



# EFFECTIVENESS OF VALUE CHAIN INTERVENTIONS IN POVERTY REDUCTION: A CASE STUDY OF SELECTED PACE PROJECTS IN BANGLADESH



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# OUTLINE

- Terms of reference
- Placement organization
- PACE
- Introduction
  
- Literature review
  
- Theoretical framework
  
- Conceptual framework
  
- Methodology
  
- Results
  
- Suggestions for project improvement
  
- Conclusion

# Terms of Reference



- IFAD supports VCD in different economic sectors
- IFAD MDP Universities win win partnership across the world
- Student engagement
  - Assess effectiveness of VC support interventions in selected PACE projects
  - Determine effectiveness of activities in reducing poverty
  - Provide recommendations for improvement
  - Learn about developmental issues
- Submission of field report to IFAD, University of Botswana & PKSF

# PLACEMENT ORGANIZATION

- Palli Karma-Sahayak Foundation (PKSF)
- Apex developmental organization
- Initiated by Government of Bangladesh in 1990
- Provision of financial services
- Sustainable poverty reduction through integration of
  - Capacity building
  - Technology transfer
  - Value Chain development
  - Technical services



# Promoting Agricultural Commercialization and Enterprise (PACE)

- Fourth project under COSOP (2012-2018) of IFAD for PKSF.
- Upscaling of FEDEC
- PACE combines Financial & Non financial services for micro enterprise development
  - Up scale successful VCD activities
- Covers 3 components
  - Financial services for microenterprise
  - Value chain development
  - Project management
- Provides support activities
- Increase income, create wage employment and reduce poverty
- Relevant to pro –poor entrepreneurial development

# Contd.,

Basic information on PACE	Goal & Objectives	Beneficiaries	Project financing (USD million)
IFAD Loan no.20000000722 IFAD Grant no 20000000835	<b>Goal:</b> To enhance livelihoods (higher income from self-employment, business profit and wage employment and food security) of the moderate and extreme poor (men and women) in a sustainable manner.	<b>Direct beneficiaries:</b> Incremental Microenterprise loan borrowers: 102 000 Participants of VCD interventions: 300000 (Farm: 250000; non farm: 50000)	IFAD 40.00
Project duration: 2015-2020 Project completion: December 11, 2020			Korean Grant 0.36
Working area: All over Bangladesh			PKSF 22.45
	<b>Objective:</b> The development objective is to increase sales and incomes from existing and new microenterprises and to create new wage employment opportunities for extreme and moderate poor people.	<b>Indirect beneficiaries:</b> Borrowers of other lending windows but participants in VCD activities Indirect adopter of technologies and management practices and incremental wage employees in MES: 13000	Partner Organizations of PKSF 30.04

# INTRODUCTION

- Bangladesh is bestowed with natural resources.
- Extreme poverty decline lead by China (Leary, 2016).
- 1.2 billion people still in extreme poverty
- Abject poverty found in areas with poor health, education, unemployment, depleted natural resources, corruption etc.
- Poverty persistent in sub-Saharan Africa (SSA) and Southern Asia (Leary, 2016).

# Statement of the problem

- Certain demographic groups and geographical areas have not achieved as much progress against poverty as others (GOB, 2015).
- Different market structures hampers benefits for the lower chain actors.
- Market exploitation
- Inability to cope with abrupt shocks
- Value chain development
  - Sustainable economic development
  - Profit maximizing
  - Reduction of trade barriers
- Little is known for its impact on poverty reduction



<b>RESEARCH AIM:</b>		<b>To assess the effectiveness of value chain interventions in poverty reduction in PACE selected project in Bangladesh</b>	
<b>Research question</b>	<b>Objective</b>	<b>Hypothesis</b>	
How socio-economic factors impact on benefits derived from value chain interventions by the project participants in PACE?	To establish how socio-economic factors impact on benefits derived from value chain interventions by project participants of PACE.	There is no significant relationship between socio-economic factors impacting on value chain interventions' benefits derived by project participants of PACE	
How did value chain reduce livelihood poverty of PACE project participants?	To determine the impact of value chain support measures in reducing livelihood poverty of PACE project participants	There is no significant relationship between impact of value chain support measures and livelihood poverty reduction.	
What is the level of women participation in the PACE project?	To determine the participation level of women in PACE Projects		
What are the perceptions of value chain actors regarding waste management?	To establish the perceptions of value chain actors on waste management		

# LITERATURE REVIEW

- Bangladesh still faced with extreme poverty, resource exploitation and natural disasters.
- Poverty- multidimensional deprivation including exclusion
- Value chain development
  - Promotion of farm and non-farm sector
- Sustainable economic growth
  - Equitable income distribution
  - Employment generation
- Poverty reduction
- Resource management

# Selected Case Studies of PACE

- **Farm Sector-** Buffalo Farming & Mung bean Production.
- **Non- Farm sector-** Dry Fish Production & Shoe production.
- Presentation will only share for Buffalo farming and Dry Fish Production.

# Buffalo Sub-sector

- 1.61 billion buffaloes ( South Asia 12.80 %, East Asia and South East Asia 8.40%).
- Possess highest potential for production and promising gene pool which is under utilized.
- Source of milk and meat, draught, leather.
- Comparable to cow buffalo milk is higher in fat and energy.
- Bangladesh Buffalo ppn 1.457 million (40% found in Coastal areas), managed at household subsistence farming .
- Mostly Reverine buffalo, non-descriptive breed exist in Bangladesh.
- Multiple problems- management practices.
- High inbreeding reducing milk & meat production and high mortality rate.

# Dry Fish

- ❑ Popular food item
- ❑ Prominent source of protein and Omega Fatty Acids
- ❑ Low income communities main source of protein
- ❑ 7.5 million coastal people source of livelihood
- ❑ Exploitation by middle men, inadequate storage facilities, pesticide use etc
- ❑ Fisheries sector contributes 3.69% to Agricultural GDP, 63% animal protein and 2.09% Foreign exchange earnings (Chandra, 2006; FRSS, 2015)
- ❑ Insignificant contributions
- ❑ Safe production of dry fish Project
  - extension of Fish drier and organic technology
  - increase marketing and promotional facilities

# Ongoing interventions under value chain sub-projects

- Skill development
- Technology transfer
- Marketing activities
  - Quality control (sample testing, certification, Packaging)
  - Demonstration plot, billboard, signboard, television advertising, video documentary, cross visits, conference, meetings.
- Knowledge distribution
  - Leaflet-folder-booklet, trade fairs, television advertising, conferences, video documentary

# Progress highlights of selected VC sub-projects

- **Mung bean-** 43 ton sold to GYM

- .8 million Taka earned as profit by participants

- Each kg earns 20 taka extra

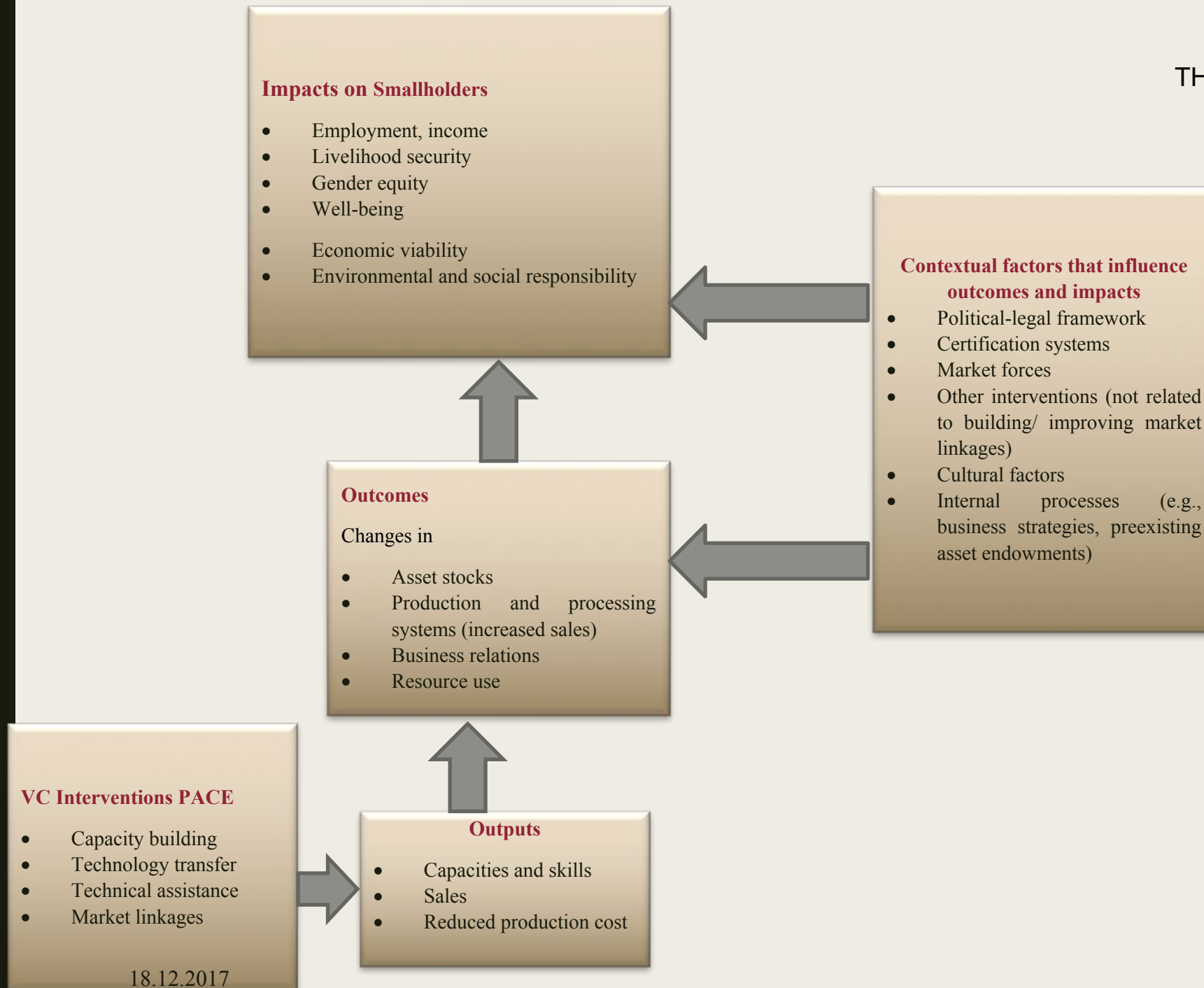
- **Shoe production** – upscaling to recycling and women participation

- improvement in quality shoe production and mechanization of small factories

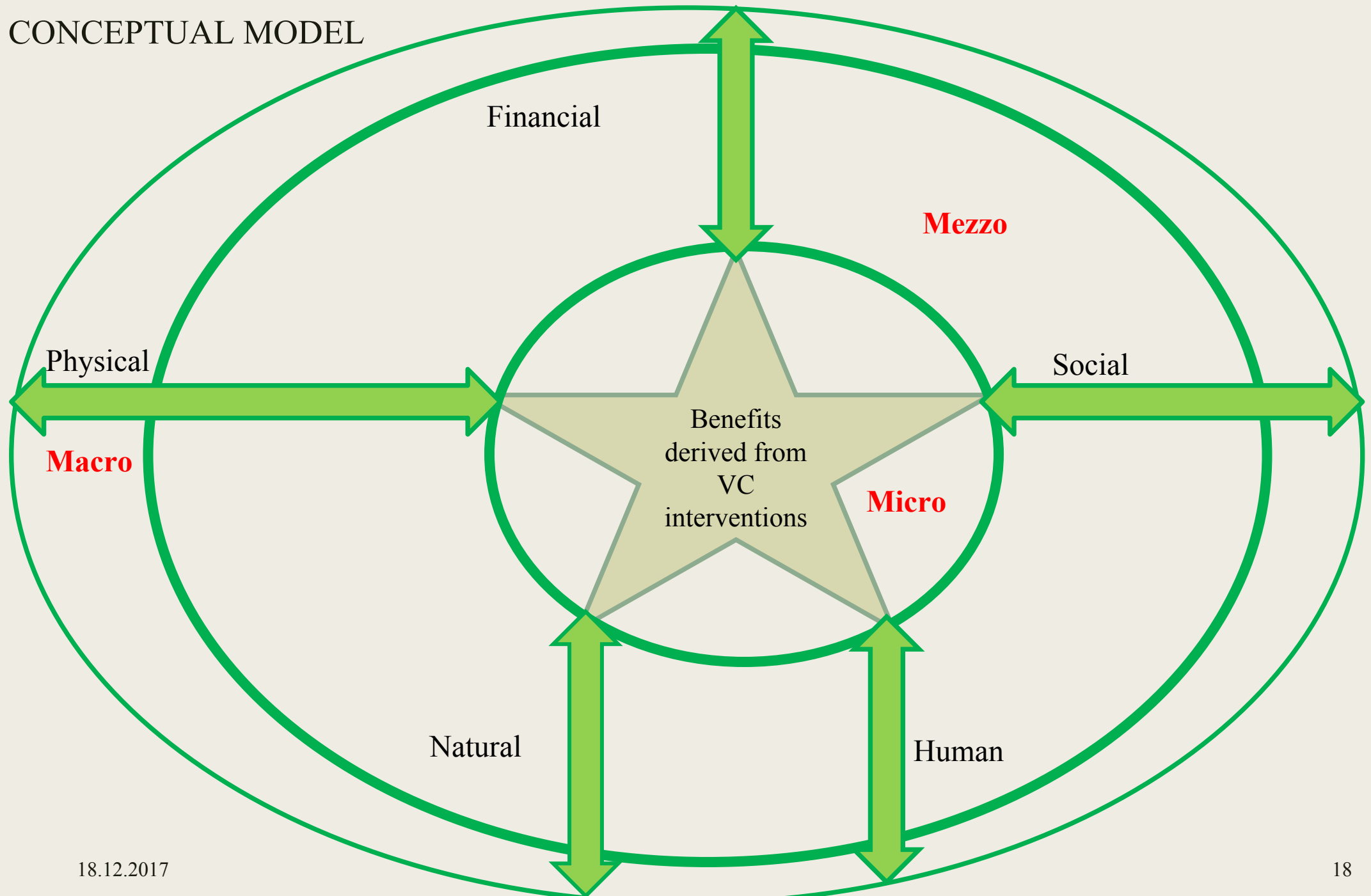
# THEORETICAL APPROACHES

- **Value chain:** gives enterprises a competitive advantage in **trading commodities**; increasing **sustainability** in meeting **customer demand** and profit; helps define relationships and flow of products and identify entry points to improve the chain (Porrah *et al*, 2017)
- **Ecological perspective:** human problems are caused by **complex interplay** of psychological, social, economic, political and physical forces (Pardeck, 1981).
- **Scapitals: asset based approach;** observed changes in household and business assets resulting from VC interventions are indicators for poverty reduction and improved business performance; Human, social, natural, physical and Social changes provides a picture of **livelihood resilience** and **business viability**.





# CONCEPTUAL MODEL



# METHODOLOGY

- Mixed research method approach
- Data collection: open & close ended questionnaires, Key Informant interviews & Focus Group Discussion
- Data analysis: PPMC, Multiple regression and Content thematic analysis
- Validity testing: Cronbach's Alpha, Triangulation
- Mixed sampling design (Simple random sampling/ stratified sampling)
- Study Area- Bhola (GJUS), Bhairab (POPI) and Cox Bazaar (Coast Trust)
- Target –participants of PACE project & 1 control group for dry fish
- Sample size- 150 (50 per study area)

Objective	Variable	Indicators	Techniques	Tools	Analysis
To establish how socio-economic factors impacting on value chain interventions influence the benefits derived by project participants of PACE	Income	Amount earned per month Alternative source of income	Questionnaire (Open and close ended)	Questionnaire	Pearson Product Moment Correlation
	Employment	No. of people employed No. of temporary laborers No. of long term employees No. new employment opportunities			
	Psycho-social Demographic	Mutual trust Partnerships established Religion Years lived on earth Married, single, divorced, widowed Male, female	Focus group discussion	Focus Group Guide	Multiple regression
	Productivity	Quantity of sales made Quality of products made			
To determine the impact of value chain interventions in reducing livelihood poverty of PACE project participants	Linkage Impact	Access to market Access to information Asset accumulation Access to health, education, Acquired life skills	Key informant interview	Interview Guide	Thematic content analysis
To establish the perceptions of value chain actors on waste management	Perceptions Environment	Values Recycling plan Natural resource used	Questionnaire Key informant interview Focus group discussion		

# Results of Safe Dry Fish Production

Variable	Project participant	Non –Project participant
<b>Demographic:</b> - Age - Sex - Membership association	Youth All male NGO members	Youth All male
<b>Income:</b> - Amount earned per month - Alternative sources	50 000 Taka No alternative (15% available)	20 000 Taka No alternative (20% available)
<b>Linkage:</b> - Access to market - Access to information	Agree Cell phone & other actors	Communication linkage with others
<b>Impact:</b> - Asset accumulation - Increase in income	Totally agree Totally agree	Somewhat agrees Agree

# Technology transfer



# Technology usage



Combination of technologies

# Skill development & Quality control



What is the difference?



# Market systems

Packaging

Branding



# Market systems results



- Involvement in all level of dry fish value chain
- Communication linkage with other dry fish retailers
- Price bargaining
- Compromise of Quality and safety

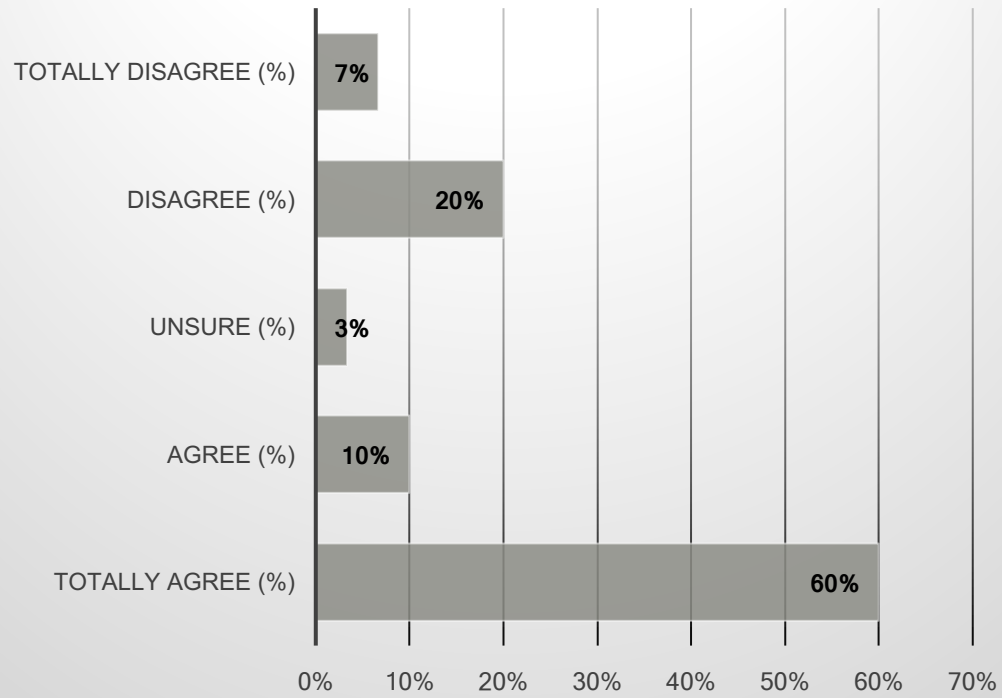
# Women participation



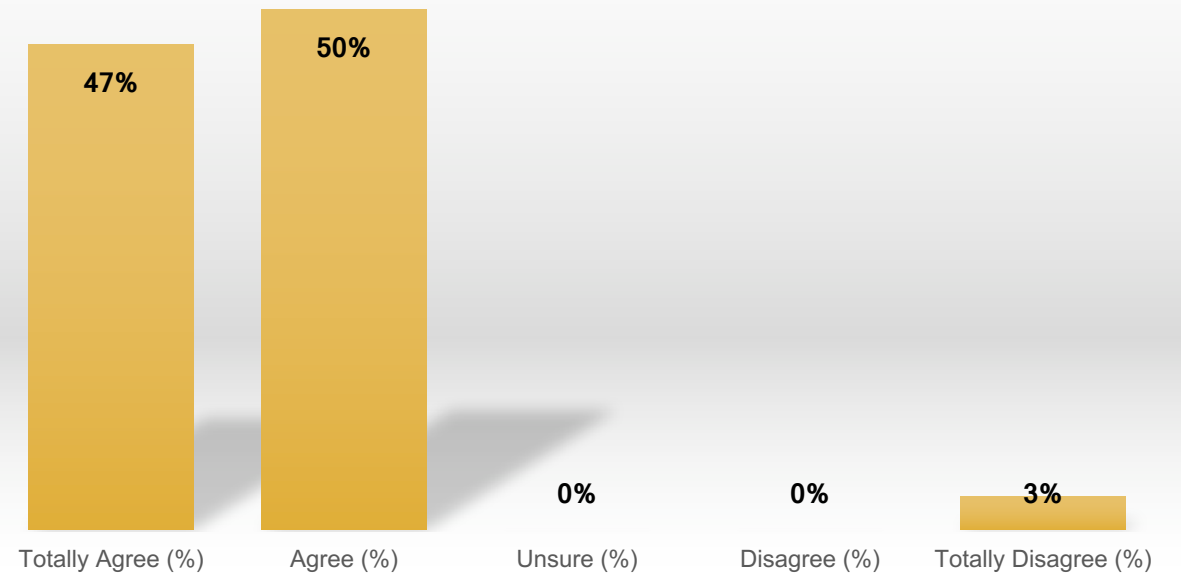
# Results of Buffalo production



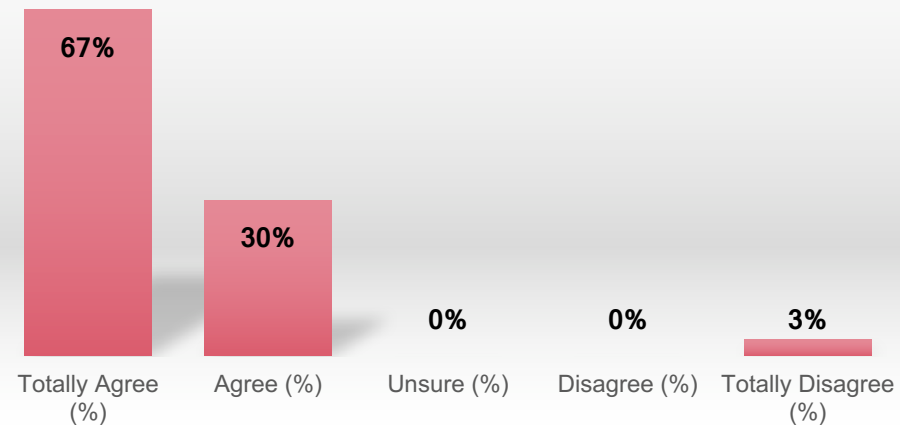
## I used to be poor.



## My income increased

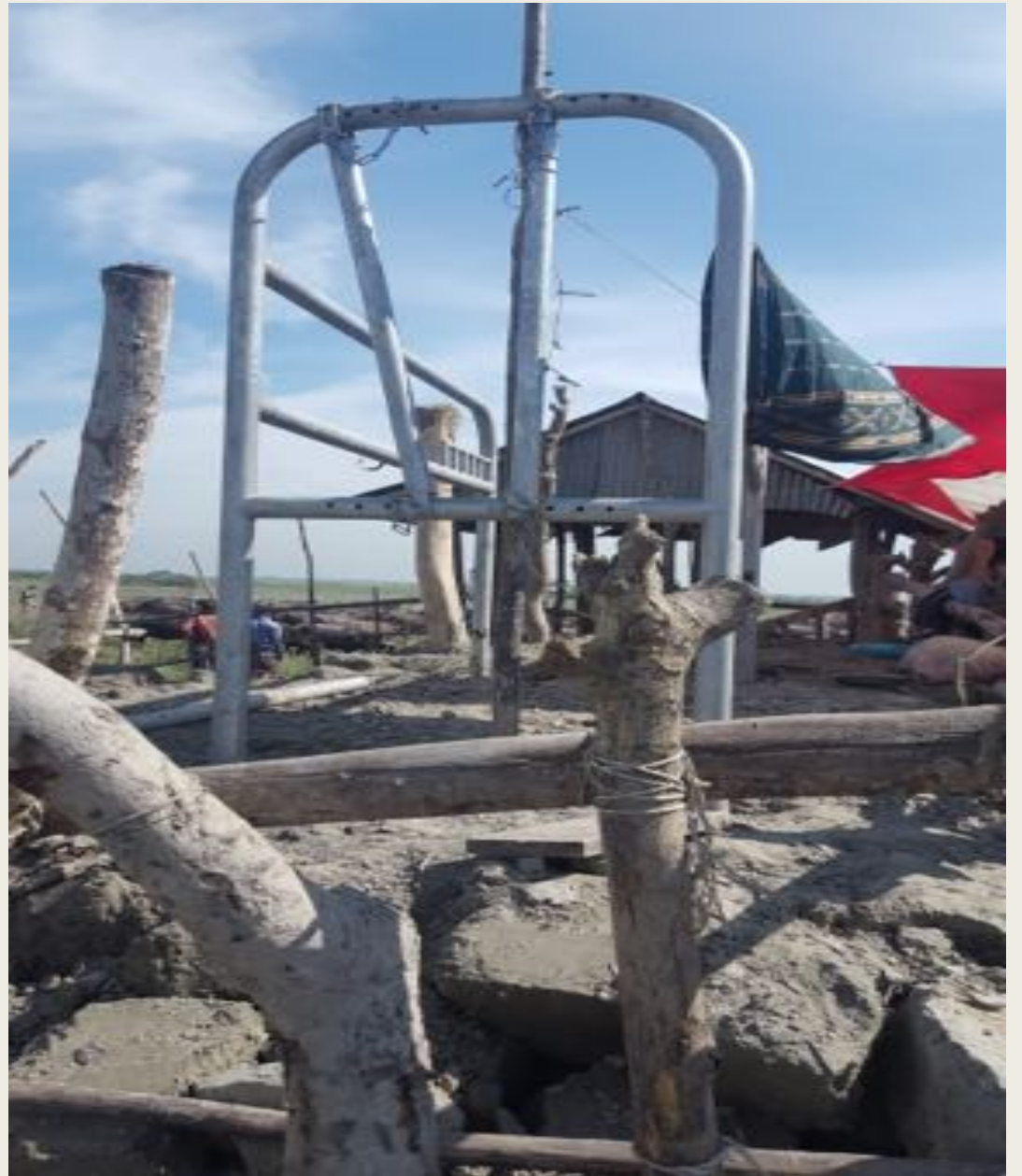


## I have access to health care and education through my income.





**0% mortality report  
since project  
started**





# Suggestions to expedite livelihood improvement of project participants

## **Safe Dry Fish Production**

- ❑ Involvement of women as entrepreneurs in dry fish upward market engagement (currently most women work as laborer).
- ❑ Further expansion of technologies size and quantity.
- ❑ Promotion of aquaculture as a secondary source of livelihood.

## **Small Scale Shoe production**

- Involvement of women as entrepreneurs in small shoe factory forward market engagement.  
e.g transportation sub-contracting
- Special services for women (Widow, divorcee, single women) to increase shoe industry participation (to increase more involvement of women).



# Contd..,

## **Buffalo**

- Increase specialized milk products (cheese, toning milk etc).
- Milk value chain development for metropolitan cities and global marketing.
- Create a market for tender aged buffalo meat and make marketing interventions.
- Creation of killer for buffalo in Char areas during project up scaling.
- Bholra buffalo brand

## **Mung Bean**

- Market growth with other companies beside GYM for international linkage
- Extension for mass production

# CONCLUSION

- Production cost reduction, ensuring superior quality and competitiveness of the products is vital for profit maximization.
- Marketing relationship needs to be strengthened and networking created.
- Value chain interventions help small producers to enter high value markets.
- No blue print exist to reduce poverty.
- Entrepreneurship development can expedite poverty reduction.



18.12.2017



Botswana....my pride your destination.

World's wildlife conservation model; World's largest diamond; Tourism hub; a desert but a land of plenty....



Thank you...

Donno Bad...

Ke a leboga !