

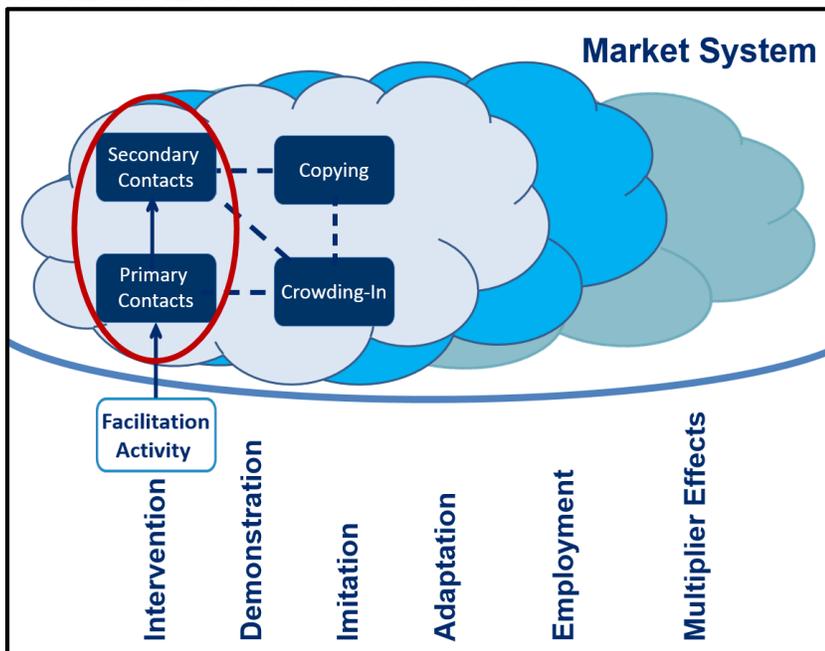


FACILITATION CONTACT GROUPS

The benefits of a value chain facilitation activity can extend to firms, farms, households and individuals that do not have direct contact with the set of interventions (goods or services) provided by the activity. When smallholder farmers are the target beneficiaries of agricultural value chain activities, they might be reached through other firms in the value chain, such as product buyers, suppliers of supporting services, or input suppliers. For example, a facilitation activity might collaborate with agricultural input suppliers in order to expand smallholder access to—and use of—high quality inputs and improved technologies intended to increase smallholder productivity, profits and income. Instead of working directly with smallholder farmers, implementers collaborate with firms at other functional levels of the value chain, encouraging these primary contact firms to adopt more inclusive business practices and/or offer products and services that help to expand market-based opportunities for target beneficiaries.

In the figure below, a facilitation activity is shown on the left, occupying a relatively small area in the market system. The “intervention space” includes both primary and secondary contacts, which are the two groups shown circled in the figure. When target beneficiaries are reached as secondary contacts through a deliberate value chain facilitation strategy, both primary and secondary contacts can be identified as “direct beneficiaries” under Feed the Future indicator guidelines. The figure can be used to identify at least seven distinct contact groups that represent potential beneficiaries from value chain facilitation activities. These contact groups are described below, presented in the same order as the “spaces” along the bottom of the figure, beginning with the “intervention space” on the far left.

FIGURE: FACILITATION CONTACT GROUPS



INTERVENTION SPACE

Primary contacts: Firms that interact or come in contact with the set of interventions (goods and services) provided by the activity. There are many ways this contact may occur, such as through project-funded training, business

development services, technical advice/extension, demonstration and training materials, contracting models, solutions that reduce transaction/information costs (e.g., ICT), soft credit, and cost- and risk-sharing.

Secondary contacts: Firms that are connected to primary contact firms through value chain linkages. Secondary contacts can be the target beneficiaries of the intervention, such as smallholders reached through their commercial relationships with the primary contacts of the intervention, which might include input suppliers, anchor (hub) farmers, breeders, veterinarians, lenders, testing labs, wholesalers, processors, exporters, retailers, and so on.

DEMONSTRATION SPACE

In addition to targeting secondary contacts, another strategy for increasing scale under facilitation is to amplify demonstration effects that highlight the benefits of new business models and production technologies. Demonstration effects can elicit imitation from two groups of firms in the “imitation space.”

IMITATION SPACE

Crowding-in: Firms that “crowd in” by imitating the new, more inclusive business models that have been demonstrated by primary contacts. In the example, “crowding-in” firms are other agricultural input suppliers that imitate new types of commercial relationships with smallholder farmers but do not have direct contact with the intervention.

Copying: Firms that copy the new products and production technologies of secondary contacts at the target beneficiary level. Smallholder farmers in the imitation space copy the new agricultural production technologies that have been demonstrated by smallholder farmers in the intervention space.

ADAPTATION SPACE

Adaptation: Firms that adapt or respond to the practices introduced by the intervention, which could include firms at the same functional levels as the four previous groups (e.g., input supplier and producer levels) as well as other types of firms that enter or expand in response to the emergence of new business opportunities in the value chain(s). Examples of these other types of firms include supporting services such as transportation, text messaging, packaging, financial services, etc.

EMPLOYMENT SPACE

Employment: Individuals who receive income from jobs created by new economic activity within any of the five previous contact groups.

MULTIPLIER SPACE

Multiplier effects: Firms or individuals that receive profits or income generated by the circulation of additional money in the local economy. The “new” money originates in the additional profits and income spent by all six of the previous contact groups. While the previous contact groups were all actors related to the agricultural value chain(s), the beneficiaries of multiplier effects include firms and individuals unrelated to the value chain(s), such as restaurants, hair salons, mobile phone dealers, clothing stores, grocery markets, repair shops, and so on.

This publication was prepared by Elizabeth Dunn of Impact LLC for ACDI/VOCA with funding from USAID/MPEP's Leveraging Economic Opportunity (LEO) project. For more information on LEO, contact leo@acdivoca.org. The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.