



# Making Markets Work for the Poor

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## An M4P perspective on value chain development

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# Objectives

**Overall:** Apply M4P frameworks to value chain development and demonstrate complementarity

**Specific:**

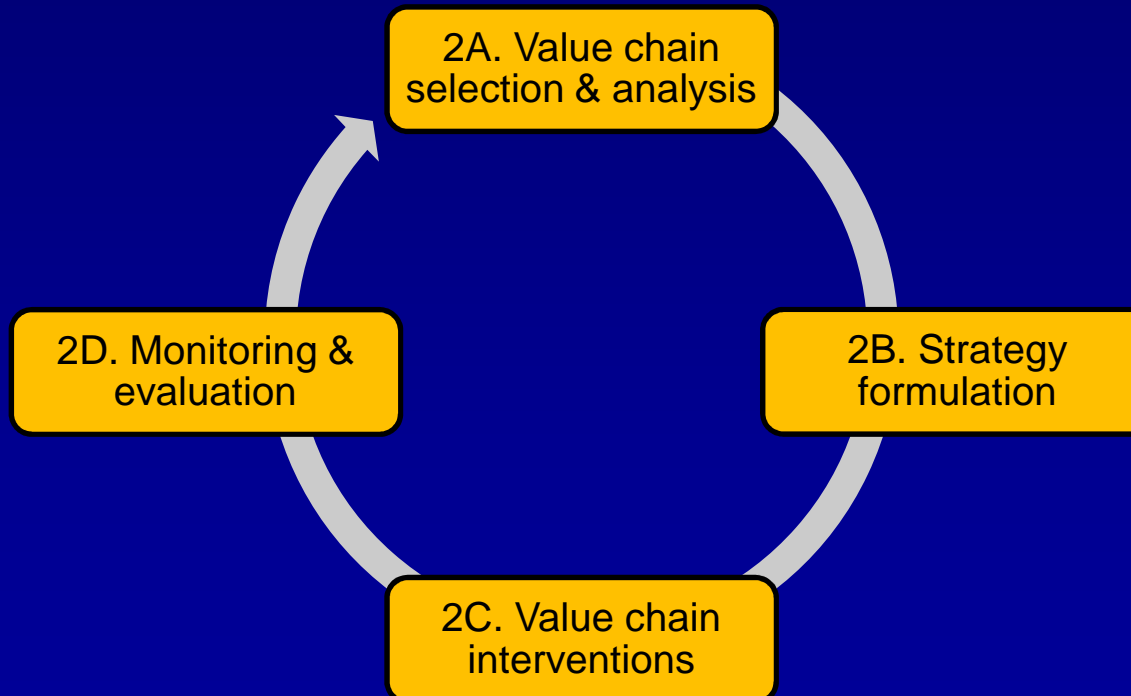
1. Common challenges in value chain development
2. A systemic approach to value chain development – applying M4P principles/frameworks to value chain development and framing some key questions
  - Selection and analysis of value chains
  - Overall strategy
  - Interventions
  - Monitoring and evaluation

# 1. Common challenges in value chain development

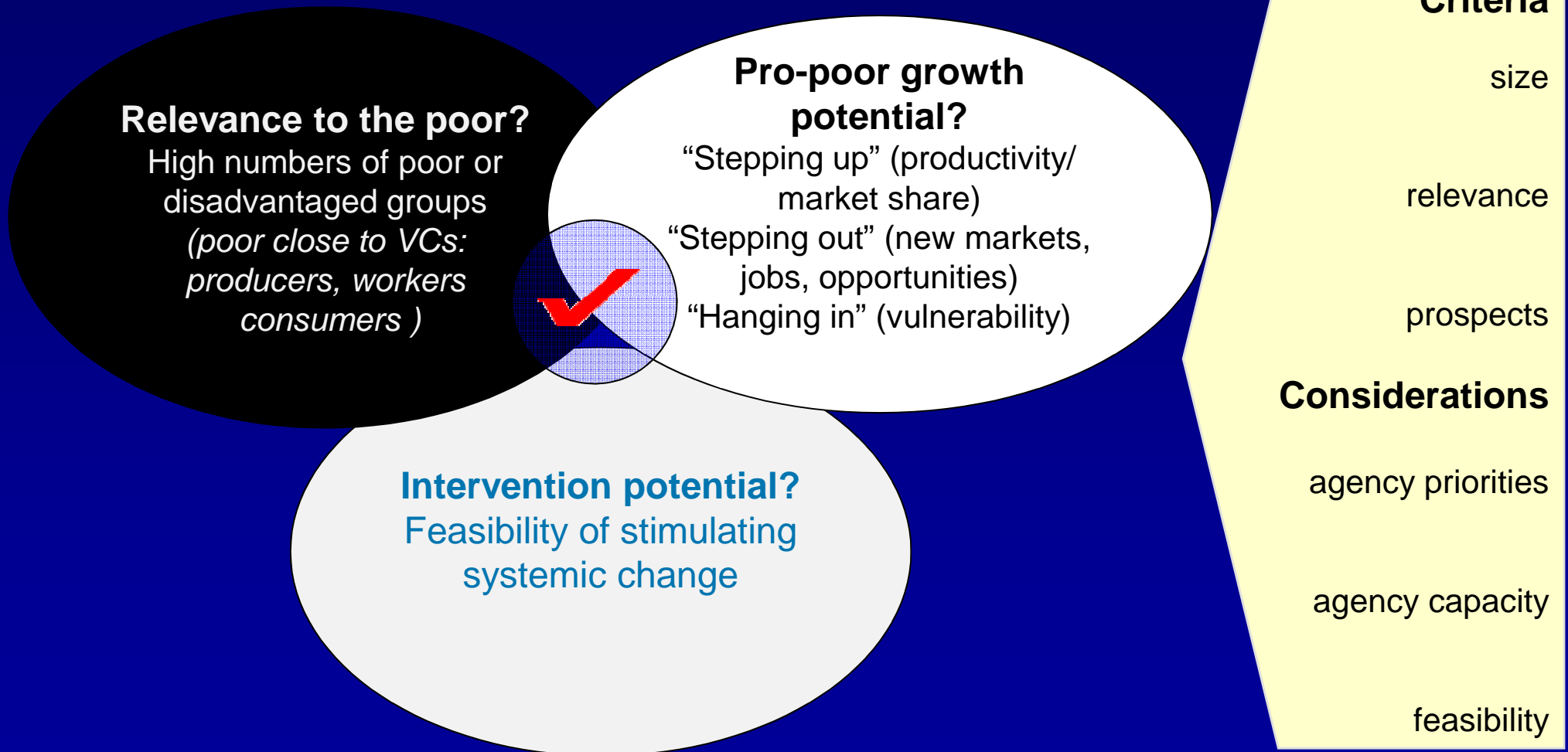
# Key challenges in value chain development

- How to select the right value chains for development intervention?
- What is the appropriate balance between process and product in value chain analysis?
- Does the value chain analysis tell us enough about root causes of poor performance?
- How to move beyond pilot interventions and bring about large-scale impact in value chains?
- How can sustainability be brought into strategy and interventions in a meaningful way?
- How to capture change at different levels of the value chain system?
- What principles should guide programmes in designing and implementing interventions?

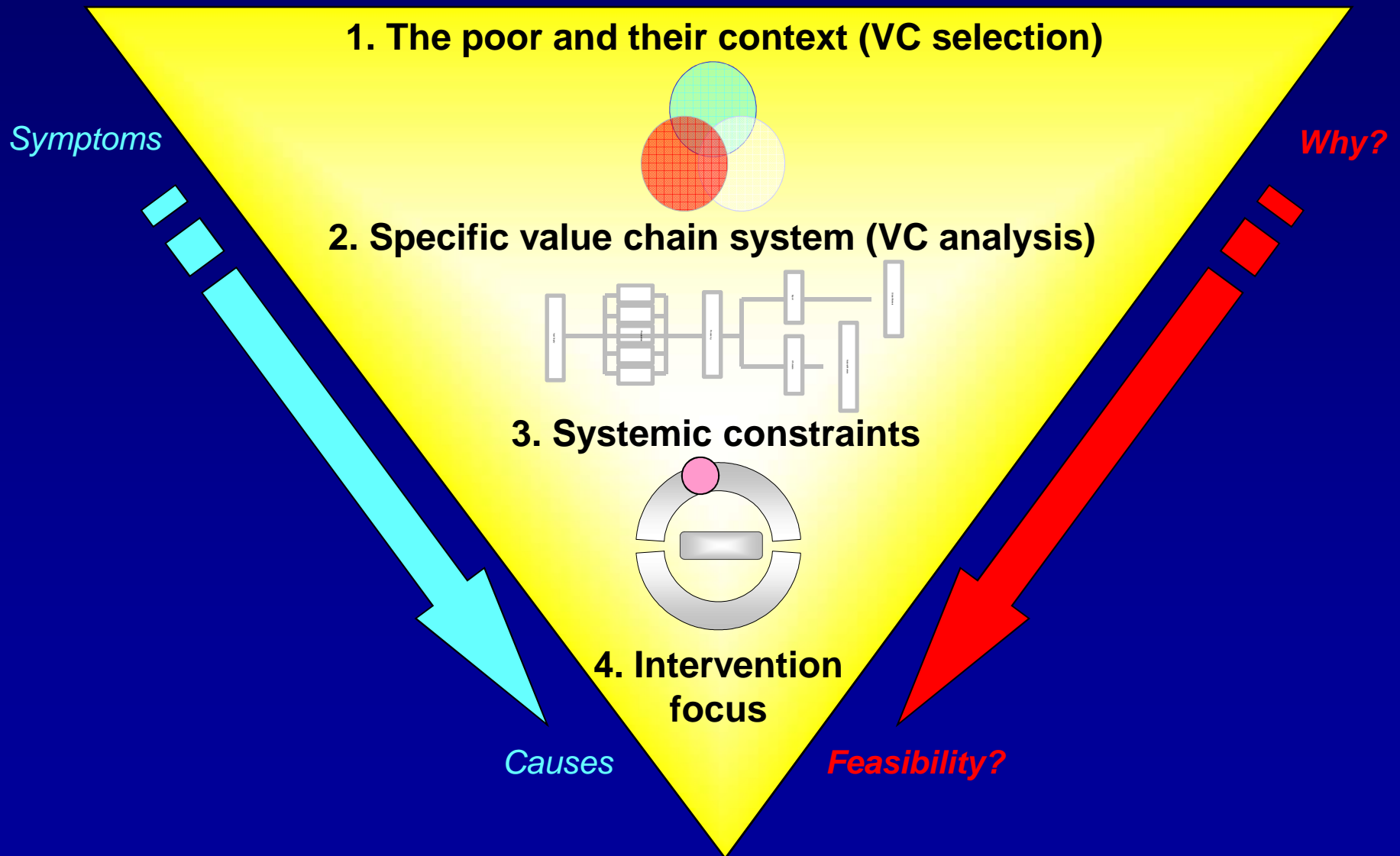
## 2. A systemic approach to value chain development: applying M4P principles/frameworks to VCD



# 1A. Selection of VCs: common criteria



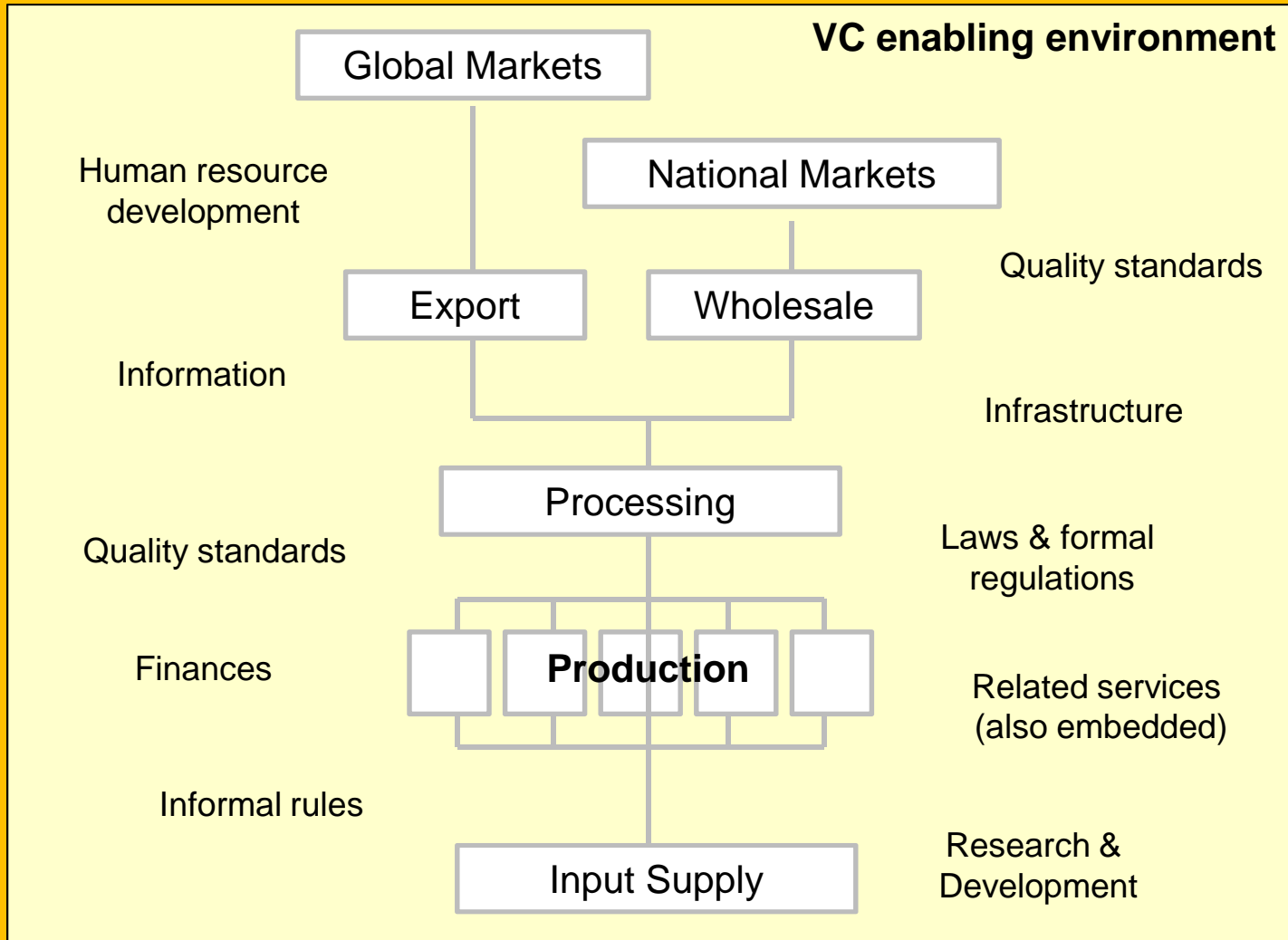
# Value chain analysis: part of an learning process



Social interests & tastes

Conflicts

Macro enabling environment



Climate

demography

Macro-economic management

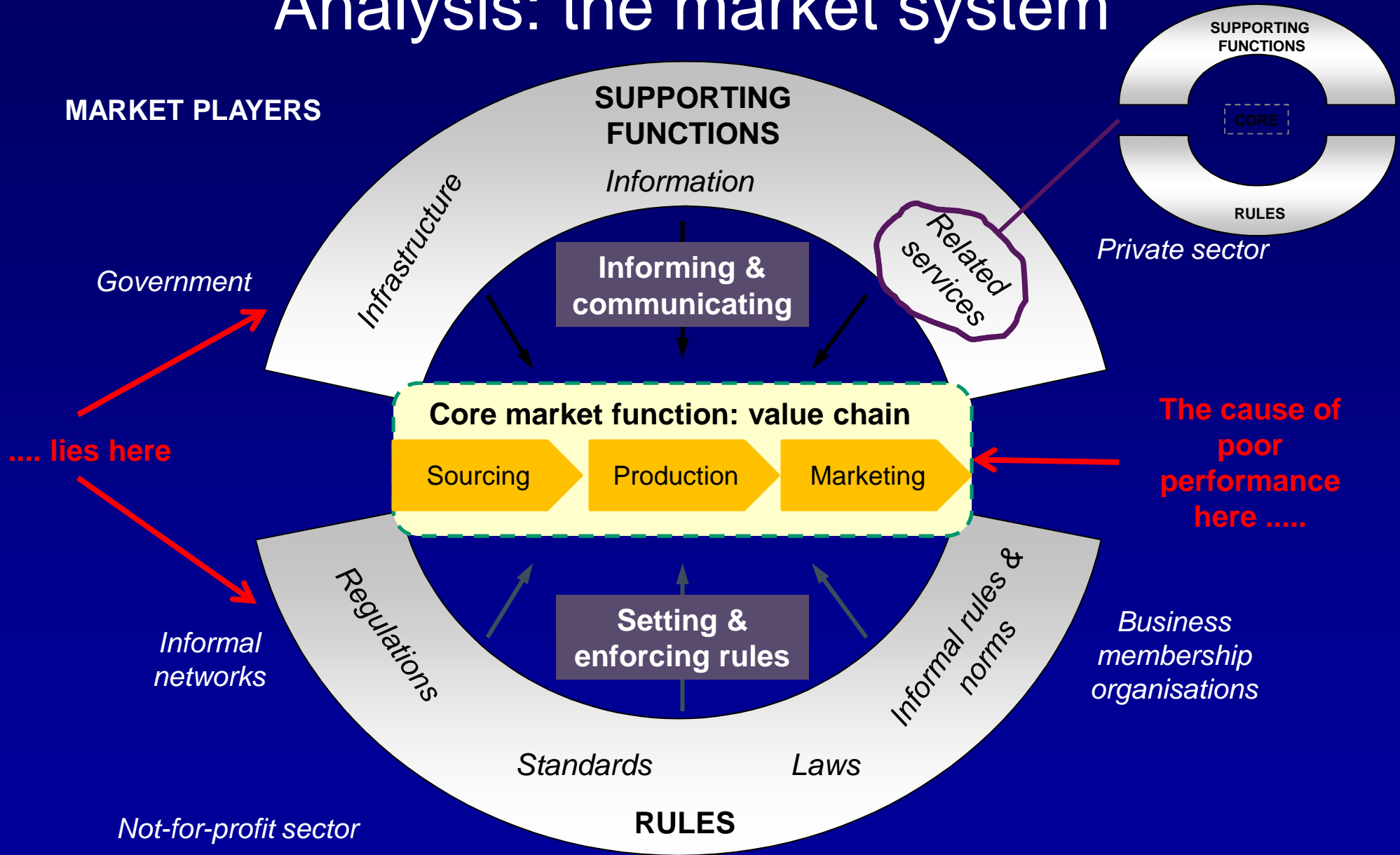
Government policies & regulations

Trade

International agreements



# Analysis: the market system



# Analysis: Key questions

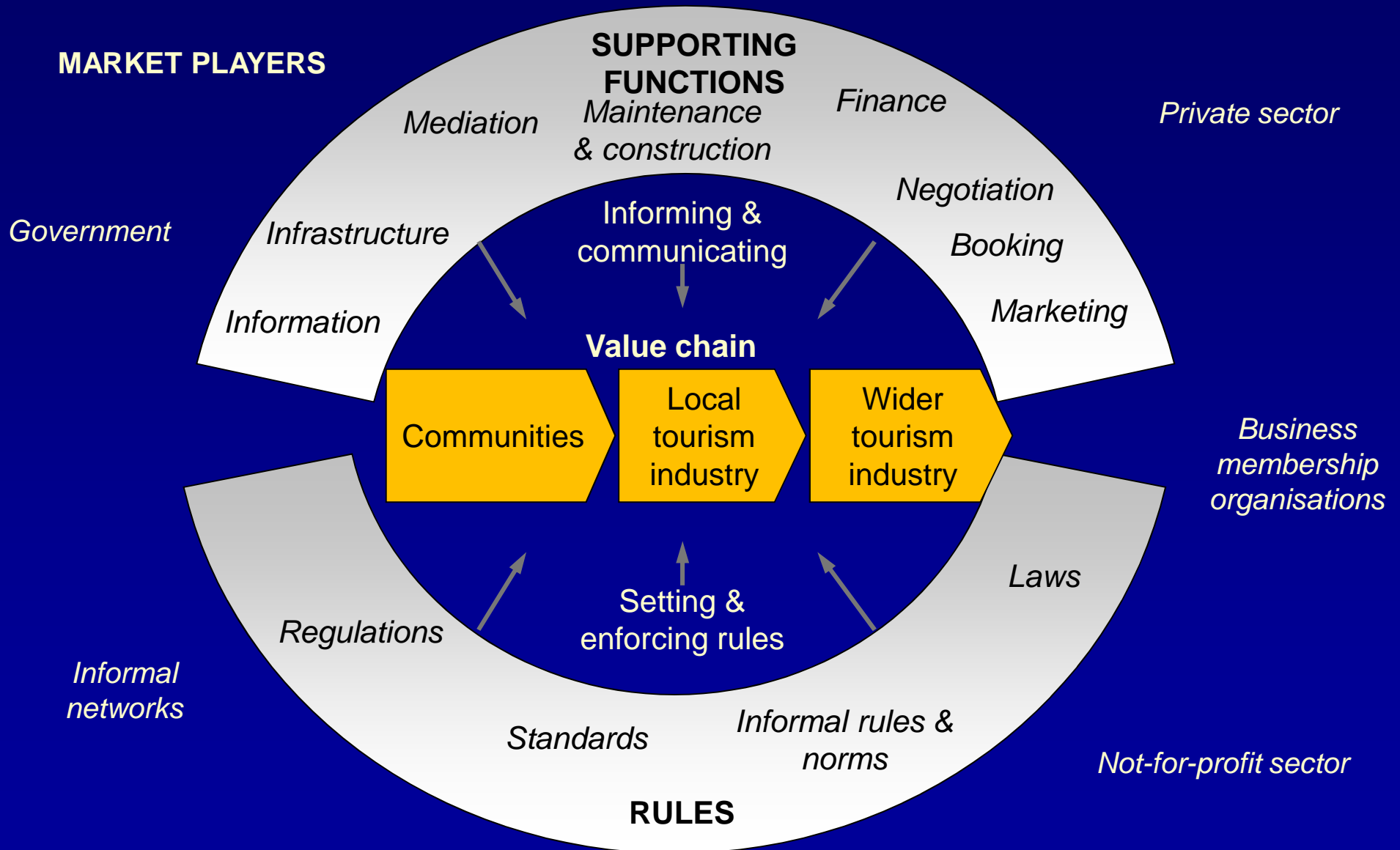
**Does your market assessment process identify causes of under-performance in value chains (not just symptoms)?**

**Does your market assessment process consider all aspects of the market system (not just the value chain)?**

**Are your market assessment practices sufficiently flexible, practical and rigorous to guide your intervention decisions?**

# Example: value chain development for community-based tourism

# From value chains...to systems



# Developing a realistic picture of sustainability

Functions	Players	
	Who does?	Who pays
Business training/advice	<u>NGO</u> / PS	<u>Donor</u> /PS internship
Advocacy	<u>NGO</u>	<u>Donor</u> / members
Finance	<u>NGO</u>	<u>Donor</u>
Construction & maintenance	PS	<u>Donor</u>
Joint venture mediation	<u>NGO</u> / PS	<u>Donor</u>
Booking	<u>NGO</u>	<u>Donor</u>
Marketing and branding	<u>NGO</u> / PS	<u>Donor</u>
Information	<u>NGO</u>	<u>Donor</u>
Standards	<u>NGO</u>	<u>Donor</u>
Market research	<u>NGO</u> / PS	<u>Donor</u>
Legal services	PS	<u>Donor</u>
Conflict arbitration	<u>NGO</u>	<u>Donor</u>
Regional planning	<u>NGO/PS</u> /Govt	<u>Donor</u> / Govt
Advice to government	<u>NGO</u>	<u>Donor</u>

# Operationalising sustainability

## Now

Functions	Players	
	Who does?	Who pays?
CORE		
RULES		
SUPPORTING FUNCTIONS		

## Future

Functions	Players	
	Who does?	Who pays?
CORE		
RULES		
SUPPORTING FUNCTIONS		

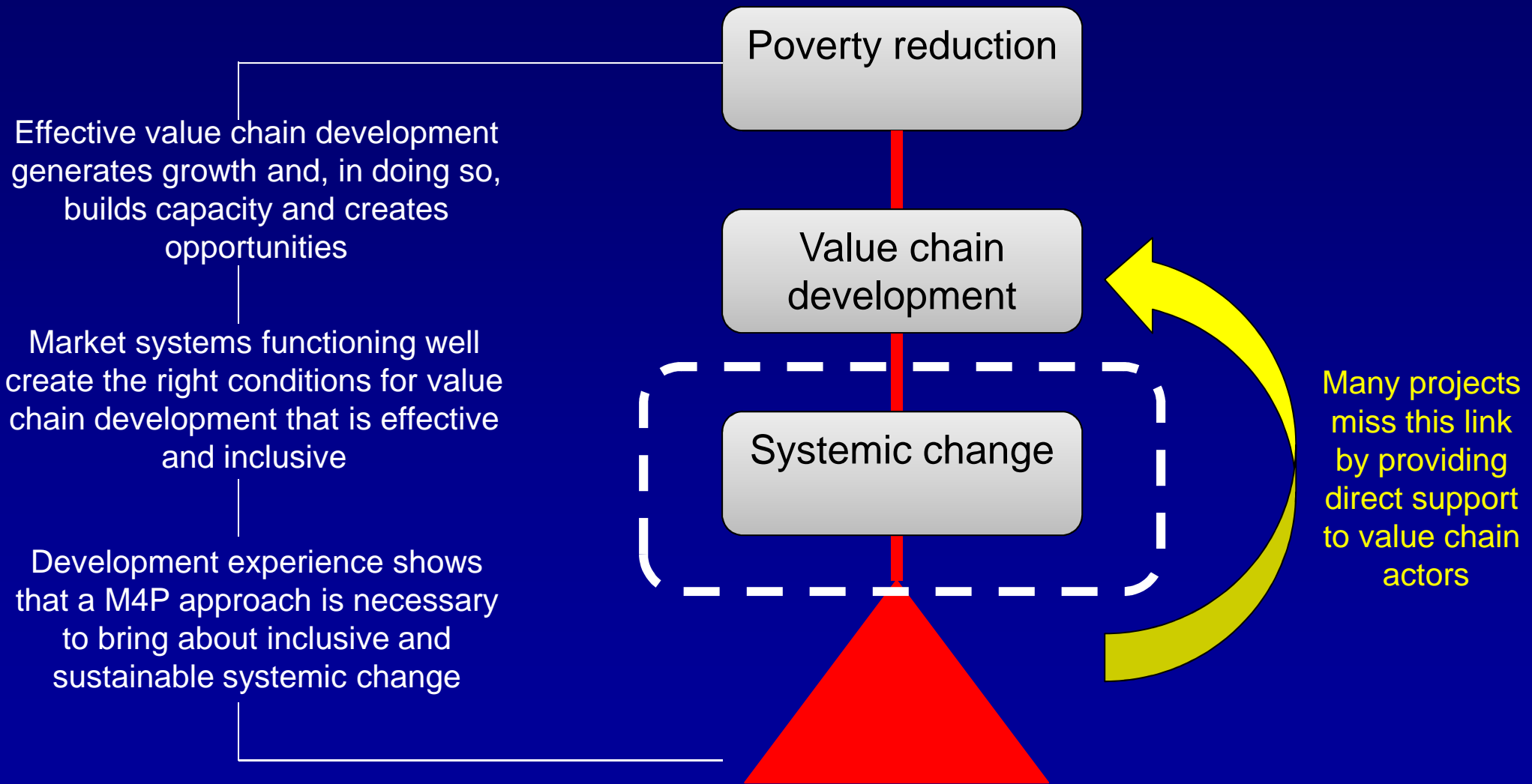
*Ambitious  
Realistic  
Valid*



# Sustainability: key question

**Do you have a credible view of the future functioning of the market system?**

## 2B. Strategy: A focus on systemic change





# A focus on systems requires different questions

## Conventional

*What problems do people/businesses in value chains have?*

*How can I help to solve these?*



## M4P

*What problems do Businesses/value chains have?*

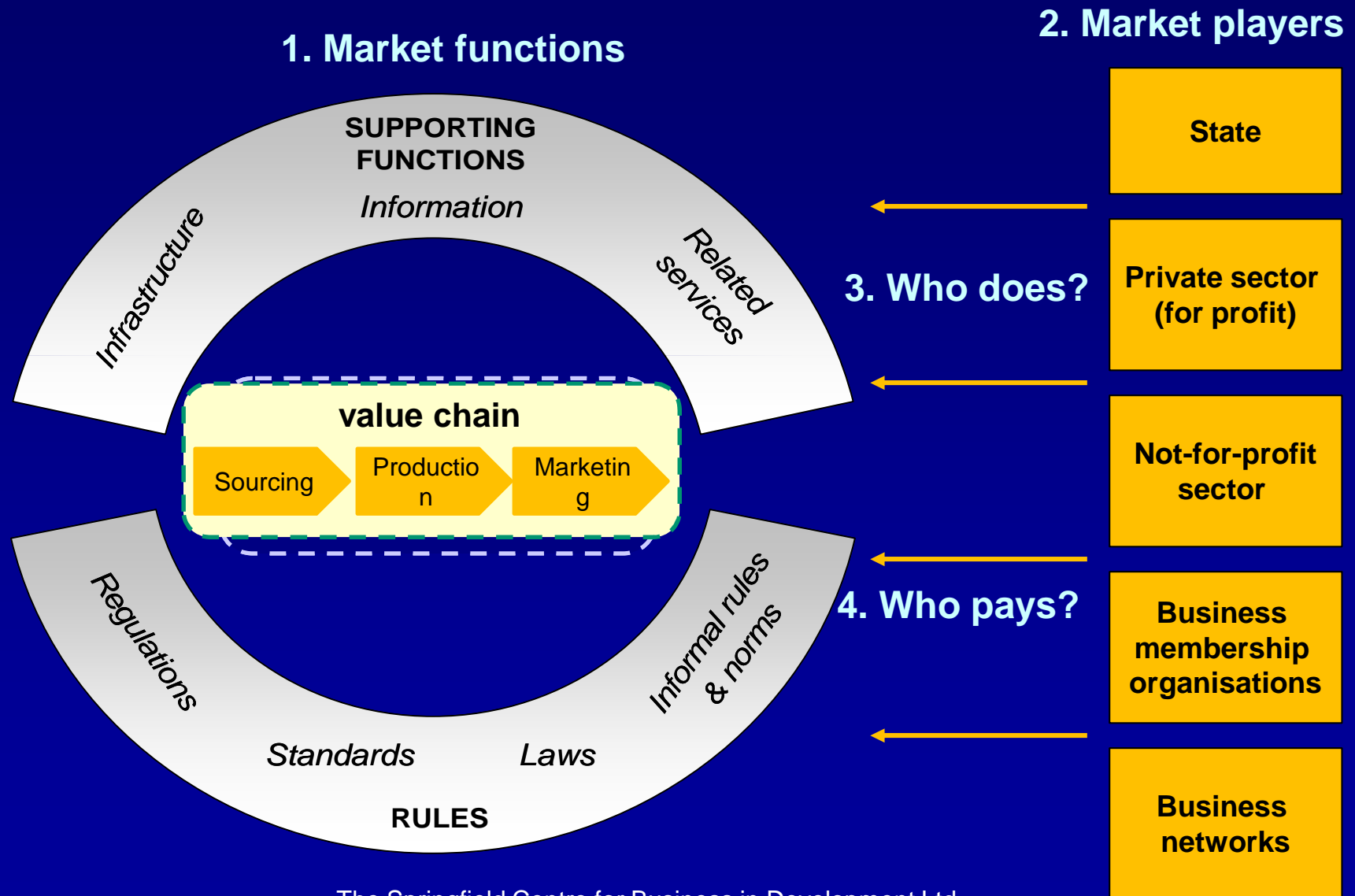
*Why isn't their market environment providing solutions to these?*

*... Why isn't the market system working for the poor?*

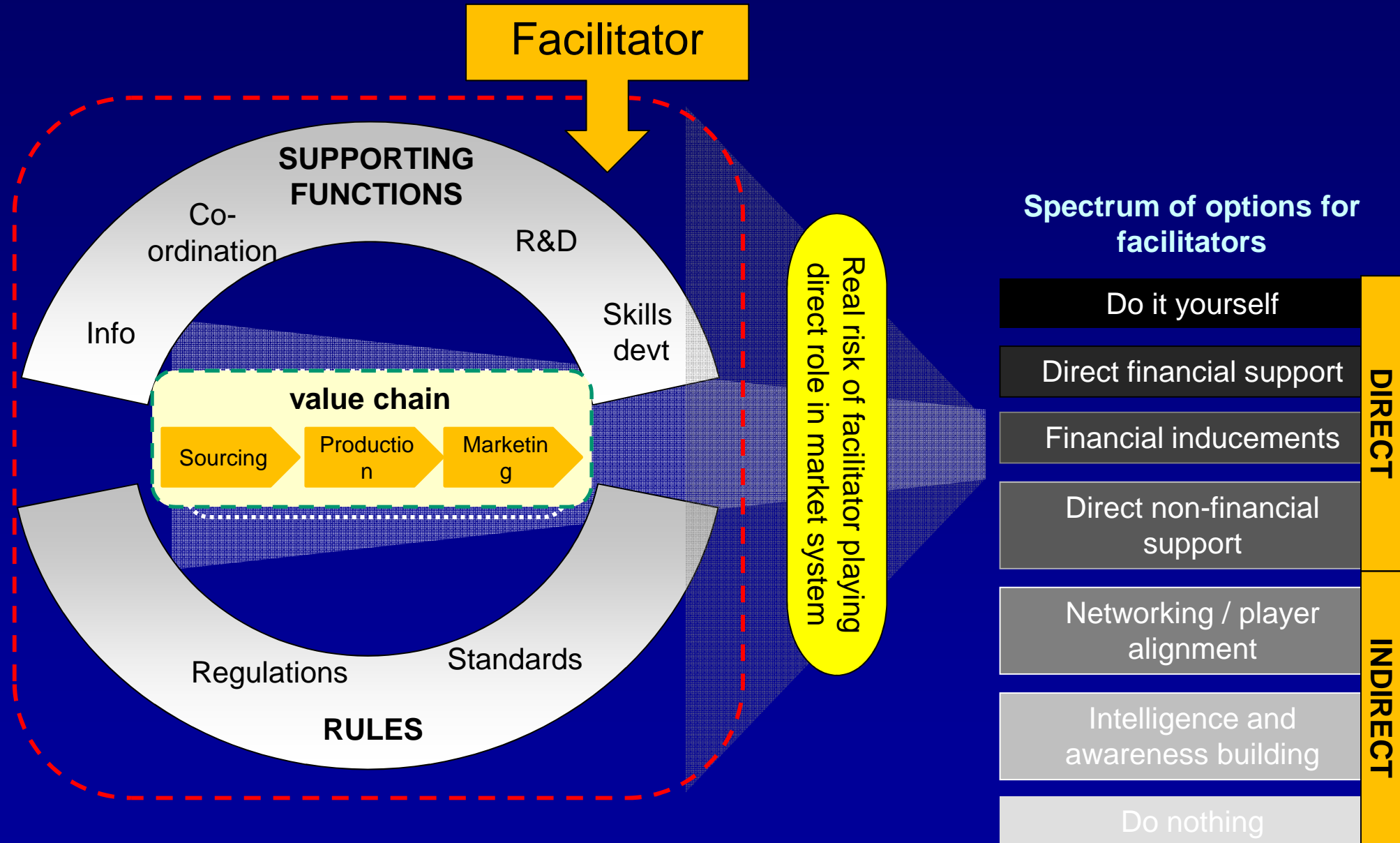
# Strategic framework: Key question

**Do you have a credible focus on systemic change for poverty reduction?**

# 2C. Intervention: Stimulating market players to play more valid roles



# Where to intervene: options and risks



# Guiding facilitation questions

**Where:** Are intervention activities likely to be a market function in future?

Assess whether current intervention actions are likely to be required in the market in the future... Are they really temporary?

**Crowding-in:** Are actions consistent with the pathway to crowding-in?

**Who:** Is there a market player appropriate to work with or through?

If action is a market function, identify market players with incentives & capacity to play this role (or seek to 'leave the door open' for this to happen in future)

Keep asking  
*"should we be doing this?"*  
Always look for opportunities to crowd-in market functions and players that can better serve the poor

**Relationship:** Is there potential for an effective relationship with market player?

Interaction between interventions and market players should encourage them into roles and practices consistent with market system, building on incentives

**Intensity:** Is there potential for 'right-sized' support to market player?

Actions must be consistent with indigenous not development norms: otherwise interventions distort, displace or disorient functions or players: 'crowding-out'

# Facilitation: key questions

**Do you have a clear and valid strategy for wider market system change?**

**Are your actions consistent with a strategy for wider market system change?**

**Are your set up – offer, people, culture – and practices conducive for effective market development facilitation?**

Thank you!