Chapter 5

Value chain analysis: developing a vision for sustainable Decent Work outcomes
Value chain analysis: developing a vision for sustainable Decent Work outcomes

Summary sheet: value chain analysis and intervention strategies

Timeline and proposed actions:

**Analysis during research**
- Developing initial ideas about opportunities and constraints as well as strategies for addressing them
- Time: 4–6 weeks
- Who: core and support teams

**Evaluation workshop**
- Identifying main opportunities and constraints in the market system
- Formulating initial strategy for value chain development
- Time: 2 days
- Who: core and support teams

**Refining results & write-up**
- Refining of results of the evaluation workshop by technical expert
- Writing up results in a presentation/publication
- Time: 1 week
- Who: core and support teams

Summary:
Value chain analysis is the evaluation of findings of the value chain research (i.e. interviews, focus group discussions and secondary research) out of which a strategy for value chain development evolves. This process already commences during the research in conversations with the various market players.

The proposed evaluation workshop then analyses the findings by using a market systems framework and applying it to the drivers for value chain development (i.e. system efficiency, product quality, product differentiation, business environment and social and environmental standards). By applying a systemic framework, value chain analysis attempts to identify systemic constraints – i.e. to move from symptoms to underlying causes – and to develop strategies that sustainably address core transactions, supporting functions and rules and are built on market player incentives.

Outcome:
- A strategy for value chain development through market system change
- Documentation of findings and strategy
Achieving systemic competitiveness for value chains

In the course of economic development, the integration of different business activities and types of enterprises becomes increasingly important. On the one hand, globalization entails intense competition and pricing pressure. On the other hand, urban customers are increasingly demanding high-quality, fresh and fashionable products.

Both trends call for an increasing level of integration. For example, an organic food product can only be brought to the market if farms are certified and the product is kept apart in the marketing chain. Garment manufacturers, for their part, work on well-defined orders and often sub-contract others to deliver on time. And a particular tourist attraction can only be marketed if all of the related services – from transport to accommodation – meet tourist expectations.

The competitiveness of the national economy thus is not only a matter of the performance of individual enterprises, but also of the degree to which the various companies, both large and small, cooperate efficiently. Consequently, one can speak of the “systemic competitiveness” of the value chain. Unless it improves, not much economic growth and even less pro-poor growth will be achieved.45

Decent work as part of systemic competiveness

Systemic competiveness and change is the pre-condition for Decent Work: only through increased competitiveness by efficient value chain integration can jobs and incomes be secured. The role that better working conditions, gender equity and non-discrimination against other disadvantaged groups, social dialogue, abolition of the worst forms of child labour, etc. play in building competitiveness is gaining importance nowadays as consumers, media, politicians, and NGOs call for compliance. The cost of loss of image for brands is potentially enormous, and multinationals and other lead firms are beginning to realize the need for pro-active change for Decent Work. Compliance with International Labour Standards is becoming a key factor for gaining a competitive edge over competitors. This is also reflected by many private sector value chain initiatives that use International Labour Standards as a basis for CSR strategies and value chain initiatives.46

About this chapter

This chapter is about translating value chain research into the development of a vision for change and intervention strategies. In order to do so, research findings need to be analysed and understood. The chapter therefore starts with a framework for analysis that can be used in the context of evaluation workshops. In order to formulate a strategy for change, the project team also needs to be clear on what change means exactly, how change can be initiated in a sustainable way, how market players should be involved, and what the role of a facilitator is in this process.

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Learning from case examples
Section 5.2 brings a number of cases to the attention of the reader. These cases are intended to provide ideas on how certain issues can be addressed. The section also defines value chain development in terms of systemic change towards improving the five drivers of value chain development: system efficiency, product quality, product differentiation, social and environmental standards and business environment. Special attention is thereby given to aspects of Decent Work in value chains.

5.1 A framework for finding sustainable upgrading solutions in value chain systems

I've got loads of information, what now?
I have collected lots of information about the performance of a value chain; I have conducted interviews with key market players and focus group discussions with my target group; so how do I evaluate all this information? How do I identify the bottlenecks that prevent the sector for achieving its optimal performance and generating more jobs and higher incomes? How do I find the leverage points and the agents of change in order to achieve wider systemic change in the market system surrounding the value chain?

Steps of value chain analysis
Section 5.1 introduces a format for value chain analysis that can be used as a step-by-step guide for evaluation workshops (see Annex 4 for sample format). The operational guide for Local Value Chain Development published by the ILO Enter-Growth project in Sri Lanka, gives further ideas on the practical organization of such a workshop (see also checklist below in Box 5.2). This section takes you through the following steps:

1. Identifying constraints and their underlying systemic causes
   This section introduces the basic framework for analysis, and draws up a number of key considerations for identifying the deeper systemic constraints behind the symptoms identified in the value chain research.

2. Identifying incentives of market players and agents of change
   The success and sustainability of upgrading solutions depend on whether they sufficiently address the interests and incentives of market players. This section gives an introduction to a rapid stakeholder/incentive analysis.

3. Formulating a vision and strategy for sustainable systemic change
   Once the opportunities for realizing these solutions and the relevant bottlenecks have been identified, this section provides guidelines for formulating sustainable value chain upgrading solutions that will lead to systemic change.

4. Defining sustainable outcomes and indicators for monitoring
   What do we want to achieve, and how do we measure this change? It is important to lay the foundations for monitoring and evaluating value chain interventions already in the design phase of interventions.

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VC analysis: linking symptoms to systemic constraints and solutions
It is in the evaluation of value chain research findings that we need to find the link between symptoms and causes in the market system and appropriate answers for addressing systemic constraints.

Box 5.1: Diagnostic process for value chain research and analysis

Adapted from: The Springfield Centre (2008): The M4P operational guide, DFID and SDC, Durham (UK)
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Outcomes of the value chain analysis phase
What are the outcomes of this phase of the value chain initiative?

- **A clear vision** on how to bring sustainable and systemic change for more Decent Work in value chains
- **An intervention framework** outlining upgrading strategies and interventions, the market players involved and indicators for monitoring and evaluation
- **A forward strategy** on how to involve key market players for implementation (ownership) and ensure crowding-in for wider change
- **Documentation** of research and analysis findings as well as Decent Work upgrading strategies

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Box 5.2: Format for evaluation workshop - checklist (see also Annex 4)

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
<th>Check</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who should participate at the evaluation workshop?</td>
<td>The evaluation should be conducted by the core and support teams alone (see Chapter 2.1) – i.e. team members who have actively been involved in conducting interviews and focus group discussions during the previous weeks.</td>
<td>Done</td>
</tr>
<tr>
<td>Who should NOT participate at the evaluation workshop?</td>
<td>The evaluation workshop is an INTERNAL meeting of the core and support teams. It is a WORKshop and not a presentation event. People who have not been involved in conducting interviews and focus group discussions and VIPs should not be invited, as they could distract from the purpose of the evaluation workshop.</td>
<td></td>
</tr>
<tr>
<td>How many people should participate?</td>
<td>As mentioned above, the evaluation workshop should be attended by the core and support teams. Altogether this would be about 10 to 15 people.</td>
<td></td>
</tr>
<tr>
<td>How long does an evaluation workshop take?</td>
<td>Experience with ILO value chain initiatives in Sri Lanka and Madagascar has shown that a good evaluation workshop takes up to two days. This time is absolutely necessary in order to produce good quality and presentable results.</td>
<td></td>
</tr>
<tr>
<td>Where should the workshop be conducted?</td>
<td>Ideally you would plan for a residential workshop to allow sufficient flexibility in time and commitment of all team members.</td>
<td></td>
</tr>
</tbody>
</table>
| What materials are required for an evaluation workshop? | • Flipchart
• Cards, pin board, pins, wall paper, masking tape (or similar material)
• Lap top for documentation purposes
• A projector is not necessary, but could be useful. | |
5.1.1 Identifying constraints and their underlying systemic causes

VC analysis: the critical link between research and intervention
Value chain analysis requires a framework that leads from symptoms to underlying systemic constraints and requires a clear understanding of the role and incentives of market players before appropriate and sustainable intervention strategies are formulated. Value chain analysis also means linking up the previous stages of the value chain initiative (initial research on the basis of the five drivers of value chain development (Chapter 2), value chain mapping (Chapter 3) and value chain research based on the market system model (Chapter 4)) to each other and drawing a conclusion.

VC analysis in four main steps
The figure in Box 5.3 below illustrates the basic analytical steps for value chain analysis. This section takes you through the process: 1) identify major constraints and relate them to the five drivers of value chain development; 2) link the constraints to specific supporting functions and rules within the market system; 3) identify market players that a) are currently performing functions and b) have incentives to perform certain functions in the future; 4) formulate value chain upgrading solutions that fulfil sustainability criteria.
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Box 5.3: Analysis process

**Example scenario**

- **Step 1:** Poor working conditions of small producers have been identified as a major obstacle to higher productivity and product quality. This again affects the overall performance of the value chain, as exporters find it increasingly difficult to meet global buyers’ high quality requirements and increasing demand.

- **Step 2:** International Labour Standards (rules) regulate minimum requirements; the national labour department makes recommendations (rules) on good workplace practices and occupational health and safety. Small producers are not aware of these recommendations, however; there is a lack of coordination (function) between relevant market players as regards passing on the information (function) and providing training for small producers.

- **Step 3:** The labour department is the government authority responsible for implementing and enforcing labour regulations; small producer associations represent the interests of their members. However, communication between these two market players is virtually non-existent. What is more, associations are still weak in the advocacy function and are largely dependent on donor and government funding. Some development programmes working on various sectors have also developed good workplace practice guidelines but have so far failed to transfer ownership to market players.

→ Here it is essential to also have a good understanding of market player incentives. Section 5.1.2 provides details.
Step 4: The question is therefore: who has an incentive to play the coordination role in future, and how will this market player be able to perform this function in the long run (financial and dynamic sustainability)? Also: how can it be ensured that as many small producers in the country as possible benefit from the new coordination function played by this market player (impact at scale)?

Examination of the various market players involved in the value chain as well as supporting organizations revealed that large buyer companies had a strong incentive to improve working conditions in supplier plants in order to increase product quality and make supply more reliable. There was also pressure from consumers, who were demanding better treatment of workers. It was certainly possible to persuade some of the lead firms with outreach to provide training and information on good workplace practices through embedded services. Insurance companies were also potentially interested in implementation, since they were facing high costs due to injuries at work.

→ Finding sustainable solutions that lead to systemic change is the key objective of value chain development. Section 5.1.4 provides further details.
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**Step 1:**

Identifying bottlenecks in the value chain using the five drivers of value chain development

The performance of value chains can be measured on the basis of the five drivers of value chain development that were introduced in *Chapter 2*. The first step in value chain analysis should therefore be to identify the bottlenecks that are preventing the value chain from achieving optimal performance with regard to these drivers, while bearing in mind that we are only dealing with symptoms at this stage of the analysis. If we look at our market system model (figure on the right in *Box 5.3*), this step focuses on the core: the value chain.

**Guiding questions**

Some guiding questions that can be asked are:

- What are the general opportunities and constraints that market players mentioned during interviews and focus group discussions?
- What prevents market players (especially from the target group) for taking advantage of opportunities?
- How do the constraints affect the performance of the overall value chain?
- To which of the five drivers of value chain development do these constraints relate?
- Another way to ask could be: what are the symptoms of system inefficiency, low product quality, inability to compete (differentiation), insufficient implementation of social and environmental standards and a non-enabling business environment?

A simple and practical way to start this exercise is to use cards or a flipchart at the evaluation workshop. Ask your team members the following: a) What are the opportunities identified? b) What are the constraints identified? This could be done for each major value chain level – e.g. suppliers, farmers, processors, retailers. Then continue with a discussion on how these constraints relate to the five drivers and the value chain’s overall performance.

Once opportunities and constraints (for each value chain level) have been collected, it is recommended that they be prioritized or that the most burning issues be selected – i.e. which of all the constraints has been identified as most important to market players in the course of interviews and focus group discussions? This could be done through a simple voting system, or, better, through a group discussion.

Depending on your objectives, the discussions in this step can also be centred around a specific topic, such as particular Decent Work deficits (e.g. labour conditions, Social Dialogue, labour participation, gender equity, etc.). The question to ask would then be: where in the value chain have deficits been observed during the value chain research, and how to these deficits relate to the five drivers of value chain development?

*Your answers can be noted in the first and second row of the template in Box 5.5.*
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**Box 5.4: Definition of drivers of value chain development and related supporting functions and rules**

<table>
<thead>
<tr>
<th>Driver</th>
<th>Definition</th>
<th>Supporting functions and rules</th>
</tr>
</thead>
</table>
| **System efficiency**       | Functions and rules that ensure that a given target (market demand and requirements) is achieved and that the (economic, social) costs associated with this process are kept low.  
1. *Productive efficiency* describes the ratio between costs and benefits (or inputs and output) of certain production activities with regard to specified targets — e.g. labour productivity.  
2. *Allocate efficiency* is characterized by the degree to which supply meets consumer demand and a market price trend towards long-term marginal costs (i.e. costs per unit). | Communication, cooperation and coordination mechanisms/institutions, price setting/bargaining mechanisms and information systems, productivity improvement strategies, services embedded in value chains (e.g. loans, training, technical support, monitoring and advice, etc.), infrastructure conditions (delivery time), export regulations and procedures, contracting mechanisms for ensuring reliability & flexibility, information & knowledge-sharing mechanisms, etc. |
| **Product quality**          | Functions and rules (or mechanisms) that ensure that production processes along the value chain meet market requirements and demand conditions.                                                                                                          | Market research and development functions, quality standards & laws (e.g. ISO norms, HACCP, GAP, GMP, etc.), quality control mechanisms along the chain, marketing strategies (e.g. packaging & branding), (customer) services, traceability systems, informal or cultural rules (e.g. Islamic rules on animal slaughtering), etc. |
| **Product differentiation**  | Functions and rules that ensure the overall competitiveness of a value chain in terms of price/cost or product quality leadership/differentiation.                                                                                                                  | Market research functions for delivering market information (competition and market shares) and finding differentiation strategies, product research and development facilities (innovation), skills & capacity-building institutions, mechanisms and rules for protecting intellectual property (e.g. patent rules) and preventing industry espionage (e.g. contracts with employees), technology transfer mechanisms, etc. |
| **Social and environmental standards** | Functions and rules that reduce the negative external effects on social and ecological environments and also ensure that economic gains along the value chain result in win-win situations for all market players.                                                   | International Labour Standards and recommendations (ILO), labour laws and regulations, good workplace practices, environmental protection regulations, law enforcement institutions, corporate social responsibility (CSR) strategies and codes of conduct, community involvement platforms, fair trade agreements and enforcement mechanisms, public lobby and pressure functions, etc. |
| **Business environment**     | Functions and rules external to the specific value chain (i.e. not directly part of the production process along the chain), which, however, play a crucial role in shaping the political, social and economic environment in which value chains operate, and that therefore have a strong influence on the ability of a sector to compete on world markets as well as generating income and employment. | National legislation procedures at the macro-economic level, monetary policy, advocacy functions (unions and business membership organizations etc.), business development and support services (BDS), (informal) cultural norms and institutions, public-private partnership mechanisms (Social Dialogue), etc. |
Step 2:
Identifying underlying systemic constraints in market systems

In the second step, constraints (symptoms) identified on the basis of the five drivers of value chain development have to be related to specific supporting functions and rules within the market system framework. This step is important, since the aim is to find underlying systemic constraints – i.e. to move from symptoms to causes and to understand the systemic nature of value chain development. Box 5.4 above gives an idea of how supporting functions and rules might be related to specific drivers of value chain development.

In order to make this connection between drivers and underlying constraints in the market system, the most important question to ask is: WHY? Why do small producers have insufficient access to market information? Why are factory operators not aware of occupational health and safety regulations? Why are women not given equal chances when applying for jobs? The why ultimately leads us to supporting functions and rules that govern the market system as well as the roles and incentives of market players within the system. Box 5.5 below gives definitions for some of the key terms used in this context.

Definition of key terms

Box 5.5: Defining key terms in market systems
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Market system
The multi-player, multi-function arrangement comprising three main sets of functions (core, rules and support) undertaken by different market players (private sector, government, representative organizations, civil society, etc.) through which exchange takes place, develops, adapts and grows. A construct through which both conventionally defined markets and basic services can be viewed.

Core function (marked as value chain above)
The central set of exchanges between providers (supply side) and consumers (demand side) of goods and services at the heart of a market system. The medium of exchange can be financial or non-financial (e.g. through accountability mechanisms).

Supporting functions
A range of functions supporting the core exchange helping the market to develop, learn, adapt and grow, including, for example, product development, skills enhancement, R&D, coordination and advocacy.

Rules
Formal (e.g. laws, regulations and standards) and informal (e.g. values, relationships and social norms) that provide a key input in defining incentives and behaviour in market systems.

Market players
Organizations or individuals who are active in a market system not only as suppliers or consumers but as regulators, developers of standards and providers of services, information, etc. This can therefore include organizations in the private and public sectors as well as non-profit organizations, representative organizations, academic bodies and civil society groups.


Guiding questions
In order to make the transition from symptoms to systemic constraints, some guiding questions might be useful (these could facilitate the discussion at a team evaluation workshop):

What are the reasons for constraints that have been identified on the basis of the five drivers of value chain development?

- Which supporting functions and rules in the market system are these constraints related to?
- Why are these supporting functions currently underperforming? Or: which supporting functions are missing?
- Why are rules not being implemented? Is the fact that rules are not being implemented connected with the underperformance of a supporting function and/or a market player?

Box 5.6 offers a template in which your answers to key questions can be noted (in row 2).
Step 3: Identifying the current and potential role of market players

Having related constraints to supporting functions and rules it is important to attribute these functions and rules also to specific market players in the system. These could be private sector players that are part of core transactions in the value chain but could also be other public and private actors (e.g. government, membership organizations, civil society, etc.). The purpose of this step is to understand a) the reasons why these market players are currently underperforming and b) the incentives of market players to potentially take over market functions and contribute to the sustainable improvement of the overall system.

Guiding questions

Some guiding questions that can be discussed in this context are as follows (given the complexity of the analysis however, you should adapt these questions to your specific situation):

- Which market player would be responsible for the performance of this function or the implementation/enforcement of the rule?
- To what extent is the market player fulfilling his role in performing the function or implementing the rule?
- How committed is the market player to fulfilling the function?
- Why is the market player currently unable to perform his market function optimally?
- Are there other market players that fulfil the same function? Are there conflicting interests between these market players?
- Are there other market players in the system that might have a stronger incentive in performing the role that is need to make a supporting function or rule work?

The importance of understanding the incentives, outreach and influence of market players

Understanding the incentives and interests of market players is the key to successful and sustainable interventions. In addition, the outreach and influence of market players in the system is an important consideration for impact at scale. Given the importance of incentives and outreach, this is dealt with separately under Section 5.1.2 below.

Your answers can be written into rows 4 to 7 of the template in Box 5.6.
### Box 5.6: Template for key questions in value chain analysis

<table>
<thead>
<tr>
<th>Guiding questions</th>
<th>Example</th>
<th>Your answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Symptoms: What is the constraint (or the opportunity that cannot be realized)?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Which of the five drivers of value chain development do these constraints relate to? Or: how do they affect the performance of the chain in terms of the 5 drivers?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. What are the underlying causes in the market system? Which supporting functions and rules are currently underperforming?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Which market player(s) is/are responsible for fulfilling this market function?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Why is this market player currently unable to fulfil his role in the market system?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Which other market player(s) might have an incentive to perform this market function (or contribute to its improvement)?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Potential outreach: What role does this market player play in the value chain and the overall market system?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5.1.2 Identifying incentives of market players and agents of change

Addressing incentives of market players is the key to successful implementation

If interventions are to lead to effective and systemic change, it is important that they be based on a thorough understanding of the incentives that determine the motivation and commitment of individuals and organizations to change. Interventions often fail because they do not take these incentives sufficiently into account, but rather build on the idealistic notion that change is in the interests of all. We must understand that the "nominal", formal incentive of organizations may differ from the real world incentives of their stakeholders.

Understanding incentives is for this reason a key step in value chain analysis. The case example described in Section 5.4.1 below ("Bringing knowledge and information to rural vegetable farmers") shows that it was only by addressing the incentives of the lead firm – an increase in sales – that the project was able to persuade the supply company to invest in embedded services that would ultimately benefit rural farmers. Incentives are the decisive key to the successful implementation of value chain upgrading strategies.

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**Defining incentives**

In economics, an incentive is any factor (financial or non-financial) that provides a motive for a particular course of action or counts as a reason for preferring one choice to the alternatives. Since human beings are purposeful creatures, the study of incentive structures is central to the study of all economic activity (both in terms of individual decision-making and in terms of cooperation and competition within a larger institutional structure). Economic analysis, then, of the differences between societies (and between different organizations within a society) largely amounts to characterizing the differences in incentive structures faced by individuals involved in these collective efforts. Ultimately, the aim of the incentive is to provide value for money and to contribute to the success of the organization.

Source: www.wikipedia.org (under “incentive”)

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**Different types of incentives**

Without going into incentive theory in too much detail, it is important to note that the term not only refers to economic incentives, but that there are a wide variety of reasons why people and organizations act as they do. Here are some of the distinctions used to classify incentives:

1. **Material versus immaterial incentives** Material incentives usually concern monetary returns or other material rewards expected from actions. Immaterial incentives are, for example, recognition, social status, satisfaction, etc.

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*The Springfield Centre: M4P operational guide, Module 3C.*
2. **Extrinsic versus intrinsic incentives** Extrinsic incentives describe the expected external benefit of actions, for example financial rewards or recognition. Intrinsic incentives refer to an expected positive experience through an action - i.e. it is internal to a person, for example satisfaction or a feeling of accomplishment.

3. **Economic, social, political, psychological incentives** This distinction reflects the institutional nature or origin of incentives. Social incentives for example could be recognition or an improvement of social status; political incentives are prospects for a political career.

4. **Maslow's hierarchy of needs** Although this is not exactly a classification of incentives, the hierarchy explains the prioritization of needs, which determines people's actions (motivation). It is often depicted as a diagram consisting of five levels. The lower levels concern basic needs that need to be met first. Once these are met, the search for self. Actualization drives personal growth.

The first important lesson to be learnt from these various classifications of incentives is that they go beyond pure economic/monetary incentives: social status, reputation, personal satisfaction, career prospects, recognition, safety concerns (determining risk affinity), etc. are all important incentives to be considered. Value chain research and analysis has to identify these incentives in order to formulate intervention strategies that meet the interests and needs of people and organizations.

The second lesson is that all of these incentives are interconnected: a company, for example, seeks positive recognition of its brand as a marketing strategy for increasing sales.

**Box 5.7: An Analogy using Maslow's hierarchy of needs**

![Maslow's Hierarchy of Needs Diagram]

Source: [www.wikipedia.org](http://www.wikipedia.org) (under “Maslow hierarchy of needs”)
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How to conduct an incentive analysis

*If it is so important to understand incentives, then how do I analyse them in a value chain initiative?* The following section describes a brief step-by-step approach that can be used within the context of an evaluation workshop. Start by drawing up the following matrix:

**Box 5.8: Stakeholder analysis matrix with examples**

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market player</strong></td>
<td><strong>Interest in the project and incentives to become involved</strong></td>
<td><strong>Relevance for market player of achieving systemic change and impact at scale</strong></td>
<td><strong>Risk factors and strategies for reducing risk</strong></td>
</tr>
</tbody>
</table>
| Local input supply retailers | • Increase sales and income  
• Interest in win-win marketing strategies  
• etc. | • Individual impact remains low  
• High relevance for farmers as source of information  
• etc. | • Lack of control in implementation (could be compensated by internal control systems of supply firm)  
• etc. |
| Government extension services | • Control government budgetary allocations  
• Negative for the project if these services refuse to become involved  
• etc. | • Positive if budgetary allocations are increased  
• Farmers complain about commitment and relevance  
• etc. | • High dependence on commitment of individual officers  
• Inefficient resource allocation  
• etc. |
| Lead supply firm | • Increase market share  
• etc. | • Thousands of local retailers subcontracted, therefore high potential outreach  
• etc. | • Reluctance to invest in improved embedded services  
• Start with small-scale pilot area; initial cost-sharing agreement  
• etc. |
| Your turn now.. | | | |

Adapted from: *Instituto Nacional de Tecnologia Agropecuaria, Argentina.*
Step 1:

Relevant market players

Look at the value chain map in which you have identified market players (see Chapter 3). Identify all of the people, groups and organizations that could be potential partners for the implementation, or will affect or be affected by a particular intervention and list them in the “market player” column in the table in Box 5.8 above.

An example: access to knowledge and information has been identified as a major constraint for rural farmers. During the value chain research you have identified potential sources of information: farmers themselves, extension services, media, local supply retailers, supply companies, buyers and NGOs. These sources can be filled into the first column as potential partners for value chain upgrading solutions.

Also note that a certain degree of differentiation is necessary between groups of market players. It is all too tempting to identify one group as “farmers”. However, farmers in practice consist of different types of farmers: e.g. subsistence smallholders and wealthy commercial farmers. These differences can be crucial for finding the right partners for upgrading solutions.

Step 2:

Identify specific interests of market players

Once you have completed a list of market players relevant to a specific intervention, review the list and identify the specific interests – or incentives – that these market players could have in realizing an intervention. Consider issues such as:

• What are the market players’ expectations of an intervention?
• What are the benefits of the intervention to the market player?
• What resources might the market player wish to commit (or avoid committing) himself to the intervention?
• What changes might the intervention require the market player to make?
• Are there intervention activities that might cause damage or conflict to the market player?
• What other interest does the market player have that could cause conflict with an intervention?
• How does a market player regard the others on your list (relationship to other market players)?

Note that incentives of all market players may be difficult to define, especially if they are “hidden”, or in contradiction to the openly stated aims of the organization or groups involved. This underlines the importance of focusing a great deal of attention of the value chain research on understanding motivations and possible incentives for market players (see Chapter 4). Only if value chain upgrading solutions are based on real market incentives will they have a chance of being implemented successfully and sustainably achieving the development targets.
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**Step 3:**
Assessing importance of interests and influence of market players

Review the list of market players in column one again, and ask: how important are the stakeholder’s interest/incentives for the success of a proposed intervention and how strong is their influence? These questions are essential in order to ensure that interventions achieve impact on a large scale (see Section 5.1.5 below).

- What role does the market player play in the value chain? And what is his power position in relation to other players in the chain? (value chain governance, see Chapter 4.2.6)
- What is the role the market player is expected to play in the interventions? And how likely is he to play this role?
- How likely is the market player to play this role?
- What is the potential outreach that can be achieved by cooperating with this market player (potential impact at scale)?

Importance and influence can be combined in a matrix as shown below in Box 5.9 (fill in the names of market players in the relevant cells). This exercise in positioning market players will indicate the relative risks posed by specific players and the potential coalition of support for the intervention. These findings will inform the project negotiations and design.

**Box 5.9: 1) Determinants of market players’ relative power and influence, 2) Importance-influence matrix**

<table>
<thead>
<tr>
<th>1. Determinants of market players’ relative power and influence</th>
<th>2. Importance and influence combined in a matrix diagram.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Within and between formal organizations</strong></td>
<td><strong>Low influence</strong> / <strong>High influence</strong></td>
</tr>
<tr>
<td>• Legal hierarchy (command and control, budget holders)</td>
<td>A: Market players of high importance to the project, but with low influence. This implies that they will require special initiatives if their interests are to be protected (e.g. subsistence farmers)</td>
</tr>
<tr>
<td>• Authority of leadership (formal and informal, charisma, political, family or cadre connections)</td>
<td>B: Market players appearing to have a high degree of influence on the project, who are also of great importance for its success. The project will need to construct good working relations with these stakeholders in order to ensure an effective coalition of support for the project.</td>
</tr>
<tr>
<td>• Control of strategic resources for the intervention (e.g. suppliers of hardware or other inputs)</td>
<td>C: Market players with high influence, who can therefore affect the project outcomes, but whose interests are not the target of the project. The conclusion is that they may be a source of significant risk, and they will need careful monitoring and management.</td>
</tr>
<tr>
<td>• Possession of specialist knowledge (e.g. engineering staff)</td>
<td>D: Market players in this box, with low influence on, or importance for the project objectives may require limited monitoring or evaluation, but are of low priority. They are unlikely to be the subject of project activities or management.</td>
</tr>
<tr>
<td>• Negotiating position (strengths in relation to other stakeholders in the intervention)</td>
<td></td>
</tr>
</tbody>
</table>
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Step 4:
Making assumptions and identifying risks in dealing with market players

In the next step, risks that arise from information asymmetry and conflicting interests (principal-agent problem) need to be identified, and assumptions made on how market players will respond to these risks.

The success of an intervention depends partly on the validity of the assumptions made about its various market players, and the risks facing the intervention. Some of these risks will derive from conflicting interests. Planners must therefore identify (and assess the importance of) the most plausible assumptions about each “key” market player; this is necessary if the intervention is to be successful. These market players and assumptions should be entered into the fourth column (Box 5.9 above).

By assessing the importance and influence of key market players (step 3), several risks emerge from the matrix diagram. Risks will generally be evident from those market players in Box C which have high influence, but interests which are not in line with the intervention objectives. These “key” market players may be able to block the project and eventually lead to its failure.

The following questions might help to make assumptions about market players and identify risks:

- What is the role or response of the key market player that must be assumed if the intervention is to be successful?
- Are these roles plausible and realistic?
- Are there negative responses which can be expected, given the interests of the market player?
- If responses occur, what impact would they have on the intervention?
- How probable are these negative responses, and are they major risks?
Step 5: How to get support and reduce opposition

How can you win the support of market players and reduce opposition to interventions? Within the final step, you need to consider how to approach each of the relevant market players.

- What kind of information will they need?
- How important is it to involve market players in the planning and implementation process?
- Are there other groups or individuals that might induce the market player to support your initiative?

It is important to develop a marketing and communication strategy towards market players. In order to implement value chain upgrading strategies you need the cooperation of strong and reliable partners. The ILO Enter-Growth project in Sri Lanka as well as the ILO CEPP project in Madagascar both found that this is a key factor for successfully implementing intervention proposals.51

Note that in value chain interventions, in order to reach the target group (e.g. small scale farmers), it might actually not be necessary to directly involve them in planning and implementation processes, but working together with a significant market player with influence and outreach in the value chain could make more sense. An example of this type of intervention is given below in Section 5.4.1. It is not necessary to always involve all market players, but impact could in fact be achieved by cooperating with market players who have an incentive for change.

51See reports on coir, dairy, floriculture and packaging value chain initiatives at www.entergrowth.com.


5.1.3 Formulating a vision and strategy for sustainable systemic change: the intervention framework

Formulating a strategy for sustainable systemic change that leads to value chain upgrading through Decent Work is not a simple task and requires a degree of experience and awareness of the nature and purpose of interventions. When one has thought about systemic constraints (Section 5.1.1) and the role and incentives of market players in the market system (Section 5.1.2), the solutions are often obvious. But how do we ensure that these solutions also lead to the desired sustainable outcomes? Four considerations lie at the heart of the process of formulating intervention strategies.52
Value chain analysis: developing a vision for sustainable Decent Work outcomes

1. Systemic change leads to value chain development and the realization of Decent Work targets

1. Systemic/institutional change: The ultimate purpose of systemic change is to improve the way value chains function and perform on the market (which can be measured on the basis of the five drivers of value chain development) and thus achieve desired Decent Work outcomes. Systemic change is defined as a “change in the underlying causes of market system performance – typically in the rules and supporting functions – that can bring about more effective, sustainable and inclusive functioning of the market system." The causal chain can be illustrated as shown in the figure below.

Box 5.10: From market system development to value chain development

Adapted from: The Springfield Centre (2008): The M4P operational guide, for DFID and SDC, Durham (UK)

How does the market system need to change to benefit the poor?
The key question therefore is: how does the market system need to change so that it better serves the target group (e.g. the poor)? “Systemic change objectives obviously vary according to the context [...]. Market system change might include:

- Improved delivery of the market’s core functions (e.g. increase in access or participation rates, improved quality or levels of satisfaction)
- Changes in the practices, roles and performance of players and functions in the market system
- Changes in the attitudes of players

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53The Springfield Centre (2008): The M4P operational guide, for DFID and SDC, Durham (UK)
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- Demonstrated dynamism of players (e.g. responsiveness to changed conditions in the system)
- Independent and continuing activity in the system (i.e. the extent to which changes are maintained after direct intervention support has ceased)\(^54\).

Institutions – i.e. supporting functions, formal and informal rules, and core functions – are pivotal to poverty reduction because they have such a strong impact on people’s social and economic livelihoods: “In the social realm institutions can shape the experience of marginalized or excluded groups, determine power relations and people’s access to assets and opportunities, strengthen or undermine resilience. While in the economic realm, institutions can reduce the transactions costs facing producers and other market actors, with profound implications for incomes, economic viability, prices and competitiveness.

In all these contexts strong institutions matter because they influence the underlying incentives and capacity of individuals, groups, and public and private organizations to continue performing important roles.”\(^55\)

For all these reasons and more, interventions for value chain development need to consider the institutional and systemic nature of change in order to achieve sustainable outcomes for Decent Work. When thinking about value chain upgrading strategies we need to think about a) whether strategies are likely to become part of the market system in the long run (as core supporting functions and/or rules) and b) which market players might have an incentive to perform this function.

2. Sustainability means not only maintaining the status quo; it is also about the ability to adapt and innovate in the future

2. **Sustainability:** Sustainability has many different dimensions, for example:\(^56\)

- Environmental sustainability may be said to be achieved when the productivity of life-supporting natural resources (ecological systems) is conserved or enhanced for use by future generations.
- Economic sustainability when market systems are capable of generating incomes and livelihoods for people, and ensuring that relevant, differentiated goods and services continue to be available and accessible.
- Social sustainability when structures, behaviours and networks of relations (the fabric of society) are maintained or continue to evolve in ways which bolster social inclusion, equity and well-being.

\(^{54}\)The Springfield Centre (2008): The M4P operational guide, for DFID and SDC, Durham (UK).
\(^{55}\)Albu, Mike (2008): p.11
\(^{56}\)Quoted from Albu, Mike (2008): p.13
It is very important to note that sustainability in all of these systems is not just about maintaining the status quo without external support. It is about the long-term integrity of dynamic processes, the resilience of the system to shock and stresses, and the capacity to evolve or innovate in response to an inevitably changing external environment.

When formulating intervention strategies for value chain development, we therefore also need to ask ourselves to what extent newly created market functions or rules will be able not only to continue without external support, but also to adapt and innovate in the future.

A simple framework for assessing sustainability

Sustainability requires in particular that development organizations with temporary funding think about exit strategies: is the intervention likely to create a new market function? If so, who will perform this function in the future, and who will pay for it? The who-does-who-pays framework is a very simple but effective way to assess the sustainability of interventions (see also Chapter 7 on monitoring and evaluation). It has been found that NGOs and development organizations with temporary funding often take over key functions in the market (whether as actual providers and/or as financers) and are liable to distort or even destroy markets after exit.

Box 5.11: Who-does-who-pays assessment framework

<table>
<thead>
<tr>
<th>Current situation</th>
<th>Future situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functions</td>
<td>Players</td>
</tr>
<tr>
<td>Who does?</td>
<td>Who pays?</td>
</tr>
<tr>
<td>CORE</td>
<td></td>
</tr>
<tr>
<td>RULES</td>
<td></td>
</tr>
<tr>
<td>SUPPORTING FUNCTIONS</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Functions</td>
<td>Players</td>
</tr>
<tr>
<td>Who will do?</td>
<td>Who will pay?</td>
</tr>
<tr>
<td>CORE</td>
<td></td>
</tr>
<tr>
<td>Rules</td>
<td>SUPPORTING FUNCTIONS</td>
</tr>
</tbody>
</table>

Source: The Springfield Centre (2008): The M4P operational guide, for DFID and SDC, Durham (UK)

3. Achieving impact at scale through strategies that include “pathways to crowding-in” from the outset

3. Impact at scale: If the value chain initiative is conducted by a government or development organization, then the question of impact at scale becomes vital: how can value chain interventions lead to the improvement of as many livelihoods as possible? How can we ensure that the impact does not remain with a pilot project in a limited area but that as many people as possible benefit? Governments, development organizations, the private sector and other groups are working to achieve the UN Millennium Development Goals (MDG), of which the first is to be reached by 2015:
Reducing by half the proportion of people living on less than a dollar a day

Achieving full and productive employment and decent work for all, including women and young people

Reducing by half the proportion of people who suffer from hunger.

If these goals are to be achieved, significant impact on a large scale is required. Impact at scale should not be confused with project outreach, however – the latter meaning the scaling-up of project activities (and subsequently leading to further dependency). **Impact at scale** refers to sustainable systemic change that leads to an improvement of job and income opportunities and the ability to make informed choices for a large number of people – without necessarily extending the project’s outreach. For this, **value chain analysis needs to identify the right levers and market players that can ensure sufficient scale** (see Section 5.1.2).

Achieving impact at scale is also a matter of opening up “pathways to crowding-in”: by this we mean the central process in and purpose of facilitation, through which interventions catalyze or bring in other parts throughout the market system. Crowding-in can result in enhanced breadth (more transactions in the core of a market), depth (supporting functions) or reach (new areas or markets). paths to crowding-in require us to think about how upgrading strategies will benefit a large number of people rather than just a small target group in a predefined geographic area. This again underlines the importance of institutional/systemic change rather than short-term subsidy-style interventions.

**Box 5.12: Pathways to crowding-in**

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57 The Springfield Centre (2008): The M4P operational guide, for DFID and SDC, Durham (UK).
The concept of pathways to crowding-in recognizes

- that interventions are limited in terms of time and resources, and that genuinely sustainable Decent Work outcomes can only be achieved if market functions are undertaken by players who are actually part of the market system;
- the importance of indigenous ownership within the market system. Market systems need to survive and thrive on the basis of the capacity and incentives of market players within the system. Upgrading strategies thus need to be sufficiently innovative to change the status quo but in a way which is consistent with local norms and conditions;
- that large-scale and sustainable action depends on both the breadth of the market (i.e. volume of transactions in the core) and also its depth (i.e. diversity of supporting functions and rules).\(^{58}\)

Intervention strategies should for these reasons allow other market players who are not part of the initial “pilot phase” to crowd-in at a later stage. Interventions need to be formulated as inclusive strategies from the outset – rather than exclusive with selected market players. This needs to be taken into consideration from the outset when upgrading strategies are being devised.

4. The decision to adopt the participatory process needs to distinguish between means and ends

4 Inclusion: the final point for consideration concerns the degree of inclusion (or participation) of market players. To what extent is it necessary to include all market players in the design and implementation process? To formulate the question more provocatively: is it really necessary for the success of an intervention to include the target group (i.e. the poor, women etc.) in the designing and implementation of interventions, or is it sufficient to cooperate with key market players that possess the necessary leverage to achieve impact at scale? The case example under Section 5.3.1 certainly makes a valid point for the latter.

Experiences of the ILO Enter-Growth project in Sri Lanka with value chain steering groups (see Chapter 6) have shown that achieving systemic change in the market system and at the same time ensuring participation of all market players in the designing and implementation of upgrading strategies often causes delays and can disappoint participants if interventions do not show immediate returns (“quick-wins”) and “tangible results”. **Systemic change takes time, and participatory processes risk losing the interest and support of participants.**

This is not to say that dialogue mechanisms in general (such as Social Dialogue between government, employers and workers, or value chain steering groups) are bad - on the contrary! Well-functioning communication and coordination functions are often essential, for example, for reaching sector-wide consensus on a joint competitiveness strategy to position the sector on the world market. However, ends should not be confused with means: participation is only a vehicle for achieving a superior goal – and if this goal can be achieved faster and easier through

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partnership with selected key market players with sufficient leverage power and outreach a participatory process may only delay implementation.

Whether or not to use a participatory process to design and implement interventions is a context-bound decision that needs to be taken already when value chain upgrading strategies are being formulated.

**Box 5.13: Think it through!**

*Value chain development is essentially about enabling the target group to make informed choices on their own.* Remember the value chain grid chart introduced in Chapter 3 – the one that illustrates the various individual market channels within a value chain? Very often development organizations and governments select one particular market channel and take over market functions themselves – e.g. the role of a mediator between buyers and small producers, or they fund the provision of equipment and services directly. A project in Sri Lanka has, for example, paid a large amount of money to one of the biggest export firms in the country to train 120 farmers in tomato, gherkin and pineapple production and provide them with the necessary equipment.

But does this really help small producers? What about the thousands of other small producers that have not had the privilege of being selected for a subsidy scheme? What about the crowding-in strategy? What happens if suddenly all the other farmers also start producing tomatoes, gherkins and pineapples? Will they be less poor then? What about the market for input supply that has been replaced by direct subsidies or the provision of equipment? What about the resilience of the service markets that provide training?

Again, value chain development is not about making choices FOR the target group, but it is about **ENABLING informed choices; giving people the liberty to decide for themselves within a market system that responds to their needs and aspirations.** This is why systemic/institutional change is so important. We do not want to make people dependent on aid; we want to take them more seriously as active market players. It is not up to us to decide for the poor and disadvantaged which of the market channels in our grid chart they need to access. The value chain grid chart reminds us, however, that there are several options for our target groups to choose from, and with a good value chain upgrading strategy we can facilitate this choice sustainably.

**How to find upgrading solutions in actual practice**

*This all sounds fine, but how do I find value chain upgrading solutions in actual practice?* As was mentioned at the beginning of this section, the task of finding value chain upgrading strategies for Decent Work is not a simple one. Experiences with ILO value chain initiatives in Sri Lanka, Madagascar and elsewhere have shown that the process of designing upgrading strategies usually consists of several steps in which the strategies are refined in negotiations between relevant market players and possible participatory processes.
Step 1:

Brainstorming upgrading solutions and formulating initial action plan (team work)

Within the format of an evaluation workshop – having determined systemic constraints and understood the role and incentives of market players – team members (i.e. core and support teams – see Chapter 2) should brainstorm on possible solutions. This should also be based on what they have found in interviews and focus group discussions with market players during the value chain research. A few tips:

- Group similar constraints (and opportunities) and brainstorm solutions for each category individually.
- The constraints can also be prioritized by using a simple voting system before brainstorming on solutions. When doing so, you should prioritize according to your findings in the value chain research.
- Use cards for this exercise. Distribute cards and ask each member to write down their ideas and suggestions on the cards. Collect these cards and pin them to a board; group the cards and ask your team members to prioritize.
- Discuss the findings of the brainstorming session in order to clarify the proposals made.

The findings of the group brainstorming session can be filled into a simple action plan matrix:

Box 5.14: Action plan matrix

<table>
<thead>
<tr>
<th>Functions</th>
<th>Systemic constraints</th>
<th>Upgrading proposal</th>
<th>Specific activities</th>
<th>Suggested market player</th>
<th>Expected outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value chain (core)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supporting functions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rules</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Step 2: Consultation with market players and target groups; prioritization of interventions

What do relevant market players think of your proposals? What does the target group think? Various participatory approaches can be used to present your findings and proposals and get feedback in order to further refine them. For example:

- a presentation event to which all market players are invited. At this presentation event you could present your findings and proposals and give participants the opportunity to express their views on them, make additional suggestions and come up with ideas on the way forward.

- a value chain steering group could be elected (see Chapter 6.2), which would meet to prioritize intervention proposals, provide ideas on specific activities for their implementation and advise and support the team in the implementation.

- Follow-up meetings and workshops with specific market players to discuss their feedback and also follow-up activities to implement proposals.

These points have been implemented in this order in ILO projects in Sri Lanka and Madagascar, which both use a participatory and local approach to value chain development. However, keep in mind the risks of processes with overemphasis on participation mentioned above. For further details see Herr, Matthias (2008): Local value chain development – an operational guide, International Labour Organization, Enterprise for Pro-Poor Growth project, Colombo, Sri Lanka (available from www.enter-growth.com).

Step 3: Refining upgrading solutions and formulating detailed intervention framework (expert driven)

Value chain initiatives that rely entirely on a participatory approach will almost certainly fail to generate upgrading strategies that address underlying systemic causes. Small producers and other target groups usually cannot see beyond their immediate needs due to information asymmetry. This information gap can be bridged, however, by development organizations, governments and private sector organizations which have capacities and have knowledge of value chain and market system development.

From a certain point onwards, it will therefore be necessary to take intervention proposals and revise them in the light of the above-mentioned four criteria. The project manager does not need to do this on his/her own; the core team (see Chapter 2.1.1) can work on it together. An intervention framework such as the one below in Box 5.14 is a useful format for bringing interventions into a comprehensive format. This can also be done in consultation with a value chain steering group (see Chapter 6.2). The intervention framework will at the same time provide the basis for a monitoring and evaluation system (see Chapter 7).
Step 4:

Adaptation during implementation

It is important to bear in mind that interventions are seldom written in stone once they have been put into an intervention framework. Just as market realities frequently change and require market players to adapt, value chain interventions also need to be able to adapt and react flexibly. In the worst case, intervention strategies need to be abandoned rather than forcefully implemented (e.g. where none of the market players is willing to take over a new market function and thus guarantee sustainability).

Successful value chain interventions have shown that strategies need to change with the market system they are trying to form. Project documents for development programmes should therefore allow project managers a degree of flexibility which even allows them to pull out of a sector completely and reorient resources towards other sectors that are more promising for income and employment creation (or in general: Decent Work outcomes).

Possible issues and answers in value chain development

To facilitate thinking about value chain strategies, the following table summarizes some typical issues and possible answers. This should not be seen as an exhaustive list, however, but as stimulation. Section 5.2 also provides case examples that also fulfil this purpose and hopefully give you an idea of what Value Chain Development for Decent Work can look like.
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5.1.4 Defining sustainable outcomes and indicators for monitoring

Strategy design lays the foundation for monitoring and evaluation

Without going into too much detail here, it should be mentioned that the design of value chain upgrading strategies is directly connected to the monitoring and evaluation of Decent Work outcomes. When formulating upgrading strategies, thought must thus be devoted to the following questions:

- What are the desired Decent Work outcomes of your value chain upgrading strategy?
- How will interventions lead to value chain development in terms of the five drivers?
- How does the market system need to change to lead to these desired outcomes?
- What kind of indicators are necessary to measure a) short-term outcomes and b) long-term impact?

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**Box 5.16: Exercise on typical issues in value chain development and solutions. Complete the table.**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Description</th>
<th>Possible answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linkages</td>
<td>Linkages between (informal) and main stream economy</td>
<td></td>
</tr>
<tr>
<td>Formal/informal divide</td>
<td>Formalization of relationships (contracts, sub-contracting, micro franchising)</td>
<td>Micro franchising, sub-contracting agreements,</td>
</tr>
<tr>
<td>Voice and participation</td>
<td>Voice and participation (system integrators)</td>
<td></td>
</tr>
<tr>
<td>Communication and learning</td>
<td>Communication – information-sharing along the chain</td>
<td></td>
</tr>
<tr>
<td>Market requirements</td>
<td>Standards, certifications and formal/legal norms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Working conditions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fair trade</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Access to knowledge and information (also media)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business development services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Promoting embedded services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social dialogue and other public-private partnership mechanisms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Market research, information and development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Technology transfer (esp. to rural areas)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Value addition</td>
<td></td>
</tr>
</tbody>
</table>
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- How can you ensure that these indicators are directly attributable to your intervention (causality)?
- How exactly can you measure these indicators?
- Etc.

*Chapter 7* provides detailed information on how to select indicators to measure Decent Work outcomes. The chapter also provides guidance on how to monitor and evaluate these indicators.

**Box 5.17: Evolution of indicators for value chain development for Decent Work.**

5.1.5 Key reading material on the analytical framework

**Recommended literature on business services in value chains**

The M4P approach had significant influence on developing the ILO’s approach to value chain development in Sri Lanka, Madagascar and Vietnam. Elements of the M4P approach were already adapted to the ILO Local-VCD operational guide60 in Sri Lanka after a strategic review conducted by Rob Hitchins of The Springfield Centre. The following two documents contain the essence of the M4P approach:

- **DFID/SDC (2008):** A synthesis of the Making Market Work for Poor (M4P) approach, for DFID and SDC, Durham (UK)
- **DFID/SDC (2008):** The M4P operational guide, for DFID and SDC, Durham (UK).

Both documents are available from www.m4pnetwork.org.

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5.2 Supporting and strengthening embedded services

5.2.1 Case Study: Bringing knowledge and skills to rural vegetable farmers: strengthening embedded services

An example from the Katalyst project in Bangladesh
The following example from Bangladesh is meanwhile widely used as an example of how to develop and utilize embedded services in value chains for bringing knowledge and information to small producers in rural areas. It further shows how development agencies can cooperate with private sector companies (i.e. lead firms) without becoming part of the market system, but ensuring that development goals are still achieved. The text is largely quoted from project sources61 (shaded in red).

The vegetable sector
The performance of Bangladesh’s important vegetable sector is undermined by very low productivity. Early evidence from this 2-year pilot project in Rangpur suggests that improving knowledge and information services embedded within the supply chain offers one means of addressing this problem. Focusing on training retailers of agricultural inputs, the results of the project - instigated by KATALYST in collaboration with Syngenta, an input supplier - hold the promise of improvements in the competitiveness and poverty-reducing benefits of the sector.

The project followed a market development approach
In undertaking the project, KATALYST followed its market development approach to business services characterized by:

- **Identification of the underlying cause**: low levels of knowledge and information in the market (a key cause of poor productivity) can be attributed to weak private sector capacities.
- **A clear strategic focus**: developing the capacities of retailers - with whom farmers interact regularly? and input suppliers (retailers’ main source of information) within the market system was therefore the main project goal
- **Operational flexibility**: within these strategic boundaries, engaging with appropriate players in an entrepreneurial manner that builds ownership with them. Indeed, the idea of retailer training emerged from such discussions.
- **Scaling up with other players**: in order to promote change throughout the market system, encouraging other input providers to invest in knowledge and information.

Cooperation with a lead supply company
Under KATALYST’s agreement with Syngenta, costs were shared for the development and delivery of a 3-day residential training programme for retailers on a range of generic and product-specific issues, reflecting both wider development as well as narrow commercial goals. In addition, KATALYST made significant technical inputs regarding training content and process. However, the organization and delivery of training - the main part of the project - was managed directly by Syngenta.

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61See the KATALYST project website: www.kaatalystbd.com
480 retailers, accounting for 20% of all Rangpur retailers and serving approximately 200,000-350,000 farmers, were trained over the 2-year period. Taking account of both direct financial costs and staff time, overall cost per (retailer) trainee was $90-100, the effective Syngenta: KATALYST share of costs being estimated at around 60:40.

The benefits of cooperation
Early results from the project show positive impacts on each of the market players:

- **Farmers’** perception of their experience with retailers’ service has improved.
- **Retailers** have greater self-confidence, place more emphasis on advice and information, have better customer relations and, in most cases, increased sales.
- **Syngenta’s** sales have grown 3-4 times faster than in other regions. The strategic importance of knowledge and information in the supply-chain has been re-emphasized. Syngenta is planning to invest in retailer training throughout the country.
- **Other input suppliers**, who have often lost out competitively in the short term, are now showing positive signs of interest in retailer training. This is the critical issue – “crowding in” - in determining wider market change.

The case highlights the importance of knowledge and information in improving agricultural performance? and the opportunity this presents – and poses challenges for agencies as to how to intervene effectively to stimulate more effective and large-scale market development.

The project started by trying to identify the most relevant information sources for farmers

**Why did KATALYST decide to work with supply industries?**

A number of potential sources of information related to productivity became evident from a combination of consumer research surveys, interviews and document analysis:

1. **Farmers**: farmers like to go to other farmers for information. Over one-third (figure 3) say that this is their preferred source and certainly within every farming community, there are respected “lead” farmers available locally, who are perceived to be practical. Advice offered here is in the context of wider social relationships and structures. However, progressive and influential farmers still need to be able to access new information (on new approaches, products, etc), raising the question of where this can be sourced.

2. **Retailers**: along with farmers, the main and most regularly used source of information is retailers. Retailers are, typically, independent owner-managed small businesses, located in simple shop premises in rural villages and towns. Typically, they sell a combination of fertilizers, pesticides and seeds (and often other non-agricultural household items as well) and information is offered as a service *embedded* within these commercial transactions as a means of adding value to customer relationships. They are likely to stock the products of a number of input suppliers, although sometimes favouring one supplier over another.
Some are sole stockists for one company. Retailers have a number of features as sources of knowledge and information:

- They are used widely and regularly. Like farmers, their closeness to and frequent interaction with farmers offers a real opportunity for influence.
- 60% of farmers going to a retailer do so in search of a solution to a farming problem rather than to buy a specific product (or brand) ......
- ...... yet, despite this, most retailers undervalue the importance of the embedded information service they provide to farmers. They are often reactive in their approach to customers, don’t know how to deal with them positively and lack technical knowledge. More commonly they see themselves as sellers of products rather than providers of solutions. ......
- ...... and they have a “mixed” record and image with farmers. While survey data indicates that a reasonable proportion of farmers regard retailer advice favourably, tales of retailer “cheating”, product adulteration and wrong advice are widespread in farming communities.

Reliance on input suppliers for information: input suppliers give retailers a variety of promotional material on their product, and retailers’ opinions are formed to a considerable extent by the that material and by their experience with those products. There is certainly no independent “neutral” view to guide them.
3. **Input supply companies**: these fall into three main categories – seed, fertilizer and pesticide suppliers (with some overlap between them). The seed supply sector is the most disparate sector, where a vast array of informal suppliers, NGOs and large emerging parastatal corporate ventures co-exist. Pesticide suppliers, on the other hand, totalling around 8-10 main players, are relatively large-scale firms, both Bangladeshi and multinational, with the latter predominating. While input suppliers do occasionally organize product demonstrations for farmers direct, their route to their final consumers is mainly through retailers.

4. **Government extension officers**: the role of the Department of Agricultural Extension (DAE) is to advise farmers direct and to organize fairs to bring different actors together. In Rangpur there are believed to be around 200-300 block supervisors (i.e. officers with responsibility for a particular “block” of land). Although most farmers are aware of the government extension service and respect block supervisors’ technical knowledge, few are regular users of their services. The main beneficiaries tend to be larger farmers. This level of weak outreach and impact comes after a long history of substantial donor support. Many donors have concluded that the DAE cannot be an effective deliverer of knowledge and information due to its ingrained incentives and culture.

5. **NGOs**: like many parts of Bangladesh, there is an extensive NGO presence in rural Rangpur. They work with groups of low-income “beneficiaries/clients” and provide a range of advisory and more tangible (seed) support. Their coverage is limited and they depend on further external funding for their continuance.

6. **Media**: beyond these sources, farmers may also gather relevant information from the wider media. However, newspapers are not widely read, and while they contain relevant advertisements there are few user-friendly articles on vegetable production. Similarly, radio and television coverage is poor and programme content is of limited relevance.

### Further reading on the case

Value chain analysis: developing a vision for sustainable Decent Work outcomes

5.2.2 Business membership organizations as “system integrators”

Business membership organizations address key constraints in value chains

The term ‘business membership organization’ is used here to describe organizations such as cooperatives or small producer associations. It refers in particular to sector-specific organizations such as associations of dairy farmers. Business membership organizations address key constraints often found in value chains (i.e. transactions between businesses) and the policy and regulatory environment due to lack of organization:

- **Bargaining power**: low prices for products – high prices for inputs; individual SMEs find it hard to bargain for better deals, as suppliers and buyers face high delivery/collection costs.

- **Mistrust and unequal relationships**: between buyers and sellers either because there are no communication and coordination channels or because such channels are not working well.

- **Dependency on intermediaries**: buyers and suppliers rely on intermediaries in order to achieve the necessary bulk and to dilute risks.

- **Information gaps** (concerning quality requirements, new technology, etc.) resulting from the lack of communication channels enabling effective flow of information along the value chain. SMEs thus lack essential market information.

- **Lack of recognition**: SMEs in particular have no means of expressing their interests and concerns to policy-makers and authorities.

It is important for all players in a value chain to understand that these constraints affect the overall performance and competitiveness of a sector. One weak link in the chain often results in other levels – including large companies – facing severe problems such as supply shortage, lack of quality, lost markets for products and services, etc. Strong business membership organizations are therefore a means of overcoming these constraints.

Business membership organizations as system integrators in value chains

Business membership organizations address the common interests of their members that go beyond individual competition between member businesses. Taking our market system model from Box 5.5 above, business membership organizations can be seen to address two dimensions of the market system:

1. **Core transactions in the value chain (market dimension)**: in terms of the five drivers of value chain development, business membership organizations can be instrumental in increasing the efficiency of operations between businesses along the chain, communicating strategies and information relevant to product quality and market requirements, etc. Most importantly, they can achieve economies of scale through collective bargaining – thus ensuring a better deal for members as well as making markets accessible to suppliers and buyers. Business membership organizations can therefore act as linkage points to buyers and suppliers in the chain.
2. **Communication and interaction with relevant supporting organizations (policy dimension):** rules and regulations, institutions such as training and standards and other supporting functions in the market system are often controlled by formal public and private organizations. Business membership organizations therefore give SMEs a chance to participate in decision-making processes that affect the particular sector. They also help to enforce new regulations, etc. - i.e. translating information from the policy level to members.

These two dimensions can be illustrated as follows:

*Box 5.18: Business membership organizations as “system integrators”*

**Supporting functions that can be performed by business membership organizations**
Some of the market functions that business membership organizations can perform:

- Setting formal/informal rules and regulations for quality and business conduct of members
- Representation and lobbying to decision-makers, development organizations and other (larger) market players
- Collective bargaining with suppliers and buyers
- Effective management of joint resources (e.g. internal collection and quality control system, jointly used machines and equipment, etc.)
- Dissemination of information on market requirements, demand conditions, new products and technology, laws and standards, etc.
- Additional services to members (e.g. training, loans, information events, exhibitions, joint marketing, branding etc.).
Value chain analysis: developing a vision for sustainable Decent Work outcomes

5.2.3 Implementing International Labour Standards along the value chain

International Labour Standards are gaining increasing importance as consumers, media, governments, and rights groups are demanding higher social and environmental standards along the supply and retail chains of multinational companies. The costs associated with damage to image through negative campaigning that exposes violations of labour standards are putting multinational companies under enormous pressure to react. Corporate Social Responsibility strategies have been implemented in most companies in response.

However, given the complexity of value chain systems, lead firms often find it difficult to control supply and retail chains - especially where many anonymous small enterprises are involved. Product traceability is essential not only for controlling product quality, but also for ensuring that CSR standards (or codes of conduct) are implemented along the chain. The following example of the Ethical Tea Partnership shows that large private sector initiatives are increasingly investing resources in upgrading labour standards along their supply (or marketing) chains.\(^{62}\)

**ETP is a private sector non-commercial initiative**
The Ethical Tea Partnership (ETP) is a non-commercial and non-competitive alliance of tea packing companies, working to monitor conditions of tea production around the world and to seek and encourage improvement where needed. ETP is entirely funded by its members, who together invest over US$3.2 million a year in the organization and its work. The 22 members of the ETP range from large multinationals to small privately owned companies. Over 50 brands, fully packed and blended by our members, are included in this initiative.

\(^{62}\) Largely quoted from www.ethicalteapartnership.org.

Further reading on system integrators and business membership organizations

Lamotte, David and Herr, Matthias (2005): Challenges and opportunities for giving voice and participation to entrepreneurs in business environment reforms, International Labour Office, EMP/ENTERPRISE Department, Geneva (Switzerland).

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Lamotte, David and Herr, Matthias (2005): Challenges and opportunities for giving voice and participation to entrepreneurs in business environment reforms, International Labour Office, EMP/ENTERPRISE Department, Geneva (Switzerland).
ILO Labour standards are at the heart of ETP’s codes of conduct

Many tea producers already recognize that social responsibility is good business practice and are actively committed to ensure the right standard of living and working life on their estates. However, challenges remain. The long-term aim is to demonstrate that everything the tea ETP members buy is produced in a socially responsible way. Working in close partnership with tea producers ensures that problems can be targeted and issues resolved.

At the core of ETP is the independent monitoring carried out by a global network of independent monitors who check living and working standards on tea estates (in collaboration with PricewaterhouseCoopers). They look at six key areas of estate life: Employment (including minimum age and wage levels), Education, Maternity, Health & Safety, Housing and some areas of Basic Rights. ETP has recently revised its monitoring system and developed a new Standard which provides robust provisions in all key areas of labour practices in the tea industry and is based on the Ethical Trading Initiative (ETI) Base Code, which is itself drawn from ILO Conventions. Monitoring to the new standard will shortly be rolled out in all the countries in which ETP is active.

Codes of conduct are implemented through an independent monitoring system

ETP monitoring is free to all estates which take part. ETP is unique in this respect as no other initiative offers free monitoring to producers.

ETP is also developing a network of Regional Managers who are able to represent the in-country initiative and manage and coordinate relationships with producers and other key stakeholders locally. They now have Regional Managers in East Africa, Sri Lanka and the Far East and plan to recruit additional representatives in other key tea producing regions. The ETP also aims to champion the whole issue of the ethical trading of tea with tea producers, consumers and all of its other stakeholders, through a real dialogue and open exchange of ideas.

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**Box 5.19: Members of the Ethical Tea Partnership**

Value chain analysis: developing a vision for sustainable Decent Work outcomes

Codes of conduct affect all levels in the supply chain - including smallholder farmers

The tea value chain
It starts with the grower. Tea may be grown by:

- a tea estate, which will have a garden or a number of gardens. The estate will have a factory unit for processing the raw leaf and putting it into sacks or chests. ETP currently monitors 1,200 estates, which supply their members in seven tea producing countries. Tea produced on an estate is given a ‘selling mark’, which identifies the estate and country where the tea was produced. Sacks or chests of tea that leave the estate will carry the selling mark. When ETP monitors an estate they check correspondence between the estate and the selling marks it produces.

- an outgrower, who will usually have more land available - perhaps 10 hectares or more - and a regular arrangement to supply a factory unit. Outgrowers usually employ people outside the family circle to pick the tea. ETP plans to eventually include outgrowers in their monitoring, but they are not included at the present time.

- a smallholder, often a family, who will usually have a small amount of land dedicated to growing produce, including tea. Smallholders supply their tea to a factory. They are not currently part of the Ethical Tea Partnership scheme. ETP has been working with other members of the Ethical Trading Initiative to understand the issues and help devise guidelines. These guidelines have now been published and ETP is looking at how they can develop them into a practical tool.

This tea is then sold to the tea packing company, either direct, through an auction, or via an agent or broker. The tea packing company produces brands of tea that are sold to the retailer and to the consumer.

Box 5.20: Tea value chain

ETP member countries

Source: www.ethicalteapartnership.org
Value chain analysis: developing a vision for sustainable Decent Work outcomes

First signs of improvement: Improvement Actions on Tea Estates

As a result of ETP’s monitoring and tracking of remedial work, the organization logged over 400 improvement actions in 2006.

Over 270 of these were in Health & Safety, for example, improvements in general workplace conditions (including dust removal, lighting); fire safety; protective clothing; first aid availability and provision; hygiene (including drinking water, latrines, refuse disposal); worker accommodation (including painting, electricity, toilets) and in the provision of crèches, including milk/food provisions, toys, hammocks, etc.

The balance covered employment issues such as improvements in record-keeping; provision of medical examinations; ensuring that hours were kept within legal limits; ensuring that overtime was correctly calculated and paid in a timely manner; calculation and payment of maternity benefits, housing allowances and sick leave.

In a number of instances information on workers’ rights is now being prominently displayed on estates and plantations and correct disciplinary/grievance procedures are now in place.

Further reading

• Ethical Trading Initiative: www.ethicaltrade.org
• The Ethical Tea Partnership: www.ethicalteapartnership.org

5.2.4 Market requirements and quality standards: preconditions for market access

Compliance with market requirements and demand conditions is essential for job and income creation

As markets become more globally interconnected, market requirements and demand conditions play an increasingly important role and small enterprises are also having to adopt them as part of global value chains. Failure to comply with market requirements and demand conditions can result in loss of markets to competitors, resulting in turn in fewer employment and income opportunities.

By market requirements, we mean the formal and informal rules set by the industry or public agencies. These could be specific health laws and regulations for the food industry (e.g. HACCP), formal quality standards (such as ISO norms, GAP, etc.), customer requirements in terms of quantity and product specifications, normed designs, copyrights, etc.

By demand conditions we refer to changing patterns in consumer demand. In the fashion industry, for example, these would be seasonal changes in designs but also changes in taste. They could also be social and environmental norms (e.g. fair trade and organic food) required by end consumers.
Value chain analysis: developing a vision for sustainable Decent Work outcomes

If SMEs in emerging markets fail to meet market requirements and demand conditions, their access to high value markets will remain restricted, and opportunities for creating jobs and income will be lost. It is therefore imperative that information on market requirements and demand conditions should also reach the smallest businesses in the value chain. The following example from the toy industry in China illustrates the huge economic costs for the overall value chain caused by non-compliance with market requirements on the part of several medium-sized and anonymous suppliers.

Box 5.21: Why quality standards matter for employment and income creation – From an article in ‘The Economist’: China’s toxic toymakers, Aug 16th 2007

Until a brief notice appeared in China’s state-run People’s Daily on August 14th announcing that Zhang Shuhong had hanged himself, almost no one had ever heard of him. The Economist could not find a picture of him. Even in Foshan, a manufacturing centre in southern China, where he owned part of a factory that produced dolls for Mattel, a big American toy-maker, he was an obscure figure.

That is not unusual. There are legions of equally faceless sub-contractors, who are collectively responsible for much of the astonishing growth in Chinese exports. But when Mattel announced a recall of the flawed toys Mr Zhang had made, and especially after he took his own life in response, he became one of China’s most famous businessmen—and the embodiment of all the world’s misgivings about what comes out of its factories.

The same day that he died, Mattel recalled 436,000 cars daubed with lead-based paint and more than 18m toys containing small magnets which could come loose and be swallowed by children, with dire medical consequences. The recall was Mattel’s second of the month. Earlier, the company’s Fisher-Price unit had found lead paint on its toys, at least some of which came from Mr Zhang’s factory. All of the flawed items were made in China, where 65% of Mattel’s products are sourced. The first recall will cost the firm about $30m, and the second might prove more expensive still.

The consequences might have been even worse, were it not for the fact that Mattel is hardly the only company to have been caught selling sub-standard Chinese goods of late. Pet food, lorry tyres and toothpaste have all suffered recent product recalls. Nokia has just warned that some of its mobile-phone batteries made in China are prone to overheating, although the factory at fault belonged to Japan’s Matsushita.

Some of America’s more populist politicians are taking this list as proof that anonymous Chinese sub-contractors are not to be trusted, that America needs much more elaborate safeguards against tainted goods and that firms that had outsourced manufacturing to faraway lands would have done better to keep their factories closer to home. Charles Schumer, a tub-thumping senator from New York, has called for the creation of an “import tsar” to police foreign goods.
No doubt many importers will examine their supply chains more carefully, if only for fear that they will be sued by customers who have bought poisonous furniture or explosive mobile telephones, and shunned by others who hear about such fiascos. This sudden scrutiny will probably bring other scandals to light. Mr Zhang’s problems, after all, appear to have stemmed from the contaminated paint he bought from another, as yet unidentified, local industrialist. On the assumption that Mr Zhang was not the local industrialist’s only customer, there must be other firms that have not yet disclosed their own shortcomings, or are not yet aware of them.

There are several ironies in this. One is that in China it is often said that sub-contractors making electronics or trainers or toys are not the worst violators when it comes to safety and labour standards. Their products are typically bought by big firms like Mattel, and the order is large enough for the purchaser to set standards and carry out regular inspections. Smaller foreign firms ordering smaller lots, in luxury goods for example, have a far weaker negotiating position.

Monitoring contract manufacturers from abroad is not easy. Visits to factories are hard to arrange, are often cancelled, and, when they do occur, are sometimes elaborately stage-managed. Reporters are particularly unwelcome, but even customers do not always know what is going on. Mattel, for example, had done business with Mr Zhang for 15 years.

The other irony is that, broadly speaking, quality is improving (something that worries the Japanese). The Chinese authorities are aware of and embarrassed by the recent string of scare stories, and are anxious to revive China’s faltering reputation. They have started a high-profile campaign to raise standards and punish slapdash manufacturers.

Getting to know you

What Chinese manufacturing lacks is not so much quality control as accountability. Foreign firms feel obliged to use contractors like Mr Zhang to cope with capricious and corrupt local officials, and the arbitrary justice they mete out. Yet firms like Mr Zhang’s are inscrutable and transient, with no brand or reputation to speak of. When Japan was industrializing, ambitious companies did some contract manufacturing, but they also worked hard to build their own brands, as Matsushita did with Panasonic. In South Korea Samsung has prospered by keeping both production and marketing in house. Yet in China, firms like Mr Zhang’s eschew their own brands and keep a low profile in order to win contracts from several competing foreign firms.

Until now, this anonymous arrangement suited both the contractors and their clients. It would undermine the brands that Adidas, Puma and Nike have spent so much to promote if their customers knew that a Taiwanese contractor called Yue Yuen produced shoes for all of them in China. Likewise, Hewlett Packard, Dell and Apple do not advertise that they all make use of a firm called Hon Hai. Conversely, it is only by keeping the lowest of low profiles that the likes of Yue Yuen and Hon Hai can sell to several competitors.

But this whole system might founder on the question of quality control. To distinguish themselves from their dodgier rivals, Chinese contractors will have to become better known. In that sense, the suicide of a faceless figure like Mr Zhang, and the furore it has prompted, might prove the death-knell of all China’s anonymous industrialists.

5.3 Documentation and presentation

Publications of value chain research and analysis need to consider the purpose

There is one rule that the documentation of value chain research and analysis should always follow, and that is:

**Form follows function!**

Whether you publish your findings in an extensive research paper, summarize them in illustrative booklets or brochures, make flashy PowerPoint presentations or just fill out data sheets for internal use depends on the purpose of the value chain initiative. Often short, easy-to-read and informative publications have proved to be more effective in reaching a wide target audience than long research papers (i.e. value chain analysis and research as described in this guide is not done out of academic interest!). However, findings do not necessarily need to be published: value chain research and analysis can also be used as a means of making strategic planning decisions within a project.

Some questions to ask yourself before publishing

Before you plan to publish your findings, think about the following questions:

- What is the purpose of the value chain analysis?
- Does this purpose require you to publish your findings?
- If so, who would be the intended target audience?
- What further action do you expect to result from the publication?
- Which form of publication would best suit your purpose?

The following box provides different examples of publications on value chain initiatives:
Value chain analysis: developing a vision for sustainable Decent Work outcomes

Extensive value chain studies for technical experts:


Somewhere in between:


Short and easy-to-read publications for broader audience (result of participatory approach):

- **ILO (2008):** Developing the packaging sector in North-Western and North Central Provinces – value chain development for more competitiveness and decent work, International Labour Organization, Enterprise for Pro-Poor Growth project, Colombo (Sri Lanka).

- **ILO (2008):** Developing the floriculture sector in North-Western and North-Central Provinces – value chain development for more competitiveness and decent work, International Labour Organization, Enterprise for Pro-Poor Growth project, Colombo (Sri Lanka).

- **ILO (2008):** Developing the dairy sector in North-Western and North-Central Provinces – value chain development for more competitiveness and decent work, International Labour Organization, Enterprise for Pro-Poor Growth project, Colombo (Sri Lanka).

- **ILO (2008):** Developing the coir sector in North-Western Province – value chain development for more competitiveness and decent work, International Labour Organization, Enterprise for Pro-Poor Growth project, Colombo (Sri Lanka).

Value chain initiatives do not always have to result in publications, but rather produce a number of presentations. For example

- ILO CEPP project in Madagascar
- ILO in Ethiopia: Women weavers Ethiopia
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5.4 Further reading on value chain analysis and upgrading strategies for value chain development

Case examples:
- ILO Enter-Growth: Coir, floriculture, dairy and packaging
- ILO BDS Zambia: Dairy and Jatropha
- ILO Madagascar: Embroidery
- ILO Ethiopia: Women weavers
- ILO India: Moradabad brassware sector
- Katalyst (Swiss Contact): Vegetable sector, pond fish and maize

Useful resources on strategy formulation

All three papers are available from www.springfieldcentre.com.

  - Module 3: Determining the value chain upgrading strategy
  - Module 4: Facilitating the chain development process
  - Module 5: Strengthening private business linkages
  - Module 6: Engaging in public-private partnership
  - Module 7: Strengthening services in value chains
  - Module 8: Financing value chains
  - Module 9: Introducing social, ecological and product quality standards,
  - Module 10: Improving the business environment of value chains
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• **DFID/SDC (2008):** Three documents on the “Making Markets Work for the Poor” (M4P) approach, available from www.m4pnetwork.org:
  • The M4P operational guide
  • A synthesis of the M4P approach
  • Perspectives on the M4P approach, particularly the following chapters are of interest:
    ○ Labour market
    ○ Political markets
    ○ Land markets
    ○ Economic markets