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**Meeting the Challenges of
Value Chain Development**

A Learning Event

Using a Facilitation Approach: Importance, Success and Challenges



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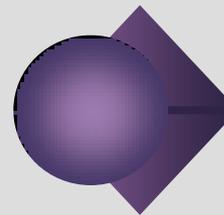


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Facilitation: The Essence of the Approach

Alan Gibson



The Springfield Centre

Objectives and structure

- **Rationale and origins (the *why*)**
- ***What* it is – key elements in a facilitation ‘lens’**
- ***Where* are we going – prospects and potential**

But before that, an acknowledgement and an example

The 'Facilitation' term

Wholesome

"Act of making something easier"

Comfortable

"Gentle guidance"

Innocuous

Helping people to work together"

"Enabling other to do"

.... but largely
meaningless and
ineffectual

..... unless we
give it some
definition

Facilitation

**'Making markets
work for the poor'
(M4P)**

**An approach
- with close allies!**

**'Market systems
development'**

'Market development'

**'Value chain systems
development'**

An example: different experiences in Uganda

Project A: 1999--; US\$2.5m/3 yrs; est. av. \$0.5m/yr

2 Projects

Project B: 1999-2007; ~US\$1.2m

Increase info for rural MSEs
"Info is a long term strategic public good"

Goal

Establish sustainable, effective info for rural MSEs

Peak of 7-8m listeners

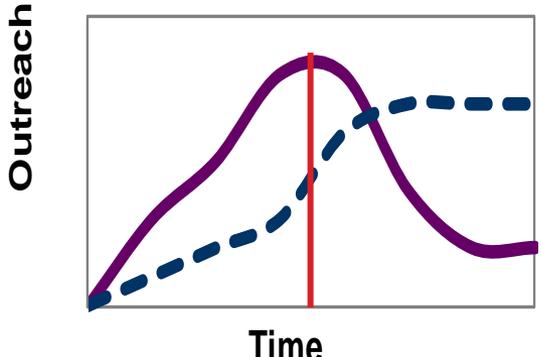
Outreach

7m regular listeners

Initially 10 stations but dissemination cut as funding cut to \$50k/yr. Other activities remain donor funded:

Sustainability

24+ stations with MSE independent programmes; emerging new programmes & support services: no donor funding



What explains the difference?

Provide information to MSEs

Rationale /logic

Make commercial media work better for MSEs in rural areas

Symptoms: what information do the poor need?

Understanding

Causes: understand structures, practices, incentives of media system – why not pro-poor?

Unclear: “A long term strategic public good”, but no assessment of govt capacity or incentives

Sustainability

Explicit: commercial, based on local ownership & incentives, appropriate for local context

Direct involvement & finance:

- info collection
- analysis
- prog production
- purchase airtime
- coordinate

Action

Facilitate and catalyse:

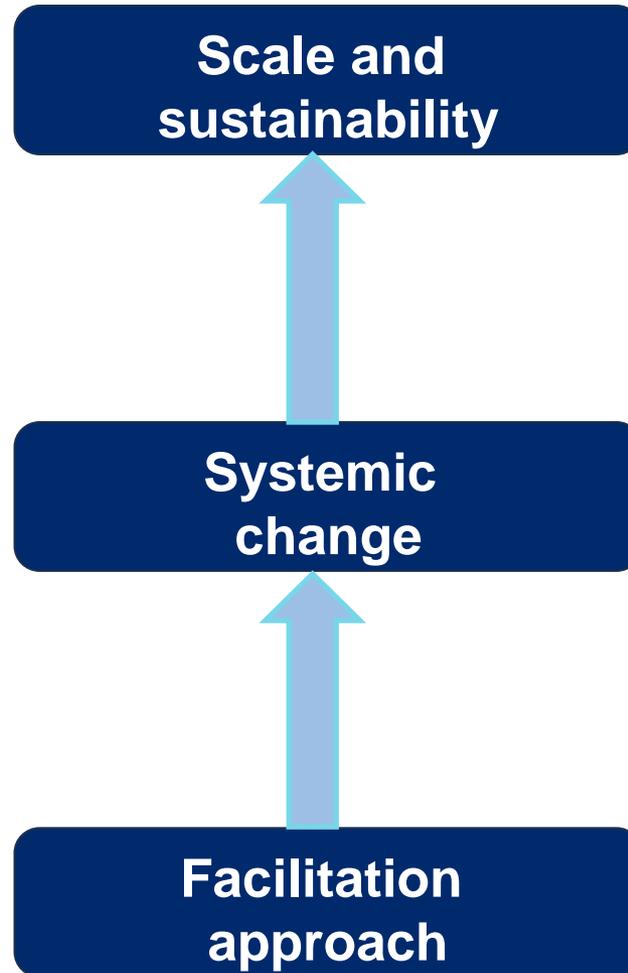
- develop own understanding, networks & credibility
- influence, demonstrate & link
- TA to stations & other players
- work through local actors
- no finance to radio stations

Objectives and structure



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Why facilitation?



The essence of the approach

Rationale and objective

The explicit objective of more effective and more inclusive systems and of the facilitating role of development agencies

Framework for analysis

A lens through which we view the world to help us identify and diagnose constraints and opportunities for systems development

Guidance for action

A set of principles and practices that guide intervention design and implementation consistent with objectives and understanding

Objectives and structure

- Rationale and origins (the *why*)



- *What* it is – key elements in a facilitation ‘lens’

- *Where* are we going – prospects and potential

Key questions in a facilitation 'lens'

Ambition and logic

Is the overall 'causal logic' focused on means as much as ends?

Intervention approach

Are interventions consistent with this view of the future and consistent with good practice?

Value chain understanding

Is there a sufficiently detailed analysis of the current system?



Appropriate M & E

Can change be measured practically at each level?

View of sustainability

Is there a justifiable, valid view of how the system should function in the future?

A focus on systems requires different questions

Conventional

What problems do people /businesses have?

How can I help to solve these?



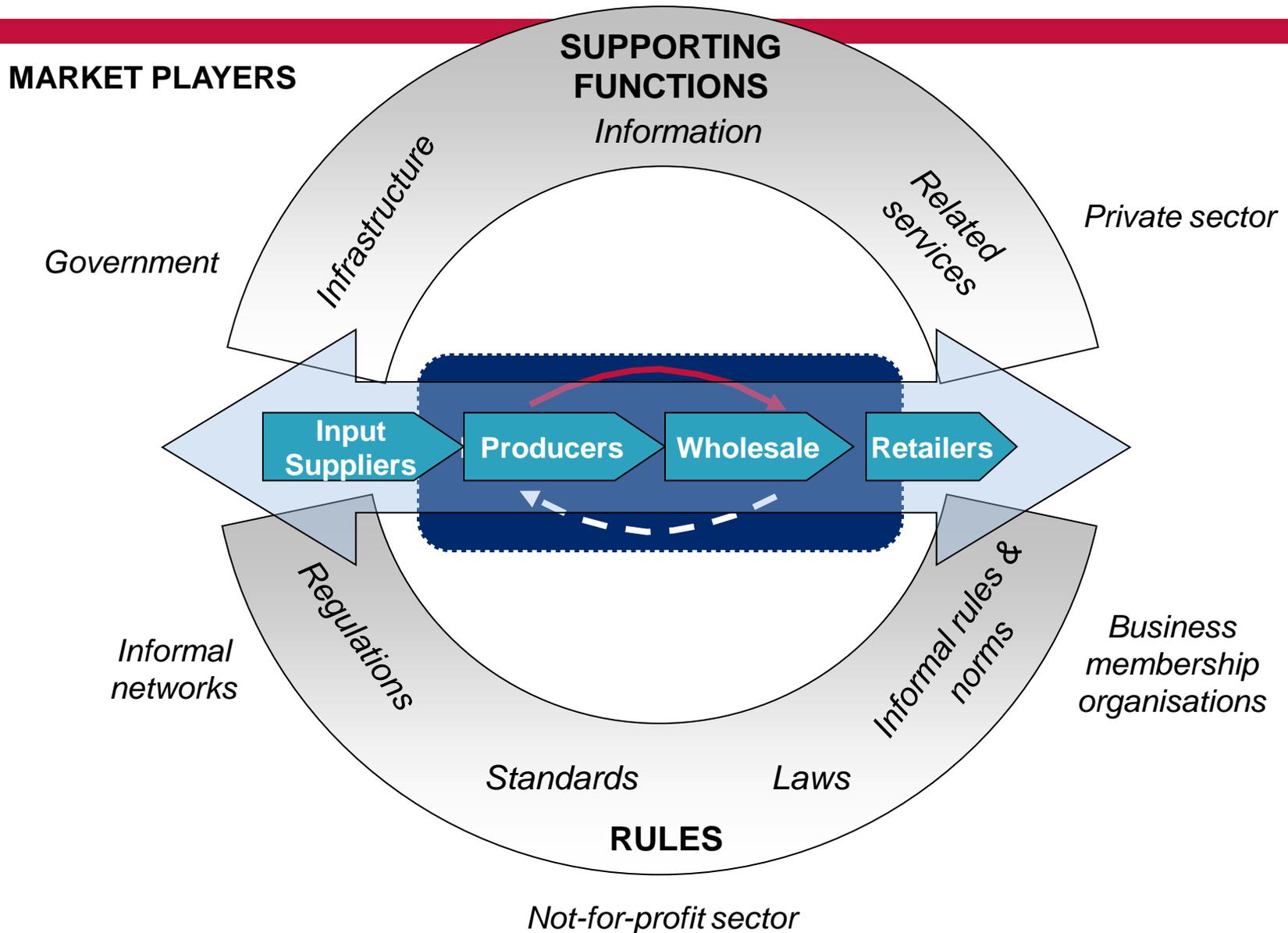
Market development

What problems do people/ businesses have?

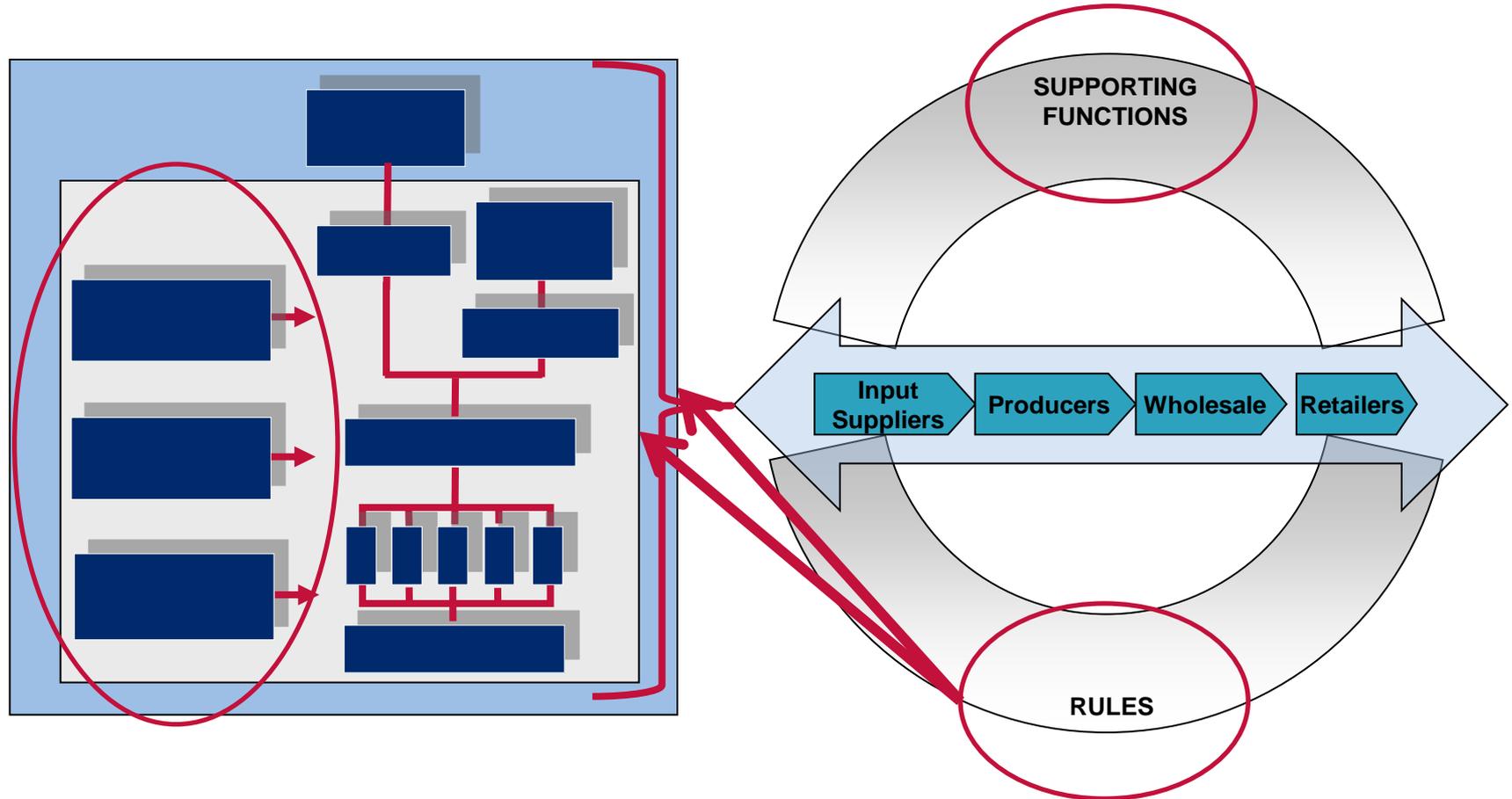
Why isn't their market environment providing solutions to these?

... Why isn't the market system working for the poor?

Value chains are market systems



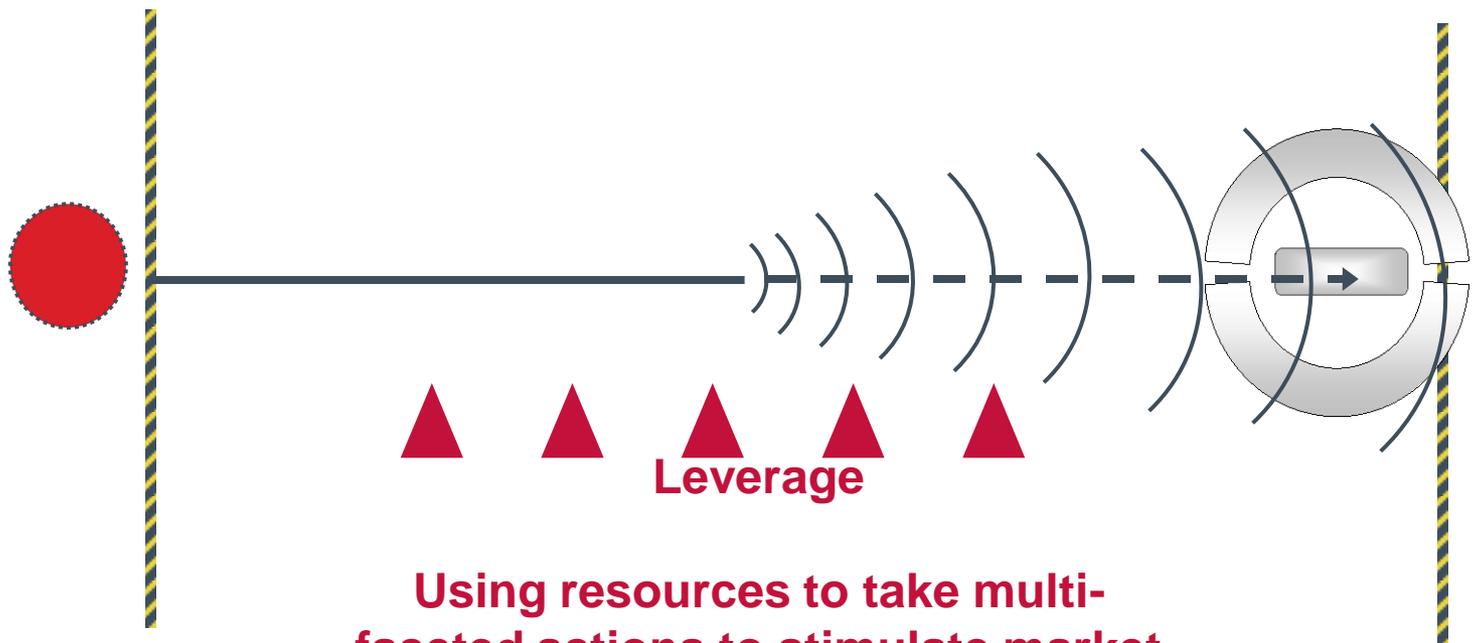
Value Chains are market systems



Facilitation is about 'crowding in'

Market not working

Market working better



Using resources to take multi-faceted actions to stimulate market players



Potential interventions

A range of activities are possible

.....

<i>Technical assistance to supply-side players</i>	<i>Social marketing to stimulate demand</i>
<i>Introducing new idea or 'business model'</i>	<i>Research on constraints and opportunities</i>
<i>Information on new opportunities</i>	<i>Limited 'risk-defraying' financial support for new idea</i>
<i>Technical assistance to regulators</i>	<i>Developing a new commercial service</i>
<i>Forums for ideas and exchange</i>	<i>Vision-building with public and private players</i>
<i>One-to-one replication</i>	

..... as long as these are consistent with:

1. A strategic commitment to crowding-in/scaling-up

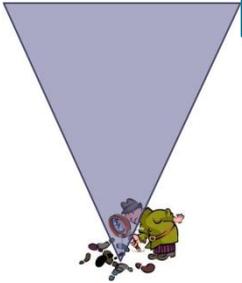
2. Key operational principles relating to:

- **Ownership**
- **Relationships**
- **Resource levels**

Key considerations in intervention practice

Shaped by diagnosis

Specific focus
Prevailing norms?
Right players?



Cautious about direct finance

Powerful and distorting
Sets a precedent



Transactional

Leverage and commitment
Gauge of right sizing



Active promotion of crowding in

Not automatic...
... Breadth?
... Depth?



Objectives and structure

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- *Where* are we going – prospects and potential

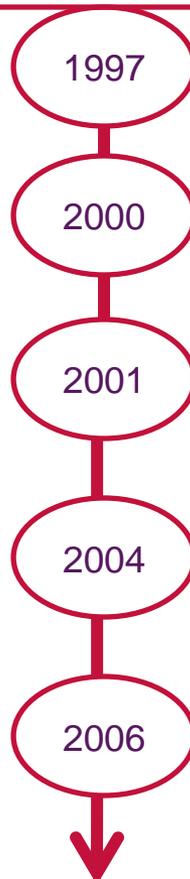
Where does it come from ... and where is it going?



The development world's different 'boxes' of expertise

Training & educ.	Health	Infra-structure	Fin. services	ED/ PSD	Value chains	Agric.	Liveli/ hoods	Reg. reform	Water
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Different fields ...
Different paths ...
Different levels of progress



Review of donor experience – BDS market development

'Making markets work for the poor' paper

Donor BDS guidelines

Value chain analysis development

MMW – making markets work for the poor

M4P

Value chain systems

Guidance documentation on M4P

Experience

Results

Skills

Practice

Systems approaches

Impacts being achieved

Financial services in South Africa

Access for 8.8m previously excluded consumers (39% to 60%)

Agriculture inputs to small farmers in Zambia

10-fold increase in use of key inputs to \$600,000 per year

Vegetable value chain in Bangladesh

Higher outputs and productivity amongst 1m vegetable farmers

Access to fertiliser for small-holders in Nigeria

- >11% of low income farmers have access to subsidised (govt) supply*
- Engagement with one company to develop commercial market*
- Business model – ‘last mile’ distn..., small bags, village promoters for embedded services (info, demo plots etc) , new brand*
- Productivity gains approx 20%, 40k people reached in pilot alone*

Radio programming for small enterprises in Uganda

Better SME-focused programmes for 7m rural listeners

Financial services in Kenya

Growth in formal access from 26% to 40% in 3-year period

Tractor users in Nigeria

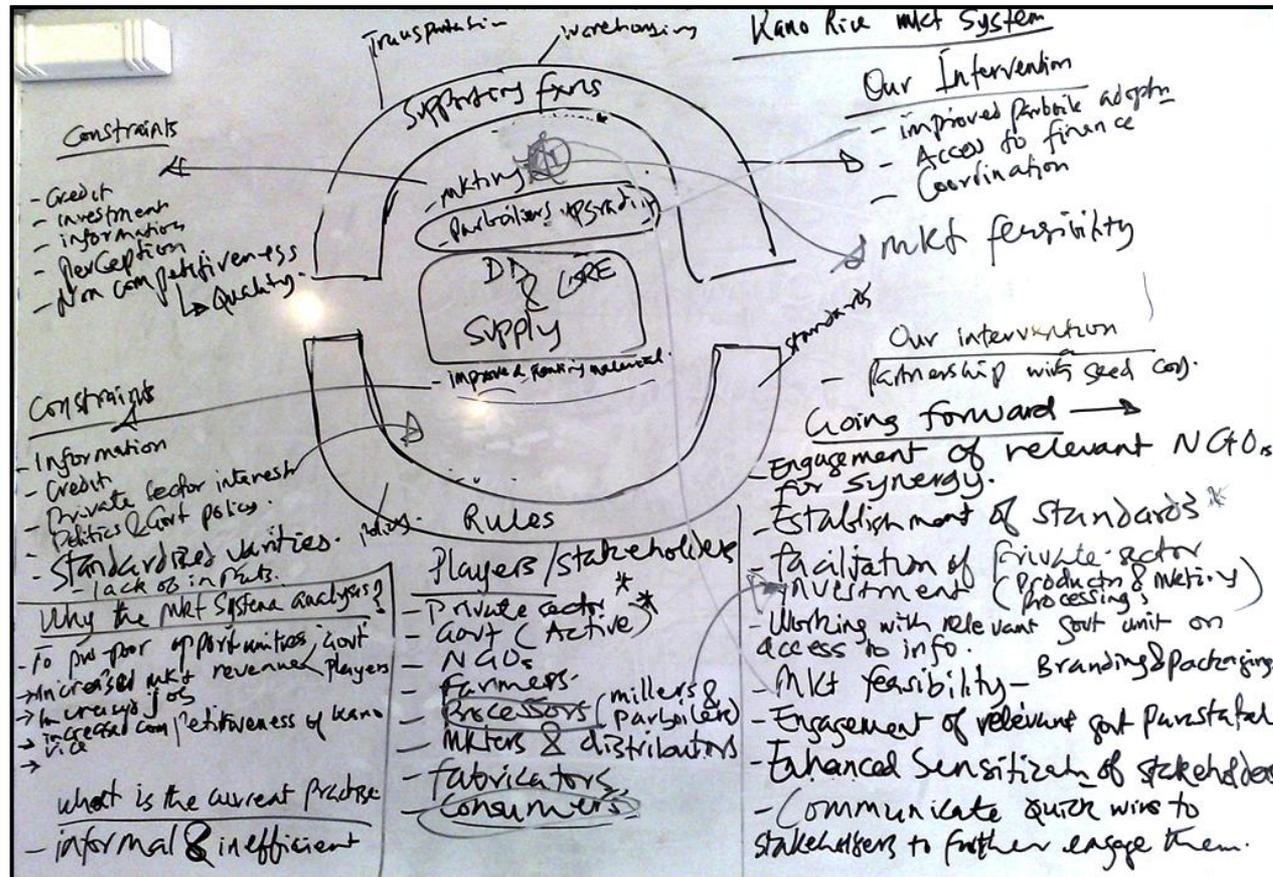
New leasing service introduced – 100k farmers expected in med-term

Water users in Somaliland

Better quality and reliability for 3,000 users

.... and examples of programmes using the key frameworks

Getting deeper into the Kano rice market system



Future directions

Deeper

- More and better use in value chains
- Enhanced learning and better practice
- More impact and 'success'

..... and broader

- More agencies
- Recognition of pluralist systems
 - health
 - education
 - water
- Business environment reform
- The Market Systems Hub

The future challenge

Better 'how to'.....

Knowledge,
attitudes and
skills

Addressing the
research and
evaluation gap

Organisational
structures and
arrangements

Communicating
better/simpler



In doing so, dispel myths

- A rigorous approach
..... not a cult theocracy
- Flexible
..... not a blank canvas
- Principles and frameworks
..... not slogan and jargon
- Experience and evidence
..... not the proof delusion

Restoring ambition



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www.microlinks.kdid.org/vcwiki

Project Scenario: Before, During, and Beyond



2003: Start of Project



2006: End of Project

Expansion – Other Sectors



2011: Post Project



Project Scenario: Before, During, and Beyond

2006: Start of Project



2009: End of Project



2011: Post Project



Starting With the End Markets in Mind

Understanding the Market/s and the Requirements ... and its Implications to the Target Groups

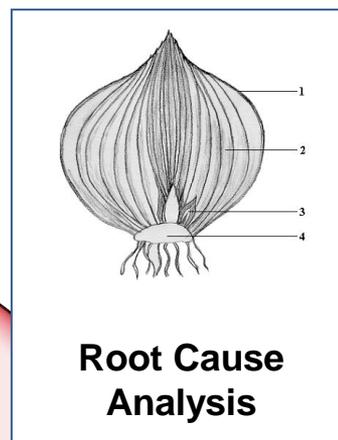
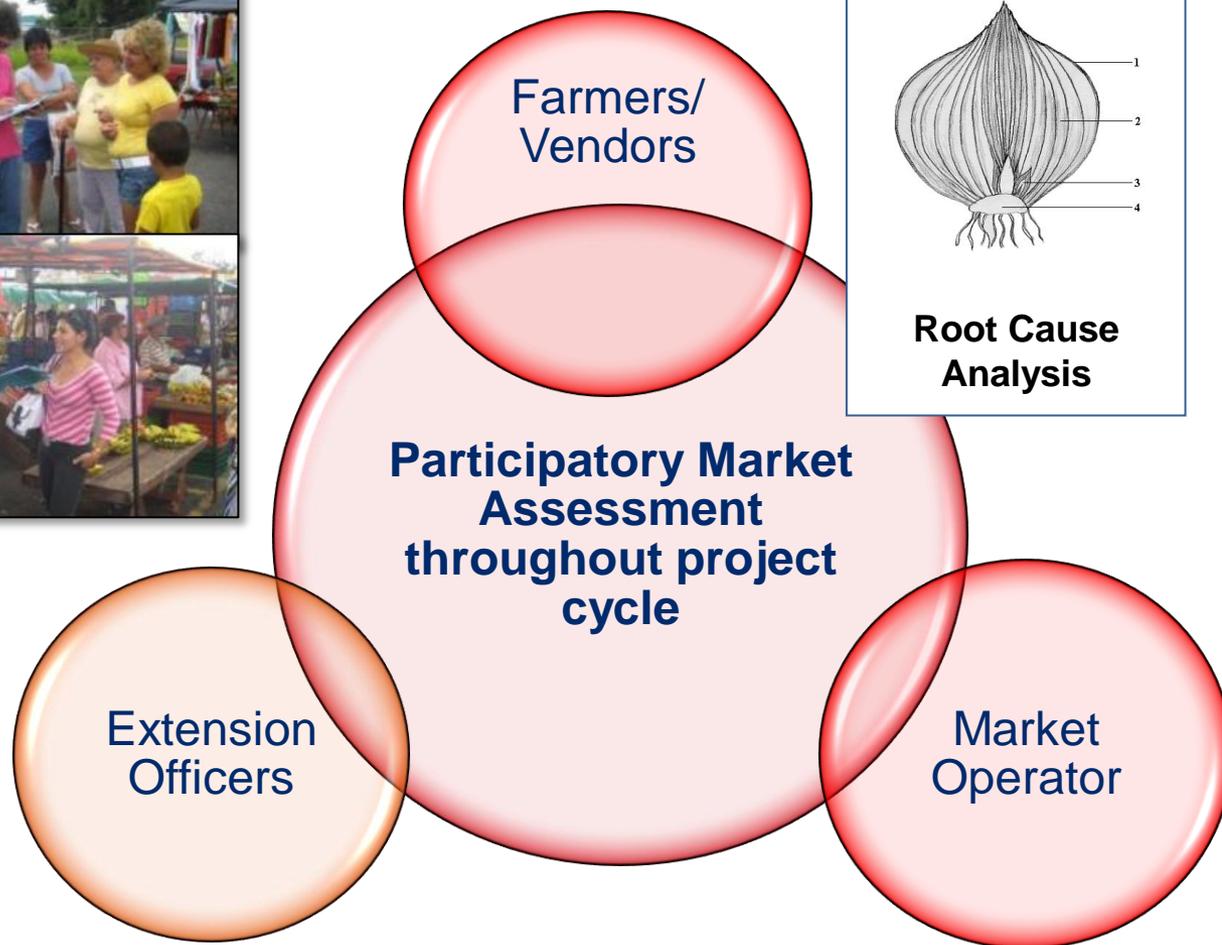


Identification and selection of best route/s to promote pro-poor growth

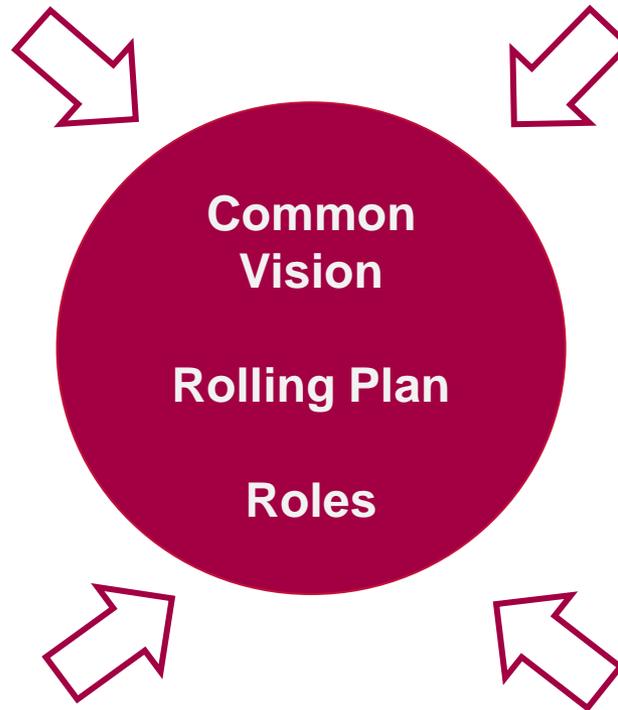
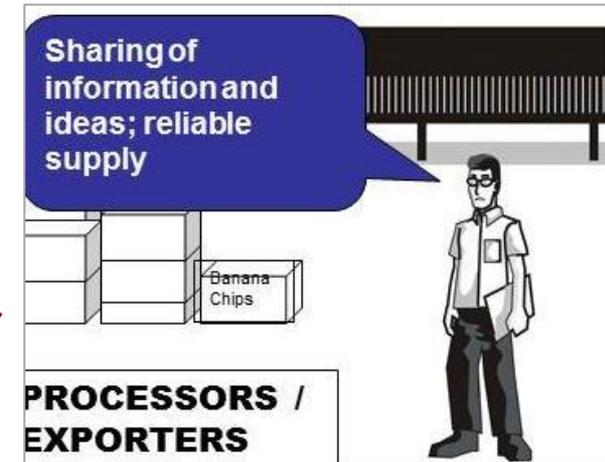
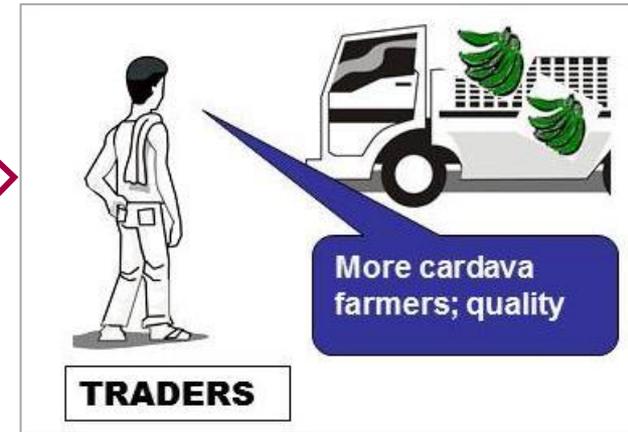
Selection of links that need to be established and/or strengthened

For links selected, identified critical constraints, opportunities, and standards

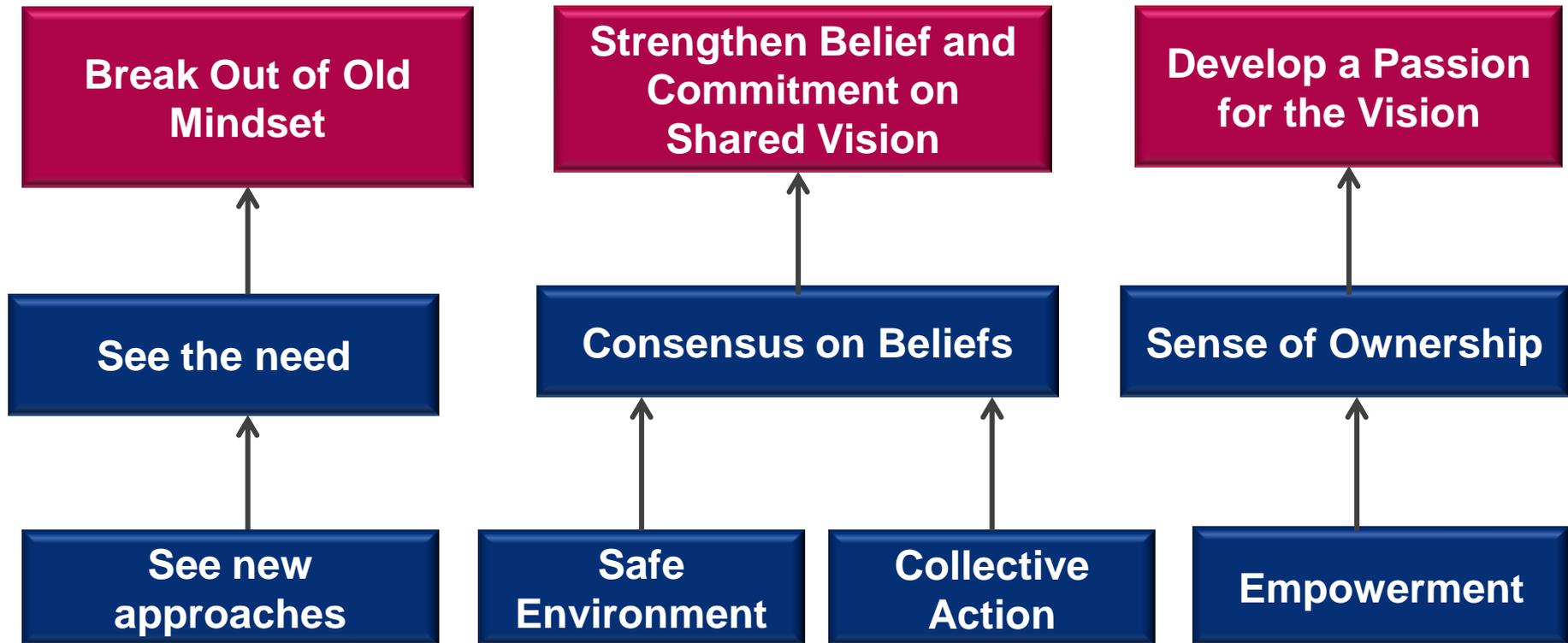
Building Capacity to Keep an Eye on Market and Impact



Creation of a Shared Vision



Supporting the Creation of Understanding, Perspectives and Solutions

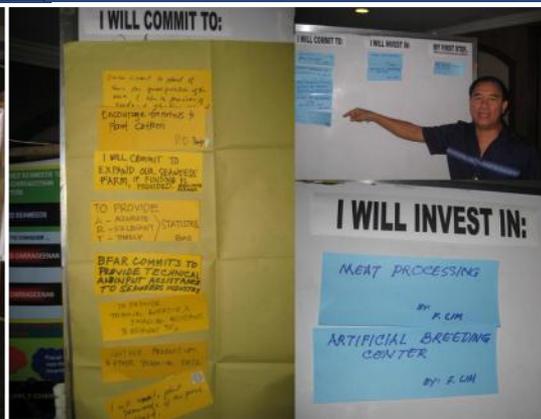


Marketing the Vision: A Task throughout the Project Cycle

Presentation and Validation



Getting Commitments



Weaving into Traditions



Public Display of Personal Belief



Popularizing the Vision – public/consumers



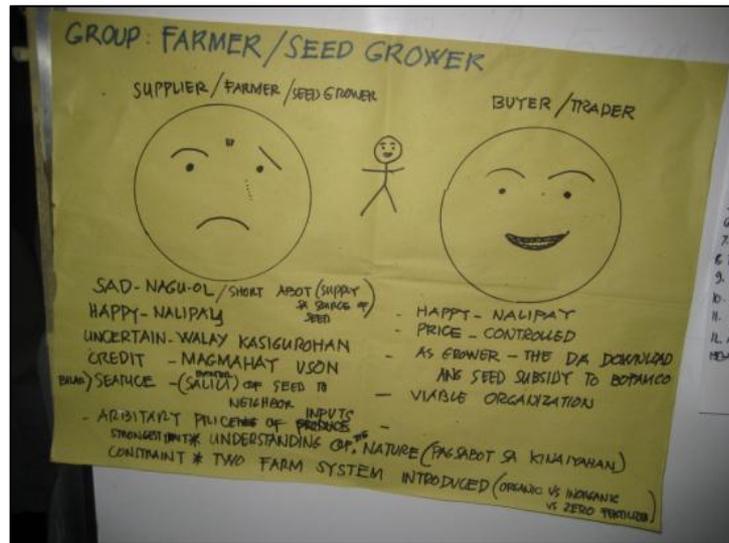
RADYO NATIN
MALITA-105.5

Kaibang nia:
Kagsaad Rolly Asis, Kagawad Doc Aralz
Ug Kaibang Evr Saripa

Pinasiugdahan ni
Vice Mayor Allan Colina
Ug
Malita Banana Growers Organization (MABAGO)

B-ACE
USAID SUGAR

Helping Stakeholders See the “Good” and “Not So Good” Aspects of their Relationships



Objectives:

- To help participants see and understand how they are connected to each other
- To increase participants' appreciation of the strengths and weaknesses of each player in the link/expectations

Promotion of Common Understanding of Standards and Shared Accountability

Bad Quality Raw Materials **Bad Quality Banana Chips**

Losses for Everybody

DISEASES

IMMATURE

PRESENCE OF FOREIGN MATERIAL

BURNT

DISCOLORATION

OILY

Exporters show results of inferior quality banana to farmers on banana chip products. Farmer leaders show processors their production area and discuss potential solutions

Sensitization of players on how their actions affect the competitiveness of the whole chain and, consequently, their own businesses

Promotion of information transparency and agreement on standards to mitigate trust issues

Assistance to Potential Catalysts to Identify and Implement Pro-poor Strategies to Growing their Business



Providing a safe space and environment for players (farmers to exporters) to share practices as well as identify areas for improvement (e.g., skills competition)

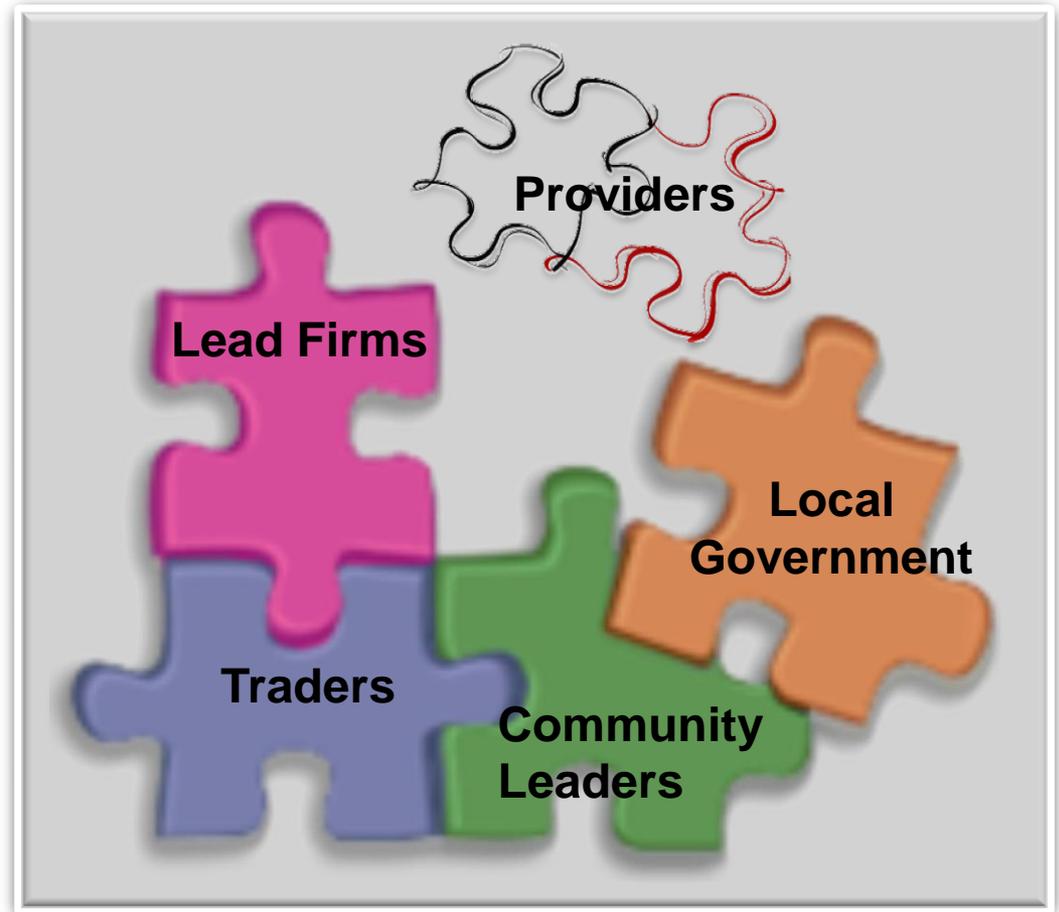
Creation of supportive relationships anchored on a clear business objective rather than solely philanthropy-driven initiatives to ensure a medium- to long-term commitment.



To ensure sustainability of trader's supply chain, he helped farmers implement better farming practices and access good seedlings

Alignment of Stakeholders' Efforts to Support Each Other and For Collective Impact via Catalysts

Facilitating the alignment, coordination and collective problem - solving across different levels in the market system as well as guiding the strategic coherence of the overall effort.



Project Team: Understanding of the Industry, Interpersonal Skills and Empathy

Facilitate self-realization



Instill hope



Open the heart and mind



Build skills of catalysts



Empower action





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The Capacity to Facilitate it's an emergent process

Eric Derks, Tetra Tech ARD

Growth culture (what's in the petri dish)

- Donor support
- Leadership styles
- Organizational management
- Facilitation reflexes



The requisite context

- **LEAD:** Livelihoods & Enterprises for Agricultural Development
- USAID-funded; Tetra Tech ARD prime contractor
- Contract: 5 year project: \approx \$35 million (\approx \$7 million for grants)
- 2 years remaining: \approx \$6 million, no grants



Window of opportunity (or perfect storm?)

- LEAD Mid-term evaluation
 - Good results: farmers' practices improved & organized
 - Limited uptake of inputs (seeds, inputs)
 - More focus on other VC entry points (infrastructure, market access for POs) and fewer VCs
- Feed the Future: fewer target sectors (maize, coffee, beans); food security and nutrition focus
- Strong Mission interest in facilitation and CLA
- Good pitch by Tt ARD



Project model: LEAD v2.0

- 3 VCs: coffee, maize, inputs
- Performance improvements by target firms
 - Incentives to upgrade & shift competitive norm
 - Increase incentives & opportunities for smallholders
- Facilitative approach: ownership, intensity, momentum
- Learning and adaptive planning
- Observe and measure project performance



Donor support

- Strong interest but unfamiliar with facilitation, concerned about results
- Increasing Mission comfort: recommended syllabus
 - *What to Expect When You're Expecting...*...an emergent process
 - *Everybody Poops...*...importance of flexibility, learning & adaptation
 - *Wisdom of Crowds...*...learning and collaboration among other development partners



Leadership style

- Staff uncertainty: process, role, position, success
- Key messages:
 - We'll get there (it's an emergent process)
 - Let's figure this out together (shared vision, *the cause*, & value of learning)
- Clear framework: *the car* (facilitative approach & principles) *the direction* (outcome goals)
- Staff training and coaching
- Performance expectations & milestones



Organizational management

- LEAD v1.0: hierarchical, top-down structure; 3 offices, 6 expats, 41 office staff, 450 field agents
- LEAD v2.0...In search of:
 - Flatter, leaner, faster: built to learn and adapt quickly
 - Teams: diversity, rivalry, seniority?
 - Strong performers of any size or stature
 - New blood and insights
 - Communication, communication, communication



Facilitation reflex: ground zero-ugly

“Facilitation means you don’t have to do anything”

(usually accompanied with a wistful hand gesture as if conjuring something from nothing)

“Facilitate...

- linkages between buyers and farmers

OR

- the capacity building of market actors”



Facilitation reflex

- Iterative, reinforcing capacity building process
 - Clear framework (principles & approach / end goals)
 - Holistic VC (or donut 😊) perspective
 - Entry points (initial?): target firms in VC
 - Outcome mapping: target firm performance
 - Test, refine, expand into detailed Outcome Goals
 - The Change to promote (with proper facilitation of course)
 - Support self-selecting early adopters
 - Capture learning and refine activity mix



Facilitation reflex: still to come...

- Learning networks: practical exchanges of experience: e.g., what are others doing/learning to promote retail agent networks?
- Momentum
- Knowledge flows and learning in a system
- Good/bad competition and collaboration
- Social norms and rules affecting decision-making
- **TIME**





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Facilitation Resources

Available Resources

- The Value Chain Development Wiki
 - www.microlinks.kdid.org/vcwiki
- USAID Facilitation Curriculum
 - www.microlinks.org/facilitationcurriculum



Curriculum Roadmap

ANALYSIS

MODULE 1: Understanding a Value Chain System

SESSION 1: Introduction to value chains

SESSION 2: Objectives and agenda

SESSION 3: Value chain system elements



MODULE 2: Understanding System Dynamics

SESSION 1: Assessing system dynamics

SESSION 2: Defining driving forces of change



PLANNING

MODULE 3: Envisioning the Future of a Value Chain System

SESSION 1: Envisioning a better performing system

SESSION 2: Envisioning a process of upgrading



IMPLEMENTATION

MODULE 4: Managing a Value Chain System Project

SESSION 1: Formulating an effective strategy for systemic change

SESSION 2: Tactics and tools for systemic change

SESSION 3: Managing ourselves and our partners

1a. Leverage and Momentum

1b. Facilitation

2a. Roles

2b. Offer

2c. Knowledge management

3a. Managing ourselves

3b. Managing our partners



Microenterprise Learning
Information & Knowledge Sharing



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Value Chain Development Wiki

Welcome to the Value Chain Development Wiki

These wiki pages codify good practice in value chain development drawing from research conducted under the leadership of the USAID Microenterprise Development team by the ACIDI/VOCA AMAP BDS consortium and many other contributing organizations, academics and institutions.

USAID's approach to enterprise development has evolved from facilitating markets for business services to a broader value chain perspective. The premise of USAID's new approach is that enterprise development can create wealth in poor communities and promote economic growth by sustainably linking large numbers of micro- and small enterprises (MSEs) into international, national and/or local value chains. To achieve this goal, the approach calls for linking small firms to economic growth opportunities, while ensuring both the incentives for and the capability to compete in and benefit from market participation. The [Key Elements of the Value Chain Approach](#) details the rationale and background for USAID's new approach to enterprise development.

The Value Chain Development wiki is a tool to engage and share experiences amongst peers; it will only be truly useful if people like you—who design, implement and support value chain development programs—contribute to it. Conceptually, the pages are organized around the structural and dynamic elements of the value chain framework and the project cycle, providing annotated links to relevant papers, tools and project examples.

On This Page

[The Value Chain Framework](#)

[The Value Chain Project Cycle](#)

[Related Content](#)

Table of Contents

[I. Key Elements of the Value Chain Approach](#)

[II. Value Chain Framework](#)

[III. Value Chain Development Project Cycle](#)

[IV. The Value Chain Approach in Conflict-Affected Contexts](#)

[V. Vulnerable Populations and the Value Chain Approach](#)

[VI. Integrating Food Security and the Value Chain Approach](#)

[VII. Value Chain Resources](#)

You Might Also Like



Facilitating Value Chain Development

A new training curriculum from USAID

USAID is pleased to present the new Facilitating Value Chain Development training curriculum. The curriculum uses an experiential, activity-based methodology to help practitioners think differently about their project strategies and their roles as facilitators of value chain development. Particular emphasis is placed on analyzing market relationships and facilitating pro-poor systemic change. Here you will find several overview documents and the contents of the four modules:

[*Click here to download documents and modules below](#)

- Module 1: Understanding a Value Chain System
- Module 2: Understanding System Dynamics (Analysis)
- Module 3: Envisioning the Future of a Value Chain System (Strategy Development and Project Planning)
- Module 4: Managing a Value Chain System Project

Watch the two brief videos below to learn about the purpose of the curriculum and how to use these materials.



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Quick Links

[Facilitating Value Chain Development](#)

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Recently Overheard



Hi All! I wanted to check back see if anyone has used any of curriculum. What's...



hschiff

Welcome to the Facilitating Development Training Curriculum
JULY 11, 2011

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How to Stay Engaged

✓  **seep** *Powering connections* Market Facilitation Initiative (MaFI)

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