

Chapter 11

Multi-actor collaboration in value chains: an avenue to innovation?

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Key Message: Innovation along the whole chain requires that different stakeholders (public, private, NGO) come together, take risks and jointly implement new ideas. There is a complex dance to be danced between competition and cooperation. Trust and social networks need to be built up alongside technical knowledge and skills. The chapter also touches on gender and inclusion, and the challenges that power differentials create in terms of facilitating a multi-stakeholder process for innovation. To ensure that innovations reaches less powerful groups (e.g. women, the poor), innovation processes must be explicitly guided to involve them and to ensure that the less advantaged are not restricted to support roles, but can instead participate in decision-making processes.



Everybody who tasted TomCris's potato crisps loved them: they were fresh, crunchy and great tasting. Thomas and other small-scale processors in Uganda were able to sell their potato crisps in the local market. In the supermarkets, however, it was a different story. Very few people bought local crisps, opting instead for imported brands. Thomas could not figure out why his brand wasn't competitive. That's where the participatory market chain approach (PMCA) came in: an approach created by the International Potato Center (CIP) to develop value chains for the benefit of all actors along the chain. It generates benefits through value addition, improved information flows and collective action.

The potato sector in Uganda

Potatoes are becoming an increasingly important cash and food crop in Uganda and production has grown considerably over the past ten years. The potato is a nutritious food security crop, and is a buffer to increasing food (cereal) prices. The estimated 700,000 t produced in 2007

is sufficient for local consumption and also has the potential to meet export needs. Increased production in recent years has resulted from urbanization, changing eating habits, and increased demand from rapidly expanding fast-food restaurants. In addition, improved political stability, introduction of new varieties and expansion into new areas has also stimulated greater production and market demand. These developments have contributed to poverty reduction and commercialization in many rural communities that, until now, have had few avenues for income generation.

Despite the importance of potato, improved technologies in the production-to-consumption continuum, and governmental efforts to commercialize agriculture, small farmers have yet to see their incomes rise substantially. Additionally, the sector has been poorly organized and characterized by inefficient supply chains, which has greatly hampered the development of high value market chains that are capable of generating significant benefits for actors along the chain. The participatory market chain approach (PMCA) offers an opportunity to develop market chains in ways that mitigate these constraints.

Introducing the participatory market chain approach

The PMCA was developed by the Papa Andina Regional Initiative of the International Potato Center (CIP) to improve the competitiveness of potato market chains and small potato producers in the Andean region of South America. Following its success, Papa Andina partnered with the Regional Potato and Sweet Potato Improvement Network in Eastern and Central Africa, along with several local research organizations, to introduce the approach to Uganda.

PMCA is a novel approach for generating technological, commercial and institutional innovations along market chains by increasing trust, confidence and linkages among market chain actors and improving market access for small-scale farmers (Bernet *et al.*, 2006). The approach helps to structure participatory processes that involve different market chain actors. These processes aim to stimulate joint innovations based on shared ideas and trust. The approach has three generic steps, each with defined objectives that culminate in a deeper understanding of the market chain: identifying, analyzing and implementing joint business opportunities.

As illustrated in Figure 4, a research organization initiates the PMCA by selecting the market chains on which to work, identifying potential research partners, and carrying out market research.

Creating functional multi-stakeholder platforms for innovation

Applying the PMCA to the potato sector in Uganda began with a core team of four strong collaborating lead institutes⁴: two NGOs, one private research firm and one research centre. The core team was supported by other partner institutes⁵ from both the public and private sector. The key role of the core team was to facilitate the process of improving actor relation-

4 AT Uganda (an NGO), IITA/Foodnet (a CGIAR centre), The Ssemwanga Centre (a private research firm), and Africa 2000 Network-Uganda (an NGO).

5 Partner institutes: the Regional Potato and Sweetpotato Improvement Network in Eastern and Central Africa (PRAPACE), International Potato Centre (CIP), National Agricultural Advisory Services (NAADS) and National Agricultural Research Organization (NARO).

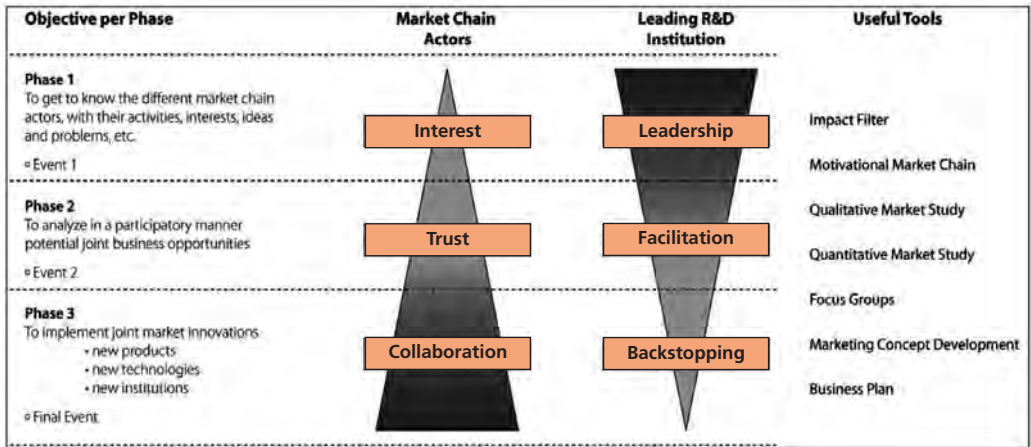


Figure 4: Structure and objectives of the three phases of PMCA (Bernet *et al.*, 2006)

ships in a way that would spur innovations for improved sector performance. Most team members were women, as was the lead facilitator.

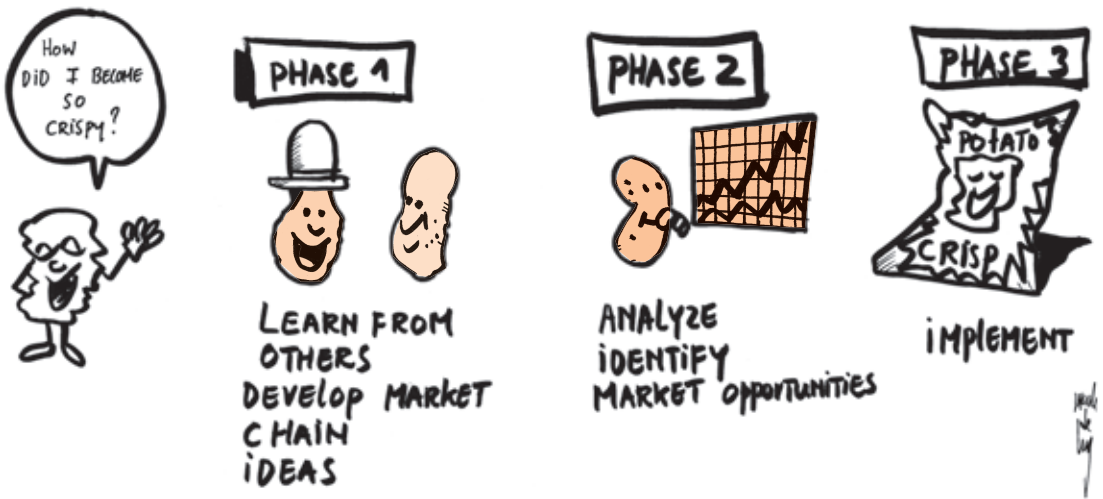
During Phase 1, the team carried out a rapid study of the sub-sector to find out how it was organized, which opportunities could be explored, and also to evoke the market chain actors’ interest in working together. The actors interviewed included farmers, traders, fast food outlet owners, hoteliers, supermarkets, and researchers, among others. A final event was then held where the market chain actors were invited to learn about the results of the study. They agreed to form a potato group, which was further divided into two thematic groups: 1) table potatoes (referred to as quality ware potatoes); and 2) potato crisps.

In Phase 2, the two thematic groups identified and analyzed potential joint business opportunities, after which the ‘best bet’ was selected for further action. This was done through ranking and conducting rapid market surveys, as well as focus group research with prospective clients to test the acceptability and rate the proposed innovations. In this phase, a ‘poverty filter method’ that helps identify the greatest probabilities of pro-poor impact (Bernet *et al.*, 2006), was used to ensure that the opportunities identified would be pro-poor.

The meetings and research activities increased interaction between market chain actors, which allowed trust to be built up between actors who would otherwise compete (Box 12). They gained useful information and knowledge on a range of aspects about Ugandan research and development organizations, the commodities they were working on, production and post-harvest technologies, market concepts and innovation processes.

Box 12. The importance of mutual trust in multi-stakeholder processes

In Phase 2, stakeholders for each theme usually met at hotels, which quickly became monotonous. In a bid to spur variety and hands-on learning, the market chain actors were asked to suggest alternative meeting points, and one suggested the premises of the leading processor, Thomas. Thomas didn’t like this idea so he stopped coming to the meetings; instead, he kept sending one of his employees. But since Thomas had been instrumental in guiding the discussions, in his absence the process lost its luster. The facilitators had to lure Thomas back. With the philosophy that ‘two heads are better than one’, the facilitators wooed him back. Thomas was keen on joint exploration of business ideas, but would not host the meeting on his premises. Perplexed by his reticence to host, the facilitators probed Thomas to explain. It turned out that most of the processors in the group had ‘stolen’ his former employees or clients!



When business ideas and innovations had taken shape, the market chain actors were supported in developing simple business plans detailing how the innovation would be 'brought to life'. At the end of Phase 2, a final event showcased the proposed business plans and was an opportune moment to integrate new actors into the process to complement the working groups with the necessary knowledge and capabilities.

Due to funding constraints, Phase 3 had a delayed start and a lot of reorganization of the group was required to adapt to changes in the people (both facilitators and market chain actors) engaging: some had left, some new members had joined. The group forged ahead and took the decision to merge the two thematic groups. Steering of the process, which until then had been the role of the core team, was slowly handed over to the market chain actors, and leaders emerged. Working groups were created to undertake core activities (e.g. additional market studies, sourcing for packaging materials, and mechanized sealers) and reported to the entire group on progress achieved. The groups were comprised mainly of women market chain actors who worked with dedication and always prepared brief reports for feedback. Though women were at the centre of the implementation of activities, leadership roles were taken on by men, mainly because of their financial ability, but perhaps also as a result of societal influence.

The entire group always decided jointly on next steps. Other key activities undertaken in this phase included market concept development, shelf life tests and key meetings between producer groups and processors; when needed, required skills were outsourced. For example, a graphic designer designed potato crisp labels, and a researcher provided options as to which potato varieties should be scaled up for crisp production. The process was never linear: a lot of back and forth was needed to come up with a desirable course of action or outcome.

The defining moment in Phase 3 came when the processors needed to invest in commercializing the prototypes for new packaging materials, label designs and sealing techniques. Thomas volunteered and invested his resources to act as a test case, and the group ideas were tried out on his products with reasonable commercial success. After all that hard work, results

were ready for showcasing in a larger, public event. Representatives from research bodies, key ministries, public and private sector companies, the press and donor agencies were invited, and innovations from three different commodity groups (potato, sweet potato and vegetables) were officially launched.

Results of applying PMCA to the potato value chain

By applying the PMCA to the potato chain the packaging, sealing and branding of crisps made by TomCris all improved. This led to improved segmentation of the market and success in the niche market. The processor registered a modest increase in sales. Additionally, there was a noticeable improvement in the organization of the supply of potatoes to crisp manufacturers. Three producer groups now consistently supply good quality potatoes to the crisp producers.

PMCA brought together actors from different backgrounds where there had previously been mistrust. Working together they implemented joint activities that led to the innovations. As a result, valuable capacities for innovation also developed: in terms of knowledge, attitudes, skills, empowerment and social capital. Another positive outcome was that the application and results of the PMCA stimulated considerable interest within Uganda research organizations, donor agencies and policy circles, and among market chain actors who had participated or heard about it.

Of the commercial, technological, and institutional innovations that were at various stages of development when the PMCA exercise formally ended in September 2007, several were successful, complete and ready to be commercialized. But innovation intrinsically has a limited shelf life. In contrast, strengthening the capacity to innovate – through the development of knowledge, attitudes, skills, and social capital – is likely to have greater social and economic impacts in the long run. Capacity building is thus the most important PMCA result given the continuous and dynamic nature of innovation processes.

Challenges and lessons

Features of the PMCA. PMCA is not intrinsically pro-poor; the approach can be used to stimulate and nurture innovation in any market chain and the benefits captured by any group. Therefore, to ensure that PMCA benefits poor farmers, the facilitators need to apply 'poverty filters' or 'lenses' to help researchers identify strategies to give the poor a competitive advantage, such as improving their sale price per unit, increasing sales per season, and gaining access to more outlets.

Another challenge relates to the fact that, although women played a prominent role in facilitating the process, men may benefit more. For example, men generally have more resources to try out a new innovation. In this case study, most potato processors were women, and they worked hard to bring about innovation, but TomCris benefited the most. In future, more attention should be paid to ensuring that women and other disadvantaged groups are more fully engaged in, and benefit from, the results of the PMCA.

As noted from the experience in Uganda, innovation does not end at the final event of Phase 3. PMCA should therefore be viewed as a trigger for innovation processes that need to be nurtured after the initial exercise is complete. Most of the results of the PMCA in Uganda were at a pilot stage at the end of Phase 3. More recently, some innovations have expanded their share in the market and some new ‘copy-cat’ innovations have emerged. This illustrates that mechanisms for scaling-up are not yet fully understood and implemented.

Implementation. The biggest challenge was funding, which was secured phase-by-phase, leading to substantial delays and uncertainties in the process. Another challenge was that the teams found it difficult to put into practice some of the concepts and methods presented in the PMCA User Guide; they would have benefited from supervision and more extensive and practical training materials. Lastly, for the innovation process to come to fruition, market chain actors had to invest in prototypes – the new, un-tested products. However, many were not prepared to take the risk, perhaps because they could not foresee a commercial benefit. As a result, some innovation processes progressed slowly and participants who might have made significant contributions instead dropped out.

Lessons

1. Successful innovation requires that researchers and development professionals work in new ways with diverse stakeholders, including not only small farmers but also market agents and policy-makers.
2. PMCA requires capacity development to build up trust and social networks in order to change attitudes and develop the much-needed social, as well as technical, knowledge and skills.
3. Follow-up and support to potential innovators is needed after the initial intervention (in this case the PMCA exercise) formally ends until innovations can survive independently.
4. Gender and equity issues merit special attention. Too often, women are seen as the ‘doers’ and men as the financiers.
5. Transcontinental technology transfer is possible and can help avoid repetition of basic work that has already been done elsewhere, but only when properly adapted to local conditions.

References

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