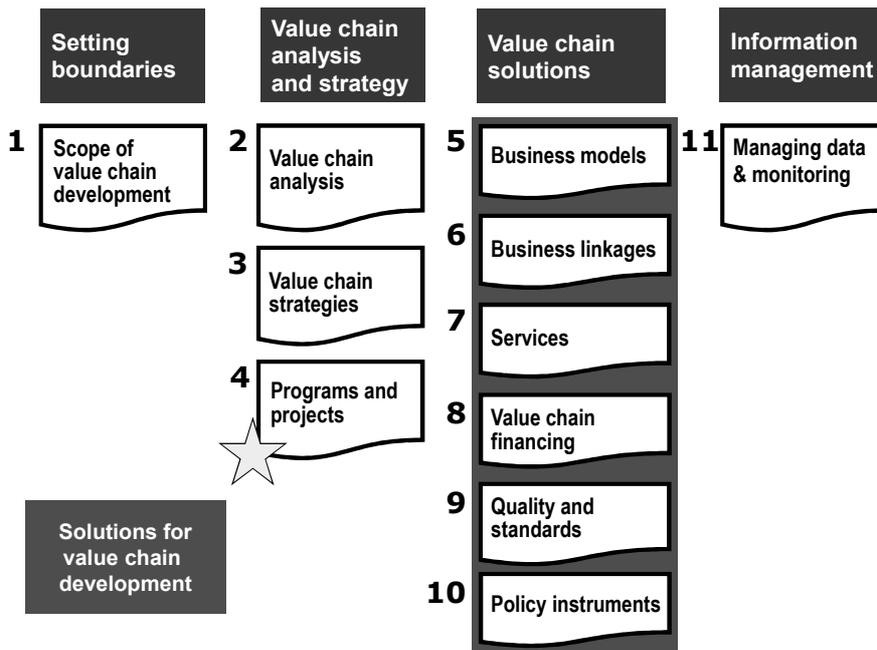




ValueLinks Module 4

VCD Programs and projects

Structure of ValueLinks 2.0





VCD Project Implementation

Contents

- 1** Program formats of lead actors in VC development
- 2** Processes of VC development
- 3** Cooperation and development partnerships

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**

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Process facilitation: Principles

- 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

A lead actor is an organisation assuming responsibility to drive VC development at a certain time.

Three types of lead actors:

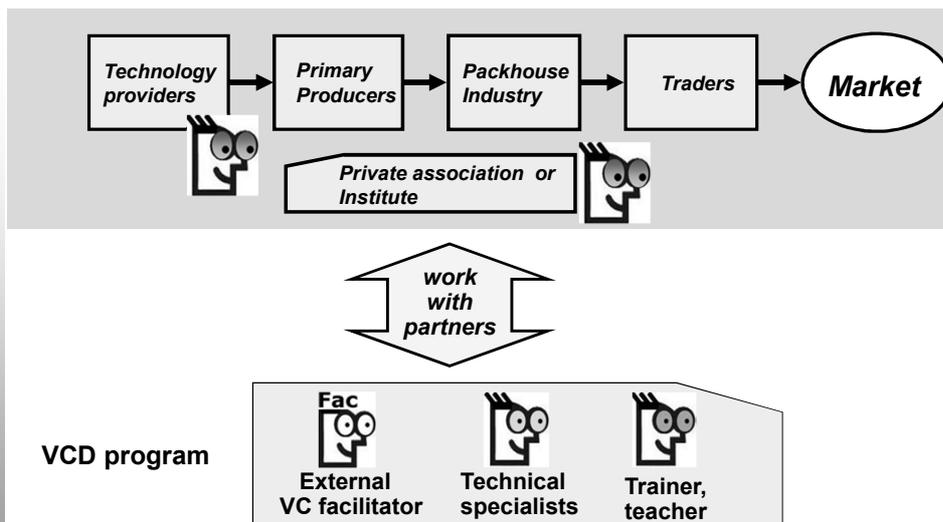
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- Private companies or associations having a leadership or coordination function
- Government and public administration: E.g. sector ministries or government departments for special industries
- Development agencies: VC external actors (bilateral agencies,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

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Typical set-up of a donor-funded VCD program



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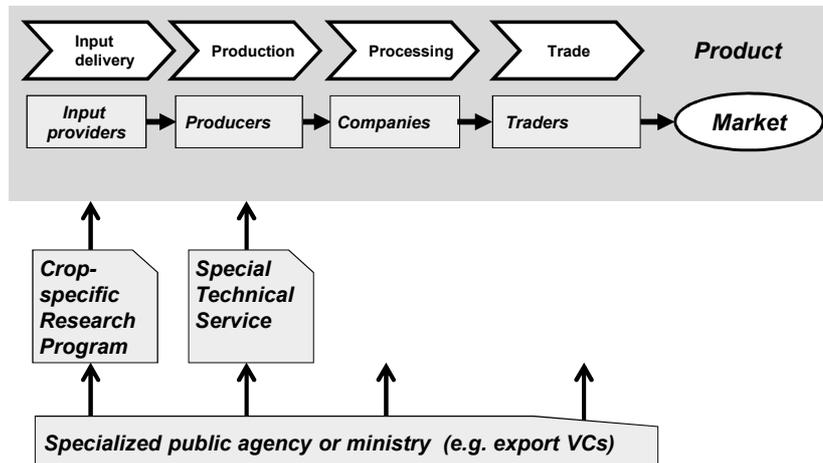
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VCD approach used by government

Specialized public agencies contributing to VCD of a specific chain

1



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VCD Project Implementation

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Program formats of lead actors in VC development

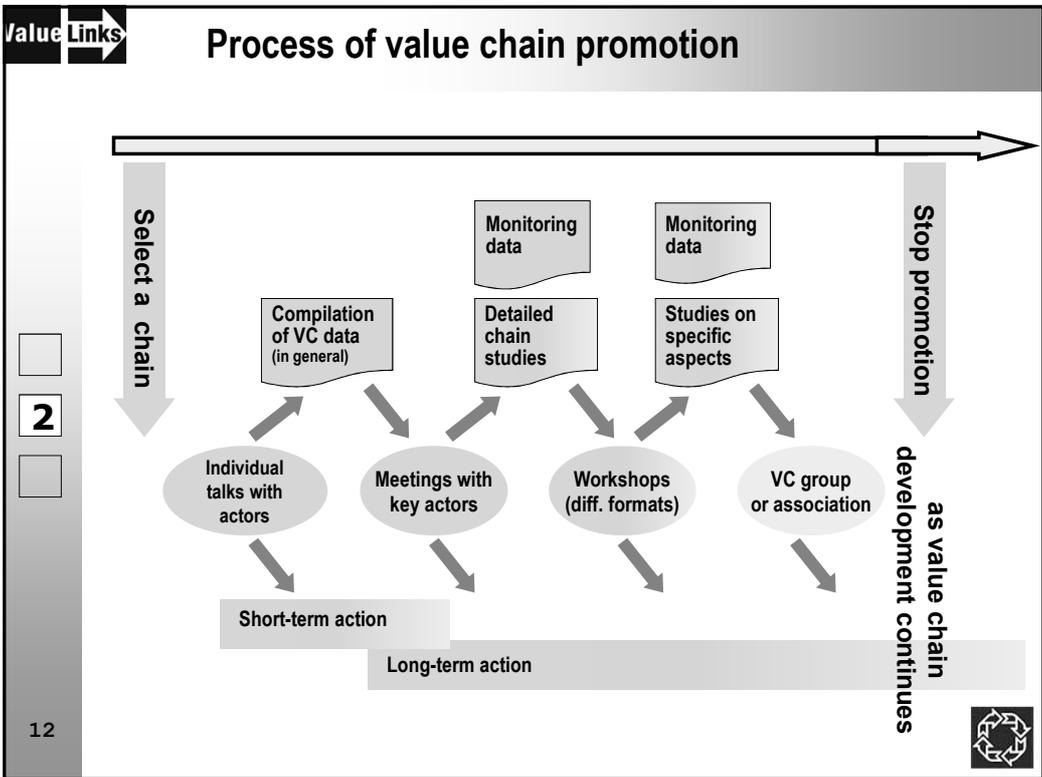
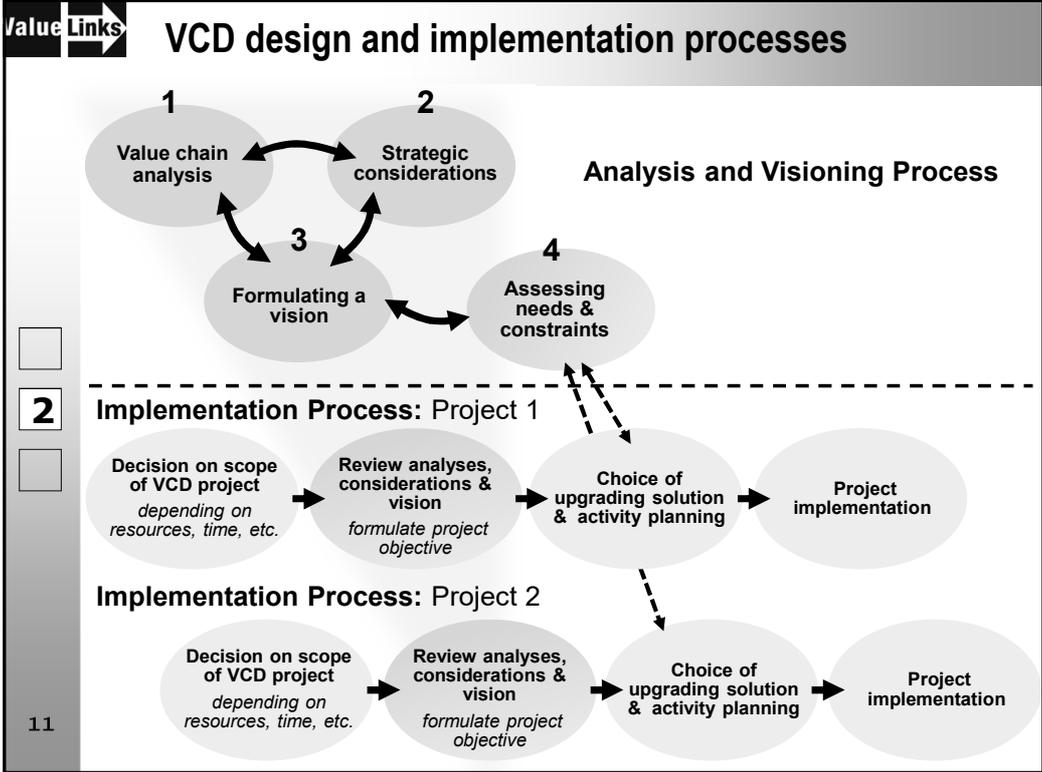
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Processes of VC development

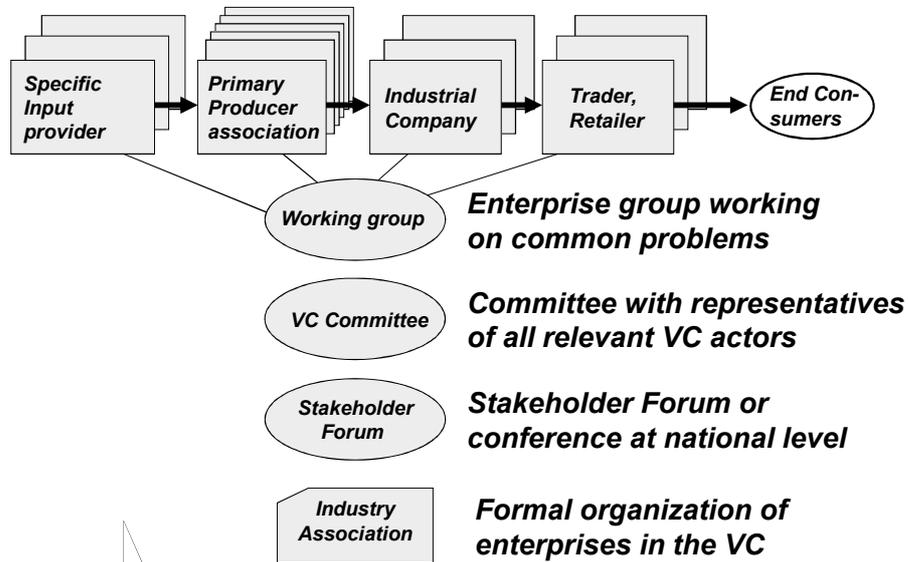
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Cooperation and development partnerships

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Institutionalising collective action



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

Agenda of a multi-stakeholder planning workshop

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

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What is a development partnership (DPP)?

Development Partnerships with the Private Sector

- In German development cooperation, development partnerships with the private sector (DPP) are prepared and implemented either through the BMZ-funded program **develoPPP.de** or bilateral cooperation.
- DeveloPPP.de aims at fostering the involvement of the private sector in areas where business opportunities and development policy initiatives overlap.
- BMZ has mandated two implementing organizations (IO) – GIZ and DEG – to run develoPPP.de (until April 2019, sequa used to be the third IO).
- DPP combine the know-how and resources of private businesses with the resources, knowledge and experience of development cooperation and aim at reaching development goals through private sector initiative.
- The program offers financial and technical support for companies that plan to or have begun operating in developing and emerging-market countries. DPP are jointly planned, financed and implemented by businesses/business associations and the IO.

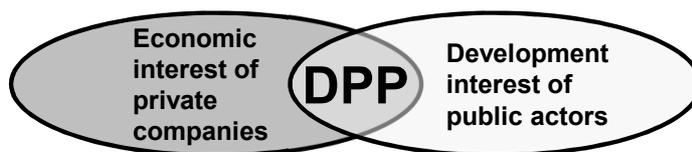


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DPP concept

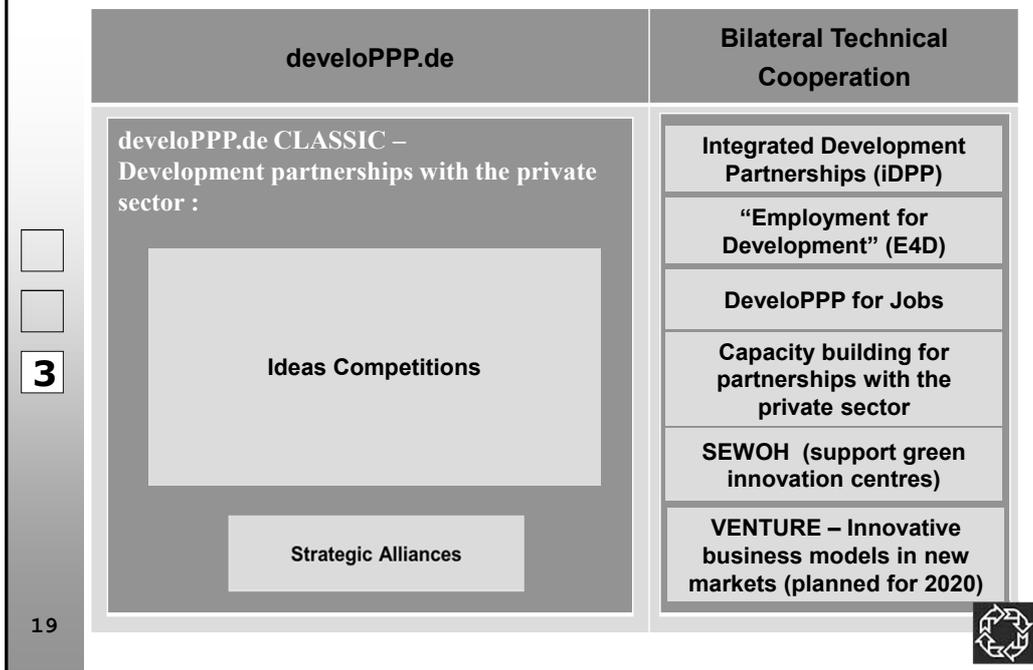
... overlapping public and private interest



Targets	<ul style="list-style-type: none"> ▪ Access to new markets / Increase market share ▪ Increase the reliability of the Supply Chain in terms of quality and quantity ▪ Access to qualified workforce ▪ Image, reputation, risk management (Corporate Social Responsibility) 	<ul style="list-style-type: none"> ▪ New or improved employment opportunities for target groups / Income increase ▪ Increased sustainability of supply chains (fair trade, organic etc.) ▪ Fair working/livelihood conditions/gender equity ▪ Protection of the environment / natural resources / Technology transfer
Impacts	Poverty reduction Economic and social participation for disadvantaged population segments Protection of natural resources Contribution to SDG	



DPP in German development cooperation



Categories of private sector partners

Typical companies implementing Development Partnerships are:

- Traders, retailers or processors sourcing from local producers or looking for new suppliers
- Technology providers venturing into new markets
- Providers of innovative business services to local actors, either to companies or the public sector
- Companies already operating in the target countries searching for qualified staff
- Business associations and organizations
- Larger firms/multinationals initiating CSR measures



Categories of Development Partnerships

Typical subjects of Development Partnerships are:

- Supply chain development (in the areas of quality control, traceability, organic or fair trade certification, climate change resilience or others)
- Vocational Technical Education and Training (VTET) – Capacity Building for local VTET providers
- Infrastructure Development / Technology Transfer (i.e. water and sanitation, renewable energies)
- Enhancing legal or administrative framework conditions for business development
- Strategic Alliances: Overarching initiatives to cover more than one supply chain or sector in more than one country – SA have a larger impact on overall VC development.

**3**

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Eligibility Criteria

Development Partnerships are eligible if:

- The private partners have a clear **business interest**.
- They would not implement the project without public support (**Subsidiarity**).
- The planned initiative goes beyond the **core business** of the company.
- The project must contribute to **development goals**.
- Public and private resources and funds should complement each other in such a way that all partners achieve their respective objectives more quickly, more efficiently and more cost-effectively (**Complementarity**).
- The project involves local partners and contributes to building or enhancing **sustainable local structures**.
- The project must be embedded in the company's **long-term commitment** in the country.
- The private partner contributes at least half of the project costs.

**3**

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Advantages of DPP in development cooperation

- DPP can complement ongoing TC programmes, e.g. by providing access to the market (i.e. through supply chain development) or by meeting the needs of the population (i.e. infrastructure development) or environmental needs (new technologies to adapt to climate change)
- Cooperation with the private sector is expected to increase the sustainability and effectiveness of development programs.
- DPP provide access to complementary knowledge which the public sector does not have, but which is needed to develop markets
- Many international companies operating in the target countries are major employers in the local economies and contribute to local economic development.
- By improving their own supply chains, international trading companies can contribute to overall VC development.
- Limited financial resources in the public sector may require the mobilization of additional private capital.



3

