

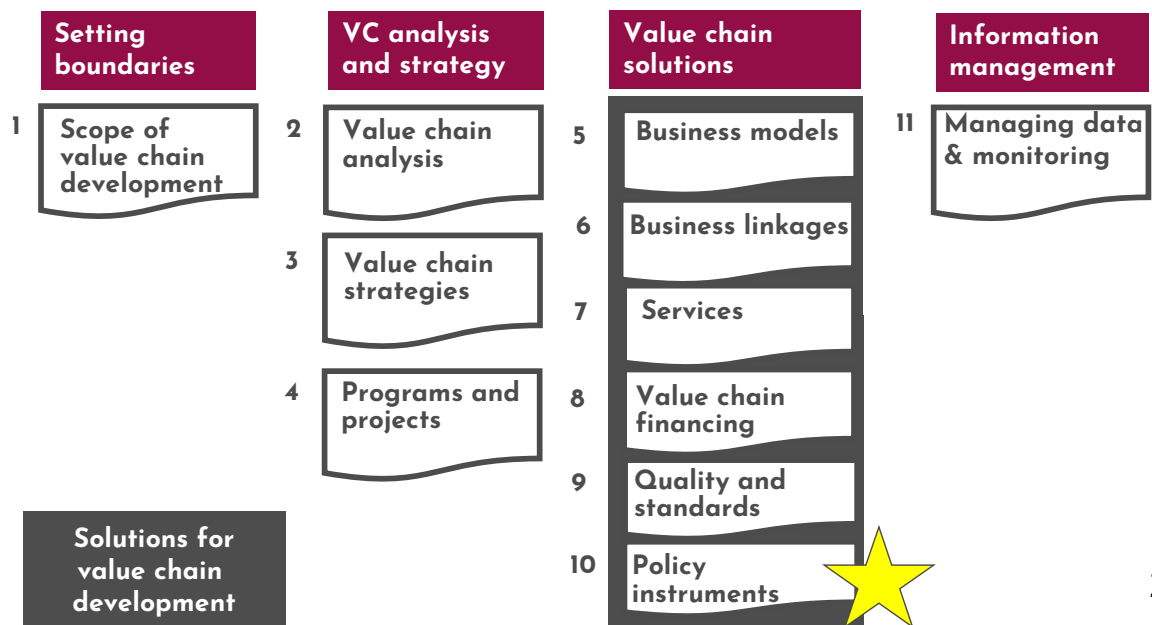


ValueLinks Module 10

POLICY INSTRUMENTS



STRUCTURE OF VALUELINKS 2.0





MODULE 10

01

POLICY INSTRUMENTS IN THE
CONTEXT OF VC DEVELOPMENT

02

SUPPORTING PRIVATE
INITIATIVES ADDRESSING
POLICY ISSUES



3



THE BUSINESS ENVIRONMENT

Elements of the business environment

National economy Inflation / interest rates / exchange rates / integrity and accessibility of the judicial system / costs of establishing a business and securing property rights, taxes

Subsector (e.g. food) Distribution of land & water / accessibility of public goods (infrastructure) / environmental and resource degradation



4



INFRASTRUCTURE AND SUPPORT SERVICES

Providing infrastructure and facilities

- Roads, port facilities
- Facilities at market places

Strengthening of public support service providers

- Research and technology institutes
- Export promotion
- Professional education, skills development
- Subsector development programmes

		Economic policy	Social policy	Environment policy
International Level	Regulation International Agreements	WTO Trade agreements	ILO Convention on social security standards	CO ₂ emission targets (UNFCC)
	Voluntary Voluntary Guidelines	UN Principles for Responsible Investment (PRI)	ILO labour standards, fair trade labels	Roundtable on Sustainable Palm Oil
Regional Level	Market-based Regional incentives/taxes	EU agriculture subsidies		EU carbon trade system (UNFCC)
	Regulation Regional Agreements	EU common market, Currency Unions (EURO/UEMOA),	EU rules on social security coordination	EU environmental standards
National Level	Market-based Using & creating markets	Fertilizer subsidies for small farmers; tax breaks for investors	Labour market policies	Electricity feed-in tariffs from renewables
	Regulation Laws, restrictions, standards	Competition law, import duties	Labour law	National parks
	Voluntary Use of labels and certificates	Corporate responsibility initiatives	Child care provided by firms	Energy efficiency network initiative (D)
Sub-National	Market-based Local incentives, subsidies	Communal business tax	Private hospital subsidies	Payments for services like garbage collect.
	Regulation Local regulations	Business permits and registrations	Social housing, rent price controls	Nature park access restrictions

POLICIES FOR ECOSYSTEM-BASED DISASTER RISK REDUCTION

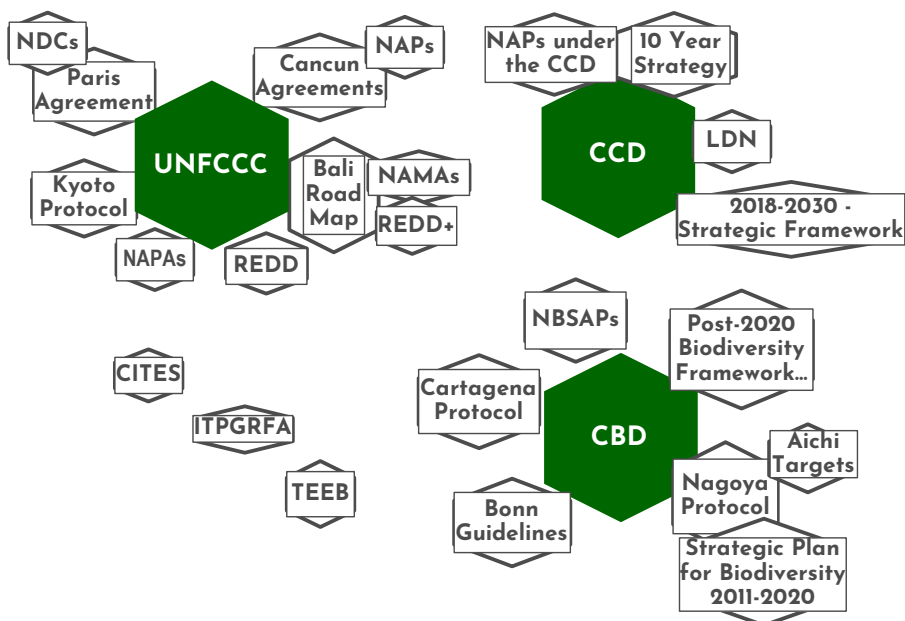
Ecosystem	Hazard Mitigation Possibilities
Mountain forests, vegetation on hillsides	<ul style="list-style-type: none"> Vegetation cover and root structures protect against erosion Forests protect against rockfall and stabilize snow, reducing the risk of avalanches
Wetlands, floodplains	<ul style="list-style-type: none"> Wetlands and floodplains control floods in coastal areas/river basins Wet grasslands store water and release it slowly, reducing speed and volume of runoff after heavy rainfall or snowmelt in springtime.
Drylands	<ul style="list-style-type: none"> Natural vegetation with trees, grasses and shrubs conserve soil, retain moisture and reduce desertification. Shelterbelts, greenbelts and other types of living fences act as barriers against wind erosion and sandstorms.
Coastal (Mangroves, coral reefs, etc.)	<ul style="list-style-type: none"> Coastal ecosystems protect against hurricanes, storm surges, flooding and other coastal hazards

➤ Note: Ecosystem-based disaster risk reduction requires broad involvement of local actors, not only VC specific actors

7



MULTILATERAL ENVIRONMENTAL AGREEMENTS (MEAS)




8



NATIONALLY DETERMINED CONTRIBUTIONS (NDC)

- Nationally Determined Contributions (NDC) are the intended climate action plans per country as committed in the Paris Agreement 2015 and stipulate the intended greenhouse gas emission reductions in a given period. NDCs include the earlier term National Adaptation Plans (NAP)
- All countries have to report annually about their NDCs
- **Strategies for nationally important VCs should be linked to national NAP and NDC targets**

Example Rwanda: Rwanda's NDC is built on the Green Growth and Climate Resilience Strategy (GGCRS) and focuses on adaptation and mitigation and includes VC specific action.

With Domestic finance		Description
 Crops and managed soils	Soil and water conservation (crop rotation).	Continuous crop rotation of up to 600,000 Ha, leading. (Reduction of CO ₂ and N ₂ O + increase carbon sequestration in soils).
	Improved fertilizers	Increased use of organic waste in soil fertilizers, apply composting, and more judicious fertilizer use.
	Soil and water conservation (terracing) .	165,000 Ha land protection terracing structures. Improve and stimulate irrigation practices .
	Soil and water conservation	Mixed cropping of coffee and bananas of up to 40,000 Ha.
	Promote use of climate resilient crops.	Introduction of climate resilient crop varieties.

Source: Conference Reader Cordaid, Fair & Sustainable Consulting, RABO Foundation

9



MODULE 10

01

POLICY INSTRUMENTS IN THE
CONTEXT OF VC DEVELOPMENT

02

SUPPORTING PRIVATE
INITIATIVES ADDRESSING
POLICY ISSUES



10



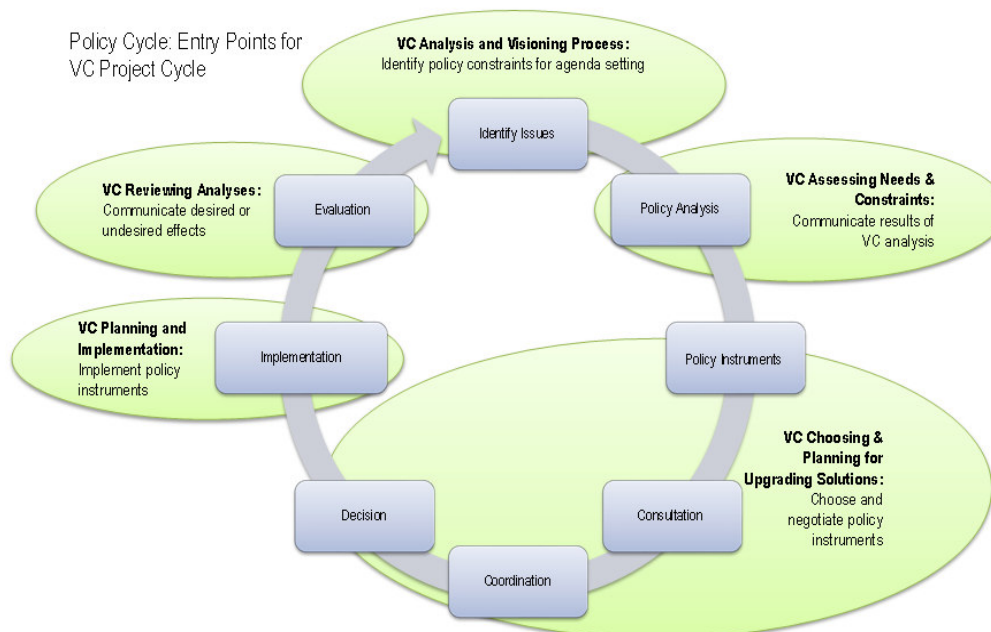
CONSEQUENCES FOR VC PROJECTS

Pro-poor VC development depends on the business environment and on sub-sector-wide framework conditions

- ➔ *Need to adopt an active economic development policy integrating different fields of policy-making (trade, public administration, environment & resource use, land management, regional planning, quality standards)*
- ➔ *React to (global) market change AND improve supply side conditions*



POLICY CYCLE: ENTRY POINTS



PRINCIPLES ADDRESSING POLICY ISSUES

Principles:

- Establish the link between VC development needs and the business environment/economic framework conditions
- Involve interested parties from the private sector and try to form alliances
- Operate issue-based and demand-driven, starting from short-term political projects
- Allow political reform to result from transparent process
- Counterbalance the tendency of government to intervene in VC



SUPPORTIVE ACTION

Fostering Public-Private Dialogue

- Lobby meetings of private sector leaders with the Minister/Government
- VC Stakeholder meetings and conferences
- Establishment of a regular public private forum

Private sector lobbying

- Improve legal framework (protection of property, regulation of labour and capital markets, regulation of standards, simplified tax system,...)
- Reduce bureaucratic impediments to business and trade

Developing coherent sector policies

- National Agricultural Investment Plans
- Commodity specific policies, e.g. National Cocoa Policy

