Indicators of Value Chain Development Sustainability

Assessing sustainability is particularly problematic for value chain projects because of their focus on facilitating improved relationships and their de-emphasis on the delivery of tangible goods and services. In dynamic market environments, the sustainability of individual firms or of business relationships is not guaranteed. But changes in the market system—including an increased resilience to shocks and an ability to adapt to change—can continue to deliver economic benefits over the long term.

Sustainable impact can only be measured after the end of the project, but the following illustrative indicators can be helpful in suggesting that a project is on track for achieving this. In isolation, no one of these indicators provides evidence of sustainability, but positive movement in several of these areas strengthens our claims of achieving sustainable impact.

Some examples of change listed below have analogous US government indicators—included in either the Feed the Future list of indicators or in the Department of State master list of indicators. Others may require specially tailored indicators, or may need to be measured qualitatively.

Key: FTF = Feed the Future Indicators, April 2012; DoS = U.S. Department of State Master Indicator List

Area of Change	Type of Change	Selected Examples of Change	Illustrative Indicators (Source, where applicable)
Farm/firm behavior	Farms & other firms demonstrate greater responsiveness to market incentives	1. Agricultural production increases when the farm gate price rises 2. Farmers shift land & other resources from crops that are expected to be less profitable in the long run to more profitable crops 3. Agricultural productivity rises 4. Farms & other firms demonstrate resilience in the face of market shocks, e.g., by coordinating responses with other firms 5. Firms become more specialized & gain multiple marketing channels 6. Firms become more innovative 7. Amount of environmental degradation declines	1. Area under production, farm gate price—plotted over time (plus qualitative research) 2. Ratio of area under production of high value crops to area under production of low value crops 3. Gross margin per unit of land, kilogram, or animal of selected product (FTF) 4. Measured qualitatively 5. Number of new market linkages established as a result of USG assistance 6. a. Number of new businesses established based on a new technology or innovation (DoS) b. Number of farmers and others who have applied new technologies or management practices as a result of USG assistance (FTF)

			7. a. Number of people with increased economic benefits derived from sustainable natural resource management and conservation as a result of USG assistance (DoS) b. Number of hectares of natural resources showing improved biophysical conditions as a result of USG assistance (DoS) c. Number of hectares of biological significance and/or natural resources under improved natural resource management as a result of USG assistance (DoS)
	Farms & firms upgrade by investing in physical & human resources	8. Purchases of improved inputs & equipment increase 9. More trees are planted (for perennial crops) 10. More farmers participate in training events & spread learning to indirect recipients 11. Farm/firm management improves	8. a. Number of hectares under improved technologies or management practices as a result of USG assistance (DoS) b. Number of farmers and others who have applied new technologies (DoS) 9. Percentage increase in number of trees planted 10. Number of individuals who have received USG supported short-term agricultural sector productivity or food security training (FTF) 11. Number of farmers and others who have applied new technologies or management practices as a result of USG assistance (FTF)
	Farms & firms enter into new or modified vertical or horizontal relationships that demonstrate improved trust & incentives	12. More transactions are based on commercial rather than familial or ethnic criteria 13. Supply contracts are renewed 14. Farmers adhere to contracts, even at a short-term loss, to preserve relationships 15. Farmers' associations & other forms of horizontal linkage survive & increase their capacity & outreach	12. Measured qualitatively 13. Number of repeat supply contracts entered into by smallholder producers 14. Number of supply contracts fulfilled by smallholder producers 15. Number of members of producer organizations and community based organizations receiving USG assistance (DoS)

The business enabling environment	Policy, regulatory, & legal improvements facilitate upgrading by producers, processors & marketers	16. Price controls & taxes that discourage production are removed 17. Dispute resolution mechanisms improve 18. Legal & regulatory reforms cut the cost (in time & money) of establishing & operating a business, building facilities, & hiring & firing labor 19. Government promotes new business creation, competition, & labor mobility	16. Number of quantitative restrictions and quotas eliminated this year (FTF) 17. Number of new or improved policies, procedures or regulations that support the resolution of contract disputes 18. a. Average number of days required to trade goods across borders (average of export/import time) (DoS) b. Ease of Doing Business rank (DoS) 19. Number of new local and national government initiatives to support business creation and competition
	The informal business environment becomes more transparent & equitable	20. Predatory trading practices decline 21. Trust in business relationships rises (repeat customers, renewed contracts) 22. Benefits are distributed more equitably within the value chain 23. The speed with which innovations spread throughout the value chain increases	20. Measured qualitatively 21. a. Number of repeat supply contracts entered into by smallholder producers b. Number of buyers or suppliers providing embedded services to smallholder producers 22. Percentage change in the proportion of final price accruing to smallholder producers 23. Measured qualitatively
	Improvements in infrastructure support firm upgrading	24. Farm-to-market roads are built & better maintained 25. Electricity supply becomes more reliable 26. Export facilities (ports, air freight) are expanded & improved 27. Information infrastructure improves	24. Kilometers of roads improved or constructed (FTF) 25. Percentage of time without electricity decreases 26. Kilometers of irrigation canals, drainage ditches, market feeder roads, and/or other measureable municipal services and/or market infrastructures rehabilitated (DoS) 27. Total public and private dollars leveraged by USG for ICT infrastructure projects (DoS)
Supporting markets & institutions	Financial services are improved & made more accessible	28. SME access to institutional borrowing on sustainable terms improves as better-tailored products are introduced 29. Safe & convenient savings vehicles are provided & used	28. a. Total number of clients (households and/or microenterprises) benefiting from financial services provided through USG-assisted financial intermediaries, including non-financial institutions or actors (DoS) b. Value of agricultural and rural loans (FTF) c. Number of MSMEs, including farmers, receiving USG

			assistance to access loans (FTF) 29. Number of people with a savings account or insurance policy as a result of USG assistance (FTF)
	Systems & institutions that support firm upgrading are strengthened	30. Input suppliers strengthen their distribution systems to small farmers 31. Research institutions become more market-driven & sustainably financed 32. Standards bodies become more market-driven & sustainably financed 33. Agricultural extension services improve 34. Export promotion activities improve	30. Number of small farmers purchasing inputs from private sector suppliers 31. a. Number of research institutions conducting market research b. Number of research institutions with business plans 32. a. Number of new or improved standards that align with specific market requirements b. Number of standards bodies with business plans 33. Percentage of smallholder farmers reporting satisfaction with extension services 34. Number of exporters reporting assistance or services from export promotion agency
Individual & household behavior	Households improve their ability to withstand shocks	35. Personal saving increases 36. Financial services are used increasingly to cushion potential shocks 37. Human capacity increases, enhancing the ability to compete in this or other value chains	35. Percentage increase in personal savings of small-scale producers 36. Percentage of small-scale producers accessing financial services 37. a. Number of farmers and others who have applied new technologies or management practices as a result of USG assistance (FTF) b. Number of individuals who have received USG supported short-term agricultural sector productivity or food security training (FTF)

This table draws from "A Note on Indicators of Sustainability for Value Chain Projects" by Donald Snodgrass for ACDI/VOCA, Microlinks, 2012