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“Agricultural development within the rural-urban continuum”

## Enterprises Development for Value Addition: The Missing Piece in Rural Development?

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### Abstract

Rural development in least developed countries has been in the focus of development agents and Governments for many decades now. Despite the enormous evidence on both the positive and negative impacts that rural development projects have had many rural dwellers still remain in poverty. This paper argues that rural development has often focused too much on primary production and marketing of often low-value agricultural commodities neglecting the income and poverty reduction potentials of value addition and an adequate distribution of this value added among rural households. Such value addition can lie in producing better quality products and further adding value through improved packaging, transport, and storage as well as in processing and transforming products for local markets and beyond.

Our research engaged in the study of 6 recent cases of rural development projects initiated by development agents such as GIZ, IFAD, USAID, SNV, the World Bank and UNIDO in a range of sub-Saharan African countries. The results indeed show a bias towards technical solutions in primary production and marketing while the percentage of value added that remains within rural communities is often below 5% of the end-product prices. The reduced participation of rural households in value addition is partly due to underdeveloped entrepreneurial skills and the lack of solid businesses development, be it on the level of farms or within the further transportation, processing and marketing businesses in rural areas. The author therefore suggest that development agents and Governments that aim at rural development study well the existing opportunities in value addition to be able to complement approaches of improved primary production. The results of this paper also point to the lack focus on value chain specific development interventions that help supporting businesses outside the farming community but within the rural areas.

**Keywords:** Primary production, rural enterprise development, rural households, value addition, value chain