



Value Chains for Pro-Poor Development

Invitation to Cooperation in Action Research

The research programme “Value Chains for Pro-poor Development”^{*} is in the process of identifying possibilities for action research in existing agri-food chains. The programmatic scope is described in more detail in the attached flyer and summary of the inception report. Key issue in the programme is that value chain development may have a positive effect on poverty alleviation, but that this is not an automatic outcome. Action research is one way of finding out whether we are turning the right buttons. The programme aims to explore novel chain arrangements instrumental for pro-poor development.

Donor agencies, non-governmental organisations, companies, producer organisations, governments are often learning by doing. A pallet of approaches tries to embed pro-poor development strategies in value chains. The outcome of these endeavours is also dependent on the varying conditions, levels of organisation, behaviours of different actors under which value chain development takes place. The task of the action research programme is to test and systematically evaluate a set of intervention strategies addressing strategic leverage points in value chains. For this purpose, the programme aims to link its research activities to on-going value chain development endeavours; the programme aims to look beyond the creation of market access and wishes to explore whether and how existing value chains can function differently.

Hereby we invite you to consider aligning an initiative of your organisation or of one of your partners to the action research programme.

The programme offers the possibility to design and implement an action research of a period of approximately 2 years. The action research is expected to produce insights in what type of intervention strategies make value chains work for pro-poor development. Moreover, through action research, the programme intends to support the organisations involved in making well-founded strategic choices and in enhancing skills and capacities to manage or configure value chains from a pro-poor perspective. In addition, the programme aims to cooperate closely with local research teams in order to strengthen their capacity to generate insights in the functioning of value chains. An essential aspect of action research is to discover, with the involved actors such as producers’ organisations, processors, traders, retailers, development organisations, local government and donor agencies, what works for who under what conditions. An intended effect of the action research is the strengthening of a local expertise network on value chain development. This may also strengthen the capacity of organisations or networks in the value chain to defend strategic choices and to submit proposals to financiers of development projects.

As a first step in identifying promising value chains for action research, the coalition implementing the programme talked to a selection of (Dutch) public and private organisations active in this field to make an inventory of possible ideas. At this moment, the geographical focus of the programme is on sub-Saharan Africa. The programme looks for value chains where producers’ organisations play an active role. This is motivated by the programme’s interest in the interface between horizontal social organisation and vertical chain integration; the assumption is that important leverage points can be found in this interface. The programme embeds this horizontal-vertical interface in an institutional environment including aspects such as legislation levelling the playing field, specific industrial policies measures for competitiveness of a sector, or institutional arrangements linking the value chain to wider innovation networks.

During a so-called Strategic Conference, scheduled for July 2008, we hope to be able to select two to four possibilities for action research. Currently, the programme is implementing action researches in Uganda and Ethiopia. The programme has resources to complement these two projects with a limited number of distinct action researches.

^{*} This programme is executed under the DGIS-WUR partnership *Globalisation and Sustainable Rural Development*. DGIS is the Netherlands Directorate-General for International Cooperation. The implementation of the 3-year programme is a shared responsibility of Wageningen University and Research Centre (WUR), Agriterra, and AgriProFocus

Scope and Features of Action Research

Scope

The Value Chains Programme will work with practitioners and policymakers on integrating validated interventions for pro-poor development in and around agro-based value chains into practice and strategy. The activities under the programme are directed towards developing, testing and researching such a set of interventions. Two broad interfaces are identified that are particularly relevant for pro-poor interventions. The first interface relates (horizontal) organisational strengthening of primary producers and rural-based small and medium enterprises and (vertical) processes of coordination and integration in chains. The second interface accommodates functional relationships between micro-level hands-on action and meso-level strategic policy development, institutionalised knowledge generation and (technological) innovation. The challenge for this programme is to (re)configure or (re)direct commercial transactions and institutional arrangements in the economic domain as part of a locally embedded orientation to pro-poor development. The current programme will in particular build on existing market or chain relationships, where the relationships between producers, processors and buyers are already fundamental to the dynamics in the economic domain of competition and market demand. In this approach, the intervention strategy builds on the existing capacities and visions of the actors involved in the value chain.

In addition, the focus on strategic levers addresses one of the potential pitfalls of pro-poor interventions, namely the strong reliance on external resources in market-led development and the restricted group of beneficiaries for which market access is arranged. Hence, the program searches for intervention strategies that have the potential to involve large groups of beneficiaries. This implies building functional linkages with organisations outside the realm of the day-to-day business transactions as well as linking different competencies in networks crossing the borders of individual value chains.

The consortium partners in close cooperation with the funding organisations and other national and international partners aim to produce recommendations on how to leverage pro-poor development interventions in the context of domestic and international value chains so that additional value is created and /or value is more equally distributed in specific chain configurations. In this endeavour, the programme envisions a leading role for producer organisations as brokers or intermediaries.

Accordingly, the programme addresses the following questions:

- What are the main levers to influence value chain developments into the direction of sustainable development and poverty reduction?
- What are the conditions under which these levers work, for specific commodities or in specific contexts?
- How can producers' organisations, (international) corporate business managers, and development practitioners and policy makers plan and use these leveraging interventions in effective and efficient up scaling strategies?

Action research

A key component of the programme approach will be the design and implementation of pilots in specific value chains. Each pilot will be defined as a succinct project aimed at testing the possibilities and practical approaches to influence the dynamics behind value distribution and to leveraging equitable and sustainable growth. At programme level, these focused and localised activities are supported by the development of a monitoring and evaluation methodology development and of training modules. Setting the agenda of the pilot project is a crucial step in the process towards experimentation and implementation. The availability of a database supports the process of learning from other intervention strategies. The partners of the networks of Agriterra and AgriProFocus are involved in the selection and initial design of pilot projects. The programme further supports the agenda setting process for technological and institutional development in the specific localities. Overall the programme aims to make a contribution to the pool of intervention strategies available to producer organisations, businesses, policy makers and development practitioners, and, more specifically, to offer analytical tools to identify strategic levers for focusing intervention strategies on pro-poor development endeavours and for enabling a sustainable institutionalisation of the changed practices and behaviours.

Features of action research under this programme

Context

- The action research project takes place in a situation where producers have access to markets and/or are integrated in value chains. In contrast to many market access development schemes, the prime interest of this program is to discover whether and how organised markets and the accompanying governance systems can be managed differently when pro-poor development is the major outcome.

Use of action research

- The action research project is built around a targeted intervention or intervention practice, with the aim to discover how the existing institutional set up or functioning of the chain in the specific case can be altered from a pro-poor development perspective;
- The action research is designed to learn about this intervention for use in other circumstances. The latter is particularly important to be able to assess how and to what extent an intervention is geared towards testing mechanisms that lead to strategic leverage in either of the interfaces central to the programme (horizontal-vertical and/or micro-meso level interactions) and towards maintaining or increasing the overall chain competitiveness.

Scope of action / intervention

- The action research project explicitly aims to reconfigure the institutional arrangements between horizontal organisations, in particular producer organisations, and the vertical column of commercial transactions. Accordingly, the action research provides good opportunities to develop and test new approaches to horizontal strengthening, in particular involving POs, and vertical integration of beneficiary groups under a variety of chain configurations;
- The action research project locates the value chain in its institutional context and incorporates strategy and policy inputs from this environment that impact on the functioning of the value chain configuration. The action research provides good opportunities to develop and test meso level initiatives that have a positive impact on the development opportunities of small and medium scale producers and workers;
- The action research builds on existing value propositions in identified end-use markets. It provides good opportunities to enhance the competitiveness of the specific chain configuration embedded in a regional or sectoral environment.

Organisational conditions

- The action research is supported by and/or involves participation of an established organisation of primary producers;
- The action research includes cooperation with local research and development teams
- The implementation of each action research will be the responsibility of a committed implementation coalition comprising national and international partner organisations. This entails the presence of a motivated group of actors ensuring a robust support basis for the intervention among producers' organisation, business partners and supporting agencies.