Meeting the Challenges of Value Chain Development

Using a Facilitation Approach: Importance, Success and Challenges
Meeting the Challenges of Value Chain Development

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
- Comfortable
- Innocuous ..... 

“Act of making something easier”
“Gentle guidance”
Helping people to work together”
“Enabling other to do”

.... but largely meaningless and ineffectual

..... unless we give it some definition

‘Making markets work for the poor’ (M4P)

‘Market development’

‘Market systems development’

An approach - with close allies!

‘Value chain systems development’
An example: different experiences in Uganda

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

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

- Peak of 7-8m listeners

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

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

- Establish sustainable, effective info for rural MSEs

- 7m regular listeners

- 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

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

- Facilitation approach
- Systemic change
- Scale and sustainability
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?

**Value chain understanding**

Is there a sufficiently detailed analysis of the current system?

**Intervention approach**

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

**View of sustainability**

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

**Appropriate M & E**

Can change be measured practically at each level?
A focus on systems requires different questions

What problems do people/businesses have?

How can I help to solve these?

Conventional

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?

Conventional

Market development
Value chains are market systems

Market Players:
- Input Suppliers
- Producers
- Wholesale
- Retailers

Supporting Functions:
- Infrastructure
- Related services
- Information
- Informal networks
- Regulations
- Standards
- Laws
- Informal rules & norms
- Business membership organisations
- Private sector
- Not-for-profit sector

Rules:
- Government
- Laws
- Standards
- Informal networks
- Regulations
- Informal rules & norms
Value Chains are market systems
Facilitation is about ‘crowding in’

Market not working

Leverage

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

Market working better

Period of intervention
Potential interventions

A range of activities are possible

- Technical assistance to supply-side players
- Introducing new idea or ‘business model’
- Information on new opportunities
- Technical assistance to regulators
- Forums for ideas and exchange
- One-to-one replication

..... 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?

- **Transactional**
  - Leverage and commitment
  - Gauge of right sizing

- **Cautious about direct finance**
  - Powerful and distorting
  - Sets a precedent

- **Active promotion of crowding in**
  - Not automatic...
    - ... Breadth?
    - ... Depth?
Objectives and structure

- Rationale and origins (the why)
- What it is – key elements in a facilitation ‘lens’
- 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

<table>
<thead>
<tr>
<th>Training &amp; educ.</th>
<th>Health</th>
<th>Infra-structure</th>
<th>Fin. services</th>
<th>ED/PSD</th>
<th>Value chains</th>
<th>Agric.</th>
<th>Liveli/hoods</th>
<th>Reg. reform</th>
<th>Water</th>
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- Different fields ....
- Different paths ....
- Different levels of progress

1997
- Review of donor experience – BDS market development

2000
- ‘Making markets work for the poor’ paper
- Donor BDS guidelines

2004
- Value chain analysis development
- MMW – making markets work for the poor

2006
- M4P
- Value chain systems
- Guidance documentation on M4P

Systems approaches

Experience
- Results
- Skills
- Practice
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

**Tractor users in Nigeria**
New leasing service introduced – 100k farmers expected in med-term

**Financial services in Kenya**
Growth in formal access from 26% to 40% in 3-year period

**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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A Learning Event

www.microlinks.kdid.org/vcwiki
Project Scenario: Before, During, and Beyond

2003: Start of Project

2006: End of Project

2011: Post Project

USAID IGP: Development of BDS Market in Mindanao
Project Scenario: Before, During, and Beyond

2006: Start of Project
UNDERWEIGHT BUNCHES (10 KG)

2009: End of Project
High yield (52 kg)

2011: Post Project

USAID IGP: B-ACE PROJECT, Mindanao
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

Participatory Market Assessment throughout project cycle

- Farmers/Vendors
- Extension Officers
- Market Operator
- Root Cause Analysis
Creation of a Shared Vision

Common Vision
Rolling Plan
Roles

FARMERS
- Customer Satisfaction all throughout chain
- Good market price for good quality fresh cardava

TRADERS
- More cardava farmers; quality

GOVT/C PROVIDERS
- National consciousness and a well known industry

PROCESSORS/EXPORTERS
- Sharing of information and ideas; reliable supply
Supporting the Creation of Understanding, Perspectives and Solutions

Break Out of Old Mindset

See the need

See new approaches

Strengthen Belief and Commitment on Shared Vision

Consensus on Beliefs

Safe Environment

Collective Action

Sense of Ownership

Empowerment

Develop a Passion for the Vision

Develop a Passion for the Vision
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
Helping Stakeholders See the “Good” and “Not So Good” Aspects of their Relationships

Objectives:
a) To help participants see and understand how they are connected to each other
b) 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

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.
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

Open the heart and mind

Build skills of catalysts

Instill hope

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: ≈ $35 million (≈ $7 million for grants)
- 2 years remaining: ≈ $6 million, no grants
Project model: LEAD v1.0

USAID LEAD Technical Assistance, Monitoring and Evaluation

**Technology Generation**
Varieties, inputs

**Producer Organizations (POs)**

**Technology Transfer**
FFS, TOPs

**Input Supply Services**
Agro-inputs suppliers, dealers

**Financial Services**
VSLAs, SACCOs, banks

**Business Development Services and Capacity Building**
Business skills, market info, animal traction

**Commodity Output**
Increased productivity

**Technology Adoption**
GAP, PHH, Value Addition

**Output Marketing**
Increased trade, market linkages and market infrastructures

**Agro-processing**
Value addition, branding, packaging

**Market Diversification**
New, certified, regional, international

**Improved Livelihoods**
Increased income, food security, welfare

**Enabling Environment**
- Orphans and Vulnerable Children
  Livelihoods development, caregiver support, inputs

**Corporate Entities and Collaborators**
- Public-Private Partnerships (Grants)
  USAID LEAD Technical Assistance, Monitoring and Evaluation
  Orphans and Vulnerable Children
  Livelihoods development, caregiver support, inputs
  Financial Services
  VSLAs, SACCOs, banks
  Business Development Services and Capacity Building
  Business skills, market info, animal traction
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  Value addition, branding, packaging
  Market Diversification
  New, certified, regional, international
  Improved Livelihoods
  Increased income, food security, welfare

**Public-Private Partnerships (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**
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- 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

Project model: LEAD v2.0
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 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”
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
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 ACDI/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.
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.
How to Stay Engaged

Market Facilitation Initiative (MaFI)

Microlinks
Microenterprise Learning Information & Knowledge Sharing

MPHUB
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www.microlinks.kdid.org/vcwiki