SNV Ethiopia’s Value Chain Development Program

Support to Business Organisations and their Access to Markets (BOAM)

Partners/Financed by:
- Embassy of the Kingdom of the Netherlands (2005 – 2011)
- Irish Aid (2006 – 2009)
- SNV Core Budget (2005 – 2011)

Addis Ababa, March 10, 2011
Connecting People's Capacities
SNV’s BOAM Programme: Main Development Objective

“To introduce innovative approaches that aim to improve business to business relations in selected value chains, and scale up where possible. Working in the pro-poor context means that if the program succeeds in showing clear-cut results based on improves vertical linkages in value chains, small farmers in Ethiopia will be include to adapt theirs production and arrange for more profitable market outlets for their produce.” 

EKN, May 2008
SNV Ethiopia’s Value Chain Development Approach

Strategy: Demand Driven Value Chain Development

Inputs → Farmer → Producer → Coop → Processor → Retailer → Consumer Market

Reliable Outlets
Market Intelligence
Embedded Services
Finance facilities

Opportunities
Market Intelligence

Enabling Environment
Methodology: 4 Key intervention areas:

1. Sector development
2. Business development
3. Knowledge development and learning
4. Business Development Services Provider strengthening

Sector development provides for opportunities, business development turns opportunities into results, knowledge development and BDS provider development assures the sustainable up-scaling of the approach.
Creating opportunities through:
- Market Access/Studies;
- Public Private Dialogue;
- Institutional Changes;
- Sector Competitiveness;
- Win-win relationship building;
- Financing sector projects.

MSP: Multi stakeholder Platforms
SAS: Sector Association Strengthening
MI: Market Intelligence
EPPPM: Effective Public Policy Management
VCF: Value Chain Financing
ATP: Appropriate Technology Promotion

Value Chain Development Approach
Business development

Making use of opportunities through:
- Linking businesses to markets;
- Linking businesses to producers;
- Developing arrangements;
- Promoting embedded services;
- Testing and subsidizing innovations;
- Strengthening cooperatives;
- Access to capital.

PGS: Producer Group Strengthening
B2B: Business-to-Business support
PSS: Private Sector Actor Strengthening
VCF: Providing and facilitating investment funds for innovations and up-scaling

SNV Value Chain Development Approach
Knowledge development and learning

How to realize up scaling of the VCs
- Program Level: up scaling of the VCD approach to other programs.
  - Institutional/sector level:
    - Apiculture/Dairy Board
    - Partnerships (Plan Int, Oxfam GB)
  - B2B Value Chain Development
    - Replicating B2B successes
    - Partnerships (Oxfam GB, PPP Oilseeds)
BDS Provider development

Increasing the value chain development capacity in Ethiopia by
- Using service providers (20+)
- Sharing the VCD approach
- Strengthening capacities
- Market development for services

LCDF: Competency pool (ICCO/GTZ)
YPP: Young Professionals program
Results: Sector / Institutional development

- MSP meetings resulting in EMPPA and EHBPEA
- Apiculture and dairy board establishment (public-private dialogue forums)
- Public-Private dialogue resulting in policy/regulatory changes (feed export ban, honey proclamation, crude oil de-promotion)
- 2 MSPs led by women (Dairy and Apple) – role models
- International Trade fair participation leading to exports (2008 - 30t Europe, 10t Yemen; 2010 - 400t)
- Publications on bee flora, apiculture resources, milk hygiene, value chain analysis, business opportunity reports, etc.
Results: some figures about the program

- Client Companies: 20+
- Client FCUs: 16
- Sector associations: 4
- Governmental Inst.: 6
- Sector Boards: 2
- BDS Providers: 20+
- Direct impact: 8,000
- Outreach: 340,000
Results: Sector / Institutional development

- With ECOPA awareness creation on hygienic milk production and consumption
- EU third country listing: MoA in the lead
- Diary Business Hub pilot copied from Kenya
- Transitional beehive: Women getting access to honey production
Results: Business development

- Via cooperatives training to 600+ producers on hygienic milk production and handling leading to decrease in rejection rate from 13% to 1% and increase in membership.
- Via associations and cooperatives 1,600 beekeepers and extension workers trained in beekeeping skills and colony multiplication impacting 16,000 beekeepers.
- GAP and informal seed multiplication via 8 FCU’s (outreach 230,000 producers), leading to 30% productivity increase.
Results: Business development

- Support the provision of embedded services (training, input provision):
  - Introduction of quality based payment (dairy)
  - Introduction of new technologies (honey)
  - Provision of improved seeds (oilseeds)
- Linking over 1000 producers to processors (e.g. Sululta – Tsega&Family)
- Via 7 honey processors 2.000 out growers and extension workers trained resulting in income increase in one year of up to US$ 150 per hh.
- Africa Juice – Mango Cooperatives
Results: Business development

- 8 Business plans (Honey, Oilseeds and Dairy)
- HCAAP/ISO certification (3 companies)
- Product diversification (yogurt, propolis, royal jelly)
- Financing innovations (80%-20%: e.g. Business Hub, Processing Improvements, Product Diversification, Olive Oil, Apple Seedlings, Pineapple Tissue Culture, Informal Seed Multiplication, Quality Payment)
- Financing up-scaling projects (>15) (20% - 80%)
- Facilitating access to equity/investment funds (11 prospects)
- Intermediation (Agriterra – Selale, CDE - EAB)
SNV Ethiopia’s Value Chain Development Approach

Key Success Factors

• First assure markets, then increase production
• Focus on private sector as the engine for growth
• Combination of sector wide and B2B support
• Involvement of all key stakeholders (via MSP)
• Ownership: defining intervention priorities
• Build on private sector leaders
• Public sector focused on sector identified priorities
• Combine capacity building with access to funds
• Quick wins (short term vs long term)
• Vision and clear approach
SNV Ethiopia’s Value Chain Development Approach: Challenges

- Donor Time Frame: 5-6 yrs vs 10 years
- Business Culture / B2B relation building
- Financial management capacity clients
- Weak BDS service delivery (public, private, NGO and Sector associations)
- Finding role models / sector leaders
- Change resistance
- Understanding of VC supporters vs VC actors
Recap:
Pro – Poor development through value chain development

Demand/market driven value chain development
Supporting the private sector as engine for growth

Sector development provides for opportunities, business development turns opportunities into results, knowledge development and service provider development assures the sustainable up-scaling of the approach