

VALUE CHAIN DEVELOPMENT FOR INCLUSIVE AND SUSTAINABLE MARKET SYSTEMS IN BANGLADESH

THE EXPERIENCES OF SAMRIDDHI



Samriddhi
enhancing rural prosperity through
market systems development in Bangladesh



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BANGLADESH

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Acronyms and Abbreviations

APO	Annual Plan of Operation
AI	Artificial Insemination
BARI	Bangladesh Agricultural Research Institute
BMC	Business Management Committee
BPC	Business Promotion Council
CSR	Corporate Social Responsibility
DAE	Department of Agricultural Extension
DAM	Dhaka Ahsania Mission
DCED	Donor Committee for Enterprise Development
DLS	Department of Livestock Services
DRR	Disaster Risk Reduction
FGD	Focus Group Discussion
FM	Female Mentor
GDP	Gross Domestic Product
GoB	Government of Bangladesh
KII	Key Informant Interview
LEAF	Livelihoods, Empowerment and Agroforestry
LSP	Local Service Provider
M4P	Making Markets Work for the Poor
MRM	Monitoring and Results Measurement
MSE	Micro and Small Enterprise
MtR	Mid-term Review
NFPA	National Food Policy Plan of Action
NWDP	National Women Development Policy
NGO	Non-Governmental Organisation
RGVN	Rashtriya Gramin Vikas Nidhi
RRP	Regional Resource Pool
SAAKTI	Sustainable Access to Agroforestry Knowledge, Technology and Information
SDC	Swiss Agency for Development and Cooperation
SPA	Service Providers' Association
UP	Union Parishad
WEE	Women's Economic Empowerment

1. Foreword

Since 2010 HELVETAS Swiss Intercooperation Bangladesh is implementing the Samriddhi project, a rural market systems development initiative of the Swiss Agency for Development and Cooperation (SDC). If today Samriddhi can show substantial results in the fields of rural market systems development, private rural service provision and value chain development, the fundament for many of these achievements was laid in even earlier initiatives of the SDC, which were implemented by the then Intercooperation. Nevertheless, a more systemic approach was only introduced with the launching of Samriddhi.

In 2013 the project embarked on a comprehensive process to better advocate its achievements and to capitalise from its experiences with the aim to share them with other projects, development agencies, private sector actors and policy makers. Samriddhi came up last year with two publications: *"Making Markets Work for the Poor and Extreme Poor Women in Bangladesh - The Experiences of Samriddhi"* and *"Capitalisation of Samriddhi's Experiences on Private Rural Service Provider System"*. Both publications put emphasis on highly relevant, yet particular issues addressed by the project.

Nine value chains in the field of agriculture, livestock, fisheries and crafts, currently form the technical core element of Samriddhi. Though for the rural producers their production at farm level is seen as central, value chain development takes a more holistic and systemic approach and addresses additional aspects like input markets, including extension services and credit, output/produce handling and processing, as well as marketing. Through its work, Samriddhi gained a lot of insights into the various value chains it supports. These insights, i.e. the results and experiences from Samriddhi's work in the field of value chain development, have been collected, analysed and documented in this publication ***"Value Chain Development for Inclusive and Sustainable Market Systems in Bangladesh - The Experiences of Samriddhi"***.

For me, one of the most important learning from Samriddhi's work under the different value chains is the better understanding of the relation between specific groups of producers and their preferences for particular products/commodities, as this relation further affects production methods and market behaviour. However, it's exactly this understanding which is required if the options promoted by Samriddhi are expected to contribute to inclusive and sustainable market systems.

I congratulate Samriddhi to this publication and thank my colleagues for all the work and efforts they put into it.

Dr. Felix Bachmann

Country Director

HELVETAS Swiss Intercooperation Bangladesh

2. Executive summary

The main objective of this document is to review and present the experiences of the Samriddhi project in Bangladesh on facilitating inclusive and sustainable market system changes or improvements through value chain development. The project is funded by the SDC and implemented by HELVETAS Swiss Intercooperation Bangladesh. Drawing on the experiences of Samriddhi, this document discusses how value chains can work for the economic empowerment of poor and extreme poor women and men. It describes and analyses the process through which the underlying problems of the market systems are identified and addressed.

The document is future-oriented, aiming for a change in collective institutional practices and transformation of individual and project learning into "organisational knowledge" that can be retrieved and used in the future. It is the result of extensive discussions, field visits, learning activities and events. It covers practical cases from the field that show good practices and challenges in addressing poverty through value chain development. The document has been informed by years of experience, presenting a wealth of critical issues regarding making markets work for inclusive and sustainable impacts on market actors, including the livelihoods of poor and extreme poor women and men.

Value chain development has been one of the main lines of intervention of Samriddhi. It aims to achieve large-scale impacts through the participation of market actors, and to improve the enabling environment for better performance of the market systems. The concepts and practical cases discussed in this document add to the growing experiences of using value chain development by other organisations and projects to change or improve market systems for additional employment and income.

Samriddhi undertook 12 farm and non-farm value chain studies in August 2010 to identify key constraints of the market systems which have since been addressed by the project. As a result of Samriddhi's role, important changes in the market systems have been observed: the breadth of the market systems in the number and type of actors with different functions, the volume of transactions and outreach have grown and expanded. This was accompanied by the dynamism of private sector involvement, quality of products and services, and satisfaction of poor and extreme poor women and men because of the positive changes in their livelihoods.

The key message of the document is that, inclusive and sustainable changes or improvements in the market systems for poverty reduction can be achieved when the strategic focus is on the *incentives* and *capacities* of market actors. This, together with good *facilitation*, aligns the diverse, yet complementary, roles and functions of appropriate market actors without the facilitators becoming part of the market systems. The experiences discussed illustrate how the process of facilitation begins with a good understanding of the context that the poor and extreme poor live and work, and how the problems of the market systems can better be addressed. The discussions cover the process that Samriddhi has followed to engage and use existing actors, in particular private sector enterprises, as important players to change or improve the market systems.

The experiences of Samriddhi generate recommendations that may serve - for donors, development practitioners, project implementers and policy makers, and also for any future intervention as a follow up to Samriddhi - as relevant inputs to make the impacts achieved by the project to date more resilient/enduring by sustaining and increasing the benefits to more market actors. The most important areas for further work include the following:

Facilitating competitiveness at all levels of the value chains for a sustained growth

It is important to identify and select value chains for the poor and extreme poor, as well as other market actors to inclusively participate and benefit, while paying attention to and accounting for "displacement" due to interventions (e.g. unintended negative impacts such as loss of jobs by the poor, worsening food insecurity, etc). These are vital issues for both private sector growth and good impact on poverty. In other words, the objective of the value chain facilitation should focus more on contributing to the development of competitive and inclusive market systems. This can happen, as discussed in other sections of this document, through improved "value chain upgrading" (e.g. increasing the efficiency of production, adding values to products or introducing new products) and "value chain governance" (e.g. through better horizontal and vertical coordination of market actors).

Improving the engagement of private sector enterprises to make the biggest possible impacts

Competitive markets systems need long-lasting commitments from relevant stakeholders, such as private sector enterprises, to mobilise resources, time and efforts. Private sector enterprise-driven products and services have good offering advantage and raise the competitiveness of value chains at all levels. This calls for a good or coherent strategy that makes strong/viable business offers - that also takes into account social, environmental and economic risks - for engaging private sector enterprises. The process includes two important points: first, facilitating for changes more in scale than the number of actors, and second, improving the broader market system (including service market, labour market for on- and off-farm employment) at different levels through innovations than simply facilitating linkages among actors in the input and output markets.

Ensuring equitable benefits for poor and extreme poor women and men

Gains from innovative business practices should be built on partnerships to promote development outcomes for poor and extreme poor women and men. It is crucial from the start to ensure the interest of private sector enterprises by presenting innovative business models. However, the costs should not simply be transferred from private sector enterprises to the poor and extreme poor, thereby making poor and vulnerable people worse off! Existing practices in some value chains (e.g. medicinal plants, fish and bull fattening value chains) in facilitating "platforms" for closer consultation among partners should be expanded and strengthened for clarifying options and challenges, and agreeing on benefit sharing mechanisms.

Strengthening gender inclusive value chain development

Women's Economic Empowerment (WEE) means increasing the capacity of women for clear economic changes in their livelihoods and the ability to exercise decision-making power. Working for more rights ("rights based approach") of women should match their practical and strategic needs to address persistent inequalities in the way paid and unpaid work is shared between women and men. Efforts in this direction should consolidate the gains by Samriddhi based on a careful analysis of what works/does not work, and how this can further be scaled up.

Strengthening advocacy for better enabling environment to address policy-related market constraints

Most national level and policy-related market constraints identified by Samriddhi have either been dropped, or they have achieved limited results. This has mainly been due to the lack of explicit focus on advocacy from the start of the project, and consequently the lack of practical experience of staff in dealing with public sector agencies and institutions. Future interventions should aim at facilitating government agencies and other important stakeholders (e.g. local government bodies at different levels) where regulatory changes or improvements are needed for the market systems to function in a better way. Based on a well-thought advocacy strategy, facilitators should develop the skills to act as "dealmakers" between market actors and public sector agencies and institutions to address regulations and rules hindering market systems, and to create a platform for building long-term relationships.

3. Introduction

Why do some market systems function well and others underperform or fail? This is an important question that donors, development practitioners, policy makers and researchers have been asking for long. The poor and extreme poor depend on markets for their livelihoods - for selling their produce and labour, and buying inputs and other services. Market underperformance or failure may arise from factors such as high transaction costs, monopoly/dominance by few market actors and resultant information asymmetry, missing or less capable actors to meet demands or supplies, and negative impacts from markets (e.g. environmental pollution, impacts on human health, etc).

A value chain describes "the full range of activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformations and the input of various producer services), to delivery to the final consumer and final disposal after use."¹ It is about creating "win-win" gains, among others, by adding values to products and improving relationships between market actors. It is one way of institutionalising functional market systems by addressing key bottlenecks. Inclusive and sustainable impacts through value chain development strengthen and increase the scope of existing market opportunities.

3.1 Objectives

The main thrust of this study is to review and present the experiences of the Samriddhi project in Bangladesh on facilitating inclusive and sustainable market system changes or improvements through value chain development. The intended audience includes donors, development practitioners, project facilitators, policy makers and other stakeholders. A shorter and more simplified English and Bangla version will be available for other stakeholders, including private companies and local entrepreneurs, as well as local service providers and government line agencies. The document suggests ways that value chain development can be improved to contribute to empowering poor and extreme poor women and men. The specific objectives are to:

- Draw the knowledge and experiences, document best practices and challenges, and consolidate lessons learnt from facilitating inclusive and sustainable value chains for inclusive and sustainable market systems;
- Make recommendations so as to enhance the competitiveness and impact potential of value chains; and
- Based on the above, to strategically position the experiences and knowledge for creating organisational "retrievable knowledge" in HELVETAS Swiss Intercooperation Bangladesh by making the key findings and learning process in value chain development available to a wide range of stakeholders.

3.2 Structure of the document

The rest of this document is structured as follows:

- Section 4** : Provides an overview of the Samriddhi project and discusses how the approach to value chain development and the broader market systems development has evolved. It covers the relevance of value chain development facilitated by Samriddhi to rural poverty reduction.
- Section 5** : Focuses on steps that Samriddhi has followed in facilitating pro-poor value chain development. It elaborates what experiences the project has accumulated over the years to achieve growing market system changes or improvements through value chain development.
- Section 6** : Presents the good practices and challenges in facilitating value chain development. It covers crucial issues such as value chain upgrading, value chain governance, impacts (inclusiveness and growth) and scaling up.
- Section 7** : Summarises the main features of the discussion and proposes a forward-looking strategic direction for donors, implementers and development practitioners in facilitating inclusive and sustainable market systems through value chain development.

¹ Kaplinsky, R. and Morris, M. (2000). *A Handbook for Value Chain Research*. IDRC, Ottawa, Canada.

4. Samriddhi's role in value chain development

Samriddhi has evolved from the merger of two predecessor initiatives: the Livelihoods, Empowerment and Agroforestry (LEAF) project and the Sustainable Access to Agroforestry Knowledge, Technology and Information (SAAKTI) project. The two projects started in 2004 and increasingly showed complementarities in approach. An external review carried out in June 2009 recommended merging the two initiatives to work in a more systemic way for efficiency and effectiveness. In order to support and establish a common project implementation, the project was named Samriddhi in August 2010, which means "prosperity" in Bangla.

The goal of Samriddhi is to contribute to inclusive and sustainable well-being and resilience of poor and extreme poor households through economic empowerment. It is based on the impact logic that:

1. IF public and private services for business development are available, THEN the poor and extreme poor are aware and capacitated to access these services
2. IF an enabling environment for improving the performance of the poor in production and productivity exists, THEN the poor are enabled to generate additional employment and income and overcome their poverty in a sustainable manner.

The interventions of the project in value chain development aim to change or improve the market systems around the livelihoods of the poor and extreme poor by making economic opportunities more accessible to them. Samriddhi's facilitation is based on the roles and functions of appropriate actors in the market systems to work more effectively and efficiently.

LEAF and SAAKTI started facilitating value chain development in 2004. The selected value chains were vegetables, fruits, milk, fish, spices and medicinal plants and bamboo crafts.² The experience gained provided good foundation for the staff of the project to understand elements of value chain development. The staff took the lead in value chain facilitation - from research to analysis, implementation and monitoring.

Samriddhi officially started in August 2010 and five out of the seven value chains promoted during LEAF and SAAKTI were included for further development and expansion. The other new value chains were bull fattening, chicken, duck, cotton crafts, plant crafts, jute crafts and goat. The project in total selected 12 value chains based on a set of criteria considering inclusiveness of poor and extreme poor men and women, growth potential and sustainability.

Active in northern parts of Bangladesh, Samriddhi's work in value chain focuses on the poor and extreme poor. The areas that the project is active have high prevalence of poverty. Most poor and extreme poor women and men depend on the agricultural sector for their livelihoods. Non-agricultural activities, including micro-enterprises (agro-processing, trading and other off-farm occupations) are also crucial.

The poor generate additional employment & income to overcome their poverty sustainably

The poor improve their enterprise performance by increasing production & productivity

The poor are aware & capacitated to access the services

Affordable, accessible & quality private & public services are available

Figure-1: Impact logic of Samriddhi's intervention

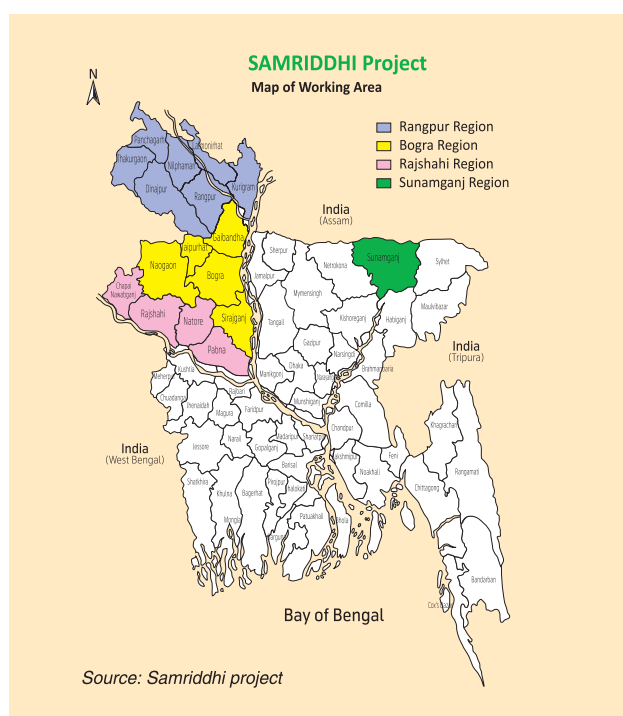


Figure-2: Working areas of Samriddhi

²Bamboo crafts and spices were subsequently dropped due to lack of growth potential.

Box-1: Samriddhi ("Prosperity" in Bangla)

Goal: To contribute to inclusive and sustainable well-being and resilience of poor and extreme poor women and men through economic empowerment.

Objectives: Strengthening the competitiveness of rural products, value addition at producers' level and the improvement of value chain performance through market systems development; enhancing the capacity of rural producers' groups or Micro and Small Enterprises (MSE) in business management and in the acquisition of financial capital; and strengthening local service provision through the capacity building of Local Service Providers (LSP) and their associations, the Service Providers' Associations (SPA), through collaboration with government line agencies and private sector enterprises.

Approach: Samriddhi follows the Making Markets Work for the Poor (M4P) approach. Based on systemic actions, the project aims to bring about large-scale impacts and sustainable changes. It identifies systemic problems of markets and addresses them through bringing together incentives and capacities of market actors.

Working areas: Samriddhi is active in North-West and North-East parts of Bangladesh, areas with high prevalence of poverty.

Funded by the SDC and implemented by HELVETAS Swiss Intercooperation Bangladesh.

Box 2: Rural markets in Bangladesh

The agricultural sector, one of the single largest sectors of the Bangladesh economy, is estimated to be four times more effective in poverty reduction by raising income than the Gross Domestic Product (GDP) growth from other sectors.³ Agriculture supports more than 75% of the population with direct and indirect sources of livelihoods. More than 84% of the population still lives in the rural areas, thereby making the economy predominately agrarian.

Rural markets in Bangladesh are quite dynamic. For producers, there is a good potential to sell their products at good prices at local, regional and national levels. However, these opportunities are rarely tapped. Accessing potential and higher markets and accordingly better price remains an obstacle for different reasons. The producers more often sell their products to middlemen, at farm gate. The low price they then get does not lead them to invest in quality, quantity and long-term viable business. The producers are not well organised and therefore they do not buy inputs in bulk amount or sell products collectively. This increases production costs and decreases sales price, further exacerbating their weak competitive position.

Table-1: Value chain development and number of producers involved

Value chain	Number of producers (June 2013)	Assets/inputs required
Bull fattening	45,236	Calf, feed, shed/stall, vaccine, medicine
Chicken	114,911	Chick, cooperative shed, feed, medicine, vaccine
Cotton crafts	25,964	Sewing machine, fabric
Dairy	38,447	Cow, shed, feed, medicine, vaccine
Duck	107,882	Duckling, feed, coop, vaccine
Fish	80,155	Fingerlings, water body (pond, river), nets, boat, feed
Fruits	69,281	Land, seedling, fertilizer, plastic crate, initial investment
Goat	60,095	Nanny goat, initial investment, feed, medicine, vaccine, shed
Jute crafts	7,813	Land, seed, raw jute, production centre
Medicinal plants	57,820	Land, seed and seedling, collection centre
Plant crafts	26,926	Raw material, production centre
Vegetables	79,658	Land, seed, fertilizer, collection centre

The main challenge for Samriddhi during the start of the project was adjusting the approach for increasing the impacts/achievements of LEAF and SAAKTI and scale them up to increase the outreach - both in terms of number (breadth) and quality (depth of impacts). The focus of the project therefore shifted from mainly a livelihood approach to a market systems development approach based on M4P.

³World Bank. (2008). *World Development Report: Agriculture for Development*. Washington, D.C.

4.1 Background



A shift from livelihoods to market systems development

LEAF was dealing with the demand side of services and inputs from producers and rural enterprises, while SAAKTI focused on the supply side for accessible, affordable and quality services. LEAF and SAAKTI engaged in private sector enterprises in the input and output markets. Private rural service providers constituting the LSP and their associations were active players. A Regional Resource Pool (RRP), including research institutes and government line agencies, supported the service providers in technical knowledge and skills.

Implementing the interventions during LEAF and SAAKTI required building and/or strengthening institutions. It involved mobilising communities and developing their human and institutional capacities to define their development priorities and support their economic activities for the inclusion of the poor and extreme poor. LEAF and SAAKTI had strong role in the implementation process, including subsidising the services of the LSP and the SPA, and directly working with producers' groups/MSE. In highly poor and fragile communities where exclusion is connected with socio-economic and political causes of poverty, community mobilisation to overcome key problems can be the starting point. However, the challenge, as it was during LEAF and SAAKTI, was the lack of strategy for facilitating core actors of the market systems to define their roles and bring together their incentives and capacities. Private sector enterprises, for instance, were engaged, but without any clear strategies of facilitation and exit plan. The involvement of government line agencies and research institutes was prominent, but with costs that included continuously subsidising their engagement.

As a result, even though the problems identified in LEAF and SAAKTI were important, the facilitation did not focus on leveraging the market actors to address systemic constraints. The process of framing and (re)defining the approach of Samriddhi to value chain development has therefore been iterative, based on doing by learning for adjusting and shifting the approach. Samriddhi has gradually and successfully moved away from a "project-driven" to a market "system-driven" approach.

The approach

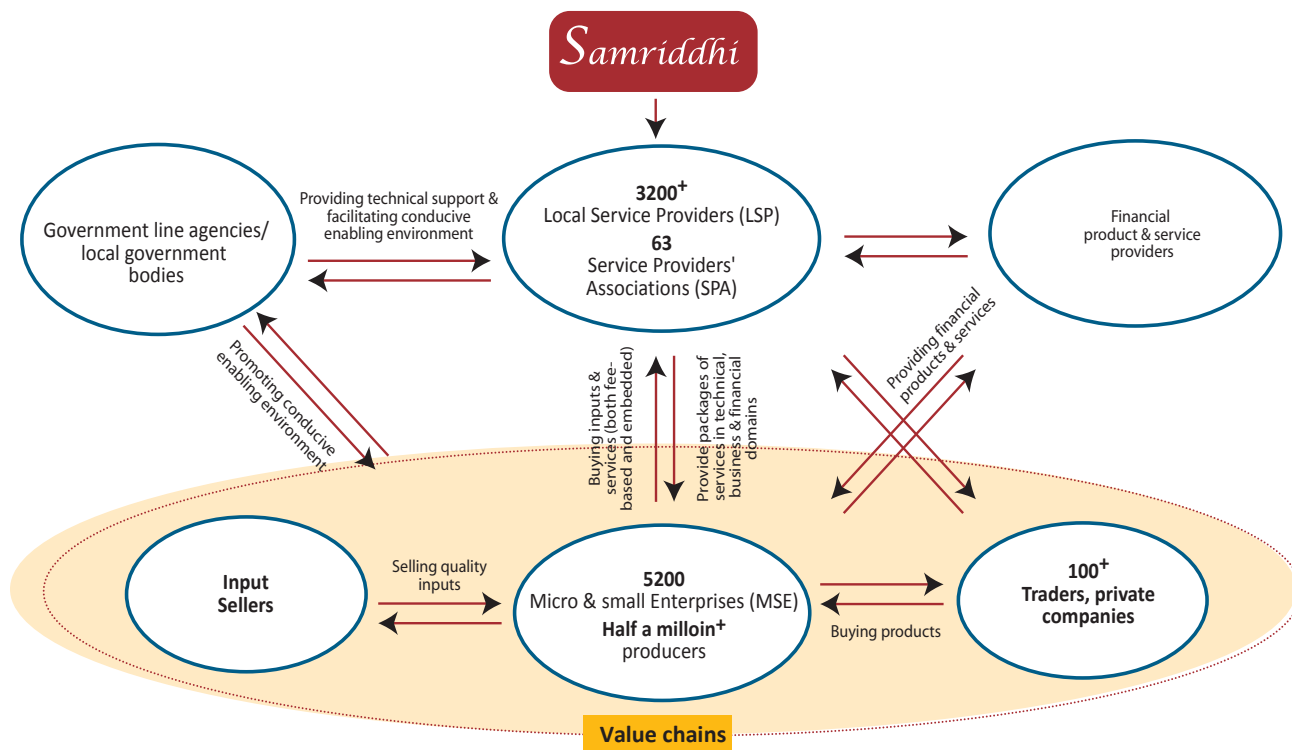
How did Samriddhi facilitate addressing underlying constraints in the different value chains? The process began with understanding the market systems that the poor live and work. The first question the project asked was: *"What are the main causes for the underperformance or failure of the market systems - from input to output, service and labour markets?"* As a follow-up to this fundamental question, the facilitators of the project wanted to know: *"what is required to address the bottlenecks and maximise the opportunities of the market systems?"* As part of the solution, the project engaged market actors - both core and supporting - for addressing important problems of the market systems. Facilitators then asked: *"how can the problems be addressed and by whom?"*

Table-2: Actors in the value chain development with their functions and incentives

No.	Actor	Function and incentive	
1	Private sector companies	<p>Large (lead firms), medium and small enterprises in the input and output markets.</p> <p>Investment in value chains; providing training and support to service providers and input sellers; drive the expansion of value chains.</p> <p>Interested to overcome barriers to entry due to high transaction cost; low product quality; limited and unreliable supply of products.</p>	
2	Local traders and inputs providers	<p>Large and small traders. Most are not organised and operate individually. They can be bulk or retail buyers and sellers.</p> <p>Buying and selling of products and inputs; some involved in primary processing; they are important actors in value chains where bigger or lead firms are absent or inactive; are source of access to finance, both in-kind and cash.</p> <p>Interested to overcome barriers to entry due to high transaction cost; low product quality; limited and unreliable supply of products.</p>	
3	Local service providers and their associations	<p>Local service providers (known in short as LSP) are lead-farmers who live and work in the communities. Most of the service providers are organised in associations called SPA at the sub-district level.</p> <p>Provide package of services to producers in technical, business and financial domains; triggers of most and drivers of some value chains.</p> <p>Interest in addressing limited skills and knowledge; weak or lack of functional linkages with public and private sector entities.</p>	
4	Producers, producers' groups (also known as Micro and Small Enterprises - MSE) and their networks	<p>Producers engaged in the different value chains. Most are poor and extreme poor working together with or for medium income and rich farmers/producers. Some are organised under specific value chains for collective production and selling.</p> <p>Engaged in the production and selling of products and labour; buying inputs and services (both fee-based and embedded).</p> <p>Incentive to solve a range of bottlenecks that include lack of or weak organisations; low skills and knowledge (both technical and business); limited access to financial products and services; limited availability of quality inputs and improved or new technologies; weak market linkages.</p>	
5	Government line agencies	Line departments with mandates related to specific thematic areas (crops, livestock and fisheries).	Provide technical support to market actors and play crucial roles in facilitating conducive enabling environment.
6	Local government bodies	Formal institutions of local government with elected officials. These constitute different tiers starting from the lowest level (Union Council or <i>Parishad</i>).	Improved market systems contribute to fulfilling their mandates; potential for broader local economic development.

Samriddhi uses existing actors, and in particular private sector enterprises, as important players to change or improve the market systems. These actors are incentivised to work with the SPA, the LSP, traders and inputs providers; they are interested to address the high transaction costs of reaching millions of producers. They are also eager to ensure the continuous/reliable supply of quality and large volume of products and further expand their market through product and service development and diversification. Private sector enterprises invest and support the institutional capacity development of other market actors. They serve as major drivers, if not in all, but in most value chains,⁴ and catalyse broader and deeper impacts through job creation, income generation and value chain expansion.

Figure-3: Market systems and the role of Samriddhi



The LSP provide feed-based and embedded technical, business and financial services to address problems faced by the producers. In addition to the LSP, there are a number of traders and input providers selling inputs to and buying products from the producers. Affordable, accessible and quality services and inputs require good capacities of the LSP, which they receive from private companies and public sector agencies and institutions. When the capacities and linkages of the local service providers are enhanced, they play the role of triggers for inclusive and sustainable impacts through their extensive outreach.

Producers' groups or MSE and their networks are involved in the different value chains. They face problems in increasing their production and productivity, inhibiting them from getting employment opportunities and additional income. Addressing these problems increases the opportunities of employment and income for producers and other market actors.

⁴ Some of the value chains demonstrate that the LSP/SPA as both triggers and drivers (e.g. bull fattening). Other value chains show the driving role of private sector enterprises and the triggering role of LSP/SPA (e.g. medicinal plants).

4.2 Relevance to poverty reduction

Samriddhi's goal of changing or improving the market systems through value chain development shares the spirit of the Sixth-Five Year Plan of the Government of Bangladesh (GoB). The Plan aims to reduce poverty by attaining sustainable economic growth through improved employment and income.

Bangladesh is forecast to remain on a sustainable growth path, contributing to "striking human development gains" as evidenced in the recent 2013 Human Development Report of the United Nations.⁵ However, a staggering 60 million people, out of the total estimated 160 million people, are still food-insecure. More than half of the infant mortality in the country is due to malnutrition and related diseases.⁶ It is estimated that close to 10 million of the extreme poor survive somehow by their own without any assistance from governmental organisations or Non-Governmental Organisations (NGO).⁷

The GoB considers agriculture as a priority. Policy instruments, such as the National Food Policy Plan of Action (NFPA) (2008-2015) specifically related to food production and consumption in the country, have contributed to the good progress towards food security. Samriddhi contributes to this goal by facilitating market system changes or improvements in the value chains that range from livestock to fisheries, crops and crafts.



The relevance of Samriddhi to rural poverty reduction: a view from a government official

"Samriddhi has demonstrated efficiency and effectiveness in addressing poverty in the geographical areas where it is active. I see good potentials for the impacts to be replicated and scaled up in other parts of Bangladesh."

Mukul Chandra Roy, Director General, Department of Agricultural Extension (DAE), Farmgate, Dhaka.

The work of Samriddhi also gives special consideration to poor and extreme poor women. This makes the project compatible with the objective of the National Women Development Policy (NWDP) of Bangladesh. The policy acknowledges the need to address the persistence of poverty, insecurity and exclusion of women. It further advocates women's participation, advancing their capabilities and recognising their contributions. Samriddhi has made progress in facilitating women's empowerment in value chain development, at least in a manner that brings them dignity and sustainable benefits.⁸

All the above issues resonate with the strategic priorities of the SDC (2013-2017), in particular the employment and income portfolio. The objective of the portfolio is to achieve better capacities and opportunities for the poor and extreme poor. The SDC strives to make markets accessible for these targets of the population through improving the local economy.

⁵ United Nations Development Programme (UNDP) (2013). *The Rise of the South: Human Progress in a Diverse World*, New York.

⁶ Bangladesh Bureau of Statistics (BBS) and United Nations Children Fund (UNICEF) (2007) "Child and Mother Nutrition Survey 2005", Dhaka, Bangladesh.

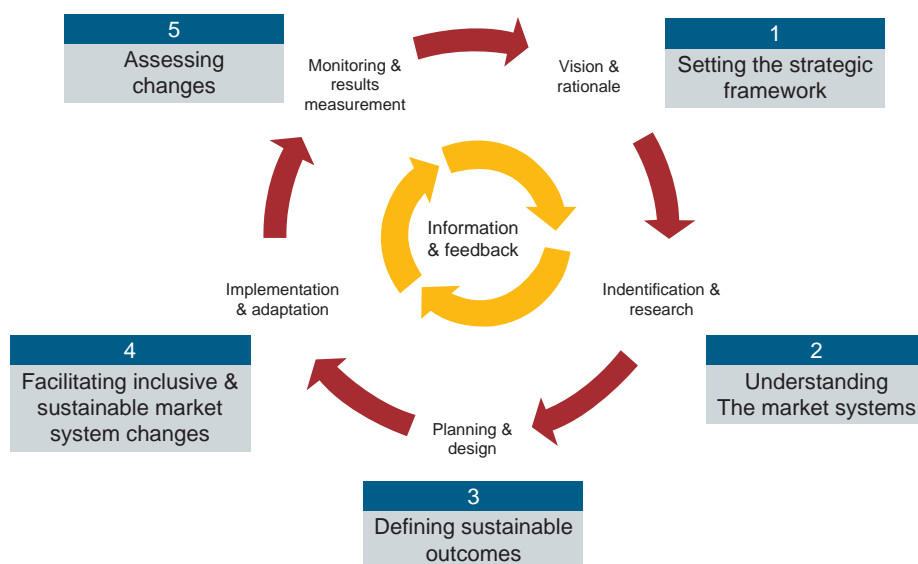
⁷ World Food Programme (WFP) (2010) "Emergency safety net for vulnerable groups affected by high food prices and natural disasters in Bangladesh." <http://www.wfp.org/content/emergency-safety-net-vulnerable-groupsaffected-high-foodprices-and-natural-disasters-bangladesh>

⁸ Carter, J., Talukder, G. and Uruguchi Z. (2013). "Making markets work for poor and extreme poor women in Bangladesh: the experience of Samriddhi." HELVETAS Swiss Intercooperation Bangladesh.

5. Key elements of facilitating inclusive and sustainable market systems

Samriddhi is able to engage more than 100 private companies and local entrepreneurs, the main government line agencies and more than 3,200 professional LSP organised in 63 SPA at the sub-district level. The outreach of the project has expanded to close to a million households. Functional linkages are established with buyers/traders, input suppliers and processors through private rural service provision mainly spearheaded by the LSP and the SPA. Most targets of the project are likely to be achieved during the remaining period; achieving some targets (e.g. access to suitable financial services and products) requires more and special efforts.⁹

Most of the value chains have shown improved process, product and functional upgrading. There is better horizontal and vertical coordination in input, output and service markets. More and more producers have adopted new and improved skills, practices and technologies. This has contributed to enhanced production and productivity and expanded size of the market from the growing role of large and small-scale private companies. Government line agencies are proactive in supporting market actors, and especially the LSP and the SPA, as the service providers "complement" the roles of government extension agents.



Local enterprises including producers' groups are thriving and on growth curve. Before-after comparison of the economic situations of the target groups has revealed significant progress. Improved market linkages induced more sales of products. The volume and quality of products brought better prices from expanding market infrastructure (collection centres, production centres), trade fairs at the district level for output market linkages, involvement of more local traders and the role of the LSP as commodity agents.

Involving poor and extreme poor women and men by producers' groups and their networks - either as labourers or through providing credits (in kind and cash) - essentially centred on commercial interest. This also had, as observed in many cases from the field, social underpinnings mostly stated as "supporting the poor and extreme poor is also helping the community".

Organised producers with improved production practices and technologies have increased their economies of scale. Enhanced production and productivity, through access to better skills and quality inputs, have benefited additional poor and extreme poor women and men (e.g. as labours, producers). Collective action of producers and their networks has brought about efficiency by reducing the transaction costs for the producers, the LSP/the SPA, private companies/traders, both in terms of ex ante (searching for clients) and ex post (negotiating, buying/collecting).

⁹ Islam, M. N., Nath, A., Hossain, M., Rana, M. and Uruguchi, Z. B. (2014). "Facilitating Sustainable Pro-Poor Financial Inclusion: The Experiences of Samriddhi in Bangladesh." HELVETAS Swiss Intercooperation Bangladesh.

5.1 Setting the strategic framework

Before the selection of the 12 value chains, Samriddhi had defined what it sought to achieve through the value chain development. Establishing the results chains and the hypothesis linking the poverty reduction objective of the project to the value chains required specifying the market context of each value chain. Samriddhi explicitly stated and defined the rationale for selecting the value chains, and how the positions of the target groups could be enhanced. Formulating the strategic framework of the value chain development helped the project identify and effectively facilitate opportunities for inclusive and sustainable growth. This constituted showing what aspects of the market systems required changes or improvements to reach the goal.

The next step was elaborating *how this could be done*. This step was important and it served two purposes. First, it was used for *proving* the relevance of the project and fulfilling its accountability to the donor and other stakeholders. Second, it was crucial in *improving* the quality of impacts on the poor and extreme poor. The strategic framework or vision was revised annually based on practical experience and progress. Flexibility for adjustment and documentation of the revisions helped facilitators increase their effectiveness and efficiency. Table-3 presents the questions that Samriddhi used as guide for formulating the vision of the value chain development.

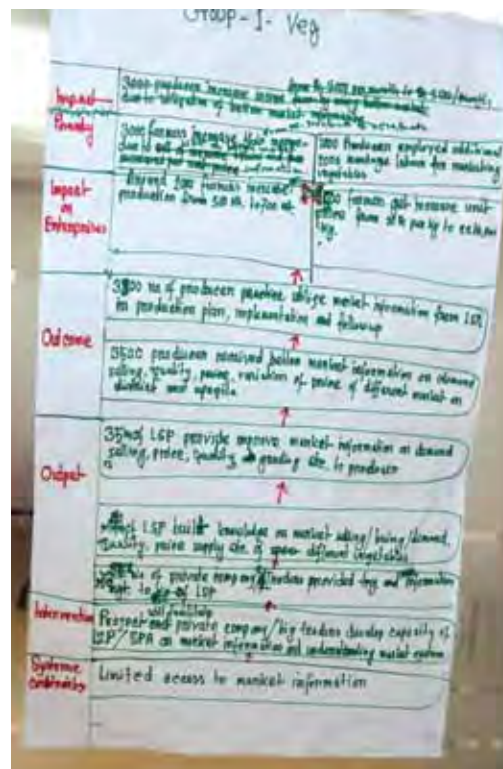


Table-3: Key questions for formulating the strategic framework of the value chain development

Key questions	Detailed questions
Who is the primary target group for the poverty reduction objective of the value chain development?	<ul style="list-style-type: none"> What share of the target group is poor and extreme poor women and men? What are the main economic activities in which poor and extreme poor women and men are involved? How can the project involve other core market actors to work in the market systems?
What impacts does the project seek to achieve through its value chain facilitation?	Are the impacts: <ul style="list-style-type: none"> Additional employment opportunities? Increased net income? Increased decision-making? Broader value chain growth/scale?
What systemic changes are needed to achieve the impacts as a result of the project facilitation?	<ul style="list-style-type: none"> Why are the market systems not working for poor and extreme poor women and men? What changes are needed in the market systems to benefit all actors through "win-win" market gains?
Which market systems does the project target?	<ul style="list-style-type: none"> Where do poor and extreme poor women and men fit within the existing systems? Which market systems have potential for improved benefits/impacts? How does the facilitation by the project address interconnected markets?

Samriddhi has a strong adherence to pro-poor value chain development. It perceives poor people as economic actors, either in their function as producers, consumers or labourers, but also as members of communities striving for collective improvement of their livelihoods. The project specifically targets marginal groups like women to address glaring gender inequalities in economic opportunities. Based on the experiences of LEAF and SAAKTI, Samriddhi recognised that its strategic framework would require focused (and nuanced) analysis of barriers to economic empowerment and adaption of its approach (e.g. tools, strategies) for both practical and strategic gender needs.



The market analysis by Samriddhi was done only after the approval of the project including the activity plan and budget. This was challenging as there was no inception phase for the project. The original activities were described in a way that could fit most market development interventions (workshops, training, etc). The project staff had to spend a lot of time searching for and reviewing the right but specific and clear strategic focus of the value chain development.

Four broader categories were used to assess the 12 value chains. Specific indicators were rated with the achievements or progress obtained in 2007, 2008 and 2009. For qualitative information, the ratings were calculated on a scale of one to five, where one showed the lowest significance and five the highest significance. Field tests before the selection had been conducted. All qualitative and quantitative information gathered from the performance sheet was rated and transformed into the ranking sheet. Each criterion across the value chain was multiplied with a weighting value. Weights were fixed with respect to poverty focus, where one was minimum, 1.5 moderate and two maximum. The total score for each value chain then was calculated (rating score for each value chain) X (fixed weight for each criterion). The selection criteria were, as much as possible, demand-driven to ensure they were relevant to select the value chains. They were thoroughly checked to identify competitive and inclusive value chains that would bring reasonable or significant changes in employment and income.



The challenge of applying concepts into practice: the experience of a facilitator

"I have been working for HELVETAS Swiss Intercooperation Bangladesh since its engagement in Bangladesh in 2000. I was involved in the planning and implementation of LEAF and SAAKTI as well as Samriddhi. The objective in the shift from a livelihood to a market systems development approach was clear to me. However, understanding the main concepts and applying them in the field took a lot of time. Regular coaching, accompaniment support, mentoring and experience sharing by senior staff of Samriddhi and external consultants have contributed a lot in overcoming the problems."

Md. Mamunur Rashid, Regional Coordinator, Samriddhi, HELVETAS Swiss Intercooperation Bangladesh

Focus	Objective	Key questions	Criteria
Context and characteristics of the market systems	<ul style="list-style-type: none"> - Mapping the value chain; identifying the value chain actors including their incentives and capacities - Understanding the opportunities and constraints for actors - Assessing policy environment - Recognising existing risks and conflicts 	<ul style="list-style-type: none"> -Where is the potential for growth? -Where are the poor? -What hampers poor and extreme poor women and men from participating in the market systems and benefit? -Can the project facilitate to address that constraint? 	<ul style="list-style-type: none"> -Outreach; geographical concentration (critical mass); impacts in employment and income opportunity; growth trend; market linkage; private sector involvement; profitability; scope of intervention by the project; inclusiveness of the poor and extreme poor; investment perspective; commitment from market actors
Technical characteristics of producing the products and the potential for value addition	<ul style="list-style-type: none"> - Understanding the potential of production and productivity - Understanding the technologies used and their future availability - Analysing the potential for generating value addition 		
Market potential (impact in growth and inclusiveness)	<ul style="list-style-type: none"> - Understanding demand (price, quality, volume, seasonality) - Assessing the scope for contributing to competitiveness (value addition, inclusiveness, growth) 		
Systemic constraints and feasibility for project intervention	<ul style="list-style-type: none"> -Identifying core systemic constraints in the value chain hindering growth and inclusiveness -Assessing feasibility of changes induced as a result of the project interventions -Assessing what solutions can best address the constraints 		



5.2 Understanding the market systems



The experiences of Samriddhi show good research is the foundation for understanding the market systems. Samriddhi did not conduct a thorough and scientific study. The assessment was rather used as a "diagnostic process" to have insights into the wider context - in terms of the socio-economic and political dimensions of how markets function. It was also a step to understand and specify the difference between "symptoms" and "root causes" of market underperformance or failure.

The assessment was adequate enough to collect concrete information, but this was not taken as a one-off action; the project staff regularly gathered qualitative and quantitative information for better understanding how and why the market systems improved or stalled. Primary and secondary sources of information were used, and for preparing the assessment reports, facilitators focused on value chain mapping, analysis of opportunities and systemic constraints and the development of strategic options and interventions. The interventions were further detailed out in the Annual Plan of Operations (APO).

The desk research consisted of review of readily available inception/assessment reports prepared by different development organisations, government statistical data, research reports and records of private sector enterprises and government departments. The data provided first-hand information on the value chains, mainly opportunities and bottlenecks. An initial value chain map was drafted once the desk research was conducted.

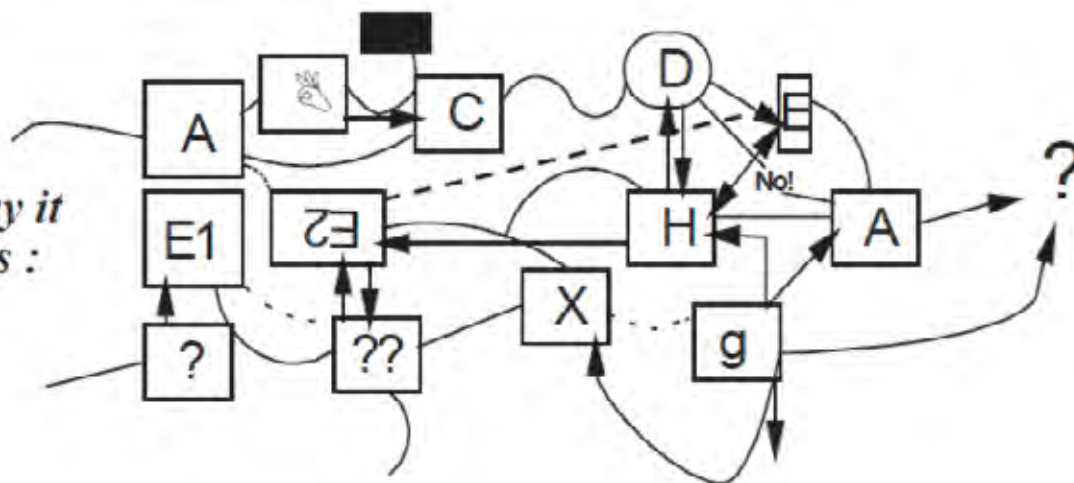
Information was collected from the actors identified in the assessment. Focus Group Discussions (FGD), Key Informant Interviews (KII), transect walk and other suitable tools were introduced to collect qualitative and quantitative data. The data gathered revealed dynamic factors of the value chain, such as trends, incentives and relationships. Quantitative analysis of the value chains was done to get a good picture of the market systems in terms of the profitability, productivity, production capacity and benchmarking against competitors. Surveys were conducted at different levels of the value chain actors (producers, local service providers, traders, private companies, financial institutions, and government line agencies and local administrative bodies). There were regular interactions with the different actors and stakeholders to deepen understanding of subtle, informal and complex aspects of market systems as shown in Figure-4.

Figure-4: Understanding the market systems¹⁰

The way we describe it:



The way it really is :

**Table-5: Systemic constraints across the different value chains**

Systemic constraints identified	Value chains	Systemic constraints dropped or new constraints identified
Skills and capacities of producers, local service and inputs providers and traders	All value chains	
Access to adapted/suitable financial products and services	All value chains except medicinal plants	
Availability of and access to market infrastructure (collection and production centres)	Jute crafts, medicinal plants, cotton crafts, vegetables, fruits, duck and fish value chains	
Organisational capacities of producers, service providers and local traders	All value chains	Organisational capacity of producers introduced in medicinal plants in 2012
Availability of and access to improved/new technologies and quality inputs	All value chains	
Access to resources, mainly land and water	Medicinal plants and fish value chains	
Impact of existing rules and regulations or their lack on enterprise development	Chicken, fish and dairy value chains	Systemic constraint dropped

¹⁰ Brown S., Lamming, R., Bessant, J. and Jones, P. (2000). *Strategic operations management*, Butterworth Heinemann, Oxford.

5.3 Defining sustainable outcomes

Samriddhi defines sustainability in value chain development as the wider expansion (broadening) and deepening of positive and relevant changes/impacts in the market systems beyond the duration of the interventions. Analysis of the findings provided answers to what prevents the market systems from performing sustainably, and what can be done to get the market systems work for all and specifically for poor and extreme poor men and women. Sustainable changes or improvements mean impacts or benefits are clear, measurable, relevant and expanding and deepening through the temporary role of facilitators. In short, Samriddhi envisioned the impacts or benefits would survive, thrive and adapt.

Samriddhi defines sustainability in value chain development as *"the wider expansion (broadening) and deepening of positive and relevant systemic benefits/impacts in the markets beyond the period of the interventions."*

The project staff realised that a change in the "mindset" as facilitators and not "doers" was necessary from the outset. Effective facilitation was understood as becoming good "deal makers" by aligning the incentives and capacities of market actors without becoming part of the systems.



Effective facilitation requires change in the mindset of facilitators

"Having good skills as facilitator for sustainable and inclusive impacts required a change in the mindset of the staff. It was difficult to know who is doing what and who will do what beyond the intervention time. Good facilitation skills were highly necessary to effectively engage local service providers, and private companies and local entrepreneurs. Some specific challenges that I faced included how, as a facilitator, I could define sustainable outcomes and scale up the successful innovative business models to increase the impacts. Peer learning and training opportunities have deepened my conceptual understanding and practical skills of facilitation."

Md. Anisur Rahman, Senior Value Chain Specialist, Samriddhi, HELVETAS Swiss Intercooperation Bangladesh

Once the actor mapping was completed, the actors were grouped under core and supporting as well as players/influencers of the enabling environment. Samriddhi started this step immediately after the collection of data from the different sources. The value chain team captured first-hand information through reviewing the data collected. A series of workshops was organised involving the members of the value chain development team after the assessment of the value chains.

The most important component of defining sustainability, as Anisur Rahman pointed out in the above quotation, was ensuring "who does what and who will do what", and "who pays and who will pay". This institutional analysis shows the evolution of how the different market actors work towards achieving the goal of poverty reduction. Samriddhi recognised that having a "forward-looking" plan would enable it to define its roles and regularly assesses and revise the "pathways" to market system changes or improvements, and how this can realistically happen. Key pathways to market system changes are participation of more private sector enterprises, government organisations, local service providers and producers as the result of the interventions by the project (see sections 6.4.1 and 6.4.2).



5.4 Facilitating inclusive and sustainable market system changes

Samriddhi defines facilitation as the art of building trusted and lasting relationships between and among market actors. This occurs without the facilitators becoming part of the market systems, which, otherwise creates dependency of market actor on the project. The process involves communication skills for building relationships by critically analysing complex and interconnected systems. These skills contribute to identify key leverage points through innovative ideas and to create "win-win" gains for market actors.

At the early stage of Samriddhi, the challenge was, as indicated in the preceding section, to quickly change the mindset of the project staff (as facilitators and not performing the functions of market actors). A "heavy-handed" approach would induce a cycle of wrong expectations from private sector enterprises, local entrepreneurs and service providers for "continuous subsidies" from the project which, in turn, would distort the market systems. Furthermore, this would create unclear roles of facilitators and market actors, further stalling positive changes and achievements. The project staff ensured their facilitation was guided by the core principles and working values of Samriddhi for achieving its goals, which are summarised in Box 3.

The Value Chain Development Working Group, composed of the Value Chain Specialists and the Value Chain Coordinators, was responsible for the implementation of the value chains through facilitating private and public sector engagement.

The Working Group was supported by other experts such as the Monitoring Specialist, the Project Coordinator and the International Adviser. The team met whenever it was necessary, but at least once in each quarter to review the progress of the value chain development.

Facilitation: *"the art of building trusted and lasting relationships between and among market actors".*

Box-3: Core principles and working values of Samriddhi for facilitating inclusive and sustainable outcomes

Competitiveness of value chains arises as a result of acquiring market access, quality inputs, technology, skills, information and adapted financial products and services. It relies on innovative and specialised business for attaining growth and sustainability under conditions of risks and uncertainty. Competitive business brings optimisation by increasing horizontal coordination for productive efficiency (costs and benefits) and allocation efficiency by meeting market demands.

Sustainability of market systems comprises addressing market failures or underperformance for lasting "win-win" gains for market actors from economically viable and functional relationships of the different market systems. Facilitation of sustainable impacts begins with the end in mind; it constitutes the capacity to ensure benefits/impacts continue (and expand) beyond the period of the interventions.

Innovation is more than new technologies and skills. It focuses on new or significantly improved ideas about how to facilitate market system changes or improvements by creating new, or transforming existing values into new or improved products, services, practices and processes or methods. Innovation is at the heart of competitive entrepreneurship, and it involves investment, is subject to knowledge spill-over and aims to improve performance.

Knowledge management is the process of acquiring, systematising, managing and utilising/appropriating existing knowledge (i.e. insights and experiences), creating new knowledge and sharing learning. The objective is to enhance the conditions for innovation and continuous knowledge creation as well as adaptation to the context for further refinement and learning in the future.

5.5 Assessing changes¹¹

The Monitoring and Results Measurement (MRM) system of Samriddhi was initially based on the systems of the two predecessor initiatives (LEAF and SAAKTI). Samriddhi marked the change to a more systemic approach and therefore had to ask whether its interventions lead to any change in the market systems. Results chains for value chain development were newly introduced in Samriddhi and included alongside the already defined Log Frame.

The monitoring system was thorough in the two predecessor initiatives before Samriddhi, but several process and system-related changes could not be fully captured and reflected. Changes at the level of the producers' groups, service providers, as well as other market actors were identified. Yet how these changes were interlinked together, and whether they indicated systemic changes was difficult to visualise with just the Log Frame. Samriddhi adopted the principles of facilitation and followed the M4P approach. Therefore, increased importance was given to the monitoring of systemic changes and linking the interventions on market systems level with changes at the target groups through results chains.¹²



The importance of good monitoring and results measurement system

"Designing and implementing the MRM system of Samriddhi based on the Donor Committee for Enterprise Development (DCED) Standard has been challenging. However, this has contributed internally to the learning process; it has provided regular and vital information that Samriddhi needed. It has also improved good decision-making processes in order to increase the impacts. It was clear that the MRM system has strengthened the way the project demonstrates impacts to the donor and other stakeholders, and thereby enhancing its credibility. Samriddhi could further engage market actors and show how their effort and involvement are contributing to poverty reduction in addition to accruing benefits to them as private sector enterprises."

Md. Humayun Kabir, Monitoring Specialist, Samriddhi, HELVETAS Swiss Intercooperation Bangladesh

Samriddhi took the initiative to reasonably and practically comply with the DCED Standard to build and strengthen its MRM system. A "pre-audit review" of the system by external consultants in March 2013 revealed that Samriddhi has clearly made considerable progress in improving its MRM system.¹³ Designing and implementing the MRM system based on the DCED Standard has contributed to enabling facilitators to logically manage and explain their work to address poverty inclusively and sustainably. The system also contributed internally to the learning process by providing vital information that Samriddhi needed, and enhancing good decision-making process in order to maximise the impacts. It has also enabled the project to demonstrate impacts to the donor and other stakeholders to enhance its credibility.

¹¹ For detailed discussion of the MRM system, please see Kabir, H. and Uruguchi, Z. (2013). Experiences with the DCED standard for results measurement: the case of Samriddhi in Bangladesh." Paper prepared for the Global Seminar on Results Measurement 24-26 March 2014, Bangkok. HELVETAS Swiss Intercooperation Bangladesh, Dhaka

¹² Results chains or impact logics are used to show how interventions by a project are linked with changes or improvements in the market systems, growth/access and poverty changes (employment and/or income)

¹³ Wanitphon, P. and Miehlsbradt, A. (2013). "Assessment of the Compliance of Samriddhi's Monitoring and Results Measurement (MRM) System with the DCED Standard and Review of the Project's Logical Framework." HELVETAS Swiss Intercooperation Bangladesh.

6. Good practices and challenges

The changes or improvements in the market systems as a result of the interventions by Samriddhi are measured by the extent to which the causes of market system underperformance or failure are successfully tackled. Some of the key questions in market system changes or improvements include:

- How do the interventions facilitated by the project bring about functional market systems with clear benefits to market actors, in particular poor and extreme poor women and men?
- Are the market systems expanding, responsive to changes and innovations?
- Are they inclusive of poor and extreme poor women and men, and centred on the driving role of private companies and local entrepreneurs?

"The changes or improvements in the market systems as a result of the interventions by Samriddhi are measured based the extent to which the underlying causes of market system underperformance or failure are successfully tackled."

The overall performance of the market systems in the different value chains has improved due to the increased and demonstrated dynamism of market system actors and players. Addressing the identified constraints had impacts on the overall market systems rather than on specific and limited number of market actors. The size of the market has expanded because of the involvement of new clients, product development (new and improved), product diversification and market penetration. The volume of the transaction of

producers, inputs and service providers has increased. The type of private companies and local entrepreneurs, and service providers is varied. The linkages of producers, their groups and networks are multilayered - from local to district and national levels.

In the sections that follow, this document discusses important aspects of the value chain development to show the good practices and challenges in facilitating changes or improvements in the market systems.



6.1 Value chain upgrading

Value chain upgrading refers to the enhanced capabilities in market expansion, technological/improved practice acquisition, and institutional and competitiveness improvement of market actors. Upgrading leads to increased efficiency and outputs to access new market channels. Three types of upgrading exist: process, product and functional upgrading.

Process and product upgrading: Process upgrading occurs when producers increase the output volumes and reduce the cost for a unit of output (productivity). Improved or new practices, inputs and technologies are the sources of process upgrading. Product upgrading is the result of process upgrading; it adds value to and improves the quality and diversification of products, or introduces new products.

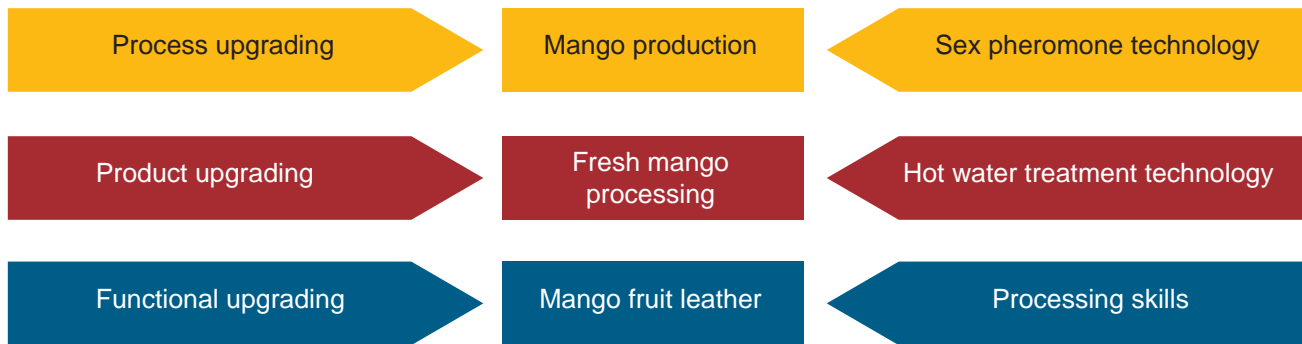
Cotton crafts producers, for example, have introduced foot loom for increasing the unit of products per day in addition to tape stick carpet device, sewing machine for doormat preparation, new machines for designing high quality saree and long wooden frame hand stitching. All these have increased the efficiency of production and product value addition. Improved production technologies of *murta* (plant as raw material) cultivation for *shitol pati* (traditional mat) increased the quality of raw materials, and thus the price of the product. The introduction of sex pheromone trap for controlling mango flies used in the fruits value chain reduced operational cost of 175 Taka per tree of mangoes. Producers in medicinal plants took up two nodes instead of three nodes cutting of *basak* plant which increased the number of seedlings produced from a mother plant.

Table-6: New or improved practices and technologies in value chains

Value chains	New or improved technologies, skills, practices as well as quality inputs
Livestock (chicken, duck, milk, bull fattening, and goat)	<p>Improved rearing: Artificial Insemination (AI); improved breed; management (housing/coop)</p> <p>Animal feed: Preparation of urea molasses; fodder cultivation; use of concentrated and improved feed; bran; oil cake</p> <p>Treatment: Vaccination according to schedule; availability and use of veterinary medicine for a range of diseases; use of de-worming tablet and vitamins</p>
Agriculture/horticulture (fruits, vegetables and medicinal plants)	<p>Production management: Preparing seed beds and seed sowing; two nodes cutting rather than three nodes collection of medicinal plants and roots; use of polythene to transport medicinal plants seedlings; use of cow dung and vermin composting; seed and seedling selection; judicious use of fertilizer and pesticide; tree improvement pruning/grafting/budding</p> <p>Pest management: Use of sex pheromone trap; use of spraying machines; regular weeding</p> <p>Harvesting: Harvesting medicinal leaves after one to two months interval;; hot water treatment; grading/ sorting techniques; storage techniques; improved packaging</p>
Fisheries	<p>Production: Use of improved fingerlings; storing and cultivating large size fingerlings; use of improved breed; hatching fingerlings from eggs</p> <p>Water body management: Use of improved technology for fish cultivation; use of vitamin or growth regulator/medicine; use of equipment for testing water; netting for growth surveillance; netting for removing poisonous gas</p> <p>Feed management: Preparation and collection of feed; selection and use of seeds; use of organic inputs; use of vitamins/iodine</p> <p>Harvesting: Availability and use of ice; use of improved box/carton/bamboo mat; drying techniques</p>
Crafts (jute, plant, and cotton crafts)	<p>Production: Designs; improved sewing and stitching; use of dye in different products; jute retting and dying</p> <p>Quality maintenance: Use of quality jute ropes; new designs; quality standards/maintenance; improved production centres</p>

Functional upgrading: Constitutes producers assuming new functions without abandoning the old ones. In the fruits value chain, producers processed mango pickles and made mango bars. In the vegetables value chain, producers took up new functions as processors of beans and gourd seeds. In the bull fattening and milk value chains, producers started growing high yield variety of grass, and in the plant crafts value chain growing of *murta* (raw material for making *shitol pati* or traditional mat) by leasing and purchasing land. In addition, producers in the milk value chain processed milk for *chana* (sweet) and ghee, and fish producers, through the training of Safe Food Limited, started producing dried fish and supplied to the Dhaka market.

Figure-5: Value chain upgrading in the fruits value chain (mango)



Box-4: Cases of value chain upgrading in the fruits value chain**Improving the quality of fruits through process upgrading: the case of Isphahani Limited**

Producers in the fruits value chain in Maharajpur Union of Chapainawabgonj Sadar Upazila (sub-district) struggled to sell their produce at good price. They harvested low quality of fruits because of damages by fruit flies. Poor post-harvest handling and exposure to sun and dust also contributed to the low quality.

Isphahani Limited, one of the private sector enterprises working in the fruits value chain, has introduced the use of sex pheromones through the LSP. Sex pheromones are small molecular volatile chemical compounds of plant origin used to control pests by indirect method. Producers were trained by the LSP in using the sex pheromones. They placed the compounds in a recycled plastic jar that lures fruit flies to their death. The compounds are non-toxic and have no threat to human health and the environment. This has contributed not only to the quality of fruits, but also to the reduction of costs for inputs.

**Improving the quality of fruits through product upgrading: the case of hot water treatment from BAIC**

BAIC, a local private enterprise, has been involved in the production and selling of quality mangoes through improved intercultural practices and post-harvest management. Its business seeks to increase productivity of fruits through enhanced awareness of producers for judicious application of pesticides and use of improved plastic crates for harvesting, grading and transporting.

BAIC used hot water treatment technology. The treatment involves dipping freshly harvested mangoes in 55°C heated water for approximately 10 minutes. The practice controls diseases like anthracnose (die-back) and stem-end rot, two of the major post-harvest diseases of mango fruits during storage. Infections start before harvest but symptoms appear only as the fruit ripens.



The introduction of the device in Rajshahi has improved the shelf life of mangoes by 15 days after harvest. BAIC has trained LSP on the technology. In 2013, 2,000 producers from 50 MSE received training on the method. Producers have increased their awareness and more than 200 metric tons of mangoes were treated. Producers bring their mangoes to a collection centre and they get additional 5 Taka/kilogram compared to the local market price. BAIC earns additional 5 Taka/kilogram by selling the treated mangoes to other markets. Sales of BAIC increased by more than 30 metric tons compared to the 2 metric tons in 2010. Seven LSP have established contracts with 2,000 producers, and each of the LSP earns additional 300 Taka per month from the service.

Functional upgrading in the fruits value chain: mango leather making

The income for most producers in mango production is from the sale of semi-ripe mangoes to local traders. Only limited number of extreme poor producers collect fallen mango fruits to prepare mango leather. Md. Sabaj Ali, a local entrepreneur from Bagha Upazila in Rajshahi District, wanted to expand his fledgling mango leather business. Even though he has been in the business since 2003, he faced difficulties of finding good supply of quality mango leather. Mango leather or mango roll/mango taffies is prepared from the puree of table ripe mangoes, and from the pulp, seeds and juices drained in the operation of scooping and slicing in the mango chips production. It can be eaten as snack or desert or can be blended with water and other ingredients for beverage as well as pie filling or topping for cakes.

In 2011, the Monigram fruits MSE network organised a workshop and invited Sabaj. LSP, MSE network leaders, the Agriculture Officer of Bagha Upazila and other mango traders were present in the workshop. The MSE network discussed their fruit business, highlighting the achievements, challenges and future plans. Realising that the producers have good technical, business and organisational skills, Sabaj made business proposal to the producers for making quality mango leather. Selected LSP received training and they provided the training to the producers on mango selection, slicing, cooking, de-sapping, cleaning and drying.

About 2,500 organised producers process mango leather. Additionally 8,500 producers have entered into the business. 30 collectors collect the mango leather from 10,000 producers and supply to Sabaj. Producers get on average 50 Taka/kilogram selling the mango leather to the collectors, and the collectors earn on average 52 Taka/kilogram supplying to the trader. The products are sold to markets in Dhaka and Chitagong for 55 Taka/kilogram. Five LSP facilitate the business through contracts. Demand of mango leather is increasing, and so far Md. Sabaj Ali sold 150 metric tons of mango leather with a turnover of 7,800,000 Taka in 2013, which grew from 120 metric tons with a turnover 4,500,000 Taka in 2012.



6.2. Value chain governance

Value chain governance occurs at two levels. First, it is about setting broader enabling environment where government rules can enhance or inhibit the performance of market systems. The second form lies within the periphery of key market actors – from producers to private sector enterprises and service providers, showing their relationships and coordination.¹⁴ The experience of Samriddhi reveals these two levels are interdependent.

Vertical and horizontal coordination constitutes the central part of value chain governance, defining linkages and relationships between value chains actors regarding what, how, when and how much to produce. Governance in value chain is about setting up, defining and managing the "rules of the game". The rules that shape the playing field guide or influence the way different actors function and behave – they set the institutional arrangements that constitute "governance structures" of market actors.

The value chains facilitated by Samriddhi have different levels or typologies of value chain governance. Five broader types of value chain governance can be identified.¹⁵ These include market type governance, modular governance, relational governance, captive governance and hierarchical governance.

Table-6: Types of value chain governance and their characteristics

Type	Characteristics
<i>Market type governance</i>	<ul style="list-style-type: none"> -Simple transactions -Relatively clear information/communication -Mainly informal relationships between market actors; low cost for switching to new partners -Price as the underlying governance mechanism
<i>Modular governance</i>	<ul style="list-style-type: none"> -Transactions are governed by standards usually set by the actors -Closer/deeper relationships between actors -Cost for switching to a new partner has some degree of consequences
<i>Relational governance</i>	<ul style="list-style-type: none"> -Complex information -Requires frequent interaction and coordination -Trust as underlying element of the relationship and thus time consuming to establish the relationship -The cost for switching to new partner is high
<i>Captive governance</i>	<ul style="list-style-type: none"> -High dependence of producers on few input/output market actors -High degree of monitoring and control -To some extent lacks equitable market benefits to all partners (more benefits accrued by the dominant actor)
<i>Hierarchical governance</i>	<ul style="list-style-type: none"> -High vertical coordination -No substantial standards set for governing the transactions; strong managerial control -Closer technical back-up/support to producers/suppliers

An example of the market type governance is the vegetables value chain; it shows loose vertical relationships with buyers and sellers. Limited lead firms exist that dominate the governance, and price determines the relationship.

When a private sector company sets standards defining the way the products are produced and delivered, the type of value chain governance is characterised by strong coordination and flow of information/interaction. A typical example is the medicinal plants value chain. ACME, one of the major buyers of medicinal herbs, has set quality standards for production and delivery. The LSP are trained on the standards by ACME. The standards are further communicated with and explained to the producers through the LSP.

¹⁴ North, D. (1991). "Institutions." *Journal of Economic Perspectives*. 5, 97-112.

¹⁵ For detailed discussion and literature review, see Gereffi, G. Humphrey, J. and Sturgeon, T. (2005). "The governance of global value chains." *Review of International Political Economy*, 12:1, 78-104; Humphrey, J. and Schmitz, H. "Governance in Global Value Chains", IDS Bulletin. 32.3, 2001.

Value chain governance in the medicinal plants value chain

The pharmaceutical sector is one of the priorities in the economic policy of the GoB. There are more than 200 small, medium, large and multinational companies operating in the country producing around 97% of the total demand in Bangladesh. Herbal medicines have high growth potentials in the market, because herbal treatments are becoming popular in rural areas, but increasingly also in urban markets.

ACME Laboratories Limited has been the most active private sector company in the medicinal plants value chain facilitated by Samriddhi. Its involvement has contributed to the expansion of the value chain, both in terms of process and product upgrading, as well as participation by other private companies (SQAURE and Jayson) and copying by a number of producers. The core elements of the value chain governance (constituting ACME, LSP/SPA, producers and local government bodies - the Union Parishad, UP) shows closer/deeper relationships between the actors. Transactions are governed by standards and with clear formal agreements, even though trust is also one important aspect of the relationship. Good enabling environment from the local government bodies for access to resources (mainly land) and promotion of medicinal plants by the Business Promotion Council (BPC) under the supervision of Ministry of Commerce positively influences the governance structure. In addition to the quarterly consultation and discussion (among ACME, LSP/SPA and producers), six monthly general meeting is organised by ACME. The meeting brings together the main actors and players of the value chain and contributes to production planning, discussing standards and plans for business expansion. Within the governance structure, the main features in terms of "who does what" include the following:

Activities	Primary function	Secondary role
Capacity building of LSP	ACME	SPA; Samriddhi
Standard setting	ACME	LSP; SPA
Access to land (village road side land, government or <i>kash</i> land)	UP	SPA; producers
Production	Producers	LSP; SPA; ACME
Infrastructure (collection centres)	ACME; LSP; producers	UP; Samriddhi
Collection	Collectors	Producers
Grading, sorting	Producers; collectors	ACME
Delivery	Collectors	ACME
Payment	ACME	Collectors; producers
New business plans, strategies (e.g. new varieties of medicinal plants)	ACME	Producers; LSP; SPA

The medicinal plants value chain also displays relational governance – doing business requires frequent interaction and coordination among the core market actors to ensure production, quality and delivery. Formal contracts exist (e.g. between service providers and ACME, between producers and service providers), but trust among the actors plays an important role. The cost for switching the partnership was initially high, but this has gradually become competitive with the engagement of more private companies (e.g. SQUARE, Jayson).

Another example for relational governance is the bull fattening value chain, and in particular the business model between producers and traders. Producers organised in MSE negotiate with traders for getting young animals on credit (advance). The value added (i.e. difference between purchasing and selling price minus feed cost) is halved and shared between the producers and traders. Poor and extreme poor women and men get support for feed. Agreements facilitated by the LSP exist, but trust is crucial in the event the animal is stolen or dies.

An example of relational value chain governance from the bull fattening value chain



"In 2013, I provided 25 bulls worth 600,000 Taka to 25 poor members of four producers' groups. The producers and I share the profit equally after the sale of the fattened bulls. I have written agreements with the groups. In case the animal dies, I will not ask

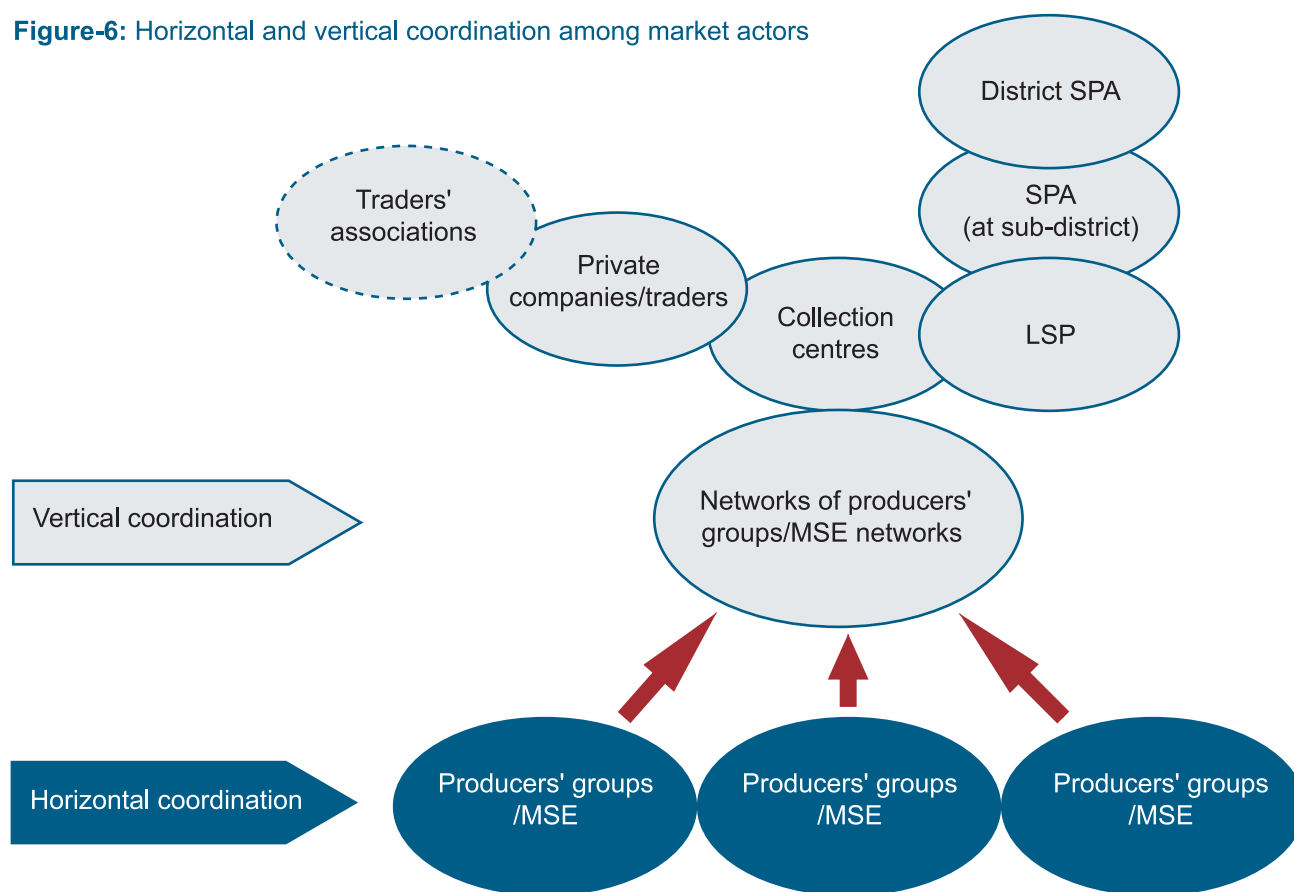
the producers to pay back any money. If the animal is stolen, the producers have to pay 50% of the bull price at the time of our agreement. I provide feed to the producers on credit, and the producers pay the money after selling the bulls. I have written agreement with Biswambarpur SPA for vaccination and treatment services to the producers. This increases my confidence in the business. I think the gains are for all of us involved in this business."

Ataur Rahman, bull trader, Biswambarpur Upazila, Sunamganj District

Producers' groups have increased their skills and knowledge through the services of the LSP to negotiate and make deals with private sector companies and traders. Transactions which were mainly done informally are now taking different forms of deal making. The LSP, through the coordination of the SPA, play an important role in facilitating contracts and transactions between producers and private companies.

The changes in the level of coordination of the value chain development have brought about improvements in the scope and intensity of managing interdependencies on the activities of the value chain actors. This has contributed to chain optimisation by increasing productive efficiency (costs and benefits) and allocation efficiency (e.g. demand-driven production, low transaction cost), further meeting the demands (including quality and volume) of private companies and local entrepreneurs. These are the key conditions that offer private sector enterprises and mainly lead firms an optimal risk/reward scenario to invest in the value chains.

Figure-6: Horizontal and vertical coordination among market actors



The more producers increase their organisational management and bargaining power to reach higher value markets and penetrate new markets, the shorter are the chains in most of the value chains. This was also the result of expanding collection centres; they provided direct linkages between MSE and bulk end-buyers or processors, and cut out middlemen and ensured a better share of benefits for producers.

Box-5: The role of collection centres in value chain coordination

There are a total of 157 collection centres facilitated by Samriddhi in the different value chains. Collection centres are physical facilities or structures often established closer to the farms or homes of producers. The quality and size of collection centres differ, depending on the type of products aggregated, stored or sold. Collection centres offer services both to producers and traders, and they ensure bulking and supply of products to distant markets. Collection centres ensure good price for producers, traders and other private sector enterprises by reducing post-harvest losses and cost of transportation. Collection centres are managed by individuals or a group of individuals comprised of producers, traders/private sector enterprises and local service providers.

Attracting and engaging large buyers: Large buyers usually avoid transactions with small-scale/individual producers because of difficulty of bargaining and the high cost involved in the process. Collection centres improve vertical coordination and synchronise successive stages of production and marketing regarding quantity, quality and timing of product flows. This can either be open production (spot market) or contract production. Collection centres enhance market linkages through financial transactions (the selling and buying of goods), increase the efficiency of the channels of the transactions (e.g. face-to-face negotiation combined with phone communication) and deepening the linkages by bringing other services such as transportation. In this way, collection centres shorten the value chains, bypassing retailers and directly connecting producers with large traders and processors.

Ensuring regular and competitive price for products through bulking: Buyers know when and how particular products from producers are available. The supply of products becomes reliable, offering competitive prices to producers. Collection centres bring economies of scale, without which poor and extreme poor women and men can only make small transactions with retailers at lower price.

Reduction of transaction costs: Remote areas with few transportation facilities have higher transaction costs. Traders and processors who buy products from producers and transport to urban markets incur significant costs. Search and collection costs in rural markets are also high without specialised collection centres. This, in turn, reduces incentives for investment by buyers and producers.

Improving quality of products: Most agricultural products are perishable. Collection centres provide protection from direct sunlight, rain and dust. Collection centres are equipped with baskets and packaging materials for transporting, sorting, grading and packing.



Horizontal coordination among the more than 5,200 MSE increased the collective action and bargaining power of producers. The MSE have more than 300 networks for sharing common resources and information for producing and selling products, buying inputs and accessing financial products and services. The LSP/the SPA strengthen the interdependencies of the MSE, and they have created more dynamic coordination with other market actors like private companies and traders. Compared to value chains such as livestock, craft value chains showed weaker private sector dynamism due to the limited involvement of the LSP/the SPA. Few traders dominate the crafts value chains, consequently characterising the value governance as captive.

Captive governance: an example from the cotton crafts value chain

Cotton crafts value chain includes mini-garments (e.g. sewing or tailoring products like shirts and pants), handmade embroidery (e.g. designing of saree) and handloom products (e.g. floor mats, carpets, blankets). About 472 producers' groups collectively produce and sell the products. Some of the groups use production centres established by traders or local entrepreneurs. Products are made based on the demand of a trader or local entrepreneur. Centre-in-Charges train, supervise and control the quality of products. They also collect and supply raw materials from traders or entrepreneurs. Most producers, mainly in the handmade embroidery, do not have options to sell their products, but to the traders or local entrepreneurs they have concluded agreement. They are bound to supply the specified design within the time set up by the traders or local entrepreneurs.

The improvement of horizontal and vertical coordination has deepened risk sharing and trust between market actors. It has given confidence on the benefits for the different actors. Engaging private sector companies initially was a slow and difficult process. Private companies study thoroughly the business models, and getting access to decision makers by facilitators was time-consuming. In the beginning, producers were also reluctant to pay for the services of the LSP, as they wanted to see the benefits of the services in terms of increasing production/productivity and income.

The main challenges in value chain governance were sudden change in supplier of inputs/products, quality and liability, failure to meet commitment, information asymmetry and uncertainty/bureaucratic hurdles arising from rules, and unpredictable political environment. Some of the challenges still exist, while others showed improvement. In the bull value chain, for example, producers incurred huge loss due to the illegal smuggling of livestock across the border with India. There is also a risk of infectious disease carried by illegal cattle. In the duck value chain, a sudden influx of vaccines from the Department of Livestock Services (DLS) with a price tag that was half (32 Taka) of the vaccines supplied by other private companies posed the risk of jeopardising the private sector engagement. In addition, despite all the 63 SPA have functional relations with public sector agencies, the process of getting registration has been difficult, and only 13 SPA so far were able to get registered.



6.3 Inclusiveness and growth

Conventional private sector-led approach¹⁶ aims to bring about economic growth by simply focusing on demand-supply analysis of different markets. The approach, based on pure economic thinking, stresses that thriving markets benefit the poor and extreme poor through "trick-down" (i.e. if the horse has better hay to eat, the birds will eat better). Despite good results in economic growth, the approach has been criticised for widening the gap between the rich and the poor.¹⁷ Value chain development, as one approach in changing or improving market systems, aims to address poverty, ideally through inclusive and sustainable impacts. The challenge, as it has been for Samriddhi and perhaps for other development projects, is achieving both goals at the same time. Some of the main elements of inclusiveness and growth/sustainability in value chain development include the following broad factors.

Inclusiveness	Growth/Sustainability
<ul style="list-style-type: none"> • Participation of poor and extreme poor women and men in the market (producing, selling/buying and working) • Barriers to entry (capital, knowledge, skills, organisation) • Risks (production, market, enabling environment) 	<ul style="list-style-type: none"> • Strong demand for product(s) • Outreach (geographical and client) for increased production, productivity and quality • Increase in additional employment/income (sales, profits, or returns to labour) • Private sector dynamism (potential for leveraging private sector investment) • Synergy/interdependency with other value chains/investment

The experience of Samriddhi shows that the impacts of value chains on market growth and inclusiveness of poor and extreme poor women and men are different from one value chain to the other.¹⁸ If more than two-third of women producers were active in chicken, cotton crafts and duck value chains, their income was 20 times, four times, and three times lower than men, respectively. Men were involved in bigger and more profitable poultry farms, while women were mainly engaged in backyard poultry. The same was true in duck value chain: men were likely to be involved in hatching and nursing of ducks. In the case of cotton crafts, men producers were more likely to own devices such as handlooms for making more profitable products such as blankets, and they were able to have the mobility to buy inputs and check the market price for their produce.

Samriddhi regularly monitors the performance of the different value chains using the three criteria of inclusiveness, sustainability and scaling-up potential. This regular assessment aims to have qualitative and quantitative evidence for good decision making to increase the impacts from the value chains. The process has strengthened the way the project facilitates and demonstrates impacts for poverty reduction, and helped in knowing what works and what does not. Based on the assessment of the 12 value chains in 2013 as shown in Table-7, the project decided to phase out three value chains - jute and plant crafts as well as goat.

¹⁶ For example, the Washington Consensus that included macroeconomic stabilisation, economic reform for trade and investment, and the expansion of market forces within the domestic economy.

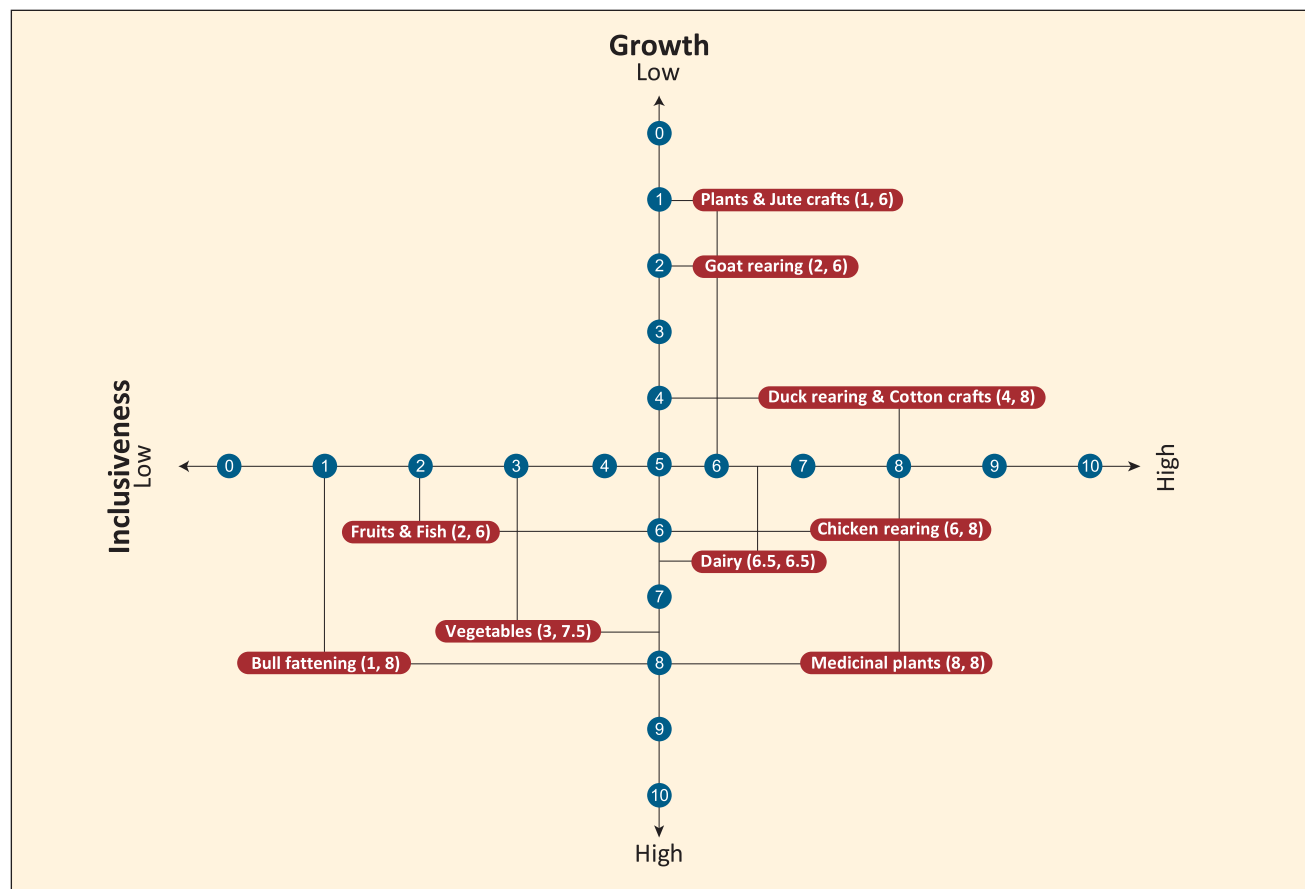
¹⁷ Uruguchi, Z. (2011). "Social Protection for Redistributive Justice: Socio-economic and Political Drivers of Vulnerability to Food Insecurity in Bangladesh and Ethiopia." *International Conference on Social Protection for Social Justice*. Institute of Development Studies, United Kingdom, 13-15 April.

¹⁸ Inclusiveness, however, shows differences among poor and extreme poor producers in the different value chains. For example, in value chains such as bull fattening which are not inclusive, it is mainly the extreme poor and not the poor who are unable to participate. The same also applies to women - women are not homogenous (single, married, divorced, old, minorities). Therefore, a closer analysis is required by disaggregating the data and understanding the diverse needs/demands of individuals and households.

Table-7: Assessing the performance of value chains

Value chain	Performance	
	<i>High growth + good potential for deeper market system changes</i>	<i>Performance</i>
Bull fattening, fruits, vegetables, & fish	<ul style="list-style-type: none"> - High demand for products; overall positive increase in volume of transaction - High opportunities in market penetration, client development - Emergent "pull-up" processes through dynamic participation of large & medium entrepreneurs: bull & fruits in the top five; - Good income increase across the value chains with improving production/ productivity - An inverse relationship between total working days by producers & hired labour: labour intensity increases from bull to fish & fruits - Fruits, fish & vegetables among the top five in outreach of producers, while bull fattening & vegetables in geographical expansion 	<ul style="list-style-type: none"> - Overall low/weak "push-up" process in the inclusion of poor & extreme poor women & men - High entry barrier due to huge initial investment - Women & extreme poor - the highest in fruits & fish (women) followed by vegetables & bull fattening (extreme poor) - No major difference for poor producers, even compared with high inclusive value chains like duck & medicinal plants - High return, but high risk without strong system for risk mitigation, transfer or coping
	<i>High growth + good potential for deeper market system changes</i>	<i>High inclusiveness</i>
Medicinal plants, milk & chicken	<ul style="list-style-type: none"> - High demand for products - More diffusion of improved technologies & practices & skills, as well as collection centres leading to overall increase in production & improved quality (process & product upgrading) - Overall income increased, but comparatively sluggish for medicinal plants - Growing employment trend in medicinal plants & chicken - Chicken value chain the highest among all value chains in outreach of producers - Enhanced horizontal & vertical coordination & high potentials for scale up due to increasing private sector involvement 	<ul style="list-style-type: none"> - High inclusiveness for extreme poor & women - Good returns with low risks & investment
	<i>Low growth + limited/negligible potential for deeper market system changes</i>	<i>High inclusiveness</i>
Duck, cotton, jute, plant crafts & goat	<ul style="list-style-type: none"> - High demand for products mainly for duck & cotton crafts, but "saturated" (duck) & fragmented (crafts) markets - Good potentials for labour intensive technology diffusion mainly in cotton crafts & low in duck value chain - Lack of diversification of markets despite trader-driven high rate of product diversification; one cause for "herding" MSE into a single/limited local market channel (evidence of "captive" value chain governance in crafts) - Less dynamic involvement of large private sector actors, with the exception of traders & input provider companies (duck), & traders (cotton crafts) - High employment creation for labourers; the highest in the three crafts & negligible in goat & duck - All crafts the lowest among all value chains in outreach of producers - Weak horizontal & vertical coordination & less potentials for scale up in particular for goat, jute & plant crafts 	<ul style="list-style-type: none"> - High inclusion of extreme poor (average 35%) & women (68%) - Important role in women's empowerment through addressing social issues (work, mobility, income) - Good source of income for the extreme poor & women but in relative terms less income (less allocation of benefits mainly in crafts & goat) - Low entry barriers

Graph showing economic potential versus inclusiveness of the 12 value chains



It is easier for middle income producers to engage in the bull fattening value chain

"I joined the Gulgao bull fattening producers' group in 2012. We can easily contact the LSP for affordable and quality services. The LSP have good reputation - they have built good relationships with traders like Rashid who provided us 18 bulls. We equally share the profit after selling the fattened bulls. I sold one bull for 28,500 Taka and earned a profit of 2,500 Taka. This gave me the confidence to invest more. We improved our bull management skills through better feed and treatment. I sold additional two bulls that I fattened for 63,000 Taka with a net profit of 15,000 Taka. I pay to the services of the LSP (300 Taka/bull/cycle)."

Monoara Begum, Gulgao, Bishwarmvorpur



But extreme poor producers struggle to be part of the bull fattening value chain



Farida Begum, 45, is from Halidagachi bull fattening producers' group in Charchat Upazila of Rajshahi District. She is an extreme poor woman. Farida lost her husband two years ago and she has to take care of three children by her own. She knew from her neighbours that bull fattening is a profitable business. "Of course I wanted to fatten bulls, but I do not have any assets to borrow money for buying young animals. I have tried to get credit from financial institutions. Let alone banks, MFI see people like me a risk. With the support of the LSP, my neighbours accepted me as a member in December 2013. The LSP are in negotiation with local traders, and I hope to be able to get bulls and improve my livelihoods."

Duck value chain: high inclusiveness and good source of income

The story of **Rafika Begum** in Tahirpur Upazila of Sunamganj District is the hallmark of extreme poor women struggling to make ends meet - no land to cultivate and live, meagre wage to supplement the income of husbands and an uncertain future in times of hazards, either from natural disaster or illness. Rafika, however, is determined not to give in to fate. Despite the insurmountable challenges, she saw the opportunities of rearing ducks in her village in Shahaganji as a means to improve her livelihoods. "My problems were many and with no homestead, it was challenging to rear ducks. The ducks were also not well-fed and managed, giving a small income per month. Disease could wipe out all the ducks, leaving us in debt."



Rafika drew a lesson from a Bangla proverb to solve her problems: *akotai shokti* (unity is strength). In 2011, she joined hands with 30 of her neighbours to form the duck rearing producers' group. The 27 women and three men members approached the LSP, Md. Shah Alom, to strengthen their activities. Vaccination support from the LSP reduced duck mortality rate which increased eggs production. "At present, I rear more than 25 ducks. We sell eggs collectively, and traders are willing to give us better price than the nearby market. The LSP supported us to improve our financial literacy. I saved and bought one cow for 20,000 Taka. My average monthly income at present from selling eggs and milk is 8,000 Taka. I repaired my small hut using straw and tin shade. I can now confidently say that I have graduated from an extreme poor status."

In 2012, other neighbours of Rafika visited her duck farm. Rafika feels that what she has done brought her much respect. Other extreme poor women approach her seeking advice on how they can also improve their livelihoods. Her answer is unequivocal: "come and join us to work in the producers' groups!" Ten of her neighbours have already joined the duck rearing producers' group. Rafika credits her success to the entrepreneurial skills that she received from the LSP. She believes duck value chain is inclusive and the income is a good source of capital to enter into additional profitable businesses without leaving duck rearing due to availability of water and services.

Most producers have the interest to specialise in one value chain. This gives them the edge to grow, and remain competitive and sustainable. The challenge, however, is risks arising from natural disasters (e.g. flash floods, drought) and economic shocks (e.g. high price fluctuation). Thus, understandably producers tend to diversity. Like Rafika in the above story,

producers use their growing income to augment economic resilience through other profitable businesses. As part of the ongoing interventions of Disaster Risk Reduction (DRR) in value chains, Samriddhi facilitates engaging private sector companies and local traders to mitigate existing risks.



Vegetables value chain: extreme poverty and difficulty of entry

"On the way to my daily labour work, I sometimes see people in my village sitting together and discussing about how to produce and sell vegetables. I know that they belong to the Parchimkuchia vegetables group and that the business they are doing is profitable. Many of the members and their families are by far better-off than my status. I do not have land and the land where my small hut stands does not belong to me. From the small wage that I earn, I support five daughters. I try to grow sweet gourd, bottle gourd and beans on the roof top of my hut for family consumption. I want to be part of the producers' group. But I am not sure if I can do this - I do not have land, and no capital to buy seeds and fertilizer."

Abdus Samad, Sadar Upazila, Nilphamari District



Growth in vegetables value chain: a case from middle income producer

"I am one of the 15 members of the vegetables value chain producers' group. I joined the group in 2011 to improve my vegetables production and productivity which I cultivate on my 1.8 acre of land. I started growing potatoes and eggplants in 2007. However, production was not as high as I had expected, with only a small margin of profit. I did not have the technical knowledge and skills. Members of the MSE receive quality and affordable technical services from Nurul Islam who is the technical LSP in our village. We also received business management support from Zahidul Islam, who works as LSP for business. In 2012 and 2013, I started cultivating cabbages and cauliflower. I improved my skills and I have more market linkages. My average annual income from vegetables is 81,000 Taka."

Akbar Ali, Sadar Upazila, Nilphamari District



An example on good inclusiveness and high growth in the medicinal plants value chain

Hosnara Begum Koli lives in Bogra District. She was one of the extreme poor women in her village. In June 2005, she organised a meeting with 21 housewives in her village to discuss ways of overcoming their poverty. Looking back, her neighbours recounted their efforts to improve their livelihoods: "In that meeting, we decided to start collecting 250 gram of rice from each member per week. We sold the rice and asked Hosnara to take charge of saving the money. We continued collecting and selling rice and saved 9,000 Taka."



Hosnara was never complacent of her achievements. She was convinced that the women could use their collective action to engage themselves in profitable entrepreneurial activities. In 2010, she came to know about the support of the LSP in medicinal plants value chain. She approached one of the LSP, Sree Sudhan Chandra Barman. He was providing technical services and training to the producers in Hossenpur on how to cultivate medicinal plants. Hosnara took the idea back to her neighbours, boldly suggesting that they should use their hard-earned 9,000 savings to grow *basak*. Her neighbours wanted to know more and Sree, the LSP, organised a learning visit to Nayapara for Hosnara and her neighbours. This learning visit was the turning point - the women were convinced that with the technical and business support from the LSP and access to roadside land from the UP, they would be able to sustainably overcome their poverty. This led to the formation of the Moddho Ramchandrapur MSE through the support of another LSP for business services, Atiqur Rahman.

The producers started cultivating more than 4,500 *basak* and *tulsi* seedlings on 3 kilometres of roadside land secured from the UP through the support of the Polashbari SPA. "We used organic fertilizer to produce the medicinal plants," Hosnara continues. "The technical and business services from the LSP were highly accessible and demand-responsive. We were trained on how to plant, weed, harvest and dry the medicinal plants. Our production and productivity was enhanced, and this enabled us to shorten the harvest of medicinal herbs from six months interval to two/three months. We established linkages with ACME to sell the products. Compared to 2010, our production increased from 10 kilograms of *basak* leaves to more than 2,700 kilograms in 2013. Our income increased by manyfold."

The MSE members continue to strengthen their business skills and financial literacy. They prepare business plan and entrust the steering of their business to the Business Management Committee (BMC) which consists five members. The members opened a bank account at Krishi Bank and saved 135,000 Taka, an amount quite impossible to imagine some years back. The women seem to be undeterred by the challenge of taking their local enterprise to the next level. With effusive confidence, they shared their vision: "We have the plan to lease 100 decimal¹⁹ of land for *tulsi*, *kalomegh* and *ashwagandha* cultivation. We will also receive additional one kilometre of roadside land for *basak* and *tulsi* cultivation. By 2015, we will increase the membership and improve our monthly income to 10,000-12,000 per month."



¹⁹ 1 acre = 100 decimal

6.4 Scaling up impacts through innovative/good practices



"Unleashing" large-scale and sustainable impacts has remained a challenge for many development organisations. The proliferation of projects by a number of international and local development NGO has created "islands" of successes that eluded the goal of bringing about "more quality benefits to more people over a wider geographical area, more equitably, more quickly, and more lastingly".²⁰ D. Pyle's argument several years ago about the challenge of scaling up good practices still resonates in most development projects:

"How many times during the last three decades of intensive development efforts has a demonstration or pilot project provided 'the answers' to a development problem? Everyone is flushed with enthusiasm and optimism. The model that proved so successful on a small-scale is expanded with the hopes of benefiting a larger portion of the population. All too often, however, impact decreases or disappears completely [once the project phases out]."²¹

At present, more than 9,21,000 producers are reached through the services of the LSP. The geographical coverage of the different value chains has expanded with participation of additional producers. When Samriddhi started the value chain development in August 2010, the geographical concentration of most value chains was limited to some regions and absent in others. For instance, bull fattening value chain was limited to Rajshahi and Sunamganj regions (absent in Rangpur and Bogra), medicinal plants to Bogra, Sunamganj and Rajshahi (absent in Rangpur), and milk value chain to Bogra and Rangpur (absent in Sunamganj and Rajshahi). All the regions at present have active producers' groups, traders and private companies linked with the services of the LSP in the different value chains.

²⁰ Institute for International Rural Reconstruction (IIRR). (2000). *Going to scale: can we bring more benefits to more people more quickly?* Silan, Cavite, Philippines, YC James Yen Centre.

²¹ Pyle, D. 1984. *Life after Project: A Multi-Dimensional Analysis of Implementing Social Development Programmes at the Community Level*. Boston, John Snow, Inc.

The impacts from the facilitation of Samriddhi are replicated and scaled up through the SPA/LSP, private companies, traders and other input providers, and taken up and diffused by producers and producers' groups. Samriddhi uses the "learning process" approach of scaling up impacts. This constitutes more than information dissemination of the achievements of the project, and essentially focuses on the process of institutionalising and "rolling out" good and successful practices at higher and broader levels for better sustainable and inclusive market systems. As shown in Box-6, the various stages within the learning process have trade-offs - the more efficient the scaling up process gets, the more the possibility of losing effectiveness. In addition, "soft components" such as gender may get weakened during scaling up without a careful follow up.²²

Table-8: Value chain horizontal expansion

Value chain	Initial intervention area (August 2010)	Current expansion (new region)	Initial coverage by Union	Current coverage by union
Bull fattening	Rajshahi & Sunamganj	Bogra & Rangpur	26	172
Chicken	Rangpur, Bogra, & Rajshahi	--	59	148
Cotton crafts	Rangpur, Bogra, & Rajshahi	--	77	129
Dairy	Rangpur & Bogra	Rajshahi	34	64
Duck	Sunamganj	Rangpur, Bogra, & Rajshahi	37	70
Fish	Sunamganj, Rajshahi & Bogra	Rangpur	71	161
Fruits	Rangpur, Bogra, & Rajshahi	--	28	63
Medicinal plants	Sunamganj, Rajshahi & Bogra	--	51	75
Vegetables	Sunamganj, Rangpur, Bogra	--	50	143

Box-6: Types of scaling-up

Experiences from different development projects show three main types of scaling-up:

Scaling-up by association - is a process of adding up coverage obtained in several different models. This occurs more by "prescription" or spontaneously than through planning.

Scaling-up by explosion: the "big bang" - aims to achieve maximum coverage in the shortest period possible. It is usually centrally organised as a "blue print" or top-down approach. In other words, it is a product of a national political or policy decision.

Scaling-up by expansion: the leaning process - constitutes three major elements. In the leaning to be effective part, efficiency and coverage are low and errors tend to be high. As the second element, learning to be efficient tries to reduce the input requirements per unit of output. The last part, the learning to expand, shows high level of organisational capacity/maturity to scale up good and tested models/practices.

Source: Modified and adopted from Korten (1980)²³

²² Swiss Agency for Development and Cooperation (SDC). 2011. "Scaling up (health) innovations going beyond boutique projects for greater impact. Good Technical Practice in International Development and Cooperation of SDC." Bern, Switzerland.

²³ Korten, D. 1980. "Community organisations and rural development: A learning process approach." *Public Administration Review*. September/October.

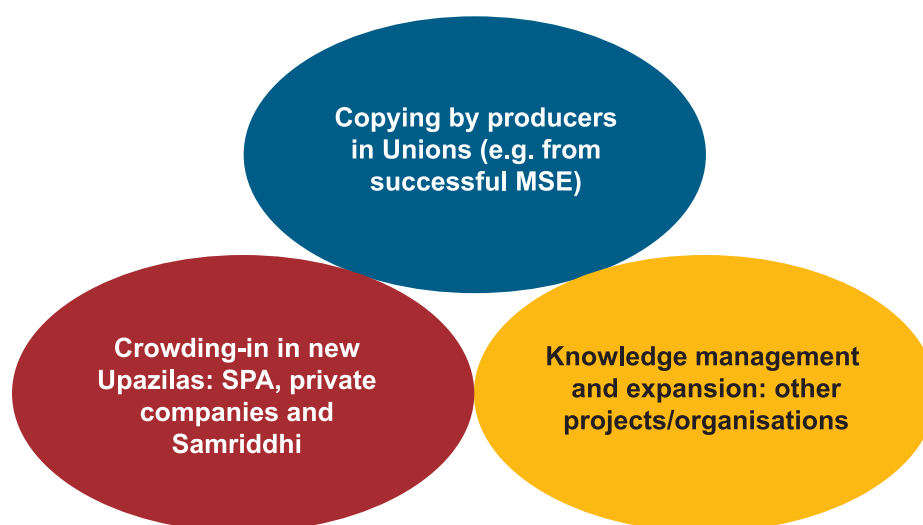
6.4.1 Copying by other producers

Copying means other producers, who are more and more incentivised, adopt innovative/good practices from producers who are initially involved in the interventions of Samriddhi. Improvement in the livelihoods, in particular additional employment and income, has been the motivation for them to expand their businesses. This has induced other producers to copy and start businesses, thereby increasing the outreach of producers.

Establishment of demonstrations is one way of disseminating good practices. Producers in different value chains enhance their enterprising practices through the availability of quality inputs and the skills to use improved or new technologies. Capable LSP in technical, business and financial services support the producers; they coach them on the technologies as well as prepare cost benefit analysis of investments. The LSP require updating their knowledge and skills, in particular regarding business analysis of investments. Data in some of the pilots is not available, potentially inhibiting the effectiveness in the dissemination of successful cases to other producers interested to copy. In hindsight, it is difficult to assess whether new entrants in the market system could access needed information and skills. And it is not possible to clearly describe the "copying lifecycle"²⁴ across the different value chains, poverty groups, and gender which requires improved facilitation by Samriddhi.

It is crucial for the SPA to equip themselves with strong communication skills and channels, as well as the capacity to effectively deliver messages about their services for reaching out more producers and other stakeholders. The "public relations" work of the SPA should include both formal and informal methods to make the message personal, familiar and credible for producers to easily understand and start entering into business, regardless of education, and social and economic standing in the communities.

Figure-7: Types and level of scaling up good practices



²⁴ Shows different groups of people adopting new or improved technologies and practices along "innovators" (first users) followed by "early adopters", "early majority", "late majority", and the last group to eventually adopt called "laggards".

Copying by producers in the chicken value chain

Sajeda Begum, 43, used to rear chicken in traditional scavenging way in Khalishapara village in Nilphamari District. With her husband, Gofur Ali, she visited her sister, Ashma Begum, who lives four kilometres away from her younger sister.



Gofur and Sajeda came to know that Ashma is a member of the chicken rearing MSE in Choroikhola Union under Nilphamari Sadar Upazila. Ashma and the other eight members in the group have improved their technical and business skills, which enabled them to increase their income. This was an eye-opening experience to Sajeda and her husband; they had never thought that rearing indigenous chicken breed using improved local technology could be possible.

In consultation with her husband, Sajeda invested 2,000 Taka and started in April 2013 rearing eight hens and one rooster using improved coop. She uses quality feed and medicine for treatment. She knows where the traders are located. "My additional income was 3,500 Taka for the past few months from the sale of 24 chicks and 250 eggs. Two of my neighbours already showed interest and we may start to organise ourselves."

Copying by producers in the fruits value chain

Rumia lives in Rajshahi District. She started growing mangoes one year ago after learning her seven neighbours' involvement in growing and selling mangoes in groups. "I contacted the LSP, Sujan, who supports



producers in my village. I started with four mango trees and my income was 2,100 Taka per month. The technical support from Sujan and the business coaching from another LSP, Nasiruddin, enabled me to increase my production and productivity. It is easier and more profitable to sell mangoes to traders who come to the collection centres that we established in Habaspur. I earn more 4 Taka per 40 kilograms from selling mangoes at the collection centre. In 2012, I earned 16,000 Taka by selling 360 kilograms of mangoes. My income has enabled me to support my children's education."

Copying by producers in the vegetables value chain

"My name is **Sree Motin Chandra Roy** and I live in Gurguri Bramonpara village in Nilphamari District. In 2012, I was going to Nilphamari town by bicycle. There were so many potato fields in the village, and one of the plots caught my



attention. This plot was about five decimal and it was a bit distinct from the other plots. Curiously I got down from my bicycle and went to the plot. There was a signboard close to the plot with the name of the farmer, the variety and time of sowing. Generally other farmers in my village cultivate Granula, Cardinal and Deshi varieties, but this plot had a variety called 'Courage'! I never heard this variety before. I wanted to know more and I went to meet the farmer. Md. Abdur Rahim, the owner of the plot, lives in Monosapara village, which is close where I live. Abdur is an LSP in vegetables and a member of the Nilphamari Sadar SPA. He informed me that with the support from the Samriddhi project and Ejab group, a private company, he established the demonstration plot. It is a new potato variety which is tastier and can fetch addition three Taka more than the other varieties. I also learnt that it is scab disease resistant and the yield can be 120-130 kilograms/decimal of land. I was only able to produce 100-110 kilograms/decimal using the Cardinal and Granula varieties. In August 2013, I bought the seeds of Courage variety to try it on 30 decimal of land. Other three farmers also collected the seeds from Abdur Rahim. To my surprise, I was able to cultivate 3,540 kilograms of potato from 30 decimal of land! I am really grateful to Abdur Rahim for introducing this high yield potato variety to our community."

6.4.2 Involvement of additional service providers and private companies

Involvement of additional market actors like private companies due to the impact of Samriddhi is called "crowding-in". It is a process in which "interventions [by a project] bring other players and functions into the market system so that it works better for the poor [through] enhanced breadth (more transactions in the core of a market), depth (supporting functions) or reach (new areas or markets)."²⁵

The key to the engagement of additional private sector enterprises is the rural service provision system facilitated by Samriddhi. Private sector enterprises benefit from collaborating with the SPA. Each LSP meets regularly with about 300 producers; one SPA has 40 to 60 LSP members. That way, they can reach out to a large number of producers through just one SPA, thereby drastically reducing their transaction costs. The SPA also see good market opportunities and approach producers and private sector companies to invest in different value chains. The SPA provide services in new Upazilas, including the formation of new SPA. Many of these SPA have good capacity and organisational maturity. Samriddhi has phased out its support to most of these SPA. The project only provides backstopping and limited support to the SPA which are part of the project's plan for capacity development. Some private companies have also started developing new LSP.

Forming and strengthening SPA in new areas

"Our community has good potential for improving the livelihoods of poor and extreme poor producers. We realised the opportunities, but we did not know how and where to start. The LSP from Pabna SPA started providing services in livestock and vegetables to our communities. They discussed with producers in the different villages and asked the producers to identify and select interested lead-farmers. That is how we started developing our business. There are now 22 LSP. We work in bull fattening, fisheries and vegetables production."



Local Service Providers (LSP), Sathia Service Providers' Association (SPA),
Sathia Upazila, Pabna District

Developing LSP by private companies



"We are involved in training new LSP. The main thrust for us to do this is the crucial role that the LSP model plays in triggering businesses. Our demand is huge, but it is impossible for us (and it does not make sense) to work directly with thousands of producers. We have now identified the right functions and roles of the market systems and we are highly interested to expand the model into more areas."

Hasibur Rahman, Managing Director, ACME Laboratories Limited

"Our business is growing due to the engagement with the LSP and their associations. We strongly believe that the model works and we would like to expand the system. It is not only commercially viable to private companies, but also inclusive and less risky."

Ataul Karim Bhuyan, Managing Director, FISHTECH (BD) Limited



²⁵ Swiss Agency for Development and Cooperation (SDC). (2008). *A synthesis of The Making Markets Work for the Poor (M4P) Approach*. Bern: Switzerland.

6.4.3 Knowledge management and adoption by other projects/ organisations



Since mid-2013, Samriddhi has increasingly invested in knowledge management and learning. Advocacy was introduced in 2013 in the project. Samriddhi views advocacy as a deliberate process of influencing decisions, including by those of public institutions and agencies, local government bodies, private companies, donors and international organisations involved directly or indirectly in decision-making and implementation process of market systems development.

The advocacy process goes beyond informing or communicating about market systems development facilitated by Samriddhi. The goal of the advocacy strategy of Samriddhi is to support and complement the facilitation to improve market system changes or improvements for additional employment and income. This happens in three ways:

- Contributing to the goal of poverty reduction through employment and income;
- Bringing increased awareness and understanding of agents/institutions/actors regarding the project's market systems development interventions and impacts; and
- Strengthening the organisational capacity of HELVETAS Swiss Intercooperation Bangladesh in advocacy.

The project has made concerted efforts to capitalise its experiences and bring them up to a higher level, which includes the organisation of workshops and seminars at the district and national levels. Growing number of organisations have approached Samriddhi for sharing its experiences in facilitating inclusive and sustainable market systems.²⁶

Adopting innovative practices by other organisations and projects

"We have already adopted innovative practices facilitated by the Samriddhi project in Jamalpur District in Bangladesh and Assam State of India. We promote value chains through establishing collection centres and using packaging materials especially plastic boxes for tomatoes. It will gradually be used in cucumber and ridge gourd. We saw good changes in the market systems - more producers are able to address some of their constraints in knowledge and skills, organisational capacity and market linkages. The private rural service provision system has enabled us to make good strides in reaching additional poor and extreme poor women and men. There are now more than 300 LSP in Jamalpur District organised in 5 SPA."

Murad Khan Wahid, Marketing Development Adviser, Cross-border Transfer of Agricultural Technologies, Institutional and Market Development Project, Bangladesh



²⁶ Some of these include: the Asian Development Bank (ADB), the International Fund for Agricultural Development (IFAD), the Food and Agricultural Organization (FAO), Strømme Foundation, World Vision International Bangladesh, Agriteria, Concern Universal, the Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP), Dhaka Ahsania Mission (DAM), RGVN India, Chore Livelihood Programme (CLP), Green Hill, BNKS, and the International Union for Conservation of Nature, OXFAM-GB, Blue Gold Project (funded by The Netherlands Government), PKSf and others.



"Applying the good practices we came to know from the Samriddhi project has been interesting and quite helpful. When we started applying some of the good practices, most of us, including my colleagues, were doubtful that this would work in the context of India. However, what we saw for the past one and half years is very encouraging. The practices in service provision, value chain development and rural enterprises helped us in making our facilitation to address poverty in Assam, one of the poorest states of India, more effective and efficient. We hope to make good progress in our efforts."

Arindam Pal, Project Manager, Rashtriya Gramin Vikas Nidhi (RGVN), Assam, India

Scaling up good practices in more areas

The private local service provision system facilitated by Samriddhi is widely applied in Jamalpur Upazila in northern Bangladesh and Assam State of India through other development agencies such as Concern Universal, Dhaka Ahsania Mission (DAM) and RGVN. There are about 400 LSP (300 in Jamalpur and 100 in Assam) providing services in livestock and crops value chains. Milon Mia and Masuma Bilkis Begum are two of the LSP who provide technical, business and financial services to producers like Moniza in Jamalpur Sadar Upazila.



Milon, 20, is enthusiastic about his work as a service provider in his community. He was attending school, but he also wanted to work in providing business management services. Producers in the vegetables value chain in Jamalpur were struggling to hone their business and organisational skills for increasing market linkages and sales. Milon provides services in establishing collection centres, making deals between local traders and producers, and increasing the producers' financial literacy and business plan development and implementation. He earns 2,000 Taka per month, and he is confident that with better capacity development, he can bring more producers into organised business.

Milon coordinates his services with **Masuma**, the LSP for technical services. Masuma supports the producers to improve their knowledge and skills through access to quality inputs, crop protection and production management and primary processing. At present, she serves about 150 producers. She believes she can increase the outreach to 400 producers in the coming two years.

Moniza is a member of the Mohespur vegetables MSE in Ranagasa village of Jamalpur Sadar Upazila that was formed at the end of 2013. The group started with 10 members and grew to 15 at the beginning of 2014. "We received training on market extension and we conducted market surveys to select vegetables that have good market potential. We also wanted to know what kind of technical and business services we would require from the LSP. We received training on production technology of vegetables and established collection centre near the MSE with the support of traders and the LSP. Earlier we used to sell vegetables in the distant market and the transportation cost was high (about 20 Taka/40 kilograms). My income has increased from 19 Taka to 168 Taka per day. Some producers from the nearest villages have started using the collection centre. They have already asked us to share our experiences of forming and managing MSE. About 100 producers sell vegetables to the collection centre, and every day four truck loads of vegetables are carried from this collection centre to the different markets in Dhaka and other parts of the country."



7. The way forward

The Mid-term Review (MtR) of Samriddhi conducted in May 2012 found out that the project has been successful in its result delivery, strategic focus, as well as project set-up and organisational competency.²⁷ Samriddhi is generally seen as effective in strengthening the results of its forerunner initiatives. The facilitation of value chains in livestock, crops, fisheries and crafts has brought about growing market systems by addressing the main bottlenecks.

It has been shown in this document that impacts in inclusive and sustainable market systems require deepening and broadening. How can this be done to ensure better inclusiveness and sustainability of the market systems through value chain development? Five important areas that can contribute towards this goal are identified and discussed below.

7.1 Facilitating competitive value chains for better functioning market systems

Samriddhi has gained good experience in value chain development. This experience suggests that value chain selection should carefully analyse detailed factors that account for inclusiveness, growth and scaling up potential. Future interventions should focus on few selected value chains that can contribute to increasing the competitiveness (e.g. through optimal combination of efficiency, product differentiation and access to new or niche markets) and impact potential (e.g. significant, sustainable increases in income and employment) at all levels of the value chain.

Competitive value chains increase the positions of producers, the conditions for market entry, and the share of gains between small-scale actors and private sector enterprises. Facilitators should be ready to adapt their interventions, while paying attentions to unintended consequences, to keep pace with changes in the overall system. Value chain development should make gender and disaster risk mitigation part of the value chain development only if real constraints of these issues exist in the selected value chains.

An important aspect of boosting the competitiveness of value chains is value chain upgrading, in particular process and product upgrading. This is one of the key frameworks to induce innovative changes in the different market systems (labour, service, input and output markets). Service market providers, for instance, should have the capacity to offer knowledge and skills, quality inputs and linkages to producers in establishing and running processing enterprises. As some of the cases covered in this document suggest, donors and implementers need to discuss and find out ways of supporting the development of competitive value chains whose investments in people, know-how and processes have the potential for increasing productivity (value per unit of input) and product quality and diversification, and thereby enhancing chain efficiency (shorter and more optimal value chains).



²⁷ Tarnutzer, A. and Sarwar, R. (2012). "Mid-Term Review of the SDC Bangladesh Project Samriddhi." Zurich and Dhaka.

7.2 Improving the engagement of private sector enterprises



For effective pro-poor market system changes or improvements through engaging private sector enterprises, donors and implementers should make concerted efforts in the following areas:

- Engaging private sector enterprises is more than facilitating linkages in input and output markets. It is a process of partnering with private sector enterprises for changes or improvements in the market systems.
- Private sector enterprise engagement is essentially more about scale than number. Deeper and broader impacts come from the scale of private sector participation by investing significant new resources to the partnership through innovation, technologies and capital.
- It is important to develop a coherent strategy on engagement of private sector enterprises. While Samriddhi has good experience of making deals with private sector enterprises by offering viable business models, the process has been disparate in the nature of the engagement. Facilitators should ensure good understanding and practical use of the strategy on private sector enterprise engagement.
- It is essential to shift the focus to improving market systems (labour, input, output and service markets) by having analytic framework on the functioning of markets, rather than specific value chains or enterprises. While enterprises have a role to play in markets, evidence suggests that it is market system outcomes that are more pro-poor and sustainable.

7.3 Ensuring equitable benefits for the poor and extreme poor



One of the objectives of value chain development is to improve relationships between actors by facilitating mutually beneficial relationships that build trust and reward cooperation. Despite the successful engagement of more than 100 private sector enterprises, the share of benefits that these actors are accruing does not seem, at least in some of the value chains, to be built on "mutual partnership" for shared benefits with poor and extreme poor women and men.

The experiences in most of the value chains reveal the engagement of private sector enterprises is more than a "window dressing" used as Corporate Social Responsibility (CSR) by private companies. Private sector enterprises are interested because their transaction costs are hugely reduced. But these transaction costs should not be transferred to poor and extreme poor women and men. Brokering effective partnerships between private sector enterprises, and the poor and extreme poor must ensure the partnerships are on "equitable terms". Annual joint reviews held with private sector enterprises by the LSP/SPA and the project, for example, should ensure the participation of producers' group representatives to discuss not only benefits, but also future planning and implementation. Drawing on some of the good practices such as in medicinal plants, fish and bull fattening value chains, donors and implementers should look into facilitating "platforms" where representatives of private sector enterprises, the LSP/SPA and producers meet and discuss issues and plan their investments.

7.4 Enhancing gender inclusive value chain development

More than half of the producers in the different value chains facilitated by Samriddhi are women. Women-centric value chains lack equitable share of benefits. Donors and implementers should qualitatively assess to what extent future interventions have meaningful contribution to make access to and control over productive resources, service delivery and market opportunities for building more inclusive, robust and efficient market systems. Particular attention should be given to how and why regulations and legislations around key issues of markets are influenced by prevailing social norms and values regarding gender roles, both in production and reproductive areas.

Samriddhi has rich experience to offer to donors and other development practitioners. The project has demonstrated, as evidenced by its concerted efforts and contributions, a genuine interest in identifying and addressing gender issues in value chain development. Like Samriddhi, donors and implementers should recognise the fact that women are not homogenous, and the degree of inclusive value chain development is determined by the social status of women (e.g. mobility and thus lack of access to markets, exclusion of land rights and other gender-specific patterns of property and business arrangements).

As the story of Rekha Rani in the following quotation shows, future interventions should focus on concrete strategy to consolidate Samriddhi's gains based on a careful analysis of what works/does not work and how this can further be scaled up. Opportunities should effectively be used to improve and widen the development of context-specific interventions through gender analysis. In addition, based on the experience of Female Mentors (FM),²⁸ it is important to encourage and enhance the roles of active women and men as "agents of change". These all can be integrated into gender aspects in each step of the value chain development and consequently enable facilitators to convincingly build on the "business case" for women to have equal opportunities in functional market systems.

From a simple housewife to an elected member of the Union Council (*Parishad*): the story of Rekha Rani

"Before taking part in economic activities in my village, I was not allowed to visit places outside the house. This changed after joining the duck rearing producers' group. My neighbours and I have now better freedom to move to market places, Union and Upazila level offices and relatives' houses after joining the economic activities supported by the LSP. My income and communication skills have increased and improved. Due to the income and awareness, my husband allows me to attend different meetings of the producers' group. I am actively involved in the producers' group and other producers encouraged me to run for a local government election as member in the UP (the lowest tier of local government in Bangladesh). I was motivated to try and was finally successful in winning the election. From a simple housewife, I am now an elected member of the UP. I am confident that with improved enabling environment at home, in the village and the wider community, women have the capacity and motivation to improve their livelihoods and contribute to public life."



²⁸ Female Mentors (FM) are active and usually elderly women who support women to be socially active by addressing issues of gender inequality (e.g. early marriage, dowry). FM are the forefront of facilitating the Participatory Gender Analysis (PGA) tool for identifying and addressing gender inequality at the household and community levels.

7.5 Strengthening advocacy for better enabling environment

As mentioned in the preceding section of this document, advocacy was introduced in 2013 in Samriddhi. The objective is to influence the behaviour of those who have the power to make decisions that affect the well-being of producers and other market actors. The advocacy strategy goes beyond informing or communicating with actors or stakeholders about the achievements of Samriddhi regarding market systems development.

Market system constraints identified by the value chain assessments of the project in 2010 as related to improving the enabling environment (e.g. rules and regulations that inhibit market actors from functioning well) have either been addressed partially, or dropped. Lack of rules in allowing the establishment of indigenous chicken farms and limited access of fishers to water bodies in the fish value chain were two examples that were dropped by Samriddhi. Part of the challenge was the lack of clear advocacy strategy and prior experience of facilitators in advocacy.

Sharing the relevance of advocacy

"The value of knowledge is measured by its relevance to bring about positive changes in the livelihoods of the poor and extreme poor. Samriddhi project seeks to use its learning in facilitating pro-poor market systems development to contribute to poverty reduction in Bangladesh. Samriddhi is also keen to share its learning to others. Innovative and successful business models require partnership building and collaboration with like-minded organisations.

The advocacy and knowledge management of Samriddhi supports the drive towards achieving horizontal and vertical scaling up of the good practices from the project. We use national workshops, conferences, learning visits, participation/membership in different networks, publication of experience capitalisation documents, etc as tools to communicate and disseminate the achievements and learning of the project."



Arun Kumar Ganguly, Advocacy Coordinator, Samriddhi project, HELVETAS Swiss Intercooperation Bangladesh

The importance of advocacy also lies in facilitating a shift in the awareness of key decision makers - from public to private, international organisations, academic institutions - regarding market systems development interventions and impacts. This aims to bring about recognition of and support to the importance of innovative/good practices that can be replicated/adopted. Since the introduction of advocacy, the project has so far made good progress. Future interventions should build on the momentum/experience through better coordinated message development (e.g. defining the problem, framing and naming) and development of trusted "messengers" and "champions". Concerted efforts should also be made to capitalise the experiences of Samriddhi as part of the learning and scaling up process.



About the Swiss Agency for Development and Cooperation (SDC)

The Swiss Agency for Development and Cooperation (SDC) is Switzerland's international cooperation agency within the Federal Department of Foreign Affairs. The Swiss development cooperation gives priority to poverty reduction. Globally, SDC endeavours to foster economic self-reliance and state autonomy, contribute to the improvement of production conditions, help in finding solutions to environmental problems, and provide better access to education and basic healthcare services in partner countries.

SDC in Bangladesh:

SDC has been working in Bangladesh since the latter's independence. SDC considers Bangladesh as one of its priority countries in regards to long-term development cooperation efforts.

The overall goal of the Swiss development cooperation in Bangladesh is to contribute to the improvement of well-being for the poor and disadvantaged people. In particular, the Swiss Cooperation Strategy for Bangladesh (2013-2017) emphasises increasing poor peoples' employment and income and strengthening public services and citizens' voice and participation.

SDC Bangladesh seeks to contribute to systemic change through facilitation, capacity building, advocacy and policy dialogue in the fields of Market Development, Skills Development and Local Governance. Outcomes in the three portfolios will focus on (1) citizens' use of improved services, (2) the provision of improved and inclusive services by public and private sector players, and (3) the improvement of the enabling environment.

About HELVETAS Swiss Intercooperation

HELVETAS Swiss Intercooperation is a member-based, non-profit association. It emerged in 2011 as a result of the merger of Intercooperation, Swiss Foundation for Development and International Cooperation, and HELVETAS, Swiss Association for International Cooperation.

HELVETAS Swiss Intercooperation is present in more than 30 countries in Africa, Asia, Latin America, Central Asia and Eastern Europe. Its vision is a just and peaceful world in which all human beings live in a self-determined way in dignity and safety, are able to satisfy their basic needs, have access to resources and services which are indispensable for life, and take care of the environment.


Thematic working areas of HELVETAS Swiss Intercooperation are:

- Water & Infrastructure
- Rural Economy
- Skills Development & Education
- Governance & Peace
- Environment & Climate Change

In Bangladesh, HELVETAS Swiss Intercooperation Bangladesh started working in 2000 at the request of the Swiss Agency for Development and Cooperation to manage its Sustainable Land Use Programme. Since then, HELVETAS Swiss Intercooperation's portfolio has grown to include local governance, livelihoods and market systems development, as well as drinking water and natural resource management projects.

Samriddhi
enhancing rural prosperity through
market systems development in Bangladesh

funded by SDC and implemented by HELVETAS Swiss Intercooperation Bangladesh

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