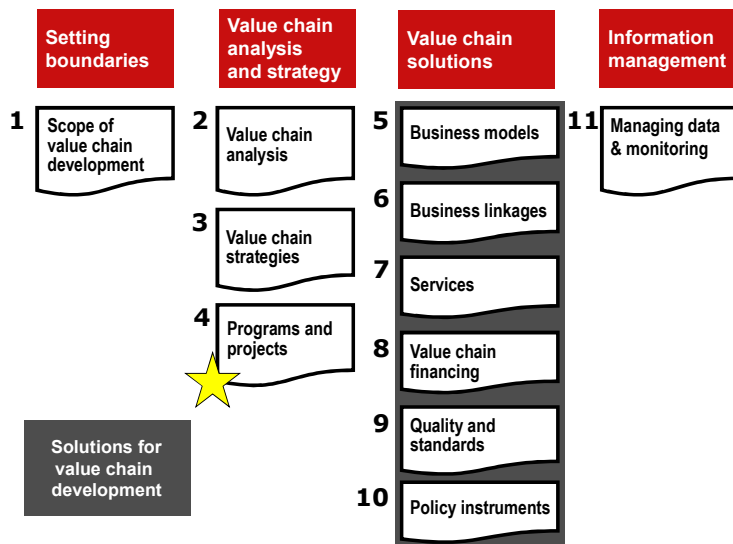




ValueLinks Module 4

VCD Programs and projects

Structure of ValueLinks 2.0





VCD Project Implementation

Contents

- 1** Program formats of lead actors in VC development (VCD)
- 2** Processes of VC development
- 3** Development partnerships with the private sector

Private and public roles in a VC

1



- **Private enterprises**
perform the regular business activities and pay for the inputs and business services required. They make the investment required to improve their business.
- **Supporters of the value chain**
ensure the provision of services of common interest to VC actors, such as joint marketing or shared research needs (collective goods of the industry)
- **Government**
regulates the market and provides public-benefit services - in the interest of consumer safety, a larger tax base and environmental protection (public goods)
- **Civil society organisations**
play a political role pointing out to social or environmental problems, defending consumer and other public interests



The role of facilitators

External agencies facilitate upgrading by collaborating with appropriate partners within the value chain
They should **not work directly** on upgrading the value chain.

Facilitators

1

- Create **awareness**, enhance **understanding** and **trust**
- Help stakeholders get to know each other and to **exchange**
- Help building a **joint vision** of the future and **upgrading strategy**
- Enhance **business linkages**
- Enhance **new business transactions and investment**
- Facilitate **joint learning** of VC stakeholders and process innovation
- **Capacity Development** and **Institution building**

5



Process facilitation: Principles

1

- Build on **own initiatives of private enterprises** and work with chain leaders as partners (“champions”)
- Stick to **clear division of work** between private and public actors contributing to chain development.
- Cultivate development as a **learning process**
- Go for **quick visible results** to gain momentum while being prepared for long-term support.
- Move **from simple** improvements **to more complex** structural change
- Make sure this is a **“win-win game”**
- Ensure **coordinated efforts of different donors** along the chain

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Lead actors in value chain development (VCD)

A lead actor is an organisation assuming responsibility to drive VC development.

Three types of lead actors:

1

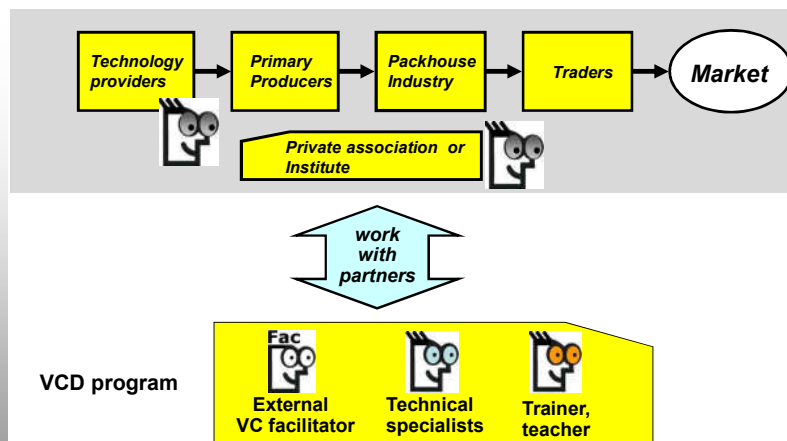
- **Private associations/companies or umbrella cooperatives** having a leadership or coordination function
- **Government and public administration:** E.g. sector ministries or government departments for special industries
- **Development agencies:** VC external actors (bilateral agencies, UN, NGO's) pursuing public policy objectives serving their political clients.

7



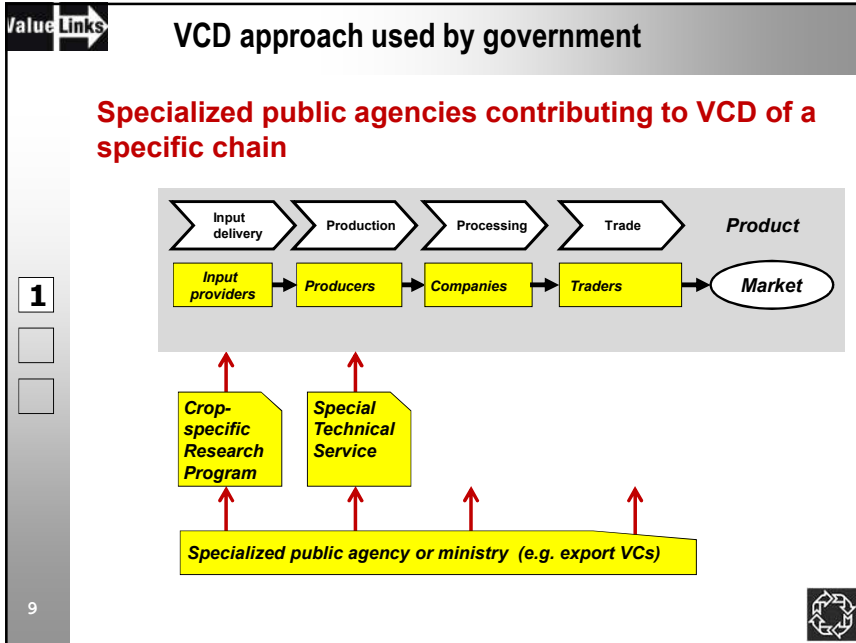
Typical set-up of a donor-funded VCD program

1



8





Value Links

VCD Project Implementation

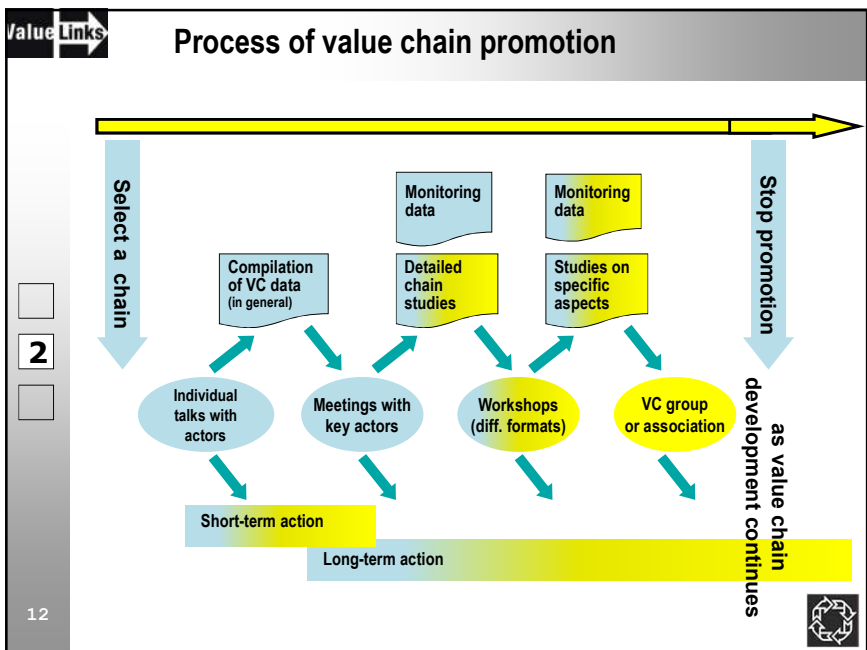
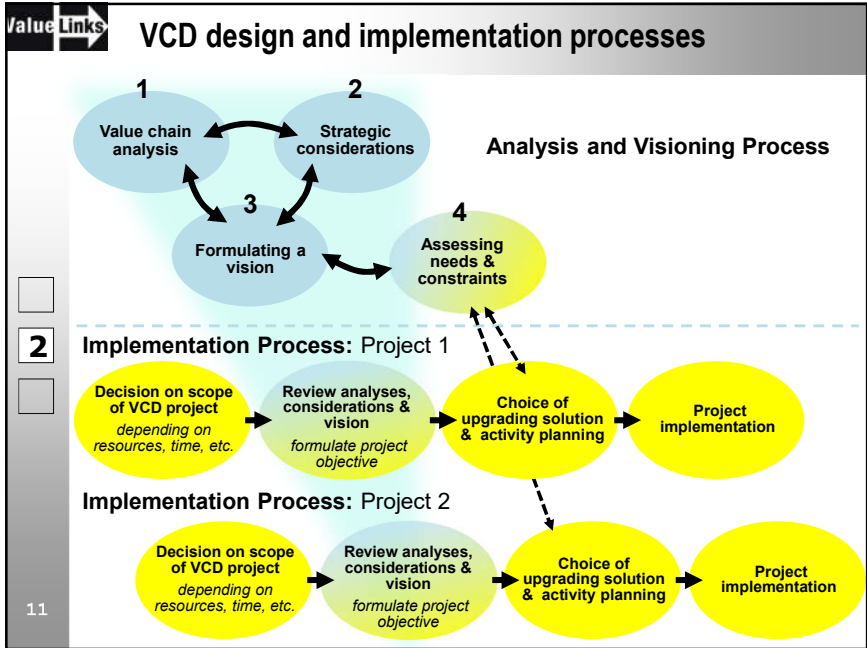
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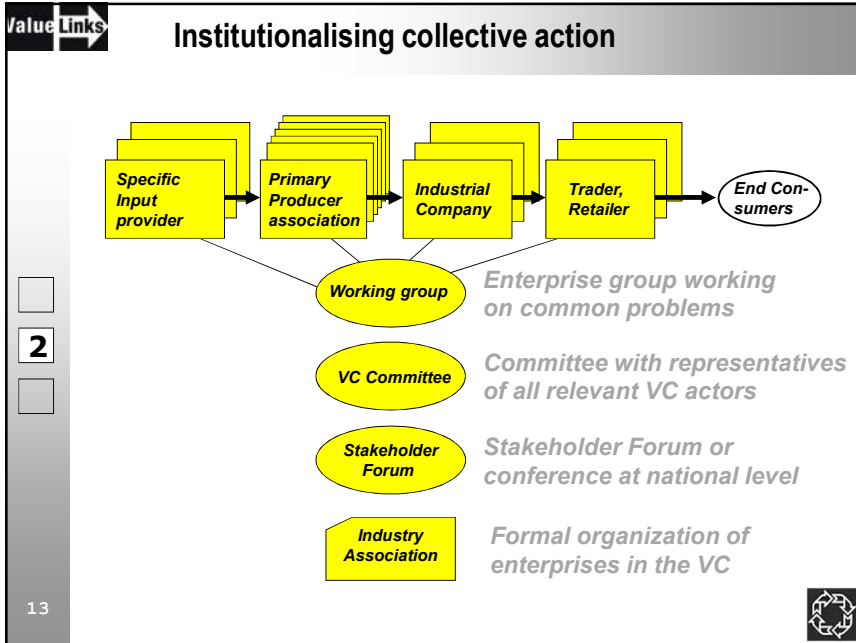
1 Program formats of lead actors in VC development

2 Processes of VC development

3 Development partnerships with the private sector

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ValueLinks Agenda of a multi-stakeholder planning workshop

Workshop with 30-40 participants: Ministry, project, meso level organisations, associations, farmers, traders, input suppliers, processors

First Day	
08:00	Welcome & Presentation of Participants
09:00	Presentation of the national sector development strategy (Ministry)
09:30	Introduction of the ValueLinks methodology (International consultant)
10:00	Presentation of key findings of the VC study (National consultant)
10:30	Coffee break
11:00	Plenary: Validation of the VC map – Discussion of market opportunities & competitiveness
12:30	Lunch
14:00	2 working groups: Formulation of a VC vision and constraints analysis
15:30	Coffee break
16:00	Plenary : Agreement on one vision formulation
17:30	End of the first day

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Agenda of a multi-stakeholder planning workshop

2

Second day	
08:00	Welcome of Participants
08:30	Summary of day 1, introduction of solutions and facilitation activities
09:00	Group work: Elaboration of sustainable solutions and facilitation activities
10:00	Coffee break
10:30	Group work (cont'd)
12:30	Lunch
14:00	Plenary : Discussion of group work results: Agreement on sustainable solutions and facilitation activities
15:30	Creation of a VC committee and closing remarks
16:30	End of the second day



A multi-stakeholder VC planning workshop

2





VCD Project Implementation

Contents

- 1 Program formats of lead actors in VC development
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Why private sector cooperation?



- **Efficiency:** Lever TC funds by private contributions
- **Effectiveness:** Reach indicators in a better way (e.g. increase sales and productivity) by providing the „missing piece“ (e.g. trainings, adapted technologies, link to market)
- **Sustainability:** Companies continue activities after TC programme ends, capacity building at intermediary institutions, model for other



Win-win-situation

What is a DPP and how can it be financed?

DPP

develoPPP.de
financed by develoPPP.de funds

integrated DPP (iDPP)
financed by a BMZ/BMx TC project

Different terms used for the same thing:

- **DPP** – development partnership with the private sector
- **EPW** – Entwicklungspartnerschaft mit der Wirtschaft
- (sometimes called PPP – public private partnership = old term that is no longer used in GIZ)

DPP partners in value chains

1. Partners have interest in complete value chain

- Traders, retailers or processors sourcing from local producers

2. Partners have interest in a particular step of the value chain

- Technology or input providers venturing into new markets
- Providers of innovative business services to local actors
- Companies operating in the target countries searching for qualified staff
- Larger firms initiating CSR measures/doing risk management

What do iDPP and develoPPP.de have in common?

- Joint and formalized (contract!) **partnership among equal partners („at eye level“)** that pursue a shared goal together
- Partners contribute expertise, in-kind inputs and/or money
- Based upon the same **DPP criteria:***
 - Clear development outcome
 - Complementarity: Partners achieve objectives more quickly, more efficiently, more cost-effectively together
 - Subsidiarity: Company would not carry out activities on its own
 - Commercial interest of company in the project (without being only an investment in actual core business)
 - Sustainability: Project is part of the company's long-term involvement in the country/topic
 - Competitive neutrality: Project may not distort market; outcomes should be accessible by and beneficial for the public and other companies
 - Contribution: One or more private partner(s) contribute(s) at least 50%

Competitive neutrality

GIZ is prohibited from playing an active role in restricting competition (Anti-trust legislation)

- ✓ **Transparent announcement and selection processes**
 - If not possible: reflect/document why to choose this partner and possibly include others
 - Platform that can be used for transparent process: www.leverist.de
- ✓ **Project that is close to the core business**
 - Promote technology/product type instead of brand
 - Limit direct support to a well-defined pilot; awareness-raising and system building activities, etc.

Summary: Main lessons to remember

- ValueLinks builds on CAPACITY WORKS and its 5 success factors – strategy, cooperation, steering, processes and capacity development.
- Cooperation: VCD always implies cooperation between operators, lead actors and other stakeholders.
- Steering: VC development is the result of collective action and therefore requires steering structures including all participants contributing to VCD.
- VCD processes: A distinction is made between VCD strategy, planning and implementation processes on one side, and support processes on the other. Process management has to be conflict- and gender-sensitive.
- Capacity building refers to the capacity to promote VC development on a long-term basis and includes competences of individuals as well as the appropriate institutions spreading the know-how.
- Development partnerships with the private sector are an important format of cooperation.

