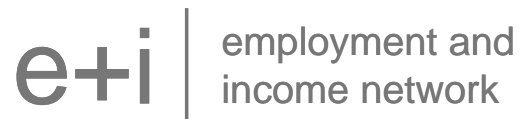




Latin America Division



## Synthesis paper on a series of e-learning cycles on M4P and Value Chain Development (VCD) in 2010

### A) Introduction

The E+I network organises 3 e-learning cycles on planning, implementing and measuring results in M4P and VCD programmes:

1. The first **e-learning cycle 1** in March/April 2010 is focusing on **Planning – setting up an M4P / Value Chain programme**
2. The **e-learning cycle 2** in June/July 2010 will deal with **Implementing - coordinating - facilitating an M4P / Value Chain programme**
3. In August /September 2010 the **e-learning cycle 3** will discuss all elements on **Monitoring – result measurement on outcome or even impact level**

The **objective of all e-learning cycles** is to create new ideas by sharing information and experiences among practitioners and users of M4P all over the world. **Participants** in this facilitated online exchange and discussion platform are SDC collaborators at head office and in the cooperation offices, as well as project collaborators and representatives of partner organisations, experts from universities and resource centres.

This **synthesis paper** resumes the discussion and all contributions of the e-learning cycles and highlights important aspects.

### B) Synthesis of e-learning cycle 1 in March/April 2010: Planning – setting up an M4P / Value Chain programme

The first e-learning cycle took place from the 22.03. - 09.04.2010 on the topic of **Planning – setting up an M4P / Value Chain programme**. The main question addressed was: What are the challenges when planning a new M4P or VCD programme?

The lively contributions relevant for the planning phase of an M4P / VCD programme from the e-learning participants were summarised and converted to 4 topic clusters:

- Cluster 1: How to select (sub-) sectors to ensure poverty reduction?
- Cluster 2: Facilitation as an issue within the planning phase
- Cluster 3: How to engage with the private sector?
- Cluster 4: What should be considered regarding result chains<sup>1</sup> when planning/setting up a new project?

#### Cluster 1: How to select (sub-) sectors to ensure poverty reduction?

The selection of (sub-) sectors is an important step to plan the M4P/VCD interventions and should be done in a comprehensive and foresighted way. A good analysis of the actual

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<sup>1</sup> The term **result chains** (as the OECD/DAC prefers to call them now) has replaced the term *impact logic* which is widely used in M4P literature.

situation of the market system and the systematic constraints is a prerequisite for planning the right intervention.

The process of the selection of (sub-) sectors can be done in different ways. The figure below shows an example for a typical proceeding in the selection process for the definition of (sub-) sectors in a M4P/VCD programme.

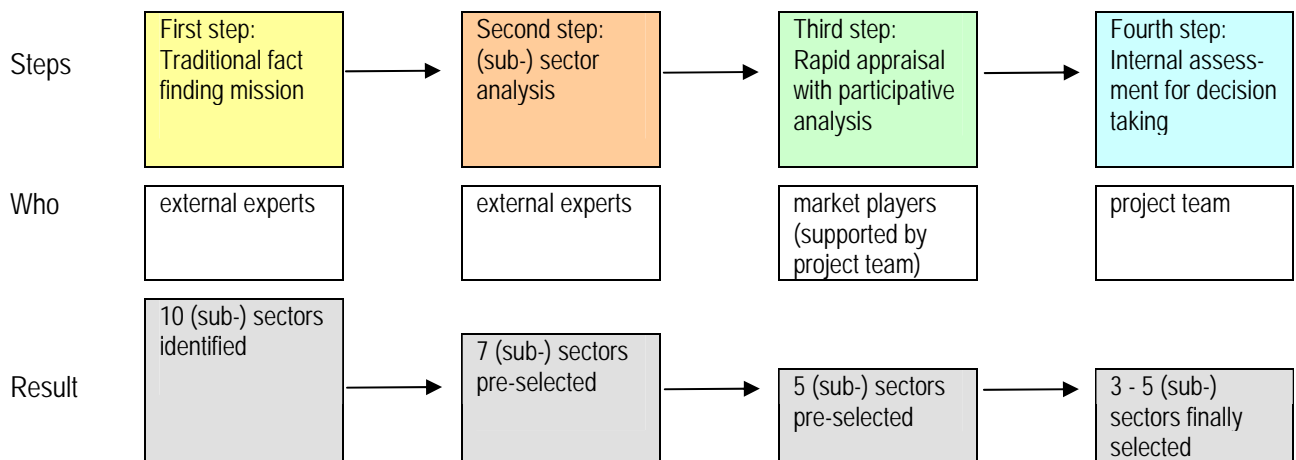


Figure 1: Example for the selection process of (sub-) sectors while using different appraisals

The M4P theory uses the 3 well-known criteria for the (sub-) sector selection which are a) poverty reduction potential, b) pro-poor access or growth potential and c) M4P intervention potential.

During the selection process it is seen as advantageous to use the same criteria for assessing the different sectors and (sub-) sectors. Find below some examples for selection criteria (and related key questions) which can lead through the selection process, grouped as:

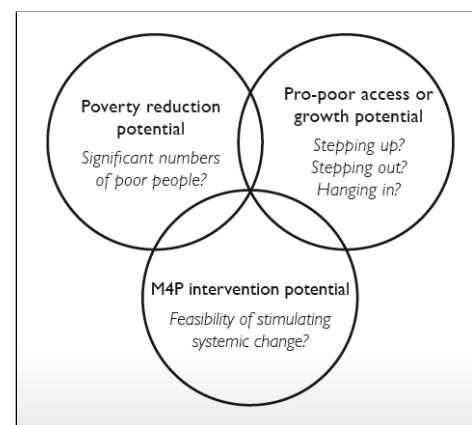


Figure 2: Key factors for target group and market selection

**a) Economic criteria – examples for key questions to be answered:**

- What is the (pro-poor) growth potential of a (sub-) sector?
- Is there a market?
- Is there a demand for the envisaged products?
- What is the macro and micro economic context of a (sub-) sector?
- Regarding the production system: What is it about? Which scale? Is there an expansion planned?
- Is the business case economically viable? Are there examples which might proof the viability?
- Is there a potential for scaling up?

**b) Mandate criteria – examples for key questions to be answered:**

- What is the poverty alleviation potential of the (sub-) sector?
- How relevant is the (sub-) sector in the income of the target group?
- Can gender be addressed in the (sub-) sector?
- Is the (sub-) sector relevant in rural areas?

c) Strategic criteria – examples for key questions to be answered:

- Are interventions in the (sub-) sector feasible given the resources available?
- What is the right entry point? – focusing on direct or indirect impact?
- What are the roles and responsibilities of market players?
- Do the involved service providers and stakeholders have sufficient capacities?
- What is the main target - focusing on local/regional or international markets?
- What is the commitment of the donor agencies to support the programme during a certain time period?

**Relevant documents on (sub-) sector selection:**

- [Operational Guide on M4P](#) written by Springfield Centre
- [Clients first!](#) - A rapid market appraisal toolkit developed by Helvetas
- [Production and financial planning tool](#) (template in excel format) – as part of the tool box of the Organic and Fair-trade Competence Centre [www.organicandfair.org](http://www.organicandfair.org) hosted by Helvetas
- [Toolbox on VCD](#) – GTZ Value Links provides a good tool book with a chapter on (sub-) sector selection <http://www.valuelinks.org/index.php/material/valuelinks-standard-material>
- [Documents on Value Chain Development](#) – The Donor Committee on Enterprise Development (DCED) has on its website more valuable tools on sub sector selection, which can be find on <http://www.value-chains.org> There is an excellent search function for all documents related to VCD and M4P

**Cluster 2: Facilitation as an issue within the planning phase**

The *facilitative or catalytic* role of a project team within an M4P programme that leads to a systemic change in the market systems requires special conditions, skills and space. Find below some issues on facilitation which are important (not only) during the planning of a project. The different aspects of “facilitation” will be further discussed in the e-learning cycle 2 in June/July 2010.

A) Important issues regarding facilitation

- The role of the project as facilitator has to be transparently communicated to project partners
- Facilitators should not play the role of a market actor, but remain outside the market system
- Facilitators should act in a demand-driven way

B) Role of Facilitators

- Help creating linkages between market actors
- Help value chain actors to build trustworthy relationships
- Help building a shared vision of the future market system
- Draw attention to business opportunities
- Facilitate mapping and analyses
- Provide appropriate tools and methods
- Assist implementation of actions
- Continuously monitor the process and provide feedback

C) What additional roles does a programme have - besides facilitation?

- Create awareness, enhance understanding and trust
- Encourage stakeholders for exchange
- Facilitate process innovation
- Capacity development
- Institution building

It is an ongoing discussion whether the continuous facilitation role (i.e. after programme finalisation) should be a public or a private role. There is no definite answer – but find below some arguments to approach the two sides.

<b>Is continuous facilitation a public or a private role?</b>	
<b>→ Arguments for “public”</b>	<b>→ Arguments for “private”</b>
<ul style="list-style-type: none"> <li>- Can be active in weak markets</li> <li>- Can give special incentives if necessary</li> <li>- Can stimulating others – but not being the driving force</li> <li>- Being external in the market system can be advantageous to play a more or less neutral role</li> <li>- Public means a permanent facilitation role which leads to a continuous support</li> <li>- Public facilitators can liaise better with VC influencers for improving framework conditions</li> <li>- Private facilities can have conflict of interests</li> </ul>	<ul style="list-style-type: none"> <li>- A private facility works only on temporary basis with a clear mandate and a demand orientation</li> <li>- Facilitation has a price, and this price should be paid by the market players</li> <li>- A private entity is not neutral but helpful in order to address market constraints</li> <li>- Not dependent on political good-will or donor money</li> <li>- A market facilitator has to be very close to the market – whereas public facilitators aren’t close to markets.</li> </ul>

### **Cluster 3: How to engage with the private sector?**

Private companies are the drivers for M4P and VCD programmes. While in the past development agencies excluded private enterprises for various reasons from a closer cooperation, they now increasingly recognise private sector’s important role in contributing to poverty alleviation. However NGOs, development programmes and development agencies are facing difficulties in how to liaise with private enterprises. Therefore the challenge for many development organisations is: How to best engage with the private sector?

The Do's and Don'ts for the engagement with the private sector are drawn from the discussions in the e-learning cycle:

#### Do's

- Be aware of the fact that the private sector is functioning in a different way
- Encourage for common work
- Develop trustful relationships
- Common mapping of resources
- Ensure transparency
- Recognise the conditions of the private sector (volumes, qualities, timing)
- Show flexibility in your planning and working
- Concentrate on relevant data for the private sector
- Concentrate on early and visible results, if not the private sector will not buy-in!
- Identify where the intersection of public and private goals are – where private sector and NGO/programmes have a shared or common goal
- Building Public Private Partnerships PPPs – involve the Government
- The private sector needs clear guidance based on a risk assessment

### Don'ts

- Push (and subsidise) private entrepreneurs to do things they do not want to do, e.g. working with the poorest or working in remote areas
- Donor should not just pay, so things happen - donors should be careful with subsidisation of private functions. Find the [SDC guidelines on subsidies](http://www.deza.admin.ch/ressources/resource_en_168433.pdf) under [www.deza.admin.ch/ressources/resource\\_en\\_168433.pdf](http://www.deza.admin.ch/ressources/resource_en_168433.pdf)
- Don't overload the burden with too much analysis (paralysis through analysis!)

### **Cluster 4: What should be considered regarding result chains when planning/setting up a new project?**

Result chains should be used as a planning tool already in the process of setting up a new project. They can further be used in project management, monitoring and result measurement.

The main functions of result chains:

- use as an internal planning tool - operational and practical
- use for internal management and steering
- use for assessing performance
- use for measurement of results
- to ensure consistency with the overall strategic framework of the project
- for external reporting purposes

Some important considerations mentioned by the participants for the planning phase include:

- First clarify the overall goal and the impact hypothesis of a programme. After this work on the result chain. Having elaborated the result chain, only then define the interventions strategies of the programme. Result chains should be flexible to capture intended and un-intended results.
- The use of a logical framework is mainly for donors or people steering the strategic framework of a programme. The result chain is designed for programme managers or people working in the programme.
- First develop the indicators or progress markers of the systemic change – then conduct the baseline study for assessing what is the basis for starting the programme.
- Project Cycle and time limits: make a good analysis; be flexible in planning; use adequate tools and approaches; systemic change needs flexibility.

The topic “result measurement” will be further discussed in the 3<sup>rd</sup> e-learning cycle in August/September 2010.

## **C) Outlook to the e-learning cycles 2 and 3:**

### **Open questions to be discussed in e-learning cycle 2**

in June / July 2010 will deal with **Implementing - coordinating - facilitating an M4P or Value Chain programme**

- Is facilitation really enough?
- How to change awareness of programme staff - from "in the system" (ordinary development approach) to becoming a facilitator "outside the system"?
- Most adequate legal form for a facilitation entity
- What happens after the programme intervention? How to sustain facilitation?

### **Open questions to be discussed in e-learning cycle 3**

in August /September 2010 discussing all elements on **Monitoring – result measurement on outcome or even impact level**

- How do you handle unexpected results in your M&E?
- Which type of monitoring system is suitable for programme management?

Agridea, May 2010