# Better systems, better jobs: a closer look at value-chain development for decent work

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The Donor Committee for Enterprise Development

# DW deficits and systems approach

1. Lack of employment opportunities
2. Inadequate earnings and unproductive work
3. Indecent hours
4. Inability to combine work, family and personal life
5. Engaged in work that should be abolished
6. Lack of stability and security of work
7. Unequal opportunity and treatment in employment
8. Unsafe work environment
9. Lack of social safety nets
10. No voice: failing workers' and employers' representation

**Job Quantity (More)**

**Productive employment**: Earnings relative to input and basic needs (2)

**Job Quality (Better)**

**Working conditions:** Non-wage aspects (3-8)

**Labour market functioning**

Source: 'Decent Work Statistical Indicators'

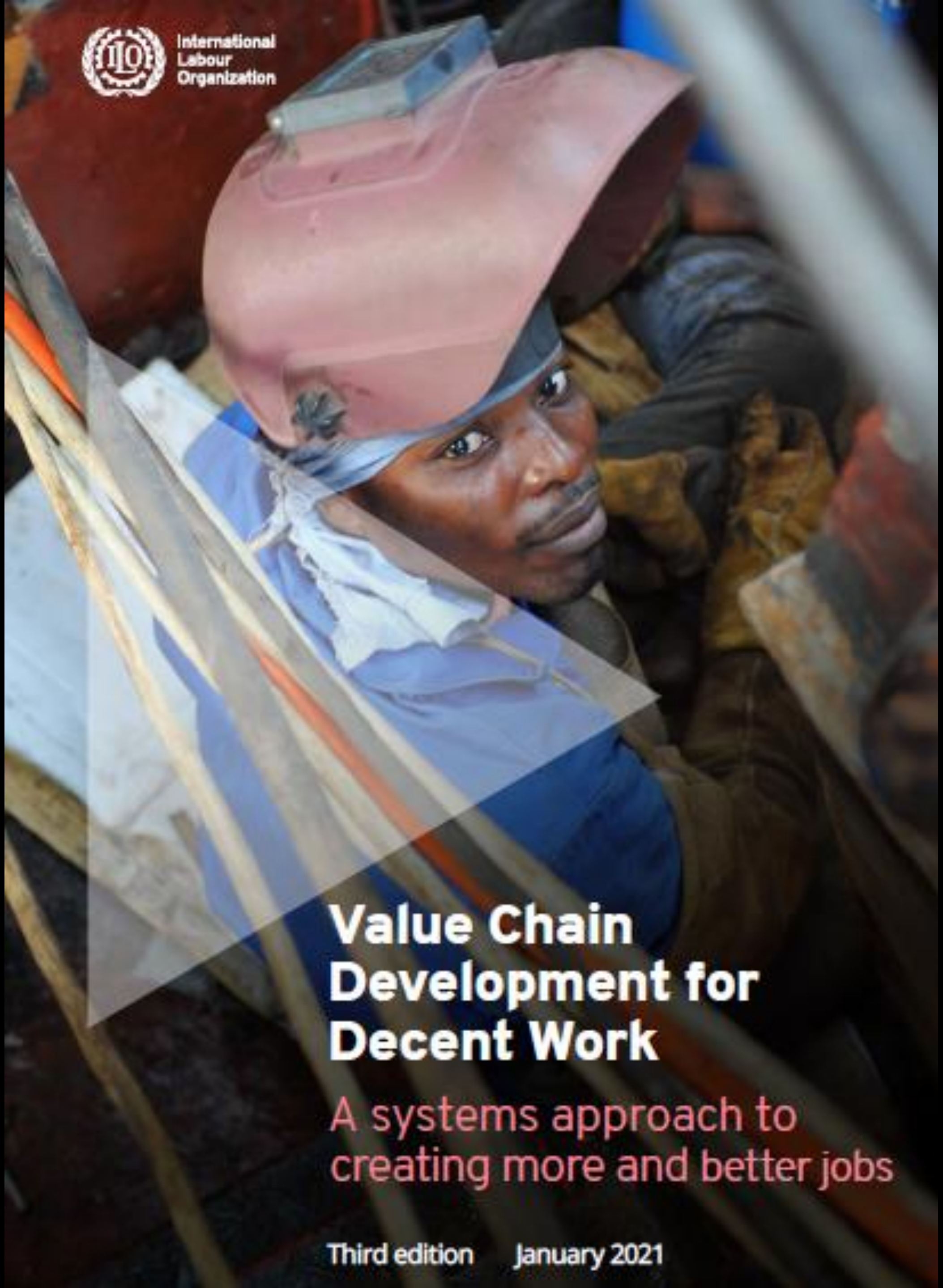
# A systems approach to Value Chain Dev for Decent Work


1. Define Target groups/goals
2. Establish sector selection criteria
3. Short list sectors
4. Scope Sectors
5. Stakeholder engagement and decision making about strategyy

1. Map Value Chain
2. Understand DW deficits
3. Identify key support functions and rules
4. Analyze constraints
5. Develop sustainability vision

1. Design Interventions
2. Find Partners
3. Run initial pilots
4. Embed systems change
5. Measure learn and adapt

Value Chain Development for Decent Work



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# Private sector investment to boost local economy

## LEED+ project: Experiences and learning from Sri Lanka

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Colombo, Sri Lanka

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# Outline

## The context: project location and background

## VCD in action

- Sectors/value chains
- Examples of VCD intervention
- Experiences/Learning

# The context: project location

**TARGET AREA**
**Northern Province**
Jaffna, Mannar, Vavuniya, Killinochchi, Mullativu

**TARGET POPULATION**
**3,000 conflict-affected households** including
1. Female-headed households
2. Ex-combatants
3. Youth with particularly high unemployment
4. Persons with Disabilities

**TARGET SECTORS**
1. Agriculture
2. Fisheries

# The context: historical background

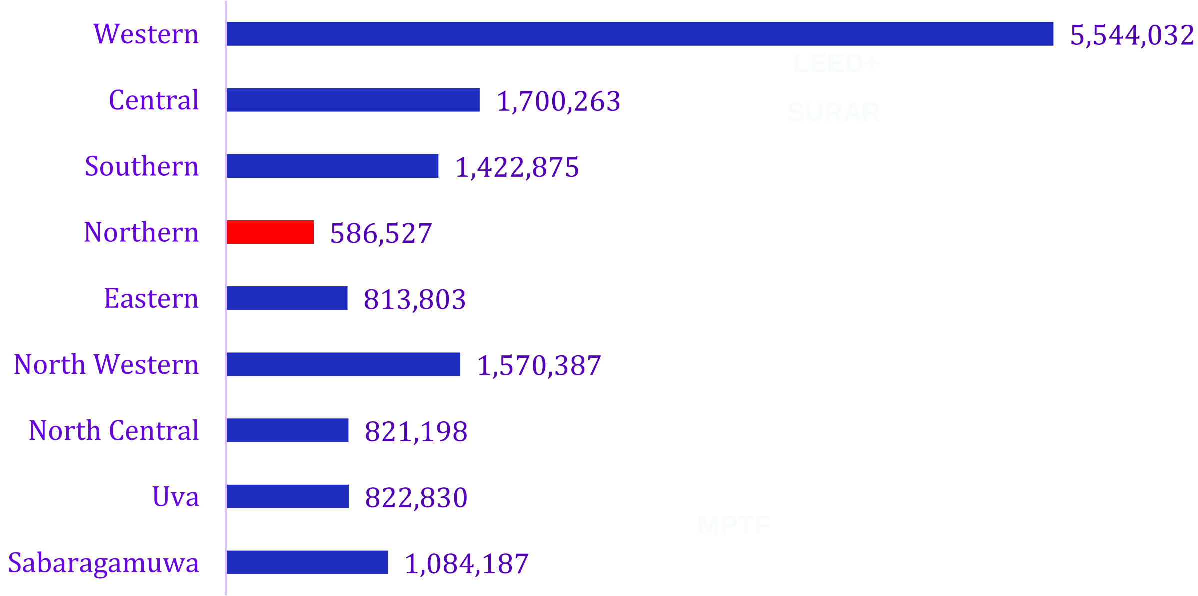
Almost 3 decades of conflict between North and South ended in 2009; but it took its toll

The war badly affected agriculture and fisheries - two of the dominant economic sectors of the Northern Province

# The context: Economic condition

- Economic growth and development in the NP had faced challenges due to its adverse geography long before the war began in 1983.
- The war also prevented the region from benefiting from the economic liberalization policies of 1977.
- Despite lot of development efforts, North still remains the poorest province; having the lowest GDP among all

Provincial Gross Domestic Product by Industrial Origin at Current Market Prices – 2018 (base year 2010) Rs. million




*Source: 2020 Central Bank of Sri Lanka, Economic and Social Statistics of Sri Lanka*

International Labour Organization

# The context: the project’s strategy

- Poor economy is attributed to low private sector investment as one of the key factors

- **Access to land; infrastructure; skilled labour; language, caste and language barrier, technology, finance, mistrust, political resistance** are the major barrier to private sector investment [E&Y, 2019]

- To promote sustained local economic growth, the project’s strategy - attract private sector investment in potential value chains by offering inclusive business models

Economic Development Framework

*For a Northern Province Master Plan*

institutions and human resources that lagged behind the rest of the country. A post-war reconstruction strategy centred on building infrastructure, expansion of credit to promote self-employment and encouragement of private-sector investment, however, has not met expectations in delivering sustained economic growth, employment and increased household incomes.

A Report commissioned by the Central Bank of Sri Lanka

*The views expressed in this report are those of the independent committee members and do not necessarily reflect the position of the Central Bank of Sri Lanka*

August 2018



# VCD in action

## LEED+

Local Empowerment through Economic Development and Reconciliation

(2018-2022)

## Five value chains

- Groundnut
- Coconut husk
- Maize
- Black gram
- Sea cucumber

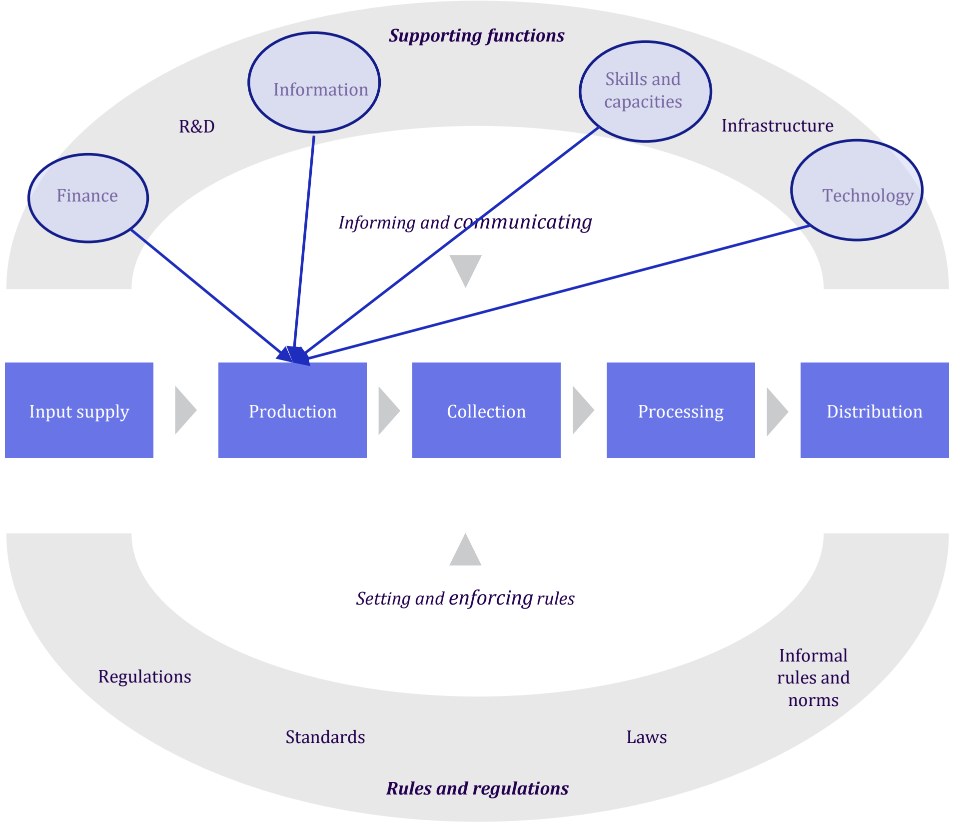
## Growth strategy: leveraging points

- Vertical and horizontal expansion in primary production
- Extend backward linkages to process husks
- Introduce commercial production to feed industrial buyers
- Vertical and horizontal expansion in primary production
- Promote aquaculture to offset depleting natural source

International Labour Organization



# Groundnut: The market system(s)




**Value chain and market systems, adapted from Springfield Centre**

## The overall problem

- Low supply with inferior quality from local production

## Underlying causes to poor performance

- Poor knowledge on production techniques and post-harvest management
- Lack of access to quality seeds
- lack of access to appropriate irrigation facilities
- Poor access to finance
- Lack of access to farm machineries

## Intervention

- Improve farm productivity and product quality

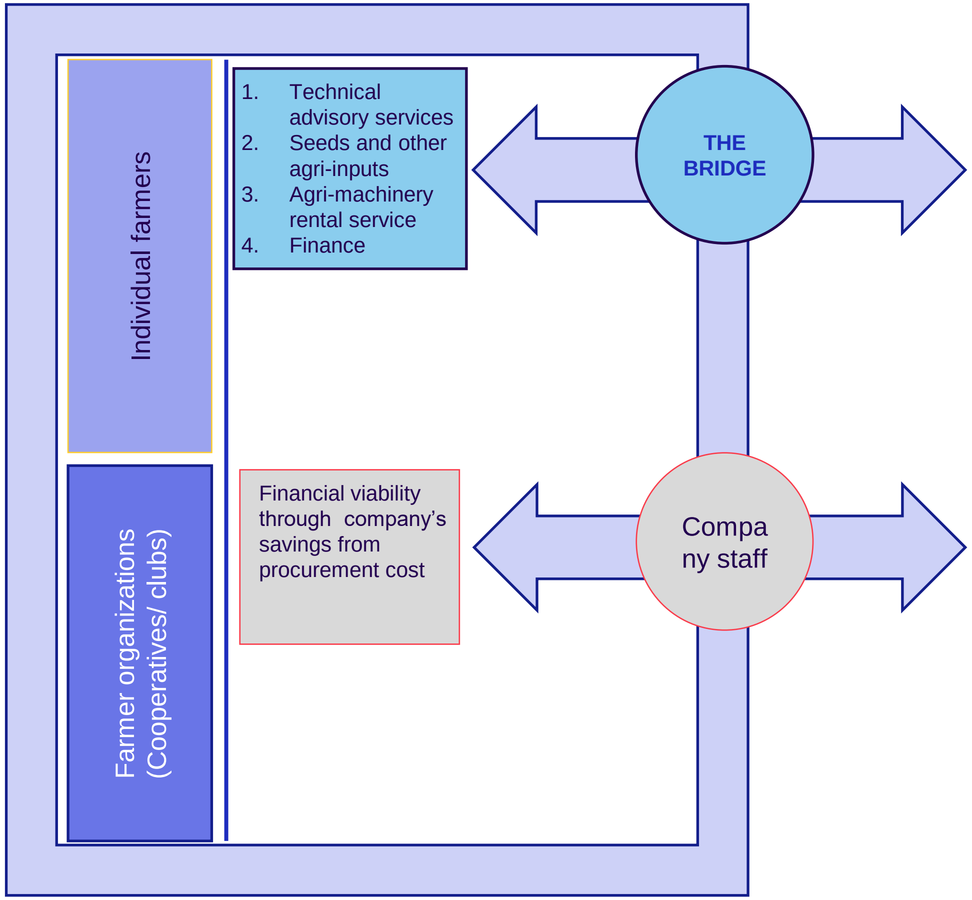
## Intervention strategy: market led solutions

- Develop/strengthen commercially viable solution provider to address underlying causes to poor performance

# Groundnut: The business model

## LEED+

1. Identify potential production clusters having larger presence of target people and share with PC
2. Identify potential farmer organizations and share with PC
3. Identify existing physical infrastructures and explore potentials for PC to utilize
4. Arrange networking workshops with government line agencies
5. Share agreed costs under technical services establishment




## Private company (PC)

1. Adopt business model to reach target farmers
2. Select farmers as individuals or as organizations or a combination of both
3. Implement series of activities agreed under the ToR with LEED+
4. Establish the range of the technical services gradually
5. Set up and implement agreements with 'the bridge'

# Groundnut: Early signs of impact

### Farmers' end

- Improved access to technical advisory services
- Improved access to better quality inputs
- Improved access to market

### Company's end

- Direct sourcing from farmer
- Access to better quality groundnut
- Loyal supplier-base

| 41% | 160% | 514% |
|---|---|---|
| Yield | Acreage | Income |

| 151% | 105% |
|---|---|
| Farmers | Sourcing |

# Systemic change

Changed staffing engagement time. Produced own seeds to distribute. Initiated inputs on credit support. Preparing to establish processing unit.

Partner is highly satisfied and committed. The owner himself is engaged in regular follow up. Farmers are satisfied too.

| | |
|---|---|
| ADAPT | RESPOND |
| ADOPT | EXPAND |
| *Piloting phase* | *Crowding in phase* |

In some locations local Coop Dept approved Coop to provide loans for groundnut production alongside paddy.

At least one large company is preparing to copy

# Experiences and learning

## Adaptive management

- New challenges/opportunities
- Change in policy environment
- Stakeholder opinions

## Parallel development projects with traditional approach

- Expectations of 'hand-outs'

## Private sector partners: not always a smooth journey together

- Different priorities
- Not all negotiations end in a positive outcome
- “*How can we help you?”* vs *“how can you help us?”*

# Thank you

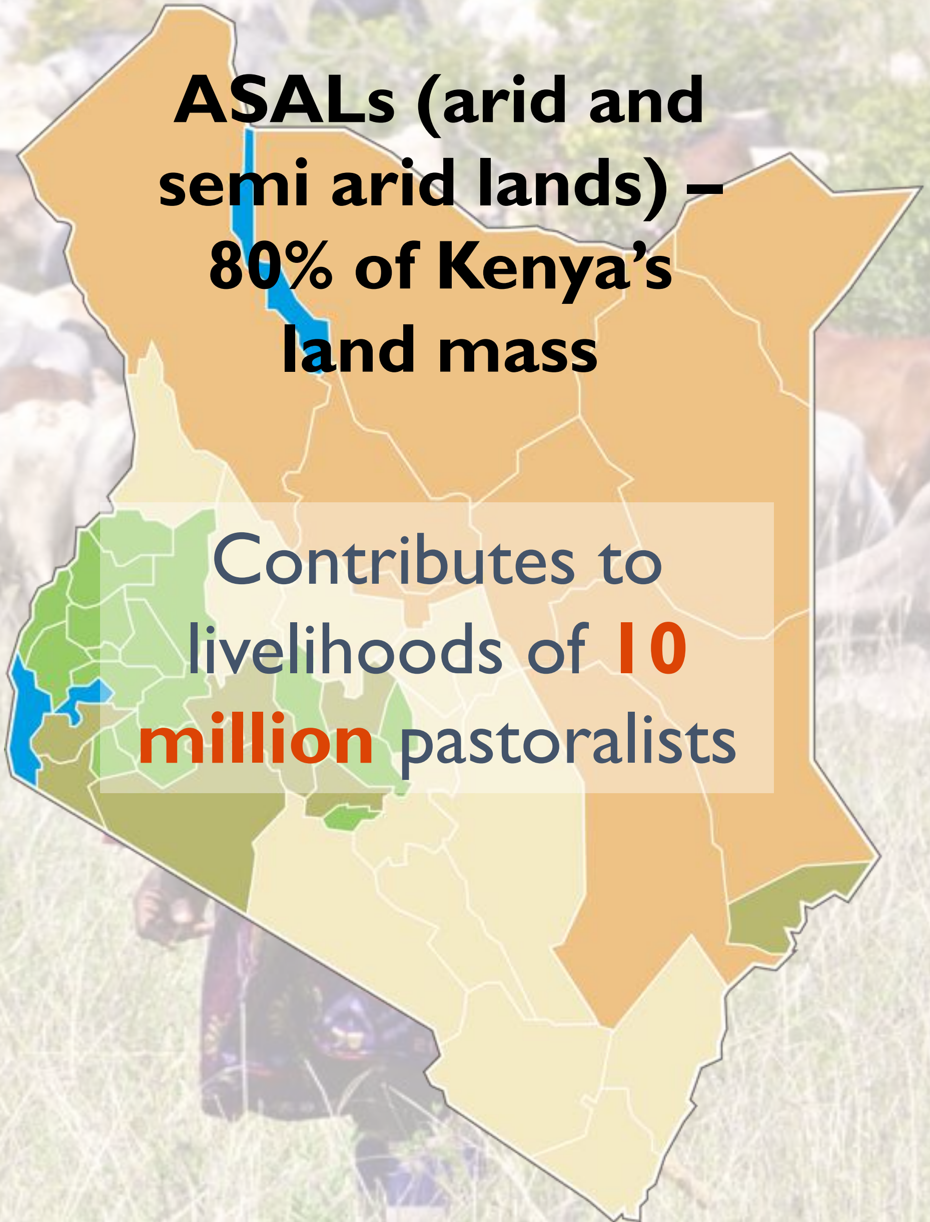
GATSBY AFRICA

- Sector transformation, taking a systems approach
- Focus on East Africa
- Funder and implementer
- Support two East African institutions

# Kenya's livestock sector is extremely important from a socio-economic perspective

**15%**
agricultural GDP

**40%**
agricultural labour force



**ASALs (arid and semi arid lands) – 80% of Kenya's land mass**

Contributes to livelihoods of **10 million** pastoralists

# Despite having one of Africa's largest herds, the biggest challenge – and opportunity – facing the sector is how it can bridge the supply-demand gap

## **Demand–side** opportunity

A growing population demanding more meat

95.5m
(2050)

47.6m
(2019)

300,000 tonnes

(2016)

Domestic Market Deficit (Beef)

## **Supply – side** inefficiency

86%
of the meat market is informal

50%
mortality losses from birth to sale

Only 2%
of meat sold undergoes cold chain processing

US $240m
value/year would be extracted from 5th quarter (by-products) alone

# A nascent sector, with challenges across the value chain and the enabling environment

Incomplete policy framework, but in progress – e.g. national traceability legislation and livestock policy & bill

Subsistence oriented, high

Unmet domestic and export demand

*One catalytic intervention we piloted was the introduction of quality/safety improvements at the demand end, to drive change back through the value chain*

- **Retailers** – Cold chain, international food safety standards
- **End consumers** – Shift preference towards cold chain meat

End market

Lack of aggregation – poor market access and value addition for pastoralists

Lack of product differentiation

Poor handling practices – high losses

Changing consumer preferences

# We worked with Tuskys, Kenya's largest supermarket chain, to catalyse a shift in meat retail in the country

TUSKYS
Pay less, get more, Everyday

Tuskys implemented:

- Staff training and recruited trained staff from the region
- Safety standards – the Hazard Analysis and Critical Control Points (HAACP)
- Cold chain

**Immediate impact: between 2016 and 2017**

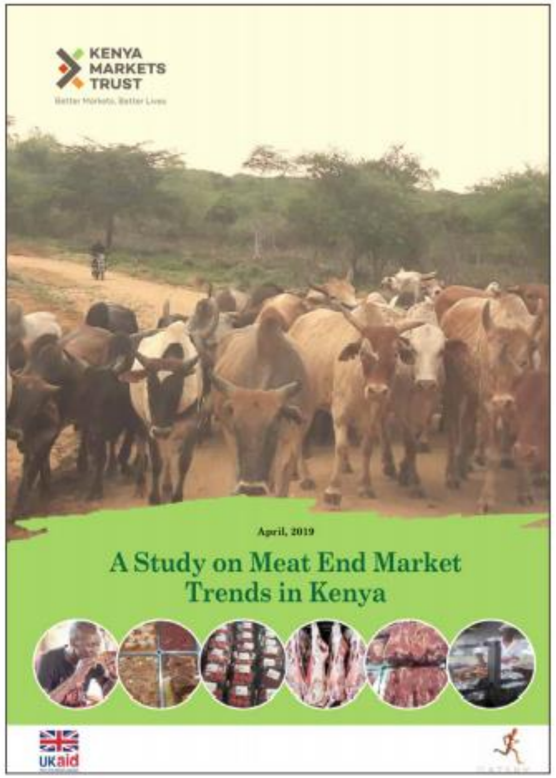
- Revenues grew by 36%
- Meat storage times increased from 2 to 10 days
- Average spend per customer up 80%

**Tuskys continued investing**

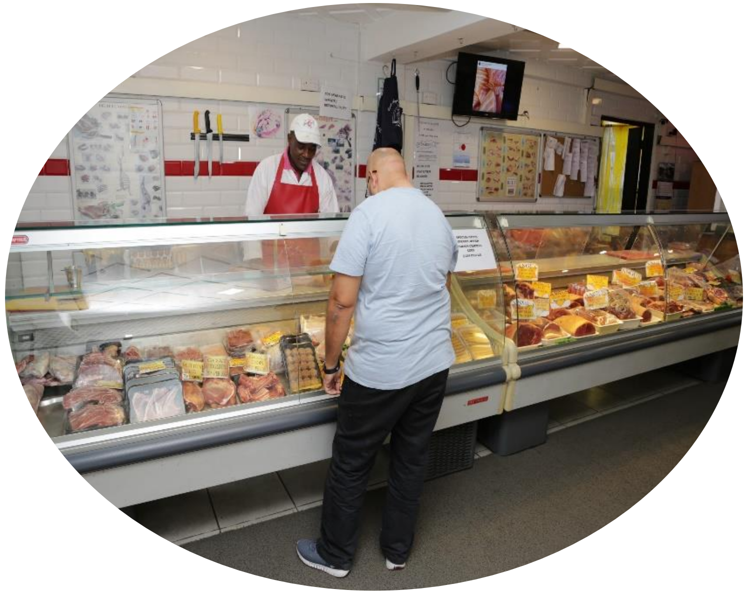
- Expanding HACCP certification and cold chain system to all 54 branches
- Establishing a food health and safety department
- Choosing suppliers based on their ability to identify and trace animals

# KMT has also worked with the sector on consumer awareness campaigns – to create demand pull for quality and safety standards

Disseminated information on consumer preferences and beliefs




Media campaigns on food safety and benefits of cold chain



Facilitated food quality pledge between KEMLEIC and RETRAK

# Impact created – stimulating demand pull changes through the value chain

## In retail

- New jobs in retail due to increased sales
- Upskilling of retail staff

## In supply chain

- New jobs in processors and feedlots to meet increased demand
- Increased incomes and market access for pastoralists
- New jobs in cold chain distribution

## Wider sector

- Improved consumer health due to food safety standards
- Increased government focus on food safety and need for cold chain
- Improved coordination between sector stakeholders

Replication

Supply chain responding

National dialogue

# Experiences and learning

- Taking a systems lens can identify critical catalytic interventions that can drive wider change
- To drive sustained jobs and incomes impact requires the underlying business case to be strong
- It is necessary to tackle both supply and demand side constraints and opportunities
- Requires a long-term approach, especially if trying to build capacity of government and private sector to engage in ongoing dialogue and drive policy change

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GRAB THE MIC

## Questions to the speakers

**Post your questions in the Q&A Box**

(tab at bottom of your screen)

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