Problem statement

Strategies for reducing rural poverty face the challenge to identify promising leverage points for public and private sector investments, while at the same time accounting for diverse rural livelihoods of smallholders and other resource-poor people. In response to their asset endowments and the risks and opportunities they perceive, smallholders diversify their livelihood strategies. Diversification can take different forms depending on household conditions and the political, institutional and market environments in which smallholders pursue their livelihoods. Households with limited asset endowments may primarily aim at meeting subsistence needs through on-farm production, sell any surplus in the market, and supplement their cash income through off-farm labor in the agricultural and related sectors. Households with higher asset endowments may gear a higher percentage of their production to markets, with some members seeking out employment opportunities in nearby or distant urban areas. In both cases, access to resources, labor division, income generation, and decision making are gender and age specific, with clear differentiation between women, men and the youth.

Over the past decade, many rural poverty reduction strategies have adopted value chain development (VCD) as a key element to promote local economic growth and development. Public and private sector agents and civil society organizations have engaged with rural households for building supplies of higher value products for distant markets. However, doing so without understanding the needs and circumstances of rural households and intra-household differentiation can imply higher costs, low uptake, and reduced or undesired impact. This is of particular importance in view of the inherent tension between the specialization promoted by VCD and the diversification of smallholder livelihoods. Typically, VCD initiatives focus on a specific agri-food value chain for which resource allocation and investments appear most promising in terms of local economic development and in pursuit of further social and environmental goals. There are numerous examples where such a single-chain focus has disproportionately benefited men through better access to technical assistance, training and credit, often aggravated by cultural norms that limit the control over increased income and other resources by women and the youth. In response, a growing number of VCD initiatives has put women empowerment at the forefront by gearing VCD services predominantly or exclusively to them. While the promotion of women’s involvement in VCD may lead to increased gender equity in a given chain, there may be unfavorable shifts in gender relations as regards other market and non-market household activities performed by women and men. Such trade-offs in smallholder livelihoods remain often undetected in the approaches and tools for designing value chain interventions and assessing their impact.

In response to the typical shortcomings of single-chain approaches to VCD, this paper makes the case for a multi-chain approach to rural poverty reduction that accounts for broader livelihood and gender goals. The approach is based on assets, with a focus on human, social, natural, physical and financial capitals at the level of smallholder households and the enterprises they may be part of (e.g. cooperatives, farmers' associations). We present a conceptual framework that integrates value chain, livelihoods and gender perspectives to identify value chain options for women, men and the youth differentiated according to their capacities and aspirations and the non-market activities they perform. The framework is further informed by the review of VCD tools, own case studies and those presented in the literature.

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**Research questions**

1) In what way does VCD allow for asset building at the level of smallholder households and their enterprises, and to what extent are outcomes gender differentiated?

2) Which trade-offs exist between increased investment of household resources in a given value chain and other livelihood activities geared to the market or subsistence?

3) What implications do the findings have for the assessment of current and the development of future VCD initiatives, as well as the design of public and private policies in support of gender-equitable economic and overall livelihoods development?

**Methodology**

This paper is based on a critical review of VCD approaches and tools, conceptual debates on addressing intra-household power relations and trade-offs, and the review of case studies on gender and value chain development. The latter include cases studies based on the 5Capitals tool for assessing the impact of value chain development on poverty (Donovan & Stoian 2012, Sheck et al. 2013). These cases, involving research and development organizations engaged in value chain analysis or development, covered a broad range of countries, crops, types of intervention (private vs. public sector driven), and stages of enterprise development (incipient vs. advanced). We assessed livelihood resilience at the level of smallholder households and business viability at the level of small and medium enterprises linking them with downstream value chain actors (“linked enterprises”). Focus was on critical livelihood and business assets, with special attention to the synergies and substitutions among these assets resulting from the interventions. As women empowerment was an explicit goal only in a few of the VCD case studies, we will also draw on literature for further insight into gender relations and equality with regard to intra-household access to and use of assets, for example the GAAP studies (IFPRI 2013).

**Data used**

Principal data used were those related to 30-35 indicators for the household and business assets listed in the table below. Changes in asset endowments were determined at the level of outcome domains (2-3 per asset) and categorized as green ("reasonably high asset endowment"), yellow ("somewhat insufficient asset endowment"), or red (insufficient asset endowment"). At aggregate level, this led to a traffic light system that allows prioritizing future VCD interventions for more balanced asset building that enhances resilience of smallholder households and gender equity.

<table>
<thead>
<tr>
<th>Household assets (smallholders)</th>
<th>Business assets (linked enterprise)</th>
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</thead>
<tbody>
<tr>
<td>Natural capital</td>
<td>Stock of environmentally provided assets, including soil health, forest cover and diversity, minerals, water, stock of plants or animals</td>
</tr>
<tr>
<td>Human capital</td>
<td>Capacities and skills, formal education, nutritional and health status</td>
</tr>
<tr>
<td>Social capital</td>
<td>Rules, norms, obligations, reciprocity and trust embedded in social relations, structures or arrangements that enable those who share it to achieve goals they could not achieve individually</td>
</tr>
<tr>
<td>Physical capital</td>
<td>Tools, equipment, machinery, buildings, other built or productive resources</td>
</tr>
<tr>
<td>Financial capital</td>
<td>Cash, savings, equity, credit, other financial resources</td>
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Preliminary findings

Across the case studies we found evidence, though to varying degrees, that VCD can address resource inefficiencies and achieve economies of scale through bundling household and other assets for improved production, processing and commercialization of agri-food products. While several cases showed building of certain assets at household and/or enterprise level, we found little evidence for broad-based asset building that would ensure livelihood resilience and business viability as markets contract, natural disasters hit, or regulatory frameworks change. In some cases, particularly those targeting women producers and salespersons (e.g. horticultural value chain in Afghanistan), women's empowerment took place through building of both household and enterprise assets controlled by women. In many cases, however, VCD was promoted without a gender lens and women's empowerment or shifts in gender relations were less pronounced or visible. These preliminary findings will be complemented through insights from literature that address intra-household resource allocation and decision making in relation to value chain development and other development efforts.

A principal finding is that the transformation of household livelihoods and gender relations requires looking beyond a given value chain to account for the broad number of market and non-market activities smallholder households are engaged in, as well as related opportunities for women, men and the youth. Based on this we make a case for a multi-chain approach to gender equitable value chain and livelihoods development and associated changes in the political, institutional and market environment. Such an approach requires coordinated efforts in a given territory between governmental agencies, NGOs and value chain stakeholders to promote smallholder integration in different value chains, where the portfolio of chains implies household, gender and age-differentiated opportunities based on asset endowments, livelihood aspirations, and risk tolerance. From a women empowerment perspective, the identification of opportunities for effective participation in value chains needs to take into account the underlying power relations between men and women to allow for improved access of women to assets and decision making power. At the same time, possible trade-offs with non-market activities geared towards food security and other household goals need to be addressed. Finally, analysis needs to extend beyond the household to include administrators of smallholder enterprises (e.g. cooperatives, farmers' associations), services providers, and downstream buyers and processors who all play a major role in determining the opportunity set available to women.