 households (82 T, 82 C)

ZOOMING INTO ONE PROGRAM

Results of Agricultural Extension + Market Intervention

- Farmers increase the quality of their maize, get higher yields and profits



ZOOMING INTO ONE PROGRAM

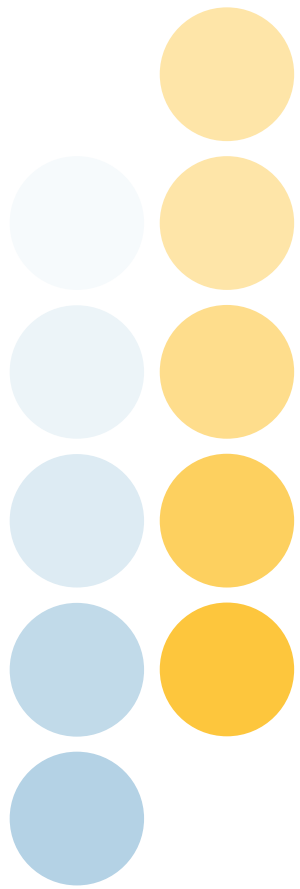
Results of Agricultural Extension Only

- Nothing to show! No impacts on:
 - Prices
 - Maize acreage
 - Harvest
 - Harvest value
 - Yield
 - Monetary expenses
 - Profits

DISCUSSION

Quality Upgrading Leads to Economic Inclusion

- Impact of coupled intervention yields 36 - 80% increase in profits
- Need for demand side interventions
 - Thus far, mainly supply side interventions with farmers (trainings, subsidies...)
- Demand side interventions may be costlier but cost-effective in long run
- Some examples of policies that could enforce quality standards
 - Government bulk purchases
 - Home-grown school feeding
 - Favor entry of exporters



Benedetta Lerva
blerva@worldbank.org

Thank you!



PEI FUNDING PARTNERS



Implemented by

