BRIEFING PAPER

UNDERSTANDING FACILITATION

INTRODUCTION

Many economic development projects are successful at increasing production, sales or other targets for as long as the project is actively supporting value chain actors in making these gains. But after the project ends, the value chain may not continue to improve on its own. The facilitation approach to project implementation attempts to address the challenges of achieving sustainability and scale in value chain or market systems development. Facilitation attempts to stimulate change in market systems[1] without the project taking a direct role in or becoming part of the system. Practitioners and donors using this approach try to minimize direct provision of goods and services by the project—focusing instead on changing relationships between actors in the value chain or introducing new ways of doing business that increase the local availability of needed goods and services.

A facilitation approach to implementing a project strengthens the ability of value chain actors to respond and adapt to changes in market trends or in the enabling environment[2] without project support, thus enabling sustainable growth in the value chain. Projects can build the capacity of existing actors and institutions—as well as foster stronger relationships among them to create incentives for upgrading. For example, the Behind the Veil project in Pakistan, implemented by the Mennonite Economic Development Associates, introduced a new business model to improve homebound women embroiderers' access to services critical to upgrading. The project trained and deployed women mobile sales agents who purchased finished fabrics from embroiderers for sale in higher-value urban market. Unlike traditional male traders, the women sales agents could have face-to-face interactions with homebound embroiderers. This enabled the sales agents to build relationships with their suppliers and transfer critical market information such as quality requirements and contemporary designs during their sales transactions. By establishing these new relationships, as well as through promotion of commercial design services, the project improved the value chain's ability to continually upgrade and provide greater benefits to poor women embroiderers. This facilitative approach introduced a solution with greater potential for long-term sustainability than if the project itself had played a direct service provision role—in this case, that of a trader.

Another common challenge of value chain development projects is ensuring that the changes made by the project become widespread in the value chain rather than confined to a relatively small group of direct beneficiaries. A facilitation approach to project implementation increases the probability of reaching greater scale by targeting interventions at leverage points—actors or relationships that will stimulate the spread of change without the project replicating activities itself. To achieve both scale and sustainability, projects should seek *systemic change* – change that improves the functioning of the system as a

SYSTEMIC CHANGE

Although it is rarely possible to work with all firms in a system, the impact of interventions should reach beyond a few lead firms. Interventions should stimulate changes in the way the system works as a whole. For example, the SDCAsia's B-ACE project changed the industry norms for production and handling of cardava banana in Mindanao, the Phillipines, raising productivity and quality standards. SDCAsia promoted widespread adoption of new production and quality control behaviors by disseminating information in various ways—such as comic strips, festivals, fairs, field-based learning and classroom training. They also created a core group of early adopters to demonstrate new behaviors. For example, working with a vendors to improve their stalls in the local market led to investments by others in more attractive and cleaner stalls, and eventually to adoption of good food handling and hygiene practices.

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[1] For the purposes of this paper, a "market system" refers to a value chain, its related support markets, and the business enabling environment in which they operate.

[2] See *Business Enabling Environment and the Value Chain*, USAID Briefing Paper. http://www.microlinks.org/ev_en.php?ID=24871_201&ID2=DO_TOPIC

whole, rather than only improving the performance of specific firms (see text box above).

PRINCIPLES

The objectives of facilitation are to strengthen the ability of value chains to grow over time, beyond the scope of a project, and provide more widespread benefits—especially to the poor. Three principles govern *how* facilitators should intervene to achieve these objectives of sustainable growth and scale.

Appropriate intensity: Intensity refers to how heavy-handed the project is in terms of resources deployed or the role played by the project in a transaction between value chain actors. As the intensity of project activities increases, the prospects for sustainability decrease because the project artificially shields actors from real costs and risks by providing goods and/or services that would otherwise be integrated into commercial cost structures and investments. The default should always be a "light-touch" approach, whereby the implementer's role does not include direct service provision; rather the project focuses on supporting other enterprises and entities in fulfilling these roles. However, if there are compelling reasons that increased intensity for a defined period of time is needed to achieve outcomes, projects may fill a gap in the value chain on a temporary basis to catalyze change, then become much less involved over time. For example, the Honduras Rural Economic Diversification project, implemented by Fintrac, introduced low-cost drip irrigation technology for horticulture. Demonstrating the effectiveness of this technology in raising productivity and quality caused several local institutions to invest in significant irrigation programs. The initial project investment in irrigation technology exemplifies increased intensity for a defined period and purpose—demonstrating the effectiveness of a new technology—leading to uptake of the investment by local actors within the system.

Improve relationships between value chain actors. Facilitators should focus on lowering the risks to actors of engaging in new relationships or improved ways of conducting relationships, while taking care to ensure that actors do not see the project as their most important partner. Rather, value chain participants should place the highest importance on other actors within in the chain, understanding project support to be temporary and facilitative in nature. For example, the Cambodia Micro and Small Enterprise Project, implemented by DAI, worked through feed and medicine suppliers to increase access to those services for small-scale swine producers. Rather than provide technical assistance to producers directly, the project facilitated embedded technical assistance provision by the service providers. This approach strengthened the relationship between the service providers and producers and kept the project's role in the relationship mostly behind the scenes.

Foster local ownership: Projects that employ facilitation should seek to catalyze, but not own, needed changes in value chains—that is, to stimulate investments by market actors themselves. Facilitators should use self-selection techniques to find the firms and sectors that will give the project the best chance of establishing momentum for growth with poverty reduction. Self selection occurs when local actors are required to invest their own time or resources in order to access project support. This increases the likelihood that local actors are committed to the upgrading process from the start.

STRATEGY

A strategy for facilitation in a particular value chain describes a rationale for what activities the project will do through a logical chain of results leading to impact. This rationale serves as a point of reference for why the project does what it does, even as those specific activities might shift along the way. Facilitation strategies can be expressed in a variety of frameworks, but all should have a causal model[3] that describes the logical links between the project's activities and the outputs, outcomes and impacts it is expected to achieve. The strategy for facilitating change should be based on the logic in the causal model, with the understanding that although activities and outputs may be time-bound, the resulting outcomes and impacts should be sustainable.

For example, the Ghana ADVANCE project, implemented by ACDI/VOCA, sought the outcome of increased access to inputs to enable smallholder farmers to improve the quality of their product. The ultimate impact would be increased household incomes from better-quality product. Input providers already existed, but were not serving small-scale farmers effectively because their

[3] See Monitoring and Evaluation Section of the Value Chain Development Wiki: http://microlinks.kdid.org/good-practice-center/value-chain-wiki/monitoring-and-evaluation

lack of information about the location and requirements of the small-scale farmer market limited their outreach. Having identified the underlying cause of the input constraint as limited flows of information between input suppliers and farmers, the project could focus its strategy on addressing this cause through a variety of activities. ADVANCE clearly identified the logical chain of better sustained flows of information leading to improved ability of input suppliers to serve small-scale farmers. An example of an activity consistent with this strategy was the introduction of a new business model whereby input suppliers held promotional events in villages. If successful, this model could be widely adopted and permanently improve the flow of information between small-scale farmers and input suppliers.

TACTICS

As mentioned above, a strategy for facilitation in a particular value chain describes a rationale for what activities the project will do through a logical chain results and ultimately impact. The strategy should be flexible enough so that the particular tactics project staff members use to carry out their activities can vary depending on what is required to stimulate the desired change. Tactics are the ways activities are designed, structured and presented to market actors. In some cases, a project might do things that look similar to what implementers have always done, such as subsidizing value chain functions or providing support services like training. But these activities must be consistent with the strategy for achieving sustainable and scalable change. Implementers must also be mindful of the principles described above as they carry out activities—no matter what those activities are. Implementers use many different tactics for facilitating change. Examples include

- Lowering the risk of investment (in new technology or new relationships) for a finite period of time to demonstrate the benefits of the investment
- Working with value chain actors to design and test new business models and then communicating their success to encourage broader uptake
- Building demand for a service through awareness raising or accreditation

The text box above provides an example of how a project implemented by the Kenyan NGO SITE used increased intensity (subsidy for training) to build capacity among service providers while also strengthening relationships between market actors. SITE also used a method of selecting trainees that ensured some commitment on behalf of the trainees.[4]

PROJECT EXAMPLE: SMART SUBSIDIES

SITE, a Kenyan NGO, used subsidies to catalyze change that made continued subsidies unnecessary. SITE subsidized initial training in milk quality to service providers whose eligibility for the training was based on their business plans and previous performance. The trainees provided services to milk collectors, transporters and retailers. When these clients began using and paying for the services, SITE discontinued the subsidy. A key factor in enabling SITE to withdraw its support was its stimulation of demand for the services in cooperative with the Kenyan Dairy Board. Together, they publicized the importance of milk hygiene and quality and facilitated the accreditation of both the milk value chain actors and the service providers.

MEASURING RESULTS

Using a facilitation approach to project implementation implies a certain degree of dependency on value chain actors to achieve project goals. Because value chain actors have their own agendas, interests and risks to consider, a project cannot always direct their actions. Therefore facilitation carries additional risks beyond those inherent to all market-led approaches (from external factors such as market dynamics and unstable policy environments). Results in projects that work through value chain actors can be uneven and unpredictable. Progress toward numerical targets may be slower in the initial phases—as a lighter-touch approach means that fewer people would have immediate incentives to participate as quickly—but with the potential to be more rapid once change begins to spread in the market system. USAID and the broader value chain development community are increasingly focused on evidence to support project design, and are currently working to define the most appropriate indicators for measuring progress in projects using a facilitation approach that take account of this unevenness and unpredictability. Three such methods are described below.

[4] Synthesis of Online Discussion: Smart Subsidies in Market Facilitation, The Market Facilitation Initiative. http://slidesha.re/mafisubsidies

Take a portfolio approach. Value chain development programs and activities can take a portfolio approach (a concept borrowed from the financial sector) to manage risks during the selection and implementation phases of the project cycle. During selection, practitioners can identify multiple value chains that have different risk profiles. For example, some value chains may be more vulnerable to drought, whereas others may have a high drought tolerance but be more sensitive to other types of shocks, such as sudden changes in exchange rates. Practitioners can also select multiple value chains that are interconnected such that activities in one might have a catalytic effect on another. For example, working in oilseeds and livestock may be wise if a by-product of oil production is used as livestock feed.

During implementation, projects can start with a range of pilot activities and then select those that show the most promise for stimulating widespread and lasting change. The project's monitoring plan should measure changes at the value chain level (that may be precipitated by a variety of project activities) and be flexible enough to allow for this experimentation.

Measure quantitative and qualitative indicators. As in other types of projects, quantitative indicators are extremely important for measuring project progress and success. But in projects that attempt to catalyze improvements from within value chains, measuring the less tangible changes—such as shifts in behavior patterns, attitudes or relationships—is equally important. This type of progress is not often predefined, since the particular changes sought might not be known at project outset. Behavior change can be measured through a variety of methods including direct observation, beneficiary field diaries and peer-to-peer observation. Capturing and reporting on value chain actors' responses to project interventions will help to paint a more complete picture of the project's progress, including explanations for modifying tactics or activities during implementation.

Feed results measurement into project management. Knowledge capture and sharing within a project can also be used to improve project management and performance. It may be useful for the project to develop a vision of how change is likely to occur as a result of a specific activity or intervention in a value chain. What shifts in attitudes, behaviors or norms are needed for the change to take hold? What is a likely sequence of events for that to happen? As facilitation activities are carried out, project teams can then compare what they observe in the field to this vision. If the shifts envisioned are not occurring, implementers should be able to identify this so that necessary adjustments to activities can be made.

CHALLENGES

Facilitation presents promising opportunities for sustainably improving the functioning of value chains. But practitioners have also encountered a number of challenges in using this approach. They are summarized below.

- Reliance on investments by market actors carries an inherent risk. Actors' willingness to participate may change due to unexpected needs or external shocks.
- Results may be slow and difficult to measure because of the required shifts in attitudes and behavior.
- Facilitation requires a different skill set than most project field staff possess; re-training and continuous mentoring may be required to build staff capacity.

RESOURCES

Facilitating Value Chain Development Curriculum: www.microlinks.org/facilitationcurriculum.

The Value Chain Development Wiki, Design and Implementation pages: http://microlinks.kdid.org/good-practice-center/value-chain-wiki/design-and-implementation

Gender Sensitive Value Chain Development: Learning from the Embroidered Garment Value Chain in Pakistan (Screencast): http://microlinks.kdid.org/library/gender-sensitive-value-chain-development-learning-embroidered-garment-value-chain-pakistan-s

Facilitation Behavior Change for Improved Competitiveness and Poverty Reduction (Screencast): http://microlinks.kdid.org/library/breakfast-47-facilitating-behavior-change-improved-competitiveness-poverty-reduction-0

Tracking Behavior Change and Iterative Planning: http://microlinks.kdid.org/library/tracking-behavior-change-and-iterative-planning-tools-implementers

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