

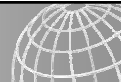


Conference on Agribusiness and Food Industry
Session 10 – August 11, 2007

Public-Private Partnership in Promoting Food Value Chains

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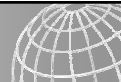
- 1** Value chain promotion as a development approach
- 2** Public-private partnership in value chain upgrading
- 3** “Investing into inclusiveness”: Regional Economic Development (RED) in Uttarakhand

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The goal of economic development policy is pro-poor growth (PPG)

= Reducing poverty by promoting growth that is socially inclusive.

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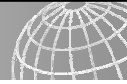
Market development

That is: Strengthening the competitiveness of labour-intensive subsectors of the economy system, such as the agrifood sector by creating market institutions, facilitating business linkages, improving services and the legal and administrative framework conditions



Support to poor producers

Integration of farmers and SME into modern value chains, working towards more equitable *chain governance*

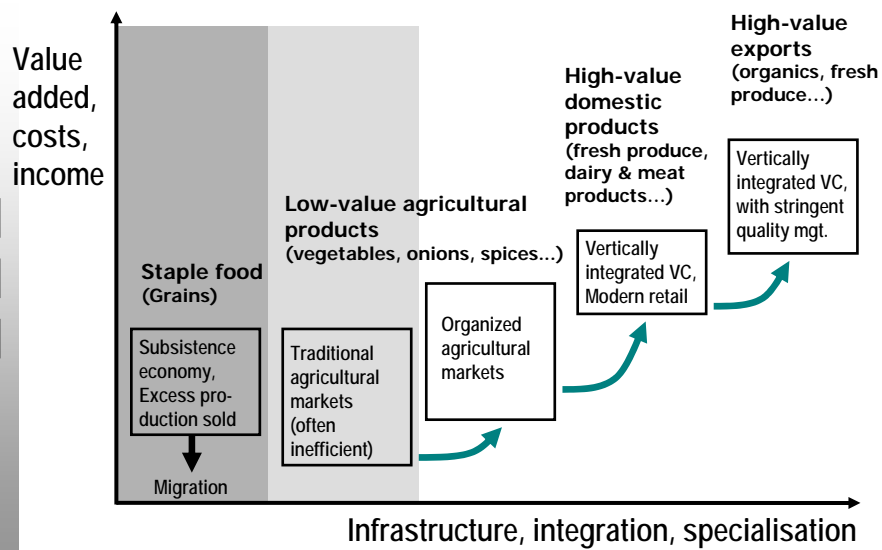
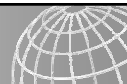


Value chains

- ... delimit “natural” areas of action
- ... structure analysis around market requirements
- ... facilitate coordinated, “systemic” interventions
- ... facilitate impact measurement

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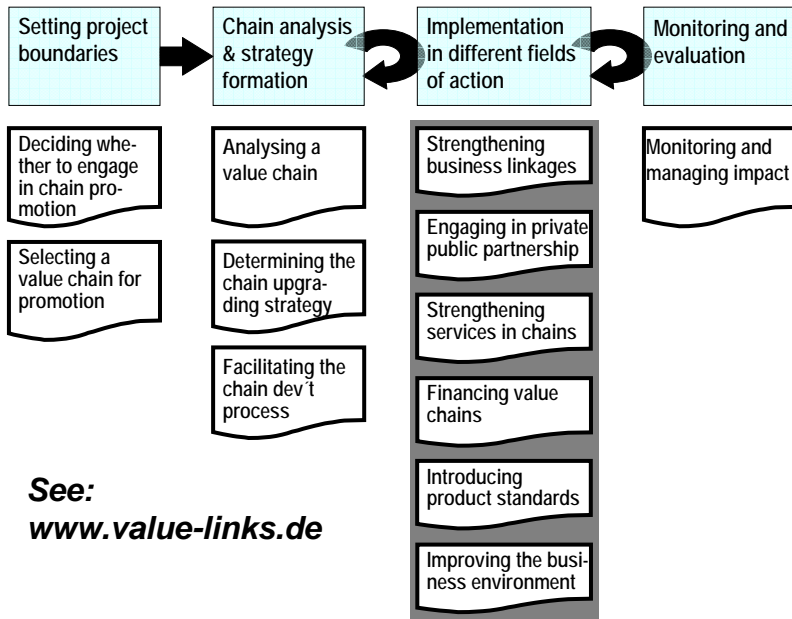
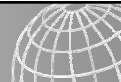
Some basic principles

- **Growth potential as starting point:** Build on market demand and relative competitive advantage
- **Select the “right” market:** From a public point of view, tax money should only be invested where growth ensues social benefits
- **Key role of private sector:** Build on private initiative and on partnerships mobilizing services and investment of companies
- **Multi-level approach:** Addressing enterprises, sector organizations (meso level) and the government support agencies in parallel
- **Learning process:** Development is conceived as a gradual process leading from quick improvements to more complex change

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See: www.value-links.de

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Fields of implementation and supportive action

Modules	Issues / Tasks
Module 5 Strengthening private business linkages	<ul style="list-style-type: none"> • Brokering vertical cooperation - supplier / buyer contracting • Fostering horizontal cooperation of value chain operators • Business matchmaking
Module 6 Engaging in public-private partnership	<ul style="list-style-type: none"> • Engaging private partners in development work • Concluding private-public partnership agreements
Module 7 Strengthening Services in value chains	<ul style="list-style-type: none"> • Assessing service needs and service markets • Strengthening private service markets and arrangements • Improving the responsiveness of public service providers • Strategic use of temporary support services
Module 8 Financing value chains	<ul style="list-style-type: none"> • Brokering value chain financing arrangements • Publicly funding chain development
Module 9 Introducing social, ecological and product quality standards	<ul style="list-style-type: none"> • Facilitating the development of standards • Accompanying the implementation of standards • Developing the capacity for the verification of standards
Module 10 Improving the business environment of chains	<ul style="list-style-type: none"> • Supporting private initiatives addressing macro-level constraints • Fostering a coherent value chain promotion policy

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Analytical and decision-making tasks

Modules	Issues / Tasks
Module 0 Deciding whether to engage in chain promotion	<ul style="list-style-type: none"> • Assessing potential and limits of value chain promotion • Combining chain promotion with other development approaches
Module 1 Selecting a value chain for promotion	<ul style="list-style-type: none"> • Determining the scope of value chains to be promoted • Conducting and supporting market research • Setting priorities across alternative value chains
Module 2 Analysing a value chain	<ul style="list-style-type: none"> • Value Chain Mapping • Quantifying and analyzing value chains in detail • Economic analysis of value chains
Module 3 Determining the chain upgrading strategy	<ul style="list-style-type: none"> • Agreeing on a vision and strategy for chain upgrading • Analysing opportunities and constraints • Setting operational upgrading objectives • Identifying actors to implement the upgrading strategy • Anticipating the impact of chain upgrading
Module 4 Facilitating the chain development process	<ul style="list-style-type: none"> • Clarifying public, private, and donor roles • Designing a process and setting entry and exit points • Organising the chain promotion project and scaling it up • Institutionalising collective action of chain actors

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Monitoring & Evaluation

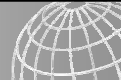
<i>Module</i>	<i>Issues / Tasks</i>
Module 11 Monitoring and Managing Impact	<ul style="list-style-type: none">• Formulating impact hypotheses of value chain promotion• Verifying impact hypotheses• Managing for development results

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Value chain promotion as a development approach

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Public-private partnership in value chain upgrading

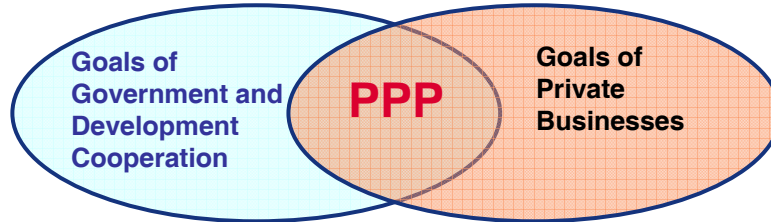
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“Investing into inclusiveness”: Regional Economic
Development in Uttarakhand

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... overlapping public and private interest



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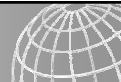
▶ *Increasing the competitiveness and growth of the economy, thus enhancing the tax base*

▶ *Growth in sales turnover, efficient and reliable supplies*

▶ *Market regulation through quality standards & good policy*

▶ *Social equitability: Economic inclusion and higher income of the poor*

▶ *Respond to consumer preferences and the socio-political environment*



Development of the value chain

especially through supplier qualification programmes, and business linkages

Development and introduction of quality standards

in the interest of joint marketing and the creation of a "level playing field" for competition

Qualification of service providers

in quality control, technology transfer and staff training

Improvement of the administrative environment

by working on administrative and legal constraints impeding growth in the respective subsector

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... building on the respective strengths

Role of Government and development cooperation

- ▶ *Improving the business environment to attract further investment*
- ▶ *Providing public services*

- ▶ *Matchmaking and mediating between business partners*
- ▶ *Facilitating the process of value chain upgrading*

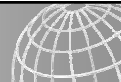
Role of Private Business

- ▶ *Identifying market opportunities*
- ▶ *Product & technology innovation*
- ▶ *Investment*
- ▶ *Transfer of technology and skills to suppliers (and business partners)*

- ▶ *Securing commercial viability and contributing to professionalism*
- ▶ *Flexibility in funding development activities*



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Important issues to consider:

Distribution of value added (and other benefits)

Relative bargaining power in the chain, governance relations

Market integration and livelihood strategies

Limits of smallholder market production in traditional settings and under conditions of food insecurity, increased vulnerability

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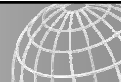
Value chain development at marginal locations

Bringing together the regional and sectoral dimensions of economic development, locational factors, agglomeration gains

Winners and losers in the process of modernization

Ongoing structural change in the agri-food business

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Some important strategic considerations:

Selection of value chains with a pro-poor potential

Balancing (a) growth potential, (b) economic benefits for the poor and (c) outreach and efficiency of support

Building on corporate social responsibility

Increasing importance of social standards and “ethical sourcing”

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Promoting rural industries and agribusiness

Building on a much greater potential for value addition and job creation in processing and marketing (e.g. packhouses for vegetables)

Fostering horizontal linkages & associations

strengthening the bargaining position of small-scale producers

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Regional economic development in Uttarakhand

Selection of value chains for promotion

Study on potential is underway, so far focusing on medicinal plants, organic products and dairy. More opportunities wanted!!



Investing into innovative business models

serving the poor as costumers, involving the poor as entrepreneurs and/or enabling the poor to develop new business opportunities



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Seeking complementary investments in the region

e.g. creating a regional “eco-image” by linking organic production and (eco)tourism

Integration of primary production with industry

Supporting agricultural supply links with new industrial estates in Uttarakhand