



VALUE CHAIN IMPROVEMENT APPROACH of food processing units Technical Guidance Note

Working on value chain improvement is one of the livelihood project’s strategies to enhance households’ economic security and resilience. This type of intervention allows rural men and women producers to take advantage of market opportunities and maintain or increase the value of their products, have fairer sale prices, and achieve a stable income increase.

This technical note, developed by the IFRC - Livelihood Resources Centre, with funding from the British Red Cross, is the result of the capitalization and systematization of the experience of the Burkina-Faso Red Cross (in partnership with the Spanish Red Cross) on the implementation of value chain improvement projects.

This document is aimed to provide members of the Red Cross / Red Crescent Movement, as well as other humanitarian actors, **with simple and practical guidance to design and implement the “value chain improvement” approach of a food product.** In this sense, this document does not provide an exhaustive description of the actions to be developed in each of the project phases but identifies and highlights the **fundamental aspects to allow replication of the approach.**

Summary

- Basic Concepts(p.1)
- Project Description (p.3)
- Implementation Description (p.3)
 - Feasibility Analysis and Project Design (p.3)
 - Start-up of activities (p.6)
 - Ownership, development and empowerment (p.8)
 - Stabilisation (p.12)
- Context Elements (p.14)
- Tools and references (p.15)

Basic Concepts

Value Chain

The value chain describes the full range of activities required to carry a product or service from its conception, through various stages of production, to its distribution with consumers. In each stage of the process, there is a sequence of physical transformations and uses of various services that adds value to the final product¹.

What does the value chain improvement mean?

Value chain improvement can be defined as the reinforcement for the capacity of one or several actors (producers, processors, merchants, etc.) to enhance their production process and, consequently, their economic profitability and income. This improvement is normally achieved by taking advantage of the different opportunities that arise at different levels of

¹ Ref. “Analysis and Development of Inclusive Value Chains to Support Small-Scale Producers to Access Agricultural Markets”, EuropeAid, 2011.

Type of livelihood intervention:	strengthening and / or diversification
Strengthened livelihood assets:	Human, financial, social and physical.
Context of Application:	rural, urban and peri-urban



the market chain.

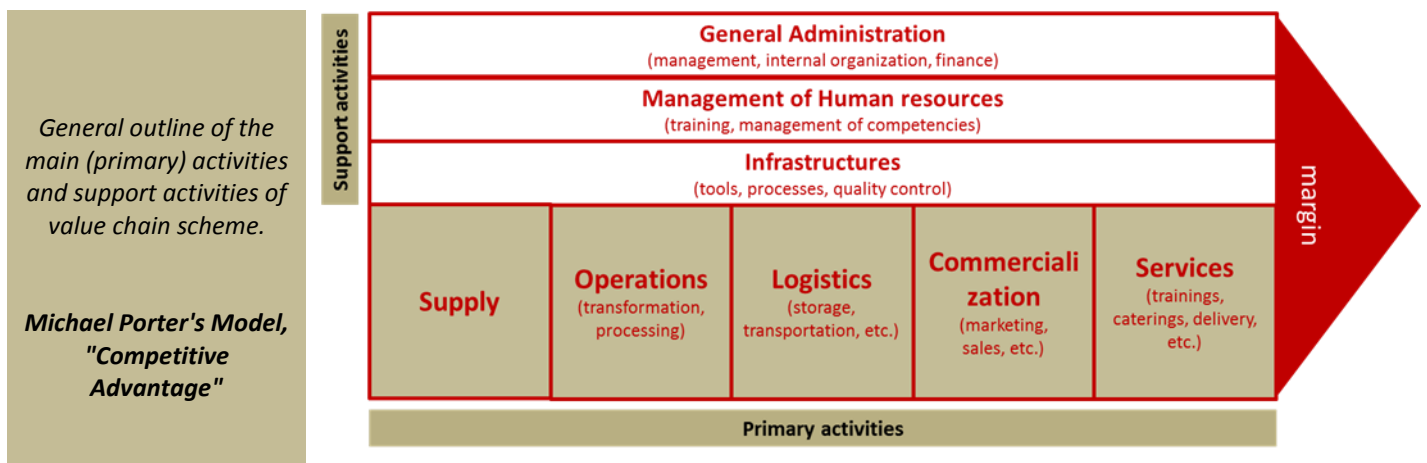
Actions to improve activities of target group's value chain include:

- Increasing performance and efficiency: increasing the production (quantity / quality / variety) of products offered through the use of appropriate techniques or efficient processes.
- Offering product differentiation (quality, new products) to strengthen existing links or access to new markets (specific customers) and to deal with the competition.
- Reducing activity costs (supply, storage, new technology, loss reduction and control) and

structural expenditure, to make their production more competitive.

It is not necessary to work on all major activities of the value chain process to improve the value chain.

Depending on **project objectives and own capacities or group capacities**, organizations can support producers / processors in some **main activities** (for example, supporting a group of producers to store and sell their products after the harvest period) or build **internal capacity** (logistics, organization, etc.) to access new markets or reduce structural costs.



According to Porter's value chain model (see diagram above), activities can be divided into:

- **Main activities**, namely production chain activities between suppliers (of raw material) and final customers (product and by-products elaborated), thus including supply, processing, internal logistics, marketing and services, and
- **Support activities**: all internal activities that enable the functioning of the enterprise / organization (management, internal processes, planning, finances, etc.)

Project Description

In Burkina Faso, in Sissili Province, the Burkina-Faso Red Cross, with the support of the Spanish Red Cross, has implemented the project "Improving food security for 350 families by strengthening food production system and improving nutrition", whose main area of intervention was the value chain improvement of the orange-fleshed sweet potato (OFSP) with a women's association².

² This project not only focused on the group of women engaged in the transformation, but also on other five groups of women producers of Sissili. This specificity is usual in value chain projects implemented by the organization, which normally works with

Capitalised Project

“Improving food security for 350 families by strengthening food production system and improving nutrition”. More specifically the "value chain improvement" component of this project, which is the value of the orange-fleshed sweet potato, among other local products.

Outcome 1: Capacity building and organization of beneficiary groups;

Outcome 3: Improved processing, preservation and marketing & sales system for agricultural products.

Implementation period: 2015-2017 (24 months)

Organizations: Burkina Faso Red Cross, in partnership with the Spanish Red Cross

Location: Sissili Province (Burkina Faso)

The association Buntàta³ was created by 15 women, who were previously engaged in artisan food processing. They use orange-fleshed sweet potato (OFSP) and transform it into chips or flour to make biscuits, cakes, or baby porridge, and sell it in local and regional markets.

The OFSP is a high nutritional local product, resulting from crops without fertilizer that increase the amount of dry matter (less water-saturated) and thus its shelf life. As part of the actions implemented at the capitalized project, the Buntàta Association received support for its supply, storage, processing and marketing activities with the aim of strengthening their livelihoods.

This guide is based on observations from the implementation of processing activities by Buntàta association but also on certain elements taken from prior experiences of the Burkina-Faso RC, especially with associations engaged in processing and marketing of dairy products (Association Dougou de Otoiklè) and cassava (Association Gaman de Gnanfè).

groups of agricultural producers. The actions on value chain improvement are usually secondary and they are implemented only if the opportunity arises, as a complement to the intervention.

³ Groups' names are fictitious to protect beneficiaries' identity. For further information on this project, please contact the Burkina-Faso RC: izoungrana@croixrougebf.org

Implementation Description: “Value Chain Improvement” approach

The implementation of the approach must be carried out schematically according to 4 phases:

- Phase 1: Feasibility Analysis and Project design.
- Phase 2: Start-up of activities.
- Phase 3: Ownership, development and empowerment.
- Phase 4: Stabilization (or consolidation).

Besides the key elements in the implementation of each phase, this document will highlight information about the **project team** to be engaged for implementation, **resources needed**⁴ and **potential partnerships**.



Team Project



Resources



Partnership and Agreements

Phase I. Feasibility Analysis and Project Design

“Initial phase of the approach in which, in a participatory manner with relevant stakeholders, the organization identifies the project opportunity, carries out project design and analyses the feasibility of its implementation”.

Duration (estimated) : 3 months

This first phase includes all evaluation and initial targeting actions, needs assessment, study visits to similar projects, intervention analysis (relevance, sustainability analysis, etc.) ending up with response

⁴ The element "resources needed" details the equipment, infrastructure, services or tools needed for the implementation of the activity, without identifying who makes the contribution.

options, formal design and the submission of the proposal.

- 1) Selection of target groups
- 2) Feasibility analysis

Selection of target groups

The common link between the interventions reviewed⁵ is that they had targeted beneficiaries on **already existing associations** (legally constituted) and previous experience in processing agricultural products.

Thus, the selected associations had already started working on the small-scale value chain in order to increase the shelf life of food products (conservation, processing), as well as their sales value and, consequently, increasing members' revenue.

Benefits identified in this process are based on:

- associations are already constituted and therefore are already well functioning
- there is a common motivation to work together (not encouraged by external agents), and
- these associations already have some experience in value chain activities, and, therefore, they are aware of the constraints and challenges they may face.

Working with existent associations **does not prevent us from working with beneficiaries who are not in an association**, or who do not have prior experience.

However, the process of creating associations will take more time and resources. In particular, it will be necessary to set up collaborative dynamics and mindset in sharing a common vision / goal.

⁵ The Sissili project (on OFSP transformation), but also the other two projects in Kénédougou province (Saoghal Association, cassava processing) and in Gourma province (Association Dougou de Otoikle, dairies).

Feasibility analysis

Within the value chain improvement approach, it is essential that the project design is based on the results of a **feasibility analysis**, carried out to identify opportunities, risks, market capacities (supply and marketing), etc.

The feasibility analysis will allow us to:

- Have a clear **understanding of the market or market system of the activity sector to be supported**: actors, infrastructures, regulatory framework, competition and prices.
- Identify the **association's current market positioning** and the opportunities at each level of the value chain to define a goal and a **future positioning strategy** (different scenarios depending on the organisation possibilities and capacities).
- Identify **technical, financial, organizational and human capacities** needed to implement the strategy.

These results should be compared with the information on the needs of the targeted associations, as well as with the capacities of the organization (funding, knowledge, duration, etc.), and of associations (number of members, management tools and capacity, time available, etc.) to determine the **scope of the project and set realistic goals**.

What should a Feasibility Analysis include?

The feasibility analysis should mainly answer the following question: is the implementation of the approach feasible or not? If so, what will be the expected impact and under what conditions?

The elements to be analysed are:

- The sector market system at local, regional or international level, depending on the scale or initial objective.
- Relevant information on market system capacity in relation to the **supply of raw material** (local / regional capacity, seasonality in supply, fluctuations in prices).
- Information on **product demand** (consumer



acceptance and preference, consumer profile, similar / competing products, fluctuations in sales prices...)

- Identification of necessary **equipment and infrastructures** (investment) for each value chain activity, and the cost of the investment to be made. This identification is usually based on the definition of different scenarios (production volume / sales).
- An **operating account** (*Synthesis tool for the different activity expenditures -raw material, production costs, storage, marketing, etc.- and revenues in a given period*) of processed products, according to the different types of products, and considering different production volumes.
- Proposal of product **selling price** on potential local and national markets considering competition and customers.
- Identification of **product-related opportunities** (nutritional value, local product, etc.) according to different types of customers, and of opportunities (or threats) related to processing initiatives (alignment with local and national policies, etc.).
- Identification and proposal of local and regional **marketing & sales channels and strategies**.
- Identification of the necessary **legal aspects** to be taken into account for the implementation of the

initiative.

- With regards to food production and / or processing initiatives, it is important to analyse seasonality (available quantity and price) as this will have an impact on supply and sales and, therefore, on income. It is important to identify **complementary products or mechanisms** which would allow to consolidate the marketing & sales strategy and to achieve income stability.
- Analysis of association's capacities regarding expected activities, particularly in terms of knowledge and identification of member's potentialities.
- Analysis of existing **risks and threats** that may affect the good profitability of activities

- ✓ The feasibility analysis is an **essential step in making decisions about the implementation** (and scope) of the value chain improvement approach.
- ✓ This type of analysis allows identification, according to the available means, of where to place the targeted initiative (the processing unit, in this case) so that it becomes **autonomous at the end of the project**.
- ✓ Donors increasingly request this type of analysis to justify interventions and to show project relevance and sustainability.



Team Project:

- Food Security / Livelihoods Coordinator;
- Members of the local committee and volunteers who know the community;
- Support staff: driver (s), logistics, administration, etc.

The project team in charge of the identification should have **knowledge / experience on Livelihoods**.



Resources:

- Consultant or consultancy service (to conduct feasibility analysis) in case the evaluation team does not have the necessary skills.
- **Land for the processing unit** (for the project reviewed, it was necessary to have land available to build up the processing unit).
- Equipment / logistics for the evaluation mission.



Partnership and Agreements:

- **Government Technical Services**. In project design, as in the case of Sissili project, the technical services have supported with information on feasibility (local production capacity, presence of similar initiatives, etc.) and with the design validation. This type of partner can also provide technical support for the construction of the processing unit.
- Local Authorities

Phase II. Start-up of Activities

"Period between the start of project implementation and the start-up of specific activities on the approach". Moment in which associations, with a minimal organizational structure, start their activities by progressively taking ownership of tools or equipment identified during the design phase.

Duration (estimated): 7-8 months⁶, obtaining land, property and building the processing unit are decisive elements in timing the length of this phase, which involves two steps:

- 1) Conventional **groundwork activities after fund reception** :
 - approach and scope review/update;
 - baseline development ;
 - implementing timeline;
 - hiring project staff;
 - communication and signature of agreements with stakeholders, etc.
- 2) The **actual start-up of activities** to support the association and enable it to work differently by using the means at its disposal, with emphasis on the following activities:
 - Provision of equipment and infrastructure;
 - Initial supply and storage;
 - Strengthening association's capacities;



Training of the OFSP processing association in Sissili.

⁶ In Sissili the whole process took 6 months (donation of the land to Buntata association, seal of the land title, design of building plans with an architect, request of building permits and finally start the construction).

During the project (or approach) planning review and update, special attention should be paid to the **seasonal calendar**, especially for food processing. Processing units working with these products are strongly dependent on supply and sale seasonality. For instance, regarding the capitalized project, the start-up of activities took place in April, although orange-fleshed sweet potato (OFSP) harvest period is between September and October. In this sense, initial supply was minimal, being complemented after the harvest.

This aspect can be important to identify needed actions to start-up activities.

What are the minimum and essential elements of the value chain to start-up the activity?

Starting date (timetable) and other minimum elements (scope of actions needed to start activities) should be defined during the evaluation / feasibility study phase and should be reviewed at the beginning of this phase. With regards to the start-up, not all activities in the value chain need to be developed at the same level.

The **minimum elements** to start value chain activities will depend mainly on:

- 1) Target group's initial situation;
- 2) the project objective (scope and duration);
- 3) the type of product to be processed (seasonality, normative/legislation⁷ related to the product, etc.).

Supply of equipment and infrastructures

This is a key project activity. Its duration will **depend on purchase procedures, technical skills to define the**

⁷ For example, the case of the Gourma (dairy) processing unit, which had to set up a hygiene and quality control system (as well as the approval of the competent body) to start the activity (due to the nature of the dairy product)

specifications or on **availability in the market**. This activity includes:

- **Equipment purchase**, according to the identified technical specifications. It is important that the equipment meets functional needs and it is adapted to production objectives (quantity and quality) according to the future positioning identified during the design. Yet, warranty period, maintenance, capacity, and training on equipment use are other factors to be considered in this process. (duration: 2-3 months).
- **Infrastructure construction**. The processing unit must study processing places (during different phases of processing), storage (of raw material and processed product), packaging, weighing and general handling. The unit can also have a protected structure for drying (as in the project studied), or a space for sales (shop). (duration: 6 months⁸).

It is important to count on the support of Government Technical Services (as in the capitalized project) that can support on:

- The definition of the technical specifications of the equipment required;
- The design of the processing unit;
- The issuing of the necessary land titles and building permits.

Initial supply

Finally, it is also necessary to be careful with raw material supply.

Sources of supply: Depending on the design of the project, raw material supply can come either from external suppliers (wholesalers, local individual or collective producers, etc.), or from beneficiary producers from the project (members or not of the transformation association). Raw material sources must be defined during the project design according to the volume of needed raw material and the

⁸ In parallel with the purchase of equipment

capacities of the beneficiary groups⁹.

Supply funds: At the beginning, and depending on the expected production volume, the provision of sufficient **funds for the initial supply of raw material must be taken into account**.

Support to purchase initial raw material can be obtained through a cash contribution to the operating fund¹⁰ managed by the Processing Unit Committee (as in the case of analysis) or through the direct provision of inputs¹¹.

To ensure proper implementation, this activity should have the needed equipment and storage infrastructure already installed.



Buntàta Association processing unit (Sissili)

Associations' capacity building

Buntàta association was already constituted as an association (associations Office). In this sense, the start-up phase included the setting up of the

⁹ In the Sissili project (orange-fleshed sweet potato processing), association members also participated in the production of organic OFSW, but this activity was eventually cancelled due to the lack of member's availability to carry out several activities at the same time, the physical strength required and the lack of technical assistance and knowledge on production.

On the other hand, with regards to the other two processing units (dairy and cassava processing), women members are both producers and suppliers of the necessary raw material to the unit.

¹⁰ Since its creation, association members normally make monthly contributions to their operating fund to cover purchases and general operating expenses.

¹¹ This is the case of the Gourma dairy project, where the actions of the Burkina-Faso Red Cross focused on the distribution of dairy cows to unit members aiming to increase their production and strengthen their livelihoods

processing unit management committee and the start of actions to **reinforce knowledge and capacities** (necessary for the effective management of the processing unit).

Trainings to be carried out are:

- Training on organisational development and IGA management (income generating activities);
- Value chain concepts and activities;
- Product preservation and storage;
- Training on hygiene and quality of production;
- Training on equipment and facilities. Ensure equipment and infrastructure technology transfer and little-maintenance (electrical system, waste management, etc.);
- Production management tools (supply, storage, production, distribution, maintenance, hygiene control, etc.);

- Unit management tools (cash control, supplier & customer management, finance, structure costs, etc.).

Finally, in this phase, and apart from the mentioned activities, it is important to list the following actions:

- Prepare the project exit strategy to ensure the sustainability. Usually, it must be identified at the design stage of the project, but it is necessary to review it and communicate it during this phase.
- Signing agreements with the main stakeholders, primarily monitoring and technical partnerships;
- Organization of trips / research visits to similar groups (to establish links, to motivate them and to allow progression);
- Identify promotion and marketing events (local and national fairs).



Team Project:

- Project Coordinator with experience in and / or knowledge of livelihoods, part-time;
- Project manager, with experience and / or knowledge in agribusiness;
- Support staff: accountant and logistician (very important in this phase for all equipment purchases and for infrastructure construction), driver;
- Facilitators and volunteers to monitor activities and to implement project complementary activities.



Resources:

- Production / processing / preservation **equipment**;
- **Infrastructures** (processing unit, drying zone);
- Office equipment (unit), and **management tools**;
- Training Services;
- Equipment and visibility material;
- **Fund for the supply** of raw material



Partnership and Agreements:

- **State Technical Services** (quality control, support to build the processing unit, technical training, etc.);
- **Africa women leaders** (or a similar organization). Organization responsible for supporting sectors and productive associations). In the case of the analysed project, this organization had produced and trained on management tools;
- Local Authorities;
- Other Associations

Phase III. Ownership, development and empowerment

"Period in between the start-up of activities and the moment when the processing association is considered autonomous and can continue working, in a sustainable way, without external support".

Duration (estimated): 10-12 months

During this phase the processing units are developed, i.e. associations carry out processing activities and make the necessary adjustments to improve their performance. In addition, they gradually take control of all activities in the value chain (core and support).

Empowerment definition

The definition of a "value chain initiative" empowerment is specific to each project (or to each

initiative) and must be identified during the design phase.

The feasibility analysis information and project conditions (available funding, duration, organisation and association capacities), are necessary to **set the final positioning of the processing unit** in the market system. The unit will then operate with autonomy, accounting for good integration into the market system.

Elements showing the transformation unit autonomy are:

- A management structure and an effective operational model (organization chart, regulations, production and financial processes, accountability mechanism and internal communication).
- A clear legal / normative situation.
- A stable volume of production (considering quality and seasonality) and sales¹².
- An operating account objective¹³.
- Building strategic partnership (suppliers, customers, technical services, etc.).

To be autonomous, a processing unit not only depends on **the analysis of income level associated with each member**, but rather on the **consistency** between income and investment level as well as the time members dedicated to work.

An income-generating activity (such as participation in a processing unit) can be conceived as a diversification or reinforcement intervention of the person's or household's main livelihood activity.

Activities to be highlighted in this third phase include:

- 1) Support of value chain activities (primary and support ones);

¹² It should be noted that the definition of production volume must be consistent also with the supply and storage.

¹³ Difference between sales revenue (amount of sales) and the sum of fixed and variable loads (expenses) during a given period.

- 2) Strengthening marketing & sales activity;
- 3) Building strategic partnerships;

Support of value chain activities

This activity must be carried out throughout the project, but at this stage, it is essential that the project team provide comprehensive support to value chain activities.

Essential elements to monitor are:

- Production/processing process: **equipment monitoring and use** (as equipment is not always optimized, thus impacting on performance and on structural expenses). It is important that association members can control equipment functioning (training provided in previous phase) to be effective and sustainable but also to test new systems.
- Production control process: monitoring **hygiene and quality control** of production processes.
- **Ownership and regular use of tools** introduced to manage main activities and processes of the processing unit: supply and inventory management tools (including preservation actions), production and sales management tools (production plan, production volume, quality control, operating account, sales monitoring, etc.), and especially accounting and financial tools.
- **Monitoring** processing unit results by comparing supply figures with production and sales ones to identify problems in processes and making relevant decisions (adjustment).



One of the main challenges, highlighted during the capitalization process, was the lack of "awareness" about the **importance of the systematic use of management tools** (mainly accounting and financial tools) and its impact on the control of the unit in the short term and on the internal decision-making in the medium / long term.

In this sense, it is recommended to:

- ✓ define and **develop management tools jointly with associations members**;
- ✓ provide **close and adequate support** to encourage ownership and regular use of the designed tools;
- ✓ **train and sensitize association leaders** on the importance of using activity records for decision-making.

Strengthening marketing & sales activity

Strengthening marketing and sales should be based on results and on the definition given during the evaluation and initial analysis. In general, marketing and sales activities start after production/processing activities. It should be a balance between production and sales to ensure autonomous functioning.

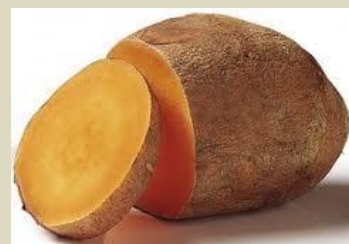
The capitalization process has raised some learning about this activity:

Build the **necessary capacities** within the processing unit (training on marketing, promotion, etc.), and analyse the need to create the role of **marketing manager in the Management Committee**.

At the Sissili Processing Unit (OFSP), marketing is assumed by all members. However, in practice, one of the identified weaknesses is that nobody actually does promotion.

Highlight product strengths and turn them into advantages when promoting them. The marketing strategy must consider these aspects and analyse the approach of a specific group of clients and its advertising (packaging / labelling).

For instance: orange-fleshed sweet potato nutritive value, or the protection policy of local production existing in Burkina Faso for attiéké (cassava leg), tubers in general or milk.



Identify **synergies in promotion and joint marketing** with other value chain projects supported by the organization

For example, in Sissili, there is another initiative for value chain improvement supported by the Burkina-Faso Red Cross. The processing unit could **share resources** (technical team) with Sissili's initiative to promote marketing actions.

Likewise, to support all value chain initiatives, the Burkina-Faso Red Cross can conduct a joint promotion either by participating in events or through local product shops (fair trade model).

Participation in **promotional events**, and links with **distribution structures** and sale of local products.

Participation of the Buntàta unit in the **International Yam Day** (February 2017) with all regional (and other countries) tuber producers, and at **the agro-pastoral fair of Komsilga** (May 2017).

Participation in these events has increased direct sales, networking within the sector, and customer contacts.



Study trips or exchange visits (to show other examples of associations or processing units, to create links and to learn from other experiences and management methods -peer learning-)

In the Sissili project, two exchange visits were organized:

- November 2016: visit to the Gaoua's Women Promotion Association (APFG in French acronyms).
- July 2017: exchange with an association operating a cassava processing unit.



Building strategic partnerships

Before the end of the project, the project team must ensure that the association (in charge of the processing unit) has established strategic partnerships to guarantee the autonomy and sustainability of the approach. The nature of the agreements will depend on each project. As an example, some elements identified during the capitalization process are:

- **Agreements with local producers.** This type of agreement provides a source of stable raw material (price and quantity during the production season), and also a way to integrate other associations as project beneficiaries¹⁴.
- Agreements with specific shops or customers (**customer loyalty**).
- Agreements with existing **state structures** for each chain, and for production sectors (IRSAT and DPA¹⁵ and Livestock Technical Services, etc.), to ensure technical aspects or quality control monitoring and to facilitate their participation in fairs or promotional days.
- Promote participation in **state or non-state policy consultation frameworks**, such as the Federation of Agribusiness Industries of Burkina Faso (FIAB in

French acronyms), to increase networking with other processing units, but also marketing and training opportunities



Image of the dairy

Gourma's milk production unit, for example, relies on the government, which facilitates the access to raw materials in case there is a gap, as well as the exchange of producer's network.

- Establish **collaborative partnerships** with other groups supported by the organization to share resources (human, technical or infrastructure)

¹⁴ To ensure stability, agreements should be beneficial to both parties, setting fair prices and some purchase guarantees. .

¹⁵ IRSAT: Research Institute of Applied Sciences and Technologies; DPA: Provincial Agriculture Département.



Image of the cassava processing unit

Thanks to its partnership with the FOAB, the cassava processing unit Gaman de Gnanfè had access to the product **marketing network** and to **technical management training**.

the following additional actions:

- Retraining and capacity building of the association management board on strategic aspects to ensure empowerment;
- Identify actions to diversify production (for the off-season period);
- Support the implementation of a more stable organizational structure consistent with their "business plan";

*A **business plan** is a guide for the entrepreneur (in this case for the processing unit) which describes the business, analyses the market situation and defines actions to be taken in the future, as well as the respective strategies to be implemented.*

Finally, on this phase, it is also necessary to highlight

 <p>Team Project:</p> <ul style="list-style-type: none"> - Same project team as for Phase II 	 <p>Resources:</p> <ul style="list-style-type: none"> - Marketing, packaging/labelling equipment; - Promotional equipment and materials; - Training and / or coaching services; - Consultant for the marketing plan, advertising strategy, etc. 	 <p>Partnership and Agreements:</p> <ul style="list-style-type: none"> - Sector state structures; - State Technical Services (IRSAT, DPA, etc.); - Consultation Frameworks (FIAB); - Local producers; - Local authorities; - Other associations
---	---	---

Phase IV. Stabilization

"Phase of extra / complementary support to the association, with the objective of stabilizing and reinforcing the approaches sustainability and/or with complementary objectives to the approach. It could be implemented after (or in parallel with) empowerment phase "

Duration (estimated): 12 months

This last phase is optional and aims to achieve:

- 1) **Processing unit stabilization** by creating the necessary association skills in order to:
 - achieve a certain fully operational stage;
 - create a stable internal organization;

- create stable relationships with partners, producer federations and customer loyalty; and especially
- **better adapt to the changing context** (demand, legislation, etc.).

2) Strengthening resilience and development objectives set by the organization, **to spread the intervention impact**.

These development objectives can be directed to association members (e.g. literacy), other people (not included in target associations), community or government institutions (advocacy).

Some possible actions to implement for each objective.



Stabilization of the processing unit

Some of the actions listed below are already being implemented by cassava and dairy processing associations. It is important to note that these two processing units have been functional for more than ten years.

- Implementation of **diversification mechanisms** at three levels: supply; customer and production (products offered);
- Development of **offered services**: catering, training;
- Development of internal capacities to allow associations to access **other sources of financing**: access to credit, submission to calls for projects;
- Strengthen **internal capacities** to respond to the growth process: strategic vision, development of medium-long term business plan; marketing strategy, etc.;
- **Obtaining certifications** such as BIO certification, or fair trade certification;
- Participation in **fairs / events** (national, sub regional);
- **Building partnerships with potential customers**: taking advantage of product's strengths (school canteens, hospitals); or looking for new products addressed to "luxury customers" (hotels, ecological products shops).

These activities must be identified in a participatory

manner within the associations and must be justified by a new market and feasibility analysis (which defines market capacities and a new positioning).

Resilience and complementary development capacity building activities.

There are several building capacity activities that can be implemented during this phase (or in parallel to the empowerment phase):

- Strengthening of productive **individual capacities** and association member management (individual coaching);
- Inclusion and support to **producers or artisanal processors** identified as vulnerable;
- **Community awareness action** on nutrition;
- Actions for **vocational integration /training** (young people, people at risk);
- Support to **other association's capacities**;
- **Advocacy actions** on national policies to promote these initiatives.

Working on **livelihoods strengthening or diversification** does not always involve working with the most vulnerable. However, as humanitarian and development aid organizations, it is necessary to **integrate complementary actions that (directly or indirectly) favour these groups of people and to generate a positive impact on their living conditions**



Team Project :

- Same project team as for previous phases ; Strategic Analysis Capacities.



Resources:

- Consultant or consultancy service (strategy, business plan, internal processes, market analysis, diversifications);
- Training and / or coaching services;



Partnership and Agreements:

- State sector structures;
- State technical services ;
- Consultative frameworks (FIAB)
- **Producers, wholesalers/retailers unions**;
- Large institutions / specific clients as hospitals for enriched OFSP porridge (Nutritional Recovery Unit);
- Local authorities ;
- Other associations.



Influential context elements

Some external elements have an impact on the implementation and results of the value chain improvement approach. These contextual elements may represent opportunities or threats to the success of the approach. For example:

- **Departmental or national policies related to the intervention sector** (Country Development Plan). In all three case studies, the alignment of the project with the Government development plans (mainly production promotion and processing of local products) represented a project implementation and sustainability strength (provision of technical support, promotion, production support, etc.).
- **Cultural aspects related to the role of women within households.** In the context of the capitalized projects, this aspect has been considered in the scoping, during project implementation and, more specifically, in the availability and time that association members can dedicate to processing unit activities.
- The **type of product**, largely dependent on seasonality, but at the same time with great acceptance by final consumers (traditional and local products).
- **Market changes.** The market is one of the contextual elements to be monitored due to the nature of the approach implemented. In the case of analysis, changes in the market have been both an advantage and a threat.

For example, **the cassava processing unit**, created when the demand for attiéké (cassava couscous) could not only be covered by Ivory Coast imports (an advantage that boosted its development), now faces supply competition with neighbouring Mali's high demand of cassava.

Additional activities to support the processing unit with a positive impact

Other elements (of the implementation context of the "value chain improvement" approach) or **project activities**, which can have a positive impact for the success and sustainability of the approach are:

- **Supporting raw material production.** This project's **complementary activity** was implemented by Kéné Dougou and Gourma associations and, although it contributes to supporting only part of the raw material supply of the processing unit, it has improved income and living conditions of association members, who are both producers and processors.
- **Nutrition awareness and cooking demonstration sessions** facilitated by Sissili association women. Initially it was a consideration requested by the Red Cross to contribute to the social development of their local communities of origin. Unexpectedly, it became a "vocation" due to its double impact: on one hand, awareness raising on the importance of nutrition and on the properties of the orange-fleshed sweet potato, increasing good nutritional practices in the community and, on the other, the spread of information about the existence of the processing unit and its available products.



Project implemented by the Burkina-Faso Red Cross in partnership with the Spanish Red Cross



With funding from the British Red Cross



Tools :

Processing Unit Management Tools:

- Unit management notebook
- Cash journal
- Journal of expenses and sales
- Monthly sales report
- Contributions Registry
- Operating account
- Minutes template

Project timeline

Reference:

- Evaluation Documents: "Impact Evaluation Report of the Value Chain Improvement Approach", full version and summary. November 2017
- "Analysis and development of inclusive value chains to support small scale producers to access agricultural markets", EuropeAid, 2011.

Special thanks to the Burkina-Faso Red Cross and the Spanish Red Cross to support the implementation of the capitalization process; as well as members of the Buntàta, Dougou de Otoiklè et Gaman de Gnanfè associations, and members of state institutions, for their participation in the process and facilitation of the information included in this guide.

Document elaborated by :

Baptiste Icard et Gema Arranz
IFRC - Livelihoods Resource Centre
www.livelihoodscentre.org
Contact : livelihoods@cruzroja.es

November 2017