



# **From down-trading to upgrading: Reducing Poverty Through a Value Chain Approach**

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**Conference & Structured Meetings Report  
Washington, DC**

**December 2009**

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# **From down-trading to upgrading: Reducing Poverty Through a Value Chain Approach Conference & Structured Meetings**

## **Background**

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On December 9, 2009, ODI convened a meeting in Washington DC with key institutional actors working to reduce poverty through creative and forward looking applications of value chain analysis and development. The half-day event was facilitated by Root Change and co hosted at the Aspen Institute. Over thirty participants from more than fifteen institutions, including funding agencies, academic institutions and service delivery organizations, participated in the event.

The roundtable event was a culmination of three months collaboration with Root Change, a DC-based NGO specializing in social innovation and sector building initiatives, to showcase the value chain upgrading strategies of the ODI/IDRC/COPLA team and to build new linkages with U.S. based organizations. Preparation for the event included outreach to institutions working along a continuum of value chain related services including, market access, input supply, technology and product development, financing and policy and research.

Root Change led outreach and logistics efforts and worked closely with ODI on the event design. Key to the success of the event was enlisting Aspen Institute to co-host the event at their DC headquarters. Participation of Aspen Network of Development Entrepreneurs (ANDE) members ensured that key players in the impact investing community (social venture philanthropy) would mix with more traditional bilateral multilateral development institutions.

Speakers at the event included Jeanne Downing, USAID Senior Enterprise Development Advisor for Poverty Reduction (PR). Downing presented USAID's new value chain strategy and discussed learning priorities for 2010. Her presentation set the stage for the ODI action research findings presented by Johnathan Mitchell and Chris Coles. This was followed by more specific case studies on upgrading strategies in Latin America, presented by Francisco Perez and Roberto Telleria. Annex 1 includes the Conference Agenda.

In addition to the conference event, Root Change facilitated strategic meetings between ODI and USAID, Inter American Development Bank, and World Bank Institute. These meetings aimed at identifying possibilities for further collaboration in the topic of value chain.

# Conference

The event was designed to engage key actors in critical thinking in both small and large groups. An emphasis was placed on building awareness of each participant’s interests in value chain analysis and development. To this end, a rapid mapping exercise identified the key functions of each participating institution.

**Table 1: Value Chain: Key Functions & Participants**

| Market Access                                       | Input Supply                     | Technology & Product Development                               | Management Organizational Development                                  | Financing                         | Policy & Research                                                     |
|-----------------------------------------------------|----------------------------------|----------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------|
| Support access to markets                           | Provide important quality inputs | Enable product development and training                        | Build management capacity                                              | Connect with funders or investors | Improve the enabling environment                                      |
| GNTF, Swisscontact, SNV, ACDF/VOCA, DAI, CDC, Agora | DAI, SNV                         | IFT, CHF, ACDF/VOCA, Swisscontact, DAI, Root Change, IDRM, SNV | Pact World, GWU, Agora, SNV, CHF, Swisscontact, Root Change, ACDF/VOCA | DAI, SNV, GBF, Agora, CHF         | DAI, IDB, SNV, ODI, IDRC, US State Dept, OAS, ACDF/VOCA, Swisscontact |

This initial mapping enhanced the discussion and networking during the workshop, but also supported a more extensive social network analysis effort led by Root Change, which will be completed in mid January and shared with ODI and workshop participants.

After opening remarks from ODI and Aspen Institute, Root change led an introductory discussion to explore the diverse perspectives along three questions:

- The degree to which participants believe the sector has consensus on value chain best practice:

**Box 1: Consensus on best practice in value chain**

We have good consensus on what constitutes best practice in value chain (VC) work

1. Strongly disagree  
2. Disagree  
3. Neutral  
4. Agree  
5. Strongly agree

| Response          | Percentage |
|-------------------|------------|
| Strongly disagree | 7%         |
| Disagree          | 31%        |
| Neutral           | 34%        |
| Agree             | 28%        |
| Strongly agree    | 0%         |

**Comments**

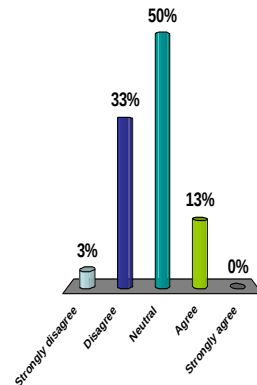
- Most popular response is “neutral” followed by “disagree” and “agree.”
- One “Strongly disagree” opinion: everyone is trying to do something but there’s no overall consensus.
- People come up with the same ideas, but don’t share them, don’t know that they’re saying the same things and are still trying to compete.
- People are using similar terms, but not the same understanding (necessarily) of what those terms are; how to implement this approach = still learning.
- Good consensus on what’s not good practice.

- The degree to which what we know about best practice is applied/widely used
- The degree to which participant organizations openly share their work on value chains with peer colleague organizations

#### Box 2: Industry Standards in Value Chain

Industry standards in VC analysis and development are widely used.

1. Strongly disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly agree



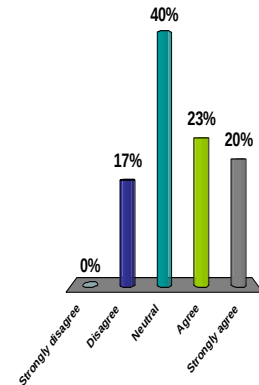
#### Comments

- Randall Kempner from ANDE; agrees, common methodology being used.
- Disagreement; different practice over the globe. Standards not widely used.
- Depends on donor, exact job, structure of project; what “development” means depends on project, perspective.

#### Box 3: Sharing of Value Chain work

My organization shares our work on VC with others without expectation or conditions

1. Strongly disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly agree



#### Comments

- It's easy and common to share about successes, not so much failures.
- Depends on organization type and where you fit on the idea-creation value chain; policy yes, implementers the most information is from third party observers.

Following the introductory questions, two panel discussions addressed key issues in the value chain field. In the first panel, representants from USAID and ODI discussed their institutional approaches and operational frameworks for value chain interventions. The second panel offered key results of value chain applications in Nicaragua and Bolivia. Highlights from the panel presentations are included in Annex 2. Power point presentations are included as separated files.

To further the analysis of value chain approaches, six group discussions were set up. In their groups, participants reflected and discussed about the relationship between value chain and poverty reduction, enabling factors that foster successful value chain interventions, operational aspects within agriculture value chain projects, limitations of the value chain approach, etc. Key discussion points were recorded using the software Etherpad ([www.etherpad.com](http://www.etherpad.com)), Annex 3 includes group discussion minutes.

Based on notes taken during the panel discussions and group work (Annexes 2 and 3), Graph 1 depicts a world cloud highlighting key concept and ideas discussed throughout the conference. This graph was generated by using the software Wordle (<http://www.wordle.net/>)

### Graph 1: Key Concepts and Ideas mentioned in the Value Chain Conference\*



**\*Based on notes taken during the conference.**

In order to foster wide participation and ideas exchange, several participatory techniques were applied during the conference. The following table presents a brief description of the methods Root Change used in the conference<sup>1</sup>.

| <b>Table 2: Methodologies applied in the Conference</b>                 |                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Activity</b>                                                         | <b>Description</b>                                                                                                                                                                                                                                                                                                     |
| <b>Warm Up: Value Chain Activity</b>                                    | Participants self identified core competencies related to six value chain constraints and opportunities. Business cards were placed in or more of the following categories: market access; input supply; technology and product development; management and organizational development; financing and policy/research. |
| <b>Opinionaire with Polling Wands</b>                                   | Polling wands were distributed to participants and opinions were tabulated on important issues related to value chain best practice and application. Each of three polling questions was followed by approximately five minute of group discussion and feedback.                                                       |
| <b>Small group discussion and web-based collaboration with Etherpad</b> | Six groups formed to tackle critical issues in value chain work. Table facilitators took notes in Etherpad to support virtual collaboration and to build a foundation for continued engagement on key topics following the event.                                                                                      |
| <b>Introduction to Network Analysis and participant Survey</b>          | Root Change introduced the possibilities of using network analysis to support value chain analysis and development. A survey was administered to participants to test the utility of network analysis. The experimental results will be shared with participants in mid January.                                       |

Annex 4 presents a set of questions that were asked to several participants about their experience with value chain analysis and their opinions about ODI's approach. Details regarding conference outreach, marketing efforts, information to participants, and list of attendees can also be found in Annexes 5, 6, 7, and 8.

<sup>1</sup> For additional tools and techniques used by Root Change to facilitate conferences, seminars, and workshops visit [www.rootchange.org](http://www.rootchange.org)

## Results

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Below follow key results achieved by ODI through the conference and structure meetings carried out in Washington, DC, December 2009.

- New linkages with leading US organizations working in the value chain field. These linkages could lead to project implementation using ODI's approach to value chain
- Access to the Aspen Institute's and ANDE's members (which include social funds, non-profit organizations, consultants, and academic think tanks) for comments and feedback on ODI's value chain approach.
- Possibilities for concrete cooperation with the Inter American Development Bank, USAID, and the World Bank Institute
- Good publicity and marketing. The event was advertised through the Aspen Institute newsletter and the Impact Alliance (with over more than 3,000 subscribers worldwide)

# **Annexes**

## Annex 1: Agenda



Aspen Network of  
Development Entrepreneurs



# From Down-trading to Upgrading: Reducing Poverty through a Value Chain Approach

## Agenda

December 9, 2009

|                     |                                                                                                                                                                                                                                                                           |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8:30 am – 9: 00 am  | <b>Registration / Coffee</b>                                                                                                                                                                                                                                              |
| 9:00 am – 9:20 am   | <b>Welcome, Roundtable Objectives and Agenda</b> with Randall Kempner (ANDE), Jeff Knezovich (ODI) and Evan Bloom (Root Change)                                                                                                                                           |
| 9:20 am – 9:45 am   | <b>Tapping Our Collective Intelligence: Value Chain Opinionaire:</b>                                                                                                                                                                                                      |
| 9:45 am – 10:30 am  | <b>Trading Up: How a Value Chain Approach Can Benefit the Rural Poor</b><br>Presentations by Jeanne Downing (USAID Microenterprise Development), Jonathan Mitchell and Christopher Coles (Oversees Development Institute)<br>Moderated by Guillermo Rivero of Root Change |
| BREAK               |                                                                                                                                                                                                                                                                           |
| 10:45 am – 11:20 am | <b>Upgrading along Value Chains: Cases from Latin America</b><br>Presentations from Francisco Perez and Roberto Telleria<br>Moderated by Evan Bloom of Root Change                                                                                                        |
| 11:20 am – 12:15pm  | <b>Tapping Our Collective Intelligence: Value Chain Upgrading Strategies</b><br>Facilitated small group discussion                                                                                                                                                        |
| 12:15pm – 12:30 pm  | <b>Service Delivery Value Chains</b><br>Presented by Evan Bloom of Root Change                                                                                                                                                                                            |
| 12:30 pm – 12:45 pm | <b>Network Analysis and Value Chains</b>                                                                                                                                                                                                                                  |
| 12:45 pm – 1:00 pm  | <b>Concluding Remarks</b>                                                                                                                                                                                                                                                 |
| 1:00 pm             | Lunch                                                                                                                                                                                                                                                                     |

## Conference Organizers

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**The Overseas Development Institute** (ODI) is Britain's leading independent think tank on international development and humanitarian issues. ODI's mission is to inspire and inform policy and practice which lead to the reduction of poverty, the alleviation of suffering and the achievement of sustainable livelihoods in developing countries.

<http://www.odi.org.uk/>

**Root Change** is a mission-driven social enterprise that directs a global performance-improvement consulting practice, partners with innovators and investors to launch enduring solutions to social and economic problems, and leads research programs and collaborative initiatives to drive innovation in social development.

<http://rootchange.org/>

**The Aspen Network of Development Entrepreneurs** (ANDE) is a global network of innovative organizations that propels entrepreneurship in emerging markets. ANDE is comprised of investment funds, non-governmental organizations, research institutions and private philanthropic foundations that invest money and expertise to help entrepreneurs create and grow small businesses in developing markets.

<http://www.aspeninstitute.org/policy-work/aspen-network-development-entrepreneurs>

**Comercio y Pobreza en Latino América** (COPLA) is a 2-year project funded by the UK Department for International Development. It explores the linkages between trade, poverty and social exclusion. Although there is an active debate in the region on the relationship between trade liberalization on poverty, little attention has been paid to the different impacts on marginalized groups, whether they be women, youth, indigenous minorities or the rural poor.

<http://cop-la.net/>

## Conference Participants

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### **Jonathan Mitchell, ODI**

Jonathan is a local and regional economic development specialist with long-term experience in Sub-Saharan Africa and increasing exposure in SE Asia. His focus is value-chain development; local economic development; economic and financial analysis and work in tourism and agricultural sectors. He has worked for a range of multilateral and bilateral donor organisations.

### **Christopher Coles, ODI**

Chris specialises in sub sector and value chain analysis and development, and analysis of the impacts of business on development in agricultural, fisheries and tourism sectors in Sub-Saharan Africa and South East Asia. His most recent work includes an assessment of the pro poor impact of conference and business tourism in Accra, Ghana and he acts as sector specialist for three action research teams examining ways of incorporating poverty, environment and gender concerns into value chain analysis and upgrading for the poor (kalamansi in the Philippines, Pangasius hypophthalmus catfish in Vietnam and cassava in Tanzania).

### **Jeff Knezovich, ODI**

Jeff has been working with ODI/RAPID since 2007, when he was brought on to oversee the launch of the Evidence-based Policy in Development Network (ebpdn) website. He currently coordinates the group's overall communication activities as well as those of several key projects, including Trade and Poverty in Latin America (COPLA). As a communications practitioner, he has also put his skills to use participating in RAPID's research and advisory work on research communication. He has a BA in Sociology and an MSc focusing on issues of culture and media in a globalising context.

### **Francisco J. Perez, COPLA**

Francisco is a Nicaraguan citizen and a researcher at the Nitlapán Research and Development Institute at The Central American University, where he is professor for the Master's in Rural Development. He earned a M.A. in International Affairs from Ohio University with an emphasis on International Development Studies and Social and Economic Policies. He has considerable experience working in Guatemala and Nicaragua. He has been a part of international teams with Michigan State University, World Bank, IFAD and the Regional Unit of Technical Assistance for Central American Agriculture Policies. Currently, he is the leader of COPLA Nicaragua and Director of Research at Nitlapán.

### **Roberto Telleria, COPLA**

Roberto has fourteen years of professional and academic experience in areas of rural development; poverty alleviation and livelihoods; fund mobilisation; international trade; policy analysis, formulation & evaluation; and capacity building. Mr Telleria has held professional posts in international and research institutions such as the ICARDA (Syria), FAO (Italy) and the European Union (Bolivia). As consultant, Mr Tellereia has worked with USAID, ECLAC, GCIAR, DAI and others and with governments in Argentina, Bolivia, Chile, Panama, Uruguay, Venezuela, Kazakhstan, Kyrgyzstan, Turkmenistan, Uzbekistan, Syria, and Angola. He also is a lecturer at post-graduate level in Economics and International Trade, and Trade and Development Chief at a Bolivian NGO. He is an Economist and holds a Master of Science and Doctorate in Economics his research areas cover agricultural trade and food security, regional integration, rural development and policy formulation.

### **Jeanne Downing, USAID**

Jeanne Downing is the Senior Enterprise Development Advisor in EGAT's Poverty Reduction (PR) Office. Dr. Downing is the leader of the Enterprise Development team within PR and its Microenterprise Development Team, and in charge of the AMAP research effort focused on fostering opportunities for micro and small firms within global, regional, and domestic value chains. Dr. Downing has worked on small and microenterprise development over the last twenty years, concentrating primarily on value chains, business development services, and subsector analysis/development in over 25 countries in Africa, much of the Caribbean, and a handful of countries in Latin America and Asia. This work has included urban-rural linkage analysis as part of a cooperative agreement with Clark University; agribusiness initiatives promoted by USAID's former Office of Market Development; research on microenterprise development under the former GEMINI Project and with a World-Bank; and project design and implementation with Appropriate Technology International.

## **Annex 2: Notes from Panel Discussions**

### **Notes from Panel 1: Trading Up: How a Value Chain Approach Can Benefit the Rural Poor**

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#### **Jeanne Downing - USAID**

Under Republican administration, USAID was trying to foster growth and assumed it would reduce poverty; under Democratic administration, emphasis more on poverty side, on how to reach down to poor and very poor. Shift in priorities from competitiveness-market-trade to food security, trade within context of food security, etc. Value chain = series of actors and activities needed to bring a product from production to the final consumer. Supporting markets, enabling environment (global to national to local to informal).

What makes the value chain approach different?

- Taking a market system perspective.
- Driving growth through end markets.
- Fostering competitiveness through improved inter-firm relationships.
- Upgrading at the firm and industry level.
- Facilitating improved competitiveness (still learning about it; how to motivate people to change their behaviors).

- 1) What and where are the market opportunities? Major driver of change; where is the growth going to come from, what opportunities?
- 2) What upgrading is needed to exploit them?
- 3) Who will benefit? Unless suppliers are benefiting sufficiently, they will not be suppliers.
- 4) Who has the resources, skills and incentives to invest in upgrading? Build on those.
- 5) If upgrading has not happened, why?

Challenges of turning theory into practice. Theory is mostly shared by all; how do we turn this into results?

- Using governance to foster upgrading.
- Upgrading and behavior change. Need to understand more about what incentivizes people, and how people view risk and opportunity.
- Behavior change is key and difficult to predict. Evaluate interventions and adjust on a constant basis.
- Facilitation demands patience and discipline.
- Learning – a continuous monitoring and evaluating – to achieve results. How to catalyze change?

#### **Jonathan Mitchell & Chris Coles - ODI**

Scope of presentation;

- Trade and poverty debate.
- How can value chain analysis help?
- What the COPLA studies tell us?
- How can poor people upgrade their position?
- What have we learned?

Trade and poverty;

- Limits of orthodox theory; it doesn't tell us much because it's often asking the wrong questions, focuses on economic growth rather than whether it trickles down to the poor. It's seeking an overarching explanation with a strong emphasis on structural practice; very poor at helping us understand why the poor are excluded and what they can do about it.
- New theories of trade; still doesn't help us understand what to do.
- Value chain analysis; identify what we mean by value chain. About competitiveness, profit & income. In order to do good value chain analysis, it's important to collect data and look at interaction (i.e. between profit, sales and income).

Themes emerging from COPLA studies:

- Diversity of chains.
- Importance of lead firms.
- Difficulty of sustaining vertical links.
- Unsustainable development interventions.
- Influence of business and enabling environment.
- Poor people engage in different ways.

How a value chain can be developed.

Production – processing – retail – end markets

Horizontal coordination = more cooperation between top or bottom; precursor to other upgrading strategies.

Allows them to pool resources.

Process upgrading = improving process either within the same node or between nodes.

When intervening, have to know why and have clear objectives, really understand the market we're trying to change.

Trust, inter-personal relationships, human beings are crucial.

Upgrading strategies are interrelated and sequential; how they're sequenced is often what makes them succeed or fail.

Need to come clean about our failures and share them as well as our successes, also need to look at the impact of strategy at different levels, need to look not just at the household but at the men, women and children individually (men and women don't always benefit).

Q: specific examples of upgrading pieces of value chain with focus on alignment of incentives.

A: Jeanne = Bolivia; processors created a trusting relationship with their suppliers and have been able to out-compete Peru that way despite being landlocked.

Jonathan = India (bamboo sticks); need to be patient enough to build trust over a period of time (few donors are willing to invest for something as long as six years and tolerate failure).

Q: has the concept of value change been around longer in Europe, and is there any exchange between U.S. and Europe?

A: Idea has been around in the French-speaking world for forty or fifty years and been used by a number of different people for different interests (i.e. organizing supply chain from Cote d'Ivoire to Paris, OECD countries basic manufacturing to developing world).

Not a lot of sharing happening.

Q: there's a link between liberalization and growth, but not between growth and poverty reduction. Link between value chain approach and poverty reduction?

A: the focus is on an issue that wasn't our central concern.

There is a movement away from trade-supermarkets-high value approach, towards agriculture, food security, millennium development goals.

## **Notes from Panel 2: Upgrading along Value Chains: Cases from Latin America**

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### **Francisco Perez, COPLA Nicaragua**

COPLA = Comercio y Pobreza en Latino America

- Setting the scene; developing countries in a globalizing context
- Value Chains and Poverty Reduction
- Concluding remarks

Structural agenda – liberalization process – economic progress

By 2005, GDP growing but poverty also growing.

20-25% of producers are getting into the dynamic value chains (high quality and high prices), and are getting the benefit from market liberalization and access. On the other hand, traditional value chains (low quality and low prices) represent 75-80% of producers.

Level of market integration depends on the product or service. Blockages to rural development are related to limited resources (mainly land). There is no permanent migration in rural areas; very high percentage of rural population still in Central America (40-50%). Public interventions tends to be limited to food security.

To integrate the poor into the dynamic value chain, must address three key issues;

- Quality standards (technology changes).
- Volume
- Closer relationship with the final consumers.

Horizontal coordination; most successful, but the question is what happens when the subsidies are taken out.

Vertical coordination; fair trade, inclusive business, agricultural contracts have been promoted (no clear sustainability strategy there either).

Functional upgrading; collection and basic transformation of products, mostly financed by cooperation or public funds (85-97%).

Concluding remarks; several ways to improve market access through intervention using value chain; however, money mostly come from elsewhere. Main issues; sustainability (what happens after the subsidies), importance of domestic markets but absence in public policy.

### **Roberto Telleria – GNTF Bolivia**

Brazil nut value change and poverty in Bolivia.

High territorial inequality and lack of social-economic-political ownership. Natural resource-based economy.

Can export of Brazil nut reduce poverty in Bolivia? (Bolivia = main producer, UK and U.S. = main importers; \$80 million).

Model; export chain can have spillovers into families, local governments, and domestic industrial sector.

Surrounding context; entrepreneur development, social and institutional development, human development and environmental sustainable development.

Q: what's a strategy for facilitating private sector investment and what would be an exit strategy?

After the donor leaves, the cooperative has to handle issues internally, and has to have the skills to keep operating on his own.

## Annex 3: Group Discussions

### **Group 1: Under what circumstances would successful value chain development not contribute to, or even hinder, poverty reduction?**

<http://etherpad.com/odivc1>

- Food chains and domestic market
  - Inter-relationships of chains on a particular farm or region
  - "Livelihoods package" - no one does one single crop - have learned to survive and subsist with diversification
- Is value chain "tool" versatile enough (enabling environment, financing piece) to adapt and solve these issues?
- If you put too many layers onto this "tool" it dilutes impact, need to keep prioritize
  - Analyzing why a farmer is NOT implementing some upgrade could/should reveal if it is because of priority for other crop on their farm, or possible negative impact on other
  - Role of donor mandate - predetermined intervention and expected outcomes before analysis truly begun, donor preferences / biases
  - Improvements: Look at domestic markets and Not just technical aspects but also management and governance for sustainability
  - Sustainability after 4 years, after donor exit, is critical
  - Any other tool to attempt to address poverty could have to have many of the same benefits and components as Value Chain
  - No one is suggesting to toss the tool - at the table we all seem to agree in its value, carries on legacy from sub-sector approach in the past, cluster approach disappeared, this one is persisting which shows its evolution and potential
  - Could be just different names for the same thing: cluster, sub-sector, supply chain, etc.
  - Jeanne's comment of how US Gov't policy priority has changed from market to poverty but still using the same approach / tool.
  - DFID's Making Markets Work for the Poor (M4P) has more tilt towards poverty alleviation and small-holders / poorest of the poor
  - That was driven by political change 12 years ago in UK for aid priorities. DFID was given explicit mandate to reduce poverty.
  - USAID's mandate is as well, but requirements for beneficiary populations was relaxed / expanded to more medium-size; currently in flux. Emphasis may change back
  - To what extent have micro-finance and micro-credit schemes been connected to value chain efforts - since they build trust along chains can they be applied to value chains to address the same trust issue?
  - Access to finance is recognized as key issue. Western institutions are going into micro-finance and risk was that it might become a bubble that will explode since it wasn't as intimate (knowing customer) like Grameen model. CSR models with commercial interest lost that in interest of instant scale, which threatened to destroy group / trust dynamic that made it successful.
  - What about networks of solidarity groups around micro-finance, micro-savings - can you consolidate / replicate same standards of group participation? Using existing mechanisms.
  - COPLA study on tourism showed use of agriculture cooperatives to serve as basis to tourism purpose.

#### Summary:

- 1) shift from purely competitiveness focus to more pro-poor
  - 2) tool will become more complex (gender, environment, networks) - each piece will grow and become its own
  - 3) climate change will become more relevant (tourism gets criticized) -
  - 4) donor patience to recognize time taken to build trust / complex systems
- Consensus in private sector development people, but some points of major disagreement:  
Ag colleague approves of Malawi subsidized inputs (fertilizer); econ development is completely opposed - we might be becoming too inward looking and reach out more to humanitarian sector, others to ensure that our ideas work not just for ourselves
  - Long time needed if you are starting from scratch. Can be done faster if you look at labor market issues - not assuming that everyone wants to be an entrepreneur / producer, many just want stable jobs, can look for more pro-poor inclusion by finding employment opportunities

**Group 2: The Competitiveness of the enabling environment for value chains is a major contributing factor in the success of the operations of a value chain. In your own experience, what kind of support, services, institutional, legal or policy frameworks have proven most effective in improving the function of VC?**

<http://etherpad.com/odivc2>

- Some organization support is to set up the enabling environment for organizations and facilitating more policy dialog for this type of 'value chain' work

Idea of Three main lenses:

1. Technical - how do we solve problem
  2. Political- balance of power
  3. Sociological Perspective - use of trust
- Reaction to this morning's presentations is that we tend to pay attention to the technical lenses and much less concern for the social and political dynamics
  - When NGO's go to areas to promote value chain, there no monitoring boundaries to what the actors coming in can do-- hence, lack of presence of State in the business community.
  - To continue this thought....What happens when the balance of power is changed?
  - The non-profit sector more capacity more flexible to work within a community- changing the power dynamics and more than the state apparatus.
  - Formal institutional structure?
  - Fiscal Policy
    - In context in fiscal policy, value chains, and most taxation is value added tax, and because of that tax system might have incentive with that we could see more community based organization
    - Wonder extent that the "bottom of the chain" being taxed or not and how that affects the environment
  - Regulatory Policy
    - judicial and legislative efforts to promote and or monitor how enable
  - Government Structure
    - strong feelings towards the lack of capacity at the local level where the value chains work

**Group 3: How would you select an appropriate value chain to develop? What are important determining factors and characteristics?**

<http://etherpad.com/odivc3>

- Incremental economic value or benefit holistic approach, going beyond the business.
- Training, helping to generate a "beneficial loyalty" mutual benefit. Provision of additional services: transfer of knowledge, workshops on health, education, helping lobbying to smaller groups. There are several types of link: community, financial, labour, social. All links have to be strengthened. Linkage generation.
- Companies that have a sister NGO. Companies support NGO for them to do the social work, which in turn help to sustain vertical linkages within the chain. Transfer knowledge; pay better wages.

**Group 4: How are upgrading strategies interrelated and how could they be sequenced?**

<http://etherpad.com/odivc4>

- If local resources are overused, so the use of natural resources and governance need to be addressed.
- Small landowners/ producers can lose competitiveness due to the success of a value chain.
- Debate around using lead farmers or not and how to address small farmers and standards for export vs. domestic markets
- Upgrading could be exclusive, and thus small firms could stay small, have small share of the market and thus possibly stay poor.
- For value chains to be successful, a viable regulatory framework needs to exist
- Sharing stories of success and failure is crucial for the learning process

**Group 5: If there has been an over emphasis on agriculture and production in value chain development, what sort of shift is required within the development community to address this?**

<http://etherpad.com/odivc5>

- A participant challenged the idea that there has indeed been an overemphasis in value chain development on agriculture, but that is warranted as we focus more on food security.
- What other sectors might be included in value chain analyses? Energy, tourism, water, health, education, construction/infrastructure.
- Is this really an over emphasis? Certainly there is an emphasis on agriculture and production, but agriculture (and income generated for poor from agriculture) is at the heart of health, employment, education in many developing settings and therefore an emphasis on those sectors is warranted.
- There was consensus that VC analysis has great benefits outside of the ag/productive sectors, so we should focus on finding ways to incorporate VC analysis in our work with other sectors as well.

**Conclusion**

- There has not necessarily been an overemphasis on the ag/productive sector, as donors have begun to adopt this approach across sectors. We have seen an emphasis on private industry, construction, microfinance and enterprise development in addition to the ag/production sector.
- If there is a shift, it would most likely come from the donors' sector, because many implementers and other organizations follow that lead.

**Group 6: Given the key role that trust plays in value chain development, how can this mainstreamed into development practice?**

<http://etherpad.com/odivc6>

- Its not what the donor says
- Determining value chain has the most potential impact - politics involved
- What contributes to growth --
- Will the intervention effect enough people on poverty side - value added
- Relying on ability to negotiate  
where can you identify the most value added
- Distinguish between different levels of impact
- Competitive advantage in selecting value chain
- Diversifying or competitive advantage
- Creating an enabling environment - trade barriers can be erected even though there are agreements in place.
- Where is the entry point - outside coming in or inside going out - which approach  
small producers -- what makes it less reliable or effective (social, political economic effects)
- Larger scale businesses -- obliged to follow guidelines & rules
- Informal sector of small business - operating through outside networks
- Value chains in informal sector - separate intervention points
- Pick a criteria --
- Impact that the donor has identified.
- Want to build on competitive advantage - or do you want to diversify.
- 3 core industries that support a regional economy
- May fall within specific organization, area - impact level, capable of building
- Base level and self assessment
- What if local community wants to do something different.
- Focused on job creation and growth - results can be to hinder poverty reduction  
machine introduction - could lead to loss of jobs
- Tax base issues - non labor intensive - greater revenue
- You really should put job creation at the forefront -

## **Annex 4: Interviews on Value Chain**

### **Interview Questions**

1. How have you worked with value chains to reduce poverty / to target poor communities?
2. Could you share some observations about the framework presented this morning? / Could you share some observations?
3. What are the biggest lessons learned from your work in value chain analysis and development?

### **Interviewees\***

1. Carlos Ludena, Research Department, Inter-American Development Bank (IDB)
2. Daniel Breneman, Program Officer, Office of Global Operations, Latin American and the Caribbean, CHF International
3. Janice Stallard, Senior Technical Director, ACDI, VOCA
4. Andrea Chartok, Senior Development Specialist, Development Alternatives Inc. (DAI- Advancing Human Prosperity)
5. Gisela Keller, Executive Director, Swisscontact
6. Michael Herron, Intern, Agora Partnerships
7. Frida Mefor Alombah, Intern, PACT World

Interviewees have been asked for written approval. File interviews have been sent to ODI using [www.yousendit.com](http://www.yousendit.com).

## **Annex 5: Save the Date for ANDE members**



# **SAVE THE DATE!**

Root Change, the Overseas Development Institute (ODI), and the Aspen Network of Development Entrepreneurs (ANDE) invites you to a conference

For

From Down-Trading to Upgrading:  
Reducing Poverty in Latin America Using a Value Chain Approach

**December 9<sup>th</sup>, 2009, 9am-1pm**

**The Aspen Institute**

One Dupont Circle, NW, Suite 700, Washington, DC 20036

Come learn how the ODI and the IDRC have developed an action research project to understand how rural populations can not only tap into value chains, but can also upgrade their position among existing chains. This event will focus regionally on Latin America, with five case studies produced by the Trade and Poverty in Latin America Program (COPLA) across Bolivia, Guatemala, Nicaragua, and Peru. Root Change and other interested ANDE members will also present recent work on value chains in the service sector.

*Invitation and Agenda to Follow*

**The Overseas Development Institute** is Britain's leading independent think tank on international development and humanitarian issues. ODI's mission is to inspire and inform policy and practice which lead to the reduction of poverty, the alleviation of suffering and the achievement of sustainable livelihoods in developing countries.

**Root Change** is a mission-driven social enterprise that directs a global performance-improvement consulting practice, partners with innovators and investors to launch enduring solutions to social and economic problems, and leads research programs and collaborative initiatives to drive innovation in social development.

**The Aspen Network of Development Entrepreneurs (ANDE)** is a global network of innovative organizations that propels entrepreneurship in emerging markets. ANDE is comprised of investment funds, non-governmental organizations, research institutions and private philanthropic foundations that invest money and expertise to help entrepreneurs create and grow small businesses in developing markets.

**Comercio y Pobreza en Latino América (COPLA)** is a 2-year project funded by the UK Department for International Development. It explores the linkages between trade, poverty and social exclusion. Although there is an active debate in the region on the relationship between trade liberalization on poverty, little attention has been paid to the different impacts on marginalized groups, whether they be women, youth, indigenous minorities or the rural poor.

## Annex 6: Add posted on ANDE's newsletter



# Aspen Network of Development Entrepreneurs

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Vol. 6, November 2009

Dear ANDE Colleagues and Friends,

Happy Global Entrepreneurship Week and welcome to the November edition of the ANDE Newsletter. In this edition, we highlight:

### **ANDE Activities**

- [Global Entrepreneurship Week: ANDE Co-Hosts South Africa Reception \(November 18th\)](#)
- [ANDE is Hiring – Impact Assessment Manager Position \(Deadline: November 20th\)](#)
- ["From Down-Trading to Upgrading: Reducing Poverty in Latin America Using a Value Chain Approach" Workshop \(December 9th\)](#)
- [Metrics Working Group Call \(December 10th\)](#)
- ["USAID and LP's Open Dialogue: Exploring the Partnership Opportunity" Roundtable \(December 11th\)](#)
- [ANDE Regional Hubs Request for Proposals](#)

### **Sector Events**

- [Villgro hosts UNCONVENTION \(December 10-12th, India\)](#)

### **Sector News/Opportunities**

- [International Initiative for Impact Evaluation \(3ie\) – RFP Deadline: November 27th](#)
- [Presidential Summit on Entrepreneurship Now Accepting Nominations for Delegates - Deadline: November 30th](#)
- [The Unreasonable Institute: Applications Being Accepted – Deadline: December 15th](#)
- [Access to Clean Energy Challenge – Deadline: January 15th](#)
- [Women in Business Challenge – Deadline: January 15th](#)

Happy reading!

Randall Kempner  
Executive Director

# Conference Fact Sheet



**Title:**

From Down-Trading to Upgrading:  
Reducing Poverty in Latin America Using a Value Chain Approach

**Date:**

December 9th, 2009 9am- 1pm

**Location:**

**The Aspen Institute**

1 Dupont Cir NW # 700, Washington, DC 20036-1133

(202) 736-5800

[www.aspeninstitute.org](http://www.aspeninstitute.org)

**Contact:**

Evan Bloom, [ebloom@rootchange.org](mailto:ebloom@rootchange.org)

Guillermo Rivero, [jrivero@rootchange.org](mailto:jrivero@rootchange.org)

Lauren Schultz, [lschultz@rootchange.org](mailto:lschultz@rootchange.org)

**Hotels near Conference:**

1. **The Dupont Hotel** (formerly Jurys Washington Hotel)  
1500 Hampshire Avenue, Washington, DC 20036 - (202) 483-6000  
website: [www.doylecollecton.com](http://www.doylecollecton.com)
2. **Hilton Washington Embassy Row**  
2015 Massachusetts Ave NW, Washington, DC 20036 - (800) 695-7460  
website: [www.hiltonembassyrow.com](http://www.hiltonembassyrow.com)
3. **Best Western Georgetown Hotel and Suites**  
1121 New Hampshire Avenue NW Washington, DC 20037 – (202) 457-0565  
Website: <http://www.bestwesterndc.com/hotels/best-western-georgetown-hotel- and- suites/index.html>

**Weather:**

Average Week of December 7<sup>th</sup>, 2009:

Hi: 50° F / 10° C

Lo: 30° F / -1.1° C

## Local Attractions:

### 1. Dupont Circle Park

1606 19th St NW, Washington, DC - (202) 332-5251 [www.dupontatthecircle.com](http://www.dupontatthecircle.com)

### 2. National Geographic Society

1145 17th St NW, Washington, DC - (202) 857-7000 [www.nationalgeographic.com](http://www.nationalgeographic.com)

## Transportation:

### 1. Dupont Circle Metro Rail

1525 20th St. NW Washington, DC 20036 <http://www.wmata.com/>

### 2. Yellow Cab Co of DC - (202) 544-1212 [www.dcyellowcab.com](http://www.dcyellowcab.com)



For more information, please visit **Cultural Tourism DC** [www.culturaltourismdc.org/](http://www.culturaltourismdc.org/) OR The **Official Tourism Site** <http://washington.org/>

## Annex 8: List of Participants

| No | Organization                                 | Contact           | Title                                                                                                     | Email                              | Phone                   |
|----|----------------------------------------------|-------------------|-----------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------|
| 1  | Overseas Development Institute (ODI)         | Jonathan Mitchell | Research Fellow and Firector of Programmes, Rural Poverty and Politics Group                              | jonathan.mitchell@odi.org.uk       | 44 (0)207 922-0348      |
| 2  | Overseas Development Institute (ODI)         | Jeff Knezovich    | Communications Officer, Research and Policy in Development Group/ COPLA Global Communications Coordinator | j.knezovich@odi.org.uk             | 44 (0)207 922-0392      |
| 3  | Overseas Development Institute (ODI)         | Christopher Coles | Research Officer                                                                                          | c.coles@odi.org.uk                 | 44 (0)20 7922 0428      |
| 4  | COPLA                                        | Francisco Perez   | Senior Researcher, Nitalpan-Universidad Centroamericana, Copla Nicaragua                                  | francisco.perez@nitlaoan.org.ni    | (278) 0627/28           |
| 5  | COPLA                                        | Roberto Telleria  | Programme Leader, Trade and Development, GNTF, COPLA Bolivia Programme Coordinator                        | rtelleria@gntp.org                 | 591-3-3376076           |
| 6  | The Aspen Institute                          | Randall Kempner   | ANDE Director                                                                                             | randall.kempner@aspeninstitute.org | (202) 736-2530          |
| 7  | The Aspen Institute                          | Joanna Herrmann   | Program Coordinator                                                                                       | Joanna.Herrmann@aspeninstitute.org | (202) 736-2530          |
| 8  | The Aspen Institute                          | Jenny Everett     | Program Coordinator                                                                                       | Jenny.Everett@aspeninstitute.org   | (202) 736-2530          |
| 9  | SNV- Netherland Development Organization USA | Liza Douglas      | Partnerships Manager                                                                                      | ldouglas@snvworld.org              | (202) 572-9274          |
| 10 | CHF International                            | Scott Rodriguez   | Program Officer, Office of Global Operations, LAC                                                         | Srodriguez@chfinternational.org    | (301) 587-4700 ext 1819 |
| 11 | CHF International                            | Daniel Breneman   | Program Officer, Office of Global Operations, LAC                                                         | DBreneman@chfinternational.org     | (301) 587-4700 ext 1928 |
| 12 | CHF International                            | Jerome Lebleu     | Manager/the Americas Office of Global Operations                                                          | JLebleu@chfinternational.org       | 301-587-4700 ext 1902   |
| 13 | US State Department                          | Heidi Jane Smith  | Researcher - The US State Department - Western Hemisphere Affairs                                         | smitheidi@gmail.com                | (202) 647-4000          |
| 14 | Swiss Contact                                | Gisela Keller     | Executive Director                                                                                        | gisela.keller@swisscontact.us      | (646) 643 0390          |
| 15 | CDC Development Solutions                    | John P. Gohring   | Program Manager                                                                                           | JGohring@cdc.org                   | (202) 530-7687          |

| No | Organization                                     | Contact              | Title                                                                     | Email                        | Phone          |
|----|--------------------------------------------------|----------------------|---------------------------------------------------------------------------|------------------------------|----------------|
| 16 | Grassroots Business Fund                         | Jaime Ramirez        | Portfolio Manager                                                         | jramirez@gbfund.org          | (202) 518-6865 |
| 17 | USAID                                            | Jeanne Downing       | USAID/Office of Poverty Reduction - Senior Enterprise Development Advisor | JDowning@usaid.gov           | (202) 712-5544 |
| 18 | Inter-American Development Bank                  | Carlos Ludena        | Research Department                                                       | carlosludena@yahoo.com       | (202) 623-1504 |
| 19 | International Development Research Centre (IDRC) | Jean Lebel           | Director of Environment and Natural Resource Management Program           | jlebel@idrc.ca               |                |
| 20 | Development Alternatives Inc.                    | Christopher Reynolds | Development Specialist                                                    | Christopher_Reynolds@dai.com | (301) 771-7891 |
| 21 | DAI- Advancing Human Prosperity                  | Dr. Dave Neven       | Senior Development Specialist, Economic Growth Sector                     | David_Neven@dai.com          | (301) 771-7831 |
| 22 | DAI- Advancing Human Prosperity                  | Catherine Johnston   | Senior Development Specialist                                             | Catherine_Johnston@dai.com   | (301) 771-7752 |
| 23 | DAI- Advancing Human Prosperity                  | Keith Dokho          | Business Manager                                                          | Keith_Dokho@dai.com          | (301) 771-7856 |
| 24 | DAI- Advancing Human Prosperity                  | Ingrid Ardjosoediro  | Agriculture, Agribusiness and Natural Resources Management                | Ingrid_Ardjosoediro@dai.com  | (301) 771-7654 |
| 25 | George Washington University                     | Rafel Lucea          | International Business Professor                                          | rafel@Gwu.edu                | (202) 994-4363 |
| 26 | PACT World                                       | Catherine Gibbons    | Vice President Programs                                                   | CGibbons@pactworld.org       | (202) 466-5666 |
| 27 | PACT World                                       | Frida Mefor Alombah  | Intern                                                                    | FFozo@pactworld.org          | (202) 466-5666 |
| 28 | ACDI/VOCA                                        | Janice Stallard      | Senior Technical Director                                                 | Jstallard@acdivoca.org       | (202) 469-6098 |
| 29 | Agora Partnerships                               | Michael Herren       | Intern                                                                    | mherren@gwmail.gwu.edu       | (202) 719-1326 |
| 30 | Independent Consultant                           | Carla Mejia PhD      | Independent Consultant                                                    | cmejia1976@yahoo.com         | (765) 412-3549 |
| 31 | Organization of American States (OAS)            | Theresa Wetter       | Executive Secretary for Integral Development                              | TWetter@oas.org              | (202) 458-2627 |
| 32 | Root Change                                      | Evan Bloom           | Managing Director for Innovation                                          | ebloom@rootchange.org        | (202) 4705566  |
| 33 | Root Change                                      | Claudia Liebler      | Managing Director for Services                                            | cliebler@rootchange.org      | (202) 4705566  |
| 34 | Root Change                                      | Guillermo Rivero     | Managing Director for Social Ventures                                     | grivero@rootchange.org       | (202) 4705566  |
| 35 | Root Change                                      | Jacob Gray           | Technical Officer                                                         | jgray@rootchange.org         | (202) 4705566  |
| 36 | Root Change                                      | Lauren Schultz       | Communications Officer Intern                                             | lschultz@rootchange.org      | (202) 4705566  |
| 37 | Root Change                                      | Sarah Karim          | Research Analyst Intern                                                   | skarim@rootchange.org        | (202) 4705566  |