



## AN INTRODUCTION TO LOCAL VALUE CHAIN DEVELOPMENT

### WHAT IS LVCD?

The Local Value Chain Development (LVCD) project model aims to help producers generate a sustainable income to provide for the needs of their families and children. Producers increase their incomes by working together in groups to have stronger understanding and connection to markets and by better matching their production to market demand to improve their profitability.

### WHO BENEFITS FROM LVCD?

The target groups for this project model are small-scale producers of agricultural products, handicrafts, food, or other goods who have a strong desire to improve their household incomes by improving their products and practices in order to access profitable markets.

### WHAT ARE THE ESSENTIAL ELEMENTS OF LVCD?

1. Income generation for small scale poor producers is an outcome of the project
2. A dedicated Market Facilitator (MF) is employed who facilitates the LVCD activities
3. Producers work together in groups
  - Group are voluntary, based on interest of producers and managed by members
  - Groups are trained and coached by a WV Market Facilitator
  - Group members work together to collectively buy and sell.
  - Groups elect, a Local Market Facilitator, who, in time, replaces the MF.
4. Producers' are trained and coached to improve their knowledge, skills and capacity  
Topics may include, but are not limited to;  
(1) Financial literacy, budgeting and record keeping, (2) Group management, structures and social cohesiveness, (3) Market engagement and negotiation skills, (4) Production and natural resource management skills, and (5) Other skills as required, for example: innovation and experimentation.

5. Producers participate in market information gathering and market analysis

- Producers participate in the analysis of products in their local and regional markets
- Products are selected to receive support after thorough market analysis
- Market analysis includes both Situation Analysis and Value Chain Analysis

*Situation Analysis* include an analysis about the local economy, a scan of many potential products, analysis of market demand; short list of potential products

*Value Chain Analysis* is an analysis of each prioritized value chain to determine constraints, opportunities and possible improvement activities.

6. Facilitation and empowerment of producers is key  
Producers operate on “business principles” and become business partners: therefore, they do not receive any gifts, handouts or soft loans.

In general, producers are not provided with inputs or assets: no seeds, no fertilizer, no animals, no agricultural equipment, no tools, no machinery and no buildings.

7. Local Market Facilitators (LMFs) are integral to implementation and sustainability

Local Market Facilitators are identified from within Producer Groups and are coached by the MF from early in the project. LMFs will replace the MF during the project.

8. Partners are integral to implementation: play a facilitation role in the demonstration of new techniques, training of producers, connecting producers with buyers, building capacity of groups and many other roles.

9. Gender is considered and addressed through all phases of the LVCD project.



## WHY CHOOSE LVCD AND WHERE IS SUITABLE?

In many regions, agriculture is the main source of employment and income but producers may live in poverty because they have little to sell, or what they sell is not what is demanded in the market, achieving a low price and generating little profit.

If you answer 'yes' to any of the questions below, then LVCD is may be suitable:

- Are people predominantly involved in producing the same or similar products?
- Are there high levels of self-employment – in agriculture or other small business?
- Are producers trying, but having difficulty, selling their products for a decent profit
- Do producers receive low prices and/or have high costs of production?
- Has the community, local government and World Vision prioritized the development of the local economy in this area?

The LVCD model can be adapted to both rural and urban contexts. It is most likely to be effective with the following conditions:

- Areas that are reasonably safe and secure
- Areas where there are some supporting business services and institutions
- Communities that are willing to mobilise themselves
- Commitment from World Vision ADP staff to try something new

## GOAL AND OUTCOMES FOR AN LVCD PROJECT

**Improved well-being of children** and families is the **goal** of the LVCD approach. In order to do this, we help producers generate a sustainable income to provide for the needs of their families and children.

The outcomes of the LVCD project model include:

**Sustainable increases in incomes** and assets for poor producers.

**Improved capacity** of producer groups

- to access and use information about market dynamics
- to work collectively to buy, sell, innovate, add value, withstand shocks and increase resilience.

- to address technical agricultural challenges and to improve the quality, volume, consistency of supply of products

**Profitable relationships** between producers, buyers and service suppliers to improve marketability of products and access to goods and services of producers

**Changed community mindset;** increased hope, future orientation, dignity, confidence, self and collective efficacy and attitudes conducive to business development.

## WHO IMPLEMENTS LVCD?

The project model is implemented by WV staff and local partners. Little or no external technical expertise or consultants should be required.

**Market Facilitator (MF):** The MF is a WV staff member (or staff from a partner organisation), based in the ADP, preferably one MF in every implementing ADP. The tasks of the MF include:

- Assessing the local economy; undertaking market analysis
- Training, coaching and empowering producer groups throughout the project
- Identifying solutions to issues such as training, transport, financing, contracts, quality, packaging, marketing.

**Local Market Facilitators (LMFs):** The LMFs are not staff and are not paid by WV. LMFs are identified from within Producer Groups and are coached by the MF from early in the project. LMFs work alongside then replace the MF by the end of the project.

**World Vision ADP/IPM staff:** The ADP/IPM staff play a critical role in supporting the LVCD model and are responsible for:

- Hosting the MF and supporting the MF integration within local economy, community, government and engagement with producer groups; facilitating the capacity building activities with producer groups
- Coordinating the monitoring and evaluation process

**Partners:** partners play a facilitation role and may include local microfinance, insurance providers, banks, fertilizer or seed supply businesses, small-medium service businesses, transport businesses, government extension workers, veterinarians, research institutes or universities...and many more.

# Local Value Chain Development (LVCD)

Increasing producer incomes through market engagement



Social Entrepreneurship & Economic Development (SEED)



## LVCD STEP-BY-STEP

Before starting and LVCD project an ADP/IPM team in collaboration with NO colleagues will need to:

- Assess the suitability of the area/region for implementing LVCD (3-6 months)
- Staff and resource preparation: training, acquiring resources, management signoff, budget approval, institutional changes) (2-3 months)
- Recruit a Market Facilitator (2-3 months)

Phase 1: Preparation		
Understand: the World Vision Local Value Chain Development (LVCD) philosophy	Market Facilitator	4-6 weeks
Understand the role of the Market Facilitator	Market Facilitator; WV staff; partners	8-12 weeks
Understand why LVCD was chosen	Market Facilitator; WV staff	2 weeks
Phase 2: Participatory product scoping, selection and analysis		
Scope potential markets and products	Market Facilitator with community and private sector	4-6 weeks
Select products: 30 value chains filtered to 4-6 based on criteria	Market Facilitator with support from community	2-3 weeks
Analyse products using participatory Value Chain Analysis	Community together with Market Facilitator	2-3 weeks / product
Capture baseline information	Market Facilitator	2-4 weeks
Identify possible partner organisations	Market Facilitator; WV staff; partners	3 months/ ongoing
Phase 3: Mobilising and building the capacity of producer groups		
Engage with Producer Groups	Producer Groups; MF	Ongoing
Design Action Plans with Producer Groups	Producer groups with MF, Capacity Builder; partners	6-12 months
Collect baseline information about producers and products	MF; Producer Groups	Ongoing
Plan & organize technical & business training for Producer Groups	Producer Groups; MF	3-6 months
Phase 4: Facilitating Market Change		
Build relationships with Training and Service Providers	MF, WV staff, Producer Groups and Service Providers	Ongoing
Build relationship with value chain actors	Producer groups, MF, value chain stakeholders	Ongoing
Facilitate Producer Group reflection and monitoring	Producer groups facilitated by MF	Ongoing
Coach Local Market Facilitators (LMFs)	Producer groups facilitated by MF	Ongoing
Phase 5: Scale up and learning		
Scale up	Producer groups supported by WV	Ongoing
Evaluation & Learning	Producer groups supported by WV	Ongoing

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## TIME, SCALE, COST, IMPACT

Project time	Budget (USD)	Number of beneficiaries
4-5 years	~USD250,000 per AP for 5 years (USD50,00/year)	<ul style="list-style-type: none"> <li>- 750-1500* producers participate in the program (per Market Facilitator)</li> <li>*Range depends on population density and accessibility. If farmers' organisations/cooperatives exist already, numbers may be higher.</li> <li>- 3300- 6600 indirect beneficiaries</li> <li>- 1200 producers increase their annual profit by at least 30%</li> <li>- 1200 producers have improved knowledge, skills, and attitudes resulting in improved productivity, product quality, gender equity and land management</li> </ul>
Impact	Improved child well being Increase in income for families ~ USD650,000 of additional income generated over five years	

## DO YOU WANT MORE INFORMATION?

LVCD Project Model Website: <http://lvcd.projectmodel.org/>

You will find more information and download documents from the LVCD Website:

- LVCD Handbook: the LVCD Handbook providing a step-by-step guide for each phase with corresponding tools and links to additional resources
- Project Model Guidance and Appendices
- Monitoring and Evaluation framework

For more information contact:

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