ValueLinks Module 4

VCD Programs and projects

ValueLinks 2.0

1. Setting boundaries
   - Scope of value chain development

2. Chain analysis and strategy
   - Value chain analysis

3. Chain analysis and strategy
   - Value chain strategies

4. Chain analysis and strategy
   - Programs and projects

5. VC upgrading solutions
   - Business models
   - Business linkages

6. VC upgrading solutions
   - Services

7. VC upgradind solutions
   - VC Financing

8. Solutions for improving the value chain
   - Quality and standards

9. Solutions for improving the value chain
   - Policy instruments

10. Solutions for improving the value chain

11. Managing data & monitoring

biz
VCD Project Implementation

Contents

1. Program formats of lead actors in VC development
2. Steering and managing processes of VC development
3. Development partnerships with the private sector
4. Capacity development and learning

Private and public roles in a VC

- **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
Lead actors

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

Lead actors can be:

- 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.

Private supply chain initiatives
VCD approach used by government

Specialized public agencies contributing to VCD of a specific chain

Input delivery → Production → Processing → Trade → Product

Input providers → Producers → Companies → Traders → Market

Crop-specific Research Program

Specialized Technical Service

Specialized public agency or ministry (e.g. export VCs)

VCD approach used by government

Public agencies providing services of relevance to VCD in general

VC 1

Input providers → Producers → Companies → Traders → Market VC1

VC 2

Input providers → Producers → Companies → Traders → Market VC2

VC 3

Input providers → Producers → Companies → Traders → Market VC3

Research Institutes

Investment funds for rural irrigation Storage...

Vocational training institutes

Ministries with services and regulatory tasks relevant to VCD: Financial policy, trade policy, infrastructure, social policies
Value chain perspective of regional actors

Rural planning
Natural resource management
Irrigation perimeters
Rural planning

In view of the demand in different VCs...

Public organisations in charge of investment into rural infrastructure:
- Ministry of transport
- Regional government
...

National investment plans guiding VC development

Private sector

Reference

NAIP
Program 1
Program 2
Program 3
...

Reference

1

2

3

Ministry of Finance
...Agriculture and Forests
...Trade and Industry

Government and public administration

World Bank
UN agencies
Bilateral Agencies
NGOs

Development agencies
Developing a VC in an integrated approach covering all stages and fields of investment and upgrading

- **Input** delivery to **Production**
- **Processing** production to **Trade**
- **Product** fed to **Market**

**Interprofession / professional association**

**Specific VCD program**

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**Typical set-up of a donor-funded VCD program**

- **Technology providers** to **Primary Producers**
- **Packhouse Industry** to **Traders**
- **Market**

**Private association or Institute**

**VCD program**

- **External VC facilitator**
- **Technical specialists**
- **Trainer, teacher**

**Work with partners**
Program-related steering structure

An adequate steering structure for VC development should fulfill these demands:

- Inclusion of all stakeholders relevant to the VC development agenda
- Sufficient incentives so that the cost of collaborating is compensated
- Efficiency of the steering structure to perform the tasks at the lowest cost possible
- Perspective for consolidating and financing VC development steering on a long-term basis
Steering structure for VC development

- **National level**
  - Once-off events for visioning
  - Regular structure for coordination & implementation
  - Stakeholder Forum / Conference
  - VC committee
  - Working group

- **Regional level**
  - Representing regional VC actors
  - According to subjects and projects
  - Regional VC committee
  - Working group

Institutionalising collective action

- **Specific Input provider**
  - Primary Producer association
  - Industrial Company
  - Trader, Retailer
  - End Consumers
  - Working group
  - Enterprise group working on common problems
  - Committee with representatives of all relevant VC actors
  - Stakeholder Forum or conference at national level
  - Formal organization of enterprises in the VC
## Use of meetings, workshops, fora

<table>
<thead>
<tr>
<th>Objectives in process facilitation</th>
<th>Possible workshop format</th>
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<tbody>
<tr>
<td>(a) Create awareness and understanding</td>
<td>Stakeholder forum</td>
</tr>
<tr>
<td>(b) Exchange between actors</td>
<td>Stakeholder forum</td>
</tr>
<tr>
<td>(c) Joint VC mapping and analysis</td>
<td>Meeting with change agents VC workshop</td>
</tr>
<tr>
<td>(d) Help building a vision</td>
<td>VC workshop</td>
</tr>
<tr>
<td>(e) Forge a consensus on vision &amp; strategy</td>
<td>VC workshop</td>
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<tr>
<td>(f) Joint decision-making &amp; operationalizing action</td>
<td>VC working groups</td>
</tr>
<tr>
<td>(g) Joint learning of VC stakeholders</td>
<td>VC workshop</td>
</tr>
<tr>
<td>(h) Coordination of different support agencies</td>
<td>VC committee leadership depends on scale and political dimension of VC development</td>
</tr>
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## Capacity Works success factors and VC development

<table>
<thead>
<tr>
<th>Capacity Works</th>
<th>Main tasks and tools of VC development</th>
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</thead>
</table>
| CW-1: Strategy   | ▪ Value chain analysis  
                     ▪ Strategic analysis: Strategic considerations, analysis of constraints, needs and opportunities  
                     ▪ Formulation of VC development vision, objectives and solutions                                   |
| CW-2: Cooperation | ▪ Analyzing the cooperation system of the VC (VC mapping)  
                     ▪ Identifying VC leaders  
                     ▪ Forming partnerships among actors to implement VC development solutions                          |
| CW-3: Steering Structure | ▪ Steering instruments and formats, e.g. VC committees                                                  |
| CW-4: Processes   | ▪ Process to formulate VC development objectives and strategy  
                     ▪ Implementation and facilitation of processes incl. operational planning of VC development activities  
                     ▪ Conflict management                                                                                   |
| CW-5: Learning & Innovation | ▪ Training and promotion capacities  
                                ▪ Reporting on innovation outcomes and impact, documentation of knowledge and experience  
                                ▪ Peer learning & networking among VC actors and VC development promoters                              |
Example of participative VC development strategy planning

- **Step 1:** Preparation of a short VC study by a local consultant, according to a given template and within a timeframe of about 4 weeks (assessment of VC actors, draft VC map, market and constraints analysis, information about other support programs, and recommendations for VC upgrading).

- **Step 2:** Two-day multi-stakeholder workshop with about 40 representatives of different VC actors. During the workshop:
  - Presentation of the main findings of the VC study and the VC sector policy of the government.
  - Validation of the draft VC map and discussion of market trends.
  - Elaboration of a vision statement/constraints analysis in two working groups, consolidation in form of a joint vision/constraints analysis in plenary.
  - Discussion of upgrading solutions and related project facilitation activities.
  - Election of a VC committee with 8-10 persons.

Example of an agenda of a multi-stakeholder VC planning workshop

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

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>08:00</td>
<td>Welcome &amp; Presentation of Participants</td>
</tr>
<tr>
<td>09:00</td>
<td>Presentation of the national sector development strategy (Ministry)</td>
</tr>
<tr>
<td>09:30</td>
<td>Introduction of the ValueLinks methodology (International consultant)</td>
</tr>
<tr>
<td>10:00</td>
<td>Presentation of key findings of the VC study (National consultant)</td>
</tr>
<tr>
<td>10:30</td>
<td>Coffee break</td>
</tr>
<tr>
<td>11:00</td>
<td>Plenary: Validation of the VC map – Discussion of market opportunities &amp; competitiveness</td>
</tr>
<tr>
<td>12:30</td>
<td>Lunch</td>
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<tr>
<td>13:00</td>
<td>Coffee break</td>
</tr>
<tr>
<td>14:00</td>
<td>2 working groups: Formulation of a VC vision and constraints analysis</td>
</tr>
<tr>
<td>15:30</td>
<td>Coffee break</td>
</tr>
<tr>
<td>16:00</td>
<td>Plenary: Agreement on one vision formulation</td>
</tr>
<tr>
<td>17:30</td>
<td>End of the first day</td>
</tr>
<tr>
<td>Time</td>
<td>Activity</td>
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<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>08:00</td>
<td>Welcome of Participants</td>
</tr>
<tr>
<td>08:30</td>
<td>Summary of day 1, introduction of solutions and facilitation activities</td>
</tr>
<tr>
<td>09:00</td>
<td>Group work: Elaboration of sustainable solutions and facilitation activities</td>
</tr>
<tr>
<td>10:00</td>
<td>Coffee break</td>
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<tr>
<td>10:30</td>
<td>Group work (cont’d)</td>
</tr>
<tr>
<td>12:30</td>
<td>Lunch</td>
</tr>
<tr>
<td>14:00</td>
<td>Plenary: Discussion of group work results: Agreement on sustainable solutions and facilitation activities</td>
</tr>
<tr>
<td>15:30</td>
<td>Creation of a VC committee and closing remarks</td>
</tr>
<tr>
<td>16:30</td>
<td>End of the second day</td>
</tr>
</tbody>
</table>
The role of facilitators

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

Facilitators

- 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**

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
Gender-sensitive VC development

**Process design**
- The VC development process has to enable equal participation of men and women.
- Process steps have to be planned carefully so as to “ensure that the precious time, resources and energy of participants are clearly focused.”

**Organizing events**
- Participants who cannot be reached indirectly or do not feel comfortable have to be invited explicitly, delivering the invitation personally or in writing.
- The organization of events has to take account of gender-specific constraints. The timing of events has to respect the social obligations of people, such as child care.

**Facilitation**
- VC development facilitators assist (disadvantaged) women to speak up in public, make sure they are listened to, and promote mutual understanding and respect.
- VC development facilitators actively draw the attention to gender issues that have been overlooked and use a non-discriminatory, tactful language.
- The choice of facilitation techniques is adapted to the literacy level of participants.

Principles of conflict-sensitive project management

- **Do-no-harm (DNH):** Be aware of any unintended harmful impacts.
- **Safety first:** This principle puts the safety of individuals first.
- **Be well connected with risk management offices:** Close ties to these offices either within the donor or other organizations.
- **Be flexible:** The VC development implementation process is iterative.
- **Choose the right partners:** Regularly reassess partners and target groups.
- **Pay special attention to personnel issues:** Local staff selection should follow DNH-guidelines and project staff should be a mix of different groups.
- **Cooperate and communicate with all stakeholders:** Whenever possible, donors and VC development actors should speak with one voice.
# VCD Project Implementation

## Contents

1. Program formats of lead actors in VC development
2. Steering and managing processes of VC development
3. Development partnerships with the private sector
4. Capacity development and learning

## Types of cooperation and partnership

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<th>Government</th>
<th>Development agencies</th>
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<td>Private value chain partnerships</td>
<td>Public-private partnerships</td>
<td>Public-private development partnerships</td>
</tr>
<tr>
<td>VCD policy programs</td>
<td>(Policy support projects)</td>
<td>Donor coordination platforms</td>
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</table>
**Why cooperate?**

- Limited public financial resources require the mobilization of additional resources.
- Cooperation with the private sector is expected to increase project sustainability and efficiency.
- Large companies often show interest to improve their image by undertaking activities in social responsibility.
- Many companies have invested in developing countries, aiming, for example, to reduce production costs, therefore playing an important role in their economy.
- Other companies are looking forward to spark interest in new markets introducing new products or networking with new suppliers.

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**What is a development partnership (DPP)?**

**Development Partnerships with the Private Sector (DPP)**

- Development partnerships are cooperation projects between the public and private sector, with the aim to promote sustainable development in a transparent and equal manner.
- Development partnerships are jointly planned, financed and implemented by businesses or business associations and development agencies. They combine the know-how and resources of companies with the resources, knowledge and experience of development work. They shall benefit both development aid policy and the interest of companies.
- German Development Cooperation has recently come to use the term Development Partnerships with the private sector (DPP) for their joint projects with private companies, while PPP - Public Private Partnership - is still recognised as a term. However, it should mainly be used for the provision of public services by a private entity (e.g. infrastructure projects).

*Note: DPP’s are not only a tool in German development cooperation!*
DPP concept

... overlapping public and private interest

Economic interest of private companies

DPP

Development interest of public actors

Targets
- Profit increase
- Access to new markets / Market growth
- Access to qualified workforce
- Image, reputation, risk management (Social Corporate Responsibility)
- Poverty reduction
- New / improved employment opportunities / Income increase
- Protection of the environment / natural resources
- Gender equity

Impacts

Benefits for the companies
- Benefits for disadvantaged population segments
- Economic, social or environmental benefits

Preconditions

A development partnership with the private sector can only be considered as such when:

- **Compatibility** with the goals of public development is provided;
- **Complementary effort** results in benefits for all partners involved;
- **Cooperation** does not imply subsidies to core activities of the enterprises (subsidiarity);
- **Both public and private partners invest** own resources in the cooperation.
Categories of private sector partners

Typically, categories of companies suitable for establishing Development Partnerships are:

- Companies involved in trade, retail and/or processing who source products in developing countries
- Companies involved in technology transfer who need to open up new markets for their products
- Companies who offer innovative services to local actors, either to companies or the public sector
- Companies that are already operating in the locality and their business member organizations

DPP in German development cooperation

<table>
<thead>
<tr>
<th>develoPPP.de</th>
<th>Bilateral Technical Cooperation</th>
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<tr>
<td>Ideas Competitions</td>
<td>Integrated Development Partnerships</td>
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<tr>
<td>Strategic Alliances</td>
<td>„Employment for Development“ (E4D)</td>
</tr>
<tr>
<td></td>
<td>Capacity Developm. for Partnerships with the Private Sector</td>
</tr>
</tbody>
</table>
Capacity development concept

- **Individual capacity** is the ability and performance of VC development facilitators and support service providers, advisors and trainers to promote VC development.

- **Organizational capacity** comprises the competences of training institutes, networks of VC experts and consultants, private associations and government agencies to set up and conduct VC development programs.

- **Institutional/societal capacity** means a policy framework that delivers economic research and higher education enabling VC development.
Two types of capacity development

VC actors: Capacity to implement VCD solutions

Support service providers Capacity to facilitate VCD

Necessary skills of VC facilitators

- Basic value chain mapping
- Understanding of value chain analyses: Facilitators do not necessarily conduct specialized VC studies on their own but they should be able to commission studies and judge the results
- VC development strategy: This includes impact hypotheses – the understanding of how change can be brought about
- VC solutions: Technical know-how on business models, contracting, product quality and other upgrading solutions
- Implementation of VC development programs: From decision-making and planning to realizing interventions
- Communication and training skills, advisory competence: Including the preparation and implementation of trainings
The role of VC specialists

- Analysis of the training and service needs of both VC actors and support service providers
- Identification of facilitators and support service providers to be trained (as trainers and advisors)
- Providing training according to the needs identified
- Backstopping, advising and supporting VC development facilitators

Networks for knowledge building an exchange

- International ValueLinks Association e.V.
- Comprehensive Africa Agriculture Development Program (CAADP)
- Donor Committee for Enterprise Development
- Sector Network Rural Development (SNRD)
- Universities and training institutes
ValueLinks builds on CAPACITY WORKS and its 5 success factors – strategy, cooperation, steering, processes and capacity development. The success factor “strategy” is covered in module 3, the others in module 4.

ValueLinks distinguishes 3 types of “lead actors” in VC development: Government, lead companies and development agencies. Each type of lead actor uses specific organizational formats for VCD.

Cooperation: VCD always implies cooperation between operators, lead actors and other stakeholders. An important format of cooperation is “public-private development partnerships”.

Steering: VC development is the result of collective action and therefore requires steering structures including all participants contributing to VCD. Ideally, steering is anchored in industry associations.

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.