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“Filling gaps and removing traps
for sustainable resource management”

System Assessment on Exchange of Commodities among Rural Households by Using a Village Social Accounting Matrix

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Abstract

While the importance of agriculture to combat poverty has been widely acknowledged, most of the world's poor still live in rural areas. The exchange of food and non-food commodities through formal or informal market channels influence the livelihood of rural households. While part of household production is consumed by the households themselves, most of the households achieve surplus production, which in turn is exchanged with other households inside or outside a given village. Thus, understanding the exchange flows of food and non-food commodities within a rural economy allows us to grasp the contribution of commodity exchange in the income portfolio of rural households. Yet, the question remains to what extent the exchange of commodities within a given economy benefits the rural poor. We propose to assess the exchange linkages among households and to identify pathways which promote rural development through the promotion of commodity exchanges within a rural economy. For this purpose, we assess household exchanges of food and non-food commodities, using village Social Accounting Matrix (SAM) framework. The SAM method has originally been conceived to map interactions between different sectors within a national economy, and has been further developed to show interactions at village level between different household groups, their production and consumption pattern and exchange of commodities. We use the example of a village in Southern Brazil to build the SAM, in which household economic activities are explicitly exhibited and households are grouped according to their livelihood strategy. This will allow us to understand how exchanges of food and non-food commodities take place with the different types of households. The study show that a system level analysis enables to look at how the poor benefit from exchanges of food and non-food commodity exchanges.

Keywords: Commodity exchange, smallholder farming, social accounting matrix, system analysis