



**USAID**  
FROM THE AMERICAN PEOPLE



**microlinks**

Breakfast Seminars

<http://microlinks.kdid.org/breakfast>

Participate during the seminar



#MLevents



Follow us on Twitter

[twitter.com/microlinks](https://twitter.com/microlinks)



Like us on Facebook

[facebook.com/microlinks](https://facebook.com/microlinks)

# Rising to the Sustainability Challenge in the Facilitation of Value Chain Development



**Michael Field**

[mfield@acdivocaghana.org](mailto:mfield@acdivocaghana.org)

June 15, 2011

# Agenda

---

- Defining systemic sustainability
- Applying systemic sustainability
  - Zambian cotton case
- Systemic Results
- Takeaways
- Questions

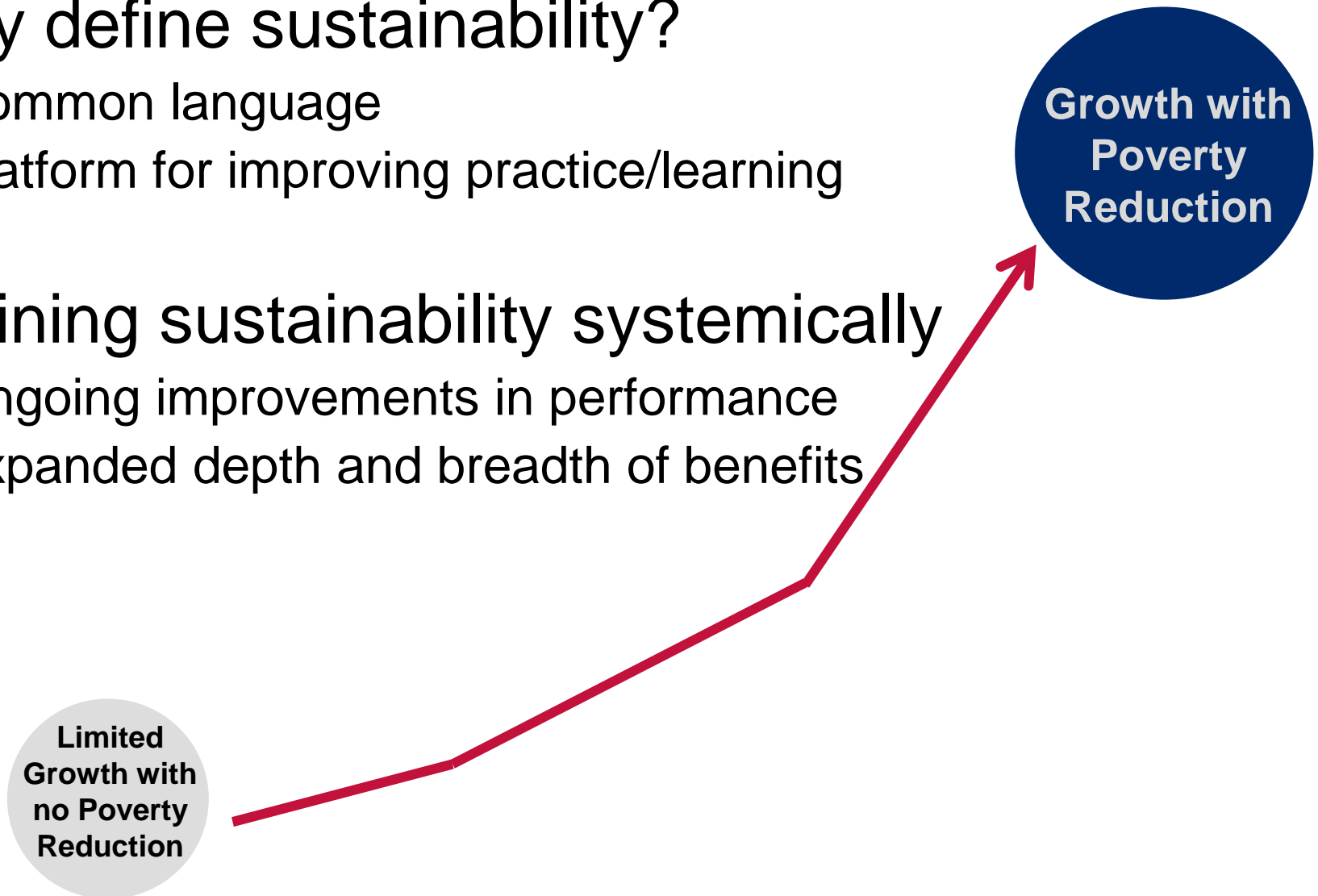
# Defining Sustainability

## Why define sustainability?

- Common language
- Platform for improving practice/learning

## Defining sustainability systemically

- Ongoing improvements in performance
- Expanded depth and breadth of benefits



# Defining Sustainability: Competition

Limited  
Growth with  
no Poverty  
Reduction

TIME

Growth with  
Poverty  
Reduction

## Bad Competition:

- Drives resistance to improvement
- Competition between people/firms doing different things



## Good Competition:

- Drives improvements
- Competition between people/firms doing the same thing

# Defining Sustainability: Cooperation

Limited  
Growth with  
no Poverty  
Reduction

TIME

Growth with  
Poverty  
Reduction

## Bad Cooperation:

- Collusion to ensure win/lose
- Short term, distrustful



## Good Cooperation:

- Responsive to joint threats and opportunities leading to win/win
- Long term, trusting

# Defining Sustainability: Benefits

Limited  
Growth with  
no Poverty  
Reduction

TIME

Growth with  
Poverty  
Reduction

## Unsupportive Benefits:

- Benefits isolated to a few
- Social/economic benefits often at odds

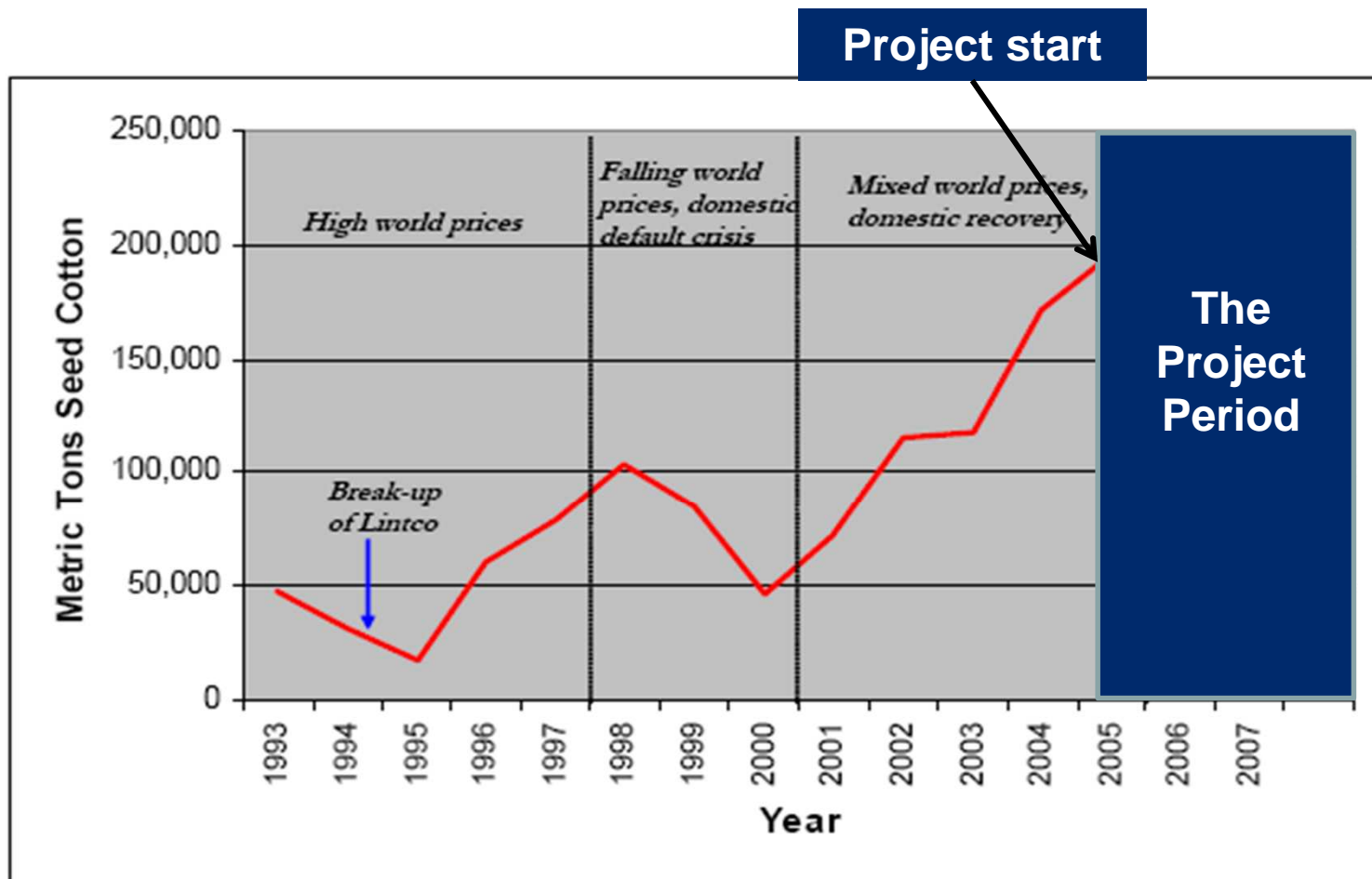


## Supportive Benefits:

- Broader distribution of benefits
- Social and economic benefits mutually reinforcing

# Zambian Cotton

## Post Privatisation History



Source: Central Statistical Office Post Harvest Surveys and ginner estimates

# Why Intervene in Cotton?

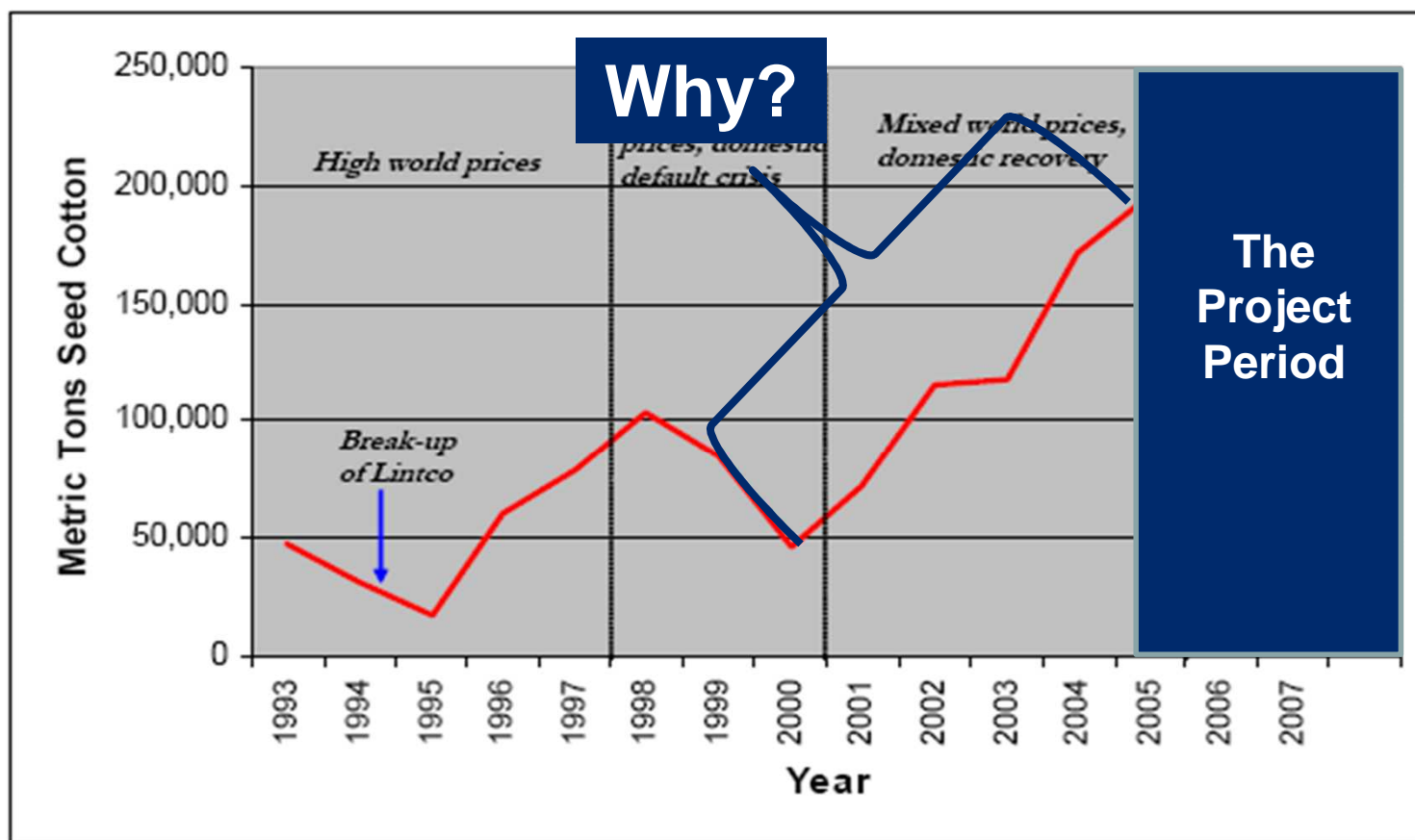
On the surface it looked pretty good:

- Huge growth driven by investment by Dunavant & Clark
- 95,000 farmers to 266,000 farmers in 5 years
- 430% increase in production
- 4<sup>th</sup> highest quality cotton in world market
- Major Zambian success story



# Zambian Cotton

## Post Privatisation History



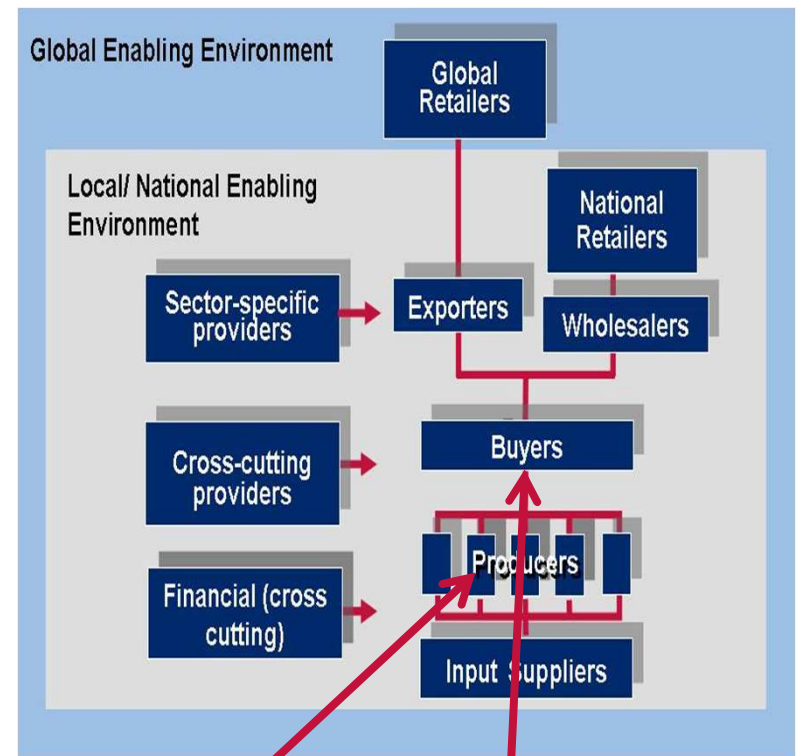
Source: Central Statistical Office Post Harvest Surveys and ginner estimates

# From a Systems Perspective

## Performance matters

Meet end market requirements that include:

- Product:
- Operations:
- Strategic management
- Efficiency



Yields static and very low  
(growth through farmer  
numbers)

Concentration of risk

# From a System Perspective

## Dynamics matter

Does the combination of relationships, rules and interconnected systems result in effective growth?

- Ongoing upgrading defined by performance factors
- More inclusive benefit flows

Relationships only worked because of limited competition

The rules driving firm & farm behavior not aligned limiting cooperation

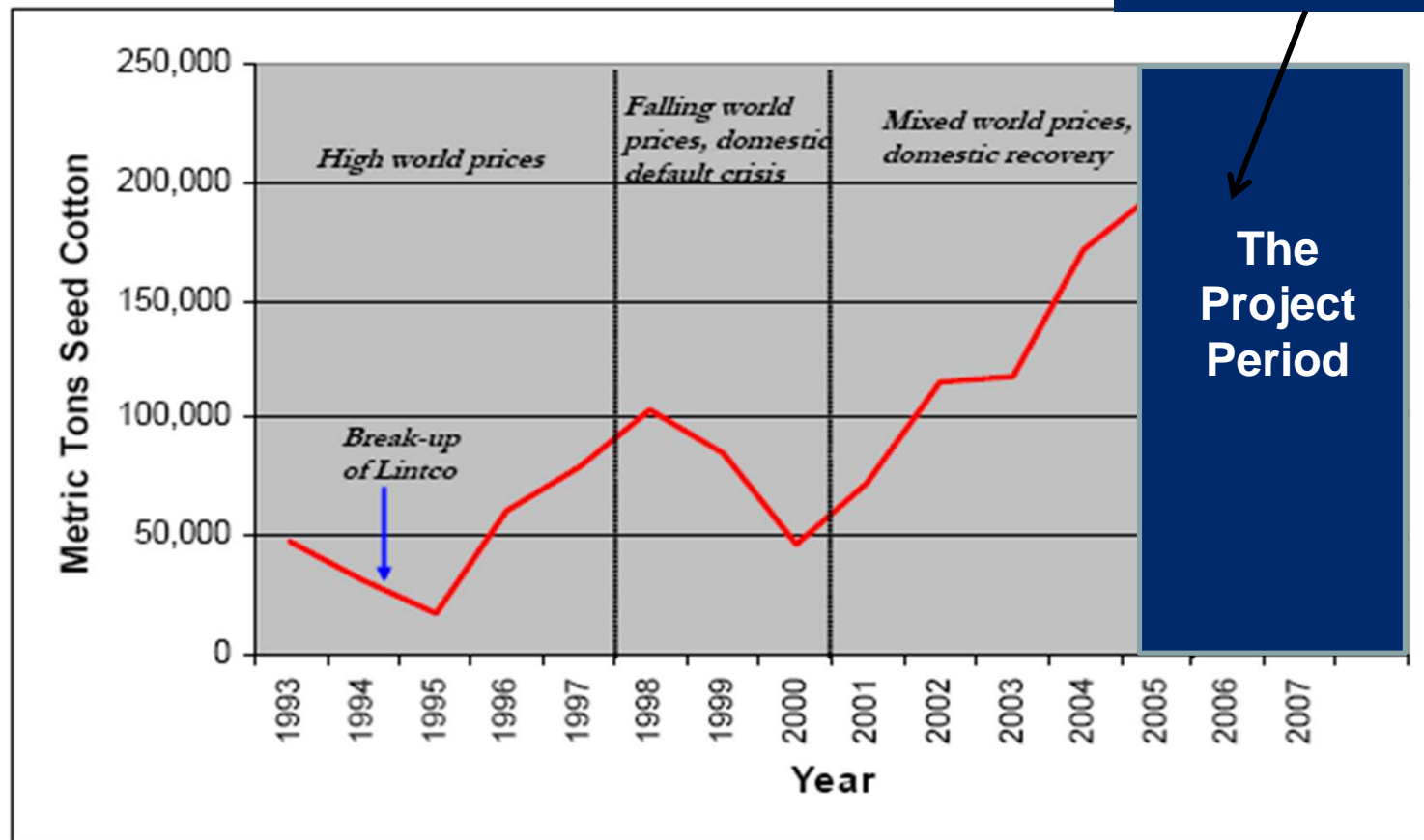
Growth not driving crowding in process

~~Growth with Poverty Reduction~~

~~Limited Growth with no poverty reduction~~

# Zambian Cotton

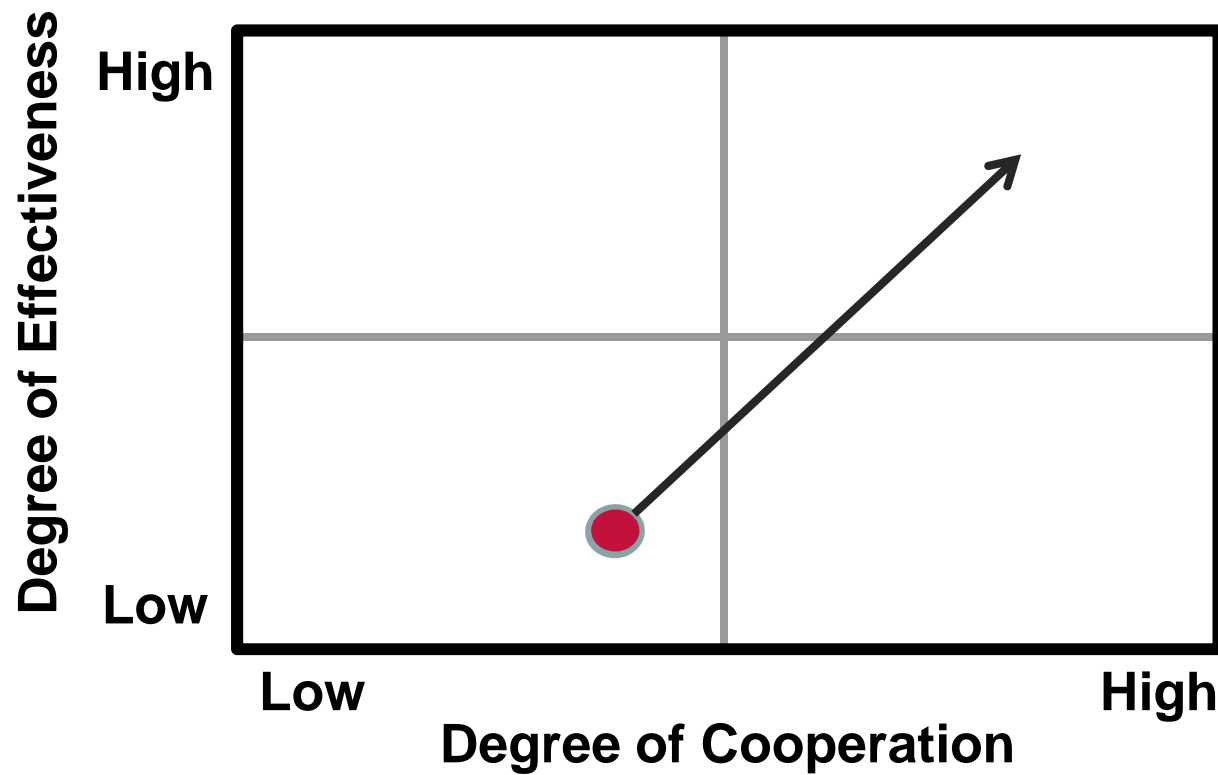
## Post Privatisation History



Source: Central Statistical Office Post Harvest Surveys and ginner estimates

# Value Chain Dynamics

What is the vision of change the actor(s) should take?



How do you know you are headed in the right direction, at the right pace and with enough scale to achieve systemic change?

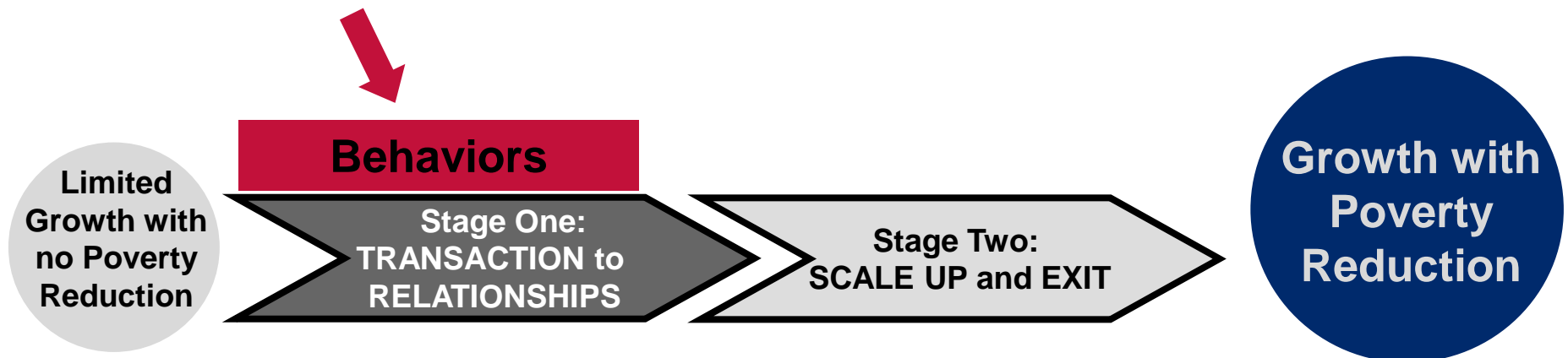
# Cotton Case: Initial Activities

## Non-competitive cotton industry:

1. Low smallholder productivity & lack of upgrading
2. Poor business relationships (out-growers & supply chain)

## Activities conducted by project:

1. Assist on-farm training to out-grower farmers
2. Assist Cotton Firms assess management systems
3. Assist Cotton Firms shift to preferred supplier management
4. Assist Cotton Firms to integrate 3<sup>rd</sup> party service providers



# Knowledge Drives Decisions

Collective learning  
drives follow-on  
facilitation activities



Assess responses to  
interventions



Observations

**Behaviors**

Limited  
Growth with  
no Poverty  
Reduction

Stage One:  
TRANSACTION to  
RELATIONSHIPS

Stage Two:  
SCALE UP and EXIT

**Growth with  
Poverty  
Reduction**

Contingent facilitation activities:

- systems upgrades for preferred suppliers
- Investment in e-payment & e-banking services
- upgrades in interconnected input & services systems
- strategic alliances with input firms & services providers
- improve cooperation at industry level



# Cotton Case: Systemic Results

Cotton	Systemic Shifts
<ul style="list-style-type: none"><li>• 2 firms left, but building longer-term win-win relationships</li><li>• 30% smallholders remain, but investing in upgrading</li></ul>	<ul style="list-style-type: none"><li>• 1,000's of sprayers selling services (few targeting cotton)</li><li>• Spraying certification managed by industry 100's of spray service providers certified</li><li>• 100's of tillage service providers active (animal and tractor – 50% other crops)</li><li>• Tillage services use conservation farming practices – increasing intensification</li><li>• Improved access to inputs (other crops)</li><li>• Mobile banking services targeting rural poor active &amp; growing</li></ul>



# Takeaways

- **Sustainability** is systemic and defined by *ongoing upgrading* and *inclusive benefit* flows
- **Performance matters** and needs to be *understood* in the context of *end markets*
- **System dynamics** are driven by *relationships, rules* and *interconnected systems*
  - *Competition/cooperation* leading to ongoing upgrading
  - *Benefits* flows more inclusive
- **Reading and reacting** to the differences between the *envisioned* change process and *real* one is critical to ensuring local ownership



**USAID**  
FROM THE AMERICAN PEOPLE



**Mike Field**

mfield@acdivocaghana.org

**June 15, 2011**



**microlinks**  
Breakfast Seminars

**THANK YOU!**

Please visit

<http://microlinks.kdid.org/breakfast>  
for seminar presentations and papers

Microlinks and the Breakfast Seminar series are products of Knowledge-Driven Microenterprise Development Project (KDMD), funded by USAID's Microenterprise Development office.