

- **Early Lessons Learned:
Adapting the Value Chain
Methodology to Target Youth
Populations**

Global Youth Enterprise Conference
September 29, 2009

Overview

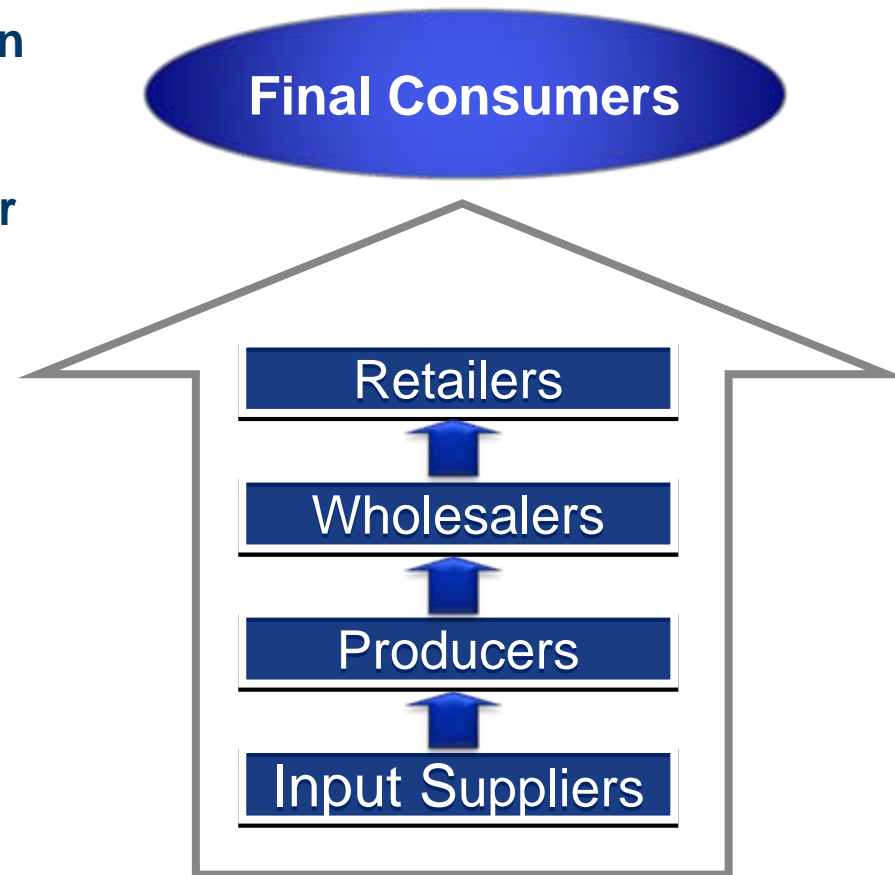
- **Definition of Value Chain**
- **VC as a Tool For Fighting Poverty**
- **Value Chain Framework**
- **Value Chain Program Design**
- **ECDI's VC Initiatives**
- **EMG's VC Initiatives**
- **Challenges in Program Design**
- **Challenges in Project Implementation**
- **Challenges in M&E**
- **Scaling Up**



Value Chain (VC)

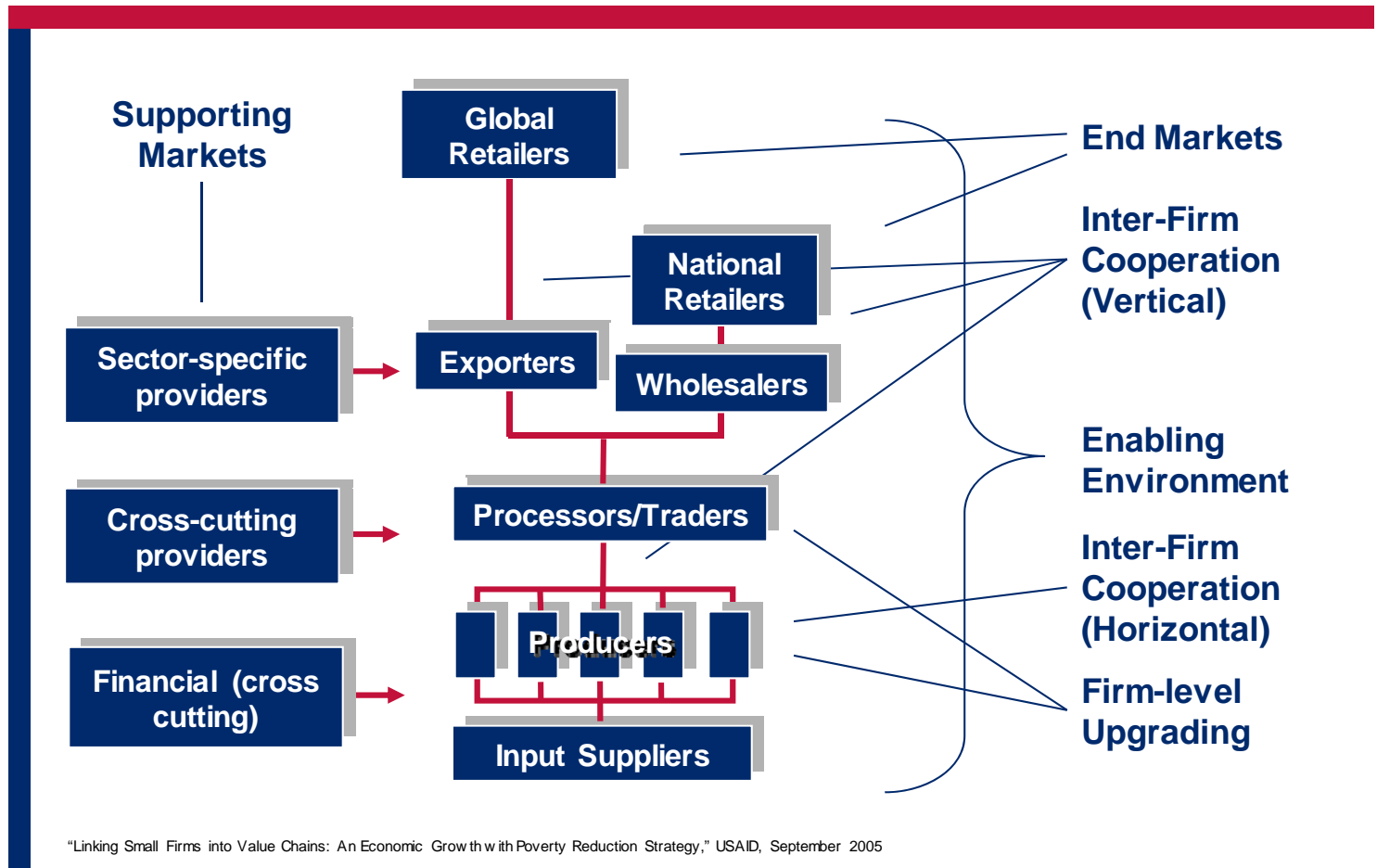
- A sequence of activities required to bring a product or service from conception to final consumers.
- Creates space for the poor in markets with higher growth potential.
- Links producers to other private sector actors who have access to growth markets.

A Generic Value Chain



Value Chain

VALUE CHAIN: A FRAMEWORK FOR INTERVENTION



Using Value Chains as a Tool to Fight Poverty

- People living in poverty can benefit from integration into higher value markets
- VC benefits disadvantaged enterprises, moving them from low to high return activities and from saturated to growing markets.
- Well-designed value chain initiatives strengthen marketplace systems
- VC projects are not always youth specific but should always be 'youth inclusive.'



- # EMG's Value Chain Initiatives

EMG's Value Chain Approach on Vulnerable Populations

- Program has focused on the “viable poor”
- Persons or households that have been affected by social issues such as war, disease, drought, etc.
- Vulnerable persons or households are often among the rural poor but in the worst situation
- Households spiral into vulnerability due to shocks
- Stages of vulnerability differ from one household to the next



Community Based Orphan Protection and Empowerment (COPE) Project

- **Target group: Caregivers and Orphans and Vulnerable Children (OVC) affected by HIV/AIDS**
- **Locations: Select districts in Tanzania, Uganda, Rwanda and Mozambique**
- **Goal:**
 - Reduce the socio-economic impact of HIV/AIDS on OVC and their
 - Caregivers
- **Approaches:**
 - Provide a “safety net” through other social programs
 - Value chain approach and market orientation used to guide the IGA component

The Value Girls Program

- **Target Group: Girls and young women (14-24 years)**
- **Location: Nyanza and Western Province, Kenya**
- **Goal: Working to improve the social-economic welfare of girls and young women (14-24 years)**
- **Approaches:**
 - Testing a model to increase the target's group participation in select value chains
 - Target group living under conditions of extreme socio-economic deprivation

Stability, Peace, and Reconciliation (SPRING) Project

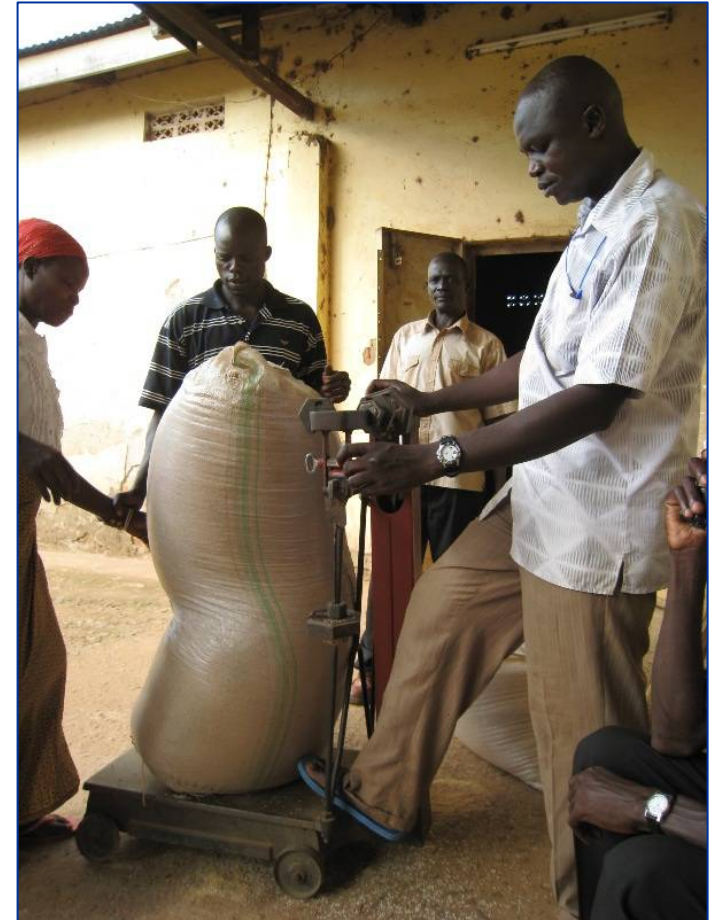
- **Target group:** A population left vulnerable after 20 years of conflict
- **Location:** Northern Uganda
- **Goal:** Promoting regional stability by addressing the causes and consequences of violent conflict
- **Approach:** Working on peace building, economic security, access to justice



Key Stability Threats	Key Value Chain Constraints
Inter-ethnic Tribal Divisions	Access to Production & Post-harvest Inputs
Land conflicts	Poor Value Addition through out the chain
Physical Insecurity	Disparate Marketing Systems
Integration of vulnerable groups (ex-combatants & Youth)	Value Chain Financing

SPRING Strategic Guiding Principles

- **Target Dual Use Crops (Food & Cash)**
- **Socially Inclusive Economic Development with out Targeting Vulnerable Groups.**
- **Facilitate Business Partnerships Across Conflict Divides**
- **Preemptively Address Conflict Triggers**

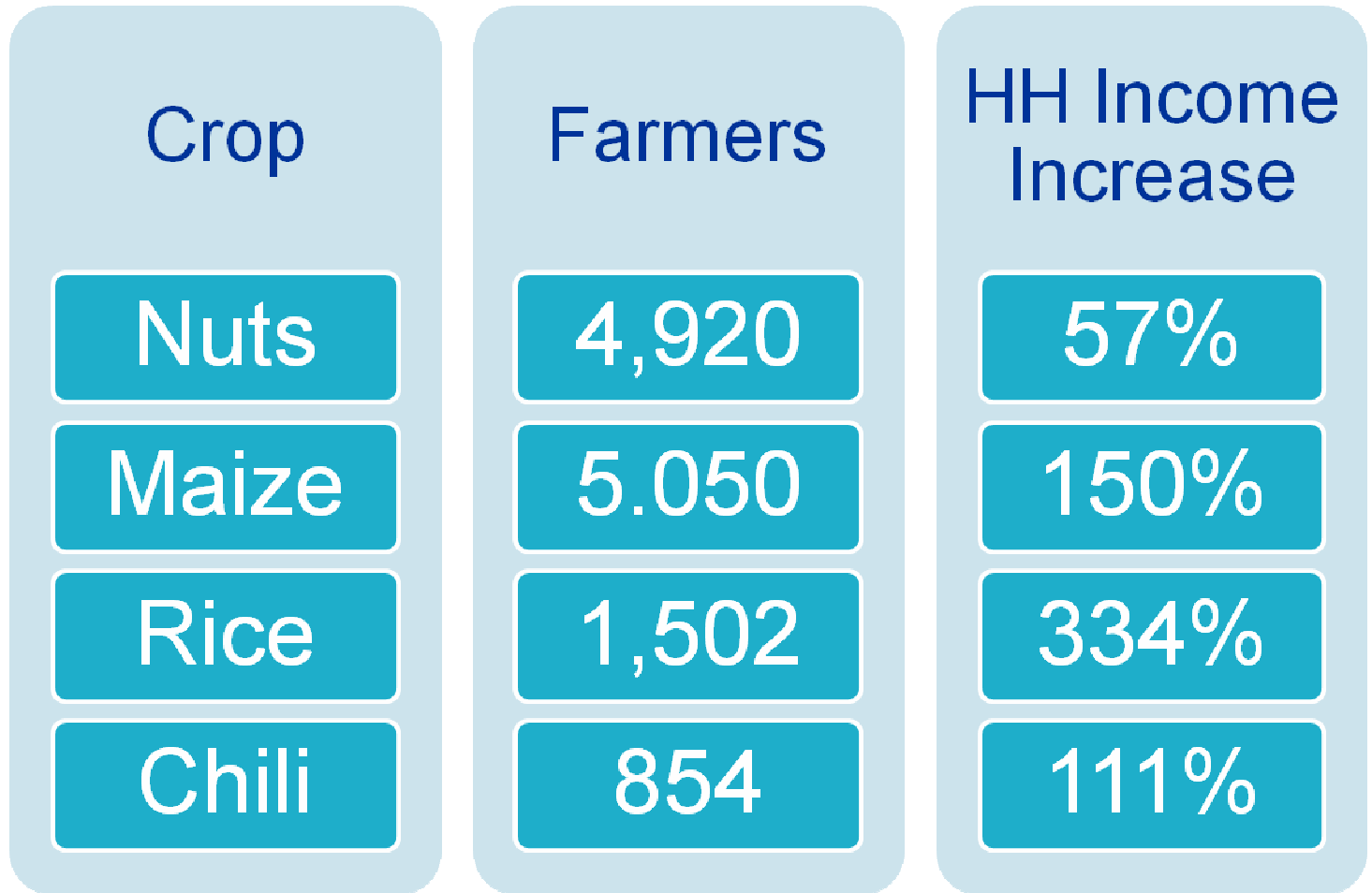


SPRING Strategic Guiding Principles (cont)

- **Combat Dependency Culture**
- **Youth Engagement in Agriculture**
- **Target Private & Public Sector Markets**
- **Pilot Interventions Before Scaling Up**
- **Intensive engagement with implementing partners**



Drought Impact Data



ECDI'S Recent Value Chain Initiatives



ECDI's Value Chain Focus

- **ECDI has focused on VCD projects with homebound rural women in Pakistan**
- **60% of the beneficiaries are young females engaged in production or processing activities of some kind**
- **They include economically active females but with significantly lower economic opportunities, mobility, access to resources due to cultural norms and discrimination**
- **Females at poverty level 2 in a 5 tiered system, with 1 being the poorest.**

Behind the Veil



- Helped rural, home-bound women embroiderers to reach high-value urban markets sustainably and on a large scale
- In 3 years with under \$600,000 (USAID, ECDI and MEDA), profitable women sales agents have linked over 9,000 home-bound rural women to urban markets
- Earlier homebound Pakistani women relied on their male relatives to get their embroidered cloth products to markets.
- ECDI trained 200 female sales agents to help women reach lucrative markets through a network of women traders, bringing them designs, input, training, and better prices.
- Embroiderers have on average tripled their income, inspiring other women to enter the market for the first

Taking Learning Forward: Pathways and Pursestrings (P&P)

- A 4 year project funded by CIDA and implemented by MEDA with ECDI as lead partner
- A market-led initiative to facilitate women's integration into the profitable markets
- Providing isolated women producers with sustainable linkages and support services to develop demand driven products
- Developing the capacity of 4 Pakistani organizations to understand and apply VC programmes to reach the scale
- Augmenting national capacity in pro-poor market development through the integration of 16000 women into 4 viable Value Chains

P&P Value Chains

■ Dairy – fresh milk

- Increase income of 6,000 women farmers by integrating them into mainstream markets

■ Seedlings

- Facilitate improved access to high value domestic markets for 1,000 rural women entrepreneurs

■ Glass bangles

- Enable 4,000 homebound Women Processors to increase incomes

■ Embellishment

- Enable 8,000 low income homebound women embellishers to access middle-high end urban national/International markets



Target Group

- **Mostly young rural women**
- **Many are homebound or have limited mobility**
- **Currently involved at the margin or in low value processes or in low value/low skill glutted processes**
- **Average household income is Rs.5000 to Rs. 10,000**
- **Households lacks access to basic facilities such as: clean drinking water, nutritional food, fuel for cooking, and basic infrastructure**
- **Women and girls have some skills but have limited access to medium or high end markets**



Where We Were: Behind the Veil – ECDI’s VC Initiative

3-year project by ECDI and MEDA

Constraint: Access to markets

Constraint: Access of BDS for embroiderers

Constraint: Access of *BDS for Sales Agents*

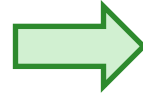
Intervention: Creation and training of mobile female intermediaries (“Sales Agents”)

Intervention: Up-skilling of Sales Agents (input supply, design services, product information, quality control, etc.)

Intervention: Creation of “Regional Facilitators” (effectively BDS centers)

Reached over **9,000** embroiderers (majority of them were young girls) and over **200** sales agents, creation of over **\$3m** annual benefits with a cost of **\$630k**

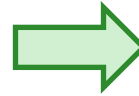
Problem



Solution

- **70% of Pakistan lives on less than \$2 per day – half of them sequestered women and girls**
- **Many of these women and girls have marketable embroidery skills and the potential to participate in the market system, but:**
 - have limited access to markets,
 - have limited access to supporting business services (e.g. quality control, quality input supplies, etc.), and
 - the “sales agent” intermediaries also have limited access to supporting business services (e.g. design skills, marketing, etc.)
- **ECDI completed “Behind the Veil”, which sustainably integrated 9000 embroiderers into profitable markets through:**
 - The creation of a network of 200 mobile female sales agents
 - Trained to provide support services to the embroiderers
 - Supported by “regional facilitators” who provided business services (in design, etc.)

Problems



Solutions

- Access to higher value export markets was difficult
 - Support services were not formalized and commercialized, and relied on external intervention
 - Only 9,000 embroiderers had been integrated into markets
- Creation of “buying houses” to facilitate export and access to high value markets
 - Formalisation of support services into self-sufficient trade association **AWESOME**
 - Scaling-up the program from 200 agents and 9000 embroiderers to 500 agents and 35,000 microentrepreneurs

What Will We Do Next?: Scaling up BtV - ECDI

Scale-up the BtV core model to 500 sales agents, and 29000 embroiderers

Extend the
embryonic
Buying House
concept

Create full-
fledged
sector-specific
BDS centers

Formalise
AWESOME

Include 5000
urban “value-
added
producers”

All developed as financially-independent entities, ensuring sustainability and
facilitating our exit strategy

- **How Can We Do it Better?**



Adaptations to the Value Chain Approach for Vulnerable Populations

■ Traditional

- A tool to create wealth in poor communities and for promoting poverty-reducing economic growth.

■ Adapted

- An enhanced approach that captures other incentives in addition to the economic ones
- Build in a gradual step by step process
- Utilize components of the approach



Select Illustrations on Adapting the Approach

- **Selecting subsectors**
 - Use additional criteria to the traditional factors
 - Identify and select growing subsectors and value chains

- **Undertaking an enhanced value chain analysis**
 - Add the target group's lens
 - Include additional tools such as a situational analysis, wealth break down, etc.
 - Engage interdisciplinary talent



Select Illustrations on Adapting the Approach

- **Conduct market analysis with the population's lens in mind**
 - What are the markets for a final product or service?
 - What does the structure of the value chain look like? Who is selling to which markets and how? What is the position of MSEs in the market, and what are business relationships like?
 - What opportunities are there in the value chain that would help MSEs reach identified markets? What are the target group's strengths and constraints in reaching a particular market opportunity? What are the constraints of other businesses in the market?
 - What are some promising solutions to these problems? What are businesses doing to try to address these issues?

Select Illustrations on Adapting the Approach

- **Strategy, design, and implementation - An example from COPE**
 - In collaboration with the community, identified the target group
 - Provided a safety net through other program areas
 - Started with subsectors where the target group is active
 - Hand held horizontal and vertical linkages
 - Selected a lead firm carefully and worked with on their embedded services
- **Key Challenges:**
 - Balancing market orientation & project requirements
 - Balancing time requirements to develop relationships,

Early Lessons in Programming

- **What is the potential for some program activities to improve the value chain?**
 - Engage experts from other disciplines
 - Create space for dialogue, disagreement, compromise
 - Explore partnerships at a corporate and/or project level
 - Balance accountability and flexibility requirements
 - Make a few early decisions on design parameters
 - Apply a phased approach
 - Develop and use strong and credible M&E systems

Early Lessons in Programming

- **Investing in horizontal and vertical linkages is critical but it takes time**
 - Look for quick wins
 - Encourage embedded services
- **Follow the market**
 - Be demand driven and not supply led
 - Incorporate simple market oriented principles
 - Start with the most realistic market for your target group and build on it
 - Use a phased approach
 - Develop market systems
 - Build learning systems

Knowledge Gaps

- **Accurate information on costing**
- **Targeting**
 - Understand the risks and benefits of targeting
 - If possible, consider broadening the target group
- **Risks and benefits of combining social programs with economic strengthening**
- **Risks and opportunities in collaborating directly with private/commercial enterprises in implementation of pro-poor value chains**



Challenges in Program Design

- Youth are usually newcomers to more established industries/sectors
- Youth, especially young women, have special needs/constraints that might not come out in a traditional analysis
- Interests of youth may not be in line with market demands
- Programs need to address conflict mitigation which may require an inclusive approach



Challenges in Program Design

- **The Assessment Team needs to have experts from both sectors: business/industry experts & gender/development experts.**
- **Methodology and tools need refinement to capture all required information**
- **Conflict affected areas pose special challenges**
- **Young people's marketable skills versus market demands**
- **Working with the poor – working with poor young women – working with poor young women in conservative, segregated society**

Challenges in Program Design

- **Low education levels of youth**
- **Low skill levels/capacity**
- **Dispersed and staggered returns**
- **Lack of usual market mechanisms**
- **Violence and terrorism**
- **Lack of local market outlets**
- **Culturally appropriate business models to ensure participation of young women**



Challenges in Implementation

- **Establishing commercial BDS providers for micro-entrepreneurs**
- **Coping with market distortion caused by government/donor subsidies**
- **Encouraging young girls in leadership and management roles**
- **Negotiating with micro-finance institutes to develop service packages specific to MEs' needs**
- **Ensuring safety mechanisms to prevent MEs from developing a monopoly**
- **Preventing groups from developing exploitative tendencies**