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Value Chains in Rural Development – Gerzensee Workshop 11. January 2007

Value Chains in Rural Development – Insights from an online debate

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The SDC Focal Point for Rural Development

A platform for information, exchange and learning



Welcome to the SDC House of Rural Development



This house is the web platform of the SDC Focal Point for Rural Development.

Like the theme of rural development, the house is complex and diverse. Here the threads of rural development within SDC and its partners are gathered.

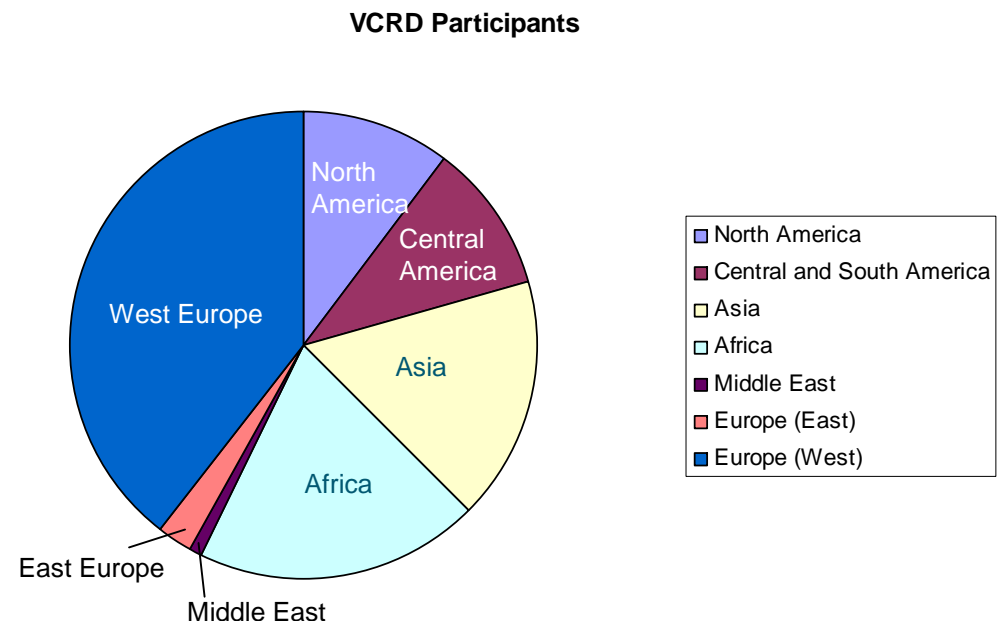
To get to know more about the House and the Focal Point for Rural Development enter by clicking on the picture.

www.sdc-ruraldevelopment.ch



Community of Practice on Value Chains in Rural Development

- Initiated in 2004
- 9 debate cycles
- 120 participants from 33 countries
- NGOs, Private Companies, Bilateral Agencies (= 80 %)
- To encourage a constructive exchange among practitioners and conceptualists
- To explore together how to improve our own competence





Nine different debate cycles

1. How to analyse value chains
2. How to identify leverage points for interventions by development organisations
3. Donor interventions in value chain development
4. Value chains and poverty reduction
5. Embedded services and other services in value chain development
6. Enabling business environment for value chain development
7. Public private partnership in value chains for rural development
8. Information and communication services for value chain development
9. From a strategic action plan to result and impact monitoring



Should development agencies get involved?

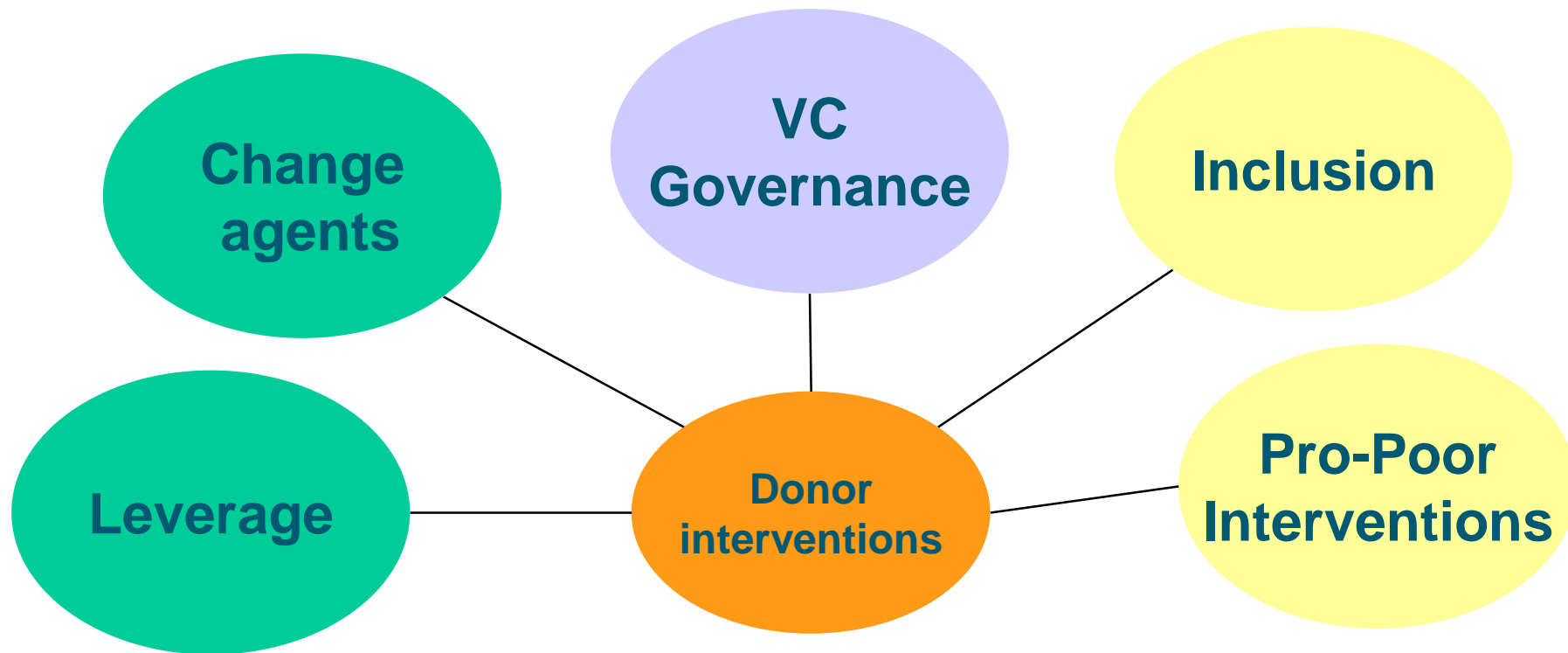
Value chains are based on commercial relationships.

Reasons for getting involved as a development agency and not leaving 'business to business' in all cases:

1. Some people are left out of VC - exclusion
2. It is about the ROLE you play in a VC - inclusion
3. Some VCs are stuck with low income possibilities
4. The upgrading of entire chains allows to contribute to 'development goals'



Practical issues regarding development agency interventions





Value Chain Development is driven by change agents

- The poorest or most marginalized people are not the engine of VC development
- VC development is usually done through entrepreneurs, business companies or associations
- Development agencies should concentrate on most promising (non-poor) change agents for VC development
- With other words: VCRD only for poor people with an enterprising mind...(?)



Leverage is key for development agencies

- Key systemic changes to reach a large number of people
- Too many efforts still work on big changes for relatively few poor people (support of a single cooperative, organic, fair trade)
- Cost – benefit calculations should also be used in development interventions
- Large lead firms or market intermediaries should not be considered enemies of the poor, but interesting entry points for VCD



A key issue: Value Chain Governance

- VC outsiders can create a space for fruitful interaction, but the action has to be done by VC actors
- Facilitation through ‘neutral’ outsiders is accepted and often needed
- Aiming at win-win situations is not a ‘natural’ behaviour and needs special attention from the facilitator
- Cheating can be an important reason for the malfunctioning or non-functioning of a value chain
- Development agencies can play a role in dismantling these bad habits, but it is better solved by the business partners
- Facilitation can be a commercial business!



Basic rules for intervention from development agencies

- Only intervene where you can add real value
- Support change agents
- Do not sabotage the emergence of commercial enterprises
- The development agency represents the public interest
- Pro-poor and poverty reduction are public interests
- Seek collaboration with the private sector



More information about the debate & SDC initiatives:

■ Websites:

- www.sdc-valuechains.ch
- www.linkinglearners.net/valuechains
- www.sdc-ruraldevelopment.ch

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Thank you.

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