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Agri-food Value Chains Research: Some Lingering Questions A Quarter Century Later

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Workshop on 20 Years of Value Chain Research: What Have We (Not) Learned?

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When I fielded trader surveys to study a range of actors in the post-harvest agri-food value chains (AVCs) in Madagascar in 1993, AVC research was quite uncommon, esp. in low-income countries.

But market-oriented ag reforms were recent in low-income countries.

And reforms were founded on great faith in existence/emergence of competitive AVCs to transmit macro- and sectoral policy, stimulate income/productivity, and generate inclusive growth.

So understanding the structure, conduct and performance of AVCs seemed important then ... and it still does.

Looking back over 25 years, what big questions from then linger today and STILL haven't been adequately answered?



1. Who are the AVC intermediaries and how do they change over time and why?

- Researchers typically focus on profiling consumers/producers or households as net consumers/producers.
- Who invests? Who is employed? Who controls what shares?
- Much demonization of (often non-local ethnic) traders.

What we know is less representative than desired b/c of limits to hh surveys, selection bias of special purpose and sub-sector studies.



2. Lots of market entry occurs. But how much AVC firm growth /mobility is there? Why so limited? (Barrett *World Dev't* 1997)

- Where are bottlenecks in the AVC?
- Are barriers to growth due to liquidity constraints? Skills constraints? Connections? Counterparty risk? Throughput or price risk? (Dis)economies of scope or scale?
- Many inferential challenges. RCTs challenging b/c ‘treatments’ of info, capital, training, etc. – and not just treatment effects – are typically (and unobservably) heterogeneous.



3. How and how fast and what do AVC actors learn about external changes? How does learning affect resulting equil?

- Disequilibrium is the norm, not the exception. It's especially important to political economy and in settings where multiple equilibria exist.
- Much good recent work on farmer learning. But what about firms? How do AVC actors react to changing economic environments?



4. Are free(r) markets competitive? (Moser, Barrett & Minten *Ag Econ* 2009)

- Many actors does not imply an Arrow-Debreu economy.
- When are markets (workably) competitive and when not? Are there reliable ex ante predictors to inform targeting? (price transmission)
- What non-competitive behaviors arise and why?
 - e.g., Limit pricing (in which moments?)?
- When/why can non-competitive behavior be welfare-enhancing?
 - Monopoly/monopsony rents cover ex ante costs (like IP) – e.g., Dillon-Aker on PICS bags in Niger
 - Help set uniform standards if returns to standardization high



5. General equilibrium effects of AVC change?

As economies grow, producers become more efficient (TFP), consumers have greater income, and post-harvest AVCs absorb a larger share of retail consumer price of agri-food products. Thus AVCs becoming more important to understanding dev't process.

Must understand how changes in AVCs affect:

- Farmer and farm worker well-being
- Food markets (price, quality and variety)
- Labor markets (employment and real wages)
- Induced technological and institutional change. Esp if exchange technologies and production technologies are complements ... e.g., processing technologies needing minimum throughput



6. Where in value chain are interventions most effective? Know little about where to target within AVCs.

- Insurance against production or asset shocks
- Mineral/vitamin enrichment of foods
- Reduce food loss and waste
- etc.



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Lots of smart people have generated much insight on AVCs over past 25 years.

But there remain many lingering questions in need of serious research attention.

Thank you for your interest and comments