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Inclusive Value Chain Development through Evidence Based Targeting of Actors

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Abstract

Inclusive value chain development (VCD) approaches aim to improve linkages between retailers, intermediaries and smallholders in an attempt to raise chain performance or target individual actors, especially smallholder farmers in order to raise capacity that in turn should generate livelihoods for them. Often, however, there is no evidence-based targeting and differentiation between possible subgroups of smallholders or other actors even though research indicates that VCD interventions may only help smallholders participate in coordinated value chains if certain household characteristics are given. For one, smallholder households may require certain assets in order to successfully participate in the value chain. Also, the proximate socio-economic and policy environment may determine to a large extent if a household is able to benefit from the value chain or not (Horton, Donovan, Devaux, Torero 2016). This underlines a pressing need for a more comprehensive and differentiated understanding of the asset endowments and meso-level conditions of smallholder households for policy design, yet the empirical research is largely inadequate in this regard.

We argue that cluster analysis applied to large-N socio-economic panel datasets may help to identify the right target groups and in turn improve the inclusiveness of value chain development approaches. The present work studies the characteristics of smallholder producers of African Indigenous Vegetables (AIVs) in Western and Central Kenya and the degree of similarity between them. The AIV sector has received prominence given the potential of these crops to reduce malnutrition. However, smallholders have been targeted with mostly little differentiation. Within the international research project HORTINLEA we have collected data from approximately 1000 smallholder producer households at various points in time. The clustering of the households was carried out based on variables that were derived using the conceptual framework of the livelihood approach because this approach integrates various endowments and also the institutional frame household participants of VCs operate in. Finally, we discuss the homogeneity of the individual smallholder clusters as well as the heterogeneity between the clusters and what implications this may carry for value chain strategy development.

Keywords: Cluster analysis, smallholders, targeting, value chain development