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Maximizing the “Value” of Value Chain Programs in Conflict-Affected Environments

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OVERVIEW OF ASSIGNMENT

- Review 14 cases of value chain (VC) programs in conflict-affected environments
- Is the VC approach appropriate and effective in conflict-affected environments?
- What economic and social contributions can VC programs make in conflict-affected environments?
- What are “better practices” of VC programming in such environments?

MAJOR CONCLUSIONS

- **VC approach can bring improved employment and income** to poor populations in conflict-affected environments
- **Few absolute “preconditions”** to beginning programs, EXCEPT there being a viable market opportunity
- New insights:
How to get the most from value chain programs in highly disrupted environments



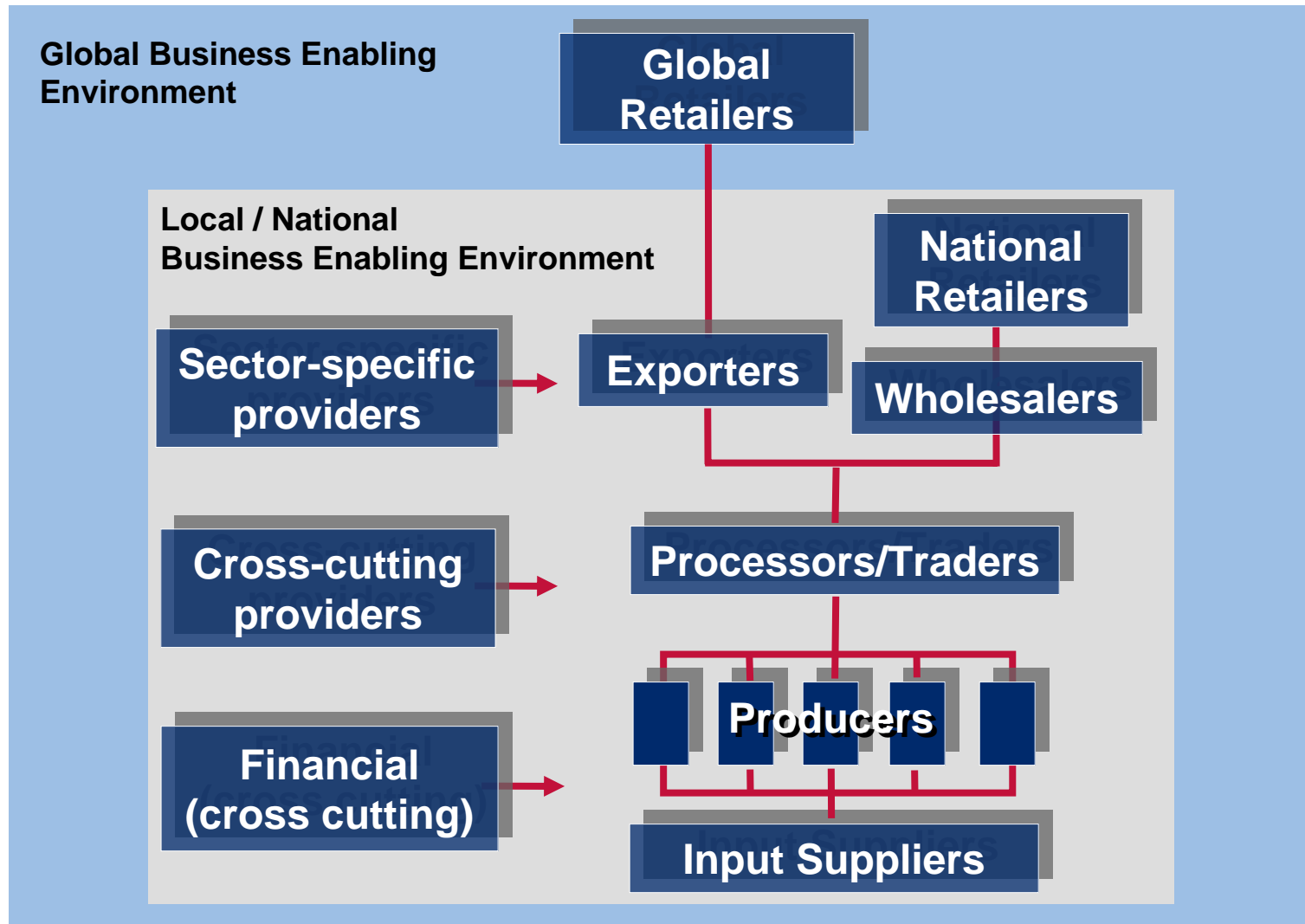


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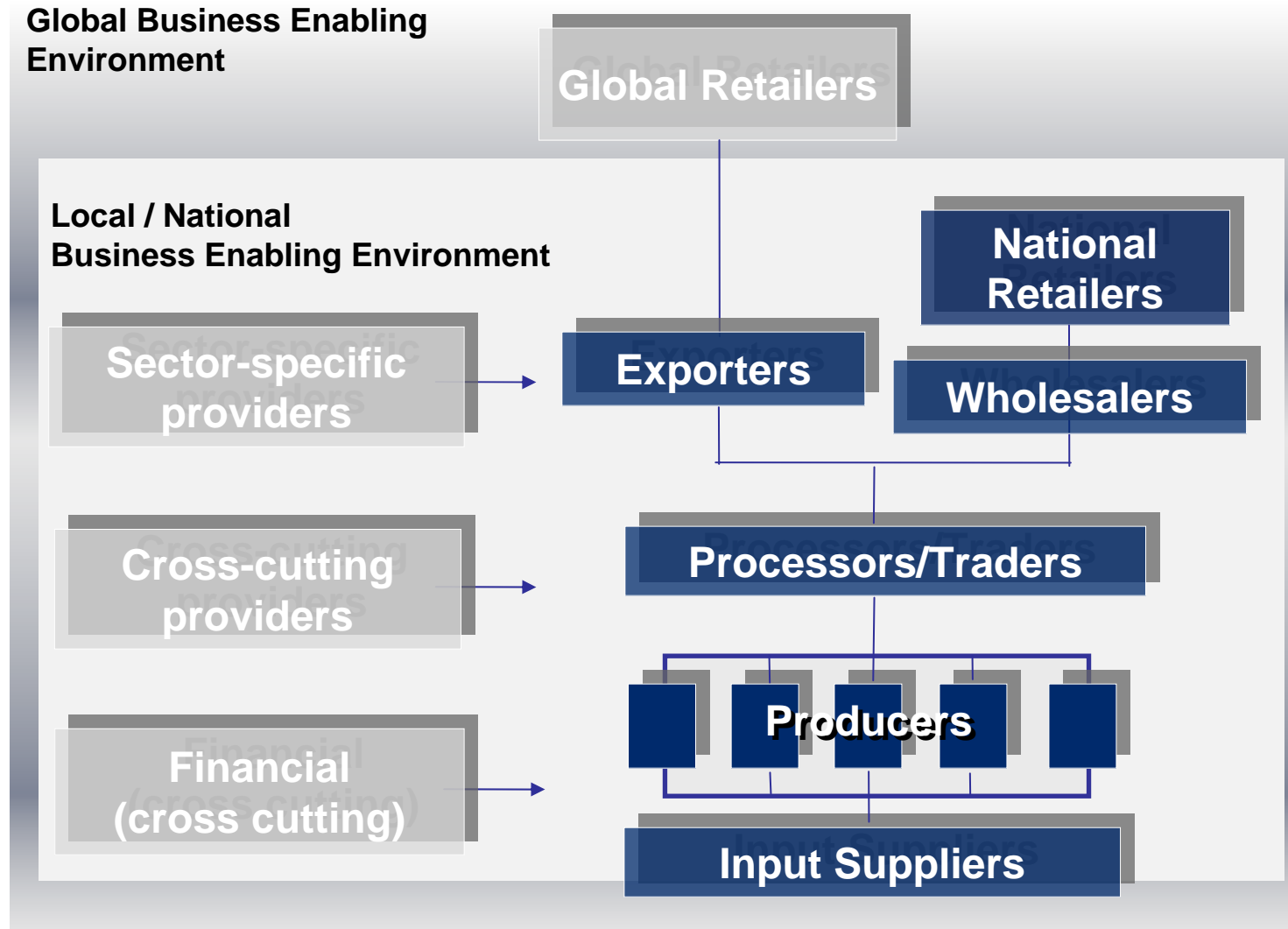
HOW TO BUILD A SUCCESSFUL VC PROGRAM IN A P-C ENVIRONMENT:

Following Core Value Chain Principles

VALUE CHAIN FRAMEWORK FOR ANALYSIS



VALUE CHAIN FRAMEWORK: REDUCED



THE MARKET IS THE “ENGINE” OF THE VC APPROACH

- Seek markets with local experience (Uganda cotton)
- Talk with end market buyers (Afghan grapes)
- Assess local industry’s competitive position for each market niche (Serbia dairy)
- Recognize local markets are still global (Kosovo dairy)
- Select multiple markets: some efforts will collapse
- Understand incentives and risks in a given market

- Be *practical* and *analytical*, not theoretical and descriptive.

LINKAGES ARE KEY TO THE POOR REACHING MARKETS

- Vertical and horizontal linkages frayed or non-existent in conflict-affected environment
- Rebuilding linkages required:
 - Enhanced trust (Uganda cotton, Rwanda tourism)
 - Improved organizational structure (Sudan shea butter)
 - Time: multiple production cycles (Kosovo dairy)
 - Private sector champions (Afghan grapes)
 - Concrete business value:
 - risk reduction (Afghan poultry)
 - increase in profits (Rwanda coffee)

THE POWER OF THE ENABLING ENVIRONMENT

- In conflict-affected environment, EE more disrupted, more volatile, more difficult to engage.
- Cases show that EE determines:
 - Accessibility (Afghan grapes)
 - Competitiveness (Kosovo dairy)
 - Security of participants and products (Uganda cotton)
 - Best institutional model (Afghan poultry)
- EE begins far beyond country borders
- Lesson: *Track, Monitor, Engage*

ACTIVELY ENGAGE SUPPORT SERVICE PROVIDERS

- Limited services in conflict-affected environment
- Need to assess, plan, monitor
 - Credit needs (Uganda cotton)
 - Credit products (Rwanda coffee)
 - Training (Rwanda tourism)
- Need to be creative and pro-active in sourcing
 - Within value chain (Uganda cotton)
 - From closest domestic provider (Rwanda coffee)
 - From other conflict-recovery partners (Afghan grapes)

CONSIDER A PROGRESSIVE OR “STEP-WISE” MODEL

- Deliver quick, real wins for multiple value chain participants
- Build out progressively based on early wins
- Build public sector support (to enhance EE)
- Examples: Kosovo dairy; Rwanda tourism; Sudan shea butter

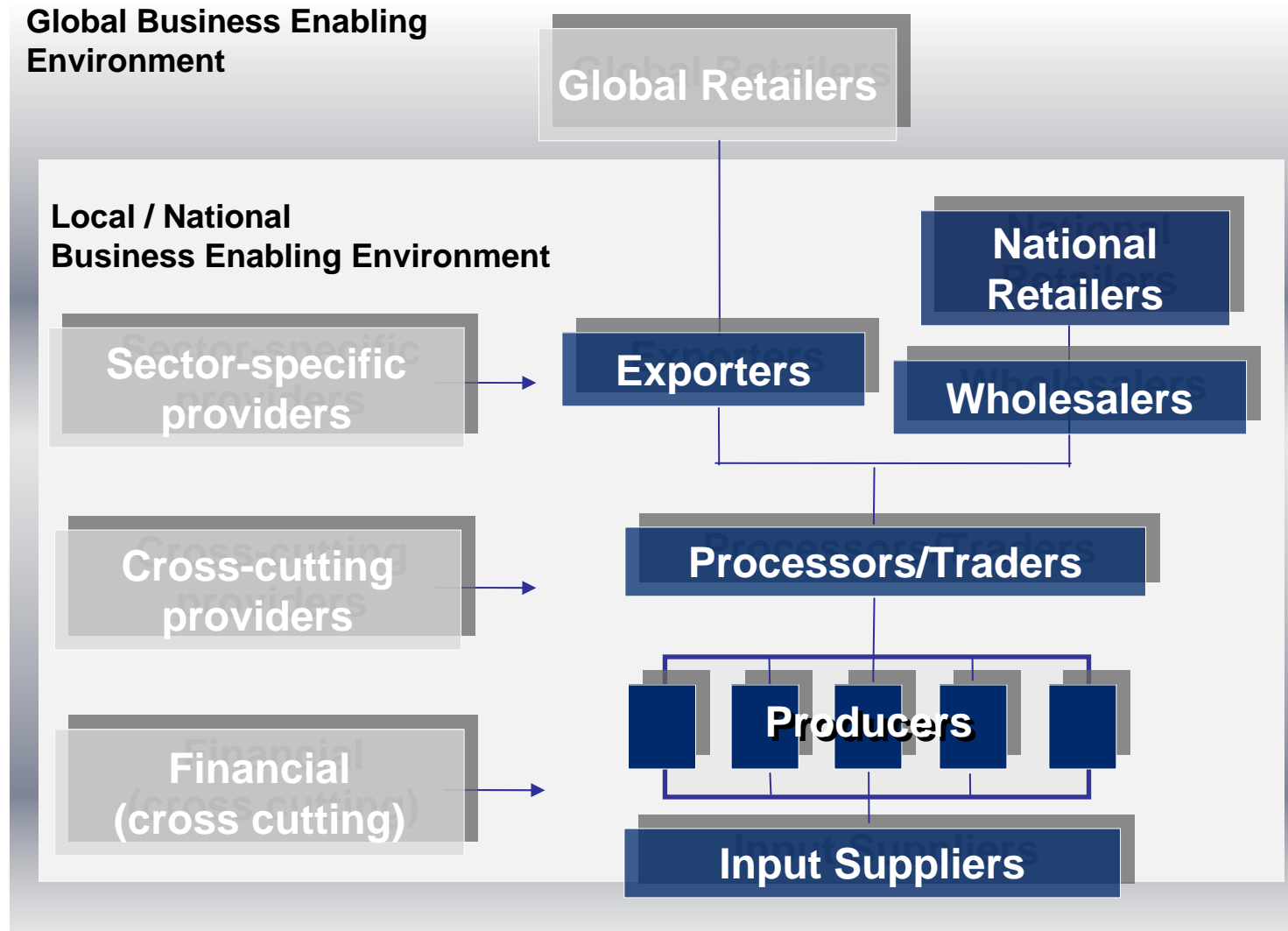


SUSTAINABILITY and USE OF SUBSIDIES

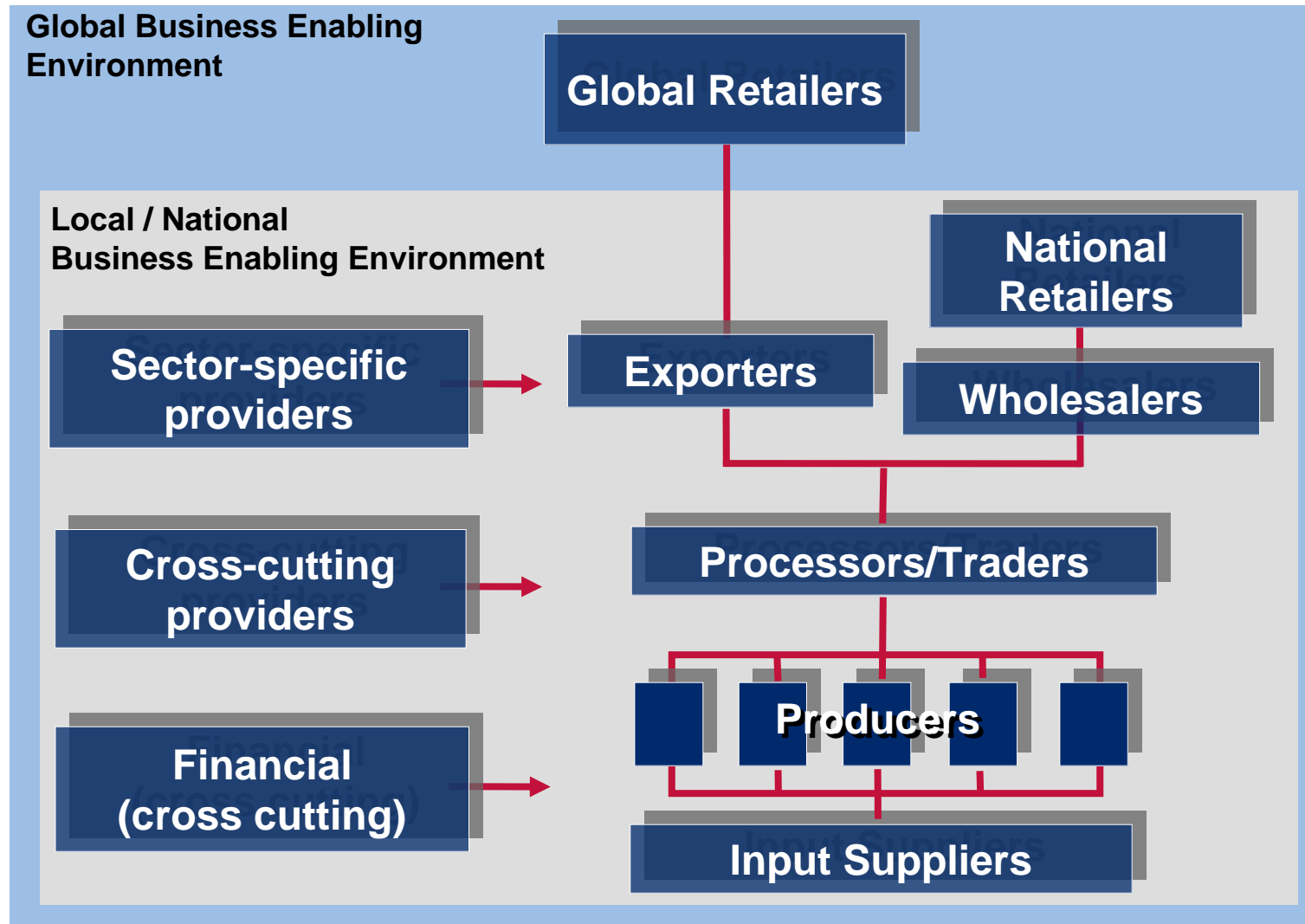
- Use Subsidies to:
 - facilitate information flow through the chain
 - induce a trickle-down or trickle-up impact
 - upgrade production capacity for the poorer participants only when no other options exist
- Plan and communicate from the outset for subsidy withdrawal



VALUE CHAIN FRAMEWORK: REDUCED



VALUE CHAIN FRAMEWORK



THE VC APPROACH CAN MAKE SIGNIFICANT CONTRIBUTIONS IF...

FOLLOW CORE VC PRINCIPLES:

- Market as the starting point
- Focus on linkages
- Enabling environment matters...deeply
- Plan for support services

JUST AS IMPORTANT:

- Target multiple markets and remain flexible
- Take a “step-wise” approach
- Focus on relationships and trust
- Use private sector champions
- Focus on sustainability (from the outset)



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THANK YOU!

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