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Bern, 31st May, 2010

Report on the Seminar

Making Markets Work for the Poor:
The development of **Rural Value Chains** as a powerful approach to get results on the ground – From analysis to good practice in implementation
11th May 2010 at Hotel Ador-Sorell, Laupenstrasse 15, Bern, Switzerland

Introduction

The 5th "May event" on the market development approach organised by SDC's E+I network focused on rural value chains – from conceptual considerations to good practice in implementation. In SDC´s private sector development portfolio, value chain development projects play a prominent role. Besides private sector development projects some financial sector development projects provide financial service to value chain actors, and in agriculture/rural development many endeavours address not only production, but also processing and marketing. In total this accounts for a portfolio of above 300 million CHF. The seminar discussed VCD approaches under the overarching framework of M4P, showed good practice and challenges in implementation, and discussed in smaller groups topics relevant for good practice to achieve sustainability.

Structure of the seminar – "balancing case presentation with group discussion"

Welcome and introduction; the importance of & overview of M4P programmes within SDC	*Jürg Benz, Deputy Head of Regional Cooperation, SDC*
Conceptual framework for Making Markets Work for The Poor (How do M4P and Value Chain Development go together?)	*Matthias Herr, Springfield Centre*
Presentation of case studies from:	
• **Albania**: Sustainable Agriculture Support, SASA: Participatory market chain Approach (implemented by: Research Institute of Organic Agriculture FiBL)	*Iris Kazazi, Team Leader SASA; and Thomas Bernet, Project Manager, FiBL*
• **Mongolia**: Market Opportunities for rural entrepreneurs, MORE: increase market access (implemented by Mercy Co)	*Tseelei Enkh-Amgalan, National Programme Officer, SDC Mongolia*
• **Madagascar**: SAHA, Rural Development Programme: the honey value chain (implemented by Intercooperation)	*Hariliva Rasoanarivo, Programme Officer SAHA-Intercooperation*
Topics for the group discussions from the case studies and the M4P/VCD e-learning cycle	*Carsten Schulz, Agridea*
Group discussions: Learning from the meeting participants on:	
Facilitation (group 1): *What do we actually mean with 'facilitating' in a M4P/VCD programme?*	*Group facilitator: Isabelle Dauner, Intercooperation*
Time (group 2): *How do you cope with the controversy of rigorous planning and structured phases and process orientation in your practice?*	*Group facilitator: Carsten Schulz, Agridea*
Results (group 3): *How can a development programme assure the achievements of results in a process oriented programme?*	*Group facilitator: Daniel Roduner, Agridea*
Reporting group discussions and **structured panel discussion**	*Rita Stupf, Head Development Services, OSEC; Annemarie Sancar, Policy Advisor Gender, SDC; Matthias Herr, Springfield Centre.*
Wrap up, closing remarks and feedback statements	*Peter Tschumi, Policy Advisor Employment and Income, SDC*

Conceptual framework

The Making Markets Work for the Poor (M4P) approach is understood as a broader approach that underpins the use of more specific tools such as value chain analysis (VCA) and value chain development (VCD) providing projects with clear strategic guidance on how to use such tool. In simple terms, the M4P approach comprises

a) a strategic rationale for achieving poverty reduction objectives through systemic changes in and around value chains;
b) a framework for understanding market systems (and within that the use of the VCA tool) and defining a realistic picture of sustainable VCD; and
c) guidance for action and 'facilitation' of VCD.

Case studies

Case 1: Albania: Sustainable Agriculture Support, SASA: Participatory Market Chain Approach
presented by Iris Kazazi, Team Leader SASA Albania and Thomas Bernet, Project Manager, FiBL Switzerland
The SASA case showed the change from a conservative project using the "push strategy" to a "pull strategy" with market orientation through the participation of market chain actors. Through a foresighted facilitation ("interest ➜ trust ➜ collaboration") and showing the market opportunities for organic products lead to the effect that the market demanded more produce and the farmers increased their production accordingly. This is an interesting example of combining M4P with the Participatory Market Chain Approach (PMCA).

Case 2: Mongolia: Market Opportunities for rural entrepreneurs
presented by Tseelei Enkh-Amgalan, National Programme Officer, SDC Mongolia
The project supports the improvement of the livestock sector especially aiming at increased income for herders in Mongolia. It is financed by SDC and USDA and implemented through one implementing organisation liaising and coordinating internally the project components of production and marketing.
The importance to start a project intervention with a profound analysis to better understand the market system was stated by the presenter. Only by knowing more about systemic constraints the project team can plan their intervention strategy and focus on the issues to be addressed.

Case 3: Madagascar: SAHA, Rural Development Programme: the honey value chain
presented by Hariliva Rasoanarivo, Programme Officer SAHA-IC Madagascar
SAHA is a rural development programme with pro-poor focus supporting farmers' organisations and selected stakeholders involved in the value chain in order to improve supporting functions and framework conditions. It does not provide services directly but finances service delivery – not substituting the actors but collaborating with them. The honey value chain is one example in which the project team is active to provide mainly organisational development.
M4P principles can be applied in many different kinds of development projects. This presentation shows the alternative in a rural development and civil society support project.

Conclusions from group discussions

Below the key points of the discussions are highlighted, more details are provided in annex.

Facilitation – what do we mean with facilitating an M4P/VCD programme?
- The facilitator is the backstopper in the system.
- The facilitator maps roles and actors and is to be considered as a platform of knowledge.
- Facilitation means to be the catalyst of change and to bring in experiences from other projects and ventures.

- The facilitator links actors and market players – but the facilitator itself is not an actor in the market.
- All decisions have to be taken by the market players – the facilitator is just accompanying the discussion process.

Time – how can a programme with a limited timeframe achieve systemic change?
- Systemic change is a process and processes need time and flexibility (ie flexibility by all stakeholder involved!)
- A common vision by all involved stakeholders and a good analysis of the problem is a prerequisite for starting a time efficient project.
- Continuity is important. Take up "failures", "mistakes" and "missed opportunities" and analyse, reflect and learn from them. Work with diversified and mixed groups and with the same partners in a continuous way.

Results – how can an M4P programme achieve and measure results?
- A comprehensive strategic framework in harmony with a sound planning of the project intervention is a precondition for result measurement.
- The monitoring should focus on results (i.e. outcomes) and not on outputs.
- Baselines, impact logic / result chains should be used as management tool in a continuous monitoring process of project interventions.
- On impact or super goal level the attribution to a single programme is extremely difficult (in most cases). Invest time and money for assessing the impact level only if attribution can be made credible, and if the cost/benefit relation is justifiable.

Conclusions of the panel discussion

- M4P is the overarching concept whereas Value Chain Development is a more focused approach for implementation applying also the overall M4P principles; therefore the two approaches are complementary in nature.
- M4P works with a holistic view in order to achieve poverty reduction through market systems development. This requires substantial changes for projects planned according to a "traditional" approach where project implementers tend to be actors rather than facilitators in order to comply with good M4P practice.
- Time – systemic changes require longer time frames to be effective. Experience suggests that intervention cycles of about 10 years are a minimum: This has to be negotiated with management that is inclined to ask for results after shorter term interventions.
- M4P should include more than just economic growth and access to markets, namely also ecological and also social aspects – the principles of the decent work agenda – to achieve long-term sustainability.
- The gender aspect in M4P is important; and may not be neglected within the actual M4P concepts.

Annexes

<u>Annex 1</u>: PowerPoint of case studies

The following power point presentations are available under http://www.sdc-employment-income.ch/ or by clicking on the following links:

- [A summary of the M4P approach and the application of M4P in value chain development](#)

- [Conceptual framework for Making Markets Work for The Poor (latest developments; how do M4P and Value Chain Development go together?) presented by Mathias Herr, Springfield Centre](#)

- [Albania: Sustainable Agriculture Support, SASA: Participatory market chain Approach (implemented by Research Institute of Organic Agriculture FiBL) presented by Iris Kazazi, Team Leader SASA Albania and Thomas Bernet, FiBL Switzerland](#)

- [Mongolia: Market Opportunities for rural entrepreneurs, MORE: increase market access (implemented by Mercy Co) presented by Tseelei Enkh-Amgalan, National Programme Officer, SDC Mongolia](#)

- [Madagascar: SAHA, Rural Development Programme: the honey value chain (implemented by Intercooperation) presented by Hariliva Rasoanarivo, Programme Officer SAHA-IC Madagascar](#)

- [Short Summary of the M4P E-learning Cycle 2010 presented by Carsten Schulz](#)

<u>Annex 2</u>: Outputs of group discussions

Outputs of group discussions - Conclusion of group 1. Facilitation:

<u>Guiding questions:</u>
Facilitation: In an M4P/VCD programme, the development agency is supposed to be the '**facilitator**': **What do we actually mean with 'facilitating' in a M4P/VCD programme?** And what other functions are necessary / important for a development agency?

The role of facilitator in an M4P programme includes following strategies / activities:

1. Analysis and mapping of roles and actors ("check the system"):
- The project should not do the analysis but be expert (backstopper) in the system
- Contribute by identifying needs, partners and collaboration modules
- Analyse the context (risks and opportunities)
- Gather, produce, process, disseminate knowledge (e.g. platform)

2. Catalyst of change in the system:
- At any stage along the value chain and in the process
- Bring in experience from other projects
- Improve skills, provide access to funding, raise awareness among actors
- Conflict prevention and management
- Help to keep focus on the target group (the poor)
- Open doors for learning
- Make sure that global responsibilities (e.g. environment) are integrated
- Support institutionalisation of existing systems (formal and informal).
- Monitoring for sustainability of transactions

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3. Link up actors and accompany decision making:
- Bring together different stakeholders
- Improve linkages between market players
- Coordinate and seek synergies between actors
- Establish a market information system
- As facilitator, the project should keep out of the discussions but facilitate decision making: provide the space, propose an agenda, follow up on decisions
- Advice on methodology

Besides facilitation, following strategies can be important for a development programme:
- Generation of secondary benefits: set up of certification body, microfinance organisation, improving legislative framework, strengthening educational institutions, marketing promotion tapping new markets (i.e. export)
- Capacity building and organisational development
- Coordination between involved development agencies
- Influence framework conditions (policy dialogue, donor coordination, and advocacy)
- Interface to global experience
- Food security (disaster risk reduction, diversification, insurance)

Additional considerations:
- Do NOT substitute market players or create parallel systems
- The process of crowding-in (bring in more market players) must be part of the strategy and planned from the beginning
- The project should have a decreasing role in time
- Facilitator should focus on the system and the market (not on problems!)
- Participation: ensure that decisions are taken by market players and that project is not too much involved in decision taking.

Questions for the plenary:
- How and to whom do we transfer (some of) the functions of the facilitator once the project ends?
- M4P projects in economies with monopoly?
- Most important innovation of M4P in comparison to traditional rural development approaches?
- Where do you find leadership?

Outputs of group discussions - Conclusion of group 2. Time:

Guiding questions:
Time: **Changing systemic issues** can take many years; often the process is difficult to predict; and development programmes **are process oriented** in their intentional design. But the funding of a project is limited to **three years** (or three year phases) **and based on a rigorous log frame**. How do you cope with this controversy in your practice?

Successful and proven strategies for dealing with this controversy of process orientation and time:

Common vision: Donor, project team and stakeholders should have a common understanding of the vision of the project

Good analysis: To save time make a proper analysis and planning of the intervention

Strategic framework which allows adaptation: Elaborate the strategic framework of the project allowing adaptations; Continuously and systematic adaptation of the strategy is needed.

Flexibility and process orientation by all involved: a) Continuity is important; **b)** Use the champions; and **c)** diversification and a good mix of stakeholder

Use quick wins: Step by step approach allowing to use **quick wins** and **incentives** for trust and motivation

Innovative ideas for dealing with this controversy:
Flexibility in inception and implementation phase (➜ example of a SDC project in Serbia with an 18 months inception phase for proper analysis and preparation)
Encourage your project team that "failures" or "mistakes" or "missed opportunities" should be taken up: **analyse, reflect and learn** from them

Additional considerations:
We all have to accept that systemic change is a process
We all have to allow processes to be developed like processes

Questions for the plenary:
Result measurement - which kind of M&E allows **process orientation**?
How holistic is the M4P approach for **poverty alleviation?**

Outputs group discussions - Conclusion of group 3: Results:

Guiding questions:
Results: M4P programmes are process oriented (i.e. facilitating systemic change). How can a development programme assure the achievements of results in a process oriented programme?

Strategies for assuring the achievements of results (outcome and impact):	What shall always be planned and measured (a must)?	What can not be planned and measured in a meaningful way?
Sound Planning - Impact logic; result chains; theory of change (focus on results, not outputs) - Definition of strategic framework (goals, results, indicators) - Analysis: Baseline, Market analysis - Define assumptions, risks & mitigation measures - Stakeholder participation - Synergies with other interventions **M+E = Validate the planning** - Use impact logic as management tool - Continual monitoring & project realignment if needed - Multi-disciplinary team	- Indicators that matter to target group & donors / implementation agencies - Jobs created - Additional income - More active women - Change in livelihood - Crowding-in effect (BDS providers, new regulation,..) - Trade-offs at the ecological and / or social level	Impact (at development goal level; attribution challenge)

Additional considerations
- The focus of the project (activities & output) is often not the same as the interest of the donor (goal level)
- Market system change (purpose level) is always context specific and can not be aggregated and / or compared among different programmes
- An effort is needed to monitor and assess the results on the goal level (Improved Access and Growth); these data can be aggregated and compared
- Supergoal level (impact) is difficult to attribute to a single programme in many cases; only invest time and money if attribution can be shown
- Economic development can have a negative impact on social and ecological issues; these must be addressed during planning and evaluation.