Value chain research and development: The quest for impact

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Summary
Motivation: For decades, governments, donors, and practitioners have promoted market-based development approaches (MBDA), most recently in the form of value chain development (VCD), to spur economic growth and reduce poverty. Changes in approaches have been shaped by funders, practitioners and researchers in ways that are incompletely appreciated.

Purpose: We address the following questions: (1) how have researchers and practitioners shaped discussions on MBDA?; and (2) how has research stimulated practice, and how has practice informed research? We hypothesize that stronger exchange between researchers and practitioners increases the relevance and impact of value chain research and development.

Methods and approach: We adopt Downs’ (1972) concept of issue-attention cycles, which posits that attention to a particular issue follows a pattern where, first, excitement builds over potential solutions; followed by disenchantment as the inherent complexity, trade-offs, and resources required to solve it become apparent; and consequently attention moves on to a new issue. We review the literature on MBDA to see how far this framing applies.

Findings: We identify five cycles of approaches to market-based development over the last 40 or more years: (1) non-traditional agricultural exports; (2) small and medium enterprise development; (3) value chains with a globalization perspective; (4) value chains with an agribusiness perspective; and (5) value chain development. The shaping and sequencing of these cycles reflect researchers’ tendency to analyse and criticize MBDA, while providing limited guidance on workable improvements; practitioners’ reluctance to engage in critical reflection on their programmes; and an institutional and funding environment that encourages new approaches.

Policy implications: Future MBDA will benefit from stronger engagement between researchers, practitioners, and funders. Before shifting attention to new concepts and approaches, achievements and failures in previous cycles need to be scrutinized. Evidence-based practice should extend for the length of the issue-attention cycle; preferably it should arrest the cycling of attention. Funders can help by requiring...
INTRODUCTION

Agri-food value chains connect smallholders to markets through traders, transporters, processors, and retailers—many of them small and medium enterprises (SMEs). Making these chains more efficient and effective promises to raise returns to farmers, create decent jobs, and deliver more value to consumers. Both researchers and development practitioners have long been interested in finding ways to improve the functioning of these chains. Value chain development (VCD) thus emerged and continues as a critical element of government and donor strategies to spur economic growth and reduce poverty.

However, getting VCD right, which includes consideration of environmental and social outcomes, the dynamic nature of markets and intrinsic business relations, has been a challenge. In many cases, assets endowments held by smallholders and SMEs fall below the levels required for achieving step changes in productive capacities. These shortcomings, combined with the stringent demands of downstream buyers and end-consumers, and unconducive political-legal frameworks for SME development, can imply development processes which are best measured in decades. VCD practitioners often underestimate such complexities (Orr et al., 2018), which calls for collaboration between researchers and practitioners in the search for viable intervention and investment strategies.

Of course, these challenges existed well before the concepts of value chains and VCD appeared in rural development discussions. VCD can be understood as a more recent manifestation of market-based development approaches (MBDA) that have existed since the 1980s, such as non-traditional agricultural exports and SME development. Around the turn of this century, VCD started to figure prominently among MBDAs propelled by an accentuated donor focus on poverty reduction in rural and urban settings and the promise of opportunities in international markets created through the advance of free trade agreements. VCD-related concepts and terminology continue to evolve, as reflected, for example, in the growing relevance of “inclusive business models” and “market systems” in practitioner discussions. Ideally, the evolution of concepts and terminology responds to new insights gained from analysis of what has worked out well and what has failed, rather than any perceived need of practitioners and researchers to present something new.

The potential for research to better understand local processes and guide development programming has been well documented (Chambers, 1984; Chambers & Gildyol, 1985; Deavers, 1980; Fritsch & Schwirten, 1999; Gunasekara, 2006). In the context of MBDA, a co-ordinated research agenda could offer incremental improvements in design by responding to the knowledge gaps faced by practitioners, with spaces for joint learning involving not only researchers and practitioners but also funders and donors. In practice, however, few mechanisms exist for meaningful engagement between researchers and practitioners around MBDA. Researchers are assessed based on their publications and citations, while practitioners are rewarded based on their ability to attract and spend grant funding. Each side has its own funding streams, incentive systems for improvements and authorizing environments for the strategies and approaches pursued. While many funders and donors invest in both research and development, little effort is made to bring these components closer together.

The need for greater co-ordination between research and development practice around MBDA is as strong as ever. Donors and development agencies face political and public pressure to demonstrate the impact of their efforts and investments in MBDA and related fields. Calls for results-based management and stricter activity...
prioritizations (Koch, 2008), stronger focus on aid effectiveness (Sjöstedt, 2013) and improved learning and accountability in foreign aid (Clements, 2020) all point in this direction. As a result, donor programming and budget decisions are scrutinized for their likely returns and ambitious targets are set and tracked. This has led practitioners to hone their skills in the presentation of “right results” in the “right way” (Milligan et al., 2016).

A key issue is how to translate research in support of MBDA in general, and VCD in particular, into actionable agendas for donors, governments, businesses, and non-governmental organizations (NGOs), and how to ensure appropriate incentives for deeper assessment (thorough measurements) to prove success. A similar concern has long existed in the broader rural development space (World Bank, 2006). In reflecting on the role of impact assessment of agricultural development programming, Hall et al. (2006, p. 13) noted that impact assessment “fails to provide research managers with critical institutional lessons concerning ways of improving research and innovation as a process.”

This article examines researcher- and practitioner-led debates over the past two decades, and the interplay between these two groups, in relation to MBDA, with special addition to more recent discussions on value chains and VCD. We view these discussions through the lens of issue-attention cycles, first employed by Downs (1972) to describe the cyclical nature of issues that dominate public and academic debate. The extent to which issue-attention cycles result from scattered and unco-ordinated efforts, potentially leading to inefficient use of resources and reduced impact, rather than genuine learning based on engagement between practitioners, donors, and researchers, merits inquiry.

Against this backdrop, we seek answers to two questions: (1) how have researchers and practitioners shaped discussions on MBDA?; and (2) how has research stimulated improved practice, and how has practice informed research? We hypothesize that stronger exchange between researchers and practitioners increases the relevance and impact of value chain research and development.

In response to these questions, we trace the discussions on smallholder engagement in agri-food value chains and their evolution over four decades. Section 2 introduces the concept of issue-attention cycles and the major themes covered in the scientific and grey literature on MBDAs involving smallholders and their business organizations in low- and middle-income countries. Section 3 explores the interplay between these themes and approaches and any cross-fertilization among them. Section 4 concludes with a synthesis of major issue cycles in terms of the progress made and the blind spots identified and suggests promising avenues for further conceptual and operational development to achieve impact at scale.
in this context are contributors to the discussions on MBDA. They are considered to face incentives to engage on issues with varying levels of enthusiasm based on changes in donor funding levels and the potential for academic recognition. Of particular interest is why certain MBDA-related issues come to the attention of researchers and practitioners, the duration of the discussions in the grey and academic literatures, and the relevance of the discussions for development practice. Inspired by Downs' work, we distinguish five stages:

- **Pre-proliferation**: an innovative perspective on the causes of a development problem and potential solutions is put forth; inspiration may build on existing theories or draw from own experiences; early descriptions of frameworks, approaches, associated methodologies, and tools emerge;
- **Proliferation**: a broader group becomes aware of the problem and potential solutions; enthusiasm is fuelled by dedicated funding streams from donor agencies in search of promising avenues for achieving much-needed impact;
- **Levelling off**: enthusiasm wanes as scepticism kicks in, driven in part by the lack of evidenced impact, growing realization of the real costs to achieve impact, and growing awareness of complexity and trade-offs;
- **Gradual decline**: donor interest declines with associated reductions in funding streams, leading to reduction of incentives to maintain engagement; and,
- **Post-proliferation**: funding agencies, practitioners, and researchers move into "a prolonged limbo—a twilight realm of lesser attention or spasmodic recurrences of interest," as Downs (1972, p. 40) puts it, before eventually moving on to the next issue-attention cycle.

In the remainder of this article we provide examples of five issue-attention cycles: (1) non-traditional agricultural exports; (2) SME development; (3) value chains from a globalization perspective; (4) value chains from an agri-business perspective; and (5) VCD. Figure 1 places these issue-attention cycles in a timeline starting with the 1980s. In Section 2 we trace the contours of the discussions in terms of motivations, key lessons, and engagement by researchers and practitioners. In some cases, the discussions remained in the academic realm (peer-reviewed publications), while in other cases they extended into the grey literature, with contributions by development-oriented researchers and practitioners. Of particular interest is evidence of interactions between researchers, practitioners, and funders, and the extent to which these might have shaped the focus and length of issue-attention cycles. With a view on both research and practice, we identify blind spots that have persisted across various issue-attention cycles.

### 2.1 Early cycles, 1980s–1990s

During the 1980s and 1990s, a central element of development co-operation strategies revolved around encouraging private sector investment in markets where there was potential to engage the poor either as producers or labourers (Schulpen & Gibbon, 2002). One such was non-traditional agricultural exports (NTAE), which sought to encourage smallholder participation in expanding export markets for high-value agricultural crops, such as flowers and horticultural products. Another very different approach that gained attention during the same period was SME development and related discussions on financial and business development services (BDS). A discussion of each of these follows.

#### 2.1.1 Non-traditional agricultural exports

In the 1980s, following a period of large-scale public investment in road construction, expanded power grids, and state-owned processing facilities for agricultural products, governments and bilateral donors expanded their
interventions in support of NTAE. Associated strategies sought to capitalize on newly conferred preferential access of low- and middle-income countries to export agricultural products, such as Latin American countries to the United States or countries of Africa, the Caribbean, and the Pacific to the European Economic Community.

NTAE promotion strategies dovetailed with the implementation of structural adjustment and market liberalization programmes that dominated political and development agendas in the mid-1980s. It was argued that, under appropriate conditions (e.g. favourable policy frameworks and targeted technical support), smallholders could participate in high-value agricultural export markets and such participation would lead to increased incomes and, eventually, a pathway out of poverty. Interventions were typically large scale, involving large processors and exporters and thousands of farmers providing raw materials. Production relied heavily on modern agricultural inputs, finance, and technical support supplied by agroindustry to meet volume and quality requirements. Public sector investment strategies contemplated infrastructure improvements in transport, storage, and processing (Barham et al., 1995). As noted by Rosset (1991), major bilateral donors expressed full confidence in NTAE as a pathway to rural development and reoriented their larger portfolio of agricultural projects to directly contribute to NTAE promotion strategies.

Despite positive impacts reported in some cases (e.g. von Braun et al., 1989), the appropriateness of NTAE strategies for smallholders attracted intense scrutiny from researchers. Over time, smallholder participation in export markets tended to decline due to inability to repay lenders (Hamilton & Fischer, 2003). Lower levels of risk tolerance, combined with lower access to information, capital (land, labour, machinery), and technology tended to disfavour poorer producers. Smallholders faced challenges to channel investments over time into a single crop that was risky from a production and marketing perspective (Mannon, 2005).
Others highlighted how smallholder engagement in horticultural production provoked pesticide resistance in crops and encouraged increased application of chemical inputs over time, resulting in high costs for growers and health problems (Murray, 1991; Murray & Hoppin, 1990). Where governments strongly invested in support of NTAE, political tensions arose over scarce public resources being directed to large-scale exporters (e.g., direct subsidies, tax credits), while at the same time government support for smallholder production and marketing had been declining (Barham et al., 1992). Overall, NTAE proved a viable strategy for farmers with sufficient asset endowments who were prepared to take risks. For many smallholders, however, benefits were limited due to high input costs, volatile prices, and demanding regulatory and market requirements (Carletto et al., 2007; Okello et al., 2011).

2.1.2 | SME development

In stark contrast to NTAE strategies, which engaged limited numbers of large-scale exporters operating in export markets, SME development strategies targeted hundreds, sometimes thousands, of SMEs as the primary agents of local economic development. While attention primarily focused on informally operated, urban-based SMEs (cottage industry), some donor-funded interventions considered rural SMEs, including those engaged in processing and service provision.

A growing recognition of inequities in development policy fuelled arguments for “alternative development” and income redistribution in the 1970s, which planted the seeds of SME development. Schumacher (1973) challenged the prevailing belief that the aim of economic development was the growth of gross national product through large-scale industrial development. He suggested that a better pathway rested in small-scale economic production that was people-centred and facilitated human creativity. In their examination of growth trajectories and benefit distributions among low- and middle-income countries, Chenery et al. (1979, pp. xii–xiii) argued:

> The recognition that 80 percent or more of the low-end poverty group are employed in some fashion has shifted the focus of policy from increasing the quantity to improving the quality of employment. While the tools for analyzing the sectors that employ most of the poor — small-scale agriculture and the urban “informal” sector — are primitive, the available studies suggest that there is considerable scope for expanding the productive use of resources in these activities.

By the mid-1980s and early 1990s, discussions had intensified on the income-generating potential of SME development. Bilateral donors and United Nations’ agencies were especially active in supporting SMEs through large-scale programmes that provided a combination of credit, training, and technical assistance. In the mid-1980s, the United States Agency for International Development (USAID) alone financed close to 100 SME development projects (Meyer, 1991) and, between 1980 and 1990, the World Bank lent roughly USD 200 million a year for this purpose (Webster, 1990). The underlying rationale considered: (1) the relevance of SMEs to the economy; (2) their nature as a critical source of income for the poor, especially those with limited access to land; and (3) the lack of government support, due partially to the informality prevalent in the SME sector. Advocates of SME development argued that this type of enterprise used capital more efficiently, generated more employment and was more evenly distributed geographically than larger businesses (Liedholm & Mead, 1987; Webster, 1990).

One unique feature of the SME discussion was the active engagement of researchers and practitioners in programming design and implementation. For example, in 1990 the World Bank, USAID, and others financed the launch of the practice-oriented journal *Small Enterprise Development* for sharing lessons and critical reflections on how programming could be designed to increase impact.1 The journal provided a platform for ex-

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1In 2004, the journal changed its name from *Small Enterprise Development* to *Enterprise Development and Microfinance*. 
change, at times passionate, between researchers and practitioners on SME development and associated topics. Representatives of funding agencies engaged periodically in the journal, often to lay out and clarify their strategies for SME development (Frenz, 1990; Tomecko & Kolshorn, 1996; Webster, 1990; Wolfensohn, 2000). Donors’ support for and active participation in discussions on SME development pathways marked an important change from the previous NTAE era.

Practitioners, for their part, shared their experiences in addressing crucial issues in relation to SME development—for example, the design of capacity-building programmes (Agar, 1999; Grierson, 2000) or the assessment of occupational health and safety conditions (Scott, 1999). Unlike many donors and practitioners, researchers would adopt a more critical stance by addressing policy issues hampering SME development (Abuodha & Bowles, 2000; Bateman, 2000) or by conducting impact assessments of SME support programmes (Daniels, 2001; Dunn & Arbuckle, 2001). They also pointed at blind spots in contemporary debate and practice—for example, the role gender plays in accessing credit for microenterprise development (Johnson & Kidder, 1999).

After more than a decade of strong support for SME development, attention declined among donors and practitioners. Meyer’s (1991) review of SME programme evaluation reports provided useful insight into the concerns that led to reduced donor interest:

- Lack of project sustainability where SMEs were unable to “graduate” to commercial finance after the assistance period, in part due to loans being used for consumption instead of being channelled into SMEs.
- Suitability of the macroeconomic environment for long-term SME development (e.g. high transactions costs and high inflation rates).
- Limited capacities of NGOs as principal implementers of SME programmes to respond to the multiple services needed by SMEs (e.g. logistics, accounting, production processes).

While researchers continue to explore the conditions that shape SME growth and development in Africa and other low- and middle-income regions (Gebreyesus Fiseha & Adewale Oyelana, 2015; Mutalemwa, 2015; Sawers et al., 2008), the discussion lacks the intensity and purpose of previous discussions and is characteristically detached from development programming. In the late 1990s, the SME discussion branched out as donors and NGOs embraced the idea of BDS to enhance the effectiveness of (micro)finance in spurring SME growth and development. Promoted heavily by bilateral and multilateral donors, including Swiss Agency for Development and Cooperation (SDC), German Agency for International Cooperation (GIZ, formerly GTZ), USAID, the World Bank, and UN agencies, BDS strategies emphasized the need to spur markets for specialized services that were non-financial in nature (e.g. management consulting, logistics support, and marketing services) and needed by SMEs for their long-term growth and development. Such services were expected to build businesses’ basic business capacities, including those related to increasing efficiency, expanding production, and keeping accounts. Major financial backers, including the International Labour Organization (ILO) and USAID, supported programming by making available methodological guides on how to design interventions (services) that were demanded by SMEs, with the expectation that SMEs, over time, would pay for services (Gibson et al., 2001; Miehlbradt, 2001).

For nearly a decade, funding agencies supported mainly NGOs to facilitate BDS market development, with support focused on both on the supply side (e.g. building service capacity) and demand side (e.g., subsidy and voucher programmes). To create a critical mass of service demanders, the owners of micro, small and other enterprises were sensitized, and at times subsidized, to increase their willingness and capacity to pay for such services. The expectation was that they would eventually become aware of the potential and actual benefits of such services and therefore proactively demand them, paying the providers for their delivery.
In practice, however, BDS providers often found it difficult to offer cost-effective services that micro and small businesses would demand (and pay for) while at the same time reducing their dependence on donor support (Bear et al., 2003; Tanburn, 1999). Despite the challenges to establishing a self-sustaining BDS market (Gibson, 1997), the underlying BDS paradigm brought needed attention to the sustainability problem inherent in project-facilitated service provision and the need for quality services to be affordable and available when needed.

By the mid-2000s, however, BDS investments and productive exchange on how to improve such services and associated delivery mechanisms all but disappeared as the shortcomings of BDS programmes became more pronounced. They were perceived as too ambitious, and proponents were criticized for lacking a fundamental understanding of how markets develop (Caniels et al., 2006).

2.2 | Cycles on value chains, late 1990s–present

In the late 1990s, researchers started to build the conceptual base around value chains, which would later form the basis for a new area of programming (VCD). Over the years, the concept of value chains has been taken up by different disciplines within the larger rural development discussion, sometimes in confusing ways and with limited recognition of the contributions of each discipline. In what follows, we explore the value chain discussion from the perspective of researchers engaged in debates on globalization and those interested in agri-business development.

2.2.1 | Value chains from a globalization perspective

The term "value chain" first emerged in the economic development literature in the late 1990s. Inspired by the advance of trade agreements between countries in high-income countries and low- and middle-income countries, and economic globalization in general, early value chain researchers explored the deepening relationships between large-scale businesses based in high-income countries and their input suppliers, which often included SMEs and farmers in low- and middle-income countries. A key issue was the extent to which SMEs and farmers in low and middle-income countries could move into higher skill and higher value activities. Considering the successful export orientation of the East and Southeast Asian "tiger states" and outsourcing of critical manufacturing operations by firms based in Europe and North America, researchers focused on a new global manufacturing system entailing co-ordinated activities across countries between nodes of given chains (Raikes et al., 2000).

Michael Porter's 1985 work, The competitive advantage, is often cited as the origin of the term "value chain." While Porter played a major role in popularizing the term, it had been in use since at least the early 1980s (see, for example, Prigogine & Allen, 1982). Porter's concept of a value chain did not consider specific issues in the relationships between firms or those in relation to production, processing, and marketing in low- and middle-income countries. Rather, the emerging value chain literature from development-oriented social scientists adopted a modified view of "commodity chains" in the early 2000s that, in turn, had been inspired by previous thinking on "world systems theory." It is debatable whether the shift in terminology from commodity chain to value chain in the economic development literature reflected genuine conceptual progress. Terminology became more confusing when practitioners began to use the term "supply chain" in the early 2000s, often interchangeably with "value chain". Those interested in VCD were concerned about more than the mechanics of how supply chains functioned. They stressed not only that chains create value but that this value accrues to different actors and is appreciated differently along the chains. Rather than clarifying the difference in the nomenclature and underlying concepts between supply and value chains, researchers did their part to add to the confusion (see, for example, Al-Mudimigh et al., 2004, where the title includes the terms "supply chain" and "value chains").
The early value chain discussions in the economic development literature focused primarily on how firms in high-income countries exerted power over their suppliers in low- and middle-income countries. Of particular importance was the perceived ability of "lead" firms (usually large-scale retailers and brand-name companies based in high-income countries operating in higher value segments of the chain) to determine the terms of trade for smallholders and SMEs involved in the production, processing, and marketing of a given product. Lead firms were seen as being in a privileged position, based on their proximity to final consumers and access to capital and technology.

Two key concepts for value chain research were governance and upgrading. Governance referred to the coordination by lead firms of activities that farmers and firms in low- and middle-income countries carried out (Gereffi, 1999; Humphrey & Schmitz, 2001). Analysis of governance structures dealt with the influence of lead firms on the organization of production, logistics, and marketing systems in the low- and medium-income countries (Humphrey & Schmitz, 2005). In theory, participation in value chains allowed businesses and farmers in the low- and medium-income countries to acquire the new skills and resources needed to "upgrade," that is, to reduce costs, increase the level of processing, or produce new types of products (Gereffi, 1999). In this light, upgrading was primarily about technological change that would render new value-adding opportunities for farmers and businesses because of their engagement with global buyers.

During the early 2000s, guides and frameworks emerged to facilitate value chain research by showing how the concepts of governance and upgrading could be applied across different contexts (Bolwig et al., 2010; Kaplinsky & Morris, n.d.; Nadvi, 2009). By the mid to late 2000s, researchers had published many case studies that described value chain governance patterns and the implications for smallholders, SMEs, and exporters in Africa and Latin America.

In broad terms, upgrading opportunities tended to require farmers, SMEs, and exporters to invest heavily in improved product quality and expanded production operations (Dolan & Humphrey, 2004; Gibbon & Ponte, 2005; Ponte, 2009; Raikes & Gibbon, 2000; Tallontire et al., 2005; Vicol et al., 2018). In some cases, particularly those for export-oriented horticulture, these investments proved to be too much for SMEs and smallholders over time. Researchers pointed to the unequal distribution of benefits between buyers, processors, and retailers in high-income countries and their raw material suppliers in low- and medium-income countries (Ponte, 2002) as well as the overall lack of institutional support to smallholders to help them comply with required safety and quality standards (Challies & Murray, 2011).

Not long after the early studies of value chains emerged, a few academics began to critically reflect on the key tenets of value chain thinking. One area of contention centred on the concept of governance and the role played by firms based in high-income countries in establishing the conditions under which smallholders and SMEs engaged in markets. Gellert (2003) argued that the notion of governance failed to consider the underlying conditions that gave rise to a particular form of interfirm relation or that allowed it to change over time. Looking at Mozambique’s cashew sector, Cramer (1999) found that national-level political constraints on the development of agro-processing industries (e.g. bureaucratic interference with production relations, restricted access to credit, lack of skills, and labour supply unreliability) explained more about development prospects than externally determined governance structures. Sverrisson (2003) doubted the idea that power was unilaterally exerted by firms in high-income countries through the establishment and enforcement of standards, arguing,

Rather than assuming the [high-income country] actors control chains and invariably get what they want, we can also surmise that rather often they learn to want what they get and to select from among the available suppliers (p. 27).

In addition, experiences in the Bangladesh garment industry, indicated that suppliers could upgrade their capacities and activities in the chain without any explicit co-ordination with buyers and suppliers (Gereffi, 1999).
These early discussions on value chains provided the conceptual underpinnings of future development programming for VCD, particularly the premise that smallholders could upgrade their capacities to provide inputs and services to downstream buyers and in return receive higher income and other benefits. A key lesson from these early discussions—that power exerted by large-scale firms in high-income countries may not favour smallholder and SME engagement in value chains—was mostly cast aside, as noted by Neilson (2014, p. 38),

Despite foundational roots in critical analyses of global capitalism, recent “value chains for development” applications appear to be perpetuating a neoliberal development agenda, which is facilitating the enhanced penetration of multinational capital into the economy and lives of the rural and urban poor.

However, the debate on value chains would soon change course when agricultural economists entered the scene (discussed below) without having fully reckoned the implications of globalizing agri-food markets for smallholders and SMEs in the low- and middle-income countries.

2.2.2 | Value chains from an agri-business perspective

A second, more recent, strand of value chain research, put forward mainly by agricultural economists, focuses on the changing dynamics of agribusinesses in response to urbanization and income growth trends in the low- and middle-income countries (Tschirley et al., 2015). In this context, the concept of value chain has been freed from assumptions about unequal power dynamics between lead firms and their suppliers to stress the role of processors, distributors, and retailers in getting high-value food to urban consumers.

With the adoption of the value chain concept, economists showed interest in looking beyond their traditional domain (e.g. farm-level production technologies and competitiveness of commodity markets) to explore the contributions of diverse value chain actors to formal food systems. In particular, they have focused on several major trends in value chains, each with important implications on how agricultural products are produced, sourced, processed, and sold: (1) rapid growth of high-value agricultural crops for export; (2) consolidation in the global agri-food industry; (3) diversification of food retail (supermarkets) and service outlets (e.g. expansion of fast food chains); and (4) the transformation of intermediation (e.g. logistical services, cold storage facilities) (Barrett et al., 2019; Maertens & Swinnen, 2015).

Discussions highlighted the dramatic growth and transformation of food retail in the low- and middle-income countries beginning in the mid-1990s and the related implications for smallholders and SMEs (Reardon & Hopkins, 2006; Reardon & Swinnen, 2004; Reardon et al., 2002). While the overall relevance of the “supermarket revolution” on poor consumers and producers has been questioned (Humphrey, 2006), the discussion described how agri-food value chains evolved in response to foreign direct investment. Considerable attention has been given to the contractual relations between large-scale buyers and smallholders for the sourcing of raw materials. A systematic review of contact farming studies showed considerable benefits for the relatively better-off participating farmers, with 23%–54% higher income reported (Ton et al., 2017). However, formal contracts may not be necessary in all cases: evidence from Liverpool-Tasie et al. (2020) shows the potential benefits from farmer engagement with SME retailers, processors and traders without formal contracts. Access to information and transportation can play a role in farmers’ decisions to engage in higher value markets (Negi et al., 2018) and access new types of services (e.g. cold storage) (Minten et al., 2014). Fast-growing value chains benefit from the emergence of new chain actors—for example, the emergence of milk collection centres in Uganda (Van Campenhout et al., 2019) and farmed-fish input and service providers in Bangladesh (Hernandez et al., 2018).

Discussions have also pinpointed the various technical and institutional features of value chains that shape their performance in food security, social inclusion, and poverty reduction. Another has focused on the role of cooperatives in providing services to smallholders to meet the demands of downstream buyers (Bernard et al., 2008;
Hellin et al., 2009; Metzlar, 2017; Poole & Donovan, 2014; Ruben et al., 2017). Researchers recognized that smallholder households pursued diversified strategies to make a living and had varied resource endowments, which influenced their capacity to engage in and benefit from value chains (Devaux et al., 2018; Dorward et al., 2003; Neilson & Shonk, 2014; Stoian et al., 2012).

Others tackled issues of how chain actors accessed and shared knowledge, and the implications for innovation along the chain (Devaux et al., 2018; Pietrobelli & Rabellotti, 2011; Thiele et al., 2011).

2.3 Cycles on value chain development, 2000–present

The discussion on VCD explores the role of development programming in supporting farmers and SMEs to engage in and benefit from value chains. VCD gained traction in the development discourse linked to poverty reduction and economic development in the late 1990s. By the mid-2000s, VCD had become a major area of donor investment in Latin America, sub-Saharan Africa and parts of Asia. With support from binational and multilateral donor agencies, development practitioners implemented VCD programming across low- and middle-income countries, generally designed to facilitate smallholder access to lucrative agri-food value chains that served domestic and international markets.

VCD shares with earlier NTAE strategies some of the goals and associated impact pathways, the role of government agencies and NGOs, and the forms of engagement with the private sector. This is particularly so where VCD supports engagement between larger-scale formal businesses at home or abroad (retailers, traders, processors) with smallholders and rural SMEs. Differing from NTAE strategies, VCD has not been exclusively export focused, and programming has generally avoided larger-scale investments (infrastructure) and regulatory change (e.g. export subsidies). While early VCD had a strong focus on rural poverty reduction, with emphasis on local economic development, job creation, and inclusive growth, programming has evolved to address a wider range of social and environmental development issues (Stamm & von Drachenfels, 2011). The spread of VCD in development programming inspired a small group of researchers to examine different ways of designing, implementing, and assessing VCD initiatives.

2.3.1 Value chain development

The proliferation of the VCD discussion responded to donor interest in new approaches to poverty reduction, combined with an eagerness to leverage the private sector's resources, networks, and experiences in local economic development. A basic assumption of VCD programming in the agri-food industry was that large-scale private companies had the means and incentives to support market access opportunities for smallholders or new employment options. The role of development programming, therefore, was to help identify these opportunities and to support smallholders and SMEs to respond to the demands of large-scale buyers. Examples include USAID's support to NGOs for building value chains for horticultural products involving retailer outlets, which would later become Walmart (KOICA-USAID, 2014); funding provided by GTZ (German Technical Cooperation, now GIZ) to German chocolate manufacturer Ritter for building a cacao value chain involving smallholders in Nicaragua (Rabe, 2004); USAID’s and USDA’s support to US coffee buyers for establishing supply links with Central American smallholders (Simmons, 2002); and Italian co-operation supporting the establishment of a milk supply network for Italian dairy processor Parmalat (Dobson, 2003). In these cases, NGOs were to build a supplier base, strengthen the links between producers and processors, create basic infrastructure, and provide further support to develop the value chains. Overall, this approach to VCD aimed at local economic development through leveraging private sector engagement and investments.

Donor strategy documents and donor-commissioned papers reflected the growing importance of VCD (e.g. Camagni & Kherallah, 2014; DFID, 2017) and the significant amounts of funding available for implementation.
Influential think tanks, such as the Institute of Development Studies and the Springfield Centre, oriented their work to support NGOs and governments in design and implementation. The donor-funded Donor Committee for Enterprise Development put forth its own guidelines for grantees to assess the outcomes from their interventions in value chains (DCED, 2017). Investments in VCD programming increased further from national and international responses to important events and trends in global agricultural markets, such as substantial price fluctuations in major agricultural commodities (e.g. coffee price crisis and recovery of cocoa prices in the early 2000s), increasing opportunities for adding value to primary production, the growth of markets for certified and other specialty products in high-income countries, and the expanding engagement of multinational companies in food processing and retail in low- and middle-income countries.

With increased funding for implementation of VCD programmes, development-oriented research organizations saw an opportunity to develop methodologies and tools for value chain analysis as an input for intervention design, implementation, and assessment. The existing multitude of VCD frameworks and tools provide inspiration for VCD design across different contexts and development objectives. However, the sheer number of guides can be overwhelming to all but the highly experienced, and only a few guides have even cursory evidence available on outcomes and impacts from their implementation.

Most guides concentrated on small-scale interventions in support of smallholders and producer groups, although some took a broader approach by considering policy change and human rights issues (e.g. Offenheiser & Holcombe, 2003; Shriver & Brenes Abdalah, 2012). Guides attracting widespread attention included those by CGIAR centres (e.g. Bernet et al., 2006; Lundy et al., 2007); development think tanks (e.g. Vermeulen et al., 2008), bilateral development agencies (e.g. M4P, 2008; Springer-Heinze, 2007), and UN agencies (e.g. Herr & Muzira, 2009). The guides provided a blueprint for targeted users, mainly field staff of NGOs and government agencies, to apply relatively simple tools and analysis to assess the interests, needs, and capacities of smallholders, as well as the opportunities presented along a given value chain. Guides differed in terms of the focus of VCD interventions (e.g. strengthening market links for smallholders versus improving the overall business environment), goals (poverty reduction, creation of employment and income, decent work), and targeted users (government agencies, NGOs, smallholder organizations, private sector). They also varied in terms of their information requirements, degree of complexity, conceptualization of VCD, and engagement with multisector stakeholders.

The spread of VCD in development programming, however, has yet to capture the attention of value chain researchers. The evidence that exists on the effectiveness of VCD programming remains patchy. A comparative study that assessed well-known guides for VCD (Donovan et al., 2015) showed that, despite the supposed market orientation of VCD, guides dedicated most of their attention to issues of primary production. Moreover, while guides directed attention to the institutional arrangements that defined opportunities for VCD, they largely ignored the role of voluntary sustainability standards and regulatory stipulations, such as food safety and environmental regulations and industrywide or company standards. A particularly notable lack was attention to the supply and demand for services to support smallholders and SMEs in value chains—despite the evidence that smallholders were likely to need such services far beyond the typical project cycle (Donovan et al., 2018). Similarly, a recent review of guides for designing gender-equitable VCD found that, while guides sensitized practitioners about the importance of gender in VCD, gaps persisted in their coverage of gender-based constraints in collective enterprises, the influence of norms on gender relations, and processes to transform inequitable relations through VCD (Stoian et al., 2018).

By looking at specific VCD interventions by NGOs, researchers have provided a field perspective of the potential for smallholders to benefit from closer engagement with large-scale buyers and processors. Studies that looked at how interventions in coffee value chains highlighted that only key individuals within producer communities tended to accumulate wealth or assets because of their engagement (Donovan & Poole, 2014; Vicol et al., 2014). Others have looked at the challenges smallholders face in expanding their production and building assets in response to VCD interventions, bringing to light issues of risk perceptions (Ricketts et al., 2014) and the potential for trade-offs between livelihood needs and strategies and the demands of the value chain (Donovan et al., 2015).
& Poole, 2014; Sheck et al., 2013). Research also highlighted the challenges of short-term VCD interventions to achieve positive impact when the overall marketing conditions are high risk—for example, due to weak demand, perishable products, infrastructure deficiencies, and inexperienced producers (Blare & Donovan, 2016; Donovan et al., 2018).

Recent work cautioned development agencies to avoid being overly reductionist in terms of supporting smallholder market engagement, considering the complexity of value chains, and the need for systemic approaches and adaptive management (Lamboll et al., 2018; Orr, 2018; Orr et al., 2018). A few researchers examined the impacts of specific value chain interventions (Rutherford et al., 2016), the methods used to assess them (Ton et al., 2011) and mechanisms for facilitating learning among stakeholders (Lowitt et al., 2015).

The capacity of NGOs and government agencies, the main protagonists of VCD, to design and implement VCD programming emerges as a critical issue. While the evidence is patchy, it suggests that NGOs apply formulaic approaches to VCD despite the complexity of value chains and the potential need for VCD processes to engage across multiple levels of the chain.

In Nicaragua, for example, NGO engagements in support of the growth of cacao and dairy value chains were found to be rudimentary, with expected outcomes based primarily on technical assistance and training in primary production, and only limited engagement with other value chain actors or service providers (Donovan et al., 2017). Similarly, in Vietnam, NGOs, having identified a set of opportunities to link smallholders with markets for high-value agricultural products (e.g. dairy, horticulture), limited their interventions to traditional areas of engagement, namely technical assistance to farmers for boosting production and organizational support for establishing producer associations (Even & Donovan, 2017). Other researchers have pointed out challenges to securing active engagement from the private sector in VCD design processes and to refining VCD guides and their underlying theories of change over time, due to lapses and adaptation in their application (Horton et al., 2013).

2.3.2 Branching out of VCD applications

The strong focus on poverty reduction, which had characterized VCD for about a decade, began to fade in the early 2010s in response to an increasingly diverse development agenda, which included new interests in climate change, health and nutrition, and gender equality. It was reflected in the publication of various articles and methodological guides and tools that merged VCD with nutrition-sensitive agriculture, climate-resilience, seed systems, and gender equality (Table 1).

In addition, new frameworks emerged that guided thinking about smallholder engagement in markets, such as “inclusive business models” and “market systems development.” These have been driven mainly by practitioners and, to some extent, funding agencies. The branching out of approaches to VCD should not necessarily be seen as conceptual advancement. Much of what appears under a new label draws on features of existing approaches. However, these variations in VCD direct attention to aspects of smallholder market engagement are considered to be particularly relevant by funding and implementing agencies.

3 ISSUE-ATTENTION CYCLES IN RELATION TO VALUE CHAIN DEVELOPMENT

We reviewed the literature around five issue-attention cycles related to NTAE strategies, SME development, value chains from the perspective of globalization, value chains from the perspective of agri-business and VCD. Our use of issue-attention cycles differs from other applications. Rather than looking at how different issues gather attention, we examined different approaches to a single issue. We recognize that attention to the overarching issue of how to support smallholder engagement in markets has not slackened, only that different approaches have been
taken up and dropped through time. It is natural for different solutions to emerge over time to solve complex problems when we think a different approach will accelerate progress. Our concern is that approaches have been adopted then replaced with too little evidence of what did and did not work.

Within each of the five cycles around MBDA, a particular issue was advanced by practitioners or researchers—but rarely based on collaborations between the two. Where cycles entered stages 4 and 5, they had lifespans that ranged from five to seven years, rarely up to 10 years. The existence of two research-driven cycles on value chains, from the perspectives of globalization and of agri-business, reflects the challenge even among researchers to communicate outside of disciplinary-specific silos, despite the overall importance of both discussions for advancing effective VCD programming. The recent discussions on VCD by practitioners have largely ignored the insights and lessons gained from previous cycles on NTAE, SME development, and BDS, despite their relevance to designing effective interventions. Donors, perhaps skittish of previous researcher critiques, rely on practitioners to advance learning on VCD, despite the well-known conflicts of interest that implies.

In some cases, the cycles were fostered by funding agencies expecting constant innovation and practitioner and researcher response to this expectation. By its very nature, innovation implies approaches, methodologies, and tools that have yet to demonstrate “proof of concept” and “scalability.” Ironically, in spite of much-needed impact at scale, donor funding is rarely made available over longer periods of time for approaches that have proved relevant to advancing development goals. On the contrary, by following issue-attention cycles and calling for frequent innovation, donors effectively discourage continued work with successful approaches and tools or indirectly provide incentives for relabelling what already exists. Loss of donor funding is a key factor driving the sometimes abrupt decline of VCD approaches and transition to the next issue-attention cycle, usually without emerging issues and shortcomings being effectively addressed. Downs (1972, p. 49) described this phenomenon as follows:

As more and more people realize how difficult, and how costly to themselves, a solution to the problem would be, three reactions set in. Some people just get discouraged. Others feel positively threatened by thinking about the problem; so they suppress such thoughts. Still others become
bored by the issue. Most people experience some combination of these feelings. Consequently, public desire to keep attention focused on the issue wanes. And by this time, some other issue is usually entering Stage Two; so it exerts a more novel and thus more powerful claim upon public attention.

Replacing “people” with “funding agencies, practitioners and researchers” in the above quotation captures the essence of the issue-attention cycles associated with MBDA, including VCD. As highlighted throughout this article, we are dealing with a patchwork of seemingly rushed attempts of trial and error, rather than a process of continuous improvement in the Hegelian sense of thesis, antithesis, and synthesis.

3.1 Interactions between researchers and practitioners

NGOs, government agencies, and CGIAR, among others, are under mounting pressure from funders to demonstrate impact at scale. While experience suggests that achieving large-scale impact on overarching issues such as poverty reduction requires systems approaches involving diverse stakeholders from public and private sectors and civil society, there is an expectation that a given implementing organization alone can convene diverse stakeholder groups and go to scale. This expectation is often linked to a track record an organization needs to build to be successful in mobilizing resources for its work. This, in turn, provides an incentive for branding one’s own approaches, methodologies, and tools, rather than incorporating or adapting existing those in new VCD initiatives.

A good part of the diversity found in approaches, methodologies, and tools for VCD has its roots in the competition among researchers and practitioners and the need to stand out among peers. The confusing mix of branded methodological guidelines available for the design of VCD (e.g. M4P, Market Systems, PMCA, ValueLinks) share a basic notion of what smallholders and SMEs need and how to achieve it. Such silos are reinforced through branded capacity-building events and training-of-trainers (ToT) approaches focused on a given methodology or tool, with little reference to complementary methodologies or tools and potential perils discussed in the broader value chain literature.

On the upside, emerging innovative ideas have been integrated into VCD concepts and practice to varying degrees. Perhaps most notable is the influence of the sustainable livelihoods framework developed by DFID and others in the late 1990s, picked up by social scientists who then provided practitioners with valuable insights from a multitude of livelihood studies around the globe. This helped raise awareness about the importance of smallholders’ balancing of market and non-market-oriented activities, gender-differentiated approaches to VCD, outcomes to be sought beyond employment and income (e.g. nutrition) and, in general, asset-based approaches to VCD (Devaux et al., 2018; Stoian, Donovan, Fisk, & Muldoon, 2012; Stoian, Donovan, Elias, & Blare, 2018).

Similarly, standards-setting bodies have reached out to researchers to study the impact of voluntary sustainability standards (including certifications) on smallholders and the environment, which has produced a growing body of literature in recent years (see Evidensia, n.d., which was launched by ISEAL, Rainforest Alliance, and WWF in 2019). Practitioners, in turn, pointed out the difficulty of including the poorest of the poor in VCD initiatives, particularly landless people, migrant labourers and ethnic minorities (Mitchell et al., 2009). This spurred researchers to suggest non-market-based approaches to asset building to help such groups become “value-chain ready” (Stoian & Donovan, 2013).

In recent years, both researchers and practitioners have expressed some scepticism about the linearity underlying the value chain concept. While it is evident that there is a linear flow of raw materials, semi-finished, and finished products from producers via processors and traders to consumers, there are various horizontal linkages among value chain actors and between them and service providers operating from outside of the chain. There also are linkage points between value chains in a given geography, for example in the form of technical or financial services provided to smallholders operating in different value chains. This has led to concepts such as “value webs” or “value networks,” which seek to overcome the limitations of the value chain concept (Kelly & Marchese, 2015;
Li & Whalley, 2002; Scheiterle et al., 2018). Recent frameworks proposed for VCD have incorporated these ideas, for example market systems as promoted by USAID and others.

While the concept of looking into both vertical and horizontal linkages within and across value chains is a step forward, it still falls short of addressing shortcomings and blind spots of VCD approaches. These include:

- Most interventions focus on a single chain, thereby failing to recognize the diversified livelihood strategies of smallholder households engaging in different value chains and combining market- and non-market-oriented activities.
- Poor understanding and addressing of trade-offs and risks facing smallholders when required to bundle their resources for participation in value chains.
- Limited recognition of minimum livelihood and business assets needed for successful engagement of smallholders in value chains and lack of viable strategies to help them meet asset thresholds before launching VCD interventions.
- Better integration of social, economic, and environmental goals in VCD to ensure sound performance across all dimensions of sustainability and address multiple SDGs.
- Accounting for the complex and dynamic nature of value chains which requires a systems approach and adaptive management, including contingency plans when something goes wrong.
- Weak mechanisms for sharing information, benefits, and risks between smallholders and their business partners in the midstream and downstream segments of value chains.
- Incomplete and unreliable supply of services for smallholders and SMEs whose needs for technical, business, and financial services become more diverse and sophisticated as their engagement in value chains expands and develops.
- Lack of collaborative frameworks for joint learning among value chain actors, service providers, political decision-makers, researchers and funders for continuous improvement.

3.1.1 | VCD contributions to achieving development goals

Undoubtedly, the emergence and evolution of VCD have been important catalysts in development processes that address multiple development goals. While past support to smallholders was largely confined to on-farm interventions, it is now common to consider market and value chain linkages in rural development interventions. In particular, the capacity of the private sector to leverage networks, investments, and other resources is better utilized. Combining this capacity with that of public sector entities, for example through public–private partnerships fostered as integral elements of VCD, has strong potential to make significant contributions to the SDGs.

However, surprisingly little is known about how VCD initiatives have effectively been carried out by different types of practitioners and the resulting outcomes and impacts for smallholders, SMEs, and other value chain actors. Most of these experiences and results are confined to unpublished reports for funding agencies, with few incentives for implementing organizations to be (self-)critical. Independent third-party assessments are rare and usually focus on VCD interventions limited in scope and ambition. There is a notable void of systematic reviews of value chain interventions across diverse contexts for broad-based learning across portfolios. Similarly, ex-post impact evaluation should be applied more broadly and systematically to determine value for money from VCD interventions (Torero, 2016).

After about two decades of VCD, it should be a given that VCD requires more than a technological focus on agricultural production or zooming in on one topic (e.g. climate, nutrition, gender). Researchers have admonished donors and NGOs over the lack of attention to learning within VCD programmes, especially given the strong assumptions that underpin intervention designs. Where recommendations for assessment were provided in methodological guides, the focus tended to be on describing activities, thus leaving limited scope for learning about the
underlying impact pathways of VCD. These factors combine to work strongly against what is needed for successful VCD: (1) cross-sector collaboration, rather than competition; (2) pooling of experiences and resources; and (3) critical reflection and genuine learning for continuous improvement.

Looking forward, it is highly likely that the factors underlying the issue-attention cycles described here will persist. At the beginning of a new decade, several topics have entered, or will soon enter, the pre-proliferation stage. The role of value chains as an integral element of local and global food systems has already gained momentum. Additional near-future topics are likely to include: (1) value chains with strong environmental and social credentials supported by impact investments; (2) green recovery of value chains after the COVID-19 pandemic and other crises; and (3) reshor-ing value chains (focus on domestic agri-food value chains) to decrease reliance on global value chains.

This list could be extended ad infinitum—the bottom line is that genuine progress in terms of VCD and its impact will only happen if the shortcomings and blind spots identified here are adequately addressed. There is no real need for yet another VCD guide or tool focusing on a given topic, even if branded new, without facilitation of integrating novel aspects into existing approaches. Rather, there is an urgent need for systematic reviews of what has worked in VCD, what has not, and why. Learning from such reviews will substantially minimize the risk of errors being repeated, silos perpetuated, and shortcomings remaining unaddressed.

Funding agencies, impact investors, and other agents of responsible finance have a strong role to play to support such reviews, collaborative frameworks for joint learning, and a long-term vision of the requisites for VCD to achieve impact at scale. With this in mind, and combined with appropriate investments, the duration of issue-attention cycles can be extended significantly and resources bundled for impactful interventions. Without such a shift in mindsets and approaches, important impediments, such as cacophonic discourse, navel-gazing reflection, and self-serving branding, are likely to persist.

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REFERENCES


