

The Value Chain Approach for Economic Growth with Poverty Reduction

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Mr. Jason Wolfe, an Enterprise Development Advisor from USAID, explained the concept of the value chain approach as a market system that commercially links agricultural producers to the final market. In other words, it designs the process of transforming raw materials into consumer goods. The key objective of applying this approach in Africa would be to try to achieve both economic growth and poverty reduction. In the process, the end markets would define opportunities for growth – in terms of demand, quality and cost requirements, etc. and the enabling environment would define boundaries to such opportunities. Inter-firm cooperation could help creating economies of scale while increasing market power, creating investment opportunities and sustaining competitiveness. Also important was to build trust and social capital. In promoting this approach, it was important to catalyze private stakeholders within an industry to collaborate towards the goal of improved industry performance.