

Alliances for Action

Summary Paper

Context

With the adoption of the Sustainable Development Goals (SDGs) by the United Nations, the political commitment to eradicate poverty in all its forms and dimensions could not be greater. Achieving gender equality, encouraging decent work and economic growth, combating climate change and responsible consumption and production, through promoting sustainable trade by 2030, cannot be done by one organization alone.

The SDGs have identified trade as a means of implementation and present a unique opportunity to put in evidence how trade and SME development are linked to the achievement of all 17 goals. The pressing challenge in a dynamic and interconnected globalised economy is to devise effective trade mechanisms that are locally owned, sustainable and can be scaled to a sufficient level that impacts the livelihoods of those most in need. The means of implementing this new agenda requires revitalized ‘Global Partnerships’, with strong governance mechanisms, which rally all public and private actors to achieve these goals together. However, change will only come about if supported by appropriate policies, institutional frameworks and investment finance mechanisms. These enabling factors are important for agricultural development in general, but are made even more necessary in the context of promoting better and more inclusive participation in trade while achieving sustainable food systems.

ITC has developed the *Alliances for Action*¹ (A4A) methodology which is a market system based partnership approach for SME and value chain competitiveness. Its aim is to improve sustainable participation in global value chains whilst supporting impact at scale for the achievement of the SDG’s.

Response: What is an Alliance?

A4A is a multi-stakeholder initiative that brings together private and public actors with the aim to promote competitiveness and income-risk diversification for smallholder farmers and SMEs. Above all, A4A improves commercial linkages and participation in trade by targeting value chain operators and focusing on several product-market combinations. The various VC stakeholders including lead firms and support institutions work together and form market-led partnerships that enhance value chain integration, technical support, policy alignment and local institutional capacity building. This results in an improved enabling environment and in commercially-led partnerships between VC operators for improved competitiveness of both small and medium-sized enterprises (SMEs) and smallholders involved in the selected value chains.

A4A focuses on bridging the knowledge, sustainability and inclusiveness ‘gaps’ faced by value chain operators -at local, national and international level- in a participatory manner while ensuring collective action for problem solving, market and product diversification and inclusive participation in trade. The process results in adapted locally owned solutions and partnership systems for the value chain operators from farmers to end buyers. A key requirement of A4A success is investment and contribution by all participating stakeholders – or Alliance partners- including in-kind as well monetary for the funding of operational costs and support activities.

A4A project delivery is structured around five sequential components that drive the project design, implementation, and monitoring and evaluation approach:

1. UNDERSTAND: Action-Oriented global, regional and local value chain and SME competitiveness analysis;

Component 1 primarily involves completing a market systems analysis and a business model assessment for the value chain, cluster and/or industry of interest. It involves participatory approaches for collection and generation of objective and detailed market and industry trend data and it includes current VC and SME performance, stakeholder and governance mapping and characterization. The systems analysis is an essential foundation to support sector stakeholders, lead firms and Alliance members in their evidence-based decision making processes, and the outcomes are validated and disseminated directly to sector stakeholders using participatory methods.

¹ Alliances for Action, Manson H, Lopez A, Urrutigoity M, ITC, 2016

2. CONVENE: Public-private alliances for action for selected value chain, cluster or territorial ecosystem;

Multi-level public-private alliances are established as part of the implementation of Component 2. These Alliances are the leading VC based platforms to prioritize and put into action the findings and recommendations of the outputs from Component 1 and other existing evidence. The private public platforms implement value chain business plans and other existing sector support and partnership plans including Local, Regional and Global VC dimension. The Alliances building between stakeholders follows a territorial and value chain logic and is commercially driven; responding to market led VC operator partnerships. Alliances facilitated at all levels of the value chain is the best way to deliver varied and reinforcing activities to individually improve the competitiveness of VC stages as well as the ecosystem as a whole.

3. TRANSFORM: Delivery of technical capacity building package to ‘unlock’ inclusive growth and SME and value chain competitiveness in selected sectors;

Component 3 focus on delivering the technical capacity building support package designed in the previous component capable of providing the required technical assistance to stimulate private investment, improve value chain governance, and promote network collaboration and innovative partnerships in the context of the value chain operator performance gaps and opportunities. It involves collaboration with both public and private sector support service providers for the delivery of targeted capacity building training packages by both public and private sector Alliance members. It focuses on delivery and reinforcement of existing technical services in response to the needs and collaboration arrangements outlined in the alliance business model and in each of the specific value chain alliance support plans. Its success relies on the strength of the network of institutions providing support and on the investments committed by private sector. Capacity building is core and it is designed to achieve scale and impact beyond the organizational support through the principle of peer to peer and lead farmer- enterprise cluster based learning systems.

4. INVEST: Improving access to financial services and impact investment in value chains;

Component 4 aims at determining the feasibility and efficiency of the existing supply of financial instruments on the basis of SME and MSME types, production systems and target markets. Most importantly, this components targets the identification and consolidation of partnerships with financial and impact investment institutions in order to provide necessary funding for the implementation of the VC and alliance business plans. The overall objective is to support access to relevant types of finance which support the value chain operators to overcome financial constraints which have a limiting effect on their competitiveness and the competitiveness of the industry as a whole. It is crucial for finance and investment to be affordable, inclusive accessible and available. This is only possible with the entire value chain working in coordination to ensure fairness and transparency. Partnerships with investors, government agencies and financial institutions as well as regional development partners and buyers are facilitated to establish a structure in which it is possible to align interests and develop value chain and impact financing.

5. IMPACT: Participatory Value chain-based monitoring, evaluation and communication system.

A4A will not function properly without a participatory value chain-based monitoring, evaluation and communication system. The monitoring and evaluation system of Component 5 focuses on ensuring accountability, improved performance and learning for the future. This participatory system tracks selected value-chain-based indicators as well as development related objectives. By focusing on models to resolve specific VC challenges and innovations, the goal is to prove and improve public-private partnerships for inclusive and sustainable growth and thereby to ensure enhanced performance and contribute to more effective future programming. Documenting and sharing lessons learnt for future public-private partnerships is part of this component. The communication strategy involves reaching and connecting with local, national and international audiences and stakeholders on several thematic areas.

Crosscutting components

The following sustainability related elements will be integrated systematically in all of the A4A projects:

Social & Economic upgrading (including gendered approach): Implementation of A4A will promote equitable trading conditions, fair labour and assess the cost of living income levels whenever possible. Moreover it will empower women and youth in targeted rural communities, through the involvement of both men and women, with the aim of enhancing their role as key agents of change in pursuing food security and economic resilience.

Environmental upgrading: The analysis and implementation allows for the mapping of the environmental footprint of each selected product-market combination and VC Alliance. In each Alliance, promotion of climate change mitigation and adaptation strategies will be sought as part of the business model of the Alliance.

Scalability The A4A model is designed to reach sustainable and scalable impact through its committed partner network, who is involved through in-kind contributions in knowledge and/ or resources, as well as in the selection and delivery of training programmes and long-term market linkages. This implies MSME, SME and institutional learning; and is at the heart of the innovation required to achieve impact. This model has been designed to outlive the duration of projects and to reach thousands of farmers in each area of intervention.

Additionality: Projects implemented using the A4A approach have managed to influence and achieve many results and impact beyond those defined by the project, many of which could have not been anticipated at the beginning of the project. In A4A, this is particularly the case when measuring the new revenues generated; the crowding in effect for investments and partnerships and the incremental impact in terms of beneficiaries beyond the organizational reach.

Institutional Support and capacity building: In order to ensure sustainability, constant participation by local private and public support institutions is ensured through involvement in national stakeholder platform, commercial partnerships with producers and / or processors and delivery of training packages.

The diagram shows a detailed and schematic representation how the five components of A4A can be implemented.

UNDERSTAND - ITC led – 6 months - 12.5% budget

Action-Orientated global, regional and local value chain and SME competitiveness analysis

1. Market-Product opportunities identified
2. SMEs and MSME competitiveness assessed
3. Institutional support network defined
4. Network potential (connectivity & innovation)
5. Political, social and macroeconomic situation assessed
6. Stakeholder participatory workshops



CONVENE - ITC led and facilitated – 6 months - 12.5% budget

Responsible public-private VC Alliances for Action for a selected sector

1. Market opportunities selected and value chain
2. Participants' role agreed
3. Establishment of Stakeholder Platform
4. Alliance support work plan defined
5. Participants contribution committed
6. Validate participatory monitoring, evaluation and communication system
7. Definition of scalability and sustainability trajectories
8. ALLIANCE FOR ACTION ESTABLISHED
9. Selection of intervention areas
10. Detailed SMEs and MSMEs assessment – Baseline
11. Business and investments plans developed for each alliance
12. Design of technical capacity building package



TRANSFORM & INVEST – ITC coordinated – 3 years (+) - 70% of budget

IMPACT

Continuous – 5% budget

Participatory value chain-based monitoring, evaluation & communication system

Evidence based participatory M&E

Knowledge sharing & Communication

Best practice & innovation

Scalability and sustainability

TRANSFORM

3 years (+) - 50% budget

Delivery of technical capacity building package to 'unlock' inclusive growth and SME and value chain competitiveness in selected sectors/territory

Implemented by ITC and Alliance members through the provision of support using a Network and holistic approach and based on the technical capacity building package designed

SME support & Institutional support combined with TIS capacity building as a mean

Based upon peer to peer and lead farmer learning and innovation principles

INVEST

3 years (+) - 20% budget

Improving access to financial services and impact investment in value chains

Assessing the feasibility and efficiency of existing financial schemes

Reinforcing/adapting affordable, accessible and available finance

Financial literacy training and leverage

Facilitating impact investment

Blending sources of finance and impact investment

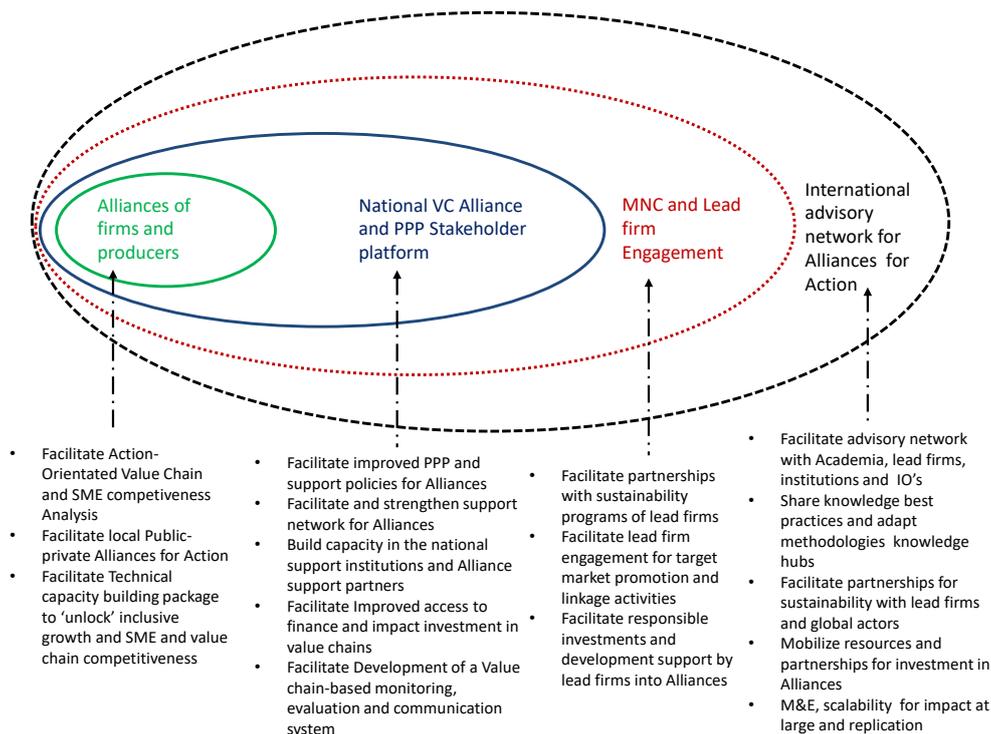
Crosscutting components

Social & Economic upgrading (including gendered approach) - Environmental upgrading - Scalability and additionality - Institutional Support and capacity building

Governance

As part of the overall facilitation of the Alliances for Action methodology; ITC provides support to build trust and joint visions, and to contribute to the introduction and dissemination of new ideas, sustainable practices and ethical business models. The core competency and differentiating factor for ITC is that it enables linkages and partnerships – Globally; nationally and locally- required to implement the A4A framework in an impartial way that guarantees a PPP for development, inclusiveness and sustainability. In addition; ITC is positioned as the partner in the alliance that can generate or identify, share and adapt knowledge and best practices through the different levels.

The diagram below shows the linkages between the local; national and global level Alliances for Action.



Partnership

Through A4A, ITC will work with institutions and partners to foster linkages, learning and innovation. A4A is designed to engage with global actors and adopt a crosscutting perspective in relation to all A4A projects. Implementation of the A4A at project level counts on a network of ad-honorem advisers from lead firms (end buyers, brands, and multinational firms), government, NGOs, research centres, financial institutions, producer association representatives and international development agencies. Through this network; connecting and adapting thought leadership and best practices is essential to ensuring effective work and linkages (to knowledge, markets, resources) across projects.

Furthermore; best practices, learning and innovations shall be collected and disseminated to support MSME's and national institutions upgrading capabilities as well as Alliances driven private public partnerships. The role of the Network is to provide overall strategic governance, monitoring and evaluation and resource/support mobilization. The network will also support to identify sectors and partner in countries in which positive changes can be made at all stages of the value chain with particular focus on development, innovation and sustainability. The technical and academic advice provided will have a specific market and regional focus and ITC will act as the convener or facilitator of this network and will ensures linkages between global and local level activities.

When it relates to lead firm engagement and involvement of MNC's as part of the Alliances; ITC can play a key role in brokering partnerships for responsible and sustainable participation of lead firms in the development of the commercial alliances and value chains. It is expected that the Alliances for Action will seek to enable:

- Partnerships with sustainability programs of lead firms in order to improve social and economic upgrading in VC
- Lead firm engagement for commercial participation in national and local alliances including offtake and market promotion / linkage activities
- Responsible investments and technical support by lead firms into Alliances

Inclusive market system development requires skilled facilitation, especially when it is participatory, involving complexity, heterogeneous actors, interests and appropriate technical solutions. It is at local and national level that A4A's five technical components and associated crosscutting functions outlined above are implemented. As the overall facilitator of A4A at national and local levels; ITC aims to effectively and impartially manage different interests and perspectives, particularly to ensure inclusion of minority groups and to put energy and resources where they can best serve as catalysts for change. ITC provides the overall process and acts as a partnership broker between several policy making constituencies, technical service providers and value chain operators, as well as market and investment linkages with an overall framework for responsible and sustainable participation and investment principles.

What is the result of implementing A4A?

Inclusive, Sustainable and Responsible Agribusiness and food systems: A4A interventions promote sustainable production, processing and commercialization and results in better participation in GVC's, value addition and profits for all involved. Fair trading practices, responsible investment and participation in the Alliance is a required condition for all value chain operators; including MNC's and leads firms.

Participatory Multi-stakeholder collaboration that unlocks the potential for trade and investments: A4A advocates deep engagement with system-actors in a way that enables them to participate, shape and lead value chain development. Multi-stakeholder collaboration in design, implementation and evaluation is essential to catalyse real change in a value chain as no one stakeholder has all of the solutions or resources to make systemic changes.

Holistic and market-led solutions for improved SME participation in GVC's: Holistic and market-led solutions are the only development option that can be sustainably scaled up to address the needs of vulnerable populations. Market-led approaches emphasise the importance of the inclusion of poor communities in existing market structures to develop income generating opportunities to improve livelihoods and maximize the benefits of participation of SME's in GVC's.

Multi-product Multi Market and Risk diversification: Exposure to market and climate risks leaves stakeholders, particularly producers and processors, exposed to risk. The production of multiple products (multi-product) – including commodity and value added products - enables producers to diversify income and risk. Moreover, by selling these products into different market channels (multi-market) this effectively diversifies enterprise market risk and encourages improved firm learning.

SME, MSME and Institution capacity Building: A4A emphasizes the involvement of local institutions and SME's which are permanently on the ground. These can be public and private extension services, research institutions or non-governmental organizations. The building of capacities on these institutions and SME's is an essential contributor to the sustainability of any interventions to function without external support in the long term.

Scalability and impact at large: Due to the high level of private sector investment and local ownership, the adoption rate and the demand for A4A has been very high. This ensures that the system can be easily replicated with increased ownership and adoption by stakeholders.