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Market Aggregation: Facilitating "Game Changing" Opportunities in Ukraine

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March 22, 2012

Outline and Objectives

- Outline
  - Introductions and Objectives
  - Project Overview
  - Solution Approach: Methodology and Analysis
  - Current State
  - Case Examples
  - Results and "Lessons Learned"

- Objectives
  - Share experiences/results of Market Aggregation activities
  - Share methodology, process, and perspective
    - Applying "Design Thinking"
    - Understanding market desires and environment

What is UHDP?

- Project size: $12 million over 5 years
- Market focus
  - Horticulture: Primarily table grapes and strawberries
  - Geography: Crimea and Zaporozhye
  - Core target: Farmers with less than 10 hectares
    - Cultivating target crops on 2.5 hectares

UHDP Foci

Extension Services

Market Access

Technology

Publication

Financial Services
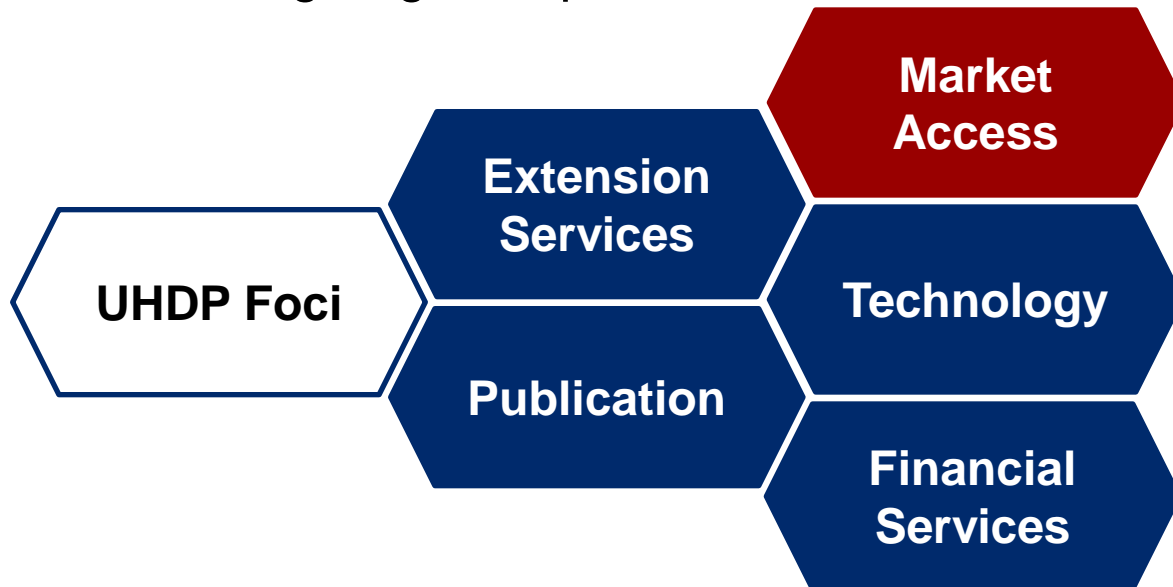
Approach: Summary Steps to Framing a Picture

"Value Chain" Analysis

Analyze
- **Gather information: Interviews/focus group**
- **Analyze and construct understanding**
- *What is the business / market challenge?*

5 layers of Why?

Design
- *Is there a viable business solution?*
- **What is the market context – other influences?**
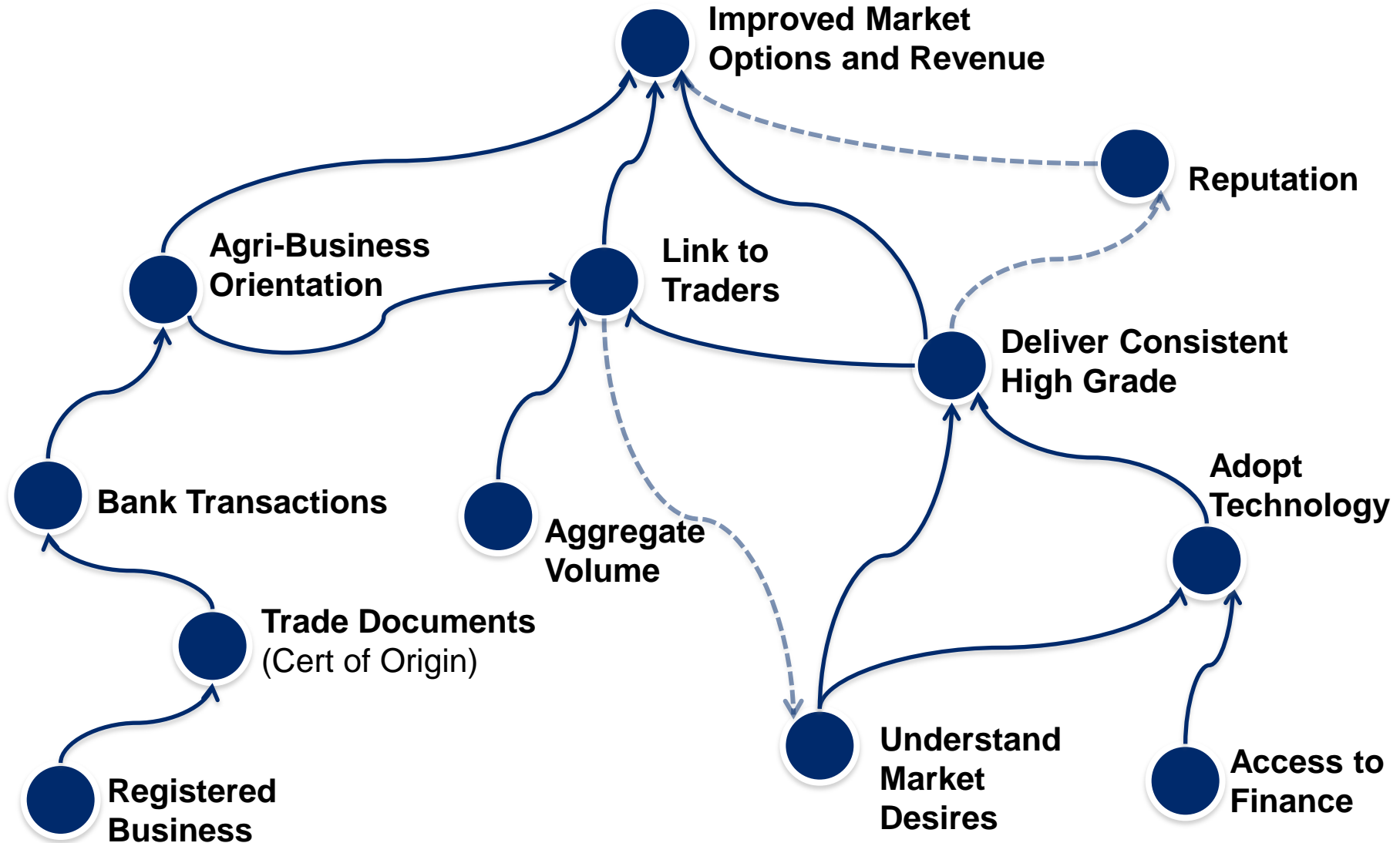- **What assumptions drive the design?**
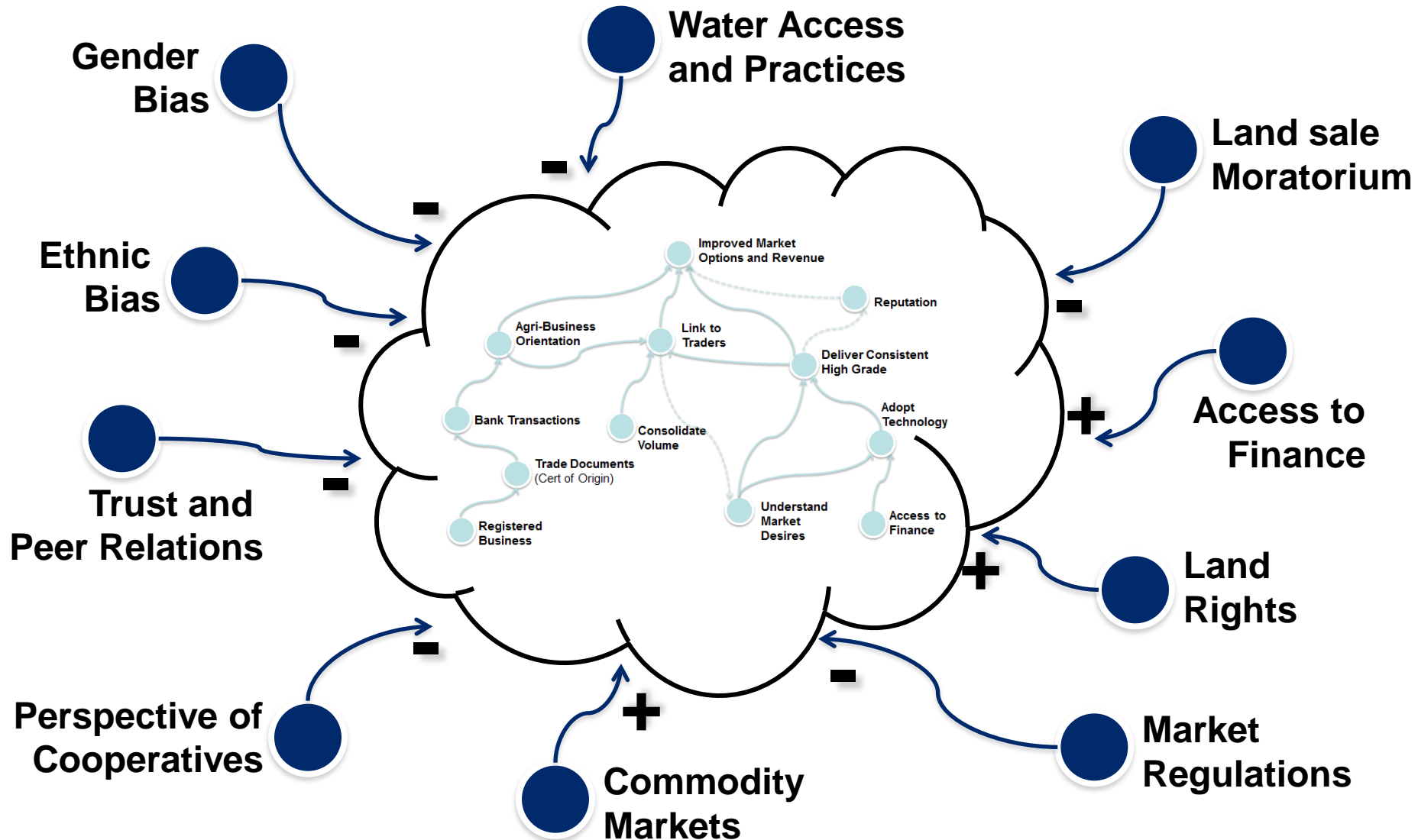
VC Mapping

Causal Map

Implement
- Model ➡ Hypothesize ➡ Test
- **Execute with implementing partners**
- **Deal with Change: Adapt and Innovate**

PROGRAM DESIGN FOR VALUE CHAIN INITIATIVES
Information to Action: A Toolkit Series for Market Development Practitioners
Mary McVay and Alexandra Snelgrove
Series Editor: Linda Jones
Co-Editor: Ben Fowler
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MARKET RESEARCH FOR VALUE CHAIN INITIATIVES
Information to Action: A Toolkit Series for Market Development Practitioners
Alexandra Mehlbrodt and Linda Jones
Series Editor: Linda Jones
Co-Editor: Ben Fowler
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Approach: Assumptions and Causal Map

Approach: Market Environment and Influences

Approach: Hypothesize Market Challenge

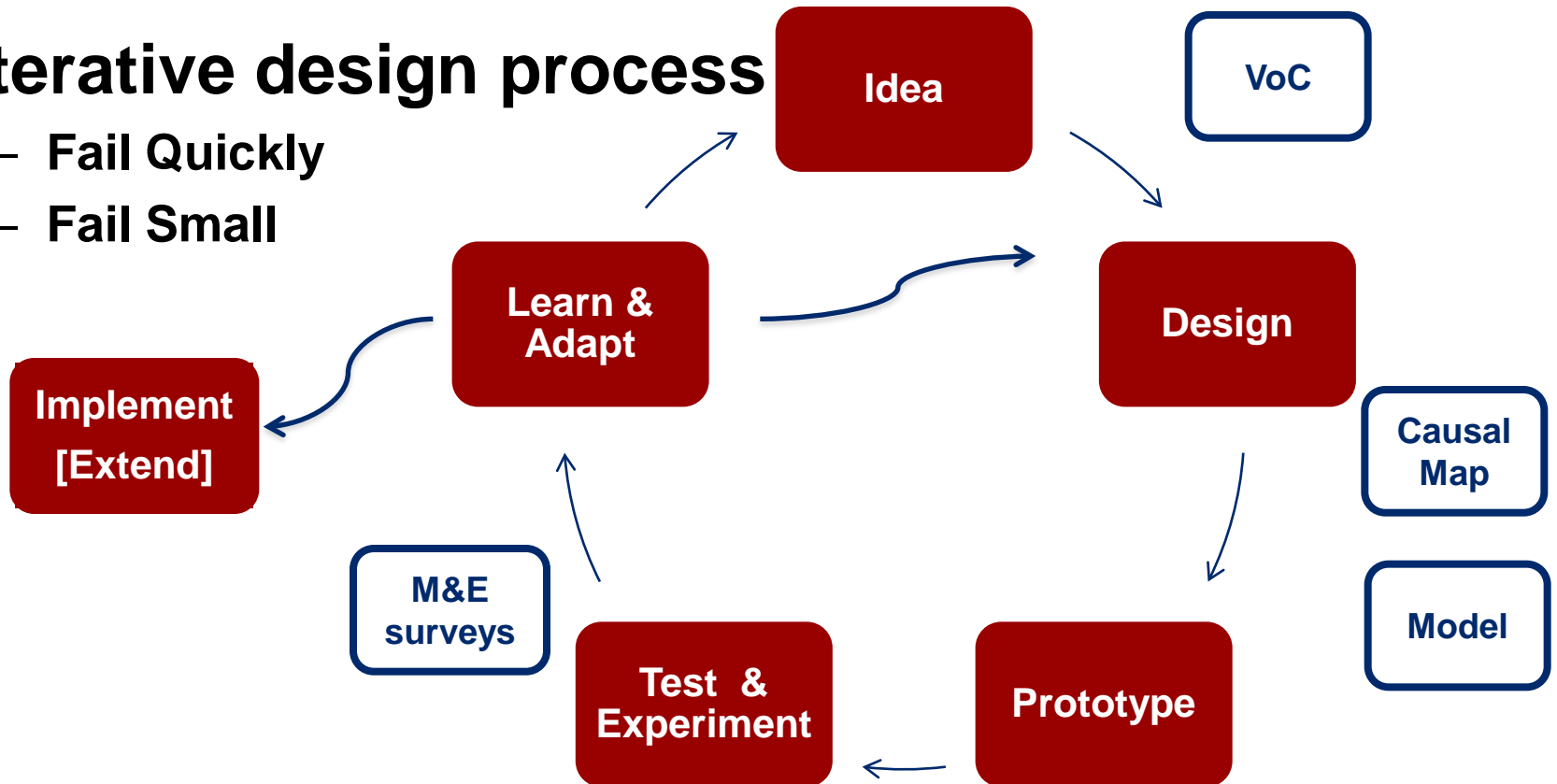| Local markets	High-value markets

• Farmer perspective: Sell excess
• Low volume
• High transaction costs for trader
• Wide quality variance
• Cash oriented
• Not registered business entity
    o No documentation
	• Agri-business: Market-oriented
	• High volume
	• Transactions sensitive to costs
	• High grading and quality
	• Bank wire transactions
	• Market regulations / Documents
	    o Certification of origin; Taxes
	• Packaging

Roadside

Local Market

Sell Excess

Household Consumption

Farmer

Barriers to entry and access

Trader

Super Market

Moscow Market
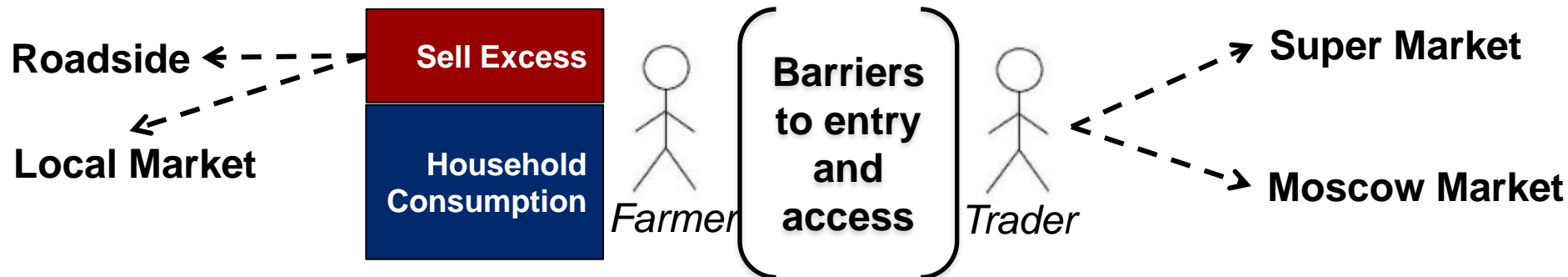
Approach: Innovate & Adapt (Design Thinking)

- **Iterative design process**
  - **Fail Quickly**
  - **Fail Small**

Idea

VoC

Learn & Adapt

Design

Implement [Extend]

Causal Map

M&E surveys

Model

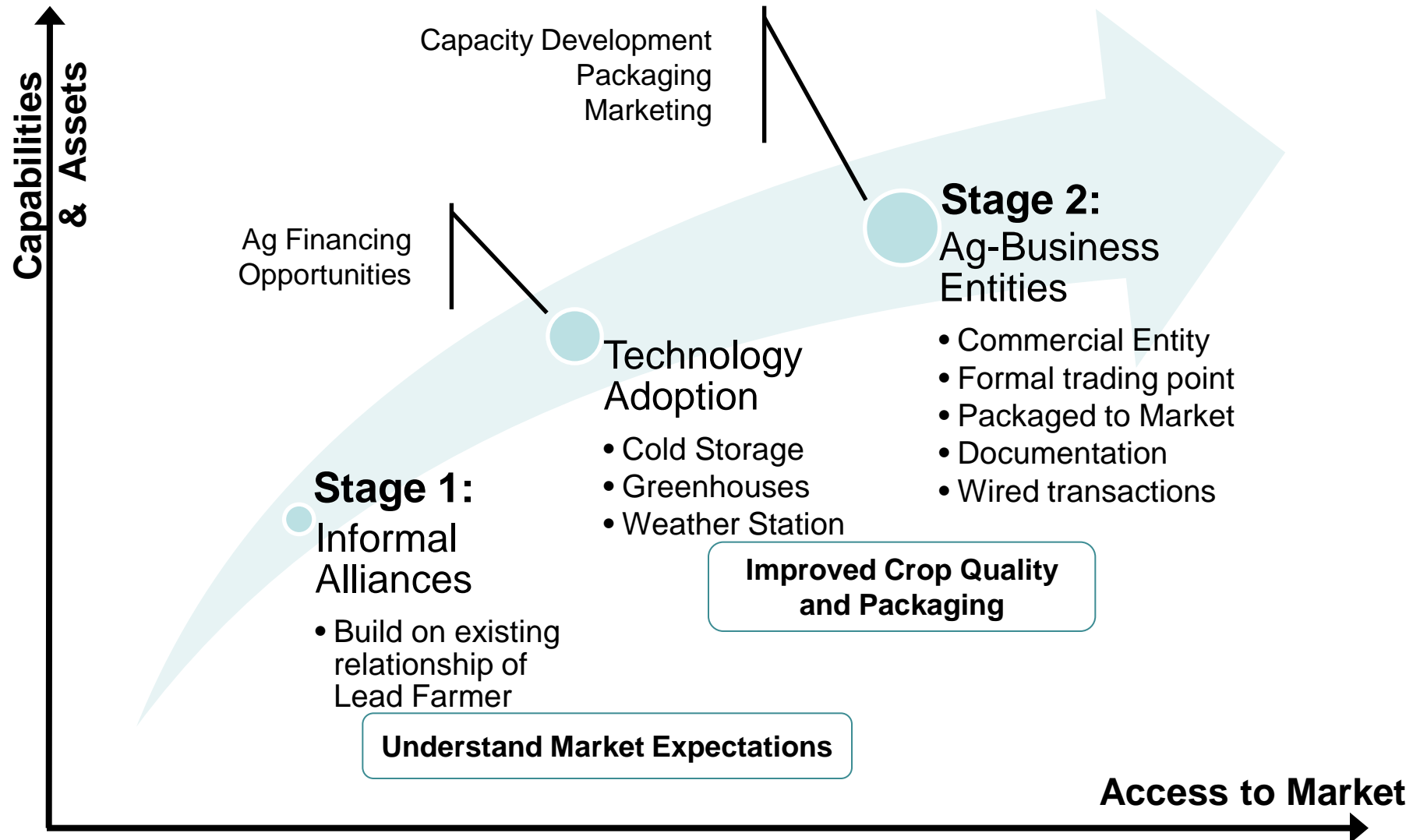**Test & Experiment**

Prototype

- **Learn:** *About* **Market/Community**

  From **Market/Community**

  With **Market/Community**

- **Design *THINKING*!**

Current State: Two-stage Market Aggregation

Example: Golden Valley Cooperative (Zaporozhye)

?

time

now

Example: Umut COOP (Crimea)
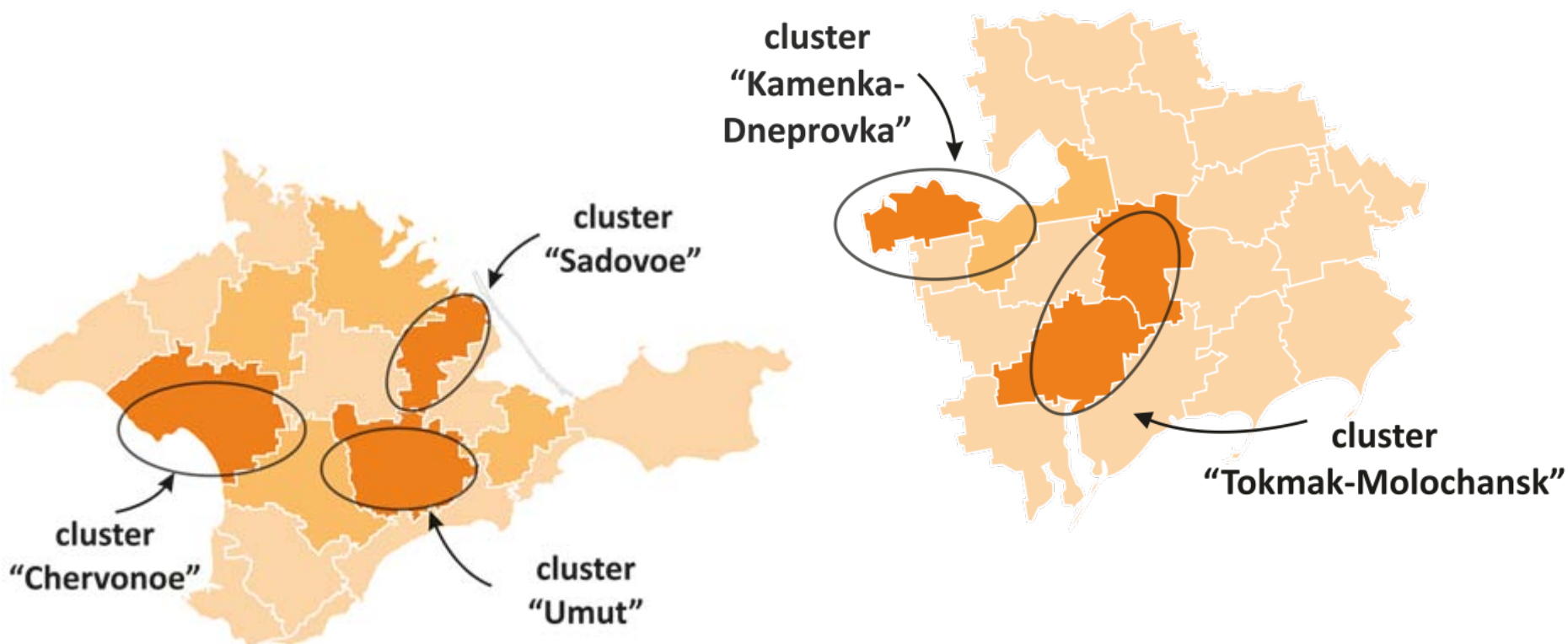

?

time

now

UHDP Market Aggregation Client Make-up
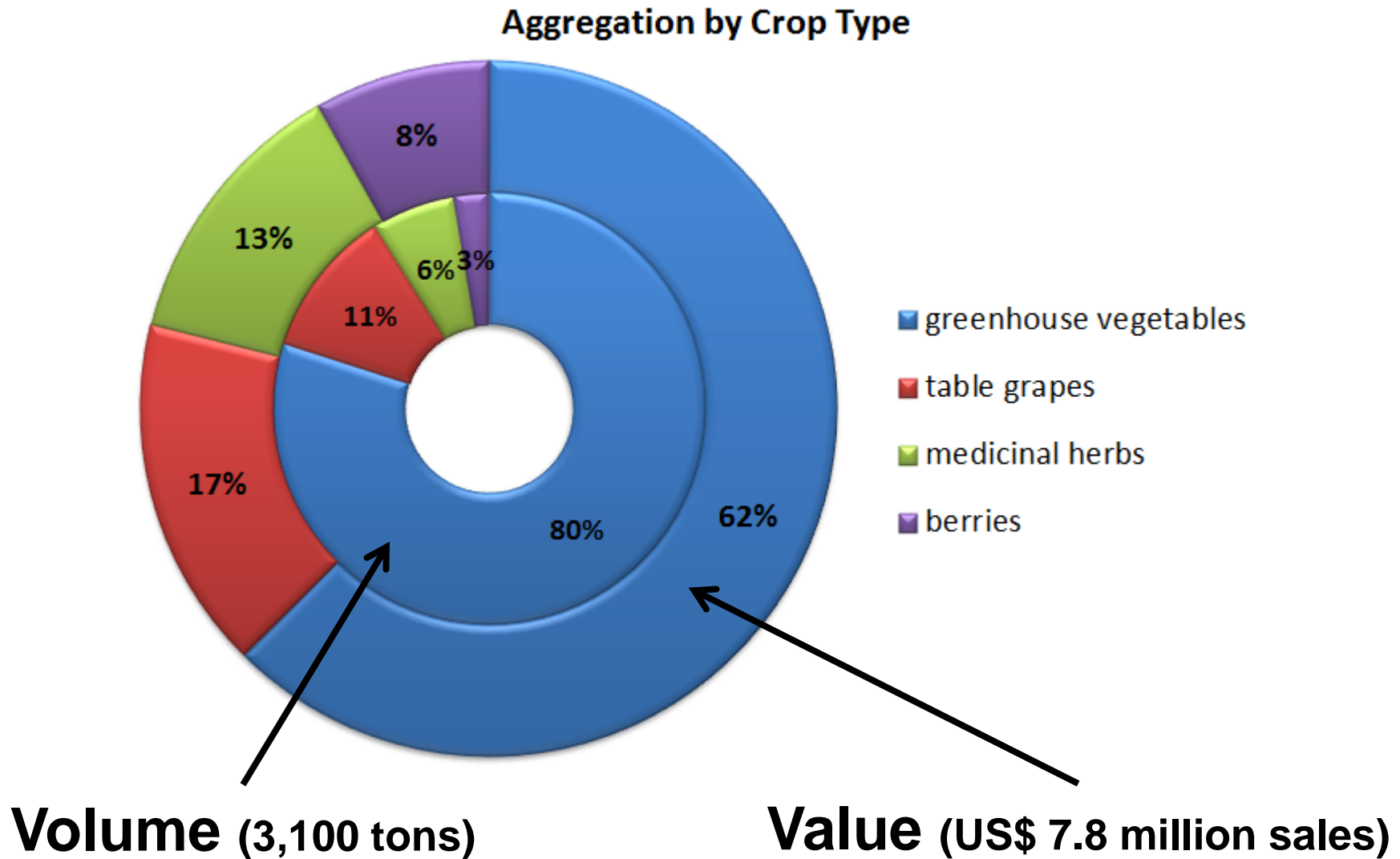
5,500 Clients overall

2,500 Clients are grouped in clusters

2,000 Clients sold yields through aggregation scheme
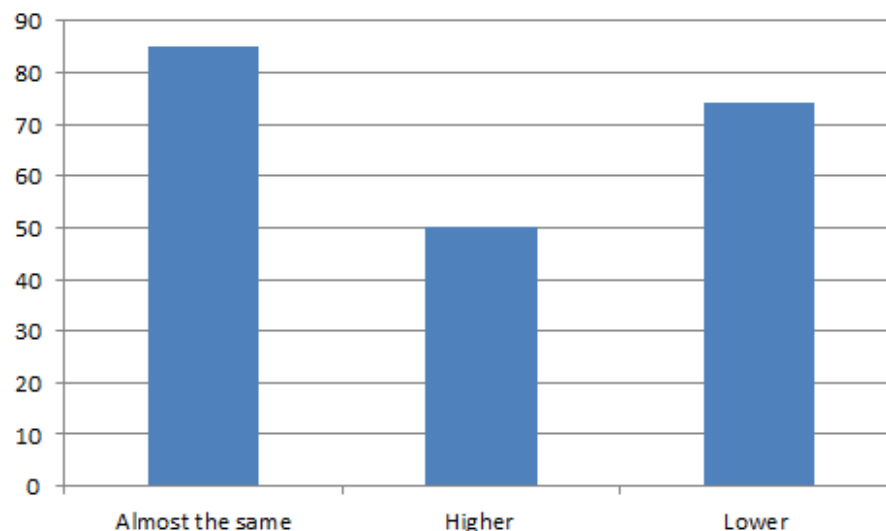
Valued over 7.8 million USD

UHDP Market Aggregation Results

Aggregation by Crop Type

- greenhouse vegetables
- table grapes
- medicinal herbs
- berries

Volume (3,100 tons)

Value (US$ 7.8 million sales)

UHDP Market Aggregation Results

Q1: With aggregation, do you believe you received a better price?

Q2: Did revenue increase for farmers that aggregated?

SUMMARY

Groups	Count	Sum	Average	Variance
Rev-Consolidated	179	12,132,400	67,779	8,226,338,170
Rev-Not Consolidated	73	2,302,210	31,537	1,883,867,576

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	68,106,916,465	1	68,106,916,465	10.64219351	0.001259	3.878924
Within Groups	1.59993E+12	250	6,399,706,639			
Total	1.66803E+12	251				

Lessons Learned and Reaffirmed

Learn / Understand
- **Market actors and incentives: Voice of Customer**
- **End market demands**
- **Wider social environment and influences**

Find a *Business* Model
- **What is the viable business model?**
- **Facilitate! Don't become a market actor**

Prototype and Test
- **…. the concept and understanding**
- **Leverage "Design Thinking"**
- **Rapid iteration: *Fail Quickly, Fail Small***

Utilize an Innovation Fund
- **Enables prototyping and experimentation**
- **Stimulate demand through demonstration**
- **Determine potential interest and willingness to invest**

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THANK YOU!

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